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LONDON SW1A 2AA

From the Private Secretary

22 October 1990

Dear Martin,

1990 PES: POST OFFICE, ECGD

The Prime Minister has seen a copy of your Secretary of State's letter of 18 October to the Chief Secretary about the PES settlement for the Post Office.

The Prime Minister agrees with your Secretary of State that the first priority must be to seek improvements in Post Office efficiency. She is not persuaded, however, that it is necessary to agree such high increases in letter tariffs in October 1991 or thereafter.

Rather the Prime Minister considers that action to break the Post Office monopoly, or to reduce the tariff level at which it applies to 50p, should be considered urgently. She considers that inefficiency in the Post Office is such that it should be able to achieve its financial targets and sustain its capital investment programme without further increases in tariffs.

As we discussed over the telephone your Secretary of State is to bring forward further proposals to E(A) for action to reduce the monopoly powers currently enjoyed in the Post Office. It would be helpful if your Secretary of State could provide a further minute to the Prime Minister in the meantime explaining how these proposals on first and second class letter tariffs fit in to the wider objective of diminishing the monopoly position of the Post Office.

I am copying this letter to Jeremy Heywood (Chief Secretary's Office) only and to Sir Robin Butler.

Yours ever,

Barry

(BARRY H. POTTER)

Martin Stanley, Esq.,
Department of Trade and Industry.

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