

*Please help*MARK 2INTRODUCTION

MR. SPEAKER, IN MY SPEECH THIS AFTERNOON I WILL FIRST
SET OUT THE APPROACH TAKEN BY THE GOVERNMENT
TOWARDS WESTLAND OVER THE LAST FEW MONTHS.
BUT BEFORE I SIT DOWN, I WILL ALSO DEAL WITH
SOME OF THE CHARGES WHICH HAVE BEEN MADE
AGAINST THE GOVERNMENT AND AGAINST ME
PERSONALLY.
MY RHF THE MEMBER FOR HENLEY - WHO SERVED IN
MY CABINET FOR OVER SIX AND A HALF YEARS -
HAS NOW MADE ACCUSATIONS ABOUT WHAT HE HAS
CALLED "THE BREAKDOWN OF CONSTITUTIONAL

GOVERNMENT".

THIS IS ONE OF THE GRAVEST CHARGES WHICH
COULD HAVE BEEN MADE.

THE HOUSE WILL THEREFORE EXPECT ME TO ANSWER
THAT CHARGE IN DETAIL.

IT MAY HELP THE HOUSE IF I BEGIN BY SETTING OUT

DEVELOPMENTS IN RELATION TO THE WESTLAND
COMPANY OVER THE PAST EIGHTEEN MONTHS.

I WILL DO THIS IN ORDER TO DEMONSTRATE TO
THE HOUSE:

FIRST, THAT THE COMPANY HAS BEEN THE SUBJECT
OF PROPER AND SERIOUS COLLECTIVE
CONSIDERATION BY MINISTERS FOR WELL OVER A

YEAR.

SECOND, THAT A FULL RANGE OF OPTIONS FOR THE GOVERNMENT'S APPROACH TO ITS FUTURE HAS BEEN CONSIDERED AND DEBATED WITHIN GOVERNMENT.

THIRD, THAT DURING THIS PERIOD, AND LATTERLY TO AN INCREASING DEGREE, THIS PUBLIC LIMITED COMPANY HAS BEEN IN A PRECARIOUS FINANCIAL CONDITION SO THAT THE BOARD OF DIRECTORS, AND GOVERNMENT TOO, HAD PARTICULAR LEGAL OBLIGATIONS TO WHICH THEY AND WE HAD TO PAY SCRUPULOUS ATTENTION.

AND LET ME REMIND THE HOUSE THAT THE

SITUATION STILL EXISTS SINCE AN EXTRAORDINARY
GENERAL MEETING IS STILL PENDING.

I HOPE THAT NOTHING WILL BE SAID DURING THIS
DEBATE WHICH MAKES THEIR TASK OF SECURING A
PROSPEROUS FUTURE FOR WESTLAND MORE
DIFFICULT.

FOURTH, THAT THE GOVERNMENT WELCOMED THE
BOARD OF WESTLAND HAVING A CHOICE OF VARIOUS
OFFERS FOR MINORITY SHAREHOLDERS, INCLUDING,
IF THAT WERE POSSIBLE, THE SO CALLED EUROPEAN
OPTION.

FIFTH, AND FINALLY, THE DEFENCE IMPLICATIONS

OF THE COMPANY'S FUTURE WERE GIVEN FULL WEIGHT IN OUR DISCUSSION WHICH TOOK ACCOUNT OF THE NEED TO ENSURE THAT OUR ARMED SERVICES ARE GIVEN THE BEST EQUIPMENT NEEDED FOR OUR OPERATIONAL REQUIREMENTS.

I AM SURE THAT THE HOUSE WILL AGREE THAT THIS IS AN IMPORTANT, IF NOT PARAMOUNT, REQUIREMENT.

I WILL THEN DEAL WITH WHAT [THE RIGHT HONOURABLE GENTLEMAN HAS TERMED STYLE OF GOVERNMENT] AND WITH THE PRECISE CIRCUMSTANCES SURROUNDING THE RESIGNATION OF MY RIGHT HONOURABLE FRIEND THE MEMBER FOR HENLEY.

CHRONOLOGY

THE FACT THAT WESTLAND FACED A POTENTIALLY DIFFICULT SITUATION WAS FIRST BROUGHT TO THE GOVERNMENT'S ATTENTION IN LATE 1984. WE WERE TOLD THAT THEIR DIFFICULTIES STEMMED PARTLY FROM A SLOW DOWN IN THE DEVELOPMENT OF THE CIVIL MARKET FOR HELICOPTERS INCLUDING IN PARTICULAR DELAYS ON THE PROSPECTIVE INDIAN ORDER FOR 21 W30 HELICOPTERS; AND PARTLY FROM A DEFERMENT OF MILITARY ORDERING, INCLUDING IN PARTICULAR UNCERTAINTY ABOUT THE FUTURE PROCUREMENT PLANS OF THE ARMED SERVICES. EVEN AT THAT STAGE, IN 1984, WESTLAND

INFORMED THE GOVERNMENT THAT THEY WERE
CONTEMPLATING THE POSSIBILITY OF A US
HELICOPTER MANUFACTURER TAKING A MINORITY
STAKE IN THE COMPANY.

WESTLAND'S DIFFICULTIES WERE THE SUBJECT OF DISCUSSION
BETWEEN MINISTERS AND OFFICIALS FROM THE DTI
AND THE MOD IN THE LATTER PART OF 1984 AND
EARLY 1985.

THE GOVERNMENT ALSO REMAINED IN CLOSE CONTACT
WITH THE FIRM ITSELF.

IN THE COURSE OF THESE DISCUSSIONS AND
CONTACTS, VERY CAREFUL CONSIDERATION WAS
GIVEN TO WHAT ACTION MIGHT BE OPEN TO THE
GOVERNMENT TO HELP WESTLAND, IN PARTICULAR

WHETHER THE SERVICES' HELICOPTER REQUIREMENTS
COULD BE MET BY PURCHASE OF THE WESTLAND W30.
HOWEVER THE CONCLUSION REACHED - AND NO
MINISTER DISSENTED FROM THAT CONCLUSION - WAS
THAT IT WOULD NOT BE APPROPRIATE TO GIVE
WESTLAND EXTRA ORDERS WHICH OUR ARMED FORCES
DID NOT NEED.

THERE WAS NO DEFENCE INTEREST WHICH CALLED
FOR A PUBLIC SECTOR RESCUE OPERATION.

INSTEAD THERE SHOULD BE A MARKET SOLUTION TO
WESTLAND'S DIFFICULTIES.

THAT WAS AND REMAINS THE POSITION OF THE
GOVERNMENT.

IT WAS AGAINST THIS BACKGROUND THAT, ON 29 APRIL LAST

YEAR, THE BRISTOW ROTORCRAFT COMPANY
ANNOUNCED AN OFFER FOR WESTLAND.

THE BOARD INITIALLY RESISTED THE BID, BUT
EVENTUALLY ON 13 JUNE RECOMMENDED IT TO
WESTLAND SHAREHOLDERS.

HOWEVER, AT ABOUT THE SAME TIME IT BECAME
EVIDENT THAT MR. BRISTOW WAS UNCERTAIN
WHETHER TO PROCEED WITH HIS BID, IN VIEW OF
INFORMATION AVAILABLE TO HIM ABOUT THE
COMPANY'S POSITION.

HE SOUGHT ADVICE ABOUT THE GOVERNMENT'S VIEWS
AND INTENTIONS, IN PARTICULAR OUR ATTITUDE TO
REPAYMENT OF THE LAUNCH AID FOR THE W30
PROJECT, AND WHETHER WE WOULD PROCURE THE W30
HELICOPTER.

I CHAIRED MEETINGS OF MINISTERS ON 18 AND 19 JUNE TO REVIEW THE POSITION AND TO SETTLE THE GOVERNMENT'S RESPONSE TO THESE REQUESTS FOR INFORMATION.

IT WAS ALSO AGREED THAT, IN THE EVENT, THAT BRISTOW ROTOCRAFT WERE TO WITHDRAW ITS OFFER, THE THEN SECRETARY OF STATE FOR TRADE AND INDUSTRY SHOULD ENCOURAGE THE BANK OF ENGLAND TO BRING TOGETHER THE MAIN CREDITORS WITH THE OBJECTIVE OF DEVELOPING A RECOVERY STRATEGY.

ON 20 JUNE BRISTOW ROTORCRAFT WITHDREW ITS BID.

ON 26 JUNE SIR JOHN CUCKNEY WAS APPOINTED AS CHAIRMAN OF WESTLAND.

MEANWHILE THE GOVERNMENT RECEIVED INDICATIONS OF INTEREST BY AT LEAST ONE US CORPORATION IN MAKING A BID FOR WESTLAND WHICH WAS SUBSEQUENTLY NOT PURSUED; AND ON 26 JUNE THE UNITED TECHNOLOGIES CORPORATION INFORMED MINISTRY OF DEFENCE MINISTERS THAT THEY WERE INTERESTED IN THE POSSIBILITY OF SOME FORM OF PARTICIPATION IN WESTLAND.

MEMBERS WILL RECALL THAT THE HOUSE DEBATED THE FUTURE OF WESTLAND ON THE ADJOURNMENT ON 8 JULY LAST YEAR.

MY RT. HON. FRIEND THE MINISTER FOR INFORMATION TECHNOLOGY MADE CLEAR IN THAT

DEBATE THAT IT WAS NOT FOR THE GOVERNMENT TO INTERVENE IN THE MANAGEMENT OF THE COMPANY OR TO SEEK TO INFLUENCE THE FORM ITS FUTURE SHOULD TAKE, AN APPROACH WHICH SO FAR AS I AM AWARE WAS ACCEPTED BY EVERY MINISTER CONCERNED.

ON 24 SEPTEMBER, SIR JOHN CUCKNEY SHOWED TO THE GOVERNMENT REPORTS ON THE COMPANY'S FINANCIAL POSITION WHICH HAD BEEN PREPARED BY PRICE WATERHOUSE, AND INFORMED THE GOVERNMENT OF HIS PLANS FOR THE FINANCIAL RECONSTRUCTION OF WESTLAND, INVOLVING A RIGHTS ISSUE, CONVERSION OF SOME EXISTING BORROWINGS INTO EQUITY AND INTRODUCTION OF A NEW INDUSTRIAL

PARTNER.

HE ALSO REVEALED THAT HE WAS HAVING DISCUSSIONS WITH A NUMBER OF COMPANIES OF WHICH THOSE WITH SIKORSKY OF AMERICA - WITH WHOM WESTLAND HAD A LONG-STANDING RELATIONSHIP - WERE THE MOST PROMISING.

THE COMPANY HAD ALSO BEEN IN TOUCH WITH MBB OF GERMANY, WITH AEROSPATIALE OF FRANCE AND WITH AGUSTA OF ITALY.

HE ADDED THAT HE HAD ALSO APPROACHED BRITISH AEROSPACE BUT HAD RECEIVED A NEGATIVE RESPONSE.

HE ALSO STRESSED THE URGENCY OF REACHING A SOLUTION BEFORE WESTLAND HAD TO FINALISE

THEIR ACCOUNTS LATER IN THE YEAR.

AT A MEETING ON 16 OCTOBER, IT WAS DECIDED TO ENCOURAGE WESTLAND TO EXPLORE FURTHER THE POSSIBILITIES OF COOPERATION WITH THE EUROPEAN COMPANIES WHICH WERE PARTNERS OR POTENTIAL PARTNERS OF WESTLAND IN A NUMBER OF COLLABORATIVE PROJECTS.

I WOULD EMPHASISE TO THE HOUSE THAT THIS VIEW WAS EXPRESSED BEFORE ANY FIRM PROPOSALS WERE READY FOR FINAL CONSIDERATION BY THE BOARD.

THERE WAS NO QUESTION OF THE GOVERNMENT TAKING SIDES BETWEEN SPECIFIC PROPOSITIONS BECAUSE AT THAT STAGE THERE WERE NO SPECIFIC PROPOSITIONS ON WHICH TO TAKE

SIDES.

THIS VIEW WAS COMMUNICATED TO SIR JOHN CUCKNEY
BY THE TRADE AND INDUSTRY SECRETARY ON
18 OCTOBER.

SIR JOHN SAID THAT HE HAD MADE IT CLEAR TO
THE EUROPEAN COMPANIES THAT HE WOULD CONSIDER
ANY REASONABLE PROPOSITION.

SIR JOHN CUCKNEY AGAIN EMPHASISED WESTLAND'S NEED
FOR A RAPID CONCLUSION TO ITS PLANS FOR A
FINANCIAL RECONSTRUCTION.
THEIR 1984-5 RESULTS HAD TO BE ANNOUNCED
BEFORE CHRISTMAS AND UNLESS A FINANCIAL
RECONSTRUCTION WAS CLEARLY IN PROSPECT BEFORE

THEN, THE COMPANY WOULD BE LEGALLY OBLIGED TO
GO INTO RECEIVERSHIP.

A NUMBER OF CONTACTS SUBSEQUENTLY TOOK PLACE WITH
EUROPEAN COMPANIES AND GOVERNMENTS AND IT
BECAME KNOWN THAT FIAT OF ITALY WERE
ASSOCIATED WITH UNITED TECHNOLOGIES'
PROPOSALS.

BUT IT IS A FACT THAT AS LATE AS THE LAST
WEEK OF NOVEMBER, BY WHICH TIME NEGOTIATIONS
BETWEEN WESTLAND AND UNITED TECHNOLOGIES/FIAT
WERE IN THEIR FINAL STAGES, NO FORMAL
PROPOSALS FROM EUROPEAN HELICOPTER COMPANIES
HAD APPEARED.

IT WAS AT THIS STAGE, ON 29 NOVEMBER, THAT

THE NATIONAL ARMAMENTS DIRECTORS OF THE UK, FRANCE, WEST GERMANY AND ITALY MET IN LONDON AND RECOMMENDED THAT THE FOUR GOVERNMENTS SHOULD COVER THEIR MAIN HELICOPTER NEEDS IN FUTURE SOLELY BY HELICOPTERS DESIGNED AND BUILT IN EUROPE.

THIS PROVISIONAL AGREEMENT WAS NOT DISCUSSED IN ADVANCE BY THE THEN DEFENCE SECRETARY WITH HIS MINISTERIAL COLLEAGUES.

THE EFFECT OF THIS RECOMMENDATION, IF ACCEPTED BY GOVERNMENTS, WOULD HAVE BEEN TO EXCLUDE A POSSIBLE SIKORSKY/WESTLAND PARTNERSHIP FROM RECEIVING EUROPEAN ORDERS.

ON 3 DECEMBER SIR JOHN CUCKNEY WROTE TO THE TRADE AND INDUSTRY SECRETARY TO URGE THAT THE

RECOMMENDATION SHOULD NOT BE ACCEPTED BY THE GOVERNMENT.

HE POINTED OUT THAT THE EFFECT WOULD BE TO PRE-EMPT THE CHOICE OF HIS BOARD AND SHAREHOLDERS, BY MAKING IT IMPOSSIBLE TO RECOMMEND TO THE COMPANY'S SHAREHOLDERS ANY RECONSTRUCTION PROPOSALS INVOLVING SIKORSKY AND FIAT.

HE ADDED THAT, WHILE WESTLAND HAD RECEIVED INDICATIONS OF INTEREST FROM THE EUROPEAN COMPANIES, THEY DID NOT MARK ANY ADVANCE ON EARLIER PROPOSALS WHICH HAD BEEN REJECTED AS INADEQUATE.

IN CONSEQUENCE THERE WAS A SERIOUS RISK OF HAVING NO EFFECTIVE RECONSTRUCTION PROPOSALS

TO PUT FORWARD WITHIN THE URGENT TIMESCALE TO WHICH THE COMPANY HAD TO ADHERE.

IN THE LIGHT OF THESE DEVELOPMENTS MINISTERS MET UNDER MY CHAIRMANSHIP ON 4 AND 5 DECEMBER TO CONSIDER THEIR RESPONSE.

IN DOING SO THEY WERE VERY CONSCIOUS OF THE APPROACHING DEADLINE FOR PUBLISHING THE WESTLAND ACCOUNTS - WITH LOSSES PUBLICLY PREDICTED TO BE OF THE ORDER OF £100 MILLION - AND THE NEED FOR THE COMPANY TO HAVE A FINANCIAL RECONSTRUCTION PACKAGE IN PLACE BY THEN.

THE ISSUES BEFORE US WERE FIRST WHETHER TO AGREE TO WRITE OFF THE LAUNCH AID GIVEN

EARLIER TO WESTLAND IF THE W30 PROJECT WERE
SUBSEQUENTLY TERMINATED.

IT WAS EVIDENT THAT THIS WAS NOW A CONDITION
FOR ANY SUCCESSFUL FINANCIAL RECONSTRUCTION
WHICH WOULD ALLOW THE COMPANY TO CONTINUE IN
BUSINESS.

AND SECOND HOW TO RESPOND TO THE
RECOMMENDATION OF THE NATIONAL ARMAMENTS'
DIRECTORS.

IT WAS CLEAR - AND SO RECORDED AT THE TIME IN THE
CONCLUSIONS OF THE MEETINGS - THAT A MAJORITY
PRESENT TOOK THE VIEW THAT ACCEPTANCE OF THE
NADs RECOMMENDATION WOULD ACTUALLY REMOVE
FROM THE WESTLAND SHAREHOLDERS ANY ELEMENT OF

CHOICE.

THE MAJORITY OF MINISTERS WERE THEREFORE
READY TO DECIDE AT THAT STAGE THAT THE
GOVERNMENT SHOULD REJECT THE RECOMMENDATION
FROM THE NATIONAL ARMAMENTS DIRECTORS, THUS
LEAVING WESTLAND FREE TO REACH ITS DECISION
FREE FROM ANY CONSTRAINT.

BUT BECAUSE A MINORITY - INCLUDING MY RT.
HON. FRIEND THE MEMBER FOR HENLEY -
EVIDENTLY FELT STRONGLY ABOUT THE MATTER, I
CONCLUDED THAT A FURTHER DISCUSSION SHOULD BE
HELD IN THE ECONOMIC SUB-COMMITTEE OF THE
CABINET, FOR WHICH A FULL PAPER SHOULD BE
PREPARED.

SUCH A PAPER WAS PREPARED JOINTLY BY OFFICIALS FROM THE DEPARTMENT OF TRADE AND INDUSTRY AND THE MINISTRY OF DEFENCE AND CONSIDERED BY THE ECONOMIC SUB-COMMITTEE OF THE CABINET ON 9 DECEMBER.

SIR JOHN CUCKNEY AND HIS ADVISERS WERE INVITED TO ATTEND PART OF THAT MEETING TO EXPLAIN THEIR POINT OF VIEW AND ANSWER QUESTIONS.

AFTER CONSIDERABLE DISCUSSION IT WAS CONCLUDED AND FORMALLY RECORDED BY THE CABINET SECRETARIAT, THAT UNLESS A FIRM PROPOSAL FROM THE EUROPEAN CONSORTIUM WHICH THE BOARD OF WESTLAND COULD RECOMMEND TO ITS SHAREHOLDERS WAS RECEIVED BY 4 P.M. ON

FRIDAY 13 DECEMBER, THE GOVERNMENT WOULD NOT
BE BOUND BY THE NAD'S RECOMMENDATION.
THIS DEADLINE WAS SET IN ORDER TO ALLOW
REASONABLE TIME FOR MORE SPECIFIC EUROPEAN
PROPOSALS TO BE PUT TOGETHER, WITHOUT RUNNING
UP AGAINST THE DEADLINE IMPOSED BY
WESTLAND'S NEED TO HAVE A FINANCIAL
RECONSTRUCTION PACKAGE IN PLACE BY THE TIME
ITS ACCOUNTS WERE PUBLISHED.

NO MENTION WAS MADE IN THE MINUTES OR
CONCLUSIONS OF THE MEETING OF ANY DECISION TO
HOLD A FURTHER MEETING.

A FIRM PROPOSAL FROM THE EUROPEAN CONSORTIUM WAS

RECEIVED BY THE BOARD ON 13 DECEMBER.

THIS PROPOSAL TOOK INTO ACCOUNT A PROVISIONAL AGREEMENT REACHED BETWEEN DEFENCE MINISTERS FOR THE FOUR COUNTRIES ON THE BASIS OF THE NAD'S RECOMMENDATION.

THIS PROVISIONAL AGREEMENT WAS NOT DISCUSSED IN ADVANCE BY THE THEN DEFENCE SECRETARY WITH HIS MINISTERIAL COLLEAGUES.

THE EUROPEAN CONSORTIUM'S PROPOSAL WAS NOT ACCEPTABLE TO THE BOARD.

ACCORDINGLY, AS DECIDED AT THE MEETING ON 9 DECEMBER, THE GOVERNMENT WAS NOT BOUND BY THE NAD'S RECOMMENDATION.

IN THE LIGHT OF THE DECISIONS TAKEN ON

9 DECEMBER, THERE WAS NO FURTHER ISSUE TO DISCUSS.

THE POSITION WAS FULLY REPORTED TO THE HOUSE IN A STATEMENT BY THE SECRETARY OF STATE FOR TRADE AND INDUSTRY ON 16 DECEMBER.

I ANSWERED QUESTIONS ON 17 DECEMBER.

CABINET ON 19 DECEMBER CONFIRMED THE GOVERNMENT'S VIEW THAT IT WAS FOR WESTLAND TO DECIDE WHAT WAS THE BEST COURSE TO FOLLOW IN THE BEST INTERESTS OF THE COMPANY AND ITS EMPLOYEES AND THAT NO MINISTER WOULD LOBBY IN FAVOUR OF ONE PROPOSAL OR ANOTHER.

I REPORTED THIS TO THE HOUSE ON 19 DECEMBER.

WESTLAND SUBSEQUENTLY PUT PROPOSALS TO THEIR
SHAREHOLDERS ON 21 DECEMBER TO EFFECT A
CAPITAL RECONSTRUCTION INVOLVING UNITED
TECHNOLOGIES AND FIAT.

ON 2 JANUARY THEY SENT TO THEIR SHAREHOLDERS
A COPY OF REVISED PROPOSALS BY THE EUROPEAN
CONSORTIUM.

ON 6 JANUARY THEY CONFIRMED THEIR UNANIMOUS
RECOMMENDATION OF IMPROVED PROPOSALS FROM
UNITED TECHNOLOGIES/FIAT.

THE EUROPEAN CONSORTIUM HAVE ALSO CIRCULATED
SHAREHOLDERS URGING THEM TO VOTE AGAINST THE
BOARD'S PROPOSALS.

CABINET ON 9 JANUARY CONFIRMED UNANIMOUSLY THE

GOVERNMENT'S CONCLUSIONS OF 19 DECEMBER.
UNFORTUNATELY MY RT. HON. FRIEND THE MEMBER
FOR HENLEY WAS ALONE IN BEING UNABLE TO AGREE
THAT, TO AVOID ANY POSSIBLE PREJUDICE TO THE
SENSITIVE COMMERCIAL NEGOTIATIONS THEN IN
TRAIN, ALL STATEMENTS BY MINISTERS SHOULD BE
CLEARED INTER-DEPARTMENTALLY THROUGH THE
CABINET OFFICE.

I THINK THAT ANYONE WITH EXPERIENCE IN THESE MATTERS
WILL AGREE THAT IN A SENSITIVE MARKET
SITUATION, ANY STATEMENT BY ANY GOVERNMENT
REPRESENTATIVE NEEDS TO BE WEIGHED AND
SCRUTINISED MOST CAREFULLY IF THE RISK OF
GIVING A MISLEADING IMPRESSION IS TO BE

AVOIDED.

THE PROPOSAL WHICH I MADE AND WHICH WAS
SUPPORTED BY ALL OTHER MEMBERS OF CABINET
WAS IN THE CIRCUMSTANCES NO MORE THAN
PRUDENCE.

THE GOVERNMENT'S CONDUCT

I HAVE GIVEN THE HOUSE THIS FULL ACCOUNT, BECAUSE I
THINK IT IS IMPORTANT TO SET THE
DEVELOPMENTS OF THE PAST MONTH IN THE WIDER
CONTEXT OF THE GOVERNMENT'S CLEAR
POLICY AND THE COMPANY'S DIFFICULTIES OVER
A PERIOD OF A YEAR AND A HALF, THE ATTEMPTS
MADE TO FIND A SOLUTION TO THEM, AND THE

URGENCY IN THE CLOSING WEEKS OF LAST YEAR OF
FINDING A SOLUTION WHICH WOULD ALLOW THE
COMPANY TO CONTINUE TRADING.

THE GOVERNMENT'S CONDUCT THROUGHOUT HAS BEEN GUIDED BY
FOUR MAIN CONSIDERATIONS:

- FIRST THAT WE WOULD NOT MOUNT A PUBLIC
SECTOR RESCUE BUT WOULD LOOK TO A MARKET
SOLUTION.

THIS WAS AGREED BY ALL MINISTERS CONCERNED
AT A VERY EARLY STAGE IN THE AFFAIR AND WAS
OF COURSE ENTIRELY CONSISTENT WITH THE
INDUSTRIAL POLICY PURSUED BY THIS GOVERNMENT
OVER THE PAST 6½ YEARS.

[I WAS NOT SURPRISED IN THIS CONTEXT TO HEAR THE RT. HON. GENTLEMAN THE LEADER OF THE OPPOSITION TROTting OUT THE USUAL SOCIALIST FORMULA THAT THE GOVERNMENT SHOULD TAKE A STAKE.]

- SECOND, AND IN LINE WITH OUR ACTIVE SUPPORT FOR GREATER COOPERATION IN EUROPEAN DEFENCE PROCUREMENT, WE WERE READY TO INVESTIGATE THE POSSIBILITY OF A EUROPEAN MINORITY STAKE IN WESTLAND AND INDEED TO ENCOURAGE PROPOSALS FOR THIS PROVIDED THAT SUCH PROPOSALS WERE ACCEPTABLE TO THE BOARD AND ITS SHAREHOLDERS. BUT, EQUALLY, ONCE THE GOVERNMENT HAD CONCLUDED THAT NO NATIONAL INTEREST

CONSIDERATIONS REQUIRED THE MOUNTING OF A PUBLIC SECTOR RESCUE BID, THERE WAS NO QUESTION BUT THAT FULL RESPONSIBILITY FOR THE COMPANY'S FUTURE HAD TO REMAIN IN THE HANDS OF ITS DIRECTORS AND SHAREHOLDERS - WHERE IT OUGHT TO BE.

IT WAS THEN INCUMBENT ON US NOT TO TAKE SIDES OR EXPRESS A PREFERENCE FOR ANY ONE SET OF PROPOSALS OVER ANOTHER.

THERE IS ONE VERY IMPORTANT FURTHER CONSIDERATION IN THIS WHICH I WOULD DRAW TO THE HOUSE'S ATTENTION.

HAD THE GOVERNMENT PRESSED THE BOARD OF WESTLAND TO FAVOUR OR ADOPT A PARTICULAR

SOLUTION IT WOULD HAVE CARRIED THE
IMPLICATION THAT WE WERE READY TO BACK THAT
CHOICE IN THE LAST RESORT FROM PUBLIC FUNDS.
WE WERE NOT AND ARE NOT PREPARED TO ACCEPT
ANY SUCH LIABILITY.

- THIRD WE WERE DETERMINED TO ENSURE THAT OUR
ARMED FORCES WOULD HAVE, AND CONTINUE TO
HAVE, ACCESS TO THE MOST COST-EFFECTIVE
EQUIPMENT WHICH FULLY MEETS OUR MILITARY
NEEDS.

- AND FOURTH WE WANTED TO LEAVE NO DOUBT THAT
THE GOVERNMENT WOULD CONTINUE TO SUPPORT
WESTLAND, AS A BRITISH COMPANY OPERATING IN

BRITAIN, WHICHEVER OF THE PROPOSALS BEFORE
THEM THE SHAREHOLDERS DECIDED TO ACCEPT AND
TO RESIST ANY ATTEMPT BY OTHERS TO
DISCRIMINATE AGAINST THEM.

I BELIEVE THAT THE HOUSE WILL AGREE THAT THE
RECORD SHOWS THAT THE GOVERNMENT HAS ACTED
CONSISTENTLY WITH THESE PRINCIPLES
THROUGHOUT.

THE RT. HON. GENTLEMAN, THE LEADER OF THE OPPOSITION,
HAS SUGGESTED THAT THE GOVERNMENT DID NOT
DISCUSS THE ISSUES IN SUFFICIENT DEPTH OR IN
A TIMELY WAY.
MY ACCOUNT HAS SHOWN THAT SUCH AN ALLEGATION

IS ABSURD.

THERE HAVE BEEN INNUMERABLE DISCUSSIONS OF WESTLAND'S AFFAIRS BETWEEN DEPARTMENTS AND WITH THE COMPANY OVER A PERIOD OF 15 MONTHS.

HUNDREDS OF PAGES OF CORRESPONDENCE HAVE BEEN EXCHANGED BETWEEN MINISTERS AND BETWEEN OFFICIALS.

WESTLAND'S FINANCIAL ARRANGEMENTS HAVE BEEN THE SUBJECT OF REPEATED DISCUSSION BETWEEN MINISTERS.

I MYSELF HAVE CHAIRED MEETINGS OF MINISTERS ON FIVE SEPARATE OCCASIONS IN THE PAST SEVEN MONTHS TO CONSIDER WESTLAND'S FUTURE.

AND THE MATTER HAS BEEN RAISED IN FULL

CABINET ON AT LEAST THREE OTHER OCCASIONS.

THERE CAN BE NO DOUBT THAT THE PROBLEMS HAVE BEEN
CONSIDERED SERIOUSLY AND RESPONSIBLY.

STYLE OF GOVERNMENT

THE RT. HON. GENTLEMAN HAS ALSO CHOSEN TO SPEAK OF
STYLE OF GOVERNMENT.

I WOULD JUST SAY THIS TO HIM.

IN A MODERN GOVERNMENT IT IS SIMPLY NOT
POSSIBLE FOR ALL MINISTERS TO TAKE PART IN
DISCUSSION OF ALL POLICIES.

THAT IS WHY WE HAVE CABINET COMMITTEES,
SUB-COMMITTEES AND AD HOC GROUPS OF

MINISTERS TO DISCUSS INDIVIDUAL ITEMS OF BUSINESS, WITH ONLY THE MOST IMPORTANT AND FAR-REACHING DECISIONS DISCUSSED IN FULL CABINET.

IN THE CASE OF WESTLAND THE CONVENTIONS WERE METICULOUSLY OBSERVED AND MEMBERS OF THE GOVERNMENT, PARTICULARLY THOSE MOST CLOSELY CONCERNED, WERE GIVEN AMPLE OPPORTUNITY TO AIR THEIR VIEWS AND SEEK TO PERSUADE COLLEAGUES.

IT IS CERTAINLY THE CASE THAT THE FIRST DISCUSSIONS WERE IN AN AD HOC GROUP OF SEVEN MINISTERS.

BUT IT WAS PRECISELY TO MEET THE STRONGLY HELD VIEWS OF A MINORITY IN THIS GROUP THAT

DECISIONS WERE NOT PRESSED IN THAT FORUM.
RATHER I PROVIDED FOR DISCUSSIONS TO CONTINUE
BY REFERRING THE MATTER TO THE ECONOMIC
SUB-COMMITTEE OF CABINET SO THAT A GREATER
NUMBER OF COLLEAGUES COULD BE INVOLVED AND
THE ISSUES SETTLED IN A FORMAL FRAMEWORK.
THIS MEETING ON 9 DECEMBER REACHED CLEAR
CONCLUSIONS.

THE CABINET ON 19 DECEMBER ENDORSED THE
POLICY OF EVEN-HANDEDNESS.

THROUGHOUT I HAVE SOUGHT - AND OBTAINED - THE
AGREEMENT OF COLLEAGUES TO THE LINE BEING
TAKEN BY GOVERNMENT.

THE CHARGES MADE BY MR. HESELTINE

MR. SPEAKER, I HAVE DEALT AT LENGTH AND IN VERY

CONSIDERABLE DETAIL WITH THE POINTS

CONCERNING THE GOVERNMENT'S APPROACH TO

WESTLAND.

I WOULD LIKE TO EMPHASISE ONE PARTICULAR

POINT IN THAT ACCOUNT.

I REFER TO THE MEETING OF THE FULL CABINET ON

19 DECEMBER AT WHICH WESTLAND WAS FULLY

DISCUSSED AND UNANIMOUS AGREEMENT REACHED AND

RECORDED THAT IT REMAINED THE POLICY OF THE

GOVERNMENT THAT IT WAS FOR WESTLAND TO DECIDE

WHAT WAS THE BEST COURSE TO FOLLOW IN THE

BEST INTERESTS OF THE COMPANY AND ITS

EMPLOYEES; AND THAT, GIVEN THAT THAT WAS THE

GOVERNMENT'S POLICY, NO MINISTER WAS ENTITLED TO LOBBY IN FAVOUR OF ONE PROPOSAL RATHER THAN ANOTHER.

I REPEAT: UNANIMOUS.

MY RHF THE MEMBER FOR HENLEY DID NOT DISSENT FROM THAT SUMMING UP; HE DID NOT REGISTER ANY PROTEST; AND HE DID NOT RESIGN.

IF MY RHF COULD NOT ACCEPT THAT COLLECTIVE DECISION OF CABINET ON 19 DECEMBER, HIS OWN HONOUR - ABOUT WHICH HE HAS SPOKEN - WOULD HAVE REQUIRED HIM TO TENDER HIS RESIGNATION ON THAT DAY.
HE DID NOT.

WE MUST THEREFORE ASSUME THAT SOMETHING HAPPENED

BETWEEN THE CABINET MEETING ON 19 DECEMBER
AND LAST THURSDAY, 9 JANUARY WHICH COMPELLED
MY RHF TO RESIGN.

IT COULD NOT HAVE BEEN THE POLICY OF THE GOVERNMENT.

BECAUSE THE POLICY OF THE GOVERNMENT DID NOT
CHANGE FROM THAT RECORDED IN THE CABINET
MINUTES FOR 19 DECEMBER WHICH HAD THE
APPROVAL OF ALL MEMBERS OF THE CABINET.

WHAT HAPPENED BETWEEN 19 DECEMBER AND 9 JANUARY - AND

WHAT CAUSED CONCERN TO MY RHF - WAS THAT THE
POLICY OF THE GOVERNMENT DID NOT CHANGE.

MY RHF FOUND IT INCREASINGLY DIFFICULT TO

ACCEPT COLLECTIVE RESPONSIBILITY, A
CORNERSTONE OF CONSTITUTIONAL GOVERNMENT IN
THIS COUNTRY.

AND, WHEN AT THE CABINET MEETING LAST THURSDAY,
AGREEMENT WAS REACHED GIVING PRACTICAL EFFECT
TO COLLECTIVE RESPONSIBILITY, MY RHF COULD
NOT ACCEPT THAT.

HE WANTED PERSONAL EXEMPTION FROM THE
COLLECTIVE DECISION OF THE CABINET; HE WANTED
TO FREE HIMSELF FROM COLLECTIVE
RESPONSIBILITY.

MR. SPEAKER, IT IS THAT WHICH WOULD HAVE BEEN A
BREAKDOWN OF CONSTITUTIONAL GOVERNMENT.

AND TO THAT, THE REST OF THE CABINET COULD
NOT ASSENT.

MY RHF WAS IN A MINORITY OF ONE.

ON WHAT ISSUE DID MY RHF THEREFORE RESIGN?

- NOT THE SO-CALLED "CONSTITUTIONAL" ISSUE
THAT THERE HAD BEEN NO DISCUSSION OF
WESTLAND; BECAUSE, AS I HAVE SET OUT,
WESTLAND WAS DISCUSSED BY CABINET
COMMITTEE AND THE FULL CABINET ON NUMEROUS
OCCASIONS.

- NOT GOVERNMENT POLICY ON WESTLAND: HE
ACCEPTED IT ON 19 DECEMBER AND IT HASN'T

CHANGED SINCE.

- NOT ANY OTHER GOVERNMENT POLICY: HONOUR
WOULD HAVE REQUIRED HIM TO RESIGN.

HE DID NOT.

I FEAR MY RHF MAY BE A REBEL WITHOUT A CAUSE.