

NATIONALISED INDUSTRIES POLICY GROUP

Discussion paper by the Chairman based on the tentative positions named at the meeting of the Group on 12th May 1976.

1. The following nationalised industries are "technical monopolies" of "utilities":

Telecommunications - at least as far as the subscribers front door

Electricity - " " " " " " "

Gas

British Rail

Water Authorities

London Transport

They should take a lower priority for "reprivatisation" than the others.

2. The following industries are capable of being subjected to competition, and we should break their statutory monopoly powers, where applicable:

N.C.B.

B.S.C.

British Airways

British Aerospace

British Shipbuilders

National Freight Corporation

National Bus Company

BTDB

Rolls Royce

BLMC

3. [We did not consider the Letter Post, the BBC and the Forestry Commission at this meeting.]

4. In all cases we should limit the activities of these industries to their mainline activity, and prevent them extending upstream, downstream or sideways.

Where they are already engaged in such activities it is for discussion whether it is worth forcing them to desist - e.g. gas and electricity show-rooms, NCB tree nurseries, Tempco (NFC), B.A. hotels.

In other words we do not think they can be regarded as commercial enterprises with full commercial freedom. They have always cheated and recouped from the Exchequer, and they always will. This creates havoc in the private sector as well as costing a lot of money.

5. We should eschew price control. This is clearly easy in list 2 above - and practical. But in list 1, it could be necessary to limit monopolistic pricing. We discussed price regulation in USA, and some felt that we could even eschew price control for technical monopolies.

Perhaps we could announce our intention of not exercising price control, but keep the reserve powers up our sleeve in case of outrageous abuse? In any event we need some powers to prevent discriminatory pricing - e.g. BSC loading the price of crude steel to its finishing competitors.

At the next meeting (26th May, 5.00 p.m.), I suggest we discuss this paper, and move on to discuss price policy, investment control, and the powers necessary to supervise Nationalised Industries.

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