



FCS/80/10

CHANCELLOR OF THE EXCHEQUER

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BF ~~21.1.80~~
to await comment from
Chancellor of the Exchequer

Aid Policy Review

1. I have considered the report of the inter-departmental group of officials on the review of aid policy, which was submitted to Ministers concerned under cover of Mr Le Cheminant's minute of 20 December.
2. I am generally content with the recommendations contained in the report; and if you and those to whom I am copying this minute agree, I suggest it might be adopted without discussion in Committee. But I should be happy to have a discussion if you or others would wish it. I suggest that this might be in OD, to which Keith Joseph should be invited.
3. I also concur with the Group's view that the changes in emphasis in aid policy which would follow from adoption of the recommendations in the report do not merit a new White Paper, and that a statement in due course to both Houses of Parliament will suffice. The report itself should not be published. If others agree, my own Department will prepare the draft of a Parliamentary statement for you and others to consider.
4. I am copying this minute to the Prime Minister, the Secretaries of State for Trade and Industry, the Minister for Agriculture, Fisheries and Food, the Minister of State, CSD, and to the Secretary to the Cabinet.

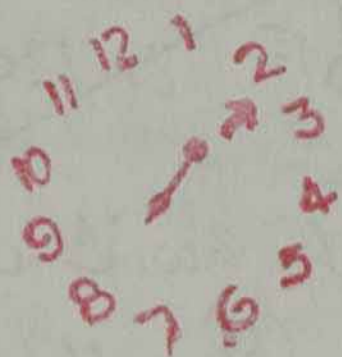
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(CARRINGTON)

Foreign and Commonwealth Office

9 January 1980

-9 JAN 1980



① NBP/7 yet

② R. Patterson may like to see.

③ B.F. 31.1.80.

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P.0180

R. H. D.

SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRSAID POLICY REVIEW

In your minute of 30 July to the Chancellor of the Exchequer you proposed that officials should be asked to review aid policy. After further correspondence, including contributions from the Secretary of State for Industry and the Secretary of State for Trade, an inter-Departmental group of officials was established under my chairmanship to conduct the review.

at front flap

2. I now submit our report. Copies of this submission and the report are being sent in parallel to the Chancellor of the Exchequer, the Secretary of State for Industry, the Secretary of State for Trade and to the Prime Minister's Private Secretary. I am also sending a copy to the Minister for Overseas Development and to the Minister of State, Civil Service Department.

3. My group was established at a time when certain specific aspects of aid policy were being reviewed by the Aid and Trade Working Party under Department of Trade chairmanship. We have taken account of, but not sought to duplicate, their work. The Report of the ATWP is now ready and is being submitted to Ministers separately.

4. In putting the report forward I should offer two comments:-

a. We were expressly required not to make recommendations about the size of the aid programme. We have therefore concentrated on the general thrust of the policy; on the scope for change (necessarily at the margin); and on the machinery for inter-Departmental consultation. The changes in direction that we envisage can be put into effect whatever is decided about the

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future size of the programme as a whole. But given the large commitments to aid that we already have, especially in the multi-lateral field, the smaller the aid programme, the longer it will take to implement the changes.

b. We faced from the outset the problem that one cannot demonstrate by analysis or arithmetic an optimum balance of developmental, political, industrial and commercial factors in aid policy. Nevertheless we all felt that it ought to be possible to obtain better value for money in terms of the totality of our objectives and that in present circumstances this meant three things. First, to set out consciously to give political, industrial and commercial factors an enhanced role alongside developmental objectives; second, to modify the machinery for inter-Departmental consultation so that all of the objectives were kept in the forefront of consideration during the process of arriving at aid policy decisions; and third, to try and create additional room for manoeuvre within the programme so that Ministers, in directing it, have as much flexibility as the constraints allow to pursue the course which seems most advantageous to them in the circumstances of the day. It is perhaps worth noting that our recommendations, fabian as they may seem, would allow for significant changes to be made in the balance of the programme over time if Ministers so wished; and that although the interests of the various Departments on the group differ widely they were all, at official level at least, content with the recommendations in the form in which they have emerged.

5. There remain three operational points:-

a. Ministerial consideration: A lot will depend on whether you and your colleagues to whom this report has been copied are content with it. If so it should be possible, if you wish, to avoid a collective discussion - though you might in any case feel it worth while circulating the report to the appropriate Ministerial Committee for information. On the other hand, if you or your colleagues are not content then discussion in a suitable Ministerial Committee will be necessary. The choice would be between E and OD, with perhaps

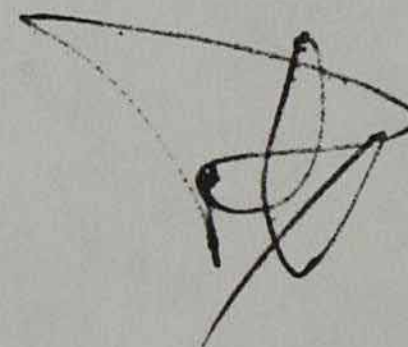
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a preference for OD. If you wish Cabinet Office to prepare a draft covering note we are of course at your disposal.

b. Public announcement: We are committed to some form of announcement on the outcome of the review by statements already made in the House. The view of officials was that the changes we propose do not merit a White Paper (which might in any case be compared emotionally with the last Government's "More help for the poorest"). A written answer or an oral statement would serve. Your own Department would no doubt prefer to prepare a draft for clearance with colleagues.

c. Publication: There may also be pressure for the report itself to be published. Given that the analysis rests heavily on the Government's unpublished forward public expenditure plans - which are themselves subject to further review - early publication is, I suggest, not practicable. And there are other sensitive points. My recommendation would therefore be against publication though this need not preclude the issue of some of the backing material, which might however require editing for the purpose, if this were felt to be helpful. Additionally the substance of much of Part I of the report could no doubt be incorporated in, or circulated with, a Parliamentary answer or statement.

6. I would be grateful for your instructions.



P Le CHEMINANT

Cabinet Office

20 December 1979