



10 DOWNING STREET

THE PRIME MINISTER

31 August 1979

Dear Suedor Lang,

Thank you for your letter of 31 July and the interesting material you enclosed. Thank you also for your kind comments.

I certainly agree that there are very real benefits to be derived from encouraging wider stock ownership and I think that this applies not only to owning shares in the company in which people work but also to investing in company shares more generally. Like you, I am convinced that by increasing the commitment of employees to the financial wellbeing of their company, and perhaps by making them more aware of problems and requirements of other aspects of the operation of the company, employee share ownership schemes can make a significant contribution to improving productivity and consequently profitability. This can only be to the advantage of all those associated with the company, including the existing shareholders, and clearly if these improvements were to be reflected across the whole of industry the impact on the economy would, I am sure, be substantial.

As you may know, last year the previous Government introduced a fairly limited concession which provided tax relief for certain approved employee share ownership schemes. We have undertaken to

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expand and build on the existing schemes for employee share ownership and we will also be giving the employees of the nationalised concerns an opportunity to purchase shares in their respective companies if these are sold back into private ownership. However, we are not yet clear quite what form our proposals on wider share ownership will take, but your comments and the material you have provided will be very helpful.

Thank you again for taking the trouble to write.

Yours sincerely  
Margaret Thatcher

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Senator Russell B. Long, L.A.