

LH

cc Mr Dwyer

C O N F I D E N T I A L

Aerospace



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Your ref:

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See briefing

12/17

SHARES FOR EMPLOYEES

I wish to comment briefly on your minute to the Prime Minister of 18 June.

We can agree that a consistent and flexible policy is needed to deal with these cases. But your suggested £50 per head limit for free issue of shares is so much of a token as to expose us to grave risk of adverse reaction amongst employees whose sense of responsible ownership we aim to evoke. Moreover, the £50 sum creates a rigidity, where flexibility is needed to cope with the different staffing and conditions in each industry.

In my view, the wider the shareholding is amongst employees, and the more significant the sum, the better our general objectives will be served. This argues for giving emphasis to the free offer component of the various deals. It would follow that whatever the overall limit should be - and in my view this should be at least 5%, possibly more - Ministers should be able to push up the free offer element well above the £50 levels as circumstances warrant. I do not think that we need worry too much about comparisons of free offers as such between industries, because we can always argue that the total packages are of broadly equivalent cash cost in each case.

A copy of this goes to the Prime Minister, Keith Joseph, other members of E(DL) and Sir Robert Armstrong.

Yours truly

MICHAEL HESELTINE

The Rt Hon Sir Geoffrey Howe QC MP

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