

HIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

C(80) 52

COPY NO 81

5 August 1980

CABINET

---

COMPENSATION AND PRIVATISATION OF SHIPBUILDING

Memorandum by the Lord Chancellor

---

1. I have seen in draft the Secretary of State for Industry's paper (C(80) 51).
2. I am bound to say that I regard it as an error to discuss the questions of "privatisation" solely in connection with the alleged inequity of the compensation terms. The first is a question of policy which must ultimately depend on the desirability of separating and then selling assets now firmly in Government hands and has nothing inherently to do with the alleged inequity of compensation terms. The second depends on the desirability of retrospective legislation which would benefit those shareholders who held on to their shares in the hopes of such legislation but not those who sold their shares to cut their losses. This means compounding the injustice to the latter group while rewarding the former whose moral claim is no greater. This glaring injustice will be all the more formidable to defend since, in a great number of cases, the omelet cannot now be made to return to the egg shell at all.
3. To introduce this legislation in the second Session of Parliament will set a very bad precedent in retrospective legislation indeed. If it was to have been done at all it ought to have been done last year and included in our Election Manifesto.

H of St M

Lord Chancellor's Department

5 August 1980