



10 DOWNING STREET

CDP

I attach:

- i. a draft speech;
- ii. a minute to the PM
(which stands on its own);
- iii another copy of JR's
minute to the PM, which
could form the basis of
the passage yet to be
inserted into the draft
speech.

I shall be in the building at about
11-00 am today.

Oliver Heaviside.

24 January 1986

POLICY UNIT DRAFT 2

Mr Speaker, a number of grave charges have been made against this Government, and I intend to answer each one of them.

As I will show, although there have been some major errors of judgment - which I admitted to the House last Thursday - there has been no cover-up and no deceit.

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[Insert here detailed answers to charges]

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Mr Speaker, this is a Government that has sustained the Falklands crisis, the miners' strike, the Brighton bomb and a hundred other slings and arrows. It has sustained these, not merely with its reputation untarnished, but with an enhanced reputation for courage and wisdom.

The House will rightly want to know - the whole country will rightly want to know - how such misjudgments could have been made by such a Government.

The sad truth is that they were made - as I shall show - because the normal methods of working, consciously adopted and consistently pursued by this Government, were altogether overturned by the right honourable Member for Henley.

For reasons that were, no doubt, in themselves honourable, he has chosen thoroughly to ignore the rules of collective responsibility that have consistently guided the actions of this Government since its inception. In his dealings with industry and with the press, he has used methods calculated to cause - to put it no higher - severe embarrassment for his colleagues.

My right honourable friend the Member for Richmond - for whom honourable and right honourable Members opposite may now, at last, have the decency to show some slight grain of sympathy - has borne the brunt of that attack on collective responsibility. Its severity for him is not in doubt: he has paid for it dearly.

I should tell the House, in this connection, that the aspect of this affair which I regret above all others is my decision to retain the right honourable Member for Henley in the Cabinet for so long that he was able to bring about the downfall of a loyal and trusted colleague.

Perhaps even honourable and right honourable Members opposite will find themselves able to admit that this reluctance to dismiss the right honourable Member for Henley from the Cabinet indicates, not the domineering and hectoring characteristics which have sometimes been attributed to me, but the very reverse: a determination, despite disagreements, to retain the services for the Government and for the country of an able Minister.

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I have already given the House a full explanation of the events leading up to the resignation of the right honourable Member for Henley.

I now propose to add a full description of the means by which that Minister in effect precipitated the resignation of my right honourable friend, the Member for Richmond. It is a sorry tale; I have previously deliberately refrained from telling it. But I believe that the House, today, rightly expects to hear it.

It may surprise the House to learn that, between May and October 1985, the right honourable Member for Henley showed little interest in the affairs of Westland. He never indicated any overwhelming defence interest in the survival of the company.

My right honourable friend, the Member for Richmond could therefore have been forgiven for assuming, when he became Secretary of State for Trade and Industry in the autumn of that year, that he was the Minister principally responsible for the Government's dealings with the company, which was by then in severe financial straits. His was not only in theory the Department charged with sponsoring the firm; it was also the Department that had taken the lead in practice.

When my right honourable friend, the Member for Richmond inherited that post, he immediately stated his desire to see Westland rescued from its financial difficulties. He began with a distinct preference for a European solution, if one could be found. But, unlike the right honourable Member for Henley, he believed from the start that a rescue from any quarter was preferable to receivership; and, as Sir John Cuckney has said, he was determined to do nothing to interfere with the efforts of the Directors to secure a safe future for the firm.

The House will recognise that it must have come as something of a surprise to him, when - in November 1985 - the right honourable Member for Henley arranged a meeting of the National Armaments Directors, and procured from them a set of proposals which would absolutely have stopped a rescue of the company by Sikorsky.

Indeed, I am in a position to state that it came as something of a surprise to me, because neither I nor my colleagues had been informed by the right honourable Member for Henley that he was doing so.

In view of this event, I can only commend my right honourable Friend, the member for Richmond for his willingness that his officials should jointly agree a paper on Westland with officials from the Ministry of Defence, to be presented to E Committee on the 9th of December. The paper was agreed by officials. But the right honourable Member for Henley did not accept it. He presented his own paper to that meeting. The House will doubtless understand if my right honourable Friend the Member for Richmond began at this point to feel that he was under some pressure from a Minister who had, until so recently, taken so slight a rôle in the affair.

That pressure mounted over the succeeding weeks.

The right honourable Member for Henley did not restrict himself to arranging meetings without consulting colleagues, or to withdrawing from joint papers. He began a unilateral campaign on behalf of a particular form of European co-operation.

Whether this was intended as a genuine rescue for Westland, or whether it was intended merely as an effort to block the involvement of Sikorsky - as Sir John Cuckney believed - I do not know.

My right honourable friend, the Member for Richmond also did not know. But he did gradually discover that one of his colleagues, so far from following the collective decision to remain neutral, was taking sides in the dispute.

I say that he "gradually discovered" this because the right honourable Member for Henley did not explicitly tell him or other colleagues that he was doing so.

If the House wishes to understand the nature of that campaign, it may perhaps be interested to hear that the right honourable Member for Henley offered, in a quite unprecedented way, to aid the European Consortium by offering them a further 6 Sea King helicopter orders if they were successful.

Regrettably, the right honourable Member for Henley did not do this himself. He had the secretary to an Assistant Secretary in the Ministry of Defence write a letter along these lines, which I am told he approved word by word.

The House will know that after the right honourable Member for Henley's resignation, I felt obliged to ask the Minister of State for Defence Procurement to make an offer on equivalent terms to Westlands in the event of the Sikorsky deal succeeding.

Mr Speaker, the involvement of British Aerospace furnishes yet another example of the extraordinary campaign waged by the right honourable Member for Henley. Honourable Members will, of course, recall only too well that my right honourable friend, the member for Richmond, met Sir Raymond Lygo and that he was subsequently accused by the right honourable Member for Henley of exerting pressure on the company in order to support the Sikorsky bid. What the House may not know is that British Aerospace's role in the European Consortium was itself a direct result of pressure applied to the company by the right honourable Member for Henley. He himself urged the company into the consortium, though he did not tell colleagues that he was doing so. This is on record. Indeed, it is one of the bitterest ironies of the whole affair that Sir Raymond Lygo, by his own admission, had received further guidance from the Ministry of Defence on the very same day as he attended the much discussed meeting with my right honourable friend, the Member for Richmond.

For obvious reasons, this lobbying caused great concern to Westland, culminating in Sir John Cuckney's letter to me of the 30th of December.

In order to restore the collective responsibility from which the Member for Henley had broken away, I took great pains to agree a reply with him and with my right honourable friend the Member for Richmond. As the right honourable Member for Henley himself said in his resignation statement, all concerned eventually hammered out an agreed statement at about 10pm on New Year's Eve.

On his own admission, he was not prepared to hold true to his colleagues for even three days. As the House knows, he wrote a letter to Lloyd's Bank, without showing it to, or clearing it with, any of his colleagues. This was the letter that the Solicitor-General was obliged to correct.

Under these circumstances, given the mounting pressure exerted by the right honourable member for Henley, both on colleagues and on the company itself, and given the methods that he was using to undercut the very same collective decisions to which my right honourable Friend the Member for Richmond was rigidly adhering, it is perhaps hardly surprising that a major error of judgment was made.

When trust in a colleague has become impossible, it becomes difficult also to make calm and sensible decisions.

I freely admit that the decision to release the core of the letter written by my right honourable friend the Solicitor-General, to the Press Association, anonymously, was a serious misjudgment.

The full text should have been published openly, and with the consent of the author. My right honourable friend the Member for Richmond has paid for that mistake with his job. I do not believe that the House can expect a greater penalty than that.

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Mr Speaker, I could dwell further on this sorry tale. I could illustrate in more detail the actions of the right honourable Member for Henley, and the effects which those actions had.

But I do not intend to do so. Rather, I intend to lay all the disgraceful charges of deceit finally and absolutely to rest by making available to [a Committee of Privy Councillors] the complete Government files on this matter - those held by the Ministry of Defence, the Department of Trade and Industry, and my own office.

I hope that, with this done, the House will now - at last - be able to raise itself above this issue, and concentrate once more on those affairs of state with which it is charged - matters of far more weight and significance, Mr Speaker, than the condition of what the right honourable Member for Henley has himself called "that small helicopter company somewhere in the West of England".