

FROM: THE RT HON MICHAEL JOPLING MP



AGRICULTURE,  
PRIME MINISTER  
TO SEE PLEASE

Government Chief Whip  
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Tom  
1/3/1981

MR PETER WALKER

Last night I had the Officers of the Agriculture Committee who asked to see me. They were P Mills, Hicks, C Shepherd, Marland and Myles. Mills said he was "very unhappy indeed" about the Chancellor's statement that EEC price increases would be 5% or less. He said that the EEC Commission's proposals of a 7½% increase plus a 5% devaluation was totally unacceptable. They pointed out that real farm incomes are 25% down since 1979 and that bank borrowings within the farming industry had risen to alarming heights.

I fear they were in a very belligerent mood indeed, they said that a 7½% increase in prices was not enough and that they did not see why the industry should bear a reevaluation of the green pound, following its rapid decline in recent weeks. The Officers told me that they had canvassed 30 - 35 of our backbenchers to seek their views on this matter. They think that there is full agreement from them on their attitude. They warned me in very clear terms that there would be a "real revolution" if a deal emerged which was worse than a 7½% increase in price coupled with no tampering with the green pound. They were using phrases like "we want you to know that we are meaning business". They filled me in with a good deal more details about the situation, which I shall not put in this note, because I expect they will be familiar to you.

It is clear to me that if we are intending to propose a deal which is less helpful to the farmers than this minimum, then the Agriculture Committee will have to be seen by the Prime Minister.

I am copying this to Sir Geoffrey Howe and Ian Gow.

  
27 February 1981