

[Redacted]

From: [Redacted]
Sent: 18 May 2009 16:11
To: [Redacted]
Subject: Message from David Cameron

Hi [Redacted]

Good to speak to you earlier. If you could pass the following on that would be great.

Best wishes,

[Redacted]

So enjoyed our chat at the weekend, thought you might be interested in what I was saying today
DC

http://www.conservatives.com/News/Speeches/2009/05/David_Cameron_European_Election_Campaign_Launch.aspx

[Redacted]
Diary Secretary to David Cameron
House of Commons
London, SW1A 0AA

Tel: [Redacted]
Mob: [Redacted]

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Sent to David
Cameron.

- for info
+ FILE

4.11.09

Aidan S. Barclay

David. -

Thought you might
find this interesting
See you soon.



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Conservatives need a new European policy

The Conservative commitment to hold a referendum on the Lisbon Treaty was presaged on its not being in force when the Conservatives entered office.

By Damian Chalmers, Professor of European Union Law, London School of Economics
Published: 3:29PM GMT 02 Nov 2009

If, as looks likely, it is in force at that point, they will need a new European policy. There are currently searching and the whispers are of renegotiation. Certain competences where the EU has no business, notably social policy, should be repatriated, the Tories suggest.

Yet this policy is as vulnerable to external forces as the referendum commitment.

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First, it is subject to the whims of all the over national governments as the British Government has a treaty obligation to each one of them.

In this, it is twenty seven times easier to give up a competence to the EU than to get it back. If Tony Blair handed social policy over to the EU within a week of election, even Malta could ask for concessions for its return to the UK. The price for repatriation could be high.

Secondly, it is legally complex and subject, therefore, to the whims of lawyers and judges. A bewildering gamut of EU competencies regulate our industrial relations. These include its citizenship, public procurement, single market and health and safety competencies. The infamous Working Time Directive was thus part of EU health and safety legislation. It will be difficult to opt-out of the lot. Moreover, the price will also go up the more you wish to opt out from.

The policy is difficult to sustain for a more fundamental reason.

Concerns with the EU do not pivot around its social policy. They are more general and are based on the perception that it governs too extensively, too intensively and too insensitively. Cutting out social policy does not change this. Indeed, it undercuts subsequent influence. Other governments will simply point to our already having obtained our pound of flesh in the form of the opt-outs.

There is an alternative European policy which tackles these concerns more directly. Concerns that lay at the

heart of opposition to the Lisbon Treaty.

It is to do what the Germans do. In its recent judgment on the Lisbon Treaty, the German Constitutional Court created a 'constitutional identity' exception to the authority of the EU. It stated that even where the EU was acting within its extensive competencies, there were certain lines it could not cross. Education, law and order, defence, cultural policy and, above all, social policy were to be predominantly a matter for national law not EU law.

In British terms, this would simply mean amending the European Communities Act so that where the EU passes laws that violate things that mean a lot to us we reserve the right not to apply the law. This might be our idea of self-government where it legislates too extensively. More generally, we might also reserve the right not to apply the law, as the German court suggests, where it destroys something of significant value to this.

This would not require negotiation with the other governments. Nor would it be 'un-European'. It would be reclaiming something that lies at the best of both European and British traditions, the authority of the law. We obey EU law because there are good reasons for obeying it.

Not simply to follow the crowd.

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Fayed



Conservatives

Aidan Barclay



Monday, 9th November 2009
DC/KM

In Aida

Thank you for sending Damian Chalmers' article in; I have read it carefully and will make sure William Hague's team have done so too.

As I said in my speech, achieving the return of powers in the three areas where we think it most needed will require firm, patient and respectful negotiation, quite possibly over the lifetime of a Parliament. I expect it to be difficult but I think it is extremely important that we do establish the principle that the flow of powers in the EU is not one way and that powers can be returned from the EU to Member States.

The German Constitutional Court's judgement on Lisbon could turn out to be of great significance. The work William Hague is leading will explore if, and how, the Court's position on 'constitutional identity' could be applied in the United Kingdom. Our constitutions and legal systems are very different, so it will not be a simple matter.

Thank you again for writing; I look forward to seeing you for dinner in a couple of weeks.

Best wishes,

A handwritten signature in black ink, appearing to be 'D. Cameron'.



David Cameron

Rt Hon DAVID CAMERON MP



HOUSE OF COMMONS

LONDON SW1A 0AA

LEADER OF THE OPPOSITION
Aidan Barclay

London [REDACTED]

Thursday, 7th January, 2010
DC/SD

Aidan Barclay

I just wanted to say a huge thank you on behalf of Samantha and myself for the delicious panettone which you so kindly gave us at Christmas.

We much appreciate your kind thought and also your good wishes for 2010. I am sure it will be an interesting year!

With best wishes,

David Cameron



David Cameron

AB / HB (F)

[Redacted]

From: [Redacted]
Sent: 09 February 2010 15:27
To: [Redacted]
Cc: [Redacted]
Subject: Letter to David Cameron
Attachments: Letter to David Cameron - 09-02-10.pdf

[Redacted]

Please see the attached which was couriered today.

[Redacted]

Executive Assistant

Telegraph Media Group | 111 Buckingham Palace Road | London | SW1W 0DT

[Redacted]

Phone: [Redacted] Mobile: [Redacted]

Fax: 02 [Redacted]

Website: www.telegraph.co.uk

AB / HB

telegraphmediagroup

From the office of the Chief Executive

111 Buckingham Palace Road, London, SW1W 0DT

www.telegraph.co.uk

Direct line: Email:

February 9, 2010

Dear David,

I just wanted to thank you so much for spending time with us last night. I know what horrendous pressures on your diary must be like, but it's typical of your friendship and courtesy that you found time to subject yourself to the private thoughts and questions of me and my colleagues! And it was, as always, very good to see Andy too.

As I said when we sat down for dinner, we desperately want there to be a Conservative Government, and you to be our next Prime Minister. We'll do all we can to bring that about, and to give you great support in the forthcoming months ahead. And as we are no fair-weather friend, we'll be there with you too, when you're in Downing Street.

I know you and George will keep in touch, and if there is anything I can do at any point, please let me know.

With best wishes, always.

As ever,

Sent with a pot of orchids
via [redacted]

(F)

[redacted]

TELEPHONE

[redacted]

FACSIMILE

[redacted]

13 May 2010

STRICTLY PRIVATE & CONFIDENTIAL

The Right Hon. David Cameron, MP
Prime Minister
10 Downing Street
London
SW1A 2AA

Aidan S. Barclay & Sarah Hen

Well done and congratulations! I wish you all the very best in this new chapter in your lives. I hope it is a great success.

No doubt we will be in touch.

Look forward to seeing you soon.

Kind regards

[redacted signature box]

~~Aidan S. Barclay~~



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

14 May 2010

In Aid

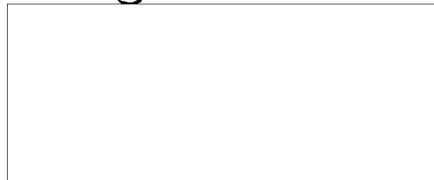
Thank you so much for the lovely orchids you kindly sent. They were a wonderful surprise. Thank you too for your warm wishes at this exciting time.

As you can imagine, the past week has been extraordinary and we have hardly had a moment to take it all in. But I am proud to lead this historic coalition Government, and strongly believe that by working together we can provide the strong and stable Government that our country needs.

You have been such a huge support over the years – Samantha and I are truly grateful for all you have done to help us get here, and for taking the time and trouble to get in touch during this remarkable week.

Thanks again for your generous note. Stay in touch, and I look forward to seeing you soon.

With this & best wishes – I would
love to get you in for a drink
before long & will be in touch –



Mr Aidan S Barclay

Granted to AB
MB

[Redacted]

From: [Redacted]
Sent: 25 May 2010 11:59
To: [Redacted]
Cc: [Redacted]
Subject: Letter from PM
Attachments: Letter from PM - 24-05-10.pdf

[Redacted] per
info

[Redacted]

MM has asked me to send the attached for AB

[Redacted]

[Redacted] Executive Assistant
Telegraph Media Group | 111 Buckingham Palace Road | London | SW1W 0DT

[Redacted]
Phon [Redacted] obile: [Redacted]
Fax: [Redacted]
Website: www.telegraph.co.uk



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

18 May 2010

Mr Murdoch

Thank you so much for your kind letter and warm wishes.

As you can imagine, the past week has been extraordinary, and we have hardly had a moment to take it all in. But Samantha and I have been buoyed by the many messages of encouragement and support we have received and it means a great deal to know that so many people are right behind us as we take on these new and considerable responsibilities.

The coming together of two political parties to form one Government marks a new era for Britain and for British politics. I am proud to lead this historic coalition Government, and firmly believe that by working together we can provide a strong, stable and determined Government that will act in the national interest to solve our problems and build a stronger, more responsible society.

There are many challenges ahead, but I am determined that by working together we will find solutions to the profound problems facing our nation - the debt crisis, our deep social problems; and our broken political system - and can give our country great hope for the future.

You have been such a huge support over the years and Samantha and I are truly grateful for taking the time and trouble to get in touch during this remarkable week. Thank you, once again, for your generous note. Do stay in touch, and we look forward to seeing you and soon.

David Cameron

Mr Murdoch MacLennan

[Redacted]

From: [Redacted]
Sent: 15 November 2010 18:21
To: [Redacted]
Subject: Message from Aidan Barclay re. Fraser Nelson Article from The Spectator 13 November 2010 edition
Attachments: The Spectator 13 Nov 2010 Fraser Nelson re taxes.pdf

Dear [Redacted]

Please see the attached article by Fraser Nelson from this week's Spectator. Mr Barclay has asked if you could please bring this to the Prime Minister's attention. He looks forward to seeing him on Thursday evening.

With kind regards

[Redacted]

(N.B. The article is best printed on A3)

[Redacted]

Telephone: [Redacted]
Facsimile: [Redacted]
Email: [Redacted]

Osborne's tax exiles

As high earners head for the exit, the Chancellor is about to learn the hard way that high tax rates mean less tax revenue

FRASER NELSON

Earlier this year, officials in the Indian driving licence department received an extraordinary application. It was from Lakshmi Mittal, the richest man in Britain, who wanted to know — given the circumstances — if it would be possible for him to be posted the documentation rather than sit a driving test. They refused, and the steel magnate duly turned up for his fingerprints a few days later. The Indian press were delighted, and not just to see a billionaire humbled. A driving licence application looked very much like the first step back to residency. India's richest exile might just be the latest to flee London.

If he did, it would be a symptom of what could be a much wider problem. For two decades, Britain has had a low-ish top rate of tax — 40 per cent — which has attracted entrepreneurs the world over. But then the crash came, and the mood changed — Britain now has the fourth highest top rate of income tax on the planet. George Osborne has combined the 50p rate with a series of new levies on banks, and dark talk about how the rich must pay a 'fair share'. All this has persuaded a good many financiers that Britain has, finally, decided to take a carving knife to the golden geese. One by one, they are flying away.

Many will say good riddance to bankers, but the hole they leave in Britain's finances is remarkable. As a country, we are strikingly reliant on a small number of highly mobile financiers. The best-paid one per cent, for example, contribute a quarter of all income tax collected — a figure which ought to warm the heart of the most ardent redistributionist. But the popular conception is that the richest pay almost nothing, and should be clobbered. Britain has become one of the three countries in the world (along with Greece and Iceland) to put up the tax rate sharply — and see what happens.

The squeals are seldom audible. The likes of Mittal enter or leave Britain without fanfare or protest. It was the artist, Tracey Emin, who declared that she was 'simply not willing

to pay tax at 50 per cent', and added that she might emigrate. The actor Sir Michael Caine put it even more bluntly. 'We've got 3.5 million layabouts on benefits, and I'm 76 years old, getting up at 6 a.m. to go to work to keep them,' he said. Both were denounced in the press: the popular mood is for eating, not just squeezing, the rich.

So the bankers know better than to howl. They talk quietly, as the banks reporting profits did this week, about evaluating whether



it's worth moving headquarters and declaring tax elsewhere. And instead of creating jobs in Britain, they do so in one of their many worldwide offices — or send staff to work in lower-tax jurisdictions. HSBC has already made noises about moving its headquarters abroad. There is excited talk in Wall St about luring Barclays HQ from under the nose of David Cameron — an idea which is being taken seriously by the company's board.

These are not idle threats. The hedge fund industry — perhaps the biggest employer of high taxpayers in Britain — is midway through what can only be described as

an exodus. One in four fund managers has moved to Switzerland, according to a study by Kinetic Partners, at an awesome cost to the British taxpayer. The departure of two industry magnates and their staff — Alan Howard, founder of Brevan Howard and Mike Platt, of BlueCrest Capital — is expected to yield £200 million a year less in taxation. All told, about 1,000 hedge fund managers are thought to have decided to move from London to Switzerland — where the top tax rate, incidentally, can fall as low as 12.3 per cent.

But no tally is kept on the rich, no exit visas are made. There is a list of companies who have moved their head office out of Britain (United Business Media, WPP, Shire, McDonald's, Kraft, Procter & Gamble), but the broader picture is captured from fragments, snapshots from overseas papers. The Swiss press runs stories about *Les Traders Anglais* — but the people in the pictures are often Japanese, American and French who had been working in London. 'Osborne says how various bankers tell him they'll never leave Britain,' says one financier who has discussed the issue with the Chancellor. 'But he's being advised by Brits, who have kids in English schools. The people we're losing are foreigners — people who uprooted their lives to come here, and will go away just as easily.'

In the absence of any census on the rich, the *Sunday Times Rich List* can be used as a rough proxy. When it first started in 1988, just 11 per cent of its members were immigrants. Now it is 40 per cent. The City has become a magnet for the world's talent, but the newcomers have no spokesman or trade union. And while Mr Osborne has declared his intention to cut corporation tax, many companies can't wait. Wolseley, the world's largest plumbing and building supplies firm, recently said it would move to Switzerland to 'achieve a competitive effective corporate tax rate'. This is, of course, never the full story: businesses say they tend to look at the overall mood music. And the message here is decidedly mixed.

There is not much defence of capitalism in Britain. Instead we have a Business Secretary, Vince Cable, who mutters darkly about how 'capitalism takes no prisoners, and kills competition where it can'. Even the Chancellor inserted a banker-bashing passage in his latest budget speech. When taken to task by a Conservative MP afterwards, Mr Osborne replied that his words were nothing compared with what's being said on the Continent. The MP left with the depressing impression that Mr Osborne believes that his main competition is in Europe, when the banks are piling into Southeast Asia.

The story of the British finance sector migrating eastwards is, again, told only in clippings from foreign newspapers. The London-based Standard Chartered told the Chinese press last week that it was expanding its operations there by 40 per cent. The head of its Southeast Asia division, Ray Ferguson, declared on Tuesday that he'd relinquished his British passport and taken up Singaporean citizenship. These are not decisions one

A debate was organised entitled 'Is Shanghai the new London?' It was cancelled, due to a strike on the London Underground

takes in a fit of pique. A debate was recently organised near the Chinese embassy entitled 'Is Shanghai the new London?' It was cancelled, due to a strike on the London Underground.

It is unfair to say that the Chancellor's economic strategy is backfiring, because this is not his strategy. The 50p tax was a trap set for him by Gordon Brown, who is economically literate enough to know that this was an act of fiscal vandalism (and delayed implementing it until his last month in office). But he also calculated that Mr Cameron and Mr Osborne are so sensitive about their privileged background that they would not dare to oppose it lest they were accused of pandering to the rich. Mr Osborne embraced it, saying it would make the cuts more palatable.

Even Vince Cable admits the tax will probably not raise money. But there have been pitifully few attempts to calculate the extent of the damage. The Institute for Fiscal Studies estimates that the 50p rate would mean, overall, about £800 million less revenue — but it was assumed that the high-paid are no more mobile than they were in 1988. A study, conducted by the TaxPayers Alliance for *The Spectator*, suggests the amount lost would be close to £4.5 billion this year — on conservative estimates. This study assumes that, for every £1 raised by the tax, £1.80 will be lost by people who either leave, hire better accountants, or cancel plans to move to Britain. Companies grumble that it is harder than ever to persuade overseas staff to come to the UK. A Gallup poll this week, asking people around the world where they would most want to immigrate, ranked

High Rise

Fawn high rise of Beijing
with wristwatch-shaped
air conditioners on each window

and burglar bars to the tenth
level in each new city,
white-belted cylinders of dwelling

around every Hong Kong bay —
Latest theory is, the billions
will slow their overbreeding

only when consuming in the sky.
Balconious kung fu of Shanghai.
A nineteenth floor lover

heroic among consumer goods
slips off the heights of desire
down the going-home high wire —

above all the only children.

— Les Murray

Britain below New Zealand, Bahrain and Saudi Arabia. All this suggests the 50p tax may well be the single most costly government policy.

Almost all Western countries face a deficit problem, but the majority have been cutting rather than raising the top tax rate — seeing this as the most effective way of extracting money from the super-rich. Britain is one of a handful of countries that have moved the other way, along with Iceland and Greece. It is seldom the sign of a country planning for the long term.

The tragedy is that Mr Osborne is indeed planning for the long term. His banker-bashing is tactical, his proposed corporation tax cut is real, and he can plausibly claim to be a low-tax Tory trying to sell a radical package of cuts without triggering Greek-style riots. It is a question of balance. So far, he has been remarkably successful in gathering public support for the cuts. One can argue that

an electorate about to face a VAT rise is in no mood to hear about the Laffer curve. The problem is that no one, anywhere, is asking whether there might have been ways to tax the rich that actually raises revenue.

Years before Arthur Laffer doodled his now-famous tax yield curve on a cocktail napkin, John F. Kennedy was explaining the point of low-tax economics to Americans. 'It is a paradoxical truth that the soundest way to raise the revenues in the long run is to cut the rates now,' he said in 1962. This is backed up by various economic equations, elasticity ratios and the experience of the 36 countries who have cut the top tax rate in recent years. Yet the intellectual climate in Britain is such that no one is making this basic argument in public now.

Well, almost no one. Defending himself on radio, Camberwell's most famous son put it this way. 'I left for eight years when tax was put up to 82 per cent. The newspapers said: "Michael Caine's leaving: let him go, the stupid, overpaid, loudmouth idiot, who cares where he goes?" Well, you didn't get 82 per cent tax from me for eight years and a quarter of a billion dollars worth of movies were made outside this country instead of inside it. Now, that is just from one stupid, loudmouth moronic actor. Imagine what happens with companies that disappear.'

Mr Osborne need not imagine. If he looks carefully enough, it is happening right before his eyes.



'If I knew how many in a trillion, I'd know if that was bad.'