



Secretary of State for Industry

DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB

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21 December 1981

J D West ESq  
Private Secretary to the  
Secretary of State for Energy  
Department of Energy  
Thames House South  
Millbank  
SW1

Prime Minister

MUS 22/12

Dear Sir

#### GAS LEGISLATION

Peter Jenkins sent me a copy of his letter to you of 4 December. My Secretary of State agrees with a number of the points made by the Chancellor of the Exchequer.

2 It is not clear whether gas exporting would be commercially attractive or not but, if so, we would be most concerned at the impact this could have on the availability and price of gas for industry. It has been suggested that your Secretary of State's powers to insist on the landing of UKCS gas in the UK could be more exposed to challenge from the Commission under a competitive regime. We hope that your Department will take these points on board in the review of our future strategy.

3 My Secretary of State would support any proposals for selling off older gas fields which helped to ease the upward pressures on the PSBR and interest rates.

4 The Chancellor sought your Secretary of State's advice on whether BGC should continue to be permitted to enter into new licence commitments. Ideally there is some attraction in BGC joining private sector companies in competing for the exploitation of new fields, provided that BGC is not in a position to use its dominant buyer's bargaining strength as a means to discourage competitors from bidding for promising fields. Our overriding objective must be to ensure that development of new fields proceeds rapidly so that industry does not face gas shortages in the future, but subject to that it does not seem to be essential that BGC should continue to obtain new licences if others are willing to undertake the necessary developments.





5 Opening up the domestic market to competition is not primarily a matter for my Secretary of State but he assumes that any such proposal would also benefit those small firms whose use of gas falls below the minimum threshold (in Clause 16 of the Bill) of 25,000 therms per annum. He would therefore support the idea if the practical difficulties can be overcome.

6 I am copying this to the Private Secretaries to the Prime Minister, the Members of E Committee, Sir Robert Armstrong and Mr Robin Ibbs.

*Yours ever*

*Richard*

RICHARD RILEY  
Private Secretary

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✓ A.D.  
A.W.  
J.V. Nat Ind (2)

Prime Minister

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

Ms 7/12

4 December 1981

J D West Esq.  
Private Secretary  
Department of Energy

mt

Dear Julian,

GAS LEGISLATION

The Chancellor of the Exchequer read with interest your Secretary of State's letter of 20 November and your letter of the same date to No 10, commenting on certain of the points made by Ministers on the proposals in E(81)102. The Chancellor is content for there to be further consideration of gas depletion when the officials' report is available, which he notes is expected by about the end of the year. As your Secretary of State says, the consequences of the new gas policy for the North Sea fiscal regime can be considered when the report of the official Working Party is available shortly. On gas exports, your Secretary of State may be successful in emphasising that the Government's proposals have nothing to do with gas exports. But it may prove difficult to sustain that position. The Chancellor therefore thinks that officials should outline for Ministers the main considerations affecting future strategy so that these can be considered in advance of any pressure for a statement building up during the debate on the Bill.

The Chancellor accepts that now is not the time to consider the disposal of BGC's interests in the Morecambe and Rough fields which the Corporation are developing quickly in order to meet peak demand in the middle of the decade. But he is not convinced that the other main gas fields in which the Corporation have an interest should not be sold simply because they are past their prime. Presumably these fields have more than one or two year's life left in them and their sale would raise some revenue. He hopes that your Secretary of State can reconsider policy here. The Chancellor has also noted your Secretary of State's point that we will need to keep open our decisions on any future gas discoveries by the Corporation. This raises in his mind the question whether BGC should henceforth be permitted to enter into new licence

/commitments,





commitments, rather than relying on the private sector for new gas supplies. He would be grateful for your Secretary of State's views on this point.

On longer term objectives for BGC, the Chancellor entirely agrees that nothing should be done which would jeopardise the Bill's very tight timetable. Indeed, he made this point in his letter of 6 November. But he nevertheless hopes that the longer term objective of breaking BGC's monopoly of the domestic market is not lost sight of. He is not convinced by the arguments in your letter of 20 November that there would be considerable difficulties if the private sector entered the domestic gas market on any scale. For example, BGC might be confined simply to the operation of the gas transmission system, leaving it to the oil companies to supply the gas to both industrial and domestic consumers. In those circumstances BGC could be made responsible for safety, thus avoiding, as your Secretary of State wishes, the introduction of a safety regulation and inspection system. It might also be possible to avoid in such circumstances the massive regulatory bureaucracies which exist in the United States if BGC was given the statutory duty of dealing on equal terms with all its customers; ie the oil companies putting gas through its pipeline system.

The Chancellor recognises such objectives must be for the longer term, but he hopes that they can be considered when the monopsony legislation is on the Statute Book.

I am sending a copy of this letter to the Private Secretaries to the Prime Minister, the Members of E Committee, Sir Robert Armstrong and Mr Robin Ibbs.

*Yours ever*  
*Peter*

P.S. JENKINS  
Private Secretary

5 DEC 1981

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JFA

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10 DOWNING STREET

*From the Private Secretary*

27 November 1981

Gas Legislation: E(81)102

Many thanks for your letter of 20 November.

You make a point at the end of your letter that it should be recognised that private companies are unlikely to find it economically attractive to market gas to households, as opposed to the industrial consumers who use far more gas at a single site. Against this the Prime Minister commented as follows:

"But they may wish to market it to domestic consumers near the industrial site."

I am not copying this letter as in our earlier correspondence.

MS

J.D. West, Esq.,  
Department of Energy.

CONFIDENTIAL

SPJ



CONFIDENTIAL



SECRETARY OF STATE FOR ENERGY  
THAMES HOUSE SOUTH  
MILLBANK LONDON SW1P 4QJ  
01 211 6402

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AW  
JV  
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Prime Minister

You asked why BGC's

transmission system should not be used as a common carrier for private sector supplies to domestic and industrial consumers alike. The answer is 20 November 1981

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
London SW1

here - safety and regulatory complications.

Dear Michael,

MS 20/11

GAS LEGISLATION: E(81)102

Thank you for your letter of 9 November.

The point raised by the Prime Minister was also touched on in the Chancellor's letter of 6 November to my Secretary of State. I attach a copy of my Secretary of State's reply. However, it may be helpful if I comment further on the particular point raised by the Prime Minister.

My Secretary of State fully agrees that BGC's main onshore transmission system should be available for use by the private sector on a common carrier basis. The legislation will provide him with regulatory powers to ensure that BGC do not put obstacles in the way of private sector access to the system on fair terms.

Our present intention is that these 'common carrier' powers will apply to all BGC's onshore pipelines, including not just the main transmission system but also the local distribution lines which serve mainly domestic consumers. Nevertheless, there would be considerable difficulties if the private sector entered the domestic gas market on any scale. Gas safety in the home is at the moment largely and fairly effectively controlled by British Gas. If that role was taken over by the private sector, rather than a State body, we would undoubtedly be forced to introduce a strict regulation and inspection system. More generally, the entry of private firms into the domestic market could lead us towards the massive regulatory bureaucracies which exist in the United States, at both national and local level, to control the operations of private gas utilities. My Secretary of State is very much concerned to avoid the major staff increases which would be necessary to deal with these problems.





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However, he is also concerned that those consumers to whom BGC has no statutory obligation to supply gas should in future have an opportunity of seeking a supply from the private sector. As well as the larger users, this is the case for some domestic and other smaller users who are more than 25 yards from a BGC main. It is largely for this reason that we intend, at least in principle, to allow private suppliers access to all BGC's lines. But at the end of the day it should be recognised that private companies are unlikely to find it economically attractive to market gas to households, as opposed to the industrial consumers who use far more gas at a single site.

I am copying this letter to the Private Secretaries to Members of E Committee and to David Wright (Cabinet Office).

Yours sincerely,

Janet Chadwick

PP J D WEST  
Private Secretary

But they may wish to market it to domestic consumers near the industrial site.

not



✓ AD  
AW  
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(2)

Prime Minister  
←

01-211-6402

Ms 20/11

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

20 November 1981

*John Gifford*

*MT*

GAS LEGISLATION

I am grateful to you and my other colleagues for supporting my proposals in E(81)102. I agree that it would be helpful if our officials continue to keep in touch during the preparation of the legislation.

Both you and Robin Ibbs have raised the questions of depletion policy and exports. So far as gas depletion is concerned, I suspect that as in the case of oil we will need to adopt a flexible and pragmatic approach. I doubt whether in the event it will be possible, or indeed desirable, to give, as Robin Ibbs suggests, an indication of the intended gas depletion rate. But we can consider this further when we have the report from officials on gas depletion. This should be available by about the end of the year.

I do not believe that there is a direct connection between what we now propose to do and the question of gas exports. My proposals will not eliminate the landing requirements or change my power to waive it, so the position will in this respect remain unchanged. Nevertheless we do recognise, as Humphrey Atkins points out, our proposals may be seen as an opportunity to raise the question of gas exports and the landing requirement. My officials are therefore now developing proposals on what our future strategy in this are thought to be. The major unknown, of course, is how the UK gas market and gas exploration offshore will develop once BGC's monopoly privileges are removed. For the moment I am sure that we should continue to emphasise that our proposals have nothing to do with gas exports.



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I agree that we shall need to consider the implications of our new policy for the North Sea fiscal regime and ensure that the nation obtains a fair share of the returns which are likely to accrue to the oil companies as a result of the abolition of BGC's monopsony. At the same time we will, of course, have to be careful that any changes that we may make do not discourage the exploration and development of new gas supplies. I am glad that the Official Working Party will be making recommendations to us on this area as part of their review of the fiscal regime.

You and Robin Ibbs also raised the possibility of an even more radical approach to the breaking of the BGC's monopoly. I would certainly not wish to exclude this as an aim in the longer term. But to include such far-reaching provisions within the present Bill would, among other things, seriously jeopardise its very tight timetable. We must avoid that at all costs. Failure to get the Bill this session would not only delay the BNOC flotation, which we hope will take place towards the end of next year, but would be a major political setback. I am sure you will agree that passage of the legislation must be our first priority.

You asked for my views on the possibility of disposing of BGC's gasfield interests. Morecambe and Rough are, as you know, now entering the development phase to meet demand only three years ahead. This would clearly not be an appropriate time to sell them. In any case their purpose is to enable BGC to meet peak demand from domestic consumers in the winter and they will therefore be an integral part of the Corporation's supply system. The other main gasfields in which BGC have an interest are well past their prime. But we will need to keep open our decisions on any future gas discoveries by the Corporation.

Patrick Jenkin, in his letter of 12 November, commented on the terms on which the BGC's transmission system is to be made available to the private sector. As he says, there will be considerable problems in allocating costs between users of the system. In advance of the legislation coming into effect we shall be devoting a good deal of thought to ways of ensuring that the terms charged for the transmission of 'private gas' are fair. As for interruptible supplies, I agree that there should be no question of BGC being able to insist that the private suppliers' customers should be cut off first. This point will obviously feature in the negotiations between BGC and the private gas suppliers. If the latter cannot obtain fair treatment on this (or on any other aspect) they will, under the legislation, be able to ask me to resolve the dispute and direct BGC accordingly.



I am copying this letter to the Prime Minister, Members of E,  
Sir Robert Armstrong and Robin Ibbs.

*Lawson*  
*Nigel*

NIGEL LAWSON



JH 916



DEPARTMENT OF INDUSTRY  
 ASHDOWN HOUSE  
 123 VICTORIA STREET  
 LONDON SW1E 6RB  
 TELEPHONE DIRECT LINE 01-212 3301  
 SWITCHBOARD 01-212 7676

Secretary of State for Industry

17 November 1981

The Rt Hon Nigel Lawson MP  
 Secretary of State for Energy  
 Department of Energy  
 Thames House South  
 Millbank  
 London SW1

Prime Minister

Mus 13/11

Dear Nigel,

## GAS LEGISLATION

Your minute to the Prime Minister of 29 October invited comments on the proposals set out in your paper E(81)102.

2 I fully support your proposals. Major industrial users of gas are concerned about the prospective shortages of gas and will welcome the opportunity, which your proposals will provide, of entering into direct arrangements with gas suppliers in an effort to overcome this problem. Competition in the gas market can also be expected to encourage BGC to adopt a pricing structure more closely related to costs of supply. This will bring a number of benefits to industry: the underpricing of domestic gas will phase out, releasing more supplies to industry; BGC will be under pressure to offer bulk discounts and will find it less easy to adopt its own criteria on which industrial users receive firm contracts and which receive interruptible.

3 I attach particular importance to the arrangements you propose to ensure that private sector suppliers can gain access to the transmission network on fair terms. If the proposals are to succeed in injecting competition into the gas industry, it is essential that these terms of access should not constitute an entry barrier. I anticipate that, in addition to the familiar problems relating to the proper allocation of costs to users of the transmission and distribution systems, problems could also arise in relation to interruptibility. In the event that private sector suppliers' demands on the system cannot be accommodated on an uninterrupted basis, there would need to be assurances that BGC, in its role as overall manager of the



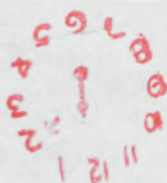


system, treats private gas suppliers' customers on interruptible contracts on all fours with its own.

4 I am attracted by Geoffrey Howe's suggestion that the gas transmission system should be operated on a common carrier basis and should be owned independently of BGC. This would ensure equity of treatment as between BGC's and private sector suppliers' customers. It might also open the way for far-reaching and desirable changes in the structure of the gas industry. For example, the local distribution system would be uncoupled from the purchasing end of BGC and arrangements might be made for different areas to have some freedom to deal with alternative sources of supply which would in turn open up new markets for private sector suppliers. In gas supply, as in electricity generation, the operation of an independently-owned national grid would open up the entire industry to some degree of competition.

5 I am copying this letter to the Prime Minister, members of E Committee and to Sir Robert Armstrong.

Your ever  
Patel



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10 DOWNING STREET

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From the Private Secretary

GAS LEGISLATION: E(81)102

The Prime Minister has now had an opportunity to study your Secretary of State's paper for E Committee on Gas Legislation.

The Prime Minister has enquired why BGC's pipelines onshore should not be used by other suppliers of gas, so that the monopoly is confined to the transmission system, with the private sector free to use that system on a common carrier basis to sell gas in competition to both industrial and domestic consumers. The Prime Minister wonders why this arrangement cannot be included in the Bill.

B/F  
16/11/81

I am sending copies of this letter to the Private Secretaries to members of E Committee and to David Wright (Cabinet Office).

M. C. SCHOLAR

Julian West, Esq.,  
Department of Energy.

SK





*W. J. Davies -  
A. Dwyer  
A. Walter*

Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

6 November 1981

The Rt Hon Nigel Lawson MP  
Secretary of State for Energy  
Department of Energy  
Thames House South  
Millbank  
LONDON SW1P 4QJ

*Nigel*

## GAS LEGISLATION

In your minute of 29 October to the Prime Minister, you invited colleagues' approval of the proposals set out in your paper, E(81)102.

As you know, I fully support your proposals for BGC, announced to the House on 19 October. I have no comments on the scope for legislation proposed in your paper, though it would be helpful if my officials could continue to be kept in touch with the detailed preparation of the legislation.

The proposals for reduction in BGC's gas purchase privileges have important consequences for the Government's North Sea activities, particularly gas depletion policy, and the application of the North Sea fiscal regime to gas developments.

Until now, the British Gas Corporation has been able more or less to impose its own gas depletion policy. As we all recognise, this has distorted development decisions and acted as a general disincentive. But once the monopsony has gone, there ought to be a much freer market and Government will have to have a view on such matters as the rate of development and gas exports. We can consider policy here when the report on gas depletion is ready. I hope that this can be produced soon since you may be pressed for some explanation of our intentions in these areas when the Bill is before Parliament.

We shall also need to consider the implications of removing BGC's monopoly on the North Sea fiscal regime. In particular we shall need to consider whether the tax system will generate

/for the nation









CABINET OFFICE  
Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

From: J. R. Ibbs

CONFIDENTIAL

Qa 05721

Prime Minister  
Some substantial  
comments on Mr Lawson's  
paper - including one already  
made by yourself at X.

Ms 9/11

6 November 1981

*Dear Secretary of State,*

Gas Legislation

Your letter dated 29 October <sup>TPM</sup> to the Prime Minister invited comments on your proposals for enabling gas legislation set out in E(81)102.

The CPRS sees abolition of BGC's statutory monopoly of purchase and sale of gas as a useful first step in opening up the UK gas market to competition. However, the proposal does carry implications that do not seem to be directly addressed in E(81)102. It seems to us important that policy on depletion and on the related question of gas exports, should be clearly established before the monopsony is abolished.

As you point out, one benefit from the decision to remove BGC's monopoly powers should be to increase gas exploration and production. There is therefore an implicit decision that the rate of gas depletion should be increased and it seems to the CPRS that Ministers need to consider how rapid a development of gas reserves they are prepared to accept. It is obviously desirable to avoid a situation where private sector producers, having been encouraged to explore for and develop gas reserves, are subsequently subject to development delays on depletion grounds. Thus the CPRS believes that producers should be given at the outset as clear a statement as possible of the intended gas depletion rate. A commitment on depletion policy would also be a necessary pre-condition of any extensive private sector gas gathering system proceeding.

The proposals have the effect of transferring the responsibility for implementing gas depletion policy from BGC to Government. As E(81)102

The Rt Hon Nigel Lawson MP  
Department of Energy  
Thames House South  
SW1P 4QJ



CONFIDENTIAL

points out the landing requirement for gas has hitherto been effective in preventing exports of gas. In this closed market, BGC has been able through its monopoly pricing powers to determine the rate and location of gas production on behalf of the Government. With the removal of BGC's statutory privileges any control of the rate of production, other than by market forces, depends directly on the Government through your powers of development approval.

However, there could be circumstances in which the proposed legislation on its own might be less than effective in introducing competition into the UK market. This might arise, for instance, if a particular producer is not able easily and quickly to find enough direct UK purchasers capable of entering into the necessary long-term contracts. The output of even a small gas field would necessitate many individual consumers and gas, unlike oil, is inflexible in that it needs long-term secure outlets prior to development. Furthermore, producers might be reluctant to enter into extensive gas marketing if this is something in which they have no expertise.

x One possibility to make the proposed legislation more effective would be to split up BGC into a central distribution grid with common carrier rights and separate regional marketing companies. The marketing companies, perhaps subsequently privatised, would provide ready made gas wholesaling outlets for which producers could compete.

Unless a better market for producers is provided by such a break-up of BGC, the only way to stimulate production may be to allow exports of gas. This should ensure that gas prices move to European market levels and that use of gas as an energy form is optimised. But whilst this would be favoured by producers it might deny the UK consumer the benefits looked for from competition. The question of exports ties back to that of depletion, because once exports are allowed there is an enormous potential increase in demand and definition of depletion policy becomes that much more important. This question of exports therefore needs to be carefully considered before legislation on the break-up of the monopsony comes into effect.

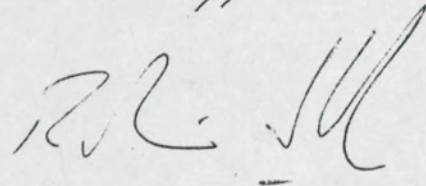


CONFIDENTIAL

I believe therefore that Ministers need to consider now their broad policies on the questions of depletion, exports and the future shape of BGC.

I am sending a copy of this letter to the Prime Minister, other members of E and to Sir Robert Armstrong.

*yours sincerely,*

A handwritten signature in dark ink, appearing to be 'J R Ibbs', written in a cursive style.

J R Ibbs





Foreign and Commonwealth Office  
London SW1

5 November 1981

GAS LEGISLATION

*- with MS?*

In your minute of 29 October to the Prime Minister you asked for comments on the proposals in E(81)102 for enabling legislation to abolish BGC's statutory privileges of gas purchases and sale. I can see the need to bring forward this legislation as early as possible and I am content that you should proceed on the basis described.

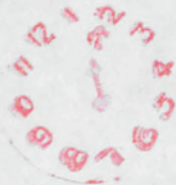
In parallel with the preparation of the necessary legislation I suggest our officials might look at our attitude to the export of gas from the UKCS and the landing requirement. As your paper points out, the landing requirement is vulnerable to attack on the grounds of its possible incompatibility with the Treaty of Rome. The possibility of such a challenge as a consequence of the changes in BGC's position has already been given some publicity in the Guardian of 22 October, and I imagine that it might well be raised during Parliamentary consideration of the proposed Bill.

I am sending copies of this letter to the members of E Committee and to Sir Robert Armstrong.

The Rt Hon Nigel Lawson MP  
Secretary of State for Energy  
Thames House South  
Millbank  
London SW1P 4QJ



1981/NOV-06





PRIME MINISTER

British Gas

I understand from Mr. Lawson's Office that British Gas are putting out a statement recording their disagreement with the measures relating to themselves announced in The Queen's Speech.

Mr. Lawson is calling in Sir Denis Rooke tomorrow, and intends to tell him how much he deplores British Gas's action; and to express hope that there will be no repetition of this kind of action.

Mus

4 November 1981



J. Vereker  
A. Ouguard  
A. Walters  
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PRIME MINISTER

My detailed proposals for enabling legislation to abolish BGC's statutory privileges of gas purchase and sale and to direct the Corporation to dispose of certain assets were circulated in E(81)102. In view of Francis Pym's request to have this legislation ready for introduction as early as possible, we have been pressing ahead urgently with preparatory work, in anticipation of colleagues' approval of the proposals. It would, though, be helpful to have clearance fairly soon. Since I understand that the paper cannot be put on the agenda of E Committee in the immediate future and that colleagues generally see no major objections to the proposals, I suggest, therefore, that the matter be cleared by correspondence.

Could I therefore ask colleagues for any comments by Friday, 6 November.

I am copying this minute to members of E Committee and to Sir Robert Armstrong.

Prime Minister

Secretary of State for Energy

29 October 1981

I am not sure why what is called a 'planning aim' at X in the Chancellor's letter at para A is not to be included in the Bill.

Subject to a satisfactory answer on this, are you content with the proposals in Mr Lawson's E paper?

MLS 6/11

I do think the Chancellor's point is important. DGCI should be used by onshore other systems - i.e. they should be a common currency and





130 OCT 1981

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PRIME MINISTER

My detailed proposals for enabling legislation to provide for  
an industry privatisation of gas purchase and sale and to  
enable the Corporation to dispose of certain assets were circulated in  
April. In view of the fact that it is not possible to have  
legislation ready for introduction as early as possible, we  
have been pressing ahead urgently with preparatory work, in  
anticipation of the Government's approval of the proposals. It would  
be helpful to have clearance fairly soon. Since I  
understand that the paper cannot be put on the agenda of the  
Committee in the immediate future and that clearance generally  
see no major objections to the proposals, I suggest, therefore,  
that the matter be placed on the agenda.

Could I therefore ask colleagues for any comments by Friday,  
11 November.

I am copying this matter to the members of the Council and to  
Sir Robert Armstrong.

Secretary of State for Energy

29 October 1981



Nav Ind 2.

cc Mr. Gow

Copied to  
Parliament  
Legislation

PRIME MINISTER

Gas Legislation

Mr. Lawson's Answer (given at 3.30) on the gas industry monopolies caused considerable excitement in the House. Peter Viggers used his supplementary to press for further details of the amount of money involved and the timescale. David Owen rose next, attacking Mr. Lawson's announcements as pure Party political dogma. He wanted to know whether the decision on maintaining a Government minority shareholding in BNOG meant that the Government was ready to negotiate all the participation agreements, and whether the entire Continental Shelf issue would be reopened. On gas appliances, he called for the Government to admit that it had made a wrong decision, and not simply to react to industrial blackmail.

Merlyn Rees argued that this Answer had been no way to put to the House fundamental changes in Government policy (after quick consultation with Michael Cocks, he later moved for an SO9 Debate, but was turned down). The Government, he said, had shown itself to be anti public enterprise. He wanted details of the necessary legislation, and of the limitations on the Secretary of State's powers under it. Whatever else had been said in the announcement, the death of the sale of gas showrooms had been declared. He asked whether the measures on the gas supply monopoly would really increase gas availability. Mr. Lawson said that the details would be given in The Queen's Speech, and there would be the usual opportunity to debate them then. He had merely taken the first opportunity after the Summer Recess to acquaint the House with the Government's latest thinking.

There were two other contributions from each side before the Speaker drew matters to a close, emphasising that this was a Question not a Statement. Peter Hardy claimed that the announcement was a sweeping betrayal of the national interest, which required a Debate immediately, not some incidental discussion in the Debate on the Address. Tim Eggar, on the other hand, described the proposed measures as bold and imaginative.

/Mr. Lawson



Mr. Lawson held his end up well. And the gas showrooms decision was successfully set in a wider context of Government intentions. But I understand that Mr. Lawson is still unhappy about not having been allowed to offer a Statement, and he feels that the Opposition's reaction may give added force to his view. In practice, there was going to be some kind of a row however the announcement was handled, and the Government may come quite well out of this package.

*MRD*

19 October 1981