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10 DOWNING STREET

bcc Mr Sherbourne
Mr Redwood

From the Private Secretary

11 June 1985

Dear Andrew.

COMPETITION POLICY: PRESENTATION

Attached to your letter of 29 May was an outline of a speech which it was suggested the Prime Minister should make on competition. The Prime Minister rarely makes speeches on single issues and rarely addresses the type of audience for whom a speech largely devoted to competition would be appropriate. Nevertheless, she has on many occasions devoted parts of speeches to the need to serve consumers and to the benefits which the Government's competition policy is bringing. We will continue to identify speeches in which the competition theme can be deployed and will draw on the material you have sent in preparing them. The compendium of material referred to in your letter will be very helpful in this task.

I am copying this letter to Private Secretaries to members of E(CP) and to Richard Hatfield (Cabinet Office).

Your sincerely

Andrew Turnbull

(Andrew Turnbull)

Andrew Lansley, Esq.,
Department of Trade and Industry.

MR. TURNBULL

cc. Mr. Redwood

Presentation of Competition Policy

I refer to the letter to you from Andrew Lansley (DTI) dated 29th May.

I have two comments:-

1. I cannot see any way the Prime Minister could devote a whole speech to competition unless she was addressing a very specialised audience.
2. I therefore agree with you that we might try to work in a few paragraphs into a political speech - the only one coming up being the Welsh Party Conference on 22nd June - but on these speeches the best laid plans can go astray!

St.

STEPHEN SHERBOURNE

31.5.85

BF 1.10.85

MS



TF to write for
debate or
address or (more
likely) Guildhall.

HW
cc 5/5

10 DOWNING STREET 2/60

John Redwood

Presentations of Competition Policy

I would welcome your views on
when PM could speak on
general competition. In my view the
proposal is based on a misconception
- the PM does not often ~~make~~^{make}
single issue speeches, and she
has often referred to competition
in speeches in the past but
has not wanted to develop
them at too great length
as this would bore the kind
of political audience she
normally addresses.

I think we should offer
only a short passage.

AT

AT 30/5

I agree it shd be
one section of a more general
speech. DR.



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Secretary of State for Trade and Industry

29 May 1985

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Andrew,

COMPETITION POLICY: PRESENTATION

When E(CP) discussed the presentation of Competition Policy in February, it was agreed that my Secretary of State should assemble, with the help of colleagues, the material required for a campaign to bring home to the general public and Government's achievements in increasing competition, to the benefit of the consumer. This has now been done, and the Secretary of State will be circulating to colleagues a compendium of material which can form the basis for references to specific examples of the benefits of the Government's competition policy in any speeches which Ministers make.

2 The Committee also agreed that such a campaign should if possible be initiated by a keynote speech by the Prime Minister, to focus public attention on the issue. My Secretary of State hopes that the Prime Minister would be willing to do this, and I attach a draft outline of the form such a speech might take. The precise shape and content of the speech would of course depend upon the nature of the occasion and its timing.

3 We have considered whether, in the light of the Bonn summit, the Prime Minister might make a speech combining the themes of competition and trade policy. However, such a combination could weaken the impact of both themes; and my Secretary of State spoke largely on trade policy at the CBI dinner on 21 May. In these circumstances it seems best for the Prime Minister to concentrate on domestic competition policy now, and consider a trade policy speech at a later date.

4 Copies go to the private secretaries to the other members of E(CP) and to PS/Sir Robert Armstrong.

Yours ever,
Andrew Lansley

ANDREW LANSLEY
Private Secretary

JH2API



PROPOSED SPEECH BY PRIME MINISTER ON COMPETITION POLICY

DRAFT OUTLINE

I INTRODUCTION

Competition fundamental to the Government's economic policies and objectives. Freer play for market forces, controlling inflation, promotion of industrial and commercial efficiency, wealth-creation and employment.

Competition brings wider choice; better service; lower prices and stronger industries, leading to international competitiveness and more jobs.

II MEANS OF PROMOTING COMPETITION

Role of competition legislation and the competition authorities in curbing restrictive agreements, abuse of monopoly power, anti competitive practices and mergers detrimental to competition.

The Government's record to date and intentions in applying the competition legislation and in promoting competition in all walks of the nation's economic life.

III EXAMPLES OF BENEFITS

a Removal of Monopolies

Conveyancing: as a result cheaper and better services are being offered to consumers, and new ways of buying and selling houses are being devised by the professions.



Opticians: removal of dispensing monopoly has led to new High Street outlets, and new cheaper ranges of spectacles from the opticians themselves.

BT: the breaking of BT's monopoly has created opportunities for competing telecommunications networks: and explosion in production of new telephone apparatus by competitors; as well as new services available over the network - a whole new industry.

b Deregulation

Deregulation of Long Distance Coach services has led to growth in services and reductions in fares. Similar benefits achieved in Domestic Air Services, and in International Air Services, where competition is possible.

Freedom for Capital and Financial Markets. The benefits that are flowing from abolition of controls on foreign exchange, dividends, hire purchase and bank lending, abolition of pay and price controls. Proposals to enable building societies to offer a wider range of services.

Labour Markets. Trade union legislation is bringing about more democratic internal union procedures. Intention to abolish or reform Wages Councils. Education and training now more relevant to the needs of industry and commerce. Greater flexibility in the housing market, and in pensions arrangements will improve labour mobility. Special attention being paid to employment in small businesses. Legislation to be introduced to remove restrictions on shop hours.



c Removal of Restrictive Professional Rules

Removal of restrictive rules is revitalising some of the professions. The agreement to open the Stock Exchange to greater outside influence, and remove stockbrokers' minimum commission scales, has introduced a period of radical and exciting change in the City.

Accountants and solicitors are tapping new sources of business as a result of their greater freedom to advertise and competing more actively amongst themselves. Mainly responsible for a dramatic fall in solicitors conveyancing charges.

d Privatisation

Privatisation as a means of increasing competition. It means more exposure to market forces, as well as freedom from bureaucratic or Parliamentary constraints. Managements will stand or fall by their own decisions. Dynamic effect of privatisation on National Freight Corporation, BT, Jaguar.

Where an element of monopoly remains, regulatory authorities will ensure it is not abused eg BT subject to licence and control of OFTEL. Similar arrangements envisaged for privatised British Airports and privatised British Gas.

IV CONCLUSION

Competition brings demonstrable benefits to the consumer, corporate customers, and the economy as a whole. It is also in the best interests of those exposed to greater competition; because it puts pressure on them to innovate and be more responsive to their customers.