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TO IMMEDIATE CANBERRA

TELEGRAM NUMBER 289 OF 30 JUNE.

REGRET TRANSMISSION ERRORS IN OUR TELEGRAM NUMBER 288. FOLLOWING IS CORRECTED VERSION.

FOLLOWING PERSONAL FOR WHITMORE FROM SANDERS, 10 DOWNING STREET.

THIS TELEGRAM SUMMARISES SOME OF THE EVENTS OF FRIDAY. COVERAGE OF THE TOKYO SUMMIT HAS BEEN EXTENSIVE, IF MIXED IN TONE. MUCH HAS BEEN MADE OF THE PRIME MINISTER'S COMMITMENT TO NUCLEAR POWER. THE CONCLUSIONS ON ENERGY HAVE BEEN TREATED WITH A DEGREE OF SCEPTICISM BY THE PRESS. A REPORT IN THE GUARDIAN ABOUT THE POSSIBILITY OF INTRODUCING A NEW PRICE INDEX WHICH WOULD HAVE ENERGY ITEMS EXCLUDED FROM IT, ATTRIBUTED TO QUOTE A BRITISH GOVERNMENT OFFICIAL UNQUOTE CAUSED MUCH PRESS INTEREST. AFTER CONSULTING THE CHANCELLOR IN TOKYO SINCE WE COULD NOT CONTACT YOU IN FLIGHT, WE HAVE MADE IT CLEAR TO THE PRESS THAT THE EXISTING RETAIL PRICE INDEX WILL CONTINUE TO BE COMPILED AND PUBLISHED AND THAT NO CHANGE IS



PROPOSED IN THE PRICE BASIS OF SOCIAL SECURITY UPDATING. WE HAVE SAID, HOWEVER, THAT A NEW FORM OF THE INDEX MAY WELL BE PREPARED TO SHOW THE EFFECT OF ENERGY PRICE RISES AND WE ARE BRIEFING THAT THE OIL PRICE INCREASE REPRESENTS A REAL CHANGE IN THE ECONOMY. THIS DENIAL OF THE EARLIER REPORT HAS BEEN EFFECTIVE SO FAR.

MR CALLAGHAN DEMANDED IN THE HOUSE ON THURSDAY THAT THE GOVERNMENT SHOULD MAKE STATEMENTS NEXT WEEK ON THE POST OFFICE SITUATION AND ON THE OIL SUPPLY AND PRICE OUTLOOK FOR BRITAIN. WITH THE AGREEMENT OF MR WHITELAW AND MR MAUDE, WE HAVE ASKED SIR KEITH JOSEPH TO MAKE A COMMONS STATEMENT ON MONDAY ABOUT THE POST OFFICE. WE INTEND THAT, SUBJECT TO THE PRIME MINISTER'S AGREEMENT, MR HOWELL SHOULD MAKE AN ENERGY STATEMENT ON WEDNESDAY.

THE CHIEF WHIP REPORTS THAT HIS SOUNDINGS OF THE 1922 EXECUTIVE LEAD HIM TO HOPE THAT HE MAY SECURE AGREEMENT TO THE NEW MEMBERS' PAY PACKAGE. BUT THE BATTLE IS NOT YET WON AND SOME HARD SELLING LIES AHEAD. HE WOULD LIKE TO CONSULT MICHAEL COOKS ABOUT THE PACKAGE ON MONDAY. GRATEFUL FOR APPROVAL OF THIS OVER THE WEEKEND. IT IS PROPOSED THAT THE DEBATE ON MEMBERS' PAY SHOULD BE ON 11 JULY WITH THE RESOLUTIONS GOING DOWN PREFERABLY ON THURSDAY 5 JULY.

MR PRIOR IS CONCERNED ABOUT ANY POSSIBLE REFERENCE TO COKING COAL IMPORTS IN THE COMMUNIQUE ON THE CANBERRA TALKS. HIS LETTER TO THE PRIME MINISTER WILL BE CABLED TO CANBERRA TONIGHT TO BE TAKEN INTO ACCOUNT IN FINALISING THE COMMUNIQUE.

CARRINGTON

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