

cc: E(NI)

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10 DOWNING STREET

From the Private Secretary

6 June 1984

cc: Nick Owen

NATIONALISED INDUSTRIES BILL

The Prime Minister has seen the Chief Secretary's letter of 17 May to the Secretary of State for Energy, the latter's reply of 29 May, and the Secretary of State for Trade and Industry's letter of 4 June. She believes that, although many of the items in the Bill are technical, a number do raise fundamental issues about the relationship between nationalised industries and Government. She is also under the impression that the provisions suggested by the Chief Secretary go further than was agreed in E(NI) in April last year.

BF

The Prime Minister would, therefore, like these questions to be considered at a meeting of E(NI). She would be grateful if the Chief Secretary could prepare a paper dealing with the substantive issues which need to be resolved, relegating the purely technical items on which there is agreement to an annex.

I am sending copies of this letter to the Private Secretaries to members of E(NI), Janet Lewis-Jones (Lord President's Office), David Morris (Lord Privy Seal's Office) and Richard Hatfield (Cabinet Office).

Andrew Turnbull

John Gieve, Esq.,
Chief Secretary's Office,
H.M. Treasury.

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CONFIDENTIAL

PRIME MINISTER

cc Mr Owen

Nationalised Industries Bill

The Chief Secretary has written to colleagues on E(NI) seeking their agreement to the changes to be included in the Nationalised Industries Bill. He has invited colleagues to clear these in correspondence. Both Mr. Tebbit and Mr Walker feel the changes proposed raise fundamental issues about the relationship between nationalised industries and Government, and go further than agreed at the meeting of E(NI) last April under the Chancellor' chairmanship. For example it was agreed that:

"The legislation should not include powers for Ministers to set objectives and performance aims for nationalised industries."

The new proposals include powers for the relevant Secretary of State to set financial objectives. I know that the Chief Whip has reservations about this proposal.

It is a mistake to attempt to clear in correspondence what is in aggregate a major piece of legislation as though it were merely a collection of technical items.

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Agree a letter to CST asking him to prepare a paper for a meeting of E(NI)? The main body of the paper could incorporate substantive items on which there is disagreement and the purely technical items which are agreed could be relegated to an annex.

AF

5 June 1984