

PRIME MINISTER

STATEMENTS IN THE HOUSE: BRITISH AEROSPACE AND SHIPBUILDING

Sir Keith Joseph's statement (Flag A) on disposal of shares in British Aerospace was received quietly. Mr. Silkin said that he did not think that the trade unions agreed with the proposal; that without Government funds there would be no British Aerospace; that we are moving towards losing our manufacturing capacity; and that the question of restoring these assets to public ownership would be the subject of consideration by the Labour Party over the coming months. Sir Keith Joseph said that he hoped to persuade union members that commercial management would lead to more secure jobs. In answer to further Questions, he said that the Government had not yet decided the proportion of shares which would go to employees, and that the objective was to ensure that investment and production decisions were not made by politicians, provided that the national interest was safeguarded; that there would be no change in defence contracts or sales; and agreed with the proposition from Christopher Murphy (Welwyn and Hatfield) that the HS 146 should be the subject of commercial decisions by the new company.

Mr. Heffer said that the next Labour Government would take back these assets without paying out great sums in compensation. Sir Keith said that Mr. Heffer did not yet speak for his Party. Mr. Heffer told him to wait and see.

The questioning after that concentrated on what Labour saw as a chink in Sir Keith's armour: the question of foreign ownership in shares in British Aerospace. He was subjected to repeated Questions about how the Government could prevent foreign competitors from acquiring large blocks of shares in the company. He replied that the Government would retain control and that there were a variety of powers open to it to prevent, for example, directors being appointed by groups of foreign shareholders.

23/7/79 NJS  
/Shipbuilding