

GRS 610

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TELEGRAM NUMBER 673 OF 1 JULY

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INFO ROUTINE WASHINGTON PARIS CMC(G) ANKARA ATHENS EMBASSY BRUSSELS
COPENHAGEN LISBON LUXEMBOURG MADRID OSLO REYKJAVIK ROME THE HAGUE
UK DEL IMF/ORD
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OUR SAVING TEL NO. 23:

FEDERAL GERMAN DEFENCE BUDGET 1984

1. AT A PRESS CONFERENCE ON 30 JUNE FEDERAL DEFENCE MINISTER WOERNER ANNOUNCED THAT THE FRG NATIONAL DEFENCE BUDGET FOR 1984 WOULD BE SET AT DM48,027 MILLION, REPRESENTING A NOMINAL GROWTH OF 2.8 PER CENT OVER THE ESTIMATES FOR 1983 (ONE PER CENT HIGHER THAN THE AVERAGE GROWTH IN THE FEDERAL BUDGET). WHEN FUNDS TO COVER THE COST OF PAY INCREASES FOR BUNDESWEHR AND OTHER DEFENCE PERSONNEL WERE ADDED IN, THE TOTAL FIGURE WOULD BE DM 48,620 MILLION AND THE NOMINAL GROWTH WOULD BE 3.7 PER CENT (THIS FIGURE IS CLOSE TO THE AVERAGE NATIONAL INFLATION EXPECTED FOR 1984 AND THUS IMPLIES A REAL GROWTH OF ROUGHLY ZERO). WOERNER ADDED THAT DEFENCE SPENDING FIGURES CALCULATED ON NATO CRITERIA MIGHT SHOW A REAL GROWTH OF ABOUT ONE PER CENT. AT ANY RATE, THE NATO GOAL OF THREE PER CENT REAL GROWTH WAS NOT NOW ATTAINABLE.

2. WOERNER STRESSED THAT IN DEPLOYING THE LIMITED RESOURCES AT HIS DISPOSAL, HE WOULD GIVE PRIORITY TO QUOTE INVESTMENT UNQUOTE TASKS AND TO MAINTAINING THE COMBAT EFFECTIVENESS OF THE TROOPS IN THESE VITAL AREAS, THE FRG WOULD NOT FALL SHORT OF THE STANDARDS REQUIRED BY NATO. PROCUREMENT EXPENDITURE WOULD RISE BY 6.5 PER CENT AND EXPENDITURE ON RESEARCH AND DEVELOPMENT BY 8.6 PER CENT. EXPENDITURE ON INFRASTRUCTURE WOULD RISE BY 8.3 PER CENT. NO CUTS WOULD BE MADE IN EXERCISE ACTIVITIES. MEASURES TO CORRECT THE PERSONNEL STRUCTURE, INCLUDING PROMOTION BLOCKAGES AND THE SHORTAGE OF NON-COMMISSIONED OFFICERS, WOULD CONTINUE AND THE NUMBERS OF LONGER-SERVING PERSONNEL AND RESERVISTS IN ACTIVE TRAINING WOULD BE INCREASED (IN FACT RESTORING CUTS MADE BY APEL IN 1981). OVERALL, HOWEVER, THERE WOULD BE NO REAL GROWTH IN PERSONNEL COSTS, INTER ALIA BECAUSE AN INCREASE IN CONSCRIPT'S PAY WOULD BE POSTPONED UNTIL 1 APRIL 1985. WOERNER ADDED THAT THE FLOW OF VOLUNTEERS FOR THE BUNDESWEHR WAS INCREASING - NOT JUST BECAUSE OF THE EMPLOYMENT SITUATION - AND THE PROPORTION OF CONSCIENTIOUS OBJECTORS SEEMED TO BE ON THE DECLINE.

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/3. COMMENT

3. COMMENT. A CONFIDENT PERFORMANCE BY WOERNER, CLEARLY FORESHADOWING THE LINES ON WHICH HE WILL JUSTIFY HIS POLICIES TO NATO. HAVING WARNED THE US AND OTHER ALLIES SOME TIME AGO THAT HE WOULD NOT PROMISE ANY SIGNIFICANT REAL BUDGET GROWTH IN 1983, HE HAD NO NEED TO BE UNDULY DEFENSIVE. HE CAN CLAIM TO HAVE ADDED BACK CERTAIN CUTS IN THE EQUIPMENT PROGRAMME (PARTICULARLY PERIPHERAL ITEMS AND AMMUNITION) AND INFRASTRUCTURE MADE UNDER THE PREVIOUS GOVERNMENT: AND TO HAVE KEPT UP HIS EFFORTS TO GUARANTEE ENOUGH AND THE RIGHT KIND OF PERSONNEL FOR THE FUTURE. TO THIS EXTENT HE HAS, AS HE HIMSELF POINTED OUT, GIVEN CONSISTENT PRIORITY TO LONGER-TERM OVER SHORT-TERM CONSIDERATIONS. WE KNOW THAT THE BUNDESWEHR CHIEFS OF STAFF ARE GENERALLY SATISFIED WITH HIS CHOICES AND BELIEVE THAT THEIR TROOPS' ESSENTIAL NEEDS IN 1984 HAVE BEEN COVERED. THERE ARE SIGNS ALSO OF A NEW CONFIDENCE ABOUT TACKLING THE MANPOWER PROBLEM: AS WOERNER HIMSELF MENTIONED, RECALCULATION OF THE STATISTICS AND THE ASSUMPTIONS ON LONGER-SERVING PERSONNEL ETC HAS SHOWN THAT THE WORST SHORTFALL MAY NOT ARISE UNTIL 1990 OR BEYOND AND THAT THE PROLONGATION OF NATIONAL SERVICE (WHICH IS OF COURSE ONLY ONE OF THE NECESSARY CORRECTIVE MEASURES) MAY NOT HAVE TO BE INTRODUCED UNTIL 1986. IN SHORT, WOERNER - POWERFULLY SECONDED BY HIS NEW GENERAL-INSPECTOR ALTENBURG - HAS MADE A PROMPTER START THAN WE EXPECTED AFTER THE MARCH ELECTIONS BOTH IN EXPOSING AND IN DEALING WITH THE GRAVE LONG-TERM PROBLEMS OF THE BUNDESWEHR. SINCE INFORMATION IS LACKING ON CUTS IN THE LOWER-PRIORITY AREAS OF THE BUDGET, HOWEVER, IT IS NOT YET CLEAR HOW MUCH HE MAY HAVE HAD TO SACRIFICE TO GET THIS RESULT. AND THE DEFENCE BUDGET IS OF COURSE SUBJECT TO FURTHER CHANGE DURING THE PROCESS OF PARLIAMENTARY CONSIDERATION THIS AUTUMN.

TAYLOR

STANDARD
WED
DEF.D.
EESD
NAD
CABINET OFFICE

COPIES SENT TO
No. 10 DOWNING STREET

THIS TELEGRAM
WAS NOT
ADVANCED

(Repetition to
referred for departmental decision,
repeated as requested to other posts.)

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