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B.06713

PRIME MINISTER

c Sir Robert Armstrong

Statement on the Defence Estimates 1984  
(OD(84)10 and OD(84)11)

BACKGROUND

1. The draft White Paper which the Defence Secretary has circulated begins in the customary way by reviewing the main issues facing British defence policy. Chapter One therefore describes the challenge facing NATO, and includes a substantial section on the Alliance's approach to the INF and other arms control negotiations. It goes on to summarise developments in NATO's defence posture, highlighting in particular the Alliance's decision to withdraw 1,400 nuclear warheads on shorter-range systems, thereby bringing the nuclear stockpile in Europe to its lowest level for 20 years. After a passage dealing with the United Kingdom's contribution to NATO, there is a fuller treatment than usual of the role of the armed services in Northern Ireland, since it is several years since this aspect has been given detailed attention. Chapter Two of the draft, "The Management of Defence", sets out the Defence Secretary's proposals for improving management and accountability within the Ministry of Defence, and generally to ensure that maximum value is obtained for the tax-payer's money. The remaining Chapters of the draft cover equipment procurement, force capabilities and the services and the community. The volume of statistics has been circulated separately as OD(84)10.

2. The Defence Secretary intends to publish his statement in mid-May. The intention is that the statement, amended as necessary in the light of the Committee's discussion, should be circulated for consideration by Cabinet on 12 April.

CONFIDENTIAL

3. The Secretary of State for Trade and Industry will be unable to attend because of a regional visit to Swindon and will be represented by the Minister of State, Department of Trade and Industry (Mr Lamont). The Chief Secretary, Treasury, has been invited to attend.

HANDLING

4. You should invite the Defence Secretary to introduce the draft White Paper, and then invite general comments, particularly from the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer.

5. This is the first Defence White Paper by the present Government which does not include a commitment to roll forward real increases in the defence budget of 3 per cent a year to the end of the public expenditure planning period. The Committee will wish to take a view on whether the language dealing with this issue (paragraph 203: "Provision for 1986/87 should allow for some real growth, enabling the improvements in capability and increased investment in equipment to be maintained"), taken together with the preceding passage describing the real increase in the size of the defence budget since 1978/79, strikes a sufficiently positive note.

6. The Committee may wish to focus particularly on the passage dealing with the Alliance's approach to arms control (paragraphs 106-116) and nuclear weapons (paragraphs 119-123), and the paragraphs on British nuclear forces (402-406), including a progress report on Trident. As to the position of the British strategic nuclear deterrent relative to arms control, the draft repeats (paragraph 403) the formula used in your Time Magazine interview last year (and subsequently by the Foreign and Commonwealth Secretary at the United Nations) that if substantial reductions were negotiated in the strategic



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arsenals of the two super powers and no significant changes had occurred in Soviet defensive capabilities, "we would want to review our position and to consider how best the United Kingdom could contribute to arms control".

7. In line with previous practice, the draft contains a number of "essays", dealing with the misleading nature of attempts to compare NATO and the Warsaw Pact; the European contribution to NATO; warship design and procurement, and the importance of volunteer reserves. None of these seems particularly controversial, and the Committee will probably not wish to discuss them in any detail.

#### CONCLUSION

8. Subject to the discussion, the Committee might be guided to agree that the White Paper, taking account of any points made in discussion, should be circulated to the Cabinet for discussion on 12 April and thereafter, subject to Cabinet agreement, published in mid-May.

*David Goodall*

A D S Goodall

4 April 1984