

PART ONE

mt/jm

SECRET

S
3008

Confidential filing

Meetings with the chiefs of Staff

DEFENCE

June 1979.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
28.10.93							
closed							
PREM 19/4060							

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PART 1 ends:-

PL to ~~PL~~ MOD 28.10.93

PART 2 begins:-

MOD to AA 9.11.93

PERSONAL AND CONFIDENTIAL

File



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 October 1993

Dear John,

**PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF:
CONTINGENCY LINE**

This is to follow up our word on the telephone earlier today.

So far as I know, there has been no leak about the Prime Minister's meeting with the Chiefs of Staff. Nevertheless, we must be prepared for the contingency that either the Prime Minister or our press officers will have to answer direct questions about the meeting.

I enclose a first draft of a line to take. This has not been to the Prime Minister yet. I should be grateful for your views as soon as possible.

I am sending a copy of this letter to Melanie Leech (Cabinet Office).

*Yours sincerely,
Roderic Lyne*

RODERIC LYNE

John Pitt-Brooke, Esq.,
Ministry of Defence.

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**CONTINGENCY LINE TO TAKE:
MEETING BETWEEN THE CHIEFS OF STAFF
AND THE PRIME MINISTER**

Have the Chiefs of Staff requested a meeting with the Prime Minister to discuss defence expenditure?

The Prime Minister of course meets the Chiefs of Staff from time to time, and he has had two meetings with them and the Defence Secretary collectively this autumn. The Chief of the Defence Staff and his colleagues also take part in meetings with the Prime Minister when defence matters are under discussion.

When were these two collective meetings?

They took place on ... and 27 October.

Were the Chiefs protesting about cuts in defence spending?

No. The purpose of the meetings was for the Chiefs to brief the Prime Minister and give him their views on the Armed Forces, and their present and future role. The Prime Minister needs to hear from the Chiefs of Staff at first hand, and they have a responsibility to give him their views directly.

No decisions have yet been taken on future defence spending. The Prime Minister has listened carefully to the Chiefs, and he and his Cabinet colleagues will take account of their views in reaching their decisions.

Who requested the meetings?

The Chiefs of Staff know that the Prime Minister's door is always open to them. They asked to give him their views at a time when a number of

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decisions affecting the Armed Forces are under discussion. The Prime Minister welcomed this.

Why were the meetings held in secret?

The meetings were part of the conduct of normal Government business.

[IF PRESSED]

The Chiefs of Staff wanted to have a serious and private discussion, not to make a political gesture.

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NOTE FOR THE RECORD

PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF:

27 OCTOBER 1993

The Prime Minister met the Chiefs of Staff at their request. The Chief of the Defence Staff, the First Sea Lord, the Chief of the General Staff, the Chief of the Air Staff and the Secretary to the Chiefs of Staff were present. The Prime Minister was accompanied by the Secretary of State for Defence and the Cabinet Secretary.

The Chief of the Defence Staff said that this was an unusual meeting. The Chiefs had thought long and hard before exercising their right to see the Prime Minister, which they had not done for over ten years. They took the issues concerned very seriously and did not want to dramatise them unduly. The Armed Forces were undergoing great change and turbulence. Market testing and the creation of agencies had already led to thousands of redundancies, both military and civilian. Nevertheless, these changes were accepted as a very important challenge. The Armed Forces had been reduced by about 11 per cent between 1985-91, with a further £3-4 billion reduction following Options for Change. Efficiency savings of £1 billion were already included in the PES figures. Sir Peter Levene had nevertheless agreed that a further £350 million could be done, though he considered it a challenging target. It would entail very hard decisions, probably including the closure of further establishments. This was at a time when the Forces faced a hard winter, not least in Bosnia and Northern Ireland.

The Chief of the Defence Staff said savings of £800 million were still needed in order to reach the target of £500 million below base line. The Chiefs were not

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responsible for negotiating money, but they wanted the Prime Minister to know the practical implications. It would be difficult to reduce the support side as so much hollowing out had already taken place. Quite early into the £800 million, therefore, they faced the need to cut forces and capabilities. As the Prime Minister's principal military advisers, they recommended him against such cuts. However, if significant reductions were needed, it would be irresponsible not to think in terms of a proper Defence Review. The justification for Options for Change had been the disappearance of the Warsaw Pact and the disintegration of the Soviet Union. They had been able to place a strategic veneer on the further cuts announced this summer. But if the match between equipment and resources were stretched any further, it would be very difficult not to look irresponsible, and to carry the loyalty of the Services. They therefore urged the Prime Minister most strongly that in the current climate it was not the moment to reduce force levels and capabilities.

The Prime Minister said he welcomed this meeting. He had seen the Chiefs a few weeks ago and was glad they had repeated their presentation for the Chancellor. Since then he had held two meetings with the Defence Secretary, Chancellor and Foreign Secretary. The Chief of the Defence Staff had attended the second of these. EDX had met the Defence Secretary twice, including a long session on Monday evening. He had to say that EDX had agreed unanimously that substantive defence savings below baseline were achievable, and though he had not canvassed Cabinet colleagues he believed Cabinet would overwhelmingly take the same view. There would be only one and a half supporters for the Defence position: the Northern Ireland Secretary and half the Prime Minister.

The Prime Minister said he wanted to put the present discussion in context. The Government still expected a £50 billion deficit this year. There had been a very tough Budget in March, and another was coming. Tough decisions were needed on public spending too. Defence would not be uniquely badly treated, even if the Treasury's original request for £1 billion below baseline were implemented. Most programmes were taking reductions this year and many involved difficult changes. Many programmes had taken cuts last year too. MoD was unique in having entered a bid of £930 million for Year 3. Most other Departments had taken above-baseline bids off the table, yet Defence still stood at £300 million above baseline. Nothing in terms of equipment had yet been taken out.

The Prime Minister said he had some sympathy with the Chiefs' concern to avoid cuts in forces and capabilities. He knew the problems first hand, since he had many air bases in his constituency. However, colleagues were sceptical about two particular factors. The first was the retained bid for MoD-specific inflation. Given that MoD was a monopoly purchaser, and at a time of falling manufacturing prices, EDX was not persuaded of the need for this. Sir Peter Levene was not persuaded either. Secondly, MoD had a £10 billion a year procurement programme, of which only about £3 billion was committed. A relatively small slippage would meet the savings required. The Prime Minister added that he had asked the Foreign Secretary whether he thought the international situation would permit some adjustments in force and capability levels. The Foreign Secretary thought some adjustments could be made without affecting commitments. He regretted the way the debate on defence spending had been conducted in public. The leak of a letter from Sir Nicholas Bonsor and his colleagues had been extremely unhelpful: if anything it led the

Treasury to adopt an even tighter position.

The Prime Minister stressed that he was not in the business of taking out huge elements from forces and capabilities. Indeed, there were some areas where he would like to reinforce force levels. He was not in a position to do so now, but if the time came he would need to be sure that no money was being spent unnecessarily.

The Chief of the Defence Staff said he thought savings on the relative price effect had been agreed. The Prime Minister said he was glad to hear that: the savings would bring the figures virtually to baseline. The CDS said the inflation allowance did reflect the prices the Services had to pay. The Prime Minister said he failed to understand this. Manufacturing prices were falling, MoD was a monopoly buyer and the industry was desperate for sales. He recognised that the Government might have encouraged MoD in the past to buy at home rather than obtain cheaper prices abroad. But he did not accept the argument that UK companies needed to maintain their prices at home to match the prices they charged abroad: again, the climate had become much more competitive. MoD should accept that there would be no special allowance for inflation in the PES figures. They could come back if they found it could not be done.

The Chief of the General Staff said he had to plan the Army's equipment programme over ten years. The defence budget was declining over the period and within that he had to implement the efficiency measures already agreed. It would be very difficult to take his share of a £500 million reduction and maintain his equipment programme and force levels. The Chief of the Defence

Staff agreed. MOD's bid for Year 3 was not to increase the volume of defence provision, but to meet inflation, pay and other pressures. A number of new savings had been assumed in calculating the bid. To do more would affect capabilities and force levels. If spending in Year 3 was deferred, a compensating cash increase would be needed in the following year. Treasury rules, however, were that a cut in Year 3 must be carried through in the baseline for subsequent years. In that case, there would be a cumulative effect over the period of the Long Term Costing and a cut of £500 million in the first year would mount to £5 billion after ten years.

The Prime Minister said he understood the problem of progressive slippage from deferment. But he wondered how frequently MOD's procurement programmes had been up to capacity in past years. In the nature of things, procurement did slip. Did the MOD not have end-year flexibility? The CDS replied that spending had to be up to the limit because the Treasury would not allow it to be passed from one year to the next. The First Sea Lord said that deferring expenditure in Year 3 would mean a lower baseline in Year 4. Moreover, difficult value for money judgements arose if there was slippage. The Chief of the General Staff added that MOD was required to maintain a level baseline in cash terms from Year 3 throughout the rest of the LTC period: this meant that funding declined in real terms. The Chief of the Defence Staff repeated that these rules, together with the hollowing out which had already taken place, meant that any further reductions would cut into the front line.

The Prime Minister said it was unlikely that the Treasury would change the LTC rules. But MOD was being asked, in effect, to spread £100 billion of procurement spending over eleven rather than ten years. The Cabinet

Secretary, responding to a question from the Prime Minister, said he believed the Treasury would look for any deferment made in Year 3 to have a knock-on effect over the rest of the LTC period. The question was whether that could be sustained. It did not seem huge.

The Prime Minister said the scale of changes under discussion made it very difficult to justify the arguments for a defence review. Even if some savings had to be made on capabilities, surely a small reduction in, say, frigates and submarines would not justify a full-scale review? A review would mobilise maximum support against reductions. There had been a better argument for a review when Treasury was seeking savings of £1 billion, but he had overruled that.

The First Sea Lord said he had to justify to the Navy any changes made in commitments. The changes proposed would mean a higher risk. The Prime Minister questioned whether this was so. The First Sea Lord said he could not say that there would be a higher risk in the short-term, but the longer term was uncertain. He could not rebuild naval services quickly. The Prime Minister commented that this was an argument for never cutting anything.

The Chief of the Defence Staff repeated that all the advice the Chiefs of Staff had received, based on the present Treasury rules, was that they could not get down to the level being required of them without reductions which would require a defence review. The Chief of the General Staff said none of them wanted a review. But they wanted to preserve the front line and did not believe they could do this with the cuts being demanded. The Chief of the Air Staff and the First Sea Lord agreed that major cuts would be needed.

The Prime Minister asked whether savings had been looked for in the Defence Intelligence Staff and on allowances. The Chief of the Defence Staff said savings on the DIS were already included in the £350 million efficiency savings though he could not give a specific figure. He could provide full information about allowances and show that they were essentially compensation, not discretionary payments. He repeated that the Chiefs of Staff found themselves facing serious front line cuts, which they felt needed to be considered in a defence review. The Prime Minister said that if other savings were not possible, he might be forced to look to capabilities. £500 million was a small proportion of MOD's very large programme and he did not believe savings of that order required a defence review. All Departments had to start from where we were, not where we would like to be. What was being asked of MOD was not remotely different from what was being asked of other Departments.

Concluding, the Chief of the Defence Staff said he and his colleagues understood the problems which the Prime Minister and the Cabinet faced. Everyone had to face those problems in some ways. But the Chiefs could only speak for their own responsibilities and they did face serious reductions in force levels and equipment.

The meeting concluded at 8.25 pm.

MF.

MARY FRANCIS

28 October 1993

Economic\Chiefs.MRMJ

e\defence.pmg

DEFENCE: INTRODUCTORY REMARKS

- Welcome this meeting. Saw you a few weeks ago - and know you repeated presentation for Chancellor.
- I've held two meetings since then with Defence Secretary, Chancellor and Foreign Secretary. Peter Harding attended second of these. And EDX has met Malcolm Rifkind twice - long session on Monday evening.
- Have to tell you that EDX unanimous in recommending defence savings of at least £500m below baseline. Expect Cabinet - including Foreign Secretary - will agree 20:1.
- EDX background: tough decisions. Most programmes taking reductions. Many involve substantive changes - eg invalidity benefit; statutory sick pay; extending student loans; cutting road spending by 5%; police pay and restructuring; housing cuts; overall cut in capital spending. Many took cuts last year too.
- Have to ask why defence alone should be treated differently.
- Very much regret defence debate being conducted in public - alone amongst departments. Latest leak of Bonsor letter hinders, not helps, your position.

SECRET**RELATIVE PRICE EFFECT (saving £280m in 1996-97)**Bull Points

- Over-capacity in defence industry worldwide. Price competition for new orders has never been keener (eg between Dockyards), and will continue throughout Survey period.
- May well mean that price of much defence equipment rises more slowly than other prices. MOD's claim for relative price effect based on exposure to manufacturing prices in particular; but these prices have been rising slower than GDP deflator.
- So no possible justification for any positive relative price effect.
- Sir Peter Levene supports the Treasury on this issue.

Background

MOD claims that a defence relative price effect applies to all non-wage expenditure (some £13bn). Their inflation assumptions originally (3.6/4.1/4.1/3.7% from 1993-94) thus generally exceed the Treasury GDP deflators over the same period (2.75/4.25/3.75/2.5%).

Mr Rifkind has already offered some reduction in non-pay deflators (to 3.9% and 4.0% in 1994-95 and 1995-96). The resulting saving is part of the £150m for pay and efficiency which has already been scored. But eliminating the rpe altogether, and basing the figurework entirely on the GDP deflator would save a further £280m in 1996-97.

MOD agrees with this arithmetic. But MOD claims that the defence basket of goods has a much greater exposure to manufacturing prices than the GDP deflator, and that manufacturing prices will rise by more than the GDP deflator.

In fact, over the last 3 years, manufacturing prices have risen more slowly than the GDP deflator.

Nor has MOD's methodology taken any account of the beneficial effect on prices of the sharp, and continuing, reductions in world defence spending over the last few years (witness savings which emerged in recent competition for nuclear facilities at the Royal Dockyards).

DEFER MORE EQUIPMENT/WORKS PROJECTS (say £320m saving in 1996-97)Bull Points

- Great scope for deferring expenditure on equipment and works. Planned programme for 1996-97 worth at least £10bn [cash]. Past experience suggests less than 25% of this is already committed.
- For MOD to prioritise such measures to minimise effect on forces; but difficult to see that £300m would be end of the world [see notes below on Defence Secretary's own illustrative savings (worth £290m+ in 1996-97)].
- Will be room to put many of these measures back in later year, since Defence Secretary clear that his measures on efficiency and equipment will generate more savings beyond 1996-97. [We estimate roughly £250m extra savings in 1997-98 on equipment and support measures alone].

Background

EDX, and Mr Heseltine in particular, strongly supports the scope for savings from deferrals.

Mr Rifkind's ^{EDX} paper of 22 October included some £290m+ of equipment measures. Larger savings were on additional High Velocity Missiles (£110m saving in 1996-97), deferral of replacement attack submarines (£45m, but current submarines would still receive £1bn mid-life update), air launched anti-armour weapon (£35m, a doubtful priority in new strategic environment and certainly not essential for UK), Eurofighter 2000 (£25m, likely to slip to the right anyway).

EDX very sceptical that these, or other measures, would in practice become cancellations; and also sceptical that there need be any significant consequence from making a modest slippage in such a large budget.

[Note: Mr Rifkind's negative assessment of his overall package circulated on 22 October was coloured far more by his views on reductions in force levels than on the equipment measures. The EDX table has avoided force level reductions entirely].

CAPABILITIES (saving up to £250m in 1996-97 on submarines and destroyers/frigates alone)

- (a) Cutting submarines from 12 to 10 saves £50m; cutting to 8 saves £80-90m.
- (b) Cutting destroyers/frigates from 35 to 31 saves £135m; cutting to 29 saves £175m.

Bull points

- Very difficult to believe that there is nothing which can be cut without causing trouble with allies. Some areas must be less sensitive than others eg submarines and frigates.
- Very few submarines/destroyers/frigates actually on station (1 submarine, 8 destroyers/frigates). Reductions would not affect what we are doing but what we could do.
- Capability wasted in refit. Refit times are cut in crisis; why not normally? 3 submarines always in refit for average of 26 months - if cut refit time by one-third could give up 1 submarine without pain. Up to 10 destroyers/frigates in refit for average of 1 year - mere 20% cut in time would free 2 without pain.
- Even in time of tension, could protect deterrent [with 4 submarines and 5 destroyers/frigates] and maintain contribution to NATO [with 2 submarines and 7 destroyers/frigates]. Lower priority tasks (eg submarine for collecting intelligence in Bosnia/Armillar Patrol in Gulf) would cease.
- Post break-up of FSU most unlikely to need to protect deterrent. JIC assess we would have plenty of warning to enable reconstitution of force levels.

DEFENCE INTELLIGENCE SERVICE (saving £50m in 1996-97)

Bull points

- DIS has not adapted to post-Cold War world - still daily briefings of "Warsaw Pact Intelligence Committee".
- DIS not focused:
 - **does inappropriate economic and political as well as military analysis;**
 - also provides "journalistic" briefing to senior officers eg study of Lech Walesa.
- DIS badly managed with poorly trained staff:
 - internal manpower audit shows old fashioned management style, not output oriented;
 - efficiency scrutiny shows staff turnover high - staff lack necessary expertise eg languages.

Background

DIS costs about £140m pa. **Defence Secretary looking at DIS in efforts to save £350m through efficiency. Only proposing £5-10m cuts - merely 3%-6%. Could save significantly more.** Ambitious savings target most effective way of driving through a radical overhaul.

SECRET

MF Suggestion

e\table.png

DEFENCE

Agreed

Pay and efficiency	150	✓
Further pay reductions	130	✓
Efficiency	350	✓
	—	
	630	

+ 930.

150.
130.
350.

Not agreed

800

—

300
20

+30

Further possible reductions

MOD-specific inflation	280
Deferrals	250
Capabilities (eg 2 subs + 4 frigates)	180
	—
	710
	—

SECRET

Aide- Memoire for discussion of Defence and Overseas Policy and Resources: 18 October 1993

Defence baseline 1996-97: £23,219 million

Defence Secretary's 'bid' £+930 million(a)

Savings in 1996-97

	<u>Agreed</u>	<u>£m</u>	<u>Proposed</u>
Pay and efficiency	- 150		
[Non central tasks	- 100		<i>= not agreed</i>]
Further reductions in Service pay assumptions	- 130		
<hr/>			
MOD relative price effect excluding pay			- 300(Tsy) *
Raise efficiency target to 3½%			- 220(Tsy) * }
Dramatic increase in efficiency measures			- 400(Tsy) }
			} 620
MOD 'Annex C' measures			.
Force level reductions (Main components:			- 270(Tsy/MOD)
- submarines			- 50 approx.
- frigates			- 140 "
- air defence			- 20 "
- strike/attack			- 40 "
Equipment cancellation/deferment			- 170(Tsy/MOD)
Falklands garrison/MOD HQ etc			- 160 (Tsy/MOD)
Further illustrative reductions in capability			
- Armoured warfare: brigade only			- 350 (MOD/Tsy)
- Amphibious capability			- 200 (MOD/Tsy)
- Anti-submarine warfare			- 65 to 125 (MOD Tsy)
- Disband Jaguar force			- 30 to 50

* Tsy = Treasury figure only
 MOD/Tsy = MOD/Treasury agreed figure
 MOD = MOD figure

PERSONAL



MINISTRY OF DEFENCE
WHITEHALL LONDON SW1A 2HB

Telephone 071-21 82111/2/3

SECRETARY OF STATE

cc - AA
RL
Bup

MO 8/15M

cc Sir Robin Butler
I have checked with MoD
that ⊗ refers to:
-150 pay efficiency
-130 further pay reductions.

27 October 1993

Defence-specific inflation, other than pay, is still an area of dispute.

MF 27/10.

Dear Academic

DEFENCE EXPENDITURE

In case you would find it helpful, I thought I would set out the background to the Chiefs of Staff's call on the Prime Minister tonight.

The arithmetic as the Chiefs understand it is as follows:

- at the Prime Minister's last meeting we were asked to produce proposals for a settlement at £500M below base-line in Year 3. It is assumed here that EDX will recommend this figure.
- the Defence Secretary's original bid was for £930M above base line. This has come down by £280M for differing inflation assumptions and other technical changes, and we have now identified a further £350M for efficiency savings (the figure agreed with Sir Peter Levene as being a "challenging but realistic" if not a "maximum possible" target.)
- if the MOD could achieve all this we would be down to £300M above base line.
- in other words the gap is £800M.

The question is how that gap is to be bridged. It is clear that the Treasury believe that some or all of it can be taken by yet more efficiency, further adjustment to inflation assumptions, and deferral of the equipment programme (in other words buying new kit in 1997/1998 - or thereafter - rather than in 1996/1997.)

R M J Lyne Esq CMG
10 Downing Street

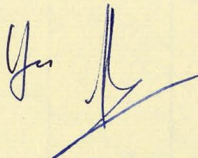
PERSONAL



PERSONAL

The Chiefs are not experts on these technical matters, although they have been advised by our Permanent Secretary on what we believe is genuinely feasible. The point they will try to get over is that they cannot see how £800M worth of cuts can be had without real cuts in capabilities (ie fewer tanks, ships, planes, etc). The only alternatives would be yet further and very deep cuts in spares, training, and salami-slicing of units at all levels. If we had to do any of this, they will argue, it will so attenuate our fighting capability, and our ability to carry out current commitments, that we will have to strike the balance between capability and commitments at a new and much lower level. This will require a review.

I have not shown this letter to anyone here, it is simply to help you set the scene in briefing the Prime Minister. Please let me know if you need anything else.

A handwritten signature in blue ink, appearing to read 'J S Pitt-Brooke', with a long horizontal flourish extending to the right.

(J S PITT-BROOKE)
Private Secretary

PERSONAL

27.10.1938

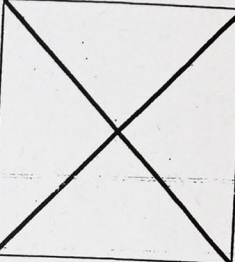


Faint, mostly illegible text, possibly bleed-through from the reverse side of the page.

Handwritten initials or signature in blue ink.

TO A VERY HONORABLE
MEMBER OF PARLIAMENT

A The National Archives

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>4060</i> (one piece/item number)	Date and sign
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PRIME MINISTER

c Sir Robin Butler

YOUR MEETING WITH THE CHIEFS OF STAFF

This brief suggests how you might conduct the session with the Chiefs and gives you some points/questions to deploy.

Overall tactics

2. The Chiefs' main aim will no doubt be to tell you first hand of the damage that they see a reduction of £800 million in year three doing to Britain's military capability and the consequences that it would have for defence and foreign policy. They will presumably take the line that so large a cut involving the allies would need a formal Defence Review. They will not expect you to reveal your hand completely but they will be watching keenly for indications of your personal attitude. It will be tempting to use the occasion to offer them reassurance. There are dangers in this. Any words of comfort are liable to be eagerly over-interpreted into bankable assurances which could come to haunt subsequent dealings. I suggest therefore, unappealing as it may seem, that at the outset you set a friendly, professional but non-committal tone and that you do not reveal your bottom line. I also suggest that you do not go into detail about the EDX figures. The Chiefs will not be master of this material and will be suspicious of the overwhelming emphasis given by the Treasury to affordability. (They would also regard the procurement deferrals suggested in the Treasury's note for EDX members as a prime example of 'hollowing out'.)

3. Your aims, I suggest, should be to:

- retain the confidence of the Chiefs;
- enlist their active co-operation over implementing whatever efficiency improvements and capability reductions that the Cabinet may decide;

- obtain the Chiefs' advice, hitherto lacking, on the least bad reductions in capability should these prove necessary.

The most important aspect of the first two points will be to give the Chiefs a full hearing. They fear two things:

- unattainable efficiency targets which subsequently result in extra unplanned programme cuts;
- more 'hollowing out' because the government wants to camouflage the real effect of cuts.

While you need not accept the argument (all too likely to be advanced) that so much efficiency improvement is already in hand that no more can be stomached for now, you will want to convince the Chiefs that in setting efficiency targets, Ministers will be realistic and have due regard to the effects on policy. This will give you the opportunity to enlist their active leadership in developing much more cost effective management for getting forces into the field. (There is a tendency to regard that as civilians' business.)

4. The Chiefs will find giving advice on least bad reductions difficult as a matter of principle and because it involves choosing between the Services. On principle, you may need to point out that - as they will have seen from the minutes of previous meetings - the Foreign Secretary considers that the international situation would permit some adjustments in capabilities (not £800 millions' worth however) without going to the lengths of a Defence Review. This will give you the opportunity to make the distinction, which the Chiefs are inclined to blur, between 'hollowing out' - which you will not countenance - and small reductions in capability involving operational adjustments justified on policy grounds. They may still try to dodge the issue with counter questions (how big a cut are you talking about?), or fob you off with a selection of unprioritised options inflicting roughly equal pain on each

Service. Since you are entitled to their professional advice you may need to warn them that, if they duck giving it, they must not subsequently complain about the validity of the choice on which they had declined to advise.

5. You might divide the time available into three parts:
- your brief overview of the public expenditure situation;
 - Chiefs' views on the £800 millions' worth of options, including efficiency;
 - Chiefs' advice on least bad option(s) for any capability reductions that may prove necessary.

At the end, it would be open to you to offer them another session after decisions have been taken to discuss the way forward. This might be a useful tactic if you sense that they might not stay on board.

Handling

The public expenditure situation

6. You will not want to spend long on this. It would help the Chiefs' sense of proportion about the defence budget however if they were to learn from you in confidence something about the broader expenditure scene and the difficult choices confronting the government: they need in particular to know that defence is not regarded as an easy target being singled out for especially harsh treatment.

Chiefs' views on the cuts amounting to £800 million

7. I suggest you let them have their say and get them all to talk. Points to deploy are:

Efficiency/management structure

8. - Quality and efficiency of our Armed Forces in operations not in question. Has been demonstrated time and again.
- Nevertheless, firmly believe possible to retain quality while improving efficiency. If prove unable to do this, consequence will be a smaller than otherwise capability. Real effort required. MOD not being asked to do things other Whitehall departments are escaping.
 - Within an area over which Chiefs have direct control, concern about the size and cost of the Command structure (including the NATO Command structure), and the cost of the support organisation for getting forces into the field.
 - Some re-organisation already taken place and more in the pipeline, but:
 - With reduced forces throughout NATO, new tasks, and a remote likelihood of general war, must be more scope for United Kingdom and NATO to slim Command arrangements. Too many intermediate levels?
 - Also scope for more radical changes than already planned in personnel and logistics? Bigger role for the private sector in the management of logistics, especially below the operational front line?
 - Helpful if the Chiefs would give lead in all aspects of increased efficiency.

Capability areas: force levelsGeneral

9. In changing environment is UK striking the right balance between training for traditional NATO collective defence

tasks, and providing forces for the most likely contingencies (Northern Ireland, peacekeeping, etc)? Would devotion of fewer resources to the first - in so far as justified by the international situation - help with the problems of overstretch? In particular:

For the Navy

- The most immediately useful tasks for frigates and destroyers are contingency operations such as the ARMILLA patrol; operations in the Adriatic and West Indies. But these always seem to be the first at risk when reductions in force levels are discussed. // Is it right to regard such tasks as, in effect, a second priority? Rethink of priorities in order?

- Going down shortly to lower state of readiness for the deterrent (from 15 minutes to 5 days). Surely in these circumstances possible either to reduce submarine escort arrangements for deployment of Trident (needs 4 at present) or to use extra planning time available to ensure that 4 are available? Cannot we do with fewer submarines?

For the Army

- Extent to which overstretch will be eased when the relocation from Germany and regimental restructuring is complete?

- Extent to which overstretch is exacerbated by the regimental system which posts whole units, thus increasing disruption and costs and reducing flexibility? Scope for increasing posting of individuals between units, (as largely happens in US armed forces in the Navy and Air Force (and some technical parts of the Army))?

For the Air Force

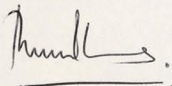
The role of the Air Force in warfare is to support the other two Services. The RAF is already pretty small; further deep reductions would have disproportionate effects on its ability to perform this role. But since you need to direct something at Air Marshal Graydon you might ask:

- Can ways be found to maintain sustainability while reducing the 1:3 ratio of squadrons in the field and back at base?

- Is the Air Force trying to sustain too broad a range of capabilities and which would be least difficult to relinquish?

Reductions in capabilities

10. Among the capabilities discussed - maritime, land, air, amphibious, air mobile - where would reductions be least damaging to the national interest?))



Miss L.P. Neville-Jones .

26 October 1993.

Defence Savings

cc Mr Nettle.
Jones.
Mr Poship

Savings in 1996-97
£m

1. Mr Rifkind's 'bid' £+930m		
2. Savings already agreed by Mr Rifkind		- 280
3. Efficiency (3 % target <u>and</u> £400m for step change would give max of £620m. Mr Rifkind has offered only £350m)		- 350
4. Non-essential tasks (max £100m) (Mr Rifkind's latest paper includes £50m from this category. But he has not offered £38m from withdrawal of Gibraltar garrison, nor £10m from scrapping Royal Yacht)		- 50
X 5. Reject non-pay relative price effect	✓	- 280
X 6. Reduce Defence Intelligence Staff (Annual budget of £140m, plenty of scope to save £50m)		-50
7. Military allowances (freeze total bill in <u>cash</u>) (About £800m per annum is spent on military allowances. Long overdue for radical review. Set target now for 1996-97, and leave MOD 3 years to identify suitable measures)		- 100
X 8. Defer equipment/works programmes (Probably less than 25% of equipment/works budgets in 1996-97 is as yet committed. With budget for that year around £10 billion, huge scope for further deferrals. Mr Rifkind's own latest paper includes some £290m for deferrals, although they are often described - prematurely - as cancellations)		- 320
Total savings (= £500m below baseline)		-1430
<p>Note: if even some £200m of the savings above are not scored, the balance could be made up by some adjustments to force levels (there are <u>none</u> above), or further deferrals (adding to the £320m above). The force level reductions might be:</p>		
- 2 fewer attack submarines (12 to 10)		-50
- 3 fewer destroyers/frigates (34 to 31)		+135
<p>both of which are likely to receive the Foreign Secretary's support, even without a defence review. Indeed, the Foreign Secretary's package for the Prime Minister's 18 October meeting had <u>further</u> reductions in both areas.</p>		

+ 300

From: Roderic Lyne
Date: 26 October 1993

PRIME MINISTER

HOT Brief.

MEETING WITH CHIEFS OF STAFF: ATTENDANCE

The military line-up will be:

Chief of the Defence Staff - Sir Peter Harding

First Sea Lord - Sir Benjamin Bathurst

Chief of the General Staff - Sir Peter Inge

Chief of the Air Staff - Sir Michael Graydon

Secretary to the Chiefs of Staff - Col. Robert Gordon

Defence Secretary?

Malcolm Rifkind's position has shifted a little since the weekend. After reflection and further discussion with Peter Harding, it would now be his preference to come to the meeting, but not as part of the MOD team, and to sit silently beside you in order to hear what the Chiefs have to say. His office stress that the entire initiative for the meeting came from Peter Harding; and that Peter Harding has no objection to the Defence Secretary's presence.

If you decided not to have the Defence Secretary - i.e. to stick to the view you formed on the basis of MOD's earlier stance - this would be perfectly understood by Rifkind.

Do you want the Defence Secretary to come?

*His chair - yes
if he wants to.*

Cabinet Secretary?

This is a fairly rare event, with constitutional overtones. Aside from a couple of Private Secretaries, **would you like Robin Butler to come?**

Roderic

RODERIC LYNE

fdefence.kk

Yes - I would.
A.

From: Mary Francis
Date: 26 October 1993

PRIME MINISTER

DEFENCE: MEETING WTH CHIEFS OF STAFF

I attach a brief from Pauline Neville-Jones.

I agree with her that you should mainly listen to the Chiefs, but also probe them on both efficiency and capabilities.

The Treasury list of ways of getting close to -500 without touching capabilities is attached. But I think it is over-optimistic (especially the reductions on defence intelligence staff, military allowances and deferrals). I believe you would rapidly alienate the Chiefs if you tried to convince them that this list was totally do-able.

The meat of the brief starts at paragraph 5, page 3.

MF.

MARY FRANCIS

e\defence.jd

SECRET

22a



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

SIR ROBIN BUTLER

DEFENCE

The Chiefs of Staff have asked to see the Prime Minister (without Mr. Rifkind) next week. We will probably arrange a time on Wednesday. They have undertaken not to leak, and to come through the back door - in civvies! The Prime Minister has asked me to let only the Chancellor, you and Pauline know of this.

MRS. MARY FRANCIS

22 October 1993

SECRET

PRIME MINISTER

AL

MEETING WITH THE CHIEFS OF STAFF

I do not think it makes sense to try to fit the Chiefs of Staff in on Tuesday: you need to get a decent debrief on EDX's discussions on Monday night, and a chance to prepare.

I attach how Wednesday's diary currently looks. There are three options:

- planned*
- (1) Scrub the Lord Chief Justice. There is no operational need to hold this meeting next week. But it has already been postponed once; and it is topical, given criminal justice proposals, Woolf, etc. More important, I am not sure there is enough time to fit the preparation and meeting in comfortably, given that you have a dinner the previous evening and must leave at 11am for the Chartermark awards.

- Have I all the copies? Could I make it?*
- (2) Pull out of opening the new lounges at Brinsworth House. You will be able to judge how tricky that is. It would probably give a big enough slot, since we could move the Chancellor bilateral back a bit.

- Had a later date - he'll understand, f.*
- (3) Postpone the meeting with Ken Payne, and hold the meeting at about 6.30pm, after the Chancellor bilateral. This looks possible, though it will eat into time we had left free that evening for you to prepare for the public expenditure Cabinet the following day.

Which would you prefer: the choice looks to me to lie between (2) and (3)?

AL

ALEX ALLAN

22 October 1993

CONFIDENTIAL

- 3 -

1200-1230 Party Chairman
1245 Lunch & Questions briefing
1515 QUESTIONS
1540 KEEP FREE FOR MPs + GB
1700 DEPART FOR NO 10
1745 Prepare for
1800 Italian Prime Minister Ciampi + RL & RB
1900 Change for
2015 for Host dinner for Lord and Lady Kingsdown + Mrs Major, AA (black tie)
2045

Wednesday 27 October

0900 Keep free
1000 Lord Chief Justice + AA, LNR (+ Home Sec, Lord Chancellor)
1045 Prepare for
1115 DEPART FOR
1130 CHARTERMARK AWARDS CEREMONY + AA & LNR, QEII CENTRE
1245 DEPART FOR NO 10
1300 for Host working lunch for Belgian Prime Minister Dehaene + RL
1315
1500 DEPART FOR
1530 OPEN NEWLY REFURBISHED LOUNGES AT BRINSWORTH HOUSE, 72 STAINES ROAD, TWICKENHAM + MA
1630 DEPART FOR NO 10
1700 Chancellor of the Exchequer + MF
1830 Ken Payne + JH

2200 VOTE

Thursday 28 October

0900 Questions briefing
0930 Keep free
1000 Cabinet (? Public Expenditure)
c1100 Meeting of Ministers + MF (State Pension Age)
1245 Lunch and Questions briefing
1515 QUESTIONS
1540 KEEP FREE FOR MPs
1700 TEA WITH LORD STRATHMORE + WEC H/L
1800 DEPART FOR:
1845 ETD LHR + RL
2045 ETA BRUSSELS
SUPPER & OVERNIGHT IN BRUSSELS

Friday 29 October

0930 SPECIAL EUROPEAN COUNCIL BEGINS
?1800 COUNCIL ENDS

CONFIDENTIAL

RESTRICTED



file

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 September 1993

Dear Jeremy,

MEETING WITH THE CHIEFS OF STAFF

The Prime Minister had his annual working lunch with the Chiefs of Staff on 28 September.

The Prime Minister found the presentation which the Chiefs gave him on the armed forces and on aspects of our future defence strategy invaluable. He thought that it would be very useful if the Chiefs of Staff could give a similar presentation to the Chancellor and the Chief Secretary before the Ministerial meeting scheduled for Tuesday 12 October. I understand that the Defence Secretary agrees. The timing will obviously be tight, because of the Party Conference. But the Prime Minister hopes that you and the Ministry of Defence will be able to arrange such a meeting, so that Ministers are armed with the same background for their next discussion.

I am sending copies of this letter to Peter Wanless (Chief Secretary's Office), John Pitt-Brooke (Ministry of Defence) and to Melanie Leech (Cabinet Office).

Yours ever
Roderic

RODERIC LYNE

Jeremy Heywood, Esq.,
HM Treasury.

RESTRICTED



From : CHIEF OF THE DEFENCE STAFF

What are the % reductions
in defence that U.S. are making?

- Reducing to 100,000 in Europe
(from about 330,000 before
the Wall came down). This is
the plan: many Americans think
the reduction will be steeper

- I don't have overall figures in
my head. But the proposed cuts
(+ congressional pressure) are substantial

The Anglo-French record is certainly no
worse.

defence. (1) \in / ooh reducing exp

Ad, loss, Eas?

N.A.T.O.



(1) Euro's reducing defence
- U.S. reducing
their defence.

From : CHIEF OF THE DEFENCE STAFF

(1) Capability.

(2) Substance.

(3) Impact.

(2) Euro. defence identity.

Economy.

Classification (I) \in /ook reducing exp. (Ad, loss, Eas)

N.A.T.O.



(1) Euro's reducing defence
- U.S. reducing
their defence.

From : CHIEF OF THE DEFENCE STAFF

(1) Capability.

(2) Postures.

(3) Impact.

(2) Euro. defence identity.

Economy.

classmate ch. ② \in / ∞ reducing exp.

(Ad, 1034 Euro)

N.A.T.O.



(1) Euro's reducing defence

- U.S. reducing their defence.

From : CHIEF OF THE DEFENCE STAFF

①. Capability.

(2) Euro. defence identity.

②. Substances.

③. Impact.

Economy.



From : CHIEF OF THE DEFENCE STAFF

Project + support:
Gulf
Falklands

Peter,

1 - Cost for Conjunct. redundancy
(6700)

Red. + rep. is OK.

2 - 156 - 119
Gravity £ 4K
9 Goff's - 2.

"2 way two", on track.

3 - Devl. of caps-based army.

- Need to rec/retain men;

- Plan 119,000 - multi-purposely

- High Tech. Fuel equip. prog.

Doctrine in step with Eq. Programme.



From : CHIEF OF THE DEFENCE STAFF

Air.

Air superiority vital.

- off. } air power.
- def }

- Fr. Cpt. in war.

- stretch

Contract pricing.



Contract purchasing.

From : CHIEF OF THE DEFENCE STAFF

| F.O. job is an off-cut,
eff use of cutting edge.

Following Out.

Ben.



10 DOWNING STREET

Prime Minister

Lunch with the Chiefs + Defence
Sec.

A briefing note by Alan Rosling, and a piece of intelligence from Pauline N-J.

I have suggested to Peter Harding that this is the time for a reasoned discussion/teach-in on the forces. Not a meeting of EDX. Subtly or otherwise, they will of course be out to twist your arm. But it is a chance for you to show you are ready to listen, and to try to defuse the trouble with the brass hats which Pauline describes.

Very much a working lunch. Sandwiches on knees, not uniformed retainers. Roden. 27.9

010

call
b-up

CONFIDENTIAL

PRIME MINISTER

22 September 1993

MEETING WITH THE CHIEFS OF DEFENCE STAFF

Tuesday 28 September

You are to have your annual meeting with Sir Peter Harding and his fellow Chiefs on Tuesday. Present will be:

Sir Peter Harding	Chief of Defence Staff
Sir Benjamin Bathurst	First Sea Lord
Sir Peter Inge	Chief of the General Staff
Sir Michael Graydon	Chief of the Air Staff
Sir Jock Slater	Vice Chief of Defence Staff

Mr Rifkind	
Sir Christopher France	Permanent Secretary

Sir Rodric Braithwaite
Rod Lyne

CDS would like the meeting to be less formal than in previous years (as I understand you also wished) and has therefore allowed for the minimum of formal presentation and the maximum of discussion. It will be **in his office** rather than a conference room.

The timetable will be:

- 11.30 am Introduction by CDS on the general outlook for defence.
Presentation by each Chief of their general perceptions and concerns.
- 1.00 pm Buffet lunch and further discussion.
- 2.30 pm Depart.

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The imminent decisions on PES, as informed by the Defence Strategy work you commissioned last year, is likely to provide a constant undertow in the conversation. You have a meeting on 12th October to consider further the strategic questions introduced at the June defence seminar. As you know, Treasury are seeking cuts in PES of up to £1 billion from the MoD baseline and are hoping to use the Defence Strategy work to achieve this. The Chiefs are likely to use their meeting with you to paint the blackest picture of the consequences of any defence cuts.

In his introductory remarks, CDS is likely to say that the demise of the Warsaw Pact has led to much greater risk and uncertainty in the world (e.g. Yeltsin's 'constitutional coup' this week) with consequent demands for flexibility, rapid response and mobility in our forces. The old certainties of the Cold War are gone. You will want to form a view as to whether the MoD's thinking has moved with these changes or whether their mindset and our force structures are still set in Cold War mode: tanks, BAOR, North Atlantic Convoys and ASW, heavy bombers etc. We definitely need new equipment (helicopters etc) and formations (ARRC) but can we get out of old activities as well?

The Chiefs are likely to raise three areas of concern:

1. The need to maintain a force structure based on key capabilities.

You will remember that the Defence Directory produced for the Defence Strategy exercise defined three Defence Roles (defence of the UK, NATO, our wider global interests), consequent 50 Defence Tasks and the then forces needed to deliver those tasks. The Chiefs will argue that we cannot reduce our force levels further without cutting out some tasks - which would involve political choices (not replace the Royal Yacht, exit Gibraltar, give up our leadership of the ARRC etc).

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You will want to probe this convenient stance ('of course we'll cut, but you tell us where').

- from a military point of view, which are the most marginal military tasks and hence forces?
- what is their assessment of the future of NATO? What will the Americans do in Europe? What are the consequences for our NATO commitments?
- have we fully adjusted our front line for the demise of the Warsaw Pact? Why do we need as many tanks as the Army wants (HMT are holding up the buy of more Challenger 2s)? Can't we cut more long range bombers? Why does the RN need as many frigates (35)?
- are there elements of the national intervention capability which we could reduce? What would be the implications of a 25 per cent reduction in the forces ear-marked for this contingency?

2. The dangers of 'hollowing out'

The military have always been sceptical that we would deliver our 'smaller but better' pledge. They now think that PES 92 has set us down the same road as in the 1980s - tanks without spare parts or fuel to exercise, battalions under strength etc. Again you will not want to take these claims of cheese-paring at face value:

- what is the evidence that money is being saved on the wrong things?
- what is the state of our equipment readiness?
- which battalions are below strength?

10 p/o 25/11
8 Service Salaries
4 Govt Service

79. 248,000
x 130,000 x

CONFIDENTIAL

You might also congratulate the Forces on achieving their 2.5 per cent efficiency target for 1992-3, but point out that the Army, again, was short of target at 2 per cent saving. (cf RN on 3.3 per cent). The MoD Centre only achieved 2.2 per cent.

- Is there not scope to increase the efficiency gains so that money is available for (e.g.) live firing and training?
- Is the bureaucracy and support of the 'tail' escaping the full rigour of Options at the price of our 'teeth'?
- How is the contracting out programme working? Can we increase the pace?
- Property sales have slowed in recent years. Could budget-holders do more to free up surplus assets?

3. Personnel concerns

with!
The Chiefs may also raise concerns about the morale of the Forces. This may of course be code for 'hands off the Armed Forces Pay Review Board'. You could ask:

- cap smaller but more?*
- for evidence in recruitment or retention trends that there is a morale problem;
 - how is the redundancy programme being managed?
 - is housing still a worry? How has the housing savings scheme been accepted? What do the Chiefs think of the plans for a Housing Trust to acquire the MoD married quarters?

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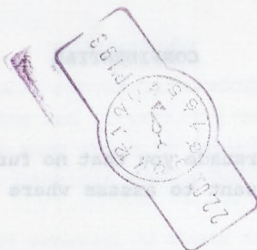
Conclusion

The Chiefs want to persuade you that no further defence cuts are possible. You will want to assess where the fat ends and the bone begins.



ALAN ROSLING

612.ar



Enclosed
The State want to perform...
possible. You will...
can begin.

ALAN ROBLING

412.22



Freya

What happened?
last year?
I imagine CDS

10 DOWNING STREET

✓ Sandra

Meeting with the CDS
next week.

automatically
provide an agenda.
Have asked Sqs
Defence office to
check

S²A

There is nothing on file
to show whether Rod has
commissioned briefing, etc.
Do you know if he has?

12

CDS office -
MOD.

Freya
1219

Spoke to Alan Rowling. He
discussed this with RL pre-Tokyo.
Nothing expected from MOD.
PM's only papers will be AR
note + anything RC does

MARSHAL OF THE ROYAL AIR FORCE SIR PETER HARDING
GCB DSc FRAeS CBIM

Marshal of the Royal Air Force Sir Peter Harding was born in London in December 1933 and joined the Royal Air Force in 1952. He has served in a number of flying appointments including an exchange tour with the Royal Australian Air Force. He has held appointments as Officer Commanding No 18 Squadron, Station Commander Royal Air Force Bruggen and Air Officer Commanding No 11 Group. He was Air Officer Commanding-in-Chief Royal Air Force Strike Command and Commander-in-Chief United Kingdom Air Forces from 1985 to 1988. He has flown in the roles of air defence, light bomber, recce, strike/attack and tactical helicopters, and has nearly 5500 hours flying on over 100 aircraft types.

A graduate from the Royal Air Force Staff College, Bracknell, the Air Marshal has attended the Joint Service Defence College and has served in a number of appointments in the Ministry of Defence, including those of Director of Air Staff Briefing, Director of Defence Policy, Vice-Chief of the Air Staff and Vice-Chief of the Defence Staff. He has also served as Assistant Chief of Staff (Plans and Policy) to SACEUR at the Supreme Headquarters Allied Powers Europe. He was Chief of the Air Staff and Air Aide de Camp to Her Majesty The Queen from November 1988 until November 1992.

Sir Peter was promoted to the rank of Marshal of the Royal Air Force on 6 November 1992 and took up the appointment of Chief of the Defence Staff on 1 January 1993.

He was made a Companion of the Order of the Bath in 1979, a Knight Commander in January 1983 and a Knight Grand Cross in January 1988. In 1992 he was awarded the Legion of Merit by the United States. Sir Peter is also a Fellow and Honorary Companion of the Royal Aeronautical Society, a Companion of the British Institute of Management, a Liveryman of the Guild of Air Pilots and Air Navigators, a Freeman of the City of London, a Fellow of the Royal Society of Arts, a Fellow of the Royal Society for the Protection of Birds, a Governor of Sutton's Hospital in Charterhouse, a Council Member of the Winston Churchill Memorial Trust and a Life Member of the Spitfire Society. In July 1990, he received an Honorary Doctorate of Science from Cranfield Institute of Technology. Sir Peter's leisure pursuits include bird watching, pianoforte, tennis (deteriorating) and shooting (badly). He and his wife Sheila have 4 children and 5 grandchildren.

F/PSO/20

Note for file Have given most
data + asked for
briefing. p.a.

S 20/11

Stephen

Calls by CDS - old + new

① Field Marshal Vincent will
be on the PM's trip on
22-23 December. ^{He returns immediately afterwards.}
is the farewell "call" taken
place on return journey. OK?

② Marshal of the RAF Sir Peter
Harding takes over on 4
Jan. Have pencilled in
call on PM on Mon 18
Jan at 15:15 (for 30 mins)

OK? Any briefing required?

S 3/11



10 DOWNING STREET

Stephen ^{yo}

CDS Vincent
due to finish
23 Dec.

OK to fix farewell
call at some
point (once Euro
visits pre Edinburgh
are clear)?

Successor will want
call in early
January 1993.

S 21/10

CERB
Bup

MINISTRY OF DEFENCE
WHITEHALL LONDON SW1A 2HB
Telephone 071-21 82111/2/3

SECRETARY OF STATE

MO 25/3/4M

25 September 1992

Pine Misk

Dear Stephen,

CDS'S DINNER ON 28 SEPTEMBER

The Prime Minister has been invited by CDS to a private dinner party on 28 September; General Shalikashvili - SACEUR - will also be present. Although this is intended as purely a social occasion, conversation might touch on topical defence matters. Against this possibility, the Prime Minister may find the following points on current issues in SHAPE helpful.

Former YugoslaviaDeployment of armoured infantry battalion

The UK recce party was not able to reach Tuzla, having been turned back twice. The idea of deliveries to Tuzla is likely to have to be abandoned, and the UK allocated other towns to which to escort deliveries. Until the recce has reported it will not be possible to settle the composition of the force in detail; planning to date has been conceptual.

The Americans are keen that the infantry battalions should be deployed in Bosnia-Herzegovina quickly. They also want an early total ceasefire in Bosnia-Herzegovina, and to see early progress on heavy weapons supervision.

The UK view is still that the correct strategy to improve the security situation in Bosnia is from the bottom, step by step, and that aiming for a total ceasefire straightaway would be pointless. Nonetheless we, like the Americans, will naturally want to improve on the projected deployment timescales for the infantry battalions (40 days from "Go day", which will be some few days after the recce has reported) if we can. The US offer of help with airlift lift is

J S Wall Esq CMG LVO
10 Downing Street



highly relevant here, if the battalion's equipment as well as personnel could be moved by this means.

The timescale for the battalion's deployment will have to take account of the timescale for establishing the 2-star HQ, since it would be unacceptable to have the battalions in theatre before this was functional. Progress on the composition of the HQ is to date satisfactory, and we expect an adequate core to be drawn from NORTHAG. The NATO Secretary General and other NATO authorities have been anxious that there should be clear procedures for co-ordinating requests from contributing nations/the UN for the release of assets from NATO, and that co-ordinated information should be given on the personnel being withdrawn from NORTHAG. (Some in NATO remain sensitive that the offer of an extant NATO HQ has not been taken up. Suggestions that SHAPE should approve the withdrawal of personnel have, however, been resisted by the UK Permrep and others.) It has been agreed in NATO that the UK 1-star Chief of Staff to General Morillon, the Commander of the 2-star HQ for Bosnia-Herzegovina, should undertake a co-ordinating role, submitting the requests and information to SHAPE rather than COMNORTHAG, and that the UK should play a similar co-ordinating role in the NAC. This accords with thinking in New York.

US involvement in operations in Bosnia-Herzegovina

The US will be providing some staff for the 2-star HQ, including an air cell (covering air transport, and other air support if eventually required). There were pressures from the French that the US contribution should be labelled a special mission rather than form an integral part of the HQ, but UN Under Secretary General Goulding has ruled that it should be included in the HQ proper. In any case the UN has asked the US to provide a Field Hospital; if they meet this request they will be troop contributors on the same terms as other contingents.

Sarajevo airlift

We and other participants including the US have not been willing to resume flights to Sarajevo as requested by Mrs Ogata, until more serious assurances about safety have been received from the parties. The UK wants specific assurances about the withdrawal of anti-aircraft artillery and surface to air missiles within given distances of the air corridors. We shall be keeping in close touch with the other participating nations.

Heavy weapons supervision

The Americans are keen to make early progress. However, moves by the Bosnian Serbs to implement their undertakings at the London Conference have been limited. Some weapons have been grouped at the designated towns but are continuing to be used under the eyes of UN observers.

Aerial confidence building measures

The Americans do not favour a "no-fly zone" enforced by combat aircraft. They prefer AWACS monitoring, perhaps accompanied by monitoring on the ground at airfields. If an enforcement operation had to be contemplated they would envisage destruction of aircraft on the ground.

If raised by SACEUR, The Prime Minister might say:

- appreciate US offer of assistance with airlift.

NATO/WEU links

NATO's Rome Declaration (November 1991) referred to the importance of transparency and complementarity in the European Security and Defence Identity as it emerges in the Twelve and the Alliance.

Following Maastricht, discussions are underway in both NATO and the WEU on the practical arrangements required to bring about a closer relationship between the two organisations. These arrangements include consultation on key issues; development of closer working relations; exchanges of relevant information; synchronisation of and participation in each others meetings, as appropriate. As part of this process, the WEU Council and Secretariat will be moving to Brussels in 1993.

If raised by SACEUR the Prime Minister might say:

- understand that discussions are underway in NATO and the WEU on arrangements for bringing the two organisations closer together. WEU's move to Brussels next year should help in this process.

Franco-German Corps

UK objectives with regard to the Franco-German Corps are to ensure that it has a clearly defined relationship with WEU and NATO and that it could be used by either organisation, on terms acceptable to both, in a time of crisis.

The French and Germans have given assurances about the availability of the Corps to the WEU. It will be one of a range of multinational European forces on which the WEU can call for missions as defined in the WEU Petersberg Declaration.

Discussions have yet to begin with the NATO authorities on the Corps' links with the Alliance. We understand that SACEUR is due to hold initial discussions with Admiral Lanxade (French CDS) and General Naumann (German CDS) on 30 September in Stuttgart, but we do not know what form they will take. We believe that the Alliance aim should be to ensure that the eventual agreement on the Corps

strengthens NATO and, so far as possible, draws the French closer to it.

If the opportunity arises, the Prime Minister might say to SACEUR:

- Understand that discussions will begin soon on the relationship of Franco-German Corps to NATO. Discussions provide an important opportunity to explain the working of NATO to the French and to try to bind France closer to the Alliance.

NATO Military Budget

The NATO Military Budget funds the running costs of NATO military headquarters. The budget is roughly £350M pa, and is financed collectively. The US, UK and Germany are the main contributors.

As a result of the MOD's Options for Change study, the UK's provision for contributions was reduced by 20% in real terms (5% in 1992/93, 5% in 1993/94 and 10% in 1994/95). This effectively reduces the level of the Military Budget itself, since no other nation is prepared to make up the difference by renegotiating the cost sharing formula. The reductions have been criticised by SACEUR and his predecessor on the grounds that it is unreasonable to depress the level of the budget at a time when NATO is reducing in size and shape and thus incurring redundancy and restructuring costs. We have maintained that NATO cannot be insulated from budgetary realities, that NATO is being very slow to effect its rundown, that savings in running costs due to the significant rundown in military manpower have yet to be declared, that restructuring costs are incomplete and that there is no prospect of the UK being able to make any new money available.

The Military Budget Committee (MBC) has recently reviewed Military Budget commitments in 1992 and concluded that they are affordable within the Budget ceiling set. Its preliminary scrutiny of the 1993 Military Budget estimates has led it to a similar conclusion.

If raised by SACEUR, the Prime Minister might say:

- appreciate the firm actions taken by SACEUR to realign his spending priorities because of continuing reductions in the level of the Military Budget.

If pressed

- understand that the 1992 Military Budget will cover existing commitments.

NATO Infrastructure

The NATO Infrastructure programme provides facilities for common-use by NATO-assigned forces. Its coverage includes the provision of airfields, telecommunications, fuel pipelines and storage, naval base facilities and reinforcement support facilities such as forward storage sites. The major financial contributors are the US (27%), Germany (26%) and the UK (12%). Procurement is effected at national expense by the nation on whose soil the particular facility is to be sited, with subsequent reimbursement from the NATO Infrastructure Budget. That Budget peaked in 1991 at almost £1Bn. The nations have since decided to cap the budget at around £700M pa for the foreseeable future. It is, however, likely that the US contribution will be significantly reduced and this may in turn require a lower budget total.

If raised by SACEUR, the Prime Minister might say:

- concerned at the possibility of reduced US participation in the NATO Infrastructure programme from 1993; US example might lead to unravelling of the programme.

Allied Forces North West Europe (AFNORWEST)

Part of the reorganisation of NATO's Command Structure involves the reformation of what is now the Northern Region (Allied Forces Northern Europe) into the North-western Region (AFNORWEST). This new region will encompass the former Channel Command (southern North Sea and Channel) expanded to include a wider sea area, UK AIR, the UK land mass, Norway and the maritime and maritime air aspects of the Baltic.

Meeting at Ministerial level in May 1992, NATO's Defence Planning Committee agreed to the establishment of AFNORWEST and that it should be commanded by a British Commander in Chief from a headquarters to be established in the UK. Norway has insisted that the headquarters should be "free-standing"; ie that it should have no other national or international role even if some support and communications functions are shared with collocated headquarters.

HQ AFNORWEST is to be built at RAF High Wycombe - which currently houses the HQs of RAF Strike Command (national) and UK AIR (NATO), and accordingly offers the advantages of collocation and the prospect of cost savings - with a target completion date of mid-1994.

Progress towards setting up this new headquarters continues, but rests on decisions on funding. SACEUR has repeatedly stated that the restructuring of his command cannot be afforded from within SHAPE's existing budget. Against a background of decreasing national annual

financial contributions, NATO's Military Budget Committee is challenging this contention.

Pressure for the UK to pre-finance the project has been resisted. NATO's Military Budget Committee has now agreed in principle to fund from within existing budgets the building of HQ AFNORWEST at High Wycombe to accommodate an international staff of 280. This agreement remains subject to confirmation by several nations; their approval is anticipated. Further delay could jeopardise the achievement of the completion date of mid-1994 and incur operational penalties.

If raised by SACEUR, the Prime Minister might say:

- UK is committed to providing at High Wycombe a purpose-built, functional and free-standing headquarters which would meet NATO's requirements within SACEUR's target completion date. We appreciate the Norwegian concern that HQ AFNORWEST should "stand-alone", and not be subsumed into an existing British or NATO headquarters. The Prime Minister will wish to avoid discussing the question of financing AFNORWEST.

Yours sincerely

J S Pitt-Brooke

for

J S PITT-BROOKE

Private Secretary AOI

PRIME MINISTER

May I have a (Thank you)
✓
cc Mrs. Major

You and Mrs. Major have accepted an invitation to dine with the Chief of Defence Staff and Lady Vincent in their flat in the Royal Naval College in Greenwich on Monday (28 September) at 1945 for 2015. Dress: Black tie.

Although essentially a purely social occasion, the Supreme Allied Commander Europe, General Shalikashvili and his wife will be among the guests. The MOD have, therefore, provided the attached note on current issues in SHAPE in case conversation touches on them. I also attach a guest list with relevant Who's Who entries.

Apparently Lady Vincent generally offers her guests a 25 minute tour of the college (including the Hall and Chapel) after dinner. This is however, unlikely to start until about 1045 pm, and you may prefer to decline.

S.

SANDRA PHILLIPS

25 September 1992

k:\diary\vincent.kk

CCNY

DINNER PARTY AT QAQ - MONDAY 28 SEPTEMBER 1992

1945 for 2015: Black Tie

The Rt Hon John and Mrs Major

Lord and Lady Kings-Norton

Sir Peter and Lady Cazelet

General and Mrs Shalikashvili

Sir Rodric and Lady Braithwaite

General Sir Richard and Lady Trant

CDS and Lady Vincent



**United States
Information
Service**

Embassy of the United States of America
55/56 Upper Brook Street
London W1A 2LH

Tel: (071) 499 8000

July 16, 1992

GENERAL SHALIKASHVILI BECOMES NEW SACEUR

(Text: Biography)

Brussels - Lieutenant General John M. Shalikashvili became Supreme Allied Commander, Europe (SACEUR) and Commander-in-Chief, United States European Command on June 23, 1992.

Following is biographical information about General Shalikashvili released by the Allied Command Europe (ACE):

Born in Warsaw, Poland, on 27 June 1936, General "Shali" Shalikashvili graduated from Bradley University where he was awarded a degree in Mechanical Engineering and George Washington University from where he holds a Master's Degree in International Affairs. His military education includes completion of the Naval Command and Staff College and the United States Army War College.

Upon graduation from Officer Candidate School in 1959, he was commissioned a second lieutenant in the Artillery. For the next 16 years he served in a variety of command and staff positions in Alaska, the continental United States, Germany, Vietnam, and Korea. In 1975 he assumed command of the 1st Battalion, 84th Field Artillery at Fort Lewis. Following command and attendance at the Army War College, he was assigned to Vicenza, Italy, as the assistant chief of staff, G3 of the Southern European Task Force. After leaving Italy in 1979, he assumed command of Division Artillery, 1st Armored Division, Germany. Returning from Germany in 1981, he was assigned as the chief of the Politico-Military Division, Office of the Deputy Chief of Staff, Operations and Plans, Department of the Army. He was subsequently selected for promotion to brigadier general and assumed duties as deputy director, strategy, plans, and policy, Office of the Deputy Chief of Staff for Operations and Plans. In 1984, General Shalikashvili once again returned to Germany and the 1st Armored Division as an assistant division commander and commander of the Nuernberg Military Community. Selected for promotion to major general, he returned to the Pentagon as assistant deputy chief of staff for operations and plans (Joint Affairs) and director, strategy, plans and policy. From June 1987 to August 1989, he served as commander of the 9th Infantry Division (Motorized), Fort Lewis, Washington.

Selected for promotion to lieutenant general in August 1989, he returned to Germany and assumed duties as deputy commander in chief, United States Army, Europe and 7th Army. Just prior to reporting to the Office of the Chairman, Joint Chiefs of Staff, General Shalikashvili served as the commander of Operation PROVIDE COMFORT, the relief operation that returned hundreds of thousands of Kurdish refugees to Northern Iraq. He became the assistant to the Chairman, Joint Chiefs of Staff in August 1991.

He is married to the former Joan E. Zimbleman and they have a son, Brant, who is a student at Washington State University.

VINCENT, Field Marshal Sir Richard (Frederick), GBE 1990; KCB 1984; DSO 1972; FIMechE; FRAeS; Chief of the Defence Staff, since 1991; *b* 23 Aug. 1931; *s* of Frederick Vincent and late Frances Elizabeth (*née* Coleshill); *m* 1955, Jean Paterson, *d* of Kenneth Stewart and Jane (*née* Banks); one *s* one *d* (and one *s* decd). *Educ.*: Aldenham Sch.; RMCS. Commd RA, National Service, 1951; Germany, 1951–55; Gunnery Staff, 1959; Radar Res. Estabtr, Malvern, 1960–61; BAOR, 1962; Technical Staff Training, 1963–64; Staff Coll., 1965; Commonwealth Bde, Malaysia, 1966–68; MoD, 1968–70; Comd 12th Light Air Def. Regt, Germany, UK and NI, 1970–72; Instr, Staff Coll., 1972–73; Mil. Dir of Studies, RMCS, 1974–75; Comd 19 Airportable Bde, 1975–77; RCDS, 1978; Dep. Mil. Sec., 1979–80; Comdt, Royal Military College of Science, 1980–83; Master-Gen. of the Ordnance, MoD, 1983–87; VCDS, 1987–91. Col Commandant: REME, 1981–87; RA, 1983–; Hon. Colonel: 100 (Yeomanry) Field Regt RA, TA, 1982–91; 12th Air Defence Regt, 1987–91. President: Combined Services Winter Sports Assoc., 1983–90; Army Ski-ing Assoc., 1983–87. Kermit Roosevelt Lectr, 1988. Member: Court, Cranfield Inst. of Technol., 1981–83; Adv. Council, RMCS, 1983–91; Gov., Aldenham Sch., 1987–. FRAeS 1990; FIMechE 1990. Hon. DSc Cranfield, 1985. *Publications*: contrib. mil. jls and pubns. *Recreations*: travel, reading, film making, theatre. *Address*: c/o Midland Bank, Shaftesbury, Dorset SP7 8JX.

KINGS NORTON, Baron *tr* 1965, of Wotton Underwood (Life Peer); Harold Roxbee Cox, Kt 1953; Ph.D, DIC; FEng 1976; FIMechE, Hon. FRAeS; Chairman: Landspeed Ltd, since 1975; Cotswold Research Ltd, since 1978; President: Campden Food Preservation Research Association, since 1961; British Balloon Museum and Library, since 1980; Chancellor, Cranfield Institute of Technology, since 1969; *b* 6 June 1902; *s* of late William John Roxbee Cox, Birmingham, and Amelia Stern; *m* 1st, 1927, Marjorie (*d* 1980), *e d* of late E. E. Withers, Northwood; two *s*; 2nd, 1982, Joan Ruth Pascoe, *d* of late W. G. Pack, Torquay. *Educ.*: Kings Norton Grammar Sch.; Imperial Coll. of Science and Technology (Schol.), Engineer on construction of Airship R101, 1924–29; Chief Technical Officer, Royal Airship Works, 1931; Investigations in wing flutter and stability of structures, RAE, 1931–35; Lectr in Aircraft Structures, Imperial Coll., 1932–38; Principal Scientific Officer, Aerodynamics Dept, RAE, 1935–36; Head of Air Defence Dept, RAE, 1936–38; Chief Technical Officer, Air Registration Board, 1938–39; Supt of Scientific Research, RAE, 1939–40; Dep. Dir of Scientific Research, Ministry of Aircraft Production, 1940–43; Dir of Special Projects Ministry of Aircraft Production, 1943–44; Chm. and Man. Dir Power Jets (Research and Development) Ltd, 1944–46; Dir National Gas Turbine Establishment, 1946–48; Chief Scientist, Min. of Fuel and Power, 1948–54. Chairman: Metal Box Co., 1961–67 (Dir, 1957–67, Dep. Chm., 1959–60); Berger Jensen & Nicholson Ltd, 1967–75; Applied Photophysics, 1974–81; Withers Estates, 1976–81; Director: Ricardo & Co. (Engrs) 1927 Ltd, 1965–77; Dowty Rotol, 1968–75; British Printing Corp., 1968–77; Hoechst UK, 1970–75. Chm. Gas Turbine Collaboration Cttee, 1941–44, 1946–48; Mem. Aeronautical Research Council, 1944–48, 1958–60; Chairman: Coun. for Scientific and Industrial Research, 1961–65; Council for National Academic Awards, 1964–71; Air Registration Bd, 1966–72; President: Royal Aeronautical Soc., 1947–49; Royal Instn, 1969–76. Fellow of Imperial Coll. of Science and Technology, 1960; FCGI 1976. Membre Correspondant, Faculté Polytechnique de Mons, 1946–. R38 Memorial Prize, 1928; Busk Memorial Prize, 1934; Wilbur Wright Lecturer, 1940; Wright Brothers Lecturer (USA), 1945; Hawksley Lecturer, 1951; James Clayton Prize, 1952; Thornton Lectr, 1954; Parsons Memorial Lectr, 1955; Handley Page Memorial Lectr, 1969. Freeman, City of London, 1987; Liveryman, GAPAN, 1987. Hon. DSc: Birmingham, 1954; Cranfield Inst. of Technology, 1970; Warwick, 1986; Hon. DTech Brunel, 1966; Hon. LLD CNAA, 1969. Bronze Medal, Univ. of Louvain, 1946; Medal of Freedom with Silver Palm, USA, 1947. *Publications*: numerous papers on theory of structures, wing flutter, gas turbines, civil aviation and airships. *Address*: Westcote House, Chipping Campden, Glos GL55 6AG. *T*: Evesham (0386) 840440. *Clubs*: Athenæum, Turf.

/ CAZLET

CAZALET, Sir Peter (Grenville), Kt 1989; Chairman, APV plc, since 1989; Deputy Chairman, GKN, since 1989; *b* 26 Feb. 1929; *e s* of Vice-Adm. Sir Peter (Grenville Lyon) Cazalet, KBE, CB, DSO, DSC, and of Lady (Elise) Cazalet (*née* Winterbotham); *m* 1957, Jane Jennifer, *yr d* of Charles and Nancy Rew, Guernsey, CI; three *s*. *Educ.*: Uppingham Sch., Uppingham, Rutland; Magdalene Coll., Cambridge (Schol.; MA Hons). General Manager, BP Tanker Co. Ltd, 1968; Regional Co-ordinator, Australasia and Far East, 1970; Pres., BP North America Inc., 1972-75; Director: Standard Oil Co. of Ohio, 1973-75; BP Trading Ltd, 1975; Peninsular & Oriental Steam Navigation Co., 1980-; Man. Dir., 1981-89, Dep. Chm., 1986-89, BP; Chm., BP Oil International, 1981-89; Dir. De La Rue Co., 1983-. Chm., Armed Forces Pay Review Body, 1989-; Mem., Top Salaries Review Body, 1989-. A Vice-Pres., ME Assoc.; Hon. Sec., King George's Fund for Sailors; Trustee: Uppingham Sch., 1976-; Wellcome Trust, 1989-; Mem., Gen. Cttee, Lloyd's Register of Shipping, 1981- (Mem. Bd, 1981-86). CBIM 1982. Liveryman: Tallow Chandlers' Co. (Master, 1991-92); Shipwrights' Co. *Recreations*: theatre, fishing. *Address*: APV plc, 1 Lygon Place, SW1W 0JR. T: 071-730 7244. *Clubs*: Brooks's, Royal Wimbledon Golf, MCC.

TRANT, Gen. Sir Richard (Brooking), KCB 1982 (CB 1979); Chairman: Hunting Engineering Ltd, since 1988; Defence Division, Hunting Plc, since 1989; Deputy Chairman, Wilson's Hogg Robinson Ltd, since 1988; *b* 30 March 1928; *s* of Richard Brooking Trant and Dora Rodney Trant (*née* Lancaster); *m* 1957, Diana Clare, 2nd *d* of Rev. Stephen Zachary and Ruth Beatrice Edwards; one *s* two *d*. Commissioned RA 1947; served Korean War, 1952-53; Defence Services Staff Coll., India, 1961-62; S Arabia, 1962-65; Jt Services Staff Coll., 1965; commanded 3rd Regt RHA, 1968-71, 5th Airborne Brigade, 1972-74; Dep. Mil. Sec., MoD (Army), 1975-76; Comdr Land Forces, NI, 1977-79; Dir. Army Staff Duties, 1979-82; GOC South East District, 1982-83, Land Dep. C-in-C Fleet during S Atlantic Campaign, 1982; QMG, 1983-86. Col Comdt: RAEC, 1979-86; RA, 1982-87; RAOC, 1984-88; HAC (TA), 1984- Special Comr, Duke of York's Royal Mil. Sch., Dover, 1987-; Comr, Royal Hosp. Chelsea, 1988-. Defence Advisor, Short Bros, 1987-88; Dir. Eastern Region Technology Centre. Member: Armed Forces Pay Rev. Body, 1988-; Council, SBAC, 1988-; Vice Pres., Defence Manufacturers' Assoc., 1989-. Pres., RA Hunt and RA Saddle Club. 1984-90; Admiral, Army Sailing Assoc., 1984-87. CBIM 1985; MlnstD 1987. Freeman, City of London, 1984. Order of South Arabia, 3rd Class, 1965. *Recreations*: golf, field sports, natural history, sailing. *Address*: c/o Lloyds Bank, Newquay, Cornwall. *Clubs*: Army and Navy; Royal Fowey Yacht.

FILE



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

15 July 1992

17 Jan Dick

Thank you and your colleagues for the meeting and lunch today. I enjoyed it and found it stimulating as always. I am most grateful to you.

Yours Ever, John

Field Marshal Sir Richard F Vincent, GBE, KCB, DSO.

KK

SECRET

SUBJECT 22a-d
MASTER
Filed on:

NOTE FOR THE FILE

PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF

The Prime Minister had a meeting and lunch with the Chiefs of Staff today. The main points from the meeting were:

- (i) The CDS referred to the impact of the TSRB award on Two Star Officers, particularly those who would not qualify for redundancy payments. The Prime Minister said that the Government were seized of the problem, were sympathetic and were trying to find a discretionary way of meeting the need.

- (ii) Northern Ireland: the Chief of the General Staff, Sir Peter Inge, stressed the importance of the new post of Deputy Chief Constable. He hoped the Deputy Chief Constable would take a genuinely strategic view of operations and not just represent the Royal Ulster Constabulary. Sir Peter Inge also thought that more could be done to improve our information effort. His main concern overall seemed to be less the problem of roulement than the uncertainty of recent months over how many battalions would be needed in Northern Ireland. He hoped this could be resolved at the forthcoming meeting of the Northern Ireland Committee.

- (iii) The Prime Minister raised:
 - (a) whether there were external obligations we could disengage from;

 - (b) the case for TASM and the possibility of Trident being made more flexible;

 - (c) the scope for scrapping the free fall bomb now;

SECRET

- (d) the extent of the threat of an air strike;
- (e) the need for an amphibious capability.

The CDS said that the MoD were constantly looking for opportunities to reduce their overseas commitment, but external factors intervened, eg the possible sale of A4 aircraft by the Americans to Argentina; Foreign Office pressure to stay in Belize and the FCO view that our policy towards Hong Kong should be "stronger for longer". As regards Belize/Falklands, the CDS thought there might be a crude diplomatic trade-off, ie we would stay in Belize and the US would abandon their A4 sales to Argentina.

The CDS said that options on TASM, fully costed, would come forward to Ministers. He agreed there could be potential savings there. As regards an amphibious capability, this question had been put to Ministers who had responded that we did need an amphibious capability. The Chief of Naval Staff said that we could, nonetheless, look at whether we still needed an amphibious capability to deal with an opposed landing or whether there could be a degree of burden sharing between allies.

The CDS said that the period between the collapse of the Weimar Republic (and the perception that there was no airborne threat from Germany) and Munich was a bare six years. Had it not been for the breathing space gained by the Munich Agreement, we would not have won the Battle of Britain. The Chief of Air Staff said that the technology involved in modern fighter aircraft was such that you could not scrap a

capability and re-acquire it in less than four or five years, given the training involved. If we still considered that there was a potential threat of an air strike, then we needed to bear that in mind. The CDS said that the situation he feared was of an unscrupulous dictator with ballistic missiles somewhere down the track. If the Prime Minister or his successor turned to the then CDS and asked for counter action we would need to be confident that we had the necessary equipment.

(iv) Yugoslavia: it was agreed over lunch that there were two scenarios in which we might become militarily engaged in Yugoslavia:

- (a) in response to an humanitarian outrage;
- (b) in order to prevent the dispute becoming internationalised.

In either event, the chances of time-limited, small-scale humanitarian action was slim. We were talking potentially about large-scale involvement which could only be organised through NATO and in particular with American help. The CDS said that contingency planning was being done on a very restrictive basis indeed within the MoD. The Prime Minister authorised this planning to continue on the same restricted basis. The CDS asked whether British staff at SHAPE could be consulted about NATO contingency planning. The Prime Minister agreed with the Defence Secretary that for us to make an enquiry of this kind would indicate a change in our own thinking and was best avoided. We should keep abreast of SHAPE thinking without making specific enquiries. The Prime Minister made clear

that he did foresee the risk that, against our will, we could be drawn into military action in Yugoslavia.

(v)

European Defence

The Prime Minister agreed with the CDS that those who argued in favour of European defence tended to overlook the value, not just of the American presence in Europe, but of their advanced technological capability and their intelligence gathering. The risks of the Franco-German Corps being perceived as an attractive option for some of the countries applying to join the European Community were clearly seen by all present. The Prime Minister said that it might be that we could have been tougher before Maastricht and have seen off the Franco-German ideas. Building up the WEU was not a particularly happy option. On the other hand, we had to reckon with the fact that the Americans would not necessarily retain their commitment to Europe in the longer term so we had to pursue our present policy. It was thought, however, that we should not assume that the only route into NATO for new members of the Community was via the WEU: a European defence involving the Americans would have some appeal for the Swedes and the Finns and we might be able to build on that.



J. S. WALL

15 July 1992

A:\CHIEFS (DAS - 5.1)

Yankees Help, Rent, Reconstruction,

lot of Min. Changes

* Clear operative in AI

P.E.S. Savings recognized

Off. Pensioners discretionary over
(other want compensation?)

~~***~~ diff. // Perf. Pay

No sal. org to exp. - Only AF. got full award
1. yr.

Nationalist problems

then / some balance right.

Franco-German Corps
Moscow

but resources; not oblig
Part equipment;
(int reference equip) } m/p power dim!

GPALS

Force Act. for Medical Attack

Euro + Collective Balance.
Low - High Intensity Count.
o/s rel. res. + Training.

Mass



CONFIDENTIAL

PRIME MINISTER

YOUR MEETING WITH THE CHIEFS OF STAFF: WEDNESDAY 15 JULY

I attach a note from the MoD about your annual meeting with the Chiefs of Staff tomorrow. As last year, there will be a briefing followed by a lunch. The MoD letter suggests some possible topics for conversation. The Chiefs have been told to steer clear of Options for Change (though you might want to thank them for their handling of it).

Since your last meeting with the Chiefs, Dick Vincent has secured the post of Chairman of the NATO Military Committee and his successor (Sir Peter Harding) has been announced, together with consequential further appointments. These are covered in the MoD note. The one person present tomorrow who will have been disappointed is Sir Julian Oswald, the Chief of Naval Staff, who was a candidate for CDS and who will now retire in February of next year. You may want to use the opportunity to pay tribute to Dick Vincent's tenure.

The MoD brief suggests topics for conversation. On short-term topics, you may want to cover Yugoslavia and the European Fighter Aircraft.

Yugoslavia

Possible points are:

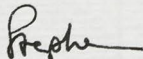
- the practical difficulties in organising a protected land corridor from the coast to Sarajevo;
- the scope for policing the former Yugoslavian international frontiers to prevent civil war becoming an international war;
- the US assessment (Admiral Bathurst was in touch with the Americans on your instructions after your discussion with President Bush at Camp David).

CONFIDENTIAL

European Fighter Aircraft

Mr Rifkind's discussion today with the Italian and Spanish Defence Ministers went quite well, judging by the press statement (attached) but it still leaves a lot of questions unanswered and implies that the others would not necessarily go along with the project if the Germans cannot be brought on board. You may want to ask Sir Peter Harding for his assessment of the scope for reducing the cost of the aircraft without seriously undermining its effectiveness.

Longer term issues for discussion include GPALS (see the MoD note) and European and Western collective defence. Dick Vincent has been heavily involved in discussions between the WEU and NATO and you may want to see his assessment of the momentum behind the Franco-German Corps. Are we right in our approach, eg to the EFTAns, to work on the assumption that the route into NATO is via the European Union and the WEU? Should we instead start from the premise that a useful European defence has to include the Americans and that therefore means something based on NATO? Is NATO flexible enough to allow people like the Swedes to come in by degrees, eg, through observer status in NATO? By talking of the WEU as the European arm of NATO, are we in fact playing into French hands, ie can we in practice make the WEU anything more than the chrysalis out of which emerges a European defence according to the French rather than the Anglo-American model?



J. S. WALL

14 July 1992

C:\FOREIGN\CHIEFS (DAS)

21a-g

a-Step



MINISTRY OF DEFENCE
 WHITEHALL LONDON SW1A 2HB
 Telephone 071-21 82111/2/3

SECRETARY OF STATE

MO 25/3/4G

14H July 1992

Deu Stephan

THE PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF

The Prime Minister has his annual meeting with the Chiefs of Staff on Wednesday the 15th July. The outline programme is:

- 1145 Arrive Ministry of Defence.
- 1150 Chief of Defence Staff gives briefing in Chiefs of Staff room (25 minutes). Seating plan at Annex A.
- 1215 Discussion (list of topics CDS will suggest at Annex B).
- 1300 Move to Defence Council Suite.
- 1315 Lunch.
- 1425 Depart.

2. Apart from the Defence Secretary, the dramatis personae are:

Chief of Defence Staff, Field Marshal Sir Richard Vincent (leaves in December to become the Chairman of the NATO Military Committee).

Chief of Naval Staff, Admiral Sir Julian Oswald (retires February 93).

Chief of General Staff, General Sir Peter Inge (took over in February 92 - the Prime Minister met him in Germany when he was Commander in Chief during Operation GRANBY).

Chief of Air Staff, Air Chief Marshal Sir Peter Harding (takes over as CDS in January 93).

J S Wall LVO CMG
 10 Downing Street



Vice Chief of Defence Staff, Admiral Sir Ben Bathurst (takes over as CNS in February 93).

Permanent Under Secretary, Sir Chris(topher) France (took over in April 92).

TSRB

3. The Defence Secretary has made clear the Government's decision on top salaries. The CDS will report concern about the position of those retiring in coming years. The Prime Minister might prefer to say at the start that:

- The Government is grateful to senior officers for their leadership and steadiness at a time of great change in the Armed Forces.
- Wider policy considerations meant that TSRB report could not be implemented.
- Keen to help those retiring earlier because of Options.

CDS' Presentation

4. During his presentation, CDS will touch on points arising from last year - redundancy funding, continued training opportunities, housing and Northern Ireland. For the most part he will thank the Prime Minister for the progress made (particularly over housing; despite some criticism from Julian Brazier MP, the Services are pleased with the new scheme announced in February).

Efficiency

5. CDS will want to convince the Prime Minister that the Armed Forces have got his message about 'Competing for Quality', lands and the 'Citizens Charter'. They are responding quite well to new drives led by Mr Aitken on Market Testing and Lord Cranborne on Lands but the Prime Minister might like to:

- Emphasise the importance he attaches to competing for quality and market testing.
- Indicate that reducing Services use of land will remain on the political agenda.
- Ask whether the way that the Armed Forces deals with its families really matches up to the Citizen Charter standards (eg how we deal with accident compensation, frequency of postings, information on change etc).

Northern Ireland

6. Last years discussion has led - in the Chiefs of Staff view - to a little but slow progress, such as the appointment of the new Deputy Chief Constable (Operations) though not his Joint Staff.

Northern Ireland force levels and scope for replacing Army manpower are to be discussed in the Northern Ireland Committee on 23rd July. There is growing concern about the strain on the Army if the Committee decide there should be a continued deployment of 12 battalions for the medium-term, as the Northern Ireland Secretary is likely to recommend.

7. Of those present, several are unaware of the Defence Secretary's discussions with the Chief Secretary on Army manpower (and this would best not be discussed in this visit). The Prime Minister might say:

- Not fair on Northern Ireland Secretary to prejudge discussion in Northern Ireland Committee on manpower/battalion force levels.
- How can we consolidate on the DCC(Ops) post (eg better intelligence co-ordination).
- Appreciate the burden borne by the Army, but important to maintain high standards.

Strategic Systems/GPALS

8. MOD has extensive studies under way on GPALS and is addressing for the first time whether this could have a role in the defence of the UK. This raises large policy issues and points the Prime Minister might raise:

- Is there now an unstoppable technological momentum behind GPALS.
- During the Cold War we relied on deterrence to protect the UK from nuclear (and chemical/biological) threats. Why should we not use the same approach to third world ballistic missile threats.
- How could we prevent GPALS from putting at risk the effectiveness of the Trident capability.
- How do we handle internationally (eg UK technical studies suggest that ground based defences of London against attack from Libya would need to be situated in France).

European and Western Collective Defence

9. The Chiefs of Staff are getting worried by the proliferation on international security and defence bodies (which the squabble over NATO and WEU naval forces off Yugoslavia last week illustrates). They will argue that preparing forces for too many roles will erode capability. The Prime Minister might ask:

- Could some of the emerging roles (eg peacekeeping) be met by Reservists? (Legislation likely to be required).
- Could retiring members of the Armed Forces be encouraged to provide assistance and training under contract (instead of Regulars)?

Other Issues

10. As last year, CDS will concentrate on the longer-term issues, but obviously the Chiefs of Staff will be ready to discuss more current topics such as Yugoslavia, peace-making and the European Fighter Aircraft.

In sincerity

Jim Webb

(S WEBB)

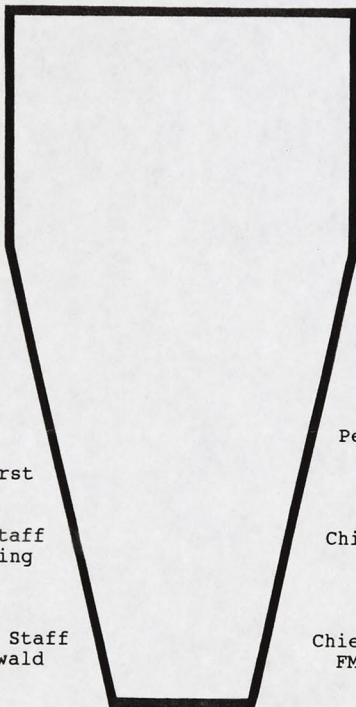
Private Secretary

CONFIDENTIAL

ATTACHMENT 1 TO
SECCOS 2036/673/7
DATED 7 JUL 92

LECTERN

SEATING PLAN FOR THE
CHIEFS OF STAFF MEETING WITH
THE PRIME MINISTER
WEDNESDAY 15 JULY 1992



Vice Chief of the
Defence Staff
Adm Sir Benjamin Bathurst

Chief of the Air Staff
ACM Sir Peter Harding

Chief of the Naval Staff
Adm Sir Julian Oswald

Secretary of State for Defence
The Rt Hon Malcolm Rifkind QC MP

Private Secretary
to the
Secretary of State
for Defence
Mr Simon Webb

Private Secretary
to the
Prime Minister
Mr Stephen Wall

Permanent Under Secretary
of State
Sir Christopher France

Chief of the General Staff
Gen Sir Peter Inge

Chief of the Defence Staff
FM Sir Richard Vincent

The Prime Minister
The Rt Hon John Major MP

Secretary, Chiefs of
Staff Committee
Colonel Robert Gordon

Principal Staff Officer
to the
Chief of Defence Staff
Air Cdre David Henderson

SECRET

KEY ISSUES

- **NORTHERN IRELAND/COUNTER TERRORISM**
- **IMPACT OF GPALS ON UK STRATEGIC AND SUB STRATEGIC NUCLEAR SYSTEMS**
- **FUTURE DEFENCE OF UK AGAINST AERIAL ATTACK**
- **PROSPECTS FOR EUROPEAN AND WESTERN COLLECTIVE DEFENCE**
- **BALANCE BETWEEN LOW INTENSITY PEACETIME COMMITMENTS AND HIGH INTENSITY WAR ROLES**
- **OVERSEAS INFLUENCE THROUGH MILITARY ASSISTANCE AND TRAINING**
- **IMPLEMENTATION OF DEFENCE FOR THE 90s**

COSSEC G.O.1116-19/92

SECRET

KEY ISSUES

- IMPLEMENTATION OF DEFENCE FOR THE 90s
- OVERSEAS INFLUENCE THROUGH MILITARY ASSISTANCE AND TRAINING
- BALANCE BETWEEN LOW INTENSITY PEACETIME COMMITMENTS AND HIGH INTENSITY WAR ROLES
- PROSPECTS FOR EUROPEAN AND WESTERN COLLECTIVE DEFENCE
- FUTURE DEFENCE OF UK AGAINST AIR AND MISSILE ATTACK
- IMPACT OF GPALS ON UK STRATEGIC AND TACTICAL NUCLEAR SYSTEMS
- NORTHERN IRELAND AND COUNTER TERRORISM



SECRET

1. The Russian and other FSU Navies are moving to mainly defensive roles and present a reduced threat in Northern Seas and to Atlantic sea lanes

- why do we still need 12 nuclear (SSN) and 4 diesel (SSK) submarines?
- and why the presently proposed numbers of other anti-submarine warfare capabilities - destroyer/frigates, Merlin Helicopters, Maritime Patrol aircraft?

2. Are we giving sufficient weight to limitations on Russian defence production capability because of the economic and social constraints on them?

- relevant to EFA and plans for developing new ships.

3. Given reduced threat of air strikes against us

- why cannot we reduce our air defence capabilities (relevant to EFA numbers and Medium Surface to Air Missiles)

4. Why do we still need an amphibious capability? (New Helicopter Carrier, replacements of Fearless and Intrepid, supporting frigates and carrier, plus Marines)

- no realistic threat to Northern Norway
- not used in Gulf (relied on Americans)
- too vague to say needed for a threat somewhere.

5. Surely no case now for Tactical Air to Surface Missile (TASM)?

- if necessary, rely on more flexible use of Trident
- scrap WE 177 Free Fall bombs now.

*More decisions
More Flex.
Conventional balances*

SECRET

g

6. Why do we do so much more than our European allies (and trade competitors)?

- are we putting too much into Army Rapid Reaction Corps (RRC)?
- why are we to the forefront on land (RRC) and air (EFA) and sea (subs, destroyers/frigates) and nuclear?
- (~~relevant to EFA and plans for developing new ships.~~



Stephen Wall, Mrs W.

File

WITH

THE COMPLIMENTS OF THE
PRIVATE SECRETARY

James LSI

MINISTRY OF DEFENCE, WHITEHALL

Telephone: 01-218 9000
01-218

SECRET

FINAL DRAFT

SCANNED

all
20a-n
alfleds

COS BRIEFING FOR PRIME MINISTER

CDS SCRIPT

1. Introduction. Welcome back; thank you for agreeing to sustain these annual meetings. Very helpful to have exchanges at this level at a time of such strategic change that bears directly on our security and defence interests.

2. Reminder. No formal agenda. Will briefly set the scene by reviewing progress and developments since last year, drawing attention to issues of current concern and particular interest to COS.

3. This time last year I touched on half a dozen issues that were of particular interest to the COS at the time;

- The need for timely decisions and adequate funding (including redundancy and implementation costs) to achieve efficient transition to the new force structures and to secure the necessary long term savings now assumed in the LTC profile.

- The need to preserve sufficient realistic training opportunities to sustain the operational readiness and fitness of our forces and to maintain the motivation of our servicemen and women.

- Our concerns about housing - both in service and on retirement - recognising the special commitment of many of our

(families which can severely constrain ...)

families which can severely constrain their opportunities for house purchase. I also drew attention to the need for adequate resettlement arrangements at a time of exceptional change and transition to civilian life, particularly during periods of relatively high unemployment.

- I explained in some detail our more serious concerns about the lack of clear operational direction and progress in NI by the SFs in defeating terrorism, recognising clearly that our role is to remain in support of the Civil Power/RUC.

- Finally, I reported our view that, in today's less predictable international circumstances, it will never be a simple or precise matter to define the appropriate size, shape and capability of our forces, with the consequent danger that certain capabilities will be trimmed back without any clearly defined limit or rationale.

4. Although we have some concerns remaining in all these areas - some of which I will refer to again - I should like to put on record our thanks for the very direct part you have played in achieving progress in all of them:

- In particular, the PES 91 settlement made significant allowance for a balanced redundancy programme and Options implementation costs. Our priority now is to carry this process forward consistently into the 3rd year of the PES 92 Settlement.

(- For our part, we will continue to press..)

SECRET

- For our part, we will continue to press relentlessly for further savings and efficiency measures - though with almost 10 consecutive years in Whitehall to look back on myself, I sometimes wonder if our very significant achievements in this respect are as widely recognised as they might be.

(Efficiency and Savings on 2 slides)

SLIDES 1&2 ON
IN SEQUENCE
(LH & RH SCREEN)

PAUSE

5. As you can see, these achievements include the introduction of NMS on 1 Apr 91, the results of our Efficiency Programme over its first 4 years; the creation of 14 Next Steps Agencies with an additional 9 in preparation; and the disposal of a significant tranche of the Defence Estate. We also ourselves initiated most of the main changes now in train to reduce our defence overheads in the training and support areas and in the MOD itself. However we are not in any way complacent about this record. It is in our own interests to continue to seek further savings through Contractorisation, Privatisation and Market Testing, and we are continuing rigorously to do so. High on the list for further contractorisation is AWE for which we are now seeking tenders. Work is also well in hand to give a new impetus to the market testing programme "Competing for Quality". This is being led by Mr Aitken advised by Christopher Littmoden, the Finance Director of Marks & Spencer. In sum we are fully behind the Market Testing and Competing for Quality initiatives to achieve greater value for money and the greatest operational output for each £1 spent. But in pursuing these measures wherever possible we do also need to ensure that the end product is operationally robust and fit for war. In the Gulf we had the luxury of nearly 6 months to prepare

3 (ourselves for operations. That cannot be..)

ourselves for operations. That cannot be prudently assumed in future and we must therefore be constantly ready for unexpected and unwelcome developments for which our supporting infrastructure needs to be organised.

6. These efficiency initiatives must also be set **SLIDES 1&2 OFF** against a background of the most significant reorganisation and reductions in manpower within the Armed Forces and the MOD Civil Service for many years. As you know, this major restructuring was initially an MOD initiative in recognition of wider strategic developments. Some measure of the scale and rate of this rundown can be seen on this slide showing the manpower reductions now underway.

SLIDE 3 ON(LHS)

So long as we can sustain the momentum and direction of this restructuring under Options it will lead to a projected saving in the cost of defence of some £3-4 bn per year in LTC

SLIDE 4 ON

92 compared to LTC 90. I will return to the management and leadership challenge of implementing 'Defence for the 90s' at the end of my introduction.

(RHS)

SLIDES 3&4 OFF

7. Two other areas in which we have made good progress are the House Purchase Savings Scheme, where we are very grateful for your personal support, and the updating of our Resettlement Arrangements which have received welcome interest and support from Ministers. We need to sustain our efforts in housing and the implementation of our enhanced resettlement plans, but we have made a promising start and we intend with the help of Ministers to build on it.

(8. One recent event which could give rise..)

. One recent event which could give rise to serious inequalities for some officers leaving the Service is your decision to abate and stage the recommended TSRB award. I stress that I am not referring here to the general principle on which you based your decision, but to the uneven effect it could have on 2 star officers in particular, at a time when there will be an increased outflow in this rank due to options, not all of whom will qualify for redundancy payments. The COS welcome your intention to look for special arrangements for such officers affected under OFC, but we hope this will not be limited only to those qualifying for formal redundancy payments as others in this category are also likely to have their previous career expectations curtailed without compensation.

9. More widely in this area we now find ourselves with the highly unsatisfactory differential of less than 5% between 1 and 2 star salary rates. Such narrow differentials between 1 & 2 Star pay seem bound to act as a serious disincentive for our brighter and more junior officers to seek higher and more demanding appointments.

10. Finally, in this area we are concerned to avoid the prospect of highly inequitable pension variations which could arise in a most indiscriminate and uneven manner and effect individuals' earnings for the rest of their lives. In leaving this topic, I re-emphasise that I am not commenting on the general principles that led to your decision to severely abate and stage the recommended TSRB awards. But this is an area where our serving people - quite understandably - have no independent organisations (to represent their interests and where....)

to represent their interests and where the COS therefore have a responsibility to speak up for them. f

11. On Northern Ireland you have taken such a strong personal lead since our meeting last year that you are well aware of the latest position. Suffice it to say here that there remains much to be done in providing a sharper command and control focus for the overall direction of the counter-terrorist Campaign if we are to achieve a more effective collective security force effort from the very large resources we commit in this area.

SLIDE 5 ON (LHS)

To place these current strengths in context you may wish to see our historic commitment of Army (and Royal Marine) manpower to the Province alongside comparable RUC strengths.

(Slide 7 on).

SLIDE 6 ON (RHS)

PAUSE

SLIDE 6 OFF

This level of commitment has incurred large extra costs in our defence budget in recent years in countering the NI terrorist threat both in Northern Ireland itself, and more widely (Slide 8 on). And this Right Hand slide does not, of **SLIDE 7 ON (RHS)** course, show the additional costs of responding to this same threat that fall on other government departments.

Operationally, N Ireland represents our longest and most active commitment today, and you may wish to return to it in discussion later.

SLIDES 5&7 OFF

(12. This leaves us from last year

9

2. This leaves us from last year with outstanding questions on the size and shape of our forces for the 90s and the training and equipment required to provide the capabilities needed to sustain our defence policy and strategy.

13. During the October 1991 Defence Debate, and subsequently in the HCDC examination of 'Options', there was some criticism that we lacked a clear Defence Policy and Strategic rationale for such changes. In fact, Chapter 4 of SDE 91 set out our approach in general terms with paragraph 404 emphasising the need to retain a broad range of General War High Intensity Capabilities.

SLIDE 8 ON (RHS)

(Slide 9 quoting Para 404 of SDE 91)

PAUSE

SLIDE 8 OFF

But we always recognised throughout the Options process that we were making important assumptions during a period of major international developments and, in the longer term, considerable strategic uncertainty.

14. All JIC reassessments over the past 18 months on the changing threats and risks to our national security interests paint a picture of a fundamental and welcome decrease in the threat of a concerted attack on the West in the foreseeable future. But with the collapse of Communism in Europe and the Soviet Union we are now seeing the re-emergence of nationalist, religious and ethnic problems which are very difficult to tackle. These unwelcome developments are made more worrying by the uncertainties that exist over the control of the large stockpile of Weapons of Mass

(Destruction and conventional arms....)

destruction and conventional arms originating from the former Warsaw Pact states. The proliferation of Ballistic Missiles and Weapons of Mass Destruction outside Europe - perhaps drawing in future on ex-Soviet expertise as well as on other sources - is also a serious concern.

15. UK Defence Strategy. In the original work on Options for Change we looked at the implications of these international developments, the appropriate defence strategy and policy for the future, and the defence capabilities and programme needed to match this policy. We can now see more clearly the impact of some of the international trends and developments we identified with the help of the JIC in 1990. By the end of last year we also had the outcome of NATO's reviews of Strategy and its Force and Command Structures, together with the results of the Maastricht deliberations on EDI. In consultation with the FC0 the COS therefore looked in more depth at the defence strategy and policy to fulfil the Government's wider security objectives. This work was also intended to help inform the preparation of SDE 92, published last week, in order to reveal our strategic thinking more widely and inform the public debate more effectively.

16. Set against that background, I thought that I could most usefully conclude this introduction by touching on some of the main areas of interest and uncertainty that we believe will need to be addressed in the coming year or so if we are to implement our defence strategy effectively in programme terms and if we are to ensure that we develop the appropriate balance of military capabilities needed to sustain it. I will do this through a series

(of slides highlighting without comment,...)

of slides highlighting without comment, some of these more significant issues to which we can return later in discussion if you wish.

17. Strategic Systems/GPALS. The first area of growing interest, and at least potential concern, where we will need to start formulating our more detailed approach soon stems from the US GPALS initiative and its implications for our own nuclear systems.

SLIDE 9 ON (LHS)

Possible Impact of GPALS on UK Nuclear Policy and Capabilities

- . NATO perceptions of closer US - Russian cooperation and technology transfer
- . Effect of a re-negotiated ABMT on TRIDENT
- . Relative merits of Strategic Deterrence versus Strategic Defence and assessment of appropriate balance
- . Implications for future Sub-Strategic systems, including FTNW
- . Possible implications for:
 - Nuclear testing
 - US/UK 1958 Washington Agreement
 - UK approach to NPT review

SLIDE 9 OFF

18. Another area of growing interest concerns the most appropriate
Force Mix needed for Future Defence of UK Against
Aerial Attack

SLIDE 10 ON (LHS)

- . Need for balanced AD programme against possible "air-breathing" threat (manned aircraft and cruise missiles).
- . Emerging potential threat from proliferation of ballistic missiles (BM)/weapons of mass destruction (WMD).
- . Difficulty of predicting long-term BM/WMD threat.
- . Need to determine best combination of systems and their overall affordability.

SLIDE 10 OFF

19. The next issue concerns the
Future Prospects for European and Western Collective Defence.
While this matter does not lie primarily in our hands, we have an obvious interest in these developments and the way in which we should seek to influence and respond to them.

SLIDE 11 ON (LHS)

- . Enlargement of WEU Post-Maastricht:
 - Implications for NATO?
 - US Attitudes?
- . WEU/EDI: Approach to 1996 Maastricht Review
 - European Union's Prospective 'Common Defence Policy'

- Dangers K
 - : Military 'Window Dressing' & over commitment
 - : Erosion of military training & operational capabilities
 - : Decline in US Commitment eg. through Franco-German approach
- . Potential confusion of Overlapping Roles and Responsibilities: NATO; WEU; European Union; CSCE; NACC.

SLIDE 11 OFF

20. Nationally, we also have to define more clearly the Balance Required Between Low Intensity Commitments and High Intensity War Roles

SLIDE 12 ON (LHS)

- . Force structures in "Defence for 90's" intended to provide military capacity across wide spectrum of operational scenarios
- . UK approach and priorities for Peacekeeping Operations? (Possibility of increased commitments not assessed in Options)
- . Need for balanced investment between high intensity/low intensity capabilities
- . Very long timescales needed to regenerate high intensity capabilities once abandoned
- . Balance helped by appropriate regular/reserve structure

and improvements in conduct of Northern Ireland operations

SLIDE 12 OFF

21. We need also to reflect on our approach to Overseas Military Assistance and Training

SLIDE 13 ON (LHS)

- . "An important part of our Defence and Foreign Policy"
(SDE 92)
- . To be achieved within reducing UK military infrastructure and budgets
- . More nations to influence (eg. Former Warsaw Treaty Organisation)
- . A potential conflict of interests and priorities

SLIDE 13 OFF

22. Finally, as I mentioned earlier, we all face a large Management and Leadership Challenge in Implementing 'Defence for the 90s'

SLIDE 14 ON (LHS)

- . All 3 Services now engaged on biggest single reorganisation since the ending of conscription
(Slide 17 - RN; 18 - Army; 19 - RAF;
20 - MOD)
- . Need for consistency of purpose and avoidance of unnecessary changes

SLIDES 15-18

(RHS) (ON-OFF)

SECRET

- . Timely decisions and implementation essential to achieve longer term savings
- . Risks of policy 'Short-Term isms'
- . Longer term adjustments inevitable in changing world, but need to be carefully managed
- . Churchill's 1904 Dictum on the Army.

Perhaps we need also to bear in mind Winston Churchill's comments on restructuring made in 1904. (Applicable today to all 3 Services).

SLIDE 19 (RHS ON-OFF)

SLIDE 14 OFF

23. Prime Minister that was a snapshot of some of the key issues we are addressing today. I will leave up a slide summarizing these topics in case you wish to refer back to any of them. **SLIDE 20 ON (RHS)**

KEY ISSUES

Northern Ireland/Counter Terrorism

Possible Impact of GPALS on the UK Nuclear Policy and Capabilities

Force Mix for Future Defence of UK Against Aerial Attack

Future Prospects for European and Western Collective Defence

Balance Required Between Low Intensity Commitments and High

SECRET

r

Intensity War Roles

Increasing Calls for Overseas Military Assistance and Training

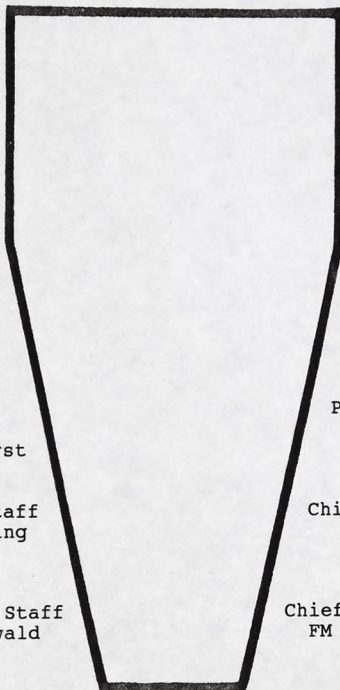
The Management and Leadership Challenge of Implementing Defence for
the 90s

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SEATING PLAN FOR THE
CHIEFS OF STAFF MEETING WITH
THE PRIME MINISTER
WEDNESDAY 15 JULY 1992

LECTERN

DOOR



Vice Chief of the
Defence Staff
Adm Sir Benjamin Bathurst

Permanent Under Secretary
of State
Sir Christopher France

Chief of the Air Staff
ACM Sir Peter Harding

Chief of the General Staff
Gen Sir Peter Inge

Chief of the Naval Staff
Adm Sir Julian Oswald

Chief of the Defence Staff
FM Sir Richard Vincent

Secretary of State for Defence
The Rt Hon Malcolm Rifkind QC MP

The Prime Minister
The Rt Hon John Major MP

Secretary, Chiefs of
Staff Committee
Colonel Robert Gordon

Private Secretary
to the
Secretary of State
for Defence
Mr Simon Webb

Private Secretary
to the
Prime Minister
Mr Stephen Wall

Principal Staff Officer
to the
Chief of Defence Staff
Air Cdre David Henderson

CONFIDENTIAL



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

7 October 1991

Thank you for your letter of 8 August to William Chapman about the Prime Minister's meeting with the Chiefs of Staff next year.

I fear that there is likely to be an international meeting on 6-8 July, on the day after which the Prime Minister will have to make a Statement in the House. None of the primary dates you suggest will, therefore, be possible for the Prime Minister. Perhaps your office could telephone me to discuss an alternative.

Of the secondary dates, I have pencilled into the diary Wednesday 28 October at 1200-1430.

↓
1992

(SANDRA PHILLIPS)

Group Captain D.B. Symes, R.A.F.

de



10 DOWNING STREET

Stephen

Pm's meeting with
Chiefs of Staff next
year is presumably
a "must".

Do we need to put
it in a diary meeting,
or can we just
offer dates?

S 7/10

Sandra

Let us offer dates - it has to be
an annual event.

Stephen 7/10

From: Group Captain D B Symes RAF
Assistant Secretary, Chiefs of Staff Committee



MINISTRY OF DEFENCE

Main Building, Whitehall, London SW1A 2HB

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(Switchboard) 01-218 9000

→ 1992
Diary Mtg.

W E Chapman Esquire
No 10 Downing Street
Whitehall
London SW1A 2AA

COSSEC 341/673/7/2

8 August 1991

Dear William,

PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF - 1992

*Economic
Summit
6-8 July*

We spoke earlier today on the Prime Minister's wish, confirmed during his recent visit to the Ministry of Defence, to continue the established round of annual meetings with the Chiefs of Staff. I undertook to write proposing primary and secondary dates for the 1992 meeting.

Ideally, we would prefer to stay with a meeting before the Summer Recess and I would suggest either 7, 8 or 9 July. Should a general election subsequently render one of these dates impracticable then it would be useful to have identified a fall-back position early in the life of the new Parliament and I would propose 27, 28 or 29 October or even 3, 4 or 5 November.

Wrd.

I understand that you expect to firm up the Prime Minister's diary toward the end of September. Perhaps you would be kind enough to let me know which 2 dates are acceptable so that the Chiefs of Staff can note their diaries accordingly.

Yours Sincerely,

Tricia Symes

MR WALL

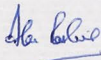
10th July 1991

MEETING WITH CHIEFS OF DEFENCE STAFF

1. I understand from Simon Webb that the Regimental issue should not be raised today. Sarah has asked me to prepare a note for the weekend box.

2. I see from Simon Webb's minute that the Citizen's Charter might be discussed. MoD is not central to the Charter in that its activities impinge upon the public only to a limited extent. I attach a note from Simon Webb outlining examples from the MoD that might go into the White Paper. Currently, none have been included, though the Policy Unit have raised with Francis Maude whether the commitment to public access to defence land could be inserted.

The Prime Minister might like to ask how the MoD plan to use examples such as these to publicise their commitment to the Charter initiative.



ALAN ROSLING



NT
How Whitehall
8/7

MINISTRY OF DEFENCE
WHITEHALL LONDON SW1A 2HB

Telephone 071-21 82111/3

SECRETARY OF STATE

MO 21/8/5D

SK July 1991

Dear Philip.

CITIZENS CHARTER

Following last week's Cabinet discussion of the Citizens Charter, the Defence Secretary has accelerated work within the MOD on where we could make a positive contribution to the White Paper.

I attach a list of 10 new items that might go into the White Paper itself or be put forward in associated MOD publicity arrangements. The Defence Secretary thinks that a good deal could be made of the proposal for using RN ships and submarines and RAF aircraft to collect scientific data during other normal deployments. The scientific community is very short of suitable assets, particularly in the more of remote parts of the world visited by the Armed forces units. They will usually have adequate training already for this role though scientific organisations may need to provide some of the specialised monitoring equipment.

At the suggestion of the No 10 Policy Unit we have also worked up a piece for the Charter on Defence lands which is also attached.

I am sending a copy of this letter to Stephen Wall and Alan Rosling (No 10), Philip Ward (Environment), Stephen Crowne (Education and Science) and to Sonia Phippard (Cabinet Office).

Yours sincerely
Sir Webb

(S WEBB)
Private Secretary

P M Rutnam Esq
PS/Financial Secretary
Treasury



ANNEX

83/1/7

i. Ministry of Defence Headquarters is installing new automated facilities to shorten response and re-routing time to the large number of telephone calls by the public to its central switchboard. The target time for answering all calls, day and night, is to be 15 seconds.

ii. To back up its own wide-ranging efforts to enhance staff awareness of environmental impact, MOD will set up an "environmental hotline" - a telephone contact point to which members of the public can make constructive suggestions about environmental aspects of Defence activities.

iii. MOD has just produced, and will make available to all staff, a manual of guidance on environmental issues.

iv. MOD is considering whether it can extend its collaboration with the scientific community by making arrangements for RN ships and submarines and RAF aircraft, in the course of their operations, to gather environmental data that would not otherwise be available. [Recently in response to a proposal from the scientific community a RN submarine followed an under-ice course that allowed present ice-thickness to be compared with that observed some years earlier; it found a clear thinning of polar

ice which could be the result of global warming.]

v. MOD will produce, and make available to public libraries and tourist offices, a booklet setting out areas of its estate available and of interest for public access, and explaining access times and arrangements.

vi. The Meteorological Office has been set measured targets for steady improvement in the quality and efficiency of its weather-related services including a reduction in the standard error of its forecasts 48 hours ahead.

vii. The Hydrographer's Office is working hard to make its products more attractive to the market. The Office has been set a five-year target for increasing chart sales to the public, and after twelve months is already half-way to meeting it.

viii. MOD regularly meets its target of paying its contractors within 10 days of receipt of a valid invoice for goods and services received. MOD is planning new ways of speeding payment to smaller contractors.

ix. MOD has set a tighter target - a maximum of four weeks unless circumstances are exceptional - for its response time to representations from members of the public about low flying.

x. Defence Search-and-Rescue helicopters meet defined response targets (up to 40 nautical miles from the UK coast within one hour in good weather, up to 100 nautical miles within two hours by night or in bad weather) over 95% of the time and are seeking to do still better.

The MOD is one of the country's largest landowners, owning 593,000 acres of land and 75,000 houses for married personnel. The Government is committed to reduce the size of the estate to the minimum commensurate with the needs of the armed forces. Since 1979, 30,000 acres and 15,000 dwellings have been sold, realising receipts of some £800m. Professional advisers have been retained to assist in the continuation of this process. Where land is to be retained, it is a clear policy to encourage public access wherever possible. Footpaths are provided for walkers and the public informed locally when training land needs to be closed because of military activity. The MOD is acutely aware of the environmental responsibility it has for some of the most unspoilt pieces of the countryside, and considerable efforts are made to protect rare habitats and vulnerable species. There are a dedicated Conservation Unit and over 200 conservation groups across the country. The aim is to make our facilities available for recreational, social or commercial use wherever we can. Each year 17,500 licences are issued to permit events to occur on the estate.

CONFIDENTIAL

1. Defence C.
2. RAC (W E). How?

3. ^{TAM} *(imp forch) of interests*
4. French coop
5. JT Procurement

PRIME MINISTER

MEETING WITH THE CHIEFS OF STAFF

You have a 2½ hour meeting tomorrow at the MOD with the Chiefs of Staff - approximately an hour of discussion followed by an hour and a quarter over lunch.

We do not normally publicise this meeting. If it does become public it is bound to be seen as a crisis meeting connected with regimental restructuring. It is in fact an annual event designed to counter the diminution of the role of the single service Chiefs of Staff since 1985.

The MOD brief covers a number of areas that you may want to pursue in discussion. Other areas you may want to cover are:

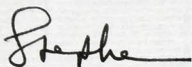
- How far is the threat changing and have we got the right response to it? In particular, do we have a nuclear deterrent which can deal with threats from Saddam Hussein as well as from the Soviet Union, i.e. do we have the right short range, tactical nuclear weapons to deter a Saddam Hussein who might calculate that we would never go so far as to use ballistic missiles?
- What is the scope for joint procurement within NATO?
- Are there more imaginative ways we can find to bring the French back into the fold without conceding a European defence in competition with NATO? How long term will the American commitment to Europe prove to be? Do we need to do more to persuade American public opinion?
- What is the role of the armed services in disaster relief? They are clearly very good at it and the British public like it. How do the armed services feel about it? Is more training required in the role?

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- 2 -

You may want to start the meeting (after the CDS's initial presentation) by saying a bit about the excellent performance of the armed services in the Gulf and by stressing the Government's continued commitment to a strong defence. The more the Chiefs can have a chance to air their views the better in terms of keeping them alongside for 'Options'.



(J.S. WALL)

9 July 1991

c:\foreign\chiefs (ecl)

CONFIDENTIAL

SECRET

19a-d
c/c
Blay



MINISTRY OF DEFENCE
WHITEHALL LONDON SW1A 2HB
Telephone 071-21 82111/3

SECRETARY OF STATE

MO 25/3/4J

1/a Stan Hooking
-100 gpm
K97

9K July 1991

Dear Stephen,

PRIME MINISTER'S MEETING WITH CHIEFS OF STAFF

The Prime Minister is meeting the Chiefs of Staff on 10th July. We suggest he arrives at MOD Main Building at ~~1145~~ 1200 aiming to depart at 1415.

These annual meetings were begun in 1985 following the (Heseltine) re-organisation of the Ministry of Defence. This concentrated authority over operational and defence policy and programmes on the Chief of Defence Staff and as a consequence was seen as weakening the position of the single-service Chiefs of Staff. By long-standing tradition they have a (rarely-exercised) right of direct access to the Prime Minister. The 1985 White Paper set out the formal position for the future as at Annex A. To provide some reassurance Mrs Thatcher initiated annual visits to the Ministry of Defence (and lunch). These have turned out to be very useful opportunities for the Prime Minister to learn more of the Service concerns and views than is possible during the normal round of business; and for the Chiefs of Staff to get a feel for the Prime Minister's agenda. There is much pleasure here that Mr Major is continuing that custom.

The proposed seating plan for the discussion period is at Annex B. CDS plans to speak for about 25 minutes; the Prime Minister will then no doubt have questions and might wish to set out his political outlook on, for example, Citizens Charter, public expenditure and overall security policy. We expect that lunch will begin about 1300 (seating plan at Annex C) with discussion continuing.

Amongst the topics that CDS is likely to raise (together with questions the Prime Minister might put) are:

- a. Appreciation for the way that the Prime Minister ensured continuity of leadership while Operation Granby was underway; and some lessons of that operation.

J S Wall LVO CMG
10 Downing Street



SECRET



SECRETARY OF STATE

b. Defence White Paper (being published on 9th July). The Armed Forces satisfaction of the approach taken under Options, but their concerns over whether it will be adequately funded in future PES rounds.

c. The acceleration of pace of change (from 5 years to 3) that followed from PES 90. The need to achieve support savings (and concerns that Ministers will shy away from controversial establishment decisions). Desire for adequate redundancy, resettlement and rehousing terms.

- pace of reduction in support?
- what do services really want on housing (mobility or stability)?

d. The need for training, recognising the substantial use of land and environmental impact

- effect of simulators and other new technology?

e. Northern Ireland where the Chiefs of Staff feel that the security forces are not making progress to defeat terrorism; the General Officer's Commanding's view on force levels; co-ordination of intelligence gathering.

- what role for extra troops (risk of creating more targets)?
- practical steps for intelligence co-ordination?
- how do we counter IRA 'shoot-to kill' allegations?

f. Wider defence relations and military assistance to overseas countries; the growing threat of Chemical and Biological Weapons.

- should we be doing more training/advisory work?

CDS is not planning to raise Army Regimental restructuring, on which advice will come to Defence Ministers on 10th July.

Points that the Prime Minister might like to talk about are:

- His view of European political union and future relations with the United States.
- The Citizen's Charter (how will MOD respond?) and the environment initiative.
- The Prime Minister's approach to public expenditure and efficiency in the public sector.



C



SECRETARY OF STATE

- MOD financial management (where the Permanent Under Secretary can report on the progress of New Management Strategy and reductions in HQ and support areas).

Yours sincerely

Simon Webb

(S WEBB)

Private Secretary



EXTRACT FROM THE CENTRAL ORGANISATION FOR DEFENCE
(COMMAND 9315)

" 13. The CDS will, as now, be the Government's principal military adviser. His main responsibilities will include:

- a) tendering military advice on strategy, forward policy, overall priorities in resource allocation, programmes, current commitments and operations. In his advice he will take into account the views of the Chiefs of Staff and ensure that they are properly reflected;
- b) the planning, direction and conduct of all national military operations, including the issue of relevant operational directives;
- c) directing the work of the Defence Staff (see Section IV below).

He will continue to chair the Chiefs of Staff Committee.

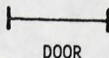
14. The PUS is permanent Head of the Department and principal Accounting Officer. His responsibilities will include:

- a) the organisation and efficiency of the Ministry including the management of all civilian staff, the co-ordination of its business, and establishment of such machinery as may be necessary for this purpose;
- b) the long-term financial planning and budgetary control of the defence programme, the associated allocation of resources, and the proper scrutiny of the requirement for all proposals with expenditure implications;
- c) advice on the political and parliamentary aspects of the Ministry's work and relations with other Government Department.

15. The Service Chiefs of Staff will continue as the professional heads of their Services and as members of the Chiefs of Staff Committee. They will remain fully responsible for the fighting effectiveness, management, overall efficiency and morale of their Services. They will in future normally report and tender advice through CDS to the Secretary of State while retaining their right of direct access to him and the Prime Minister. Management of the Services will be exercised through Service Executive Committees, chaired by the Chief of Staff, as sub-committees of the Service Boards"

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SEATING PLAN FOR THE
 CHIEFS OF STAFF MEETING WITH
 THE PRIME MINISTER
 WEDNESDAY 10 JULY 1991



Vice Chief of the
 Defence Staff
 Adm Sir Benjamin Bathurst

Permanent Under Secretary
 of State
 Sir Michael Quinlan

Chief of the Air Staff
 ACM Sir Peter Harding

Chief of the General Staff
 Gen Sir John Chapple

Chief of the Naval Staff
 Adm Sir Julian Oswald

Chief of the Defence Staff
 FM Sir Richard Vincent

Secretary of State for Defence
 The Rt Hon Tom King MP

The Prime Minister
 The Rt Hon John Major MP

Secretary, Chiefs of
 Staff Committee
 Captain Bryan Burns

Private Secretary
 to the
 Secretary of State
 for Defence
 Mr Simon Webb

Private Secretary
 to the
 Prime Minister
 Mr Stephen Wall

Principal Staff Officer
 to the
 Chief of Defence Staff
 Air Cdre David Henderson

SEATING PLAN FOR LUNCH FOR THE PRIME MINISTER
WEDNESDAY 10 JULY 1991

| French Windows to Roof |

Captain Bryan Burns
 Secretary, Chiefs of Staff Committee

Vice Chief of the
 Defence Staff
 Adm Sir Benjamin Bathurst

Chief of the General Staff
 - Gen Sir John Chapple

Chief of the Defence Staff
 FM Sir Richard Vincent

Secretary of State
 - The Rt Hon
 Tom King MP

The Prime Minister
 The Rt Hon
 John Major MP

Permanent Under Secretary
 - of State
 Sir Michael Quinlan

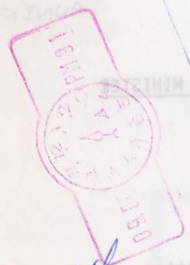
Chief of the Air Staff
 ACM Sir Peter Harding

-Chief of the Naval Staff
 Adm Sir Julian Oswald

Private Secretary to the
 Prime Minister
 Mr Stephen Wall

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**BALLISTIC MISSILE, NUCLEAR, CHEMICAL AND
BIOLOGICAL WEAPON CAPABILITIES IN THE THIRD WORLD**

COUNTRY	MISSILES	NUCLEAR	CW	BW
Afghanistan	●			
Argentina	●			
Burma				
China	●	●	●	●
Cuba				●
Egypt	●	●	●	?
India	●			
Iran	●		●	●
Iraq	●		●	●
Israel	●	●	●	
Libya	●			
North Korea	●		●	●
Pakistan	●	●	●	
Saudi Arabia	●			
South Africa	●	●		
South Korea				
Syria	●		●	●
Vietnam			● 1	
Yemen	●			

● Known capability

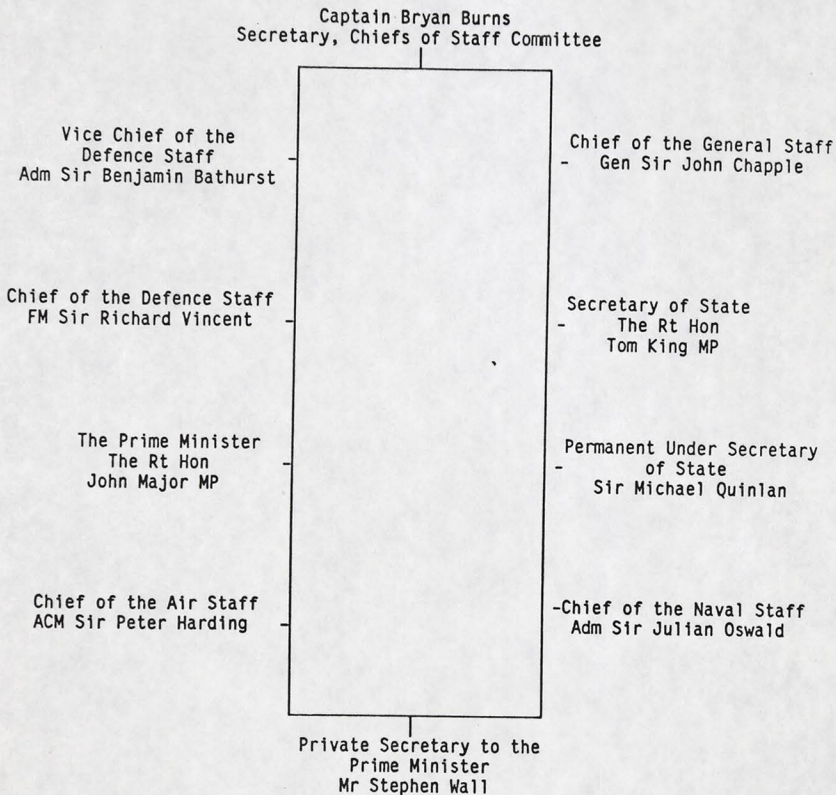
● Advanced programme

1. Does not possess national capability, but has access to weapons probably supplied by USSR.

COSSEC G.O.0958-19/91

SEATING PLAN FOR LUNCH FOR THE PRIME MINISTER
WEDNESDAY 10 JULY 1991

[French Windows to Roof]



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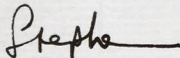
PRIME MINISTER

CALL BY CDS

This will be Dick Vincent's first call on you in his new job. I expect he will want to sound off a bit on Options for change. You may like to ask him how he sees the role of the Rapid Reaction Corps.

Other issues you may want to cover are:

- Operation Haven in Iraq. CDS has today spoken to Colin Powell about how to implement the ultimatum to Iraqi security forces to get out of Zakhu.
- Common Foreign and Security Policy in Europe. CDS is closely involved in work on this in the MoD and may welcome a chance to give you his views.
- Meeting with the Chiefs of Staff. You will be having your annual lunch with the Chiefs in July. CDS will probably mention it. It is their opportunity to unburden.



(J. S. WALL)

25 April 1991

c:\wpdocs\cbs (srw)

FIELD MARSHAL SIR RICHARD VINCENT GBE KCB DSOCHIEF OF THE DEFENCE STAFF

1. Born: London 23 August 1931

2. Career Details:

1950 Enlisted for National Service in the Royal Artillery

1951 National Service Commission in the Royal Artillery

1951-5 Regimental Service in BAOR
Regular Commission granted in 1953

1955-58 Regimental Service in the UK (Lieutenant)

1959-60 Long Gunnery Staff Course (Guided Weapons)

1960-61 Radar Research Establishment Malvern (Guided Weapons Division)

1962 Regimental Service in BAOR (Captain)

1963-65 Technical Staff Course Royal Military College of Science (Captain)
Army Staff Course, Staff College (Major)

1966-68 Regimental Service (Battery Commander) in Commonwealth Brigade, Malaysia (Major)

1968-69 Staff Appointment in Ministry of Defence (MGO's Staff) (Major)

1970-72 Command of 12th Light Air Defence Regiment in BAOR-UK-Northern Ireland (in infantry role) (Lieutenant Colonel)

1973 United Nations Sponsored Peacekeeping Seminar Helsinki (Representing CGS)

1972-73 Directing Staff, Army Staff College (Lieutenant Colonel)

1973-75 Military Director of Studies, Royal Military College of Science (Colonel)

1976-77 Commander 19 Airportable (Infantry) Brigade (Brigadier)

1978 Royal College of Defence Studies (Brigadier)

1979-80 Deputy Military Secretary, Ministry of Defence (Brigadier)

- 1980-83 Commandant Royal Military College of Science (Major General)
- 1983-87 Master General of the Ordnance (Land Systems Procurement) (Lieutenant General; General)
- 1987-91 Vice Chief of the Defence Staff (General)
- 1991- Chief of the Defence Staff (Field Marshal)

3. Other Details:

- 1980-83 Member of Council, Cranfield Institute of Technology
- 1983-87 Colonel Commandant Royal Electrical and Mechanical Engineers
- 1983-87 President of Army Winter Sports Association
- 1983-90 President Combined Services Winter Sports Association
- 1986- Colonel Commandant Royal Artillery
- 1982-91 Honorary Colonel 100 (Yeomanry) Field Regiment TA
- 1987- Honorary Colonel 12 Air Defence Regiment
- 1987- Governor Aldenham School
- 1988 Kermit Roosevelt Lecturer to the United States
- 1972 DSO
- 1984 KCB
- 1985 DSc(Hon) Cranfield
- 1990 GBE
- 1990 FI Mech E
- 1990 FRAeS

4. Family:

- 1955 Married in Edinburgh to Jean (nee Stewart), one daughter, one son (serving in the Royal Artillery) and five grand-children.

5. Other Interests:

Sailing and skiing (for pleasure!) model engineering and looking after the very old family cottage.

meeting Record
subject cc master

CONFIDENTIAL

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

26 March 1991

Dear Sir,

CALL ON THE PRIME MINISTER BY
THE CHIEF OF DEFENCE STAFF

Sir David Craig paid a farewell call on the Prime Minister this evening. The main operational points were as follows.

Operation Granby. The CDS made clear his view that the case for deploying a replacement battle group was essentially political, not military. You are letting me have further advice on this.

Options for Change. The CDS referred to the mismatch between policy objectives and resources. The Prime Minister evidently found this a familiar problem from his time as Chief Secretary and commented that the MoD would have to sell some of its surplus land. The CDS reiterated his view that the circle could not be squared if we were to maintain balanced forces.

Lessons of the Gulf. The Prime Minister asked what steps the MoD were taking to draw on the lessons from the Gulf war. The CDS explained that Air Chief Marshal Harry Evans was co-ordinating this work.

Jm,
Stephen

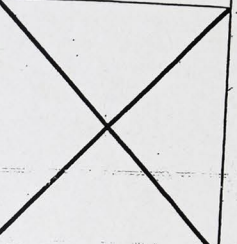
STEPHEN WALL

Simon Webb Esq.,
Ministry of Defence

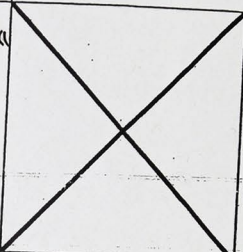
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A The National Archives

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>4060</i> (one piece/item number)	Date and sign
Extract details: <i>minute from wall to the Prime Minister dated 25 March 1991</i>	
CLOSED UNDER FOI EXEMPTION <i>40(2)</i>	<i>9/5/18</i> <i>M. W. W.</i>
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A The National Archives

DEPARTMENT/SERIES <i>MEM 19</i>	Date and sign
PIECE/ITEM <i>4060</i> (one piece/item number)	
Extract details: <i>letter from webs to wall dated 25 March 1990</i>	
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DOCUMENT PUT IN PLACE (TNA USE ONLY)	



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 March 1991

MEETING BETWEEN THE PRIME MINISTER
AND THE CHIEFS OF STAFF

This is to confirm that we have earmarked Wednesday 10 July for the Prime Minister's visit to the MOD for his meeting with the Chiefs of Staff. We envisage the meeting taking place between 1100 and 1430, including the lunch which I understand the Chiefs have kindly offered.

J S WALL

Simon Webb Esq
Ministry of Defence



John
OH

10 DOWNING STREET

Charles

On present plans,
CDS is due to
leave his job at
the end of March.

I have fixed formal
call for Air Marshal

Craig on Mon 25
March at 1130.

And introductory call
for his successor,
Field Marshal Vincent
on Mon 15 April at
1630.

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 November 1990

Dear Bill,

Thank you for your letter of 8 November about the date for next year's briefing with the Chief of the Defence Staff.

I can confirm that Wednesday 10 July is firmly in the Prime Minister's diary, and I have noted the timings you suggest. As usual, Charles Powell will accompany the Prime Minister to this meeting.

Yours sincerely

Amanda

MRS. AMANDA PONSONBY

Wing Commander D.B. Symes, RAF,
Ministry of Defence.

From: Wing Commander D B Symes RAF



MINISTRY OF DEFENCE

Main Building, Whitehall, London SW1A 2HB

Telephone (Direct Dialling) 071-21-8 6614

(Switchboard) 071-21-89000

COSSEC 450/673/7/1

Mrs A Ponsonby
Private Office
No 10 Downing Street
LONDON
SW1A 2AA

8 November 1990

Dear Amanda,

CHIEF OF THE DEFENCE STAFF BRIEFING TO THE PRIME MINISTER -
WEDNESDAY 10 JULY 1991

A short note to confirm our telephone conversation yesterday and the date of Wednesday 10 July 1991 for CDS to brief the Prime Minister.

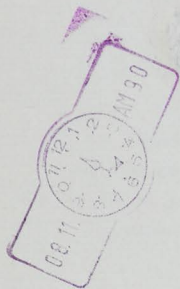
I suggest we stay with the same broad outline for 1991 as seemed to work this year. I note that the Prime Minister would be happy to arrive at 11.00am and wishes to leave by 2.15pm. We can fine tune the arrangements nearer the day.

It would be helpful if you could confirm that you are content for planning to go ahead on this basis, also that Charles Powell will accompany the Prime Minister.

Sicely,

Frian
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SECRET AND PERSONAL



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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

20 July 1990

Dear Sir,

PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF

I enclose the brief note which I have compiled for our records of the Prime Minister's meeting with the Chiefs of Staff. May I ask that no copy be made: and this copy not to be permitted to circulate outside your Private Office.

*Yours sincerely
Charles Powell*

CHARLES POWELL

Simon Webb Esq
Ministry of Defence

SECRET AND PERSONAL

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NOTE FOR THE RECORD

PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF

The Prime Minister had a talk with the Chiefs of Staff today, followed by lunch. CDS's introductory speaking note is attached.

The Prime Minister thanked the Chiefs of Staff for their work on arms control and the major effort they had put into the Options for Change exercise. She thought this had turned out well. It had been a considerable achievement to complete it in such a short time, and to preserve confidentiality about its contents.

Picking up some of the points made in CDS's opening remarks, the Prime Minister said she was worried about the lack of urgency surrounding NATO's strategy review. She hoped that the United Kingdom would put in a paper as soon as possible. We should give a lead. The Vice Chief of Defence Staff noted that a paper on UK military objectives in the revision of NATO strategy was already at an advanced stage of preparation. Some concern was expressed about lack of leadership from SHAPE, in contrast with the era of General Haig and General Rogers.

The Prime Minister referred to the difficulties being experienced with low flying training in Germany. In the longer term, this could call into question the usefulness of our keeping the RAF in Germany. She agreed that the Defence Secretary should pursue these with his German colleague. It was noted that we were unlikely to get support from other countries.

The Prime Minister and the Chiefs of Staff agreed on the importance of proceeding with our TNW programme. The potential effectiveness of TASM would improve with withdrawal of Soviet forces from East Germany and the fact that the Southern Baltic shore would be in benign hands. There were other possible options for approaching the Soviet Union from

- 2 -

the south and far north. It remained a very important objective to secure German agreement to deployment of TASM in the FRG.

The Chiefs of Staff drew attention to the build up of Soviet tanks, APCs and artillery behind the Urals in recent months, as well as the transfer of aircraft to Soviet naval aviation. This had all the appearance of deliberate circumvention of the CFE agreement intended to save the Soviet Union from having to make major reductions in the ATTU. It was noted that we could not count on much support from the Americans in challenging Soviet conduct, since they feared that attempts to draw into discussion what happened beyond the Urals would be matched by attempts to constrain what happened in the continental United States.

There was some discussion of the likely problems over the choice of a new tank for the British Army, given that the Americans were likely to have first class modern tanks to dispose of following a CFE agreement. The prospects for selling a British tank elsewhere in the world had declined, with the sale of the American Abrams MIAI to Saudi Arabia (although it was noted that the sale had been limited to 300, the Saudis were said to need a further 400 tanks).

The Prime Minister and the Chiefs of Staff agreed that the Options for Change exercise had come out quite well. The Prime Minister said she understood the Chiefs of Staff wished for an early announcement, to steady morale in the forces. The Government planned to make a statement on 25 July. This would help focus minds in NATO.

The Chiefs of Staff emphasised that they were at ease with the concept of multi-national forces at Corps level. Options for Change would allow our land forces in Germany to operate either as a purely national unit or as part of a multi-national force. The Treasury's alternative option, in contrast, would only enable us to operate as part of a multi-national force.

The Prime Minister mentioned that she would be visiting the SDI national test bed in Colorado. The point was made that the American Brilliant Pebbles system, if deployed, could be used against our strategic nuclear deterrent. This would mean that we would lose the ultimate sanction of being able to launch whether the Americans liked it or not. This strengthened the case for developing a non-ballistic weapon (ie TASM) in addition to Trident.

CHARLES POWELL

20 July 1990

a:\foreign\cds.eam

19 July 90

COS MEETING WITH PRIME MINISTER - 20 JULY 90

INTRODUCTION

1. Good morning Prime Minister. We are delighted to welcome you once again to the Ministry of Defence. The main focus of our work this past year has been quite transformed. The collapse of the Warsaw Pact; the internal difficulties in the Soviet Union, and associated likely increases in warning time; the contribution of arms control agreements, et al - impact on our thinking.

2. Our Armed Forces have been as busy as ever and quite stretched. The demands to fulfil our directed tasks, to provide military assistance overseas, to train Foreign and Commonwealth personnel and to provide assistance to the civil authority continue unabated. Dealing with the terrorist threat has added to our workload. We can expand on this later if you wish. But we should like, after touching on Arms Control, to make the principal theme of our meeting our future Defence capability, and concentrate on our work on Options for Change.

ARMS CONTROL AND RELATED ISSUES

3. While the FCO leads on Arms Control, we work very closely with them. The Chiefs of Staff have commissioned work on all aspects of Arms Control to ensure that military implications are properly addressed. Our papers on Conventional Arms Control keep updated our military objectives in both CFE and CSBMs Negotiations. Our most recent one relates arms control to the changed strategic circumstances and presents a preliminary view on some of the issues, such as the possible development of Flexible Response and Forward Defence. Effective verification of CFE agreements will be vital, and we have set up a team at Scampton to prepare for this. Manpower limits are soon likely to figure prominently. We see such limits as an acceptable response to the immediate needs posed by German unification, but they are not easy to negotiate nor to verify. And there are longer term concerns: the security framework for further arms control negotiation and reductions is unclear; the CFE focus on parity and balance between blocs will no longer be sustainable. Without such a framework we will need to take care that negotiations on separate

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national forces are consistent with our collective security embodied in NATO. We have further work in hand on this.

4. An earlier paper, written before the start of the 2 + 4 talks, dealt with the military implications of a United Germany. A subsequent paper on multi-nationality sought to balance the politico/military arguments of this topic. We provided a key national initiative and perspective on a matter that is now receiving considerable attention in NATO.

5. In START we have kept a close eye on the degree to which any Treaty might affect our own strategic deterrent. As you know the US has been protecting our interests on issues ranging from Soviet inspection rights at King's Bay to the repeated assurances about the supply of our Trident 12-station bus; and most recently, the outright rejection of Soviet attempts to constrain UK/US nuclear co-operation through non-circumvention arguments. Given no concessions on the last of these points, START will not affect the acquisition, testing and deployment of UK Trident; but the dangers of our position becoming a block to achievement of a Start Treaty still remain.

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6. We have continued to track developments in the negotiations for a global CW ban in Geneva, and in the bilateral forum between the US and USSR. MOD played a leading role in the programme of Practice Challenge Inspections conducted largely at MOD sites. Our report tabled in Geneva has made a major contribution to the UK's practical, problem solving approach to the achievement of a global and effectively verifiable CW ban.

OPTIONS FOR CHANGE

7. Let me turn now to Options work. The changing strategic scene, developments in arms control, continuing peacetime tasks and responsibilities, demographic trends and budgetary considerations are but some of the principal factors which have influenced our consideration of Options for Change. The tenets on which British Foreign and Defence Policy have been based are to-day less clear. We need new policy direction to guide us. Our Options work has been constructed against a set of assumptions which lead into the broad political, military and economic judgements needed to take forward our detailed work on planning and implementation. The

sooner these judgements are formed and promulgated, the less prolonged will be the uncertainty and speculation within the Armed Services, supporting bodies and industry, or the delay in delivering any dividend - Service, peace or cash.

8. Our formulation of Options for Change has been usefully supported by a series of papers developed by the JIC. Soviet military capability remains substantial and our ability to monitor this must be sustained. But our perception of intent, and thus the threat, is continually changing. We cannot yet be definitive. There are aspects of Soviet political intentions and military capability which worry us. The increasing sophistication and apparently illegal development of their Biological Warfare weapons on a large scale; the transfer of about 280 aircraft to the Soviet Naval Air Force which they are seeking to exclude from CFE; and a build up of tanks and artillery stored East of the Urals. Tanks in storage there have risen from 3,000 in 1988 to around 10,000 to-day. Most are modern types assessed to have come from the ATTU area. They would not be captured by CFE, and their

existence could provide the Soviets with their own options for the future. These are some of the military realities which we must take into account in assessing Soviet regeneration capabilities. They are of concern to us but apparently of decreasing interest to some in the United States as they cut back in Europe and seek to ensure that their home based weapons are not captured by Arms Control negotiations. In our military judgement of risk we must not overlook the ability of Soviet political intention to change relatively quickly.

9. Our Options paper of course is not a detailed blueprint for the future; we need in the follow-up phase to conduct much more detailed study into: the implications of our provisional front line; proposals for our equipment and the industrial base; support; and personnel. However, we have identified (and provided for in the Options work) some key military determinants which should influence our thinking about the future. For example:

- decisions taken now will dictate our capabilities well into the next century;
options should not be foreclosed prematurely.

Therefore in any force reduction there is a

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UK EYES A

strong case for retaining most of our present breadth of capabilities with forces which are adaptable and responsive.

- mobility, flexibility and the ability to reconstitute and to reinforce quickly will be key factors in deterrence. We must be allowed to exercise and practise our capability in peacetime in order to make that deterrence credible.

- we should continue to contribute to a full range of capabilities; the defence of the UK will remain essential; and for Alliance cohesion (and our national influence within the Alliance) a significant presence should be maintained on the Continent, backed by forces in UK; a substantial maritime contribution to NATO should continue.

- we must keep up with the development and application of new technologies which may play a vital part in our ability to respond and regenerate if the international scene darkens.

- though the risk of involvement in high intensity conflict outside Europe is low,

especially involvement on our own, the degree of unpredictability and lethality of any conflict into which we might be drawn could be high. Low level operations from time to time are likely. We must be adequately prepared with quality ready forces for the unexpected.

- above all, the dominant factor in determining our future capability will be our men and women, Regular and Reserve and the civilians who support them. The demands placed on them, and the need for high quality will require us to give even greater attention to recruiting, retention and productivity.

10. To support these determinants we will need good quality equipment, and be prepared to store some which could be manned and brought to full effectiveness if storm clouds gather; a considerable challenge with the sophistication of modern weaponry.

11. In follow on work on Options we need to examine the teeth to tail ratio and study our future training and support requirements and

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UK EYES A

sustainability. We need to look at HQs numbers and their strengths, and make reductions commensurate with those elsewhere. Our new more efficient management systems should enable us to introduce changes effectively.

12. There is also the aspect of training: here we must ensure that we retain, in sensible measure, the capacity and ability to respond to a changed situation and beef up training of reserve forces and recruits in a time of tension. We should continue to fulfil our successful international training role which sustains influence overseas so cost effectively.

13. Activity levels are a key ingredient for well motivated and trained forces. But our ability to exercise may be constrained by growing public concern over low-flying and protection of the environment in currently used land exercise areas. We will need to respond constructively to environmental concerns and look to greater use of simulation. But live training will remain essential and we must exercise to maintain operational efficiency and motivation. The last HILEX and the next NATO WINTEX, designed to prove our high-level and political transition to war

procedures have been cancelled and land and air exercises have also been cut or significantly reduced.

14. All of this of course requires a continuing and extensive investment in defence. We would hope for a period of financial stability so that we can manage the changes and restructuring (which will take some years and maybe significant investment to implement) without the additional complexity of adjusting to rapidly altering budgets in successive PES rounds. We recognise the very difficult resource issues which face the government, and we are fully seized of the need for smaller forces to reduce the Defence share of GDP. But we wish to ensure that we also have better balanced forces as part of a Services' dividend from the changes in prospect.

15. Finally, Prime Minister, our people. Getting our future plans right for them remains a most important challenge. The professionalism and dedication of the volunteer regular officer and Service man and woman will remain as important as ever, if not more so. We must continue to provide attractive and rewarding careers. Tomorrow's senior officers and SNCOs must be found from

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to-day's brightest juniors, and we must retain good quality in all ranks. Every Admiral, General and Air Marshal has to begin his service career as a young man and be prepared to stay and work hard for 25-30 years at least. He and his family will only do this if they find job satisfaction, a reasonable life style and fulfilment. All must feel throughout their time in the Services that they are really wanted and appreciated.

16. There is a view that we should be moving towards greater reliance on the Reserves. The emerging reality is that we are unlikely to be able to raise our volunteer numbers in the three services a great deal higher than they are now; the pool is finite and retention is difficult. The same factors and the demography of the 1990s will affect Regular Forces, Territorial and Individual Reservists equally. The evidence so far is that the current Regular/Reserve mix is just about sustainable at its present limits. To do better on the Reserves calls for imaginative ways of tapping public interest in defence so that we could expand rapidly in an emergency.

17. The present uncertainty about the future has generated concerns within the Armed Forces over

their value to the country which clearly has an effect on morale. The rate of change in introducing Options must be carefully planned with a full understanding of the implications for the lives, careers and families of individuals in our volunteer forces. In short we must ensure that our conditions of service are attractive, that our people can have confidence in the future structure and that they are well rewarded for their efforts. I should add that the Services were disappointed that this years AFPRB award had to be staged rather than paid in full and that the targeted funds will not be applied until next January.

18. Prime Minister, you have seen the members of all three armed forces in action on several occasions this year. I know you are as proud as we are of their motivation and professionalism. They are well aware of the need for change and conscious that we are moving into a hopefully safer world. However as I have explained many of them need to be reassured about their own futures and given, as soon as possible, the facts which will enable them to see clearly the way ahead.

19. We have successfully held knowledge of Options work in a small circle so far, in spite of

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media speculation which has been mostly unhelpful and ill considered. Acknowledging that there are other factors which bear on your decision, we strongly favour an early announcement to remove uncertainty and to allow the Defence department to examine the implications of Options more widely. There is also a need to take account of the NATO dimension, to consult with Allies on our plans for the future and to influence the thinking of others. SofS and I have been considering how best to approach allies at political and military levels when the time is ripe. As our work progresses we know that there will be difficult issues to resolve affecting all three services. We assure you these can and will be tackled when the way ahead is clear.

20. I will end my briefing there so that we may discuss both the broad themes I have set out and explore any individual Service points you have in mind.

SECRET
UK EYES A



media speculation which has been...
and it considered. Acknowledging...
other factors which bear on your...
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dimension, to consult with Allies on our plans for...
the future and to influence the thinking of...
others. So far and I have been considering how best...
to approach allies at political and military...
levels when the time is ripe. As our work...
progresses we know that there will be difficult...
issues to resolve affecting all three services...
we assure you these can and will be tackled when...
the way ahead is clear.

20. I will end my briefing there so that we may...
discuss both the broad themes I have set out and...
explore any individual Service points you have in...
mind.

13
UK EYES A
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CO887-11-128

15a-c

PRIME MINISTER

MEETING WITH THE CHIEFS OF STAFF

You have your annual meeting with the Chiefs of Staff tomorrow. You go to MOD at 1100 for a discussion, followed by lunch. It should be over by 1400/1415. There is greater than usual interest in the meeting this year because of the Options for Change exercise.

The Chiefs will spare you the usual slide-show this year. CDS will instead make some opening remarks lasting about 15 minutes, to open discussion. I have obtained a copy of his text, which you might care to look at in advance. He will cover two main themes:

- arms control. On this, CDS will describe the input made by the Chiefs of Staff to work on arms control, for which you could thank them. They are generally content with the direction which arms control negotiations are taking, and the changes to NATO agreed at the Summit. But you will want to encourage them to make a major contribution to NATO's strategy review. Tomorrow would be a good occasion to sound out their preliminary views. You will recall we had a seminar at Chequers last autumn on conventional force reductions and their implications for forward defence.
- Options for Change. But CDS's main comments will relate to Options for Change and are generally supportive. Indeed you might thank the Chiefs for their helpful approach to the exercise, and the degree of which confidentiality have been preserved. The main concerns which CDS will mention are:
 - first that the tenets on which British foreign and defence policy are based are today less clear than they were: the Chiefs feel the need for a new policy

directive to guide them. You could suggest that OD should do a study and offer to chair a whole day meeting at Chequers in the autumn.

- second they are rightly wary about continuing Soviet military strength and some of their covert activities e.g. on biological warfare and storage of equipment behind the Urals. You share these concerns and have acted on them.

- third they are keen to see early decisions on the options for change, to help morale in the forces and stop speculation about very much deeper cuts. You will see in the box the draft statement which the Defence Secretary is intending to make next week. But you will want to avoid getting locked into a bargaining session about the size or equipment of any one particular service: that would risk unbundling the package.

- fourth, they are very worried about constraints on training, particularly in Germany. You share these concerns and know that President Bush does too. There is additional background briefing in the folder.

- finally they want re-assurance that reductions will be carried out in a way which takes account of the lives, careers and families of the individual servicemen. You will want to point out that smaller but less stretched forces with better equipment should provide a more satisfactory career.

Other subjects which you might cover if time permits are:

- defence equipment. You will want to scold them about their continuing poor record on ordering equipment: seven different sorts of anti-tank weapon (I haven't checked that), gold-plating, changing specifications, money down the drain.

SECRET

- 3 -

- tanks. You might see what preliminary reactions are to the idea of taking surplus American tanks instead of building our own.
- TASM. If the Germans won't have it on their territory, do the Chiefs think it still worth having.
- Soviet military. You might share impressions of Soviet military leaders.
- VC10 successor aircraft. We must take a decision soon.

C.D.P.

Charles Powell

19 July 1990

c: Chiefs (MJ)

SECRET

OP

SECRET IN EYES A

cc Bauling

14a-m



CR

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000

DIRECT DIALING 01-218

19th July.

Dear Charles,

You might care for a copy of the CDS' script for the Prime Minister's visit on Friday. I will let you have an up-date on our latest problems with the Germans & low-flying shelling

Yours

James

14a-m
19 July 90

COS MEETING WITH PRIME MINISTER - 20 JULY 90

INTRODUCTION

1. Good morning Prime Minister. We are delighted to welcome you once again to the Ministry of Defence. The main focus of our work this past year has been quite transformed. The collapse of the Warsaw Pact; the internal difficulties in the Soviet Union, and associated likely increases in warning time; the contribution of arms control agreements, et al - impact on our thinking.

2. Our Armed Forces have been as busy as ever and quite stretched. The demands to fulfil our directed tasks, to provide military assistance overseas, to train Foreign and Commonwealth personnel and to provide assistance to the civil authority continue unabated. Dealing with the terrorist threat has added to our workload. We can expand on this later if you wish. But we should like, after touching on Arms Control, to make the principal theme of our meeting our future Defence capability, and concentrate on our work on Options for Change.

ARMS CONTROL AND RELATED ISSUES

3. While the FCO leads on Arms Control, we work very closely with them. The Chiefs of Staff have commissioned work on all aspects of Arms Control to ensure that military implications are properly addressed. Our papers on Conventional Arms Control keep updated our military objectives in both CFE and CSBMs Negotiations. Our most recent one relates arms control to the changed strategic circumstances and presents a preliminary view on some of the issues, such as the possible development of Flexible Response and Forward Defence. Effective verification of CFE agreements will be vital, and we have set up a team at Scampton to prepare for this. Manpower limits are soon likely to figure prominently. We see such limits as an acceptable response to the immediate needs posed by German unification, but they are not easy to negotiate nor to verify. And there are longer term concerns: the security framework for further arms control negotiation and reductions is unclear; the CFE focus on parity and balance between blocs will no longer be sustainable. Without such a framework we will need to take care that negotiations on separate

national forces are consistent with our collective security embodied in NATO. We have further work in hand on this.

4. An earlier paper, written before the start of the 2 + 4 talks, dealt with the military implications of a United Germany. A subsequent paper on multi-nationality sought to balance the politico/military arguments of this topic. We provided a key national initiative and perspective on a matter that is now receiving considerable attention in NATO.

5. In START we have kept a close eye on the degree to which any Treaty might affect our own strategic deterrent. As you know the US has been protecting our interests on issues ranging from Soviet inspection rights at King's Bay to the repeated assurances about the supply of our Trident 12-station bus; and most recently, the outright rejection of Soviet attempts to constrain UK/US nuclear co-operation through non-circumvention arguments. Given no concessions on the last of these points, START will not affect the acquisition, testing and deployment of UK Trident; but the dangers of our position becoming a block to achievement of a Start Treaty still remain.

6. We have continued to track developments in the negotiations for a global CW ban in Geneva, and in the bilateral forum between the US and USSR. MOD played a leading role in the programme of Practice Challenge Inspections conducted largely at MOD sites. Our report tabled in Geneva has made a major contribution to the UK's practical, problem solving approach to the achievement of a global and effectively verifiable CW ban.

OPTIONS FOR CHANGE

7. Let me turn now to Options work. The changing strategic scene, developments in arms control, continuing peacetime tasks and responsibilities, demographic trends and budgetary considerations are but some of the principal factors which have influenced our consideration of Options for Change. The tenets on which British Foreign and Defence Policy have been based are to-day less clear. We need new policy direction to guide us. Our Options work has been constructed against a set of assumptions which lead into the broad political, military and economic judgements needed to take forward our detailed work on planning and implementation. The

e

sooner these judgements are formed and promulgated, the less prolonged will be the uncertainty and speculation within the Armed Services, supporting bodies and industry, or the delay in delivering any dividend - Service, peace or cash.

8. Our formulation of Options for Change has been usefully supported by a series of papers developed by the JIC. Soviet military capability remains substantial and our ability to monitor this must be sustained. But our perception of intent, and thus the threat, is continually changing. We cannot yet be definitive. There are aspects of Soviet political intentions and military capability which worry us. The increasing sophistication and apparently illegal development of their Biological Warfare weapons on a large scale; the transfer of about 280 aircraft to the Soviet Naval Air Force which they are seeking to exclude from CFE; and a build up of tanks and artillery stored East of the Urals. Tanks in storage there have risen from 3,000 in 1988 to around 10,000 to-day. Most are modern types assessed to have come from the ATTU area. They would not be captured by CFE, and their

f

existence could provide the Soviets with their own options for the future. These are some of the military realities which we must take into account in assessing Soviet regeneration capabilities. They are of concern to us but apparently of decreasing interest to some in the United States as they cut back in Europe and seek to ensure that their home based weapons are not captured by Arms Control negotiations. In our military judgement of risk we must not overlook the ability of Soviet political intention to change relatively quickly.

9. Our Options paper of course is not a detailed blueprint for the future; we need in the follow-up phase to conduct much more detailed study into: the implications of our provisional front line; proposals for our equipment and the industrial base; support; and personnel. However, we have identified (and provided for in the Options work) some key military determinants which should influence our thinking about the future. For example:

- decisions taken now will dictate our capabilities well into the next century; options should not be foreclosed prematurely.
- Therefore in any force reduction there is a

9

strong case for retaining most of our present breadth of capabilities with forces which are adaptable and responsive.

- mobility, flexibility and the ability to reconstitute and to reinforce quickly will be key factors in deterrence. We must be allowed to exercise and practise our capability in peacetime in order to make that deterrence credible.

- we should continue to contribute to a full range of capabilities; the defence of the UK will remain essential; and for Alliance cohesion (and our national influence within the Alliance) a significant presence should be maintained on the Continent, backed by forces in UK; a substantial maritime contribution to NATO should continue.

- we must keep up with the development and application of new technologies which may play a vital part in our ability to respond and regenerate if the international scene darkens.

- though the risk of involvement in high intensity conflict outside Europe is low,

especially involvement on our own, the degree of unpredictability and lethality of any conflict into which we might be drawn could be high. Low level operations from time to time are likely. We must be adequately prepared with quality ready forces for the unexpected.

- above all, the dominant factor in determining our future capability will be our men and women, Regular and Reserve and the civilians who support them. The demands placed on them, and the need for high quality will require us to give even greater attention to recruiting, retention and productivity.

10. To support these determinants we will need good quality equipment, and be prepared to store some which could be manned and brought to full effectiveness if storm clouds gather; a considerable challenge with the sophistication of modern weaponry.

11. In follow on work on Options we need to examine the teeth to tail ratio and study our future training and support requirements and

sustainability. We need to look at HQs numbers and their strengths, and make reductions commensurate with those elsewhere. Our new more efficient management systems should enable us to introduce changes effectively.

12. There is also the aspect of training: here we must ensure that we retain, in sensible measure, the capacity and ability to respond to a changed situation and beef up training of reserve forces and recruits in a time of tension. We should continue to fulfil our successful international training role which sustains influence overseas so cost effectively.

13. Activity levels are a key ingredient for well motivated and trained forces. But our ability to exercise may be constrained by growing public concern over low-flying and protection of the environment in currently used land exercise areas. We will need to respond constructively to environmental concerns and look to greater use of simulation. But live training will remain essential and we must exercise to maintain operational efficiency and motivation. The last HILEX and the next NATO WINTEX, designed to prove our high-level and political transition to war

procedures have been cancelled and land and air exercises have also been cut or significantly reduced.

14. All of this of course requires a continuing and extensive investment in defence. We would hope for a period of financial stability so that we can manage the changes and restructuring (which will take some years and maybe significant investment to implement) without the additional complexity of adjusting to rapidly altering budgets in successive PES rounds. We recognise the very difficult resource issues which face the government, and we are fully seized of the need for smaller forces to reduce the Defence share of GDP. But we wish to ensure that we also have better balanced forces as part of a Services' dividend from the changes in prospect.

15. Finally, Prime Minister, our people. Getting our future plans right for them remains a most important challenge. The professionalism and dedication of the volunteer regular officer and Service man and woman will remain as important as ever, if not more so. We must continue to provide attractive and rewarding careers. Tomorrows senior officers and SNCOs must be found from

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to-day's brightest juniors, and we must retain good quality in all ranks. Every Admiral, General and Air Marshal has to begin his service career as a young man and be prepared to stay and work hard for 25-30 years at least. He and his family will only do this if they find job satisfaction, a reasonable life style and fulfilment. All must feel throughout their time in the Services that they are really wanted and appreciated.

16. There is a view that we should be moving towards greater reliance on the Reserves. The emerging reality is that we are unlikely to be able to raise our volunteer numbers in the three services a great deal higher than they are now; the pool is finite and retention is difficult. The same factors and the demography of the 1990s will affect Regular Forces, Territorial and Individual Reservists equally. The evidence so far is that the current Regular/Reserve mix is just about sustainable at its present limits. To do better on the Reserves calls for imaginative ways of tapping public interest in defence so that we could expand rapidly in an emergency.

17. The present uncertainty about the future has generated concerns within the Armed Forces over

Options work in a small circle so far, in spite of

their value to the country which clearly has an effect on morale. The rate of change in introducing Options must be carefully planned with a full understanding of the implications for the lives, careers and families of individuals in our volunteer forces. In short we must ensure that our conditions of service are attractive, that our people can have confidence in the future structure and that they are well rewarded for their efforts. I should add that the Services were disappointed that this years AFPRB award had to be staged rather than paid in full and that the targeted funds will not be applied until next January.

18. Prime Minister, you have seen the members of all three armed forces in action on several occasions this year. I know you are as proud as we are of their motivation and professionalism. They are well aware of the need for change and conscious that we are moving into a hopefully safer world. However as I have explained many of them need to be reassured about their own futures and given, as soon as possible, the facts which will enable them to see clearly the way ahead.

19. We have successfully held knowledge of Options work in a small circle so far, in spite of

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media speculation which has been mostly unhelpful and ill considered. Acknowledging that there are other factors which bear on your decision, we strongly favour an early announcement to remove uncertainty and to allow the Defence department to examine the implications of Options more widely. There is also a need to take account of the NATO dimension, to consult with Allies on our plans for the future and to influence the thinking of others. SofS and I have been considering how best to approach allies at political and military levels when the time is ripe. As our work progresses we know that there will be difficult issues to resolve affecting all three services. We assure you these can and will be tackled when the way ahead is clear.

20. I will end my briefing there so that we may discuss both the broad themes I have set out and explore any individual Service points you have in mind.

COS85.11-12B

13
UK EYES A
SECRET



fine
DA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

8 January 1990

Thank you for your letter confirming the new date of Friday 20 July for the Chief of Defence Staff's annual briefing. The timings you suggest look fine and I can confirm that Charles Powell will accompany the Prime Minister to the meeting.

With every good wish,

(MRS. AMANDA PONSONBY)

Wing Commander D.B. Symes, R.A.F.

KV

From: Wing Commander D B Symes RAF



R 5/11

MINISTRY OF DEFENCE

Main Building, Whitehall, London SW1A 2HB

Telephone (Direct Dialling) 01-218 6614

(Switchboard) 01-218 9000

Charles
Are you
happy with
this?

AP
8/11

COSSEC 2/932/2

Mrs A Ponsonby
Private Office
No 10 Downing Street
LONDON
SW1A 2AA

Amanda

4 January 1990

Yh - 1
with accompany
her
effort

Dear Amanda,

CHIEF OF THE DEFENCE STAFF BRIEFING TO THE PRIME MINISTER -
FRIDAY 20 JULY 1990

A brief note to confirm our telephone conversation earlier today and the date of Friday 20 July 1990 for the Chief of the Defence Staff's annual briefing to the Prime Minister.

My colleague Commander Nick Davis (Main Building extension 2367) will be running with the detailed stage management of the Prime Minister's visit and I have no doubt he will be in touch with you nearer the event. In the meanwhile I suggest we continue to plan on a start at 11.00 am; this should allow time for the briefing, discussion and lunch and still get the Prime Minister away comfortably between 2.00 and 2.30 pm.

✓ It would be helpful if you could confirm in due course that you are content with this broad outline, also whether Charles Powell will accompany the Prime Minister.

Sincerely,

Inia

SUBJECT CC MASTER



me from 13 (a-b)
(69)
ck

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

28 July 1989

I should perhaps record a few points arising from the Prime Minister's meeting with the Chiefs of Staff this morning.

The Prime Minister said that she understood the Chiefs' concerns on manpower issues and the current difficulties with recruitment and retention. To some extent, the slowing down of the economy, reducing employment opportunities elsewhere, should help. But the main conclusion she drew was that the MOD must be more flexible in offering selective incentives. As in other sectors, for instance education, incentives should only be offered where there was a genuine shortage of skills. They did not have to be given to everyone. This should be reflected in the MOD's submission to the Armed Forces Review Body. Among the various possible ideas for improving retention rates, the Prime Minister noted that some top salaries top salaries in the services might have to be increased, to offer greater incentive to the best people to stay. This was another way of being selective, since it applied to relatively few people. She also referred to Julian Brazier's scheme for help with housing, on which she had sought further advice. In short, she believed the overall problem was soluble on the basis of three guidelines: target, taper, incentivize. There should also be action on the demand side, by making sure that the forces were not carrying any surplus manpower.

The other main issue discussed was the armed forces' equipment programme. The Prime Minister thought there was still room for very considerable improvement in the management of resources here. She referred to the major problems which continued to exist, notably Aldermaston and the EH101. She found it hard to see how the latter programme could continue. Your Secretary of State said that there would be a report by the end of September. There was also a mention of the fatigue problems experienced by Tornado which could be especially costly if it was decided to extend the aircraft's life beyond twenty years; the failure to bring the Foxhunter radar up to standard; and a number of difficulties with the EFA, although it was noted on this last that no insurmountable technical problems had yet appeared.

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Another area covered was the implications for strategy and procurement of the conventional force reductions negotiations. It was noted that the Prime Minister would be holding a seminar on this subject at Chequers at the end of September.

Discussion over lunch was concerned mainly with the recent visit of a Soviet military delegation led by General Yazov. There was some talk of the possibility of our providing military training for Namibia after independence. I could not hear this in its entirety, but I think the conclusion was that we must wait and see what sort of regime emerged from the elections.

The Prime Minister commented both at the meeting and subsequently that the MOD should do more to publicise the good stories it had to tell. Apart from anything else, this could help recruitment.

you much,
C. D. Powell

C. D. Powell

Brian Hawtin, Esq.,
Ministry of Defence.

Personnel

SECRET

Chris Cook

3,000 - 24,000.

636 in 33 countries

PRIME MINISTER

Pilot

Retention - more cost effective

5,000 train in U.K

Hours - which semip. - Pay

MEETING WITH CHIEFS OF STAFF

CITE Mandate - Sustainability
Out of area service

You have your annual meeting with the Chiefs of Staff at the MOD tomorrow, followed by lunch. The new Defence Secretary will also be present. The plan is to walk over to the MOD just before 1130. You will be asked to don a security pass and be photographed doing so, as part of the MOD's security awareness campaign. We then go up to the usual briefing room, where the Chief of Defence Staff will give a 25 minute briefing (text in folder) to be followed by questions and lunch. You should be through by 1430.

12a

The main points which CDS will cover in his briefing are an upbeat account of the state of the defence programme as a result of the additional funding agreed last year: a slightly more optimistic account of the situation in Northern Ireland and in particular the intelligence arrangements: serious worries about the effects of the demographic trough in the next decade and the consequences for recruitment: equally serious concern about retention problems: and a longish piece about the implications of conventional force reduction negotiations. While they will not appeal directly for more funds, they will point out that even the additional money last year still leaves resources well below what would have been available under the 1982 defence review's long term costings. They will also claim that inflation above the rate for which they estimated is likely to be costing them £1 billion a year by 1992-93.

Points which you might like to raise with them are:

- your main worry is not defence policy or the performance of our armed forces but management of resources. You are convinced there is still room for improvement.

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- your particular concern about procurement. One aspect is the situation at Aldermaston, which you will be discussing with Sir Francis Tombs later in the day. The other aspect is the continuing succession of accident-prone projects. We now learn about new fatigue problems with Tornado. There are continuing problems with the Foxhunter radar. The Westland helicopter continues to look dodgy. EFA is bogged down in disputes over the radar. This is where the real pressure on the defence budget comes from. b
- progress with the Vickers tank. Are they sure we still need it?
- the need to keep up efficiency savings. You discussed this at the recent value for money seminar with Sir Michael Quinlan and others. You are still not satisfied that as much as could be squeezed out of this is being done.
- the implications of the IRA policy of attacking military camps and housing on the mainland and Continent, and whether everything possible is being done to tighten perimeter security. (You will not want to get too far into Northern Ierland, or Tom King will dominate the conversation when this ought to be the Chiefs' show). /
- the importance you attach to continued military training in countries like Zimbabwe. The question whether we can and should help in Mozambique after independence.
Nambwa?
- how significant they think the housing problems identified by Julian Brazier are in causing wastage of personnel.
- your forthcoming seminar on the implications for NATO strategy and Britain's part in it on conventional force reductions. You will want a lively paper from MOD for this. Are we being too complacent about the strategy

implications of force reductions? What about the procurement aspects? Are we re-examining all our existing projects to see whether they are really necessary? C

- the scope the Chiefs see for improved defence co-operation, including nuclear, with the French.
- the conclusions about the professionalism and problems of the Soviet armed forces which they drew from General Yazov's visit.

CDI

C. D. POWELL

27 July 1989

PM3ASI

SECRET

*cepc
(initials)*



MO 25/3/4V

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2111/3

~~27~~ July 1989

e 27/7/89 11 (a-r)

Dear Charles,

CHIEFS OF STAFF PRESENTATION TO THE PRIME MINISTER

As promised, I enclose a copy of the text of the Chiefs of Staff presentation to the Prime Minister tomorrow, together with copies of the accompanying charts and diagrams. I also enclose copies of the seating plans for the presentation itself, and for lunch afterwards.

The Prime Minister will be met by Mr King and the Chief of the Defence Staff at the South Door (Richmond Terrace) at 1130. As I mentioned to you, we will have available Ministry of Defence visitors passes for the Prime Minister and her party. This will assist us greatly in spreading the word on the importance of security within MOD buildings.

Yours sincerely,

John Colston.

(J P COLSTON)
Private Secretary

Charles Powell Esq
No 10 Downing Street

SECRET

RESTRICTED

SECCOS 1192/932/1

27 July 1989

Ministry of Defence

PS/S of S

PSO/CDS

PS/PUS

Sec/CNS

MA/CGS

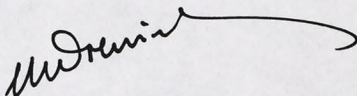
PS/CAS

PS/VCDS

CHARTS FOR PM SCRIPT

1. The following charts are attached:
 - a. PES 87.
 - b. PES 88.
 - c. DD/FF Nos.
 - d. UK Based Civilians.
 - e. UK Regular Forces (Trained Requirement).
 - f. Attendance at Republican Marches.
 - g. Overseas Military Assistance.
 - h. Demographic Trough.
 - i. Recruiting Shortfall.
 - j. Premature Release Applications - Officers.
 - k. Premature Release Applications - Other Ranks.
 - l. Forces Manpower shortages - as at 31 May 1989.
 - m. Tank Drawdown.
 - n. 1940 Tank Nos.

2. CDS decided yesterday to drop the 2 charts of Western Arms Control objectives, and WP Arms Control objectives.



K J DREWIENKIEWICZ
Colonel
Secretary
Chiefs of Staff Committee

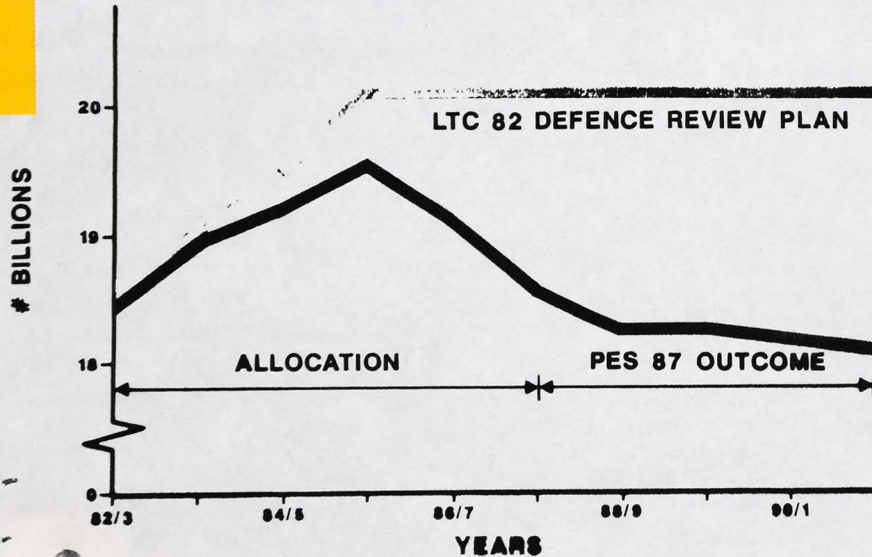
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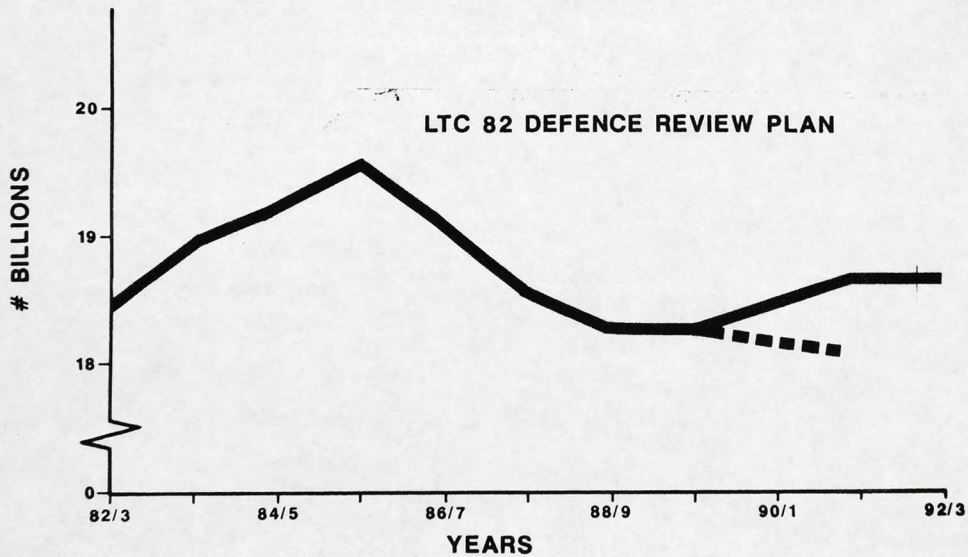
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COMPARISON OF RESOURCES AVAILABLE LTC 82 TO LTC 88 (At LTC 88 prices)



CONFIDENTIAL
CONFIDENTIAL

PES 88 OUTCOME
(At LTC 88 prices and inflation projections)



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RESTRICTION - WHITE AND BLACK

SECRET

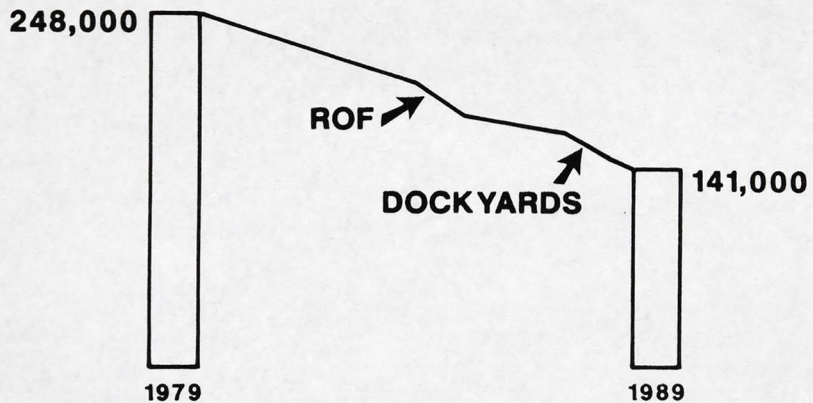
DESTROYER AND FRIGATE NUMBERS

Year	89	91	93	95	97	99
Numbers	48	49	47	47	48	49

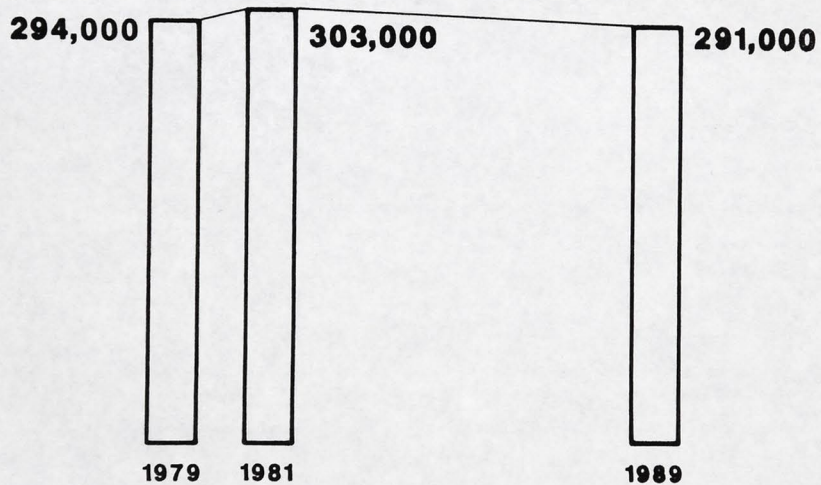
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UK BASED CIVILIANS



UK REGULAR FORCES (Trained Requirement)



CONFIDENTIAL

ATTENDANCE AT REPUBLICAN MARCHES

EVENT	NUMBERS EXPECTED	ACTUAL NUMBERS
GIBRALTAR FUNERAL MARCH 88	50,000	5,000
ST.PATRICKS DAY MARCH 89	15,000	1,500

CONFIDENTIAL

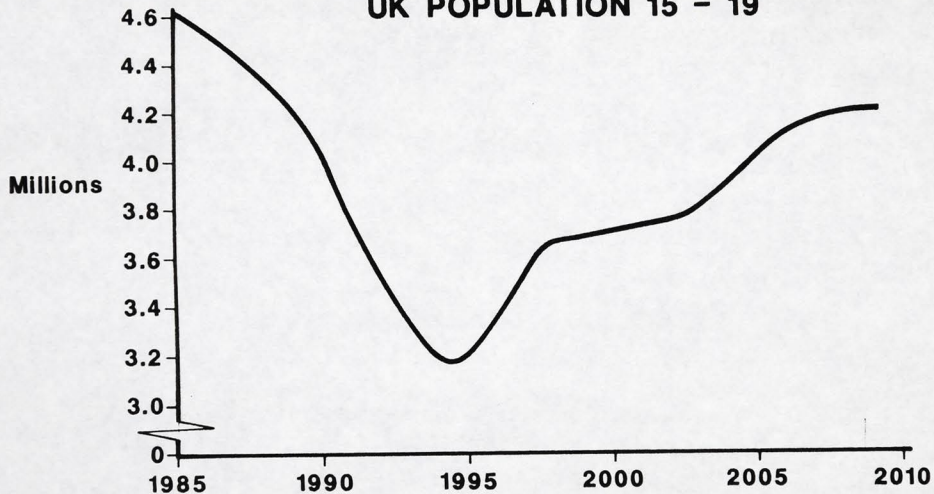
CONFIDENTIAL

OVERSEAS MILITARY ASSISTANCE



Root in white on blue.

THE DEMOGRAPHIC TROUGH UK POPULATION 15 - 19

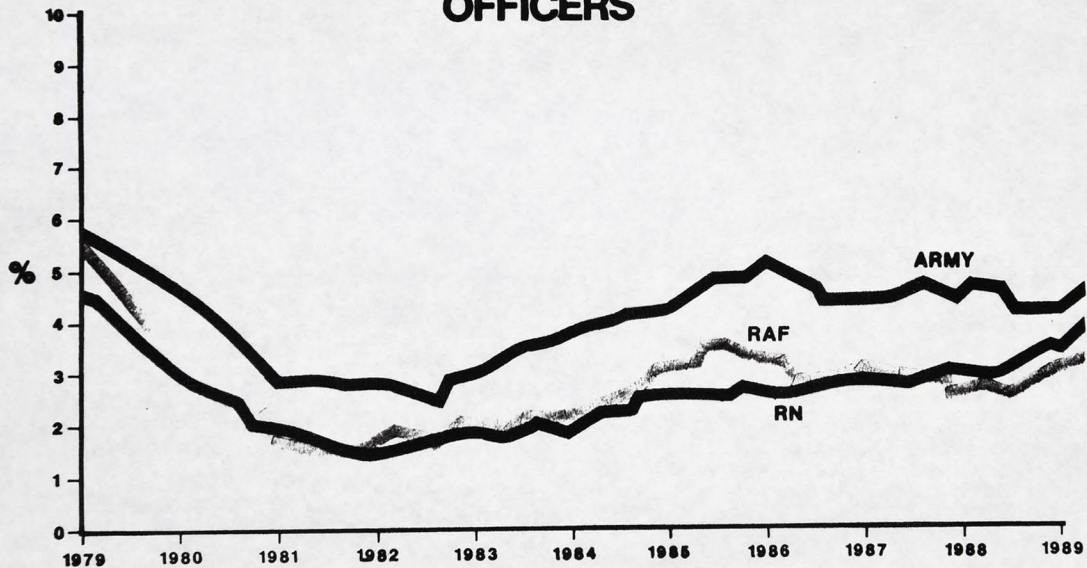


ROSTRUM - WHITE ON RED

SHORTFALL AGAINST RECRUITING TARGETS 1988/89

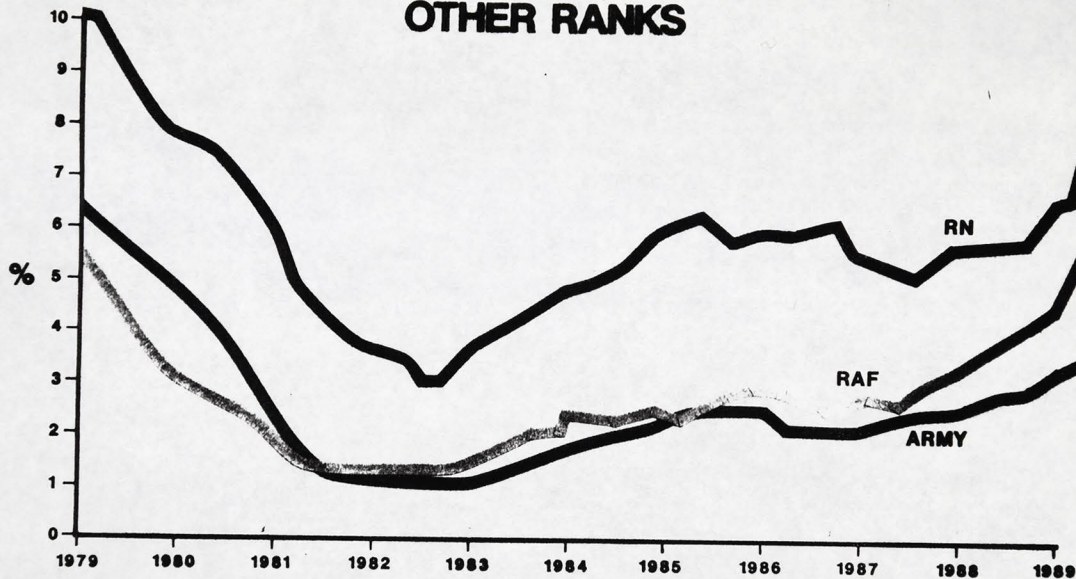
	OFFICERS	OTHER RANKS
RN	2.3%	10%
ARMY	11%	11.3%
RAF	8.5%	14.2%

PREMATURE RELEASE APPLICATIONS OFFICERS



AS AT 31 MAY 89

PREMATURE RELEASE APPLICATIONS OTHER RANKS



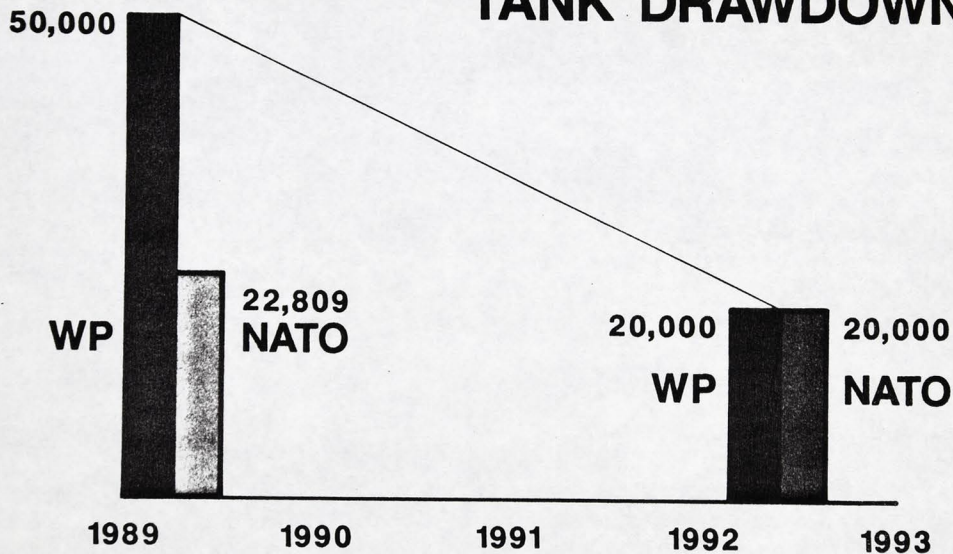
AS AT 31 MAY 89

FORCES MANPOWER SHORTFALL

	OFFICERS	SERVICEMEN
RN	171 (2.1%)	1,388 (2.8%)
ARMY	402 (2.5%)	3,467 (2.8%)
RAF	217 (1.6%)	3,280 (4.4%)

AS AT 31 MAY 89

TANK DRAWDOWN



BALANCE OF FORCES 1940

	<u>GERMAN</u>	<u>FRENCH/UK</u>
TANKS	2,570	3,540
ARTILLERY	7,710	12,200

AS AT 27 JULY 1989

CDS' BRIEFING FOR THE PRIME MINISTER 28 JULY 1989

LH SCREEN

RH SCREEN

INTRODUCTION

*L1 Blank 1. Good morning ** Prime Minister, and welcome to the
L2 MOD Logo MOD. I would like to take 25 minutes or so to give you
an overview of Defence activity in the last 12 months.
I propose to touch on Resources, Operations, Personnel
and finally some Arms Control issues.

*R1 Blank

b

RESOURCES

*L3 LTC 88 2. When you joined us last year, my predecessor * used
this slide to outline the military implications of the
proposed LTC 88 programme for Defence. We were all
much concerned about the prospects of a significantly
reduced defence capability. There was then, and still
is, no clear indication that the Warsaw Pact was
perceptibly reducing its own massive efforts, and we
faced an ever widening gap between commitments and
resources in the years ahead.

3. Since * then we have of course had the additional
funding in PES 88 in the form of a 3 year settlement.
These extra resources helped to put the programme on a
much sounder footing. A number of changes, which I
shall mention, are back in for planning purposes,
although their affordability has yet to be established
in every case.

*R2 LTC 89

*L4 TRIDENT 4. Meanwhile, in our strategic ** role we have been
tackling a number of problems affecting the Trident
Programme as outlined at last months MISC 7 meeting. We
have absorbed some cost increases - for new degaussing
equipment and extra works. The estimated programme
cost continues to fall in real terms.

*R3 TRIDENT

5. In the tactical nuclear role we have made provision
for FOTL, as well as the replacement * for WE 177 weapons, *R4 WE 177

SECRET
UK EYES A

AS AT 27 JULY 1989

LH SCREEN

RH SCREEN

*L5 TORNADO

and * for extra Tornados needed to sustain our
frontline DCA strengths into the next century.

6. For the Defence of the United Kingdom we have made
provision for the Tornado aircraft needed to maintain
our air defence force*. The build rate for the
important single role minehunters will be increased
from 1995 onwards.

*R5 SANDOWN

*L6 DD/FF

Nos

7. In the maritime arena *, our Destroyer/Frigate force
levels should be back up to 48 from 1997. Sea Harrier
capability and force levels will be sustained by
avionics and weapon enhancements, and purchase of
further aircraft * is planned. The 25 year old
anti-ship Buccaneers with their airframe fatigue
problems should be replaced, and we are looking at
Tornado options, armed with the Sea Eagle missile.

*R6 BUCCANEER

*L7 AMF

8. In Allied Command Europe*, we will not have to
withdraw the valuable UK contingent from the ACE Mobile
Force. We have provided also for the full buy * of the
self-propelled 155mm howitzers to replace our aged 105mm
Abbots and a further buy of Harrier GR5 to sustain
our front line numbers**.

*R7 AS 90

*L8 Blank

9. While these restorations and planned enhancements
provide a more coherent and balanced Defence
programme, we have still had to face up to a number of
difficult decisions of deferment or cancellation to
remain within the twin ceilings of R&D expenditure and
overall budget.

*R8 Blank

*L9 UPHOLDER

10. For example, we have stretched * the build interval
of our new Upholder Class conventional submarines and
delayed by a year * the Phase II of Skynet 4, our
communications satellite. We will be withdrawing from
the collaborative Future Large Aircraft programme we

*R9 SKYNET

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AS AT 27 JULY 1989

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*R10 Blank

have been working on with the French and other Allied partners. We have also further deferred the important Light Attack Helicopter**.

11. New factors and requirements add to the pressures on our budget. We face problems with the ADV Tornado. No less than £330M has had to be allocated for very high priority R&D and production of equipment to counter the increasingly sophisticated terrorist threat; and we must expect Arms Control agreements to lead to new demands, for example manpower for verification.

12. We need the right level of continuing real resources to enable us to meet our commitments and sustain a balanced programme. We face a particular problem over the recent surges in inflation since our PES 88 cash totals were agreed last October. To meet them we shall need to find £1 bn a year by 1992/3 as they cumulatively erode our agreed resources.

13. We realize therefore the importance of doing all we can to help ourselves. All of us attach key importance to the many value for money and efficiency initiatives we have in train. You had reports on the position reached only last month, so I will not elaborate on them again now. Suffice it to say that in the current 2½% efficiency drive we are looking to contribute some £800M to our Budget over the 3-year period in addition to a considerable number of output enhancements.

*L11 Civilian
strength

14. In the past decade civilian manpower * has reduced sharply; uniformed * strength has remained broadly level, though falling in the last few years, while commitments have not reduced commensurately. Overstretch leads to difficulties with retention. For

*R11 Uniform
strength

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AS AT 27 JULY 1989

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- *L12 Guards example undertaking more ** guard duties to meet increased internal security can deter Servicemen from continuing their service.
15. Our efficiency initiatives, to get better value for money, include * new operational and training programmes for Royal Navy Frigates; better husbandry of Tornado * and Hawk airframe fatigue and improved arrangements for spares provision; and forming 2 new major units from within the Army's existing manpower resources.
16. These and many other initiatives will gain momentum as we introduce the New Management Strategy, and give our commanders and senior staff additional incentives to improve their use of manpower and materiel. Commanders-in-Chief to a man have welcomed the introduction of these management initiatives, as a means of securing greater efficiency. **
- *L13 Frigates
- *L14 Blank

RH SCREEN

- *R12 Guards *e*
- *R13 TORNADO
& HAWK
- *R14 Blank
- *R15 PSF
Marches
- *R16 Patrol

OPERATIONS AND TRAINING

17. Turning now to operations over the past 12 months. With the cessation of hostilities in the Gulf and the increased terrorist activity associated with Northern Ireland, the focus is once more mainly on the Province.
18. We believe that measures introduced last year as a result of your directions have helped to minimize PIRA's planned offensives, particularly against the Armed Forces. There are some * signs that Sinn Fein and PIRA support is waning, outside the hard Republican area, and some marches have been less well supported.
- *L15 3 Bde Tower
19. With * the 3rd Infantry Brigade firmly established along the Border, 8 and 39 Brigades are able to concentrate their operations * in the cities and East Tyrone. Five major attacks in the Border Zone have

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AS AT 27 JULY 1989

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RH SCREEN

*L16 Jt Ops
Room

been pre-empted. Much has been achieved by a better combination of tactical intelligence, and the greater flexibility possible under the new control arrangements.

Twenty nine * joint Army/RUC operations rooms have been set up. We are developing this further so that we can actually capture or eliminate terrorists, not merely succeed in pre-empting or temporarily deterring them.

*L17 Bombed
MQ

20. The threat to families in married quarters ** in Northern Ireland continues. Up to a battalion is involved in guarding them, and the troops are needed for offensive operations elsewhere. We are therefore reducing the use of the more vulnerable married quarters by locating the resident Aldergrove battalion on the mainland. We plan to buy land for new housing in secure areas. **

*R17 MQ Guard

L18 Blank

*R18 Blank

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24. We must monitor all these changes closely and if necessary take further steps. PIRA remain determined to try to step up their campaign and have the means to do so. We are fighting a ruthless and experienced foe and the battle to contain him will be long and hard. Next month ** is the 20th Anniversary of the move of troops into Northern Ireland. We need therefore to be particularly vigilant and the combination of all the recent measures give the Security Forces better capabilities to contain, demoralise and beat the terrorists. Intelligence on PIRA's Southern Command and Information Policy remain of particular concern to us**.

*L19 Archive
picture A

*R19 Archive
picture B

*L20 Blank

*R20 Blank

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AS AT 27 JULY 1989

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RH SCREEN

*L21 ARMILLA A	25. Turning now to the Gulf, the situation there has continued to improve. Confidence has gradually returned; and there have been no further attacks on neutral shipping in the area. Last November the warships of ARMILLA ** reverted to a pattern of independent patrolling. Despite the lack of action, the morale of the ships' companies remains high; ARMILLA's contribution to regional stability in the Gulf is much appreciated by friendly GCC states, as was reported to me at the Gulf Heads of Mission Conference in Abu Dhabi in May. The mine ** countermeasures vessels of the CALENDAR force left the Gulf at the beginning of March, after completing Operation CLEAN SWEEP, a 300 mile route check of shipping lanes in the lower Gulf.	*R21 ARMILLA B
*L22 MCMV A	26. Our** SSN submarines have deployed in waters ranging from the North Greenland Sea to the South Atlantic. They regularly shadow and observe Soviet surface and subsurface units. Although our SSNs still maintain a qualitative edge over Soviet submarines the gap is narrowing: increased Soviet quietening together with better handling are fast reducing passive detection ranges. Their new submarines present a very difficult challenge. Co-operation with the United States continues to flourish: * HMS TIRELESS recently completed an 8-week deployment under the Arctic Ice Cap to conduct equipment trials and tactical exercises with 2 US submarines. In the last 12 months our exercise programmes have included the major NATO ** maritime exercise, TEAMWORK 88, with landings in North Norway by the UK/Netherlands Amphibious Force;	*R22 MCMV B
*L23 Periscope Shot		*R23 Blank
*L24 TEAMWORK A		*R24 Polar Track
		*R25 TEAMWORK B

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*L25 IRON
HAMMER

and BAOR's main field exercise, IRON HAMMER * involving the 3rd Armoured Division and some 3,300 regular and TA personnel based in the UK. Both * these exercises had Warsaw Pact Observers. We have had major deployments to the Far East and Australia, Exercise * OUTBACK 88

*L26 OUTBACK

for the RN, and Exercise GOLDEN EAGLE * for the RAF which included 4 Tornados circumnavigating the globe with the help of air-to-air refuelling. Both deployments took part in Five-Power Defence Agreement exercises and in the Australian bicentennial

*L27

HMS BRISTOL

Defence Sales programme. At the end * of May HMS BRISTOL made a very successful visit to Leningrad, the first RN visit to a Soviet port for 13 years. 27. Our * Special Forces continue to train in a variety of terrain and climatic conditions.

*L28 MINIBUS
A

Exercise MINIBUS. This achieved some notable 'firsts', * including an accurate bombing attack by 4 Tornados flew non-stop from the UK; Hercules refuelling Chinook on the ground, at night, without lights and with engines running; a maximum * range Chinook deployment, via HMS ARK ROYAL and the use of an in-theatre Forward Operating Base;

*L29 Map

28. Our** Overseas Military Assistance programme continues to reap considerable benefits. We now have 660 servicemen in 36 teams, located in 33 countries. We also send short-term training and advisory teams to countries throughout the world, often in support of potential defence sales, and some 5000 Foreign and Commonwealth students train in the UK each year. ** 29. All these activities and many others are a real challenge to the men and women concerned. They all

*L30 Blank

COS58.1-4D

RH SCREEN

*R26 WP
Observers

*R27 GOLDEN
EAGLE

*R28 SF

*R29 MINIBUS
B

*R30 Trg Team

*R31 Blank

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SECRET

AS AT 27 JULY 1989

LH SCREEN

RH SCREEN

rightly attach importance to being able to operate and train in as realistic and demanding a way as is possible and sensible in peacetime. We are much concerned that new perceptions of the Soviet threat, in West Germany and elsewhere, and increasingly pressing political and environmental lobbies, are combining to disrupt our ability to undertake adequate low flying * and ground force training *. You are aware of our low flying problems in Germany. We will need to continue to have the strong support you and your Ministers have given us in tackling these difficulties with our friends and Allies**.

*L31 Low Flying

*R32 Ground Trg

*L32 Blank

*R33 Blank

PERSONNEL

30. I would now like to turn to personnel issues. Until recently we have been able to recruit and retain enough good quality men and women for the Armed Forces and we increased the proportion of the budget that we spent on equipment. However * the demographic decline is already affecting the 15 to 19 age group, from which the majority of our servicemen are recruited. It will be smaller between 1991 and 2004 than it was at any stage during the 1970s and 1980s and the number in this pool has fallen by 10% since 1985. The demographic low point for this age group will be reached in 1994, when numbers will be 17% below current levels. Apart from demographic trends other factors including lower unemployment and attractive incentives in the civilian sector, all affect our ability to recruit. The perception of a career in public service, and specifically in the Armed Services, the Gorbachev initiatives and Arms Control developments also play a part.

*L33 Demographic Trough

31. We need to recruit about 3,000 officers and 24,000

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AS AT 27 JULY 1989

LH SCREEN

RH SCREEN

other ranks each year to sustain our trained strength *. Last year we fell well short of target as these figures indicate. Applications for entry to cadet colleges were down significantly. Dartmouth applicants were down by one third. For the first time for many years there are insufficient good quality pilot applicants from which to select trainees.

*R34 Recruiting
Shortfall

*L34 Advert
A

32. Clearly we must try harder to recruit. Our current recruiting strategy ** emphasizes the need for aggressive marketing and image projection as well as better financial inducements and conditions of service. To make up our shortfalls and to recruit more we have increased our TV advertising budget, are processing candidates faster, and are having to lower some entry standards. We are introducing computers to release manpower from candidate processing to spend more time in schools. All 3 Services need to develop an even closer partnership with schools and universities. We plan to recruit more women ** and to employ them more widely, including as RAF aircrew; with advice from outside consultants we are considering how best to attract more recruits from ethnic minorities.

*R35 Advert
B

*L35 Women

*R36 Women

33. However our manning difficulties are compounded by severe retention problems. Premature voluntary release figures are up overall, and as these slides show ** there is an alarming trend in applications, which anticipate exits. Even if we recruit replacements their training is expensive and they take time to gain essential experience. (PAUSE)

*L36
Applications
- Offrs

*R37 Applica-
tions - Other
Ranks

AS AT 27 JULY 1989

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This ** slide summarises our current manpower situation. These percentages have increased fourfold over the last year. Moreover, these statistics hide critical shortages in specific areas in all 3 Services. For example, we are some 8-10% short of Seaman Officers, 12% short of Captains and junior Majors in the Army, and 4% short of junior officer pilots. Communications and certain operational and technical trades are 10-15% light. In both the Navy and the Army their officer corps have troughs from about age 27 to 37. Frequent moves of personnel to fill the most important billets are also beginning to affect ship and submarine effectiveness. The proportion of experienced aircrew in the front line is falling sharply in all 3 Services. The infantry are 4% short overall, creating severe problems with battalion strengths.

34. However retention * is far more cost effective than a constant round of recruiting and training. If we can increase the average length of service by even one year, substantial inroads into the manning shortage can be made. We are closely monitoring why people leave the Services. Turbulence and overstretch; civilian job offers; wives wishing to pursue their own careers; poor married quarters and single accommodation; and overall conditions of service are some of the factors. Concern is also expressed over the serviceman's difficulties in purchasing and managing a house while serving, or obtaining a council house when he leaves.

35. Your Government's approach to the Serviceman's pay based on the good work of the Armed Forces Pay Review Body has meant that pay has not been a particularly contentious issue for some years. However since the

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*R38 Forces
Manpower
Shortages

*R39 Blank

AS AT 27 JULY 1989

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RH SCREEN

last pay review there are clear indications that pay is becoming a significant retention factor. Servicemen are increasingly aware of the high levels of pay and benefits which are available in many areas of civilian life.

36. Against the background of current shortages, and recruiting and retention trends which point to even greater difficulties, you will understand our concern about the manpower pressures on our budget. Already additional LTC provision, totalling £59m over the next 10 years, has been allocated to increasing recruiting, and an additional £260m over the same period to modernize domestic accommodation. We are considering a series of financial and management retention measures, to help alleviate the situation. If implemented, they could cost up to £100M a year. It looks highly likely that, faced with overstretch and despite our continuing drive to reduce our manpower requirement where we can, personnel costs are going to have to take a larger slice of the Defence Budget.

37. Pay is seen by my fellow Chiefs of Staff and myself to be the key issue here. The Services must not be seen to be behind their comparators. The Pay Review Bodies recommendations necessarily lag behind outside increases when they are, as recently, rising so swiftly. The catching-up process inevitably affects the Serviceman's view of his comparative worth.

ARMS CONTROL

38. Finally, Prime Minister, a factor which is going to bear heavily on the public view of the need for Defence, and in turn on recruiting and retention in the coming months is the impact of Arms Control and a growing

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AS AT 27 JULY 1989

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RH SCREEN

perception in some quarters that the Soviet threat has disappeared.

39. I shall concentrate for now on some of the issues emerging from the current round of CFE negotiations. We have set up a good, responsive organisation, able to address these issues and to give sound advice on them, often at short notice.

40. Assuming that we reach a CFE agreement, the challenge facing the West is how best to apply the agreed reductions, bearing in mind other agreements such as INF and maybe one on START. While a straight percentage cut could be applied across the board, this would freeze existing imbalances, and not necessarily make best military sense. Factors to consider include the need to adjust force capabilities between CENTAG, where strong American and German forces stand on easily defended terrain, and NORTHAG, where a more disparate mix of generally less capable forces stand astride the main route to the Channel Ports. There is also the danger of pre-emptive disarmament, and the wish of some Allies to take more than their appropriate share of any reductions, and as quickly as possible, even ahead of formal agreements.

41. It is vital that before any drawdown starts, there is agreement across the Alliance on the spread of the reductions, how they are to be achieved, and at what rate. In the first instance SACEUR is in the best position to take a view across the board, and he is beginning to address these problems. We shall also need to look beyond the Alliance area to ensure that nationally we retain a properly balanced mix of forces, fully capable of discharging our UK responsibilities at

AS AT 27 JULY 1989

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RH SCREEN

home and abroad. We believe that the West* should not reduce its forces until the WP has substantially reduced the present large force imbalances. In the meantime we must keep our equipment up to date.

*R40 Tank
Drawdown

42. NATO is committed to the consideration of further, deeper reductions on both sides. One difficulty here is that all our methods of detailed operational analysis break down, when deeper reductions are considered*. At present no-one else appears to have a fully satisfactory way of analysing the effect of deep cuts. There clearly must be a point at which Forward Defence, as currently envisaged, becomes impossible to sustain. A less dense battlefield will, among other things, offer much potential for out-flanking moves. We should not sign up to further reductions whose effects we had not properly validated. There is much further work to do before we are able to assure you that deeper cuts would leave us no less secure, and ideally more secure, than we are today. If we are to sustain Forward Defence after such cuts, the Alliance will need to review the way the Strategy is to be applied.

*R41 Blank

43. The key to progress on Arms Control will be satisfactory verification arrangements. We share with you severe reservations over the danger of Soviet

AS AT 27 JULY 1989

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*L38

Destruction

circumvention. The destruction* of so much WP equipment will take some years. Here we are convinced that observation* on the ground will be vital, and we are assuming that we shall have to station some of our people on WP territory to monitor drawdown, redistribution, destruction and storage. We shall not be able to work up to the problems of verification gradually but must be ready from the outset. We must therefore confront the resource and technical issues now. Planning to meet this remit has begun, but we shall face major challenges in providing trained observers with the essential linguistic skills. It is not yet clear how, and to what extent, the inspectors and observers from the Allied nations should best be co-ordinated. You will appreciate too, that verification will be a double-edged weapon. If it produces the transparency in the Soviet capability we need to feel secure, the converse will apply to the WP inspectors who will be based with UK forces. This could lead to an exposure of any areas where we have a lack of depth for example in our own sustainability. I would certainly not wish to be revealing, until we are really sure of the Warsaw Pact's commitment to real Arms Control reductions on a massive scale, the extent to which British Armed Forces, and indeed the whole Alliance, are currently structured for a short war. If the destruction of so much WP equipment is not matched by a logistic drawdown, it will leave the forces that are left even more sustainable. On the other hand the smaller amount of Western equipment to be destroyed will not improve our logistic position much. Thus the current sustainability imbalance could be

*R42 UK

Observers

AS AT 27 JULY 1989

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exacerbated, with implications for the way our own forces should be structured**.

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44. This highlights the need for us to concentrate on maintaining the best capability in what forces are left. We must avoid planning blight and take reductions in the less modern and more manpower intensive systems. We must aim to exploit Western technology to the full extent possible, to benefit from advantages we have here. The scope for savings will be circumscribed by those requirements.

*L40 2S6

45. Meanwhile, and despite Soviet claims that they are cutting expenditure on military R & D, we have seen very few signs of any slowdown in their force modernisation programmes. They are fielding new ground equipments * such as this mobile anti-aircraft unit which uniquely combines guns and missiles. They have developed an air-to-air * missile which homes on the radars of NATO fighters; we have nothing comparable. The sheer breadth and depth of their R & D is illustrated by their unremitting work on Wing-in-Ground Effect vehicles **

*R44 AA-X-10E

*L41 UTKA

such as this monster, which when developed could be capable of attacking Western carrier groups with anti-ship missiles from beyond the horizon. We face the prospect, following CFE implementation, that virtually all Soviet equipment will be of the latest generation. Judging by some of the early reactions of Allies to CFE prospects, this will not, I fear, be the case in NATO **.

*R45 UTKA

*L42 Blank

*R46 Blank

46. In sum, Prime Minister, an important concern for defence, here and in the Alliance, is the way in which Arms Control, budgetary pressures and the demographic decline are coinciding to create the public perception

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AS AT 27 JULY 1989

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RH SCREEN

that defence no longer deserves its former precedence in terms of money and manpower. For our part we must continue to emphasise the need to proceed carefully with our security needs uppermost in our minds, though public opinion has already accepted the current proposals and is eager for more. We do not need to look too far back* to be reminded of what is possible even when there is theoretical parity of force levels.

*R47 1940
tank nos.

47. I know that under your leadership we will sustain the strength and commitment of the Armed Forces to our national security in this changing world. If we are to do so, we are dependent on sufficient bright and active young men and women volunteering for the Armed Services and seeing it as a worthwhile and attractive career. Against the background of our concerns about personnel and the unsettling nature of the Arms Control negotiations it will be more than ever important that your Government's long-standing commitment to sound defence is spelt out loud and clear, and that those who serve in the Royal Navy, Army and Royal Air Force are seen to be adequately rewarded for their efforts.*

*R48 MOD

48. That, Prime Minister, completes my review.*

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*R49 Blank

~~NOT TO BE P?~~
No ck



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2111/3

MO 1/5V

9th December 1988

Mr

Prime Minister
CO 9/12

Dear Charles,

SIR JOHN FIELDHOUSE

The Prime Minister might like to be aware of the enclosed medical report by the Surgeon General, which is the first authoritative report we have received of his condition and prognosis. You will see that it is still expected that he will make a complete recovery.

Yours sincerely

John Colston.

(J P COLSTON)
Private Secretary

Charles Powell Esq
10 Downing Street

MEDICAL AND STAFF IN CONFIDENCE

MEDICAL REPORT ON
ADMIRAL SIR JOHN FIELDHOUSE

HISTORY

1. Admiral Sir John Fieldhouse was taken ill on 30 November 1988 while in Brussels on duty. He suffered a severe aortic dissection - an extensive tearing of the main artery from the point where it leaves the heart for 12" to 18". Prompt action by his Military Assistant resulted in his rapid transfer to St Luke's Hospital.
2. He underwent an emergency 9 hour operation with replacement of a heart valve and repair of the tear and subsequently had appropriate intensive care. Initially he was on an artificial respirator.

PRESENT CONDITION

3. He has made a very good early recovery and has spoken to his close family.

EARLY INTENTIONS

4. Assuming continued good progress he will be flown back to the UK for convalescence in the Royal Naval Hospital Haslar in about 10 days time.

COMMENTS AND PROGNOSIS

5. He was very fortunate to survive the acute episode, which has a 60% immediate mortality rate. While he has made encouraging early progress he remains very seriously ill and the occurrence of sudden, possibly fatal, events remain possible.
6. A prolonged period of convalescence with careful monitoring and assessment is to be expected and the prognosis for his future employment must be guarded.

OPINION

7. There seems little doubt that his life is due to the prompt action of his Military Assistant, Commander Munns, in getting him to this particular hospital and the expertise of his Surgeon Dr Dion in being able to mount such an operation immediately. It is expected that he will make a complete recovery.

G. J. Milton-Watson

8th December 1988

Surgeon General

MEDICAL AND SURGICAL HISTORY

LOCAL REPORT ON
AMIAH SIR JOHN FIELDHOUSE

HISTORY

1. Amiah Sir John Fieldhouse was taken ill on 30 November 1948 while in Brussels on duty. He suffered a severe cardiac infarction - an extensive tearing of the main artery from the point where it leaves the heart for the lungs. Prompt action by his Military Assistant resulted in his rapid transfer to St Luke's Hospital.

2. He underwent an emergency 9 hour operation with replacement of a heart valve and repair of the tear and subsequently had appropriate intensive care. Initially he was on an artificial respiration.

PRESENT CONDITION

3. He has made a very good early recovery and has spoken to his close family.

EARLY INSTANCES

4. Assuming continued good progress he will be flown back to the UK for convalescence in the Royal Naval Hospital Haslemere in about 10 days time.

COMMENTS AND PROGNOSIS

5. He was very fortunate to survive the acute episode, which has a 60% immediate mortality rate. While he has made encouraging early progress he remains very seriously ill and the occurrence of sudden, possibly fatal, events remains possible.

6. A prolonged period of convalescence with careful monitoring and assessment is to be expected and the prognosis for his future employment must be guarded.

OPINION

7. There seems little doubt that his life is due to the prompt action of his Military Assistant, Commander Mann, in getting him to this particular hospital and the expertise of his Surgeon Dr. Dixon in being able to mount such an operation immediately. It is expected that he will make a complete recovery.

A. J. Miller

Surgeon General

28th December 1948

10 DOWNING STREET
LONDON SW1A 2AA

ans

Prime Minister

You will be pleased
to know that John

Fieldhouse regained

consciousness this afternoon.

C DP

7/xii

10 DOWNING STREET
LONDON SW1A 2AA

ans

Prime Minister

You will be pleased
to know that John

Fieldhouse regained

consciousness this afternoon.

C D P

7/xii



10 DOWNING STREET

Prime Minister

I had a word with Charles.
He asked me to let you know
that the news about the
chief Defence staff is good -
Subject to what happens in
the next 24 hours, he should
make a complete recovery.

Catherine Bainsfair
Duty clerk
30/11/88

(show to PM)

PRIME MINISTER

cc Mr Powell

Sir John Fieldhouse, who is at present in Brussels attending various meetings, has just had a heart attack. We do not as yet have any other details other than an operation may follow. The news has not yet broken in London.

DEBBIE SCOLA

30 November 1988

~~Friday 4 Dec.~~
~~10.45 a.m.~~



~~Monday~~
5 Dec. 3.30 pm.

10 DOWNING STREET

Have
told his
Office.

Charles

27/9

I have had a request from
the COS's office for a farewell
call for Admiral Fieldhouse and
an introductory mtg. for
Sir David Cross his successor.
Admiral F. leaves on 9 Dec

Is this something I can go
ahead and fix up. Presumably
the Pz has to do this?

To

27/9

We can have a
farewell call but not
an introductory one. The
Pz knows how COS very well.

Di Hinton *call*



MINISTRY OF DEFENCE
 MAIN BUILDING WHITEHALL LONDON SW1A 2HB

080 19/4

Telephone 01-218 2111/3

MO 1/5/1E

16 September 1988

*Clf to keep
and x rel*

mo

Dear Charles,

PROMOTION TO 5 STAR RANK

In March 1982, the Prime Minister's then PPS confirmed to this office orally that unless any change was proposed to the normal promotion arrangements, the Prime Minister did not require to be consulted on the promotion to 5 star of retiring Chiefs of Staff or on the promotion (as opposed to selection) of the CDS designate on relinquishing his Single Service appointment. This advice has been followed for the current series of retirements and promotions.

Nothing material has arisen since 1982 to call that promotion policy into question. However, the Prime Minister may wish to be aware that as a result of a recent representation by Admiral of the Fleet The Lord Hill-Norton, my Secretary of State has reviewed the policy for promotion to 5 star rank. He has concluded that, once again the present arrangements, which were last reviewed in 1980, remain the most satisfactory policy to follow. As Lord Hill-Norton had also spoken to HRH The Duke of Edinburgh about his intention to approach Mr Younger, Prince Philip's staff are also being informed of Mr Younger's conclusions.

Your sincerely,
Brian Hawtin

(B R HAWTIN)
 Private Secretary

Charles Powell Esq
 No 10 Downing Street



MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HS

Telephone 01 212 2711

15 September 1982

NO 14718

PROMOTION TO 2 STAR RANK

In March 1982, the Prime Minister's then PMS continued to this effect orally that unless any change was proposed to the normal promotion arrangements, the Prime Minister did not require to be consulted on the promotion to 2 star of retiring Chiefs of Staff or on the promotion (as agreed to selection) of the CDS candidate on maintaining his Single Service agreement. This advice has been followed for the current series of retirements and promotions.

Nothing material has arisen since 1982 to call this promotion policy into question. However, the Prime Minister may wish to be aware that as a result of a recent reorganisation by Admiral of the Fleet the Lord Hill-Norton, my Secretary of State has reviewed the policy for promotion to 2 star rank. He has concluded that once again the present arrangements, which were last reviewed in 1982, remain the most satisfactory policy to follow. As Lord Hill-Norton had also spoken to HM the Duke of Edinburgh about his intention to approach the Younger, Prince Philip's staff are also being informed of Mr Younger's conclusions.



Charles Powell Esq
10 Downing Street

File



8kw

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

4 July 1988

Dear Tom,

I am most grateful to you and the other members of the Chiefs of Defence Staff Committee for the most interesting discussion you arranged and for the highly enjoyable lunch. My only regret is that it was the last such occasion both for you and for the CGS and we shall miss both of you very much. But I hope you will encourage your successor to maintain this excellent tradition of annual meetings which I have found of great value over the past four years.

With best wishes,

Yours
Rajani

Admiral of the Fleet Sir John Fieldhouse,
G.C.B., G.B.E.

88

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

1 July 1988

PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF

The Prime Minister had her annual meeting today with the Chiefs of Staff. The discussion continued over lunch.

The full text of the Chief of the Defence Staff's opening presentation is available to you. I think that the points which particularly struck the Prime Minister were:

- Northern Ireland. The Chiefs continue to believe that we are not winning the war against the PIRA and are not optimistic for the future unless their three basic requirements - effective security cooperation with the South, provision of the necessary technical equipment to security forces and a change in the sentencing policy towards terrorists - are met.

- Soviet forces. The Chiefs note that Soviet forces continue to be modernised and there are no signs of change in the long term aims of Soviet external policy.

- Chemical weapons. The Chiefs assess that with their current equipment, our forces are not able to protect themselves adequately. They note that purely defensive measures against chemical warfare are very expensive. If an acceptable chemical weapons agreement is not reached shortly, they would regard modernisation of the United States stockpile as essential and would recommend the creation of a United Kingdom national deterrent capability.

- Defence spending. The Chiefs welcome the sustained growth in defence spending which has taken place since 1979 but are seriously concerned at the way in which the reduced financial provision since 1985 is eroding earlier gains. They estimate that there has been a 5½ per cent real reduction in defence spending since 1986 and a further decline is expected up to 1991/2. They point out that, had level funding been maintained since 1986, they would not now need to be seeking further resources. As it is, a choice has to be made between additional spending or heavy cuts in programmes. To sustain our present defence capability and get back to level funding would require a 1.5 per cent per annum increase in defence

spending over the PES period.

The subsequent discussion dealt almost entirely with defence spending and Northern Ireland.

On defence spending, the Prime Minister asked whether it was possible to give some indication of the relative priority of the various projects and programmes threatened by cuts. CDS said that it was difficult to pick and choose: in the view of the Chiefs, they were all essential to maintaining our defence capability. The Prime Minister referred to the costly mistakes made in the procurement field. The Chiefs were reasonably confident that the worst of these were now over and that the new procedures were proving effective. The Prime Minister asked how the Chiefs judged the quality of our defence industry. She was concerned about the performance of some firms. The Chiefs confirmed that there were weaknesses, although our successful record for defence exports showed great confidence on the part of foreign countries in the capabilities of our defence industry. They pointed out that MoD had to rely increasingly upon the companies as their in-house defence research capability declined.

In the discussion of Northern Ireland, the Prime Minister asked how the Chiefs assessed the scope for making the border between Northern Ireland and the Republic more secure. CGS said that the operation of the border brigade as from today should make for much more effective security on the border. It was not possible to close it completely, for economic reasons, although there was a strong argument for closing a number of existing crossing points. There was a considerable role for technical means of detecting illegal movement of men and weapons. There was also a pressing need for better integration of intelligence between the RUC, the Army and the intelligence agencies throughout the Province. A start was being made with the Border brigade but it would be important to give the new Chief Constable clear instructions on this. He did not see a need for more troops but rather for more active use of troops. There was little doubt that the PIRA had succeeded in moving considerable quantities of weapons into Northern Ireland and it was likely that the security forces would face a difficult time over the next few months. But he believed that, with the improvements in intelligence and equipment he had mentioned, it should be possible to begin to get on top of the PIRA militarily in about two years.

Given the privileged nature of this occasion, I am not copying this letter elsewhere.

(C. D. POWELL)

Brian Hawtin, Esq.,
Ministry of Defence.

9(A-B)

PRIME MINISTER

MEETING WITH THE CHIEFS OF STAFF

You have your annual meeting with the Chiefs of Staff tomorrow, followed by lunch. The Defence Secretary will also be present. The meeting will begin at 1130 with a presentation by the Chiefs, followed by a discussion. Lunch is at 1300. You leave at 1415.

This will be the last meeting for both Sir John Fieldhouse and Sir Nigel Bagnall. You will want to say a word of appreciation about both of them. This might be done over lunch.

You might also say a word of praise for the excellence of the Headquarters at Northwood and High Wycombe, both of which you have visited recently, and for the ready help given with Guards of Honour for visiting Heads of State.

As the Defence Secretary warned you, the main issue is likely to be resources for defence. The Chiefs will argue that they cannot meet present defence commitment at the PES 1987 level. They would have to reduce the numbers of Tornado, forget a LANCE replacement, bring the number of frigates down to 46, withdraw battalions from Berlin and Gibraltar, withdraw altogether from Belize by 1990 and give up replacement of our medium-range artillery. They will argue that if the Government had kept to its original plan of growth in the defence budget until 1986 and then level funding, these problems would not have arisen. They are bidding for an extra £2.6 billion order over the PESC period to maintain our present defence policy.

I attach a note by the Policy Unit which contains some very useful material which you could draw upon to explore why the forces are not doing more to cut out waste and achieve greater efficiency. In addition, you will want to remind the Chiefs of MoD's fairly abysmal record on procurement, and express

9B

disappointment that greater savings have not been achieved from the defence estate and as a result of more commercial management of non-lethal stocks. You might once again take up the question of defence research - not dealt with in the Policy Unit note - and ask whether we really need to retain the defence research establishments. Would it not be cheaper to fund work by universities, polytechnics and companies - not necessarily in this country only?

All that said, I confess to some sympathy with the Chiefs: there is a gap threatening to open up between what we say and what we shall be able to put in the field to back it up; and it comes at an awkward time with the US Presidential elections leading to doubts about the level of US forces in Europe, and fears that the Gorbachev style will erode support for defence in Western Europe. There will be a hard choice to be made in the PESC round. But for tomorrow, you will only want to say that you note the Chiefs' arguments and will reflect on them.

The other issue which you want to raise is the border between Northern Ireland and the Republic. You have long been convinced that action to make the border more secure is vital to defeating terrorism. The establishment of an army brigade on the border should help. But there are further possibilities which need to be considered:

- more extensive patrolling;
- construction of a fence;
- placing of electronic sensors;
- substantial reduction in the number of crossing points;
- more extensive searching of vehicles.

You would welcome the Chiefs' views on the extent to which this is feasible and likely to be effective, and whether they think a fuller study would be useful. Do they have any other ideas for dealing with terrorism?

C. D. P.

C. D. POWELL30 June 1988

SECRET

8(A-4)

cc B/Up.

PRIME MINISTER

30 June 1988

CHIEFS OF THE DEFENCE STAFF BRIEFING

The Chiefs are bound to use this meeting to bend your ear about:

- a) how overstretched the armed forces are at present;
- b) the need to increase the resources devoted to defence if we are to continue to meet all our current defence commitments.

Background: The Budget Position

This year's defence budget stands at £19,215 million some 20 percent higher in real terms than 1979. On present plans it will continue to run on this broadly level plateau.

You will recall that, as part of last year's PES settlement, it was agreed that the MoD should take a more fundamental look at the defence programme within their normal long term costing (LTC) exercise.

The aim was to establish:

- c) the defence programme consistent with the Government's present defence posture;
- d) the defence programme affordable within last year's PES settlement.

This exercise has now been completed. George Younger has bid for an extra £2600 million over the Survey period

SECRET

(implying average annual real growth of about 1.5 percent). This represents his estimate of what is required to sustain our existing defence policy.

The Treasury will counter that the MoD can avoid cuts in the front-line by making major improvements in efficiency.

There is much at stake here. This year's PES round will determine the shape of the defence policy we take into the next election.

Any decisions as to whether or not the MoD's budget should be increased, and if so, to what level, will have to take account of:

- international factors;
- the Government's other spending priorities.

First, however, you will wish to satisfy yourself that the MoD has cut out waste and inefficiency, and is making the most of the resources it has already. Your meeting with the Chiefs provides a useful opportunity to probe.

Efficiency: General

You will recall that at your Value for Money Seminar with the MoD in March, you were told that the Department were aiming to improve efficiency by 2½ percent a year over the period 1988-89 to 1991-92. This would produce savings of £250 million a year.

George Younger's PES bid assumes efficiency measures worth only £200 million over the whole PES period.

There is no doubt that the MoD has made some progress in improving efficiency. This should be acknowledged. But:

- they have been starting from a very low base;
- efficiency measures identified have often not been followed through;
- there is still a long way to go;

At your meeting with the Chiefs you will want to press hard on two general points:

- why do we not appear to be benefiting in terms of improved capability from efficiency savings already achieved;
- and why has not more progress been made towards achieving greater efficiency in areas that have already been identified?

The following examples help to illustrate these points.

a) The Surface Fleet

The key here is that numbers alone should not be the only measure of the effectiveness of the destroyer/frigate fleet. Three points need to be explored further:

- Availability: The Defence Select Committee noted this week that at any one time one sixth of the available destroyer/frigate fleet are involved directly or indirectly in the Armilla Patrol. Passage to and from the Gulf ties up resources for relatively lengthy periods. Have the Navy examined the feasibility of employing assets more effectively by rotating crews

rather than ships? (This might have an application in the South Atlantic as well.)

- the MoD estimate that the proportion of a destroyer or frigate's life spent in refit has been cut in half since 1979. What impact has this had on the availability of ships? Similarly naval ships spend on average 38 percent of their time undergoing general maintenance. What targets has the navy set to improve efficiency in this area? How does it intend to achieve them?
- Age: 43 percent of the UK's destroyer/frigate fleet is less than 10 years old - a higher proportion than the USA, France, West Germany and the USSR. How does this position compare with 1979?
- Capability: The UK may have fewer ships than it did 10 years ago, but these represent a step change in capability to their predecessors. Our newest frigates are being fitted with the Sea Wolf missile systems. Close in Weapons Systems are also being fitted. A major improvement is being made to the Navy's anti-submarine warfare capability. What assessment has been made of the effect of these improvements on the overall capability of the Fleet?

b) British Forces Germany (BFG)

BFG represent a very large call upon defence resources. BAOR alone costs over £2000 million a year:

- The National Audit Office (NAO) has found that out of 144 recommendations taken from a sample of 52 internal and external studies into BFG since 1980 no less than 72 have never been acted upon:

- the RAF and army have separate headquarters in Rheindahlen. Over 15 years the MoD has been examining the scope for rationalising these separate units into a single joint headquarters. Progress has been slight. As a consequence there are, for example, two separate flight booking offices for the Army and RAF at Rheindahlen each equipped with their own terminals both feeding into the same air reservation system;

- Employing local German labour for BFG is relatively expensive. Yet only 4,000 of the 22,700 civilians employed by BFG were dependents of British servicemen. The NAO has identified a further 5,000 posts suitable for dependents. It estimates this could produce savings of £25 million a year. Despite the fact that 5,000 dependents are listed as available for work, the numbers of employed dependents had, until recently, been in decline.

What value for money targets have been set for BFG? How specific, wideranging and demanding are they? What mechanisms exist for putting them into practice?

c) Procurement

Expenditure on equipment each year is in excess of £8000 million. Peter Levene estimates that competition is saving about 10 percent of equipment costs. The defence budget should, in theory, be better off to the tune of £800 million a year.

In addition the Jordan-Lee Report identified £3-4 billion of each year's equipment budget that may be associated with costs not foreseen when equipment projects started. A series of detailed recommendations were made to put this right.

88

Are we not achieving greater capability for the same money? How much of the yearly MoD budget "underspends" can be attributed to improved procurement practices? What estimates have been made of the further savings which could be achieved by implementing the recommendations of Jordan-Lee? How many of those recommendations have been acted upon? Of those not acted upon, why not? Is there a tight timetable for implementation?

d) Support and Maintenance

- RAF Last week the Defence Select Committee reported that the MoD's systems for monitoring and improving the reliability of equipment were inadequate. The RAF's Director of Engineering estimates that poor reliability costs the RAF alone at least £500 million a year.

Why are the information systems so inadequate? What is being done to put this right?

- Army In 1986 PA Management Consultants made 119 recommendations to improve the Army Equipment Support Strategy (i.e. maintenance of vehicle fleets etc.) They estimated possible savings at £120-£190 million per year. So far there appears to have been little progress towards acting upon these recommendations. Why?
- Navy In 1985 an audit of a naval support establishment in Beith, Scotland, revealed over-staffing of over 30 percent. In 1986 an audit of all similar establishments was recommended. This audit has yet to take place. Why?

e) Training

There is currently provision within the defence budget to give parachute training to the territorial army. There appears to be no parachute role for the TA in wartime. Is this correct? And if so, why is this considered such a high priority when resources are scarce and difficult decisions need to be taken?

f) The Defence Estate

The MoD have over 3,000 sites and establishments in the UK spread over 223,000 hectares.

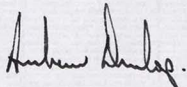
Receipts from the sales of surplus land and buildings is expected to be over £70 million for 1987-88. But this figure must be judged against the overall market value of the estate which in 1982 was judged to be £6,900 million (and must therefore be considerably more now.)

- reducing the estate by just 5 percent could in theory realise nearly £350 million. This does not seem like an unreasonable target given that the MoD admit themselves that the estate is larger than they require; that a survey in 1984 identified 40 properties which could be released realising £785 million; and that a further MoD Working Group found that 50 of its most valuable sites were significantly under-used;
- vacancies In 1982 the MoD owned 13,600 vacant married quarters. The target was to reduce this figure to 5,000 by 1988. The number of vacancies this year is expected to reach nearly 16,000 or 19 percent of the total stock.

There are practical barriers to disposing of surplus properties e.g. undesirable locations (although one could argue that there is a market clearing price for everything). This does not explain, however, why it takes the MoD on average over 12 months to instruct the PSA to dispose of the married quarters once it has decided to sell, and why the PSA then takes on average a further 7 months to find a buyer.

Similarly why is it that 1,900 service personnel in the London area were identified last year as being in receipt of lodging allowance when the MoD have more than 2,000 vacant properties in London? Does this situation persist? If so, what is being done to try and marry the two?

- Messes You might also wish to explore the scope for making better use of messes which seem to be, in some cases, significantly underutilized. For example, the average occupancy rate for Senior Naval NCOs messes is only 53 percent during the week and 35 percent at weekends. Is this being examined?



ANDREW DUNLOP

MR. POWELL o/r

RA

MEETING WITH DEFENCE CHIEFS

You may like to see the attached note by Andrew Dunlop, one of the new members of the Policy Unit, which Brian Griffiths showed the Prime Minister before his bilateral with her last Friday. Andrew Dunlop was also present at that meeting.

The Prime Minister showed interest in Andrew's comments, and asked him to let her have a further note before the meeting with defence chiefs. As you know, the Treasury are also planning to send in a note, and I therefore suggested to Andrew that he should liaise with Steve Robson in the Treasury.

PAAG.

(PAUL GRAY)

27 June 1988

CC/HP

POLICY UNIT

23 June 1988

(cc Sir Percy Cradock)

Defence : A Challenge of Management

Following my stay at the Ministry of Defence I thought members of the Unit might be interested in my general perspective on managing defence.

Commitments

Britain's contribution to Western security is second only to that of the United States:

- we are the only European member to contribute to each leg of NATO's triad of forces (strategic and tactical nuclear weapons and conventional weapons);
- we are also the only European member to contribute forces to each of NATO's major commands; which are, in addition to the defence of the UK mainland, the Central Front, the Eastern Atlantic and the Channel (the last 2 of which are particularly important for rapid reinforcement from the US);
- we also maintain commitments outside the NATO area (a) as a residue of our colonial past (Belize, Gibraltar, Hong Kong, Falklands etc.,) (b) in recognition of our economic interest in preserving a free flow of raw materials (Armillar Patrol in the Gulf).

The Claim on Resources

To maintain all of these commitments the Government increased defence expenditure by 3 per cent a year between 1979 and 1985.

Although this period of real growth has now ended the defence budget - £19,215 million in 1988-89 - is still running on a plateau some 20% higher in real terms than 1979.

This level run over the current Public Spending Survey period has been made possible by total increases of over £700m in defence resources for 1988-89 and 1989-90 agreed in the last PES round.

Britain's defence budget, therefore, continues to be - in absolute terms, as a percentage of GDP and per capita - amongst the highest in NATO.

95% of this budget is devoted to NATO, the remainder to out-of-area.

The largest claims on the budget are: equipment (43%); Armed Services Pay and Allowances (22%) and support functions such as works and stores (18%).

Changing US Perceptions

This stable picture for the defence budget exists at a time of great international developments. And these developments are not simply perceived to be taking place in the Soviet Union.

A major theme of some commentators is that the US commitment to the defence of Europe may be weakening:

- that their economic interests are shifting towards the Pacific Basin;
- that their strategic thinking appears to be diverging increasingly from the European view (eg SDI, Reykjavik, the Ikle Report).
- that they are faced with acute resource constraints (budget deficit).

The consensus amongst these commentators is that some draw-down in the US Commitment in Europe is inevitable.

British policy is designed to head-off isolationist tendencies in the US, by stimulating European members of NATO to improve - and be seen to improve - their own defence contribution.

And this contribution will not be measured in the US merely by what more we do for our own defence. It will also be measured by (a) the extent to which Europe is prepared to share the burden of nuclear deterrence with the US (ie willingness to modernise and base nuclear weapons) and (b) the extent to which Europe responds to US requests for help out-of-area.

Conclusions

Two main conclusions can be drawn from this changing international picture:

- there is no prospect of a major cut in NATO'S overall defence effort in the short-term;
- Europe will have to shoulder a larger share of this overall effort.

The Ministry of Defence are bound to argue, therefore, that the pressures on the defence budget are increasing at a time when resources are not. Either the resources will have to be increased, or the commitments cut.

The MOD will seek to justify a demand for an increase in resources on the grounds that the alternatives would send out the wrong political signals (a) to our allies at a time when we should be urging them to improve their own defence contributions and (b) to the Soviets at a time when we wish to keep up the pressure on them to conclude further arms agreements.

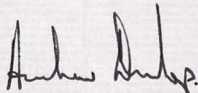
I very much agree that sending the right signals to our allies and the Soviets must be the two overriding political imperatives at this time.

I do not believe, however, that the choice facing us - of either increasing resources or cutting commitments - is quite so black and white.

I believe our best response to the likely Ministry of Defence line of argument should be to concentrate on methods of improving the management of existing defence resources in the following ways:

- a) Procurement The MoD estimate that on 10 recent projects the increased use of competition had yielded savings of well over £400 million. The recent so-called "Jordan-Lee" report - "Learning from Experience" - identified ways of improving procurement procedures still further. If the report's recommendations are followed through rigorously by the MoD further substantial savings should be possible.

- b) Research and Development The Ministry of Defence will wish to fight a rearguard action against the ceilings agreed by E(ST). This action should be resisted. The R & D ceilings imply more MoD purchases off the shelf with the prospect of major economies.
- c) The Defence Estate The defence estate is one of the largest in Britain covering 222,000 hectares and some 3,000 individual sites and establishments. Expenditure on this estate runs at nearly £2,000 million a year. The MoD needs to be asked to look again at the overall size of the estate and to see in what ways it could be rationalised and managed more effectively.
- d) Stocks While there are large areas of the MoD's stockholdings which must continue - for military reasons - to be managed as now, I feel sure there is scope for introducing a more commercial approach to the management of non-lethal stocks.



ANDREW DUNLOP

ECL

PRIME MINISTER'S
PERSONAL MESSAGE



CMOD

SERIAL No. 7036/87 10 DOWNING STREET

FILE CC MASTER
OPS.

LONDON SW1A 2AA

8 July 1987

THE PRIME MINISTER

Dear Admiral Fieldhouse,

I should like to thank you and the other Chiefs of Staff for entertaining me to lunch today and for the very useful briefing and discussion beforehand. There are clearly some difficult decisions ahead if we are to bring resources and commitments into balance. I shall be discussing this further with George Younger.

I have looked again at some of the papers on the INF negotiations including the record of the discussions at Chevening. As I said at the time, no-one would argue that a zero option, either for medium or shorter range missiles, is an ideal solution in military terms. But it still seems to me to offer the best way of balancing the various military and political considerations. I shall take the opportunity of my visit to Washington to remind the President and Cap Weinberger of our requirement that such an agreement must be supported by the assignment of SLCMs and additional F-111 aircraft to SACEUR.

May I take the opportunity to pass on, through you, the Government's warm thanks and appreciation for the splendid contribution of the men and women of the three Services over the past year. Once again they have given of their best and the country is proud of them.

Yours sincerely
Margaret Thatcher

Admiral of the Fleet Sir John Fieldhouse, G.C.B., G.B.E.

SH

SUBJECT
CC MASTER7 FILE
JD
EPC10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

8 July, 1987.

Dear John,

MEETING WITH THE CHIEFS OF STAFF

The Prime Minister had her annual meeting and lunch with the Chiefs of Staff this morning. The Defence Secretary and Sir Clive Whitmore were also present.

The Chief of the Defence Staff gave a presentation, concentrating on the growing gap between our defence commitments and the resources to meet them. By 1989/90 the defence programme would be at a level some one and a half billion lower than was agreed in the 1981 Defence Review. We were moving inexorably to a position where, by 1989, we should be back to the same historically low percentage of GDP devoted to defence as in 1979. There was a choice between a reduction in roles or climbing back onto the financial plateau on which forward plans had been based. The situation was very serious indeed.

In the ensuing discussion, the Prime Minister pointed to the serious waste of resources involved in projects such as Nimrod. She suggested that there was scope for major savings on defence R and D and on the Ministry of Defence's landholdings. She also raised the question of offset from the FRG, but acknowledged that we were unlikely to get far with a bid for this.

In a brief discussion of arms control, the Chiefs of Staff explained their misgivings about agreements to eliminate LRINF and SRINF. They assessed that these amounted to a clear gain for the Soviet Union. NATO should at the least have insisted upon the elimination of Soviet SCUD missiles. The Prime Minister acknowledged that a zero option was not ideal in military terms. But one had to consider both the starting point of NATO's original dual track position, and the risks of getting drawn down a path towards elimination of all land-based missile systems in Europe. Attempts to include SCUD would have made agreement impossible. She thought that the outcome was a satisfactory balance of military and political considerations. She would stress again to President Reagan on 18 July the importance of assigning SLCMs and

additional dual-capable F1-11 aircraft to SACEUR. The Chiefs of Staff should not hesitate to put their views on arms control issues to her in timely fashion.

There was a brief mention of the difficulties of verifying an agreement on elimination of chemical weapons effectively. The Chiefs of Staff suggested that it might be preferable to aim at equal ceilings on chemical weapons. The deterrent effect of this was likely to be a more effective check on possible Soviet use of such weapons than an unverifiable agreement. They welcomed the NATO agreement on modernisation, but the issue of stationing had also to be addressed.

I have recorded separately discussion at lunch on the British nuclear test programme.

I am copying this letter to Tony Galsworthy, for the Foreign Secretary's personal information. It should not be referred to in interdepartmental correspondence.

John Howe
Chris Powell

C.D. Powell

John Howe, Esq.,
Ministry of Defence.

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CDS' BRIEFING FOR THE PRIME MINISTER, 8 JULY 1987

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1. Prime Minister, it is a great pleasure to welcome you back for this first visit in your new term of office.

2. Although there have been no major operational emergencies since I last briefed you 10 months ago, it continues to be an uncertain world and our forces have been, as ever, fully stretched in meeting our essential defence commitments.

3. The greater part of that effort remains our contribution to deterrence within the framework of NATO; and this commitment, with the many large scale exercises required to give it effect, is paramount.

4. But there have also been some significant Out of Area tasks to meet. Recent events have emphasized, for example, the continuing importance of the Armilla Patrol. It represents a considerable demand on the Royal Navy's resources, with just over one-fifth of the available destroyer and frigate effort committed. But it makes a key contribution to the stability of the Gulf and to the safety of British merchant shipping in the region - 139 ships so far this year. More recently it has also become useful evidence to the Americans that we, at least,

Hormuz Map

BROADSWORD

meet our share of commitments outside the NATO
area.

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5. Turning to the South Atlantic, the JIC
continues to assess that under Alfonsin's leadership
the threat to the Falklands remains low. Following
the review of the long term garrison, we have now
concentrated our forces in the Mount Pleasant
Complex and have reached the reduced force
level that you agreed last year. In March next
year there will be a live exercise to demonstrate
our capability to reinforce the garrison in
short order.

MP Complex

Tristar

6. Then there is Northern Ireland. This is a
war which we are far from winning - and it is a
commitment which keeps the Army very stretched.
The Secretary of State is due to see you shortly
about the way ahead, so, perhaps, the subject is
best left for now.

Urban Ptl
Perm Border OP

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7. Elsewhere around the world we have maintained
our level of activity which achieves so much
for the furtherance of British interests.
Last year saw the first circumnavigation of the
world by a Royal Naval Task Group for 10 years.
And on a much smaller scale, the highly successful
visit by HMS BRAZEN to Malta, the first for 7
years, marks a welcome shift in our relations
with that strategically placed island.

Sydney

BRAZEN

Para Drop

8. Exercise SAlF SAREEA, held in Oman last November, was a most successful demonstration of our capability for the rapid deployment of a mixed force outside the NATO area.

VIPs

Team abroad

9. At the less visible end of the spectrum, our military assistance teams and the training we provide for overseas students make a very significant contribution to our wider defence and foreign policy interests - also to defence sales, for which 1986 was the most successful

Trg in the UK

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year on record. We do all this out of the margins - but, as we slim down our training capacity in the interests of efficiency, it is proving increasingly difficult to absorb these supplementary tasks.

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May Day Parade

10. In the European theatre we welcome the prospect of improved stability that might stem from Mr Gorbachev's initiatives; but like you we feel we need to see concrete evidence of real change in Soviet intentions. At present we see no sign whatsoever of any Soviet intention to reduce defence effort. For example no reduction has been detected in the size of the armed forces, or in the infrastructure supporting them. The Soviet military equipment programme maintains a remorseless momentum, with forward R&D still attracting enormous investment aimed at increasing capabilities in every sphere.

BACKFIRE

The Soviet defence budget, which is generally thought to be at least six or seven times the published 2% of GNP they admit to, still grows at 3% per year. I briefed you last year on the continuing build-up in the Warsaw Pact, and on the erosion of NATO's technological advantage. The trend continues - and if you so wish we can pick up areas of particular concern later in discussion.

DELTA

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FULCRUM

11. Improvements in Soviet conventional capability now enable the USSR to contemplate with greater confidence a prolonged period of conventional operations, and even the possibility of defeating NATO without resorting to nuclear weapons. The increasing Soviet emphasis on a nuclear-free world is entirely consistent with this enhanced capability.

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12. But there are, of course, areas of technology where we and our Allies are able to redress the balance, at least in part. The West's most significant lead is in weapon systems incorporating electronic integrated circuits: in our case for example, in the seeker technology of the Sea Eagle missile; in the field of Electronic Support Measures and in thermal imaging night-vision devices. Our command and control systems (such as PTARWIGAN, on the left, and WAVELL, on the right) give us significant advantages over the Soviets.

Sea Eagle/Bucc

OTIS

PTARWIGAN

WAVELL

13. And of course we continue to realize the dividends of the investment in defence since 1979.

In the Army, for example, the new WARRIOR armoured personnel carrier is now in full production, and

WARRIOR

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last year orders were placed for a regiment's worth of the STARSTREAK high velocity air defence missile.

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In the Royal Navy, the first Type 23 frigate, HMS NORFOLK, will be launched on Friday; and last

NORFOLK

UPHOLDER

December the first of the Type 2400 submarines, HMS

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UPHOLDER, was launched. For the Royal Air Force, the build-up of the Tornado GR1 force has been completed on time and nine squadrons are now

GR1

F3

operational. The first Tornado F3 air defence unit has been declared to NATO and the remaining seven squadrons will follow at 6-monthly intervals, starting on 1 November this year.

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14. There has, too, been some very welcome progress in Home Defence, especially in improved coordination, not only between the 3 Services, but also with the police, the civil authorities and the US forces. We have achieved a lot in this field in the last couple of years and I am glad to say at very little cost.

BRAVE DEF

BRAVE DEF

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15. Nevertheless, despite these improvements, Soviet technological advances continue to erode the Western qualitative edge. When this is coupled to the vast scale of Soviet investment

Tanks

KIROV

in defence, our net assessment must be that the already considerable imbalance in conventional capability in favour of the Warsaw Pact is steadily increasing.

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16. There are, of course, other difficulties facing NATO, but at least - thanks to your success at Camp David - the potentially damaging consequences of the Reykjavik summit have been averted. We nonetheless face a period of increasing stress within the Alliance; and the most immediate symptom is the Arms Control debate, where the defence implications are legion. You are well aware of the many issues involved, so I wish only to stress one point here; and that because it is so fundamental both to deterrence and defence. If we are to maintain the validity of NATO's flexible response strategy, we must retain an intermediate level of nuclear capability before strategic weapons have to be used; and at that intermediate level we must be capable of striking mainland Russia. Nothing less would send the necessary signal. So it is particularly important that the capability which would be lost in any zero/zero LRINF agreement is replaced by SLCM and/or ALCM dedicated to SACEUR. I recognise that this will not be an easy point to negotiate or to put across publicly.

17. Another increasingly significant stress point within the Alliance is the recurring burden sharing debate, fuelled by US concerns over their budget deficit and a perception in some quarters of Congress that if the US is to pay more attention to the Pacific and to global interests, the Europeans should do more to pay their own way in NATO. Unfortunately there is no evidence that any European nation is prepared to increase its share of the burden.

18. Thus we face an uncomfortable paradox. On the one hand progress in nuclear disarmament must not be allowed to unbalance our strategy of flexible response. This, coupled with growing American concerns about undue reliance on nuclear weapons and the need to negotiate any conventional arms reductions or effective CW ban from a position of strength, increases our requirement to modernise and indeed to build up conventional forces. On the other hand, any perceived progress in East/West negotiations makes the European public more reluctant to devote the necessary resources to defence. Which in turn fuels further calls in the US for America to cease protecting rich European nations too feckless to protect themselves. In all these circumstances I would suggest that the UK's role in giving a lead to European Allies is critical.

19. Our future level of investment in defence will be watched closely by our Allies: indeed, there is already scepticism within NATO as to whether we can maintain our current declarations to the Alliance with a Defence Budget declining in real terms. You will recall that the White Paper in 1981 set out "The Way Forward" for the Defence Programme. The intention was to increase provision in real terms by 21% above the expenditure in '79; the assumption thereafter was for a broadly level run. For the first few years of 3% growth, while industry geared itself up for higher defence production, our expenditure outturn fell short of the plans. Subsequently cash squeezes in successive PES rounds have driven down the resources available for defence. On the current forecast, we will reach in 1989/90 a level about one and a half billion lower than was agreed in the 1981 Defence Review. Moreover that review did not budget for additional items which have since been brought into the programme, such as Trident D5 missiles, a larger post-Falklands fleet and additional tanks and aircraft - all very necessary decisions for which your Government has rightly claimed credit. But this has left us with a growing problem that we have had to address in successive Long Term Costings by trimming and

Slide
(VU1)

deferring high priority improvements to our war fighting capabilities and by a ceaseless search for greater efficiency and tauter management.

This year's Long Term Costing was the most difficult of the decade. The upper line of the slide on the right shows the costs for the first 5 years of the currently approved programme, and the lower line shows the resources available.

Slide
(VU2)

It is only by severe programme cuts, which in my view take us to the edge of stability, and which run, on any reading, against the grain of this Government's perceptions of defence, that we have been able to get these lines as close as they are.

20. The dilemma is clear: the additional adjustments needed to match our re-costed programme to available resources would take us over that edge and cause very significant damage politically, militarily and industrially; yet, if these measures are not taken, the programme excesses would increase to an unacceptable level. But this is not the whole picture because the re-costed programme does not include longer term provision for all the ships, aircraft and a range of land systems required to maintain present force levels into the late 90s. That we have been able to get our programme down so far towards meeting what

amounts to almost a 10% reduction in provision is partly due to improvements in the management of our assets and in procurement policies, but we have also had to make significant cuts in our combat capability and particularly sustainability. We are acutely conscious, Prime Minister, that there are a few areas where the results have been very poor and much time and money wasted: for example, NIMROD AEW and - albeit in different circumstances and scale - SP 70. But the roots of these problems were laid down some time ago; and more recently, competitive contracts, lower interim payments and more economical ordering patterns have begun to show substantial savings. On the manpower side we have reduced civilian staff by 100,000 since 1979; and all 3 Services now have a significantly higher proportion of their uniformed manpower committed to front line tasks.

21. Prime Minister, we would be the first to applaud the significantly improved allocation of resources since 1979. But the fact of the matter is that our plans from April 1986 were based on the assumption of a level run in real terms thereafter. Instead there has been the PES downturn I have already mentioned, and which is shown here in blue. But we have also

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Slide
(VU3)

had to absorb within our programme the effects of other malign factors. First there is the cost of annual pay awards above the cash uplift factor; this is illustrated in green and you will note it now amounts to almost £500M each year. The next segment, in yellow, shows the effect of foreign exchange, oil price variations and inflation in the defence industry. Finally the red segment is the result of the change announced in this year's Budget Statement of GDP inflation compared with that of the forecast in the Public Expenditure White Paper. All these factors already amount to nearly £9 billion over the period since 1983. This graphic presentation is the clearest explanation we can give you of the difficulties we now face.

Slide
(VU4)

22. Returning to a point which I made last year, we are moving inexorably to a position where, by 1989, we shall be back to the same historically low percentage of GDP devoted to Defence as when you first came to power ten years before. In short there is a widening gap between our commitments and the resources available to meet them; and any solution must address one or the other.

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23. As to a reduction in our roles, this ~~may~~ *we have* ~~have to be~~ considered, but I am bound to say that the consequences of making significant changes, for example reducing our forces in Germany or abandoning an amphibious capability, would be very damaging militarily and inconsistent with the Government's public commitment to strong conventional defence. Indeed, even those options with lesser scope for savings, such as withdrawing the Infantry Battalion from Gibraltar or reducing our force level in Berlin, are fraught with political difficulties.

24. In our programme we are trying to strike a balance between maintaining today's forces, adequately equipped, trained and provisioned, and investing in the future. We need also to bear in mind the needs and aspirations of the people who work for us. Your Administration's implementation of the AFPRB recommendations is much appreciated, as it has certainly helped to retain our skilled and expensively trained manpower. But I would stress the need for full compensation of these pay awards, for without it we will need to continue to dig deeper and deeper into our equipment programme to fund them.

25. Prime Minister, have no doubt my colleagues and I warmly welcome your return to office and

with it your Administration's strong commitment to a balanced deterrent Defence policy.

Infantrymen

26. As you set out on your new term, I should stress that the Armed Services around the world are in good form and are getting on with the job. They are well led, and their loyalty and commitment is 100% - but, that said, they are not without their worries for the future.

RN

27. Their concerns are mostly short term ones: about availability of spares; about training time; and about overstretch and family separation. Whilst these problems are very real, we can cope with them. But as we look to the future,

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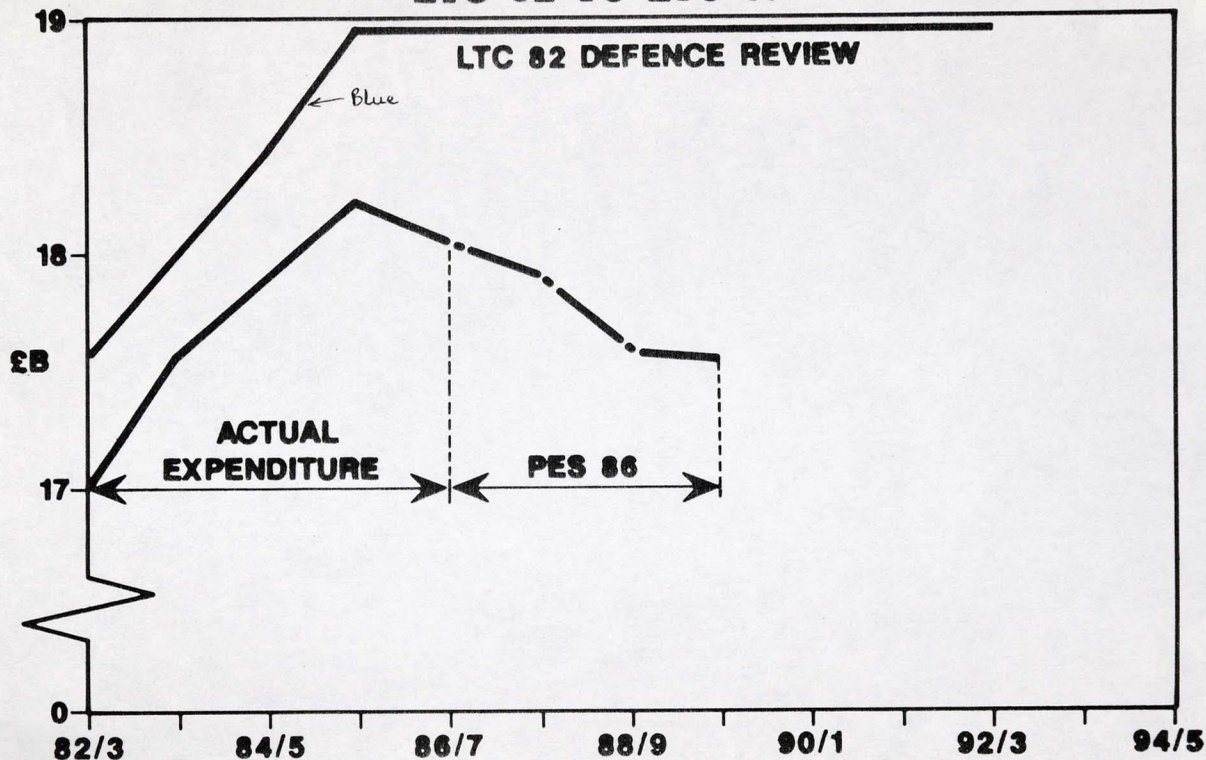
I am bound to say their Chiefs are less sanguine.

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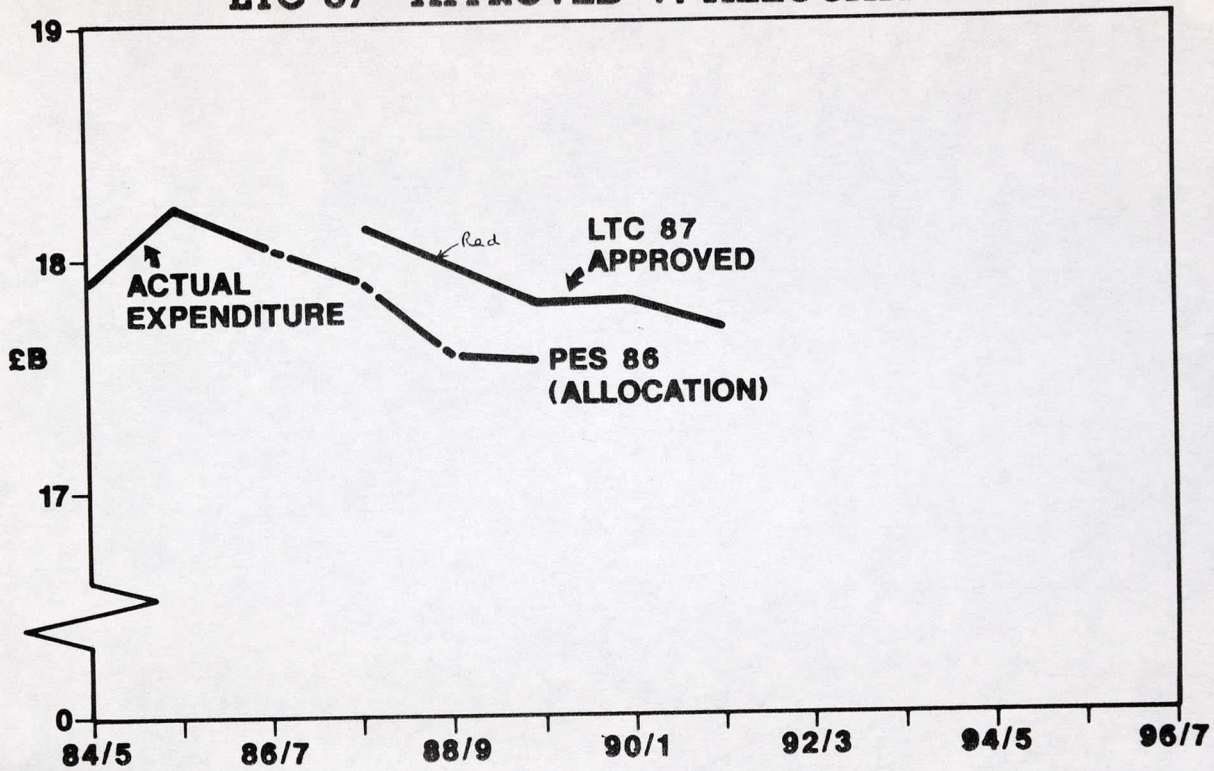
There is now a serious mismatch between our Defence commitments and the resources allocated to fulfil them. The choice lies between a reduction in our roles or climbing back onto the financial plateau upon which our forward plans were based. Otherwise, our inability to carry out our essential tasks will soon be exposed.

28. This is a sombre note upon which to end but there is no doubt in our minds that the situation we now face is very serious indeed.

COMPARISON OF RESOURCES AVAILABLE LTC 82 TO LTC 87

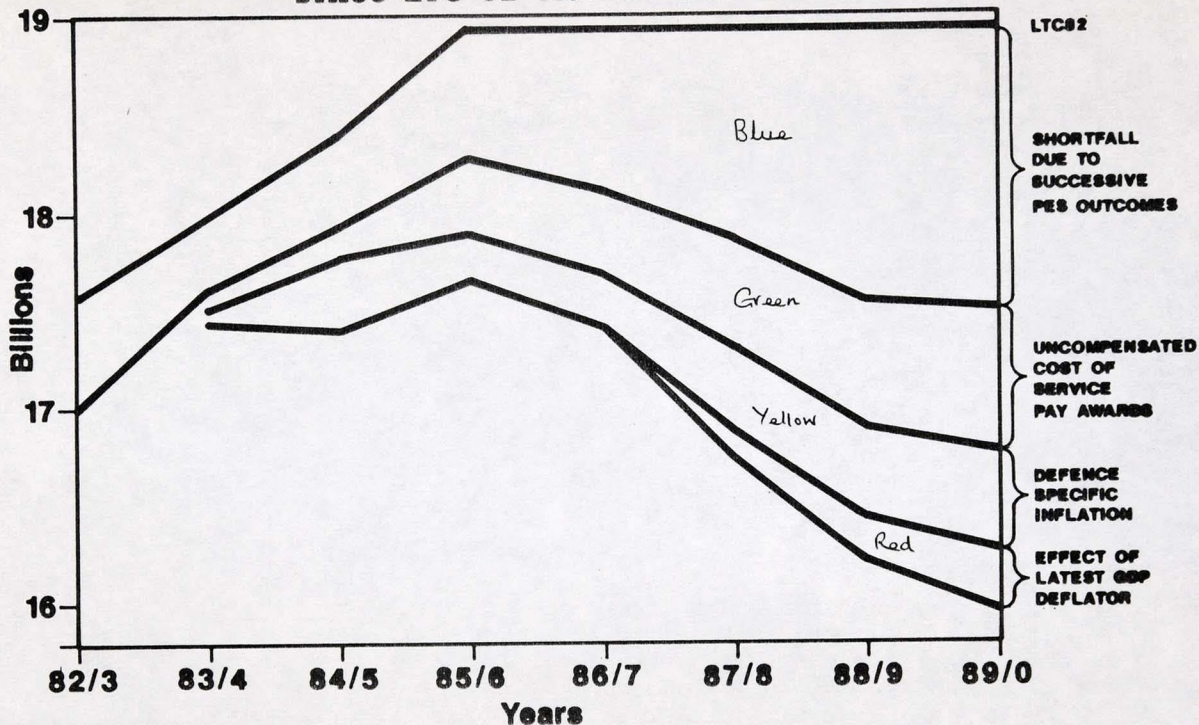


DEFENCE BUDGET LTC 87- APPROVED V. ALLOCATION



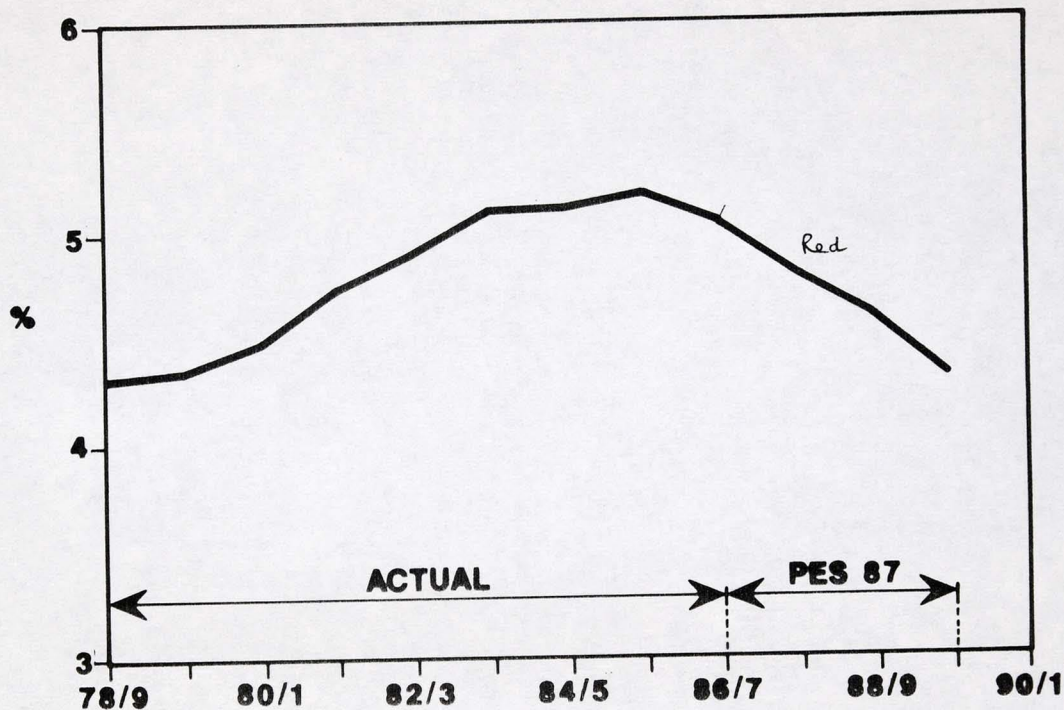
GROWING PRESSURE ON DEFENCE BUDGET

Since LTC 82-Actual and Forecast



GDP-PERCENTAGE SPENT ON DEFENCE BASED ON ACTUAL SPENDING & PES 87 BASELINE

4



CONFIDENTIAL

PRIME MINISTER

MEETING WITH THE CHIEFS OF STAFF

cc 10/1/87

You have your regular annual meeting and lunch with the Chiefs of Staff tomorrow. I attach the note which you saw over the weekend setting out some of the points which I thought you ought to make.

The Chiefs will as usual start by giving you an account of the activities of the Services over the past year. They will make the point that there is a growing gap between the commitments and the resources to meet them. You will be seeing the Defence Secretary shortly to discuss the long term costings and will not want to commit yourself on this occasion to an increase in the resources for defence. But it would be an opportunity to bring home to them the need to think radically about ways to reduce defence spending. You might make the three suggestions in the attached note: really major reductions in the military research and development budget, // much greater concentration of the MoD's land holdings, // and less frequent postings of individual members of the forces so they serve longer in one place. //

You said that you would wish to raise on this occasion the Defence Secretary's proposal not to conduct a nuclear test in 1988, principally for reasons of economy (the papers are in the folder). The Americans are anxious about this and fear that it will look as if we are succumbing to Soviet pressure for a moratorium on testing. The Treasury predictably strongly support the idea of not having a test this year. You will want to ascertain if there are strong military arguments for having a test; and get the Chiefs' assessment of the likely reaction of their American counterparts if we do not hold one.

The Chiefs of Staff have responded to your suggestion that merchant ships in the Gulf should be equipped with means to deflect or decoy Iranian missiles. They doubt the practicality.

CDP
(C. D. POWELL)

7 July 1987

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PRIME MINISTER

ms

MEETING WITH THE CHIEFS OF STAFF

You are to have your regular annual meeting and lunch with the Chiefs of Staff next week.

They will start with a presentation on their current concerns. This note suggests a number of topics which you might want to raise with them.

(E) On arms control you may wish to thank them for the very useful contribution they made to discussion of our position on the double zero option for INF. You acknowledge that they had real misgivings about leaving the Soviet SCUD unconstrained. But we had to arrive at a view which took account of both military and political considerations and the outcome has been to give the West a satisfactorily strong position. You will want to reassure them, however, that you will raise personally with President Reagan in Washington our wish that the United States should commit further F-111 aircraft to Europe and SLCMs to NATO. It will (E) be important for the Chiefs to have this reassurance. //

You might also raise with them the situation in the Gulf. You are grateful for the role played by the Armilla Patrol and the steps which have been taken to give it the best possible protection against Iranian missile attack. You might mention your idea of giving merchant ships the means to launch decoys to distract missiles.

More generally you might suggest to them the need for some really radical thinking about the defence budget. While this Government has an outstanding record of providing resources for defence, the ever rising costs of modern technology can only be accommodated by some really radical

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- 2 -

measures to reduce spending in less essential areas. The military research and development budget must be one candidate for reductions. Our effort in this field is far greater than any other NATO partner except the United States and probably more than is appropriate to our size and needs. Another area which might offer scope for major savings is the MOD's land holdings. Again these are far more extensive than those held by the military in other European countries.

(1) In particular the individual sites are more numerous, reflecting a pattern going back to Norman times. Is it not possible to think of very greatly reducing the land holdings and concentrating our forces in fewer places? A third idea would be to reduce the frequency with which members of the forces are posted. There is an enormous expense in the constant movement of service officers and soldiers and their families which can be reduced by longer periods of service in the same place. None of these ideas will be welcome to them. They may have better ones. But someone has got to think of something pretty dramatic.

C.D.?

(C.D. POWELL)

3 July 1987

JKRAVV

CONFIDENTIAL



MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

MO 25/3/4E

TELEPHONE 01-218 9000
DIRECT DIALING 01-218

7 July 1987

CG 877

Dear Prime Minister,

I am very much looking forward to your coming over here for your discussion with the Chiefs of Staff on Wednesday but I also have a very long-standing commitment to address the annual meeting of the Council of Territorial, Auxiliary and Volunteer Reserve Associations just beforehand that same morning. I am sure you will agree with me that it would be wrong to disappoint the TAVRAS, some of whose members will have travelled long distances to attend the meeting, and I hope that you will understand therefore if I am not present at the start of the presentation which Admiral Fieldhouse and his colleagues have prepared for you. I am of course aware of what he proposes to say and I shall certainly join you in time for the subsequent discussion.

Yours sincerely,

George

George Younger

The Rt Hon Margaret Thatcher MP



MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HS

TELEPHONE CIVIL 8000
CABLE ADDRESS: DEFENCE

1 JULY 1941

NO 2474

Handwritten initials: F.A.

Handwritten name: Mrs. P. H. H. H.

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Handwritten signature: George Younger
Handwritten name: George Younger

The Rt Hon. Margaret Thatcher MP



LOGA B/D

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

24 September 1986

Dear Admiral Fieldhouse,

I am most grateful to you and the other Chiefs of Staff for arranging today's very useful presentation and also for the excellent lunch. A number of interesting points came out of the discussion which I shall follow up. I find these regular meetings a good institution and look forward to continuing them.

I should also like to put on record how grateful I am personally for the outstanding job done by our servicemen and servicewomen in meeting the increased calls on them, which came out so clearly from your briefing.

Thank you very much for your hospitality.

Yours sincerely
Margaret Thatcher

Admiral Sir John Fieldhouse, G.C.B., G.B.E.

File

SUBJECT
cc Master

SECRET AND PERSONAL



flex B #5
cc Mr P C

10 DOWNING STREET

LONDON SW1A 2AA

23 September 1986

From the Private Secretary

PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF

The Prime Minister had a discussion with the Chiefs of Staff today, followed by lunch. The Defence Secretary was of course present. This letter records very briefly some of the points which arose in discussion following the Chief of the Defence Staff's initial presentation. The text of the latter is no doubt available to you.

There was a lively discussion of procurement problems, concentrating inevitably on Nimrod but covering also Foxbat and Alarm. The Prime Minister readily recognised the excellent work by Mr. Levene to improve procedures. But she was sceptical whether the Ministry of Defence yet had the capability to monitor development contracts properly. She was not satisfied that we were yet through the most difficult problems on procurement.

The Prime Minister made clear that she sympathised with the Chiefs of Staff aim of withdrawing the two additional battalions from Northern Ireland. She noted with interest a proposal that we should find ways, either directly or through the Americans, to strengthen the Garda and will organise a meeting on this. She noted the disturbing figures for recidivism among convicted terrorists once they were released.

In discussion of our presence in Belize, the Prime Minister agreed that it earned us valuable political credit with the Americans. She was emphatic that British forces should not get involved in operations of any sort against drug producers and smugglers.

The Prime Minister was interested in the indications reported by the Chiefs of Staff of a distinct change in French attitudes towards defence (including nuclear) co-operation with the United Kingdom. She remained sceptical about French motives and cautioned that we must not jeopardise our co-operation with the United States in the nuclear field.

SUBJECT
cc Master

SECRET AND PERSONAL



flex B #5
cc: P C

10 DOWNING STREET

LONDON SW1A 2AA

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The Chiefs of Staff made the point that there was no scope for any further reductions in personnel without reducing commitments, which they were not seeking. They also stressed that the real decline in defence resources of some six per cent anticipated over the next three years would mean that the percentage of GDP devoted to defence would by 1988/9 be back at the level of 1979. The Prime Minister was not previously aware of this figure.

There was a brief discussion of the defence problems of declaring an exclusive fisheries zone round the Falklands. The Prime Minister said that any proposal should be considered by the Chiefs of Staff before coming to OD.

The Prime Minister commented on the favourable impression which she had received from her visit to British Forces Germany.

I leave it to you to discuss with the Chief of the Defence Staff whether to give this note any circulation within the MOD. My inclination would be to restrict it very closely.

CHARLES POWELL

John Howe, Esq.,
Ministry of Defence.

*this is to present in
before PM given by CGS on 23
see PM on 23 September
Please help in*

SLIDES LEFT

SLIDES RIGHT

PRESENTATION - COS MEETING WITH PM

- | | | |
|-----------------------------|--|--|
| L1 - MOD badge
<u>ON</u> | 1. Prime Minister, thank you very much for finding the time to repeat the visit that you made in July last year. My colleagues and I put great value on this annual opportunity to give you an account of our stewardship and to discuss how we see the current state of the Nation's defences. | RI Blank
<i>fill.
COP
23/9.</i> |
| L2 Blank | 2. Since my predecessor last reported to you, we have had a very satisfactory year so far as operational business is concerned. While there have been no major emergencies to test the Armed Forces, those tasks that we have undertaken have been well handled. Throughout the year Servicemen have continued | |
| L3 NI incident | to support the RUC in Northern Ireland and, as you know, it has been necessary to reinforce the garrison with 2 additional battalions and a squadron of Royal Engineers. I should like to give CGS the opportunity to expand on this later. Other activities include the | R2 NI incident |
| L4 Aden
Evacuation | successful evacuation of British nationals and others from Aden and the reinforcement of | R3 Aden
Evacuation |
| L5 Cyprus
Reinforcement | Gibraltar and Cyprus against the threat of Libyan activity. [OPTIONAL: PAUSE AND MENTION AEW SHACKLETON]. You will remember also the valuable | R4 Cyprus
Reinforcement |
| L6 Op Bushel | contribution our forces have made in humanitarian relief, from Ethiopia to Mexico, Columbia, | R5 Mexico City |
| L7 Jamaica | Jamaica and the Solomon Islands. Last October | |
| L8 Tornado | RAF Tornados took part in the 1985 Strategic Air Command Bombing competition in America. | R6 Blank |

They took Gold and Silver in both the major team trophies and secured 2nd place in the individual crew trophy. The NATO Alliance has made some progress during the period, as the Conventional Defence Improvements exercise has started to bear fruit. The successful outcome of the Spanish referendum is another encouraging development. But we have seen some very unwelcome strains in the transatlantic relationship. The Libyan bombing, the debate over the modernisation of US chemical weapons, and divergent attitudes to arms control, have all contributed to a ground swell of mutual and potentially dangerous misunderstanding between the United States and some of the continental Europeans.

3. Nationally we have continued to reap the benefit of increased investment in defence since 1979.

This slide shows some of the major items of new equipment that have entered service in the last year,

[PAUSE]

...and to these must be added a host of other items that together will significantly improve our capability. Most important of all, our soldiers, sailors and airmen are in good heart. They are busy - perhaps too busy for the long term, and I will return to this point later - but morale is generally high and they are confident in their high standards of professionalism. Recruiting is generally at a satisfactory level, and, while there are problems over retention, and some serious shortages in

L9 Blank R7 Team & Trophys
R8 Blank

L10 Eqpt List R9 Land/Air Activity

L11 Maritime Activity

L12 Recruiting Office R10 Parade

L13 Blank

specific and important areas, the overall manning situation is satisfactory. I think we can reasonably claim, therefore, that the increased expenditure devoted by this Government to defence has resulted in forces that are respected by friend and foe alike.

R11 Blank

4. However - and you would expect there to be a "however" - if we look to the future there are increasing grounds for concern. Although we have improved our capabilities, so too have the Soviet Union and her allies. Soviet Defence expenditure continues to increase and is currently estimated at about 15 percent of their GDP. A breakdown of that expenditure is also instructive.

L14
Distribution
of Soviet
military
expenditure

[PAUSE]

The next slide contrasts the high cost of personnel in the West with estimated costs in the Soviet Union, which allow them to allocate a higher proportion of resources to research and procurement.

R12 Comparison
of Expenditure
Distribution

[PAUSE]

In fact Soviet spending on Defence Research and Development alone is in excess of the total UK Defence Budget. It is not surprising, therefore, that the advantage of superior equipment hitherto enjoyed by the West has been steadily eroded, and indeed in some cases reversed in crucial areas.

L15 Blank

R13 Blank

5. Perhaps I may give you these specific examples: The Soviets have invested heavily in tanks and in view of what you were told in Germany last week, I

will be brief. Chieftain and the older NATO tanks are now surpassed by the by the majority of the Warsaw Pact Fleet. And the T80, their latest, is comparable with the most modern NATO types such as Challenger. Furthermore, and this was not mentioned last week, we expect the Soviets to field 2 new and improved types in the next decade while NATO has nothing new in prospect before the year 2000.

R14 T80 Tank

L16 Fulcrum 6. In aircraft, the recent introduction of two modern fighters - Fulcrum [SLIGHT PAUSE]

and Flanker have given the Warsaw Pact, for the first time, machines capable of matching western air defence aircraft and, in the case of Flanker, penetrating deep into NATO territory or over the sea on escort missions. Furthermore, a variant of the

R15 Flanker

L17 Foxbat FOXBAT high performance reconnaissance aircraft has recently been seen carrying Anti-Radiation Missiles, which pose a direct threat to UK air defence radars.

R16 Blank

L18 AKULA 7. In submarine design the Soviets are ahead in speed and depth and are making large advances in tactical weapons systems and noise quietening, ^{as} ~~for example~~ in the new AKULA Class shown here.

They have maintained their existing lead in active sonar, and have improved their ability to counter and survive our present weapons. In particular, the huge

L19 TYPHOON TYPHOON, and other submarines of a similar double-hulled construction, have a much increased capability to survive a torpedo attack.

Finally, our passive sonar advantage is being eroded. These developments greatly increase the threat to NATO's maritime lifelines, and our ability to defend Europe's flanks.

L20 Blank

8. In chemical and biological weapons the Soviets have now built up a lead of 8-10 years and ^{as you know} there is a worrying lack in NATO's inventory of a modern offensive capability, which might well deter the use of chemical weapons by the Warsaw Pact and with which we could, if necessary, respond without recourse to nuclear weapons.

9. After that list you'll be glad to hear its not all black and there are of course areas where the alliance retains an advantage; for instance, by virtue of superior computer technology NATO maintains the lead in surveillance and target acquisition, [SLIDE SHOWS THE NEW PHOENIX RPV NOW ON DEVELOPMENT TRIALS] command and control systems and aspects of electronic warfare.

L21 Phoenix
RPV

R17 Sky
Shadow

[PAUSE AND DRAW PM'S ATTENTION TO SKY SHADOW
JAMMING PODS UNDER TORNADO'S WINGS] ^{onto pylon}

The UK in particular has one major advantage in its all - volunteer services; this produces a much more professional fighting man. And in addition, Soviet planners will surely have to take into account the real possibility of one or more of the Warsaw Pact states being unreliable in the event of hostilities with the West.

L22 Blank

R18 Blank

10. But the hard fact remains, the underlying trend is not in our favour and can only be exacerbated by the economic pressures facing members of the NATO

Alliance. You are well aware of the current pressures on US Defence spending and I am told by the Chairman of the Joint Chiefs of Staff that ^{his} ~~their~~ expectation is a level budget in real terms. There are parallels or worse in most European countries. Belgium, Denmark and Norway are, like us, all cutting back on their defence programmes in response to domestic pressures, and none of the others seems likely to obtain any real growth in defence expenditure. In view of our past example, the future level of UK investment in defence will unquestionably be influential within the Alliance, and allies on both sides of the Atlantic will be watching our position closely.

11. We have a continuing major programme of equipment modernisation. With the ending of 3% growth, we have tried hard in this year's costing to consolidate on past gains and, as far as possible, to preserve the coherence and balance of the forward equipment programme. Clear examples are the provision made for replacement amphibious shipping, the 7th Challenger regiment and EFA. But in the face of an anticipated real decline in defence resources of some 6% over the next 3 years, (falling, moreover, at a time when Trident expenditure is building up to its maximum), this has only been achieved by deferral of selected equipments, force level reductions, further paring of infrastructure, and by taking some risks, particularly in the support area. There is no doubt, Prime Minister, some of these measures will be directly

L23 Challenger

L24 UK Defence
Expenditure

R19 EFA

detrimental to our war fighting capability. The percentage of GDP devoted to defence and projected to 88/89 is significant. We are practically back to the 79 start line at the end of the Current PES baseline.

R20 UK
Defence
Expenditure
as % of GDP

[PAUSE AS NECESSARY FOR PM TO ABSORB GRAPHS]

12. We are also having to study means of further reducing our manpower requirements to relieve pressure on the equipment budget. In the Army, the most manpower intensive of the 3 Services, the relationship in expenditure between these 2 areas has now reached a critical point and the other 2 Services are also facing very difficult choices. We have already exhausted the scope for reductions in the support area and we judge that a further squeeze on manpower, without a commensurate reduction

L25 Examples
of increased
productivity
- Service
and Civilian

in operational commitments, would be asking too much on top of the productivity improvements already in hand. The figures shown speak for themselves.

R20a Blank

[PAUSE]

L26 Blank

13. Undoubtedly the restoration of pay comparability in 1979 stemmed a serious exodus of skilled, experienced people. Since then, and reinforced by the Government's continued commitment to pay comparability, the Forces have felt fairly treated over pay. But pay is not the only factor affecting morale. In striving to maintain high standards, to maximise efficiency and to meet our world wide commitments, we are drawing

heavily on the goodwill, loyalty and motivation of Servicemen and women. Personnel are needed for operational tours in Northern Ireland, Belize or the Falklands; world wide emergencies; public duties; helping to counter anti-nuclear demonstrations; and supporting cruise missile deployment exercises. Each year some 30,000 Troops from the UK Field Army are involved in these activities. Typical days out of station for UK Land Forces units as well as some Air Force units are between 150 and 230 days per year, while in the Navy the impact of extra sea time is being keenly felt. In recent years sailors have been spending more time at sea than ever before in peacetime this century. The frequency of detached duty and the pressures created by tightly drawn establishments impinge directly on family life and are being felt. My colleagues may wish to develop this theme in discussion.

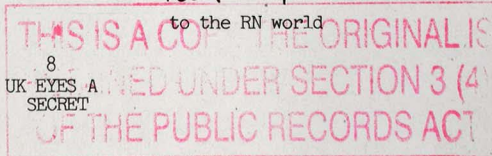
14. But, before I finish, I would like to turn briefly to our Out of Area activities which, although modest in resource terms, produce such enormous benefits and disproportionate rewards. There are some 700 people deployed worldwide on loan service or in military assistance teams. Their presence and contribution often opens the way for defence sales - most notably in recent months Saudi Arabia. The year has also seen exciting new opportunities for overseas training,

L 27 MATT,
LSP locations

R21 MATT

L28

COS S130(10)



deployment 'GLOBAL 86', visiting and exercising with many countries, and culminating in November with exercise 'SAIF SAREEA' in Oman. This major exercise will demonstrate strategic mobility with the rapid deployment of air and ground forces from the UK.

R22 Global 86

L29 Saif Sareea

R23 Saif Sareea

[PAUSE]

L30 Tri-Stars

The air transport force will include RAF Tri-Star aircraft operating in both the transport and air to air refuelling roles.

R24 Tristar AAR

L31 Blank

15. Looking to the future, Prime Minister, there are a number of strands in our current thinking and concerns which we might pick up in subsequent discussion.

R25 Blank

16. The first of these is the important and increasingly visible question of arms control. It hardly needs saying, ~~that we understand the need to retain public confidence~~ ^{that} that we understand the need to retain public confidence and we fully support moves designed to make genuine progress and to seize the initiative, for example in the conventional field as called for at the Halifax meeting. However, there is a difficult balance to be struck between attaining these aims and preserving the UK's essential security interests. We have some concern that ~~this basic~~ ^{the latter} requirement will ~~not~~ be compromised in the natural anxiety to make progress in negotiation.

17. Secondly, even with continued high military expenditure in the United States, we shall be hard pressed to maintain the status quo in the East - West balance. Within NATO, the UK remains one of the nations most

strongly committed to Defence and we work hard at carrying the weaker brethren with us, and preventing the strains now showing between our European allies and the USA widening into Alliance-threatening cracks. This begs the question of the UK's relations with the European nations and with the USA. We see no alternative but to continue to strive for a balance between our involvement with the former, and preserving as best we can our special relationship with the latter.

18. There is also the separate but related question of France, and what more might be done to strengthen bilateral ties and, if thought desirable and feasible, to draw her back more fully into the western defence fold. From our perception, in military business, there appears to be a distinct change in the French attitude.

19. Finally, there is the question of our own future Defence prospects. In managing our budget, we shall continue to strive for value for money and to avoid disasters like AEW Nimrod, in order to preserve a coherent long term re-equipment programme. However, maintaining all our current commitments and an adequate capability in all roles must be in question if the recent experience of budgetary squeezes, cash cuts and uncompensated pay awards is projected into the future. Already across the 10 year costing period, the year on year cumulative effect of uncompensated pay removes £3.7Bn from the planned budget. As my predecessor emphasised last year,

we badly need a level run, in real terms, for the Defence budget from 1988/89 to give us a fighting chance of preserving the gains we have made under your Government.

20. Prime Minister I think I have given you a fair summary of our position and I hope raised some questions which you may wish to discuss with us.

PRIME MINISTERMEETING WITH THE CHIEFS OF STAFF

You have your annual talk and lunch with the Chiefs of Staff tomorrow. The Defence Secretary will also be present. You will recall that you instituted this event last year following the reorganisation of the Ministry of Defence, to reassure the (then) Chiefs that they would continue to have regular access to you. There is an hour for discussion, which will continue for another hour over lunch.

The Chief of the Defence Staff will open with a general account of their activities. I understand that this is fairly prosaic and does not raise any politically contentious issues (no attempt to re-open the question of defence funds).

It would be appreciated, I am sure, if you were able to lead off with some words about the professionalism and dedication of the British Forces in Germany, whom you visited last week.

They will want to hear from you your assessment of East/West relations, the prospects for a summit and the likelihood of arms control agreements being reached at a summit. They will also be interested in whether you see a risk of isolationism in the US. There are some signs in Congress of a reviving interest in reducing US forces in Europe and restricting Europe's ability to secure defence contracts in the US.

They will also be interested in your views on defence cooperation in Europe, whether there is likely to be a push forward in this area; and on how they should treat Anglo-French nuclear cooperation (in the light of Owen/Steel support for an Anglo-French deterrent).

Subjects which you might raise with them are:

- (i) the reorganisation of the MOD. Are they content with the way it is working? Are there any problems

of which you should be aware? (We know that there aren't, but I think you ought to ask.)

- (ii) reinforcement of the Northern Flank. Your visit to Norway has strengthened your concern about the realism of NATO's reinforcement plans. Are we deceiving ourselves?
- (iii) Soviet capabilities. The Soviet Union are pulling ahead in the quality of their tanks (a paper by the Chiefs on this is in the folder). A recent JIC paper also raised the likelihood that they would be able to improve the accuracy of their SRINF ('doodle-bugs') and equip them with high explosive warheads. What conclusions for our forces and strategy do the Chiefs draw from that?
- (iv) Falklands-Exclusive Fisheries Zone. You were worried about whether the Fisheries Zone would be of the same extent as FIPZ. It will be, except for a very small segment in the South West corner, where we are making the fisheries zone slightly smaller than the FIPZ (to be consistent with our legal position on Faroes/Scotland). There should be no additional military problems. The Chiefs are not keen on having to police the Fisheries Zone. But provision has been made in the Force levels.
- (v) Terrorism. You might ask their views on the military handling of terrorist incidents. There have been some pretty appalling blunders recently - Karachi, Malta. Can we offer more training to Special Forces of other countries?
- (vi) there is another intelligence-related project which you want to discuss.
- (vii) you will want to hear their forecast on manpower.

CDP

MR. POWELL

no - just me
CR
for refic
CR.
18/9.

VISIT TO MOD FOR MEETING WITH CHIEFS OF STAFF

TUESDAY 23 SEPTEMBER

The MOD rang this morning asking if anybody else was accompanying the Prime Minister other than yourself. If so, they need to know to supply passes.

C.R.

CAROLINE RYDER

16 September 1986

MRS. RYDER ✓

LEAD
Denbyon camp.
Wed 18: June
at 14.15.
CR.

The Chief of the Defence Staff - Sir John Fieldhouse - needs to see the Prime Minister for about 20 minutes with me in the next five or six days on a highly secret matter. Could you please find us a space in the diary.

C.D.3

(Charles Powell)

11 June 1986



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2111/3 (Direct Dialling)
01-218 9000 (Switchboard)

25th April, 1986

CR. 29/4.
Dear Caroline

Further to our conversation, I can confirm that the Prime Minister's meeting lunch with the Defence Secretary and the Chief of Staff is to be held on 23rd September at 1100 in the Defence Council Suite.

Yours sincerely
Carolyn Whitehouse

CAROLYN WHITEHOUSE

Mrs Caroline Ryder
No 10 Downing Street

BF 22.9.86

Carline

Yes please. It's a
once a year occasion
which she promised to do

MR. POWELL

The Chiefs of Defence Staff would
like a meeting followed by lunch
with the Prime Minister in
September. A possible date is
the 23rd.

plus me,
please
CR
27/4

Do you agree in principle that this
makes good use of the Prime Minister's
time?

CP.

23 Sept. at
11.00.

To include
lunch.

CR

OSG
pp. Caroline Ryder

23 April 1986



10 DOWNING STREET

From the Private Secretary

Prime Minister

Sir John Fieldhouse is coming to pay a first call as CDS. There are no particular points to raise. You might ask him generally about his priorities, and any particular changes which he intends to introduce.

CDF 25xi

MR. WICKS

The Ministry of Defence want to know if the Prime Minister would like to see the new Chief of Defence Staff, Admiral Sir John Fieldhouse, when he takes up his post in November.

Perhaps we could have a word about this. The Prime Minister has agreed to see the outgoing CDS and I am in great difficulties with her diary.

CR.

[CR to contact Commander Tribe at MOD Ext 2117]

Mrs Ryder,

(Caroline Ryder)
20 August 1985

Despite sympathies on X,
I think the PM should see
him - he is, after all,
head of the armed services!
But deal with Mr Powell
when he returns from leave.

N.C.V.
23.8



2/8
②

MO 16

X
mb

Prime Minister
You will want to
note the suggestion in
para. 11 for abolishing
TSRB.

The rest you have
heard from Sir John in
person
CDD
2/8

PRIME MINISTER

"CHANGING GUARD REPORT" BY THE CHIEF OF THE GENERAL STAFF

/ I thought you might be interested to see the attached report by General Sir John Stanier on the occasion of his leaving this Department, particularly since he is a man of such dedicated service.

mb

Ministry of Defence

1st August 1985



CHANGING GUARD REPORT

BY THE CHIEF OF THE GENERAL STAFF

1. At the conclusion of my tenure of office as CGS, I offer a few thoughts about the Army and its future. I have kept my remarks short for two reasons. First, most people in this building already know my views, and second I believe that lengthy papers are seldom read and never remembered. I have therefore confined myself to four points.

THE STRENGTH OF THE ARMY

2. Throughout my service the Army has dwindled in strength year by year. Even under the impact of the present government's enhancement of the Defence Budget, it has declined from a trained strength of 145,000 to 139,000. It is still planned to drop by 1987 to 137,000.

3. Already our units are starved of men; battalions only have three companies when they should have four. Armoured units cannot man all their tanks, nor artillery their guns. LEAN LOOK has attempted to ease the problem a little, but the shortages of men chafe at the well being of our Regiments.

4. To solve this problem there are only three possible choices: fewer commitments, more money or cheaper soldiers. The first two seem to me unlikely of achievement and I have therefore pursued the third to find any possible progress. I offer the thought that the pool of unemployed youth in this country must be tapped by one means or another to help the shortages in an Army where commitment grows and dedication can start to wane if the willing horse is flogged too hard. I have floated numerous ideas to meet this need (many politically unattractive!) but I suggest that in the next few years this problem has to be addressed. For the jobs we have to do, our Army is already too small. We sweep the problem under the carpet at our own peril.

THE ARMY EQUIPMENT PROGRAMME

5. Many of our troubles stem from our own pioneering spirit. In terms of guns, tanks, protective armour, communications and even computer technology, our ideas have often led the world. Our trouble is that our ideas have so often been snapped up by others, improved and introduced into service leaving us standing at the start. I am certain that a new spirit is needed in our procurement systems. Happily I believe that such a new spirit is abroad, but



whether it will be able to pull us up into the race I have doubts. Much of this is out of the Army's hands but the charge of putting poor equipments into the hands of first class soldiers is a hard one to stomach or to answer.

6. Our current Main Battle Tank, CHIEFTAIN, is already known throughout NATO as the Dinosaur. It entered service in 1966. Inevitably it will still be with us in 1995. CHALLENGER must be introduced in sufficient numbers to eradicate this undeserved image of antiquity.

THE MINISTRY OF DEFENCE

7. I make no moan about reorganisation, save in one respect: the loss of incentive. If the Services can make savings in one area by their own efficiency but see no reward for so doing - indeed rather see their achievements swallowed up in another's overdraft - then enthusiasm will soon wane. It is even worse when discipline in meeting targets has no reward but overspending frequently leads to achievement at the expense of others.

8. Life may be full of injustice, but in the Ministry of Defence at least, it is not enough for virtue to be its own reward.

FINALLY - THE STATE OF THE ARMY

9. I believe the British Army to be precisely as described recently in The Washington Post: "Undoubtedly one of the most professional armies in the world today, but also one of the smallest".

10. We are well motivated, well trained and well paid. Sadly there remain examples of ungenerous handling of day to day affairs in soldiers lives which are hard for them to understand or for us to explain. To be sent overseas with his family without proper consideration for how he is to move them there is only an example of the kind of inconsistency which we face. Inevitably from time to time the men and women look over the fence at greener grass outside. Many are starting to do so again. It is perhaps worth reminding people of the basic truth that it is a happy wife that makes a happy soldier, rather than the other way around.

11. On a more recent note, I could wish that the AFPRB could handle all the Services pay from private to field marshal. By such means we would avoid the most unwelcome gap that has opened up between the effective date of AFPRB (1 April) and TSRE (1 July). I see little advantage in tying the pay of senior officers inextricably to that of judges and civil servants.



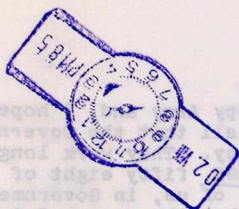
12. Finally, for me it has always been a happy Army and, I hope, a good one. Our soldiers have answered every call that the Government has made of them with enthusiasm and efficiency. They work long hours with no complaint. During my time as CGS, fifty eight of them have given their lives. It is up to all of us, in Government, in Service and throughout Britain to ensure that they get a fair deal for what they do for our country.

13. I don't think they will ever let us down.

25th July 1985

John Stanier

SIR JOHN STANIER
Field Marshal
Chief of the General Staff



12. Finally, for me it has always been a happy good one. Our soldiers have answered every call of duty with enthusiasm and efficiency. During my time as C-in-C, I have given their lives. It is up to all of us in Government, in Service and throughout Britain to ensure that they get a fair deal for what they do for our country.

13. I don't think they will ever let us down.

John Stawler

MR JOHN STAWLER
Field Marshal
Chief of the General Staff

22 July 1985



Yes, I promised him. Pl. fit him in: it does not matter whether it is before or after he goes.
ERB

10 DOWNING STREET

~~PRIME MINISTER~~

~~FERRIS~~

The Chief of Defence Staff retires on 1 November and is seeking a farewell call on the Prime Minister. Apparently a Private Secretary in this office promised him that he could have one.

Shall I fit him in?

I think I might have to do this after he goes. Content?

CR.

arranged for tomorrow 12th

CAROLINE RYDER

30 July 1985

CR
31/7



10 DOWNING STREET

Caroline -

I had a call today from Warrant Officer Morden, who is P.A. to the Chief of the Defence Staff. He wanted to discuss the timing of a meeting between the FM and the C.D.S. - he said that the latter had already spoken to a Private Secretary at No. 10.

I said you would phone him back tomorrow - his number is 218 6190

CST 29/7

ate HL



10 DOWNING STREET

THE PRIME MINISTER

8 July 1985

Dear John,

I very much enjoyed my talk and lunch with you and your colleagues today and welcomed the opportunity to be brought up to date on your views and preoccupations. I hope that we can make a practice of such meetings about once a year.

I would like you to know also how much I have valued the support and advice of the present Chiefs of Staff Committee. I shall be sad to see the team dispersed, although of course I look forward to working as closely with their successors.

Please pass on my warm thanks to your colleagues.

Yours sincerely
Raymond Stalder

Field Marshal Sir Edwin Bramall, G.C.B., O.B.E., M.C.

SM



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-930 7022

MO 20/22

5th July 1985

*Prime Minister
I think the
Chiefs would also
welcome your views
on the Soviet threat, East/West relations,
S.D.I. and Arms Control. These might
then be discussed over lunch.*

*CDP
5/7.*

MEETING WITH THE CHIEFS OF STAFF

We spoke on the telephone about the Prime Minister's meeting on Monday with the Chiefs of Staff. You will recall that this meeting arose out of the proposal originally made by the Prime Minister herself last June when she met the Chiefs of Staff to talk about defence re-organisation.

We are in touch about the detailed timings of the Prime Minister's arrival and departure. She will be met at the South entrance by the Defence Secretary and the Chief of the Defence Staff who will show her to the Defence Council Suite on the 8th floor. The meeting will be in two parts:

- a. A discussion led off by the Chief of the Defence Staff who intends to speak for some 20-25 minutes and then would propose to invite each of his colleagues to comment more briefly.
- b. Lunch which will also be held in the Defence Council Suite.

Attendance will be very restricted. On our side there will be the CDS, the 3 single Service Chiefs, the Vice Chief of the Defence Staff (Air Chief Marshal Sir Peter Harding), the Secretary of State, and, for the meeting but not the lunch, the Secretary of the Chiefs of Staff Committee. On your side, we are assuming the Prime Minister will be accompanied just by you for both the meeting and the lunch.

The Defence Secretary has not sought to be consulted over the terms of the presentation to be given by the Chiefs of Staff. I understand that the CDS is likely to thank the Government for the additional resources that have been made available over the last 7 years, to review the effects they have had on each of our main defence roles, to the contribution we make outside the NATO area (his so called 5th role) and then make some final observations about the future. The main concerns expressed in these observations are likely to be:

C Powell Esq
10 Downing Street



a. The future prospects for the real level of the defence budget. The Chiefs of Staff are broadly reconciled to the ending of 3% growth per year in real terms after this financial year but are concerned that thereafter there could be a squeeze leading to a substantial decline in real terms. They point out last year's PES settlement assumed a small decline in each of the next 2 years even on the Government's assessments about inflation; the cash factor for 1988/89 is unrealistic even on the Government's own forecast; and that the pay factor is well below pay awards, particularly those to the Services arising from the Armed Forces Pay Review Body. The flavour of these concerns is reflected in the evidence given by the CDS to the House of Commons Defence Committee in February, a copy of which I attach as background. The Prime Minister will no doubt wish to sketch in her underlying approach to public expenditure and the difficult choices which the Government faces, to point to the very favourable treatment which the defence budget has received over the last 7 years and to say that these questions can be addressed further in the normal way in the forthcoming PES round.

b. Trends in recruitment and retention to the Services. Recruitment generally is good but outflow has been picking up (although it remains well below the levels of the late 1970s). The Chiefs of Staff are concerned that the remuneration package, covering both pay and non-pay benefits, of the Services should remain competitive and attractive. They were very pleased with the Government's decision to implement without staging the 1985 Armed Forces pay award. They have, however, for some time been pressing for a number of improvements in conditions of service. An ambitious package, which originally embraced an expensive scheme of assisted house purchase, has been whittled down to a more modest set of proposals which we are actively discussing with the Treasury and over which the Defence Secretary has been in correspondence with the Chancellor of the Exchequer. The Treasury's position, in essence, is that they have separately sought a comprehensive review of conditions of service (which cost more than £500M a year) and do not wish to agree to piecemeal improvements in advance of this comprehensive review. It will be completed fairly soon but in the meantime we are pressing for some more limited go ahead. The Prime Minister may feel that this debate is best left for resolution between the MOD and the Treasury.



The CDS is, I think, unlikely himself to raise the re-organisation of the Ministry which came into effect on 2nd January 1985 other than to say that he believes it is settling down well. One or more of the single Service Chiefs may have more to say. It was agreed last year that the organisation would be looked at when it had had time to settle down. The Defence Secretary intends to conduct this review himself in the early part of next year, and this timing has the support of the CDS.

At the end of the meeting, the Prime Minister may wish to express her wish for there to be a further meeting in due course. She may also wish to say a few words about the contribution made by the present Chiefs of Staff Committee. Between now and the Autumn, General Sir John Stanier and Air Chief Marshal Sir Keith Williamson will retire, Air Chief Marshal Sir Peter Harding is to become the Commander-in-Chief Strike Command, and Admiral Sir John Fieldhouse is to take over as CDS from Field Marshal Sir Edwin Bramall. The present Committee has worked well together under sympathetic and skilful chairmanship and the Prime Minister may wish to pay tribute to what they have achieved.

If there is an opportunity at the end of the meeting, the Secretary of State would welcome a private word with the Prime Minister (and you), in his office, on a sensitive security issue, unrelated to the discussion with the Chiefs of Staff.

Yours ever,
R. C. Mottram
(R C MOTTRAM)

WEDNESDAY 6 FEBRUARY 1985

Members present:

Sir Humphrey Atkins, in the Chair

Mr Churchill
 Mr Dick Douglas
 Mr Bruce George
 Dr John Gilbert
 Mr Edward Leigh

Mr Ken Maginnis
 Mr Michael Marshall
 Mr Michael Mates
 Mr Keith Speed
 Mr Neil Thorne

Examination of Witnesses

Field Marshal Sir EDWIN BRAMALL, GCB, OBE, MC, Chief of the Defence Staff, called in and examined.

Chairman

1334. Welcome to our meeting this morning which, as you know, is part of our inquiry into defence commitments and resources. As you know we have taken a good deal of detailed evidence already and we hope this morning you will be able to put into context what we have so far been told, as well as guiding us through some of the main problems. I hope the opportunity to do this will be as useful to you as I know it will be to us. I propose to start this morning's proceedings in public, but I know that if you would prefer to answer any of the questions in private you will say so. It will be my intention to move into private session after about the half the time allocated. I believe you would like to start by making an opening statement?

(Field Marshal Sir Edwin Bramall.) Thank you very much. I would like to do that because I think it might set the scene quite usefully. I suppose you might say that one of my qualifications and usefulness to you for giving evidence before you today, apart from my present job, is that I have now had seven years in or immediately around the Chiefs of Staff Committee, so there are not too many aspects or nuances connected with putting together and sustaining a defence programme which I have not seen or encountered, and I do not think too many can match that for continuity. In putting things in some sort of perspective, and I know you have a mass of detailed evidence, I think I would first like to acknowledge that, with the help of the Falklands Supplement—which not only produced more cash to meet the commitment but also a clutch of new equipment to replace what had been lost—there has been a substantial increase in the capability of our Armed Forces, gained as a result of real growth in defence

spending of about 20 per cent, nearly 21 per cent, since 1978-79, when defence spending was actually at its lowest in real terms since the Korean War. This corrected a major decline in the 1970s, has given us a bit of a pinnacle to work from and has also got our modernisation programme under way; it has also raised some expectations. Some of the benefits from this will undoubtedly be felt in the later years. I fully recognise all this and it does have a considerable bearing on the way ahead and on your deliberations. I would agree, bearing in mind the aims of our defence policy, which is the preservation of NATO as an alliance with US involvement and prevention of war, that it would not, despite the moving away from 3 per cent growth, be appropriate to think in terms of a major defence review, with the removal of complete capabilities which could be so disruptive, and that for the foreseeable future there should not be any major cuts in the aspirations for complete programmes. We have dealt successfully with similar problems before and we will undoubtedly do so again; fitting commitment quarts into resource pint pots is the very nature of our business. This does not mean that if growth is completely lost our programme is not going to become increasingly difficult to maintain satisfactorily in the years ahead or that the consequences could not be quite serious. Perhaps I can explain why this is. First of all, there are so many pressures on us, I think you would agree, to do at least as well as we have been doing in the last seven years, if not better, and indeed these pressures provide a *prima facie* case for doing just that, even taking account of greater efficiency, which one seeks for all the time. For example, the balance between NATO and the Warsaw Pact capabilities, both in the quantity and in quality, but

6 February 1985]

FIELD MARSHAL SIR EDWIN BRAMALL, GCB, OBE, MC

[Continued

[Chairman Contd.]

particularly in quality, and in new technology has been deteriorating against us in all departments and there has been in NATO concern about air delivered munitions, short range air defence, indeed air defence generally, essential communications, electronic warfare, sustainability and, not least, in the maritime areas where the Soviets are making a quantum jump in both quality and quantity in their submarines, and where, according to SACLANC, we have all too few escorts and mine counter measure forces. I still believe, as the Secretary of State does, that we have an adequate deterrent to keep the peace as things are, but we cannot for a variety of reasons in this highly dangerous world be complacent, and professionals like me have to keep a very weather eye open on our actual capability in case deterrence failed, which is a different though very much inter-related matter. Anyhow NATO wants us to do more, even if our record has recently been very good on force goals compared with others in Europe. Only the United States has been way ahead of us on growth. Then in the United States the Senator Nunn amendment has threatened to reduce her in-place forces if Europe does not meet a 3 per cent target or remedy significant deficiencies in infrastructure and warstocks and so forth, so that they, the United States, can do more outside NATO. We have not accepted this approach and so far the Nunn amendment has not taken root but I do not think it will go away. So the United States wants us and other Europeans to do more as well. There is also a general feeling, to which I believe you and most of Parliament would subscribe, that the nuclear threshold should be somewhat higher than it is now in order to give us greater flexibility not to have to resort too early with nuclear weapons if deterrence failed and our forces were under pressure—all of which, of course, we hope will not happen but our sustainability, although good compared with that of other people, still is somewhat suspect. Finally, the Flanks pose some particular problems of their own. So all this would seem to justify, in my professional opinion, incorporating in our programme additional, not yet approved but what we call candidate items over and above the future lean core programme, so we can in fact maintain our position relative to the threat and increase our staying power. You obviously will not be able to do more on

less funds in the short and medium terms, even if ultimately you get more for your money. More on the same money may be; the same on less money may be—by greater efficiency and movement, as you have probably heard in evidence, from the tail to the teeth, although there is some limit to what you can do—but hardly more on less. My second point is that when we massage, as we are now having to do, a programme currently growing at 3 per cent or thereabouts, containing basically only essential and realistically selected core items with but a very limited and selective number of others added by the Secretary of State for specific enhancements, as we massage them downwards to, say, on paper a broadly zero growth in real terms, there will always be other factors which will diminish still further the capability which can be bought for the newly adjusted amount of cash. These other factors include the cash limit gap between the Treasury declared rate of inflation, which dictates the cash uplift to the defence programme, and the actual rate of inflation in the economy, which is itself compounded by the fact that any new item of equipment, as technology moves forward, is always likely to be so much more expensive than its counterpart in the last generation. Greater efficiency in procurement can help with the latter, and must do so, and I fully support what the Secretary of State is doing and going to continue to do in extracting every ounce of efficiency and competitiveness out of the procurement programme, but this does act over quite a long period and my experience over the last seven to eight years tells me this type of volume squeeze will be continuing at least over the next few years. One has to recognise, naturally enough, that not all political interventions are geared to greater value for money in a limited Defence Budget sense. Your Committee know that, Mr Chairman, just as well as I do, if not better. Then there is the question of lack of compensation for the independent Armed Forces Pay Review Board pay awards, based on comparability, over and above that allowed for by the Treasury, with the exemplary going rate for the public service in mind. In the last financial year, 1983-84, and for the first time, we had to absorb this extra cost instead of being compensated for it as we had always done before, and this year the run on effect from 1983-84 plus the uncompensated portion of the current

February 1985]

[Continued

FIELD MARSHAL SIR EDWIN BRAMALL, GCB, OBE, MC

[Chairman *Contd.*]

1984-85 settlement are beginning to squeeze the programme by a considerable amount. If this happens yet again in the coming year's settlement, 1985-86, which of course I do not want to predict let alone influence, the programme with only a reduced or zero growth after 1985-86 could be squeezed still further by probably as much as £100 to £150 million per annum. I emphasise I am not criticising, I am not saying what ought to happen, I am merely saying that this could be a very important factor in managing our programme, perhaps a greater factor than coming off the 3 per cent growth. Then there are other incidental factors such as the dollar exchange rate plummeting, and this I hope may only be temporary; VAT suddenly being put on service building works and maintenance—and that is a one-off in that we have had to compensate for something we have not planned for but this will still lead to less work services for the same money or the same work services for more money—and certain miscellaneous costs at United States airfields and possibly an involvement in European space activities falling on the Defence Budget. All these would mean there will be less money for the equipment programme and a further squeeze on the volume of that programme. Finally, Trident, which I am not knocking at all because it fulfills a real need and represents comprehensive insurance for our homeland into an uncertain future, but which will inevitably, however much it represents the best buy, take up a larger share of the budget, particularly in the next decade when its profile is peaking. How much larger will be affected by the dollar exchange rate and, except that it does not affect the conventional field, Trident is in this respect no different from any other major programme like Tornado. All these constraints and disciplines have to come out of the conventional part of the programme, and mostly out of the equipment part and some are particularly inhibiting, but in any case historical analysis shows that the cash available in any one estimates year, that is the next year, has invariably, certainly since 1978-79 with the exception of 1983-84 when there was a major injection of Falklands money, been less than the bid in the first year of the preceding years LTC. I recognise there may be some other factors, such as the accuracy of any block adjustments which have a bearing on this, but what I am really saying is that in my

experience however much you trim your programme bid to meet a changed situation, you will seldom, perhaps never in practice, first of all get the cash you need to meet that bid and, secondly, buy as much with that cash as you had hoped for. Indeed, as came out in the Permanent Secretary's evidence to you, after 1985-86 the volume in the budget might be squeezed by as much as 7 per cent against a continuing 3 per cent projection. All this is highly relevant because the lower you start the further you are bound to fall, and without the buffer and discipline of 3 per cent growth, which reflects a commitment to growth even if the target is not always fully met, the process of being forced off your programme year by year by the factors I have mentioned will be much more difficult to resist. This worries me greatly because if one cannot correct these factors, zero growth will in effect become negative growth, and one years slippage, which I think the Secretary of State alluded to, could easily become two or three years' slippage, and eventually the loss of perhaps a complete programme, although not necessarily, as I said at the beginning, a complete capability because I do not believe that is the way to go about it. Certainly modernisation, greater sustainability and existing and necessary commitments will become more difficult, or in the case of the first two, significantly delayed. To put it in a final and perhaps more positive way: if the cash was to be uplifted sufficiently to hold the existing programme to a level growth in real terms, then I believe, in view of what has gone before—it would not have been possible without what has gone before—the programme is essentially manageable; we would like more, it would be easier and safer to have more but is manageable. We have, as I said, handled equally difficult problems in the past, but if this levelling off is not protected from the corrosive inroads I have mentioned the problem becomes infinitely more difficult and the disadvantages of the adjustments I have alluded to, and you yourselves will be able too easily to predict, will become accentuated. I hope, after all the mass of detailed evidence you have had, this puts our problem and the dilemma into some sort of perspective. Thank you.

1335. Thank you very much indeed. That is a most helpful beginning to our

DETECTIVES

PRIME MINISTER'S VISIT TO MOD ON MONDAY

8 JULY : 1200-1500

1. Could the Prime Minister please arrive at the South Door, opposite Downing Street.
2. Should you wish to discuss the details with anybody please contact Richard Mottram in the Secretary of State's private office (218-2111).

CR

(Caroline Ryder)

3 July 1985



10 DOWNING STREET

CR

message from Field
marshall Bramwell's
office:

Next Monday 12pm.
Pm has briefing
meeting at MOD.

She will be met
at the South Door
(opposite Downing
Street)

JB

27

MR. POWELL

Yes, I think so
CD

CR.
please file
CR

MONDAY 8 JULY: PRIME MINISTER'S LUNCH WITH
CHIEF OF DEFENCE STAFF

MOD rang this morning asking who would be accompanying the Prime Minister. I told them just you.

Correct?

CD

16 May 1985

NOTE FOR THE FILE

I spoke to MOD today to say that the Prime Minister cannot now manage Friday 26 July but could they investigate Monday 8 July instead.

CB

26 March 1985



CF - Yours
or GR?
Kii/3

FILE

207

10 DOWNING STREET

21 March, 1985

From the Private Secretary

PRIME MINISTER'S MEETING WITH CHIEFS OF STAFF

Thank you for your further letter of 20 March. We have put the proposed meeting and lunch in the Prime Minister's diary for 12.00 noon on 26 July. We would hope to have the Prime Minister back by 1415 hrs.

(C D Powell)

R C Mottram, Esq.,
Ministry of Defence

lv



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-236 7000 218 2111/3

MO 20/22

20th March 1985

CR
Can we please
go from on 26 July
(1) 2072.

Dear Charles,

PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF

Thank you for your letter of ^{19th} 19th March.

I am sorry that I did not make it clear in my earlier letter that 24th May was difficult because First Sea Lord is abroad on that day. Our preference, therefore, would be 26th July. The Chiefs of Staff are most grateful to the Prime Minister for agreeing to a discussion period before lunch: they hope she might be able to spare 45 minutes for this.

CRP:
7:05 - in
diary for
12.45pm.
CR.
21/3

Yours ever,

Richard Mottram

(R C MOTTRAM)

C Powell Esq
10 Downing Street

cf. [unclear]
[unclear]

file

ECL



10 DOWNING STREET

From the Private Secretary

19 March 1985

PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF

Thank you for your letter of 15 March. We could probably manage 30/45 minutes discussion before lunch. As to dates, the Prime Minister's preference would be for 24 May, as suggested in my letter of 27 February. But if this is impossible for others concerned - and your letter does not give any guidance on this - then 26 July would be possible for her. Please could you let me know either way by 22 March.

(Charles Powell)

Richard Mottram, Esq.,
Ministry of Defence.

[Handwritten signature]

MR. POWELL

PM'S MEETING WITH CHIEFS OF STAFF

Re the attached letter from Richard Mottram (MOD): 8 July is a Monday and therefore I could cancel the lunch with colleagues; 26 July is a Friday and is at the moment free.

I do not mind one or other of these dates going if you feel strongly about it. We can then forget 24 May.

But pl. don't forget to
tell me which one
you chose!

CR.

18 March 1985



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01 ~~XXXX XXXX~~ 218 2111/3

MO 20/22

15th March 1985

Dear Charles,

PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF

Many thanks for your letter of 27th February, on which I have consulted the Chiefs of Staff. The Chiefs of Staff would very much welcome the opportunity for such a meeting and would like to offer the Prime Minister lunch as you suggest. They wonder whether the Prime Minister might also be able to spare the time for a discussion before lunch lasting say up to one hour. If the Prime Minister is content both the discussion and the lunch would be held here.

As to dates, the following would best suit my Secretary of State and the Chiefs of Staff if they were also convenient to the Prime Minister: 8th, 19th, 24th or 26th July. Other possibilities with varying degrees of difficulty for those concerned are 19th June, 20th June, 9th July, 10th July or 25th July.

Perhaps you could let me know how the Prime Minister wishes to proceed.

Yours ever,

Richard Mottram

(R C MOTTRAM)

C Powell Esq
No 10 Downing Street

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-930 1022 218 22113



12th March 1952

18 MAR 1952
11 12 1
3 4 5
6 7 8

PRIME MINISTER'S MEETING WITH THE CHIEFS OF STAFF

Very thanks for your letter of 17th February, on which I have consulted the Chiefs of Staff. The Chiefs of Staff would very much welcome the opportunity for such a meeting and would like to offer the Prime Minister lunch as you suggest. They wonder whether the Prime Minister might also be able to spare the time for a discussion before lunch lasting say 30 or 40 minutes. If the Prime Minister is content both the discussion and the lunch would be held here.

As to dates, the following would best suit my Secretary of State and the Chiefs of Staff if they were also convenient to the Prime Minister: 25th, 26th, 27th or 28th July. Other possibilities with varying degrees of difficulty for those concerned are 12th June, 10th June, 29th July, 19th July or 25th July.

Thanking you cordially for what I trust will be a most successful meeting, I am, Sir, very respectfully,
Yours faithfully,
R. C. MONTAGU

Yours faithfully,
R. C. MONTAGU

No. 10 Downing Street
London SW1



file shzaeo
Jadab.
JH

10 DOWNING STREET

From the Private Secretary

27 February, 1985

No reply yet
Charles
Is this firm now?
Kay
14.3.85

Caroline
Re the diary - do you
want to have a word
with Charles about this?
Kay
15/3

At the time of the Defence re-organisation last year, the Prime Minister said that she would like to meet the Chiefs of Staff annually. Given the speed with which the Prime Minister's diary is filling up, it would be prudent to try to fix a date now for such a meeting in the early summer. The Prime Minister would be able to manage a meeting on 24 May if that were convenient to the Defence Secretary. If so, I should be grateful if you could suggest it to the Chief of the Defence Staff. One possibility would be for the meeting to be held over lunch. Would the Chiefs of Staff like to offer the Prime Minister lunch on that day? Alternatively, we could arrange the lunch here in Downing Street.

C. D. POWELL

Richard Mottram, Esq.,
Ministry of Defence

W

24 May.

①

PRIME MINISTER

CHIEFS OF STAFF

At the time of the reorganisation last July, you told the Chiefs that you would see them annually for a general discussion.

The CDS has asked whether you would be prepared to lunch with the Chiefs in the MoD in May.

The Defence Secretary would be content and would of course be present.

Agree that I can discuss a date for you to lunch with the Chiefs of Staff in May?

Yes S

C.D.P.

26 February 1985

NOTE FOR THE RECORD

Admiral Sir Terence Lewin paid a farewell visit to the Prime Minister on Tuesday 12 October, following his retirement as Chief of the Defence Staff. The points of substance which Admiral Lewin made in the discussion were:

- i) A proposal for increased investment in intelligence-gathering would be coming forward. He hoped that the Prime Minister would support this.
- ii) The JIC needed a full time independent chairman whose job would include seeing that action was being taken in the appropriate part of Whitehall to follow up JIC assessments.
- iii) More needed to be done to unite the three Services. An opportunity was coming up to set up a joint Services Staff College. The Seamen's Hospital at Greenwich was due to be closed and the building would be just the right size. It would need a lot of push. He had left a note for the Secretary of State for Defence on this.
- iv) The reorganisation of the Ministry of Defence approved last November had helped towards achieving Lord Mountbatten's ideal. But more needed to be done. It could not be done while money was allocated to individual Services as at present. The votes should be divided functionally, to personnel, equipment, logistics, etc. Its allocation should be decided by a Defence Council dealing with policy, and the Single Service Boards should be confined to management of the Services within the policy laid down by the Defence Council. The Secretary of State for Defence favoured this idea, and Sir Frank Cooper was coming round to favour it, although he could not be expected to implement it before his retirement.

SECRET

v) Britain was still trying to do too much in our defence policy. We should concentrate on what we were good at. Our order of priorities should be:

- (a) the strategic deterrent;
- (b) doing more to protect the UK base;
- (c) the Atlantic bridge;
- (d) concentrating on the sort of combined operations and the projection of power at which we had demonstrated our qualities in the Falklands operation;
- (e) doing what was necessary on the central front.

Following the Falklands Britain was in a better position to undertake the necessary consultations with our Allies on changes of priority. The Secretary of State's Review had covered the allocation of money, but had not taken any fundamental look at strategy.

- vi) He was worried about NATO in the next ten years and particularly worried about Germany. The Chiefs of Staff had visited Germany and had found that they were worried about the US guarantee and talking about reunification. There were signs that they wanted to hedge their bets with the Russians.
- vii) A paper had been prepared in MOD on the strategic importance of the Southern Ocean: this would be a good subject for an OD discussion in due course.
- viii) Britain was still charging too much for the training associated with arms sales. Assistance with training paid off: he had created a central Assistant Chief of Defence Staff - military assistance. There was a central fund for this purpose: the problem was to get it spent.

Admiral Lewin said that he had left papers with the Secretary of State covering the subjects at (i), (iv) and (v) above.

13 October 1982

SECRET

F.R.B.



10 DOWNING STREET

CR Defence

Monday

29 Nov

10.30

-11.00-

el.

Mrs Stephens

Discussed with the PM
who feels that she must see Admiral
Leach because it is better for him
to have his say and get things off
his chest. Pl. will you arrange,
but see if you can persuade
Admiral Fieldhouse's office not to
press their request on the grounds
that the PM does not want to set
a precedent for seeing all incoming
Chiefs of Staff and she saw Admiral
Fieldhouse on ^{Monday and} Tuesday

PERB

13.10



10 DOWNING STREET

CR Defence

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Chiefs of Staff and she saw Admiral
Fieldhouse on ^{Monday and} Tuesday

PERB

13.10



In view of
the diff. without
I had better
see them
me

10 DOWNING STREET

Prime Minister

Following your earlier
comments we discreetly asked whether
Admirals Leach and Fieldhouse had a
particular reason for coming to see
you and were told that it was
simply a courtesy call because Admiral
Leach had seen you when taking up
office. In other words it is starting
to be a ritual.

You will see that Mr. Nott
recommends that you do not establish
his custom, which would no doubt
then be invoked by the other services;
but that you should have a word
with Admiral Leach on Monday evening.
Agree?

FERS
2.10.

PERSONAL



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~9307022~~ 218 2111/3

MO 1

8th October 1982

Dear Robin,

CALLS BY THE CHIEFS OF STAFF

We spoke about the case for the Prime Minister seeing Admiral Leach when he leaves his appointment as Chief of the Naval Staff and Admiral Fieldhouse when he takes it up. I have now been able to consult Mr Nott about this.

As I explained on the telephone, we suggest that these requests should be considered in the context of the precedents they would create for calls by all of the Chiefs of Staff. So far as we can establish from here, past practice has not been that the Prime Minister accepts such calls (as a recent example, we do not believe that General Bramall - as he then was - and General Stanier called on the Prime Minister when the post of Chief of the General Staff changed hands). We do not believe that such calls are likely to be particularly productive for the Prime Minister. Moreover, as you know in the last year there has been a far-reaching reform of the Chiefs of Staff machinery to strengthen the hand of the Chief of the Defence Staff and to emphasize his position as principal Military Adviser to the Government: it would be in keeping with these changes for the Prime Minister to see only outgoing and incoming Chiefs of the Defence Staff - should they request a call.

Mr Nott feels that these considerations point particularly against agreeing to a call by Admiral Fieldhouse on taking up his office. He can understand that the Prime Minister might feel that she should say farewell to Admiral Leach in view of his contribution during the Falklands conflict. He wonders whether she would not have an excellent opportunity to do this in the course of the Victory Dinner and the Victory Parade next week?

Yours ever,

Richard Mottram

(R C MOTTRAM)

R Butler Esq

PERSONAL



Courtesy
Coll.
admiral
teach-

10 DOWNING STREET

Caroline

P1. See the comments below.

Could you be in touch with the
offices of the two Admirals, explain
that it has not been the usual
practice for the PM to see the
incoming and outgoing First Sea Lords
and, while we do not think that she
would necessarily rule it out on that
account, ^{we} ~~she~~ wonders why they both
want to come. Is there some special
reason?

F.E.R.B.

4.10.



10 DOWNING STREET

Note below

- 1. MR. BUTLER
- 2. PRIME MINISTER

I don't mind seeing them - but I should like to know why they want to see me?

Admiral Leach and Admiral

Fieldhouse have asked to see you. Can I please put them in the diary?

ES - It would have to be private. Not to come to me?

I have consulted Mr. Nott's office.

They do not think that the precedents support your seeing the outgoing and incoming First Sea Lord and would not press you to do so. They point out that you did not see the incoming and outgoing CGS.

May we decline politely on the grounds that this is not the normal form - I think that Admirals Leach and Fieldhouse will understand this reason even if they do not welcome it? PERB

30 September 1982



10 DOWNING STREET

Caroline O/R

- A reminder, that Admirals Leach and Fieldhouse have asked to see the P.M.
- Told June Light* (rs/leach) that we would be in touch again when PM returns from far East.

* Main Building tel. x 6193
Peter 2319

Defence



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~980 7122~~ 218 6169

MO 22/7

4th February 1982

Dear Sir, MAF

1. *CAW* to see
2. *na*

MAF 4/2
(PM approved letter in draft)
MAF

We had a word on the telephone last Tuesday about the Conservative Defence Committee's invitation to the Chiefs of Staff to talk to them. We provided you with a line the Prime Minister might take if asked about this last Tuesday and she is aware of the rules relating to the attendance of civil servants and members of the Armed Forces at single Party Parliamentary gatherings.

My Secretary of State has spoken to Mr Gow about the line he was taking with Antony Buck MP, the chairman of the backbench defence committee, but the Prime Minister might like to see, in advance of today's Question Time, a copy of the letter my Secretary of State sent to Mr Buck last night.

Yours ever,

Alfred Phipps

(D T PIPER)

M A Pattison Esq

PERSONAL



MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALING 01-218 2111/3

MO 22/7

3rd February 1982

Dear Tony.

We had a brief word the other night about the suggestion that the Conservative Defence Committee should invite each of the Chiefs of Staff to come and talk. I told you that I would think about this suggestion which seemed to me to raise a number of problems about the well established rules governing the attendance of Military Officers and public servants at Party occasions.

As you will appreciate, if the Chiefs of Staff attend the Conservative Party Committee then they would also have to agree to attend Backbench Committees of the Labour and other parties. My own view is that the Chiefs of Staff should not be put in a position where their exposition of any subject could bring into question the political impartiality of HM Forces. I think we would be in danger of putting senior officers, in particular, in a very difficult position if we expect them to come along and talk to a Party Committee and yet keep within the basic rules, as enshrined in Queen's Regulations.

I have every confidence in the ability of senior officers to dodge awkward questions - I am sure they would all stand up well under fire - but we ought not to put them in that position in the first place. I am of course very much in favour of an open

1

Antony Buck Esq QC MP

PERSONAL

PERSONAL



discussion of all aspects of defence policy. I and my Ministers are always available for this - and we have been very open in all we have done by way of explaining the Government's defence policy. If there are specific subjects on which you feel the Members of your Committee would like to have a briefing, then we would always do our best to try and lay on the right people for a briefing in the Ministry of Defence, and they will often be senior officers. But I think there is an essential difference between briefings here for MPs, and also visits by MPs to military units, and the attendance by the Chiefs of Staff at Party meetings. I want to be as helpful as I can, but within the long established conventions.

Yours ever
John

John Nott

INTERNAL



- 3 FEB 1982



discussing of all aspects of defence of the country
we have done by way of explaining the Government's
It there are specific subjects which you feel the Members of
your Committee would like to have a meeting, then we would always
do our best to try and fit in the right people for a meeting in
the Ministry of Defence, and they will often be senior officers.
But I think there is an essential difference between meetings here
for Mrs. and other visits by Mrs. to military units, and the attendance
by the Chiefs of Staff at party meetings. I want to be as helpful
as I can, but within the long established conventions.

*For use
John*

John Galt

INTERNAL

SECRET AND PERSONAL



10 DOWNING STREET

Subj
Original filed
Defence - April 80
(CWBN)
Defence

From the Principal Private Secretary

2 April 1980

See Bani

Your Secretary of State stayed behind after this morning's meeting of OD to have a word with the Prime Minister on a number of matters.

FIVE STAR APPOINTMENTS

CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000

As it happened, he did have it in mind that the next CDS should be chosen on merit and not in accordance with the present system. It was important to have more flexibility so that Ministers could appoint the right man for the circumstances of the time. He would be bringing proposals to the Prime Minister in due course.

CHIEFS OF STAFF ATTENDANCE AT OD

Mr. Pym went on to say that the Chiefs of Staff were unhappy because he had brought only the CDS to the last meeting of OD and not all four of them. In general he felt it better to have one Chief of Staff present at OD rather than all of them but there would continue to be occasions when it made sense for all of them to attend.

The Prime Minister said that she did not think it wise to upset the Chiefs of Staff unnecessarily and the Defence Secretary was right to recognise that there would be times when all four should be present at meetings of OD. Moreover, she was always ready to have a separate meeting with them and the Defence Secretary, if the need arose.

/CHEMICAL AND BIOLOGICAL

SECRET AND PERSONAL

CHEMICAL AND BIOLOGICAL WARFARE

The Prime Minister said that, in the light of reports on developments in Soviet capabilities, she was beginning to wonder whether we were not at greater risk of CW and BW attack than of nuclear attack. Perhaps we should be investing more effort in these areas and less in the nuclear field. She wondered whether more resources might be made available by running on Chevaline longer than was at present planned.

Your Secretary of State said that we might be able to provide ourselves with a deterrent against CW and BW attack by acquiring an offensive capability of our own in these fields. He was already looking at this possibility and he would let the Prime Minister know his conclusions in due course.

VISIT TO BAOR AND BERLIN

In response to Mr. Pym's suggestion the Prime Minister said that she would like to visit BAOR and Berlin, though she did not think it would be appropriate to do so until after the German elections in October.

Yours ever,

Harold Wilson.

B.M. Norbury, Esq.,
Ministry of Defence.

Sp.



10 DOWNING STREET

For the file.

The meeting has
now been cancelled
& Admiral Leach's
office have been
explained that
only "collective
calls" are possible.

Q.

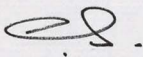
6/7.

1
B/H . 13 August.

PRIME MINISTER

Courtesy Calls by Chiefs of Staff

I have checked on the tradition you mentioned in your note, for the Prime Minister to see the Chiefs of Staff. Clive Whitmore assures me that they have only visited the Prime Minister in the past on a subject of serious professional concern and then the call was made collectively. There is no tradition for them to come individually. I would be grateful if you could therefore confirm that it is not possible for you to see the new First Sea Lord, Admiral Leach.



*Hand-
ms.*

25 June 1979

PRIME MINISTER

The new First Sea Lord, Admiral Leach, would like to come and see you. I have had a word with Bryan Cartledge about this, and he says it is quite unnecessary for you to do this, mainly because if you see him, it will open the flood gates to see all the Chiefs of Staff. So could you please confirm that I should not put him in the diary.

ES

There is a tradition that
the C of S's have access to

19 June, 1979.

the P.M. Could we
find out why he wants
to come? not.

