

D R A F T

The Rt. Hon. Edward R.G. Heath, M.P.,
Prime Minister and First Lord of the Treasury,
Great George Street,
LONDON, S.W.1.

My dear Prime Minister,

In your present preoccupation, with so many domestic and international problems, I felt that you might welcome hearing of one matter, at least, which is not a new problem, but is the ending of an old one.

From the time when Malaŵi became an independent sovereign member of the Commonwealth, Her Majesty's Government has, most generously, provided financial aid in support of our recurrent budget, as well as other forms of assistance related directly to our development. This budgetary aid, though essential, particularly in our early years of independence, and received by Malaŵi with gratitude, was, however, as both our Governments have frequently made clear, not a form of assistance which either wished to see continued a day longer than was essential.

At the time of our independence, in 1964, though I made clear our determination to balance our recurrent budget as quickly as possible, and bring to an end this form of assistance, I am afraid that many international observers, and outside "experts", were very sceptical of our ability to deliver the goods. This scepticism, though diminished, persisted among some of the international experts, even after, in turn, I had set 1975 as our target date for the ending of budgetary aid, and, later, our two Governments had agreed, at the final annual financial aid talks in February, 1971, that 1973/74 would be the last year of such aid.

I am, therefore, very pleased indeed to be able to tell you that our revised estimates of revenue and expenditure for 1972/73 indicate that we are likely to

end the current financial year with a true surplus, ^{natural smile} ~~though~~, instead of the budgetted deficit. In this light, and in the light of our budget estimates for the 1973/74 financial year, which will be presented to Parliament on 15th March, my Government has decided that it will not call on the budgetary aid agreed for the current financial year, or in future. Indeed, our last effective drawing will have been that in the 1971/72 financial year, when our actual deficit finally turned out to be only £100,000. ~~I~~ I need hardly say how pleased are my Government and I, that our people's efforts and sacrifice have so successfully vindicated our faith.

Our ceasing to draw budgetary aid does not, we are glad to know, mark the end of Britain's support and assistance for Malaŵi. Your Government's programme of development loans, technical assistance, and the OSAS and related schemes, continues, and is of critical importance to our accelerating progress. These forms of assistance are most welcome, we are very grateful for them, and we hope that they will not only ^{be continued} ~~carry on~~ for many years, but grow in volume.

In this connection, I am very glad that arrangements have been made for half of the agreed, but unutilised, provisions for budgetary aid, to be added to the existing three-year British Development Loan. And I hope, when ^{that} our representatives come to negotiate future Development Loans and the level of other forms of assistance, ~~that~~ the cessation of budgetary aid will be reflected in further increases in total British support for our development.

My Government, my people and I are most grateful
for the Budgetary Aid MalaWi has received in the past -
as we are glad that it is no longer required. We
shall not forget the support we have received from

our oldest friends, *Her Majesty's Government in
the United Kingdom*

With kindest ~~regards~~, *personal regard,*

Yours sincerely,

J. K. Nkomo

the Republic of
PRESIDENT OF ~~MALE~~

Malawi.