



Prime Minister (E)

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FCS/83/279

To note. This accords with your views, which we have already conveyed to the Minister for Agriculture.

MINISTER FOR AGRICULTURE, FISHERIES AND FOOD

Liquid Milk Prices

End
30/12

1. Nigel Lawson sent me a copy of his letter of you of 20 December on milk. I have also now seen your letter to him of 6 December.

2. It would be difficult to justify putting up the price of milk - already among the most expensive in the Community - at a time when we are arguing in Europe for large price reductions or, failing that, an extended price freeze. To do so would be bound to weaken our negotiating position. I therefore support the Chancellor's opposition to this proposal.

3. I agree with Nigel Lawson, too, that it is time we looked hard at the whole complex of controls over liquid milk. There may indeed be a case for going further and considering the future of the Milk Marketing Boards. As I said to you in my letter of 22 July about the Commission's cases against us on multiple pricing, our operation of a milk marketing monopoly has always caused and will continue to cause us trouble within the Community. Many of our colleagues in the Party are also philosophically hostile, and you may have seen an article in the Economist recently which suggested ending the milk marketing monopoly. There is at least a case for an investigation by the Monopolies Commission. If we did decide to take action on this front it would certainly fit in well with our general European policy.

/4. I am

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4. I am sending copies of this minute to the recipients of your letter, and to Norman Tebbit.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign and Commonwealth Office
29 December 1983

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Agriculture: Milk Prices Pt 2