

I know we have discussed this matter relatively informally but I thought it would be useful to have my views recorded on paper.

I would firmly and enthusiastically support a strategy to resist compensation payments. I think a logical and defensible distinction can be drawn between HIV sufferers and Hepatitis C sufferers.

However, if we were to resist compensation payments, it would be catastrophic to cave in to any subsequent pressure. There are three points to bear in mind:

- 1. A national newspaper is bound to take a campaigning stance with the usual constituency consequences for our Parliamentary colleagues.
- 2. A number of supporters of the campaign are prominent backbenchers (eg Sir Geoffrey Johnson-Smith, a member of the 1922 Executive). This has a bearing on point number 3.
- 3. Number 10 must be taken along at all stages and alerted both to the likely vigour of the campaign and to the fact that the PM could be faced with a powerful deputation at what might be a difficult moment (it is quite likely that this would be around Party Conference time or at the time of a possible challenge to his leadership.)

Unless these pressures are clearly understood now, we risk placing SofS in the invidious position of being obliged to back down having initially resisted for all the right reasons. That is why we must consider the political consequences most carefully, before we decide how to react.

GRO-C

GM