

1A

DRAFT STATEMENT ON THE FUTURE OF BRITISH AEROSPACE AND BRITISH SHIPBUILDERS

Two points on your query below:

- (i) The Manifesto said - "we will offer to sell back to private ownership the recently nationalised Aerospace and Shipbuilding concerns".
- (ii) Aerospace and Shipbuilding are closely linked in the public's mind because they were nationalised together.

Hence, it is almost certain that, if shipbuilding is not mentioned, a Question will be put about it. Sir Keith therefore thinks it is better to come clean in the statement itself.

Sir Keith intends to add a sentence saying that, if shares in British Aerospace do not attract buyers, the Government will consider selling off the profitable Dynamics subsidiary. This option was, I understand, considered in Opposition, though as a second best solution; provision needs to be made for it in the legislation in case the Government decides to go down that route. It is better to announce it now as a possibility, rather than to be driven to it at a later stage.

Are you content?

Sorry to come back to the point

but ① Shipbuilding - the chapter of the last year really does expose S & S to a noisy few moments just as he sits down. Can we not say, "Because of the problems affecting the shipbuilding industry and the difficulty of predicting its future size, no action can be taken at the moment to return it to the private sector".

[Is this accurate? I should have

20 July 1979

thought that parts of it could still
be sold off?)

(2) Is it advisable just as we are
pulling shares on to the market to cast
doubt on whether they will sell? The inclusion
of such a sentence would go a long way
to harm the chances of success.

and



CONFIDENTIAL

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

PS/ Secretary of State for Industry

Martin Hall Esq
Private Secretary to the
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Whitehall
London SW1

PRIME MINISTER

Contact for this statement
to go ahead - and with the
19 July 1979
draft?
MS

Dear Martin

SALE OF BRITISH AEROSPACE AND WARSHIP BUILDERS TO THE PRIVATE SECTOR

Following today's E(DL) policy approval for my Secretary of State's proposals on the sale of British Aerospace and British Shipbuilders to the private sector, my Secretary of State has asked me to circulate the text of the statement which, after consultation with the office of the Chancellor of the Duchy of Lancaster, we propose should be made on Monday 23 July. This is the day on which we are due to take first order PQs and also to make the statement on Government policy towards shipbuilding. In view of this, my Secretary of State would like the Minister of State, Adam Butler, to make the statement on Shipbuilding. We are assuming that protocol demands that the Secretary of State's statement is made before that by Mr Butler.

I should be grateful if any comments which other Departments have on the text of the proposed statement could be with us by 6.00 tomorrow night.

Copies of this letter go to Tim Lankester (No.10), Private Secretaries to all Members of E(DL) and E(EA), John Gutteridge (MoD), Charlotte Edgerton (CDL), Murdo MacLean (Chief Whip's Office) and Martin Vile (Cabinet Office).

Would it not be better to leave out all reference to shipbuilding as we are not going to make any action? MS

Yours ever

PETER MASON
Private Secretary