

PREM 19/1668

Westland Helicopters

AEROSPACE

Part 1: April 1985

Part 3: January 1986

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
15.1.86							
17.1.86							
17.1.86							
22.1.86							
23.1.86							
24.1.86							
X							
Part 3 Ends							

Material used by
Official Historian
DO NOT DESTROY

PART 2 ends:-

RTA to DTI 10.1.86

PART 3 begins:-

COP to PM 12.1.86.



10 DOWNING STREET

THE PRIME MINISTER

24 January 1986

My dear Leon,

I am very sorry that despite all the arguments I could use I was unable to dissuade you this afternoon from resigning. As I told you, I have received in recent hours many messages of support for you from Parliamentary colleagues. It was my wish that you should remain as a member of the Cabinet. But I have to respect your decision.

I have greatly valued you as a Cabinet colleague, as Chief Secretary of the Treasury, Home Secretary and as Secretary of State for Trade and Industry. We shall all miss you. You have been a steadfast exponent of Government policy and I have admired the dedication and loyalty with which you have carried out your duties. I hope that it will not be long before you return to high office to continue your Ministerial career.

*Yours ever
Margaret*

The Rt. Hon. Leon Brittan, Q.C., M.P.



10 DOWNING STREET

Prime Minister

I'm not sure

this is a good idea.

But in any event, you

should not arrive a

conclusion without

Cabinet office advice,

and consulting your

Ministerial colleagues.

C.D.P.

24/1

24 January 1986

RELEASE OF CONFIDENTIAL DOCUMENTS

1. The release of documents is both a political and legal one. ~~_____~~

The Treasury Solicitor's advice and his report, with _____ which we agree, can be summarised as follows:

- a. Any document or witness can be sought ^{by} _____ a select committee.
- b. The witness can, under the "Memorandum Guidance" refuse to answer or disclose a document but if this is challenged in the last resort:
- c. the Minister is responsible for the document as the representative of the Crown.
- d. Refusal to disclose or answer by a Minister is regarded by the House as "a matter of serious concern".
- e. The House may censure a Minister responsible for refusal to answer or produce a document.

2. It is clear from the Salmon Report (copy attached) that the Marconi Case, 1912 might be regarded by Mates and the Defence select committee as a precedent to seek papers in the

Westland Case. Further precedent would be found from the recent investigation of the shipbuilding Corporate Plan.

3. A cumbersome option which we do not recommend, but which might be considered, is a Tribunal of Enquiry, under the 1921 Act (also attached). This could enable a Judge with public confidence and two Privy Councillors to deal with the matter within a few days, and defuse a select committee.

[Like the
Crown
Agents!]

4. There is the option to put relevant papers in the Library of the House which you may find preferable.

5. Do you agree to ask the Attorney to release relevant documents and thereby defuse a predictable House of Commons Enquiry?



HARTLEY BOOTH

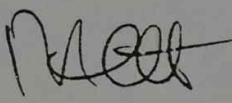
MR WIGGINS,
SECRETARIAT

cc PS/Sir Robert Armstrong
Mr Bailey, Treasury Solicitor ✓
Mr Townley, Secretariat
Mrs Brown
Miss Dickinson
Mr O'Shea, DTI
Mr Marsh, MOD

WESTLAND: DISCLOSURE OF DOCUMENTS TO SELECT COMMITTEES

1. Mr Bailey has made two comments on the note attached to my minute of 20 January which I should bring to your attention.
2. The first line of paragraph 12 is no longer strictly correct. In the latest (20th) edition of Erskine May the text has changed and May now quotes the Clerk to the Procedure Committee's Memorandum as the authoritative statement on "persons, papers and records". Paragraph 12 should therefore begin

"The Clerk to the Procedure Committee noted in his memorandum that"
3. Secondly, the note makes no reference to advice from the Law Officers. For the avoidance of doubt the rule remains that advice given by the Law Officers must not be disclosed nor should any reference be made to such advice being sought or given without the express consent of the Law Officer.


R A C HEWES

21 January 1986.

CHAPTER 7.

An Act to make provision with respect to the taking of evidence before and the procedure and powers of certain Tribunals of Inquiry.

[24th March 1921.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Powers with respect to the taking of evidence, &c., before certain tribunals of inquiry.

1.—(1) Where it has been resolved (whether before or after the commencement of this Act) by both Houses of Parliament that it is expedient that a tribunal be established for inquiring into a definite matter described in the Resolution as of urgent public importance, and in pursuance of the Resolution a tribunal is appointed for the purpose either by His Majesty or a Secretary of State, the instrument by which the tribunal is appointed or any instrument supplemental thereto may provide that this Act shall apply, and in such case the tribunal shall have all such powers, rights, and privileges as are vested in the High Court, or in Scotland the Court of Session, or a judge of either such court, on the occasion of an action in respect of the following matters:—

- (a) The enforcing the attendance of witnesses and examining them on oath, affirmation, or otherwise;
- (b) The compelling the production of documents;
- (c) Subject to rules of court, the issuing of a commission or request to examine witnesses abroad;

1921.

*Tribunals of Inquiry (Evidence)
Act, 1921.*

CH. 7.

23

and a summons signed by one or more of the members of the tribunal may be substituted for and shall be equivalent to any formal process capable of being issued in any action for enforcing the attendance of witnesses and compelling the production of documents.

(2) If any person—

- (a) on being duly summoned as a witness before a tribunal makes default in attending; or
- (b) being in attendance as a witness refuses to take an oath legally required by the tribunal to be taken, or to produce any document in his power or control legally required by the tribunal to be produced by him, or to answer any question to which the tribunal may legally require an answer; or

(c) does any other thing which would, if the tribunal had been a court of law having power to commit for contempt, have been contempt of that court;

the chairman of the tribunal may certify the offence of that person under his hand to the High Court, or in Scotland the Court of Session, and the court may thereupon inquire into the alleged offence and after hearing any witnesses who may be produced against or on behalf of the person charged with the offence, and after hearing any statement that may be offered in defence, punish or take steps for the punishment of that person in like manner as if he had been guilty of contempt of the court.

(3) A witness before any such tribunal shall be entitled to the same immunities and privileges as if he were a witness before the High Court or the Court of Session.

2. A tribunal to which this Act is so applied as aforesaid—

(a) shall not refuse to allow the public or any portion of the public to be present at any of the proceedings of the tribunal unless in the opinion of the tribunal it is in the public interest expedient so to do for reasons connected with the subject matter of the inquiry or the nature of the evidence to be given; and

Powers of tribunals as to exclusion of public and granting right of audience.

(b) shall have power to authorise the representation before them of any person appearing to them to be interested to be by counsel or solicitor or otherwise, or to refuse to allow such representation.

Short title.

3. This Act may be cited as the *Tribunals of Inquiry (Evidence) Act, 1921.*

CHAPTER 7.

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- (a) The enforcing the attendance of witnesses and examining them on oath, affirmation, or otherwise;
- (b) The compelling the production of documents;
- (c) Subject to rules of court, the issuing of a commission or request to examine witnesses abroad;

1921.

*Tribunals of Inquiry (Evidence)
Act, 1921.*

CH. 7.

23

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- (b) being in attendance as a witness refuses to take an oath legally required by the tribunal to be taken, or to produce any document in his power or control legally required by the tribunal to be produced by him, or to answer any question to which the tribunal may legally require an answer; or

(c) does any other thing which would, if the tribunal had been a court of law having power to commit for contempt, have been contempt of that court;

the chairman of the tribunal may certify the offence of that person under his hand to the High Court, or in Scotland the Court of Session, and the court may thereupon inquire into the alleged offence and after hearing any witnesses who may be produced against or on behalf of the person charged with the offence, and after hearing any statement that may be offered in defence, punish or take steps for the punishment of that person in like manner as if he had been guilty of contempt of the court.

(3) A witness before any such tribunal shall be entitled to the same immunities and privileges as if he were a witness before the High Court or the Court of Session.

2. A tribunal to which this Act is so applied as aforesaid—

(a) shall not refuse to allow the public or any portion of the public to be present at any of the proceedings of the tribunal unless in the opinion of the tribunal it is in the public interest expedient so to do for reasons connected with the subject matter of the inquiry or the nature of the evidence to be given; and

Powers of tribunals as to exclusion of public and granting right of audience.

(b) shall have power to authorise the representation before them of any person appearing to them to be interested to be by counsel or solicitor or otherwise, or to refuse to allow such representation.

Short title.

3. This Act may be cited as the Tribunals of Inquiry (Evidence) Act, 1921.

MR WIGGINS,
SECRETARIAT

- cc PS/Sir Robert Armstrong
- Mr Bailey, Treasury Solicitor ✓
- Mr Townley, Secretariat
- Mrs Brown, MG
- Miss Dickinson, MG

WESTLAND DISCLOSURE OF DOCUMENTS TO SELECT COMMITTEES

1. Following our meeting on Friday afternoon, I am attaching papers which can be circulated to MOD and DTI once you (and, if appropriate, Sir Robert Armstrong) are satisfied they meet the requirements and fit with arrangements already agreed by Cabinet for clearing future statements etc. concerning the Westland affair.

2. The documents are drafted on the implicit assumption that all the officials concerned will be prepared to accept the guidance of the Minister in charge of the Department as to what information they should provide to a Select Committee and how they should respond to questions from that Committee. They have not been drafted to cover a situation in which an official might be seeking an opportunity to provide a Select Committee with information against the wishes of his Minister. We have explored that area in some depth with Treasury Solicitor in the wake of Ponting and have found no easy answers. MG is still working on this following a meeting with Mr Bailey late last year. If you believe guidance to cover that situation may be needed in this context, I would appreciate notice of this urgently.

3. I hope I have stayed on the right side of contempt of the House in advising how officials and Ministers should respond to requests for evidence etc. Mr Bailey will, however, advise if he feels I have overstepped the mark.

R A C HEWES

20 January 1986.

21. 1. 86

JRB phoned Hawes.
Paper follows guidance but
query para. 12 & latest
edition of Estline may.
Doubtful whether our proposed
line will satisfy Select Ctee
in this case.

MR WIGGINS,
SECRETARIAT

cc PS/Sir Robert Armstrong
Mr Townley, Secretariat
Mrs Brown, MG
Miss Dickinson, MG

WESTLAND: DISCLOSURE OF DOCUMENTS TO SELECT COMMITTEES

1. At our meeting on Friday afternoon, it was agreed that I would send you a note covering the various disclosure issues that might arise in the course of inquiries by the Defence and the Trade and Industry Select Committees into various aspects of the Westland affair.
2. As requested, I have drafted this note in terms that make it suitable for circulation on an unclassified basis to anyone in Departments that may be involved in these inquiries. I have also tried to set it out in a way that highlights the words that officials may want to use in responding to requests.
3. The note does not refer expressly to Westland. But it should nevertheless be regarded as applicable only in that context. For other purposes officials should rely on the Memorandum GEN.80/38. A copy of this is attached. There is also a Memorandum of Guidance to Ministers. Since this is a Cabinet Paper (C(P)(80)2) I have not referred to it in the note, but MOD and DTI need to be made aware of it so that their Ministers can remind themselves of its contents.
4. The note also needs to be read in the general context of developments in the Westland affair to date. There has already been more than usual disclosure (by Mr Brittan and other Ministers still in the Cabinet as well as by Mr Heseltine) about the process (e.g. particular Cabinet Committees) by which Government decisions in this affair were reached, about confidential correspondence between Ministers (including references, with dates, to letters the text of which remains so far undisclosed) and about views expressed to, by and between Ministers concerning various aspects of the matter. This may make it necessary for Mr Brittan and other Ministers to be prepared to go further in answering questions about these matters than they would generally regard as appropriate against a background of collective responsibility. The note has therefore been drafted to provide for this, whilst emphasising the need to clear their lines with other Ministers and Cabinet Office and avoiding the creation of precedents for Select Committees to use in future.
5. Finally, the guidance in the note aims for consistency with other relevant discussions that also have a bearing on the situation. Two points are relevant here. First, I understood at our meeting that Sir Robert Armstrong had already advised that manuscript notes taken by officials at meetings should not be disclosed, even where formal meeting minutes based on these notes were released. Secondly, another Select Committee

is currently asking for a copy of Question of Procedure for Ministers (QPM), itself a confidential Cabinet document. As it deals, inter alia, with collective responsibility it has some relevance to this matter. The request has been refused and I expect that will continue to be the line.

6. As the note needs to mesh with arrangements agreed by the Cabinet for clearing statements etc. on the Westland matter, I have not copied this document to other Departments in case I have failed to interpret or reflect those arrangements adequately. Once you (and if appropriate Sir Robert Armstrong) are content that this minute and the note attached are satisfactory, I suggest you simply copy both to Mr Marsh at MOD and Mr O'Shea in DTI.

RAC

R A C HEWES

20 January, 1986

SELECT COMMITTEES: REQUESTS FOR DOCUMENTS AND RELATED QUESTIONS

Note by Machinery of Government Division, MPO

General

1. This note relates to Departmental Select Committees. Special considerations may apply to the Select Committee on the PCA or to the PAC.
2. The Memorandum of Guidance for Officials Appearing Before Select Committees ("The Memorandum" GEN 80/38 attached) contains advice on a wide range of matters relating to Select Committees and this note should be read in conjunction with the Memorandum. Extracts from other relevant documents are also attached. A copy of the Memorandum is in the Library of the House and has been accepted by the Liaison Committee as a fair statement of the position. An earlier version was accepted by the Procedure Committee in 1978.
3. This note does not attempt to explain the powers of Select Committees to call for documents or to summon and examine witnesses. Any instance in which advice on these powers is needed, MG Division should be consulted. In the last resort, in the event of a refusal by a Minister to provide information to a Select Committee, enforcement would be a matter for the House.

Cabinet Documents

4. Paragraph 27 of the Memorandum states unequivocally that "In no circumstances should any Committee be given a Cabinet paper or extract from it or be told of discussions in a Cabinet Committee". There are no known precedents where Cabinet (including Cabinet Committee) documents have been excepted from this rule and it must be followed. Documents for this purpose should be taken as covering Agendas, Memoranda, Minutes and Extracts. The convention concerning the proceedings of the Cabinet was acknowledged in the First Report of the Select Committee on Procedure published on 17 July 1978 (extract attached). It should be noted that the convention is based on the need to preserve the collective responsibility of Ministers, not on any security classification of the documents, and would cover Cabinet documents even if unclassified.

5. If a request for a Cabinet document is addressed to officials, whether in correspondence or in the course of giving oral evidence to a Select Committee:

officials must decline to comply with the request, noting that it is a widely acknowledged and long-standing convention that Cabinet documents should not be provided to Select Committees because this would interfere with the preservation of the collective responsibility of Ministers.

In the unlikely event of a Committee pressing officials further to provide Cabinet documents,

officials should indicate that, if the Committee wishes to take the matter further, this request should be addressed to Ministers.

The Procedure Committee report acknowledged "the final responsibility of Ministers to determine what information should be made available to Committees".

6. If a request for a Cabinet document is addressed to a Minister,

once again he should decline to comply with the request, noting that successive Governments have followed the long standing convention, based on collective responsibility, of not providing Cabinet documents to Select Committees.

If the Committee wanted to press the matter further, they could report the matter to the House. The Minister would then be accountable to the House for his refusal and would be able to defend it, in the same way as for any other decision that he takes. The provision of a fresh memorandum summarising an existing document (or part of it) is likely itself to raise questions concerning collective responsibility where a Cabinet document is concerned, and any such proposal should be referred to the Cabinet Office for advice.

7. The guidance set out in paragraphs 5 and 6 above applies even if the document in question or extract from it have been leaked or its contents disclosed without proper authorisation.

Documents disclosing Advice to Ministers and Correspondence Between Ministers

8. The need to preserve collective responsibility and confidence between Ministers and their advisers is set out in paragraph 26 of The Memorandum. This too is acknowledged in the report of the Procedure Committee. Documents other than Cabinet documents may set out or disclose policy advice given to Ministers or consultation between Ministers on policy matters. Paragraph 26 therefore provides that such documents should not be made available to Select Committees.

9. If officials are requested by a Committee to provide such a document:

officials should decline to comply with the request; indicate that the document requested would disclose policy advice and Ministers and/or consultation between Ministers on policy matters; and note that it is a long-standing convention that questions relating to policy matters should be addressed to Ministers.

The Procedure Committee report noted that "it would not be appropriate for the House to enforce its rights to secure information at a level below that of the Ministerial Head of the Department concerned".

10. If a Minister is asked by a Committee to provide a document other than a Cabinet document, he should not do so if it discloses policy advice from officials as views expressed by Ministers in the process of consultation on policy matters and should note that this is a long-standing practice of successive Governments. He may want to consider whether the information requested by the Committee would be met by a fresh Memorandum summarising an existing document (or part of it). But where this touched on matters of collective responsibility, other Ministers must be consulted and advice sought from the Cabinet Office before agreeing to provide such a document.

11. The guidance set out in paragraphs 9 and 10 above applies even if the document in question or extracts from it have been leaked or its contents disclosed without proper authorisation. If a Minister concludes in such circumstances that the leaking of a document has made this line unrealistic, other Ministers must be consulted and advice sought from the Cabinet Office.

'Private and Confidential' Papers

12. Erskine May notes that the House (and therefore a Select Committee) may only order the production of papers from Government Departments that are "of a public and official character" and are not "private and confidential". "Private and confidential" is not defined, but it is generally taken to refer to information concerning the private or commercial affairs of individuals or companies where that information has been provided to Government in confidence and without consent to disclose.

13. Officials or Ministers asked to provide such documents to a Committee should decline to comply, indicating that it is an accepted practice that information provided to Government in confidence by individuals or companies is not disclosed without their prior consent.

Other Classified Papers

14. The guidance set out above applies to documents in the categories described, whether or not they bear a security classification. Where a document does not fall into one of the categories covered by paragraphs 4 to 13 above (and is not otherwise covered by paragraph 25 of The Memorandum), but bears a security classification, it may be appropriate to provide a copy of the document to the Committee on a confidential basis. Requests for such documents and for oral evidence relating to them should be considered and handled in accordance with the guidance in paragraphs 40-46 of The Memorandum.

page 30
of paper
prepared by
clerk of
House in
1978
page 34

Oral Evidence

15. Officials giving oral evidence to a Select Committee should confine their evidence on matters of policy to statements of fact concerning existing Government policy, explaining what the policies are and the Government's objectives and justification for them (see paragraph 29 of The Memorandum).
16. If asked to comment on policy (or alternative policies) or to answer questions which would disclose advice to Ministers or the process of consultation and decision-making by Ministers, officials should ask that such questioning be addressed or referred to Ministers. A memorandum by the Clerk to the Procedure Committee and the Committee's subsequent report both acknowledged this practice and we know of no occasion on which a Committee has not accepted and followed this procedure, since it is based on the concept of Ministerial accountability to Parliament for their own and their officials' actions.
17. A Minister giving evidence to a Select Committee when asked questions relating to policy and for the process by which decisions were reached must be guided in his answers by the doctrine of collective responsibility. He should not give answers which disclose advice to Ministers or discussions with colleagues; nor should he disclose information provided to Government in confidence by individuals or companies. He will, however, have to take into account the extent to which such matters have already been disclosed by Ministers or where Ministers have explicitly agreed about the extent to which disclosure may be made.
18. Where such matters have been improperly disclosed by others and the Minister feels that he must answer a Committee's question in order to set the record straight, he must consult other Ministers and seek advice from the Cabinet Office before disclosing matters that reveal consultations and discussions between Ministers in arriving at decisions. Before refusing to answer a Committee's questions, a Minister would have in mind that he would have to defend that decision before the House, if the Committee decided to press the matter.
19. Bearing in mind the possibility of the matter being taken further in the House, Ministers should avoid direct quotations from documents that they are unwilling to provide in full. Where a document is quoted from, an order may be made for the document to be laid in full.

Leaked Documents

20. The improper release or disclosure of a document (whether to a Select Committee or otherwise) does not constitute grounds for agreeing to provide to a Select Committee a copy of a document that would not otherwise be provided. Departments should consider whether or not the documents fall into one of the categories referred to above and act accordingly. The Memorandum does not give any specific guidance on the status of leaked

documents. But there is a precedent for refusing to supply documents to the Defence Committee in such circumstances in 1980, when the Committee did not press the matter further.

21. If officials are asked questions about or based on documents that have been leaked or improperly disclosed and these questions raise matters of policy, officials should respond in accordance with paragraph 16 above. The leaked status of the document is not relevant in this connection. Questions to Ministers on leaked documents are dealt with in paragraph 18 above.

22. Further advice in relation to this guidance or on its interpretation and application should be sought from MG Division in MPO, from Mr Wiggins in Cabinet Office or Sir Robert Armstrong's Office.

MG DIVISION

20 January 1986.

EXTRACTS FROM THE FIRST REPORT FROM THE SELECT COMMITTEE ON
PROCEDURE SESSION 1977/78: VOLUME I: 17 JULY 1978

Report:

p.xc, para. 7.8

Civil Servants are presumed to attend on behalf of Ministers and under their directions, and may occasionally ask to be excused from answering questions, most often on the grounds that they involve policy matters which are the responsibility of Ministers. Moreover, the Government has expressed reluctance to provide evidence which involves, for instance, matters of national security, the affairs of private individuals or bodies, information given to them in confidence, matters which are the subject of sensitive negotiation between governments and details of future legislative proposals².

pp.xci/ii/iii, paras. 7.12-7.15

The provision of information by Government departments

7.12. At the end of 1977 we sought from the Head of the Home Civil Service a Memorandum explaining what advice and guidance was given by the Civil Service Department to other Government departments about the treatment of requests from select committees for the provision of papers and records and for the attendance of departmental witnesses, including copies of the relevant CSD circulars. Our Chairman subsequently sought the assistance of the Lord Privy Seal in securing the production of this information. At the end of January the Lord Privy Seal sent us copies of a "Memorandum of Guidance for Officials appearing before Select Committees"⁴, together with a letter which explained that the Memorandum "was prepared entirely for use within Government and it has not been the practice to offer such an internal working document, as it stands, in evidence to a Select Committee". The memorandum was sent to us "for information" and "without prejudice to the existing practice on the disclosure of internal documents". We are grateful to the Government for their co-operation in this matter, and have found the Memorandum of guidance helpful and illuminating. We note that the document carries no security classification, and is presumably available for perusal by any civil servants who may have need of its guidance. We found the contents of the document to be broadly unobjectionable. It provides both a factual explanation of the select committee system, and a set of detailed guidelines on how departments should handle their relations with select com-

mittee, including guidance on what kind of information should not be provided without prior consultation with the Civil Service Department or with the responsible departmental Ministers, and matters which officials should "avoid giving written evidence about or discussing". For the most part the matters mentioned are similar to those referred to by Mr. Crossman in his letter to select committee chairmen in 1967¹.

7.13. We did not feel that the circulation to civil servants of a document of this kind was in itself a matter of concern, so long as its status and implications were clearly understood. Civil Servants give evidence to committees on behalf of Ministers, and Ministers may well feel it desirable to inform their officials about the workings of select committees and to explain to officials their policy towards the provision of information to Parliament. There is a welcome emphasis in the Memorandum of Guidance both on the "duty of officials to be as helpful as possible" and on the final responsibility of Ministers to determine what information should be made available to committees. On the other hand it would be objectionable if it sought to imply any restrictions on the rights of committees to send for persons, papers and records, other than those restrictions imposed by the House or by the Law of Parliament. Although we recognise that there may be occasions when Ministers may wish to resist requests for information—on grounds of national security, for instance—it should ultimately be the responsibility of Ministers to justify their actions in each case either to the committee concerned, or if necessary, to the House.

7.14. Certain matters in the Memorandum of Guidance should, we believe, be drawn to the attention of the House. The first relates to the provision of information about the organisation of departments and the Government machinery generally, the levels at which decisions are taken and the committees and the other bodies which are set up to facilitate inter-departmental discussions and negotiations. In addition to restrictions on the disclosure of the advice given to Ministers by civil servants, and of information about consultations and discussions between Ministers, civil servants are advised not to disclose information "about the level at which decisions were taken", or about "the methods by which a subject is being reviewed e.g. by the Central Policy Staff or under PAR (Programme Analysis and Review)". They should "refuse access to documents relating to inter-departmental exchanges on policy issues", and in response to requests for documents relating to the internal administration of a Department, it would "usually be more appropriate to offer specially prepared papers describing the organisation of the Department or particular parts of it", rather than existing documents such as departmental directories or organisation charts.

7.15. We are aware of the long-standing convention which prevents the disclosure by Ministers or civil servants of the existence, composition or terms of reference of Cabinet Committees, or the identity of their chairmen. We are also aware of the long-standing practice of Ministers to refuse to answer Questions in the House concerning discussions between Ministers or between Ministers and their official advisers or the proceedings of the Cabinet or Cabinet Committees². We are disturbed, however, by the extension of these conventions to all questions of departmental or inter-departmental organisation which, if consistently and uniformly applied, would debar Members and committees from access to information about the organisation of the government service which is essential for any attempt properly to scrutinise the administration and expenditure of government departments. We recommend that select committees should regard any refusal to provide information of this kind—unless fully and adequately explained by Ministers and justified to the satisfaction of the committee concerned—as a matter of serious concern which should be brought to the attention of the House.

7.20. The over-riding principle concerning access to government information should be that the House has power to enforce the responsibility of Ministers for the provision of information or the refusal of information. It would not, however, be appropriate for the House to seek directly or through its committees to enforce its rights to secure information from the Executive at a level below that of the ministerial head of the department concerned (normally a Cabinet Minister), since such a practice would tend to undermine rather than strengthen the accountability of Ministers to the House.

Appendix C: Powers of Select Committees to send for
Persons, Papers and Records - Memorandum by
the Clerk to the House

p.20, paras. 25-26

25. The case is of course different in regard to civil servants, who can only be presumed to attend as servants of the Crown acting under the direction of Ministers of the Crown. Civil servants do in fact on occasion ask to be excused from answering questions, in accordance with the practice acknowledged in Select Committee procedure and mentioned in the last sentence of paragraph 21 of this memorandum. The most usual ground upon which excusal is requested is that a question concerns policy within the control of Ministers and could only be answered by Ministers. There is no case on record so far as we are aware of a civil servant being ordered to answer a question, still less for a formal report being made to the House of his refusal to do so. Though civil servants are sometimes placed under some pressure to reveal more than they have been prepared to do, it would seem that committees acknowledge that a servant of the Crown may have instructions from the Crown's Ministers as to how he should reply and that the proper remedy lies against the Minister concerned. It would certainly appear more in accordance with Ministerial accountability to the House that Ministers should accept responsibility for the conduct of their officials, and that the House should proceed against Ministers in the last resort by vote of censure or indeed by the refusal of supply.

26. It would be a truism to say that Ministers appearing as witnesses before Select Committees do not invariably answer all questions as completely as some committees would desire² though many committees have, since Ministerial appearances become regular some ten years ago, found Ministers extremely forthcoming in their replies. No detailed statement of government policy on Ministerial evidence before Select Committees appears to be on record³, though a letter addressed by the late Mr. Richard Crossman on 9th May 1967 to the Chairmen of certain Select Committees is relevant (Annex III). It said that Ministers would be unwilling to give evidence to Select Committees on—

- Matters of national security¹;
- Information relating to the private affairs of individuals or individual bodies, where the information had been given on a confidential basis;
- Specific cases where the Minister had a quasi-judicial or appellate function;
- Matters which were the subject of sensitive negotiation with Governments or other bodies;
- The details of such legislative proposals as had not yet been divulged to the House.

p.23, para. 40

40. Papers are frequently provided for Select Committees by civil servants in an informal manner at the request of the committee. It is however, in my view, doubtful whether a committee has any power to order a civil servant to produce papers since they are not in civil servants' custody. All State papers are held and all correspondence that emanates from Departments is constitutionally conducted in the name of the Crown and, in my view, all such papers and correspondence must be considered to be in the custody of Ministers of the Crown, without whose authority they cannot be released. It would seem probable, therefore, that the remedy for failure to produce papers lies against Ministers rather than the officials who work under them. Here again, this position would appear to accord with the constitutional accountability of Ministers to the House.

p.25, para. 52

52. Moreover the boundaries between the information which a government is prepared to give, and that which it insists on withholding, are ill-defined. It is true one would not expect a government to supply information on arguments put forward at Cabinet or Cabinet Committees, or even official working parties. But is there similar objection to revealing the nature of matters under discussion, or the options being considered, or even the existence of the bodies themselves? To formalise the limits within which information could be given might perhaps work against the interests of Select Committees, since it might give rise to excessive rigidity. But more general guidelines might perhaps be given, in amplification of Mr. Crossman's letter to Select Committees (see Annex III and paragraph 26); indeed it might be useful to know whether that letter is still regarded as representing current policy.

MR. WICKS ✓

MR. FLESHER

MR. INGHAM

SIR ROBERT ARMSTRONG

DISCLOSURE OF THE SOLICITOR-GENERAL'S LETTER

I attach a list of the main questions which arose in the House yesterday, to which the Prime Minister will need to provide replies in her speech in the debate on Monday. We should need the help of the Department of Trade and Industry with questions 13 and 14 in particular.

CDP

24 January, 1986.

JD3AIB

QUESTIONS TO BE ANSWERED

1. Why was the Prime Minister not consulted before her office agreed to disclosure of the Solicitor-General's letter?
2. Where was the Prime Minister on that day and what was she doing?
3. When was the Prime Minister informed of the leak?
4. When was the Prime Minister informed of her office's involvement?
5. Why did the Prime Minister not inform the House as soon as she knew of her office's involvement?
6. Will she tell the House the exact extent of her office's involvement?
7. Will she release the report of the Enquiry?
8. Why did the Trade and Industry Secretary not tell the House last week that he had authorised the disclosure?
9. Why was an enquiry held when everyone knew what had happened anyway?
10. Why was an attempt made through a leak to subvert another member of the Government?
11. Why was the Solicitor-General not told of the intention to make public the fact of his letter and its conclusions?
12. Why did the Government not make a statement instead?
13. Why was more urgent action not taken to correct the inaccuracies in the Defence Secretary's letter, which was issued on 3 January?

14. Why has the Government not offered any correction or amendment to Mr. Heseltine's letter?

15. Why does the Government not publish the text of Mr. Heseltine's reply to the Solicitor-General?

JD3AIC

CONFIDENTIAL

MR POWELL
No 10 Downing Street.

cc Mr Stark
PS/Sir Clive Whitmore, MOD
Mr M J Michell, DTI
Mr M L Saunders, Law Officers' Department.
Mr Flesher, No 10

WESTLAND

I attach answers to the list of questions you circulated today, which have been broadly agreed by the copy recipients other than Sir Clive Whitmore. I should particularly note

(1) the Law Officers positively favour the publication of the Solicitor-General's further exchange of letters with Mr Heseltine. The very strongly expressed concern of the Law Officers, in the penultimate paragraph, about the need to protect the confidentiality of their advice, will have been a factor in the Prime Minister's decision to accept their advice, and that of Sir Robert Armstrong, to institute an independent inquiry.

(2) Mr Heseltine challenged the Government to repudiate his letter of 3 January. This has never been done in explicit terms because of the risk of the Government's becoming further involved in the commercial decisions relating to the company's financial reconstruction. But it was repudiated by implication in Sir Clive Whitmore's letter of 13 January to Sir John Cuckney, where it was stated clearly that the Government's position was as stated by Mr Brittan on 16 December and in the Prime Minister's letter to the company of 1 January, and that the Government had nothing to add. Sir Clive Whitmore's

Prime Minister

Attached (in date order)
is a complete
Westlands dossier. The
more recent material is
at the end. This is
a set of answers to
the main questions asked
during the statement. You
will wish to have
a word with
Nigel about the
answer to Question 4

HF 24/1

CONFIDENTIAL

CONFIDENTIAL

letter further made clear - contrary to the previous assertions of his Department (e.g. in Mr Marsh's letter of 24 December) - that the order for 6 extra Sea Kings would be placed if the plans for the 5-nation battlefield helicopter project were approved, whatever reconstruction proposals Westland's shareholders accepted. I have asked Sir Clive Whitmore to seek Sir John Cuckney's agreement to the publication of this letter.

JW

A J WIGGINS
Cabinet Office.
24 January, 1986

Attachment:

CONFIDENTIAL

PARLIAMENTARY QUESTIONS

1. Why was the Prime Minister not consulted before her Office agreed to disclosure of the Solicitor-General's letter?

ANSWER: As I made clear in my statement, they did not seek my agreement: they considered - and they were right - that I should agree with my Rt Hon Friend the Secretary of State for Trade and Industry that the fact that the then Defence Secretary's letter of 3 January was thought by the Solicitor-General to contain material inaccuracies which needed to be corrected should become public knowledge as soon as possible, and before Sir John Cuckney's press conference.

2. Where was the Prime Minister on that day and what was she doing?

ANSWER: [I was at a private meeting in 10 Downing Street.]

3. When was the Prime Minister informed of the leak?

ANSWER: [When it was reported by the media the following morning.]

4. When was the Prime Minister informed of her Office's involvement?

ANSWER: I was told by my Principal Private Secretary on 7 January that the disclosure of the Solicitor-General's letter had not been made from 10 Downing Street but that there had been contacts in advance about the matter between my Office and the Department of Trade and Industry. I was also informed at that time of the very great concern felt by the Law Officers about the disclosure of their advice. I was advised that because my own Office was involved, it would be best to hold an inquiry into the matter. This was also the advice of the Law Officers and the Cabinet Secretary,

PARLIAMENTARY QUESTIONS

though because of other developments during that week, such an inquiry was not formally decided until [14] January. But once it was clear there was going to be an inquiry, at which members of my own Office would have to be questioned, it was clearly important for me not to seek a separate account of what had happened. Thus the full facts became known to me only when I received the report of the inquiry on 22 January.

5. Why did the Prime Minister not inform the House as soon as she knew of her Office's involvement?

ANSWER: Because that would have prejudiced the enquiry.

6. Will she tell the House the exact extent of her Office's involvement?

ANSWER: I have already given the House a full account in the statement I made on 23 January.

7. Will she release the report of the Enquiry?

ANSWER: No

8. Why did the Trade and Industry Secretary not tell the House last week that he had authorised the disclosure?

ANSWER: Because the possible need for an enquiry was under active consideration on 13 January, when he made his statements, and had already been announced on 14 January, before he answered the debate on 15 January.

9. Why was an enquiry held when everyone knew what had happened anyway?

ANSWER: I did not know the full circumstances, as I have repeatedly explained. In view of the concern of the Law Officers at the manner of the disclosure of the

PARLIAMENTARY QUESTIONS

Solicitor-General's letter of 6 January, I attached very strong weight to the advice I received from them, as well as from the Secretary of the Cabinet, that there should be an independent inquiry.

10. Why was an attempt made through a leak to subvert another member of the Government?

ANSWER: The objective was not to subvert any individual but to get relevant facts onto the record.

11. Why was the Solicitor-General not told of the intention to make public the fact of his letter and its conclusions?

ANSWER: As I said on 23 January, I deeply regret that the Solicitor-General was not consulted before the material in his letter was disclosed.

12. Why did the Government not make a statement instead?

ANSWER: It was clear to all concerned that in the circumstances it was not possible to proceed by way on an agreed statement.

13. Why was more urgent action not taken to correct the inaccuracies in the Defence Secretary's letter, which was issued on 3 January?

ANSWER: The then Defence Secretary's letter was not seen by the Department of Trade and Industry until Friday afternoon, 3 January. The Solicitor-General's letter was written on Monday morning, 6 January, as soon as he was able to consult the relevant documents.

14. Why has the Government not offered any correction or amendment to Mr Heseltine's letter?

PARLIAMENTARY QUESTIONS

ANSWER: As soon as the new Defence Secretary had taken up his position, the Government's position was reaffirmed in my Rt Hon Friend the Secretary of State for Trade and Industry's statement on 13 January. On the same day the Permanent Under Secretary at the Ministry of Defence wrote to Sir John Cuckney to make clear that the Government's position remained as set out in my Rt Hon Friend's statement of 16 December and in my letter to Sir John of 1 January, and that there was nothing to add to that. A copy of that letter has, with the agreement of Sir John Cuckney, been placed in the Library of the House. Meanwhile my Hon Friend the Minister of State for Defence Procurement made clear in an answer given the same day to the Hon. Member for Yeovil that the order for six additional Sea King helicopters would be placed if the plans for a five-nation battlefield helicopter project were approved, whatever reconstruction proposals Westland's shareholders accepted (Hansard Col 535).

15. Why does the Government not publish the text of Mr Heseltine's reply to the Solicitor-General?

ANSWER: My Rt Hon Friend the member for Henley asked on 23 January that his reply to my Hon Friend the Solicitor-General's letter of 6 January should be published. The texts of that letter, and of the Solicitor-General's further reply have been placed in the Library of the House.

MR. WICKS

I am thinking about the danger that certain questions might still be left unanswered after Monday's debate. We must avoid that if at all possible - it will only prolong the agony. So here are the questions which I think the rough Saturday draft still leaves unanswered and which MPs and the press could latch on to.

i) Did the Prime Minister's office tell her at any stage before 22 January who they thought had authorised the disclosure; and if not, what precisely did they tell her on 7 January?

ii) Does the report of the inquiry make clear whether the Prime Minister's office knew that the DTI intended to make the disclosure by a partial leak to PA; and if they did, why did they not either seek the Prime Minister's authority for that means of disclosure or counsel their own professional advice against; and if they did neither, were they not giving tacit approval to something which the Prime Minister has since said was wrong.

iii) Did the Prime Minister at any stage before the disclosure express a view to her officials or to DTI about whether the contents of the Solicitor General's letter should be made public?

iv) Did the Secretary of State for Trade and Industry at any stage report to the Prime Minister his role in the disclosure of the letter; if so, when?

S.S.

Stephen Sherbourne

24 January 1986

BM2ACM

BRIAN GRIFFITHS

24 January 1986

DAVID OWEN LETTER

Heseltine's and the Opposition's game throughout the Westlands saga has been to feed the press by extracting the story drip by drip. As each charge is made and then rebutted, they move on to the next. If David Owen is given a reply in advance of the debate, then the attack will merely move from the leak inquiry to some new topic. It is already highly probable that Michael Heseltine will offer some new objet trouvé to feed the appetite of the back-benchers; and rebutting the charges currently outstanding will make this a certainty.

Moreover, the Opposition when they hear the true story are bound to say it is unbelievable. If you already have this story, then this must be the line that Kinnock takes. There is no satisfactory answer in the House. Either you repeat the story, which will sound unconvincing; or you ignore the charges and go on to a different speech, which will sound equally bad.

fw

PETER WARRY



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Secretary of State for Trade and Industry

PS/

24 January 1986

Nigel Wicks Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Nigel

... I enclose a copy of Mr Leon Brittan's letter of resignation. We agreed that No.10 would release the two letters at about 6.00pm this evening.

Yours ever

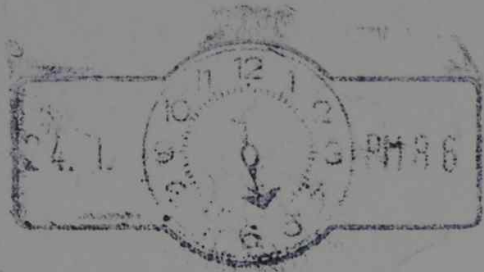
John Flogg

J F MOGG
Private Secretary

Encl

JF6AAG

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Seen by P.N.

24 January 1986

My dear Prime Minister,

Since your statement in the House yesterday it has become clear to me that I no longer command the full confidence of my colleagues.

In these circumstances my continued membership of your Government would be a source of weakness rather than strength and, as I have explained to you, it is for this reason that I have tendered my resignation.

It has been an honour and a privilege to serve in your Government successively as Minister of State at the Home Office, as Chief Secretary to the Treasury, as Home Secretary and as Secretary of State for Trade and Industry.

I shall of course continue to give the Government my full support from the backbenches.

It is above all vital that the crucial work of national regeneration which we were all elected to achieve should continue unimpeded.

Leon

LEON BRITTAN

Seen by P.N.

JF5AWJ

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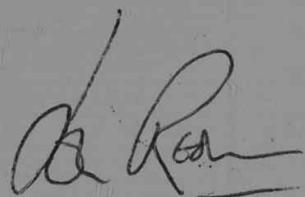


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PRIME MINISTER

24 January 1986

This may be helpful for the speech on Monday if it is an accurate account of events leading up to the inquiry.

A handwritten signature in dark ink, appearing to read 'J Redwood', with a horizontal line underneath the name.

JOHN REDWOOD

On 6 January, my Rt Hon Friend, the Secretary of State for Trade and Industry, was contacted by his officials seeking authority to release the Solicitor-General's letter. As its content was relevant to the board and shareholders of Westlands, he told them he would agree to its release if this had the approval of 10 Downing Street.

Accordingly, a DTI official (rank and time) contacted my office (rank of personal contact) and asked about the release of the Solicitor-General's letter. My office did not consult me, although I was present in the building, because they did not believe they were being asked to authorise release. My office thought they were discussing ways of release, and were under the impression that authorisation had already been given within the DTI. My Press Secretary said he would not himself release the letter. The DTI believed that No 10 had authorised release and so the conditions set by my Rt Hon Friend the Secretary of State had been met. All those consulted on this matter agree that both parties to the conversation thought the other had authorised it.

When I heard that there were suggestions (date) that my office knew something about the release of information from the Solicitor-General's letter, I thought the only proper course was to set up an independent inquiry into these events. I did not know at that stage that my Rt Hon Friend the Secretary of State was thought to have approved the release.

Once the inquiry was under way, the only correct course was to allow it to complete its work. It would have been quite improper to report on any rumour during the period of investigation.

The inquiry reported on 22 January, and for the first time I was in full possession of the facts. I gave a complete and accurate account of its findings to this House at the first available opportunity.

WESTLANDS

file

Mr Wiggins

as at 24 January 1986

Questions

1. When were you told of the part played by your office in discussions about the disclosure?
2. When did you know that your office had approved the leak?
3. Why did your office not report to you on their discussions with DTI officials about the leak?

Answer

The fact is, I think, that the conversations between my office and DTI officials that Monday lunchtime were in one respect at cross purposes, and my office did not think that there was anything significant that they needed to report to me. It seems to have been accepted by both sides that there was something that needed to be made public very quickly. My people understood that the Secretary of State had given authority for putting it out. What does not seem to have emerged clearly in the conversations was that that authority was conditional upon the agreement of my office. If somebody had said to them: "My Secretary of State is content to go ahead and give authority, if the Prime Minister agrees", they would have asked me: they would have had no difficulty in doing so, as I was in 10 Downing Street at the time. But what they thought they were being told was something more like: "You know this letter of the Solicitor General's; our Secretary of State thinks it should go out, and quickly, and has given us authority for that. Are you going to do it? We would prefer it if you did.". And my people said something like: "We shall not be putting it out. But if you have your Secretary of State's authority to do so, that's up to you: that's OK so far as we're concerned."

I don't think these were the actual words, but I suspect that that is the sort of way it went.

In other words, I think my people thought they were registering - and accepting - something which the Secretary of State wanted done and was prepared if necessary for his people to do, making it clear that it was not going to be done from 10 Downing Street; they did not understand that they were being asked to give or withhold agreement on which the Secretary of State's authority for what was proposed was conditioned.

The DTI officials, on the other hand, thought that they were being given the agreement from my office that they were under instructions to seek, and that the condition subject to which their Secretary of State's agreement was given had been met.

Of course I knew that the disclosure had happened; and, to tell the truth, was not sorry to see the subject of the disclosure become public knowledge, given the need to make sure that Government statements were not misleading. But it never occurred to me to ask my people whether they had a hand in it, and they evidently did not think that they had anything which they needed to report or account for to me. It was not until the formal process of the inquiry produced accounts of the conversations from the different Departments that the extent or importance of the cross-purposes emerged.

The Prime Minister: Yes.

Mr. Tony Banks asked the Prime Minister, pursuant to her answer of 13 January, *Official Report*, column 521, what were the reasons for the deployment of military personnel at Heathrow airport; and on what dates the exercises were carried out.

The Prime Minister: These exercises are held at the request of the police and with the approval of my right hon. Friends the Home Secretary and the Secretary of State for Defence. They are held to familiarise the troops concerned with the duties they would carry out in an emergency, and for deterrent purposes. They have been carried out on the following dates:

Heathrow	14 May
1981	1 June
4 March	17 October
5 August	26 November
3 December	19 December
1982	1985
10 February	18 March
25 June	4 April
17 August	30 April
23 November	26 June
	5 July
1983	15 August
4 March	14 October
6 July	
21 July	Gatwick
28 September	1983
29 November	1 December
20 December	
	1986
1984	1 January to 9 January
12 January	

Mr. Tony Banks asked the Prime Minister, pursuant to her answer of 13 January, *Official Report*, column 521, on how many occasions firearms were issued to military personnel on exercises at Heathrow airport.

The Prime Minister: Firearms are a normal part of the equipment of the troops concerned, and have been issued on each occasion when exercises at Heathrow have been carried out.

Appointments

Mr. Tony Banks asked the Prime Minister, pursuant to her reply of 9 December, *Official Report*, columns 421-24, if she will list the names of all those people whom she has appointed to public bodies in each of the past five years.

The Prime Minister: All appointments are announced when made and it would involve disproportionate cost to list in arrears the large number of names appointed or reappointed to these public bodies over the years in question.

Westland plc

Mr. Gordon Brown asked the Prime Minister if she instructed the Secretary of State for Trade and Industry,

prior to his statement at 3.30 pm on Monday 13 January, to refuse to acknowledge the existence of the letter of that date from Sir Austin Pearce to the Prime Minister.

The Prime Minister: I have nothing to add to my, and my right hon. and learned Friend's earlier statements on this matter.

EMPLOYMENT

Job Start Project

Mrs. Renée Short asked the Paymaster General what are the latest figures for the number of people who have qualified for the £20 a week special allowance in the nine areas in which the job start project has been initiated by his Department.

Mr. Alan Clark: In the first two weeks of the pilot scheme—that is, up to 17 January—10 people qualified for the job start allowance.

Enterprise Allowance Scheme

Mr. Ashley asked the Paymaster General if he will tabulate in the *Official Report* the failure rate of businesses in the three months after the completion of the 12-month period under the enterprise allowance scheme; and what is the failure rate of businesses run by disabled people.

Mr. Trippier: A survey of former enterprise allowance scheme participants three months after the allowance had stopped showed that, of those taking advantage of a full year on the scheme, 14 per cent. had ceased to trade at the time of the survey. No comparable figure is available for businesses run by disabled people.

Mr. Ashley asked the Paymaster General how many people were participating in the enterprise allowance scheme at the latest date for which figures are available; and, of these, how many were disabled.

Mr. Trippier: Fifty-two thousand, four hundred and one people were in receipt of the enterprise allowance on 16 January 1986. No statistics are kept of the numbers of disabled people on the scheme.

Departmental Publicity

Mr. Tony Banks asked the Paymaster General how many people have been employed by his Department's press and public relations office in each of the past five years; and what has been the annual budget for that office over the same period.

Mr. Kenneth Clarke: Details of the numbers of information officer group staff employed in Department of Employment group press and public relations offices are given below. These figures do not include administrative and clerical staff who work in support of these offices.

RESTRICTED

c. Mr Powell, 10 Downing St
Mr Hewer, MPO



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COPY

A J Wiggins Esq
Cabinet Office
Whitehall
London SW1

23 January 1986

Dear John

WESTLAND

I am enclosing a copy of a "diary of events" which Sir John Cuckney I understand provided to the Defence Select Committee yesterday, and which the Committee, with his agreement, released to the press.

I have told Westland that I consider it most unfortunate that this document should have been released without this Department and the Ministry of Defence being consulted, since it refers to confidential meetings and correspondence with those Departments, which have not previously been mentioned in public. It also happens to contain material omissions.

The only documents the Committee have so far requested from Westland are the exchange of letters of 13 and 17 December between the company and the Prime Minister. Westland have asked No 10 for permission to release them. Westland have of course undertaken to consult the relevant Department if they are asked for the release of any other document originated by Government.

Yours sincerely

Mike O'Shea

M K O'SHEA

CC PS/Secretary of State
PS/Mr Pattie
PS/Sir Brian Hayes
Mr Macdonald
Mr Michell
Mrs Williams
Mr Marsh MoD

WESTLAND PLC

Diary of events, meetings and conversations
relating to Westland's crisis and capital reconstruction

<u>DATE</u>	<u>FROM/TO</u>	<u>SUBJECT</u>
25.6.85		Westland letter to shareholders advising need for association with international company
26.6.85		Appointment of new Chairman
17.7.85		Meeting between Sir John Cuckney and Mr. Heseltine
8.8.85		Westland meeting with Mr. Tebbit, S. of S. DTI
15.8.85		Price Waterhouse letter summarising seriousness of impending financial problem
15.8.85		Sir Brian Hayes informed
16.8.85		Sir Clive Whitmore informed
3.9.85		Dr. Teti, meeting with Sir John Cuckney
6.9.85		Lazards meets UTC
18.9.85	Sir John Cuckney Sir Brian Hayes	Lazard's memo showing seriousness of Westland's financial position
18.9.85	Sir John Cuckney Sir Clive Whitmore	Lazard's memo showing seriousness of Westland's financial position
21.9.85		UTC meeting with Mr. Heseltine, S. of S. MoD
8.10.85		Sir John Cuckney and Sir John Treacher meeting with MBB/AG/AS
10.10.85		Discussions between Sir John Cuckney, Sir Brian Hayes and Sir Clive Whitmore
17.10.85		Sir John Cuckney meets Leon Brittan re India and European partners

<u>DATE</u>	<u>FROM/TO</u>	<u>SUBJECT</u>
18.10.85		Telexes to Aerospatale, Agusta, MBB asking if still interested
21.10.85		Replies to telexes, confirming interest
23.10.85		Sir John Cuckney to Aerospatale advising urgency of situation
1.11.85		Letter from DTI on Aerospatale threat to withdraw work
5.11.85		Meeting between Sir John Cuckney, N. Lamont, P. Levene
15.11.85		Westland meeting with Agusta
19.11.85		Westland Board minutes indicating need for Agusta, Aerospatale and MBB to make firm, clear proposals: also noting preliminary discussions with DTI re Launch Aid
20.11.85		A/MBB/AG meeting at Lazards - with Westland Board
22.11.85	Sir John Treacher Aerospatale	Requesting commercial proposal Aerospatale/MBB
26.11.85		Letter from Mr. Heseltine to Sir John Cuckney re European opportunity
29.11.85		Mr. Heseltine gives Sir John Cuckney NADs recommendation following their all-day meeting
2.12.85	Sir John Cuckney Rt. Hon. Leon Brittan	Seeking confirmation that HMG will not be bound by NADs
2.12.85	Lloyds Westland Board	First European proposals to Westland from LMB
4.12.85	Sir John Cuckney Dr. Teti	Agusta invited to take shares in Westland
5.12.85		Westland meeting with Aerospatale, Agusta, MBB etc
9.12.85	Lloyds Westland	Amplification of Consortium offer
9.12.85		Meetings involving Prime Minister, Westland, Mr. Heseltine, Mr. Brittan etc
10.12.85	Sir John Cuckney Dr. Teti	Offer to include Agusta in UTC/Fiat/ Westland
10.12.85		Meeting involving Mr. Heseltine, Mr. Lamont, Mr. Bourn, Sir John Cuckney, Sir John Treacher, Lazards and Mr. MacDonald

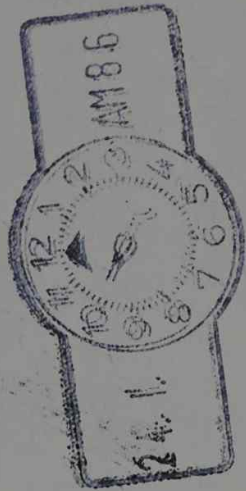
<u>DATE</u>	<u>FROM/TO</u>	<u>SUBJECT</u>
12.12.85	Leon Brittan Sir John Cuckney	Mr. Heseltine to explore viable European package. If not in place and to satisfaction of Westland Board by 13.12.85 HMG not bound by NADs
13.12.85	Mr. Heseltine Sir John Cuckney	1. Westland to receive 6 Sea Kings order if 4 nation battlefield helicopter agreed 2. French, German, Italian and UK helicopter requirement to be met from within Europe
13.12.85	D.R. Marsh (MoD) Westland Board	Westland's direct labour resulting from potential MoD and Consortium orders
13.12.85	Sir John Cuckney Prime Minister	Westland wish to complete UTC/Fiat negotiations
13.12.85	Sir John Cuckney Dr. Teti	Westland wish speedily to agree link with UTC/Fiat
13.12.85	D. Horne Westland	Agusta sub-contract work for Westland. BAe joins Consortium. Details of Consortium offer
16.12.85	Sir John Cuckney offered to give evidence to the Select Committee on Defence	
17.12.85	Prime Minister Sir John Cuckney	Acknowledgement of letter of 13.12.85. Confirm no MoD requirement for Black Hawk
18.12.85	Agreement signed between UTC and Fiat	
19.12.85	Preliminary announcement of Westland figures and financial reconstruction	
20.12.85	D. Horne Westland Board	Notification of Consortium offer
21.12.85	Westland circular sent to shareholders	
24.12.85	Westland letter to shareholders indicating that clarification sought from consortium	
24.12.85	D.R. Marsh Westland Board	The 6 Sea Kings order is conditional on approval of 4 nation battlefield helicopter/acceptance of Consortium proposals

<u>DATE</u>	<u>FROM/TO</u>	<u>SUBJECT</u>
27.12.85	D. Horne Westland Board	Consortium work proposals
30.12.85	Sir John Cuckney Prime Minister	Will UTC/Fiat link prevent Westland being regarded as European?
30.12.85	Westland press release requesting clarification of proposals from Lloyds Merchant Bank	
1.1.86	Prime Minister Sir John Cuckney	UTC/Fiat link will not prevent Government regarding Westland as British
2.1.86	Westland circulates to shareholders text of Consortium letter, consolidating their various proposals	
2.1.86	D. Horne M.C. Baughan	Consortium shareholding to be split four ways with GEC and BAe treated as one party
3.1.86	D. Horne Mr. Heseltine	Is there MoD requirement for Black Hawk?
3.1.86	Mr. Heseltine D. Horne	<ol style="list-style-type: none"> 1. No MoD requirement or funding for Black Hawk 2. Westland has never exported a helicopter not sold to MoD 3. UTC/Fiat deal excludes Westland from NH90, LAH/129 and possibly EH101
5.1.86	D. Horne Sir John Cuckney	Request adjournment of Extraordinary General Meeting
6.1.86	Improved proposals from UTC/Fiat recommended to Westland shareholders	
7.1.86	Press release re revised Consortium proposal	
8.1.86	Sir John Cuckney Sir Austen Pearce	<ol style="list-style-type: none"> 1. Westland preference for UTC/Fiat 2. Invitation to Consortium for discussions
8.1.86	Press release from Westland indicating preference for commercial logic of UTC/Fiat despite marginal improvement in Consortium proposal	

<u>DATE</u>	<u>FROM/TO</u>	<u>SUBJECT</u>
10.1.86		Mr. Heseltine/Euro Consortium press conference: Consortium proposals alleged to be better for employees and shareholders
10.1.86	Sir John Cuckney Sir Clive Whitmore	6 Sea Kings and relations between MoD and Consortium
10.1.86	Sir John Cuckney Sir Brian Hayes	Is Government bound NADs recommendation?
13.1.86	Sir Brian Hayes Sir John Cuckney	Government not bound by NADs recommendation
13.1.86		Extradordinary General Meeting adjourned
13.1.86	Sir Clive Whitmore Sir John Cuckney	Three queries re relationship of MoD to Consortium
13.1.86	Sir John Treacher Sir Brian Hayes	The need to avoid dominance by GEC of Westland's sub-contractors
17.1. 86		Extraordinary General Meeting
20.1.86	D. Horne Sir John Cuckney	Consortium requests meeting
21.1.86	D. Horne Sir John Cuckney	Consortium wants speedy progress

* * * * *

22.1.1986.



RESTRICTED



SRWANI

10 DOWNING STREET

From the Private Secretary

Sir Robert Armstrong

WESTLAND

The Defence Select Committee asked Sir John Cuckney on 22 January whether he would let them have copies of his letter of 13 December to the Prime Minister and the Prime Minister's reply of 17 December. I enclose copies for ease of reference.

Sir John stalled, but has subsequently told us that he would be happy to release the letters if the Government is content.

I can see no objection of substance to release. But you will wish to consider the point in relation to the wider question of release of documents to the Committee.

I understand that Sir John and the Committee are pressing for an answer in the course of 24 January if possible.

I am copying this minute to the Private Secretaries to the Trade and Industry Secretary and the Defence Secretary.

(C. D. POWELL)

23 January 1986

TJ

RESTRICTED



10 DOWNING STREET

Mr Powell,

We need to
consult about office
and then the P. N.
My view is that if
so J. C. is willing
to disclose, we should
not object. We
can ring fence on
grounds it is incompatible
with a member of the
public who is willing to
disclose. N.L.W.
23.1

CONFIDENTIAL

Mr. Wicks.

Mr. Powell

There is certainly nothing
in the substance of these
letters to prevent disclosure.
But indeed they may have
been

WESTLAND

I took a call on your behalf this morning
from Mr. Gueterbock who was ringing from
Westland.

the press. I am trying to
find out. But you will wish
to consider

When Sir John Cuckney appeared before the
Defence Committee yesterday the correspondence
between Sir John Cuckney and the Prime Minister
of 13 December and 17 December was discussed.
The Committee asked for copies. Sir John
Cuckney said that he did not have copies
of the correspondence with him, and that
in any case he would need the Prime Minister's
agreement to release the letters.

principle.

CDP
23/1

Sir John Cuckney thinks the letters are
innocuous and from his point of view would
be happy to release them but wants to know
the Government's view.

I told Gueterbock that it was unlikely he
would receive a reply today. The Clerk
to the Committee will be told that the question
is being considered and he will have a reply
as soon as possible.

David Norgrove

DN

23 January 1986



(E)

Note prepared by Mr M. J. Mitchell on the instructions of the Secretary of State for Trade and Industry. 12.15 pm 23/1

BACKGROUND SITUATION

The situation was that the Cabinet had taken a decision on 19 December that no Minister should campaign for any particular proposal.

But my Rt Hon Friend continued to promote the interests of the so-called European consortium and to damage the interests of UT and Fiat.

On 3 January he wrote to Lloyds Merchant Bank in terms designed to promote the interests of the European consortium.

On 5 January he issued a public statement expressing amazement that the Board of Westland had disregarded a request for a meeting with members of the European consortium

[though he added that it was for the shareholders to make the ultimate judgment].

[He did say this, although he didn't mean it.]

Throughout he presented his promised order for 6 Sea Kings as being conditional on the European consortium's offer being accepted. The Government has now made it clear, first that the Ministry of Defence cannot guarantee the order; second, that if the plans for a five nation battlefield helicopter project are approved, the order will be placed whatever reconstruction proposals Westland's shareholders accept.



[Throughout my Rt Hon Friend was in regular touch with the General Electric Company.] (Not to be used without clearance with Mr Brittan. Lord Weinstock told Mr Samuel Brittan he wd not deny this.)

[- and with British Aerospace.] (Wd need to be confirmed with Sir Austin Pearce.)

[On December 23 and 24 my Rt Hon Friend was in touch with Sir John Cuckney and put pressure on him to support the European proposals.] (Not to be used without consultation with Mr Brittan. Sir J. Cuckney told Mr Brittan this on 31 Dec, but reserved his position on its possible public use. His position is not now known to DTI Air Divn.)

Throughout, my Rt Hon Friend conducted a campaign of unattributable briefing in favour of the European proposals, which has been graphically described by Mr Martin Adeney of the BBC in The Listener.

Such was the pressure of this campaign that my Rt Hon and Learned Friend the Secretary of State for Trade and Industry was obliged to issue a statement on the morning of 6 January reaffirming the Government's policy.

23/1/86.

9

NI7246 5 XXX 308

PRUDENTIAL SELLS WESTLAND SHARES

ANOTHER MYSTERY DEAL IN WESTLAND SHARES, INVOLVING WELL OVER £5 MILLION, WAS CONFIRMED TODAY IN THE CITY.

PRUDENTIAL ASSURANCE, BRITAIN'S BIGGEST INVESTOR, CONFIRMED THAT IT HAD SOLD ITS HOLDING OF 2,606 250 SHARES, EQUIVALENT TO 4.4PER CENT OF THE COMPANY, TO AN UNNAMED BUYER.

A SPOKESMAN SAID THE SHARES WERE SOLD AT A 'SUBSTANTIAL PREMIUM OVER THE CURRENT MARKET PRICE' BUT DECLINED TO COMMENT ON REPORTS THAT THE DEAL WAS STRUCK AT 150P A SHARE.

THE PRUDENTIAL IS BELIEVED TO HAVE SUPPORTED SIR JOHN CUCKNEY AND HIS BOARD AT LAST FRIDAY'S VOTING ON THE SIKORSKY PROPOSALS. ALTHOUGH IT DECLINED TO COMMENT TODAY ITS SHARES ARE BELIEVED TO HAVE GONE TO A BUYER WHO WANTS TO SEE A DEAL WITH SIKORSKY SUCCEED.

HANSON TRUST, REVEALED LAST WEEK AS THE MYSTERY BUYER OF ALMOST 15PER CENT OF WESTLAND AND WHICH SUPPORTS THE BOARD, IS NOT THOUGHT TO HAVE ADDED TO ITS HOLDING.

IT WAS REPUTED TO HAVE PAID A MAXIMUM OF 125P FOR SOME OF ITS SHARES.

MEANWHILE, WESTLAND SHARES WERE CLIMBING AGAIN ON THE STOCK EXCHANGE TODAY. AT ONE POINT THEY HIT 108P BUT THEN SLIPPED TO 106P, STILL 11P OVER LAST NIGHT'S CLOSING LEVEL.

THE WESTLAND DIRECTORS ARE STILL WORKING ON NEW PROPOSALS WHICH WOULD AGAIN COMMIT THE COMPANY TO SIKORSKY RATHER THAN THE RIVAL EUROPEAN CONSORTIUM.

SHAREHOLDERS ARE EXPECTED TO BE GIVEN DETAILS OF THIS WITHIN THE NEXT FEW DAYS, PROBABLY EARLY NEXT WEEK. THEN THE VOTING BATTLE WILL RESUME WITH THE EUROPEAN CONSORTIUM GOING ALL OUT TO CANVASS SUPPORT TO DEFEAT THE DEAL AT THE NEXT SHAREHOLDERS MEETING.

THIS TIME THEIR TASK WILL BE MORE DIFFICULT AS SIR JOHN'S PLAN IS EXPECTED TO NEED ONLY A SIMPLY MAJORITY RATHER THAN THE 75PER CENT VOTE REQUIRED FOR THE ORIGINAL SIKORSKY PLAN WHICH WAS OVERTURNED BY A NEAR 35PER CENT VOTE IN FAVOUR OF THE EUROPEANS.

--

231322 JAN 86



10 DOWNING STREET

Told John Noyg

PC Noygrove,

DLN
28/1

(pa)

PC tell N

Noyg the

PNs amount on
your rate book.

N.C.W

27.1

paragraph for possible use either in the statement or in supplementaries.

X
You told me that your firm advice to the Prime Minister would also be against giving publicity to the conversations and I have told John Mogg this.

DRN

I would strongly recommend that if any of these conversations were to be mentioned in public we should first check with those concerned.

DAVID NORGROVE

DRN
23/1

23 January 1986

SLHAIO

We must NOT reveal

Prime Minister

MR WICKS then conversations - we

to note.

WESTLAND were not a party to them.

Do you agree X?

DTI/PS

If GEC or B.A. wish to make the fact public that is wholly another

N.L.W.

John Mogg told me the following this morning.

for them

23.1

and NOT us.

mt

Sam Brittan last night saw Lord Weinstock. Lord Weinstock told Sam Brittan that Mr Heseltine had been on the 'phone to him almost every day both before and after his resignation. Among other things, Mr Heseltine had urged Lord Weinstock to buy Westland shares.

At Leon Brittan's request, Sam Brittan asked Lord Weinstock this morning whether the fact of these conversations could be made public by the Government. Lord Weinstock expressed surprise that Leon Brittan had not known of these conversations. He had assumed that he did and that Mr Heseltine was acting in the full knowledge of the Government.

Lord Weinstock did not want GEC brought into this affair more than it already was. But he said that if the Prime Minister or Leon Brittan referred to the conversations with Mr Heseltine he, Lord Weinstock, would not deny it.

Lord Weinstock also said that Mr Heseltine had been having similar frequent conversations with Sir Austin Pearce and with Aerospatiale. He thought Sir Austin Pearce would take the same view as he had done about making public the fact of the conversations.

DTI officials have advised Mr Brittan strongly against publicising these conversations. However, Mr Brittan and his officials feel that more might be made of the climate in which the decision about the Solicitor-General's letter was taken, and John Michell has been asked to prepare a

PERSONAL

PRIME MINISTER

Mr. Tebbit has asked his Private Secretary to let me have the following account of Mr. Tebbit's conversation with Mr. Heseltine on Monday night. The visit to Stoke Mandeville had been at Mr. Heseltine's suggestion.

1. Mr. Heseltine did not intend, now that he was on the back benches, to renege on policies which he had supported while in Cabinet.
2. He would not join back bench groups or encourage one to form around him.
3. He would continue to be constructive in speeches, but would want to suggest, from time to time, new directions for policies.

We shall have to see!

N. L. W.

N. L. WICKS

22 January 1986



DEPARTMENT OF TRADE AND INDUSTRY

1-19 VICTORIA STREET

LONDON SW1H 0ET 5422

Telephone (Direct dialling) 01-215)

GTN 215)

(Switchboard) 01-215 7877

PS/ Secretary of State for Trade and Industry

22 January 1986

*NW to see
CDP mi*

John Wiggins Esq
Cabinet Office
70 Whitehall
LONDON
SW1

Dear John,

WESTLAND : APPEARANCES BEFORE THE SELECT COMMITTEES

... I attach a Press release from the Trade and Industry Committee announcing their decision to carry out an inquiry into the Department's exercise of responsibilities in respect of Westland.

2 I also enclose a copy of Sir Humphrey Atkins' letter to my Secretary of State inviting him to appear on Wednesday, 29 January at 11.00am. Copies of my letter and its attachments go to Charles Powell (No.10), Sir Clive Whitmore (MoD) and to Michael Stark in Sir Robert Armstrong's office.

Yours ever,

John Mogg.

J F MOGG
Private Secretary

Encls

JF3AAF

17
19 **86**
BOARD OF TRADE
BICENTENARY



COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA
01-219 3280/81 (Direct Line)
01-219 3000 (Switchboard)

DEFENCE COMMITTEE

22nd January 1986

Dear Leon,

As you know, my Committee are at present investigating the defence implications of the future of Westland plc. I am writing to invite you to give evidence to us on Wednesday 29 January at 11.00. I understand that you have an engagement at 13.00; I will therefore try to bring our session to a close by 12.50. It is possible that we may wish to continue our hearing in the afternoon; I would be most grateful if you would be ready to return to the Committee at 16.45 for about an hour. We will be able to confirm at the end of the morning sitting whether this will be necessary.

We hope to take much of our evidence in public; we are however, well used to taking classified and commercially confidential evidence; if such matters arise we will of course sit in private.

The title of our inquiry describes our main interest, but I think it inevitable that questions about the events of the past few weeks will also arise. I would be grateful if your office could let us know which officials, if any, you wish to give evidence with you; and if you would confirm that you will be able to give evidence to us at the times I have suggested above.

If you wish to submit any written evidence to the Committee before your appearance, of course we will be happy to receive it.

Yours ever

CHAIRMAN

Humphrey

Rt Hon Leon Brittan QC MP
Department of Trade & Industry



COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA

01-219 5469 (Direct Line) /5776/5777/5779
01-219 3000 (Switchboard)

TRADE AND INDUSTRY COMMITTEE

INFORMATION FOR THE PRESS

WESTLAND PLC

At its meeting this morning the Trade and Industry Committee of the House of Commons decided to carry out an inquiry into the exercise of the responsibilities of the Department of Trade and Industry for the sponsorship of aerospace in the case of Westland plc.

Details of the inquiry will be announced later.

22 January 1986

Sally de Ste Croix
Simon Patrick

Clerks to the Committee



Mr. Stern asked the Prime Minister if she will list her official engagements for Tuesday 21 January.

Mr. Peter Bruinvels asked the Prime Minister if she will list her official engagements for Tuesday 21 January.

Mr. Parry asked the Prime Minister if she will list her official engagements for Tuesday 21 January.

The Prime Minister: This morning I had meetings with ministerial colleagues and others. In addition to my appearances in this House I shall be having further meetings later in the day.

Falkland Islands

Mr. Dalyell asked the Prime Minister what response she has made to President Alfonsin's proposals on the future of the Falklands.

The Prime Minister: President Alfonsin has made no proposals to me. He has suggested publicly that the United Kingdom must vacate the islands. The answer to that is no. In my right hon. and learned Friend the Secretary of State for Foreign and Commonwealth Affairs explained to the House on 18 December, we shall continue to encourage the Argentine Government to match our efforts to improve relations between us.

Plain English Unit

Mr. Norris asked the Prime Minister if she will evaluate the Government's intentions with regard to the work of the plain English unit of the Management and Personnel Office; and if she will make a statement as to an appraisal of the work of the unit.

The Prime Minister: I have asked the Management and Personnel Office to continue with the work of the central forms unit and to report again in 1987 on departments' efforts to improve Government forms. Since 1982 Departments have abolished some 15,700 forms altogether and redesigned a further 21,300. Last year alone 11,000 forms were reviewed. The central forms unit has played an important role in this achievement.

Bradford City Football Club

Mr. Madden asked the Prime Minister when Her Majesty's Government intend to provide the financial assistance for the rebuilding of Bradford city football club's ground which was promised at the time of the fire; and if she will make a statement.

The Prime Minister: The Government are considering Bradford's case for financial assistance.

Family Relationship

Mr. Madden asked the Prime Minister if she will make a statement about co-ordination between the Foreign and Commonwealth Office and the Home Office on Her Majesty's Government's policy towards the acceptability of blood tests and genetic testing as offering conclusive evidence of family relationship.

The Prime Minister: The two Departments are working closely together on an experimental scheme to assess the acceptability and feasibility of the recently developed DNA testing technique in relation to entry clearance applications. The arrangements for conventional blood testing are well established.

Westland plc

Mr. Mikardo asked the Prime Minister whether, in view of the conflicting accounts of certain incidents in the Westland affair given by her and the Secretary of State for Trade and Industry on the one hand and the former Secretary of State for Defence, the right hon. Member for Henley (Mr. Heseltine), on the other, she will seek to determine the truth by using a polygraph of the type Her Majesty's Government are proposing to use at Government communication headquarters, Cheltenham.

The Prime Minister: No.

Ministers (Broadcasts)

Mr. Winnick asked the Prime Minister if it was with her authority that an official from her press office contacted the British Broadcasting Corporation and asked it not to broadcast an interview which had been recorded by the Secretary of State for Trade and Industry for use on Sunday 22 December; and if she will make a statement.

The Prime Minister: I refer the hon. Gentleman to the reply I gave to him on 20 January.

10 Downing Street (Foreign Visitors)

Mr. Tony Banks asked the Prime Minister, pursuant to her reply of 16 January, *Official Report*, column 628, if she will publish a list of all prominent nationals invited to Downing street social occasions held for foreign visitors in each of the past five years.

The Prime Minister: Guest lists for major social occasions for foreign visitors are made public at the time.

FOREIGN AND COMMONWEALTH AFFAIRS

Alexander Archibald

Mr. Ron Brown asked the Secretary of State for Foreign and Commonwealth Affairs what steps have been taken to secure the release of Alexander Archibald, a constituent of the hon. Member for Edinburgh, Leith, presently held in a Thai jail.

Mr. Eggar: None. Mr. Archibald has been sentenced under Thai law to a cumulative period of three years and nine months imprisonment for a number of offences. He is expected to be discharged from prison on 28 December 1987.

African National Congress

Mr. Deakins asked the Secretary of State for Foreign and Commonwealth Affairs what conditions have to be fulfilled before he will allow his officials to meet members of the African National Congress.

Mrs. Chalker: The Commonwealth accord called for a suspension of violence in South Africa. Clearly the African National Congress support for such a move would help to promote dialogue within South Africa and with those outside, including ourselves, who seek a peaceful political solution to South Africa's problems.

South Atlantic Islands (Sovereignty)

Mr. Dalyell asked the Secretary of State for Foreign and Commonwealth Affairs how many records for the year 1955 relating to sovereignty of the South Sandwich

Westland plc

Mr. D. N. Campbell-Savours (Workington): On a point of order. Mr. Speaker. In light of the fact that we have been told that certain documents are not to be made available to the Select Committees on Defence and Trade and Industry, I would like to raise a point of order following upon your ruling in column 1211 of the *Official Report* of 16 January when, following a point of order raised by my hon. Friend the Member for Middlesbrough (Mr. Bell), in which he referred to quotes from official documents and the need for those documents to be placed in the Library, you said in your ruling:

"I do not think that there was a quotation from a document." You then went on to say in the same column:

"that if Ministers quote from an official document, as opposed to paraphrasing an official document, it is our rule that that official document should be laid."

You did not include letters and memoranda. In column 1212, the Prime Minister, in an intervention, said:

"The first thing is, therefore, to check *Hansard* to see whether what was said was given as a direct quote from the document. That is the first thing that we must find out. What follows from that is a matter for the House, not for me."

In column 1214, the hon. Member for Woking (Mr. Onslow) said:

"Since a reading of that column nowhere suggests that my right hon. and learned Friend the Secretary of State for Trade and Industry was quoting from any document other than the notes of his speech, this is not a matter that should detain us any longer." [*Official Report*, 16 January 1986; Vol. 89, c. 1211-1214.]

You concurred with that view, Mr. Speaker.

The quotation that was being examined is to be found in column 1167 of 15 January. It reads:

"At that meeting, Sir John Cuckney referred to what he described as the Government's preference for a European minority shareholder in Westland. I said that a European minority shareholder was in both the commercial and political interests of the Government." [*Official Report*, 15 January 1986; Vol. 89, c. 1167.]

That is a quote by the Secretary of State for Trade and Industry. Parts of that statement are from the official document. They are drawn from a letter, which is precluded under the arrangements as outlined in "Erskine May", but equally from a minute. That minute exists. It is known to Members of the House. I quote from that minute where it meets exactly the words as spoken by the Secretary of State. The words are:

"The Government's preference for a European minority shareholder in Westland", and, secondly,

"a European minority shareholder was in both the commercial and political interests of the Government".

Those are direct quotes.

I have consulted my hon. Friends, Mr. Speaker, and during the course of the speech by the right hon. and learned Gentleman the Secretary of State he actually referred to documents which were before him. It was clear that he was quoting. It may be that in the *Official Report* it was not printed as a quote, but it was a quote. It may be that the Secretary of State for Trade and Industry sought not to represent what he was saying as a quote, but it was a quote.

In so far as it was a quote—

Mr. Speaker: Will the hon. Member come to his point of order, because 33 right hon. and hon. Gentlemen are anxious to get on to the next debate?

Mr. Campbell-Savours: I am sure that the House will bear with me. It is a point of order about a matter of great public controversy.

My point of order is simply to establish whether, in the light of what I said, and in so far as the Minister was not paraphrasing, as you suggested to the House that he might be, in so far as he was quoting directly, you would now intervene, Mr. Speaker, and make a ruling as to whether that document should be laid on the Table, as is required in our manual on procedure? This is referred to specifically on page 433 of "Erskine May", where it says:

"A Minister of the Crown may not read or quote from a dispatch or other state paper not before the House unless he is prepared to lay it upon the Table. Similarly, it has been accepted that a document which has been cited by a Minister ought to be laid upon the Table of the House, if it can be done without injury to the public interests. A Minister who summarises a correspondence"—

which was not being done in this case; it was being referred to specifically—

"but does not actually quote from it, is not bound to lay it upon the Table. The rule for the laying of cited documents does not apply to private letters or memoranda."

We are referring here to a minute, Mr. Speaker, and I put it to you that you might care, following the fullest consideration, to rule.

Mr. Douglas Hogg (Grantham): Further to that point of order, Mr. Speaker. In the end, it is a matter of interpretation. Is it not right that during the debate to which the hon. Member referred no one from the Labour Benches rose to assert that a direct quotation was being made by the right hon. and learned Gentleman?

Mr. Campbell-Savours: I did.

Mr. Tony Marlow (Northampton, North): Further to that point of order, Mr. Speaker. If a Minister makes a short statement of Government policy, obviously, from time to time and coincidentally, that statement can be found in confidential documents. What the hon. Gentleman is saying is that every document, every secure, confidential Cabinet document should be placed before the House. That is manifest nonsense.

Mr. Dennis Skinner (Bolsover): Further to that point of order, Mr. Speaker. You heard what the hon. Member for Grantham (Mr. Hogg) had to say about no one from the Labour Benches rising to challenge the Secretary of State at the time that he was reading from those documents. That statement is not correct because, at the time that the Secretary of State was making that statement, there were several of us—and I was sitting about four places below—shouting from our seats and standing up, calling to the Secretary of State that he was reading. My hon. Friend the Member for Workington (Mr. Campbell-Savours) was also on his feet, making the same point. "Lay it on the Table" is what we were saying. I think that it would be sensible, Mr. Speaker, for you as Speaker to look into the request made by my hon. Friend, so that we can make absolutely sure that the matter is dealt with properly.

Mr. Alan Williams (Swansea, West): Further to that point of order, Mr. Speaker. The panic on the Government Benches certainly seems to justify the question that my hon. Friend the Member for Workington (Mr. Campbell-Savours) has raised. It has been referred to previously in the House, and several Members have asserted that they actually saw the Minister reading from a document.

Clearly, we do not want to prejudge the issue. Can we ask you, Sir, to ask for sight of that document and to look at it in that light? If not, Sir, you will have to tell us how we judge whether something is a quote. If a Minister happens to bring a document, as is suggested, to the Dispatch Box, reads a piece of it and does not submit it to *Hansard* when he gives his speech notes, as is normal, this is a way of evading the controls that "Erskine May" envisaged. I ask you to take this away, not to give a judgment immediately, but to come back and give us a ruling on whether it was a quotation.

Mr. Speaker: Order. The Chair must interpret the rules and the rules, as set out in "Erskine May", have been fairly and fully quoted by the hon. Member for Workington (Mr. Campbell-Savours). If the Minister was quoting from a document it is his duty to lay it. I shall look at *Hansard* but I have no means of interpreting what was in the Minister's mind and whether he was or was not quoting. That is not a matter for him. I am concerned only about the rules of the House and I shall faithfully follow them.

STATUTORY INSTRUMENTS, &c.

Ordered,

That the draft Importation of Live Fish of the Salmon Family Order 1986 be referred to a Standing Committee on Statutory Instruments, &c.—[*Mr. Maude.*]

Rate Support Grant (England)

Mr. Speaker: I must tell the hon. Member for Tiverton (Mr. Maxwell-Hyslop) that I am not able to select his amendments.

4.40 pm

The Secretary of State for the Environment (Mr. Kenneth Baker): I beg to move,

That the Rate Support Grant Report (England) 1986-87 (House of Commons Paper No. 140), which was laid before this House on 18th December, be approved.

This afternoon we shall be considering the three rate support grant reports which I laid before the House on 18 December. Before I describe them in detail, I should like briefly to remind the House of where we stand on local authority spending.

This year local authority current spending amounts to about a quarter of all public spending and it is for that reason that the Government seek to influence it.

Mr. Speaker: Order. I did not hear the Secretary of State say whether he was taking the three reports together.

Mr. Baker: Yes, I would ask for the House to take them all together. The other two motions are:

That the Rate Support Grant Supplementary Report (England) (No. 2) 1985-86 (House of Commons Paper No. 587), which was laid before this House on 18th December, be approved.

That the Rate Support Grant Supplementary Report (England) (No. 3) 1984-85 (House of Commons Paper No. 138), which was laid before this House on 18th December, be approved.

Mr. Speaker: It seems that the right hon. Gentleman has the leave of the House to do so.

Mr. Baker: Thank you, Mr. Speaker. We do not want three debates like this.

Current spending by local authorities for which they get grant has grown by about 4.5 per cent. in real terms since 1981. This means that local authority spending is growing at about 1 per cent. a year above the rate of inflation, despite all our efforts to encourage restraint. We have had some success. In the present financial year there has been no real increase at all. This is an improvement on the 1960s and the 1970s when councils were spending at about 5 per cent. more in real terms each year than the rate of inflation. That was when Tony Crosland went to Manchester city hall and made his famous speech about the party being over. But the party did continue in full swing and it was not until 1979 that one began to see a significant downturn.

I am sure that all my right hon. and hon. Friends will agree that we should continue our policy of expenditure constraint. But I do accept how strongly some shire counties have felt that they have more than played their part, and some indeed have. I must tell the House that on average since 1978-79 shire counties have increased spending by nearly 5 per cent. in real terms and only seven counties have cut their current spending over this period.

Having said that, in no way do I want to denigrate the work that the shires do. They have done much better than many of the high-spending Labour-controlled authorities. Indeed, so great has been the extravagance of those that we have had to introduce rate capping to curb their expenditure. The sort of levels of expenditure that one has been seeing among those authorities is: Wolverhampton, up 8 per cent. in real terms since 1979; Kirklees up 11 per cent.; Sheffield up 14 per cent.; and Hackney, at the top of this unenviable league, up 46 per cent. We have had to

[Mr. Baker]

introduce rate capping to restrain the expenditure of Hackney and many other central London high-spending Labour authorities.

Mr. Tony Banks (Newham, North-West): Will the right hon. Gentleman give way?

Mr. Baker: Not just yet.

Sir Peter Hordern (Horsham): Would my right hon. Friend care to make an amendment to the public expenditure White Paper which has just been published and which shows that, so far from the increase in expenditure for the shire counties being 5 per cent., as he mentioned, the figure appears to be 1.5 per cent., 9 per cent. for metropolitan areas and 13 per cent. in London? Disregarding that point, will he now make an exception for those shire counties that have consistently spent less than their grant-related expenditure and allow them at least the progression that has been accorded to them in each of the past two years?

Mr. Baker: May I answer that point, which is known as the GREA exemption proposition, in a moment, when I have cleared up the other two reports? I agree that that is central to the point and I am aware that many of my hon. Friends feel that local authorities should be allowed to spend up to GREA without loss of grant.

First, may I deal with the two subordinate reports before dealing with 1986-87? The first is the third supplementary report for last year, 1984-85. That adjusts block grant for 1984-85 in the light of the latest information about authorities' expenditure. The other report is the second supplementary report for the current year, which takes account of late budget data received after the first report which was laid last July. The very fact that, in these two subordinate reports of the reports relating to this year and last year, the grants of local authorities are being changed as the year is progressing, or in the case of last year, when the year is over, shows how deeply unsatisfactory the system is. No treasurer either this year or last year has been able to know the exact amount of grant that his authority is likely to get.—[Interruption.] I shall be bringing forward proposals in the Green Paper next week which will change that.

Let me make a technical point which is important because two local authorities—one has just sent me a telex which I received on coming into the House—have submitted revised budget information for 1985-86, too late to be taken into account for this report. I shall, of course, be making further supplementary reports in the current year so that the authorities need be in no doubt that their revised spending will be reflected in their final grant entitlements for the current year. However, the figures in the second supplementary report have been used as the basis for caps and nets on grant changes in the 1986-87 report. I do not at present propose to redetermine the caps and nets in the light of late information about spending in 1985-86.

The main issue before us is the report for 1986-87.

Mr. Tony Banks *rose*—

Mr. Baker: I want to deal with this and then reply to the point raised by my hon. Friend the Member for Horsham (Sir P. Hordern).

The first point I want to make, Mr. Speaker, is that the amount of grant which the Exchequer, and that means the taxpayer, will pay to local authorities next year is £11.8 billion. This is the same figure as we announced a year ago for the current year. It is, however, about £400 million more than we actually expect to pay out this year because of penalty holdback and I want to come to that later in my speech as it is of material concern. This means that next year the Exchequer will be funding about 46½ per cent. of local spending. Local authorities have known this since my predecessor's announcement in July. Also in July my right hon. Friend announced that we were providing for £22¼ billion of local authority spending next year. This is nearly £1 billion more than was provided for the current year.

Those are substantial increases and at the time the local authority associations protested. They wanted on top of that a further £1¼ billion. But the Government could not agree to that substantial increase and I do recognise—this is at the core of many of the problems affecting the shire counties represented by my hon. Friends—that the figure announced last July does imply real term cuts in this year's budgets.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): Will my right hon. Friend give way?

Mr. Baker: No. I want to come to the point made by my hon. Friend the Member for Horsham.

Mr. Beaumont-Dark: What about the fall in the Exchequer grant from 61 per cent. to 46 per cent.?

Mr. Baker: My hon. Friend asks in parenthesis about the fall in the Exchequer grant from 61 per cent. to 46 per cent. We have made it clear that we have followed that policy because we have wanted to reduce the Exchequer support to local government in an attempt to improve local accountability. My hon. Friend has a distinguished career in local government and we are agreed that local government in Britain would be much enhanced, without a shadow of doubt, if one could improve local accountability and reduce controls from the centre.

I come now to the comments of my hon. Friend the Member for Horsham about the GREA exemption. I remind the House that local authorities knew when my predecessor made those announcements in the summer that the Government were not prepared to underwrite expenditure of that level. I am sorry to say that many local authorities appear to be ignoring the advice about budgeting which my predecessor issued and largely as a result of that they are now facing substantial rate increases. I must say in defence of the Government's policy that we should not be blamed for that. Take, for example, wage settlements. I have seen several delegations in the past fortnight with county treasurers, county councillors, district councillors and their Members of Parliament. So have many of my ministerial colleagues. Many of the delegations have said that it was all very well for the Government, in the summer of 1985, to say that we were only prepared to fund a 3.5 per cent. increase in expenditure but many of them are having to bear high wage bills this year of 7 or 8 per cent. I have had to say to them that when, for example, the negotiators who were discussing the manual workers' wage claim just before Christmas in October and November said that they would offer 8.2 per cent., I said to the negotiators—which is a

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MR M STARK

cc PS/Secretary of State for Trade and Industry
Mr Michell DTI
Mr O'Shea DTI
Mr Marsh MOD
Mr R Hewes MPO

WESTLAND

The Prime Minister's Office has asked for speaking notes for her use at Question time tomorrow on a number of topics. Some of these concern the release of documents and the procedure relating to leak enquiries, on which I should be particularly grateful for your advice.

2. I attach a note of the topics and the line I suggest in each case.

JW

A J WIGGINS
Economic Secretariat.
Cabinet Office.

20 January 1986

Attachment.

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cc: [signature]

MR WICKS

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cc Mr Stark

PS/ Secretary of State for Trade and Industry
 Mr M K O'Shea, Department of Trade and Industry
 PS/ Secretary of State for Defence
 Mr D R Marsh, Ministry of Defence
 Mr R A C Hewes, MPO

[signature]

WESTLAND: PRESENTATION OF THE GOVERNMENT'S CASE TO
SELECT COMMITTEES.

Ministry of Defence officials are appearing before the Select Committee on Defence on 21 and 22 January. The session in the afternoon of 21 January is to be devoted to the facts about the armed forces' procurement and use of helicopters, and that on January 22 to questions about European collaboration. A factual memorandum about helicopters currently in use by HM Forces has been cleared through the Cabinet Office machinery.

2. The Select Committee on Defence already have copies of the 1978 Declaration of Principles governing cooperation on helicopter programmes, together with the provisional agreement between the 4 Defence Ministers concluded by Mr Heseltine on 13 December. Both of these were given to the Committee before Christmas by Mr Heseltine. Ministry of Defence officials would now like to complete the documentation by giving the Committee the document incorporating the recommendation by the National Armament Directors which was the subject of the E(A) discussion on 9 December. For the most part, the NAD's recommendation text is exactly the same as that of the Ministers' provisional agreement; the most significant difference is in the final paragraph, where the Ministers' text is somewhat weaker than that of the NAD's. The NAD's text says 'that the needs

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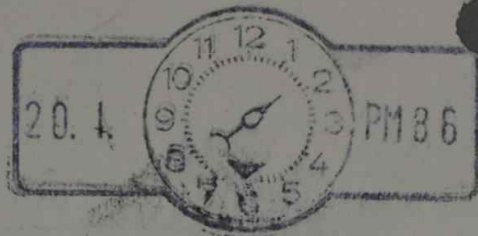
of their forces within the 3 classes... should be covered solely in the future by helicopters designed and built in Europe'; the Ministers' text says that 'they agreed in re-affirming their commitment to the 1978 Declaration of Principles that the needs of their forces within the 3 classes... should be covered solely in the future by helicopters designed and built in a cost effective way in Europe.' Ministry of Defence officials have undertaken to clear with us the text of an opening statement to be made to the Defence Committee about all these texts by Sir David Perry (Head of Defence Equipment Collaboration) at the Committee's session on 22 January; against this background I propose that MOD should be authorised to release the text of the NAD's recommendation to the Defence Committee on 21 January.

3. Ministry of Defence officials are also clearing other briefing material for use before the Select Committee through the Cabinet Office machinery.

4. Separate guidance has been provided by MPO about the responses to be made by Ministers and officials to requests by the Select Committee for documents bearing on Westland. This advice has been cleared with the Office of the Secretary of the Cabinet, and circulated to DTI and MOD. This advice makes clear that Ministers and Officials should refuse to provide Cabinet and Cabinet Committee documents, documents incorporating advice given by officials to Ministers or relating to discussions between Ministers, and documents incorporating material given in confidence to the Government. It also makes clear that the previous leak of a document provides no ground for giving that document to a Select Committee, if it falls into one of the restricted categories. The material I have provided separately for use at Question time on 21 January is fully consistent with the advice promulgated to Departments.

JW

A J WIGGINS
Cabinet Office.
20 January 1986



[The text in this section is extremely faint and illegible. It appears to be a series of lines of text, possibly a list or a set of notes, but the characters are too light to transcribe accurately.]

The Prime Minister: I have nothing to add to my reply of 14 November 1984 to the hon. Member for Great Grimsby (Mr. Mitchell).

Mr. Spearing asked the Prime Minister if she will state the terms of the decision taken at the meeting of 9 December 1985 referred to in her speech of 15 January, *Official Report*, column 1094.

The Prime Minister: I have nothing to add to what I said in my speech on 15 January at column 1094.

Ministers (Letters)

Mr. Gordon Brown asked the Prime Minister what is the policy of Her Majesty's Government regarding the circumstances in which the existence of letters to Ministers or to her marked "Private and Strictly Confidential" is denied.

The Prime Minister: I refer the hon. Gentleman to the reply I gave to the hon. Member for Wrexham (Dr. Marek) on 17 January.

Solicitor-General (Letter)

Mr. Gordon Brown asked the Prime Minister if (1) in the course of the inquiry into the leaking of the Solicitor-General's letter of 4 January, any official of the Department of Trade and Industry has been interviewed;

(2) who is conducting the inquiry into the leaking of the Solicitor-General's letter of 4 January; and what resources are being devoted to the inquiry.

The Prime Minister: I refer the hon. Gentleman to the answer I gave to the right hon. Member for Swansea, West, (Mr. Williams) on 16 January at column 629.

Westland plc

Mr. Gordon Brown asked the Prime Minister if she will authorise the publication of the notes prepared by civil servants on 8 January on the meeting between Sir Raymond Lygo and the Secretary of State for Trade and Industry.

The Prime Minister: No.

Mr. Gordon Brown asked the Prime Minister if she will publish the minute of the ministerial meeting on 9 December which discussed the possibility of a further meeting of Ministers in that week.

The Prime Minister: No. the normal rules for the release of Cabinet committee papers will apply.

Mr. Winnick asked the Prime Minister if it was with her authority that an official from her office contacted the British Broadcasting Corporation and asked it not to broadcast an interview to be given by the then Secretary of State for Defence the right hon. Member for Henley (Mr. Heseltine) on 22 December; and if she will make a statement.

Dr. Gilbert asked the Prime Minister if any officials in the Department of Trade and Industry have complained to either the permanent secretary or the head of the Civil Service about the accuracy of the report prepared by Mr. Mogg of the meeting between Sir Raymond Lygo and the Secretary of State for Trade and Industry; and if she will make a statement.

The Prime Minister: No.

Mr. Wrigglesworth asked the Prime Minister if Ministers or officials of Her Majesty's Government have had discussions with members of the United States Administration about the position of Westland.

The Prime Minister: I am not aware of any view or advice offered by the United States Government nor of any request from Ministers and officials of Her Majesty's Government to the United States Government in relation to the position of Westland. Information about the Government's approach has been provided in the normal way.

Mr. Gordon Brown asked the Prime Minister (1) if she will now authorise the publication of the document of 4 October prepared by the Secretary of State for Trade and Industry on Westland helicopters;

(2) if she will now authorise the publication of the document of 18 October prepared by the Secretary of State for Trade and Industry on Westland helicopters.

The Prime Minister: No.

Mr. McNamara asked the Prime Minister (1) whether she authorised Mr. Jeffrey Archer to read the Cabinet and departmental papers relating to the Government's policy towards Westland;

(2) what access to Cabinet papers is given to Mr. Jeffrey Archer.

The Prime Minister: Mr. Jeffrey Archer has no access to Cabinet or departmental papers.

Ministers (Interviews)

Mr. Gordon Brown asked the Prime Minister if she will make a statement on the events surrounding approaches by her press officer to the BBC about the appearance of Ministers on the BBC radio programme "The World this Weekend" on 22 December 1985

The Prime Minister: Against the background of a Cabinet decision on 19 December reported to the House that same day at question time, my chief press secretary, with my authority, sought to persuade neither the Secretary of State for Trade and Industry nor the then Secretary of State for Defence to participate in BBC Radio 4's "World this Weekend" programme on Sunday 22 December. In the course of this, he communicated to the BBC the Secretary of State for Trade and Industry's decision to withdraw his consent to its broadcasting an interview with him which had been pre-recorded. In the event, interviews with both Ministers were broadcast.

Mr. Winnick asked the Prime Minister what is the practice of her press office with regard to making requests to the broadcasting authorities to provide advance information concerning the identity of right hon. and hon. Members who are to be interviewed; if this procedure applies to right hon. and hon. Members of all parties; and if she will make a statement.

The Prime Minister: As part of its co-ordinating function, and to amplify the information contained in the *Radio Times* and the *TV Times*, my press office has a regular two-way exchange with producers of a number of radio and television programmes. The objective is to establish the subjects the producers intend to pursue and the members of the Government they wish, or have arranged, to take part.

commencement of the inquiry into Lloyd's; and if he will give an assurance that the inquiry will be completed before the Financial Services Bill completes all its parliamentary stages;

(2) if he will publish in the *Official Report* the names of the members of the inquiry into Lloyd's.

Mr. Howard: While the inquiry will begin work as soon as possible, I have nothing to add to what my right hon. and learned Friend said in the House during the Second Reading debate on the Financial Services Bill on 14 January and in my reply to the hon. Member for Leeds, Central (Mr. Fatchett) on 15 January.

GEC-Plesseys (Takeover)

Mr. Parry asked the Secretary of State for Trade and Industry what representations he has received opposing the takeover bid by the General Electric Company for Plesseys.

Mr. Howard: It is the normal practice to treat as confidential representations on merger matters, and it would therefore not be appropriate to comment on them.

Mr. Parry asked the Secretary of State for Trade and Industry if he will now refer the proposed takeover of Plesseys by the General Electric Company to the Monopolies and Mergers Commission; and if he will make a statement.

Mr. Howard: I will reply to the hon. Member as soon as possible.

Westland plc

Mr. Dalyell asked the Secretary of State for Trade and Industry whether the official record of his meeting with Sir Raymond Lygo of 8 January was submitted to him for approval before it was finalised; and why the minute of the meeting on 8 January was not signed until 10 January.

Mr. Brittan: The record was read to me over the telephone. The meeting concluded at 17.40 on 8 January, the note was dictated on 9 January, and signed, dated and circulated about lunchtime on 10 January, following confirmation by all those present from the Department that it was an accurate record.

Mr. Dalyell asked the Secretary of State for Trade and Industry if he will publish the draft manuscript notes of 8 January, taken by officials, recorded at his meeting with Sir Raymond Lygo.

Mr. Brittan: No.

Mr. Spearing asked the Secretary of State for Trade and Industry what other minutes or records were made by officials in his Department of his meeting with Sir Raymond Lygo on 8 January other than the single published record sent to the private secretary of the Minister of State, dated 10 January.

Mr. Brittan: The record prepared by my private secretary, and published on 15 January, was circulated following confirmation by all those present from the Department that it was an accurate record.

Mr. Gordon Brown asked the Secretary of State for Trade and Industry if at any time in his conversation with Sir Raymond Lygo on 8 January the question of British Aerospace's withdrawal from the European Consortium on Westland helicopters was discussed.

Mr. Brittan: No.

Mr. Gordon Brown asked the Secretary of State for Trade and Industry what action he proposed at his meeting on 8 January to Sir Raymond Lygo, following his statement that the European consortium bid might affect sales of the A 320.

Mr. Brittan: I said I was ready to act immediately in defending British Aerospace's interest.

Mr. Wrigglesworth asked the Secretary of State for Trade and Industry whether he has had any discussions with representatives of the United States Government about whether the involvement of Fiat in the offer to Westland would bring the company within the United States trade embargo with Libya.

Mr. Brittan: No.

Mr. McNamara asked the Secretary of State for Trade and Industry what access Mr. Jeffrey Archer has been given to his Department's papers relating to Westland.

Mr. Brittan: None.

Mr. Gordon Brown asked the Secretary of State for Trade and Industry why he expected to be consulted by British Aerospace prior to its joining the European consortium on Westlands.

Mr. Brittan: I did not expect to be consulted. I said it might have been helpful if British Aerospace had spoken to me.

British Telecom

Mr. Nellist asked the Secretary of State for Trade and Industry what information he has as to the number of British Telecom shareholders now holding (a) between one and 399 shares, (b) between 400 and 700 shares, (c) between 800 and 1,599 shares and (d) between 1,600 and 1 billion shares; and if he will state for each of the categories (a) to (d) (i) what is the number of shares, and (ii) what percentage of the total shares, including the Government's, that represents.

Mr. Geoffrey Pattie: While this is properly a matter for British Telecom, I understand that the latest information available, showing the pattern of shareholdings at 30 November 1985, is as set out in the table. Figures for category (ii) are only available for holdings between 400 and 799 shares.

Size of holdings	Number of holdings	Percentage of total	Number of shares held (millions)	Percentage of total
(i) 1-399	472,025	28.6	93	1.6
(ii) 400-799	793,786	48.1	362	6.0



Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215 5422
GTN 215
(Switchboard) 01-215 7877

20 January 1986

The Rt Hon John Morris QC MP
House of Commons
London
SW1A 0AA

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Dear John,

You wrote to me on 16 January about the manuscript notes on which my Private Secretary's record of my meeting with Sir Raymond Lygo on 8 January were based. I have now consulted Ministerial colleagues.

It has been the practice never to make public the manuscript notes which lie behind minutes and records of such meetings, and the Government do not intend to depart from that practice.

Let me repeat that the record which my Private Secretary circulated is agreed not just by me but by Geoffrey Pattie and the two senior officials present to be a faithful record of what passed. And you will no doubt have seen from my exchange of letters with Sir Raymond Lygo on 17 January that the controversy that has arisen is now accepted by both of us to be due to a misunderstanding that has been cleared up to our mutual satisfaction.

Yours,
Leon Brittan

LEON BRITTAN

cc
Mr C Powell
Mr M. Stark



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Poling Unit with
on weekend

GD

I'm sorry but the attached
became detached
from main paper. Can
you please tell me the
subject -

Thanks

Margo
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and

10 DOWNING STREET

Prime Minister

This covers much

the same ground as

my own note, which

you have. But it

draws the points

together helpfully.

But I don't

agree entirely with the

statement of the constitutional

position and the role of

Prime Minister.

CDP

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URGENT - WESTLANDS VOTE

THE WESTLAND RESOLUTIONS FOR THE SIKORSKY PROPOSAL WERE DEFEATED AT TODAY'S POLL.

ONE RESOLUTION HAD 65.2 PER CENT SUPPORT FOR SIKORSKY - 34.8 PER CENT AGAINST. THE OTHER HAD 65.4 PER CENT SUPPORT FOR SIKORSKY - 34.6 PER CENT AGAINST. EACH RESOLUTION HAD NEEDED 75 PER CENT TO WIN.

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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

David Norgrove Esq
Private Secretary
10 Downing Street
LONDON SW1

copy

17 January 1986

Dear David

*DN has
seen*

JK

We spoke this morning about my Secretary of State's interview on the "Today" programme on 16 January and the line he had taken on the allegation that an E(A) meeting to discuss Westland on 13 December had been cancelled. I attach a transcript of the relevant part of the interview.

In the event, the press did not raise this issue with my Secretary of State this morning when they interviewed him on the Airports Bill. Nonetheless, he was grateful for the briefing which you provided.

I am sending a copy of the transcript to Mr Ingham who has, I understand, asked to see it.

*Yours sincerely
Jan Cunliffe*

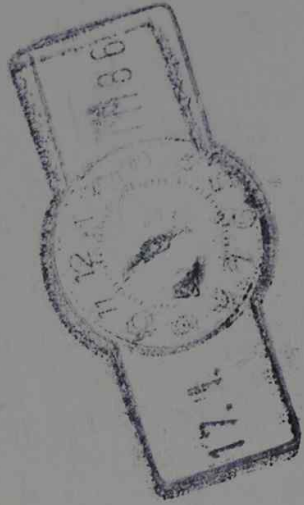
J CUNLIFFE

Private Secretary

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EXTRACT FROM THE SECRETARY OF STATE FOR TRANSPORT'S
INTERVIEW ON THE TODAY PROGRAMME, 16 JANUARY 1986

I do not know which question you mean. Certainly I would not answer questions other than those about which I know but I do know about the postponed Friday meeting or the cancelled Friday meeting. The conditions under which any such meeting was necessary were not fulfilled. The Defence Secretary, then Michael Heseltine, was given the chance to put his European bid together. He did do that and therefore there was no need to have a meeting at all. I remember standing by that week to see if there was going to be a meeting and I was relieved to find that there wasn't, because I could not see any point in it at all. He wanted to have another meeting in the hopes of reversing a decision which had already been taken against his wish because he was in a minority. I cannot see what is wrong with that.





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Secretary of State for Trade and Industry

PS/

17 January 1986

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Prime Minister
MS → *CDP 17/1*

Dear Charles,

WESTLAND : EXCHANGE OF LETTERS WITH SIR RAYMOND LYGO

.. I attach copies of the exchange between Sir Raymond Lygo and my Secretary of State. These will be released to the press at 2.30pm today.

2 Copies of my letter and its enclosures go the Private Offices of all Cabinet colleagues and to Michael Stark in Sir Robert Armstrong's office.

Yours sincerely,

J F Mogg

J F MOGG
Private Secretary

JF6AAF



Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY

1-19 VICTORIA STREET

LONDON SW1H 0ET

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17 January 1986

Admiral Sir Raymond Lygo KCB
Managing Director and Chief Executive
British Aerospace plc
100 Pall Mall
LONDON SW1

Dear Sir Raymond,

Thank you for your letter of today's date.

I am most grateful to you for writing. I believe the misunderstanding between us has now been cleared up. Certainly I do not question - and have never sought to question - your integrity, either personally or as Chief Executive of British Aerospace.

*Yours sincerely
Leon Brittan*

LEON BRITTAN

British Aerospace

PUBLIC LIMITED COMPANY

100 PALL MALL LONDON SW1Y 5HR

TELEPHONE 01-930 1020

From the Chief Executive

SIR RAYMOND LYGO, KCB

Rt. Hon. Leon Brittan, PC, QC, MP,
Secretary of State for Trade & Industry,
Room 803,
Department of Trade & Industry,
1-19 Victoria Street,
London,
SW1.

17th January, 1986

Dear Secretary of State,

As we have stated publicly, British Aerospace regrets the controversy which has developed over what was said at the meeting held in your office on 8th January, 1986 and, of course, I totally share that view. We have not sought this situation, nor at any time has the Company or I sought to question your integrity. I understand that likewise you are not questioning my own integrity either personally or as the Chief Executive of British Aerospace.

In the House of Commons yesterday, in answer to questions, the Prime Minister did not demur from the view that there must have been a misunderstanding of the remarks you made to me at the meeting. I understand that you have since expressed your assent to that general proposition. I welcome this. If, indeed, you said only that it was in the national interest that the present uncertainty over Westland's future be ended as soon as possible and not, as I previously understood you to say, that the continuing campaign on behalf of the European Consortium was against the national interest, I would accept that. I also accept that you at no time said that "British Aerospace should withdraw from the European Consortium", nor have I ever suggested that you used those words. However, in the course of our discussion of the possible risks to British Aerospace of the leading role we had recently adopted in support of the European Consortium - risks which we mutually recognised - we discussed the possibility of the Company reverting to the lower profile it had previously adopted in order to lessen those risks. I believe it may have been during this part of our conversation that an unfortunate misunderstanding arose and it may well be that you intended to infer that, in view of British Aerospace's wider interests, I personally should withdraw in the sense of lowering my profile as spokesman for the Consortium.

Continued/...

From: Sir Raymond Lygo, KCB

Continuation Sheet

- 2 -

I notice there are certain other discrepancies in our respective records of the meeting, but these appear relatively minor.

I very much hope the matter can be left on this basis.

I have shown this letter to my Chairman, Sir Austin Pearce, who fully approves its content.

Yours sincerely,
Ray Lygo



2

10 DOWNING STREET

Pine Martin

This is the Nicholas
Ridley interview about
what you were asked at
Quebec yesterday.

As you will see, it
is essentially OK.

A

ms

NICHOLAS RIDLEY - INTERVIEW ON WESTLANDS DEBATE (EXTRACT)

Transcript from: BBC Radio 4, Today, 16 January 1986

INTERVIEWER: ... Well now Mr Ridley, will the Government welcome some kind of proper enquiry conducted by a select committee?

RIDLEY: Well now let me say something first about the issue. It seemed quite surely to me we took as a Cabinet a decision that none of us would back either alternative. Mr Heseltine campaigned openly and publicly for 3 or 4 weeks for the European solution. Now he, of all people - and indeed perhaps John Smith and David Steele would see the point here, has turned round and accused somebody else of campaigning - whether he did or not, I don't know what Leon Brittan said at the meeting I wasn't there. But it is I think very well worth while pointing out - and I hope that if there is an enquiry the committee will examine this point - how it came to be that Mr Heseltine was able to feel free to lecture his colleagues about collective responsibility and how we should all say nothing about the matter at all while going round openly and publicly promoting one side in the dispute. That seems to me to be the impropriety. And I agree that it did damage the Conservative Government at the time. And I'm in a way quite glad that he now pursues his campaign from the Back Benches because it's much less damaging to the Government.

DAVID STEELE: I thought he put a very effective case yesterday and raised a lot of questions; including these new ones which John Smith's already referred to about the ambassador's telegram to Rome and cancelling interviews with the BBC. I take you have permission to appear here this morning Nicholas? It's very nice to see you.

RIDLEY: It's very nice to see you and can I just say a word about that telegram to Rome. Every week all the Embassies are circulated with a routine telegram saying what the Government's policy is on various issues. The Government's policy on this issue is that we would not back

Other side and that's all the telegram said, I've seen it. But it was Mr Heseltine who was backing the European consortium and he had every right to be rebuked by a telegram from the embassy because he was indeed breaking Government policy which was not to favour either bid.

JOHN SMITH: but that's what's gone wrong, one thing for the public and another thing in private.

RIDLEY: But surely that's very much the point. Michael Heseltine was campaigning in public. Now the only thing that would affect the outcome of the shareholders' decision would be campaigning in public. Now I don't know what Leon Brittan said at that meeting or on any other occasion. I wasn't present at any of those meetings. But let me tell you this; that if you just were an outsider, a shareholder, you got a totally neutral response from the Government and there out on a limb all by himself was Michael Heseltine screaming from the rooftops against the collective decision of the Cabinet that that neither of us would say anything So that's what needs investigating, that's what this committee - if there's going to be one - needs to look into. The gross betrayal of his loyalty to his colleagues and I think it should be most certainly investigated as to why he felt so free to do.

STEELE: That is not the impression we were left with at the end of the debate last night I must say. Surely the decision of the Cabinet was that the shareholders of Westlands should be given a choice and that therefore Michael Heseltine was charged by all means to go ahead and get together a European consortium. You call that campaigning I would call it carrying out the instructions which the Cabinet decided. And where I think there has been a failure of Cabinet government, and therefore the Prime Minister is responsible, is that having put that together the Cabinet did not then properly consider the various offers that were available and whether there should be a Government line and the whole matter was left in disarray.

RIDLEY: That's absolutely wrong you see because we couldn't effect any decision. Supposing we had chosen one or the other options. The only way to do it was to nationalise Westland and sell it back to the preferred group we wanted to buy it. Now it is implicit in Mr Heseltine's whole position that he wanted to force in some way his own solution on the shareholders. As it is the shareholders are clearly in a majority in favour of the American bid. So how on earth could we have done that?

INTERVIEWER: ... because we're all still left waiting for the answers to the questions that Mr Brittan didn't have time to answer because his speech finished. Mr Ridley, are you in a position to answer those question?

RIDLEY: I don't know which question you mean. Certainly I wouldn't answer questions other than those about which I know. I do know about the postponed Friday meeting, or the cancelled Friday meeting. But the conditions under which any such meeting were necessary were not fulfilled. The Defence Secretary then Michael Heseltine was given the chance to put a European bid together. He didn't do that and therefore there was no need to have a meeting at all. I remember standing by that week to see if there was going to be a meeting and I was relieved to find that there wasn't because I couldn't see any point in it at all. He wanted to have another in the hopes of reversing a decision which had already been taken against his wish because he was in a minority. I cannot see what's wrong with that.

INTERVIEWER: But who leaked the Mayhew letter for instance, was it somebody in Mr Brittan's department? Did Mr Britten know? These were the questions that we hope we were going to get answered.

RIDLEY: Oh I don't know. I really don't know who leaked any letter. There's leaks everyday I'm afraid. I wish I knew who did them.

INTERVIEWER: And who are we to believe about the Ligo meeting?

RIDLEY: Well I don't know what happened at the Ligo meeting nor I suspect will ever anybody ever know apart from those who were there and they are telling very different accounts of what took place. I don't see what an enquiry or a committee is going to find out about that. It's a question of what was actually said and as there's no tape recorder present it will never be known.

010



Discussed changes
with RTH + told
Hayes office

MW
.7.1

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A086/174

17 January 1986

Dear Sir Brian,

We spoke about a reply to the letter which your Secretary of State has received from Mr John Morris.

As I told you, I had an opportunity of discussing this with the Prime Minister who was unambiguously clear that John Mogg's manuscript notes should not be made available. Apart from the general unsuitability of making such notes available, to do so in this case would simply fuel the argument about this particular meeting, at a time when there is some hope of it dying down. Nor do I think that it would be particularly helpful to the Secretary of State's argument to make the notes publicly available: they would be subject to close analysis for any signs of minor discrepancies, each of which would give rise to a new argument.

--- I promised to suggest a draft reply to Mr Morris. I attach a suggested draft herewith.

I am sending copies of this letter and the draft to Nigel Wicks and John Mogg.

Yours sincerely,
Michael Stark
for Sir Robert Armstrong

Sir Brian Hayes KCB

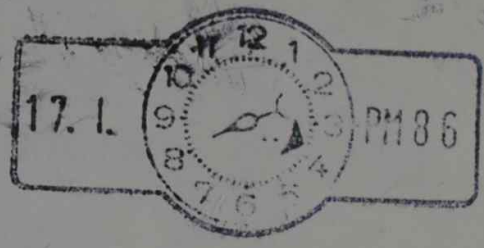
DRAFT LETTER FROM THE SECRETARY OF STATE FOR TRADE
AND INDUSTRY TO THE RT HON JOHN MORRIS QC MP, HOUSE
OF COMMONS

You wrote to me on 16 January about the manuscript notes on which my Private Secretary's record of my meeting with Sir Raymond Lygo on 8 January was based. I have now consulted Ministerial colleagues.

It has been the practice never to make public the manuscript notes which lie behind minutes and records of such meetings, and I do not intend to depart from that practice in this instance. It would be quite unfair to all concerned - participants as well as officials who record meetings - to do so. Officials are expected and can, as you know, be trusted to produce accurate and faithful records of meetings. The exact means they employ to do so vary from one to another. Notes made during meetings are not verbatim transcripts or shorthand notes; they are rough and often sketchy notes, often made in considerable haste if it is a fast-moving discussion, to serve as aids to the memory of the official when he comes to dictate or write the full record or minute.

Memory is just as important as the contemporaneous written notes when it comes to making the full record. It would be unreasonable to expect a perfect fit between the contemporaneous notes and the final record, and it would be misleading to assume that the contemporaneous notes are necessarily a complete and comprehensive account of what passed.

As far as that goes my Private Secretary's record of this particular meeting is perfectly consistent with his contemporaneous notes. ^{but we repeat} But the important point is that the record which my Private Secretary circulated is agreed not just by me but by Geoffrey Pattie and the two senior officials present to be a faithful record of what passed. And you will no doubt have seen from my exchange of letters with Sir Raymond Lygo today that the controversy that has arisen is now accepted by both of us to be due to a misunderstanding that has been cleared up to our mutual satisfaction.



C D Powell Esq

CDP



With the Compliments of the

Private Secretary

Minister of State for Defence Procurement

MINISTRY OF DEFENCE, WHITEHALL, S.W.1



MINISTER OF STATE FOR DEFENCE PROCUREMENT

D/MIN/NL/14/2

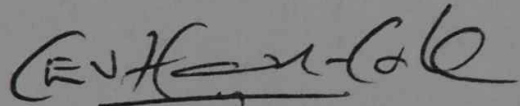
17th January 1986

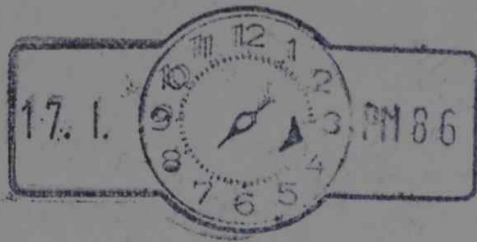
APS/Secretary of State	AUS(EC)
PS/US of S (DP)	AUS/Air(PE)
PS/PUS	DPP
PS/CDP	D of DEC
PS/CDEC	Mr C D Powell (PS/Prime Minister)
PS/CA	PS/Secretary of State for Trade and Industry
PS/DUS(DP)	
DCA	

WESTLANDS: TELEPHONE CALL FROM MR VAN HOUWELINGEN, NETHERLANDS
MINISTER OF STATE FOR DEFENCE

Mr van Houwelingen rang Mr Lamont at 1200 on 17th January to discuss a number of defence procurement issues, including the position of Westlands. Mr van Houwelingen reported that the French, German, Italian and Spanish Governments were preparing a declaration to continue co-operation in the development of helicopters. So far, there had been problems between the industries of the countries and France, Germany and Italy were reluctant to co-operate with Westlands. Mr van Houwelingen believed that it was important to find ways of continuing European collaboration on helicopters, but he appreciated that it was difficult for Mr Lamont to give any undertaking.

2. Mr Lamont replied that although Mr Heseltine was no longer Secretary of State, Mr Younger and he remained firmly committed to European collaboration in defence procurement whenever this was sensible. Whatever the outcome of the Westland shareholders' meeting, the British Government remained anxious for Westland to continue their collaboration in Europe; the Government did not want to see this co-operation end, even if the Sikorsky bid was accepted. Mr Lamont noted that it was important that those involved should take no firm stand before the future of Westlands was known. Mr van Houwelingen agreed with this.


PP (J P H Harrison)
APS/Minister (DP)
Ext: 6621 MB





①
M

10 DOWNING STREET

Prime Minister

These questions may
be of intrinsic interest.
But I am bound to
say that I hope
we shan't pose them.
I see no advantage
in prolonging controversy
on this issue, least
of all with British
Aerospace. Agree? Yes
not

CJP 17/11

MR INGHAM

file VC.
Mr Wicks
Mr Powell
Mr Norgrove
Mr Addison

INFORMATION RELEASED TO THE PRESS

As you know, when material is released to the press, eg the British Aerospace exchange of correspondence, we need to send such correspondence in parallel to various place in the House, eg the Opposition, the Library, etc. This needs to go over at the same time as, or preferably slightly earlier, than released to the press if we are to avoid accusations of treating the press more favourably than Parliament. It is of course my job to make sure that this gets done but could I remind everyone concerned that when we do release material to the press Parliamentary Questions are informed in good time since it is they who are responsible for the mechanics of getting things over to the House.

TIM FLESHER

17 January 1986

VC4AEH



COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA
01-219 5469 (Direct Line)/5776/5777/5779
01-219 3000 (Switchboard)

TRADE AND INDUSTRY COMMITTEE

INFORMATION FOR THE PRESS

1 WESTLAND PLC

At its meeting yesterday the Committee decided that at its meeting on Wednesday 22 January it would consider whether or not to carry out an inquiry into Westland Plc.

Further press statements will be issued in due course.

2 THE TIN CRISIS

The Committee will take oral evidence on the above inquiry at 10.45 am on Wednesday 22 January in Committee Room 15 in public from Mr K H Wallis, Chairman and Mr K A Gilbert, Executive Deputy Chairman, Geevor Tin Mines plc; Mr A Holman, from N Holman and Son, and a representative from the Camborne School of Mines.

Sally de Ste Croix
Simon Patrick

Clerks to the Committee



cm

PRIME MINISTER

c.c. Mr Alison
Mr Ingham
Mr Powell

Enoch Powell has sent you a copy of the speech he is making tomorrow evening, Friday, 17th January.

In it he claims that you have been blackmailed by the Americans into promising that Sikorsky should be the Westlands choice!!!

Shana

PP STEPHEN SHERBOURNE
16.1.86

Extract from a speech by the Rt Hon. J. Enoch Powell, MBE,
to an Election Meeting at the Leisure Centre, Newcastle,
Co. Down, at 8 p.m., Friday, 17th ~~June~~ ^{January} 1986.

Who would have thought that the Westland Helicopter affair would turn up precisely during the Ulster by-elections to cast a shaft of light upon the Anglo-Irish Agreement? In the immortal words of Tess of the D'Urbervilles "'Tis just the same". The identity emerges from certain American warnings and recriminations which have been conveniently leaking out.

If Sikorsky was not to be the choice for Westland, all kinds of lucrative defence contracts that might otherwise have come to Britain would be withheld. So the pretty little picture builds up. The Prime Minister was blackmailed by the Americans into promising that Sikorsky should be the Westland choice. She dared not, however, disclose, even to the Cabinet, let alone to the public, under what duress she was interfering in the decision of a private company: it would be too humiliating for the Queen's Chief Minister to confess that she and the Government are manipulated by American blackmail.

There had therefore to be a cover story for public consumption: true to the pure principles of capitalism, the Government would not interfere with the decision of the shareholders. But, meanwhile, a luckless Minister, not fully into the secret of the blackmail, must be entrusted with the task of browbeating the Board of the company in private with vague talk about the national interest. The dodge could have worked, and very nearly did; only that the Secretary of State for Defence was not made, or not made early enough, a party to the plot, and went and got himself up to the knees in a European alternative.

So what relevance has this to the miserable event at Hillsborough on 15th November, when the Prime Minister with as much relish as if she had been eating wormwood signed an agreement to give the Irish Republic an unprecedented role in the internal government of a part

of the United Kingdom? It so happens that the Americans have also been threatening the Irish government with dire punishment unless it joins Reagan in imposing sanctions on Libya. The punishment is noteworthy. The Republic will not be given its share of the large American grant promised to what are called "both parts of Ireland" in consideration of the Anglo-Irish Agreement.

So the Agreement was made in pursuance of a deal by the British and Irish governments with the U.S.A. under which, if they made an agreement about Ulster satisfactory to America, a handsome bribe, dressed up as economic aid, should be forthcoming for each of them. They made the Agreement all right. And now comes the United States and tries to blackmail the Republic into imposing sanctions on Libya by threatening to withhold the promised bribe. That may well be the dirtiest trick since Wotan tried to cheat the giants who built Valhalla for him; but, dirty or not, it is deeply instructive.

First, it proves that the motivation for Britain's capitulation at Hillsborough was the desire to gain American favour or escape American sanctions. The deal was procured by American bribery and American blackmail. All that business about reconciling what are called "the two communities" in Ulster and combating terrorism was simply cover story to amuse the innocent lobby fodder in the House of Commons and give the Press something sentimental to scribble. We have not of course necessarily learnt what other bribes were offered nor the nature of the blackmail exerted over Britain by the United States. All we know is that it was strong enough to break the Prime Minister's attempt to insist, up to a late stage in the negotiations, on the Republic renouncing its constitutional claim to the territory of Northern Ireland. The accord had to be made, the terms dictated by the Republic with American backing had to be swallowed.

The second lesson for us in this little episode is that there is not necessarily any direct connection between the means of extortion

which America employs and the objectives which they are used to extort. The American blackmail used to extort the Anglo-Irish Agreement and thus, so the U.S.A. imagines, open the way to an Ireland in the Western Alliance need not have had anything to do with Ulster itself: they could have involved quite other areas in which America can squeeze or frighten Britain - just as Star Wars contracts can be used to further the American helicopter industry, just as economic aid to the Irish Republic can be withheld to secure sanctions against Libya. The brutal cynicism of the United States is not particular about the choice of weapons.

There is a current mood for demanding candour from Her Majesty's Government. When the critics have got tired of hunting the Sikorsky trail, they could do worse than turn the same pack of hounds on to a bigger quarry. What, we are entitled to be told, was the nature of the inducements or the threats, or both, which constrains Mrs Thatcher to assist the United States, if I may use an apt formulation of a recent press report from Dublin, in "buying out Eire neutrality at the expense of Ulster"? The answer could be quite important.

A DTI official

has listened to

the tape.

Mr. Brittan

indisputably said

"gave" not "gained"

CDP

010



Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET 5422
Telephone (Direct dialling) 01-215
GTN 215
(Switchboard) 01-215 7877

16 January 1986

Rt Hon John Morris QC MP
House of Commons
London
SW1A 0AA

1 FF. NW
2 F
NW to all
EXP 16/1

Dear John,

Thank you for your letter of this morning, following last night's debate on Westland plc.

In answer to your first point, I did not see the minute before it was finalised but it was read to me over the telephone.

In answer to your second point, the meeting concluded at 17.40 on 8 January, the note was dictated on 9 January, and signed, dated, and circulated about lunchtime on 10 January, following confirmation by all those present from the Department that it was an accurate record.

With regard to your subsidiary point I will reply when I have considered the matter with my ministerial colleagues.

Leon Brittan

LEON BRITTAN

cc:
Mr C Powell, PS/Prime Minister
Mr M Stark, PS/Sir Robert Armstrong





M J Powell

CDD 16/1

To:

1. MR MACDONALD
2. PS/SECRETARY OF STATE

cc. PS/Mr Pattie
 PS/Mr Morrison
 Sir Brian Hayes
 Sir Jeffrey Sterling
 Mr Whittingdale
 Mr Macdonald
 Miss Bowe
 Mr O'Shea
 Mr Wicks - No.10
 Mr Wiggins - Cabinet Office

From:

M J MICHELL
 US/AIR
 VA 7/2
 215 4377

16 January 1986

WESTLAND: SIR RAYMOND LYGO'S NOTE

Sir Raymond Lygo has now published his own record of his meeting with the Secretary of State on 8 January on which Sir Austin Pearce's letter was based.

2. In several respects the note differs from Sir Austin's letter. Indeed, I believe it gives an account of the meeting nearer to your own record (now published).

3. Note particularly:

- i) The order of the discussion is much closer to that in your own note and makes clear that the Secretary of State opened by expressing his concern about possible risks to BAe's business in the US.
- ii) It clearly emerges that the Secretary of State's concern was not that BAe was a participant in the consortium, but that, having originally taken a "low profile" the company had now "become more vocal and up-front".
- iii) Sir Raymond's note confirms the accuracy of your record of his remark about the views of BAe's US subsidiary. This was not in Sir Austin Pearce's letter.



- iv) Sir Raymond's account of the conversation on the NADs recommendation confirms yours. Interestingly his note records his view that the NADs recommendation, as originally worded, was not conducive to free trade.
- v) On the point about relations with MOD and DTI Sir Raymond's note has the Secretary of State saying that "sometimes one had to disagree with one's major customer if it was in the long term interest of the company, and he reminded me that the DTI was our sponsoring Department and that he thought we should have discussed the matter with him and with the DTI before we had proceeded to join the Consortium." Later, Sir Raymond's note says "we parted on this note and with a final reminder, looking at me fixedly, that the DTI was our sponsoring Department."

None of this appears to substantiate the innuendo in Sir Austin's letter (bottom of p.3) relating to an alleged connection between the Secretary of State's remarks and a possible Airbus proposal. The Secretary of State's remarks about BAe's long term interests, as recorded by Sir Raymond, are entirely proper remarks for a sponsoring Minister to make.

- vi) Sir Raymond's note suggests the Secretary of State said BAe should have discussed the matter with the DTI before joining the Consortium. This is different from Sir Austin's letter which says consult. Sir Raymond's account is near to yours which says "it might have been helpful if BAe had spoken to him initially".



vii) On the national interest, Sir Raymond's account tends to confirm your record that it was the continuing uncertainty that was said by the Secretary of State to be against the national interest, not BAe's actions, as stated in Sir Austin's letter. Sir Raymond's note says "He [the Secretary of State] said he thought this continuing campaign was against the national interest".

viii) On withdrawal, Sir Raymond's account again tends to confirm yours. Sir Raymond's account suggests that the word "withdraw" was used not in the sense of BAe withdrawing from the consortium, but of withdrawing their public position from one of dominant leadership to one of lower profile within the consortium. In Sir Raymond's account, this passage immediately follows (quite correctly in my view) the discussion about the risks to BAe's US business of BAe adopting a leading role.

ix) As to "looking at me fixedly", if I may be forgiven a personal comment, it is in my experience a habit of the Secretary of State to look at people quite directly or "fixedly" (whatever that means) when making a point.

4. The following other points might be made on Sir Raymond's note:

a) It corroborates that the Secretary of State took the opportunity of Sir Raymond already being in the building to see him.



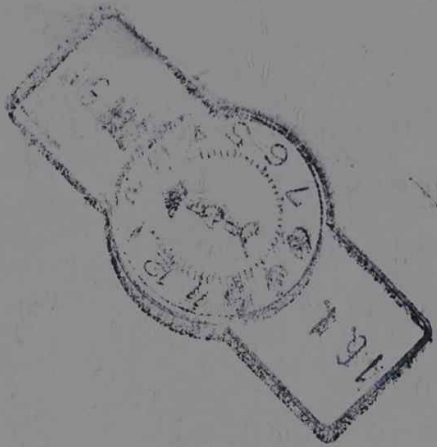
- b) Sir Raymond's "surprise" at finding the Secretary of State accompanied by Mr Pattie and Mr Macdonald is odd since they had all come upstairs together. (Mr Michell had in fact intended to go to Mr Pattie's earlier meeting, but urgent work had intervened and, knowing that Mr Macdonald would be there, he had decided to give that work priority.)
- c) Sir Raymond did not take notes at the meeting. According to Sir Austin's letter, Sir Raymond made his notes "immediately after the meeting". Sir Raymond's own note suggests that he "jotted down" the points made during the Board meeting which he refers to as starting at 5.30pm. The implication is that his note was prepared at some time after the Board meeting ie some hours after the meeting with the Secretary of State.
- d) The recollection of Mr Macdonald and myself corroborates your account that the remark drawing attention to your note-taking was made at the very end of the meeting, not during it as Sir Raymond suggests.
- e) As to "unpleasant atmosphere", opinions can legitimately differ, but I would personally not corroborate such a description. I recall laughter at least twice during the meeting (and again at the remark about note-taking, which in my recollection was made in a jocular vein). I recall personally greeting Sir Raymond by his christian name, as I usually do. He appeared, as usual, relaxed, although clearly listening with attention to the points made.



It appeared to me that a friendly atmosphere was in fact created by the close agreement between the Secretary of State and Sir Raymond on the risks of arousing US protectionist sentiment. Generally, the meeting appeared to me to be typical of the sort of frank and cordial exchange we normally have with the top management of BAe, whom we know well and see regularly.

A handwritten signature in cursive script, appearing to read 'M J Michell'.

M J MICHELL



Ref. A086/165

SIR ROBERT ARMSTRONG

Mr John Morris MP has sent a letter to the Secretary of State for Trade and Industry asking for information on various points concerning the Lygo meeting: and in particular has requested the release of the manuscript notes taken at the time by his Private Secretary. I understand that, in consultation with No 10, it is intended to respond to the letter immediately. I was asked to provide a draft on the last point. I have offered the following:

"You ask that the manuscript notes taken during the meeting by my Private Secretary should also be released.

[I do not think this would serve any useful purpose. The notes would add nothing to the record which has already been released, and which I, Geoffrey Pattie and the three civil servants who were present ^{confirm is an} believe to be a full and accurate record of the discussion."]

MS

M C STARK

16 January 1986

Mr Powell

I understand that SS/TI wd. prefer to say "that is not a decision for me to take".

Written Answers to Questions

Thursday 16 January 1986

AGRICULTURE, FISHERIES AND FOOD

Drugs

Mr. Dalyell asked the Minister of Agriculture, Fisheries and Food what representations he has received from the British Veterinary Association, the National Farmers Union, and the Consumers Association, about a black market in the growth boosting drugs, after the European Economic Community hormone ban; and if he will make a statement.

Mrs. Fenner: I am aware of the concern felt in many quarters on this aspect, and we have drawn it to the attention of the Council of Ministers, although no formal representations have recently been made to me.

Crayfish

Mr. Onslow asked the Minister of Agriculture, Fisheries and Food (1) what action his Department has taken under the Import of Live Fish (England and Wales) Act 1980 to prevent the import of American signal crayfish;

(2) what action he is taking following the observations in the 11th report of the Nature Conservancy Council on the spread of crayfish plague in British waters; and if he will make a statement.

Mr. Jopling: Unfortunately, the considerable practical difficulties involved in combating a disease which attacks wild fish in their natural environment mean that efforts now to eradicate crayfish plague would almost certainly be unseccessful. Moreover, the necessary restrictions on all imports of live crayfish, including those for the table, and controls on their movement throughout England and Wales would be highly disruptive to trade and expensive to enforce. For these reasons we have not taken any action to control imports of signal crayfish or to restrict or monitor their movements in this country.

Mr. Onslow asked the Minister of Agriculture, Fisheries and Food why his Department has continued to provide support from public funds for an organisation which markets American signal crayfish in view of the health record of imports of such fish.

Mr. Jopling: In 1981 the Government contributed towards the cost of a feasibility study into the co-operative marketing of crayfish matured in this country. The grant was made under the agricultural and horticultural co-operation scheme which was then administered by the Central Council for Agricultural and Horticultural Co-operation (now Food from Britain). As a result, the British Crayfish Marketing Association was established and in 1982 it received a very small grant towards its formation costs. My Department has made no further payments to the BCMA.

River Mersey (Silt Dumping)

Mr. Wareing asked the Minister of Agriculture, Fisheries and Food if he will make a statement on the current position regarding the issuing of a dumping licence for silt dredged from the River Mersey, its adjacent docks, locks and channels.

Mr. Jopling: The licences issued under the Dumping at Sea Act 1974 for the disposal to sea of dredge spoil from the River Mersey and its environs expired on 31 December 1985. Applications for their renewal were not received until well into the month of December. As it usually takes about two months for applications to be fully considered by our scientific advisers, the old licences were extended until 28 February to allow time for proper assessments to be made.

Under the Food and Environment Protection Act 1985, which now governs the issue of licences for sea disposal, Ministers are required to have regard to the protection of the marine environment, the living resources which it supports and human health. We shall take full account of these considerations and all other relevant factors in coming to decisions on these applications, which we expect to reach well before the end of February.

Nets

Mr. Onslow asked the Minister of Agriculture, Fisheries and Food if he plans to seek further controls over the use of nylon monofilament nets in England and Wales.

Mr. Gummer [*pursuant to his reply*, 15 January 1986, c. 579]: No. I would refer my hon. Friend to the reply given to my hon. Friend the Member for Eastleigh (Sir D. Price) on 29 November 1985, at column 702.

ATTORNEY-GENERAL

Official Secrets Act

Mr. John Morris asked the Attorney-General whether he will refer the apparent breach of any security involved in the disclosure of the contents of the recent letter of the Solicitor-General to the right hon. Member for Henley (Mr. Heseltine) to the Director of Public Prosecutions for his consideration and advice as to whether a decision to prosecute under section 2 of the Official Secrets Act should be taken.

The Attorney-General: An internal inquiry has been instituted into the matter to which the right hon. and learned Gentleman refers. When it has been completed—and it is still some considerable way from being completed—I shall be in a position to consider whether it is appropriate to follow the procedure which he suggests.

SCOTLAND

Summerston Shopping Centre, Glasgow

Mr. Craigen asked the Secretary of State for Scotland when the Scottish Development Agency hopes to complete its arrangements with Glasgow district council for landscaping the coup at the Summerston shopping centre, Glasgow.

MR. WICKS

cc Mr. Powell
Mr. Norgrove

You asked me to look into the time of arrival of the letter from Sir Austin Pearce on Monday. I have now spoken to Margo, Charles and David, and drawn up this revised account.

Margo Hamilton was the Duty Clerk on the desk from 1000 to 1330 on that day, and the letter was brought through to her by hand from the Front Door during that period. Margo believes that this was some time after 1100, probably at about 12 noon.

Margo recalls opening it. It was sent down to the Garden Rooms, but, as far as we know, was then returned to the Private Office and placed in David Norgrove's tray (though I should say that Vanessa Cummings, who would have sorted the letter in the Garden Rooms, does not remember that one specifically).

We cannot be sure exactly when this took place. But David Norgrove believes it was not in his tray when he went for lunch at 1335 but was at the top of it when he returned at 1415.

Charles met the Prime Minister at the end of the lunch with the 2000 Group, which broke shortly after 1430, which is when she would first have been aware of the letter.

MAA

(Mark Addison)

16 January 1986

CRUELTY TO ANIMALS (AMENDMENT)

Mr. Harry Cohen accordingly presented a Bill to prohibit all tests of cosmetics, tobacco and alcohol and similar experiments on animals; to prohibit the draize eye irritancy test and the LD50 poisoning test; to prohibit behavioural and psychological experiments on animals; to prevent use of animals in warfare trials or experiments; to abolish the practices of hare coursing, and fox and stag hunting; to prohibit the use of domestic animals in animal experiments; to increase the penalties for convictions of causing, procuring or assisting at the fighting or baiting of dogs, cats or other domestic animals; to ban the import and sale of bull terriers and the advertising of fighting dogs for sale, including the advertising of qualities related to fighting; to regulate laboratories in which animals are bred; to reconstitute the Advisory Committee on Animal Experiments; and to promote alternatives to animal experiments: And the same was read the First time; and ordered to be read a Second time upon Friday 7 February and to be printed. [Bill 58.]

Opposition Day

[3RD ALLOTTED DAY]

Westland plc

Mr. Speaker: Before we embark upon this important debate I must announce to the House that I have selected the amendment in the name of the Prime Minister.

3.45 pm

Mr. Neil Kinnock (Islwyn): I beg to move,

That this House, noting the serious allegations made in public by the former Secretary of State for Defence, the Right honourable Member for Henley, about the conduct of the Government in respect of Westland plc, and aware of the major implications for defence procurement, manufacturing industry, technology and employment, calls on Her Majesty's Government to make arrangements to set up a Committee of the House to consider the issues raised by the matter, ensuring that such a Committee would be provided with all the relevant documents and letters, many of which have been publicly referred to but not yet published, in order to establish for the nation a truthful record of the events relating to the present and future position of Westland plc.

This debate is about helicopter manufacture and the industries related to it. It is about technology and certainly about employment. It is a debate about defence procurement policies and about European co-operation. Indeed, it has now apparently become an issue which affects the stability of interest rates.

The debate on Westland plc is about all those things but most of all it is about something even more elementary, even more basic in our political life. For I consider that the debate most of all is about the truth; that is why, despite her reluctance to come to the House to make a statement, it was essential that we secured the presence of the Prime Minister to speak in the debate today. It is not just because of the complete collision of testimony about Government conduct in relation to the affairs of Westland plc, nor indeed because the right hon. Lady has ultimate responsibility for all the activities of Government; it is mainly because of the right hon. Lady's particular system of rule and her particular involvement in the issue of Westland plc.

That the Prime Minister is domineering is not a matter of contention or doubt. The whole country knows that. Indeed, there is a growing entertainment industry based entirely upon that fact. What is less obvious and much more serious is that that domineering attitude in a system of Cabinet government in a democratic country has enormous effects on the whole course and style of the way in which our country is governed.

In such a system of Cabinet government it is simply not possible to dominate absolutely and continually on the merits of argument because there are always other good arguments in fair contention. Nor is it possible to dominate always by patronage or even by petulance. To dominate absolutely it is necessary for the domineering to employ other techniques, and plainly they include tactics which go well beyond the bounds of clever politics and become systematic connivance against Cabinet colleagues for the purpose of achieving a particular end.

When those people who will not concede to domination or bullying or will not back down, really make up their minds they must be undermined, isolated or bypassed. The

[Mr. Neil Kinnock]

right hon. Lady has had some success with the system of rule by overrule because she has taken the precaution, generally speaking, of surrounding herself with some jelloid Ministers. But sooner or later someone was bound to resist, even to the point of resignation, and that day arrived last Thursday.

In the course of that resignation the right hon. Member for Henley (Mr. Heseltine) made some serious charges about the conduct and course of the Government. His charges relate mainly to the events on 4 and 18 October; 4, 5, and 9 December; 11 and 12 December; 30 and 31 December; 6 January, when the Solicitor-General entered the fray; and the 8 January meeting between the Secretary of State for Trade and Industry and Sir Raymond Lygo, chief executive of British Aerospace.

Those charges made by the right hon. Gentleman must be answered in detail by the Prime Minister today. Some of them should be easy to deal with if they are false or at all misleading. For instance, the right hon. Lady can determine the veracity of the right hon. Gentleman about the minutes of meetings on 4 and 18 October, to which she has continually referred, by publishing those minutes, including all the details of the meetings that took place and the consideration that took place. It would not be a great leap out of security or secrecy for her to do so.

Before Christmas, sections of the minutes of the 4 October meeting were freely discussed and quoted in the press. Last Monday night, on "Panorama", the minutes of the 18 October meeting were quoted in part. Indeed, *The Times* on 14 January reported that the Government "took the unprecedented step of quoting from the minutes of two ad hoc meetings of ministers held on December 4 and 5 in an attempt to undermine Mr. Heseltine's resignation statement." Therefore, it cannot be too much to ask that the same treatment is given to the minutes of other ad hoc meetings in October.

In his resignation statement, the right hon. Member for Henley alleged that, after his efforts in November—undertaken at least with the acquiescence of the Government—to secure a recommendation from the European national armament directors to extend the 1978 declaration on helicopter procurement, he encountered unexpected and strong opposition to his views at an ad hoc ministerial meeting on 4 December, and then at another on 5 December. He encountered further strong resistance at the Economic Committee meeting on 9 December, so he tells us, and that opposition came not from the Secretary of State for Trade and Industry but from the Prime Minister. It appears that that opposition was based on the right hon. Lady's efforts to set aside the recommendation of the national armaments directors that the right hon. Gentleman had painstakingly accumulated in the days at the end of November.

I must ask the Prime Minister why she took that course at those meetings and why she has pursued that course so avidly. I must ask her the question that *The Times* put yesterday, about

"why, and in what circumstances, the decision of the national armaments directors in favour of European helicopter procurement was set aside."

The Times continued:

"Was it merely *not endorsed*, as Downing Street would have us believe, or deliberately shelved, as Mr. Heseltine argues? If it was shelved why was it shelved? Mrs. Thatcher has to give the House the clearest possible answer on this point. It is naive to think that there is something as simple as non-intervention in

matters of this kind, particularly where the Government is so important a customer of the company concerned. But it is even-handedness that is the Government's claim in the Westland affair. Mrs. Thatcher needs to explain exactly how her administration's practice matched its rhetoric."

There are three crucial questions. First, why was the policy adopted? Was it through the persuasiveness of Sir John Cuckney, with all the great weight of his experience and expertise? Was it, as has been alleged, to do with the strategic defence initiative, or with an anti-European sentiment or for some other reason? We need to know that, and this House and the country deserve to know that.

Secondly, how was the policy adopted without the benefit of collective decision by the Cabinet, which plainly was the case?

Thirdly, how does practice in the privacy of Government match the public declarations to this House and to the country about the Government's policy? The right hon. Member for Henley says that there is no match; he says that there is no connection between private machinations and public declarations. Someone, he plainly implies, has been telling the truth; someone has not been telling the truth.

The right hon. Gentleman says that there was an even-handed policy for public display and a private policy of favouritism for actual use. That is a very grave allegation, but like so many others it could be easily disproved if it were false or even inaccurate. It would be supreme folly for the right hon. Gentleman to make such charges if they could not be substantiated. So I ask the Prime Minister whether the circumstances of 4 and 18 October and of 4, 5 and 9 December were as the right hon. Gentleman has alleged. She can tell us. She can prove or disprove what he said and she must do one or the other.

Much the same applies to the E Committee meeting of 9 December. There are two versions of events. From the right hon. Member for Henley (Mr. Heseltine) we hear that it was an inconclusive meeting that did not resolve policy and which decided that there should be a further meeting on 13 December. From the Secretary of State for Trade and Industry we hear, in answer to my colleagues, my hon. Friends the Members for Monklands, West (Mr. Clarke) and for Birmingham, Perry Barr (Mr. Rooker), that the 9 December meeting was a conclusive meeting which resolved policy and set a deadline of 13 December for the European submission.

These are the two versions. They are in stark conflict and collision, one with another. All that we have to rely on to make up our minds at this stage is the circumstantial evidence as to which version is correct. The circumstantial evidence is that, some time before the Cabinet meeting of 12 December—probably on 11 December—the relevant Departments were notified by the Cabinet Office that the meeting on Friday was cancelled. One can cancel a meeting only if it has been proposed.

Another meeting was fixed for 13 December. We want to know the truth about that, because that is a fulcrum date. This is a crucial set of circumstances. There is essential testimony in public by both right hon. Gentlemen, and the House must decide, because by that decision we shall be deciding what course the Government really have been undertaking and whether there was one course for private use and another for public consumption.

The Prime Minister can prove or disprove these sets of circumstances and she must do one or the other. We have the word of two right hon. Members. This is an honourable

He which accepts honourable words. What are we to do when there is such an exact conflict in the description of the circumstances, the status and even the existence of the meeting—the alleged meeting—of 13 December?

The choice is invidious for us. The conclusions can be reached only by the calling of witnesses. The witnesses are not all hon. Members elected to the House. Fortunately, however, the House has, over the years and in its wisdom, developed a procedure which permits witnesses to give evidence. That is why we consider that it is sensible for all the parties concerned—in the Government, in the public service and elsewhere—who have been witnesses to the various events to appear before a Committee of the House so that a proper assessment can be made and so that they can develop and demonstrate their version and the veracity of their version of events.

Mr. Eric Forth (Mid-Worcestershire): I am grateful to the right hon. Gentleman. He has been seeking to lecture the House on the workings of Cabinet government. Can the right hon. Gentleman explain the basis of his insight into the workings of Cabinet government? Can he tell us to whom among his colleagues he has spoken about the workings of Cabinet government or what his other sources of information or authority are?

Mr. Kinnock: The issue at stake is much more basic. I can tell the difference between a truth and an untruth. I know a stink when I smell one.

The Committee that we seek, which could be convened and which would be of such utility to all involved, would not just consider the veracity of two right hon. Members. The Committee would inevitably consider why a policy change was favoured and why that policy was so rigorously followed by the Prime Minister from 3 December—so enthusiastically as to inspire the grave allegations that she was ill-tempered and, more seriously, that a meeting was cancelled. There were even implications that a Cabinet minute did not carry an account that had been insisted upon by a member of that Cabinet.

Following the E Committee meeting of 9 December, events marched on. On 13 December, without benefit of further Government consideration of the options, the Westland board met and dismissed the European consortium proposals. In the wake of that, on 16 December, the Secretary of State for Trade and Industry was able to provide the House with what he must have considered to be a *fait accompli* that would quieten the issue. He was unsuccessful and the conflict continued. The rival camps exchanged propaganda barrages, to such an extent that, when the Cabinet met on 19 December, we are told that it was decided, presumably collectively, that the lobbying had to stop. However, it did not stop and the contest continued. The allegation is that, far from allowing collective decision-taking to work through the Cabinet and through departmental responsibility, the Prime Minister became even more deeply involved. It is said that she did not direct Sir John Cuckney's letter of 30 December to the appropriate defence procurement department, but to the Department of Trade and Industry, and that she accompanied that directed missile—[*Interruption.*] I should have said missile, but missile will do. She accompanied it with guidance that the then Secretary of State for Defence considered to be materially misleading.

The Prime Minister then set the Law Officers on the right hon. Member for Henley when he decided to

communicate directly with Lloyds merchant bank. someone made sure that the Solicitor-General's letter became public knowledge by leaking extracts.

The activities following 16 December ranged from the extremely unconventional in Government to the highly disreputable in Government. In the *Sunday Telegraph* this week Mr. Ian Waller, on behalf of many others, stated:

"This Government has been ruthless in persecuting journalists and civil servants for trivial breaches of the Official Secrets Act, yet Whitehall has been like a sieve in recent weeks—including Heseltine's ministry, which unsuccessfully prosecuted Ponting and had a clerk, Miss Tisdall, jailed. The most flagrant breach of all was the leak of a letter from the Solicitor-General damaging to Heseltine's case. Again it stretches credulity to believe this was an accident and not authorised at a high level."

Mr. Waller asked the question that we all ask:

"Will Mrs. Thatcher act against the culprit—or does she have one rule for top people and another rule for clerks?"

We seek an explanation of why a Government who were so sensitive on Monday of this week about the British Aerospace letter were apparently so insecure on Monday 6 January. Did the leak of the Solicitor-General's letter come about by misfortune—as Oscar Wilde might put it—by carelessness, or as a result of something much more devious than either of those possibilities? The Prime Minister is in a position to tell us the answer, and she must tell us. Was that occurrence inadvertent or was it simply a further episode in the efforts to ensure that the arguments for one option were muted so as to elevate the attractiveness of the other option that faces Westland?

On the matter of muting, we come to last Wednesday's meeting between Sir Raymond Lygo and the Secretary of State for Trade and Industry. On Monday, my right hon. and learned Friend the Member for Monklands, East asked the Secretary of State for Trade and Industry why the Secretary of State had decided to speak to Sir Raymond Lygo at all on 8 December. The Secretary of State for Trade and Industry quaintly replied that since Sir Raymond happened to be in the Department of Industry building,

"it would have been wholly artificial if I did not see Sir Raymond."

What was wholly artificial was the version of events provided by the Secretary of State for Trade and Industry.

We have the private and confidential letter in our possession and the records of the House to demonstrate that point more than adequately. The Secretary of State for Trade and Industry said:

"Let me make it clear that it is untrue to say that in the course of the meeting I made any suggestion that British Aerospace should withdraw from the European consortium or that its participation was contrary to the national interest."—[*Official Report*, 13 January 1986; Vol. 89, c. 781.]

He said that it was untrue. The Prime Minister's letter to British Aerospace, which was published this morning, backs what she describes as his recollection, shared by others present at the meeting that took place at about 5 o'clock last Thursday evening.

Let us examine Sir Austin Pearce's letter. He states:

"Sir Raymond returned directly to a special Board Meeting of British Aerospace which was in progress and made a full report of his conversation to the Board. He also wrote down all the salient points that had been made to him. His report stated that the following points were specifically covered by the Secretary of State."

For brevity I shall move on to point 6:

"that what we were doing was not in the National Interest

7. That we should withdraw."

[Mr. Kinnock]

Can anyone imagine a plausible reason why Admiral Sir Raymond Lygo should fabricate those details of the conversation?

Sir Paul Bryan (Boothferry): Read No. 4.

Mr. Kinnock: The hon. Gentleman calls for No. 4. The letter is now a matter of public record. I invite the whole country to read all the points in the letter. But that does not move one inch from the fact that the Secretary of State for Trade and Industry said on Monday that it was untrue that he had said during the meeting that British Aerospace was acting against the national interest and that it should withdraw. That point is not negated, offset, reduced or diluted.

Sir Paul Bryan: Read No. 4.

Mr. Kinnock: Can anyone imagine that a man of Sir Raymond's character — a chief executive of a corporation that sells 80 per cent. of its products to the Government—would leave the Department of Trade and Industry and minutes later, half a mile away in Pall Mall, bear false witness to the assembled board of British Aerospace? Can anyone seriously believe that? The Secretary of State for Trade and Industry said that it was untrue. The implications for Sir Raymond Lygo are obvious, and extremely serious.

There is perhaps only one inaccuracy in the proceedings described by Sir Austin Pearce in his letter and by Sir Raymond Lygo in his report. The views of Sir Raymond Lygo and Sir Austin Pearce acknowledge the fact that they are not men given to exaggeration or over-reaction. The letter that we have all now read probably understates the atmosphere and the nature of the pressure of the Department of Trade and Industry meeting.

The House can hear directly from the Secretary of State for Trade and Industry, but it cannot hear from Sir Raymond Lygo, despite the gravity of the problems that he faces as a consequence of the Secretary of State's statements. The House owes Sir Raymond Lygo the opportunity to present his full testimony and full record to a Committee of the House. Far be it for me to save the Secretary of State for Trade and Industry by calling for his resignation, but I cannot see how he can bring himself to stay in his present position.

Only one question remains in my mind about the Secretary of State for Trade and Industry: is he a culprit, or a victim, in this matter? The Prime Minister sits next to him today, as she did on Monday. Is he her agent or has he been acting on his own? That is the question which the Prime Minister must answer. She must answer it, clearly and honestly, now.

4.10 pm

Mr. Tam Dalyell (Linlithgow): On a point of order, Mr. Speaker. It is in the recollection of the House that, very courteously, the Leader of the House said that the Law Officer's letter had been made available. I went to the Library where, equally courteously, I was told that the letter is embargoed, "until the Prime Minister has sat down".

Mr. Speaker: That is not a matter for the Chair.

4.11 pm

The Prime Minister (Mrs. Margaret Thatcher): I beg to move, to leave out from "House" to the end of the Question, and to add instead thereof,

"endorses the Government's consistent objective of supporting Westland plc in its efforts to achieve a financial reconstruction, of supporting United Kingdom participation in collaboration with North Atlantic Treaty Organisation allies and of safeguarding the interests of the company, its employees and its shareholders, recognises the efforts of the Government to ensure that the Westland board had more than one option to secure that objective; affirms that it will be for the company to determine its future course of action; and further recognises the competence of departmental Select Committees of the House of Commons to consider the issues raised by these developments."

I do not think that there is a great deal to answer in what the right hon. Member for Islwyn (Mr. Kinnock) said. He seems to have made certain conclusions long before the debate started. In so far as he asked me questions, I will try to answer them during the course of my comments.

At the outset, I wish to refer to the correspondence between Sir Austin Pearce and me, which has been published today, to which the right hon. Gentleman referred, dealing with the meeting on 8 January between my right hon. Friend the Secretary of State for Trade and Industry and Sir Raymond Lygo. My right hon. Friend the Secretary of State has given the House his account of that meeting, and the record of the meeting taken by the Department of Trade and Industry has been published today in full—every single word has been published today in full. I fully accept that the record taken by the Department of Trade and Industry is an accurate and fair account of what was said. I very much regret that there is a different recollection in some respects of what was said, but I believe that when the House has had an opportunity to study the record of the meeting, right hon. and hon. Members will see that the Secretary of State for Trade and Industry said that he had no view on the merits of the two offers, that it was for the shareholders of Westland to make a decision, and that it was not in the national interest for the present uncertainty to drag on. There are many in the House who will agree with that sentiment.

I have today received a further letter from Sir Austin Pearce, which has also been published. In it, he expresses the hope that we shall now be able to concentrate on the important issues concerning the future of Westland. I agree. It seemed to me that the right hon. Member for Islwyn did very little of that.

This afternoon, therefore, I shall first set out the approach taken by the Government towards Westland during its period of difficulty. I shall then deal with the charges—

Mr. John Gorst (Hendon, North): Before my right hon. Friend leaves the Civil Service minute, may I ask whether she believes, considering the important matters that were discussed on that occasion, and the fact that the civil servants' record was dated two days later, that that record is remarkably skimpy and short? Is she certain that it was not a belated and hindsight record?

The Prime Minister: No. Ministers and civil servants will have occasion deeply to resent what my hon. Friend has said. The record was taken contemporaneously and was dictated two days later. There were several people present who confirmed that the record is accurate. I do not find it sparse. It is a full account of what happened, and is very much fuller than the alternative which is available in the other letter.

Mr. David Steel (Tweeddale, Ettrick and Lauderdale): The official record of that matter need not be in doubt, because what is important is the sentence near the bottom of page 3 of Sir Austin's letter, where he says:

"Whatever the words used were meant to convey, the message was perfectly clear."

The Prime Minister: That is why it was absolutely vital to get out the full record of the meeting at the Department of Trade and Industry, unusual though it was. The meeting was attended by several people who confirmed that that is a correct record of the meeting.

I shall set out the approach taken by the Government towards Westland during its period of difficulty and then deal with the charges that have been made against the Government and against me personally. My right hon. Friend the Member for Henley (Mr. Heseltine), who served in the Cabinet for more than six and a half years, has now made accusations about what he considers to be the breakdown of constitutional government. The House will therefore expect me to answer that charge.

It may help the House if I begin by setting out the developments in relation to the Westland company during the past 18 months. I do this to demonstrate to the House: first, that the company and the Government's approach to it have been the subject of the most thorough collective consideration by Ministers; secondly, that during this period, the Government have been aware of the company's precarious financial position and of the particular legal obligations that that imposes on the board of directors; thirdly, that the Government wished the board of Westland to explore fully all possibilities for minority shareholdings in the company, including what has become known as the European option. It is important that the company should take the course which it judges to be the best safeguard for the future of the work force and the shareholders. Fourthly, I shall show that the defence implications of the company's future were given full weight in our discussion, which took account of the need to ensure that our armed services are given the best equipment to meet their operational requirements. I will then come to the circumstances surrounding the resignation of my right hon. Friend the Member for Henley on 9 January.

Mr. Dave Nellist (Coventry, South-East): Given the large-scale movements in shares of Westland during the past four to five days, and the possibility—some would say likelihood—of Friday's meeting blocking both offers to Westland, and since the Prime Minister's fourth item said that defence was the highest priority for the Government, have the Government considered following the example of the right hon. Member for Old Bexley and Sidcup (Mr. Heath) in 1971, and pushing an Act through the House in one sitting to secure the public ownership of Westland, so that the jobs of those workers in Yeovil and the Isle of Wight can be properly guaranteed? Any surplus capacity could go to civilian use, such as making helicopters for air-sea rescue and food transport in Africa.

The Prime Minister: I shall deal with that point later. Clearly the Opposition line is that the whole lot should be nationalised at the taxpayers' expense.

The fact that Westland faced a difficult situation was first brought to the Government's attention late in 1984. We were told that the Company's problems stemmed partly from a decline in the market for civil helicopters,

including delays on the prospective Indian order for 21 W30 helicopters and partly from the lack, in the short term, of large orders from the British armed services.

The Government remained in close contact with the firm in the latter part of 1984 and early in 1985. Westland's difficulties were the subject of discussion at both ministerial and official levels between the Department of Trade and Industry and the Ministry of Defence. Careful consideration was given to what action might be open to the Government to help Westland—in particular, whether the services' helicopter requirements could be met by the purchase of the Westland W30. The Government concluded that we could not justify giving Westland orders for helicopters for which our armed forces had no operational requirement. It was judged that there was no defence interest that called for a rescue operation by the public sector. Instead, Westland should be encouraged to seek a market solution to its difficulties that would involve an injection of private sector capital. That was and remains the Government's position.

It was against that background that the Bristow Rotorcraft company announced an offer for Westland in April 1985. As the scale of Westland's problems became apparent to him, Mr. Bristow asked the Government a number of questions including whether we would procure the W30 helicopter. I took the chair at meetings of Ministers on 18 and 19 June to settle the Government's response, which was in accordance with what I have already said. We also agreed that, if Bristow Rotorcraft withdrew its offer, the Bank of England should be encouraged to bring together the main creditors to develop a recovery strategy. Bristow Rotorcraft did withdraw its bid and on 26 June Sir John Cuckney became chairman of Westland. At the beginning of July, Defence Ministers were told that the United Technologies Corporation, the parent company of Sikorsky, were interested in the possibility of some form of participation in Westland. On 8 July 1985, as hon. Members will recall, the future of Westland was raised on the Adjournment of the House. My hon. Friend the Minister for Information Technology made clear in replying to that debate that it was not for the Government to seek to intervene in the management of the company or to seek to influence the form the company's future should take.

Throughout the summer, Ministers and officials at both the Departments of Trade and Industry and the Ministry of Defence kept in close touch with Sir John Cuckney. On 24 September, Sir John showed the Government reports on the company's financial position that had been prepared by Price Waterhouse. He told us his plans for the financial reconstruction of Westland, involving the introduction of a new industrial partner. He revealed that he was having discussions with a number of companies of which those with Sikorsky of America, a part of United Technologies—with whom Westland had a longstanding relationship dating back to 1947—were the most promising. The company had also been in touch with MBB of Germany, Aerospatiale of France and Agusta of Italy. Sir John also stressed the urgency of reaching a solution before Westland had to finalise their accounts later in the year.

At a meeting of Ministers on 16 October, it was decided to encourage Westland to explore further the possibilities of co-operation with the European companies which were partners or potential partners of Westland in a number of collaborative projects. That view was communicated to Sir John Cuckney by the Secretary of State for Trade and

[The Prime Minister]

Industry on 17 October. Sir John said that he had made it clear to the European companies that he would consider any reasonable proposition. He again emphasised Westland's need for a rapid conclusion to its plans for a financial reconstruction.

It was apparent that, unless such a reconstruction was clearly in prospect before the 1984-85 results were announced, the company could be legally obliged to go into receivership. A number of contacts subsequently took place with European companies and Governments and it became known that Fiat of Italy was associated with United Technologies' proposals. But as late as the last week of November, by which time negotiations between Westland and United Technologies-Fiat were in their final stages, no formal proposals had appeared from European helicopter companies for participation in a reconstruction. It was at this stage, on 29 November, that the national armaments directors, who are senior defence officials, of the United Kingdom, France, West Germany and Italy, met in London at the request of their respective defence Ministers. The national armaments directors recommended that the four Governments should cover their main helicopter needs in future solely by helicopters designed and built in Europe. This would have represented an exclusive commitment to buy only helicopters which qualified as European in this special sense, that they were not only built but designed in Europe. That would have gone far beyond the 1978 declaration of principles to which we still adhere.

On 2 December Sir John Cuckney wrote to the Secretary of State for Trade and Industry to urge that the recommendation should not be accepted by the Government. He stressed that, if the recommendation was approved, the board felt that it would not be able to recommend to the company's shareholders any reconstruction proposals involving Sikorsky and Fiat. He added that, while Westland had received indications of interest from the European companies, they did not mark any commercial advance over earlier proposals which had been rejected as inadequate. In consequence there was a serious risk that there would be no effective reconstruction proposals in place within the urgent timescale to which the company had to adhere.

In the light of these developments Ministers met under my chairmanship on 5 and again on 6 December to consider their response. In doing so they were very conscious of the approaching deadline for publishing the Westland accounts—with losses publicly predicted to be of the order of £100 million—in fact they were about £98 million attributable to shareholders—and the need therefore for the company to have a financial reconstruction package clearly in prospect by then if it was to avoid going into receivership.

The issues before us were:—first, whether to agree to write off the launch aid of nearly £40 million for the W30 project if it were subsequently terminated. It was evident that that was now a condition for any successful financial reconstruction which would allow the company to continue in business.

The second issue was how to respond to the recommendation of the national armaments directors. The groups of Ministers to which I have referred considered those two issues at the meetings I have mentioned.

Mr. Jeff Rooker (Birmingham, Perry Barr): Will the right hon. Lady give way?

The Prime Minister: I shall not give way as I should like to complete these very tightly argued points.

At the end of the second meeting on 6 December it was clear that a majority of the Ministers present were ready to decide that the Government should reject the recommendation from the national armaments directors, thus leaving Westland free to reach its own decision. But because a minority of Ministers—including my right hon. Friend the Member for Henley—felt very strongly about the matter, I decided that a further discussion must be held in Cabinet Committee, namely in the Economic Sub-Committee, for which a full paper should be prepared.

The Economic Sub-Committee of the Cabinet therefore met on Monday, 9 December. Sir John Cuckney and his advisers were invited to attend for part of the time to report on their company's position and to answer questions. After considerable discussion, it was concluded, first, that repayment of launch aid for the W30 would be waived if that project were terminated.

Secondly, it was concluded that, unless a viable European package which the board of Westland could recommend to its shareholders was in place by 4 pm on 13 December—Friday of that week—the Government would make clear that the country would not be bound by the recommendation of the national armaments directors. That deadline was set in order to allow reasonable time for more specific European proposals to be put together without running up against the deadline imposed by Westland's need to have a financial reconstruction package in place by the time its accounts were published. At the end of the meeting, Sir John Cuckney was informed in confidence of the conclusions so that he knew where the company stood. I repeat that if the national armaments directors' recommendation had remained he could not have brought forward the Sikorsky-Fiat bid. The fact that the Government were not bound by that recommendation enabled there to be a choice of two options eventually—Sikorsky-Fiat and the alternative European option which developed.

The conclusions of the meeting of the Economic Sub-Committee of the Cabinet on 9 December laid down a clear line of policy and made it unnecessary to hold a further meeting. It was recognised in discussion that the timetable would allow for another meeting of Ministers before 4 pm on 13 December if unforeseen developments required one, but no decision to hold such a meeting was taken or recorded. The conclusion was clear, the events happened and the decision took effect. No meeting was agreed, so there was no meeting to cancel.

A firm proposal from the European consortium, which by that stage included British Aerospace, was received by the board on 13 December. The proposal took into account a provisional agreement reached between defence Ministers of the four countries based on the recommendation of the national armaments directors.

The European consortium's proposal was not acceptable to the board. Accordingly, as decided at the meeting on 9 December, the Government were not bound by the NADs' recommendation. In the light of the decisions taken on 9 December there was no further issue to discuss, though the matter was raised in Cabinet on 12 December.

position was fully reported to the House in a statement by my right hon. and learned Friend the Secretary of State for Trade and Industry on 16 December, including the decision about the national armaments directors' recommendation and the Government not being bound by it. I answered questions on 17 December. On 19 December, as I told the House the same afternoon, Cabinet reaffirmed the Government's view that it was for Westland to decide what was the best course to follow in the interests of the company and its employees.

Westland subsequently put proposals to its shareholders on 21 December to effect a capital reconstruction involving United Technologies and Fiat. Those proposals, and those of the European consortium, which in this period was joined by GEC, were subsequently improved in various respects, but that did not affect our fundamental policy that it was for the company and not for the Government to decide between them.

On 30 December, Sir John Cuckney asked me to confirm that Westland would still be considered a European company by the Government if the UTC-Fiat consortium took a minority shareholding. In replying on 1 January I told him that as long as Westland continued to carry on business in the United Kingdom, the Government would continue to regard it as a British and therefore a European company and that we would support it in pursuing British interests in Europe. I also said that, whichever of the two proposals currently under consideration the company chose to accept, the Government would continue to support Westland's wish to participate in European collaborative projects and would resist to the best of their ability attempts by others to discriminate against Westland.

Cabinet on 9 January confirmed unanimously the Government's conclusions of 19 December and agreed that to avoid any possible prejudice to the sensitive commercial negotiations then in train all statements by Ministers should be cleared interdepartmentally through the Cabinet Office to ensure that all answers given by the Government were consistent with Government policy. Every member of Cabinet agreed except my right hon. Friend the Member for Henley. He then left the Cabinet. I shall return to that point in a moment.

I have given the House this full account because I think it is important to set the developments of the past month in the wider context of the Government's clear policy and the company's difficulties over a period of a year and a half, the attempts made to find a solution to them and the urgency in the closing weeks of last year of finding a solution which would allow the company to continue trading.

Mr. Jack Straw (Blackburn): The Prime Minister has now passed 6 January in her account, but she has omitted all reference to the leak of the Solicitor-General's letter which I believe took place on that date. Is she satisfied that neither the Secretary of State for Trade and Industry nor any of his officials had anything whatever to do with that leak?

The Prime Minister: I answered written questions either yesterday or this morning making it quite clear that an internal inquiry had been instituted. The hon. Gentleman asks me about a particular leak, but if I had to answer every question raised in the newspapers we should have a very long task.

The Government's approach throughout has been guided by a number of important considerations.

First, the Government concluded that no national interest considerations required the mounting of a public sector rescue bid. It followed that we could not dictate a solution to the company's problems. Responsibility for its future had to remain in the hands of its directors and shareholders — where it ought to be. Had the Government pressed the board of Westland to favour or adopt a particular solution it might have been taken to imply that we were ready to use public funds to underwrite the company's finances. We were not and are not prepared to accept any such liability.

Secondly, and in line with our active support for greater co-operation in European defence procurement, we were ready throughout to encourage the possibility of a European solution, while affirming that it was for the board and the shareholders to decide what was best for the company.

Thirdly, we wished to ensure that our armed forces would have and would continue to have access to the most cost-effective equipment which fully meets our military needs.

I believe that the House will agree that the record shows that the Government have acted consistently with those principles throughout.

There have been suggestions that the Government did not discuss the issues in sufficient depth or in a timely way. The account that I have given shows that such an allegation is absurd. There have been innumerable discussions of Westland's affairs between Departments and with the company over a period of 15 months. The company's future was the subject of collective discussion between Ministers on 18 June, 19 June, 16 October, 5 December, 6 December, 9 December, 12 December, 19 December and 9 January.

There can be no doubt that the problems have been considered, properly and responsibly. Colleagues in the Government, particularly those most closely concerned, were given ample opportunity to express their views, and did so, and ample opportunity to seek to persuade other colleagues before the policy was decided.

I have dealt in considerable detail with the points concerning the Government's approach to Westland. I should like to emphasise one particular point in that account. Unanimous agreement was reached at the full Cabinet on 19 December. I repeat—unanimous. On 9 January Cabinet confirmed the identical policy and once again the policy was agreed unanimously. It was vital from that day forward that we should give strict practical effect to the policy as the crucial time for the company's decision was approaching. This was not a technicality. It was essential for the effective discharge of collective responsibility.

The whole of the rest of the Cabinet agreed the procedure that we should adopt — with the sole exception of my right hon. Friend the Member for Henley. He was prepared to acknowledge the advantages of collective responsibility without being prepared to accept the disciplines that it requires. That the rest of the Cabinet could not accept. It would be a denial of the collective responsibility on which our system of constitutional government depends. Cabinet heard his decision with great regret. They recognised his services to government over six and a half years in office. But the decision was his, and his alone.

[Prime Minister]

It follows from what I have said that the Government have conducted themselves properly and responsibly throughout and that there is no cause for an inquiry. The amendment in my name and those of my right hon. and right hon. and learned Friends recognises the important role of the departmental Select Committees in matters such as this. The Government's concern is to see a financial reconstruction of Westland as soon as possible which maintains a British helicopter design, development and manufacturing capability, supports United Kingdom participation in collaboration with NATO allies, and safeguards the interests of the company, its employees and its shareholders.

I believe both sets of proposals put to the company could achieve these objectives; I hope that the shareholders will be able to take their final decision very shortly.

I commend to the House the amendment which endorses the Government's consistent policy.

4.41 pm

Mr. David Steel (Tweeddale, Ettrick and Lauderdale): The most brazen part of the amendment moved by the Prime Minister is that which asks the House to endorse "the Government's consistent objective of supporting Westland . . . and of safeguarding the interests of the company, its employees and its shareholders".

My basic disagreement with the Government is that, as the Prime Minister has just shown adequately, the Government's consistent attitude has been to say that it is nothing to do with them, that it is entirely up to the company.

My hon. Friends the Member for Yeovil (Mr. Ashdown) and for Isle of Wight (Mr. Ross) who, between them, represent the bulk of the work force of the company, had a total of six meetings last year with Ministers in the Ministry of Defence and the Department of Trade and Industry. All were designed to stir the interest of the Government to try to secure the stability of Westland and the continued employment of its work force in its helicopter, hovercraft and other divisions. No doubt the records of those meetings could be added to the plethora of paper that we already have.

In each case, the Government steadfastly and consistently refused to assist. They said that these matters were for normal commercial consideration. The Prime Minister quoted to the House a section of the speech made by the Minister for Information Technology on 8 July. He said:

"It is not for the Government . . . to seek to influence the form its future should take."—[*Official Report*, 8 July 1985; Vol. 82, c. 881.]

There, of course, lies the basic division across the Floor of the House. Most of us on the Opposition side of the House believe that it should be possible for any Government, especially where defence interests are at stake, to have at hand some means of securing the interests of companies that get into temporary difficulties. If the Government still had the National Enterprise Board it would have been perfectly possible to have public participation for a necessary temporary period in which the company could get back on its feet and not necessary to have a nationalisation solution. We believe that, given the state of the company last summer, the proper course would have been for the Government to consider taking a 21 per

cent. shareholding and thus actively put together some kind of European consortium under the 1978 helicopter agreement. The right hon. Member for Henley (Mr. Heseltine) subsequently did this in the last two months of 1985.

The truth is that the Prime Minister and the whole Government continued, throughout most of last year, to operate a free-market theory in a world where the free market no longer exists. Every other country, whether it be the United States or our European partners, gives far more support and active assistance in various forms, including public participation, to their defence industries, than this Government are prepared to do. That is our basic quarrel with the Government's attitude to Westland throughout last year.

Later in the summer, the new chairman and the new board took their places. At this point Members of Parliament, the Sikorsky company, Sir John Cuckney and British Aerospace were all told that the Government would not get involved. The strong impression among Westland personnel was that the Government would not be surprised if, although they did not necessarily hope that, the company went into receivership. Various other companies would then pick up the pieces. This is where the Government are consistent in their non-industrial strategy. It does not matter if we do not have a helicopter manufacturing capacity, it does not matter if we do not have a pulp-making mill capacity or a steel rolling mill—such has been the Government's strategy all along. The result of this strategy since the Government came to office has been a reduction by about one fifth in the manufacturing capacity of this country. The result has been that 1983 was the first year when, excluding oil, our imports exceeded exports. This is the record, and into it the Westland saga fits with total consistency. We cannot support such an attitude, partly because if Westland had gone into receivership I am told that about 90 other supply companies could also have gone into receivership. But the Government allowed that threat to continue throughout last summer.

Mrs. Edwina Currie (Derbyshire, South): The right hon. Gentleman says that the Liberal party does not support the Government's attitude. Recently the right hon. Gentleman was reported in the press as saying that the European possibility should be pursued. However, in recent days, other Liberal Members have backed Sikorsky. Does the Liberal party have an attitude at all or is it sitting on the fence?

Mr. Steel: If the hon. Lady will be kind enough to let me make my speech she will know my attitude. I shall make it perfectly clear. I have already said what should have been done last summer. I am taking the matter in sequence and I shall now move on to what happened last autumn.

The Cabinet, including the former Secretary of State for Defence, must accept responsibility for the united attitude that it took towards the Westland company throughout the summer of last year. It was not an attitude that we supported.

The Government have also lacked a defence procurement strategy. I am one of those who stands firmly behind the twin-pillar concept of the NATO Alliance. That concept cannot operate if one of the pillars gradually acquires the bulk of the technology and manufacturing

capacity for our defence equipment. Surely that was the reason behind the 1978 helicopter agreement. It was also behind a number of other collaborative ventures that Britain has entered with our European partners.

It is not anti-American to say that there ought to be greater common manufacturing efforts among NATO's European partners. That is why the Government should have followed this concept in the middle of 1985 when Westland was in trouble, but they did not. In September, the new Westland board, as the Prime Minister described accurately, had to put into effect a rescue package by mid-December — a short time — to avoid going into receivership after the accounts were published in mid-December.

Mr. Nicholas Baker (Dorset, North) *rose*—

Mr. Steel: The Prime Minister rightly says that the Sikorsky-Fiat deal was built on a long record of collaboration between Westland and Sikorsky. Therefore, in the tail end of last year, the board recommended to its shareholders a bird in the hand rather than any number of birds in the bush. It is not surprising that the bid has been supported by the shareholders, the employees and the board. They have supported it because it is the only available deal to come forward of its own accord and therefore it deserves support. The company has been perfectly right to be irritated at the manipulation by Government throughout November and December, having been told earlier that it was all up to the company.

Mr. Tony Marlow (Northampton, North): The right hon. Gentleman knows that both his hon. Friends the Members for Yeovil (Mr. Ashdown) and for Isle of Wight (Mr. Ross) now support the Sikorsky deal. Does he agree? Is that now Liberal party policy?

Mr. Steel: I thought that I had just made that point clear.

One of the more interesting points in the correspondence to which much attention has been given lies in a comparison between the official record of the minute and Sir Austin Pearce's letter. According to Sir Austin Pearce, Sir Raymond Lygo

"found reference to the national interest confusing".

In the official minute, however, Sir Raymond

"questioned what was the national interest".

It is no wonder that industrialists found the national interest confusing. It appeared to be whatever the latest Cabinet Minister said it was when they met. There has been no clear direction of national interest in this matter. The Prime Minister more or less glories in the fact that the Government saw no national interest in this issue at any time last year. On both manufacturing and defence grounds, we dissent from that view.

As for the constitutional issues raised by the resignation of the Secretary of State for defence, when last did a Government have so many ex-Cabinet colleagues out on their ears, not through old age or incompetence but for deviation from the given line? A Cabinet room which increasingly becomes converted to an echo chamber for one person's views is a danger to democratic government. The long-term lessons of this affair are that the Government have been industrially incompetent and that the morale of government has been undermined by a failure to conduct the processes of government on the basis of collective decision-making.

I agree with the Leader of the Labour party—the Prime Minister did not answer one point yesterday. The relationship between the Prime Minister's reaction to leaks by Ministers and ex-Ministers as compared to the alleged offences of civil servants under section 2 of the Official Secrets Act 1911 is obscure. Can there be one law for the rulers and ex-rulers and another for the ruled? The Prime Minister must now declare that section 2 is formally dead and buried unless she intends to mount prosecutions.

The Prime Minister has manipulated the processes of government unacceptably. Most serious of all, she has been cavalier with Britain's long-term manufacturing interests. It has been a discreditable episode in the life of an increasingly discredited Government.

4.52 pm

Mr. Michael Heseltine (Henley): May I begin with an apology to the House? Much of what I have to say I would have preferred to say to the House first, but circumstances did not make that possible and I apologise for that.

Much of what has been said so far shows that there are two issues at the heart of the matter—the relationship of Britain with its European and American allies in the Atlantic Alliance and the role, if any, that the Government should play in their relationship with industrial companies in seeking to enhance and protect the defence industrial base of the country.

I hope that I do not need to say to the House, and certainly not to my party, that I am as committed to the concept of the NATO Alliance as anyone in our party. I hope that I have played a role in selling the advantages of the NATO Alliance. I am wholly dedicated to the concepts and advantages that have come from it. I know of no other credible way in which to protect and defend the freedoms that we cherish. The issue, however, is the relationship and whether it should be one of partnership.

The political processes would be uncontrollable if, on either side of the Atlantic, tensions developed so that either side felt unfairly disadvantaged by the processes of the Alliance. We have one great thing in common—a common enemy—but the scale of the resources presents great problems. The United States of America spends some \$280 billion a year on its defence requirements. That undoubtedly gives it and us enormous defence and deterrence, but it also provides an enormous industrial dilemma. That vast resource flows into the technology frontiers and creates huge production runs. It is spent largely within one market, which is perhaps the most protected market in the Alliance, by technology transfer regulations, by "buy American" protection laws and by extra-territorial controls.

This scale of taxpayers' resource is irresistible and it is co-ordinated through the vast buying machinery of the Pentagon. It is also protected by the immensely zealous interest of Congress. It is channelled into the largest and richest companies on earth. It is irresistible and if unchecked it will, in the legitimate pursuit of American corporate ambitions, buy its way through sector after sector of the world's advanced technologies.

Two consequences flow from that. The bigger and richer the companies become, the more they centralise their design and high technology facilities, and the more the flow of brains and talent is drawn to the western sun belts and the more the resentment will grow in Europe. The slower we are to react, the less effective we become as industrial partners to the United States. The more

[Michael Heseltine]

Europe is criticised for failing to play its part in sharing the burden of the defence of the free world, the more the resentments will grow in the United States.

So, for the strength of the Alliance and to preserve the conviction of partnership upon which it must politically depend, the more we in Europe must recognise that it is in our interests—and in America's—to strengthen and co-ordinate our industrial base.

Should we try to influence our companies? Are there any arguments about our defence interests, about our aspirations as a European partner or about our commitment to the preservation of the high technology base in Britain? At the end of the road, are there even any arguments about the maintenance of jobs in Britain when large sums of taxpayers' money are being paid out? Since Government is far and away the largest customer, should it not expect to play some role in influencing the destiny of our defence contractors?

Mr. Paddy Ashdown (Yeovil): Will the right hon. Gentleman give way?

Mr. Heseltine: Forgive me.

I have absolutely no doubt that the answer to all those questions has to be yes. In the starkest case, our companies, with few exceptions, are too small to survive individually as genuine partners with American companies. There is no point at which the process of acquisition would stop if government believed that a market place flickering at the margin of the taxpayers' resource would lead anywhere except American domination, company by company, sector by sector.

My position has been consistent ever since I had the privilege to help establish the European Space Agency in 1973. The background is for me clear. So is Government policy on this critical matter. The Government White Paper of 1985 made clear that we were committed to a major drive forward in the co-ordination of the defence industrial base in Europe. The helicopter agreement of 1978 made it clear that we were committed to seeking the co-ordination of the European helicopter requirements. So could there be—should there be—an exception in the case of Westland? Should Britain dine a la carte in Europe, going for the airbus, supporting Tornado and the European fighter aircraft, but opting out of helicopters? Such a theory has its attractions. Often one gets a better choice a la carte, but it is usually more expensive and one's companions tend to copy one's example.

The longer that we in Britain go on preserving an unco-ordinated, fragmented European industrial base, cowering behind our frustrations every time somebody else wins, or tries harder than we do, or gets up just that little bit earlier than we do, the longer our relative decline compared with the United States of America will continue.

Let us come to that small helicopter company in the west of England. My position has always been that if in the end there was only one way to save Westland on reasonable terms I would back Sikorsky. My own belief is that at the critical moment the Government had a clear preference for Europe and that, for reasons that I fail to understand, Sir John Cuckney set his face against any reasonable exposure of that European preference to his shareholders. I fail to understand his statement yesterday

that, come what may, he will not put the firm, financially better, technologically more advanced, British-European offer to his shareholders.

I do not believe that even the most laissez-faire of my colleagues would have intended that leaving the choice to the Westland company would result in unidentified and unidentifiable financial groups slogging it out behind the closed doors of City institutions, as is witnessed, as though we were selling one of Britain's defence contractors in job lots to the highest bidder.

Mr. John Wilkinson (Ruislip-Northwood): I am most grateful to my right hon. Friend. We have all been listening with rapt attention to his grandiloquent statement and we are impressed with the idealism behind his observations about European collaboration. But is it not simplistic to paint a picture of an entirely one-way street, seeing that British industry has most successfully, to our advantage, collaborated with the Americans on the Harrier 2 and on the Hawk for the United States navy? We are also providing the Rapier to defend United States air bases in this country. Europe has provided the spacelab to go in the shuttle and is to collaborate with the National Aeronautics and Space Administration on a space station for the 1990s. Is my right hon. Friend not being simplistic about these matters?

Mr. Heseltine: There are examples on both sides of export successes to the continent of Europe, to the Third world and to the United States. We are not talking about co-operative success; we are talking about the simple question whether the United States would allow a significant defence contractor to be owned or effectively controlled by an overseas country. The answer is a categorical no. I do not understand why we should have a different answer in this country. It is well known—I have made no secret of it and never will—that I hope the shareholders of Westland will recover some sense of national pride when they meet on Friday.

I must elaborate on the two specific points that I have just made. First, at the critical moment the Government had a clear preference for Europe in the rescue of Westland. Throughout 1985, as the Prime Minister has fairly said, every option was canvassed. There are virtually no opinions that are not represented on the files on the matter, but my preference clearly follows the European co-operative sentiment in the White Paper which my Department was responsible for publishing last year.

Of course, throughout the early months when the Prime Minister rightly said that there were considerable interdepartmental discussions and even meetings, the scale of the Westland crisis was hardly perceived. The first serious solution was the Bristow takeover bid. So none of the anxieties about effective foreign control were on the agenda in a practical sense at that time. It was only with the withdrawal of that bid—I remind the House that that took place only in June of last year—that we had the disclosure of the financial crisis which many of the existing board who were there then seem hardly to have perceived. It was only when that crisis broke in June that Sir John Cuckney took over.

It often appeared as though there was no way through for the company. The only way through might have been an extremely expensive public rescue. Every option, including a Sikorsky rescue, had to be preserved and encouraged. Every one of us would have been guilty if we

had blocked off such options. The Department of Trade and Industry and the Ministry of Defence worked through the options. As events unfolded I had no cause originally for concern that my European preference would not receive consideration. Of course, the DTI was the sponsoring Department but at that time it was faithfully maintaining the European option.

By October — this is the point at which the difficulties which have led to my resignation from the Government began to develop—the preservation of that choice had become a clear preference. I must say to the Prime Minister that her description of the account in the two letters of 4 and 18 October does not tally with my reading of those letters. I have a very full understanding of what is in them. If the Government can publish Sir Austin Pearce's letter and now the Law Officer's letters I cannot understand why they cannot make available the letters of 4 and 18 October.

Those letters would show that Sir John Cuckney recognised a European preference and that the Secretary of State for Trade and Industry declared a European preference. I have to say that about that time Sir John Cuckney was beginning to advise the Government that there was no realistic European option. It was only then that my anxiety began to grow. It was at that time that the willingness that I had had until that moment to support the sponsoring Department turned to an anxiety that the preference for Europe was being choked off.

During August, as the House knows, I had concluded on behalf of this country the European fighter aircraft agreement. If I dare say so, perhaps more than any other Minister I have deep experience of how Europe works. I told my colleagues privately in mid-October that Sir John Cuckney had the wrong experience to give him an insight into how European collaboration works. It is not his fault. It is an unusual experience to have, but nevertheless it remains a fact. Collaboration in Europe, were companies—even in this country—are in practice close to their Governments, is actually led by Governments and not by companies.

I obtained, therefore, my colleagues' agreement to see whether I could help to counter the increasingly certain views of Sir John that there was no European option. I met Sir John—as the House knows, I was abroad in early November — on 26 November. He said that he welcomed help. He explained that he had not the staff to process the work himself because he was so involved with the Sikorsky negotiations and that it would be good for the company to have a choice. So I began my negotiations with the full support of my right hon. and learned Friend the Secretary of State for Trade and Industry and with that of Sir John.

It has been suggested that I was indifferent to Westland's future. I shall say something about that, because nothing could be further from the truth. My Department's responsibility for Westland was to ensure that the industrial capability, which is a critical defence interest, was maintained. I always made it clear that I would insist on the maintenance of that defence capability. Secondly, it was its responsibility to secure the best, or at least reasonable, value for money for the defence budget. It was not the responsibility of the Ministry of Defence to take over the sponsoring role of the Department of Trade and Industry or to use defence money for company rescue plans, unless the cost of so doing could be extremely

limited. It is for the Department of Trade and Industry to propose in such matters, and it made it clear on 4 October that it would not use DTI money for rescue purposes.

I stated clearly that receivership would be the best solution in certain circumstances. I said that most clearly on 25 September when I became so concerned about what was happening that I instructed officials in my Department that no options other than receivership were to be discussed further without my express authority. Why did I react so strongly? I did so because, on that day, I received a submission from my Department which said that, although no costed options for Westland yet existed, there was a plan. The Government were to fund £120 million for underwriting sales of 45 W30-160s, a civil helicopter, write off £40 million of launch aid on civil projects and provide perhaps another £25 million of further cash for redundancy. As my officials said at the time, to maintain the supply of spares and other Ministry of Defence requirements would cost Her Majesty's Government, on current information from the company, about £120 million to £165 million in cash and £40 million in written-off launch aid. It might have seemed just a small helicopter company in the west country, but my perspective had changed dramatically.

The military advice to me on the value to the Ministry of Defence of the helicopter order was that it would not be justified on military procurement grounds even as a gift. It will be seen clearly that by 3 October I am recorded as saying that I was not in favour of a receivership option.

Mr. Bill Walker (Tayside, North): My right hon. Friend will be aware that on 21 September I had a meeting with him in his office with principal officials from Sikorsky. Will he care to tell the House what he told them at the meeting?

Mr. Heseltine: Yes. I told them exactly what I have already told the House. I told them that we had to preserve all options. It would have been unthinkable, not knowing whether there was a European option, to reject one option that was sitting in my office at that time. I should add that my hon. Friend behaved properly on all occasions and that I believe that I have answered his question as honestly as I can.

It has been suggested that I withheld £6 million from the company. It was my accounting officer who withheld £6 million on what he believed to be grounds of commercial prudence. I instructed that I was to be kept in touch immediately, even when out of the country, with the attitudes of Westland's bankers on this matter.

In June, I put forward a limited form of Ministry of Defence guarantee to help with the uncertainties over the Indian order. My colleagues felt unable to accept it and I think that their reasons for refusing to do so were perfectly proper. I formally directed my accounting officer to pay the £6 million to Westland in October and, therefore, I took upon my own personal political shoulders the responsibility for making a payment of that large sum of taxpayers' money, which my accounting officer would not make. I remind the House that I was the Minister who was deputed to talk to Mr. Gandhi about the W30 order from India when he was in Britain.

In the end, whatever else I may have done, the Westland shareholders have a choice, and substantially better terms than those negotiated by the Westland board. The original Sikorsky offer, which the board firmly

[Mr. Heseltine]

supported, argued that the only practical offer was for up to 40 per cent. of the shares in the company and 30 per cent. to 40 per cent. of the work to go the United States of America. Sikorsky is saying now that it will perhaps accept the transfer of only half that shareholding and only half that amount of work to the United States of America. So much for the company that, as we were told on 5, 6 and 9 December, might go away if we did not sign up without more ado. No one knows now who is buying what shares from whom in the stampede by an American multinational company to break into the European markets.

I wholly reject the suggestion that I have been indifferent to Westland's interests, but I plead guilty to the charge that I have intervened in what I believe to be the legitimate interests of Britain's industrial defence base. I delivered a deal from the British and European sources to rescue Westland. On Friday 13 December, the bid, deal or offer was rejected by the Westland board in what I calculate to have been about 40 minutes. There was not a phone call and there were no meetings. There was a simple no.

I had been empowered by my colleagues in the British Cabinet to pursue the possibility of a British-European rescue for Westland, but I was given no chance to report back my proposals to the Cabinet Committee which authorised me, or to the full Cabinet, I was required instead to report them to the board of a private company. Virtually every Fleet street commentator said that the proposals were better. Even Sir John Cuckney's remarks indicated something of the same flavour. It was so much better as a deal that Sikorsky had to improve its offer in every material respect. Of course, no meeting took place in Government after my deal had been made available. There were meetings before but no meeting took place after the British-European deal had taken a form in which it could be discussed sensibly.

On Friday 20 December a full, as I am advised, legal offer was submitted to the Westland board by the European consortium. On Saturday 21 December, Westland proceeded to circulate to its shareholders the Sikorsky-Fiat proposals, which offered the company less money, less work and less technology and involved scrapping an existing agreement to produce Black Hawk helicopters, which is still in existence, to the best of my knowledge, with Short Brothers of Belfast.

Much of what has happened since is in the public domain. In the absence of any collective judgment, which I continued to ask for as late as 23 December, I continued publicly to answer questions, as I was, I think, properly entitled to do as the Secretary of State for Defence. I felt that I owed that at least to those who had responded so quickly and generously to the approaches which my colleagues in government had authorised me to make.

I must now come to the closing chapter of this extraordinary affair. I have explained that Sir John Cuckney, in discussions with me on 26 November, said that he would welcome a choice but had not the staff to process it. I fixed a meeting, after consulting the Defence Minister of the Federal Republic of Germany, for 29 November, consisting of four national armaments directors and representatives of three companies. I met the national armaments directors and the companies and explained the urgency of the matter. I then left to speak

for my hon. Friend the Member for Rochford (Dr. M. Clark). By the time I returned, agreement had been reached.

Even before the meeting had taken place, Sir John Cuckney telephoned the permanent secretary of my Department, saying that he had learned of its existence in the *Financial Times*. He said that he was expecting a telex in hours from Sikorsky and that as soon as it came he would convene a board meeting which would confirm the Westland-Sikorsky deal. So much for the man who, only a few days earlier, had said that he would welcome a choice. I am at a loss to understand how Sir John could on 26 November encourage a Minister of the Crown in the belief that choice would be welcome and three days later threaten to stifle it at birth.

Mr. Gerald Howarth (Cannock and Burntwood)
rose—

Mr. Heseltine: I have a limited knowledge of company law. That is a matter for the Department of Trade and Industry. [Laughter.] I am, however, under the impression that it is the duty of a board of directors to seek the best deal for its shareholders. The only excuse could be that even the knowledge of such an alternative deal would frighten Sikorsky off. That would have to be a miscalculation of historic proportions.

The House knows the background to the deal that I was trying to negotiate. In 1978, the four countries had signed an agreement to use their best endeavours to produce helicopters in Europe. The four, including the United Kingdom, had continued with that policy. At the meeting that I called, the national armaments directors agreed on the rationalisation of European requirements for helicopters for the rest of this century—the EH101, the NH90 and a merged version of the PAH2 and A129. That was the culmination of what had been embarked upon in 1978, the opportunity for Europe to keep within Europe all the design, all the technology, all the jobs, and to standardise, with no competition from any of the countries concerned, on three helicopter requirements.

At that meeting, therefore, the national armaments directors took the 1978 agreement a stage further. They said that they would in future not simply try to co-ordinate but would purchase helicopters designed and developed solely in Europe. They had decided on helicopter requirements for the rest of the century.

I must make it clear that I took no part in that decision. I was in Southend. The proposals were awaiting my return from Rochford. They were contingent on the European offer being accepted for Westland. With the national armaments directors' constraint, of course, Sikorsky would be ruled out in terms of its Black Hawk helicopter; and Sir John Cuckney asked the Secretary of State for Trade and Industry to lift this proviso of the national armaments directors at once. I refused to agree until a proper choice was presented between Sikorsky and the European offers.

The purpose of the meetings on 5, 6 and 9 December was to persuade colleagues to support the Secretary of State for Trade and Industry in his request to lift this provision. I have to say to the Prime Minister that I do not agree with her sense of urgency about this matter. There was no need to lift the national armaments directors' directive to allow the negotiations with Sikorsky to continue. It would have been necessary to lift the directive

only if the agreement with Sikorsky was to be signed. Sikorsky could have been told about it and that the directive would not be implemented if its preference was exercised. During the negotiation of that preference, there was no need for it to be lifted.

Mr. Wilkinson: My right hon. Friend the former Secretary of State, has throughout his tenure of office taken great pride in the fact that, under his stewardship, competition has been maximised and, with the help of Mr. Levene, the Chief of Defence Procurement, alias the national armaments director, great savings in cost have accrued to our taxpayers. How come that my right hon. Friend was so pleased that his national armaments director should announce to him a provisional agreement which would specifically preclude competition in the very important area of armaments where over the years a great deal of public money has been expended?

Mr. Heseltine: I wonder whether my hon. Friend has really thought through where the competition options would be in Westland if it were effectively owned by an American company which had already designed the helicopters for the United States forces, which were then to be available under licence to this country on work-sharing agreements. The House must understand that in all the procurement policies of the advanced world Governments actually buy the helicopters that suit the countries in which those companies are situated. If there is an effective American control of one of our major defence suppliers, I do not believe that there would ever be a really competitive choice to buy from Europe.

I accept, therefore, that there are limitations on the concept of competition. I have discussed it very fully with my colleague, the Federal German Minister. The way in which we will do it, if we see the Europeans advance in this way, is to ensure that the competitive pressures are arranged within Europe precisely as the Ministry of Defence is making arrangements now for competitive pressures to be exercised within Britain. It is no accident, because I share my hon. Friend's view, that the percentage of new contracts to the Ministry of Defence subject to competition has risen in the past 18 months from 45 per cent. to 70 per cent.

Mr. Ashdown rose—

Mr. Heseltine: No. [*Interruption.*]

Mr. Speaker: Order.

Mr. Heseltine: I come to the two meetings of 5 and 6 December. I do not think that any of my colleagues would dispute that they are not of constitutional significance because they were ad hoc meetings. It is a perfectly legitimate way of conducting the business of government to gather together the immediately interested Ministers to dispatch uncontroversial or relatively uncontroversial business. There were, however, sufficient numbers—not a majority, but sufficient numbers—of Ministers at those meetings on 5 and 6 December to ensure that a properly constituted Cabinet Committee should meet to resolve the matter. That meeting took place on 9 December. It was, of course, a meeting of the Economic Committee of the Cabinet. Sir John Cuckney was invited—I think helpfully—to put his views about the urgency of the Sikorsky situation and about the European option to all my colleagues on that Committee. He stressed, of

course, how essential it was to lift the national armaments directors' directive. A significant number of my colleagues came new to the arguments.

At that meeting I put forward a totally different proposal. I asked for just five days, until Friday 13 December, to ensure that the European proposals, which now included British Aerospace, were proved or not. I made it absolutely clear that if I failed I would back Sikorsky. After hearing all the arguments and after listening to Sir John Cuckney, a clear majority of my colleagues supported my proposals. The meeting ended with a clear statement that we would meet again on Friday at 3 pm, when the Stock Exchange closed. The officials of the Cabinet Office recorded the words. They are not in the minutes but I believe them to be in the notebooks from which the minutes are prepared. [HON. MEMBERS: "Oh!"]

It was no surprise to me when, therefore, the Cabinet Office arranged the meeting for Friday at 3 o'clock. It was a devastating surprise when it subsequently cancelled the meeting. I was content with the outcome of that meeting on 9 December because my colleagues had given me time, and I had another meeting at which colleagues could take whatever steps they felt then appropriate if they wished to give advice to Westland's board. That was the very least that the Government could do in common courtesy to the Ministers of other allied countries who had already made and still had to make such efforts to consolidate the offers for the rescue of Westland.

It is now well known that that meeting on Friday never took place. The board of Westland threw out the British Aerospace-European proposals as though they were a mere public relations handout. Collective judgment had been frustrated. I had no doubt where my duties lay. I had been entrusted by my Cabinet colleagues to seek a European deal. I had been entrusted by my European colleagues with the advocacy of their case. I therefore circulated details to my colleagues in Cabinet and sought a collective decision. That was denied me. I was told not to raise the matter in Cabinet. I refused to be silent. I protested about the cancelled meeting in Cabinet on 12 December. The Cabinet minutes did not record my protest.

At the next Cabinet meeting, on Thursday 19 December, it was stated that we should show no preference. I explained that events would shortly unfold that would cause us to rethink that position. The next day, British Aerospace, the General Electric Co. and the Europeans put forward a full proposal. I again asked for collective judgment. It was again denied me.

I explained that I would have to answer questions on defence procurement policies or the resulting uncertainty about the European proposals would be fatally damaging. This was not challenged in Cabinet; but otherwise the public controversy was to be cooled and there were to be no ministerial public statements. That night, the Secretary of State for Trade and Industry implied that I was holding a pistol to Sikorsky's head. I did not respond to those words. On Sunday, he spoke on radio and recorded a broadcast for "The World This Weekend". The BBC informed me, and I agreed to respond only if I was convinced that he had broadcast. I heard the broadcast by the Secretary of State and agreed to go ahead. Efforts were made to stop the programme—[HON. MEMBERS: "Oh."]—but I was told that, whatever the Secretary of State for Trade and Industry did, I was not to appear. I could not accept such one-sided treatment.

[Mr. Heseltine]

I withdraw not one word of my account of the Prime Minister's reply to Sir John Cuckney on new year's eve. Sir John wrote to the Prime Minister, in my view, to get answers that were perhaps different from those he had got from the Secretary of State for Defence. There was a draft of an indicated reply. It was sent to the Department of Trade and Industry and not the Ministry of Defence. There was an intervention by the Law Officers which materially changed the sense of the proposed reply.

I do not think that there is any point in delaying the House with more details of the events as they unfolded. I say at once that I would not support the form of inquiry suggested by the official Opposition, because I believe that there is ample precedent in the instruments of the House, which I did all in within my power to support when they were brought into existence to make any full exploration of the circumstances that the House may consider necessary, but, if there is to be an inquiry, I would expect to be called to account for everything that I have said and my role to be fully and carefully examined in detail.

Suffice it to say that the culmination of events came in the Cabinet on 9 January. We were supposed to be even-handed, leaving the matter to the shareholders, standing back. At that late stage, there was perhaps, realistically, nothing else to do once the board had made its final, and in my view ill-judged, recommendation. There were then selective leaks from the Law Officers' letters, which were used, wrongly, to damage my credibility. The Foreign Office instructed the British ambassador in Rome to ask the Italian Government to send no more messages of support for the European consortium. [HON. MEMBERS: "It is a scandal."]

The Secretary of State for Trade and Industry urged the managing director of the leading company in the British consortium to withdraw in the national interest. I reported that incident at once on Wednesday night to No. 10 Downing street. The next morning, in Cabinet, it was suggested that all answers to questions on Westland should be submitted to the Cabinet Office before release.

Mr. Hugh Dykes (Harrow): Will my right hon. Friend give way?

Mr. Heseltine: No.

This included answers to questions which already publicly carried my name. I had no confidence, in the light of what had already happened, that such a constraint would be used fairly or without prejudice to the interests of the British-European offer. What I had said with confidence one week would be at the mercy of the most trivial form of interdepartmental squabbling over words. The board of Westland could have been forgiven for seeking to exploit those uncertainties.

I was with great pride Secretary of State for Defence in Her Majesty's Government. There are special responsibilities in that job, and one of them is a conviction in one's capacity to do whatever one believes to be right and against all pressures. With great regret, but no doubt, I left the Government.

5.38 pm

Mr. James Callaghan (Cardiff, South and Penarth): I have listened over a long period to many great speeches. I do not think that I have ever heard a resignation speech in which the position of the resigner has been so firmly

founded as we have heard today. It is inconceivable that the Prime Minister and the Government should refuse some form of inquiry into the allegations of the right hon. Member for Henley (Mr. Heseltine). He has made statements that directly contradict points made by the Prime Minister and others of her Ministers. There can be no confidence in the Government until this matter is cleared up. I say to the right hon. Lady that in the interests of good government she has a responsibility to see that the right hon. Gentleman's points are fully examined independently and that the truth is asserted and delivered to the House.

The decision to resign is not an easy one to make. It means parting with friends and colleagues. It means that whispers and slanders and untruths will be told about the person who has resigned. When a person resigns he will be told that he has weakened the party, and it will undoubtedly be said that he is fulfilling some long-range ambition. I am sure that it is an agonising decision. Sometimes resignations do not take place on great issues. They are sometimes the culmination of a long series of frustrations which eventually explode and boil over.

I listened to the right hon. Gentleman outlining the framework, the philosophy, against which he was taking these decisions and carrying out, up to a certain point, what he believed to be Government policy, and I contrasted his speech with the turbid recital of dates that we had from the Prime Minister. I have no doubt who has so far had the better of this argument. I salute the right hon. Gentleman for his courage in resigning. He will have a difficult path ahead of him. I do not believe he planned it, nor do I believe the Prime Minister wanted to push him out. It is one of those inevitable consequences of two stubborn people meeting and neither being willing to give way. When stubborn temperaments clash, we may well ask what the rest of the Cabinet was doing to try to prevent — [Interruption.] If my hon. Friends are interested I will return to this point a little later.

We are not dealing just with a clash of two strong personalities, as has been brought out by the right hon. Gentleman, because there are important public issues at stake that the House should address. The first issue is the future of this insolvent company. Can it be given a prosperous future? As we have been told by the Prime Minister and the right hon. Gentleman, the background is fairly straightforward. When it first fell into trouble both the Secretary of State for Trade and Industry and the right hon. Gentleman were in favour of and ready to adopt a European solution, taking along with them, perhaps, a rather unenthusiastic Prime Minister.

Before such a European solution could be adopted, it was necessary for the Government to put some work into Westland and, as has been made clear to us, they were not ready or able at that stage to do so. The future for the company was grim, and I have no doubt that it was with thankfulness that the Prime Minister and the other Ministers involved learnt that Sikorsky was ready in July to offer both finance and work so that the company could carry on. In its weak position the company eagerly grasped that, as there seemed to be no other future. Much later this prompted the European Governments and companies to come forward with a proposal for collaboration.

Criticism may be made of the European consortium in that it did not come forward earlier in view of the 1978 agreement for which my Government were responsible. But it did come forward, and the Government have not yet

explained to my satisfaction and to the satisfaction of many others why they did not examine the European option as fully as they should have done. It is at this stage that the first criticism of the government must be made, and so far the right hon. Gentleman has made the case that there was inadequate consideration.

The Prime Minister's defence this afternoon was that the company had to produce its accounts by the end of the year and would have shown a loss of £100 million, and that without any financial reconstruction in sight it would have had to go into receivership. There was a great deal to be said for that solution and I understand that at certain stages the right hon. Gentleman put forward that solution.

What is the position of this company today? We are told that the shareholders will take a decision but that decision will not be in the hands of the shareholders if the banks choose to exercise their powers. If the National Westminster bank and Barclays bank were to say tomorrow that they refused to cover the borrowings of this company any further, the company would immediately go into receivership. The shares that are now changing hands at £1.25 each are worthless—pretty well worthless; I exaggerated slightly but not by much. On Friday the shareholders will take decisions on shares which have little value and those decisions will be on matters of supreme national interest.

I want to demonstrate why this is so. Westland is not a unique company, especially in the defence field. As the right hon. Gentleman said, to some extent the company depends on collaboration with others and on foreign technology in its work. That illustrates the important and central issue with which he started his speech, namely that for many years Britain, like other medium-sized countries, has not been capable of meeting its arms requirements from its own arsenals. The question of what policy we should adopt in purchasing arms from other countries or in co-operating with other manufacturers in joint production is not a new issue.

The House is aware that there is much history and there are many precedents on policy decisions to assist a Government confronted with a problem such as Westland. The Government were faced with the two options and the Prime Minister seems to have conducted the discussions, especially in the last two or three weeks, with all the restraint and rationality of a Saturday late night pub dispute after the pub has closed and people emerge with black eyes. The Secretary of State walks out of the Cabinet and the Leader of the House has an uncomfortable half hour on television. The Solicitor-General has his letter leaked without his knowledge, the poor pathetic Secretary of State for Trade and Industry has to weave his way around half truths and evasions and then has to come back and confess. It has been a miserable week for the lot of them on the Government side.

An Hon. Member rose—

Mr. Callaghan: The hon. Gentleman is not yet on the Front Bench but I am sure he will be one day if this lot go on as they are. The work force has spoken out strongly in favour of Sikorsky and the opinion of the work force should be respected—*[Interruption.]* I will not give way—*[Interruption.]* I am told that the hon. Gentleman has Barbara Castle's diaries. I have not read them, so I shall not give way as I would not be able to answer his question.

If the House will allow me I would like to make a serious speech. The work force has said strongly that it

wants the Sikorsky solution and we must respect its opinion. It believes that the Sikorsky solution will give it the best chance of retaining its skills. None of us can give the workers a clear assurance that if the Sikorsky solution is adopted it will give them a future, and that is by virtue of some of the reasons given by the right hon. Member for Henley.

Mr. Ashdown: Or from the other solution either.

Mr. Callaghan: There is, for example, one company that would certainly have a future. I am sure many people will echo what the right hon. Gentleman had to say about the disgraceful way in which huge blocks of shares are being bought and sold by faceless individuals who will then throw the shares into the scales on Friday. This kind of predatory company acquisition has nothing to do with the efficiency of the market place about which Conservative Members are always regaling us. It has nothing to do with the productivity of the work force, and the defenders of unbridled capitalism will be hard put to it to argue that what is happening in the City of London this week is the best way to safeguard the future of one of our defence industries.

He would be a bold man who would reassure Westland that its future was secure. After all, Sikorsky, as has been pointed out this afternoon, is not the principal in the matter. It is one of the divisions of United Technologies, a vast American corporation, to whom the investment of a few million pounds in Westland is no more than the office petty cash.

I shall forecast one likely pattern of development. Sikorsky, despite its 10 per cent., will dominate the future of Westland and its policy. It will use Westland as a useful tool to attack the rest of the European helicopter industry. In which case, Aerospatiale will survive because France will determine that it survives, unlike this Government's attitude. Fiat, already linked with Sikorsky, will make a bid for Agusta and the Americans will secure a dominant position in Italy. That is not the way to conduct American-European defence procurement—in their interests or ours.

We need a basis of equality in our relationships, and the helicopter agreement, to which the right hon. Member for Henley referred in his statement of resignation, was intended to secure that basis of equality between Europe and America. That is not anti-Americanism. It springs from the understanding that a true partnership requires equality between the partners. If one partner can do without the other, there is no real partnership.

I speak today because there is history to guide us on these matters which the Government have neglected. Eight years ago—the house will have noted the date 1978—the Boeing aircraft company was on the prowl in Europe, dangling offers of joint production in front of British aircraft firms as well as those in Italy and France.

At that time, British Aerospace was a nationalised company and the Labour Government were brought into discussions with Boeing at an early stage. I had become Prime Minister and I made it my business to meet the leaders of Boeing and the other American aircraft companies in Washington. After a long series of discussions, my advisers and I came to the conclusion that despite the offer that Boeing was making of an apparently equal partnership with British Aerospace, the consequences, whatever its intentions at the time, would

[Mr. Callaghan]

have been different. Boeing's long-term aim was to choke the infant Airbus, to suck the technology out of British Aerospace and to reduce its role to that of a sub-contractor.

The principal officials of British Aerospace were of the same mind as my colleagues in the Cabinet. We authorised fresh vigour to be imparted into our negotiations with France and Germany with a view to a joint European production of the Airbus. It was a difficult negotiation. At one stage it involved President Giscard and Chancellor Schmidt before the three countries could reach an agreement. But we did, and the results today—this surely has a moral for helicopter production—is that Europe has an independent aircraft industry; that British Aerospace is renowned as one of the foremost manufacturers of wings in the world; and even American airlines are buying the European Airbus.

If only the Government had shown the same enthusiasm, had overruled some of Sir John Cuckney's proposals and had secured his enthusiastic co-operation, and if the right hon. Gentleman had been allowed to pursue the line that he was following, the result might have been different.

We had other problems in 1978 with the Americans over the financing of Rolls-Royce engines. We got the Export Credits Guarantee Department, on what I believe was a good piece of financing, to support the sale of Rolls-Royce engines to American companies. The Americans accused us of unfair competition. They went to Congress. The matter was taken up by President Carter. I was in Washington again. We had a talk about the matter with the American Secretary to the Treasury and I say, in fairness to the Secretary of State for Trade and Industry, that he would have been on a fair point if he had limited his conversation with Sir Raymond Lygo to pointing out the dangers that British Aerospace was running, and of anti-American sentiment. I must say, however, in view of the present position of the Airbus and its American relationship, that it would have been rather like teaching his grandfather to suck eggs.

Our experience was that although we had a rough passage with the Carter Administration for several months, which needed a great deal of smoothing over, in the end, the President and I recognised that the Americans were fighting their corner and that we were fighting ours. We both made a calculation of where our national interests lay. Surely the moral is that the Secretary of State for Trade and Industry should not have been so timorous as to pressurise British Aerospace to withdraw because he was afraid of American displeasure.

I am not sure what the right hon. and learned Gentleman is saying, but if he wishes to interrupt I shall gladly give way.

The Secretary of State for Trade and Industry and President of the Board of Trade (Mr. Leon Brittan): I am simply repeating what I said to the House and what is confirmed by the official record, which is corroborated by three senior officials who worked, I imagine, for the right hon. Gentleman's Government and whose integrity was not questioned, and by my hon. Friend the Minister of State. At no stage did I ask British Aerospace to withdraw.

Mr. Callaghan: It is extraordinary, is it not, that when there is a difference of opinion between the Prime Minister

and the right hon. Member for Henley, it is the Prime Minister who is correct. When there is a difference between the Secretary of State for Trade and Industry and Sir Raymond Lygo, it is the Secretary of State who is correct. The Secretary of State is still muttering. Despite his vehemence, I cannot say which version is the truth. I say to the right hon. and learned Gentleman and to the Prime Minister, how does she think that the Government can keep any respect when there is a direct contradiction between the letters that we hold in our hands and what the Secretary of State has just said?

The European Nations—the Secretary of State is not worth wasting time over—decided on the helicopter declaration agreement for three reasons. First, we were fearful that the United States in its vigour, appetite and size would swallow us one by one. Secondly, in those technologically advanced sectors, the need to invest huge resources in research and development forces even market leaders into collaborative deals with their competitors, leading to common sourcing of components and much else. The third consideration was the failure of the two-way street, an arrangement under which America undertook to purchase part of its defence requirements from Europe to offset the huge flow of American equipment purchased by Europe. Both sides were to purchase from each other.

I heard what the right hon. Member for Henley said about some of the traffic that had gone the other way. If the right hon. Gentleman were to draw up a balance sheet of the two—if I may continue my metaphor of the two-way street—all the American vehicles were pouring down the track towards us, but we had nothing but a rather broken down cycle for the return journey.

Those important policy considerations do not seem to have been taken fully into account. I have mentioned three factors—the fact that we were going to be demolished by the Americans, one by one, the need for technological collaboration and the failure of the two-way street—which do not seem to have been given the consideration that they should have been given.

I come to the Prime Minister's conduct. The right hon. Member for Henley claims that it amounts to a constitutional outrage. With respect, I believe that that is overegging the pudding. Every Prime Minister has his or her style of conducting Government. It is up to the Cabinet whether it puts up with or not. That lot will put up with almost anything. There is the well-known example of Attlee's strong rebuke to Churchill over conduct of the wartime Cabinet. We have since been told that Mrs. Churchill apparently agreed with Attlee. She told Winston so, and then he tried to mend his ways. I wonder whether there is a role here for some other sensible spouse? The right hon. Gentleman let the cat out of the bag by publicly blowing the gaff on what his less courageous colleagues have long whispered behind their hands: that they find the Prime Minister's method of conducting business objectionable. I think that the House can understand what they are getting at.

But what were Ministers doing during this period of growing controversy between the Secretary of State for Defence and the Prime Minister? Was the Chancellor of the Exchequer doing his best to calm things down? I suppose that the Foreign Secretary was off on one of his foreign travels and that he was not available to help. But what about the ebullient tones of the Leader of the House? Where was the Chief Whip? What were all these Ministers

do while this issue was boiling up? I can only say to them all that if they behave like mice they must expect to be chased and that if they act like doormats they must expect the Prime Minister to trample all over them. I am bound to say to the Ministers who are sitting on the Treasury Bench today that, with one or two exceptions, the present Cabinet has less spirit and contains fewer men of talent than any Conservative Government since the war. Most of them are sitting outside it. I wonder whether the Prime Minister ever considers whether the fault is that the tallest tree in the forest will not allow any substantial growth in her shade? However, all is not lost. If the Ministers play their cards properly, the resignation of the right hon. Member for Henley has given them another chance. He is the sacrificial lamb, although he will be a pretty tough lamb to digest. They can now, if they choose, re-establish Cabinet authority, because the Prime Minister dares not risk another resignation on the same grounds. If the Ministers care to do so, they can now rein in these authoritarian instincts that they tell us they find so objectionable. — [HON. MEMBERS: "They would not dare."] If they do not dare to do so, then it is a job for the Back Benchers. And if the Back Benchers do not, in due course the electorate will.

The right hon. Member for Henley told us that just before he left the Cabinet meeting there was not a single member of the Cabinet who supported him. He should not worry overmuch about that. There is a precedent. When Anthony Eden left the Conservative Government in 1938 in disgust at Neville Chamberlain's willingness to treat with Mussolini behind Eden's back he could not find a single supporter to speak for him in the Cabinet, but two years later Eden was back and Chamberlain was out. In case the thought has ever crossed the right hon. Gentleman's mind—although I do not suppose that it has—let me remind him that Eden went on to become Prime Minister.

As for the Secretary of State for Trade and Industry, I have been screwing myself up to try to find something favourable to say about him and to try to show some understanding for his position. I fear that the trouble is that the decent instincts that I am sure he possesses have, somewhere, become atrophied behind that lawyer's mask. I say to him in all seriousness that on Monday he failed to understand or to weigh properly his responsibilities to the House on the one hand and to British Aerospace on the other. The House is aware that commercial matters have always been given special confidentiality by the Department of Trade and by Government generally in the conduct of Government business, for obvious reasons. The fact that a letter was marked "Private and Strictly Confidential" should certainly have led him to refuse to divulge its contents but never to deny its existence.

Last Monday the Secretary of State should have let his instincts guide him. Then he would not have had to weave and shuffle as he did and eventually be forced to come back to the House and confess. He has had an awful lesson, but by his demeanour since I wonder whether he has learnt that lesson and whether he really understands the House of Commons. If he does not, the sooner he goes back to the Bar and makes his reputation there the better.

My right hon. Friend the Leader of the Opposition has called for an inquiry. I repeat to the Prime Minister that whether or not she accepts this form of inquiry, it is now absolutely imperative that these matters should be inquired into if confidence is to be restored in the Government's

position and integrity. The inquiry should, I suggest, go a little wider. It should also review some of the policy questions raised by the right hon. Member for Henley—and I hope by me, too—about how to carry further European defence procurement co-operation and how to integrate this with the Atlantic Alliance.

The Prime Minister cannot be very proud of the way that she and her colleagues have handled the future of Westland. If the Sikorsky offer is accepted it will be the wrong decision: wrong for this country, wrong for European co-operation and wrong for European-American relations. What has happened shows, I regret, a readiness to ignore the lessons of the past, a refusal to examine seriously the European option, an attempt to deceive by saying one thing in public and doing another thing in private. Most dangerous of all, it shows a lack of understanding by the Prime Minister of the way to handle her colleagues in order to get them to work as a team. For her, the verdict must be that it is getting very late.

6.6 pm

Mr. Jim Spicer (Dorset, West): I have an almost impossible task in following the right hon. Member for Cardiff, South and Penarth (Mr. Callaghan), the Father of the House. I shall not attempt to follow the broad brush approach that he has used during the last half hour. However, at one point he said that he intended to speak about the workers at Westland. I hope that at this point, as I speak about the workers at Westland, the right hon. Gentleman will pay some slight attention. Three or four hon. Members have a constituency interest in Westland. We form a strange alliance. I refer to the hon. Members for Yeovil (Mr. Ashdown) and for the Isle of Wight (Mr. Ross), my hon. Friend the Member for Weston-Super-Mare (Mr. Wiggin) to myself and to one or two other hon. Members. Over the years we have followed Westland's fortunes and we speak from experience of that company. When the tumult and the shouting has died away and when all the politicians have departed, having had their say about the dates of various meetings, and their out come the problems of Westland and companies like it will not have disappeared. Therefore we should address ourselves briefly this afternoon to Westland's problems and will not go very far away from that main point.

All hon. Members who fall into this category knew quite well that in the spring of 1985 that Westland was in deep and dire trouble. There was the possibility of a cancellation of the Indian order and there was a lack of orders for the W30. My right hon. Friend the Prime Minister mentioned that a year or 18 months ago the storm clouds began to grow over Westland. We were made, well aware of that fact by management and also by the trade unions and workers at Westland. It was against the background of a worsening situation that Sir John Cuckney took up the incredibly difficult task of chairmanship of the company. When he was appointed I did not hear one word of criticism from the Government or the House of his appointment or of the board. He had an almost impossible task to perform and he set about it with vigour.

In the interests of the board, the shareholders and the workers of Westland, there are just three simple questions that I believe must be answered during this debate. As is often the case during some debates, the answer is known before the question is put but I ask my right hon. Friend the Member for Henley (Mr. Heseltine) when Sir John

[Mr. 

in the process has revealed, all the while, Ministers—especially the Prime Minister and the Secretary of State for Trade and Industry—have been working to achieve one solution. They have worked to obstruct one solution being put and have promoted another, but they knew that they could not be caught doing that, so they kept up the facade that they were even-handed.

That is what has led them into this difficulty. That is what puts Ministers into the awkward position of having to decide between observing confidentiality and giving honest answers to the House of Commons. That is why we have had so many meetings of the Cabinet and the Government. Although Governments have many controversial and difficult things to do, the open and clear course is to call a meeting of the Cabinet, allow the two protagonists to put their cases, reach a decision, say that that is Government policy and get on with it. But that has not happened yet. There have been selective meetings of Ministers and manipulation of Cabinet minutes. No. 10 Downing street has practised a course of deception on one of the principal members of the Government. The former Secretary of State for Defence has many genuine complaints about the way in which he was personally treated by the head of the Government.

However, the Government are obsessed with market forces, even when £750 million worth of Ministry of Defence work has gone to that company during the years, and only recently another £40 million was committed. The cost of the public sector orders far exceeds the past or future value of the company. Its share capital is insignificant compared with the size of the public sector orders that are given. Therefore, it is a legitimate matter of public concern and should, from the beginning, have engaged the full attention of Government from the top down. Cases should have been argued—no doubt passionately and carefully—in the national interest and, decisions having been taken, they should have been implemented openly and fearlessly. The opposite has happened and this discreditable Government with their discreditable Prime Minister and discreditable Ministers have finally been found out.

9.30 pm

The Secretary of State for Trade and Industry and President of the Board of Trade (Mr. Leon Brittan): I would like to start by referring once again to the statement that I made on Monday in which I sought to apologise to the House for any misleading impression that I may have given in my statement that afternoon. From some of the comments made during the course of today's debate, it has been suggested that I view the charge of misleading the House as being something less than of the utmost gravity. I assure the right hon. Member for Cardiff, South and Penarth (Mr. Callaghan) that that is most certainly not the case. I welcome the opportunity of reiterating the apology I made on Monday.

Since Monday, permission has been given for the letter from Sir Austin Pearce to be published. That account of the meeting which took place between myself and Sir Raymond Lygo is, of course, substantially different from that given by the minutes taken by my officials and confirmed by my recollection and the recollection of others.

Although a close scrutiny of the document will show that there is great similarity in the accounts, there are material points which are different. [Interruption.] On the two material points in Sir Austin Pearce's letter to which exception has been taken, points 6 and 7—the suggestion that I told Sir Raymond Lygo that what British Aerospace was doing was not in the national interest and the suggestion that British Aerospace should withdraw from the consortium—I made it quite clear to the House on Monday that I said no such thing.

Mrs. Renée Short (Wolverhampton, North-East): Will the right hon. and learned Gentleman give way?

Mr. Brittan: No, I shall not give way. A number of accusations have been made against me and I think that the House would wish me to have the opportunity to reply.

I said no such thing at that meeting and I have made that absolutely clear. Since Monday's debate, I have looked at the records supplied by Sir Austin Pearce and I repeat once again that at no time during that meeting did I say that what British Aerospace was doing was not in the national interest. Nor did I say that British Aerospace should withdraw from the European consortium. I would be perfectly happy to give an account of that meeting to a Select Committee of the House and I have no objections to doing that.

I would tell those hon. Members who would challenge my account of that meeting that fortunately I was not alone at the meeting. There were six people present in that room. Apart from myself, there were three civil servants, including my private secretary. Of course, Sir Raymond Lygo was present, as was my hon. Friend the Minister of State. It is useless for the right hon. and learned Member for Monklands, East (Mr. Smith) to say, in his attempt to deal with these matters, that the practice of the Civil Service is not to record the whole of what we say. We all know perfectly well that that is the practice. Quite apart from what was said in the note which corroborates my account to the House on Monday of what I said, all persons present at that meeting other than Sir Raymond Lygo—that is to say, three senior civil servants who have served Governments of different political persuasions, my hon. Friend the Minister of State and myself—have all confirmed our recollection as well as the note. I repeat that at no stage did I say that what British Aerospace was doing was not in the national interest. Nor did I say that British Aerospace should withdraw from the consortium.

Mr. Winnick: Will the Minister give way?

Mr. Brittan: No, I will give way as often as the right hon. and learned Member for Monklands, East gave way. It is I who am under attack, and I am entitled to defend myself.

Anyone who challenges what I have given as an accurate account of what occurred on that occasion and suggests that I am telling a lie, not to put too fine a point on it, is saying the same about not one but five people including three distinguished public servants. With regard to the conflict of recollection, on the matter of the national interest I can understand how Sir Raymond Lygo could have misunderstood what I said. The record of the meeting, which accords with the recollection of all those present other than Sir Raymond Lygo, shows that I said that I believed that it was not in the national interest that

the uncertainty about Westland should carry on much longer. I should have thought that that view would commend itself to the House.

If we are talking about probabilities—I do not rest my case on probabilities because I was there and I know what I said, as the right hon. and learned Member for Monklands, East well knows—it would have been absurd for me to say that the participation of British Aerospace was against the national interest and even more absurd for me to say it at that meeting. Sir Austin Pearce correctly recalls that I had a meeting with him on 13 December—a day on which, to put it mildly, the controversy was running pretty hotly because by then the Government's endorsement of the the national armaments directors recommendation was due to expire unless an offer was received from the European consortium which was acceptable to the Westland board. Had I believed that the participation of British Aerospace was against the national interest, I had ample opportunity to say so on that occasion. I did not say it then and I did not say it on 8 January. I very much regret that Sir Raymond Lygo had a different understanding, although I note that he is not prepared to have his own account made public. I have no objection to saying to a Select Committee what I have said to the House. Similarly, I have no objection to Sir Raymond Lygo disclosing whatever record he took at the time.

Mr. Dykes: Will my right hon. and learned Friend give way?

Mr. Brittan: I would rather not give way, as I wish to deal with some of the more general matters that have been raised, particularly some of the serious questions about industrial, commercial, economic and European policy.

The Prime Minister has already set out in her speech the policy of the Government and the reasons behind that policy. On occasions such as this, it is natural for opinion between parties and within parties to polarise, and to polarise in opposite directions. The matter is presented as a controversy between a European solution to problems and a transatlantic solution to problems. There is a tendency to polarise the issue as a belief either in an interventionist policy in industry or a hands-off policy in industry. I do not see the issue in such a simple way.

With regard to the contrast between the European and transatlantic solution to problems, I recognise that there is a great deal to be said for an independent European source of industrial activity not only in defence but in other areas. It does not follow, however, that its advantage is supreme in every case. It is a gross over-simplification of a serious issue to pretend to present such a clear-cut choice. With regard to the aircraft industry, and especially fighter aircraft, there is a powerful case for European co-operation. I am happy to pay tribute to my right hon. Friend the former Secretary of State for Defence for the work that he did in helping to bring that about. I part company with my right hon. Friend, as I suspect others will, because, although it is right to have European co-operation on fighter aircraft, it does not necessarily follow that that must be the only solution at which the Government should arrive with regard to helicopters.

There are of course advantages in European co-operation even in the case of helicopters. I am not denigrating that solution. There are disadvantages, however, and one is entitled to draw attention to them

—disadvantages from the point of view of competition policy, value for money and choice. One of the more unconvincing passages of my right hon. Friend's speech was where he tried to say that in the European defence arrangements, it was still possible—even when there was only one source of defence procurement—to prevent monopolistic pressures and the country paying more than necessary for its defence.

Dr. Keith Hampson (Leeds, North-West) *rose*—

Mr. Brittan: There are advantages and disadvantages in European co-operation over helicopters. It is unrealistic to present, as some uninformed people have done, a caricature of the choice facing a British company which has fallen on hard times as between a European or American solution. It is unrealistic and an over-simplification, because reference has been made by those hon. Gentlemen who have constituency or other personal connections with Westland, such as the hon. Member for Yeovil (Mr. Ashdown) and my hon. Friend the member for Dorset, West (Mr. Spicer) to the fact that Westland has had, for 38 years, the closest possible connection with Sikorsky. Sikorsky is not a newcomer to Westland. In the successful days of Westland, that success was achieved by building planes initially designed in the United States—such as the Sea King and the Wessex—and then developing them with their expertise for other and specialist markets.

That is the experience of Westland. It is not conclusive—it does not follow from that or from the fact that the work force virtually unanimously favours one solution—*[Interruption.]* It does not follow that that is the solution or the only solution, but it follows from the account that I have given of the advantages and disadvantages of the European route and of the American route that it is entirely reasonable for the central policy of the Government to be to leave the choice to the company through its shareholders.

Mr. Mark Fisher (Stoke-on-Trent, Central): Will the right hon. and learned Gentleman give way?

Mr. Brittan: No.

That will always be the right policy. When it comes to Government intervention, I am not taking an absolutist stance. I am not taking a stance that there are no circumstances in which it would be right for government to have a policy or a view about which route was the preferred one. Nor am I saying that there are no circumstances in which it would be right for the Government to intervene financially as well as by expressing a preference.

My view in these matters is that it is perfectly legitimate for a Government to sponsor and assist British industry in certain cases by, for example, giving launch aid of some £250 million for the airbus, the protection of which launch aid was a perfectly legitimate reason for me to warn Sir Raymond Lygo—*[HON. MEMBERS: "Warn?"]*—not against being a member of a consortium but of the danger presented to the consortium by talking about the issue in a way which stimulated protectionist attitudes in the United States.

Let me remind the House—

Mr. Dykes: Will my right hon. and learned Friend give way?

Mr. Brittan: No, I shall not give way.

Mr. Dykes rose—

Mr. Speaker: Order. The hon. Gentleman has seen that the Secretary of State is not giving way.

Mr. Brittan: I remind the House that, on this important point, the record of the meeting which, as I understand it, the right hon. and learned Member for Monklands, East was at least good enough not to dispute as being inaccurate but rather challenged as being incomplete, makes it quite clear that Sir Raymond Lygo understood—

Mr. John Smith: I did not say that.

Mr. Brittan: Sir Raymond Lygo—

Mr. Smith: Can I make this clear?

Mr. Brittan: Yes, certainly.

Mr. Smith: The Secretary of State's recollection is incomplete. I made no such distinction. I drew attention to considerable differences between the two documents. I said that there were deficiencies in it because it was done after the issue became controversial. I am not to be taken as assenting to the proposition that the Secretary of State has pronounced.

Mr. Brittan: The right hon. and learned Gentleman is perfectly well aware that, although indeed the minute was written up on 10 January, the notes from which it was taken were made—

Mr. Fisher rose—

Mr. Straw rose—

Mr. Brittan: I shall not give way. The notes from which it was taken were made contemporaneously and accord fully with the minute of the meeting. The right hon. and learned Gentleman may not find it comfortable to be reminded—

Mr. Dykes: Will my right hon. and learned Friend give way?

Mr. Brittan: No.

Mr. Dykes rose—

Mr. Speaker: Order. The hon. Gentleman has been here long enough to know that if the Secretary of State does not give way he must sit down.

Mr. Brittan: The right hon. and learned Gentleman may find it uncomfortable to be reminded of the point, but it is indeed the case that Sir Raymond returned to the question of anti-American sentiment.

In case anyone thinks that that is a pretext or excuse, let me remind hon. Members of what Sir Raymond Lygo himself said about it; he said that British Aerospace Incorporated, the United States subsidiary of British Aerospace, had expressed great concern about its United States business being harmed. So that was not a fantasy in my mind but a subject of serious concern. The right hon. and learned Gentleman might also like to know that the record of the meeting showed that I responded by saying that I was ready in that case to act immediately in defending British Aerospace's interest.

Those who regard as unreal the prospect of America taking action against British Aerospace should know that it is only within a very recent period that I had to write to the United States trade representative, Mr. Clayton Yeutter about that very matter. The position of the United

States Government is that they do not like the success of the airbus. *[Interruption.]* These are serious matters and they are highly material to what was said and done in relation to Westland. The United States Government do not like the fact that the airbus is doing increasingly well. It is not just that they do not like it; they are actually threatening to take action against it. That action is on the basis of protectionism in the United States. What they say is that the support that we are giving to the airbus in Europe entitles them to take protectionist action against it.

Mr. Stuart Bell (Middlesbrough) rose—

Mr. Brittan: I am not giving way.

It is to that sort of pressure that one is responding. The anxieties that Sir Raymond Lygo and I share are very real. It is for that reason that I say that we were not as a Government, and I was not as an individual, taking any kind of absolutist position either in relation to Britain and Europe or Britain and America, nor were we taking any absolutist position with regard to intervention in industry.

Mr. D. N. Campbell-Savours (Workington): Tell us about Rome and the ambassador.

Mr. Brittan: My right hon. Friend the former Secretary of State for Defence suggested that on 4 October I indicated that I had a preference for a European solution. Why that should be regarded in the eyes of my right hon. Friend as such a devilish thing to have escapes me, but it so happens that that is not the case. On 4 October I stated that the prospect of a European solution being developed within the time scale did not seem to be good, but I wanted to get a better assessment of those prospects before responding to Westland's proposals for Government underwriting of W30 sales. At that stage the proposition being put forward by Westland in concert with Sikorsky was that, if the reconstruction went through, the Government should underwrite W30 sales. So I recommended that Westland should be encouraged to pursue discussions urgently with European partners. However, I did not express a preference on that occasion for any particular solution that might be developed by Westland. *[Interruption.]* I believe that I am entitled to deal with the matters which were raised by my right hon. Friend the Member for Henley. I shall not have the agenda for my defence dictated by Opposition Members.

Mr. Fisher rose—

Mr. Brittan: I shall not accept interventions.

Mr. Fisher rose—

Mr. Brittan: The hon. Gentleman cannot seek to intervene all the time on the one hand and expect me to deal with all the matters which have been raised on the other. *[HON. MEMBERS: "Give way."] Are Opposition Members being honest in saying that they want to hear my answers or do they want merely to shout me down? The other matter—[Interruption.]*

Mr. Speaker: Order. The debate has proceeded in good order so far. Other right hon. and hon. Members have been given a fair and quiet hearing and the House should afford that also to the Secretary of State.

Mr. Brittan: Opposition Members are muttering from a sedentary position that I am not answering the debate. I am answering a point which was made by my right hon. Friend the Member for Henley, the ex-Secretary of State for Defence.

Mr. Fisher rose—

Mr. Ted Leadbitter (Hartlepool): On a point of order, Mr. Speaker. As I understand it, when Ministers reply, they are presumed, as Front Bench spokesmen, to take up the issues which have been raised during the debate. I ask you, Mr. Speaker, whether there is any procedural manner in which you can ask the Secretary of State to respond to the charges made by the right hon. Member for Henley (Mr. Heseltine).

Mr. Speaker: I think that that is exactly what the Secretary of State is doing.

Mr. Brittan: For the convenience of the House, I shall explain what matters I am proposing to deal with in the time left available to me. They are exactly the ones that I had in mind to respond to if I was allowed to proceed uninterrupted. I was going to deal with the meeting of 17 October, with the Foreign Office telegram and with the Law Officer's letter.

I shall deal first with the meeting of 17 October, to which my right hon. Friend the ex-Secretary of State for Defence has drawn attention. At that meeting, Sir John Cuckney referred to what he described as the Government's preference for a European minority shareholder in Westland. I said that a European minority shareholder was in both the commercial and political interests of the Government. However, that was against the background that in the board's view at that time a reconstruction involving Sikorsky seemed likely to require an element of Government underwriting. I therefore urged Sir John, as I had done previously, to explore thoroughly the possibility of a European minority shareholder. What I did not do, and have never done, was to suggest that the Government would make any attempt to influence the eventual decisions of the board or the company's shareholders. I remind the House that at that time Fiat had not joined Sikorsky.

Mr. Heseltine: I think that I heard my right hon. and learned Friend say for the first time that at the meeting of 17 October he indicated that a European minority shareholding was in the commercial and industrial interests of Westland. That, I think, is a preference.

Mr. Brittan: What I said was perfectly simple and straightforward. I said that a European minority shareholder was in both the commercial and political interests of the Government—I shall move on quickly because I know that the House wants to hear about other matters. I said that in the context of a Sikorsky bid, which at that stage seemed likely to require an element of Government underwriting. A European minority shareholder emerged later, and that was Fiat.

When my right hon. Friend the Member for Henley wrote to Lloyds bank on 3 January, the House will recall that he wrote in answer to Mr. Horne, who had written to him that day. The Westland directors noticed that the terms of his letter were in certain respects different from the terms used in the Prime Minister's letter, and raised the matter with the DTI as the sponsoring Department, and there has been no doubt about that. I, in turn, consulted the Law Officer, as I said in an intervention earlier in the debate, who had not been sent a copy of my right hon. Friend's letter of 3 January. The Law Officer subsequently wrote the letter which has been the subject of controversy.

I did not see it before it was written and I did not ask him in any way to write the letter to my right hon. Friend the then Secretary of State.

Finally, let me deal with the other matter that has been raised.

Mr. Derek Foster (Bishop Auckland) rose in his place and claimed to move, That the Question be now put.

Question, That the Question be now put, put and agreed to.

Question accordingly put, That the original words stand part of the Question:—

The House divided: Ayes 217, Noes 370.

Division No. 37

10 pm

AYES

Abse, Leo	Dubs, Alfred
Adams, Allen (<i>Paisley N</i>)	Dunwoody, Hon Mrs G.
Alton, David	Eadie, Alex
Anderson, Donald	Eastham, Ken
Archer, Rt Hon Peter	Edwards, Bob (<i>W'h'mpt'n SE</i>)
Ashdown, Paddy	Ellis, Raymond
Ashley, Rt Hon Jack	Evans, John (<i>St. Helens N</i>)
Ashton, Joe	Ewing, Harry
Atkinson, N. (<i>Tottenham</i>)	Fatchett, Derek
Bagier, Gordon A. T.	Faulds, Andrew
Banks, Tony (<i>Newham NW</i>)	Field, Frank (<i>Birkenhead</i>)
Barnett, Guy	Fields, T. (<i>L'pool Broad Gn</i>)
Barron, Kevin	Flannery, Martin
Beith, A. J.	Foot, Rt Hon Michael
Bell, Stuart	Forrester, John
Benn, Rt Hon Tony	Foster, Derek
Bennett, A. (<i>Dent'n & Red'sh</i>)	Foulkes, George
Birmingham, Gerald	Fraser, J. (<i>Norwood</i>)
Bidwell, Sydney	Freeson, Rt Hon Reginald
Blair, Anthony	Freud, Clement
Boyes, Roland	Garrett, W. E.
Bray, Dr Jeremy	George, Bruce
Brown, Gordon (<i>D'f'mline E</i>)	Gilbert, Rt Hon Dr John
Brown, N. (<i>N'c'tle-u-Tyne E</i>)	Godman, Dr Norman
Brown, R. (<i>N'c'tle-u-Tyne N</i>)	Golding, John
Brown, Ron (<i>E'burgh, Leith</i>)	Gould, Bryan
Bruce, Malcolm	Gourlay, Harry
Buchan, Norman	Hamilton, James (<i>M'well N</i>)
Caborn, Richard	Hamilton, W. W. (<i>Fife Central</i>)
Callaghan, Rt Hon J.	Hancock, Mr. Michael
Callaghan, Jim (<i>Heyw'd & M</i>)	Hardy, Peter
Campbell-Savours, Dale	Harman, Ms Harriet
Canavan, Dennis	Harrison, Rt Hon Walter
Carlile, Alexander (<i>Montg'y</i>)	Hart, Rt Hon Dame Judith
Cartwright, John	Hattersley, Rt Hon Roy
Clark, Dr David (<i>S Shields</i>)	Haynes, Frank
Clarke, Thomas	Healey, Rt Hon Denis
Clay, Robert	Heffer, Eric S.
Clelland, David Gordon	Hogg, N. (<i>C'nauld & Kilsyth</i>)
Ciwyd, Mrs Ann	Holland, Stuart (<i>Vauxhall</i>)
Cocks, Rt Hon M. (<i>Bristol S.</i>)	Home Robertson, John
Cohen, Harry	Howell, Rt Hon D. (<i>S'heath</i>)
Coleman, Donald	Hoyle, Douglas
Concannon, Rt Hon J. D.	Hughes, Robert (<i>Aberdeen N</i>)
Conlan, Bernard	Hughes, Roy (<i>Newport East</i>)
Cook, Frank (<i>Stockton North</i>)	Hughes, Sean (<i>Knowsley S</i>)
Cook, Robin F. (<i>Livingston</i>)	Hughes, Simon (<i>Southwark</i>)
Corbett, Robin	Janner, Hon Greville
Cox, Thomas (<i>Tooting</i>)	Jenkins, Rt Hon Roy (<i>Hillh'd</i>)
Craigen, J. M.	John, Brynmor
Crowther, Stan	Johnston, Sir Russell
Cunliffe, Lawrence	Jones, Barry (<i>Alyn & Deeside</i>)
Cunningham, Dr John	Kaufman, Rt Hon Gerald
Dalyell, Tam	Kennedy, Charles
Davies, Rt Hon Denzil (<i>L'Ili</i>)	Kilroy-Silk, Robert
Davis, Terry (<i>B'ham, H'ge H'l</i>)	Kinnock, Rt Hon Neil
Deakins, Eric	Kirkwood, Archy
Dewar, Donald	Lambie, David
Dixon, Donald	Lamond, James
Dobson, Frank	Leadbitter, Ted
Dormand, Jack	Leighton, Ronald
Douglas, Dick	Lewis, Ron (<i>Carlisle</i>)

Lewis, Terence (*Worsley*)
 Lithered, Robert
 Livsey, Richard
 Lloyd, Tony (*Stretford*)
 Lofthouse, Geoffrey
 Loyden, Edward
 McCartney, Hugh
 McDonald, Dr Oonagh
 McGuire, Michael
 McKay, Allen (*Penistone*)
 MacKenzie, Rt Hon Gregor
 MacLennan, Robert
 McNamara, Kevin
 McTaggart, Robert
 McWilliam, John
 Madden, Max
 Marek, Dr John
 Marshall, David (*Shettleston*)
 Martin, Michael
 Mason, Rt Hon Roy
 Maxton, John
 Maynard, Miss Joan
 Meacher, Michael
 Meadowcroft, Michael
 Michie, William
 Mikardo, Ian
 Millan, Rt Hon Bruce
 Miller, Dr M. S. (*E Kilbride*)
 Mitchell, Austin (*G't Grimsby*)
 Morris, Rt Hon A. (*W'shawe*)
 Morris, Rt Hon J. (*Aberavon*)
 Nellist, David
 Oakes, Rt Hon Gordon
 O'Brien, William
 O'Neill, Martin
 Orme, Rt Hon Stanley
 Park, George
 Parry, Robert
 Patchett, Terry
 Pendry, Tom
 Penhaligon, David
 Pike, Peter
 Powell, Raymond (*Ogmore*)
 Prescott, John
 Radice, Giles
 Randall, Stuart
 Redmond, M.
 Rees, Rt Hon M. (*Leeds S*)
 Richardson, Ms Jo

Roberts, Allan (*Bootle*)
 Roberts, Ernest (*Hackney N*)
 Robertson, George
 Robinson, G. (*Coventry NW*)
 Rogers, Allan
 Rooker, J. W.
 Ross, Stephen (*Isle of Wight*)
 Rowlands, Ted
 Ryman, John
 Sedgemore, Brian
 Sheerman, Barry
 Sheldon, Rt Hon R.
 Shore, Rt Hon Peter
 Short, Ms Clare (*Ladywood*)
 Silkin, Rt Hon J.
 Skinner, Dennis
 Smith, C. (*Isl'ton S & F'bury*)
 Smith, Rt Hon J. (*M'ds e*)
 Snape, Peter
 Soley, Clive
 Spearing, Nigel
 Steel, Rt Hon David
 Stewart, Rt Hon D. (*W Isles*)
 Stott, Roger
 Strang, Gavin
 Straw, Jack
 Thomas, Dafydd (*Merioneth*)
 Thomas, Dr R. (*Carmarthen*)
 Thompson, J. (*Wansbeck*)
 Thorne, Stan (*Preston*)
 Torney, Tom
 Wallace, James
 Wardell, Gareth (*Gower*)
 Wareing, Robert
 Weetch, Ken
 Welsh, Michael
 White, James
 Wigley, Dafydd
 Williams, Rt Hon A.
 Wilson, Gordon
 Winnick, David
 Woodall, Alec
 Wrigglesworth, Ian
 Young, David (*Bolton SE*)

Tellers for the Ayes:
 Mr. Mark Fisher and
 Mr. Ron Davies.

NOES

Adley, Robert
 Aitken, Jonathan
 Alexander, Richard
 Alison, Rt Hon Michael
 Amess, David
 Ancram, Michael
 Arnold, Tom
 Ashby, David
 Aspinwall, Jack
 Atkins, Rt Hon Sir H.
 Atkins, Robert (*South Ribble*)
 Atkinson, David (*B'm'th E*)
 Baker, Rt Hon K. (*Mole Vall'y*)
 Baker, Nicholas (*Dorset N*)
 Baldry, Tony
 Banks, Robert (*Harrogate*)
 Batiste, Spencer
 Beaumont-Dark, Anthony
 Bellingham, Henry
 Bendall, Vivian
 Benyon, William
 Best, Keith
 Bevan, David Gilroy
 Biffen, Rt Hon John
 Biggs-Davison, Sir John
 Blackburn, John
 Blaker, Rt Hon Sir Peter
 Body, Sir Richard
 Bonsor, Sir Nicholas

Bottomley, Peter
 Bottomley, Mrs Virginia
 Bowden, A. (*Brighton K'to'n*)
 Bowden, Gerald (*Dulwich*)
 Boyson, Dr Rhodes
 Braine, Rt Hon Sir Bernard
 Brandon-Bravo, Martin
 Bright, Graham
 Brinton, Tim
 Brittan, Rt Hon Leon
 Brooke, Hon Peter
 Brown, M. (*Brigg & Cl'thpes*)
 Browne, John
 Bruinvels, Peter
 Bryan, Sir Paul
 Buchanan-Smith, Rt Hon A.
 Buck, Sir Antony
 Budgen, Nick
 Bulmer, Esmond
 Burt, Alistair
 Butler, Rt Hon Sir Adam
 Butterfill, John
 Carlisle, John (*Luton N*)
 Carlisle, Kenneth (*Lincoln*)
 Carlisle, Rt Hon M. (*W'ton S*)
 Cartiss, Michael
 Cash, William
 Chalker, Mrs Lynda

Channon, Rt Hon Paul
 Chapman, Sydney
 Choqe, Christopher
 Churchill, W. S.
 Clark, Hon A. (*Plym'th S'n*)
 Clark, Dr Michael (*Rochford*)
 Clark, Sir W. (*Croydon S*)
 Clarke, Rt Hon K. (*Rushcliffe*)
 Clegg, Sir Walter
 Cockeram, Eric
 Colvin, Michael
 Conway, Derek
 Coombs, Simon
 Cope, John
 Cormack, Patrick
 Corrie, John
 Couchman, James
 Cranborne, Viscount
 Crouch, David
 Currie, Mrs Edwina
 Dickens, Geoffrey
 Dicks, Terry
 Dorrell, Stephen
 Dover, Den
 Dunn, Robert
 Durant, Tony
 Dykes, Hugh
 Edwards, Rt Hon N. (*P'broke*)
 Evennett, David
 Eyre, Sir Reginald
 Fallon, Michael
 Farr, Sir John
 Favell, Anthony
 Fenner, Mrs Peggy
 Finsberg, Sir Geoffrey
 Fletcher, Alexander
 Fookes, Miss Janet
 Forman, Nigel
 Forsyth, Michael (*Stirling*)
 Forth, Eric
 Fowler, Rt Hon Norman
 Fox, Marcus
 Franks, Cecil
 Fraser, Peter (*Angus East*)
 Freeman, Roger
 Gale, Roger
 Galley, Roy
 Gardiner, George (*Reigate*)
 Gardner, Sir Edward (*Fylde*)
 Garel-Jones, Tristan
 Gilmour, Rt Hon Sir Ian
 Glyn, Dr Alan
 Goodhart, Sir Philip
 Goodlad, Alastair
 Gorst, John
 Gow, Ian
 Gower, Sir Raymond
 Grant, Sir Anthony
 Greenway, Harry
 Gregory, Conal
 Griffiths, Peter (*Portsm'th N*)
 Grist, Ian
 Ground, Patrick
 Grylls, Michael
 Gummer, Rt Hon John S
 Hamilton, Hon A. (*Epsom*)
 Hamilton, Neil (*Tatton*)
 Hampson, Dr Keith
 Hanley, Jeremy
 Hannam, John
 Hargreaves, Kenneth
 Harris, David
 Harvey, Robert
 Haselhurst, Alan
 Havers, Rt Hon Sir Michael
 Hawkins, C. (*High Peak*)
 Hawkins, Sir Paul (*N'folk SW*)
 Hawksley, Warren
 Hayes, J.
 Hayhoe, Rt Hon Barney

Hayward, Robert
 Heath, Rt Hon Edward
 Heathcoat-Amory, David
 Heddle, John
 Henderson, Barry
 Heseltine, Rt Hon Michael
 Hickmet, Richard
 Hicks, Robert
 Higgins, Rt Hon Terence L.
 Hill, James
 Hind, Kenneth
 Hirst, Michael
 Hogg, Hon Douglas (*Gr'th'm*)
 Holland, Sir Philip (*Gedling*)
 Holt, Richard
 Hordern, Sir Peter
 Howard, Michael
 Howarth, Alan (*Stratf'd-on-A*)
 Howarth, Gerald (*Cannock*)
 Howe, Rt Hon Sir Geoffrey
 Howell, Rt Hon D. (*G'ldford*)
 Howell, Ralph (*Norfolk, N*)
 Hubbard-Miles, Peter
 Hunt, David (*Wirral*)
 Hunt, John (*Ravensbourne*)
 Hunter, Andrew
 Hurd, Rt Hon Douglas
 Irving, Charles
 Jackson, Robert
 Jenkin, Rt Hon Patrick
 Jessel, Toby
 Johnson Smith, Sir Geoffrey
 Jones, Gwilym (*Cardiff N*)
 Jones, Robert (*Herts W*)
 Jopling, Rt Hon Michael
 Joseph, Rt Hon Sir Keith
 Kellett-Bowman, Mrs Elaine
 Key, Robert
 King, Roger (*B'ham N'field*)
 King, Rt Hon Tom
 Knight, Greg (*Derby N*)
 Knight, Dame Jill (*Edgbaston*)
 Knowles, Michael
 Knox, David
 Lamont, Norman
 Lang, Ian
 Latham, Michael
 Lawler, Geoffrey
 Lawrence, Ivan
 Lawson, Rt Hon Nigel
 Lee, John (*Pendle*)
 Leigh, Edward (*Gainsbor'gh*)
 Lennox-Boyd, Hon Mark
 Lester, Jim
 Lewis, Sir Kenneth (*Stamf'd*)
 Lightbown, David
 Lilley, Peter
 Lloyd, Ian (*Havant*)
 Lloyd, Peter, (*Fareham*)
 Lord, Michael
 Luce, Rt Hon Richard
 Lyell, Nicholas
 McCrindle, Robert
 McCurley, Mrs Anna
 Macfarlane, Neil
 MacGregor, Rt Hon John
 MacKay, Andrew (*Berkshire*)
 MacKay, John (*Argyll & Bute*)
 Maclean, David John
 McNair-Wilson, P. (*New F'st*)
 McQuarrie, Albert
 Madel, David
 Major, John
 Malins, Humfrey
 Malone, Gerald
 Maples, John
 Marland, Paul
 Marlow, Antony
 Marshall, Michael (*Arundel*)
 Mates, Michael

Ma Hon Francis
 Mawhinney, Dr Brian
 Maxwell-Hyslop, Robin
 Mayhew, Sir Patrick
 Mellor, David
 Merchant, Piers
 Meyer, Sir Anthony
 Miller, Hal (*B'grove*)
 Mills, Iain (*Meriden*)
 Miscampbell, Norman
 Mitchell, David (*Hants NW*)
 Moate, Roger
 Monroe, Sir Hector
 Montgomery, Sir Fergus
 Moore, Rt Hon John
 Morrison, Hon C. (*Devizes*)
 Morrison, Hon P. (*Chester*)
 Moynihan, Hon C.
 Mudd, David
 Murphy, Christopher
 Neale, Gerrard
 Needham, Richard
 Nelson, Anthony
 Neubert, Michael
 Newton, Tony
 Nicholls, Patrick
 Normanton, Tom
 Norris, Steven
 Onslow, Cranley
 Oppenheim, Phillip
 Oppenheim, Rt Hon Mrs S.
 Osborn, Sir John
 Ottaway, Richard
 Page, Sir John (*Harrow W*)
 Page, Richard (*Herts SW*)
 Parkinson, Rt Hon Cecil
 Parris, Matthew
 Patten, Christopher (*Bath*)
 Patten, J. (*Oxf W & Abdgn*)
 Pattie, Geoffrey
 Pawsey, James
 Peacock, Mrs Elizabeth
 Pollock, Alexander
 Porter, Barry
 Portillo, Michael
 Powell, William (*Corby*)
 Powley, John
 Prentice, Rt Hon Reg
 Price, Sir David
 Prior, Rt Hon James
 Proctor, K. Harvey
 Pym, Rt Hon Francis
 Raffan, Keith
 Raison, Rt Hon Timothy
 Rathbone, Tim
 Renton, Tim
 Rhodes James, Robert
 Rhys Williams, Sir Brandon
 Ridley, Rt Hon Nicholas
 Ridsdale, Sir Julian
 Rifkind, Rt Hon Malcolm
 Roberts, Wyn (*Conwy*)
 Robinson, Mark (*N'port W*)
 Roe, Mrs Marion
 Rossi, Sir Hugh
 Rost, Peter
 Rowe, Andrew
 Rumbold, Mrs Angela
 Ryder, Richard
 Sackville, Hon Thomas
 Sainsbury, Hon Timothy
 St. John-Stevas, Rt Hon N.
 Sayeed, Jonathan
 Shaw, Giles (*Pudsey*)
 Shaw, Sir Michael (*Scarb'*)
 Shelton, William (*Streatham*)
 Shepherd, Colin (*Hereford*)
 Shepherd, Richard (*Aldridge*)

Shersby, Michael
 Silvester, Fred
 Sims, Roger
 Skeet, Sir Trevor
 Smith, Sir Dudley (*Warwick*)
 Smith, Tim (*Beaconsfield*)
 Soames, Hon Nicholas
 Speed, Keith
 Speller, Tony
 Spence, John
 Spicer, Derek
 Spicer, Jim (*Dorset W*)
 Spicer, Michael (*S Worcs*)
 Squire, Robin
 Stanbrook, Ivor
 Stanley, Rt Hon John
 Steen, Anthony
 Stern, Michael
 Stevens, Lewis (*Nuneaton*)
 Stewart, Allan (*Eastwood*)
 Stewart, Andrew (*Sherwood*)
 Stewart, Ian (*Hert'dshire N*)
 Stokes, John
 Stradling Thomas, Sir John
 Sumberg, David
 Tapsell, Sir Peter
 Taylor, John (*Solihull*)
 Taylor, Teddy (*S'end E*)
 Temple-Morris, Peter
 Terlezki, Stefan
 Thatcher, Rt Hon Mrs M.
 Thomas, Rt Hon Peter
 Thompson, Donald (*Calder V*)
 Thompson, Patrick (*N'ich N*)
 Thorne, Neil (*Ilford S*)
 Thornton, Malcolm
 Thurnham, Peter
 Townend, John (*Bridlington*)
 Townsend, Cyril D. (*B'heath*)
 Tracey, Richard
 Trippier, David
 Trotter, Neville
 Twinn, Dr Ian
 van Straubenzee, Sir W.
 Vaughan, Sir Gerard
 Viggers, Peter
 Waddington, David
 Wakeham, Rt Hon John
 Waldegrave, Hon William
 Walden, George
 Walker, Bill (*T'side N*)
 Walker, Rt Hon P. (*W'cester*)
 Waller, Gary
 Walters, Dennis
 Ward, John
 Wardle, C. (*Bexhill*)
 Warren, Kenneth
 Watson, John
 Watts, John
 Wells, Bowen (*Hertford*)
 Wells, Sir John (*Maidstone*)
 Wheeler, John
 Whitfield, John
 Whitney, Raymond
 Wiggin, Jerry
 Wilkinson, John
 Winterton, Mrs Ann
 Winterton, Nicholas
 Wolfson, Mark
 Wood, Timothy
 Woodcock, Michael
 Yeo, Tim
 Young, Sir George (*Acton*)
 Younger, Rt Hon George

Tellers for the Noes:
 Mr. Carol Mather and
 Mr. Robert Boscawen.

Question accordingly negatived.

Question, That the proposed words be there added, put forthwith pursuant to Standing Order No. 33 (Questions on amendments):—

The House divided: Ayes 367, Noes 217

Division No. 38]

10.14 pm

AYES

Aitken, Jonathan
 Alexander, Richard
 Alison, Rt Hon Michael
 Amess, David
 Ancram, Michael
 Arnold, Tom
 Ashby, David
 Aspinwall, Jack
 Atkins, Rt Hon Sir H.
 Atkins, Robert (*South Ribble*)
 Atkinson, David (*B'm'th E*)
 Baker, Rt Hon K. (*Mole Vall'y*)
 Baker, Nicholas (*Dorset N*)
 Baldry, Tony
 Banks, Robert (*Harrogate*)
 Batiste, Spencer
 Beaumont-Dark, Anthony
 Bellingham, Henry
 Bendall, Vivian
 Benyon, William
 Best, Keith
 Bevan, David Gilroy
 Biffen, Rt Hon John
 Biggs-Davison, Sir John
 Blackburn, John
 Blaker, Rt Hon Sir Peter
 Body, Sir Richard
 Bonsor, Sir Nicholas
 Bottomley, Peter
 Bottomley, Mrs Virginia
 Bowden, A. (*Brighton K'to'n*)
 Bowden, Gerald (*Dulwich*)
 Boyson, Dr Rhodes
 Braine, Rt Hon Sir Bernard
 Brandon-Bravo, Martin
 Bright, Graham
 Brinton, Tim
 Brittan, Rt Hon Leon
 Brooke, Hon Peter
 Brown, M. (*Brigg & Cl'thpes*)
 Browne, John
 Bruinvels, Peter
 Bryan, Sir Paul
 Buchanan-Smith, Rt Hon A.
 Buck, Sir Antony
 Budgen, Nick
 Bulmer, Esmond
 Burt, Alistair
 Butcher, John
 Butler, Rt Hon Sir Adam
 Butterfill, John
 Carlisle, John (*Luton N*)
 Carlisle, Kenneth (*Lincoln*)
 Carlisle, Rt Hon M. (*W'ton S*)
 Carttiss, Michael
 Cash, William
 Chalker, Mrs Lynda
 Channon, Rt Hon Paul
 Chapman, Sydney
 Chope, Christopher
 Churchill, W. S.
 Clark, Hon A. (*Plym'th S'n*)
 Clark, Dr Michael (*Rochford*)
 Clark, Sir W. (*Croydon S*)
 Clarke, Rt Hon K. (*Rushcliffe*)
 Clegg, Sir Walter
 Cockeram, Eric
 Colvin, Michael
 Conway, Derek
 Coombs, Simon
 Cope, John
 Corrie, John
 Couchman, James
 Cranborne, Viscount
 Crouch, David
 Currie, Mrs Edwina
 Dickens, Geoffrey
 Dicks, Terry
 Dorrell, Stephen
 Dover, Den
 Dunn, Robert
 Durant, Tony
 Dykes, Hugh
 Edwards, Rt Hon N. (*P'broke*)
 Evennett, David
 Eyre, Sir Reginald
 Fallon, Michael
 Farr, Sir John
 Favell, Anthony
 Fenner, Mrs Peggy
 Finsberg, Sir Geoffrey
 Fletcher, Alexander
 Fookes, Miss Janet
 Forman, Nigel
 Forsyth, Michael (*Stirling*)
 Forth, Eric
 Fowler, Rt Hon Norman
 Fox, Marcus
 Franks, Cecil
 Fraser, Peter (*Angus East*)
 Freeman, Roger
 Gale, Roger
 Galley, Roy
 Gardiner, George (*Reigate*)
 Gardner, Sir Edward (*Fylde*)
 Garel-Jones, Tristan
 Gilmour, Rt Hon Sir Ian
 Glyn, Dr Alan
 Goodhart, Sir Philip
 Goodlad, Alastair
 Gorst, John
 Gow, Ian
 Gower, Sir Raymond
 Grant, Sir Anthony
 Greenway, Harry
 Gregory, Conal
 Griffiths, Peter (*Portsm'th N*)
 Grist, Ian
 Ground, Patrick
 Grylls, Michael
 Gummer, Rt Hon John S
 Hamilton, Hon A. (*Epsom*)
 Hamilton, Neil (*Tatton*)
 Hampson, Dr Keith
 Hanley, Jeremy
 Hannam, John
 Hargreaves, Kenneth
 Harris, David
 Harvey, Robert
 Haselhurst, Alan
 Havers, Rt Hon Sir Michael
 Hawkins, C. (*High Peak*)
 Hawkins, Sir Paul (*N'folk SW*)
 Hawksley, Warren
 Hayes, J.
 Hayhoe, Rt Hon Barney
 Hayward, Robert
 Heath, Rt Hon Edward
 Heathcoat-Amory, David
 Heddle, John
 Henderson, Barry
 Heseltine, Rt Hon Michael

Hickman, Richard
 Higgins, Rt Hon Terence L.
 Hill, James
 Hind, Kenneth
 Hirst, Michael
 Hogg, Hon Douglas (*Gr'th'm*)
 Holland, Sir Philip (*Gedling*)
 Holt, Richard
 Hordern, Sir Peter
 Howard, Michael
 Howarth, Alan (*Stratf'd-on-A*)
 Howarth, Gerald (*Cannock*)
 Howe, Rt Hon Sir Geoffrey
 Howell, Rt Hon D. (*G'ldford*)
 Howell, Ralph (*Norfolk, N*)
 Hubbard-Miles, Peter
 Hunt, David (*Wirral*)
 Hunt, John (*Ravensbourne*)
 Hunter, Andrew
 Hurd, Rt Hon Douglas
 Irving, Charles
 Jackson, Robert
 Jenkin, Rt Hon Patrick
 Jessel, Toby
 Johnson Smith, Sir Geoffrey
 Jones, Gwilym (*Cardiff N*)
 Jones, Robert (*Herts W*)
 Jopling, Rt Hon Michael
 Joseph, Rt Hon Sir Keith
 Kellett-Bowman, Mrs Elaine
 Key, Robert
 King, Roger (*B'ham N'field*)
 King, Rt Hon Tom
 Knight, Greg (*Derby N*)
 Knight, Dame Jill (*Edgbaston*)
 Knowles, Michael
 Knox, David
 Lamont, Norman
 Lang, Ian
 Latham, Michael
 Lawler, Geoffrey
 Lawrence, Ivan
 Lawson, Rt Hon Nigel
 Lee, John (*Pendle*)
 Leigh, Edward (*Gainsbor'gh*)
 Lennox-Boyd, Hon Mark
 Lester, Jim
 Lewis, Sir Kenneth (*Stamf'd*)
 Lightbown, David
 Lilley, Peter
 Lloyd, Ian (*Havant*)
 Lloyd, Peter, (*Fareham*)
 Lord, Michael
 Luce, Rt Hon Richard
 Lyell, Nicholas
 McCrindle, Robert
 McCurley, Mrs Anna
 Macfarlane, Neil
 MacGregor, Rt Hon John
 MacKay, Andrew (*Berkshire*)
 MacKay, John (*Argyll & Bute*)
 Maclean, David John
 McNair-Wilson, P. (*New F'st*)
 McQuarrie, Albert
 Madel, David
 Major, John
 Malins, Humfrey
 Malone, Gerald
 Maples, John
 Marland, Paul
 Marlow, Antony
 Marshall, Michael (*Arundel*)
 Mates, Michael
 Maude, Hon Francis
 Mawhinney, Dr Brian
 Maxwell-Hyslop, Robin
 Mayhew, Sir Patrick
 Mellor, David
 Merchant, Piers
 Meyer, Sir Anthony

Miller, Hal (*B'grove*)
 Mills, Iain (*Meriden*)
 Miscampbell, Norman
 Mitchell, David (*Hants NW*)
 Moate, Roger
 Monro, Sir Hector
 Montgomery, Sir Fergus
 Moore, Rt Hon John
 Morrison, Hon C. (*Devizes*)
 Morrison, Hon P. (*Chester*)
 Moynihan, Hon C.
 Mudd, David
 Murphy, Christopher
 Neale, Gerrard
 Needham, Richard
 Nelson, Anthony
 Neubert, Michael
 Newton, Tony
 Nicholls, Patrick
 Normanton, Tom
 Norris, Steven
 Onslow, Cranley
 Oppenheim, Phillip
 Oppenheim, Rt Hon Mrs S.
 Osborn, Sir John
 Ottaway, Richard
 Page, Sir John (*Harrow W*)
 Page, Richard (*Herts SW*)
 Parkinson, Rt Hon Cecil
 Parris, Matthew
 Patten, Christopher (*Bath*)
 Patten, J. (*Oxf W & Abdgn*)
 Pattie, Geoffrey
 Pawsey, James
 Peacock, Mrs Elizabeth
 Pollock, Alexander
 Porter, Barry
 Portillo, Michael
 Powell, William (*Corby*)
 Powley, John
 Prentice, Rt Hon Reg
 Price, Sir David
 Prior, Rt Hon James
 Proctor, K. Harvey
 Pym, Rt Hon Francis
 Raffan, Keith
 Raison, Rt Hon Timothy
 Rathbone, Tim
 Renton, Tim
 Rhodes James, Robert
 Rhys Williams, Sir Brandon
 Ridley, Rt Hon Nicholas
 Ridsdale, Sir Julian
 Rifkind, Rt Hon Malcolm
 Roberts, Wyn (*Conwy*)
 Robinson, Mark (*N'port W*)
 Roe, Mrs Marion
 Rossi, Sir Hugh
 Rost, Peter
 Rowe, Andrew
 Rumbold, Mrs Angela
 Ryder, Richard
 Sackville, Hon Thomas
 Sainsbury, Hon Timothy
 St. John-Stevas, Rt Hon N.
 Sayeed, Jonathan
 Shaw, Giles (*Pudsey*)
 Shaw, Sir Michael (*Scarb'*)
 Shelton, William (*Streatham*)
 Shepherd, Colin (*Hereford*)
 Shepherd, Richard (*Aldridge*)
 Shersby, Michael
 Silvester, Fred
 Sims, Roger
 Skeet, Sir Trevor
 Smith, Sir Dudley (*Warwick*)
 Smith, Tim (*Beaconsfield*)
 Soames, Hon Nicholas
 Speed, Keith
 Speller, Tony

Spence, John
 Spencer, Derek
 Spicer, Jim (*Dorset W*)
 Spicer, Michael (*S Worcs*)
 Squire, Robin
 Stanbrook, Ivor
 Stanley, John
 Steen, Anthony
 Stern, Michael
 Stevens, Lewis (*Nuneaton*)
 Stewart, Allan (*Eastwood*)
 Stewart, Andrew (*Sherwood*)
 Stewart, Ian (*Hertf'dshire N*)
 Stokes, John
 Stradling Thomas, Sir John
 Sumberg, David
 Tapsell, Sir Peter
 Taylor, John (*Solihull*)
 Temple-Morris, Peter
 Terlezki, Stefan
 Thatcher, Rt Hon Mrs M.
 Thomas, Rt Hon Peter
 Thompson, Donald (*Calder V*)
 Thompson, Patrick (*N'ich N*)
 Thorne, Neil (*Ilford S*)
 Thornton, Malcolm
 Thurnham, Peter
 Townend, John (*Bridlington*)
 Townsend, Cyril D. (*B'heath*)
 Tracey, Richard
 Trippier, David
 Trotter, Neville
 Twinn, Dr Ian
 van Straubenzee, Sir W.

Vaughan, Sir Gerard
 Viggers, Peter
 Waddington, David
 Wakeham, Rt Hon John
 Waldegrave, Hon William
 Walden, George
 Walker, Bill (*T'side N*)
 Walker, Rt Hon P. (*W'cester*)
 Waller, Gary
 Walters, Dennis
 Ward, John
 Wardle, C. (*Bexhill*)
 Warren, Kenneth
 Watson, John
 Watts, John
 Wells, Bowen (*Hertford*)
 Wells, Sir John (*Maidstone*)
 Wheeler, John
 Whitfield, John
 Whitney, Raymond
 Wiggin, Jerry
 Wilkinson, John
 Winterton, Mrs Ann
 Wolfson, Mark
 Wood, Timothy
 Woodcock, Michael
 Yeo, Tim
 Young, Sir George (*Acton*)
 Younger, Rt Hon George

Tellers for the Ayes:

Mr. Carol Mather and
 Mr. Robert Boscawen.

NOES

Abse, Leo
 Adams, Allen (*Paisley N*)
 Alton, David
 Anderson, Donald
 Archer, Rt Hon Peter
 Ashdown, Paddy
 Ashley, Rt Hon Jack
 Ashton, Joe
 Atkinson, N. (*Tottenham*)
 Bagier, Gordon A. T.
 Banks, Tony (*Newham NW*)
 Barnett, Guy
 Barron, Kevin
 Beith, A. J.
 Bell, Stuart
 Benn, Rt Hon Tony
 Bennett, A. (*Dent'n & Red'sh*)
 Birmingham, Gerald
 Bidwell, Sydney
 Blair, Anthony
 Boyes, Roland
 Bray, Dr Jeremy
 Brown, Gordon (*D'f'mline E*)
 Brown, N. (*N'c'tle-u-Tyne E*)
 Brown, R. (*N'c'tle-u-Tyne N*)
 Brown, Ron (*E'burgh, Leith*)
 Bruce, Malcolm
 Buchan, Norman
 Caborn, Richard
 Callaghan, Rt Hon J.
 Callaghan, Jim (*Heyw'd & M*)
 Campbell-Savours, Dale
 Canavan, Dennis
 Carlile, Alexander (*Montg'y*)
 Cartwright, John
 Clark, Dr David (*S Shields*)
 Clarke, Thomas
 Clay, Robert
 Clelland, David Gordon
 Clwyd, Mrs Ann
 Cocks, Rt Hon M. (*Bristol S.*)
 Cohen, Harry
 Coleman, Donald
 Concannon, Rt Hon J. D.
 Conlan, Bernard
 Cook, Frank (*Stockton North*)
 Cook, Robin F. (*Livingston*)
 Corbett, Robin
 Cox, Thomas (*Tooting*)
 Craigen, J. M.
 Crowther, Stan
 Cunliffe, Lawrence
 Cunningham, Dr John
 Dalyell, Tam
 Davies, Rt Hon Denzil (*L'Ili*)
 Davis, Terry (*B'ham, H'ge H'l*)
 Deakins, Eric
 Dewar, Donald
 Dixon, Donald
 Dobson, Frank
 Dormand, Jack
 Douglas, Dick
 Dubs, Alfred
 Dunwoody, Hon Mrs G.
 Eadie, Alex
 Eastham, Ken
 Edwards, Bob (*W'h'mpt'n SE*)
 Ellis, Raymond
 Evans, John (*St. Helens N*)
 Ewing, Harry
 Fatchett, Derek
 Faulds, Andrew
 Field, Frank (*Birkenhead*)
 Fields, T. (*L'pool Broad Gn*)
 Flannery, Martin
 Foot, Rt Hon Michael
 Forrester, John
 Foster, Derek
 Foulkes, George
 Fraser, J. (*Norwood*)
 Freeson, Rt Hon Reginald
 Freud, Clement
 Garrett, W. E.
 George, Bruce
 Gilbert, Rt Hon Dr John
 Godman, Dr Norman
 Golding, John
 Gould, Bryan

Gourlay, James (M'well N)
 Hamilton, W. W. (Fife Central)
 Hancock, Mr. Michael
 Hardy, Peter
 Harman, Ms Harriet
 Harrison, Rt Hon Walter
 Hart, Rt Hon Dame Judith
 Hattersley, Rt Hon Roy
 Haynes, Frank
 Healey, Rt Hon Denis
 Heffer, Eric S.
 Hogg, N. (C'nauld & Kilsyth)
 Holland, Stuart (Vauxhall)
 Home Robertson, John
 Howell, Rt Hon D. (S'heath)
 Hoyle, Douglas
 Hughes, Robert (Aberdeen N)
 Hughes, Roy (Newport East)
 Hughes, Sean (Knowsley S)
 Hughes, Simon (Southwark)
 Janner, Hon Greville
 Jenkins, Rt Hon Roy (Hillh'd)
 John, Brynmor
 Johnston, Sir Russell
 Jones, Barry (Alyn & Deeside)
 Kaufman, Rt Hon Gerald
 Kennedy, Charles
 Kilroy-Silk, Robert
 Kinnock, Rt Hon Neil
 Kirkwood, Archy
 Lambie, David
 Lamond, James
 Leadbitter, Ted
 Leighton, Ronald
 Lewis, Ron (Carlisle)
 Lewis, Terence (Worsley)
 Litherland, Robert
 Livsey, Richard
 Lloyd, Tony (Stretford)
 Lofthouse, Geoffrey
 Loyden, Edward
 McCartney, Hugh
 McDonald, Dr Oonagh
 McGuire, Michael
 McKay, Allen (Penistone)
 MacKenzie, Rt Hon Gregor
 MacLennan, Robert
 McNamara, Kevin
 McTaggart, Robert
 McWilliam, John
 Madden, Max
 Marek, Dr John
 Marshall, David (Shettleston)
 Martin, Michael
 Mason, Rt Hon Roy
 Maxton, John
 Maynard, Miss Joan
 Meacher, Michael
 Meadowcroft, Michael
 Michie, William
 Mikardo, Ian
 Millan, Rt Hon Bruce
 Miller, Dr M. S. (E Kilbride)
 Mitchell, Austin (G't Grimsby)
 Morris, Rt Hon A. (W'shawe)
 Morris, Rt Hon J. (Aberavon)
 Nellist, David
 Oakes, Rt Hon Gordon
 O'Brien, William
 O'Neill, Martin
 Orme, Rt Hon Stanley
 Park, George
 Parry, Robert
 Patchett, Terry
 Pendry, Tom
 Penhaligon, David
 Pike, Peter
 Powell, Raymond (Ogmore)
 Prescott, John
 Radice, Giles
 Randall, Stuart
 Redmond, M.
 Rees, Rt Hon M. (Leeds S)
 Richardson, Ms Jo
 Roberts, Allan (Bootle)
 Roberts, Ernest (Hackney N)
 Robertson, George
 Robinson, G. (Coventry NW)
 Rogers, Allan
 Rooker, J. W.
 Ross, Stephen (Isle of Wight)
 Rowlands, Ted
 Ryman, John
 Sedgemore, Brian
 Sheerman, Barry
 Sheldon, Rt Hon R.
 Shore, Rt Hon Peter
 Short, Ms Clare (Ladywood)
 Silkin, Rt Hon J.
 Skinner, Dennis
 Smith, C. (Isl'ton S & F'bury)
 Smith, Rt Hon J. (M'ds e)
 Snape, Peter
 Soley, Clive
 Spearing, Nigel

Steel, Rt Hon David
 Stewart, Rt Hon D. (W Isles)
 Stott, Roger
 Strang, Gavin
 Straw, Jack
 Thomas, Dafydd (Merioneth)
 Thomas, Dr R. (Carmarthen)
 Thompson, J. (Wansbeck)
 Thorne, Stan (Preston)
 Torney, Tom
 Wallace, James
 Wardell, Gareth (Gower)
 Wareing, Robert
 Weetch, Ken

Welsh, Michael
 White, James
 Wigley, Dafydd
 Williams, Rt Hon A.
 Wilson, Gordon
 Winnick, David
 Woodall, Alec
 Wigglesworth, Ian
 Young, David (Bolton SE)

Tellers for the Noes:
 Mr. Mark Fisher and
 Mr. Ron Davies.

Question accordingly agreed to.

Mr. Speaker forthwith declared the main Question, as amended, to be agreed to.

Resolved,

That this House endorses the Government's consistent objective of supporting Westland plc in its efforts to achieve a financial reconstruction, of supporting United Kingdom participation in collaboration with North Atlantic Treaty Organisation allies and of safeguarding the interests of the company, its employees and its shareholders, recognises the efforts of the Government to ensure that the Westland Board had more than one option to secure that objective; affirms that it will be for the company to determine its future course of action; and further recognises the competence of departmental Select Committees of the House of Commons to consider the issues raised by these developments.

CORRIGENDA

Official Report, 13 January 1986, column 876.

Line 16 from foot of column:

Delete "Mr. Jeremy Corbyn (Islington, North)" and insert "Mr. Dave Nellist (Coventry, South-East)".

Official Report, 14 January 1986, column 929.

Line 10 from foot of column:

The passage beginning "I note the hon. and learned Gentleman's views" should be attributed to Mr. Hurd.

[Continued in column 1177]

MB A
Is x right? I thought it went
to DN. ^{new} _{15.1} cc Mr Powell
Mr Negome

MR. WICKS

You asked me to look into the time of arrival of the letter from Sir Austin Pearce on Monday. I have now spoken to Charles Mayo, ~~Charles Powell, a bi account~~ & ~~this account should be addressed to the raised account.~~

Margo Hamilton was the Duty Clerk on the desk from 1000 to 1330 on that day, and the letter was brought through to her by hand from the Front Door during that period. Margo believes that this was some time after 1100, probably at about 12 noon.

Margo recalls opening it. It was sent down to the Garden Rooms, but, as far as we know, was then returned to the Private Office and placed in ~~Charles Powell's~~ ^{David Nuljney} tray (though I should say that Vanessa Cummings, who would have sorted the letter in the Garden Rooms, does not remember that one specifically).

We cannot be sure exactly when this took place, ~~but Margo believes that Charles, when he got out of the Westland meeting at about 1230, would have then seen it in his tray.~~ ^{But DN believes it was not in his tray when he went for lunch at 1.35, but was at the top of it when he returned at 2.15. This is correct.}

Some time between 1330 and 1500 (when Amanda Ross was on the desk), a call from the Press Office about the letter came through. Apparently Charles was aware of it by then.

Charles met the Prime Minister at the end of the lunch with the 2000 Group, which broke shortly after 1430, ^{which is when he would first have been aware of the letter.}

~~This account is based on Margo's recollections. I have not had a chance to check that this tallies with what Charles remembers of the arrival of the letter.~~

~~apparently~~
believes not in his tray ^{with DN}
for lunch at ^{1.35}
Returned a letter at 2.15
at the top of tray o/r. a

MB A

MARK ADDISON

cc Mr Powell ✓

MR. WICKS

You asked me to look into the time of arrival of the letter from Sir Austin Pearce on Monday.

Margo Hamilton was the Duty Clerk on the desk from 1000 to 1330 on that day, and the letter was brought through to her by hand from the Front Door during that period. Margo believes that this was some time after 1100, probably at about 12 noon.

Margo recalls opening it. It was sent down to the Garden Rooms, but, as far as we know, was then returned to the Private Office and placed in Charles Powell's tray (though I should say that Vanessa Cummings, who would have sorted the letter in the Garden Rooms, does not remember that one specifically).

NO |

We cannot be sure exactly when this took place, but Margo believes that Charles, when he got out of the Westland meeting at about 1230, would have then seen it in his tray.

NO |

Some time between 1330 and 1500 (when Amanda Ross was on the desk), a call from the Press Office about the letter came through. Apparently Charles was aware of it by then.

first seen in hands of Mr. Margo at 14:30

Charles met the Prime Minister at the end of the lunch with the 2000 Group, which broke shortly after 1430.

This account is based on Margo's recollections. I have not had a chance to check that this tallies with what Charles remembers of the arrival of the letter.

MMA

MARK ADDISON

15/1/86

Pl. mate



10 DOWNING STREET

NLW

2 copies (photocopy of copy
1 and copy 2) of Record of
Events pertaining to
westlands which occurred
on 8 January 1986
were destroyed on
15.1.86.

new 1 copy from Wiggins
1 spare

Smithell is retaining his
copy. No one else
has seen it.

Amanda Ross

15.1.86.

Photocopy of copy no. 1 of
Record of even pertaining
to Westland 8.1.86.

Destroyed 15.1.86

~~Alma~~

See Nichell's copy.

Nigel

Very many thanks

Returned as
promised.

J. Mitchell

DT 1

14/1/86.



10 DOWNING STREET

14/11

With the compliments of

Duty Clerk



PRIVATE &
CONFIDENTIAL

WITH COMPLIMENTS

Lord Hanson

CHAIRMAN, HANSON TRUST PLC

180 BROMPTON ROAD
LONDON SW3 1HF ENGLAND

(01) 589-7070
TELEX 91-72-02



Lord Hanson

180 Brompton Road
London SW3 1HF
Telephone (01) 589-7070
Telex 91-72-02 Hanson G

January 15, 1986

cc Mr Wicks
Mr Wiggins

CABINET OFFICE	
A	518
16 JAN 1986	
FILING INSTRUCTIONS	
FILE No.

Dear John -

This is to advise you that we have completed the purchase, for long term investment purposes, of 8,886,972 shares in Westland PLC, which I understand represents 14.98% of the equity. I enclose a formal letter on this subject.

As you may know, our subsidiary Air Hanson, the Weybridge based helicopter operator formed in 1973, has for many years had operational arrangements with your company and with Sikorsky. It is hoped, by means of this investment, that Air Hanson will be able to strengthen these interests in future.

Since these purchases were made without your knowledge I thought I would send you a covering note.

With very best wishes for your endeavours.

Sincerely

James

Sir John Cuckney,
Chairman,
Westland PLC,
4 Carlton Gardens,
Pall Mall,
London
SW1Y 5AB



Hanson Trust PLC

180 Brompton Road, London SW3 1HF
Telephone (01) 589-7070 Telex 91.76.98

January 15, 1986

The Secretary
Westland PLC
Westland Works
Yeovil
Somerset BA20 2YB

Dear Sir

In accordance with the terms of Sections 198 and 202 of The Companies Act 1985, we hereby give you notice that Hanson Trust PLC has purchased 8,886,972 ordinary shares of 25p each in Westland PLC, which we understand to be 14.98% of the issued ordinary share capital. The shares will be registered in the name of our wholly owned subsidiary, Cheval Securities Limited.

Yours faithfully

Alan Hagdrup
Director

Directors: Lord Hanson (Chairman) D. N. Rosling (Vice-Chairman)
B. A. Hellings A. Hagdrup M. G. Taylor A. G. L. Alexander C. G. F. Harding
J. H. Pattison D. C. Bonham Sir Gordon Booth KCMG CVO E. D. Collins (USA) H. G. Ashton DL
Associate Directors: D. H. Clarke (USA) A. R. Cotton P. J. Harper



Solicitor-General (Letter)

3.32 pm

Mr. Tam Dalyell (Linlithgow): On a point of order, Mr. Speaker. May I ask your help with a matter, about which I gave you notice this morning, relating to documents for the coming debate? It may be within the recollection of the House that on 6 January the Law Officers wrote a letter to the right hon. Member for Henley (Mr. Heseltine). It was partly and selectively leaked. For the purposes of greater accuracy, I went to the Library this morning to ask for the complete letter so that one could look at it in full and not selectively. The Library with its normal efficiency and courtesy, found that it did not have the letter. The Library then rang the Law Officers' Department, which said that higher authority would have to be consulted before it could give me the letter. When higher authority was consulted, lo and behold, the letter was not forthcoming. The House does not have the full text of that letter. It is extremely unsatisfactory to make decisions or speeches on the basis of selectively leaked letters. I wonder whether there is any way in which you can manage to get before the House the full text of the letter written by the Law Officers and sent to the former Secretary of State for Defence.

Mr. Speaker: Order. I cannot help the hon. Member. Whether the Government choose to put a letter before the House is entirely a matter for them. I believe that the Leader of the House wishes to say something.

The Lord Privy Seal and Leader of the House of Commons (Mr. John Biffen): So that we may keep these matters in perspective, may I say that in no sense do I represent higher authority. The House will appreciate that there are conventions relating to advice from the Law Officers. I can inform the House that the Solicitor-General has authorised publication of his letter of 6 January to the then Secretary of State for Defence, and arrangements are being made for it to be made available to the House later this afternoon.

Cruelty to Animals (Amendment)

3.34 pm

Mr. Harry Cohen (Leyton): I beg to move,

That leave be given to bring in a Bill to prohibit all tests of cosmetics, tobacco and alcohol and similar experiments on animals; to prohibit the draize eye irritancy test and the LD50 poisoning test; to prohibit behavioural and psychological experiments on animals; to prevent use of animals in warfare trials or experiments; to abolish the practices of hare coursing, and fox and stag hunting; to prohibit the use of domestic animals in animal experiments; to increase the penalties for convictions of causing, procuring or assisting at the fighting or baiting of dogs, cats or other domestic animals; to ban the import and sale of bull terriers and the advertising of fighting dogs for sale, including the advertising of qualities related to fighting; to regulate laboratories in which animals are bred; to reconstitute the Advisory Committee on Animal Experiments; and to promote alternatives to animal experiments.

I stress that there is no connection between this matter and the next item of House of Commons business.
[*Interruption.*]

Mr. Speaker: Order. The hon. Member has every right to be heard.

Mr. Cohen: I am pleased, Mr. Speaker, that this large gathering today is concerned with animal rights. The British enjoy a reputation as animal lovers. That reputation, I fear, exists more in the hearts and minds of decent British people than in the practices that are embodied in the law of the land.

The shameful reality is that 110 years have passed without improvements to the Cruelty to Animals Act 1876. My Bill seeks to bring the law closer to public perceptions of our humanitarian protection towards animals, and to distance future legislation as far as possible from the barbaric brutality allowed at present. In so doing, my proposals run counter to the Conservative Government's legislative intentions on this matter, which are to afford less protection to animals while employing a deft legislative "newspeak" to hoodwink and placate public opinion.

The Government are too squeamish to use the word "experiment" and have substituted the word "procedure" to ensure that public sensitivities are not offended while appalling cruelty to animals will actually be allowed to increase. This is a betrayal of the public's heartfelt wish to provide proper rights for animals, to see an end to barbaric blood sports and to end unnecessary animal experiments.

My Bill puts a stop to the obscenity of killing animals in the name of sport by abolishing the practices of hare coursing, fox and stag hunting. This is a Labour party policy which I should like to see enacted immediately. To their shame, the Conservative Government have twice overruled the Northern Ireland Assembly's unanimous votes to outlaw hare coursing. Perhaps this tendency to override public and parliamentary opinion will diminish somewhat when the Government are reminded that a recent poll of Conservative voters showed a majority opposed to all forms of hunting. The measure that I propose not only puts a stop to the rights of sadists to enjoy the fun of the kill while devastating our countryside but also sorts out their less well heeled blood brothers who support dog fighting. In line with RSPCA policy, my Bill would substantially increase penalties for convictions for causing, procuring, assisting or aiding and abetting at the fighting or baiting of dogs, cats and other domestic

NOTE FROM DTI TO TF AS DICTATED BY TELEPHONE ON 15 JANUARY

Sir John Cuckney was told in confidence of the conclusion of the meeting later that day. This was confirmed to him in writing on 12 December. The Government's decision that it would not require the repayment of launch aid in certain circumstances was implemented by an exchange of letters on 12 December.

On 10 December dealings in the company's shares were suspended. On 19 December Westland announced its preliminary results for the year ended 30 September 1985 showing a loss attributable to shareholders of £98.7 million.

On 9 January Cabinet confirmed the identical policy and once again the policy was agreed unanimously. It was vital from that day forward that we should give strict practical effect to the policy, as the crucial time for the company's decision was approaching. ^{This} ~~It~~ was not a technicality. It was ~~crucial~~ ^{absolutely essential} for the effective discharge of collective responsibility. The whole of the rest of the Cabinet agreed the procedure we should adopt with the sole exception of my RHF the member for Henley. His view was ~~one which we judged~~ incompatible with collective responsibility. To have conceded the point for him alone would have been ^{and he gets no honour} a breakdown of constitutional government.

GOVERNMENT AMENDMENT

Leave out everything from "noting" to the end and insert "endorses the Government's consistent objective of a financial reconstruction of Westland as soon as possible which maintains a British helicopter design, development and manufacturing capability, supports UK participation in collaboration with NATO allies and safeguards the interests of the company, its employees and its shareholders; recognises the efforts of the Government to ensure that the Westland Board had more than one option to secure that objective; and notes that it will be for the company to determine its future course of action."



10 DOWNING STREET

CDP

John Mogg says

SS/DTI is currently
seeing Sir John
Cuckney & Lord
Farnshawe at DTI.

It's attracting a
lot of press — they
have notified a line
to No 10 Press Office

Julie

15.1.86

On 8 January my rt. honourable Friend, the Secretary of State for Trade and Industry, saw Sir Raymond Lygo.

My hon Friend, the Minister of State, the Member for Chertsey and three officials from his Department were also present.

My rt. honourable Friend, the Industry Secretary, has given his account of that meeting to the House.

A letter from Sir Austin Pearce about that meeting has been published today, together with my reply and the record of the meeting taken by the Department of Trade and Industry.

Mr Flesher

Official Box for Westland Debate

The following are on the list for the opening speeches:

Mr Wicks
Mr Powell
Mr Norgrove
Mr Flesher
Mr Sherbourne
Mr Wiggins, Cabinet Office
Sir C Whitmore, MOD
2 DTI Officials, (names still to be decided)

From then on DTI officials will be in the box, with No. 10 Private Secretaries, Mr Wiggins and an MOD Official having the option to go in if necessary.

For the wind up speeches there will be 5 DTI people in, one MOD, and Mr Wiggins, thus leaving 2 seats for No. 10.

I am copying this to the No. 10 people on the list and the Parliamentary Clerks in DTI and MOD for information.

NR

Miss N Roche
Parliamentary Clerk

15 January 1986

SUPPLEMENTARY NOTE

As my rt. honourable Friend indicated to the House, the two Ministers and the officials here present agreed that the record by the Department of Trade and Industry is an accurate account of what was said. That record was based on notes taken at the time. As my rt. honourable Friend has said, it is a matter of regret that a different impression was given from what was said or intended.

1 Victoria Street, SW1H 0ET Press Office: 01-215
Out of hours: 01-215 7877

Ref: 40

15 January 1986

GEOFFREY PATTIE - STATEMENT ON WESTLANDS

Geoffrey Pattie MP, Minister of State for Industry and Information Technology, today (15 January) issued the following statement about Sir Raymond Lygo's meeting with the Secretary of State for Trade and Industry on Wednesday 8 January and Sir Austin Pearce's letter to the Prime Minister.

"I agree that the official record represents an accurate account of what happened at the meeting between the Secretary of State for Trade and Industry and Sir Raymond Lygo on Wednesday 8 January.

"I have read the letter of 13 January sent by Sir Austin Pearce to the Prime Minister and must take issue particularly with points 6 and 7 of Sir Raymond Lygo's account of what was said by the Secretary of State at that meeting.

"First, on point 7, at no time in the meeting was it said that British Aerospace should withdraw from the European consortium.

"On point 6, it was not said that BAe's involvement in either consortium was not in the national interest, but that a continuation of the uncertainty over Westland's future was not in the national interest - particularly where sales by BAe and others to the US were concerned.

- ENDS -

Mr Wiggins

Mr Powell

I see no objection to
this.

JW
14/1



10 DOWNING STREET

I enclose copy of ~~draft~~ letter
from Prime Minister to
Sir A. Pearce.

(Not enclosed
JW

With the compliments of

Should I show this to
law officers? —

I don't think so.

~~M. C. Powell~~

Duty Clerk,

PP

M. C. POWELL

British Aerospace

PUBLIC LIMITED COMPANY

100 Pall Mall
London SW1Y 5HR

Telephone: 01-930 1020
Telegrams: Britair London
Telex: 24353

From the Chairman,
SIR AUSTIN PEARCE, CBE

The Rt Hon Margaret Thatcher, MP,
Prime Minister,
10 Downing Street,
London, S.W.1.

15th January, 1986.

Dear Prime Minister,

Thank you for your letter of 15th January and for sending me a copy of the record made by the Department of Trade and Industry of the meeting held with Sir Raymond Lygo on 8th January last. It is evident that there are two different recollections of what was said at the meeting. It is our hope that we will now be able to concentrate on the important issues concerning the future of Westland plc.

I am publishing this reply to your letter.

Yours sincerely,

Austin Pearce

FINAL - A.S. sent

File
Copy



10 DOWNING STREET

THE PRIME MINISTER

15 January 1986

Dear Sir Austin,

Thank you for your letter of 13 January about the meeting at the Department of Trade and Industry on 8 January.

You will have read Leon Brittan's statement in the House on Monday in which he gave his recollection, which was shared by the Ministers and officials present, of that meeting. You were kind enough to send me a copy of Sir Raymond's account of the proceedings (which I understand that you are not prepared to have published) and I am sending you with this letter a copy of the record of the meeting taken by the Department of Trade and Industry, which will be published.

Let me emphasise that we are pleased that the Westland Board has enjoyed a choice of offer. As I have told the House of Commons, Westland is a private sector public limited company and the company's decision on its future is a matter of commercial judgment for its directors, and ultimately its shareholders. That remains our policy.

Finally, let me assure you, as I assured Sir John Cuckney in my published letter of 1 January, that whichever of the two proposals currently under consideration the company chooses to accept, the Government would continue to

support Westland's wish to participate in European collaborative projects and would resist to the best of its ability attempts by others to discriminate against Westlands.

Thank you for agreeing that your letter can be published since it has become a public issue. I am publishing this reply.

Yours sincerely

Langford Shaltes

Sir Austin Pearce, C.B.E.

PL File
Z



10 DOWNING STREET

NLW

Chris Roberts rang
to say Chief Whip
has no comments
on the letter.

JB

15-1-86

About PU NOTE on
Westlands



10 DOWNING STREET

From the Private Secretary

~~Charles~~

Brian Griffiths is not sure about the quality of this. (I am writing without having seen it myself.)

If you don't think much of it, he would be content for you to keep it out, though he wouldn't want you to tell other members of the PU he had said that.

He hasn't seen the final version either! So you see what I have



TO DOWNING STREET

to put up with.

David.

TO:
PS/MR PATTIE

FROM:
J F MOGG
PS/Secretary of State
for Trade & Industry

10 January 1986

MEETING WITH SIR RAYMOND LYGO : 8 JANUARY 1986

On 8 January the Secretary of State took the opportunity of Sir Raymond Lygo's meeting with your Minister to have a few words with Sir Raymond. Your Minister, Mr Macdonald and Mr Michell were present.

2 The Secretary of State began by saying that there had been one aspect of the Westland issue that had been of particular concern to him as the sponsoring Minister. This concerned the impact on potential sales to the US of the A320. The Secretary of State said that whilst the Government's position was that it was a matter for the company to decide what course to follow, he himself had no view on the merits of the two offers. However, the nature of the campaigning and the overtones of anti-American sentiment were, in the Secretary of State's view, particularly damaging and potentially could fuel protectionist sentiment in the US. Had such views been expressed earlier they would undoubtedly have hindered the Secretary of State's efforts in the difficult and complex negotiations with the United States Trade Representative concerning semi-finished steel products.

3 Sir Raymond understood the Secretary of State's concern. British Aerospace's interest was to ensure that Westland remained a potential purchaser of material from his company. In response to Sir Raymond's comment that the NAD recommendation remained on the table the Secretary of State said that the Government's decision was clear. Unless the European offer had been acceptable to the Westland Board by 13 December the Government was not bound by the NAD recommendation. This was now the position and had been made perfectly clear in the Secretary of State's statement to the House.

4 The Secretary of State said that it might have been helpful if British Aerospace had spoken to him initially. However having not done so and, British Aerospace having taken a commercial decision to participate in the European Consortium, the Secretary of State took no view on that position. Nonetheless he hoped the way in which the negotiations were conducted would not damage British Aerospace's wider commercial interest especially in the US. For example any challenge which implied that acceptance of the Sikorsky/Fiat proposal would result in a loss of independent design capability at Westland raised the profile of the discussions and implied an anti-US attitude.

5 Sir Raymond said that he hoped that discussions with Westland that evening would be on a true commercial basis. An attempt would be made by both sides to lower the temperature at this meeting. Indeed Sir Brian Hayes had himself congratulated Sir Raymond on his success in lowering the temperature at previous meetings. At the discussion later that evening British Aerospace would probably make a further improvement in the European offer. In order to resolve a shortage of engineering capability at British Aerospace some 100 engineers work per annum could be made available to Westland. Such an offer from British Aerospace would only be made if Westland had the capability to undertake the high quality work involved.

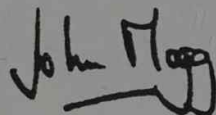
6 Sir Raymond returned to the question of anti-American sentiment. British Aerospace Inc. (their US subsidiary) had expressed great concern about their US business being harmed. The Secretary of State responded by saying that he was ready to act immediately in defending British Aerospace's interest. He repeated, however, that, in his view, it was much more effective if the current round of discussions was not interpreted as being anti-American in sentiment.

7 Sir Raymond commented that MOD was British Aerospace's biggest single customer. He also emphasised that British Aerospace was considerably committed to collaborative ventures with MBB and Aerospatiale. Someone had needed to take the lead in establishing the European Consortium and British Aerospace would have been regarded as letting down their European collaborators if they had not done so. Sir Raymond was fully aware of the dangers and hoped that he was capable of managing this delicate balancing act.

8 The Secretary of State commented that customers could not dictate the extent of the enthusiasm with which any particular case might be put. British Aerospace had relations with this Department also. Sir Raymond took this point.

9 The Secretary of State said that it was not in the national interest that the present uncertainty involving Westland should drag on. Sir Raymond said that he had heard the same message elsewhere but questioned what was the national interest. Shareholders needed to have full information on which to base their decisions.

10 The meeting concluded with Sir Raymond observing that notes had been taken of the discussion.



J F MOGG

From the Chairman,
SIR AUSTIN PEARCE, CBE

Private and Strictly Confidential

The Rt. Hon. Margaret Thatcher, FRS, MP,
The Prime Minister,
10 Downing Street,
London SW1

13th January 1986

Sir Austin Pearce,

You should be aware that while visiting Mr. Pattie to discuss Airbus business on Wednesday the 8th January, preparatory to a meeting in Munich on January 9th, Sir Raymond Lygo, my Chief Executive, had an impromptu meeting with Mr. Leon Brittan in the Department of Trade and Industry at 1700 hrs. The meeting was at the Secretary of State's request, in the presence of Mr. Geoffrey Pattie, Mr. Macdonald and Mr. Michell all of his Department, as well as his Private Secretary.

Sir Raymond returned directly to a special Board Meeting of British Aerospace which was in progress and made a full report of his conversation to the Board. He also wrote down all the salient points that had been made to him. His report stated that the following points were specifically covered by the Secretary of State:

1. expressed a view that as the DTI were our sponsoring Department we should have consulted with his Department before we entered the Consortium
2. to enquire whether we had fully considered the effect our actions might have on our American business and in particular on the A320 and his concern about the effect on Anglo-American business that our actions might be having
3. his concern at the Consortium leadership role we appeared to be adopting
4. that the decision should be left to the shareholders alone
5. that the agreement of the National Armaments Directors had never been endorsed by Government and that he could prove this by showing Sir Raymond the Minutes of the meetings which discussed it
6. that what we were doing was not in the National Interest
7. that we should withdraw.

A full transcript of Sir Raymond's account of the proceedings is available if you would wish to see it. At the end of his Board Statement, Sir Raymond asked that he be accorded the protection of the Board since the matter in which he had been nominated as the spokesman was becoming personalised and he was most unhappy with the situation. You should be aware that in his verbal reply to the Secretary of State, Sir Raymond made the following points:

1. that the Board had considered fully the implications of the effects on our American trade; that we had actually suggested that some of the words originally used in the National Armament Directors' Agreement be amended to avoid implying that the action was protectionist
2. that Sir Raymond had gone out of his way at the Consortium's Press Conference to make a lengthy statement to one of the American correspondents there to the effect that he wished that the debate would not be trivialised to the extent of portraying the European Consortium as being anti-American because it was not in the interests of the United States to have a weak defence industry in Europe; quite the reverse, and to be pro-European did not mean that one had to be anti-American. In fact, the reverse was true
3. that in his own case he was married to an American, had spent many happy years in the United States and served in the United States Navy which he suspects was a greater involvement in the United States than anybody present at that meeting, and the last person that could be accused of being anti-American, in his view, was himself
4. that he found the reference to the National Interest confusing, since we had been told by another great Department of State that what British Aerospace were doing was in the National Interest
5. that our European partners had a natural expectation that British Aerospace, the most experienced, should lead their Consortium in the attempt to persuade the shareholders of Westlands that their proposals were genuine and better
6. that British Aerospace and the Consortium were very content to let the shareholders decide, so long as they were given the facts
7. that the Ministry of Defence was British Aerospace's largest customer and that the partners involved in the Consortium were the same partners in our most important programmes, Airbus, the European Fighter programme, the Trigat programme and Tornado

In view of the serious nature of the complaints that had been made against the attitude of British Aerospace, it was considered important that our British partner GEC should be informed of what had taken place. Also, since one of the conditions precedent set before we joined the Consortium was being questioned, i.e. the agreement of the National Armaments Directors, that the Department of Defence, through the Permanent Under-Secretary should be approached to learn whether, what we had been given to understand was correct. At no time was any discussion about the meeting held with Mr. Michael Heseltine.

You should also be aware that on December 11th, I was approached by Mr. Macdonald of the Department of Trade and Industry who expressed the Department's concern that British Aerospace had not consulted the sponsoring Department, the DTI, before getting involved with the European Consortium. I reminded him of the meetings with Sir Basil Blackwell on May 15th and Sir John Cuckney on July 15th when British Aerospace had stated its interest in ensuring the survival of Westlands and that these conversations had been reported to Mr. Tebbit, Mr. Pattie and Sir Brian Hayes. It was indicated to me that Mr. Brittan was very concerned at the developments and I therefore requested a meeting with him which was held on December 13th at which I stated that British Aerospace as a fully privatised company had considered the Consortium proposal on a commercial basis and since the DTI had not responded in any way to British Aerospace's expressed interest in the Westland survival, that British Aerospace should proceed on the basis of its commercial interests and these took into account the U.S. relationships for both British Aerospace and Airbus Industrie.

This discussion covered some of the facts as mentioned above but not as pointedly as were made to Sir Raymond. We were thus aware of the arguments being made by the DTI, but believed that the shareholders of Westlands should decide. That is still our position.


I have no doubt that Sir Raymond's account of the events so fresh in his memory and recounted to the Board so soon after the event with the assistance of notes made immediately after that meeting was substantially correct, and are borne out by much other information that is coming to light. So far we have refused to make any public comment.

The meeting took place immediately following a discussion Sir Raymond was having with Mr. Pattie on Airbus Industrie's proposals for a new programme. The connection is worrying to say the least. Whatever the words used were meant to convey, the message was perfectly clear. I would therefore ask you to take this letter into account in any further exchanges that might take place, or in any further statements that might be made by the Government, in order to avoid further embarrassment.

Please be assured that we have absolutely no desire to embarrass you, and much regret that you have become involved in what should have been a purely commercial discussion and decision-making process. Nevertheless, I think it is important that you should understand the position of British Aerospace.

This letter is addressed to you and is not being copied to any other party.

Yours sincerely,

A handwritten signature in cursive script, followed by a horizontal line underneath it.

TO:
PS/MR PATTIE

FROM:
J F MOGG
PS/Secretary of State
for Trade & Industry

10 January 1986

MEETING WITH SIR RAYMOND LYGO : 8 JANUARY 1986

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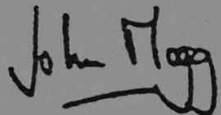
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DE-CLASSIFIED

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J F MOGG



10 DOWNING STREET

THE PRIME MINISTER

15 January 1986

Dear Sir Austin,

Thank you for your letter of 13 January about the meeting at the Department of Trade and Industry on 8 January.

You will have read Leon Brittan's statement in the House on Monday in which he gave his recollection, which was shared by the Ministers and officials present, of that meeting. You were kind enough to send me a copy of Sir Raymond's account of the proceedings (which I understand that you are not prepared to have published) and I am sending you with this letter a copy of the record of the meeting taken by the Department of Trade and Industry, which will be published.

Let me emphasise that we are pleased that the Westland Board has enjoyed a choice of offer. As I have told the House of Commons, Westland is a private sector public limited company and the company's decision on its future is a matter of commercial judgment for its directors, and ultimately its shareholders. That remains our policy.

Finally, let me assure you, as I assured Sir John Cuckney in my published letter of 1 January, that whichever of the two proposals currently under consideration the company chooses to accept, the Government would continue to

support Westland's wish to participate in European collaborative projects and would resist to the best of its ability attempts by others to discriminate against Westlands.

Thank you for agreeing that your letter can be published since it has become a public issue. I am publishing this reply.

Yours sincerely

Margaret Thatcher

Sir Austin Pearce, C.B.E.



overtaken

10 DOWNING STREET

THE PRIME MINISTER

15 January 1986

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Thank you for your letter of 13 January about the meeting at the Department of Trade and Industry on 8 January.

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10 DOWNING STREET

NLW

Don Maclean rang
from British Aerospace.

Sir Austin Pearce is
sending a further letter
to PM (an acknowledgment
basically).

They intend to
publish but will
not do so until I
confirm receipt.

Julie

15.1.86



10 DOWNING STREET

Prime Minister

Bae have just

published

Dr Ray

Lygo's

notes

at

2300

this

evening.

CDP

15/i

CONFIDENTIAL
COMMERCIAL IN CONFIDENCE
MARKET SENSITIVE

cyBX
cnew



To:
PS/SECRETARY OF STATE

cc. PS/Mr Pattie
Sir Brian Hayes
Sir Jeffrey Sterling
Mr Macdonald
Mr Whittingdale
Miss Bowe
Mr O'Shea
Mr Wicks - No.10
Mr Wiggins - Cabinet Office

From:
M J MICHELL
US/AIR
VA 7/2
215 4377

15 January 1986

WESTLAND

I enclose a commentary on the two records of the meeting between the Secretary of State and Sir Raymond Lygo on 8 January.

2. The commentary compares the accounts in Sir Austin Pearce's letter and your note. The passages in square brackets are comments by me, which might also be useful in doing speech notes tonight.

M J MICHELL



NOTES ON THE ACCOUNTS OF THE MEETING BETWEEN THE SECRETARY OF
STATE FOR TRADE AND INDUSTRY AND SIR RAYMOND LYGO ON
8 JANUARY 1986 CONTAINED IN SIR AUSTIN PEARCE'S LETTER
TO THE PRIME MINISTER OF 13 JANUARY 1986 AND MR J F MOGG'S
MINUTE OF 10 JANUARY 1986

Genesis of the Meeting

Both accounts note that Sir Raymond Lygo's visit to the DTI was principally to see Mr Geoffrey Pattie. [Note: this meeting had been arranged some time previously and, as Sir Austin's letter notes, was mainly concerned with Airbus matters.] Sir Austin's letter describes the meeting with the Secretary of State as "impromptu". Mr Mogg's minute notes that the Secretary of State "took the opportunity" of Sir Raymond's meeting with Mr Pattie to speak to Sir Raymond.



Those Present

Sir Austin's letter correctly records that, apart from the Secretary of State and Sir Raymond, those present were Mr Pattie, Mr Macdonald and Mr Mogg. [Note: Since Mr Pattie and Mr Macdonald had been discussing Airbus matters with Sir Raymond immediately prior to the meeting, it was natural that they should accompany Sir Raymond to the Secretary of State's office. Mr Macdonald is Deputy Secretary in charge of aerospace and other matters. Mr Michell is Head of the DTI Air Division. It is normal for either or both these officials, who are well known to Sir Raymond, to attend discussions between him and Ministers. It is also normal for the Private Secretary (Mr Mogg) to attend the Secretary of State's meetings and to take a note when visitors and officials are present.]



Consultation with DTI

Sir Austin's letter says that Sir Raymond reported the Secretary of State as having expressed the view that as the DTI were BAe's sponsoring Department, BAe should have consulted the Department before entering the Consortium.

Mr Mogg's minute notes that the Secretary of State said that it might have been helpful if BAe had spoken to him initially. However the minute goes on to say: "However, having not done so and, BAe having taken a commercial decision to participate in the European Consortium, the Secretary of State took no view on that position". [Note: these were the exact words used by the Secretary of State. They are not recorded in Sir Austin's letter. The comment was a natural one for the Secretary of State to make. The future of Westland was already attracting public attention and, although there was no question of any obligation or requirement on BAe to consult, it would have been consistent with normal practice for BAe, or any other aerospace company, to inform the DTI of a move which was bound to attract public attention and to have implications for the future of the aerospace industry.]



Effect on US Business: A.320

Sir Austin's letter says that Sir Raymond reported that the Secretary of State "enquired" whether BAe had fully considered the effect of their actions on their American business, in particular the A.320, and on Anglo-American business generally. Mr Mogg's minute notes that the Secretary of State expressed concern about the impact on potential sales to the US of the A.320; and that he hoped the way in which negotiations were conducted would not damage BAe's wider commercial interest, especially in the US. Mr Mogg's minute notes that the Secretary of State said he was ready to act immediately to protect BAe's interest (this point does not appear in Sir Raymond's reported account). [Note: The Secretary of State's comments were made against the background of recent successes by BAe and its European partners in selling the A.320 and other Airbus products in the US. The Secretary of State has been concerned recently by reports of opposition to Airbus in the US on grounds that Airbus is "subsidised". He has recently made representations to the US Trade Representative (USTR) arguing that such views are unjustified and setting out the case that Airbus is an important element in US/UK trading relations. The recent talks with the USTR on steel (mentioned in Mr Mogg's minute but not specifically in Sir Austin's letter) were also fresh in the Secretary of State's mind.]



Tone of Discussions/Nature of Campaign

Both documents record the Secretary of State and Sir Raymond as agreeing that the anti-American tone of some of the discussions and the nature of parts of the campaign for the European Consortium were undesirable and damaging. [Note: Sir Austin's letter does not record that, as recorded in Mr Mogg's minute, BAe's US subsidiary had expressed great concern about their US business being harmed.]



BAe Leadership

Sir Austin's letter says Sir Raymond reported the Secretary of State's concern at the Consortium leadership role BAe appeared to be adopting. Mr Mogg's minute records Sir Raymond himself as introducing a discussion of BAe's leadership role. No comment by the Secretary of State is recorded, although Sir Raymond is recorded as saying he was fully aware of the dangers, and that he hoped he was capable of "managing this delicate balancing act". [Note: this confirms that Sir Raymond's views of the potential risks to BAe's world-wide interests were similar to those of the Secretary of State.]



Decision to be left to Shareholders

Both records clearly show that the Secretary of State and Sir Raymond agreed that the final decision was for the shareholders. Mr Mogg's minute alone records the Secretary of State as saying that he himself had no view on the merits of the two offers. [Note: this recorded comment is entirely consistent with the Secretary of State's public and private comments of recent weeks. Indeed, having only relatively recently taken up his post, it would be surprising if the Secretary of State felt able to express a personal preference in such a complex industrial matter.]



National Armaments Directors

Both records show that the Secretary of State made clear that the NAD's recommendation was not binding on the Government. Mr Mogg's minute records the Secretary of State as describing the exact position as agreed by Ministers on 9 December (although he did not give this date) and announced by him on 16 December).

Sir Austin's note also says that Sir Raymond reported that the Secretary of State said he could prove his account by showing Sir Raymond the minutes of the Meetings that discussed it. [Note: the Secretary of State did indeed indicate to Sir Raymond that his account could be substantiated from such minutes. He at no time indicated that he would be prepared to show Sir Raymond the documents concerned.]

Sir Austin's letter goes on to state that "since one of the conditions precedent set before we joined the Consortium was being questioned ie the agreement of the National Armaments Directors, [it was considered important] that the Department of Defense through the Permanent Under Secretary should be approached to learn whether what we had been given to understand was correct". [Note: the result of this action is not recorded in Sir Austin's letter. The letter in fact shows that BAe had a completely false appreciation of the position and one which could not be substantiated from any authoritative documents available to them. The NAD's document was expressly no more than a recommendation until approved by Ministers. Although indications of approval were reported from other Defence Ministers, it was absolutely clear that HMG had not approved it at the time when BAe formally joined the European Consortium on 13 December. In fact HMG had decided on 9 December that it would not be bound by the recommendation from 4.00pm on 13 December if certain circumstances arose, although this decision was not



announced until 16 December. Nevertheless BAe had no authoritative justification at any time (whatever they might have been "given to understand") that the NAD's recommendation was agreed by HMG.



National Interest

Sir Austin's letter says Sir Raymond reported the Secretary of State as saying that what BAe were doing was not in the national interest. Mr Mogg's note is completely at variance on this point. It says the Secretary of State said that it was not in the national interest that the present uncertainty involving Westland should drag on. [Note: Sir Raymond's allegation is completely at variance with the line taken by the Secretary of State not only in public statements but also in confidential memoranda which were subsequently reported widely in the Press. The Secretary of State has consistently said that he encouraged the development of a European solution as an option for the Westland Board to consider. He was widely reported as having written, in a confidential minute of 4 October that "No solution by a British company is on the cards" clearly implying that he wished such a solution were available for the Board to consider.

If the Secretary of State considered BAe involvement was against the national interest, why did he not say so to Sir Austin Pearce at the meeting on 13 December to which Sir Austin refers? Or why did he not take any other opportunity to say it, as he could easily have done.

Such an attitude towards BAe, if true, would have been wholly at variance with the Secretary of State's strong support for the maintenance of efficient and competitive aircraft industries in both Europe and the US in the mutual interest of both countries, recently expressed [19 December] to the US Trade Representative.

It is simply absurd to suggest that any Secretary of State for Trade and Industry could believe the involvement of a major British aerospace company in a Consortium making proposals to Westland was "against the national interest".



By contrast, the comment that it was "not in the national interest that the present uncertainty involving Westland should drag on" is manifestly true, and is a sentiment that has been widely expressed in Parliament and the country. Mr Heseltine himself is reported to have said at a Press Conference on 10 January that "the sooner all this was resolved the better."



Withdraw

Sir Austin's letter says Sir Raymond reported that the Secretary of State said BAe should withdraw. Mr Mogg's note contains no reference whatever to this alleged remark. [Note: All those present except Sir Raymond confirm that the Secretary of State did not say that BAe should withdraw. The Secretary of State said that he "took no view" on BAe's position.

It is clear from both notes that the Secretary of State and Sir Raymond were agreed on the main point the Secretary of State had sought to convey at the meeting viz the potential risk to BAe arising from the anti-American tone of some of the campaigning. Since the Secretary of State and Sir Raymond were agreed on this point, it is wholly inconsistent that the Secretary of State should suddenly - and apparently as a final point in the discussion - have suggested that BAe should withdraw. If he had wished to make such a suggestion, the Secretary of State would surely have opened the meeting with it. He would certainly not have concluded from the substantial measure of agreement reached in discussion that he needed to make such a suggestion at the end of the meeting.

If the Secretary of State had wished to ask BAe to withdraw, why did he not do so at the 13 December meeting, or on any other occasion?

To have suggested to BAe that they should withdraw would have been wholly inconsistent with all the Secretary of State's public and private statements.

It is possible that Sir Raymond mistook the Secretary of State's meaning. Mr Mogg's pencil notes record that the word "withdrawal" was used in a discussion of whether it would be advisable, in the light of the agreed international risks to



BAe, especially in the US, for the company to withdraw from the highly prominent position it had taken up in the European Consortium to a position on a more equal footing with other members of the Consortium. Although the Secretary of State did not say BAe ought to adopt such a course, he suggested it as a possibility to consider, as one way of lessening the risks which both he and Sir Raymond agreed upon.

Sir Raymond himself is recorded in Mr Mogg's original notes as saying that "absolute withdrawal" would evoke a strong reaction from BAe partners. But it is clear that the Secretary of State himself never referred to the possibility of "absolute withdrawal"]



Views of Other Departments

Both notes record that Sir Raymond said the MOD was BAe's largest customer. [Note: Sir Raymond's implication was clearly that BAe had to have regard to the views and policies of the MOD, which was at that time under Mr Heseltine's leadership. The remark was made in response to the Secretary of State voicing his concerns about the anti-American sentiments of some of the campaigning. It was then that Sir Raymond referred to a "delicate balancing act". In response the Secretary of State is recorded in Mr Mogg's note as commenting "that customers could not dictate the extent of enthusiasm with which any particular case might be put". In other words, the Secretary of State recognised the general validity of Sir Raymond's comment about the MOD, but suggested that for BAe, following the MOD's wishes should be balanced against the international risks to themselves of adopting too forward a position.]

The Secretary of State added, as recorded in Mr Mogg's note, that BAe had relations with the DTI also. This refers to the DTI's general sponsorship responsibility, and specifically to the Department's contractual commitment to advance launch aid for the A.320 and to assist BAe's efforts elsewhere eg in space and aeronautical research.]



Meetings in DTI

Mr Macdonald called on Sir Austin Pearce on 11 December, on his own initiative, because the DTI had been embarrassed over the previous few days by British Aerospace's intentions in relation to Westland being made known to the Ministry of Defence before they were made known to the DTI. Mr Macdonald suggested that if British Aerospace wished to tell Government of its intentions in such a commercial matter, it might be proper and in accordance with normal good relations for the sponsoring department to be told at least as soon as the customer department. He certainly did not suggest that the Department should have been consulted.

We can confirm that British Aerospace told the Department of meetings it had held with Sir Basil Blackwell and Sir John Cuckney along the lines of Sir Austin Pearce's letter. However both Sir Basil and Sir John indicated that British Aerospace's attitude to the future of Westland was significantly more negative than Sir Austin's letter suggests.



Airbus

Sir Austin's letter contains an innuendo (bottom of p.3) that the juxtaposition of the discussion with the Secretary of State and the meeting with Mr Pattie on "Airbus Industrie's proposals for a new programme" was "worrying to say the least" and that "the message was perfectly clear". [Note: It is not clear what this means. If it is intended to suggest that the Secretary of State meant to threaten BAe, the allegation is totally without foundation. BAe know that they have a statutory right to apply for launch aid for new projects if they wish, under the Civil Aviation Act. This was confirmed in the BAe Prospectus in May 1985. The Department will consider any application on its merits. In fact there are no applications for launch aid from BAe before the Department. Nor are there before the partner Governments any "Airbus Industrie proposals" for new projects. The launch aid for the A.320 is contractually committed; the project is going well and normal review meetings are taking place between BAe and the Department.



Mr Biffen's comments on draft Amendment:

Add on to the end the following:

"and further recognises the competence of departmental Select Committees of the House of Commons to consider the issues raised by these developments."

He is not wedded to the wording but feels it is an important point.

MOD have no comments.

Secretary of State for Trade and Industry's redraft

GOVERNMENT AMENDMENT

Leave out everything from "noting" to the end and insert "endorses the Government's consistent objective of supporting Westland plc in its efforts to achieve a financial reconstruction; of supporting UK participation in collaboration with NATO allies and of safeguarding the interests of the company, its employees and its shareholders; ~~and~~ recognises the efforts of the Government to ensure that the Westland Board had more than one option to secure that objective; and notes that it will be for the company to determine its future course of action."

~~Overall, Mr Brittan would prefer something much shorter.~~

OPPOSITION MOTION ON WESTLAND PLC

GOVERNMENT AMENDMENT

"Endorses the Government's consistent objective of supporting Westland plc in its efforts to achieve a financial reconstruction, of supporting UK participation in collaboration with NATO allies and of safeguarding the interests of the company, its employees and its shareholders; recognises the efforts of the Government to ensure that the Westland Board had more than one option to secure that objective; affirms that it will be for the company to determine its future course of action; and further recognises the competence of departmental Select Committees of the House of Commons to consider the issues raised by these developments."

PERSONAL AND CONFIDENTIAL

N.L.W.



10 DOWNING STREET

15 January 1986

From the Principal Private Secretary

Dear John,

I attach the text of a letter which the Prime Minister proposes to send early this morning to Sir Austin Pearce. This differs from that which was cleared through the Cabinet Office yesterday afternoon. If any recipient is not content with this draft, please let me know by 0930 at the latest.

I am sending copies of this letter to the Private Secretaries to the Secretary of State for Defence, Lord President, Lord Privy Seal, Chief Whip, Attorney General and to Sir Robert Armstrong, Sir Clive Whitmore (Ministry of Defence), John Michell (Department of Trade and Industry) and John Wiggins (Cabinet Office).

Yours sincerely
Nigel Wicks

N.L. WICKS

John Mogg, Esq.,
Department of Trade and Industry.

Stark send RTA had no coms

No Tran - no coms

RTA Wiggins - content

Sachse send H's no prob

Roberts (W) would say with Smith
if next coms (7.45)

PERSONAL AND CONFIDENTIAL



10 DOWNING STREET

THE PRIME MINISTER

15 January 1986

Thank you for your letter of 13 January about the meeting at the Department of Trade and Industry on 8 January.

You will have read Leon Brittan's statement in the House on Monday in which he gave his recollection, which was shared by the Ministers and officials present, of that meeting. You were kind enough to send me a copy of Sir Raymond's account of the proceedings (which I understand that you do not want to have published) and I am sending you with this letter a copy of the record of the meeting taken by the Department of Trade and Industry, which will be published.

Let me emphasise that we are pleased that the Westland Board has enjoyed a choice of offer. As I have told the House of Commons, Westland is a private sector public limited company and the company's decision on its future is a matter of commercial judgment for its directors, and ultimately its shareholders. That remains our policy.

Finally, let me assure you, as I assured Sir John Cuckney in my published letter of 1 January, that whichever of the two proposals currently under consideration the company chooses to accept, the Government would continue to

support Westland's wish to participate in European collaborative projects and would resist to the best of its ability attempts by others to discriminate against Westlands.

Thank you for agreeing that your letter can be published since it has become a public issue. I am publishing this reply.

Sir Austin Pearce, C.B.E.



10 DOWNING STREET

Ministers } Seen letter .
Officials } 14.1.86

Name	Time
Lord Pres.	c. 10.30
SS/DTI	c 12.40
S/S MOD	
L.P.S.	
Ch. Whip	c 11.45
AG.	11.45.
RTA	11.45.
J. Nicholl	12.00
M. Stark	c. 12.15
J. Wiggins	c 12.15.

1. The way the reconstruction has been handled over a period of months.

The first recorded substantive disagreement by Heseltine on the way government policy was being handled on this matter did not arise until the end of November.

2. Made clear throughout that the helicopter capability provided by Westlands was essential in some form to our defence needs.

Effectively, at no stage has Heseltine made such a statement, save perhaps during December, and certainly despite the matter being raised by DTI at least twice earlier in the year, Heseltine did not take the opportunities provided to make such a point.

3. As soon as this agreement (NADs) had been reached, I personally gave a copy to Sir John Cuckney.

This only underlines that Heseltine did not see fit to discuss either with Westlands or indeed his colleagues the NADs agreement that he was developing.

4. Discussions took place only in the context of [NADs] rather than the wider dimension of the Government's approach to the ownership of a major defence capability.

Such an issue has never been raised by Heseltine, although it had been by other Ministers, and as the only firm offer at that time was Sikorsky's and the alternative Receivership, it is interesting to know what Heseltine's view would have been about US ownership then.

5. Having lost three times there was no question of risking a fourth discussion.

This is somewhat at variance with her succeeding in pushing forward her own view and of course it is also at odds with the actual conclusions of those first three meetings.

6. The meeting on 9 December represents the only occasion on which there was a collective discussion of the issues involved.

Did Cabinet not discuss the issues as well as their public handling?

7. Westland rejected after the briefest discussion the proposals put forward by the consortium.

This was because they only arrived half an hour before Westlands had to take a firm decision as to which offer they were going to offer to recommend to their shareowners.

8. It was laid down that it was the policy of the Government for Westlands to decide what was best and that no Minister was entitled to lobby in favour of one proposal rather than another.

My recollection is that the minutes say that this was unanimously agreed. Yet manifestly Heseltine broke his word on this.

9. A reply which all concerned could live with was eventually hammered out and I subsequently amplified those parts of the reply that sought to hide the reality of Westlands position.

On his own record this is double-dealing.

10. I refused to abandon or qualify in any way assurances I have given.

Heseltine was not being asked to abandon or qualify anything that he said, he was merely being asked not to say anything further and to stay mum whilst the Westlands shareholders made their decision.

WESTLANDS: SUPPLEMENTARIES

MEETINGS

Why did the Prime Minister cancel the meeting on 13 December?

No meeting was arranged for 13 December. Although the possibility of a further meeting was mentioned at one stage during our discussion on 9 December it was not taken up in the conclusions. Indeed the conclusions - that unless a viable European package which the Westland Board could recommend to its shareholders emerged by 4 p.m. on Friday 13 December, the Government would not be bound by the NADs' recommendation - made such a meeting unnecessary.

Why did the Cabinet Office ring round to fix a meeting?

I am informed by the Cabinet Secretary that the Committees Section rang round to establish the availability of Ministers in case any further meeting that week might be necessary. I understand that this is common practice.

Why no minutes of Cabinet on 12 December?

I understand that a minute was drafted in the normal way but, due to an oversight, not circulated until about a week after the meeting.

EUROPEAN OPTION

If Ministers expressed a preference for the European option in October, why do they not continue to do so?

There was no collective decision of Ministers to express a preference for a European option, or indeed for any option. Certainly we were keen to see a European option emerge, and

indeed worked hard to ensure that it did.

Isn't this an important enough issue for the Government to take a view?

We were content that both sets of proposals were consistent with the national interest in maintaining a design development and manufacturing capability for helicopters in the UK. This being so, it would have been wrong for the Government to express a preference between them.

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WESTLAND

The Problem

As a relatively small aerospace company, Westland has always been particularly subject to the uncertainties characteristic of the industry. But in the autumn of 1984 it became clear to DTI, during regular review meetings, that Westland were facing more than usually difficult prospects. The burden on the company of financing W30 was growing while at the same time:

(i) there were delays on the prospective Indian order for 21 W30s.

(ii) There was some uncertainty about the MOD's procurement plans.

The management of Westland appeared unable to take the necessary remedial action in face of these problems.

Ministry of Defence Orders

The Ministry of Defence spends about £60M with Westlands each year on spares and support for the existing fleet of about 700 helicopters.

It also has orders placed and in prospect for delivery as follows:

	<u>1986/87</u>	<u>1987/88</u>	<u>1988/89</u>	<u>1989/90</u>
<u>Orders already placed</u>				
Lynx	7	11	-	-
Sea King	12	2	-	-
<u>Orders likely to be placed</u>				
Sea King	2	7	5	-
<u>Order to be placed if 5 Nation battlefield helicopter proceeds</u>	-	-	-	6

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The Anglo/Italian EH101 programme is also under development. Current plans provide for the development and production of 50 EH101s for the Royal Navy and about 36 for Italy, though further orders are likely to be placed in due course.

A Feasibility study has been commissioned with Westland for the UK interest in the NH90 helicopter and a similar study is planned for the Anglo/Italian A129 Mark II battlefield helicopter. (This is the helicopter that would be superseded by the proposed 4 nation battlefield helicopter - see section on European collaboration below.)

The MOD will in due course require a replacement for Wessex and Puma helicopters in the support role. An Air Staff Target (AST 404) was prepared and, as part of normal procedure, was made available to industry. The candidates to meet it were Westlands W30-404, the French Super Puma Mark II, (both hypothetical designs based on existing aircraft) and the Sikorsky Black Hawk to be made by Shorts in Northern Ireland.

However, in March 1985 the Minister (DP) announced (in a PQ on 26 March 1985) that the Staff Target was in abeyance as the need for a helicopter of this kind was being reviewed in the light of experience in Exercise Lionheart. This has been repeated several times.

At the end of 1985, in the context of the Westland debate, Mr Heseltine said several times that the MOD would not replace the Wessex and Puma fleet until the 1990s, when the NH90 would become available. Meanwhile it had no money or requirement for the Black Hawk.

Indian Order

In 1984 Westland received a letter of intent from the Indians for purchase of 21 W30-160s for the Oil and Natural Gas Corporation.

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The Government agreed that this purchase could be financed from the aid programme, and £65M has been allocated. Westland started to manufacture the aircraft.

However, there were substantial delays which appeared at least in part to be associated with anti-British feeling in India following Mrs Gandhi's assassination.

Mr Gandhi visited UK on 15/16 October and as a result of discussions with him Ministers judged that the prospects of an order were good.

Mr Pattie visited India from 7-16 November and received further encouraging indications from Indian Ministers. On 24th December the Indian Minister of Civil Aviation announced that a decision had been taken to place an order with Westland. Contract discussions are now going on.

Contacts between the Government and Westland

The DTI became aware during autumn 1984 that Westland faced a potentially difficult situation. The position was reviewed with Westland. DTI Ministers informed MOD Ministers that Westland was 'giving us real cause for concern' on 20 November 1984. Mr Heseltine held a meeting with Westland on 27 November 1984. Consultation continued between DTI and MOD and with Westland.

The Secretary of State for Trade and Industry reviewed the situation at an internal meeting within DTI on 7 January 1985. The DTI continued to keep in close touch with Westland.

In early February stories appeared in the Press suggesting the MOD was preparing to 'rescue' Westland. The MOD issued a statement on 4 February 1985 stating that it was considering its requirements but no decisions to place orders had yet been made.

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On 14 February Mr Alan Bristow informed the DTI he was considering putting together a consortium to attempt to gain control of Westland.

On 21 February MOD Ministers announced that the UK would participate in the feasibility study of the NH90 project.

MOD and DTI Ministers met on 25 March to review the position. It was agreed that officials of both Departments would jointly consider whether the Government could do anything to help Westland.

Both MOD and DTI Ministers continued to review the position regularly with Westland.

On 3 April it was suggested in the Press that the MOD had 'serious reservations' about the Westland 30 as a potential replacement for Puma and Wessex.

On 29 April Bristow Rotorcraft announced an offer for Westland. The Secretary of State for Defence minuted the Prime Minister on 30 April. The Secretary of State for Trade and Industry minuted the Prime Minister on 16 May.

On 18 June the Secretary of State for Trade and Industry wrote to the then Chairman of Westland setting out the Government's position in relation to the possible takeover of Westland by Bristow Rotorcraft.

The Prime Minister held a meeting with other Ministers on 19 June to review the position.

On 20 June Bristow Rotorcraft withdrew its bid.

Sir Basil Blackwell resigned as Chairman of Westland on 26 June and Sir John Cuckney was appointed.

On 26 June United Technologies informed MOD Ministers that they were interested in acquiring an equity stake in Westland.

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Sir John Cuckney met Sir Clive Whitmore on 2 July and was given information on the MOD's procurement plans. Sir John met Sir Brian Hayes on 4 July, MOD Ministers on 8 July, and DTI Ministers on 8 August.

Rescue Proposals

The Westland Board, before Sir John Cuckney's appointment, asked Price Waterhouse to undertake a factual review of their financial position. Subsequently Lazards were appointed as Westland's financial advisers in place of Schrodgers. The Price Waterhouse report, together with Lazards' proposals for a rescue package, were made available to the Government on 18 September 1985. As part of the Lazards' proposals Westland requested Government underwriting of sales of 45 W30-160s as part of a rescue package, comprising also:

- (i) the injection of new capital into Westland by means of a rights issue and bringing in a new minority shareholder;
- (ii) conversion of bank debt into equity.

Westland informed the DTI that, in relation to (i) above, they were having discussions with a number of companies, and that those with Sikorsky seemed the most promising. They were also in touch with Aerospatiale, MBB and Agusta. They had approached BAe and received a negative response.

The Government informed Westland on 17 October that it considered the prospects of the Indian order were good and that it saw no immediate necessity for underwriting. Westland were also encouraged to pursue discussions with European companies as a possible alternative to Sikorsky.

European Co-operation

At the request of the Defence Ministers of the UK, France, Germany and Italy, the National Armament Directors of the four countries met on 29 November. They noted the substantial history of European collaboration in helicopters, in particular

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the signature in 1978 of a Declaration of Principles expressing the intention to work together to produce new helicopters. They recommended to Ministers that:

- the needs of their forces for three classes of helicopters (13 tonne; 8-9 tonne; and battlefield) should be met in future solely by helicopters designed and produced in Europe;
- the existing collaborative projects for 13 tonne (the EH101) and 8-9 tonne (NH90) helicopters should go ahead;
- a joint battlefield helicopters programme should be commissioned now (in place of two separate projects - Anglo/Italian and Franco/German) and that operational requirements and procurement arrangements should be harmonised forthwith.

The Defence Ministers of France, Germany and Italy told Mr Heseltine that they would accept these recommendations.

Following further discussions, the four Defence Ministers provisionally agreed a note on existing European helicopter co-operation in the 13 tonne and 8-9 tonne class and a resolution on a collaborative battlefield helicopter programme (to which the Netherlands was also party). The basis of the provisional agreement was described as follows in Mr Heseltine's letter of 13th December to Sir John Cuckney:

'If the proposals put forward by the European companies are accepted by the shareholders of Westland plc, the document in its present form will be formally approved and signed by the four Ministers. Also enclosed is a resolution between the Defence Ministers of these countries and the Netherlands concerning a collaborative European battlefield helicopter; the status of this document is the same as the one mentioned above.

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'I should like to make two points. First, as far as the United Kingdom is concerned, the approval of plans for a four nation battlefield helicopter will release funds previously earmarked for the development of a two nation project. This will enable us to place an order for 6 extra Sea King helicopters beyond the present and intended orders. The orders will be placed so that the helicopters expected delivery date will be early 1990.

'Second, I draw your attention to paragraph 10 of the note, which says that requirements for helicopters in three classes - which includes helicopters in the 8-9 tonne class - will be covered solely in the future by helicopters designed and built in Europe.'

Because of the urgent need for a financial reconstruction of Westland to be set in place, the Government decided that from 13 December they would not be bound by the national armaments directors' (NADs) recommendation unless Westland had by then received a firm offer from the European companies, which the board would recommend to its shareholders. The view of the board of Westland was that the European offer which was received on 13 December was neither firm nor attractive enough for the board to be able to recommend it to its shareholders. Accordingly the Secretary of State for Trade and Industry made clear in his statement of 16 December to the House of Commons that the Government were not bound by the NADs' recommendation.* The Government's approach to Westland's future participation in European collaborative helicopter projects was made clear in the Prime Minister's letter of 1 January 1986 to Sir John Cuckney: that the Government would wish to see the company play a full part in

*Although this has never been stated in explicit terms, the Government decision not to endorse the NAD's recommendation applies equally to the provisional agreement among European Defence Ministers to which Mr Heseltine was a party during the week of 9 December.

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existing and future European collaborative projects whichever of the two financial reconstruction proposals were accepted, and that they would resist to the best of their ability attempts by others to discriminate against Westland in this context.

The Proposals

On 13 December the Westland Board announced they had reached agreement in principle with UT/Fiat, after considering proposals made to them by UT/Fiat and by the European consortium.

On 20 December the European consortium put revised proposals to the Westland Board.

On 21 December Westland put proposals to their shareholders to effect a capital reconstruction involving UT/Fiat. An EGM was called for 14 January.

On 27 December the European consortium put further revised proposals to the Westland Board.

On 31 December the European consortium put consolidated proposals to the Westland Board.

on 2 January Westland sent to shareholders a copy of these consolidated proposals.

On 6 January Westland sent to shareholders improved proposals from UT/Fiat and recommended shareholders to accept them.

On 7 January the European consortium announced revised proposals. On 8 January the Board of Westland announced that it still strongly and unanimously recommended shareholders to accept the UT/Fiat proposals.

On 8 January the European consortium circulated their proposals to shareholders.

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Government Statements

- (i) Mr Heseltine's letter of 13 December to Sir John Cuckney, which was overtaken by
- (ii) the Secretary of State for Trade and Industry's statement of 16 December.
- (iii) Prime Minister's Questions 17 and 19 December.
- (iv) Mr Marsh's (MOD) letters of 24 December, which were overtaken by
- (v) Prime Minister's letter to Sir John Cuckney of 1 January.
- (vi) Mr Heseltine's letter to Lloyds Merchant Bank of 3 January.
- (vii) Mr Heseltine's letter to Lloyds Merchant Bank of 6 January.
- (viii) Secretary of State for Trade and Industry's statement of 6 January.
- (ix) Secretary of State for Trade and Industry's statement of 13 January.
- (x) Letters to Sir John Cuckney of 13 January from Sir Brian Hayes and Sir Clive Whitmore.

WESTLANDS

General Line

The Westlands shareholders meeting takes place on Friday. I very much hope that Westlands will soon reach a solution which will provide them with a sound basis for the future.

Style of Government

All decisions on the Government's policy on Westlands were taken collectively. There were Ministerial meetings on 18 June, 19 June, 16 October, 4 December, 5 December, 9 December, 12 December, 19 December and 9 January. What my rt hon Friend the Member for Henley objected to was not the over-riding of collective responsibility but its application in his case.

PM's handling a "constitutional outrage"?

As Mr Hugo Young in the Guardian pointed out this morning - and I quote - "I can think of a few constitutional outrages ... but never could a cancelled meeting qualify for that description." And in any event, there never was a meeting to be cancelled.

Overriding Cabinet government?

The policy which I reaffirmed in the House on 19 December, that the future of Westlands is a matter for the company itself to decide was given unanimous - I stress, unanimous - approval by the Cabinet that very morning.

PM/Mr Brittan supporting Sikorsky/Fiat

Not at all. It was my rt hon and learned Friend the Secretary of State for Trade and Industry who took the first initiative to stimulate a European option for Westland. My rt hon Friend the Member for Henley had the support and encouragement of the whole Government to develop such an option. We took a collective decision that the Westland Board should, if possible, have a choice and we took a collective decision that they should be free to make that choice.

Removal of recommendation of NADs closed European option

Not at all. To endorse the recommendation would have closed any but the European option.

Failure to indicate a preference shows indifference?

The sorry record of the last Labour government demonstrates clearly the failure of interventionist policies. Indeed it was my rt hon Friend the Member for Henley who was most active in pursuing a market solution to Westland's problems.

a week, who are to lose £5 a week? What does she say to a 24-year-old single worker taking home £55 a week, who is to lose £12? How does she excuse the malice and immorality of that act of robbery against the people who are already poor?

The Prime Minister: What the right hon. Gentleman wants to do is to accept all the increases that my right hon. Friend the Secretary of State for Social Services announced yesterday, and to forget that there might have to be some losers—[*Interruption.*] There might have to be some losers—[*Interruption.*]

Mr. Speaker: Order. The Prime Minister.

The Prime Minister: The right hon. Gentleman wants to forget that there might have to be some losers. However, if he looks at the total expenditure, which is set out in the autumn statement, he will see that this year the total planned expenditure on social security was £40 billion, but by the year 1988-89, it is planned to be £46 billion. That is an increase in expenditure—which will have to be found out of taxation and contributions by the ordinary people of £6 billion.

Mr. Kinnock: Is it not about time that the Prime Minister honestly admitted to the country that more money is spent on benefits for the poor because her policies have made many more people poor? Is it not time for her to say to those whom she glibly dismisses as "some losers" that she could not live on £75 a week and could not tolerate a further loss of £5 a week? How can she defend taking money away from people who are already desperately poor, when she knows that her objective is to give more to those who are already very rich?

The Prime Minister: As my right hon. Friend the Secretary of State said yesterday, the point of the proposals is to direct resources to the areas of greatest need. The new family credit will go to 200,000 more families with children than now have the family income supplement. The right hon. Gentleman wants to take the benefits and all the increases and accept none of the consequences of redistribution. My right hon. Friend wants improved incentives to work and he wants to ensure that commitments entered into can be afforded. With that in mind, he has put forward his proposals, and they will require an increase in expenditure over planned expenditure this year and expenditure in 1988 of some £6 billion, which will have to be found by the taxpayer. Perhaps the right hon. Gentleman will think that that is reasonable. If not, how much more would his plan cost?

Mr. Kinnock: Will the Prime Minister now tell us when it is right to increase the money given to the near destitute in this country? What on earth is the moral or economic justification for finding that money by stealing from the very poor?

The Prime Minister: Once again, the right hon. Gentleman has gone over the top—[*Interruption.*] I take it that he does not want any of the increases that are to go to families, that he does not want improved incentives to work and does not want to ensure that commitments entered into can be afforded. He wants to promise the earth and not say how it is to be paid for.

Mr. Hill: Does not my right hon. Friend agree that although elderly people are interested in pensions and housing benefit, they are mainly concerned about the

protection of their environment, law and order on their council estates, and the fear that they cannot safely open their doors in the evening? Will my right hon. Friend continue to reinforce the police and help the chief constables in the regions to have discussions with the communities on the neighbourhood watch schemes?

The Prime Minister: I agree with my hon. Friend that elderly folk, along with others, are very much concerned with law and order, especially on the council estates. I think that he will also agree that under this Government old-age pensions have gone up by more than the cost of living and under this Government old-age pensioners have had their Christmas bonus every year, which was not the case under the Labour Government.

Q3. Mr. Terry Lewis asked the Prime Minister if she will list her official engagements for Tuesday 17 December.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Lewis: In the dispute between the Secretary of State for Trade and Industry and the Secretary of State for Defence, whose side is the right hon. Lady on?

The Prime Minister: I am on the side of a company that is hoping to keep business going for its considerable work force; that has responsibilities to its shareholders and moral responsibilities to its work force; that must deal with its obligations to its bankers and that also has to consider the legal obligations of auditors. In the very sensitive situation that we now have, I suggest that it is left to the company to decide its future.

Dr. Hampson: Will my right hon. Friend go further and take this opportunity to correct the impression that emerged from yesterday's statement on Westland that the Government are backing the Sikorsky deal and confirm that for a long time the Government have sought greater collaboration among European armament manufacturers, which is particularly long overdue with helicopters?

The Prime Minister: Westland is a public limited company. It must take its own decisions. The Government saw that it had a choice. The board has legal obligations to the shareholders; it has moral obligations to the work force; the banks have their obligations and the auditors have their legal obligations. The people on the board are the only ones in a position to know all the facts. They must make their assessment and present that to the company.

Mr. Steel: Reverting to the first question to the Prime Minister this afternoon, since the deputy chairman of the Conservative party is reported to be acting as a character reference for the return of Mr. Postgate to Lloyd's, will she remind him and everybody else that the Government, like her predecessor's, stand against the unacceptable face of capitalism?

The Prime Minister: I have said that the Government have probably done more than any other to try to tackle fraud wherever it occurs. That will continue to be our policy. As I said, Lord Roskill's report has reached the Government. We are publishing today the White Paper on banking supervision and the Financial Services Bill will be introduced later this week. We have done and shall continue to do everything possible. I suggest that the right hon. Gentleman does the City a great disservice in forgetting the number of jobs and the amount of income

that it provides for Britain. He is trying to suggest that because some things may be wrong somewhere that applies to the whole City. That is not correct.

Mr. Robert Atkins: While we are on the subject of aerospace, has my right hon. Friend noticed today that the figures for the British aerospace industry are £1 billion up on this time last year, representing a 23 per cent. increase, and of that some 60 per cent. are exports to the world? Does not she think that that is the jewel in the crown of British manufacturing industry?

The Prime Minister: I congratulate the aerospace industry on its excellent export record and would like to point out that other parts of manufacturing industry have done very well. Indeed, exports by manufacturing industry were a record last year.

Q4. Mr. Sean Hughes asked the Prime Minister if she will list her official engagements for Tuesday 17 December.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Hughes: Does the fact that the under-25 age group appears to be another group targeted for cuts in welfare benefits mean that the Prime Minister now accepts the point of view of the vice-chairman of the Tory party that too many young people will not get off their backsides and find work?

The Prime Minister: As I said earlier, no one has done more for youth training than this Government. The one millionth youth trainee has now entered the scheme. *[Interruption.]* I am sorry that the Labour party treats these matters with such levity.

Q5. Mr. Freeman asked the Prime Minister if she will list her official engagements for Tuesday 17 December.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Freeman: Is my right hon. Friend aware of the excellent reception on the Conservative Benches to yesterday's White Paper, especially for the proposal for a broader spread of personal pensions? Will she continue to preach the principles of thrift and the broader spread of financial assets?

The Prime Minister: I am glad that my hon. Friend welcomes the White Paper. It is meant, among other things, to give wider choice to those who wish to save through a personal pension scheme and build up a capital fund on their own account. It is also directed to help more effectively those in greatest need, such as young families, through the new family credit scheme, and to give improved incentives to work.

It means that the commitment that we enter into can be afforded. That is a matter to which the Opposition have given no attention since the last election. Indeed, since then they have already promised an additional £10 billion without specifying from where that will come.

Mr. Adley: On a point of order, Mr. Speaker. You will have noticed that, during Question Time, once again the tactics of the Labour party were to shout down my right hon. Friend the Prime Minister at every opportunity—*[Interruption.]*—as they are trying to do to me now. Will you please use your influence to protect this House from the barbaric tactics of the Opposition?

Mr. Speaker: Order. The noise during Question Time today was rather greater than usual, so I agree with the hon. Gentleman on that point.

up within the 200-mile limit of the Falklands? When do the Government propose to do something about the report by Dr. Beddington of Imperial College?

Mr. Gummer: The general response to the Beddington report is based on advice given by the Ministry of Agriculture, Fisheries and Food to the Foreign Office, in whose hands this matter continues to be. As to the first question, I am not aware of any British fishing interest that has been prevented from fishing around the Falklands. If it wishes so to do, it can.

Mr. Randall: Does the right hon. Gentleman agree that an early agreement on the best way to exploit and manage this rich fishery is important to Britain and the fishing industry, especially if one takes into account the rumoured cuts in quotas about which we expect to hear later this afternoon?

Mr. Gummer: The hon. Gentleman need not be too concerned about that. We are pleased that the Food and Agriculture Organisation has launched its study. When we have the details, we shall be able to make a sensible basis for the future fishery potential in this area.

Salmon

27. **Sir Hector Monro** asked the Minister of Agriculture, Fisheries and Food what is his estimate of the probable increase in salmon entering British rivers following his announcement on drift netting off the English coast.

Mr. Gummer: The measures which I announced on 7 November will tighten the rules under which the English north-east coast salmon drift net fishery operates. They should produce a significant reduction in the catch of that fishery. Because various natural causes influence the level from season to season, I cannot give a specific forecast of the extent of the increase in salmon entering British rivers.

Sir Hector Monro: Does my right hon. Friend accept that the resolution of the problem of drift netting off the north-east coast of England is crucial to the survival of salmon in the United Kingdom? Will he watch the matter closely and take further action if there are no significant improvements in salmon stocks in Scotland?

Mr. Gummer: I undertake to do that, but I remind my hon. Friend that the arrangements which we have made this year will restrict fishing there in that there will be no weekend fishing, no night fishing, and licences will not be transferable. Major steps have been taken, but we shall continue to examine the matter.

PRIME MINISTER

Engagements

Mr. Spencer asked the Prime Minister if she will list her official engagements for Thursday 19 December.

The Prime Minister (Mrs. Margaret Thatcher): This morning I presided at a meeting of the Cabinet and had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall be having further meetings later today.

Mr. Spencer: In view of the announcement by the Board of Westland Helicopters that it intends to enter into

an agreement with Sikorsky-Fiat, will my right hon. Friend confirm that the position of the Government is as set out in the statement of my right hon. and learned Friend the Secretary of State for Trade and Industry on Monday?

The Prime Minister: Yes, Sir. The future of Westland is a matter for the company to decide. The company's decision is a matter of commercial judgment for its directors and shareholders. That was the position set out by my right hon. and learned Friend, and that was the position reaffirmed by the Cabinet this morning.

Mr. Kinnock: It is something of a change for this matter to go before the Cabinet, or so it appears. Given the patently obvious views stated publicly by the Secretary of State for Defence and the Select Committee on Defence, does the Prime Minister really believe that the subjective preferences of a company are an adequate basis on which to determine important national defence interests?

The Prime Minister: Westland is a private sector public limited company. Its future is a matter for the company to decide, and the company's decision is a matter of commercial judgment for its directors and, ultimately, its shareholders. That was the position, and it was reaffirmed by the Cabinet this morning.

Mr. Kinnock: The Prime Minister said that the company is responsible to its shareholders. Is not she, as Prime Minister, responsible to the nation and for the proper welfare of the nation? Why is she not taking that into proper account, as the Secretary of State for Defence clearly believes she should? When the strategic considered judgment of the Secretary of State for Defence is contrary to the view of a private company, why is she backing the company, not him?

The Prime Minister: I have informed the House of the position of the Cabinet this morning. The position of the Cabinet is the position of the whole Government.

Mr. Churchill: Has my right hon. Friend heard of a farce that is playing on the South Bank entitled "Robin Ratepayer and his Merry Ratepayers"? Does my right hon. Friend not agree that it is entirely appropriate that the leader of the Greater London council should play the star role in this production, for he and the other Marxist city henchmen of the Leader of the Opposition have been robbing ratepayers for years? Will she accept that the ratepayers of the metropolitan counties will be delighted when she rings down the curtain upon this over-expensive production next March?

The Prime Minister: I am grateful to my hon. Friend. I agree with his broad analysis. I believe that the GLC has taken in far more rates than it needs. There should therefore be a goodly amount to be returned to the district councils when the GLC is extinguished.

Mr. Tony Banks: At least there is still a sense of humour on the South Bank. Does the Prime Minister care that the Christmas present to 6,000 loyal GLC staff this Christmas will be their redundancy notices? In view of the misery and unhappiness that the right hon. Lady is causing to these people and to the 3.5 million people who are on the dole, does she think that she deserves a happy Christmas this year?

The Prime Minister: The decision to abolish the GLC was taken by Parliament. I did not hear the hon. Gentleman mention whether or not Labour councils will

be prepared to take on those extra people. The hon. Gentleman ought to remember that there were two years under a Labour Government when all pensioners received no Christmas bonus.

Sir Fergus Montgomery: During her busy day will my right hon. Friend find time to consult the relevant Ministers about the disgraceful way in which the chief constable of Greater Manchester is being treated? Is she aware that yesterday the Labour party used its built-in majority on the police committee to censure this man for merely telling the truth? Is not this yet another example of the Fascist Left in this country pillorying decent public servants who refuse to kowtow to them?

The Prime Minister: My hon. Friend makes his point very cogently. I am sure that he will understand that I cannot comment while that investigation is in progress.

Q4. Mr. Madden: asked the Prime Minister if she will list her official engagements for Thursday 19 December.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Madden: Will the Prime Minister confirm that the city of Bradford has been earmarked to receive extra resources for urban renewal? Will she also confirm that the key to urban renewal lies with more money for new council housing and more money for home improvement grants? Finally, will she confirm that any new money will be given to the local councils concerned and not to a new range of unelected and unaccountable quangos?

The Prime Minister: I do not agree with the hon. Gentleman that the key to urban renewal lies solely with urban housing. The amount of money that has been spent on urban housing and the way in which it has been spent are two of the factors that have led to many of the problems.

Sir John Biggs-Davison: When Ulster is told that it may be rid of the Intergovernmental Conference when it accepts devolution, is legislative devolution and devolved government meant by devolution, or what is meant? Why do a Unionist Government pursue policies that tend to detach Northern Ireland from Great Britain?

The Prime Minister: I cannot accept the latter part of my hon. Friend's question. As he knows, I believe that Union will certainly continue under the Agreement, so long as there is a majority and the majority expresses that wish. Devolved government has to be in accordance with the agreement, which is one that is acceptable to the two traditions in Northern Ireland. As my hon. Friend is aware, there was, in legislation about the Assembly, a possible means of securing much more decision-taking through the Assembly, through the two communities, than is at present the case.

Dr. Owen: In view of the widespread disquiet in the country and in the City about the situation affecting Lloyd's and in the light of what has happened to its chief executive, how do the Government justify not placing Lloyd's under the new market investing board? Will the Prime Minister not consider this issue again and also the need for a full time chairman of considerable independence and stature to supervise this aspect of the City's behaviour, which many people feel that the present legislation is inadequate to cover?

The Prime Minister: I should have thought that the right hon. Gentleman would have been aware that Lloyd's had its own regulatory system and Act of Parliament, the Lloyd's Act 1982. It is too early to pass judgment on the effectiveness of the new regime. We believe that events at Lloyd's on which publicity had been given originated before the Act was passed, but we are keeping a close watch on events there and if it becomes necessary to take action or to legislate, we would not hesitate to do so.

Sir Peter Hordern (Horsham): Will my right hon. Friend make it clear to the chairman of ICI and others who are calling for a lower exchange rate that if industry insists on raising wages so that its products become uncompetitive, the Government will not bail them out by reducing the exchange rate?

The Prime Minister: Yes, I shall make that very clear. That way does not lie increased and improved competitiveness. The only way is to have efficiency in the company, in costs, in design and in quality. No company should look to the exchange rate to secure competitiveness which it cannot itself produce.

Q5. Mr. Dobson: asked the Prime Minister if she will list her official engagements for Thursday 19 December.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Dobson: The Prime Minister told the House on Tuesday that there had to be losers in the social security review. Will she now say how many there will be, who they will be and how much they will lose?

The Prime Minister: If we were to bring in what the Labour party has plans for—[*Interruption.*—]—the burden on the working population would be colossal. We reckon that national insurance contributions for people on average earnings would rise by £9 a week, so that about 20 million people would lose under Labour's plans.

Q6. Mr. Teddy Taylor: asked the Prime Minister if she will list her official engagements for Thursday 19 December.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Taylor: If the Sikorsky deal goes through, as I hope it does, will the Prime Minister ensure that there will be no question of my right hon. Friend the Secretary of State for Defence discriminating against the Westland company or any of its excellent products?

Will she convey to my right hon. Friend the Secretary of State for the Environment the thanks of Southend borough council for the most favourable rate support grant settlement — [*Interruption.*] — that its efficiency deserves?

The Prime Minister: In respect of both parts of my hon. Friend's supplementary question I indicated the Cabinet's decision this morning, and I wish to make it clear that major procurement decisions are a matter for the collective decision of the Government as a whole. I thank my hon. Friend for what he said about the rate support grant. Any authority that spends efficiently and keeps its budget in line with assessed need gets its full grant, and its ratepayers may be very grateful.

Q7. Mr. Gould: asked the Prime Minister if she will list her official engagements for Thursday 19 December.



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
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PS/ Secretary of State
for Trade and Industry

14 January 1986

Nigel Wicks Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Mr Wicks

MEETING WITH SIR RAYMOND LYGO : 8 JANUARY 1986

... As requested, I attach three cleaner copies of
this meeting note.

dated 10/1/86

Yours sincerely,

Bradley

JF

J F MOGG
Private Secretary

Encls

JF2ASQ

PERSONAL AND CONFIDENTIAL



file ✓

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

I should be grateful if you could arrange for very urgent interdepartmental clearance today, including with the Law Officers, of the attached draft reply to Sir Austin Pearce's letter of yesterday.

N.L. Wicks

14 January 1986

PERSONAL AND CONFIDENTIAL



10 DOWNING STREET

THE PRIME MINISTER

14 January 1986

Thank you for your letter of 13 January. I fully accept and am indeed grateful for your assurance that you have no desire to embarrass us and indeed I note that you have not copied your letter to any other party.

May I say at once that I know that Sir Raymond Lygo is one of the last people who could be accused of being anti-American.

As you know from Leon Brittan's statement in the House yesterday, his recollection of the meeting differs from that reported in your letter. I very much regret, and I know that he does too, if others had gained a different impression of what was said or intended at the meeting.

Board Let me emphasise that we are pleased that the Westland *had* company has a choice and it was indeed part of our policy that it should have one. As I have told the House of Commons, Westland is a private sector public limited company and the company's decision on its future is a matter of commercial judgment for its directors, and ultimately its shareholders. That remains our policy.

Finally, let me assure you, as I assured Sir John Cuckney in my published letter of 1 January, that whichever of the two proposals currently under consideration the company choose to accept, the Government would continue to support Westland's wish to participate in European collaborative projects and would resist to the best of its ability attempts by others to discriminate against Westlands.

Sir Austin Pearce, CBE.

As requested



With the Compliments of

Sir Raymond Lygo

Chief Executive

British Aerospace

Public Limited Company

100 Pall Mall

London, SW1Y 5HR

14.1.86

Record of events pertaining to Westlands which occurred
on the 8th January 1986

Copy 1.
cc J. Michell
J. Wiggins

Copy 2 DN
3 TF

I had arranged to meet with Mr. Geoffrey Pattie at 4 p.m. on the 8th for the purpose of briefing him prior to my attending the Presidents Meeting of Airbus Industrie. I was slightly late, about 5 minutes, and we settled down to talk about the problems of the replacement for management in Airbus Industrie and also the impending developments on TA9 and 11 and how we might handle them. I have included separate notes on these issues. We continued by discussing the launch of HOTOL and some of the problems we were having with funding of various programmes within the Ministry of Defence of which he had already been made aware. At about 4.50 pm, he said 'By the way the Secretary of State is aware that you are in the building and would like to have a word with you'; I said 'Certainly, but I did have a Board Meeting starting at 5.30 pm and therefore I was a bit short for time'. The Minister said that in that case he would get his Private Secretary to phone to see if the Secretary of State could see me now. This proved possible and Geoffrey Pattie accompanied me upstairs to the Secretary of State's office. The meeting with Mr. Pattie had been attended by Mr. Macdonald.

When we entered the Secretary of State's room, I was surprised to see that he was accompanied by Mr. Macdonald, Mr. Michell, the Secretary of State's Private Secretary, and of course now, Geoffrey Pattie. I had expected a private chat but this was clearly something more formal.

Mr. Brittan started by thanking me for coming in to see him and telling me that he wanted to take this opportunity to express his concern at the way events were turning in the Westland saga, that up to quite recently British Aerospace had been taking a low profile within the Consortium arrangements but it had now become more vocal and up-front and he wanted to express to me his concern of the effect our campaign might have on UK business with the United States. He said that it placed him in a difficult position in that, when he was required to negotiate, as he had recently, increased steel quotas, it was imperative that there were no implications of discriminating against the U.S. or actions that could be construed as anti-American. Part of his job was to defend British Industry. He wondered whether we had given consideration of the effects that our action might have on Airbus A320 sales in North America for example.

I said that we were very conscious of the difficulties that he was talking about through British Aerospace Inc. I had also had a discussion with Mr. Bob Danielle of United Technologies soon after we had decided to join the Consortium. In fact I had raised the subject with Mr. Pattie immediately after we had first decided to join the Consortium, and that furthermore I had suggested to the Ministry of Defence that the original way in which the National Armaments Directors' Agreement had been worded, was not conducive to free trade. It implied that they would only buy their helicopters from Europe. He interrupted me at this point to say that the National Armaments Directors' Agreement had never been ratified, never been ratified, and that I was quite wrong to believe that it had been ratified. It had never been made Government policy. I in turn

said I understood this to be so, but was I not correct in saying that the Armament Directors had in fact signed such a document since I'd seen it. 'No, No' he said, 'I could show you the Cabinet Minutes, it has never been agreed, it has never been agreed'. I passed on, since there didn't seem to be much relevance in this conversation.

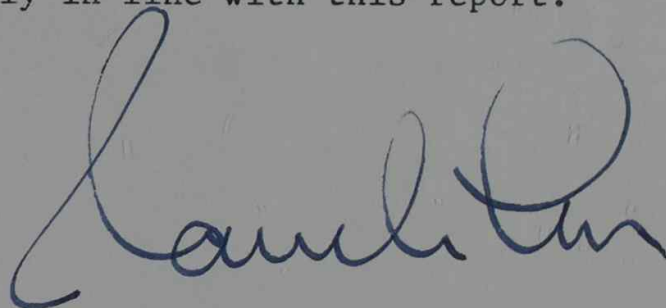
I said that he had to realise that not only was our major customer the Ministry of Defence, but also that we had very important contracts, Airbus, Tornado, European Fighter Aircraft, Trigat, etc., which all involved the same partners that we were dealing with in the Consortium. He said that he understood this but that sometimes one had to disagree with one's major customer if it was in the long term interest of the company, and he reminded me that the DTI was our sponsoring Department and that he thought we should have discussed the matter with him and with the Department of Trade and Industry before we had proceeded to join the Consortium. I made no comment.

He went on to say that, when we had first become members of the Consortium, we had kept a fairly low profile, but now we appeared to be coming up-front and taking the lead, and he thought that this was not in our best interest. At this point I said that his own Permanent Under-Secretary, to whom I had reported all our actions on Monday, had congratulated me on the way in which I was attempting to cool the debate and keep it on commercial grounds. He made no comment.

I said that the Europeans naturally expected the British company which was most experienced in aerospace business, to take the lead and it was not surprising that they asked us. The decision that we should take the lead, was taken after we had had our final meeting with Sir John Cuckney and our offers had been disregarded and we had no alternative but to take a higher profile. Because of my concern in this matter, I had made a specific issue, at our Press Conference, of replying fully to a question by one of the American newspaper men there, that I did wish that we could avoid this debate being trivialised to the extent of bringing it down to a simple question of being pro-European or pro-American. It was our view that a strong and united Western Europe with a strong defence industry was of great importance to the United States and it was very much in the interests of the United States that this should be so, so that Europe could make a greater contribution to it's own defence. I said also that the reverse was true, so that therefore it was quite wrong to suggest that because in this instance we were being European, this was anti-American. It certainly was not in the interests of Europe to see America being discriminated against by its European partners. I went on to say that anyone who suggested that I was anti-American could not have understood the facts; I was married to an American; I had spent more time in the United States, including serving in the United States Navy, than anyone I suspect present in that room, and that no-one could logically accuse me of being anti-American - the truth was quite the reverse.

He said that he thought this continuing campaign was against the national interest, he believed we should have stayed in the background and he would like us to withdraw. I was so stunned by this that I turned to the assembled company and said 'Are you writing all this down?' to which the Secretary of State replied 'They understand what I am saying better than I do probably'. I said that I was now confused because only that morning I had been told by another great Department of State that what we were doing was in the national interest. He replied 'Yes, I can understand, I can imagine which Department that was, but I have to tell you that in my opinion what you are doing could be extremely damaging to you and your business'. He said he fully supported the attempt to put together a European solution but that the decision should be left to shareholders. I said we were fully in agreement with that provided they were in possession of all the facts. I said that we realised that we were on a tightrope between two Departments of State and between trusted friends and collaborators on both sides of the Atlantic. Nevertheless, we firmly believed that the way ahead for the aerospace industry of the UK was primarily through collaborative arrangements with the Europeans. We parted on this note and with a final reminder, looking at me fixedly, that the DTI was our sponsoring Department. The whole meeting was conducted in what I can only describe as an unpleasant atmosphere.

I left the DTI and came straight back to the Board Meeting. It had not been a pleasant experience. The Chairman was making his preliminary statement to the Board when I arrived and, since I was familiar with this, I jotted down immediately the points that had been made to me so that I would not forget them when I came to give my account to the Board. I did this and reported fully in line with this report.



SIR RAYMOND LYGO

N15845 5 XXX 124

WALKER'S HOPES FOR HESELTINE

ENERGY SECRETARY PETER WALKER SAID TODAY HE HOPED FORMER DEFENCE SECRETARY MICHAEL HESELTINE WOULD SOON BE BACK IN THE GOVERNMENT.

HE TOLD REPORTERS AT A PRESS CONFERENCE IN LEEDS: 'I REGARD MR HESELTINE'S DEPARTURE AS THE DEPARTURE OF A GOOD, PERSONAL FRIEND AND A GOOD MEMBER OF THE CABINET.

'I HOPE IT WILL NOT BE TOO LONG BEFORE HE IS BACK.'

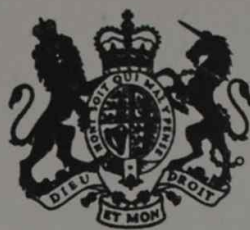
MR WALKER WAS ASKED HOW DAMAGING HE BELIEVED MR HESELTINE'S RESIGNATION HAD BEEN AND HE REPLIED: 'THE GREAT THING IN POLITICS - THE ONLY THING THAT I AGREED WITH HAROLD WILSON ABOUT - IS THAT A WEEK IN POLITICS IS A LONG TIME.'

MR WALKER WAS IN YORKSHIRE TO INAUGURATE THE YORKSHIRE ELECTRICITY BOARD'S INITIATIVES IN ENERGY EFFICIENCY YEAR.

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EL3AUP



10 DOWNING STREET

From the Private Secretary

14 January 1986

Further to my letter of 14 January, the Prime Minister has now agreed that one named official in the Departments principally concerned should be allowed to see, in No.10, Sir Austin Pearce's letter. You told me that the Department of Trade and Industry official concerned is John Michell.

Please could the Private Secretary to the Secretary of State for Defence and to Sir Robert Armstrong let me know their Department's official who should see the letter. I am assuming, subject to Michael Stark's correction, that the Cabinet Office official should be Mr. John Wiggins.

I am sending a copy of this letter to the Private Secretaries already mentioned and to the Private Secretaries to the Lord Privy Seal and the Chief Whip. I do not think that their interest is such that their officials need to see the letter.

We will be clearing the draft of the reply to Sir Austin through the Cabinet Office in accordance with the laid down procedures.

(N.L. WICKS)

John Mogg, Esq.,
Department of Trade and Industry.

PRIVATE AND CONFIDENTIAL



Mr Wicks

We discussed, I have agreed this with DTI officials. The last para is for you to decide, & the last sentence to be referred specifically to

10 DOWNING STREET

From the Principal Private Secretary

14 January 1986 *Mr Brittan*

Red J.L.

Am J.J.

14/1

There being no material in its draft relevant to

I attach a slightly amended draft of a possible reply for the Prime Minister to send to Sir Austin Pearce's letter, and I should be grateful if your clearance could take account of the amendments therein.

Westland's choice,

I see no need to

refer this text to the

Low Officers.

Could I stress that the material in the last paragraph, and particularly in the last sentence is still for final decision. Let me stress that I have not yet been in touch with Sir Austin Pearce about publication of the letter.

*Yours sincerely
N.L. Wicks*

(N.L. Wicks)

A.J. Wiggins, Esq.,
Cabinet Office.

PRIVATE AND CONFIDENTIAL



SECOND DRAFT

10 DOWNING STREET

THE PRIME MINISTER

14 January 1986

Thank you for your letter of 13 January. I fully accept and am indeed grateful for your assurance that you have no desire to embarrass us and indeed I note that you have not copied your letter to any other party.

May I say at once that I know that Sir Raymond Lygo is one of the last people who could be accused of being anti-American.

As you know from Leon Brittan's statement in the House yesterday, his recollection of the meeting and that of others present differs from that reported in your letter. I very much regret, and I know that he does too, if others had gained a different impression of what was said or intended at the meeting.

Let me emphasise that we are pleased that the Westland Board has had a choice and it was indeed part of our policy that it should have one. As I have told the House of Commons, Westland is a private sector public limited company and the company's decision on its future is a matter of commercial judgment for its directors, and ultimately its shareholders. That remains our policy.

Finally, let me assure you, as I assured Sir John Cuckney in my published letter of 1 January, that whichever

of the two proposals currently under consideration the company choose to accept, the Government would continue to support Westland's wish to participate in European collaborative projects and would resist to the best of its ability attempts by others to discriminate against Westlands.

[Since your letter has become a public issue, you have agreed that it can be published and I am publishing this reply. [Leon Brittan is also publishing his Department's record of the discussion of 8 January.]]

Sir Austin Pearce, C.B.E.



10 DOWNING STREET

THE PRIME MINISTER

14 January 1986

Thank you for your letter of 13 January [about the discussion which your Chief Executive, Sir Raymond Lygo, had with the Secretary of State for Trade and Industry on 8 January.] I fully accept your assurance that you have no desire to embarrass us and indeed I note that you have not copied your letter to any other party.

May I say ~~at this stage~~ ^{at once} that I ~~fully accept too~~ ^{know} that Sir Raymond Lygo is one of the last people who could be accused of being anti-American. ~~[Sir Raymond has had a most distinguished career in the Royal Navy when, as you said in your letter, he had the closest involvement with the United States.]~~

As you will know from the ~~Secretary of State's~~ ^{Lord Patten's} statement to the House yesterday, his recollection of the meeting differs from that which is reported in your letter. As the Secretary of State ~~assured the House,~~ ^{told the} ~~if~~ others had ~~gained a~~ different impression of what was said or intended at the meeting he very much regretted it. So do I. ~~[The Secretary of State assured the House that he did not make any suggestion at the meeting that British Aerospace should withdraw from the European consortium or that their participation in any way was contrary to the national interest.]~~ On the contrary, he emphasised that it was for Westland to decide what course to follow. He went on to say that the nature and tone of some of the campaigning on behalf of the European consortium could fuel protectionist sentiment

in the United States and could damage the commercial interests of British Aerospace and its European partners, especially in the United States. Sir Raymond himself said that British Aerospace's United States subsidiary had expressed great concern about their US business being harmed. The Secretary of State also said that it was not in the national interest that the present uncertainty involving Westland should drag on.

Let me emphasise ~~too~~ ^{that} ~~that~~ though we are pleased that the Westland company has a choice, and it was indeed part of our policy that it should have one, it is not part of that policy to intervene on the merits of the two offers, ~~or to become involved in, to use your words, the purely commercial discussion and decision making processes of the companies making the offers.~~

Since your letter was classified "Private and Strictly Confidential", I am so classifying mine.

Sir Austin Pearce, C.B.E.



SECOND DRAFT

10 DOWNING STREET

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14 January 1986

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Finally, let me assure you, as I assured Sir John Cuckney in my published letter of 1 January, that whichever

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[Since your letter has become a public issue, you have agreed that it can be published and I am publishing this reply. [Leon Brittan is also publishing his Department's record of the discussion of 8 January.]]

Sir Austin Pearce, C.B.E.

DRAFT ①



10 DOWNING STREET

THE PRIME MINISTER

14 January 1986

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Sir Austin Pearce, CBE.

NOTE FOR THE RECORD

This note records a telephone conversation which the Prime Minister and I had with Sir Austin Pearce, Chairman of British Aerospace at 1805 on 14 January.

Sir Austin agreed that No.10 could publish his letter. He confirmed that Sir Raymond was also in agreement and so was his Board. Publication of the letter, together with the Prime Minister's reply, could take place around mid morning tomorrow (say 11 a.m.). I warned Sir Austin that if his letter leaked overnight - and I wasn't suggesting it would - we would have to be ready to get our reply out quickly.

Sir Austin confirmed that he would not want Sir Raymond Lygo's transcript of his conversation with Mr. Brittan published. This was an internal working document for the company. The Prime Minister pointed out that she would have to make it clear, in answer to questions, that it was the company, not the Government, that objected to its publication. The Prime Minister told Sir Austin that she was considering with Mr. Brittan the publication of the Department of Trade and Industry's own note of the meeting with Sir Raymond. Sir Austin said that publication of that note was a matter for the Government's own decision.

N.L.W.

(N.L. Wicks)

14 January 1986

TEXT OF LETTER FROM LORD HANSON TO SIR JOHN CUCKNEY

Prime Minister
These purchases
are last week's. The
new fact is that
Lord Hanson has
gone public.
C.D.P.

Dear John,

This is to advise you that we have completed the purchase for long term investment purposes of 8,886,972 shares in Westland which I understand represents 14.9% of the equity. I enclose a formal letter on this subject. As you may know our subsidiary Air Hanson, the Weymouth based helicopter operator formed in 1973, has for many years had operational arrangements with your company and with Sikorsky. It is hoped by means of this investment that Air Hanson will be able to strengthen these interests in future. Since these purchases were made without your knowledge I thought I would send you a covering note.

With very best wishes for your endeavour.

Hanson

010
CONFIDENTIAL

2



Foreign and Commonwealth Office

London SW1A 2AH

14 January 1986

Dear Charles,

ms

*Re North
Re European Assembly
makes an ass of itself
again. CDP 14/11*

Westland Helicopters: European Parliament Debate

The European Parliament is planning to debate the future of Westland Helicopters on 16 January.

We understand that different groups, including the EDG, are working on a joint resolution which would:
a) support the European solution for Westland's capital reconstruction; and b) call on governments of member states ("in the framework of Political Cooperation") and the Commission to use their best endeavours to ensure the continuation of an independent and viable helicopter industry in the European Community.

Adam Fergusson and officials from UKREP Brussels are in Strasbourg. They have drawn to the EDG's attention the government's statements in the House on Westland and the Prime Minister's published exchange of letters with Sir John Cuckney. They have also urged the EDG to press for deletion of a particularly offensive clause in the proposed resolution "supporting the demand for increasing independence from US industrial control"; and to insist that it should be made clear that the issue is one for the shareholders to decide. Mr Fergusson has been asked to make this clear to Sir Henry Plumb.

At the same time, in Brussels, we have reminded Commissioner Narjes of the undertaking he gave to Sir David Hannay last week to consult with HMG before making any further statements on the future of Westland, including any contribution to the EP debate.

We have considered whether, in addition to the representations that are already being made, to recommend that there should be a more formal intervention by Ministers. That might be worth pursuing if we had a realistic prospect of persuading the EDG not to support the present all-party draft. We are, however, advised that there is no prospect of this, since the EDG regard the resolution as consistent with their support for a European procurement policy. In the circumstances, we think that Ministerial intervention might reach the press and highlight what may otherwise be a typical EP sideshow.

/If

CONFIDENTIAL



CONFIDENTIAL

If the press ask about the EP resolution when it is tabled tomorrow (Wednesday), we shall say that the government have made clear that the future of Westland is a matter for their shareholders to decide. If asked whether the government has sought to influence the EDG, we shall say only that they are fully aware of HMG's views. Beyond that, the line taken by the EDG and the European Parliament is a matter for them to decide. We shall also make clear as necessary that there is no such thing as a "Community solution", that the Community has no role in the Westland issue and that this is not a matter for discussion in Political Cooperation.

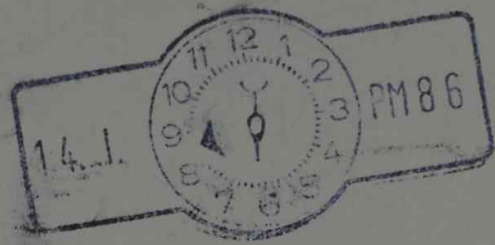
I am copying this letter to the Private Secretaries to the Secretaries of State for Trade & Industry and for Defence and Sir Robert Armstrong.

*Yours ever,
Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL



Alan: To ask the Secretary of State for Foreign and Commonwealth Affairs what response he has given to the urgent appeal made to Her Majesty's Government by the Government of the Kingdom of Lesotho asking for help in dealing with the obstruction of supply routes by the South African Government.

Westland PIC

That this House noting the serious allegations made in public by the former S/S for Defence about the conduct of the Government in respect of Westland PIC and aware of the major implications for defence procurement, manufacturing industry, technology & employment, calls on HM Govt to make arrangements to set up a committee of the House to consider the issues raised by the matter, ensuring that such a committee would be provided with all relevant documents + letters, manu-

• which have been previously
referred to but not yet published, in
order to establish for the nation a
truthful record of the events relating
to the present + future position
of Westland P.L.C.



MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2193 (Direct Dialling)

01-218 9000 (Switchboard)

PERMANENT UNDER-SECRETARY OF STATE
SIR CLIVE WHITMORE K C B C V O

PUS/L86/25

1/4

13 January 1986

Dear John,

Thank you for your letter of 10 January.

2. The answers to your questions are as follows:

a. Are Lloyds Merchant Bank formally acting for the Ministry of Defence in a professional capacity?

No.

b. Does the Ministry of Defence guarantee the orders for 6 Sea Kings referred to in the Consortium's proposals. Is this a follow-on order to the orders for 14 Sea Kings under discussion between the Ministry of Defence and Westland?

The Ministry of Defence cannot guarantee the order for 6 Sea Kings. However, if the plans for a five nation battlefield helicopter project are approved, the order will be placed. This would apply whatever reconstruction proposals Westland's shareholders accepted. In this context I draw your attention to the Prime Minister's letter to you of 1 January 1986.

This order would be a follow-on to the order for 14 Sea Kings under discussion between the Ministry of Defence and Westland.

c. Do earlier Ministry of Defence letters provided to Lloyds Merchant Bank in support of the Consortium's proposals continue to represent Ministry of Defence policy?

The Government's position is set out in the Secretary of State for Trade and Industry's statement of 16 December 1985 and the Prime Minister's letter to you of 1 January 1986. There is nothing further I can add.

3. I am sending copies of this letter to Brian Hayes at the Department of Trade and Industry and to Charles Powell at 10 Downing Street.

Yours ever,

Alvin.

Sir John Cuckney
Westland plc
4 Carlton Gardens
Pall Mall
London SW1Y 5AB



1978 DECLARATION OF PRINCIPLES
TO BE ADOPTED FOR COOPERATION ON HELICOPTER PROGRAMMES BY
THE GOVERNMENTS OF
THE FRENCH REPUBLIC
THE FEDERAL REPUBLIC OF GERMANY
THE ITALIAN REPUBLIC
THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

I INTRODUCTION

The Governments of France, Italy, the Federal Republic of Germany and the United Kingdom seek to work together to develop and produce new helicopters, including their engines and their equipment, with a view to:

1. increasing standardisation and interoperability by rationalising and reducing the types used within the Atlantic Alliance;
2. reducing costs and thus improving export prospects increasing the market for each type produced;
3. maintaining a strong and healthy helicopter industry within Europe.

II PRINCIPLES

The four Governments will:

1. make every effort to reconcile their future requirements by agreeing common technical definitions and timescales

so that their requirements can be met on a collaborative basis;

2. define a management structure for each collaborative project and seek to achieve an equitable sharing of responsibilities between the four countries over the whole field of helicopter co-operation;
3. seek to develop by this method a family of products suitable for sale to other countries;
4. pursue a common policy with industry to promote closer industrial collaboration, in particular by encouraging the creation of a working group composed of delegates from SNIAS, MBB, Agusta and WHL;
5. inform each other and consult together before selecting new equipment and to make every effort to meet their needs with helicopters developed jointly in Europe;
6. endeavour to obtain the same commitment from the other IEPG countries.

III

STEERING COMMITTEE

The four Governments will establish a Steering Committee which will report progress periodically to the National Armament Directors. It will work with:

- on the one hand representatives of the Operational Staffs, Working Groups of FINABEL-K and the ad hoc IEPG Group;

- on the other hand the Companies:

The responsibilities of the Steering Committee will include:

- study of the technical and industrial implications of the operational characteristics and requirements for future helicopters identified by the users;
- consultation with the companies and examination of proposals submitted by them;
- mutual exchange of information on helicopter work in each country on research, development and production;
- the preparation of a common plan of action to establish projects which are most likely to be appropriate to European Co-operation;
- submission of proposals for cost and work sharing, including proposals for the management of programmes in both Government and industry.

The Steering Committee will normally operate through Working Groups which it will appoint as necessary. It will define the responsibilities of these groups, receive their reports and recommendations and allocate tasks among the participants.

ESTABLISHED IN FOUR LANGUAGES, EACH VERSION HAVING EQUAL
VALIDITY

For the Government
of the French Republic

For the Government of the
Federal Republic of Germany

(Sgd.)

(Sgd.)

For the Government
of the Italian Republic

For the Government of the
United Kingdom of Great
Britain and Northern
Ireland

(Sgd.)

(Sgd.)



MA90. - Light
↓ similar, much
German Helicopters.

PA Arco-1st

light Battle field Helicopter.

light
small, just an
anti land.

number

6-8.

~~Carroll~~

PAH - Successor.
- Same
Medium Helicopter

Puma.

25 men

Large
Heavy lift Helicopter

Chinook.

Heavy Helicopter

Successor to Sea-King.

EH 101 - Type 23 fighter

Arco - Italian arrangements.

Carroll's



10 DOWNING STREET

Nigel

Told Press office.

Bernard is very concerned.

He has told the lobby that
he will not see them until
he knows what to say.

But he says he must see
them as soon as possible and
in any case before 12.30 if
we are to influence
lunchtime news and
provincial newspapers.

I suggest urgent
word immediately after

Cabinet.

Bernard is very
excited about this, but
I think is now calm enough
that nothing will be done
until after Cabinet.

David.



MEETING WITH SIR RAYMOND LYGO

He says did not
~~It is quite untrue that I made any suggestion to Sir Raymond Lygo that British Aerospace should withdraw from the European consortium or that their participation in it was contrary to the national interest. On the contrary, ^{he} I emphasised that the Government's position was that it was for Westland to decide what course to follow. ~~What I did say, and continue to believe,~~ is that the nature and tone of some of the campaigning on behalf of the European consortium could fuel protectionist sentiment in the United States and could damage the commercial interests of British Aerospace and its European partners especially in the United States. ^{This is, I think, a point which with which} Sir Raymond himself said that British Aerospace's United States subsidiary had expressed great concern about their US business being harmed. I also said that it was not in the national interest that the present uncertainty involving Westland should drag on. If others gained a different impression of what was said or intended at the meeting I very much regret it.~~

He also said

would

DW1AJC

PRIME MINISTER

c.c.

Mr. Wicks

Mr. Flesher

WESTLAND

The Chief Whip telephoned to say that after a certain amount of to-ing and fro-ing, the following scenario for this afternoon has been clarified.

Mr. Kinnock will rise at 3.30 on a point of order to ask the Speaker whether there has been any notification of a statement by the Prime Minister. He will be told that there has not. He will bluster that this is disgraceful, and will go on to say that in the circumstances the Opposition has no choice but to use Wednesday for a debate on Westland. (It will be a whole day debate.) The Lord Privy Seal will then make a business statement followed by more questions; after that the Trade and Industry Secretary will make his statement.

The Chief Whip's strong recommendation is that you should be on the bench at 3.30 for Mr. Kinnock's point of order.

CDP

CDP

13 January, 1986.



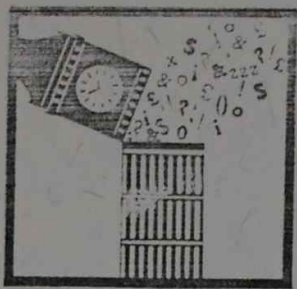
10 DOWNING STREET

CHARLES CR

You should see the attached article from the current issue of the New Statesman which sets out a number of questions that can be expected to arise in the Commons this week.

BERNARD

13.1.86



Tarzan auditions for the blockbuster — and fails

FEW SIGHTS are more delectable than members of the ruling classes knocking hell out of themselves in public. It should be made into a movie, with characters like Michael 'Do you wanna know a secret' Heseltine, Leon 'You dirty rat' Brittan, Margaret 'Michael, don't do that' Thatcher and Sir John 'I want to be alone' Cuckney. Perhaps we could persuade Sir Richard Attenborough to make *Chorus Line 2* — the saga of an unrelenting and finally unsuccessful struggle to persuade the stars to sing together in harmony.

Yet while much innocent (and some not-so-innocent) pleasure is to be gained from watching the battle for Westland unfold, serious issues are involved. Most of those issues concern the way the final decision is reached rather than the decision itself.

According to Thatcher and Brittan, it is wholly a matter for the board and shareholders of Westland to decide. This is a perfectly reasonable view for free market Tories to hold. Shareholders take the financial risks; it is only proper that they should reap whatever rewards are going; and if their company finds itself in trouble, they have every right to sell to the highest bidder. That is the way capitalism works: interfere with shareholders' rights and you distort the capital markets. Hence the determination of Thatcher and Brittan to leave it to Westland.

Let us, however, imagine that the battle had taken place in different circumstances.

Variant one. The bid came not from Sikorsky but from (let us call it) Moskorsky, an East European enterprise. Moskorsky offered oodles more money than anyone else and guaranteed masses more work for Westland's employees. Asked about the dangers of transferring British defence technology to the Warsaw Pact, Moskorsky's chairman replied that he was willing to sign a solemn and binding pledge that no such transfer would take place. 'Your secrets will be as safe with you as they have always been', he told reporters.

Variant two. The bid *was* from Sikorsky, but instead of all that mealy-mouthed stuff about keeping jobs and technology in Britain, Sikorsky's owners, United Technologies, said: 'Do you guys take us for fools or something? We don't intend making anything in Yeovil for a moment longer than we have to. Of course we want to transfer your technology to the US and we want access to European markets. You accuse us of wanting to dominate the world market? We regard that as a compliment. We're happy to buy off Westland's shareholders, but after that we'll do whatever we want. If Britain doesn't have a helicopter industry afterwards, that's your problem, not ours.'

Variant three. Westland's financial crisis did not occur until 1990. By then the British government had taken its privatisation programme a lot further and had, among other things, sold off the Ministry of Defence. When Westland hit its rocky patch, British Defence Industries plc used its small change to buy the company. Few people noticed Mrs Thatcher's brief comment that 'this is another example of how our free market principles are being applied in practice'.

THE POINT OF these fantasies (although variant two may not be so far wide of the mark) is to illustrate how feeble the argument is that the decision should be left to the

PETER KELLNER

market and Westland's shareholders. Clearly the government would intervene if Westland looked likely to fall into the hands of a potential enemy (variant one) or if the bidders made explicit their unconcern at Britain losing reliable access to a vital defence technology (variant two). And there is something odd about a dominant customer in the public sector being told to keep out, whereas nobody would raise an eyebrow if the same customer were in private ownership and stepped in smartly (variant three).

In practice, then, there are limits to the extent to which even the Prime Minister would apply free market principles. And she cannot evade this point by saying that the shareholders themselves would decide against the sale in the case of variants one and two: if there were the remotest chance of any company's shareholders acting against the government's clear conception of the national interest, the government — *any* government, including Mrs Thatcher's — would intervene.

It follows that Thatcher and Brittan feel either that no significant issue of national interest is at stake over the battle for Westland, or that the fate of Britain's only helicopter manufacturer does raise questions of the national interest but, as it happens, Sikorsky does not threaten those interests. Yet neither the Prime Minister nor the Trade Secretary has been required to state which of these is their view, nor what principles should determine behaviour when conflicts occur between free market forces and the national interest.

Heseltine appears to have taken a clearer and more robust view: where the two conflict, national interests should determine the outcome. He would have no trouble with the three variants above, because he is not too

bothered about shareholders' rights where defence procurement is concerned.

Yet on closer examination, Heseltine's position is no more consistent than his opponents. When Westland first foresaw trouble last summer and approached him for help, Heseltine told them to get lost: it was not the Defence Ministry's job to bail out incompetent companies that made products that could not sell.

Two interpretations are possible of Heseltine's stand at that time. The first is that he did not think through the consequences of what he told Westland; the second is that he did, but subsequently changed his mind. Whichever explanation is the true one, it reflects little credit on the Defence Secretary.

Nor has Heseltine provided at any time a coherent view of what national interests are involved in the Westland battle or how, in principle, such interests should be reconciled with those of the shareholders. Heseltine has the support of all sorts of people who believe that Britain's conventional defence capabilities should involve co-operation with Western Europe rather than the United States; but, even if he has stumbled on the right decision, there are few signs that it is for the right reasons.

Of all the comments over the past months, probably the most pertinent came in the form of three questions in a letter to *The Times* last week:

1. Do we want to preserve a helicopter technology in Britain?
2. Since a purely national solution appears to be beyond our means, which of the rival proposals — American or European — will better enable Westland to meet our operational requirements now and in the future?
3. Where does the balance of advantage lie in encouraging European defence procurement and gaining access to American technology?

Those questions were posed by Julian Amery, one of the most right-wing of all Conservative back-benchers. He was surely right to ask them. It would be comforting to think that Heseltine and Thatcher could answer them, and even more comforting to think that the two people would give the same answers. Instead, all we can expect are contradictory evasions.

This week, Heseltine has been denying that his actions have been designed to win him the Tory leadership when Mrs Thatcher goes — which is just as well as he has displayed little of the finesse, loyalty or tactical skill that a successful party leader needs. If I were an MP looking for someone with those qualities to succeed Thatcher, the conclusion to draw from the Westland saga would be clear: draft Sir John Cuckney. □



15/1

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A086/131

13 January 1986

Dear Michael,

I should like to respond to what you said in your statement of 9 January about the record of the discussion when you raised the subject of Westland in Cabinet on 12 December.

I made the usual full minute of the discussion. I thought, however, that in view of its sensitive nature it would be better to do as is done from time to time in the case of especially sensitive records: not to include the full minute in the Cabinet minutes as generally circulated, but to prepare for inclusion in the circulated minutes a brief summary record. I extracted the first few introductory sentences and the last paragraph of the full minute to serve as a summary minute which recorded your view that it was necessary that there should be a further meeting of Ministers for which you could circulate a memorandum and the Prime Minister's summing up that the Cabinet could not consider the matter at that meeting without notice given and without papers or time for preparation, and that nothing had happened to invalidate or give grounds for reconsideration of the decisions taken at the meeting of the Ministerial Committee on Economic Affairs on 9 December.

I gave instructions for this summary record to be included in the minutes as circulated. Because of a misunderstanding in my office, for which of course I accept responsibility and which I much regret, this was not done and the minutes were circulated without any reference to the discussion of Westland. I did not discover this omission until a week later.

In 10 Downing Street before Cabinet on Thursday 19 December you mentioned to me that you wanted to have a word about the record of the previous week's discussion. At the time I assumed that you were referring to the summary record which I thought had been circulated. When I came later that day to prepare the minute of the discussion that morning, I discovered that the

The Rt Hon Michael Heseltine MP

/summary

summary record of the Westland discussion had been omitted from the circulated minutes of the previous meeting, and I immediately arranged for it to be circulated as an addendum to those minutes.

On the afternoon of 19 December I sent your office an advance copy of the minute of the discussion of Westland that morning. You wrote to me on 24 December to thank me for that; in that letter you also said that you had since seen the addendum to the minutes of the meeting on 12 December, and that you would welcome a word with me about it after the holiday period. I sent a message to your office on 2 January saying that I was at your disposal to come across to the Ministry of Defence for such a discussion when you wished. I was not summoned; but in 10 Downing Street just before Cabinet on 9 January you told me that you still wanted to have such a discussion; I said that I was very ready to come across for the purpose. That was of course overtaken by subsequent events.

You have seen the circulated minute of the discussion on 12 December. I have the full minute on file here, and should be very ready to show it to you, if you would like to see it, when you can spare the time. You would see that it covered the points which you specifically said at the meeting you wanted to be recorded.

Yours ever
Robert



Sir Brian Hayes KCB
Permanent Secretary

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215

GTN 2153972

(Switchboard) 01-215 7877

13 January 1986

Sir John Cuckney
Chairman
Westland plc
4 Carlton Gardens
Pall Mall
LONDON SW1

COP,
13/1

Dear John,

Thank you for your letter of 10 January.

As my Secretary of State made clear in his statement to the House of Commons on 16 December, the Government are not bound by the recommendation of the National Armaments Directors of the UK, France, Germany and Italy, that certain helicopter requirements should in future be met solely from aircraft designed and built in Europe. That remains the position. The policy of the Government towards Westland was fully set out in the Prime Minister's letter to you of 1 January.

I am sending copies of this letter to Robert Armstrong, Clive Whitmore, Charles Powell and John Wiggins.

Yours ever,

Brian

BRIAN HAYES

ELFAAX

17
19
86
BOARD OF TRADE
BICENTENARY

Aerospace : Westlands Pt 2.



SUBJECT

cc Master

File
CONFIDENTIAL

JA



10 DOWNING STREET

13 January 1986

From the Private Secretary

Dear John,

WESTLAND

The Prime Minister held a meeting this morning to consider the handling of requests for a statement to the House on Westland, as well as outstanding correspondence with Sir John Cuckney. The Trade and Industry Secretary, the Lord Privy Seal, the Defence Secretary, the Attorney-General, the Chief Whip and Sir Robert Armstrong took part. Sir Clive Whitmore and Mr. Michelle were also present.

It was agreed that the Trade and Industry Secretary should make a statement to the House today. Because of the sensitive commercial negotiations in progress, the statement should rely as far as possible on previous statements of government policy. It should be made clear that it would not be right to put a gloss on these statements, which were central to the issues faced by shareholders.

It was also agreed that if the Opposition decided on a debate on Westland on 15 January, the Prime Minister would speak.

It was further agreed that, to avoid any risk of seeming to put a gloss on statements already made, Sir John Cuckney's letter of 10 January to Sir Brian Hayes on the National Armaments Directors' recommendation should be answered by reference to the Trade and Industry Secretary's statement to the House of 16 December (ie we should use the draft reply circulated under cover of Mr. Startup's letter of 10 January to Mr. Stark, less the last sentence).

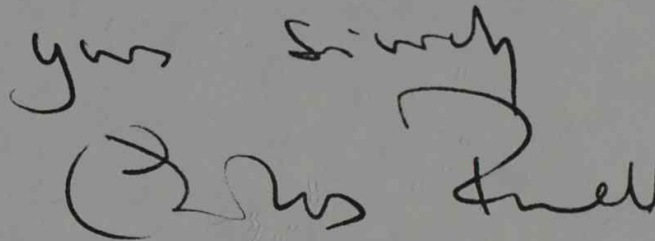
Finally agreement was also reached on the line to be taken in replies to further letters from Sir John Cuckney to Sir Clive Whitmore. In response to Sir John's question about the possible order for six additional Sea-king helicopters, the line should be that the Government could not guarantee the order, but that if plans for a 4-nation battlefield helicopter project were approved, the order would be placed; and this would apply whichever of the proposals currently before Westland was accepted. Sir John's further question whether a number of letters sent by

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the Ministry of Defence to the European Consortium continued to represent Government policy should be answered by reference to the Trade and Industry Secretary's statement of 16 December, the Prime Minister's of 19 December and the Prime Minister's letter of 7 January to Sir John Cuckney.

I am copying this letter to David Morris (Lord Privy Seal's Office), Richard Mottram (Ministry of Defence), Henry Steel (Law Officers' Department), Murdo Maclean (Chief Whip's Office), to Sir Clive Whitmore, Mr Michelle and to Michael Stark (Cabinet Office).

Yours sincerely


(CHARLES POWELL)

John Mogg, Esq.,
Department of Trade and Industry.

British Aerospace

PUBLIC LIMITED COMPANY

From the Chairman,
SIR AUSTIN PEARCE, CBE

100 Pall Mall
London SW1Y 5HR

Telephone: 01-930 1020
Telegrams: Britair London
Telex: 24353

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Private and Strictly Confidential

The Rt. Hon. Margaret Thatcher, FRS, MP,
The Prime Minister,
10 Downing Street,
London SW1

13th January 1986

Dear Prime Minister,

You should be aware that while visiting Mr. Pattie to discuss Airbus business on Wednesday the 8th January, preparatory to a meeting in Munich on January 9th, Sir Raymond Lygo, my Chief Executive, had an impromptu meeting with Mr. Leon Brittan in the Department of Trade and Industry at 1700 hrs. The meeting was at the Secretary of State's request, in the presence of Mr. Geoffrey Pattie, Mr. Macdonald and Mr. Michell all of his Department, as well as his Private Secretary.

Sir Raymond returned directly to a special Board Meeting of British Aerospace which was in progress and made a full report of his conversation to the Board. He also wrote down all the salient points that had been made to him. His report stated that the following points were specifically covered by the Secretary of State:

1. expressed a view that as the DTI were our sponsoring Department we should have consulted with his Department before we entered the Consortium
2. to enquire whether we had fully considered the effect our actions might have on our American business and in particular on the A320 and his concern about the effect on Anglo-American business that our actions might be having
3. his concern at the Consortium leadership role we appeared to be adopting
4. that the decision should be left to the shareholders alone
5. that the agreement of the National Armaments Directors had never been endorsed by Government and that he could prove this by showing Sir Raymond the Minutes of the meetings which discussed it
6. that what we were doing was not in the National Interest
7. that we should withdraw.

A full transcript of Sir Raymond's account of the proceedings is available if you would wish to see it. At the end of his Board Statement, Sir Raymond asked that he be accorded the protection of the Board since the matter in which he had been nominated as the spokesman was becoming personalised and he was most unhappy with the situation. You should be aware that in his verbal reply to the Secretary of State, Sir Raymond made the following points:

1. that the Board had considered fully the implications of the effects on our American trade; that we had actually suggested that some of the words originally used in the National Armament Directors' Agreement be amended to avoid implying that the action was protectionist
2. that Sir Raymond had gone out of his way at the Consortium's Press Conference to make a lengthy statement to one of the American correspondents there to the effect that he wished that the debate would not be trivialised to the extent of portraying the European Consortium as being anti-American because it was not in the interests of the United States to have a weak defence industry in Europe; quite the reverse, and to be pro-European did not mean that one had to be anti-American. In fact, the reverse was true
3. that in his own case he was married to an American, had spent many happy years in the United States and served in the United States Navy which he suspects was a greater involvement in the United States than anybody present at that meeting, and the last person that could be accused of being anti-American, in his view, was himself
4. that he found the reference to the National Interest confusing, since we had been told by another great Department of State that what British Aerospace were doing was in the National Interest
5. that our European partners had a natural expectation that British Aerospace, the most experienced, should lead their Consortium in the attempt to persuade the shareholders of Westlands that their proposals were genuine and better
6. that British Aerospace and the Consortium were very content to let the shareholders decide, so long as they were given the facts
7. that the Ministry of Defence was British Aerospace's largest customer and that the partners involved in the Consortium were the same partners in our most important programmes, Airbus, the European Fighter programme, the Trigat programme and Tornado

In view of the serious nature of the complaints that had been made against the attitude of British Aerospace, it was considered important that our British partner GEC should be informed of what had taken place. Also, since one of the conditions precedent set before we joined the Consortium was being questioned, i.e. the agreement of the National Armaments Directors, that the Department of Defence, through the Permanent Under-Secretary should be approached to learn whether, what we had been given to understand was correct. At no time was any discussion about the meeting held with Mr. Michael Heseltine.

You should also be aware that on December 11th, I was approached by Mr. Macdonald of the Department of Trade and Industry who expressed the Department's concern that British Aerospace had not consulted the sponsoring Department, the DTI, before getting involved with the European Consortium. I reminded him of the meetings with Sir Basil Blackwell on May 15th and Sir John Cuckney on July 15th when British Aerospace had stated its interest in ensuring the survival of Westlands and that these conversations had been reported to Mr. Tebbit, Mr. Pattie and Sir Brian Hayes. It was indicated to me that Mr. Brittan was very concerned at the developments and I therefore requested a meeting with him which was held on December 13th at which I stated that British Aerospace as a fully privatised company had considered the Consortium proposal on a commercial basis and since the DTI had not responded in any way to British Aerospace's expressed interest in the Westland survival, that British Aerospace should proceed on the basis of its commercial interests and these took into account the U.S. relationships for both British Aerospace and Airbus Industrie.

This discussion covered some of the facts as mentioned above but not as pointedly as were made to Sir Raymond. We were thus aware of the arguments being made by the DTI, but believed that the shareholders of Westlands should decide. That is still our position.

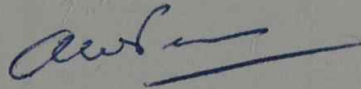
I have no doubt that Sir Raymond's account of the events so fresh in his memory and recounted to the Board so soon after the event with the assistance of notes made immediately after that meeting was substantially correct, and are borne out by much other information that is coming to light. So far we have refused to make any public comment.

The meeting took place immediately following a discussion Sir Raymond was having with Mr. Pattie on Airbus Industrie's proposals for a new programme. The connection is worrying to say the least. Whatever the words used were meant to convey, the message was perfectly clear. I would therefore ask you to take this letter into account in any further exchanges that might take place, or in any further statements that might be made by the Government, in order to avoid further embarrassment.

Please be assured that we have absolutely no desire to embarrass you, and much regret that you have become involved in what should have been a purely commercial discussion and decision-making process. Nevertheless, I think it is important that you should understand the position of British Aerospace.

This letter is addressed to you and is not being copied to any other party.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'A. W. ...', followed by a horizontal line.

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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon George Younger TD MP
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
London
SW1A 2HB

13 January 1986

*Dear George,***WESTLAND**

In our discussion of Westland this morning we focussed to a large extent on the government's precise position in relation to the NAD's recommendations and not on the underlying arguments for reaching this position.

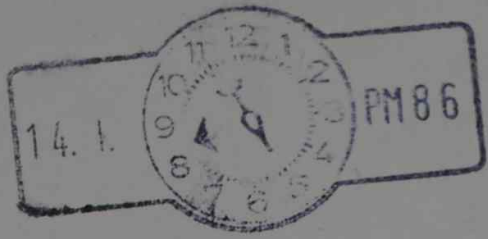
I commented on these arguments in my minute to the Prime Minister of 17 December. However we have not ourselves had an opportunity to discuss this point before. I thought it worth writing therefore to emphasise that my concern throughout (which I mentioned briefly at Cabinet last Thursday) has been to ensure we do not put ourselves in a position where value for money is reduced because we restrict our ability to go out to international competitive tender when purchasing helicopters. This is an important reason why we have not accepted now or entered into a commitment to accept the NADs recommendation. I think it is essential that we are absolutely clear about the importance that competitive tendering plays in defence procurement and its significance in this case as in others.

I am copying this letter to the Prime Minister, Leon Brittan, John Wakeham, John Biffen, Michael Havers and to Sir Robert Armstrong.

Yours ever,
JH

JOHN MacGREGOR

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Loyden, Edward
 McCartney, Hugh
 McDonald, Dr Oonagh
 Maclennan, Robert
 McNamara, Kevin
 McTaggart, Robert
 McWilliam, John
 Madden, Max
 Marshall, David (*Shettleston*)
 Martin, Michael
 Mason, Rt Hon Roy
 Maxton, John
 Maynard, Miss Joan
 Meacher, Michael
 Michie, William
 Mikardo, Ian
 Millan, Rt Hon Bruce
 Mitchell, Austin (*G't Grimsby*)
 Morris, Rt Hon A. (*W'shawe*)
 Morris, Rt Hon J. (*Aberavon*)
 Nellist, David
 O'Brien, William
 O'Neill, Martin
 Park, George
 Parry, Robert
 Patchett, Terry
 Pendry, Tom
 Penhaligon, David
 Pike, Peter
 Prescott, John
 Radice, Giles
 Randall, Stuart
 Redmond, M.
 Rees, Rt Hon M. (*Leeds S*)
 Richardson, Ms Jo
 Roberts, Allan (*Bootle*)
 Roberts, Ernest (*Hackney N*)
 Robertson, George
 Robinson, G. (*Coventry NW*)
 Rogers, Allan
 Rooker, J. W.
 Ross, Stephen (*Isle of Wight*)

Rowlands, Ted
 Sedgemore, Brian
 Sheerman, Barry
 Sheldon, Rt Hon R.
 Shore, Rt Hon Peter
 Short, Ms Clare (*Ladywood*)
 Silkin, Rt Hon J.
 Skinner, Dennis
 Smith, C. (*Is'ton S & F'bury*)
 Smith, Rt Hon John
 (*Monklands, East*)
 Snape, Peter
 Soley, Clive
 Spearing, Nigel
 Steel, Rt Hon David
 Stewart, Rt Hon D. (*W Isles*)
 Stott, Roger
 Strang, Gavin
 Straw, Jack
 Thomas, Dafydd (*Merioneth*)
 Thomas, Dr R. (*Carmarthen*)
 Thompson, J. (*Wansbeck*)
 Thorne, Stan (*Preston*)
 Torney, Tom
 Wallace, James
 Wardell, Gareth (*Gower*)
 Wareing, Robert
 Weetch, Ken
 Welsh, Michael
 White, James
 Wigley, Dafydd
 Williams, Rt Hon A.
 Wilson, Gordon
 Winnick, David
 Woodall, Alec
 Wrigglesworth, Ian
 Young, David (*Bolton SE*)

Tellers for the Noes:
 Mr. Allen McKay and
 Mr. Ray Powell.

Question accordingly agreed to.

Westland plc

10.27 pm

The Secretary of State for Trade and Industry and President of the Board of Trade (Mr. Leon Brittan):

I am most grateful to you, Mr. Speaker, for allowing me to make this statement as I should like to clarify what I said earlier today, and to apologise to the House if what I said gave a misleading impression.

This afternoon in making my statement to the House I was asked whether the Government had received a letter from British Aerospace concerning the meeting which took place between Sir Raymond Lygo and myself on 8 January. I replied that I had not done so. In answer to further questions whether any member of the Government had received a letter from Sir Raymond Lygo, I replied that I was not aware of any letter from Sir Raymond Lygo to any one else either. There has since been an announcement by 10 Downing street that a letter was received there which the Prime Minister saw just before coming over to the House. It was not from Sir Raymond Lygo, but from Sir Austin Pearce, the chairman of British Aerospace, and was marked private and strictly confidential. Although I was made aware of the existence of the letter minutes before I left for the House I had not been informed of its contents, nor did I know whether Sir Austin Pearce was prepared for its existence to be made public. In view of the fact that the letter was marked "Private and strictly confidential," it was essential that I took great care in what I said to protect the strict confidentiality attached to it by Sir Austin Pearce, while answering questions accurately.

I understand that since I made my statement, Sir Austin has agreed with the Prime Minister's office that the existence of his letter can be disclosed, although not its contents. I had no intention of misleading the House in this matter, and therefore wished to come to explain this sequence of events immediately. If it is thought that I have in any way misled the House I apologise unreservedly.

Mr. John Smith (*Monklands, East*): If the Secretary of State had made an unreserved and unqualified apology, we would have been happy to accept it. I remind the right hon. and learned Gentleman of the sequence of events. The right hon. Member for Henley (*Mr. Heseltine*) asked about a letter. The Secretary of State replied:

"I have not received any such letter."

That is quite true. There were questions from other hon. Members. At one point, my hon. Friend the Member for Bolsover (*Mr. Skinner*) asked about a letter from the chairman of British Aerospace, who happens to be Sir Austin Pearce. My hon. Friend finished his question by saying that the Secretary of State "should come clean."

The verbatim reply by the right hon. and learned Gentleman was: If it helps the hon. Gentleman, I am not aware of any letters from Sir Raymond Lygo to anyone else either."

In case the Secretary of State seeks to draw a distinction between a letter from Sir Raymond Lygo and a letter from Sir Austin Pearce, I remind him that, later in the exchange, my hon. Friend the Member for Newcastle upon Tyne, North (*Mr. Brown*) asked:

"Is the Secretary of State aware of any letter received by Her Majesty's Government from British Aerospace?" The matter could hardly be more clearly put. The

Holt, Richard	Murphy, Christopher	Townsend, Cyril D. (<i>B'heath</i>)	Wells, Bowen (<i>Hertford</i>)
Hordern, Sir Peter	Neale, Gerrard	Tracey, Richard	Wells, Sir John (<i>Maidstone</i>)
Howard, Michael	Nelson, Anthony	Trippier, David	Wheeler, John
Howarth, Alan (<i>Stratf'd-on-A</i>)	Neubert, Michael	Trotter, Neville	Whitfield, John
Howarth, Gerald (<i>Cannock</i>)	Nicholls, Patrick	Twinn, Dr Ian	Whitney, Raymond
Howell, Rt Hon D. (<i>G'ldford</i>)	Norris, Steven	van Straubenzee, Sir W.	Wilkinson, John
Howell, Ralph (<i>Norfolk, N</i>)	Onslow, Cranley	Viggers, Peter	Wolfson, Mark
Hubbard-Miles, Peter	Oppenheim, Phillip	Waddington, David	Wood, Timothy
Hunt, David (<i>Wirral</i>)	Ottaway, Richard	Wakeham, Rt Hon John	Woodcock, Michael
Hunt, John (<i>Ravensbourne</i>)	Page, Sir John (<i>Harrow W</i>)	Walden, George	Yeo, Tim
Hunter, Andrew	Page, Richard (<i>Herts SW</i>)	Waller, Gary	Young, Sir George (<i>Acton</i>)
Hurd, Rt Hon Douglas	Parris, Matthew	Ward, John	Younger, Rt Hon George
Jackson, Robert	Patten, Christopher (<i>Bath</i>)	Wardle, C. (<i>Bexhill</i>)	
Jenkin, Rt Hon Patrick	Patten, J. (<i>Oxf W & Abdgn</i>)	Warren, Kenneth	Tellers for the Ayes:
Jessel, Toby	Pattie, Geoffrey	Watson, John	Mr. Donald Thompson and
Johnson Smith, Sir Geoffrey	Pawsey, James	Watts, John	Mr. Francis Maude.
Jones, Gwilym (<i>Cardiff N</i>)	Pollock, Alexander		
Jones, Robert (<i>Herts W</i>)	Porter, Barry		
Jopling, Rt Hon Michael	Portillo, Michael		
Joseph, Rt Hon Sir Keith	Powell, William (<i>Corby</i>)		
Kellett-Bowman, Mrs Elaine	Powley, John		
Key, Robert	Prentice, Rt Hon Reg		
King, Roger (<i>B'ham N'field</i>)	Price, Sir David		
Knight, Greg (<i>Derby N</i>)	Proctor, K. Harvey		
Knight, Dame Jill (<i>Edgbaston</i>)	Raffan, Keith		
Knowles, Michael	Raison, Rt Hon Timothy		
Knox, David	Rathbone, Tim		
Lamont, Norman	Renton, Tim		
Lang, Ian	Rhys Williams, Sir Brandon		
Latham, Michael	Ridley, Rt Hon Nicholas		
Lawler, Geoffrey	Ridsdale, Sir Julian		
Lawrence, Ivan	Rifkind, Rt Hon Malcolm		
Lee, John (<i>Pendle</i>)	Roberts, Wyn (<i>Conwy</i>)		
Leigh, Edward (<i>Gainsbor'gh</i>)	Roe, Mrs Marion		
Lennox-Boyd, Hon Mark	Rost, Peter		
Lewis, Sir Kenneth (<i>Stamf'd</i>)	Rowe, Andrew		
Lightbown, David	Rumbold, Mrs Angela		
Lilley, Peter	Ryder, Richard		
Lloyd, Ian (<i>Havant</i>)	Sackville, Hon Thomas		
Lloyd, Peter, (<i>Fareham</i>)	Sainsbury, Hon Timothy		
Lord, Michael	St. John-Stevas, Rt Hon N.		
Luce, Rt Hon Richard	Sayeed, Jonathan		
Lyell, Nicholas	Shaw, Giles (<i>Pudsey</i>)		
McCrinkle, Robert	Shaw, Sir Michael (<i>Scarb'</i>)		
McCurley, Mrs Anna	Shelton, William (<i>Streatham</i>)		
Macfarlane, Neil	Shepherd, Colin (<i>Hereford</i>)		
MacGregor, Rt Hon John	Shepherd, Richard (<i>Aldridge</i>)		
MacKay, Andrew (<i>Berkshire</i>)	Shersby, Michael		
MacKay, John (<i>Argyll & Bute</i>)	Silvester, Fred		
Maclean, David John	Sims, Roger		
McNair-Wilson, M. (<i>N'bury</i>)	Skeet, Sir Trevor		
McNair-Wilson, P. (<i>New F'st</i>)	Smith, Sir Dudley (<i>Warwick</i>)		
McQuarrie, Albert	Smith, Tim (<i>Beaconsfield</i>)		
Madel, David	Soames, Hon Nicholas		
Major, John	Speed, Keith		
Malins, Humfrey	Speller, Tony		
Malone, Gerald	Spencer, Derek		
Maples, John	Spicer, Jim (<i>Dorset W</i>)		
Marland, Paul	Squire, Robin		
Marlow, Antony	Stanbrook, Ivor		
Marshall, Michael (<i>Arundel</i>)	Stanley, John		
Mates, Michael	Stern, Michael		
Mather, Carol	Stevens, Lewis (<i>Nuneaton</i>)		
Mawhinney, Dr Brian	Stewart, Allan (<i>Eastwood</i>)		
Maxwell-Hyslop, Robin	Stewart, Andrew (<i>Sherwood</i>)		
Mayhew, Sir Patrick	Stewart, Ian (<i>Hertf'dshire N</i>)		
Merchant, Piers	Stokes, John		
Meyer, Sir Anthony	Stradling Thomas, Sir John		
Miller, Hal (<i>B'grove</i>)	Sumberg, David		
Mills, Iain (<i>Meriden</i>)	Taylor, John (<i>Solihull</i>)		
Mills, Sir Peter (<i>West Devon</i>)	Taylor, Teddy (<i>S'end E</i>)		
Miscampbell, Norman	Temple-Morris, Peter		
Mitchell, David (<i>Hants NW</i>)	Terlezki, Stefan		
Moate, Roger	Thatcher, Rt Hon Mrs M.		
Monro, Sir Hector	Thomas, Rt Hon Peter		
Montgomery, Sir Fergus	Thompson, Patrick (<i>N'ich N</i>)		
Moore, Rt Hon John	Thorne, Neil (<i>Ilford S</i>)		
Morrison, Hon C. (<i>Devizes</i>)	Thornton, Malcolm		
Morrison, Hon P. (<i>Chester</i>)	Thurnham, Peter		
Moynihan, Hon C.	Townend, John (<i>Bridlington</i>)		
		Abse, Leo	Eastham, Ken
		Adams, Allen (<i>Paisley N</i>)	Edwards, Bob (<i>W'h'impt'n SE</i>)
		Anderson, Donald	Evans, John (<i>St. Helens N</i>)
		Archer, Rt Hon Peter	Ewing, Harry
		Ashdown, Paddy	Fatchett, Derek
		Ashley, Rt Hon Jack	Faulds, Andrew
		Ashton, Joe	Field, Frank (<i>Birkenhead</i>)
		Atkinson, N. (<i>Tottenham</i>)	Fields, T. (<i>L'pool Broad Gn</i>)
		Bagier, Gordon A. T.	Fisher, Mark
		Banks, Tony (<i>Newham NW</i>)	Flannery, Martin
		Barnett, Guy	Foot, Rt Hon Michael
		Barron, Kevin	Forrester, John
		Beith, A. J.	Foster, Derek
		Bell, Stuart	Foulkes, George
		Benn, Rt Hon Tony	Fraser, J. (<i>Norwood</i>)
		Bennett, A. (<i>Dent'n & Red'sh</i>)	Freeson, Rt Hon Reginald
		Bermingham, Gerald	Freud, Clement
		Bidwell, Sydney	Garrett, W. E.
		Blair, Anthony	George, Bruce
		Boyes, Roland	Gilbert, Rt Hon Dr John
		Bray, Dr Jeremy	Godman, Dr Norman
		Brown, Gordon (<i>D'f'mline E</i>)	Gould, Bryan
		Brown, N. (<i>N'c'tle-u-Tyne E</i>)	Gourlay, Harry
		Brown, R. (<i>N'c'tle-u-Tyne N</i>)	Hamilton, James (<i>M'well N</i>)
		Brown, Ron (<i>E'burgh, Leith</i>)	Hamilton, W. W. (<i>Fife Central</i>)
		Bruce, Malcolm	Hancock, Mr. Michael
		Buchan, Norman	Hardy, Peter
		Caborn, Richard	Harman, Ms Harriet
		Callaghan, Jim (<i>Heyw'd & M</i>)	Harrison, Rt Hon Walter
		Campbell, Ian	Hart, Rt Hon Dame Judith
		Campbell-Savours, Dale	Hattersley, Rt Hon Roy
		Carlile, Alexander (<i>Montg'y</i>)	Haynes, Frank
		Carter-Jones, Lewis	Healey, Rt Hon Denis
		Cartwright, John	Heffer, Eric S.
		Clark, Dr David (<i>S Shields</i>)	Hogg, N. (<i>C'nauld & Kilsyth</i>)
		Clarke, Thomas	Holland, Stuart (<i>Vauxhall</i>)
		Clay, Robert	Home Robertson, John
		Clelland, David Gordon	Howell, Rt Hon D. (<i>S'heath</i>)
		Clwyd, Mrs Ann	Hoyle, Douglas
		Cocks, Rt Hon M. (<i>Bristol S.</i>)	Hughes, Roy (<i>Newport East</i>)
		Cohen, Harry	Hughes, Sean (<i>Knowsley S</i>)
		Coleman, Donald	Hughes, Simon (<i>Southwark</i>)
		Conlan, Bernard	Janner, Hon Greville
		Cook, Robin F. (<i>Livingston</i>)	Jenkins, Rt Hon Roy (<i>Hillh'd</i>)
		Corbett, Robin	John, Brynmor
		Cox, Thomas (<i>Tooting</i>)	Johnston, Sir Russell
		Craig, J. M.	Jones, Barry (<i>Alyn & Deeside</i>)
		Crowther, Stan	Kaufman, Rt Hon Gerald
		Cunliffe, Lawrence	Kennedy, Charles
		Cunningham, Dr John	Kilroy-Silk, Robert
		Dalyell, Tam	Kinnock, Rt Hon Neil
		Davies, Rt Hon Denzil (<i>L'ili</i>)	Kirkwood, Archy
		Davies, Ronald (<i>Caerphilly</i>)	Lambie, David
		Davis, Terry (<i>B'ham, H'ge H'l</i>)	Lamond, James
		Deakins, Eric	Leadbitter, Ted
		Dewar, Donald	Leighton, Ronald
		Dixon, Donald	Lewis, Ron (<i>Carlisle</i>)
		Dobson, Frank	Lewis, Terence (<i>Worsley</i>)
		Dormand, Jack	Litherland, Robert
		Douglas, Dick	Livsey, Richard
		Dubs, Alfred	Lloyd, Tony (<i>Stretford</i>)
		Eadie, Alex	Lofthouse, Geoffrey

NOES

Secretary of State replied: "As to the first part of the question by the hon. Gentleman, I have already answered that point in reply to the hon. Member for Bolsover."

Any reasonable person would have accepted from that sequence of replies that the Secretary of State did not know of any letter from British Aerospace. He has told us today that he did know that such a letter had been received by the Prime Minister. I think that the Secretary of State should now say—[HON. MEMBERS: "Resign."] Let us see how things develop. He should now say, "I am unreservedly sorry for having misled the House of Commons to the extent that I implied that a letter had not been received when it had been."

On the issue of confidentiality, I say to the Secretary of State that I appreciate that there might be a problem about a letter marked "Private and confidential". He should have said precisely that to the House—that a letter had been received which had been given on a confidential basis and that he could not take that matter further because of questions of commercial or other forms of confidentiality. That would have had the merit of being a truthful answer to the House of Commons.

Throughout the whole of that performance this afternoon, the Prime Minister sat in silence. She had more knowledge than any other hon. Member because she was the recipient of that letter and, no doubt, had read it before she came across to the House of Commons. In that circumstance, why did the Prime Minister not even lean across to the Secretary of State, who was within inches of her throughout the whole of the debate, and correct him if he was at some stage misleading the House? I ask the Prime Minister to apologise to the House tonight or tomorrow for what was said by the Secretary of State.

The House of Commons will not be satisfied that it knows the full truth about this rather confused matter until the terms of that letter are published so that they can be compared with the account of the meeting given by the Secretary of State this afternoon.

Mr. Brittan: At the outset and at the conclusion of what I had to say, I made it clear that if the opinion of the House was that my answers were misleading, I would apologise unreservedly. I should have thought that the right hon. and learned Member for Monklands, East (Mr. Smith) could at least give me credit for that. As it happens, I do not think that the answers that I gave bear the interpretation that he has put upon them. If he thinks that they gave that impression I am content to apologise and withdraw. On any view, I have unequivocally set the record straight tonight at the earliest opportunity that I could. [Interruption] If the right hon. and learned Gentleman says that he asked me to do so, I can assure him that I had taken the decision to do so before he made that request.

As for saying that the letter was marked "Strictly private and confidential", the right hon. and learned Gentleman should be well aware that in matters of this kind it is the existence of the letter as much as its contents that is strictly private and confidential and that the confidentiality is one imparted by the author of the letter and no one else.

Mr. A. J. Beith (Berwick-upon-Tweed): How can the Secretary of State claim that it was not his intention to mislead the House when he now explains that he gave his answers, as he did, because he did not wish to

acknowledge at that stage the existence of a letter whose contents were marked "Strictly private and confidential"? Was it not clearly his intention to conceal from the House the existence of that letter? In pursuance of that letter was he given guidance by the Prime Minister before those exchanges, as he did not appear to be given any during them?

Mr. Brittan: The hon. Gentleman is not on a correct point. I had to tread the narrow path of not breaking the confidentiality of the chairman of British Aerospace and answering the questions accurately. I readily concede that in doing so I answered the questions strictly, but I answered them to the best of my ability. If I failed to answer them in a way that the House considers to be completely satisfactory I have indicated my readiness to apologise. I know that the hon. Gentleman will accept that.

Mr. Peter Viggers (Gosport): May I put it to my right hon. and learned Friend that if the writer of a letter, for his own reasons and in his own interests, chooses to mark that letter "In confidence" it would be a breach of confidence for the letter's existence to be disclosed.

Mr. Brittan: That is the view that I took.

Mr. John Morris (Aberavon): The House of Commons is always generous to anyone who makes a fulsome apology. Does the Secretary of State for Trade and Industry not realise, however, that the way he has apologised tonight shows that he does not know the difference between evasion after evasion, after question after question was put to him; when he told the House that he was speaking only for himself and for no one else; when he said that there was no letter from Sir Raymond Lygo; and when he replied to my hon. Friend the Member for Newcastle upon Tyne, North (Mr. Brown)? In those circumstances, whatever the nature of the original letter, there was an hour of questioning available when his right hon. Friend the Prime Minister could have told him what the position was, and for him to have told the House when he should.

Mr. Brittan: I do not accept the right hon. and learned Gentleman's strictures. I should have thought that what I said to the House is a completely clear account of what occurred, and expresses a readiness to apologise to the House for any misleading impression given. I should have thought that any attempt to extract more than that was motivated more by a concern to extract the maximum from this matter than a concern for the truth.

Sir John Page (Harrow, West): Is my right hon. and learned Friend rather surprised that a private and confidentially marked letter should have had such a wide circulation to my right hon. Friend the Member for Henley (Mr. Heseltine) and apparently a large number of Opposition Members?

Mr. Brittan: I think that I had better not comment on that.

Mr. Roy Jenkins (Glasgow, Hillhead): Is it not the case that, although the behaviour of the Secretary of State has been pathetic, the behaviour of the Prime Minister has been much the more extraordinary? It was clear from halfway through the exchanges this afternoon that the crux of the exchanges was the question of whether there was a letter from British Aerospace. For the Prime Minister to

[Mr. Roy Jenkins]

sit there for half an hour and allow the Secretary of State to mislead the House was a most extraordinary procedure. Although what the Secretary of State said may just be within the formal bounds of the truth, the margin is so narrow that we shall count our spoons quickly whenever they are together again.

Mr. Brittan: The right hon. Gentleman was not in the House—[HON. MEMBERS: "Yes, he was."] I did not spot him. If he was there, he was there—[HON. MEMBERS: "Apologise."] I certainly apologise. I did not see him. If the right hon. Gentleman is unable to appreciate any of the consequences of receiving a letter that is marked "Strictly private and confidential", whether that is a matter for me or for my right hon. Friend the Prime Minister, he is quite unaware of the normal obligations that exist in society.

Mr. John Wilkinson (Ruislip-Northwood): Does my right hon. and learned Friend believe that the highly personalised politicking that has been going on will in any way help the workers of Westland, the board of Westland, and those who depend on the future of this industry? Since the Opposition already have a full Supply day on Wednesday to debate this subject, and since my right hon. Friend the Prime Minister is to speak on that occasion, would it not have been more appropriate had the Opposition waited until Wednesday, when my right hon. Friend would have communicated the contents of the letter, had they been material to the shareholders' meeting, which has now been postponed until Friday?

Mr. Brittan: I agree with my hon. Friend that we have moved a long way from Westland.

Mr. Robert C. Brown (Newcastle upon Tyne, North): Is the Secretary of State aware that, as my right hon. and learned Friend the Member for Aberavon (Mr. Morris) so rightly said, an unqualified apology is received very sympathetically by the House. He has exposed himself by making this statement at least as a stranger to the truth. If I can remain in order by describing the conduct of the Secretary of State tonight, he has disgraced himself, but the Prime Minister has disgraced the House of Commons and the country by her silence this afternoon.

Mr. Brittan: I do not think that that commentary calls for any counter-commentary.

Mr. Patrick Cormack (Staffordshire, South): Does my right hon. and learned Friend the Secretary of State accept that this is not a time for semantics or qualification? Does he not feel that his inglorious part in this long and unhappy chapter should come to an end?

Mr. Brittan: I accept neither the description nor the conclusion.

Mr. Dennis Skinner (Bolsover): Does the Secretary of State recall that when I asked the question, I referred to any letters from the chairman of British Aerospace. In his answer, as was recounted by my right hon. and learned Friend the Member for Monklands, East (Mr. Smith), he said that no letter had been received from Sir Raymond

Lygo. That was not the question that I asked him. The House will always accept an apology from someone who unwittingly misleads the House, but when a Minister, under close examination, knowing of such a letter, misleads the House, not unwittingly but deliberately in cahoots with the Prime Minister, he has no alternative but to go—and to take the Lady with him.

Mr. Brittan: The hon. Gentleman is not correct in his description of what I did because he fails to give any weight whatsoever to the fact that a letter was received marked "Strictly private and confidential", the existence of which I was not at liberty to disclose.

Mr. Cranley Onslow (Woking): Does my right hon. and learned Friend accept that anyone who has listened to what he has said and has heard what has been said against him would accept that—with the exception of those right hon. and hon. Members who want to make mischief—he has given the House a reasonable explanation and an adequate apology?

Mr. Brittan: I am grateful to my hon. Friend.

Mr. Tam Dalyell (Linlithgow): This afternoon I asked whether it would not be more accurate—[*Interruption.*] to say that if the Secretary of State did not read the letter, the Prime Minister did. Was that not an opportunity for one colleague at least to say to another on the Government Front Bench what the truth was? Why did the Prime Minister not take that opportunity to save a lot of time and trouble for the House and to say quietly and gently what the truth was?

Mr. Brittan: The confidentiality attached to that letter was not something which the Prime Minister had any more right to waive than I. It was a confidentiality imparted by Sir Austin Pearce and it was for him to decide how he wished that letter to be treated.

Several Hon. Members *rose*—

Mr. Speaker: Order. These matters will be discussed when the issue is debated on Wednesday. Mr. Nicholas Ridley.

Mr. Jeremy Corbyn (Islington, North): On a point of order, Mr. Speaker. I accept your ruling about the termination of questions, but is it not in order to point out that a large number of hon. Members who were present this afternoon for the statement asked questions based upon the answers then given by the Secretary of State for Trade and Industry? A few of us would like to find out whether his selective amnesia is permanent or only temporary.

Mr. Speaker: It would be impossible to have a complete re-run of what happened this afternoon—[*Interruption.*] Order. This is a very narrow statement and we have a full day's debate on the matter on Wednesday.

Several Hon. Members *rose*—

Mr. Speaker: No.

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Trade and Industry? The wider issues are Cabinet responsibility and the balance of defence procurements between Europe and the United States. If no such statement is forthcoming, will the right hon. Gentleman give an undertaking that the Prime Minister will participate in the debate that he has just announced?

Mr. Biffen: Obviously it will be within your competence, Mr. Speaker, to decide how wide the debate may go on Wednesday. However, I should be surprised if the right hon. Gentleman were disappointed.

Mr. Geoffrey Dickens (Littleborough and Saddleworth): May I ask the Leader of the House whether we may know the terms of the motion that we shall be asked to debate on Wednesday?

Mr. Biffen: The terms are not yet available, but they will be in good time.

Mr. Gordon Wilson (Dundee, East): Is the Leader of the House aware that many of us from Scotland knew that part of the debate on Wednesday would be given over to the problem of the Gart — er [HON. MEMBERS: "— cosh."]

Mr. Speaker: Order. We all suffer from slips of memory.

Mr. Wilson: Given my anger about the matter, it is hardly surprising that that should have happened. Why is the debate to be abandoned, particularly as people have been marching down from Scotland to England? When will we have a debate on that crucial matter, in which Scotland is far more interested than it is in the Westland Helicopters' problem?

Mr. Biffen: I am sure the hon. Gentleman will understand at once that the decision not to proceed with the debate was in the gift of the Opposition. I shall look at the wider issues that he mentioned.

Mr. Patrick Cormack (Staffordshire, South): Will my right hon. Friend the Prime Minister take part in the debate on Wednesday?

Mr. Biffen: My hon. Friend need not fret. He will not be disappointed.

Mr. Ian Wrigglesworth (Stockton, South): Can the Leader of the House be a little more precise? Is he not aware that the statements made last week by the former Secretary of State for Defence have profound implications both for national security and for the whole conduct of government in this country? Is he not also aware that the House will be disappointed to learn that the Prime Minister is not to make a statement this afternoon? Will he therefore make it clear that the Prime Minister will speak during the debate on Wednesday?

Mr. Biffen: I am sure that the hon. Gentleman will in no sense be disappointed by the content and outcome of Wednesday's debate.

Mr. James Couchman (Gillingham): Does my right hon. Friend know whether the Opposition, in choosing this subject for debate, propose to treat it as a matter for the various spokesmen of the sponsoring Departments, in opening and winding up the debate, or whether they propose to throw in some heavier guns?

Mr. Biffen: I shall not respond to the mean remarks that have been made from behind me. The actual participants are for the Opposition themselves to determine, but the Government will be fielding the highest and foremost team.

Westland plc

3.41 pm

Mr. Speaker: Statement, the Home Secretary. — *Interruption.* Order. Even I can make mistakes! Statement, the Secretary of State for Trade and Industry.

The Secretary of State for Trade and Industry and President of the Board of Trade (Mr. Leon Brittan): With permission, Mr. Speaker, I should like to make a statement.—*[Interruption.]* Perhaps I should add, in my present capacity.

Throughout last year, Westland plc was facing financial difficulties. The company's position reflected, among other things, a worldwide slump in demand for civil helicopters. Against this background Sir John Cuckney, who became chairman in June 1985, sought a partnership with a substantial industrial group which could offer both finances and commercial strength. United Technologies expressed an interest in taking a substantial minority shareholding.

Subsequently, Fiat joined United Technologies in a joint proposal to take a minority shareholding in Westland. The Government, however, encouraged Westland to explore fully in addition the possibility of an alternative European-based proposal. This led to the development of proposals from a consortium comprising Aerospatiale, Agusta and MBB, which were later joined by British Aerospace.

I announced in my statement to the House of 16 December that the board of Westland had decided to recommend to shareholders the proposals put forward by United Technologies and Fiat. I explained that the Government were not bound by the recommendation of the national armaments directors of the United Kingdom, France, Germany and Italy that certain helicopter requirements should in future be met solely from helicopters designed and built in Europe. That remains the position. I also explained the action that the Government had taken to ensure that Westland had an alternative European-based offer to consider, but emphasised that it was for Westland to decide the best route to follow to secure its future and that of its employees. At no stage did the Government collectively determine on a preference for a particular solution.

At its meeting on 19 December the Cabinet confirmed the policy that I had previously announced. It was also decided that no Minister was entitled to lobby in favour of one proposal rather than another. That decision was unanimously approved by the members of the Cabinet.

On 1 January my right hon. Friend the Prime Minister set out clearly in a letter to Sir John Cuckney that as long as Westland continues to carry on business in the United Kingdom the Government will support the company in pursuing British interests in Europe. My right hon. Friend also made it clear that the Government would resist to the best of their ability attempts by others to discriminate against Westland.

The alternative solutions put to Westland have been presented in some quarters as offering a choice between collaboration with Europe and collaboration with the United States. In fact, the Government welcome collaboration with both Europe and the United States. Both the proposals put to the board have a European

involvement. The Government will continue to support Westland in pursuing British interests in Europe, whichever solution is implemented.

A number of assertions have been made in recent days about my own and the Government's position on this matter. I shall be happy to answer questions on these specific points.

The position now is that the board of Westland has unanimously recommended revised proposals from United Technologies and Fiat to shareholders. Revised proposals from the European consortium, now joined by GEC, have also been circulated to shareholders. The Government hope that the matter can be resolved quickly in the interests of the company and its employees.

Mr. John Smith (Monklands, East): Is the right hon. and learned Gentleman aware that it is rather curious for a Secretary of State to come to the House after a series of detailed allegations have been made by a former colleague and say nothing whatever about those allegations? Will he understand that the Opposition, at least, do not think that he is the appropriate person to answer questions about the Government's conduct? The Prime Minister should have come to the House today to answer questions posed by a colleague in whom she placed sufficient confidence to give him substantial responsibilities on behalf of her Government.

So far as the Secretary of State, with his responsibilities, is involved, is it not clear that his statement today adds little to what has already been said? May I ask him one detailed question to which I should like his answer? In his statement on 16 December he told the House:

"In view of the urgent necessity for a deal to be concluded quickly, the Government decided that from 13 December they would not be bound by the national armaments directors' recommendation unless Westland had by then received a firm offer from the three European companies, which the board would recommend to its shareholders." — *[Official Report, 16 December 1986; Vol. 89, c. 35.]*

When and how did the Government reach that decision — *[Interruption.]*—collectively?

The Secretary of State told us that the Government had decided that Ministers would not lobby for either solution. May I ask him about his activities in connection with an interview that he had with Sir Raymond Lygo, the chief executive of British Aerospace, in his office at the Department of Trade and Industry? The Secretary of State will be aware of what has been said in recent days about that interview. Is there a contemporaneous written record of the interview between Sir Raymond and himself, bearing in mind that it would be normal Government practice for such a record to be taken by his private secretary or by officials in his Department? Does that record exist, and, if it does, can it be made available to Members of the House so that they can make a judgment as to what happened and test the accounts that we have been given? Will the Secretary of State understand that what we are interested in in that regard is the contemporaneous written record, which would automatically be made?

If it was the Government's decision that Ministers should keep out of the matter and leave it to the shareholders to decide on both proposals, which were clearly in circulation, why on earth did the right and learned Gentleman decide to speak to Sir Raymond Lygo at all? What was his purpose in calling him into his room

and discussing the matter with him? Why was there an admitted reference in the course of that conversation to anti-United States sentiment and to the consequences of British Aerospace's involvement in Airbus, leading to a cancellation perhaps of American orders for Airbus? Why did the Secretary of State think that it was relevant to raise that matter with Sir Raymond Lygo in the context of a discussion on Westland Helicopters? What was his purpose in raising it if it were not to influence him in one direction or another?

If the Secretary of State says that he was merely discussing the state of orders for British Aerospace, does he not think it remarkable that that very evening Sir Raymond Lygo took the matter of his conversation sufficiently seriously to telephone each of his directors on the board of British Aerospace to acquaint them with the communication that he had received from the Secretary of State that very afternoon? Does the right hon. and learned Gentleman not understand that unless he gives a full account of what was said to Sir Raymond Lygo the impression will continue to circulate widely in Britain that the right hon. and learned Gentleman was saying one thing to Parliament, that he was even-handed, and doing another thing in practice and seeking to influence the outcome of the deal?

If Westland is unable, because of its articles of association and its constitution, to decide effectively in favour of either of the proposals, what do the Government propose to do?

Mr. Brittan: The right hon. and learned Gentleman asked, first, when the decision that I announced on 16 December as having been taken by the Government with regard to the national armaments directors' recommendation was made, and in what form. The answer is that the decision was taken collectively at a meeting of Ministers on 9 December.

The right hon. and learned Gentleman went on to ask a number of questions about my meeting with Sir Raymond Lygo. The circumstance of the meeting was that Sir Raymond was, in any event, due to meet my hon. Friend the Minister for Information Technology to discuss, among other things, the Airbus. Therefore, it seemed to me that it would have been wholly artificial if I did not see Sir Raymond as well, and I shall explain why that was so.

Let me make it clear that it is untrue to say that in the course of the meeting I made any suggestion that British Aerospace should withdraw from the European consortium or that its participation was contrary to the national interest. On the contrary, the Government's position was that it was for Westland to decide which course to follow. However, what I said then, and continue to believe, is that the nature and tone of some of the campaigning, and only some of it, on behalf of the European consortium could fuel protectionism and damage the commercial interests of British Aerospace and its European partners, especially in the United States.

The House and the right hon. and learned Gentleman might like to know that Sir Raymond said that the United States subsidiary of British Aerospace had expressed concern about its United States' business being halved. I also said that it was not in the national interest that the uncertainty involving Westland should drag on.

The right hon. and learned Gentleman referred to conversations which he said took place after that meeting. I do not know of them, but I can say that others gave a

different impression of what was said or intended at the meeting, and I naturally regret that. If the right hon. and learned Gentleman wants to know why I was concerned about the implication for Airbus sales and thought it appropriate to raise the matter, he will recall that I have already said that Sir Raymond said that the British Aerospace subsidiary had expressed concern about its business being halved. British Aerospace has a substantial stake in the A320 airbus and, as its sponsoring Minister, I am naturally concerned to protect this interest.

The House also knows that the Government are committed to advancing £250 million launch aid for that project. The recovery of all but £50 million is dependent upon the sale of the aircraft. For all those reasons, I was naturally concerned at the possibility that Airbus sales might be made more difficult, not by the participation of Sir Raymond and British Aerospace in the consortium, but by the tone of some of the things said.

The right hon. and learned Gentleman asked for collaboration of what I have said about the meeting with Sir Raymond. Present at the meeting were a number of civil servants, as well as my hon. Friend the Minister for Information Technology. I have checked the recollection of all those present against mine, and the account that I have given to the House has been confirmed by every official present, as well as by my hon. Friend the Minister for Information Technology. The disclosure of the note is not a matter for me, but I shall consider the right hon. and learned Gentleman's request.

What happens at tomorrow's meeting may be inconclusive. It would be unwise, faced with the meeting of shareholders tomorrow, for the House or for me to speculate on the many alternative possibilities that could arise. It would be wrong to attempt to do so today.

Mr. Michael Heseltine (Henley): May I ask my right hon. and learned Friend whether the Government have received any letters from British Aerospace giving its views of the meeting?

Mr. Brittan: I have not received any such letter.

Mr. Paddy Ashdown (Yeovil): I wish to return from the wider issues to the matters of the affair which particularly affect my constituency. Does the Secretary of State accept that the vast majority of both the work force at Westland and the smaller shareholders back the decision of the Westland board? Will he confirm that the Anglo-Italian helicopter project, which is vital to Westland's future, is founded on an agreement between the two Governments, not on an agreement between the firms, and that Westland's position as the British Government's chosen instrument cannot be affected? Does the Secretary of State agree that future helicopter projects, which also rest on agreements between Governments, will depend on whom the British Government choose as their representative, and that neither of the two decisions before shareholders tomorrow can threaten Westland's position as the British Government's representative on future European collaborative projects?

Mr. Brittan: The views of the work force are well enough known, and the hon. Gentleman has said what they are. The shareholders must give such weight as they think appropriate to those views.

With regard to the Government's support for Westland, as my right hon. Friend the Prime Minister made clear in

[Mr. Brittan]

her letter of 1 January, the Government will give their support to Westland in Europe and elsewhere so long as the company carries on business in Britain, irrespective of which consortium takes an interest in the company.

Mr. Patrick McNair-Wilson (New Forest): I congratulate my right hon. and learned Friend on his fair statement of events. Is he aware that for months suppliers to Westland and others have been desperately worried about the problems surrounding the company's finances, and whether they would be paid? That was even before the Ministry of Defence, the Europeans or anybody proposed anything resembling a rescue package. As Westland is not a nationalised industry, and as this is not a takeover bid, would it not be far wiser to have a moment of silence so that Sir John Cuckney, who is an able chairman, and his board can produce the best deal for the company?

Mr. Brittan: My hon. Friend is entirely right in saying that for some considerable time there have been anxieties about the finances of Westland. On his second point, although it is right that I should make the statement to the House, it is also right that we should be careful what we say, because there is a shareholders' meeting tomorrow and it would be wrong to apply any improper influence today.

Mr. Merlyn Rees (Morley and Leeds, South): Was the correcting letter from the Law Officers to the Secretary of State for Defence seen by the right hon. and learned Gentleman or his Department before it was sent to the Ministry of Defence?

Mr. Brittan: I saw the letter after it was sent.

Mr. John Wilkinson (Ruislip-Northwood): Does my right hon. and learned Friend see any potential conflict of interest in the fact that the head of the procurement executive, Mr. Peter Levene, was formerly the chairman of United Scientific Holdings? Is my right hon. and learned Friend aware that Mr. Levene was appointed at a salary vastly in excess of that of the chiefs of staff by the former Secretary of State for Defence, who assured the House that there would be no potential conflict? Yet United Scientific Holdings is now being blackmailed by the French Ministry of Defence, which says that an order that it could have in France will be withdrawn if the European consortium's offer is not accepted.

Mr. Brittan: I was not aware of that latter fact. I am sure that Mr. Levene has conducted himself with complete propriety.

Mr. Lewis Carter-Jones (Eccles): As the sponsoring Minister for the Westland W30 helicopter, will the Secretary of State tell us in what ways he collaborated with the former Secretary of State for Defence in establishing the European consortium?

Mr. Brittan: I said to Westland before the matter came between me and my right hon. Friend the former Secretary of State for Defence that I thought it should look into the possibility of a European alternative to the United Technologies-Fiat offer which had already come forward. I therefore invited my right hon. Friend to begin that search. At a later stage—last October—at a meeting attended by, among other people, my right hon. Friend the

then Secretary of State for Defence, I indicated my strong view that the search for a European alternative should continue and go ahead.

Mr. Jerry Wiggin (Weston-super-Mare): Is my right hon. and learned Friend aware that there is substantial concern among the work force, because of the extraordinary circumstances surrounding this affair, that neither proposition will come to fruition? In such circumstances, does my right hon. and learned Friend accept that the Government have a firm responsibility to save Westland from receivership?

Mr. Brittan: I very much hope that the matter will be resolved. I must make it clear that I cannot accept responsibility on behalf of the Government. As a result of the actions taken by the Government, including my right hon. Friend the former Secretary of State for Defence, the company is faced with two alternatives, both of which are better than anything that any fair-minded person could reasonably have expected was likely to come forward several weeks ago.

Mr. Stephen Ross (Isle of Wight): Is the right hon. and learned Gentleman aware that Westland Aerospace, a totally owned subsidiary, is the largest industrial employer in my constituency and is therefore vital to the wellbeing of the Isle of Wight? Does the right hon. and learned Gentleman know also that that company is profitable? Does he further know that most of that profit comes from the work of Boeing and de Havilland—de Havilland now being a subsidiary of Boeing? Does he know also that the work force and middle management voted overwhelmingly the other day in favour of the deal with Sikorsky—by, I think, 1,200 to seven? Will the right hon. and learned Gentleman confirm that Sikorsky has behaved impeccably throughout this trauma? Does he not believe that that should be taken seriously into account by the shareholders at tomorrow's meeting?

Mr. Brittan: The House will have heard the hon. Gentleman's expression of views on the opinions of his constituents. On the question of Sikorsky's behaviour, I am not at the Dispatch Box to make criticisms of either side in this deal.

Sir Peter Tapsell (East Lindsey): In view of the important national defence interest involved, and irrespective of the bid that one might favour, how is it possible for the Government not to have a view on which bid is better for this country?

Mr. Brittan: One reason is that the security of supply of helicopters for the armed forces is assured. That is not, therefore, a problem. Another reason, which is of some importance, is that Westland's board has told shareholders that United Technologies has made it clear that it wishes Westland to retain its own helicopter research, design and development capability.

Mr. Michael Foot (Blaenau Gwent): I refer the right hon. and learned Gentleman to the important answer that he gave to my right hon. Friend the Member for Morley and Leeds, South (Mr. Rees). From where did the information come that misleading information had been given by the former Secretary of State for Defence, if his Department did not know about it? How did the Law Officers know that there was misleading information if they had not consulted the right hon. Gentleman's Department? Was the right hon. and learned Gentleman

surprised when the matter was "leaked", if I may use that offensive word, a few hours later? Is the right hon. and learned Gentleman a party to the wishes of those hon. Members who seek an investigation into how that possible breach of the Official Secrets Act 1911 occurred?

Mr. Brittan: The right hon. Gentleman is well enough experienced in government to know that it is inconceivable that anyone asking such questions when his party was in power would have obtained an answer.

Dr. Keith Hampson (Leeds, North-West): My right hon. learned Friend said in his statement that the Government had asked that the European rescue option be fully explored. In replying to a question a few moments ago he said that he had confirmed at the 18 October meeting his strong support for pursuing the European option. Yet a few weeks ago he rebutted press speculation that he had expressed a preference for a European option. Would it not be in the interests of my right hon. and learned Friend and everyone involved in this affair if he were to make the position clear by placing in the Library the minutes that he wrote for 4 and 18 October?

Mr. Brittan: I think that I can make the position perfectly clear without doing that. There is all the difference in the world between wishing for an alternative to be explored and taking the view that the alternative, which at that stage had not been explored, was preferable.

Mr. Gavin Strang (Edinburgh, East): Is the right hon. and learned Gentleman aware that he has failed to satisfy the House about what he said to British Aerospace? Is it not clear that at that meeting he expressed a preference implicitly, and perhaps even explicitly, for the American deal? If so, was that not incompatible with Government policy as stated to the House?

Mr. Brittan: The account that I have given of the meeting is accurate. I do not think that to warn people of the consequences of pursuing matters in a particular way, which they had accepted, and of which they had had word from their subsidiary—I am not accusing a particular person, but certain things had been said involving anti-Americanism which were likely to damage their interests—is the same as expressing a preference for the deal.

Mr. Teddy Taylor (Southend, East): Has my right hon. and learned Friend not been subjected to unjustified and cruel criticism? Will he confirm that on 19 December the Cabinet unanimously agreed that Ministers would not campaign for either option and that that agreement was consistently and repeatedly breached, not by my right hon. and learned Friend, but by the former Secretary of State for Defence?

Mr. Brittan: It is true that the Cabinet agreed that no one should campaign for either option. I understand, of course, that my right hon. Friend the former Secretary of State for Defence strongly felt that the European option should be pursued vigorously. I imagine that some of the things that were said in the course of that led my right hon. Friend to the conclusion that he reached.

Mr. Andrew Faulds (Warley, East): Is not the central problem the fact that the Prime Minister always intends to have her own way, however deviously she does so, in contravention of collective decision-taking? Is not her greatest strength her unawareness of her limitations?

Mr. Brittan: No, Sir.

Mr. Michael Mates (Hampshire, East): Did my right hon. and learned Friend report the substance of his conversations last Wednesday evening with Sir Raymond Lygo to his Cabinet colleagues the following morning?

Mr. Brittan: No. There was no reason to do so. It was agreed at the Cabinet meeting the following morning to affirm the previous policy, which I had already expressed to the House. There was nothing at the meeting with Sir Raymond Lygo that would have led me or anyone else to wish to change that policy.

Mr. Ian Wrigglesworth (Stockton, South): In view of the Government's assertions of even-handedness in this matter, can the right hon. and learned Gentleman shed any light on the suggestion that there were discussions between the Prime Minister and President Reagan about the Sikorsky bid and aid for Westland Helicopters? Were there any discussions with the American Administration?

Mr. Brittan: I am not aware of any such discussions.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): In answering my right hon. Friend the Member for Henley (Mr. Heseltine), my right hon. and learned Friend said that he had received no such letter. In view of the importance of the conversation that is purported to have taken place, has any other member of the Government received any representations or letter from Sir Raymond Lygo or British Aerospace?

Mr. Brittan: I can only speak for myself.

Mr. Jeff Rooker (Birmingham, Perry Barr): Will the Secretary of State address the first question that was asked my right hon. and learned Friend the Member for Monklands, East (Mr. Smith)? On 16 December, why did the Secretary of State refer to the Government's decision to abandon the national armaments directors' recommendation from 13 December? In his answer, he said that the matter was relevant to 9 December. What happened on 13 December which caused him to refer to 13 December if there was no meeting of the Government on that day?

Mr. Brittan: The meeting on 9 December decided that if by 4 pm on 13 December there was no offer from the European consortium which the Westland board felt able to commend to its shareholders, from that moment the national armaments directors' recommendation would not continue to have any effect. The decision was taken on 9 December as to what would happen on 13 December. What had happened was announced on 16 December.

Mr. Michael Grylls (Surrey, North-West): As the Ministry of Defence is Westland's major customer, is it not desirable that if possible there should be a European alternative to the Sikorsky terms so that there can be competitive tenders?

Mr. Brittan: I see the advantage of competition. The implications of that aspect of the matter must be considered.

Mr. Tam Dalyell (Linlithgow): In answer to the right hon. Member for Henley (Mr. Heseltine), the former Secretary of State for Defence, the Secretary of State referred to the crucial British Aerospace letters and emphasised to the House, "I did not." He was then asked by the hon. Member for Birmingham, Selly Oak (Mr. Beaumont-Dark) if he knew whether other members of the Cabinet did, to which he replied, "I can only speak for

[Mr. Tam Dalyell]

myself." Would it not be more candid for the Secretary of State for Trade and Industry frankly to tell us that if he did not read them, the Prime Minister did?

Mr. Brittan: I have given an account of the meeting, and I have nothing further to add.

Mr. Patrick Cormack (Staffordshire, South): Why should the House of Commons have more confidence in my right hon. and learned Friend's judgment of the defence implications of this matter than in the judgment of our right hon. Friend the Member for Henley (Mr. Heseltine), bearing in mind that throughout his distinguished tenure of office he enjoyed the Prime Minister's wholehearted confidence?

Mr. Brittan: I am not inviting the House to do what my hon. Friend suggests I am inviting it to do.

Mr. Martin Flannery (Sheffield, Hillsborough): In view of the profound interest in this matter throughout the nation and Europe, and the almost unprecedented attendance here on a Monday afternoon—[Interruption.]—Tory Members may laugh, but they have something to hide. Why is the Secretary of State treating this serious subject so cavalierly, by not giving proper answers to the questions that he is being asked? Has he something to conceal? Has he read the advertisement in *The Times* this morning about the mess that British science is in? Does he realise that we are all fearful that our technology is about to disappear to the United States and that our armaments and defence industries are being sold for a mess of potage to a group of shareholders who have no interest in British working people?

Mr. Brittan: That is a view which the hon. Gentleman is entitled to hold. If he is worried about the interests of British working people, he will no doubt also have noted the clear view of the British working people working for Westland in Yeovil.

Mr. Ivor Stanbrook (Orpington): Is my right hon. and learned Friend aware that the motives of my right hon. Friend the Member for Henley (Mr. Heseltine) have wide support in the country and in the House? If the Government are sincere about their commitment to Europe, why did they not prefer European participation from the beginning?

Mr. Brittan: The answer is that it was not forthcoming.

Mr. Dennis Skinner (Bolsover): The Secretary of State for Trade and Industry has been asked two questions about the meeting with the chairman of British Aerospace. The right hon. Member for Henley (Mr. Heseltine) asked whether the Government had received a letter from the chairman, and the Secretary of State was subsequently asked the same question again. He dodged answering it on both occasions by meekly saying that he could only speak for himself. Does he not understand that the conviction politician has dodged the column today and that he has been put in her place to answer question? Now that he has been put there, it is his job, not just to answer for himself, but to answer for the Government. That is why he is at the Dispatch Box. He should come clean.

Mr. Brittan: If it helps the hon. Gentleman, I am not aware of any letter from Sir Raymond Lygo to anyone else either.

Mr. Geoffrey Dickens (Littleborough and Saddleworth): Will my right hon. and learned Friend explain why the former Secretary of State for Defence places his store firmly behind the British-European option, which I support, when he had the solution for saving Westland in his own hands while he was Secretary of State for Defence? Why did he never place orders for more helicopters with Westland?

Mr. Brittan: The Ministry of Defence took the view, which I wish to make clear I am not in any way criticising, that it was unable to confirm a requirement for support helicopters, for which Westland had been hoping. The Ministry also declined a request from the company to place additional orders for W30 helicopters to help with its short-term problems because there was no military requirement for such helicopters. I wish to make it clear that those are the facts, and that I am not criticising the former Secretary of State for Defence for coming to those conclusions.

Mr. D. N. Campbell-Savours (Workington): If the contents of the letter from Sir Raymond Lygo are at variance with the statement by the Secretary of State, in order to secure the fullest possible disclosure will the Secretary of State attend, and allow his officials to attend, a hearing of the Select Committee on Defence so that they may be questioned by members of the Committee?

Mr. Brittan: I assure the hon. Gentleman that all Select Committees of the House will be treated with the normal respect to which they are entitled.

Mr. Robert Adley (Christchurch): Is my right hon. and learned Friend aware that three years before he—my right hon. and learned Friend—came to the House I accompanied the right hon. Member for Chesterfield (Mr. Benn) to New York and Washington, at the suggestion and request of the then Minister for Aerospace and the Conservative Government, to defend the concerted attacks on Concorde project by the American aerospace industry, which was determined to kill it? In my right hon. and learned Friend's opinion, is the American aerospace industry any less determined to neuter or takeover the British aerospace industry? Does he believe that the Government are interested in protecting this country's national aerospace interest? Does he accept that a Rolls-Royce 1971 proposition for Westland is infinitely better than bankruptcy?

Mr. Brittan: Happily, as a result of the action taken by the Government, including my right hon. Friend the former Secretary of State for Defence, something very much better than that now faces Westland. I was protecting British Aerospace, in its capacity as a member of the Airbus consortium, which is an example of European co-operation, from the threat to the orders which it has successfully secured in the United States, against tremendous opposition from Boeing, being jeopardised.

Mr. D. E. Thomas (Meirionnydd Nant Conwy): Will the Secretary of State comment on press reports that if Westland were to become a subsidiary of United Technologies it would become involved in strategic defence initiative work as a subcontractor, and that that

might be contrary to the memorandum signed by the former Secretary of State for Defence and his United States counterpart?

Mr. Brittan: I cannot comment on those press reports. I do not know of their validity.

Mr. Robert Jackson (Wantage): Does my right hon. and learned Friend consider that this episode has advanced or retarded the cause of European defence industrial collaboration?

Mr. Brittan: Neither.

Mr. James Callaghan (Cardiff, South and Penarth): On a point of order, Mr. Speaker. It is some years since the matter arose, but it is my recollection that Ministers are entitled to refer to Government documents and those documents need not be published. However, it is my recollection that if a Minister quotes from a document, the document is then published. I believe that I heard the Secretary of State quote to the House what Sir Raymond Lygo said to him about the British Airbus. In those circumstances, I ask you to consider whether the substance of that conversation should be published.

Mr. Speaker: I did not hear the Secretary of State quote from a Government document.

Mr. Brittan: I assure the right hon. Gentleman—I know of his interest in these matters—that I did not quote from the document.

Mr. Gerald Howarth (Cannock and Burntwood): Is it the case that, for the shareholders of Westland to have a choice, the recommendation of the national armaments directors had to be rejected by the Government? As a result, the work force and shareholders have a choice. Does my right hon. and learned Friend agree that it is intolerable that a private sector company has had to endure so much pressure at a time when it had found a solution to its problems and was within sight of achieving that solution, which could now be in jeopardy?

Mr. Brittan: The board of Westland came up with proposals which it believed would lead to a solution of the problems. It is also the case that as long as the national armaments directors' recommendation remained on the table, the Sikorsky-Fiat proposals could not go ahead.

Several Hon. Members rose—

Mr. Speaker: Order. I must have regard to the fact that there is other important business to follow this statement. I shall allow questions to continue for a further five minutes, by which time we will have had a full half hour for Back-Benchers' questions.

Mr. Callaghan: Further to my point of order, Mr. Speaker. It is my clear recollection, because I noted it at the time, that the Secretary of State was reading the answer given by Sir Raymond Lygo. I am ready to admit that I may be wrong, but I noted the fact especially because I have had this matter in mind. I ask you to check *Hansard* carefully to ensure what happened and to give a ruling on the matter.

Mr. Speaker: The House heard what the Secretary of State said on that matter.

Mr. Callaghan: Further to that point of order—

Mr. Speaker: Order. The right hon. Gentleman asked me whether I would check the record, and I shall do so.

Mr. Robin Maxwell-Hyslop (Tiverton): A similar point was raised in the debate on the Second Reading of the Maplin Development Bill, when my right hon. Friend the Member for Henley (Mr. Heseltine) was purported to quote from a document which he declined to lay on the Table of the House, although he was pressed to do so. Perhaps the Father of the House would consider that precedent and the ruling was made on it.

Mr. Speaker: Order. We must not be distracted by Maplin today.

Mr. Robert C. Brown (Newcastle upon Tyne, North): Further to the question asked by the right hon. Member for Henley (Mr. Heseltine), is the Secretary of State aware of any letter received by Her Majesty's Government from British Aerospace? Is the Secretary of State aware that when he states from the Dispatch Box that he can only speak for himself he is seriously misleading the House? Any Minister of any rank who speaks from the Dispatch Box speaks for the Government.

Mr. Brittan: I have already answered that point in reply to the hon. Member for Bolsover (Mr. Skinner).

Mr. Doug Hoyle (Warrington, North): Will the Secretary of State explain in more detail how the Government took the decision of non-intervention, in view of the defence implications of a Westland takeover? Can he say whether it was considered that Sikorsky might not be satisfied with a partial shareholding and that it might try to take over the entire company in the future?

From the explanation in the statement about the interview with the chairman of British Aerospace, when the Minister said that British Aerospace was aware of the American implications, could it appear that he was bullying the chairman of British Aerospace? Has he considered following the example of the right hon. Member for Henley (Mr. Heseltine) and resigning from the Cabinet in view of the fact that he broke his undertaking of non-intervention to the House on 16 December?

Mr. Brittan: The answer to the latter point is no.

In taking their decision the Government took into account all questions, such as defence procurement and other matters, and took the view that the options available did not justify Government intervention.

Mr. Dave Nellist (Coventry, South-East): What confidence can the workers of Westland have in the job guarantees from either of the teams of big business which have been gazumping each other during recent days, especially from the team led by Lord Weinstock, who, during the past four to six weeks, has axed more than 1,000 jobs in GEC in my constituency?

If defence is the national priority which the right hon. and learned Gentleman and the Prime Minister consistently state it is, why do the Government not follow the example of the right hon. Member for Old Bexley and Sidcup (Mr. Heath) in 1971 and nationalise Westland and give guarantees to the work force that any surplus capacity will be used to make socially useful goods?

Mr. Brittan: The hon. Gentleman is merging defence considerations with industrial considerations. For defence, the Government must be able to ensure that helicopters are available from a secure NATO source. For industry, the Government's aim must be to further the rescue that would

[Mr. Brittan]

be in the company's best interests. The two offers would secure those objectives. I believe that the Government have not done all that badly.

Mr. Ken Eastham (Manchester, Blackley): The right hon. and learned Gentleman mentioned the millions of pounds invested by the Government — which is taxpayers' money. Regardless of which company is successful, will the right hon. and learned Gentleman state whether there will be any protection of technical design in Britain? Will the Minister discuss the offset problems and the possibilities for companies such as Rolls-Royce which make helicopter engines?

Mr. Brittan: Rolls-Royce has expressed an interest in this matter. However, in view of the commercially sensitive position, I should not discuss that matter before tomorrow. That could appear to favour one side — [Interruption.] I hear one of my hon. Friends say, "In favour of Sikorsky", but that must be a matter for Rolls-Royce.

Mr. John Smith: With regard to the meeting with Sir Raymond Lygo the Secretary of State said that he had checked the recollections of colleagues and officials. Did he check a written record? Does a written record exist? It has been drawn to my attention that in a newspaper yesterday an allegation was made that during the discussion the Secretary of State indicated to officials that he did not wish that matter to be recorded. Can the Secretary of State give his reaction to that allegation? When will that record be made available to hon. Members?

As to the so-called concern about the adverse impact on British Aerospace sales, it is clear from the Secretary of State that he does not accuse Sir Raymond Lygo or British Aerospace of creating the problem. To whose statement was he referring?

Mr. Brittan: There is no truth in the hon. Gentleman's point about a matter not being recorded. On the point about what in the campaign led me to take that view, I can safely state, without referring to any statements, that many things were said during the course of the campaign implying that the sole interest of any United States involvement was to reduce Westland's status to low technology. Any suggestion to that effect is contrary to the expressed statement of United Technologies. It is entirely open to people to take one view or another as to which offer is to be preferred, but such allegations are completely untrue — [HON. MEMBERS: "Check the record."] I have already said that I will look into that.

Imported Goods (Safety)

4.30 pm

Mr. Conal Gregory (York): I beg to ask leave to move the Adjournment of the House, under Standing Order No. 10, for the purpose of discussing a specific and important matter that should have urgent consideration, namely, "the death and injury sustained through the sale of dangerous imported consumer goods over the Christmas period."

Christmas should be a time of happiness as we celebrate the anniversary of the birth of Jesus Christ. In too many homes this festive time has been marred by injuries received from imported goods, especially toys, and even by death. The present legislation, which does not require importers to show a duty of care that any goods have been checked on safety grounds, is clearly inadequate.

I urge you, Mr. Speaker, to recognise that the matter is so urgent that it should have priority over the business that has already been arranged for the House. The urgency stems from the fact that the goods which cause injury and death have not been prohibited from sale. Exporters from the far east are still shipping dangerous products to the United Kingdom and apparently not testing them against the criteria employed by the British Standards Institution. Britain cannot become the home of cheap, shoddy goods that have deadly consequences.

The debate requested is specific since it seeks to deal with dangerous imported consumer goods. New regulations are overdue, as foreshadowed in the Government's White Paper. Their absence from the statute book can be quantified in the human suffering endured in too many homes during the recess. This is the first opportunity to raise the subject in the House since Christmas. It is also an opportunity for all sides to recognise that prohibition notices and orders, together with voluntary codes of practice, have proved inadequate.

The subject is important. On 20 December, in Yorkshire, a five-month-old baby boy died as a direct consequence of playing with a dangerous imported toy. He was asphyxiated by the nylon hair on a toy pony imported from Taiwan. This was a new and tragic development since my hon. Friend the Minister responded to my Adjournment debate last year. Customs officers must have powers to seize and control dangerous imports, and trading standards officers must be given powers to protect the public. Such goods should not have the ability to maim and kill. Far too many non-United Kingdom goods, especially toys, purchased before Christmas and still being traded have potentially lethal consequences. We owe it to the nation to amend the legislation. I hope that you, Mr. Speaker, will permit the time to debate this matter.

Mr. Speaker: The hon. Gentleman asks leave to move the Adjournment of the House for the purpose of discussing a specific and important matter that he believes should have urgent consideration, namely,

"the death and injury sustained through the sale of dangerous imported consumer goods over the Christmas period."

I listened with great care to what the hon. Gentleman said, but I regret that I do not consider that the matter that he has raised is appropriate for discussion under Standing Order No. 10 and I cannot, therefore, submit his application to the House.



13.1.86.

STATEMENT WESTLAND PLC

I am most grateful to you Mr Speaker for allowing me to make this statement as I would like to clarify what I said earlier today and to apologize to the House if what I said then gave a misleading impression.

This afternoon in making my statement to the House I was asked whether the Government had received a letter from British Aerospace concerning the meeting which took place between Sir Raymond Lygo and myself on 8 January. I replied that I had not done so. In answer to further questions whether any member of the Government had received a letter from Sir Raymond Lygo, I replied that I was not aware of any letter from Sir Raymond Lygo to any one else either. There has since been an announcement by 10 Downing Street that ~~the Prime Minister received a letter~~ ^{was received then which by Prime Minister saw just before coming on to House. It was} around noon today not from Sir Raymond Lygo, but from Sir Austin Pearce the Chairman of British Aerospace ^{and I understand} which was marked private and strictly confidential. Although I was ^{myself} made aware of the existence of this letter minutes before I left for the House I had not been informed of its contents nor did I know whether Sir Austin Pearce was prepared for its existence to be made public. In view of the fact that, as I have said, the letter was marked private and strictly confidential it was essential that I took great care in what I ^{said} ~~to~~ protect ^{strictly confidentially attached to it} the ~~confidence placed in the Prime Minister~~ by Sir Austin Pearce, while, answering questions accurately.

I understand that since I made my statement Sir Austin has agreed with the Prime Minister's office that the existence of his letter can be disclosed (although not its content). I had no intention of misleading the House in this matter and

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therefore wished to come and explain this sequence of events immediately. If it is thought that I have in any mislead the House I apologize unreservedly.

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therefore wished to come and explain this sequence of events immediately. If it is thought that I have in any way misled the House I apologize unreservedly.

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(MR. BRITTAN speaking)

The disclosure of the note is not a matter for me, but I shall consider the r h and l G's request.

What happens at tomorrow's meeting ^{may be} ~~is~~ inconclusive. It would be unwise, faced with the meeting of shareholders tomorrow, for the Hse or ^{the many} me to speculate on ~~XXXXXXXXXX~~ alternative possibilities that could arise. It would be wrong to attempt to do so today.

MR. MICHAEL HESELTINE (Henley): ^{W. Ag} ~~Can~~ I ask my r h and l F whether the Govt have received any letters from British Aerospace giving its views of the meeting?

MR. BRITTAN: I have not received any such letter.

MR. PADDY ASHDOWN (Yeovil): I wish to return from the wider issues to the matters of the affair which particularly affect my constituency. Does the Secy of State accept that the vast majority of ^{both} the work force at Westland and ~~a~~ the smaller shareholders back the decision of the Westland board? Will he confirm that the Anglo-Italian helicopter project, which is vital to Westland's future, is founded on an agreement between the two Govts, not on an agreement between the firms, and that Westland's position as the British Govt's chosen instrument cannot be affected? Does the Secy of State agree that future helicopter projects, which also rest on agreements between Govts, will depend on whom the British Govt choose

MR. BRITTAN: I am not aware of any such discussions.

MR. ANTHONY BEAUMONT-DARK (Birmingham, Selly Oak): In answering my r h F the M for Henley (Mr. Heseltine), my r h and I F the ~~Secy of State~~ said ^{that he had} ~~we~~ have received no ^{such} letter. In view of the importance of the conversation that is purported to have taken place, has any other member of the Govt received any representations or letter from Sir Raymond Ligo or British Aerospace?

MR BRITTAN: I can ^{only} speak ~~for~~ for myself.

T FOLLOWS

~~MR.~~ MR. TAM DALYELL (Linlithgow): In answer to the
 Member for Henley (Mr. Heseltine), the former Secy of State for
 Defence, the Secy of State referred to the crucial British
 Aerospace letters and emphasised to the Hse, "I did not."
 He was then asked by the Member for Birmingham, Selly Oak
 (Mr. Beaumont-Dark) ~~whether~~^{if} he knew whether other members of the
 Cabinet did, to which he replied, "I can only speak for myself."
 Would it not be more candid for the Secy of State for Trade
 and Industry frankly to tell us that if he did not read them,
 the Prime Minr did?

MR. BRITTAN: I have given an account of the meeting, and
 I have nothing further to add.

MR. PATRICK CORMACK (Staffordshire, South): Why should the
 Hse of Commons have more confidence in my r h and l F's judgment
 of the defence implications of this matter than in the judgment
 of our r h F the M for Henley (Mr. Heseltine), bearing in mind
 that throughout his distinguished tenure of office he ~~had~~
~~the~~ enjoyed the ^{Prime Minr's} wholehearted confidence?

MR. BRITTAN: I am not inviting the Hse to do what my h F
 suggests ~~that~~ I am inviting it to do.

~~MR. FLANNERY~~

MR. MARTIN FLANNERY (Sheffield, Hillsborough): In view of
 the profound interest ~~shown~~^{shown} in this ~~debate~~^{issue matter} throughout the
 nation and Europe, and the almost unprecedented attendance
 here on a Monday afternoon - [Interruption.] ~~By~~ ^{Member} ~~the~~ Tory ~~Ben~~

may laugh, but they have something to hide. Why is the Secy of State treating this serious subject so cavalierly, by not giving proper answers to the qns that he is being asked? Has he something to conceal? Has he read the advertisement in The Times this morning about the mess that British science is in? Does he realise that we are all fearful that our technology is about to disappear to the United States and that our armaments and defence ~~industry is~~ ^{industries are} being sold ^{for a mess of potage} to a group of shareholders ~~for a mess of pta potage to people~~ who have ~~not~~ no interest in British working people?

MR. BRITTAN: That is a view ^{which} ~~that~~ the h G is entitled to hold. ~~FOR~~ If he is ~~interested~~ worried about the interests of British working people, he will no doubt also have noted the clear view of the British working people working for Westland in Yeovil.

MR. IVOR STANBROOK (Orpington): Is my r h and I ~~F~~ aware that the motives of my r h F the M for Henley (Mr. Heseltine) have wide support in the country and in the Hse? If the Govt are sincere about their commitment to Europe, why did they not prefer ^{European} ~~European~~ participation from the beginning?

MR. BRITTAN: The answer is that it was not forthcoming.

MR. DENNIS SKINNER (Bolsover): The Secy of State for Trade and Industry has been asked two questions about the meeting with the chairman of British Aerospace. The r h M for

Henley (Mr. Heseltine) asked whether the Govt had received a letter from ^{the chairman, and} ~~him~~. The Secy of State was subsequently asked the same ^{again} ~~qnf~~. He dodged answering it on both occasions by meekly saying that he could only speak for himself. Does he not understand that the conviction politician has dodged the column today and that he has been put in her place to answer question? Now that he has been put there, it is his job, not ^{just} to answer for himself, but to answer for the Govt. That is why he is at the Dispatch Box. He should come clean.

(MR. BRITTAN: If it helps the h G, I am not aware of any letter from Sir Raymond Lygo to anyone else either.

(MR. GEOFFREY DICKENS (Littleborough and Saddleworth): Will my r h and l F explain why the former Secy of State for Defence places his store firmly behind the British-European option which I support, ^{when} ~~but~~ ^{he} ~~at the same time~~ had the solution for saving Westland in his own hands while he was ^{Secy of} ~~Minr~~ of State for Defence ~~Procurement~~? Why did he never place orders for more helicopters with Westland?

(MR. BRITTAN: The Minry of ~~the~~ Defence took the view, which I wish to make clear, I am not in any way criticising, that it was unable to confirm a requirement for support helicopters, for which Westland had been hoping. The Minry also declined a request from the company to place additional orders for W30 helicopters to help with its short-term problems

because there was no military requirement for such helicopters. I wish to make it clear that those are the facts, and that I am not ~~eriti~~ criticising the ~~former~~ former Secy of State for Defence for coming to those conclusions.

MR. D.N. CAMPBELL-SAVOURS (Workington): If the contents of the letter from Sir Raymond Lygo are at variance with the statement by the Secy of State, ^{in order} to secure the fullest possible disclosure will the ~~Secy~~ Secy of State attend, and allow his officials to attend a hearing of the Select Cttee on Defence so that they may be questioned by members of the Cttee?

MR. BRITTAN: I assure the h G that all Select Cttees of the Hse will be treated with the normal respect to which they are entitled.

MR. ROBERT ADLEY (Christchurch): Is my r h and l F aware that three years before he ^{— my r h and l F —} came to the Hse I accompanied the r h M for Chesterfield (Mr. Benn) to New York and Washington, at the suggestion and request of the then Minr ^{for Aerospace} ~~of Aviation~~ and the Conservative Govt, to defend the concerted attacks ~~by the American aerospace industry~~ on the Concorde ~~project~~ ^{by the American aerospace industry, which} ~~was~~ determined to kill ~~it~~ ^{its} ~~project~~. In my r h and l F's opinion, is the American aerospace industry any less detemrined to neuter or take over the British aerospace industry? Does he believe that the Government ^{are interested} ~~have any interest~~ in protecting this country's national aerospace interest? Does he accept

order -

ms [MR. SPEAKER: Order. The r h G asked ^{me whether} ~~I~~ I would

check the record, and I shall *do so*

ROBIN

[MR.] MAXWELL-HYSLOP (Tiverton): ~~The same~~ A similar

point was raised in the debate on ^{the} Second Reading of the

Development Maplin Bill, when my r h F the M for Henley ^{(Mr Heseltine) was} purported

to quote from a document which he declined to lay on the

Table of the Hse, although he was pressed to do so.

Perhaps the Father of the Hse would consider that precedent,

and the ruling that was made on it.

ms [MR. SPEAKER: Order. We ^{must} ~~shall~~ not be distracted by
Maplin *today*

[MR. ROBERT C. BROWN (Newcastle upon Tyne, North):

Further to the question ^{asked} ~~raised~~ by the r h M for Henley

(Mr. Heseltine), is the Secy of State aware of any letter

received by Her Majesty's Govt from British Aerospace? Is the

Secy of State ^{states} ~~be~~ aware that when he ~~says~~ from the Dispatch Box that he

Disputable can only speak for himself ~~but~~ he is seriously misleading

~~Any~~Minr the Hse? Any Minr of any rank who speaks from the Dispatch Box speaks for the Govt.

MR. BRITTAN: I have already answered that point in ~~my~~ reply to the h M for Bolsover (Mr. Skinner).

MR. DOUG HOYLE (Warrington, North): Will the Secy of State explain in more detail how the Govt took the decision of non-intervention, in view of the defence implications of a Westland takeover? ^{Can} ~~Could~~ he say whether it was considered that ~~Sikorsky~~ Sikorsky might not be satisfied with a partial shareholding and ^{that it} ~~could~~ ^{might try to} make a ~~total~~ takeover ^{of the entire} of the company in the future?

(n) From the explanation in the statement about the interview with the chairman of British Aerospace, when the Minr ^{said} ~~stated~~ that British Aerospace was aware of the American ^{could} implications, ~~does~~ it appear that he was bullying the chairman of British Aerospace? ^{Has} ~~Did~~ he consider ^{ed} ~~at any~~ ~~time~~ following the example of the r h M for Henley

(Mr. Heseltine) and resigning from the Cabinet in view



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13.1.86

DRAFT STATEMENT

With permission, Mr Speaker, I should like to make a statement.

2 Throughout last year, Westland plc was facing financial difficulties. The company's position reflected among other things a worldwide slump in demand for civil helicopters. Against this background Sir John Cuckney, who became Chairman in June 1985, sought a partnership with a substantial industrial group which could offer both finance and commercial strength. United Technologies expressed an interest in taking a substantial minority shareholding.

3 Subsequently, Fiat joined United Technologies in a joint proposal to take a minority shareholding in Westland. The Government, however, encouraged Westland to explore fully in addition the possibility of an alternative European-based proposal. This led to the development of proposals from a consortium comprising Aerospatiale, Agusta and MBB, who were later joined by British Aerospace.

4 I announced in my statement to the House on 16 December that the Board of Westland had decided to recommend to shareholders the proposals put forward by United Technologies and Fiat. I explained that the Government is not bound by the recommendation of the National Armaments Directors of the UK, France, Germany and Italy that certain helicopter requirements should in future be met solely from helicopters

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designed and built in Europe. That remains the position. I also explained the action the Government had taken to ensure that Westland had an alternative European-based offer to consider, but emphasized that it was for Westland to decide the best route to follow to secure its future and that of its employees. At no stage did the Government collectively determine on a preference for a particular solution.

5 At its meeting on 19 December, the Cabinet confirmed the policy I had previously announced with colleagues' agreement, and decided that no Minister was entitled to lobby in favour of one proposal rather than another. That decision was unanimously approved by the members of the Cabinet.

6 On 1 January my Rt Hon Friend the Prime Minister set out clearly in a letter to Sir John Cuckney that as long as Westland continues to carry on business in the UK, the Government will support the company in pursuing British interests in Europe. My Rt Hon Friend also made clear the Government would resist to the best of its ability attempts by others to discriminate against Westland.

7 The alternative solutions put to Westland have been presented in some quarters as offering a choice between collaboration with Europe and collaboration with the United States. I do not consider that to be a fair presentation. The Government welcome collaboration with both Europe and the United States. Both the proposals put to the Board have European involvement. The Government will continue to support Westland in pursuing British interests in Europe whatever solution is implemented.



8 A number of misleading assertions have been made in recent days about my own and the Government's position on this matter. I will be happy to answer questions on these specific points.

9 The position now is that the Board of Westland has unanimously recommended revised proposals from United Technologies and Fiat to shareholders. Revised proposals from the European consortium, now joined by GEC, have also been circulated to shareholders. The Government hopes the matter can be resolved quickly in the interests of the company and its employees.

PRIME MINISTER

cc Mr. Powell
Mr. Norgrove
Mr Flesher
Mr. Alison

A first cock-shy at a reply to Sir Austin Pearce's letter (flag A), which draws heavily on Mr. Brittan's Statement to the House yesterday (flag B). Its text needs clearance with the DTI.

Also attached is the DTI record of the famous meeting (flag C).

N.L.W.

N.L. WICKS

13 January 1986



10 DOWNING STREET

THE PRIME MINISTER

14 January 1986

*I fully support the
as you have said you
have no desire to intervene
in the way (the way of
one that (what by go?)
I see you will do. Don't let us go
with the Secretary of State for Trade and Industry on
8 January.*

Thank you for your letter of 13 January about the discussion which your Chief Executive, Sir Raymond Lygo, had with the Secretary of State for Trade and Industry on 8 January.

As you will know from the Secretary of State's Statement in the House of Commons yesterday, his recollection of the meeting differs from Sir Raymond's which is reported in your letter. The Secretary of State did not, as he told the House, make any suggestion to Sir Raymond that British Aerospace should withdraw from the European consortium or that their participation in it was contrary to the national interest. On the contrary, the Secretary of State emphasised that it was for Westland to decide what course to follow. The Secretary of State went on to say that the nature and tone of some of the campaigning on behalf of the European consortium could fuel protectionist sentiment in the United States and could damage the commercial interests of British Aerospace and its European partners, especially in the United States. Sir Raymond himself said that British Aerospace's United States subsidiary had expressed great concern about their US business being harmed. The Secretary of State also said that it was not in the national interest that the present uncertainty involving Westland should drag on.

The Secretary of State assured the House of Commons that if others had gained a different impression of what was said

or intended at the meeting, he very much regretted it. I would wish to give you that same assurance. Let me emphasise too that it is, of course, no part of the Government's policy to intervene on the merits of the two offers. ^{- Planned that there is a choice -} Nor would we want to bring any pressure to bear on either UTC/Fiat or on ^{and that is} the members of the European consortium, which of course ^{for everybody} includes British Aerospace, to withdraw their offers. ^{to do with}

Finally, let me say that I fully accept that Sir Raymond Lygo is one of the last people who could be accused of being anti-American. Sir Raymond had the most distinguished career in the Royal Navy when, as you say in your letter, he had the closest involvement with the United States. ^{There is no further do} ^{hope} ^{decision} ^{soon}

We have agreed that although your letter was classified "Private and Strictly Confidential", it should now be published as would my reply.

Sir Austin Pearce, C.B.E.

NI5578 3 XXX 40

URGENT-WESTLAND

WESTLAND CHAIRMAN SIR JOHN CUCKNEY ANNOUNCED THAT OF 42 PER CENT OF SHAREHOLDERS WHO HAD SENT PROXY VOTES, 71 PER CENT BACKED SIKORSKY-FIAT BID, AND 20 PER CENT HAD LEFT IT TO HIS DISCRETION.

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By my calculation he needs
another 37%.

PRIME MINISTER

MEETING OF MINISTERS: 13 JANUARY: WESTLAND

The following have been invited: Lord President, Trade and Industry Secretary, Defence Secretary, Chief Secretary, Lord Privy Seal, Chief Whip, Sir Robert Armstrong, Sir Clive Whitmore, DTI official (probably Mr. Michelle) and Mr. Wiggins (Cabinet Office).

There are two points for immediate decision:

- i) Whether there should be a Government statement on Monday? And if so, who should make it?

You will want to get the business managers' views on whether the Speaker is likely to refuse a PNQ or a SO10 in view of the shareholders' meeting on Tuesday if no statement is volunteered; on whether a statement tomorrow will make it more or less likely that the Opposition will press for a debate on Wednesday; and whether the Opposition are likely to put down a Censure Motion for later debate.

If it is agreed that a statement should be made, you will want to consider whether the Trade and Industry Secretary or you should make it. If you do so, there is a better chance of openly rallying backbench support for the Government and dealing authoritatively with Mr. Heseltine's allegations. You are familiar with the details and will carry much more conviction than Mr. Brittan. Against this you do not want to appear on the defensive and in the dock to answer Mr. Heseltine's charges; and Mr. Brittan is the departmental Minister responsible. (You also have a lunch to host.)

The meeting should also consider the draft statement being prepared by the DTI.

ii) The second immediate point is how the Government should reply to Sir John Cuckney's letter about the National Armaments Directors recommendation (copy to follow). The choice is either

a) to stick exactly to the words of Mr. Brittan's statement of 16 December ("the Government are not bound by the recommendation");

b) or whether to go further and add publicly the phrase that the Government is not bound by it now or in any hypothetical circumstances in the future. While the latter is undoubtedly true the Government has not yet said it publicly. The DTI would like it on the record, because they believe that supporters of the European consortium are saying that the Government will adopt the recommendation if the European proposals are accepted. Against this, it is hard to envisage that anything which the Government says now will affect the outcome of Tuesday's meeting. And a disadvantage is that Mr. Heseltine will undoubtedly pick up the phrase and portray it as a change in the Government's position intended to bolster the Sikorsky bid. This will extend rather than limit controversy.

Beyond this, you will wish to consider the handling of any debate on Wednesday or subsequently, in particular:

a) if the debate is on the issue of Westland alone, whether you should speak or leave it to Mr. Brittan;

b) to what extent it would be appropriate in such a debate to deal with Mr. Heseltine's detailed allegations, bearing in mind that he will undoubtedly challenge whatever the Government says in his subsequent intervention.

(C.D. Powell)

12 January 1986

PART 3 ends:-

Pm to Leon Brittan 24.1.86.

PART 4 begins:-

CDP note for the record 25.1.86.

