



10 DOWNING STREET

From the Private Secretary

22 June 1982

file BK
no: J. Verelst
Defence

THE DEFENCE PROGRAMME

The Prime Minister had a word this morning with your Secretary of State and the Chancellor of the Exchequer about the terms of your Secretary of State's remarks to the press following the publication of the Defence White Paper this afternoon.

After discussion the Prime Minister said that it was agreed that your Secretary of State might speak as follows:-

"All the equipment lost in the Falklands conflict will be replaced - not necessarily on a like for like basis - and these costs together with the costs of the Falklands campaign and of any future garrison will be met by the Government out of monies which will be in addition to the 3% annual rate of real growth. We will be considering this replacement programme in the next few months with a view to placing major orders by the end of the year - some may be earlier."

I am sending copies of this letter to John Kerr and Terry Mathews (HM Treasury) and David Wright (Cabinet Office).

M. C. SCHOLAR

David Omand, Esq.,
Ministry of Defence

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