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PRIME MINISTER

Future of the Strategic Deterrent

(MISC 7)

BACKGROUND

This is a key decision, which will affect our most important means of defence over the next 40 years and thereby the basis of our international military posture, and will have major implications for the defence budget, and indeed for public expenditure, for at least the next decade.

2. On the financial background the Chancellor of the Exchequer and the Secretary of State for Defence have (as you know) reached agreement on the lines of the formula proposed by Sir John Hunt ("option 5") under which the defence budget during the PESC period to 1983-84 is fixed at the (lower) Treasury figures, and the cost of replacing Polaris is treated as a charge on the Contingency Reserve. This has not been reported to other Cabinet or MISC 7 colleagues. The Chancellor has since agreed with you that the public expenditure figures will have to be reopened. But I understand that he has decided not to mount a fresh attack on the defence budget, or to go back on his agreement to "option 5", although there is likely to be an argument over the cash limit calculation for the 1980-81 defence budget. You will therefore wish to tell MISC 7 of the likelihood of Cabinet settling for the "option 5" formula.

3. But that leaves open what happens about Polaris replacement costs after 1983-84. The Chancellor will want them met from within whatever defence budget is agreed for 1984-85 and later years; the Secretary of State for Defence will argue that in that case there will need to be a corresponding increase in the defence budget's overall size, and his argument will be reinforced by the importance which the Americans can be expected to attach to the maintenance and improvement of the United Kingdom's conventional force at the same time as the Polaris force is being replaced.


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4. MISC 7 cannot resolve that point now, and need not do so, provided that its members are prepared to agree that Polaris replacement is our top defence priority, and in consequence that, if we do not have the resources to sustain all four of the "pillars" of the Secretary of State for Defence's strategy, as discussed at OD yesterday, this pillar will be the last to go. The Chancellor of the Exchequer and the Secretary of State for Defence can then each resolve their positions on whether it is paid for (after 1983-84) by new money or by cuts elsewhere in the defence programme or by a bit of both.

HANDLING

5. You may wish to conduct the meeting in three stages:

(i) "Procedural" points.

(ii) The answers to the three questions in my minute of 29th October -

(a) Do we retain our strategic deterrent?

(b) What should it be capable of doing?

(c) Which weapon should we choose?

(iii) Other major issues -

(a) Number of boats.

(b) Foreign policy factors.

(c) Timing of announcement.

These stages are discussed in what follows.

PROCEDURE

6. You are due to meet President Carter on 17th December. Deterrent policy is certainly one of the issues you will want to discuss with him. If our decision is to go for a system which depends on American technical and logistic support, that will be the time to ask him for it. For the purposes of this discussion we should assume that there will be no limitations upon American willingness to help which might constrain our freedom of decision. The Americans are well aware that we are considering Polaris replacement, and what the options for us are. The President will not be unprepared for your request, if you make one to him.

THE THREE QUESTIONS

Yes or No?

7. Your Luxembourg speech made clear that we would continue with our deterrent after Polaris. It was MISC 7's starting point at its first meeting in May that the Government was fully committed to doing so. But the Chancellor was not

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present at that meeting and the seriousness of the issue is such that you may wish your colleagues to reaffirm that we do wish to stay in what is, for us, a big league

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C4 MIRV?

9. Once again, the Secretary of State for Defence to lead. As he points out in his paper, this clearly emerges as the best option, on both military and financial grounds. The table on page 16 of the revised Mason Report shows that only this weapon will adequately meet the damage criteria. Cost is relatively low and reliable, because we should be acquiring a weapon which the Americans will be continuing to procure for themselves; not one specially devised for us.

Other Major Questions

Size of Force

10. The Secretary of State for Defence should lead on this. If the choice of system is C4 MIRV, the only real alternatives are four boats (as at present) or five. The programme cost of five boats is expected to be £8,000 million over 20 years, against £7,000 million for four boats. The Chancellor (his paragraph 3(c)) argues for the cheaper solution. The Foreign and Commonwealth Secretary points to a number of arguments in the same direction, though his arguments are insubstantial by comparison with the resources argument. But a five boat force would give us some hedge against accidents; and barring these, it would enable us to have two boats on patrol at all times (your Nuclear Release exercise in October pointed up the disadvantages of only having one boat on patrol). The French are

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building their sixth ballistic missile submarine. It is now generally recognised that the cancellation of our fifth Polaris boat in 1965 was an expensive mistake, without which we might have avoided the costly Chevaline programme now nearing completion. In his minute dated 29th November the Foreign and Commonwealth Secretary indicates some of the merits of a four boat force but he lays stress on the developing anti-submarine warfare (ASW) threat. As the Secretary of State for Defence points out in his minute of 3rd December, a five boat force (with two always on patrol) offers a far better bet against this threat because it is almost inconceivable that the Russians in this timescale will develop a capability to find and sink two submarines simultaneously. The fact is that the fifth boat would double the operationally available strategic deterrent, and diminish its vulnerability by a much greater factor than two, for relatively modest extra cost.

Foreign Policy Factors

11. Lord Carrington should be asked to lead.

(i) Arms Control. The Foreign and Commonwealth Secretary suggests that the 640 warheads implicit in a five boat force will be less easy to defend against inclusion in SALT than a four boat force with "480 warheads". (In fact a four boat force would have 512 warheads) SALT negotiations have not really grappled yet with the problems of ballistic submarines. But if the "weapons on launchers" approach is adopted, the key question may be the number of boats at sea. On this basis the difference will lie between two sometimes and two always.

(ii) Dependence on the United States. A decision to go for C4 MIRV will keep us totally dependent on United States co-operation over a very long period. As with Polaris, once we have our boats and weapons, we shall have full operational independence in a crisis. But as with Polaris we shall be relying on the Americans not only for initial supply but also for continuing logistic support. If the latter were cut off at any time - and it would be dependent not only on successive Administrations but also on successive Congresses - we could not keep going on our own for more than 6-12 months.


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We cannot foresee how Anglo-United States relations will develop over the next 40 years. It is impossible to be as confident of continuing support for a quarter of a century ahead in 1979 as it was in 1949. But they have not so far either let us down or used our dependence as a means of pressure. In any case, we have no real alternative, Going it alone would be prohibitively expensive. That only leaves co-operation with the Americans or co-operation with the French.

- (iii) The French. To avoid later recrimination it is important for your colleagues to be clear that they are choosing the American rather than the French alternative and why. In the light of your discussion with President Giscard on 19th November, our preference will come as no surprise to him. Our basic reason for not choosing the French alternative is that it would almost certainly give us a less effective weapon at greater cost. If we were convinced that we should base our long term decisions on the hypothesis that the American connection was likely to decline, and the French connection to become our predominant international link, then we should arguably go into partnership with the French. Politically and economically it would be a more evenly balanced partnership, but it would seriously worry the Germans. It would pose great problems with the Americans, on whom we remain dependent for keeping Polaris going through the 80s. And is France's long term reliability inherently greater than America's?

TIMING

12. I am sending you a separate minute on this issue. You may care to indicate that it could be a difficult area and to ask Lord Carrington and Mr. Pym if there are any other domestic political factors likely to effect the timing of an announcement.

CONCLUSION

13. You may wish, subject to points made in discussion, to sum up as follows:-
The discussion points towards a decision to go for a Polaris replacement, and specifically for a five boat force armed with Trident C4 MIRV


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missiles. You propose to ask the President of the United States for American assistance to meet the requirement in extension of the 1963 Polaris Sales Agreement. You are hopeful that this request will be favourably received, although there may well be timing problems about when the agreement should be finalised and published. You propose to tell Cabinet on 13th December of the decision that you should approach the President [but in the interests of security not of the choice of system]. You are instructing the Secretary of the Cabinet to arrange the preparation of this part of your brief for your visit to Washington.

RA

(Robert Armstrong)

4th December 1979