

PRIME MINISTER

Note

This supper did not take place due to snow. Question of carrying it left open.

AT 7/1

WORKING SUPPER AT CHEQUERS

The Chancellor, Mr. Tebbit, Mr. Ridley and Mr. Fowler will be attending, together with John Redwood and myself. They have been invited to arrive between 6 and 6.30 p.m.

Your main theme will be that 1985 will be a vital year for difficult decisions - thereafter, as the Election approaches, it will become progressively more difficult to take decisions which are unpopular in the short-term but which will have long-term benefits. You may like to open with a general discussion of how the Government can carry through its strategy in the face of doubts on the backbenches. How can the arguments about more capital spending which were confronted and defeated in 1981-82 be overcome this autumn?

John Redwood's two notes set out the separate policy questions which the Government will need to consider in 1985. No formal agenda has been circulated to the participants but, taking account of the responsibilities of those who are present, it might be helpful to tackle the subjects in the following order:

- (i) Mr. Fowler could report on the welfare reviews, including provision for pensions.
- (ii) Jobs exercise. What do the participants expect to emerge from the meeting on 14 January? Do they see advantage in a separate White Paper or is it better to concentrate the Government's presentation into the Budget Statement.?
- (iii) Privatisation. If BA is delayed what can be accelerated? Warship building? (problem of Cammell Laird to be overcome first). Buses? Airports?

- (iv) Airports policy. Do those present, including Mr. Fowler as an ex-Minister of Transport, agree with you that the way forward is to maximise the development potential of Heathrow while seeking limited development of the other London airports? Can a Government majority be secured for this?
- (v) Science and Research. How can more benefit for the economy generally be secured from the massive defence research programme - Sir Robin Nicholson has just sent you a note on this. How can the switch to engineering and technology be achieved?
- (vi) What is to be done in 1985 with loss-makers such as BL and BSC?
- (vii) Sizewell. Officials in the Department of Energy say the public processes are essentially complete but that the inquiry should be completed by end-March 1985. They doubt if the Inspector's Report will be submitted to the Government before the fourth quarter of 1985. Special efforts will therefore be needed if decisions are to be reached before the end of the year.
- (viii) Trade union reform. What more can be done by legislation to encourage responsible trade unionism?

There will be important policy issues relating to local authorities, planning, housing policy, energy prices, public order and broadcasting. These, however, are best left on one side, given the composition of the gathering. You will also want to talk to the Chancellor about his Budget but this is better left for bilateral discussion.

AT

4 January 1985

JKRAQW