



PRIME MINISTER

OVERSEAS AND DEFENCE EXPENDITURE (MISC 42)

In his minute to you of 4 December, Sir Robert Armstrong set out for decision certain recommendations on procedures for dealing with issues relating to foreign policy and defence policy objectives. I have now examined these proposals and I am broadly content with them.

2. The most important recommendation concerns UKMTAS. It is proposed that provision for this service, as from 1981-82, should be increased from its presently projected level of £4m per annum to one of £8m per annum. Sir Robert's minute concedes that it is hard to gauge with any precision the amount which it would be right to spend, since the demand for training, and our national interest in meeting that demand, obviously vary from year to year, with changing circumstances. Moreover, it is admittedly very difficult to assess the benefits - direct and indirect - to the UK of providing such training; and the disadvantages of failing to meet overseas demand for this assistance are inevitably a matter for speculation.

3. Sir Robert Armstrong suggests that the necessary funds to meet the extra £4m should be found by an arbitrary contribution of £1m each from the existing defence budget and the existing aid budget, and that the residual £2m should be in the form of new money, allocated to the Foreign and Commonwealth programme from 1981-82 onwards.

4. In his minute of 19 December, Peter Carrington states that he is not happy that £1m should be found from the aid budget, and that he would prefer that an alternative source should be found.

5. I understand the reasons why this proposal on UKMTAS should come forward at a time when programmes have already been agreed, though it is unfortunate that the issue could not have been resolved earlier. However, provided it is firmly agreed by all concerned that half of the proposed addition of £4m would be found from within existing agreed programmes, I am prepared to agree that the other half should be an addition to the Foreign and Commonwealth Office programme. As to the future, it goes without saying that the total provision of £8m for this service would be subject to subsequent review in exactly the same way as any other part of that expenditure programme.

6. I have copied this letter to Peter Carrington and Francis Pym.

W. J. B.

JOHN BIFFEN

5. 1. 81.