

Duncan Campbell on the rewards for Tory backers

Government Inquiry into NS leak

A MAJOR SECURITY investigation has been launched to find the source of the *New Statesman's* revelations on how the Prime Minister and other Ministers were influencing the award of a steel contract for the new RAF war headquarters near High Wycombe (NS 23 April). Three government departments are being investigated — Industry, Environment, and Defence — on the orders of cabinet ministers, in an attempt to avert further such leaks about government contracts.

In the department centrally concerned — the Property Services Agency of the Department of the Environment — the former Principal Establishment Officer, Mr J. R. Fells, has been downgraded a rank from Under Secretary and has moved to a new job in the Department of Transport. His job included supervision of the PSA's security. A PSA spokesman said this week that the demotion and that the transfer was his idea.

Another official working in the PSA's Defence Services Directorate, Mr B. E. Reeves, has committed suicide. The Defence Services Directorate, which has supervised the High Wycombe project, is thought by MI5 to be one likely source of the information for the *New Statesman* story. Mr Reeves had recently been promoted and was responsible, as Security Liaison Officer, for security checks in his directorate. PSA officials say that his 'tragic death had nothing at all to do with his employment' and that he was not involved in security.

However, both Industry Secretary Patrick Jenkin — who had instructed his officials to steer steel contracts to Sheerness Steel Ltd to save it from financial collapse, and as a reward for its prominent strike-breaking activities — and Environment Secretary Michael Heseltine have demanded that the source of the leak must be found and heads roll. A 'Mr Scott', a former civil servant appointed by the Treasury to conduct the 'overground' investigation, has been checking files and quizzing officials at the Department of Industry.

The government has not proposed any investigation into the substance of the NS allegations — that contracts were not going to go to the lowest tenderers, and that officials were contemplating breaking NATO and EEC rules to influence the awards of contracts. The House of Commons Public Accounts Committee may take a different view. Chairman Joel Barnett said that he would be 'very interested' in investigating the background of the High Wycombe headquarters contract. ►

Although circulars to the civil servants who are to be investigated by 'Mr Scott' have stressed that the leakage concerns 'classified information', the information had not been classified on security grounds. The inter-departmental *Security Handbook* which has been provided to the NS together with details of 'Mr Scott's' activities, makes it clear that the potential of material, such as this, for 'political embarrassment' merits high classification; the *Security Handbook* explains:

Precautions are needed . . . to avoid disclosures which would cause political embarrassment hampering good government . . . When assessing the degree of protection necessary for particular information, staff concerned should consider whether its acquisition by a subversive individual or organisation could bring the government into disrepute (sic) . . . and if so ensure that the material is appropriately safeguarded. □