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The Rt Hon Nicholas Edwards MP

Prime Minister

(2)

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From The Secretary of State for Wales

CONFIDENTIAL

*M. 3<sup>d</sup>*

December 1981

*De G. H.*

BINDER HAMLYN: LIQUID MILK PRICES

The proposals set out in Peter Walker's letter to you of 2 December represent, in my view, the best possible compromise between the various interests, and indeed it is a remarkable achievement by Peter to have got agreement after long and difficult negotiations.

The agreement now on offer with the DTF is the most we can expect them to accept. Equally there can be no question of the need of the milk producers for a significant price increase. I have been for some time under considerable pressure from Welsh farmers about the state of the dairy industry and I am certain that the increase in producer returns which a 1½p retail price increase will permit is the minimum response we can reasonably make.

I therefore thoroughly support Peter's proposals and I very much hope that you will give them your early agreement.

/ I am copying this to the recipients of Peter's letter.

*J. G. W. H.*

*x as interest was then or even less than to appear*

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury  
Parliament Street  
LONDON

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