COVERING COMMERCIAL IN CONFIDENCE

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 7691
SWITCHBOARD 01-212 7676

From the
Minister of State
APS/Norman Tebbit MP

Mike Pattison
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

19 June 1981

Dear Mike,

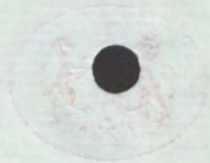
As requested in your letter of 16 June, I attach a brief and speaking note for the Prime Minister's use when she meets Mr Geoffrey Robinson MP on Monday 22 June. As arranged, Mr Tebbit will be present at the meeting.

Yours sincerely,

Heather Archer.

HEATHER ARCHER
Assistant Private Secretary

Enc



PRIME MINISTER'S MEETING WITH MR ROBINSON

SPEAKING NOTE

- The manpower reductions are unfortunate, but in the light of falling sales, Jaguar management have to take painful decisions to reduce costs and contain losses.

- If, as a result of the manpower reductions, the other jobs at Jaguar can be secured and the company's future ensured, this will in the end be better for Coventry and - with the Jaguar export revenue - for the country.

- I cannot give any assurances about the future of Jaguar, as I do not run the company. The management are taking the action they deem necessary to keep the company in existence.

- As for Coventry as a whole, I gather a meeting was held between council and city representatives and the senior officials of various Government Departments on 19 June. Such detailed consultation is I feel sure the best way to proceed, and I am sure that if you wish it, a Department Industry Minister would be prepared to consider the matters further.

PRIME MINISTER's MEETING WITH MR ROBINSON

BACKGROUND

BL: JAGUAR

Financial position: As noted in the recent Ministerial correspondence which the Prime Minister has seen, Jaguar's financial position is serious. The company made a trading loss of £30m in 1980, and is currently forecast to make a loss of the same order in 1981. In the face of this, and in an effort to reduce this loss, Jaguar are making severe fixed cost and manpower reductions.

Manpower: The current redundancy programme involves 1500 jobs. In all over the year to the end of July 1981, Jaguar will have lost some 3500 jobs, a 35% cut in its workforce. The redundancies have fallen evenly over all grades and, though the unions are not happy with the position, the workforce are co-operating with the lower manning levels.

Productivity: This has been affected by the low sales, but, even with the 35% workforce reduction, more cars were built last week at Jaguar than in any week during the last year.

Fixed Costs: A programme is already in train to reduce fixed costs from £35m to £23m, to reduce the cash requirements for the business and lessen the loss. A full year forecast showing the effects of the manpower and fixed cost reductions is still being prepared.

Sales: A major reason for Jaguar's serious position is a marked drop in sales. Sales to the USA are slowly picking up as the pound/dollar relationship changes, and are now 50% above the (very low) level of the comparable period last year. European sales are still depressed. Jaguar have made great strides in improving the quality of their product (see below) and on manufacturing and delivery times, and are now concentrating on getting this message across to the marketplace.

Quality: By the end of 1979, Jaguar's quality reputation had deteriorated badly. There were technical problems with the new paint plant at Castle Bromwich, and generally poor workmanship. The new Chairman, Mr John Egan, has in the year he has been in post made quality control his main concern, such that Jaguar is now apparently achieving a quality index equivalent to that of Mercedes and BMW vehicles. This has been done by the systematic examination of 210 reliability problems, and by a major purge on unsatisfactory component suppliers. The paint plant problems have also been largely solved. To maintain the new levels of quality, some 50 Quality Circles are now in operation in Jaguar, and employee communication channels have been strengthened by quarterly presentations to all employees on progress to date as well as the tasks which remain to be tackled.

Castle Bromwich Paint Plant: Mr Robinson (who was at one time the Managing Director of Jaguar) has always been critical of the decision (taken by the management before Mr Egan's arrival) to locate the new Jaguar paint plant away from the main Jaguar assembly plants. While the present management would not quarrel with this view, they now feel that the quality problems there have been brought under control.

COVENTRY: GENERAL

The Coventry Travel-to-Work Area currently has an unemployment rate of 14.3% (34,794 unemployed), a doubling of the rate a year ago. This compares with 12.7% in the West Midlands, and 10.6% in the UK as a whole. Some 11,000 people are benefitting under the Temporary Short-Time Working Compensation Scheme. Coventry has a narrow industrial base; it is heavily dependent on manufacturing industry, and on a few major firms, most of which have announced redundancies in the last few months (Talbot 2600, Renold 780, Massey Ferguson 640, Alfred Herbert 430, as well as BL).

The area feels that it has suffered from the regional policies of successive governments, which have attracted employers to assisted areas A meeting is to be held on 19 June between the Regional Directors of the Department of Industry, Department of Employment and Manpower Services Commission offices and representatives from the Warwickshire, West Midlands and Coventry Councils and the Coventry Chamber of Commerce, to discuss the problems of the area and to consider what help can be provided within existing policies.

PRIME MINISTER

Your meeting with Geoffrey Robinson could be a difficult one.

Flag A - is a short brief on Jaguar, including a little additional information about Coventry in general

Flag B - is a reminder from the Policy Unit about Mr. Robinson's own track record on Jaguar

Flag C - is the original letter from William Wilson, and your reply, which eventually led to Mr. Robinson's meeting.

M. A. PATTISON

19 June 1981

PERSONAL

18 June 1981

MR LANKESTER

Mr Pattison

GEOFFREY ROBINSON MP

I understand that the Prime Minister is seeing Geoffrey Robinson about Jaguar redundancies on Monday. No doubt he will take the opportunity of criticising existing BL management. It may well be that these criticisms - or some of them - are well-founded, but you should know (and probably do) that Mr Robinson's own record as one-time Managing Director of Jaguar left a very great deal to be desired. Whatever we may think of the present BL management, it is fair to say that they would not tolerate the lack of financial control that prevailed at Jaguar in Mr Robinson's day.

AD.

ANDREW DUGUID

FILE

VLB

MR G. ROBINSON MP 19/6

16 June 1981

We have made arrangements for Mr. Tebbit to join the Prime Minister when she meets Geoffrey Robinson, M.P., at the House on Monday, 22 June at 1900.

The Prime Minister has agreed to see Mr. Robinson on the basis that there have been significant redundancies at the Jaguar factories in the City, which are in his constituency. The wider background is that William Wilson M.P. asked the Prime Minister to see a deputation about Coventry's problems. The Prime Minister turned this down, on the basis that her undertaking was simply to meet constituency M.P.s about closures. Mr. Robinson wrote to protest that she should see Mr. Wilson, and that the Jaguar redundancies were a significant loss of employment. She then wrote back saying that she was prepared to see Mr. Robinson. I enclose a copy of Mr. Robinson's and Mr. Wilson's letters.

Could you please arrange to let us have a short brief for the meeting by mid-day on Friday, 19 June.

M A PATTISON

Peter Mason, Esq.,
Department of Industry.

VLB

ds

10 DOWNING STREET

THE PRIME MINISTER

15 June 1981

Dear Mr. Robinson

Thank you for your letter of 8 June, following my exchange of correspondence with Mr. Wilson.

I have made it clear that I will always see a Member in whose constituency there is to be a closure, or a major redundancy programme. I am therefore ready to see you to discuss the redundancies announced by Jaguar Cars, and I shall ask my office to be in touch with you to arrange a suitable time.

signed

MT

Geoffrey Robinson, Esq., M.P.

jfh

PRIME MINISTER

cc Mr Gow

Geoffrey Robinson, M.P., writes at some length complaining about your response to William Wilson, M.P. Mr. Wilson asked to see you to discuss the problems of Coventry. Mr. Robinson seems to have misunderstood Mr. Wilson's request, and to have assumed that you were being invited to visit Coventry. Your letter to Mr. Wilson is published, with unfavourable comment, in the Coventry Evening Telegraph extract submitted by Mr. Robinson.

Mr. Robinson is the MP covering the Jaguar factories. At present, there is not a threat of closure, although further large scale redundancies have recently been announced. Are you prepared to see Mr. Robinson on that account, or do you wish us to draft a further reply directing both Mr. Wilson and Mr. Robinson towards the Department of Industry, as in your earlier letter to Mr. Wilson?

Will I come see Mr. Robinson because the Jaguars are in his constituency. I see the M.P. in whose constituency the factories are situated. MF

10 June 1981

MFJ

10 June 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 8 June.

I will place your letter before the Prime Minister and a reply will be sent to you as soon as possible.

MAP

Geoffrey Robinson, Esq., M.P.

From Geoffrey Robinson, MP

HOUSE OF COMMONS
LONDON SWIA OAA

Rt Hon Margaret Thatcher, MP
The Prime Minister
10 Downing Street
London SW1

June 8, 1981

Dear Prime Minister,

You may not be aware of the deep sense of disappointment caused by your recent reply of June 1 to my colleague, Mr William Wilson, MP. For your information therefore I am enclosing some newspaper cuttings from the Coventry Evening Telegraph of last Thursday, June 4. From these I think you would have to agree that Coventry's local newspaper, not specially known for its left-wing views, remains quite unconvinced that you understand just how serious the situation in Coventry has become. Moreover, those of us representing the City or living in it, can assure you that the feelings and views expressed in the newspaper articles are shared across the City: from top industrialists through managers to trade unionists and the shop floor, and from senior people in the professions to the anxious school leavers who face a future of cruel uncertainty. It is perhaps the plight of the school leaver better than anything else that illustrates the disastrous situation we face in Coventry. It is realistically forecast by the Local Authority that perhaps no more than one third of those leaving school this summer will be able to obtain full-time employment. This means that at the end of this summer there could well be nearly 9,000 school leavers without full-time employment which represents more than a three fold increase of what the level was in the summer of last year! Again I am sure you would agree this is a most worrying and indeed frightening prospect. For whilst we would all agree that nothing can condone violence, it also goes entirely against all commonsense to suppose that one can have this number of teenagers on the streets without any job prospects for perhaps several years without trouble developing and increasing.

In your reply to Bill Wilson you state, "I have, as I said I would, met several Members whose constituencies have experienced large factory closures but your letter, however, does not draw attention to any particular closure and the redundancies at BL/Jaguar plants are not as I understand it in your constituency.

"In the circumstances, I don't think your request for a meeting

falls within the scope and undertaking I recently gave the House."

My purpose in writing now is to say that this month redundancies of between 1,100 to 1,400 have been announced for Jaguar, meaning a total over the last 18 months of approximately 3,500 redundancies. Both Jaguar's Coventry factories - Browns Lane and Radford - are in my constituency, and as you know I have a long standing personal involvement with the company. On these grounds I would urge you therefore to reconsider your reply in the light of the scope and undertaking you recently gave in the House.

In saying this, none of us who represents the City as a Labour MP would wish to take a narrow constituency view. It is the whole City that matters and we would wish you to hear the views from the whole community at first hand by making the visit.

As of today the situation is that there are 26,000 unemployed representing an unemployment rate of 13.2%. But the prospects are even worse. The Local Authority expects this figure to rise by early next year to 32,000 representing then an unemployment rate of over 16%. These figures show a dramatic worsening of the situation in Coventry over the next period during which the Government had been hoping there would be some improvement. Bearing in mind the continuation of these deteriorating trends and your personal commitment to be briefed on them at first hand I would urge you once again to reconsider your decision.

Yours sincerely,

Geoffrey Robinson

Geoffrey Robinson

Enclosures

CYCLE SPARES AND REPAIRS
at:
CITY PRAM
LOWER PRECINCT
WATCH CLOSE, OFF SPON STREET

City Final

Coventry Evening Telegraph

No 27,874 THURSDAY JUNE 4 1981 12p

We asked for Coventry aid, but . . .

MAGGIE SNUBS OUR PLEA

By KEN BURGESS and ANDY GRICE

THE Prime Minister has reacted coolly to a "Coventry Evening Telegraph" plea for help for the city.

Mrs Thatcher has refused to meet a Coventry MP to discuss the city's deepening industrial crisis.

The MP, William Wilson, has described the Prime Minister's response as almost a brush-off.

Mr Wilson, Labour MP for Coventry South-east, wrote to Mrs Thatcher enclosing a copy of a full-page "Coventry Evening Telegraph" editorial on May 14, headlined: "Plea from a city in despair: Help us out of the gloom."

He asked for a meeting with her to discuss the city's jobs crisis.

But Mrs Thatcher has turned him down. In a letter to Mr Wilson, she says that MPs should seek a meeting with a junior industry minister when a study of industry in Coventry and Warwickshire has been completed.

Mrs Thatcher . . . she has rejected pleas for a meeting on Coventry's economy.

Brush-off

The grim Downing Street letter offers no hope of any immediate government aid for the city.

It says: "Although Coventry's problems are serious, they are not unique and have been experienced to a greater or lesser extent by other manufacturing areas."

Mrs Thatcher attributes the economic situation to "the rise in oil prices, the slowdown in the growth of world trade, the rise in sterling and increases in nationalised industry price rises and local authority rates."

Mr Wilson commented: "I would not call it a brush-off but it is not very far from it.

"The Prime Minister seems to be blaming everybody for the state of the economy except her own policies.

"I explained to the Prime Minister that we were not faced simply with the closure of one factory but with the threatened closure of the whole city and that was the logic of your editorial."

Mrs Thatcher's response was today defended by Coventry's Tory MP, John Butcher.

"The Prime Minister is simply reflecting the facts of economic life," he said.

In the past, Mr Butcher, who is MP for Coventry South-west, has joined forces with the city's three Labour MPs to lobby the government for some aid for Coventry.

But today he said: "Coventry cannot divorce itself from the rest of the country.

"There is no point in Coventry sitting back and waiting for the government to deliver jobs to it."

Mr Butcher said special aid for the city would be only a short-term paliative, not a long-term solution. Cities like Liverpool and Glasgow, which received aid, had become "institutionalised" like hospital patients.

● Editorial comment, Page 10.

The letter from No. 10

"I fully appreciate the difficulties facing Coventry and the remainder of the West Midlands at the present time. Coventry is heavily dependent on manufacturing industry which is facing serious problems throughout the country as a result of the rise in oil prices, the slowdown in the growth of world trade, the rise in sterling and increases in nationalised industry prices and local authority rates.

At the same time, manufacturing industry is needing to make rapid adjustment after years of declining competitiveness and rapidly rising unit costs. All these factors have hit Coventry hard.

Although Coventry's problems are serious, they are not unique and have been experienced to a greater or lesser extent by other manufacturing areas. I have, as I said I would, met several Members whose constituencies have experienced large factory closures but your letter, however, does not draw attention to any particular closure and the redundancies at BL/Jaguar plants are not, as I understand it, in your constituency.

In the circumstances, I don't think your request for a meeting falls within the scope and undertaking I recently gave the House.

I think you know that the city of Coventry has recently taken the initiative to identify the current problems of the Coventry - Warwickshire sub - region and intends to make a submission to the government and Parliament.

A meeting is taking place in June between local representatives of the government departments most involved, officials of the city and the county councils concerned, and representatives of the Chamber of Commerce and Industry.

I anticipate that once these discussions have been completed, Coventry Members and local authorities will wish to put a detailed case to ministers. I am sure if you were to seek a meeting with Norman Tebbit (a junior industry minister) at that stage he would be happy to receive a delegation."

PLEA FROM A CITY IN DESPAIR

Help us out of the gloom

Time has come for the City to demand that it should not be disadvantaged...

Our May 14 plea

Coventry
Evening Telegraph

Founded by W. I. Iliffe, February 9, 1891.

Coventry Newspapers Limited,
Corporation Street, Coventry.
Postal Code CV1 1FP.
Telephone 25588.

London Office: 14, Bride Lane
London EC4Y 8EE.
Telephone 01-353 7816.

Thursday, June 4, 1981

COVENTRY IGNORED

THE Prime Minister's reply to our plea to help Coventry industry is, frankly, disappointing.

Mrs Thatcher has continued exactly the approach we urged should be changed. We also explained why special action was needed, but the argument has gone unheeded.

The Prime Minister says Coventry's problems are not unique. Other areas have problems, too. So they do, but the gist of our special leading article was that Coventry, once part of Britain's power house, has experienced a particularly sudden and severe collapse of manufacturing industry.

The days of full employment as we knew it have gone for good. There will never again be the same demand for manpower, however well industry recovers from the recession.

We urged that the government should start planning to revitalise Coventry and to cope with the social problems which were bound to rise with so many people permanently unemployed.

As we put it in our leading article: "We must face them sooner or later—and a third of a million people in a city gone from boom to bust will say NOW."

The urgency has been lost on the Prime Minister. She says that when a sub-regional study of industry has been completed a meeting should be sought with a junior industry minister.

That's not good enough. It doesn't need yet another committee or study to identify the problems. They are there for all to see — even from No. 10.

That being so the least that can be expected is some indication the government is prepared to be positive. We don't expect a transformation scene at the wave of Mrs Thatcher's magic wand. But her reply makes us doubt whether she is even prepared to step on the stage.

STILL SMILING

DESPITE Talbot's £100 million loss the management and workers are still optimistic.

One reason is the financial backing being given by the parent company, Peugeot-Citroen, even though there must be disappointment at the French headquarters that the company did not return to profitability as had earlier been predicted.

This is not the first time Ryton and Stoke have been bailed out and have survived against the odds. We must hope they will continue to do so. Coventry can ill-afford to lose more industry.

cc Ind
Minister of State, Ind

M. William WILSON Dl MP

10 DOWNING STREET

THE PRIME MINISTER

1 June 1981

Dear Mr Wilson

You wrote to me on 18 May enclosing a copy of the editorial in the Coventry Evening Telegraph of 14 May about unemployment and other problems in Coventry and suggested a meeting.

I fully appreciate the difficulties facing Coventry and the remainder of the West Midlands at the present time. Coventry is heavily dependent on manufacturing industry which is facing serious problems throughout the country as a result of the rise in oil prices, the slowdown in the growth of world trade, the rise in sterling and increases in nationalised industry prices and local authority rates. At the same time manufacturing industry is needing to make a rapid adjustment after years of declining competitiveness and rapidly rising unit costs. All these factors have hit Coventry hard.

Although Coventry's problems are serious, they are not unique and have been experienced to a greater or lesser extent by other manufacturing areas. I have, as I said I would, met several Members whose constituencies have experienced large factory closures. Your letter does not, however, draw attention to any particular closure and the redundancies at the BL Jaguar plant are not, as I understand it, in your constituency. In the circumstances I do not think that your request for a meeting falls within the scope of the undertaking which I gave in the House.

I think you know that the City of Coventry has recently taken an initiative to identify the current problems of the Coventry/

/Warwickshire

- jfh --

Warwickshire sub region and intends to make a submission to the Government. A preliminary meeting is taking place in June between senior local representatives of the Government Departments most involved, officials of the City and County Councils concerned and representatives of the Coventry Chamber of Commerce and Industry. I anticipate that once these discussions have been completed the Coventry Members and the local authorities will wish to put a detailed case to Ministers.

I am sure that, if you were to seek a meeting with Norman Tebbit at that stage, he would be happy to receive a delegation.

William Wilson, Esq., D.L., M.P.

HOUSE OF COMMONS
LONDON SWIA OAA

R19/5

18th May, 1981

From: William Wilson, D.L.,M.P.

The Rt. Hon. Margaret Thatcher, M.P.,
10 Downing Street,
London. S.W.1

Dear Prime Minister,

I am sending you a full page editorial published in last Thursday's Coventry Evening Telegraph. This newspaper certainly has no axe to grind when discussing Coventry's problems other than a desire to secure a good future for Coventry. Generally, its editorials support your Government.

It is a sombre, sober assessment of Coventry's economic plight which even this week as the article was being printed became worse with threats to the Jaguar plant of British Leyland.

To folk like me whose father and grandfather (and probably further back in the family tree) were craftsmen in Coventry it is incredible and unbelievable that the innate skills of Coventry (which have changed to meet in turn the needs of silk weaving, watchmaking, cycle manufacturing and finally motor cars, aeroplanes and telecommunication) are being wasted.

I heard you in the House of Commons tell members that you would meet any member in whose constituency large plants were closing. In Coventry we are coming to the stage where the town itself is in danger of closing down.

I am Coventry's senior member of the House. I would like the chance to come and talk to you about Coventry and its future. Since the last war I have often claimed that Coventry in the days of wartime destruction was great and that in the days of post war reconstruction it has been even greater. Surely it cannot be that a city of our history and proved capabilities in peace and war is to be left to wilt.

Yours sincerely,

William Wilson

Member of Parliament
Coventry South East