

Ref. A05807

MR. WHITMORE

British Leyland

I met Sir Michael Edwardes last week by chance; and it was evident from our talk that he would value the chance of remaining in contact, on an entirely personal and private basis, during the present crisis in BL's affairs.

2. His tactics remain as reported last week: to keep a fairly low profile until about the middle of this week, when he will go on television, to emphasise that there really is no more money for an increase in the basic offer of 3.8 per cent, and to underline what would be at stake if a strike went ahead.

3. He is in private contact with the leaders of the two unions mainly concerned (TGWU and AUEW). Though the larger meeting they had with the unions last week broke down, he believes that it began to produce an evolution in the thinking of the unions. He believes that the rank and file are beginning to be more realistic about the prospect. He does not, however, propose to have a secret ballot, since he believes that, if people are asked to vote on whether they want more pay or not, it is difficult for them to cast a vote which says that they do not. He is therefore relying on them voting with their feet, and coming in to work on 2nd November.

4. His main concern is about the shop stewards. He believes that they see the strike threat as a political operation just as much as an industrial operation. They claim that BL management, with its offer of 3.8 per cent, is acting as the stalking-horse for the Government's 4 per cent; they doubt whether the Government would allow the management to go ahead with closure, because of the industrial consequences in the West Midlands; and they believe that, if the Government did allow closure, the political repercussions could force an early General Election. In other words, they see themselves as being in very much the same position as the National Union of Mineworkers in the winter of 1973.



5. Against this background, it is obviously important that the Government should maintain its position of non-intervention. Sir Michael Edwardes does not want to see statements by the Government publicly supporting the 3.8 per cent offer, since such statements would encourage the belief that BL management was simply executing Government policy. For the time being, Sir Michael Edwardes would like the Government to stick to the position that industrial relations in British Leyland are a matter for management, and the Government has no intention of intervening.

6. The time may come later in the week when it would help to bring a further note of realism to the attitudes of the workforce if a Minister would indicate that, if the management decided that they had to close the Cars Division, the Government would not wish to question that decision, since the management were in charge of the company. But the time has not yet come when Sir Michael Edwardes would wish that to be said.

7. Sir Michael Edwardes obviously feels that the Secretary of State for Industry has been talking a little too freely to backbenchers and others about possible room for manoeuvre on bonus payments.

8. I will keep you informed of any further contacts I have on this over the next few days.

REA

ROBERT ARMSTRONG

26th October, 1981