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10 DOWNING STREET

From the Private Secretary

12 September, 1980

cc: D. Ind
D. Energy
C/D/Jan
C. Whip
Sir L. PLIATZKY
John Howkins
Master
Econ Pol K.H.

Proposal for a National Investment Trust

As you know, the Prime Minister held a meeting this morning to discuss Sir Leo Pliatzky's report which he submitted under cover of his minute of 17 July on the proposal for a National Investment Trust to promote a wider ownership of property. Besides Sir Leo, the Chancellor of the Exchequer, the Secretary of State for Industry and the Secretary of State for Energy were present. In addition to the report and Sir Leo's covering minute, they had before them the Chancellor's minute of 1 August, Sir Keith's minute of 4 August and Mr Howell's comments contained in a letter from Denis Walker of 25 July.

Sir Leo said that of the three possible schemes he had examined, the Brittan-Riley proposal or the National Investment Trust variant which he had suggested had both looked attractive in principle as a means of widening property ownership. But both schemes would involve major problems - in particular, the expense of managing them and the resources which would be pre-empted which might otherwise be used to reduce the PSBR or to reduce taxation. If either scheme were to be in place before the next election, detailed planning would need to start fairly shortly. But before doing any further work on the proposals, a political judgement was needed on whether it was worth carrying them forward.

The Chancellor said that he was quite sure that the resources which would be pre-empted by either of the schemes would be in excess of what could possibly be afforded in the foreseeable future. He had, therefore, concluded that the proposals should be dropped for the time being. Mr Howell and Sir Keith Joseph both emphasised the importance of extending property ownership and making "earners into owners"; but they agreed that the arguments against proceeding with the schemes discussed in the report this side of the election were decisive.

/The Prime Minister

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The Prime Minister said that she too agreed that the idea of introducing anything this side of the election should be ruled out. However, it would be worth giving some publicity to the fact that the various options had been considered. She suggested that there should be a Private Member's Debate in the coming session on the whole question of the wider ownership of shares - it should not be difficult to persuade a Government supporter to choose this as a subject for debate - and that whoever spoke for the Government could reveal the conclusions of Sir Leo's report.

I am sending a copy of this letter to Ian Ellison (Department of Industry), Julian West (Department of Energy) and Sir Leo Pliatzky; and also to Robin Birch (Chancellor of the Duchy of Lancaster's Office) and Murdo Maclean (Chief Whip's Office).

CLERK LANCASTER

A J Wiggins, Esq
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