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PS/ Secretary of State for Industry

27 October 1980

Tim Lankester Esq
 Private Secretary to the
 Prime Minister
 10 Downing Street
 London SW1

Pamela Minster

J.P.H.
27.10.80.

M.

Dear Tim

BL LABOUR TROUBLES

There has been an important development today in BL's dispute with its manual workers over pay which my Secretary of State has asked me to bring to your attention.

2 This morning the trade unions involved decided overwhelmingly to reject BL's offer of a pay increase of 6.8% and to recommend at mass meetings which are to take place on 30 October that industrial action should take place at all BL's car plants.

3 The company will decide tomorrow how best to respond to this; one possibility, if time allows, is direct communication with each individual worker at his home.

4 Sir Michael Edwardes asked earlier this evening whether he could make public straightaway the fact that the Government had received the 1981 Corporate Plan (he sent a summary of it to my Secretary of State late on 24 October) and that was asking for "hundreds of millions" of additional funding from the Government. He thought that this might influence events in the BL management's favour. My Secretary of State has agreed that Sir Michael should be told that there would be no objection to this.

5 BL have promised to keep the Department in close touch with events, and I shall let you know of any important developments.

6 I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer and the Secretary of State for Employment.

Yours ever

Catherine Bell

CATHERINE BELL
 Private Secretary