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PRIME MINISTER

28 September 1989

ENVIRONMENT POLICY

1. Chris Patten has minuted to you proposing
 - (i) to publish a White Paper on the Environment in the early autumn of 1990; and at the same time
 - (ii) to issue the first of a series of reports on the "State of the Environment" in the UK.

He would like to announce both publications at this year's Party Conference.

White Paper

This would include:

- (a) a statement of the Government's overall philosophy on environmental matters;
- (b) factual material including success stories and problem areas;
- (c) a list of the Government's actions (eg Wildlife and Countryside Act, creation of a single Pollution Inspectorate);
- (d) pointers to the future, including global issues such as climate change, the Government's ideas on economics and market mechanisms, and the need to integrate environmental considerations into economic and industrial policy.

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Comment

The idea of a White Paper which would spell out the Government's approach to the environment and list its achievements is a good one. Because the subject is diffuse, and the many environmental pressure groups so active in their criticisms, a comprehensive statement of the Government's actions and views is badly needed. The Department of the Environment's excellent booklets "Environment in Trust" go some way to meeting this need, but they do not have the authority of a White Paper.

There is one point to note on the proposed scope of the White Paper. Chris Patten suggests setting out the Government's ideas on economics and the environment. This is Pearce Report territory.

The messages in the Pearce Report need very careful thought
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- Pearce argues that the Brundtland Commission view that it is not necessary to trade off environment and development is simplistic. Some trade-offs will need to be made.
- He also argues that if we value the environment, we must be prepared to see prices adjusted to reflect the environmental costs of production.
- Environment policy is going to cost more if we are really serious about controlling acid rain and global warming.

These messages raise two questions:

- (a) Are we - and other countries - prepared to pay the higher prices implied by the Pearce proposals?

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- (b) Even if we are, can we work out acceptable ways of "pricing" the environment; and would we be prepared to accept mechanisms such as pollution taxes and tradeable pollution permits?

Policy on these matters cannot be made by the Department of the Environment alone. They must draw in others - particularly the Treasury - at an early stage in formulating the Government's views (let alone setting them out in a White Paper).

State of the Environment Report

Chris Patten appears to have in mind a jazzier presentation of the kind of material we publish in the "Digest of Environmental and Water Statistics".

Comment

Chris Patten's proposal could be useful. It would show that the Government felt that it had nothing to hide. As with all regularly published statistics, there is a risk that the figures could at times be a rod for the Government's own back. Against this

- the figures are mostly published already, albeit obscurely;
- the pressures to collate and publish environmental statistics in the EC will be hard to resist (Chris Patten does not think we should even try).

Timing

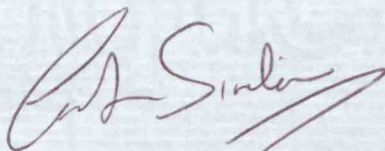
But though the benefits of periodic reports (probably annual) on the environment will almost certainly outweigh the risks,

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you may not want Chris Patten to announce the decision to launch "State of the Environment" reports until we have a clearer idea of what they would look like. Announcing the White Paper alone should make quite an impact at the Party Conference.

Conclusion and Recommendations

- Agree that Chris Patten should publish a White Paper on the Environment in about a year's time;
- But stress that the line on environment and economic policy will need to be considered and developed collectively;
- Agree that Chris Patten should prepare "State of the Environment" reports; but
- Ask him to delay announcing this until we have some idea of what such a report would look like.



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