

Original - G/R



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10 DOWNING STREET

THE PRIME MINISTER

7 July 1980

Dear Jim,

Thank you for your letter of 12 June, enclosing one from the President of the University of Beirut, about the British Council.

Mr. Hoelscher wrote to Lord Carrington on the same lines and I enclose a copy of the reply which was sent to him by the FCO. Since that reply was written, we have looked again at the whole question of the British Council's financing and have decided that their own budget should not fall below £38 million by 1983/84 (at 1979 Survey Prices). Sir Charles Troughton, the Chairman of the Council, has told me that he would regard this as a reasonable figure. He accepts that the Council must expect to take a share of public expenditure reductions.

You will note from the FCO's reply to Mr. Hoelscher that there was in any case no intention to cut back seriously the Council's work in the Lebanon, or indeed in the Middle East generally.

Yours sincerely,

(sgd) MT

The Rt. Hon. James Callaghan, M.P.

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Original - GFR



CFR

10 DOWNING STREET

THE PRIME MINISTER

7 July 1980

Dear Sir Francis,

Thank you for your letter of 3 June 1980 about the British Council. I was glad to learn how much the Council's work is appreciated.

I have delayed replying to you because we had decided to reconsider the Council's funding over the next few years. I am pleased to tell you that as a result of this review, my colleagues and I have agreed that, although the Council must bear a share of public expenditure reductions, the core budget should not fall below £38 million at 1979 Survey Prices by 1983/84. The British Council's Board have accepted this figure.

For their part, the Council will undertake an independent review of their administration. Arrangements are well in hand for this, and I look forward to seeing the Review Committee's report.

Yours sincerely
Margaret Thatcher

Sir Francis Sandilands, C.B.E.

CFR

Original LGR



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10 DOWNING STREET

THE PRIME MINISTER

7 July 1980

Dear Professor Saunders,

Thank you for your letter of 17 June about the British Council. In his letter to you of 17 April Mr. Blaker explained in detail the reasons why we feel it is necessary to reduce the budget of the British Council, as part of our overall policy of cutting the burden of public expenditure. He also explained why the Government have found it necessary to increase the size of the defence budget. Nothing has happened since then to change the general thrust of our overseas policy.

However, I assure you that we are fully aware of the important work being done by the Council and I and my colleagues have now agreed that although the Council cannot be exempt from the public expenditure review, its core budget should not fall below £38 million at 1979 Survey Prices by 1983/84. The Council's Board accepts the need for savings in public spending, and considers that this figure will allow the Council to continue its worldwide operations, which the Government greatly value.

Yours sincerely,

MT

Professor W. L. Saunders.

WLP