

Pine Mistle  
Caret to agree the  
Mello / Griffiths line?

PRIME MINISTER

19 January 1990

Recd  
19/1

Yes - vigorously  
not

PRIVATISATION OF TRANSMISSION: METHOD OF SALE

One possible way of privatising the IBA transmission system would be a management buy-out (MBO). George Russell is unhappy at this because he does not think the people concerned have sufficient commercial acumen. Price Waterhouse, who have looked at it in detail, conclude that the IBA's case is overstated, and David Mellor argues that an MBO should not be ruled out. Douglas Hurd felt the same way. → see letter below

My own judgement is that the Home Office are right. I fear that George Russell is voicing the views of those in the IBA who have traditionally taken a rather paternalistic attitude to the industry. And who are finding it very difficult to change their ways. The viability of an MBO should be judged in the market place not the committee rooms of the IBA.

An MBO may or may not be feasible. It should certainly not be ruled out a priori by the IBA.

Recommendation

Support the Home Office proposal.

Yes not

Brian Griffiths

BRIAN GRIFFITHS