

cc. B1
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JW

10 DOWNING STREET

From the Private Secretary

7 July, 1981.

Dra Peter.

BF 9.7.81
for Hayward.

Statement on the withdrawal of BGC from the Sale of
Gas Appliances

As you know, the Prime Minister held a meeting this evening to discuss the proposed statement tomorrow on the withdrawal of BGC from the sale of gas appliances. The following were present in addition to your Minister: the Chancellor of the Duchy of Lancaster, the Secretary of State for Employment, the Secretary of State for Trade, the Secretary of State for Energy, the Financial Secretary, and the Chief Whip.

The Secretary of State for Energy said he was concerned about the risk of strike action in the gas industry if the statement were made as planned. BGC's view was that the unions would respond with an immediate token strike, and that they would then draw up plans for longer term action, which would probably be primarily aimed at industrial users. He was not at this stage questioning the decision that had been taken to dispose of the gas show rooms; but he believed that a postponement of the statement by Mrs. Oppenheim would be helpful from two points of view. Firstly, it would enable the Government to spend some more time trying to soften up the unions and generally to improve the atmosphere for the acceptance of the decision - it was relevant that NALGO leaders had said that some delay would make things easier. Secondly, it would provide time for Ministers to consider further the contingency arrangements that would be needed for dealing with possible strike action.

The Secretary of State for Employment said that he agreed that some postponement of the statement would be desirable. In his view more time was needed to consider the implications of possible strike action, and what the Government could do to mitigate its effects. There was also a case for postponing the announcement until after the miners' conference had ended.

In discussion, it was pointed out that the Press were already aware that the statement was planned for tomorrow. There had been a number of leaks about the Government's intentions over the past week; and the longer the statement was delayed, the more time this would give the unions and BGC to mount their opposition. The unions and BGC management had already been

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consulted at length and it was unlikely that further consultations would persuade them of the Government's case. Furthermore, if the statement were now delayed, it would look as if the Government was bowing to union and nationalised industry pressure once again. While strike action in response to the statement was quite possible, a 24 hour token strike should not give too much cause for concern; and there would almost certainly be time for Ministers to consider the contingency arrangements for dealing with longer term action.

Summing up, the Prime Minister said that she was not persuaded that the statement should be postponed. It should, accordingly, be made tomorrow as planned. Every effort should be made to minimise the risk of industrial action; and with this in mind, the statement should deal comprehensively with the likely employment implications of the decision, and with the safety aspects. It should also emphasise that the decision was going to be implemented over a five year period, and that there would be further consultation with the unions.

I am sending copies of this letter to David Heyhoe (Chancellor of the Duchy of Lancaster's Office), Richard Dykes (Department of Employment), John Rhodes (Department of Trade), Julian West (Department of Energy), David Willetts (Financial Secretary's Office), Murdo Maclean (Chief Whip's Office) and David Wright (Cabinet Office).

Tim Laker.

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