

1. MR. COLES ^{A.J.C. 13. / 1}
2. PRIME MINISTER

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The attached speech by Sir Frank Cooper at the Royal United Services Institute attracted some publicity in today's press. He was variously reported as having attacked the deployment of cruise missiles and called for the abolition of battlefield nuclear weapons; proposed that we should begin negotiations about the sovereignty of the Falkland Islands; and advocated the withdrawal of British troops from the Lebanon. The full text shows that he was misreported and in any event some of his other comments make it unlikely that his speech will be used by the Opposition. For example he says that in 1984 Mr. Kinnock will need to be educated into the realities of life and that the Soviet Union, the CND and some parts of the Labour Party are pursuing a common policy.

Sir Frank's major proposition is that successive British Governments have paid too little attention to arms control and his comments at the foot of page 5 indicate the directions in which he thinks we could move. He also asserts robustly however (page 4) that the British Government is right to sustain the independent strategic nuclear deterrent.

On the Falklands Sir Frank describes their defence as a necessary but not productive use of national or defence resources. Sir Frank calls for "political movement of a constructive and

/ honourable

honourable kind" but does not mention the sovereignty
issue.

On the Lebanon Sir Frank says that in his view it was
wrong to send a British contingent (page 10) but that we
should not withdraw until "diplomatic negotiation has
established a situation where a further bloodbath is not
inevitable".

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THE YEAR AHEAD - BRITISH DEFENCE ISSUES 1984

The publication of Brasseys is becoming the signal for the emergence of Nostradamuses' and other seers and soothsayers of equally doubtful repute. Moreover, if amongst those emerging there is anyone resting firmly on solid ground, then all attempts to prophesy are likely (if past experience is any guide) to be a matter of chance. Having said this by way of disclaimers, I shall plunge in - but not before taking a brief look back at 1983.

Once can certainly look back at 1983 as having many unpleasant surprises in terms of defence and foreign issues. Spies, terrorists and guerillas were active in many parts of the world. War and near wars spanned much of the globe. We have only to remind ourselves of the Lebanon, Israel and Syria, Iran and Iraq, the internecine warfare within the Palestine Liberation Organisation, Cambodia, Kampuchea, Angola, Chad, El Salvador, Nicaragua, Honduras, Costa Rica, Panama - to mention some of the violence that can readily be recalled. There were many surprises too - ethnic riots in Sri Lanka, Cyprus, events in Grenada and the shooting down of the South Korean airliner, not to mention the violation of Japanese air space by four Soviet aircraft only a few days later. It was not a good year for order and stability. It was a year when much that was unexpected happened. It reminds us once again that the unexpected and the unforeseen are likely to rank high in issues in 1984, and that in terms of defending the rule of law, the world seems to be moving backwards rather than forwards. It is also a reminder to us and to all who write and speak about defence issues that Europe is happily one of the safest places to live in the whole world and has been for many years past. This

suggests to me that from our narrow British point-of-view, we must ensure that it continues to be as safe in 1984, and that we are not to be put off by empty and irresponsible vapourings - from whatever source they come.

The two main political parties have spelled out to us all fairly recently the main British defence issues as they see them. The present Secretary of State for Defence, speaking at the RUSI's annual conference in June last year repeated the Government's devotion to Britain's four main defence contributions. Let me remind you briefly what he said. "First there is the defence of the United Kingdom base. This is a vital task which has been neglected in the past." Second he said that, so far as the central front in Europe was concerned, we would continue to provide our land and air forces. Third, at sea in the Eastern Atlantic and Channel, our strong maritime forces would continue to be modernised. Fourth, that we would continue to provide a UK strategic nuclear force. Michael Heseltine emphasised that our main focus would be on NATO, to which 90% of our effort was devoted, but that we must be prepared to be innovative and ready for the unforeseen outside the NATO area. He saw continuing improvement in our capabilities there in the interests of promoting peace and stability, but rightly, in my view, said we could no longer aspire to the role of international policeman.

He went out of his way to say that he did not see any fundamental shifts in our national strategic priorities over the next five years.

Finally he said that he, himself, had a particular interest in arms control and made it clear that in his view, progress could come only from a position of strength and not from one of weakness, and in the management of defence where he intended to pursue a policy of value for money. He emphasised the need for competition and dual sourcing.

Mr. Neil Kinnock has already been particularly active in 1984. He has repeated his Party's intention to withdraw from nuclear weaponry and to remove United States' Bases from the United Kingdom. He foresaw these commitments being sustained into the next Election, together with oneto send back cruise missiles to the United States and suspend the Trident missile programme.

He went on to make it plain that Labour remained pledged to maintaining and improving Britain's modern, conventional defences within NATO but that, to secure that end, "we cannot engage in the expenses and risks that go with trying to sustain ourselves as a nuclear power".

He suggested that, as a result of implementing these policies, we should get "an accelerated response from the Soviet Union on force reductions."

One British defence issue in 1984 must surely be the need to educate Mr. Kinnock into the realities of life, and one can only express the hope that he will apply himself to these extremely difficult and complicated issues which are not to be resolved by trite and off-the-cuff-remarks. These are, however, early days and particularly during the season of good will, one should be charitable, not critical.

Thus, there is a good part of the agenda laid out. Two issues which will be high on it are those concerned with nuclear matters and with arms control.

Nuclear Issues

Clearly, and in my view absolutely rightly, the British Government will sustain the British independent strategic nuclear deterrent. Conversely, there will be continuing opposition to this and to the progressive deployment of cruise missiles in the United Kingdom if there is no change in East/West relations in this particular area. It is, incidentally, important to recognise that the 31st December 1983 was one watershed, there are others. Moreover, it seems to me essential to take a balanced view. Arms talks failed but NATO remained cohesive whilst the initial deployment of Pershing and cruise missiles took place. This was a considerable achievement, but, in my view, it is right to take a balanced view of it and not regard deployment as a major triumph for the West.

On the other hand, it would be wrong to regard that deployment as more or less militarily necessary than was the Soviet Union's widespread production and deployment of SS20's and other modernised missiles. In many ways these questions are more of politics than of defence, and more of will than of need. The fact remains - regrettable though it may be, that in defence (as in many walks of life), weakness leads to disaster. The fact is, and still remains, that the Soviet Union, the CND and, apparently some parts of the Labour Party, are pursuing a common policy. This can be expressed quite simply as seeking to stop the deployment and installation of nuclear weapons in Western Europe. I find it difficult to see the net result of this - if it were ever successful, which I trust it will not be - other than a major triumph for the Soviet Union, and that its net effect would be dangerously de-stabilising.

Nevertheless, I am sure that we can all agree that there are far too many nuclear weapons in both the East and West. I am sure too that we can all agree that every effort needs to be made to pursue productive methods of arms control and arms limitation.

Arms Control

I start from a firmly held belief that successive British Governments have paid far too little attention to this area, coupled with the equally strongly held belief that it is an essential part of our national security policy. I also take the view that activity, let alone thinking, in this area is not the monopoly of either the United States or the Soviet Union. We in Europe are in the front line and we have a continuing and distinctive interest which we should identify and pursue positively.

Moreover, the position is going to get more difficult and more complex every year - and 1984 will be no exception - as technology continues to expand and all kinds of new weapons, whether nuclear or conventional, emerge.

There is a genuine need for a great deal more work to be done in this area, in this country and in conjunction with our European allies. The subject has never been particularly attractive to politicians. It is exceptionally difficult to understand. It needs a great deal of continuous hard work. It does not come particularly naturally but it is much too important to go by default, let alone be governed by the normal tribal war cries "for this" or "against that".

Furthermore, there are some very serious questions to be asked. If one asks the most simple question, namely : "Are there too many nuclear weapons, and particularly, too many in Europe?" Then I think there would be an almost universal answer that both sides have too many.

How do we go from there ?

One of the most important issues, to my mind, is (given the changing nature of weapons and the ever - diminishing time for real decision-taking), the question of command, control and procedures. This issue has been generally ignored and is actually crucial to us here in Britain and indeed to Europe and the rest of the world. If the armouries of the East and West are going to be filled with guided missiles of one kind or another (which I think is likely), the whole problem of timing, recognition and decision-making is going to become even more acute. There are few ground rules, and those that do exist are out of date. How do you tell if this is your friendly, conventional missile approaching, or a rather nasty, unfriendly nuclear missile which is due to arrive in a minute or so? This is a serious question, seriously put.

We seem to have become mesmerised by numbers, but ought we not to be thinking more in terms of operational characteristics and capabilities ? For example, would it be sensible, over a period of time (I think it would be at least ten years) to try and confine nuclear weapons in the missile field to ballistic systems ? Would it be equally sensible - and not least against a background of technological developments, to move to a situation where cruise missiles remained sub-sonic and during the 1990's became non nuclear ? Again, is there not merit in seeking the complete abolition of short-range battlefield nuclear weapons ? I do not think that this would do anything other than enhance our safety and reduce the risk of nuclear exchange.

These are all matters which are crucial British defence issues. I would like to see 1984 being a year in which we demonstrate publicly our real interest in these matters. I would like to see a year in which we really invested a substantial amount of intelligent effort into solving problems of this kind. I would like to see the setting up of some small group or agency which would provide both an intelligent and practical base for policy in this area. It is totally insufficient simply to divide into camps, those 'for' and 'against', as this will lead nowhere other than to increase over the years the risk to us all. The present situation is strategically unsound.

There are obviously other areas in which we can and should concentrate. The obvious one is chemical weapons where the Russians have a near-monopoly and yet this seems of little concern - particularly to those outside the Government.

Lastly, I suggest there is a need for much more broadly based international dialogue. Clearly we need to make a continuous and major effort with the United States. Both Government and Opposition need to understand the issues much more clearly and debate them much more seriously than hitherto. I regard much political comment as an insult to the British people and lacking in real care about our future. Above all I think the need for us to discuss these matters seriously with our European allies and with other countries in Europe is one of major importance.

As far as our European allies are concerned, I see no reason for the United States and the Soviet Union to be allowed to be in a position where they debate our future without our views being clearly known and clearly heard.

As far as other countries in Europe are concerned, and despite all that has gone before, the sooner we re-establish a continuing and effective dialogue with countries in the Eastern Block - at all levels and not merely the political level - the better.

For some years past, there have been far too many sticks and stones in evidence and not enough dialogue. One of the paradoxes of the modern world is that the easier and quicker communications become, the more difficult it is to achieve a genuine understanding and a meeting of minds.

This does seem to me to require not only much more widespread and convincing discussion and debate here and with our Allies - a point to which I shall return at the end - but also with others.

The Soviet Union is a largely closed society. So too are other members of the Eastern Bloc - but to a lesser degree. In comparison Western societies are much more open. What useful purpose is now served by an excessively restricted dialogue which is over-formalised? It seems to me positively dangerous. I hope 1984 will see a significant increase in dialogue and that this should, certainly with some of the Warsaw Pact countries, include defence links and exchanges.

Peace and security are too dangerous to be left exclusively to politicians and diplomats. Surely we should now encourage more broadly based debate between the defence communities of East and West. I also suggest we should be contemplating on an increasing scale re-instating exchanges of visits between our defence forces. We need to gain an insight and understanding of the East and vice-versa, not least in the military area. Defence exchanges and visits would make sense and are relevant - particularly when account is properly taken of the totally different nature of our differing societies.

Beyond the NATO area

The issues here tend to be political - in almost every meaning of that word - which sometimes have a greater or lesser defence content. In a number of cases issues are already visible.

The Falkland Islands raise essentially political questions but there is a strong defence connection. It is, in my view, encouraging that in very recent weeks messages have been emanating from both London and Buenos Aires which, despite the basic difficulties, have demonstrated a wish for movement. One very much hopes that this movement will take place. There is, I suggest, every reason not to delay. There is a new civilian government in the Argentine and a government here with a large majority. The cost in lives, as well as resources, of 1982 is still fresh in all memories, including those of the Falkland Islanders.

It is in the defence interest that there should be political movement of a constructive and honourable kind. The nettle has to be firmly grasped. The expense of defending the Falkland Islands is a necessary but not productive use of national or defence resources. For the future it will inevitably be a successful Treasury target to ensure that as soon as possible it is carried within a net defence budget.

Hong Kong too is a political issue. The Chinese have said that they wish to see the outline of the future regime agreed by the autumn of 1984. Again, one very much hopes that this agreement will be reached in the belief that it is more likely to produce a stable situation in the area. In the shorter term instability would have unhappy consequences for defence. In the longer term stability will inevitably have happier consequences for Britain's defence responsibilities in Hong Kong.

The other issue clearly on the 1984 agenda is the future of the Lebanon and the forces there. It seems to me that the small British contingent has done an outstanding job and handled itself with great professional skill. Yet there is no gainsaying the fact that it is at risk each day because of circumstances over which neither it nor any Government has much control. The sooner the position is resolved the better.

In my view it was wrong in the first place to have sent a British contingent not because of the very high risks involved but because the aim was unclear, policy was obscure and the ability to influence - let alone control - the political situation small. Having said that, it must be right not to withdraw until diplomatic negotiation has established a situation where a further bloodbath is not inevitable.

Britain still has residual defence responsibility for a number of territories around the world. True, BRUNEI is no longer directly one of them but BELIZE is still actively with us and I would hazard the thought that we shall be fortunate if the CARRIBEAN is totally without defence interest in 1984.

Britain and the West as a whole has a direct interest in the future of Iran and Iraq, of the Gulf, and indeed in Central America. Again, these are essentially political and economic issues but there are possible defence repercussions, some of which could involve defence in one way or another.

It is absolutely right that Britain cannot and should not aspire to the role of international policeman. It is also, I suggest, absolutely right that Britain in conjunction with our allies, including the European allies who have much at risk, should seek to establish a common policy and programme of action wherever possible. This

is better done outside NATO than within it. In addition, for a small investment Britain can play a considerable defence role in the field of military training and in taking part in joint exercises for which clearly identified British forces are needed.

It would be profitable in my view if 1984 could see a little more effort put into these issues in terms of clarifying policies, practical action and resource allocation.

Maritime Policy

I have used the words maritime policy deliberately because it is much more than the Royal Navy. The traumas of the ship building industry in this country are there for all to see. Most of our goods are imported and exported by sea. This is the mode of conveyance of some 98% of some 157 million tonnes of imports and 103 million tonnes of exports. There is an increasing awareness of the drastic fall off in the amount of merchant shipping sailing under the British flag with British seamen. There is also awareness of the vast increase in the flags of convenience shipping, particularly Liberia and Panama, whose crews owe allegiance to no-one. It is not sufficient to explain all this by crew costs because the UK's crew costs are less than those of West Germany and surprisingly, well under half those of Japan, though those of flags of convenience ships are about half of Britain's.

There are, however, some major naval questions. Do we plan on the basis that we have convoys and, if so, when and what will they carry? Do we plan on independent sailings? Are there enough merchant ships? Is it

possible to obtain those merchant ships quickly and be assured they have loyal crews? Are the real costs of naval vessels going to continue on rising? Do we expect the Royal Navy to be half its present size in another 20 years - which is what happened in the last 20 years?

There are major issues here, including major defence areas and one would like to see them examined and explained during 1984.

Resources and Management

There is no particular reason to assume that money should be a major problem during 1984. This is not to say that "noises off" will not be heard in the usual volume from both the Treasury and the Ministry of Defence. But as long as both departments keep a grip on expenditure then in the short term no immensely acute problems will arise.

Similarly, for people, apart from in a very limited number of areas, there should be no major problems about service manpower.

Reducing Civil Service manpower is still a centre piece of the present Government's overall strategy. Much has been achieved and indeed, since the Ministry of Defence was set up in its present form in 1964, then over a 28 year period, civilian manpower has cut down by 230,000 - well over half. There is more to cut, apart from the results of privatisation, but we are entering an era of diminishing returns. There is still, however, a good deal of scope in reducing military, procurement and other overheads in all these areas. Results should be with us during 1984. We look forward to them.

Procurement

The central issues about defence procurement remain largely untouched. The continuing rise in real costs from one generation of equipment to another. The continuing fall off in the quantities of equipment that the services buy. The shortage of logistic support. The continuing explosion of technical knowledge and, consequently, the over widening choice of weapons systems and defence equipment. The appallingly bad ratio between initial investment comparing research and development and expenditure with that on production and repair.

There is the question, as yet unresolved, as to what can and should be done. Should we buy more abroad? Should we cooperate with our allies to a greater extent and, if so, should emphasis be on cooperating with the other side of the Atlantic or with Europe? Should we cut back on the number of capabilities that we acquire? Should we reduce the amount spent on research and development?

These are immensely complicated issues which have a deep impact on both defence and industry. They, together with individual decisions about equipment, should and must agree to be a major defence issue in 1984.

Credibility and Confidence

Finally, I would like to return to the general question of defence policy. It seems to me that there is generally good support in this country for defence and a considerable awareness of the Soviet threat and the lack of stability in the world as a whole. Yet there is a great deal of questioning and uncertainty. People do not seem to be convinced either that all the policies are right

or that they are both comprehensible and sensible.

There are many reasons for doubts of this kind. The unsettled state of the world that some see as an over vigorous United States' reaction to events. The arguments about nuclear weapons. The failure of arms talks. A general lack of progress in arms limitation. The bizarre absence of Mr. Andropov. Contradictory public statements.

There does seem to be an urgent need for a re-statement of defence policies. NATO is urgently in need of a policy review and the arrival of a new Secretary General seems a good time to set one in motion. It should be set in hand now, quickly. The case for a much clearer statement of British defence policy and attitudes to various issues is also required and again, the fact that there is now a Secretary of State who, perhaps, could have a long run in the post, seems as good a time as any to set such a review in motion. This all the more so because resources pressures, though always with us, are not particularly pressing in the short term.

A good deal more effort needs to be put into explanation and communication and 1984 should see the various defence issues being brought out more into the open and a clear justification set out for particular policies.

A week ago today that wise and eminently readable man, Sam Brittan, wrote an article from an economic point of view in the Financial Times. It was called "The Future Has Not Yet Happened".

He started by mentioning that a Nobel Prize winner could not recall any economist making a fortune, or even a living, out of forecasting the future, though he could think of many who had done very well by selling their forecasts!

He went on to say that the most important thing to say about the future was that it has not yet happened and the next most important thing is that it can be implemented by human action. These are not only wise words but true ones. They seem to me to be both the alpha and omega of the way we should look at defence issues in 1984. Above all, I would be pleased for optimism, realism and dialogue. There is a tremendous need for a positive approach and for the British to play the part which we all know we are capable of playing in making 1984 a better year than 1983.

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