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The Rt Hon Norman Tebbit MP
Secretary of State for Trade
and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON SW1H 0ET

2 August 1984

Dear Norman

I have been following your recent correspondence with George Younger about a 1984 Scottish bus reference to the Monopolies & Mergers Commission.

I entirely support what George has said in his letter of 26 July about the need not to distract management from the task of gearing up their organisations for the new operating environment. Nor should we underestimate the ability of management to adapt without an MMC reference. The absence of any plan for privatisation north of the Border is not I think decisive. We have seen from the Hereford & Worcester trial area the salutary effects deregulation can have on the efficiency of a public sector bus undertaking. It has enabled the management of the local National Bus Company subsidiary to negotiate an improvement in productivity of 25-30%.

You suggested in your letter of 5 July that withdrawal of the Scottish reference might create presentational difficulties for me so far as the new policies announced in the White Paper "Buses" are concerned. I see no problem.

The units in the bus industry are very fragmented and any reference is therefore highly selective in its effect, while our new policies are designed to increase the efficiency of the industry across the board. On the contrary, my fear, as I said in my letter of 25 June is that the Report on a reference made now would, if it were anything like the unsatisfactory report on the 1981 reference of four bus operations in England and Wales, be a hindrance and not a help in carrying our policies forward.

/ I am copying this letter to members of E(NI) and to Sir Robert Armstrong.

Nicholas Ridley
Secretary

NICHOLAS RIDLEY

ECON Pol: Privatisation - Pt 10



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7 August 1984

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Copies to:

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Members of E(NI)
Sir Robert Armstrong

D George

MONOPOLIES AND MERGERS COMMISSION : REFERENCE OF SCOTTISH BUSES

Thank you for your letter of 26 July pressing your arguments for the withdrawal of the Scottish bus reference from the announced 1984 programme of nationalised industry references to the Monopolies and Mergers Commission.

2 I believe a useful investigation could have been mounted this autumn, but given the strength of your views I will not press the point to a discussion in E(NI). I propose that the decision not to proceed with the reference should be announced at the same time as the 1985 programme when Parliament resumes.

3 I am copying this letter to members of E(NI) and Sir Robert Armstrong.

NORMAN TEBBIT

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