

Ref 72



Copy No 1 of 6 copies
Page 1 of 3 pages

Note.
The Prime Minister
discussed this minute briefly
with Lord Carrington on 14
NOK this morning after Cabinet

MO 18/1/1

14.15
Should like
to read explanation
Can it be done after
Cabinet?

Prime Minister.

This is all beginning to sound
a bit worrying. But I do not think
you need do anything immediately.
Rather, I suggest you wait for Mr
NOK's full note.

PRIME MINISTER

UK STRATEGIC NUCLEAR FORCE

14.15
14.16

In my minute of 21st August reporting my meeting with the US Defense Secretary I undertook to produce a paper on the choice between the C4 and D5 versions of the Trident missile once we had secured confirmation of the US decision to undertake development of D5. Although we are still awaiting the US announcement, you have received the letter from Cap Weinberger dated 24th August which confirms US intentions - and an expressed willingness to grant us the option of choosing D5. I was hoping to provide the necessary memorandum before my departure (for three weeks) on Wednesday morning, so that at least my colleagues were aware of the broad parameters of the situation before October. But although we have been working on it here for several months, I am not yet ready to provide a sufficiently comprehensive summary of the situation, particularly as President Reagan has not yet announced the US decision.

2. Apart from the inherent complexity of the choice the position is further complicated by the discovery several months ago that we have little option but to "re-motor" the existing Polaris rocket motors. We are examining urgently ways of reducing this expenditure which could amount to as much as £300 million over the next six years (only partly provided for in our costings) - but I have come to the firm conclusion, given that the Soviets would be bound to learn of failures in our Polaris test firings, that we must clearly incur substantial expenditure on this matter to retain the credibility of the existing deterrent until the 1990s. I have therefore taken the decision to proceed with Polaris re-motoring.



3. In regard to the choice of D5, I shall need to give colleagues in MISC 7 another budgetary profile of Trident expenditure and show its likely impact for our overall defence capability in the years until 1995. But my first tentative conclusion is that D5 need not cost more over 15 years than say £500 million than the now substantially higher estimate for C4 (and given the major advantages of commonality it could prove even cheaper in the end, but we cannot take this into the reckoning on our forward projections).

4. To help to accommodate this cost and to fit the cost of re-motoring Polaris into our existing budget will probably require us to try and slip the date for the deployment of Trident by one or two years. With Chevaline and new rocket motors we can retain a viable strategic deterrent over a short extension of this kind. In industrial terms we have probably got this option with D5 but it would be very much more difficult with C4 where we are on the very end of the US production line. But any slippage in the deployment of Trident will raise complex problems in relation to the subsequent new construction programme at Barrow, and the nuclear refitting schedules at Rosyth in the key years. Moreover I need to refine further the cost saving option of using US East Coast facilities (rather than the full and rather costly programme envisaged for Scotland). You will wish to consider the broader political implications of such a course. We are also still working on substantial cost savings in the field of nuclear materials (my minute to you of 1st September).

5. I regret my inability to provide you with a fuller political industrial and financial picture for a few more weeks. It looks as if the choice of D5 is pretty overwhelming. For this reason I shall avoid expenditure on items strictly related to the C4 option,



recognising that there is a chance that it could lead to greater expenditure than we now plan if we decided to keep on the C4 path. In view of the US determination to help us (and the fact that there should be surplus and hence cheap US C4 missiles available from the earlier ending of their C4 programme) I think the risks are very slight. But I must report them to you.

6. Once President Reagan has announced the expected change in US policy, (and we are constrained until then) we shall need to follow up with detailed discussions with US officials in order to obtain the fuller information we shall need as a basis for our decisions.

7. If it would be helpful to you to have an oral explanation of any feature of this note, I could give it to you on Tuesday or before 9 am on Wednesday morning when I depart.

8. I am copying this minute to the Home Secretary, the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer; and to Sir Robert Armstrong.

SW

14th September 1981

Ministry of Defence

TOP SECRET