

STEERING COMMITTEE

Summary of the main points discussed at the 24th Meeting held at 5.00 p.m. on Monday, 28th April 1975, in the Leader's Room at the House of Commons.

Present: Mrs. Thatcher (In the Chair)

Mr. Whitelaw, Sir Keith Joseph, Sir Geoffrey Howe, Mr. Younger, Mr. Atkins

Mr. Onslow, Mr. Griffiths, Mr. Tugendhat, Mr. Warren, Mr. Goodhart, Rear-Admiral Morgan-Giles, Mr. Wiggin, Mr. Luce

Mr. Patten, Mr. Forman, Mr. Ridley, Col. Joynes (In Attendance).

Apologies: Mr. Maudling, Mr. Wall, Mr. Goodhew, Mr. Walder.

DEFENCE CUTS

AIM

Mrs. Thatcher said that the purpose of the meeting was to discuss tactics for the debate on 6th-7th May on the Defence White Paper (Cmd. 5976), and also the additional cuts in defence expenditure announced in the Budget speech. She expressed particular concern regarding contradictions in the White Paper whereby, in spite of its emphasis on support for NATO, it included a commitment to withdraw from the Mediterranean at a time when we must be deeply concerned at the evidence of increasing world-wide Communist activity and instability in that area. She said she was also concerned as to how the additional cuts announced in the Budget would be applied. She emphasised the need for the Opposition to lead public opinion on this whole question.

TACTICS IN THE DEBATE

Mr. Younger said he proposed to base his tactics on three main points:

1. The exposure of the White Paper's contradictions, and in particular the fact that the Government's Defence Review had been circumscribed by pre-ordained cuts.
2. Criticism of the additional £110 million cut announced in the Budget speech without any adequate explanation as to where this cut was to be applied.

3. The industrial effects, e.g. the rundown of the aircraft industry, dockyards and shipbuilding.

He stressed the need to alert the public to the dangers ahead and to embark on a long-term exercise to rekindle public interest in defence matters. He warned of the need to be clear about what cuts in other public spending programmes we would have made and the need to quantify and cost our alternatives.

#### THE BUDGET CUTS

Mr. Tugendhat said he understood that Mr. Healey had originally proposed an additional defence cut of £200 million, and that Mr. Mason probably regarded the later figure of £110 million as something of a victory. He had been informed that this cut would principally affect the Royal Navy and would involve reductions in supply vessels, and in overseas visits etc., but not in submarines or other important projects such as the Through-Deck Cruiser. Mrs. Thatcher felt that the cut might be largely a "book entry" entailing some slowing down of programmes. She advocated the use of further written Parliamentary Questions to elicit more information on this and other relevant matters before the forthcoming debate.

#### STRATEGIC REQUIREMENTS

Mr. Warren felt that there was "political mileage" in analysing our strategic needs since the White Paper had cut spending without proper regard for our commitments. He emphasised the strategic importance of our industrial base which was now in serious danger of erosion. He was also concerned about the effects of the White Paper on our Nimrod, helicopter and Maritime Harrier capability vis-a-vis the Russian submarine threat. In this connection he said that Pages 5 and 6 of the White Paper conveyed an inaccurate assessment of the threat which, in reality, meant that we were outnumbered by 3 or 4 to 1 since the U.S.S.R. could operate on "interior lines". He said that retardation of equipment programmes involved higher expenditure in the end - with unit cost increases of up to 20 per cent and serious effects on collaboration with other nations. Mrs. Thatcher endorsed the need for an analysis of our strategic needs and felt we should enlist widespread expert advice before the Debate so that the press would be aware that we were doing so and thus be more likely to give us sympathetic support. In this connection the names of Michael Howard, M. Francois Duchesne and Kenneth Hunt were suggested.

Rear-Admiral Morgan Giles felt that the U.K. should adopt a more maritime-orientated role. He also expressed misgivings about the reduction of reserves for the support of BAOR and for coping, if necessary, with internal subversion. But in the latter connection Mr. Younger sounded a note of caution. Mr. Wiggin suggested that cuts in regular forces should be compensated by increased reserves. Mr. Warren criticised the reduction in our strategic airlift. In reply to a question by Mrs. Thatcher about the past performance and utterances of the Labour Party on defence matters, Mr. Griffiths referred to the activities of a Defence of the Realm Group which had investigated this aspect. He also pointed out that reductions in

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conventional forces increased the danger of nuclear war. Mr. Luce, referring to the increase in Soviet naval activity in the Indian Ocean and South Atlantic areas, felt that in order to avoid a vacuum in these areas the U.K. should take the lead in urging NATO to become more outward-looking. Mr. Onslow felt we should concentrate, in this context, on the need to preserve the Maritime Harrier.

Referring to the European Security Conference, Mr. Tugendhat said that the Russians, while building up their strength, were at the same time denying any increase in cultural contact or political freedom. Mr. Goodhart pointed out that the Russian threat had become much more serious in the past few months - just at the time when the Government were reducing our defences.

#### REACTIONS OF OUR ALLIES

Mr. Griffiths referred to a recent "off the record" speech by Mr. Mason, in which he had sought to reassure the U.S. about our reliability as an ally. He said that Mr. Mason had promised to send him a copy of this speech - although it could not, of course, be quoted. He felt that the U.S. Congress were likely to argue that cuts in their European commitments should be last in their order of priority, and he emphasised the importance of the Eurogroup. He also pointed out that we had volunteered to undertake a primary role on NATO's flanks, and warned against the folly of weakening our contribution in this respect. Mrs. Thatcher asked him to provide Mr. Whitelaw with a note on this for his opening speech on the second day of the Debate.

Mr. Onslow said that in his view Mr. Mason carried little political weight among our allies. He also urged the need for Europe to fend for herself. In this connection he stressed the need for a particular initiative to bring France back into full NATO partnership, and said he felt that there should be no more standardisation until the EDC idea had been resumed. However, Mr. Goodhart felt that there were two sides to this argument and warned against the danger of alienating the U.S. who might, as a result, be tempted to reduce their contribution. He accepted the need for a sound industrial base - not least from the strategic standpoint, and warned of the long-term risk posed by the Warsaw Pact's expansion in this field.

In reply to a point made by Mr. Tugendhat about the U.S. position, Mrs. Thatcher said that if we were not prepared to defend ourselves, we could hardly expect others to defend us.

Mr. Griffiths warned against the danger of leaving the Germans no option but to increase their own armed forces - the implications of which were a cause for concern to the Germans themselves and could spell dangers for European policy as a whole.

#### FINANCIAL ASPECTS

Sir Geoffrey Howe noted the difficulty of "putting a price tag" on defence proposals. He felt that defence must be cost effective. Mrs. Thatcher agreed about the importance of

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getting value for money, but made it clear that the defence of the realm must be an over-riding priority, and that the money must be found to do whatever was necessary. Mr. Younger pointed out that we spent less per-capita than many of our allies. Mr. Tugendhat stressed the importance of armament exports and North Sea Oil as offsets. Mr. Younger warned of the danger of political counter-attack against vague costings, and Sir Geoffrey Howe, stressing the need to avoid giving "hostages to fortune", underlined the over-riding importance of reducing our Budget deficit.

Mr. Whitelaw felt there was still much scope for reducing our headquarters staffs (e.g. Northern Ireland and BAOR).

Mr. Griffiths felt that specific defence cuts could be related to unwarranted expenditure in other specific fields, e.g. food subsidies and nationalisation plans.

#### PARLIAMENTARY TACTICS

There was a short discussion about whether to vote against the White Paper straight or to table a reasoned amendment. It was decided that no decision should be made until further soundings had been taken - not least concerning the likely tactics of the Tribune Group.

The meeting adjourned at 6.20 p.m.