

CC NO.



From the Minister

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
WHITEHALL PLACE, LONDON SW1A 2HH

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG

23 December 1983

*Nigel Lawson*

Prime Minister <sup>(2)</sup>

To note that milk prices  
will have to be  
considered collectively.

*MS*

## LIQUID MILK PRICES

Thank you for your letter of 20 December about the proposals for milk price changes set out in my letter of 6 December.

*DMS*  
*30/12*

I cannot accept your suggestion that the changes I have proposed would be inconsistent with agreed objectives of agricultural policy. In particular my proposals take full account of the needs of the consumer: this would be the first retail price increase for nearly 16 months, which is much longer than usual, and the increase would be 1p a pint rather than the 1½p a pint that would have been in line with the trend of previous price increases. I am also proposing that we should freeze the price at its new level for a further year partly for the benefit of the consumer and partly to provide a period of stability for the industry during which we can give thorough consideration to the arrangements that should apply from Spring 1985 onwards. As regards producers, the award would be modest, particularly given the very substantial decline in net margins which they are currently experiencing.

I shall be putting a paper to colleagues early in the New Year with a view to resolving the matter in time for the increase in the producer price to take place from 1 February instead of 1 January as I originally hoped.

I am sending copies of this letter to recipients of my original letter, and to Geoffrey Howe and Norman Tebbit.

*Michael Jopling*  
*Michael*

MICHAEL JOPLING



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Milk Prices,  
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30 DEC 1983



*[Faint, illegible handwriting]*