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Defence 3

Ref. A0801

PRIME MINISTER  

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Future United Kingdom Defence Policy

(OD(79) 30)

BACKGROUND

This paper by the Secretary of State for Defence and the associated background paper OD(79) 29 were circulated at the beginning of October. It seemed right that OD should not discuss them until public expenditure issues had been settled. The Secretary of State for Defence had three things in mind in circulating these papers. These are:-

- (a) that the Government had not yet had a general discussion of defence policy;
- (b) that there was insufficient understanding of the extent to which United Kingdom defence policy was tied to NATO with very little room for manoeuvre in the short term.
- (c) That it would be helpful to him to have sounded out the views of his colleagues before producing the annual White Paper on defence policy which is due early in the New Year.

2. The Secretary of State's memorandum is so very general that it is in one sense difficult to disagree with. But it glosses over a number of questions that ought to be, and no doubt will be, asked. In particular, it really does not deal adequately with the availability of resources. No-one would want to suggest a full scale Defence Review; but some of your colleagues - notably the Chancellor - may well propose that there should be a full study of options, priorities and resource implications.

HANDLING

3. You will wish to invite the Secretary of State for Defence to introduce his paper. Although most OD members are likely to wish to speak on this item, you will particularly wish to ask the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Trade and the Secretary of State for Industry for their views.



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4. "To strengthen Britain's defences and work with our allies to protect our interests in an increasingly threatening world" was one of the five tasks identified in Chapter I of the Conservative Manifesto 1979. The points to establish in subsequent discussion are:-

(a) The nuclear role. You may wish to refer to the 1979 Conservative Manifesto commitment (since reinforced by e.g. your Luxembourg speech) to ensure the continuing effectiveness of Britain's nuclear deterrent. You may also wish to invite the Secretary of State for Defence to remind the Committee of the robust posture we have assumed on the modernisation proposals for NATO's long range theatre nuclear forces.

(b) Defence of the United Kingdom base. What is implied by giving priority to this task? How inadequate are our present defences, particularly in the air, and what can be done in the short term from the resources available to improve matters? Paragraph 4 of OD(79) 30 says we should do more in this area. What?

(c) The British Army of the Rhine and RAF Germany. Is the necessity for these force deployments in their present scale accepted?

(d) Our maritime contribution to the Eastern Atlantic and Channel. Our Continental allies sometimes give the impression of undervaluing this particular contribution by this country to the Alliance. Can we fully justify it to ourselves, particularly the surface fleet? Is there a risk that we are unrealistically preparing for a longer war at sea than could be fought conventionally on land?

(e) Service manpower. Paragraph 53 of OD(79) 29 says that the proportion of young men whom the services will need to attract will rise from 8.6 per cent in 1978-79 to 11.5 per cent by 1989 and to 14 per cent by the 1990s as the younger population reduces in size. At present we are failing to recruit 8.6 per cent and we have never achieved 14 per cent. In these circumstances are we resigned to a steady reduction in the size of uniformed services or are plans being made to make greater use of women and reservists and employ civilians to better advantage? (paragraphs 20 and 21 suggest that the Secretary of State for Defence is thinking along these lines).

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- (f) How important for British industry are defence orders? Should we take more account of our national industry interests in shaping our future defence programme? Does the Procurement Executive provide the right kind of machinery for this to be done? How would British industry regard the Secretary of State for Defence's suggestion (in paragraph 25) that more defence equipment should be bought "off the shelf" abroad?
- (g) Are we doing enough to promote defence sales? Are sales prospects evaluated realistically when operational requirements for new equipments are being considered? Is there scope for doing more bilateral deals to lengthen production runs and improve the ratio of development to production costs?
- (h) Financial resources. The attitude of your Cabinet colleagues towards defence expenditure is liable to become less sympathetic, in the light of increasing difficulties over public expenditure and the economy generally. The Treasury are in any case apprehensive that a commitment to an annual growth rate of 3 per cent in the defence budget will overburden an economy which is growing more slowly. There is the added difficulty that defence equipment costs are growing in real terms at an annual rate of about 6 per cent so that the number of equipments which can be deployed in support of various capabilities is steadily diminishing. Do these trends pose fundamental problems which need to be faced?

CONCLUSION

5. There is no necessity to reach firm conclusions on this occasion and you may simply wish to invite the Secretary of State for Defence to be guided by the points made in discussion, both in general and in his approach to the 1980 Defence White Paper. But it will be important to make it clear that, if the Cabinet decides that there have to be further reductions in public expenditure in 1981-82 and later years, it cannot be assumed that the Defence Budget will be



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immune from scrutiny and, if need be, cuts. And the Committee may wish to commission a fuller interdepartmental study of options, priorities and resource implications.

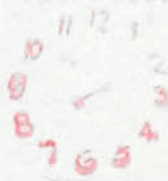
for (Robert Armstrong)

29th November, 1979

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To note.

There is no need for you to read the two OD papers attached at this stage. They are not very good, I am afraid.

RAH  
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Ref. A0536

MR. WHITMORE

Future United Kingdom Defence Policy  
OD(79) 30

As you know, pressure of more urgent business is keeping this paper off the OD agenda for Monday 5th November. In these circumstances, as you will see from the attached letter which I have just sent to Sir Frank Cooper, I believe that it would be helpful if senior officials had a preliminary discussion on some of the issues involved, both to bring them into sharper focus, and relate them to other matters which Ministers are currently considering.

2. As the Secretary of State for Defence circulated his paper on 8th October, he may express his disappointment to the Prime Minister that an OD discussion is being delayed. You will therefore wish to be aware of the action which I am proposing to take.

RAH

ROBERT ARMSTRONG

1st November, 1979

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*From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO*

Ref. A0534

1st November, 1979

Future Defence Policy

The agenda for the OD meeting on Monday 5th November is expected to be so heavily loaded with urgent business on Rhodesia and Northern Ireland that it looks as if it will be difficult to do justice to a discussion of future defence policy, if Ministers are to give this subject the attention it deserves. I think that this discussion, and your Secretary of State's memorandum (OD(79) 30) will therefore have to be held over for the time being.

In these circumstances I think it would be helpful if you and I and those of our colleagues who are most directly concerned with the subject of future United Kingdom defence policy should have a preliminary meeting, as a prelude to eventual Ministerial discussion.

Such a meeting might, I think, help to bring into sharper focus some of the specific issues which form part of current defence policy as set out in the paper. It would assist the eventual OD discussion if the issues set out in the paper could be related to other issues currently in front of Ministers such as public expenditure, Civil Service numbers, and the various nuclear issues which MISC 7 will shortly be considering; and our discussion might help to identify some of the specific proposals to which Ministers would need to address their minds as the expression of a defence policy on the lines which your Secretary of State has sketched.

My office will be in touch with yours to arrange a meeting. Copies of this letter to Terry Lewin, Ian Bancroft, Michael Palliser and Douglas Wass, all of whom I hope would agree to come to a meeting.

Sir Frank Cooper, GCB, CMG