



Prime Minister

MA

I attended the back-bench Trade & Industry Committee, which Michael Heseltine addressed. I had a few words with him privately before the Committee started. My impressions are -

- (1) that he is not looking for an occasion to resign, & hopes - I judge - that he will not be sacked!
- (2) he fully endorses & supports your statement & formula about Westlands at Question Time today; he said that to me privately, & repeated it unequivocally to the Committee in reply to a question about Westlands from Tony Marlow;
- (3) he believes that the formula you used at Question time (embracing shareholders, auditors etc) will tip the issue towards a European decision by the



Westlands' Board, because of the attitude which their Bankers will take. He is clearly working actively on the Bankers, with what he believes will prove irresistibly attractive offers from the European side.

(4) His performance at the Tr. & Ind. (see - ostensibly about "SDI and Industry" - was reasonably discreet; but he waxed eloquent throughout the meeting about how dangerous it was to get caught up with the Americans - coded signals about Westlands.

My impression is that Michael Hereltine thinks that he is going to win against Westlands via their Bankers, is therefore quite relaxed, and will probably



pipe down in terms of public squabbling with Leon Brittan.

Tony Farnshaw attended the back-

bench Ctee., & I went to have a drink with him afterwards in the House of Lords.

He told me that the Banks - above all Tom Boardman & Nat West - were unlikely

to be much influenced by European blandishments (whether via Michael Heseltine or anyone else) unless they came up with lots of hard cash: this seemed pretty unlikely.

But Tom Boardman is wettish; & Tony hinted that a discreet effort to keep his back-bone straight might not be misplaced. More worrying from a Westlands' Board viewpoint would be a big cash offer to Nat West from Weinstock. Meanwhile, Tony Farnshaw

? Worth getting the Chancellor to speak to Boardman C.D.?



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confirmed that as things now stand, the Westlands Board are unanimous in opting for the Sikorsky-Frat offer. They meet tomorrow at 4pm to decide; & Farnshaw will advise Willy (or me) of the result as soon as they have decided.

Michael Heselbine has asked to see John Walcham, to whom I have conveyed the gist of this note.

MA

17/12