



*Prime Minister?*

*CRS*

*8/11*

Treasury Chambers, Parliament Street, SW1P 3AG

David Murphy Esq  
Private Secretary to  
The Rt Hon John Wakeham FCA JP MP  
Secretary of State  
Department of Energy  
1 Palace Street  
LONDON SW1E 5HE

*MW*

8 November 1989

*Dear David,*

**GOVERNMENT RESPONSE TO THE ENERGY SELECT COMMITTEE REPORT ON THE POLICY IMPLICATIONS OF THE GREENHOUSE EFFECT**

Just for the record we were not happy with the passage circulated under your Secretary of State's letter of 1 November to Chris Patten which said: "the Government will continue to press for the pricing of fuels to reflect their full economic and environmental costs" This is not, in fact, the Government's present policy, and adopting such a policy would carry major implications, not least for the coal industry, which would need a great deal of study.

We understand that No 10 has proposed the following alternative wording for paragraph 5, last sentence:

"In addition, the Government recognises that the pricing of fuels is increasingly likely to reflect their full economic and environmental costs".

We are entirely happy with this alternative formulation. Thank you for changing paragraph 4.1. It is important also not to exaggerate possible effects on international competitiveness.

I am copying this letter to the Private Secretaries to Members of Cabinet and to Sir Robin Butler.

*Yours sincerely  
Deane Gable*

**MISS D M GABLE**  
Assistant Private Secretary