



HOUSE OF COMMONS
LONDON SW1A 0AA

16th November, 1976

Michael Heseltine MP

I spent last Friday in Oxford with our candidate there, John Patten, who had arranged for my programme to include a meeting with the British Leyland Senior Management at the two Cowley Works followed by a meeting with the Shop Stewards Committee there. I also met the Conservative Trade Unionists Advisory Committee and a number of other people and was interviewed by Radio Oxford. All this alerted me to the real problems that arise for us on the British Leyland Front:

1. The policy question; if it remains under the present arrangements, without effective discipline and with management obviously demoralised by constant upheaval and endless crawling over by people higher up the tree as far as Whitehall and Westminster, there is real danger that the Corporation will be fudged through drift into disastrous decline.
2. The electoral question; a very large number of seats, in the West Midlands Area, must depend upon the votes of British Leyland workers (including those in BLMC subsidiaries and - as the Coventry by-election suggests - many of them are already fearful that Tory policy will "turn Oxford into the Jarrow of the 1980s" etc; this feeling will be well stoked up by the Labour Party.

It is obviously widely feared that a Tory Government would either "close down" British Leyland or "hive off" (which means close) the unprofitable sectors, or in some way "do a Rolls Royce" which again means redundancies for the volume car producing section.

This feeling is founded on a series of propositions:

- a. The Tories opposed the rescue.
- b. The Tories would not themselves have rescued.
- c. The Tories would have put in a receiver.
- d. The Tories do nothing but make very critical noises and reiterate their commitment to abolish the NEB, which is another road to extinction.
- e. The Tories have not endorsed Ryder's ten year plan.

In response to all this, I took the line, summarised in "Politics Today" no.17, that some form of rescue for British Leyland was necessary and, as Margaret said at Derby, the Government has a duty to help Leyland find a way out of its critical position. All this was summarised in the Oxford Mail to the effect that "there was no reason for British Leyland employees to think that their jobs would be less secure under a Conservative Government" and that "No Government, Conservative or Labour, could guarantee to keep every employee working - but there was much which workers could do to earn themselves a secure future."

Whichever way you look at all this, it can hardly be described as satisfactory. I may well have given an impression that was almost too comfortable; but plainly it was not comfortable enough to reassure those who are concerned about their jobs. On the other hand, one met widespread realisation from other workers (and even some of the BLC themselves) that present worker behaviour was far from satisfactory, and that they were bringing trouble upon themselves.

I feel that we need to think seriously about whether we would do better to produce a more precisely defined posture that will not soften our feeling that much tougher self-discipline is essential but that might offer some new hopeful factor. The political imperative makes this an important issue and for that reason I am copying this to Keith Joseph, Peter Thorneycroft, Jim Prior, Chris Patten, Adam Ridley and Tom Hooson.