

PRIME MINISTER

Your meeting with the Chancellor, Mr. Tebbit and Mr. Ridley is in two parts.

(i) CAA Review

In view of the political sensitivities and the possible need for legislation, the Lord Privy Seal and Chief Whip have been invited for this item. The Policy Unit come down strongly in favour of BA. So too, I think, do the Chancellor and Mr. Tebbit who are worried that Mr. Ridley is egging CAA on towards route transfers without considering the politics adequately. The Chief Whip could be asked to advise on the relative size on the Government backbenches of the King faction and the Thomson faction.

(ii) Sealink

Only one decent bid has been received - this is likely to become known. Is it good enough to proceed with? There is much to be said for getting Sealink into the private sector as soon as possible, to leave the new owners to sort it out. But Government cannot afford another highly controversial sale just now. The Policy Unit favour pressing on. What do the others think?

AT

10 July, 1984