

PS/Prime Minister



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From the Minister of State  
for Industry and Information Technology

KENNETH BAKER MP

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Prime Minister (2)

To note. I have drawn to the attention of Mr Baker's office the exchange of correspondence with Mr Jenkin over an information unit (in the latter case to put across Government policy on local authorities) I have emphasised the importance of

25 November 1983

separating Party and Government and asked that if the "mechanism" involves civil servants

- (i) you should be informed
- (ii) Sir Robert should be informed

AT 25/11

*John Selwyn-Gummer*

THE SALE OF BT SHARES

The sale of 51% of British Telecom is planned for the Autumn of next year. It is very important that this is a success because it is the largest measure of de-nationalisation that has ever occurred anywhere in the western world. If it is not successful, or if sufficient feelings of doubt are allowed to grow about the whole principle of privatisation in the course of the next few months, it will be a severe morale blow to the Government as it is so central to our policy.

I believe that we have a big selling job to do on the concept of privatisation. Norman Tebbit, John Butcher and I make speeches about it, there have been debates in the House and we brief journalists from the heavies, putting over what is a very complicated and intricate story. There are many different lobbies and it is very difficult to satisfy them all.

I do feel that we must now take an initiative to explain more fully to our supporters in the country the advantages of liberalisation and privatisation. What I have in mind is to set up a team of MPs, the nucleus of this would be the people who have been on the Telecoms Bill this session and one or two from the previous session. The idea is that they would be fully briefed on the various issues and they would be available to speak at various party meetings, like area meetings and area CPC meetings and at constituency events. We should plan such





meetings to discuss BT and privatisation. We would collectively produce material which would set out the main selling points. We should consider a Party Political broadcast on it. This would have to be done well in advance of flotation since we can't be seen to be pushing the shares.

The main points are:

1. Liberalisation and privatisation puts the customer in charge for his choice is key. Already significant improvements.
2. Liberalisation by itself is not enough. If BT or parts of BT are left in the public sector with the possibility of subsidy, there cannot be fair competition. (SDP/Liberals say liberalise not privatise).
3. Privatisation changes the whole ethos and management style of businesses eg Cable and Wireless. We are opening the cages for the birds to fly free.
4. Mercury must be established as a major competitor to BT otherwise BT would be surrounded by a lot of minnows which it could swallow or destroy. There is a small but vociferous lobby advocating much wider competition which would lead to many minnows.
5. We have a unique system of access charges to protect the social service elements, post-privatisation - public call box, the 999 service and rural and remote areas. We get more letters on this than any other aspect of BT's privatisation.
6. Consumer protection is enhanced by the Bill. BT can be sued for poor performance and OFTEL is the only consumer complaints body with a power of direction.
7. We have improved both in statute and in the licence the position of the disabled as regards BT's services in the future.

You will see we have a very good story to tell.

The unions are conducting quite a sophisticated campaign against the Bill. They are exploiting anxieties in the rural areas on call boxes and remote telephones; they are alleging that the disabled will be worse off and that when BT has to make profits





they will tend to neglect residential subscribers. They are also using opinion polling techniques to show that there is a declining enthusiasm for privatisation in general and for the privatisation of BT in particular.

It seems to me that we have a real job to do and I'd like to consider with you setting up a mechanism to put the Government's case strongly since I think it will be a major reversal if we fail to win the hearts and minds of the country on this. Perhaps we could meet early next week to discuss these points. It may be helpful to work with Michael Spicer on this.

I am copying this to the Prime Minister and John Moore.

*Handwritten signature of Kenneth Baker*

KENNETH BAKER

2 - NOV 1963

