Sprow

Prime Minister

- 1. Iain Sproat came to see me this afternoon.
- 2. He, John King and Alex Dibbs (the Deputy Chairman) all think that it will be possible to privatise British Airways in June 1983. According to Iain, John Biffen does not believe that that target is realistic. Iain Sproat and the two others are very keen de-nationalisers and the purpose of Iain mentioning this to me is in the hope that you may be able to strengthen John Biffen's resolve. I will make an opportunity of having a word with John Biffen myself, without mentioning that Iain has had a word with me.
- 3. At present, British Airways have a monopoly on the Glasgow/Heathrow and Edinburgh/Heathrow routes although British Caledonian fly from Glasgow and Edinburgh to Gatwick.
- 4. As you know, British Midland has applied to the Civil Aviation Authority for permission to operate, in obvious competition with British Airways, on the Glasgow/Heathrow and Edinburgh/Heathrow routes.
- 5. The Civil Aviation Authority, has rejected this application by British Midland. British Midland has appealed against this decision to the Secretary of State.

.../...

- 6. Apparently, John Biffen is minded to reject the Appeal and decide in favour of British Airways retaining its monopoly on these two routes.
- 7. Iain Sproat finds this prospective decision incompatible with our philosophy that competition is the customer's friend, and that monopoly is his enemy.
- 8. I know nothing about the background to either of the two matters recorded in this Note, which merely setsout that which Iain Sproat said to me today.

1

19th March 1982

IAN GOW