

13 May 1985

ROPS

PRIME MINISTER

PRIVATISATION PROGRAMME

The Chancellor's paper sets out the position clearly.

We recommend that you:

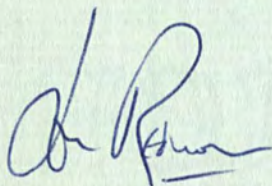
- a. Confirm the water industry for inclusion in the programme.
- b. Stress the need for more rapid progress on privatising the non-cars parts of BL - there has been too much foot-dragging over Leyland Vehicles.
- c. Confirm that Shorts and Rolls Royce are firm candidates for 1986/87 or 1987/88.
- d. Encourage the option papers on BREL, British Nuclear Fuels, the water authorities, and National Girobank, to come to Ministers quickly.

This is a large and exciting programme, as the Chancellor describes. The markets can stand the amount of money entailed - total investment inflows into the institutions now exceed £17,000 million a year, and it is realistic to



suppose that half of these can and will be invested in the UK equity market if there are enough opportunities. This leaves up to £5,000 million a year of capacity for Government equity sales.

It is also important to stress to colleagues the need to sell more land more rapidly. This will help the house-builders and the housing programme; relieve some of the planning pressure on Green Belt and favoured areas; release cash for cash-strapped nationalised industries; and enable some of the tattiest land in this country to go forward for improvement and development.



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