

cc: H.O.



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

PS/ Secretary of State for Industry

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

JF3308

22 April 1983

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Michael Scholar Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1

Prime Minister

MUS 22/4

*ms*

Dear Michael,

BL : STRIKE AT COWLEY

There have been the following main developments since my Secretary of State reported at Cabinet on 21 April on the strike at Austin Rover's assembly plant at Cowley.

2 Following the breakdown earlier that morning of the talks between senior Austin Rover management and leaders of the TGWU and the AUEW, Mr Harold Musgrove, Chairman of Austin Rover, decided that the workforce of the assembly plant should immediately be sent a letter informing them that the management had offered, in return for an end to the dispute:

- (i) to give the Cowley Assembly Plant Audited Plant Status on 16 May, thus enabling bonuses of up to £30 a week to be earned instead of the present maximum of £18.75, if the unions co-operated in this aim;
- (ii) to end the practice of clocking-off early from work on 30 May - that is, a fortnight after Audited Plant Status had been achieved; no redundancies would be involved;
- (iii) to set up an enquiry into industrial relations at Cowley consisting of two management representatives from other BL Cars plants and two union representatives.

3 The meeting at Cowley this morning (22 April) was attended by about 4,500 of the 5,000 men on strike. Mr David Buckle of the TGWU put forward the company's proposals for a return to work, and they were defeated by a vote of about 55 per cent against, 45 per cent in favour. After this about 1,800 people left the meeting. The unions then put their own proposal that



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the strike should continue, and that Audited Plant Status at the Cowley Assembly Plant should only be introduced with the agreement of the trade unions or as a result of a ballot of the workforce. The vote in favour of this proposal was overwhelming.

4 Austin Rover had planned, because their first letter threatening dismissals unless the men returned to work on 19 April had been suspended while negotiations with the unions took place, to send a further letter today threatening dismissals unless the men reported for work on Monday, 25 April. Meanwhile, following today's mass meeting, they have received requests from Mr Moss Evans of the TGWU and Mr Terry Duffy of the AUEW for further negotiations. They are considering, in the light of this, whether to delay the despatch of the letters.

5 The situation is very worrying. There is a risk that if Austin Rover have to proceed with dismissals and try to recruit new workers to man the assembly plant, the TGWU will seek to spread the strike to Longbridge and possibly to other Austin Rover plants. The company do not think it is very likely that they would succeed, but if the strike did spread, the financial consequences would be considerably greater than the £4 million a week of lost contribution to the company's profit and loss account resulting from the Cowley dispute. Austin Rover's market share was very good in the earlier part of the month (it was 22.4 per cent of the UK market after 10 days) compared with about 18 per cent for this year as a whole. Their share for the first 20 days of April is not yet available, but for the month as a whole it is expected to show a fall. Stocks of the Maestro and also of the Rover and the Triumph Acclaim are now beginning to be tight.

6 BL do not think it will be necessary, unless the strike spreads seriously, to consider the closure of Austin Rover. They have not, therefore, sought to carry out any contingency planning with my officials against such an event. However, officials of this Department and the Treasury will be ready to respond quickly to an approach from BL if the need arises. My Secretary of State will be keeping a close watch on the strike, and will report to the Prime Minister further as necessary.

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

Yours sincerely,  
Jonathan Spencer

J P SPENCER  
Private Secretary

Ind. Pol = B.L. Pt 7

MR MOUNT

cc Mr Scholar ✓  
Mr Walters

BL STRIKE AT COWLEY

The Cowley workers are expected to end their four-week strike at a mass meeting tomorrow. What if they do not? In his letter of 22 April, Mr Jenkin described the situation as "very worrying" and explained that his officials would be ready to "respond quickly to an approach from BL if the need arises". I think we should think very carefully before responding in this way, should the strike continue:

(i) It is clear that there is a substantial minority of Cowley workers opposed to the strike. Only 55% of those who attended last Friday's meeting voted against the Company's proposals for a return to work. The union's alternative proposal was "overwhelmingly" supported by a vote among 2700 workers - barely more than half the striking workforce;

(ii) The Company says that it does not think that the strike will spread to other plants;

(iii) We are told that losses are £4 million a week; we are not told how much of these losses could be recovered if the strike were to end soon;

(iv) Austin Rover's 22.4% share of the UK market in just the first ten days of April is an artificial figure which overstates the position. We should not use this as a benchmark against which to judge the loss of business by Austin Rover.

Against this background we should be in no hurry to "respond quickly" with contingency plans. Unless BL are clear that they are on their own in this and other matters, the Government's message about pay, productivity and jobs will not penetrate through to the Cowley workforce.

NICHOLAS OWEN

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