LOBBY BRIEFING

time: 12.10 pm   date: 9/1/86

RESIGNATION OF MICHAEL HESELTINE OVER WESTLAND HELICOPTERS AFFAIR

We opened with the attached statement from Downing Street.

We did not think that Mr Heseltine had handed his resignation in in writing. He had walked out of the Cabinet meeting, the assumption being that he had resigned. We emphasised that it was the feeling of the meeting that the procedure suggested by the Prime Minister concerning collective responsibility was the best way to proceed. No one else around the table had had difficulty in accepting this, apart from the Defence Secretary.

When asked to give guidance on the sequence of events we said the meeting had started at 10 o'clock. There had beena short discussion, say, 10-15 minutes on other business and they had then moved on to Westland. The subject was discussed for about an hour with the Prime Minister opening and then inviting Leon Brittan to report followed by an invitation for Michael Heseltine to report. They had spent one hour on the subject and we felt that the issue itself would have been covered as well as the handling of the issue. At 11.10 approximately the Defence Secretary had collected his papers and left the meeting. The meeting had continued for a few moments after this. Then there was a break for coffee and the meeting resumed.

We said that about 8 or 9 other Cabinet members would have contributed to the discussion. We did not know if the Chief Whip was one of them but we said Lord Whitelaw was not. We did not know if the Prime Minister had finished speaking before Mr Heseltine left. We did not know what the precise trigger point for his departure had been. Clearly he felt he could not accept the proposal put forward by the Prime Minister concerning collective responsibility. We felt he may have found this difficult in the context of actions he had previously taken. For example, it was obvious that his first letter to Mr Horne of Lloyds Bank had not been cleared in this manner, despite this being the acknowledged format for matters of this kind.

We said that his decision would have been greeted with much sadness if not total surprise. We were not aware of any direct criticism expressed in the meeting towards Mr Heseltine. The atmosphere had been calm and it was quite clear that an amicable settlement was desired. We could not help on precisely where each Cabinet Minister sat in relation to the other but we thought that Mr Heseletine would have been seated somewhere opposite the Prime Minister's side of the table. We were not aware that she had asked him to apologise but clearly there would have been concern that this had done the Government no good, especially in the context of the statement of 19 December which made clear that public comments on the options should cease.

We were not aware that the Prime Minister had discussed the form of words attached with Leon Brittan before the meeting. In fact she had had no prepared form of words. She was simply summing up the feeling of the meeting. We would not attribute any form of words to her

directly. Obviously the situation had been difficult.

In conclusion we were able to announce that George Younger would be the new Secretary of State for Defence and Malcolm Rifkind the new Secretary of State for Scotland. Consequential changes would be announced shortly.

CW

The Cabinet have reaffirmed that it is the policy of the
Government that it is for the company to decide what course to
follow in the best interest of Westlands and its employees.
Cabinet discussed how this decision should apply in practice
to ensure that collective responsibility was upheld. It was
agreed that during this period when sensitive commercial
negotiations were in process, all statements by Government
Ministers should be cleared inter-departmentally through the
Cabinet Office to ensure that all answers given by the
Government were consistent with the policy decided by Cabinet.

Mr. Heseltine found himself unable to accept this
procedure and left the Cabinet. The Prime Minister expressed
her regret at his decision.