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PRIME MINISTER

UNITED KINGDOM DEFENCE POLICY  
(OD(80) 22, 23, 25 and 26)

*Defence*  
*Original on*  
*Defence: Home*  
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## BACKGROUND

This meeting brings together a lot of work on future defence policy which has been set in hand at various times over the last year.

2. The centrepiece of discussion is the Defence Secretary's paper Defence Policy and Programme (OD(80) 26). This paper arose from the OD discussion on 3 December on Future United Kingdom Defence Policy; but what was envisaged as a study in priorities has been complicated by the excesses which have emerged from the 1980 Long Term Costings of the Defence Programme.
  
3. The report on the case for an intervention capability outside NATO in OD(80) 25 is a subsidiary issue. It is also relatively straightforward, because the conclusions are fully agreed at senior official level between the Foreign and Commonwealth Office, Ministry of Defence, Treasury, Department of Trade and the CPRS who all took part in the Official Group. The recommendations will give rise to some additional expenditure; but the amount is small, the overall size of the Defence Budget will not be affected, and the Defence Secretary agrees in his main paper (Annex para 17) that the reallocation involved would be worthwhile.
  
4. The Home Secretary's paper on Civil Preparedness for Home Defence (OD(80) 22) and the report by officials on the same subject (OD(80) 23) is another subsidiary issue, even though the Home Secretary is asking for some immediate decisions to be taken. Apart from these, he accepts that there is a lot more work to be done before OD can take comprehensive decisions (which would in any case involve several Ministers who will not be present at OD, eg the Secretaries of State for Scotland, Northern Ireland and Energy and the Minister of Transport). But the subject has important implications for defence policy and therefore for the Defence Secretary's main paper; see paragraphs 9e and f below.

Defence Policy and Programme

(OD(80) 26)

## HANDLING

5. You will wish to ask the Defence Secretary to introduce his paper. You may then care to invite the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer to give their views. You may care to base the ensuing discussion on paragraph 10 of the Defence Secretary's paper, covering the following points -

- a. A new strategic nuclear force to replace Polaris? The restricted Ministerial Group (MISC 7), of which only you and the Home, Defence and Foreign Secretaries are members, agreed on this in December; and our general intention was made clear by Mr Pym in the Commons debate on 24 January. The question of a four or five boat force is still open but this has no bearing on the immediate problems confronting the Defence Secretary.
- b. No cut back on defence of the United Kingdom base? As this is an area that has been seriously neglected in the past, you may wish to confirm this point. Proposed expenditure is in any case modest, but you may wish to remind the Committee that civil home defence is part of the same problem and has suffered even greater neglect than military home defence (see para 9e below).
- c. A continuing contribution to the Northern Flank? Your "briefing" in the Cabinet Office on 19 March is likely to demonstrate the vulnerability and importance of this area, for which the Defence Secretary and Foreign and Commonwealth Secretary will both argue that the United Kingdom has a unique responsibility, for historical reasons.
- d. Force Reductions in Germany? This is controversial. Although personally inclined towards such reductions, the Foreign Secretary is likely to argue that any significant reduction in present circumstances is likely to damage the cohesion of NATO. Less important, such reductions in anticipation of a Mutual and Balanced Force Reduction agreement might

prejudice such an agreement ever being achieved. The Defence Secretary is expecting to be told that significant reductions in our forces in Germany is not a realistic option in present circumstances. He will not mind that conclusion; but he will not himself advocate it, since in internal Ministry of Defence terms it involves siding with the Army against the Navy (see f below).

e. A reduction in the non-garrison forces in Northern Ireland? Such a reduction is obviously desirable, and it is already an aim of the policy being pursued by the Secretary of State for Northern Ireland. It also matches the desire of the RUC, if built up sufficiently in strength, to take over the whole task of maintaining law and order. It will be a big help in military terms if BAOR no longer has to find units for emergency tours in Northern Ireland. But the central question is whether, and if so when, the security situation in the Province will allow such reductions to be made: while such a reduction is a desirable objective, it is not wholly within the power of Her Majesty's Government to decide what reduction can be achieved, or by when. The Secretary of State for Northern Ireland (who has not been invited to OD) will need to be fully consulted before a final decision is taken.

f. Reductions in Maritime Forces? If the Committee decide that for political reasons significant reductions cannot be made in Germany, then the only remaining areas of major defence expenditure are -

- i. the sea and air forces in the Eastern Atlantic and Channel and
- ii. the equipment programme as a whole.

The difficulty about reducing i. is that the United Kingdom provides about eighty per cent of the forces in this area, and no other ally is able and willing to take on anything we give up. But the advantage of reductions here is that there is little public knowledge about present force levels, which are in any case subject to adjustment as new ships replace old ones. Furthermore, of all three services the Navy is the most capable of absorbing reductions, when it has to, without cutting down its front line strength, because of the scope for rephasing its programme.

- g. An intervention capability outside the NATO area? You may care to deal with this subject more fully when you consider the next item on the agenda. But the proposition is likely to be generally agreed by the Committee.
- h. More use of reserves? This is a political commitment which found a place in Chapter 6 of the 1979 Manifesto. It is also likely to become increasingly important from a defence point of view as regular uniformed manpower becomes steadily more difficult to recruit during the 1980s for demographic reasons. But the proposal is more likely to enlarge than reduce expenditure. An increased number and role for the reserves will increase the amount of training and equipment they will need.
- i. Reductions in the range of weapons and weapon systems? This is a proposition to which obeisance is frequently made in general terms. But it is difficult to get the armed services to accept its application in any given cases. What particular examples does the Defence Secretary have in mind? Does the fact that real increases in equipment costs are continuing to outstrip the rate of inflation mean that even if the excesses over approved PESC figures are successfully removed this year, they will reappear next year?
- j. The best sources for equipment procurement? The proposals in this sub-paragraph reflect existing policy. It is not clear how agreement to it will provide the Defence Secretary with any guidance on future savings. What does he have in mind?
- k. No cut back in missile and ammunition stocks? Recent studies suggest that present stocks are probably inadequate to support intensive operations that last for more than a couple of days in some areas. But a decision not to reduce stocks closes off a major savings option.
- l. Intensify the drive to cut out waste and improve efficiency? Obviously this is desirable. The defence budget has been under pressure for many years, and it will be surprising if there are many large crocks of gold still to be discovered. But there may be quite a lot of little ones, in a

Department which is by far the biggest in Government and has a wide geographical spread. Does the Defence Secretary have any particular prospects in mind?

m. A discussion with allies on more specialisation of tasks and equipment? This really links up with sub-paragraph i. (proposed reduction in the range of weapons and weapon systems). The trouble is that the Services are always very reluctant in practice to relinquish the whole of our national capability in a particular area and thus become totally dependent on an ally who may not always do what we want. Does the Defence Secretary have any particular examples in mind?

6. You will wish to ask the Secretary of State for Industry about the industrial implications set out in paragraph 29 of the Annex to the Defence Secretary's paper. How serious are these? He seems likely to reply that, though they will be serious for the firms directly concerned, the consequences will only affect a relatively small area of British industry.

7. Finally you will wish to ask the Defence Secretary and Foreign Secretary for their views on the best way ~~of~~ presenting this problem to the Government's supporters, to the general public and to our allies. How can these apparent programme reductions be best reconciled with the Government's avowed policy? How can the United States be persuaded that the United Kingdom is right to replace its strategic nuclear deterrent when we cannot apparently maintain our planned level of conventional force?

Intervention capability outside NATO

OD(80) 25

## HANDLING

8. As the main input to this study came from the Foreign Office, you may care to ask the Foreign Secretary to introduce the paper. You may then care to ask the Defence Secretary, Chancellor of the Exchequer, and Secretary of State for Trade, all of whose Departments were represented in the Official Group, whether they are in general agreement with the paper's arguments and conclusions. The points to establish in subsequent discussion, which can probably be fairly brief, are:-

- a. Are there circumstances which may still give rise to a need for a British intervention operation outside the NATO area? Almost certainly "yes". It is impossible to be precise about the future but it must be probable that such situations will arise in a third world which is becoming less rather than more stable with the passage of time.
- b. Does the United Kingdom already have some forces available for this purpose? Again "yes". But because intervention outside the NATO area has not been a properly defined aspect of our defence policy since 1974, these forces are not as well organised or prepared for intervention operations as they might be.
- c. Is there a case for devoting more resources to an intervention capability outside the NATO area? Not on a large scale. We could not afford extra resources; and any major diversion of our effort away from NATO would damage our most important security and foreign policy interests. But there is a good case for a small-scale diversion and for some "double earmarking" of forces primarily committed to NATO.
- d. Scope for consultation with the United States and France? Certainly the United States are likely to welcome a more forthcoming attitude on the United Kingdom's part, provided that it does not represent a significant reduction in our commitments inside the NATO area. It will be less easy to establish a constructive dialogue with France, but the French are showing considerable interest in the subject and it would be useful politically if Anglo-French co-operation could be developed.

Civil Preparedness for Home Defence and Civil Home Defence

OD(80) 22 and 23

## HANDLING

9. You will wish to ask the Home Secretary to introduce this subject. You may then care to invite the Chancellor of the Exchequer to comment in view of misgivings about the new definition of the threat already expressed by his officials. You may also wish to ask for any comments from the Defence Secretary and from the Secretary of State for the Environment, who has been invited for this item because of the local authority aspects. Points to establish in subsequent discussion are:-

a. Is it agreed that the threat has developed since 1968 to such an extent that more must now be done for civil home defence? There is likely to be general agreement that there have been developments in the threat. But it will be much less easy to agree on the extent of the increase in the threat, particularly the conventional threat as it applies to this country. More work needs to be done on this.

b. Despite possible disagreement on the development of the threat, are the minimum measures proposed by the Home Secretary right in present circumstances? This "bare minimum" seems likely to be agreed on the basis that the Home Secretary himself finds offsetting savings elsewhere. But problems about resources will become much more acute when further home defence measures are proposed.

c. Financial implications of the Home Secretary's proposals? What will cutting the provision for law and order involve in concrete terms? What are the views of the Secretary of State for the Environment on the proposals in paragraph 7 for funding the local authority expenditure? How are the local authorities themselves likely to react?

d. What are the public sector manpower implications of these proposals? The Home Secretary's initial proposals plainly involve very small additional numbers either in central government or in the local authorities. But there will be some extra. Some of the other measures which are likely to come

forward on home defence in due course will involve bigger manpower increases. Although it can be argued that there must be growth areas under any government's policy, will there not be presentational difficulties, for example with NALGO and the Civil Service staff associations, when the Government is making such a well publicised effort to reduce public sector manpower?

e. Consistency between civil home defence and military home defence?

This should be further studied by the Official Committee on Home Defence (as proposed in the cover note to the officials' paper OD(80) 23). As noted above, Mr Pym is understandably worried about our military capacity to defend the United Kingdom base, particularly against conventional air attack during a conventional warfare phase lasting several weeks. But our military capacity, even as it is, far exceeds any civil home defence capacity we are likely to be able to afford. What is the point of spending money to enable the services to fight over several weeks the sort of conventional war for which we have virtually no civil defence capability and in which civilian morale could therefore crack in a matter of days?

f. Credibility of nuclear deterrence undermined? Do the Committee regard this as a real problem? If so, do they see it primarily as a military and foreign policy problem? or as one of domestic public relations?

g. What exactly will the Home Secretary announce after Easter? Is there not a risk in initiating a public debate in an area where the Government does not yet know where it is going, how fast it is going to travel, or how the trip is going to be paid for?

CONCLUSIONS

10. Substantively you may wish to guide the Committee to agree -

a. On the Defence Secretary's main paper, that his general approach be endorsed, subject to the discussion and in particular to any reservations about cuts in Germany; and that he should on this basis put forward specific proposals as he suggests.



b. On the intervention capability paper, that the political case is made out; and that the Defence Secretary should now proceed to work on the military implications as originally envisaged.

c. On the civil home defence paper, that the Home Secretary should proceed as he proposes, at his own Department's expense; that he should report further when official studies are complete; and that such studies should cover military as well as civil home defence, as proposed in the cover note to the officials' paper.

11. Procedurally, there will be considerable work to be done in translating the broad decisions of policy and direction into specific decisions on allocation of resources and on projects. You will wish to indicate to the Committee whether in the light of this preliminary discussion of this large and difficult subject you wish, before further substantive decisions are reached, to arrange for a discussion of the issues in greater depth at a Chequers "day", or perhaps at a full half-day one Friday: one formula that has worked well in the past is to hold the meeting at 10 Downing Street on a Friday, start it at 10.00 am, and carry it on through a working lunch.

ROBERT AMPTON

19 March 1980

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