

Incl P.S.



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

MSA 2/11
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PRIME MINISTER

POSSIBLE TRANSFER OF BL FROM THE NEB'S RESPONSIBILITIES

The Secretary of State for Industry copied to me his minute of 2 July to you. I strongly support his view that any transfer should be delayed.

2. We must clearly put great weight on the decision of the BL Board to seek a postponement. The last thing we should do at this time is to imply to the workforce that BL is becoming more dependent on the Government. A transfer would also raise difficult questions about Government guarantees for BL's medium-term borrowings from the private sector. It is much better to leave these decisions in suspense for the next few months.

3. The essential point is that a decision on the transfer can only be made when we have taken our decision on the BL Corporate Plan for 1981.

4. I am content with the terms of the proposed letter to the Chairman.

5. I am sending copies of this minute to the other members of E Committee.

G.H.

(G.H.)

8 July 1980