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PRIME MINISTER

SEMINAR ON BRITISH DEFENCE POLICY

You have already seen the excellent paper by Alan Clark for the seminar, as well as Percy Cradock's assessment of likely political developments in East/West relations. The Foreign Secretary and the Defence Secretary will let you have their papers during the week. This is my contribution.

Far from being the end of history the next decade will mark the return of history. The period since 1945, with Communism reaching its high water mark of political and military influence and then beginning to ebb, will seem in retrospect a diversion from the norm. As Communism retreats, we shall find ourselves once again confronting nationalism and the conflicts to which it gives rise. Far from eliminating nationalism, Communist suppression of it has only ensured that it will now re-emerge in greater strength than ever. And the greatest risk will be that we and others will get drawn into conflicts between nationalities (in some cases fuelled by Islam). We shall have won the Cold War. But instead of being the dawn of a new, peaceful era, we shall find the next decade altogether more complex, with a multiplicity of dangers and threats rather than the monolithic enemy represented by Communism.

In all likelihood, the Soviet Union and Eastern Europe will become the arena for acute national conflicts. Either the Soviet Union will have to re-assert control over its empire by force, in which case it will remain heavily armed and a threat to the West: or it will be plunged into protracted internal crises, with local conflicts both in Eastern Europe and within the borders of the Soviet Union itself. The fact that Soviet nuclear weapons are scattered right throughout this area and, in theory at least could fall into the wrong hands, only underlines the risks.

At the same time we shall continue to face threats to our security elsewhere in the world, either from revolutionary states in the Middle East supporting terrorism; or from countries with great power pretensions which might try to dominate the sea

lanes; or from local conflicts involving countries to whom we feel particular obligations or where we have substantial interests - and in which we might have to intervene.

Against this sombre background we need to reach two broad, strategic decisions.

First, we need to decide how we want to see post-Communist Europe organised. Second, we need to decide an appropriate defence policy and strategy for Britain in the new different international environment which will face us in the Nineties and beyond. It is important to remember that decisions taken now on the structure of our forces of their equipment will only be implemented in, say, 10 years' time. It is essential to think long term.

So, how do we want to see post-Communist Europe organised? I suggest a number of possible ways:

- we should seek the military withdrawal of the Soviet Union from all of Eastern Europe. We want this because it would mean removing the Soviet military threat further from our own borders and those of Western Europe as a whole (which would have important implications for our defence strategy). Moreover democracy and market economies will only really take root and be secure in Eastern Europe once the shadow of Soviet occupation is lifted. Contrary to what some would argue, we do not need to accept that the corollary to Soviet withdrawal from Eastern Europe is the removal of American and British forces from West Germany: first because the Russians probably have no alternative - on economic and political grounds - but to withdraw and we should not make concessions to their weakness; and second, because even if they withdraw from Eastern Europe, it will remain in their interest to have a stabilising American presence in Germany. In essence, the Soviet exodus from Eastern Europe is the prize for winning the Cold War;

- we want to slow down the process of German reunification. You discussed with President Mitterrand the various ways in which

we can try to achieve this and there is no need to repeat them out here. But at best we are talking about only a few years: and frankly we would do better to reach our broad strategic decisions on the assumption that German reunification will take place, and focus on how to contain a reunified Germany for instance by restricting the size of its forces, its nuclear weapons and so on;

- we need also to decide the future shape of NATO or some other form of collective defence. We should distinguish between political and the military aspects. We want to preserve the alliance and an American presence in and commitment to Western Europe. But the military requirements - the structure of NATO's sources and their deployment - will inevitably change in the face of withdrawal of Soviet forces and the political pressures in the United States and other western nations to reduce defence spending;

- we shall need to find a way to engage Eastern Europe increasingly in all-European institutions. There are three reasons. First, it will be the best way to avoid any renewed attempt to establish communism in these countries or a new Soviet military occupation (in short we want to pull the East European blanket to our side of the bed). Second, because it is a means of swamping and diluting German influence, by containing it within a much larger conglomeration of states. And third, because it is also a means to slow down and divert the head-long push towards greater integration and loss of national identity in the European Community. President Mitterrand's idea of a European confederation is interesting on this count.

If these are our broad political aims, then we need to adjust our defence policy to them. On this, it is worth making one general point. Events are moving extraordinarily fast and we are in constant danger of being left behind, taking decisions which are applicable to a phase which is already past, or will be by the time the decisions are implemented. We need if we can to jump ahead of events and ourselves try to influence their course. Otherwise we risk being left with forces structured and equipped

for a strategy which is no longer relevant to the new political circumstances. This points to the need for bold and unconventional decisions: Thatcherite radicalism applied to defence as well as domestic policy.

With this in mind, I would draw the following conclusions:-

*We continue to do so*

- we have to make the political case for continuing strong defence. We must not let the expectation gain ground that there are early and huge savings in defence spending to be achieved (in this respect, the Foreign Secretary's speech on Saturday about turning tanks into tractors gave quite the wrong signal). Instead we have to get across that, even though the nature of the military threat to us may be changing, the dangers are no less in the new era which we are entering. This message will be more convincing if we have a defence policy which is clearly adapted to the new circumstances;

*Agreed*

- we must in all circumstances maintain our independent nuclear deterrent. This will become more important as conventional defences decline and the United States' commitment to western Europe erodes (as it will). But there is the uncomfortable thought that the risk of the Americans reneging on their agreement to let us have Trident will grow, in a climate in which the Soviet threat is seen to be reduced and there is a general preception that peace is breaking out. Even if the Administration remain firm, there could be problems with Congress. This means that we must continue to maximise our influence with and support for the Americans in every way, so that we do not create any political excuse for them to back out of their agreement on Trident. In any event we shall want to maintain the closest possible defence cooperation with them.

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- we are unlikely to want to keep the bulk of our army in West Germany, at least at its present strength. Particularly if Soviet forces withdraw from Eastern Europe, the need for substantial UK forces in Germany will also decrease: it will be feasible to mount any necessary reinforcement of the Central Front from the United Kingdom. Anyway, the CFE negotiations and

the further reductions which are likely to follow them, will open the way for cuts. And it is only prudent to assume that German tolerance of the continuing presence of British and American forces will diminish over the next decade. We should of course have to re-negotiate our commitments under the Brussels Treaty, but in a climate where this would be accepted even welcomed. The implications for our whole defence posture of removing the bulk of our forces from Germany are so far-reaching that we need to begin to start planning for them now;

- a return to a UK-based defence, with the accent on air defence, maritime defence and the capacity to intervene in different parts of the world, all backed up by an independent nuclear deterrent, is probably our right long-term destination (even though in the short term there are strong arguments for keeping British forces in Germany);

- but in devising such a new strategy, time is not on our side. There are major procurement decisions costing billions of pounds which need to be taken in the next year or two on items of equipment such as a new tank, EFA, helicopters, which are appropriate for a strategy of forward defence on the mainland of Europe but not for the sort of defence strategy - attuned to the different political circumstances of the turn of the century. Given these long lead times, I think we have to decide now on a future defence strategy and chart a course towards it. In the short term, we should be alert to take a full share of reductions in land forces which should flow from a CFE agreement and its successor;

*This is where we do not have yet called it that. And we don't want to lead the way to reduced arms*

- in operational terms, this really means that we need a defence review. It is not really practicable to conduct a discussion of this depth and importance unless there is a proper mechanism for it. Politically it would show that the Government is facing up to the momentous consequences of the changes which are taking place rather than just tagging along behind events. Instead of having it forced upon us, we should take the initiative to conduct a defence review, while linking it firmly in the public's minds to the need to shape our defences to new

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circumstances rather than to the expectation that we can  
massively reduce defence spending. It seems to me that this  
should be the main outcome of the Seminar.

e.d.?

(C. D. POWELL)

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