

File with AT



Prime Minister ②

To note

AT 16/7

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

15 July 1985

The Rt. Hon. Michael Heseltine MP
Secretary of State for Defence

John Michael

GOVERNMENT EVIDENCE TO THE ARMED FORCES PAY REVIEW BODY (AFPRB)

Now that we have accepted the AFPRB's 1985 Report, I wonder if we might reflect further on the economic evidence which you submitted to the Review Body in February. I am grateful to you for strengthening the sections on recruitment, retention, job security and affordability in keeping with the material submitted to the other three Review Bodies.

I was, however, unhappy with your decision to retain references to the Government's 1979 commitment to "full comparability" for the Armed Forces. I do not think these can really be regarded as consistent with the decision we took in E(PSP) in October 1983, to which I referred in my letter of 24 January. In any case, the 1983 Manifesto made it clear that we had honoured (and so discharged) that commitment, while the present recruitment and retention position in the Armed Forces suggests that it is no longer necessary to talk of full comparability, but very necessary to emphasise cost.

Naturally, I am not suggesting that we need to make a formal Government statement on this. But the situation today is clearly different from that of 1979, and I am sure you would agree that it would therefore be wiser to omit references to "full comparability" from future statements and Government evidence to the AFPRB.

I am copying this letter to the Prime Minister and to Sir Robert Armstrong.

NIGEL LAWSON

John Michael
Nigel Lawson

DEFENCE: Armed forces pay: Pt 2.

