



File United Kingdom 22 MAY 1981 3145

BRITISH EMBASSY,
WASHINGTON, D. C. 20008
TELEPHONE: (202) 462-1340

FROM THE AMBASSADOR

21 May 1981

The Honorable Richard V Allen
Assistant to the President for
National Security Affairs
The White House
Washington DC 20500

UNITED KINGDOM

Dear Dick,

There has been a certain amount of rather misleading press comment in recent days about the British Government's current defence review. I feel sure you will want to know the true position and I am therefore enclosing for your information the text of a statement released to the Press Association on 6 May by the British Secretary of Defence, John Nott, together with excerpts from his speech on 19 May during the House of Commons debate on defence.

I should like to draw your attention in particular to the Government's continuing commitment that, in Mr. Nott's words, "we remain on a 3% real rate of growth" in defence spending; and that he has not "contemplated, sought, proposed or recommended ... any cut in the published defence budget of the United Kingdom". The purpose of the current programme review is rather to ensure that the 5.2% of the United Kingdom's GDP which is accounted for by defence expenditure is applied as cost-effectively as possible to the requirements of Britain's armed forces in the next 10 years and beyond.

Nicholas Henderson

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AS MY FORWARD TO THE WHITE PAPER MADE ABSOLUTELY PLAIN WE ARE IN THE PROCESS OF CONDUCTING OUR NORMAL TEN YEAR REVIEW OF THE DEFENCE PROGRAMME BUT THIS YEAR IT IS MORE FUNDAMENTAL THAN FOR SOME YEARS PAST. EVERY COUNTRY IS FACED WITH AN UNUSUAL ESCALATION OF EQUIPMENT COSTS AND, LIKE US, DEFENCE DEPARTMENTS THROUGHOUT NATO ARE FINDING THAT THEIR PROGRAMME IS RUNNING SUBSTANTIALLY AHEAD OF AVAILABLE RESOURCES. OUR POSITION IS BETTER THAN SOME. THE PUBLIC EXPENDITURE WHITE PAPER HAS MADE IT ABSOLUTELY CLEAR THAT WE REMAIN ON A 3 PER CENT REAL RATE OF GROWTH AND SO THE POSITION REMAINS. AS YOU KNOW, BUT I WOULD LIKE TO EMPHASISE THIS POINT AGAIN, MOD IS NOT AT PRESENT ENGAGED IN A CUTS EXERCISE. AT PRESENT WE ARE SEEKING TO BUILD FROM THE BOTTOM UP QUOTE A CORE PROGRAMME UNQUOTE WHICH WILL SUSTAIN THE EQUIPMENT AND MANPOWER ARRANGEMENTS OF OUR ARMED FORCES FOR THE NEXT 10 YEARS; RATHER THAN JUST CUTTING AWAY FROM EXISTING COSTINGS, CAUSING THE KIND OF DISRUPTION WHICH WE HAVE SEEN THIS YEAR TO ACTIVITY RATES AND TRAINING. I AM ASKING THE ROYAL NAVY, THE ARMY AND THE ROYAL AIR FORCE TO LOOK TO SEE WHAT KIND OF BALANCED FORCE IN TERMS OF EQUIPMENT AND MANPOWER THEY THEMSELVES ENVISAGE WOULD BE DESIRABLE, GIVEN THE RESOURCE CONSTRAINTS WHICH FACE US IN 1985 AND 1990. THE PROBLEM CONTAINS MANY DIFFICULT JUDGEMENTS. PARTLY, FOR EXAMPLE, IT MUST BE BASED ON GUESS WORK ABOUT THE WARSAW PACT'S DEVELOPMENT OF EQUIPMENT, PARTLY ON WHAT KIND OF PROBLEMS AND REQUIREMENTS WE MAY FACE IN AREAS OUTSIDE THE NATO AREA.

IT IS IMPOSSIBLE TO ARRIVE AT A SENSIBLE SOLUTION UNLESS WE EXAMINE EVERY OPTION, EVERY DIFFICULTY; NOTHING CAN BE - OR IS - SACRED IN THIS OPTIONS EXERCISE. AREAS OF STUDY INCLUDE - AND I GIVE THESE JUST AS EXAMPLES:

- I. REORGANISING RHINE ARMY WITHIN THE FRAMEWORK OF OUR TREATY OBLIGATIONS, TO IMPROVE ITS MILITARY EFFECTIVENESS SEMI-COLON
- II. REVIEWING THE BALANCE BETWEEN DIFFERENT WAYS OF CARRYING OUT ANTI-SUBMARINE WARFARE IN THE EASTERN ATLANTIC AND CHANNEL AREAS;
- III. WAYS OF STRENGTHENING THE AIR DEFENCE OF THE UNITED KINGDOM;
- IV. THE IMPLICATIONS OF INCREASING THE SIZE AND CAPABILITY OF THE RESERVE FORCES OF ALL THREE SERVICES;
- V. REVIEWING THE REQUIREMENT FOR STAFF AND HEADQUARTERS JOBS AT ALL LEVELS IN MOD AND THE COMMAND STRUCTURE.

WHEN I HAVE AVAILABLE THE FULL RANGE OF ALTERNATIVE SOLUTIONS INVOLVING A BALANCE BETWEEN MANPOWER AND EQUIPMENT, BETWEEN PLATFORMS AND WEAPONS, BETWEEN REGULAR AND RESERVE FORCES, BETWEEN ONE OPERATIONAL AREA AND ANOTHER, I AND MY MINISTERIAL COLLEAGUES WILL BE ABLE TO MAKE THE VITAL OPERATIONAL AND POLITICAL CHOICES NEEDED TO LEAD US INTO A FINANCIAL PROGRAMME FOR THE NEXT TEN YEARS. WE CANNOT MAKE THESE JUDGEMENTS UNTIL WE HAVE THE RESULTS OF THE STUDIES. OUR SOLUTION MUST BE REACHED, OF COURSE, WITHIN AN ALLIANCE CONTEXT.

I HAVE MADE IT CLEAR THAT I HOPE TO BE ABLE TO MAKE AN ANNOUNCEMENT ON THIS EXERCISE BY THE MIDDLE OF JULY. THE GOVERNMENT'S DECISIONS WILL BE EXPLAINED FIRST TO THE HOUSE OF COMMONS. SPECULATION BEFORE THEN WILL BE UNDERSTANDABLE, BUT IT WILL ONLY BE SPECULATION. NO DECISIONS HAVE BEEN MADE AND THE FACT THAT A PARTICULAR OPTION IS BEING STUDIED IN NO WAY IMPLIES THAT IT IS MORE LIKELY THAN ANY OTHER TO BE ADOPTED.

Statement released to the Press Association 6 May by the British Secretary for Defence

Following are extracts from Secretary of State for Defence, Mr John Nott's opening speech to Commons Defence Debate, 19 May 1981:

I hope that I shall be forgiven for opening the debate with a quotation from the Wealth of Nations. In 1778 Adam Smith wrote: Arms and their ammunition are becoming more expensive. A musket is a more expensive machine than a javelin or a bow and arrows: a cannon or a mortar than a ballista or a catapulta.

Indeed, he was right. I hope that his perception of the problem, some 200 years ago, will be equally understood by the House today. It is reflected in the introduction to the White Paper that is now before us.

An explosion in defence technology has brought with it an explosion in cost. For instance, if we are to increase the flying hours of the RAF's fast jet pilots by one hour only, once per month, it will cost another 8 million pounds sterling a year. That is happening while the massive forces of the Soviet Union continue to grow remorselessly, and are armed with increasingly sophisticated weaponry. The position is grave....

.... I began my speech by mentioning our future operational effectiveness, and how we could maintain it and enhance our frontline capabilities, in spite of remorselessly rising costs. I see my task as a simple one, and no amount of special pleading from one part of our defence establishment or another will divert me from it. It is to form a defence view - not a single service view - of how we can conduct our tasks within the Alliance in the defence of freedom and democracy.

At no time have I contemplated, sought, proposed or recommended - or been asked by the Prime Minister to contemplate, seek, propose or recommend - any cut in the published defence budget of the United Kingdom. Some of the suggestions in the press, especially

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the report by the naval correspondent of the Daily Telegraph, are pure invention. I emphatically deny that the Navy will be reduced to little more than a coastal defence force without carriers, with other parts of the Fleet drastically cut and the Royal Marines disbanded after 317 years service. If such ridiculous notions exist anywhere, we have not seen them. They may exist somewhere in the Ministry of Defence, but not in papers that I have ever seen.

What I have been trying to do in the past 2 months during this exercise - I have had the most loyal support from all the Chiefs of Staff on this endeavour - is to build, from the bottom up, the basic structure to which we should gear the equipment and manpower requirements of our Armed Forces for the next ten years and beyond. The basic structure will represent for each of the Armed Services the most crucial and the most relevant elements of our defence capability. It is not itself - and was never intended to be - a defence programme as such. Its bare cost could never be a proper measure of what our defence budget provision ought to be

.... I conclude this section of my speech by saying that in considering the future allocation of resources we must arrive at the right balance between the different roles - both now and in the future - that our forces could be called upon to play - both inside and outside NATO - between manpower and equipment; between weapons, including war stocks, and the platforms that will carry them; between our regular forces and the reserves - and between the different layers of direct and indirect support that our fighting services require.

That study will continue for some time yet and, while it is necessary for me to keep my Right Hon Friends informed of progress, I do not anticipate that I shall be seeking any decisions from them about my final proposals before July - whereupon it would be my wish that we should have a full debate on all the issues

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.... The Soviet Union now possesses 60,000 (sixty thousand) tanks. It can field 10,000 (ten thousand) combat aircraft of ever-increasing sophistication, range and destructive power. Every six weeks the Soviets launch a nuclear submarine, armed with either a ballistic or a cruise missile system. They have 5.5 million men under arms. More important, they are deploying each week one new SS-20 MIRV-ED missile, targetted against our cities, and that is two years before the cruise missile is even due to be deployed in Europe.

So I come to the argument about money and the cost-effectiveness of Trident. Of course, money spent on Trident is money that is not spent on something else. However, the only real question that we have to ask is: what is most likely to achieve our sole objective in NATO - the preservation of peace? There is no other objective. Deterrence turns on what the other side thinks - not on what we think. Surely it is not suggested that if the Soviets were asked their view - and gave an honest answer - they would sooner face an increment BAORS armoured strength, when they already have 17,500 tanks to our 600 on the central front - a total of 7,000 tanks for NATO - or more Tornados, when they already have a numerical superiority in modern combat aircraft. Even the expenditure of tens of billions of pounds could hardly affect that one way or the other.

Trident is not just a numerical addition to the nuclear deterrent of the United States. It involves a quite different multiplication of risk to a potential aggressor which we, alone in Europe, are qualified to possess. In Europe we have the experience. Which would the Russians choose: more tanks, or Tornados, or Trident? I suggest that one has only to ask the question to know the answer

.... However, it leads me to different conclusions about what is the safest and best way of stopping the mad nuclear arms race. I share the abhorrence of the whole awful thing. But I find it hard to understand those who argue against Trident on the utilitarian ground of deterrent cost-effectiveness. If one asks which will give more pause to an adversary contemplating aggression - Trident or

an increase in our conventional forces - the answer is plain.

Mr Robert C Brown (Newcastle Upon Tyne, West): When the Secretary of State makes comparisons between Trident and other systems that frightens people. The continual assertion that Trident is much better in terms of overall defence expenditure carries with it the inference that the Government are coming round to thinking of using the nuclear weapon, and using it quickly.

Mr Nott: I understand that that argument is widely advertised by members of the campaign for nuclear disarmament and others. The idea that any Western democratic nation could conceive of Trident or any other nuclear weapon as being required for war fighting is too fanciful for words. We are talking about weapons of mass destruction. They are required for deterrence and the prevention of war now, as they have been since the War. Before Hiroshima and Nagasaki 50 million people died in the Second World War. That was before nuclear weapons were used. Since the two sides have had them neither side has come near to contemplating in any circumstances the use of the weapons. In some extraordinary way one must ask have they not become weapons of peace?

Finally, I turn to the question of arms control.

We believe in arms control. I endorse, as did all NATO Ministers last week, the need for arms control negotiations. Who would not? The present arms race is utter madness. However, arms control can be successful only if we respond more effectively to the threat which faces us.

When the West enters a disarmament negotiation with the Eastern bloc from a position of military weakness, we also suffer from equally serious negotiating weakness. The weakness stems not only from the fact that the West is clearly not in a position to make good existing military disparities - and I have described them - but because there appears very often to be an

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in-built need on the Western side to keep up the pace of the negotiations, a need which sometimes takes scant account of the military and security risks involved.

Against this, the East appears to have no need to worry about the demands in the process of the negotiations coming from its own public opinion because it does not have one. The result of the differing approaches to arms control negotiations is that, although the West may enter into the process of negotiation with laudable objectives in both military and political terms, the West has pressures on it to make progress leading to concessions in the face of intransigence and lack of compromise from the Eastern side....

.... It is not necessary for us to be in a position of military superiority. NATO, as a defensive alliance, does not seek such a position. However, we cannot hope to negotiate fair agreements from a position of substantial or growing inferiority. Arms control has a part to play in our security, but fresh initiatives can never be a substitute for necessary defence. We must be guided by our minds as well as our hearts. For that at least is a requirement of any government, if not that of every loyal opposition.