

SECRET

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

OD(80) 18th Meeting

COPY NO 46

CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

MINUTES of a Meeting held in the
Prime Minister's Room, House of Commons
on TUESDAY 8 JULY 1980 at 4.15 pm

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the
Home Department

The Rt Hon Lord Carrington
Secretary of State for Foreign
and Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Francis Pym MP
Secretary of State for Defence

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon Michael Heseltine MP
Secretary of State for the
Environment
(Item 2)

The Rt Hon George Younger MP
Secretary of State for Scotland
(Item 2)

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales
(Item 2)

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services
(Item 2)

The Rt Hon Norman Fowler MP
Minister of Transport
(Item 2)

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury
(Item 2)

Mr Michael Alison MP
Minister of State
Northern Ireland Office
(Item 2)

SECRET

19

20

21

22

23

24

25

26

27

MEMOS.
1

2

3

Admiral of the Fleet
Sir Terence Lewin
Chief of the Defence Staff

Air Chief Marshall
Sir Michael Beetham
Chief of the Air Staff

Admiral Sir Henry Leach
Chief of Naval Staff

General Sir Edwin Bramall
Chief of General Staff

SECRETARIAT

Sir Robert Armstrong
Mr R M Hastie-Smith
Mr W N Wenban-Smith
Air Commodore J B Duxbury

CONTENTS

Item No	Subject	Page
1	THE DEFENCE PROGRAMME	1
2	CIVIL HOME DEFENCE POLICY	5

1. THE DEFENCE PROGRAMME
Previous Reference: OD(80) 9th Meeting, Item 1

The Committee considered a note by the Secretary of State for Defence (OD(80) 49) setting out proposals for reshaping the defence programme in accordance with the guidelines agreed by the Committee at their meeting on 20 March.

THE SECRETARY OF STATE FOR DEFENCE said that his proposals were designed to bring the programme into line with the available resources in accordance with the policy agreed by the Committee on 20 March. They involved major reductions in the programme which had been planned, amounting to £1500 million over the next three years. As the Committee had agreed, top priority had been given to the maintenance of the strategic nuclear deterrent in the revised programme. Expenditure on the defence of the British home base had also not been reduced, although it was not possible to make the increases in this area which were desirable. The main adjustments were being made to the British contributions to NATO on the Continent and in the Eastern Atlantic, and of these the biggest reductions fell on the naval programme. Despite the reductions, there were positive and forward looking elements in the revised programme which should be emphasised. Decisions should be taken as soon as possible on ordering Challenger tanks and on a replacement Armoured Personnel Carrier for the Army. The programme also made modest provision for some improvements to the British intervention capability outside NATO to reflect the decision taken by the Committee at their discussion on 20 March. It was important to adhere to the decisions which had already been taken about the scale of the resources to be made available for the defence programme. There was a need for stability in British defence planning. More important, he was uneasy about the basic health of the Alliance. Once the forthcoming elections in the United States and Germany were over, there would be much to be said for an examination within the Alliance of the scope for improved burden-sharing and for some redeployment of existing forces, with particular reference to the 65 kilometres of the Central Front which were at present the responsibility of the British Army of the Rhine. He would like to consider in consultation with the Foreign and Commonwealth Secretary, whether and how this idea should be further pursued, bearing in mind the political implications and difficulties of a re-examination of this kind.

19

20

21

22

23

24

25

26

27

MEMOS.

1

2

3

SECRET

In discussion there was general agreement with the proposals put forward by the Secretary of State for Defence. The following points were made.

a. Present British defence policy was largely dictated by post-war history. It could be argued that our national interest, particularly in the longer term, lay in concentrating on our maritime rather than our Continental defence effort. In the short term there was no alternative to putting our Continental defence contribution first. It was important to pursue the idea of a reappraisal of the Alliance's division of effort proposed by the Defence Secretary, though it would be necessary to approach our allies with some circumspection and no progress could be achieved until after the German and American Presidential elections.

b. Recent plans provided for defence expenditure to increase by 12½ per cent over four years. There had been overspend on the cash limit in 1979-80, the present level of defence expenditure pointed towards an excess over the cash limit in the current year, and 1981-82 would be an intensely difficult year from the point of view of public expenditure. On the other hand the 2-3 per cent annual increase in real defence expenditure which was being achieved by ourselves and our allies in response to the commitment to a 3 per cent rate of annual increase was insufficient to keep up with the increasing scale of threat posed by the Warsaw Pact.

c. The growth in the scale of the threat and the pressure on British public expenditure made it particularly important that the defence budget should be spent on enhancing our national defensive capability. The Ministry of Defence would be reducing its civilian manpower and increasing efficiency in the context of the general civil service programme. It was no less important to reduce the military bureaucracies and support staff and improve their efficiency in order to increase the money available for the procurement of new equipment.

d. The Ministry of Defence should consider with the Civil Service Department whether greater productivity and hence value for money might be achieved if the Ministry of Defence took over total responsibility for the management of all aspects of the Royal Dockyard

SECRET

SECRET

e. The procurement of the Challenger tank would provide a significant improvement to the anti-armour capability of the British Army of the Rhine. It would also allow our tank replacement policy in the longer term to come into step with that of France and West Germany and hence open the way for a possible collaborative project within NATO. It might however not be easy to obtain agreement to such a project for political reasons. The attempt had been made in connection with MBT 80 and it had failed.

f. Even though the American Infantry Fighting Vehicle might be cheaper than the alternative British vehicle (MCV 80), the latter would meet the Army's operational requirement and the order would be an important one for the British firms concerned.

g. Although decisions on aircraft policy did not need to be taken at the present time, it was important to recognise the risks inherent in the proposed delay in replacing the Jaguar. About 40 per cent of present Soviet defence expenditure was being devoted to air power. There were good prospects for British industry in both the British Aerospace development of the present Harrier (GR5K) and the American development (AV8B).

h. The industrial implications set out in Appendix F to the Defence Secretary's paper appeared to be a fair assessment of the position, although they had not been discussed with British Aerospace or British Shipbuilders. So far as the latter was concerned, it was important that in the short term naval orders should not be reduced to a point at which warship builders went out of business and the national industrial base was permanently weakened. There was also a risk that Westlands might go out of business. It was desirable that there should be offsetting American defence purchases in this country for such equipment as Rapier if there was to be major British expenditure in the United States on a replacement for Polaris.

THE PRIME MINISTER, summing up the discussion, said that there was general agreement with the Defence Secretary's proposals. The Committee needed to balance the need to achieve reductions in public expenditure to help the

SECRET

154

19

20

21

22

23

24

25

26

27

MEMOS.

1

2

3

SECRET

economy against the threat posed by the Warsaw Pact and the present state of weakness among our allies. The planned increases in the defence programme should not be reduced in a way that would encourage our allies to make real reductions in their defence efforts. It was a matter of real anxiety that we appeared to be able to afford so few resources in between our troops defending the Central Front in Europe and our strategic nuclear deterrent.

The Committee -

1. Endorsed the general scope and balance of the adjustments proposed in OD(80) 49.
2. Took note of the position of the replacement of the Harrier and Jaguar aircraft and the Sea King helicopter.
3. Took note of the measures proposed for enhancing our military flexibility outside the North Atlantic Treaty Organisation area.
4. Invited the Secretary of State for Defence -
 - i. In consultation with the Foreign and Commonwealth Secretary to examine the scope for putting proposals to our allies in due course to improve burden-sharing and the basic health of the Alliance;
 - ii. In consultation with the Lord President of the Council to consider possible changes in responsibility for the overall management of the Royal Dockyards;
 - iii. To order 237 Challenger tanks, cancel MBT 80 and in the longer term explore the possibility of a renewed collaborative project within the North Atlantic Treaty Organisation to meet our future requirements for a Main Battle Tank;
 - iv. To choose MCV 80 as the Army's replacement Armoured Personnel Carrier;
 - v. To continue to seek savings among the military bureaucracy and supporting staff as well as in civilian manpower in the Ministry of Defence, to enable more money to be spent on equipment for the fighting services.

4

SECRET

SECRET

SECRET

2. CIVIL HOME DEFENCE POLICY

Previous Reference: OD(80) 14th Meeting Item 2

The Committee considered a memorandum by the Home Secretary (OD(80) 50) reporting upon the requirements for civil defence and the most suitable arrangements for meeting them. They also had before them a letter dated 8 July from the Minister of Agriculture, Fisheries and Food to the Prime Minister giving general support to the recommendations in the Home Secretary's paper.

THE HOME SECRETARY said that, when the Committee had discussed civil preparedness for home defence on 15 May, he had been invited to take the chair of a Ministerial Sub-Committee to carry out an urgent examination of the requirements of civil defence and the best ways of meeting them. His Sub-Committee had reached agreement on the threat, on the importance of and methods of harnessing voluntary effort, on shelter policy and on the fundamental objectives of home defence planning. The only aspect of the subject on which they were not able to make agreed recommendations related to how to find the additional resources. The acceptance of the recommendations of his Sub-Committee would approximately double civil home defence expenditure from about £20 million a year to about £40 million a year. Acceptance of Priority I items only would take expenditure to around £32 million a year; but the division between Priority I and Priority II was an arbitrary one. The pressure of present public and Parliamentary opinion concerning civil home defence made it a political imperative to take some action. At present the failure to provide even a minimal level of protection for the civil population raised doubts about the credibility of other aspects of defence policy on which a great deal of money was being spent.

In discussion there was general agreement with the recommendations of the Home Secretary's paper, although it was recognised that there was a problem of public expenditure. The following points were made -

- a. There was general agreement about the gravity of the threat.
- b. There was general agreement about the importance of harnessing the use of individual volunteers and improving co-ordination with and between the voluntary organisations. The most prominent civilian

5

SECRET

155

19

20

21

22

23

24

25

26

27

MEMOS.

1

2

3

voluntary organisations in the home defence field, notably the British Red Cross Society and the St John's Ambulance Association and Brigade already had an important role in support of the armed forces and were willing to extend this support to the civil population. But their efforts needed to be properly co-ordinated. At present the National Health Service was not organised to be able to be of much assistance. It was essential that full use should be made of local authorities, and a difficulty to be overcome was the probable reluctance of some local authorities for political reasons to make the necessary resources available.

c. It was agreed that there was no effective alternative to the policy of "stay put" and that the identification by a suitable survey of possible shelters in the cities should be helpful in persuading the general public of the validity of the policy. Officially approved specifications for domestic shelters would also need to be laid down.

d. In considering the objectives of civil home defence policy the present strength of feeling among the Government's supporters was stressed.

e. The main difficulty related to the question of costs. It would be possible to absorb some of the smaller costed options into existing departmental programmes but to absorb the whole total would be extremely difficult. For example compensatory reductions in the Home Office programme could only be made at the expense of the provision for public or prisons, both of which were high among the Government's priorities.

THE PRIME MINISTER, summing up the discussion, said that the Committee generally agreed with the Home Secretary's proposals, and it was politically important that he should make a statement in Parliament before the recess about the decisions they had taken. The Departments concerned should reflect the costed options in their forward planning, and should do everything possible to absorb the cost at least of the Priority I measures and as much

as possible of those in Priority II into their present departmental programmes. It would be necessary to consider this problem further in the Cabinet's discussion of the Public Expenditure Survey 1980 and in the Chief Secretary's subsequent bilateral discussions with departmental Ministers.

The Committee -

1. Agreed -

- i. that Departments should incorporate the costed options set out in Annex E of the Home Secretary's paper into their forward planning and should absorb as much as possible of their cost into their present departmental programmes;
- ii. that the financial problem should be considered further in the forthcoming Cabinet discussions of the 1980 Public Expenditure Survey with the aim of implementing all the Priority I and as many as possible of the Priority II measures.

2. Invited the Home Secretary to make a Parliamentary statement before the recess to announce the decisions which had been taken.

Cabinet Office
10 July 1980

19

20

21

22

23

24

25

26

27

MEMOS

1

2

3

SECRET

25

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH



From the Minister

CABINET OFFICE
T 7.07
8 JUL 80
FILING INSTRUCTIONS
FILE NO. 12111

8 July 1980

PRIME MINISTER

Dear Prime Minister

REVIEW OF CIVIL HOME DEFENCE POLICY

I feel I should record my views on the memorandum by the Secretary of State for the Home Department, OD(80)50, which is to be taken by the Defence and Overseas Policy Committee later today.

I support the main recommendation of the memorandum which endorses the Sub-Committee's conclusions that the cost options set out in Annex E should be incorporated by Departments in their forward-planning. For my Department, the main items are the addition of some 55,000 tonnes to the sugar stockpile to bring it up to the recommended level and the printing of food control documents, the need for which will arise when the review of food control measures currently in hand is completed and detailed plans worked out. Both items are important features in our preparations against the possibility of attack: the review of food control measures, in particular, is a direct result of the current interpretation of the threat we face in terms of the possibility of having to deal with a period of conventional attack which could start at short notice, during which we should have to take rapid steps to control food supplies.

I agree entirely with the point made in the memorandum that the division into two priorities is somewhat artificial and I would prefer to see only one category. If the decision is to retain two categories and to proceed only with those measures in Priority 1, however, I strongly urge that the printing of food control documents (£20.4m a year for five years) should be included in that category.

Although Annex E spreads the expenditure equally over five years the timing, both for the food control documents and the purchase

19

20

21

22

23

24

25

26

27

MEMOS
1

2

3

SECRET

of sugar, is more flexible and there could be savings if there were some discretion in the placing of contracts. This is something that can, perhaps, be considered when our plans are somewhat firmer.

My most serious reservation arises from the suggestion that any expenditure should be met within Departmental programmes. The proposal on the food stockpile does not concern a new activity but simply represents a return to the earlier situation. Expenditure on the management of the food stockpile is virtually the only part of programme 9 (defence) expenditure that falls within my responsibilities. I do not know what opportunities there may be for covering the proposed costs from elsewhere in programme 9, but I am unfortunately unable to find any offsetting savings from my Department's other programmes. If necessary, I think that the expenditure should be treated as a bid on the contingency reserve. I note that it is proposed in paragraph 7 that if the matter cannot be resolved it should be referred to Cabinet for examination in the context of the public expenditure review.

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

D. E. Jones

for PETER WALKER

(Approved by the Minister
and signed in his absence)

19

20

21

22

23

24

25

26

27

MEMOS
1

2

3