

Prime Minister.

Agree :-

Yes (i) to speak on these lines at the end of Foreign Affairs business at Cabinet this Thursday;

Yes (ii) the draft message to President Trident not. Reagan? RH

19.1.82.

Ref. A07183

PRIME MINISTER

In accordance with MISC 7's decision at its meeting on 12th January I submit

- a. a draft speaking note which you could use at Cabinet on 21st January
- b. a draft message from you to President Reagan, which could be sent over the direct Cabinet Office/White House link on the afternoon of 21st January.

These drafts have been agreed at official level with the Ministry of Defence and Foreign and Commonwealth Office.

2. HM Ambassador in Washington was warned, when he was here last week, that you were likely to be sending a message to the President. He will take appropriate supporting action.

3. I am copying this minute to the Foreign and Commonwealth Secretary and to the Secretary of State for Defence.

*RA*

ROBERT ARMSTRONG

*\* perhaps at the end of the Foreign Affairs business under item 2.*

19th January 1982

TOP SECRET



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~~DRAFT MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN~~  
*of the United States of America.*

*Dear Ron,*  
It was very helpful when you told us last August of your intention to use the D5 missile in your Trident submarine and to make that missile available to the United Kingdom should we wish to buy it.

Over the past months we have been giving the choice between the C4 and D5 missiles careful thought. We should now like to explore with your people the possibility of buying the D5, including the terms on which the missile system would be made available. I should like to send to Washington in the near future a small team of senior officials to discuss this possibility on a very confidential basis. On the last occasion the team which we sent consisted of officials from the Cabinet Office, the Ministry of Defence and the Foreign and Commonwealth Office here. We would propose to follow the same pattern on this occasion, assuming this to be compatible with whatever arrangements you thought it best to make on your side.

If you are content that we should proceed in this way, I should welcome your views on how the talks could best be conducted; and I should be glad to know whom my people should contact in the first instance. I hope it may be possible to make arrangements for an early visit.

*Warm regards,  
Yours ever,  
Margaret*

TOP SECRET



Speaking Note for the Prime Minister

① The Cabinet will remember that the decision to acquire the Trident missile to replace Polaris as our strategic nuclear deterrent was announced in July 1980, following agreement with the Carter Administration. The decision was to adopt the American Trident 1 (C4) missile to be carried in a new British submarine based closely on the American submarines which currently carry their Poseidon and C4.

July 80  
C4

2. Since then the Ministry of Defence have carried forward the detailed technical and financial studies on the project which were only possible after we had made public our decision to acquire Trident: I shall ask the Secretary of State for Defence to say a word about these in a minute. More important, President Reagan announced last October his decision to deploy the Trident 2 (D5) missile in 1989, and to phase out the Trident 1 missile by 1998, much earlier than expected. This decision has forced us to look again at our plans and to decide whether to follow the Americans and acquire Trident 2 rather than Trident 1. The President has indicated his willingness to let us buy the Trident 2.

Technical  
Ministry  
of Defence

1) 5-  
1989  
- phase out  
Trident 1  
by 1998

3. A group of Ministers under my chairmanship have been considering this problem over the past few months. We are in no doubt that Britain should continue to have her own independent strategic nuclear deterrent; and, if that is accepted, there are cogent arguments for going for the Trident 2 missile, provided that we can negotiate satisfactory terms with the Americans. It would be introduced in 1994, slightly later than we had planned to introduce the Trident 1; this would also have the convenient effect of lower costs over the next 2-3 years, when the defence budget will be facing special difficulties.

←  
Cognate  
arguments  
for 2  
→ negotiate  
with  
2-3 years

4. The choice before us is one of great technical complexity; and it also has considerable financial implications. Over the whole 15 year period of the project the extra capital cost of acquiring Trident 2 instead of Trident 1 would be £800 million, bringing the total capital cost over the period to something like £7½ billion if we were to go for a 4 boat force (both figures at September

submarine



1981 prices and exchange rates; the total figure would be £6 billion on the July 1980 price and exchange rate basis which underlay the then Secretary of State for Defence's public announcement about Trident 1). The through-life running costs would be likely to be lower in the case of Trident 2, because we should throughout be operating in parallel with an American programme. These figures have major political as well as economic implications, which the Cabinet will want to consider before a decision is taken. Those of us who have been considering the matter are persuaded that the maintenance of an independent strategic deterrent should continue to be our highest <sup>defence</sup> priority (this is also the view of the Chiefs of Staff) and that Trident 2 is likely to be the most effective and cost-effective system for our independent strategic deterrent through to the 2020's; and we believe that the cost can be accommodated within the defence budget without unacceptable consequences for our conventional defence effort; in fact in the next four years Trident 2 will cost less than Trident 1, But we do not need to, and we should not, get into detailed discussion in the Cabinet until we know what terms are available to us from the Americans.

Running cost - low

And it would not involve any increase in the defence budget levels which the Cabinet has already approved.

5. I am therefore sending a message to the President of the United States, with a proposal to send a small team of senior officials to Washington to discuss the terms in which the technology, equipment and materials we should need for Trident 2 could be made available to us. When these negotiations have been completed, the Cabinet will be asked to take a decision, on the basis of full information. Meanwhile it is of the highest importance, if we are not to weaken our hand in those discussions, that there should be no leak or public indication of our intentions.

6. The Secretary of State for Defence has also agreed that, in preparation for our substantive discussion, a presentation will be made available to colleagues on the strategic, technical and financial background to the decision. The Cabinet Office will be getting in touch with members of the Cabinet who would like to take advantage of this preliminary briefing, with a view to making arrangements for suitable dates and times.

The extra capital cost of acquiring Trident 2 instead of Trident 1 would be at ~~the~~ July 1980 prices — the prices at which we have been discussing these things — £600 million, raising the total capital cost to £5.9 billion.

~~At~~ ~~September~~ ~~1981~~ ~~prices~~ ~~and~~ ~~exchange~~ ~~rates~~, the total ~~cost~~ <sup>capital cost</sup>

now comes to about £7½ billion.



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ST CATHERINE'S  
HOUSE

