

1 (3.35 pm)

2 RT HON THE LORD BOATENG

3 THE CHAIRMAN: Good afternoon and welcome.

4 RT HON THE LORD BOATENG: Good afternoon.

5 THE CHAIRMAN: Welcome back everyone, and to our final

6 witness for the day, Lord Boateng. You were

7 Chief Secretary to the Treasury from May 2002

8 to May 2005.

9 RT HON THE LORD BOATENG: Yes.

10 THE CHAIRMAN: You were a Cabinet Minister in the run-up,

11 therefore, to the invasion of Iraq and you sat on the

12 ad hoc ministerial group for Iraqi reconstruction in the

13 aftermath.

14 RT HON THE LORD BOATENG: Yes.

15 THE CHAIRMAN: This afternoon, we will be asking about this

16 and we will also be hearing about your role as

17 Chief Secretary to the Treasury, the consideration of

18 the macroeconomic and fiscal implications of the UK's

19 involvement in Iraq, as well as the funding of the wider

20 ensuing campaign and, where it is relevant to our terms

21 of reference, we will also seek evidence on the state of

22 the wider defence budget at this time.

23 Now, I say on each occasion we recognise that

24 witnesses are giving evidence based on their

25 recollection of events and we, of course, check what we

1 hear against the papers to which we have access and
2 which we are still receiving.

3 I remind each witness on each occasion that they
4 will later be asked to sign a transcript of the evidence
5 to the effect that the evidence they have given is
6 truthful, fair and accurate.

7 With those preliminaries, I'll turn to
8 Sir Roderic Lyne to open the questions. Rod?

9 SIR RODERIC LYNE: I would like to start by discussing your
10 role as a Cabinet minister before turning to the more
11 specific role as Chief Secretary. You joined the
12 Cabinet about ten months before the invasion of Iraq,
13 and so you will have sat through the many discussions
14 that we have been told about that occurred in Cabinet.

15 Can you recall from those discussions if Cabinet, in
16 those ten months -- and particularly, I suppose, in the
17 formative period, which is really your first six to nine
18 months in the Cabinet -- was debating the strategy? Was
19 the Cabinet looking at a range of alternatives to the
20 course of aligning with an American policy that, as one
21 got to the middle of 2002, was beginning to lead to
22 a high probability of military action against Iraq,
23 albeit with no final decisions?

24 RT HON THE LORD BOATENG: Sir Roderic, as you say, I joined
25 the Cabinet in May 2002. My first recollection of

1 a substantive discussion in Cabinet on Iraq was
2 in September of that year. Indeed, looking back at
3 Cabinet minutes, that would have been the first time
4 that I became engaged in the discussion, and that was
5 the discussion around the -- the dossier. That was
6 a critical discussion.

7 Prior to that, the record shows that on 9 and 16 May
8 there was some discussion about Iraq, but of course
9 I wasn't present at either of those because I wasn't
10 a Cabinet Minister at that time.

11 But, of course, prior to the meeting in September,
12 I would have been aware departmentally of issues around
13 Iraq, because obviously the issue had surfaced to me as
14 Chief Secretary prior to my attendance at the Cabinet
15 meeting on 23, I think it was, September.

16 SIR RODERIC LYNE: Did you feel, by September, that we were
17 set on a particular course?

18 RT HON THE LORD BOATENG: No. I felt, by September, that we
19 were engaged in a process, where there was strenuous
20 diplomatic activity in order to bring Saddam Hussein to
21 the table, that we were engaged in a process where
22 diplomacy was obviously the preferred route and
23 considerable activity in the UN and in capitals around
24 that, and where we in the Treasury were preparing work
25 on the basis of a number of scenarios and there was no

1 sense in the Treasury that we had set on one particular
2 course or another.

3 SIR RODERIC LYNE: But in the Cabinet, was there actually
4 a debate about different scenarios and different
5 possible courses or not?

6 RT HON THE LORD BOATENG: I would say that there was
7 certainly a discussion around different scenarios that
8 came up in the way in which we addressed these issues in
9 Cabinet, so what would tend to happen would be that the
10 Secretary of State for Defence and Secretary of State
11 for Foreign Affairs, the Prime Minister, occasionally
12 the Secretary of State for International Development,
13 when we were looking at reconstruction or where she had
14 a particular contribution to make, would lead
15 a discussion. There would be questions arising from
16 that.

17 That was certainly the approach taken in
18 the September meeting, where, as you know, we were about
19 to publish the dossier, there was about to be a report
20 to Parliament and there was a discussion around that and
21 it was a full discussion and, in the course of that,
22 colleagues made various contributions and various
23 scenarios surfaced.

24 Did we come together at that meeting in September
25 and say "These are the options, what are we going to go

1 for?" It wasn't that sort of discussion.

2 SIR RODERIC LYNE: Did you have that sort of discussion at

3 all in the course of 2002?

4 RT HON THE LORD BOATENG: No, I don't think we did in the

5 course of 2002. What we did have was a full discussion

6 around the issues as they were reported to us by those

7 Secretaries of State and the Prime Minister, who were

8 obviously most closely involved, and you never got

9 a sense that debate and discussion were being curtailed,

10 but you also got a sense -- and indeed it was the

11 case -- that there were those who were most intimately

12 involved on a day-to-day basis because it fell within

13 their areas of responsibility and competence and that

14 they clearly were having the sort of debate and

15 discussion that you have referred to.

16 SIR RODERIC LYNE: Apart from the oral reports that they

17 made to you in the Cabinet, were you getting briefing or

18 written papers?

19 RT HON THE LORD BOATENG: Well, I was certainly getting

20 written papers, as you have heard, from the officials

21 working to us, and very good papers they were too.

22 SIR RODERIC LYNE: On the broader aspects, on the

23 non-Treasury aspects of the policy as a Cabinet

24 Minister --

25 RT HON THE LORD BOATENG: No.

1 SIR RODERIC LYNE: -- you weren't?

2 RT HON THE LORD BOATENG: No.

3 SIR RODERIC LYNE: We have heard that some ministers had
4 intelligence briefing. Were you briefed on
5 intelligence, and particularly on WMD intelligence?

6 RT HON THE LORD BOATENG: Not specifically, what I had
7 available to me were the reports that appeared from time
8 to time in my secret box, which I read, and of course
9 meetings I had from time to time, looking at spending,
10 departmental matters, with the heads.

11 SIR RODERIC LYNE: Were you aware that Robin Cook, who by
12 this time was leader of the House, but from the
13 perspective of an ex- Foreign Secretary, was
14 interpreting the intelligence in a different way to the
15 way it was being interpreted by others in the Cabinet?

16 RT HON THE LORD BOATENG: I think I got a sense from Robin's
17 intervention in Cabinet, his interventions in Cabinet,
18 that he had a degree of disquiet. I think it would be
19 true to say one got that impression.

20 SIR RODERIC LYNE: Did that concern you? Did you seek to
21 discuss it with him directly?

22 RT HON THE LORD BOATENG: Not on a bilateral basis. It was
23 something obviously, because Robin was a trusted and
24 respected colleague, that one took on board in the
25 course of the discussions around the Cabinet table, but

1 those discussions, as I say, were full and frank and the
2 Prime Minister was always one who would let discussion
3 go in Cabinet. You know, he wouldn't seek to curtail
4 it, and Clare Short, for example, would opine at some
5 length and I never saw any suggestion that her
6 contributions were curtailed and not listened to with
7 respect.

8 SIR RODERIC LYNE: Even in the final Cabinet meetings before
9 the invasion, when she has told us in evidence that
10 pressure was brought on her in Cabinet to shut up --
11 I forget her exact words, but they are in the record and
12 in her book, indeed, as well.

13 RT HON THE LORD BOATENG: Clare Short is not a lady easily
14 pressurised.

15 SIR RODERIC LYNE: So you don't recall that yourself?

16 RT HON THE LORD BOATENG: I can't say I do.

17 SIR RODERIC LYNE: No. The concerns that she and Robin Cook
18 did voice at different times, were these concerns that
19 you shared at all yourself?

20 RT HON THE LORD BOATENG: Look, I think when one is
21 considering a military intervention, everybody is very
22 concerned because you are aware of the seriousness of
23 decisions that you are having to make.

24 Did I take the same view as Robin? If I had,
25 I would have resigned, as he very honourably did.

1 I took the view that the decision we arrived at, at that
2 time and on the knowledge available to us, was the right
3 one.

4 SIR RODERIC LYNE: Now, obviously, through the Treasury, you
5 were being briefed indirectly on military planning
6 because that affected Treasury planning, as we have just
7 heard in the session that you also, I believe, listened
8 to. Did you have any direct briefing from the military
9 about their planning?

10 RT HON THE LORD BOATENG: I did. I was briefed directly by
11 the Chiefs, I think, on December 23rd and I recall that
12 briefing very well, because it was one that took place
13 in the MoD itself and they take considerable care when
14 they brief the Chief Secretary. They put a lot of
15 effort and attention into their briefing and it was
16 a very thorough one indeed and I was very grateful for
17 it.

18 SIR RODERIC LYNE: Putting together the military planning,
19 the military build-up, what you heard in Cabinet, what
20 you heard from your officials, at what point did it
21 appear to you that, in all probability, we were heading
22 for a military action led by the United States, in which
23 we would be invited to join, albeit our own decision on
24 whether or not to join was one finally taken at the very
25 last moment?

1 RT HON THE LORD BOATENG: My state of mind was very much one
2 governed by a desire that I sense was shared by my
3 colleagues and that was that military action should be
4 a last resort. So it wasn't actually until the Cabinet
5 meeting in March, when it was clear that all other
6 options had been exhausted and where we had the benefit
7 of legal opinion, such legal opinion as was at that time
8 available to us all, it wasn't until then really that
9 I formed the firm view that it was now inevitable.

10 Right up until that time you saw, obviously,
11 planning becoming more and more focused of necessity,
12 because we had to be ready for every eventuality, but
13 you hoped, because of the gravity of the situation, that
14 Saddam Hussein would see sense, that you would have
15 a situation in which he took the steps that were
16 necessary to comply with international law.

17 But of course, one knew the sort of person one was
18 dealing with, that this was somebody who had flagrantly
19 violated international law on many previous occasions.
20 This was somebody who had used weapons of mass
21 destruction on his own people, one knew that, and so one
22 was aware of the need to plan and to plan with the
23 possibility that, in the end, it might come to the
24 fateful decision that was ultimately made.

25 SIR RODERIC LYNE: Did you feel at any stage that we were

1 being drawn by the American administration into an
2 approach in which the conditions or the timing of the
3 action were not those which we ourselves, you, as
4 a Cabinet, would have chosen?

5 RT HON THE LORD BOATENG: I felt undoubtedly that the
6 Americans at that time put much less emphasis on
7 multilateralism than ourselves. I knew that for me and
8 for my colleagues the UN was central. I also knew that
9 from the US perspective and the perspective of that
10 particular administration, the UN has never enjoyed
11 a degree of -- the degree of centrality that we have
12 given it.

13 So to that extent, one was aware that we were
14 starting from a different place from the United States.
15 But we never, ever, in our own minds, would have gone
16 along a course that we felt sidelined the UN and
17 wouldn't ultimately lead to what we saw as
18 a strengthening of multilateralism and a strengthening
19 of respect for international law because ours, after
20 all, was an administration that actively pursued the
21 very notion of an International Court. The
22 United States was an administration that had actively
23 opposed it. So we came from quite different places.

24 SIR RODERIC LYNE: Now, in the end, of course, we didn't
25 achieve the second UN Security Council Resolution we had

1 wanted and that then meant that the Attorney General had
2 to give an opinion ultimately -- well, to the
3 Prime Minister, but then to the Cabinet, as to whether
4 or not, without a resolution, it was legal for our
5 forces to take part in this action.

6 Did you at any point see the full legal advice that
7 Lord Goldsmith had given?

8 RT HON THE LORD BOATENG: No.

9 SIR RODERIC LYNE: You never did?

10 RT HON THE LORD BOATENG: I never did.

11 SIR RODERIC LYNE: Do you think you should have done?

12 RT HON THE LORD BOATENG: On reflection, I think it would
13 have been helpful if we had seen it. I think we would
14 have had a fuller debate and discussion and I think that
15 we ought to have been trusted with it, frankly. But, be
16 that as it may, we weren't, and we therefore acted upon
17 the best legal advice that we had.

18 I don't think, if we had seen the full opinion, we
19 would necessarily have come to a different conclusion.

20 I think it would have been helpful if we had seen it.

21 We didn't.

22 SIR RODERIC LYNE: In terms of Cabinet decisions, just to
23 conclude this part of the conversation, you say that the
24 first substantive discussion, you recall, was
25 in September. If we just look right through the period

1 up to 20 March, when the conflict began, at what point
2 do you recall the Cabinet taking actual decisions about
3 Iraq as Cabinet decisions for which you, as a Cabinet
4 member, shared a collective responsibility?

5 RT HON THE LORD BOATENG: I shared, as does every other
6 member of the Cabinet, in the collective responsibility
7 for all that occurred. Whether the Cabinet was
8 a formally decision-making body at that time or not, we
9 were and are responsible for what happened. For me, the
10 meetings that stand out are September and March. Those
11 are the key meetings for me.

12 I think it is -- I mean, one of the things you and
13 your colleagues, Sir Roderic, will no doubt be
14 reflecting upon is the evolution over the years of
15 Cabinet Government and, actually, the way Cabinets work
16 and is one in which the Prime Minister chairs them, the
17 Prime Minister takes a view from them. You know, it
18 isn't a situation in which you are asked to put your
19 hands up, as it were.

20 But there are times when you know that this is
21 a very significant meeting and March and September were
22 the ones -- March 2003, September 2002 -- the ones that
23 stand out for me. That isn't to say that, at other
24 meetings, the Prime Minister couldn't have gone away
25 from them with a sense of where the Cabinet were at, but

1 in terms of making decisions, I think those are the
2 ones.

3 SIR RODERIC LYNE: So those are the two occasions on which
4 you felt, as a minister, you were participating in
5 a decision that ultimately led us to where we got to?

6 RT HON THE LORD BOATENG: Yes.

7 SIR RODERIC LYNE: Yes. Not on other occasions?

8 RT HON THE LORD BOATENG: Well, as I say, I would need to
9 refresh my memory on the detail of other occasions and
10 I think one of the significant points about all of this
11 is, as you know, what Cabinet minutes say is a very --
12 how can I put it? -- redacted version of what actually
13 occurs and the full note isn't one that I have ever
14 seen. But on such notes as one has seen, it seems to me
15 that March and September are the significant ones.

16 SIR RODERIC LYNE: Obviously a lot of information has come
17 out since 2003, including in people's memoirs and,
18 indeed, in evidence to us and in the public domain in
19 various ways.

20 Do you feel now that you were given all of the
21 information that you should have been given, as
22 a Cabinet minister sharing in this collective
23 responsibility, or do you feel that in some ways it was
24 inadequate or selective?

25 RT HON THE LORD BOATENG: I think we had the best

1 information available to us at that time, as was
2 available to us through the structures through which we
3 were operating. So I don't feel that at any one time
4 I was subject to a process in which it was, as a matter
5 of policy or as some sort of decision made by others
6 that one should not see X, Y and Z, other than the
7 decision not to present to the Cabinet the full range of
8 the development of legal opinion. That was clearly
9 a decision that was made and for a very specific reason.

10 Other than that, no, I don't. Do I feel that there
11 might be structures that were -- that would be better
12 put in place, that would have strengthened and deepened
13 the content of the discussion and the debate? Yes,
14 I do.

15 Clearly, if you did have -- if we had had in place
16 then the concept of a National Security Council, if one
17 had been a part of that process, you would have heard
18 much more and your decision-making would have been
19 enriched by that process, which is not to say that we
20 would have come to any different conclusion, because
21 I don't actually think we would have done.

22 SIR RODERIC LYNE: We have heard -- from people who were
23 your colleagues in the Cabinet at the time, broadly
24 speaking -- in evidence three slightly different
25 explanations as to why we joined in the military action

1 against Iraq. In one case that this was very much
2 anchored on is presumed weapons of mass destruction
3 programmes; in another case that this was, above all,
4 because he had defied the will of the United Nations in
5 a series of Security Council Resolutions; and in another
6 case on the broader grounds of the threat that he
7 represented, including the threat that, at some point in
8 the future, if not at the time, he would bring together
9 the international terrorism threat with the threat of
10 weapons proliferation.

11 What, for you, were the principal grounds for
12 deciding to take military action against Iraq?

13 RT HON THE LORD BOATENG: For me, it was the first two.

14 I don't recognise the third as being an issue that bore
15 as heavily with me as the other two. The sense that
16 this was a man who had access to weapons of mass
17 destruction, who wouldn't hesitate to use them on his
18 own people and on others and who had shown a flagrant
19 disregard for international law and the will of the
20 United Nations and would continue to do so, with the
21 risk of the utilisation of those weapons of mass
22 destruction, with the risk of the threat that he would
23 present to his neighbours.

24 This was a man, after all, who had attacked Kuwait
25 without compunction and that presented a threat

1 that required a response.

2 The linked international terrorism, in the way that
3 you have described, wasn't one that I, as I say, gave
4 the same weight to as the other two.

5 THE CHAIRMAN: A small point indeed, and I hope it is only
6 a semantic detail, but you used, describing the Cabinet
7 minutes, that they were a redacted version. I think
8 from -- I think I have got eight or nine
9 Cabinet Secretaries in my memory. It would be, I think,
10 in their description, a distillation or a precis, but
11 not, as it were, an extended account which is then cut
12 back.

13 RT HON THE LORD BOATENG: No, I think a distillation and
14 a precis is a very good way of putting it. What is
15 redacted, of course, is every -- is the sense of all
16 that was said. All that was said is not recorded. What
17 is recorded is a shortened version, with bits left out,
18 and the significance or otherwise of those bits, well,
19 that's a matter for debate.

20 THE CHAIRMAN: I draw a contrast with our live transcription
21 this afternoon.

22 RT HON THE LORD BOATENG: Oh, indeed. I would very much
23 have liked to have seen a live transcript of Cabinet.
24 We won't, for very understandable reasons.

25 THE CHAIRMAN: Roderic?

1 SIR RODERIC LYNE: I think it is good that we can enter in
2 the record at this point in defence of the Freemasonry
3 of Permanent Secretaries.

4 RT HON THE LORD BOATENG: Which I wouldn't dream of
5 offending in this company, Chairman.

6 SIR RODERIC LYNE: The difference between redaction and
7 distillation is a very important one.

8 Can I now turn to your departmental role as
9 Chief Secretary to the Treasury, in the period before
10 the invasion?

11 I think for the benefit of our record, can you just
12 briefly define how that role as a Cabinet minister in
13 the Treasury is distinguished from the role of the
14 Chancellor and to what extent you were operating under
15 instructions from the then Chancellor of the Exchequer
16 when you were filling that job?

17 RT HON THE LORD BOATENG: The Chancellor has overall
18 responsibility for the Treasury. The Treasury is, as
19 you have heard, both an Economic and a Finance Ministry.
20 That part of it that is the Finance Ministry is the part
21 with which the Chief Secretary is chiefly concerned, and
22 so, at that time, my responsibilities included public
23 expenditure, planning and control, value for money in
24 the public services, departmental investment strategies,
25 public/private partnerships, public sector pay, welfare

1 reform, devolution, strategic oversight of banking
2 finance services and insurance, resource accounting and
3 budgeting of which you have heard something in the
4 course of this Inquiry, and I was also the departmental
5 minister for the Office of Government Commerce.

6 Now, that's what it will tell you on the Treasury
7 website and it's true, that is the nature of the
8 responsibility.

9 The -- what lies behind is -- and what the context
10 of that description is, is that the Treasury is
11 unique -- as you and your colleagues will know, but the
12 wider public may not -- in that it has two Cabinet
13 Ministers, two full Cabinet Ministers sitting around the
14 Cabinet table. Both, of course, appointed by the
15 Prime Minister. Both answerable, ultimately, to the
16 Prime Minister.

17 The Chief Secretary is in the interesting position,
18 in a way, of having two people to whom he is answerable:
19 The Chancellor, who has overall responsibility for the
20 Treasury; and the Prime Minister, who not only employed
21 him or her in the first place, but is also First Lord of
22 the Treasury and so you have, as Chief Secretary, an
23 interesting role and one that gives you the advantage of
24 some oversight across all departments, and you are
25 working directly, therefore, to two people, to the

1 Chancellor and to the Prime Minister, and that's
2 exemplified in a way by a process with which you will
3 all be aware.

4 When the Prime Minister has his Cabinet colleagues
5 in, in order to look at their performance and to look at
6 the performance of their departments, as against the
7 objectives and targets that they have been set, you, as
8 Chief Secretary, sit on his side of the table, on his
9 left, while your Cabinet colleagues sit in front of you
10 and he, and it is your job to service him with the
11 Treasury's assessment of how the department is actually
12 performing in practice, as opposed to how he/she and
13 their civil servants present it. So it is a very
14 particular role.

15 In the case of this particular area, with which you
16 are examining, the case of Iraq, one was very much
17 acting, one, as the Finance Minister, as the Paymaster,
18 as you have described it -- or one of your colleagues
19 has described it, and acting, too, to the Chancellor,
20 who has the overall responsibility for the economy and
21 for the finance.

22 So on all the committees I attended, bar Cabinet, of
23 course, where I sat in my own right, on Iraq, I was
24 deputising for the Chancellor. I was not -- if you look
25 at the committees, I wasn't actually a member of those

1 committees. I wasn't a member of the ad hoc committee
2 on Iraq, the Chancellor was. I wasn't a member of the
3 Iraq Reconstruction Committee; the Chancellor was. But
4 I was sent to represent him and the department, and that
5 I sought to do.

6 SIR RODERIC LYNE: Those were committees, I think, that met
7 only after the military campaign had begun.

8 RT HON THE LORD BOATENG: Indeed.

9 SIR RODERIC LYNE: In the work that you did on the public
10 expenditure consequences of a military campaign, before
11 it actually happened, were you reporting this work -- to
12 which of your two masters, as you have just described
13 it, were you reporting this work and from which were you
14 receiving any guidance?

15 RT HON THE LORD BOATENG: I worked on this issue as the
16 Chief Secretary with responsibility for the officials
17 who were working to the Chancellor on this. I worked to
18 the Chancellor, in the sense that, when a paper was
19 produced for the Chancellor's -- one of the Chancellor's
20 advisers, on this issue, it was copied to me on the
21 issue of the wider implications of the Iraq conflict.
22 It was copied to me. The September papers were copied
23 to me for action. "CST action" is the phrase that
24 appears on the top of the paper, because ultimately that
25 official would be aware that it would be me, as

1 Chief Secretary, who would have to carry out the
2 Chancellor's instructions, following on from that paper.

3 SIR RODERIC LYNE: Now, the September papers, referring to
4 the wider consequences, are separate from the paper we
5 were just discussing with Mr Dodds, written in March,
6 which is about the public expenditure impact.

7 RT HON THE LORD BOATENG: Indeed.

8 SIR RODERIC LYNE: So if we take the wider consequences, the
9 economic impact of war in Iraq and how a war would
10 affect the overall public finances, what was the thrust
11 of the advice that was being given to you in September
12 about this and where did it go beyond you? Was this
13 then being fed directly to the Prime Minister or into
14 the Cabinet Office or just to the Chancellor? What
15 happened to this work?

16 RT HON THE LORD BOATENG: Well, it was fed primarily to the
17 Chancellor because it was for -- it was for the
18 Chancellor. So if you take the paper that was
19 commissioned by Ed Balls, that was Ed Balls for the
20 Chancellor.

21 SIR RODERIC LYNE: This is a paper of --

22 RT HON THE LORD BOATENG: This is a paper of 16 September.

23 SIR RODERIC LYNE: 16 September, and I think this is not one
24 that has been put into the public domain so far.

25 RT HON THE LORD BOATENG: Indeed, but obviously

1 a significant paper because it looked at those wider
2 issues to which you have addressed.

3 If you then -- if you look at the papers
4 of September, they are papers that advise us -- as
5 John Dodds has described and as Sir Nick Macpherson has
6 described, they advise us of the implications, the
7 macroeconomic implications and the specific implications
8 for departments and likely future implications of
9 a range of decisions that were to be made, and they are
10 there for the purpose, not of seeking to second-guess
11 departmental ministers and the outcome of their
12 deliberations, they are there to enable us to make an
13 input when we were called upon to make an input into the
14 planning and discussions of policy.

15 The primary inputs, obviously, were made by the
16 Chancellor because he was privy to that inner circle of
17 Secretaries of State who were meeting with the
18 Prime Minister on these issues.

19 SIR RODERIC LYNE: So how did those papers influence the
20 discussions?

21 RT HON THE LORD BOATENG: Well, that's a matter which you
22 have addressed with the Chancellor and which I have not
23 been able to throw much light on, because I wasn't
24 present at those --

25 SIR RODERIC LYNE: We have asked the question of a number of

1 witnesses, but have been slightly hampered by the fact
2 that it doesn't seem that many of these discussions were
3 recorded, which is why I asked the question of you.
4 Presumably the Chancellor will have debriefed you on the
5 discussions he was having --

6 RT HON THE LORD BOATENG: Not necessarily. He would do from
7 time to time, if he were concerned that I and those
8 working to me should be aware of specific issues.
9 I was, for instance, aware, as John Dodds has indicated,
10 that the Chancellor's very clear position was that what
11 the military needed, the military should get. That was
12 very clear and it was clear from the outset.

13 That was a message that I got and that was a message
14 that my officials also received.

15 What flowed, for instance, from the submission
16 of October¹ 4, to which you referred from John Dodds, and
17 its impact on the meeting of October 6? What flowed
18 from that? Well, that was really a matter for the
19 Prime Minister and for Number 10, the Chancellor made
20 a recorded intervention at that meeting of October 6,
21 which is completely in accordance with the substance of
22 the advice that John Dodds gave. What then happened?
23 Well, as you say, there is not always a clear record of
24 that.

25 SIR RODERIC LYNE: When you recall the Chancellor's dictum

¹ The references to "October" in this paragraph should be "March": see pages 57-58 of transcript

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1 that the military should get what they need, does this
2 mean that there really weren't any financial constraints
3 on the way that the military planning for the operation
4 was conducted, including on the question of whether we
5 went for the lighter or the heavier of the military
6 options?

7 RT HON THE LORD BOATENG: That would have been
8 second-guessing the Secretary of State and the
9 Foreign Secretary, the Prime Minister, those with
10 primary responsibility in those areas, and that was
11 something that neither the Chancellor, nor I, nor anyone
12 in the Treasury would dream of doing. We really were
13 not in that business.

14 These were the people who had the best available
15 information, these were the people who had the
16 day-to-day operational responsibility. What they looked
17 at us for and from, as a Finance Ministry, was the
18 resources to do whatever they were asked to do by the
19 Prime Minister and by the Cabinet, and that's what we
20 did our very best to make sure they had.

21 SIR RODERIC LYNE: But you are their bank manager and you
22 know how much they have got in their account and, when
23 they are planning to do something very expensive, don't
24 they come along to you and say "Can I afford this?"

25 RT HON THE LORD BOATENG: Sir Roderic, I think you probably

1 know the answer I'm going to give to that question. If
2 the Chief Secretary and Chancellor attempted to behave
3 as bank managers towards their departmental ministerial
4 colleagues, we would get very short shrift indeed.

5 You may have been very fortunate, Sir Roderic, in
6 your bank manager, but I think, if we had tried to be
7 like that, we would have been in dead trouble because,
8 at the end of the day, the only way the Treasury is able
9 to operate is if we have respect for departmental
10 responsibility.

11 If we attempt to tell people what they should do or
12 not do, if we attempt to usurp their proper function,
13 then they would be off to the Prime Minister to complain
14 like a shot, and they would have good cause for
15 complaint because that, in our view, was not the role of
16 the Treasury.

17 SIR RODERIC LYNE: I think we were just talking to a bank
18 manager in the previous witness and he gave a slightly
19 different view, which is that, if departments came along
20 and asked for access to the resources, they would be
21 told to go back and re-order their priorities. He said
22 this to us fairly clearly and, presumably, for the
23 reason that they wouldn't have enough money in the
24 account, the account wasn't bottomless.

25 But you are saying no financial constraints were

1 imposed on the planning of this operation?

2 RT HON THE LORD BOATENG: That's a slightly different
3 matter, asking people to look at their priorities is one
4 thing, and one does make a distinction in this instance
5 between the way in which, traditionally, the Treasury
6 has responded to military situations and the way in
7 which the Treasury responds to other departmental
8 activity and events.

9 Military situations fall into a very different
10 category because, as you will have heard from colleagues
11 in the Treasury, the Ministry of Defence is funded to be
12 prepared for war. Once, however, you are in the run-up
13 to a potential conflict or conflict has begun, then you
14 have this concept of urgent operational requirements
15 and, so far as they are concerned, subject to the
16 technical issues that John Dodds has referred you to, we
17 don't second-guess them because we are not in a position
18 to do that.

19 So it isn't -- and I don't like the notion, as it
20 were, of blank cheques -- it is not about blank cheques,
21 it is about saying what you need, when you have
22 established that you need it, you are going to get, and
23 that is not an approach of any bank manager that I have
24 ever come across, where you have to fight for every
25 penny. That is not the case in terms of the way in

1 which the Treasury has traditionally approached the
2 Ministry of Defence, and with very good reason, and
3 I think one would interfere with that at one's peril.

4 Because, at the end of the day, the lives of
5 servicemen and women and the security of the state would
6 be at risk if you got other people in the Treasury
7 second-guessing and doing what we do normally, which is
8 actually to ensure that, first and foremost, the public
9 purse is protected. Once you are in the run-up to war
10 or in war, your foremost consideration is not the public
11 purse; your foremost consideration is the welfare and
12 security of the state and the men and women who serve
13 it.

14 SIR RODERIC LYNE: On 4 March 2003, John Dodds put up to you
15 and the Chancellor a paper, which has been declassified
16 and put into the public domain today, on "Iraq: The
17 Aftermath; Military Options" and, as he has just told us
18 in his evidence, he was asked to do this at fairly short
19 notice when it was becoming apparent that there were
20 issues, possibly expensive issues, to do with the
21 aftermath of concern to the Treasury and that some of
22 the earlier assumptions -- for example, about the length
23 of time that we would be there, the extent of our
24 responsibilities, the extent to which it might be
25 possible to have others take over -- were becoming ones

1 that we could be less confident about.

2 So there were some quite clear warnings in this
3 paper, such as, "On public finance grounds, there is
4 a strong case for stepping back from military leadership
5 in the aftermath" or "There are risks that our taking on
6 military leadership will result in our being sucked into
7 wider responsibilities for reconstruction with even
8 higher costs", and so on. Quite a lot of it is written
9 in that tone.

10 Do you recall how you reacted to this advice that
11 came up from your experts?

12 RT HON THE LORD BOATENG: My first thought, when I read it,
13 was that this was an exemplary paper. I don't think
14 I have ever read a better submission actually, given the
15 gravity of the situation that we faced at the time.

16 I thought it was a very, very good submission and it
17 contained all the factors and all the information that
18 I would expect the Chancellor to need in going into what
19 was clearly a significant meeting.

20 SIR RODERIC LYNE: It still reads as a very good paper, but
21 did it cause you to lose any sleep as the person in
22 charge of the public finances?

23 RT HON THE LORD BOATENG: I was exercised always at that
24 time, not primarily by the implications, frankly, for
25 the public purse; I was exercised at the enormity of the

1 situation into which we were going in terms of its
2 impact on human life. That was my primary concern and
3 what I knew and believed it would do in terms of the men
4 and women who were going to be up there in the front
5 line, and its implications subsequently for ourselves
6 and Iraq in the wider world. That was what concerned
7 me.

8 This search did a very important job of outlining
9 for us, too, the implications of those matters which
10 John Dodds had to be concerned about, as a public
11 servant charged with the responsibilities he had, which
12 were the implications that you have described for the
13 public purse.

14 THE CHAIRMAN: Thank you. I'll ask Baroness Prashar to take
15 up the questions.

16 BARONESS USHA PRASHAR: Thank you. Can I just move into
17 some detail about the pre-invasion estimates, because as
18 you said yourself, you were receiving some excellent
19 advice from the officials on the likely cost of the
20 invasion and I think it started to emerge from mid-2002
21 onwards.

22 The central estimate for September 2002, for the UK
23 involvement in military action was about 2.5 billion.
24 That was at the time in September. But what concerns
25 did you have before the invasion of the robustness of

1 the estimates that Whitehall departments were making?

2 RT HON THE LORD BOATENG: Baroness Prashar, one of the

3 things you have to wrestle with very early on as

4 Chief Secretary -- and you have to go on wrestling with

5 them, frankly -- is that you have to take all estimates

6 of public expenditure coming from departments with

7 a pinch of salt and you have to have confidence in the

8 capacity of your officials to sort of burrow down into

9 them in order to get at the kernel of reality because,

10 for a whole variety of reasons, estimates are, of their

11 very nature, slippery: one, because different

12 departments have a different degree of control and

13 understanding of their own costs and expenses and their

14 own procurement situation; two, because of events, which

15 can make estimates completely unreliable in a very, very

16 short period of time.

17 So you rely on your spending teams, as

18 Chief Secretary, to do the burrowing down, and I had, in

19 the defence and diplomatic spending teams, a very good

20 body of men and women who did just that.

21 So I relied on the accuracy of their estimates and

22 forecasts and they turned out actually to be remarkably

23 prescient. I put greater reliance on them than I did on

24 whatever was being sent up by the department.

25 BARONESS USHA PRASHAR: So what you are saying to me is that

1 you were satisfied that the Treasury had adequate
2 opportunities to ensure that the costs of the operation
3 were robust and adequate for the provision that was
4 made?

5 RT HON THE LORD BOATENG: Yes, I felt that they were.

6 BARONESS USHA PRASHAR: Right.

7 RT HON THE LORD BOATENG: I was also sure that, if we acted
8 on anything that wasn't actually robust or didn't accord
9 with reality, that the way the system operates, there
10 were sufficient checks and balances to draw that to our
11 attention at an early stage. You would have, in the
12 case of the MoD, the Chiefs knocking at your door,
13 rightly, at an early stage. You would have the
14 Secretary of State tracking you down at an early stage.

15 There is a description of myself at one stage in the
16 course of this conflict or in the immediate run-up to
17 you, I think it was, myself outside a Cabinet meeting
18 waiting to go in with the rest of my colleagues and sort
19 of pressing myself against the wall in the hope that
20 I wouldn't be noticed, because you knew always that
21 there were colleagues from all sorts of departments who
22 were going to make all sorts of demands on you.

23 The Chief Secretary's back is normally pressed up
24 against a wall because you know that you are the first
25 person that everybody goes to in order to twist your arm

1 in order to get more money out of you.

2 So, you know, that's just the way -- that's just the
3 way it is, and you know, too, that your officials aren't
4 just sort of sending stuff up to you and leaving it at
5 that, but there is a constant round of meetings that's
6 taking place within Whitehall, in which these figures
7 are being pored over. So you have good reason to be
8 confident.

9 BARONESS USHA PRASHAR: Did you ever challenge your
10 colleagues in the Ministry of Defence, or elsewhere in
11 Whitehall departments, about the estimates they were
12 sending after the work had been done?

13 RT HON THE LORD BOATENG: Certainly. You challenged -- you
14 challenged, for instance, the suggestion that DFID
15 needed access to the Reserve. I certainly challenged
16 that suggestion, because I knew very well that they had
17 monies available to them for middle-income countries,
18 which they could reprioritise, and indeed so it proved
19 to be the case. They had -- they had only needed --
20 they needed less money from the Reserve than they
21 thought they did.

22 When, at one stage, I became aware that there were
23 letters and missives flying between DFID and Number 10,
24 it was quite clear to me, in relation to those letters
25 I was copied into, that very soon Clare Short would --

1 quite properly, because that's her role as
2 a departmental spending minister -- be coming to us to
3 look for additional resource. So I asked my officials
4 to actually have a good long look at her budget in
5 advance to see how we should respond to that. They did
6 that and we responded accordingly. So, yes, you do
7 challenge figures.

8 THE CHAIRMAN: As the afternoon wears on, fatigue tends to
9 set in with all of us. For the transcription, could you
10 make it slower, please?

11 RT HON THE LORD BOATENG: Yes.

12 THE CHAIRMAN: Thank you.

13 BARONESS USHA PRASHAR: Through these challenges, were you
14 able to influence the policy and thinking of other
15 Whitehall departments?

16 RT HON THE LORD BOATENG: No, it wasn't your concern. It
17 wasn't my concern to influence policy or thinking. It
18 was my concern to get them to use --

19 BARONESS USHA PRASHAR: I meant indirectly, because you
20 challenged the estimates.

21 RT HON THE LORD BOATENG: Neither directly nor indirectly.
22 It was my concern to get them to use the reports
23 available to them in the most cost-effective way as they
24 pursued the priorities that they set.

25 Again, you know, at the risk of repeating myself, we

1 really are vigilant, particularly in times of crisis,
2 about second-guessing. That we don't do, and this was
3 a time of crisis.

4 BARONESS USHA PRASHAR: I now want to move on to the Ad Hoc
5 Ministerial Group on Iraq Rehabilitation. You said
6 earlier you were not a member, but you represented the
7 Chancellor on this particular group.

8 RT HON THE LORD BOATENG: Yes.

9 BARONESS USHA PRASHAR: How frequently did you attend?

10 RT HON THE LORD BOATENG: I have got a note which can be
11 available to you, and should be made available to you,
12 of my attendance and I attended it at every meeting
13 I could when I was in the country from the first moment
14 I was asked to attend it, and I was asked to attend it
15 on 8 May, Thursday, 8 May 2003, and I attended it
16 regularly thereafter.

17 There were occasions on which I didn't attend,
18 largely because I was engaged elsewhere, but in the main
19 I attended because it was quite clear that this was
20 a meeting which, although the Chancellor was the
21 designated member, that he and the interests of the
22 department required me to attend.

23 BARONESS USHA PRASHAR: We have been told that this was
24 a more structured decision-making process than had gone
25 on before.

1 RT HON THE LORD BOATENG: It was.

2 BARONESS USHA PRASHAR: Did that make any practical
3 difference? I mean, did the quality of the
4 decision-making improve or did it make the
5 implementation more effective?

6 RT HON THE LORD BOATENG: That I -- I suppose the quality of
7 the decision-making is really for others to judge. It
8 seemed to me to be a good thing. It seemed to me to be
9 a good committee. We were very fortunate. It was
10 well-chaired. It had available to it the people who
11 were actually doing the business. It had Sir Jeremy, it
12 had John Sawers. It had a whole range of really
13 dedicated public servants who were coming to us to the
14 meeting and telling us how it was on the ground and it
15 was vastly enriched by the presence of people who were
16 coming hotfoot from the UN, from Baghdad, from the
17 various places operationally, where things were
18 happening, and that's what I think improved the quality
19 of decision-making and the fact that, you know, I sensed
20 always that the ministers who attended took it
21 seriously.

22 So papers had clearly been read and read in detail.
23 People came and they didn't just parrot the departmental
24 brief. That's a temptation for all of us. You have got
25 lots of meetings to go to. Your temptation is to pick

1 up the paper half an hour before, see the lines to take
2 and then just sit there and parrot them. That isn't
3 what happened. It was an iterative process and one
4 informed by what people were saying to each other and
5 about the situation on the ground in Iraq or, as I say,
6 at the UN or wherever else the decisions were being
7 materially affected.

8 BARONESS USHA PRASHAR: So you did feel it actually enhanced
9 your understanding of what was happening on the ground
10 in Iraq?

11 RT HON THE LORD BOATENG: Indeed, I learned more from that
12 than from any other meeting I attended or indeed from
13 any other source of information.

14 BARONESS USHA PRASHAR: Did you feel that the discussion you
15 had and the decision taken had an impact on the ground?
16 Did it actually influence what happened on the ground or
17 not?

18 RT HON THE LORD BOATENG: That, I think, is a different
19 matter and I think that would be one of the things that,
20 if I may say so with respect to yourselves -- that's one
21 of things that I think we need to learn from you. One
22 sensed the frustrations that Sir Jeremy and others had
23 in terms of what was actually happening on the ground.
24 You heard reports back from the Secretary of State about
25 the frustrations DFID were experiencing. You heard of

1 the frustrations that the Foreign Office was
2 experiencing in terms of the work that it was doing in
3 New York and in Washington and, of course, whatever we
4 said or whatever we agreed on, when push came to shove,
5 there were other forces at work. We were the junior
6 partner. There was no doubt about that. That was the
7 strongest message you got from that committee, just how
8 junior we were, and just how, from time to time,
9 challenging that was for the people we asked to do the
10 job.

11 BARONESS USHA PRASHAR: So you are suggesting that it was
12 a declining influence with the USA, or lack of
13 influence?

14 RT HON THE LORD BOATENG: I think there were times when we
15 had to struggle very hard in order to exercise
16 influence, and we were more influential in some quarters
17 than in others.

18 We felt -- I felt always that we were more
19 influential with the State Department than we were with
20 the Pentagon. That was my sense. There were clearly
21 real issues between the Pentagon and the
22 State Department and our influence would, to a certain
23 extent, be affected by who was up in and who was down in
24 relation to that.

25 BARONESS USHA PRASHAR: That was one side of it, but there

1 was, of course, increasing violence.

2 RT HON THE LORD BOATENG: Indeed so.

3 BARONESS USHA PRASHAR: Do you think, in the face of the

4 violence, we were pursuing the right strategy?

5 RT HON THE LORD BOATENG: Again, it really isn't for me to

6 second-guess the decisions that were made by those with

7 considerably more hands-on knowledge and experience

8 than I. I think that we did the very best --

9 BARONESS USHA PRASHAR: But you were part of these

10 discussions?

11 RT HON THE LORD BOATENG: Yes.

12 BARONESS USHA PRASHAR: Were other alternatives considered

13 at these meetings?

14 RT HON THE LORD BOATENG: A whole range of alternative

15 approaches were considered. Again, one never had the

16 sense that these were meetings where the outcome had

17 been determined elsewhere. I have never sensed that.

18 You know, one never sensed -- and don't forget there

19 were officials from Number 10 present throughout. All

20 factors were taken into consideration. The frustrations

21 did not come from within government, the frustrations

22 came from intervening circumstances and events from

23 outside. When the UN were attacked -- and I remember

24 the meeting thereafter that -- it was a very difficult

25 time.

1 BARONESS USHA PRASHAR: As the Chief Secretary, was the
2 question of money and resourcing an issue at the time?

3 RT HON THE LORD BOATENG: No.

4 BARONESS USHA PRASHAR: That wasn't? The obstacles you
5 think were lack of influence and violence?

6 RT HON THE LORD BOATENG: I think the obstacles were lack of
7 influence, violence and events, frankly, that were
8 beyond our control.

9 Now, that doesn't mean that we, ourselves -- that
10 we, ourselves, don't have good cause to do precisely
11 what you are doing, and that is to see how we can
12 promote the extent to which we are all working
13 effectively together, but I have to tell you, in my
14 experience of the work with which we had direct
15 operational control and responsibility -- namely, the
16 work that we were doing in order to replace the
17 currency, the work that we were doing in order to
18 strengthen macroeconomic policy and the instruments of
19 macroeconomic policy in Iraq, the work that we were
20 doing on and around oil and transparency, there was
21 exemplary work between DFID, ourselves and the FCO and
22 a whole range of volunteers from different government
23 departments, including the Bank of England, who went to
24 Iraq, put themselves at great risk and, in the case of
25 one particular individual, actually experienced injury

1 in order to ensure that we gave the best possible start
2 to the Iraqis who were seeking to build up their
3 country, coming out of a very, very difficult period.

4 BARONESS USHA PRASHAR: Thank you.

5 THE CHAIRMAN: Can I turn to Sir Martin Gilbert now?

6 Martin?

7 SIR MARTIN GILBERT: I would like to turn back to funding
8 aspects and I wonder if you could tell us how the
9 Treasury's assumptions changed as it became apparent
10 that our commitment in Iraq was going to be for much
11 longer than originally envisaged?

12 RT HON THE LORD BOATENG: My sense was that -- and the
13 official at the time with the most -- perhaps the best
14 view of this you have already heard from -- namely,
15 Sir Nick Macpherson -- my sense was that we came to an
16 increasing realisation that we were going to need to
17 call upon the Reserve in order to fund activity around
18 reconstruction and around an ongoing military presence
19 and that, indeed, is what we did.

20 SIR MARTIN GILBERT: In terms of the different allocations,
21 in his witness statement to us, Sir Nick Macpherson gave
22 a breakdown of the funding by department between
23 2002/2009 and it shows in aggregate that the
24 Foreign Office spend more than 220 million, DFID around
25 540 and the MoD more than 8.2 billion. But the

1 non-military expenditure comes out at about a tenth of
2 the military. As a Paymaster, as it were, what was your
3 rationale for the appropriate balance of effort between
4 these departments?

5 RT HON THE LORD BOATENG: My sense was, and is, that we
6 dealt with -- this balance arose partly as a result of
7 the funding mechanisms deployed, in the sense that the
8 Ministry of Defence had an access to the Reserve that
9 was on a different scale from the others.

10 So at any one time did anyone sit down and say,
11 "Well, this is the sum of money that we have, this ought
12 to be the balance"? No, I don't think they did. Should
13 they have done? Maybe, but actually it is, as you will
14 appreciate, Sir Martin, very difficult to do.

15 Is the way in which we fund post-conflict
16 reconstruction work optimal? Then, no, I don't think it
17 was. Did this mean that our effectiveness suffered?
18 No, I don't believe it did, but I do believe that it led
19 to considerable pressure on one of the two other
20 departments, namely, the FCO, who are in a different
21 position, frankly, from DFID because their resource base
22 was so very different.

23 SIR MARTIN GILBERT: If I could look at, say, security
24 sector reform, which is obviously a crucial element in
25 this period, both the MoD and the FCO had responsibility

1 for it, and yet MoD had access to the Reserve and FCO
2 did not. What were the implications of this arrangement
3 for decisions on which department should take the lead?

4 RT HON THE LORD BOATENG: That's a very good question, and
5 I'm not sure that I know the answer to it, because the
6 reality was that, although, as you say, the MoD and the
7 FCO had disparate levels of funding, if you were to look
8 at expertise, then DFID, too, has expertise in this area
9 and DFID also has considerable funding.

10 Was there a degree of resistance on the part of DFID
11 to getting involved in that particular area? I suspect
12 there was, and so you have -- you have a -- you have
13 a problem and I think, you know, you are right to draw
14 attention to it, and it does beg the question as to
15 whether or not -- and I suspect we haven't -- we have
16 got the funding mechanisms right in terms of issues like
17 security sector reform, which don't fit neatly into any
18 of the silos and where all three departments need to be
19 working closely together in order to deliver
20 effectively.

21 SIR MARTIN GILBERT: If I could take up an aspect of that,
22 in his evidence to us, Dominic Asquith told us that the
23 Whitehall departments had put the case to the Treasury
24 for more funds in building up capability in Basra, but
25 the answer came back from the departments that they had

1 to find money from their own resources.

2 So my question is: to what extent did other
3 government departments, such as FCO and DFID, make
4 representations to you that their normal budgets were
5 not adequate for the task of meeting the government's
6 commitments?

7 RT HON THE LORD BOATENG: I don't think this was surfaced at
8 our level. I don't think this was surfaced at our
9 level, and I haven't seen any papers that actually
10 suggest that it was. I may be wrong, but I haven't seen
11 those papers. I haven't seen any letters that specify
12 security sector reform as being an issue which they
13 wanted ministers to address.

14 Given the funding mechanisms that existed at the
15 time, our officials would have been quite right to say,
16 "Well, this is really something that you need to sort
17 out yourselves because, between you, you have got the
18 resources to sort it out". But I don't remember anyone,
19 as it were, bearding me in the corridors or sending me
20 a letter and saying "You have got to sort out security
21 sector reform", but I do think that it is an issue and
22 certainly, as I have -- as my own experience has moved
23 on, including experience on the front line, as it were,
24 in Africa, around the whole issue of post-conflict
25 reconstruction, and how you address issues of security

1 sector reform in those countries in Africa where it
2 would help in terms of democratic governance and where,
3 therefore, it would help in terms ultimately of
4 addressing the issue of poverty, my experience has been
5 that it is very difficult to find any department to own
6 it and very difficult to find any department to be
7 prepared to release resources to fund it.

8 Now, you are in a much better position than I to
9 judge how this impacted on Iraq, but I suspect that it
10 is something you want to give attention to.

11 SIR MARTIN GILBERT: Were there any other issues along the
12 security sector reform in the general reconstruction
13 area that you felt or were concerned were being
14 neglected because of underfunding or even not able to be
15 pursued?

16 RT HON THE LORD BOATENG: You see, I'm not in a position to
17 say whether security sector reform was neglected in Iraq
18 because of underfunding. Security sector reform may
19 have suffered from the inability of departments to work
20 together. The funding was there. Whether or not the
21 funding is actually in the right place and you are
22 capable of getting all the departments working and
23 singing to the same hymn sheet is a different matter,
24 and that is where the issue of the pools becomes very
25 relevant, because I know the pools get a bad press, as

1 I think one of your colleagues put it in the course of
2 your hearings. They do. But one of the reasons why
3 they get a bad press is from each of the individual
4 departments who believe they ought to have the money to
5 spend exactly as they wish, and the great strength of
6 the pools -- and that's why I don't dismiss out of hand
7 the pool as a funding mechanism -- is that it does
8 oblige people to sit down together and to work out what
9 their joint priorities are and then to utilise the money
10 available to them in order to pursue those priorities.

11 What I fear often happens is that they are never
12 able to reach agreement and then they all blame the
13 Treasury. Well, actually, not good enough, because we
14 ought actually to be assisting by getting people in
15 a place where they do work together and where they do
16 spend the considerable sums of public money that I, in
17 fact, made available to them.

18 SIR MARTIN GILBERT: That's very helpful. Can I ask you on
19 a question of process: to what extent did you have
20 authority, as Chief Secretary, to make decisions on
21 Iraq's spending and to what extent did you have to refer
22 to the Chancellor?

23 RT HON THE LORD BOATENG: I always referred to the
24 Chancellor because, at the end of the day, in relation
25 to Iraq, it was he who sat on all the relevant

1 committees. He was the nominated member. At the end of
2 the day, it was he who was best placed, because of his
3 relationship with the Prime Minister, because of his
4 membership of that inner core, with whom the
5 Prime Minister would work and consult from time to time,
6 it was he who was best placed to make decisions. So the
7 process was very clear: one would take one's steer from
8 the Chancellor and from the interaction between the
9 Chancellor, the Prime Minister and Cabinet, and then my
10 responsibility was to ensure that that was delivered.

11 My responsibility, too, was to be available always
12 to my colleagues in Cabinet, when they wanted to sound
13 off. That partly is what a Chief Secretary is there to
14 do. You know, you are there to get the letters, you are
15 there to get the phone calls and, you know, you are
16 there sometimes even to be -- you know, well, get pretty
17 forceful letters and pretty forceful phone calls, and
18 then it is your job then within the Treasury to make
19 sure that the Chancellor is aware of the depth of
20 feeling, when it is relevant to decisions he has to
21 make, or indeed that officials are aware that this is
22 what the Secretary of State's officials are telling him
23 or her about us. Is it true? Is it something which we
24 need to tackle? How can we get it right? How can we
25 get everyone on side? That's a Chief Secretary's job.

1 SIR MARTIN GILBERT: My last question -- I'll try to be as
2 brief as possible -- is about Urgent Operational
3 Requirements, about which we have heard, of course a lot
4 of evidence and, in fact, you told us, almost exactly an
5 hour ago, the Chancellor's view was: what the military
6 needed, the military should get, and you added that this
7 was very clear.

8 We have been told by the Chancellor that he had
9 instructed officials that all UOR requests should be met
10 as quickly as possible. Do you recall this instruction
11 and how it was given?

12 RT HON THE LORD BOATENG: No. I certainly recall getting
13 a very clear sense of that being his wish and, you know,
14 if one thinks about the way these things are, you know,
15 you meet on a regular basis as a team, you attend
16 meetings with the Chancellor and the spending team, you
17 have one-on-ones with the Chancellor, you also meet on
18 a regular basis the Chancellor's special advisers and
19 members of the Economic Committee. He has plenty of
20 opportunities to make his view known, and the Chancellor
21 always did make his view known. He did not hesitate to
22 take every opportunity to make his view known, and we
23 acted upon it because, ultimately, he is the head of the
24 department and, as I said, he was the one that had the
25 overview, and not just of the Iraq situation from the

1 perspective of the Prime Minister and that inner core,
2 but also the overview of the whole range of departmental
3 responsibilities that lay with him.

4 SIR MARTIN GILBERT: From a budgetary perspective,
5 a budgetary mechanism, three particular weaknesses or
6 problems have been identified with UORs and I wondered
7 if you could just tell us briefly what your perspective
8 was on them.

9 The first was that they often mean -- the items have
10 to be bought at a premium, as it were, at a sellers'
11 market. The second that they are a means of slipping in
12 equipment items that might not get through more careful
13 scrutiny and, thirdly, that any acquisitions, whatever
14 their short-term purpose, create long-term pressures on
15 the core defence budget because of the extra demands for
16 maintenance of trading. Could you comment on each of
17 those?

18 RT HON THE LORD BOATENG: I don't necessarily accept that
19 the first is unsurmountable. You need to get your
20 procurement ducks in a row, you need to make sure that
21 you are not holding stocks that you don't need to hold
22 and, indeed, resource account budgeting is, as you know,
23 primarily designed to prevent that happening.

24 If you have got your procurement in good shape, then
25 actually, I don't accept the first as being a necessary

1 consequence of having UORs.

2 As for the second, you know, it is the job of the
3 Treasury officials, and they are very good at it, to
4 stop things being slipped in like that, but, yes, maybe
5 if one or two do slip in, then it is a relatively small
6 price to pay for giving the military the flexibility
7 that they are entitled to and you expect them to respect
8 the process and, in the main, I think they did and do.

9 As for the third, well, you know, the spending
10 review process is a pretty rigorous one, sometimes more
11 rigorous than departments would like, as you will
12 appreciate, Sir Martin, and therefore, you know, you
13 make sure that things don't slip into the baseline that
14 don't properly belong there.

15 UORs do depend on an element of trust and goodwill.
16 Undoubtedly they do. But the fact that they do, doesn't
17 make them any the worse for it. You see, I think if we
18 try to remove from all our institutions everything that
19 relies on trust and goodwill and replace it by something
20 mechanistic, then we are going to be on a hiding to
21 nothing. We have to build a system that has a place for
22 trust and goodwill and seeks to nourish it, and I don't
23 believe UORs are abused and I don't believe that they
24 are an obstacle to effective deployment.

25 What is an obstacle, sometimes, in these areas, is

1 lack of sound and proper procurement practice. What is
2 an obstacle sometimes is markets that are distorted.
3 Those are all obstacles. But I don't think UORs are the
4 obstacles and a lot of time and a lot of effort is spent
5 by Ministry of Defence officials and Treasury officials
6 getting to know each other, building up a sense of
7 trust, and it works, and I don't think I'm looking at it
8 through rose-tinted glasses when I say the people who
9 populate the teams on both sides, both the MoD side and
10 the Treasury side, are of a very high quality and, if
11 you look at their career paths subsequently, I think
12 that demonstrates that.

13 SIR MARTIN GILBERT: Thank you very much.

14 THE CHAIRMAN: I turn, with time against you now, straight
15 to Sir Lawrence.

16 SIR LAWRENCE FREEDMAN: Rather quick questions, I am afraid.
17 Just very briefly on the overall defence budget, we have
18 had quite a lot of discussion of the relationship
19 between the core defence budgets and UORs. There is
20 a problem of the extent to which, if your core isn't
21 substantial enough, you become more dependent,
22 overdependent possibly, on UORs.

23 Now, Sir Kevin Tebbit and Geoff Hoon both expressed
24 the view to us that the 1998 strategic defence review
25 had not been fully funded. Were you aware of that as

1 a basic concern in the Ministry of Defence, that the
2 core budget was not fully funded?

3 RT HON THE LORD BOATENG: I have heard it raised from time
4 to time. I find it quite hard to completely buy into,
5 bearing in mind that, at the time of the 2002 Spending
6 Review's outcome, it was lauded both by the Secretary of
7 State and by the Chiefs as being a welcome and, indeed,
8 an exemplary one in the sense that they had got rather
9 more money than they had had at any time in the
10 preceding decade or so, if my memory serves me well.

11 I was surprised, and happily surprised, at the
12 plaudits it received. Happily surprised because you
13 don't normally receive such plaudits. So we welcomed it
14 and I didn't get a sense, in the aftermath of the 2002
15 Review -- bearing in mind I came into that Review at
16 a fairly late stage, but I didn't get a sense in the
17 submissions that Geoff made to me that he felt that
18 the -- the 1997/1998 review, was it? The 1998 review,
19 I think, had not been properly funded. Did they want
20 more money? Of course they did. All spending
21 departments want more money. That is the nature of the
22 beast.

23 SIR LAWRENCE FREEDMAN: But one reason why they might say
24 they gave you plaudits was perhaps they saw
25 opportunities in resource accounting and budgeting that

1 the Treasury wasn't wholly in accord with.

2 Now, we have had a lot on this issue, but you were
3 right in the middle of it. So I would just be
4 interested in your take on this issue of whether the
5 rules should have been clarified earlier with the
6 Ministry of Defence, whether there was a problem in the
7 way that RAB was being implemented, that in fact created
8 this rather critical and heated ambiguity that
9 developed?

10 RT HON THE LORD BOATENG: Did Sir Kevin and Geoff Hoon and
11 the department as a whole -- and I think it is more the
12 department as a whole, in terms of the way in which the
13 budgeting process was, as it were, cascaded down within
14 the MoD -- did various holders of various budgets
15 further down the food chain see an opportunity and take
16 it? Yes, I'm quite sure they did and that in part led
17 to the problem.

18 Was Sir Kevin and Geoff Hoon aware of it at the time
19 they gave the plaudits to the settlement? I rather
20 doubt it. I think this was an opportunity that became
21 available later, and they saw the opportunity and they
22 took it, and that's quite natural and quite
23 understandable. No doubt, if one was in their position,
24 one would do the same. But, of course, we weren't in
25 their position. Our job was to safeguard the public

1 purse in that situation.

2 When it became clear that the Ministry of Defence
3 were in a position -- and you have heard the evidence --
4 and have had an opportunity to read some of it -- when
5 it became clear that actually this spending -- the cash
6 spending was just growing in leaps and bounds, and
7 growing in a way that did not indicate that the centre
8 had any control, then something had clearly to be done
9 about it and something was done about it.

10 But I believe that what's important about this is
11 the fact that, as Trevor Woolley and Tom McKane
12 confirmed to you in their evidence on 2 July -- I don't
13 believe that this or any other financial considerations
14 constrained operations in Iraq. This was a side issue,
15 a significant side issue in terms of MoD funding, but it
16 did not have any bearing on the operations in Iraq.

17 In the end, it was dealt with and dealt with in
18 a way that I think was satisfactory and fair to all.
19 Was there a degree of ambiguity that was subsequently
20 exploited? Yes, there was. Should that ambiguity,
21 perhaps, have been foreseen by ourselves in the Treasury
22 and cut off by clearer advice at the very beginning,
23 maybe in the letter? Perhaps it should have been. But
24 it wasn't, and when there was this clear attempt to take
25 advantage of any ambiguity there was, although it is

1 very difficult to see how MoD officials could seriously
2 have believed that they ought not to be in a position to
3 understand movements of sums of money of this nature
4 within their accounting processes, when this ambiguity
5 did become clear, then we took the necessary action, not
6 least because the sums of money that they were claiming
7 access to were the result, not of efficient or effective
8 resource management, which is what the whole system was
9 about, but actually about changes in the way that you
10 value items. Utilising accountancy techniques for
11 purposes that were designed to maximise their advantage.

12 A fair enough wheeze perhaps, but not one that could
13 be tolerated.

14 SIR LAWRENCE FREEDMAN: We don't have time to go in that
15 detail. I'm sure MoD would say that it was the very
16 particular position of that department in terms of their
17 assets that made their reaction to RAB inevitable.

18 RT HON THE LORD BOATENG: They might say that, but when you
19 actually come and look, as you have done, at the
20 Cap Gemini Ernst & Young report, it identifies very
21 clearly that, in fact, the department sought to gain
22 advantage from essentially accounting techniques.

23 SIR LAWRENCE FREEDMAN: I think you can read that report as
24 half-full or half-empty.

25 I just want to do a couple of questions on the way

1 this issue was handled and the implications for Iraq.

2 First, what role did you play yourself in handling
3 it? Mr Dodds told us earlier that he didn't think you
4 were in a position -- although you wrote a number of
5 letters -- to have resolved it by yourself because of
6 the seriousness of the issue.

7 RT HON THE LORD BOATENG: This was an issue that could only
8 be resolved in the context of a Chancellor decision
9 because, when you are talking about sums that were --
10 was it 900 million? It was almost £1 billion. That has
11 a very serious impact on public spending as a whole in
12 terms of its impact on the economy.

13 If we had allowed this to go without being checked
14 in some way, it would have set a precedent for other
15 spending departments. It would have undermined the
16 whole point and purpose of RAB. So this was a matter
17 that we identified from the start as being one for the
18 Chancellor and, indeed, he identified it himself as
19 being one for him and took a quite proper initiative
20 that required me to write to Geoff, to Geoff Hoon, and
21 that led him to write, so seriously did he regard this,
22 to the Prime Minister.

23 But the good news was that despite, you know,
24 trenchant exchanges around this, it didn't sour
25 relationships and that's what really matters and that is

1 a major part in my job, to make sure that Geoff always
2 felt that he had someone whom he could complain to, that
3 Geoff's officials always felt that my officials were
4 open to them to seek a way forward on this, and my
5 officials were, we did, and we found a way forward in
6 the end that did enable the department to make some real
7 gains, but -- in terms of resource that they wouldn't
8 otherwise have had, and it also enabled us to hold the
9 line on the principles that underpinned RAB.

10 SIR LAWRENCE FREEDMAN: The action taken by the Chancellor
11 was to impose a guillotine. Now, there was a compromise
12 reached, but is it fair to say that if that compromise
13 had not been reached, if the original guillotine had
14 stood, then there would have been a problem with Iraq
15 because that was certainly what the Secretary of State
16 was saying at the time?

17 RT HON THE LORD BOATENG: But the fact that the Chancellor
18 wrote as he did brought everyone to their senses and
19 caused everybody to focus on the issue and the result
20 was that the MoD received an extra £500 million in
21 2002/2003 for modernisation and they got the freedom to
22 transfer £400 million a year from non-cash into cash
23 spending in the same year, and 350 million in 2004/2005
24 and in 2005/2006, which increased their spending power
25 in all those years.

1 That was not something they expected to have when
2 they got the settlement letter from me in 2002. So that
3 was something for them to give two cheers for and it was
4 achieved as a result of the Chancellor taking the action
5 he did and everybody coming to the table and finding
6 a compromise and, as you have heard from the witnesses,
7 this didn't impact on Iraq at all.

8 SIR LAWRENCE FREEDMAN: Finally -- this may seem an improper
9 question, but you have described your role a number of
10 times as somebody who got all the complaints. Was it
11 a frustrating position, to be the person who got all the
12 complaints for decisions that were being taken by the
13 Chancellor?

14 RT HON THE LORD BOATENG: No, it came with the job. If you
15 take up a job like that and you become Chief Secretary
16 at that time and in those circumstances, you expect to
17 get an earful from time to time, and I did.

18 SIR LAWRENCE FREEDMAN: Thank you.

19 THE CHAIRMAN: Thank you. We have run out of time, but
20 I hope we can take just a few more moments to close,
21 because I'm going to ask you if you have more general
22 reflections that you would like to offer us, but can
23 I mop up a couple of points and ask one broader but
24 I think one worth reflecting on to hear from you.

25 Mopping up, you referred to a paper by John Dodds,

1 4 October. Is that the same as the one we believe is
2 4 March?

3 RT HON THE LORD BOATENG: It is, I am afraid that was a slip
4 of the tongue.

5 THE CHAIRMAN: For the record, that is fine. You were
6 discussing with Baroness Prashar the meeting of the
7 ad hoc group and how, among others, Jeremy Greenstock
8 would bring back pretty doleful stories from Baghdad at
9 that time, and the question of influence.

10 Was the imbalance not only of scale between the
11 United States' effort in the round and our own, but the
12 limited contribution we were able to make, or chose to
13 make, on the civil side a significant feature there, do
14 you believe?

15 RT HON THE LORD BOATENG: No, I don't think it was
16 significant, because although the numbers were limited,
17 the quality of the people we sent was very, very high
18 and they were backed up by a formidable machine across
19 the departments in Whitehall. So, as is so often the
20 case in relation to Britain and our policies abroad, we
21 punched well above our weight.

22 THE CHAIRMAN: Okay. A quite separate matter. You have
23 given us some views about the issue of funding
24 mechanisms for large-scale, expeditionary enterprises.
25 Was this something that was given any considered

1 attention in the 2004 spending round, which was a fairly
2 critical one for that purpose?

3 RT HON THE LORD BOATENG: Yes, insofar as the pools were
4 concerned, not beyond that. Yes, too, insofar as
5 concerns that I had and continue to have, and not just
6 because of my most recent experience, about the level of
7 Foreign Office funding. I have that concern and
8 I continue to have that concern, because we asked them
9 to do a great deal and they have considerably less
10 resources than some other government departments,
11 particularly DFID, and yet their work -- if DFID and the
12 MoD are to succeed in what we ask them to do, the work
13 of the Foreign Office is extremely important and I don't
14 think actually that it is funded adequately.

15 THE CHAIRMAN: Thank you. My last question is much more
16 general and it doesn't come quite out of the blue
17 because, when you were discussing the key Cabinet
18 meeting and the issue of access to legal advice, the
19 more general point that has begun to come up for us in
20 one or two sessions is the position of the House of
21 Commons at such a critical moment.

22 Is it possible to conceive of some way, some
23 process, whereby the House of Commons, asked to vote,
24 not yet as a constitutional necessity, but as
25 a political necessity, on whether to go to war, how to

1 make available to the Commons both sufficient knowledge
2 of the intelligence underlying it, in the Iraq case, and
3 of the legal issues and argument underlying it? You
4 can't clearly disclose everything. Is there a way to do
5 it satisfactorily?

6 RT HON THE LORD BOATENG: I think it is a help to have the
7 Attorney General in the Commons. I mean, I make that as
8 a very serious point, Sir John. I think it is a help to
9 have him in the Commons, purely because of the dynamics
10 of the place, as opposed to the other place, and I now
11 have the privilege of knowing both, and I think it is
12 important that the Attorney is in the Commons, in terms
13 of his or her capacity to impact on the House.

14 I think there are real problems around sharing the
15 full extent of the intelligence information available to
16 the House and that's why I particularly welcome the
17 innovations that have occurred in the course of the last
18 government, and no doubt they will continue to operate,
19 which have involved at least a Special Committee,
20 whether it is a Select Committee or a Special
21 Committee -- in this instance it is a Special
22 Committee -- I don't think actually it makes much
23 difference which it is, but I do think it is important
24 that such an entity exists and that the fullest
25 information is made available to them so that they can

1 share that in an appropriate way with the House.

2 Beyond that, it is very, very difficult and, you
3 know, I think there is a reason why -- there is a reason
4 why our conventions and our ways of working have
5 developed as they have.

6 It is to maintain the prerogative and the power
7 and -- of sovereign government to go to war when
8 a particular judgment is made about the national
9 interest, in ways that are not inhibited by other
10 factors to the benefit of our enemies and to the
11 detriment of our own welfare and interest.

12 How you get that balance right is very, very
13 difficult and very complex, and I think it is going to
14 be a very important outcome of your Inquiry, and then
15 what the House and the nation, after a debate, determine
16 to do, because what we determine to do can either free
17 us to be able to make decisions in an ever complex and
18 ever more dangerous world in a way that protects us or
19 to so hamper our decision-making processes that we are
20 weakened in the face of an enemy who will not hesitate
21 to exploit that weakness with the most dire and
22 potentially disastrous consequences, and I think that's
23 the nature of the debate the country has to have and
24 decisions will have to be made, and it would be a pity
25 if those decisions were made, as it were, exclusively

1 through the prism of Iraq, and that is a dilemma I think
2 for you.

3 THE CHAIRMAN: Thank you. That is a most serious
4 reflection. Before we close, are there other issues you
5 would like to reflect on that we haven't been able to
6 cover so far?

7 RT HON THE LORD BOATENG: I think, Sir John, that's my main
8 reflection, actually, with the one addition about the
9 need to examine very carefully how, in post-conflict
10 situations, not only in relation to conflicts in which
11 we have been directly involved, but other conflicts with
12 which we are concerned, how the three departments, the
13 MoD, the Department of International Development and the
14 FCO, can be resourced at a time of constrained resources
15 to work together, because, at the moment, we have
16 a very, very dangerous imbalance, an imbalance made all
17 the more difficult by the requirements of law in
18 relation to DFID, that makes it very, very difficult to
19 effectively pool resources, and I think we have got to
20 find a way of being able to pool resources more
21 effectively in post-conflict and reconstruction
22 situations.

23 THE CHAIRMAN: Our thanks to Lord Boateng, our witness,
24 thank you --

25 RT HON THE LORD BOATENG: Thank you.

1 THE CHAIRMAN: -- and to those of you who have been here
2 through the sessions this afternoon. I'll close this
3 session now. We will resume again at 9.30 on Friday,
4 16 July and our witnesses on Friday will be
5 Michael Wareing, who served as the Prime Minister's
6 envoy for reconstruction in southern Iraq and Chairman
7 of the Basra Development Commission from 2007 to 2009
8 and, after that, the Rt Hon Adam Ingram, who served as
9 Minister of State for the armed forces from 2001 to
10 2007. Thank you all very much.

11 RT HON THE LORD BOATENG: Good afternoon.

12 (5.10 pm)

13 (The Inquiry adjourned until 9.30 am on Friday 16 July 2010)

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