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SECRET

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PART SEVEN.

10

Confidential Filing

Westland Helicopters

AEROSPACE

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Part one: April 1985

Part Seven: Feb 87

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Official Historian
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SECRET

PART 7 ends:-

CDP to MOD 12.6.89

PART 8 begins:-

CDP to MOD 22.1.90 (Meeting record)



cate
SW

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

12 June 1989

FUTURE REQUIREMENT FOR SUPPORT HELICOPTERS

Thank you for your letter of 7 June about the delay now foreseen in making a recommendation on the choice of a helicopter for the medium support role. The Prime Minister has noted this.

(C. D. POWELL)

John Colston, Esq.,
Ministry of Defence.

KK

cap



Treasury Chambers, Parliament Street, SW1P 3AG

John Colston Esq
Private Secretary
Ministry of Defence
Main Building
Whitehall
London
SW1A 2HN

ean
12/6

12 June 1989

Dear John

FUTURE REQUIREMENT FOR SUPPORT HELICOPTERS

The Chief Secretary was grateful for sight of a copy of your letter of ~~7~~ June to Charles Powell at No.10. *WITH COP?*

The Chief Secretary was concerned to learn that there will be a further delay before your Secretary of State will be ready to make a recommendation to colleagues about future purchases of support helicopters. He had hoped it would be possible to reach a conclusion this year, as OD wished, on the choice between the EH101 utility helicopter and alternatives including off the shelf purchase of Black Hawk and Chinook. This further delay in the EH101 utility programme must cast further doubts on whether it will be the right choice.

However, he understands the delay will not increase the cost of project definition, and he is therefore prepared to accept that a decision should be deferred until the Spring of 1990. No doubt, full studies of the other options will be available at the same time.

I am sending copies of this letter to Charles Powell, other Private Secretaries of OD members, and to Trevor Woolley (Cabinet Office).

Yours

Miss C Evans

MISS C EVANS
Private Secretary



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2111/3

MO 26/16/1E

7th June 1989

Rich Amstr

I sense an atmosphere of
doom over this project.

CAF 276.

Dear Charles,

FUTURE REQUIREMENT FOR SUPPORT HELICOPTERS

At the conclusion of the OD meeting on 24th November last, the Defence Secretary was invited to submit a further report, with a recommendation on a choice of helicopter for the medium support role, by the end of 1989.

The Defence Secretary believes that OD colleagues will wish to be aware that it will be necessary to delay this recommendation by about three months. As a result of the project team's insistence on reaching a satisfactory prior agreement with the contractor (EH Industries) on the statement of work and a firm price for the contract, the beginning of the initial phase of project definition was necessarily delayed. Moreover EHI have made clear that they would wish to undertake a thorough appraisal, and that they could not complete this until the end of December 1989. Allowing time for assessment of the data on the various options, it is unlikely that my Secretary of State will be able to put the matter to OD colleagues until about the end of the first quarter of 1990. If the choice is not clear cut, even this may not be achievable. Mr Younger believes however that, given the importance of ensuring that the eventual decision is soundly based, this further short delay is acceptable.

I am sending copies of this letter to the Private Secretaries of OD members, and to Trevor Woolley (Cabinet Office).

Yours sincerely

John Colston.

(J P COLSTON)
Private Secretary

Charles Powell Esq
No 10 Downing Street

PRIVATE

Thank you for your letter of 24th May 1989.

[In her speech in the House of 27th January 1986 the Prime Minister quoted the gist of what both her officials and the Department of Trade and Industry officials told Sir Robert Armstrong's inquiry. Her conclusion that there was a genuine difference in understanding between the two sets of officials was in accordance with that formed by Sir Robert Armstrong. My own statement, not surprisingly, reflects what the Department of Trade and Industry officials told the inquiry, as related by the Prime Minister to the House.

With regard to the facts, as opposed to their interpretation] I repeat and confirm what I said in the second paragraph of my speech in the House on 27th January 1986 (at column 671):

"My right hon. Friend the Prime Minister has set out the facts relating to what has been called the "Westland saga", and particularly the circumstances relating to the disclosure of information contained in a letter of my hon. and learned Friend the Solicitor-General. She has done so in great detail. Some of the facts only she can know about whereas in other events I myself was closely involved. I can and do confirm that with regard to the facts within my knowledge, the account of my right hon. Friend the Prime Minister is correct."

Robert Rogers, Esq.,
Clerk of the Committee,
Defence Committee,
Committee Office,
House of Commons,
London SW1A 0AA.

Note - Whip spoke to Mr. Mates
will paraphrase to Sir Leon
reticently. (do not want to
be unhelpful but I can do
no more than repeat what I said
in the House on 27 January viz ...

AT seen.

DRAFT LETTER FROM SIR LEON BRITTAN

AT 7/11

Two responses

Either (a) delete everything from "In her speech" ... to "as opposed to their interpretation."

or

(b)

"In my interview for Channel 4, I said that "there would have been no question of the release of that document without the express approval from No 10". This is entirely consistent with the account the Prime Minister gave the House on 27 January when she said that officials from DTI "believed that they had the agreement of my office".

You also asked me if I endorsed what the Prime Minister said in the House. I can only repeat what I said later in the Debate. "I can and do confirm that with regard to the facts within my knowledge, the account of my Rt Hon Friend the Prime Minister is correct" (Col 671)."

The former is preferred. Option (b) seeks to prove that there is nothing new but may only serve to encourage the Clerk to split hairs still further. The existing draft is worst of all. While the second paragraph attempts to show that a wedge cannot be driven between the Prime Minister's account and Sir Leon's account, the first paragraph gives a strong hint that there is a difference between the Prime Minister's account which was based on Sir Robert's report; and Sir Leon's account which was based on what DTI officials told Sir Robert. This would undoubtedly encourage the Clerk to persist.

NOTE FOR THE RECORD

bc. Sir Robin Butler

SELECT COMMITTEE ON DEFENCE: WESTLAND

The Chief Whip debriefed me on the meeting of the Committee. They had considered Sir Leon Brittan's letter, but had decided to take no decisions for the time being. The matter has been remitted to the Clerk for further advice which has been asked for in two to three weeks.

Mr. John Wilkinson has now come round to the view that there is no need to pursue this further, and Sir Barney Hayhoe is therefore the only Member on the Government side who is pursuing it. If it had gone to a vote, Mr. Mates could have used his casting vote, but he took the tactical judgement that it was better not to force the issue now. He hopes time will further dull interest in the subject, and that he may eventually bring Sir Barney Hayhoe round.

I commented to the Chief Whip that I hoped Mr. Mates' tactical judgement proved sound; referring the matter to the Clerk for further advice merely gave him one more opportunity to stir things up.

AT

10 May, 1989.



Government Chief Whip
12 Downing Street, London SW1A 2AA

Mr. Anderson,

This is what Leon is proposing
to write to the Select Committee.

Quite frankly I do not think he
would take kindly to a major 're-write'.
But I could convey suggestions for minor
alterations through David Curran if you really
think it is worth the risk of upsetting him.

Will you let me have your views not
later than this afternoon.

Yours
[Signature]

Text of LB letter to Defence select Committee

Thank you etc....

I confirm that I was reported accurately

[I can confirm that the transcript accurately reports my comments... and I stand by the words I used.]

it was not my intention / purpose

I should make it clear that in the interview I did not state what I had previously said, and stated that this was the case immediately after the contents of the interview were made public.

In particular I would like to draw your attention to my statement of 27.1.86 in the HoC (col. 671) when I said that I had made it clear that officials at the DFI were given authority to release the letter subject to the agreement of No 10. I confirmed this was the case when I stated to the committee on 21.1.86. I would appreciate your agreement of No 10.

I would also draw attention to the statement of 27.1.86 when I said that officials of the DFI told me that they considered the purpose of this approach to No 10 officials was being to push the agreement to the disclosure as well as to the method and that they believed they had that agreement.

The PM made it clear that the officials in her office told her that they did not believe they were being asked to give her authority for the disclosure and she concluded that there was a genuine difference of understanding between the officials as to exactly what was being sought and what was being given.

By naming of these officials concerned whilst normally I think it is best to have no controversy as to their identity. The committee report itself referred to the officials by name and did not suggest that the names of the officials had ever been in question.

Finally I also stand by everything else contained in the speech to the joint 27.1.86 including the statement that I myself accept full responsibility for the fact and the form of the disclosure.

Yours etc.



Government Chief Whip
12 Downing Street, London SW1A 2AA

27:4:89

Dear Andrew,

Here is the latest draft prepared by L.
The bold has been chopped off but ~~there~~ as far
as I can see & unless the matter follows the
same lines as the previous drafts.

Will you please let me know if back to
John return to D. Cuning

Thank you for your letter of 19th April 1989.

X I confirm that the transcript accurately reports the words that I used during the interview for Channel 4, recorded several months before it was broadcast, ~~[and that I stand by those words.]~~

11 I should make it clear, however, that in the interview I did not add anything to the substance of what I had previously said about this matter, and I stated that this was the case immediately after the contents of the interview were made public.

I would, in particular, draw the Committee's attention to what I said in the House on 27th January 1986 (Column 671) when I said that I made it clear to my officials at the Department of Trade and Industry that I was giving authority for the disclosure of the letter, subject to the agreement of No 10.

I confirmed this when I said to the Committee on 30th January 1986 (at page 127): "I would particularly stress that it all had to be subject to the agreement of No 10".

I would also draw attention to the Prime Minister's statement in the House on 27th January 1986, in which she said (at Column 655) that officials of the Department of Trade and Industry told the enquiry that they regarded the purpose of their approach to No 10 officials as being to seek agreement to the disclosure as well as to the method, and that they believed that they had that agreement. The Prime Minister of course also made it clear that the officials in her office told the enquiry that they did not believe that they were being asked to give her authority for the disclosure, and she concluded that there was a genuine difference in understanding between officials as to exactly what was being sought and what was being given.

My naming of the officials concerned in the interview added nothing fresh, as there has been no controversy about their identity. The Committee's report itself, for example, referred to the officials by name and did not suggest that in all the controversy surrounding these matters, the names of the officials concerned had ever been in question.

Y Finally, I would add that I of course ~~(also)~~ stand by everything else contained in my speech in the House on 27th January 1986, including the statement that I myself accept full responsibility for the fact and

PRIME MINISTER

cc Mr. Ingham
Mr. Powell

WESTLAND

The Defence Select Committee decided to follow the course of asking Sir Leon if he stood by his remarks to see if there is a basis for reopening the inquiry. I will brief Press Office to correct any suggestions that the inquiry has been reopened. I have no details yet of who took what line. Though it seems that Barney Hayhoe and John Wilkinson favoured pursuing the issue, I am told that John Cartwright (SDP) and Bruce George are unenthusiastic.

AT

ms

(ANDREW TURNBULL)

19 April 1989

PRIME MINISTER

WESTLAND

The Defence Committee is meeting on Wednesday. The loyal Government members will argue that nothing new has emerged and that this has been confirmed by Sir Leon Brittan. If they look like losing the vote they will suggest that the Committee writes to Sir Leon to ask him to confirm that he stands by the account he gave in 1986. They will seek to establish that the formal position is that the Committee is not reopening the inquiry but is seeking to establish whether there is a basis for doing so.

Sir Leon will be advised to reply along the lines of the attached, though the precise wording will depend on the wording of the outward letter.

Any comments to make?

No - I think it is being

I have attached copies of the relevant references.

handled
very well

Thank you

AT

pub

ANDREW TURNBULL

14 April 1989

ECL/65

See suggested amendments
of words which are irrelevant to
the argument

pub

DRAFT LETTER FROM SIR LEON BRITTAN TO MR. MICHAEL MATES

Shortly before Channel 4's programme on the Prime Minister's ten years in office was screened, claims were made that remarks in the interview I gave for that programme provided new evidence on the Westland affair and were at variance with the accounts given at the time. I took steps to make it known that 'there was absolutely nothing new in anything I said in the interview' *incident.* [which, incidentally, was recorded before I left for Brussels at the end of 1988]

Notwithstanding this, you wrote to me to establish whether there is a basis for re-opening the Committee's inquiry. May I again make it clear that I stand by my speech in the Debate (27 January, Col. 671) and by the evidence I gave to the Committee, and in particular the answer to Q.933. I emphasise again that my remarks in the Channel 4 programme were not intended to add to or qualify in any way the account I gave in 1986.

In these circumstances, there is nothing further I could add to any inquiry.

cy of Parliament? I suggest that their loyalty to the
so vastly exceeds any loyalty they have left to the
et.

28 pm

Mr. Leon Brittan (Richmond, Yorks): The House will know why I came to the conclusion that I should no longer remain a member of the Cabinet. I want to place on record my appreciation of what a privilege it has been to serve in the Government of my right hon. Friend the Prime Minister. The unhappy circumstances of the last few weeks will not detract from their achievements. I shall support the Government's policies as strongly outside the Cabinet as I have within it.

My right hon. Friend the Prime Minister has set out the facts relating to what has been called the "Westland saga", and particularly the circumstances relating to the disclosure of information contained in a letter of my hon. and learned Friend the Solicitor-General. She has done so in great detail. Some of the facts only she can know about whereas in other events I myself was closely involved. I can and do confirm that with regard to the facts within my knowledge, the account of my right hon. Friend the Prime Minister is correct.

As my right hon. Friend said in her statement to the House last Thursday, I made it clear to my officials at the Department of Trade and Industry that—subject to the agreement of No. 10—I was giving authority for the disclosure of the Solicitor-General's letter to be made. I therefore accept full responsibility for the fact and the form of that disclosure.

The House knows of the extraordinary, perhaps unprecedented, circumstances in which we were working—the circumstances of the persistent campaigning of my right hon. Friend the former Secretary of State for Defence and the urgency of the need to ensure that the contents of the Solicitor-General's letter should become known. But for all that, and in retrospect, I must make it clear to the House that I accept that the disclosure of that information—urgent and important as it was—should not have taken place in that way, and I profoundly regret that it happened.

I must also make it clear that at all times the Department of Trade and Industry officials acted in accordance with my wishes and instructions. What they did was with my full authority. They are not to be blamed. Indeed, they gave me good and loyal service throughout my time as Secretary of State for Trade and Industry.

There is one further point—and one further point only—that I would make. I remain firmly of the view that the Government's agreed policy of letting the board and shareholders of Westland make up their minds about the company's future without political pressure was and is right. Let us hope that now—

Mr. Alex Carlile (Montgomery): Will the right hon. and learned Gentleman give way?

Hon. Members: No.

Mr. Brittan: Let us hope that the future of the company can now be decided in that way.

5.29 pm

Mr. Merlyn Rees (Morley and Leeds, South): The right hon. and learned Member for Richmond, Yorks (Mr. Brittan), the former Secretary of State for Trade and Industry, resigned because of his responsibility for the

disclosure to the Press Association of legal advice in a letter supplied by the Solicitor-General. He was right to do so. His resignation is honourable, but he should have resigned earlier. However, it was not only the Secretary of State who was involved in that disclosure, which is the major reason for the anxiety about the happenings of the past four weeks. The Prime Minister was also involved.

For four weeks we have been trying to get information from the Government in a variety of ways, including today's Standing Order No. 10. We have received some information from the Government, but it has taken a long time. We have not yet got it all, and, unless we get more this evening, the matter will continue.

I wish to raise two issues. The first relates to the role of the Law Officers, and the second to the private office. I disagree with the right hon. Member for Plymouth, Devonport (Dr. Owen) that civil servants in the private office should resign, and I shall argue that case shortly.

I first realised the peculiar nature of Law Officers during the Franks inquiry of 1972, so by the time I became a Minister I was not surprised by the way that they operated. It should not have surprised the former Secretary of State for Trade and Industry, who has one great advantage over me—he is a lawyer. Indeed, it is said, properly, that he has aspirations in the political sphere, and so he should. It is an honourable task and peculiar to this country.

The Franks report states:

"The Attorney-General administers the criminal law in the interests of the community as a whole, and he must disregard the interests of his party, and those of the Government as such."
The Solicitor-General and Attorney-General have done that consistently throughout the Westland affair. I do not seek to get at them. I am mentioning their role for other purposes.

Not only is the role of Law Officers different from other Government activities. Last week, it was drawn to my notice that if the Government were to fall next week, all the information in the documents, papers and Cabinet sub-committees would not be made available to the succeeding Government, but the Law Officers' information would. It is unto itself, and above politics. I do not understand how the Prime Minister and the former Secretary of State for Trade and Industry, knowing that, could use the advice given by the Solicitor-General on that Saturday and then on Monday as they did. That is one of the most important issues to emerge during the past month.

Mr. William Cash (Stafford): Does the right hon. Gentleman agree that if there were material inaccuracies in correspondence, they should emerge?

Mr. Rees: Of course they should, but there should be a public statement. The inaccuracies should not have emerged in that way. That is the whole point of our argument.

I shall remind the House of what happened. The Government made a decision within one and a half hours. They moved more quickly than my right hon. Friend the Member for Blaenau Gwent (Mr. Foot) and his Cabinet did on such issues. The Government knew what to do within one and a half hours. I bet that the matter had been discussed before, and that the civil servants knew what was in the minds of their lords and masters; otherwise, they would not have acted as they did. One does not leak a little bit of a letter to an honourable member of the press. I am coming to the conclusion that the Government were

30 January 1986]

The Rt Hon LEON BRITTON, QC, MP

[Continued]

[Mr Douglas Cont.]

of mine and I am not aware of any in the Department between that time and the dispatch of the letter.

922. What is the significance in your mind of the press conference at four o'clock on the 6th?

(Mr Britton.) The significance of that was that it was at that stage that statements relating to, I think it was, the latest portion of the Sikorsky/Fiat proposal were being put forward and both what was said on that occasion and how it was received would be affected by the true facts of the decision of the Government in relation to these matters. If a statement had been written to Mr Horne it would, as it were, on the other side of that particular contest have contained inaccuracies in response to Mr Horne's invitation for this question to be answered. That would obviously be material to the press conference. What I do not know, and no doubt your inquiries will assist you to find out, is how Mr Horne came to write that particular letter at that particular time and why the reply came so very, very promptly.

923. It was of the utmost importance that any Government view that might affect the company's decision would be accurate and consistent and in no way misleading?

(Mr Britton.) Yes.

924. There was an urgency to get something in the public domain before 4 o'clock that corrected any misleading impression that might have been given by Mr Heseltine's letter of the 3rd?

(Mr Britton.) That is what the Prime Minister said.

925. What other steps, if any, did your Department take to get anything in the public domain other than the Solicitor General's letter that would correct this misleading impression?

(Mr Britton.) None.

926. The only thing you had in your possession—you collectively, the Government—to correct a misleading impression by 4 o'clock was the Solicitor General's letter?

(Mr Britton.) I knew the letter was—

927. That is all I am asking.

(Mr Britton.) You must allow me to answer the question my own way. I will answer it, and you may then ask a further

question if you are not satisfied. The fact of the matter is that we knew, certainly in our opinion, that the letter of 3 January—which had not been cleared by us or anyone else—contained, in our view, a misleading account of things; but we had no other document, if you like, in support from any other source other than, of course, the views expressed to us in the Solicitor General's letter.

928. This arrived in your office, as I understand it, at about 1.30 on the 6th?

(Mr Britton.) I was not there.

929. That is my understanding.

(Mr Britton.) So I understand.

930. You are armed, both you and No. 10, with the only advice, the only document that you have, that you could possibly put into the public domain to refute this misleading impression before the press conference at 4 o'clock?

(Mr Britton.) The only document of that kind, yes.

931. I think the conclusion would be for any reasonable person that you had no alternative but to leak it if you were going to correct the misleading impression?

(Mr Britton.) I am not going to add anything. I have no wish to add anything with regard to the circumstances of the disclosure of the document beyond what the Prime Minister and myself have said on the floor of the House.

932. If the refutation or the correction of a misleading impression was so important, do you not think that maybe with hindsight it would have been prudent if other means had been initiated between your Department and No. 10 to get this corrected by 4 o'clock on the Monday?

(Mr Britton.) I think both the Prime Minister and I have been candid and accepted as being candid on that very question in what was said to the House last Monday. No useful purpose is served in adding to it.

Chairman

933. I do want to ask you one question about the circumstances of the disclosure and I hope you will be able to help the Committee on that. In your speech to the House on 27 January, I will read out the two phrases that you used at column 671; you said, Mr Britton, "I made it clear to my officials at the Department of Trade and

30 January 1986]

The Rt Hon LEON BRITTON, QC, MP

[Continued]

[Chairman Cont.]

Industry that, subject to the agreement of No. 10, I was giving authority for the disclosure of the Solicitor General's letter to be made. I therefore accept full responsibility for the fact and the form of that disclosure." Then a little lower down, "I must also make it clear, at all times the Department of Trade and Industry officials acted in accordance with my wishes and instructions." Can we take it from that that the events, the action about the disclosure of the letter by your officials was done in accordance with your precise instructions?

(Mr Britton.) Not in accordance with my precise instructions. I did not go into details. I accept fully responsibility for what was done and would not suggest for a single moment that my instructions were anything other than followed. I would particularly stress that it all had to be subject to the agreement of No. 10.

Chairman: I read out that qualification from your speech.

Mr Churchill

934. What were those instructions to your officials?

(Mr Britton.) I have nothing to add in regard to what I said in the House.

935. Who selected the selective passages to be quoted?

(Mr Britton.) Again, I would repeat the answer I have just given. The circumstances of the disclosure were adequately and fully dealt with by the Prime Minister last Thursday and last Monday, by myself on Monday. I have no wish to add anything to that.

936. I am sorry to press you on this—can you say whether you instructed that the leak should be selective, or did you authorise that the whole document should be put out? Was that your decision?

(Mr Britton.) It follows from the answer I have given to your previous question that I am not in a position to answer your question.

937. You know the facts, but you do not wish to answer the question?

(Mr Britton.) That is not what I have said.

Dr Gilbert

938. Do you know the facts?

(Mr Britton.) It depends what you mean by "the facts".

939. To enable you to answer Mr Churchill's question?

(Mr Britton.) I have made the position quite clear. The Prime Minister in answer to Questions in the House on Tuesday was also invited to give further knowledge of these matters and declined to do so; I share her position.

940. It is possible, is it not, to take more than one view of the information so far in the public domain? Were it not possible to do so you would not be getting these questions from various members of the Committee.

(Mr Britton.) That is a comment that you make: I hear it with interest.

941. Could I repeat the question I put to you a moment ago: are you in a position, do you know the facts, are you in a position to answer Mr Churchill's question if you so wished?

(Mr Britton.) I repeat the answer I have given in relation to these matters.

942. So be it. I have other questions to put to you. If you wish to put the same answer that is your privilege.

(Mr Britton.) If the questions relate to the circumstances of the disclosure—the Prime Minister has given answers in the debate in the statement last Thursday; she has given a full account of the matter in her speech on Monday; I myself gave my view of these matters in that speech. The Prime Minister was questioned further last Tuesday and there is nothing I wish to add.

Mr Mates

943. Was part of your difficulty that you were not in the office that morning?

(Mr Britton.) I was not in the office that morning.

944. What you had to convey was done over the telephone?

(Mr Britton.) Correct.

945. Who was the recipient of the telephone call in the Department, who was talking to you about it?

(Mr Britton.) My Principal Private Secretary, Mr Mogg.

Dr Gilbert

946. I would like to get a list of questions you are not prepared to answer. Are you prepared to tell us the nature of the clearance you gave to your officials?

DRAFT LETTER FROM SIR LEON BRITTAN TO MR. MICHAEL MATES

Shortly before Channel 4's programme on the Prime Minister's ten years in office was screened, claims were made that remarks in the interview I gave for that programme provided new evidence on the Westland affair and were at variance with the accounts given at the time. I took steps to make it known that 'there was absolutely nothing new in anything I said in the interview'.

Notwithstanding this, you wrote to me to establish whether there is a basis for re-opening the Committee's inquiry. May I again make it clear that I stand by my speech in the Debate (27 January, Col. 671) and by the evidence I gave to the Committee, and in particular the answer to Q.933. I emphasise again that my remarks in the Channel 4 programme were not intended to add to or qualify in any way the account I gave in 1986.

In these circumstances, there is nothing further I could add to any inquiry.

Ref. A089/955

MR TURNBULL

Westland:Defence Committee

with AT

Many thanks for your minute of 12 April.

2. I reported to you that, by chance, I found myself sitting next to Mr Michael Mates at a dinner of the Defence Council on Wednesday evening before I saw your minute.

3. Mr Mates recounted to me the events outlined in your minute and its attachments, and said that he thought that Sir Barney Hayhoe's position would be difficult to shift. He said that if the Committee voted to reopen the Westland Enquiry, their first step would be to write to Sir Leon Brittan. Mr Mates thought that, if Sir Leon were to reply endorsing his statement to the House of 27 January 1986 and repeating his full acceptance of responsibility for his Department's actions, this would be the end of the matter. It was clear from what he said that the suggestions in the Clerk's note that Sir Leon Brittan's statement was inconsistent with Sir Robert Armstrong's evidence to the Defence Select Committee had weighed with the Committee a good deal.

4. Like you, I was indignant at Mr Winnick's remarks in the House on Tuesday. Again by chance, I had the opportunity of an informal word about them with the Speaker. But he confirmed that the combined effect of privilege and freedom to use unparliamentary words about non-members of the House is that there is no parliamentary way of preventing MPs from making this kind of remark about civil servants or other members of the public. The only redress is rebuttal, either inside or outside the House; and I am sure that you will agree that in these

circumstances it would be both pointless and counter-productive to respond to Mr Winnick. Our comfort must be both that his remarks seem to have cut no ice and this is no doubt a sign that the irresponsible use of such words simply debases their [REDACTED] credibility, however offensive the words may be in cold print.

H.R.B.

ROBIN BUTLER

14 April 1989

CONFIDENTIAL

From J P Spencer
Date 13 April 1989

Mr Turnbull

c.c. PS/Sir Robin Butler
Miss B Phillips

SELECT COMMITTEES: POWER TO SEND FOR PERSONS

You asked for advice on the powers (and sanctions) available to Select Committees to require the attendance of persons: and in particular Sir Leon Brittan as a European Commissioner, and Lord Armstrong.

2. The authorities here are Erskine May (esp. pp696-700, 739-40) and a memorandum by the Clerk of the House of Commons to the Select Committee on Procedure 1977-8 (16-21).

3. The general position is that the House of Commons may summon any UK citizen as a witness, and this power is passed on to Select Committees. In practice, committees virtually always operate by requesting the attendance of witnesses rather than via a formal summons; there are only a handful of cases of formal summons since 1945.

4. There are no sanctions available if a person declines a request from a Committee to appear. If a committee issues a summons, this is delivered to the individual by or on the authority of the Serjeant at Arms. If an individual were to fail to obey such a summons, he may be ordered to be sent for in custody of the Serjeant at Arms, or he may be declared guilty of a breach of privilege; in such cases the person is generally sent to prison, though the precedents cited by Erskine May are nineteenth century. Although Erskine May is not explicit, it appears that the authority of the House as a whole, not just the Committee, is required to apply these sanctions.

Overseas witnesses

5. Witnesses have never been summoned from overseas, though Erskine May is ambiguous on the position of UK citizens overseas (as Sir Leon would be). Foreign nationals (and all citizens overseas) are routinely invited to give evidence. If tested, the criterion for a summons is likely to be analagous to a court - is the individual within the jurisdiction of Parliament. (This was the Clerk's view in 1978, and has not been checked with lawyers here)

Members of the House of Lords

6. If a Commons committee wishes to question a member of the House of Lords, "a message must first be sent requesting their lordships to give leave to the witness concerned to attend." Under SO 22, the Lords have given a general leave to attend Commons select committees to any Member of their House requested

H/SC

to do so "if they think fit" - ie only if they wish to do so. May makes it clear that committees are advised to "give him private intimation, and to learn that he is willing to attend, before a message is sent to request his attendance".

Conclusions

7. It appears probable that Sir Leon Brittan and Lord Armstrong could avoid attendance before a Commons Select Committee on procedural grounds - Sir Leon because he is (usually) outside the jurisdiction, Lord Armstrong because the Commons have no power to compel the attendance of a member of the Lords. I would want legal confirmation before any weight were placed on these assessments.

8. That said, my clear judgment is that we should avoid relying on procedural arguments in dealing with pressure from select committees for further evidence from Sir Leon Brittan or Lord Armstrong. The full formal powers of Parliament to summon witnesses are exercised very rarely, and the sanctions to enforce a summons not this century. In consequence, reliance on procedural arguments would itself be unprecedented in recent times, and could therefore be expected to provoke a very public row about the rights of Parliament liberally laced with allegations that reliance on these arguments must mean that the individuals had something to hide.

9. The better course would surely be for Sir Leon and Lord Armstrong to respond to approaches from Select Committees (which are bound to be in the conventional form of requests) by reminding them that they had given extensive evidence in 1986 which they stand by, making very clear that they had nothing further to add, and declining the request. If it were not already crystal clear, the Government could make its view known to the chairman of the committee concerned (NB the chairmen of the Defence, Trade and Industry, and Treasury and Civil Service Committees are all on the government side); I find it hard to believe that the Government majorities on the committees will see any mileage in prolonging the revival of the issues in question.

10. I shall be out of the office this afternoon, and in my absence any enquiries should be directed to Barbara Phillips (270 6442).

B. Phillips

J P SPENCER
Machinery of Government Division

PP

MR. POWELL

MR. INGHAM

Mr. Turnbull

Thank you. Fine
with me.

CAF 14/4

DEFENCE COMMITTEE: WESTLAND

The Government members of the Committee opposing any re-opening felt in a difficult position because the briefing note provided by the Clerk was extremely tendentious. The Chief Whip has asked me to provide a note setting out the facts and the arguments to put the other side of the case. I would welcome comments on the attached.

AT

ANDREW TURNBULL

13 April 1989

SELECT COMMITTEE ON DEFENCE

Briefing note on Westland issue

It has been claimed that Sir Leon Brittan's remarks in his interview by Channel Four go further than the evidence of any witness in the 1986 Inquiry.

The first claim is a trivial one, that his remarks were the first time that anyone involved in the Westland affair had named the officials involved. It is true that neither the Prime Minister, Sir Leon Brittan nor Lord Armstrong had named any officials for reasons which the Government made clear at the end of its response to the Committee's report. But the role of officials in specific posts was set out and the identities of those involved was well understood. It is fanciful, therefore, to claim that Sir Leon Brittan's mention of names changes anything.

The second claim is that officials in No. 10 who, in the Prime Minister's speech in the Debate, were described as having accepted that the DTI should make the disclosure, had in fact approved the disclosure. And if they approved it, they either acted beyond their authority or ^ymost, contrary to the account given at the time, ^{have} they sought authority from the Prime Minister.

But Sir Leon Brittan's use of the word "approval" is nothing more or less than the original "difference of understanding between officials as to exactly what was being sought and what was being given" which Lord Armstrong identified in his inquiry. The position of No. 10 officials was that

"being told that the Secretary for Trade and Industry had authorised the disclosure, they accepted that the Department of Trade and Industry should make the disclosure"

But DTI officials

"believed they had the agreement of my office, and acted in good faith"

In his speech in the Debate (27 January, Col. 671) and in answer to Q.933 from the Committee, Sir Leon had made it clear that he had given his authority for disclosure "subject to the agreement of No. 10", and this was the agreement which his officials believed they had obtained. Even if the term "approval" were substituted for "agreement" it would not change in any way the account given at the time. It would still remain the case that DTI officials believed they had secured agreement/approval; and that No. 10 officials believed they were only accepting a proposal which the Secretary of State had already authorised.

In his speech and evidence the Secretary of State said that "I therefore accept the full responsibility for the fact and the form of that disclosure". He also said

"I can and do confirm that with regard to the facts within my knowledge, the account of my rt. hon. Friend the Prime Minister is correct".

This, taken with his subsequent statement that

"there is absolutely nothing new in anything I said in the interview"

means that it is wrong, as the Clerk has stated in his note for the Committee, to conclude that Sir Leon's words go further than the evidence of any witness before the Committee in the 1986 inquiry. In the light of this, I conclude that nothing material has changed, that none of the issues identified by the Clerk therefore arise, and that no re-opening of the inquiry is called for.

If the Committee look like taking further action

The only way to resolve the issue is to write to Sir Leon to seek his confirmation that he stands by his speech and his evidence, and that his remarks in the interview are not intended to add anything to them. (It is important to put this this way round and not to ask him if he stands by his remarks in the interview.)

It is essential to be clear about the basis on which the Committee is operating. We cannot conclude at this stage that the inquiry should be re-opened. What we are doing is writing to Sir Leon to establish whether there is a basis for re-opening the inquiry.

13 April 1989

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MR. POWELL

MR. INGHAM ✓

J. Turnbull
OK.
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13 April 1989

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10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBIN BUTLER

WESTLAND: DEFENCE COMMITTEE

Can I bring you up to date? The Labour members of the Committee, egged on by a provocative note from the Clerk - Flag A, raised Westland at today's meeting. My note - Flag B, describes the outcome. Before next week's meeting efforts will now be made to get Sir Barney Hayhoe and John Wilkinson to think again. The position is rather perilous. There are five Government members on the Committee, four Labour and one SDP. Even if only one of the rebels votes with the opposition the vote would be carried 6:4 and the Chairman's casting vote would not come into play.

Could I also draw your attention to the remarks by Mr. Winnick in the House yesterday - Flag C. If he had spoken about a fellow Member in these terms he would have been asked to withdraw. The position seems to be, however, that Members can say what they like about non-members, but also enjoy privilege while doing so. You may like to consider whether there is anything which can be done to protect civil servants from accusations of this kind; and what could be done to rebut such accusations once made.

ANDREW TURNBULL

12 April 1989

NOTE FOR THE RECORD

WESTLAND: DEFENCE SELECT COMMITTEE

Despite the Chief Whip's reassuring words of last night, Westland was, as might have been expected, discussed at today's meeting of the Committee. Sir Barney Hayhoe and John Wilkinson sided with Labour in saying that they wanted the enquiry reopened. They argued that Sir Leon's remarks potentially created a new situation. Sir Barney Hayhoe spoke pompously of a "matter of principle", "a matter which could not be ignored", and "important implications for Select Committees". Michael Mates said that the Committee could not make a snap decision and asked them to go away and think about it and to refresh their memories of the evidence given in 1986.

Michael Mates has talked to the other Government members who are solid. Mark Lennox-Boyd has spoken to John Wilkinson who is reflecting. The real difficulty is Barney Hayhoe. The Chief Whip is thinking about how best to approach him though he is minded not to do it himself. He is looking for someone who might have some influence e.g. Cranley Onslow, Lord Whitelaw, or Gerry Malone.

The Committee will meet again next Wednesday. They have agreed not to say anything to the press about this, though that is a worthless assurance. It seems that if they do decide to return to this subject the first step would be to write to Leon Brittan to see if he stood by his remarks in the C4 programme. If that happened we would need to make sure that his answer was that he stood by his remarks in 1986.

I am investigating whether select committees can summon EC Commissioners or peers. I suspect there is no formal bar to summoning EC Commissioners though they could only enforce this by a vote of the House as a whole. The position on peers is less clear.

(ANDREW TURNBULL)

12 April 1989

PERSONAL



cc M. H. C. O.
12 April 1989

THE CLERK OF THE HOUSE
HOUSE OF COMMONS
LONDON SW1A 0AA

01-219 3300

Dear Mr Waddington,

WITNESSES BEFORE THE DEFENCE COMMITTEE

You asked about the status of certain potential witnesses if they were asked to give evidence to the Defence Committee. (I gather that the present mood of the Committee is seven to two in favour of asking Sir Leon Brittan to confirm his televised remarks, with a view to re-opening with Lord Armstrong the adequacy of his account of events. The Chairman did not express a view.)

The Committee would proceed by way of inviting evidence. If Sir Leon declined, he could be summoned when in the UK. If he refused to answer questions, he could be reported to the House. It would be a matter for the House whether to take any further action, but refusing to give evidence when summoned is prima facie a contempt, so it would be difficult to avoid a debate. (I believe those Members who wish to pursue the matter simply want to ask him to confirm his TV Statement.)

If Lord Armstrong declined an invitation, he could not be summoned because of his status as a member of the House of Lords. The Lords normally give consent to peers to attend Commons Committees as a matter of course, but it is conditional on the willingness of the peer himself.

The position of serving Civil Servants is well established. Although they may be summoned to a Committee as individuals, if they inform the Committee that they are not authorised to reply to questions about their work, a relevant Minister will subsequently attend to take responsibility for this decision, if required. I attach a fuller note on this point.

Yours sincerely,

Clifford Boulton

C J BOULTON

The Rt. Hon. David Waddington QC MP
House of Commons

Evidence from civil servants

3.7 A memorandum exists within the Civil Service to give guidance to officials appearing as witnesses before select committees. This memorandum is an internal paper, and has never been accepted or approved by the House or its committees. It is published in the Procedure Committee's First Report of 1977-78, HC 588-1, at page 38.

3.8 In October 1986 the Government proposed to amend the memorandum in the light of its opinion that a select committee "was not a suitable instrument for inquiring into or passing judgement upon the actions or conduct of an individual civil servant". The point was explored in an interchange of reports and correspondence between Ministers and committees. The Government promised that if a civil servant was unable to answer a departmental committee's question because he was inhibited by his duty to or the instructions of Ministers, the relevant departmental Minister would himself be prepared to attend the Committee. Secondly, if the conduct of a civil servant was called in question, the Government argued that the committee should pursue the matter with the Minister concerned, who would look into the matter and inform the committee of the result.

3.9 The Government duly added material along these lines (see Cm. 78, pages 4-5) to the Memorandum of Guidance. The Liaison Committee made clear in a letter that committees were not a party to the memorandum which, so far as they were concerned, could not alter the traditional rights of select committees to send for persons. If disputes arose about a witness's refusal to answer questions properly put to him, the matter should be resolved on the floor of the House.

3.10 Both sides were agreed in thinking that it was not the function of a select committee to act as a disciplinary tribunal. But it was acknowledged by the Government that the Committee of Public Accounts and several other committees had special responsibilities with regard to civil servants, and that the new instructions would accordingly only be directed to witnesses before the departmental committees.

Points of Order

3.41 pm

Mr. Tom Dalyell (Linlithgow): On a point of order, Mr. Speaker. Arising out of the Prime Minister's answer to the Leader of the Opposition, can you give us guidance about ministerial responsibility? Of course, the Prime Minister is quite right in saying that she is not responsible for prosecutions. But is she not head of the Civil Service? Therefore, are not questions about the behaviour not only of the most senior civil servants but her own intimate personal civil servants, working for her, like Mr. Charles Powell, matters for the Prime Minister?

Mr. Speaker: It is certain that they are not matters for me.

Mr. Eric Martlew (Carlisle): On a point of order, Mr. Speaker. It is about the contempt in which the House is being held by the Secretary of State for Transport. I understand that at this very moment he is making an announcement at the Department of Transport about the Carlisle-Settle railway line. I welcome the decision to keep the line open, under the control of British Rail, which proves to be a defeat for British Rail who wanted to close the line, and a defeat for the Government, who wanted to privatise it. If we look at *Hansard*, we see that announcements about the Carlisle-Settle line have been made on the Floor of the House and hon. Members could question the Minister on them. Will you, Mr. Speaker, adjourn the House and bring the Minister from his press conference to the Despatch Box to answer the questions that many of us would like to put to him.

Mr. Bob Cryer (Bradford, South): Further to that point of order, Mr. Speaker. The matter is worse than has been outlined by my hon. Friend the Member for Carlisle (Mr. Martlew) because there appears to have been a deliberate conspiracy to avoid accountability to the House.

The question on page 3084 of today's Order Paper for written answer was handed in only yesterday. I understand that the hon. Member for Christchurch (Mr. Adley) issued a statement this morning commenting on the reply to that question. That suggests that some information has been circulated exclusively among Conservative Members about a matter which has been the subject of several debates and more than 30 petitions from all parts of the United Kingdom and from hon. Members on both sides of the House.

When the Secretary of State for Transport said last year that he was minded to close the line, he made a statement to the House following Transport questions. He deliberately picked out two questions which he could refer to at the end of Question Time through the usual arrangement. This railway is of great interest to many people and many hon. Members have referred to it in oral and written questions. It is monstrously outrageous that we should be denied the right to question the arrangements which the Secretary of State has entered into. I hope that you, Mr. Speaker, deprecate such a shoddy conspiracy by the Government.

Mr. Speaker: I was unaware that any statement was being made outside the House. The House well knows that I feel very strongly that statements should first be made in the House.

Mr. Peter Snape (West Bromwich, East): Further to that point of order, Mr. Speaker.

Mr. Speaker: No. I am still speaking.

Today is an Opposition day and it could well be—although I have no knowledge of this—that arrangements have been discussed through the usual channels about this matter to protect the day's business.

Mr. Snape: Further to that point of order, Mr. Speaker. Having listened to the exchanges, and bearing in mind your ruling, it seems that two points arise directly. First, the Secretary of State for Transport held a press conference that was scheduled to start at 3.30 pm. Perhaps you can look into this, Mr. Speaker. Is it not unprecedented, that the Secretary of State is so punch-drunk that he is too terrified to come to the House to announce good news, let alone bad news?

Mr. Speaker: I have never travelled on the line, but I hope that it is good news. I have heard a lot about it.

Mr. D. N. Campbell-Savours (Workington): Further to the point of order, Mr. Speaker. This morning the Select Committee on Procedure held a press conference at 11 o'clock and precisely this abuse of the House was raised in justification of those who seek to frustrate our procedures. If you were to rule that this practice was improper, Ministers would act accordingly and change their practices. When we were asked at the press conference to justify what has been happening, this type of example was raised. The matter is in your hands, Mr. Speaker, and you can resolve it.

Mr. Speaker: It is not in my hands. The House is aware that I am not responsible for organising the business. However, it may well be that an Opposition day is not considered to be an appropriate day to make a statement. I frequently receive representations from hon. Members who complain about not being called because a statement was made on a day when the Opposition had chosen the subject for debate. It is a question of balance. I do not organise the business.

Mr. David Winnick (Walsall, North): Further to that point of order, Mr. Speaker. I think that you would agree that one of the roles of the House of Commons, certainly a role of the Opposition, is to identify where abuse and misconduct have occurred and to raise such matters on the Floor of the House. Yesterday I raised a question with the Attorney-General. I do not question your decision, Mr. Speaker, because you must decide these matters. However, yesterday, with regard to his role in the Westland affair, you said that the Attorney-General should not reply because it was not relevant to the question on the Order Paper. As you know, Mr. Speaker, the Prime Minister gave a very evasive reply.

If we know that there was deception, lying and dishonesty over the Westland affair, certainly by Mr. Ingham and Mr. Powell, how can we raise the issue on the Floor of the House? When such deception, dishonesty and outright lies occurred in January 1986 over the Westland affair, why are we silenced and not allowed to raise the matter?

Mr. Speaker: The hon. Gentleman will be the first to appreciate, because he has been a Member for a long time



For A. Turnbull

COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA
01-219 Direct Line
01-219 3000 Switchboard

DEFENCE COMMITTEE

ORDER OF BUSINESS FOR THE MEETING OF THE COMMITTEE
ON WEDNESDAY 12 APRIL 1989 AT 1030 IN COMMITTEE ROOM 16

1. WESTLAND

Mr Douglas and Mr McFall have given notice of their wish to raise this matter. Mr McFall has given notice of his wish to move for a further meeting of the Committee if the time on Wednesday morning is insufficient for a full discussion.

I attach the appropriate part of the transcript of the Channel 4 programme concerned, together with part of the transcript of the uncut interview from which Sir Leon's remarks were taken, and the note on the 1986 evidence which was circulated last week.

2. POSSIBLE VISIT TO HUNGARY

Mr George wishes to raise the possibility of a Committee visit to Hungary.

4. ANY OTHER BUSINESS

3. EVIDENCE ON DECOMMISSIONING OF NUCLEAR SUBMARINES

The Brief for this hearing is attached.

I attach a copy of the latest version of the Committee's programme.

ROBERT ROGERS
Clerk of the Committee

10th April 1989

EXTRACTS FROM

Fourth Report from the
DEFENCE COMMITTEE

Session 1985-86

WESTLAND plc:
THE GOVERNMENT'S
DECISION-MAKING

Report and Proceedings of the Committee

Ordered by The House of Commons to be printed
23 July 1986

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HER MAJESTY'S STATIONERY OFFICE
£1.60 net

consider is whether the fact that the Solicitor-General has written and the opinion he has expressed should come into the public domain and if so whether that should be in general or specific terms.¹

"My inquiry suggests that there was no advice, he [the Secretary of State] was presented with the issue and asked for a decision . . . Those who heard this call and who took part in it have said it was put to him—and I think the phrase was 'deadpan'.²

"The Secretary of State responded that he thought it should go into the public domain and that it should be done in specific terms but that No.10, the Prime Minister's office, should be consulted".³

The Prime Minister has told the House that this conversation took place at about 1.30 p.m.⁴ Sir Robert Armstrong told us that the conversation took place at "quarter past, twenty past one, something around about that time; it is impossible to say exact times but near enough".⁵

147. The Prime Minister told the House that Mr Brittan

"asked his officials to discuss with my office whether the disclosure should be made, and, if so, whether it should be made from No.10 Downing Street, as he said he would prefer. He made it clear that, subject to the agreement of my office, he was giving authority for the disclosure to be made from the Department of Trade and Industry, if it was not made from 10 Downing Street".⁶

Mr Brittan told us "I would particularly stress, it all had to be subject to the agreement of No.10."⁷ Although Sir Robert Armstrong's inquiry found that Mr Brittan probably did not use the words "subject to the agreement of" he nevertheless used words which were taken to mean that.⁸

148. Although Mr Brittan took the view that the fact that the Solicitor-General had written as well as the opinion he expressed should be brought into the public domain⁹, he did not express a view about the method of disclosure. Sir Robert Armstrong doubted whether he was consulted about the precise method.¹⁰

149. Mr Brittan has made clear his view that the officials in the DTI acted with his full authority. "They are not to be blamed", he told the House.¹¹ He said in evidence to us:

"I accept fully responsibility for what was done and would not suggest for a single moment that my instructions were anything other than followed".¹² ". . . I accept full responsibility for what my officials did, not just in some formal constitutional sense but

¹Q.1190.

²Q.1222.

³Q.1190.

⁴Official Report, 23 January 1986, col. 450.

⁵Q.1190.

⁶Official Report, 23 January 1986, col. 450.

⁷Q.933.

⁸Q.1196.

⁹Q.868; see also Qs 1191, 1236, 1239, 1259.

¹⁰Qs 1195, 1237, 1260, 1261.

¹¹Official Report, 27 January 1986, col. 671.

¹²Q.933.

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also in the sense that I am not suggesting that they went in any way beyond what I authorised them to do."¹

Nothing could be clearer. From the point of view of his inquiry, Sir Robert Armstrong considered that authority for the disclosure was given by the Secretary of State for Trade and Industry.²

150. Mr Brittan then went back to his luncheon and Mr Mogg telephoned Mr Powell at Downing Street. This conversation was shortly followed by a conversation between Mr Bernard Ingham, Chief Press Secretary at No.10 Downing Street, and Miss Bowe at the DTI.³ Mr Mogg's first concern, as it had been Mr Brittan's, must have been to convey to the Prime Minister's office Mr Brittan's view that he would prefer the disclosure of the letter to come from No.10.⁴ This was understandable, given that what was proposed was to publish a classified document originated by another Minister. It should be noted that if Mr Brittan's preference had been observed by the officials at No.10, Mr Brittan's authority would not have been needed. It would have been a matter entirely for the Prime Minister's office. If they had had to make the disclosure, they might have consulted the Prime Minister, who was in No.10 at the time.⁵

151. The officials at No. 10 refused to make the disclosure.⁶ Sir Robert Armstrong told us, a trifle euphemistically, that Mr Ingham and Mr Powell "accepted" that the DTI should make the disclosure.⁷ It is evident to us that the DTI officials were told that a disclosure from Downing Street was out of the question. They knew that the letter contained advice from a Law Officer; they knew that it was classified. Its disclosure without the knowledge of the Minister concerned—particularly by the means that were then agreed between the two offices—would be a wholly improper course of action: indeed, an action of which Mr Brittan said to the House:

"I accept that the disclosure of that information—urgent and important as it was—should not have taken place in that way, and I profoundly regret that it happened"⁸.

152. Mr Brittan was emphatic about the need for the Prime Minister's office to approve the disclosure: "I would particularly stress, it all had to be subject to the agreement of No. 10"⁹. When it is the agreement of the Prime Minister that is required in this unequivocal way—whether directly or through officials who Mr Brittan might reasonably have expected to have acted only with her explicit or implied authority—the authority of a Secretary of State is subordinate. The fact is that Mr Brittan could not actually give authority "subject to the agreement of No. 10", but he could make a recommendation that the information should be disclosed subject to the approval of No. 10. If that approval were to be forthcoming, his direct authority would be required for the disclosure to be handled by his Department if that was what the Prime Minister wanted. This direct authority his officials had already received. They also believed that they had received from No. 10 approval for the disclosure.

¹Q.976.

²Qs. 1191, 1226, 1239, 1259.

³Qs. 1284-1287.

⁴See the Prime Minister's Statement, *Official Report*, 23 January 1986, col. 450.

⁵Q.1273.

⁶Qs. 1199 and 1298.

⁷Q1190; see also Q1297.

⁸*Official Report*, 27 January 1986, col.671.

⁹Q933.

153. The disclosure of the information now became the particular concern of Mr Ingham as the principal information officer of the Government. He spoke on the telephone to Miss Bowe, shortly after Mr Mogg had talked to Mr Powell.¹

154. The Cabinet Secretary told us that what took place in the telephone calls between the DTI and No. 10 Downing Street was, in Sir Robert's elegant phrase, "a difference of understanding" about exactly what was being sought and what was being given². He told us that he was

"absolutely clear that officials in No. 10 did not believe, from the conversations, that they were being asked to convey an agreement on which the Secretary of State's authority was conditional"³.

Yet Mr Brittan had particularly stressed to Mr Mogg that his authority was indeed given on condition that No. 10 agreed. It is not impossible that four extremely able officials in key positions would have been capable of identical misunderstandings of this sort in two separate telephone conversations. But it is far more likely that Mr Ingham realised very well that what was being sought was not agreement but authority for the disclosure, the authority of No. 10 and so of the Prime Minister, and this he refused to countenance. It seems likely that he thought that if the Secretary of State for Trade and Industry wished to see the Solicitor-General's letter in the public domain, and had said that if it was not released from No. 10 it might be released from the DTI, then it was up to the DTI to get on with it. Since the "agreement" of No. 10 was, in the very strictest sense, meaningless, Mr Brittan's condition could be ignored.

155. Sir Robert Armstrong said charitably that it was the fact that the DTI was the sponsoring Department for Westland "that led to No. 10 saying that the disclosure should be made by the DTI"⁴. It will be recalled that this was the reason given as to why the Prime Minister asked Mr Brittan to consult the Solicitor-General about Mr Heseltine's letter of 3 January⁵. As far as the disclosure of the Solicitor-General's letter was concerned, however, Mr Ingham undoubtedly realised the implication of what was about to take place and wished to distance No. 10 and the Prime Minister from the consequences.

The method of disclosure

156. The method of disclosure that was adopted, the unattributable communication of tendentious extracts from the letter, was disreputable. Both the Prime Minister⁶ and Mr Brittan⁷ agreed that the method of disclosure was wrong and regretted that it had been done in that way. We have noted that Mr Brittan did not express a view about the method of disclosure that was to be adopted⁸.

157. Sir Robert Armstrong's evidence indicated that the method of disclosure was agreed in the telephone call between Mr Ingham and Miss Bowe⁹. Sir Robert also told us:

¹Q.1299.

²Q.1288.

³Q.1318.

⁴Q.1228.

⁵See paragraph 134.

⁶*Official Report*, 23 January 1986, col. 450 and 27 January 1986, col. 656.

⁷*Official Report*, 27 January 1986, col. 671.

⁸See paragraph 148 and *Official Report*, 23 January 1986, col. 450.

⁹Q.1299.

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Nothing could be clearer. From the point of view of his inquiry, Sir Robert Armstrong considered that authority for the disclosure was given by the Secretary of State for Trade and Industry.²

150. Mr Brittan then went back to his luncheon and Mr Mogg telephoned Mr Powell at Downing Street. This conversation was shortly followed by a conversation between Mr Bernard Ingham, Chief Press Secretary at No.10 Downing Street, and Miss Bowe at the DTI.³ Mr Mogg's first concern, as it had been Mr Brittan's, must have been to convey to the Prime Minister's office Mr Brittan's view that he would prefer the disclosure of the letter to come from No.10.⁴ This was understandable, given that what was proposed was to publish a classified document originated by another Minister. It should be noted that if Mr Brittan's preference had been observed by the officials at No.10, Mr Brittan's authority would not have been needed. It would have been a matter entirely for the Prime Minister's office. If they had had to make the disclosure, they might have consulted the Prime Minister, who was in No.10 at the time.⁵

151. The officials at No. 10 refused to make the disclosure.⁶ Sir Robert Armstrong told us, a trifle euphemistically, that Mr Ingham and Mr Powell "accepted" that the DTI should make the disclosure.⁷ It is evident to us that the DTI officials were told that a disclosure from Downing Street was out of the question. They knew that the letter contained advice from a Law Officer; they knew that it was classified. Its disclosure without the knowledge of the Minister concerned—particularly by the means that were then agreed between the two offices—would be a wholly improper course of action: indeed, an action of which Mr Brittan said to the House:

"I accept that the disclosure of that information—urgent and important as it was—should not have taken place in that way, and I profoundly regret that it happened"⁸

152. Mr Brittan was emphatic about the need for the Prime Minister's office to approve the disclosure: "I would particularly stress, it all had to be subject to the agreement of No. 10"⁹. When it is the agreement of the Prime Minister that is required in this unequivocal way—whether directly or through officials who Mr Brittan might reasonably have expected to have acted only with her explicit or implied authority—the authority of a Secretary of State is subordinate. The fact is that Mr Brittan could not actually give authority "subject to the agreement of No. 10", but he could make a recommendation that the information should be disclosed subject to the approval of No. 10. If that approval were to be forthcoming, his direct authority would be required for the disclosure to be handled by his Department if that was what the Prime Minister wanted. This direct authority his officials had already received. They also believed that they had received from No. 10 approval for the disclosure.

¹Q 976.

²Qs 1191, 1236, 1239, 1259.

³Qs 1284-1287.

⁴See the Prime Minister's Statement, *Official Report*, 23 January 1986, col. 450.

⁵Q 1275.

⁶Qs 1199 and 1298.

⁷Q1190; see also Q1297.

⁸*Official Report*, 27 January 1986, col.671.

⁹Q933.

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given but only in very exceptional circumstances. The rule applies to advice given by one of the Law Officers individually as well as to advice given by the Law Officers collectively and it is equally applicable to advice given by the Scottish Law Officers or one of them. The rule prohibits not only express reference to advice given by the Law Officers but also indirect reference, e.g. by such phrases as 'the advice that has been given at the very highest level' or 'the Government have been advised'. The rule applies to all situations and is therefore the basis of the instructions given to Ministers and officials appearing before Committees of either House of Parliament that they should decline to answer questions about advice given by the Law Officers: see, for example, what is said in paragraph 31 of the Memorandum of Guidance for Officials appearing before Select Committees."

That Memorandum of Guidance says

"There should not be disclosed to a Committee any advice that may have been given by the Law Officers. There is a well established convention that the advice which Law Officers give to Ministers is confidential. It is only when Law Officers expressly authorise the disclosure of that advice, or themselves report to or advise Parliament or a Committee, that such advice is revealed"

172. Mr Brittan, a Queen's Counsel, would have been aware of the special confidentiality of Law Officers' advice. The Secretary of the Cabinet said of Mr Brittan:

"How far he addressed his mind to the fact that this was the Solicitor-General's letter and to the discourtesy or impropriety or un wisdom of it being disclosed from his Department I do not know"

The five officials could be expected to know that the advice of a Law Officer should in no circumstances have been disclosed without his consent. Some of the officials concerned told Sir Robert Armstrong that they had had reservations about disclosing a letter from the Solicitor-General, though the evidence to his inquiry did not suggest that any voiced these reservations at the time.⁶ Asked whether he would have expected the people he interviewed to regard the leaking of the letter as an improper act, Sir Robert said:

"I wish that they had had that consideration in their minds. Some of them, I think, did; some of them, I think, did not"

Was the propriety of the action questioned?

173. The Prime Minister told the House,⁷ and the Secretary of the Cabinet told us, that the officials in the DTI were confident that they had the authority of their Secretary of State and 'cover'—whatever that may mean—from No.10.⁸ 'Cover' is used in distinction to 'authority'. The only authority given was that of

¹Memorandum of Guidance for Officials giving evidence before Select Committees (GEN 80/38), Civil Service Department, 16 May 1980, paragraph 31.

²Q.1191.

³Evidence, page 252.

⁴Q.1175.

⁵Official Report, 23 January 1986, col 450.

⁶Qs.1966 and 1967.

the Secretary of State for Trade and Industry. We do not believe that such authority is sufficient, or would be regarded by senior officials in key positions as sufficient, to make public parts of a document

- which was classified;
- which did not originate in the Secretary of State's own department;
- which contained the advice of a Law Officer;
- which was to be disclosed without the knowledge or permission of the Law Officer.

174. It appears that one of the officials concerned, Miss Bowe, did have doubts about the propriety of what was to be done. The Secretary of the Cabinet told us that Miss Bowe considered three individuals whom she could consult.¹ She

"would have liked to talk to the Permanent Head of the Department [of Trade and Industry, Sir Brian Hayes], but she knew he was not in the Department; he was out of London and she could not, therefore, do so, so she shared her burden with the other officials directly associated with the matter and they made up their minds to proceed".²

The Principal Establishment Officer of the Department was not available to consult; and the third of the officials mentioned above we take to be Mr Michell, who was the most senior official involved in the disclosure of the letter and who was present at the time.³ Sir Robert Armstrong suggested that if the officials concerned had had the opportunity to consult Sir Brian Hayes matters might have been different.⁴

175. The effect of selectively releasing the Solicitor-General's letter was to undermine the credibility of the advice which Mr Heseltine had given to Lloyds Merchant Bank and of Mr Heseltine himself. On the evidence before us, Mr Heseltine's advice was correct, although in terms of the conventions of Government it was improperly offered. Only by releasing the information unattributably could the disclosure be limited to those parts of the letter that damaged Mr Heseltine. Any formal statement by the Government or by the DTI alone would have had to have been cleared with the Solicitor-General. Even if he had agreed to the publication of his advice there is no doubt whatever that he would have required that any statement made clear the basis on which he reached his decisions, and the reservations on his advice. He knew when he wrote that Mr Heseltine was confident that the MoD possessed information which would demonstrate that the letter of 3 January was justified.

176. We have heard a great deal about the alleged importance and urgency of getting the Solicitor-General's view, expressed in his letter of 6 January, into the public domain. However, as Mr Heseltine pointed out to us,⁵ neither on Saturday 4 January, nor on Sunday 5 January, nor at any time thereafter was he asked to correct what he said in his letter to Mr Horne on 3 January. "The Solicitor-General knew from the moment he spoke to me at 10.30 on the Saturday night that I believed I had further evidence to satisfy him. He stressed

¹Q.1326.

²Q.1324. See also Q.2000.

³Evidence, page 252, paragraph 10; Q.1326; Q.1994.

⁴Q.1324.

⁵Evidence, page 359.

WESTLAND AFFAIR

Brittan points finger at top aides

By Phillip Stephens, Political Editor

THE SPECTRE of the political row in 1986 over the future of the Westland helicopter company was reawakened yesterday following a television interview given by Sir Leon Brittan, one of two Cabinet ministers forced to resign over the affair.

Sir Leon says in a Channel 4 television documentary on Mrs Margaret Thatcher, the Prime Minister, that two of her key officials had specifically authorised his leak of extracts from a confidential letter sent by Sir Patrick Mayhew, then Solicitor-General, to Mr Michael Heseltine, who at the time was Defence Secretary.

Mr Bernard Ingham, the Prime Minister's press secretary and Mr Charles Powell, her private secretary, had approved the document's release to the Press Association, Sir Leon says in the interview which will be screened tomorrow evening.

After a flurry of contacts with government ministers last night, Sir Leon, who is now Britain's senior Commissioner at the European Community's Brussels headquarters, said that the comments had added nothing to his previous statements on the affair.

It was also being pointed out by Conservatives at Westminster that the television interview had been recorded before the start of the year. There was clear concern among senior ministers, however, that the timing of the interview could overshadow this week's visit to



Leon Brittan: officials authorised leaking of confidential letter sent to Defence Secretary

London by Mr Mikhail Gorbachev, the Soviet leader.

The naming of the two officials - government statements in the past have implied, rather than explicitly referred to, their involvement - brought immediate calls from opposition parties for a fresh inquiry into the affair and for a statement from Mrs Thatcher on the two officials' conduct.

Mr Heseltine, who fought - and eventually lost - a major battle with Sir Leon over whether the ailing company should find a European or an American partner, was also forced to resign during the row.

The two resignations and the admission that the Prime Minister's office had approved the leak of the letter sent to Mr Heseltine turned what started as a minor internal dispute into a front-ranking political crisis.

Mrs Thatcher insisted throughout, however, that she had not been involved. A committee of MPs investigating the affair concluded that the leak had been authorised by Downing Street but did not name the officials involved.

Yesterday the Prime Minister's office said it would not comment on the latest interview but Mr John Smith, Labour's shadow Chancellor,

said that Mrs Thatcher should now tell parliament if what Sir Leon had said was correct.

If it was true, the Prime Minister should explain when she first learned of the officials' involvement.

Mr Paddy Ashdown, the leader of the Social and Liberal Democrats, said that the "dark secrets" of Westland were now being unravelled and it was vital that important constitutional issues were openly resolved.

In the programme, The Thatcher Factor, Lord Havers, the then Attorney General, says of Sir Leon: "I could not believe that a QC who was a Cabinet minister would in fact authorise a leak of that sort when the whole of the rules forbade it."

He adds that he was present when Mrs Thatcher was given the details of an investigation by the Cabinet Secretary and she had been visibly surprised by circumstances of the leak.

Mr Tam Dalyell, the Labour MP for Linlithgow, who has waged a long campaign for a further inquiry into the Westland row, said that Sir Leon's comments had transformed the situation.

He had said something never said before by a major insider in the affair and if the allegations were correct the two officials should be sacked.

Mr Heseltine said yesterday that he had made a full statement at the time on his rôle in the affair and he did not propose to add to it now.

Brittan revives Westland affair

By David Millward
Political Staff

THE WESTLAND affair was back on the political agenda last night with members of the Commons Defence Select Committee seeking to reopen their inquiry into the events which led to the resignation of two Cabinet Ministers.

Sir Leon Brittan broke his three-year silence on the Cabinet battle over the future of Westland helicopters — which led to his resignation as a Minister — accusing two senior Downing Street officials of playing a vital role in the leak of a confidential letter from the then Solicitor General, Sir Patrick Mayhew, to Mr Heseltine, then Defence Secretary.

In the letter, Sir Patrick accused Mr Heseltine of putting forward "material inaccuracies" about the implications of the Westland takeover.

Passages from the letter were leaked to the Press Association's chief political correspondent, Chris Moncrieff.

Sir Leon, now an EEC Commissioner, said that the leak was made with the "express approval" of two of Mrs

Downing St double — P19

Thatcher's closest aides, Mr Bernard Ingham, her press secretary, and Mr Charles Powell, one of her private secretaries.

Last night there were indications that both men, and the former Cabinet Secretary, Lord Armstrong — who carried out Downing Street's inquiry into the leak — would be called by the all-party Commons Defence Select Committee, which conducted the original inquiry into the crisis.

Sir Leon's comments, in a Channel 4 documentary, *The Thatcher Factor*, to be broadcast tomorrow night, go considerably further than Mrs Thatcher's own version of

events in a Commons debate in January, 1986, when she said that the leak followed a "genuine misunderstanding" between officials at Downing Street and the Department of Trade.

In the Channel 4 interview Sir Leon says: "The release of the Solicitor General's letter was something that was approved by Charles Powell, the relevant private secretary at No 10, and it was approved by Mr Bernard Ingham, the Prime Minister's press secretary."

"As I made clear at the time, there would have been no question of the release of that document without that express approval from No 10."

But as MPs' interest in the 1986 drama was re-ignited, neither Downing Street nor Mr

Continued on Back Page

Heseltine would be drawn into commenting.

Sir Leon's decision to answer the questions about the Westland affair on television, which he had ducked during the Defence Committee hearings in January, 1986, astonished MPs.

Last night Mr John Smith, the Shadow Chancellor, called for a full statement on the affair from Mrs Thatcher.

Mr Heseltine, as Defence Secretary, had vigorously opposed a bid by the American-led Sikorsky-Flat interests for Westland. That bid was backed by Sir Leon and Mrs Thatcher, while Mr Heseltine favoured a bid by a European consortium.

It was the controversy surrounding the leak of Sir Patrick Mayhew's letter, and the role of Downing Street, which posed the greatest threat to Mrs Thatcher, rather than the resignations of two members of her Cabinet.

In the highly-charged debate, in which some MPs believed Mrs Thatcher's own political future hung in the balance, the Prime Minister admitted that Mr Powell and Mr Ingham had agreed to the leak.

She also expressed regret at the manner in which it was carried out. But neither man was allowed to give evidence to the Defence Committee.

By insisting that the leak was carried out with the express approval of Downing Street, Sir Leon has gone further than Mrs Thatcher in her statement to MPs, and Lord Armstrong in his evidence to the committee.

Last night Dr John Gilbert, Labour MP for Dudley East, and Lord Armstrong's fiercest inquisitor at the original Defence Committee hearings, said: "I am sure that Mr Powell and Mr Ingham would not have done anything unless they were sure they had the Prime Minister's backing for it."

Mr Paddy Ashdown, leader of the Democrats, said that Sir Leon's intervention had led to the unravelling of the whole affair.

Yesterday, as Westminster digested the implications of Sir Leon's comments, Mr Tam Dalyell, who has fought a lone crusade on the affair, claimed that Sir Leon's intervention showed that Mrs Thatcher had lied to the Commons.

He also called for Mr Ingham and Mr Powell to be sacked.

He asked: "Is it right that civil servants paid by the taxpayer who have done anything so improper as to abuse a law officer's letter should remain in such powerful posts?"

Brittan accuses No 10 of approving Westland leak

SIR LEON BRITTAN, the former Secretary of State for Trade and Industry, has directly blamed Downing Street for giving its "express approval" for a leak, which Margaret Thatcher privately feared could bring her down at the height of the Westland affair.

The leak was designed to damage Michael Heseltine, the then Secretary of State for Defence, when he was in conflict with the Prime Minister and Sir Leon.

Mrs Thatcher has escaped direct responsibility for the leaking of a confidential letter by the Solicitor General in January, 1986.

In a Channel 4 programme on her 10 years in power, Sir Leon makes it clear for the first time that he was acting on the approval given from Number 10 by Bernard Ingham, the Prime Minister's press secretary, and Charles Powell, her private secretary.

The disclosure led to immediate calls by John Smith, the Labour spokesman on the Treasury, and Paddy Ashdown, the leader of the Social and Liberal Democrats, for a statement to Parliament by the Prime Minister.

They challenged Mrs Thatcher to say whether she knew who was

By Colin Brown
Political Correspondent

responsible for the leak before she was forced by the Law Officers to order a leak inquiry.

Sir Leon resigned after the leak, but opposition leaders and some senior Tory MPs regarded his departure as a sacrifice to protect the Prime Minister. His disclosure in the programme to be screened tomorrow is likely to rekindle the controversy, which, she confided to close friends, forced her to contemplate resignation.

Sir Leon says: "The release of the Solicitor General's letter was something which was approved by Charles Powell, the private secretary at Number 10, and it was approved by Bernard Ingham, the Prime Minister's press secretary. As I made clear at the time, there was no question of the release of that document without that expressed approval from Number 10."

Tory MPs were surprised last night by Mr Brittan's disclosure. One former colleague of Mr Heseltine, whose resignation heightened the Westland crisis,

said: "It's further than he has gone before."

One Cabinet minister said: "It has never been a real issue with the voters and it is bound to get subsumed in the coverage surrounding the Gorbachev visit."

Mrs Thatcher will avoid being put on the spot today. Because of the visit by the Soviet leader, she will not be taking Prime Minister's Questions in the Commons.

However, opposition party leaders will use the disclosure to intensify their attacks on Mrs Thatcher's alleged abuse of power in the run-up to the tenth anniversary of her taking office in May.

Mr Ashdown said: "That was the dark secret behind the Westland affair. The thread has now run back to Downing Street."

Lord Havers, the former Attorney General, speaking on the same programme, makes it clear he does not believe Mrs Thatcher knew Sir Leon was responsible for the leak.

He says: "Unless she is the most marvellous actress I have ever seen, she was as shocked as anybody..."

Havers' anger, page 2

Leak by Brittan made Havers 'very cross'

LORD HAVERS, the former Attorney General, has spoken for the first time about being "very cross" at the leaking of the Solicitor General's letter, which caused a crisis in the Thatcher Government in 1986 and led to the resignation of Leon Brittan.

Interviewed for the Channel 4 programme, *The Thatcher Factor*, Lord Havers says: "I heard about this on the five o'clock news and was very cross because there was a strong convention that law officers' letters or communications are never leaked without their permission. I could not bring myself to believe that a QC and a Cabinet minister would, in fact, authorise a leak of that sort — the whole of the rules forbade it."

Sir Leon, a QC, had authorised the leak to be made by Colette Bowe, press secretary at the Department of Trade and Industry where he was Secretary of State.

By Colin Brown
Political Correspondent

Selected extracts were given to the Press Association, which led to reports that Sir Patrick Mayhew, then Solicitor General, had accused Michael Heseltine, then Secretary of State for Defence, of "a material inaccuracy" in his presentation of his case on the Westland affair.

Closer scrutiny of the whole text of the letter, later released, showed that the Solicitor General admitted he had not seen all the evidence. The leak took place at

the most damaging time for Mr Heseltine, who was involved in a bitter struggle with the Prime Minister and Sir Leon over the future of the Westland helicopter company, preferring a European-based helicopter industry than one controlled by the American-led Sikorski-Fiat rivals.

Sir Leon said yesterday that he had not gone further than his earlier statements on the issue.

But there was a marked difference of emphasis in his evidence to the Commons Select Committee on Defence on 30 January, 1986. He said: "I accept, fully, responsibility for what was done and would not suggest for a single moment that my instructions were anything other than followed. I would particularly stress that it all had to be subject to the agreement of No 10."

The disclosure by Sir Leon yesterday that "express approval" for the leaking of the letter was given by Bernard Ingham, her press secretary, or Charles Powell, her private secretary, pointed the finger at Mrs Thatcher.

But no firm evidence has yet emerged to implicate her. She refused to allow Mr Ingham and Mr Powell to give evidence to the Commons select committee.

Westland leak approved by Downing St, says Brittan

By Martin Fletcher and Michael Evans

The Westland affair returned to haunt the Government last night after Sir Leon Brittan declared he had "express approval" from Downing Street for the leak of the Solicitor General's confidential letter to Mr Michael Heseltine.

Sir Leon says in a television interview to be broadcast tomorrow that the leak, which led to his resignation as Secretary of State for Trade and Industry three years ago, was approved by Mr Bernard Ingham, the Prime Minister's press secretary, and Mr Charles Powell, her private secretary.

Sir Leon's assertion was spread on by senior Opposition MPs last night who saw it as a dramatic development in the long-running Westland saga. They came close to accusing Mrs Thatcher of personal involvement in the leak and demanded a full Commons statement from her.

The official version of events surrounding the leak, as given to the Commons by Mrs Thatcher and repeated later to the defence select committee by Lord Armstrong, then Cabinet Secretary, has been that there was a misunderstanding between her officials and the Department of Trade and Industry.

Sir Leon had insisted Downing Street's agreement be obtained before the letter was leaked. Mr John Mogg, his private secretary, and Miss Colette Bowe, the department's head of information, contacted Mr Powell and Mr Ingham on January 6, 1986, to obtain that agreement.

Mr Powell and Mr Ingham had acquiesced in the leaking without consulting her but, according to Mrs Thatcher, "did not believe they were being asked to give my authority and they did not do so". The alleged Downing Street connection in the leaked letter affair has been the most sensitive and potentially explosive issue in the Westland saga.

The leaked letter from Sir Patrick Mayhew, Attorney General, who was Solicitor General at the time, warned Mr Heseltine that he had included a "material inaccuracy" in a letter he had written in support of the European consortium's bid for Westland, which was suffering a financial crisis. Mr Heseltine was supporting the consortium, which included British Aerospace, against a rival bid by Sikorsky of the United States.

Sir Patrick's comments were leaked to the Press Association hours before the start of an important Westland press conference and escalated the affair into a crisis that at one point threatened to topple the Government.

While Sir Leon remained an MP, he refused to expand on the background to the leaked letter. However he resigned at the beginning of this year to become Britain's senior European Commissioner and he has been interviewed for a Channel Four series called *The Thatcher Factor*, presented by Mr Hugo Young, the political columnist.

He says in the interview: "The release of the Solicitor

Parliament _____ 11

General's letter was something which was approved by Mr Charles Powell, the relevant private secretary at Number 10, and it was approved by Mr Bernard Ingham, the Prime Minister's press secretary, and as I made clear at the time, there would have been no question of the release of that document without that express approval from Number 10."

Sir Leon insisted yesterday he had said nothing he had not said before. However, Mr John Smith, the shadow chancellor, who shadowed Sir Leon at the time, said he had made a serious allegation which had re-opened the whole affair and Mrs Thatcher had to make a statement to Parliament.

Dr John Gilbert, Labour MP for Dudley, the leading inquisitor during the defence select committee's inquiry into the Westland affair, said the truth was finally coming out and this was an "extremely damning disclosure".



Brittan blames PM's men for Westland leak

Richard Norton-Taylor
and Michael Smith

THE WESTLAND affair, which shook the Government three years ago, resurfaced dramatically yesterday after Sir Leon Brittan, who resigned from the Cabinet during the crisis, named two of Mrs Thatcher's closest and most trusted advisers as having approved the leak of a letter from the Solicitor-General.

The leak, Sir Leon says in a pre-recorded television interview, was approved by Mr Charles Powell, Mrs Thatcher's private secretary responsible for foreign affairs, and Mr Bernard Ingham, her press secretary. Despite parliamentary inquiries and two Commons debates on the affair, their role has never been fully explained.

Sir Leon — now an EEC Commissioner, then the trade and industry secretary — has always been regarded by Mrs

that document without that express approval from No 10."

Last night in Spain, Sir Leon said: "I gave the interview before I left for Brussels at the end of 1986. There is absolutely nothing new in anything I said in the interview."

However, crucial questions about who instigated the leak — passed to the press by Ms Colette Bowe, then Sir Leon's senior information officer — have never been answered.

Labour MPs last night demanded that Mrs Thatcher break off from the Gorbachev visit to tell the Commons that Sir Leon's claims were untrue.

They will attempt to raise the affair on the floor of the Commons today, although Mrs Thatcher will not be taking prime minister's questions.

Dr John Gilbert, a Labour member of the Commons defence committee which investigated the affair, said Sir Leon's statement "nails down Bernard Ingham and Charles Powell for

Leon's department that day.

In her first Commons statement on the affair on January 23 she acknowledged that she wanted to disclose the contents of the letter — which was designed to undermine Mr Heseltine. But she added that, had she been consulted, she would have said "a different way must be found". Four days later — the day Sir Leon resigned — she told the Commons that DTI officials "believed that they had the agreement of my office" to leak the letter.

Sir Leon told the Commons then that he had authorised his officials to disclose the letter "subject to the agreement of No 10". He accepted responsibility for their actions.

● Sir Leon's comments are to be referred to the Speaker to consider if there was any breach of privilege.

Gibbard's view, page 6; Mrs Thatcher v the intellectuals, page 21

Thatcher's critics as the scapegoat defusing the growing political storm over the affair which also led to the resignation of the defence secretary, Mr Michael Heseltine, in January 1986.

The affair erupted after Sikorsky, the US group, launched a takeover bid for Westland, the British helicopter firm, which Mr Heseltine said should be resisted in preference to one from a European consortium. Sikorsky, supported by Westland, succeeded.

In his interview for a Channel 4's *The Thatcher Factor*, written by Hugo Young, to be broadcast tomorrow, Sir Leon says: "The release of the Solicitor-General's letter was something which was approved by Mr Charles Powell — the relevant private secretary in No 10 and it was approved by Mr Bernard Ingham, the Prime Minister's press secretary."

He added: "As I made clear at the time there would have been no question of the release of

the roles they performed in this grubby little affair."

He continued: "It's quite unambiguous what Leon Brittan is saying, and his evidence is totally at variance with what Sir Robert [now Lord] Armstrong [the then Cabinet Secretary] said to the select committee on defence.

"Armstrong tried to perpetuate the quite preposterous myth that there had been two simultaneous misunderstandings between four highly sophisticated, highly trained high-fliers in the civil service."

Mr John Smith, the shadow chancellor, who led Labour's attack over Westland three years ago, said that Sir Leon's statement had re-opened the Westland affair. "The Prime Minister must now tell Parliament if it is true," he said.

Mrs Thatcher has said she had no knowledge of how the letter was leaked on January 6 1986 or what her officials discussed with civil servants at Sir

PARLIAMENTARY QUESTION

Mr Tumbull.

CONSTITUTION UNIT

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- 139 Mr Nigel Spearing (Newham South): To ask the Lord President of the Council, if
W pursuant to his reply to the honourable Member for Falkirk East on 6th April,
concerning statements made by Sir Leon Brittan, he will give the name of any
documents, together with appropriate references, that show that approval was
given by two named officials to the disclosure of a letter from the Solicitor General;
and if he will place copies of any such documents in the Library.

DRAFT ANSWER

I refer the Hon gentleman to the Fourth Report of the
Select Committee on Defence for the 1985-86 Session.

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National Health Service (General Ophthalmic Services) (Scotland) Amendment Regulations 1989 (SI 1989 No. 387)

National Health Service (Travelling Expenses and Remission of Charges) Amendment Regulations 1989 (SI 1989 No. 517)

National Health Service (Travelling Expenses and Remission of Charges) (Scotland) Amendment Regulations 1989 (SI 1989 No. 393)

Mr. Frank Dobson (Holborn and St. Pancras): I thank the Leader of the House for his Statement.

I shall refer first to the point raised by my hon. Friend the Member for Hamilton (Mr. Robertson) at Prime Minister's Question Time. Will the Leader of the House make it his business to ensure that the report of the secretary general to the United Nations Security Council is placed in the Library of the House next week, as was promised by the Prime Minister on Tuesday of this week? Will he bear in mind the convention of which he and the right hon. Lady will be aware that, when Ministers at the Dispatch Box quote from an official document, they should make that document available to everyone else? Documents that Britain receives at the Security Council must fall into that category, especially as it was not simply that the Prime Minister—

Mr. Harry Greenway (Ealing, North): The hon. Gentleman did not listen to Prime Minister's Questions.

Mr. Dobson: I am talking about the business for next week. Will the hon. Member for Ealing, North (Mr. Greenway) contain himself?

Mr. Speaker: Order. The hon. Gentleman will have his chance later.

Mr. Dobson: As the Prime Minister not only mentioned that document, but also told the hon. Member for Inverness, Nairn and Lochaber (Sir R. Johnston) that he could obtain all the details he needed from that document and that it was available, it appears that the burden falls on the Leader of the House to ensure that, in line with the conventions of the House, that document is made available to everyone.

In view of Sir Leon Brittan's recent confirmation of many people's suspicions of the degree of involvement of the Prime Minister's closest advisers in the leaking of the Attorney-General's letter on Westland, will the Leader of the House tell us whether the Prime Minister will come to the House next week to make a statement and to answer further questions on that matter, and especially to clarify the position and for all who knew what and when they knew it?

Will the Leader of the House tell us when we can expect the long promised and the equally long delayed debate on student loans?

As there is mounting concern throughout the country about the threat that the Government's National Health Service review poses to the health care of most people, will we have an early debate in Government time to give the Secretary of State the opportunity to answer questions in the House rather than spending taxpayers' money roaming around the country on a Tory party political propaganda exercise?

On the subject of the Department of Health, when can we expect a statement on the Government's response to the Griffiths report on care in the community? The

Department has had that document in its possession for more than a year and surely it should be moving towards giving us some suggestion of the Government's intentions.

In view of the particularly precipitant way in which the Government have managed to come forward with a Bill to abolish the national dock labour scheme, when will they come forward with the Bill that they have promised and on which civil servants have been working for four years—if parliamentary answers of 1985 were truthful—to outlaw the buying and selling of human organs?

Mr. Wakeham: I am grateful to the hon. Member for Holborn and St. Pancras (Mr. Dobson) for asking me six questions about the business for next week. I wondered whether he might have found time today just to say thank you to me for having arranged for the debate on the Fennell report, for which he has been pressing me and also for managing to fit in two Opposition days in the business for next week.

Mr. Dobson: They are not both next week.

Mr. Wakeham: If the hon. Gentleman had listened, I announced two full Opposition days in the business statement for next week.

With regard to the United Nations plan and the documents concerned, I told the House yesterday that the relevant documents have been placed in the Library. They include the Geneva protocol, which has been made public by the South African Government. A further set of documents, which together comprise the United Nations plan will be placed in the Library today. The secretary general has asked, however, that the report on the recent fighting should be kept confidential for the time being. On reflection I hope that the hon. Gentleman will consider that the right thing would be to respect the request of the secretary general. Obviously I shall look into the matter in view of the question asked, but I cannot promise that anything will be revealed at the present time.

With regard to the recent television coverage of a television programme, which neither you, Mr. Speaker, nor I have seen, I understand that Sir Leon Brittan made certain statements which he suggested did not add anything new to the position. That is as I understand the matter and, therefore, I see no need for any further statement on the position which has been well ventilated in the past.

The hon. Gentleman knows that consultations are taking place about student loans and I believe that the right time for a debate on that matter would be later rather than at present.

I agree with the hon. Gentleman that there is a need for a National Health Service debate and I agree that it would be right for the Government to find time for that. The exact timing of it is best left for discussion through the usual channels. I also recognise the consistency with which he has pressed me on the Griffiths report. I understand his disappointment that it has taken rather longer to deal with that matter than he wanted. We are giving active consideration to the report and hope to bring forward our proposals in the near future. We recognise the concern that our response should not be unduly delayed, but it is vital that we reach the right solution in this important area.

There has been some discussion between the Government and the hon. Gentleman's Front-Bench colleagues about the abhorrent trade in kidneys. If we are

[Mr. Wakeham]

to make progress as fast as we can—both of us are agreed on that, I believe—it is probably best for those discussions to continue through the usual channels.

Mr. James Hill (Southampton, Test): My right hon. Friend will know that, from time to time, I have asked questions regarding a ports policy for the United Kingdom. The statement by my right hon. Friend the Secretary of State for Employment, who said that the national docks labour scheme is to be reviewed, obviously makes my question about a ports policy null and void. Nevertheless, there is a need not to demoralise the employees of certain ports because I know that they will put their shoulders behind the new review. The port of Southampton was closed for a whole year in 1981 due to militancy. It is now working well. If we can persuade the Transport and General Workers Union to adopt a reasonable approach, there will be further co-operation. That can only do good to Southampton.

Mr. Wakeham: I agree with my hon. Friend. I am grateful to him for his support for the way the Government are approaching the problem. With the inevitability of these matters, there will be plenty of opportunity for my hon. Friend to raise the issue constructively in the debates that we shall have in forthcoming weeks.

Mr. James Wallace (Orkney and Shetland): Will the Leader of the House arrange for a Minister to come to the House next week to explain why those who were demonstrating in Whitehall today against human rights abuses in the Soviet Union were told to take down their placards before Mr. Gorbachev arrived, which seems to be almost a contradiction in human rights terms?

Secondly, given that we will debate the Lord Chancellor's salary next week but that we do not have a Select Committee on the Lord Chancellor's Department or on the Law Officers' Department, will the Leader of the House consider setting up an ad hoc Select Committee with powers to call for witnesses and papers to look into the Government's proposals for the reform of the legal profession?

Finally, when did the Prime Minister find out that the United Nations secretary general wished the report on the Namibian incidents to be kept confidential?

Mr. Wakeham: I am not in a position to answer the question about the placards in Whitehall, but I shall make inquiries and see that the appropriate answer is given to the hon. Gentleman.

I do not propose to set up a special Select Committee to deal with our law proposals. I believe that the right procedure is that which the Government have adopted, which is to issue Green Papers for discussion. We hope to get as many constructive views as we can. Then the Government will have to make up their mind how best to act.

I cannot answer the hon. Gentleman's third question, but it was certainly not until after my right hon. Friend had said what she did in the House.

Mr. Henry Bellingham (Norfolk, North-West): Can the Leader of the House tell us when the Second Reading of the Bill on the dock labour scheme is likely to take place? Is he aware that today's announcement will be warmly

welcomed by the vast majority of people connected and working in King's Lynn docks who realise that abolition of the scheme will lead to more jobs? It will lead to much more cargo being handled at King's Lynn and will enable it to compete with non-scheme ports in East Anglia.

Mr. Wakeham: I welcome what my hon. Friend said. The Bill will be introduced tomorrow and they will have an opportunity to debate it in the usual subject to the usual conventions. I hope to make a statement including the Second Reading of the Bill in the not-too-distant future.

Mr. Max Madden (Bradford, West): May I draw attention of the Leader of the House to two motions standing in my name, numbers 672 and 673 concerning freemasonry?

[That this House notes, as reported in the book *Inside the Brotherhood* by Martin Short, that most honourable and honourable Members who completed a questionnaire issued by Mr. Short in 1986 as councillors, local government officers, civil servants, policemen, judges and honourable Members should be required to disclose Masonic membership; therefore the Select Committee on Members' Interests to consider necessary arrangements for appropriate resolution considered by the House to require Right Honourable and Honourable Members to disclose Masonic membership; Register of Members' Interest; further urges Parliament to require journalists who are Masons to be required to make an appropriate declaration; and finally urges the appointment of an Ombudsman to whom public servants, including hon. Members, can make complaints of discrimination in employment.]

[That this House congratulates Martin Short on the publication of his book, *Inside the Brotherhood*; notes that the honourable Members for Ilford South, Croydon, Chichester, Erewash, Banbury and Belfast North told Mr. Short they were Masons; further notes that Mr. Short believes that the honourable Members for Bury, Reading East and Keighley are Masons; and finally notes that Mr. Short reveals the Masonic Lodge to which honourable and honourable Members, Parliament Officers and staff belong is called the New Welcome (5139) which was consecrated in 1929 and meets five times a year at Freemason's Hall in London, an Parliamentary Journalists who are Masons belong to the Gallery Lodge (1928).]

May I unusually ask the Leader of the House to make a statement next week in view of the support of more than 200 hon. Members from all parties for the proposition that hon. Members who are masons should be required to declare their masonic membership in the Register of Members' Interests? Will the Leader of the House next week ask the Select Committee on Members' Interests to consider the matter urgently so that the necessary motion may be brought to the House?

Mr. Wakeham: As I told the hon. Gentleman in a written question on 3 March 1988:

"Any consideration of changes in the scope of the Register of Members' Interests or the Register of Parliamentary Journalists would, in the first instance, be a matter for the Select Committee on Members' Interests."—[Official Report, 3 March 1988; Vol. 128, c. 638.]

That is where he should pursue the matter.

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Mr. Michael Latham (Rutland and Melton): Will my right hon. Friend ensure that the debate on the Health Service that he has promised takes place at an early date and allows us to discuss the proposed contract for general practitioners? I think that he will have noticed that it has not been received with unanimous rapture by the practitioners.

Mr. Wakeham: Whether that is within the scope of the debate is not a matter for me but for you, Mr. Speaker. I should think that my hon. Friend, with his usual ingenuity, will be able to make the points that he wants to make on that subject.

Mr. Pat Wall (Bradford, North): May I bring to the attention of the Leader of the House a recent report by John Bourn, the Comptroller and Auditor General, regarding serious underpayments in the national insurance fund and the social fund—in particular, an estimate of underpayment of unemployment benefit of between £34 million and £89 million? That is very serious because it affects some of the most deprived people in our society. The money was not paid because of an error by Government Departments. The Minister responsible, if he is not prepared to initiate a debate in the House, should make a statement on payment to the unemployed. He should give an explanation and describe what measures will be taken to rectify the matter.

Mr. Wakeham: I do not know whether this is the same report from the Comptroller and Auditor General as that which I looked at the other day. I thought that there had been errors in allocation of costs rather than beneficiaries going short of anything to which they were entitled. However, I shall investigate the matter and I believe that the Public Accounts Committee will also consider some of these issues in the near future. If something has not been properly answered I shall ensure that it is.

Mr. Charles Wardle (Bexhill and Battle): My right hon. Friend will be aware of the recent consultation about possible amendments to the Financial Services Act 1986. Will he find time for a debate on the subject, with particular reference to the role of merchant banks? Does he recall that in the debate on the financial services White Paper in April 1985, several hon. Members, including me, referred to the possible conflicts of interest in merchant banks, but subsequent legislation left out that aspect?

Mr. Wakeham: I cannot promise that we shall have a debate in the near future but I shall certainly refer my hon. Friend's point to my right hon. Friend the Secretary of State for Trade and Industry to see what can be done in the future.

Mr. Robert Parry (Liverpool, Riverside): Does the Leader of the House recall a question that I put to him some weeks ago regarding early-day motion 395.

[That this House calls upon the South African Government to release Mr. Oscar Mpetha a 79 year old trade union leader imprisoned since 1980; notes that he had his leg amputated in 1983, that he is a diabetic with complications and was refused permission to leave prison in 1986 to attend his wife's funeral; believes that his imprisonment is solely due to his struggle on behalf of black workers and as a member of the South African Congress of Trades' Unions and as President of the African National Congress in the

Cape; welcomes Her Majesty's Government's representations to the South African Government on his behalf; and calls upon the South African authorities to release Mr. Mpetha as a matter of urgency.]

That is supported by 118 hon. Members. Mr. Mpetha, who is imprisoned in South Africa, lost his son last week when he was killed in an accident. Will the Government make urgent representations for his immediate release on compassionate grounds?

Mr. Wakeham: As I have indicated on previous occasions, the Government have made representations to the South African Government on at least five separate occasions. I shall refer the hon. Gentleman's point to my right hon. and learned Friend the Foreign Secretary.

Dr. John G. Blackburn (Dudley, West): Will my right hon. Friend give serious consideration to the report of the Monopolies and Mergers Commission, published on 22 March, on the production, distribution and sale of beers in this country? It will have a widespread effect on the brewing industry. Many of the major breweries are established in the midlands and there is a wave of uncertainty running through the industry. I should value it if my right hon. Friend would give an assurance that there will be a debate on this important subject.

Mr. Wakeham: It is an important subject and, in another capacity, as chairman of the Government's committee on the misuse of alcohol, I know that changes in the structure of the brewing industry are important for us to consider. However, many of my Government colleagues are also considering the matter and so it is being carefully examined.

Mr. D. N. Campbell-Savours (Workington): In light of the fact that Mr. Tiny Rowland has repeatedly used the *Lonrho* broadsheet to call for the prosecution of the Al Fayeds over their trading practices, is it not now time for the Government to review the decision taken in 1977, which meant that prosecutions would not be brought under section 84 of the Larceny Act 1861, section 19 of the Theft Act 1968, section 7 of the Exchange Control Act 1947 or for conspiracy to commit breaches of the Southern Rhodesia (United Nations Sanctions) (No. 2) Order 1968? Is it not time to review the decision and bring prosecutions under all four headings against the owners of *The Observer*?

Mr. Wakeham: As the hon. Gentleman knows, questions of prosecution are not for me. He may or may not have a case on the reforms of such matters, about which he is knowledgeable, but I regret that even if they were acceptable to everybody I could not find time for a debate next week. However, I shall refer the matter to my noble Friend the Secretary of State for Trade and Industry.

Mr. Tony Marlow (Northampton, North): I did not catch all of my right hon. Friend's statement, but may I draw his attention to the fact that during yesterday's sitting of the Select Committee on European Legislation the recommendation was made that a heavily amended draft directive on broadcasting should be brought before the House for debate before the common position is agreed? As that common position may well be agreed next Thursday, will my right hon. Friend look into that matter?

[Mr. Tony Marlow]

This is an important matter as the directive has been much amended since it was last debated by the House as long as two years ago.

Mr. Wakeham: I understand my hon. Friend's concern and those expressed in the debate on the original proposals in January 1987, most of which have been met by the latest draft directive on broadcasting. I accept that the proposal has changed, but there has been a debate on the subject and I hope that my hon. Friend agrees that the changes were largely foreseeable and will generally find favour in the House. We have a heavy business programme next week which I cannot easily alter, but I am having discussions with my hon. Friend the Minister of State, Home Office on the subject.

Mr. Merlyn Rees (Morley and Leeds, South): Will the Leader of the House reconsider the need for a statement next week as a result of Sir Leon Brittan's further revelation, for which we do not have to wait until Friday night; we have already heard it on television and read it in the newspapers. There is a strict constitutional convention in Britain, which does not have a written constitution, that Law Officers' letters should not be revealed. Two Law Officers nearly resigned on the issue and now we find that two civil servants at No. 10 took it upon themselves to reveal that letter, self-authorised. Two basic questions arise. First, why did they do it, and, secondly, why have they not been removed from their post for doing so?

Mr. Wakeham: The right hon. Gentleman, who has a reputation for objectivity in such matters, should look at the report of the Select Committee on Defence and the debates in the House at the time. If he does that, he will see that nothing new has arisen. These matters were referred to. If the hon. Gentleman is interested in names he should look at the Select Committee's report, which was published and debated a long time ago. All the issues have been well ventilated. There is nothing fresh or new in the statement made by Sir Leon Brittan, as he confirmed yesterday.

Mr. Harry Greenway (Ealing, North): Is my right hon. Friend aware that if President Gorbachev had arrived 24 hours earlier and had used the Underground he would not have been able to keep his appointments, like many other Londoners, owing to the most uncalled for strike by the drivers, and, according to a CBI report, if he comes in 10 years' time, unless he uses a helicopter he will not be able to move because London traffic will be at a standstill. Therefore, may we have a debate next week on the management of traffic in London, and could the motion include the possibility of a Minister with responsibility for London's traffic?

Mr. Wakeham: I was at the airport yesterday to meet President Gorbachev when adequate road transport was available for him. However, I have every reason to believe that those arrangements were made regardless of whether there was a strike of Underground workers. I regret that, against the advice of the union, Underground workers took unofficial action yesterday. It would be much better if proper negotiations to settle the dispute were entered into without delay. On my hon. Friend's wider question about ministerial changes, I do not think that that is a matter for me or that it arises today in particular.

Mr. Nigel Griffiths (Edinburgh, South): Will the Leader of the House make time for an early debate on the report of rent legislation which has brought about a fourfold increase in the rents in housing association properties in my constituency, which has been forced on retired people and highlighted so well in *The Scotsman* today? Will my right hon. Gentleman give time for an early debate on plight of retired people in retirement homes?

Mr. Wakeham: I cannot promise the hon. Gentleman a debate, but I should be tempted to have one because I suspect that his analysis of the situation was not particularly balanced one. However, the points he has raised about elderly people seem to be relevant to a debate that I have managed to arrange for Tuesday of next week.

Sir Ian Lloyd (Havant): My right hon. Friend will be aware of the widespread concern in all parts of the House as a result of the tragic events on the Namibia-Angola border. He may also be aware that those of us who refer to the record of the United Nations in Katanga do so exactly have the utmost confidence in the ability of that organisation to react expeditiously and impartially. My right hon. Friend may not be aware of recent reports that aerodromes for advanced fighter aircraft are being constructed on the Angolan border, and that special forces Vietnamese troops are being brought into Angola to replace the Cubans. In the light of these very serious events, may we have an early opportunity to debate this matter?

Mr. Wakeham: I recognise the importance of this matter, and I recognise my hon. Friend's knowledge of that area, based on many years' experience. I wish that I could offer a debate in the near future. I shall certainly bear the matter in mind, but I cannot give my hon. Friend a promise.

Ms. Diane Abbott (Hackney, North and Stoke Newington): May I draw the attention of the Leader of the House to early-day motion 44 on cosmetic experiments on animals.

[That this House is appalled by the failure of the Animals (Scientific Procedures) Act 1986 to prevent the testing of animals for cosmetic purposes; notes that in 1987 there were still 14,534 animals being used in cosmetic experiments and considers this totally unacceptable; and calls upon the Home Secretary to cease the granting of any further licences for cosmetic testing and furthermore to put a time limit on those existing licences of the same purposes.]

May I draw to his attention the fact that this is completely barbaric and unnecessary practice, about which I have had very many letters from constituents? This early-day motion has been signed by more than 200 hon. Members. In the light of the feelings of millions of people up and down the country, will the Leader of the House make time for an early debate on this issue?

Mr. Wakeham: I have seen the hon. Lady's early-day motion. The term "cosmetic" covers not only beauty preparations, such as lipstick and perfumery, but hygienic products, such as toothpaste and anti-dandruff shampoo, as well as preparations to combat other problems, particularly for workers in industry. It is essential that these products are safe to use and safe to produce. Safe testing, for mildness only, involves some use of animal tissue. All applications for cosmetic testing licences are examined.

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the Animal Procedures Committee, whose first report, published on 6 December, describes the difficult issues involved and its approach to them. I cannot promise the hon. Lady a debate at the present time, but it is a matter that I shall certainly bear in mind.

Mr. Neil Hamilton (Tatton): I warmly endorse my right hon. Friend's decision not to waste any more of our time debating the Westland affair and its aftermath. Sir Leon Brittan, in his most recent remarks, has added nothing to what we knew already. He has not said anything that is inconsistent with anything said by the Government in the past. Although the endearing, but slightly barmy Member for Linlithgow (Mr. Dalyell) and his friends may have an obsession—

Mr. Speaker: Order. I think the hon. Gentleman can do better than that. I do not think that we will have "barmy" here.

Mr. Hamilton: It was a slip of the tongue, Mr. Speaker, which I certainly withdraw.

Although the hon. Member for Linlithgow and many of his hon. Friends are obsessed by this topic, the country at large has no interest in it whatsoever.

Mr. Wakeham: As I have indicated, I do not think that there is anything new to be debated or discussed, and I am glad to have the support of my hon. Friend.

Mr. Tam Dalyell (Linlithgow): Is the Leader of the House suggesting that the recent statement by Sir Leon Brittan is in any way consistent with the evidence given, on behalf of the Government, by Lord Armstrong of Liminster to the Select Committee? Is he saying that the Select Committee had any notion that there was explicit approval by two of the most senior civil servants? Would the Leader of the House feel it right next week to make a statement on his own position, in the light of the assertions by his hon. Friend the Member for Aldershot (Mr. Critchley) in the book "Heseltine"—the unauthorised biography—page 153, that he was present on 4 and 5 January 1986 when there were discussions at Chequers on tactics in relation to the Law Officers' letter, that he was present on 18 December 1985, with Mr. Bernard Ingham and Lord Whitelaw, when the strategy was being discussed, and that he was party to the inner Cabinet decisions on 9 January? Can he confirm his hon. Friend's statements, which are in writing?

Mr. Wakeham: The last time the hon. Gentleman raised the subject in that form he seemed to have got stuck at page 153 of the book. I suggest that he finishes the book, but I do not think that anything in it will give him any grounds for saying that the Government have not been forthcoming and that there have not been proper inquiries. Nothing new has come out in what Sir Leon Brittan has said. There is not just my word for it; Sir Leon himself said there is nothing new. I see no grounds for an inquiry.

Mr. Ian Taylor (Esher): Will my right hon. Friend find Government time for a debate about the inadequacies of the law on travelling people, some of whom may be gypsies? Many of my constituents have suffered great invasion of privacy and many times abuse, from these people, who just encamp without invitation. The police find it very difficult to move them on under the current legislation. Will he find time for this debate at an early date

and will he ask his right hon. Friend the Secretary of State for the Environment for a White Paper on the Caravan Sites Act 1968?

Mr. Wakeham: I cannot promise my hon. Friend a debate, but I recognise that this matter causes concern in quite a number of constituencies, including his and, as a matter of fact, mine. I wonder whether my hon. Friend might consider raising the matter on an Adjournment debate.

Mr. David Winnick (Walsall, North): Would it not be appropriate for the Prime Minister to make a statement next week to try to explain to the House and the country how her private secretary and her press secretary could approve and authorise the leak of the letter from the Solicitor-General unless they knew quite well that it would be her wish that they should do so? The Leader of the House tells us that what was said yesterday by Sir Leon Brittan is nothing new, and all the rest of it, but does he not recognise and appreciate that what is at stake here is the Prime Minister's integrity and truthfulness? My hon. Friend the Member for Linlithgow (Mr. Dalyell), although he has been mocked and baited by the Tories over this issue, has been absolutely right.

Mr. Wakeham: These issues were well and truly debated at the time and nothing new has come up. Whether the hon. Gentleman likes it or not, that is the position. He might have got a little excited yesterday, but he really has missed the point. There is nothing new to discuss.

Mr. Doug Hoyle (Warrington, North): Will the Leader of the House take time to read the two contributions on the Westland affair by his right hon. Friend the Prime Minister? If he does he will find that she suggested that her office had nothing to do with it. Sir Leon Brittan said yesterday quite categorically that Mr. Ingham and Mr. Powell approved the action. Will the right hon. Gentleman ask his right hon. Friend to come to the House and make a statement on why those two close associates of hers have not resigned? Will she at the same time give us a full, factual, detailed account of this squalid matter of the missing letter?

Mr. Wakeham: The hon. Gentleman invites me to take a quiet moment to read all these documents and speeches again. I did that just this morning in order to refresh my mind because I thought that some of these matters might come up in business questions. I suspect that the hon. Gentleman has not read them and I suggest that he should, because he would then probably agree with me that nothing new has arisen and therefore there is no need for a debate.

Mr. Harry Cohen (Leyton): I have a two-part question. First, will the right hon. Gentleman give an assurance that the Prime Minister will make a statement to the House early next week on her discussions with President Gorbachev? Secondly, just in case President Gorbachev asked to see me, I thought that I would brush up on a video on nuclear disarmament from the Library, only to find after a short viewing that another Member wanted to watch the television, and I was chucked out of the room. That is not the first time this has happened. Can we make sure that there is a room in this place in which Members can look at videos to do with work?

Mr. Wakeham: Any time the hon. Gentleman wants to watch the television and he cannot find a place to do so, if he will drop me a note I will look into it immediately. I am very happy to assist him in any way on that part of his question. On the first part of his question, I cannot give any undertaking that the Prime Minister will be making a statement on her talks with President Gorbachev.

Mr. Greville Janner (Leicester, West): Surely the Leader of the House can and ought to give an undertaking to the House that the Prime Minister will report not merely to the press but to the House on this very important and welcome visit by Mr. Gorbachev. Does the right hon. Gentleman know that, while the Jewish community in this country unanimously welcomes the visit, it remains deeply concerned at the large number of Jewish families still not allowed to emerge from the Soviet Union in spite of the fact that there has been a most welcome change in the Soviet Union's attitude both to emigration and to the rights of Jewish people within the Soviet Union? In particular, there are families such as the Upspensky family, the Chernobilsky family and the Lurie family who have been waiting over 10 years. I was disturbed to hear the right hon. Gentleman say that there was to be no raising of individual cases by the Prime Minister with Mr. Gorbachev. Will he please reconsider his remarks and his failure to assure the House that there will be a statement on both human rights and the allegations that have been made about the sale to the Libyans by the Soviets of long-distance aircraft, which of course would have amazing potential in the hands of somebody like Gaddafi?

Mr. Wakeham: I am not in a position to say anything about the details of the talks which are still going on. What I said was perfectly sensible and fair. My right hon. Friend the Prime Minister will, of course, raise the general matters in her talks with Mr. Gorbachev, but it seemed to be the best use of the day for my right hon. and learned Friend the Foreign Secretary to raise the individual cases with him. As the hon. and learned Gentleman has great knowledge of, and long experience in, these matters and his contribution is acknowledged by hon. Members on all sides of the House, I certainly take seriously what he says. Statements in the House are governed by custom and practice and my right hon. Friend the Prime Minister will observe the normal customs in dealing with these matters. It is not for me to say at the Dispatch Box what she will or will not do. It is not the practice always to have statements after bilateral discussions.

Mr. Bob Cryer (Bradford, South): Can the Leader of the House confirm that the two EEC documents on Tuesday will be debated for only one and a half hours each? If that is the case, surely it is an inadequate amount of time when dealing with the EEC bulldozer yet again imposing more legislation on the United Kingdom.

May I draw the right hon. Gentleman's attention to early-day motion 670

[That this House draws attention to the editorial, Vilest M.P. in Britain, in the newspaper Today of 5th April, referring to the honourable Member for Dover; notes its expression of grave concern at the growth of violence against women; and urges all honourable Members to set an example of courtesy and restraint, whether towards reporters, photographers or Spanish police.]

and ask for a debate on it? Then the hon. Member for Dover (Mr. Shaw), referred to in the motion, will be able

to explain how he falsely alleged that pickets at Dover — National Union of Seamen members sacked by P and O — were engaging in brutality and the double standard of the fact that the hon. Gentleman is accused by *Today* of beating up a woman photographer. That sort of double standard should be the subject of debate. At the same time, the hon. Member for Mid-Staffordshire (Mr. Heddle), who has been engaging in fisticuffs with the Spanish police, can explain his position as a representative of the law and order party. Can the Leader of the House, in the same debate, explain why there is this extensive thuggery in the parliamentary Conservative party and has it anything to do with lager drinking on the quiet?

Mr. Wakeham: If we were to have this debate I am glad that I would not have to be in the Chair, Mr. Speaker. There seem to be rather a lot of subjects and I would not want to have to keep that sort of debate in order.

I confirm that the motions on Tuesday night on EC documents will follow the Standing Orders of the House. These matters have been agreed through the usual channels and, assuming there are enough speakers for the Opposition Day debate and that does not end until 10 o'clock, there will be one and a half hours for each of those two debates.

With regard to early-day motion 670, I cannot arrange a debate on that. Anyone who wishes to complain of assault can go to the police or deal with the matter in other ways. If I had to arrange a debate every time that occurs or every time the hon. Gentleman makes some wild allegations about my hon. Friends, we would never get down to all the important matters such as dealing with the levy scheme.

Mr. Harry Ewing (Falkirk, East): Unfortunately the Leader of the House does not appear to be aware of the seriousness of Sir Leon Brittan's allegations in the television programme. If the Leader of the House is saying that what Sir Leon Brittan said in that programme is acceptable to the Government, he is saying that the Government knew that the press secretary and the private secretary leaked the Law Officer's letter. If that is accepted by the Leader of the House, it is a staggering new development and gives rise to a serious situation. Against that background will the right hon. Gentleman come to the House next week and explain why my hon. Friend the Member for Linlithgow (Mr. Dalrymple) can be named and suspended from the proceedings of the House for five days on a motion by the Leader of the House for what is now seen to be the truth? In what circumstances can the suspension be removed, and if there are no provisions for removing it can the matter be referred to the Select Committee on Procedure?

Mr. Wakeham: I think that we are making progress when the charming hon. Gentleman whom the whole House respects can talk so much rubbish in such a short time. We clearly recognise that it is not a question of the Opposition fox having been shot, because there was no fox for them to shoot in the first place. The allegations and problems that arose over what is known as the Westland affair were fully debated at the time. We had debates in the House and Select Committee reports, and nothing new has emerged in recent times to require any further discussion or debate about the matter. Obviously, the hon. Gentleman and his hon. Friends are disappointed that that should be the case. That is why the Opposition put up the

Charming hon. Member for Falkirk, East (Mr. Ewing) to try to make something out of the mess in which they find themselves.

Mr. Keith Vaz (Leicester, East): Could we have a statement or debate on the operation of regulations made under section 1 of the Road Traffic Regulation Act 1984? After a four-year campaign by shopkeepers and residents in the East Park road area of my constituency, the city council established some laybys but, because of the provisions of section 1 of the Act, nobody can park in them until the double yellow lines have been removed. Under the terms of the Act it will take seven months to remove those lines. Will the Leader of the House have a word with the Secretary of State for Transport to see whether we can amend the regulations to end this absurd scenario?

Mr. Wakeham: I do not entirely accept what the hon. Gentleman says, but I certainly accede to his request to raise the matter with my right hon. Friend the Secretary of State for Transport and I shall write to him.

Mr. Richard Caborn (Sheffield, Central): Will the Leader of the House arrange for the Prime Minister to come to the Dispatch Box next week to make a statement about the Namibia crisis and the implementation of United Nations resolution 435? The Prime Minister should do that because she misled the House on no fewer than three occasions on 4 April. She told the House:

"There is no provision in the United Nations plan for SWAPO to have bases in Namibia."—[*Official Report*, 4 April 1989; Vol. 150, c. 15.]

That would be in contravention of protocol SI 13120 of 26 February 1979.

Secondly, as my hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson) said, the statement by the secretary general to the Security Council is not in the Library and is not likely to be put there because it is a confidential document. The implication about SWAPO and the impression given to the outside world by the House was based on that report which we cannot see, although we were told at the time that we would have sight of the document.

The third matter is about SWAPO being a signatory to the Geneva protocol. That is mentioned in column 15 of the *Official Report* of 4 April 1989. That is not the case. SWAPO is not a signatory to that and the letter from the leader of SWAPO to the secretary general did not accept the protocol, which had four signatories. Misleading statements were given to the House indicating a totally biased approach against SWAPO. This is a serious matter, because we are talking not just about the independence of Namibia but about matters that affect the whole of southern Africa. As I have said, the Prime Minister misled the House on three occasions and she should now come to the House and make a statement.

Mr. Wakeham: I do not accept that at all. We have discussed whether the documents were in the Library and I recognise that there was some misunderstanding. The first requirement is for urgent action to restore the ceasefire under the authority of the United Nations. We are active in promoting that. Secondly, it is important for all parties to hold to the terms of the United Nations plan for the independence of Namibia and to the other international undertakings, notably the Geneva protocol. It has been suggested that there was a provision for

SWAPO bases in the country. That assertion is based on proposals made by the then secretary general in February 1979. Those were overtaken by a subsequent agreement in 1982 by the parties involved to monitor bases in Angola and Zambia. That is why there is no provision in the secretary general's report of 23 January, which sets out his proposals for the role of the United Nations transition assistance group, for any SWAPO bases inside Namibia.

Points of Order

5.7 pm

Mr. Max Madden (Bradford, West): On a point of order, Mr. Speaker. May I raise with you the procedures that were observed today during Prime Minister's Question Time? Some of us were rather puzzled about why question No. 4 was linked to question No. 8. It is unprecedented for questions to be linked at Prime Minister's Question Time, and the linking today prevented hon. Members from asking questions Nos. 5, 6 and 7. Today as always well over 100 hon. Members put down a standard question. Why should what is traditionally called the "closed question" be given priority? If this is the name of the new game, you are likely to be faced, Mr. Speaker, with hon. Members putting down questions in that way in the hope that they will be linked and will therefore obtain priority. Will you look urgently at this matter and advise the House, because if an unfortunate precedent has been set today it should be removed as quickly as possible.

Mr. Speaker: I thank the hon. Gentleman for his point of order. I share his concern about this matter and have made my views known.

Mr. Bob Cryer (Bradford, South): Further to that point of order, Mr. Speaker. Could you make a statement saying quite clearly, not that you have views about the matter but that you will not accept linking of questions to the Prime Minister? You will see that later in the Order Paper there is another question identical in type and form to questions Nos. 4 and 8. Quite clearly conspiracies could develop to flood the Order Paper so that one party could dominate the Order Paper to the exclusion of other parties. It would simplify matters if it was understood that there would be no linking at all.

Mr. Speaker: The linking of questions is a matter for Ministers and not for the Chair. As I have said, I share the concern expressed about this matter for the very reasons that hon. Members have mentioned.

Several Hon. Members raise—

Mr. Speaker: Order. I cannot say any more about the matter. I hope that it will not happen again.

Mr. Alan Williams (Swansea, West): Further to that point of order, Mr. Speaker. I clearly recollect one of your predecessors intervening when questions near the top of the Order Paper were linked with later ones. That was about 10 years ago. The Speaker of the day intervened and stopped that practice. I note and I am grateful for the fact that you have made your views known, Mr. Speaker. May we have some assurance that your representations will be as effective as those of your predecessor?

PRIME MINISTER

MR. SPEARING'S PQ TO THE LORD PRESIDENT

Mr. Spearing is trying to make the point that Sir Leon's remarks in the C4 programme were the first time that either you, Sir Leon, or Sir Robert had mentioned Charles and Bernard and were in that sense "new". But the Report of the Select Committee mentioned names and the Government did not seek to correct those references in its response. Although we would not want to endorse the Report in all respects, we can rely on it in this one.

Content with this answer?

Yes not

Also attached is the transcript of the C4 programme. The relevant passage is at pages 26-30.

AT

(ANDREW TURNBULL)

7 April 1989



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

6 April 1989

Dear Sir Leon,

I believe you might find it helpful on your return to England to have some material on the current state of play on Westland. I understand that in a Channel 4 programme about the 10 years of Mrs Thatcher's Premiership, one of a series the first of which is to be broadcast on Friday, according to the newspapers (although I have not seen a full transcript) you comment on the disclosure of the Solicitor General's letter of Westland thus:

"The release of the Solicitor General's letter was something which was approved by Charles Powell, the Private Secretary at No 10, and it was approved by Bernard Ingham, the Prime Minister's Press Secretary. As I made clear at the time, there was no question of the release of that document without that expressed approval from No 10."

Commentators have claimed that this amplifies what you said in 1986, although you yourself confirmed that your latest remarks do not add to the statements you made at the time.

The key statements which are relevant to your latest remarks are those by the Prime Minister in the House of Commons on 23 January 1986 (Flag A), and on 27 January (Flag B) and by you on 27 January (Flag C). You will see that you said in the House at Flag C that you authorised the disclosure of the letter "subject to the agreement of No 10". The Prime Minister's statement of 23 January adds that the Prime Minister's Office accepted (though she was not consulted) that the Department of Trade and Industry should make public the Solicitor General's advice about the Defence Secretary's letter and the method of doing so. The Prime Minister says of Sir Robert Armstrong's report: "The report finds in the light of the evidence that the Department of Trade and Industry acted in good faith in the knowledge that it had the authority of the Secretary of State and cover from my office for proceeding". There was a difference of understanding between No 10 officials and Department of Trade and Industry officials: No 10 thought that they were accepting what you were authorising, Department of Trade and Industry officials thought No 10 were approving it.

Another point which commentators have drawn attention to is your naming of Mr Powell and Mr Ingham personally. They were not named by you at the time either in the House or, I think, in your evidence to the Defence Committee. The Defence Committee Report on Westland (Fourth Report, Session 1985-86) discussed extensively and in detail the roles of both Mr Ingham and Mr Powell in this context (eg Flag D), so there is nothing new here either.

In the light of this the Government in responding to attempts to have this matter reopened is taking the following line:

- that there is nothing to add to the Prime Minister's statement to the House on 23 January 1986 and in other speeches and answers in the House on these matters;
- that you yourself have confirmed (copy of PA report at Flag E) that the remarks you make on the Channel 4 television programme - which incidentally were recorded several months ago - add nothing to the statements you made at the time; and

- that these matters, including the actions of Mr Ingham and Mr Powell and of officials in the Department of Trade and Industry, were extensively examined by the Select Committee on Defence in 1986

I hope you find this helpful.

Yours sincerely

Steve Catling

STEVE CATLING
Private Secretary

Sir Leon Brittan QC
Vice President of the European Commission

Westland plc

3.31 pm

The Prime Minister (Mrs. Margaret Thatcher): With permission, Mr. Speaker, I wish to make a statement on the outcome of the inquiry into the disclosure of certain information in my hon. and learned Friend the Solicitor-General's letter of 6 January.

As the House knows, the chairman of Westland plc, Sir John Cuckney, wrote to me on 30 December 1985 asking whether Westland would no longer be considered a European company by the Government if a minority shareholding in the company were held by a major international group from a NATO country outside Europe.

This question was of fundamental importance to the company in making its decision as to what course it was best to follow in the interests of the company and its employees. It was therefore essential to be sure that my reply should be in no way misleading to anyone who might rely upon it in making commercial judgments and decisions.

The reply was accordingly considered among the Departments concerned, and the text of my letter of 1 January 1986 was agreed in detail by my right hon. and learned Friend the Secretary of State for Trade and Industry, my right hon. Friends the then Secretary of State for Defence and the Chief Secretary to the Treasury, and finally by my hon. and learned Friend the Solicitor-General. My letter was made public.

Two days later, on 3 January, my right hon. Friend the then Secretary of State for Defence replied to a letter of the same date from Mr. Home of Lloyds Merchant Bank asking him a number of questions, covering some of the same ground as my own reply to Sir John Cuckney. The texts of the letters became public that same day.

My right hon. Friend's reply was not cleared or even discussed with the relevant Cabinet colleagues. Moreover, although the reply was also material to the commercial judgments and decisions that would have to be made, my hon. and learned Friend the Solicitor-General was not invited to scrutinise the letter before it was issued.

On the morning of 6 January, my hon. and learned Friend the Solicitor-General wrote to my right hon. Friend the then Secretary of State for Defence. He said—and I quote:

"It is foreseeable that your letter will be relied upon by the Westland Board and its shareholders.

Consistently with the advice I gave to the Prime Minister on 31 December, the Government in such circumstances is under a duty not to give information which is incomplete or inaccurate in any material particular."

The letter continued:

"On the basis of the information contained in the documents to which I have referred, which I emphasise are all that I have seen, the sentence in your letter to Mr. Home does in my opinion contain material inaccuracies in the respects I have mentioned, and I therefore must advise that you should write again to Mr. Home correcting the inaccuracies."

That is the end of the quotation.

I have quoted extensively from the letter which, as hon. Members will know, was published a week ago. As I have already indicated, it was especially important in this situation for statements made on behalf of the Government, on which commercial judgments might be based, to be accurate and in no way misleading.

That being so, it was a matter of duty that it should be made known publicly that there were thought to be

material inaccuracies which needed to be corrected in the letter of my right hon. Friend the Member for Henley (Mr. Heseltine) of 3 January, which, as the House will recall, had already been made public. Moreover, it was urgent that it should become public knowledge before 4 pm that afternoon, 6 January, when Sir John Cuckney was due to hold a press conference to announce the Westland board's recommendation to shareholders of a revised proposal from the United Technologies Corporation-Fiat consortium.

These considerations were very much in the mind of my right hon. and learned Friend the Secretary of State for Trade and Industry when the copy of the Solicitor-General's letter was brought to his attention at about 1.30 pm that afternoon of 6 January. He took the view that the fact that the Solicitor-General had written to the then Secretary of State for Defence, and the opinion he had expressed, should be brought into the public domain as soon as possible. ~~He asked my officials to discuss with my office whether the disclosure should be made, and, if so, whether it should be made from 10 Downing Street, as he said he would prefer.~~

~~He made it clear that, subject to the agreement of my office, he was giving authority for the disclosure to be made from the Department of Trade and Industry, if it was not made from 10 Downing Street. He expressed no view as to the form in which the disclosure should be made, though it was clear to all concerned that in the circumstances it was not possible to proceed by way of an agreed statement.~~

~~My office were accordingly approached. They did not ask my agreement: they considered—and they were right—that I should agree with my right hon. Friend the Secretary of State for Trade and Industry that the fact that the then Defence Secretary's letter of 3 January was brought 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. It was accepted that the Department of Trade and Industry should disclose that fact. In view of the urgency of the matter, the disclosure should be made by means of a telephone communication to the Press Association. [Interruption.] Had I been consulted, I should have said that a disclosure must be found of making the relevant facts known.~~

~~The report finds, in the light of the evidence that the Department of Trade and Industry acted in good faith in the knowledge that it had the authority of its Secretary of State and cover from my office for proceeding. An official of the Department accordingly told a representative of the Press Association of the letter by my hon. and learned Friend the Solicitor-General and material elements of what it said. The company was also informed. The information was on the Press Association tapes at 3.30 pm.~~

My right hon. and learned Friend the Secretary of State for Trade and Industry was, in my judgment, right in thinking that it was important that the possible existence of material inaccuracies in the letter of 3 January by the then Secretary of State for Defence should become a matter of public knowledge, if possible before Sir John Cuckney's press conference at 4 pm that day. Insofar as what my office said to the Department of Trade and Industry was based on the belief that I should have taken that view, had I been consulted, it was right.

My right hon. and learned Friend the Attorney-General has authorised me to inform the House that, having

officials that, subject to the agreement of my office, he is giving authority for the disclosure to be made by his Department, if it was not made, as he said he would prefer, from 10 Downing street. That I indicated in my statement last week.

Mr. Dalyell: Will the Prime Minister give way?

The Prime Minister: This is a very tightly drafted argument and I should prefer to go on. I will give way later. Officials in the Department of Trade and Industry—

Mr. Dalyell rose—

Mr. Speaker: Order. I think that the Prime Minister said that she would give way later.

The Prime Minister: Officials in the Department of Trade and Industry—

Mr. Dalyell rose—

The Prime Minister: I shall give way to the hon. Gentleman later. I wish to continue this section.

Officials in the Department of Trade and Industry approached officials in my office, who made it clear that it was not intended to disclose the Solicitor-General's letter from 10 Downing street: the Secretary of State for Trade and Industry had authorised the disclosure, they accepted that the Department of Trade and Industry should make it and they accepted the means by which it was proposed that the disclosure should be made.

My officials made it clear to the inquiry that they did not seek my agreement. They told the inquiry that they did not believe that they were being asked to give my authority, and they did not do so.

Mr. Bryan Gould (Dagenham) rose—

Hon. Members: Who?

Mr. Speaker: Order.

The Prime Minister: If they had believed—

Mr. Dalyell rose—

The Prime Minister: If they had believed my authority was being sought, they would certainly have consulted me.

Mr. Dalyell rose—

The Prime Minister: No, not at the moment. This is very important. [HON. MEMBERS: "Hear, hear."]

Officials of the Department of Trade and Industry told the inquiry that they regarded the purpose of their approach to my officials as being to seek agreement to the disclosure as well as to the method. They believed that they had the agreement of my office, and acted in good faith, in the knowledge that they had authority from their Secretary of State and cover from my office.

Mr. Dalyell: —will the Prime Minister allow me?

Mr. Kinnoch rose—

The Prime Minister: No, I must go on at this moment. This is vitally important. Without clearly stating she caused it at the time, there was a genuine difference in understanding between what was sought and what was being given. [Interruption.]

Mr. Dalyell rose—

The Prime Minister: I have given the House the view of what officials on each side told the inquiry. That is one reason why it was vital to set up the inquiry.

Mr. Dalyell rose—

The Prime Minister: As I indicated, officials too had the right to put their view of their part of what had occurred. I deeply resent any attacks upon them.

Mr. Dalyell rose—

Mr. Speaker: Order.

Mr. Dalyell: Will the Prime Minister—

Mr. Speaker: No. The hon. Member knows that the Prime Minister said that she would give way later. He must not keep on rising.

The Prime Minister: But it is common ground, as I told the House on 23 January—it was accepted—that the Department of Trade and Industry should disclose 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, and that, in view of the urgency of the matter, the disclosure should be made in the way that it was. I have given the House this account—

Mr. Dalyell rose—

The Prime Minister —of the accounts which were given to the inquiry.

Mr. Dalyell rose—

Mr. Kinnoch rose—

The Prime Minister: I give way to the hon. Gentleman who has been rising, and to whom I promised to give way.

Mr. Dalyell: What are we to derive from the right hon. Lady's answer to the friendly intervention of her hon. Friend the Member for Woking (Mr. Onslow), the chairman of the 1922 Committee, in relation to putting it in the public domain when she said:

"I gave my consent." — [Official Report, 23 January 1986; Vol 90, c. 455.]
What interpretation is to be put on that?

The Prime Minister: I gave my consent to an inquiry. I co-operated with it and I set out the facts as fully as possible, in that statement. I noticed that I had said that at that particular time. I did not give my consent to the disclosure. It was not sought and I have indicated that I deeply regret the manner in which it was made.

Mr. Stuart Bell (Middlesbrough) rose—

Mr. Tony Banks (Newham, North-West) rose—

Mr. Kinnoch: I am grateful to the Prime Minister. Will she tell us what conceivable misunderstanding between the Department of Trade and Industry and her office could permit them to breach the Official Secrets Act and, in the words of the Solicitor-General, "immediately and flagrantly" to violate an important rule without any form of consultation with her as head of Government. Will she now tell us when she knew?

The Prime Minister: I have just set out—[HON. MEMBERS: "No!"] I have just in fact set out what my officials believed and what the Department of Trade and Industry's officials believed. The right hon. Gentleman

Parliament? I suggest that their loyalty to the two sides exceeds any loyalty they have left to the other.

28 pm

Mr. Leon Brittan (Richmond, Yorks): The House will now see why I came to the conclusion that I should no longer remain a member of the Cabinet. I want to place on record my appreciation of what a privilege it has been to serve the Government of my right hon. Friend the Prime Minister. The unhappy circumstances of the last few weeks will not detract from their achievements. I shall support the Government's policies as strongly outside the Cabinet as I have within it.

My right hon. Friend the Prime Minister has set out the facts relating to what has been called the "Westland saga", and particularly the circumstances relating to the disclosure of information contained in a letter of my hon. and learned Friend the Solicitor-General. She has done so in great detail. Some of the facts only she can know about whereas in other events I myself was closely involved. I can and do confirm that with regard to the facts within my knowledge, the account of my right hon. Friend the Prime Minister is correct.

My right hon. Friend said in her statement to the House last Thursday, I made it clear to my officials at the Department of Trade and Industry that—subject to the Standing Order No. 10—I was giving authority for the disclosure of the Solicitor-General's letter to be made. I therefore accept full responsibility for the fact and the form of that disclosure.

The House knows of the extraordinary, perhaps unprecedented, circumstances in which we were working—the circumstances of the persistent campaigning of my right hon. Friend the former Secretary of State for Defence and the urgency of the need to ensure that the contents of the Solicitor-General's letter should become known. But for all that, and in retrospect, I must make it clear to the House that I accept that the disclosure of that information—urgent and important as it was—should not have taken place in that way, and I profoundly regret that it happened.

I must also make it clear that at all times the Department of Trade and Industry officials acted in accordance with my wishes and instructions. What they did was with my authority. They are not to be blamed. Indeed, they have given me good and loyal service throughout my time as Secretary of State for Trade and Industry.

There is one further point—and one further point only—that I would make. I remain firmly of the view that the Government's agreed policy of letting the board and shareholders of Westland make up their minds about the company's future without political pressure was and is right. Let us hope that now—

Mr. Alex Carlile (Montgomery): Will the right hon. and learned Gentleman give way?

Hon. Members: No.

Mr. Brittan: Let us hope that the future of the company can now be decided in that way.

29 pm

Mr. Merlyn Rees (Morley and Leeds, South): The right hon. and learned Member for Richmond, Yorks (Mr. Brittan), the former Secretary of State for Trade and Industry, resigned because of his responsibility for the

disclosure to the Press Association of legal advice in a letter supplied by the Solicitor-General. He was right to do so. His resignation is honourable, but he should have resigned earlier. However, it was not only the Secretary of State who was involved in that disclosure, which is the major reason for the anxiety about the happenings of the past four weeks. The Prime Minister was also involved.

For four weeks we have been trying to get information from the Government in a variety of ways, including today's Standing Order No. 10. We have received some information from the Government, but it has taken a long time. We have not yet got it all, and, unless we get more this evening, the matter will continue.

I wish to raise two issues. The first relates to the role of the Law Officers, and the second to the private office. I disagree with the right hon. Member for Plymouth, Devonport (Dr. Owen) that civil servants in the private office should resign, and I shall argue that case shortly.

I first realised the peculiar nature of Law Officers during the Franks inquiry of 1972, so by the time I became a Minister I was not surprised by the way that they operated. It should not have surprised the former Secretary of State for Trade and Industry, who has one great advantage over me—he is a lawyer. Indeed, it is said, properly, that he has aspirations in the political sphere, and so he should. It is an honourable task and peculiar to this country.

The Franks report states:

"The Attorney-General administers the criminal law in the interests of the community as a whole, and he must disregard the interests of his party, and those of the Government as such." The Solicitor-General and Attorney-General have done that consistently throughout the Westland affair. I do not seek to get at them. I am mentioning their role for other purposes.

Not only is the role of Law Officers different from other Government activities. Last week, it was drawn to my notice that if the Government were to fall next week, all the information in the documents, papers and Cabinet sub-committees would not be made available to the succeeding Government, but the Law Officers' information would. It is unto itself, and above politics. I do not understand how the Prime Minister and the former Secretary of State for Trade and Industry, knowing that, could use the advice given by the Solicitor-General on that Saturday and then on Monday as they did. That is one of the most important issues to emerge during the past month.

Mr. William Cash (Stafford): Does the right hon. Gentleman agree that if there were material inaccuracies in correspondence, they should emerge?

Mr. Rees: Of course they should, but there should be a public statement. The inaccuracies should not have emerged in that way. That is the whole point of our argument.

I shall remind the House of what happened. The Government made a decision within one and a half hours. They moved more quickly than my right hon. Friend the Member for Blaenau Gwent (Mr. Foot) and his Cabinet did on such issues. The Government knew what to do within one and a half hours. I bet that the matter had been discussed before, and that the civil servants knew what was in the minds of their lords and masters; otherwise, they would not have acted as they did. One does not leak a little bit of a letter to an honourable member of the press. I am coming to the conclusion that the Government were

consider is whether the fact that the Solicitor-General has written and the opinion he has expressed should come into the public domain and if so whether that should be in general or specific terms.¹

"My inquiry suggests that there was no advice, he [the Secretary of State] was presented with the issue and asked for a decision . . . Those who heard this call and who took part in it have said it was put to him—and I think the phrase was 'deadpan'.²

"The Secretary of State responded that he thought it should go into the public domain and that it should be done in specific terms but that No.10, the Prime Minister's office, should be consulted".³

The Prime Minister has told the House that this conversation took place at about 1.30 p.m.⁴ Sir Robert Armstrong told us that the conversation took place at "quarter past, twenty past one, something around about that time; it is impossible to say exact times but near enough".⁵

147. The Prime Minister told the House that Mr Brittan

"asked his officials to discuss with my office whether the disclosure should be made, and, if so, whether it should be made from No.10 Downing Street, as he said he would prefer. He made it clear that, subject to the agreement of my office, he was giving authority for the disclosure to be made from the Department of Trade and Industry, if it was not made from 10 Downing Street".⁶

Mr Brittan told us "I would particularly stress, it all had to be subject to the agreement of No.10."⁷ Although Sir Robert Armstrong's inquiry found that Mr Brittan probably did not use the words "subject to the agreement of" he nevertheless used words which were taken to mean that.⁸

148. Although Mr Brittan took the view that the fact that the Solicitor-General had written as well as the opinion he expressed should be brought into the public domain,⁹ he did not express a view about the method of disclosure. Sir Robert Armstrong doubted whether he was consulted about the precise method.¹⁰

149. Mr Brittan has made clear his view that the officials in the DTI acted with his full authority. "They are not to be blamed", he told the House.¹¹ He said in evidence to us:

"I accept fully responsibility for what was done and would not suggest for a single moment that my instructions were anything other than followed".¹² ". . . I accept full responsibility for what my officials did, not just in some formal constitutional sense but

also in the sense that I am not suggesting that they went in any way beyond what I authorised them to do."¹³

Nothing could be clearer. From the point of view of his inquiry, Sir Robert Armstrong considered that authority for the disclosure was given by the Secretary of State for Trade and Industry.¹⁴

150. Mr Brittan then went back to his luncheon and Mr Mogg telephoned [redacted] at Downing Street. This conversation was shortly followed by a conversation between [redacted] Bernard Ingham, Chief Press Secretary at No.10 Downing Street, and Miss Bowe at the DTI. Mr Mogg's first concern, as it had been Mr Brittan's, must have been to convey to the Prime Minister's office Mr Brittan's view that he would prefer the disclosure of the letter to come from No.10.¹⁵ This was understandable, given that what was proposed was to publish a classified document originated by another Minister. It should be noted that if Mr Brittan's preference had been observed by the officials at No.10, Mr Brittan's authority would not have been needed. It would have been a matter entirely for the Prime Minister's office. If they had had to make the disclosure, they might have consulted the Prime Minister, who was in No.10 at the time.¹⁶

151. The officials at No. 10 refused to make the disclosure.¹⁷ Sir Robert Armstrong told us, a trifle euphemistically, that [redacted] and Mr Powell "accepted" that the DTI should make the disclosure. It is evident to us that the DTI officials were told that a disclosure from Downing Street was out of the question. They knew that the letter contained advice from a Law Officer; they knew that it was classified. Its disclosure without the knowledge of the Minister concerned—particularly by the means that were then agreed between the two offices—would be a wholly improper course of action: indeed, an action of which Mr Brittan said to the House:

"I accept that the disclosure of that information—urgent and important as it was—should not have taken place in that way, and I profoundly regret that it happened".¹⁸

152. Mr Brittan was emphatic about the need for the Prime Minister's office to approve the disclosure: "I would particularly stress, it all had to be subject to the agreement of No. 10".¹⁹ When it is the agreement of the Prime Minister that is required in this unequivocal way—whether directly or through officials who Mr Brittan might reasonably have expected to have acted only with her explicit or implied authority—the authority of a Secretary of State is subordinate. The fact is that Mr Brittan could not actually give authority "subject to the agreement of No. 10", but he could make a recommendation that the information should be disclosed subject to the approval of No. 10. If that approval were to be forthcoming, his direct authority would be required for the disclosure to be handled by his Department if that was what the Prime Minister wanted. This direct authority his officials had already received. They also believed that they had received from No. 10 approval for the disclosure.

¹Q.1190.

²Q.1222.

³Q.1190.

⁴Official Report, 23 January 1986, col. 450.

⁵Q.1190.

⁶Q.1190.

¹³Q.976.

¹⁴Qs. 1191, 1236, 1239, 1259.

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Re Swinburn
I have highlighted
the particular
paragraphs

Chris Moncrieff
Chief Political Correspondent
Press Association
Parliamentary Press Gallery
House of Commons
London SW1A 0AA

Stott
by
4

6 April 1989

Dear Chris

I enclose a copy of the script of the first programme of The Thatcher Factor, which is being broadcast tomorrow evening at 8pm.

As I explained on the phone, the commentary and original interview sections are fully accurate, but the archive material has not been fully checked.

I hope you find this is of interest.

Yours sincerely

Martin Stott

MARTIN STOTT
Press Officer

Pre-Title sequence

Archive

Falklands victory speech
in Guildhall

THATCHER SDF

We the British people are proud of what has been done, proud of these heroic pages in our island story, proud to be here today to salute the task force, proud to be British.

DAVID OWEN

The readiness to spill blood is I suppose a characteristic of her leadership, and that's what makes her very tough and very determined, and it is the hallmark of a leader actually, to know when you've got to make enemies.

LORD JENKINS

Mrs Thatcher thinks much more how lucky the country is to have her, I think than how lucky she is to be there. It wouldn't occur to her that she oughtn't to have climbed to the top of the greasy pole.

LORD WHITELAW

She always had the complete determination, and the complete courage to pursue the course which she believed to be right. She's always had that and that is why she is a very powerful person and I believe that is a sign of very great strength.

Archive

Thatcher elbows to the front in group shot with European leaders

COMM

Over the past ten years MT has forced herself to the front of British and world politics. Behind her has been her utter certainty that she was right.

TITLES

THE THATCHER FACTOR

SHE KNEW SHE WAS RIGHT

Thatcher arrives at YC
Ball - Tory Conference
1988. MT's speech

COMM

The Conservatives, young and
old, now have the assurance of
people born to rule
indefinitely.

YC CHAIRMAN SOF

.. our most distinguished
guest, ladies and gentlemen,
the prime minister.

Music

THATCHER SOF

Mr Chairman it seems to me
you're having a very good time
and thoroughly enjoying this
party conference - yes? Of
course it's quite the best
party conference there's been
this year - but then there
hasn't exactly been a lot of
competition.

COMM

Mrs Thatcher's decade has
transformed their fortunes, and
she is serenely proprietorial
about it.

THATCHER SOF

This is the party for all the
people from all sorts of
backgrounds - whatever
background you come from.

COMM

The appeal is intended, above
all, for achievers.

PARKINSON

She hasn't forgotten her own
background - she isn't in any
way patronising about people
who started life with very few
advantages and I think that is
just why she's so relevant to
this country at the moment.

Actuality

Grantham - A Robert's shop - exterior and interiors

Archive

Miriam Stoppard interview with MT

STILL

Alderman Roberts

COMM

Margaret Thatcher's own background was comfortable but thrifty. She was brought up in a grocer's shop on the Great North Road in Grantham - which is now preserved as a tourist shrine. The young Margaret Robert's father was not just a shopkeeper but a committed municipal politician who became mayor of Grantham and her political mentor. He taught her how to balance the books, a lesson in good housekeeping she has never forgotten.

THATCHER SOF

SUNC My father ... I have a lot of faults - we all have. I think I inherited so much that was good from him and the other thing is you, my goodness me, you never buy anything you can't afford to buy, never.

V/O But you live according to your means. Many is the time SYNC I can remember my mother saying when I said my friends have got more. Well we're not situated like that.

LORD GOWRIE

She's got a lot of skill and a lot of guile and I've seen her charm people use traditional feminine wiles on people which she can do very effectively. She can be a very - her public image is somebody quite strong and strident and uncompromising but she can be very seductive when she wants to be.

ANNA MCCURLEY SYNC

She is astonishingly attractive. She has a very very female quality. There's no question of that. In fact.. I think it's probably her raunchiness that's even more attractive because you've got this slightly bi-quality of having the strong masculinity combined with this fluffy hair, these beautiful big blue eyes.

Archive

Thatcher having hair done

COMM

The novelty of having a woman as party leader was exploited to the full. Mrs Thatcher's managers left nothing to chance. Her hair was restyled and her voice lowered, under the hand of her professional television consultant Gordon Reece

Archive

MT with Gordon Reece.

SARA MORRISON

V/Q For availing herself of Gordon Reece's wizardry
SYNC is a very female thing to work out that the softened hair, the muted voice, the perfect makeup and get up for all seasons was a necessary part of the apparatus of being a dominant Prime Minister. That required a certain genius to spot his talent though his genius I think is epparent to anybody who from time to time gives themselves

Archive

Thatcher cutting pound note in half

V/Q a pictorial trip down memory lane looking at the 60s and the 70s and the now perfect apparatus which is Mrs Thatcher.

Thatcher handing drinks to Chinese

COMM

Mrs Thatcher has also always had a sensationally good popular press

Music

Headlines

The Sun:

"Crisis what crisis"

"Chaos on all sides"

Daily Mail:

"Target for today - sick children"

The Sun:

"Helpless!"

Archive

Crisis speech

Headlines

"Winter of discontent"

The race for No 10"

Archive

MT & Gordon Reece sweep downstairs

LARRY LAMB

SYNC We were delighted because we and when I say we I mean a very small number of people - my people in parliament, my political editor, Mr Rupert Murdoch - a merest handful of people. We regarded her as I suppose you would say the Tory most likely to succeed and we were desperate that the Tories should succeed. The Print Unions were ruining our business and in my view the Labour Party was ruining the country and V/O it had to be stopped.

COMM

As the Labour government foundered she caught the populist note of fury with the unions in the tabloid headlines and echoed it perfectly in her speeches.

THATCHER SDF

Even the Prime Minister's concluded that our troubles are serious. You don't need telling there was a crisis, as you saw the sick and the elderly made the victims of heartless action.

LARRY LAMB

SYNC Toppling governments is a lot of fun obviously.

V/O And particularly if you can get it right and

SYNC at that time I was in close touch with the PM's or Mrs Thatcher's media advisor Gordon,

V/O now Sir Gordon Reece.

SYNC I did tell her that in my view there was no without being any cause for complacency there was a great bulk of working class voters ready and waiting to vote Tory for the first time in their lives of whom I was one.

Archive
MT outside No. 10

COMM

On the day of her election, Margaret Thatcher offered a prayer for harmony.

THATCHER SDF

And I would just like to remember some words of St Francis of Assisi which I think are really just particularly apt at the moment. "Where there is discord may we bring harmony, where there is error may we bring truth, where there is doubt may we bring faith and where there is despair may we bring hope.

GOWRIE

She has a fairly innate distrust or suspicion of her own generation - I'm talking about her own generation of people who have had power V/Q and authority as she has.

Archive
Gilmour

COMM

Her shadow cabinet of paternalistic Tory gentlemen had been inherited from Ted Heath but in government they never knew how to handle her.

GOWRIE

V/Q Most of the people she worked with in her first cabinet had had very little experience of arguing with women.

SYNC I mean I don't know the I can't imagine that Frances Pym's ever had a serious intellectual angry clash of opinions with a woman in his life.

LORD PYM

Well she makes it clear 9 times out of 10 what are her preferences and what she thinks the conclusion ought to be - that does sometimes have the effect of limiting the discussion but by no means always and any minister sitting round that table now not only is at liberty has a duty to say what he thinks his opinion is and I'm sure they do that.

SARA MORRISON

It's much more difficult to bawl at a woman than it is to tell a man that he's lost his marbles and I think that all that sort of barricade she used absolutely brilliantly.

Archive

Howe, Biffen, Prior outside No. 10. Nott arrives.

COMM

Mrs Thatcher put her supporters into the key economic ministries. They were a minority in the cabinet but they took control.

Archive

Nott arriving No. 10

SIR JOHN NOTT

V/D In my view, there was a group of 5 or 6 ministers in the cabinet

SYNC who actually knew exactly where they were going, what they wanted to do, broadly speaking they were in agreement with Mrs Thatcher on the measures that needed to be taken. Some of them were very difficult because they were very controversial and rather dangerous.

Archive

Thatcher opening red lunch box

COMM

Thatcherism, as it was called, immediately produced high interest rates, an industrial slump and escalating unemployment.

NOTT

V/O I would think two thirds of the cabinet didn't philosophically really agree with the kind of SYNC tough economic policies which were being advanced by Geoffrey Howe as Chancellor in 79, 80 and 81.

Actuality

Industrial wasteland

COMM

A fifth of British manufacturing industry vanished in two years, leaving a wasteland nobody had foreseen.

The moderate Conservatives, or "wets" were led by Jim Prior. They could change nothing.

Archive

Prior

PRIOR SOF

Thatcher at conference

THATCHER SOF

To those waiting with baited breath for the favourite media catch phrase the U turn I have only one thing to say, you turn if you want to.

COMM

As unemployment mounted towards 3 million, the leader held stubbornly to her course.

THATCHER

The lady's not for turning.

COMM

The rank and file liked it - though some colleague were discomfited. The Ultras knew she was right.

SIR JOHN HOSKYNS

She made it absolutely clear then, she said she would really rather go down and be chucked out quite frankly rather than do a U-turn. She was in an absolutely sort of burning the boat frame of mind on that and that was very important because it meant then that people didn't have to waste time wondering whether with their backs to the wall so to speak, the wall would suddenly fall down behind them.

PRIOR

Of course we were nothing like as powerful as sometimes the Right Wing press liked to make us out or even for that matter the left wing press liked to make us out. I mean there were really never more than three wets who put their heads above the parapet at any one time.

COMM

The Treasury remained obedient. The climax of the argument with the "Wets" came over the 1981 budget when Chancellor Geoffrey Howe further tightened the squeeze.

Archive

Howe's dog - Howe in study

HOWE

V/O I was able to get in the end strong support from No. 10 SYNC and the Prime Minister the day after I produced that budget gave very strong support in the speech in the City of London because clearly people were

shocked by the scale of what we were trying to do.

FRIDR SYNC

I was very upset by the 1981 budget. I felt that it was hitting the economy and hitting people when they were already down on their knees and that this was a great mistake, that it would merely plunge us even deeper into higher unemployment and so on which of course it did. Unemployment went on rising long after 1981 budget and the signs of recovery were very very slim at that time and I did think at that time that I ought to resign.

Archive
Riots

COMM

Urban rioting, of a savagery unknown in Britain this century, burned through the summer of 1981.

To the Prime Minister this was due to nothing more complicated than human wickedness.

Archive
Thatcher - July 1981

THATCHER SOF

V/D 1000 policemen embattled in one of our great cities. 200 injured, riot shields and CS gas needed to defend the very men to whom we all turn for protection.

SYNC Nothing can justify, nothing can excuse and noone can condone the appalling violence we've all seen on television

WHITELAW

She was always very firm that unemployment was no part of it. I think she did I think very reasonably appreciate as time went on that obviously it played a part and said so. I always felt it did. I felt possibly that I was slightly out of tune on that front..

Archive
Whitelaw & Tebbit

COMM

But never out of line.
Whitelaw the natural leader of the "Wets" was often in alliance with colleagues uncongenial to him.

TEBBIT

V/O Willie would always deliver to the Prime Minister a majority in the cabinet SYNC even under the most difficult times by the sheer force of his personality. If Willie had sided with the Wets then I think it would have been a very different story but he didn't, he always sided with the Prime Minister.

PRIOR SYNC

I think we certainly felt at the time that Willie Whitelaw could have been more helpful to us, we felt basically he was on our side but when it came to the decisions he came down very firmly in support of Margaret for reasons that we all understand but I think that yes it would be wrong for me not to say that at that time we were disappointed that he didn't give us more backing.

WHITELAW SYNC

It may not have been a popular line. It may in their judgement have been the wrong line but once you have decided that you are going on that line they knew what I was doing.

Archive

Whitelaw and Thatcher

COMM

He was the faithful consort.

WHITELAW

V/D I am laughed at sometimes for being someone who is SYNC over loyal. I think I always found it easy to serve other people even though I didn't though I didn't necessarily agree with somebody. I've always found that something easy to do. It may be said, it may be a deficiency in my character that I enjoy serving other people more than I would actually be at the very top myself.

Archive

Gilmour

COMM

One after another, the wets were routed from power in the cabinet. Ian Gilmour, the first and most elegant internasi critic, was relieved to go. Jim Prior forlornly submitted to exile in Northern Ireland.

LORD PRIOR SOF

COMM

Harshness became the Government's dominant tone.

Archive

Tebbit applauded by Thatcher & Party at 81 conference

TEBBIT SOF

I grew up in the thirties with an unemployed father. He didn't riot, he got on his bike and looked for work and he kept looking until he found it. [applause] Yes, yes Liverpool is a blackspot. Let's never forget it and let's never forget the history of why it got that way. How many jobs went west as it was out brothers and they came out once again.

COMM

The attacks of the fully Thatcherised Tory party found Labour and the unions at their most uncertain.

HOWELLS

SYNC The Left was largely bankrupt of ideas about what to do about the problems of British industry. It seemed to believe that as I've said that job levels should be maintained simply because they existed. It did not, it seems to me, come to terms with things which Thatcher was obviously talking about which was the rationalisation of industrial production, modernising it. In a sense we became the reactionaries. We weren't the modernisers.

V/O We were singularly unsuccessful at explaining our case, I suspect because we didn't really have one.

Archive
Labour Conference 1980

COMM

Labour's chances of developing a case were destroyed from within. Every party conference became a battleground in the year when Mrs Thatcher was most vulnerable, the rival wings were absorbed in a bitter struggle for leadership.

Healey/Benn split screen

ARCHIVE SDF

[Results announced]

Archive
Roy Jenkins

COMM

The party's passion was entirely directed upon itself. The Labour right did Mrs Thatcher further service by splitting to form the SDP, led by Roy Jenkins.

JENKINS SYNC

I think she has had one enormous piece of luck which is that she has not over 9 years had an effective opposition. People have been near to being effective opposition but broadly speaking from the point of view of the opposition she has had the easiest run which any prime minister I can think of has had.

Headlines

"Most unpopular PM since records began."

COMM

The divided opposition abjectly failed to reflect opinion in the nation. Here, economic misery produced an unprecedented chorus of disapproval - and a telling satire.

Anyone for Denis

SOE

Of course the rate of inflation is still high and unemployment figures are still rising but you can't seriously expect me or the Conservative government to take responsibility for things like that. If they were to fall dramatically then of course we shall take full responsibility but you know if there's one thing I've tried to get across again and again, it is this: whatever happens it's your fault.

Archive

Crowds in Buenos Aires

COMM

But whose fault was General Galtieri's seizure of the Falkland Islands, which drove satirical plays out of business? Images of shame produced an early casualty.

Stills

CARRINGTON SCF

V/O Well I think that what has happened in the Falkland Islands is a national humiliation

SYNC and I have been responsible for foreign affairs and I do not think it is right that when that happens the minister responsible should just go on as if nothing had happened and I think that the honourable thing to do is resign.

POWELL

SYNC If I'm asked whether any of Mrs Thatcher's recent predecessors would have done what she did in April 1982, I'm afraid that I'd have to say no. They were after all gentlemen and they were gentlemen who knew perfectly well that all the papers had been across their desk which spelt out clearly enough and she's not unintelligent, clearly enough

how the Falklands was going to be handled and they

V/O would simply not have had a woman's shamelessness in changing their minds to say well that was yesterday, this is today and out you go.

Archive
Casualties

Archive
English soldier with
Union Jack

COMM

The Task Force went out, and triumphed - though at great human cost. Politically, the homecoming was what mattered. it tapped a productive well of patriotic emotion.

Archive

Homecoming - troops from
Falklands

HALL

V/O I think the Falklands was
in that sense an absolute
Godsend. I mean it mobilised
everything

SYNC fighting the war, the war
against the dictator -
Churchillism, back to the wars,
we can do it you can't treat
the British lads. These may
sound like just empty myths but
actually they are what
mobilised the nation.

ARCHIVE SOF

The very fact that we could
still go to the South Seas and
impose our will on some tinpot
dictator down there. We both
laugh at it and are caught up
in that revival of national
sentiment and it came at such a
strategic moment. It came at
the moment

SYNC when it really looked as
if Labour might make gains in
London, might make real success
in local government elections
and it really just transformed
it by intergrating the whole
Thatcherite project with a new
notion of the nation abroad.

COMM

There were political dividends
for Mrs Thatcher herself. She,
not a Queen or Prince, took the
salute at the victory parade.

HALSEY

V/O One has to wonder about
Mrs Thatcher as to whether
SYNC she was narrowly or
widely based. Whether she knew
what she was doing or not.
Whatever the answers are, it's
certainly true

V/O that there are parts of
Mrs Thatcher's outlook which go
with the grain of ordinary
popular aspirations. In all
sorts of ways,

SYNC the animosity any real
animosity which is felt towards
her is also very qualified by a
sense of yes but she really
does have it right in some ways

Thatcher/Pym at Press
conference

Archive

Victory Parade

Archive

Michael Foot - 1983
election campaign

Headlines

THE SUN:
Do you seriously want
this old man to reign in
Britain

Archive

Thatcher visiting
factory

Press conference

Cartoon

COMM

In the 1983 election she was certainly found to have it more right than Michael Foot. The Labour leader, a face from the past, proved a poor match for the prime minister's smoothly managed elan.

While he was lampooned and smeared by the tabloid press, Mrs Thatcher moved effortlessly from one photo opportunity to another.

She humiliated Francis Pym, Foreign Secretary and surviving wet. when he suggested negotiations with Argentina.

LORD PYM SQF

THATCHER SQF

COMM

Pym sacked from the Foreign Office, was the first victim of a landslide victory.

But triumphalism wasn't the only emotion it produced.

Party chairman, Cecil Parkinson, was soon brought down by a personal scandal which even the Tory press couldnt resist.

But Mrs Thatcher didn't desert her loyalists when they were in trouble.

PARKINSON SYNC

I think she is a very good friend and she is a very understanding person and I think most colleagues know that. I mean she's very tough sometimes and I'm not pretending that but she is a good friend and she's very very kind to a lot of colleagues - if a colleague has a sick child or something of that kind. I mean she's just amazing.

Archive

Brighton bombing October
1984

COMM

In 1984 the Prime Minister faced an ultimate confrontation - with terrorism. At Brighton she came within a few feet of death from an IRA bomb. Her colleagues were distraught but she preserved a nerveless facade.

THATCHER SOF

You hear about these atrocities, these bombs, you don't expect them to happen to you. But life must go on as usual. The conference will go on as usual. Alright John the conference will go on as usual.

COMM

Some of Mrs Thatcher's colleagues were mutilated or killed as others already had been. Terrorism had touched Mrs Thatcher personally, and not for the first time.

GOWRIE

SYNC Terrorism has enormously touched her life. There's not only the experience at Brighton but the knowledge she has to live with that she will always be under very considerable personal threat

V/O and she is a brave and courageous and I don't think people quite realise what it's like living with that permanent threat.

Archive

Funeral

Archive

Bobby Sands poster

COMM

She dealt with the powerful IRA weapon of the hunger strike by pitting against it the same brand of inflexible determination.

THATCHER SDF

There can be no question of political status for someone who is serving a sentence for crime. Crime is crime is crime.

Headlines

'Bobby Sands Dies'
'Thatcher Blasted'

Archive

Violence - Ireland

Signing of Hillsborough Agreement

COMM

Eleven hunger strikers died, amid worldwide protests. The prime minister showed herself to be a politician of exceptional hardness, when she saw the issue as quite clearly cut.

But the tragedy intensified sectarian violence.

To much astonishment, the conflict drove Mrs Thatcher to sign an agreement with the Irish prime minister, Garret Fitzgerald, for co-operation on Northern Ireland.

PATTEN

SYNC A lot of the prime minister's closest political supporters were hostile to the Hillsborough Agreement.

V/D But I think she also had sufficient imagination to see that we had to find

SYNC a better way of reflecting the fact that we share these islands and have made rather a mess of doing so over the last couple of hundred years.

Archive

THATCHER SDF

I want to offer hope to young people particularly that the cycle of violence and conflict can be broken. I believe in the union and that it will last as long as the majority so wish.

POWELL

SYNC I don't believe that the prime minister when she said in 1979 I'm a rock hard unionist was telling an untruth. I think she was correctly describing herself.

V/D She hated doing it. You only had to watch the prime minister in November 1985.

SYNC She was a picture of misery. She just hated it and it's I suppose, I suppose it's to her credit that having been convinced at that time that an overriding national interest was involved, she overrode her opinions her wishes and her instincts.

Archive
Ireland

COMM

This unionist prime minister was pilloried by Unionists as a betrayer. Uncomfortably, she's discovered that this is no simple conflict of right and wrong. Each assertion of one side's right exacts a terrible price, with the state also driven to a violent response.

POWELL

SYNC She does believe in right and wrong. She does believe that they are different and that you can pick them out. Now I'm afraid that I think there are circumstances in which it is very hard to know. And very hard to pick them out. And many circumstances in which they shade horribly, even tragically into one another but that kind of finesse

V/D is not for Margaret Thatcher.

END OF PART ONE

PART TWO

COMM

In 1984, Arthur Scargill, leader of the miners union, provided for Margaret Thatcher her perfect opponent when he called a strike over pit closures.

SCARGILL SOF

This conference further agrees to call on all areas to join with the 80% who are already on strike.

[Cheers and applause]

I call on behalf of the NUM on every single working miner to stop work and join the strike

COMM

He was manoeuvred into beginning the strike when coal stocks were high, and the Government had spent months in preparation. Three years earlier, the Thatcher cabinet had backed away from a confrontation with the miners.

TERBIT SYNC

We've used all sorts of words to cover our embarrassment at the time but the plain fact was we were not in a position at that stage to deal with a major coal strike. We couldn't have carried it through and so the Prime Minister showed her sense of tactics - she wasn't going to get into a battle she couldn't win. But there was I think fairly clearly a note on her pad that the next time things were going to be rather different.

Archive
Scargill

Notts miners

COMM

Now they were ready for Scargill. His Yorkshire flying pickets tried to close the Nottinghamshire pits, without the national ballot that had always been binding on miners. The Notts miners stayed at work, and demonstrated the union split for all to see.

HALL

V/O I think the failure to have a ballot

SYNC represents a deeply patronising view of what ordinary men and women in the mining communities are capable of.

V/O They must have some democratic voice in whether they are ready to go or not. I mean that's just so basic a principle the notion that some vanguard leadership

SYNC which of course was right about the attack which the coalboard was launching on the community but Arthur Scargill was absolutely right about that but nevertheless if you want to mobilise politics around that you have to win the consent of people.

HOWELLS SYNC

The one strength that the NUM had which so many unions didn't have was that it was the one organisation which bargained on behalf of miners, all miners in the industry and of course once that was broken, then in a sense we were finished.

Archive

Thatcher - Carlton Club
Nov 84

MARGARET THATCHER SOF

This year as before in our history we have seen men and women with brave hearts defying violence, scorning intimidation and defending their rights to uphold our laws.

Archive

Ian McGregor down mine

COMM

From the start the strategy was to drive the NUM towards surrender, not agreement. The Coal Board chairman Ian MacGregor, was kept firmly though covertly, under political control.

PETER WALKER

V/O I think Ian had never been involved in a political strike. He had been involved in industrial strikes and he had had the experience of the steel dispute.

SYNC What he didn't calculate here was we weren't talking about industrial strike we were talking about totally politically motivated organised strike by somebody who was using methods and their methods involving violence and picketing of the nature we all saw.

Archive

Police in riot gear

HOWELLS

V/O The police were very very well organised. Confronted with policemen suddenly who were armed with shields and batons visors and helmets was very very intimidating and scary experience. There would be a lot of noise there would even be these terrible occasions when the police would actually beat their shields when they seemed to be like lines of zulus coming towards you. It sickened me

SYNC to see young men who believed so passionately in the cause that they were fighting for in teeshirts and what we in South Wales call daps rubber shoes hurling themselves against lines of policemen wearing medieval battle gear.

Archive

Orgreave -
confrontations police &
miners.

COMM

At the Orgreave coking depot they made their decisive and bolldiest charge.

Rarely have so many been assembled in an English field or unleashed such public violence.

To Mrs Thatcher the miners were simply "The Enemy Within".

Archive
Peter Jay/Thatcher
interview

THATCHER SQF

The enemies within are those who do not believe in the democratic system but who use violence or intimidation, some other means than democracy to attain their aims.

INTERVIEWER

Do you think that that kind of language is the best for a prime minister - I'm not talking about some ravid junior politician but for a prime minister.

MARGARET THATCHER

Under the circumstances under which I used it - yes. People could see the violence they knew of the intimidation - oh they knew they knew they found an echo they were watching it on their screens.

DAVID HART

SYNC Propaganda is a vital weapon and it was particularly during the miners strike. A very substantial amount of our efforts were directed towards trying to achieve a perception on the part of the public of our point of view in the miners strike and trying to prevent the public perceiving V/O things the way Scargill was trying to perceive them.

Headlines

"Scargill's real aim is war"
"Scargill bid to cripple Britain"
"Scargill's war on democracy"

HOWELLS SYNC

The press, it seemed to us was being manipulated and I think that we did very little to counter that. What we did really was to tell lies to each other.

Archive

Miners wives attacking working miner's wife in car.

COMM

As the war of attrition ground the miners down, bitterness between strikers and workers turned into communal violence.

SQF

DAVID HART SYNC

The strike ended without a settlement. It is quite clear that a settlement wasn't required. Indeed it is clear that the only condition for victory the only possible definition of victory was for us an ending of the strike without settlement.

Archive

Miners march back to work

COMM

The miners marched back to work striving for dignity behind the banners. They had held out for a year, but the popular majority and the unshakeable force the Government had mobilised against them were bound in the end to prevail.

HOWELLS

V/D We were undoubtedly defeated. People argued that we weren't defeated SYNC that the victory was the fact that the strike went on for a year that we sustained it for a year. It was an enormous defeat. I think an irreversable defeat for the NUM and for mining trade unions in general. It was also a defeat for trade unionism as we knew it up until the 1980s.

Archive
Helicopter

Thatcher, Heseltine &
Howe

Heseltine

Headlines
"Great Cabinet Shambles"

COMM

It was an obscure dispute over the future of Westland Helicopters which brought Mrs Thatcher down to earth. It grew into a titanic and almost fateful clash. The Defence Secretary Michael Heseltine wanted the near bankrupt Westland to find a European partner. The company backed by the Prime Minister wanted an American solution, and Government supporters massed behind it led by Industry Secretary Secretary Leon Brittan. Heseltine, prevented from putting his case to the full Cabinet, was isolated.

BIFFEN

V/D It was insensitive for the Prime Minister to have SYNC dismissed in quite the way that she did his particular option for Westland and I think that it was a dispute which cast quite an insight into the way in which government proceeded.

COMM

The attack on Heseltine intensified when a warning letter to him from the Solicitor General was deliberately leaked to the press by Brittan's department.

LORD HAVERS

And I heard about this on the 5 o'clock news and was very cross because there's a very strong convention that Law Officers letters or communications are never leaked without their permission and this had been leaked without either my permission or even more important the writer of the letter, the Solicitor General. V/Q I couldn't bring myself to believe that a DC who was a Cabinet minister would authorise a leak of that sort when the of the rules forbade it and so I just thought it was some civil servant who was deciding to perhaps get his own back from the DTI against Michael Heseltine.

Drawing - Cabinet

COMM

The last straw for Heseltine came when the Prime Minister suddenly demanded in Cabinet that he clear all his future statements on Westland with her secretariat. To his colleagues' amazement he picked up his papers and walked out.

Archive

Heseltine outside No. 10

HESELTINE SOP

I have resigned from the Cabinet and I will make a full statement later today.

Drawing

COMM

The resignation left the Govt shaken and another bombshell set to explode. Mrs Thatcher had been forced to agree to an enquiry by Cabinet Sec Sir Robert Armstrong into the leak from Brittan's dept. The leak had come from Colette Bowe, press officer at the DTI - but on whose orders?

Archive

Colette Bowe

COLETTE BOWE SOF

You should direct any questions about leak enquiries to the No. 10 press office.

LORD HAVERS

V/O I had seen her before and she seemed to me to age over that period tremendously.

SYNC She had done her best - she'd tried to get hold of the Permanent Secretary of her department. She then gets firm instructions from the private office of the Secretary of State you are to do this and I assume that she would be advised by

V/O Bernard Ingham to do what her department was telling her.

Archive
Bernard Ingham

CGMM

Bernard Ingham, chief press officer at No. 10 is the Prime Minister's longest serving official. What had he known? Had she set up Armstrong to enquire into a leak organised by her own underlings?

LORD HAVERS

V/O Sir Robert took I'm guessing now about 10 days to complete the enquiry.

SYNC He finally came in. I was there at the Prime Minister's request and said I'll give you a summary of my enquiry and unless the Prime Minister is the most marvellous actress that I've ever seen in my life, she was as shocked as anybody that in fact it was on Leon Brittan's instructions.

BRITTAN SYNC

Well the release of the Solicitor General's letter was something which was approved by Mr Charles Powell - the relevant private secretary in No. 10 and it was approved by Mr Bernard Ingham, the prime minister's press secretary and as I made clear at the time there would have been no question of the release of that document without that express approval from No. 10

COMM

Charles Powell seconded from the Foreign Office and Bernard and Ingham were and are the two civil servants closest to the Prime Minister. They see her every day.

Their express approval of the anti-Heseltine leak raised the question of Mrs Thatcher's own prior knowledge of the plot.

LORD HAVERS SYNC

I had a look at the statement he began to make and made some suggestions but I think her problem was that everybody was saying on the Labour side and quite a lot of newspapers that she must have known. And all she was able to do and you can't prove negatives was to get up in the house and say I didn't know, I wasn't told and its a difficult thing to do.

Archive - parliamentary
sof

Drawing - Thatcher in
the Commons

MARGARET THATCHER SOF

It was accepted that the Department of Trade & Industry should disclose that fact and that in view of the urgency of the matter the disclosure should be made by means of a telephone communication to the Press Association.

ANNA MCCURLEY

V/O The worst moment I've ever seen her in was probably the Westland speech in the House of Commons.

SYNC The tension was enormous that day it was quite electric and the chamber was extremely crowded

V/O you got the feeling that she was desperately uncomfortable.

SYNC The gestures - her head was bent most of the time and normally it's straight up and eyeing the enemy and she was plucking away at Denis's pearls.

Archive - Parliamentary
Eof

MARGARET THATCHER SDE

... just in fact sent out for my official brief and what the secretary ... and what the Department of Trade and Industry officials believe..

ANNA MCCURLEY

There were issues of principle at stake - there's no doubt about it. Whether she was telling the truth to the House for example, what had happened. You got several variations on a theme. You got the strong suspicion that there were people involved in Downing Street in this that shouldn't have been there.

Headlines

Daily Mail:

"the Blood Sacrifice"

COMM

Leon Brittan became the scapegoat for the Westland leak. His resignation saved the Prime Minister.

Archive

Press conference

She refused to allow Powell or Ingham to give evidence at a parliamentary enquiry into Westland. Both have been promoted.

INGHAM SOF

Good evening ladies and gentlemen. The Prime Minister will say a few words and then we'll take questions ...

HEALEY

I think one of the worrying things is the way in which No. 10 has come to replace the Cabinet and the people who work for her at No. 10 in her press office in her private office are now taking the sort of decisions which should be taken by cabinet as a whole or at least by ministers - you know the Secretary of State for Foreign Affairs and so on and the extent to which she has a personal court is worrying. What is very bad for the constitution is the extent to which she's used officials to undermine the position of colleagues.

CGMM

John Biffen was one such victim. A frank television interview by John Biffen, the last independent-minded minister, led to a briefing by Bernard Ingham that he was 'semi-detached' and due for dismissal. Biffen was a lame duck from then on.

JOHN BIFFEN SYNC

To have one's departure widely canvassed in the press in circumstances where you know that the author must be Bernard Ingham and he only would be doing it with the acquiescence of the prime minister, I found distasteful, but not altogether surprising because exactly the self same technique had been used in respect of other ministers like Peter Rees and Patrick Jenkyn.

LORD GOWRIE SYNC

If you let her down or if you are disloyal at a time when she feels vulnerable which is what she thought happened I think she exaggerated a bit what she thought happened in the case of John Biffen. She doesn't become vindictive, she doesn't bitch to use a rather unattractive word but she does withdraw affection and in that way she can be quite glacial and quite monarchical!

JOHN BIFFEN SYNC

I never regarded my job as Leader of the House of Commons to be just a hired executive to deliver the behaviour of the House of Commons as though they had about as much animation as a line of groceries in Sainsburys.

Archive

Cabinet posing for photo

COMM

By 1986 the cabinet was her cabinet. Eighteen ministers had resigned or been sacked Personal domination carried her through the crisis.

NORMAN TERBIT SYNC

Well those difficult times of 85 and 86 lead to a lot of problems for the government. Its a characteristic of the prime minister's image that when the public can see where she's going when they know what she's after whether they agree with her or not they regard her as a very considerable leader. If they can't see what she's trying to do, if they think she's muddled, if they think the government is confused then those very positive attitudes turn right round to extremely negative attitudes. Instead of being a great leader, she's a bossy woman.

Archive
Margaret & Denis
Thatcher in garden

ENOCH POWELL

SYNC Nobody should underestimate in observing a prime minister the sheer strength which the Queen's chief minister has simply by dint of being the Queen's chief minister. And I suppose the longer you remain in that position

V/Q the more people make the error of supposing that having been there long you're likely to remain there.

COMM

The Thatcher's have made Downing Street a family residence.

MARGARET THATCHER SQF

Do you want packed lunch?

DENIS THATCHER SQF

Well a little bit, not too much.

MARGARET THATCHER SQF

Yes alright, with a beer cheese and

DENIS THATCHER SQF

Better keep my fingers crossed for that as well.

MARGARET THATCHER SQF

Hello Emma, hello dear, hello ...

LORD BRUCE-GARDYNE

V/Q One of her strenghts I think is that she has an instinctive feel I believe for what the ordinary

SYNC Tory voter out in the Shires is liable to be thinking and worried about at any given time and I think that there Denis her husband has quite an important influence too.

Because sometimes it is said you know that Denis represents the opinion on the 19th hole of every golf course in middle England

V/Q There's some truth in that.

Archive

Photo-call - Margaret &
Denis Thatcher

Archive

Russia

Labour PPB

Archive

Thatcher arriving in
Moscow.

Archive

Labour Party Political
Broadcast

COMM

This carefully arranged
photo-call was the preamble to
a campaign for the third term
that had seemed out of reach at
the height of the Westland
affair.

MARGARET THATCHER

If we have an electin early, we
go on holiday in August. If we
have an election late

DENIS THATCHER SOF

We won't go at all.

MARGARET THATCHER SOF

No holiday, that's right.

DENIS THATCHER SOF

I'll believe it when I see it.

MARGARET THATCHER SOF

I thought we'd go to Cornwall
again because we love it.

COMM

But before Cornwall, Moscow -
under Ingham's ever watchful
eye the leader who came to
power as the iron lady ranged
against the all evil empire
began her third election
campaign in the Soviet Union
with dividends back home.

But there was a new opponent.

NEIL KINNOCK SOF

Whether they agree with me or
disagree with me they know
they're gonna get a straight
answer and makes it easy for me
to be in touch, to keep in
touch.

COMM

Briefly Labour threatened with a fully modernised campaign revolving around Neil Kinnock. For the first time the famous Thatcher public relations campaign seemed to meet its match. The leader herself sometimes lost her perfect self control

Public alarm about Labour on defence and taxation, coupled with increased prosperity, gave Margaret Thatcher an unprecedented third term.

This was the election that made the difference, consolidating Thatcher revolution and its leader in power. Old favourites could be brought back or pensioned off.

It was time to make up for the faltering second term.

Archive

9 O'clock News - June 87

MARGARET THATCHER SOF

Now we have manufacturing industries, service industries that are fit which are competing the world over and that has been achieved alongside a reform in trade union law which was sorely need and a higher standard of living for everyone. But please if people just drool and drivel they care I turn round and say right, I also look to see what you do.

DIMBLEBY SOF

why do you use the words drool and drivel that they they care - is that what you think saying you care about people's rights amounts to?

MARGARET THATCHER SOF

No, I don't I'm sorry I used those words.

HOSKYN5

V/O The Government seemed to think its real task had been completed whereas in fact the really difficult bit which is the reform of things like the reform of the education system, the health service, the whole social security system, all of which were really in a state of total disarray were not addressed.

SYNC They did then get back a second wind. They started generating the ideas and of course the moment the ideas come, the energy and commitment V/O and the adrenalin level of the government as a whole begins to rise.

Archive

Thatcher picking up litter

COMM

The Prime Minister's new pace, has been directed to some unexpected causes with the image makers never far behind crafting the public's impression. Her anti-litter campaign made some headlines, but the men who spread the rubbish for her to pick up somehow didn't make it to the 10 o'clock news.

Tory Conference

MARGARET THATCHER SDF

Nearly 10 years yet its still we Conservatives who set the pace, generate the ideas and have the vision. (aplause)

COMM

Her political dominance has scarcely been challenged.

MARGARET THATCHER SDF

A man may climb Everest for himself but at the summit he plants his country's flag.

COMM

Her style and appearance have become positively imperial.

BRENDA POLAN

V/O She has discovered for herself a sort of power dressing. Margaret Thatcher when one first became aware of her was middle class mumsy. She looked like a middle class mum would do on speech days, like a lady magistrate, like the vicar's wife. It was very unthreatening. When Margaret Thatcher arrived in Poland recently, you couldn't ignore the fact that rather like a Holbein painting of Henry VII, here was a figure which was saying, I am powerful. Mrs Thatcher is accused of looking more royal than the Queen but in fact she's expressing what the Queen doesn't have which is power.

HEALEY

V/O She has done for the Tory party which no one has yet done for the Labour party. She's adjusted it the new social realities. She's taken it away from the landowners

SYNC and given it to the estate agents and there are some advantages in that even for the country. But she is also very like Mao Tse Tung in style. She believes in the permanent revolution. She believes if you don't keep sharpening the blade, it will rust.

TEBBIT SYNC

I think that in the past 14 years British politics has been about Mrs Thatcher. I think that that's because she held some ideas which were clear. They weren't complex but she understood them well. She managed to strike a cord with the electorate and she has not been diverted from carrying those policies through and I think she's had a far better and fuller understanding of all the implications and ramifications of her policies sometimes to an extent which is quite distressing to her ministers.

JOHN BIFFEN

And you can be very determined in your objectives and you can be very certain that is what the situation requires - its just possible you could be wrong and therefore if you are going to have these strengths you have to avoid the downside consequences of self righteousness and intolerance.

PATTEN

SYNC Maybe it was always going to be the case that it would take sharp elbows and chariot wheels to begin to turn the economy round and to deal with all the paraphenalia of Scargillism

V/Q I don't think that it would have been possible to move things in Britain without having somebody who was prepared to run a couple of hundred yards down the road and shout alot.

Archive

Thatcher elbowing her way to the front with European leaders.

Archive

Margaret & Denis Thatcher

END TITLES



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DC 30 88/89

DEFENCE COMMITTEE

DC 30
of Session 1988-89

NEXT MEETING OF THE COMMITTEE

The Committee will meet on Wednesday 12 April at 10.30 in Committee Room 16.

Mr Douglas and Mr McFall have indicated that they wish to raise the subject of Sir Leon Brittan's remarks reported in the Press yesterday and this morning relating to the disclosure of the Solicitor General's letter about Westland.

Mr McFall has indicated an intention to move that should the time for discussion of this matter on Wednesday morning be inadequate, discussion should continue at a convenient time later in the day.

I have been asked to prepare a background note on the significance of Sir Leon's remarks in the context of the Committee's previous inquiry. This is attached, together with a selection of extracts from this morning's press.

The principal scheduled item for the morning of 20th April is evidence on the decommissioning of nuclear submarines. The brief will be circulated for this on Monday morning 10th April, together with a list of witnesses. UK NIREX will be heard at 10.50, with Ministry of Defence witnesses following.

ROBERT ROGERS
Clerk of the Committee

6 April 1989

A⁶

SIR LEON BRITTAN'S REMARKS ABOUT THE DISCLOSURE OF THE SOLICITOR-GENERAL'S LETTER

It was reported yesterday and in the Press this morning (copies attached) that Sir Leon Brittan, now an EC Commissioner, had said in a television interview:

"The release of the Solicitor-General's letter was something which was approved by Mr Charles Powell - the relevant Private Secretary in No 10 - and it was approved by Mr Bernard Ingham, the Prime Minister's Press Secretary. As I made clear at the time, there would have been no question of the release of that document without the express approval from No 10."

Sir Leon is reported in today's Press as saying of the interview:

"I gave the interview before I left for Brussels at the end of 1988. There is absolutely nothing new in anything I said in the interview."

The words used by Sir Leon in the interview in fact go further than the evidence of any witness before the Committee in the 1986 inquiry.

Sir Leon told the House on 27 January 1986 (col.671) "I made it clear to my officials at the Department of Trade and Industry that, subject to the agreement of No 10, I was giving authority for the disclosure of the Solicitor-General's letter to be made." Examined on this point by the Committee on 30 January 1986, he said "I accept fully responsibility for what was done and would not suggest for a single moment that my instructions were anything other than followed. I would particularly stress that it all had to be subject to the agreement of No 10" (Q.933).

This point was dealt with by the Defence Committee in paragraph 154 of their Report. The key question was, if Mr Brittan had given such clear instructions, and later said that his instructions were followed, how was it that No 10 did not give their agreement to the disclosure?

Sir Robert Armstrong tried to give an answer in his evidence. He said that it was "a difference of understanding" about exactly what was being sought and what was being given (Q.1288). He said that he was

"absolutely clear that the officials in No 10 did not believe, from the conversations, that they were being asked to convey an agreement on which the Secretary of State's authority was conditional" (Q.1318).

The Defence Committee found some difficulty in believing that "four extremely able officials in key positions would have been capable of identical misunderstandings of this

sort in two separate telephone conversations". But on the evidence before them, they decided on balance that the No 10 officials (specifically Mr Ingham) realised that they were being asked not for agreement but for authority, and this they sought to avoid giving.

Sir Leon's words mean that the real situation was very different; that far from trying to distance No 10 from the disclosure, Mr Powell and Mr Ingham gave their express approval for that disclosure.

If Sir Leon is correct, his words also now indicate that Sir Robert Armstrong's evidence to the Committee was incorrect, because the disclosure was expressly approved by Mr Powell and Mr Ingham¹. His evidence could, it seems, be incorrect either because the officials concerned did not tell him the truth during his inquiry, or because they did, and he did not tell the truth to the Defence Committee. It is also possible that the officials did tell the truth to him during his inquiry, but that he did not tell the Prime Minister in his inquiry report.

A further point arises. The Committee criticised Mr Ingham and Mr Powell because they were in a position to tell the Prime Minister on 7 January what turned out to be the principal findings of Sir Robert Armstrong's inquiry report more than a fortnight later. The Prime Minister told the House that

"I discussed the matter with my office the following day, [7 January]...I was told that the Solicitor General's advice had not been disclosed by my office... I was also told, in general terms, that there had been contacts between my office and the Department of Trade and Industry" (Official Report, 27 January 1986, col.657)

If the disclosure was made the express approval of Mr Ingham and Mr Powell, then not only did the "difference of understanding" mentioned by Sir Robert never take place, but Mr Ingham and Mr Powell chose to tell no-one, not even the Prime Minister, that they had themselves authorised the disclosure.

6 April 1989

¹ And Sir Robert Armstrong said explicitly to the Defence Committee (Q.1191) "I am clear that the authority for the disclosure was given by the Secretary of State for Trade and Industry."



faxed
6-4-89

File
E2MARG

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

6 April 1989

Dear Philip

HOME SECRETARY'S APPEARANCE ON QUESTION TIME

The Home Secretary requested briefing on two issues, Westland and an invitation to The Queen to visit the Soviet Union. On the first, I attach

- a minute from the Cabinet Office setting out key references and providing the Lord President with a line to take at Questions today;
- the statement to the press by Sir Leon Brittan confirming that his Channel 4 interview adds nothing to what he said earlier;
- expressions by the Prime Minister of confidence in the officials involved.

Should Mr Gorbachev extend an invitation to The Queen to visit the Soviet Union when he goes to Windsor tomorrow, the agreed press line will be:

'An invitation was extended by Mr Gorbachev to The Queen to visit the Soviet Union. In thanking Mr Gorbachev, Her Majesty explained that the programme for her visits was fixed a number of years in advance. She hoped it would be possible to visit the Soviet Union in due course.'

Please let me know if you require anything further on these issues.

Yours sincerely

Andrew Turnbull

ANDREW TURNBULL

Philip Mawer, Esq.,
Home Office

to

Mr Turnbull



CABINET OFFICE

70 Whitehall London SW1A 2AS

01-270 0101

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

Sir Robin Butler KCB CVO

Ref. A089/883

LORD PRESIDENT OF THE COUNCIL

Westland

In a Channel 4 programme about the 10 years of Mrs Thatcher's Premiership, one of a series the first of which is to be broadcast on Friday, according to the newspapers (although I have not seen a full transcript) Sir Leon Brittan comments on the disclosure of the Solicitor General's letter of Westland thus:

"The release of the Solicitor General's letter was something which was approved by Charles Powell, the private secretary at Number 10, and it was approved by Bernard Ingham, the Prime Minister's press secretary. As I made clear at the time, there was no question of the release of that document without that expressed approval from number 10."

Commentators have claimed that this amplifies what Sir Leon Brittan said in 1986, although Sir Leon himself confirmed that his latest remarks do not add to the statements he made at the time.

2. The key statements which are relevant to Sir Leon's latest remarks are those by the Prime Minister in the House of Commons

on 23 January 1986 (Flag A), and on 27 January (Flag B) and by Sir Leon Brittan on 27 January (Flag C). You will see that Sir Leon said in the House at Flag C that he authorised the disclosure of the letter "subject to the agreement of Number 10". The Prime Minister's statement of 23 January adds that the Prime Minister's office accepted (though she was not consulted) that the DTI should make public the Solicitor General's advice about the Defence Secretary's letter and the method of doing so. The Prime Minister says of Sir Robert Armstrong's report: "The report finds in the light of the evidence that the Department of Trade and Industry acted in good faith in the knowledge that it had the authority of the Secretary of State and cover from my office for proceeding". There was a difference of understanding between No 10 officials and DTI officials: No 10 thought that they were accepting what Mr Brittan was authorising, DTI officials thought No 10 were approving it.

3. Another point which commentators have drawn attention to is Sir Leon's naming of Mr Powell and Mr Ingham personally. They were not named by Sir Leon at the time either in the House or, I think, in his evidence to the Defence Committee. The Defence Committee Report on Westland (fourth Report, Session 1985-86) discussed extensively and in detail the roles of both Mr Ingham and Mr Powell in this context (eg Flag D), so there is nothing new here either.

4. I suggest that you take the following line in the House at Questions this afternoon:

"There is nothing to add to the Prime Minister's statement to the House on 23 January 1986 and in other speeches and answers in the House on these matters. Sir Leon Brittan himself has, confirmed that the remarks he makes on the Channel 4 television programme - which incidentally were recorded several months ago - add nothing to the statements

he made at the time. [These matters, including the actions of Mr Ingham and Mr Powell and of officials in the Department of Trade and Industry, were extensively examined by the Select Committee on Defence in 1986]."

5. I am copying this minute to Andrew Turnbull, Charles Powell and Bernard Ingham.

F.E.R.B.

6 April 1989

omacy of Parliament? I suggest that their loyalty to the two vs exceeds any loyalty they have left to the aer.

pm

Mr. Leon Brittan (Richmond, Yorks): The House will why I came to the conclusion that I should no longer in a member of the Cabinet. I want to place on record appreciation of what a privilege it has been to serve the Government of my right hon. Friend the Prime Minister. The unhappy circumstances of the last few weeks will not detract from their achievements. I shall support the Government's policies as strongly outside the net as I have within it.

My right hon. Friend the Prime Minister has set out the relating to what has been called the "Westland saga", particularly the circumstances relating to the disclosure of information contained in a letter of my hon. learned Friend the Solicitor-General. She has done so in great detail. Some of the facts only she can know about whereas in other events I myself was closely involved. I would do confirm that with regard to the facts within my knowledge, the account of my right hon. Friend the Prime Minister is correct.

My right hon. Friend said in her statement to the House last Thursday, I made it clear to my officials at the Department of Trade and Industry that—subject to the content of No. 10—I was giving authority for the disclosure of the Solicitor-General's letter to be made. I would accept full responsibility for the fact and the form of the disclosure.

The House knows of the extraordinary, perhaps unprecedented, circumstances in which we were working under the circumstances of the persistent campaigning of my right hon. Friend the former Secretary of State for Trade and Industry and the urgency of the need to ensure that the contents of the Solicitor-General's letter should become public. But for all that, and in retrospect, I must make it clear to the House that I accept that the disclosure of that information—urgent and important as it was—should not have taken place in that way, and I profoundly regret that it happened.

I must also make it clear that at all times the Department of Trade and Industry officials acted in accordance with my wishes and instructions. What they did was with my authority. They are not to be blamed. Indeed, they did me good and loyal service throughout my time as Secretary of State for Trade and Industry.

There is one further point—and one further point—that I would make. I remain firmly of the view that the Government's agreed policy of letting the board of shareholders of Westland make up their minds about the company's future without political pressure was and is correct. Let us hope that now—

Mr. Alex Carlile (Montgomery): Will the right hon. learned Gentleman give way?

Members: No.

Mr. Brittan: Let us hope that the future of the company can now be decided in that way.

pm

Mr. Merlyn Rees (Morley and Leeds, South): The hon. and learned Member for Richmond, Yorks (Mr. Brittan), the former Secretary of State for Trade and Industry, resigned because of his responsibility for the

disclosure to the Press Association of legal advice in a letter supplied by the Solicitor-General. He was right to do so. His resignation is honourable, but he should have resigned earlier. However, it was not only the Secretary of State who was involved in that disclosure, which is the major reason for the anxiety about the happenings of the past four weeks. The Prime Minister was also involved.

For four weeks we have been trying to get information from the Government in a variety of ways, including today's Standing Order No. 10. We have received some information from the Government, but it has taken a long time. We have not yet got it all, and, unless we get more this evening, the matter will continue.

I wish to raise two issues. The first relates to the role of the Law Officers, and the second to the private office. I disagree with the right hon. Member for Plymouth, Devonport (Dr. Owen) that civil servants in the private office should resign, and I shall argue that case shortly.

I first realised the peculiar nature of Law Officers during the Franks inquiry of 1972, so by the time I became a Minister I was not surprised by the way that they operated. It should not have surprised the former Secretary of State for Trade and Industry, who has one great advantage over me—he is a lawyer. Indeed, it is said, properly, that he has aspirations in the political sphere, and so he should. It is an honourable task and peculiar to this country.

The Franks report states:

"The Attorney-General administers the criminal law in the interests of the community as a whole, and he must disregard the interests of his party, and those of the Government as such."

The Solicitor-General and Attorney-General have done that consistently throughout the Westland affair. I do not seek to get at them. I am mentioning their role for other purposes.

Not only is the role of Law Officers different from other Government activities. Last week, it was drawn to my notice that if the Government were to fall next week, all the information in the documents, papers and Cabinet sub-committees would not be made available to the succeeding Government, but the Law Officers' information would. It is unto itself, and above politics. I do not understand how the Prime Minister and the former Secretary of State for Trade and Industry, knowing that, could use the advice given by the Solicitor-General on that Saturday and then on Monday as they did. That is one of the most important issues to emerge during the past month.

Mr. William Cash (Stafford): Does the right hon. Gentleman agree that if there were material inaccuracies in correspondence, they should emerge?

Mr. Rees: Of course they should, but there should be a public statement. The inaccuracies should not have emerged in that way. That is the whole point of our argument.

I shall remind the House of what happened. The Government made a decision within one and a half hours. They moved more quickly than my right hon. Friend the Member for Blaenau Gwent (Mr. Foot) and his Cabinet did on such issues. The Government knew what to do within one and a half hours. I bet that the matter had been discussed before, and that the civil servants knew what was in the minds of their lords and masters; otherwise, they would not have acted as they did. One does not leak a little bit of a letter to an honourable member of the press. I am coming to the conclusion that the Government were

consider is whether the fact that the Solicitor-General has written and the opinion he has expressed should come into the public domain and if so whether that should be in general or specific terms.¹

"My inquiry suggests that there was no advice, he [the Secretary of State] was presented with the issue and asked for a decision . . . Those who heard this call and who took part in it have said it was put to him—and I think the phrase was 'deadpan'.²

"The Secretary of State responded that he thought it should go into the public domain and that it should be done in specific terms but that No.10, the Prime Minister's office, should be consulted".³

The Prime Minister has told the House that this conversation took place at about 1.30 p.m.⁴ Sir Robert Armstrong told us that the conversation took place at "quarter past, twenty past one, something around about that time; it is impossible to say exact times but near enough".⁵

147. The Prime Minister told the House that Mr Brittan

"asked his officials to discuss with my office whether the disclosure should be made, and, if so, whether it should be made from No.10 Downing Street, as he said he would prefer. He made it clear that, subject to the agreement of my office, he was giving authority for the disclosure to be made from the Department of Trade and Industry, if it was not made from 10 Downing Street".⁶

Mr Brittan told us "I would particularly stress, it all had to be subject to the agreement of No.10."⁷ Although Sir Robert Armstrong's inquiry found that Mr Brittan probably did not use the words "subject to the agreement of" he nevertheless used words which were taken to mean that.⁸

148. Although Mr Brittan took the view that the fact that the Solicitor-General had written as well as the opinion he expressed should be brought into the public domain,⁹ he did not express a view about the method of disclosure. Sir Robert Armstrong doubted whether he was consulted about the precise method.¹⁰

149. Mr Brittan has made clear his view that the officials in the DTI acted with his full authority. "They are not to be blamed", he told the House.¹¹ He said in evidence to us:

"I accept fully responsibility for what was done and would not suggest for a single moment that my instructions were anything other than followed".¹² ". . . I accept full responsibility for what my officials did, not just in some formal constitutional sense but

also in the sense that I am not suggesting that they went in any way beyond what I authorised them to do."¹

Nothing could be clearer. From the point of view of his inquiry, Sir Robert Armstrong considered that authority for the disclosure was given by the Secretary of State for Trade and Industry.²

150. Mr Brittan then went back to his luncheon and Mr Mogg telephoned [redacted] Downing Street. This conversation was shortly followed by a conversation between [redacted] Bernard Ingham, Chief Press Secretary at No.10 Downing Street, and Miss Bowe at the DTI.³ Mr Mogg's first concern, as it had been Mr Brittan's, must have been to convey to the Prime Minister's office Mr Brittan's view that he would prefer the disclosure of the letter to come from No.10.⁴ This was understandable, given that what was proposed was to publish a classified document originated by another Minister. It should be noted that if Mr Brittan's preference had been observed by the officials at No.10, Mr Brittan's authority would not have been needed. It would have been a matter entirely for the Prime Minister's office. If they had had to make the disclosure, they might have consulted the Prime Minister, who was in No.10 at the time.⁵

151. The officials at No. 10 refused to make the disclosure.⁶ Sir Robert Armstrong told us, a trifle euphemistically, that [redacted] and Mr Powell "accepted" that the DTI should make the disclosure.⁷ It is evident to us that the DTI officials were told that a disclosure from Downing Street was out of the question. They knew that the letter contained advice from a Law Officer; they knew that it was classified. Its disclosure without the knowledge of the Minister concerned—particularly by the means that were then agreed between the two offices—would be a wholly improper course of action: indeed, an action of which Mr Brittan said to the House:

"I accept that the disclosure of that information—urgent and important as it was—should not have taken place in that way, and I profoundly regret that it happened".⁸

152. Mr Brittan was emphatic about the need for the Prime Minister's office to approve the disclosure: "I would particularly stress, it all had to be subject to the agreement of No. 10".⁹ When it is the agreement of the Prime Minister that is required in this unequivocal way—whether directly or through officials who Mr Brittan might reasonably have expected to have acted only with her explicit or implied authority—the authority of a Secretary of State is subordinate. The fact is that Mr Brittan could not actually give authority "subject to the agreement of No. 10", but he could make a recommendation that the information should be disclosed subject to the approval of No. 10. If that approval were to be forthcoming, his direct authority would be required for the disclosure to be handled by his Department if that was what the Prime Minister wanted. This direct authority his officials had already received. They also believed that they had received from No. 10 approval for the disclosure.

¹Q.976.

²Qs 1191, 1236, 1239, 1259.

Mr Turnbull.



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

Sir Robin Butler KCB CVO
Ref. A089/883

LORD PRESIDENT OF THE COUNCIL

Westland

In a Channel 4 programme about the 10 years of Mrs Thatcher's Premiership, one of a series the first of which is to be broadcast on Friday, according to the newspapers (although I have not seen a full transcript) Sir Leon Brittan comments on the disclosure of the Solicitor General's letter of Westland thus:

"The release of the Solicitor General's letter was something which was approved by Charles Powell, the private secretary at Number 10, and it was approved by Bernard Ingham, the Prime Minister's press secretary. As I made clear at the time, there was no question of the release of that document without that expressed approval from number 10."

Commentators have claimed that this amplifies what Sir Leon Brittan said in 1986, although Sir Leon himself confirmed that his latest remarks do not add to the statements he made at the time.

2. The key statements which are relevant to Sir Leon's latest remarks are those by the Prime Minister in the House of Commons

on 23 January 1986 (Flag A), and on 27 January (Flag B) and by Sir Leon Brittan on 27 January (Flag C). You will see that Sir Leon said in the House at Flag C that he authorised the disclosure of the letter "subject to the agreement of Number 10". The Prime Minister's statement of 23 January adds that the Prime Minister's office accepted (though she was not consulted) that the DTI should make public the Solicitor General's advice about the Defence Secretary's letter and the method of doing so. The Prime Minister says of Sir Robert Armstrong's report: "The report finds in the light of the evidence that the Department of Trade and Industry acted in good faith in the knowledge that it had the authority of the Secretary of State and cover from my office for proceeding". There was a difference of understanding between No 10 officials and DTI officials: No 10 thought that they were accepting what Mr Brittan was authorising, DTI officials thought No 10 were approving it.

3. Another point which commentators have drawn attention to is Sir Leon's naming of Mr Powell and Mr Ingham personally. They were not named by Sir Leon at the time either in the House or, I think, in his evidence to the Defence Committee. The Defence Committee Report on Westland (fourth Report, Session 1985-86) discussed extensively and in detail the roles of both Mr Ingham and Mr Powell in this context (eg Flag D), so there is nothing new here either.

4. I suggest that you take the following line in the House at Questions this afternoon:

"There is nothing to add to the Prime Minister's statement to the House on 23 January 1986 and in other speeches and answers in the House on these matters. Sir Leon Brittan himself has, confirmed that the remarks he makes on the Channel 4 television programme - which incidentally were recorded several months ago - add nothing to the statements

he made at the time. [These matters, including the actions of Mr Ingham and Mr Powell and of officials in the Department of Trade and Industry, were extensively examined by the Select Committee on Defence in 1986]."

5. I am copying this minute to Andrew Turnbull, Charles Powell and Bernard Ingham.

F.R.B.

6 April 1989

Westland plc

3.31 pm

The Prime Minister (Mrs. Margaret Thatcher): With permission, Mr. Speaker, I wish to make a statement on the outcome of the inquiry into the disclosure of certain information in my hon. and learned Friend the Solicitor-General's letter of 6 January.

As the House knows, the chairman of Westland plc, Sir John Cuckney, wrote to me on 30 December 1985 asking whether Westland would no longer be considered a European company by the Government if a minority shareholding in the company were held by a major international group from a NATO country outside Europe.

This question was of fundamental importance to the company in making its decision as to what course it was best to follow in the interests of the company and its employees. It was therefore essential to be sure that my reply should be in no way misleading to anyone who might rely upon it in making commercial judgments and decisions.

The reply was accordingly considered among the Departments concerned, and the text of my letter of 1 January 1986 was agreed in detail by my right hon. and learned Friend the Secretary of State for Trade and Industry, my right hon. Friends the then Secretary of State for Defence and the Chief Secretary to the Treasury, and finally by my hon. and learned Friend the Solicitor-General. My letter was made public.

Two days later, on 3 January, my right hon. Friend the then Secretary of State for Defence replied to a letter of the same date from Mr. Horne of Lloyds Merchant Bank asking him a number of questions, covering some of the same ground as my own reply to Sir John Cuckney. The texts of the letters became public that same day.

My right hon. Friend's reply was not cleared or even discussed with the relevant Cabinet colleagues. Moreover, although the reply was also material to the commercial judgments and decisions that would have to be made, my hon. and learned Friend the Solicitor-General was not invited to scrutinise the letter before it was issued.

On the morning of 6 January, my hon. and learned Friend the Solicitor-General wrote to my right hon. Friend the then Secretary of State for Defence. He said—and I quote:

"It is foreseeable that your letter will be relied upon by the Westland Board and its shareholders.

Consistently with the advice I gave to the Prime Minister on 31 December, the Government in such circumstances is under a duty not to give information which is incomplete or inaccurate in any material particular."

The letter continued:

"On the basis of the information contained in the documents to which I have referred, which I emphasise are all that I have seen, the sentence in your letter to Mr. Horne does in my opinion contain material inaccuracies in the respects I have mentioned, and I therefore must advise that you should write again to Mr. Horne correcting the inaccuracies."

That is the end of the quotation.

I have quoted extensively from the letter which, as hon. Members will know, was published a week ago. As I have already indicated, it was especially important in this situation for statements made on behalf of the Government, on which commercial judgments might be based, to be accurate and in no way misleading.

That being so, it was a matter of duty that it should be made known publicly that there were thought to be

material inaccuracies which needed to be corrected in the letter of my right hon. Friend the Member for Henley (Mr. Heseltine) of 3 January, which, as the House will recall, had already been made public. Moreover, it was urgent that it should become public knowledge before 4 pm that afternoon, 6 January, when Sir John Cuckney was due to hold a press conference to announce the Westland board's recommendation to shareholders of a revised proposal from the United Technologies Corporation-Fiat consortium.

These considerations were very much in the mind of my right hon. and learned Friend the Secretary of State for Trade and Industry when the copy of the Solicitor-General's letter was brought to his attention at about 1.30 pm that afternoon of 6 January. He took the view that the fact that the Solicitor-General had written to the then Secretary of State for Defence, and the opinion he had expressed, should be brought into the public domain as soon as possible. He asked his officials to discuss with my office whether the disclosure should be made, and, if so, whether it should be made from 10 Downing street, as he said he would prefer.

He made it clear that, subject to the agreement of my office, he was giving authority for the disclosure to be made from the Department of Trade and Industry, if it was not made from 10 Downing street. He expressed no view as to the form in which the disclosure should be made, though it was clear to all concerned that in the circumstances it was not possible to proceed by way of an agreed statement.

My office were accordingly approached. They did not seek my agreement: they considered—and they were right—that I should agree with my right 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. It was accepted that the Department of Trade and Industry should disclose that fact and that, in view of the urgency of the matter, the disclosure should be made by means of a telephone communication to the Press Association. *[Interruption.]* Had I been consulted, I should have said that a different way must be found of making the relevant facts known.

The report finds, in the light of the evidence that the Department of Trade and Industry acted in good faith in the knowledge that it had the authority of its Secretary of State and cover from my office for proceeding. An official of the Department accordingly told a representative of the Press Association of the letter by my hon. and learned Friend the Solicitor-General and material elements of what it said. The company was also informed. The information was on the Press Association tapes at 3.30 pm.

My right hon. and learned Friend the Secretary of State for Trade and Industry was, in my judgment, right in thinking that it was important that the possible existence of material inaccuracies in the letter of 3 January by the then Secretary of State for Defence should become a matter of public knowledge, if possible before Sir John Cuckney's press conference at 4 pm that day. Insofar as what my office said to the Department of Trade and Industry was based on the belief that I should have taken that view, had I been consulted, it was right.

My right hon. and learned Friend the Attorney-General has authorised me to inform the House that, having

officials that, subject to the agreement of my office, he was giving authority for the disclosure to be made by his Department, if it was not made, as he said he would prefer, from 10 Downing street. That I indicated in my statement last week.

Mr. Dalyell: Will the Prime Minister give way?

The Prime Minister: This is a very tightly drafted argument and I should prefer to go on. I will give way later. Officials in the Department of Trade and Industry—

Mr. Dalyell rose—

Mr. Speaker: Order. I think that the Prime Minister said that she would give way later.

The Prime Minister: Officials in the Department of Trade and Industry—

Mr. Dalyell rose—

The Prime Minister: I shall give way to the hon. Gentleman later. I wish to continue this section.

Officials in the Department of Trade and Industry approached officials in my office, who made it clear that it was not intended to disclose the Solicitor-General's letter from 10 Downing street; but, being told that the Secretary of State for Trade and Industry had authorised the disclosure, they accepted that the Department of Trade and Industry should make it and they accepted the means by which it was proposed that the disclosure should be made.

My officials made it clear to the inquiry that they did not seek my agreement. They told the inquiry that they did not believe that they were being asked to give my authority, and they did not do so.

Mr. Bryan Gould (Dagenham) rose—

Hon. Members: Who?

Mr. Speaker: Order.

The Prime Minister: If they had believed—

Mr. Dalyell rose—

The Prime Minister: If they had believed my authority was being sought, they would certainly have consulted me.

Mr. Dalyell rose—

The Prime Minister: No, not at the moment. This is very important. [HON. MEMBERS: "Hear, hear."]

Officials of the Department of Trade and Industry told the inquiry that they regarded the purpose of their approach to my officials as being to seek agreement to the disclosure as well as to the method. They believed that they had the agreement of my office, and acted in good faith, in the knowledge that they had authority from their Secretary of State and cover from my office.

Mr. Dalyell: —will the Prime Minister allow me?

Mr. Kinnoch rose—

The Prime Minister: No, I must go on at this moment. This is vitally important. Although clearly neither side realised it at the time, there was a genuine difference in understanding between officials as to exactly what was being sought and what was being given. [Interruption.]

Mr. Dalyell rose—

The Prime Minister: I have given the House the view of what officials on each side told the inquiry. That is one reason why it was vital to set up the inquiry.

Mr. Dalyell rose—

The Prime Minister: As I indicated, officials too had the right to put their view of their part of what had occurred. I deeply resent any attacks upon them.

Mr. Dalyell rose—

Mr. Speaker: Order.

Mr. Dalyell: Will the Prime Minister—

Mr. Speaker: No. The hon. Member knows that the Prime Minister said that she would give way later. He must not keep on rising.

The Prime Minister: But it is common ground, as I told the House on 23 January—it was accepted—that the Department of Trade and Industry should disclose 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, and that, in view of the urgency of the matter, the disclosure should be made in the way that it was. I have given the House this account—

Mr. Dalyell rose—

The Prime Minister —of the accounts which were given to the inquiry.

Mr. Dalyell rose—

Mr. Kinnoch rose—

The Prime Minister: I give way to the hon. Gentleman who has been rising, and to whom I promised to give way.

Mr. Dalyell: What are we to derive from the right hon. Lady's answer to the friendly intervention of her hon. Friend the Member for Woking (Mr. Onslow), the chairman of the 1922 Committee, in relation to putting it in the public domain when she said:

"I gave my consent." — [Official Report, 23 January 1986; Vol. 90, c. 455.]

What interpretation is to be put on that?

The Prime Minister: I gave my consent to an inquiry, I co-operated with it and I set out the facts as fully as possible, in that statement. I noticed that I had said that at that particular time. I did not give my consent to the disclosure. It was not sought and I have indicated that I deeply regret the manner in which it was made.

Mr. Stuart Bell (Middlesbrough) rose—

Mr. Tony Banks (Newham, North-West) rose—

Mr. Kinnoch: I am grateful to the Prime Minister. Will she tell us what conceivable misunderstanding between the Department of Trade and Industry and her office could permit them to breach the Official Secrets Act and, in the words of the Solicitor-General, "immediately and flagrantly" to violate an important rule without any form of consultation with her as head of Government. Will she now tell us when she knew?

The Prime Minister: I have just set out—[HON. MEMBERS: "No!"] I have just in fact set out what my officials believed and what the Department of Trade and Industry's officials believed. The right hon. Gentleman

supremacy of Parliament? I suggest that their loyalty to the last two vastly exceeds any loyalty they have left to the former.

5.28 pm

Mr. Leon Brittan (Richmond, Yorks): The House will know why I came to the conclusion that I should no longer remain a member of the Cabinet. I want to place on record my appreciation of what a privilege it has been to serve in the Government of my right hon. Friend the Prime Minister. The unhappy circumstances of the last few weeks will not detract from their achievements. I shall support the Government's policies as strongly outside the Cabinet as I have within it.

My right hon. Friend the Prime Minister has set out the facts relating to what has been called the "Westland saga", and particularly the circumstances relating to the disclosure of information contained in a letter of my hon. and learned Friend the Solicitor-General. She has done so in great detail. Some of the facts only she can know about whereas in other events I myself was closely involved. I can and do confirm that with regard to the facts within my knowledge, the account of my right hon. Friend the Prime Minister is correct.

As my right hon. Friend said in her statement to the House last Thursday, I made it clear to my officials at the Department of Trade and Industry that—subject to the agreement of No. 10—I was giving authority for the disclosure of the Solicitor-General's letter to be made. I therefore accept full responsibility for the fact and the form of that disclosure.

The House knows of the extraordinary, perhaps unprecedented, circumstances in which we were working—the circumstances of the persistent campaigning of my right hon. Friend the former Secretary of State for Defence and the urgency of the need to ensure that the contents of the Solicitor-General's letter should become known. But for all that, and in retrospect, I must make it clear to the House that I accept that the disclosure of that information—urgent and important as it was—should not have taken place in that way, and I profoundly regret that it happened.

I must also make it clear that at all times the Department of Trade and Industry officials acted in accordance with my wishes and instructions. What they did was with my full authority. They are not to be blamed. Indeed, they gave me good and loyal service throughout my time as Secretary of State for Trade and Industry.

There is one further point—and one further point only—that I would make. I remain firmly of the view that the Government's agreed policy of letting the board and shareholders of Westland make up their minds about the company's future without political pressure was and is right. Let us hope that now—

Mr. Alex Carlile (Montgomery): Will the right hon. and learned Gentleman give way?

Hon. Members: No.

Mr. Brittan: Let us hope that the future of the company can now be decided in that way.

5.29 pm

Mr. Merlyn Rees (Morley and Leeds, South): The right hon. and learned Member for Richmond, Yorks (Mr. Brittan), the former Secretary of State for Trade and Industry, resigned because of his responsibility for the

disclosure to the Press Association of legal advice in a letter supplied by the Solicitor-General. He was right to do so. His resignation is honourable, but he should have resigned earlier. However, it was not only the Secretary of State who was involved in that disclosure, which is the major reason for the anxiety about the happenings of the past four weeks. The Prime Minister was also involved.

For four weeks we have been trying to get information from the Government in a variety of ways, including today's Standing Order No. 10. We have received some information from the Government, but it has taken a long time. We have not yet got it all, and, unless we get more this evening, the matter will continue.

I wish to raise two issues. The first relates to the role of the Law Officers, and the second to the private office. I disagree with the right hon. Member for Plymouth, Devonport (Dr. Owen) that civil servants in the private office should resign, and I shall argue that case shortly.

I first realised the peculiar nature of Law Officers during the Franks inquiry of 1972, so by the time I became a Minister I was not surprised by the way that they operated. It should not have surprised the former Secretary of State for Trade and Industry, who has one great advantage over me—he is a lawyer. Indeed, it is said, properly, that he has aspirations in the political sphere, and so he should. It is an honourable task and peculiar to this country.

The Franks report states:

"The Attorney-General administers the criminal law in the interests of the community as a whole, and he must disregard the interests of his party, and those of the Government as such." The Solicitor-General and Attorney-General have done that consistently throughout the Westland affair. I do not seek to get at them. I am mentioning their role for other purposes.

Not only is the role of Law Officers different from other Government activities. Last week, it was drawn to my notice that if the Government were to fall next week, all the information in the documents, papers and Cabinet sub-committees would not be made available to the succeeding Government, but the Law Officers' information would. It is unto itself, and above politics. I do not understand how the Prime Minister and the former Secretary of State for Trade and Industry, knowing that, could use the advice given by the Solicitor-General on that Saturday and then on Monday as they did. That is one of the most important issues to emerge during the past month.

Mr. William Cash (Stafford): Does the right hon. Gentleman agree that if there were material inaccuracies in correspondence, they should emerge?

Mr. Rees: Of course they should, but there should be a public statement. The inaccuracies should not have emerged in that way. That is the whole point of our argument.

I shall remind the House of what happened. The Government made a decision within one and a half hours. They moved more quickly than my right hon. Friend the Member for Blaenau Gwent (Mr. Foot) and his Cabinet did on such issues. The Government knew what to do within one and a half hours. I bet that the matter had been discussed before, and that the civil servants knew what was in the minds of their lords and masters; otherwise, they would not have acted as they did. One does not leak a little bit of a letter to an honourable member of the press. I am coming to the conclusion that the Government were

consider is whether the fact that the Solicitor-General has written and the opinion he has expressed should come into the public domain and if so whether that should be in general or specific terms.¹

"My inquiry suggests that there was no advice, he [the Secretary of State] was presented with the issue and asked for a decision . . . Those who heard this call and who took part in it have said it was put to him—and I think the phrase was 'deadpan'.²

"The Secretary of State responded that he thought it should go into the public domain and that it should be done in specific terms but that No.10, the Prime Minister's office, should be consulted".³

The Prime Minister has told the House that this conversation took place at about 1.30 p.m.⁴ Sir Robert Armstrong told us that the conversation took place at "quarter past, twenty past one, something around about that time; it is impossible to say exact times but near enough".⁵

147. The Prime Minister told the House that Mr Brittan

"asked his officials to discuss with my office whether the disclosure should be made, and, if so, whether it should be made from No.10 Downing Street, as he said he would prefer. He made it clear that, subject to the agreement of my office, he was giving authority for the disclosure to be made from the Department of Trade and Industry, if it was not made from 10 Downing Street".⁶

Mr Brittan told us "I would particularly stress, it all had to be subject to the agreement of No.10."⁷ Although Sir Robert Armstrong's inquiry found that Mr Brittan probably did not use the words "subject to the agreement of" he nevertheless used words which were taken to mean that.⁸

148. Although Mr Brittan took the view that the fact that the Solicitor-General had written as well as the opinion he expressed should be brought into the public domain⁹, he did not express a view about the method of disclosure. Sir Robert Armstrong doubted whether he was consulted about the precise method.¹⁰

149. Mr Brittan has made clear his view that the officials in the DTI acted with his full authority. "They are not to be blamed", he told the House.¹¹ He said in evidence to us:

"I accept fully responsibility for what was done and would not suggest for a single moment that my instructions were anything other than followed".¹² ". . . I accept full responsibility for what my officials did, not just in some formal constitutional sense but

also in the sense that I am not suggesting that they went in any way beyond what I authorised them to do."¹

Nothing could be clearer. From the point of view of his inquiry, Sir Robert Armstrong considered that authority for the disclosure was given by the Secretary of State for Trade and Industry.²

150. Mr Brittan then went back to his luncheon and Mr Mogg telephoned Mr Powell at Downing Street. This conversation was shortly followed by a conversation between Mr Bernard Ingham, Chief Press Secretary at No.10 Downing Street, and Miss Bowe at the DTI.³ Mr Mogg's first concern, as it had been Mr Brittan's, must have been to convey to the Prime Minister's office Mr Brittan's view that he would prefer the disclosure of the letter to come from No.10.⁴ This was understandable, given that what was proposed was to publish a classified document originated by another Minister. It should be noted that if Mr Brittan's preference had been observed by the officials at No.10, Mr Brittan's authority would not have been needed. It would have been a matter entirely for the Prime Minister's office. If they had had to make the disclosure, they might have consulted the Prime Minister, who was in No.10 at the time.⁵

151. The officials at No. 10 refused to make the disclosure.⁶ Sir Robert Armstrong told us, a trifle euphemistically, that Mr Ingham and Mr Powell "accepted" that the DTI should make the disclosure.⁷ It is evident to us that the DTI officials were told that a disclosure from Downing Street was out of the question. They knew that the letter contained advice from a Law Officer; they knew that it was classified. Its disclosure without the knowledge of the Minister concerned—particularly by the means that were then agreed between the two offices—would be a wholly improper course of action: indeed, an action of which Mr Brittan said to the House:

"I accept that the disclosure of that information—urgent and important as it was—should not have taken place in that way, and I profoundly regret that it happened".⁸

152. Mr Brittan was emphatic about the need for the Prime Minister's office to approve the disclosure; "I would particularly stress, it all had to be subject to the agreement of No. 10".⁹ When it is the agreement of the Prime Minister that is required in this unequivocal way—whether directly or through officials who Mr Brittan might reasonably have expected to have acted only with her explicit or implied authority—the authority of a Secretary of State is subordinate. The fact is that Mr Brittan could not actually give authority "subject to the agreement of No. 10", but he could make a recommendation that the information should be disclosed subject to the approval of No. 10. If that approval were to be forthcoming, his direct authority would be required for the disclosure to be handled by his Department if that was what the Prime Minister wanted. This direct authority his officials had already received. They also believed that they had received from No. 10 approval for the disclosure.

¹Q.976.

²Qs 1191, 1236, 1239, 1259.

Mr. Speaker: Order. The question is about the EEC.

Mr. Skinner: Yes—even though it made a profit for the greater part of the 100 years that it was open. The Common Market has been bankrupt for about five years out of the last 10—

Mr. Speaker: Order. The question is about agricultural spending, in the EEC.

Mr. Skinner: Yes. The Common Market has been bankrupt for about five years out of the last 10 and, if it had been a coal mine, this Prime Minister would have shut it. Why does she not get on with it and save the British taxpayer some money for a change?

The Prime Minister: May I remind the hon. Gentleman that the taxpayer this year, in spite of the closing of a number of pits, will still pay something like £1.5 billion for the coal industry. With regard to the common agriculture policy, this year's price fixing was estimated to reduce spending by 320 million ecu in 1986 and 457 million ecu in 1987. Community financing of intervention was also cut, saving the budget 350 million ecu a year, so we are in fact steadily dealing with the problems of the common agriculture policy in the same way as we are dealing steadily with the coal industry.

Several Hon. Members rose—

Mr. Speaker: Order. I remind the House that this is a definitive question, a rare occasion for Prime Minister's Questions. We must stick to the subject.

Mr. Ralph Howell: May I refer to the approach that has been made to my right hon. Friend by Sir Henry Plumb, the leader of the European Conservative parliamentary group, asking her to call a world food conference on the twin problems of embarrassing food surpluses in the Western world and starvation in the less developed countries? Will she give the House an assurance that she will take the lead and call urgently a food conference in London at the earliest possible moment?

The Prime Minister: The question of surpluses between the major producing countries was, as my hon. Friend knows, discussed at the Tokyo summit. We are in touch and in close consultation with the United States about those matters. We also agreed there that the proper forum for it to be discussed was in the new GATT round, which we are hoping will begin in September. That should and, indeed, must include the whole question of agricultural surpluses and how to deal with them.

Engagements

Q2. Sir John Biggs-Davison asked the Prime Minister if she will list her official engagements for Thursday 24 July.

The Prime Minister: This morning I presided at a meeting of the Cabinet and had meetings with ministerial colleagues and others. In addition to my duties in this House, I shall be having further meetings later today.

Sir John Biggs-Davison: Does the Prime Minister agree that today's Westland report does not live up to the juicy leaks and well-trailed publicity? Will my right hon. Friend not spend too much time on it on this busy day.

The Prime Minister: The Government will, of course, respond to these reports in due course, but I should like

to make two things clear straight away. First, my right hon. Friend the Secretary of State for Trade and Industry and I have total confidence in our officials referred to in the report. As the House will be aware, those responsible for decisions and disciplinary action have already concluded that there was no case for such action. Secondly, I do not accept the Committee's comments on the role of the head of the home Civil Service. He continues to enjoy the Government's total confidence. He is a very distinguished public servant, who has performed great service to Governments of both parties.

Mr. Kinnoek: The members of the Select Committee on Defence of all parties, have been fastidious in their report on Westland plc. In that report, published today, they raise the most profound questions about the conduct of senior officials serving the Government, describing their conduct as "improper" and "disreputable". As head of that Government, does the Prime Minister accept ministerial responsibility for those officials, particularly since some of those named are directly accountable only to her and are personally associated very closely with her?

The Prime Minister: I have already answered the right hon. Gentleman's question, before he asked it. The Government will, of course, respond beyond that to those reports in due course. At present I have nothing to add to what I have already said.

Mr. Kinnoek: This is not a usual Select Committee. But all of us obviously understand that the Government will require time to compile their full response in the normal fashion. However, there is one question to which the Prime Minister can and—I believe the country also thinks this—must give an answer now in a direct fashion. It is: will she accept the direct ministerial responsibility for officials that everyone understands goes with the office of Minister at every level, or will she be part of a cover-up?

The Prime Minister: I have already answered the right hon. Gentleman. My right hon. Friend the Secretary of State for Trade and Industry and I have total confidence in our officials referred to in the report. Secondly, I do not accept the Committee's comments on the role of the head of the home Civil Service. He continues to enjoy the Government's total confidence. He is a very distinguished public servant who has performed great service to Governments of both parties.

Mr. Kinnoek: By her repetitive replies and her failure to respond to the one issue upon which she can definitely respond today, it is difficult to escape the feeling that the Prime Minister is seeking to hide behind officials. If that is the case, is the Prime Minister aware that she is in great danger of herself attracting the reputation of being disreputable and improper?

The Prime Minister: No, but clearly the right hon. Gentleman asked that question because that was what he wanted to say at the end. The fact was that I volunteered the two points properly that we have total confidence in our officials, and we are proud to be able to stand up for them at this Dispatch Box.

Mr. Lyell: With the approach of the holidays, will my right hon. Friend congratulate the Leader of the Opposition on expelling another minor official from the Labour party, but will she agree with me—

Mr. Spe
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EXTN PA SHAPFILL
PRI 3 PG 4 POLITICS Westland (HighLead)

(reopens)

Sir Leon, speaking from Spain tonight, told the Press Association: ''I gave the interview before I left for Brussels at the end of 1988. There is absolutely nothing new in anything I said in the interview.''

He quoted from the Prime Minister's speech in the Commons debate on January 27, 1985. She said: ''Officials of the Department of Trade and Industry told the inquiry that they regarded the purpose of their approach to my officials as being to seek agreement to the disclosure as well as to the method.

''They believed that they had the agreement of my office and acted in good faith in the knowledge that they had authority from their Secretary of State and cover from my office.''

Sir Leon recalled that he said during that debate: ''I made it clear to my officials in the Department of Trade and Industry that subject to the agreement of Her Majesty the Queen and my authority for the disclosure of the Solicitor General's letter to the...
end jp

ITV

NEWS AT 5.40

APRIL 5, 1989

17.40

TREVOR MacDONALD (Presenter):

Labour MPs today demanded a new statement on the Westland Helicopter affair after a television interview by the former Trade Secretary, Sir Leon Brittan.

In it he names two of Mrs Thatcher's closest

officials, who he said approved the leak of a crucial letter from his department. At the time Sir Leon took responsibility for the leak and resigned.

PETER ALLEN (Reporting):

The scandal surrounding Westland Helicopters didn't just cost the jobs of two Cabinet Ministers, it produced one of the worst periods of Mrs Thatcher's ten years as Prime Minister. The row over the future of Westland culminated in the leaking of a letter to Mr Heseltine, a leak which in effect finished off the Defence Secretary's campaign for a European future for Westland. That leak came from the Department of Trade and Industry. Sir Leon Brittan took responsibility and resigned, even though he claimed then that Number 10 had agreed to the leak.

But in this Channel 4 programme, 'The Thatcher Factor' Sir Leon goes further.

SIR LEON BRITTAN (Excerpt from programme):

Well the release of the Solicitor-General's

letter was something which was approved by Mr Charles Powell, the relevant Private Secretary at Number 10, and it was approved by Mr Bernard Ingham, the Prime Minister's Press Secretary.

PETER ALLEN:

That puts the spotlight back on Charles Powell and Mr Ingham, who are among Mrs Thatcher's most trusted advisers.

JOHN GILBERT, MP (Labour):

Well it means that it nails down Bernard Ingham and Charles Powell for the roles that they performed in this grubby little affair.

PETER ALLEN:

Labour MPs have attempted to raise the issue already in the Commons today. Downing Street is refusing comment.

Peter Allen, ITN, Westminster.

END

BBC1

6 O'CLOCK NEWS

APRIL 5, 1989

18.00

TREVOR MACDONALD (Newsreader):

The Westland affair has been re-opened.

Two officials at Number 10 have been named by Sir Leon Brittan as the men who authorised the leak which cost him his job. The two officials are the Prime Minister's Private Secretary and

her Press Secretary.

Three years after the Westland affair gave the Government one of its most uncomfortable moments one of its central characters has revealed new details about what really happened.

Sir Leon Brittan, the man who had to resign as Industry Secretary, has named two of the Prime Minister's closest advisers as the people who authorised the leak of a central document.

The document was a letter from the Solicitor-General which was helpful to the Prime Minister's position. The civil servants who are named by Sir Leon are Charles Powell (phonetic), who was then Mrs Thatcher's Private Secretary and Bernard Ingham, the Prime Minister's Press Secretary.

At the time Sir Leon took much of the blame for the leak, now he says there would have been no leak without the express approval from Number 10.

Tonight Paddy Ashdown, the Democrats' leader said, 'the dark secret of Westland is now being unraveled.

The Prime Minister has always denied that she knew about the leak. Now the Labour Party is demanding a statement to the House of Commons.

PETER ALLEN (Reporting):

Sir Leon Brittan, now a European Commissioner in Brussels, has gone further than ever before in naming names and pointing the finger directly at the inner counsels of Number 10. Part of the letter from the Solicitor-General to the then Defence Secretary Michael Heseltine, were leaked by a press officer in Sir Leon's Trade and Industry Department. It was intended to undermine Mr Heseltine who was campaigning for a European stake in the Westland Helicopter firm and, in the bitter internal Cabinet battle, was opposed by Sir Leon and the Prime Minister.

The leak led directly to Mr Heseltine's

dramatic walk-out from the Cabinet and later to Sir Leon's resignation too. But even a Select Committee inquiry failed to establish just who had approved the leak. In this new interview Sir Leon makes that clear.

SIR LEON BRITTAN (Excerpt from interview):

Well, the release of the Solicitor-General's letter was something which was approved by Mr Charles Powell, the relevant Private Secretary at Number 10, and it was approved by Mr Bernard Ingham, the Prime Minister's Press Secretary.

PETER ALLEN:

This goes further than Sir Leon's own previous statements in Parliament in which he merely indicated the leak had had the tacit agreement of Number 10. Now he says it was directly approved by two of the Prime Minister's closest advisers, Charles Powell, her Private Secretary and Bernard Ingham, her Press Officer.

This will increase the suspicions that some people have held that Mrs Thatcher must have known despite her denials that she was

consulted.

Today Labour MP, Dr John Gilbert, who led the intense questioning in the Defence Select Committee's investigation into the Westland affair, says the truth is now unravelling and the Prime Minister must have been involved.

JOHN GILBERT, MP (Labour):

I don't know if she was party to the fact that the letter was going to be, as I say, leaked in a very tendentious and damaging way to Secretary of State for Defence at that time, Mr Heseltine, but I'm sure that Powell and Ingham would not have done what they did unless they were totally confident that they had the Prime Minister's backing for it.

PETER ALLEN:

Mr Heseltine remained tight-lipped today.

MICHAEL HESELTINE:

I made a very full statement the day I left the Government, I have neither added to nor subtracted from that statement since, and I

don't intend to do so now.

PETER ALLEN:

Bernard Ingham briskly said he had no comment whatsoever, but Labour's John Smith, who was at the time Sir Leon's Shadow, called today for a Prime Ministerial statement.

But the ghost of Westland still seems to haunt this government and it's now widely expected that there will be further revelations emerging from those whose careers were blighted by the affair.

PRESENTER:

Part of that was taken from a Channel 4 interview with Sir Leon Brittan.

END



WITH

THE COMPLIMENTS OF THE

PRIVATE SECRETARY

Would you please substitute the attached amended version of page 5 of MO 26/16/1 on the Future Requirements for Support Helicopters sent to you earlier today.

Thank you.

MINISTRY OF DEFENCE, WHITEHALL

Telephone: 01-218 9000
01 218



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 November 1988

FUTURE REQUIREMENTS FOR SUPPORT HELICOPTERS

The Prime Minister has read the Defence Secretary's minute of 3 November and is very disturbed to learn of the expected delay and greater cost of the EH101s. Subject to the views of colleagues, she agrees there is no alternative but to delay the full Project Definition stage. She also agrees that we should re-examine urgently the alternatives to the EH101. At the same time, she hopes that the Defence Secretary will bring very strong pressure to bear on Westland to improve their performance.

It might be helpful if the Defence Secretary were to report orally to OD when it meets later this month on another matter.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office), Alex Allan (H.M. Treasury), Neil Thornton (Department of Trade and Industry), Carys Evans (Chief Secretary's Office) and Trevor Woolley (Cabinet Office).

C. D. POWELL

Brian Hawtin, Esq.,
Ministry of Defence.

dti

the department for Enterprise

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

The Rt Hon George Younger TD DL MP
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
London SW1A 2HB

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

NB 2 pps

Direct line 215 5422
Our ref DW3AZN
Your ref
Date 9 November 1988

*CAP
107ki*

Dear George,

FUTURE REQUIREMENTS FOR SUPPORT HELICOPTERS

Thank you for copying to me your minute of 3 November to the Prime Minister about the future requirement for support helicopters. *at top*

Naturally I am disappointed that you have felt it necessary to review the utility EH101 order so soon after it was announced in Parliament. I am equally disappointed that my Department did not have the opportunity to discuss your plans earlier, especially as this Department has a direct interest in the success of the helicopter through our £60 million launch aid for the civil version.

What particularly concerns me is the effect your second thoughts could have on the company's marketing of all versions of the helicopter, not just the utility version. This is also, I know, of great concern to Westland who will find it very difficult to market the helicopter to foreign customers if it is perceived that your Department as its most significant customer has changed its mind. The draft answer you intend giving is cast in neutral terms, which is helpful, but given the recent press comment there has been about your review I doubt whether MPs will let the matter rest there. I hope you will be able to make it clear in any subsequent responses that your proposed order for the utility EH101 still stands and to dampen down speculation about what the outcome of the review might be.

the
Enterprise
initiative

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the department for Enterprise

I note that you intend to report the outcome of your review to colleagues. As this will not be until autumn next year I would ask you to keep my officials in the picture on its progress and the options you are considering. One point that I hope will be fully addressed is whether the full requirement for the utility version the RAF want will really cost £930 million, in other words is there an element of gold-plating in this figure.

I am copying this letter to the Prime Minister, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Chief Secretary, and to Sir Robin Butler.

*Yours,
David*


the
Enterprise
Initiative

AGROSPAG: Wetland PTJ



CP/PC

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COMMERCIAL IN CONFIDENCE



FROM: CHIEF SECRETARY
DATE: 9 November 1988

CB/ML

PRIME MINISTER

FUTURE REQUIREMENTS FOR SUPPORT HELICOPTERS

I have seen a copy of George's minute to you of 3 November about the problems Westlands are encountering in developing the utility version of the EH101 helicopter.

2 The 37 per cent increase in costs on this project are extremely worrying. I believe that the scale of the cost overrun compels us to review the options on the aircraft to meet this requirement, and to inform other suppliers that we are doing so. This is the way to encourage Westlands to try and come up with a cost effective solution.

3 I believe also that we should make sure that we are in a proper position to take a decision next Autumn and avoid the risk of continued trickle funding of utility EH101 because of a lack of information. This will need to include up to date costings of options other than EH101 and an assessment of relative risks and effectiveness. It would be helpful if my officials could be kept in touch with progress of the MOD studies.

4 I am copying this minute to George Younger, Geoffrey Howe, David Young and to Sir Robin Butler.

P. Wales

PP JOHN MAJOR

[Approved by the Chief Secretary and signed in his absence.]



FILE

PM2AGS

cc P.P.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 November 1988

FUTURE REQUIREMENTS FOR SUPPORT HELICOPTERS

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It might be helpful if the Defence Secretary were to report orally to OD when it meets later this month on another matter.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office), Alex Allan (H.M. Treasury), Neil Thornton (Department of Trade and Industry), Carys Evans (Chief Secretary's Office) and Trevor Woolley (Cabinet Office).

C. D. POWELL

Brian Hawtin, Esq.,
Ministry of Defence.



FCS/88/184

CD 5/11

SECRETARY OF STATE FOR DEFENCE

Future Requirement for Support Helicopters

1. Thank you for copying me your minute of 3 November to the Prime Minister.

2. I am content with the course of action you propose. From the account you give, it does not appear that Westland would have strong grounds for resisting it. It seems right to distance ourselves from a project increasing so rapidly in price, and to return to more competitive procurement procedures. Although the Utility variant is being developed nationally, the Italians have an interest in it. I hope that your officials will inform them of the action you are taking.

3. I am copying this minute to the recipients of yours.

A handwritten signature in black ink, appearing to be 'G. Howe'.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
8 November 1988

Westland Group plc

4 CARLTON GARDENS, PALL MALL, LONDON SW1Y 5AB

TELEPHONE 01 839 4061
FAX 01 930 0482
TELEX 25232

→ ~~Date~~ - to see
Rec.

With compliments

WESTLAND GROUP plc

From
Sir John Cuckney

4, CARLTON GARDENS,
PALL MALL,
LONDON, SW1Y 5AB.

The Rt. Hon. George Younger, TD, MP,
Secretary of State for Defence,
Ministry of Defence,
Main Building,
Whitehall,
LONDON, SW1A 2HB.

TEL: 01-839 4061

8th November, 1988

Dear Secretary of State,

In my letter of the 28th October, I expressed my concern regarding any publicity surrounding the decision to enter in full Project Definition on the Utility EH101 for the Royal Air Force.

There have since been reports in the press which have included erroneous and damaging remarks about Westland and I must set the record straight. Regrettably, the views articulated in the press appear to be shared by some members of your staff who sought to have them included in the draft response to a Parliamentary Question which were subsequently deleted on Westland's insistence. I refer to allegations that, in the original proposal to include some Utility EH101 for the RAF in the package of helicopter purchases brought forward to assist with the Westland "work gap", Westland got the costs wrong. These allegations are wholly unfounded.

The offer made in 1986 by Westland Helicopters, and agreed by EHI, was accompanied by a complete description of the proposed vehicle and its performance carrying various loads, including thirty soldiers with full kit. These costs, with normal escalation, remain valid today. The potential increases in costs which have since arisen are solely related to requirements added to the basic vehicle as the RAF specification has been developed over the last eighteen months.

In view of the publicity and the attendant effect on our shareholders' interests and those of our collaborative partners, I am proposing to make my position clear to the City and the technical press.

John Cuckney
John Cuckney

Copied to: The Rt. Hon. Lord Young of Graffham,
Secretary of State for Trade and Industry,
Mr. John Whittingdale,
Political Secretary, Prime Minister's Office.

PRIME MINISTER

EH 101 HELICOPTER

The attached minute from the Defence Secretary in effect warns you that we may have another procurement problem on our hands.

It is now clear that the EH 101 as presently conceived cannot meet the specification. At the least, it will need an uprated engine. This means:

- an increase in the total cost from £680 million to £930 million;
- a delay to the in-service date of up to four years;
- the EH 101 may no longer be cheaper than the Chinook/Black Hawk option.

The Defence Secretary recommends a review of the EH 101 programme. There will be a more detailed study of the costs of the EH 101 (which will delay it even further): in parallel, the Ministry of Defence will look at alternatives.

This is probably the best that can be done, but it is nonetheless very unsatisfactory. If you agree to what is proposed, you might in addition ask the Defence Secretary to put very strong pressure on Westland to improve their performance. Agree?

C D P

C. D. POWELL
8 November 1988

DS 2ALF



SP

MO 26/16/1E

PRIME MINISTER

FUTURE REQUIREMENTS FOR SUPPORT HELICOPTERS

In my minute of ^{11ap} 6 February 1987 I reported the outcome of my review of the defence requirement for support helicopters and of the parallel review of the strategic importance of an indigenous helicopter industry and the future workload of Westland. The review concluded that there was a requirement for a medium support helicopter in the Central Region and elsewhere. The preferred solution was the purchase of 59 utility variants of the Westland/Agusta EH101 helicopter. This also had the advantage of offering Westland more work over the longer term than the alternative option of buying a mix of Chinook and Black Hawk helicopters. In subsequent discussion and correspondence with you and other colleagues, it was agreed that I should offer Westland an initial order of 25 Utility EH101s to an in-service date of 1992, together with an order for 16 Army Lynx helicopters to an in-service date of 1990. On 9 April 1987, I announced to the House the Government's intention - subject to satisfactory resolution of contractual and other issues - to place an order for an initial batch of 25 Utility EH101s for delivery in the early 1990s.

2. Following that announcement, my Department has been carrying out initial studies to refine the scope of the work required to develop a utility variant of the EH101 to the staff requirement in preparation for the next formal stage of the development programme, Project Definition (PD). The initial assessment of the Utility EH101, reflected in the Note by Officials enclosed with my earlier minute, was necessarily based upon information provided by the



company. It is now clear that Westland considerably underestimated the amount of work involved. The basic military requirement is for a helicopter which can carry a platoon over a radius of action of 120 kms. Subsequent investigations have shown that, contrary to our previous understanding, the existing EH101 engine cannot achieve this. It will therefore be necessary to install an uprated engine, which in turn will require an uprated transmission system. Without the detailed analysis which will be carried out as part of PD, it is not possible to provide precise cost estimates for this additional work. However, on initial estimates, the total procurement cost (including spares, etc.) of the EH101 to a specification which would, unlike the original Westland proposal, meet the requirement, would be of the order of £930M rather than £680M (£740M at current prices) estimated in early 1987. This new figure considerably exceeds existing provision for the EH101 in our long term costing. The EH101 may also no longer be cheaper than the alternative Chinook/Black Hawk option. In addition, the earliest in-service date which can be achieved is 1996 for an aircraft which meets the full requirement, or 1994 for one which does not. This will offer less assistance to Westland during their perceived workload trough in the early 90s than we envisaged in 1987.

3. Alongside these disturbing developments, there have also been changes in Westland's position. First, their management strength and long term stability should be increased by GKN's decision to take a 22.2% stake and be represented on the Board, with a declared intention of obtaining a controlling interest in the longer term. Secondly, under the Formal Understanding signed earlier this year, there is now the prospect of a launch order for the Westland Black Hawk from Saudi Arabia. Westland's future is thus looking rather more secure than in early 1987.

4. Against this background, I believe it would be right to review the Utility EH101 programme. In the normal course of events, the



EH101 would now be due to enter the PD stage involving a financial commitment of some £20M. In view of the uncertainty over the EH101 costings, I intend to split PD into two separate phases and to proceed initially only to the first phase. This will consist of a cost definition study to refine our estimates against a range of EH101 options so as to provide a firm foundation for a decision to proceed, or not to proceed, with the utility EH101 programme. At the same time, my Department will look again at possible alternative means of meeting the requirement (such as the Chinook/Black Hawk mix) so that by the Autumn of next year there will be the basis for an informed assessment of which procurement route represents the best value for money. I will report the outcome to you and colleagues as soon as possible thereafter. These studies - cost definition of the EH101 and study of alternatives - will involve a commitment of only about £5M. (My officials will seek formal Treasury approval in the usual way.) One disadvantage of this approach is that, if we decide to stay with the EH101, a two phase PD with a break will lead to yet further delay to the in-service date - 1997 for an aircraft which meets the full requirement, or 1995 for one which does not. I believe, however, that if we are to obtain the best value for the substantial sums of money involved, we and Westland will just have to live with this delay.

5. David Trefgarne has discussed this situation confidentially with Westland and warned them that we propose to look again at alternatives to the utility EH101. While disappointed, Sir John Cuckney was not surprised. He said that Westland would have to accept our decision and recognised the need for parallel studies into alternatives in the light of the estimated cost increases in the utility EH101 programme. His chief concern was to limit any damage to the prospects for utility EH101 sales overseas (the Canadians are showing a close interest in the Utility EH101 though they have no firm requirement at this stage. There is also some interest from Egypt).



6. While the study of alternatives to the EH101 will be conducted as discreetly as possible, we must nonetheless assume that it will become public knowledge. We know that there is already strong interest in the story from the 'Sunday Times'. Moreover, there is already interest in the House in the status of the EH101 project - the issue was raised twice in the recent defence debate. To forestall further speculation, I propose to give a written answer in the House of Commons at the earliest opportunity. A question has now been tabled for written answer in the Commons on 9th November. The terms of the attached draft reply, which makes only passing reference to a range of options, have been agreed with Westland.

7. I should be grateful to know if you and colleagues are content with this approach.

8. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, and the Chief Secretary, and to Sir Robin Butler.

Ministry of Defence
3rd November 1988

A.Y.



WRITTEN PQ

To ask the Secretary of State for Defence if he will make a statement on the RAF Utility EH101 helicopter programme.

REPLY

I announced to the House last year the MOD's intention to order, subject to the satisfactory resolution of contractual and other issues, a utility variant of the Anglo/Italian EH101 helicopter for the RAF to meet the requirement for additional support helicopters in the Central Region.

Following that announcement, work was set in hand to define more precisely the RAF performance requirements. This work has been carried out in close consultation with EH Industries Limited, the main contractor for the EH101 project, and its parent companies, Westland and Agusta. We will now start the formal Project Definition stage which will examine in detail the RAF's foreseen requirement against a range of options and establish more

*fully the cost r
results included.*

AGROBAGS: Westland A7.





WRITTEN PQ

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PERSONAL

PRIME MINISTER

Lord Hanson telephoned this afternoon with two pieces of news:

(1) Hanson have reached an agreement in principle with GKN to sell to them their holding in Westlands. GKN have also reached a similar agreement with Fiats. This will give GKN a 20 per cent or so holding in the Company. They will have board representation. The major shareholder, the American United Technology (Sikorsky's) are happy to have GKN as a partner.

Lord Hanson explained that his Company had made this deal because they had been offered a good price and because they thought that GKN with their engineering background, were in a better position to help Westlands forward.

(2) Sir Gordon White has been asked to see the Somerville Appeal Committee who had told him that you were a supporter of their Appeal. Lord Hanson sought confirmatin from me that this was right. I said that you were indeed a keen supporter of Somerville and its Appeal. Lord Hanson said that Sir Gordon White would therefore look very carefully at any proposals put to him!

N.L.W.

(N. L. WICKS)

29 September 1988

PERSONAL

dti

Finn Hunter

You may like to see this with

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NAMED DISTRIBUTION ONLY

have received on a personal basis

To: PS/CHANCELLOR OF THE DUCHY

cc PS/Secretary of State
Sir Brian Hayes

From: M J MICHELL
US Air
Room 619
Ashdown House
212 6708

16 June 1988

MT

WESTLAND

I have recently had some further discussions with senior management at United Technologies Corporation (UTC) about the proposed financial restructuring of Westland.

2 There has been some delay, but in UTC's view the discussions are going ahead satisfactorily. They expect a deal to come together by about September (i.e. in practice at Farnborough).

3 UTC consider that GKN's ultimate aim is to take over the Westland Group. However GKN do not feel strong enough at present to do this and are therefore proposing that they should initially have a 29.9% shareholding. Sir John Cuckney is resisting this unless combined with other moves, on the grounds that by itself a 29.9% GKN holding in the Westland Group would not bring significant benefit to Westland.

4 Hence the proposal that a small group of corporate shareholders should each move to take a significant shareholding is still the front runner. This would result in effective control of Westland residing with this group: ultimately, though perhaps not initially, this group might take complete control and Westland Group would cease to be a publicly quoted company.

5 UTC say the precise outcome of the present negotiations is not yet clear. They say they have a good relationship with GKN. UTC themselves are unlikely to wish to increase their shareholding to more than 30%. Fiat are thought not to be interested. Hanson (at present the largest single shareholder) is involved in the present discussions but may

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not have a long-term interest. UTC seemed to consider it quite likely that an interim arrangement might be worked out involving three or four large shareholders (including GKN and themselves), leading to an ultimate situation where Westland Group was owned 70% by GKN and 30% by UTC.

Personalities

6 UTC consider Sir John Cuckney and Mr Hugh Stewart (Chief Executive) should be replaced by a full time British Chairman/Chief Executive with a professional knowledge of the helicopter business, preferably in his mid-40s. They are discussing this with GKN and will be inclined to accept GKN's proposals in the absence of obvious objection. They do not consider Sir John Treacher (present Deputy Chairman) appropriate.

Westland Helicopters

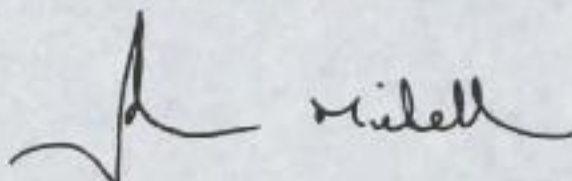
7 UTC's attitude towards Westland Helicopters is distinct from their attitude towards Westland Group, and much higher profile. They intend to make their investment in Westland Helicopters a success. Following Sikorsky's "technical audit" of the EH101, a top Sikorsky engineer will be spending 2-3 months at Westland advising on the programme (especially the tail rotor problem). Sikorsky will not allow the "production gap" at Westland to damage the company's capability irreparably. (Sikorsky is a subsidiary of UTC.) In effect UTC's intention is that Sikorsky's effective influence over Westland Helicopters should be strengthened.

EH101

8 UTC regard the EH101 programme as central to their whole plans. At an appropriate moment (i.e. soon) they will be seeking an assurance from HMG of a firm British requirement for the aircraft.

Comment

9 The question of an assurance on EH101 is a matter for the MoD. More generally, I continue to think that there is nothing to which HMG need object in these proposals, subject at the appropriate stage to the usual Fair Trading Act procedures. As far as EH101 is concerned, I think both we and the MoD should welcome increased involvement by Sikorsky in the programme.



M J MICHELL

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dti

the department for Enterprise

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Department of
Trade and Industry

C D Powell Esq
10 Downing Street
London SW1

Ashdown House
123 Victoria Street
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en

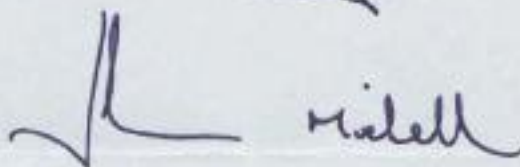
Direct line 212 6708
Our ref
Your ref
Date 16 June 1988

Dear Charles,

WESTLAND

You may like to be aware of the latest situation on the possible financial restructuring of Westland involving GKN and United Technologies (US), as set out in the attached note I have sent to Ministers here.

Yours sincerely,



M J MICHELL

PERSONAL
CONFIDENTIAL
COMMERCIAL IN CONFIDENCE

dti

the department for Enterprise

Charles Powell

Naks.

REC-18/5

PERSONAL

CONFIDENTIAL
MARKET SENSITIVE

Paul Gray

*You may like to
see this, which
has needed me
on a personal
net.*

Department of
Trade and Industry

Ashdown House
123 Victoria Street
London SW1E 6RB

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01-212 7676

Tel: 8813148 DIHQ G
Fax: 01-828 3258

C D Powell Esq
10 Downing Street
SW1

Direct line
Our ref
Your ref
Date

212 6708

11 May 1988

CD 12/5

Dear Charles,

UNITED TECHNOLOGIES CORPORATION: WESTLAND AND ROLLS-ROYCE

You may be interested to see the attached record of recent
conversations. I am sorry it is rather long.

Yours sincerely,
M J Michell

M J MICHELL

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dti

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To: PS/CHANCELLOR OF THE DUCHY

cc PS/Secretary of State
Sir Brian Hayes
Mr R Williams

From: M J MICHELL
US Air
Room 619
Ashdown House
212 6708

11 May 1988

UNITED TECHNOLOGIES CORPORATION: WESTLAND AND ROLLS-ROYCE

I was visited at his request on 11 May by a senior executive of the United Technologies Corporation (UTC), Mr Colin Green. He wanted to talk about Westland and Rolls-Royce.

WESTLAND

2 Mr Green said UTC had always seen their investment in Westland as part of a wider strategy of European involvement. They were broadly content with it on that basis: for example it had enabled them to move closer to other European helicopter companies. UTC admired the way the Westland management had carried through the cost-cutting exercise in 1986/87. However, it was now time to turn to strategic thinking on the market side.

3 UTC saw the EH101 as the key to Westland's future success in helicopters. They were willing and prepared to put management and engineering effort into helping the project overcome its current difficulties, which they did not see as fundamental. Indeed they considered the current problems were typical of any helicopter programme, including their own. They felt the MoD were exaggerating the problems and were not making helpful proposals.

4 UTC felt Sir John Cuckney had been resistant to an increased level of Sikorsky managerial involvement because UTC were only a relatively small shareholder. They were now of a mind to insist, at least, that a Sikorsky engineering team be put into Westland initially for say 3 months to help the

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Westland management get a better control of the programme. But UTC wished to know

- i whether it was true that there were doubts about HMG's commitment to the EH101, as had been rumoured.
- ii whether there would be political sensitivities in their proposed move.

5 I said I could not speak authoritatively for the MoD. However my understanding was that the EH101 was regarded as a strategically essential system, and it was this fact that underlay the MoD's very considerable and justified concern about the management of the project and the financial and managerial capability of Westland. I believed the MoD would welcome any move by UTC to help the programme, indeed the MoD might well wish UTC to go further.

6 For the DTI, I said we were also concerned about the programme which was our most speculative current launch aid investment. However, we had no present intention to withdraw from it and probably would not do so as long as the MoD continued to support it. Our long-term civil market assessment remained favourable. Mr Green confirmed this was also UTC's assessment and said we should not be concerned at the present lack of prospective commercial orders.

7 On the political side, I said I thought it most unlikely that some strengthening of the Westland middle management by Sikorsky would cause any problem. I reminded Mr Green that many (including myself) had expressed surprise on several occasions since 1985/6 that UTC had not done this before: indeed their own policy seemed to have changed several times. Mr Green referred again to the difficult relationship between Sir John Cuckney and the top management of UTC.

Restructuring of Westland

8 Mr Green said that although UTC's immediate concern was the EH101, they were also dissatisfied more generally with the situation at Westland. While full of admiration for Sir John Cuckney's achievements, they were basically unhappy with the concept of a non-executive Chairman who they perceived to have no real knowledge of the strategic issues of the helicopter industry, yet a man so powerful and prestigious, because of the history, that all decisions were concentrated in his hands. UTC wanted the Westland Board to be more "industrially professional". In recent discussions they had found Sir John Cuckney receptive to this.

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9 UTC were aware of the GKN proposal, and were provisionally happy with it. Mr Green himself was going on to talk to GKN. They had no objection to a stronger partner coming into Westland. They understood GKN at present was the only contender. UTC would wish to consider whether there were other candidates (though they would not favour British Aerospace), but appreciated there could be sensitivities about a non-British company playing such a role.

10 UTC had considered their own position with some care. Their basic interest was in long-term project and technology co-operation with Westland. They were not interested in equity participation for its own sake, and had taken the equity position in 1986 only as the most convenient means at the time to increase their involvement with Westland. If this relationship strengthened, they might well at some stage withdraw from equity participation (This is not the first time UTC have said this to me: Mr Paul said it early in 1987).

11 Two alternative possibilities had been considered:

- i An increase in the UTC shareholding, possibly even an outright takeover bid. This was unlikely to be pursued, though not because of financial constraints ("we could buy it out of the petty cash"). But there would be legal problems in the US and, UTC assumed, political problems in the UK, neither of which they wanted. (As a variant of this possibility, Mr Green discussed a possible idea of UTC disposing of Sikorsky's civil business, thus removing the legal constraints on Sikorsky executives being appointed to positions on the Westland Board)
- ii A possible scheme to "take Westland private" by means of a group of, say, four or five companies, including UTC, buying out the Westland shareholders and controlling the company with stakes of around 20-30% each (rather like the British Aircraft Corporation pre-1977 which was owned by GEC, Vickers and Rolls-Royce). This scheme was not necessarily incompatible with the GKN approach which might indeed be a first step towards it. Although at one time UTC had thought of promoting this scheme straightaway, they were now of a mind to "go with the GKN approach", subject to their discussions with that company.

12 I said I thought the degree of any political sensitivity to the possible scheme at (ii) above would depend on the extent to which Westland was perceived as remaining under UK control.

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If UTC were the only non-British member of such a controlling group, with a share between 20 and 30%, my personal view was that would be unlikely to cause fundamental difficulties, although this would be an issue for Ministers to address.

ROLLS-ROYCE

13 Turning to Rolls-Royce (who are partners of Pratt and Whitney, another UTC subsidiary, on the V.2500) Mr Green spoke of UTC's concerns about Rolls-Royce's apparent lack of strategic direction and doubts about whether they had the financial strength to maintain what appeared to be their present ambitions. I am afraid to say UTC's concerns are somewhat similar to the views I expressed in my minute of 12 February.

14 Mr Green spoke at some length of the determination of UTC, under their new Chairman, to respond to the aggressive market success of GE. Specifically, he asked whether I thought there was any possibility of Pratt and Whitney being permitted to take a share in the EJ200. They perceived this engine as being "capable of improvement" into a real world competitor against the GE F404, though at present there seemed a danger it would not be. (As I have mentioned to the Chancellor before, this was an area of some discussion between ourselves and the MoD in 1985).

15 I said this was a matter for Rolls-Royce and the MoD and their respective European partners. (Personally I would see considerable merit in any proposals at least being explored, because of the basic concerns about Rolls-Royce expressed in my earlier minute. Whether Pratt and Whitney is the right US partner to bring in, if there is to be one, would be a major question but one for a later stage. However, as you know Rolls-Royce does not share my concerns and is unlikely to respond positively to a Pratt and Whitney approach. Nevertheless I would propose to talk to Rolls-Royce and MoD colleagues about this).

16 On the V.2500, UTC's view was that, despite current problems, it was essential to stick with the programme and apply determined effort to improving the sales prospects.

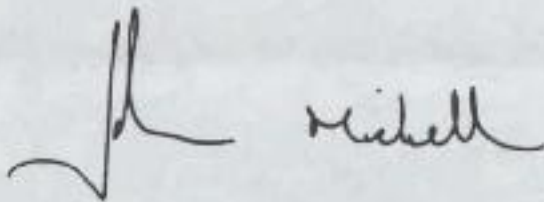
17 On the question of a Rolls-Royce shareholding, Mr Green made clear UTC remained very interested in acquiring a stake in Rolls-Royce. He said UTC, with some reluctance, had accepted the advice of previous DTI Ministers against this in 1987, but

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they were now reconsidering. (I think we should take account of this in considering our strategy in response to the current European Commission pressure on the 15% limit. If the limit is increased, the outcome could well be that significant stakes are acquired by US companies.)

A handwritten signature in cursive script, appearing to read "M J Michell". The signature is written in dark ink on a light background.

M J MICHELL

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Department of
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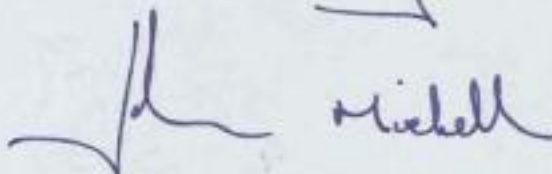
Direct line 212 6708
Out ref
Your ref
Date 10 March 1988

Dear Charles,

WESTLAND

The attached notes may be helpful to you for information. I am aware our Private Office spoke to you after the first one.

Yours sincerely,



M J MICHELL

PERSONAL
SECRET
COMMERCIAL IN CONFIDENCE
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10 DOWNING STREET

Prime Minister *mb*
Westland

You should be aware
of this. John Cuckney
is at the lunch for
the Prime Minister of
Portugal tomorrow.

In my view, he is
softening us up for
an increased UTC
strike in Westland.

EDD
1073

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To: PS/CHANCELLOR OF THE DUCHY

cc PS/Secretary of State
Sir Brian Hayes
Mr R Williams

From: M J MICHELL
US Air
Room 619
Ashdown House
212 6708

10 March 1988

WESTLAND

I have had a further discussion with Sir John Cuckney.

2 The company with whom he is having discussions is GKN. The discussions are going well in technical/commercial areas but there has been no discussion at all on possible terms because neither side wants any public disclosure at this stage. This would have to follow if terms were under discussion.

3 Sir John considers that in many ways GKN would be a suitable parent for Westland. They would want to maintain and build up the business as a platform for increasing their market share in military hardware. They see the helicopter business as complementary to their own existing product lines (armoured vehicles). By contrast, Sir John considers other possible parents for Westland (eg BAe) would probably wish to dismember the company.

4 GKN are also in Sir John's view financially sound and would have the financial strength to support Westland eg on export sales, where the company is currently so stretched.

5 However, Sir John admitted that GKN were in many ways "naive" and inexperienced in defence markets. He was therefore looking to establish possible alternative proposals. In principle he considered that would in any case be in Westland's best interests, as in 1985/86.

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6 The obvious source of alternative proposals was United Technologies (UTC) which has had a 8% holding in Westland since the reconstruction in 1986. UTC were "lukewarm" to the GKN proposals (a slight contrast here to my earlier report, but this may be my mistake rather than a genuine change of view by UTC). Having acquired their Westland shareholding with "some difficulty" UTC did not wish now to see it diluted. On the other hand UTC definitely did not want control of Westland (for financial and US anti-trust reasons, not sensitivity to British politics, although this may also be a factor). Under the reconstruction of 1986, UTC had an option to increase their shareholding already. Sir John thought that to counter a GKN move UTC might be prepared to offer to buy up to 29.9% of Westland, perhaps relying on a benign attitude by other shareholders to allow UTC to exercise effective influence, if not control.

7 GKN have already had some discussion with UTC and Sir John is seeing UTC himself this week. In his view an increased UTC stake would be but a further development in the close links between the two companies over 40 years. He repeated that the commercial links between the companies were developing very well: the two million man-hours commitment would be exceeded, Sikorsky were putting out more Blackhawk work and a "real partnership" between Sikorsky and Westland had developed in pursuit of sales prospects in the Middle East.

8 Sir John considered that budgetary pressures on US and European Governments would probably force new helicopter programmes to the right (there is of course already evidence of this in the US), and attention would tend to focus on prolonging/ updating existing types. In these circumstances a closer Sikorsky/Westland link could be a powerful force in the market, since this was the type of work in which the combined skills of the companies were strong.

9 Sir John considered also that the MoD might welcome increased UTC involvement because it could be assumed to lead to improved management of the EH101.

10 Sir John commented that if a situation developed where there were competing proposals, it might well be a matter of the head against the heart. He further commented that in such situations in his life his head usually won (ie UTC).

11 He did not think Fiat was a likely contender. They had domestic problems in Italy [I would not be so sure about this]. Equally he did not think Aerospaziale would be interested [This

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contrasts with a recent conversation we have had with a representative of that company, who said that they would be. But I am not sure how authoritative that was].

12 Sir John said he expected the GKN discussions to mature to a point where public announcement would be required within about a month.

Comment

13 Subject to the views of MoD colleagues (whom I have not consulted at this stage) I would have thought that on industrial grounds the Government could welcome either of the possibilities Sir John is considering, subject to the usual competition policy considerations. It may be that MoD colleagues would prefer a UTC solution, although I doubt if any such preference would be so strong as to make them wish to influence Westland away from any other course (even if the Government had any power to do so).

14 An increase in UTC shareholding to 29.9% could of course raise political controversy. I cannot judge how serious a factor that might be. The points could of course be made

- i that the reconstruction scheme of 1986 clearly included the possibility of UTC increasing its stake (though not to 29.9%) and
- ii that by definition 29.9% is not a controlling stake and Westland will remain a British company

15 An increase in the UTC shareholding in Westland to 29.9% could give a further argument to those (European Commission etc) currently attacking the 15% Golden Share limitation on foreign shareholdings in BAe and Rolls-Royce - though not a decisive argument I would judge. There is of course no Golden Share in Westland, which has never been in public ownership.



M J MICHELL

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To: PS/CHANCELLOR OF THE DUCHY cc PS/Secretary of State
Sir Brian Hayes
Mr R Williams

From: M J MICHELL
US Air
Room 619
Ashdown House
212 6708

26 February 1988

WESTLAND

Sir John Cuckney spoke to me yesterday evening to inform me that preliminary moves were afoot which might lead to an agreed take-over bid for Westland. The company involved was a substantial British engineering group.

2 I asked what the timetable might be. Sir John said he did not think the discussions would reach a point where a public announcement would be required for 4 to 5 weeks. The company concerned would only proceed if their proposals were unopposed. The current discussions involved a very restricted circle of Westland Board members, and were "developing well".

3 I asked if the principal foreign shareholders (UTC and Fiat) were aware of the position. Sir John said they were, and that they were "interested" and "supportive of the discussions". He said also he believed these companies would wish to continue their commercial involvement with Westland.

4 Sir John said he had not informed the MoD of this and would not wish to do so for the time being. He was aware that the MoD were concerned again about the future of Westland.

5 I said that with Sir John's permission I would report our conversation on a highly classified basis to you and others named above. Sir John was content with that.

6 Sir John did not name the company involved, partly because this was a telephone conversation. I also said to him that once he named the company I would find it a little embarrassing not to inform MoD colleagues, who indeed I thought would be generally pleased with the development.

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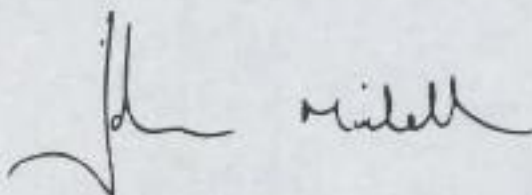
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7 I also told Sir John that the Prime Minister would wish to be informed as soon as it was appropriate to do so. He fully recognised that.

8 Sir John said he would like to see me next week to discuss the situation in more detail. Subject to your views, I think that might be helpful.

9 From other indications, I believe the company concerned may be GKN. But I may be wrong about that. The case would clearly be of a size to be examined by the OFT, but I should be surprised if they would consider a reference was required.

10 I shall report further as necessary.



M J MICHELL

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

Prime Minister.

I understand from Sir
John Cuckney that Westland
are negotiating with a
'medium-sized engineering company'
for an agreed take over.
No announcement is likely for
4 or 5 weeks. He is not
telling the MOD.
Although he did not

say to, here are some
grounds to think that the
company concerned is

GKN.

C.D.I.

26/2.



NEA
to see.

Not Q
Civil Service
1980 in
Westlands

Treasury Chambers, Parliament Street, SWIP 3AG

N L Wicks Esq CBE
Principal Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1A 2AA

8 January 1988

Dear Nigel

TREASURY FIRST ORDER QUESTIONS: THURSDAY, 14 JANUARY: PQ FROM
TAM DALYELL MP

We had a word about this earlier today, and you favoured a short
reply.

Since then the Paymaster has discussed this with his colleagues,
and they have agreed to answer simply "No Sir". I attach the
Supplementary briefing that has been prepared: the Chancellor
particularly enjoyed the reference to being economical with
information in A5!

I am copying this letter to Bernard Ingham (No 10), with thanks
for his suggestions on this.

Yours ever
Simon.

S P JUDGE
Private Secretary

FROM: E BROWN

DATE: 5 January 1988

MR SAVAGE

cc Mr Luce

Mr R I G Allen

Mr Pickford

Mr Stern

Mr Taylor (COI)

TREASURY FIRST ORDER QUESTIONS: THURSDAY 14 JANUARY 1988

1. Here is a draft reply, supplementaries and background briefing for Tam Dalyell's PQ for oral answer on 14 January.

2. I have taken the advice offered by Mr Ingham that in his experience there is likely to be little or no return in telling Mr Dalyell anything. If however the Paymaster General is inclined to prefer the approach he asked me to consider, the answer could be on the lines -

"The MPO has recently issued guidance on records management; the MPO and Treasury have been working with departments on information management since 1985. A note by the Cabinet Office describing Central Government Conventions on publicity and advertising was deposited in the House of Commons Library in 1985 [and the Director General of the Central Office of Information and the Press Secretary to the Prime Minister are in regular contact with their colleagues in departments]. None of these papers or activities are in any way related to the so called Westland affair."

3. The shorter reply would allow Mr Dalyell to express indignation that nothing had been done but would give no "hooks" for supplementaries. The second reduces the scope for indignation but provides opportunities for questions particularly in relation to Mr Ingham's contacts with departments. If the phrase in square brackets was omitted a substantial area of scope for comment would be removed.

4. I have consulted Mr Ingham in No 10, Mr Taylor, COI and relevant divisions in the Treasury.



E BROWN

ORAL

THURSDAY 14 JANUARY 1988

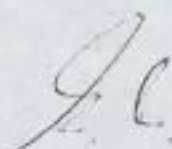
TREASURY

Lab - Linlithgow

MR TAM DALYELL: To ask Mr Chancellor of the Exchequer, if he has issued any guidance on information management in the Civil Service, as a result of lessons learned during and since the Westland Affair.

DRAFT REPLY BY MR PETER BROOKE

NO SIR.



E BROWN

RC2 Division

Ext 6060

MRS D SANGWAY

RC2 Division

Ext 6112

SUPPLEMENTARY QUESTIONS

Note To any supplementary questions which is related to the "Westland affair", the answer is

"I have nothing to add ^{on}/_{to} this matter to what has already been said by the PM, and other Ministers, in statements and in reply to questions."

OTHER SUPPLEMENTARY QUESTIONS

Guidance to Press Officers

Q1. What guidance is issued to Information Officers and Press Officers about releasing sensitive information to the media?

A1. None is directed specifically at Press Officers or Information Officers. They are Civil Servants and are given the same guidance as anyone else.

Q2. What principles are Press Officers expected to apply in considering the release of sensitive information to the media?

A2. As I have already made clear, the same principles apply to Press Officers as to all Civil Servants generally. They are expected to behave in exactly the same way and I would refer the Hon. Member to my RHF's answer on 2nd December, Column 572.

Q3. But surely Press Officers are given guidance on what to do and what to say - they are not free agents?

A3. Press Officers or Information Officers in general are answerable to the ministers in charge of their Departments in exactly the same way as any other Civil Servant.



Information Management

Q4. What is information management?

A4. In the context in which it is used in the civil service Information Management is concerned with Information as a resource and the application of the normal disciplines of management to that resource to ensure that only information which is really necessary is collected and that it is used economically and efficiently.

Q5. Why are the government only now addressing the Information Management?

A5. The civil service has always practised Information Management in the sense of making sure that information is available, economically at the right place and at the right time. Research by MPO and now the Treasury into best practices and the testing and development of improved methodologies has been in hand since 1985. The Treasury is now summarising that experience and may subsequently issue guidance to the civil service.

BACKGROUND

Westland plc was in serious financial difficulties in 1985. Two firms, Fiat and United Technologies put forward partnership proposals to relieve the difficulties. The Secretary of State for Defence explored an alternative possibility of association with Aerospatiale, MBB and Augusta. Before Westland plc made their decision about the offers, a letter of 3 January from the then Secretary of State for Defence to the company was published. The Solicitor-General wrote to the Secretary of State for Defence on the morning of 6 January pointing out that the letter, in his opinion, contained material inaccuracies. When the Solicitor General's letter was brought to the attention of the Secretary of State for Trade and Industry (at about 1.30 pm on 6 January), he took the view that the existence of the letter and the opinion it expressed should be made public. He asked his officials to discuss with No 10 whether the disclosure should be made and if so whether it should be made from No 10. The discussion between officials led to DTI officials informing the Press Association, by telephone, of the letter and of part of its content. The information was on the Press Association tapes at 3.30 pm. The need for urgent action was dictated by a press conference which the Chairman of Westland plc was holding at 4.00 pm to announce a revised proposal from the United Technologies Corporation - Fiat consortium. The officials had not sought the Prime Minister's agreement to the action.

The Prime Minister instituted an enquiry into the events. It started on 14 January; it reported to the Prime Minister on 22 January. The Prime Minister reported to the House of Commons on 23 January. During the report to the House and since the Prime Minister has been pressed to reveal detailed facts about her involvement in the event including, for example, when her office told her that it had agreed to the publication of the extract from the Solicitor-General's letter of 6 January. Mr Dalyell has approached the issue directly and indirectly. The indirect questions have included

- a. the factors Her Majesty's government take into account in deciding the timing of release of information of commercial sensitivity (17.2.86 Col 9);
- b. guidance on the duties and responsibilities of civil servants in relation to Ministers and ministerial responsibility for the release of information to the media (14.12.87 Col 378).

The Prime Minister has declined to be drawn.

Definition

Information Management (or as it is frequently known, Management of Information as a Resource) is defined as,

"the means through which an organisation maximises the efficiency and effectiveness with which it plans, collects, organises, uses, controls, disseminates and disposes of information, and through which it ensures that the value and potential value of that information is identified and exploited to the fullest extent."

The need for Information Management

The ever increasing volume of information - in the civil service 2 million files are opened each year. 1,500 miles of files stored in registries.

The costs of collecting, storing and retrieving information.

The costs to business in supplying information.

The opportunity presented by Information Technology to improve the availability of information (but with a risk of increasing the volume).

Methods and Benefits

Methods - to enable information needs to be examined across the whole, or part of, a department have been tested or developed.

- the methods relate information needs to objectives and activities.

Benefits - interconnections between objectives and activities and information needs are tested.

- Duplication, overlaps and gaps are identified.

- Opportunities for making better use of information are revealed.

- Information that is not needed is cut out.

Guidance

Draft guidance is being considered in the Treasury for issue early in the new year.

Guidance

No guidance is issued to Information Officers on the subject of "information management". But there are two main document sources which dictate the custom and practice:

- i) The note by the Cabinet Office on Central Government Conventions on Publicity and advertising are in the Library of the House;
- ii) The guidance which is updated and issued at the time of General Elections (which is and remains Confidential). This is distributed by the PM's Prin. Private Secretary to Ministers, by the Prime Minister's Press Secretary to Heads of Information, and by the Director General of the Central Office of Information to his own staff in HQ and Regions.

Both of these documents are concerned with expenditure, on Publicity and Advertising, which a government may properly incur and the activities which it may undertake. Neither have any connection with the "Westland Affair".

Conduct

The conduct expected of Information Officers is, of course, no different from the rest of the Civil Service of which it forms an integral part. Members of the 1,100 strong Government Information Service are recipients of the same guidance which go to all members of the Civil Service and are controlled in their conduct in precisely the same way as all other Civil Servants.

Information Objectives of Departments

The information objectives of each department are set by the Ministers in those departments. Activities are co-ordinated by the Prime Minister's Press Secretary (in respect of news presentation) and by the Director General of the Central Office of Information (in respect of publicity conventions, and central advice on propriety).

Role of Director General of COI

The Director General of the Central Office of Information additionally acts as Head of Profession for the Information Officer Group but in practice this means general oversight and organisation of recruitment, training and career development and not information management (because, as already stated, information policy is a matter for each Minister).



H3CGB

②

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

Prime Minister

ms

He should be
aware of this.
C.D.P.

SIR ROBERT ARMSTRONG

I attach a copy of a letter to the Prime Minister from the Leader of the Opposition about Mr. Tam Dalyell's question in the House this afternoon about Westland. As you will see, Mr. Kinnock asks the Prime Minister to give an assurance that neither I nor Mr. Ingham nor anyone else told her about Leon Brittan's role in the matter of the disclosure of the Solicitor General's letter during the Westland affair until the enquiry had reported.

There are two pieces of background. First the speech which Mr. Dalyell made in the House yesterday (Hansard, 28 October, Cols. 377-382), supplemented by the fuller speech which he is apparently intending to make at Oxford of which I have already sent you a copy. In the latter he claims to have new evidence from former Ministers to the effect that I orchestrated the leak of the Solicitor General's letter, keeping the Prime Minister fully informed at each stage. He does not say what the evidence is - indeed there cannot be any - but claims that such material that he has is in a bank vault.

The second piece of background concerns the handling of the matter in the House this afternoon. We were warned in advance that Mr. Dalyell was going to make a demonstration which would take up the whole of Prime Minister's Questions. In the event he did not do so. But once he had asked his question and the Prime Minister had answered, he lent forward and said something to Mr. Kinnock who nodded. It is fairly clear that Mr. Kinnock got Mr. Dalyell to abstain from making a demonstration with a promise to write subsequently to the Prime Minister.

The Prime Minister's basic answer on the point covered in Mr. Kinnock's letter is given in Hansard for 27 January 1986, Col. 657: "I did not know about the then Secretary of State for Trade and Industry's own role in the matter of the disclosure until the enquiry had reported". That reply stands.

My own inclination would be to send a very short and sharp reply, as quickly as possible, to the effect that the Prime Minister has absolutely nothing to add to the replies which she has already given in the House. I doubt that Mr. Kinnock - unlike Mr. Dalyell - will wish to pursue the matter further.

C.D. POWELL

29 October 1987



HOUSE OF COMMONS
LONDON SW1A 0AA

DP
ORIGINAL WITH GK

The Office of the
Leader of The Opposition

29 October 1987

Dear Prime Minister,

I listened with interest to the answer you gave to Tam Dalyell's supplementary question on Westland this afternoon.

Your answer, you will recall; referred to what you called your "answers in detail".

In view of the gravity of the assertions made by Mr Dalyell in respect of the timing and substance of the information said to have been given to you by Mr Powell in his capacity as a Civil Servant, I would have thought that you would have welcomed the opportunity to clearly rebut the claims made. That did not occur. I wonder, therefore, if you would like to take the opportunity of a reply to this letter to make it plain that neither Mr Powell nor Mr Ingham nor anyone else told you about Leon Brittan's role in the matter of disclosure until the enquiry had reported?

As you will know, Tam Dalyell made a speech about these matters in the House on 28 October. Whilst I know that it would be unusual for you to make a detailed response to a speech in a letter, I wonder if, in view of the nature of the salient points made, you would also wish to respond to those points.

Yours sincerely,
Neil Kinnock

NEIL KINNOCK

Rt Hon Margaret Thatcher MP



FROM
TAM DANIEL

HOUSE OF COMMONS
LONDON SW1A 0AA

My outrage at the Prime Minister's behaviour
over the selective leaking of a Law Officer's letter,
in relation to Westlands,
does not originate mainly in the fact that I am
a Labour, Opposition Member of Parliament.

In fact, it may be hard to believe, but it is none the less true,
that my outrage stems from the fact
that for over a quarter of a century, I have been privileged
to become a " House of Commons Person ",
am proud to be such,

and care very deeply how the House of Commons is treated,
by Ministers, however exalted and powerful, of whatever Party label.

over East of Suez,

the Borneo War,

the proposal for Anglo French Variable Geometry Aircraft,

the proposal to establish a base at Aldabra Atoll,

Chemical and Biological Weapons,

and Scottish Devolution,

have, rightly or wrongly, created untold trouble for Labour Prime Ministers.

You can be assured that if a Labour Prime Minister had lied to the House of Commons,
as Mrs Thatcher has lied over Westlands,

she would be in the pack, day and night, trying to hound that Prime Minister,
out of Office, and out of the leadership of the Party.



HOUSE OF COMMONS
LONDON SW1A 0AA

Equally, I suppose I ought to be making a distinction,
since I am speaking at a College whose Master is one of the leading European Phil
of the day,

between lies in relation to primisory fulfillment,
and lies in relation to actions past, perpetrated by the liar -

it is one thing to make speeches promiding economic recovery,
or other future desiderata -

which then turn out to be unjustified, or over-optimistic,
as politicians would retrospectively put it

- it is quite another to lie on a factual event,
in which a politician has been involved,
where the object of the lie is to save one's own political skin -

Mrs Thatcher's lie about her state of knowledge of the Law Officer's letter,
and the selective leak,

was necessary to one objective above all others -

namely, the protection of Mrs Thatcher's position as Prime Minister.

I really do wonder whether a PM should remain P
when had she not knowingly deceived the House,
she would no longer be in Downing Street.



HOUSE OF COMMONS
LONDON SW1A 0AA

Conservative MP, Julian Critchley.

Page 132 of his unauthorised biography of Michael Heseltine.

" A list of the dramatis personae of this strange three act drama would include the following:

The Prime Minister: imperious, indecisive, and belligerent.

'Who shall rid me of this turbulent priest? '

Over the leak of selected parts of the Mayhew letter, she willed the ends ;
the responsibility for the means employed is hers. "

Now, this is a duly elected Conservative Member of Parliament giving a considered judgement
in print.

Conservatives can smile and say, " Ch, Critchley" -

but the same Critchley, for all his vices - and virtues as a damned good writer -
is also well informed.

If a Tory MP says the responsibility for the means employed is hers,
now can we believe that she did not monitor what was happening at every stage ?

Critchley clearly believes in the Prime Minister's guilt, since he writes of Leon Brittan,
in the same list of dramatis personae -

"Greater Love hath no man than to lay down his life for his Leader.

The fall guy. "

The Fall Guy for whom ?

The Fall Guy only for the Prime Minister.



HOUSE OF COMMONS
LONDON SW1A 0AA

Before leaving,

Critchley, one other quote ought to be put on the record from his Chapter,

"Over the top" -

Page 155 : " The leak to the Press Association was an obvious plant. It was also clear that full text of the letter was less than sensational, or it would have been leaked verbatim. "

Critchley has perceived and knows about the depth of the Prime Minister's skullduggery.

Not only does she leak sacrosanct ^{by confidential} Law Officer's advice - she leaks it so selectively that it is taken out of context, and used for her own purposes.

I say that this is wicked public behaviour, and ought not to be tolerated in the British Prime Minister.

Before the Home Secretary, Douglas Hurd, makes another speech, like that he delivered on Sunday September 13th, to New Forest Conservatives, on the topic of " Falling Standards ", he might reflect on the Falling Standards in Number 10 Downing Street.

In parenthesis, it was precisely this kind of Prime Minister's behaviour, leaving distortions to the Press, that so infuriated our Commonwealth, Canadian hosts, at the recent Vancouver Conference.



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HOUSE OF COMMONS
LONDON SW1A 0AA

People only become fall guys if they are protecting those who have done something wrong.

If the Prime Minister had acted honourably, and truthfully,

Why should an ambitious Cabinet Minister

Wreck his career, as a fall guy.

As Rodney Tyler put it, Page 4, Campaign,

"It is certainly true that if Leon Brittan had chosen to,

He could have brought her to the brink of downfall,

By naming the real culprits inside Number 10.

Instead he chose to remain silent."

Like Cardinal Wolsey, Brittan might be entitled to reflect

Had I but served God as diligently as I have
Served my king, he would not have given me
Over in my grey hairs. But this is the just re-
ward that I must receive for my indulgent
Sins and study, not regarding my service to
God, but only to my prince.

CARDINAL WOLSEY, to Sir William Kingston,
Constable of the Tower, at Leicester Abbey,
5 Nov., 1530. Wolsey, accused of high trea-
son, was being conducted to London, but was
overtaken by illness on the road, stopped at
Leicester, and died there. (HUME, *History of
England*, Ch. 30.)

Had I but served my God with half the zeal
I served my king, he would not in mine age
Have left me naked to mine enemies.
SHAKESPEARE, *Henry VIII*, Act III, sc. 2, l. 455.
(1612)

Had I served God as well in every part
As I did serve my king and master still,
My scope had not this season been so short,
Nor would he have had the power to do me ill.
DOMAS CHURCHYARD, *Death of Morton*.
(1593)



HOUSE OF COMMONS
LONDON SW1A 0AA

Let us turn from Critchley, to the book published by Grafton Books,
a subsidiary of Collins,

called Campaign - the Selling of the Prime Minister
- from behind the doors of Downing Street and Conservative Central Office -

a unique inside account of the Battle for Power -

a book which Greek Scholars in Balliol might properly describe as a Hagiography -
defined by the Concise Dictionary of your University,
as a writing of saints' lives -

yes, Tyler's is that kind of praise of Margaret Thatcher.

- and, given his relationship with Tim Bell, truly an insider's account -

Yet, what do we find -

and authors indientally are particularly careful about the opening sentences of their book

Page 1, Chapter 1, Paragraph 1, Sentence 1,

~~Prime Minister's Right Honourable Mrs Margaret Thatcher~~

"It was an extraordinary turn around in fortunes from the moment on 27th January 1966,
when Mrs Margaret Thatcher secretly confided to a close associate,
that she might have to resign, to the occasion,
almost a year later,
when she found herself, also in great secrecy, chairing a meeting,
at which she was told how she might win the next General Election."

Authors tend to take infinite trouble in honing the opening sentence of their books,
and for this insider, the 27th January obviously had enormous significance.



12

HOUSE OF COMMONS
LONDON SW1A 0AA

The reason she said this was that she could not know of Leon would spill the beans.

And the particular beans

are the depths of the Prime Minister's deceit of Parliament.

PLEASE NOTE: TV-am MUST BE CREDITED IF ANY PART OF THIS INTERVIEW IS QUOTED

system was changed just before I took office. I think it gives me strength. But I'm only here by a double ballot box really. And I'm very much aware of it, but you know, the on and on, I can tell you what usually happens and I knew the line of questioning, as one sometimes does the line of questioning of interviewers. Because the trap is that if you don't say, 'Yes, you're prepared to go on' they'll say, 'Ah, then she's going to give up during this election' and they'll then go and say, 'Ah, you don't who will be next'. Of course, in a way you'll never know what will happen, but this time we take this election and then we see what happens. Yes, I would like to carry on, it is not wholly in my judgment. Just as I was given an opportunity, so other people will expect an opportunity, but I have the double judgment now at the election and the annual judgment of my Party.

DF

But why on that date, though, January the 27th, were you so down that you said, 'I may not be Prime Minister by six o'clock tonight' after the Westland debate?

MT

Oh you suddenly come out of these things. You suddenly come out with these things. I would not necessarily take them as if they had any very great, deep significance.

DF

Do you think in terms of, you've talked a lot about the proud parts of your record. Do you think that the selective leaking of the Law Officer's letter was the major black mark against the last four years?

MT

No, I, no the whole of the Westland affair was so small, I was amazed that it was blown up. The Westland affair was about a private company's right to determine its own future. Look at the things that were going on at the same time in defence; the whole of the AWACs matter, not involved with 35 million, but involved with something between 600 million to a billion. No, it was, it was something which happened, it was very small, and I was amazed it was blown up. But it was, and you have to take life as it comes. And as it happened things went as we decided they should, and it was a matter for that company to decide it's own future, and when it



HOUSE OF COMMONS
LONDON SW1A 0AA

I address myself now to the cynical, who may think they are worldly wise.

All right, they say, the Prime Minister did lie over the Law Officer's letter -

So what? All politicians lie.

So this, I say. All politicians do not lie -

you find me an identifiable lie, in relation to personal public behaviour,
by any Labour Party Prime Minister - MacDonald, Attlee, Wilson or Callaghan.

I confess that the late Chancellor of Oxford University almost certainly did lie
over Ramboillet and the origins of the Suez Crisis,
for which he ought to have been replaced by Rab Butler.

I re-iterate that I am not suggesting the resignation of the present Government -
simply that they get a new leader, untainted by untruth.

HOUSE OF COMMONS
LONDON SW1A 0AA

Students of politics at Balliol may themselves - yourselves -

aspire to be Civil Service mandarins of the 21st Century -

so I'd better regurgitate the reconstruction of the role of the Civil Service -

But I say, at once, that I believe
Civil Servants were placed in an impossible
position.

Equally, I shall go on and on
about the Prime Minister's behaviour,
until such time as the following
Civil Servants and Ex-Civil Servants
be examined under oath:

| | | |
|-----|---------|-----------|
| Mr | Tim | Abraham |
| Sr | Robert | Armstrong |
| Mrs | Colette | Bowe |
| Sr | Brian | Hayes |
| Mr | Bernard | Ingham |
| Mr | John | Hogg |
| Mr | Richard | Nottram |
| Mr | Charles | Power |
| Sr | Clive | Whitham |
| Mr | Nigel | Wicks |



HOUSE OF COMMONS
LONDON SW1A 0AA

Discarded Ministers talk.

Now, I can well understand that a man who has had his Ministerial career terminated prematurely in his opinion, by a Prime Minister, could harbour bitter resentments.

Those resentments could boil over into a sense of vengeance, and lead to fabricated stories about a Prime Minister's conduct. I realised that sacked politicians are by always the most reliable informants.

But, on the other hand MPs spend our lives judging one another. Over the years in the House of Commons together, one comes to assess character.

I simply say that if I am any judge of character, the information that I am given by some of Mrs Thatcher's ex-Ministers emanates from angry men, certainly, but not untruthful men.



HOUSE OF COMMONS
LONDON SW1A 0AA

I believe those who assure me that from the very moment that the idea of a Law

Officer's Letter to discredit Michael Heseltine was first mooted, Mrs Thatcher

told all there was to know of significance.

In particular, I believe those who confirm to me that Mr Charles Powell, one of

her Private Secretaries, did indeed fulfil his duty as a Civil Servant, and

Prime Minister fully informed about the role of Leon Brittan and the Department

Trade and Industry in the selective leaking of Sir Patrick Mayhew's Letter.



HOUSE OF COMMONS
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I say that when she states in the House that she did not know about the role of her then
Trade Secretary in the selective leaking of the Law Officers Letter,

most explicitly put on 27 Jan Col 657 in answer to my Hon Friend, *Malcolm F. Bell*
"I did not know about the then Secretary of State for Trade and
Industry's own role in the matter of the disclosure until the *ing*
the British Prime Minister was, knowingly, telling a lie - *had reported*"
an identifiable, brazen, sustained lie.

I have the simple view that the House of Commons should not allow itself to be lied to,
by Ministers however exalted, and however famous.

Truthfulness to the House of Commons is one of the bedrocks of British Democracy.



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HOUSE OF COMMONS
LONDON SW1A 0AA

So, to my new information.

Discarded Ministers, after a time, talk -

and they talk more freely, if there is no General Election in the offing.

I am told by a discarded Minister, and have had it confirmed by another discarded Minister

that it is manifestly untrue that Mrs Thatcher did not know what had happened over the

I am ~~in~~ told that on the contrary,

and this is confirmed,

that she knew everything, morning, noon and night,

if not hour by hour -

that Mr Charles Powell, her more than competent Private Secretary,

with automatic access to her,

fulfilled his proper Civil Service Role,

in keeping the Prime Minister fully informed.

Questions naturally arise :

Are these Ministers acting out of bitterness at their own loss of office :

I judge, that though they may well be resentful and angry,

they are not being untruthful,

and that they were in a position to know.

Ofcourse , I shall be asked for names -

but were I to divulge names,

I know that they would be slaughtered by their own Constituency Associations.

So like Mr John Mogg, and Miss Colette Bowe,

I have followed their example, and put into a bank fault -

Red Herring what I see



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HOUSE OF COMMONS
LONDON SW1A 0AA

The role of Charles Powell.

On Monday 30th December, Cuckney sent a pre-arranged letter to Mrs Thatcher

" Dear Prime Minister,

It would greatly help my board to know if Westland would no longer be considered a European company by the Government, if a minority shareholding in the company were held by a major international group from a NATO country outside Europe.

This question is of fundamental importance in view of the statement.. from the Ministry of Defence ... that only by joining the so-called European Consortium would Westland be in a position to take responsibility for the British share of European helicopter collaborative ~~systems~~ projects. "

On the same Monday, 30th December, Charles Powell, the Private Secretary concerned at Downing Street, sent round to Leon Brittan, at the DTI a ready drafted reply from Mrs Thatcher.

An accompanying Memo said the draft was to be checked with appropriate ministries, and the Law Officers, and returned to Number 10 for signature by 4 pm, on Tuesday 31st De



HOUSE OF COMMONS
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Furthermore, when this letter arrived at Downing Street,

Charles Powell sent it round to the DTI to handle.

Surprising? Yes!

Letters to the Prime Minister about defence procurement questions are normally referred first of all to the Ministry of Defence.

Mr Powell would only have done that on the explicit instructions of the Prime Minister.

Besides, the reply to Cuckney was not drafted within the DTI,

but had come in a Memorandum from Mrs Thatcher herself.



HOUSE OF COMMONS
LONDON SW1A 0AA

Friday 3rd January, 1986, there was a small meeting at "Number Ten, in the evening, consisting of Mrs Thatcher, Mr Powell, and other close aides.

They met to study, line by line,

letter which Michael Heseltine had sent to David Horne of Lloyd's Bank, answering questions

about procuring the Sikorsky Black Hawk,

about whether Westland had ever exported a helicopter that had not first been purchased by the British Military,

and about what projects in Europe, " further to the Prime Minister's letter " might be lost to Westland if it undertook the Sikorsky deal "

It was at this meeting, that an outraged Prime Minister and Mr Powell first conceived using the phrase " material inaccuracies " against Michael Heseltine - a phrase Heseltine himself had used in a previous context.

Mrs Thatcher was understandably furious that Heseltine's letter, though referring explicitly to a letter of her own, had never been discussed with her Office.



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Later, as Sir Robert Armstrong admitted,
Charles Powell outlined on the phone to senior Civil Servants at the DTI,
the next moves in the scheme to discredit Heseltine.

Sir Patrick Mayhew should be persuaded to put his views in writing.

Mr Powell contacted Sir Patrick Mayhew's Office, with the formal request from the Prime Minister
that Mayhew should write a critical letter to Heseltine.



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HOUSE OF COMMONS
LONDON SW1A 0AA

From Friday January 3rd onwards,

Mr Powell during the course of many, many phone calls in Whitehall, conducted the entire operation of the Solicitor General's letter, and related matters.

If he were doing so, along with Mr Ingham,

off his own bat, without authority,

he should have been sacked from his pivotal post by the Prime Minister, and indeed probably asked to resign from the Civil Service.

But I now know that Mr Powell was careful not to act off his own bat,

and was carrying out the Prime Minister's explicit instructions.

Furthermore, throughout January 1986, at every stage, Mr Charles Powell,

kept the Prime Minister informed.

It is just not true that the Prime Minister did not know for a fortnight what her Trade Secretary had done.

Besides, not one of the key Civil Servants in Downing Street, Powell and Ingham, has been eased out, let alone sacked.

On the contrary, they seem to soar in power, even to the point of one of them, informing, John Biffen, Leader of the House of Commons, that he has been sacked.



HOUSE OF COMMONS
LONDON SW1A 0AA

I have only in the Summer of 1987, after writing Misrule,
come to learn of the colossal role in the Westlands Affair of Gordon Reece -
Sir Gordon Reece now.

Reece made his name as Mrs Thatcher's personal adviser on public relations,
especially during General Elections.

Reece's pivotal and privileged role is well chronicled in Rodney Tyler's Book " Campaign "

Reece indeed is so close to this Prime Minister,
that he is regularly invited to Christmas Day Dinner at Chequers.

During the crucial period, the same Gordon Reece was hired by Westland -

most people did not know this, very few in Westland itself knew, and Michael Heseltine

apparently had no idea



HOUSE OF COMMONS
LONDON SW1A 0AA

The Prime Minister claims that Westlands was such a small matter.

If it had been really as small as Mrs Thatcher claims

why was it that on 5th December 1985 and 6th December 1985,

she herself chaired an ad hoc discussions between Ministers -

apart from Heseltine and Brittan,

Whitelaw as Deputy Prime Minister,

Howe the Foreign Secretary,

Tebbit, Chairman of the Conservative party,

Lawson as Chancellor, MacGregor as Chief Secretary,

to say nothing of Biffen as leader of the House were all present.

If it were so trivial, why do such a galaxy spend time on successive days ?

On Monday 9th December, at 4.30 pm,

every one of these busy Ministers were present,

plus Kenneths Baker and Clarke, and John Wakeham as Chief Whip.

I am told that one of those present in such a tizzy of a row with her own Ministers.
The meeting lasted well over 2 hours.



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HOUSE OF COMMONS
LONDON SW1A 0AA

I go into this detail because the Prime Minister must not be allowed to get away with it

that Westlands was somehow on the periphery of her interest,

and that her mind was on the great affairs of state,

and the international situation.

Nothing of the kind! It was focussed, understandably,
on the direct challenge to her authority as Prime Minister,
and the real and perceived threat to her reputation,
as a leader in firm control of the affairs of Britain.

When a month later, she lied to Parliament,
it was not on an obscure matter,
of which she knew little,
but on a topic,
which had been of maximum concern to her for weeks.

What we are dealing with is not some minor misdemeanour on the spur of the moment,
but cold calculated manoeuvring to discredit her Defence Secretary,
and then when her actions became the subject of unanticipated Parliamentary scrutiny,
cold calculated lying to the House of Commons



HOUSE OF COMMONS
LONDON SW1A 0AA

Westlands sullies the Prime Minister's Image as a Straight Dealer.

It reveals a Prime Minister who is for ever stressing the importance of being open with the British people, yet presiding over an Affair

where concealment rather than candour,

intrigue rather than openness

are the guiding forces.



HOUSE OF COMMONS
LONDON SW1A 0AA

Do we simply shrug our shoulders and say that by-gones have to be by-gones.

Well, if we do that,

then we cannot be surprised if it happens again.

Indeed, I believe that since the Belgrano,

lying has become part of the Prime Minister's pattern of behaviour -
over the Libyan Bombing,

over the decision to send the Cabinet Secretary to Australia in the Wright Affair,
over her role in the Miners' Strike,

over her role in pressurising the BBC over Zircon,

this Prime Minister has been economical with the truth, to put it at the most charitable

Besides, this Prime Minister is the last one who herself believes in allowing by-gones
by-gones.

- 7 years older than Westland is the Winter of Discontent -
she forever goes on about the Labour Government and the Liverpool Grave Diggers.

CCB



EJN

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon George Younger TD MP
Secretary of State
Ministry of Defence
Main Building
Whitehall
LONDON
SW1A 2HB

9th April 1987

Dear George,

WESTLAND : SUPPORT HELICOPTERS

I have seen your minute to the Prime Minister of 7 April and attachments.

I am content with your draft statement and with your proposed reply to Sir John Cuckney. I hope that, as you say in that letter, Westland can be persuaded to present these very substantial orders in as positive a way as possible.

I am sending a copy of this letter to the Prime Minister, Willie Whitelaw, Geoffrey Howe, Norman Tebbit, Paul Channon, David Young, John Biffen, John Wakeham and to Sir Robert Armstrong.

*Yours,
JH*

JOHN MacGREGOR

AEROSPACE : westland PL7



945



Mr. Peter Shore

he assure her that there is a very strong view that Birmingham's loss is Stepney's gain—particularly at a time when strong moral leadership is needed to denounce the un-Christian, wretched and discriminatory policies imposed on helpless people who are homeless, and who are now to be evicted by the Liberal council in the borough?

Mr. Biffen: It was a very neat piece of elastic work to embrace so many concepts within one contribution. The right hon. Gentleman's remarks deserve consideration on that account alone, and they will of course be referred to the Prime Minister.

Helicopter Orders

4.20 pm

The Secretary of State for Defence (Mr. George Younger): With permission, Mr. Speaker, I wish to make a statement about the future defence requirement for support helicopters and the orders that I intend to place with Westland plc.

The services possess a number of different types of helicopter capable of transporting troops and undertaking logistic and other tasks: Chinooks, Puma, Sea King, Wessex and Lynx. A key task is to support our Army in Germany, for which—in addition to Lynx of the Army Air Corps—Chinook and Puma helicopters are currently assigned. There is also a wide range of other deployments worldwide.

Until 1985, it was envisaged that both RAF Puma and Wessex support helicopters would be replaced one-for-one by a helicopter of similar size. That approach, however, came increasingly into question as a result of trials conducted by 6 Airmobile Brigade that suggested a requirement for an increased number of larger helicopters. A comprehensive review of the requirement for support helicopters in all roles well into the next century was therefore set in hand.

That work showed the need for additional large helicopters in the central region, capable of lifting a platoon—that is, about 30 men and their equipment—or a substantial logistic load. Those large helicopters, together with some Lynx battlefield helicopters, would enable the Army to provide an airmobile capability and thereby enhance our defence contribution in Germany.

The choice for the large helicopter lies between additional Chinooks, which are already in service in Germany, and the introduction of a utility version of the Anglo-Italian EH101 helicopter, which is due to enter service in the naval version in the early 1990s. The Government have decided that the right choice is to introduce the utility EH101 to meet that requirement. The choice will build on the investment that we have already made in the naval version, and reflects our policy on European helicopter collaboration.

We have at the same time reviewed the case for continued British participation in the NH90 collaborative helicopter project beyond the study phase that was recently completed. NH90 is a smaller helicopter than EH101, and will be available later. With the decision that we have now reached on the future composition of our support helicopter force, we no longer have an early requirement for a helicopter in the NH90 class, nor is there the money to fund both participation in the NH90 definition and development programme—which is due to begin soon—and an early purchase of other helicopters. We are therefore informing our partners that we do not intend to proceed to the next stage of the NH90 project.

In reaching a decision on the choice between alternative support helicopters, and, particularly on the timing of orders, I have had much in mind the work load at Westland Helicopters, until work builds up on the naval version of the EH101. Subject to satisfactory resolution of the contractual and other issues with the companies concerned and our Italian partners, we intend to place an order for an initial batch of 25 utility EH101 for delivery in the early 1990s. I also intend—subject to satisfactory

Duchy to warn recipients of letters from Mr. Lewis within the Duchy and elsewhere that patriotic people of common sense would be unwise to contribute to any appeal conducted by Mr. Lewis on behalf of the Conservative Party.]

Some might argue that the selling away of £22 million-worth of shares in a Caribbean tax haven qualifies Mr. Lewis admirably as a Conservative party fund raiser, but will the right hon. Gentleman have urgent words with the right hon. Member for Chingford (Mr. Tebbit), the Chancellor of the Duchy of Lancaster, to persuade him to do what he has so far not done following a letter that I sent to him on 28 March, in which I asked him to dissociate the Conservative party from the financial appeal that is being conducted by Mr. Alan Lewis?

Mr. Biffen: The hon. Gentleman, with unerring accuracy, has observed that I have no responsibilities for the activities of Conservative Central Office. I am sure that if there were found to be any malpractices, they would be referred to the appropriate authorities. I shall ensure that the hon. Gentleman's observations are drawn to my right hon. Friend's attention.

Mr. Tony Favell (Stockport): Will my right hon. Friend support the Leader of the Opposition's plea for an early debate on the EEC research and development initiative? That is not because we are for it; we are against it. Most of my right hon. and hon. Friends are in favour of competition. We believe that competition is the spur to research and development and not EEC bureaucrats running an R and D programme. What would have happened to our laser technology if GEC and Ferranti had pooled their research and development departments?

Mr. Biffen: My hon. Friend makes it clear that such a debate would be lively and certainly two-sided. I fear that I cannot say that that necessarily makes it any more likely that Government time can be made available for it in the near future. I have prayed in aid already the fact that the consideration of the Finance Bill will make considerable demands upon the time that is available for debates on the Floor of the House. My hon. Friend has made a fair point and I hope that the occasion will arise eventually when it can be deployed more fully.

Mr. Robert N. Wareing (Liverpool, West Derby): Has the Leader of the House seen early-day motion 758, which calls for time for Members to be able to debate and vote upon the principle of anti-discrimination legislation for the disabled?

[That this House recognises that disabled people suffer unjustified discrimination in many areas of their lives; notes that there have been four attempts in the past years to place on the Statute Book a measure which would outlaw this practice; further notes that members of the House of Lords have already been given an opportunity to express themselves on this issue; and calls for time to be found in order that right hon. and hon. Members of this House can vote on the principle of anti-discrimination legislation.]

Is the right hon. Gentleman aware that it was one of the demands made by the massive lobby in Westminster hall yesterday? Will he try to redeem the Conservative party from the disgraceful attitude that it displayed on 18 November 1983, when I tried previously to introduce such legislation? The right hon. Gentleman could redeem his party by providing Government time to debate such a measure during this Session.

Mr. Biffen: I thank the hon. Gentleman for raising the matter. I think that he will find that the disabled were debated reasonably recently, in mid-February. I observe that the hon. Gentleman would like a further debate, but I must tell him, as I have told many others, that there is no time available—certainly not Government time—in the near future to enable such a debate to take place.

Mr. Eric Forth (Mid-Worcestershire): Has my right hon. Friend considered the possibility of having a debate on the arrangements that may arise in the Parliament following the next general election? I have in mind the possibility of multitudes of parties and organisations within the parties in this place, which perhaps have heretofore been unforeseen. Will my right hon. Friend take into account the possibility of parties based on racial or ethnic grounds, or on any other grounds? Has he given any thought to seating arrangements in the Chamber, the use of Committee rooms, voting procedures and various other matters that may affect political parties on the Opposition Benches, especially in the light of recent events in Birmingham, which should concentrate our minds, including the mind of my right hon. Friend, on the arrangements that may have to be made after the next general election?

Mr. Biffen: Apart from thinking that the precondition outlined by my hon. Friend will presage a substantial Government majority following the next general election, everything else fills me with foreboding. The more we have factions, the more we have groups within groups—the Labour party could tell us much about that—the more we shall find that the anguished life of the usual channels will become torn worse than ever. That is something that I would not wish on anyone.

Mr. Tom Clarke (Monklands, East): In view of the terse account of the events leading to the passing of the Disabled Persons' Rights Act 1986 that was given by the hon. Member for Huntingdon (Mr. Major), the Minister for Social Security and the Disabled, in the "Today" studio yesterday, when he was conveniently beyond challenge, does the Leader of the House agree that in fairness we should have a full debate on these matters so that we can examine closely and precisely what was said during the passage of the Act? Perhaps more importantly, will the right hon. Gentleman respond to the excellent lobby yesterday and the eloquent description of it by my hon. Friend the Member for Liverpool, West Derby (Mr. Wareing) by agreeing that we should have a specific debate on the implementation of the Disabled Persons' Rights Act?

Mr. Biffen: I happened to hear the contribution made by my hon. Friend the Minister for Social Security and the Disabled in the "Today" programme to which the hon. Gentleman refers. I can understand why he feels vexed about it. In my view, my hon. Friend made a most impressive contribution to the debate. I fully understand those who would wish to see the debate carried forward in the Chamber in the near future. It is a request that I shall bear in mind, but given the responsibilities that oblige me to make provision for the Finance Bill, there is no prospect of such a debate early on in Government time.

Mr. Peter Shore (Bethnal Green and Stepney): When the Leader of the House reports to the Prime Minister on the exchanges concerning the appointment of bishops, will

contractual negotiations—to order a further 16 Lynx helicopters for the support of airmobile operations. The cost of the orders—which have a total value well in excess of £300 million—will be contained within the overall public expenditure planning totals. They are in addition to an order already announced for a further seven Sea King helicopters for the Royal Navy, which I hope to place soon, following the completion of contractual negotiations.

Those orders are also in addition to the continuing defence work for Westland in support of the services' existing helicopter fleet; to earlier Sea King and Lynx orders already announced; to the very large and challenging naval EH101 programme, for which we plan an initial order of 50 helicopters; and to the first stage of a new light attack helicopter. The package that I am announcing will sustain a British helicopter industry capable of meeting the demanding requirements of the services into the 1990s and beyond.

Mr. Denzil Davies (Llanelli): The right hon. Gentleman's statement, although extensively trailed, will nevertheless come as a blow both to Britain's armed forces and—perhaps more strongly—to the helicopter business of Westland, and those who work in that business.

Our armed forces now have fewer helicopters than they had 10 years ago—at a time when the Americans and, more important, the Russians, are building up their own military helicopter fleets. The order will not make up for that deficiency, especially in battlefield helicopters on the central front; it will not safeguard the future of Britain's helicopter industry; and it will not preserve jobs in that industry.

First, does not the statement prove that those of us—including the right hon. Member for Henley (Mr. Heseltine)—who argued that the Sikorsky solution was no solution, and that British participation in the NH90 project would not survive the Sikorsky project, were correct? Was not the Prime Minister wrong about that?

Secondly, is it not the case that, although the French and German partners were informed about the NH90 some time ago, our Italian partners in the EH101 project, were not told? If that is so, is it not an insult to our partners in the project?

Thirdly, will the Secretary of State confirm that at least 2,000 direct jobs in Westland as well as indirect jobs, will be lost, and that one factory is likely to close down in its entirety?

The Secretary of State mentioned contractual arrangements. Can he say when Westland will receive a bankable contract under those arrangements? He also mentioned that more than £300 million would be found within the public expenditure planning totals. Will he explain that? Will the money come out of the existing defence budget totals, and, if so, where will cuts be made to provide it?

Finally, will the Secretary of State tell the House how much of that £300 million will leave the defence budget during this financial year to satisfy all the orders that he announced?

Mr. Younger: I am very surprised at the right hon. Gentleman's response. If, as he says, the announcement will be a blow to the company, will not safeguard industry and is a disaster generally, I cannot imagine what an announcement that no helicopters were being ordered would have meant.

As the right hon. Gentleman can see, this is a very large order, and it will be extremely helpful to the company. The right hon. Gentleman may be interested to know that the company is issuing a statement this afternoon, in which it welcomes my statement.

I assure the right hon. Gentleman that all the partners have been informed at the same time; none were informed before the others. I have written to all of them.

I hope that the contract will be concluded after the appropriate negotiations have taken place. That always takes some time.

The right hon. Gentleman spoke of the relationship with the Sikorsky deal. I assure him that there is no connection of any kind between the ownership arrangements for Westland and the need or otherwise to order the NH90. The simple reason, which I gave in my statement, is that we have no requirement for more helicopters of the size of the NH90, and it would therefore seem somewhat strange to continue with the programme officially when there are many other uses for funds. As for funds, the cost of the orders that I have announced today will come from within the defence budget, except that for the 60 Lynx helicopters there will be an addition to the defence budget to help with the cost. I cannot tell the right hon. Gentleman offhand how much of the cost will fall on this year's budget, but it will not be very much.

Mr. Jerry Wiggin (Weston-super-Mare): Having pressed so very hard and for so very long for these orders, I welcome them, but is it not outrageous that at this very moment Westland is announcing the closure of its factory in Weston-super-Mare? Is my right hon. Friend satisfied that from now on the existing Ministry of Defence fleet of Westland helicopters will have satisfactory spare parts and customer support operations, without the skilled help of my constituents?

Mr. Younger: I am grateful to my hon. Friend for his welcome of the announcement, but I absolutely appreciate the extremely sad effect that it must have had on him and his constituents, which I greatly regret. I pass my sympathy to those concerned for what to them must be a very unhappy announcement. As for the provision of spare parts and customer support operations, I am assured by the company that any restructuring that it carries out will safeguard its ability to service and support all the Westland helicopters that are in service with the forces. These orders will also enable the company as a whole to look to the future, to restructure itself and to be a thoroughly sound and effective company, with what will be a very large order book. I assure my hon. Friend that the difficulties that undoubtedly will follow in some parts of the company, including that part of it which is in his constituency, will be very much in our minds and that if we can help in any way we shall do so.

Mr. Paddy Ashdown (Yeovil): The Secretary of State will recognise that this will be bitter news for the Westland work force and for the community, who now will have to pay in jobs for the mismanagement of this sad and sorry affair.

Mr. Dennis Skinner (Bolsover): The hon. Gentleman backed it.

Mr. Ashdown: The Sikorsky deal had absolutely nothing to do with it.

Does the Secretary of State not agree that if the company had been in the hands of the consortium that was

[Mr. Ashdown]

proposed by the right hon. Member for Henley (Mr. Heseltine) it would have been in an immeasurably worse position than it is in today and that its future viability might have been threatened? The NH90 decision was not taken as a result of Sikorsky but because this Government wished to withdraw from the European consortium. Is it not also the case that the British Army asked for more helicopters than the Secretary of State has provided to fulfil its tactical roles in Europe? Is not this, therefore, a case of the Government's short-term vision damaging the country's long-term perspectives?

Mr. Younger: I cannot agree with all that the hon. Gentleman said. Of course this must be extremely unhappy news for those who may find that they lose their jobs at Westland, but it is very good news for the company as a whole and for those who will continue to work for it. It gives the company a firm base on which to plan for the future. I respectfully suggest to the hon. Gentleman that he ought to bear in mind that he has a large number of constituents whose jobs will be secured by this announcement. They will welcome it. Of course the hon. Gentleman was absolutely right to say that the question of who owns Westland has nothing to do with going on with the NH90. The careful staff studies we have made show that we do not require more helicopters of that size. If we required them, we would be ordering some. As we do not require them, it does not seem to be reasonable to spend limited defence funds on a product that we do not intend to order. It is not the case that we have been asked for more than has been provided. The services and Westland will be very glad to have a large order for the EH101 utility version, which I hope will be a very successful helicopter for many years to come.

Sir Antony Buck (Colchester, North): Will my right hon. Friend reiterate for the benefit of Opposition Members that what he has just announced shows that we have laid a firm foundation for the continuation of a prosperous helicopter industry in this country, and will he say a word about the export potential of the types of helicopter that he has mentioned?

Mr. Younger: I am most grateful to my hon. and learned Friend. He is quite correct. This is the type of announcement for which the company has been calling. It has told me continually that it wants to know what helicopters the Ministry of Defence wants so that it can sort out the restructuring of the company. The orders that I have announced for the EH101—the naval and utility version—the Lynx and the Sea King amount to no fewer than 98 helicopters. In addition, 12 helicopters are now under construction. In the face of that, anybody who says that the Government have not done their utmost to give the company a good, secure sign for the future is running the danger of making himself look very foolish indeed.

Mr. Lewis Carter-Jones (Eccles): Does not the right hon. Gentleman agree that despite the long delay and the orders that have now been announced, we shall still be 50 per cent. short? It reminds me a little of 1939, when we had the appropriate aircraft but not enough of them. The right hon. Gentleman ought to bear that in mind. Will he take it from me that unless there is collaboration with Europe

we shall lose face? If he cannot proceed with helicopter collaboration, will he urge on his right hon. Friend the need to proceed with the A330 and the A340 venture so that at least some of the face that we have lost in Europe will be restored?

Mr. Younger: The latter point is of course a matter for my right hon. Friend the Minister of State for the Armed Forces, and I am sure that he will have noted what the hon. Gentleman said. As for the provision of helicopters, when these orders are eventually completed there is no doubt that the British services will be extremely well equipped with helicopters. What is more, the helicopters that they will have will be modern and up to date. I hope that in consequence Westland will be able to sell some of them abroad. It ought to be able to do so, with the boost of the British Government having placed orders for them.

Sir Edward du Cann (Taunton): Is my right hon. Friend aware that the ending of this long period of uncertainty will be warmly welcomed by the company, by those who work in it, including a number of my constituents, and by the armed services? Is he further aware that the company very badly needs additional orders, despite the fact that his announcement, together with past announcements, means that it is already in receipt of the largest volume of orders that it has ever had in its history? Will he take note of the general feeling that there undoubtedly is in the House that, since the helicopter is a new weapon of war that has been proved both at sea and on land, further attention has to be given to its development, which means further orders in the years to come?

Mr. Younger: I am very grateful to my right hon. Friend, whose knowledge of these matters goes back further than that of most right hon. and hon. Members. I am sure he is right to say that, above all, the company will be glad that the uncertainty under which it has been labouring has been removed. The company has a short-term problem, to which reference has been made in some of the recent statements, but there is no doubt that in the long term Westland has a very large order book. I am sure that all those who live in the west country will be extremely glad to know that it will be a major force in Europe's helicopter industry for a long time to come.

Mr. Doug Hoyle (Warrington, North): Does the Secretary of State accept that there will be a void when orders run out between 1988 and 1992 and that today's announcement represents only a drop in the ocean? It will not fill the gap. Although it is welcome, the announcement will not save jobs. Will the right hon. Gentleman tell the House just how many people will lose their jobs and whether the plant at Weston-super-Mare is to close? It is all right for the right hon. Gentleman to say that Sikorsky is not involved, but where are all the orders that it promised to fill the gap? Does it not mean that the right hon. Member for Henley (Mr. Heseltine) was right to propose the European consortium? He resigned over it. As the present Secretary of State has failed to fill the gap, will he also resign and go to the Back Benches?

Mr. Younger: The hon. Gentleman's long supplementary was a little contradictory. He is right when he says that there is a short-term gap. Therefore I am glad that to some extent we have been able to fill it with the Lynx order and by bringing forward, as far as we possibly can, the order for the utility EH101s. As for the loss of jobs and

the possible closure of any of the Westland factories, that is very much a matter for the company. It has been asking us to let it know where we stand so that it can work out the correct disposition of its resources. That will be for the company to decide and to announce. It is no part of my responsibility as to whether or not Sikorsky takes further business to Westland, but I am sure that Sikorsky has a genuine interest in the company and will do what it can to help. It is not the case, with respect, that the orders I have announced today can be described as non-European. All of them are European collaborative projects: the EH101 with Italy and the Agusta light attack helicopter, also with Italy. That is very good European collaboration and does not bear any of the construction that the hon. Gentleman placed upon it.

Dr. Keith Hampson (Leeds, North-West): Does my right hon. Friend agree that the scale of the Government's contribution is indeed welcome in safeguarding this country's only helicopter manufacturer? That welcome is tinged with some regret because, yet again, in the eyes of our European partners, this country is seen as pulling out of a collaborative project. Does my right hon. Friend agree that much of the responsibility for the work force's disappointment and the redundancies rest on the exaggerated expectations that it was led to have by the hon. Member for Yeovil (Mr. Ashdown) when he so enthusiastically endorsed the prospects for the sale of the Black Hawk? Clearly that has not come about. Has Sikorsky put any orders to Westland for the Black Hawk? Have any Black Hawks been sold?

Mr. Younger: I am grateful to my hon. Friend. He is right that the scale of the orders will be helpful to the company—indeed the company has said so in its statement today. I also agree with my hon. Friend that there will undoubtedly be regret that we have decided not to proceed with the next phase of the NH90 collaborative project. I also believe that that decision will be understood. There are not many countries that are prepared to carry on with a collaborative project when they have no prospect of ordering any of the aircraft that might come out of it. I believe that that is a reasonable proposition. I am not sure about the exaggerated expectations raised, if they were, by the hon. Member for Yeovil (Mr. Ashdown) about these matters. It is a pity if such expectations were raised. However, I do not believe the question of the Sikorsky Black Hawk is relevant to these considerations—

Mr. Doug Hoyle: Nobody wants it.

Mr. Younger: I am assured by the company that, even supposing there were orders for the Black Hawk, it would not produce any work for the company for about five years. It is not in five years hence that Westland will have a problem, but in the next two years. Therefore, whether the Black Hawk is a desirable development or not, it is not a solution for the short-term problem at Westland.

Mr. Tam Dalyell (Linlithgow): It was on 18 November 1985, long before any political difficulties, that I was shown round the Yeovil plant by Captain Gueterbock and trade unionists. Did the Secretary of State know that there were political overtones and political associations? That was the view of one of the Westland executives on the radio yesterday morning. Cannot such problems be exercised only by the truth?

What is the Government's view of the "World in Action" one-hour programme on Westland? If that programme is not representative and a fair reflection of the truth should not the Government ask for an apology from Granada Television? If it is the truth does it not reveal the sheer depth of the Prime Minister's deception of Parliament on this matter? After all—

Mr. Speaker: Order. The hon. Gentleman must rephrase that please—nobody deliberately deceives any one in this House.

Mr. Dalyell: I am sorry, Mr. Speaker, but I am not—

Mr. Speaker: Order. Please do not challenge the Chair on that. Please withdraw and rephrase the question.

Mr. Dalyell: This is a fair reflection, Mr. Speaker, of a programme that 8 million people have seen.

Mr. Speaker: Order. The hon. Gentleman is a very experienced parliamentarian. I am asking him please to withdraw that comment and rephrase his question.

Mr. Dalyell: The programme says that the Prime Minister must have known the role of the—

Mr. Speaker: Order. We are dealing with some new orders that have been given to Westland today, not with a television programme.

Mr. Dalyell: I am sorry. A senior executive of that company has said on radio that this is one of the problems—

Mr. Speaker: Order. I do not mind about that, but I must ask the hon. Gentleman please to withdraw what he said about deliberate deception and rephrase his question.

Mr. Dalyell: I am sorry, but this is a fair précis of a programme that 8 million people have seen—

Mr. Speaker: Order. I am not concerned with the programme or what was on it, but I am asking the hon. Gentleman to do what I have asked and I urge him to do that.

Mr. Dalyell: Well, Mr. Speaker—

Mr. Speaker: No.

Mr. Dalyell: A Member of Parliament—

Mr. Speaker: Order. The hon. Gentleman knows the rules of the House as well as anyone. Please will he rephrase his question.

Mr. Dalyell: There is no way of rephrasing it honestly. The fact is that—

Mr. Speaker: Order. I must say to the hon. Gentleman that if he does not rephrase his question I shall have to ask him to resume his seat.

Mr. Dalyell rose—

Mr. Speaker: Order. The hon. Gentleman has heard what I have said.

Mr. Dalyell: Then, frankly, I think that the only reasonable thing to do is to withdraw.

Mr. John Wilkinson (Ruislip, Northwood): May I say to my right hon. Friend how warmly I applaud his decision to procure the utility version of the EH101. In so doing will it not also enhance the potential civil sales of the aeroplane

[Mr. John Wilkinson]

as the transport variant can, as he has demonstrated, be developed more quickly than the naval variant? Can my right hon. Friend also tell the House whether the EH101 is to be powered by the Anglo-French RTM322 engine into which the Government have put funds. Last, but not least, will the EH101 be flown by the Royal Air Force as would be normal in the circumstances?

Mr. Younger: On the last point, I assure my hon. Friend that that will be the case. There are discussions on those matters, but no change is contemplated at the present time. I am grateful to my hon. Friend for what he said about applauding the order for the EH101 utility version. He is absolutely right that this is an aircraft that should have a good civilian market. I attended its roll-out earlier this week and saw the initial civilian version of this aircraft. It looks an extremely attractive buy and I hope that it will do well. There are still discussions going on as to which precise engine will be used in this aircraft and it is not yet decided whether it will be the RTM322. However, I recognise my hon. Friend's interest in that.

Mr. Dave Nellist (Coventry, South-East): Given the battle that was fought in the Tory party over the Westland workers and the fact that the solution that won that battle has not offered long-term security for the jobs of those who work in the Westland company is not early-day Motion 317, which I tabled 15 months ago, ever more urgent today? It called for the public ownership and the integration of Westland into the rest of the aerospace sector.

Given the present urgency, for example, for the air-lifting of grain to famine-stricken areas of the world—*[Interruption.]* Why is the Secretary of State prepared to come to the Dispatch Box today and witness the destruction of a further 2,000 jobs in that industry? Those workers will take no comfort from his synthetic sympathy this afternoon or from his promises for future job security. They heard all that last year.

Mr. Younger: We are very grateful to have that contribution from the hon. Gentleman from the depth of his roots in the west country. Those roots are very apparent. I do not agree that this does not give long-term security to the employees of Westland. I understand from the company that there may be some who will lose their jobs—that is extremely regrettable. But this announcement does give some long-term security to the company in the future and, as I said, it has a large order book stretching well through the 1990s.

With regard to the hon. Gentleman's suggestion of the public ownership of Westland—and I think that the hon. Member for Yeovil (Mr. Ashdown) will agree with me—if there is any cause that would have absolutely unanimous support in the west country, it would be opposition to a proposal of public ownership of Westland. The hon. Member for Coventry, South-East (Mr. Nellist) is out on a limb there.

Mr. David Heathcoat-Amory (Wells): As someone representing an area significantly affected by this statement I thank my right hon. Friend for the positive way in which he has responded to representations made to him about the need for some additional helicopter orders to see the company through the two-year revenue gap between 1988 and 1990.

Does my right hon. Friend agree that the job losses announced today by the company are highly regrettable? However, is he aware that the company has confirmed that many of the redundancies would have happened anyway? Is it not highly irresponsible and untrue for Opposition Members to try to lay all the blame at the Government's door? In fact, the additional orders that my right hon. Friend has announced today are a significant help to that company.

Mr. Younger: I am very grateful to my hon. Friend. I can certainly say, as he said, that all the representations that I have had from Members of Parliament who represent people in that part of the country which Westland covers have been extremely effective. People have been very diligent in letting me know the needs of the company. I am grateful to all of them. The answer to my hon. Friend's second point is contained in statement that the company issued this afternoon. It says:

"It should be noted some further reduction in the size of the workforce would have had to take place under any order scenario to improve competitiveness."

I think that that is the answer my hon. Friend is seeking.

Mr. Dennis Skinner (Bolsover): But, on the other hand, one of those workers who has lost his job as a result of the company's statement might have a different story to tell. The chances are that that person, or one of the 1,000 or 1,200 people who have been put on the scrap heap, might well say that, 12 months ago, it was the Labour Opposition who were correct in their stance in trying to ensure that the operation was carried out in a different fashion.

Mr. Paddy Ashdown (Yeovil): Seventeen hundred to one.

Mr. Skinner: They might well conclude that the Liberal spokesman, "Mr. Paddy Backdown", who is currently heckling, has got it wrong again, and that the Sikorsky plan has now bitten the dust. Some of those workers on the dole might well say that once more here is another example of Britain's manufacturing base being reduced. No wonder the Japanese are laughing all the way to the bank. There is only one person in Britain laughing more than the Japanese, and that is the right hon. Member for Henley (Mr. Heseltine).

Mr. Younger: I am not sure that the view from Bolsover is any more convincing than the view from Coventry. I prefer the view from the west country, which will be relieved to have a clear indication about the future of Westland. That will be much more welcome to people in the west country than the sort of political nonsense that others are producing.

Mr. James Couchman (Gillingham): I visited Westland in September and heard then from senior executives. We have heard again since that time that the company's greatest worry was the gap in orders that it had coming up in two years' time. Today's news will come as a profound relief to the company. Can my right hon. Friend say whether our Italian collaborators in this project are likely to accelerate the ordering of their requirements for the EH101, and can he say a little more about the hope for export orders for the EH101?

Mr. Younger: I am most grateful to my hon. Friend for what he says. He is absolutely right. The really critical matter is the short-term gap over the next two years in the Westland work load. I hope the House will feel that I have

certainly done everything I possibly can to help about that, although, unfortunately, it was not possible altogether to eliminate that gap.

My hon. Friend asked about export orders. It can only be helpful that there has been a successful roll-out of the new aeroplane and that the first orders placed for it are from the British Government. Such orders are always the first catalyst in getting orders from overseas. I very much hope that that is what will now ensue.

Several Hon. Members rose—

Mr. Speaker: I will call the four hon. Members who are standing and then the Opposition Front Bench. After that we must move on.

Mr. Cyril D. Townsend (Bexleyheath): Although the Department has taken rather a long time to produce the statement, I congratulate my right hon. Friend on the realism that it contains. He mentioned the Chinook support helicopter. Is he satisfied about the safety of that helicopter, bearing in mind recent incidents in the North sea and in the Falklands? Can he give us an assurance that the tremendous work of supporting and upgrading the fleet of helicopters owned by his Department will be generously shared with private enterprise?

Mr. Younger: I thank my hon. Friend for his welcome. My hon. Friend asked about the Chinook helicopters that we have in service with the armed forces. I can assure him that we take the greatest care to investigate most carefully all the incidents that have taken place. Although we have not yet had complete conclusions about those, and certainly not about the regrettable recent incident in the Falklands, inquiries are continuing. I assure him that the Chinooks involved were of a different type to that which was involved in another recent incident in the Shetlands. That is why it is taking longer to work out the precise cause.

In terms of the general ordering of helicopters, my hon. Friend is correct in his assessment that what we really need is some certainty for the future.

Mr. Peter Griffiths (Portsmouth, North): Does my right hon. Friend accept that while the orders that he has announced will be important in leading to future security for Westland, they are, perhaps, of even greater importance in securing the future of the subsidiaries of Westland. FPT in Portsmouth, for example, has succeeded in selling components to aircraft and helicopter manufacturers in the United States and the health of that company depends very much on the long-term success of Westland itself.

Mr. Younger: I agree with my hon. Friend. The success of subsidiaries depends upon the health of the parent company and subsidiaries of Westland must at least be assisted by today's announcement. Of course, it is for Westland to decide the future work load for any subsidiaries. My hon. Friend is quite right in looking for future security as the most important matter. My hon. Friend and other hon. Members asked about the future servicing by Westland of the existing helicopter fleet. The company will be reorganising itself with the full intention of carrying on the excellent service that it presently gives.

Lord James Douglas-Hamilton (Edinburgh, West): What will be the implications of my right hon. Friend's statement for the contractors and potential contractors of

Westland? Will he confirm that his statement means that Britain will have a sustained helicopter industry well into the next century?

Mr. Younger: My hon. Friend's first point is very much a matter for Westland, now that it knows the ordering position. In answer to my hon. Friend's second question, there is no doubt that after the first difficult year or two of a gap in orders, Westland now has a very large order book with orders amounting to many hundreds of millions of pounds. That is a good long-term prospect for the employees of Westland and for the communities in which they live.

Mr. Neil Thorne (Ilford, South): In welcoming my right hon. Friend's statement and its commitment to British jobs in the helicopter industry, may I ask him whether he can assure the House that this will also lead to a substantial number of jobs being generated in the British electronic and communications industries, and that orders for such products resulting from these contracts, will not go to foreign companies?

Mr. Younger: I do not expect that Westland will in any way change its normal practice which, I think, is always to give the maximum participation to contractors with which the company has done business in the past.

Mr. Kevin McNamara (Kingston upon Hull, North): Eighteen months ago we had the high drama of Westland and today we have had demonstrated the farce of the Sikorsky solution and the tragedy for the many employees who will lose their jobs. I should be grateful if the Secretary of State could tell us precisely how many jobs will go and from where. He quoted extensively from the company's statement. The hon. Member for Weston-super-Mare (Mr. Wiggin) yesterday suggested that 1,500 would go there. The hon. Member for Yeovil (Mr. Ashdown) who must be wondering about the way that he urged his constituents to vote last year, suggested that 1,000 jobs would go at Yeovil. Can the Secretary of State give a more precise estimate of the number of real jobs that will go?

The sub contractors to Westland have been concerned over the past few years about their future. What estimate has been made of the number of subcontracting jobs that will go? The right hon. Gentleman said that some extra money will come from outside the defence budget. Can he tell us what extra money, how much and for how long? He also said that the rest of the money would come from expenditure within the budget. Can he say how much, for how many years, and where the cuts will be made to meet that additional expenditure?

Is the right hon. Gentleman aware that the order for Lynx goes nowhere towards meeting the Army's needs for battlefield helicopters on the central front? It will not solve the problem of our conventional helicopter needs in that area. Our NATO allies have suggested that we need at least an additional 100 helicopters. The decision announced today may assert the viability of Westland in the near future, but it does nothing to meet the need for a European pillar of collaboration or the real defence needs of the British Army on the central front. For many constituents of Conservative and Liberal Members in the west country it will bring nothing but heartbreak.

Mr. Younger: I rather feel that that was the question that the hon. Gentleman had hoped to be able to ask

[Mr. Younger]

before he heard the statement because it does not bear any relation to the scale of the announcement that I made today. First, it is quite wrong to produce comments or suggestions as if Sikorsky has somehow let everybody down in this matter. In fact, it has fulfilled all that it undertook to do in taking its interest in Westland. There is no sense, profit or truth in trying to suggest that in any way it has let down Westland or us. That is not the case.

On the estimate of job losses, as the hon. Gentleman will perhaps appreciate, it is not I who run Westland. It is up to Westland to work out the consequences to it of the orders that I have announced today. It is perfectly clear that those consequences will be much better after today's announcement than they would have been if the announcement had not been made. That applies also to the point that the hon. Gentleman raised about subcontractors—[*Interruption.*] The hon. Gentleman would find it easier to get answers to his questions if he listened to them. The subcontractors will benefit from the fact that this large number of new orders is being given to the company. When one adds together all the orders that I have announced today, those that the company already has in hand, the naval version of the EH101, which has been on the cards for some time, and the possibility of export orders, it is clear that we are discussing a company which, over the next decade or so, has orders worth well over £1 billion. It cannot be said that that is disastrous news either for the company or for the subcontractors who work for it.

As far as expenditure being within budget is concerned, any expenditure on defence is expenditure that cannot be made twice. Therefore, if one buys anything with the defence budget, one cannot buy something else. However, it is different in this case in that I have got some extra money—this will be published in due course—for the 16 Lynxes that we have added to the order today.

Finally, I agree with the hon. Gentleman that the Lynx is no use for the Army's need for battlefield helicopters. That is correct because it is not intended for that purpose. As the hon. Gentleman will know, there is a joint project with the Italians, whereby the A129 Agusta battlefield helicopter is under a project definition stage with the Italian partners. The Army's need for battlefield helicopters may eventually be met there, and not in this announcement today. It is quite irrelevant to bring it in today.

British Gas (Multiple Share Applications)

5.2 pm

Mr. Kevin Barron (Rother Valley): I beg to ask leave to move the Adjournment of the House, under Standing Order No. 20, for the purpose of discussing a specific and important matter that should have urgent consideration, namely,

"the thousands of illegal multiple applications for shares in last year's British Gas privatisation".

It has been brought to public attention today by the accountants, Touche Ross, brought in to police the flotation of British Gas, that they have discovered what appear to be some substantial attempts at fraud in the British Gas share offer.

That report surely calls into question the Government's entire privatisation programme, both past and planned. That public assets such as British Gas should be put at the mercy of organised share-dealing rings and individuals, whose whole motivation is private greed, is a disgrace.

The public and the House have a right to know whether the Conservative party will write to British Gas shareholders for donations to its fighting fund, and also issue a survey asking those people what should be sold off next from the public sector, as it did to British Telecom shareholders.

Touche Ross must be congratulated on using, for the first time, computers to cross-check names and addresses. It is a shame that that system was not used in the past, as it would, presumably, have saved the right hon. Member for Chingford (Mr. Tebbit) the bother of writing six times to an hon. Member of this House asking for his party's paydirt for the selling off of the national asset of British Telecom.

Finally, it is thought that the multiple applications alone are larger than the 6,600 in the British Telecom case, and that the sums of money involved are higher. This House should have the opportunity to discuss this specific and important matter before the Government proceed with any further privatisation, especially with the proposed sale of Rolls-Royce, which seems to make this a matter for the most urgent consideration. I beg to seek leave to move the Adjournment.

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 thousands of illegal multiple applications for shares in last year's British Gas privatisation".

I listened with concern to what the hon. Gentleman said, but I regret that I do not consider the matter which he has raised as appropriate for discussion under Standing Order No. 20, and I cannot, therefore, submit his application to the House.



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

8 April 1987

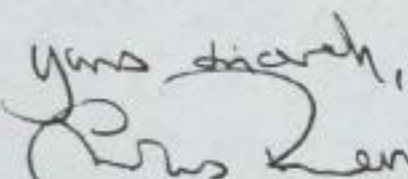
Dear John,

WESTLAND: SUPPORT HELICOPTERS

The Prime Minister has considered the Defence Secretary's minute of 7 April recording his further contacts with Sir John Cuckney about the future of Westland's Helicopter Divisions. Like the Defence Secretary, she is disappointed with the tone of Sir John's subsequent letter on the implications for manpower levels. She hopes that a further effort will be made to encourage Westland to present the prospects arising from the Government's orders positively, rather than focus on redundancies.

The Prime Minister is content with the draft statement, subject to amending the last sentence to read: "The package I am announcing will sustain a British helicopter industry..." I think that she would also be content with the draft reply to Sir John Cuckney.

I am copying this letter to Joan MacNaughton (Lord President's office), Tony Galsworthy (Foreign and Commonwealth Office), Alex Allan (HM Treasury), Andrew Lansley (Office of the Chancellor of the Duchy of Lancaster), Tim Walker (Department of Trade and Industry) John Turner (Department of Employment), Steven Wood (Lord Privy Seal's office), Murdo Maclean (Chief Whip's office) and Trevor Woolley (Cabinet Office).

Yours sincerely,

(C. D. POWELL) -

John Howe, Esq.,
Ministry of Defence.

CCB 1



Prime Minister

MO 26/16/1E

I don't think Westland (or Sikorsky / Fiat) have behaved well. They are manoeuvring to blame the Government for redundancies resulting from years of inefficiency & over-manning: or at least to make it appear to be the Government's fault. You might

PRIME MINISTER

WESTLAND: SUPPORT HELICOPTERS

1. Following your meeting on 18th March, the Secretary of State for Trade and Industry and I met Sir John Cuckney on 19th March to inform him of the Government's decision to order 25 Utility EH101 and 16 Lynx helicopters (my Private Secretary's letter of 19th March refers). At that meeting, there was some discussion of the implications of the Government's decisions for the future structure of Westland's Helicopter Divisions on which Sir John agreed to provide further advice. I have now received the attached letter setting out the Company's assessment and this minute reports how I intend to reply and my proposals for an announcement of the Government's decision.

before leaving to learn on them to encourage a more positive presentation.

LONDON

Otherwise, agree his dept statement? CDP 7/4 Yes

2. Sir John's letter sets out, as I had requested, both the implications for the manpower levels of the Helicopter Divisions and the impact on key engineering staff. There is nothing in the letter which is unexpected, but the general tone is perhaps disappointing, given the scale of the forward defence business for the Company. On manpower levels generally, the Company assess that, in order to remain competitive, they will need to reduce manpower by around 1,000



at Weston-Super-Mare and up to 1,300 at Yeovil. It is planned to implement these reductions over the next 12 months, following consultations with employees. Once the Government's decision is known, the Company will, however, wish to make clear very quickly their intention substantially to restructure the helicopter operation. My officials have emphasised the need for any Company announcement to be suitably positive about the extent of the Government's assistance provided by the planned orders for Utility EH101 and Lynx. It would appear from the assessment of manpower effects that the Company have not been offered any further work from Sikorsky and Fiat going beyond that envisaged at the time of the reconstruction.

3. The points made about the retention of key engineering staff are also not unexpected. Again, the Company appear to be looking solely to the Government for help and to be discounting the contribution of the huge EH101 project to sustaining confidence and providing challenging work. Of the positive steps which they have suggested might be taken, I am anxious to get ahead with the first stage of the Light Attack Helicopter programme but the funding that I can provide for research and demonstrator programmes has inevitably to be limited, given the acute pressures on the defence budget and concern over the extent of defence R&D. The Company also raised the question of withdrawal from the NH90 programme. On the substance of that issue, the position remains as set out in my original minute of 6th February. Just as I do not propose to order Black Hawk, there is no



early requirement for the future European helicopter in the same class, the NH90. Our primary requirement is for a larger helicopter which is why we are offering a substantial order for the Utility EH101. We cannot remain in a collaborative programme which is not under-pinned by a defence requirement and nor is there the money to fund both such participation and early orders for other helicopters. On the presentational question of whether we should now announce that we do not intend to proceed to the next stage of the NH90 project, we are being pressed by our partners to clarify our position and an announcement will be needed in a matter of days. It would clear be inappropriate to make a Parliamentary Statement on the other aspects of our decision on support helicopters and not to deal explicitly with this point.

4. I attach a copy of my proposed reply to Sir John Cuckney's letter, which I have it in mind to send before making a Parliamentary Statement. Also attached is a copy of the draft statement. We have, as you know, been in close touch with the Company about the timing of this statement since they are anxious that it should be made before the Easter Recess but, in the event, concluded that it would be preferable to wait until after today's EH101 roll-out. Following these consultations with the Company, I propose to make this statement this Thursday, 9th April.

5. I am copying this minute, and the attachments, to the Lord President of the Council, the Foreign and Commonwealth Secretary, the



Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretary of State for Trade and Industry and to Sir Robert Armstrong, who were involved in the earlier consideration of the size and timing of defence orders. A copy also goes to the Secretary of State for Employment, the Lord Privy Seal and the Chief Whip.

A.Y.

Ministry of Defence

7th April 1987

STATEMENT
DRAFT ANNOUNCEMENT ON SUPPORT HELICOPTERS

With permission, Mr Speaker, I wish to make a statement about the future defence requirement for support helicopters and the orders which I intend to place with Westland plc.

2. The Services possess a number of different types of helicopter capable of transporting troops and undertaking logistic and other tasks: Chinook, Puma, Sea King, Wessex and Lynx. A key task is to support our Army in Germany, for which - in addition to Lynx of the Army Air Corps - Chinook and Puma helicopters are currently assigned. There is also a wide range of other deployments worldwide.

3. Until 1985, it was envisaged that both RAF Puma and Wessex support helicopters would be replaced one-for-one by a helicopter of similar size. This approach, however, came increasingly into question as a result of trials conducted by 6 Airmobile Brigade that suggested a requirement for an increased number of larger helicopters. A comprehensive review of the requirement for support helicopters in all roles well into the next century was therefore set in hand.

4. This work showed the need for additional large helicopters in the Central Region, capable of lifting a platoon, that is about 30 men and their equipment, or a substantial logistic load.

These large helicopters, together with some Lynx battlefield helicopters, would enable the Army to provide an airmobile capability and thereby enhance our defence contribution in Germany.

5. The choice for the large helicopter lies between additional Chinook, which are already in service in Germany, or the introduction of a utility version of the Anglo-Italian EH101 helicopter, which is due to enter service in the naval version in the early 1990s. The Government has decided that the right choice is to introduce the utility EH101 to meet this requirement. This choice will build on the investment we have already made in the naval version, and reflects our policy on European helicopter collaboration.

6. We have at the same time reviewed the case for continued British participation in the NH90 collaborative helicopter project beyond the study phase which was recently completed. NH90 is a smaller helicopter than EH101 and will be available later. With the decision that we have now reached on the future composition of our support helicopter force, we no longer have any early requirement for a helicopter in the NH90 class, nor is there the money to fund both participation in the NH90 definition and development programme - which is due to begin soon - and an early purchase of other helicopters. We are therefore informing our partners that we do not intend to proceed to the next stage of the NH90 project.

7. In reaching a decision on the choice between alternative support helicopters and particularly on the timing of orders, I have had much in mind the workload at Westland helicopters, until work builds up on the naval version of the EH101. Subject to satisfactory resolution of the contractual and other issues with the companies concerned and our Italian partners, we intend to place an order for an initial batch of 25 Utility EH101 for delivery in the early 1990s. I also intend - subject to satisfactory contractual negotiations - to order a further 16 Lynx helicopters for the support of airmobile operations. The cost of these orders will be contained within the overall public expenditure planning totals.

8. Mr Speaker, these orders are in addition to the continuing work offered to Westland in support of the Services' existing helicopter fleet, follow-on orders already announced for present helicopter types, the very large and challenging naval EH101 programme, and preliminary work on a new Light Attack Helicopter. [The package I am announcing ^{will} ~~will help~~ to sustain] a British helicopter industry capable of meeting the demanding requirements of the Services into the 1990s and beyond,

and the package I am announcing today ^{with} is further evidence of that commitment.

No-one can credibly say that the Government has not done its best to ^{help} sustain - Too defenceless.

COMMERCIAL-IN-CONFIDENCESir John Cuckney
ChairmanTEL: 01-838 40651
FAX: 01-830 04422The Rt. Hon George Younger, M.P.,
Secretary of State for Defence,
Ministry of Defence,
White Hall,
LONDON, SW1P 2HB.

31st March, 1987

Dear Secretary of State,

At our meeting on the 19th March you asked for two briefs, one on the manpower effects of the order which you stated it was your intention to place with Westland, and the other on why a helicopter company with good medium term order prospects can have doubts about retaining a highly skilled engineering team in the face of a short term order gap.

These briefs are enclosed and I would like to stress the following points:-

- a) Our manpower loadings are very sensitive to the actual start time of the additional work and hence on there being no delay in the placing of a firm order. We are rather conscious that the order for Sea Kings announced at Farnborough last year has not yet been turned into a contract.
- b) Retaining engineers with the skills which are unique to the helicopter industry depends on their confidence that there is a future in the long term for helicopter design and development in the U.K. This, in turn, depends on the evidence of:
- i) Commitment to remain in the forefront of rotary wing development through worthwhile and realistic research and demonstrator funding.
 - ii) Commitment to participate in present and future collaborative programmes. Westland has been a major contributor to the NH90 and unilateral withdrawal by the U.K. from what is becoming accepted as the programme which will lead to the Super Puma and Black Hawk replacements in the next century would have the opposite effect. The five nation LAH programme to enhance the existing Al29 is not in the same category.

/Continued.....

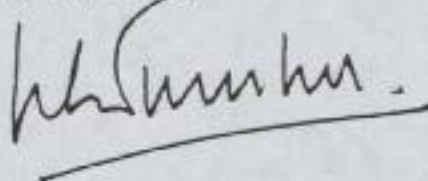
Finally, the position regarding E.H. Industries Limited. You will recall it is a company, owned equally by Westland and Agusta, set up as contracting authority for the joint venture between the two Ministries of Defence and the two industrial groups, DTI and Westland - MICA and Agusta, to develop a Sea King replacement and a civil and utility variant with costs of the basic vehicle being shared.

Inevitably this leads to a complex structure of contractual arrangements under which we have to labour and the fact that the helicopter is still under development and that the utility version directly involves the Italians in funding (MICA) and design, considerable goodwill, understanding and flexibility will be required if your intentions to purchase are to be converted into a contract acceptable to the Ministry of Defence, Westland and the Italians. Not least this will mean a preparedness to order long lead items by the end of the year (the sums involved are not substantial), as clearly stated in the proposals put forward by Westland on the 3rd December 1986.

Westland, of course, remain wholeheartedly committed to the EH101 and an early order will be of great value to the programme as a whole.

I am sending a copy of this letter and enclosures to the Secretary of State for Trade and Industry.

Yours sincerely,



Sir John Cuckney

Signed in his absence by the Deputy Chairman

c.c. The Rt. Hon. Paul Channon, M.P.,

Manpower Effects

Westland's direct labour capacity in the Helicopter and Customer Support divisions is presently 3,100 personnel supported by a similar number of indirects, giving a total employment of around 6,200.

The forward work load projections which include 7 Ministry of Defence Sea Kings promised at Farnborough, the 25 Utility EH 101s and 16 Lynx which are the subject of current discussions, the 2m manhours from Sikorsky and an aggressive export forecast, indicate that we have considerable surplus labour.

In order to maintain competitive cost rates we shall therefore have to reduce capacity by up to 2,300 people.

The Customer Support activity at Weston-super-Mare will be effectively closed, with the temporary exception of about 200, engaged in metal blade manufacture and Government stores. This means a reduction of around 1,000 people. The rest of Weston-super-Mare's activities will be relocated at Yeovil to eliminate the cost associated with an additional site. It is planned to implement this reduction over the next twelve months following appropriate consultation with our employees.

At Yeovil, it will also be necessary to reduce manpower by up to 1,300, again over the next twelve months.

If the rephasing of EH 101s and Lynx orders were not included, the total reduction in manpower would have been approximately 2,800. Assuming 1,000 were necessary to reduce costs, the additional work has therefore saved 500 out of 1,800 under threat.

In both cases, our plans assume that we shall have firm commitments from the Ministry of Defence for their requirements in the immediate future so that the labour retained for this work may be deployed on it by the end of our financial year.

HPS/MEC/4641
26 March 1987.

Key Engineering Resources

The preservation of an indigenous helicopter industry capable of providing total support to the UK Ministry of Defence helicopter fleet and playing a full part in future European helicopter development, is dependent upon maintaining a critical mass of key technology and engineering skills. Specifically:-

- the ability to design and develop new helicopter products, whether unilaterally or as part of a collaborative programme.
- The ability to provide a complete support service to the existing Ministry of Defence helicopter fleet.
- The ability to develop major modifications to meet specific operational needs.
- The maintenance of an effective Design Authority for current Westland products in-service with the UK Ministry of Defence and export customers. This could leave the whole fleet vulnerable to the first major in-service problem which arises.

These key engineering skills can only be retained by a regular flow of relevant work which exercises and develops such skills. Particularly important in this context are: New Design Programmes, Major Update Programmes, Demonstrator Programmes and Research. The availability of this type of work is threatened by an overall run-down of major design activity (now that the basic design of EH 101 is virtually complete), a serious cut-back in Research and Demonstrator funding and severe pressure on Company funds due to its major contribution to EH 101.

Without some major initiative, the workload in key areas will reduce to about one half of that required to maintain a nucleus of helicopter engineering skills, which are largely unrelated to routine production work. The engineering and manufacturing skills associated with rotor blades, rotor heads and the complex transmission systems are unique to the helicopter industry and cannot be found from any other source in the UK.

Positive steps which could be taken are:-

- proceeding with the LAH programme without further delay.
- a decision for the UK to actively support the NH90 programme through the next phase.
- A restoration of Research and Demonstrator funding (recently cut to one third of its previous level).

JDT/mec
26 March 1987.

DRAFT LETTER FROM SECRETARY OF STATE TO SIR JOHN CUCKNEY

Thank you for your letter of 31 March, with the further information on the manpower effects for Westland of our proposed order, and the explanation of need of the company to retain its highly skilled engineering team.

I quite take your point that there should be no delay in the placing of firm orders with you. Of the Sea Kings which you mention, negotiations are continuing over the 7 for the Navy, although the one Sea King for the Procurement Executive was ordered earlier this year. In the normal course of events, I should have waited until details were settled before announcing the order, but as I recall, we agreed to your request that Westland should be authorised to announce the MOD's intention to proceed with the order rather earlier than usual, in order to secure maximum positive impact at Farnborough last year. In the circumstances this was designed to be as helpful and positive in supporting you as we could be. I hope - as you do - that the order can be placed soon. For our part we

will certainly do our best to resolve the uncertainties over our order soon.

As to future orders, we shall, of course, aim to place contracts as soon as we can. But this can only be done when requirements have been clearly defined, clear contractual terms have been settled, and in the case of aircraft under development satisfactory technical progress achieved.

You mention three specific steps which you would like to see taken to help maintain the key engineering resources of the company. Taking them in turn:

a. we are, of course, totally committed to the feasibility/cost definition study for the LAH programme, and we wish to begin this as quickly as possible. You will appreciate that with such programmes there is inevitably a great deal of effort involved in organising and engineering the management arrangements. But we hope that industry will feel able to begin work on this phase of the programme as soon as possible;

b. we have, especially in view of your request at our meeting on 19 March, looked carefully again at the possibility of continuing in the NH90 programme. We have concluded that there is no defence requirement for

NH90. The key point is that we have now established that our primary defence requirement is for a larger support helicopter than NH90 and that is why we propose to purchase the Utility EH101. Moreover, Utility EH101 offers you production work earlier than the NH90. We cannot remain in collaborative projects for which there is no defence requirement and I simply do not have money to fund both participation in the NH90 programme and early purchase of other helicopters;

c. of course, the MOD spends significant amounts on project related research and development on programmes such as EH101. But, against the budgetary background that I have explained, I see no prospect of being able to increase Research and Demonstrator funding at present. We are, of course, very willing to discuss with you the best way of applying the limited funds we have available.

In all the circumstances I would have thought - although this is a matter for you more than for than me - that your key engineering staff would be influenced by the more general prospects for the industry. Future defence business will be very substantial, ranging from the continued support of our in-service helicopters, new production orders,

support of development programmes such as the EH101 - now in both its military versions - through to the preliminary work on the new Light Attack Helicopter. Taken together this adds up to potential business well in excess of £2bn in which Westland will fully share, with your overseas partners and major suppliers. I am sure you will agree that these are major prospects by any standards and provide a firm foundation for the helicopter industry. And on top of that, I know that you will be planning to participate in the technical plans which your partnership with Sikorsky open up.

What is essential - as I know you will agree - is that we both present the decision now reached and future prospects for the company in as positive a way as possible. I for my part am very ready to do this and we are already in touch with your people about the announcements shortly to be made.

AGROSPACES : Westland PTF



11
12



CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG

J F Howe Esq
 Private Secretary to the
 Secretary of State for Defence
 Ministry of Defence
 Main Building
 Whitehall
 London
 SW1

1. DW - P3-4
 2. NS3M

30 March 1987

Dear John,

FUTURE DEFENCE REQUIREMENT FOR SUPPORT HELICOPTERS

Thank you for your letter of 19 March. ^{at trap}

The understanding you set out accords with that of the Chief Secretary, with the exception of your sub-paragraph (c). In the Chief Secretary's view, the provision you have made in LTC 87 for helicopters is not relevant. In his view, it would be appropriate to reduce the total assumed LTC provision by £63 million in 1994 (if that is the year in which the impact of reducing the offer from 30 to 25 EH101s will be felt). This would mirror the fact that a corresponding addition has been made to the totality of the defence budget in the early years.

I am copying this letter to David Norgrove (No. 10).

Yours sincerely,

Jill Rutter

JILL RUTTER
 Private Secretary

AGROSPACE: Westland PT7





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

PS/ Secretary of State for Trade and Industry

CONFIDENTIAL

23 March 1987

Mark Addison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1A 2AA

*DTI - James to Project -
CDP 243*

Dear Mark,

WESTLAND

We spoke this morning about the Government response to the recently published further report by the Select Committee on Trade and Industry on Westland.

My Secretary of State intends to respond for the Government simply by means of the attached letter to the Chairman of the Committee. MOD and Cabinet Office are content with this.

I would be grateful to know if you see any difficulties with this approach. My Secretary of State would like if at all possible to write to Mr Warren tomorrow, since several questions about the timing of the Government response have been tabled for Trade and Industry first orders on 25 March.

I am copying this letter and attachment to Ian Andrews (MOD) and Trevor Woolley (Cabinet Office).

*Yours ever,
Michael*

MICHAEL GILBERTSON
Private Secretary

JGLAWO



Secretary of State for Trade and Industry

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March 1987

Kenneth Warren Esq MP
Chairman of the
Select Committee on Trade and Industry
House of Commons
LONDON
SW1A 0AA

Dear Kenneth.

I am writing in reply to the Committee's Second Report for the Session 1986-87 on Westland plc which was published on 10 March.

The Government has carefully considered the comments made by the Committee, and is of the opinion that the point at paragraph 14 was fully answered in its response to the Defence Committee report on Westland in Command Paper 9916. I do not propose, therefore, to add anything further on this point.

On the recommendation at paragraph 20 the Companies Act provisions on disclosure of material interests are being examined by those undertaking the review of the operations of the Take-over Panel which I announced to the House on 28 January. I hope that the review will be complete in April and I will inform the House of the Government's conclusions in due course. It is too early to say what proposals the review will make on company law, but the views of the Select Committee are being considered very carefully.

*Yours,
Paul*

PAUL CHANNON

JF5BUQ



MINISTRY OF DEFENCE
 MAIN BUILDING WHITEHALL LONDON SW1
 Telephone 01-930 7022

MO 26/16/1E

19 March 1987

EDP 2073

De Jiu,

FUTURE DEFENCE REQUIREMENT FOR SUPPORT HELICOPTER

I have circulated separately a record of my Secretary of State's discussion this morning with Sir John Cuckney about support helicopters. As agreed with the Chief Secretary last night, he offered orders for 25 Utility EH101 to an ISD of late 1992 and 16 Lynx 3 Mk7 to an ISD to 1990.

I should record the understanding reached on the funding of these orders:

- a. As explained in the Defence Secretary's minute to the Prime Minister of 12th March - and as discussed earlier between MOD and Treasury officials - the offer to fund an order for Utility EH101 to an ISD of late 1992 rather than 1994 from within the defence budget is on the basis that the full financial impact will be borne in mind in PES 87.
- b. The procurement cost of 16 Lynx 2 Mk7 (including initial spares) to an ISD of 1990 will be met by additions to the defence budget as follows:

| <u>88/9</u> | <u>89/90</u> | <u>90/1</u> | (£M at LTC 87 prices) |
|-------------|--------------|-------------|-----------------------|
| + 19 | + 31 | + 12 | |

The additional operating costs, which were also shown in the additional costs quoted in my Secretary of State's minute, will be met from within the defence budget.

- c. The financial impact of reducing the planned Utility EH101 order from 30 to 25 helicopters will arise outside the PES period. As our officials have discussed, even after reducing the planned order to 25, the total provision now

Jill Rutter
 PS/Chief Secretary to the Treasury



required (excluding that for Lynx) still exceeds that made originally against different assumptions in the MOD 1987 Long Term Costing.

Our officials can no doubt sort out the technical handling of this understanding in the figurework for PES 87.

I am sending a copy of this letter to David Norgrove (No 10).

Yes we.

John Howe.

(J F HOWE)
Private Secretary



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-928 2022 218 2111/3

MO 26/16/1V

19th March 1987

Prime Minister
A bit grudging on
Westland's part. But a
swift assurance on the
timing - end June - of any
announcement of redundancy.

Dear David,
CDP
19/3

WESTLAND SUPPORT HELICOPTERS

Following further consultations with the Chief Secretary after the Prime Minister's meeting yesterday, Mr Younger and Mr Channon met Sir John Cuckney, Sir John Treacher, Mr Stewart and Mr Gueterbock of Westland at 9am today. Mr Younger confirmed the offer he had made at the previous meeting with Sir John Cuckney to bring forward our proposed order for a utility version of the EH101 to an in-service date of 1992. He said that the Government was very conscious of the gap that would remain in the company's workload in the short term and we therefore proposed to place orders now for early deliveries of sixteen Lynx 2 helicopters, while at the same time reducing the utility EH101 order from thirty to twenty-five helicopters. The Lynx order would be for Mark 2s and not Mark 3s because it simply would not make sense for MOD to buy a small batch of a new type of helicopter.

Sir John Cuckney said that he was grateful for the consideration that had been given to Westland's problems and for the firm decisions that had now been made. Mr Stewart said that the Lynx 2 order would be very helpful in workload terms because of the high man-hour content of the aircraft; he would need to check on the precise implications. Sir John Treacher said that an early order for the utility EH101 would require early decisions on the EH101 project. Mr Younger said that we would help in this regard but would not be prepared to place a firm production order until the development stage had been completed. We would need also to reach a satisfactory conclusion to our discussions with the company on the tightening of the EH101 contractual arrangement.

Mr Younger said that there were a variety of considerations pulling in different directions in relation to the timing of an

D Norgrove Esq
10 Downing Street



announcement. The company would wish to work out the detailed implications of the offers now made; his own suggestion, which Sir John Cuckney enthusiastically agreed, was to aim for an announcement of the orders at or about the time of the EH101 roll-out ceremony, which he was due to attend, at Yeovil on 7th April. The precise timing and modalities of announcements in Parliament and locally at Westland would, however, need to be worked out further and the Secretary of State would need to consult colleagues. We would let the company know our intentions in due course. Sir John Cuckney undertook that meanwhile he would provide us with an assessment of the implications of the orders for the company's payroll and structure. His initial reactions were that the orders described would enable the company to continue to participate actively in the EH101 project, but there would need to be a "severe contraction" in the helicopter division to the extent that the company could probably no longer maintain a balanced capability in the helicopter field. Some rationalisation with Fiat or Sikorsky, involving the possible loss of capacity by the UK, might be necessary. It might also be necessary for the helicopter division to become oriented more towards systems and marketing and to withdraw from some areas of technology. Mr Younger asked the company to spell out the reasons for this, if it was so, in a note; on the face of it it was not at all easy to understand why a reorientation of this kind was necessary given the really massive business in prospect for Westland in due course. Sir John Cuckney undertook to provide this.

There was some discussion of whether Westland's response to the proposals might have implications for the Rolls Royce "pathfinder" prospectus which was due to be published on 8th April. If the conclusion was reached by Westland that they could not maintain a balanced helicopter capability, then the Rolls Royce Board would have to be informed in confidence because of the possible impact on future engine requirements.

Sir John Treacher registered considerable unease at the prospect that the Government would announce a decision to withdraw from the NH90 project. This would be most unwelcome news, especially as the company could not sustain participation on a commercial basis only. He asked us to reconsider our intention to couple the NH90 statement with the statement on our future orders. Mr Younger said that the MOD's position was clear; there was simply no money for the NH90 but we would have another look at the statement in this respect.

In a short private discussion with Sir John Cuckney at the end of the meeting, the two Secretaries of State stressed the importance of the company's making its statements on the future of the Weston-Super-Mare site as positive as possible, for example by emphasising their intention to sell the factory as a going concern with prospects for future employment. Sir John Cuckney said that the company could and would express the Government's decisions in



very positive terms. The EH101 decision was undoubtedly a very positive one and although the Lynx order was smaller than the company would have wished, it was helpful. As regards Weston, the company would do all it could to strike a positive note. They were already considering whether it was possible to retain one unit there for three years or so; and Royal Insurance, of which Sir John Cuckney was Chairman, was planning to invest a large sum in establishing offices in Weston-Super-Mare which would create 400 jobs. He foresaw that it would take some three months - up to say the end of June - for detailed negotiations and discussions before the company was in a position to announce precisely what job losses there would be; though the fact of the contraction would have to be announced in the near future.

I am sending copies this to Joan MacNaughton (Lord President of the Council's Office), Andrew Lansley (Office of the Chancellor of the Duchy of Lancaster), Jill Rutter (HM Treasury), Timothy Walker (Department of Trade and Industry) and to Mr Unwin (Cabinet Office).

[Handwritten signature]
[Handwritten signature]
J. F. HOWE
Private Secretary

file skw AS7

SUBJECT CC MASTER



cc BG

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 March 1987

Dear Jan,

WESTLAND: SUPPORT HELICOPTERS

The Prime Minister this morning held a meeting to discuss the Ministry of Defence's requirement for support helicopters on the basis of your Secretary of State's minute to the Prime Minister of 12 March. There were present your Secretary of State, the Lord President, the Secretary of State for Trade and Industry, the Chancellor of the Duchy of Lancaster, the Chief Secretary and Mr. Brian Unwin (Cabinet Office).

Your Secretary of State reported the results of two useful discussions he and the Secretary of State for Trade and Industry had held with Sir John Cuckney. Sir John had argued that a Ministry of Defence order for 30 utility EH101 helicopters with an in-service date of 1994 would be inadequate to allow Westland to sustain its design and development capability. He wished the order to be advanced to give an in-service date of 1991 or 1992. In addition, he was looking for an order for 20 Lynx helicopters with an in-service date of 1989/90. Even with these orders, closure of the facility at Weston Super Mare seemed inevitable. However, Sir John believed his proposals would limit redundancies at Yeovil to 700 (against 1600 under the proposal put to him by Mr. Younger) and would help to retain key engineering staff - perhaps 500 of them would go, Sir John believed, if his proposals were not adopted. Sir John had said that Sikorsky did not expect to offer Westland work on the Black Hawk within the next five years.

Continuing, your Secretary of State said he would be prepared to bring forward the in-service date for 30 utility EH101s to late 1992 and to meet the cost from within the defence budget. There was no defence need for Lynx 3 helicopters. However, if resources were available, he would see a defence need for 16 Lynx 2 helicopters. Resources for these helicopters could not be found from within the defence budget, which faced other more pressing priorities.

In discussion, the meeting recognised the effects on the area of closure of the Weston Super Mare factory and the political difficulties which would result. One possibility might be to transfer some helicopter maintenance work, which was at present carried out in-house by the RAF, from Fleetlands to Weston Super Mare. This would, however, weaken a capability which the RAF needed to have, and there would be difficulties redeploying the staff concerned. This option was therefore not worth pursuing further. No other

options for keeping Weston Super Mare open had been identified. Redundancies were inevitable, but some employees would be prepared and able to move to other jobs in the aerospace industry. Sir John Cuckney would no doubt make every effort to find a suitable purchaser for the factory - if the company confirmed that no alternative work would be found for it - and he should be pressed to do so.

The meeting questioned how far ordering Lynx helicopters - which would have a high cost per job - would in fact help Westland retain its design and development capability: Lynx 2 was an existing production model. This was, however, Sir John's proposal and to move some way towards him on it would demonstrate the Government's wish to try to help the company and its employees.

It was agreed that your Secretary of State would discuss with the Chief Secretary and Mr Channon fresh proposals to be put to Sir John Cuckney under which the in-service date for an order of utility EH101 helicopters would be brought forward to late 1992 but their number would be reduced to allow an order for Lynx 2 helicopters to be placed within the same total cost. The scale of this switch would need further discussion before a proposal was made to Sir John. (The profile of expenditure on Lynx 2 helicopters would be different from the profile of expenditure on the EH101 helicopters they replaced; the handling of this should be agreed between your Secretary of State and the Chief Secretary; an increase in the provision for defence might be necessary to accommodate it.) If Sir John preferred the full order for EH101s, without Lynx, the Government could of course meet him on this. Sir John should be pressed on the help which Sikorsky might give. It was noted that Sir John was aiming to make an announcement by 21 April. The Government would wish to announce its plans for helicopter orders before then; and an announcement of withdrawal from the NH90 project might be made at the same time. Your Secretary of State and Mr Channon would discuss with Sir John the presentation of the announcements by Westland but it could be expected that Sir John would put the most positive light on whatever was eventually agreed.

BT- || Your Secretary of State and the Secretary of State for Trade and Industry would report back to the same small group of Ministers the results of their discussions with Sir John, probably early in April.

I am copying this letter to Joan MacNaughton (Lord President's Office), Tim Walker (Department of Trade and Industry), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), Jill Rutter (Chief Secretary's Office) and Mr. Unwin (Cabinet Office).

(DAVID NORGROVE)

Ian Andrews, Esq.,
Ministry of Defence

John,
David.

PRIME MINISTER

WESTLAND

Mr. Younger and Mr. Channon will at a meeting at 0900 tomorrow, put to Sir John Cuckney the proposals agreed at your meeting this morning, with an order for 16 Lynx 'paid for' by five fewer EH 101s.

Mr. Younger said that, if Sir John accepted the proposal, he was inclined to announce it to Parliament tomorrow afternoon. He is concerned that otherwise there will be a leak from the Westland Board.

I suggested that it would be an idea to allow time for Sir John Cuckney to consider what he would say about the future of Weston-Super-Mare and Yeovil, and that if necessary perhaps a junior minister at MOD could make the announcement while Mr. Younger is in the Far East.

Mr. Younger said he would think about this and would check back with you before taking a final decision on whether to make an announcement tomorrow afternoon.

If of course Sir John says he is quite ready for an announcement tomorrow afternoon, an early announcement would prevent the build-up of speculation.

DKS

mt

DAVID NORGROVE

18 March 1987

SLH/94

PRIME MINISTER

MEETING OF MINISTERS: WESTLAND

We have a further meeting of the restricted group of Ministers to consider the report back by the Defence Secretary and the Trade and Industry Secretary on their talk with Sir John Cuckney about the Government's future requirement for support helicopters.

The upshot of that talk was unsatisfactory in a number of ways:

- Westland claimed that failure to meet their full demands would lead to disbandment of their helicopter design team. No evidence was given for this. It seems inherently unlikely given the prospect of large orders for the EH101 in various forms and for a Light Attack Helicopter.
- virtually regardless of what the Government do, Westland are clearly going to run down and close their Weston-Super-Mare factory. This is probably necessary and sensible. But there is no reason why they should blame the Government for it: it reflects a rationalisation which should occur anyway. They ought to be ready to handle the timing of an announcement helpfully.
- the Company gave absolutely no indication of what additional work Sikorsky is likely to put its way. This is very unsatisfactory given all the euphoric statements made last year. Westland are pressing for a statement of the Government's intentions: we should press for a statement of theirs (and Sikorsky's).

The Defence Secretary comes forward with two options, neither of which would save the Weston-Super-Mare plant, but which would affect the number of redundancies at Yeovil. They are:

(i) bring forward the in-service date of the 30 Utility EH101 to 1992. This would cost an extra £131 million on the defence budget over four years (1988-92). The Defence Secretary is prepared to fund this. It is not clear how many redundancies it would save.

"provided that it was agreed that the full financial impact would be borne in mind in P.E.S. 87." (para 10 of Mr Young's minutes)

(ii) in addition to (i) above, place an order for 16 Lynx Mark 2. This would reduce the number of redundancies at Yeovil to about 400. It would cost an additional £78 million over five years (1987-92). There is an identifiable defence need for the Lynx. But the Defence Secretary cannot fund it from the defence budget.

Points which you will want the meeting to consider are:

- is there anything to be said for putting further pressure on Westland to say what assumptions they are making about future work from Sikorsky and Fiat?
- is it agreed that nothing can be done to save the Weston-Super-Mare plant? Should there be discussions with the company about the timing and presentation of an announcement?
- does the meeting confirm agreement reached last time to bring forward the ISD for the utility version of the EH101 to 1992?
- is there any support for providing additional funds to the defence budget to allow the purchase of 16 Lynx (for which there is a defence requirement but no money)?
- is there scope for ordering more Lynx (which would provide earlier work for Westland) now and fewer EH101 later?

CDP
CDP

17 March, 1987.

JD3AWW

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P 02583

PRIME MINISTER

Future Defence Requirement for Support Helicopters: (Westland)
(Defence Secretary's minute of 12 March)

ISSUES FOR DECISION

I suggest you should aim:-

(i) to take a preliminary view on whether there is a case for bringing forward the Utility EH 101 programme and for placing an early order for 16 Lynx 2, Mk 7 in order to fill the Westland ordering "gap";

(ii) to decide how best to take matters forward so that a decision can be taken and made public before the Easter recess.

BACKGROUND

2. You will recall that at your restricted meeting on 11 February you asked the Defence and Trade and Industry Secretaries to discuss with Sir John Cuckney the possibility of placing an order for 30 Utility EH 101 helicopters with an in-service date (IDS) of 1994 and also of ordering more Lynx 2 in order to fill the Westland ordering gap. They were authorised to explore some limited variation of these proposals but at the same time to urge Sir John Cuckney to press Sikorsky to produce work to meet the short term problems.

3. The Defence Secretary's minute of 12 March reports the outcome. In brief, Sir John Cuckney said that only 20 per cent of the work load on a Utility EH 101 order to an ISD of 1994 would fall into the period of Westland's workload gap. This would make

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it very difficult to keep Westland's specialist helicopter team together. It would, however, be possible to secure Westlands technical capability in the helicopter field if the EH 101 order was brought forward to 1991 (or possibly 1992), and 20 Lynx were ordered for 1989-90. This would still mean the closure of Weston-Super-Mare (1,200 jobs) and 700 redundancies at Yeovil (from 4,900 to 4,200). But the Defence Secretary's proposal would mean a reduction at Yovil from 4,900 to 3,300 and create serious problems in retaining the necessary core of qualified engineers and other technicians. No indication was given of what Sikorsky and Fiat might do to help the Company in addition to the work agreed when they took a minority share holding.

Options

4. The Defence Secretary (paragraph 8 of his minute) identifies three options:-

(i) to stick to the original offer of 30 Utility EH 101 with an ISD of 1994;

(ii) to bring the above order forward to late 1992;

(iii) in addition to (ii) above, to offer an order for 16 Lynx 2 Mk 7 with an ISD of 1990.

5. The additional cost of options (ii) and (iii) to the Defence Budget is:

| | (£M at LTC 87 prices) | | | | |
|----------------|-----------------------|-------------|--------------|-------------|-------------|
| | <u>87/8</u> | <u>88/9</u> | <u>78/90</u> | <u>90/1</u> | <u>91/2</u> |
| Utility EH 101 | | | | | |
| ISD 1992 | | +1 | +8 | +42 | +80 |

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| | <u>87/8</u> | <u>88/9</u> | <u>89/90</u> | <u>90/1</u> | <u>91/2</u> |
|---|-------------|-------------|--------------|-------------|-------------|
| An order for 16 Lynx 2, Mk 7 to an ISD of 1990 | +1 | +21 | +34 | +17 | + 5 |

Mr Younger is prepared to absorb the extra EH 101 costs within the present defence Budget, provided it is "agreed that the full financial impact would be borne in mind in PES 87". He would, however, require additional funds to pay the for Lynx.

MAIN ISSUES FOR CONSIDERATION

6. Before judging whether there is a case for going as far as the Defence Secretary suggests, you will want to probe the arguments more thoroughly. The following paragraphs discuss what seem to me to be the main considerations.

Defence Policy considerations

7. The MOD position is still slightly ambiguous. In the earlier (more detailed) MOD papers it was both stated that there was no defence requirement for the orders sought by Westland, and also that it was "strategically essential to maintain a domestic capability to repair and modify the Services' helicopter fleets and to sustain the cost-effective introduction of the naval version of the EH 101 helicopter". This latter statement is in effect repeated in Mr Younger's latest minute which (paragraph 9) defines the defence interest as "in supporting Westland sufficiently to sustain the capability required for the naval EH 101 programme and to maintain a domestic capability to repair and modify the Services' helicopter fleet, which are strategically essential".

8. The impression given by Mr Younger is that his original offer of 30 EH 101s with an ISD of 1994 would meet the MOD's strategic requirement. If this is still his judgement, it follows that the new proposals are not justifiable on defence grounds

alone. It is still not clear, however to what extent MOD could in fact manage (for repair, maintenance etc) if the Government's decision did lead to the kind of run down in the skilled technical core at Westland that Sir John Cuckney predicts. My private impression from MOD is that they would prefer to see Westland's helicopters capability survive. You may wish to press Mr Younger on this.

Industrial considerations

9. DTI are still lying very low. Their real position is, I think, that they would like Westland helicopter to survive if someone else will pay for it. But since they are already short of funds for other purposes (eg Airbus, which they rank as a much higher priority) Mr Channon is unlikely to argue the industrial case. You may however, wish to seek his views.

Defence Budget

10. You are aware of the severe pressures on the Defence budget. We do not yet have the new costings, but it is clear that some difficult choices will need to be made. There is also pressure on MOD to find funds for other purposes (eg Space). Against this background it is difficult to contest Mr Younger's statement that to place an order for 16 Lynx 2 would require an addition to the Defence budget. The Chief Secretary is likely to argue that the Government should stick to its earlier position, with the advancement of the EH 101 orders as a last resort fall back only.

Westland Position

11. The crucial issue here is how far they are bluffing. Although the helicopter and customer support divisions account for over half the numbers currently employed by Westland (6,400 out of 10,500) their closure would not threaten the future of the Westland group itself. The other divisions are successful and growing and the closure of Weston-Super-Mare is common to both the MOD options discussed above. Moreover, Sir John Cuckney does not

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regard this closure as calling into question Westlands credibility as a competitor in the helicopter market.

12. There must, however, be some pressure on Sikorsky and Fiat to protect their helicopter investment here. As Mr Younger comments, their silence so far may suggest that they have no further work to offer; but it may also be because they are holding back to see what the Government proposes to do.

13. There is clearly a fine judgement, and a risk, involved here, particularly given the political background to this issue. But it would certainly not be unreasonable to press Sir John Cuckney very much harder on the possibility of further work or backing from Sikorsky, and to discount to some degree the more extreme pictures he has painted. There is certainly scope for further hard negotiation.

TIMING AND NEXT STEPS

14. According to Sir John Cuckney Westland cannot delay the start of the contraction and possible restructure of the helicopter division beyond 21 April when they will have to inform their workforce of their future plans. He therefore seeks an assurance that the Government's views and proposals will be made public before the Easter Recess.

15. Subject to your discussion, you may wish to invite the Defence Secretary and Mr Channon to have one further go at Sir John Cuckney on the basis of whatever proposals you approve, and at the same time to press him very much harder on the possibility of backing from Sikorsky. They should then report the outcome in a self-contained paper for E(A) for a meeting early in the week beginning Monday, 30 March. This should give ample time for decision before Easter.

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HANDLING

16 You will wish to ask the Defence Secretary to introduce his paper, and the Trade & Industry Secretary to comment on the industrial aspects. The Chief Secretary, Treasury will wish to comment on the financial and expenditure implications.



J B UNWIN

Cabinet Office
17 March 1987



Prime Minister cc [initials]

Westland continue to
tighten the screws. There is
no indication of additional
work from Sikorsky.

Mr. Younger is prepared to
fund the extra EH101 by 1992:
but cannot find money for

additional work. He seeks an
addition to his PES.

MO 26/16/1E

PRIME MINISTER

FUTURE DEFENCE REQUIREMENT FOR SUPPORT HELICOPTERS

In my minute of 6th February, I explained the conclusions I had reached on the future defence requirement for support helicopters and set out the background in some detail. At your meeting on 11th February, it was agreed that the Secretary of State for Trade and Industry and I should discuss the Government's proposals with Sir John Cuckney, that we should urge him to press Sikorsky to produce work to meet the short term problem, and that we should be ready to explore some limited variation of my proposals, provided it did not distort the defence requirement significantly. We have now had two meetings with Sir John Cuckney and this minute reports the outcome.

Agree to
further
restricted
meeting?
COB
13/3

Yes - but
I see the
prospects
of going
beyond what

can
fund the

are not in
the interests of
our country
helicopters
we don't
need
one

2. At the first meeting, I explained our main conclusions that:
 - a. The primary defence requirement was for a medium support helicopter for the Central Region and the Government's preference to meet this task was the Utility EH101.
 - b. There was no early requirement for a helicopter in the light support class such as the Black Hawk or the NH90. The MOD would not fund further work on NH90 beyond the present feasibility stage.



c. There was no defence requirement for orders of the size and in the timescale which the Company had initially assessed would meet its production loading problem nor were there funds available in the defence budget to pay for such orders. The Government was, however, anxious to help the Company and was prepared exceptionally to offer now an order for 30 Utility EH101 helicopters with an in-service date (ISD) of 1994.

3. Sir John Cuckney has now given a considered response to these proposals at a meeting the Secretary of State for Trade and Industry and I held with him on 6th March. Sir John said that he was delighted that there would shortly be a clear policy announcement on support helicopters. However, he was very worried about the implications of MOD's proposal for the maintenance of a well-balanced national design, development and production capability for helicopters. Only 20 per cent of the workload on a Utility EH101 order for an ISD of 1994 would fall into the period of Westland's workload gap. Sir John was not so worried about the financial profile as about the problem of keeping Westland's specialist helicopter team together. On the basis of the MOD proposal, Westland would have to consider keeping only a systems and marketing role for their helicopter subsidiary, and giving up their technological work (including advanced rotor technology). Westland's technical capability in the helicopter field could however be secured if 20 Lynx were ordered for 1989/90 (he did not specify whether he had in mind Lynx 3 or Lynx 2) and if the EH101



utility version was brought forward to 1991 (later in the discussion, he referred to 1992).

4. On employment levels, the solution he proposed would mean the closure of Weston-Super-Mare (1200 jobs) and 700 redundancies at Yeovil (a reduction from 4900 or 4200 jobs). The Company suggested that the Lynx element of their package might sustain about 300 jobs at Yeovil. The order pattern which the MOD had proposed would also mean the closure of Weston-Super-Mare but there would be 1600 redundancies at Yeovil, that is a reduction from 4900 to 3300 jobs. Westland required a core of 500 highly skilled specialists. A reduction of 1600 in the total payroll at Yeovil would - in the Company's view - mean that Westland would lose control of the outflow of manpower and many of the core of engineers whom the Company wished to retain would cease to see a viable future for the helicopter industry.

5. The closure of Weston-Super-mare, which was common to both options, would not call into question Westland's credibility as a competitor in the helicopter market. The plan would be to run down the site over 12 to 18 months. It was possible that some other member of the Westland Group might have a use for the Weston-Super-Mare factory. If not, they would hope to create a successful role for the factory and to sell it.



6. In further discussion, we probed the circumstances in which the Weston-Super-Mare factory might remain open. It would appear that, if there had been a major order for Black Hawk on offer, then the firm might have felt able to keep open the Weston-Super-Mare factory, although the Black Hawk itself would have been manufactured at Yeovil.

7. It is still not clear what, if anything, Sikorsky and Fiat are willing to do to help the Company in addition to the work agreed at the time they took a minority shareholding. This may be because they have no work to offer or it may be that they are holding back until they and the Company see finally how the Government intends to proceed.

8. We have a choice between three options:

a. To stick to my original offer of 30 Utility EH101 to an ISD of 1994.

b. To bring forward the ISD for Utility EH101 to late 1992, on which basis the first production aircraft would be delivered by the Company at the beginning of 1992. I am advised this is the earliest realistic programme. Since the Company themselves spoke both of a 1991 and a 1992 date, I suspect that they would not press the point. If they continued to argue for an earlier date than 1992, I would not



rule out agreeing that they could work to this aim but against a contract and a payment profile related to a later 1992 ISD. The Company would be expected to bear any additional financing costs that arose from working to an earlier date.

c. In addition to b, to offer the Company an order for Lynx 2 Mk 7 to an ISD of 1990. Although the Company suggested an order for 20 helicopters, and have indicated in earlier discussions that they would prefer an order for the more advanced Lynx 3, I believe that we should restrict any order to 16 Lynx 2, Mk 7s for which there is an established defence requirement, if funding were available.

As I explained in my earlier minute, there is not a defence requirement for a package involving Utility EH101 and Black Hawk and I do not believe that we should pursue a theoretical Black Hawk option any further. I also intend to proceed with withdrawal from the NH90 project, on which there is due to be a meeting of the collaborative partners on 25th March.

9. The defence interest is in supporting Westland sufficiently to sustain the capability required for the Naval EH101 programme and to maintain a domestic capability to repair and modify the Services' helicopter fleet, which are strategically essential. The MOD is offering continuing business in support of the existing fleet on a very large scale together with the prospect, subject to



satisfactory contractual and management arrangements, of the development and production of three major helicopter types in the 1990s and beyond - Naval EH101, Utility EH101, and a Light Attack Helicopter (currently at the feasibility stage). Initial business on these helicopters could be worth over £2½ billion, with perhaps £1 billion of this going to Westland. It is our commitment to this challenging development work which in my view would be the primary factor in sustaining the interest and commitment of key Westland staff rather than short-term production loading on the factory floor. I therefore believe that we should treat with some caution more extreme scenarios predicting the loss of these key staff. On the other hand, I have no reason to doubt Sir John Cuckney's view that there will need to be a substantial reduction in the workforce as a whole, including, under any of the options, the closure of the Weston-Super-Mare site. In the perspective of our longer term interest - rather than shorter term employment and other considerations - such a restructuring is to be welcomed since, as well as lowering the overheads we have to carry on defence contracts, it will improve Westland's efficiency and thus its international competitiveness.

10. This said, I recognise the case for some action beyond that I have previously recommended to attenuate the rundown at Westland. You are aware, however, of the scale of the problem I face in bringing the defence programme into line with the existing budget and the likelihood of reductions elsewhere in the programme, with



political and industrial implications and visibility at least equal to that of the Westland case. The cost over the next few years of an accelerated order for Utility EH101 to an ISD of 1992 compared with the original option of an ISD of 1994 would be:

| | (£M at LTC 87 prices) | | | | |
|---------------------------|-----------------------|-------------|--------------|-------------|-------------|
| | <u>87/8</u> | <u>88/9</u> | <u>89/90</u> | <u>90/1</u> | <u>91/2</u> |
| Utility EH101 ISD 1992 | | +1 | +8 | +42 | +80 |

An order for 16 Lynx 2, Mk 7 would add the following:

| | | | | |
|----|-----|-----|-----|----|
| +1 | +21 | +34 | +17 | +5 |
|----|-----|-----|-----|----|

Bringing forward the EH101 would add considerably to the difficulties already facing the defence programme. In view, however, of the relatively limited impact in the early years, I should be prepared very reluctantly to offer to fund an order to this ISD from within the defence budget, provided that it was agreed that the full financial impact would be borne in mind in PES 87. An early order for 16 Lynx 2, Mk 7 is, however, not affordable from within present defence budget provision. If colleagues believed it was important to proceed within this order for wider reasons, then additional funds would be needed to pay for it.

11. There is considerable and growing interest in how we intend to proceed and I have intimated that an announcement is likely this month. Sir John Cuckney is also anxious for the matter to be



resolved and for a positive announcement to be made. He wrote to me today to say that in the view of the Westland board the company cannot delay the start of the contraction and possible restructure of the helicopter division beyond 21st April when they will have to inform their work force of their future plans; and to ask for an assurance that the Government's views and proposals will be made public before the Easter recess. You may wish to discuss how best to proceed in the light of this minute and reach a view on whether it would be necessary, following a discussion in a restricted forum, also to refer the matter to E(A).

12. I am sending copies of this minute to the Lord President of the Council, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretary of State for Trade and Industry and Sir Robert Armstrong.

G.Y.

Ministry of Defence

12 March 1987

G Y



AEROSPACE : Weselaud, P. 7



10 March 87

Westland

WESTLAND REPORT URGES CITY REFORMS

NEW CALLS FOR CITY REFORM CAME TODAY IN A REPORT ON THE WESTLAND AFFAIR - THE HELICOPTER COMPANY ROW WHICH TRIGGERED THE RESIGNATION OF CABINET MINISTERS LEON BRITTAN AND MICHAEL HESELTINE LAST YEAR.

THE REPORT BY THE COMMONS SELECT COMMITTEE ON TRADE AND INDUSTRY CALLS FOR PROMPT NEW LAWS TO PREVENT PEOPLE DEALING IN SHARES WITHOUT REVEALING THEIR IDENTITIES.

THE REPORT SAYS WESTLAND CHAIRMAN SIR JOHN CUCKNEY TOLD THE COMMITTEE SIX PARTIES BOUGHT JUST BELOW FIVE PER CENT OF THE COMPANY'S SHARES DURING THE ROW ABOUT WHETHER THE FIRM SHOULD BE TAKEN OVER BY SIKORSKY-FIAT OR BY A EUROPEAN CONSORTIUM.

THE SHARES WERE BOUGHT AT AN INFLATED PRICE, AND SIR JOHN SUSPECTED THOSE WHO PURCHASED THEM ACTED AS A "CONCERT PARTY" - A GROUP SECRETLY OPERATING TO INFLUENCE A FIRM'S FUTURE THROUGH THE VOTING RIGHTS ENTITLED TO SHAREHOLDERS.

THE COMMITTEE'S 200-PAGE REPORT SAYS ON THE BASIS OF EVIDENCE BY SIR JOHN AND OTHERS: "WE THEREFORE ENTERTAIN SUBSTANTIAL SUSPICIONS WHICH, HOWEVER, FALL SHORT OF PROOF, THAT A "CONCERT PARTY" OPERATED TO PURCHASE WESTLAND PLC'S SHARES FOR LOCATIONS OUTSIDE THE UK GOVERNMENT'S JURISDICTION."

THE REPORT GOES ON TO CALL FOR NEW LAWS TO PREVENT SHAREHOLDERS REMAINING ANONYMOUS.

THE REPORT SAYS: "WE CONSIDER THAT THE PUBLIC INTEREST DEMANDS A HIGH DEGREE OF TRANSPARENCY IN SHARE DEALINGS INVOLVING A PUBLIC LIMITED COMPANY AND THIS, OF COURSE, IS ESPECIALLY SO IN THE CASE OF A COMPANY INVOLVED IN DEFENCE CONTRACTS."

THE REPORT CRITICISES ALAN BRISTOW, WHO CLAIMED AT THE HEIGHT OF THE WESTLAND DRAMA THAT TWO PEERS OFFERED HIM AN HONOUR TO DROP HIS OPPOSITION TO THE SIKORSKY-FIAT BID.

IT POINTS OUT THAT MR BRISTOW LAID HIS ALLEGATIONS IN THE PRESS AND BEFORE THE COMMITTEE AND NAMED TWO PEERS. THE REPORT SAYS: "WE ARE DISINCLINED TO ATTACH MUCH CREDENCE TO MR BRISTOW'S EVIDENCE EXCEPT WHERE THIS IS CORROBORATED INDEPENDENTLY.

"THE CONDUCT OF MR BRISTOW BEFORE THE COMMITTEE WOULD BE UNACCEPTABLE TO ANY COMMITTEE OF THIS HOUSE".

THE REPORT ALSO POINTED OUT THAT MR HESELTINE AND MR BRITTAN UNDERSTOOD GOVERNMENT POLICY TOWARDS WESTLAND DIFFERENTLY WHILE THEY WERE IN CHARGE, RESPECTIVELY, OF THE MINISTRIES OF DEFENCE AND TRADE AND INDUSTRY. IT WAS THEREFORE NOT POSSIBLE FOR THE COMMITTEE TO ESTABLISH WHAT GOVERNMENT POLICY WAS.



10 DOWNING STREET

LONDON SW1A 2AA

4/10/87
ORIGINAL FILED ON
AEROSPACE SPACE
POLICY
PT 2

From the Private Secretary

MR UNWIN
CABINET OFFICE

SPACE, AIRBUS, HELICOPTERS, ETC.

You asked (your minute of 3 March to Mr. Monger) whether I saw any objections to taking the proposed paper on space on its own at E(A), ahead of discussions of airbus and Westland.

That seems now unavoidable and I am sure the Prime Minister would be content for space to be taken separately.

However, I think it would be useful for Mr. Channon to mention to E(A) his discussions with British Aerospace over launch aid for Airbus. One Minister at least is aware that the Prime Minister has discussed this with a small group of colleagues and it would be in any case a little disingenuous for the prospect of future public expenditure claims to be mentioned at an E(A) on space without reference to the discussions with British Aerospace. Mr. Channon, in introducing his paper, might simply say that he is exploring with British Aerospace the basis of their bid for launch aid, with a view to reducing it very substantially. This would simply take it for granted that the Government would be offering launch aid, with the only uncertainty being the amount.

I have mentioned this to Mr. Gilbertson in Mr. Channon's Private Office, who believes that his Secretary of State would be willing to say something along those lines.

I am copying this minute to Mr. Monger and Dr. Walker.

DAVID NORGROVE

3 March 1987

ORIGINAL FILED ON

AEROSPACE: SPACE POLICY

PT 2

CONFIDENTIAL

P 02547

From: J B UNWIN
3 March 1987

MR MONGER

cc Mr Norgrove - No 10
Dr Walker

COPY FOR

SPACE, AIRBUS, HELICOPTERS ETC

I have discussed developments with Alastair Macdonald at DTI. The position in brief is:-

(i) Space: DTI hope to have a paper for E(A) on the lines agreed by the end of this week;

(ii) Airbus: because of Mr Channon's absence, no follow-up action has been taken so far. The tentative plan, however, is for Mr Channon to meet British Aerospace next Monday and hand over a letter setting out the Government's proposal;

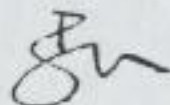
(iii) Helicopters: Sir John Cuckney has asked to see Messrs Channon and Younger again next Monday. The likelihood is that he will say that the EH 101 offer is inadequate; unless it is brought forward, or other orders interposed, Westland will have to close all or most of their helicopter business, including the 2,000 jobs at Weston-Super-Mare. The choice will then be between letting this happen or finding extra cash (probably from the Reserve) to bring forward orders and fill the gap.

2. We must decide how to handle this in relation to E(A). We have provisionally booked an E(A) slot for after Cabinet on Thursday, 12 March. It is clear, however, that neither the Airbus nor Helicopter papers will be ready by then. The Space paper should, however, be available. We had hoped to be able to take them all together, so that Ministers could consider the competing priorities together. But I suspect that the Airbus and Helicopter

CONFIDENTIAL

issues could drag on for several weeks. The Prime Minister may well in any case wish to have a further discussion of either or both of them in a small Group before they go to E(A).

3. The choice is between taking Space on its own at E(A) on 12 March (provided the paper is in reasonable shape by early next week) or postponing it until the other issues (or at least Airbus) are ready. I am inclined to go for the former. We shall have achieved our objective of ensuring that the other competing claims are in the key Ministers' sights, and we can brief the Prime Minister on the latest developments. But I should be glad to know whether Mr Norgrove sees any objections.



J B UNWIN



10 DOWNING STREET

GDP.

More from Tan Andrews
MoD.

Cuckney has been in
touch with MoD.

Urbourne ^{an} of the Independent
has been in touch with
Paddy Ashdown. He
plans a fairly depressing
piece for tomorrow.

Urbourne apparently
seems to be inaccurately
well informed!!

The 'Observers' too
are sniffing around.

Derel

27/2

Pre-Announced

Ref. A087/555

MR INGHAM

c Mr Wicks ✓

As you know, Granada are to put on later in the year a two hour programme reinacting the Westland affair.

2. They were going, as in the past, to use journalists to represent the various participants in the drama. I am now told by the journalist who was going to represent me that they have not been able to assemble enough journalists for the purpose; they are therefore going to use actors.

3. I suspect that this is bad news.

RA

ROBERT ARMSTRONG

27 February 1987

SUBJECT CUMMASTER

SECRET



BR File DCA
cc div PC 4

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

11 February 1987

Dear John,

FUTURE REQUIREMENTS FOR SUPPORT HELICOPTERS

The Prime Minister held a meeting this afternoon to consider the Defence Secretary's minute of 6 February about the future requirements for support helicopters. The Lord President, the Chancellor of the Exchequer, the Defence Secretary, the Chancellor of the Duchy of Lancaster, the Trade and Industry Secretary and Sir Robert Armstrong were present.

The Defence Secretary summarised the position as set out in his minute. In deciding how to meet the future requirements for support helicopters, he had tried so far as possible to take account of Westland's interests. He was prepared to place with Westland now an order for 30 utility EH101 helicopters, with an in service date of 1994, with a further purchase of 29 later. The order would be worth some £680 million and would be a substantial prize for the company. Even so, it would still leave a gap of two years or so in the company's ordering programme. He could not help bridge this from the MOD budget without sacrificing other, higher priority projects. He proposed that he and the Trade and Industry Secretary put his proposal to Sir John Cuckney and report back.

The Trade and Industry Secretary agreed with the Defence Secretary's recommendation. But preliminary indications from Westlands were that the proposed offer would not be sufficient to prevent them from closing their Weston-Super-Mare site, with job losses of over 3,000 and the possible loss of a separate helicopter design and manufacture capability. This could cause the Government considerable embarrassment, in the light of the Prime Minister's Statement to the House on 15 January 1986 that the Government's concern was to see a financial reconstruction of Westland which would maintain an independent capability. It would be useful to consider to what extent, while remaining within the overall financial envelope available to MOD, orders for different helicopter types could be adjusted to help Westland over their short term problem.

SECRET

The Chancellor of the Exchequer pointed out that Westland's overall financial position was now strong. The prospect of substantial future work from the MOD, provided by the Defence Secretary's proposal, ought to be sufficient to persuade Westland to keep open its helicopter manufacturing division. Sikorsky also had an interest in placing more work with Westland, to fill the gap over the next 2/3 years. The company should be pressed hard on this. He understood the reasons for the generous offer which the Defence Secretary proposed to Westland. But it would be very difficult to justify going beyond it. In any event, the cost must be contained within the defence budget.

In discussion, it was suggested that there might be some measure of bluff in Westland's position, even though Sir John Cuckney had in general been very frank and helpful. It seemed unlikely that, faced with the prospect of substantial orders in the 1990s, they would close down their helicopter manufacturing capacity altogether. On the other hand, it was quite likely that the company would anyway close the Weston-Super-Mare plant (indeed probably ought to do so). It might suit them to claim that this was due to the Government's failure to place the necessary orders. The Defence Secretary's proposal, combined with the substantial continuing maintenance work provided to the company by the MOD, would give the Government a good defence against this claim. But the fact remained that the impact of 3,000 redundancies in the West Country would be very damaging, as well as expensive in terms of redundancy payments and unemployment benefit.

Against this background there was a case for showing some flexibility in the placing of orders. There were clear limits to this. Orders should be placed only for helicopters for which there was an identified defence requirement. The EH101 project should be preserved. The constraints of the defence budget had to be observed. This ruled out most if not all of the alternative options suggested by Westland themselves, since they were either significantly more expensive, involved buying helicopters for which the Armed Forces had no requirement (such as Blackhawk) or meant withdrawing from the EH101. But it might be possible to bring forward production of the EH101 to fill the ordering gap: the company itself envisaged an in service date of 1991. It might also be possible to consider ordering more Lynx 2, which would give work in the short term, and fewer EH101.

The Prime Minister concluded that the Defence Secretary and the Trade and Industry Secretary should discuss the Government's proposals with Sir John Cuckney. They should avoid doing so in a way that suggested that the proposals were just an opening bid. They should urge him to press Sikorsky to produce work to meet the short-term problems. They should also be ready to explore some limited variation of the Defence Secretary's proposals, provided it did not distort the defence requirement significantly. They should then report back to a further restricted meeting of Ministers, before discussion in any wider forum.

I am copying this letter to the Private Secretaries to the Lord President, the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretary of State for Trade and Industry and to Trevor Woolley (Cabinet Office).

Yours sincerely
C.D. Powell

(C.D. POWELL)

John Howe, Esq.,
Ministry of Defence.

PRIME MINISTERWESTLAND

We are once again confronted with the problem of Westland. There is an informal meeting of Ministers tomorrow to consider how to proceed. The Lord President, the Foreign Secretary, the Chancellor of the Exchequer, the Defence Secretary, the Trade and Industry Secretary and the Chancellor of the Duchy will take part.

The basic problem is this. Westland say that without major government orders by the end of March, they will have to cut the work force of their helicopter division by half (losing some 3000 jobs) and close their Weston-Super-Mare site. They would also lose an independent capability to design and produce helicopters. They say that this can only be avoided if we place orders for substantial numbers of Black Hawk and Sea King.

The MOD don't need Black Hawk or Sea-King. Indeed they don't have the money to place any additional orders in the short term. But they are going to need some new medium support helicopters by the mid-1990s and would be ready to order an additional 30 EH 101 (Anglo-Italian) helicopters to meet this requirement. They will also need some more Lynx light battlefield helicopters. But they do not foresee any need for a helicopter in the NH-90 class (the European collaborative project) and intend to withdraw from the project.

The question is whether what the MOD can offer is enough to satisfy Westland and prevent large scale redundancies. The Defence Secretary's judgement is that it should be.

We have been here before.

There is almost certainly a substantial negotiating margin in what Westland say. They may well argue that they got their way by squeezing the government last year (they did not, we refused to purchase unwanted helicopters): and that with an

●ection approaching the Government will be loth to accept redundancies on this scale in the West Country. They have always nurtured the ambition to sell MOD the Black Hawk, despite being told countless times that we have no requirement for it. The offer which the MOD propose to make them would be a major gain, and they are lucky to get a commitment in such terms.

But there is probably an element of bargaining in the MOD position too. Their equipment budget is under heavy pressure. They would probably quite like to buy some of the helicopters which Westland want them to buy. They may see an opportunity of squeezing some additional funds out of the Treasury, with the justification that Westland has to be saved for political reasons.

But they also make the valid point that, given the long lead-times needed for defence procurement, nothing MOD do in the short-term can in practice prevent some redundancies at Westland. The offer of medium-term hope is the only realistic one.

You will want to consider with your colleagues the political aspects. The prospect of fresh controversy over Westland is not appetizing (though there are no grounds to expect major divergences between Ministers this time).

If it comes to financing any purchases from Westland outside the defence budget, you will want to bear in mind the many other competing claims - Airbus, space programme etc. This would need to be looked at in EA.

The Defence Secretary's recommendation that he and the Trade and Industry Secretary should talk to Westland seems sensible, though we shall want to avoid being drawn into a public auction.

A note by the Policy Unit is attached.

CDP

CDP

10 February 1987

10 February 1987

cc B.J.P.

FUTURE REQUIREMENTS FOR SUPPORT HELICOPTERS

George Younger offers you a nicely-judged proposal for:

- meeting MoD's helicopter requirements within the constraints of the already-stretched Defence budget;
- keeping a leaner, hungrier - and probably fitter - Westland in the business of developing and manufacturing helicopters;
- thereby preserving largely intact the political capital invested in Westland.

In the case of defence procurement too many post-War Governments have believed that they could have their cake and eat it; that on the one hand they could rely on favoured British defence suppliers, usually rewarded under cost-plus contracts, to provide the MoD with the best equipment at the best prices; while on the other hand giving the British defence industry a secure home market from which to develop good export business. Thus it was that Lord Aldington, as Chairman of a Westland dominated by uncommercial engineers, saw his marketing strategy as being the task of regularly telling his chums at the MoD what helicopters they needed and when they needed them - whilst peddling the line to would be export customers that if it's good enough for the Royal Navy it's good enough for you.

The illusion that the British defence industry above all should be the vehicle for industrial policy has been largely destroyed, although it still lingers in odd corners of the DTI and the manufacturing sector. Far from inducing British companies to develop competitive products and adopt the hard-headed attitudes needed to succeed internationally, the

protected home market weakened them - in the case of Westland near fatally. Now the MoD are moving rapidly in the direction of competitive sourcing to give the armed forces maximum value for money irrespective of the origin of the equipment.

The danger in the politically-loaded case of Westland was that this sound policy would be compromised. To his credit George Younger has refused to be blackmailed by Westland's threat that, without additional early helicopter orders to fill the dip over the next 3-4 years, they would have to retrench and abandon their capability to design, develop and manufacture new helicopters, and provide full support to the existing fleet.

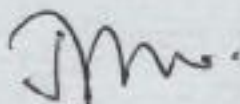
We believe that the MoD are correct in their judgement that, in spite of Westland's threats, they will react positively to the proposed order for 30 Utility EH 101's for delivery around 1994. There is more in it than this. Westland themselves have said "We regard an early order for Utility EH 101's from MoD as an important factor in creating worldwide confidence in the product type as a whole and specifically in the Utility and Civil variants. - - - It is likely that an early MoD order for Utility EH 101's would ultimately produce additional export sales of EH 101 at least equal in number to the MoD order." Moreover, this estimate is based on the conservative assumption that the market for helicopters to support offshore oil and gas operations will remain depressed. Interestingly, since the Shetland crash towards the end of last year Boeing's big Chinook helicopter has fallen out of favour for North Sea operations.

If Westland don't have the gumption to reconstruct their Helicopter Division in response to these opportunities, other more go-getting companies will pick up the pieces - and good luck to them. The task of reconstruction won't be as painless as Westland had hoped, but they are likely to end up

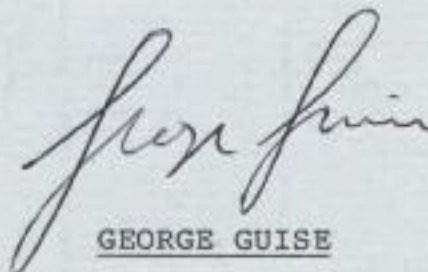
leaner and fitter for it. In defining the Government's minimum strategic requirement (a domestic capability to repair and modify the current MoD helicopter fleet, and development of the EH 101 helicopter for anti-submarine warfare - although not necessarily by Westland) the MoD should concentrate minds in Yeovil, at United Technologies, and at Fiat.

Conclusion

We endorse George Younger's proposal. Given his adroit handling of the final decision on Nimrod/AWACS, George Younger should take the lead in handling this one.



JOHN WYBREW



GEORGE GUISE

010

cc B/ep
2

SECRET

P 02494

From: J B UNWIN
10 February 1987

MR POWELL - No 10

cc Sir R Armstrong

FUTURE REQUIREMENTS FOR SUPPORT HELICOPTERS

The Prime Minister is holding a small meeting tomorrow to consider the Defence Secretary's minute of 6 February on this subject. The following comments might be helpful.

IMMEDIATE ISSUE FOR DECISION

2. The immediate issue is whether the Defence and Trade and Industry Secretaries should offer Sir John Cuckney the prospect of an order for 30 utility EH 101 Helicopters with an in-service date of around 1994. Alternative possibilities would be:-

- (i) to withhold even this offer at this stage and to press Sir John Cuckney on other ways of filling the Westland gap (eg by further work from Sikorsky);
- (ii) by contrast, to indicate willingness, if pressed, to consider the possibility of bringing the EH 101 orders forward;
- (iii) to postpone any decision or dialogue with Sir John Cuckney until a wider collective discussion has been held of the issues involved.

BACKGROUND

3. The key points may be summarised as follows. Westland claim that unless they receive sufficient helicopter orders by the end of March they will have to take various steps including reducing

the work force by about 3,000 from 6,400; shutting the Weston-Super-Mare site; and withdrawing funding from the EH 101 programme (see paragraph 14(d) of the note by officials for details). MOD, however, claim that there is no defence requirement for orders of the size and in the timescale envisaged by Westland; nor do they have the necessary funds within the currently planned defence budget (a gap of about £1 billion a year is already in prospect between the planned defence programme and the agreed budget). They are, however, prepared to order 30 utility EH 101 helicopters with an in-service date of around 1994, with a further 29 later (total procurement cost of about £680 million). Westland claim, however, that this would not meet their requirement, so that the consequences referred to above would follow.

4. I understand the DTI position is that they do not see a case for putting money into Westland for industrial reasons. The Treasury - already concerned about the defence budget implications - can be expected to argue that Sikorsky should be required to fill the gap in order to protect their new investment.

MAIN ISSUES FOR CONSIDERATION

5. As in other areas (eg shipbuilding) to some extent MOD and DTI are engaged in a square dance. MOD are reluctant to concede any strategic case, since they know that if they did, they would be asked to find funds from the defence budget. Equally, DTI are reluctant to press any industrial case since their resources are limited and they already have a number of other major expenditure bids on or near the table (eg Space, Airbus, Rolls-Royce etc). Both Departments may also in any case be banking on the politics of this issue to force the Treasury in the end to have to dip into the Reserve.

6. I suggest, however, that before reaching a conclusion the Prime Minister should probe the following points:

(i) Strategic considerations: the Defence Secretary's position is ambivalent. Paragraph 8 asserts that there is no defence requirement for the orders sought by Westland. But paragraph 16 of the detailed note by officials states clearly that it is "strategically essential to maintain a domestic capability to repair and modify the Services' helicopter fleets and to sustain the cost-effective introduction of the naval version of the EH 101 helicopter". MOD also say that this capability does not necessarily have to be provided by Westland; but it is quite clear that MOD would be much happier with the survival of Westland than with any alternative. The Prime Minister may, therefore, wish to press the Defence Secretary on how the MOD would manage if Sir John Cuckney were not bluffing. Could they really live with an early dismantling of the Westland helicopter division on the lines threatened?

(ii) Westland: the key judgement is how far they are bluffing. DTI do not think they are doing so. Although (see Annex C to Mr Younger's minute) the helicopter and customer support divisions account for over half the numbers currently employed (6,400 out of 10,500), their closure would not threaten the future of the Westland Group itself. The other divisions are successful and growing and even with the necessary helicopter orders there would have to be a reduction in numbers of around 1,400 by 1991. On the other hand, there must be some pressure on the Sikorsky parent to protect their helicopter investment here and it could be argued that they should not be let off the hook so easily.

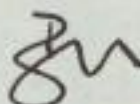
(iii) Finance: the position on the defence budget is not clear. As noted above, Mr Younger (paragraph 8) claims that there is a gap between plans and budget of around £1 billion a year. I do not think this affects the recently published Public Expenditure White Paper figures, since MOD plan to make the necessary cut backs. But there will be acute pressure on the later years and it is not obviously right, without judging this issue against wider claims and

priorities, to "sterilise" this element of the defence budget (for new helicopters) in the way proposed.

NEXT STEPS

7. If the Prime Minister agrees that the two Secretaries of State should talk to Sir John Cuckney as proposed, it would be prudent to do so on the basis that these are provisional conclusions on the defence procurement programme and that even this would cause acute problems for the defence budget. Sir John Cuckney should not be given the impression that the EH 101 order can be taken for granted, let alone that, if he presses, its size and timescale could be altered.

8. The next stage would be for the Defence and Trade and Industry Secretaries to report the outcome of their discussion for consideration at E(A). If possible, this should be in time for the meeting planned for 26 February to resume discussion of the National Space Plan. I shall be circulating a paper on industrial support and claims more generally as background for that meeting, and it would be sensible to have the helicopter papers on the table at the same time if at all possible (Mr Channon, with whom I have discussed, agrees with this).



J B UNWIN

Cabinet Office

1 DW Allison to see 11/2.
Z.C.F to file

PRIME MINISTER

In his minute below, Michael Alison passes on a request from Lord Fanshawe to come to see you about Westland and the Appointments Unit at Central Office.

I really wonder, good friend as he is, whether you ought to see Lord Fanshawe about Westland. You do not normally see Board members of companies which are after important orders from HMG (Arnold Weinstock and Nimrod was an exception). You made it a rule not to see Lord Fanshawe during the Westland affair a year ago, lest wires got crossed, but asked Michael to relay any information to you. The Westland discussion (on which there is to be a meeting on Wednesday) will be a tricky one and we can be sure that Sir John Cuckney will have fully informed both George Younger and Paul Channon of Westland's case.

Shall I ask Michael to see Lord Fanshawe so that he can give you a full report of his views before the Wednesday meeting?

The Appointments Unit is a Party matter. Would you like to see Lord Fanshawe about that after the Westland's decision is made?

Yes - but I cannot see him

before the Westlands decision

N.L.W.

rob

N L WICKS

9 February 1987

SLHAGI

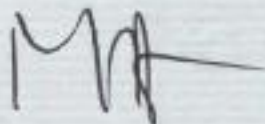
1. MR. WICKS

2. PRIME MINISTER

Lord (Tony) Fanshawe asked me to arrange for him to come in and have a short word with you about two matters which are causing him anxiety. One is in connection with Westlands (he on the Board of the company); the other is in connection with his membership of the Appointments Unit. The latter, as you may remember, is an informal body, based upon Conservative Central Office, but with links with the Chief Whip's office, which considers possible names and recommendations for appointments to the few remaining quangos and other similar bodies.

He has not specified to me what he wants to talk to you about under either of these headings, and Nigel Wicks will, I think, want to alert you to some sensitivities about discussing Westlands matters with him.

Subject to the latter's comments and recommendations, are you prepared to see Tony Fanshawe when some appropriate slot can be found?



MICHAEL ALISON

9.2.87

a. *Swobrow*
Let 101

MO 26/16/1V

PRIME MINISTERFUTURE REQUIREMENTS FOR SUPPORT HELICOPTERS*PLAT PT 6*

In my minute of 23rd September I explained that I intended to reach a view on the defence requirement for support helicopters by the end of 1986 and that my officials, in consultation with those in the DTI, were looking at the strategic importance of an indigenous design, development and manufacturing capability for helicopters and, together with Westland, at their future workload. This work has now been carried forward and I have had a preliminary word with the Secretary of State for Trade and Industry. The next step will be a discussion with Sir John Cuckney. Before arranging this, I thought you and other colleagues would wish to know where matters stand.

2. I attach a note by officials which discusses the future defence requirement for support helicopters and the views of the Company on the implications of various levels of Government orders. To keep the paperwork to manageable proportions, the sections on defence requirements and cost implications summarise briefly much more detailed work which has been carried out.



3. The conceptual work has established that existing support helicopters will need replacing by the mid-1990s. The primary defence requirement is for a helicopter in the medium support class for service in the Central Region, that is for additional Chinook (manufactured by Boeing Vertol) or for a utility version of the Westland/Agusta EH101. The utility EH101 could cover the whole support task, both in Germany and elsewhere. Under the Chinook route, because Chinook is too large for some of the current tasks outside the Central Region, there would be a case for a limited buy of a smaller helicopter which could be Black Hawk.

medium support.

4. The choice of EH101 to meet this requirement would build on the investment we have already made in the naval version and is consistent with our policy on European helicopter collaboration. It is the preferred defence solution. It would also offer Westland more work over the long term than the alternative.

5. In addition to the requirement for medium support helicopters there is also a case on military grounds for adding in a limited way to our holding of light battlefield helicopters by procuring a small number of Lynx 2, Mk 7 from Westland.

6. Just as I do not propose to order Black Hawk, there is no early requirement for the future European helicopter in the same class - NH90 - in which Westland have been participating in

f50.



feasibility studies on behalf of the MOD. The defence budget cannot fund this project and orders for other support helicopters and I am under pressure to curtail defence-related R&D. NH90 is not relevant to Westland's production loading problem.

I therefore intend to withdraw from the project before it moves to the next stage of project definition. You will wish to be aware of this decision in the context of the assurances given in your letter of 1st January 1986 to Sir John Cuckney about Westland's continued participation in European collaborative projects. This letter could not represent an open-ended commitment to support Westland's participation regardless of our own requirements and I am satisfied that we can properly withdraw now from the NH90 project.

7. Westland say that, unless they get new Government orders of a sufficient size by the end of March, they will have to take a number of actions to protect the profitability of the Westland Group. These would include reducing the workforce by about 3000 from 6400; shutting the Weston-Super-Mare site; and cutting back on investment including withdrawing Company funding from the EH101 programme. They believe the consequences of such measures would be that they would lose the capability to design, develop and manufacture new helicopters, and to provide full support to the existing helicopter fleet. With substantial MOD orders in the short term, they could, on the other hand, maintain continuity in



the helicopter business and keep manning reductions to more manageable proportions.

8. There is no defence requirement for orders of the size and in the timescale envisaged by Westland nor is there funding available from within the currently planned defence budget. Indeed, there is a gap between the defence programme as presently planned and the defence budget of around £1 billion a year, the removal of which will require very difficult decisions, with a major impact on the uncommitted element of the equipment programme. On this perspective, I should be looking to cut back on provision for replacement support helicopters as elsewhere.

9. There is, however, a defence interest in maintaining a domestic capability to repair and modify the current fleet of Service helicopters and to sustain the naval version of the EH101 helicopter, which is discussed in the note by officials at Annex B below. This is not the same as saying that these capabilities have to be provided by Westland but there would be obvious advantage - from both the defence and the wider perspectives - in avoiding dramatic change.

10. Given our policy of avoiding committing expenditure in advance of need, I would not in normal circumstances propose that there should be any early commitment to place orders for support helicopters with Westland. In view, however, of the wider



background, I would be prepared - exceptionally - to offer the Company the prospect of an order for 30 utility EH101 helicopters for delivery in a timescale which is realistic given progress on the existing EH101 project, and which takes account of my budgetary difficulties. This - plus the prospect of a follow-on order later - would be a major gain for them in terms of their product range and of their order book in the medium to longer term and could help to ease their production loading difficulties towards the latter part of their production trough. There is no possibility of funding from within the defence budget early orders of the scale they are seeking which are outlined in paragraph 14 of the attachment.

11. It remains to be seen how the Company will respond to this proposal. They have said that an order for EH101 on these lines, even if coupled with an order for Lynx, produces work too late for them and is no better than no orders at all. On the other hand, my judgement - and that of my procurement advisers - is that it is more likely that the prospect of lucrative orders would encourage them, like any other business, to look to other sources of work to tide them over the production trough with which they would then be faced. The reality is that - in view of the lead times in defence procurement and the pressure on the defence budget - nothing the MOD does now can help substantially over the short term production loading problem and significant retrenchment in the Helicopter Divisions of the Company would seem inevitable.



12. As the next step, I would propose, together with the Secretary of State for Trade and Industry, to meet Sir John Cuckney to follow up our conversation last September and to explain the conclusions I have reached on our defence requirements and the timing of further orders. When his views on the implications for the Company are available, we would then propose to report formally to you and our E(A) colleagues.

13. You may wish to discuss the conclusions I have reached. I am copying this minute, and its enclosure, to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretary of State for Trade and Industry and Sir Robert Armstrong.

A.Y.

Ministry of Defence
6th February 1987

FUTURE REQUIREMENTS FOR SUPPORT HELICOPTERS

(Note by Officials)

Background

The Services possess a number of different types of helicopter capable of transporting troops and undertaking logistic tasks: Chinook, Puma, Wessex, Sea King and Lynx. In this role, a key task is to provide support to our Army in Germany, for which 19 Chinook and 17 Puma are currently assigned; but there is a wide range of other deployments worldwide. Wessex and Sea King helicopters are also deployed in the search and rescue role. Within the next 10 years, the Wessex and the Puma will be approaching the end of their economic lives, with the older Wessex, in particular, requiring replacement by the mid-1990s.

2. While there is no precise categorisation of support helicopters into generic types, three broad levels of capability can be identified:

a. Medium Support Helicopters (MSH) designed for the transport of men and materiel and capable of carrying in one tactical lift 30 men or more. The Chinook is an example of this type of helicopter and, for the future, the utility version of the EH101 will be another.

b. Light Support Helicopters (LSH) designed for the tactical transport of men or materiel and capable of carrying in one lift about 12 to 20 men. Puma, Black Hawk, and the future collaborative helicopter - NH90 - fall into this category (as did the Westland W-30).

c. Light Battlefield Helicopters (LBH) capable of carrying up to 8 men and which can also assist with logistic tasks, represented by the utility version of Lynx.

3. Annex A gives an indication of the comparative size of the various types. To give a broad indication of their unit production costs, the Chinook costs around £14M, utility EH101 £9M, Black Hawk £6M and Lynx £3M. The meaningful cost comparison must be based upon the cost to transport one soldier or a specified amount of materiel for each nautical mile, where a large helicopter has a significant cost advantage. But it offers less flexibility and increased vulnerability compared with splitting the task between a number of smaller helicopters. The trade-off is a complex one and needs to take account of manpower and support costs as well as initial procurement costs. The Ministry of Defence has carried out detailed costings of a range of options over the period to 2010, on this basis.

4. Utility EH101 is a variant of the EH101 helicopter already under development by Westland/Agusta for introduction in the early 1990s as an Anti-Submarine Warfare (ASW) helicopter in the Royal Navy. The MOD is seriously concerned about the inadequate rate of progress on this programme and has concluded that the management and contractual arrangements must be strengthened if it is to be brought back on course. It would be necessary to agree these new arrangements with the Company before proceeding with any further commitment to the programme in the form of a utility version.

The Results of Conceptual Studies

5. Earlier plans to replace RAF Wessex and Puma helicopters with a helicopter of similar size have come increasingly into question in recent years as a result of trials conducted by 6 Airmobile Brigade into the Army's requirements for helicopters in the Central Region. Conceptual studies have shown that - in addition to the need to replace the increasingly obsolescent Puma in the Central Region - there is a case for enhanced logistic lift and also for additional medium support and battlefield helicopters to support airmobile operations. The primary requirement is for a helicopter in the medium support class (sub-paragraph 2a above). There is also a case for adding in a limited way to our holding of Lynx 2, Mk 7 helicopters in the battlefield role.

6. From an operational point of view, there is neither funding nor any pressing or overriding need to meet these defence requirements in an early timescale. If, however, it were given priority and was affordable, there is a military case for phasing out those Wessex helicopters in the support role, transferring the Puma from Germany to replace them, and introducing either:

a. 30 utility EH101 with an in-service date (ISD) of around 1994 with a further purchase of 29 later - with a procurement cost of around £680M;

or b. 12 Chinook with an ISD of around 1994 (with a further purchase of 17 later) plus 28 Black Hawk, also with an ISD of around 1994 - with a procurement cost of around £770M;

and c. 16 Lynx 2, Mk 7 with an ISD of 1990 - with a procurement cost of around £65M.

The chosen ISD of the main purchases under a or b above was related to the available budgetary provision discussed in paragraph 9 below rather than to the earliest realistic timescale in which Westland could deliver the appropriate helicopters. The early ISD for the Lynx was chosen to identify the cost of an early order which might be of help to Westland.

7. Utility EH101 is suitable for the tasks both in Germany and elsewhere. Under the second option, while Chinook is preferred in Germany, it is too large for some tasks elsewhere and, for illustrative purposes, a Black Hawk purchase has been identified. Since proliferation of helicopter types adds to development, training, engineering and support costs, it would be undesirable to introduce two new types in these roles, for example a combination of utility EH101 and Black Hawk. The choice of utility EH101 would provide increased standardisation in the naval, support, and, ultimately, Commando roles.

8. The review of future requirements has looked at the total support task to the end of the century and beyond and reviewed the case for continued participation in the NH90 project in this context. As there is no early requirement for a helicopter in the NH90 class, the Ministry of Defence has concluded that it should not proceed to the next stage of this project by participating in project definition. It will be necessary to inform our collaborative partners in the feasibility study of our withdrawal as soon as possible. The MOD assesses that UK withdrawal will not lead to the collapse of the NH90 project. The implications of the decision not to continue in the NH90 project are discussed further in paragraph 11 below.

The Budgetary Position

9. There is limited provision for support helicopters at present included in the forward costing of the defence programme as follows:

(£M LTC 87 prices)

| <u>87/8</u> | <u>88/9</u> | <u>89/90</u> | <u>90/1</u> | <u>91/2</u> | <u>92/3 to 96/7</u> |
|-------------|-------------|--------------|-------------|-------------|---------------------|
| 3 | 4 | 15 | 29 | 51 | 391 |

This has to cover essential work to prolong the life of the Wessex and Puma as well as any new purchases. The provision would be sufficient to cover the cost in the first five years of the utility EH101 option in sub-paragraph 6a above; the Chinook/Black Hawk option would involve some extra costs in 1991/2. If, however, an early purchase of 16 Lynx helicopters was added, the additional costs would fall mainly in the early years, peaking in 1989/90, and could not be accommodated within existing provision. Other options referred to below, designed to help Westland with their production gap in 1988 to 1992, would inevitably have a significantly greater cost impact in the early years.

10. The present defence programme, including this limited provision for support helicopters, exceeds the defence budget in the years 1988/9 to 1991/2 by around £1 billion a year. Work is in hand to identify the programme reductions needed which could impact, inter alia, on other planned helicopter programmes. Westland's interest in early Ministry of Defence orders runs directly counter to the need to rein back the defence programme to accommodate it within approved provision.

Helicopter Policy

11. In its response (Cmnd 9916) to the Third Report of the Defence Committee on "The Defence Implications of the Future of Westland PLC" the Government reaffirmed its commitment to European helicopter co-operation. Each of the options need to be addressed in this context and against the background of the MOD's proposed withdrawal from the NH90 collaborative helicopter. We assess that the NH90 project is likely to continue, but our partners will be disappointed at, and possibly criticise, our withdrawal. The MOD believe that we shall be less open to criticism that we are being "un-European" if we go down the path of maximising the return on our investment in the collaborative EH101 helicopter rather than the alternative of the purchase of additional Chinook from the USA coupled with the purchase of Black Hawk, albeit licence-built by Westland. They believe that this latter course, in addition to UK withdrawal from NH90, would seem likely to give rise to substantial criticism from our European partners.

Westland's Views

12. The Company have been invited to comment on the implications for them of a range of possible procurement options. The Helicopter Divisions of Westland face a major gap in production orders for the period 1988 to 1992. No further MOD orders are planned before the production order for the first ASW EH101 in 1989. Westland's preliminary view is that unless further MOD orders are placed by March 1987 to fill this gap they will have to contract the two helicopter divisions substantially with consequences for their design, development and manufacturing capability.

13. Various factors affect the extent to which MOD orders for different types of helicopter would benefit Westland:

a. An order for Black Hawk would firmly launch this new product line and stimulate export prospects. On the basis of an MOD order, the Company would make the necessary production investment to enable them to manufacture a substantial part of the helicopter from the early stages which Westland claim would help considerably to fill their production gap from the outset. If their only orders were for export, however, they would start by assembling kits supplied by Sikorsky and the work content in the UK would remain relatively low unless and until orders had built up to substantial numbers.

(It is also relevant that, if a Black Hawk order were for the RTM322-powered version, this would greatly benefit Rolls Royce by providing a launch order for that programme which appears to have good export potential.)

b. Orders for a utility EH101 would broaden the base of the EH101 project. The extent to which they would help over the production gap depends upon the timescale in which a utility version could be developed and produced. The Company believe that they could achieve an ISD of 1991. The MOD's view, based upon the performance of Westland/Agusta on the existing EH101 programme and the further work needed on the utility version, is that a realistic earliest ISD would be end 1992. An order to this timescale - which itself is significantly earlier than that envisaged at paragraph 6 above - would therefore tend to fill the later rather than the earlier part of the production gap. Under the agreed work-sharing arrangements, the work would also have to be shared roughly equally with Agusta.

c. Lynx 2, Mk 7 could, like Black Hawk, provide some work in the early part of the gap. But the work it would offer for Westland is limited: it would be shared with Aerospatiale, there would be little additional spares purchases, and no export multiplier.

d. Sea King helicopters have a high work content and could fill the early part of the workload gap. They were included in Westland's original proposals to fill the "gap" with a MOD order of 17 Sea King and 50 Black Hawk. Although there is an identified requirement to replace in due course the RAF's ageing Wessex in both the SAR role (15 aircraft) and The Queen's Flight (2 aircraft) with Sea Kings, there is no MOD financial provision for such orders.

e. Lynx 3, a developed version of the existing Lynx, would offer substantial development work and a new product which they believe would have considerable export potential.

14. The Company has identified the implications of four broad levels of future defence orders, which are in descending order of attractiveness from their point of view:

12 - 47
a. An early order on the lines of:

40 utility EH101 (with an ISD of 1991) and 30 Black Hawk

or 50 Black Hawk and 17 Sea Kings

or 40 Black Hawk and 20 Lynx 3

would generate a sufficient level of business to maintain viable helicopter/customer support divisions and enable the Company to continue to invest in the helicopter business including funding the industrial share of the EH101 project. Some manning reductions would be essential (and are considered desirable by Westland management) with numbers falling from the present total of around 6400 to 5000 by 1991. But they could be achieved by natural wastage and selective redundancy and without major site closures.

b. An order for 40 EH101 (ISD 1991) plus 20 Lynx 2, Mk 7 or 17 Sea Kings is considered to be less attractive than a above because it lacks any short term export multiplier, and therefore to be less effective in resolving the difficulties facing the Helicopter Division and to place greater pressure on Westland's borrowing facilities. Westland have not given an assessment of the implications for redundancies.

c. An order for 30 EH101 (with an ISD of 1994) plus 15 Sea Kings or 15 Lynx 2, Mk 7 is claimed by the Company to be ineffective in resolving the difficulties faced by the Helicopter Divisions. Westland have said that the volume of business it generates is too low, it lacks any export multiplier effect and the order pattern for the EH101 is too late to assist with the Company's production loading gap. They have therefore regarded this option as being similar in effect to d below.

d. No early orders. Under this option (and c above), the Helicopter Division and the indigenous helicopter industry in the UK is assessed to be "unlikely to survive". The Company assess that they would be obliged to take the following actions to reduce capacity and conserve profit and thus to protect the profitability of the Westland Group:

- Reduce manning in the Helicopter Division from around 6400 to around 3350 with the shut-down of the Weston-Super-Mare site.
- Withdraw Company funding for research and development, demonstrator and product improvement programmes.
- Withdraw Company funding from the EH101 programme.
- Reduce capital expenditure to care and maintenance of plant.

There would probably remain, after these actions, a support division able to supply spares and carry out modifications and repairs. But the loss of skilled staff would be likely to lead to numbers falling below the level needed to support the Company's role as design authority for the current helicopter fleet and to sustain the development of new helicopters.

15. The MOD order which is affordable within present provision (30 utility EH101, ISD 1994) thus falls short of the third level looked at by Westland (sub-paragraph 14c) which also included a Lynx order. And, at this third level, Westland say that they would need completely to restructure the helicopter business. It remains to be seen whether, in the event that the MOD did offer a significant order for utility EH101, with the likelihood of a further substantial follow-on order, the Company would proceed, as they have said they would, with a complete restructuring of the helicopter business on the same basis as if they had been offered no order at all. This would depend in part upon whether there was any change in their judgment of export prospects and upon the attitude of Sikorsky/UTC. Sikorsky have made a sizeable investment for helicopter purposes and have the ability if they wish to provide work to cover the minimum production loading gap that has to be bridged, though subject to possible penalties to themselves and to domestic pressures in the United States. If Westland proceeded as they have predicted and pulled out of the development of new helicopters (EH101 and LAH), they would be abandoning a large and profitable order book throughout the 1990s and probably beyond.

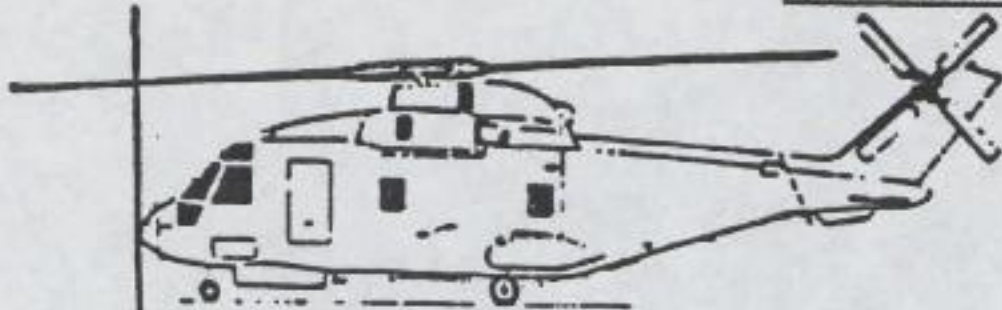
The Strategic Importance of an Indigenous Helicopter Industry

16. An assessment by MOD officials of the strategic importance of a domestic helicopter capability is at Annex B. So long as there are viable and cost-effective sources of Design Authority and new helicopters and spares overseas, it is not essential to maintain these capabilities in the UK (although it would be highly desirable if this could be achieved in a cost-effective

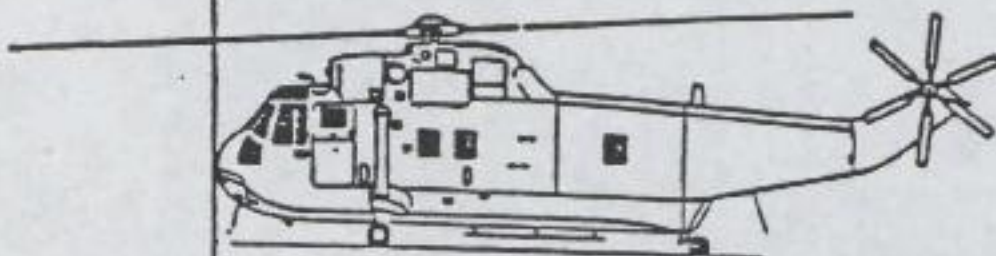
way). It is, however, strategically essential to maintain a domestic capability to repair and modify the Services' helicopter fleets and to sustain the cost-effective introduction of the naval version of the EH101 helicopter. The importance of Westland as the provider of that capability depends upon a judgment of whether it would be possible successfully to manage a transition to new arrangements under which these services were provided by another company or companies.

Analysis of Westland Group by Activity

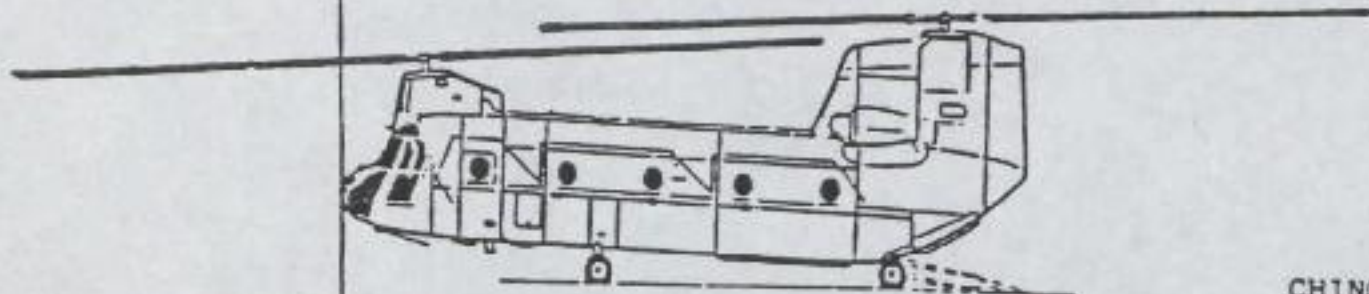
17. A breakdown of the 1986 results of the constituent parts of the Westland Group in terms of turnover, profit and numbers employed is at Annex C.



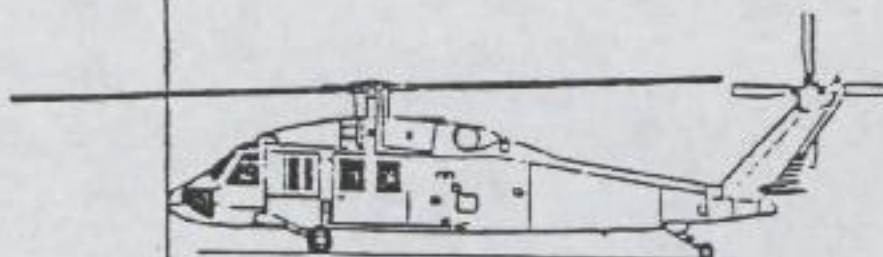
EH 101



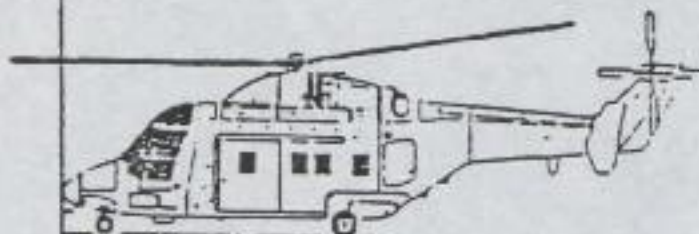
SEA KING



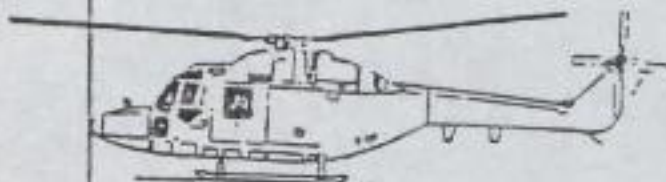
CHINOOK



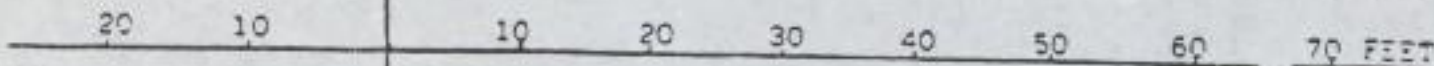
BLACKHAWK



W 30



LYNX



THE STRATEGIC IMPORTANCE OF A DOMESTIC HELICOPTER CAPABILITY

(Note by MOD Officials)

Current Capability

1. The Services have an operational requirement for helicopters for the foreseeable future. Westland provides the only domestic capability to meet this requirement. A high proportion of the MOD's fleet of over 850 operational helicopters is supported by Westland and the company is manufacturing the remaining orders for Sea King and Lynx. Deliveries are due to complete in 1990. As regards future programmes, the Government has so far invested about £300M (at 1986 prices) in development of the Anglo-Italian EH101 helicopter and its equipment which is essential for the ASW capability of the Royal Navy. Westland is involved currently in a collaborative feasibility study and cost definition for a light attack helicopter and a feasibility study for the NH90. It also has a significant capability to generate innovative developments such as the British Experimental Rotor Programme and Advanced Engineering Gearbox.

MOD Requirements

2. It is essential that the current helicopter fleet should be supported and maintained during its life, that current helicopter orders should be completed, and that the MOD should have access to secure sources of supply for future helicopters. On 15 January 1986 the Prime Minister said that the Government's concern was to see a financial reconstruction of Westland as soon as possible which maintained a British helicopter design, development and manufacturing capability, supported UK participation in collaboration with NATO Allies and safeguarded the interests of the company, its employees and its shareholders (col. 1097). Within this context, this Annex examines the military requirement for a British helicopter capability irrespective of which company or companies might own that capability.

Need for Domestic Capability

3. There are four main elements to Westland's activities: support, manufacture of current and future orders, enhancement of current helicopters and development of future ones, and innovation. These activities derive from two

basic capabilities: the ability to design and develop and the ability to manufacture.

Support

4. Support includes design authority, modification and repair work, and the supply of spares. It is preferable though not essential for design authority to lie within the UK because this enables better understanding of the customer's requirements and procedures, ease of communication and responsiveness particularly in time of tension and war. Design authority nevertheless could lie outside the UK on the pattern of support for the Chinook and Puma/Gazelle which were designed in the US and France respectively. In these cases this has not created any insuperable problems. For other helicopters however, design authority would have to be transferred to another company, as it has been done with aircraft, but only where the original designer has remained in existence, which would not be the case here.

5. On the other hand, it is essential to have a domestic production capability to modify and to repair helicopters as reliance on overseas sources could lead to delays or the unavailability of aircraft which would be unacceptable in time of tension or war. In extremis, however, the Royal Navy Aircraft Repair Organisation and the aerospace industry could carry out most of the work subject to there being satisfactory design authority arrangements. Finally, supply of spares would be practicable from overseas sources, as it is with other weapons, so long as cost-effective sources existed and stockholdings took account of the longer supply chain and the possible disruption in time of tension of war.

6. Considering the total capability for support, it is not necessary for this to be owned by Westland plc: it could in principle be absorbed by another UK aerospace company without significant detriment to the Services.

Production of Helicopters

7. Helicopters are very important assets for all three Services but not so vital that reliance on overseas sources of supply for new construction aircraft is unacceptable. The Royal Air Force does already rely on Boeing-Vertol for Chinook production, Puma and Gazelle have been part manufactured abroad and so will EH101; there are other vitally important weapons and equipments in the Services' inventory which are procured from abroad for a variety of reasons. In the case of helicopters, there is a number of NATO nations with helicopter companies who could supply the

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MOD (eg. Aerospatiale, Sikorsky, if their products met the Services' requirements) where the likelihood of disruption of supplies in peace time is remote. Although disruption is more likely in tension or war, current plans do not require Westland to provide for a rapid increase in production of new aircraft. So long therefore, as cost-effective sources of supply exist overseas, there is no strategic necessity to maintain a domestic production capability for new construction aircraft, particularly if this involved an element of subsidy through placing orders at high prices, or at a time or in numbers not required by the Services.

Future Projects

8. The most important helicopter in development at Westland is the Anglo/Italian EH101 ASW helicopter which is vital for the Royal Navy's ASW capability. It is possible that another company could take over the contract for the development work, if it purchased the relevant assets and technical expertise from Westland, as it would probably need and wish to do in order to safeguard its chances of making a commercial success of the work. However, the Royal Navy's current ASW helicopter project could be jeopardised if the Westland assets and expertise were not maintained and managed by the present company or any other aerospace company. Should these circumstances arise it is unlikely that a satisfactory alternative overseas helicopter could be procured within a timescale that met the Royal Navy's requirement. The Royal Navy could, nevertheless, in the long run, rely on overseas sources for ASW helicopters.

9. On the Army side, other countries have an equal or better capability in battlefield and attack helicopters and overseas sources could be expected to meet the Services' requirements. Withdrawal from the 4 nation collaborative LAH (A129 development) would jeopardise its continuation, but if it did other similar helicopters would be available for the late 1990s. On the other hand, the NH90 could be expected to continue if the UK withdrew.

Innovation

10. Westland has a good record in producing effective proposals for improving the performance of helicopters and in some areas has a world lead. However, such innovation as arises in other helicopter companies world-wide is probably adequate for the UK needs and there must be some doubt any way whether or not a domestic industry can afford to keep up or catch up with the major R&D work now taking place in the US. On the other hand, the Royal Navy does have within NATO a unique ASW role in the North Atlantic requiring a

special capability of ship borne helicopters which is not matched and could not be readily designed and developed elsewhere. The continuation of the EH101 project would avoid these difficulties.

Transition

11. It would be essential for any transition from reliance on Westland's capability to another UK capability or to reliance on overseas sources of supply, particularly for the Design Authority function, to be managed smoothly and without loss of any of the essential capabilities the Services' require. Any sudden cessation of Westland's capability would be unacceptable because support of the current fleet could not be sustained in the considerable period necessary to establish an alternative Design Authority. Current production orders and development of EH101 would, of course, also be delayed and there could be additional costs. However, experience of the purchase and sale of manufacturing companies with substantial work in hand, such as that possessed by Westland, shows that a smooth transition is possible. The manner and extent to which another company might absorb or substitute for Westland's capabilities and capacities and whether there would be any cost in money and delay to the MOD is at the present time unknown. HMG's scope to influence or bring about new industrial arrangements is naturally limited, but there are other companies in the UK and abroad eg. BAE, UTC, who have the potential to acquire and successfully manage the assets should Westland seek to dispose of them.

Conclusions

12. The conclusions of this brief analysis may be summarised as follows:

- a. The Services have an operational requirement for helicopters for the foreseeable future.
- b. Industry is required to provide:
 - i. in service support;
 - ii. capability enhancements;
 - iii. production of helicopters;
 - iv. design, development and production of new helicopters.
- c. This requires two distinct capabilities:

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- i. the ability as Design Authority to engineer helicopters and sustain their air-worthiness;
 - ii. capability and capacity to manufacture.
- d. All of the above is provided by Westland for the majority of the Services' requirements.
- e. It is strategically essential to maintain a domestic capability to repair and modify the current fleet because dependence on overseas sources can lead to unacceptable delay, particularly in time of tension or war, in making available all available assets for operational use.
- f. It is also essential to sustain the EH101 project which is vital to the Royal Navy's ASW capability.
- g. So long as there are viable and cost-effective sources of Design Authority and new helicopters and spares overseas it is not essential to maintain these capabilities in the UK (although it would be highly desirable if this could be achieved in a cost-effective way).
- h. Transition from the current industrial arrangements to alternative sources eg. another UK company, an overseas company, the Royal Navy Aircraft Repair Organisation, would need careful management to avoid unacceptable disruption to the support of the current fleet, orders in production, and the EH101. However, several UK and foreign companies may be expected to have the managerial and financial strength to take over Westland's capabilities should the company ever wish to dispose of this part of their business.

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ANALYSIS OF WESTLAND GROUP 1986 RESULTS AND EMPLOYMENTBY ACTIVITY

| | <u>Turnover</u> | <u>Profit before tax</u> | <u>Numbers employed</u> |
|------------------------------------|-------------------|------------------------------|-------------------------|
| Helicopter and customer support | £219.9M | £ 8.9M | 6380 |
| Aerospace | £ 46.7M | £ 4.1M | 1455 |
| Technologies | £ 89.4M | £11.5M | 2663 |
| Consolidation adjustments | (£ 11.6M) | £ 1.8M | |
| | <u> </u> | <u> </u> | <u> </u> |
| Group Total | £344.4M | £26.3M | 10498 |
| | <u> </u> | <u> </u> | <u> </u> |

AKKOSPORE
WESTLAND
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10 DOWNING STREET

11 Nov
11 Nov = ?
11 February?

COP 3/2
Charles

arranged
to 1600
on 11 March.
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A message from J Howe (M.O.D.)

He would like to suggest
a meeting next week to
discuss Westlands (+ support
helicopters. The meeting should
be informal with: Mr Younger,
Mr Chanman, the Chancellor, +
the chairman. L. Pres
His diary Secretary will
phone Tessa/Karine in
due course.

45
mins

Sue
2-2-87.

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(2)

CCPC
DU



Prime Minister

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-93922022 218 2111/3

Here we go

MO 22/8V

2nd February 1987

again! I have arranged
a meeting with Deputy
Treasury, DTI, Lord Pennington
Chairman.

Dec Charles,

CDP
2/2

ms

WESTLAND HELICOPTERS - ARTICLE IN THE "INDEPENDENT"

I attach a line to take on the article in today's "Independent" suggesting that Cabinet Ministers are considering a multi-million pound plan to save Westland from financial crisis. Although some of the points made in the article are factually based, the chronology is muddled and the conclusions drawn are inaccurate.

As I have already mentioned to your office over the telephone, my Secretary of State would find it helpful to have a preliminary informal discussion with the Prime Minister next week, if possible, on the results of the work carried out here on future defence requirements for support helicopters and their possible implications for Westland. He would hope to circulate a minute later this week together with a paper setting out the conclusions of this work, on which we are in close touch with the DTI.

I am copying this letter and the attachment to Alex Allan in the Treasury, Timothy Walker in DTI, Andrew Lansley in the Chancellor of the Duchy of Lancaster's office, and to Trevor Woolley in the Cabinet Office.

Yours sincerely,

John Howe

(J F HOWE)

C D Powell Esq
No 10 Downing Street

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LINE TO TAKE ON ARTICLE IN "INDEPENDENT", 2ND FEBRUARY 1987

- It is not the case that "Cabinet Ministers are considering a multi-million pound plan to save Westland from financial crisis".

- As is well known, the Ministry of Defence has been studying for some time the role of support helicopters in the land/air battle in the Central Region, and in other tasks, and how these might develop in future years. This work involves complex military considerations as well as needing to address procurement options and affordability. As has been planned for some time, the aim is to bring the work to a conclusion within the next few weeks. Westland have been kept in close touch with these studies and are fully aware of the timetable for decisions which also meets their requirements.

- The work is addressing a number of options involving different helicopter types including, amongst others, utility EH101, Black Hawk, and Lynx. The suggestion in the article that a rescue package is being considered by Ministers is not correct.

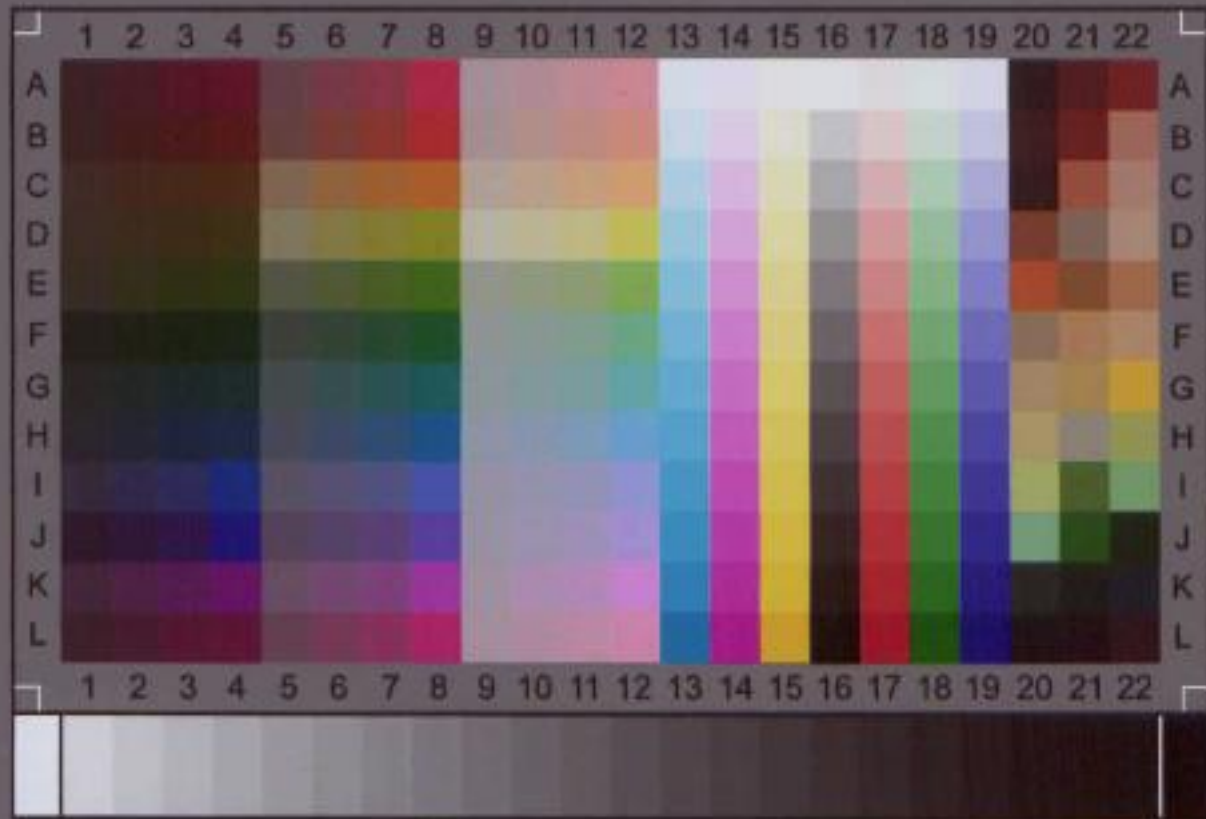
- An announcement will be made before Easter.

PART 6 ends:-

SSMOD to J. Wigger mp 19.11.86

PART 7 begins:-

MOD to GDP : 2.2.87



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