



Prime Minister

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shall (note,

and say that

you agree

Treasury Chambers, Parliament Street, SW1P 3AG
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PRIME MINISTER

with the approach

in para 2?

Mes not

Mes 17/11

LAKER AIRWAYS

I have been kept in touch with developments. As you know the Bank of England have played a helpful role in persuading Laker's creditors to defer capital repayments for at least 12 months. As Iain Sproat's minute to you of 11 November suggests, the Bank have made good progress in this and it would from this standpoint be a matter for regret if the Civil Aviation Authority were to feel it necessary to give early notice of intention to revoke Laker's operating licence. I understand that the likelihood of their taking an unfavourable decision in the next few days now looks slight.

2. There is perhaps little that Government can do at this stage to help find a solution. I find it hard to view the question of our providing direct financial support for the company as realistic. Apart from the political embarrassment, given that Sir Freddie Laker has built his public image on independence from Government, there is no economic case which could justify such support; the industry has a great deal of excess capacity and Laker is not the only privately-owned British airline in difficulties.

3. I am copying this to the Secretary of State for Trade and the Secretary of State for Industry.

(G.H.)

17 November 1981

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