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PRIME MINISTER

BRITISH SHIPBUILDERS' CORPORATE PLAN

The Trade and Industry Select Committee today has ordered Mr Graham Day, Chairman of British Shipbuilders, to produce before 10.00am tomorrow "the papers described by the Chairman of British Shipbuilders as the Corporate Plan as recommended by the Corporation to the Secretary of State for Trade and Industry together with such other additional material which the Secretary of State has requested the Corporation to prepare and furnish him". The Committee has refused to accept a document previously sent to them by British Shipbuilders, which comprised a bowdlerised plan. They have also rejected an explanation which I discussed at length last night with Kenneth Warren, Chairman of the Committee, with which he expressed himself satisfied.

2 We therefore need to decide, tonight, whether to allow British Shipbuilders to accede to this demand, or whether we are prepared to give the assurances to Mr Day that we shall do all within our power to protect him if he does not. In practice, the first course means that the documents would be lodged with the Clerk of the Committee. On the precedent of Corporate Plans made available to the Select Committee in 1981, it is reasonable to expect that the Committee will give undertakings that no



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copies should be made of the document, and that members of the Select Committee should consult it only in the Clerk's Office. These precautions cannot, of course, prevent those members of the Committee who have access to the Plan and supporting documents from using that information, for example, in relation to PQs and the pursuit of oral PQs on the floor of the House. The second choice would mean that the Select Committee would report to the House that its notice had been served, and not complied with, and it would then be necessary, if we are to protect the Chairman of British Shipbuilders, for us to make clear that the Government would explain that this had been done with its approval, for wider public interest reasons. We could expect a debate, which would take precedence over other business, and it would prove necessary for the Government to marshal all its support against the Select Committee demand. I have no power to direct Mr Day to refuse to provide the information, and, not unreasonably, he will only agree to ignore the Select Committee's demand if he has our assurance that we will act in this way. It is not yet clear that he would be prepared to act as we would need if this course is to be pursued. I attach an annex on the constitutional and procedural points, prepared by the House Officers.

3 I have no doubt that to accede to the demand of the Select Committee would be severely damaging to the relations between the Chairmen of nationalised industries and their sponsoring Secretaries of State. It would be damaging enough in relation to British Shipbuilders; if comparable demands were made in



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relation to BSC it would be politically even more damaging and embarrassing. For this reason I strongly believe we should be prepared to take the political row and the possible loss of a day's business of the House, in order to preserve what I regard as the essential confidentiality of dealing between Government and nationalised industries.

4 I am copying this to Willie Whitelaw, John Biffen, Nigel Lawson, Michael Havers, Peter Walker, Nicholas Ridley, John Wakeham and Sir Robert Armstrong.

Ruth Thompson

PT N T

18 July 1984

Department of Trade and Industry

NOTE ON THE PARLIAMENTARY PRIVILEGE ASPECT

1. The Trade and Industry Committee have made the following Report today (Wednesday) which will be published in the Votes and Proceedings tomorrow:

Trade and Industry, - Mr. Kenneth Warren reported from the Trade and Industry Committee an Order, which was read as follows:

That there be laid before this Committee by the Chairman of British Shipbuilders before 10.00 a.m. on Thursday 19th July 1984, the papers described by the Chairman of British Shipbuilders, in evidence to this Committee [18th July] as "the Corporate Plan as recommended by the Corporation of the Secretary of State for Trade and Industry, together with such other additional material which the Secretary of State has requested the Corporation to prepare and furnish him."

2. The Committee are due to meet again tomorrow afternoon. If the papers have not been received they will be likely to produce a Special Report of the circumstances that evening. They have no powers to impose any sanction on their own authority.
3. Precedence would be sought for a Motion to take the Special Report into consideration, and this would be likely to be granted early next week. At this point, it would be open for Members to advance rival propositions - for example, to summon the Chairman to the Bar on a subsequent occasion to explain his action, or, in the contrary sense, to say that the House would take no further action. Motions and amendments on these lines would be debatable, without any specific time-limit, other than the Ten o'clock rule.
4. There seems no doubt that the Committee have sent for papers that they are technically empowered to send for. The question is whether, on the merits of the case, the House wishes to lend its practical support to what they have done.
5. It will be recalled that in January 1978 the British Steel Corporation complied with a formal request for the following papers, following an initial refusal:

Each quarterly revision between 1st January 1976 and 30th September 1977 of the forecasts as submitted to the Department of Industry of:

1. Application of Funds.
 - 1a. Fixed Assets and Investments.
 - 1b. Working Capital.

2. Sources of Funds.
 - 2a. Internally Generated Funds.
 - 2b. Public Dividend Capital.
 - 2c. Foreign Borrowings.
 - 2d. U.K. Borrowings.

of the British Steel Corporation for the financial year 1977-78 in the form in which these figures were submitted to the Select Committee on Nationalised Industries by the Secretary of the British Steel Corporation on 5th October 1976.

C. J. B.

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18th July 1984

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