

PREM 19/1845

The Defence Budgets.

DEFENCE

Military Assistance Scheme

Part 1 May '79

(UKTMAS)

PART II

Part 11 April '84

Folder ① Statements on Defence Estimates 1984

Folder ② Spare Copy of Defence White Paper

Folder ③ 1985 Defence Estimates

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
17.4.84							
25.4.84							
4.5.84							
14.5.84							
7.6.84							
14.6.84							
18.6.84							
19.6.84							
1.11.84							
14.12.84							
19.3.85							
20.3.85							
25.3.85							
26.3.85							
28.3.85							
25.4.85							
21.5.85							

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ENDS

Statement on the
Defence Estimates 1984
Vols 1+2

in attached folder.

Folder 3: 1985 Defence Estimates
OD(85)5. 13/3/85.

PART 11 ends:-

'Guardian' Article 21.5.85

PART 12 begins:-

CDP to PM 14.3.86

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(84) 22 nd Conclusions, Minute 3	14/06/84
OD(85) 5	13/03/85
OD(85) 6	13/03/85
OD(85) 3 rd Meeting, Minutes	20/03/85
C(85) 8	25/03/85
CC(85) 12 th Conclusions, Minute 4	28/03/85
CC(85) 14 th Conclusions, Minute 2	25/04/85

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed *A Wayland* Date 2 October 2014

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

1. House of Commons Hansard, 18 June 1984,
Columns 36-115 "Defence [1st Day's Debate]
2. House of Commons Hansard, 19 June 1984,
Columns 173-240 "Defence [2nd Day's Debate]
3. Cmnd. 9227-I: Statement on the Defence Estimates 1984
4. Cmnd. 9227-II: Statement on the Defence Estimates 1984
[Defence Statistics]

Signed *M Wayland* Date 2 October 2014

PREM Records Team

sions with any group of unions interested in such an agreement on behalf of the grades they represent or, if need be, with the institution alone."

Mr Kemp replied: "I am

among the most moderate groups in the Civil Service, yesterday voted narrowly in favour of remitting to the executive a motion calling for a ballot on setting up a political fund.

There has been a break with established prison design and a move towards a hospital model. In our view the result has been disastrous—a view shared strongly by prison staff and inmates," the MPs say.

They say the design allows little daylight into cells and no daylight into corridors and many communal areas. Drab colours, low ceilings and little natural light gave a "strongly depressing and claustrophobic atmosphere."

Defects in cells included significant areas not visible from the observation post, easily broken washing facilities, and fittings with sharp edges which could easily be used in self-mutilation.

"Confinement to cells is greater than anyone would like and, unless there is a massive injection of manpower, little can be done to reduce confinement hours.

"Holloway has been redeveloped at great cost over the last ten years. The design is totally inappropriate and it is grossly expensive to run."

mother, Beverley Lorrington, best long-term plan — stressed live towards her," she said. The inquiry continues.

Productivity plan agreed

By Patrick Wintour, Labour Staff

A compulsory productivity scheme, which it is claimed could increase efficiency by 14 per cent, is to be introduced in every postal sorting office within the next month.

Retention of the existing voluntary productivity scheme, covering only 56 per cent of mails staff, was rejected yesterday by the Union of Communication Workers' conference by 7,569 votes to 5,163.

The vote is a triumph for the Post Office management and the UCW executive.

A number of larger branches, including Coventry, Manchester, and Glasgow, have snubbed the productivity scheme, arguing that it cuts jobs. Locally-negotiated bo-

nuses are paid by sharing out savings arising from a reduction in man hours.

But the introduction of a voluntary scheme in inner London has improved productivity by 26 per cent over the past four years, while throughout the country the saving has been 14 per cent. Average bonus earnings have been about £14 a week, but earnings have reached £40 extra in London.

The conference at Bourne-mouth yesterday endorsed the introduction of new technology, including the electronic sorting machine, OCR, which is capable of reading typed addresses and printing post codes on envelopes.

A Post Office spokesman said it was hoped to introduce up to 20 OCR machines next year, involving the loss of 300 jobs.

Kidnapper gaoled for 14 years



Shirley Goodwin — held to ransom

A member of an "evil" gang of kidnapers was gaoled for 14 years yesterday after being trapped by voice prints.

William Davies (28), a nightclub bouncer, of Old Road, Gravesend, was recruited as the gang's muscle, Judge Nina Lowry at the Old Bailey said.

She described Davies as a violent man capable of being dangerous and she said he instilled terror into the kidnap victim, Mrs Shirley Goodwin, aged 40, and her family.

Mrs Goodwin was abducted from her home in Hackney in April, 1983, and held blindfolded for six days on the Isle of Sheppey while a £50,000 ransom was demanded. At the time her husband, John, aged 45, was in prison.

Two other members of the gang, earlier gaoled for 18 years and eight years respectively, were caught by detectives when they picked up a £10,000 ransom deposit.

Davies remained free until he was positively identified by a phonetics expert who studied voices on ransom tapes.

144 ordnance jobs to go

By Richard Norton-Taylor

The Royal Ordnance factory in Bridgwater, Somerset, which produces high explosives for ammunition, is to make 144 workers redundant, partly, according to union officials, because east European countries, including Romania, are dumping cheap TNT on the Nato market.

Delegates at the annual conference of the Institution of Professional Civil Servants in Eastbourne, said yesterday that Mr Adam Butler, the junior defence minister, would announce the redundancies in a statement tomorrow.

Mr Jack Dromey, national of-

ficer of the Transport and General Workers' Union, who negotiates for Royal Ordnance factory workers, has written to Mr Butler for an assurance that no east European material will be brought for British forces. He said that at a meeting on May 14 with union representatives, Mr Butler had said that it was vital for Britain to maintain its own viable explosives manufacturing capability.

Mr Dromey said yesterday that the ministry should finance the build-up of British explosives stocks, rather than allow Bridgwater to be run down because of imports from abroad.

The tribunal tribulations of Kerry baby mother

From Joe Joyce in Dublin

TOURIST posters of two beautiful beaches on the coast of County Kerry adorn the hall in Dublin Castle where the official inquiry into the deaths of two newly-born infants finished taking evidence yesterday.

They remain from the hall's previous role as the press centre for a Common Market summit. The tribunal moved in to sort out the extraordinary events after an infant's body was found with 28 stab wounds on another beautiful Kerry beach.

The hearings moved to Dublin after two months in Tralee, County Kerry.

Dark-suited lawyers have sifted clinically through the evidence of some 109 witnesses, revealing a complex story.

Miss Joanne Hayes, or-

dered to attend all evidence by the tribunal, sits among the public. She has heard and had to reveal explicit details of her sex life, her medical history, and her emotions. She was originally charged with the murder of the stabbed baby, but the accusation was dropped when her own stillborn child was found.

For 77 days she has listened to psychiatrists dissect her psyche, policemen talk about her loose morals, and lawyers depict her as manipulative and scheming.

Scientists debated the purity of blood samples squeezed from the lung tissue of the murdered infant, the strength of umbilical cords, and if and how they break when pulled.

The senior detective involved in charging her with murder explained that he



Joanne Hayes — explicit details

had not taken her to find the watery hiding place of her own dead son — which his men could not locate — in case vermin had eaten parts of the body and the site would have traumatic effects on her.

Amid the arguments about whether Miss Hayes was a victim or a manipulator, her

experience has been cited in attempts to prove and disprove numerous beliefs about Irish society.

However, the outrage among women's groups and others at Miss Hayes's grueling cross-examination dissipated somewhat when other members of her family gave conflicting testimony to her account of giving birth alone in a field.

But the issue before the tribunal has remained constant: how did Miss Hayes and her family come to confess in graphic detail to the murder of the stabbed infant, when the scientific evidence indicated that it was not her child?

She and her family say they were pressed into making false statements. The police denied putting any pressure on them.

They insist that they still

believe she stabbed the murdered infant which, they say, was one of twins born to her.

The scientific evidence has ruled out her lover as the father of the murdered baby. She could only have had twins by two different fathers—an "Exceeding rare" event, according to one expert.

Mr Justice Kevin Lynch, the High Court judge conducting the inquiry, has told the two sets of lawyers representing the police and the lawyers for the Hayes family, to come back on June 10 to sum up their cases.

As Miss Hayes left the tribunal yesterday there was no sign of the yellow roses and ribbons with which she had been festooned in the emotive days when she was interrogated in the witness box.

GARDIAN 21 MAY



CABINET OFFICE
70 Whitehall,
London SW1A 2AS
Telephone 01-233 3340

28 March 1985

Michael Heseltine

CD/14-

STATEMENT ON THE DEFENCE ESTIMATES

Thank you for copying to me your letter of 13 March.

I have no points to make on the text itself, but I believe that a clear re-affirmation of our Trident policy is very necessary. I hope that in briefing and speaking notes prepared for the Defence Estimates this can be underlined.

There is a clear feeling abroad, both in the House of Commons and outside in the country, that Trident is an optional extra. I am anxious to counter the growing argument which proposes that Trident becomes unnecessary if we go into Star Wars.

I am copying this letter to Cabinet Colleagues, and to Sir Robert Armstrong.

Yours ever
John Selwyn Gummer
JOHN SELWYN GUMMER

The Rt Hon Michael Heseltine MP
Secretary of State for Defence
Ministry of Defence
Whitehall
SW1

Deborah
Bueper



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01 APR 1985

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Ref. A085/899

PRIME MINISTER

Statement on the Defence Estimates 1985

(C(85) 8)

ms

BACKGROUND

The Secretary of State for Defence has amended the text of his draft White Paper to take account of the points made in the meeting of the Defence and Overseas Policy Committee (OD) on 20 March and in previous correspondence. Your request at the OD meeting that the Soviet lead in chemical weapons should be clearly indicated in Chapter One of the draft has been well met by the revised third sentence of paragraph 125.

2. There are three additional glosses to be made on the revised text: the significance of the passage in the draft White Paper which deals with the decline of the United Kingdom merchant fleet (paragraphs 458-460) has been underlined by your meeting last week with Sir Edward du Cann at which he conveyed representations from the Parliamentary Maritime Affairs Group. The Secretary of State for Transport, who did not participate in last week's OD discussion of this aspect of the White Paper, may wish to report on progress made in the study of this issue to which reference is made in paragraph 460 of the text. Secondly, a passage has been added at the end of paragraph 511 about the new basic trainer for the Royal Air Force and you may wish to give Ministers concerned an opportunity to comment on this. Finally, it is understood that agreement has been reached orally between the Secretary of State for Defence and the Secretary-General of NATO on the way in which the comparison of NATO and Warsaw Pact dual-capable delivery systems is made in Annex A of the draft. The Secretary of State for Defence will



no doubt wish to confirm that the language in the text (paragraphs 29 to 31 on pages A14 to A15) reflect the agreement reached.

3. The Secretary of State for Defence proposes to publish his Statement on 1 May.

HANDLING

4. You will wish to invite the Secretary of State for Defence to introduce the Statement. Points to be established are:

- a. Is the Cabinet content with the text?
- b. Is the Secretary of State for Transport, who did not participate in the OD consideration on 20 March of the continued decline of the United Kingdom merchant fleet, satisfied with the description of the action now in hand on this important issue in paragraph 460 of the draft?
- c. Is there any objection to the proposed date of publication?

CONCLUSION

5. The Cabinet might be guided to:
- a. approve the Statement on the Defence Estimates 1985;
 - b. agree that it should be published on 1 May.

ROBERT ARMSTRONG

26 March 1985

E.B.

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Prime Minister
COP
19/3

PRIME MINISTER

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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- 2 -

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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- 3 -

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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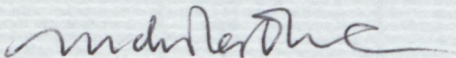
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EFA

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.


NICHOLAS OWEN

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PRIME MINISTER

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OD: 20 MARCH

The purpose is to consider the Defence White Paper, which you saw at the weekend.

You were not happy with the section on arms control (paragraphs 114-127) and will want to say something on this. In particular you may want to look at the opening sentences of paragraph 121 in the light of the unfortunate effect created by the Foreign Secretary's speech.

The Chief Secretary has proposed some rewording of paragraph 503 on the Defence Budget (Flag A). This seems an improvement.

You may like to use the discussion to ask the Defence Secretary to say something about the European Fighter Aircraft. I enclose the Defence Secretary's minute (Flag B), Norman Tebbit's comment (Flag C) and the Policy Unit's advice (Flag D). The view is getting about in some quarters - including the press - that the Defence Secretary is so keen on collaboration that we may end up losing out badly on it. You will not want a substantive discussion now. But you might conclude that there should be a full Ministerial discussion to set clear guidelines before the Defence Secretary meets the members of the EFA consortium in May.

C.D.P.

P.S. Please now see also the Policy Unit note attached just inside the cover.

19 March 1985

C.D.P. 19/3

A A COP



Treasury Chambers, Parliament Street, SW1P 3AG

R C Mottram Esq
Private Secretary to
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
London SW1A 2HB

18 March 1985

Dear Richard

STATEMENT ON THE DEFENCE ESTIMATES 1985

Your Secretary of State's memorandum on the Statement on the Defence Estimates 1985 (OD(85)5) asked for proposed amendments to be circulated in advance of Wednesday's OD meeting. Generally the Chief Secretary found the Statement an informative and well-presented document. The essays are particularly good.

There are two points in the section on the defence budget, paragraph 503, where the Chief Secretary wishes to propose amendments.

First, the opening sentence refers to the possibility of a "defence review". The Chief Secretary wonders whether there is some risk that to mention this in the SDE might stimulate further discussion, rather than reducing it. He thinks it might be better to deal in a press conference or elsewhere with such speculation.

Second, the Chief Secretary is concerned that the wording of the second sentence of paragraph 503 carries an implication that the 1985-86 level of defence spending will be maintained in future years, when in fact some real terms decline is projected for the years after 1985-86 with and without Falklands expenditure.

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Both of these points could be met in a way which might help to strengthen the message of the paragraph if the first two sentences were amended along the following lines:-

*With the ending in 1985-86 of the commitment to plan for real growth in the region of 3 per cent there have been suggestions that it will not be possible to sustain the improvements in our defence capabilities. This takes no account of the continuing impact of the substantial real increase in defence spending between 1978-79 and 1985-86; nor of the significant improvements in efficiency which have and will continue to ensure more output is bought for a given cash input.

I am copying this letter to the Private Secretaries of members of OD and to Richard Hatfield.

Yours sincerely
Richard Broadbent

R J BROADBENT
Private Secretary

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MAR 1985

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Prime Minister
This is for OD
next Wednesday.

(2)

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.

(1)
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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

15 MAR 1985

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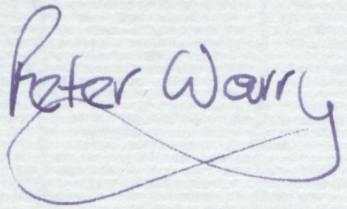
MR TURNBULL (Not for the box!)

14 December 1984

DEFENCE TECHNOLOGY ENTERPRISES

12 years ago when working for the Admiralty Research Establishment at Portland, (one of those identified to the scheme), I developed a fully operational CAD-CAM system for producing multi-layer printed circuit boards. This was several years before the term CAD-CAM was coined. The idea was patented and ultimately worked its way through to the NRDC (as it then was). This process took over a year, by which time I had left the MOD. The NRDC did not understand the potential of the system and there was no incentive for those at Portland to spend their time chasing the NRDC for no reward themselves.

I would therefore strongly encourage Michael Heseltine's proposal but suggest that the MOD's 25% share should go to the establishment that initiated the proposal and furthermore that there should be some much smaller share of the proceeds to the inventor or inventors.



PETER WARRY



000
Anne Minister

AT?

A useful development ^{re} JR

AT 14/12

mf

MO 26/1

PRIME MINISTER

DEFENCE TECHNOLOGY TRANSFER: CIVIL SPIN-OFF

I am glad to report that we have now reached agreement with the City team, led by Lazard Brothers, on the establishment of "Defence Technology Enterprises Ltd" (DTE).

2. This will be a private profit-motivated company whose function will be to ferret out, develop as necessary and market for exploitation innovative ideas and technology arising from the work of the Defence Research Establishments. DTE will start its operations in the New Year in the Royal Signals and Radar Establishment at Malvern and then move into the Royal Aircraft Establishment at Farnborough and the Admiralty Research Establishment at Portsmouth and Portland and will need a few months to work up its operating mechanisms and develop its data base before seeking wide associate membership from both large and small companies. An announcement about the launching of DTE will be made in the New Year once senior staff are in post.

3. The net income from DTE's activities will be split between the company and MOD on a 75:25% ratio, reflecting the speculative nature of the enterprise and the MOD will also receive up-front payments for the granting of exclusive licences to DTE. DTE will have seven founder shareholders in addition to Lazards, including Barclays Bank, the British Technology Group, Prutec and Robert Fleming, who between them have put up £1M working capital. My Department will also be represented on the DTE Board. The co-operation of British industry will be important to the success of the scheme, and, to enlist its support, we have carried out full consultations with the CBI, SBAC, EEA and other Trade Associations.



4. The initial operation will be for five years at the end of which we and DTE will review its achievements and decide on the future.

h 5. It is an imaginative venture and I shall take a close personal interest in its fortunes.

6. I am copying this letter to the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, whose officials have been consulted on the arrangements, and to Sir Robert Armstrong.

W.S.
Ministry of Defence
12th December 1984

CONQUEROR
LONDON



10 DOWNING STREET

From the Private Secretary

1 November 1984

REDUNDANCIES AT THE ROYAL ORDNANCE FACTORIES

The Prime Minister has read the Minister of State for Defence Procurement's minute of 31 October on this subject, for which she was grateful.

I am sending copies of this letter to Janet Lewis-Jones (Lord President's Office), David Normington (Department of Employment), John Graham (Scottish Office) and Richard Hatfield (Cabinet Office).

(C.D. POWELL)

Dr. Alan Kemp,
Office of the Minister of State for Defence
Procurement

CP

CONFIDENTIAL



MINISTER OF STATE FOR DEFENCE PROCUREMENT

D/MIN/AB/1/8

31st October 1984

Prime Minister

REDUNDANCIES AT THE ROYAL ORDNANCE FACTORIES

I am sure you will wish to be aware in advance of redundancy announcements to be made by Royal Ordnance Factory management at ROFs Blackburn, Bishopton, Birtley and Chorley. The announcements are timed for this Friday morning at 9am. The redundancies in the worst case, will be up to 1,819 personnel, about 10% of the total ROF workforce, and result from a reduction in the MOD ammunition requirement. The shortfall in work results from a combination of factors. First, there have been enhancements to the programme over the past two or three years to build up stocks following the Falklands conflict and generally to improve the War Maintenance Reserve. The additional workload associated with these enhancements is now coming to an end. Also, under the terms of longstanding Memoranda of Understanding between ourselves, the FRG and Italy, for the production of a towed 155mm howitzer (known as FH-70) and its family of ammunition, we are having to place an order for FH-70 ammunition with German industry.

2. The Memorandum of Understanding, in common with many similar documents which regulate international collaborative military programmes, specifies that each nation shall be entitled to a certain proportion, by value, of the work to be undertaken. Normally work shares are made proportional to the partner nations' offtake of the principal equipment involved (in this case the gun). On this basis, we would have been entitled to something under 20% of the work generated by the FH-70 project.

/ For ...

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1) AT
2) Prime Minister

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For a number of reasons, however, the UK has, to date undertaken 38.24% of work done. In financial terms, this means that British industry has been awarded work worth nearly £11m which should have gone elsewhere. Italy has a smaller work surplus worth approximately £3.5m. Conversely, Germany is owed just over £14m worth of work. It is within this framework that the MOD has placed an order with Germany. There is no means of avoiding this which would not involve either breaking an international agreement to which we were party and which offers the UK exceptionally favourable overall treatment, and/or jeopardising our wider interests, including those of the ROFs, in the field of defence equipment collaboration. ROF management has reluctantly accepted this.

3. There has been Trades Union and media speculation for some time concerning the possibility of a major redundancy and it will not come as any surprise. During this period we have been careful to make it clear that the size of the ROF workforce is, as ever, determined entirely by the state of the ROFs' order book, and this is of course the case. However, the timing of the announcement, following hard on the heels of Royal Assent for the Ordnance Factories and Military Services Bill, is bound to lead to Opposition and Trades Union claims that there is some link between the lack of MOD orders and the Government's plans to privatise the ROFs. This is something we will have to live with.

4. MOD Ministers have already received representations from the ROF Trades Unions; and, at their request, Michael Heseltine and I are again meeting National Officers of the principal Unions concerned at 2.45pm on Thursday to inform them of the position.

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5. Already, the Trades Unions have announced plans for a 'walk out' throughout the ROF organisation timed to coincide with the meeting. No doubt, this has much to do with their antipathy towards our privatisation proposals as their concern at the prospect of large-scale redundancies.

6. At Annex I attach a note summarising the worst case redundancy currently envisaged. I am sending copies of this minute to Willie Whitelaw, Tom King, George Younger and Sir Robert Armstrong.

A.B.

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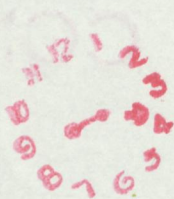
ANNEX TO
D/MIN/AB/1/8
DATED: 31ST OCT 84

	<u>Factory</u>	<u>Industrials</u>	<u>Non-Industrials</u>	<u>Total</u>
<u>Explosives</u> <u>Division</u>	Bishopton	512	90	602
<u>Ammunition</u> <u>Division</u>	Birtley	460	135	595
	Blackburn	120	25	145
	Chorley	337	140	477
	TOTAL	<u>1,429</u>	<u>390</u>	<u>1,819</u>

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31 OCT 1984

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10 DOWNING STREET

From the Private Secretary

18 June 1984

REME Static Workshops Review

The Prime Minister has noted the Defence Secretary's minute MO2/2/7 of 13 June on this subject.

I am sending copies of this letter to Peter Ricketts (FCO), David Peretz (HM Treasury), Callum McCarthy (Department of Trade and Industry), David Normington (Department of Employment), David Morris (Lord Privy Seal's Office) and Richard Hatfield (Cabinet Office).

C.D. POWELL

Richard Mottram, Esq.,
Ministry of Defence.



Prime Minister

CDP 15/6

MO 2/2/7

PRIME MINISTER

REME STATIC WORKSHOPS REVIEW

As you know, the Ministry of Defence has been studying a number of areas within the Department which absorb significant resources, and which might offer scope for savings in cash and manpower terms without any penalty in operational efficiency. One such is the REME Static Workshop Organisation in the UK, which has been the subject of a major review.

2. The findings of the Review identified both a degree of over-capacity, and an imbalance of trade skills within and between individual workshops. The proposals to resolve this situation have been considered in detail, and they offer a cost-effective solution. They will result in net manpower savings of some 600 civilian posts, as well as financial savings. The proposals will take up to three years to implement, allowing us to take full advantage of natural wastage and voluntary redundancy.

3. The two principal features of the review's recommendations are:

a. the closure of two workshops, at Chilwell (Nottingham) and Newark, and reduction in capacity of certain others, varying from a reduction of some 87 posts at Catterick to only 2½ posts at Mill Hill. Five existing workshops will be expanded notably those at Bovington, Bicester and Old Dalby (Leicestershire). A detailed table is attached.

b. the transfer of more of the Army's repair work to industry; it is estimated that the present 18% level of workshop base repair load contracted out can be doubled without adversely affecting operational requirements.



4. I intend to announce these decisions to the House in the form of an answer to a Parliamentary Question on 28th June. The normal procedures will be followed to inform MPs with a constituency interest, the relevant Trades Unions and, of course, the workforces involved.

5. I am copying this minute to the Chancellor of the Exchequer, the Secretaries of State for Trade and Industry and Employment, the Lord Privy Seal and to Sir Robert Armstrong.

MSS

Ministry of Defence

13th June 1984

You will note your constituency interest in the sub (H) workshop.

REME STATIC WORKSHOPS REVIEW: CHANGES IN CIVILIAN STRENGTHS

Serial	Unit	Location	Proposed Strength	Strength at 1st May '84	Change	
					Increases	Decreases
1	33 Central Workshop	Newark	-	193½	-	193½
2	34 "	Donnington	945	939½	5½	-
3	35 "	Old Dalby	685	522	163	-
4	38 "	<u>Chilwell</u>	-	809	-	<u>809</u>
5	18 Command Workshop	Bovington	500	278½	221½	-
6	26 "	Stirling	200	220	-	20
7	27 "	Warminster	440	417	23	-
8	30 "	Mill Hill	110	112½	-	2½
9	31 "	Catterick	154	241½	-	87½
10	36 "	Colchester	189	217	-	28
11	39 "	Bridgend	89	92	-	3
12	41 "	York	209	223	-	14
13	42 "	<u>Liverpool</u>	172	225	-	<u>53</u>
14	43 "	Aldershot	279	288	-	9
15	43 "	Bicester	350	91½	258½	-
16	44 "	Ashford	200	255	-	55
TOTALS			4522	5125	671½	1274½

Net Decrease: 603

11 5 JUN 1984 H



A Brief for the debate on the
1984 DEFENCE WHITE PAPER
in the House of Commons on
18th & 19th June 1984

*Dubs
8/6*

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NB The issue of Cruise missiles was dealt with in the brief for the recent debate on that subject. Copies of that brief (Ref. DEF(84)2) are available on request from the Research Department.

Conservative Research Department,
32 Smith Square,
London SW1
Tel. 222 9000

Enquiries on this brief to:

Robin Turner
Extn 2506

THE 1984 DEFENCE WHITE PAPER

1. Introduction

The 1984 Defence White Paper (Cmd 9227) was published on 14th May 1984. As in recent years, it is in two volumes, the second consisting entirely of statistics. The first volume includes a number of separate self-contained passages (printed in blue), which provide deeper background and analysis of certain issues. These passages are entitled "the European Contribution to NATO", "NATO and the Warsaw Pact: Like with Like?", "Warship Design and Procurement", "Twice a Citizen" (about the Reserves) and "Soviet Defence Expenditure".

Apart from demonstrating how our defences are continuing to be strengthened after five years of Conservative rule, the White Paper outlines the Government's ambitious plans for the reorganisation of the Ministry of Defence and the armed services, as well as reforms intended to improve efficiency and save money in weapons procurement. The Secretary of State for Defence, Mr Michael Heseltine, described his various initiatives as:

"the greatest single overhaul of machinery for development and co-ordination of defence policy for two decades" (Financial Times, 15th May 1984).

2. Defence Expenditure

The defence budget for 1984/85 amounts to £17,033 million. Future plans provide for 3% growth in real terms in 1985/86 with a further addition for Falklands costs. The 1985/86 defence budget will be nearly 20% higher in real terms than in 1978/79, excluding the Falklands additions. The Government does not intend to continue with the policy of increasing spending by 3% a year in real terms after 1985/86, but there should be a small increase in spending in 1986/87.

NATO comparisons. In 1983, the United Kingdom spent 5.4% of its GDP on defence, more than any other major European ally. The equivalent figures were: United States - 6.9%, France - 4.2%, West Germany - 3.4% and Italy - 2.8%.

The United Kingdom was second only to the United States so far as total expenditure was concerned with \$24,370 million, compared with \$225,345 million for the United States, \$22,360 million for West Germany, \$21,530 million for France and \$10,310 million for Italy.

The United Kingdom was also second only to the United States in the league of defence spending per capita, spending \$435 per head of population. The equivalent figures were: United States \$962, France \$396, West Germany \$364 and Italy \$181.

3. The East-West Military Balance

The White Paper shows that the Soviet Union has 2,715 strategic nuclear systems (intercontinental and submarine-launched nuclear missiles and heavy bombers), whereas NATO (excluding France) has 1997. The Soviet Union has 4,447 land-based intermediate-range nuclear systems in Europe, whereas NATO has 901. This imbalance is beginning to be redressed by the first deployment of Cruise and Pershing missiles.

The Soviet Union has 1,600 European short range nuclear systems, whereas NATO has 1,200.

In conventional forces, the current balance on the central front is as follows:

	<u>NATO</u>		<u>Warsaw Pact</u>
Total soldiers	1	:	1.2
Main battle tanks	1	:	2.3
Artillery	1	:	2.7
Anti-tank weapons (including helicopters)	1	:	1.3
Fixed wing tactical aircraft	1	:	2.1

The balance of ready maritime forces in the Eastern Atlantic is as follows:

	<u>NATO</u>		<u>Warsaw Pact</u>
Surface ships	1	:	0.7
Submarines	1	:	2.3
Maritime Aircraft	1	:	1.3
Mines	1	:	31

These ratios are slightly better than last year's in respect of tanks, artillery, anti-tank weapons, submarines and maritime aircraft.

4. Strengthening the Front Line

A major aim of Government policy is to shift servicemen from support areas to the front line. In the Royal Navy, eight major warships which would have been placed in the stand-by squadron from 1986 onwards will remain with the operational fleet, thus increasing the numbers of destroyers and frigates available at short notice for NATO and national commitments by 20% over previous plans.

In the Army, 4,000 men will be deployed to the front line, while the number of front-line aircraft will increase by 15% by the end of the decade without any overall increase in RAF manpower.

5. The Royal Navy

The modernisation of the Royal Navy continues. More, in real terms, was spent on the construction of new ships and their weapons systems in 1982/83 than in any of the previous 20 years. In 1983/84 about £750 million more in constant prices was spent on the conventional Navy than in the last year of the Labour Government.

37 warships are now on order for the Royal Navy and next year the third Invincible class aircraft carrier - HMS Ark Royal - will be accepted into service. There are now 12 nuclear-powered hunter-killer submarines in service with 4 more on order and a further order expected soon. The first of the new Type 23 frigates will be ordered shortly, as will two more Type 22 frigates.

The lightweight Stingray torpedo is now operational with Sea King helicopters and Nimrods. The Harpoon surface-to-surface missile system is to be bought for the Type 23 frigates and the later Type 22's. Sea Eagle - the air-launched anti-ship missile - will enter service next year, while the Sea Wolf missile is to be improved.

6. The Army

Improvements in the Army include the following:

The first regiment equipped with the new Challenger tank, protected by Chobham armour, enters service in Germany this year. The Milan, Swingfire and TOW anti-tank weapons are all being improved. The new Saxon armoured personnel carrier will be introduced later this year to enhance the mobility of infantry earmarked to reinforce BAOR. 6 Brigade has begun a year-long trial in the airmobile anti-tank role in Germany.

5 Airborne Brigade is being expanded to enhance its capabilities (for operations outside the NATO area) and to conduct airborne deployments. Its strength will amount to approximately 4,500. RAF Hercules aircraft are being "stretched" in order to enable them to carry more paratroops in such operations.

7. The Royal Air Force

The extensive modernisation of the RAF continues. As the Chief of the Air Staff, Air Chief Marshal Sir Keith Williamson, has said:

"There is coming to fruition the largest reequipment programme that the RAF has been involved in (since the early 1950's) --- Tornado, the Airborne Early Warning Nimrod and the improved UK Air Defence Environments all mean that our operational capability is as high as I have known it and this has coincided with an improvement in the morale of the people in the Service" (Times, 9th September 1983).

There are now three squadrons of Tornado GR1 strike/attack aircraft operations in Britain and two in West Germany. Development of the advanced Harrier GR5 is continuing and will enter service in the late 1980's. The Tornado F2 - the air defence variant will join the RAF later this year. Eventually there will be seven F2 squadrons for the defence of UK air space.

The network of ground radars and command, controls and communications systems for air defence (UKADGE) is being totally modernised, with new radars about to enter service. Surface-to-air missile capabilities are being improved with additional Rapier units being acquired. As Sir Keith Williamson said:

"the air defence of the UK is going to be very much better based than it has been at any time in peacetime" (Times, *ibid*).

8. The Reserve Forces

The Reserve Forces are being significantly strengthened and expanded. The Territorial Army is a highly cost-effective instrument of national defence. It provides some 30% of the mobilised strength of the Army for about 4½% of the Army's budget. The TA has grown from 59,300 in 1979 to over 70,000 now and is due to reach 86,000

in 1990. New Territorial units will include six more infantry battalions, an air defence regiment, a Yeomanry squadron and an Army Air Corps squadron. This autumn a large number of Territorials will be participating in Exercise LIONHEART, which will be designed to test plans for reinforcing the British Army of the Rhine.

The pilot scheme to assess the feasibility of raising a Home Service Force, to provide static guard forces for lower priority key points in time of tension or war, has been a success. The HSF is to be about 5,000 strong. The Royal Naval Reserve is being equipped with new minesweepers and patrol craft. The Royal Auxiliary Air Force is also expanding: six new field squadrons have already been established.

9. Trident

The White Paper states that there has been no change in the cost of the Trident programme other than for inflation and exchange rate variations. Taking account of these factors, the latest cost estimate is £8,729 million at 1983/84 prices. Trident will absorb only about 3% of the total defence budget over the period of its procurement and 6% of the defence equipment budget.

The White Paper emphasises that the British strategic force will continue, when Trident is operational, to be of the minimum size necessary to provide a credible and effective deterrent. Thus the Government's current plans for the Trident force will not involve using the full warhead capability of the system.

On 16th May, the Government announced its plans for the development of the Clyde submarine base at Faslane and Coulport in the light of the Trident programme. More than 1,500 new jobs are expected to be available at the peak of new construction work there in 1988. An estimated extra £125 million will be injected into the local economy between 1985 and 1992.

Nationally, the Trident programme is expected to involve directly some 20,000 new jobs annually in the peak years of the programme, and some 15,000 indirectly.

10. Better Management of Defence

The Government's intention is to draw a clearer distinction between the formulation of advice on operations, policy and resource allocation on the one hand, and the management of defence resources on the other. Henceforth, a combined Defence Staff, responsible to the Chief of the Defence Staff and the Permanent Under-Secretary, will be responsible for the former.

The principal concern of the three Service Chiefs of Staff will in future be the oversight of the management of their individual services, and their total fighting efficiency and morale. They will chair Executive Committees of their Service Boards responsible for the management functions of Service personnel, training, logistics and supply. The Defence Secretary has emphasised that:

"In judging the appropriate management for the Ministry, my overriding aim has been to strengthen the fighting effectiveness of our forces. Nothing must be done, which would weaken the separate identities and tradition of the three fighting services. They play a vital part in the morale of our front-line units" (Hansard, 12th March 1984, Col.22).

Value for money for the taxpayer. The Government is determined that the British taxpayer should get maximum value for the very large sums of money devoted to defence. Inside the Ministry of Defence, an Office of Management and Budget will be created to achieve stronger control over the Department's corporate planning and financial and management systems. Whenever possible, competitive tendering for contracts is being introduced at every level in the supply of defence equipment. Civilian manpower in the Ministry of Defence has already been reduced by 47,000 to 200,000 during the period of the Conservative Government, and it is intended to bring it down further to at least 170,000 by 1988 in line with the Government's target for the Civil Service as a whole.

As Mr Heseltine said in a statement on 14th May:

"Taken together, these measures to improve efficiency and cost effectiveness across the defence programme are an essential part of the Government's commitment to enhance our national defences. As such they will contribute to NATO's policy of deterrence and help to ensure that the Alliance continues to be as effective a guarantor of peace and freedom in the decades ahead as it has been since 1949".

11. Labour Defence Policy

Nuclear Defence. The policy of unilateral nuclear disarmament and massive defence cuts was a major factor in the Labour Party's heavy defeat in last year's General Election. Yet the October 1983 Labour Party Conference passed by a large majority resolutions which reiterated in every respect the policies rejected by the electorate. The present Labour leader is just as convinced a unilateralist as was Mr Foot, as can be seen from the following statements by Mr Kinnock:

- a.) "There are no circumstances in which I would order or permit the firing of a nuclear weapon. Nothing could justify a first strike. Retaliation would be the supremely useless act of all history" (New Socialist, September/October 1983).
- b.) "I intend that the government I plan to lead will achieve in five years the denuclearisation of Britain" (International Herald Tribune, 5th October 1983).
- c.) Question : "Is it ... your intention to give up Polaris?"
Answer : "By all means. For two reasons".
Question : "Within the lifetime of a Parliament?"
Answer : "Yes, for the two reasons ... and they are defence reasons. That it is not plausible to depend upon Polaris as an effective way of defending this country ... (and) Polaris specifically is an obsolescent weapon" (ITV Weekend World, 22nd January 1984).
- d.) "The policy of the Labour Party is that we do not have anybody else's nuclear bases in our waters or on our soil. I support that policy. We can and will only get effective defence related to Britain's real needs if we have the resources to provide ourselves with non-nuclear weapons and if we do not make our country a nuclear target" (Daily Telegraph, 21st February 1984).

Conventional Defence. The 1983 Labour Party Conference also reaffirmed the party's commitments to "bring Britain's military expenditure as a percentage of the

GNP into line with that of the average of our major European allies", which would involve a massive cut in the defence budget. But strangely, Mr Kinnock has recently indicated that he might actually be prepared to see defence spending increased as a consequence of Britain abandoning nuclear weapons. Whether the Labour Party would ever accept such a policy must be very doubtful. Mr Kinnock's thinking on the matter was exposed in an interview in "A Week in Politics" on Channel 4 on 25th May 1984. The following are extracts:

Question: "Do you accept ... that if you don't have nuclear weapons ... then you've got to spend an enormous amount of extra money on conventional weapons in order to have the same degree of effective defence and deterrence?"

Answer : "I think that there are probably obligations in that direction especially insofar as changing the equipment of the Royal Air Force is concerned and insofar as ensuring we have an effective surface and submarine fleet is concerned ...

... Very few people ... can give an adequate assessment of what the cost consequences are of removing ourselves from nuclear dependence and adopting conventional methods including high technology. If the consequence of that in order to get effective defence is additional expenditure, we owe it to ourselves and our country and to the Alliance to ensure that we are not failing in that respect and that will be the case".

12. SDP/Liberal Alliance Defence Policy

Ever since the SDP/Liberal Alliance was formed, there have been cracks and splits in its defence policy, which have had to be papered over.

Polaris. While both parties are opposed to Trident, the Social Democrats want to keep Polaris in service for as long as possible, whereas the Liberals, who have traditionally opposed any independent nuclear deterrent, want to phase it out. The Alliance General Election manifesto fudged the issue by merely saying that: "Polaris should be included in the merged START and INF talks".

Cruise missiles. The Social Democrats have conditionally supported the deployment of cruise missiles, while calling for a "dual key". The Liberal Party on the other hand has opposed their deployment since 1981 (although Mr Steel himself has been closer to the SDP position).

In the Commons debate on cruise missiles on 31st October 1983 both Liberal and Social Democratic MPs voted against the Government, but supported an amendment, which, while calling for the continuation of negotiations, by implication suggested that cruise missiles should be based in the United Kingdom under certain conditions. However, there is little doubt that the majority of Liberal MPs and activists remain opposed to the deployment of cruise missiles under any circumstances. The Alliance European Election manifesto calls for the suspension "of further deployment of Cruise and Pershing missiles to give the Soviet Union an opportunity to come back to the conference table".

Other issues. Their European manifesto also calls for the reduction of Europe's dependence on nuclear weapons by "moving towards 'no first use' of nuclear weapons (and) the creation by NATO of a 150 km Battlefield Nuclear Weapon Free zone in Central Europe, which could provide the basis for negotiations with the Russians on a wider verifiable nuclear free zone".

CCPC

FCS/84/138AR 14/15
L.A.SECRETARY OF STATE FOR DEFENCEArmy Manpower

1. Thank you for copying to me your minute of 8 May to the Prime Minister. I very much welcome the new measures for improving the Army's capability which you propose to announce on 14 May. They should enhance the already impressive contribution we make to the common defence effort in the Alliance and, in particular, to forward defence in the FRG.

2. I well understand your wish not to give the impression that your proposed measures contravene the statement in Command 8288 that we would hold BAOR's manpower at 55,000. But it would be a pity, in my view, if the impact of the announcement on our Allies, and in particular on the Germans, were reduced by our having to point out that the figure would not be increased in practical terms. I accept that, at official level, the Germans know full well that 55,000 is an establishment figure. But the figure has achieved a symbolic quality in the FRG and German opinion is sensitive to any suggestion that we might fall below it. I hope, therefore, that in making your announcement you will feel able to avoid drawing particular attention to the fact that the addition of 1,000 men to BAOR's establishment will not involve increasing the 55,000 figure in practical terms and thus, by implication, acknowledging that we do not in fact meet it.

3. I am copying this minute to the Prime Minister and other OD colleagues as well as to Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office

14 May, 1984

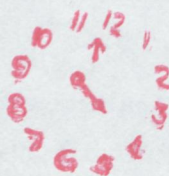
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10 DOWNING STREET

From the Private Secretary

11 May 1984

ARMY MANPOWER

As I told you on the telephone, the Prime Minister has seen your Secretary of State's minute of 8 May and agrees that Mr. Heseltine should announce the planned enhancements to BAOR when the statement on the defence estimates is published on 14 May.

I am copying this letter to other members of OD and to Sir Robert Armstrong.

Nick Evans, Esq.,
Ministry of Defence

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG

May 1984

Rt Hon Michael Heseltine MP
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
London SW1A 2HB

N.D.P.R.

A.J.C. 14/5

Dear Secretary of State

ARMY MANPOWER

In your minute to the Prime Minister of 8th May you outlined your plans for identifying 4000 existing Army posts which can be transferred from tail to teeth areas. This is a constructive move which will enhance capabilities and increase effectiveness; I am pleased to see that it can be achieved at only marginally increased costs and within the existing planned defence budget.

I am copying this letter to the recipients of your minute.

Yours Sincerely
Peter Rees

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

Defense Budget: Pt 17

14 Nov 63

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Prime Minister.

Agree that the Defence Secretary should announce the enhancements to BAOR (para 3(c) below) on 14 May, when the statement on the Defence Estimates is published:

MO 16

PRIME MINISTERARMY MANPOWER

A.S.C. 2/5.

Yes no

I have already made clear that it is my objective to make the most effective use of the very considerable resources which we devote to defence. Within these resources of both money and manpower, I am seeking to bring all three Services to the highest possible level of fighting effectiveness, enhancing not only their deterrent value but also their conventional staying power.

2. In the case of the Army, we have in hand studies to identify 4,000 existing posts in the training and support area which can be transferred forward into fighting units and their immediate logistic support. The transfer of these posts from tail to teeth will enable the Army to man a number of significant and urgently needed improvements to our NATO, Home Defence and Out of Area capabilities.

3. This will permit:

a. For our NATO Capability in BAOR:

(1) The formation of an extra Armoured Regiment (bringing the total to twelve) which together with other changes will provide much needed improvements to the strength of the 1st British Corps reserve Division (3rd Armoured Division).

(2) The creation of a new air defence High Velocity Missile regiment which will fill a need already adversely commented on by NATO.



(3) More effective use to be made of the Army's helicopters.

(4) An increased capability for electronic warfare.

(5) The deployment of new combat vehicles for the infantry and supporting arms, and the Multiple Launch Rocket System for the artillery.

(6) New equipment to speed increased war stocks to the battlefield.

b. For Home Defence:

(1) The formation of a new Territorial Army brigade, probably in the North East of England.

(2) More regular support for the expanded Territorial Army.

c. For Out of Area Operations: There will be improved command, communications and logistic arrangements.

4. These and other smaller scale enhancements will enable us to make the best use of the excellent new equipment coming into service, as well as to make good a number of deficiencies in the Army's current order of battle. They will be widely welcomed by our allies and can be positively presented publicly at the appropriate time.

5. By redeploying men from the 'tail', these improvements will be manned within the Army's overall manpower ceiling. Part of the planned redeployment is to Germany, and as a result there will be a small increase of up to 1,000 in the number of troops in the theatre. Without this addition, the essential new capabilities could only be deployed to the British Army of the Rhine if we were to remove some of



our existing in-place combat forces, which would defeat the whole purpose of the exercise. For example, to make the necessary headroom we would be forced to withdraw all or part of 6th Brigade from Germany to the United Kingdom. Not only would this remove forces we consider essential to have on the Continent but it would attract direct criticism from our allies and it would seriously detract from the otherwise favourable impression of the new enhancements.

6. In Cmnd 8288 "The Way Forward" my predecessor announced that we would hold BAOR's manpower at 55,000, which is the minimum consistent with our obligations under the Brussels Treaty. In practice we never achieve this figure and the actual numbers in theatre are always several thousand below the ceiling. This is because of our commitments in Northern Ireland, the Falkland Islands and Belize which necessitate the removal of troops from BAOR for emergency tours and, of course, because there are always many troops on courses and leave in the UK. Under my proposals we should still remain significantly below 55,000 troops in Germany in peacetime but by adopting an establishment figure of 56,000 we would come closer to a real figure commitment. The only time in the future, as now, when the 55,000 figure would be achieved let alone exceeded would be during special exercises.

7. Providing for the additional soldiers and their families will give rise to limited extra costs of some £2-3M per annum, since they will for the most part, be supplementing the strength of existing units, and deploying to garrisons where sufficient accommodation and other facilities can be made available. These extra costs will be significantly offset by savings arising out of our continuing drive for economy in the administrative overheads of BAOR, and will be accommodated within the planned defence budget.

8. I should like to be able to announce the enhancements we plan to make in BAOR when the Statement on the Defence Estimates 1984 is published on 14th May; however, I would see no need to draw particular



attention to the increase in BAOR manpower at that time. Indeed I would be content to explain the position as outlined in this note making it clear that we would not be increasing the 55,000 in practical terms. I would be grateful, if possible, for confirmation of my proposed explanation by close of play on Thursday.

9. I am copying this minute to other members of OD and Sir Robert Armstrong.

WJH

Ministry of Defence
8th May 1984



MO 21/2/29

Per DMB
26/2

CEPC

Prime Minister (2)

To note that the statement
on the defence estimates will now
be published on 14 May.

LORD PRIVY SEALSTATEMENT ON THE DEFENCE ESTIMATES 1984

not

DMB
25/4

At the meeting of Cabinet on 12th April, when colleagues approved the draft of this year's Statement on the Defence Estimates, I was invited to examine the possibility of bringing forward the date of publication from that proposed of 23rd May.

2. As you and other colleagues will appreciate, a good deal depends on printing and production arrangements, and these usually impose a constraint on when the Statement can be published. However, I understand that the process can be accelerated this year to allow for publication on Monday 14th May; and I further understand that you would be content with this date as it provides some additional flexibility in planning the business programme. (I should add that my own absence from the country on Defence Planning Committee business puts publication on any other day that week out of the question):

3. I have therefore set in hand the necessary arrangements to allow publication of the 1984 Statement on the Defence Estimates on Monday 14th May, and for its presentation to Parliament as a Command Paper on that date.

4. Copies of this minute go to the Prime Minister and our other Cabinet colleagues, to the Chief Whip and to Sir Robert Armstrong.

Ministry of Defence
25th April 1984

Defence Budget #11

20 APR 1984





file *SSR*

CC	RIA	CDA
LCO	HMT	
LPO	MOI	
LPS	DTI	

10 DOWNING STREET

From the Private Secretary

17 April 1984

Western European Union

The Prime Minister saw the Foreign Secretary's minute of 16 April about the Western European Union before her departure for Portugal. She was content with the approach set out in it.

I am sending copies of this letter to the Private Secretaries of the recipients of your Secretary of State's minute.

(David Barclay)

Roger Bone Esq
Foreign and Commonwealth Office

WJ



Prime Minister

Contact with this approval?

A.S.C. 1/4

PM/84/67

PRIME MINISTER

Now ~ LESS
MT

Western European Union (WEU)

1. I understand that there was discussion in OD on 5 April of the wording of a passage in the Defence White Paper about current moves to strengthen European defence cooperation. Among other things, these involve the Western European Union (WEU). I thought it might therefore be helpful to let you and colleagues have a note of the background and state of current discussions of the role of WEU.

2. The Modified Brussels Treaty of 1954 on which WEU is based contains a mutual defence commitment stronger than that of the North Atlantic Treaty, and the commitment to keep British forces in the FRG. The Treaty is still of value, but the role of the Organisation itself has diminished in importance since the creation of NATO and the EEC. The seven members are the UK, France, FRG, Italy and the Benelux countries.

1948

3. Recent renewed interest in WEU reflects concern to strengthen the European contribution to our common defence, among other reasons in order to be seen by our US ally as credible partners; and an increasing desire among our European allies to discuss defence and security issues among themselves. The German-led attempt to have such issues placed on the agenda of Political Cooperation achieved only slight progress owing to Irish, Greek and Danish opposition. The French have taken the lead in arguing that the WEU could play a greater part. Of her WEU partners, the Germans support French ideas for developing the WEU as a place for reflection by Ministers on questions affecting European security. Belgium and Italy also support, the former enthusiastically, The Netherlands is

/more



more sceptical.

4. The French have proposed developing the WEU Council as a forum for discussion; and giving the work of the parliamentary Assembly a higher profile. They also suggest using WEU for discussion of co-operation in weapons procurement. Underlying their proposals is probably a desire to tie the Germans more securely into a purely European defence organisation at a time when many in France are disturbed by what they see (we believe wrongly) as German neutralist tendencies. They also believe that the WEU Assembly could play a role in increasing public support for defence policies: a view with which it is possible to have some sympathy. The Germans on the other hand, in supporting French ideas, want to exploit an opportunity to tie the French in to multilateral discussions of security questions, taking advantage of Mitterrand's readiness to move closer to his allies over practical defence co-operation. Regrettably, there seems to be no question of France rejoining the NATO integrated military structure or coming into the Eurogroup in the near future - which would be the ideal solution. But the Germans see France's willingness to co-operate in another forum as to be encouraged. I think they are right in this. A precondition for the Germans of strengthening WEU is the removal of the discriminatory controls which apply to them on the production of conventional weapons, and action is in hand to achieve this.

5. Our own interests in all this are:

- (i) to ensure that whatever is done with WEU does not undermine NATO, or the Eurogroup (currently chaired by Michael Heseltine) or the Independent European Programme Group (IEPG) of which the French and some non-WEU countries are members too; the IEPG is being taken seriously by the Americans as a forum for concerting European views on equipment matters;

/(ii)



- (ii) to avoid undermining Political Co-operation in the Ten;
- (iii) to avoid a serious clash with France or the FRG;
- (iv) to exploit any opportunity to bring France into a closer defence relationship with her allies.

There is a balancing act involved in preserving our NATO interests and ensuring that we do not upset the Americans, while showing that we are ready to play a part in a European exercise to which our major partners attach importance.

6. Our soundings of the Americans have so far been fairly reassuring. All the WEU members are determined that nothing should be done which undermines Transatlantic links and that we should keep the Americans fully in the picture. The State Department at a senior level have told us that they welcome the Europeans getting together to discuss what more they could do in their own defence. Provided that any movement to reactivate WEU is presented in a positive way, and they are not faced with inflexible European positions in NATO, they say they will have no objection.

7. At present a Working Group of the WEU is considering how in practice WEU might be "activated" and what subjects a reinforced WEU Council might usefully discuss. There will be a Ministerial meeting in Paris on 24 May, which I shall attend, to decide how far to proceed with this revival. Then in October Ministers of Defence will meet in Rome to mark the 30th anniversary of the organisation. No decision has yet been taken on a German suggestion that Foreign Ministers should attend this meeting as well.

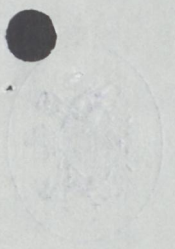


8. I should like to pursue the discussions of the role of the WEU in an open-minded, but cautious way. I believe we need to involve ourselves in them in order to influence the development of WEU in a direction which preserves UK interests, including the strengthening of the Eurogroup and the IEPG. I do not believe we need to be alarmed at the prospect of some discussion of security-related subjects in WEU. If we stand aside we would be perceived as unco-operative and negative in an important area of European activity. I should like therefore to be in a position to agree on 24 May to some measure of revival of the WEU Council if, as is likely, it becomes clear that all my partner Ministers favour this. But we should maintain scepticism about the possibilities for using WEU as a forum for armaments collaboration and defence co-operation. We should continue to promote the legitimate claims of the Eurogroup and IEPG for European collaboration in these areas, and to insist on keeping in step with the Americans.

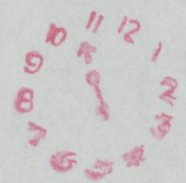
9. Copies of this minute go to Members of the OD Committee and to Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office
16 April 1984



16 APR. 1984



PART 10 ends:-

CC (84) 15 12.4.84 Item 5

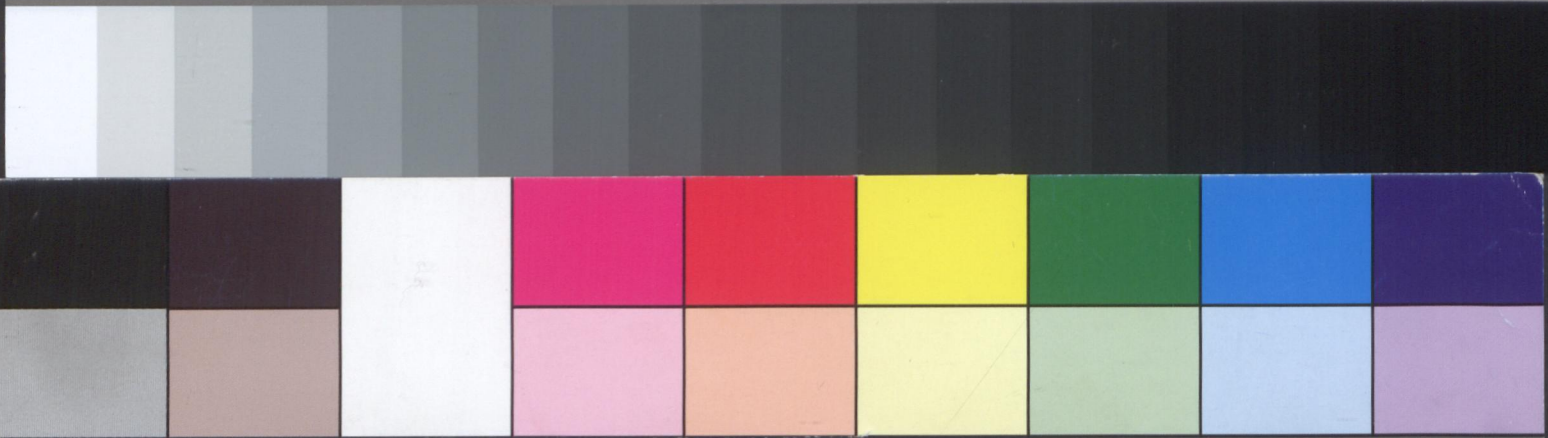
PART 11 begins:-

FCS to PM (PM/84/67) 16.4.84.

Grey Scale #13



A 1 2 3 4 5 6 **M** 8 9 10 11 12 13 14 15 **B** 17 18 19



Colour Chart #13

Blue
Cyan
Green
Yellow

Centimetres
Inches