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19 March 1985

STATEMENT ON THE DEFENCE ESTIMATES, 1985

General Remarks

The statement has good points - willingness to discuss Trident, NATO and arms' control - but it misses a trick on Trident and competition, and goes over the top on European collaboration.

Trident

We are losing the Trident argument with parts of the defence community - backbench opinion and the quality newspapers have opposed it, on the grounds that it is excessive for minimum deterrence, the defence doctrine is unclear, it crowds out more important conventional expenditure, that Cruise Missiles offer a cheaper delivery system.

The Trident essay skates over the doctrinal aspects.

When would Trident be used? Would its use be rational, and hence credible? Would we ever use it in response to an attack on Allies? The essay argues that Trident helps to link the USA to Europe; that Trident is pledged to NATO, targetted according to agreed strategic objectives, but retained for independent use. This ambiguous NATO language will not reassure those who ask: would we use Trident if, say, Hamburg

[I doubt
one could
say any
of this
in a
White Paper]
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was destroyed? If so, are we safer for having Trident, as the paper asserts?

The essay deals better with the alleged advantages of the sea-launched cruise missiles: they would need more boats, which would be more vulnerable because of the CM's short range. The paper doesn't deal so well with ground-launched cruise missiles (GLCMs). They could reach Moscow from the UK. They would suffer attrition, but allowing for that, an academic study calculated that Cruise could deliver a warhead at one-fifth of the cost of a Trident warhead. Cruise will be vulnerable to Soviet SAMs as the latter develop, but presumably the Americans will develop Cruise in line with this threat. The essay should deal with this argument more fully, explaining the need to penetrate Moscow's defences, otherwise backbench and defence correspondents will continue to harp on about Trident's costs.

Competition

Paragraph 511 mentions a number of successes in achieving greater value for money, but it gives no instances of savings, either in percentages or absolute terms. Why not mention some? The RAF Trainer has been a successful competition, which has saved MoD perhaps £50 million on £180 million and produced a better aircraft.

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Financial opinion is cynical about the competition in procurement. Table 211 in the Statistics explains why:

- the share by value of contracts placed by competition was static at 22% of the total equipment budget during the 4 years ending 1983-84;
- cost-plus contracts still accounted for 15% by value in 1983-84;

Should Michael Heseltine set himself a target for competitive contracts, or at least indicate the trend which he intends to pursue?

Collaboration

The tone of the text is excessively encouraging. Not all collaborations have been successes. For example, the self-propelled Howitzer (SP70) began life in 1969 and might be operational by 1990. The text ought to mention that:

- collaboration is not best organised by Governments, but by defence industries themselves, in response to calls by Governments, collectively, for competitive tenders;
- collaborative solutions will have to prove themselves in competition with other solutions, such as national or foreign purchase.

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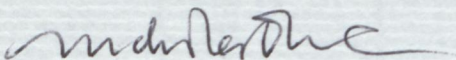
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Paragraph 315 notes that "it is encouraging, too, that Defence Ministers ... have agreed a European staff target for a European Fighter Aircraft ..." . But the world knows that the Five Nations cannot agree on the plane itself.

You might ask Michael Heseltine to say how badly we need a new fighter. We are equipping our aircraft with expensive radars and missiles to engage enemy aircraft beyond visual range. Do we need to equip ourselves for 1940-style dogfights as well? Can we not improvise with aircraft we have, or could improve? The RAF wanted the Tornado as a replacement for the Phantom, but having secured the Tornado, it is now asking for a fighter to replace the Phantom.

Nothing should be said, in the defence estimates or elsewhere, to suggest that a new aircraft is a foregone conclusion.


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