



10 DOWNING STREET

THE PRIME MINISTER

26 June 1979

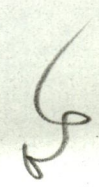
Dear Lord Bishop,

Thank you for your letter of 7 June and for telling me of your deep concern for people in the Third World and the importance of overseas aid.

It is a concern which is certainly shared by the Government. We recognise that there are powerful moral, economic and political reasons for assisting in the improvement of living conditions in developing countries. We are pledged to help the developing countries through our programme of aid and technical co-operation and by the encouragement of voluntary work. Nevertheless, as you point out, the level of overseas aid cannot be divorced from the wider one of public expenditure generally. The Government's first priority must be to ensure that our own economy is soundly based; it is in this way that a substantial programme of assistance to developing countries can be sustained most effectively.

That is why the aid programme has had to bear its share of the public expenditure cuts announced by the Chancellor of 12 June. The reduction of £50 million was a regrettable necessity, but even so we are still left with a very substantial programme which will have risen by about £75 million - or two per cent in real terms - over last year's level.

/We are not



We are not withdrawing from the previous Government's acceptance in principle of the United Nations aid target of 0.7 per cent of GNP, but, like the last Government, we are not bound to any timetable for reaching the target, progress towards which, as I am sure you will appreciate, must be conditioned by our financial and economic circumstances.

Your sincerely
Margaret Thatcher

The Right Reverend The Lord Bishop of Southwark