

cc Press Office



DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301  
SWITCHBOARD 01-212 7676

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*clerk.*

PS/ Secretary of State for Industry

3 November 1980

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

*copy to*  
*Mr Hoskyns*

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You will have heard by now that the BL shop stewards and Joint Negotiating Committee, meeting together, this afternoon voted by a majority for an all-out strike starting early next week. The reasons for this decision are as yet unclear.

2. The events leading up to this decision have been as follows. Following the letter from Sir Michael Edwardes of 31 October circulated that evening, the Prime Minister's response was telephoned to BL in time for the Board meeting on 1 November. The Board determined that they would tell the General Secretaries of the unions representing BL's hourly paid employees of the total funding requirement of BL and within that of the funding required from Government - specifically that £800m was required from Government for BL Cars for the years 1981 and 1982. The Board also determined that if, in their opinion, any strike were proving damaging, then they would tell the Government that they sought no further funds for investment in BL Cars. The form in which these two statements were approved met broadly the points we made to BL on presentation, and I understand that reference was made to the fact that there was no Government commitment to the funding requested.

3. These two statements were made by BL senior management to both the General Secretaries (on Sunday 2 November) and to the Joint Negotiating Committee (this morning). The JNC were given permission to repeat the statements when they subsequently met the shop stewards. The meeting between the JNC and the shop stewards lasted over six hours, with the result noted above.

4. BL are at present thinking about their immediate response to this situation, and will consider sending a letter to all BL Cars employees later in the week; I shall of course keep you fully informed. However, of far more importance is the decision taken by the BL Board on 1 November which was not communicated to the unions, namely that they would, if any strike did not

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collapse within a few days, decide to cease trading at BL Cars. I understand that if the strike does continue, the Board are likely to meet to take this decision on 14 or 15 November.

5. The situation will of course be very serious if the strike call is fully supported by the employees - though BL will be exerting every effort during the intervening five working days to prevent this happening. Moreover, since the reorganisation outlined in the new Corporate Plan has not yet taken place, those involved include not only Austin Morris employees but also Land Rover and the Parts Operation people, and the decision to cease trading would, on the face of it, apply to these companies also. Officials here, in consultation with other Departments, will be studying over the next few days what contingency work might be possible to allow minimisation of the effects on Land Rover and the Parts business, and consequently on PES and PSBR, if the strike takes place.

6. I am sending copies of this letter to John Wiggins (Treasury), Andrew Hardman (Employment), Robin Ibbs and David Wright (Cabinet Office).

*Yours ever*

*Catherine Bell*

CATHERINE BELL  
Private Secretary

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