

QC DTI for
draft reply.
MOD for inf.
Myassed to cheques

LETTER FROM THE RT HON JOHN SMITH QC MP, TO THE PRIME MINISTER

WESTLAND HELICOPTERS

I write to you as Head of the Government on the subject of Westland Helicopters as there seems to be confusion among your ministers as to where responsibility lies.

It is surely wrong that the future of the strategically vital British company should rest on the result of a contest between rival American and European bids in which the only interest to be allowed the power of decision is that of the shareholders. May I remind you that at least £25 million of taxpayers' money was committed to the company, that it is Britain's only helicopter manufacturer, and that thousands of highly skilled British jobs are at stake?

I propose that it is time for the Government to act to secure the British national interest by acquiring a substantial holding in the company so that the future of the company is not left to chance. It may of course be desirable thereafter for collaboration to be arranged on a European basis but such an arrangement would be a partnership of equals in which the British Government would be able to have an important influence.

I hope that in considering this proposal you will not be misled by a dogmatic prejudice against a public sector initiative. It is capable of securing the British national interest in a way which has so far eluded your Government. The Westland story so far is a saga of confusion, squabbling, and dithering on the part of your Government. This proposal would permit Britain to regain the initiative.

26 December 1985