



HOUSE OF COMMONS
LONDON SW1A 0AA

28th November, 1978.

Thank you for sending me a copy of your letter of 21st November to Geoffrey on the subject of sanctions against Ford.

I wholly agree with the distinction you draw between the use of Government purchasing policy and the other weapons in the Government's sanctions armoury. I attempted to draw this distinction in the first sanctions debate in which we both spoke.

However, I do not see it follows from this that we should support any Government withdrawal of orders from Ford. In the first place, if Government purchasing policy is to be used for any purpose other than for obtaining the best value for money, it should be biased towards the long term strengthening of British industry, and not used as an ad hoc system of arbitrary rewards and punishments. Moreover, if one considers the contributions made to the British economy by Ford, British Leyland and Datsun respectively, I cannot think of anything more bizarre than for the Government to punish Ford by transferring its orders to BL and Datsun.

Finally, you state that "Fords will destroy our economic policy just as they will destroy the Government's". If we are ever in a position that Fords can destroy our economic policy, then that will only prove that we have the wrong economic policy.

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cc: The Rt. Hon. Margaret Thatcher, M.P.
The Rt. Hon. Sir Keith Joseph, Bt. M.P.
John Biffen, Esq., M.P.
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