

*Mufaxed to Blackpool*

*MAP 16/4.*

MR. WHITMORE

Gas appliances

Mr. Lawson may try to speak to the Prime Minister about gas appliances after her speech this afternoon, following the Daily Express report this morning which has been picked up by radio.

I have told Energy that Mr. Lawson may not find it easy to corner the Prime Minister this afternoon, and that it may be easier for him to speak to her on the telephone later in the weekend. But it may be helpful for you to have the background in case there is some discussion at Blackpool.

In the middle of last week, Cecil Parkinson assured Nigel Lawson that energy pricing would be one of the balloted subjects for debate at Blackpool. Lawson then minuted the Prime Minister suggesting that he could best deal with the Government's disappointing record on energy prices by broadening his speech to cover legislative intentions. He proposed to outline Cabinet decisions on oil and gas legislation, and at the same time mention that the Government would not expect to deal next session with all the legislative issues involved in disposing of BGC's gas showrooms, as the other measures would take priority. This Lawson argued would be the best way of deferring the threat of a gas strike over the showrooms whilst presenting the decision as something other than a straight climb down in the face of union pressure.

Mr. Lawson deliberately chose not to copy his minute to Mr. Biffen or Mrs. Oppenheim, as he preferred to negotiate directly with Mrs. Oppenheim.

The Prime Minister endorsed Mr. Lawson's strategy, and Mrs. Oppenheim reluctantly concurred. But all this fell apart when energy failed to become a balloted subject for debate.

/ Energy

Energy therefore spent this week thinking about how else to make this package announcement. They had in mind a Parliamentary statement during the resumed session. I had some doubts about this. Whilst a Party Conference speech would be a legitimate platform for indicating legislative intentions, it is much more difficult to find a justifiable reason for making a statement in the resumed session primarily about legislative intentions, when these cannot be formally revealed in advance of The Queen's speech one week later.

But the Government's plans have now been leaked to the Daily Express. There is no point in speculating about the source, but Energy are now anxious to set the record straight. Mr. Lawson is top for Questions next Monday, and there may well be a case for his dealing with these issues during Question time. There is at least one suitable Question down to him high on the Order Paper. He may well press the idea of a statement, not simply an Answer to a Question. If he approaches the Prime Minister, she may want to ensure that Mr. Pym is consulted about the implications of a statement before she agrees. Another option would be to go for the "Question after Questions" technique on Monday, on the grounds that Mr. Lawson's Answer to the existing Question needs to be a little too lengthy to fit into the normal Question time practice.

MP

16 October 1981

PRIME MINISTER

STATEMENTS IN THE SPILLOVER

*Mr Lawson has not spoken to me 1,  
but I don't like the tone of his  
statement at all. It  
will have to be modified  
for his sake.*

At present, it looks as if there will be at least five  
Government statements in the next two weeks.

The most difficult may be one on gas appliances. In view of the  
leak today about the Government's decision not to introduce safety  
legislation next Session, it is now urgent to set the record straight.

Mr Lawson may have spoken to you about this at Blackpool, or may  
telephone you about it over the weekend. He is top for Questions on  
Monday, and Peter Viggers has a Question at No 7 which could be the  
vehicle for a statement like the one Mr Lawson originally proposed  
to make at the Conference. Alternatively, he could make such a  
statement by answering Mr Viggers' Question at the end of Question  
Time. But at present, Ministers seem to favour an entirely separate  
statement on the subject. As this will be primarily about  
legislative intentions, it seems to me tricky to volunteer such a  
statement, and then make one which will have to be hedged with  
qualifications about not pre-empting the Queen's Speech. If you are,  
however, content that Mr Lawson should make a special statement in  
the House on the subject, I suggest that it should be on Wednesday or  
Thursday next week. Tuesday is likely to be a noisy and difficult day.  
It will not be a good moment for the Government to declare that it has  
set back the timetable for action which was announced earlier in the  
year. Do you agree? *[First draft attached]*

The second tentative bid for next week is Mr Walker, who may need  
to report on Tuesday about the Agricultural Council, if there is  
something to say. We need not be too concerned about any disruption in  
the House for one of these routine statements.

/ The following

The following week, there may be three statements. You will need to report on Cancun on Monday 26 October. You have one other statement in mind, and may by now have decided with Clive whether to go for Tuesday 27 or Thursday 29 October. The Home Secretary hopes to make a statement on the Scarman Inquiry in so far as it relates to Brixton. That can probably come on the Wednesday.

MA

16 October 1981

01-211-6402

John Rhodes Esq  
Private Secretary to the Secretary  
of State for Trade  
Department of Trade  
1 Victoria Street  
London SW1

16 October 1981

*Dear John*

POSSIBLE GAS STATEMENT

As you know, my Secretary of State wishes, subject to the views of his colleagues, to make a statement on gas as early as possible next week, preferably on Monday.

We agreed, in view of the limited amount of time available, that I would let you have a copy of the draft statement at the same time as it was submitted to my Secretary of State. A copy is now enclosed.

I should stress that my Secretary of State may well make substantial changes to the draft over the weekend. If he does, I will circulate a revised draft on Monday.

I am copying this letter and enclosure to Mike Pattison (No.10), Jill Rutter (Treasury), Richard Dykes (Employment), and Nick Huxtable (Privy Council Office).

*Yours ever*

*David Lumley*

DAVID LUMLEY  
Private Secretary

DRAFT

With permission, Mr. Speaker, I will make a statement.

We do not believe that nationalised industries should undertake activities which can be performed equally as well by the private sector. Equally, we are determined to improve the efficiency of those parts of the industry which remain in the public sector. We believe this can best be ensured by introducing competition wherever possible into their activities. We have already announced our plans to introduce private capital into the upstream activities of the British National Oil Corporation. Action now needs to be taken in respect of the activities of the British Gas Corporation. On 13th October I issued a direction, under Section 7 of the Gas Act 1972, to the British Gas Corporation instructing them to dispose of their interests in the Wytch Farm onshore oil field. I now intend to seek powers to enable me to privatise the Corporation's offshore activities. The powers I shall be seeking will also enable me to require the Corporation to dispose of its showrooms. There is no justification for the British Gas Corporation's dominance of the appliance retailing business which the recent Monopolies and Mergers Commission report <sup>has</sup> clearly shown <sub>✓</sub> been against the public interest. We shall end British Gas Corporation's dominance in this field and introduce competition as soon as practicable. But in taking action in this area we will ensure that safety standards are fully maintained. This will require complex legislation and it may not be possible to find time for this in the coming session of Parliament. This is because I intend \_\_\_\_\_, in addition to the powers to introduce private capital in the BNOC's upstream operations and to dispose of BGC's assets, also to seek powers to end BGC's privileges in respect of

purchase and distribution of gas to certain customers, in particular industry. These privileges have acted as a disincentive to the exploration and development of gas supplies with the result that industry has gone short. The measures I intend will introduce for the first time effective competition in the gas market and end BGC's monopoly power.

We were elected to roll back frontiers of nationalisation. The proposals I have outlined today will form the most ambitious programme for privatisation put before Parliament. They will introduce much needed and long overdue competition. As such they will be good for British industry, good for the successful development of our oil and gas industries and, above all, good for the nation.

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*With the Compliments of*  
the Minister of State  
for Consumer Affairs Office

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From the  
Minister of State  
for Consumer Affairs's Office  
The Rt Hon Sally Oppenheim MP

Julian West Esq  
Private Secretary to the  
Secretary of State for Energy  
Thames House South

10 October 1981

*Dear Julian,*

MMC Report on Gas Appliances

You will have seen today's press reports about the decision to delay action on the MMC's report on gas appliances.

My Minister has commented that she feels that a statement should be made as soon as possible to put the Government's position on record. The statement should stress that the planned disposal of gas showrooms has been postponed, not dropped, and that the reason for the delay is the Government's concern for safety, not fear of confrontation. The Secretary of State agrees with this course of action.

Mrs Oppenheim is in America but, in her absence, any statement can be cleared through John Rhodes in the Secretary of State's office.

I am copying this to the private secretaries to members of the Cabinet.

*Yours ever,*

*Peter*

PETER MCCARTHY  
Private Secretary

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PERSONAL



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From the  
Minister of State  
for Consumer Affairs

The Rt Hon Sally Oppenheim MP

PRIME MINISTER

*Prime Minister*

*MP*

*Ms Oppenheim's longer note below gives very reluctant acquiescence to Mr Lawson's strategy on gas issues. But I understand that, despite Mr Parkinson's prediction, energy will not be debated in Blackpool. So we need to find another*

*D. P. M.*

I would have liked to have had the opportunity to discuss this with you personally but not surprisingly your diary was full on Monday morning and I was only able to stay in Blackpool overnight because of my impending departure to the USA. I apologise therefore for this long note when I know your own time is so heavily committed but you will understand my feelings in the matter.

It is a pity that such a rushed decision had to be taken when we are winning ground and now have the publicly declared support of the National Gas Consumer's Council for the policy, following my speech to them on 15th September.

*Yours Ever  
Sally*

SALLY OPPENHEIM

PERSONAL

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PRIME MINISTER

I have seen a copy of your Private Secretary's letter of 12 October to Nigel Lawson's Private Secretary about the handling of the Government's decision on gas appliances at the Party Conference. Both John Biffen and I have discussed this matter with Nigel.

While we fully appreciate the need for delicate political handling of the matter and the necessity not to appear to be pushed into a precipitate climb-down we nevertheless feel that making such an announcement at the Party Conference raises some constitutional issues and will draw more attention to the climb-down - for that is what it is - than would have been drawn if a different and more appropriate, less conspicuous occasion could have been found soon enough to dispel any accusation of precipitate action. We both feel that the decision about, and the nature of, such an announcement should have been the result of Ministerial discussions and agreement. John Biffen and I have had between us several telephone discussions with Nigel at short notice, having first heard of this proposition on Friday and without having seen Nigel's minute of 8 October, which was not copied to us. Nigel still holds the view that this should be announced during his speech at the Conference and, in view of your letter, we most reluctantly defer to his wishes. I have, however, asked him to take particular care over the emphasis given to this matter in the general context of what he is saying in his speech and what he may say in subsequent interviews in order to minimise what I fear could be the immediate reaction of the press and others to what they will represent as a major climb-down if too much emphasis is given to the "delay" in Nigel's speech.

Unfortunately, discussion on this has had to be brief. I am leaving for the United States later this week on a British tourism promotional visit and am not likely to be in the country to rebut any criticism when the speech is made. As a result, I hope it will be possible in the short time left to agree an acceptable form of words with Nigel who is anxious to be cooperative and also to gain his acceptance of the need not to over emphasise the matter.

I am copying this to members of the Cabinet, to Cecil Parkinson and to Sir Robert Armstrong.

SALLY OPPENHEIM

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