



bc Mr. Hoskyns  
Mr. Walters

10 DOWNING STREET

From the Private Secretary

27 October, 1981.

BL

The Prime Minister had a discussion yesterday evening about the present situation at BL with the Chancellor of the Exchequer, the Secretary of State for Industry, the Secretary of State for Employment, Sir Robert Armstrong and Mr. Robin Ibbs.

The Prime Minister endorsed the suggested defensive line for use by Ministers attached to your Secretary of State's letter of 22 October to the Lord President of the Council. It was most important for Ministers to go no further than this. The Prime Minister said that Ministers should make it plain that the Government are not seeking in any way to influence the Board in its handling of the matter. On the other hand, nothing should be said which might lead those involved and the public mistakenly to believe that Sir Michael Edwardes's present course of action was being dictated by the Government.

The Prime Minister asked your Secretary of State urgently to consider what the legal position would be if the strike went ahead next week. What could Sir Michael Edwardes do without reference to the Government? What in law was he obliged to refer to the Government? What, precisely, was the Government's legal locus in the matter, and what was the critical path for any consultations with the Government which he might make?

I am sending copies of this letter to John Kerr (HM Treasury), Richard Dykes (Department of Employment), David Young (Department of Industry), David Wright (Cabinet Office) and Gerry Spence (Central Policy Review Staff).

M. C. SCHOLAR

Ian Ellison, Esq.,  
Department of Industry.

SECRET