

~~PRIME MINISTER~~

Mr. Whitmore ^{has} ^{3m} *unfazed to Chequers*
to Mr. Mason ^{rw} 16.00 22.6.79.
Euro RS

Mr. Walker's Statement on the Agriculture Council Meeting

Mr. Walker scored a modest Parliamentary success this morning. His statement emphasised the successes of the price freeze for milk, the overall level of price increase of 1.2%, the rejection of the milk co-responsibility levy proposals, the 5% devaluation of the Green Pound and - above all - the butter subsidy of 12p per pound.

He summed up his achievement as the price review with the least increase in average prices and the biggest increase in consumer subsidy since we joined the Community.

Mr. Mason, in his maiden appearance as Shadow spokesman, described Mr. Walker as "the weak man in Europe" and said he had betrayed the Commission and the British housewife and had failed on pig meat, sugar and the proposal for a general price freeze. Mr. Walker pointed out that under Labour the average price increase had been 7.6% per year, while the mountains grew. The effect of the butter subsidy on prices would be twice as great as the effect of the overall 1.2% price increase. Bread would not be significantly affected, sugar would go up by 1p per kilo and the price of butter would immediately go down by 6p per pound.

His statement was generally welcomed by Government backbenchers. Labour backbenchers allowed themselves to degenerate into cheap jibes, which Mr. Walker dealt with in a dignified way. Mr. W. Hamilton called him a "professional con trickster" and was sharply rebuked by the Speaker. Mr. Walker emphasised over and over again the size of the butter subsidy and the generally low level of the price increases.

/In answer

In answer to questions about the net effect on our budgetary contributions, he said that the details had not yet been worked out but that he believed that in total we would be better off.

In response to complaints that he had promised more in the House a week ago than he had been able to deliver, Mr. Walker said that he had achieved a freeze on the major item in structural surplus. He was sorry that it had not been possible to make more progress on sugar, but the sugar in question was already in the ground. He added that last year, when there had been a substantial sugar surplus, the Commission had proposed an increase of 1.16% and the Labour Government had in the end agreed to a rise of 2%.

The overall impression was of a better deal for Britain than Labour had managed to achieve on any single occasion; and the House was, I think, impressed.

22 June 1979

MS