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DEFENCE AND OVERSEA POLICY COMMITTEE

FUTURE UNITED KINGDOM DEFENCE POLICY

Memorandum by the Secretary of State for Defence

Introduction

1. Before the election we made a fresh attitude to defence a key element of our programme. We attacked our predecessors' cuts in defence plans, and we promised a resolute drive to take defence seriously, strengthen our security within the Alliance, and look after the Services. We must now, in the light of the background explained in the paper attached to my note OD(79)29, decide how to do this.

2. The central fact which our defence policy must face is the huge and growing size, and widening reach, of Russian military power (see Annex, paragraphs 1 to 5). No one knows how future Soviet leaders may wield this power. Our policy must also take full cognisance of the constraints of our freedom of manoeuvre (Annex, paragraphs 16 to 27); and we must view all our decisions first and foremost in the Alliance context (paragraphs 10 to 15).

The Broad Thrust of Policy

3. I recommend that we should continue to make our distinctive national contribution primarily under the four inter-related heads of:

- a. the only NATO committed European nuclear force;
- b. defence of the United Kingdom base;
- c. substantial land and air forces on the Continent;
- d. the major contribution in the eastern Atlantic and Channel.

4. All four roles are crucial to our security and must be continued. Economic constraints will not allow all of them to be enhanced, as would militarily be desirable; and in my judgement the distinctive emphasis should most immediately be placed in the nuclear field. We should also do more for the defence - not least the defence against air attack - of the UK base, which our predecessors let sag.

Implementation of Policy

5. What will be crucial will be the maintenance of the improvement in the morale of the Services which our first steps have already begun to bring about. We must maintain the comparability of Service pay and we must take all possible steps to improve the attractiveness of Service life; I am examining this. We must boost the strength and morale of the Reserves, extend the employment of women and try to achieve more effective civilian support. Morale, particularly in the

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Army, will also be closely affected by the support we give to the work they are doing in Northern Ireland.

6. In the equipment programme we need to pursue value for money more vigorously; we need more hardware for the money we spend. We must concentrate on those things we do well, where we have professional and technical competence and which offer the best return to our national security. I have set work in hand to examine our procurement methods and R & D resources and the scope for increasing collaboration with our European partners. We need also to sell more abroad.

7. We cannot improve on the Labour policies we attacked without steady and substantial real growth in the defence budget; waste must be eradicated, but this will not in itself provide all the extra resources we need to keep up with our adversary's growing strength. We cannot hope to make a reality of the much needed improvements in NATO capability under the Long-Term Defence Programme unless we ourselves play our full part. It is essential that we settle the defence budget in the 1979 PESC in a way which plainly reflects both NATO guidelines and our earlier commitment to give defence the priority it needs.

8. The demands on our resources are acute but we must still take a wider view than our predecessors of Western security. We should plan, and act, more flexibly beyond NATO's geographical boundaries, and encourage our friends to join us. Where we have national commitments overseas, for example in Cyprus and Gibraltar, we should ensure that we secure maximum benefit from them.

Conclusions

9. I invite my colleagues to agree that:

- a. our defence policy should remain centred on the four main roles within NATO, with a progressive improvement to the defence of the UK base;
- b. we should give special emphasis to improving our nuclear forces;
- c. we should allocate to defence enough resources to make a sustained reality of our promises to strengthen it, while driving forward our search for a more cost-effective use of the budget;
- d. I should bring forward proposals accordingly.

Ministry of Defence
8th October 1979

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ANNEX

DEFENCE POLICY

The Soviet Union

The Soviet Union continues to have an adversary relationship with the West; it is still concerned to control Eastern Europe; it seeks to assert its international authority and to support "progressive" states, particularly in the Third World; it looks at China as a major risk; and it believes - not least in the light of its past history - that massive military power and political influence go together.

2. Soviet Armed Forces are large, well equipped and growing stronger. In the past decade Soviet defence expenditure has grown in real terms at about 4% per annum. It absorbs 11 to 13% of GNP. The Soviet defence budget is bigger than that of the US. The military industrial sector has the first claim on skilled manpower, equipment and materials and remains largely isolated from the civil economy. It seems to have remained singularly unaffected by Russia's slowing rate of economic growth.

3. The Soviet Union has at last caught up in nuclear strength. The large Research and Development effort has bitten deeply into NATO's former qualitative advantage. The reach of Soviet forces is longer than before. Despite the continuing rise in the real costs of equipment, defence output in 1974-1978 has not been reduced compared with 1969-1973.

The Military Balance

4. There is no early prospect of the Soviet Union being forced by internal or external pressures to reduce the forces it deploys against the West, or of our allies increasing their military effort enough to let us do less. There is a need to consider our long-term arms control policy - not least in the conventional field - to see if it could help ease the threat but we cannot count or plan on major relief. We face an increasingly volatile international scene, heightened fears about the weight and direction of Soviet military effort, and in Europe doubts about American leadership.

5. While the present Soviet leadership is cautious, they will not still be in power within a few years. Widening conventional imbalance might not lead to war itself (though we cannot rule that out) but could so intimidate the countries of Western Europe that they were persuaded their security interests would be better served by an accommodation with the Soviet Union. We can no longer rely on US nuclear power to mask major Western

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weaknesses elsewhere and nuclear parity is having a major impact on European and US perceptions of their security. Economic problems, not least in Eastern Europe, and the possibility of miscalculation in relation to a Third World country are both danger points.

North Atlantic Treaty Organisation Strategy

6. Our security depends on the North Atlantic Alliance. This means that the impact of our defence choices on allies, and their reactions, are key factors; and that we must plan our effort in line with NATO strategy. NATO's current deterrent strategy is essential to binding the US to the defence of Western Europe, and to maintaining confidence in the FRG that its security interests are best served by membership of the Alliance, and as a non-nuclear power.

7. The key elements of NATO strategy reflect political as well as military realities, notably the different preoccupations of our two main allies, the US and the FRG. Flexible response reflects the refusal of the US to accept a strategy wholly dependent on the one response that would bring destruction on the US homeland. The FRG is wholly committed to forward defence of its territory, which is only 200 miles wide and has no buffer states.

8. Implementing the agreed strategy is complicated by differing national attitudes, notably on the likely duration of war and on warning time. The US increasingly stress the need for strong and lasting conventional defence, and plan massive sea- and air-borne reinforcement of their forces in Europe. These concepts are central to the Long-Term Defence Programme, launched by Heads of State and which the Alliance has endorsed. The FRG agree about stalwart conventional defence but want the strongest possible forward deployment in peacetime. Reluctant to contemplate a long war over their territory, they place less emphasis on conventional staying-power and therefore on reinforcement: but the corollary - that nuclear escalation may be rapid if conventional defence falters - poses for them as well as for the US difficult issues which cannot be perfectly resolved.

9. These differences cause tension in the Alliance and make resource allocation harder. They reduce the room for manoeuvre. There is limited room for nations to form their own judgements - notably in the equipment field. But a leading Alliance member like ourselves would need to weigh very carefully the US and FRG commitments to reinforcement and forward defence respectively before changing markedly the balance of our own contribution. These constraints on our freedom of manoeuvre are an inescapable

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consequence of Alliance membership.

The British Contribution to NATO

10. Virtually all our forces are available to NATO in one way or another. We contribute in four main areas:

- a. nuclear
- b. UK base
- c. Central Region
- d. Eastern Atlantic/Channel

We have specialist reinforcement forces declared to NATO and a number of other commitments both inside (eg Gibraltar and Cyprus) and outside the NATO boundaries. Our regular forces in the UK sustain the Northern Ireland task and stand ready for contingency tasks like strengthening Belize and Hong Kong. With the reserves, they would in war more than double the peacetime strength of BAOR.

11. Our nuclear role is one to which our Allies attach increasing importance. Our forces are integrated into NATO nuclear planning. But our ultimate ability to use our forces independently is the key to our contribution since it provides a second centre of nuclear decision-making within the Alliance. This applies both to our Polaris force and to our other longer range theatre nuclear forces.

12. The security of the UK base is of increasing importance. We are a major staging post for US reinforcements to the mainland of Europe as well as a base for some of these reinforcements. Soviet forces increasingly have the reach directly to attack the UK, and the air threat is particularly worrying.

13. We have unique Treaty obligations to station forces in Germany. These forces are of great political importance and contribute substantially to our security. They are in the right place for implementing NATO strategy. They cost the defence budget some £300m a year more than they would in the UK. They also impose a burden on the balance of payments: drawings of foreign currency for them will amount to some £630m this year, though offsetting factors bring the net foreign cost to about £440m.

14. Our maritime forces in the Eastern Atlantic and Channel provide the main weight of such forces immediately available to NATO in these areas. A major task for them lies in the protection of the movement of forces across the Atlantic and therefore in

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the link between the North American and European elements of the Alliance. Our naval forces also provide a capability for deployments outside the NATO area.

15. Were we starting from scratch we might shape our contributions differently. Given our commitment to, and dependence on, the Alliance, abrupt change now would damage our own security. Further, the diversity of contribution gives us, alone among European nations other than France, an ability to respond in some measure to the full range of military pressures that might be exerted on us or on our European allies.

Constraints on our Choices

16. Apart from those implied by our membership of the Alliance, two major sets of constraints bear on policy:

- a. resources - human, industrial and financial;
- b. lead times.

17. Service Manpower. The present strength of the Services is about 315,000. The trained strength is some 17,000 below current requirements - this is a greater shortfall than at any time during the past ten years. Moreover, the requirements are planned to rise; so that we have a shortfall of some 20,000 to make good in the next four or five years. This will be a formidable task, requiring not only better retention of men in the Services, but recruitment of larger numbers each year than we have secured at any time since conscription ended - and this during a period when the pool of young men and women entering the labour market will be declining. The training requirement is particularly heavy because of the failure to retain skilled personnel.

18. We have made a good start by setting pay at its proper level and undertaking to maintain it. But the impact of this will soon be lost if conditions do not keep pace with rising expectations in the nation as a whole. We cannot afford a further drain on our resources by the premature retirement of skilled and experienced men, which has been so damaging to the quality as well as the strength of the Forces in recent years and which will take a decade to make good. A study of the necessary improvements in conditions is in hand. At the heart of the matter is where the married Serviceman lives and how we reconcile the operational needs of the Services with the wish of Service personnel - largely on financial grounds - to buy their own homes.

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19. These improvements will not only be important in their own right, but also as an indication of the new status we must give to the Forces in society: if our efforts are to succeed, we must emphasise by every means open to us the importance which we attach to the Forces' role.

20. I am also considering the extended use of the Womens' Services. There are now some 12,000 women in our Armed Forces; I believe we can employ (and recruit) many more in the years to come thus providing wider career opportunities for women and at the same time relieving some of the effects of male shortages.

21. Finally we must maintain the attraction of service in the Reserves. Following the restoration of the title of the Territorial Army a drive is on to obtain more recruits - and to keep them. In addition a new initiative has been taken this year to form three Royal Auxiliary Air Force regiments for airfield defence. Recruiting is underway, and if this initial scheme is successful it will be extended.

22. To sum up, we have begun well: morale and confidence are improved, and premature outflow is being checked. But there are serious problems ahead and we could easily slip back. We must avoid this by keeping up our recruiting effort; by specific measures to improve conditions (as well as maintaining pay); and by striking the right public attitude to defence and the Services.

23. Civilian Manpower. Civilians are in many ways an even bigger problem. The Services cannot operate without their civilian support which contains large numbers of skilled professional and industrial workers. There are major problems of industrial unrest, skills and numbers. Our predecessors cut strength by over 40,000. There has been a further drop of more than 5,000 since 1st May. Recruiting skilled staff is particularly hard - for example, we need to treble the rate of engineer recruitment. In some key fields civilian strength is already a direct constraint on policy options.

24. There is still much devotion and loyalty to the Services but we risk losing it. Morale in many areas is low. There is over-centralisation. A civilian working on the nuclear deterrent is looked on and treated in the same light as a man stoking the boiler in an office building. Managers need more freedom of action. Further reductions in numbers are difficult to reconcile with priority for defence and more defence spending. The threat of cuts does not encourage work let alone help with recruitment. We need an end to uncertainty.

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25. Industrial Resources. In the January 1979 defence costings equipment expenditure is planned to rise by about 40%, from £3.25 billion in 1979/80 to £4.58 billion in 1988/89. The wide spread of capabilities which our policies and commitments require entail high overheads. The ratio of R & D to production in the planned equipment programme in the 1980s is about 1:3. About 70% by value of our equipment is made here, 20% is collaborative and 10% is bought abroad. The capital cost of new equipment might be reduced and resource shortages in UK industry avoided by buying elsewhere, notably in the United States. But we must weigh this, as the French and Germans clearly do, against the implications of becoming dependent and the risks of heightening problems in our own industry. Industry is particularly sensitive to production potentialities and will only consider defence work, and recruit the skilled men and make the investment needed, if it is confident we will stick to our plans. Stability is crucial to an efficient and successful equipment programme.

26. Financial Resources. NATO urges that countries should ensure annual real growth of at least 3% in defence spending up to 1986. In fact, 3% a year real growth to the mid-1980s from the reduced figure we have just settled for 1980/81 would accommodate the previous Government's programme but would barely leave head-room for making a start on a successor to Polaris and on any UK contribution to the improvement of NATO long-range theatre nuclear forces, issues which our predecessors did not squarely face up to. If we want to do more elsewhere, we must either provide more money or create fresh room within the programme we inherited. We must also be prepared for continued growth in budget beyond the PESC period.

27. Lead Times. The lead times for major defence equipments and for providing the skilled men to operate them make it hard to change our defence posture markedly in the near term without much waste. Defence is a long term business.

Ministry of Defence
8th October 1979

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