

F.P.
PRIME MINISTER

WESTLAND: SPEECH ON MONDAY

I attach a copy of the draft speech of which the first 20 pages have been revised following our discussion this afternoon. You may like to have a first look at the rest of them before we meet tomorrow morning. Also attached is the file about the leak inquiry in case you wish to study that also.

M. D. [Signature]

PP

C.D. Powell

25 January 1986

BM2ACR

That in the way do those who are
in the world

PRIME MINISTER'S SPEECH

IN THE DEBATE ON WESTLAND

MONDAY 27 JANUARY 1986

Delate is about future of U.S. and
a future which is ~~at~~ still
in the balance

Reason ~~to~~ will be taken in part
the form of information given by gov.

That info. ~~is~~ must be accurate
It must not be misleading.

That is the fact. del-

~~However the information is~~
~~the best view~~

~~Under such circumstances there is only~~

~~one view - the facts view~~

~~is~~ ^{is} ~~not~~ ^{is} not that of a handful
of elite it should not be seen to

be seen to be in the hands of the elite

It is the consequence
is - and applies to all countries

Mr. Speaker, before I come to wider aspects of today's debate, I propose to deal straight away with some further questions which have been asked following my statement of 23 January.

The House will recall that I then explained the

Government's concern to ensure that

statements about Westland, in a

when people were being asked
to make fundamental commercial decisions about the company; future-
~~commercially sensitive situation, were~~

and in no way misleading.
were scrupulously accurate. ~~Indicated~~

That was why I had obtained and accepted the
advice of the Law Officers on my own
letter of 1 January to Sir John Cuckney.

~~When~~ On Saturday, 4 January I saw for the first time
exchange of
a copy of the letter from my right hon.

~~Friend the Member for Henley to Mr. Horne~~
Thurston and Mr. Horne's letter for details
of Lloyds Bank, covering some of the same

One of Mr. Horne's ~~letters~~
~~was~~ - ~~sent to Mr. Horne~~ enclosed with the letter for

~~Just~~ amplification of ~~the~~ my letter of 1 Jan. ^{to Sir John Guckney} as the advice
 a statement in my letter ~~of 1 Jan.~~ My ~~best~~ ~~was~~
~~deliberate~~ ~~response~~ ~~to~~ ~~their~~ ~~inquiry~~. ~~Know~~ my RHF
 were with considerable detail in his reply

~~around as my own letter to Sir John~~

Guckney, I straight away asked my office
 to find out whether it had been considered
 and cleared by the Law Officers in the
 same way as mine had. **It had not.**

If the letter was not accurate, I hoped
 that he would consider writing to my rt.
 hon. Friend to advise him.

And may I just say how much I resent the
 idea - which I have heard reported - that

Owing to
 some misunderstanding
 of duty concerning
 what goes to
 a letter's confidentiality
 I remain
 respected
 yours.

~~My RHF~~

I in some way 'put up' my hon. Friend the
Solicitor-General to find fault with that
letter.

My hon. Friend reached his view in this
matter, as in all matters within the
responsibility of his office, entirely on
the basis of his own judgement.

To suggest otherwise is a monstrous slur
on his integrity.

~~I am authorised by my hon. Friend to say~~

different way must be found of making the relevant facts known, that is, without reference to my hon. and Learned Friend the Solicitor General's letter.

I also expressed my regret that the Solicitor-General was not consulted.

Mr. Speaker, I have been asked where I was on Monday 6 January and why my office did not consult me about disclosure of my hon.

Friend and Learned Friend's letter.

The answer to the first point is that I was in

No. 10 the whole of that day.

(a)
As to why my office did not consult or
inform me, I set the position out very
fully in my statement in the House on 23
January.

I have been asked when I first saw my hon. and

Learned Friend's letter.

I first saw the copy which he sent me while working
on my papers at about lunchtime on Monday
6 January.

(6)

I have further been asked when I first knew about
the disclosure of my hon. and Learned
Friend's letter.

~~only listed~~ 10

I ~~did not know~~ of the disclosure until
some other it had occurred, been reported on the radio.

(c)

I first learned of it from the media, as far as I

recall, either late that night or early

the following morning.

I have further been asked when I was first

made aware of the fact that my office was

involved.

~~3~~

~~I was made aware by my office on 7 January~~

When I discussed the matter with my office the
following day

the Department of Trade and Industry
on the matter.

Since my own office were involved, it was clear from
this point that a formal leak inquiry was
likely to be required.

That name does not appear in A-4

Indeed on 7 January the ~~Law Officers~~ sought the view

~~of the Secretary to the Cabinet~~ as to
that of the Civil Service

whether there should be a formal ~~leak~~
it would be appropriate for the Law Officers to make
enquiry.

inquiry.

Having discussed it with them, the

Secretary to the Cabinet minuted me on ^{formally}

Friday 10 January seeking authority ~~to~~ ^{for the}

~~establish~~ ^{with the} such an inquiry. ¹

^{was clearly important}
^{overall.}

~~to~~ ^{for the} officials

~~I naturally accepted this advice.~~

On Tuesday, 14 January I ~~announced~~ in

reply to a Question from the hon. Member

^{I told the House}
~~for Great Grimsby~~ that an inquiry had been

instituted.

I might also mention that on 7 January the hon.

Member for Swansea West, the Opposition
Spokesman on Trade and Industry, wrote to
me to ask that a leak inquiry should be
set up so that - I quote - "the full facts
can be established".

Hon. Members have criticised the decision
to hold an inquiry, but I am in no doubt

that it was right.

I was not in possession of all the facts:

far from it.

I had been asked by the Opposition to
establish a leak inquiry.

I was ^{asked} advised by the Law Officers to hold
such an inquiry.

And I was similarly advised by the Cabinet
Secretary.

It would have been wrong for me to have rejected that advice and I did not do so.

If I had rejected the advice of the Law Officers and the Cabinet Secretary; if I had refused to hold a formal inquiry, the Parties opposite would have had just cause to criticise me and I have no doubt that they would have done so.

But to be criticised because I agreed to an Opposition request to hold an inquiry

is an unusual experience to say the least.

I would like to add one very significant point.

As I have said, it was already clear from ~~that there~~ ^{could well be a} ~~a very early stage that~~ a formal leak

7th January

inquiry was likely and that, at such an ^{would entice to} inquiry, ~~members of my own office would~~ ~~have to be questioned.~~

It was thus the responsibility of the

Cabinet Secretary - not mine - to
interview my staff about the events of 6
January.

Indeed in these circumstances, it would
have been quite wrong for me to seek a
separate and inevitably partial account of
what had happened from members of my
own staff.

They of course co-operated fully with the
Cabinet Secretary's inquiry, as did

officials in the Department of Trade and
Industry.

That was the right and proper course to
take and I challenge any hon. or rt. hon.
Member to say otherwise.

Mr. Speaker, the inquiry reported to me on 22

January and it was only then that the full
facts were known to me.

I have further been asked when I first became aware

of the authority given by my rt. hon.

and Learned Friend the then Trade and

Industry Secretary [subject to the

agreement of my office] for disclosure of

the Solicitor General's letter of 6

January.

This was on 22 January when I received the

report of the inquiry and his personal

account.

Mr. Speaker, I come back to the importance of being

absolutely meticulous when dealing with matters of financial restructuring and company prospectuses.

Anything which is said by Government which may be material has to be carefully checked by the Law Officers to ensure that it is not misleading.

That this sorry affair - and I repeat my

regret at the way in which my right hon.
and Learned Friend's advice was disclosed
- occurred at all can be traced directly
to a lack of meticulousness on the part of
my right hon. Friend the Member for Henley
who failed to ensure that his letter on a
matter highly relevant to the discussions
of shareholders and financial institutions
was subject to proper scrutiny.
And in this context may I say that, far

from what my right hon. Friend the Member for Henley said in the House on 23 January, the Government has corrected his letter to Mr. Horne, indeed took early steps to do so.

As soon as the new Defence Secretary had taken up his position, the Government's position was reaffirmed in my right. hon. Friend the Secretary of State for Trade and Industry's statement on 13 January.

On the same day the Permanent Under
Secretary at the Ministry of Defence wrote
to Sir John Cuckney to make clear that the
Government's position remained as set out
in my right hon. Friend's statement of 16
December and in my letter to Sir John of
1 January and that there was nothing to
add to that.

A copy of that letter has, with the
agreement of Sir John Cuckney, been placed

in the Library of the House [together with
copies of the subsequent exchange of
correspondence between the
Solicitor-General and my rt. hon. Friend
the Member for Henley].

Meanwhile my hon. Friend the Minister of

*Norman
Lambert* State for Defence Procurement made clear

in an answer given the same day to the

hon. Member for Yeovil that the order for

six additional Sea King helicopters would

be placed if the plans for a five-nation
battlefield helicopter project were
approved, whatever reconstruction
proposals Westland's shareholders
accepted.

Mr. Speaker, I would not expect a Party whose

solution to every industrial problem is to
nationalise it to understand the need for
Governments to take meticulous care in

ensuring that all the information provided to the Westland Board and shareholders to be absolutely correct. .

I would not expect the Party opposite to understand the Government's legal duty to ensure commercial decisions are taken in full knowledge of all the facts.

[I did not, however, expect the rt. hon. Member for Hillhead, with all his merchant banking experience, to sneer at that duty

① Don't care about Westland.
- its future, its employees

to rehabilitate

~~But~~ responsible to
the market if it
is to

as he did in this House on Thursday].

Mr. Speaker, the central issue is the
future of the Westland company.

The Leader of the Opposition agrees with
me there.

For he said, in opening the debate on 15
January,

"This debate is about helicopter
manufacture and the industries related

to it.

It is about technology and certainly
about employment.

It is a debate about defence
procurement policies and about
European co-operation."

He was right.

But in the rest of his speech that day
there was not one word about those issues.

Nor was there today.

We on this side have looked in vain at the Opposition for any sign of concern for the company's future and the 11,000 jobs it provides.

Indeed the rt. hon. Member for Cardiff South in his speech on the debate on 15 January even suggested that the right solution for the company was receivership. What allegations of heartless indifference

would have been made if that suggestion had come from this Despatch Box.

He went on to suggest that shares in the company were worthless: it is difficult to imagine a more irresponsible statement from such a senior Member of this House.

The fact is, Mr. Speaker, that the Opposition Parties, with honourable exceptions as the hon. Members for Yeovil and the Isle of

Wight, are taking a free ride on the backs

of the company and its employees ~~to~~ *provide for*
~~indulge in muckraking and slander.~~

They have taken not the slightest heed of
the effect of their words and actions on
the company and the vital decisions which
it needs to take if it is to survive.

Mr. Speaker, whatever other criticisms can be made,

no-one can doubt this Government's

commitment to promoting the interests of
Westland in foreign markets.

For example, I have time and again pressed
Westland's case with the Indian government
[against that of Aerospatiale] and I look
forward to those efforts paying off.

Nor can anyone doubt the commitment of the
Government to helping Westland seek the
kind of solution it wanted: one which
would keep it in the private sector.

We wrote off nearly £40 million of launch aid for the W30; we ensured that the Board of Westland had a choice of options; and we removed obstacles designed to limit their choice of those options.

That was the policy of the Government: the clear, consistent, unanimous policy of the Government.

It was the right policy.

And it was only because my rt. hon. Friend

the Member for Henley was prepared to
undermine the policy to which he had
agreed and to release misleading and
uncleared information to those involved
that the events which we are debating
today took place.

And may I just interject here with a reference to an
account of the publication of this letter
- so carefully cleared to ensure that it

was in line with Government policy and
legal advice - given by Mr. Martin Adeney,
the Industrial Editor of the BBC and
published in the Listener.

He tells how Downing Street telephoned to
say that the letter was entirely neutral.

He went on - and I quote his account -

"Then it was the Ministry of Defence, and
I can still hear Michael Heseltine's voice
insisting repeatedly that the letter was a

disaster, a disaster for the Westland Board."

Mr Speaker, many people in the country at large, well away from Westminster, cannot understand how the efforts of this Government to help a helicopter company in difficulty to secure a financial reconstruction has led to the resignation of two Cabinet Ministers.

There are two lessons to be learned from this.

First that a team can only succeed if all its members are pulling in the same direction.

My right hon friend the Member for Henley was not.

I now have to say that, in the best interests of sound government, my right hon friend should have left, or should

have been asked to leave, the Cabinet much earlier than he did.

There is a second lesson to be learned; and I will

be frank with the House. There are dangers when a Government, with the best of motives, involves itself with a company's own efforts to secure a financial reconstruction.

It is one thing for a Minister to do what

he can to provide an option for a company.

It is quite another when that Minister

moves from being a catalyst into becoming

a active protagonist
~~an arch-proponent.~~

The House should therefore be aware of the facts.

Throughout the Summer of last year my right hon

friend the Member for Henley showed little

interest in the affairs of Westland.

Indeed, it was my right hon friend the Member for Richmond who wanted to see Westland avoid going into official receivership; and he began with a distinct preference for a European solution if one could be found.

Unlike the former Defence Secretary he believed from the start that a rescue from any quarter was preferable to receivership.

It was therefore something of a surprise when in November last year the then Defence Secretary 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 it came as something of a surprise to me because neither I nor my colleagues

had been informed by my right hon friend
the Member for Henley that he was doing
so.

The then Defence Secretary then began a unilateral
campaign on behalf of a particular form of
European co-operation.

And, in a quite unprecedented way, he
offered to aid the European consortium by
offering them a further six Sea King

Helicopter orders if they were
successful.

After my right hon friend's resignation
from Defence I felt obliged to ask the
Minister of State for Defence Procurement
to make an offer on equivalent terms to
Westland in the event of the Sikorsky deal
succeeding.

What is more, on the very day that the then

Secretary of State for Trade and Industry
saw Sir Raymond Lygo in that now famous
meeting - for which he was so criticised -
the then Secretary of State for Defence
also saw Sir Raymond.

Taken together, this behaviour by my right
hon friend the Member for Henley was
becoming unacceptable.

As my right hon friend the noble Lord, the Lord

President said in another place: "I have never in my time in Cabinet seen more extraordinary behaviour, than was exhibited during this period of time by my right hon friend the Member for Henley" (House of Lords 23 January 1986 column 341).

And this is what Mr Ronald Butt wrote in the Times of 9 January just before my right hon

friend's resignation from the Cabinet:

"....a Defence Secretary whose Department had failed to promote any action to save Westland at an earlier stage went into arbitrary action (with unprecedented political ruthlessness) in favour of the European solution once the Sikorsky ("market forces") arrangement seemed firm".

That is the kernel of the Westland affair.

My right hon friend the Member for Henley
has now left the Cabinet.

And I must tell the House that I deeply
regret that his action has also led to the
resignation of my right hon friend the
Member for Richmond to whose loyalty and
dedication I gladly pay tribute.

Mr Speaker, I also want to raise the question of

non-attributable disclosure of

information.

As I have already told the House I wish

that the Solicitor General's letter had

not been disclosed in the way that it was.

But the public should be left under no

illusion about the way Governments and

politicians of all parties disclose

information to the press without

attribution.

I sometimes wish we could end the whole lobby system. But what would happen then apart from the damage it would inflict on the takings of London restaurants, is that politicians would soon re-establish their own informal contacts and within a week the whole system would spring up again.

I mention this in order to show how nauseated we are

on this side of the House with the bogus moral righteousness of honourable and right hon members opposite.

The very people who now point an accusing finger at us inside the chamber didn't hesitate as Labour Ministers to divulge Government secrets outside the chamber.

Mr Speaker, over the Opposition benches there hangs a cloud of cant and hypocrisy. They care

nothing for safeguarding the secrets of
government.

Look at the volumes of Cabinet Ministers'
diaries produced by Labour Cabinet
Ministers: Richard Crossman,
Barbara Castle, and the Honourable Lord,
Lord Barnet.

The Opposition care nothing for the
Westland company, their shareholders and
employees.

In the debate on the subject on January
15th the right honourable gentleman
opposite, in his speech, ignored totally
the substantial question of safeguarding
the interests of Westland company.

Mr Speaker, the Westland affair as a political issue

is now coming to an end.

But at Westland itself jobs and

livelihoods still hang in the balance.

We must not allow those interests to be forgotten or sacrificed by those honourable members who care only for their own narrow political advantage.

This Government is as committed as ever to securing a strong economy, with prosperity and ownership widely shared.

But there is serious work still to be done which only a Conservative Government can

do.

We shall carry on with that task with

dedication and determination.