

# The Nott Review

edited by

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**ICBH Witness Seminar Programme**



# The Nott Review

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**ICBH Witness Seminar Programme**  
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# **The Nott Review**

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# Introductory Paper: The Nott Review

Andrew Dorman

King's College London at the JSCSC

The premiership of Margaret Thatcher from 1979 to 1990 witnessed major transformations in international and domestic politics. In 1979 the East-West relationship appeared to be in a state of terminal decline. At home, the period is remembered for the wide-scale privatisation of state industries, the huge growth in share ownership, trade union reform, changes in taxation and the high level of unemployment were just some of the features associated with the 'Thatcher legacy.'

Within this context of both international upheaval and domestic change British defence policy emerged from its traditional post-war position of relative inconsequence to become one of the key issues at the 1983 and 1987 general elections.<sup>1</sup> The resurgence of the Campaign for Nuclear Disarmament (CND), the decision to acquire the Trident system, the Falklands War, the deployment of ground-launched cruise missiles (GLCMs) at Greenham Common and Molesworth, Westland and the Nott Review were just some of the more memorable issues associated with Conservative defence policy.

*Command 8288* – The United Kingdom Defence Programme – provoked a storm of protest at the time with the Prime Minister asking the junior navy minister to resign prior to its publication.<sup>2</sup> This was returned to following the outbreak of the Falklands War less than a year after its publication. Even today *Cm. 8288* remains a source of some controversy within parts of the navy. Since then a considerable amount has been written on the paper outlining the changes in emphasis within the defence programme but there is relatively little written on how it evolved and how the actors involved interacted.

The aim of this background paper is to not to provide a possible answer but to fill in some of the background and help us to return to 1981. It has intentionally sought to avoid any value judgments about particular decisions before, during or after the production of *Cm.8288* and any degree to which it does is a failure on my part alone.

## *British Defence Policy in 1979*

No government starts with a blank sheet of paper on which to draft out its defence policy. The period from 1945 to 1979 was one of immense change in British defence policy. By 1979 only a few vestiges of what was once the world's largest empire remained. Europe, rather than the Empire, had become the focus of British foreign and defence policy. Within this transformation four inter-linked assumptions remained consistent throughout the period. These were the hostility

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1 Private information. In 1979 only 2 per cent of the electorate thought defence was a major issue in the election. By 1983 this had risen to 38 per cent. Michael Heseltine, 'The United Kingdom's Strategic Interests and Priorities', *The RUSI Journal*, Vol.128, No.4, Dec. 1983, pp.3-5, p.3. The 1983 election campaign was noteworthy for the action of the previous Labour Prime Minister, James Callaghan, who took the unprecedented step of repudiating his own party's defence policy, thereby increasing defence's profile still further; Ian Aitken, 'Callaghan Wrecks Polaris Repairs', *The Guardian*, 26 May 1983; Peter M. Jones, 'British Defence Policy: the Breakdown of the Inter-Party Consensus', *Review of International Studies*, Vol.13, No.2, April 1987, pp.111-31; Bruce George & Curt Pawlisch, 'Defence and 1983 Election', *ADIU Report*, Vol.5, No.4, July/Aug. 1983, p.2; Michael Heseltine, *Life in the Jungle: My Autobiography* (London, Hodder and Stoughton, 2000), p.250.

2 Margaret Thatcher, *The Downing Street Years* (London: HarperCollins, 1993), p.250.

of the Soviet Union, the ‘special relationship’ with the United States, the creation and maintenance of a nuclear deterrent, and the ability to influence decisions on the world stage.<sup>3</sup>

For the Services the 1970s had been a period of retrenchment with considerable cutbacks. The Labour Government’s announcement that it would adhere to NATO’s three per cent target, at least until 1980-81, appeared to indicate the beginning of a period of stability for the defence programme. This was welcomed but the delays, postponements and cancellations of the 1970s had led the Services to weigh their programmes heavily towards the latter years of the LTCs. It meant that a considerable number of major weapons programmes had already been planned and little room remained within the LTCs to fund additional defence programmes or cope with any significant cost over-runs.

The LTC system was far from ideal. Although it covered a period of ten years only the first of these was agreed with the annual Treasury budget. The next four years were based on the Public Expenditure Survey (PES) forecast which only gave an indication of the Government’s future intentions, whilst the last five years were based purely on the MoD’s own estimates of the amounts that it was likely to receive. Consequently, the further down the LTCs the planners went the more inaccurate their estimates were likely to be. The situation was made worse by the poor performance of industry in delivering programmes on time and to cost.

This meant that within the MoD different budgeting and planning assumptions were made from those agreed with industry, particularly in terms of contract price and delivery schedule.<sup>4</sup> Given that most major programmes involved research at the edge of existing knowledge, precise cost estimates were impossible. This situation was complicated by the time delays within the system often necessitating the revision of specifications.<sup>5</sup> The LTCs were therefore subject to constant readjustments as estimates were updated resulting in further delays to existing programmes.

#### *The Royal Navy in May 1979*

The 1975 Defence Review had not been nearly so far-reaching for the navy as for the other two Services. The end of the periodic deployment of a major task force East of Suez was largely symbolic and the withdrawal from the Mediterranean had an impact on overall fleet numbers but naval policy still remained dominated by its four NATO wartime roles. Debates within the navy centred upon how the component parts of the navy could contribute to fulfilling these tasks and which should have priority.<sup>6</sup>

The first NATO task was the containment of Soviet surface and sub-surface forces in their northern bases. This involved the forward deployment of NATO submarines and was dominated by the navy’s submariners. They planned to change the overall composition of the submarine force, favouring the nuclear-powered attack submarine (SSN) at the expense of its conventional counterpart (SSK).

The second role was the reinforcement of Northern Norway using the re-configured 3 Com-

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3 Croft and Williams, p.147; see also Michael Dockrill, *British Defence Policy since 1945* (Oxford: Blackwell, 1988); William Jackson, *Britain’s Defence Dilemma: an Inside View* (London: Batsford, 1990); John Baylis (ed), *Britain’s Defence Policy in a Changing World* (London: Croom Helm, 1977); Ritchie Owendale, *British Defence Policy since 1945* (Manchester: Manchester University Press, 1994); Stuart Croft (ed), *British Security Policy: the Thatcher Years and the End of the Cold War* (London: HarperCollins, 1991); Peter Byrd (ed), *British Defence Policy: Thatcher and Beyond* (Hemel Hempstead: Philip Allen, 1991); Malcolm McIntosh, *Managing Britain’s Defence* (London: Macmillan, 1990).

4 Idem.

5 Idem.

6 Admiral Sir James Eberle, ‘Defending the Atlantic connection’, in Till, p.149; ‘NATO’s Sinking Feeling’, *New Statesman*, 29 May 1981, p.30.

mando Brigade, together with its Dutch attachment, by the navy's specialised amphibious warfare vessels. Support for this role in the long-term already looked uncertain following the Labour Government's decision to delete the replacements for the two LPDs from the LTCs in 1975.<sup>7</sup> Nevertheless, in the medium-term the preservation of this force looked secure with consideration being given to the conversion of a surplus Royal Fleet Auxiliary (RFA) into an amphibious transport to enhance the existing capability.<sup>8</sup>

The third role was that of anti-submarine warfare (ASW) support for NATO's strike fleet of US aircraft carriers. This gave the navy the important role it sought and allowed it to justify the maintenance of a significant fleet. The navy's contribution centred upon the provision of an ASW orientated aircraft carrier group together with supporting submarines and maritime patrol aircraft. Although the 1966 decision to abandon the next generation of aircraft carrier seemed to mark the end of fixed-wing aviation within the Fleet Air Arm,<sup>9</sup> the situation was partly altered by the decision to equip the three new small *Invincible*-class aircraft carriers with Sea Harriers.<sup>10</sup> By 1979 the first of these had begun sea trials with a further two in the course of construction. In the interim HMS *Hermes*, then acting as an anti-submarine warfare carrier, was earmarked to receive suitable modifications to carry Sea Harriers pending the arrival of the third *Invincible*.

The fourth role was the direct defence of reinforcement shipping bringing supplies from North America to the European mainland, together with the protection of reinforcements being deployed from the United Kingdom. These two tasks involved the use of the majority of the surface fleet, the Fleet Air Arm, the remaining RN submarines and the RAF's 18 Group. The latter task centred upon the provision of destroyers and frigates to conduct convoy protection for shipping carrying reinforcements from North America to Western Europe. Within the surface ship fraternity the Type 42 air defence destroyer and the Type 22 anti-submarine warfare frigate were the main programmes. The three orders just prior to the 1979 General Election brought Type 42 destroyer numbers to 14 either completed or in the course of construction.<sup>11</sup> Type 22 orders by this stage amounted to six with plans for at least six more.<sup>12</sup> To complement these vessels, and as a result of various delays in ordering new units throughout the 1970s, the older Leander-class frigates were undergoing substantial and costly mid-life upgrades to prolong their lives and bring them up to the standard of the Type 22s.<sup>13</sup> This upgrade policy required a considerable dockyard refit capability and concern already existed about whether the Royal Dockyards were capable of meeting the high workload currently allocated to them.<sup>14</sup>

Subsumed within these debates lay the provision of Britain's strategic nuclear deterrent based

7 *Statement on the Defence Estimates, 1975*, p.11.

8 *Jane's Fighting Ships 1979-80* (London: Jane's, 1979), p.607; Desmond Wettern, 'More Dual-Roled Warships', *Daily Telegraph*, 31 Aug. 1978.

9 *Statement on the Defence Estimates, 1966: The Defence Review*, Cm.2901 (London: HMSO, 1966), p.10.

10 Paul Beaver, *Modern Combat Ships – 2: Invincible Class* (London: Ian Allan, 1984), p.21.

11 In the six weeks leading up to the 1979 election three Type 42 destroyers and two Type 22 frigates were ordered. V. Keith, *Sea Change: The Battle of the Falklands and the Future of Britain's Navy* (Bath: Ashgrove, 1982), p.79.

12 Geoffrey Pattie, *Hansard, House of Commons Parliamentary Debates*, Vol.995, fifth series, session 1980-91, 1-12 Dec. 1980, Written Answer 5 Dec., col.88w.

13 At least 12 Type 22s were envisaged at this stage together with 10 modified Leanders, judging by the orders for Sea Wolf systems. Geoffrey Pattie, *Hansard, House of Commons Parliamentary Debates*, Vol.995, Fifth Series, Session 1980-81, 1-12 Dec. 1980, Written Answer 5 Dec. 1980, col.88w; Anthony Preston, 'So Long Leander', *Warship World*, Vol.4, No.7 (Summer 1993), p.11.

14 Speed, p.91.

on four Polaris SSBNs. In order to retain the ability to strike at Moscow this system was in the process of having its warhead updated under the secret Chevaline programme (the so-called Moscow Criteria).<sup>15</sup> By 1979 the Polaris force had been responsible for the strategic nuclear deterrent for a decade. Given the projected life span of a nuclear powered submarine there was now a pressing need to consider a replacement system. This had already begun in a Cabinet sub-committee. Two studies were initiated: one on the international implications and the other on the alternative systems. The secretive nature of these provisional studies meant that no allocation was made within the LTC for a replacement system and this was to have significant programme implications once a decision was made.

*The British Army in May 1979*

Like the navy the 1975 Defence Review had led the army to largely abandon its remaining out-of-area capabilities.<sup>16</sup> This led the army to concentrate on its part in the wartime defence of the Central Front and its peacetime commitment to Northern Ireland. Less emphasis was given to its other NATO roles, such as home defence or the provision of forces to the UK Mobile Force.

The review had led to the elimination of the brigade level of command as a means of improving the weapon-to-men ratio at reduced cost. This led to the re-organisation of 1 (Br) Corps from a three divisional force to one of four smaller divisions and a Field Force for the protection of BAOR's lines-of-communication.<sup>17</sup> In wartime its role on the Central Front was to fight an attritional delaying action as part of NATO's Northern Army Group (NORTHAG). Its divisions were to be deployed with two forward on the Inner-German border and the other two behind. The defence plan consisted of a number of defence lines with the forward divisions retreating through the rear divisions as each line was penetrated until the corps ceased to exist as a fighting unit whereupon recourse to battlefield nuclear weapons would occur.<sup>18</sup>

The new divisional structure had already begun to pose considerable command and control problems for the divisional commanders who had to control five or more battle groups.<sup>19</sup> Consequently, the expedient of introducing Task Force headquarters between the division and battalion/regiment levels of command in wartime to cover for the lost brigades was quickly adopted but this solution was far from satisfactory. These headquarters remained ad hoc and lacked the cohesion resulting from a peacetime existence. As a result, there was considerable discussion within the army about how this situation could be resolved.<sup>20</sup>

At the same time the lessons of the Israeli experiences in the Yom Kippur War of 1973 had begun to filter into the thinking within the British Army with the result that army doctrine came under scrutiny. The use of small highly mobile command headquarters by the Israelis, together with the adoption of a mobile war of manoeuvre in defence, had a profound affect on those who examined the battle.<sup>21</sup> Linked into this debate was the potential impact of emerging technologies and NATO's goal of raising the nuclear threshold.<sup>22</sup>

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15 Lawrence Freedman, *Britain and Nuclear Weapons* (London: Macmillan, 1980), p.54.

16 The strategic reserve division of three air-portable brigades and the 16 Independent Parachute Brigade vanished from the army's order of battle to be replaced by the newly created 6 Field Force, which contained a parachute battalion group. 'Statement on the Defence Estimates, 1975', p.11; Andrew Wilson, 'The 16th Paras Hit the Deck', *Observer*, 27 Mar. 1977; Lieutenant-General Sir William Scotter, 'The British Army Today', *The RUSI Journal*, Vol.121, No.2, June 1976, pp.16-22, p.18.

17 Scotter, pp.16-22; Major-General Frank Kitson, 'The New British Armoured Division', *The RUSI Journal*, Vol.122, No.1, Mar. 1977, pp.17-9.

18 Private information; Colin J. McInnes, 'BAOR in the 1980s: Changes in Doctrine & Organisation', *Defense Analysis*, Vol.4, No.4 (Dec. 1988), pp.377-94.

19 Scotter, pp.16-22.



Unlike the air force and navy, the army was far more manpower intensive. This meant that a smaller percentage of the defence budget allocated to land forces was actually spent on equipment in comparison to sea or air forces. Consequently, the impact of short-term equipment cutbacks throughout the 1970s on equipment purchases had a disproportionate effect. The result was a significant level of equipment obsolescence and an army with the reputation for being one of the worst equipped in Germany.<sup>23</sup>

In response, a substantial modernisation programme had been initiated covering the full plethora of army equipment. From the army's point of view the most important programme was the re-equipping of its armoured divisions to counter the significant improvements made in Soviet land forces.<sup>24</sup> Increases in the size and capability of Soviet armoured forces raised questions about the size and quality of the existing tank force. An enlargement of the war reserve by purchasing an additional batch of 77 Chieftains was under consideration.<sup>25</sup> Further ahead lay the question of replacing the existing Chieftain fleet. With the collapse of the Anglo-German feasibility studies into a new main battle tank a national programme, dubbed MBT-80, had begun with entry into service planned for the late-1980s.<sup>26</sup> It was planned to equip this with the recently developed Chobham armour, which offered vastly superior protection at a reduced weight. This meant that MBT-80 could be a much more heavily armoured tank than the existing Chieftain with improved mobility.<sup>27</sup> However, waiting for MBT-80 meant delaying the entry of Chobham armour into service. This not only had implications for the military balance on the Central Front but there was also the potential loss of valuable exports as the secret of Chobham armour was shared with Britain's NATO partners. They would be in a position to install it into their new tanks before MBT-80 entered service and sell these overseas.<sup>28</sup>

Closely linked to the replacement tank programme was a new fleet of armoured personnel carriers. Here the domestically developed MCV-80 and the US Bradley IFV were in direct competition with each other. Both offered the ability to engage light armoured vehicles on the battlefield with their cannon. The latter's gun had the advantage that it was stabilised which made it

20 Colin McInnes, *NATO's Changing Strategic Agenda: the Conventional Defence of Central Europe* (London: Unwin Hyman, 1990), pp.116-62; Robert A. Gessert, 'The AirLand Battle & NATO's New Doctrinal Debate', *The RUSI Journal*, Vol.129 No.2 (June 1984), pp.52-60; General Sir Nigel Bagnall, 'Concepts of Land/Air Operations in the Central Region: I', *The RUSI Journal*, Vol.129, No.2, Sept. 1984, pp.59-62; Air Marshal Sir Patrick Hine, 'Concepts of Land/Air Operations in the Central Region: II', *The RUSI Journal*, Vol.129, No.2 (June 1984), pp.63-6; Boyd, D. Sutton, et.al., 'Deep Attack Concepts & the Defence of Central Europe', *Survival*, Vol.26, No.2 (Mar./April 1984), pp.50-70.

21 Jon Connell, 'War in Germany', *The Sunday Times*, 13 Mar. 1983; McInnes, pp.377-94; Colin McInnes in Stuart Croft (ed), 'Conventional Forces', *British Security Policy: The Thatcher Years and the End of the Cold War* (London: HarperCollins, 1991), p.31; Adrian Hill, 'Could Napoleon's Army Win Today?' *The RUSI Journal*, Vol.122, No.1 (Mar. 1977), pp.20-3, p.21.

22 Boyd, pp.50-70.

23 'The Army', *Economist*, 29 Mar. 1980, p.45; Henry Stanhope, 'Army Plans Russian-type AA gun', *The Times*, 12 Jan. 1978; Jackson, p.7.

24 John Erickson, 'Soviet Military Capabilities in Europe', *The RUSI Journal*, Vol.120, No.1, Mar. 1975, pp.65-69. John Erickson, 'Soviet Ground Forces & the Conventional Mode of Operations', *The RUSI Journal*, Vol.121, No.2 (June 1976), pp.45-9.

25 Barney Hayhoe, *Hansard, House of Commons Parliamentary Debates*, Vol.980, fifth series, session 1979-80, 3-14 Mar. 1980, Oral Answer 11 Mar. 1980, col.1,128.

26 *Statement on the Defence Estimates, 1978*, Cm.7,099 (London: HMSO, 1978), p.34.

27 Private information.

28 *Idem*.

far more accurate when fired on the move and it also had the ability to engage enemy tanks with its TOW launcher.<sup>29</sup>

Improvements to Soviet mechanised forces also highlighted weaknesses in the existing artillery force. A major replacement programme was already underway. The heavier 155 mm FH-70 howitzer had begun to replace the 105 mm Light Gun in those regiments committed to the reinforcement of the BAOR. In the medium-term it was planned to rectify the lack of firepower provided by the 105 mm Abbot self-propelled guns by replacing it with the collaborative SP-70 under development with West Germany and Italy. Also under consideration for deployment in the late-1980s was the US Multiple-Launch Rocket System (MLRS), which looked as though it would be ideally suited to the task of breaking up tank concentrations at long range.<sup>30</sup>

For air defence the army relied upon the towed Rapier system, which had only recently entered service with the air defence regiments. The problem of deploying the system with the mobile armoured units was already acknowledged and a tracked alternative was already in the process of development for the Shah of Iran.<sup>31</sup> However, the cost of the system was viewed as prohibitive and no plans existed for its purchase. Instead, consideration was being given to the acquisition of a mobile anti-aircraft gun, which could accompany the mobile armoured units, whilst the Rapier system provided for the defence of static units.<sup>32</sup> The army also deployed a first generation man-portable surface-to-air (SAM) system, the Blowpipe, to complement Rapier, and a second-generation system, the Javelin, was under development.

The Army Air Corps (AAC) was further ahead in its equipment transformation. The Anglo-French Gazelle was in the process of delivery as a replacement for the Sioux in the communications, reconnaissance and training roles. Of more significance was the introduction of the Lynx into service equipped to carry eight HOT anti-tank missiles.<sup>33</sup> This represented a significant transformation in capability compared to the existing Scout helicopter. However, it was still a modification of an existing airframe to the role rather than a specialist attack helicopter.

Partly as a result of the division command and control problems a number of projects were in the design stage to control various elements during battle and allow them to communicate with one another. The army had already begun to introduce the new Sultan, the first purpose built tracked armoured command vehicle to enter service, as well as the Clansmen family of tactical radios.<sup>34</sup> The Wavell intelligence system was scheduled to follow in 1980 with the BATES battlefield artillery engagement system and the Ptarmigan tactical communications system planned for service in the mid- to late-1980s.

For the army the 1980s promised to be a period of transformation as it replaced the vast majority of its equipment, which dated back to the 1960s. The new command and control equipment promised to revolutionise its ability to fight on the modern battlefield. These changes were not without considerable cost and the army's high command were determined that their equipment budget would be protected from any cutbacks. At the same time there was an under-current of change within army thinking which had yet to fully emerge and influence the future direction of land operations.

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29 Francis Pym, *House of Commons Parliamentary Debates* vol.988, sixth series, 1979-80, written answer, 14 July 1980.

30 Captain Charles J. Dick, 'MLRS: Firepower for the 1990s', *The RUSI Journal*, Vol.128, No.4, Dec. 1983, pp.12-21, p.17.

31 'Statement on the Defence Estimates, 1978', p.35.

32 Private information.

33 Michael Lambert & Charles Gilson, 'Britain Looks Forward to the Lynx', *Flight International*, Vol.112, No.3,569, 6 Aug. 1977, pp.416-8, p.416.

34 Major Christopher J.T. Davey, 'Sultan, Clansmen and the Integration of Forward Communications within NATO', *The RUSI Journal*, Vol.122, No.1, Mar. 1977, pp.37-9.

*The Royal Air Force in May 1979*

The Royal Air Force (RAF) was beginning its most expensive replacement programme in its history. By the end of the decade it planned to dispose of the majority of its current aircraft and have a front-line filled largely with new aircraft. Despite this, doctrine was set to remain unchanged and remained principally governed by its NATO commitments and by the RAF's continuing determination to maintain its independence as a Service. The Air Force Board was determined to retain a balanced force capability and rejected any notion of role specialisation.<sup>35</sup> It sought to contribute aircraft to the entire range of NATO activities and dismissed any suggestion that the navy could take over any of the maritime functions performed by the air force, or that the army should take control of the air force's support helicopter fleet. Nevertheless, whilst the Board's goals were to at least maintain its force levels in all its six areas of capability, (strike, offensive support, air defence, maritime, support and helicopter lift) priority remained with the fast jet roles, i.e. strike, offensive support and air defence.<sup>36</sup>

The RAF's strike aircraft composed a mixture of Jaguar, Vulcan and Buccaneer aircraft. Although the Jaguar had only recently entered service in both the strike and offensive support roles, it had a number of shortcomings, particularly in terms of range and lack of an all-weather capability.<sup>37</sup> It had entered service as a stopgap solution in order to allow the Phantoms to be switched to the air defence role.<sup>38</sup> Whilst the Vulcans and Buccaneers had better range and all-weather capabilities they were both showing signs of age. Their replacement, the new ground-attack version of the Tornado (GR1), promised to transform the strike capability of the RAF through its advanced avionics and the various weapons programmes that planned to equip it. The Tornado GR1 had been designed and produced as a collaborative venture and the RAF had been forced to accept certain performance limitations to achieve an agreed specification. This meant that the Tornado GR1 had a significantly reduced range compared to both the aircraft it was replacing.<sup>39</sup> To offset this nine VC-10 aircraft were earmarked for conversion to the tanker role to supplement the existing force of Victor K2 tankers.<sup>40</sup> The RAF also hoped to retain a reduced number of Vulcan squadrons equipped with an undefined air launched cruise missile in the long-range strike role rather than rely solely on the Tornado.<sup>41</sup>

A mixed force of Harrier GR3s and Jaguar GR1s performed the offensive support. Both were the subjects of a feasibility study into a future Tactical Combat Aircraft that was scheduled for entry into service in the early 1990s.<sup>42</sup> Meanwhile, it was hoped to overcome the deficiencies in weapons load and range in the existing Harrier force by re-winging the whole fleet rather than collaborate with the American's in the development of the AV-8B.<sup>43</sup>

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35 Private information.

36 Idem.

37 'Enter Jaguar, Exit Phantom', *Flight International*, Vol.106, No.3,422, 17 Oct. 1974, p.495; Francis K. Mason, *Tornado* (Wellingborough: Patrick Stephens, 1986), p.27.

38 'UK Air Defence', *Flight International*, Vol.107, No.3,447, 3 April 1975, pp.556-8, p.557; Air Commodore A.G. White, 'Airpower in the Alliance', *Armed Forces*, No.3, 1979, pp.11-3, p.13.

39 For range details see IISS, *The Military Balance 1981-82 & 1984-85* (London: IISS, 1981 & 1984), p.108 and p.132 respectively.

40 Private information; Alfred Price, *Panavia Tornado: Spearhead of NATO* (London: Ian Allan, 1988), pp.11-7; Mason, p.27.

41 Francis Pym, *Hansard, House of Commons Parliamentary Debates*, Vol.974, fifth series, session 1979-80, 19-30 Nov. 1979, Oral Answer 27 Nov. 1979, col.1,099.

42 Private information; Group-Captain V.L. V, 'The Way Ahead: Future Equipment and Possible Employment', *Armed Forces*, No.3, 1979, pp.34-5, p.34.

The state of Britain's air defences was the subject of some of the most scathing criticism directed upon the Labour Government by the Conservatives prior to the 1979 General Election.<sup>44</sup> Britain's air defences had never recovered from the cutbacks imposed during the 1957 Defence Review.<sup>45</sup> These, together with the RAF's responsibility for fleet air defence,<sup>46</sup> meant that the RAF's fighter force was largely deployed to defend the US/UK strike bases in East Anglia and, in theory at least, defend the fleet in northern waters.

NATO's decision in 1967 to introduce the strategy of Flexible Response led to a revision of this.<sup>47</sup> However, priority was given to RAF forces deployed in West Germany, which meant that the need to improve Britain's air defences was delayed.<sup>48</sup> The deployment of the Backfire and Fencer aircraft by the Soviet Union during the 1970s underlined the vulnerability of the United Kingdom to conventional air attack.<sup>49</sup> A significant modernisation programme was started covering aircraft, surface-to-air missiles, radar systems; the protection of RAF airfields and the command and control network but the delay meant there was little actual visible improvement by 1979.<sup>50</sup> The shortage of front-line aircraft led to the idea of a 'fighter gap' emerging in the late-1970s which would not begin to be relieved until the entry of the air defence version of the Tornado (F2) in the mid-1980s to replace the Lightnings and Phantoms. This weakness, and the political fallout from it, led the Air Force Board to consider various remedies to deal with this deficiency, including the leasing of fighter aircraft from the United States.<sup>51</sup>

Ever since the incorporation of the Royal Naval Air Service within the newly created RAF in 1918 the RAF's control of maritime air assets was a source of friction with the Royal Navy. By 1979 the shore-based elements were grouped together within the RAF's 18 Group and consisted of three principal assets.<sup>52</sup> Firstly, there were the Buccaneer aircraft equipped with Martel air-to-surface missiles for the surface strike role. In conjunction with the SSNs these aircraft were viewed by the Admiralty as the principal means of containing the Soviet surface fleet as well as striking at the Soviet Northern Fleets bases. With the decommissioning of the navy's last fixed wing aircraft carrier a second squadron of aircraft in this role was in the process of forming (No.216).<sup>53</sup> It was envisaged that Tornado GR1s equipped with the new British Aerospace P-3T (Sea Eagle) anti-ship missiles would replace them by the mid-1980s.<sup>54</sup>

Secondly, there were four front-line and one training squadrons equipped with Nimrod mari-

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43 Warrington, p.34.

44 Private information; Alan Clark, *Diaries: Into Politics*, edited by Ian Trewin (London: Weidenfeld and Nicolson, 2000), p. 133.

45 *Memorandum by the Secretary of State for Air to Accompany Air Estimates, 1957-8*, Cm.149 (London: HMSO, 1957), paras.16-25.

46 This emerged out of the 1966 Defence Review, which scrapped the aircraft carrier replacement programme.

47 White, p.12.

48 Private information.

49 Charles Gilson & Bill Sweetman, 'Air Power for the Pact', *Flight International*, Vol.109, No.3,508, 5 June 1976, pp.1,507-13, p.1,507; 'The Soviet Threat: A UK View', *Flight International*, Vol.111, No.3,545, 19 Feb. 1977, p.411.

50 Air Commodore G.A. White, 'Air Power in the Alliance', *Armed Forces*, No.3., 1979, pp.11-3.

51 David V, 'RAF May Rent Fighter to Fill "Air Defence Gap"', *The Guardian*, 2 July 1979; 'RAF Faces the Fighter Gap', *Flight International*, Vol.114, No.3,624, 2 Sept. 1978, p.727.

52 Wing Commander A.G. Hicks, 'Maritime Air Power', *Armed Forces*, No.3 (1979), pp.14-6, p.14.

53 Tim Laming, *Buccaneer: the Story of the last all British Strike Aircraft* (Sparkford: Patrick Stephens, 1998), p.127.

54 Warrington, p.34.

time reconnaissance aircraft (Nimrod MR1). To the Air Force Board these aircraft, together with the navy's SSNs, represented the most efficient means of combating the increasing Soviet submarine threat. The Board felt that emphasis should be given to these rather than to the navy's surface fleet.<sup>55</sup> They were concerned about the size of the existing Nimrod MR1 force and the decision to convert eleven Nimrod MR1s to the AEW role, instead of purchasing Boeing E-3As as the RAF High Command hoped,<sup>56</sup> and meant that there was no longer a surplus of Nimrod airframes. Any expansion would require the re-opening of the Nimrod production line at a considerable cost.<sup>57</sup> Meanwhile, the existing force continued to receive an upgrade, which incorporated the Searchwater radar.

Linked to the purchase of additional Nimrod aircraft was the third maritime asset. A single Vulcan squadron was tasked with the role of surface search in order to monitor the deployment of the Soviet Northern Fleet. Despite the planned phasing out of the Vulcan in the strike role the Air Force Board envisaged that they would continue in the maritime role for some time to come. However, they would need replacing in the foreseeable future and re-opening the Nimrod production line could furnish suitable replacements.

With the reduction of half of its transport fleet the RAF found itself over-stretched. As a partial remedy half of the Hercules fleet were scheduled to receive an extension designed to increase their cargo capacity.<sup>58</sup> The RAF had started to introduce the new Hawk aircraft in the advanced trainer role whilst replacement alternatives for the ageing Jet Provost basic trainers were under consideration.

The helicopter support fleet had always tended to be the area last to receive funding and first to lose it. This was no more evident than in the purchase of Chinook helicopters in the medium-support role. This requirement had first been stated 14 years before an order was placed in 1978 when the RAF made use of a significant under spend.<sup>59</sup> From the army's point of view the results of this lack of prioritisation was the inadequate provision of support helicopters and a preference for control over this force.<sup>60</sup> This led to increased calls within the army for the transfer of the support helicopter force to the army. The replacement of the Wessex/Puma force was under consideration with a substantial purchase envisaged in the late-1980s.

### *Defence Policy, 1979-81*

Whilst defence has always been 'the cut of last resort' to the Conservatives,<sup>61</sup> Margaret Thatcher, with her openly vehement opposition to the Soviet Union, went considerably farther than any of her predecessors in eulogising the need for defence.<sup>62</sup> This was somewhat surprising given her political background, which contained little to suggest that such a change in emphasis would occur. She had not previously held any of the great offices of state. Instead her ministerial experience had been in pensions and education, which meant that when she became leader of the

55 Private information.

56 *Statement on the Defence Estimates, 1978*, p.13.

57 The eight aircraft withdrawn from Malta as part of the 1975 Defence Review were initially earmarked for conversion together with three aircraft from the general pool. This meant that the actual pool of Nimrod aircraft had decreased by three and the eight spare aircraft could not be used to expand the existing fleet. Private information; Paul Jackson, 'NATO's Airborne Early Warning Force', *Armed Forces*, Vol.4, No.8 (Aug. 1985), pp.307-9, p.307.

58 *Statement on the Defence Estimates, 1981*, Cm.8212 (London: HMSO, 1981), p.32. Warrington, p.35.

59 Private information; 'Britain to Buy 30 Chinooks', in *Flight International*, Vol.113, No.3,595, 11 Feb. 1978, p.346.

60 Farooq Hussain, Ian Kemp & Philip McCarthy, 'The Future of the Military Helicopter', *Whitehall Papers* (London: RUSI, 1986), p.35.

61 Peter Calvocoressi, 'Deterrence, the Costs, the Issues, the Choices', *The Sunday Times*, 6 April 1980.

Conservative Party she was scarcely known outside Britain.<sup>63</sup> In January 1976 she pledged the Conservative Party to ‘shaking the British public out of a long sleep’ in order to confront the threat posed by the Soviet Union.<sup>64</sup> This earned her the nickname ‘Iron Lady’ from the Soviet official news agency Tass.<sup>65</sup> It was a title she cultivated and which brought her into immediate conflict with her Shadow Foreign Secretary.<sup>66</sup> The rhetoric, however, remained unchanged and continued for at least the first half of her time in office. This reflected Margaret Thatcher’s emergence from within the ‘New Right.’<sup>67</sup> Her personal ascendancy within policy-making led to a shift in the balance of government spending between the various departments, with the Ministry of Defence (MoD) becoming one of the chief beneficiaries.<sup>68</sup>

However, her other policy goal was the arrest of Britain’s long-term economic decline. This brought about a dichotomy of policies in which it appeared that she could never decide whether she wanted to be remembered in history as the ‘Iron Lady’ or the ‘Iron Chancellor.’<sup>69</sup> Jordan and Richardson have referred to this tension as her clear ‘policy theory.’<sup>70</sup> On the one hand there was the requirement for significant defence expenditure, whilst on the other hand there was an emphasis on reducing government expenditure.<sup>71</sup> It was hardly surprising that the defence budget remained a constant target for her Treasury team.<sup>72</sup>

The achievement of rapid economic growth not only required a reduction in public expenditure but also the de-regulation of industry and the encouragement of entrepreneurship. This required the widespread privatisation of state industries, a significant reduction in the size of the civil service, management reforms within the remaining civil service to make it more dynamic, changes to industrial policy and trade union reform. Since the MoD was the biggest department in

62 Nicholas J. Wheeler, ‘Perceptions of the Soviet threat’, in Stuart Croft (ed), *British Security Policy: the Thatcher Years and the End of the Cold War* (London: HarperCollins, 1991), p.162. See also, Margaret Thatcher, *Path to Power* (London: HarperCollins, 1995), Chapter X, ‘Détente and Defeat’, pp.330-93.

63 Within Britain she was better known at the time for her withdrawal of free school milk from primary school children between the ages of 8 and 11 whilst she was Secretary of State for Education and Science. Hugo Young, *One of Us* (London: Macmillan London, 1989), pp.73-4.

64 ‘Thatcher Warning on Soviet Strength’, *Daily Telegraph*, 20 Jan. 1976, p.1.

65 Young, p.171.

66 In her memoirs Thatcher indicated that this was one of the main reasons for her removal of Maudling from his position of Shadow Foreign Secretary. Margaret Thatcher, *The Downing Street Years* (London: HarperCollins, 1993), p.319. In contrast Reginald Maudling states that he was asked to resign later on that year due to his lack of speech-making. Reginald Maudling, *Memoirs* (London: Sidgwick & Jackson, 1978), pp.225-6. However, Peter Byrd tends to support the Thatcher line and implies that it was this hostility that she felt towards the Soviet Union that led to his resignation. Peter Byrd, ‘Introduction’, in Peter Byrd (ed), *British Defence Policy: Thatcher and Beyond* (Hemel Hempstead: Philip Allen, 1991), p.6.

67 Michael Clarke, ‘A British View’, in Richard Davy (ed), *European Détente: A Reappraisal* (London: SAGE Publications for the RIIA, 1992), p.101. It was notable that one of her early advisers on foreign affairs was the historian Robert Conquest, a fellow member of the New Right. Margaret Thatcher, p.351. For Conquest’s point of view see Robert Conquest, *Present Danger: Towards a Foreign Policy* (Oxford: Blackwell., 1979). For a background of the evolution of the New Right within the Conservative Party see Nicholas Ridley, *My Style of Government: the Thatcher Years* (London: Fontana, 1992), pp.1-22.

68 It should be noted that the Conservatives inherited the commitment to NATO of increasing defence spending by three per cent per annum in real terms. Nonetheless, the language of the new Conservative Government with its apparent vehement support for this increase matched to reductions in other areas of Government spending indicated a change in approach, if not necessarily evident in subsequent implementation. ‘Spending – the Thatcher Years’, *The Guardian*, 15 Jan. 1987; A.G. Jordan & J.J.Richardson, *British Politics and the Policy Process: An Arena Approach* (London: Allen & Unwin, 1987), pp.105-6.

central government and the largest employer of Civil Service manpower it was inevitably at the forefront of these changes. Defence therefore became immersed in the internal conflicts of Thatcherism.<sup>73</sup>

1979 could not have been at a more appropriate time for testing the new government's commitment to monetarism. In his autobiography Nigel Lawson recalled that 'we had come to office at a time when the UK economic cycle had peaked and was about to turn down – as for that matter was the world economy – and it would have been much easier to have deferred our attack on the deficit (and indeed on inflation via higher interest rates). But we consciously decided to press ahead, because deferment can become a way of life.'<sup>74</sup> Many felt that to do otherwise would merely have repeated the mistake they believe Ted Heath made in abandoning the Selsdon Park policies in 1971.<sup>75</sup>

These monetarist policies led to a rapid rise in unemployment, the bankruptcy of a considerable number of businesses and the raising of taxes, which resulted in a six per cent fall in the Gross Domestic Product (GDP) in 1980.<sup>76</sup> Nevertheless, despite all the government constraints on public expenditure and the staunch monetarist stance taken, from Fiscal Year (FY) 79-80 to FY 85-6 defence expenditure rose roughly in line with the Government's commitment to NATO of three per cent per annum in real terms.<sup>77</sup>

The new Conservative government was greatly welcomed by the MoD in May 1979 because they promised to be strong on defence and there appeared to be firm support within the Conservatives Party and the Cabinet on this issue.<sup>78</sup> This perception was reinforced by Francis Pym's appointment as Secretary of State for Defence. He was 'welcomed because he was a good decent shire MP which I think the military like. He was a man of great integrity and not out for a sort of quick political fix ... and you got a good ministerial team with Geoffrey Pattie etcetera. So things were quite chirpy.'<sup>79</sup>

There was little initial difference in outlook between Pym and Thatcher over defence policy and the MoD had not been identified as an area for early reform. Both adopted the traditional Conservative emphasis on the maritime commitment and Britain's role East of Suez.<sup>80</sup> Thatcher made this clear in a meeting with senior naval officers when she indicated her intention to shift

69 Adam Raphael, 'Nott Fights Rearguard Action in Whitehall Whispering War', *Observer*, 20 June 1982; Geoffrey Howe referred to her ambivalent attitude towards defence in Geoffrey Howe, *Conflict & Loyalty* (London: Macmillan, 1994), p.144 & 189.

70 Italics in original. Jordan & Richardson, p.215. Interestingly John Major suggests that the anti-inflationary Chancellor was a myth in her latter years as Prime Minister. John Major, *John Major: the Autobiography* (London: HarperCollins, 2000), p.141.

71 According to Kenneth Baker this desire for a reduction in governmental spending bordered on obsession. Kenneth Baker, *The Turbulent Years: My Life in Politics* (London: Faber & Faber, 1993), p.260.

72 Private information; Howe, pp.144-5.

73 Private information; see also Sir Ewen Broadbent, *The Military and Government: From Macmillan to Heseltine* (London: Macmillan for RUSI, 1988), pp.59-60.

74 Nigel Lawson, *The View From No.11: Memoirs of a Tory Radical* (London: Bantam, 1992), p.32.

75 Ridley, p.4.

76 John Nott, 'Speech at the IISS', 16 Nov. 1981; Howe, p.144.

77 Monetarists have referred to this as the 'heroic age' of monetarism. Peter Byrd, 'Defence Policy: An Historical Overview and a Regime Analysis', in Byrd, p.23.

78 Hennessy, p.629.

79 Private information.

80 Private information.

defence policy towards a traditional one based on maritime forces. However, she recognised that in the short-term the continental commitment had to be accepted as a means of ensuring the US retained its ground forces in Europe.<sup>81</sup> In contrast, Pym thought the solution lay in terms of a greater West German commitment in the Atlantic in order to allow the Royal Navy to deploy to Indian Ocean.<sup>82</sup>

In general the new defence team, with the support of the Prime Minister, sought to implement their election promises and achieve rapid and politically visible short-term improvements to Britain's armed forces. Partly this was political, in opposition the Conservatives had lambasted the previous Labour Government and they did not want to leave themselves open to similar criticism, but there was also genuine concern about the threat posed by the Soviet Union. Three areas had, in particular, been identified: Service pay, the state of Britain's air defences and the role of reserve forces.<sup>83</sup>

In the background lay the future of the strategic nuclear deterrent. The new government was keen to retain the deterrent and was aware that a decision was needed about a replacement system. However, there was no real view from the defence team about what capabilities the deterrent should have other than to essentially maintain the status quo and base it on Polaris.<sup>84</sup>

Whilst the defence team, with the support of the Prime Minister, were making initial improvements to Britain's military forces they were confronted by opposition from the Treasury team which was to have a subsequent impact upon the medium and long-term cycles. From the beginning the Treasury sought to cap the defence budget.

My Treasury team and I fought hard to avoid a commitment to increase NATO expenditure annually by three per cent more than the rate of inflation. Before the election, Ian Gilmour had loyally declined to commit the party to this. But after the election it was Francis Pym who took over the defence portfolio, and he was (wrongly) advised that the party was already committed to the NATO target. We challenged this at a meeting of the Cabinet Defence Committee, and we lost, with Margaret on the wrong side.<sup>85</sup>

This was the first of a string of early defence victories over the Treasury with Margaret Thatcher adopting her 'Iron Lady' rather than 'Iron Chancellor' outlook. The MoD was also favoured by an increase in its cash limit at a time when the other government departments had their cash limits reduced.<sup>86</sup> Nevertheless the Treasury did fight back and managed to base the new cash limit on

The low base line of the 1979/80 out-turn of expenditure, which had been depressed by an unusually large under-spend that year due to slips in major projects, instead of from the estimated cost of the existing Labour programme. This resulted in the new Government's programme being put on a lower and increasingly divergent level of funding from Labour's projected growth line, reducing the Chiefs expectations by some £1,400m over a four-year period.<sup>87</sup>

FY 80-1 was to prove to be one of the most difficult for the Conservatives.<sup>88</sup> Although the

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81 Wettern, p.382.

82 'Pym Talks of Indian Ocean Role', *Daily Telegraph*, 2 April 1980.

83 Private information.

84 *Idem*.

85 Howe, p.144.

86 Leo Pliatzky, *Getting and Spending: Public Expenditure, Employment and Inflation* (Oxford: Blackwell, revised edition 1984), pp.176-7.

87 General Sir William Jackson & Field Marshal Lord Bramall, *The Chiefs: The Story of the United Kingdom's Chiefs of Staff* (London: Brassey's (UK), 1992), p.392.

88 Thatcher, p.123.



defence team's priorities remained unchanged events forced them to modify their approach. The MoD's initial honeymoon period came to a rapid end during the spring of 1980. 'By the winter of 1979-80, less than a year after Margaret Thatcher's government took office, it was in the grip of economic crisis, raging inflation and rising unemployment.'<sup>89</sup> With the onset of a world recession and a rise in the value of Sterling, British industry found its markets abroad and at home diminishing. The businesses involved in defence initially employed their under-utilised staff to fulfil their defence contracts. This resulted in a marked improvement to delivery times and the MoD.<sup>90</sup> The in-built buffer within the LTCs of around 20 per cent,<sup>91</sup> which allowed for the difference between the negotiated delivery dates and actual delivery dates, suddenly became a liability as contracts were fulfilled on time and in some cases early.

This position was unheard of, and a rapid outflow of funds from the MoD followed which resulted in the MoD exceeding its cash limits for FY79-80 by £200m.<sup>92</sup> Under pressure from the Treasury the defence team were forced to agree that this deficit would be made up in the following year. But the outflow looked set to continue and the defence team were presented with the prospect of having to find funds for what they had actually contracted for that year, rather than what was planned for in the LTCs less the buffer.

Pym preferred to avoid making significant policy changes so he encouraged raising the MoD's cash limit.<sup>93</sup> At the same time to effectively manage the problem of keeping FY80-1 within its cash limits, Pym formed the Defence Programme Working Party (DPWP) to let the military manage the problem the MoD faced. He felt they were best equipped to make the appropriate defence decisions.<sup>94</sup> The result was a DPWP manned and run by the Central Staffs but with senior civilian staff on it. This reflected an internal boost for the Central Staffs position vis-à-vis the individual Services with whom they liaised.

The DPWP and the defence team agreed that this 'mini-review' should leave Service pay alone. All three Services were still suffering from the outflow of key personnel and stemming this remained the first priority. Moreover, it was extremely unlikely that the government would accept the political fall-out from such a solution. Increases of 17-20 per cent for officers and 15-17 per cent for soldiers were therefore announced in April 1981.<sup>95</sup>

Meanwhile the government announced the acquisition of the Trident C-4 system in July 1980.<sup>96</sup> The number of boats to be purchased remained undecided. If a fifth boat were ordered this would allow two boats to always be at sea whereas four boats in service meant that for part of the time only one boat was at sea. The lack of decision reflected the lack of strategic debate, the navy found

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89 Cole, p.205.

90 Private information.

91 Idem.

92 Desmond Wettern, '£700m Cut For Defence After Overspending', *Daily Telegraph*, 21 July 1980.

93 Thatcher, p.123.

94 It consisted of Sir Michael Quinlan, Deputy Under-Secretary (Policy), Air Chief Marshal Joseph Gilbert, Assistant Chief of Defence Staff (Policy), and Admiral Stephen Bethon, Deputy Chief of Defence Staff (Operational Requirements).

95 Keith Speed, *Hansard, House of Commons Parliamentary Debates*, Vol.983, fifth series, session 1979-80, 21 April – 2 May 1980, Second day of the Debate on the Defence Estimates, 29 April 1980, col.1,179w.

96 Francis Pym, *Hansard, House of Commons Parliamentary Debates*, Vol.988, fifth series, session 1979-80, 7-18 July 1980, Statement to the House 15 July 1980, cols.1,235-6; Francis Pym, *Hansard, House of Commons Parliamentary Debates*, Vol.989, fifth series, session 1979-80, 21 July – 1 Aug. 1980, written answer 1 Aug. 1980, col.858w; *US Sale of Trident One Missiles to UK*, US Official Text (London: US Embassy, 17 July 1980), p.3; Lynton McLain and Richard Evans, 'Trident Missiles in £5bn UK Deterrent', *Financial Times*, 16 July 1980.

five boats appealing because of the redundancy they provided whilst the Treasury wanted three to minimise the cost, particularly as there was no budgetary provision within the LTCs to take account of the projected £5bn cost.<sup>97</sup> A second significant order for modified Shir-2 (Challenger 1)<sup>98</sup> main battle tanks and Warrior Infantry fighting vehicles was also made to placate British industry.<sup>99</sup>

Whilst the DPWP sought to relieve the pressure on the LTCs in the short to medium term the defence team was still forced to impose a moratorium for three months to try and reduce the out-flow of cash from the MoD.<sup>100</sup> In July 1980 the Cabinet also agreed to implement Treasury demands for a £4bn reduction in the planned government expenditure for FY 81-2.<sup>101</sup> Whilst more or less united in their agreement that cutbacks were necessary the Cabinet remained deeply divided over which departments should suffer the brunt of the reductions with each spending minister seeking to justify why their department should be excluded from the exercise.<sup>102</sup>

For Pym the experience of the mini-review together with the moratorium had led him to draw a number of conclusions. But by the autumn the allocation of £2bn of Treasury reductions was still not agreed.<sup>103</sup> According to Geoffrey Howe the Treasury 'had two prime targets for savings of more than £500m each: defence procurement costs and welfare benefits. I saw the Ministry of Defence as recidivist over-spenders. Programme after programme exceeded budgeted cost...'<sup>104</sup> The Treasury received an unfavourable response from the defence team with the result that the situation came before Cabinet.

The result was considerable Cabinet disagreement over the level of defence cuts. Pym summoned the Conservative Backbench Committee on Defence to brief them and obtain their support and the suggestion that Pym was prepared to resign over the issue was leaked to the press.<sup>105</sup> Whilst on the side of the Treasury, Thatcher was concerned about whether Pym would resign. Pym's position as a potential threat to her leadership meant that some form of compromise agreement had to be reached. This became especially true for Thatcher when support for Pym's position within the Cabinet became more apparent.<sup>106</sup> Pym had prepared his case and mobilised the Chiefs of Staff into exercising their right of an audience with the Prime Minister to express their concern.<sup>107</sup> Thatcher was forced to back down from her support for the Treasury and defence reductions of less than £200m for FY 80-1 were agreed. This meant a reduction from 3 to 2.5 per cent in the growth of the defence budget in real terms. Pym made no real attempt to provide a justification for the reductions in military terms and instead left it to the Treasury team to substantiate the cuts to Parliament.<sup>108</sup>

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97 Private information.

98 *Idem*.

99 *Ibid*.

100 Francis Pym, *Hansard, House of Commons Parliamentary Debates*, Vol.995, fifth series, session 1980-81, 1-12 Dec. 1980, written answer 12 Dec. 1980, col.495w.

101 Maurice Mulard, *The Politics of Public Expenditure* (London: Routledge, 1993), p.163.

102 Howe, p.189.

103 Jock Bruce-Gardyne, *Mrs Thatcher's First Administration: The Prophets Confounded* (Basingstoke: Macmillan, 1984), p.89.

104 Howe, p.189.

105 Julia Langdon, 'Pym "is Prepared to Quit" over Cuts Demands', *The Guardian*, 4 Nov. 1980; James Wightman, 'Defence Cuts "Leak" Row', *Daily Telegraph*, 24 Oct. 1980; Clark, pp.172-3.

106 Private information; Bruce-Gardyne, p.89.

107 Jordan & Richardson, p.222.

Some six weeks later Francis Pym was replaced as Secretary of State for Defence by Sir John Nott. Nott inherited an overspend from the previous financial year of £200m and a likely overspend of £400m for FY80-1, despite Pym's imposition of the moratorium and the mini-Defence Review.<sup>109</sup> Nott sought to immediately address this but stressed that 'talk of apocalyptic choices between key defence tasks is wide of the mark, but we must, over the next year or so, look realistically at our programmes in order to match them to the resources that may be available.'<sup>110</sup>

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The Nott review, like the subsequent 'Options for Changes' and 'Front Line First: The Defence Costs Study,'<sup>111</sup> was never formally a review but instead a realignment of forces to meet the financial situation of the time.

In searching for savings Nott's quickly established that the prime areas for savings were in either the Continental or Maritime Commitments to NATO. Home defence and the independent nuclear deterrent were deemed to be sacrosanct whilst little remained beyond Europe to be cut-back. Moreover, the Prime Minister, Margaret Thatcher, was keen to resurrect this role and Nott required her support to successfully implement the review.<sup>112</sup> Within a short space of time he presented the Chiefs of Staff with a single sheet of paper on which 'came as a bombshell, they had not expected a Secretary of State to act so decisively, and so quickly to their detriment. On one side of the paper were guidelines for Britain's defence policy in the future and on the other side figures for the three services over the next ten years.'<sup>113</sup>

In part the paper reflected Nott's desire to move away from the conflictual nature of the MoD, but it also reflected his desire to bring the various dimensions of defence policy back into line. It made two basic assumptions. Firstly, that the British armed forces should be geared towards combating the threat posed by the Soviet Union and that this threat was predominantly in Europe. This followed along the lines that had developed over the past 20 years and was not in itself particularly revolutionary. Secondly, that such a war would involve little or no warning, and that it would be a short, intense war. It was, therefore, a return to the policy outlined in the 1952 Defence Policy and Global Strategy Paper but without the broken-backed element. Policy was to be based upon the requirement to buy time on NATO's Central Front in Germany whilst the NATO Alliance either managed to agree a peace or decide to use nuclear forces. Given this latter assumption the reinforcement convoys traversing the Atlantic became less important.

As a result, the paper indicated that the sea-air function would be substantially affected and that the defence of the home base should become a priority. It advocated a reduction in the navy's share of defence budget by end of 1980s from 29 per cent to 25 per cent, despite the fact that it was now to contain the Trident programme, and removed an additional £7,600m from the navy's building programme within the LTCs.<sup>114</sup> For the navy the consequences of these conclusions were

108 Sir Ian Gilmour, *Hansard, House of Commons Parliamentary Debates*, Vol.994, fifth series, session 1980-81, 20-28 Nov. 1980, 24 Nov. 1980, col.224.

109 David Fairhall, 'The Battle of the Cuts', *The Guardian*, 7 Jan. 1981.

110 John Nott, *Hansard, House of Commons Parliamentary Debates*, Vol.997, fifth series, session 1980-81, 19-30 Jan. 1981, Statement 20 Jan. 1981, col.152.

111 Tom King, *Hansard, House of Commons Parliamentary Debates*, Vol.177, sixth series, session 1989-90, 23 July – 19 Oct. 1990, Statement to the House, 25 July 1990, cols.468-86; *Statement on the Defence Estimates, 1991: Britain's Defence for the 1990s, Cmnd.1559* (London: HMSO, 1991); *Front Line First: The Defence Costs Study* (London, HMSO, 1994).

112 Margaret Thatcher, *The Downing Street Years* (London, HarperCollins, 1993), p.162.

113 Malcolm Macintosh, *Managing Britain's Defence* (London: Macmillan, 1990), p.116.

114 Wettern, Desmond, *The Decline of British Seapower* (London, Jane's, 1982), p.384.

the immediate and substantial cutbacks throughout its fleet. With such a substantial reduction in size of the fleet and the abandonment of the ongoing programme of mid-life updates for surface ships a major reduction in the number of Royal Dockyards was possible. As Rosyth was busy with Polaris work Nott decided to close Gibraltar and Chatham, and to substantially run down Portsmouth.<sup>115</sup> The reorganisation of Britain's Rhine Army suggested by its new commander went ahead with the reduction of BAOR to 55,000 men. By way of compensation Nott announced a significant expansion in the size of the Territorial Army from 70,000 to 86,000.<sup>116</sup> Their use and the use of the headquarters units returning to the UK from Germany remained unclear. The latter was subsequently used as part of the army's transformation to manoeuvre warfare initiated by Field Marshal Sir Nigel Bagnall.<sup>117</sup> The Royal Air Force proved to be the chief beneficiary of the review. Nott sought to increase the number of air defence squadrons as part of the revitalisation of Britain's air defences<sup>118</sup> and announced the initial purchase of 60 Harrier GR5s to support Britain's military capabilities deployed in Germany and a reduction in its forces committed to the Eastern Atlantic.<sup>119</sup>

In many ways the changes brought about under Nott marked the fruition of trends begun by Healey and continued on by Mason. Where it differed was in Nott's attempts to fully integrate the different elements of defence policy. Mason's minimalist approach did not require that these different aspects be fully integrated because his review was essentially about reducing the defence budget with minimum political damage to Britain. Nott's prioritisation of the continental commitment over the maritime dimension required him to justify the reductions he planned. Moreover, his whole approach to the Ministry of Defence was to achieve a fully integrated defence policy. Whilst the premises he adopted have been questioned, especially after the Falklands War, the inner logic remained intact. His review was, therefore, more akin to that of Sandys than of the other reviews to-date.

His approach to review was far more confrontational than had gone in the past, the nearest equivalent being Duncan Sandys. Like Sandys, Nott used a small central team to put his review together but went much further in initiating policy than had been the case with his infamous 'Bermudagram.' Unlike the Sandys review the Services did not unite over the carrier issue and Nott was able to make use of the divisions between the Services to push his policies through.

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115 *The United Kingdom Defence Programme: The Way Forward*, Cmnd.8288 (London: HMSO, 1981), p.12.

116 *Ibid.*, p.6.

117 See McInnes, 'BAOR in the 1980s: Changes in Doctrine and Organisation', *Defense Analysis*, Vol.4, No.4, 1988, pp.377-94.

118 *The United Kingdom Defence Programme: The Way Forward*, p.6.

119 *Ibid.*, p.8.

# The Nott Review

**Edited by Andrew Dorman,  
Michael Kandiah and Gillian Staerck**

The Institute of Contemporary British History and King's College London at JSCSC held a witness seminar on The Nott Review (Cmnd 8288, *The UK Defence Programme: The Way Forward*) on 20 June 2001. It took place at the Joint Services Command and Staff College at Watchfield (near Swindon), Wiltshire. The seminar was chaired by Professor Geoffrey Till and the introductory paper was presented by Dr Andrew Dorman. The witnesses were: Marshal of the Royal Air Force Sir Michael Beetham; Field Marshal The Lord Bramall of Bushfield; Rt. Hon. Sir Frank Cooper; Michael D. Hobkirk; Lieutenant-General Sir Maurice Johnston; Admiral of the Fleet Sir Henry Leach; Professor Sir Ronald Mason; Rt. Hon. Sir John Nott; Sir Michael Quinlan; Sir Keith Speed and Admiral Sir John (Sandy) Woodward. Contributions from the floor were made by: Dr Greg Kennedy; Professor D. C. Watt; Admiral Richard Hill and Dr Eric Grove. The seminar was introduced by Air Vice Marshal Brian K. Burridge, CBE, RAF, then Commandant of the Joint Service Command and Staff College.

## **BRIAN K. BURRIDGE**

Could I start just by welcoming everyone to the seminar this afternoon and a particularly warm welcome to our panel of witnesses. We are particularly grateful to share the hosting of this seminar with the Institute of Contemporary British History. The whole process of public administration and particularly the administration of defence is a cause dear to our hearts and we think this is a good opportunity to share and learn under the chairmanship of Professor Till who will steer us through this afternoon.

## **GEOFFREY TILL**

The major focus of this afternoon's seminar is on the views and the recollections of the participants in the 1981 Defence Review, so the bulk of the discussion will be up here on the stage. But at the end of each section of this seminar I will try to allow 10 minutes or a quarter of an hour or so for comments and questions from the floor. We are planning to look at the defence review in three sections: first Dr Andrew Dorman will remind us of the background to the review, and then we explore its inception. Why the review? Why that time? Why it was thought necessary. After that we will discuss the actual process of the review, the manner in which it was

conducted, and I would guess that that would probably be the heart of the matter – the major focus of the debate this afternoon. Finally, we will look at its implementation, its consequences and its long-term significance. So without further ado I will ask Andrew Dorman to remind us of the background. I should say that Andy wrote his doctoral thesis essentially on this review and has interviewed virtually everybody around this table already.

## ANDREW DORMAN

I have been given the enviable, or some would say unenviable, task of gently winding up the gentlemen on the stage sufficiently that they cannot help but comment and make their views known about the Nott Review. But I should start off with two apologies. Firstly to the gentlemen on the stage if I upset you too significantly in the words I am about to say, but secondly also to the audience, if I do not wind these gentlemen up sufficiently that they can't help but say some things for us.

We are here today to hear about the formulation and implementation of Cmnd 8288, a 14-page document, better known to many academics and the wider audience as the 'Nott Review', but which had the official title, *The United Kingdom Defence Programme: The Way Forward*. The ambiguity over the title gives us an indication of the contentious nature of the document itself. History is often surrounded by a veil of mist that clouds important changes, and hopefully today we will disperse some of the mist surrounding Cmnd 8288 and get to the heart of what was actually discussed, what was debated and how it was produced.

I run an MA option here at the Staff College for the Advance Command and Staff Course on the evolution of British defence policy since 1945, and in one of the sessions we actually look at the Nott Review – we look at various other defence reviews as well. Generally speaking, when we consider this review, the naval students assume at the start that the Navy was completely stitched up by the Nott Review, whereas the Army and the Air Force students tend to think it was okay. At the end of the seminar I find frequently that it is the naval students who say that it was a sensible review, whereas the Army and the Air Force students are think that the Navy was stitched up.

What I would like to do is give you a background to the context in which the review was set and identify briefly some of the main conclusions. If you want to understand the context, it is necessary to understand the strategic picture at the time. In 1981 we are going back to the frostiest days of the Cold War. Hopes of *détente* that had been ongoing during the 1970s had long been forgotten and the Soviet invasion of Afghanistan had worsened East-West relations.\* In America the problems of ratifying the SALT II arms control treaty\* were confronting the President, then Jimmy Carter,\* and the election in 1980 of President Ronald Reagan\* on a campaign of 'the window of vulnerability' reflected a darkening atmosphere between the superpowers.

Fred Halliday, *The Making of the Second Cold War* (London: Verso Books, 1983).

Strategic Arms Limitation Talks II began in 1972 and concluded with an agreement in 1979. The Treaty was not ratified by the US Senate.

Jimmy Carter (James Earl Carter, Jr), American politician. President, 1977-81.

Ronald Reagan, American politician. President, 1981-9.

The North Atlantic Treaty Organisation: an alliance formed in 1949 on the basis of the Treaty of Brussels (1948) by Belgium, Canada, Denmark, France, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, the United Kingdom, and the United States of America. Greece and Turkey joined in 1952, the Federal Republic of Germany in 1955, Spain in 1982, and the united Germany in 1990.

Robert Mason (Lord Mason of Barnsley), Labour politician. Secretary of State for Defence, 1974-6.

The Central Treaty Organisation (CENTO): a military and economic alliance between Britain, Iran, Pakistan, and Turkey; the USA was an associate member. It was formed in 1959 in succession to the Baghdad pact, signed (1955) by Iraq, Turkey, and Pakistan. CENTO was disbanded in 1979, when Iran, Turkey, and Pakistan withdrew from the organization.

'The Army', *The Economist*, 29 Mar. 1980.

'Statement on the Defence Estimates, 1975', *Cmnd 5976* (London: HMSO, 1975).

The size of Britain's fighter force was thought by many observers to be insufficient and it was only likely to be closed with the entry into service of the Tornado F2 in the mid-1980s. David Fairhall, 'RAF may rent fighter to fill "air defence gap"', *The Guardian*, 2 July 1979; 'RAF faces the fighter gap', *Flight International*, Vol.114, No.3624, 2 Sept. 1978, p.727.

Other aspects of the world balance were also problematic. The fall of the Shah of Iran in 1979 had led to the cancellation of a number of defence equipment programmes for the United Kingdom. For the United States it had led to the seizure of hostages. Additionally, there were some wider Western concerns about the whole Middle Eastern region. To help counter this, NATO\* had begun what is known as the Long-Term Defence Programme, to try and offset the conventional force imbalance. This sought improvements in both conventional and sub-strategic systems, in order to counter what was perceived to be the Soviet lead developed in the 1970s. As part of this process Britain, like the remainder of the Alliance, had pledged itself to increase defence spending by three per cent per annum in real terms for at least three years and ultimately for five years. So we have a picture of a concern over a world in turmoil and a picture of NATO starting to gear itself more towards the defence requirements.

What was the state of the UK's armed forces in 1979? For Britain's armed forces the 1970s had been a period of significant retrenchment. The 1975 defence review under Mason\* had led to the final withdrawal of forces from East of Suez, apart from a few residual commitments such as Hong Kong. This had also been matched by a significant withdrawal of forces from the Mediterranean and Britain's abandonment of the CENTO Agreement.\* In an article in *The Economist* the British Army was portrayed as the worst equipped in NATO.\* The 1975 Defence Review\* had virtually eliminated the UK's non-NATO capabilities and set the British Army focus almost entirely upon the Central Front and on Northern Ireland. The Royal Air Force was in a similar state in 1979 and was just beginning to commence the largest re-equipment programme that it had undertaken in peacetime. It avidly awaited the introduction of the Tornado to replace both its ageing strike attack and fighter aircraft. Within the press at the time there was considerable debate about the so-called 'fighter gap',\* with academics naturally enough offering a variety of different views on it. The Navy at the time had returned from East of Suez and the Mediterranean and was focused almost entirely on its NATO roles, especially anti-submarine warfare in the eastern Atlantic.

But all three Services also shared a number of other similarities. In 1978, 1979, and in 1980 there were major outflows of personnel. All three Services suffered from a lack of experienced personnel and the problems of recruitment. Morale was, to say the least, not at its best. Indeed one of the gentlemen on this panel, whom I shall not name, suggested that, if this situation had occurred 50 to a hundred years before then, there would indeed have been a mutiny within the armed Services.

In the period between 1979 and 1981, when Cmnd 8288 was published, there were a number of important defence decisions made by the new government. The Conservative government, which had come to power in May 1979, had put great emphasis upon dealing with this outflow of personnel and there were significant increases

in Service pay: year in year out these increases were well over 10 per cent for both non-commissioned and officer ranks. Other key decisions were made. It was decided to purchase the Trident C-4 system to replace the Polaris system. This was a decision in 1980 and it was important, because it had not featured in the long-term costings. The sensitivity of replacing Polaris had been dealt with by the previous Labour administration at Cabinet subcommittee level, and to keep these discussions within those walls it had not featured in long-term costings. There were other key decisions in 1980. The Army's re-equipment programme had begun and the decision was taken to purchase both the Challenger 1 main battle tank and the Warrior Infantry fighting vehicle. But also in the year 1980, the Ministry of Defence suspended all payments for three months as it began to run out of cash. There was significant financial pressure both on the defence budget and upon the government's expenditure in general as suppliers began to do the unthinkable – delivering products on time and somewhat earlier.

Margaret Thatcher (Baroness Thatcher of Kesteven), Conservative politician. Prime Minister, 1979-90.

Michael Foot, Labour politician. Leader of the Labour Party, 1980-3.

Nigel Lawson (Lord Lawson of Blaby), Conservative politician. Chancellor of the Exchequer, 1983-9.

Nigel Lawson, *The View from No. 11 – Memoirs of a Tory Radical* (London: Bantam Press, 1992).

Bill Clinton, American politician. President, 1992-2000.

Sir Francis Pym (Lord Pym), Conservative politician. Secretary of State for Defence, 1979-81.

So what was the political context? The new Conservative administration entered office in May 1979 under Margaret Thatcher,\* and it was committed to improving Britain's defence capabilities. Defence had not been a major part of the election campaign, but it had played a subsidiary role. Post-1979 the Labour Party imploded. Michael Foot,\* a unilateralist, was elected leader of the opposition. During the midst of Cmnd 8288, the Social Democratic Party was formed and it attracted many of the key defence speakers from the Labour Party who defected to it.

Economically there were also significant problems facing the new government. The winter of 1978-79 had been the 'winter of discontent' – you may remember rubbish being strewn out in the streets. The Army had been called out to cover for the fire brigade when the firemen went on strike. In his memoirs, Nigel Lawson\* commented: 'We had come to office at a time when the UK economic cycle had peaked and was about to turn down – as for that matter was the world economy – and it would have been much easier to have deferred our attack on the deficit (and indeed on inflation via higher interest rates). But we consciously decided to press ahead, because deferment can become a way of life.\* If there had been a single slogan that captured the 1979 election, it might have been (if I can paraphrase Bill Clinton\*) 'It is the economy, stupid': it was getting the economy of the country right. At the same time the new government wished to embark on a process of privatisation, which had a particular impact on the Ministry of Defence as a major employer of nationalised industries. The government also wished to review the Whitehall system, and Defence, as it was one of the largest employers within government, was looking to alter its balance in terms of Civil Service employment. Defence could not be excluded from this whole process.

In May 1979 when the government came into power, Francis Pym\* was, perhaps surprisingly, appointed Secretary of State for Defence. In opposition he had been the Shadow Foreign Secretary, and at



Michael Heseltine (Lord Heseltine), Conservative politician. Secretary of State for Defence, 1983-6.

Michael Heseltine, *Life in the Jungle: My Autobiography* (London, Hodder and Stoughton, 2000).

least in Michael Heseltine's\* autobiography the suggestion is made that Pym was most upset to have been given Defence.\* Less than two years later he was moved on to become Leader of the House, in circumstances surrounding his removal that are still up for debate, and Sir John Nott took over as Secretary of State for Defence in January 1981. Less than six months later Cmnd 8288 was published, in June 1981.

Having set the context, let me give you a brief summary of some of the main findings and conclusions of Cmnd 8288. It was based on two basic assumptions. Firstly, that the armed forces should be geared towards combating the threat posed by the Soviet Union, and that this threat was predominantly faced in Europe. Secondly, that such a war would involve little or no warning. As a result emphasis was to be placed on the nuclear deterrent; the replacement of Polaris with Trident. Thirdly, renewed emphasis was given to home defence by improving the UK's air defence systems and protecting the infrastructure at home. As a result, the defence of the transatlantic convoys were most affected, whilst the commitment to a limited out-of-area capability would remain and be improved. Overall this meant an increase in the size of the Royal Air Force, with the Royal Air Force obtaining two extra fighter squadrons, retention of the Buccaneers in service and the purchase of the first tranche of 60 Harriers. For the Army it meant a slight reduction in its regular forces, matched to a new equipment programme, the reorganisation of the British Army of the Rhine to reduce its numbers down to its treaty minimum, and an increase in Territorial Army strength to compensate for the reductions in the regular strength. The Navy which encountered the major changes. There was to be a reduction in the number of carriers from three to two; the amphibious capability was to be retired early; the size of the destroyer and frigate fleet was to be reduced to fifty, of which eight would be in a standby squadron; naval manpower was to be cut; the Royal Dockyards at Gibraltar and Chatham would be closed and Portsmouth would be downgraded. At the same time the Trident programme was to be preserved and run by the Navy.

I would like to close this brief introduction with the statement of Sir John Nott to the House of Commons in January 1981, as a means of kicking off this seminar. In January 1981 he said: "Talk of apocalyptic choices between key defence tasks is wide of the mark, but we must, over the next year or so, look realistically at our programmes in order to match them to the resources that may be available.\*"

John Nott, *House of Commons Parliamentary Debates*, vol.997, fifth series, session 1980-81, 19-30 Jan. 1981, Statement 20 Jan. 1981, col.152.

## TILL

Thank you. Before we start the discussion I will ask everybody on the stage please to introduce themselves, simply restricting it to what they were actually doing (that they will admit to) at the time of the review.

**SIR JOHN WOODWARD** I was the Director of Naval Plans, which was like senior staff

briefier to Admiral Sir Henry Leach, who was First Sea Lord at the time of the Nott Review. That doesn't mean to say I steered his opinion, but I tried to give him as much information as he needed to make his own mind up.

**MICHAEL HOBKIRK**

I was Under-Secretary responsible for the financial side of the Departments of the Adjutant General and the Quartermaster General in the War Office.

**SIR MAURICE  
JOHNSTON**

Admiral of the Fleet Sir Terence Lewin (Lord Lewin of Greenwich, 1920-99). Chief of the Defence Staff 1979-82.

At the time I was the Deputy Chief of Defence Staff to Admiral Terry Lewin,\* CDS, and as such I was part of his team, briefing him on the various options involved.

**SIR MICHAEL  
BEETHAM**

I was Chief of the Air Staff throughout the period.

**SIR HENRY LEACH**

First Sea Lord and Chief of the Naval Staff.

**SIR FRANK COOPER**

I was Permanent Under-Secretary at the Ministry of Defence.

**SIR JOHN NOTT**

Defence Secretary, and therefore guilty of everything!

**LORD BRAMALL OF  
BUSHFIELD**

Chief of the General Staff.

**SIR MICHAEL  
QUINLAN**

I was Deputy Under-Secretary of State (Programmes and Policy) – what is now called Policy Director – and, in the end, I suppose, I actually wrote Cmnd. 8288.

**SIR KEITH SPEED**

I was Parliamentary Under-Secretary of State for the Royal Navy.

**SIR RONALD MASON**

Chief Scientific Adviser to the Ministry of Defence.

**TILL**

We will work our way through, I hope in a logical fashion, some questions. In the first case I will direct them to individual people. If, after having heard them, you really have a burning desire to speak, please indicate in the normal way. We are after truth, justice and the British way, so please feel free to engage in dissent short of physical violence. Sir John Nott, can I start with you. Could you tell us what you took to be your remit from Mrs Thatcher when you took the job?

**NOTT**

In politics one does not really get given remits, one just takes it from where it is handed to you. I had been on the Overseas and Defence Policy Cabinet Committee and had heard the increasingly

heated discussions between Francis Pym and the Prime Minister as the Ministry of Defence overspent its budget, which resulted in the moratorium on the supply of equipment to the Ministry of Defence. When I was appointed, my first responsibility was to try and find £200 million out of the existing budget, which the Ministry of Defence were alleged to have overspent. I worked on this in the first six weeks and found it impossible to find the £200 million, other than by cutting back on the food of the forces or reducing training. So I arrived at the Ministry of Defence with this moratorium around my neck and the £200 million shortfall the Ministry had overspent. Shortly thereafter we went into the long-term costings which was the ten-year review of the programme. The interesting thing about the period was that fundamentally the arguments amongst us all were between the long-war and short-war scenarios on the one hand and low-intensity/high-intensity warfare on the other. At the time I don't think anybody doubted we were in a high-intensity warfare scenario. There was of course a lot of disagreement between myself and the Royal Navy on the long-war/short-war issue.

But my overriding problem was that I found that the long-term costings [LTC] were based upon 3 per cent real growth throughout the LTC ten-year period. It was nothing to do with the Prime Minister. I just thought this was an utterly foolish situation, because one didn't have to be economically very astute to realise that 3 per cent real growth compound over ten years would create intolerable burdens on the British economy. So the parameters that I set, with the agreement of Frank Cooper and Michael Quinlan in particular, were that we should conduct the LTC (not a defence review), which was a regular annual event, on the basis of 3 per cent real growth up to I think 1985-86, and that thereafter we should programme the remaining years out at 1 per cent real growth. That was ludicrously optimistic: I should have made it nil growth. In fact of course at the end of the ten years there was not even nil growth. But the problems arose from the fact that the financial parameters that we set were to programme for 1 per cent real growth after the first few years, rather than 3 per cent real growth. So it was overwhelmingly for me a question of money. I had to get the budget back on course, so that the Services were working to a programme that was realistic in terms of the money that was going to be available. I was much too generous, I should have programmed it for nil growth after 1985-86, but that was at the heart of the defence review: money, money.

**TILL**

Could I clarify whether you thought that the issue was that too much money was being spent and being planned to be spent on defence, or that the money that was spent on defence was not being spent efficiently?

**NOTT**

The former. Initially my concern was that the budget had to be

realistic, it had to be brought back into line with what the economy was producing. At that time the economy wasn't growing at all, and 3 per cent *real* growth was already a massive burden upon the economy generally and of course upon all other programmes. I don't think anybody else here has been a Defence Secretary in a Cabinet comprised of people who are working for hospitals, schools and everything else. If you are in the military you naturally think the defence programme is important. If you are a member of the Cabinet, you don't actually think it is very important at all. Mrs Thatcher, who was rightly regarded as a 'hawk' and very much in favour of military expenditure, had a great capacity for facing both ways on every issue. Of course she wanted strong defence, as I did, but she also wanted it to spend less money. So I really don't know that I had much guidance from her. I just thought 3 per cent real growth for ten years was ridiculous. It was unsustainable, and the whole programme had to be clawed back.

## QUINLAN

Could I say three things quickly? Two of them are about Trident. There are two myths about Trident. One is that, because it was unprovided for, Trident created the defence budget problem, or did so in large measure. I refreshed my memory recently on evidence I gave to the House of Commons Defence Committee at the end of 1980 on the cost of Trident, and the truth is that the Conservative government increased the LTC finance assumption, as compared with the one it had inherited from the Labour government, by an amount which was in fact more than the estimated cost of Trident. It follows from that that the assumption that Trident must have involved a displacement from the previous programme is simply mistaken. The second Trident-related myth is that it was imposed on a pre-set Navy budget and the Navy then had to find the money for it. We had by that stage, I think under Frank [Cooper]'s leadership, got away from the notion of shaping the defence programme by means of Service target headings, Service budgets within the defence budget. The notion that the Navy was asked to cough up the money, and that that was why we had to cut the frigates, again, is simply false.

The third point to make, just to emphasise what John Nott has said, is that it was already apparent under Francis Pym – but Francis had, I think, a greater reluctance to grasp the nettle on financial account – that the programme and the budget were out of sync. That is why a device called the Defence Programme Working Party, about which we may say something when we come to process, was set up by Frank Cooper, with the Chiefs, in the autumn of 1980.

## COOPER

I looked up Mrs Thatcher's view of why she sent John Nott to Defence: 'with the remit of getting better value for money in the huge sums spent on defence. John had already concluded that the defence budget was helplessly overextended, both in the short term and the long term. Weapons costs were remorselessly increasing

Margaret Thatcher, *The Downing Street Years* (London: Harper Collins Publishers, 1993), pp.249-51.

the pressure.\* And then she was passionate about defence sales, a purple passage about defence sales. She also talked, in the same breath, about 'our defence review'. But the real remit was I think as John [Nott] put it and as he saw it, and what Mrs Thatcher actually meant, because there is no doubt that the budget *was* heavily over-extended by anybody's standards. But every Ministry of Defence I have ever been in always looks with great anticipation to the arrival of a new government, thinking that a new dawn will arrive. And of course the Thatcher government had hiked up defence both in opposition and in what it said it was going to do the minute it came into office. In particular we had all been landed with this 3 per cent growth in real expenditure on NATO and we were the only people, other than the Americans, who really tried to honour that.

But I think the biggest point about the background is that really since the end of the Second World War our economic reforms, compared with most of our allies, have been so abominably bad. And a lot of this should go to the Treasury, who got everything wrong, particularly their forecasts. They didn't even mention that we were going to have a recession, which hit us like a ton of bricks, let alone that we were not going to grow. Everybody talks about policy, it's a very highfalutin word. The Conservative government comes in, it talks about increasing defence expenditure, its policy has always been: we must put first the defence of these islands; and second we must ensure that the forces are better treated than they have been. But however long we have been at it, we still hope, and I would still argue very strongly in favour of progress. The Labour Party tends to sort of make unhelpful noises, but on the whole has behaved rather better than might have been expected, post-Second World War.

I think the third thing is, Defence is not a popular job for a minister. It's the poisoned chalice, there is no doubt about that. You don't get much parliamentary exposure, which the keen and eager politicians regard as rather an accomplishment to get to show their mettle on the floor of the House. Secondly, it is different, still, from all other government departments. It runs on what I have always called direct drive. Decisions, nasty, difficult decisions – which would tax any organisation, private or public sector, in this country and where more money is wasted in the private sector than actually in the public sector quite frequently – very, very difficult indeed – they have got to last a very long time. When you buy a ship, a guided missile or an aeroplane, even a tank, they are going to be with you for 20 years, then you have to remodel them during their lifetime they keep going. These are very, very, very difficult decisions indeed and I don't think this is generally appreciated, either in the political or indeed in the outside world. It is just as difficult, in fact rather more difficult, than being the head of Shell or BP for example, and it is all done in the public arena. You only had to have a slight hiccup or a slight trip and you get massacred overnight. So it is a very tough job being a Secretary of State for Defence. I can only think of two people since the Second World War who actually

really enjoyed it and they actually did do a good job at it. I am not going to name them!

## BRAMALL

I am personally very glad that John Nott put his finger on it right at the start: that this was all about money. I say that, because *The Way Forward* certainly gave the impression that money really wasn't in it at all. It was *entirely* about money. Margaret Thatcher was said to be very strong on defence. The previous Labour Government had already accepted a 3 per cent increase in real terms as the NATO target, so there was a real expectation that the programme that had been made out would in fact be met. But of course immediately it was not, because the Iron Lady became the Iron Chancellor, as has been said. The Treasury, as they always do, was also slightly cheating on the rules. They were making the increases from lower baselines. They were restricting the cash flow. They were doing all sorts of things to see that you were not going to get a 3 per cent increase at all. Moreover, inflation was running at 5 per cent, and the Chiefs of Staff saw the programme being pilloried by outside economic commentators and also by the fact that the government was in a very serious economic situation. And so it was entirely about money. The amount of money available to meet the programme, as John Nott said, was rapidly shrinking and the programme had run well ahead of it.

In addition to that we had the extraordinary situation, which very seldom happens, that the Ministry of Defence found itself overspending. Traditionally the Ministry of Defence always under-spends and in the olden days you couldn't carry that money forward. It always under-spends because the financial officers will say, 'You had better be careful. You are likely to overspend'. And when you get near to that point, you have been so careful that you find that you haven't spent the money and then you can't do so – that is another way, of course, of depressing the budget. But this time something happened in Industry, I don't know whether it was being in recession, where work happened much quicker, and whether the bills came in much earlier, but whatever the reason we found ourselves overspending for about the first time; and Francis Pym had this appalling problem. He went into the moratorium, which put a complete seal on spare parts and all the logistic backing and things like that, and of course at the end of the day it was not entirely necessary because the figures soon righted themselves.

But John Nott was quite right. He found a situation where the programme, as on the books, was never going to be met with the cash available for one reason or another: either because inflation was well ahead of the increase or because the Treasury weren't going to release the money; or because the country could not afford the money. And that was the point where he came in. But of course the Chiefs of Staff felt very bitter about this, because this was a government that had said it was going to be very strong on defence. They felt themselves very let down and couldn't see, with the world as it

was, any reason why, if defence was so much the Conservative government's priority, the money couldn't be provided.

**TILL**

Can I ask you to go on further from that and to talk, simply as Chief of the General Staff, about what you thought, as its professional head, was the state of the Army when Sir John Nott came in. I will ask the other two Service Chiefs to do the same.

**BRAMALL**

There were lots of things that needed to be done. In general terms, and Maurice Johnston will agree with me, the thing about the Army in the Cold War period was that we were a Cheshire cat. There was not too bad a front line, but there was literally nothing to sustain it. There was no sustainability, that was I think really the chief thing. The equipment programme was also still a long way short of being completed. We hadn't got the good equipment that has come in now for instance, things like the Challenger tank and the Warrior infantry vehicle. The Army was still waiting to be equipped into the modern world. So those were I think the two main things: the equipment programme still to be fulfilled and not enough sustainability of the front line.

**TILL**

Can I ask for your view of the Air Force at that time?

**BEETHAM**

Duncan Sandys (Lord Duncan-Sandys, 1908-87), Conservative politician. Secretary of State for Defence, 1957-9.

*Defence: Outline of Future Policy, Cmnd.124* (London: HMSO, 1957).

*Statement on the Defence Estimates, 1975, Cmnd.5,976* (London: HMSO, 1975).

Panavia Tornado – a collaborative project between the United Kingdom West Germany and Italy.

Avro Vulcan – medium range strategic bomber that formed part of the force that provided Britain's strategic nuclear deterrent in the late 1950s and 1960s until superseded by the navy's Polaris missile boats.

Nimrod – An anti-submarine, maritime rescue and reconnaissance aircraft.

Boeing Chinook – Support Helicopter.

I, first, absolutely endorse what Lord Bramall has said about this being an issue of money. I don't think that anybody will disagree with that and he has described the pressures on the budgets of all three Services. The Air Force was about to embark on a very much needed major re-equipment programme. The Air Defence fighter force, decimated by Duncan Sandys\* in the 1957 review,\* had never recovered, largely because of budget measures, and urgently needed to be built up again. A lot of money had to be devoted to the strategic nuclear deterrent. And the 1975 review\* had cut the transport fleet in half. We needed the Tornado\* programme to replace the V-Force Vulcans\* in the offensive role, and to reinforce our air defences. Our maritime Nimrods\* needed updating, and the Army had been quite rightly stressing the need to build up the helicopter force. We did solve that to some extent by the purchase of Chinooks,\* which had come out of under-spend. So we found it very difficult to make any cuts on the Air Force side, in fact very much the reverse was needed.

**TILL**

Sir Henry Leach, for the Navy?

**LEACH**

Could I make two points, the first a general one. I think it was the general feeling of the Chiefs at the time that we had been through a fairly extensive defence review in 1975. The clever solution to that,

and it was at the time a clever solution, was that all three Services had cut themselves to what was described as the critical level. Now that is a very stark phrase and once you had come down to that critical level a responsible Government should have accepted it. To go below would spell disaster. So there was a general feeling that defence had, not many years previously, been through all this, time and time again. There had been the mini-defence review in Francis Pym's time, which he had, with not inconsiderable success but not complete success, stubbornly resisted in fighting with his Cabinet colleagues. And yet here we were, faced with a – I think it was – £200 million, overspend in the year that John Nott took over. We all realised that he had something of a remit, although we weren't aware of the finer points of it, to put the defence house back in financial order. I entirely endorse the various remarks that have been made about the problem being simply money – except that it wasn't simple.

As to how it was done, I think at this stage in proceedings all I would like is to draw attention (and here I come on to a more parochial point) to the fact that in the case of *Polaris*, the naval budget had been subvented in order to take account of its cost. In the case of *Trident*, which was now coming up the straight, no such adjustment was made or even contemplated. And although there were rather loose phrases like, 'Surely the honour of providing the national independent strategic nuclear deterrent is enough'; you cannot run a fleet on honour. I think I will say no more at this stage.

**TILL**

Could I press you a bit further, to say what were your immediate preoccupations with what you might call the gap between the Navy's tasks, the Navy's commitments, and the Navy's resources. What were the biggest single issues?

**LEACH**

This was nothing new, and to find money, certainly big money, in the early years – the first three years or so – of the costing period was always going to be a major problem. There were all sorts of well-known devices you could apply to a degree. You could apply slippages to equipment programmes, you could cut back on fuel. You could cut back on other forms of support and not least spares. But, in your heart of hearts, you knew that you were but storing up trouble for the future by adopting such devices. This in no way prevented them being adopted, but it wasn't a very clever thing to do.

**QUINLAN**

Clarification: not in the sense of a budget set independently or in advance of decisions on what the Navy was to be asked to do.

Chairman, could you note that we have just had one point of contention. Was there or was there not something called 'the Navy budget'? I am suggesting that there was not.\*

**TILL**

We have two different views here.



- LEACH** You say that. But as the head of the Navy at the time, that department was allocated within the Defence Ministry a certain sum, which was virtually sacrosanct and if you went over the top you were over budget.
- TILL** Can I ask for the views of the other two Chiefs on whether they felt that what they had was effectively a Service budget in the terms that Sir Henry has talked about?
- BRAMALL** I was certainly under the impression – I don't know exactly how the accountants go about it, but certainly I was under the impression – in those days that there were elements – not as it is now, they are entirely functional now – which the Army took up in one form or another and you had to keep within that.
- BEETHAM** Yes, I would confirm the same thing. That was the impression. We had the overall defence budget, but then at the level of the Service staff you got only a part of that, and you had to try to manage your programmes and your expenses within the allocation.
- QUINLAN** There were certainly subdivisions. What I am challenging is the notion there was a pre-determined Navy budget and you had got to do Trident within that. It wasn't like that.
- LEACH** I would contest that. Indeed I had multiple conversations with the PUS [Permanent Under Secretary] of the day, Sir Frank Cooper, who went so far on one occasion (and I don't think I am misquoting you) as to say 'Yes. Understood. We must do something about that'. In the event, as I think he will also agree, nothing *was* done about that! And this was a formidable sum of money.
- NOTT** I think it is a little bit a question of semantics. Michael [Quinlan], it is the case that my initial memorandum [the Bermudagram] requiring them to re-work their programmes, we gave each of the Services a target heading, within which they were required to come up with the best answer for their own service. So whether it is a budget or a target heading, or whether they had budgets or not, I think is a semantic issue. The fact is that they *were* given a sum of money within which they were asked to produce a proposal. I don't know whether that is a budget or not, but it is semantic.
- QUINLAN** My point, though, is that the fact of Trident being there was not something that was just dumped on the Navy; it was taken into account when we decided what the Service Chiefs should be asked to manage with. To that extent they were all contributors towards Trident, because with Trident being (as it were) compartmentalised, regarded as sacrosanct and not available for cutting, its cost was subtracted before money for other things was assigned to the Serv-

ice Chiefs. Is that right, Frank [Cooper]?

**COOPER**

Yes. I think the situation was not as clear as it ought to have been!

**LEACH**

Can I come back with one last thing, and then I will shut up on this particular topic. On the occasion that John Nott announced formally to the House of Commons that we, as a country, had approved going for Trident, such was the national interest (and I was sitting in the gallery when he made his introductory statement) on this particular piece of highly important kit, that exceptionally the Speaker granted 35 minutes' worth of questions, albeit without a debate as such. My understanding was that, under those fairly rare conditions, it was open to the parties in the House to ask one question, which would receive its answer, and that was it – no debate. Someone, I can't recall who, I think possibly a member of the opposition, after John Nott had made his statement put the question: 'Could the Rt. Hon. Secretary of State for Defence confirm that the full cost of Trident would not be borne by the Navy?' And John Nott replied in a very shrewd manner and with a sweet smile, 'As you would expect, the cost of Trident will be borne by Defence.' Defence, in the accepted Whitehall term, meant all three Services and the procurement executive. Ten minutes later, in the main conference room of the Zoo (as I affectionately termed the Ministry of Defence) we were assembled for a press conference. As John Nott passed me – he will remember this, I am sure – he was kind enough to say in my ear, 'I am sorry CNS [Chief of Naval Staff], sorry about that, but you know how it is.' And I said, 'Yes, Secretary of State, I know exactly how it is.'

**NOTT**

Well Henry [Leach], the thing was, you probably briefed the man who asked the question in the House of Commons!

**LEACH**

I wish I had, but I must confess I had not!

**SPEED**

Can I just say a quick word on this problem. First of all, before John Nott came, as Navy Minister I was obviously interested in these battles. Talking with my then ministerial colleagues, some of whom went on afterwards to other places, and Francis Pym, my clear understanding was that Trident was in fact going to be a defence expenditure, just exactly as the MP was answered by John Nott. Secondly, when clearly that was *not* to be the case, it was to come out of the Navy, a number of people, including the Minister for Procurement, said to me, 'Well, not to worry, because the first few years is comparatively light expenditure', which actually didn't satisfy me at all because a few years after that there was very heavy expenditure indeed. In the various discussions we had in the Navy Board, which I chaired, this was a serious and important matter on our minds, which I must say impacted on all the other programmes

we were discussing.

**NOTT**

But it is the case, isn't it, that Michael Quinlan was right in the sense that when we gave each of you a target heading, within which you were asked to redesign your programme, it is the case that we had discussed how much each of you should have. And I think it is the case, Henry [Leach], that Michael Quinlan and his team did realise that Trident was going to have to be met by the Navy, and the target heading you were given took that into account. If I may say so, the real problem was not I think actually Trident, because it was not *that* expensive in the early years. The real problem was when we suddenly found out that Polaris needed modernising. That was the real shock, because out of nowhere we suddenly found the naval target heading had to meet somewhere in the region of £200-£300 million, which none of us had anticipated would happen. That I remember as a real crisis, because we had not been expecting that Polaris was going to cost us that extra money. That's right isn't it?

**LEACH**

All I want to say is that, whereas in the case of Polaris in its earlier stages there had been an explicit subvention to the allocation of money to the Navy (I am trying to avoid the word budget), that situation did not pertain with the advent of Trident. I rest my case there.

**BEETHAM**

I think this is not the first time the same thing came up. The Air Force in earlier years had had the same problem when we were responsible for the strategic nuclear deterrent with the V-Force, where we in the Air Force felt that we had not been given enough money and it should have been more fairly shared out. The problem may have been more acute with Trident, but the same problem had occurred. I think this is where in the Central Staff, and Michael Quinlan and John Nott were there, the allocation to the single Service target headings had to be sorted out at the Civil Service/ministerial level in consultation with the Chiefs of Staff.

**TILL**

Yes, we get into this issue partly because of the widespread view – not necessarily correct – within the Ministry of Defence at the time given the clear message that your task was to save money, that somehow or other the Navy was more vulnerable than the other two Services.

**NOTT**

All the same, we were growing at 3 per cent a year. We weren't saving anything. We were spending it hand over fist. This word 'saving' or 'cutting' is nonsense. We weren't cutting. The Ministry of Defence budget was growing faster than it had ever grown in the post-war period: 3 per cent real growth. You weren't cutting or saving anything. It was growing like billy-o. Now the Navy's posi-

tion was, I quite understand, that they bore an undue, an unfair share of the reductions that were made in the former programme. But we weren't saving anything.

## TILL

What I was really after was whether the sense, after the review, that the Navy was more vulnerable to this requirement than the other two Services, was actually justified or not. Could I invite the three Service Chiefs to try and answer the question of what they now think, in the light of hindsight, about which if the three Services was the most vulnerable in 1981? Was it the Navy?

## BRAMALL

Well, putting Trident on one side for a moment, I thought I had been supporting John Nott. Of course the budget was growing. But it was not actually growing at 3 per cent in real terms for a number of reasons. One, because the Treasury were making various cuts. Secondly because they were doing their calculations on a lower baseline because there had been under-spend before, and the whole thing, although it was made to look as if it was growing, was not growing as fast as that. But, as I have said, quite definitely the programme was outrunning the resources. Of that there is no doubt at all. Now when you say, 'Where was it most vulnerable?' you couldn't just start, as always happens periodically, tinkering away and say, 'We are going to make this a little bit more efficient or that a little bit more efficient.' Whenever you do this in a review you get a minuscule amount of money for it. They had got to go for something fundamental. And, in order to go for something fundamental, they had to take the big decision of whether we were going to concentrate one hundred per cent on the Continental NATO strategy, or were we going to try and make sure that we had a very good maritime, historical if you like, maritime capability. It *had* to come to that. And until the government made its mind up about that, you could not really say where the cuts should come.

## COOPER

Can I go back to the system. The system, there was a snigger of laughter when I said it was confused, but it *was* confused, there is no doubt about this at all and it has been confused ever since the Ministry of Defence was put together in 1964. Because the central financial staffs worked on a programme basis, while each Service department continued with the illusion that it had its own budget. So we had two systems running in parallel. Now why did that continue? The answer was, because we never had a situation where we could persuade the three Services that they should not have control of their own budget, as they saw it, or control over their own allocation, which is a more accurate statement. And you can see why. Nobody wants to give up control. This was one of the things Lord Mountbatten\* tried at one stage, to get through and failed. There was a big overhaul and I suspect it is what we have brought together today: do you work on the basis of subject headings, which we introduced in 1965 if I remember correctly. In 1963 Bob

Admiral of the Fleet The Earl Mountbatten of Burma (1900-79), sailor. Chief of Defence Staff, 1959-65.

Robert McNamara, American politician. Defense Secretary, 1961-8.

Peter Thorneycroft (Lord Thorneycroft of Dunston, 1909-94), Conservative politician. Minister and then Secretary of State for Defence, 1962-4.

McNamara\* had been over and persuaded Peter Thorneycroft\* (who was then Secretary of State for Defence) that we should adopt the American programme planning and budgeting system and we all went off, about ten of us including the Treasury, to America. It had been invented by the RAND Corporation in Santa Monica.

The American programme was not actually very well worked out, but we modified it, so then we worked ahead for five years. But one of the problems defence has always had is that governments don't like for political reasons, quite understandably, to publish targets ahead. We went out to ten years instead of the American five years, and three years was an anathema to British government policy, really, in terms of public expenditure. But I think it has been a great improvement gradually over the years. And we had to talk to the Treasury in terms of programmes and not in terms of Service allocations, so you had these dual systems running at the same time. I remember John Nott saying to me after the review, 'You have got to take this process further and really make it work. You can't have this on a Single Service line. You have *got* to have it on functional lines'.

## TILL

This in fact is one of the reasons why we decided to go for *Cmnd 8288*, because it was one of the first instances in which this move to functionalism, that we are all so familiar with now, was actually starting.

## COOPER

One of the problems also was that we were not allowed an overhang. It was quite ridiculous for anybody to expect defence to come in on let's say £11 billion. We once got within £5 million of it, by accident or design, I can't really say. But eventually, thanks to the Public Accounts Committee and to the Select Committee on Defence, and *not*, interestingly, in the teeth of opposition from the Treasury, they agreed three months after I left to have a £500 million hangover from one year to another. The British budgetary system would be a great subject for a seminar actually. It came out of the Ark slightly before Noah I suspect. Coupled with a very inadequate financial corporate structure and lack of proper investment, this has I think been the root of most of our worries ever since.

## BEETHAM

All defence reviews we have had since the Second World War, and they seem to come round about every seven to ten years, have all been, whatever governments may say, about money. But in all the previous ones, when we had fairly large forces and equipment, there had always been something that one could cut if commitments were reduced: we pulled out of the Middle East, we pulled out of the Far East. When we looked at this one, as Lord Bramall said, we couldn't do any more salami slicing, because we were down at a critical level just to meet NATO commitments, and so it did come down to, 'Alright. Well, where are the priorities?' With a

defence review of such a nature it is not that you could give anything up, but where do you put the emphasis? And at the time you either had to go for a Continental strategy, with the emphasis there, or a maritime strategy. That is what it came down to and we know which way it went.

**WOODWARD**

I have one slight question, because it was one of the things that I had to ask at the time: are we absolutely sure that we have a real long-term financial crisis here? Is it not more perhaps because you did a knee jerk. For instance, it would be interesting if we had the run of figures of what was actually spent on defence each year in the subsequent three years: was it more or less than we planned? And was it more or less than was actually realistically being allocated as the marginal parameters by the Treasury?

**NOTT**

What happened was that, as Lord Bramall is perfectly correct in saying, the Treasury managed to screw the Ministry of Defence between 1979 and 1981, and the 3 per cent real growth did not happen because the Treasury cash limits undermined the 3 per cent real growth in those early years. But if I can pat myself on the back and say that, because I had been a Treasury minister and I knew about the Treasury's tricks, I did, when we agreed the defence review, agree with the Chancellor and the Prime Minister a cash allocation for defence over this period. And in fact defence grew at 21 per cent in cash terms – in cash terms, not in real terms – between 1979 and 1984. So that there was in fact, I am not talking about the balance between the Services, I am talking about overall, 3 per cent real in the outturn between those years. Because in the end we had to agree cash, because we were being screwed by cash. Those actually are the numbers.

**TILL**

I think Admiral Woodward was raising the issue of whether a crisis that required reductions in the forward programme was actually as bad as it was felt it was going to be in 1980.

**NOTT**

I will let somebody else answer that.

**TILL**

Do we have a sense that it was possible to argue against the assumption that these kinds of reductions would have to be found, or was it an absolute given? There was no question, there was no doubt about the need, and the only issue was therefore going to be about the how?

**COOPER**

I think the cash position was very bad actually.

**WOODWARD**

Long term?

**COOPER**

Plowden Committee on Public Expenditure. Set up in 1959 and report published in 1961. Led to the establishment of the Public Expenditure Survey Committee.

Sir Leo Pliatsky (1919-99), civil servant. Various civil service posts, 1947-80.

Long term. We were always having short-term cash crises. You lived with those. Anybody would have to live with short-term cash problems. But looking ahead over the ten-year period, there was no doubt at all in my mind that we were in real trouble. If you go back again, the Plowden Committee [on Public Expenditure or Education]\* had actually sat in 1964, I think, and come up with this licence to print money: that the government should be run on the basis of volume increases. To be fair to the Treasury (which is very unusual for me!) in the Treasury a man called Leo Pliatsky\* actually rescued this and made cash king again. Because you cannot have a system where volume is allowed to run away with everything.

**BRAMALL**

Bill Jackson & Edwin Bramall, *The Chiefs: The Story of the United Kingdom Chiefs of Staff* (London: Brassey's, 1992).

Can I just say one thing. Overall, I think it is a very interesting question, whether this money would or would not have worked itself out. If I can just quote one small paragraph from my book, which nobody in the audience of course has read but there are some copies at the library for those who want it! It is a very short paragraph, but this is interesting and I think it is right.

Instead he imposed [this is Francis Pym] a three-months moratorium on all spending not already committed and a period of severe financial restraint for the rest of the accounting year [that was to meet this £200 million]. These measures imposed another period of reduced training activities at every level, restarted the run-out of skilled men and women from the Services as they shrugged their shoulders muttering 'Here we go again, the Tories are no better than Labour', and in the outturn the panic was shown to have been quite unnecessary. The dislocation of programme was such that the defence budget was under-spent by as much again as the moratorium had been designed to save.\*

I believe that to have been actually absolutely true, but I am only talking about the amount of the moratorium, I can't say about anything else.

**NOTT**

That is absolutely true of the £200 million, it is not true of the £8 billion that we cut off the forward programme.

**TILL**

I think on the stage we have really thoroughly explored the background to the review, and I promised the audience a few minutes in which to make any comments or ask any questions they wanted.

**GREG KENNEDY**

I am interested in what you have said about the primacy of economics, and I am harking back to the Canadian experiences of this time in trying to view the pressures of White Paper development and there the influence of the United States in trying to get us to buy Leopards, F-18s. Can you give some sense of the strategic picture of what you thought was going to be created by this decision to downsize? Were you worried at all about the special relationship, the relations with the United States, being badly affected by this? And just looking at Britain's role within the NATO alliance itself,

and understandably you had to weigh this against the economics, but were you really concerned about what the impact would be long term on Britain's place?

**TILL**

We will get onto that, but in the next session.

**D. C. WATT**

Could I sum up what I learned from the late interventions by Lord Bramall and Frank Cooper. It is that the budgetary process allocates money between the Services. From the outside world, what seems to have been the problem was that there were three alternative or three complementary strategies, and that somehow or other the budgetary allocation between the strategies – although in the end we have to remind ourselves that, thanks to the skill of at least some of the members of the panel, the Falklands were not lost and the results to the British prestige, which to my mind would have been much worse than either Suez or Singapore, did not happen. But nevertheless, the Services were being asked to maintain three strategies: the nuclear deterrent, on which both parties were convinced there ought to be a separate British force; the maintenance of a position in Central Europe which would reassure our allies (not perhaps the Americans, but our European allies) in NATO and which called for the ability at least on paper to look as if one could fight a conventional war against Soviet armour or whatever (I never actually gathered what at that period was set on us); and lastly the strategic mobility obviously, which had been the outcome of a much more serious series of radical reviews, which have ended in elevating the Ministry of Defence and the Chief of Defence Staff above the separate Services in the hope that they can co-operate together. But institutionally they could not, because institutionally they were responsible for their own trade, depending on their own men, the advancement of their own officers and everything of the what I suppose is the societal side of the three Armed Services. Nevertheless, when it actually came down to the allocation of money between the three strategies, the outside world, particularly those military idiots and generals of the parade ground in the Argentine, assumed that we had abandoned the ability to intervene out-of-area, that we wouldn't be able or willing to respond to an action against the Falklands, and they therefore jumped the gun while that ability still remained to us. But whether it would have been in two years' time is one of those questions, thank God, which historians must speculate over and which we don't have to answer. Is the problem still, as it certainly was in the 1950s, that there wasn't a way in the machinery of government in which you could distinguish between expenditure on the relative cost of the three strategies and the relative cost of the three Armed Services? Is that the problem? Because if it is, then I haven't, having spent some time over this as a historian on defence in the 1940s, 1950s and 1960s, seen any sign since that that anybody has found a solution to it.



**BRAMALL**

It is a very honest and very profound question and I am not absolutely certain that I have totally got it. Were you suggesting that the Services were running three contradictory (because I think you said complementary) strategies?

**WATT**

I did say complementary.

**BRAMALL**

They *were* complementary.

**WATT**

Well they had to be.

**BRAMALL**

That must be good, mustn't it? If they were contradictory they would be bad. When we get back to whether the Chiefs of Staff were capable of resolving this, I really do believe, that if the money is alright and the Chiefs of Staff have to come up with priorities, I think they are capable of doing that. When the money is all wrong they are not capable of coming up with sensible priorities. When it is alright they are, and I can think of one time when I believe that the Chiefs of Staff who had weighed in on saying we need more air defence of Great Britain would have put that high on the priority list. But usually of course, unless there is a war on, they are working against an unsatisfactory financial situation.

Secondly of course, that is what you have a Chief of Defence Staff for. You have three Chiefs of Staff, who naturally fight their corners because if they don't do it who does? But you do have a Chief of Defence Staff, who, of course since he has had much stronger powers, is in a position to say: 'Minister, Prime Minister, this is the view of the First Sea Lord, this is the view of the Chief of the General Staff, this is the view of the Chief of the Air Staff. I am your senior adviser and this is what I think you should do.' They have a right to do that. He didn't have quite so much power in the time of this particular thing. He did have it, but not quite as strongly as he was to have it later. That, however, is the way you get out of this dilemma.

**QUINLAN**

Just to comment briefly on what Professor Watt said: the essence of the matter was – and this has been brought out – a programme and a budget which were out of sync, and out of sync by a margin which could not be dealt with, as has been said, by tinkering. Hard choices had to be faced: hard choices about the degree to which you could serve the four complementary components of our defence policy. And just as a trailer for what we will get on to next, the handling problem was: had the Ministry of Defence any adequate machinery for formulating hard choices in a clear and intelligible manner for the Secretary of State?

**TILL**

I think that is a very good question on which to end this first session. Now we get into what I suspect will be the heart of the

discussion, namely a debate about the process. How the challenges that we talked about were actually to be addressed? What was the process? Who was involved? Was there a transition during this long process in which the key decision makers were gradually shifting, and so forth? I will start off by asking Sir John Nott what his expectations were of the kind of review that he thought necessary, given the problems that he and others have identified.

**NOTT**

Well, we have to come back to money again. The reduction of the later end of the long-term costings from 3 per cent down to 1 per cent, which I said was at the core of the review, involved cutting about £8 billion off the forward programme – a very large sum of money. This was the reduction from 3 per cent to 1 per cent after 1985. So I asked Frank Cooper and Michael Quinlan and others to produce some target headings for each of the Services, so we gave each of the Services an allocation of money, and I said, ‘Come back to me within a month and tell me what *you* think the priorities of your service are if that is the amount of money you have got over the next ten years.’ It wasn’t my job as a politician to have views on these things. It was the job of the Services to do so. So I asked them to build their programmes from the bottom up and let me know what they wanted to do with the money that they had been allocated. We waited a month and then we got their answers, and they were completely hopeless – all three Services were hopeless. It was another salami-slicing exercise and one of the most shocking things I learned when I arrived at the MoD was that the British Army on the Rhine (being very generous) had about one week of ammunition stocks. That is not far wrong is it?

**BRAMALL**

No, quite right.

**NOTT**

So assuming that the Russians did attack, we could only have fought a conventional war for a few days before we had no choice but to go nuclear. I found this, as a laymen, an utterly shocking state of affairs. So when I got the first reply, which was salami-slicing: cutting back ammunition stocks, cutting back spares. I wrote back and said have another go. And again, it was asking the Services to build from the bottom up what sort of service would we want with the money that you have available. I think Michael [Quinlan] that is how it began?

**QUINLAN**

So far as I recall, yes.

**NOTT**

I think that was the basis of the review. I won’t go into the whys and wherefores, but that is what people were asked to do.

**TILL**

Could you define what you mean by a bottom-up review? Are you talking about their identifying what you might call strategic priori-

ties, or programme priorities? Were you asking them to weigh up what roles they could do away with?

**NOTT**

Well of course we shouldn't have had Service target headings. We should have had a sea-air target heading and a land-air target heading. That would have been much more sensible, because that would have expressed the nature of our capability. We didn't. I think we gave some guidance, but basically the Navy was in a very difficult position. They didn't have enough money to sustain the programmes they had already announced. That wasn't my fault: the Navy was over-programmed. So were all three Services. I don't think I wanted to give them any strategic guidance of that sort at that moment. When the arguments began (with Admiral Staveley,\* who I saw four times a week, expressing the naval view of life), because the naval programme was clearly the most difficult one, then we got into the strategic issues. We didn't initially.

Admiral of the Fleet Sir William Staveley, sailor. Vice-Chief of the Naval Staff and later First Sea Lord and Chief of Naval Staff, 1985-89.

**TILL**

Can I ask the three Service Chiefs to speak to the question of why they did not go in for the kind of review that the Defence Secretary was plainly expecting? Now it can be told!

**BRAMALL**

Actually I don't agree with John Nott. I think his memory fails him sometimes! I hope Maurice Johnston can bear me out. I may have sympathy first that this wouldn't get said, but I did actually put up a firm plan to reduce the 60,000 men in the Rhine Army to a much, much smaller figure, in order that those people would be better sustained. Of course it came off a 65-kilometre front and I thought I might be politically saved by the bell. But in order to show willing, I did actually put up this plan – and I am surprised he has forgotten.

**NOTT**

This was on the second occasion.

**BRAMALL**

Well maybe it was the second. It was certainly on one of them.

**NOTT**

And it was certainly very helpful!

**BRAMALL**

The Army *is* very helpful!

**TILL**

The Army is off the hook. That leaves the Royal Air Force.

**BEETHAM**

Well I don't remember this specific request or specific paper, but I think we were all tied to the fact that we were at the bottom line and salami-slicing. We, in the Air Force were trying to recover from earlier cuts, trying to build up the air defence fleet, trying to repair the damage done to the transport fleet, trying to get the Harriers\* into service. What we did have to take as a result of the defence

Harrier – offensive support and ground aircraft.

review, which we didn't like doing because of its effect on training standards, was to make a cut in our flying hours and *that* hurt. Then you look at horrible cuts in supplies and stores and that is dangerous, because we might not have been quite down to the seven days of the Army but we were hardly loaded with large stocks. So we were at our wits end. Because quite clearly, to our mind, something had to be done more fundamental. It was perfectly clear you couldn't go on salami-slicing. We had been through enough of those exercises and there wasn't much else we could do.

**TILL**

Was there a kind of assumption that, if the individual Services, or indeed all three Services, couldn't generate the kind of reductions that John Nott was looking for, then these would have to be imposed by some other means? Were you in a sense setting that up?

**BEETHAM**

We were frustrated I think with eternally being forced to cut. It was £500 million initially, if I recall, and the Chiefs of Staff exercised our right and went across to see the Prime Minister and got that reduced to £200 million. But that was all terribly difficult to find, because all three of us had a Service we were trying to sustain. That was the difficulty. Something obviously had to be cut and it was frustrating, because we clearly had got to have a review of commitments.

**TILL**

And did you feel that a review of commitments was something that people other than the Service Chiefs would have to conduct?

**BEETHAM**

The Service Chiefs would have to be very heavily involved. But, if you have got too many commitments, it is really for the government to lay down what are their priorities. Because as I did mention earlier, in previous reviews when we looked at it we had something we could cut. We had reached the stage then that we *could* only cut in the NATO Continental region or we could cut in the maritime. That became the difficulty. That is of course where John Nott set the review in hand and we saw, as we had all seen, that this was going to be the crunch.

**TILL**

Henry Leach, can I ask for your initial reactions to what was asked of you and the Navy?

**LEACH**

I think we took the line that this was probably going to be very serious, but it might be averted to some extent – I endorse what Michael Beetham has just said – against the background of what I commented on earlier: we had had the 1975 review with the critical level, we had had the mini-defence review in Francis Pym's time. And Francis Pym who, shall I say, was perhaps not the most decisive of Secretaries of State for Defence, had an extremely stubborn streak to him and he fought his corner in Cabinet with considerable

success. We felt that exactly the same sort of outturn might be possible with the new Defence Secretary in the form of John Nott. Quite a different character, and I think it wasn't until later that we came to judge that the new Secretary of State had been put in by the Prime Minister to do a not inconsiderable hack-about: that defence had to be trimmed back to size whatever, despite all her gung-ho statements publicly in previous months and years. Therefore the essential thing while the battle was fought, right up and into Cabinet level, was to buy time. Hence we, if you like, prevaricated, we salami-sliced to the extent that one could. Not a very clever approach. Nothing very original about it, but I think we all felt that we didn't see why we should indulge in any really big comprehensive thing until it was proved absolutely necessary, which it had not been, though we realised that we were up against it. I could go further, but I think I probably won't because I am going on now to May of 1981, by which time of course the Nott Review itself was out and I think you want to take that a bit later.

## JOHNSTON

I was sat down fairly early in the Nott Review process by Terry Lewin and he said to me, 'The Navy and the Air Force are bickering like cats about anti-submarine warfare. Go and sort them out'. He saw that you couldn't get the Single Services in these situations of salami-slicing etc. to come up with 'a defence view'. That was his first attempt and I produced a paper for him. He asked me to produce another one, which was the balance of resources between the Services, and I came up with the theory, which I think John Nott put into his defence review, that we had got it wrong. Not only did we only have I think it was three days of ammunition in the tanks in Germany, something drastically short, but we were investing huge sums of money, particularly in the Navy and the Air Force case because they dealt with mega-platforms and certainly in the Army's case with the lesser cost of tanks, with a total reliance on the platform and we were woefully short of what those platforms would actually do. I remember asking the Air Force why you needed smart machines to pull nine Gs and I got my ears boxed. But I went on and I said, 'What do they do?' and eventually, as you know, during the Falklands War,\* we had to go and beg, borrow and steal from the Americans weapons to put under their wings. The Navy department, and being slightly controversial I think their staff work was not as good as that of the other two Services at this stage, were very pushed to produce meaningful papers as to why you needed in this sense 60 frigates or 52 frigates or whatever it was. I believe that Terry Lewin tried to produce something other than sharing out the Defence budget a third, a third, a third. He tried to produce something other than salami-cutting and to bring in a Defence view to produce a Defence way of spending money, which would then help Michael Quinlan and others to put the sums together.

Falklands War, 1982: following an invasion and occupation of the Falklands Islands by Argentine forces in April 1982 Britain sent a task force that overcame the Argentines in June 1982.

## MASON

I might take up that point. The Defence Equipment Policy Com-

Anti-submarine warfare.

mittee which the Chief Scientific Adviser at that time also chaired, was the final stage of the process before Ministers agreed that major equipment should move to development and production. The Committee was extraordinarily busy at the time, given NATO targets on spending increases. After a number of Committee meetings came the inevitable question as to the episodic nature of equipments development and how did they fit together in relation to overall capabilities such as anti-tank warfare, anti-submarine warfare and air defence. In the late spring of 1980 I talked to Frank Cooper about capabilities as I saw them because I had some concerns that the individual Service programmes were not integrating properly to give optimum capability. That study of capabilities started in June 1980. The thesis was that we had to have some broad-brush definitions of capabilities, be it ASW,\* be it air defence, be it the anti-armour battle, and to offer some judgement on how those capabilities would be reflected by the individual programmes. We had a draft paper at the end of September which I shared with Frank Cooper, Michael Quinlan and other members of the Central Staff and I was encouraged to take it a little further.

What turned out was that we had remaining concerns about some of the individual programmes. One particular example I was concerned with was a billion pound programme called the Sea Dart improvement, a maritime area air defence missile, which was no more than a capability against overflying aircraft. But, we had, by then, intelligence on the growing threat from stand off missiles. Going on to the anti-armour one, Lord Bramall will remember that he and I had a very amiable discussion on the centrality or otherwise of the main battle tank role in the anti-armour battle. I had serious reservations about proceeding with what was then known as AST 403, which today is then Eurofighter. So we had views as to whether capabilities were a better way of looking at the defence programmes: and whether the contributions of the separate elements of capabilities were making sense. That paper, in its earliest form, was presented to Francis Pym, I suppose, in late November/early December of 1980. By February 1981 John Nott was presented with the arguments which had been developed.

I have made all these comments because I have heard today that that is now emphasis on broad capabilities and they *do* think of how priorities can be attached to individual projects or programmes.

## BEETHAM

Might I just make a comment on the suggestion that John Nott made about weapon stocks and that, when he came in, the Army could only fight for seven days, or whatever it was, and we were all short of the ability to sustain a prolonged battle. This really went back, if you recall, to our earlier NATO strategy of Massive Retaliation: that is, as you know, if the enemy made any incursion into NATO territory, then the nuclear deterrent went into action. When that ceased to be regarded as credible, NATO adopted a strategy of Flexible Response, allowing for a period of conventional war. But,

for this, weapon stocks needed to be built up. But where was the money to come from? It was a hangover from that, that we found ourselves in 1981 with weapon stocks still woefully deficient to meet a Flexible Response strategy.

## QUINLAN

Horatio Nelson, Viscount Nelson of the Nile and Burnham Thorpe, (1758-1805), sailor.

Arthur Wellesley, Duke of Wellington (1769-1852), soldier.

Marshal of the Royal Air Force Lord Trenchard, (1873-1956), airman.

Can I say something about process? First, something in general and then something historical. Any Ministry of Defence, faced with the need for radical choices, is going to have a very hard time, however you organise it. We were not, however, at this time at all well organised to face radical choices. But the trouble about giving it to the three Services is at least twofold. The first is that you don't necessarily then get three proposals that add up to a coherent defence strategy. And the second thing is that inevitably the Service Chiefs of Staff are the trustees of their Service. They are the inheritors of Nelson,\* Wellington\* and Trenchard\* and so on, and it is unreal to suppose that they are going to (I am picking up Henry Leach's point) be likely to volunteer for the guardroom. Lord Bramall offered what you might call a noble sacrifice, but one which he could be confident would be rejected.

## BRAMALL

Absolutely.

## QUINLAN

Vice-Admiral Sir Stephen Berthon, KCB, Deputy Chief of Defence Staff (Operational Requirements), 1978-81.

Air Chief Marshal Sir Joseph Gilbert, KCB, Assistant Chief of Defence Staff (Policy), 1978-82.

The second point is historical. At the time John Nott arrived there was no central mechanism, or at least none in which the machine as a whole had confidence, for even formulating, let alone making, major choices. There had been an attempt in the previous autumn to construct one, called the Defence Programme Working Party (DPWP). I chaired it, and not by accident the three members, though from the Central Staff, were a soldier (Maurice Johnston), a sailor (Stephen Berthon)\* and an airman (Joe Gilbert).\* This formulated (I don't remember all the details) for Francis Pym possible choices: you could go, very simply, primarily maritime or primarily Continental. And Francis Pym, shortly before he went, said, 'I think there's no help for it: it will have to be Continental'. He went before much could be done about it. But I hope it is fair to say, and Henry Leach will want to comment on this, that the Navy thought poorly of this whole process; and for that or other reasons quite early on in 1981 the Chiefs of Staff moved to make sure that the DPWP was not revived and used for the purposes of John Nott's Defence Review. That left us without credible machinery, and that is why in the end things had to be crystallised by John himself in the Bermudagram.

## WOODWARD

May I throw in an extra small matter? At roughly the same time there was an organisation called the Way Ahead Study Group, commissioned by the CDS, which was on the verge of producing its conclusions to the very same dilemma, but I never found out what happened to it. Perhaps they found the conclusions too difficult to write.

**JOHNSTON**

We found them easy to write, but too difficult to sell!

**WOODWARD**

But that never surfaced. That must be, if you like, a cerebral, non-financial appraisal, although it was financial to some extent, from the Defence Staff.

**JOHNSTON**

There was a throwaway line, I can't remember who said it, in the first session, that actually what should have happened was that it should have been a sea-air study and a land-air study. And, to this day, I remain passionately convinced that, if you want to get a correct allocation of defence resources to make sure that this realm is defended to its best ability for the money available, those two twin prongs would then produce a sensible defence policy. We didn't have it at the time of the Nott Review.

**QUINLAN**

You still have to choose priorities between them, though; and that was the hard bit.

**SPEED**

Could I just make two very brief points. First of all, when John Nott came to the Ministry he said there was only three or four days' ammunition in the Central Front. I wonder why at that stage neither he nor anybody else should have asked themselves something I had been asking Francis Pym for some time: why we had to have 25,000 locally-employed German civilians, thousands of houses, hundreds of schools and hospitals, which weren't actually adding up to a row of beans as far as the forces themselves were concerned. Maybe they helped the German recovery, but it was very expensive: about £800 million a year if I remember correctly. The second point is that we have been talking a lot, nearly all, about equipment and programmes. When the Conservatives won the election in 1979, the first few things I did in May, June, July at that time was go round the Fleet trying to restore morale, which was as already has been said desperately bad. People didn't even believe that they were going to get the pay increases that had been announced. It was getting that bad, certainly in the lower decks of the Home Fleet when I went to them. And as the moratorium progressed in 1980, and certainly as there was a lot of talk in the papers at the beginning of 1981 and all these discussions about John Nott had come in to cut the Navy or whatever, I found increasingly, going round the ships and the shore establishments, that morale – which is a fragile thing and had taken some time to build up – was weakening again. We had to build up the morale as we had done in 1979. I must tell you that in 1981, apart from all the programmes, before I went I was very concerned about the way that particularly the senior non-commissioned officers, some of whom were very skilled artisans, were going to be leaving the Service and again that we would find (and as the Americans have found) that it is very difficult to get these people back in if you do have the right programmes and equipment.



**NOTT**

But who was responsible for leaking all this? I never wanted the LTC to be a public exercise, it had been done every year in the Ministry of Defence. Who was it that was responsible for lowering the morale of all your naval ratings and chief petty officers? This matter could have been dealt with in the proper way in the Ministry of Defence. And morale collapsed because there were elements in the Ministry of Defence who thought that certain cases could be best fought by making it a public event.

**SPEED**

First of all, the moratorium: nobody leaked anything at all. It was a fact of life that nobody in the dockyards or the ships, and no doubt in the RAF and the Army, knew about it until it came to the moratorium, because that is where it started. But actually, in the early months of 1981 you know as well as I do that there were all sorts of quite well-informed commentators, some of them now dead, some still alive, who were speculating and wondering what was going on. Now I certainly at that stage had no advantage in leaking anything myself, but I was desperately concerned and obviously no doubt the other Services were concerned about what was going on. I can tell you that *that* is how I found it. Because I regarded my job as a minister not just to be in equipment, we had after all a Minister of State whose responsibility *was* equipment. But I had also the responsibility, particularly I think, with obviously the Second Sea Lord who was responsible for personnel, in the Navy and it was my job as a politician to go round and try and sharpen morale a bit. But it *did*, I must tell you, weaken. That is a fact of life. And whether it weakened as a result of leaks or informed speculation, certainly some of it was what had happened with the Conservative government, which they believed was going to underpin them and gave them their first pay rise. Towards the end of 1980 the response from the average seaman was, 'Here we go, round again, because we have got a moratorium. We can't go to sea. We can't do this, we can't do that, because we have got to save on fuel'.

**TILL**

You mentioned that you raised the fact that there were certain elements of, let's for the sake of shorthand call it the Army's budget, although I know it isn't, in Germany that you considered could have been looked at. In a sense you are making a comment about one of the other Services. To what extent was the fact that the three Services collectively could not come up with a solution to John Nott's problem due to a great sense that they should hang together and that none of them should break ranks, because if they did they would be hung separately as it were? How strong a sense was there that the three Services should not be divided from one another by politicians and civil servants?

**SPEED**

Was there actually a forum whereby that could happen? That is one of the problems I have been asking myself ever since. There was the Defence Council, which was re-constituted by John Nott, but at

Sir Geoffrey Pattie, Conservative politician. Parliamentary Under Secretary of State for Defence for the Royal Air Force.

Barney Heyhoe (Lord Heyhoe), Conservative politician. Parliamentary Under Secretary of State for Defence for the Army.

least we all sat round the table together. I used to discuss with Geoffrey Pattie\* and then Barney Heyhoe\* and we did actually sometimes get quite a *rapport*, perhaps more so with Heyhoe than Pattie, on what the problem was. But having said that, no, I don't think there was a mechanism. Perhaps that is why we had more and more centralisation later on, so there could be a mechanism for delivering a division of resources properly. But it was very difficult.

## NOTT

Just to answer one little question, Lord Bramall would agree that we examined in minute detail the question of civilian employees in Germany. And I remember Michael Beetham nearly struck me, the only occasion he ever did, when I said to him, 'Can't we bring some of the RAF Germany back to this country? Why have we got the RAF strung out in Germany with these forward airfields? Can't we bring some of them back?' Michael [Beetham] really went for me, and he was quite right too, because I was wrong of course. But I asked the question. And of course I asked the question about civilian employees: could we bring the Army back home, or whatever?

## BRAMALL

J. Enoch Powell (1912-98), Conservative politician.

If you have got 60,000 men in Germany, you have got to have their families and so on with them and they have got to have hospitals and so forth. And, if you don't have them, you won't have an Army at all, and anyhow of course you would have tremendous expense in re-accommodating them. But it gets back to this, which is slightly amusing: Enoch Powell,\* the master of logic, was onto the same sort of tack and went up to one soldier or officer and said, 'How often do you sleep with your wife?' And the poor chap was slightly taken aback by this improper question. And Enoch Powell said, 'Well, I sleep with mine once a month and I don't see why we shouldn't put you all back in England and we will fly you back once a month.' I don't think most of the people would have seen that as a reasonable solution! And that is the sort of thing that you have if you have 60,000 men put into a foreign country to defend the 65 kilometres of front. And you don't want to pooh pooh too much about this. John Nott is absolutely right and I think I put my hand up and said I reckoned I had five days' fighting capability. But of course those five days were quite significant, because you could say to the opposition, 'You may have to fight us for five days, and within that time who knows what horrible weapons are going to be used.' That was the whole essence of the deterrent. You shouldn't do that too much, and it would obviously have been highly desirable and if we had had the money we would have done it, to increase those stocks so that you had a bigger buffer, ten days or something like that. But, of course, we didn't have the money and that was the trouble. That is why it was so difficult to make any cuts.

## SPEED

If you had had 25,000 people, as you wanted to, you would have needed fewer hospitals and fewer schools and fewer houses, so we would have saved something.

**BRAMALL**

Indeed you would, but you wouldn't have defended 65 kilometres of front.

**SPEED**

There we come onto the long war/short war argument, which of course is a different matter.

**NOTT**

We also come to the politics of NATO and the position of the Germans.

**SPEED**

And the Western European Union.

**NOTT**

And the question of the American commitment of troops to the Central Front. That is a different subject.

**TILL**

I think it is one we need to move towards actually. What is the wider picture? What kind of assumptions did everybody make about what the tasks of British defence were? What were the priorities?

**NOTT**

Richard Hill, *Lewin of Greenwich: The Authorised Biography of Admiral of the Fleet Lord Lewin* (London: Cassell, 2000).

Can I shorten it by just saying, I know I haven't been believed but, when I got to the Ministry of Defence, I thought that we should follow the naval view of our role in NATO. I thought Admiral Hill's summary\* of Terry Lewin's position was absolutely fantastic. I thought it was a frightfully good passage as has been said. Of course I believed that, if we could get serious specialisation within NATO, we should perform the maritime role. Of course, I believed that. But the problem with it was that it was impossible to do it, because at that time there was an Amendment in discussion in Congress: to reduce the American land presence in Europe. We were paying 10 per cent towards the defence of the United Kingdom, that was our contribution to NATO. The Americans were contributing 50 per cent of the cost of NATO. It was absolutely fundamental that we kept those American troops on the Central Front. And even if I wanted to go for a maritime role, the Germans would never ever agree to it. The cohesion of NATO would never actually have stood for us reducing below the Brussels Treaty commitment.\* So quite honestly, even if I wanted the maritime role, I just didn't have any choice. There was no choice. The decision was not in my hands, unfortunately for the Navy, and I really sympathised, because the Navy did bear the burden. Unfortunately for the Navy, it was easier to find the money out of the naval programme than it was out of the Army and the Air Force programme. It is as simple as that. We didn't have any way in which we *could* go the maritime route. It would have been blocked by the Germans, by the Americans, by the British Cabinet, by Peter Carrington.\* Lord Bramall was telling the story, how Peter Carrington gave a long speech in front of the Chiefs of Staff saying how we should perform the maritime role, but John Nott didn't have any option

As part of the rearmament of West Germany the British government agreed to maintain 77,000 troops (later reduced to 55,000) and a tactical air force in Germany in peacetime.

The 6th Lord Carrington, Conservative politician. Foreign Secretary, 1979-82.

but to go the Continental route. So it really wasn't that I was unsympathetic to the naval case, I just didn't have the choice.

## COOPER

I think the outside view of all this is very important. We were in dead trouble in the Alliance, who were urging everyone to jack up their forces, particularly in Europe. And what evolved very clearly from right across and around Whitehall was that the Central Front was absolutely the basic tenet of our whole strategic and policy position, that we had to do our best to try and lengthen the time before you had to go nuclear if there was an invasion across the border. I think that became perceived wisdom and generally agreed throughout Whitehall through various meetings between officials, ministers and everyone else. We were deeply in the mire in Northern Ireland of course by this time, which was not unimportant as far as the number of soldiers that we had and we had a large number of battalions there. From 1973 onwards, try as we may, we never really succeeded in any major reduction which persisted in the number of soldiers we had to keep on the ground in Northern Ireland. And in those days the Army was still very much responsible for running the place, not the Royal Ulster Constabulary (RUC). So that was a tremendous demand. And there was this real problem about the amount of stocks each of the Services had. Frankly if we hadn't, this is another story, been helped by the Americans in nearly everything we have done post-Second World War by ourselves, we wouldn't have been able to get stocks from them of stuff we badly needed, though not unfortunately from the Belgians. There is no doubt that we *were* seriously overstretched, not merely in financial terms, which was the only way of counting it really, but also in every other term.

In terms of general defence policy, we have had the same four-and-a-bit pillars for many, many years. But defence in the end, like everything else, is about priorities and making choices. One of the troubles I think we have had over the years is that we have been less sharp about our priorities and decisions than we ought to have been, quite frankly. Michael [Quinlan] is quite right. The duty of each Service head is to fight his corner and they are very accountable, much more so than politicians are in the end. I mean, nobody is going back to his office and saying, 'Well, I had to give up a couple of frigates, because those chaps in the Army badly needed another three ...'. There is no-one able to do that, and it took a very long time for CDS to get in any kind of position where he could give the kind of lead that was necessary and use his own staff. I agree very much with what John Nott said. I think Richard's Hill's account of Terry Lewin's position is brilliant and very fair by anybody's standards. He *was* in a very difficult position. He changed things afterwards, and he was in a very different position by the time the Falklands came along and then Lord Bramall changed it again, all for the better.

But this was because the Services found it very difficult, and I am

not blaming them in any way, I would have done exactly the same, to give up any part of their territory as it were. I think in a way the Civil Service in the Ministry of Defence became too powerful at one stage, because they had one head who could make or break them. And that has still not happened in the Services to the proper extent it should do in my view. I think it will happen and change will occur. But in today's world, I am afraid, whether you like it or not, you have to have a very high degree of central control and an ability to analyse things centrally. Having worked since my retirement for 14 years in the private sector, these problems exist there in just the same kind of way. They are not unique – they exist in universities, probably even here in this august assembly.

## QUINLAN

Caspar Weinberger, American politician. Secretary of Defense, 1981-7.

Frank C. Carlucci, American politician. Deputy Secretary of Defense 1980-2, Deputy Director of Central Intelligence Agency, 1978-80.

Can I make a point about the American and NATO position? Remember, this is early in the Reagan days: the new Administration very keen on defence and on strengthening NATO. I recall, and John Nott will too, going across to sell, not the final outcome, but as it were a late draft of what it was likely to be. We went to see Caspar Weinberger\* and Frank Carlucci,\* who had clearly been primed, (I don't especially know how) to remonstrate with us about cuts to the Navy, and they duly remonstrated. But when John Nott then asked them, 'OK, but something has to be done: how about the Continental commitment?' – complete revulsion: 'Oh No, you mustn't touch that.'

## TILL

So they were effectively saying you British must spend more, you mustn't get rid of either.

## QUINLAN

They didn't want us to make any hard choices at all. But it was pretty clear that if hard choices had to be made they would be very dismayed if it were the anti-Continental choice.

## TILL

The name of the US Navy's strategy through the 1980s. See James D Watkins, 'The Maritime Strategy', *Proceedings*, Jan. 1986, pp.2-7.

CONMAROPS – Concept of Maritime Operations

That gets me on to a question I have long wondered about, forgive me for going on to a hobbyhorse here. But the US Navy, from the late 1970s onwards, was beginning to develop a kind of alternate concept of European defence, which became known eventually as 'the maritime strategy'\* and NATO's CONMAROPS\* and all of that. Did the Navy ever deploy arguments like that? When you went and talked to Americans, did they ever refer to it?

## NOTT

Harry DePue Train II, American sailor. US Navy Admiral and Supreme Allied Commander Atlantic (SACLANT).

I had a wonderful visit to Norfolk, Virginia, with Terry Lewin. I always remember it, because Admiral Staveley used to come and brief me about convoys all the time. I had a lot of briefings about naval convoys reinforcing Europe. Of course of thought it was more likely that we would then have a short war, given that there were only four days of ammunition! I went across to Norfolk, Virginia, and the Supreme Allied Commander Atlantic (SACLANT) was called Admiral Train,\* wasn't he? He was a good man. Admiral

Train gave me a really good briefing about how reinforcements, if it was a long war, would come across the Atlantic. It is not a criticism of Henry Leach's staff, but I never ever got a similar type of briefing from the naval staff, from Admiral Staveley. I understood, in a long briefing at Norfolk, Virginia, just precisely how it was going to work: single sailings, as far south as possible to avoid the Soviet submarines. And I was briefed the whole time on convoys! When I got to Norfolk, Virginia, with Terry, it didn't sound like that at all. So I had a problem. Now I am sure it was my fault, I was ignorant, I couldn't understand naval affairs, but I had 3,000 people briefing me!

**TILL**

That's really interesting. I am surprised in a sense that Admiral Train took the line he did, too, because the US Navy was moving into a position in which it was arguing that we didn't have enough escorts to deal with a problem by convoy, we have to come up with the expedient that he obviously mentioned to you. The answer is to go forward and that was the strategy developed during the 1980s. I am really surprised.

**NOTT**

The Germans wouldn't have it, but we should have had far more positioning of equipment in Europe, but the Germans wouldn't have it. We fought in NATO again and again to get more pre-positioning of equipment so there was less reinforcement needed across the Atlantic, and the Germans resisted continuously. Am I right Michael [Quinlan]?

**QUINLAN**

That's what I recall.

**NOTT**

The Germans resisted it. They didn't want more Americans in Germany.

**LEACH**

I think my only comment, and Lord Bramall may not appreciate what I am about to say, is that, when the defence review was in an advanced draft stage and in view of its impact on the Navy, which is recorded elsewhere, I was getting fairly desperate. I wrote a long minute to the Prime Minister, copied of course to the Chief of Defence Staff and the Secretary of State for Defence. That didn't actually achieve any reaction and it was in, as I recall, early June that the Chiefs of Staff as a whole went across with the Defence Secretary to see the Prime Minister. It lasted about an hour-and-a-quarter, a non-decision bout, in honest terms. It was amicable, but no problems were resolved and no alternative measures were even contemplated.

I asked to see the Prime Minister, which was my prerogative, and on the first occasion she was too busy but a little later on, in fact on 3 June (the Chiefs saw her later, on 8 June), I went along to see her. I called on John Nott en route. Very vigorously he said, 'No, no,

you go alone, because it will be much easier for you', which I resisted and said, 'No, I have things to say which you won't like, and I prefer that I say them to your face rather than behind your back'. So, I am glad to say, he came too. I, by then, had written a much shorter note to the Prime Minister, banging on explicitly as to what the Navy stood to lose under the terms of the defence review. When I got there, the Prime Minister didn't have very much to say and the conversation was somewhat centred on my, by then, quite short paper. After I had briefly, because it was repetitive, said my piece there was a long pause and she turned to me and said, 'Well, what would you do?' And I said I would hand over £2-£3 billion to the Army. She snapped at that and said, 'To the Army? You mean to the Navy?'. 'No', I said, 'I mean to the Army.' 'Why on earth would you do that?' 'In order', I said, 'that you could make the necessary provision *in the UK* for the schools and the wives and the support and all the rest of it for British forces in Germany. You need not affect the strength of those forces, but you will then operate them on a rotational basis, to a time as selected by the Chief of the General Staff and the Chief of the Air Staff, but say every nine months or so, rather like long-distance naval deployments.' The reaction to that was, and John Nott himself intervened there, 'Ah, we have been into that and it is too expensive'. And that, frankly, was the end of the interview.

Now the object of that would have been to save whatever figure you like to pick, £600, £800 million per year in foreign exchange, in deutschmarks. There were those at the time who thought – and Lord Bramall actually almost expressed it this afternoon I think, which is why he probably doesn't enjoy this particular contribution – that if you did that it would be the end of the Army. There were a lot of other people, even within the Army, usually at a lower level of seniority, who thought that it was a matter of inevitability before many years were out before some such thing would have to be arranged. I will say no more, because it didn't happen. I can only say that, as one of the Chiefs of Staff, I do not know of any study in that particular direction.

**TILL**

You mentioned that this interview was in June. The Bermudagram, which was written I believe on 16 March 1981 when you were on your way back from SACLANT, essentially, as far as one knows, laid out the ground rules of what was to be? Or was it not as specific as that? But if it was, in a sense it would seem rather late for the arguments that you were making to be made. Is the suspicion not that effectively the decision was already made by that time?

**LEACH**

Well indeed, I think it probably was. On the other hand, you didn't, as a Chief of Staff, go trotting along to see the Prime Minister more than once in your time! Indeed I can't recall when it had previously been done and it wasn't a prerogative to exercise lightly. So you had to wait until you were absolutely sure of your ground and not

simply acting on a suspicion.

**TILL**

The long version of the paper you wrote had nine essential points in it. Had those points been made earlier?

**LEACH**

Oh constantly in debate. I don't think I had sent separate notes to John Nott, but it had come out because I was, if you like, fighting my corner. I was pretty desperate by then, because of what damage over the costing period was planned to be done to the Navy. And it was horrendous.

**TILL**

The focus is on the process and not the arguments – what happened, who was right and who was wrong. But it is often presented as the last opportunity for the Chiefs and the senior authority of the MoD, whoever they might be, to come together and sort the problem out in outline. There was a Greenwich meeting in February, and the outline essentially of the findings of the review was in the Bermudagram of March. Is that the way you saw it?

**NOTT**

It would have helped me if Terry Lewin had had total authority in the Chiefs of Staff Committee. It might have helped me if Terry [Lewin] had felt able to come along and give a strong personal view, but, as Admiral Hill's admirable account suggests, Terry [Lewin] was in an extremely difficult position. I mean, Henry Leach was in an extremely difficult position, I really have to say that I think he was put in an appalling position and I have always sympathised with that. But the problem was that, even if Terry Lewin had given a firm Service view, I don't see how he could have come to any decision other than the one we came to. Because, as I say, we were blocked really from reducing the Continental strategy. We really didn't have that choice, and the poor old Navy, we weren't blocked with the Navy and it may sound silly to say that I had to find the money from somewhere, but I did. That was my brief. I saw it as being necessary, so I had to get the reductions somewhere. They could only have come from the maritime side. It was impossible to get them from the Continental side for all the political reasons I have given.

**TILL**

Was it roughly true that the Bermudagram *did* outline essentially the final findings of the review?

**NOTT**

Sir David Omand, civil servant. Then  
Private Secretary to Sir John Nott.

The Bermudagram, I thought Michael Quinlan had drafted it, but maybe David Omand\* and I did it on the way back from America, I can't remember. By the time it went out, I was beginning to get an instinct that, if we were going to make the reductions, they had to come from the naval side. I think I had that. But the Bermudagram didn't specify that we were going to make seven times the reductions in the Navy that we were making in the Air Force and the



Army, which was actually what happened. Henry Leach's numbers are quite correct. The Navy bore the brunt of the whole thing. We didn't specify it in the Bermudagram, but that is the way it came out in the wash because that was the only place I could find the reductions in the forward programme to reduce it to 1 per cent growth after 1985/86. As I say, in fact it was nil growth in the end, but that was long after I had gone.

## BEETHAM

On the organisation, it has been said, and it is quite true, that the single Service Chiefs have a responsibility to their Service and it is incumbent upon them to argue their case. But in the organisation, in the terms of reference of the Chiefs, they also have a collective responsibility, and when you meet as Chiefs of Staff, under the chairmanship of Chief of Defence Staff, you discuss and put forward your views. This is an area where I don't agree with Terry Lewin and the statement of his position, because I believe argument is healthy in these sorts of situation, where any differences should be exposed. Often, and in an ideal world, an agreed solution can be put forward to Ministers. Where agreement cannot be reached, the Chief of Defence Staff, to my mind, has got to put forward to Ministers the views that the Chiefs of Staff have come up with. I could absolutely say, and I said this several times to Terry [Lewin], that I thought he should put forward quite clearly the views of the Chief of General Staff, the Chief of Air Staff and the Chief of Naval Staff. And then CDS, in forwarding should say, 'These are the views, *this is my view*'. I don't recall him ever doing that and I think he should have done.

## BRAMALL

If I could say something about Admiral Terry Lewin, for whom I have the very highest regard. I think the reason that he said nothing was that his heart was saying, I cannot support this thing to the Navy, because I have been the chap who has just built it up to what it is now and I therefore can't. But his head was telling him that you couldn't actually do anything else but the Continental strategy. It wasn't so much that he didn't have the power, he did have the power to do it if he wanted to use it, but that is why he kept fairly silent about this and said the Service Chiefs couldn't come to a view. The Marshal of the Royal Air Force and I took the view that there wasn't a case for cutting at all. But, if you *had* to cut and if the Continental strategy and NATO's forward defence was what mattered more than anything else, the only place you could cut were the vulnerable surface ships in the north Norwegian Sea, which you had really to control under and over the water. If someone had said, 'Yes, but you do realise, don't you, that that will mean that you can't go and relieve the Falkland Islands 8,000 miles away or do any of these other things', or if any of us, even the Navy, had come to Frank Cooper or Michael Quinlan and had said, 'Look, we haven't got the capability to go and relieve the Falklands 8,000 miles away', they would have said, 'You are out of your Chinese mind, you can

forget about it. Under no circumstances would the government take on an operation like that'. That was the background John Nott would have had to contend with.

## NOTT

John Nott, *Here Today, Gone Tomorrow: Recollections of an Errant Politician* (London: Politico's, 2002).

James Callaghan (Lord Callaghan of Cardiff), Labour politician. Prime Minister 1976-9.

Frank Cooper and I had a discussion the other day about whether any other Prime Minister since the war would have undertaken the Falklands campaign. I certainly am of the view, in fact I wound up a sentence in my forthcoming book\* by saying, 'It was a woman's war and the woman in her won.' It was Margaret Thatcher's war. I don't think there is any other post-war British Prime Minister (perhaps Callaghan\*) who would have undertaken this operation. So if anyone had come to me and said, 'You can't do x and y and z because, if you do, you won't be able to relieve the Falkland Islands', frankly I would have said there are more important priorities, with the Soviet Union breathing down our necks across the Central Front. If that is the consequence of what we are doing, the Falkland Islands are not my priority in defence policy. I am very glad we were able to retake them, thanks to the bravery and courage and marvellous work that Henry Leach did, and the Navy and the Army and everyone else. It was a wonderful achievement, but frankly, I am sorry to say it was an aberration in British defence policy in my judgement.

## TILL

We will come back to that later! Admiral Leach?

## LEACH

Why didn't Terry Lewin, when he was Chief of Defence Staff, exert more thrust in favour of a maritime strategy, rather than the Continental strategy? For those who knew him, and I daresay a number of people in this room had that privilege, if he was nothing else he was absolutely honest and absolutely fair, and I think that any conceivable suspicion that he was tending to side with somebody wearing the same colour uniform would have been absolute anathema to him. Rather like a young officer serving in a battleship commanded by his father, say. And usually this was avoided because it was grossly unfair if it ever occurred. It was unfair not, as you might suppose, in terms of favouritism by the senior towards the junior, but because the senior would go out of his way to make quite clear to all concerned that the junior was not getting any benefit and therefore he would be utterly beastly to his own son. I think there was a strong element, and an understandable one, of that.

On a second point, I don't know whether you want to talk about the Falklands, but I would like to take up John Nott on his – perhaps correct – fairly forthright statement. Do you want that now or later?

## TILL

I think we will leave it to later, because then we will be talking about consequences and implications.

**JOHNSTON**

Can I just make one point to back up Henry Leach. Terry Lewin once said to me he had two tasks as Chief of Defence Staff. One was to get the Chiefs of Staff unified together; he said once you get a break, with one against the other, you will be in trouble because the politicians will then pick us off individually. Those were his words. Secondly, he was very, very firm that his task was *not* to fight the Navy's case. He said, 'I have an admirable First Sea Lord, who is the darkest of darkest of dark blue, who can make his own case for himself and for the Navy'. And he really did feel passionately that it was the First Sea Lord's task to fight for the Navy, as you did, and his task would be negated if he were seen, as CDS, to be fighting a Navy cause instead of fighting a defence cause. And he felt very strongly about that.

**TILL**

I would like to ask one last question at this stage of the game on this early stage of the process. We are still talking about February 1981, roughly: a Greenwich meeting at which many of the people along this table were present. Can I take it that all the issues we have discussed were discussed at that time? Was that the nature of that meeting?

**NOTT**

I don't think it was a very important meeting. It was laid on by Terry Lewin in his generous way, to have a relaxed meeting with the new Secretary of State. We discussed strategy of course, but I don't think it was a very important meeting. It was a nice 'hello' from the Chiefs of Staff.

**COOPER**

It was a bit premature in a way, I think. They hadn't got to know each other very much.

**BEETHAM**

I thought it was a useful meeting. As John Nott just said, for a new Secretary of State, it was nice and informal. We were just able to express views and the Secretary of State, it seemed to me, could get some background as to what his Chiefs felt. I thought it was very useful from that point of view. It wasn't a meeting where we were going to settle a defence review or make any decisions at all. It was just a background briefing.

**TILL**

Exploratory at most, okay. We move on to the Bermudagram and we have talked about that. And then the focus, as I understand it, became increasingly the centre, on the basis that the three Service Chiefs individually couldn't make the decision, so it had to be made by the centre. In a sense the arguments then seemed to be reinforced by technological perceptions. I wonder if I could invite Professor Mason to make some comments about this: that the Navy was vulnerable, not only because of the strategic importance of the inner German border and NATO and the German commitment and all of that, but also because, for a variety of technological

reasons, its surface ships looked particularly old-fashioned and vulnerable. Could I ask you to comment on the discussions about that?

**MASON**

John Nott his meeting with Admiral Train. I went to SACLANT, some nine months before that, and talked about the single shipping versus convoy scenarios. Harry Train was in the chair and, frankly, I was surprised that my advocacy for single sailings was shared by Harry [Train]. Harry [Train] was at one time a professional operational analyst.

Development of Chobham armour.

One of the problems in an equipment programme was the shifting scene. We were looking at requirements that had been put down five or seven years earlier, As the programmes were working through, there was a growing mismatch between the intelligence reports that were coming through and the requirements that had been put forward earlier. The question of, for example, the maritime air defence, the stand-off missile, was a particular one; there were the issues of the tank and its protection;\* there was the issue of anti-submarine warfare (ASW), where we knew the Soviets had a major programme in noise reduction. We were making striking improvements, in sensors and weapons, but were finding it increasingly difficult to counter the 'threat'. There was tension between changes in capabilities, which were not reflected in the earlier requirements. I found myself in the situation where I had to challenge some of the requirements. Maurice Johnston and I would talk openly about this, as I had done with his predecessor and, particularly with the Americans launching new initiatives such as precision-guided munitions, there was a clear need to look again at the platform-weapons balance. That was a matter for debate, which spilled over into discussions of the equipment programmes.

**TILL**

And spill over in a way which effectively weakened the Navy's case for a large destroyer and frigate force, is that what you are saying?

**MASON**

There were arguments obviously about the vulnerability of the surface ship, just as there were on low-flying aircraft, and perhaps on tanks. But the trouble was, it was extremely difficult to hold up a platform development to adjust to a new threat, particularly as the Chiefs of Staff were always arguing on the primacy of getting the platform into the procurement process, and the weapons fit came almost as an afterthought. This thought appears in Cmnd 8288. New weapons were taking a back place in terms of procurement pattern and in terms of capabilities. The platform vs. weapons argument continues!

**LEACH**

I think we had a fundamental disagreement on this, in that there was a view (and I think that Ronald Mason subscribed to it) that, in terms of fighting the future war against the Soviets, the Navy's virtually only role was to seal the Greenland-Iceland-UK gap. And,

that that was best done by a combination of nuclear-powered submarines and maritime patrol aircraft. I would suggest that anybody who had actually been in this business and done it, including in war, will be absolutely seized with the idea that you need, in order to achieve any degree of success, and even then it will be very far from complete, to pitch in every facility in that role – anti-submarine – that you can contrive. The advantage of odd surface ships, which again was debated at about this time, lay partly in their flexibility and partly in their deterrent effect, in that they could be seen or detected readily, and they could, whereas submarines could only to a very much reduced extent. I suppose maritime patrol aircraft lay somewhere between the two. Nobody has, ever yet predicted the course of the next war correctly and I think it was somewhat ambitious to assume that that was a sole naval role for a future war, or indeed against the Soviets. And we didn't subscribe to it. But of course it opened the way and, coupled with the adoption of our Continental strategy, it made it very much easier to obtain savings against the maritime strategy. And that is what was done.

## MASON

Lord Strathcona and Mount Royal, Conservative politician, Minister of State for Defence during this time.

We haven't talked about it, but there is the major politico-industrial element to all development and equipment procurement arguments on what was then MCV 80 (now the Warrior vehicle) and, in retrospect, I was wrong. I had, at the time, a preference for the American solution. Lord Bramall and I discussed it. I wanted the missile capability anti-armour capability of the American solution. I discussed our Committee's submissions with Lord Strathcona\* reproducing the general views of the Chiefs of Staff (COS) and said that my personal view was different. The Minister said, 'Well that's very interesting CSA [Chief Scientific Adviser]; actually I am concerned with 3,000 jobs in Wolverhampton'. That was the end of the discussion. I am sorry to harp a little on maritime air defence, but the Americans were already beginning to deploy the Aegis maritime air defence system in 1980 and 1981 and that was a truly comprehensive capability at that time – far in advance of systems such as Sea Dart and Sea Wolf.\* Sea Dart, a £1 billion improvement programme for the Type 42, was a very small incremental improvement in air defence and contributed nothing to defence against stand off missiles. Many equipment programmes are adjusted so as to fit in with national industrial capabilities – Chevaline\* was an outstanding example.

Ship based air defence missiles.

Chevaline – improvement programme to the Polaris warhead to counter the Soviet anti-ballistic missile defences based around Moscow.

## TILL

And you are effectively arguing that the defence of the defence industries was playing too big a part in the results?

## MASON

I would suggest to you and to my colleagues, that one very rarely got a disinterested discussion in the Ministry of Defence about what the alternative was. That was too hot a potato politically, to enter arguments such as let's go Aegis for us rather than the CWP.

**JOHNSTON**

That's not quite right. I think there was a terrific argument, and there *were* lots of deployed arguments, as to how one should go in a technical sense. It was when it came either to the Treasury or to the political end, and you are absolutely right about the industrial base, that that was then changed. To say that there was no argument about the future systems I think is wrong.

**SPEED**

Professor Mason is absolutely right. He didn't rely upon an electorate to get him to his job. Most ministers, not Lord Strathcona, but certainly John Nott, myself and others, did. This actually was a major factor in the decision. It started in the United States and came down to the UK. I am quite sure he spoke to congressmen from Seattle, who conveyed why in all circumstances you should go buy Boeings.

**NOTT**

Eurofighter Typhoon multi-role combat fighter a joint development project involving Britain, Germany, Italy and Spain

An American alternative fighter aircraft developed by McDonnell Douglas.

Became known as the Experimental Aircraft Programme (EAP).

Can I give one example of I think the worst decision that I have ever made in the Ministry of Defence, and this will give Michael Beetham an opportunity for exploding. The worst decision I ever made in the Ministry of Defence was to agree to the predecessor of the European Fighter Aircraft.\* I had closed down Chatham, which I thought was going to lose three or four Conservative seats (I am now talking politics) and I was very concerned because the aerospace industries had no work. They had run out of work, and the RAF were determined, understandably, as I would be if I were in the RAF, to have their new fighter. I said, advised by the Central Staffs, by everybody, that really we should be seriously looking at buying American. We probably should have gone for the F-18.\* Of course we should have done. But in the end I knew that, unless I made a decision about this thing, a lot of Conservative seats in the Northeast were going to be jeopardised, because Warton of British Aerospace was not going to be sustained – Warton being the big aerospace factory. So I agreed, as a compromise, and as I say this was the worst decision I ever made, to the building of the Demonstrator aircraft. I agreed with the RAF to build two Demonstrator aircraft.\* By the time I left politics Michael Heseltine came in and this became his big thing: the European fighter. Frankly, it was a terrible decision by me and it was taken entirely on political grounds. We would have been much better to have bought the F-18, or the F-16 or whatever it was. Now I know the RAF wouldn't agree with me, but I felt it was the worst decision I ever made.

**TILL**

Do you want to respond to that invitation to explode?

**BEETHAM**

Yes, I think I might respond. I would say it was one of his better decisions!

**COOPER**

This is where we become victim of all our own policies. We keep going around saying we shouldn't waste money and reinventing the

wheel in advanced technological form. We should go in for Demonstrator programmes. I didn't think it was a bad decision actually, but the problem then is that, if you build it, somebody else comes along and says we will make it.

**BEETHAM**

Well, Eurofighter will be coming into service shortly and I think it is going to be the most tremendous success. It will give the Air Force the air superiority fighter that we have lacked, properly, for years. It is desperately needed. If we had bought the F-18 that would have been fine in the short term. It would have filled a gap. But long before now we would have been looking to replace it. And at the moment we are not looking to replace the Eurofighter. I think many people are surprised, considering it is a co-operative project, how successful it is. It has had long delays. We are talking about 1981, that is twenty years ago, and we haven't quite got it into service yet. But all the indications are that it is going to be a great success and that it will give the Air Force, not only our own but those of the other collaborative nations, a fighter that is going to be extremely successful. And incidentally, coming to the industrial ground, it should also sell in the export market. There is a lot of interest in it from other nations who are not in any way involved in it. So I believe it was one of your better decisions. You were just trying to provoke me, I know!

**TILL**

I think at this point we will move on from discussing progress to a review of implementation, consequences and a look back at Cmnd 8288 and its consequences generally. So, the decisions have been made and have been announced. Can I ask Admiral Woodward, who was at the time Flag Officer First Flotilla, what was the reaction of the Navy outside the main building to Cmnd 8288?

**WOODWARD**

Trident – nuclear powered ballistic missile submarines equipped with Trident D-5 missiles.

Pretty negative. Totally negative. We felt that Cmnd 8288 was no more than a financial stitch-up to transfer the cash earmarked for a properly balanced, long term, conventional military investment to cover an electoral promise to provide a strategic weapon system to replace Polaris with Trident.\* In detail, the decisions made emasculated the conventional war capability of the Royal Navy and our national commitment to the NATO alliance in favour of a national strategic weapons system. We were against it. We thought it was a short-sighted, politico-financial imperative, driving long-term military strategy in completely the wrong direction and, as such, not to be lived with. Subsequent events proved us completely correct.

**TILL**

Not to be lived with you say?

**WOODWARD**

Well, it couldn't be a mutiny but it was not something we could possibly approve of. We strongly disagreed with this political mis-

French defensive system built between the two world wars on the Franco-German border. In 1940 the Germans successfully invaded the low countries and thus outflanked the Maginot Line.

## TILL

Jeremy Paxman, broadcaster. He is principally known for his rigorous interviewing technique.

Henry Leach, *Endure no Makeshifts: Some naval recollections* (London, Leo Cooper, 1993).

## LEACH

In 1966 the then Labour Government decided not to replace the existing fleet of fixed-wing aircraft carriers as part of a defence review. *Statement on the Defence Estimates, 1966, Cmnd.2901* (London: HMSO, 1966).

Admiral of the Fleet Sir David Luce (1906-71), sailor. Chief of Naval Staff and First Sea Lord, 1963-6.

direction of military affairs, seeing the concentration of our conventional forces on the Central Front as a latter-day re-invention of the Maginot Line.\*

This is the one occasion when I am toying with the idea of being Jeremy Paxman.\* In your memoirs,\* Admiral Leach, you discussed the issue of resignation. Would you mind telling us why you decided not to resign?

Yes, easily. I never contemplated it. In my judgement, as a Service officer you resign on a point of honour, if you resign at all. By which I mean, if you are caught with your fingers in the till, or in the vestry with a choirboy, then you resign. You had to go to court of course. I was telephoned one weekend by one of my predecessors, who I prefer to be nameless, who asked if he could come and see me, and he did. And I had hardly taken him into my study when he said, 'I have discussed this with so-and-so [another of my predecessors] and we are quite certain that the thing to do is for you to resign and put it on the line'. This was not exactly what I had expected and I thought for a moment, before reacting to it, and then told him what I have just told you. Entirely different, if John Nott will forgive me saying so, in the case of politicians, who do it for other reasons. But as far as a senior Service officer was concerned, a point of honour was not at stake.

I felt that, even though I had disagreed fairly consistently with what my Defence Secretary had been up to, nevertheless we knew each other and, dare I boast it, to some extent I felt I had the measure of him, at least to the extent of understanding his views and where he was resolutely determined to go, and therefore what was worth fighting for or was not. So I undertook to think about it further, of course, to give a semblance of an open mind, but that was my off-the-cuff reaction and I didn't think that resignation was a valid option. I reminded him that, back at the time of the carrier debacle,\* when the then First Sea Lord David Luce\* had resigned, he had resigned on his own and had insisted that none of the Board members followed, although I am sure they would have volunteered to do so, resigned in support of him. And it made no impact whatsoever. It was a one-inch column in a few of the dailies. By the time it came to my turn, on this occasion, even if I had taken the entire Admiralty Board with me, and they would willingly have done it, I don't think it would have had any impact at all and would have achieved nothing. So I thought about it, but not for very much longer, after I got rid of this chap and then rang up his consultant, who took a rather different line and said, 'Oh well Henry [Leach], it is entirely up to you, you must do as you think best'. I said, 'Right. This is what I think is best, I am not going'.



I did actually go one step further and a matter of weeks later, before that twice-yearly event, the meeting of the Admiralty Board and Commanders-in-Chief to select promotions to the flag list. When we had done all our routine business, I handed over the chairmanship of the meeting to the Second Sea Lord of the day. I told him what I have just told you about being got at by two of my predecessors, didn't express my view and said, 'Now you take charge of the meeting and I will be back when you have resolved your views, to hear your opinion'. And I left. I strolled on down the corridor, thinking that this would be a three-minute wonder. Twenty minutes later, by which time I was feeling a bit cold, I went back into the room and I am glad to say they unanimously wanted me to stay. And the question never came up again. I think that the whole business of resigning as a senior Service officer has got to the point now that it is futile for any matter of policy.

**TILL**

Did you have the sense that defence reviews come and go and there is always a tomorrow? There is always a possibility of what subsequently became known I believe as a claw-back campaign, that this was the next move, that you would try not exactly to reverse the results of the decision, but to ameliorate?

**LEACH**

Not really. It was too set in concrete to have produced any material effect. A classic case in point, and I don't want to go into the details of it, but I had fought very hard indeed to save the first of the three new carriers, HMS *Invincible*, which was due under Cmnd 8288 to be sold at a bargain basement offer to the Australians. I had argued the case with John Nott repetitively. I had chased him halfway over the country in order to complete the arguments. He was very receptive, but the answer was no. I had even gone so far as to offer to pay for that ship, running as I recall at £175 million, by other means, because she was unique. She had just completed her first year of operational service, much of it with the Striking Fleet Atlantic, where her embarked Sea Harriers had performed really quite astonishingly well *vis-à-vis* the American F-4s, the Phantoms. She was one of three, and that would, if completed, enable us to maintain two as often as not operational at sea, whereas if you were cut down to two it would only be one, and that was it. But I lost that fight and I knew I had lost it. And, in fact, had it not been for the Falklands War, we shouldn't have her today. I think that is fair, John [Nott]?

**NOTT**

Yes, absolutely fair. You fought very, very vigorously, followed me all down to Cornwall in a fog and then I lost my way with a Wren on the way back to where you had followed me, and seeing you off to the railway station at St Austell, and all the rest of it, I remember it well. I greatly admire your persistence. Of course, if I was Defence Secretary today, I wouldn't have hesitated about having three carriers. Of course I believe in carriers in what is now a low-

intensity type environment. At the time, I have to say, I was very much influenced by the Central Staff and Maurice Johnston wrote in fact an agreed paper on ASW, which I tried to find in the MoD the other day, but it had been scrapped by somebody. An agreed paper, it went through the Chiefs of Staff Committee, which ranked the various assets and ASW assets in order of capability. I remember the memorandum extremely well. It is one of the only agreed memoranda I ever had from the Chiefs of Staff. Of course, I knew that we were going to be part of the US battle fleet, with all the defence that they provide for the carriers in the event of a war, but I don't know if Lieutenant-General Johnston would like to say something about it, because that memorandum did greatly influence me in the decision that I came to.

## JOHNSTON

I was rather proud, as a cavalry general, to have written a paper on maritime matters. I think your finger was put on it there and then, in that this paper and discussions of the Nott Review were written in the areas we have gone through – the Russian threat domination. In those days, the amount of money and resources that the Americans tied up in safeguarding the passage from the States over to the Norwegian Sea of one aircraft carrier or two aircraft carriers was simply prodigious. In terms of return for money and the other attributes of the ASW world, it came lower in the priorities than the other forms of support. I think, with hindsight, written now, that paper would be totally different; we haven't got the Russian nuclear threat against this country in the same way as we did from their submarines at that time. For the low-intensity operations around the world, for which in peacetime an aircraft carrier offshore is a wonderful deterrent, it is not as vulnerable as it was then in that scenario. It was a fun paper to write.

I went incidentally, and this is a total digression, to see what the Americans were doing and I went to see Harry Train in the famous Harry Train's office. I had discovered from my Military Assistant (MA), a lovely man called Peter Abbott,\* that Harry Train had said to his MA, 'Typical of the bloody Brits to send a cavalry general to talk about anti-submarine warfare. Give the bugger two minutes of my time'. I walked into this huge great office and there was Harry Train, and he got up and said, 'Gee, General Johnston, lovely to see you, what was the weather like?' And, 'What was the flight like?' I said, 'I have not come to discuss that', and I asked three highly technical questions, and an hour-and-three-quarters later I walked out of his office. And that is the height of my military career!

Peter Abbott, sailor. Commanding Officer HMS *Ambuscade* 1976-83 (now Admiral of the Fleet Sir Peter Abbott, GBE, Vice Chief of the Defence Staff since 1997).

## TILL

I have two questions I would like to ask before we hand over to the audience. I am not sure who I should direct the first one at, but what was the reaction of our allies to Cmnd 8288?

## NOTT

Michael Quinlan came with me to Washington. Washington was completely dominated by the US Navy: from the President down,

Washington was the US Navy. You wouldn't have thought when going to Washington that the army and the marines and the air force existed. So I knew that we were going to have great trouble with Weinberger, who I think was an ex-naval man, wasn't he?

**LEACH**

I think he was, he was very pro-navy, anyway.

**NOTT**

*Dr Strangelove or How I Stopped Worrying and Learnt to Love the Bomb*, a 1962 film directed by Stanley Kubrick.

I knew the Pentagon was US Navy-dominated and so I went over there and I made the meeting as short as possible, because I had made up my mind, well the Cabinet had made up its mind, that this was what we were going to do. You know, I had had to put this to my colleagues. Then I went and saw, who was the Supreme Allied Commander Europe (SACEUR) at the time, General Rogers? Anyhow, he came in an enormous command aircraft and sat in an enormous *Strangelove*-type\* chair in his command aircraft, which was the size of the Boeing 747. We sat opposite one another and I told him what was going to happen, and within three minutes he said, 'Oh well that's alright then. It is not affecting the Central Front. You get on and do what you want'. So that was the reaction. Terry Lewin, to be fair to him, I think disliked very much what was happening and I understand that, and he was determined that we would go into NATO consultation. But by the time that this thing had become public, and it was all over the newspapers, I knew that I could never get the thing completed unless I did it before the summer recess. So there was no way we could go into NATO consultation, because we would still be trying to decide now what we were going to do. I think that was Terry [Lewin]'s way of trying to slow it down and get it done differently, but we couldn't agree to that. We had come to a Cabinet decision and we had to get it through and tell our allies what we were going to do.

**QUINLAN**

Joseph Luns, Dutch diplomat and politician. Foreign Minister, 1952-71 and NATO Secretary-General, 1971-84.

Eric da Rin. NATO Deputy Secretary-General, 1981-85.

You did go over, as I remember, to Brussels to see Jo Luns\* and Eric da Rin.\*

**NOTT**

I saw Jo Luns. He was a naval man.

**QUINLAN**

Yes, exactly. A former yeoman of signals, he used to say.

**NOTT**

Jo Luns was a naval man, and I had several calls from Jim Callaghan, who I think was first and foremost a chief petty officer and secondly Prime Minister. He couldn't have been more charming, but Jim [Callaghan] certainly lobbied me strongly.

**LEACH**

I put him up to it!

- NOTT** May I just give you one statistic, if you can take it in. It is absolutely fascinating, I wouldn't bore you with it otherwise. Excluding inflation (I got hold of this out of Henry Leach's memoirs), in 1982 prices, in 1950-51, taking out all ships that were in reserve or in refit, we had seven carriers, one battleship, 14 cruisers, 99 destroyers and frigates and other escorts and twenty-four submarines. We still had a very big Navy in 1950-51, and it was costing us per annum £2.5 billion – this is taking inflation out of it. In 1982 the Royal Navy, a tiny part of that huge Navy, was costing us £4 billion. So the Royal Navy, in spite of its size, was costing us actually 60 per cent more in real terms in 1982 than it was in 1950-51. And that explains the problems of sophisticated weapons.
- WOODWARD** I can't let that pass. You are talking about hull numbers. Hull numbers are relatively insignificant, it is the hull capability.
- NOTT** That is the point I am making. The carriers and the battleships and the cruisers, I am making the point that they were then infinitely less sophisticated.
- WOODWARD** Oh right, then I agree with you.
- NOTT** It is understandable why we all feel that we haven't got the right size of Royal Navy, but it is just the huge cost of modern ships and modern tanks and modern aircraft.
- LEACH** Can I come in on that, not in dissent in any way, but simply to say that unless we had attempted – and we didn't achieve it – to keep up with the hunt technologically, there wouldn't have been the slightest point in having a Navy at all.
- NOTT** Of course.
- LEACH** And sheer hull numbers, without the ability to fight the designated likely threat and to win, to be better than the other fellow, unless we had that we were not in business.
- NOTT** You are right.
- LEACH** Throughout history, and certainly throughout the whole of my lifetime, the Navy has notoriously under-armed, under-equipped, its ships. But as the years passed, the nature of that equipment did indeed become increasingly sophisticated and as such increasingly expensive. And you are back to money again.
- NOTT** That's all I am saying, that it was £2.5 billion in 1950-51 and £4 billion in 1982. I am making your point, that this is the problem. We

have to keep up with the threat, and keeping up with the threat is horrendously expensive. That is the only point I am making.

## TILL

I would like to end on a rather parochial question, that hasn't got to do with the conduct of the review itself, but our function here is to educate, train, people who are going to be your successors, the ones who are going to have to grapple with the same sort of issues as you did. In the light of your experience of this review, what do you think the main lessons are and how successful was it? What do you think your successors should take away from your experience?

## NOTT

It was done in the light of circumstances at the time. I don't know that I would want to draw any lessons. Somebody else in different times would come along and do something entirely different. As I said, if I were Defence Secretary today I would certainly have three carriers, there is no doubt about it. And, if I had the money, I would build new ones too, of course I would.

## LEACH

Since time immemorial really, the defence world, all three Services and the centre, have been torn by the dichotomy of quality versus quantity. And somewhere, as the years have passed, in the middle somewhere and to an increasing extent, have been *people*, who are not cheap. But, because they are not cheap, that in turn has led to considerations of further automation and dispensing with the need for people, so far as it is practicable to do so. I think all I would say for our successors' benefit is, I have personally always been a quality rather than a quantity man. But of course there is a limit to it, because you can have one supercarrier, but, if it is your only hull, it can only be in one place at one time and that may be the bottom of a dry-dock. So you have got to have a certain element of numbers to temper that philosophy. I believe this will always be the case, but I think that the lesson to be learned (and we haven't actually touched on the Falklands) is that there were some events that occurred in the course of the Falklands War where frankly we were caught short. And the reason we were caught short was because we had equipped our fleet to combat the Soviets and we could not afford to generalise and have the capability to provide a successful antidote right across the board. Hence for example, in the case of Exocet missiles,\* which we had and the French had and they supplied them to the Argentines, but the Russians did not have, and we had no real defence against them, not adequately. Why? Because for other reasons it slipped through the net at the time. Airborne early warning (AEW), organic to the Navy, had disappeared with the Gannets,\* transferred to the RAF. And things like that.

Exocet anti-ship missiles.

Fairey Gannets – shipborne airborne early warning aircraft.

I think the other thing that any major defence review such as this would teach is that, whatever you decide to do, for God's sake hold on *flexibility* to the extent that you can afford to, and don't get narrowly bogged down in a specific direction which you may live to regret.

**BRAMALL**

I think the main lesson is that defence is an infinitely complicated business. You can only deal with defence as you have it at the time. It is not *always* just about defending the realm. It is also about political attitudes and whether the government wants to be seen to be strong in this particular area or that particular area. There are a whole lot of other factors. So it is a very complicated business. But I would just like to leave you with one thought, and that is to speak up in favour of the Chiefs of Staff system. It is so easy in a discussion like this to say, 'Well, what is the use of the Chiefs of Staff? All they do is fight their corners', and so on. I actually believe that they are an absolutely invaluable body. When there is a crisis, I think four (or it is five now) heads are better than one in dealing with the crisis. And remember that, when people talk about, 'Why can't you just get the best defence solution?' what is it that you mean exactly? It cannot just be the defence solution you need in economic terms or 'spin' terms or any other terms, you have got to have a solution that works in practice: works in the field. There are no better people frequently to check over that – to say whether it will work in the nitty gritty battlefield – than the people who are the head of their own Service. Of course they have their faults. They are *not* very good at actually coming up with a solution when the money is short, which it very often is. That is why you need a strong Chief of Defence Staff, with his own staff, who can actually initiate policies and put them down to the Chiefs of Staff and say, 'Now what is wrong with that?' rather than waiting for things to come up through the engine room. A strong Chief of Defence Staff, a strong Defence Staff, who work with the Defence Secretary and the scientific people, is invaluable. But the Chiefs of Staff collectively have, as a body, really to look over those plans and see whether they will work in practice. They worked brilliantly in the Second World War and they worked very well in the Falklands conflict, and I think they should be done away with at people's peril. I am quite certain that there are quite a lot of people in Whitehall who would like to be rid of them and say, if you want Army advice, you go to Headquarters Command or Strike or whatever it is. This would be a terrible retrograde step in my opinion.

**BEETHAM**

*Frontline First: The Defence Costs Study* (London: MOD, 1994).

'Options for Change' see 'Statement on the Defence Estimates, 1991', Cm.1559 (London: HMSO, 1991).

*The Strategic Defence Review*, Cm.3999 (London: The Stationery Office, 1998).

Can I fully endorse what Lord Bramall has just said. I think it is absolutely essential and in our best interests to have a strong Chiefs of Staff set-up, as we had at that time. You know, the Nott Review was not the last review. *Frontline First*,\* *Options for Change*,\* the *Strategic Defence Review*,\* all of them were looking at the situation and making cuts. John Nott said that if he was there today he would go for three carriers. Now I am not saying we don't need three carriers, I am quite sure they would be extremely useful in the circumstances that he outlined. But you would have a defence budget that you would have to look at and say, 'Alright, let's have three carriers, but what are we going to give up instead? And I think that is the sort of dilemma you have. There are so many important

programmes in so many areas of the Army and the Navy and the Air Force, and you have to come down to priorities and say what are we going to do? Where are we going to put our efforts? I think we can all point to many other cases of programmes that are absolutely vital to the defence of the country. A question of priorities, always.

**TILL**

I would now like to throw it open – Admiral Hill.

**RICHARD HILL**

Can I make three points, three lessons. The first is at the strategic level. Sir Henry Leach has pointed out that, when you tie yourself to a single scenario, a single threat, however weakly, then you are making yourself vulnerable, almost certainly, in other areas. Britain, during the 1970s, particularly, had but one defence policy, which was to make a contribution to NATO. It was an exclusive strategy, and it didn't really treat Britain as an independent nation state at all, but as a tributary. Now that one came home to roost later on. And of course now we have something completely different, and defence reviews are conducted in national and not Alliance terms. That is the grand strategic role.

Then to what we may call the NATO scenario level: the UK adopted a short-war scenario. How could one, and this is really a question for everybody, envisage a short war ending satisfactorily for NATO? It seemed to me always that it was planning to lose. I don't think people ought to plan to lose. It was worst-casing in a very bad way, because it predicated absolutely no warning time and no build-up. Such a period – surely the more likely contingency – would have been the time when you wanted to run your reinforcement convoys.

I move on to the third question, which is the only dark blue point I have got really, and that is that the reliance on a combination of maritime patrol aircraft and submarines to combat the Soviet submarine threat to reinforcement shipping was untried in war and it rested, with the utmost respect to the scientific establishment, on some very dubious assumptions. A scientist who was in the field at the time told me that the effectiveness of the BARRA sonobuoy was overestimated by, he said, a factor of a hundred. Even if you say it was ten, then that makes the whole situation – you are relying on maritime patrol aircraft with sonobuoys for success – very, very different. The wisest thing I ever heard said about anti-submarine warfare was by a wise old engineer called Sir Will Hawthorne,\* who in 1973 or 1974 said, 'In anti-submarine warfare you need all systems to operate, then you may just have a chance'.

The lesson for the future? Test your assumptions.

**QUINLAN**

All that is fine. The trouble in all this is that running a defence programme amid resource constraints is about making hard choices. And even to say, 'Yes. Let's have flexibility', risks saying, 'Let's have a little bit of everything and not enough of one or two crucial

Sir William Hawthorne, academic.  
Master of Churchill College, Cambridge, 1968-83.

things'. There is no escape from it: a country like ours cannot afford enough of everything for every scenario you can think of. You are inevitably in the business of risk taking. You can argue that, with hindsight, we took the wrong risk, and the Falklands happened. But there is no way you escape that possibility.

**ERIC GROVE**

Two questions. One, when was it precisely in the review process that the priorities were finally decided upon? And who decided on them? Was this Mr Nott persuading the Chiefs of Staff to take some hard decisions about priorities three and four? One and two had been more or less accepted I think: nuclear first, defence of the homeland second. And then the big argument, as you said, was about three and four. How precisely was that prioritisation come to and at what stage? And secondly, a general point which we do need to address, how far do you think is it true to say that the Falklands War actually did reverse the Nott Review? I think there is quite a good argument that a lot of the Nott Review continued in government policy in the 1980s.

**NOTT**

I am only going to answer the first question. I think probably round about the beginning of April I was beginning to feel that we had to go the Continental route. When did the Bermudagram go out?

**QUINLAN**

I think it was mid-March?

**NOTT**

I don't know, perhaps towards the end of April really. It steadily built up, based upon the advice I was receiving and the politics of the situation.

**TILL**

That is a very interesting point. My impression, from simply reading what people say about it, was that it was earlier than that.

**QUINLAN**

The Bermudagram was already taking a view, I think, John [Nott]?

**NOTT**

Maybe. Yes.

**LEACH**

I think there has been a lot of loose talk about the extent to which the Falklands War turned the review upside down. It did no such thing, but there were significant changes that resulted from it. The most obvious one was the case of *Invincible* herself. Had the Falklands War occurred, certainly eighteen months later, probably even a year later, we couldn't have undertaken the operation. I say that fairly dogmatically, because by then *Invincible* would have been sold to the Australians and [HMS] *Hermes* would have been sold to the Indians. So that was pretty fortuitous.

**NOTT**

Henry [Leach], forgive me, but I refused to sign the contract with



the Australians, even after the Falklands, when various people came along to me and said, 'Don't change your mind on this'. I said, 'Whatever the strategy, whatever we have to do, the Navy has done a fantastic job and it is just politically impossible for *Invincible* to go to Australia'. I had never signed the contract to Australia. I was looking for every excuse for her not to go, and honestly, we would have had *Invincible* and *Illustrious*, would we not?

**LEACH** No, we wouldn't have had *Illustrious* yet.

**NOTT** Then was it [HMS] *Ark Royal*?

**LEACH** No, *Ark Royal* was the last of the line. I don't think we are at odds on this.

**NOTT** But anyhow, we were never going to go down to one carrier.

**LEACH** You would have done, had it not been for the Falklands, in terms of conducting a Falklands-type operation. We couldn't have done it. You made a remark earlier on: you thought that the Prime Minister was ill-advised (although you used a different phrase I think) in undertaking the Falklands War at all. I would counter that by saying that, if it had not been undertaken, and if it had not been undertaken with complete success, and I so spoke (and you were present that fateful Wednesday evening when I did say it), then in a few months' time we would have been living in a different country whose word would have counted for little. And I still hold to that view.

**NOTT** You are right. I didn't say ill-advised, I said I don't think any other Prime Minister but Margaret Thatcher would have taken the decision. It's an entirely different point. I don't think any other Prime Minister would have had the courage to have taken the decision to embark on the Falklands.

**LEACH** I would put it a different way and simply say maybe we couldn't afford to do it, because it was too high-risk. But we certainly couldn't afford not to do it.

**BRAMALL** I only have one point to John Nott. That may be true, about no other Prime Minister although possibly Jim Callaghan, but Margaret Thatcher's judgement would have been at fault if she hadn't done it.

**NOTT** Yes.

**LEACH** Can I continue with the Falklands, and I won't go very far. Suffice it to say that the variety of, in particular, destroyers and frigates that

were deployed over the period, which was quite short, two or three months, of the Falklands War was extreme. It wasn't a case of being able to select the most appropriate. Initially it was the time factor. And indeed the time factor permeated throughout the whole operation, because of the onset of the Antarctic winter. The initial despatch of the taskforce was of everything we could get together at no notice and get down there fast. There was a hypothetical, conceivable, possibility that it would have acted as a deterrent and the war would not have occurred. I was asked that by the Prime Minister, as you will remember, 'Will it have a deterrent effect? To which my reply was, 'Something less than 1 per cent'. Because it was a three weeks' passage down and anyway I don't think the Argentines believed that we would undertake it. And transcending all, from their viewpoint, was the absolute need not to delay the two to three months before the next negotiations, when I personally believe that we would have handed over *de facto* sovereignty, but they hadn't got the time. The mob was howling at the gate because of the 'dirty war' and the only generally acceptable panacea to the Argentines was the Malvinas.\*

Malvinas is the name the Argentinians call the Falklands Islands.

Now there were other things, like planned improvements – and like most other planned things, modifications, that went for a ball of chalk during the 1981 defence review – and improvements to our anti-aircraft equipment, which had notable shortcomings, which were restored after the Falklands War because it was seen that really this had to be done if the ships of the fleet were to be viable in a hostile environment. I could go on. Airborne early warning was a classic. When the fixed-wing carriers were phased out in the middle 1960s and when the last *Ark Royal* went,\* so did the organic, the only organic to the Navy, airborne early warning capability. That went in the form of the Gannets, transferred to the Royal Air Force. And so there was no AEW in the course of the Falklands War until right at the end, by which time a rather *ad hoc* development, underslung from the Sea King helicopter, was just beginning to become available. I can't precisely recall whether it was in time for any action, I don't think it was. Those are just examples.

*Ark Royal* 1978 – The previous *Ark Royal* was a full fixed wing carrier, her successor (like *Invincible*) had no catapult nor arrestor gear and could only operate VSTOL (such as Sea Harriers) and helicopters.

## TILL

Thank you very much. I think this has been a fascinating afternoon. I would like to thank the Commandant for his encouragement to hold this session here and for all the help that he and his staff have provided, especially Major Rick Kitchen, Squadron Leader Nicola Hartley and Mr Wisener, the College warrant officer. I would like to thank Dr Michael Kandiah, the Director of the ICBH Witness Seminar Programme, for all their support and guidance, our own Dr Kate Morris and other colleagues from the DSD for a great deal of donkey work behind the scenes, and we owe them all a tremendous debt of gratitude. And of course I would like to thank you, the audience, for coming and for being so interested. It made all this worthwhile. But most of all of course I would like to thank our witnesses for their candour and for making this afternoon so very special.