

C O N F I D E N T I A L



DEPARTMENT OF TRANSPORT
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Michael Heseltine

NBM

The Rt Hon Sir Geoffrey Howe MP
Chancellor of the Exchequer
Treasury
Parliament Street
LONDON SW1

6 June 1979

6/6

Geo Geoffrey

When the disposal of public sector assets was discussed at last Thursday's Cabinet, Michael Heseltine made the point that it was important to try to involve the employees in our plans.

I fully agree with Michael that we must aim to take employees along with us as far as we can. This is particularly relevant to the National Freight Corporation. There is inside the Corporation considerable support for our plan for a BP type solution as set out in the Manifesto and 'The Right Track'. But we should recognise that plans to break up the business by selling off individual parts would be bitterly opposed. I would not want to rule this out as a last resort. We might have to come to it if nothing better emerges. But I am sure that our first effort should be to secure a substantial private shareholding in the Corporation much in its present shape and form.

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The issue will come up at my first order questions on 20 June, and I would want to make it clear that that is how we are approaching the question while of course not closing any options.

I am copying this to members of E(DL), to the Prime Minister and to Sir John Hunt.

Yours ever.

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NORMAN FOWLER
over

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