

CONFIDENTIAL

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(COVERING SECRET)

PRIME MINISTER

cc Mr Wicks

3

WESTLAND: CABINET DISCUSSION

I enclose a draft speaking note for Cabinet  
on the lines we discussed last night.

edd

Charles Powell

8 January 1986

CONFIDENTIAL

SPEAKING NOTE FOR CABINET

We must have a word about Westland.

We decided long ago that the Government should not put public money into Westland, apart from writing off the launch aid, but leave the company to find its own solution to its problems through the market. That decision imposed an obligation on us not subsequently to ~~interfere and~~ create difficulties for the Company's board. In particular it does not fall to any of us to criticise the way in which Sir John Cuckney has carried out his very difficult task.

When Cabinet discussed the matter on 19 December we noted that there were two proposals on the table for a financial reconstruction of Westland: not a take-over but a reconstruction involving either the UTC/Fiat or the European consortium taking a minority shareholding. Cabinet on that day unanimously reaffirmed that it remained the policy of the government that it was for Westland to decide what was the best course to follow in the interests of the company and its employees; and agreed that, given that that was the Government's policy, no Minister was entitled to lobby in favour of one proposal rather than another and that information about the implications of defence procurement for Westland's workload should be made equally available to both groups as well as to Westland and its bankers, and questions on the subject should not be answered in any way which favoured one group or proposal rather than another. ~~It subsequently made this clear in the House.~~

You have all seen what has happened since then. We have had headlines in the papers, including those more friendly to us, talking of "Great Cabinet Shambles - open war between Ministers": "A major political mess" and comment which

has been no less damaging. There's probably no paper which has been a more loyal supporter of this government than the Sunday Telegraph and its spoke last Sunday of a "National Scandal .... not since the chaos which preceded George Brown's resignation from Harold Wilson's Cabinet has a British Government looked so pitifully disunited...". The affair has "brought ridicule on the government at home and abroad".

The result of all this is that the Government has been made to appear completely at odds within itself and has entered the New Year in a way damaging to our public esteem after a good recovery in our political fortunes during the autumn. If this situation continues, we shall have no credibility left. I have never seen a clearer demonstration of the damaging consequences that ensue for the coherence and standing of a government when the principle of collective responsibility is not respected.

We cannot go on like this. We must restore the Government's standing.

Nothing has happened since 19 December to modify or qualify the conclusions of Cabinet on 19 December. I suggest to my colleagues that the time has now come for the company and its bankers to be left to clarify these matters with the representatives of the groups, and without any further intervention, direct or indirect, by Ministers or by any other persons acting on his behalf.

I ask Cabinet to agree with that conclusion, which of course reaffirms that conclusion of 19 December. It must be accepted and observed by everyone, and there must be no lobbying or briefing directly or indirectly. Because of the risks of misrepresentation, even questions of fact should not be answered without being cleared through the Cabinet Office. Anyone who does not feel able to accept this conclusion and act in accordance with it and who continues to campaign on behalf of one or other proposal, cannot do so as a Minister.

4

Ref. A086/68

Charles

Comments on speaking note:

Para. 2

Leave out "interfere and" in line 5.

I would leave out last sentence, as being needlessly provocative: Hereline is particularly enraged by Ladyway, and will rise to the sentence.

Para. 3

Last sentence not true: what she said was that it was for the company to decide, and that was the policy of the whole Government; she said nothing about no Minister lobbying.

Para. 7

Second sentence: perhaps -

I suggest to my colleagues that the time has now come for the company to act in business to be left to deal with operations of the two groups and come to their decisions, without any further intervention, direct or indirect, by Ministers or by other people acting on their behalf.

Robert

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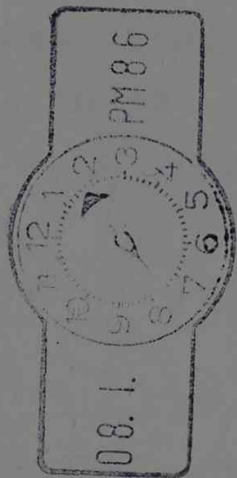
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