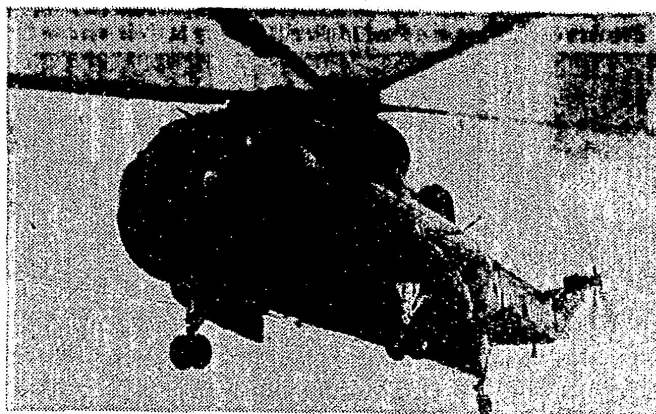


Rodney Cowton explains the Heseltine-Brittan helicopter clash

Battle on the Westland front



Westland Sea King helicopters: poor orders overall preceptated a financial crisis which Heseltine (left) wants resolved through an all-European partnership. Brittan is happy with Westland's solution, involving the US

The government is getting itself in a remarkable stew over the future of the Westland helicopter company.

Disagreements between ministers are the small change of government activity, but normally they are resolved quietly and without undue acrimony. Yet the last few days have seen the Department of Trade and Industry and the Ministry of Defence locked in visible conflict over this issue.

It might seem that a non-interventionist government such as Mrs Thatcher's would be delighted to see Westland find a solution to its financial difficulties by making an arrangement with two private sector partners - United Technologies, and its Sikorsky subsidiary, of America, and Fiat of Italy - without resort to government funds. Indeed Leon Brittan at the DTI appears entirely happy about taking the laissez-faire view that the company should find its own preferred solution.

But at the MoD, and in the person of Michael Heseltine, the Secretary of State, there is much anguish that Westland does not fancy an alternative deal which he initiated involving three European companies, all owned or heavily influenced by their governments.

There seem to be a number of reasons why a relatively minor issue of this sort shows every sign of getting out of hand. Brittan, after his not very happy translation from the Home Office to the DTI, may be

wishing to reassert himself. Defence and Industry and the MoD are in any case old sparring partners. Earlier this year Heseltine and Norman Tebbit, at that time in residence at the DTI, had a dust-up over the placing of orders for frigates for the Royal Navy.

More recently reservations by Brittan appear to have delayed approval of British participation in the "Star Wars" research project, which was finally agreed and signed 10 days ago. It seems strange that it was only in the last week before final agreement was reached that Brittan's department was represented on the negotiating team.

Now he and Heseltine again have their horns locked in conflict over Westland, with their differences likely to be raised again in Cabinet committee.

DTI has primary responsibility for relations between the government and the aerospace industry, including Westland. It would be entitled to feel its voice should be listened to. On the other hand, the MoD is Westland's biggest customer. A written answer in Parliament last week showed that from January 1977 to February 1985 the government had placed orders worth £750 million with the company, the great majority from the MoD.

Heseltine, therefore, feels that his voice should also be heard, and that

he is voicing considerations of which, in his view, the DTI appears to be oblivious. He would argue that the European defence industries are in a struggle for survival against the might of American industry, and that their best hope is through harmonizing their requirements, and achieving industrial collaboration to meet them.

This view is almost certainly correct and farsighted, and will prove to have been one of his outstanding contributions as Defence Secretary. However, his methods of pursuing this virtuous objective in the Westland context have been clumsy.

For most of this year the MoD has taken the view that Westland had better find its own salvation rather than look to Whitehall for help - and if it was a problem for the government at all, it was one for the DTI.

Sir John Cuckney, chairman of Westland, has complained not only that the MoD was unhelpful but had positively obstructed payments due to Westland and failed to place orders which the company would expect as a matter of routine.

In the last couple of weeks Heseltine leapt into action, seeing a European-oriented solution of Westland's problems as a means of starting a restructuring of European helicopter manufacture, aimed at making it able to compete with the Americans.

In remarkably short time Heseltine brought the Europeans into line, not to mention British Aerospace and GEC, both of which, after months of indifference, have suddenly become concerned about the well-being of Westland. It is amazing what fear of an American incursion into Europe can achieve.

This warm glow of European togetherness is accompanied by harsh warnings of Westland being cut off without a penny, never again to be allowed to darken the doors of European co-operation, if it chooses to run off with Sikorsky.

There is a simple word for all this: bullying. Nevertheless, in such matters codes of polite behaviour scarcely apply, and Westland must confront the world as it finds it. That means that its shareholders should be allowed to make a choice between the Sikorsky/Fiat plan, which their directors prefer, and Heseltine's solution, with the maximum disclosure of present and long-term intentions on both sides.

It also means that the burden of proof must be on the shoulders of the Westland board. Their responsibility is to make recommendations in the long-term interests of their shareholders. They have to show that the Sikorsky/Fiat offer is so good that it is worth antagonizing the MoD, their main customer, and also actual and potential European collaborators.