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PRIME MINISTER

Nuclear Meeting: 28th October, 9.45 am

Given the number of papers already relevant to this meeting I thought it might be helpful to circulate an annotated agenda with a view to focussing attention on the main points requiring decisions.

1. Chevaline

(a) The following minutes will be relevant to this item:

From the Secretary of State for Defence (and his Private Secretary) dated 21st July, 19th September, 29th September and 26th October.

From the Chancellor of the Exchequer's Private Secretary dated 26th July.

From the Foreign and Commonwealth Secretary (and his Private Secretary) dated 26th July, 23rd September and 18th October.

From the Prime Minister dated 3rd August.

From the Secretary of the Cabinet dated 24th October, covering JIC(77)(N) 44.

(b) Under this item Ministers may wish to consider the following points:

(i) The last Ministers meeting to discuss Chevaline was held on 29th July, 1976. It was then agreed that the project should continue; that funding for a further two years should be approved; and that the Secretary of State for Defence should report progress after one year.

(ii) The change in the situation since that meeting has been the escalation in costs. The estimated cost of the total programme has increased from £594 million (1975 prices) to £810 million (1976 prices), the forecast real increase being £107 million.

(iii) Over half the costs have already been spent or committed. The proposed expenditure in 1978-79 represents 1.75 per cent of the defence budget. Cancellation of the programme now would result in a total saving of £350 million (1976 prices).

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(iv) A decision to cancel Chevaline altogether would quickly become public knowledge, and its significance understood. The first question is whether Ministers confirm in principle the 1976 decision that the project should continue.

(v) If they conclude that it should, is there any means, short of complete cancellation, whereby the remaining costs could be reduced? Must all intermediate options be ruled out?

64-100
(vi) The Russians have shown no signs of increasing their ABMs round Moscow beyond the 64 they had in 1972, although they are entitled to 100. The penetration capability of Chevaline is based on the latter figure. Do we need this level of assurance? If not, would this enable any reduction to be made in expenditure?

Reason
(vii) Ministers have previously accepted the view that ability to hit Moscow is a necessary criterion for deterrence. This will be assured by Chevaline. Abandonment of this criterion for the Chevaline programme would be likely to leak out. Do Ministers wish a new study of the criteria for deterrence to be put in hand?

2. Military Nuclear Issues

The Secretary of the Cabinet's minute of 25th October and enclosed paper are relevant. The conclusions which Ministers are invited to consider are in paragraph 7 of the paper.

3. Enhanced Radiation Warheads

The Secretary of State for Defence's paper enclosed with Mr. Facer's letter of 18th October is relevant. In paragraph 10 the Secretary of State for Defence invites his colleagues to agree:


- (a) that we should be ready to tell the United States that we support a decision to produce ERWs and deploy them suitably in Europe;
- (b) that the reasons for our position should be carefully explained to domestic opinion.

You have sought further information in your Private Secretary's letter of 24th October.

*See Defence
September 1977*

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I am sending copies of this minute to the Chancellor of the Exchequer,
the Foreign and Commonwealth Secretary and the Secretary of State for Defence.



(John Hunt)

25th October, 1977