

Prime Minister (2)

Before getting directly involved yourself, I think you should discuss this with Lord Young who may not agree that initiative is losing impetus. I think he is still enthusiastic about his role as progress chaser in this area.

PRIME MINISTER

18 April 1985

AT

18/4

*Amend
not*

COMPETITION POLICY

E(CP) meets on Monday. To judge from the papers it will consider, on Agricultural Marketing Boards and on UK Voluntary Restraint Arrangements, this initiative is becalmed.

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Michael Jopling, predictably, offers a dead-pan account of the Agricultural Marketing Boards and quangos. The message to colleagues is: the Boards have either been reviewed, or are being reviewed, or will be reviewed, so keep off, please! Michael Jopling should be asked to consider two questions:

1. Why should public money be spent on marketing private sector produce?
2. To what extent do these boards frustrate competition and hence close off opportunities. The Milk Marketing Board imposes uniform pricing across the country, discourages farmers from developing their own markets and products (why are there so few English cheeses?). The Wool Marketing Board has a statutory monopoly over buying wool. The Potato Marketing Board limits potato acreages, even though we import substantial potato tonnages. E(CP) should set MJ a clear remit to examine and report back on these anti-competitive aspects.

Norman Tebbit has produced a paper on UK "voluntary" restraints on imports.

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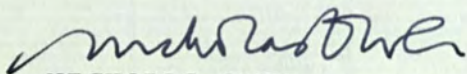
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It offers no proposals to phase out these arrangements. Having reviewed them "as a whole", DTI have now decided that they should be reviewed individually, in consultation with the industries concerned.

These quota arrangements invite foreigners to form cartels against us; we are, in effect, levying a tax on the consumer which goes straight to the foreigner.

We do not recommend that you intervene at this point but you should ask the Chancellor to report on progress after the meeting and take charge of the next meeting yourself, to restore the impetus to this initiative.


NICHOLAS OWEN

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