



CLD
 Prime Minister
 To note
 AT 1411

Treasury Chambers, Parliament Street, SW1P 3AG
 01-233 3000

11 November 1983

The Rt Hon Nicholas Ridley MP
 Secretary of State for Transport
 Department of Transport
 2 Marsham Street
 LONDON SW1P 3EB

Don Nick

BRITISH AIRWAYS PRIVATISATION

I am rather concerned by the stories appearing in the press, apparently largely inspired by members of the BA Board, which are promoting early privatisation for BA, at the expense of BT, if necessary. In this week's Sunday Times, for instance, Gordon Dunlop was quoted as saying that "The October slot for floating British Telecom is dead".

I need hardly say that such comments are very unhelpful. I understand BA's natural desire for early privatisation and I welcome the improvement in their financial results which makes it a possibility. But it is generally recognised that we must allow the capital markets some months to digest the BT sale. The policy we have announced in the House is to aim to float BT next autumn. The operation will in any case be a difficult one because of the vast sums involved and we shall need to build up expectations and confidence in the City well in advance of the sale. But our task will be made very much harder if doubts are continually being cast on the timetable from the sidelines. At the same time, if BA press too strongly for a sale in autumn 1984, they may well begin to raise doubts about their ability to sustain adequate profits after that date. I therefore think it would be very helpful if you could have a word with John King to dissuade him and his Board from pursuing this line.

Of course circumstances could arise in which the sale of BT had to be delayed and BA might then be able to take their place in the queue. But that would be a very different matter.

I am copying this letter to the Prime Minister, Norman Tebbit and to Sir Robert Armstrong.

Nigel Lawson
 NIGEL LAWSON

14 NOV 1983



JMS

C O N F I D E N T I A L



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

My Ref: R/PSO/29232/83

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1

28 November 1983

Dear Nigel

BRITISH AIRWAYS PRIVATISATION

with AT?

Thank you for your letter of 11 November.

I do agree that Gordon Dunlop's remarks - at least as reported in the Sunday Times - were unhelpful. I have taken this up with John King as you suggested.

I am copying this letter to the Prime Minister, Norman Tebbit and Sir Robert Armstrong.

NICHOLAS RIDLEY

C O N F I D E N T I A L

Econ Pol: Disposal of Public Sector Assets

28 NOV 1983

