

NOTE FOR THE RECORD

- cc 1. Mr. Unwin; please pass to
2. Mr. Williamson

MEETING WITH MR. JOPLING

The Prime Minister this afternoon met Mr. Jopling for half an hour for a personal discussion.

Mr. Jopling explained the need for him to be able to make positive announcements in his address to the NFU Annual Conference. The Prime Minister agreed that, provided the proposal for a document was accepted at next week's meeting, he could announce then the ALURE proposals. He would need to take care to avoid offending House of Commons sensibilities.

Mr. Jopling then said he thought the UK should seek a 13 per cent devaluation of the Green Pound as part of this year's price negotiations. MCAs in 1979 had been 14-18 per cent, and the Government in fighting the election campaign had undertaken to phase these out over the life of the Parliament. The Government should seek to return MCAs to no more than that level. The cost would be around £325 million in public expenditure terms.

The Prime Minister expressed horror at this. MCAs had in fact disappeared within a year after the 1979 election because sterling had risen following the Conservative victory. This could well happen again. Moreover the extra expenditure could not be afforded, and it made no sense to reduce prices in the price negotiations only to increase them again by a devaluation of the Green Pound. If Mr. Jopling wanted a devaluation of the Green Pound he certainly could not have ALURE. Could the price fixing not be prolonged so that an election might have been held before final decisions were reached?

Mr. Jopling said not: an application for a devaluation had to be made early in the price negotiations.

The discussion continued for some time, with Mr. Jopling pointing to the political difficulties of the present circumstances and the Prime Minister opposing the devaluation.

DNS

DAVID NORGROVE

28 January 1987

EL3BRM