



Prime Minister

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BL: STRIKE AT COWLEY

You will wish to have a report before the weekend on the latest developments in the strike at Austin Rover's assembly plant at Cowley.

2 Following the vote by the men at yesterday's mass meeting at Cowley, BL have appealed to Mr Moss Evans of the TGWU to inter-
vene in the strike. This he has declined to do, and the TGWU have made the strike official. BL are still trying to contact Mr Duffy who has told me privately that if it were a strike principally involving his members he would have ordered them to return to work. However, TGWU members are in a large majority at the Cowley assembly plant.

3 In this situation, Mr Harold Musgrove, Chairman of Austin Rover, has decided that letters be sent today to all the 5,000 men on strike at Cowley warning them that unless they report for work on Tuesday 19 April they will be liable to dismissal. A copy of the text of the letter, which has been sent by the plant director at Cowley is attached. Austin Rover will assess the response to this letter on 19 April before deciding whether



subsequently to send out letters of dismissal to those who have not reported to work. There may be an interval of a few days during which strenuous efforts will be made by the management to get more men back to work.

4 The BL Board fully support the action being taken by Austin Rover, and I myself am satisfied that the management have no alternative but to try to force an early end to the strike. The strike is costing Austin Rover £4 million a week in lost contributions to the company's profit and loss account, and market share, which has been satisfactory so far this year, is likely to be affected from next week onwards. The successful launch of the Maestro has been put at risk by the dispute, and this is a major cause for concern. However, the company has not so far been blown off course financially because in January and February 1983 taken together, Austin Rover achieved a loss before interest and tax of £4.5 million - £19 million better than budgeted for this period. Their market share is also about 1 per cent better than budgeted.

5 I have discussed the situation today with Mr Ray Horrocks, the Chairman of BL Cars. He told me that Austin Rover will be embarking on a major public campaign in the next few days to persuade the men to return to work. It is possible that a mass meeting of the Cowley workforce planned for 22 April will be brought forward to 19 April. Mr Horrocks has set in hand urgent studies of alternative sites at Longbridge and Solihull for



production of the Maestro if the Maestro assembly facilities at Cowley cannot be operated by those returning to work and by freshly recruited workers. Mr Horrocks is fairly confident that the strike will not spread to the rest of Cowley or to Longbridge as there is mutual antipathy between the various plants, but this possibility cannot be excluded.

6 BL will be ensuring that West Midlands MPs and other interested parties are fully briefed over the next few days about the strike and the vital importance of an early return to work.

7 I am copying this minute to the Chancellor of the Exchequer, the Secretary of State for Employment and to Mr John Sparrow and Sir Robert Armstrong.

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15 April 1983

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TO ALL COWLEY ASSEMBLY EMPLOYEES ON STRIKE

The situation at Cowley has now reached a point at which decisions have to be made which will have grave and far-reaching consequences, not only for the Assembly Plant, but for the Austin Rover business in Oxford.

We are not strong enough to withstand a prolonged strike without affecting the investment programme upon which Cowley's future depends. Steps must now be taken to bring about an immediate return to work by those employees who want to work and to terminate the employment of those who don't.

Let me remind you of the facts:-

1. Cowley has benefitted from over £200 million of investment in new models and facilities over the past two years. Further investment has been planned to take that figure to £300 million but this, inevitably, must now be reviewed.
2. Investment can only be justified if we operate the plant for the full 39 hours per week for which employees are paid. We can't operate competitively with a capacity reduction of half-an-hour in each 39, which is what the unofficial early leaving means.
3. We have the best model range and the best prospects Cowley has had for many years. We have even been able to recruit 1600 extra people recently who would otherwise have been unemployed.
4. Together we have been able to improve productivity, and although Cowley is not yet up to fully competitive levels, employees' earnings have increased significantly. Grade 3 production workers have seen their earnings rise since April 1980 by a massive 42% at a time when the cost of living has gone up by 25%. This extra money has come from increasing productivity and we all know that even higher bonus earning opportunities will soon be available as a result of Audited Plant Status.
5. Trade Union representatives have recognised the inevitability of the early leaving being stopped. They have confirmed in writing that they are not challenging the "blue newspaper" which states clearly:

"employees will co-operate with measures to improve the efficient utilisation of the full working shift"

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and which also states that it:-

"supersedes all other agreements, customs and practices relating to the subjects contained within it, except those resulting from relevant agreements between the Confederation of Shipbuilding and Engineering Unions and the Engineering Employers' Federation."

The early leaving at Cowley Assembly is an unofficial practice not covered by such an agreement, and there is no basis for it continuing under our collective agreements or under employees' contractual conditions of employment.

6. Over three months of discussions have taken place on the removal of the early finish and the Trade Unions have confirmed that the proper procedures have been used fully.
7. Cowley is out of step with other plants of the Company in continuing to leave early.
8. Employees in other BL plants have acted as though they believed they could be guaranteed a future even if they took part in damaging strikes or did not co-operate with necessary productivity improvement measures. Those actions resulted in the plants having to close.
9. The Company has been flexible and has made successive offers to phase out the early leaving, but still there has not been a return to work.

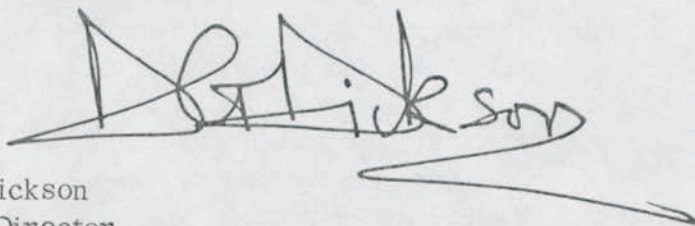
A prolonged strike is in nobody's interests. It damages sales of the successful models we make at Cowley and it therefore damages employees' earnings and prospects of security in the future, as well as the obvious heavy loss of wages during the strike itself.

In these circumstances it is important you should understand clearly what steps the Company will be obliged to take if there is no resumption of work.

The Plant will open for production at normal times from Tuesday 19 April 1983. I urge you to report for work on that date. Work will be available for any employee who reports for work and all such employees will be paid from that time.

Any employee who does not report for work will be considered to have repudiated his/her contract of employment, which will then be terminated. In such circumstances employees dismissed will have no legal entitlement to payments for redundancy or in lieu of notice and no such payments will be made.

I very much hope that you will make this final step unnecessary by reporting for work on your normal shift on Tuesday 19 April 1983.



D G Dickson
Plant Director

15 Apr 1983