

CONFIDENTIAL

NOTE FOR THE RECORD

*P.A. Gynn  
25/6*  
cc *Monte Set*  
cc: Mr. Whitmore  
Mr. Lankester

DISPOSAL OF GOVERNMENT ASSETS

The Secretary of State for Trade telephoned the Prime Minister on 24 June about the disposal of assets and the forthcoming meeting of EDL.

Mr. Nott said that he, like Mr. Howell, was a renegade on this issue. He realised that the Government had to meet their objective for the reduction of PSBR but he was very worried about the timing. He did not think it right for the Prime Minister to go to Tokyo with the preparations for placing the sale of BP shares already made. The position was very fluid and had changed considerably during the past 10 days. If the Prime Minister were to return from Tokyo in a new situation, the market would know that the Government had changed their mind and this would be damaging to sterling. He could not believe that oil shares would fall in value during the next few weeks. He realised that there was some danger in waiting but it was inconceivable that the value of North Sea oil would decline.

The Prime Minister said that she had not realised that the disposal was to be tackled with such speed. Mr. Nott said that Mr. Howell's concern was that he was being hustled into selling BNOG assets just before "privatising" BNOG.

The Prime Minister said that she gathered that Mr. Nott would like her to tell the Chancellor to take no action until she returned from Tokyo. Mr. Nott agreed. He thought it would be far better to begin preparations for placement after the OPEC and Tokyo meetings. The Prime Minister agreed that she would tell the Chancellor to take no further action until after her return from Tokyo. She said that her main worry concerned the mortgage rate.

Mr. Nott said that he had no wish to undermine the Chancellor, who had a difficult job to do; he recognised that he was, however, undermining him on this issue.

25 June 1979

*Gynn.*  
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