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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon George Younger TD MP
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
London
SW1A 2HB

*From Amstr
1 worder letter
to Treasury as not
rather overstepping the*

*The Treasury are
going rather too far - and
are getting very oversteered.*

6th July 1988

Dear Secretary of State

TYPE 23 FRIGATE ORDERS

Thank you for your letter of 30 June..

*mark by writing this
sort of letter. We cannot
re-open our sole defence
policy every time a
major order is placed.*

I understand your desire to make an early announcement on this issue and I am more than willing to try and process the decision quickly.

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We are, of course, talking about large amounts of money. You put the cost of acquisition of the ships and their equipment at £344 million; taking their running costs into account would probably double this figure. You mention maintaining a fleet of "about 50" frigates and destroyers, but I am sure you would agree that a force level set in 1981 cannot drive policy indefinitely and is not self-evidently relevant to the 1990s. Before reaching your own conclusions on expenditure on this scale you no doubt had information and analysis on:

- (i) the cost-effectiveness of frigates relative to other forms of defence expenditure; *Yes*
- (ii) the scope for increasing the productivity of the frigate fleet through changes in the way it is managed. For example, I am aware that the fleet on average spend 40 per cent of its time not at sea and, even at sea, a substantial amount of time can be spent in relatively unproductive transit.

It would obviously help me to reach a decision quickly if you could let me see the material on these points.

I am copying to the Prime Minister, other members of OD and to Sir Robin Butler.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Major", written in a cursive style.

for JOHN MAJOR

(Approved by the Chief Secretary
and signed in his absence)

NAT TND: Shipbuilding



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