

STEERING COMMITTEE

Minutes of the 32nd Meeting held at 8.00 p.m.
on Wednesday 30th April 1975, in the Leader's
Room at the House of Commons.

Present: Mrs. Thatcher (in the Chair)

Sir Keith Joseph, Mr. Ian Gilmour,
Sir Geoffrey Howe, Lord Carrington
Mr. Angus Maude, Mr. Michael Heseltine
Mr. Airey Neave, Mr. Barney Hayhoe
Mr. Tom King
Mr. Humphrey Atkins

Mr. Patten, Mr. Ridley (in attendance)

1. British Leyland

Mr. Whitelaw reported that at the meeting of the Leader's Consultative Committee at 5.00 p.m. there had been general acceptance of the arguments and procedures for dealing with British Leyland (BL) put forward by Mr. Heseltine in his paper, LCC/75/74. The Business Committee had reacted in a similar way at its meeting later in the evening.

Mr. Heseltine stressed that the Government were coupling the provision of a further £50 million to BL with their acceptance of the Ryder strategy. The Government had, therefore, put themselves in a situation in which the Party could vote against the strategy and the proposed immediate further assistance to BL at the same time. It was his intention to make a speech shortly, setting out the Party's reasoned response to the report which would be preceded by a lobby briefing. He had also prepared a passage for the Leader to use in a speech before the weekend, summarising the Party's position in more general terms.

2. The following points were made about the report itself:

- (a) It would be interesting to know whether the Ryder team were all fully committed to the analysis and recommendations of their report:
- (b) It was reported that one member of the team was concerned lest the financial assistance to the firm would be absorbed in higher wages:
- (c) The supporting members of Ryder's team were by and large well regarded. Accordingly it might be advisable to exercise a degree of caution in public criticism of the report.
- (d) Attention was drawn to the fact that the BL crisis was currently being examined at hearings of the Select Committee (on Industry).

3. In discussion of the wider issues it was pointed out that:
- (a) The procedure being followed by the Labour Government should be contrasted with the German Government's reaction to the difficulties of Volkswagen;
 - (b) In public debate it would be important not to expose the Party to criticism for advocating the deliberate creation of unemployment; it would also be advisable not to talk in terms of breaking up the firm or putting it into receivership;
 - (c) It would be proper to stress that BL was the product of a merger arranged by a Labour Government; that accepting Ryder would merely delay loss of jobs in BL - at the expense of the health of the rest of the economy; that the task of working out a proper strategy was principally one for BL's management and unions.
 - (d) Many BL workers saw the firm's failure as a regrettable victory for the militant extremists, and would welcome a solution to the crisis which would involve curbing them;
 - (e) It should be made clear to the public that irresponsible help to BL now might cause immediate difficulties for other car firms such as Ford and Chrysler; and that by imposing the burden of supporting an ever-increasing loss-making sector on an ever-shrinking base of profitable enterprises, the Ryder solution would store up great trouble for the future.

4. Summing up the discussion, the Leader said that it was agreed that she would make a short statement setting out in broad terms the Party's response to the Government's proposals which would probably form part of a speech for delivery on 3rd May. Mr. Heseltine would also make a speech setting out the arguments at length, and these would also be the subject of a lobby briefing on 2nd May. The statement would be based on the argument that:

- i The Ryder Report on British Leyland is inadequate and incomplete. Its proposals put massive obligations on the taxpayer in return for very little from the firm, and no commitments whatsoever from the unions. The Government was therefore wrong in so hastily accepting the Report as a basis of future policy for the company.
- ii British Leyland is of great significance to the economy as an employer and exporter. So the Party accepts that the Government has a duty to help British Leyland to find remedies for its own failures, and to find a way out of its critical position.
- iii However any proposals for vast and unprecedented financial support, such as those of the Ryder Report, must be looked at critically and rigorously at a time of general economic crisis.
- iv The Government must show much greater awareness of the interests of the taxpayer and of the rest of the economy, on whom the burdens of such assistance have to fall.

- v The basic principle of Government policy for British Leyland - as for any other ailing firm - must be to find a recipe for success. This can best be achieved by providing specified assistance sufficient to give British Leyland time to reconstruct and reorganise in the light of realistic assessments for the years ahead of what can be sold and at what price.
 - vi The next step should be for British Leyland's new management and the unions to work out alternative plans to restore the firm to a profitable basis.
 - vii These plans must be spelt out in detail and be accompanied by firm undertakings from British Leyland's employees to co-operate in the programme of rationalisation and radical improvement in productivity and industrial relations.
 - viii The scale, character and timing of any longer-term assistance which the Government might recommend to Parliament can then be properly assessed.
 - ix Whatever the outcome, the Government should do everything in its power to assist in re-training any workers who become redundant and to help them find new jobs.
6. Finally, it was agreed that there should be an investigation of the agreement concluded between the unions and management at Jaguar, whereby working hours were rearranged to permit the work force to draw unemployment benefit; and that efforts should be made to probe the firmness of the Ryder Report.

The meeting adjourned at 10.00 p.m.

Conservative Research Department,
22 Old Queen Street, S.W.1.

ANR/JWF
6.5.75