

G. Howe MP



HOUSE OF COMMONS
LONDON SW1A 0AA

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2nd June, 1977

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When Peter Carrington and I (together with Anthony Burney and Barry Heath) dined with Malcolm Fraser at the Australian High Commissioner's house on Tuesday, the Prime Minister launched, after dinner, into quite a formidable (but not unreasonable) critique of the impact that the EEC and the CAP were having on Australia's export trade of food commodities.

Peter and I responded sympathetically but asserted, as well as we were able, the general defence of the European situation, on the lines of the recent speeches by Roy Jenkins and Gundelach; but I fear that we did not come at all close to winning the argument.

I thought you would like to know about this since he is likely to raise the point with you. I have asked Richard Ryder to update your briefing on this point.

On more general economic issues, Fraser was more optimistic about their success in handling the economy than is, for example, implied in the attached recent article from the Financial Times. He claimed that they had succeeded in resisting pressures for tax cuts and were maintaining their determination to get the borrowing requirement under control; it sounded as though he was hoping to get their inflation rate during the present calendar year down to less than ten per cent.

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The Rt. Hon. Margaret Thatcher M.P.

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