

NOTE FOR THE RECORD

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No. 10 Press Office issued on behalf of the Prime Minister at midnight on May 18 the following statement:-

"The Prime Minister has this evening seen Mr. Keith Speed, M.P., P.U.S. for the Royal Navy, and asked him to place his office at her disposal. He has accordingly done so. The Prime Minister thanked him for his services to the Government during the past two years."

The background is that after the preliminary discussion of the Defence Review with the Prime Minister and other Ministers, Mr. Nott was in touch with Mr. Speed who declined to resign. The Prime Minister then arranged to see him late last night, at which meeting he was sacked. There is no point in mincing words about it: this is a dismissal.

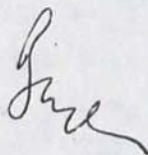
The Prime Minister met Mr. Speed for half an hour and, as he has indicated on the radio, it was not an acrimonious meeting. His dismissal has to be seen in the context of his speech on Friday - a speech which he should have cleared with the Secretary of State for Defence. He did not do so. This is taken as a mark of disloyalty to John Nott, who is in full agreement with the Prime Minister's actions. It is expected that Mr. Nott will speak twice in today's defence debate. In the meantime, he has asked Lord Trenchard to oversee Navy affairs following Mr. Speed's dismissal. The Prime Minister has not yet turned her mind to a replacement for Mr. Speed.

/After

After the Prime Minister's meeting with Ministers on the Defence Review, No. 10 Press Office issued the following guidance:

"The meeting discussed the defence programme this evening for which they had a list of options for containing the programme within 3 per cent real increase NATO guidelines set out in the Public Expenditure White Paper.

Ministers asked the Secretary of State for Defence to bring forward recommendations to his Cabinet colleagues shortly, taking account of the considerations explained in his foreword to the White Paper and the UK's obligations, treaty and otherwise, to our allies, with a view to making an announcement to Parliament in July."



B. INGHAM

19 May, 1981