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Ry

10 DOWNING STREET

From the Private Secretary

1 November, 1984

AUSTIN ROVER

The Prime Minister has seen Mr. Lamont's minute of 31 October reporting on the industrial relations position at Austin Rover. She has noted that Austin Rover propose to invoke the 1984 Trade Union Act to try to secure a return to work. She considers it would be wise to take matters to the point where a ballot is forced and the result is known, at which point the position could be re-considered in the light of the general industrial relations situation at the time.

I am sending a copy of this letter to Michael Reidy (Department of Energy) and to David Normington (Department of Employment).

(Andrew Turnbull)

Edmund Hosker, Esq.,
Department of Trade and Industry.

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JW457
From the Minister of State for Industry

31 October 1984

SECRET

The Prime Minister
10 Downing Street
London SW1

*We get as far as
the result of the
ballot - and then
reconsider
me*

Prime Minister ①
Agree that the politics of this
are helpful, rather than
be contrary, to be conducted
d the coal dispute?

Dear Prime Minister

AT 31/10

AUSTIN ROVER

I spoke with Ray Horrocks this morning about the industrial relations situation at Austin Rover. Mass meetings are to be held on the company's pay offer at most plants on Thursday 1 November but, because of its relative size, the decisive meeting will be at Longbridge the following day. There is an outside chance that reason will prevail but Ray Horrocks' judgement is that the outcome will be rejection of the offer and immediate strike action.

You should know however that, in that event, and with no negotiating room for manoeuvre, the company would very probably decide to use the 1984 Trade Union Act to try to secure a return to work. As I understand it, this would initially involve obtaining an injunction on the trade unions to end the strike and arrange a secret ballot of the work force; non-compliance could lead to a suit for damages and possibly a consequential sequestration of union assets. If, however, a ballot were held and this supported a continuation of the strike, the company would then proceed with the constructive dismissal for breach of their employment contracts of all those of the work force who refused to return to work. Ray Horrocks' judgement is that this strategy offers the best chance of bringing employees back to work, although it may take some time.

Clearly, against the current general industrial relations background, the sequence of events at Austin Rover - which would I believe involve the first use by a major company of the provisions of the 1984 Trade Union Act - could well prove controversial. I shall ensure that your office is kept closely informed of developments.

/In view ...

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In view of the sensitivity of this letter I am copying it only to Peter Walker and Tom King.

Yours ever
Norman

NORMAN LAMONT

SECRET

51 OCT 1984

