Prime Minsion? RESTRICTED Treasury Chambers, Parliament Street, SWIP 3AG The Rt Hon John Wakeham FCA MP Secretary of State Department of Energy 1 Palace Street 27 November 1989 LONDON SWIE 5HE CONTROL MEASURES FOR ENERGY-RELATED GREENHOUSE GAS EMISSIONS John Major has passed me your minute of 23 November to the Prime Minister. I agree with the conclusions that you draw from the paper in your opening paragraphs; and your third point - that an abatement strategy is not costless - is one that must be kept in the forefront of our and other partners' minds. I understand that our officials have in fact agreed a redraft of the relevant section of the paper (Section 5.5) together with a few other changes. Subject to the incorporation of these and to the views of the Prime Minister and other colleagues, I would be content for you to

submit your study to the IPCC sub-group as you propose.

I also agree that you should answer an arranged question when the study is published, which would give you an opportunity to put the paper in context. I should be grateful if the reply could be agreed in draft with my officials. One point that it might make, which I understand will be included in the summary of the final version, is that the estimated effects of the options in Section 5 cannot be cumulated. That might help to reduce the risk that unscrupulous users of the paper might compile a strategy for meeting objectives for curtailing greenhouse gas emissions that imposed substantially greater adjustment costs on the economy than was indicated by the analysis of the first-round effects of each.

copying this letter to the Prime Minister and to Douglas Hurd, Peter Walker, Nicholas Ridley, Malcolm Rifkind, Cecil Parkinson, Chris Patten, John Gummer and Sir Robin Butler.

THE EARL OF CAITHNESS

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