

CONFIDENTIAL

SUBJECT
cc MASTER

NOTE FOR THE RECORD

MEETING WITH MR RIDLEY

Mr Ridley called to see the Prime Minister this evening. He mentioned his growing concern about opposition to the community charge. This would be increased by the decision to have a transition rather than to abolish rates immediately. He showed some inclination to want to re-think quite major aspects of the community charge.

The Prime Minister discouraged this firmly. But she agreed that it would be sensible for Mr Ridley to begin to think about minor changes which backbenchers might propose and which could then be accepted by the Government. One possibility for example would be to allow local authorities some discretion in the speed with which they moved to abolish the rates. This would only be in the direction of more quickly rather than more slowly. And to maintain financial equilibrium in the system they would probably not be able to abolish the rates in their area until these had been reduced below a certain threshold.

Mr Ridley also mentioned difficulties with Roy Watts over water privatisation. He was threatening to resign. The Prime Minister suggested that Mr Ridley should not pay too much attention to him and implicitly seemed entirely prepared to countenance his resignation.

DW

DAVID NORGROVE

29 July 1987

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