

# Editorial

## Rover

The dawn of the new era of a televised House of Commons has risen to reveal the interesting spectacle of the Department of Trade and Industry trying with mixed success to wriggle its way out of another nasty scrape. Last November the *Guardian* published details of a confidential National Audit Office memorandum to the Public Accounts Committee giving hitherto undisclosed details of the terms of the Government's controversial sale of the financially ailing Rover Group to British Aerospace in 1988. It indicated both an apparent lack of candour towards Parliament and the European Commission on the part of a Government that has consistently taken a lofty position of moral superiority about the commercial policies and practices of our EC partners, and behaviour that appears, on the face of it, somewhat inconsistent with the DTI's professed commitment to "strong competition policy".

In March 1988 Lord Young, the then

Secretary of State for Trade and Industry, announced that BAe had been given exclusive negotiating rights in the proposed Rover sale. The deal was completed in August 1988, accompanied by substantial cash incentives from the Government, at a level agreed by the European Commission. The Commission was led to understand that the full purchase price of £150m was to be paid immediately. The leaked NAO document reveals, however, that BAe were covertly given further sweeteners, totalling £38m – including £22m interest savings consequent upon an agreed deferment of payment of the purchase price. It also suggests that the price was, in any case, £56.5m short of what the market would bear. There have been further accusations that the public were sold short, and the credibility of the Government's bullishness about "strong competition" seriously undermined, by the decision to entertain BAe as the sole purchaser, following revelations that other would-be buyers might have paid more.

Angry exchanges in the chamber of the Commons were followed by televised evidence sessions of both the Public

Accounts Committee and the Trade and Industry Committee. Mrs Thatcher hotly denied that the taxpayer had been "ripped off", pointing out that the Government had had to pay some £3bn in the past fifteen years to keep BL-Rover afloat. Lord Young, insisting that the Rover sale has been "a great triumph", told the Trade and Industry Committee that he had been under no obligation to disclose the deferred payment to the EC Commission because it was not "a State Aid" – an interpretation somewhat at odds with evidence given a month earlier to the PAC by the Permanent Secretary to the DTI.

The Commission, having already taken tough action in respect of French subsidies to Renault, is unlikely to let the matter rest. But the Government seems to have got away with minor bruises. The episode has at least demonstrated the potential impact of television in dramatising the process of parliamentary accountability, and in raising the public profile of select committees upon which any hopes of credible accountability ultimately rest.