

Prime Minister

NW unexpected  
decidedly unexpected.

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GR 220

UNCLASSIFIED  
FM WASHINGTON 191610Z MAY 81  
TO PRIORITY FCO  
TELEGRAM NUMBER 1547 OF 19 MAY  
INFO PRIORITY MODUK ROUTINE UKDEL NATO

US PRESS COVERAGE OF BRITISH DEFENCE SPENDING PROPOSALS

1. THE NEW YORK TIMES, WALL STREET JOURNAL AND THE BALTIMORE SUN ALL REPORT FAIRLY PROMINENTLY THE ANNOUNCEMENT BY HMG OF PLANS TO CUT DEFENCE SPENDING PROPOSALS BY THE EQUIVALENT OF 2 POINT 2 BILLION OVER THE NEXT 10 YEARS AND THE DISMISSAL BY THE PRIME MINISTER OF THE MINISTER FOR THE NAVY. THE ARTICLES SAY THAT THE CUTS TO THE NAVY, WHICH WOULD HAVE THE EFFECT OF HALVING THE NUMBER OF MAJOR SURFACE COMBATANTS, WOULD BE LIKELY TO CAUSE ANXIETY IN THE UNITED STATES AND THE NORTH ATLANTIC ALLIANCE. AMERICAN OFFICIALS ARE QUOTED AS SAYING THAT THE US NAVY WOULD BE UNABLE TO TAKE UP THE SLACK IN THE EASTERN ATLANTIC. THE ARTICLES ALSO HIGHLIGHT THE PROPOSAL TO DISBAND THE ROYAL MARINES AND TO REDUCE BY 2-3,000 MEN THE BRITISH ARMY OF THE RHINE. ACCORDING TO AN ARTICLE IN THE WALL STREET JOURNAL QUOTE DESPITE THE APPARENT PERSONAL REGARD THAT HAS EMERGED BETWEEN MRS THATCHER AND PRESIDENT REAGAN, THE PROPOSED CUTS COULD ALSO CAUSE SOME STRAINS BETWEEN THE TWO GOVERNMENTS AS MR REAGAN'S PUSH TO INCREASE DEFENCE SPENDING FACES CONTINUED RESISTANCE IN EUROPE UNQUOTE .

HENDERSON

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THIS TELEGRAM  
WAS NOT  
ADVANCED