



Prime Minister.

I think that you need to limit your authority to what Sir Robert Armstrong is trying to do. Otherwise the MOD will play all this off into the far distance: they are past masters at delaying tactics. Agree therefore paragraph 4 below?

Ref A01118

MR ALEXANDER

Future Defence Policy

Yes - wholeheartedly. M.T. 11

1. I held a meeting yesterday with senior officials of the Departments principally concerned to take stock of progress on the work being done following the OD discussion of this subject on 3 December. You will recall that the Prime Minister invited the Defence Secretary to consider the relative priority to be attached to the four major elements of United Kingdom defence policy and how they might need to be modified in the face of a lack of economic or human resources to meet them in full.

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2. The Ministry of Defence are at present waiting for the completion of the 1980 Long Term Costings of the defence programme which will not be ready until next month. Thereafter they anticipate that the examination they will need to conduct will take another 3-4 months. This work will deal entirely with existing defence policy as it was described to OD on 3 December by the Defence Secretary. It will not consider alternative defence policy options such as the desirability and cost of creating a military intervention capability outside the NATO area. I said at my meeting that I thought that this proposed timescale was likely to be too slow, and the scope of the work too narrow to meet the Prime Minister's wishes and the needs of the situation. In saying this, I also had in mind the fact that, if a decision is taken on a United Kingdom Polaris successor in the next few months, the Ministry of Defence are likely to claim that this will in some degree invalidate the 1980 Long Term Costings and that they will need still more time to complete their review.

3. As a result of my meeting, I have set up a working group of officials under Cabinet Office chairmanship to do some analytical work on the justification and requirement in international political terms for a United Kingdom military intervention capability. This study will need to





take into account Afghanistan, Iran, the recent French intervention in Africa and the changing attitude within NATO to the importance of the world outside the NATO area. Initially this study will be a matter of political analysis and I would expect this stage to be completed in the course of February. Thereafter, in order to translate its conclusions into costs, military capabilities and possible penalties to the existing force structure, it will need to be brought together with the work being conducted on a slower timescale within the Ministry of Defence. There is a risk that the whole exercise will then get bogged down particularly as the Ministry of Defence are, as you know, averse to anything that looks like an interdepartmental defence review.

4. In order to avoid this, I hope that the Prime Minister may be prepared to indicate her wish for this work to be pressed forward as a matter of urgency, particularly following her discussions in the Ministry of Defence on 4 January. A convenient opportunity to do this will arise when OD discusses the draft Defence White Paper, which is being arranged to take place on Tuesday 22 January. If the Prime Minister is content with this proposal, her brief for the OD meeting will include the point.

REA

ROBERT ARMSTRONG

11 January 1980

Very much so M.T.