

cf Mr Hoskyns

Prime Minister

Qa 04189

CONFIDENTIAL

*This could go on
the agenda for the
Strategy discussion in
E on 24 July.
Agree? R*

To: MR LANKESTER
From: SIR KENNETH BERRILL

The Role of the Institutional Investor

1. At the Prime Minister's recent meeting on Strategy there were a number of references to the need to encourage institutional investors to play a dynamic and constructive role in the affairs of the companies in which they invest.
2. The CPRS has interested itself in this area for the past seven years and has had numerous discussions with the financial institutions, with some of the companies they invest in, and with the Bank of England.
3. Over these years there has been some progress. In 1972 the institutions, particularly the insurance companies, were adamantly opposed to taking an active interest in particular companies. The tide is now flowing in the right direction but there are still many laggards. What the more dynamic institutions need is encouragement from Ministers which they can use to whip their more slow moving colleagues along.
4. I attach a note by the CPRS on the subject which the Prime Minister might like to introduce at some stage into the Strategy discussions.
5. I am sending a copy of this minute and attachment to Sir John Hunt.

13/7

11 July 1979

Att

KB

*Yes - but it is
not an action. PPR
and need not. . . letter to
need was. . .
to do with the need
in that there are 50,000
companies. outside
decisions. . .
and.*

CONFIDENTIAL