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cc Walters
Hoskyns 2

Prime Minister



The Treasury have looked very carefully (under the last Government) at the idea of a separate oil fund - this was a pet idea of Mr. Benn's. I doubt whether the Chancellor will wish to pursue it now.

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TL 19/3

18th March 1981

Dear Geoffrey,

It always has seemed to be important that people should see the Conservative Government's policy as using the revenues from our precious North Sea oil for investment rather than to help finance consumption. I know, of course, that the Treasury does not like apportioning particular revenue to particular expenditure - like the road tax fund. But might it not be a good idea to relate some of the revenues from North Sea oil to Government capital expenditure notably in the public sector.

It seems to me important that people should see the Conservative Government - as opposed to the Socialists - being aware of the "once-for-all" character of North Sea oil, as husbanding and using the benefits therefrom to the best national advantage.

I am sending copies of this letter to the Prime Minister, Sir Robert Armstrong and the Secretary of State for Energy.

The Rt.Hon. Sir Geoffrey Howe, QC,MP.