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From the Private Secretary

29 October 1979

BL

As I told you on the telephone, the Prime Minister has serious doubts about the draft Answer on British Leyland attached to Sir Keith Joseph's letter of 26 October. In its present form, she thinks the draft gives too many hostages to fortune and that it is likely to result in a great deal of misunderstanding - and at worst, that the Government will be accused of doing a "U turn". For her part, the Prime Minister is not persuaded that it is necessary to make any statement before the result of the ballot is announced; but if there is to be some kind of statement, she thinks it essential that the statement should be confined to reiterating the 1977 assurance. It would be most unwise, in her view, for Sir Keith to comment on what the BL Board may or may not do. Moreover, the present draft too easily gives the impression that with a "yes" vote, the Government will provide BL with the extra funds which they are likely to ask for.

I suggest that, if Sir Keith wishes to go ahead with some kind of statement, before the result of the ballot is announced, he should raise the matter with the Prime Minister when he comes to see her this afternoon.

I am sending copies of this letter to Ian Fair (Department of Employment), Godfrey Robson (Scottish Office), Stuart Hampson (Department of Trade), <sup>Sir Biff</sup> ~~Ian Maxwell~~ (Law Officers' Department) and to Martin Vile (Cabinet Office).

J. P. LANKESTER

I. K. C. Ellison, Esq.,  
Department of Industry.

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THE PRIME MINISTER

I am most concerned about the proposed question and answer. The draft reply does not give the impression which the S. of S. intends it to convey. I agree with John Hodge on that point. If it goes out as it is, we shall be off for another press misinterpretation just like the Nat. Ind. letter incident. This time we could be accused of doing a U-turn on B.L.

As I understand the situation the Government is already committed in the terms of the 15th reply. - though that reply is hardly a model of clarity - "could not allow B.L. to be left in a position where it would be able to meet its objections"? There must be a double regret somewhere which I have missed! However, if we are committed, what is the point of saying so before the ballot is known. To repeat it, looks like panic. If the ballot goes "wrong" - whatever that may mean, have the

statements on the full point ready to put out  
within the hour of the result.

But don't do not go on to comment  
on anything further that the B. L. Board may or  
may not do. Please - no hostages to fortune. The

present draft reply is full of them. If it is  
thought advisable still to go ahead with the  
Commitment point before the ballot please see me  
as a matter of urgency.

M.S.