

Mr Flesher

Official Box for Westland Debate

The following are on the list for the opening speeches:

Mr Wicks
Mr Powell
Mr Norgrove
Mr Flesher
Mr Sherbourne
Mr Wiggins, Cabinet Office
Sir C Whitmore, MOD
2 DTI Officials, (names still to be decided)

From then on DTI officials will be in the box, with No. 10 Private Secretaries, Mr Wiggins and an MOD Official having the option to go in if necessary.

For the wind up speeches there will be 5 DTI people in, one MOD, and Mr Wiggins, thus leaving 2 seats for No. 10.

I am copying this to the No. 10 people on the list and the Parliamentary Clerks in DTI and MOD for information.

NR

Miss N Roche
Parliamentary Clerk

15 January 1986

Alan : To ask the Secretary of State for Foreign and Commonwealth Affairs what response he has given to the urgent appeal made to Her Majesty's Government by the Government of the Kingdom of Lesotho asking for help in dealing with the obstruction of supply routes by the South African Government.

Westland PIC

That this House noting the serious allegations made in public by the former S/S for Defence about the conduct of the Government in respect of Westland PIC and aware of the major implications for defence procurement, manufacturing industry, technology & employment, calls on HM Govt to make arrangements to set up a committee of the House to consider the issues raised by the matter, ensuring that such a committee would be provided with all relevant documents + letters, manu-

• which have been previously
referred to but not yet published, in
order to establish for the nation a
truthful record of the events relating
to the present + future position
of Westland P.L.C.

CRUELTY TO ANIMALS (AMENDMENT)

Mr. Harry Cohen accordingly presented a Bill to prohibit all tests of cosmetics, tobacco and alcohol and similar experiments on animals; to prohibit the draize eye irritancy test and the LD50 poisoning test; to prohibit behavioural and psychological experiments on animals; to prevent use of animals in warfare trials or experiments; to abolish the practices of hare coursing, and fox and stag hunting; to prohibit the use of domestic animals in animal experiments; to increase the penalties for convictions of causing, procuring or assisting at the fighting or baiting of dogs, cats or other domestic animals; to ban the import and sale of bull terriers and the advertising of fighting dogs for sale, including the advertising of qualities related to fighting; to regulate laboratories in which animals are bred; to reconstitute the Advisory Committee on Animal Experiments; and to promote alternatives to animal experiments: And the same was read the First time; and ordered to be read a Second time upon Friday 7 February and to be printed. [Bill 58.]

Opposition Day

[3RD ALLOTTED DAY]

Westland plc

Mr. Speaker: Before we embark upon this important debate I must announce to the House that I have selected the amendment in the name of the Prime Minister.

3.45 pm

Mr. Neil Kinnock (Islwyn): I beg to move,

That this House, noting the serious allegations made in public by the former Secretary of State for Defence, the Right honourable Member for Henley, about the conduct of the Government in respect of Westland plc, and aware of the major implications for defence procurement, manufacturing industry, technology and employment, calls on Her Majesty's Government to make arrangements to set up a Committee of the House to consider the issues raised by the matter, ensuring that such a Committee would be provided with all the relevant documents and letters, many of which have been publicly referred to but not yet published, in order to establish for the nation a truthful record of the events relating to the present and future position of Westland plc.

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. Indeed, it has now apparently become an issue which affects the stability of interest rates.

The debate on Westland plc is about all those things but most of all it is about something even more elementary, even more basic in our political life. For I consider that the debate most of all is about the truth; that is why, despite her reluctance to come to the House to make a statement, it was essential that we secured the presence of the Prime Minister to speak in the debate today. It is not just because of the complete collision of testimony about Government conduct in relation to the affairs of Westland plc, nor indeed because the right hon. Lady has ultimate responsibility for all the activities of Government; it is mainly because of the right hon. Lady's particular system of rule and her particular involvement in the issue of Westland plc.

That the Prime Minister is domineering is not a matter of contention or doubt. The whole country knows that. Indeed, there is a growing entertainment industry based entirely upon that fact. What is less obvious and much more serious is that that domineering attitude in a system of Cabinet government in a democratic country has enormous effects on the whole course and style of the way in which our country is governed.

In such a system of Cabinet government it is simply not possible to dominate absolutely and continually on the merits of argument because there are always other good arguments in fair contention. Nor is it possible to dominate always by patronage or even by petulance. To dominate absolutely it is necessary for the domineering to employ other techniques, and plainly they include tactics which go well beyond the bounds of clever politics and become systematic connivance against Cabinet colleagues for the purpose of achieving a particular end.

When those people who will not concede to domination or bullying or will not back down, really make up their minds they must be undermined, isolated or bypassed. The

[Mr. Neil Kinnock]

right hon. Lady has had some success with the system of rule by overrule because she has taken the precaution, generally speaking, of surrounding herself with some jelloid Ministers. But sooner or later someone was bound to resist, even to the point of resignation, and that day arrived last Thursday.

In the course of that resignation the right hon. Member for Henley (Mr. Heseltine) made some serious charges about the conduct and course of the Government. His charges relate mainly to the events on 4 and 18 October; 4, 5, and 9 December; 11 and 12 December; 30 and 31 December; 6 January, when the Solicitor-General entered the fray; and the 8 January meeting between the Secretary of State for Trade and Industry and Sir Raymond Lygo, chief executive of British Aerospace.

Those charges made by the right hon. Gentleman must be answered in detail by the Prime Minister today. Some of them should be easy to deal with if they are false or at all misleading. For instance, the right hon. Lady can determine the veracity of the right hon. Gentleman about the minutes of meetings on 4 and 18 October, to which she has continually referred, by publishing those minutes, including all the details of the meetings that took place and the consideration that took place. It would not be a great leap out of security or secrecy for her to do so.

Before Christmas, sections of the minutes of the 4 October meeting were freely discussed and quoted in the press. Last Monday night, on "Panorama", the minutes of the 18 October meeting were quoted in part. Indeed, *The Times* on 14 January reported that the Government "took the unprecedented step of quoting from the minutes of two ad hoc meetings of ministers held on December 4 and 5 in an attempt to undermine Mr. Heseltine's resignation statement." Therefore, it cannot be too much to ask that the same treatment is given to the minutes of other ad hoc meetings in October.

In his resignation statement, the right hon. Member for Henley alleged that, after his efforts in November—undertaken at least with the acquiescence of the Government—to secure a recommendation from the European national armament directors to extend the 1978 declaration on helicopter procurement, he encountered unexpected and strong opposition to his views at an ad hoc ministerial meeting on 4 December, and then at another on 5 December. He encountered further strong resistance at the Economic Committee meeting on 9 December, so he tells us, and that opposition came not from the Secretary of State for Trade and Industry but from the Prime Minister. It appears that that opposition was based on the right hon. Lady's efforts to set aside the recommendation of the national armaments directors that the right hon. Gentleman had painstakingly accumulated in the days at the end of November.

I must ask the Prime Minister why she took that course at those meetings and why she has pursued that course so avidly. I must ask her the question that *The Times* put yesterday, about

"why, and in what circumstances, the decision of the national armaments directors in favour of European helicopter procurement was set aside."

The Times continued:

"Was it merely *not endorsed*, as Downing Street would have us believe, or deliberately shelved, as Mr. Heseltine argues? If it was shelved why was it shelved? Mrs. Thatcher has to give the House the clearest possible answer on this point. It is naive to think that there is something as simple as non-intervention in

matters of this kind, particularly where the Government is so important a customer of the company concerned. But it is even-handedness that is the Government's claim in the Westland affair. Mrs. Thatcher needs to explain exactly how her administration's practice matched its rhetoric."

There are three crucial questions. First, why was the policy adopted? Was it through the persuasiveness of Sir John Cuckney, with all the great weight of his experience and expertise? Was it, as has been alleged, to do with the strategic defence initiative, or with an anti-European sentiment or for some other reason? We need to know that, and this House and the country deserve to know that.

Secondly, how was the policy adopted without the benefit of collective decision by the Cabinet, which plainly was the case?

Thirdly, how does practice in the privacy of Government match the public declarations to this House and to the country about the Government's policy? The right hon. Member for Henley says that there is no match; he says that there is no connection between private machinations and public declarations. Someone, he plainly implies, has been telling the truth; someone has not been telling the truth.

The right hon. Gentleman says that there was an even-handed policy for public display and a private policy of favouritism for actual use. That is a very grave allegation, but like so many others it could be easily disproved if it were false or even inaccurate. It would be supreme folly for the right hon. Gentleman to make such charges if they could not be substantiated. So I ask the Prime Minister whether the circumstances of 4 and 18 October and of 4, 5 and 9 December were as the right hon. Gentleman has alleged. She can tell us. She can prove or disprove what he said and she must do one or the other.

Much the same applies to the E Committee meeting of 9 December. There are two versions of events. From the right hon. Member for Henley (Mr. Heseltine) we hear that it was an inconclusive meeting that did not resolve policy and which decided that there should be a further meeting on 13 December. From the Secretary of State for Trade and Industry we hear, in answer to my colleagues, my hon. Friends the Members for Monklands, West (Mr. Clarke) and for Birmingham, Perry Barr (Mr. Rooker), that the 9 December meeting was a conclusive meeting which resolved policy and set a deadline of 13 December for the European submission.

These are the two versions. They are in stark conflict and collision, one with another. All that we have to rely on to make up our minds at this stage is the circumstantial evidence as to which version is correct. The circumstantial evidence is that, some time before the Cabinet meeting of 12 December—probably on 11 December—the relevant Departments were notified by the Cabinet Office that the meeting on Friday was cancelled. One can cancel a meeting only if it has been proposed.

Another meeting was fixed for 13 December. We want to know the truth about that, because that is a fulcrum date. This is a crucial set of circumstances. There is essential testimony in public by both right hon. Gentlemen, and the House must decide, because by that decision we shall be deciding what course the Government really have been undertaking and whether there was one course for private use and another for public consumption.

The Prime Minister can prove or disprove these sets of circumstances and she must do one or the other. We have the word of two right hon. Members. This is an honourable

He which accepts honourable words. What are we to do when there is such an exact conflict in the description of the circumstances, the status and even the existence of the meeting—the alleged meeting—of 13 December?

The choice is invidious for us. The conclusions can be reached only by the calling of witnesses. The witnesses are not all hon. Members elected to the House. Fortunately, however, the House has, over the years and in its wisdom, developed a procedure which permits witnesses to give evidence. That is why we consider that it is sensible for all the parties concerned—in the Government, in the public service and elsewhere—who have been witnesses to the various events to appear before a Committee of the House so that a proper assessment can be made and so that they can develop and demonstrate their version and the veracity of their version of events.

Mr. Eric Forth (Mid-Worcestershire): I am grateful to the right hon. Gentleman. He has been seeking to lecture the House on the workings of Cabinet government. Can the right hon. Gentleman explain the basis of his insight into the workings of Cabinet government? Can he tell us to whom among his colleagues he has spoken about the workings of Cabinet government or what his other sources of information or authority are?

Mr. Kinnock: The issue at stake is much more basic. I can tell the difference between a truth and an untruth. I know a stink when I smell one.

The Committee that we seek, which could be convened and which would be of such utility to all involved, would not just consider the veracity of two right hon. Members. The Committee would inevitably consider why a policy change was favoured and why that policy was so rigorously followed by the Prime Minister from 3 December—so enthusiastically as to inspire the grave allegations that she was ill-tempered and, more seriously, that a meeting was cancelled. There were even implications that a Cabinet minute did not carry an account that had been insisted upon by a member of that Cabinet.

Following the E Committee meeting of 9 December, events marched on. On 13 December, without benefit of further Government consideration of the options, the Westland board met and dismissed the European consortium proposals. In the wake of that, on 16 December, the Secretary of State for Trade and Industry was able to provide the House with what he must have considered to be a *fait accompli* that would quieten the issue. He was unsuccessful and the conflict continued. The rival camps exchanged propaganda barrages, to such an extent that, when the Cabinet met on 19 December, we are told that it was decided, presumably collectively, that the lobbying had to stop. However, it did not stop and the contest continued. The allegation is that, far from allowing collective decision-taking to work through the Cabinet and through departmental responsibility, the Prime Minister became even more deeply involved. It is said that she did not direct Sir John Cuckney's letter of 30 December to the appropriate defence procurement department, but to the Department of Trade and Industry, and that she accompanied that directed missile—[*Interruption.*] I should have said missile, but missile will do. She accompanied it with guidance that the then Secretary of State for Defence considered to be materially misleading.

The Prime Minister then set the Law Officers on the right hon. Member for Henley when he decided to

communicate directly with Lloyds merchant bank. someone made sure that the Solicitor-General's letter became public knowledge by leaking extracts.

The activities following 16 December ranged from the extremely unconventional in Government to the highly disreputable in Government. In the *Sunday Telegraph* this week Mr. Ian Waller, on behalf of many others, stated:

"This Government has been ruthless in persecuting journalists and civil servants for trivial breaches of the Official Secrets Act, yet Whitehall has been like a sieve in recent weeks—including Heseltine's ministry, which unsuccessfully prosecuted Ponting and had a clerk, Miss Tisdall, jailed. The most flagrant breach of all was the leak of a letter from the Solicitor-General damaging to Heseltine's case. Again it stretches credulity to believe this was an accident and not authorised at a high level."

Mr. Waller asked the question that we all ask:

"Will Mrs. Thatcher act against the culprit—or does she have one rule for top people and another rule for clerks?"

We seek an explanation of why a Government who were so sensitive on Monday of this week about the British Aerospace letter were apparently so insecure on Monday 6 January. Did the leak of the Solicitor-General's letter come about by misfortune—as Oscar Wilde might put it—by carelessness, or as a result of something much more devious than either of those possibilities? The Prime Minister is in a position to tell us the answer, and she must tell us. Was that occurrence inadvertent or was it simply a further episode in the efforts to ensure that the arguments for one option were muted so as to elevate the attractiveness of the other option that faces Westland?

On the matter of muting, we come to last Wednesday's meeting between Sir Raymond Lygo and the Secretary of State for Trade and Industry. On Monday, my right hon. and learned Friend the Member for Monklands, East asked the Secretary of State for Trade and Industry why the Secretary of State had decided to speak to Sir Raymond Lygo at all on 8 December. The Secretary of State for Trade and Industry quaintly replied that since Sir Raymond happened to be in the Department of Industry building,

"it would have been wholly artificial if I did not see Sir Raymond."

What was wholly artificial was the version of events provided by the Secretary of State for Trade and Industry.

We have the private and confidential letter in our possession and the records of the House to demonstrate that point more than adequately. The Secretary of State for Trade and Industry said:

"Let me make it clear that it is untrue to say that in the course of the meeting I made any suggestion that British Aerospace should withdraw from the European consortium or that its participation was contrary to the national interest."—[*Official Report*, 13 January 1986; Vol. 89, c. 781.]

He said that it was untrue. The Prime Minister's letter to British Aerospace, which was published this morning, backs what she describes as his recollection, shared by others present at the meeting that took place at about 5 o'clock last Thursday evening.

Let us examine Sir Austin Pearce's letter. He states:

"Sir Raymond returned directly to a special Board Meeting of British Aerospace which was in progress and made a full report of his conversation to the Board. He also wrote down all the salient points that had been made to him. His report stated that the following points were specifically covered by the Secretary of State."

For brevity I shall move on to point 6:

"that what we were doing was not in the National Interest

7. That we should withdraw."

[Mr. Kinnock]

Can anyone imagine a plausible reason why Admiral Sir Raymond Lygo should fabricate those details of the conversation?

Sir Paul Bryan (Boothferry): Read No. 4.

Mr. Kinnock: The hon. Gentleman calls for No. 4. The letter is now a matter of public record. I invite the whole country to read all the points in the letter. But that does not move one inch from the fact that the Secretary of State for Trade and Industry said on Monday that it was untrue that he had said during the meeting that British Aerospace was acting against the national interest and that it should withdraw. That point is not negated, offset, reduced or diluted.

Sir Paul Bryan: Read No. 4.

Mr. Kinnock: Can anyone imagine that a man of Sir Raymond's character — a chief executive of a corporation that sells 80 per cent. of its products to the Government—would leave the Department of Trade and Industry and minutes later, half a mile away in Pall Mall, bear false witness to the assembled board of British Aerospace? Can anyone seriously believe that? The Secretary of State for Trade and Industry said that it was untrue. The implications for Sir Raymond Lygo are obvious, and extremely serious.

There is perhaps only one inaccuracy in the proceedings described by Sir Austin Pearce in his letter and by Sir Raymond Lygo in his report. The views of Sir Raymond Lygo and Sir Austin Pearce acknowledge the fact that they are not men given to exaggeration or over-reaction. The letter that we have all now read probably understates the atmosphere and the nature of the pressure of the Department of Trade and Industry meeting.

The House can hear directly from the Secretary of State for Trade and Industry, but it cannot hear from Sir Raymond Lygo, despite the gravity of the problems that he faces as a consequence of the Secretary of State's statements. The House owes Sir Raymond Lygo the opportunity to present his full testimony and full record to a Committee of the House. Far be it for me to save the Secretary of State for Trade and Industry by calling for his resignation, but I cannot see how he can bring himself to stay in his present position.

Only one question remains in my mind about the Secretary of State for Trade and Industry: is he a culprit, or a victim, in this matter? The Prime Minister sits next to him today, as she did on Monday. Is he her agent or has he been acting on his own? That is the question which the Prime Minister must answer. She must answer it, clearly and honestly, now.

4.10 pm

Mr. Tam Dalyell (Linlithgow): On a point of order, Mr. Speaker. It is in the recollection of the House that, very courteously, the Leader of the House said that the Law Officer's letter had been made available. I went to the Library where, equally courteously, I was told that the letter is embargoed, "until the Prime Minister has sat down".

Mr. Speaker: That is not a matter for the Chair.

4.11 pm

The Prime Minister (Mrs. Margaret Thatcher): I beg to move, to leave out from "House" to the end of the Question, and to add instead thereof,

"endorses the Government's consistent objective of supporting Westland plc in its efforts to achieve a financial reconstruction, of supporting United Kingdom participation in collaboration with North Atlantic Treaty Organisation allies and of safeguarding the interests of the company, its employees and its shareholders, recognises the efforts of the Government to ensure that the Westland board had more than one option to secure that objective; affirms that it will be for the company to determine its future course of action; and further recognises the competence of departmental Select Committees of the House of Commons to consider the issues raised by these developments."

I do not think that there is a great deal to answer in what the right hon. Member for Islwyn (Mr. Kinnock) said. He seems to have made certain conclusions long before the debate started. In so far as he asked me questions, I will try to answer them during the course of my comments.

At the outset, I wish to refer to the correspondence between Sir Austin Pearce and me, which has been published today, to which the right hon. Gentleman referred, dealing with the meeting on 8 January between my right hon. Friend the Secretary of State for Trade and Industry and Sir Raymond Lygo. My right hon. Friend the Secretary of State has given the House his account of that meeting, and the record of the meeting taken by the Department of Trade and Industry has been published today in full—every single word has been published today in full. I fully accept that the record taken by the Department of Trade and Industry is an accurate and fair account of what was said. I very much regret that there is a different recollection in some respects of what was said, but I believe that when the House has had an opportunity to study the record of the meeting, right hon. and hon. Members will see that the Secretary of State for Trade and Industry said that he had no view on the merits of the two offers, that it was for the shareholders of Westland to make a decision, and that it was not in the national interest for the present uncertainty to drag on. There are many in the House who will agree with that sentiment.

I have today received a further letter from Sir Austin Pearce, which has also been published. In it, he expresses the hope that we shall now be able to concentrate on the important issues concerning the future of Westland. I agree. It seemed to me that the right hon. Member for Islwyn did very little of that.

This afternoon, therefore, I shall first set out the approach taken by the Government towards Westland during its period of difficulty. I shall then deal with the charges—

Mr. John Gorst (Hendon, North): Before my right hon. Friend leaves the Civil Service minute, may I ask whether she believes, considering the important matters that were discussed on that occasion, and the fact that the civil servants' record was dated two days later, that that record is remarkably skimpy and short? Is she certain that it was not a belated and hindsight record?

The Prime Minister: No. Ministers and civil servants will have occasion deeply to resent what my hon. Friend has said. The record was taken contemporaneously and was dictated two days later. There were several people present who confirmed that the record is accurate. I do not find it sparse. It is a full account of what happened, and is very much fuller than the alternative which is available in the other letter.

Mr. David Steel (Tweeddale, Ettrick and Lauderdale): The official record of that matter need not be in doubt, because what is important is the sentence near the bottom of page 3 of Sir Austin's letter, where he says:

"Whatever the words used were meant to convey, the message was perfectly clear."

The Prime Minister: That is why it was absolutely vital to get out the full record of the meeting at the Department of Trade and Industry, unusual though it was. The meeting was attended by several people who confirmed that that is a correct record of the meeting.

I shall set out the approach taken by the Government towards Westland during its period of difficulty and then deal with the charges that have been made against the Government and against me personally. My right hon. Friend the Member for Henley (Mr. Heseltine), who served in the Cabinet for more than six and a half years, has now made accusations about what he considers to be the breakdown of constitutional government. The House will therefore expect me to answer that charge.

It may help the House if I begin by setting out the developments in relation to the Westland company during the past 18 months. I do this to demonstrate to the House: first, that the company and the Government's approach to it have been the subject of the most thorough collective consideration by Ministers; secondly, that during this period, the Government have been aware of the company's precarious financial position and of the particular legal obligations that that imposes on the board of directors; thirdly, that the Government wished the board of Westland to explore fully all possibilities for minority shareholdings in the company, including what has become known as the European option. It is important that the company should take the course which it judges to be the best safeguard for the future of the work force and the shareholders. Fourthly, I shall show that 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 to meet their operational requirements. I will then come to the circumstances surrounding the resignation of my right hon. Friend the Member for Henley on 9 January.

Mr. Dave Nellist (Coventry, South-East): Given the large-scale movements in shares of Westland during the past four to five days, and the possibility—some would say likelihood—of Friday's meeting blocking both offers to Westland, and since the Prime Minister's fourth item said that defence was the highest priority for the Government, have the Government considered following the example of the right hon. Member for Old Bexley and Sidcup (Mr. Heath) in 1971, and pushing an Act through the House in one sitting to secure the public ownership of Westland, so that the jobs of those workers in Yeovil and the Isle of Wight can be properly guaranteed? Any surplus capacity could go to civilian use, such as making helicopters for air-sea rescue and food transport in Africa.

The Prime Minister: I shall deal with that point later. Clearly the Opposition line is that the whole lot should be nationalised at the taxpayers' expense.

The fact that Westland faced a difficult situation was first brought to the Government's attention late in 1984. We were told that the Company's problems stemmed partly from a decline in the market for civil helicopters,

including delays on the prospective Indian order for 21 W30 helicopters and partly from the lack, in the short term, of large orders from the British armed services.

The Government remained in close contact with the firm in the latter part of 1984 and early in 1985. Westland's difficulties were the subject of discussion at both ministerial and official levels between the Department of Trade and Industry and the Ministry of Defence. 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 the purchase of the Westland W30. The Government concluded that we could not justify giving Westland orders for helicopters for which our armed forces had no operational requirement. It was judged that there was no defence interest that called for a rescue operation by the public sector. Instead, Westland should be encouraged to seek a market solution to its difficulties that would involve an injection of private sector capital. That was and remains the Government's position.

It was against that background that the Bristow Rotorcraft company announced an offer for Westland in April 1985. As the scale of Westland's problems became apparent to him, Mr. Bristow asked the Government a number of questions including whether we would procure the W30 helicopter. I took the chair at meetings of Ministers on 18 and 19 June to settle the Government's response, which was in accordance with what I have already said. We also agreed that, if Bristow Rotorcraft withdrew its offer, the Bank of England should be encouraged to bring together the main creditors to develop a recovery strategy. Bristow Rotorcraft did withdraw its bid and on 26 June Sir John Cuckney became chairman of Westland. At the beginning of July, Defence Ministers were told that the United Technologies Corporation, the parent company of Sikorsky, were interested in the possibility of some form of participation in Westland. On 8 July 1985, as hon. Members will recall, the future of Westland was raised on the Adjournment of the House. My hon. Friend the Minister for Information Technology made clear in replying to that debate that it was not for the Government to seek to intervene in the management of the company or to seek to influence the form the company's future should take.

Throughout the summer, Ministers and officials at both the Departments of Trade and Industry and the Ministry of Defence kept in close touch with Sir John Cuckney. On 24 September, Sir John showed the Government reports on the company's financial position that had been prepared by Price Waterhouse. He told us his plans for the financial reconstruction of Westland, involving the introduction of a new industrial partner. He revealed that he was having discussions with a number of companies of which those with Sikorsky of America, a part of United Technologies—with whom Westland had a longstanding relationship dating back to 1947—were the most promising. The company had also been in touch with MBB of Germany, Aerospatiale of France and Agusta of Italy. Sir John also stressed the urgency of reaching a solution before Westland had to finalise their accounts later in the year.

At a meeting of Ministers on 16 October, it was decided to encourage Westland to explore further the possibilities of co-operation with the European companies which were partners or potential partners of Westland in a number of collaborative projects. That view was communicated to Sir John Cuckney by the Secretary of State for Trade and

[The Prime Minister]

Industry on 17 October. Sir John said that he had made it clear to the European companies that he would consider any reasonable proposition. He again emphasised Westland's need for a rapid conclusion to its plans for a financial reconstruction.

It was apparent that, unless such a reconstruction was clearly in prospect before the 1984-85 results were announced, the company could 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 was associated with United Technologies' proposals. But 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 had appeared from European helicopter companies for participation in a reconstruction. It was at this stage, on 29 November, that the national armaments directors, who are senior defence officials, of the United Kingdom, France, West Germany and Italy, met in London at the request of their respective defence Ministers. The national armaments directors recommended that the four Governments should cover their main helicopter needs in future solely by helicopters designed and built in Europe. This would have represented an exclusive commitment to buy only helicopters which qualified as European in this special sense, that they were not only built but designed in Europe. That would have gone far beyond the 1978 declaration of principles to which we still adhere.

On 2 December Sir John Cuckney wrote to the Secretary of State for Trade and Industry to urge that the recommendation should not be accepted by the Government. He stressed that, if the recommendation was approved, the board felt that it would not be able 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 commercial advance over earlier proposals which had been rejected as inadequate. In consequence there was a serious risk that there would be no effective reconstruction proposals in place within the urgent timescale to which the company had to adhere.

In the light of these developments Ministers met under my chairmanship on 5 and again on 6 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—in fact they were about £98 million attributable to shareholders—and the need therefore for the company to have a financial reconstruction package clearly in prospect by then if it was to avoid going into receivership.

The issues before us were:—first, whether to agree to write off the launch aid of nearly £40 million for the W30 project if it were subsequently terminated. It was evident that that was now a condition for any successful financial reconstruction which would allow the company to continue in business.

The second issue was how to respond to the recommendation of the national armaments directors. The groups of Ministers to which I have referred considered those two issues at the meetings I have mentioned.

Mr. Jeff Rooker (Birmingham, Perry Barr): Will the right hon. Lady give way?

The Prime Minister: I shall not give way as I should like to complete these very tightly argued points.

At the end of the second meeting on 6 December it was clear that a majority of the Ministers present were ready to decide that the Government should reject the recommendation from the national armaments directors, thus leaving Westland free to reach its own decision. But because a minority of Ministers—including my right hon. Friend the Member for Henley—felt very strongly about the matter, I decided that a further discussion must be held in Cabinet Committee, namely in the Economic Sub-Committee, for which a full paper should be prepared.

The Economic Sub-Committee of the Cabinet therefore met on Monday, 9 December. Sir John Cuckney and his advisers were invited to attend for part of the time to report on their company's position and to answer questions. After considerable discussion, it was concluded, first, that repayment of launch aid for the W30 would be waived if that project were terminated.

Secondly, it was concluded that, unless a viable European package which the board of Westland could recommend to its shareholders was in place by 4 pm on 13 December—Friday of that week—the Government would make clear that the country would not be bound by the recommendation of the national armaments directors. That 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. At the end of the meeting, Sir John Cuckney was informed in confidence of the conclusions so that he knew where the company stood. I repeat that if the national armaments directors' recommendation had remained he could not have brought forward the Sikorsky-Fiat bid. The fact that the Government were not bound by that recommendation enabled there to be a choice of two options eventually—Sikorsky-Fiat and the alternative European option which developed.

The conclusions of the meeting of the Economic Sub-Committee of the Cabinet on 9 December laid down a clear line of policy and made it unnecessary to hold a further meeting. It was recognised in discussion that the timetable would allow for another meeting of Ministers before 4 pm on 13 December if unforeseen developments required one, but no decision to hold such a meeting was taken or recorded. The conclusion was clear, the events happened and the decision took effect. No meeting was agreed, so there was no meeting to cancel.

A firm proposal from the European consortium, which by that stage included British Aerospace, was received by the board on 13 December. The proposal took into account a provisional agreement reached between defence Ministers of the four countries based on the recommendation of the national armaments directors.

The European consortium's proposal was not acceptable to the board. Accordingly, as decided at the meeting on 9 December, the Government were not bound by the NADs' recommendation. In the light of the decisions taken on 9 December there was no further issue to discuss, though the matter was raised in Cabinet on 12 December.

position was fully reported to the House in a statement by my right hon. and learned Friend the Secretary of State for Trade and Industry on 16 December, including the decision about the national armaments directors' recommendation and the Government not being bound by it. I answered questions on 17 December. On 19 December, as I told the House the same afternoon, Cabinet reaffirmed the Government's view that it was for Westland to decide what was the best course to follow in the interests of the company and its employees.

Westland subsequently put proposals to its shareholders on 21 December to effect a capital reconstruction involving United Technologies and Fiat. Those proposals, and those of the European consortium, which in this period was joined by GEC, were subsequently improved in various respects, but that did not affect our fundamental policy that it was for the company and not for the Government to decide between them.

On 30 December, Sir John Cuckney asked me to confirm that Westland would still be considered a European company by the Government if the UTC-Fiat consortium took a minority shareholding. In replying on 1 January I told him that as long as Westland continued to carry on business in the United Kingdom, the Government would continue to regard it as a British and therefore a European company and that we would support it in pursuing British interests in Europe. I also said that, whichever of the two proposals currently under consideration the company chose to accept, the Government would continue to support Westland's wish to participate in European collaborative projects and would resist to the best of their ability attempts by others to discriminate against Westland.

Cabinet on 9 January confirmed unanimously the Government's conclusions of 19 December and agreed that to avoid any possible prejudice to the sensitive commercial negotiations then in train all statements by Ministers should be cleared interdepartmentally through the Cabinet Office to ensure that all answers given by the Government were consistent with Government policy. Every member of Cabinet agreed except my right hon. Friend the Member for Henley. He then left the Cabinet. I shall return to that point in a moment.

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.

Mr. Jack Straw (Blackburn): The Prime Minister has now passed 6 January in her account, but she has omitted all reference to the leak of the Solicitor-General's letter which I believe took place on that date. Is she satisfied that neither the Secretary of State for Trade and Industry nor any of his officials had anything whatever to do with that leak?

The Prime Minister: I answered written questions either yesterday or this morning making it quite clear that an internal inquiry had been instituted. The hon. Gentleman asks me about a particular leak, but if I had to answer every question raised in the newspapers we should have a very long task.

The Government's approach throughout has been guided by a number of important considerations.

First, the Government concluded that no national interest considerations required the mounting of a public sector rescue bid. It followed that we could not dictate a solution to the company's problems. Responsibility for its future had to remain in the hands of its directors and shareholders — where it ought to be. Had the Government pressed the board of Westland to favour or adopt a particular solution it might have been taken to imply that we were ready to use public funds to underwrite the company's finances. We were not and are not prepared to accept any such liability.

Secondly, and in line with our active support for greater co-operation in European defence procurement, we were ready throughout to encourage the possibility of a European solution, while affirming that it was for the board and the shareholders to decide what was best for the company.

Thirdly, we wished to ensure that our armed forces would have and would continue to have access to the most cost-effective equipment which fully meets our military needs.

I believe that the House will agree that the record shows that the Government have acted consistently with those principles throughout.

There have been suggestions that the Government did not discuss the issues in sufficient depth or in a timely way. The account that I have given shows 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. The company's future was the subject of collective discussion between Ministers on 18 June, 19 June, 16 October, 5 December, 6 December, 9 December, 12 December, 19 December and 9 January.

There can be no doubt that the problems have been considered, properly and responsibly. Colleagues in the Government, particularly those most closely concerned, were given ample opportunity to express their views, and did so, and ample opportunity to seek to persuade other colleagues before the policy was decided.

I have dealt in considerable detail with the points concerning the Government's approach to Westland. I should like to emphasise one particular point in that account. Unanimous agreement was reached at the full Cabinet on 19 December. I repeat—unanimous. On 9 January Cabinet confirmed the identical policy and once again the policy was agreed unanimously. It was vital from that day forward that we should give strict practical effect to the policy as the crucial time for the company's decision was approaching. This was not a technicality. It was essential for the effective discharge of collective responsibility.

The whole of the rest of the Cabinet agreed the procedure that we should adopt — with the sole exception of my right hon. Friend the Member for Henley. He was prepared to acknowledge the advantages of collective responsibility without being prepared to accept the disciplines that it requires. That the rest of the Cabinet could not accept. It would be a denial of the collective responsibility on which our system of constitutional government depends. Cabinet heard his decision with great regret. They recognised his services to government over six and a half years in office. But the decision was his, and his alone.

[Prime Minister]

It follows from what I have said that the Government have conducted themselves properly and responsibly throughout and that there is no cause for an inquiry. The amendment in my name and those of my right hon. and right hon. and learned Friends recognises the important role of the departmental Select Committees in matters such as this. The Government's concern is to see a financial reconstruction of Westland as soon as possible which maintains a British helicopter design, development and manufacturing capability, supports United Kingdom participation in collaboration with NATO allies, and safeguards the interests of the company, its employees and its shareholders.

I believe both sets of proposals put to the company could achieve these objectives; I hope that the shareholders will be able to take their final decision very shortly.

I commend to the House the amendment which endorses the Government's consistent policy.

4.41 pm

Mr. David Steel (Tweeddale, Ettrick and Lauderdale): The most brazen part of the amendment moved by the Prime Minister is that which asks the House to endorse "the Government's consistent objective of supporting Westland . . . and of safeguarding the interests of the company, its employees and its shareholders".

My basic disagreement with the Government is that, as the Prime Minister has just shown adequately, the Government's consistent attitude has been to say that it is nothing to do with them, that it is entirely up to the company.

My hon. Friends the Member for Yeovil (Mr. Ashdown) and for Isle of Wight (Mr. Ross) who, between them, represent the bulk of the work force of the company, had a total of six meetings last year with Ministers in the Ministry of Defence and the Department of Trade and Industry. All were designed to stir the interest of the Government to try to secure the stability of Westland and the continued employment of its work force in its helicopter, hovercraft and other divisions. No doubt the records of those meetings could be added to the plethora of paper that we already have.

In each case, the Government steadfastly and consistently refused to assist. They said that these matters were for normal commercial consideration. The Prime Minister quoted to the House a section of the speech made by the Minister for Information Technology on 8 July. He said:

"It is not for the Government . . . to seek to influence the form its future should take."—[*Official Report*, 8 July 1985; Vol. 82, c. 881.]

There, of course, lies the basic division across the Floor of the House. Most of us on the Opposition side of the House believe that it should be possible for any Government, especially where defence interests are at stake, to have at hand some means of securing the interests of companies that get into temporary difficulties. If the Government still had the National Enterprise Board it would have been perfectly possible to have public participation for a necessary temporary period in which the company could get back on its feet and not necessary to have a nationalisation solution. We believe that, given the state of the company last summer, the proper course would have been for the Government to consider taking a 21 per

cent. shareholding and thus actively put together some kind of European consortium under the 1978 helicopter agreement. The right hon. Member for Henley (Mr. Heseltine) subsequently did this in the last two months of 1985.

The truth is that the Prime Minister and the whole Government continued, throughout most of last year, to operate a free-market theory in a world where the free market no longer exists. Every other country, whether it be the United States or our European partners, gives far more support and active assistance in various forms, including public participation, to their defence industries, than this Government are prepared to do. That is our basic quarrel with the Government's attitude to Westland throughout last year.

Later in the summer, the new chairman and the new board took their places. At this point Members of Parliament, the Sikorsky company, Sir John Cuckney and British Aerospace were all told that the Government would not get involved. The strong impression among Westland personnel was that the Government would not be surprised if, although they did not necessarily hope that, the company went into receivership. Various other companies would then pick up the pieces. This is where the Government are consistent in their non-industrial strategy. It does not matter if we do not have a helicopter manufacturing capacity, it does not matter if we do not have a pulp-making mill capacity or a steel rolling mill—such has been the Government's strategy all along. The result of this strategy since the Government came to office has been a reduction by about one fifth in the manufacturing capacity of this country. The result has been that 1983 was the first year when, excluding oil, our imports exceeded exports. This is the record, and into it the Westland saga fits with total consistency. We cannot support such an attitude, partly because if Westland had gone into receivership I am told that about 90 other supply companies could also have gone into receivership. But the Government allowed that threat to continue throughout last summer.

Mrs. Edwina Currie (Derbyshire, South): The right hon. Gentleman says that the Liberal party does not support the Government's attitude. Recently the right hon. Gentleman was reported in the press as saying that the European possibility should be pursued. However, in recent days, other Liberal Members have backed Sikorsky. Does the Liberal party have an attitude at all or is it sitting on the fence?

Mr. Steel: If the hon. Lady will be kind enough to let me make my speech she will know my attitude. I shall make it perfectly clear. I have already said what should have been done last summer. I am taking the matter in sequence and I shall now move on to what happened last autumn.

The Cabinet, including the former Secretary of State for Defence, must accept responsibility for the united attitude that it took towards the Westland company throughout the summer of last year. It was not an attitude that we supported.

The Government have also lacked a defence procurement strategy. I am one of those who stands firmly behind the twin-pillar concept of the NATO Alliance. That concept cannot operate if one of the pillars gradually acquires the bulk of the technology and manufacturing

capacity for our defence equipment. Surely that was the reason behind the 1978 helicopter agreement. It was also behind a number of other collaborative ventures that Britain has entered with our European partners.

It is not anti-American to say that there ought to be greater common manufacturing efforts among NATO's European partners. That is why the Government should have followed this concept in the middle of 1985 when Westland was in trouble, but they did not. In September, the new Westland board, as the Prime Minister described accurately, had to put into effect a rescue package by mid-December — a short time — to avoid going into receivership after the accounts were published in mid-December.

Mr. Nicholas Baker (Dorset, North) *rose*—

Mr. Steel: The Prime Minister rightly says that the Sikorsky-Fiat deal was built on a long record of collaboration between Westland and Sikorsky. Therefore, in the tail end of last year, the board recommended to its shareholders a bird in the hand rather than any number of birds in the bush. It is not surprising that the bid has been supported by the shareholders, the employees and the board. They have supported it because it is the only available deal to come forward of its own accord and therefore it deserves support. The company has been perfectly right to be irritated at the manipulation by Government throughout November and December, having been told earlier that it was all up to the company.

Mr. Tony Marlow (Northampton, North): The right hon. Gentleman knows that both his hon. Friends the Members for Yeovil (Mr. Ashdown) and for Isle of Wight (Mr. Ross) now support the Sikorsky deal. Does he agree? Is that now Liberal party policy?

Mr. Steel: I thought that I had just made that point clear.

One of the more interesting points in the correspondence to which much attention has been given lies in a comparison between the official record of the minute and Sir Austin Pearce's letter. According to Sir Austin Pearce, Sir Raymond Lygo

"found reference to the national interest confusing".

In the official minute, however, Sir Raymond

"questioned what was the national interest".

It is no wonder that industrialists found the national interest confusing. It appeared to be whatever the latest Cabinet Minister said it was when they met. There has been no clear direction of national interest in this matter. The Prime Minister more or less glories in the fact that the Government saw no national interest in this issue at any time last year. On both manufacturing and defence grounds, we dissent from that view.

As for the constitutional issues raised by the resignation of the Secretary of State for defence, when last did a Government have so many ex-Cabinet colleagues out on their ears, not through old age or incompetence but for deviation from the given line? A Cabinet room which increasingly becomes converted to an echo chamber for one person's views is a danger to democratic government. The long-term lessons of this affair are that the Government have been industrially incompetent and that the morale of government has been undermined by a failure to conduct the processes of government on the basis of collective decision-making.

I agree with the Leader of the Labour party—the Prime Minister did not answer one point yesterday. The relationship between the Prime Minister's reaction to leaks by Ministers and ex-Ministers as compared to the alleged offences of civil servants under section 2 of the Official Secrets Act 1911 is obscure. Can there be one law for the rulers and ex-rulers and another for the ruled? The Prime Minister must now declare that section 2 is formally dead and buried unless she intends to mount prosecutions.

The Prime Minister has manipulated the processes of government unacceptably. Most serious of all, she has been cavalier with Britain's long-term manufacturing interests. It has been a discreditable episode in the life of an increasingly discredited Government.

4.52 pm

Mr. Michael Heseltine (Henley): May I begin with an apology to the House? Much of what I have to say I would have preferred to say to the House first, but circumstances did not make that possible and I apologise for that.

Much of what has been said so far shows that there are two issues at the heart of the matter—the relationship of Britain with its European and American allies in the Atlantic Alliance and the role, if any, that the Government should play in their relationship with industrial companies in seeking to enhance and protect the defence industrial base of the country.

I hope that I do not need to say to the House, and certainly not to my party, that I am as committed to the concept of the NATO Alliance as anyone in our party. I hope that I have played a role in selling the advantages of the NATO Alliance. I am wholly dedicated to the concepts and advantages that have come from it. I know of no other credible way in which to protect and defend the freedoms that we cherish. The issue, however, is the relationship and whether it should be one of partnership.

The political processes would be uncontrollable if, on either side of the Atlantic, tensions developed so that either side felt unfairly disadvantaged by the processes of the Alliance. We have one great thing in common—a common enemy—but the scale of the resources presents great problems. The United States of America spends some \$280 billion a year on its defence requirements. That undoubtedly gives it and us enormous defence and deterrence, but it also provides an enormous industrial dilemma. That vast resource flows into the technology frontiers and creates huge production runs. It is spent largely within one market, which is perhaps the most protected market in the Alliance, by technology transfer regulations, by "buy American" protection laws and by extra-territorial controls.

This scale of taxpayers' resource is irresistible and it is co-ordinated through the vast buying machinery of the Pentagon. It is also protected by the immensely zealous interest of Congress. It is channelled into the largest and richest companies on earth. It is irresistible and if unchecked it will, in the legitimate pursuit of American corporate ambitions, buy its way through sector after sector of the world's advanced technologies.

Two consequences flow from that. The bigger and richer the companies become, the more they centralise their design and high technology facilities, and the more the flow of brains and talent is drawn to the western sun belts and the more the resentment will grow in Europe. The slower we are to react, the less effective we become as industrial partners to the United States. The more

[Michael Heseltine]

Europe is criticised for failing to play its part in sharing the burden of the defence of the free world, the more the resentments will grow in the United States.

So, for the strength of the Alliance and to preserve the conviction of partnership upon which it must politically depend, the more we in Europe must recognise that it is in our interests—and in America's—to strengthen and co-ordinate our industrial base.

Should we try to influence our companies? Are there any arguments about our defence interests, about our aspirations as a European partner or about our commitment to the preservation of the high technology base in Britain? At the end of the road, are there even any arguments about the maintenance of jobs in Britain when large sums of taxpayers' money are being paid out? Since Government is far and away the largest customer, should it not expect to play some role in influencing the destiny of our defence contractors?

Mr. Paddy Ashdown (Yeovil): Will the right hon. Gentleman give way?

Mr. Heseltine: Forgive me.

I have absolutely no doubt that the answer to all those questions has to be yes. In the starkest case, our companies, with few exceptions, are too small to survive individually as genuine partners with American companies. There is no point at which the process of acquisition would stop if government believed that a market place flickering at the margin of the taxpayers' resource would lead anywhere except American domination, company by company, sector by sector.

My position has been consistent ever since I had the privilege to help establish the European Space Agency in 1973. The background is for me clear. So is Government policy on this critical matter. The Government White Paper of 1985 made clear that we were committed to a major drive forward in the co-ordination of the defence industrial base in Europe. The helicopter agreement of 1978 made it clear that we were committed to seeking the co-ordination of the European helicopter requirements. So could there be—should there be—an exception in the case of Westland? Should Britain dine a la carte in Europe, going for the airbus, supporting Tornado and the European fighter aircraft, but opting out of helicopters? Such a theory has its attractions. Often one gets a better choice a la carte, but it is usually more expensive and one's companions tend to copy one's example.

The longer that we in Britain go on preserving an unco-ordinated, fragmented European industrial base, cowering behind our frustrations every time somebody else wins, or tries harder than we do, or gets up just that little bit earlier than we do, the longer our relative decline compared with the United States of America will continue.

Let us come to that small helicopter company in the west of England. My position has always been that if in the end there was only one way to save Westland on reasonable terms I would back Sikorsky. My own belief is that at the critical moment the Government had a clear preference for Europe and that, for reasons that I fail to understand, Sir John Cuckney set his face against any reasonable exposure of that European preference to his shareholders. I fail to understand his statement yesterday

that, come what may, he will not put the firm, financially better, technologically more advanced, British-European offer to his shareholders.

I do not believe that even the most laissez-faire of my colleagues would have intended that leaving the choice to the Westland company would result in unidentified and unidentifiable financial groups slogging it out behind the closed doors of City institutions, as is witnessed, as though we were selling one of Britain's defence contractors in job lots to the highest bidder.

Mr. John Wilkinson (Ruislip-Northwood): I am most grateful to my right hon. Friend. We have all been listening with rapt attention to his grandiloquent statement and we are impressed with the idealism behind his observations about European collaboration. But is it not simplistic to paint a picture of an entirely one-way street, seeing that British industry has most successfully, to our advantage, collaborated with the Americans on the Harrier 2 and on the Hawk for the United States navy? We are also providing the Rapier to defend United States air bases in this country. Europe has provided the spacelab to go in the shuttle and is to collaborate with the National Aeronautics and Space Administration on a space station for the 1990s. Is my right hon. Friend not being simplistic about these matters?

Mr. Heseltine: There are examples on both sides of export successes to the continent of Europe, to the Third world and to the United States. We are not talking about co-operative success; we are talking about the simple question whether the United States would allow a significant defence contractor to be owned or effectively controlled by an overseas country. The answer is a categorical no. I do not understand why we should have a different answer in this country. It is well known—I have made no secret of it and never will—that I hope the shareholders of Westland will recover some sense of national pride when they meet on Friday.

I must elaborate on the two specific points that I have just made. First, at the critical moment the Government had a clear preference for Europe in the rescue of Westland. Throughout 1985, as the Prime Minister has fairly said, every option was canvassed. There are virtually no opinions that are not represented on the files on the matter, but my preference clearly follows the European co-operative sentiment in the White Paper which my Department was responsible for publishing last year.

Of course, throughout the early months when the Prime Minister rightly said that there were considerable interdepartmental discussions and even meetings, the scale of the Westland crisis was hardly perceived. The first serious solution was the Bristow takeover bid. So none of the anxieties about effective foreign control were on the agenda in a practical sense at that time. It was only with the withdrawal of that bid—I remind the House that that took place only in June of last year—that we had the disclosure of the financial crisis which many of the existing board who were there then seem hardly to have perceived. It was only when that crisis broke in June that Sir John Cuckney took over.

It often appeared as though there was no way through for the company. The only way through might have been an extremely expensive public rescue. Every option, including a Sikorsky rescue, had to be preserved and encouraged. Every one of us would have been guilty if we

had blocked off such options. The Department of Trade and Industry and the Ministry of Defence worked through the options. As events unfolded I had no cause originally for concern that my European preference would not receive consideration. Of course, the DTI was the sponsoring Department but at that time it was faithfully maintaining the European option.

By October — this is the point at which the difficulties which have led to my resignation from the Government began to develop—the preservation of that choice had become a clear preference. I must say to the Prime Minister that her description of the account in the two letters of 4 and 18 October does not tally with my reading of those letters. I have a very full understanding of what is in them. If the Government can publish Sir Austin Pearce's letter and now the Law Officer's letters I cannot understand why they cannot make available the letters of 4 and 18 October.

Those letters would show that Sir John Cuckney recognised a European preference and that the Secretary of State for Trade and Industry declared a European preference. I have to say that about that time Sir John Cuckney was beginning to advise the Government that there was no realistic European option. It was only then that my anxiety began to grow. It was at that time that the willingness that I had had until that moment to support the sponsoring Department turned to an anxiety that the preference for Europe was being choked off.

During August, as the House knows, I had concluded on behalf of this country the European fighter aircraft agreement. If I dare say so, perhaps more than any other Minister I have deep experience of how Europe works. I told my colleagues privately in mid-October that Sir John Cuckney had the wrong experience to give him an insight into how European collaboration works. It is not his fault. It is an unusual experience to have, but nevertheless it remains a fact. Collaboration in Europe, were companies—even in this country—are in practice close to their Governments, is actually led by Governments and not by companies.

I obtained, therefore, my colleagues' agreement to see whether I could help to counter the increasingly certain views of Sir John that there was no European option. I met Sir John—as the House knows, I was abroad in early November — on 26 November. He said that he welcomed help. He explained that he had not the staff to process the work himself because he was so involved with the Sikorsky negotiations and that it would be good for the company to have a choice. So I began my negotiations with the full support of my right hon. and learned Friend the Secretary of State for Trade and Industry and with that of Sir John.

It has been suggested that I was indifferent to Westland's future. I shall say something about that, because nothing could be further from the truth. My Department's responsibility for Westland was to ensure that the industrial capability, which is a critical defence interest, was maintained. I always made it clear that I would insist on the maintenance of that defence capability. Secondly, it was its responsibility to secure the best, or at least reasonable, value for money for the defence budget. It was not the responsibility of the Ministry of Defence to take over the sponsoring role of the Department of Trade and Industry or to use defence money for company rescue plans, unless the cost of so doing could be extremely

limited. It is for the Department of Trade and Industry to propose in such matters, and it made it clear on 4 October that it would not use DTI money for rescue purposes.

I stated clearly that receivership would be the best solution in certain circumstances. I said that most clearly on 25 September when I became so concerned about what was happening that I instructed officials in my Department that no options other than receivership were to be discussed further without my express authority. Why did I react so strongly? I did so because, on that day, I received a submission from my Department which said that, although no costed options for Westland yet existed, there was a plan. The Government were to fund £120 million for underwriting sales of 45 W30-160s, a civil helicopter, write off £40 million of launch aid on civil projects and provide perhaps another £25 million of further cash for redundancy. As my officials said at the time, to maintain the supply of spares and other Ministry of Defence requirements would cost Her Majesty's Government, on current information from the company, about £120 million to £165 million in cash and £40 million in written-off launch aid. It might have seemed just a small helicopter company in the west country, but my perspective had changed dramatically.

The military advice to me on the value to the Ministry of Defence of the helicopter order was that it would not be justified on military procurement grounds even as a gift. It will be seen clearly that by 3 October I am recorded as saying that I was not in favour of a receivership option.

Mr. Bill Walker (Tayside, North): My right hon. Friend will be aware that on 21 September I had a meeting with him in his office with principal officials from Sikorsky. Will he care to tell the House what he told them at the meeting?

Mr. Heseltine: Yes. I told them exactly what I have already told the House. I told them that we had to preserve all options. It would have been unthinkable, not knowing whether there was a European option, to reject one option that was sitting in my office at that time. I should add that my hon. Friend behaved properly on all occasions and that I believe that I have answered his question as honestly as I can.

It has been suggested that I withheld £6 million from the company. It was my accounting officer who withheld £6 million on what he believed to be grounds of commercial prudence. I instructed that I was to be kept in touch immediately, even when out of the country, with the attitudes of Westland's bankers on this matter.

In June, I put forward a limited form of Ministry of Defence guarantee to help with the uncertainties over the Indian order. My colleagues felt unable to accept it and I think that their reasons for refusing to do so were perfectly proper. I formally directed my accounting officer to pay the £6 million to Westland in October and, therefore, I took upon my own personal political shoulders the responsibility for making a payment of that large sum of taxpayers' money, which my accounting officer would not make. I remind the House that I was the Minister who was deputed to talk to Mr. Gandhi about the W30 order from India when he was in Britain.

In the end, whatever else I may have done, the Westland shareholders have a choice, and substantially better terms than those negotiated by the Westland board. The original Sikorsky offer, which the board firmly

[Mr. Heseltine]

supported, argued that the only practical offer was for up to 40 per cent. of the shares in the company and 30 per cent. to 40 per cent. of the work to go the United States of America. Sikorsky is saying now that it will perhaps accept the transfer of only half that shareholding and only half that amount of work to the United States of America. So much for the company that, as we were told on 5, 6 and 9 December, might go away if we did not sign up without more ado. No one knows now who is buying what shares from whom in the stampede by an American multinational company to break into the European markets.

I wholly reject the suggestion that I have been indifferent to Westland's interests, but I plead guilty to the charge that I have intervened in what I believe to be the legitimate interests of Britain's industrial defence base. I delivered a deal from the British and European sources to rescue Westland. On Friday 13 December, the bid, deal or offer was rejected by the Westland board in what I calculate to have been about 40 minutes. There was not a phone call and there were no meetings. There was a simple no.

I had been empowered by my colleagues in the British Cabinet to pursue the possibility of a British-European rescue for Westland, but I was given no chance to report back my proposals to the Cabinet Committee which authorised me, or to the full Cabinet, I was required instead to report them to the board of a private company. Virtually every Fleet street commentator said that the proposals were better. Even Sir John Cuckney's remarks indicated something of the same flavour. It was so much better as a deal that Sikorsky had to improve its offer in every material respect. Of course, no meeting took place in Government after my deal had been made available. There were meetings before but no meeting took place after the British-European deal had taken a form in which it could be discussed sensibly.

On Friday 20 December a full, as I am advised, legal offer was submitted to the Westland board by the European consortium. On Saturday 21 December, Westland proceeded to circulate to its shareholders the Sikorsky-Fiat proposals, which offered the company less money, less work and less technology and involved scrapping an existing agreement to produce Black Hawk helicopters, which is still in existence, to the best of my knowledge, with Short Brothers of Belfast.

Much of what has happened since is in the public domain. In the absence of any collective judgment, which I continued to ask for as late as 23 December, I continued publicly to answer questions, as I was, I think, properly entitled to do as the Secretary of State for Defence. I felt that I owed that at least to those who had responded so quickly and generously to the approaches which my colleagues in government had authorised me to make.

I must now come to the closing chapter of this extraordinary affair. I have explained that Sir John Cuckney, in discussions with me on 26 November, said that he would welcome a choice but had not the staff to process it. I fixed a meeting, after consulting the Defence Minister of the Federal Republic of Germany, for 29 November, consisting of four national armaments directors and representatives of three companies. I met the national armaments directors and the companies and explained the urgency of the matter. I then left to speak

for my hon. Friend the Member for Rochford (Dr. M. Clark). By the time I returned, agreement had been reached.

Even before the meeting had taken place, Sir John Cuckney telephoned the permanent secretary of my Department, saying that he had learned of its existence in the *Financial Times*. He said that he was expecting a telex in hours from Sikorsky and that as soon as it came he would convene a board meeting which would confirm the Westland-Sikorsky deal. So much for the man who, only a few days earlier, had said that he would welcome a choice. I am at a loss to understand how Sir John could on 26 November encourage a Minister of the Crown in the belief that choice would be welcome and three days later threaten to stifle it at birth.

Mr. Gerald Howarth (Cannock and Burntwood)
rose—

Mr. Heseltine: I have a limited knowledge of company law. That is a matter for the Department of Trade and Industry. [Laughter.] I am, however, under the impression that it is the duty of a board of directors to seek the best deal for its shareholders. The only excuse could be that even the knowledge of such an alternative deal would frighten Sikorsky off. That would have to be a miscalculation of historic proportions.

The House knows the background to the deal that I was trying to negotiate. In 1978, the four countries had signed an agreement to use their best endeavours to produce helicopters in Europe. The four, including the United Kingdom, had continued with that policy. At the meeting that I called, the national armaments directors agreed on the rationalisation of European requirements for helicopters for the rest of this century—the EH101, the NH90 and a merged version of the PAH2 and A129. That was the culmination of what had been embarked upon in 1978, the opportunity for Europe to keep within Europe all the design, all the technology, all the jobs, and to standardise, with no competition from any of the countries concerned, on three helicopter requirements.

At that meeting, therefore, the national armaments directors took the 1978 agreement a stage further. They said that they would in future not simply try to co-ordinate but would purchase helicopters designed and developed solely in Europe. They had decided on helicopter requirements for the rest of the century.

I must make it clear that I took no part in that decision. I was in Southend. The proposals were awaiting my return from Rochford. They were contingent on the European offer being accepted for Westland. With the national armaments directors' constraint, of course, Sikorsky would be ruled out in terms of its Black Hawk helicopter; and Sir John Cuckney asked the Secretary of State for Trade and Industry to lift this proviso of the national armaments directors at once. I refused to agree until a proper choice was presented between Sikorsky and the European offers.

The purpose of the meetings on 5, 6 and 9 December was to persuade colleagues to support the Secretary of State for Trade and Industry in his request to lift this provision. I have to say to the Prime Minister that I do not agree with her sense of urgency about this matter. There was no need to lift the national armaments directors' directive to allow the negotiations with Sikorsky to continue. It would have been necessary to lift the directive

only if the agreement with Sikorsky was to be signed. Sikorsky could have been told about it and that the directive would not be implemented if its preference was exercised. During the negotiation of that preference, there was no need for it to be lifted.

Mr. Wilkinson: My right hon. Friend the former Secretary of State, has throughout his tenure of office taken great pride in the fact that, under his stewardship, competition has been maximised and, with the help of Mr. Levene, the Chief of Defence Procurement, alias the national armaments director, great savings in cost have accrued to our taxpayers. How come that my right hon. Friend was so pleased that his national armaments director should announce to him a provisional agreement which would specifically preclude competition in the very important area of armaments where over the years a great deal of public money has been expended?

Mr. Heseltine: I wonder whether my hon. Friend has really thought through where the competition options would be in Westland if it were effectively owned by an American company which had already designed the helicopters for the United States forces, which were then to be available under licence to this country on work-sharing agreements. The House must understand that in all the procurement policies of the advanced world Governments actually buy the helicopters that suit the countries in which those companies are situated. If there is an effective American control of one of our major defence suppliers, I do not believe that there would ever be a really competitive choice to buy from Europe.

I accept, therefore, that there are limitations on the concept of competition. I have discussed it very fully with my colleague, the Federal German Minister. The way in which we will do it, if we see the Europeans advance in this way, is to ensure that the competitive pressures are arranged within Europe precisely as the Ministry of Defence is making arrangements now for competitive pressures to be exercised within Britain. It is no accident, because I share my hon. Friend's view, that the percentage of new contracts to the Ministry of Defence subject to competition has risen in the past 18 months from 45 per cent. to 70 per cent.

Mr. Ashdown rose—

Mr. Heseltine: No. [*Interruption.*]

Mr. Speaker: Order.

Mr. Heseltine: I come to the two meetings of 5 and 6 December. I do not think that any of my colleagues would dispute that they are not of constitutional significance because they were ad hoc meetings. It is a perfectly legitimate way of conducting the business of government to gather together the immediately interested Ministers to dispatch uncontroversial or relatively uncontroversial business. There were, however, sufficient numbers—not a majority, but sufficient numbers—of Ministers at those meetings on 5 and 6 December to ensure that a properly constituted Cabinet Committee should meet to resolve the matter. That meeting took place on 9 December. It was, of course, a meeting of the Economic Committee of the Cabinet. Sir John Cuckney was invited—I think helpfully—to put his views about the urgency of the Sikorsky situation and about the European option to all my colleagues on that Committee. He stressed, of

course, how essential it was to lift the national armaments directors' directive. A significant number of my colleagues came new to the arguments.

At that meeting I put forward a totally different proposal. I asked for just five days, until Friday 13 December, to ensure that the European proposals, which now included British Aerospace, were proved or not. I made it absolutely clear that if I failed I would back Sikorsky. After hearing all the arguments and after listening to Sir John Cuckney, a clear majority of my colleagues supported my proposals. The meeting ended with a clear statement that we would meet again on Friday at 3 pm, when the Stock Exchange closed. The officials of the Cabinet Office recorded the words. They are not in the minutes but I believe them to be in the notebooks from which the minutes are prepared. [HON. MEMBERS: "Oh!"]

It was no surprise to me when, therefore, the Cabinet Office arranged the meeting for Friday at 3 o'clock. It was a devastating surprise when it subsequently cancelled the meeting. I was content with the outcome of that meeting on 9 December because my colleagues had given me time, and I had another meeting at which colleagues could take whatever steps they felt then appropriate if they wished to give advice to Westland's board. That was the very least that the Government could do in common courtesy to the Ministers of other allied countries who had already made and still had to make such efforts to consolidate the offers for the rescue of Westland.

It is now well known that that meeting on Friday never took place. The board of Westland threw out the British Aerospace-European proposals as though they were a mere public relations handout. Collective judgment had been frustrated. I had no doubt where my duties lay. I had been entrusted by my Cabinet colleagues to seek a European deal. I had been entrusted by my European colleagues with the advocacy of their case. I therefore circulated details to my colleagues in Cabinet and sought a collective decision. That was denied me. I was told not to raise the matter in Cabinet. I refused to be silent. I protested about the cancelled meeting in Cabinet on 12 December. The Cabinet minutes did not record my protest.

At the next Cabinet meeting, on Thursday 19 December, it was stated that we should show no preference. I explained that events would shortly unfold that would cause us to rethink that position. The next day, British Aerospace, the General Electric Co. and the Europeans put forward a full proposal. I again asked for collective judgment. It was again denied me.

I explained that I would have to answer questions on defence procurement policies or the resulting uncertainty about the European proposals would be fatally damaging. This was not challenged in Cabinet; but otherwise the public controversy was to be cooled and there were to be no ministerial public statements. That night, the Secretary of State for Trade and Industry implied that I was holding a pistol to Sikorsky's head. I did not respond to those words. On Sunday, he spoke on radio and recorded a broadcast for "The World This Weekend". The BBC informed me, and I agreed to respond only if I was convinced that he had broadcast. I heard the broadcast by the Secretary of State and agreed to go ahead. Efforts were made to stop the programme—[HON. MEMBERS: "Oh."]—but I was told that, whatever the Secretary of State for Trade and Industry did, I was not to appear. I could not accept such one-sided treatment.

[Mr. Heseltine]

I withdraw not one word of my account of the Prime Minister's reply to Sir John Cuckney on new year's eve. Sir John wrote to the Prime Minister, in my view, to get answers that were perhaps different from those he had got from the Secretary of State for Defence. There was a draft of an indicated reply. It was sent to the Department of Trade and Industry and not the Ministry of Defence. There was an intervention by the Law Officers which materially changed the sense of the proposed reply.

I do not think that there is any point in delaying the House with more details of the events as they unfolded. I say at once that I would not support the form of inquiry suggested by the official Opposition, because I believe that there is ample precedent in the instruments of the House, which I did all in within my power to support when they were brought into existence to make any full exploration of the circumstances that the House may consider necessary, but, if there is to be an inquiry, I would expect to be called to account for everything that I have said and my role to be fully and carefully examined in detail.

Suffice it to say that the culmination of events came in the Cabinet on 9 January. We were supposed to be even-handed, leaving the matter to the shareholders, standing back. At that late stage, there was perhaps, realistically, nothing else to do once the board had made its final, and in my view ill-judged, recommendation. There were then selective leaks from the Law Officers' letters, which were used, wrongly, to damage my credibility. The Foreign Office instructed the British ambassador in Rome to ask the Italian Government to send no more messages of support for the European consortium. [HON. MEMBERS: "It is a scandal."]

The Secretary of State for Trade and Industry urged the managing director of the leading company in the British consortium to withdraw in the national interest. I reported that incident at once on Wednesday night to No. 10 Downing street. The next morning, in Cabinet, it was suggested that all answers to questions on Westland should be submitted to the Cabinet Office before release.

Mr. Hugh Dykes (Harrow): Will my right hon. Friend give way?

Mr. Heseltine: No.

This included answers to questions which already publicly carried my name. I had no confidence, in the light of what had already happened, that such a constraint would be used fairly or without prejudice to the interests of the British-European offer. What I had said with confidence one week would be at the mercy of the most trivial form of interdepartmental squabbling over words. The board of Westland could have been forgiven for seeking to exploit those uncertainties.

I was with great pride Secretary of State for Defence in Her Majesty's Government. There are special responsibilities in that job, and one of them is a conviction in one's capacity to do whatever one believes to be right and against all pressures. With great regret, but no doubt, I left the Government.

5.38 pm

Mr. James Callaghan (Cardiff, South and Penarth): I have listened over a long period to many great speeches. I do not think that I have ever heard a resignation speech in which the position of the resigner has been so firmly

founded as we have heard today. It is inconceivable that the Prime Minister and the Government should refuse some form of inquiry into the allegations of the right hon. Member for Henley (Mr. Heseltine). He has made statements that directly contradict points made by the Prime Minister and others of her Ministers. There can be no confidence in the Government until this matter is cleared up. I say to the right hon. Lady that in the interests of good government she has a responsibility to see that the right hon. Gentleman's points are fully examined independently and that the truth is asserted and delivered to the House.

The decision to resign is not an easy one to make. It means parting with friends and colleagues. It means that whispers and slanders and untruths will be told about the person who has resigned. When a person resigns he will be told that he has weakened the party, and it will undoubtedly be said that he is fulfilling some long-range ambition. I am sure that it is an agonising decision. Sometimes resignations do not take place on great issues. They are sometimes the culmination of a long series of frustrations which eventually explode and boil over.

I listened to the right hon. Gentleman outlining the framework, the philosophy, against which he was taking these decisions and carrying out, up to a certain point, what he believed to be Government policy, and I contrasted his speech with the turbid recital of dates that we had from the Prime Minister. I have no doubt who has so far had the better of this argument. I salute the right hon. Gentleman for his courage in resigning. He will have a difficult path ahead of him. I do not believe he planned it, nor do I believe the Prime Minister wanted to push him out. It is one of those inevitable consequences of two stubborn people meeting and neither being willing to give way. When stubborn temperaments clash, we may well ask what the rest of the Cabinet was doing to try to prevent — [Interruption.] If my hon. Friends are interested I will return to this point a little later.

We are not dealing just with a clash of two strong personalities, as has been brought out by the right hon. Gentleman, because there are important public issues at stake that the House should address. The first issue is the future of this insolvent company. Can it be given a prosperous future? As we have been told by the Prime Minister and the right hon. Gentleman, the background is fairly straightforward. When it first fell into trouble both the Secretary of State for Trade and Industry and the right hon. Gentleman were in favour of and ready to adopt a European solution, taking along with them, perhaps, a rather unenthusiastic Prime Minister.

Before such a European solution could be adopted, it was necessary for the Government to put some work into Westland and, as has been made clear to us, they were not ready or able at that stage to do so. The future for the company was grim, and I have no doubt that it was with thankfulness that the Prime Minister and the other Ministers involved learnt that Sikorsky was ready in July to offer both finance and work so that the company could carry on. In its weak position the company eagerly grasped that, as there seemed to be no other future. Much later this prompted the European Governments and companies to come forward with a proposal for collaboration.

Criticism may be made of the European consortium in that it did not come forward earlier in view of the 1978 agreement for which my Government were responsible. But it did come forward, and the Government have not yet

explained to my satisfaction and to the satisfaction of many others why they did not examine the European option as fully as they should have done. It is at this stage that the first criticism of the government must be made, and so far the right hon. Gentleman has made the case that there was inadequate consideration.

The Prime Minister's defence this afternoon was that the company had to produce its accounts by the end of the year and would have shown a loss of £100 million, and that without any financial reconstruction in sight it would have had to go into receivership. There was a great deal to be said for that solution and I understand that at certain stages the right hon. Gentleman put forward that solution.

What is the position of this company today? We are told that the shareholders will take a decision but that decision will not be in the hands of the shareholders if the banks choose to exercise their powers. If the National Westminster bank and Barclays bank were to say tomorrow that they refused to cover the borrowings of this company any further, the company would immediately go into receivership. The shares that are now changing hands at £1.25 each are worthless—pretty well worthless; I exaggerated slightly but not by much. On Friday the shareholders will take decisions on shares which have little value and those decisions will be on matters of supreme national interest.

I want to demonstrate why this is so. Westland is not a unique company, especially in the defence field. As the right hon. Gentleman said, to some extent the company depends on collaboration with others and on foreign technology in its work. That illustrates the important and central issue with which he started his speech, namely that for many years Britain, like other medium-sized countries, has not been capable of meeting its arms requirements from its own arsenals. The question of what policy we should adopt in purchasing arms from other countries or in co-operating with other manufacturers in joint production is not a new issue.

The House is aware that there is much history and there are many precedents on policy decisions to assist a Government confronted with a problem such as Westland. The Government were faced with the two options and the Prime Minister seems to have conducted the discussions, especially in the last two or three weeks, with all the restraint and rationality of a Saturday late night pub dispute after the pub has closed and people emerge with black eyes. The Secretary of State walks out of the Cabinet and the Leader of the House has an uncomfortable half hour on television. The Solicitor-General has his letter leaked without his knowledge, the poor pathetic Secretary of State for Trade and Industry has to weave his way around half truths and evasions and then has to come back and confess. It has been a miserable week for the lot of them on the Government side.

An Hon. Member rose—

Mr. Callaghan: The hon. Gentleman is not yet on the Front Bench but I am sure he will be one day if this lot go on as they are. The work force has spoken out strongly in favour of Sikorsky and the opinion of the work force should be respected—*[Interruption.]* I will not give way—*[Interruption.]* I am told that the hon. Gentleman has Barbara Castle's diaries. I have not read them, so I shall not give way as I would not be able to answer his question.

If the House will allow me I would like to make a serious speech. The work force has said strongly that it

wants the Sikorsky solution and we must respect its opinion. It believes that the Sikorsky solution will give it the best chance of retaining its skills. None of us can give the workers a clear assurance that if the Sikorsky solution is adopted it will give them a future, and that is by virtue of some of the reasons given by the right hon. Member for Henley.

Mr. Ashdown: Or from the other solution either.

Mr. Callaghan: There is, for example, one company that would certainly have a future. I am sure many people will echo what the right hon. Gentleman had to say about the disgraceful way in which huge blocks of shares are being bought and sold by faceless individuals who will then throw the shares into the scales on Friday. This kind of predatory company acquisition has nothing to do with the efficiency of the market place about which Conservative Members are always regaling us. It has nothing to do with the productivity of the work force, and the defenders of unbridled capitalism will be hard put to it to argue that what is happening in the City of London this week is the best way to safeguard the future of one of our defence industries.

He would be a bold man who would reassure Westland that its future was secure. After all, Sikorsky, as has been pointed out this afternoon, is not the principal in the matter. It is one of the divisions of United Technologies, a vast American corporation, to whom the investment of a few million pounds in Westland is no more than the office petty cash.

I shall forecast one likely pattern of development. Sikorsky, despite its 10 per cent., will dominate the future of Westland and its policy. It will use Westland as a useful tool to attack the rest of the European helicopter industry. In which case, Aerospatiale will survive because France will determine that it survives, unlike this Government's attitude. Fiat, already linked with Sikorsky, will make a bid for Agusta and the Americans will secure a dominant position in Italy. That is not the way to conduct American-European defence procurement—in their interests or ours.

We need a basis of equality in our relationships, and the helicopter agreement, to which the right hon. Member for Henley referred in his statement of resignation, was intended to secure that basis of equality between Europe and America. That is not anti-Americanism. It springs from the understanding that a true partnership requires equality between the partners. If one partner can do without the other, there is no real partnership.

I speak today because there is history to guide us on these matters which the Government have neglected. Eight years ago—the house will have noted the date 1978—the Boeing aircraft company was on the prowl in Europe, dangling offers of joint production in front of British aircraft firms as well as those in Italy and France.

At that time, British Aerospace was a nationalised company and the Labour Government were brought into discussions with Boeing at an early stage. I had become Prime Minister and I made it my business to meet the leaders of Boeing and the other American aircraft companies in Washington. After a long series of discussions, my advisers and I came to the conclusion that despite the offer that Boeing was making of an apparently equal partnership with British Aerospace, the consequences, whatever its intentions at the time, would

[Mr. Callaghan]

have been different. Boeing's long-term aim was to choke the infant Airbus, to suck the technology out of British Aerospace and to reduce its role to that of a sub-contractor.

The principal officials of British Aerospace were of the same mind as my colleagues in the Cabinet. We authorised fresh vigour to be imparted into our negotiations with France and Germany with a view to a joint European production of the Airbus. It was a difficult negotiation. At one stage it involved President Giscard and Chancellor Schmidt before the three countries could reach an agreement. But we did, and the results today—this surely has a moral for helicopter production—is that Europe has an independent aircraft industry; that British Aerospace is renowned as one of the foremost manufacturers of wings in the world; and even American airlines are buying the European Airbus.

If only the Government had shown the same enthusiasm, had overruled some of Sir John Cuckney's proposals and had secured his enthusiastic co-operation, and if the right hon. Gentleman had been allowed to pursue the line that he was following, the result might have been different.

We had other problems in 1978 with the Americans over the financing of Rolls-Royce engines. We got the Export Credits Guarantee Department, on what I believe was a good piece of financing, to support the sale of Rolls-Royce engines to American companies. The Americans accused us of unfair competition. They went to Congress. The matter was taken up by President Carter. I was in Washington again. We had a talk about the matter with the American Secretary to the Treasury and I say, in fairness to the Secretary of State for Trade and Industry, that he would have been on a fair point if he had limited his conversation with Sir Raymond Lygo to pointing out the dangers that British Aerospace was running, and of anti-American sentiment. I must say, however, in view of the present position of the Airbus and its American relationship, that it would have been rather like teaching his grandfather to suck eggs.

Our experience was that although we had a rough passage with the Carter Administration for several months, which needed a great deal of smoothing over, in the end, the President and I recognised that the Americans were fighting their corner and that we were fighting ours. We both made a calculation of where our national interests lay. Surely the moral is that the Secretary of State for Trade and Industry should not have been so timorous as to pressurise British Aerospace to withdraw because he was afraid of American displeasure.

I am not sure what the right hon. and learned Gentleman is saying, but if he wishes to interrupt I shall gladly give way.

The Secretary of State for Trade and Industry and President of the Board of Trade (Mr. Leon Brittan): I am simply repeating what I said to the House and what is confirmed by the official record, which is corroborated by three senior officials who worked, I imagine, for the right hon. Gentleman's Government and whose integrity was not questioned, and by my hon. Friend the Minister of State. At no stage did I ask British Aerospace to withdraw.

Mr. Callaghan: It is extraordinary, is it not, that when there is a difference of opinion between the Prime Minister

and the right hon. Member for Henley, it is the Prime Minister who is correct. When there is a difference between the Secretary of State for Trade and Industry and Sir Raymond Lygo, it is the Secretary of State who is correct. The Secretary of State is still muttering. Despite his vehemence, I cannot say which version is the truth. I say to the right hon. and learned Gentleman and to the Prime Minister, how does she think that the Government can keep any respect when there is a direct contradiction between the letters that we hold in our hands and what the Secretary of State has just said?

The European Nations—the Secretary of State is not worth wasting time over—decided on the helicopter declaration agreement for three reasons. First, we were fearful that the United States in its vigour, appetite and size would swallow us one by one. Secondly, in those technologically advanced sectors, the need to invest huge resources in research and development forces even market leaders into collaborative deals with their competitors, leading to common sourcing of components and much else. The third consideration was the failure of the two-way street, an arrangement under which America undertook to purchase part of its defence requirements from Europe to offset the huge flow of American equipment purchased by Europe. Both sides were to purchase from each other.

I heard what the right hon. Member for Henley said about some of the traffic that had gone the other way. If the right hon. Gentleman were to draw up a balance sheet of the two—if I may continue my metaphor of the two-way street—all the American vehicles were pouring down the track towards us, but we had nothing but a rather broken down cycle for the return journey.

Those important policy considerations do not seem to have been taken fully into account. I have mentioned three factors—the fact that we were going to be demolished by the Americans, one by one, the need for technological collaboration and the failure of the two-way street—which do not seem to have been given the consideration that they should have been given.

I come to the Prime Minister's conduct. The right hon. Member for Henley claims that it amounts to a constitutional outrage. With respect, I believe that that is overegging the pudding. Every Prime Minister has his or her style of conducting Government. It is up to the Cabinet whether it puts up with or not. That lot will put up with almost anything. There is the well-known example of Attlee's strong rebuke to Churchill over conduct of the wartime Cabinet. We have since been told that Mrs. Churchill apparently agreed with Attlee. She told Winston so, and then he tried to mend his ways. I wonder whether there is a role here for some other sensible spouse? The right hon. Gentleman let the cat out of the bag by publicly blowing the gaff on what his less courageous colleagues have long whispered behind their hands: that they find the Prime Minister's method of conducting business objectionable. I think that the House can understand what they are getting at.

But what were Ministers doing during this period of growing controversy between the Secretary of State for Defence and the Prime Minister? Was the Chancellor of the Exchequer doing his best to calm things down? I suppose that the Foreign Secretary was off on one of his foreign travels and that he was not available to help. But what about the ebullient tones of the Leader of the House? Where was the Chief Whip? What were all these Ministers

do while this issue was boiling up? I can only say to them all that if they behave like mice they must expect to be chased and that if they act like doormats they must expect the Prime Minister to trample all over them. I am bound to say to the Ministers who are sitting on the Treasury Bench today that, with one or two exceptions, the present Cabinet has less spirit and contains fewer men of talent than any Conservative Government since the war. Most of them are sitting outside it. I wonder whether the Prime Minister ever considers whether the fault is that the tallest tree in the forest will not allow any substantial growth in her shade? However, all is not lost. If the Ministers play their cards properly, the resignation of the right hon. Member for Henley has given them another chance. He is the sacrificial lamb, although he will be a pretty tough lamb to digest. They can now, if they choose, re-establish Cabinet authority, because the Prime Minister dares not risk another resignation on the same grounds. If the Ministers care to do so, they can now rein in these authoritarian instincts that they tell us they find so objectionable. — [HON. MEMBERS: "They would not dare."] If they do not dare to do so, then it is a job for the Back Benchers. And if the Back Benchers do not, in due course the electorate will.

The right hon. Member for Henley told us that just before he left the Cabinet meeting there was not a single member of the Cabinet who supported him. He should not worry overmuch about that. There is a precedent. When Anthony Eden left the Conservative Government in 1938 in disgust at Neville Chamberlain's willingness to treat with Mussolini behind Eden's back he could not find a single supporter to speak for him in the Cabinet, but two years later Eden was back and Chamberlain was out. In case the thought has ever crossed the right hon. Gentleman's mind—although I do not suppose that it has—let me remind him that Eden went on to become Prime Minister.

As for the Secretary of State for Trade and Industry, I have been screwing myself up to try to find something favourable to say about him and to try to show some understanding for his position. I fear that the trouble is that the decent instincts that I am sure he possesses have, somewhere, become atrophied behind that lawyer's mask. I say to him in all seriousness that on Monday he failed to understand or to weigh properly his responsibilities to the House on the one hand and to British Aerospace on the other. The House is aware that commercial matters have always been given special confidentiality by the Department of Trade and by Government generally in the conduct of Government business, for obvious reasons. The fact that a letter was marked "Private and Strictly Confidential" should certainly have led him to refuse to divulge its contents but never to deny its existence.

Last Monday the Secretary of State should have let his instincts guide him. Then he would not have had to weave and shuffle as he did and eventually be forced to come back to the House and confess. He has had an awful lesson, but by his demeanour since I wonder whether he has learnt that lesson and whether he really understands the House of Commons. If he does not, the sooner he goes back to the Bar and makes his reputation there the better.

My right hon. Friend the Leader of the Opposition has called for an inquiry. I repeat to the Prime Minister that whether or not she accepts this form of inquiry, it is now absolutely imperative that these matters should be inquired into if confidence is to be restored in the Government's

position and integrity. The inquiry should, I suggest, go a little wider. It should also review some of the policy questions raised by the right hon. Member for Henley—and I hope by me, too—about how to carry further European defence procurement co-operation and how to integrate this with the Atlantic Alliance.

The Prime Minister cannot be very proud of the way that she and her colleagues have handled the future of Westland. If the Sikorsky offer is accepted it will be the wrong decision: wrong for this country, wrong for European co-operation and wrong for European-American relations. What has happened shows, I regret, a readiness to ignore the lessons of the past, a refusal to examine seriously the European option, an attempt to deceive by saying one thing in public and doing another thing in private. Most dangerous of all, it shows a lack of understanding by the Prime Minister of the way to handle her colleagues in order to get them to work as a team. For her, the verdict must be that it is getting very late.

6.6 pm

Mr. Jim Spicer (Dorset, West): I have an almost impossible task in following the right hon. Member for Cardiff, South and Penarth (Mr. Callaghan), the Father of the House. I shall not attempt to follow the broad brush approach that he has used during the last half hour. However, at one point he said that he intended to speak about the workers at Westland. I hope that at this point, as I speak about the workers at Westland, the right hon. Gentleman will pay some slight attention. Three or four hon. Members have a constituency interest in Westland. We form a strange alliance. I refer to the hon. Members for Yeovil (Mr. Ashdown) and for the Isle of Wight (Mr. Ross), my hon. Friend the Member for Weston-Super-Mare (Mr. Wiggin) to myself and to one or two other hon. Members. Over the years we have followed Westland's fortunes and we speak from experience of that company. When the tumult and the shouting has died away and when all the politicians have departed, having had their say about the dates of various meetings, and their out come the problems of Westland and companies like it will not have disappeared. Therefore we should address ourselves briefly this afternoon to Westland's problems and will not go very far away from that main point.

All hon. Members who fall into this category knew quite well that in the spring of 1985 that Westland was in deep and dire trouble. There was the possibility of a cancellation of the Indian order and there was a lack of orders for the W30. My right hon. Friend the Prime Minister mentioned that a year or 18 months ago the storm clouds began to grow over Westland. We were made, well aware of that fact by management and also by the trade unions and workers at Westland. It was against the background of a worsening situation that Sir John Cuckney took up the incredibly difficult task of chairmanship of the company. When he was appointed I did not hear one word of criticism from the Government or the House of his appointment or of the board. He had an almost impossible task to perform and he set about it with vigour.

In the interests of the board, the shareholders and the workers of Westland, there are just three simple questions that I believe must be answered during this debate. As is often the case during some debates, the answer is known before the question is put but I ask my right hon. Friend the Member for Henley (Mr. Heseltine) when Sir John

[Mr. 

in the process has revealed, all the while, Ministers—especially the Prime Minister and the Secretary of State for Trade and Industry—have been working to achieve one solution. They have worked to obstruct one solution being put and have promoted another, but they knew that they could not be caught doing that, so they kept up the facade that they were even-handed.

That is what has led them into this difficulty. That is what puts Ministers into the awkward position of having to decide between observing confidentiality and giving honest answers to the House of Commons. That is why we have had so many meetings of the Cabinet and the Government. Although Governments have many controversial and difficult things to do, the open and clear course is to call a meeting of the Cabinet, allow the two protagonists to put their cases, reach a decision, say that that is Government policy and get on with it. But that has not happened yet. There have been selective meetings of Ministers and manipulation of Cabinet minutes. No. 10 Downing street has practised a course of deception on one of the principal members of the Government. The former Secretary of State for Defence has many genuine complaints about the way in which he was personally treated by the head of the Government.

However, the Government are obsessed with market forces, even when £750 million worth of Ministry of Defence work has gone to that company during the years, and only recently another £40 million was committed. The cost of the public sector orders far exceeds the past or future value of the company. Its share capital is insignificant compared with the size of the public sector orders that are given. Therefore, it is a legitimate matter of public concern and should, from the beginning, have engaged the full attention of Government from the top down. Cases should have been argued—no doubt passionately and carefully—in the national interest and, decisions having been taken, they should have been implemented openly and fearlessly. The opposite has happened and this discreditable Government with their discreditable Prime Minister and discreditable Ministers have finally been found out.

9.30 pm

The Secretary of State for Trade and Industry and President of the Board of Trade (Mr. Leon Brittan): I would like to start by referring once again to the statement that I made on Monday in which I sought to apologise to the House for any misleading impression that I may have given in my statement that afternoon. From some of the comments made during the course of today's debate, it has been suggested that I view the charge of misleading the House as being something less than of the utmost gravity. I assure the right hon. Member for Cardiff, South and Penarth (Mr. Callaghan) that that is most certainly not the case. I welcome the opportunity of reiterating the apology I made on Monday.

Since Monday, permission has been given for the letter from Sir Austin Pearce to be published. That account of the meeting which took place between myself and Sir Raymond Lygo is, of course, substantially different from that given by the minutes taken by my officials and confirmed by my recollection and the recollection of others.

Although a close scrutiny of the document will show that there is great similarity in the accounts, there are material points which are different. [Interruption.] On the two material points in Sir Austin Pearce's letter to which exception has been taken, points 6 and 7—the suggestion that I told Sir Raymond Lygo that what British Aerospace was doing was not in the national interest and the suggestion that British Aerospace should withdraw from the consortium—I made it quite clear to the House on Monday that I said no such thing.

Mrs. Renée Short (Wolverhampton, North-East): Will the right hon. and learned Gentleman give way?

Mr. Brittan: No, I shall not give way. A number of accusations have been made against me and I think that the House would wish me to have the opportunity to reply.

I said no such thing at that meeting and I have made that absolutely clear. Since Monday's debate, I have looked at the records supplied by Sir Austin Pearce and I repeat once again that at no time during that meeting did I say that what British Aerospace was doing was not in the national interest. Nor did I say that British Aerospace should withdraw from the European consortium. I would be perfectly happy to give an account of that meeting to a Select Committee of the House and I have no objections to doing that.

I would tell those hon. Members who would challenge my account of that meeting that fortunately I was not alone at the meeting. There were six people present in that room. Apart from myself, there were three civil servants, including my private secretary. Of course, Sir Raymond Lygo was present, as was my hon. Friend the Minister of State. It is useless for the right hon. and learned Member for Monklands, East (Mr. Smith) to say, in his attempt to deal with these matters, that the practice of the Civil Service is not to record the whole of what we say. We all know perfectly well that that is the practice. Quite apart from what was said in the note which corroborates my account to the House on Monday of what I said, all persons present at that meeting other than Sir Raymond Lygo—that is to say, three senior civil servants who have served Governments of different political persuasions, my hon. Friend the Minister of State and myself—have all confirmed our recollection as well as the note. I repeat that at no stage did I say that what British Aerospace was doing was not in the national interest. Nor did I say that British Aerospace should withdraw from the consortium.

Mr. Winnick: Will the Minister give way?

Mr. Brittan: No, I will give way as often as the right hon. and learned Member for Monklands, East gave way. It is I who am under attack, and I am entitled to defend myself.

Anyone who challenges what I have given as an accurate account of what occurred on that occasion and suggests that I am telling a lie, not to put too fine a point on it, is saying the same about not one but five people including three distinguished public servants. With regard to the conflict of recollection, on the matter of the national interest I can understand how Sir Raymond Lygo could have misunderstood what I said. The record of the meeting, which accords with the recollection of all those present other than Sir Raymond Lygo, shows that I said that I believed that it was not in the national interest that

the uncertainty about Westland should carry on much longer. I should have thought that that view would commend itself to the House.

If we are talking about probabilities—I do not rest my case on probabilities because I was there and I know what I said, as the right hon. and learned Member for Monklands, East well knows—it would have been absurd for me to say that the participation of British Aerospace was against the national interest and even more absurd for me to say it at that meeting. Sir Austin Pearce correctly recalls that I had a meeting with him on 13 December—a day on which, to put it mildly, the controversy was running pretty hotly because by then the Government's endorsement of the the national armaments directors recommendation was due to expire unless an offer was received from the European consortium which was acceptable to the Westland board. Had I believed that the participation of British Aerospace was against the national interest, I had ample opportunity to say so on that occasion. I did not say it then and I did not say it on 8 January. I very much regret that Sir Raymond Lygo had a different understanding, although I note that he is not prepared to have his own account made public. I have no objection to saying to a Select Committee what I have said to the House. Similarly, I have no objection to Sir Raymond Lygo disclosing whatever record he took at the time.

Mr. Dykes: Will my right hon. and learned Friend give way?

Mr. Brittan: I would rather not give way, as I wish to deal with some of the more general matters that have been raised, particularly some of the serious questions about industrial, commercial, economic and European policy.

The Prime Minister has already set out in her speech the policy of the Government and the reasons behind that policy. On occasions such as this, it is natural for opinion between parties and within parties to polarise, and to polarise in opposite directions. The matter is presented as a controversy between a European solution to problems and a transatlantic solution to problems. There is a tendency to polarise the issue as a belief either in an interventionist policy in industry or a hands-off policy in industry. I do not see the issue in such a simple way.

With regard to the contrast between the European and transatlantic solution to problems, I recognise that there is a great deal to be said for an independent European source of industrial activity not only in defence but in other areas. It does not follow, however, that its advantage is supreme in every case. It is a gross over-simplification of a serious issue to pretend to present such a clear-cut choice. With regard to the aircraft industry, and especially fighter aircraft, there is a powerful case for European co-operation. I am happy to pay tribute to my right hon. Friend the former Secretary of State for Defence for the work that he did in helping to bring that about. I part company with my right hon. Friend, as I suspect others will, because, although it is right to have European co-operation on fighter aircraft, it does not necessarily follow that that must be the only solution at which the Government should arrive with regard to helicopters.

There are of course advantages in European co-operation even in the case of helicopters. I am not denigrating that solution. There are disadvantages, however, and one is entitled to draw attention to them

—disadvantages from the point of view of competition policy, value for money and choice. One of the more unconvincing passages of my right hon. Friend's speech was where he tried to say that in the European defence arrangements, it was still possible—even when there was only one source of defence procurement—to prevent monopolistic pressures and the country paying more than necessary for its defence.

Dr. Keith Hampson (Leeds, North-West) *rose*—

Mr. Brittan: There are advantages and disadvantages in European co-operation over helicopters. It is unrealistic to present, as some uninformed people have done, a caricature of the choice facing a British company which has fallen on hard times as between a European or American solution. It is unrealistic and an over-simplification, because reference has been made by those hon. Gentlemen who have constituency or other personal connections with Westland, such as the hon. Member for Yeovil (Mr. Ashdown) and my hon. Friend the member for Dorset, West (Mr. Spicer) to the fact that Westland has had, for 38 years, the closest possible connection with Sikorsky. Sikorsky is not a newcomer to Westland. In the successful days of Westland, that success was achieved by building planes initially designed in the United States—such as the Sea King and the Wessex—and then developing them with their expertise for other and specialist markets.

That is the experience of Westland. It is not conclusive—it does not follow from that or from the fact that the work force virtually unanimously favours one solution—*[Interruption.]* It does not follow that that is the solution or the only solution, but it follows from the account that I have given of the advantages and disadvantages of the European route and of the American route that it is entirely reasonable for the central policy of the Government to be to leave the choice to the company through its shareholders.

Mr. Mark Fisher (Stoke-on-Trent, Central): Will the right hon. and learned Gentleman give way?

Mr. Brittan: No.

That will always be the right policy. When it comes to Government intervention, I am not taking an absolutist stance. I am not taking a stance that there are no circumstances in which it would be right for government to have a policy or a view about which route was the preferred one. Nor am I saying that there are no circumstances in which it would be right for the Government to intervene financially as well as by expressing a preference.

My view in these matters is that it is perfectly legitimate for a Government to sponsor and assist British industry in certain cases by, for example, giving launch aid of some £250 million for the airbus, the protection of which launch aid was a perfectly legitimate reason for me to warn Sir Raymond Lygo—*[HON. MEMBERS: "Warn?"]*—not against being a member of a consortium but of the danger presented to the consortium by talking about the issue in a way which stimulated protectionist attitudes in the United States.

Let me remind the House—

Mr. Dykes: Will my right hon. and learned Friend give way?

Mr. Brittan: No, I shall not give way.

Mr. Dykes rose—

Mr. Speaker: Order. The hon. Gentleman has seen that the Secretary of State is not giving way.

Mr. Brittan: I remind the House that, on this important point, the record of the meeting which, as I understand it, the right hon. and learned Member for Monklands, East was at least good enough not to dispute as being inaccurate but rather challenged as being incomplete, makes it quite clear that Sir Raymond Lygo understood—

Mr. John Smith: I did not say that.

Mr. Brittan: Sir Raymond Lygo—

Mr. Smith: Can I make this clear?

Mr. Brittan: Yes, certainly.

Mr. Smith: The Secretary of State's recollection is incomplete. I made no such distinction. I drew attention to considerable differences between the two documents. I said that there were deficiencies in it because it was done after the issue became controversial. I am not to be taken as assenting to the proposition that the Secretary of State has pronounced.

Mr. Brittan: The right hon. and learned Gentleman is perfectly well aware that, although indeed the minute was written up on 10 January, the notes from which it was taken were made—

Mr. Fisher rose—

Mr. Straw rose—

Mr. Brittan: I shall not give way. The notes from which it was taken were made contemporaneously and accord fully with the minute of the meeting. The right hon. and learned Gentleman may not find it comfortable to be reminded—

Mr. Dykes: Will my right hon. and learned Friend give way?

Mr. Brittan: No.

Mr. Dykes rose—

Mr. Speaker: Order. The hon. Gentleman has been here long enough to know that if the Secretary of State does not give way he must sit down.

Mr. Brittan: The right hon. and learned Gentleman may find it uncomfortable to be reminded of the point, but it is indeed the case that Sir Raymond returned to the question of anti-American sentiment.

In case anyone thinks that that is a pretext or excuse, let me remind hon. Members of what Sir Raymond Lygo himself said about it; he said that British Aerospace Incorporated, the United States subsidiary of British Aerospace, had expressed great concern about its United States business being harmed. So that was not a fantasy in my mind but a subject of serious concern. The right hon. and learned Gentleman might also like to know that the record of the meeting showed that I responded by saying that I was ready in that case to act immediately in defending British Aerospace's interest.

Those who regard as unreal the prospect of America taking action against British Aerospace should know that it is only within a very recent period that I had to write to the United States trade representative, Mr. Clayton Yeutter about that very matter. The position of the United

States Government is that they do not like the success of the airbus. *[Interruption.]* These are serious matters and they are highly material to what was said and done in relation to Westland. The United States Government do not like the fact that the airbus is doing increasingly well. It is not just that they do not like it; they are actually threatening to take action against it. That action is on the basis of protectionism in the United States. What they say is that the support that we are giving to the airbus in Europe entitles them to take protectionist action against it.

Mr. Stuart Bell (Middlesbrough) rose—

Mr. Brittan: I am not giving way.

It is to that sort of pressure that one is responding. The anxieties that Sir Raymond Lygo and I share are very real. It is for that reason that I say that we were not as a Government, and I was not as an individual, taking any kind of absolutist position either in relation to Britain and Europe or Britain and America, nor were we taking any absolutist position with regard to intervention in industry.

Mr. D. N. Campbell-Savours (Workington): Tell us about Rome and the ambassador.

Mr. Brittan: My right hon. Friend the former Secretary of State for Defence suggested that on 4 October I indicated that I had a preference for a European solution. Why that should be regarded in the eyes of my right hon. Friend as such a devilish thing to have escapes me, but it so happens that that is not the case. On 4 October I stated that the prospect of a European solution being developed within the time scale did not seem to be good, but I wanted to get a better assessment of those prospects before responding to Westland's proposals for Government underwriting of W30 sales. At that stage the proposition being put forward by Westland in concert with Sikorsky was that, if the reconstruction went through, the Government should underwrite W30 sales. So I recommended that Westland should be encouraged to pursue discussions urgently with European partners. However, I did not express a preference on that occasion for any particular solution that might be developed by Westland. *[Interruption.]* I believe that I am entitled to deal with the matters which were raised by my right hon. Friend the Member for Henley. I shall not have the agenda for my defence dictated by Opposition Members.

Mr. Fisher rose—

Mr. Brittan: I shall not accept interventions.

Mr. Fisher rose—

Mr. Brittan: The hon. Gentleman cannot seek to intervene all the time on the one hand and expect me to deal with all the matters which have been raised on the other. *[HON. MEMBERS: "Give way."]* Are Opposition Members being honest in saying that they want to hear my answers or do they want merely to shout me down? The other matter—*[Interruption.]*

Mr. Speaker: Order. The debate has proceeded in good order so far. Other right hon. and hon. Members have been given a fair and quiet hearing and the House should afford that also to the Secretary of State.

Mr. Brittan: Opposition Members are muttering from a sedentary position that I am not answering the debate. I am answering a point which was made by my right hon. Friend the Member for Henley, the ex-Secretary of State for Defence.

Mr. Fisher rose—

Mr. Ted Leadbitter (Hartlepool): On a point of order, Mr. Speaker. As I understand it, when Ministers reply, they are presumed, as Front Bench spokesmen, to take up the issues which have been raised during the debate. I ask you, Mr. Speaker, whether there is any procedural manner in which you can ask the Secretary of State to respond to the charges made by the right hon. Member for Henley (Mr. Heseltine).

Mr. Speaker: I think that that is exactly what the Secretary of State is doing.

Mr. Brittan: For the convenience of the House, I shall explain what matters I am proposing to deal with in the time left available to me. They are exactly the ones that I had in mind to respond to if I was allowed to proceed uninterrupted. I was going to deal with the meeting of 17 October, with the Foreign Office telegram and with the Law Officer's letter.

I shall deal first with the meeting of 17 October, to which my right hon. Friend the ex-Secretary of State for Defence has drawn attention. At that meeting, Sir John Cuckney referred to what he described as the Government's preference for a European minority shareholder in Westland. I said that a European minority shareholder was in both the commercial and political interests of the Government. However, that was against the background that in the board's view at that time a reconstruction involving Sikorsky seemed likely to require an element of Government underwriting. I therefore urged Sir John, as I had done previously, to explore thoroughly the possibility of a European minority shareholder. What I did not do, and have never done, was to suggest that the Government would make any attempt to influence the eventual decisions of the board or the company's shareholders. I remind the House that at that time Fiat had not joined Sikorsky.

Mr. Heseltine: I think that I heard my right hon. and learned Friend say for the first time that at the meeting of 17 October he indicated that a European minority shareholding was in the commercial and industrial interests of Westland. That, I think, is a preference.

Mr. Brittan: What I said was perfectly simple and straightforward. I said that a European minority shareholder was in both the commercial and political interests of the Government—I shall move on quickly because I know that the House wants to hear about other matters. I said that in the context of a Sikorsky bid, which at that stage seemed likely to require an element of Government underwriting. A European minority shareholder emerged later, and that was Fiat.

When my right hon. Friend the Member for Henley wrote to Lloyds bank on 3 January, the House will recall that he wrote in answer to Mr. Horne, who had written to him that day. The Westland directors noticed that the terms of his letter were in certain respects different from the terms used in the Prime Minister's letter, and raised the matter with the DTI as the sponsoring Department, and there has been no doubt about that. I, in turn, consulted the Law Officer, as I said in an intervention earlier in the debate, who had not been sent a copy of my right hon. Friend's letter of 3 January. The Law Officer subsequently wrote the letter which has been the subject of controversy.

I did not see it before it was written and I did not ask him in any way to write the letter to my right hon. Friend the then Secretary of State.

Finally, let me deal with the other matter that has been raised.

Mr. Derek Foster (Bishop Auckland) rose in his place and claimed to move, That the Question be now put.

Question, That the Question be now put, put and agreed to.

Question accordingly put, That the original words stand part of the Question:—

The House divided: Ayes 217, Noes 370.

Division No. 37

10 pm

AYES

Abse, Leo	Dubs, Alfred
Adams, Allen (<i>Paisley N</i>)	Dunwoody, Hon Mrs G.
Alton, David	Eadie, Alex
Anderson, Donald	Eastham, Ken
Archer, Rt Hon Peter	Edwards, Bob (<i>W'h'mpt'n SE</i>)
Ashdown, Paddy	Ellis, Raymond
Ashley, Rt Hon Jack	Evans, John (<i>St. Helens N</i>)
Ashton, Joe	Ewing, Harry
Atkinson, N. (<i>Tottenham</i>)	Fatchett, Derek
Bagier, Gordon A. T.	Faulds, Andrew
Banks, Tony (<i>Newham NW</i>)	Field, Frank (<i>Birkenhead</i>)
Barnett, Guy	Fields, T. (<i>L'pool Broad Gn</i>)
Barron, Kevin	Flannery, Martin
Beith, A. J.	Foot, Rt Hon Michael
Bell, Stuart	Forrester, John
Benn, Rt Hon Tony	Foster, Derek
Bennett, A. (<i>Dent'n & Red'sh</i>)	Foulkes, George
Birmingham, Gerald	Fraser, J. (<i>Norwood</i>)
Bidwell, Sydney	Freeson, Rt Hon Reginald
Blair, Anthony	Freud, Clement
Boyes, Roland	Garrett, W. E.
Bray, Dr Jeremy	George, Bruce
Brown, Gordon (<i>D'f'mline E</i>)	Gilbert, Rt Hon Dr John
Brown, N. (<i>N'c'tle-u-Tyne E</i>)	Godman, Dr Norman
Brown, R. (<i>N'c'tle-u-Tyne N</i>)	Golding, John
Brown, Ron (<i>E'burgh, Leith</i>)	Gould, Bryan
Bruce, Malcolm	Gourlay, Harry
Buchan, Norman	Hamilton, James (<i>M'well N</i>)
Caborn, Richard	Hamilton, W. W. (<i>Fife Central</i>)
Callaghan, Rt Hon J.	Hancock, Mr. Michael
Callaghan, Jim (<i>Heyw'd & M</i>)	Hardy, Peter
Campbell-Savours, Dale	Harman, Ms Harriet
Canavan, Dennis	Harrison, Rt Hon Walter
Carlile, Alexander (<i>Montg'y</i>)	Hart, Rt Hon Dame Judith
Cartwright, John	Hattersley, Rt Hon Roy
Clark, Dr David (<i>S Shields</i>)	Haynes, Frank
Clarke, Thomas	Healey, Rt Hon Denis
Clay, Robert	Heffer, Eric S.
Clelland, David Gordon	Hogg, N. (<i>C'nauld & Kilsyth</i>)
Ciwyd, Mrs Ann	Holland, Stuart (<i>Vauxhall</i>)
Cocks, Rt Hon M. (<i>Bristol S.</i>)	Home Robertson, John
Cohen, Harry	Howell, Rt Hon D. (<i>S'heath</i>)
Coleman, Donald	Hoyle, Douglas
Concannon, Rt Hon J. D.	Hughes, Robert (<i>Aberdeen N</i>)
Conlan, Bernard	Hughes, Roy (<i>Newport East</i>)
Cook, Frank (<i>Stockton North</i>)	Hughes, Sean (<i>Knowsley S</i>)
Cook, Robin F. (<i>Livingston</i>)	Hughes, Simon (<i>Southwark</i>)
Corbett, Robin	Janner, Hon Greville
Cox, Thomas (<i>Tooting</i>)	Jenkins, Rt Hon Roy (<i>Hillh'd</i>)
Craigen, J. M.	John, Brynmor
Crowther, Stan	Johnston, Sir Russell
Cunliffe, Lawrence	Jones, Barry (<i>Alyn & Deeside</i>)
Cunningham, Dr John	Kaufman, Rt Hon Gerald
Dalyell, Tam	Kennedy, Charles
Davies, Rt Hon Denzil (<i>L'Ili</i>)	Kilroy-Silk, Robert
Davis, Terry (<i>B'ham, H'ge H'l</i>)	Kinnock, Rt Hon Neil
Deakins, Eric	Kirkwood, Archy
Dewar, Donald	Lambie, David
Dixon, Donald	Lamond, James
Dobson, Frank	Leadbitter, Ted
Dormand, Jack	Leighton, Ronald
Douglas, Dick	Lewis, Ron (<i>Carlisle</i>)

Lewis, Terence (*Worsley*)
 Litherland, Robert
 Livsey, Richard
 Lloyd, Tony (*Stretford*)
 Lofthouse, Geoffrey
 Loyden, Edward
 McCartney, Hugh
 McDonald, Dr Oonagh
 McGuire, Michael
 McKay, Allen (*Penistone*)
 MacKenzie, Rt Hon Gregor
 MacLennan, Robert
 McNamara, Kevin
 McTaggart, Robert
 McWilliam, John
 Madden, Max
 Marek, Dr John
 Marshall, David (*Shettleston*)
 Martin, Michael
 Mason, Rt Hon Roy
 Maxton, John
 Maynard, Miss Joan
 Meacher, Michael
 Meadowcroft, Michael
 Michie, William
 Mikardo, Ian
 Millan, Rt Hon Bruce
 Miller, Dr M. S. (*E Kilbride*)
 Mitchell, Austin (*G't Grimsby*)
 Morris, Rt Hon A. (*W'shawe*)
 Morris, Rt Hon J. (*Aberavon*)
 Nellist, David
 Oakes, Rt Hon Gordon
 O'Brien, William
 O'Neill, Martin
 Orme, Rt Hon Stanley
 Park, George
 Parry, Robert
 Patchett, Terry
 Pendry, Tom
 Penhaligon, David
 Pike, Peter
 Powell, Raymond (*Ogmore*)
 Prescott, John
 Radice, Giles
 Randall, Stuart
 Redmond, M.
 Rees, Rt Hon M. (*Leeds S*)
 Richardson, Ms Jo

Roberts, Allan (*Bootle*)
 Roberts, Ernest (*Hackney N*)
 Robertson, George
 Robinson, G. (*Coventry NW*)
 Rogers, Allan
 Rooker, J. W.
 Ross, Stephen (*Isle of Wight*)
 Rowlands, Ted
 Ryman, John
 Sedgemore, Brian
 Sheerman, Barry
 Sheldon, Rt Hon R.
 Shore, Rt Hon Peter
 Short, Ms Clare (*Ladywood*)
 Silkin, Rt Hon J.
 Skinner, Dennis
 Smith, C. (*Isl'ton S & F'bury*)
 Smith, Rt Hon J. (*M'ds e*)
 Snape, Peter
 Soley, Clive
 Spearing, Nigel
 Steel, Rt Hon David
 Stewart, Rt Hon D. (*W Isles*)
 Stott, Roger
 Strang, Gavin
 Straw, Jack
 Thomas, Dafydd (*Merioneth*)
 Thomas, Dr R. (*Carmarthen*)
 Thompson, J. (*Wansbeck*)
 Thorne, Stan (*Preston*)
 Torney, Tom
 Wallace, James
 Wardell, Gareth (*Gower*)
 Wareing, Robert
 Weetch, Ken
 Welsh, Michael
 White, James
 Wigley, Dafydd
 Williams, Rt Hon A.
 Wilson, Gordon
 Winnick, David
 Woodall, Alec
 Wrigglesworth, Ian
 Young, David (*Bolton SE*)

Tellers for the Ayes:
 Mr. Mark Fisher and
 Mr. Ron Davies.

NOES

Adley, Robert
 Aitken, Jonathan
 Alexander, Richard
 Alison, Rt Hon Michael
 Amess, David
 Ancram, Michael
 Arnold, Tom
 Ashby, David
 Aspinwall, Jack
 Atkins, Rt Hon Sir H.
 Atkins, Robert (*South Ribble*)
 Atkinson, David (*B'm'th E*)
 Baker, Rt Hon K. (*Mole Vall'y*)
 Baker, Nicholas (*Dorset N*)
 Baldry, Tony
 Banks, Robert (*Harrogate*)
 Batiste, Spencer
 Beaumont-Dark, Anthony
 Bellingham, Henry
 Bendall, Vivian
 Benyon, William
 Best, Keith
 Bevan, David Gilroy
 Biffen, Rt Hon John
 Biggs-Davison, Sir John
 Blackburn, John
 Blaker, Rt Hon Sir Peter
 Body, Sir Richard
 Bonsor, Sir Nicholas

Bottomley, Peter
 Bottomley, Mrs Virginia
 Bowden, A. (*Brighton K'to'n*)
 Bowden, Gerald (*Dulwich*)
 Boyson, Dr Rhodes
 Braine, Rt Hon Sir Bernard
 Brandon-Bravo, Martin
 Bright, Graham
 Brinton, Tim
 Brittan, Rt Hon Leon
 Brooke, Hon Peter
 Brown, M. (*Brigg & Cl'thpes*)
 Browne, John
 Bruinvels, Peter
 Bryan, Sir Paul
 Buchanan-Smith, Rt Hon A.
 Buck, Sir Antony
 Budgen, Nick
 Bulmer, Esmond
 Burt, Alistair
 Butler, Rt Hon Sir Adam
 Butterfill, John
 Carlisle, John (*Luton N*)
 Carlisle, Kenneth (*Lincoln*)
 Carlisle, Rt Hon M. (*W'ton S*)
 Cartiss, Michael
 Cash, William
 Chalker, Mrs Lynda

Channon, Rt Hon Paul
 Chapman, Sydney
 Chope, Christopher
 Churchill, W. S.
 Clark, Hon A. (*Plym'th S'n*)
 Clark, Dr Michael (*Rochford*)
 Clark, Sir W. (*Croydon S*)
 Clarke, Rt Hon K. (*Rushcliffe*)
 Clegg, Sir Walter
 Cockeram, Eric
 Colvin, Michael
 Conway, Derek
 Coombs, Simon
 Cope, John
 Cormack, Patrick
 Corrie, John
 Couchman, James
 Cranborne, Viscount
 Crouch, David
 Currie, Mrs Edwina
 Dickens, Geoffrey
 Dicks, Terry
 Dorrell, Stephen
 Dover, Den
 Dunn, Robert
 Durant, Tony
 Dykes, Hugh
 Edwards, Rt Hon N. (*P'broke*)
 Evennett, David
 Eyre, Sir Reginald
 Fallon, Michael
 Farr, Sir John
 Favell, Anthony
 Fenner, Mrs Peggy
 Finsberg, Sir Geoffrey
 Fletcher, Alexander
 Fookes, Miss Janet
 Forman, Nigel
 Forsyth, Michael (*Stirling*)
 Forth, Eric
 Fowler, Rt Hon Norman
 Fox, Marcus
 Franks, Cecil
 Fraser, Peter (*Angus East*)
 Freeman, Roger
 Gale, Roger
 Galley, Roy
 Gardiner, George (*Reigate*)
 Gardner, Sir Edward (*Fylde*)
 Garel-Jones, Tristan
 Gilmour, Rt Hon Sir Ian
 Glyn, Dr Alan
 Goodhart, Sir Philip
 Goodlad, Alastair
 Gorst, John
 Gow, Ian
 Gower, Sir Raymond
 Grant, Sir Anthony
 Greenway, Harry
 Gregory, Conal
 Griffiths, Peter (*Portsm'th N*)
 Grist, Ian
 Ground, Patrick
 Grylls, Michael
 Gummer, Rt Hon John S
 Hamilton, Hon A. (*Epsom*)
 Hamilton, Neil (*Tatton*)
 Hampson, Dr Keith
 Hanley, Jeremy
 Hannam, John
 Hargreaves, Kenneth
 Harris, David
 Harvey, Robert
 Haselhurst, Alan
 Havers, Rt Hon Sir Michael
 Hawkins, C. (*High Peak*)
 Hawkins, Sir Paul (*N'folk SW*)
 Hawksley, Warren
 Hayes, J.
 Hayhoe, Rt Hon Barney

Hayward, Robert
 Heath, Rt Hon Edward
 Heathcoat-Amory, David
 Heddle, John
 Henderson, Barry
 Heseltine, Rt Hon Michael
 Hickmet, Richard
 Hicks, Robert
 Higgins, Rt Hon Terence L.
 Hill, James
 Hind, Kenneth
 Hirst, Michael
 Hogg, Hon Douglas (*Gr'th'm*)
 Holland, Sir Philip (*Gedling*)
 Holt, Richard
 Hordern, Sir Peter
 Howard, Michael
 Howarth, Alan (*Stratf'd-on-A*)
 Howarth, Gerald (*Cannock*)
 Howe, Rt Hon Sir Geoffrey
 Howell, Rt Hon D. (*G'ldford*)
 Howell, Ralph (*Norfolk, N*)
 Hubbard-Miles, Peter
 Hunt, David (*Wirral*)
 Hunt, John (*Ravensbourne*)
 Hunter, Andrew
 Hurd, Rt Hon Douglas
 Irving, Charles
 Jackson, Robert
 Jenkin, Rt Hon Patrick
 Jessel, Toby
 Johnson Smith, Sir Geoffrey
 Jones, Gwilym (*Cardiff N*)
 Jones, Robert (*Herts W*)
 Jopling, Rt Hon Michael
 Joseph, Rt Hon Sir Keith
 Kellett-Bowman, Mrs Elaine
 Key, Robert
 King, Roger (*B'ham N'field*)
 King, Rt Hon Tom
 Knight, Greg (*Derby N*)
 Knight, Dame Jill (*Edgbaston*)
 Knowles, Michael
 Knox, David
 Lamont, Norman
 Lang, Ian
 Latham, Michael
 Lawler, Geoffrey
 Lawrence, Ivan
 Lawson, Rt Hon Nigel
 Lee, John (*Pendle*)
 Leigh, Edward (*Gainsbor'gh*)
 Lennox-Boyd, Hon Mark
 Lester, Jim
 Lewis, Sir Kenneth (*Stamf'd*)
 Lightbown, David
 Lilley, Peter
 Lloyd, Ian (*Havant*)
 Lloyd, Peter, (*Fareham*)
 Lord, Michael
 Luce, Rt Hon Richard
 Lyell, Nicholas
 McCrindle, Robert
 McCurley, Mrs Anna
 Macfarlane, Neil
 MacGregor, Rt Hon John
 MacKay, Andrew (*Berkshire*)
 MacKay, John (*Argyll & Bute*)
 Maclean, David John
 McNair-Wilson, P. (*New F'st*)
 McQuarrie, Albert
 Madel, David
 Major, John
 Malins, Humfrey
 Malone, Gerald
 Maples, John
 Marland, Paul
 Marlow, Antony
 Marshall, Michael (*Arundel*)
 Mates, Michael

Ma Hon Francis
 Mawhinney, Dr Brian
 Maxwell-Hyslop, Robin
 Mayhew, Sir Patrick
 Mellor, David
 Merchant, Piers
 Meyer, Sir Anthony
 Miller, Hal (*B'grove*)
 Mills, Iain (*Meriden*)
 Miscampbell, Norman
 Mitchell, David (*Hants NW*)
 Moate, Roger
 Monroe, Sir Hector
 Montgomery, Sir Fergus
 Moore, Rt Hon John
 Morrison, Hon C. (*Devizes*)
 Morrison, Hon P. (*Chester*)
 Moynihan, Hon C.
 Mudd, David
 Murphy, Christopher
 Neale, Gerrard
 Needham, Richard
 Nelson, Anthony
 Neubert, Michael
 Newton, Tony
 Nicholls, Patrick
 Normanton, Tom
 Norris, Steven
 Onslow, Cranley
 Oppenheim, Phillip
 Oppenheim, Rt Hon Mrs S.
 Osborn, Sir John
 Ottaway, Richard
 Page, Sir John (*Harrow W*)
 Page, Richard (*Herts SW*)
 Parkinson, Rt Hon Cecil
 Parris, Matthew
 Patten, Christopher (*Bath*)
 Patten, J. (*Oxf W & Abdgn*)
 Pattie, Geoffrey
 Pawsey, James
 Peacock, Mrs Elizabeth
 Pollock, Alexander
 Porter, Barry
 Portillo, Michael
 Powell, William (*Corby*)
 Powley, John
 Prentice, Rt Hon Reg
 Price, Sir David
 Prior, Rt Hon James
 Proctor, K. Harvey
 Pym, Rt Hon Francis
 Raffan, Keith
 Raison, Rt Hon Timothy
 Rathbone, Tim
 Renton, Tim
 Rhodes James, Robert
 Rhys Williams, Sir Brandon
 Ridley, Rt Hon Nicholas
 Ridsdale, Sir Julian
 Rifkind, Rt Hon Malcolm
 Roberts, Wyn (*Conwy*)
 Robinson, Mark (*N'port W*)
 Roe, Mrs Marion
 Rossi, Sir Hugh
 Rost, Peter
 Rowe, Andrew
 Rumbold, Mrs Angela
 Ryder, Richard
 Sackville, Hon Thomas
 Sainsbury, Hon Timothy
 St. John-Stevas, Rt Hon N.
 Sayeed, Jonathan
 Shaw, Giles (*Pudsey*)
 Shaw, Sir Michael (*Scarb'*)
 Shelton, William (*Streatham*)
 Shepherd, Colin (*Hereford*)
 Shepherd, Richard (*Aldridge*)

Shersby, Michael
 Silvester, Fred
 Sims, Roger
 Skeet, Sir Trevor
 Smith, Sir Dudley (*Warwick*)
 Smith, Tim (*Beaconsfield*)
 Soames, Hon Nicholas
 Speed, Keith
 Speller, Tony
 Spence, John
 Spicer, Derek
 Spicer, Jim (*Dorset W*)
 Spicer, Michael (*S Worcs*)
 Squire, Robin
 Stanbrook, Ivor
 Stanley, Rt Hon John
 Steen, Anthony
 Stern, Michael
 Stevens, Lewis (*Nuneaton*)
 Stewart, Allan (*Eastwood*)
 Stewart, Andrew (*Sherwood*)
 Stewart, Ian (*Hert'dshire N*)
 Stokes, John
 Stradling Thomas, Sir John
 Sumberg, David
 Tapsell, Sir Peter
 Taylor, John (*Solihull*)
 Taylor, Teddy (*S'end E*)
 Temple-Morris, Peter
 Terlezki, Stefan
 Thatcher, Rt Hon Mrs M.
 Thomas, Rt Hon Peter
 Thompson, Donald (*Calder V*)
 Thompson, Patrick (*N'ich N*)
 Thorne, Neil (*Ilford S*)
 Thornton, Malcolm
 Thurnham, Peter
 Townend, John (*Bridlington*)
 Townsend, Cyril D. (*B'heath*)
 Tracey, Richard
 Trippier, David
 Trotter, Neville
 Twinn, Dr Ian
 van Straubenzee, Sir W.
 Vaughan, Sir Gerard
 Viggers, Peter
 Waddington, David
 Wakeham, Rt Hon John
 Waldegrave, Hon William
 Walden, George
 Walker, Bill (*T'side N*)
 Walker, Rt Hon P. (*W'cester*)
 Waller, Gary
 Walters, Dennis
 Ward, John
 Wardle, C. (*Bexhill*)
 Warren, Kenneth
 Watson, John
 Watts, John
 Wells, Bowen (*Hertford*)
 Wells, Sir John (*Maidstone*)
 Wheeler, John
 Whitfield, John
 Whitney, Raymond
 Wiggin, Jerry
 Wilkinson, John
 Winterton, Mrs Ann
 Winterton, Nicholas
 Wolfson, Mark
 Wood, Timothy
 Woodcock, Michael
 Yeo, Tim
 Young, Sir George (*Acton*)
 Younger, Rt Hon George

Tellers for the Noes:
 Mr. Carol Mather and
 Mr. Robert Boscawen.

Question accordingly negatived.

Question, That the proposed words be there added, put forthwith pursuant to Standing Order No. 33 (Questions on amendments):—

The House divided: Ayes 367, Noes 217

Division No. 38]

10.14 pm

AYES

Aitken, Jonathan
 Alexander, Richard
 Alison, Rt Hon Michael
 Amess, David
 Ancram, Michael
 Arnold, Tom
 Ashby, David
 Aspinwall, Jack
 Atkins, Rt Hon Sir H.
 Atkins, Robert (*South Ribble*)
 Atkinson, David (*B'm'th E*)
 Baker, Rt Hon K. (*Mole Vall'y*)
 Baker, Nicholas (*Dorset N*)
 Baldry, Tony
 Banks, Robert (*Harrogate*)
 Batiste, Spencer
 Beaumont-Dark, Anthony
 Bellingham, Henry
 Bendall, Vivian
 Benyon, William
 Best, Keith
 Bevan, David Gilroy
 Biffen, Rt Hon John
 Biggs-Davison, Sir John
 Blackburn, John
 Blaker, Rt Hon Sir Peter
 Body, Sir Richard
 Bonsor, Sir Nicholas
 Bottomley, Peter
 Bottomley, Mrs Virginia
 Bowden, A. (*Brighton K'to'n*)
 Bowden, Gerald (*Dulwich*)
 Boyson, Dr Rhodes
 Braine, Rt Hon Sir Bernard
 Brandon-Bravo, Martin
 Bright, Graham
 Brinton, Tim
 Brittan, Rt Hon Leon
 Brooke, Hon Peter
 Brown, M. (*Brigg & Cl'thpes*)
 Browne, John
 Bruinvels, Peter
 Bryan, Sir Paul
 Buchanan-Smith, Rt Hon A.
 Buck, Sir Antony
 Budgen, Nick
 Bulmer, Esmond
 Burt, Alistair
 Butcher, John
 Butler, Rt Hon Sir Adam
 Butterfill, John
 Carlisle, John (*Luton N*)
 Carlisle, Kenneth (*Lincoln*)
 Carlisle, Rt Hon M. (*W'ton S*)
 Carttiss, Michael
 Cash, William
 Chalker, Mrs Lynda
 Channon, Rt Hon Paul
 Chapman, Sydney
 Chope, Christopher
 Churchill, W. S.
 Clark, Hon A. (*Plym'th S'n*)
 Clark, Dr Michael (*Rochford*)
 Clark, Sir W. (*Croydon S*)
 Clarke, Rt Hon K. (*Rushcliffe*)
 Clegg, Sir Walter
 Cockeram, Eric
 Colvin, Michael
 Conway, Derek
 Coombs, Simon
 Cope, John
 Corrie, John
 Couchman, James
 Cranborne, Viscount
 Crouch, David
 Currie, Mrs Edwina
 Dickens, Geoffrey
 Dicks, Terry
 Dorrell, Stephen
 Dover, Den
 Dunn, Robert
 Durant, Tony
 Dykes, Hugh
 Edwards, Rt Hon N. (*P'broke*)
 Evennett, David
 Eyre, Sir Reginald
 Fallon, Michael
 Farr, Sir John
 Favell, Anthony
 Fenner, Mrs Peggy
 Finsberg, Sir Geoffrey
 Fletcher, Alexander
 Fookes, Miss Janet
 Forman, Nigel
 Forsyth, Michael (*Stirling*)
 Forth, Eric
 Fowler, Rt Hon Norman
 Fox, Marcus
 Franks, Cecil
 Fraser, Peter (*Angus East*)
 Freeman, Roger
 Gale, Roger
 Galley, Roy
 Gardiner, George (*Reigate*)
 Gardner, Sir Edward (*Fylde*)
 Garel-Jones, Tristan
 Gilmour, Rt Hon Sir Ian
 Glyn, Dr Alan
 Goodhart, Sir Philip
 Goodlad, Alastair
 Gorst, John
 Gow, Ian
 Gower, Sir Raymond
 Grant, Sir Anthony
 Greenway, Harry
 Gregory, Conal
 Griffiths, Peter (*Portsm'th N*)
 Grist, Ian
 Ground, Patrick
 Grylls, Michael
 Gummer, Rt Hon John S
 Hamilton, Hon A. (*Epsom*)
 Hamilton, Neil (*Tatton*)
 Hampson, Dr Keith
 Hanley, Jeremy
 Hannam, John
 Hargreaves, Kenneth
 Harris, David
 Harvey, Robert
 Haselhurst, Alan
 Havers, Rt Hon Sir Michael
 Hawkins, C. (*High Peak*)
 Hawkins, Sir Paul (*N'folk SW*)
 Hawksley, Warren
 Hayes, J.
 Hayhoe, Rt Hon Barney
 Hayward, Robert
 Heath, Rt Hon Edward
 Heathcoat-Amory, David
 Heddle, John
 Henderson, Barry
 Heseltine, Rt Hon Michael

Hickman, Richard
 Higgins, Rt Hon Terence L.
 Hill, James
 Hind, Kenneth
 Hirst, Michael
 Hogg, Hon Douglas (*Gr'th'm*)
 Holland, Sir Philip (*Gedling*)
 Holt, Richard
 Hordern, Sir Peter
 Howard, Michael
 Howarth, Alan (*Stratf'd-on-A*)
 Howarth, Gerald (*Cannock*)
 Howe, Rt Hon Sir Geoffrey
 Howell, Rt Hon D. (*G'ldford*)
 Howell, Ralph (*Norfolk, N*)
 Hubbard-Miles, Peter
 Hunt, David (*Wirral*)
 Hunt, John (*Ravensbourne*)
 Hunter, Andrew
 Hurd, Rt Hon Douglas
 Irving, Charles
 Jackson, Robert
 Jenkin, Rt Hon Patrick
 Jessel, Toby
 Johnson Smith, Sir Geoffrey
 Jones, Gwilym (*Cardiff N*)
 Jones, Robert (*Herts W*)
 Jopling, Rt Hon Michael
 Joseph, Rt Hon Sir Keith
 Kellett-Bowman, Mrs Elaine
 Key, Robert
 King, Roger (*B'ham N'field*)
 King, Rt Hon Tom
 Knight, Greg (*Derby N*)
 Knight, Dame Jill (*Edgbaston*)
 Knowles, Michael
 Knox, David
 Lamont, Norman
 Lang, Ian
 Latham, Michael
 Lawler, Geoffrey
 Lawrence, Ivan
 Lawson, Rt Hon Nigel
 Lee, John (*Pendle*)
 Leigh, Edward (*Gainsbor'gh*)
 Lennox-Boyd, Hon Mark
 Lester, Jim
 Lewis, Sir Kenneth (*Stamf'd*)
 Lightbown, David
 Lilley, Peter
 Lloyd, Ian (*Havant*)
 Lloyd, Peter, (*Fareham*)
 Lord, Michael
 Luce, Rt Hon Richard
 Lyell, Nicholas
 McCrindle, Robert
 McCurley, Mrs Anna
 Macfarlane, Neil
 MacGregor, Rt Hon John
 MacKay, Andrew (*Berkshire*)
 MacKay, John (*Argyll & Bute*)
 Maclean, David John
 McNair-Wilson, P. (*New F'st*)
 McQuarrie, Albert
 Madel, David
 Major, John
 Malins, Humfrey
 Malone, Gerald
 Maples, John
 Marland, Paul
 Marlow, Antony
 Marshall, Michael (*Arundel*)
 Mates, Michael
 Maude, Hon Francis
 Mawhinney, Dr Brian
 Maxwell-Hyslop, Robin
 Mayhew, Sir Patrick
 Mellor, David
 Merchant, Piers
 Meyer, Sir Anthony

Miller, Hal (*B'grove*)
 Mills, Iain (*Meriden*)
 Miscampbell, Norman
 Mitchell, David (*Hants NW*)
 Moate, Roger
 Monro, Sir Hector
 Montgomery, Sir Fergus
 Moore, Rt Hon John
 Morrison, Hon C. (*Devizes*)
 Morrison, Hon P. (*Chester*)
 Moynihan, Hon C.
 Mudd, David
 Murphy, Christopher
 Neale, Gerrard
 Needham, Richard
 Nelson, Anthony
 Neubert, Michael
 Newton, Tony
 Nicholls, Patrick
 Normanton, Tom
 Norris, Steven
 Onslow, Cranley
 Oppenheim, Phillip
 Oppenheim, Rt Hon Mrs S.
 Osborn, Sir John
 Ottaway, Richard
 Page, Sir John (*Harrow W*)
 Page, Richard (*Herts SW*)
 Parkinson, Rt Hon Cecil
 Parris, Matthew
 Patten, Christopher (*Bath*)
 Patten, J. (*Oxf W & Abdgn*)
 Pattie, Geoffrey
 Pawsey, James
 Peacock, Mrs Elizabeth
 Pollock, Alexander
 Porter, Barry
 Portillo, Michael
 Powell, William (*Corby*)
 Powley, John
 Prentice, Rt Hon Reg
 Price, Sir David
 Prior, Rt Hon James
 Proctor, K. Harvey
 Pym, Rt Hon Francis
 Raffan, Keith
 Raison, Rt Hon Timothy
 Rathbone, Tim
 Renton, Tim
 Rhodes James, Robert
 Rhys Williams, Sir Brandon
 Ridley, Rt Hon Nicholas
 Ridsdale, Sir Julian
 Rifkind, Rt Hon Malcolm
 Roberts, Wyn (*Conwy*)
 Robinson, Mark (*N'port W*)
 Roe, Mrs Marion
 Rossi, Sir Hugh
 Rost, Peter
 Rowe, Andrew
 Rumbold, Mrs Angela
 Ryder, Richard
 Sackville, Hon Thomas
 Sainsbury, Hon Timothy
 St. John-Stevas, Rt Hon N.
 Sayeed, Jonathan
 Shaw, Giles (*Pudsey*)
 Shaw, Sir Michael (*Scarb'*)
 Shelton, William (*Streatham*)
 Shepherd, Colin (*Hereford*)
 Shepherd, Richard (*Aldridge*)
 Shersby, Michael
 Silvester, Fred
 Sims, Roger
 Skeet, Sir Trevor
 Smith, Sir Dudley (*Warwick*)
 Smith, Tim (*Beaconsfield*)
 Soames, Hon Nicholas
 Speed, Keith
 Speller, Tony

Spence, John
 Spencer, Derek
 Spicer, Jim (*Dorset W*)
 Spicer, Michael (*S Worcs*)
 Squire, Robin
 Stanbrook, Ivor
 Stanley, John
 Steen, Anthony
 Stern, Michael
 Stevens, Lewis (*Nuneaton*)
 Stewart, Allan (*Eastwood*)
 Stewart, Andrew (*Sherwood*)
 Stewart, Ian (*Hertf'dshire N*)
 Stokes, John
 Stradling Thomas, Sir John
 Sumberg, David
 Tapsell, Sir Peter
 Taylor, John (*Solihull*)
 Temple-Morris, Peter
 Terlezki, Stefan
 Thatcher, Rt Hon Mrs M.
 Thomas, Rt Hon Peter
 Thompson, Donald (*Calder V*)
 Thompson, Patrick (*N'ich N*)
 Thorne, Neil (*Ilford S*)
 Thornton, Malcolm
 Thurnham, Peter
 Townend, John (*Bridlington*)
 Townsend, Cyril D. (*B'heath*)
 Tracey, Richard
 Trippier, David
 Trotter, Neville
 Twinn, Dr Ian
 van Straubenzee, Sir W.

Vaughan, Sir Gerard
 Viggers, Peter
 Waddington, David
 Wakeham, Rt Hon John
 Waldegrave, Hon William
 Walden, George
 Walker, Bill (*T'side N*)
 Walker, Rt Hon P. (*W'cester*)
 Waller, Gary
 Walters, Dennis
 Ward, John
 Wardle, C. (*Bexhill*)
 Warren, Kenneth
 Watson, John
 Watts, John
 Wells, Bowen (*Hertford*)
 Wells, Sir John (*Maidstone*)
 Wheeler, John
 Whitfield, John
 Whitney, Raymond
 Wiggin, Jerry
 Wilkinson, John
 Winterton, Mrs Ann
 Wolfson, Mark
 Wood, Timothy
 Woodcock, Michael
 Yeo, Tim
 Young, Sir George (*Acton*)
 Younger, Rt Hon George

Tellers for the Ayes:

Mr. Carol Mather and
 Mr. Robert Boscawen.

NOES

Abse, Leo
 Adams, Allen (*Paisley N*)
 Alton, David
 Anderson, Donald
 Archer, Rt Hon Peter
 Ashdown, Paddy
 Ashley, Rt Hon Jack
 Ashton, Joe
 Atkinson, N. (*Tottenham*)
 Bagier, Gordon A. T.
 Banks, Tony (*Newham NW*)
 Barnett, Guy
 Barron, Kevin
 Beith, A. J.
 Bell, Stuart
 Benn, Rt Hon Tony
 Bennett, A. (*Dent'n & Red'sh*)
 Birmingham, Gerald
 Bidwell, Sydney
 Blair, Anthony
 Boyes, Roland
 Bray, Dr Jeremy
 Brown, Gordon (*D'f'mline E*)
 Brown, N. (*N'c'tle-u-Tyne E*)
 Brown, R. (*N'c'tle-u-Tyne N*)
 Brown, Ron (*E'burgh, Leith*)
 Bruce, Malcolm
 Buchan, Norman
 Caborn, Richard
 Callaghan, Rt Hon J.
 Callaghan, Jim (*Heyw'd & M*)
 Campbell-Savours, Dale
 Canavan, Dennis
 Carlile, Alexander (*Montg'y*)
 Cartwright, John
 Clark, Dr David (*S Shields*)
 Clarke, Thomas
 Clay, Robert
 Clelland, David Gordon
 Clwyd, Mrs Ann
 Cocks, Rt Hon M. (*Bristol S.*)
 Cohen, Harry
 Coleman, Donald
 Concannon, Rt Hon J. D.
 Conlan, Bernard
 Cook, Frank (*Stockton North*)
 Cook, Robin F. (*Livingston*)
 Corbett, Robin
 Cox, Thomas (*Tooting*)
 Craigen, J. M.
 Crowther, Stan
 Cunliffe, Lawrence
 Cunningham, Dr John
 Dalyell, Tam
 Davies, Rt Hon Denzil (*L'Ili*)
 Davis, Terry (*B'ham, H'ge H'l*)
 Deakins, Eric
 Dewar, Donald
 Dixon, Donald
 Dobson, Frank
 Dormand, Jack
 Douglas, Dick
 Dubs, Alfred
 Dunwoody, Hon Mrs G.
 Eadie, Alex
 Eastham, Ken
 Edwards, Bob (*W'h'mpt'n SE*)
 Ellis, Raymond
 Evans, John (*St. Helens N*)
 Ewing, Harry
 Fatchett, Derek
 Faulds, Andrew
 Field, Frank (*Birkenhead*)
 Fields, T. (*L'pool Broad Gn*)
 Flannery, Martin
 Foot, Rt Hon Michael
 Forrester, John
 Foster, Derek
 Foulkes, George
 Fraser, J. (*Norwood*)
 Freeson, Rt Hon Reginald
 Freud, Clement
 Garrett, W. E.
 George, Bruce
 Gilbert, Rt Hon Dr John
 Godman, Dr Norman
 Golding, John
 Gould, Bryan

Gourlay, James (M'well N)
 Hamilton, W. W. (Fife Central)
 Hancock, Mr. Michael
 Hardy, Peter
 Harman, Ms Harriet
 Harrison, Rt Hon Walter
 Hart, Rt Hon Dame Judith
 Hattersley, Rt Hon Roy
 Haynes, Frank
 Healey, Rt Hon Denis
 Heffer, Eric S.
 Hogg, N. (C'nauld & Kilsyth)
 Holland, Stuart (Vauxhall)
 Home Robertson, John
 Howell, Rt Hon D. (S'heath)
 Hoyle, Douglas
 Hughes, Robert (Aberdeen N)
 Hughes, Roy (Newport East)
 Hughes, Sean (Knowsley S)
 Hughes, Simon (Southwark)
 Janner, Hon Greville
 Jenkins, Rt Hon Roy (Hillh'd)
 John, Brynmor
 Johnston, Sir Russell
 Jones, Barry (Alyn & Deeside)
 Kaufman, Rt Hon Gerald
 Kennedy, Charles
 Kilroy-Silk, Robert
 Kinnock, Rt Hon Neil
 Kirkwood, Archy
 Lambie, David
 Lamond, James
 Leadbitter, Ted
 Leighton, Ronald
 Lewis, Ron (Carlisle)
 Lewis, Terence (Worsley)
 Litherland, Robert
 Livsey, Richard
 Lloyd, Tony (Stretford)
 Lofthouse, Geoffrey
 Loyden, Edward
 McCartney, Hugh
 McDonald, Dr Oonagh
 McGuire, Michael
 McKay, Allen (Penistone)
 MacKenzie, Rt Hon Gregor
 MacLennan, Robert
 McNamara, Kevin
 McTaggart, Robert
 McWilliam, John
 Madden, Max
 Marek, Dr John
 Marshall, David (Shettleston)
 Martin, Michael
 Mason, Rt Hon Roy
 Maxton, John
 Maynard, Miss Joan
 Meacher, Michael
 Meadowcroft, Michael
 Michie, William
 Mikardo, Ian
 Millan, Rt Hon Bruce
 Miller, Dr M. S. (E Kilbride)
 Mitchell, Austin (G't Grimsby)
 Morris, Rt Hon A. (W'shawe)
 Morris, Rt Hon J. (Aberavon)
 Nellist, David
 Oakes, Rt Hon Gordon
 O'Brien, William
 O'Neill, Martin
 Orme, Rt Hon Stanley
 Park, George
 Parry, Robert
 Patchett, Terry
 Pendry, Tom
 Penhaligon, David
 Pike, Peter
 Powell, Raymond (Ogmore)
 Prescott, John
 Radice, Giles
 Randall, Stuart
 Redmond, M.
 Rees, Rt Hon M. (Leeds S)
 Richardson, Ms Jo
 Roberts, Allan (Bootle)
 Roberts, Ernest (Hackney N)
 Robertson, George
 Robinson, G. (Coventry NW)
 Rogers, Allan
 Rooker, J. W.
 Ross, Stephen (Isle of Wight)
 Rowlands, Ted
 Ryman, John
 Sedgemore, Brian
 Sheerman, Barry
 Sheldon, Rt Hon R.
 Shore, Rt Hon Peter
 Short, Ms Clare (Ladywood)
 Silkin, Rt Hon J.
 Skinner, Dennis
 Smith, C. (Isl'ton S & F'bury)
 Smith, Rt Hon J. (M'ds e)
 Snape, Peter
 Soley, Clive
 Spearing, Nigel

Steel, Rt Hon David
 Stewart, Rt Hon D. (W Isles)
 Stott, Roger
 Strang, Gavin
 Straw, Jack
 Thomas, Dafydd (Merioneth)
 Thomas, Dr R. (Carmarthen)
 Thompson, J. (Wansbeck)
 Thorne, Stan (Preston)
 Torney, Tom
 Wallace, James
 Wardell, Gareth (Gower)
 Wareing, Robert
 Weetch, Ken

Welsh, Michael
 White, James
 Wigley, Dafydd
 Williams, Rt Hon A.
 Wilson, Gordon
 Winnick, David
 Woodall, Alec
 Wigglesworth, Ian
 Young, David (Bolton SE)

Tellers for the Noes:
 Mr. Mark Fisher and
 Mr. Ron Davies.

Question accordingly agreed to.

Mr. Speaker forthwith declared the main Question, as amended, to be agreed to.

Resolved,

That this House endorses the Government's consistent objective of supporting Westland plc in its efforts to achieve a financial reconstruction, of supporting United Kingdom participation in collaboration with North Atlantic Treaty Organisation allies and of safeguarding the interests of the company, its employees and its shareholders, recognises the efforts of the Government to ensure that the Westland Board had more than one option to secure that objective; affirms that it will be for the company to determine its future course of action; and further recognises the competence of departmental Select Committees of the House of Commons to consider the issues raised by these developments.

CORRIGENDA

Official Report, 13 January 1986, column 876.

Line 16 from foot of column:

Delete "Mr. Jeremy Corbyn (Islington, North)" and insert "Mr. Dave Nellist (Coventry, South-East)".

Official Report, 14 January 1986, column 929.

Line 10 from foot of column:

The passage beginning "I note the hon. and learned Gentleman's views" should be attributed to Mr. Hurd.

[Continued in column 1177]

Solicitor-General (Letter)

3.32 pm

Mr. Tam Dalyell (Linlithgow): On a point of order, Mr. Speaker. May I ask your help with a matter, about which I gave you notice this morning, relating to documents for the coming debate? It may be within the recollection of the House that on 6 January the Law Officers wrote a letter to the right hon. Member for Henley (Mr. Heseltine). It was partly and selectively leaked. For the purposes of greater accuracy, I went to the Library this morning to ask for the complete letter so that one could look at it in full and not selectively. The Library with its normal efficiency and courtesy, found that it did not have the letter. The Library then rang the Law Officers' Department, which said that higher authority would have to be consulted before it could give me the letter. When higher authority was consulted, lo and behold, the letter was not forthcoming. The House does not have the full text of that letter. It is extremely unsatisfactory to make decisions or speeches on the basis of selectively leaked letters. I wonder whether there is any way in which you can manage to get before the House the full text of the letter written by the Law Officers and sent to the former Secretary of State for Defence.

Mr. Speaker: Order. I cannot help the hon. Member. Whether the Government choose to put a letter before the House is entirely a matter for them. I believe that the Leader of the House wishes to say something.

The Lord Privy Seal and Leader of the House of Commons (Mr. John Biffen): So that we may keep these matters in perspective, may I say that in no sense do I represent higher authority. The House will appreciate that there are conventions relating to advice from the Law Officers. I can inform the House that the Solicitor-General has authorised publication of his letter of 6 January to the then Secretary of State for Defence, and arrangements are being made for it to be made available to the House later this afternoon.

Cruelty to Animals (Amendment)

3.34 pm

Mr. Harry Cohen (Leyton): I beg to move,

That leave be given to bring in a Bill to prohibit all tests of cosmetics, tobacco and alcohol and similar experiments on animals; to prohibit the draize eye irritancy test and the LD50 poisoning test; to prohibit behavioural and psychological experiments on animals; to prevent use of animals in warfare trials or experiments; to abolish the practices of hare coursing, and fox and stag hunting; to prohibit the use of domestic animals in animal experiments; to increase the penalties for convictions of causing, procuring or assisting at the fighting or baiting of dogs, cats or other domestic animals; to ban the import and sale of bull terriers and the advertising of fighting dogs for sale, including the advertising of qualities related to fighting; to regulate laboratories in which animals are bred; to reconstitute the Advisory Committee on Animal Experiments; and to promote alternatives to animal experiments.

I stress that there is no connection between this matter and the next item of House of Commons business.
[*Interruption.*]

Mr. Speaker: Order. The hon. Member has every right to be heard.

Mr. Cohen: I am pleased, Mr. Speaker, that this large gathering today is concerned with animal rights. The British enjoy a reputation as animal lovers. That reputation, I fear, exists more in the hearts and minds of decent British people than in the practices that are embodied in the law of the land.

The shameful reality is that 110 years have passed without improvements to the Cruelty to Animals Act 1876. My Bill seeks to bring the law closer to public perceptions of our humanitarian protection towards animals, and to distance future legislation as far as possible from the barbaric brutality allowed at present. In so doing, my proposals run counter to the Conservative Government's legislative intentions on this matter, which are to afford less protection to animals while employing a deft legislative "newspeak" to hoodwink and placate public opinion.

The Government are too squeamish to use the word "experiment" and have substituted the word "procedure" to ensure that public sensitivities are not offended while appalling cruelty to animals will actually be allowed to increase. This is a betrayal of the public's heartfelt wish to provide proper rights for animals, to see an end to barbaric blood sports and to end unnecessary animal experiments.

My Bill puts a stop to the obscenity of killing animals in the name of sport by abolishing the practices of hare coursing, fox and stag hunting. This is a Labour party policy which I should like to see enacted immediately. To their shame, the Conservative Government have twice overruled the Northern Ireland Assembly's unanimous votes to outlaw hare coursing. Perhaps this tendency to override public and parliamentary opinion will diminish somewhat when the Government are reminded that a recent poll of Conservative voters showed a majority opposed to all forms of hunting. The measure that I propose not only puts a stop to the rights of sadists to enjoy the fun of the kill while devastating our countryside but also sorts out their less well heeled blood brothers who support dog fighting. In line with RSPCA policy, my Bill would substantially increase penalties for convictions for causing, procuring, assisting or aiding and abetting at the fighting or baiting of dogs, cats and other domestic

a week, who are to lose £5 a week? What does she say to a 24-year-old single worker taking home £55 a week, who is to lose £12? How does she excuse the malice and immorality of that act of robbery against the people who are already poor?

The Prime Minister: What the right hon. Gentleman wants to do is to accept all the increases that my right hon. Friend the Secretary of State for Social Services announced yesterday, and to forget that there might have to be some losers—[*Interruption.*] There might have to be some losers—[*Interruption.*]

Mr. Speaker: Order. The Prime Minister.

The Prime Minister: The right hon. Gentleman wants to forget that there might have to be some losers. However, if he looks at the total expenditure, which is set out in the autumn statement, he will see that this year the total planned expenditure on social security was £40 billion, but by the year 1988-89, it is planned to be £46 billion. That is an increase in expenditure—which will have to be found out of taxation and contributions by the ordinary people of £6 billion.

Mr. Kinnock: Is it not about time that the Prime Minister honestly admitted to the country that more money is spent on benefits for the poor because her policies have made many more people poor? Is it not time for her to say to those whom she glibly dismisses as "some losers" that she could not live on £75 a week and could not tolerate a further loss of £5 a week? How can she defend taking money away from people who are already desperately poor, when she knows that her objective is to give more to those who are already very rich?

The Prime Minister: As my right hon. Friend the Secretary of State said yesterday, the point of the proposals is to direct resources to the areas of greatest need. The new family credit will go to 200,000 more families with children than now have the family income supplement. The right hon. Gentleman wants to take the benefits and all the increases and accept none of the consequences of redistribution. My right hon. Friend wants improved incentives to work and he wants to ensure that commitments entered into can be afforded. With that in mind, he has put forward his proposals, and they will require an increase in expenditure over planned expenditure this year and expenditure in 1988 of some £6 billion, which will have to be found by the taxpayer. Perhaps the right hon. Gentleman will think that that is reasonable. If not, how much more would his plan cost?

Mr. Kinnock: Will the Prime Minister now tell us when it is right to increase the money given to the near destitute in this country? What on earth is the moral or economic justification for finding that money by stealing from the very poor?

The Prime Minister: Once again, the right hon. Gentleman has gone over the top—[*Interruption.*] I take it that he does not want any of the increases that are to go to families, that he does not want improved incentives to work and does not want to ensure that commitments entered into can be afforded. He wants to promise the earth and not say how it is to be paid for.

Mr. Hill: Does not my right hon. Friend agree that although elderly people are interested in pensions and housing benefit, they are mainly concerned about the

protection of their environment, law and order on their council estates, and the fear that they cannot safely open their doors in the evening? Will my right hon. Friend continue to reinforce the police and help the chief constables in the regions to have discussions with the communities on the neighbourhood watch schemes?

The Prime Minister: I agree with my hon. Friend that elderly folk, along with others, are very much concerned with law and order, especially on the council estates. I think that he will also agree that under this Government old-age pensions have gone up by more than the cost of living and under this Government old-age pensioners have had their Christmas bonus every year, which was not the case under the Labour Government.

Q3. Mr. Terry Lewis asked the Prime Minister if she will list her official engagements for Tuesday 17 December.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Lewis: In the dispute between the Secretary of State for Trade and Industry and the Secretary of State for Defence, whose side is the right hon. Lady on?

The Prime Minister: I am on the side of a company that is hoping to keep business going for its considerable work force; that has responsibilities to its shareholders and moral responsibilities to its work force; that must deal with its obligations to its bankers and that also has to consider the legal obligations of auditors. In the very sensitive situation that we now have, I suggest that it is left to the company to decide its future.

Dr. Hampson: Will my right hon. Friend go further and take this opportunity to correct the impression that emerged from yesterday's statement on Westland that the Government are backing the Sikorsky deal and confirm that for a long time the Government have sought greater collaboration among European armament manufacturers, which is particularly long overdue with helicopters?

The Prime Minister: Westland is a public limited company. It must take its own decisions. The Government saw that it had a choice. The board has legal obligations to the shareholders; it has moral obligations to the work force; the banks have their obligations and the auditors have their legal obligations. The people on the board are the only ones in a position to know all the facts. They must make their assessment and present that to the company.

Mr. Steel: Reverting to the first question to the Prime Minister this afternoon, since the deputy chairman of the Conservative party is reported to be acting as a character reference for the return of Mr. Postgate to Lloyd's, will she remind him and everybody else that the Government, like her predecessor's, stand against the unacceptable face of capitalism?

The Prime Minister: I have said that the Government have probably done more than any other to try to tackle fraud wherever it occurs. That will continue to be our policy. As I said, Lord Roskill's report has reached the Government. We are publishing today the White Paper on banking supervision and the Financial Services Bill will be introduced later this week. We have done and shall continue to do everything possible. I suggest that the right hon. Gentleman does the City a great disservice in forgetting the number of jobs and the amount of income

that it provides for Britain. He is trying to suggest that because some things may be wrong somewhere that applies to the whole City. That is not correct.

Mr. Robert Atkins: While we are on the subject of aerospace, has my right hon. Friend noticed today that the figures for the British aerospace industry are £1 billion up on this time last year, representing a 23 per cent. increase, and of that some 60 per cent. are exports to the world? Does not she think that that is the jewel in the crown of British manufacturing industry?

The Prime Minister: I congratulate the aerospace industry on its excellent export record and would like to point out that other parts of manufacturing industry have done very well. Indeed, exports by manufacturing industry were a record last year.

Q4. Mr. Sean Hughes asked the Prime Minister if she will list her official engagements for Tuesday 17 December.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Hughes: Does the fact that the under-25 age group appears to be another group targeted for cuts in welfare benefits mean that the Prime Minister now accepts the point of view of the vice-chairman of the Tory party that too many young people will not get off their backsides and find work?

The Prime Minister: As I said earlier, no one has done more for youth training than this Government. The one millionth youth trainee has now entered the scheme. *[Interruption.]* I am sorry that the Labour party treats these matters with such levity.

Q5. Mr. Freeman asked the Prime Minister if she will list her official engagements for Tuesday 17 December.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Freeman: Is my right hon. Friend aware of the excellent reception on the Conservative Benches to yesterday's White Paper, especially for the proposal for a broader spread of personal pensions? Will she continue to preach the principles of thrift and the broader spread of financial assets?

The Prime Minister: I am glad that my hon. Friend welcomes the White Paper. It is meant, among other things, to give wider choice to those who wish to save through a personal pension scheme and build up a capital fund on their own account. It is also directed to help more effectively those in greatest need, such as young families, through the new family credit scheme, and to give improved incentives to work.

It means that the commitment that we enter into can be afforded. That is a matter to which the Opposition have given no attention since the last election. Indeed, since then they have already promised an additional £10 billion without specifying from where that will come.

Mr. Adley: On a point of order, Mr. Speaker. You will have noticed that, during Question Time, once again the tactics of the Labour party were to shout down my right hon. Friend the Prime Minister at every opportunity—*[Interruption.]*—as they are trying to do to me now. Will you please use your influence to protect this House from the barbaric tactics of the Opposition?

Mr. Speaker: Order. The noise during Question Time today was rather greater than usual, so I agree with the hon. Gentleman on that point.

up within the 200-mile limit of the Falklands? When do the Government propose to do something about the report by Dr. Beddington of Imperial College?

Mr. Gummer: The general response to the Beddington report is based on advice given by the Ministry of Agriculture, Fisheries and Food to the Foreign Office, in whose hands this matter continues to be. As to the first question, I am not aware of any British fishing interest that has been prevented from fishing around the Falklands. If it wishes so to do, it can.

Mr. Randall: Does the right hon. Gentleman agree that an early agreement on the best way to exploit and manage this rich fishery is important to Britain and the fishing industry, especially if one takes into account the rumoured cuts in quotas about which we expect to hear later this afternoon?

Mr. Gummer: The hon. Gentleman need not be too concerned about that. We are pleased that the Food and Agriculture Organisation has launched its study. When we have the details, we shall be able to make a sensible basis for the future fishery potential in this area.

Salmon

27. **Sir Hector Monro** asked the Minister of Agriculture, Fisheries and Food what is his estimate of the probable increase in salmon entering British rivers following his announcement on drift netting off the English coast.

Mr. Gummer: The measures which I announced on 7 November will tighten the rules under which the English north-east coast salmon drift net fishery operates. They should produce a significant reduction in the catch of that fishery. Because various natural causes influence the level from season to season, I cannot give a specific forecast of the extent of the increase in salmon entering British rivers.

Sir Hector Monro: Does my right hon. Friend accept that the resolution of the problem of drift netting off the north-east coast of England is crucial to the survival of salmon in the United Kingdom? Will he watch the matter closely and take further action if there are no significant improvements in salmon stocks in Scotland?

Mr. Gummer: I undertake to do that, but I remind my hon. Friend that the arrangements which we have made this year will restrict fishing there in that there will be no weekend fishing, no night fishing, and licences will not be transferable. Major steps have been taken, but we shall continue to examine the matter.

PRIME MINISTER

Engagements

Mr. Spencer asked the Prime Minister if she will list her official engagements for Thursday 19 December.

The Prime Minister (Mrs. Margaret Thatcher): This morning I presided at a meeting of the Cabinet and had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall be having further meetings later today.

Mr. Spencer: In view of the announcement by the Board of Westland Helicopters that it intends to enter into

an agreement with Sikorsky-Fiat, will my right hon. Friend confirm that the position of the Government is as set out in the statement of my right hon. and learned Friend the Secretary of State for Trade and Industry on Monday?

The Prime Minister: Yes, Sir. The future of Westland is a matter for the company to decide. The company's decision is a matter of commercial judgment for its directors and shareholders. That was the position set out by my right hon. and learned Friend, and that was the position reaffirmed by the Cabinet this morning.

Mr. Kinnock: It is something of a change for this matter to go before the Cabinet, or so it appears. Given the patently obvious views stated publicly by the Secretary of State for Defence and the Select Committee on Defence, does the Prime Minister really believe that the subjective preferences of a company are an adequate basis on which to determine important national defence interests?

The Prime Minister: Westland is a private sector public limited company. Its future is a matter for the company to decide, and the company's decision is a matter of commercial judgment for its directors and, ultimately, its shareholders. That was the position, and it was reaffirmed by the Cabinet this morning.

Mr. Kinnock: The Prime Minister said that the company is responsible to its shareholders. Is not she, as Prime Minister, responsible to the nation and for the proper welfare of the nation? Why is she not taking that into proper account, as the Secretary of State for Defence clearly believes she should? When the strategic considered judgment of the Secretary of State for Defence is contrary to the view of a private company, why is she backing the company, not him?

The Prime Minister: I have informed the House of the position of the Cabinet this morning. The position of the Cabinet is the position of the whole Government.

Mr. Churchill: Has my right hon. Friend heard of a farce that is playing on the South Bank entitled "Robin Ratepayer and his Merry Ratepayers"? Does my right hon. Friend not agree that it is entirely appropriate that the leader of the Greater London council should play the star role in this production, for he and the other Marxist city henchmen of the Leader of the Opposition have been robbing ratepayers for years? Will she accept that the ratepayers of the metropolitan counties will be delighted when she rings down the curtain upon this over-expensive production next March?

The Prime Minister: I am grateful to my hon. Friend. I agree with his broad analysis. I believe that the GLC has taken in far more rates than it needs. There should therefore be a goodly amount to be returned to the district councils when the GLC is extinguished.

Mr. Tony Banks: At least there is still a sense of humour on the South Bank. Does the Prime Minister care that the Christmas present to 6,000 loyal GLC staff this Christmas will be their redundancy notices? In view of the misery and unhappiness that the right hon. Lady is causing to these people and to the 3.5 million people who are on the dole, does she think that she deserves a happy Christmas this year?

The Prime Minister: The decision to abolish the GLC was taken by Parliament. I did not hear the hon. Gentleman mention whether or not Labour councils will

be prepared to take on those extra people. The hon. Gentleman ought to remember that there were two years under a Labour Government when all pensioners received no Christmas bonus.

Sir Fergus Montgomery: During her busy day will my right hon. Friend find time to consult the relevant Ministers about the disgraceful way in which the chief constable of Greater Manchester is being treated? Is she aware that yesterday the Labour party used its built-in majority on the police committee to censure this man for merely telling the truth? Is not this yet another example of the Fascist Left in this country pillorying decent public servants who refuse to kowtow to them?

The Prime Minister: My hon. Friend makes his point very cogently. I am sure that he will understand that I cannot comment while that investigation is in progress.

Q4. Mr. Madden: asked the Prime Minister if she will list her official engagements for Thursday 19 December.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Madden: Will the Prime Minister confirm that the city of Bradford has been earmarked to receive extra resources for urban renewal? Will she also confirm that the key to urban renewal lies with more money for new council housing and more money for home improvement grants? Finally, will she confirm that any new money will be given to the local councils concerned and not to a new range of unelected and unaccountable quangos?

The Prime Minister: I do not agree with the hon. Gentleman that the key to urban renewal lies solely with urban housing. The amount of money that has been spent on urban housing and the way in which it has been spent are two of the factors that have led to many of the problems.

Sir John Biggs-Davison: When Ulster is told that it may be rid of the Intergovernmental Conference when it accepts devolution, is legislative devolution and devolved government meant by devolution, or what is meant? Why do a Unionist Government pursue policies that tend to detach Northern Ireland from Great Britain?

The Prime Minister: I cannot accept the latter part of my hon. Friend's question. As he knows, I believe that Union will certainly continue under the Agreement, so long as there is a majority and the majority expresses that wish. Devolved government has to be in accordance with the agreement, which is one that is acceptable to the two traditions in Northern Ireland. As my hon. Friend is aware, there was, in legislation about the Assembly, a possible means of securing much more decision-taking through the Assembly, through the two communities, than is at present the case.

Dr. Owen: In view of the widespread disquiet in the country and in the City about the situation affecting Lloyd's and in the light of what has happened to its chief executive, how do the Government justify not placing Lloyd's under the new market investing board? Will the Prime Minister not consider this issue again and also the need for a full time chairman of considerable independence and stature to supervise this aspect of the City's behaviour, which many people feel that the present legislation is inadequate to cover?

The Prime Minister: I should have thought that the right hon. Gentleman would have been aware that Lloyd's had its own regulatory system and Act of Parliament, the Lloyd's Act 1982. It is too early to pass judgment on the effectiveness of the new regime. We believe that events at Lloyd's on which publicity had been given originated before the Act was passed, but we are keeping a close watch on events there and if it becomes necessary to take action or to legislate, we would not hesitate to do so.

Sir Peter Hordern (Horsham): Will my right hon. Friend make it clear to the chairman of ICI and others who are calling for a lower exchange rate that if industry insists on raising wages so that its products become uncompetitive, the Government will not bail them out by reducing the exchange rate?

The Prime Minister: Yes, I shall make that very clear. That way does not lie increased and improved competitiveness. The only way is to have efficiency in the company, in costs, in design and in quality. No company should look to the exchange rate to secure competitiveness which it cannot itself produce.

Q5. Mr. Dobson: asked the Prime Minister if she will list her official engagements for Thursday 19 December.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Dobson: The Prime Minister told the House on Tuesday that there had to be losers in the social security review. Will she now say how many there will be, who they will be and how much they will lose?

The Prime Minister: If we were to bring in what the Labour party has plans for—[*Interruption.*—]—the burden on the working population would be colossal. We reckon that national insurance contributions for people on average earnings would rise by £9 a week, so that about 20 million people would lose under Labour's plans.

Q6. Mr. Teddy Taylor: asked the Prime Minister if she will list her official engagements for Thursday 19 December.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Taylor: If the Sikorsky deal goes through, as I hope it does, will the Prime Minister ensure that there will be no question of my right hon. Friend the Secretary of State for Defence discriminating against the Westland company or any of its excellent products?

Will she convey to my right hon. Friend the Secretary of State for the Environment the thanks of Southend borough council for the most favourable rate support grant settlement — [*Interruption.*] — that its efficiency deserves?

The Prime Minister: In respect of both parts of my hon. Friend's supplementary question I indicated the Cabinet's decision this morning, and I wish to make it clear that major procurement decisions are a matter for the collective decision of the Government as a whole. I thank my hon. Friend for what he said about the rate support grant. Any authority that spends efficiently and keeps its budget in line with assessed need gets its full grant, and its ratepayers may be very grateful.

Q7. Mr. Gould: asked the Prime Minister if she will list her official engagements for Thursday 19 December.