

14 March 1980

PRIME MINISTER

BRITISH LEYLAND

I understand that Keith has queried whether it is necessary to have our next meeting on BL, since there have been no fresh developments.

I believe there are a number of questions - I attach a list - on which we may not yet be as clear in our minds as we should be. With so much at stake with BL, I feel that it might be a mistake to await the next development at BL (which is likely to be some sort of bad news) and then simply react to that development, especially if our position on the sorts of questions I have suggested - and there may be others - is not really clear. I would prefer an early meeting, though it may only be a short one, so that we can as far as possible anticipate the next events at BL rather than be taken by surprise.

I am copying this to Geoffrey and Keith.

JOHN HOSKYNs

A small meeting yes - but
some of these things are
too sensitive to be discussed
widely.

M.S.
C. J.
K.S.
G.P.

- what's?

no one else
necessary.

12.

Ans.

QUESTIONS WE NEED TO ADDRESS

1. Do we privately agree that BL has already been blown off course so far that it cannot fulfil its last Plan?
2. Is Edwardes likely to come back to Government for more money soon? If so, when?
3. Do we agree that the best available option (or, more accurately, the least damaging one) is the early sale of BL in one piece - before it deteriorates further?
4. We know of one initiative which the CPRS believe to be very serious.. Should Government be taking any further action on this, eg to convince the company that we are serious, or to force their hand by encouraging competitive bids? If there is any action for Government here, who should undertake it?
5. If early sale proves impossible, what steps should we take in the next few months to prepare for run-down and piecemeal sale?
6. How far can we take Edwardes into our confidence about our objectives for BL?
7. What would be the role of an independent adviser to HMG, as discussed at the last meeting? Has any progress been made in finding one? Have BL been told about this?
8. What would we do if the unions refuse to sign up on the pay and conditions deal, then react to BL's plan to impose it unilaterally by striking?
9. Are we willing to contemplate an overt run-down?
10. What would we do if BL say that under the terms of their letter, they now have to abandon the Plan?
11. Is there a point in BL's deterioration where Government says that the terms of the December letter require BL to abandon the Plan?