

Agriculture

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH



From the Minister

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London SW1

4 June 1979

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Geoffrey Howe

MILK PRICES

Thank you for your letter of 1 June. I think it would be disastrous to have an independent enquiry into the whole future of milk marketing in this country.

For the last 4 years, in speech after speech, John Peyton, Michael Jopling and many others, made it perfectly clear that the Conservative Party were totally behind the concept of the Milk Marketing Board. Indeed the Conservative Party went out of its way to assure farmers that they were, if anything, more keen than John Silkin on the retention of this stabilising factor in their industry.

The fact is we do have a highly efficient Milk Marketing Board and a distribution of milk, on a house to house basis, which is unique. There is no need for an independent enquiry to ascertain that, if you allowed undiluted competition in this sphere, the system of delivery would disappear with the same speed as it disappeared in other countries. People will buy their milk, doubtless at lower costs, at the supermarkets. Liquid milk consumption could drop by 40% as it did in Holland. Such a drop would be crippling to British agriculture.

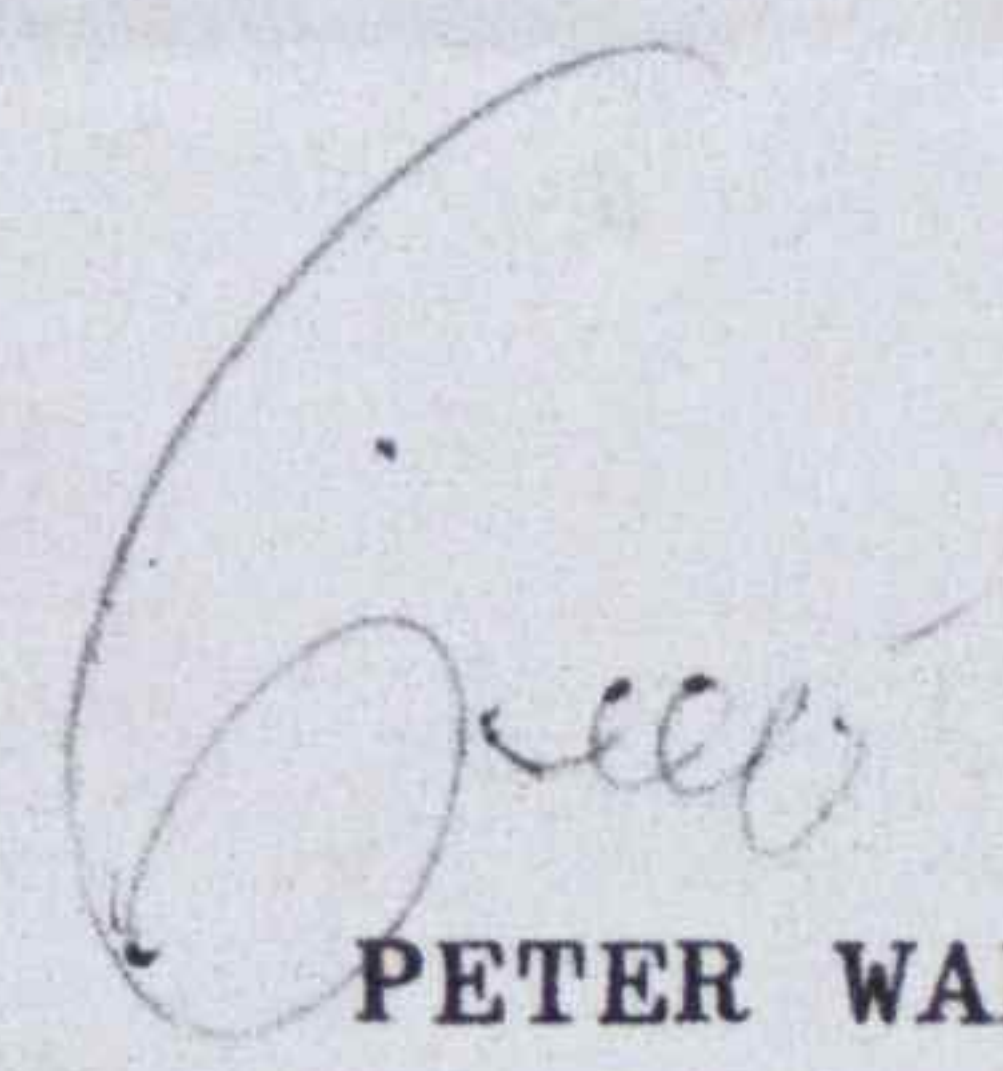
I well remember reading Linda Whetsone's IEA pamphlet and being shocked at its lack of recognition of some of the realities of the milk industry in Britain. I have discovered since that my Parliamentary Secretary, Jerry Wiggin, was equally shocked and with a view to providing Miss Whetstone with a teach-in on the subject organised for her to lunch with the Chairman of the Milk Marketing Board and I am assured that at the end of the lunch she knew more about the realities of the milk industry than when she wrote her pamphlet.

To throw into a position of uncertainty the future of milk marketing in Britain at the present time would, I believe, be incredibly damaging to confidence amongst British farmers

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and I think it would also have considerable repercussions within the Conservative Party.

The immediate task is, I believe, to examine very speedily the current arrangements for measuring and meeting costs, for I have reason to believe that they should be thoroughly revised before any further reviews of milk pricing. I am copying this letter to the Prime Minister, John Nott, George Younger, Nicholas Edwards, Humphrey Atkins, Michael Jopling and Sir John Hunt.


PETER WALKER