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Treasury Chambers, Parliament Street, SW1P 3AG  
OI-233 3000

28 January 1980

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*Jim Kim*

INDUSTRY BILL

Thank you for your letter of 23 January. The Prime Minister has confirmed that, subject to my views, she is content for the Report Stage to be deferred by one week and, if the end of the steel strike is not imminent by Monday, for the new clause to set the financial limit at £3000m rather than £4000m.

I agree with this subject to one point. Although your letter does not say so, I understand that you have now decided that the new clause in the present Bill should specify £750m rather than £1000m as the sublimit which will effectively be earmarked for the NEB's activities other than BL and Rolls Royce. I strongly agree with this change. You will undoubtedly be questioned on this figure and I understand that £1000m could be justified only by implying either that NEB could have a more ambitious role than we envisage for it or that we are specifically providing for the consequences of rescuing companies in difficulty and putting them into NEB care.

You also ask whether I would be willing to make an early statement on progress towards our £1000m disposal target in 1979-80. I can see that this would help you by confirming that we were on target overall but that we no longer needed the full £1000m from the NEB. ~~I shall have to give a breakdown in the Public Expenditure White Paper and possibly earlier.~~ But I would strongly prefer not to volunteer anything now. Our earlier announcement that we were expecting up to £500m from the forward sale of oil attracted a good deal of criticism particularly from the Americans. I should prefer the dust to settle on this for as long as possible before revealing that we are now expecting even higher receipts from forward oil sales.

/To meet

The Rt. Hon. Sir Keith Joseph MP.

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To meet your point I suggest that if you are questioned in the Report Stage you should confine yourself to confirming that we are on target for the £1000m overall and that the NEB will be proceeding with their disposals programme as quickly as they reasonably can bearing in mind the need to arrange suitable sales and to get a good price. If you are pressed on the details of the disposals programme as a whole you can reasonably say that is a matter for me. I will then have to consider it further and to deal with it.

I am sending copies of this letter to the Prime Minister, the Chancellor of the Duchy of Lancaster, members of E Committee, the Chief Whip, Lord Denham and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read 'Geoffrey Howe', with a large flourish above it.

GEOFFREY HOWE

28 JUL 1960

