

PRIME MINISTER

ENI: NATIONALISED INDUSTRIES BILL

I have discussed this paper with the Chief Whip who has asked me to convey his concerns to you.

(i) In toto, the Bill is a major one which provides ample territory in which the Opposition can adopt guerilla tactics, e.g. by raising a host of amendments on specific industries. The Chief Whip feels the Bill could absorb a great deal of legislative time, possibly requiring a guillotine. To a degree, this is an objection to the course of an Omnibus Bill rather than the alternative of peacemeal amendment to NI statutes as opportunities arose. The decision in favour of an Omnibus Bill was taken consciously by ENI in April last year though whether they fully appreciated the nature of the Bill at the time is open to question.

(ii) The Chief Whip is worried that the proposal to provide statutory backing for financial targets, should agreement fail to be reached with the industry, could rebound on the Government. If for example, the Government were seeking higher gas or electricity prices, either for fiscal reasons or as part of a policy of economic pricing, it has to persuade the industry to accept a higher target. As Mr. Walker pointed out last autumn there is no power for these industries to impose one. If statutory powers existed, there could be a tendency for industries to take popular decisions on their own credit but seek a direction from government for unpopular ones, thereby shifting the blame. The judgement to be made is whether this process is already happening to such an extent that the reserve power to make financial targets statutory does not represent a major change.

AG

28 June, 1984