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Prime Minister
This is for OD
next Wednesday.

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It is generally uncontroversial
indeed bland. This brief picks
out the main points.

B.06970

PRIME MINISTER

c Sir Robert Armstrong

CDP
15/3

Statement on the Defence Estimates 1985
(OD(85)5 and OD(85)6)

BACKGROUND

As indicated in the Defence Secretary's covering memorandum (OD(85)5), this year's draft Defence White Paper highlights two themes: the importance of achieving a cohesive and distinctive European approach within the North Atlantic Alliance; and the need to negotiate realistic, balanced and verifiable measures on arms control and disarmament. A large part of Chapter One is devoted to Arms Control and this is followed by a substantial essay on Trident. Chapter Two examines the steps which NATO and the United Kingdom in particular are taking to ensure that the Alliance's strategy remains effective in the face of the evolving threat presented by the Warsaw Pact, both inside and outside the NATO area, while Chapter Four describes in greater detail the force capabilities which this country provides to this end. Chapter Three develops in some detail the measures being taken to strengthen the "European Pillar" of the Alliance. The remaining chapters of the draft cover the familiar ground of the Management of Defence, and the Services and the Community while the most significant of the annexes, Annex A, describes the balance of forces between East and West. As is now customary, the chapters of the draft are interspersed with essays. There are seven of these this year, as compared with five in last year's White Paper, the most significant being the essays on Trident at the end of Chapter One, which rehearses the arguments for choosing Trident D5 to replace Polaris, and on NATO strategy at the end of Chapter Two, which sets out a vindication of the strategy of flexible response and forward defence. The volume of statistics has been circulated separately as OD(85)6.

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2. The Secretary of State for Defence proposes to publish his Statement in early May; consideration of the draft is necessary before Easter because of the amount of work involved in the printing process. It is the intention that the Statement, amended as necessary in the light of the Committee's discussion, should be circulated for consideration by the Cabinet at its meeting on 28 March. Copies of these OD drafts have already been circulated to all members of the Cabinet to allow adequate time for consideration.

3. All members of the Committee should be present. The Chief of Defence Staff 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. You may wish to structure discussion to cover the following issues -

(a) Arms Control

✓ Paragraphs 113 to 120 of Chapter One give a brief survey of the principal factors underlying the approach of the Alliance to the main issues in this field and of the past negotiations which have led to the present Geneva round. The Committee may wish to satisfy themselves that the following aspects are handled in a satisfactory way -

✓ (i) Space

Arms control in space and the impact of the Strategic Defence Initiative (SDI) are covered in paragraphs 121 and 122 of the draft; the treatment given to this key subject is brief, uncontroversial and emphasises the four points agreed at your Camp David meeting with



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President Reagan in December. The need for close consultation with the European Allies is covered in paragraph 112.

(ii) Chemical Weapons (CW)

Although paragraph 18 of Annex A gives a full description of the enormous Soviet lead in CW capability, this is not quantified in Chapter One (paragraph 125) which provides an account of the current negotiating position on CW. It is for consideration whether a stronger statement about the Soviet Union's predominance in this field should be included in this more prominent part of the White Paper.

(iii) British Nuclear Forces

The first paragraph of the essay on Trident re-affirms that United Kingdom Trident force will remain an effective deterrent until at least the year 2020. As to the position of the British strategic deterrent relative to arms control, the draft (paragraph 14 of the Trident essay) repeats the formula used on previous occasions, namely that if multilateral reductions were negotiated in the strategic arsenals of the two super powers and no significant changes had occurred in Soviet defensive capabilities "we should want to review our position and consider how best we could contribute to arms control in the light of the reduced threat".

The Foreign and Commonwealth Secretary and the Defence Secretary should comment on these aspects.

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(b) The "European Pillar" of the Alliance

The theme of strengthening the "European Pillar" is developed in Chapter One (particularly paragraph 104 where the dangers of belittling our ties with the Americans are covered) and in Chapter Two, but the theme finds its full expression in Chapter Three where important sections deal with the rejuvenation of the Western European Union in the defence area (paragraph 310) and the need to achieve effective equipment collaboration between European Allies (paragraphs 312 to 321). Equipment collaboration accounts for almost half of this chapter; the text takes a generally optimistic approach to the problems of achieving such co-operation. The Secretary of State for Trade and Industry, the Chancellor of the Exchequer and the Foreign and Commonwealth Secretary may wish to comment on the way in which the prospects for equipment collaboration have been presented.

(c) Out of Area Responsibilities

These are covered in both Chapter Two (paragraphs 216 to 221) and Chapter Four (paragraphs 452 to 457), with prominence being given to the enhancements which have been made in the capability of British Forces to undertake operations in more distant theatres. Planned reductions in the Falkland Islands garrison are mentioned in paragraph 221 and at greater length in paragraph 454, and the Foreign and Commonwealth Secretary may wish to comment on whether he is content with these paragraphs.

(d) The Defence Budget

It is understood that Chapter Five of the draft has been the subject of protracted negotiation between Treasury and Ministry of Defence officials. The mechanisms for matching



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← requirement to resources are dealt with at length in paragraph 503 but assurances are given at the end of this paragraph that "increases in the defence budget since 1978-79 provide the resources to sustain the defence roles identified in Cmnd 8288 in the most cost effective manner". The Chancellor of the Exchequer should comment on this aspect. Annual real growth in 1985-86 is described as being "in the region of 3 per cent". The Defence Secretary should be asked if he can give greater precision to this percentage: growth of less than 3 per cent would need careful presentation in Brussels and, particularly, in Washington.

(e) The balance of forces between East and West

In paragraph 4 of his covering memorandum the Defence Secretary refers to his concern about the way in which the balance of dual-capable forces in Europe is presented in Annex A (paragraphs 29 to 31 on pages A14 to A15). It is understood that his concern relates to the fact that previous Statements on Defence Estimates have included all dual-capable aircraft of the Warsaw Pact in this comparison of nuclear capable forces while excluding NATO dual-capable aircraft, not assigned to a nuclear role. Since this affects the forces of a number of our Allies it is necessary for the Defence Secretary to discuss this aspect with Lord Carrington, as he has indicated.

CONCLUSION

5. Subject to discussion, the Committee might be guided to agree that the draft White Paper, taking account of any points made in discussion, should be circulated to the Cabinet for consideration on 28 March and thereafter, subject to Cabinet agreement, be published in early May.

15 March 1985

Bryan Cartledge

B G Cartledge

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