

010  
CONFIDENTIAL



Chancellor of the Duchy of Lancaster

cc 10.  
Subject in Royal Academy  
future

PRIME MINISTER

I shall probably be unable to attend E(A) tomorrow due to the passage of the TSB Bill in the House of Lords. So I am writing now with comments on two of the questions raised by ~~C(85)7~~.

E(A)(85) 15

First, does the draft consultative document justify our deciding for the commercial management (CM) proposal? I do not find that it does. CM is preferable to the trading fund in theory. But I am not persuaded that it would be much better in practice for some time, not least given the terms we shall (effectively) have to guarantee contractors to attract their interest. Privatisation still seems more attractive in principle, and the best case for CM might only be that it is a useful step down that path.

If, however, colleagues agree that the "commercial management" route advocated by Michael Heseltine is the best way ahead, I think we should consider whether a consultative document is the best way of putting that decision into effect. I do not think it is. I fear that a document such as this will have the effect of stimulating a good deal of hostile criticism and lobbying against the commercial management idea and will not rally many supporters of it to our side. If that fear is well-founded, then would it not be better to publish the Government's decision in a White Paper which puts the case for commercial management more forcefully?

I am copying this to other members of E(A).

9.

GOWRIE  
20 March 1985

CONFIDENTIAL

20 MAR 1965

COMMUNICATIONS