CONFIDENTIAL





PRIME MINISTER

Rainsat meeting.
Les And 6/3

STATEMENT ON THE DEFENCE ESTIMATES

It was resolved at OD yesterday that the Defence White Paper should include a reference to the problems of reconciling commitments and resources.

I feel there is more danger in not rehearsing the arguments than in overplaying this problem. The Secretary of State for Defence has underlined that current economies are undermining the operating efficiency of the armed forces. This will sustain the growing feeling that we are overstretched in our defence capability, and the Trident nuclear option will be seen as a further weakening of the resources that might be available for conventional defence. In such circumstances anti-nuclear sentiment will go much wider than in the 1950s, and in circumstances that could be electorally harmful.

The best way to prevent or limit this danger would be to have a clear undertaking to order and balance our commitments within the resources we choose to make available for defence, and to be seen to be doing just that.

I am copying this minute to other members of OD and to Sir Robert Armstrong.

W.J.B.

Department of Trade 1 Victoria Street London, SW1H OET

March 1981

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