

*Disproportionate with the
expansion*

*Very little
are now on
with more than
One*

SECRET

COPY NO.

BULLOCK

(Paper by Mr. Nott)

Canon 40

1. We should express our total opposition to the majority report of Bullock for the following reasons:

- a) it does not involve all employees of firms;
- b) it would demoralise junior and middle management whose authority and status would be further undermined;
- c) it allows no flexibility between firms which are structured in a multitude of different ways;
- d) it gives an unjustified increase in power to the trades unions;
- e) it is opposed by several large trades unions and large numbers of employees in British industry. Furthermore it would disenfranchise the overseas employees of British industry;
- f) it would make collective responsibility on boards impossible to maintain due to the 'reporting back' role of the union-nominated worker directors;
- g) it would undermine the investment plans of British industry and especially the investment intentions of foreign-owned multi-nationals.

In general, it is a denial of true participation and is about Union power. It goes far beyond anything in operation or proposed in overseas countries.

2. We should speak in kindly tones of the authors of the minority report but not support its recommendations.

3. We should speak in a positive way about the Conservative Party's wish to involve employees more closely in the ownership, decision-making and ~~direction~~ of the organisations for whom they work. We believe that the form that this involvement should take should not undermine the traditional bargaining role of trades unions.

4. (Handwritten note)

We do not wish to lay down our (Conservative) blueprint for greater involvement by employees (whether it be on two tier or unitary boards or Company Councils, etc.) first because it would detract from the flexible, evolutionary process which we believe should develop from the shop floor up, and secondly, because we feel that the current debate needs to continue for a period of time before a clearer consensus emerges between both sides of industry.

5. We are against new legislation (with one exception in 6. below) at the present time, but if little progress is made in industry and the public sector within the next two to three years we might consider at that time ~~deliberate~~ legislation which embodies a code of good industrial practice. We must also take account of the 5th Directive.

6. We favour a technical change in the Companies Act to require Directors to take into account the interests of employees as well as shareholders.