

CONFIDENTIAL

Rhodes



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

The Rt Hon Lord Carrington
Secretary of State for
Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
London SW1

2 April 1980

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Dear Peter

AID FOR ZIMBABWE

We discussed Christopher Soames' proposals on 19 March, and I have since received your letter of 25 March, proposing that, of the extra £35 million which Christopher suggested should be disbursed over 1980-81 to 1983-84, we should find £8 million in 1980-81 and £7 million in 1981-82 from the central Contingency Reserve in the public expenditure White Paper.

As I said at the meeting, inroads into the contingency reserve must be kept to an absolute minimum. The reserve we have, which is less than 1½% of planned public expenditure, is none too large in relation to the threats which could face us as 1980-81 wears on, and it is central to our strategy and to our posture as a Government that our public expenditure plans should not be overspent. If we are to maintain our grip on total expenditure, it is vital that we should make allocations from the Reserve only in quite exceptional and unforeseen circumstances.

Your letter - and Christopher's representations - argued that our strategic, political and commercial interests in Central Africa required us to find these funds. That may be so. But it is also necessary to be certain that they can be found in no other way than from the Contingency Reserve. The ODA provided my officials, on 27 March, with detailed figures which indicate that the successive cuts in the Aid Programme, and firm forecast commitments, had fully earmarked the ODA contingency reserve for 1980-81.

/In 1981-82,



In 1981-82, ODA's bilateral programmes will have to be reduced by about 35 per cent in real terms. With the agreed additional need for a larger ODA reserve, the Department could see no way of finding the full extra amount for Zimbabwe in 1981-82. (It is agreed, of course, that Zimbabwe's requirements after 1981-82 will all be met from within the Aid Programme).

In all the circumstances, I am prepared to agree to your proposals in this matter provided that none of our Cabinet colleagues, to whom I have sent copies of this letter, dissent from an allocation from the Contingency Reserve for this purpose.

GEOFFREY HOWE

A handwritten signature, likely of Geoffrey Howe, is written in dark ink. Above the signature is a horizontal line with a small hook at the left end. Below the signature is another horizontal line.

22 APR 1960

