



Subject. JS  
cc hask para  
+ D. Wolfson  
J Hoskyns

10 DOWNING STREET

From the Private Secretary

29 October 1979

BRITISH LEYLAND

When Sir Keith Joseph called on the Prime Minister this afternoon, they discussed the draft answer on British Leyland which he had sent under cover of his letter to the Chancellor of 26 October. The Prime Minister repeated her comments on the draft, which were recorded in my earlier letter of today's date. Sir Keith, in reply, said that he would accept that there should be no statement on the question of the 1977 assurance at least until after the announcement of the ballot, and then only if the vote went against and there was pressure from BL suppliers and creditors in general for such a statement. But he would still like to put out a statement on the question of Government funding in the event of the ballot going in favour of the Edwardes' plan. It was most important, in his view, that the Government should make clear that a "yes" vote would not automatically lead to the extra funding which BL were likely to ask for. The final paragraph of the draft was intended to convey that thought, although he accepted that it might be improved. Sir Keith said that he hoped that the Prime Minister would agree to a much shorter answer spelling out this point; he would put a new draft to the Prime Minister shortly.

I am sending copies of this letter to Ian Fair (Department of Employment), Godfrey Robson (Scottish Office), Stuart Hampson (Department of Trade), Bill Beckett (Law Officers' Department), Martin Hall (HM Treasury) and Martin Vile (Cabinet Office).

L.R. LANKESTER

Ian Ellison, Esq.,  
Department of Industry.

CONFIDENTIAL

TCE