



Secretary of State for Trade and Industry

PERSONAL

DEPARTMENT OF TRADE AND INDUSTRY

1-19 VICTORIA STREET

LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5422

GTN 215

(Switchboard) 01-215 7877

7 February 1986

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

*I do not
The point is that I
any matter about
Lloyd's came to it.*

One Minute

Do you agree that

Mr Howard should

remain in charge of the

Dear Nigel

*included in the Bill,
if someone else would have
to open with them
and I think
I should say
that in
Bill?*

If so, could you pl. resign the

Thank you for your letter of 3 February to John Mogg about Michael Howard's role in relation to the Financial Services Bill.

*letter to Mr Gould and Mr Nicholl. (We had to
attached. altered to dates)*

2 My Secretary of State has reviewed the question of Mr Howard's continued involvement in the Bill, as the Prime Minister has requested, and he has also discussed it with Mr Howard. My Secretary of State is very strongly of the view that Mr Howard should remain in charge of the Bill. This is for two reasons. First, there is absolutely no question of any genuine conflict of interest: Mr Howard's interest in the inclusion or exclusion of Lloyd's from the Bill is no more a personal interest than that of any other member of the Standing Committee in the inclusion of an area of investment, like life assurance or unit trusts, in which he may have put money; and the out-turn of the contracts which Mr Howard wrote before he ceased underwriting on joining the Government will depend on ordinary commercial factors over which he has no control. So the conflict of interest issue simply does not arise.

*N.L.W.
10.2*

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3 The second reason relates to the politics of the situation. If there had been a case on grounds of political expediency for taking Mr Howard out of the firing line (and my Secretary of State does not think there ever was), the time to have done it was at the very outset, when the question first arose. To resist the unreasonable demands of the Opposition until now, when the clamour is dying down, but then cave in to them would be to get the worst of all worlds. It would not merely be inconsistent but would suggest that, for whatever reason, the Government is on the run and no longer able to stand by its decisions when the going is rough. My Secretary of State feels that this would be quite the wrong signal to give, and that the right course is to stick to the line we have properly and consistently taken throughout.

4 He therefore does not consider that the letters to Austin Mitchell and Bryan Gould, (drafts submitted under cover of my letter of 27 January to Mark Addison) require further amendment.

5 Mr Howard has been sharing the Committee work with Mr Butcher. Although there is no reason of propriety why Mr Howard should not deal with an amendment concerning Lloyd's, my Secretary of State considers that it would be best for Mr Butcher to handle such amendments, and the work will be shared out on this basis.

6 I note that Sir Robert Armstrong will be informing Sir Brian Hayes of a problem relating to Lloyd's that affects another member of the Government. I understand that Sir Robert has not yet been able to do so but that he has told Sir Brian that the matter does not in any way affect consideration of Mr Howard's role.

7 I am sending copies of this letter to Sir Robert Armstrong and Sir Brian Hayes.

Yours ever,

Michael

MICHAEL GILBERTSON
Private Secretary

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