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Aerospace ✓

Prime Minister

From: IAN GOW

BRITISH AIRWAYS

1. Herewith letter dated 22nd May from John King, together with a copy of his letter of the same date to Arthur Cockfield.
2. Iain Sproat lunched with me today.
3. He is very strongly in support of John King about this.
4. John King wants to pay the new Finance Director, Gordon Dunlop, £55,000 a year. Apparently, both Arthur and the Treasurer are arguing that this is too much. John, on the other hand, says that he must have the best man, and that this is the salary which will be required in order to get Dunlop.
5. John King and Iain Sproat are both allies about this. They both want to sell off British Airways if they possibly can, in July 1983.
6. Although I have considerable reservations about this salary (greatly in excess of that paid to the Queen's First Minister) I have the highest regard for John King and think that we ought to let him run British Airways as he thinks best, with the earliest possible prospect of privatisation.

24th May 1982

CLEVELAND HOUSE
ST. JAMES'S SQUARE
LONDON SW1Y 4LN

01-930 9786

As from: Achnabourin,
Betty Hill by Thurs
Scotland.
Tel: Betty Hill (0641)
213

SIR JOHN KING

By Hand:

Strictly Private Personal and Confidential

Ian Gow Esq., MP.,
10, Downing Street,
London S.W.1.

22nd May 1982

Dear Ian,

It is shameful of me to bother you and the Prime Minister at such a time with this wretched matter. I hope she will forgive me but I am under real pressure to get forward. So if you could show my letter to the Prime Minister, I would be most grateful.

In addition, I hope to come up with a Group Managing Director for the airline quite soon. The prospect that I had has gone away.

Needless to say, I send my best wishes to her and know that she is right in the South Atlantic and will be successful.

Yours ever,

P.P. Sarah Cralk.

John

Enclosure:

Dictated by Sir John King and signed
in his unavoidable absence:

CLEVELAND HOUSE
ST. JAMES'S SQUARE
LONDON SW1Y 4LN

01-830 8766

SIR JOHN KING

As from: Achnabourin,
Betty Hill by Thurso,
Scotland.
Tel: Betty Hill(06412)213
22nd May 1982

By Hand

Strictly Private Personal and
Confidential

Lord Cockfield,
Secretary of State for Trade,
1, Victoria Street,
London S.W.1.

Dear Arthur,

British Airways

I refer to my letter of 14th May, concerning the appointment of Gordon Dunlop to the Board of British Airways as its Finance Director.

You have met Dunlop, you know the terms I have agreed with him and why I must appoint him.

When we met the Prime Minister, it was agreed that I should find the men I wanted and the salary levels I would have to pay were discussed and accepted. I made a commitment on my part to keep the Prime Minister fully informed. She understood what I had to do and said I must be supported:

As a consequence of this policy, I have made a commitment to Dunlop, which I intend to keep. You say that the Treasury is not now in agreement, but I know you will put the case to them and I know our view will prevail.

I have the job of returning this awful British Airways mess to a profit and then selling it to the public, but I must have the proper resources to do so.

Why the reluctance to confirm the five year term of my appointment that I need in order to see the job through? and to convince certain people that I am not just a ship passing in the night? If the Department of Trade thinks I must prove myself and gain airline experience before I qualify and it can be confirmed, where are we then? I must ask you if the experience of those in charge of the airline to date and the efforts of the Department of Trade to monitor and guide them have proved to be other than disastrous. Losses of over £500m in the last two years, and continuing apace?

By Hand

Strictly Private Personal and
Confidential

22nd May 1982

Lord Cockfield,
Secretary of State for Trade,
1, Victoria Street,
London S.W.1.

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There is an urgent need to have a capable and credible executive and non-executive board of directors to run a company properly if we are to move into the private sector (and also to be a more efficient public sector company) and have an airline the nation can be proud of. In the meantime, Rome burns and I, theoretically, am in command.

Yours sincerely,

P.P. Sarah Chalk

John

c.c. Iain Sproat Esq., MP.,
Parliamentary Under-Secretary of State
for Trade.

Dictated by Sir John King and signed in
his unavoidable absence: