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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2111/3 (Direct Dialling)
01-218 9000 (Switchboard)

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26th July 1982

Prime Minister

You may like to be aware
that the article will appear
tomorrow. A.J.C. ²⁶/₇

Dear John,

ARTICLE FOR THE TIMES

My Secretary of State has submitted an article on defence strategy for publication in tomorrow's Times. A copy is attached for your information.

I am copying this letter to John Holmes (FCO), Bernard Ingham (Chief Press Secretary, No 10) and to David Wright (Cabinet Office).

Yours ever

N H R Evans

(N H R EVANS)

A J Coles Esq

OUR DEFENCE STRATEGY FOR THE 1990s

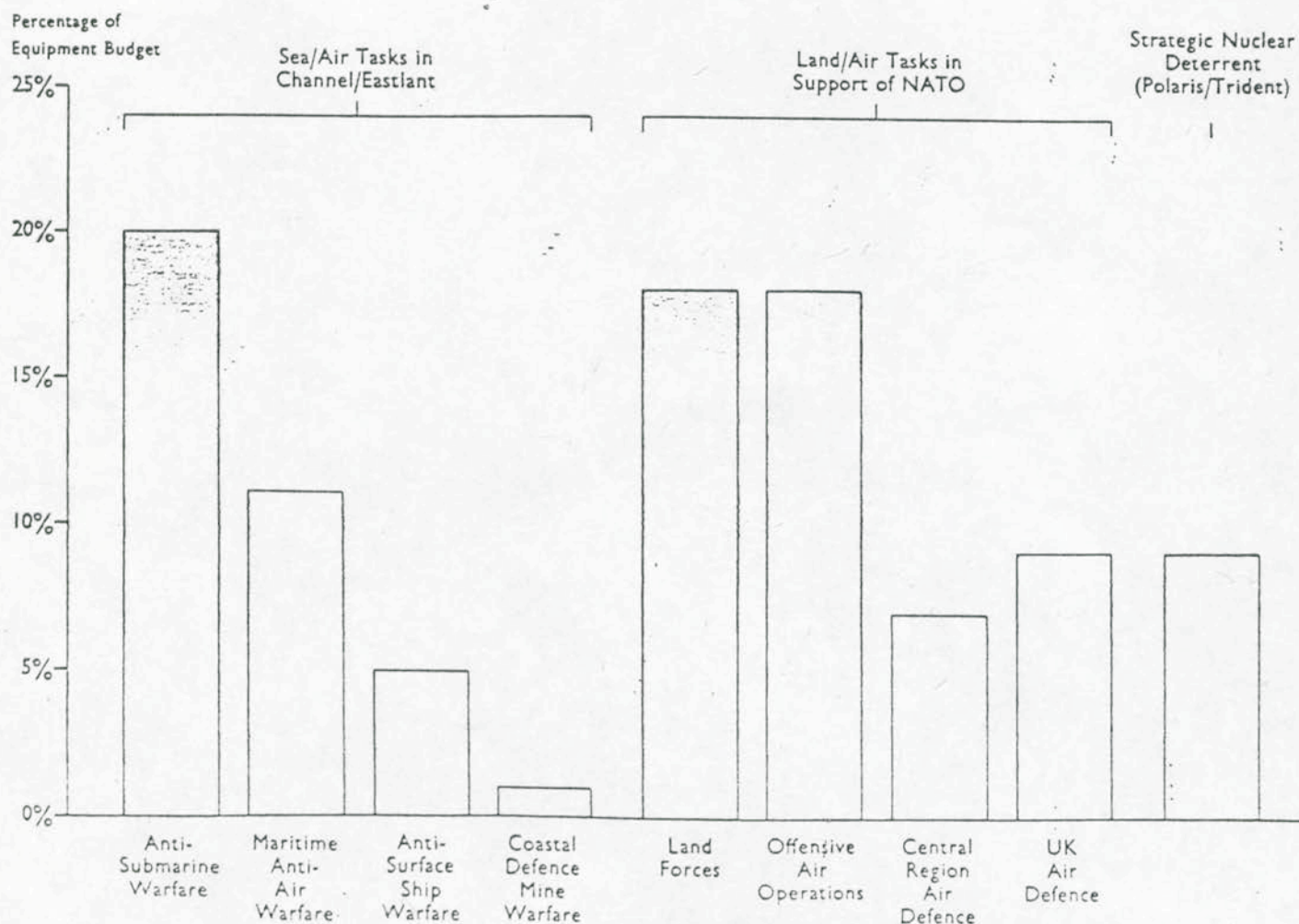
By the Rt Hon John Nott, Secretary of State for Defence

"The Naval art and the Military art are both in a state of transition; the last discovery of today is out of date, and superseded by an antagonistic discovery tomorrow. Any large accumulation of vessels or guns is sure to contain much that will be useless, unfitting, antediluvian, when it comes to be tried. There are two cries against the Admiralty which go on side by side: one says, "we have not ships enough, no 'relief' ships, no Navy, to tell the truth."; the other cry says, "we have all the wrong ships, all the wrong guns and nothing but the wrong . . ." (Walter Bagehot).

Walter Bagehot wrote that passage 115 years ago when steam was superseding sail. And the argument continues today in the early decades of the submarine and air launched guided weapon. The size and shape of the Royal Navy is not a new subject for debate; and it has been widely discussed in your correspondence columns over the past few weeks, since your leader "Strategy in a Silver Sea". I did not agree with the theme of that leader which was linked to that of its successor "Too much on the Rhine". But both leaders were clearly written from the heart and have provoked a most useful debate on our defence strategies and capabilities.

In joining in, but not, I suspect, concluding that debate my purpose is to put the record straight about the Royal Navy, or to be more accurate, about our maritime/air capability, since air power also has an increasing role to play in the defence of the Atlantic. The Nimrod Mark 2 aircraft with its advanced electronics, radar and weapon carrying capability is a quite remarkable aircraft and we are enhancing our investment in this programme. The Sea Eagle missile for use on the Buccaneer, Sea Harrier and possibly the Tornado GR1 aircraft shows signs of being an exceptional anti-ship weapon. The positive side of technological change is that weapon for weapon, ship for ship and task force for task force, the hitting power of our naval and maritime air forces - a joint service role by the RN and the RAF - is increasing year by year. So far from neglecting our maritime defences, the table below shows that in the balance of investment, we will be placing huge sums in our maritime capability over the next 15 years.

Defence Equipment Expenditure 1980-1995



I do not intend to argue in detail the military and political case for the retention of in-place forces on the Continent of Europe. That has been done admirably by your distinguished contributors among them Field Marshal Lord Carver and Marshal of the RAF Sir Neil Cameron. But I must begin by disabusing The Times of the notion that withdrawal of British land and air forces from the Continent would free more funds for an even wider maritime strategy.

Far from saving hundreds of millions of pounds as your leader claimed - it would cost much more in the short and medium term to bring back our forces from Germany than to keep them there. The "extra" cost of maintaining our forces in Germany - the premium we pay for having a given number of forces on the Continent rather than in the UK - is currently running at just over £200 million a year (about 1½% of the Defence Budget).

Bringing back our forces would save much of this premium in the longer term. But the transitional costs would be very large and cause wholly unnecessary disruption. A large and costly new military infrastructure of barracks, married quarters and training areas would have to be created in this country. There would be no offsetting savings as the German Government owns the land and buildings occupied by BAOR and RAF Germany. Far from releasing extra resources the defence programme would come under additional strain and we would have thrown away the vital military and political advantages to the United Kingdom of in place forces deployed well forward as a deterrent against a sudden attack.

Unusually in our history we now have our forces already deployed in the right place - that is good both for deterrence and for the defence of the United Kingdom itself; and in your leader you failed also to appreciate the measure of the military changes we have recently made in the British Army on the Rhine whose new three (previously four) division order of battle will enable the Corps Commander to fight a more mobile battle, in greater depth.

The truth is that we could only save money over the next 5 critical years if we disbanded any land or air forces that we returned from the Continent. To do this would be folly. And if we want to recruit and retain the best men, it is not unreasonable that their families should live in Germany with them. The planned size of 135,000 for the Regular Army is the minimum needed to meet our peacetime and wartime commitments. Nor could we safely reduce our air forces. Like the British Army on the Rhine, RAF Germany is militarily situated in the right country for the forward defence of Great Britain, integrated into the early warning, ground/air defence and air combat capability of our Allies. In placing huge extra sums over the next 2/3 years in the largest re-equipment programme of the RAF since the 2nd World War - I am mindful too that the Battle for Britain as well as the Battle for the Atlantic would - if such a tragedy were ever to happen again - be a joint service affair.

In short we cannot rob the other Services to pay for a larger Royal Navy, although we must continuously review the balance of our capabilities within the overall limit of our budget to provide the best defence output. The recent organisational changes in the role of the Chief of the Defence Staff, and of Ministers are designed to assist in arriving at the best balance of defence investment for the future.

Another theme of your leader columns is that we have cut the Royal Navy to maintain land and air forces in Europe which could be better provided by our Continental Allies. You did not mention the United States. Our American allies maintain 200,000 Army personnel in the Federal Republic of Germany as against our commitment of 55,000 men. What effect would a reduction in our forces have on United States opinion? You underrate the key strategic, political, geographical and military importance of another non-Continental power maintaining a significant presence in Europe together with the US. This bites on both East and West. It is vital to deterrence and the preservation of peace.

Now I do not seek to hide that, although our nuclear submarine and maritime air capability will increase, our forward plans will lead to a reduction in the planned size of the destroyer and frigate force to about 50 ships. Of course any one who is proud of the Royal Navy would want more hulls - more fine ships. But the real question at issue - if the defence budget is not to be increased still further - is what is the best size and shape of the whole Navy - not just the surface fleet - for the 1990s. As the following table shows, we are spending vastly more - nearly 60% more - in real terms on the Royal Navy in 1982/83 than we were in 1950/51: just after the 2nd World War when we had far more ships:

	<u>1950/51</u>	<u>1960/61</u>	<u>1970/71</u>	<u>1978/79</u>	<u>1982/83</u>
Naval Budget (£M at 82/3 constant prices	2564	3612	3602	3607	4047*
% of total Def. Budget	25	25	27	28	29

*Excludes Trident

For the rest of the decade we plan to spend more in each year, in real terms, on the conventional Navy than was spent in 1978/79. The reason for the apparent paradox of more money and fewer ships is the fact that the Navy has to increase its expenditure on weapon systems if it is to meet and match constant shifts in technology and the threat.

Towed array sonar, the development of sea and air launched torpedoes into true guided weapons, the advent of short take-off/vertical take-off aircraft; all have pushed up costs with capability. A new Type 22 frigate with its advanced systems costs over £130 million and is three times as expensive in real terms as its predecessor the Leander. A Sea Wolf missile costs three times more than the Sea Cat. Cost growth is not a new problem. But the pace of technological changes has advanced exponentially over recent years and shows every sign of continuing to do so.

To meet the fast growing power of modern missiles to find targets accurately and hit them hard at long ranges we have shifted the emphasis towards submarines and maritime air and decided, ~~to~~ to alter the balance of our investment between platforms such as surface ships and aircraft on the one hand and the weapons they carry on the other. Our aim is to maximise real combat capability and to produce a new force structure with better hitting and staying power in combat. No-one denies that ship numbers count - but it is simply no use building more ships and tanks and aircraft if we cannot afford to provide them with the latest weapon systems in adequate numbers for modern warfare.

Thus we have in hand a massive programme of investment in sophisticated guided weapons and missiles. The torpedo programme alone is worth £2000 million (equivalent to the ~~purchase of~~ ^{capital costs of purchasing} an additional 10-15 frigates).

We will not, however, be neglecting the surface ship. We need a new general purpose frigate (costing around £90 million against £130 million for the existing Type 22) which can be the work horse of the future fleet with an all purpose capability, but optimised for Anti-submarine warfare (ASW) in the Atlantic. Its prime function will be as a platform for the successor to the Sea King helicopter (another £1 billion naval programme) - which with greater range, payload and avionics capability will provide each frigate with an organic air capability capable of hunting submarines and killing them at long ranges with its own torpedoes and other guided missiles. The new longer range helicopter could also be available, operating from the land for the crucial role of shallow water anti-submarine warfare around our coasts, together with a new conventional submarine now firmly in the forward programme.

The Type 23 frigate, costing £40 million less than its predecessor will be a quiet, powerful and cost-effective ASW system. It will symbolise the change in sea warfare since the 1939/45 war. Maritime power is now projected at great distances by guided weapons, torpedoes and helicopters carrying an array of modern electronics, as well as weapons. And ship borne systems are augmented by land-based aircraft, with large sea coverage, such as the Nimrod and other maritime aircraft with air flight refuelling.

To summarise I accept that for national and alliance reasons our naval forces must be as strong and flexible as possible. We are an island nation with a great and long tradition of maritime affairs. This country is the essential maritime link, the unique aircraft carrier of the Alliance, essential for reinforcement from across the Atlantic. We live by trade and have our large merchant fleet to safeguard. And as the Falklands operation showed we need strong naval forces to maintain the ability to project British power in purely national interests.

No-one doubts we need a strong Navy but the question is what kind of Navy we should now be designing for the 21st Century. I began with a quotation from Bagehot. I would like to finish with one from Lord Hill-Norton - a most persistent critic. In his recent book on sea power, he refers to the general lack of understanding about this subject.

"Few officers in the 1880s", he said, "had much idea of what they were expected to do, except to 'show the flag around the world', and indeed, in the century between the battle of Trafalgar and the battle of Tsushima 'showing the flag' was an important duty for the Royal Navy, a duty for which it was reasonably well equipped. The pace of technical innovation and the shock of 20th Century warfare have changed all that. Twice in one generation Britain's maritime links with the rest of the world have almost been severed. Twice her people have endured isolation and have even faced a prospect of starvation and defeat at the hands of a continental enemy just across the narrow seas. On both occasions Britain had a large Navy with a wealth of fighting experience and an abundance of professional skill and confidence, but on each occasion that Navy was found unprepared for the threat which actually developed.

Britain had the "wrong shaped" Navy, designed and trained for "the wrong kind" of war. Thus even after the Battle of Jutland when the German Battle Fleet was effectively shut up in harbour, Britain was almost defeated at sea by submarine warfare and the story was to be repeated a quarter of a century later."

I fully accept the wisdom of those words - and the solemn warning it implies. But it is not sufficient reason, at this critical time, to reduce our military and political commitment to the forward land/air defence of Europe; for the forward defence of Germany is the forward defence of Great Britain itself. And, as for more money for defence; in the last resort our defences will reflect the size and success of our economy.

It was inevitable that the Falklands operation would re-open the defence debate, and we will be looking, in the next few months, at its implications for our future policy. Some changes will be necessary. But I believe that cool and reasoned analysis will show that the broad strategic decisions which we took last year - will produce the best balanced, and most effective force structure to meet the prime threat from Soviet Union and its allies into the 1990's and beyond.