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

From the Minister

CONFIDENTIAL

The Rt Hon Mrs Margaret Thatcher MP
10 Downing Street
London SW1

28 September 1984

Dear Prime Minister

AGRICULTURAL AND FOOD POLICY

1. The steps we took at this year's price fixing were abundantly justified by the need to contain the costs of the CAP but you will know from the representations you have received from many quarters that they caused deep concern to our agricultural industry. In part this was simply the natural reaction of any interest group when steps are taken by Government that are likely to reduce their income in the short term. But we cannot ignore the political consequences of producers' reaction as our backbenchers have made clear to us.

2. But the industry's reaction also has a more profound basis to which we need to be sympathetic. The more thoughtful producers realise that the days of unlimited agricultural expansion are over. They realise that the growing surpluses normally involve a substantial budgetary burden on the Community especially the United Kingdom, and know that the Community is in the process of taking important new steps to impose budgetary discipline. This can only be done by methods that will have major repercussions for them. In other words they suspect that we are at a turning point in agricultural policy of which the 1984 price fixing was a first indication.

3. This has led to calls from our own backbenchers and others that there is now a need for a Government statement about the future direction of agricultural policy so that producers can better know where they stand. The organisations concerned with agriculture are aware that the situation is changing and are starting to put forward their own ideas of what should be done. The National Farmers' Union is launching its own policy statement on 28 September. The Country Landowners Association will be

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publishing a paper in October. The Chairman of the Countryside Commission has recently called for a Government White Paper - in fact two.

4. It is clear that a major debate on future agricultural policy will be - and perhaps has been - launched. I am concerned that Government should not be seen as merely responding to the lead of others. Clearly we ought to guide such a debate and this will necessitate putting out a statement of our own views if we are to maintain control of events. I had in mind announcing this at the Party Conference but in view of the current interest I think it best to use the occasion of a major speech I am making to the Farmers' Club on 3 October when I expect to comment on a number of current major problems. I attach the relevant passage from my draft speech. As you will see, I am not being specific about the content (which will obviously need to be discussed and cleared in the usual way) but I think there would be great advantage in my announcing then that we intend to publish a statement of Government views on agricultural policy in the medium term. The speech also makes it clear that we are not proposing to produce any sort of numerical plan for agriculture.

No

5. I do not think we need take a view at this stage on whether a White or Green Paper would be appropriate, though I think it will be necessary to include at least some fairly definite statements on where we are going. I am aiming at publication after Parliament reassembles from the Christmas recess.

6. I am copying this letter to the Chancellor of the Exchequer, the Secretary of State for Scotland, the Secretary of State for Wales, the Secretary of State for the Environment, the Secretary of State for Northern Ireland, the Lord President of the Council the Lord Privy Seal, the Chief Whip and to Sir Robert Armstrong.

Yours Sincerely

C J Hewlett

for MICHAEL JOPLING
Approved by the Minister and signed in his absence

I have attempted to set out this afternoon s ome assessment of the present state of agriculture and to establish some principles which we wish to carry forward in the new situation. I am very pleased that the industry itself has shown its readiness to contribute to the debate. In the last few days, we have seen a major contribution from the National Farmers' Unions. I welcome this and my Department is exploring their implications at a series of meetings. I know that the CLA is also giving thought to the change affecting their members. At the same time, interests on the conservation side are making their own contributions. I detect a readiness to talk and perhaps a greater meeting of minds, than has applied for some time past.

Earlier in my speech, I warned of the dangers of being too busy to think. The Ministry of Agriculture has been busy, but we have been doing a lot of thinking too. Both before last spring's price-fixing, and increasingly since that time, we have been giving most intensive thought to future directions. I have indicated to you today some principles underlying our approach. We shall shortly be taking the process further. I have to warn you that I see it as no part of my task to embark on indicative planning on behalf of the industry, to do its thinking and to make its decisions for individual businesses and producers. The last 20 years are littered with the debris of unfulfilled numerical plans. What I intend to offer, I hope in the New Year, is a document which builds on the principles I have discussed today, pulls together the various strands in the debate and gives some policy orientations for future directions in British agriculture. The importance of your industry to our nation deserves no less.