

INQUIRY INTO NAVAL SHIP DESIGN

You have asked for my opinion of the man who has been appointed to head the inquiry into warship hull design which has been set up in consequence of Lord Hill-Norton's report.

It is unfortunate that I was away on holiday when Professor Caldwell was appointed. Though he is unquestionably well-qualified in a purely technical sense, a quick look at the latest Who's Who reveals that he would labour under two serious conflicts of interest as head of the inquiry.

First, he was director of the National Maritime Institute Ltd. from 1983 until 1985. NMI conducted tests on the short/fat design as part of a programme of work agreed between the inventors, DTI and MoD. The tests showed that the design was viable, but NMI refused to stand by their findings and the inventors have refused to pay their £53,000 bill. This dispute continues.

Secondly, and more seriously, Professor Caldwell has been Director of British Shipbuilders Engineering and Technical Services Ltd. since 1985. This division of BS is based in Newcastle, where RJ Daniel, Director of Technology (Warships), BS, also works. British Shipbuilders are defendants in the court case, in which the inventors claim breach of copyright, and RJ Daniel is also specifically named as a defendant.

Although it would be unfair to suggest that Professor Caldwell is unable to rise above these grave conflicts of interest and conduct his inquiry impartially, the Press, which continues to take

a close interest in this matter, will comment adversely. What is more, the media may now begin publicly to reflect the feeling that the Ministry of Defence is very anxious to hide something. And Professor Caldwell's report, however impartial it might be in fact, would be generally discounted as tainted.

Lord Hill-Norton, who believes in doing things the straight and honest way, is unlikely to remain silent. He will probably raise a vigorous and public protest and ask that his original recommendation of a high-court judge should be adopted.

If he does make such a request - and perhaps, better, before he makes it - we think you should replace Professor Caldwell with a high-court judge and let the judge choose his own technical assessors. The momentary embarrassment entailed in the change would be better than the continuing embarrassment of a failure to change in the knowledge of Professor Caldwell's obvious conflicts of interest.

It is almost inconceivable, despite the plain evidence in Who's Who, that the MoD could have made the appointment if it had been aware of Professor Caldwell's conflicts of interest. When you inform the MoD of what is in Who's Who, it will be indefensible if they continue with his appointment, given that, by presumption, he has failed to disclose his conflicts of interest to them.

Agree to discuss urgently with George Younger the appointment of a high-court judge to replace Professor Caldwell as head of the inquiry?

CHRISTOPHER MONCKTON



26 June, 1986.



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10 DOWNING STREET

NLW

My personal view, although it may be of little use to express it now, is that MOD have established that Caldwell has no stray & direct conflict of interest: nevertheless in view of the importance of esprit de corps etc it sketches the imagination to suggest he has none. It would be preferable to have a more independent head of the

JTB

FILE

DLABIG



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From the Principal Private Secretary

7 July 1986

THE CALDWELL INQUIRY

I have shown the Prime Minister your letter of 3 July about the appointment of Professor Caldwell to head the inquiry into warship hull design.

The Prime Minister has commented that no-one doubts Professor Caldwell's integrity. But we have to prove that there are no conflicts of interest. She therefore thinks it most important to have all the dates and information described in your letter ready in case the Government is challenged on this matter.

(N.L. WICKS)

John Howe, Esq.,
Ministry of Defence.

ECH

APPOINTMENTS IN CONFIDENCE

PRIME MINISTER

cc. Professor Griffiths

CALDWELL INQUIRY

MOD reply at Flag A to Christopher Monckton's note at Flag B in which he suggests that Professor Caldwell, who heads the inquiry into the warship hull design, has a conflict of interest.

~~While~~ I agree with your comment that Christopher's piece is "very powerful indeed". But the MOD note is reasonably persuasive that Professor Caldwell does not suffer from the degree of conflict of interest which Christopher suggested.

We must have all of these details as ready - if challenged.

N.L.W

No-one doubts Professor Caldwell's integrity.

NLW

we have to prove that there are no conflicts of interest

4 July, 1986.

not

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MO 26/3/1E

MINISTRY OF DEFENCE
 MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-930 7022

3rd July 1986

Dear Nigel,

CALDWELL INQUIRY

In your letter of 27th June to Clive Whitmore you asked for our comments on the points raised by Mr Monckton in his minute of 26th June to the Prime Minister.

We here were, of course, aware of Professor Caldwell's other activities before he was appointed. Clive Whitmore himself went over these with the Professor to ensure that there were no latent conflicts of interests (or even legitimate scope for such accusations). It is perhaps inevitable in the restricted field of naval architecture that links of some kind could be suggested, but these allegations have no substance to them. I deal below with each of Mr Monckton's points in turn.

National Maritime Institute Ltd. (NMI). At the request of Thornycroft Giles and Associates (TGA), NMI carried out model tests of the S90 hull form. The results of these tests were used by TGA in support of their S90 proposal. We do not know of any dispute between NMI and TGA. So far as the MOD are aware, TGA are still basing their claims on data produced by NMI, and we ourselves have accepted these results.

In any case, the NMI report is dated 15th May 1983. Professor Caldwell joined NMI as a non-executive director at about the same time and relinquished his appointment in 1985. He was not involved with these tests and hence did not have any responsibility for them. It is stretching credulity to suggest that this could bias him against the S90.

British Shipbuilders Engineering and Technical Services (now Marine Design Consultants) are a subsidiary of British Shipbuilders, but they have always concentrated on designs for the civil market and their work on warships has been very limited. And since the privatisation of the warship yards, they now have no commercial interest in warship design. Mr Daniel

Nigel Wicks Esq
 10 Downing Street



was Director General Ships at the MOD until 1979. He then became Managing Director of the BS Warshipbuilding Sector and subsequently Director of Technology (Warships). He retired from BS in early 1985, before Professor Caldwell became a non-executive Director of Marine Design Consultants. It is difficult to see any significant connection between Professor Caldwell and Mr Daniel.

Osprey Writ. You will have seen the letter of 15th April from the Legal Secretary to the Attorney General in which he said that he did not think that the inquiry could be seen to prejudice the action against BS in respect of the design of the Osprey patrol craft. Those proceedings appeared to him to be confined to the peripheral issue of copyright and not the relative merits of traditional and "short fat" designs. Moreover, TGA's action relates to events that took place in 1981. The inquiry, on the other hand, is concerned with the decision taken in 1983 on the design of the Type 23 frigate and with the lessons to be applied to future RN destroyers and frigates, not to patrol craft. With these points in mind, it is again hard to see any significant link between Professor Caldwell's chairmanship of the inquiry and TGA's litigation against BS.

Professor Caldwell has not been involved in the debate so far and we and he believe that he can bring to bear the proper and necessary degree of impartiality. The recent Press articles and now Mr Monckton's minute contain nothing to cause the MOD to doubt the integrity of Professor Caldwell, and it remains our view that we can think of no person better qualified than him to conduct the inquiry. He will, moreover, be working with three or four other independent experts. We believe that Professor Caldwell and his committee will approach their task in a wholly even-handed and objective way. To substitute a High Court Judge or QC as chairman would take us no further forward since in this technical field he would inevitably be completely dependent on expert advice.

Finally, despite the Press reports over the weekend of which Mr Monckton warned, there was no interest in this issue during the two-day Defence Debate on 30th June and 1st July.

*Yours sincerely,
John Howe*

(J F HOWE)

~~BF~~ // CF 2



PL chase
Whitmore's
office in a

10 DOWNING STREET

days
2 fs urgent
notice

Prime Ministers NCU
30.6

I have asked
Oliver Whitmore
for his urgent
comments.

N.L.W.

27. In

The minute is very powerful
without it

SKW/ATP



10 DOWNING STREET

From the Principal Private Secretary

27 June 1986

INQUIRY INTO NAVAL SHIP DESIGN

Christopher Monckton, formerly of the Policy Unit and now an associate editor of the Today newspaper, has sent the Prime Minister the note attached about the appointment of Professor Caldwell to head the inquiry into warship hull design. Monckton suggests that Professor Caldwell labours under two serious conflicts of interest as head of the inquiry.

I do not know whether there is anything at all in Monckton's suggestions. But I should be glad if you could let me have an urgent note on the points he raises.

If you would prefer to submit this through your Private Office, that is fine by me.

~~Handwritten scribble~~
already received

(N. L. WICKS)

Sir Clive Whitmore, K.C.B., C.V.O.,
Ministry of Defence.

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~~CHARLES~~ AND BERNARD FROM MARK ADDISON

Policy Unit believe that tomorrow's papers may carry a story about Professor Caldwell's appointment as Chairman of the inquiry into naval ship design. Nigel is going to look into this tomorrow.

(Chris Monckton gave this message to the Duty Clerk).

26 June 1986