



10 DOWNING STREET

Prime Minister

Mr Kinnoch's letter has been  
circulated to members of MISC  
101. Mr Walker is considering  
how best to reply. After  
discussion at MISC 101,  
a letter can be drafted, to  
be sent on Monday evening  
or Tuesday morning. We  
will certainly need a line  
by Question Time.

AT

18/1

Mr. Walker is first for  
Questions on Monday,

FERR

cc.  
Lord Pres Min.w.Port  
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10 DOWNING STREET

*From the Private Secretary*

18 January, 1985.

*Jean Michael,*

I enclose a copy of a letter from Mr. Kinnock proposing a review of energy policy in the context of the coal dispute. It may be convenient to discuss the response to Mr. Kinnock's letter at the meeting of Misc 101 on Monday afternoon.

I am sending copies of this letter and its enclosure to the Private Secretaries to members of Misc 101 and to Richard Hatfield (Cabinet Office).

*Y  
Tim*

*Tim Flesher*

Timothy Flesher

Michael Reidy, Esq.,  
Department of Energy.



10 DOWNING STREET

*From the Private Secretary*

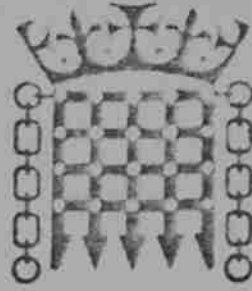
18 January, 1985.

The Prime Minister has asked me to thank you for your letter to her of 18 January.

This is receiving attention, and a reply will be sent to you as soon as possible.

Timothy Flesher

The Rt. Hon. Neil Kinnock, M.P.



HOUSE OF COMMONS  
LONDON SW1A 0AA

The Office of the Leader of  
the Opposition

January 18th 1985

*Dear Dennis Healey,*

You will know that the present situation of Britain's energy industries - the continuation of the coal dispute, the pressures on oil prices, the continuing public debate on the future of nuclear energy policy, and the knowledge that 1985 is expected to be the peak year for British oil production - has produced many demands for a public review of energy policies.

The need for such an assessment has been clear for some time - I called for such a review as long ago as September 1983 - but obviously the current state of the oil and coal industries makes the establishment of an Energy Enquiry a matter of fresh urgency.

This year, Britain will reach the peak of North Sea oil production. You yourself promised in 1978 that your Government would invest North Sea oil revenues in British industry. Instead of that, however, oil revenues - £10,000 million in 1984 alone - have been used to meet the costs of unemployment and to cushion the rapidly rising deficit on our trade in manufactured goods.

Secondly, both the oil and coal industries are directly affected by the sterling crisis. The cost of imported coal and oil has substantially increased as the value of the £ has fallen, and the value of Britain's coal and the price of our coal exports have risen. Both factors require a review of your Government's pit closure programme. At the same time, the fall in sterling will increase the dollar revenues from North Sea oil - revenues which can and should be used on urgently needed capital investment.

Thirdly, as you will be aware, the investment programme agreed in 1974 as part of the Plan for Coal, which was reaffirmed by your Government in 1981, will come to an end with this financial year. A new framework for the development of the industry should be negotiated as a matter of urgency.

2.

18th January 1985

The Rt Hon Margaret Thatcher MP

Fourthly, you have, I know, received the submissions of the Council of Churches for Wales. In their efforts to propose a constructive course for ending the coal dispute, the Council members have suggested the setting up of an independent review body which would seek to examine the future of the coal industry within a broader energy policy. There is widespread support for such a proposal, and I hope that you will give it the most serious consideration.

Finally, you must be aware that the 1983 national "Breadline Britain" survey showed that in this energy-rich country, three-quarters of a million people lived in families who cannot afford to heat their homes adequately. In the same year, seven per cent of the population faced serious electricity debts, and five per cent serious gas debts. The current policy of deliberately increasing electricity and gas prices beyond the cost of living generally will have increased the numbers suffering from fuel poverty, and that is obviously a matter of particular concern now in the depths of winter.

I am therefore writing to urge you to establish an independent enquiry into Britain's present and future energy resources, our industrial and domestic energy needs and the most efficient and effective means of developing our resources to meet our needs.

The enquiry which I seek should be public and it should be proceeded with as speedily as possible. It should take evidence from the widest possible range of organisations and individuals and consider the most effective way of using North Sea oil revenues - even at this late stage - for the modernisation of our industry. Such an enquiry could of course provide the basis not only for the future development of the coal industry, but also for a national Plan for Energy which can underpin Britain's future growth.

An energy review along these lines would clearly serve the national interest. I hope, therefore, that you will respond positively to myself and others who are urging such a course of action.

*Yours sincerely*  
*Margaret Thatcher*

The Rt Hon Margaret Thatcher MP