

PRIME MINISTER

Public Expenditure:  
Foreign and Commonwealth Office (including aid)

There is no need to discuss Poland. OD agreed on 12 November that as things stand at present no new public expenditure on aid to Poland should be undertaken in 1982; but that it might be necessary to reconsider the provision of extra aid if circumstances change during 1982.

2. Without Poland, the gap between the Chief Secretary's and the Foreign and Commonwealth Secretary's proposals becomes £68 million in 1982-83; and stays at £72 million and £74 million respectively in 1983-84 and 1984-85.

3. The main question is the level of aid expenditure: the Chief Secretary proposes cuts of £48 million in 1982-83, £49 million in 1983-84 and £50 million in 1984-85.

4. The other two questions at issue - overseas representation and other external services (£10 million, £13 million and £14 million) and overseas borrowing by the Commonwealth Development Corporation (£10 million a year) can probably only be settled in the context of an agreement on aid.

PLG

P L GREGSON

18 November 1981