

Press Notice

Prime Minister ④
This is the speech
Mr Tebbit promised

AT
3.11

Department of Trade and Industry

1 Victoria Street, SW1H 0ET Press Office: 01-215 5678/3919 Ref: 57
Out of hours: 01-215 7877

January 31, 1984

COMPETITION THE KEY TO GROWTH - MR TEBBIT

Competition is the key to economic growth and wealth creation, Mr Norman Tebbit, Secretary of State for Trade and Industry, said today (Tuesday).

Speaking at the Tenth Anniversary Conference of the Office of Fair Trading, in London, Mr Tebbit said:

"Competition is the best stimulus for growth and wealth creation. Our commitment to its promotion is wide ranging: from the maintenance and development of an open international trading system through to the prevention of monopoly and abuse and restrictive practices in the domestic market.

"These principles apply across the economic spectrum. Competition is as important in the service sector as in manufacturing industry, and restrictions of competition within professional services is an area to which the Government has been devoting a good deal of attention recently.

"Promotion of competition is therefore part of the fabric of Government policy] and every one of my Ministerial colleagues must keep in mind the competition implications of policy decisions.

"A good example of the way competition policy impacts upon other Government policies is the privatisation programme, which reflects our basic belief that market forces are a key stimulus to efficiency in the economy. But I have repeatedly stressed that privatisation alone is not enough; there has first to be a competitive environment. There will however be cases where a degree of monopoly power will continue to

exist after privatisation, and in these cases separate regulatory arrangements may need to be set up."

Mr Tebbit said the Government's plans to privatise British Telecom illustrated these points.

"The Telecommunications Bill provides for the ending of British Telecom's exclusive privilege, and the establishment of new arrangements for licensing telecommunications operators. British Telecom has already begun to respond to this prospect but, because BT will remain for the foreseeable future a dominant provider of telecommunications in the UK, new regulatory arrangements are being set up, in the form of a powerful and independent Director General of Telecommunications, to monitor and amend licences, and to look into complaints.

"Each public body which is privatised will present different competition problems. But I believe that the principle that I have outlined will ensure that privatisation takes place in the context of the greatest degree of competition which the circumstances permit."

The backbone of the Government's competition policy was the competition legislation administered by the DTI, the Office of Fair Trading and the Monopolies and Mergers Commission, Mr Tebbit said.

"Perhaps the most contentious aspect of competition policy in recent years has been mergers policy. Debate has ranged over what the aims of the policy should be, and what role should be assigned to the Director General, the Monopolies and Mergers Commission, and the Secretary of State. Public attention has been focussed on these questions whenever a reference decision by the Secretary of State has been made against the advice of the Director General.

"As I speak to you today, I have not departed from the Director General's advice over a merger reference decision. It would be tempting providence to forecast how long this happy state of affairs will remain. What I can say is that I expect in future that competition considerations will be the predominant factor in merger reference decisions, with only rare exceptions which raise other public interest issues. On that basis I can see no likelihood that I will see the need to depart from the Director General's advice in the vast majority of cases."