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**PRIME MINISTER'S SPEECH**

**IN THE DEBATE ON WESTLAND**

**MONDAY 27 JANUARY 1986**

Mr. Speaker, before I come to wider aspects of this debate, let me make one thing clear: the background is the future of Westland and its workforce.

We have to remember that future still hangs in the balance.

The Government's position throughout has been that it is for the company itself to take decisions about the course to follow in

the interests of the shareholders and the employees.

But the Government is a major customer of the company and the Government's policies and intentions in that capacity are very relevant to the decisions the company has to take.

It is therefore of the first importance that any pronouncements by the government that might affect the company's decisions are accurate, consistent and in no way misleading.

It is largely because one member of the Cabinet could not accept arrangements designed to ensure the accuracy and consistency of Government statements that we are debating the whole matter today.

Mr. Speaker, I propose to deal at once with some questions which have arisen since my statement of 23 January.

I shall do so under three headings.

First, the circumstances leading up to my hon. and Learned Friend the Solicitor General's letter of 6 January.

Second, the reasons for having an  
inquiry.

Third, the outcome of the inquiry.

THE CIRCUMSTANCES LEADING UP TO THE SOLICITOR

GENERAL'S LETTER

The House will recall that I had cleared my own

letter of Wednesday 1 January to Sir John

Cuckney

with the departments concerned and with my  
honourable and learned Friend, the  
Solicitor General for the reasons I have  
already given.

On Friday 3 January there was an exchange of letters  
between Mr. Horne of Lloyd's Merchant  
Bank, representing the European  
Consortium, and my rt. hon. Friend the  
then Secretary of State for Defence.

In his letter, Mr. Horne asked for amplification of a statement in my letter to Sir John Cuckney.

As the House knows, my rt. hon. Friend went into considerable detail in his reply.

His letter had not been discussed with my office before it was sent, even though it dealt with points arising from my letter to Sir John Cuckney.



On The following day, Saturday 4 January,

I saw copies of the exchange of letters.

In view of the very careful steps which

I had taken | to clear my letter to Sir

John Cuckney with the Departments

concerned | and with the Solicitor General, |

I made enquiries to find out whether the

Defence Secretary's letter had been

cleared in the same way with the

Department of Trade and Industry and with

the Law Officers.

It had not.

In view of the continuing need for accuracy and consistency in Government statements on this subject, I asked that a message <sup>be sent</sup> to my rt. hon and Learned Friend the then Secretary of State for Trade and Industry, as the sponsoring Minister for Westland, to suggest that he should ask the Solicitor General to consider the

Defence Secretary's letter and give his opinion on whether it was accurate, and consistent with my own letter to Sir John Cuckney.

The Solicitor General, on the basis of the evidence available to him, formed the provisional opinion that the Defence Secretary's letter contained material inaccuracies which needed to be corrected.

This view was reported to me.

The matter could clearly not be left there.

I therefore through my office asked him to consider writing to the Defence Secretary to draw that opinion to his attention.

I learned subsequently from the Solicitor General that he spoke to the then Defence Secretary on the telephone

that same evening, and told him his provisional opinion about his letter and warned him that he would probably write to him on Monday 6 January, when he had checked the documents and advise him to correct the inaccuracy.

The Solicitor General further considered the documents on the morning of Monday 6 January.

They confirmed him in his opinion.

He therefore wrote to the Defence  
Secretary, advising him to write again to  
Mr. Horne correcting the inaccuracies.

My rt. hon. Friend, the member for  
Henley, has asked for the further  
exchanges between himself and the Law  
Officers to be published.

I have arranged for copies of the  
correspondence to be placed in the Library  
of the House.

CORRECTION to <sup>h</sup> Henley's letter

~~My rt. hon. Friend, the Member for Henley, claimed~~  
It has been said that ~~the~~  
~~in the House on 23 January that his letter~~  
  
to Mr. Horne has not been corrected.

~~As hon. Members will have seen, from~~  
~~his further exchange of letters with my~~  
~~hon. and Learned Friend, the Solicitor~~  
~~General - copies of which have been placed~~  
~~in the Library of the House - he~~  
~~alone bears responsibility for the~~  
~~contents of his letter to Mr. Horne.~~

So far as the Government are concerned, we made clear to the company - in the letter to Sir John Cuckney of 13 January from the Permanent ~~Under~~ Secretary at the Ministry of Defence, a copy of which has also been placed in the Library of the House - that there was nothing to add to my letter to the company of 1 January.

~~More to the point, once the new Defence~~



~~Secretary had taken up his position, we~~

~~lost no time in correcting the former~~

~~Defence Secretary's misleading~~

~~presentation of defence helicopter~~

More to the point  
~~procurement policy;~~ my hon. Friend, the

Minister of State for Defence Procurement

made clear, in his answer to the hon.

Member for Yeovil on 13 January, | that the

order for six additional Sea Kings would

be placed | if the plans for the five nation

battlefield helicopter project

were approved, <sup>whichever</sup> reconstruction

proposal, Westland shareholders

approved, and not - as my rt.

hon. Friend had asserted - only if the

European consortium proposals were

accepted.

I explained to the House on 23 January how extracts

from the Solicitor General's letter were

Olive hand

disclosed to the media on 6 January.

I repeat that I deeply regret that this was done without reference to him.

Indeed, with hindsight, it is clear that this was one, and doubtless there were others, of a number of matters which could have been handled better, and that too, I regret.

*Andrew Poiri*

As I said to the House on 23 January, the company was also informed.

There have been reports in the newspapers to the effect that that statement was wrong, and the company had not been informed.

I understand that Sir John Cuckney's office have now confirmed that he did receive a call from the Department of Trade and Industry in the early part of

that afternoon.

The official in the Department of Trade and Industry concerned has again clearly confirmed that he made such a call, as he told the Head of the Civil Service in his evidence to the inquiry.

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GENERAL SECTION

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THE REASONS FOR THE INQUIRY

As the full details of the disclosure only became

known as a result of the inquiry which was

subsequently instituted, I propose to deal

*next*

~~first~~ with the question as to why it was

decided to hold such an inquiry.

On Tuesday 7 January, the day after the Solicitor

General's letter was disclosed, my rt hon

and learned Friend the Attorney General

sought the view of the Head of the Civil

Service as to whether it would be

appropriate for the Law Officers to seek a

formal inquiry.

After discussions between the Attorney

General and the Head of the Civil

Service, my right hon and learned Friend

made clear his view that there should be  
an inquiry.

The Head of the Civil Service minuted me  
formally on Friday 10 January seeking my  
authority for the institution of such an  
inquiry.

I readily gave him that authority.

In fairness to everyone, it was essential to have a



full and objective report on what had happened.

And it was clearly desirable that all the officials concerned should be able to give their own full accounts of their part in what had occurred.

My authority was conveyed to the Head of the Civil Service on Monday 13 January.

The following day, I informed the House

that an inquiry had been instituted.

~~I have no doubt that it was right to set up the  
inquiry.~~

I had been asked by the Law Officers to  
institute <sup>one</sup> ~~such an~~ inquiry.

I was formally advised by the Head of the  
Civil Service to do so.

I had no doubt that it was right to set  
up the inquiry.

Indeed on 7 January the hon. Member for Swansea

West, an Opposition Front Bench Spokesman

wrote to me to ask that an inquiry should

be set up so that - I quote

"the full facts can be established".

Even so, some Hon Members opposite have subsequently

criticised the decision to hold an

inquiry.

If I had rejected the advice I had received, if I had refused to hold a formal inquiry, the Parties opposite would have had just cause to criticise me.

I have no doubt that they would have done so.

But to be criticised when I agreed to an Opposition request to hold an inquiry is to say the least an unusual experience.

The inquiry reported to me on 22 January.

THE OUTCOME OF THE INQUIRY

In my statement to the House the following day, I  
set out the steps by which the Solicitor  
General's letter of 6 January was made  
public, as this emerged both from the  
accounts of officials as reported by the

Inquiry) and also from my subsequent discussions with the then Secretary of State for Trade and Industry, whom I should like in this House to thank for his years of devoted service.

It was the common purpose of all concerned that, at a time when difficult commercial judgements and decisions had to be made by the company, it was important that all

pronouncements by the Government should be accurate, in no way misleading, and consistent with each other.

It followed from that, <sup>that,</sup> if a statement was made which appeared to be inaccurate or misleading or inconsistent with other Government statements, then it was the duty of the Government to make sure that the record was corrected as soon as possible.

When the Solicitor General's letter was brought to his attention, the Secretary of State for Trade and Industry took very much that view of the matter.

He was clear that it was desirable to bring into the public domain as soon as possible the fact that the Solicitor General had written to the then Defence Secretary, and the opinion he had



expressed.

The Secretary of State made it clear to his officials that, subject to the agreement of my office, he was giving authority for the disclosure to be made by his Department, if it was not made (as he said he would prefer) from 10 Downing Street.

Officials in the Department of Trade and Industry

approached officials in my office, who made it clear that it was not intended to disclose the Solicitor General's letter from 10 Downing Street; but, being told that the Secretary of State for Trade and Industry had authorised the disclosure, (my officials) they<sup>^</sup> accepted that the Department of Trade and Industry should make it | and they accepted the means by which it was proposed that the disclosure should be

made.

My officials made clear to the inquiry that they did  
not seek my agreement. They <sup>told the inquiry that</sup> did not <sup>they</sup>  
believe that they were being asked to give  
my authority, and they did not do so. If  
they had believed my authority was being  
sought, they would certainly have  
consulted me.

Officials of the Department of Trade and Industry

told the inquiry that they regarded the purpose of their approach to my officials as being to seek agreement to the disclosure as well as to the method.


They believed that they had the agreement of my office, and acted in good faith, in the knowledge that they had authority from their Secretary of State and ~~(as they believed) the knowledge that they had.~~

cover from my office.

Though clearly neither side realised it at the time, there was a genuine difference in understanding between officials as to exactly what was being sought and what was being given.

But it is common ground that, as I told the House on 23 January, it was accepted

that the Department of Trade and Industry should disclose the fact that the then Defence Secretary's letter of 3 January was thought by the Solicitor General to contain material inaccuracies which needed to be corrected, and that, in view of the urgency of the matter, the disclosure should be made in the way it was.



I did not myself know about the disclosure of the  
Solicitor General's letter until some  
hours after it had occurred.

I discussed the matter with my office the following  
day, when I also learned of the Law  
Officers concern.

I was told that the Solicitor General's  
advice had not been disclosed by my  
Office.

I was also told, in general terms, that there had been contacts between my Office and the Department of Trade and Industry.

I did not know about the then Secretary of State for Trade and Industry's own

role in the matter of the disclosure, *until the enquiry had reported.*

~~to inform me~~  
nor was I told of the difference of

*officials in* understanding between *them* my Office and *the* Department of Trade and Industry, ~~which~~

*in the* Department of Trade and Industry, ~~which~~

~~It~~ only ~~later~~ *later after* emerged from the enquiry.

had started.



FINALE

Mr. Speaker, the Government's policy throughout has been to help Westland seek the solution which would enable the company to continue in business as a private sector concern.

It is this government which fought to help them get the Indian order.

It is this Government which undertook to write off nearly £40 million of launch aid if the W30 project was terminated.

It is this Government which ensured that the Board of Westland had a choice of options.

And it is this Government which has pledged  
itself to resist discrimination against  
Westland in Europe, whichever option for  
its future it chooses.

This was and is the right policy.

~~Mr. Speaker,~~ But from the Opposition we have heard  
nothing constructive.

Oh yes, in the debate on 15 January, they  
offered the company their own two options.

But what were they?

Nationalisation. } or receivership.

The fact is that the Opposition Parties [with the exceptions of the hon. Members for Yeovil and the Isle of Wight] are exploiting Westland and its employees, exploiting them for nothing more than their own narrow political advantage.

It was the right hon. Gentleman the leader of the Labour Party who told his Party Conference and I quote:

"you cannot play politics with people's jobs .... they have no time for such posturing".

Yet that is precisely what he has been doing  
and has done again today.

Mr. Speaker, let me tell you the real reason for  
this debate

- it is not because of the Opposition's  
concern for Westland and its employees;

they have said precious little about them

- it is not because of their  
passionate belief in the defence of the  
realm; their policies would leave us  
defenceless

- it is not because of their attachment  
to collective responsibility; they

abandoned it completely when the going  
got tough.

No Mr. Speaker, the party opposite have

deliberately blown up this issue out of  
all proportion.

This debate is part of a massive  
diversionary tactic by the Opposition.

They would like first to divert public  
attention from the growing extremism of  
their own party - as we have all seen

so unmistakably in Liverpool, Lambeth and Tottenham, and second, to divert us from vigorously pursuing our policies and plans for our country's future.

We are not going to be diverted from the tasks we were elected to carry out.

We shall gather with renewed strength:

- to extend freedom and ownership
  - to give power back to the people
  - to keep our country strong and secure
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