



PM/80/74

PRIME MINISTER

Manpower Cuts

1. As you know, I shall be attending The Queen on her State Visit to Tunisia and will not therefore be at Cabinet on 23 October when we are due to discuss Christopher Soames' paper on manpower cuts. But I have been giving a good deal of thought to the effect our various economy exercises may have on the Diplomatic Service and on British interests overseas. Ian Gilmour will be speaking for me at Cabinet, but I should like to let you have my views in advance.

2. I have told Christopher Soames that I am willing to make a firm offer of 440 UK-based staff as my contribution ^{getting down to} the 630,000 target, made up as follows:-

	<u>Cuts Offered</u>
ODA	210
Passport Office	130
Diplomatic Service	100

The cuts in the ODA and the Passport Office represent 10% and 14% respectively. That is in line with the decisions reached in July. My major concern is the Diplomatic Service. I have examined its staffing with great care.

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It has been shrinking steadily through the seventies and I am convinced that if we are to make further cuts in UK-based staff beyond what I have offered, we risk serious damage to our operational capability. Given the Soviet threat, the invasion of Afghanistan, the Middle East war and the general instability of the Third World, I do not believe we should run that risk. We are rightly strengthening the Armed Forces. We should at least maintain our diplomatic effort.

3. I fully accept the need for economies and am prepared to make my contribution in manpower and money. But the way the economies are required to be made presents me with particular difficulties. Overseas the support staff in our Missions, who carry out the functions of junior Civil Servants at home, are locally engaged. They are therefore, under the rules, barred from inclusion in the savings. But the bulk of cuts in the Home Civil Service will come from the supporting services, as Christopher Soames has quite rightly pointed out. This is what we are doing too but he argues that we should do more on the grounds that the bulk of FCO/ODA staff are at home. It is true that the ODA are a home department. They, like the Passport Office, are bearing their full share. But the FCO operation at home and abroad is an integral one. Locally engaged manpower represents over 50% of total Diplomatic Service staffing. That operation as a whole will be seriously impaired by further cuts at home. It would surely only be right to recognise the particular circumstances of the Diplomatic

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Service and in their case agree that supporting staff overseas, ie locally engaged as well as UK-based, should be included in the exercise.

4. The problem is partly one of presentation and arises from the very nature of the present exercise, which is appropriate to the Home Civil Service, but takes no account of the staffing patterns of the Diplomatic Service. I cannot think it would be wise to disregard this difference and so to jeopardise our ability to conduct an effective foreign policy in present world conditions.

5. If this can be agreed I would increase my contribution to 700, which I understand Christopher Soames regards as acceptable for the FCO, but the balance between this figure and the 440 UK-based staff I have already offered would be locally-engaged.

6. In addition I have told Christopher Soames that we are looking at the Directorate of Overseas Surveys of the ODA and the India Office Library and Records (IOLR). Examination of both these bodies is in hand. But it will be some time before I know whether we can achieve worthwhile savings in these organisations. As you know, the IOLR presents some tricky problems in terms of our relations with India, Pakistan and Bangladesh.

7. I hope you will feel that my overall proposal is reasonable.

(CARRINGTON)

21 OCT 1980

