

Prime Minister

CONFIDENTIAL

Agree ?

Ref. A0373

PRIME MINISTER

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71.

Support for British Agriculture

In your summing up of the discussion at Cabinet on Thursday on the Minister of Agriculture's proposal for an increase in liquid milk prices (CC(79) 16th Conclusions, minute 3) you said that there was a need for an interdepartmental review in which the question of milk prices would be looked at in the broader context of support for British agriculture generally and against the background of the CAP. This is very much what Sir Kenneth Berrill suggested in his minute to Mr. Lankester of 3rd October.

Page A

2. There is obviously urgency in all this. Mr. Walker is anxious to be able to tell the farming community as soon as possible what is likely to happen to the price of milk: and we know that Mr. Walker and the Chief Secretary are at loggerheads over agricultural support in the years to 1983-84. But more than this, you are likely to discuss the future of the CAP with e.g. Helmut Schmidt on 31st October and you will need to be clear about the implications of our current decisions on British agriculture in relation to our stance on the CAP.

PM
not
worry
about
this
D.

3. We have therefore to work fast. This suggests that the interdepartmental group should consist of a small inner core of main Departments who would call in other Departments as necessary, rather than one large group covering the whole. I think the core of the group should be the Treasury, MAFF, FCO and Trade (for the consumer). ^{and Employment} Other Departments (Scotland, Wales, Northern Ireland, Industry and ~~Employment~~) would be brought in as necessary. I am sure that the chairmanship of this group should be in the hands of the Cabinet Office and that Sir Kenneth Berrill would be the best person. The only alternative is the Treasury and, given the fierce constraints on public expenditure, they would hardly be regarded as neutral.

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4. Finally, there is the question of the paper which Mr. Walker is himself preparing for Cabinet. I get the impression that this paper, which he is writing himself, is a very political one and would not form a suitable basis on which to conduct this review by officials. I think the right course is to let Mr. Walker's paper go ahead independently and to put it on the agenda of the Cabinet later this month when at least an interim report from the official group is available.

5. If you agree with these proposals, which are consistent with the Cabinet's conclusions, I will set the operation in train forthwith.

John
(John Hunt)

*My
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to
not
holder
of
until
& paper
account
is ready.
B.*

5th October, 1979

*It can't be done
that quickly - there are
too many things to be considered
and if the paper is not thorough,
I shall only send it back*

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10 DOWNING STREET

From the Private Secretary

SIR JOHN HUNT

CABINET OFFICE

SUPPORT FOR BRITISH AGRICULTURE

The Prime Minister was grateful for your minute of 5 October.

She agrees to your proposals for an interdepartmental review, except that she would like the Department of Employment, to be represented on the Group - along with the Treasury, MAFF, FCO and the Department of Trade. She is happy for the Group to be chaired by Sir Kenneth Berrill.

The Prime Minister is, however, concerned about the timetable which you have set. She believes that the study cannot be done as quickly as you have suggested if it is to be done properly. She would much prefer to have a really thorough paper for Cabinet to consider even if this means putting off consideration of Mr. Walker's paper. She has noted your point about discussions with Schmidt, but again she would prefer not to have the review rushed simply in order to meet this deadline.

T. P. LANKESTER

8 October 1979

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