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DEFENCE AND OVERSEA POLICY COMMITTEE

STATEMENT ON THE DEFENCE ESTIMATES 1981

Note by the Secretary of State for Defence

1. I attach for the Committee's consideration a draft of my Statement on the Defence Estimates 1981.
2. When I became Defence Secretary work on the Statement was already well in hand, and I agreed that it should proceed on the lines laid down by my predecessor. It is a full Statement which aims to assess the consequences for our security of recent events, to explain the major defence decisions taken in the last year, to give new information about the role of our forces in wartime, and to give details of the equipment programme. As last year, there will be an accompanying volume of statistics on all aspects of defence activity and expenditure. The fuller Statement, with the additional information, was well received last year.

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3. My principal concern has been to ensure that the Statement should not prejudice the wide ranging policy review which I am undertaking in the period up to July, and that it should leave open, without alarming our allies or the Services themselves, the possibility of adjustments in the way we approach our NATO roles. Nevertheless it is right that I should warn colleagues at this early stage that current resources devoted to defence are inadequate to fulfil our existing commitments, not least because equipment costs, in real terms, are increasing much faster than the projected increase in defence expenditure of 3 per cent. I fear that it may prove necessary to take difficult decisions with adverse consequences for the defence industrial base. But in order to limit the damage I intend, during the months ahead, to consider in house and with our allies in NATO whether alternatives to some of our present deployments and operational concepts might offer a more rational and cost-effective use of resources, without damaging our deterrent posture. I am considering whether the Statement should have a very short Introduction, referring in guarded terms to this and recalling what I said to the House of Commons on 20th January about the need to look realistically at our programmes in order to match them to the resources available.

4. I invite the Committee to agree that I should publish a Statement on the lines of the attached draft.

JN

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STATEMENT

ON THE

DEFENCE ESTIMATES

1981

VOLUME I