

L. Amundson Pol.

TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND THE FOREIGN
AND COMMONWEALTH SECRETARY ON MONDAY 13 OCTOBER 1980 AT 0830 HOURS

PM: Hello Peter, how are you?

FCS: Hello, I'm sorry to bother you. I was wondering whether you would excuse me this morning, because I spent Saturday at ^{St Thomas} ~~Tollaces~~(?) where they found a stone and hooked it out and

PM: Of course we'll excuse you. Thank goodness they've got it out.

FCS: Yes, but I had another go last night and they think there's still a bit there so I should stay where I am for the moment. But I'm perfectly all right. Anyway, they found the stone so they can analyse it.

PM: Yes, to see what it's being formed.

FCS: So I don't think I'm much good this morning and I ...

PM: Oh, Peter you positively mustn't come.

FCS: Well the only reason I'm ringing you up was that I do feel it's a terribly important subject this morning. Could I just say one thing about it. That paper is of course quite right. That the only way you can somehow or other limit the Budget and get it adjusted is by holding down agricultural prices. But the real truth of the matter is that if you look at the figures it's really politically impossible to do it that way. And I mean of course it's right but I don't see how you could do it. You could do a bit no doubt and in the end I'm absolutely convinced that if we're going to manage to do that Budget it's got to be a sort of Budget override of some kind which I accept that we ourselves can't propose because it looks anti Communautaire. But Peter Walker's idea of quotas, I'm blessed if I would see how that would work. I don't know how you'd do it.

PM: Yes, it's like the sugar beet isn't it.

FCS: How do you allocate it? Unless he's got a very good idea I don't know how it would work. So I would have thought that we

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really ought, I mean let's by all means propose holding down prices, in the knowledge that I don't believe that our farmers, still less the Irish and the Belgians and the French, so on, would wear it. But we really ought to think rather carefully at other ways of doing it which might be national financing.

PM: Oh, very much so. That's not excluded.

FCS: No, again that's non-Community isn't it.

PM: Yes but Peter that's the only way to get round the CAP.

FCS: Yes, that's right. But I just think that politically, although it's perfectly reasonable as the paper says, that farmers shouldn't get away with everything while nobody else does. I think that to screw them down to the point when they go out of business and are having a really rough time is not something we can do politically either. So those are very unhelpful thoughts.

PM: Message received and understood, Peter. You've got to stick to 1% VAT.

FCS: And we shall be 8-1 you see when it turns out that agriculture is the only way of doing it, I'm afraid.

PM: Well I don't know. I hope not. Well Peter I've those views. Are you going to be able to go tomorrow?

FCS: Unless I get another attack I shall go. Luckily The Queen's doctor is coming on this trip with us and he's a specialist in kidneys.

PM: Well that's marvellous. You'll be better there than here. It's not too painful, Peter, is it.

(Conversation then continued on generalities)