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2 P/P'sPRIME MINISTERSHARES FOR EMPLOYEES

I have seen John Nott's proposals for employee shareholding in British Airways, Geoffrey Howe's minute to you of 18th June suggesting a general approach for such cases, and Adam Butler's letter of 24th June to Geoffrey Howe.

I am content with the approach they outline for British Airways and for other industries. But as I said in my letter of 10th March, I remain convinced that it is important to decide each privatisation case on its merits. I think it would be a mistake to consider that we must be bound for the future by all the details of cases now under consideration. Like John Nott and Adam Butler I believe that Geoffrey Howe's guidelines are a useful starting point, but we must be ready to consider adapting them to the circumstances of individual industries, (taking account of the numbers and nature of the workforce, and, for example, any comparable arrangements in competing firms in the private sector).

For the industries in the energy sector which are candidates for privatisation (BNOC, TRC, and - possibly - a BGC oilfields subsidiary) no definite proposals on employee shareholding have yet been formulated. It may well be that in some or all cases I would wish to follow the sort of pattern Geoffrey Howe proposes; but I am sure that it is important to preserve as much flexibility as possible.

I should mention that TRC are now looking into more detailed proposals for employee shareholding, and will be reporting their views to me in due course. When these are available I will ensure that details are circulated to colleagues.



I am copying this minute to Keith Joseph, other members of E(DL), Norman Fowler and Sir Rober Armstrong.

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SECRETARY OF STATE FOR ENERGY

3 July 1980

CONQUEROR

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