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10 DOWNING STREET

From the Private Secretary

24 July, 1980.

The Prime Minister held a short meeting this morning to consider the possibility of a reference on telecommunications to the Monopolies Commission. The Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Trade and Industry, and Sir Robert Armstrong were present.

The Secretary of State for Trade and the Chancellor said that they were both in favour of a reference, and that this would be worth announcing now in view of the high pay settlement which had just been reached with the Post Office Engineering Union. But Mr. Nott explained that, because of the Commission's workload, a reference would not be possible until December. Moreover, Ministers ought to be aware that there was a growing feeling that references were being made to the Commission for political purposes. The Home Secretary said that there were certain security aspects which would have to be taken into account if there were to be a reference.

The Secretary of State for Industry argued along the lines of his minute of 23 July that, following his announcement about the relaxation of the telecommunications monopoly, an announcement of a reference to the Monopolies Commission would have very little impact. In view of this, and in view of the security aspect, the delay which would be involved, and the political factor mentioned by Mr. Nott, he was against the proposed reference.

Summing up a short discussion, the Prime Minister said that it would be best to defer the idea of a reference for the time being.

I am sending copies of this letter to Ian Ellison (Department of Industry), George Walden (Foreign and Commonwealth Office), Stuart Hampson (Department of Trade), John Wiggins (HM Treasury), and David Wright (Cabinet Office).

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