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THURSDAY 15 APRIL 1982

15 April 1982

THE FALKLAND OPERATION: THE DEFENCE COSTS IN PERSPECTIVE

Extract from a speech by the Rt Hon Leon Brittan, QC, MP,  
Chief Secretary to the Treasury, to businessmen at  
Trinity College, Oxford, on Thursday 15 April 1982.

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## THE FALKLAND OPERATION: THE DEFENCE COSTS IN PERSPECTIVE

There is no point at this stage in trying to assess the cost of our Falklands operation. But it is right to make two points crystal clear. First, there is no cash ceiling on the cost of the operation. The needs of the Task Force must and will come first. But secondly, its cost can and will be met in ways consistent with the Government's economic strategy.

Not all of this cost will be additional. Additional expenditure arises only where the cost of the operation proves to be greater than that of the tasks to which the Forces concerned would otherwise have been assigned. At this stage the extra cost represents a very small proportion of the Defence Budget of over £14 billion. There is therefore no cash or budgetary problem immediately in prospect.

But it has been suggested that our ability to respond to the crisis in the Falklands, or others like it, has been weakened by the Government's so-called "cuts" in Defence spending. This is complete nonsense.

So far from cutting defence spending, we have actually increased it from the level of £7½ billion which we inherited in 1978-79 to over £14 billion today. This cash increase of over 85% represents a real increase of about 11 per cent.

This financial year we will be spending £1½ billion more in real terms on conventional naval forces than was spent in the year before we came into office. As to the future, we will still be spending more on the conventional Navy, even when expenditure on modernising the strategic deterrent is at its peak, than in 1978-79. The Navy still enjoys as high a proportion of the Defence Budget, 28 per cent, as it did in that year, and a higher proportion than it did ten, twenty or thirty years ago.

A massive modernisation programme for the fleet is in hand. Spending on equipment will be over £2200 million in 1982-83. Our fleet submarine numbers are planned to increase by almost 50%.

Some critics have complained of the forthcoming loss to the fleet of the aircraft carriers Invincible and Hermes. This criticism is simply ludicrous, because it ignores the crucial fact that two carriers will continue to be kept in service; Illustrious, which is to replace Invincible, will join the fleet later this year, and the construction of Ark Royal, to replace Hermes, is proceeding satisfactorily. But this is not to be achieved by neglecting other aspects of the navy. In February we ordered the eighth Broadsword class frigate, and the build up of the Sheffield class destroyer force is progressing well.

These vessels will all be equipped with effective modern weaponry. The Sting Ray torpedo will enter service shortly, and the development of a new heavyweight torpedo was recently announced; The torpedo procurement programme now totals more than £2 billion. We are also bringing into service the air-launched anti-ship missile Sea Skua and the submarine launched Sub-Harpoon; the air defence missile Sea Wolf is being upgraded; and the Sea Eagle anti-ship missile is in full development.

Of course some of today's vessels will be disposed of or scrapped before long. But it is inconceivable that the pattern of our forces should remain static. The significant feature of our defence policy today is that the current programmes of modernisation and rebuilding will actually leave us with more major ships and submarines operational in 1985 than there are today. To ignore that central fact is to blind oneself to the beneficial results of the major programme of procurement upon which we have embarked, as a result of the deliberate decision of this Government to give defence spending the priority which it had previously been denied.