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Scott-Hopkins - July 79

From the Private Secretary

2 April 1980

Dear Richard,

Call by Mr. Jim Scott-Hopkins

As you know, Mr. Scott-Hopkins called on the Prime Minister this morning. The Lord Privy Seal was also present.

After Mr. Scott-Hopkins had described the debate in the European Parliament on the next round of agricultural price fixing, the Prime Minister said that she was not prepared to contemplate unwarrantedly high increases in agricultural prices in order to strike a deal on Britain's budgetary problem. Mr. Scott-Hopkins said that he thought that the European Parliament might well try to block any price increase over about 3.5%. After the Lord Privy Seal had pointed out that the Minister of Agriculture would block all price rises until the budgetary problem was settled, the Prime Minister said that even after a budget solution had been found, the UK would not be able to afford too large a price rise. To do so would be to cancel out much of what might have been gained in the budgetary settlement.

In discussion of ways of mitigating the rise of the CAP, Mr. Scott-Hopkins said that the idea of a super-levy was dead. But he hoped that the idea of a tax on those who benefited directly from intervention, e.g. the owners of freezer factories and those who were selling directly out of intervention, could be pursued vigorously. It was a far better approach than the attempt to tax agricultural producers.

The Prime Minister asked about the position on the Community's overall budget. Mr. Scott-Hopkins said that consideration of the problem was in abeyance until the CAP prices could be fixed and therefore, in effect, until the UK's budgetary problem was solved. One consequence of this would be that the Parliament would probably have to apply for a derogation in July. He did not think they would be able to keep going beyond mid-summer without additional money. Even if the UK problem was solved in June, it would not be possible to agree the new budget as a whole by July.

Mr. Scott-Hopkins said that the atmosphere in Strasbourg at the moment was not good. The French were excessively hostile and there was a general air of confrontation. Messieurs Chirac and Debré were actively engaged in stirring things up.

/ Mr. Scott-Hopkins

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Mr. Scott-Hopkins told the Prime Minister that a debate was under way in the Parliament about the institutions of the Community. A specific point on which he would be grateful for guidance related to HMG's position on the number of Commissioners after enlargement. The Prime Minister said that she thought that one Commissioner per member state would be sufficient. However, she did not wish to pursue this line in public at present. Mr. Scott-Hopkins should therefore avoid taking a line at present. Mr. Scott-Hopkins indicated that he had already argued in favour of a continuation of the status quo.

Mr. Scott-Hopkins told the Prime Minister that he thought the Parliament would wish to debate in the autumn the programme proposed by the next President of the Commission. If they were denied the opportunity to hold such a debate, they might well try to reject the new Commission in its entirety. It was also, of course, possible that they would try to reject the new President's programme if they did not like it. The Prime Minister said that this would be intolerable. If there had to be a debate, surely it could be on the basis of a "take note" motion.

Finally, Mr. Scott-Hopkins told the Prime Minister that pressure was growing for the selection of a single seat for the European Parliament. Its members were fed up with commuting between the present seats. The Lord Privy Seal said that if, as he understood, the objective of the EMPs was to get to Brussels, they had made a mistake in deciding not to go to Luxembourg this year. The Prime Minister said that she regarded Strasbourg as the seat of the Council of Europe and not as the seat of the European Parliament.

The Prime Minister told Mr. Scott-Hopkins that Madame Veil would shortly be receiving an invitation to visit this country after the summer holidays.

I am sending copies of this letter to the Private Secretaries to the members of OD(E) and to David Wright (Cabinet Office).

Yours ever

Richard Alexander

Michael Richardson, Esq.,
Lord Privy Seal's Office.