



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

19 June 1981

The Rt. Hon. John Nott, MP.,
Secretary of State for Defence

Dear John *mt*

DEFENCE PROGRAMME: WHITE PAPER

I am grateful to you for showing me, with your minute of 18 June, a copy of your draft White Paper.

My officials have mentioned to yours one or two points of detail on the later sections of the draft. My main concern is with its first four paragraphs, on which I have four amendments to suggest.

First, it would I think be wrong to publish a White Paper which did not make it plain that the move to cash planning and management applies to your programme as to all others. This is nowhere stated in the present draft: indeed the penultimate sentence of paragraph 2 implies the opposite. I should be grateful if you would revise that sentence to read:-

✓ "Defence, like other programmes, will now be managed in cash terms: the aim will be provision for 1985-86 21 per cent higher, in real terms, than actual expenditure in 1978-79."

Secondly, it would I think strengthen the argument in the last sentence of paragraph 2 if you were to refer not only to current economic difficulties, but also to the Government's commitment to reduce total public expenditure. Perhaps the sentence should read:-

✓ "In a setting of economic difficulty, and given the Government's determination to hold down total public expenditure, there could be no clearer or more concrete demonstration ..."

Thirdly, while I fully recognise the nature of the decisions which Cabinet took about the resource assumptions up to 1985-86 on which you should plan, I question whether it is prudent to publish them in the terms of the last sentence on page 1 of your draft. No public expenditure decisions can be fully binding three and four years ahead, and to imply that those which we have just taken will be so binding would be to invite scepticism, and possible future embarrassment. The sentence in question ought I think to read:-

Prime Minister. 20

I must come to you that this was coming. The amendments proposed by the Chancellor have been pencilled on the back of the White Paper for your convenience.

Are you content with the Chancellor's proposed changes?

I am happy with the Chancellor's amendments. They are reasonable.



✓ "The Government has now firmly decided to plan to implement the aim in full for a further two years, 1984-85 and 1985-86: and the programme will be shaped accordingly."

For the same reason, the first sentence of paragraph 4 should read:-

✓ "First, even the increased resources we plan to allocate ..."

Copies of this letter go to the Prime Minister and Peter Carrington.

GEOFFREY HOWE

A handwritten signature in black ink, appearing to be "Geoffrey Howe", written over a horizontal line.