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Secretary of State for Industry

23 January 1980

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
London SW1

*Prime Minister*

*Are you content to proceed in this way - in view of the arguments at X. Sir Keith does not want to postpone beyond next week?*

*Yes not*

*Jim Geoffrey*

INDUSTRY BILL

I wrote to you, and to colleagues, on 21 January to invite your views on the Clause that I believe to be necessary in the Industry Bill. Subsequently we had a word and the Prime Minister suggested that it would be undesirable to publish a provision seeking a substantial increase in the financial limit of a public corporation at a time when the steel strike is at the centre of public interest.

Having considered the alternatives that might be adopted, I suggest that the right course is for us to defer the Report Stage of the Bill for a further week. If, by Monday next, 28 January, the end of the steel strike is not imminent, then I propose to lay the Clause, as drafted, but with the one important change that the financial limit would be reduced from £4,000 million to its existing level of £3,000 million. The new Clause in this form would certainly attract a good deal of Opposition attention, but only because of its technical complexity: the figure £3,000 million would not, in my judgement, invite any criticism.

It is for the business managers to say what degree of embarrassment would be incurred to them by any particular period of delay. I think that to defer Report Stage by one week would be unlikely to attract Opposition attention, but any further deferral in my view would be bound to excite suspicion: we have never concealed our anxiety to secure the early passage of the Bill, and we reached an agreement with the Opposition Whips to facilitate this. Quite apart from this, I fear that to slip more than one week would adversely affect the Bill's position in the Lords. It is true that disposals policy no longer demands enactment of the Bill before the end of the financial year, but I would not wish the transfer of Rolls Royce from the NEB (which depends upon powers contained in the Bill) to be delayed.

/You ...



You will appreciate that an inescapable concomitant of pitching the limit at £3,000 million is that we would have to contemplate the introduction of a single-clause Bill at the outset of the next Parliamentary Session, in order to increase the limit to the proposed £4,000 million level. On the best estimates that we can make at present, the £3,000 million figure would suffice until shortly after the turn of the year, so it would be a matter of considerable importance to secure the passage of this new Bill before the next Christmas recess. As I suggested in my letter of 21 January, the introduction of a Bill of this sort will certainly look odd, but we must deal with that as best we may: the principal presentational argument that we will have is that by then we will have given very full consideration to the requirements of Rolls Royce and - I feel confident - made a public statement of the very substantial increase in their requirements since they were last the subject of scrutiny by the House.

I would be grateful for your agreement to my proceeding on this basis. As a corollary, however, I think that we must quickly agree on the terms of a Statement about the Government's policy towards the disposal of public assets in the current financial year. As I see it, the Report Stage of the Industry Bill, if taken next week, would almost certainly have seen questions raised on this subject, but any delay in the Report Stage is bound to heighten the awareness that the end of the financial year is drawing closer, with the enabling powers contained in the Industry Bill still not secured. That, as we know, is no longer any embarrassment to us in terms of disposal policy, but it is clearly necessary for us to be able to say something about it if taxed. Since the issues that are involved stretch much wider than my own responsibilities, I think that it would be preferable for you to make a statement - although of course, I would be well content to do so with your approval in the course of the Bill's Report Stage if that were the more convenient way of dealing with the matter.

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.

Yours,  
Kear

23 JAN 1980

