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SECRET

Nigel Lawson Esq MP
Financial Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON
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2 July 1979

Dear Financial Secretary,

SALE OF PUBLIC SECTOR ASSETS

The timing of the request in your letter of 19 June that I should estimate the proceeds in 1980/81 and later years from disposals by the nationalised industries which I sponsor leaves me in difficulty, for a definitive reply would seem to pre-empt the consideration of the scope for disposals and "privatisation" which is being pursued by the group of Ministers under Keith Joseph's Chairmanship.

My industries are the two Scottish Electricity Boards and the Scottish Transport Group. I cannot reasonably adopt a policy towards them which differs markedly from that adopted by David Howell and Norman Fowler towards the similar industries in England and Wales. There may also be considerations of sectoral policy which they would wish me to take into account.

For these reasons, I cannot at this stage offer the definitive answers which you seek. The best I can do is indicate that there may be scope for the selling off by the Electricity Boards of some retailing and servicing activities (this may be limited, in parts of the North of Scotland, by the absence of a market on a scale sufficient to attract a private entrepreneur); and, in STG's case, for realising various minor ancillary interests.

I cannot however estimate the amounts involved, far less allocate them to specific years, without consultation with the industries which I am not yet ready to undertake. I do not, in any event, suppose that the sums are likely to be of an order which would have an appreciable effect on the Chancellor's public expenditure arithmetic.

I am copying this letter to the recipients of yours.

*Yours sincerely
AS Wilson*

(Approved by the Secretary of State and signed in his absence.)

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