

Prime Minister ②

RESTRICTED

cc BI

To read and note in  
conjunction with papers  
on shipbuilding aid?

See Nat Industries  
Shipbuilding  
Part 5

cc Mr. Redwood

MR. TURNBULL

AT 4/1

MANUFACTURING NATIONALISED INDUSTRIES

I am minuting you (for your information only) to alert you to problems which will arise from the imminent arrival of some weighty - and costly - corporate plans from the manufacturing public sector.

As I see it, Government will need to consider, between mid-January and the end of February, no fewer than seven plans or major projects: British Shipbuilders, Harland and Wolff, Rolls Royce Ltd, Shorts, launch aid for British Aerospace for the Airbus A320, BL, and British Steel Corporation.

Although the plans themselves, or updates thereof, are still coming through, it is already apparent that the aggregate financial claims will be in the region of £2.5-£3 billion. That sum, though high, neither buys eventual viability nor protects against further loss of employment. We have spent roughly £4.5 billion since 1979 and have witnessed 220,000 job losses over the same period.

The problems and opportunities confronting each of these major businesses are sufficiently diverse to make it essential for each set of proposals to be taken on its own merits. But that carries with it the danger of decisions being made piecemeal. DTI in their "sponsorship" role have a highly developed talent for fragmenting large problems and costs into a greater number of smaller ones and getting their solutions put through in genuine or contrived haste. INMOS was a good recent example. If E(NI) or E(A) take a soft line with one or more parts of the early plans (eg British Shipbuilders) it will be very difficult to take a harder line later with British Aerospace or BL.

Presentationally, there are some deep holes for Government to fall in. How many yards should BS close? Should Ravenscraig now close? Should Leyland Vehicles close? Can we afford to offer launch aid to Rolls Royce as well as to British Aerospace? Our presentation (say) on NHS expenditure, on the abolition of the Mets, or on the conveyancing monopoly is not an encouraging backdrop for these industrial issues, which are just as complex and as emotive.

I will be preparing a brief on each of the plans/projects as they come forward to E(NI) or E(A), but I did feel it important to precede the /individual

individual briefs with an overall concern, particularly about the amounts of money and pr at stake. Commercial considerations will be prominent in our briefs, but my colleagues and I will devote particular attention to how decisions might be presented.

RJ.

ROBERT YOUNG  
4 January 1984