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Prime Minister

To note

MUS 28/10

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Qa 05708

To: MR SCHOLAR

From: J R IBBS

27 October 1981

*I think Robert  
Tucker should have  
a copy of this note.  
MJ.*

BL

1. I should like briefly to develop the point I raised at the end of the Prime Minister's meeting yesterday evening. It concerns the decision which may be taken next week, if a strike occurs, to send out notices of dismissal and thereby initiate the closure of BL in its present form. The decision may have to be taken in circumstances of some complexity and confusion.

2. It is likely that, if the need arises, Michael Edwardes and the BL Board will take the decision on a basis that is well justified in management terms in the light of earlier statements and warnings to the work force. The decision may also be obviously fully justified in economic and political terms but this does not necessarily follow.

3. The reason for closing BL, if the situation reaches that point, should be that it is no longer able to continue to operate viably within the funds available. The strike may be the cause of such loss of viability but it is not in itself good grounds for closure from a national viewpoint. It will, therefore, be important to be able to demonstrate -

(a) that the strike has caused the financial difference which tilts BL to non-viability;

(b) that the handling of events leading to the strike did not provoke it.

4. On (b) the Government is in the hands of Michael Edwardes and the BL Board. The dangers from involvement in the dispute have been judged to be greater than the risk of the dispute being mishandled.

5. On (a) the Government needs to ensure that letters of dismissal are not sent out until the strike is clearly of a size and duration that destroys viability. It is important that statements by Michael Edwardes

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this week on the theme 'strike means closure' are not so rigid as to close the option of waiting long enough during the early confused days to carry conviction when initiating closure, that fatal damage has been done.

6. If BL closes it would be tragic if the simple economic lessons became obscured. The fact that the strike caused losses which finally destroyed the viability of BL will need to stand out clearly in the furore that will occur when it is realised that the work force have made themselves unemployed without redundancy payments, many after long service, and have severely increased unemployment in the West Midlands. I believe Ministers should take positive steps now to ensure that there is no doubt about this central fact if closure occurs.

7. Obviously any action of this kind would have to be handled with very great care to avoid anything that Michael Edwardes might regard as involvement in the dispute itself, weakening his position or as reduced resolve to stick to existing financial limits.

8. I am sending a copy of this minute to Sir Robert Armstrong.

JR/