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Ref. A04921

PRIME MINISTER

The Defence Programme

There is one additional point concerning the Secretary of State for Defence's proposed timetable which you may wish to consider at your meeting on Monday evening. At the moment he envisages putting proposals to our NATO allies in early June and making an announcement accompanied by a White Paper in early July. That would have the advantage of maintaining the forward momentum of the Review, and of minimising the period during which political and pressure group lobbies can manoeuvre to frustrate the objectives. But I fear that this timetable may be unrealistically fast for three reasons:

Timetable
to early June

Impressive

Presentation

PESC.

- (i) The decisions involved are momentous not only in defence but also in domestic and foreign political terms. The Secretary of State for Defence must take his colleagues with him. This may need more than one meeting of the small group before the paper goes to OD; and you may think that decisions of this magnitude ought to be cleared through the full Cabinet.
- (ii) Once the Government has made up its mind, the proposals will require very careful presentation to our Allies, particularly to the Americans. Indeed the decisions may need to be adjusted to take account of the American reaction.
- (iii) An announcement in early July is likely to create great problems for the Chancellor of the Exchequer in relation to the PESC timetable. Proposals along the lines suggested by the Secretary of State for Defence would lead to a large area of public expenditure being not merely exempted from further cuts but actually in receipt of additional resources, at a time when other spending programmes would be subject to critical review and possible reduction. Will other colleagues be readier to accept reductions in their programmes if they see the Secretary of State for Defence getting away without any? From this

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point of view it might be easier for the Chancellor of the Exchequer if proposals on the lines put forward by the Secretary of State for Defence came forward at a later stage in the annual PESC cycle, e. g. in the autumn?

2. It will be important to agree on this timing point at your meeting on 18th May. Otherwise the Secretary of State for Defence may implicitly commit himself, during the defence debate on 19th-20th May, to making a major policy statement as early as July.

Christopher Cloke

approved by ROBERT ARMSTRONG
& signed on his behalf.

15th May, 1981

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