

CONFIDENTIAL



Min. Minute

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E Committee agreed  
but no authorisation  
as such should be  
given.

Prime Minister

BSC CORPORATE PLAN: CLOSURES

I have seen Keith Joseph's minute of 16 December, proposing that we immediately authorise Mr MacGregor to proceed with the redundancy programme proposed in the corporate plan. R 17/12

It is of course imperative that we achieve some reduction in BSC's losses just as quickly as possible, and I am sure it is right to proceed immediately with the demanning proposals and with closures where those affect plant for which the market has demonstrably totally disappeared.

But some of the closures, eg at the finishing end, imply judgements about future market prospects in the longer term, and there I think we might be criticised if by approving them we appeared to pre-empt our consideration of the corporate plan in the round. In your speech at Cardiff last week you emphasised that full account would be taken of the impact of the corporate plan. Furthermore, we shall inevitably be asked what measures we propose to take to cushion the effects of major closures. We shall need more time to consider the latter; but already it is clear that in some areas, eg West Wales there will be tremendous pressure for upgrading of assisted area status, as well as demands for remedial measures. The leader of the Opposition could be facing an unemployment rate of up to 20% in his constituency.

While not wishing to hold BSC up significantly, I think it would be helpful if the interdepartmental group of officials which is meeting on Friday could consider and advise us which measures could safely be authorised without our being accused of pre-empting our consideration of the corporate plan; and on presentation of the immediate decisions, including any holding statement on the prospects and measures to cushion the effects of the closures. The aim should of course be to make a statement very early indeed in January.

I am sending copies to the recipients of Keith Joseph's minute.

RNE  
17 December 1980