

RESTRICTED

File
6 January 1984

cc Mr. Turnbull (for
information)

MR. OWEN

BRITISH SHIPBUILDERS' PAY NEGOTIATIONS

I spoke to Colette Bowe at DTI this afternoon to see whether last night's settlement really was as portrayed in the press. The following points emerged:

1. BS management have conceded nothing. They succeeded by offering the unions a small face saver. Incredibly, it really did take the union negotiators until 5 January to realize that management were (a) determined and (b) in a strong position.
2. Graham Day, the new Chairman, really did distance himself from the discussions. The mainspring of management activity was Philip Hares, the Deputy Chairman, although Maurice Phelps, the Industrial Relations Director had more of the limelight.
3. DTI take pleasure in the fact that they stayed - and were seen to stay - well out of it. The two Normans turned down any number of invitations to comment or be interviewed.
4. Yard union representatives are thoroughly disenchanted with their national negotiators and will predictably tend towards local level negotiations in the belief that they can do better. If there are difficulties in making the productivity details stick at yard level, the yards concerned will quite simply nominate themselves for early closure.

I offered the view (which I still hold) that a strike of some duration would have been an even better outcome, in that it would have precipitated necessary closures early, perhaps at the expense of "orderliness". Ms Bowe agrees with that, but neither of us sees how more fuel could have been thrown on the fire (or by whom) and the actual outcome still leaves BS in a very strong position.

On the whole, the press has portrayed fairly the negotiations and the issues at stake. The one reservation I have is the "jobs saved/industry rescued" headline on today's Daily Mail. Job losses in merchant and offshore are still inevitable, strike or no strike.

OT