CONFIDENTIAL

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## EMPLOYEE INVOLVEMENT

I am grateful to you for coming back to me on the issue of employee involvement.

I myself would proceed by the use of a code of good practice flexibly drawn so that companies can devise or adapt systems appropriate to their own circumstances. It would need statutory backing but minimum inspection and enforcement.

Ideally the CBI could do this and many times senior people there have told me that they see the need. But of course they have no powers and they would run into significant opposition from the very sort of companies that most need to change.

So I am left with the belief that progress is needed in the field of better employee relationships but knowing that industry itself just would not make the comprehensive efforts involved.

Equally I have no doubt that the next non-Tory Government will act in this field. So that gives us a chance to carry out necessary reforms in a way that would be broadly acceptable to the bulk of industry and perhaps forestall much more comprehensive and far ranging activity by our political opponents.



I would not see the sort of code I would advocate expecting more of companies than would be found today in our best companies. I just do not see the laggards catching up on their own and the gap that they represent will be the excuse that others will parade for comprehensive action.

I am copying this letter to the recipients of yours.

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Michael Heseltine