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PRIME MINISTER

24 July 1984

COMPETITION: AN ACTION PROGRAMME

The initiative has not so far produced much, if anything, which would not have happened anyway. As we have found with deregulation, it is an uphill task to persuade Ministers to disturb existing arrangements, and departmental interests in pursuit of wider benefits. Privatisation shows that it can be achieved if the lead Ministry means business.

What more is needed? There is no shortage of ideas. What is needed is the commitment to bring the more obvious ones to fruition. The 3 next steps are, in our view, to pull the foot-draggers into line with the initiative, to make E(CP) an effective Committee, and to decide on, say, 3 visible targets, with wide consumer appeal, to achieve by end-1984.

Norman Tebbit has chosen, rightly in our view, to give more prominence in the paper to the foot-draggers - Energy and Agriculture, - than to those whose contributions appear at Annex B. Peter Walker did not trouble to set out a considered Departmental response at all. Our energy policy stands conspicuously aside from the pro-competitive approach. We allocate oil blocks, and use this to pressure developers to buy British equipment. The State-owned

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suppliers are monopolists. The NCB, not the Department of Energy, controls licences for private sector coalmining.

The Agriculture Departments constrain competition in various ways - by blocking imports of fresh milk and poultry, by establishing monopoly purchasers, of milk and wool, by restricting potato acreages, by allowing the MMB to discriminate on price between different end-users. These restrictions are not CAP requirements; they are sometimes in direct contradiction to the CAP, eg milk pricing, barriers to imports.

To be effective, E(CP) must meet regularly, keep a grip on progress, and resolve problems. Above all, Departments must be persuaded to bring their "reviews" to the Committee in draft form, rather than announcing them as fait accomplis. E(CP) ought therefore to see, by the end of the year:

- the Lord Chancellor's Department's reviews of employed solicitors and non-solicitor conveyancers;
- DTI's reviews of VRAs;
- A progress report on EC car distribution regulation;
- MAFF's review of milk marketing;
- the Home Office's review of shop hours.

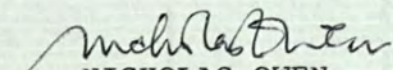
The Committee could also resolve differences between Departments, eg the wrangling between Treasury and MoD over the MoD's interpretation of the public purchasing initiative as a Buy British policy.

The Committee could set itself some targets for end-1984 eg for house purchasing, for liberalising some of the professions further, for shop hours.

Recommendation

Should you wish to comment on the progress of this initiative in advance of the meeting on Thursday, there are three observations you could make:

- i It is encouraging that a programme is beginning to take shape. You hope that E(CP) can set itself targets for end-1984 which would give the programme a visible and appealing profile.
- ii You hope that Departments which have not so far contributed at all, or in a significant way, can bring forward proposals to the next meeting, in the Autumn.
- iii That the various reviews mentioned at Annex B of the paper can be brought to E(CP) for discussion.

  
NICHOLAS OWEN