The Sale of the Century: Privatization in Great Britain

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Introduction

What do a British airline, the biggest stock market offering in the world, a bank with literally no owner and Margaret Thatcher all have in common? They’re all part of Great Britain’s Conservative Party’s plans to create one of the most sweeping redistributions of property, short of a revolution, ever seen. Since 1979, the British government has raised over 12 billion (approximately $21 billion) by selling shares of formerly public assets such as British Telecommunications, Trustee Savings Bank, British Gas, and British Airways.

The purpose of this article is to provide the reader with an overview of the privatization campaign as a whole and to take an in-depth look at the sale of the four representative companies mentioned above. I will examine each company before the sale and analyze the effects of the sale on the company. I will also appraise how each of these sales has impacted both the British economy and the Conservative Party’s political standing.

The government has expressed several motives for privatization, including increased competition, tax cuts, and wider share ownership. So far, none of these stated goals have been accomplished. Privatization has only succeeded in yielding tremendous price gains for shareholders lucky enough to participate. For example, the price of British Telecom shares more than doubled on the first day of trading. After one year, the price had quadrupled.

These price gains have helped the Conservative Party accomplish its unstated goal of privatization—to get Margaret Thatcher re-elected. She took office in 1979 and was reelected in 1983 and again in 1988 partly because privatization has been such a political success. Privatization has also served her purpose of weakening the Labour Party by promoting the ideal of England as a capitalist democracy.

The Labour Party had threatened to renationalize everything when it returned to power, but Margaret Thatcher has taken steps to make sure this never happens. First, most of the shares were sold to British voters. Since they
have been making money in the stock market, it is doubtful that they would support the prospect of renationalization. Second, even if the Labour Party does eventually return to power, Margaret Thatcher has tried to spread out share ownership in privatized companies to such an extent that renationalization would be a very difficult and expensive task.

It is too soon to tell how long the effects of privatization will last or how they will affect the next general election in 1993. Due to her age, it is unlikely that Margaret Thatcher will run again, but the Conservative Party may stay in power if privatization is still successful five years from now. If the stock prices of those companies already privatized begin a downward trend, however, or if the issues of companies yet to be privatized fail to generate good returns, confidence in the Conservative Party may drop and the Labour Party's chances will improve in 1993.

The Process of Privatization

In the process of privatizing, the British government has not relinquished total control of the firms. In some cases, only part of a company has been sold, and in most cases the government has retained a perpetual “golden share.” This golden share provides no voting rights, but it still gives the government the right to veto the creation of a new class of stock and the sale or disposal of more than 25% of net assets or net income. The power that the government retains in these companies makes them less attractive to speculators, but encourages small investors who trust the government's decision-making ability.

The two most common methods for privatizing a state-owned company are the offer-for-sale by tender and the untendered offer-for-sale. If an issue is tendered, each potential investor is asked to state a price at which he would be ready to buy a specified number of shares. By averaging individual's tender prices, one price is determined, and all shares are initially sold at this price. This method usually results in a closer approximation of the "real" market price for an issue because the price is determined by the buyers themselves.

The most common method for transfer is the untendered offer-for-sale. It is important to recognize the difference between the underwriting systems in Britain and the U.S. In the U.S., investment banks underwrite the issue and then sell directly to final purchasers. In Britain, the primary underwriters are a small group of merchant banks. The sub-underwriters are the large institutions which guarantee to take up the unsold shares on a retail basis. It is the group of merchant bankers who determine the price of an issue in advance. To be sure that all shares will sell quickly, these bankers encourage investors with market discounts, the size of which depends on the condition of the stock market and the size of the issue. Larger issues require larger discounts to prevent flooding the market.

One way of judging the success of privatization, and how it has affected the Conservative Party's political popularity, is to examine the stock market performance of several companies. The performance of each company, however, cannot be judged in isolation. It is important to recognize the differences between the companies, the characteristics of the industries in which they operate, and the circumstances surrounding the sales.

British Telecommunications

The first example of privatization which I will discuss is that of British Telecommunications. British Telecom (BT) provides telephone service for U.K. customers. It also operates national paging and radio telephone networks, owns a majority of one of the two cellular mobile telephone networks in the U.K., manufactures and markets telephones, and publishes the Yellow Pages. British Telecommunications and the Post Office had been run as a single unit until 1981, when the two were separated.

BT is currently the world's fourth largest telecommunications utility, servicing 20 million customers, operating 7000 exchanges and employing 241,000 people (Gribben, p. 20). Its emphasis is on the business customer, and one-third of its revenues are received from its three hundred largest corporate clients.

Although British Telecom is a near-
monopoly, it is not without its problems. Approximately 60% of its customers rely on electromechanical equipment designed more than eighty years ago; and in some areas, it can take months to get a phone installed (Gribben, p. 20). Some of BT's problems stem from its former government ownership. Its cumbersome bureaucracy often made it difficult to make sound decisions, and it found itself unable to move aggressively into foreign markets while labelled as a public utility. Still, with today's technology, there was no reason for BT's failure to meet changing demand. However, since it was a public utility and a near-monopoly, there was no incentive to change.

The failure of British Telecom to provide the British public with modern telecommunication services paved the way for a bold, state-of-the-art competitor to enter the market. The government helped speed up the process with the British Telecommunications Act of 1981. The Act enabled private firms to provide services using BT's network and allowed private firms to supply equipment to BT's network. More importantly, it licensed the Mercury Consortium to establish and operate an independent network for the business community, all in direct competition with British Telecom. Mercury had a beginning budget of £50 million and no debt, was the first in Europe with an all-digital network, and has been providing new standards of service not found anywhere else. Service began in 1983 in the City of London and has been spreading ever since through the use of optic fibers running in ducts along the tracks of British Rail.

British Telecom reacted to Mercury's threat by taking competitive steps for the first time ever. It lowered some prices by as much as 35%, offered such new services as high speed electronic mail and data communications, and has retrained its managers to think in profit-oriented terms. In fact, British Telecom has recently been combatting its competition more aggressively than the government ever thought possible. Since one of the reasons for privatization is to bring about increased competition in the marketplace, it is important politically for Mercury to succeed. In fact, from the start Mercury's prospects were so good that shortly after it began operations, the British government announced the forthcoming sale of British Telecom. The government preferred to sell BT intact instead of breaking it up, apparently deciding that the presence of Mercury satisfied the requirements for competition.

As with most other issues, the government prepared for the sale with heavy advertising. British Telecom spent £50 million in advertising aimed at the small investor. It even sent advice on how to buy stock to its customers along with their phone bills. Then, customers were offered special incentives to buy BT stock. With a minimum investment of £250 (approximately $440), customers could opt to receive discounts on their telephone bills for three years, or they could participate in the 10% bonus share scheme offered to all potential investors. Most of these incentives, however, were tailored to individual shareholders in order to accomplish the goal of wider share ownership.

In December, 1984, 50.2% of British Telecommunications was offered for sale, a sale which raised £4.4 billion (approximately $7 billion) for the British government. At the time, BT was the biggest stock market offering in the world, accounting for 50% of all new issues on the London Stock Exchange in 1984. Upon privatization, BT would instantly become England's biggest public company. This was also the first time foreign investors would have the opportunity to buy shares in a privatized company, and complications surrounding multiple-launches into the London, New York, Toronto, and Tokyo stock exchanges added to the uncertainty surrounding the sale.

The British government sold the BT shares for 50p each; and on the first day of trading, the price nearly doubled. In fact, over the next month the price rose to 105p, 210% above the initial sale price. On the first day of trading alone, investors in British Telecom realized an immediate gain of £1.7 billion, while investors in the U.S. made $80 million (Kaletsky, p. 55). After one year, the share price had increased by 296%—the largest percentage share price increase of any of the privatized companies.

The reason for such impressive price gains
was simply excess demand. British investors could not get their hands on enough British Telecom stock, and applications exceeded shares offered by a factor of five. When BT suddenly accounted for over 6% of the London stock market index, institutions found themselves needing still more BT stock in order to match their portfolio performance with that of the Financial Times All-Share Index, a common measure of the London stock market.

Since the market put the value of BT shares at a level which was twice as high as that set by the government, it seems likely that the government was not trying to maximize its revenue from this sale. If raising revenue were a primary goal of privatization, the government would have been wise to sell just a few shares at first, wait to see how the market valued BT, and then sell a little more at a time over a few years. The government lost its chance to raise twice as much revenue as it did from the sale of British Telecom.

Margaret Thatcher was correct in her reasoning that stockholders would make substantial gains on BT stock. But, in order to make sure that privatization would help her stay in office, the voters would have to be the ones enjoying most of the gains, not British institutions or foreign investors. As it turned out, the BT sale resulted in the widest share ownership of all the privatized concerns. Before British Telecom, individual share ownership in Great Britain had dropped to less than 2 million. After the sale, that number doubled. Forty-six percent of all shareholders were holding BT stock, and 26% were holding only BT (Guirdham and Tan, p. 31). Many of these shareholders were British Telecom employees, 96% of whom bought shares (Young, p. 3).

By the end of the first year after the sale, however, BT lost 26% of its shareholders (Sampson, p. 30). Many of these shareholders simply sold their shares when the price began to soar to realize substantial profits. Others no doubt feared renationalization in the event that the Labour Party should regain power.

British Telecom’s performance literally “sold” the British public on the idea of privatization, and subsequent privatizations have reinforced the notion that there were gains to be made by owning stock. British Telecom was the first privatization to have a measurable effect on the popularity of the Conservative Party.

**Trustee Savings Bank**

Certainly the most unique enterprise ever sold on the privatization agenda was Trustee Savings Bank (TSB). TSB is a commercial bank with assets of £2 billion, 1624 branches, and more retail customers than any other bank in England (Kaletsky, p. 56). What makes Trustee Savings Bank special lies in its history. In 1975, over one hundred savings banks merged to form TSB. The consolidations left TSB with a bizarre legal and financial structure, and literally no owner. Up to the time of privatization, the government had been appointing its management; but strictly speaking the bank belonged neither to the government nor to its depositors.

In 1986, the government apparently desired to rid itself of the burden and sell the bank to the public. Since lawyers could not determine who should get the proceeds from the sale, it was decided that the bank itself would receive the proceeds. This meant that those who subscribed to buy shares of TSB would, in effect, get back all the money they put up to buy TSB. And so Trustee Savings Bank started with £800 million in assets, kept the sale proceeds of £1.2 billion, and then wound up with assets of £2 billion. Thus stockholders paid £1.2 billion for assets worth £2 billion, which resulted in an outright “gift” of £800 million (Sampson, p. 29).

This situation posed a unique problem for determining the appropriate valuation for TSB. In theory, TSB could have become a “black hole” for capital, with no price high enough to equate supply and demand. Investors who bought shares in TSB would be getting back all the money which they had invested, with a premium added. Demand for the essentially costless premium could theoretically have been infinite, and some believed that no amount of shares would be sufficient to satisfy demand. The government, however, was not overly concerned about the matter of price since it was anxious to launch TSB into the private sector.
as soon as possible. Thus, an arbitrary price of 100p per share was selected.

About 5 million applications were received for the shares offered, and the number of shares which individuals could buy was limited. As it turned out, however, Trustee Savings Bank was not the "black hole" which some feared. In fact, surprisingly the price actually decreased during early trading. After one year, however, TSB stock was doing very well with its price rising to 154p per share, an increase of 54% above the issue price. The initial price decline was also to have no ill effect on future privatizations. The British Gas offering followed just two months later and was extremely successful.

The TSB offering was one more bit of evidence that the British government was not primarily concerned with raising revenue in its privatization efforts. In fact, the government received no revenue whatsoever from the TSB sale.

**British Gas**

The third example of privatization which I will discuss is British Gas. British Gas is the largest integrated gas supply company in the Western world. Its activities include natural gas exploration and production, transmission through pipelines, gas storage, industrial and residential supply, and the sale and installation of gas appliances. The range of British Gas's activities is so extensive because it is the only public gas company in the world with a total monopoly on gas transmission and related services. British Gas provides 99% of the natural gas used in Great Britain, so there can be no argument that the structure of the natural gas industry is anything but monopolistic. In the long run, however, other sources of fuel (such as coal and oil) provide competition for natural gas.

In order to increase competition in the gas market, some had suggested breaking up British Gas into smaller companies before its sale. The model for this suggestion was the break-up of AT&T in the United States. The principal reason the British government did not break up British Gas, however, was that it was much easier to sell intact. (A large monopoly is an attractive investment.) Marketability was thus considered to be more important than competition in this case.

Despite British Gas's attractiveness to potential shareholders, the size of the issue was still large enough to cause some concern. The £7.75 billion (approximately $13.7 billion) offering in November 1986 was the largest common stock offering in the world until the 1987 offering of British Petroleum. Since no one had ever tried to sell that much all at once on any stock market, both the government and British Gas decided to boost the demand for the offering, and that called for advertising and buying incentives.

Advertising began in 1986 with a £17 million two-part "blitz" conducted by a British subsidiary of Madison Avenue's Young & Rubicam (Wilson and Wentz, p. 69). The first round of television and print ads was designed to merely tell people how profitable British Gas was. The second round of ads focused on the stock issue itself and featured the slogan, "Everyone can buy a share of the shares." Young & Rubicam then proceeded to spend an additional £40 million to develop a fictitious character, Sid, who quickly became a British folk hero. Sid is just an "average guy"; he's a stranger on the street, the man in the elevator at work, or the man sitting at the next table in your favorite restaurant. In the series of ads, the news of the British Gas offering was delivered by many unusual means, including even a carrier pigeon. But each ad ended with the line, "If you see Sid, tell him." The message was clear—everyone should own shares in British Gas.

To encourage investors further, still other incentives were offered. For example, British customers were guaranteed a minimum of two hundred shares when they applied. They could then choose to receive either a discount on their gas bill worth £10 for every 100 shares held, or a bonus of one additional share for every ten held for three years. By participating in these schemes, British households were guaranteed yields between 20% and 30% over the next three years.

After the British public had been saturated with advertising about British Gas, 96% of the company was offered for sale in Novem-
ber, 1986. Since demand for shares was expected to be high, specific rules about how the shares were to be divided among categories of investors were devised. The British government was to hold one share of special stock and four percent of the ordinary shares. Of the more than 4 billion shares sold, 32 million, or 0.8%, were sold directly to employees of British Gas. Approximately 88% of the shares were sold in the U.K. and 4.2% were sold in the U.S. in the form of American Depository Receipts (ADRs). Under this latter arrangement, an American bank issues a piece of paper that gives the holder rights to the actual shares held by the bank at an overseas office. ADRs are convenient because they enable Americans to buy shares without going abroad and are denominated in dollars. Moreover, dividends are automatically sent to the holder. U.S. institutions purchased as many shares as they could and have been holding them in their portfolios and getting nearly twice the dividend rate they can get from U.S. gas companies. The remaining shares were sold in Europe, Canada, and Japan.

Once the British Gas shares were listed on the stock exchanges, trading for them reached a record level. Twenty percent were traded on the first day, raising the price from 50p to 64p, an increase of 28%. This translates into a £560 million "gift" from the British government which could have charged 64p to begin with. These price increases were the result of trading done by institutions only, since individual shareholders did not receive their letters of allotment until one week later. Institutional demand was stimulated because British Gas suddenly accounted for 2% of the Financial Times All-Share Index. Institutions which weighted their portfolios like the market were thus grossly "underweight" in their British Gas holdings, and sought to buy more shares in the market. Also, overseas investors didn't get as many shares as they wanted and they further stimulated demand. After one year, the price of British Gas rose to 128p per share, an increase of 156%.

**British Airways**

The final privatization which I will be analyzing is that of British Airways. In 1971, British Overseas Airways and British European Airways merged to form British Airways (BA). Even before privatization, BA had earned a reputation as the nation's flag carrier to the rest of the world. The British are proud of British Airways with good reason—BA "flies more passengers to more countries than any other airline" (Van de Vliet, p. 115). It serves all markets in the world (except South America and West Africa) and does so mainly from its hub at Heathrow, the world's busiest international airport. British Airways caters to business travel, leisure and holiday travel, tour groups, charter business, world-wide cargo, and even flies the Concorde.

In fact, British Airways' business is such that it now offers 82% of all British international flights, while its biggest competitor, British Caledonian, only provides 11%. This qualifies British Airways as a monopoly under the Fair Trading Act of 1973. Yet, the government had never considered breaking up British Airways before its sale. This decision was not arrived at without controversy, however, the details of which will be discussed later in this section.

Despite its near-monopoly situation, British Airways was not without problems. In 1983, BA's debt was £1.053 billion; and although by 1984 the debt was reduced to £901 million, this still left BA with a debt-to-equity ratio of 7.15 to 1—excessively high, regardless of industry (Van de Vliet, p. 49). British Airways therefore needed lots of "fiscal engineering" before the sale was attempted.

British Airways also suffered from the same problem of decision-making inflexibility that had earlier plagued British Telecom. To its credit, however, the British government gave British Airways the right to make its own decisions before the sale by hiring Colin Marshall as Chief Executive Officer. Marshall had previously worked for Sears, Hertz and Avis, and he was given the job of reorganizing British Airways and getting it ready to enter the private sector.

Marshall began by hiring Price Waterhouse to analyze BA's problems and suggest solutions. British Airways then turned its attention to cutting costs. Following the 1971
merger that had formed BA, the entire labor force had been retained, and many positions were unnecessary. From 1981 to 1984, however, 22,000 jobs were cut (Lace, p. 18). This reduced the wage bill costs by at least £200 million, an amount which was subsequently used to help reduce BA’s enormous debt. For those employees who stayed, rewards improved substantially. To be sure that its staff was well-motivated, British Airways developed a profit-sharing scheme. Each worker now receives an extra week’s pay for every £50 million BA earns above the £150 million operating profit target (Lindsay, p. 21). The sale of British Airways has also proved beneficial to labor productivity. Since employees now own shares in their company, they are willing to offer a much higher level of customer service, which in turn increases profits.

In 1983, British Airways took additional steps to reduce costs. It cut 62 routes, closed 22 overseas offices, sold 71 unused aircraft, and withdrew 91 outdated planes from service (Lace, p. 18). It also conducted a market research survey to find out exactly what customers wanted and has since been trying to provide those services. In fact, it has even instituted a training class entitled “Putting People First”—a course that all employees are now required to pass.

After the arrival of Colin Marshall, British Airways experienced an incredibly fast turnaround. A £544 million loss in the fiscal year 1981/82 soon gave way to a £272 million profit in 1983/84 (Lace, p. 18). British Airways was finally in good shape to enter the private sector.

As with most large privatizations, advertising was crucial to the success of the issue. Previous privatizations had already created a great deal of momentum, so the BA campaign didn’t have to drum up much initial enthusiasm for share ownership. Still, a total of £7 million was spent through Saatchi & Saatchi on a series of ads, which featured symbols of national pride such as Big Ben, the Tower Bridge, and Albert Hall actually saluting British Airways (Bowen, p. 30). Other ads used film clips from “Casablanca” and “Close Encounters of the Third Kind” to explain that BA is the “World’s favourite airline.”

With the British Airways sale, as with all others, it was important to decide to whom the shares were to be sold. The privatization of an airline was different from all previous privatizations because airlines are a high risk/reward business. The government knew the risks, and so advertising was targeted away from the first-time investors and geared more towards sophisticated investors familiar with how the market works. The warning was clear: British Airways was not a stock for “widows and orphans.” The government in this case made no deliberate attempt to widen share ownership within Britain.

The risk associated with investing in the airline industry arises because of the fact that the industry’s success is heavily dependent upon world events. For example, during the running of the “Go for it America” and “Concorde Challenge” promotions, the U.S. bombed Libya and the accident at Chernobyl occurred. People became frightened of air travel, business turned sour, and it was not a good time to sell airline stocks. Other world events such as a sudden rise in the price of oil can also have a drastic impact on airlines’ profits and share prices. Proper timing of an issue is thus crucial; and in fact the sale of British Airways was officially delayed twice over a period of several years.

The first delay resulted from legal action taken by Laker Airways against British Airways, Trans-World Airways, Pan American World Airways and a group of European airlines. Judge Harold Green (of AT&T fame) heard the $1.2 billion antitrust suit which accused the other airlines of conspiring to put Laker out of business. It was decided that the stock would be unmarketable given the uncertainty of the outcome of this suit, and the float was delayed. BA came out of the Laker ordeal unscathed, however, and it appeared that BA would soon be ready for sale.

The second delay came about in 1984 when the British Civil Aviation Authority (CAA) investigated the monopolistic status of BA and recommended that many of BA’s short and long routes be shifted to other airlines, especially to British Caledonian Airways. The size of British
Airways is six times that of British Caledonian, and the two carriers compete on half of British Airways’ routes. British Caledonian lobbied fiercely for the government to approve the CAA’s proposal. This was Caledonian’s chance to gain as many as 25 new routes before the “monopoly” was put into the private sector. On the other hand, British Airways argued that simply taking routes from one carrier and giving them to another was not synonymous with competition. Moreover, it claimed that these proposals would decrease British Airways’ revenues by 7 to 12% and consequently have a catastrophic effect on privatization (Robinson, p. 26). The Transport Secretary sided with BA and in his decision left the company and its routes intact. Disappointed by the decision, Sir Adam Thompson, co-founder of British Caledonian, said:

The government had the opportunity to create two major international airlines rather than one major one and one minor. What was best for the industry was sacrificed in the interest of British Airways (Caulkin, p. 47).

But the government’s motives behind the decision were clear: a near-monopoly is easier to sell than a firm in a competitive industry.

Most of the ordinary shares in British Airways were sold in February, 1987. However, the government set aside 20 million shares (of the total 720 million shares) to be given as bonus payments for all shares purchased and held for three years.

Of those shares that were sold to the public, 8% were bought in the United States in the form of ADRs. Americans received such a relatively large portion of the shares for two reasons. First, 30–35% of British Airways’ business is with the U.S. Also, as CEO Colin Marshall put it:

The U.S. is really the only market in the world with a good understanding of airline stocks. On a comparison basis with, say, Pan Am, we feel we can offer a greater degree of stability (Robinson, p. 26).

Because the sale date was postponed several times, British Airways’ officers worried that the sale might follow too closely that of another popular issue—British Telecom. More specifically, they were concerned that a situation would develop that would find potential investors having “used up” so much of their funds that they would not have the necessary £ 900 million left to buy shares in British Airways. When British Airways was finally sold, however, it did in fact follow the BT sale and came only three months after the even bigger British Gas sale. In hindsight, the officers of British Airways need not have worried about the timing of the sale in relation to that of other issues. The history of privatization has since shown that the amount of funds people are willing to invest is not “fixed.” On the first day of trading, in fact, the price per share of British Airways jumped from 65p to 109p, an increase of 67.7%. Investors obviously thought BA’s price made it a “bargain.”

From a political angle, it is unlikely that British Airways had as much of an impact on the 1988 election as had British Telecom or British Gas. The size of the BA issue was relatively small. Also, many of the shareholders were foreign and so did not vote in the British elections.

Conclusion

There are many justifications offered for privatization. One of the major reasons is that it is supposed to increase competition and thereby raise efficiency. Greater efficiency may have resulted in a few cases, but in others privatization has simply continued the problem of market structure that already existed. British Gas, British Telecom, and British Airways are all examples of monopolies (or near-monopolies) that were simply transferred intact to the private sector. No effective steps were taken to reduce the monopoly element present in these markets.

Prime Minister Thatcher has also claimed that the selling of national assets would increase government revenue, thereby allowing taxes to be reduced. But if this were truly the goal of privatization, then the government should have tried to maximize the revenues it received from the sales. As it turned out, the government realized no revenue from the sale of TSB, and could have realized much more on
the other issues, which were substantially undervalued at the time of the sale.

Another stated goal of privatization is to increase share ownership, and this has been accomplished in the short-run, at least. In all cases of privatization, employees were offered shares at reduced prices, and a high proportion of them accepted. Wider share ownership has clearly served the Conservative Party's political interests. However, there is one major drawback to the privatization scheme which may eventually hurt the Party. Share ownership is "risky business." The government has persuaded its citizens to buy shares, but many of them have never owned stock before. Many do not fully understand how the market works, nor how it can "crash" as did the world stock market in the Fall of 1987. It is true, though, that most of the stocks which the government had been selling are not highly volatile. Also, the government did attempt to discourage unsophisticated investors from buying British Airways, but the warnings may have been ineffective. So much momentum and encourage-

ment had been built for previous issues that investing in formerly government-owned companies may have become habitual.

In the minds of many, the major goals of privatization have been downplayed. Simply put, the government rid itself of the burdensome task of running companies that it felt more properly belonged in the private sector. In every case, the profits of the privatized companies are higher than they were as public companies, although many are still not yet up to industry norms.

Whatever the reasons for the "Sale of the Century," however, the fact remains that it was a successful political move. It has kept the Conservative Party in power and may continue to do so for years to come. It appears to be the case that as long as the British government has assets to sell, investors will buy shares in them. Therefore, the Labour Party may have to change its attitude towards renationalization if it ever hopes to regain substantial political support.

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