

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

21 May 1979

Mr Gort

MILK PRICES

The Prime Minister has considered your Minister's letter of 16 May proposing an increase in the retail price of milk of 1½p per pint. She has also seen the letters from the Private Secretaries to the Chancellor of the Exchequer, the Secretary of State for Scotland and the Secretary of State for Trade.

The Prime Minister's view is that a 1p increase is the maximum that is politically feasible. She would have preferred a lower figure, but in view of the arguments put forward in your Minister's letter, she is willing to go along with an increase of this amount. The Prime Minister believes that a 1½p increase would mean much too large an addition to the housewife's budget, and it would further limit the Chancellor's room for manoeuvre in the Budget.

I am sending copies of this letter to Tom Harris (Department of Trade), John Wilson (Scottish Office), George Craig (Welsh Office), Joe Pilling (Northern Ireland Office) and Martin Vile (Cabinet Office).

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a Treasury (Chofex)

G.R. Waters, Esq.,
Ministry of Agriculture, Fisheries and Food.

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