

MARK 2INTRODUCTION

MR. SPEAKER, ~~IN MY SPEECH~~ THIS AFTERNOON I WILL FIRST

SET OUT THE APPROACH TAKEN BY THE GOVERNMENT  
*is now being dealt with*  
TOWARDS WESTLAND OVER THE ~~LAST FEW MONTHS.~~

~~BUT BEFORE I SIT DOWN;~~ I WILL ALSO DEAL WITH

SOME OF THE CHARGES WHICH HAVE BEEN MADE

AGAINST THE GOVERNMENT AND AGAINST ME

PERSONALLY.

MY RHF THE MEMBER FOR HENLEY - WHO SERVED IN

MY CABINET FOR OVER SIX AND A HALF YEARS -

HAS NOW MADE ACCUSATIONS ABOUT WHAT HE <sup>considers</sup> ~~HAS~~

<sup>to be</sup> CALLED "THE BREAKDOWN OF CONSTITUTIONAL

GOVERNMENT".

~~THIS IS ONE OF THE GRAVEST CHARGES WHICH  
COULD HAVE BEEN MADE.~~

THE HOUSE WILL THEREFORE EXPECT ME TO ANSWER  
THAT CHARGE, ~~IN DETAIL.~~

IT MAY HELP THE HOUSE IF I BEGIN BY SETTING OUT

DEVELOPMENTS IN RELATION TO THE WESTLAND  
COMPANY OVER THE PAST EIGHTEEN MONTHS.

I WILL DO THIS IN ORDER TO DEMONSTRATE TO  
THE HOUSE:

FIRST, THAT THE COMPANY HAS BEEN THE SUBJECT  
OF <sup>thorough</sup> ~~proper and serious~~ ~~collective~~ COLLECTIVE  
CONSIDERATION BY MINISTERS ~~FOR WELL OVER A~~

~~YEAR.~~

SECOND, THAT A FULL RANGE OF OPTIONS FOR  
THE GOVERNMENT'S APPROACH TO ITS FUTURE HAS  
BEEN CONSIDERED AND <sup>discussed</sup> ~~DEBATED~~ WITHIN  
GOVERNMENT.

THIRD, THAT DURING THIS PERIOD, AND LATTERLY-  
TO AN INCREASING DEGREE, THIS PUBLIC LIMITED <sup>& govt has been aware</sup> ~~COMPANY~~  
<sup>of the Co's</sup> HAS BEEN IN A PRECARIOUS FINANCIAL <sup>position</sup>  
~~CONDITION~~ SO THAT THE BOARD OF DIRECTORS, AND  
~~GOVERNMENT TOO,~~ <sup>and of the</sup> HAD PARTICULAR LEGAL  
OBLIGATIONS TO WHICH <sup>that imposes on</sup> ~~THEY AND WE~~ HAD TO PAY  
~~SCRUPULOUS ATTENTION.~~  
<sup>I should</sup>  
AND ~~LET ME~~ REMIND THE HOUSE THAT THE

*is similar to the*  
SITUATION STILL EXISTS SINCE AN EXTRAORDINARY  
GENERAL MEETING ~~IS STILL PENDING~~. *due to be held on Monday.*

I HOPE THAT NOTHING WILL BE SAID DURING THIS  
DEBATE WHICH MAKES THEIR TASK OF SECURING A  
PROSPEROUS FUTURE FOR WESTLAND MORE  
DIFFICULT.

FOURTH, THAT THE GOVERNMENT WELCOMED THE  
BOARD OF WESTLAND ~~HAVING~~ <sup>*wished*</sup> A CHOICE OF ~~VARIOUS~~  
~~OFFERS~~ <sup>*proposals*</sup> FOR MINORITY SHAREHOLDERS, <sup>*ings in the company*</sup> INCLUDING,  
~~IF THAT WERE POSSIBLE, THE SO CALLED~~ ~~EUOPEAN~~  
~~OPTION.~~ <sup>*which has become known as the*</sup>

~~OPTION.~~ <sup>*It is important that the company should*</sup>  
~~take the course which it believes will be most~~  
~~advantageous in the long run.~~ <sup>*take the course which it believes will be most*</sup>  
<sup>*advantageous in the long run.*</sup>  
FIFTH, AND FINALLY, 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 NEEDED FOR OUR  
 OPERATIONAL REQUIREMENTS.

~~I AM SURE THAT THE HOUSE WILL AGREE THAT THIS  
 IS AN IMPORTANT, IF NOT PARAMOUNT,  
 REQUIREMENT.~~

*S. J. J.*

~~I WILL THEN DEAL WITH WHAT [THE RIGHT HONOURABLE~~

~~GENTLEMAN HAS TERMED STYLE OF GOVERNMENT]~~

~~AND WITH THE <sup>particular</sup> PRECISE CIRCUMSTANCES~~

SURROUNDING THE RESIGNATION OF MY RIGHT

HONOURABLE FRIEND THE MEMBER FOR HENLEY. *en*

*S. J. J.*

CHRONOLOGY

THE FACT THAT WESTLAND FACED A ~~POTENTIALLY~~ DIFFICULT

SITUATION WAS FIRST BROUGHT TO THE

GOVERNMENT'S ATTENTION IN LATE 1984.

WE WERE TOLD THAT THEIR <sup>problems</sup> ~~DIFFICULTIES~~ STEMMED

PARTLY FROM A <sup>decline</sup> ~~SLOW DOWN~~ IN THE

~~DEVELOPMENT OF THE CIVIL~~ MARKET FOR CIVIL

HELICOPTERS INCLUDING IN ~~PARTICULAR~~ DELAYS ON

THE PROSPECTIVE INDIAN ORDER FOR 21 W30

HELICOPTERS; AND PARTLY FROM <sup>the lack of the</sup> ~~A DEFERMENT OF~~  
<sup>short term large orders for the British</sup> ~~MILITARY ORDERING, INCLUDING IN PARTICULAR~~

<sup>armed forces.</sup> ~~UNCERTAINTY ABOUT THE FUTURE PROCUREMENT~~

~~PLANS OF THE ARMED SERVICES.~~

EVEN AT THAT STAGE, IN 1984, WESTLAND

INFORMED THE GOVERNMENT THAT THEY WERE  
CONTEMPLATING THE POSSIBILITY OF A US  
HELICOPTER MANUFACTURER TAKING A MINORITY  
STAKE IN THE COMPANY.

WESTLAND'S DIFFICULTIES WERE THE SUBJECT OF DISCUSSION  
BETWEEN MINISTERS AND OFFICIALS FROM THE DTI .  
AND THE MOD IN THE LATTER PART OF 1984 AND  
EARLY 1985.

THE GOVERNMENT ALSO REMAINED IN CLOSE CONTACT  
WITH THE FIRM ITSELF.

~~IN THE COURSE OF THESE DISCUSSIONS AND~~  
~~CONTACTS, VERY~~ 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 PURCHASE OF THE WESTLAND W30.

*the fact was* concluded  
HOWEVER THE ~~CONCLUSION REACHED~~ AND NO-

*it*  
~~MINISTER DISSENTED FROM THAT CONCLUSION - WAS~~

*we could* *inhibits*  
THAT IT ~~WOULD~~ NOT BE APPROPRIATE TO GIVE

*for helicopters*  
WESTLAND ~~EXTRA~~ ORDERS WHICH OUR ARMED FORCES

DID NOT NEED.

THERE WAS NO DEFENCE INTEREST WHICH CALLED

FOR A ~~PUBLIC SECTOR~~ RESCUE OPERATION *by the public sector*  
*the company*

INSTEAD THERE SHOULD BE A MARKET SOLUTION TO

WESTLAND'S DIFFICULTIES, *which would involve an*  
*injection of private sector capital.*

THAT WAS AND REMAINS THE POSITION OF THE

GOVERNMENT.

*On 29*

IT WAS AGAINST THIS BACKGROUND THAT, ON ~~ON 29~~ APRIL LAST

YEAR, THE BRISTOW ROTORCRAFT COMPANY  
ANNOUNCED AN OFFER FOR WESTLAND.

THE BOARD INITIALLY RESISTED THE BID, BUT  
EVENTUALLY ON 13 JUNE RECOMMENDED IT TO  
WESTLAND SHAREHOLDERS.

HOWEVER, AT ABOUT THE SAME TIME IT BECAME  
EVIDENT THAT MR. BRISTOW WAS UNCERTAIN  
WHETHER TO PROCEED WITH HIS BID, IN VIEW OF  
INFORMATION AVAILABLE TO HIM ABOUT THE  
COMPANY'S POSITION.

HE SOUGHT ADVICE ABOUT THE GOVERNMENT'S VIEWS  
AND INTENTIONS, IN PARTICULAR OUR ATTITUDE TO  
REPAYMENT OF THE LAUNCH AID FOR THE W30  
PROJECT, AND WHETHER WE WOULD PROCURE THE W30  
HELICOPTER.

*to the them*  
~~I CHAIRED MEETINGS OF MINISTERS ON 18 AND~~  
~~19 JUNE TO REVIEW THE POSITION AND TO SETTLE~~  
~~THE GOVERNMENT'S RESPONSE TO THESE REQUESTS~~  
~~FOR INFORMATION.~~

*it*  
 IT WAS ALSO AGREED THAT, ~~IN THE EVENT, THAT BRISTOW~~  
~~ROTOCRAFT WERE TO WITHDRAW~~ *withdrew* ITS OFFER, THE  
~~THEN SECRETARY OF STATE FOR TRADE AND~~  
~~INDUSTRY SHOULD ENCOURAGE~~ THE BANK OF ENGLAND  
 TO BRING TOGETHER THE MAIN CREDITORS WITH THE  
~~OBJECTIVE OF DEVELOPING~~ *to* A RECOVERY STRATEGY.

*did*  
 ON ~~20 JUNE~~ BRISTOW ROTOCRAFT, ~~WITHDREW~~ *as* ITS BID.

ON 26 JUNE SIR JOHN CUCKNEY WAS APPOINTED AS  
 CHAIRMAN OF WESTLAND.

~~MEANWHILE THE GOVERNMENT RECEIVED INDICATIONS  
 OF INTEREST BY AT LEAST ONE US CORPORATION IN  
 MAKING A BID FOR WESTLAND WHICH WAS  
 SUBSEQUENTLY NOT PURSUED; AND ON~~

*Mr. [unclear] [unclear]*  
~~26 JUNE THE UNITED TECHNOLOGIES~~  
*(United Technologies)*  
 CORPORATION INFORMED MINISTRY OF DEFENCE ~~ministers~~

MINISTERS THAT THEY WERE INTERESTED IN THE  
 POSSIBILITY OF SOME FORM OF PARTICIPATION IN  
 WESTLAND.

*Mr* MEMBERS WILL RECALL THAT THE HOUSE DEBATED THE FUTURE  
~~of Westland~~  
 OF WESTLAND ~~(ON THE ADJOURNMENT ON 8 JULY LAST~~  
 YEAR.

*Charles [unclear]* MY ~~RE~~ <sup>*for Charles*</sup> HON. FRIEND THE MINISTER FOR ~~STATE~~ *at 1/11*  
 INFORMATION TECHNOLOGY MADE CLEAR IN 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 ITS FUTURE  
 SHOULD TAKE, ~~AN APPROACH WHICH SO FAR AS I AM~~  
~~AWARE WAS ACCEPTED BY EVERY MINISTER~~

~~CONCERNED.~~  
*Throughout the summer President officials at the  
 the D/I and the MOD kept us close touch with Sir John Cuckney.*

ON 24 SEPTEMBER, SIR JOHN CUCKNEY SHOWED TO THE

GOVERNMENT REPORTS ON THE COMPANY'S FINANCIAL  
POSITION WHICH HAD BEEN PREPARED BY PRICE  
 WATERHOUSE, <sup>He</sup> ~~AND~~ <sup>us</sup> INFORMED THE GOVERNMENT OF  
 HIS PLANS FOR THE FINANCIAL RECONSTRUCTION OF  
 WESTLAND, INVOLVING A RIGHTS ISSUE;  
~~CONVERSION OF SOME EXISTING BORROWINGS INTO~~  
~~EQUITY AND INTRODUCTION OF A NEW INDUSTRIAL~~

*Did we  
 Insurance*

PARTNER.

HE ALSO REVEALED THAT HE WAS HAVING DISCUSSIONS WITH A NUMBER OF COMPANIES OF WHICH THOSE WITH SIKORSKY OF AMERICA - WITH WHOM WESTLAND HAD A LONG-STANDING RELATIONSHIP - WERE THE MOST PROMISING.

THE COMPANY HAD ALSO BEEN IN TOUCH WITH MBB OF GERMANY, ~~WITH~~ AEROSPATIALE OF FRANCE AND ~~WITH~~ AGUSTA OF ITALY.

(~~HE ADDED THAT HE HAD ALSO APPROACHED BRITISH AEROSPACE BUT HAD RECEIVED A NEGATIVE RESPONSE.~~)

*Subson*  
~~HE ALSO~~ STRESSED THE URGENCY OF REACHING A SOLUTION BEFORE WESTLAND HAD TO FINALISE

THEIR ACCOUNTS LATER IN THE YEAR.

*A. J. Hunter*

AT A MEETING ON 16 OCTOBER, IT WAS DECIDED TO ENCOURAGE

WESTLAND TO EXPLORE FURTHER THE

POSSIBILITIES OF COOPERATION WITH THE

EUROPEAN COMPANIES WHICH WERE PARTNERS OR

POTENTIAL PARTNERS OF WESTLAND IN A NUMBER OF

COLLABORATIVE PROJECTS.

~~I WOULD EMPHASISE TO THE HOUSE THAT THIS VIEW~~

~~WAS EXPRESSED BEFORE ANY FIRM PROPOSALS WERE~~

~~READY FOR FINAL CONSIDERATION BY THE BOARD.~~

~~THERE WAS NO QUESTION OF THE GOVERNMENT~~

~~TAKING SIDES BETWEEN SPECIFIC PROPOSITIONS~~

~~BECAUSE AT THAT STAGE THERE WERE NO~~

~~SPECIFIC PROPOSITIONS ON WHICH TO TAKE~~

*Chairman  
5/15/71*

SIDES.

THIS VIEW WAS COMMUNICATED TO SIR JOHN CUCKNEY

BY THE TRADE AND INDUSTRY SECRETARY ON

~~18~~<sup>17</sup> OCTOBER.

SIR JOHN SAID THAT HE HAD MADE IT CLEAR TO

THE EUROPEAN COMPANIES THAT HE WOULD CONSIDER

ANY REASONABLE PROPOSITION.

*N.B. - please find. chapter 2*

SIR JOHN CUCKNEY AGAIN EMPHASISED WESTLAND'S NEED

FOR A RAPID CONCLUSION TO ITS PLANS FOR A

FINANCIAL RECONSTRUCTION.

~~THEIR 1984-5 RESULTS HAD TO BE ANNOUNCED~~

~~BEFORE CHRISTMAS AND UNLESS~~ <sup>Such ?</sup> ~~A FINANCIAL~~

RECONSTRUCTION WAS CLEARLY IN PROSPECT BEFORE

*the 1984-5 results were announced*

~~THEN~~, THE COMPANY <sup>C</sup>WOULD 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 WERE  
ASSOCIATED WITH UNITED TECHNOLOGIES'  
PROPOSALS.

*But* ~~BUT IT IS A FACT THAT~~ <sup>over</sup> 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 FROM EUROPEAN HELICOPTER COMPANIES  
HAD APPEARED.

IT WAS AT THIS STAGE, ON 29 NOVEMBER, THAT *at a report*

*(designated senior officials for*

THE NATIONAL ARMAMENTS DIRECTORS OF THE UK,  
*who are senior defence officials*  
 FRANCE, WEST GERMANY AND ITALY MET IN LONDON.  
~~They~~ *at the request of each of their respective defence ministers.*  
 AND RECOMMENDED THAT THE FOUR GOVERNMENTS

SHOULD COVER THEIR MAIN HELICOPTER NEEDS IN

FUTURE SOLELY BY HELICOPTERS DESIGNED AND

BUILT IN EUROPE.

*Exclusion clause*

~~THIS PROVISIONAL AGREEMENT WAS NOT DISCUSSED~~

~~IN ADVANCE BY THE THEN DEFENCE SECRETARY WITH~~

~~HIS MINISTERIAL COLLEAGUES.~~

*File*  
~~THE~~ EFFECT OF THIS RECOMMENDATION, IF  
 ACCEPTED BY GOVERNMENTS, WOULD HAVE BEEN TO  
 EXCLUDE A POSSIBLE SIKORSKY/WESTLAND  
 PARTNERSHIP FROM RECEIVING EUROPEAN ORDERS.

ON 3 DECEMBER SIR JOHN CUCKNEY WROTE TO THE

TRADE AND INDUSTRY SECRETARY TO URGE THAT THE

RECOMMENDATION SHOULD NOT BE ACCEPTED BY THE GOVERNMENT.

HE POINTED OUT THAT THE EFFECT WOULD BE TO PRE-EMPT THE CHOICE OF HIS BOARD AND SHAREHOLDERS, BY MAKING IT IMPOSSIBLE 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 ADVANCE ON EARLIER PROPOSALS WHICH HAD BEEN REJECTED AS INADEQUATE.

IN CONSEQUENCE THERE WAS A SERIOUS RISK <sup>that</sup> ~~OF~~  
*there would be*  
HAVING NO EFFECTIVE RECONSTRUCTION PROPOSALS

*in place*  
 TO PUT FORWARD WITHIN THE URGENT TIMESCALE TO  
 WHICH THE COMPANY HAD TO ADHERE.

IN THE LIGHT OF THESE DEVELOPMENTS MINISTERS MET UNDER  
 MY CHAIRMANSHIP ON 4 AND 5 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 - AND THE NEED FOR THE  
 COMPANY TO HAVE A FINANCIAL RECONSTRUCTION  
 PACKAGE IN PLACE BY THEN, *to as it was to*  
*avoid going into receivership.*  
 THE ISSUES BEFORE US WERE FIRST WHETHER TO  
 AGREE TO WRITE OFF THE LAUNCH AID GIVEN

EARLIER TO WESTLAND IF THE W30 PROJECT WERE  
SUBSEQUENTLY TERMINATED.

IT WAS EVIDENT THAT THIS WAS NOW A CONDITION  
FOR ANY SUCCESSFUL FINANCIAL RECONSTRUCTION  
WHICH WOULD ALLOW THE COMPANY TO CONTINUE IN  
BUSINESS.

AND SECOND HOW TO RESPOND TO THE  
RECOMMENDATION OF THE NATIONAL ARMAMENTS'  
DIRECTORS.

~~IT WAS CLEAR - AND SO RECORDED AT THE TIME IN THE~~

*At the end of the ~~second~~ meeting of Directors - (on 5<sup>th</sup> Dec)*

~~CONCLUSIONS OF THE MEETINGS - THAT A MAJORITY~~

~~PRESENT TOOK THE VIEW THAT ACCEPTANCE OF THE~~

~~NADS RECOMMENDATION WOULD ACTUALLY REMOVE~~

~~FROM THE WESTLAND SHAREHOLDERS ANY ELEMENT OF~~

*Member's* ~~CHOICE.~~

*present*

A ~~THE~~ MAJORITY OF MINISTERS ~~(WERE THEREFORE~~  
 READY TO DECIDE AT THAT STAGE THAT THE  
 GOVERNMENT SHOULD REJECT THE RECOMMENDATION  
 FROM THE NATIONAL ARMAMENTS DIRECTORS, THUS  
 LEAVING WESTLAND FREE TO REACH ITS <sup>own</sup> DECISION.  
~~FREE FROM ANY CONSTRAINT.~~

*n. Quaker*  
 BUT BECAUSE A MINORITY - INCLUDING MY RT.

HON. FRIEND THE MEMBER FOR HENLEY -

~~EVIDENTLY~~ FELT STRONGLY ABOUT THE MATTER, I

CONCLUDED THAT A FURTHER DISCUSSION SHOULD BE  
~~HELD~~  
 HELD IN THE ECONOMIC SUB-COMMITTEE OF THE  
 CABINET, FOR WHICH A FULL PAPER SHOULD BE  
 PREPARED.

SUCH A PAPER WAS PREPARED JOINTLY BY OFFICIALS FROM THE  
DEPARTMENT OF TRADE AND INDUSTRY AND THE  
MINISTRY OF DEFENCE AND CONSIDERED BY THE  
ECONOMIC SUB-COMMITTEE OF THE CABINET ON  
9 DECEMBER.

SIR JOHN CUCKNEY AND HIS ADVISERS WERE  
INVITED TO ATTEND PART OF <sup>for the time</sup> THAT MEETING TO  
<sup>report on their business position</sup>  
~~EXPLAIN THEIR POINT OF VIEW AND ANSWER~~  
QUESTIONS.

AFTER CONSIDERABLE DISCUSSION IT WAS  
CONCLUDED ~~AND FORMALLY RECORDED BY THE~~  
~~CABINET SECRETARIAT,~~ THAT UNLESS A FIRM  
PROPOSAL FROM THE EUROPEAN CONSORTIUM WHICH  
THE BOARD OF WESTLAND COULD RECOMMEND TO ITS  
SHAREHOLDERS WAS RECEIVED BY 4 P.M. ON <sup>the</sup>

FRIDAY 13 DECEMBER, THE GOVERNMENT WOULD NOT  
 BE BOUND BY THE NAD'S RECOMMENDATION.  
 THIS 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.

~~These conclusions~~ ~~There was no decision to hold~~  
 NO MENTION WAS MADE IN THE MINUTES OR ~~a further meeting.~~

CONCLUSIONS OF THE MEETING OF ANY DECISION TO  
 HOLD A FURTHER MEETING.

*These conclusions made  
 it unnecessary, to hold a further meeting  
 and none was agreed.*

A FIRM PROPOSAL FROM THE EUROPEAN CONSORTIUM WAS

*which by this time included B. & D.  
 Group*

*although at an earlier stage  
 in this meeting it appeared that  
 a further meeting might be needed*

RECEIVED BY THE BOARD ON 13 DECEMBER.

THIS PROPOSAL TOOK INTO ACCOUNT A PROVISIONAL  
AGREEMENT REACHED BETWEEN DEFENCE MINISTERS  
FOR THE FOUR COUNTRIES ON THE BASIS OF THE  
NAD'S RECOMMENDATION.

THIS PROVISIONAL AGREEMENT WAS NOT DISCUSSED  
IN ADVANCE BY THE THEN DEFENCE SECRETARY WITH  
HIS MINISTERIAL COLLEAGUES.

THE EUROPEAN CONSORTIUM'S PROPOSAL WAS NOT ACCEPTABLE  
TO THE BOARD.

ACCORDINGLY, AS DECIDED AT THE MEETING ON  
9 DECEMBER, THE GOVERNMENT WAS NOT BOUND BY  
THE NAD'S RECOMMENDATION.

IN THE LIGHT OF THE DECISIONS TAKEN ON

*Te*

9 DECEMBER, THERE WAS NO FURTHER ISSUE TO  
DISCUSS.

THE POSITION WAS FULLY REPORTED TO THE HOUSE IN A  
STATEMENT BY THE SECRETARY OF STATE FOR TRADE  
AND INDUSTRY ON 16 DECEMBER.

I ANSWERED QUESTIONS ON 17 DECEMBER.

CABINET ON 19 DECEMBER CONFIRMED THE

GOVERNMENT'S VIEW THAT IT WAS FOR WESTLAND TO

DECIDE WHAT WAS THE BEST COURSE TO FOLLOW IN

THE BEST INTERESTS OF THE COMPANY AND ITS

EMPLOYEES ~~AND THAT NO MINISTER WOULD LOBBY IN~~

~~FAVOUR OF ONE PROPOSAL OR ANOTHER.~~

*old*  
*on*  
*as* I REPORTED THIS TO THE HOUSE ON 19 DECEMBER. ~~the same~~

*that afternoon.* *do*

WESTLAND SUBSEQUENTLY PUT PROPOSALS TO THEIR  
SHAREHOLDERS ON 21 DECEMBER TO EFFECT A  
CAPITAL RECONSTRUCTION INVOLVING UNITED  
TECHNOLOGIES AND FIAT.

ON 2 JANUARY THEY SENT TO THEIR SHAREHOLDERS  
A COPY OF REVISED PROPOSALS BY THE EUROPEAN  
CONSORTIUM.

ON 6 JANUARY THEY CONFIRMED THEIR UNANIMOUS  
RECOMMENDATION OF IMPROVED PROPOSALS FROM  
UNITED TECHNOLOGIES/FIAT.

THE EUROPEAN CONSORTIUM HAVE ALSO CIRCULATED  
SHAREHOLDERS URGING THEM TO VOTE AGAINST THE  
BOARD'S PROPOSALS.

~~CABINET ON 9 JANUARY CONFIRMED UNANIMOUSLY THE~~

On 30<sup>th</sup> Dec.

GOVERNMENT'S CONCLUSIONS OF 19 DECEMBER.

UNFORTUNATELY MY RT. HON. FRIEND THE MEMBER  
FOR HENLEY WAS ALONE IN BEING UNABLE TO AGREE  
~~THAT~~, TO AVOID ANY POSSIBLE PREJUDICE TO THE  
SENSITIVE COMMERCIAL NEGOTIATIONS THEN IN  
TRAIN, ALL STATEMENTS BY MINISTERS SHOULD BE  
CLEARED INTER-DEPARTMENTALLY THROUGH THE  
CABINET OFFICE.

I THINK THAT ANYONE WITH EXPERIENCE IN THESE MATTERS  
WILL AGREE THAT IN A SENSITIVE MARKET  
SITUATION, ANY STATEMENT BY ANY GOVERNMENT  
REPRESENTATIVE NEEDS TO BE WEIGHED AND  
SCRUTINISED MOST CAREFULLY IF THE RISK OF  
GIVING A MISLEADING IMPRESSION IS TO BE

AVOIDED.  
THE PROPOSAL WHICH I MADE AND WHICH WAS  
SUPPORTED BY ALL OTHER MEMBERS OF CABINET  
WAS IN THE CIRCUMSTANCES NO MORE THAN  
PRUDENCE.

THE GOVERNMENT'S CONDUCT

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.

*approach*  
 THE GOVERNMENT'S ~~CONDUCT~~ THROUGHOUT HAS BEEN GUIDED BY

FOUR MAIN CONSIDERATIONS:

- ~~THE FIRST~~  
 - FIRST THAT WE WOULD ~~NOT MOUNT A PUBLIC~~  
 SECTOR RESCUE BUT WOULD LOOK TO A MARKET  
~~SOLUTION.~~ *a solution within the private sector.*

~~THIS WAS AGREED BY ALL MINISTERS CONCERNED~~  
~~AT A VERY EARLY STAGE IN THE AFFAIR AND WAS~~  
~~OF COURSE ENTIRELY CONSISTENT WITH THE~~  
~~INDUSTRIAL POLICY PURSUED BY THIS GOVERNMENT~~  
~~OVER THE PAST 6½ YEARS.~~

[I WAS NOT SURPRISED IN THIS CONTEXT TO HEAR THE RT. HON. GENTLEMAN THE LEADER OF THE OPPOSITION TROTting OUT THE USUAL SOCIALIST FORMULA THAT THE GOVERNMENT SHOULD TAKE A STAKE.]

- SECOND, AND IN LINE WITH OUR ACTIVE SUPPORT FOR GREATER COOPERATION IN EUROPEAN DEFENCE PROCUREMENT, WE WERE READY TO INVESTIGATE THE POSSIBILITY OF A EUROPEAN MINORITY STAKE IN WESTLAND AND INDEED TO ENCOURAGE PROPOSALS FOR THIS PROVIDED THAT SUCH PROPOSALS WERE ACCEPTABLE TO THE BOARD AND ITS SHAREHOLDERS. BUT, <sup>second</sup> EQUALLY, ONCE THE GOVERNMENT HAD CONCLUDED THAT NO NATIONAL INTEREST

CONSIDERATIONS REQUIRED THE MOUNTING OF A PUBLIC SECTOR RESCUE BID, THERE WAS NO QUESTION BUT THAT FULL RESPONSIBILITY FOR THE COMPANY'S FUTURE HAD TO REMAIN IN THE HANDS OF ITS DIRECTORS AND SHAREHOLDERS - WHERE IT OUGHT TO BE.

~~IT WAS THEN INCUMBENT ON US NOT TO TAKE SIDES OR EXPRESS A PREFERENCE FOR ANY ONE SET OF PROPOSALS OVER ANOTHER.~~

THERE IS ONE VERY IMPORTANT FURTHER CONSIDERATION IN THIS WHICH I WOULD DRAW TO THE HOUSE'S ATTENTION.

HAD THE GOVERNMENT PRESSED THE BOARD OF WESTLAND TO FAVOUR OR ADOPT A PARTICULAR

SOLUTION IT WOULD HAVE CARRIED THE

IMPLICATION THAT WE WERE READY TO ~~BACK~~ <sup>use</sup> THAT  
~~CHOICE IN THE LAST RESORT FROM PUBLIC FUNDS.~~  
*public funds to underwrite its*

*financial obligations -*  
 WE WERE NOT AND ARE NOT PREPARED TO ACCEPT

ANY SUCH LIABILITY.

*Fourth*

- ~~THIRD~~ WE WERE DETERMINED TO ENSURE THAT OUR  
 ARMED FORCES WOULD HAVE, AND CONTINUE TO  
 HAVE, ACCESS TO THE MOST COST-EFFECTIVE  
 EQUIPMENT WHICH FULLY MEETS OUR MILITARY  
 NEEDS.

- ~~AND <sup>FIRST</sup> FOURTH~~ WE WANTED TO LEAVE NO DOUBT THAT  
 THE ~~GOVERNMENT WOULD CONTINUE TO SUPPORT~~  
 WESTLAND, AS A BRITISH COMPANY OPERATING IN

BRITAIN, WHICHEVER OF THE PROPOSALS BEFORE  
THEM THE SHAREHOLDERS DECIDED TO ACCEPT AND  
TO RESIST ANY ATTEMPT BY OTHERS TO  
DISCRIMINATE AGAINST THEM.

I BELIEVE THAT THE HOUSE WILL AGREE THAT THE  
RECORD SHOWS THAT THE GOVERNMENT HAS ACTED  
CONSISTENTLY WITH THESE PRINCIPLES  
THROUGHOUT.

~~THE RT. HON. GENTLEMAN, THE LEADER OF THE OPPOSITION,~~

<sup>has</sup>  
He HAS SUGGESTED THAT THE GOVERNMENT DID NOT

DISCUSS THE ISSUES IN SUFFICIENT DEPTH OR IN

A TIMELY WAY.

<sup>The</sup> <sup>I have given</sup>  
~~my~~ ACCOUNT HAS SHOWN 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.

HUNDREDS OF PAGES OF CORRESPONDENCE HAVE  
BEEN EXCHANGED BETWEEN MINISTERS AND BETWEEN  
OFFICIALS.

*The Co's future* *has*  
WESTLAND'S FINANCIAL ARRANGEMENTS HAVE BEEN

(1) THE SUBJECT OF REPEATED DISCUSSION BETWEEN  
MINISTERS. ~ \_\_\_\_\_

~~I MYSELF HAVE CHAIRED MEETINGS OF MINISTERS  
ON FIVE SEPARATE OCCASIONS IN THE PAST SEVEN  
MONTHS TO CONSIDER WESTLAND'S FUTURE.~~

AND THE MATTER HAS BEEN RAISED IN FULL

CABINET ON AT LEAST THREE OTHER OCCASIONS.

THERE CAN BE NO DOUBT THAT THE PROBLEMS HAVE BEEN

CONSIDERED <sup>properly</sup> ~~SERIOUSLY~~ AND RESPONSIBLY <sup>and</sup>

~~entirely~~

STYLE OF GOVERNMENT

THE RT. HON. GENTLEMAN HAS ALSO CHOSEN TO SPEAK OF

STYLE OF GOVERNMENT.

I WOULD JUST SAY THIS TO HIM.

IN A MODERN GOVERNMENT IT IS SIMPLY NOT  
POSSIBLE FOR ALL MINISTERS TO TAKE PART IN  
DISCUSSION OF ALL POLICIES.

THAT IS WHY WE HAVE CABINET COMMITTEES,

SUB-COMMITTEES AND AD HOC GROUPS OF

MINISTERS TO DISCUSS INDIVIDUAL ITEMS OF BUSINESS, WITH ONLY THE MOST IMPORTANT AND FAR-REACHING DECISIONS DISCUSSED IN FULL CABINET.

*What is next*

~~IN THE CASE OF WESTLAND THE CONVENTIONS WERE~~

~~METICULOUSLY OBSERVED AND MEMBERS OF THE~~

GOVERNMENT, PARTICULARLY THOSE MOST CLOSELY

CONCERNED, WERE GIVEN AMPLE OPPORTUNITY TO

AIR THEIR VIEWS AND SEEK TO PERSUADE

COLLEAGUES, *before the policy was decided.*

~~IT IS CERTAINLY THE CASE THAT THE FIRST~~

~~DISCUSSIONS WERE IN AN AD HOC GROUP OF SEVEN~~

~~MINISTERS.~~

~~BUT IT WAS PRECISELY TO MEET THE STRONGLY~~

~~HELD VIEWS OF A MINORITY IN THIS GROUP THAT~~

DECISIONS WERE NOT PRESSED IN THAT FORUM.  
RATHER I PROVIDED FOR DISCUSSIONS TO CONTINUE  
BY REFERRING THE MATTER TO THE ECONOMIC  
SUB-COMMITTEE OF CABINET SO THAT A GREATER  
NUMBER OF COLLEAGUES COULD BE INVOLVED AND  
THE ISSUES SETTLED IN A FORMAL FRAMEWORK.  
THIS MEETING ON 9 DECEMBER REACHED CLEAR  
CONCLUSIONS.  
THE CABINET ON 19 DECEMBER ENDORSED THE  
POLICY OF EVEN-HANDEDNESS.  
THROUGHOUT I HAVE SOUGHT - AND OBTAINED - THE  
AGREEMENT OF COLLEAGUES TO THE LINE BEING  
TAKEN BY GOVERNMENT.

THE CHARGES MADE BY MR. HESELTINE

MR. SPEAKER, I HAVE DEALT AT LENGTH AND IN VERY  
CONSIDERABLE DETAIL WITH THE POINTS  
CONCERNING THE GOVERNMENT'S APPROACH TO  
WESTLAND.

I WOULD LIKE TO EMPHASISE ONE PARTICULAR  
POINT IN THAT ACCOUNT.

I REFER TO THE MEETING OF THE FULL CABINET ON  
19 DECEMBER AT WHICH WESTLAND WAS FULLY  
DISCUSSED AND UNANIMOUS AGREEMENT REACHED. ~~AND~~  
~~RECORDED THAT IT REMAINED THE POLICY OF THE~~  
~~GOVERNMENT THAT IT WAS FOR WESTLAND TO DECIDE~~  
~~WHAT WAS THE BEST COURSE TO FOLLOW IN THE~~  
~~BEST INTERESTS OF THE COMPANY AND ITS~~  
~~EMPLOYEES; AND THAT, GIVEN THAT THAT WAS THE~~

~~GOVERNMENT'S POLICY, NO MINISTER WAS ENTITLED  
TO LOBBY IN FAVOUR OF ONE PROPOSAL RATHER  
THAN ANOTHER.~~

I REPEAT: UNANIMOUS.

~~MY RHF THE MEMBER FOR HENLEY DID NOT DISSENT  
FROM THAT SUMMING UP; HE DID NOT REGISTER ANY  
PROTEST; AND HE DID NOT RESIGN.~~

IF MY RHF COULD NOT ACCEPT THAT COLLECTIVE DECISION OF  
CABINET ON 19 DECEMBER, HIS OWN HONOUR -  
ABOUT WHICH HE HAS SPOKEN - WOULD HAVE  
REQUIRED HIM TO TENDER HIS RESIGNATION ON  
THAT DAY.  
HE DID NOT.

WE MUST THEREFORE ASSUME THAT SOMETHING HAPPENED  
BETWEEN THE CABINET MEETING ON 19 DECEMBER  
AND LAST THURSDAY, 9 JANUARY WHICH COMPELLED  
MY RHF TO RESIGN.

IT COULD NOT HAVE BEEN THE POLICY OF THE GOVERNMENT.

BECAUSE THE POLICY OF THE GOVERNMENT DID NOT  
CHANGE FROM THAT RECORDED IN THE CABINET  
MINUTES FOR 19 DECEMBER WHICH HAD THE  
APPROVAL OF ALL MEMBERS OF THE CABINET.

WHAT HAPPENED BETWEEN 19 DECEMBER AND 9 JANUARY - AND  
WHAT CAUSED CONCERN TO MY RHF - WAS THAT THE  
POLICY OF THE GOVERNMENT DID NOT CHANGE.  
MY RHF FOUND IT INCREASINGLY DIFFICULT TO

ACCEPT COLLECTIVE RESPONSIBILITY, A  
CORNERSTONE OF CONSTITUTIONAL GOVERNMENT IN  
THIS COUNTRY.

AND, WHEN AT THE CABINET MEETING LAST THURSDAY,  
AGREEMENT WAS REACHED GIVING PRACTICAL EFFECT  
TO COLLECTIVE RESPONSIBILITY, MY RHF COULD  
NOT ACCEPT THAT.

HE WANTED PERSONAL EXEMPTION FROM THE  
COLLECTIVE DECISION OF THE CABINET; HE WANTED  
TO FREE HIMSELF FROM COLLECTIVE  
RESPONSIBILITY.

MR. SPEAKER, IT IS THAT WHICH WOULD HAVE BEEN A  
BREAKDOWN OF CONSTITUTIONAL GOVERNMENT.

AND TO THAT, THE REST OF THE CABINET COULD  
NOT ASSENT.

MY RHF WAS IN A MINORITY OF ONE.

~~ON WHAT ISSUE DID MY RHF THEREFORE RESIGN?~~

- NOT THE SO-CALLED "CONSTITUTIONAL" ISSUE  
THAT THERE HAD BEEN NO DISCUSSION OF  
WESTLAND; BECAUSE, AS I HAVE SET OUT,  
WESTLAND WAS DISCUSSED BY CABINET  
COMMITTEE AND THE FULL CABINET ON NUMEROUS  
OCCASIONS.
  
- NOT GOVERNMENT POLICY ON WESTLAND: HE  
ACCEPTED IT ON 19 DECEMBER AND IT HASN'T

CHANGED SINCE.

- NOT ANY OTHER GOVERNMENT POLICY: HONOUR  
WOULD HAVE REQUIRED HIM TO RESIGN.  
HE DID NOT.

I FEAR MY RHF MAY BE A REBEL WITHOUT A CAUSE.