THE RAF IN POSTWAR YEARS

DEFENCE POLICY AND THE ROYAL AIR FORCE 1964–1970

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Ministry of Defence

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FOREWORD

Defence policies, defence requirements and defence capabilities can never be absolutes. Nation states, or for that matter an Alliance, need from time to time to review and reassess defence aims and objectives. Such need can arise from defeat in battle or be enforced by severe economic constraints.

From 1964 to 1970, a period of two Labour Governments, Britain suffered a series of debilitating economic crises, including a major devaluation of sterling. Significant reviews of Defence expenditure took place in 1965, thrice in 1966 and once in July 1967. Finally, the most fundamental of this series of reviews came in December 1967 and January 1968, when the irrevocable decisions were taken to leave East of Suez and cancel the F111 which, only a few years earlier, had been chosen as the successor to the cancelled TSR2.

Against this background any study of Defence policy must inevitably detail a story of marked complexity. There was continuous questioning of major equipment programmes; there were major arguments and major disagreements about future Defence Capabilities; and there was hesitancy and uncertainty about political aims and higher Defence policy. Increasingly, the issue of the balance in Defence between Europe and elsewhere – and the role that Britain should play internationally – took a prominent part in arguments.

All this makes for a seminal period in British defence history. It is a fascinating and well told story. I commend it warmly.

SIR FRANK COOPER

INTRODUCTION

This Air Historical Branch monograph studies, for the period 1964-1970, what is sometimes called 'high policy' – that is the inter-relation of defence and foreign policy, and the link with economic policy.

With the arrival of a Labour Government in 1964 Ministers set in hand a review of the major new equipment projects of the Royal Air Force. The Air Force Department then had three big projects in hand, a deep-strike aircraft, a tactical transport aircraft and a ground attack fighter, all of them – it was assumed – to be built by the British aircraft industry. This assumption was not based on any analysis of alternatives; rather it had always been standard practice and was then virtually taken for granted. It was inevitable that costs would be a major consideration, though this is not a factor which could be treated in isolation. Whereas financial appropriations for defence have always been made annually, longer-term projects such as these required that assumptions had to be made about the state of the economy well into the future. The competing needs of other government departments would also be a factor in the equation, but for this exercise these too had to be extrapolated into the future. This complex and long-term interaction of resources and requirements, both for defence policy and for the nation as a whole, forms the subject of this monograph.

The Defence Review of 1964-66 was a fundamental one. Any such review must start by looking at foreign policy commitments and then assess the nature and extent of military means which could be required to support them. Here though the foreign policy commitments were themselves called into question – particularly the continuation of a British presence east of Suez – and military assumptions about the best ways of upholding these commitments were challenged.

Then too, the military means needed to meet any contingency will be a subject of argument and cannot be objective. They will also be bedevilled by inter-Service rivalries. Thus whereas military judgments will be an essential ingredient of the policy review process they are likely to be in conflict, which is bound to bring them under scrutiny, and – in the circumstances – scrutiny by people who are independent of the Services. The military are not comfortable about being catechised by laymen, so this will introduce yet another dimension and beneath the surface partisan considerations will compete with national ones. Reporting in mid-1965, the Templer Committee was explicit on this: "The carrier versus island-bases debate spilt over into our committee, self-preservation and single-Service views dominated the evidence given, and we found it almost impossible to get agreement even on matters of fact. The present state of feeling between the two Services at the Whitehall level is deplorable".*

Defence and air policy in the period was reviewed within the then newly created unified defence structure which is not surveyed here and with which the reader is assumed to be familiar. Names and titles are used in various ways, without honorifics. Since this is a study based on the official record no attempt is made to relate it to that which can be constructed from the open literature, where a number of penetrating studies have been made.

The author has taken considerable trouble with references in the hope that they will be helpful to later research. It should be noted that the interchange at the senior level in the department was quite widely circulated, and can be followed from various archives. The source quoted here is where the document was found; it does not follow that it cannot be found elsewhere or that the "original" itself had necessarily been examined. The references given in this text to files and folders are the ones under which they are currently listed.

Records of meetings and discussions are usually recorded in indirect speech, and that convention has been retained.

The author has exercised discretion in using material at one time highly classified and personally confidential. It is worth placing on record that he was given freedom to consult any records which he required. The co-operation of those responsible for their custody has been much appreciated. He is also greatly in the debt of a group of colleagues handling word-processing equipment, who were very patient with repeated requests.

April 1994

Ian Madelin
Air Historical Branch

* Report July 65: COS 36th M/65 13 Jul 65 Sec Standard File: CDS A4/03

CONTENTS

CHAPTER 1

DEFENCE REVIEW 1964/66: FIRST ENQUIRIES CHEQUERS AND WASHINGTON

This narrative opens at the point of the creation of a new Administration, the Labour Government of 1964-66. Some part of the Whitehall briefing of the new Administration is first surveyed and an account is then given of initial discussions on defence policy, held at Chequers in November 1964 and the subsequent discussions with the American Administration on foreign policy and defence issues which took place in Washington in the following month. The incoming government also set itself to review the equipment programmes of the services, and set in train what became the defence review of 1964-66.

Initial Briefing

The incoming Administration of October 1964 had before them a thorough restatement of the current principles of defence and overseas policy, and of the resultant order of battle. An analysis was attempted of the likely nature of military operations in the period 1968/80, that is, a look at the strategic map of the 1970s.

The Defence Planning Staff in September 1964 had set out to review events since the Chiefs of Staff had accepted the detailed presentation of British defence policy stated in early 1962, to look forward to the shape of political developments likely in the period under review, and to comment on probable technical and military changes. Their central conclusions were examined and endorsed by the Chiefs of Staff and formed part of the background material prepared for an initial review of defence policy which took place at Chequers a little over a month after the Government had been formed.

The Defence Planning Staff unsurprisingly confirmed the central features of British defence policy at the time. Provided that the nuclear deterrent capability of the West was preserved and the forces of NATO not unduly weakened, there was little likelihood of war in Europe. The possibility of limited war, probably in conjunction with allies, especially the United States, remained. What it was then fashionable to call "brush-fire" wars would require both lightly armed and mobile forces, and there was a requirement for an adequate reserve in the British base both of trained personnel and equipment. A total review of British political and defence commitments could follow only from a restatement at Ministerial level of detailed assumptions.[1]

It requires today a conscious effort of will to recall the defence deployment outside Europe that existed in October 1964. What has come to be known as the "long retreat" was at most in mid-stage. The armed forces numbered about 425,000 of which almost 135,000 were in the RAF, the British Army, including the Gurkhas, was about 190,000 strong, and the Royal Navy almost 100,000. The order of battle in the Middle East and the Far East, the subject matter of much of the defence review of 1964/66, represented the overseas stationing of almost 70,000 service personnel. Stated in operational terms, and taking the Middle East first, there were in Aden five major army units, six RAF squadrons and an RM Commando, in Bahrein a parachute battalion, and in the Gulf an RAF fighter and a transport squadron. A range of naval vessels, including three escorts and minesweepers, operated in the area, linked with the Far East fleet. An additional infantry battalion was about to move out of East Africa to Aden, and another was in Swaziland. In all there were over 17,000 servicemen in the Persian Gulf and Aden. Stated in the same terms, in Singapore and Western Malaysia there were 12 major army units, including an RM Commando and 2 Gurkha battalions, 13 squadrons of RAF aircraft, fighter, bomber, reconnaissance and transport and four squadrons of the RAF Regiment. The fleet in the Far East, some part of it operating also on the

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[1] DP 43/64 24 Sep 64

Middle East station, was of 36 vessels including five aircraft carriers and one Commando vessel. In Eastern Malaysia there were a further seven major units, including an RM Commando and 4 Gurkha battalions, and an RAF helicopter squadron. In Hong Kong, there were 4 infantry battalions, 2 of them Gukha, an artillery regiment and an armoured squadron. There were 52,000 servicemen in the Far East.[2]

Before the beginning of the defence review process, enquiry was initiated into the programme for major incoming equipments, some of which had been the subject of open political controversy in the last months of the previous administration. As Secretary of State, Healey at once asked for a listing of aircraft development and production projects and for an assessment of possible alternatives. As commentary at the time noted, there were "all the signs of a major assault on defence spending" with the interest of the incoming government concentrated on "brush-fire operations and small wars, with the accent on tactical capability". The areas of concern were self-evident. "The TSR2 is the obvious candidate, but protected to a considerable degree by the money already spent or committed". The philosophy of the aircraft programme needed to be quite explicit in the face of the coming challenge. CAS noted privately that it was clear to him that "slashing cuts in expenditure" were being considered. "TSR2 is the most vulnerable, perhaps the P1154 almost as much so. Foreign buys, if politically possible, may be our only salvation". In response to the request from Healey, CAS set out the programme requirements and the financial position on several incoming aircraft, of which those for the TSR2 P1154 and HS681 are here noted, since it was on the intended operational role and the development and production costs of these three aircraft that an early enquiry of the new administration was to turn.[3]

The TSR2 had first flown on 27 September 1964: it was at this time the major incoming aircraft project of the RAF. It was a strike and recce aircraft. On its development £98m had been expended and at least a further £60m was committed. The plan was for 20 pre-production aircraft and an initial production order of 30 aircraft. The total proposed buy was 158; the total programme cost was £725m, of which £270m was development and £455m production. The forecast unit cost was £2.8m per aircraft, but £5.3m for each of the first six pre-production aircraft. The forecast in-service date was 1967/68, with the delivery of the six pre-production aircraft in the period December 1966 to May 1967. The possible alternatives to the TSR2 were the American TFX, later to be known as the F111, and the Buccaneer 2, already in service with the Navy. The TFX had an inferior navigation/attack system and slightly inferior low level radar. Its unit price was possibly in the region of £1.5m. The Buccaner 2 had inferior range and weapon load and inferior navigational capacity. It had been the collective view of the Chiefs of Staff, who had reviewed the matter at the request of the previous administration, that the central task of deep strike for which the TSR2 was designed, would be seriously prejudiced if it were to be undertaken solely by the Buccaneer 2.

The P1154 was a supersonic replacement for the Hunter, which would also bring into the RAF frontline the new feature of V/STOL, with formidable advantage to the air support of the land battle. An evaluation unit equipped with the development aircraft, the P1127, had already been formed. An initial development programme for the P1154 costing £13.5m had been authorised. The proposed buy was 182 aircraft; the total costs of the programme forecast at about £380m, of which the balance of the development programme would account for £150/170m and production a further £214m. The unit cost of the aircraft was forecast at £1m: given that the P1154 was to introduce V/STOL, there was no fully comparable alternative. The Mirage III/V with an estimated unit cost of about £3m was not yet firmly in the programme of the French Air Force, and the Phantom, which

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[2] Brief B2 19 Oct 64: ID3/1/95 Pt 1.

[3] SofS - CAS 19 Oct 64: AUS/AS – CAS 21 Oct 64 and CAS notes on this: CAS – SofS 23 Oct 64: ID3/94/41 Pt 1.

had been selected for the Fleet Air Arm, could not operate away from runways and prepared dispersal fields, and so had limited ability to adapt to the air support role.

For the HS 681, a Medium Range Transport aircraft, about £3m had been committed; the development being currently on a holding contract. The total proposed buy was 62; the total programme cost £214/224m of which the R and D cost was £60/70m and the production cost £154m. Alternatives had been considered and rejected; a British built version of the Lockheed C130 had been seen as not meeting the operational requirement and as having little development potential; an alternative design from BAC had been turned down "for technical reasons and with a view to achieving better loading on the aircraft industry".

There were no foreign orders for any of the three aircraft at this stage, and there could therefore be no confidence that the formidable development costs would be spread over more than the basic British military requirement.

In responding to a request for further information on the three aircraft, an Air Staff working group reported more fully on 11 November. The information given was not all of certain quality, that "based on brochure figures" being highly suspect. Further, exchange ratios between aircraft were complex. The report stressed that RAF future weapon systems had been specified for general purpose use; there were none exclusively designed for fighting in Europe. Their operational role was to generate the rapid introduction into a potential war zone of mobile forces, generally, but not always, by invitation. Their demonstrable ability to fight at a higher level of sophistication than the presumed enemy was in itself a deterrent; the Indonesian air force was being 'held' by deterrence of this type. On the TSR2, the report set out the stringent operational requirements against which the aircraft had been designed. It was intended to fly deep into hostile airspace with a blind terrain following capability, to achieve accurate weapon delivery, with a variable weapon load and minimum airfield requirement. As potential alternatives the group had examined the TFX, the Phantom, the Buccaneer 2 and the P1154. The Buccaneer 2 had only half the radius of action of the TSR2, and the P1154 had never been designed for the deep penetration role and had no blind strike capability.[4]

The first enquiries of the new Secretary of State had concentrated, as was to be expected, on the major equipment programmes and these were to lead in a shortened timescale, to significant decisions. But a wider review of defence options was envisaged, and this marked the opening of the defence review. Preliminary work had been undertaken in a series of studies by the Defence and Overseas Policy (Official) Committee, incorporating the views of the Chiefs of Staff.

The Ministry of Defence contributed a statement of the expenditure levels forecast by LTC 64, which had been completed earlier in the year. Proposed defence expenditure, as forecast to the Treasury, was to be £2,160m in 1965/66, £2,390m in 1969/70, and £2,740m in 1974/75. This sequence kept defence budgetary growth to 3% a year. The major assumptions that led to this assessment were the SACEUR concept of land operations and the SACLANT concept of Atlantic operations, and both of these could be seriously questioned. A further major area of assumption, which led into threat assessment, was the extent of acquisition of sophisticated weaponry from the Soviet bloc by third world countries such as Egypt and Indonesia. The presumption that British industry must be the source of supply of major weapons systems for the British forces was also of significance.

The Treasury, and the newly created Department of Economic Affairs, commented on the projected size of the defence budget. The two Departments pointed out that British economic interests in the Far East were not of a size or nature to enter significantly into defence policy decisions, and in the

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[4] APG/5 11 Nov 64: DCAS 5081/64 11 Nov 64: PUS – SofS HH 791 12 Nov 64: ID3/94/41 Pt 1.

Middle East it was possible to contend that military effort did not markedly safeguard oil interests. The cost per man of defence forces was rising rapidly, this was mainly due to the growing technical complexity of equipment. Manning and equipping the forces required about 1.5 million out of a total labour force of 24 million, and the scale of defence effort in money and manpower was higher than that of NATO European allies. Defence also pressed heavily on advanced industry and the national resource of skilled manpower; about 40% of all R and D was military. The aim should be a defence budget of £2,000m both in 1969/70 and in 1974/75, in each case at 1964 prices. This represented a reduction in the defence share of GNP to 6% by the first date and to 5% by the second.[5]

At the meeting of the Chiefs of Staff on 10 November, PUS stated that a major review of defence expenditure appeared to be inescapable. He set out, and secured the endorsement of the Chiefs of Staff for, a range of major questions which had to be put. These were:

a. was Britain to maintain a nuclear capability and to continue nuclear weapons research

b. was it to be assumed that Britain would carry through into force structures its own view, as distinct from those of SACEUR and SACLANT, of the type and duration of operations in Europe and the Atlantic

c. were forces outside Europe to be confined to those required for UN peace- keeping and other types of near police activity

d. was provision of a contribution to the Multi Lateral Force (MLF) of such a low priority that no expenditure on it should be assumed.

e. was the size of British armed forces to be assumed to continue at about 400,000

f. was the principle of purchase in the cheapest market accepted, even at consequence to the aircraft industry.

It seemed probable that only either a major reduction in commitments or a change of policy in arms procurement would generate significant changes in defence expenditure. An analysis of £22,500m of the defence budget for the next ten years that could be related to major programmes showed £7,600m for support functions, £3,000m for R and D, and some £9,000m for the major equipment programmes, related development, capital, and operating costs included. A selective listing of the main elements in the equipment programme included BAOR £1,545m, the carrier force, including aircraft, £1,405m, the RAF strike/recce force 1,375m of which TSR 2 accounted for £1,150m, air mobility £1,160m, of which the HS 681 accounted for £290m, and the nuclear deterrent £1,005m. Ministers, the paper from the Chiefs of Staff suggested, should invite the MOD to examine its future programme either with the objective of holding defence expenditure at the level of 7% of GNP, as had been the case for some years, or with the intention of reducing it in 1969/70 to the equivalent of £2,000m at 1964 prices.[6]

The Chequers Meeting

In preparation for a Chequers meeting to be devoted to defence issues, the two economic departments contended that defence was requiring about £300m annually in direct overseas expenditure, and was making a heavy call on skilled manpower. A halt was needed in the growth of the defence budget, in order to free resources for economically productive purposes, to reduce the direct burden of government expenditure on the balance of payments, and to contribute to easing the

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[5] OPD(0) (64) 9 and 11 6 Nov 64 Cab 134.

[6] COS 67th M/64 10 Nov 64: OPD(O)(64) 12 16 Nov 64 MO 21/11 later Misc 17/13 18 Nov 64 Cab 130. The MLF was a suggested deployment of a nuclear detterent in mixed-manned vessels, crewed by NATO member nations. It was a project urged at one stage by the American Administration, but opposed by the British Chiefs of Staff.

pressure of public expenditure on the economy. It was unreasonable for Britain to be bearing a heavier defence load than its economic competitors, especially France and the Federal Republic of Germany. It should be an objective to procure defence equipment from the most economic source. A larger defence effort than one requiring £2,000m in 1969/70 would lead to "economic weakness which would frustrate external policy".[7]

The Ministerial meeting had available also a report from an inter-departmental study group which had been instructed to assume that within a decade Britain would be deprived of bases in Singapore and in Aden and also to examine the extent to which Britain was committed to forces at the present level in the Middle East and the Far East. Withdrawal, the group suggested, could follow from political embarrassment in a base, either because the effort to maintain it had become disproportional, or because the economic strain of so doing had become unacceptable.

Considering Singapore first, it noted that economic interests were not a significant element in the calculation of the case for continued British military presence. If Britain withdrew, the United States would be the only outside power exercising protection in South East Asia. A replacement base for Singapore would be excessively expensive and, if built by Britain alone, would take at least six years to create. On Aden, the group noted that British presence could be held to contribute to the security of the flow of oil; there was "an uneasy equilibrium" in the Persian Gulf. Withdrawal would require political preparation, and would lessen the prospects of preventing an Iraqi conquest of Kuwait. Turning to Europe, major change in Soviet policy was not seen as likely. Changes in NATO strategy might emerge, but only from prolonged allied discussion. The British defence effort in Europe was seen as political rather than military in purpose.

Overall, therefore, Britain retained world commitments which

> "play their part, among many factors intangible as well as tangible, which for a variety of reasons enable us to exercise greater power and influence throughout the world than our real military and economic strength actually justify. Conversely their abandonment would produce a disproportionate effect upon our influence. This is primarily because of the role which they enable us to play in an effective global partnership with the United States, and through the North Atlantic Treaty, with the major countries of Western Europe".

The political climate for maintaining British military presence was probable more favourable in Singapore than in Aden. Against this, alternative facilities to Singapore would be markedly less certain and more expensive. If a choice had to be made, assuming withdrawal from a single theatre, that withdrawal must be from the Far East. The withdrawal must be planned in secret since the worst results would follow if it were known that alternative facilities were being planned.[8]

In an important set of "draft notes for a Chequers Paper" the issues are stated even more starkly, and endorsed by Healey. Any reduction of defence expenditure could come only from a change in the extent or level of political commitments. Present defence forces were overstretched in manpower and the budget overstrained by heavy equipment costs. "The real question is whether we can meet our current commitments without some form of compulsory service". Extensive and prompt reduction in defence expenditure could come only from the equipment budget, and then only if there was acceptance of the principle of purchase in the cheapest market, despite foreign exchange consequences and the potential effect on the British aircraft industry. Britain was attempting too much in the three-fold task of maintaining a strategic deterrent, forces in NATO Europe and overseas. "If we renounce the overseas use of our atomic power and put the use of our atomic power in the NATO area under the control of our allies, we have the right to demand that the

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[7] Misc 17/1 13 Nov 64 Cab 130.

[8] Misc 17/2 18 Nov 64 Cab 130.

Europeans agree that Britain should give priority in her conventional forces to her overseas responsbilities and that America agrees to give us the type of backing in our overseas commitments to replace the deterrent against escalation represented by our nuclear forces at present".[9]

After an initial presentation of the main elements of British military deployment by the Chiefs of Staff, the Prime Minister, Harold Wilson, opened the Chequers discussion on 21 November by suggesting the sequential agenda, regional commitments, functional economies and preparation for the proposed Washington visit. In general discussion, it was pointed out that purchasing in the cheapest market for defence equipment could produce real savings in defence expenditure, though with major consequences for the aircraft industry and adverse effect on the balance of payments. There was some prospect of economy by lessening the insistence on sophistication in weapons systems, although this could have an effect on military options and consequent political situations. Within NATO Europe there would be an adverse effect on the morale of British forces if their equipment was evidently inferior to that of other allies. The scale of the British contribution to NATO forces in Europe, it was noted, was not determined by military factors alone.

The military danger was greater in other theatres and it should be an objective to stress, especially to the American Administration, the importance to the Western allianance generally of the commitments which the British alone were bearing overseas It was also important to seek an enhanced contribution or participation from the Australian Government. Care had to be taken in any reduction of the British contribution to NATO since a possible consequence was a lessened influence with the American Administration. The nuclear strike role in both CENTO and SEATO required fresh examination.

Despite recent discouraging experiences, an attempt should be made to secure from the American Administration an extended commitment to cooperative programmes of development and production of advanced weapons systems. In disarmament negotiations there should be a renewed initiative to secure agreement to the principle of non-dissemination of nuclear knowledge and weapons.

In a further session, Healey stressed the degree to which forecast defence expenditure was preempted by major equipment programmes, and Jenkins gave the meeting an assessment of the possible savings and the penalties of a decision to turn to the US alternatives, the TFX or F111, the Phantom and the C130, for the British aircraft the TSR2, the P1154, and the HS 681. For the first two, there was stated to be some prospect of British production, at total higher cost but with benefit to the British aircraft industry. The Buccaneer was seen as not an acceptable alternative to either the TSR2 or the P1154. In a final session, the central aims of the British team in the Washington talks were rehearsed; they were to stress the measure of strain on resources that flowed from the British three-fold defence task, borne by no other NATO European ally, to seek confirmation of the American Administration view of British defence priorities, and to attempt to secure cooperative development and production.[10]

In a summary of the outcome of the Chequers weekend, Healey told his Ministerial colleagues within the Department that "Ministers had agreed that priority should be given to our overseas role, and that the Prime Minister and his colleagues should seek American agreement in Washington to this allocation of priorities". On specific weapons systems, "the new carrier had not be discussed, on the TSR2 there had been a feeling that the British project might be dropped if the TFX proved to be substantially cheaper – the operational requirement for an aircraft of the [TFX/TSR2] type in an extra-European role had also been questioned. Some doubt had been expressed whether the P1154 would be ready in time to meet the requirement for a Hunter replacement – should this be so, and should the costs escalate severely, it was possible that the RAF might have to accept the Phantom.

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[9] Draft notes unsigned 18 Nov 64 MD21/11. MD.

[10] Mis c 17/1st-4th M 21/22 Nov 64 Cab 130.

The HS 681 seemed at this stage the most likely of the current major aircraft projects to be confirmed. Ministers had agreed to aim for major weapon decisions in time for the 1965 White Paper, but contemplated long-term studies on the cost-effectiveness of the British military role in the three main theatres. Major concessions should be sought in negotiations with the Americans, some forward movement towards arms control, some reduction of British forces in Europe, and a re-examination of the commitment carried by Britain outside Europe in the interest of all the members of the alliance".[11]

The Washington Discussions

A first draft of the proposed briefing for the Washington talks set out a possible listing of the principal objectives of the discussions. They were

a. to secure a reduction of the British contribution to NATO

b. to seek recognition of the burden of British commitment in the Middle and Far East and agreement to the provision of logistics and other support

c. to explore the possibility of effective cooperation with the United States in defence procurement and joint research and development and

d. to seek new initiatives designed to contribute to the relaxation of East-West tension.

A suggested sequence in which the British case could be deployed in Washington would be to urge "the need to relate our defence expenditure to our available resources" to state a clear intention to retain national control of nuclear forces (unless alternative acceptable arrangements were possible) to reaffirm British opposition to the Multi-Lateral Force (MLF) and finally to develop the proposals for the Atlantic Nuclear Force (ANF).[12]

The form of detailed official briefing for the Washington visit of Wilson, Healey, Mountbatten and Zuckerman followed from the Chequers discussions.

> "our principal object in the Washington talks is to convince the Americans defence is taking too big a share of our real resources, in terms of foreign exchange, scarce types of manpower, and load on the most advanced industries. We shall have therefore to shed some of the load. Unless we can obtain United States assistance this will have to be done by the abandonment of some of our present responsibilities which is bound to affect the American position".

There followed suggestions which, if the Americans were prepared to take them further, could be the subject of more detailed study. They included, cooperation in research development and production of defence equipment, a joint approach to NATO to secure a revision of the SACEUR operational concepts and some reduction in the size of forces in Europe, joint initiatives with the USSR "leading to an overall reduction of military forces on both sides of the Iron Curtain" and cooperation outside Europe in regional arrangements.

Specifically on the prospects for joint research development and production, Zuckerman Chief Scientific Adviser (CSA) had commented on this paper in draft

> "I am absolutely convinced that a death-wish, shared by both officials and industry has resulted in our losing out in the field of co-operative RandD and production. Our defence industry goes on believing that it can beat the Americans at a game at which they have shown themselves

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[11] PS/SofS note 25 Nov 64 MO 21/11.

[12] OPD(O)(64) 22 25 Nov 64. The Atlantic Nuclear Force (ANF) was a scheme to place British V bombers and later Polaris submarines, some United States Polaris submarines, a possible French contribution, and some mixed manned missile-bearing vessels under a unified command, which was to be subject to an American veto.

> infinitely more successful than we are. Our officials back up the industries they are concerned to protect. If we are going to go on in the belief that we have little reason to expect more success than we have enjoyed in the past . . . we are going to lose again. I have been sufficiently close to the Americans to know that they appreciate this factor".

It was notable also that the paper was circulated with the comment that "while the brief includes the reasons put forward by the Treasury for reducing defence expenditure, the Ministry of Defence should not on this account be regarded as necessarily accepting them as valid".[13]

A detailed statement of the implications of the consideration of the purchase of American aircraft was also prepared. The first requirement was for exploratory talks in United States, for it was only there that the detailed information was available on operational characteristics and delivery timings, on the question of contribution to the development costs and the practicability of building under license in Britain. (A proposal to build the Phantom under license in Canada was also being considered at this time).

The note reviewed the four aircraft sequentially, including the proposed maritime reconnaissance replacement. The American F11A, at that time generally known as the TFX, appeared likely to meet the British operational requirement in all significant respects, although there was some evidence of difficulties about its aerodynamics, weight growth and rising cost. On the size of buy then projected for the TSR2, and assuming a unit cost for the TFX of £2.0m, cancellation of the TSR2 and substitution of the TFX could save about £230m. To replace the P1154 by the Phantom, again on the scale of provision currently planned and on an assumed unit price of £0.9m each, could save between £180m and £215m. Replacement of the proposed transport aircraft the HS681 by the C130, the later Hercules, assuming the purchase of 84 aircraft and a unit cost of £1.3m would save about £130m. Finally to utilise the Orion as the Shackleton replacement could cost less than a development based on the Comet (the "maritime Comet" which later became the Nimrod). Briefing advice concluded "a cardinal aim of any discussions" should be to ensure that a development levy was not charged. Building aircraft under license in Britain, if proposed, would require careful planning in conjunction with the Pentagon and American industry.[14]

The meetings in Washington were primarily concerned with the proposed Atlantic Nuclear Force (ANF), but at the second meeting with Rusk and McNamara on 7th December, Healey reported on the Chequers weekend. The meetings had been held against a background of severe economic pressure; in the defence field it was evident that substantial reductions in expenditure were possible only by a drastic review of the equipment programme. This would also serve to reduce the loading of defence on the technological industrial base.

> "In the context of a judgement of priorities between the three main roles which we undertook, the nuclear deterrent, our presence on the continent of Europe in support of NATO, and our worldwide deployment outside the NATO area, the general view of the Cabinet had been that we should give the highest priority to the third of these . . . [This emphasis followed from] our moral obligations as senior member of the Commonwealth, our treaty obligations to our partners in SEATO and CENTO, the positive contribution which we almost alone could make between Suez and Singapore to the preservation of stability in many parts of the world, and our judgement that the danger of a major war in Europe was very small".

Healey contended that in the past the British system had lacked the capacity "for the formulation of scenarios against which to judge proposals for weapons" which had, to too great an extent, been stated "with an eye on major war in Europe". He hoped to discuss the possibilities of coordinated

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[13] OPD(O)(64)22R 30 Nov 64 Cab 134: CSA – PUS SZ 833/64 27 Nov 64 CSA 305/02.

[14] AUS(AS) 7628 24 Nov 64, later Annex A to OPD(O)(64)22 Revised 30 Nov 64: ID3/24 /15 Pt 1.

development and procurement of weapons systems between Britain and American. Britain "could not afford **not** to buy the best weapons that were available most cheaply and most quickly".

Rusk and McNamara both commented. Rusk urged the British Government "to give full weight to the role of Britain as a world power beyond the NATO area"; this was important to America as well as to herself". McNamara commented that substantial review of the British defence structure could only be by "hard decisions in respect of equipment". He appeared to advocate a defence equipment review rather than a political commitment review. He lamented, perhaps rather disingenously, that it had not been possible to coordinate development "in respect to the requirement which the TSR2, in his opinion an expensive and nearly worthless project, was designed to fill".[15]

There was further discussion of the option of an American aircraft purchase between Healey and McNamara on the journey to a joint visit to Strategic Air Command Headquarters at Omaha. Healey outlined the financial position on each of the projects, and asked about pricing and delivery arrangements. McNamara forecast the unit cost of the TFX at $5.5m. Healey noted that the assumptions underlying the presumed numerical requirements would need further study; the outcome might be limited to 80 TFX and 300 Phantoms for the RN and RAF combined. He explained the need for fuller information on prices and prospective delivery. McNamara expressed willingness to agree to contingent propositions based on the assumption that British decisions would be taken by given dates, that is he recognised the inter-relation of the defence review process and the timing of the confirmation of numerical aircraft requirements.[16]

The course had been set for a radical enquiry into defence expenditure, concentrating in the first place on major incoming equipments because of the scale of their contribution to total costs. The intention was to review the complex of commitments and capabilities to see whether it was possible to secure a level of defence expenditure of £2,000m in 1969/70 at 1964 prices "consistently with continuing discharge of such external commitments as we may retain and the maintenance of forces which will be effective to this end". The review, to be completed by June 1965, was to examine alternative strategic disposition of forces and alternative equipping of forces with less costly weapon systems. The study of incoming aircraft was to be attempted in a more restricted timescale: advice was required to be available to Ministers by the end of January 1965.[17]

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[15] PM V(W)(64) 2nd Mtng 7 Dec 64 ID3/24/15 Pt 2.

[16] DH/McN disc 9 Dec 64 ID3/24/15 Pt 2.

[17] OPD(O)(64)27 27 Nov 64: OPA(O)(64)9thM 1 Dec 64: OPD(O)(64)29 28 Dec 64 Cab.

CHAPTER 2

DEFENCE REVIEW: THE INITIAL AIRCRAFT DECISIONS

By the last days of 1964 the report of the Air Force Department team which had visited Washington to assess the three American alternative aircraft was available, to serve as the basis of departmental and subsequent Ministerial consideration.

On the TFX, the team headed by DCAS reported that, although the navigational/attack system had tactical limitations, it was markedly more effective than that proposed for the Buccaneer 2, although less so than that being planned for the TSR2. A development programme that would give to the TFX later in its life an improved system was under examination but no decision would be taken on this by the Pentagon until the later part of 1965. The TFX was flexible in operation and should have an outstanding flying performance. At a projected unit cost of about £2.7m it was clearly less expensive than the TSR2.

On the technical examination of the three alternative aircraft, Healey was advised in late December that on the case for the C130 as against the HS681 and on that for the Phantom set against the P1154, the balance of operational advantage should be clear by mid-January 1965. The critical points were the loading restrictions of the C130 when set against criteria which had been specified in the operational requirement to be met by the HS681, and the consequences of the full runway requirements of the Phantom when set beside the planned V/STOL capacity of the P1154. On the choice between the TSR2 and the TFX

> "the future course of development of the avionics fit, in particular of the navigational/attack system after the first 200 aircraft have been produced, has yet to be decided by the Americans, and will not be decided, at a guess, until late next year . . . it would not be sensible . . . by the end of January or February for that matter, to go beyond a decision in principle to accept the aircraft, leaving for later consideration, in the light of American decisions on future development of the aircraft, what version and what mix of British and American avionics and engine we should adopt".

It would be necessary to obtain firm prices and options not only as part of the process of reaching the decision, but also as negotiating bargains to be achieved, before any decision on cancellation of the TSR2 was announced.[1]

As this technical assessment became available, the renewed political pressure from the economic departments was felt, in relation to the Estimates Year 1965/66. The crisis of confidence in sterling was central, and the consequence was that the defence budget was being seen in the Estimates Year as a source of a cutback of almost £100m. To find this in the timescale involved without major and direct cancellations in the equipment programme was virtually impossible.

In response to the directions given following a meeting of the Prime Minister, First Secretary of State George Brown, in charge of the Department of Economic Affairs, and the Chancellor of the Exchequer on 24 December, PUS held a meeting on 31 December. At this, it was urged that the only possible response to the pressure from Ministers for a dramatic step in the defence field to aid sterling was urgent consideration by the Chiefs of Staff Committee of the military consequences of the cancellation of the TSR2 P1154 and HS681, the disbandment of Civil Defence and the Territorial Army, and the reduction of the Polaris fleet to either four or three vessels. The aircraft projects cancellation alone would yield almost £60m and other tentative savings a possible addition of between £22m and £24m. In discussion in the Chiefs of Staff at which it was noted that "panic changes at short notice for the next year were not only wasteful in themselves but would prejudice the careful work already in hand" it was accepted that there was no prospect of securing savings even of the order of £75m "outside the aircraft projects".

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[1] DCAS - SofS 20 Dec 64; DCSA(P) – SofS 23 Dec 64 CSA 278/02 Pt 1.

The pressure was unrelenting, the Chancellor of the Exchequer hoping that the whole long term expenditure programme, including that for defence, could be considered in Cabinet on 21 January and major decisions taken. On this the Secretary of State, at that point about to study the aircraft programme in conjunction with his Defence Council colleagues, had felt bound to record that he must "wholly reserve his position on the possibility of reaching defence expenditure decisions" in such a time scale. He added that he "saw no reason for, and every disadvantage in, attempting to accelerate" the time-table to which he was working. In this contention he was successful, and the consideration of the fate of the three aircraft continued, still with urgency, in the slightly more deliberate setting in the first place of the Defence and Overseas Policy Committee (DOPC) of the Cabinet.[2]

In the last days of the year an Air Staff paper had set out various mixes of possible aircraft purchase in the strike, reconnaissance and close support roles. The primary requirement was that of the replacement of the Canberra in the strike role by 1968. For this the only alternative to the TSR2 was the TFX which "in every respect other than navigation and attack accuracy" promised to be a more attractive strike aircraft than the TSR2. For long range reconnaissance, an all weather version of the TFX designed to the role would be an alternative to the TSR2 but there were no current plans by the American procurement agencies to produce such an aircraft. The greater part of the combined requirement for the three roles could be met by the Phantom RF4 using in-flight refuelling. There would be a continuing requirement for both Hunters and Canberras well into the 1970s for both the close support and the short range recce task.

The paper then set out, on the assumption that either the TSR2 or the P1154 or both were to be cancelled, a listing of alternative aircraft. On the TFX it stated that "in aerodynamic and airfield performance it compares favourably with the TRS2; there are reservations about its navigation and more particularly its weapons delivery accuracy, but these [factors] do not rule it out as a long range replacement." It also had some capability in the close support role. The principal shortcoming was the lack of a recce version. At light weight it could operate from so called Dakota strips, usually 3600-4500 feet in length and of antiquated low load bearing paving. The Phantom was primarily an air defence fighter, although a specialised RF version was available. It was not an STOL aircraft, requiring 6000 feet of high load bearing runway for normal use. The review noted and dismissed other aircraft, including the Mirage III which it noted was "slightly down in [required] ferry range and does not have in-flight refuelling." The point was also made that "the advanced navigation/ attack and recce system projected for the TSR2 and the P1154 are essential for any aircraft which has to attack accurately and survive against the threats postulated for the 1970s."

The conclusions to be drawn from this survey were:

a. the near irrelevance of the Lightning which even when modified, as it would be by 1968, would then have the characteristics which the Phantom offered at once in 1965,

b. the need to continue development of the sensors and cameras being designed for the TSR2 and the P1154, as they could well be required in any alternative mix of aircraft types,

c. the possible adequacy of the replacement of the P1154 by the Phantom "if airfield performance is discounted."

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[2] VCDS – CDS 31 Dec 64 CDS N87/03 Pt 1: SecCOS – COS 1 Jan 65 COS 1006, 4 Jan 65 COS 1014: COS 1stM/65 5 Jan 65: Bancroft – Mitchell 7 Jan 65 Hockaday – Mitchell 12 Jan 65 MO8 Pt 3.

The deployment that had been planned for the TSR2, modified by the deletion of the aircraft previously planned for RAF(Germany), became that for the proposed purchase of the TFX. It was:

	strike	recce	total
Britain	24	12	36
NEAF	16	8	24
FEAF	8	6	14
		frontline total	74

Taken together with the normal additions for training, repair pool and assumed wastage, this led to a recommended total buy of 110.[3]

By January 5 the first draft of a paper prepared for the Chiefs of Staff Committee, the Defence Council, and eventually the Defence and Overseas Policy Committee of the Cabinet, was available for consideration at a meeting chaired by PUS. It was agreed that the recommendation to the Defence Council meeting should be:

a. the cancellation of the TSR2, HS681 and P1154

b. an order for 10 TFX Mk 1 with an option for a further 100 Mk 2s, 82 C130s and 40 Phantoms

c. continued development expenditure on the P1127 with a total buy of 110 assumed for costing purposes.

d. the selection of the developed Comet as the Shackleton replacement.

There were to be discussions with an American negotiating team due in London in a few days on delivery schedules and fixed price quotations for the three American aircraft.[4]

Although the package just outlined was destined to be endorsed at each of the successive levels of review, there were important cross-currents of opinion in the Air Staff which should be recorded. Starting from the premise that had been accepted by an Equipment Working Group "that it is no longer economic to buy solely from the British aviation industry and that the ideal solution is a proper mix of foreign buy, cooperative research development and production, and entirely domestic ventures" it was suggested that "nothing could be worse than to buy the TFX and the Phantom" as such purchases would be seen by the French, the only European aircraft industry with which it would be possible to coordinate development and production, as a sell-out to the Americans. There was an alternative, to "accept any operational limitations that the Mirage [III] might have" and support the proposed Anglo-French strike/trainer aircraft as the two elements in a cooperative programme. The importance of offering an equal partnership to the French in the strike/trainer project was mentioned in the scheme that went forward to the Cabinet Committee.[5]

At the same time the proposed alteration to the programme for Medium Range Transport aircraft was questioned. The application of the concept of V/STOL capability to "the strategic movement and tactical deployment of a brigade group with supporting RAF units into hostile territory" could perhaps be varied with advantage because of the coming possibility of terminating strategic airlift near to the centre of military activity. It was the projected characteristics of the C5A that would make this possible. The position could be held by a small interim purchase of the C130 until more was known of the future of strategic airlift.[6]

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[3] DOR 1 28 Dec 64 behind ACAS(OR) 29 Dec 64: ACAS(Pol) 10/4 31 Dec 64: ID3/94/41 Pt 2.

[4] PUS-CAS 6 Jan 65: AUS/AS-Newman US Emb 5 Jan 65: ID3/94/14 Pt 2.

[5] ACAS(OR)-AUS/AS 1 Jan 65: ID3/94/14 Pt 2. On the Group report see Chapter 9.

[6] ACAS(P)-CAS 7 Jan 65: ID3/94/14 Pt 2.

The paper sponsored by CAS PUS and CSA for the Defence Council meeting recommended the American purchases that have been outlined. It stressed the importance of Britain being capable, by involvement in the development of advanced aircraft systems of evaluation of potential foreign purchases, and noted the proposal to attempt a cooperative venture with the French government, the strike/trainer later to be known as the Jaguar. It also recommended that Britain should urge on the American administration the coordinated development and production of an advanced recce pod that could be used on both the TFX and the Phantom. A limited order for the TFX should be placed, making possible later changes to the size of the order when the defence review was further advanced. It calculated the saving to the defence budget that would follow from the series of cancellations and purchases, when compared with the existing programme as it has been costed at the time of LTC 64 over a ten year period, as of the order of £600m.[7]

The Defence Council had also before it a paper by the Minister of Aviation (Jenkins) stating the principal consequences to the aircraft industry of the proposed aircraft cancellations. The cancellations would lead to about 27,000 redundancies, including 20% of specialist design staff. By 1970 the decline in the industry would have led to a reduction in the labour force of as much as 10,000. Short and Harland would probably be forced out of the aircraft industry, there would be a serious effect on the prospects of overseas sales for BAC, and nationally there would be a reduced capacity to develop advanced integrated electronic systems. The prospect of eventual combination of V/STOL and supersonic speed would be lost, and in many fields Britain would be almost completely dependent on American industry. The Minister urged that a purchase of 50 TSR2 should be considered, as this would "tide BAC over the Plowden adjustment period." A major committee of enquiry into the aircraft industry chaired by Lord Plowden had recently been instituted.[8]

Ministry of Defence briefing of the Secretary of State before the Defence Council meeting urged acceptance of the American purchase package "subject to consideration of the size of the eventual purchases in the light of the current defence review." Healey was advised to agree to the proposition that there should be an examination of the steps that could be taken to reduce dollar costs, provided that the price differential between production in the British and American industries did not exceed 10%. He was urged also to emphasise that, short of dismantling a large proportion of the regular forces, there was no alternative way of approaching the target for reductions in defence expenditure in 1969/70.[9]

In discussion of the first of the papers at a Defence Council Meeting on 14 January, Healey stated that he was satisfied that the package had major advantages over the current programme. It would save over £600m over ten years on the defence budget while providing a satisfactory mix of aircraft in a much earlier time scale. It provided freedom of manoeuvre on numbers, pending the outcome of the defence review; smaller numbers could be accommodated without the disadvantage of higher unit costs which would arise if British aircraft was purchased in limited numbers. Jenkins as Minister of Aviation noted that the industrial consequences of the proposal made it essential for him to contest the proposed decision on the TSR2. He believed that it would be possible to negotiate fixed or maximum prices for the development and production of the TSR2 which would either give protection against further price escalation or would place the responsibility of cancellation of the project on BAC. CAS stressed the advantage of flexibility, at a known price, of the proposed American order of the TFX. A purchase of 50 TSR2 aircraft would be a most uneconomic proposition; it would make possible the deployment of only 20 aircraft overseas. PUS recalled the disappointing history of the TSR2 project and was doubtful of the possibility of negotiating a fixed

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[7] DC/P(65)1 11 Jan 65.

[8] DC/P(65) Jan 65.

[9] DS 1 bf for DC mtng 14 Jan 65 ID3/94/14 Pt 3.

price contract. The minimum planning number of aircraft of the TSR2/TFX type, although still to be determined by the defence review, must be around 100 aircraft, so that it was unrealistic to draw up estimates on the basic of 50 aircraft only. In summing up the discussion, Healey argued that "there was neither sense or economy in mixing the two types of aircraft" and that worthwhile economies in the defence budget could be achieved only if the TSR2 were cancelled. The meeting noted that the Minister of Aviation reserved his position.[10]

In placing his proposals before his Ministerial colleagues in the DOPC, Healey confirmed that he had reached the view that all three aircraft, the TSR2 the P1154 and the HS681, should be cancelled and that discussions should be opened with the American authorities on purchases of the TFX, the Phantom and the C130. It was probable that the estimated costs of the British aircraft would rise further before they entered service, while the American aircraft being in production or nearer to full production were probably more closely estimated. Discussions with the American authorities should be on the basis that the requirement was for 10 TFX with an option to purchase a further 100, an initial buy for the RAF of 40 Phantoms, with an option for a further 110, and for 24 C130s with an option of a further 34. It should be possible to press on the Administration proposals for counter-purchases of British equipment; possible systems were the HS 125, the developed P1127, the Spey engine and joint production of a reconnaissance pod that could fit both the TFX and the Phantom. Ministers were given a detailed costing showing the comparison of this aircraft programme with that against which the 1964 LTC had been prepared.[11]

The DOPC took both papers on 15th January. Healey accepted that his proposals would bring consequences for the British aircraft industry, but if the decision were taken to continue with the TSR2, it would certainly not be possible to afford its successor, the issue would merely have been "postponed, not solved". The Minister of Aviation spoke next; these proposals, if carried through, would be a severe blow to the British aircraft industry. The worst effects could be averted if the purchase of 50 TSR2s were agreed; the additional cost of this, over a comparable buy of TFX could be calculated, in terms with which the Air Force Department totally disagreed, at as little as £50m. Any costing of the comparative operating costs of the two aircraft must be speculative at this early stage. Jenkins undertook to attempt, in the context of the proposition of an order of 50 TSR2s, to secure guarantees on research and development spend, on delivery dates and specification, and on a fixed cost per aircraft. He believed this could be done in about two weeks. The Chancellor of the Exchequer spoke third; he accepted the arguments advanced by the Secretary of State, and doubted whether the aircraft industry could give the guarantees which the Minister of Aviation was prepared to seek.

Wilson ruled that the issues had not been adequately clarified for the Committee to reach a decision. What was needed was a study of the problems that faced the aircraft industry and of the prospects of enhanced cooperation with the American industry, in research development and production. The prospect of British manufacture of the Phantom should be followed up. A statement of potential savings resulting from the three substitutions should be agreed. The Secretary of State and the Minister of Aviation should hold a Press Conference to explain the complexity of the issues involved and the reasons for delay in taking final decisions.[12]

A week later, the DOPC was given appreciably more information about the proposals and their impact. Healey's position was unchanged: to buy 50 TSR2s was a "proposition which did not bear military or financial examination". It would generate a frontline in Europe of 18 strike and 4 recce aircraft, and in the Far East of 14 strike and 4 recce. Each operational aircraft would represent an

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[10] DC/M(65)1 14 Jan 65.

[11] OPD(65)9, 13 Jan 65 Cab 148.

[12] OPD(65)2ndM 15 Jan 65 Cab 148.

initial capital investment of £13/14m. A mix in purchase of TSR2 and TFX was also unacceptable. To decide at once to opt for the TFX would save £370m over ten years. The prospect of obtaining a fixed price quotation for the TSR2 was not good, in part because the aircraft was at the start of its flying development programme and less than half way through its total development programme. Increasing costs were likely to be incurred to secure a worthwhile aircraft if the decision were taken to stay with the TSR2. The alternative, the selection of the TFX, secured large savings and made possible appreciable deployment of resources away from the military aircraft industry.

A joint statement of the cost comparison between the two aircraft had been prepared by officials, so as to prevent the disagreement between Ministers over calculations which had occurred at the previous meeting of the DOPC. There would be, taking the three aircraft together, a net release of industrial resources over ten years of £1,400m. If a little over 40% of this went either into exports or reduced imports, this would offset the additional overseas expenditure. The nation would get the worst of both worlds if it attempted to give employment to the aircraft industry "with non-economic orders". The repayment arrangements which had been negotiated with the American administration gave a reasonable spread of costs over the nine years 1968-79 and this gave time for fiscal adjustment.[13]

In resumed discussion in the DOPC on 22 January, the Minister of Labour suggested that the prospective level of redundancy that would follow from the cancellations was not insuperable. The President of the Board of Trade, however, considered that dollar expenditure on the scale now envisaged was not justifiable; the harm done to BAC would impact on its civil sales. Wilson reported on an extended Chequers meeting with key figures in the aircraft industry; he had found that they did not seriously challenge either the financial or the economic arguments for the aircraft programme now proposed, although they had contended that the TFX Mark 2 was in its early stages of development and that its unit costs might rise. In a separate discussion with Wilson, Sir Arnold Hall had urged the case for the continuation of the P1127 rather than the P1154. In general discussion in the DOPC, the prospective difficulties of Short and Harland were noted, and it was contended that it would be better if necessary to support the BAC 111 directly rather than by continuing the TSR2. It was noted that the changed programme, for the period to 1977/78, would save £250m taking into account running costs and residual liabilities.

A range of additional projects, some of them still in very early stages, which would bring work to the aircraft industry were noted in a further joint paper available at the same meeting. Some part of the Phantom order could possibly be produced in Britain, and be engined with the RR Spey. It was agreed to resume discussion after Healey and Jenkins had prepared a more detailed statement of the incoming aircraft projects. These would go some way to counter the losses of design and production work that would follow from the selection of the three American aircraft.[14]

For the resumed discussion, Healey set out afresh the comparison between the cost of the aircraft programme which he had inherited and that which he now proposed. After allowing for cancellation charges, he believed that over the ten year costing period, if all three aircraft were cancelled, there was a potential saving of about £700m. He considered that his colleagues should be able to agree the cancellation of the P1154 and the HS681. The numbers of aircraft of the TSR2/TFX type could not be clarified until the defence review had been taken appreciably further, although it was already clear that if no decision was made, it would not be possible to bring defence expenditure in 1969/70 down to £2000m.

Healey was prepared to see a postponement of a final decision.

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[13] OPD(65) 11, 13, 14, 15, 16, 17: 20/21 Jan 65 Cab 148.

[14] OPD(65) 4th M 22 Jan 65 Cab 148.

"my colleagues may feel that the social and economic implications of an immediate decision to cancel the TSR2 have not yet been sufficiently studied, or that BAC ought to be given an opportunity of seeing whether they can quote a fixed price, although personally I would not place much credence in any figure quoted, and I know that the Minister of Aviation feels that an immediate cancellation would embarrass the Plowden Committee . . . I would therefore agree that for the time being we should defer a choice between the TSR2 and the TFX. We should keep both options open, but without placing an initial order for the TFX. When we make the choice we should do so against the background of the requirement that emerges from the defence review, and on the understanding that we should not choose the TSR2 if its costs – initial investment and running costs – are more than 15% greater than those of the TFX. The choice should be made not later than the time at which decisions are taken on the defence review as a whole."

Healey also recommended that a study of the social and industrial consequences of cancellation of the TSR2 should be made available to Ministers by April. A range of other decisions should however be taken; these included cancellation of the P1154 and HS681, limited development of the P1127, the placing of an order for 40 Phantoms with RR Spey engines with an option on a further 110, and for 24 C130s with an option on a further 58.[15]

In discussion in the DOPC on 29th January, it was noted that the American Administration was not yet committed to the TFX Mark II, and that its unit cost might grow. Jenkins as Minister of Aviation now accepted the case for the cancellation of the HS681. An alternative aircraft was to be suggested, as well as development of the Belfast, in place of purchase of the C130. There were arguments against both these propositions; the C130 was a proved and reliable aircraft costing about one-third of the forecast unit cost of the HS681, and there was no military requirement for additional Belfast aircraft, or for its further development. The meeting finally took the decisions to cancel the P1154 and HS681, it approved limited development work on the P1127, orders for Phantoms and C130s as Healey had proposed, and deferred the decision on the TSR2/TFX. It was decided that the cost differential between the TSR2 and the TFX that should guide Ministers later should be 20% and that this figure should be kept confidential, that a draft agreement for purchase of the American aircraft should be worked out and that a Cabinet group should examine the problems of the aircraft industry. The decisions taken should, after reference to Cabinet, be announced on 2nd February.[16]

After the announcement of the cancellation of the P1154 and HS681 Healey set in train an internal Ministry of Defence inquiry into the numerical requirement of the TSR2 or TFX. He asked whether the frontline needed to be that resulting from a purchase of 110 aircraft to be "viable"; the roles for which it was needed to support CENTO had to be undertaken by an aircraft of that degree of sophistication, the tasks east of Suez could be transferred to Phantoms or to Buccaneer 2s, the consequence of restricting the numbers of the aircraft purchased to about 80, and how, if the choice fell on the TFX, the proposed purchase should be divided between the Mark 1 and the Mark 2. This study was to be undertaken by a Joint Service group under the chairmanship of VCAS and was to be available within a fortnight. Healey later agreed to accept a deferment of the reply on the east of Suez role, but insisted, because of the requirement of the Chancellor of the Exchequer to resolve the TSR2 issue before Budget Day on 6 April, that the other parts of the enquiry should be available as an aid to Ministerial discussion in a restricted time-scale. That part of the study relating to east of Suez which was to be deferred, was relevant to a study of the factors "to be taken into account as

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[15] OPD(65)20 28 Jan 65 There are variant drafts of OPD(65)20 behind AUS/AS 162 25 Jan 65 and 184 26 Jan 65 ID3 94/41 Pt 6.

[16] OPD(65) 5thM 29 Jan 65 Cab 148.

regards the possible aircraft mix when we come to tackle right across the board the major question of our future intervention capability."

Meantime a team from both the Ministry of Defence and the Ministry of Aviation had been in the United States evaluating progress on the TFX. Development was proceeding fast and well, the design performance was impressive, the aircraft was superior in range payload and airfield performance to that postulated for the TSR2 "but at the cost of a lower operational cruising speed", the design was somewhat complex mechanically with consequences on reliability and maintainability, the R and D costs were staying within estimate, and detail on the tender costs would be available in a few weeks. It was going to be difficult to secure "a forthright Ministerial intervention . . . to force the US government to take seriously the question of counter-purchases."[17]

In the preparation for a major meeting between Healey and Jenkins on 18th March, the Ministry of Defence explained a scheme of handling the TFX/TSR2 issue that would lead to a decision by Budget Day, set out the organisation required between the MOD and the MoA to oversee the TFX if that should be the choice, and an assessment of the prospects for counter-purchases. On the latter, the Department was unenthusiastic; "we must decide quickly about the TSR2, the Americans know this, and we have nothing to offer that has not been put to them at least once". It was proposed that Minister (RAF) should visit Washington to discuss both the terms of purchase of the TFX and also counter-purchases.

At the meeting, it was noted that a paper on the prospects of redundancy and re-employment and effects on the structure of the aircraft industry related to a possible cancellation of TSR2 had now been prepared, that the Joint Service study on the numerical requirement was available, and that it should be possible to reconcile the calculations of the comparative costs of the TSR2 and the TFX. The TSR2 had failed to meet the 20% criterion which the Prime Minister had suggested at the DOPC of 29 January by some £25m. A "firm figure" for the price of TFX to the US government would be available by the last day of March. Against this, for the TSR2, BAC had not been able to quote a fixed price, and it followed that "the fewer the aircraft required, the weaker the case for keeping the TSR2". It was accepted that although counter-purchases entered into the policy decision, the choice of aircraft should not be dependent on this. The Foreign Secretary, then in Washington, was to see McNamara and press the urgent requirement of firm prices for the TFX. He should be aware that there was "substantial political and industrial pressure operating against a decision to cancel the TSR2." It was vital to be "able to point to firm prospects of offsets for our aircraft purchases inside or outside the defence field". Minister (RAF) was to visit Washington for discussions on 25/26 March both on the terms of possible purchase of TFX and also on counter-purchases.[18]

The report of the Joint Service Group had meanwhile been submitted on 18 March. It opened by stressing that the existing contingency plans, for instance in support of Malaysia, Kuwait, Libya and Jordan, all assumed a favourable air situation, and that tactical strike capability averted the danger of enemy ground reinforcement. "We must expect our potential enemies to be equipped in the 1970s with modern weapons of a standard comparable to our own" including SAM point defence effective down to 500 feet in all weathers. A proportion of the proposed force of TSR2s or TFX would always be stationed in Britain, and the ferry range was of first importance. That of both the main contenders was more than 2500 nm, that for the Buccaneer marginal and that for the Phantom inadequate. A purchase of 110 aircraft generated a frontline of 74 and this could be justified in relation to the contingency plans. If, however, the size of the buy were limited to 80 this would

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[17] SofS – CAS 5, 9 Mar 65: DCAS 16 Mar 65 CSA 278/03.

[18] PS/SofS – MinRAF 16 Mar 65: AUS/RandD – SofS 17 Mar 65: MinRAF - SofS 18 Mar 65: SofS Mtng MofA 18 Mar 65: AUS/AS – SofS 19 Mar 65: SofS – For Sec 22 Mar 65: CSA 278/03: ID3/94/41 Pt 9.

generate a frontline of 53 only; this would be acceptable only if the scale of requirement of the strike role was markedly reduced. It would be possible for the purchase, if the TFX were selected, to be progressive and determined to some extent by the way in which commitments developed.

> "if it is essential . . . to avoid committing ourselves to a buy of 110 aircraft, the easiest and most economical way of doing this would be to opt for the TFX. Such an option would, by gaining time, permit a greater freedom of choice in deciding finally on the deployment of this aircraft . . . If in say three to four years time it became obvious that our commitments were likely to remain in a form requiring this type of aircraft well into the 1970s in both the Near and the Far East, we could then consider what additional aircraft should be purchased".

The Chiefs of Staff endorsed the findings of the Joint Service Study, noting particularly that a Commander in Chief Far East could not, in the circumstances envisaged in the most drastic of the contingency plans, hazard a partial strike against Indonesian airfields and radar stations, nor one in which Britain did not retain the capability to complete this operation alone. The report concluded "the only types of aircraft which meet all our tactical strike/reconnaissance requirements are the TSR2 or TFX. The exact number which we shall need ten years from now is a matter of judgement and depends on the extent of our commitments and responsibilities in overseas theatres. Our studies have necessarily been based on a forward projection of current contingency plans and include no provision for this type of requirement for Europe . . . the number to be discussed contains no margin at all and . . . might well prove dangerously small." [19]

Wilson now called a special Cabinet sub-committee together to consider the issues of the choice between the two aircraft before reference to full DOPC and Cabinet. At its first meeting on 22 March, at which George Brown as First Secretary of State, the Chancellor of the Exchequer and the Minister of State at the Foreign Office were present in addition to Healey and Jenkins, the Minister of Aviation opened by detailing the outcome of the prolonged negotiation with BAC. BAC had proposed a target price of £430m within which they would attempt to develop and produce 110 TSR2s. If the total cost fell below that figure, extra profit would accrue to BAC; above the figure BAC would bear an excess to the total of £9m; thereafter cost excess would be borne by the Government. Against this had to be set the delay in securing a quotable price for the TFX. The development state of the two aircraft could be regarded as comparable. The choice was a difficult one partly because there was uncertainty about the costs of the TFX. On counter-purchases the American Administration would probably not be forthcoming, since they were "probably confident that TSR2 would be cancelled and that we would buy TFX." Bargaining power would be lost once TSR2 was cancelled, and a financial agreement with the Administration should therefore be concluded first.

Healey first stressed that he had considered whether it would be possible to have an effective RAF without either the TSR2 or the TFX. But this would mean "abandoning all our long range air capability both in NATO and CENTO as well as our ability to undertake independent operations against countries with supersonic aircraft such as Iraq or Indonesia". Decisions for instance to forego current roles in the Mediterranean and the Middle East, and to limit operations in the Far East to participation in United Nations peace-keeping operations, could scarcely be taken before the completion of the defence review. The study of the industrial consequences of the cancellation of TSR2 did not suggest that there would be insuperable difficulties about redundancies in the aircraft industry. He remained of the view that retention of the TSR2 in the programme would lead to subsequent increase in the defence budget. In discussion, the key place of defence expenditure in the Economic Plan and the need to be seen to redeploy manufacturing resources were noted. It was

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[19] Report 19 Mar 65: ID3/94/41 Pt 9: COS 14thM/65 22 Mar 65.

suggested that it would be valuable to be able to show the degree to which resources would be redirected in a way that would generate dollar income, in relation to the purchase of TFX.[20]

At a further sub-committee meeting two days later, an Air Staff paper emphasised the need to make a quick decision in favour of the TFX; without this there was no prospect of savings in defence expenditure of the scale now being sought, or of the freeing of labour needed for economic growth. Without an aircraft of the TSR2/TFX type, air superiority could not be achieved in overseas theatres, nor could adequate support be given to ground forces. The numerical requirement had been reduced to that of a frontline of 74. The military merits of the two aircraft were "finely balanced". The forecast in the phasing of expenditure was to the advantage of the TFX, and the dollar expenditure would not be called for until markedly later in the ten-year costing period. An option for the TFX should be entered into before the cancellation of the TSR2. That cancellation would release resources in Britain of the value of at least £750m, while purchase of TFX would involve a total dollar liability of the equivalent of £500m spread over 13 years. The paper suggested that an option for 10 TFX should be secured, with the possibility of taking an enlarged option of a further 100 later. The likely French reaction to this decision should be dealt with by reference to the Research and Development budget; only if the TSR2 were cancelled would there be room for the development work on the proposed Anglo-French Variable Geometry aircraft (AFVG)[21].

At the same time, the official study on the release of resources pointed out that the foreign exchange that could be earned with the resources released if a decision were taken to cancel the TSR2, depended on the type of resources released (that is, the issue of the willingness of the aircraft industry to release rather than hoard manpower) and on the products that would be produced by the freed resources.

> "If we are to have any hope of putting our balance of payments right by redeployment of resources, as distinct from general deflationary measures, we must expect a major contribution to come from the type of resources released from the production of [military] aircraft. At the worst there should be a substantial offset to the direct dollar cost of the TFX. At the best this might be wholly offset when the time pattern is taken into account, leaving net budgetary savings of about £330m."

There would also be indirect benefits of importance for the non-aircraft industry, for instance in enhanced productivity and capacity. It seemed reasonable to postulate that perhaps 30-40% of the resources released might be devoted to exports. To engine the TFX with the Spey engine if that were possible would be costly, but could save about £100m dollar equivalent.[22]

In resumed discussion in the Cabinet sub-committee, on 24 March Wilson reported that George Brown favoured cancellation of the TSR2, an announcement to this effect in the context of the Budget, and a decision not to enter into any commitment on the TFX. Commenting on the official paper on dollar commitment and substitution, Wilson pointed out that it was unrealistic to expect that two-thirds of the resources released would go into exports, and so help to meet the dollar cost of the proposed purchase of 110 TFX. The decision must be made taking into account the risk of extra dollar expenditure of the order of £170/250m equivalent. Healey restated his contention that it would only be possible to avoid the requirement for an aircraft of the TSR2/TFX type if a range of current political commitments to CENTO, SEATO, in the Gulf and in Malaysia were abandoned. In discussion it was noted that a decision in favour of the TFX would not prejudice the outcome of the defence review, and that there could be no question of being pressured by the American

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[20] Misc 49/1stM 22 Mar 65 CSA 278/03 Cab 130.

[21] Misc 49/1 23 Mar 65: AUS/AS 1661 amended by PUS D/PUS 1001/4 Pt 1: Cab 130. The evolution of the proposed Anglo-French Variable Geometry aircraft is handled in Chapter 9 of this narrative.

[22] Misc 49/2 23 Mar 65 Cab 130.

Administration to agree to a purchase of 110 TFX as part of a bargain involving counter-purchases of British defence equipment. A proposition was about to be put to Healey by McNamara, and its possible form had been anticipated. Wilson noted in conclusion that a decision between the two aircraft had to be taken, despite the defence review uncertainty.[23]

Following the talks that the Foreign Secretary had held in Washington with McNamara, the latter sent Healey messages both on counter-purchases, on which he gave a generalised undertaking to seek to secure purchases by the American forces of British defence equipment, and also on the TFX. He was "prepared to estimate a firm upper limit on the average price, provided that we execute an agreement on this programme within the next thirty days . . . contingent on your contracting by 1 October 1965 for 110 aircraft as presently configured, with TF 30 engines and Mark 1 avionics, we will sell such aircraft at an average unit fly-away price equal to the average unit development and production cost of the entire programme, but not to exceed $5.95m per aircraft. This is based on delivery of the 110 aircraft between August 1967 and December 1969". The avionics to the Mark 2 standard would be available about 18 months later, at an estimated additional cost per aircraft of $0.56m per aircraft.

Healey replied after the cabinet sub-committee discussion, but before a DOPC meeting on 29 March. There could be no question of a decision at this stage to purchase 110 TFX Mark 1. Numbers could not be determined yet, both because of the defence review, but also because the British requirement would certainly be for the Mark 2 avionics if a performance comparable with that of the TSR2 was to be secured. He hoped that it would be possible to obtain an option arrangement for 10 Mark 1 for delivery in 1968, and for 70 or possibly 100 Mark 2 deliveries to begin in 1969/70. He asked whether there was any prospect of a "firm" price for the Mark 2 on the basis of that of $6m for Mark 1 which McNamara had offered in January. An alternative would be for a fixed upper price for the aircraft less avionics. He hoped that the American team would be authorised so to negotiate.[24]

When discussion of the matter resumed in the DOPC, after an interval of two months, Wilson opened by pointing out that there was no fixed price for the TSR2 and that for the TFX this was known only for the Mark 1; there remained appreciable uncertainty about the Mark 2. Resources that could be released by the cancellation of the TSR2 could not in themselves be expected to realise the total dollar cost of the TFX purchase. It seemed probable that some aircraft of the TSR2/TFX type would be required. Healey explained the offer from McNamara which he had already rejected; he intended to propose in further negotiation that there should be an option on ordering 10 Mark 1 aircraft to be taken up by January 1966, and a later option for 100 Mark 2; "if we subsequently find that we do not require any aircraft of this type, we should not have to buy more than 10 Mark 1, and we might be able at a price to obtain release even from this commitment". In subsequent discussion it was argued on the one hand that it was not clear that any aircraft of the type would be required once the defence review had been completed, and there might be ways of meeting the requirement with the Phantom, the P1127 or the Buccaneer, or developed versions of them. There was also the possibility of developing aircraft in conjunction with the French. Against this, it would not be possible to defend the cancellation of the TSR2 unless it could be shown that the Services would be provided with an equally effective aircraft. The requirement would be eliminated only if nationally there was willingness "to accept a reduction in existing commitments of an order which might well prove politically unacceptable". An initial order for 10 TFX 2 would marginally prejudice the outcome of the defence review, but such a limited commitment would be preferable to a continuation of the TSR2, since the additional burden which

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[23] Misc 49/2ndM 24 Mar 65 Cab 130.

[24] McN – DH 26 Mar 65 (two letters) DH – McN 29 Mar 65 FO – Washington 2514 MO8/Pt 5.

the latter would place on the defence budget would mean that hasty reductions in defence expenditure would have to be made "in other more damaging ways". Wilson noted that the limited option for the TFX was "a form of insurance", and the issue was referred to full Cabinet.[25]

In a paper to full Cabinet at the end of March, Healey reported that since the January discussions it has become clear that the potential redundancies following the cancellation of the TSR2 had been overstated, and a study by the Department of Economic Affairs and the Treasury had tended to confirm that resources released would be redeployed. Healey urged that a prompt decision be taken that the TSR2 should be cancelled, and an option taken on the TFX. Negotiation with BAC had not secured a fixed price contract for the TSR2; but rather a target price, with penalties falling on BAC up to a maximum of £9m if this was exceeded.

For the TFX there was now an authoritative estimate for the basic Mark, and an estimate for the Mark 2 avionics. Taking the total buy as 110, a TFX programme would be at least £200m cheaper than a TSR2 programme, and these savings would probably be enhanced by reduced running costs. Given the dollar credit terms which had been negotiated with the Pentagon, (a senior negotiating team had again arrived in London) the phasing of costs for the total buy if the TFX were chosen was markedly less burdensome in the early years. Cancellation of the TSR2 would release resources, not all budgetary, of the order of £750-800m. There was no doubt about the continuing requirement for an aircraft of the TSR2/TFX type in the 1970s "unless we abandon almost all our current commitments outside Europe". Healey gave an early indication of an "exchange ratio" that was to be much refined later

> "although the TFX is about twice as expensive as the improved Buccaneer or the Phantom, at 500 miles radius of action, 11 TFXs or 13 TSR2s would be equated to 25 developed Buccaneers or 50 Phantoms".

It was essential, Healey continued, that if a decision to cancel the TSR2 was to be announced, a negotiated option for the TFX should be made public at the same time. It seemed to be possible to limit the arrangement to an option to order 10 aircraft by January 1966, as well as taking a further option, seen at this stage as all Mark 2s, which had to be exercised by April 1967 if it were required. In discussion with the American Administration in Washington, Minister(RAF) had secured agreement to the waiver of the normal 50% preference rule for military equipment which could be purchased in Britain, and the Administration had undertaken to look at the extent to which the proposed purchases of TFX, Phantoms and C130s could be offset by counter-purchases.[26]

Opening the initial Cabinet discussion on the morning of 1 April, Wilson highlighted the failure to secure a fixed price contract with BAC. To change to the TFX would bring a noteworthy budgetary saving, but at eventual dollar cost of some £500m. It was for the Cabinet to determine whether acceptance of the proposed option was prudent, taking into account uncertainty on the outcome of the defence review. If this would not make a substantial purchase of an aircraft of this type inescapable, it might be better to allow the TSR2 to run on for a further short period. Healey accepted that pending the outcome of the defence review, the scale of the requirement for an aircraft of this type could not be determined, but noted that if Britain were left in the 1970s without aircraft comparable to the TSR2/TFX "we should be unable to fight limited war in the Middle East and Far East unless we accepted complete dependence on the United States. A decision involving so major a change in our existing defence role should clearly not be taken in advance of the review of commitments". For a purchase of 110 aircraft, the TSR2 would cost £4.8m each, or £5.8m if money already expended were taken into account; if only 50 aircraft proved to be the final requirement, these figures rose to £7.3m and £9.5m; the estimated unit cost of the TFX was £2.1m per aircraft.

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[25] OPD(65)18thM 29 Mar 65 Cab 148.

[26] SofS C(65)57 31 Mar 65 Cab 129.

The savings to the Exchequer if the change were made were about £280m over thirteen years "and in the first five years, which were in many respects of critical importance, the saving would be some £300m at a dollar cost equivalent to only £12m". Jenkins had now moved a fair way from his position at the meetings in January, and accepted that the TSR2 was too expensive. He questioned whether the TFX was in reality available at a fixed price, and the value of an initial option; surely the acquisition of ten aircraft would be almost pointless. He contended that the

> "right course would be to cancel the TSR2, to enter into no commitments as regards the TFX, and to defend this course on the ground that pending the outcome of the defence review, it was impossible to judge whether any aircraft of this type would be required".

In reporting within the Department after this meeting, at which no decision had been taken, Healey saw Wilson as in favour of cancellation of the TSR2 but not favouring an option on the TFX, and his only allies in Cabinet for his proposal to accept the TFX option as the Lord Chancellor and the Foreign Secretary. He needed, he reported in the Department, "to find a way of putting the matter to his Cabinet colleagues which would secure cancellation of the TSR2, not positively commit them to a buy of TFX, and yet not upset McNamara." There were to be further discussions with the American team in London during that afternoon.[27]

Prior to resumption of the meeting of Cabinet later in the same day, Healey circulated a further note. There was "no political or military case for cancelling TSR2 unless at the same time we secure an option on the TFX". Since the morning discussions, the American authorities had made a more attractive price offer; the first ten TFX would now cost £2.125m each; the unit price for the later aircraft probably the Mark 2, would be £2.32m. Both these figures included an element of £335,000 for the development levy. This was "as firm and good an offer as we could hope to secure". It had been achieved because of "the existence of the TSR2". The comparative figure for the TSR2 was £2.9m but this excluded Research and Development costs of £300m, to be spread over 110 or 50 aircraft as appropriate. The timings of the TFX options, where the major buy need not be determined until April 1967, fitted with the needs of the defence review.

The final discussion in Cabinet set against the need to be seen to have taken a courageous decision to cut defence expenditure (since this could be an important factor in the reaction of overseas opinion to the Budget to be opened on 6 April) the grave damage to the aircraft industry which the cancellation of the TSR2 would inflict. It was noted that the developed version of the Buccaneer was much inferior to either the TSR2 or the TFX in range and payload. Wilson placed before the meeting three possible courses of action, to cancel the TSR2 without replacement, to cancel and take the TFX option, or to postpone a decision until the outcome of the defence review was clearer. In discussion it was pointed out that the Government "could not afford what might prove to be nugatory expenditure on the TSR2 at the rate of £1m a week, or the impression of indecision which would be caused by further postponement". Summing up, Wilson spoke of the balance of opinion favouring cancellation of the TSR2 and the acceptance of the available option on the TFX; this was the right course in that "it involved at this stage no commitment to purchase". The decision was to be announced in the Budget speech and to be the subject of a joint Press Conference to be held by Healey and Jenkins.[28]

On the supposition that there would shortly be public comment to the effect that there had been a military preference for the TFX Mark 2 rather than the TSR2, the office of CAS set out a brief statement of the Air Staff position. The cost differential of £300m, this note pointed out, was a genuine military consideration: "if we forego this saving, we are virtually certain in the long run to have to find the money somewhere else in the RAF frontline". Leaving the financial issue aside, the

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[27] CC(65) 20th Mtng 1 Apr 65; Cab 128; ACAS(OR) – DCAS 1 Apr 65 ID3 94/41 Pt 12.

[28] SofS C(65)58 1 Apr 65: CC(65)21stM 1 Apr 65 Cab 128.

balance between the two aircraft was an extremely fine one. The TFX Mk2 appeared to have advantages in, among other factors, radius of action on mixed profiles, ferry range, airfield performances, weapon load and serviceability/maintainability while the TSR2 had the edge in for example, radius of action at low level, penetration capability against high class defences, quick action capability and navigation and blind bombing accuracy.

The general consensus within the Air Staff was stated to favor the TFX Mk2. Giving a reply to the further postulate that the Air Staff had laid down the wrong operational requirement, it was noted that the TSR2, a response to OR343 of 1959, was competing with an aircraft designed much later whose points of advantage were largely related to the adoption of variable geometry. The advantages of the TSR2 were linked to the power of penetration of high class defences in the European context, now being given less exphasis than east of Suez roles. It was seen as a tribute to the drafting of OR 343 that the TSR2 was still so nearly comparable to the TFX in non-financial terms.[29]

[29] CAS 1843 30 Mar 65 ID3/942/18 Pt 1.

CHAPTER 3

POLITICAL COMMITMENTS: AREA STUDIES (APRIL - MAY 1965)

During the period of Ministerial consideration of the aircraft programme, groundwork for the defence review had proceeded at working level, supervised by the Chiefs of Staff.

An initial listing of studies had been endorsed shortly after the Chequers weekend of November 1964, and the resultant studies, of the scale of British presence on the NATO central front, in the Near East and the Mediterranean, the Middle East and the Far East, had been endorsed sequentially by the Chiefs of Staff Committee. A coordinating study brought together the main findings. In this study, the position of the political departments was specifically reserved.

On the practicability of withdrawals from the NATO central front, the study reminded Ministers of the potential consequences to British political and military influence in Europe, the danger of a chain reaction of reductions, and the extent to which British forces in Germany were a reserve available for reinforcement elsewhere.

On the Mediterranean and the Near East, the study stressed that the preservation of a line of communication points – Malta, Cyprus, El Adem – without minimum garrison forces was unsound, and risked the staging rights at El Adem, the loss of the facility to provide from Cyprus the sole declared nuclear support for CENTO, and damage to the political stability of that alliance. In the Middle East, the only realistic withdrawal that could be discussed was that from the commitment to Kuwait. It was seen as politically unacceptable "to abandon our military commitment in a manner which led to a loss of confidence in Kuwait". Further, such an abandonment could result in a loss of confidence in Britain by other Gulf rulers and this could endanger the stability of the region. In the Far East, British presence was determined by the Confrontation emergency and the scale of support to Malaysia rather than its obligations under SEATO.

As well as the studies by area, the Chiefs of Staff had also called for, and later endorsed, an initial study into intervention capability. This noted that if Britain reduced its intervention capability to that needed to intervene by invitation against lightly armed unorganised opposition, it could no longer meet its obligations to Kuwait or Libya.

The coordinating study therefore concluded that it would be militarily unsound and politically inadvisable to seek large-scale reductions east of Suez, and that there would be serious implications if intervention capability were reduced. There were however potential areas for economy in defence expenditure; these included operational capability after the strategic nuclear exchange, reserve forces and home defence, and a reduced presence in the Mediterranean. In noting the study, the Chiefs of Staff commented that further significant savings would be possible only by "the excision of certain major capabilities".[1]

In showing Healey this study in the first days of March, PUS pointed out that, on the assumption that the final choice would be for the TFX, and that the R and D programme would be severely cut, defence expenditure in 1969/70 could probably be reduced to about £2,200m. Giving examples only, rather than choices, he reported that to save a further £100m would involve economies in the standardisation of the Phantom between the RN and the RAF, the elimination of the Gurkhas, economies in the escort fleet and in SSN and reductions in army reserves. To take the further steps to the financial limit would involve either the total elimination of a capability, or a marked degradation of general capabilities. There seemed to be three possibilities; a reduction in army numbers, mainly in Germany, the "abandonment of a fixed wing strike carrier replacement from now on," or a reduction in the size of the RAF strike frontline.

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[1] DP 11/65(F) 26 Feb 65 CDS N 87/03 I: COS 11thM/65 2 Mar 65 CDS N87/03 II.

On 10 March, Healey suggested that the paper should give enhanced emphasis to the requirement to cut commitments, to show "what specific contingencies would require intervention by a force of brigade group size in the event of sophisticated opposition and (on the other hand) of unorganised and unsophisticated opposition". The cost of the retention of Aden, the strategic effect if it were not retained, and the costs of the eastabout and westabout reinforcement routes should be stated. An assessment should also be made of the extent to which targets would require attack by either the TSR2/TFX or by carrier based strike aircraft, and the scale of economy that might be possible in the level of equipment of forces on the NATO central front.

When a revised version of the paper was considered by the Chiefs of Staff on 16 March, it was noted that the paper was "only the first round of the defence review, was largely incomplete, and did not make clear all the possible courses of action". PUS noted that "Ministers were tending to expect final decisions on the defence review before the summer recess, but he did not think that this was the view of the Secretary of State who thought it would take longer". The paper argued that departments required "an indication from Government as to which of the present roles can be reduced". This decision would be possible at the political level following the outcome of current military studies into the escort programme, the degree of loss of capabilities if the carriers were not maintained, the size of the TSR2/TFX purchase, and the study of the costs of the reinforcement routes.[2]

Area Studies

The political departments viewed this internal Ministry of Defence analysis with marked scepticism. It had approached the problem "by defining what savings would result from the relinquishment of defence commitments". An alternative approach would have been to assess possible savings leaving political commitments unchanged, while accepting that greater military risk could be taken, and major defence equipment economies achieved. The substance of the initial defence review was now required to be completed at official level by the end of May, with substantive proposals reaching Ministers at the beginning of July. Such a timetable flowed both from the needs of the PESC process, and also that of the proposed publication of the National Economic Plan.

It was arranged that a Cabinet Office working party should examine afresh each of the three major geographical areas and should structure an assessment of the political consequences that would follow from the elimination of any present commitments. When the group met, it was agreed to examine the political consequences of:

a. cutting BAOR and RAF Germany by half

b. eliminating forces in Cyprus, Libya and Malta

c. ending a British presence in Aden while retaining one in the Persian Gulf.

Discussion of the political consequences of changes in intervention capability were to follow an internal defence study.

The possible reductions in the defence budget were required to be available for Ministers by mid-June. The DEA hoped that "all the options on defence economies" would be known by then, the Treasury adding that "more than a vague statement of intention" was needed. The political departments again argued that defence economies might be possible without reduction in political commitments.[3]

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[2] PUS – SofS 5 Mar 65 HH313/65, VCDS – COS 10 Mar 65, CDS N87/03II: COS 13th M/65 16 Mar 65, OPD(O)(65)16 undated about 17 Mar 65 Cab 134.

[3] OPD(O)(65) 8thM 26 Mar 65 Cab 148: DofDP – VCDS undated about 31 Mar 65 CDS N87/03 II: Trend Meeting 7 Apr 65 ID3/1/31 Pt 6. PESC – the Public Expenditure Survey Committee.

The Cabinet Office working party therefore set out, with the political departments present, to generate the areas studies.

Reduction by half of both BAOR and RAF Germany would save, if the forces were disbanded, about £83.5m for BAOR and £6.9m for RAF Germany. These forces were the major expression of British commitment to Europe, and there would be severe political consequences of reduction, even if this were to be undertaken after consultation with allies, as part of a constructive package, including the Atlantic Nuclear Force, or if associated with the current NATO force planning exercise. If reduction was to follow from consultation with NATO allies, the outcome could not be certain and the potential economies in defence expenditure were therefore speculative.[4]

Withdrawal from the Mediterranean and the Middle East could be assessed as potentially saving about £120m, and brought with it a serious political risk since "no other friendly power or group of powers could take over the commitments in the Gulf, where there is no alternative cheaper substitute for our military presence". Any attempt to negotiate with Libya would risk the loss of military facilities. The United States had certainly larger oil interests in Libya than those of Britain and was "considering giving a secret commitment to defend Libya" but still attached the greatest importance to the British role. The aim should be to include the American government in joint military planning to defend Libya. The paper noted the inter-relation of British presence in Cyprus and nuclear support of CENTO and the obligations to both Libya and Kuwait. Withdrawal from Aden was seen as placing at risk its transfer to a hostile power; it would be possible to preserve the British position in the Gulf without retention of Aden. Withdrawal from the Persian Gulf would have a "high political cost".[5]

The parallel study of the British position in the Far East attempted to define the political effects of withdrawal from the Defence Agreement with Malaysia, from declared obligations to SEATO, and from commitments to Pacific territories and for the internal defence of Hong Kong. Forces in Malaysia could be reduced without terminating the Defence Agreement. Early planning of alternative facilities would ease the transition, and would show that Britain intended to continue to exercise a position east of Suez. If these alternative facilities could be negotiated with the American and Australian authorities, this would avoid "the disproportionate military and political risks, let alone expenditure, of concentrating forces in Singapore.[6]

The Ministry of Defence attached importance to retaining to itself the drafting of the main defence review paper. As PUS noted to the Chiefs of Staff "we are all agreed this paper should be written by the MOD in the way we want it, but there will be considerable contribution to the detail from other Departments. The difficulty will be to prevent their taking a share in its presentation". It was planned that the proposed paper should initially set out the implications of reducing defence expenditure to £2,000m by 1969/70, should follow this by a summary presentation of a range of functional studies undertaken in the defence field, should then stress that the necessary degree of economy could not be achieved by determining on provision of forces deliberately scaled at an inadequate level, or by planned under-provision of defence funding, should then review the political commitments by area, and finally should make a series of recommendations to Ministers. It was intended that the final section of the paper should be prepared in consultation with the Secretary of State.

In a discussion with the Chiefs of Staff in mid-May, before the whole study was available, Healey noted that the paper "could not in the timescale be a comprehensive document on which Ministers could take decisions" and accepted that he had a "responsibility to see that premature decisions

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[4] ODP(O)(DR)(WP) 2 26 Apr 65: OPD(O)(DR)(WP)(65) 2nd M 21 Apr 65 Cab 134.

[5] OPD(O)(DR)(WP)(65)6 5 May 65 Cab 134.

[6] OPD(O)(DR)(WP)(65)5 21 Apr 65 Cab 148.

were not taken at Chequers based on what at this stage was inadequate evidence". Given that studies touched on sensitive inter-Service issues, he felt that he would need to hold discussions with the Chiefs of Staff when these were being resolved. Healey foresaw broad decisions being taken by Ministers in July, and negotiations on commitments taking the later part of the year. Mountbatten as CDS mentioned his concern at over-stretch; past resolution of issues of financial constraint had been by reducing armed forces and retaining commitments. He cautiously welcomed discussions of the Chiefs of Staff with the Secretary of State after "they had completed their own discussions on a particular matter". The discussion included reference to the role of independent chairmanship as a possible way of resolving inter-Service differences. Healey in conclusion stressed his appreciation that further defence economies "would need to result from a cut in commitments and could not be expected from a further stretching of our forces".[7]

Meanwhile, functional studies proceeded within the defence field. In a joint-Service study into the use of fixed-wing aircraft, whether land-based or carrier-borne, for purely maritime purposes, the issue turned on the means by which a favourable air environment could be secured in the face of potential enemy air attack. It was the RAF view that in these circumstances land-based aircraft could handle the threat; it was that of the Navy that in most cases sea-based airpower would be essential.

The Maritime Commitment Study

By early April a detailed report "on the economic deployment of land-based and sea-based airpower to meet maritime commitments in the 1970s and thereafter" was available. Reviewing the areas where such maritime operations might be called for, it examined the extent to which aircraft in the RAF programme would be able to meet such needs, making assumptions on the availability of overseas bases. The conclusions can be summarised as follows:

a. the capability of a mobile carrier task force could be matched by land-based air forces

b. land-based aircraft could replace seaborne aircraft in maritime tasks over the greater part of the Indian Ocean

c. additional land-based resources would be required, totalling £100m over the the costings period

d. alternative naval weapons, costing some £650m in production and R and D, with annual running costs of the order of £30m, and taking some ten to twenty years to develop and produce, would be required to carry out naval operations in areas not covered by land-based aircraft

e. total reliance on land-based aircraft would involve total dependence on airfields, and could make it necessary to forego effective maritime presence unless airfields were available by invitation of a friendly power.

The group set out finally a range of further questions on the distinctive characteristics of the carrier in the intervention role and on the type of situations in which it might be expected to be required to operate.[8]

Chiefs of Staff discussion and comments on the Report showed the nature of coming difficulties. DCNS commented that some issues had not been addressed. These included the consequences for the RAF of the transference of maritime tasks (what became known later in the year as "the maritime increment") and the changes that would be involved in a Navy without carriers. Further, the financial implications of the structure that would follow from adoption of the proposals had been very broadly handled. The capacity of the Navy for independent operations would be reduced

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[7] PUS - COS 30 Apr 65 CDS N 87/03 II: PUS meeting 3 May 65 ibid: MM/COS 1/65 11 May 65 ID3/II/31 Pt 7.

[8] ACSG/65 7 Apr 65 MO 9/1/5A.

although this was "only one consideration in forming an overall view of the need for, and the cost-effectiveness of, fixed-wing aircraft afloat". Luce as First Sea Lord contended that the uncertainties on the effectiveness of land-based aircraft were such as to invalidate the central conclusion that the tasks for which the mobile carrier task force had been designed could be undertaken by land-based aircraft. He commented to the Secretary of State.

> "from whatever source they come, fixed-wing aircraft are likely to be vital to the conduct of most of our maritime operations for many years ahead. Before the risk can be taken of dispensing with sea-borne fixed-wing aircraft for maritime operations, we shall have to be completely sure that land-based airpower would always been available in sufficient strength wherever it might be needed to support our forces at sea. Whether an ability to deploy airpower from land bases only is appropriate for a nation such as our own with worldwide commitments and responsibilities is a question which you will no doubt wish to judge when the full picture of our future strategy is before you".

It was common ground that following the study an assessment was required of the strike capacity of carrier-borne aircraft, the vulnerability of the carrier and the viability of island bases.[9]

The Intervention Study

Drafting of the terms of reference of the intervention study followed. Intervention was defined to include an "attack on an enemy's air strike capability without landing soldiers". The objective was to compare both capabilities and the degree of effective deterrence of options outside Europe in the 1970s that would follow from the use of:

> carrier and land-based aircraft, with 110 F111As
> carrier and land-based aircraft without the F111A
> landbased aircraft, including 110 F111As, but with no carriers and no carrier-based aircraft.

The study was not to include the commitments to provide nuclear support in certain circumstances to NATO and to CENTO. It was to assume the currently planned size and shape of both the RAF and the Navy, and the availability of airfields as it had been set out in a recent study of the threat to shipping. Variations in the size of the force of F111As and Buccaneers were to be taken into account, as was a possible mix of Buccaneers and Phantoms. Vulnerability both of carriers and of shore bases was to be considered, including the possibility of restricted use for political reasons both of airfields and of bases from which carriers would be supported.

The First Sea Lord protested at this formulation. Political circumstances were changing rapidly and geographical scenarios could give only one theoretical set of answers. "Model situations designed to demonstrate capabilities at various ranges should be studied, without reference to geographical factors". Elworthy as CAS pointed out that such studies would have no relation to political realities. There was protest at the same time that the initial drafting of the proposed terms of reference by PUS was "an indication that control of the military machine was tending to slip from the hands of the Chiefs of Staff into those of Civil Service". Mountbatten sounded a "note of warning" of the "dangers which would arise should be position of the Chiefs of Staff be eroded".

Healey accepted the terms of reference when put to him, noting that while he accepted for the purpose of the study that the ground forces involved would be normally no greater than a reinforced brigade group, he was doubtful if this would be valid "as the core of our strategy for the 1970s". The study was also to examine the problems of future carrier availability.[10]

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[9] DCNS – CNS 8 Apr 65: COS 19thM/65 13 Apr 65 Item 2: CNS - SofS 14 Apr 65: MO 9/1/5A.

[10] PUS – CDS 14 Apr 65; CNS – CDS 15 Apr 65; COS(I) Secretary Standard File 15 Apr 65; SofS – DCSA(S) 27 Apr 65 all on MO 9/1/5A. The American aircraft the TFX is from this point forward in the narrative referred to as the F111A. Healey directed that this should be the practice in his minute of 27 Apr 65.

The first fruits of the intervention study could be seen in an interim draft prepared by its chairman. Politically, intervention could be considered as acceptable only if virtually certain to be successful. There were three necessary conditions for this:

a. there should be a limit to potential or actual opposition to the intervention

b. there should be close air support and interdiction support throughout the operation

c. there should be negligible air opposition.

Of these three conditions, the attainment of the second required either the effective support of two aircraft carriers, or secure facilities from an appropriately placed airfield. If only one carrier were available, intervention would be possible only against lighter opposition. To satisfy the requirement that there should be negligible air opposition, long range strike aircraft were required, with the characteristics of the F111A.

In the carriers only case, the aircraft from two carriers "would be too fully engaged in providing close support to be able to strike simultaneously and strongly against distant airfields". If long range strike aircraft were not available, intervention operations would be possible only where the opposing air force was weak and where an available airfield was near to the scene of the intervention.

It followed that of the cases set out in the terms of reference, in the first only, that is the provision of carrier-based and land-based aircraft including the provision of 110 F111As, would the proposed resource "meet all the close support and counter air strike requirements," be "flexible and reasonably invulnerable", and have a formidable deterrent value. For each of the other three cases there were real limitations, and "the extent to which the resulting capability could be held to be worthwhile could be determined only by measuring our worldwide commitments in the 1970s in the light of the these limitations".[11]

The report of the intervention working group is central to this stage of the defence review. No postulated range of political assumptions had been given to the group, which therefore began by creating its own. It determined to work within four scenarios of base retention:

a. all existing bases and facilities with freedom of use

b. no bases and facilities

c. the loss of Aden, but retention of Singapore/Malaysia and facilities in the Gulf and island bases

d. the loss of both Aden and Singapore/Malaysia but retained facilities in the Gulf, island bases and facilities in Australia.

The range of likely intervention operations had narrowed in recent years, the trend being towards those undertaken by a group of nations under UN auspices or United States leadership. The group listed possible interventions, the defence of:

a. Libya against Egypt

b. Aden against Yemen, or Egyptians from Yemen

c. Kuwait from Iraq

d. the Gulf states from Saudi Arabia

e. Malaysia from external attack inspired by China

f. British Honduras from Guatemala, and

g. the rescue of white settlers from East or Central Africa.

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[11] DCSA(S) "Draft generalisation of the conclusions" 13 May 65 CSA 160/04.

While it would have been possible, in a more extended time-scale, to have examined all of these, the group chose to examine two settings, with variants in the case of the first.

In the first variant of the first setting, in the Far East, intervention was assumed to be required in Malaysia after the end of Confrontation and British withdrawal; both airfields and communications were threatened by subversive elements. The second variant within the first setting postulated that the request for intervention in Malaysia had come earlier, so that airfields and communications were not endangered. The other setting was in the Middle East; it was a request for Britain to aid Kuwait in a situation where rebellion had broken out, and there was a prospect of Iraqi intervention. Each of these cases had been studied against the four political assumptions on the availability of bases and facilities.

Further, for each of the variants the group also took into account the allocation of one or two carriers, the substitution of the Buccaneer 2 for the F111A, and denial to Britain of the CENTO overflying route.

The studies were of an initial intervention only, and did not take account of the effect of such an operation on worldwide deployment. The situations chosen had been deliberately selected to bring out the full capabilities of the various patterns of deployment.

Against a threat typical of that which could be posed by Indonesia in 1975, there was a chance between 2:1 and 3:1 that there would be no serious interruption in a ten day operation for a single carrier force operating beyond the range of assumed enemy FGA aircraft. For carrier operations within range of enemy FGA aircraft, assuming that a frontline of about 60 were available, critical damage to the carrier was virtually certain. On the vulnerability of airfields, the combination of fighter aircraft and SAGW was seen as capable of a high level of defence, although no in depth study was attempted of the vulnerability of an airfield in the intervention area while the defence of the area was being created.

Examining specifically the first of the two hypothetical situations in the Far East, that of a return to Malaysia after withdrawal and the end of Confrontation, the group commented:

> "successful intervention by ground forces in the face of guerilla opposition and under the immediate threat of full scale enemy attack, depends on the support of both land-based and carrier-based aircraft operating from two carriers. Elimination of either form of air support would introduce an element of unacceptable risk for intervention by ground forces".

Substitution of the Buccaneer 2 for the F111A would mean that air strikes would take longer to complete, although this was seen as an acceptable degree of risk.

In the second of the postulated situations in the Far East, the group considered that either land-based or carrier-borne strike aircraft could carry out the operation with success. It would still be successful, though slower, if the commander were dependent on Buccaneer 2 aircraft rather than on F111As. The operation would be unlikely to be successful with one carrier; "if two aircraft carriers were available, there was a clash of professional opinion on whether the risks involved in carrying out the operation were militarily acceptable". In the single Middle East scenario, the group found that the operation could be carried through if both carrier-borne aircraft and land-based F111As were available, or if land-based aircraft alone were available, but less certainly if carrier-borne aircraft alone were available.

In response to the other questions placed before it, the group stated the spectrum of settings of intervention, from the worst case, with Hermes alone available east of Suez and both the eastabout air route and the Suez Canal denied, to the most favourable, CVA 01 and Eagle both available east of Suez and all air routes open. Four carriers produced an average of 29 carrier months east of Suez per year, and three produced 22. On the comparison of the F111A and the Buccaneer 2, the financial exchange rate was about 1.7:1, a purchase of 110 F111As being equivalent to a purchase of 185

Buccaneer 2. The Buccaneer 2 would give the RAF "less value for the same money in the timescale" than a purchase of the F111A.

In summation, the group concluded that provision of land-based aircraft, including the F111A but without carriers, offered

> "a fair range of options in circumstances where local airfields are either available to use from the outset or can be secured with certainty and prepared in a state of full defence before the opposition becomes organised".

On the other hand, the provision of carriers alone

> "offers little prospect of success against the level of opposition which we have considered".

It followed that it was a matter of political judgement whether the provision of an intervention capability was worthwhile.[12]

Healey considered the report of this working party with the Chiefs of Staff on 21 May. CAS noted that the first of the postulated Far East scenarios "barely fell within the terms of reference . . . since it represented the worst case, and one which demanded the full deployment of all available resources". It was a "hypothetical future commitment". VCNS commented that a decision on the scale of capability "really depended on whether we intended to continue to play the role of a major world power or not". CSA suggested that it would be possible to take further the analysis of the political consequences of not continuing with carriers. PUS suggested that further study was also required on the reality of assuming an intervention capability in the Far East that was postulated "on a unilateral basis without the aid of allies". Healey commented that the assumptions which underlay the intervention study certainly required review: "it was, for example, difficult to visualise an operation against Indonesia in the 1970s undertaken without the aid at least of the Australians". He also wished to see a further resolution of the area of disagreement on the relative effectiveness of the F111A and the developed Buccaneer.

There was an informal discussion of the matters that required further study at a Chiefs of Staff meeting on 25 May. There was to be an extended study of intervention, examining the consequences of degrading the capability, and setting out costs in relation to geographical areas and types of intervention. Meanwhile the initial paper on the defence review went forward for an initial Ministerial level discussion. This Healey explained to the Chiefs of Staff was to be preliminary in character.[13]

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[12] IWP/65 18 May 65 MO 19/1/5A.

[13] MM/COS 2/65 21 May 65: PUS – COS HH 721/65 27 May 65: MM/COS 3/65 24 May 65: SofS – PUS 3 Jun 65 CDS N87/03 Pts I and IV.

CHAPTER 4

DEFENCE REVIEW 1964/66: SECOND CHEQUERS AND BEYOND

By the end of May 1965, the process of review, in the first place within the Planning Staff, and subsequently in the Chiefs of Staff and the Defence and Overseas Policy (Official) Committee, had produced a major paper designed for the Chequers weekend of 13 June.

The paper noted first that economies of the order of £200m had still to be found in the year 1969/70, and these could only be found by reduction of political commitments and by disbandment of the forces so released. "Net marginal cost figures" of savings were, for the elimination of half of the British forces in Germany £90m, for withdrawal from the Mediterranean £60m, and total withdrawal from the Far East £270m. These calculations took no account of inter-theatre reinforcement or of consequent modification of the size of the defence support base in Britain. The force structure that should result from the review needed to be balanced and credible, and to incorporate an adequate research and development programme.

The major equipment programmes were listed. Both on maritime protection and intervention capability the requirement for a decision was stated without a clear recommendation. It was explained that the studies used in the analysis of intervention requirements were open to question in political terms; this applied especially to that which envisaged re-entry into Malaysia against Indonesian opposition after the end of Confrontation and the withdrawal of British Forces from the Far East. The political Departments doubted whether this intervention would ever be attempted single-handed, the MOD stating that it was given as a limiting case for the testing of hypotheses.

The paper reviewed commitments by area: the prospects for reduction in north-west Europe were not seen as good. A possible alternative approach was to seek enhanced financial offset from the Federal Republic of Germany, with the consequence that, if this was secured, the force levels would be a firm commitment. On commitments in the Near and Middle East and the economic stake of the oil industry in the region, the choice was political, since it could be that the collapse of stability in the region would endanger orderly production, or alternatively that normal commercial self-interest would ensure supplies. Variant withdrawal schemes had been examined. Withdrawal from Aden could be foreseen as a delicate political operation, and some development of defence facilities in the Gulf would be required.

On the Far East, the ultimate objective was seen as neutralisation of the area and while there could be no honourable withdrawal until Confrontation had ended, the decision should now be taken in principle to withdraw from south-east Asia and to exercise a reduced role in the wider Indo-Pacific area. There should therefore be confidential discussions both with the American Administration and with Australia and New Zealand "in order to secure basic agreement on our ultimate policy objectives and on the political and military measures necessary to secure them." To achieve this, new collective arrangements were required. The issues that had to be faced included a possible Indian decision to build nuclear weapons, following the Chinese nuclear explosion of the previous year. Greater precision could be given to the political context only after there had been discussions with allies. "Hypotheses in terms of political commitments" would have to start from the premise that "the future of commitments is unpredictable, in the sense that no-one can foresee what changes in the international scene may take place, independently of any action or inaction of our own, over the next five years."

Defence expenditure, the review therefore concluded, could be reduced to the limiting figure only by a significant reduction in commitments and subsequent disbandment of the forces thus displaced, "preferably in agreement with our allies, but in the last resort regardless of whether or not they concur". It should be decided in principle:

a. "to adopt for the purposes of planning the assumption that we should not hereafter wish to retain a general capability to put forces ashore single-handed in situations where significant opposition may develop before they are fully established"

b. "to seek in concert with the American Government radical adjustments in force levels in NATO"

c. "to agree with the Governments of the United States, Australia and New Zealand a new political and military policy in the Far East".

In themselves these steps would not lead to the required reduction in defence expenditure, unless the further decision were to be taken that reductions would be made regardless of the timing of the end of Confrontation or of the outcome of consultations with allies.[1]

In earlier consideration of this paper within the Department, PUS had stressed to the Chiefs of Staff that any hint outside the MOD that economies could be secured without reducing commitments would have the effect that no progress would be made even in examining commitments until internal economies had been taken to their full extent. At a meeting of the Secretary of State and the Chiefs of Staff, Healey had noted the proportion of total defence capacity being taken up by Confrontation, where the posture potentially demanded very considerable reinforcement. It would be important to stress in Ministerial discussion that the forces were over-stretched and that there was limited scope for economy. Quite apart from the current pressure from the economic departments, some measure of reduction in political commitment was therefore needed. It followed that further study of the sharing of political commitments with allies and on the need for an independent intervention capability was required. It would be "unrealistic to expect a coherent political plan on which the Chiefs of Staff could plan their force levels ahead with certainty". Healey hoped that Ministers could endorse the requirement for the west-about route, decide in principle on withdrawal from Aden, and agree on a scheme of disengagement from commitments in the Mediterranean. There would also have to be further study on the assumptions about roulement of forces, the prospect of greater use of facilities in Australia, and the scale of possible savings in intervention capability. It would also be necessary to examine the extent to which intervention capability could be balanced, or specialised on the assumption that operations would be interdependent between allies.[2]

The Chequers meeting also had before it a paper by the First Secretary of State and the Chancellor of the Exchequer. This criticised the MOD for making the assumption that after 1969/70 it would be reasonable for defence expenditure to grow with the economy, and then turned to the choices needed to reach the financial limit.

The study pointed out that the F111A was an expensive aircraft with a high dollar cost; the roles for which it was stated to be required should be examined further to confirm that they were essential and that they could not be met by British aircraft. Action already taken had reduced the balance of payments deficit of £850m which had faced the government initially, to a forecast deficit in 1965 of £300m. This had been achieved in part by government international borrowing of £900m, the largest loan of its kind since the American loan of 1945/46. The position of sterling had been held but was still "vulnerable". It was, therefore, important so to alter direction that defence bore less heavily on the prospects for economic growth, which were soon to be set out in the National Plan. Defence made heavy demands on the national research and development effort and a disproportionate call on skilled manpower. Any long-term improvement in the strength of sterling required a perceived reduction in the strain on resources. Accordingly, Ministers should confirm the

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[1] OPD(O)(65)50 3 June 65 later Misc 17/8 10 Jun 65 Cab 148.

[2] COS 27M/6 5 Item 1, MM/COS 3/65 24 May 65 1D3/11/31/ Pt 8.

target limitation on defence expenditure and agree action "including the cuts in overseas bases". There were, however no specific recommendations.[3]

Clearly the attitude of the American Administration, known to some degree from the December 1964 discussions, was important. From Washington, the Ambassador reported a discussion between Jenkins and McNamara, in which the American Secretary for Defense stated his view that Britain had an inescapable commitment in the Indian Ocean and the Far East for at least the next ten years. McNamara contended that United States lacked the political strength to stabilise this area without allies. He believed that the defence proportion of the British GNP could be reduced to 6% by a thorough scrutiny of requirements, by buying in the cheapest market and by more effective performance by the defence industries. He considered that there was some measure of over-insurance, especially in naval requirements. Moreover, the British did not need the F111A in Europe, although it was essential east of Suez. Reporting this, the Ambassador commented that the Administration was concerned above all that the British should maintain their presence in south-east Asia. They would welcome a close British association with the defence of the Indian subcontinent, but were rather less concerned about Aden and the Gulf. It would be necessary, and not easy, to convince McNamara "and behind him the White House" that continued presence was beyond British capacity, if there were to be any question of inviting the United States to assume part of the present British commitments.

McNamara had spoken in similar vein to Mountbatten. He had "made it clear that the United States counted on us to help hold the ring east of Suez", and had added that the United States "would not object to a withdrawal of naval forces from the Atlantic and would be prepared to discuss revised arrangements for our contribution to NATO, but it was in our acceptance of our commitments east of Suez that we were making a significant contribution to stability".[4]

Discussion in the Chiefs of Staff meeting before the Chequers weekend was on the risk "that an arbitrary decision to cut the defence budget, to a level which the economic departments thought necessary, would be made before all the possibilities had been examined". The Chiefs of Staff view was that British political influence in the areas being discussed required an ability to operate independently.

In discussion with Healey, Mountbatten expressed concern at the proposed statement that:

> "if reductions are to be achieved, we must now . . . accept that we shall not hereafter wish to retain a capability to introduce land forces single-handed in the face of significant actual opposition, or in situations where significant opposition may develop before they are fully established".

He saw this as "the kind of option which might be seized upon by the economic departments without full weight being given to its political and military implications". Healey in response confirmed that he expected "pressure from the political departments to retain our present commitments with a reduced capability".

The present level of capability was linked especially to the commitments to Libya and to Kuwait. Experience showed that political departments could call at short notice for operations which required, if they were all available, the rapid deployment of carriers, commando ships, transport aircraft and ground troops.

In a personal note to his Ministerial colleagues, prepared for the Chequers meeting, Healey stressed that the only answer to overstretch lay in the reduction of commitments, and that excessive overseas

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[3] Misc 17/9 " Future Size of the Defence Budget" 9 Jun 65 Cab 130.

[4] Dean – Foreign Office 10 Jun 65 1D3/11/31 Pt 10: COS 30th M/65 11 Jun 65.

expenditure in the defence field could only be reduced by financial agreements with the Federal Republic of Germany or the Government of Hong Kong. The costs of meeting political commitments could not be calculated at all accurately in advance, if only because developing nations could acquire sophisticated defence equipment at short notice. The long series of contingency plans necessarily prepared could not all be met at the same time, so that there was already a risk that commitments could not be honoured. Indeed current plans envisaged "the possibility that Confrontation with Indonesia might escalate at any time to a level which would immediately require over 50% of our land forces, 75% of our airstrike capability and 90% of our escort fleet." Moreover, the commitments to Libya and Kuwait involved expensive equipment for intervention at brigade group level against sophisticated opposition. In the Far East, Britain might require an ability to operate independently of the United States "where our long term objectives are at present incompatible with theirs".

Healey urged either a reduction of forces in Germany and Hong Kong or financial contributions to offset costs from the Federal Republic of Germany and the Government of Hong Kong, a measure of withdrawal from the Caribbean and the South Atlantic, reductions in the Mediterranean to a series of unprotected staging posts, and the preparation of the west-about route to the Far East. Beyond this, the aim should be to degrade the intervention capability "well below the level currently required for operations in Libya and Kuwait". There should be consultation with the Australian and New Zealand Governments both on the need to create at their expense minimum base facilities for use when Britain left Singapore, and on cooperation in contingency planning to permit the joint use of air and naval power. It should further be an aim to

> "press very hard in disarmament negotiations for a form of arms control in Europe which will enable us still further to reduce our forces in BAOR and for an agreement to limit the export of sophisticated equipment to non-aligned countries in Africa, the Middle East and Asia. This may however require a readiness on our part to end our current treaty relations with Asian powers under CENTO and SEATO."

This was an exacting programme but it could form the basis for further study and action; if taken to completion it would open the propect of further reduction in defence expenditure.[5]

At the Chequers Sunday meeting on 13 June, Wilson opened by stressing that this was not a meeting at which decisions were to be taken, (that was for the DOPC or Cabinet as appropriate) the objective was to review progress that had been achieved in the search for economies in defence expenditure. Speaking next, the Chancellor stressed the need for an immediate halt to the steady increase in defence expenditure. Looking forward to 1969/70 the demands of all Departments greatly exceeded the government funding likely to be available, even on a generous assumption about economic growth, and defence was continuing to make a heavy call on engineering industry and especially on skilled manpower.

Healey mentioned first the manpower overstretch within the Services and the burden of overseas expenditure relating to defence. While it had been possible to achieve reductions in the equipment element of the defence budget, this had brought problems of enhanced dollar expenditure. The only other approach, therefore, was a review of commitments, but these could not be straightforwardly costed, in part because the degree to which relatively poor countries would be supplied with sophisticated defence equipment and be able to operate it was speculative. Nor could commitments be costed one by one; the global deployment was inter-related. There could, however be shared responsibility with allies, for example in the Far East with Australia and New Zealand, but there was political difficulty in a similar measure of interdependence with the United States.

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[5] COS 30M/65 11 Jun 65; MM/COS 4/65 11 Jun 65; DH personal note 11 Jun 65; CDS N87/03 IV.

The sought-after reduction in defence expenditure therefore required

a. reorganisation of reserve forces

b. either reductions in BAOR and Hong Kong, or enhanced financial contributions from the FRG and Hong Kong Governments.

c. virtual withdrawal from the Caribbean and South Atlantic

d. reduced presence in the Mediterranean and preparation of the Westabout route

e. withdrawal from Aden in 1968.

f. acceptance by the US of defence responsibilities in Libya

g. reduction of responsibilities in the Gulf and to CENTO "so as to exclude any commitment to an opposed intervention in Kuwait and to exclude the need for a nuclear strike from Cyprus".

h. a limited measure of redeployment in the Persian Gulf.

The objective should be "a strategic plan which provided for the commitments which it would be in our interest to sustain in the 1970s". To achieve this, there should be a decrease in "intervention capacity well below the level currently required for operations in Libya and Kuwait," consultations with Australia and New Zealand "with the objective of persuading Australia to create at her own expense the minimum base facilities which we might need in her territory when we left Singapore and of obtaining the maximum cooperation in contingency planning for the joint use of naval and air power in Southern Asia", and finally pressure for disarmament negotiations that would permit reductions in BAOR and secure limitation on the export of sophisticated equipment to non-aligned countries.[6]

The reaction of the Foreign Secretary was predictable. Reductions in commitments of the order proposed "would signify a major change in the position of Britain in relation to the world as a whole". There should be further consideration of economies in weapon systems rather than so drastic a reduction in commitments. Certainly once Confrontation was ended, Britain should avoid entering a similar commitment. In the Middle East hasty withdrawal would result in an area without an effective controlling power. In Europe, NATO was threatened by the direction of French policy, and Britain must therefore avoid any withdrawal of forces not agreed with allies, and he saw little prospect in the current climate for sucessful disarmament negotiations. The Commonwealth Secretary accepted that withdrawal from Singapore was inevitable in due time and that there must be careful discussions with the Australians and New Zealanders on cooperation in the Far East.

In discussion, it was noted that NATO allies should be in no doubt that Britain required some relief on her balance of payments in relation to European deployment. In the Middle East, there was a danger of a deterioration in the position if Britain were seen to be forced out of Aden, but it would be uneconomic to spend large sums in redeployment in the Gulf. There was a new contingency plan for intervention in Kuwait and this might moderate the scale of intervention requirement. In the Far East, the RAAF F111As could form part of the air strike capability; there was no eventual requirement for ground forces in the Far East outside Hong Kong "apart from the minimum required for acclimatisation". There were to be further MOD studies on strike capacity, as between carriers and land-based aircraft. Once the forces had been restructured as now proposed, Britain would "lack a balanced capability enabling us to intervene singlehanded in major operations, and could do so only in conjunction with allies."

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[6] Misc 17/5th Mtng 13 Jun 65 Cab 148.

In summation, Wilson directed that the MOD should now prepare a "detailed and costed study" which would be available to the DOPC by mid-July. On "the presentation of any decision which might be taken by the Cabinet to reduce defence expenditure to the figure envisaged by 1969/70" Wilson suggested that the "best course might be for him to indicate in a Lobby Conference that such a decision had been taken. It would be inappropriate to go beyond this, until there had been further studies and discussion with allies". This suggestion caused controversy. Mountbatten indicated that publication of the decision, if such it was, in advance of detailed work on a defence structure would be injurious to service morale. Discussion also turned on the danger of uncertainty in the minds of allies. But because of the needed impact later of the Economic Plan, scheduled to be published in September, it was considered that "the balance of advantage lay in making an early announcement".[7]

Directly after the Chequers weekend, Wilson indicated to lobby correspondents on the normal non-attributable basis that means were being found to limit defence expenditure. The Foreign Office arranged that there should be a reassurance given in Washington to the Secretary of State and to the Defense Secretary that there would be consulation about defence review measures that had international implications. At the next Chiefs of Staff meeting, Mountbatten quoted the resultant non-attributable briefing.

> "Ministers did not now expect the Secretary of State to produce a firm programme of the choice between the different options for defence expenditure before the autumn. Much work, including consultation with allies, lay ahead. Ministers were convinced that the plan could be vindicated without diminishing the effectiveness of the Services, on the basis of the Secretary of State's re-appraisal of strategic commitments and geopolitical factors".

It may be presumed that the Chiefs of Staff did not welcome this outcome.[8]

Healey now created the terms of reference of the study of a proposed defence structure. There was to be a reorganisation of reserve forces, and no change to the strategic forces. BAOR would be formed of a corps of two divisions and one infantry brigade group, without reinforcement formations. RAF Germany would be reduced by 30%. In the Mediterranean there would be no declaration to CENTO and no commitment to Libya, Jordan or Lebanon. In the Middle East, there would be no defence responsibilities or facilities in Aden and no commitment to Kuwait. Only limited enhanced capital works would be carried out in the Gulf. In the Far East there would be land forces of about a brigade group, substantial naval forces including a carrier, and air forces of 8 strike and 4 recce F111As 20 Phantoms, 8 maritime Comets and 12 MRT aircraft. Eventually the Far East bases would be either in Australia or on Indian Ocean islands, and the assumption was to be made that the capital costs would be borne either by the American Administration or by Australia and New Zealand.

In the scheme to be studied, the structure would generate a marked reduction in manpower strength, so that it would be able to meet commitments without overstretch. No naval forces were to be declared to NATO in addition to those required to be in home waters for other purposes. There was to be a strategic reserve of a brigade group, and RAF transport capacity for overseas movement was to be to the present plan. A costed study of this structure was to be available to the Chiefs of Staff by mid-July and to OPD(O) by the following week. Healey put to the Prime Minister his proposed time-table. A report would be available to Ministers by the end of July, although it would not be possible to take account of the proposed intervention capability since this study would not be completed until September. It would then be possible to produce a revised defence programme

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[7] Misc 17/6th and 7th M 13 Jun 65 Cab 148.

[8] COS 32 M/65 15 Jun 65 FO - Washington 4850 14 Jun 65; 1D3/11/31 Pt 10.

"incorporating the results of both the interim report on cutting commitments and the intervention studies".[9]

On 16 June, PUS at a meeting of Permanent Secretaries called by the Cabinet Secretary was faced with a vigorous protest from the political departments that they should be consulted about the assumptions to be made in this study of defence commitments and expenditure which the MOD had been invited to prepare. It was clear, PUS subsequently noted to the Chiefs of Staff, that both the Foreign Office and the Commonwealth Relations Office wished "to recover some of the ground which they had lost at Chequers". The Cabinet Secretary protested at the time-table which Healey had put to the Prime Minister, and the political departments were expected to echo this. PUS suggested that the central MOD concern remained "to get the debate under way on commitments only," since Healey had stressed at Chequers that only if political commitments were abandoned could there be any prospect that the expenditure, for example on intervention capability, could be reduced.

In briefing CAS for discussion on this in the Chiefs of Staff, the Director of Air Staff Briefing noted that it was scarcely possible to refuse to consult with the political departments on political assumptions, and noted their pressure to secure access to the study of intervention. He added that evidently "not everyone was convinced by the statement by the Secretary of State that our existing intervention capability could not be cut unless we proposed to abandon our commitment to Libya and Kuwait". Personal notes taken by CAS at Chequers on 13 June show that the Foreign Secretary and Healey had disagreed as to whether an aircraft carrier was an essential element in the Kuwait contingency plan.

At the Chiefs of Staff meeting on 22 June, Mountbatten commented that "by seizing the initiative at Chequers, the Secretary of State had placed the MOD in the very favourable position of being able to indicate those commitments which could not be met within the reduced budget, leaving it to the political departments to justify re-instatement of any which they regarded as inescapable. In effect the Secretary of State had put forward proposals which if pursued would form the basis of our political policy in the 1970s." PUS commented that Healey "was anxious to see some progress on the problem of reducing commitments before any discussion outside MOD on the question of our capabilities". He added that if the political departments were given a chance to change the priorities, they would press for a reduction in resources without a cut in commitments. It was clear that this was not a theoretical danger; the political departments knew that the form of contingency planning for Kuwait and Libya "did not rely directly on the availability of sea-based airpower". They would therefore argue that there was a measure of over-insurance in the defence structure. Mountbatten concluded the discussion by urging support for Healey in securing the programme of enquiry in the form that he had recommended it to the Prime Minister.[10]

Wilson supported the political departments, and the Cabinet Secretary, against Healey on the time-table of the enquiry. The political assumptions were clearly crucial and with these the political departments must be associated. Further, the intervention study was so cardinal that it must be available. Ministers would therefore undertake an interim review of both force structure and commitments at the end of July. With this Healey had to agree:

> "my department plans to complete the task which it was given at Chequers in time to enable other departments to have a first look at it, and the assumptions upon which it is based, before Ministers meet immediately prior to the recess, in order to review the position and give any guidance that may be necessary for the studies which will continue at official level in August. I fully accept that no final decisions on commitments should be reached at this stage".

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[9] "Study Required after Chequers" nd but 15 Jun 65 1D3/11/31 Pt 10: SofS - PM 1 5 Jun 65: ibid.

[10] COS 1920 21 Jun 65; DASB brief for 22 Jun 65; COS 33M/65 22 Jun 65: 1D3/11/31 Pt 10.

A little later, Healey was anxious to check a suggestion, presumably emanating from the Cabinet Office, that in visiting Washington the Cabinet Secretary should report on the progress of the defence review. Discussion on defence east of Suez would be "dangerously premature . . . we do not yet know the extent to which we may wish to alter our commitments, or change the pattern of our forces". Discussion would be "bound to expose how tentative our thinking still is . . . at some stage it is likely that we shall want to negotiate on the results of the defence review, but at this moment we have no negotiating position". Healey explained that he had outlined the position to McNamara a month before and would do so again to McNaughten, the Assistant Secretary for International Security Affairs at the Pentagon, during a visit to London within a few days.

The Foreign Office now noted to PUS "points which may have a direct bearing on the political assumptions of your further studies" while noting that these did not exhaust the list of matters on which the position of the Foreign Secretary was entirely reserved, another indication that Healey had significantly overborne his colleagues. In the Foreign Office view, the paper which Healey had circulated at Chequers placed "too much emphasis on the desirability of dissociating ourselves from United States policy in south-east Asia". They saw it as doubtful whether the CENTO air trooping route would survive the withdrawal of the nuclear strike forces based in Cyprus and declared to CENTO. The consequence could be that CENTO might break up, with effects on the oil policy of Iran and possibly on Iran's western alignment. The proposed shifting of defence support of Libya could also be difficult to arrange. Parts of the intervention plans envisaged by the paper were seen as politically unrealistic, and the Foreign Office recommended study of the options that would be closed if capacity were restricted to that needed in the first stages of the revised contingency plan for Kuwait.[11]

The terms of reference which Healey had created generated a scheme of a possible inter-relation of commitments and defence structure known later in 1965 simply as OPD(O)(65) 54. This was central to the deliberations of the rest of the year. It included some manpower additions which were designed to relieve the worst of overstretch. The resulting structure reduced the RN by about 20%, that is by two GM destroyers, 20 other escorts, 6 submarines and 18 MCMV's, it reduced the Army by 22%, including 16 infantry battalions, all the Gurkhas (a further 8 battalions), 4 RAC regiments, 4 2/3 RA regiments and 4 1/2 RE regiments. It also reduced the RAF frontline from 845 to 671, by reductions in the Lightning force, the earlier withdrawal of Canberras, and reduction of the scale of purchase of F111A, P1127, Phantoms and Jet Provosts. It cut the service manpower requirements from 400,000 to just below 340,000; including that of the RAF from 121,670 to 107,490. It was projected to cost, in 1969/70, £1,900m, but the need for a complex service redundancy scheme would mean that the full scale of the economies produced would not be achieved in that timescale. The timing of the economies that theoretically should result would "depend entirely on the timing of Ministerial decisions on commitments". There would be a reduction in foreign exchange costs attributable to defence from £258m to £156.8m. A first attempt at an order of battle that flowed from this structure was prepared.[12]

An analysis was attempted of what could be undertaken in the Far East with the forces in the 'July structure', both in concert with Australia and New Zealand and alone. In conjunction with Commonwealth allies it would be possible to provide and support one division, with appropriate air and naval support, for three to six months. Outside Australia the force could not be built up in less than thirty days, and it would have limited assault entry capacity. Independently, without Australian and the New Zealand support, it would be possible to create a force of up to two brigade groups and

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[11] PM – S of S 29 Jun 65: S of S – PM 2, 6 Jul 65: FO – Hardman 8 Jul 65 CDS N87/03 Pt 5 DH/McNaughton mtng 13 Jul 65 D/PUS 53/1.

[12] Post Chequers Study Costings COS 2015, 9 Jul 65, later part of OPD(O)(65)54,19 Jul 65, Cab 148.

maintain it for three months. There would be a significant "loss of flexibility and speed of response", difficulty in finding points of entry, a reduced ability to deter and hence a reduction in "our stabilising influence in the world".[13]

The DOPC meeting of 5 August had before it a statement of the consequences that would follow from adoption of the "July structure". The "capability study" set out the effects of the revised force structure east of Suez and south of the Sahara. The assumptions made followed from the paper which Healey had circulated at Chequers. In the "costings study" it was confirmed that the commitments listed could be met with a force structure that would cost £1,900m, a reduction of 14% from the then current projection of spend in 1969/70. There would be a reduction in frontline units in the three services varying between 20% and 28%. The changes would not however be complete by 1969/70, since a considerable reorganisation, including a major personnel redundancy programme would be involved.

The "capability study" examined a number of hypothetical cases, concerned with both internal security and limited war. Lengthened times for deployment, both initially and in later support, followed from the limited forces postulated, and the number of emergencies that could be handled would be reduced; less than half of the force then available in Britain for emergency deployment overseas would be retained. A further study on intervention was in hand; here the central choice was that between landbased and seaborne air power.

Certain of the political assumptions which the Ministry of Defence had used were regarded by the political departments as unrealistic, and further studies were in hand "to provide a more comprehensive range of options". On Europe, where major savings had been assumed, the paper referred to the well known political obstacles to large scale reductions; there was a danger of a revision of American policy in NATO and a consequent restructuring of NATO ground forces in Europe. In the Middle East, it was suggested that structures following from the assumption of continued commitment to CENTO and to Kuwait should be further studied. It was intended that these studies, and further enquiries on the Far East, should be reported to Ministers in September. These proposals were accepted by the DOPC, the main discussion evidently being on the contention of the Ministry of Defence that after 1969/70 defence expenditure should rise at 3% a year.

This apart, Ministers were prepared to await the outcome of the further studies which had been reported to them.[14]

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[13] Defence Review Capability Study DP 44/65, COS 113/65F part of OPD(O)(65)54 19 Jul 65 Cab 148.

[14] OPD(0)(65) 19th M 2 Aug 65 OPD(65)122 3Aug 65; OPD(65) 36th M 5 Aug 65: Cab 148.

CHAPTER 5

SUMMER STUDIES AND DEFENCE COUNCIL MEETING AUGUST, SEPTEMBER 1965

At this point in the defence review process the Chiefs of Staff considered carefully whether they could bring the defence review process to an end by accepting a limited arbitrary cut on each of their services. In a full note to CDS, the DUS in charge of the Defence Secretariat urged against this. He argued that it would not lead to "a viable and balanced three Service effort related to mutually consistent objectives". He noted that there was "within the Department" a continued belief that "there is potential duplication and over-insurance in the fighter and strike aircraft area, and duplication of a very expensive type". It was surely essential first to resolve this. An equal misery cut would affect the three Services differently; "the Navy might for example be able to limit the damage by rephasing ship and aircraft programmes, hoping to recover the lost ground in later years. The Army would have to decide to cut, now and forever, their manpower ceiling, maybe by 15,000 to 20,000 men. The RAF equally would have to cut their front line – their backing to frontline ratios are already very finely drawn". This advice would seem to have prevailed.

There was no uncertainty where the doubts "within the Department" were to be found. Healey had already minuted the CDS

> "I understand the general case for mobile air bases, but on the evidence of the studies done, I have become doubtful about the value of the return which we can expect from our ten year programme for aircraft carriers and fixed wing naval aircraft. I understand the need for some long-range effective strike aircraft, but I also have doubts about the planned size and mix of the RAF programme and about one or two of its current projects".

Directly after the DOPC meeting of 5 August Healey therefore set out a scheme of further studies which would lead on to the "decisions which I and my colleagues may wish to take in the early autumn". He was expecting a revised scheme for a more cost-effective carrier force from Minister RN. He also asked CNS (Luce) to set out the case for retaining fixed wing aircraft carriers. At the same time CAS (Elworthy) was invited to state the case "for dropping aircraft carriers from our forces in the 1970s and using part of the money saved to improve our military capability in other respects". CAS was also asked to study the aircraft programme that would be required if carriers were removed from the programme at the beginning of the 1970s, and if the Belfast and the P1127 were dropped. All this would lead to decisions on "the central question on the capabilities side of the defence review, how best to resolve the issue of land-based and carrier-based air power".[1]

The future carrier force now proposed was on a smaller scale than that recently costed in LTC 65. The key to it was "the ordering of a second new ship CVA 02 at the same time as the first, to complete some eighteen months after CVA 01". It was stated to be a viable plan, and one that made no unreasonable assumptions about improvement in the naval manpower situation. It seemed unlikely that the success of an actual military operation would turn on the required presence east of Suez of two carriers of less than fifteen days notice. It was this limiting case which was always cited in opposition to the carrier. In the view of the Navy Board

> "the plan for the Fleet Air Arm in the 1970s should be based on a three carrier fleet in which Ark Royal would be replaced by CVA 01 in 1973 and Hermes would be replaced at the earliest possible time by CVA 02: the Sea Vixen being replaced by the Spey Phantom as at present planned . . . Should the manpower situation improve we would retain the option of a four carrier force, although a final decision would not be taken until 1969/71".

The scheme required phasing out the TIGER class of cruisers, and reducing the escort programme. The scale of RN Buccaneer purchase was also to be reduced.[2]

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[1] DUS(PandB) – CDS 6 Aug 65: SofS - CDS 3,6 Aug 65: CDS N87/03 VII.

[2] Min RN – SofS 6 Aug 65 DS 4/267/27 6 Aug 65 CSA 305/04 I.

In the associated statement of the case for the carrier programme, CNS noted that without seaborne airpower Britain's ability to fulfil a peacekeeping role east of Suez would decline "as our footholds on land are removed one by one, and the power of our potential enemies in the area grows". The Navy was required as the rearguard of British presence in the Far East, which could return if political circumstances required it. A carrier force was politically invulnerable, had the advantage of a potentially visible presence, had the ability to deter threats and could not be eliminated from the defensive plans of potential enemies. There was as yet no military justification for discounting incoming weapons systems in the maritime field. Elimination of carriers would limit "freedom of political manoeuvre" and would be "tantamount to giving notice internationally that we had no intention in the long term of maintaining our interests overseas, or of supporting our alliances and commitments east of Suez".[3]

The case against the development of the new carrier was given by the Air Force Department, it was clearly seen as liable to pre-empt such a large proportion of the future reduced defence budget as to endanger major incoming programmes. CAS stressed that the carrier development programme was vulnerable as giving a doubtful return from expenditure.

For carrier operations large purchases of aircraft generated small front-line forces. Further, the carrier could be seriously misplaced at the start of an intervention operation; at 600 nm a day, a carrier needed 16 days to move from Britain to Borneo via Suez and 8 days from Australia to East Africa. Its endurance at maximum rates of effort was limited. Further, it was always vulnerable to attack and at risk of the need of emergency repairs. Assessments had been made of the threat to carriers east of Suez from elements of the Indonesian forces, and it was significant that a high proportion of the cost of a carrier force came from the aircraft needed for its own defence. Uncertainty of location complicated the inclusion of carrier-borne aircraft in contingency plans, and since the carrier required bases, it was not in reality free from political constraints. There were limitations on the scale of potential intervention where the carrier alone could provide air support. Given the degree of recent advance in the range payload and performance of land-based aircraft, the carrier programme therefore represented the least productive portion of the defence programme. The carrier was an uncertain and expensive instrument, and its deletion from the programme would not of itself make necessary any surrender of commitments or alteration in basic strategy.

CGS supported this view: he commented that "in terms of flexible and sudden reaction to an emergency, the Army has learnt to place greater reliance on the RAF than on strike carriers, because RAF resources are more often available at the notice required, and normally better placed for sustained operations". He saw the gap in capability which would flow from the absence of carriers as tolerable, and expenditure on the strike carrier as the only possible source of the required level of savings.[4]

There was now no doubt within the Navy Department about what was at stake. The Controller for example minuted CSA personally to the effect that the Department

> "must present to the Secretary of State the dividing of the ways at this moment, and not by the expedient of getting two old [USN] carriers put off the decision for our successors in ten years time . . . a decision not to go ahead with CVA 01 and CVA 02 if taken now will mean that Britain is turning her back on the maritime threat for the next ten years . . . confirmation of our intention to build CVA 01 and CVA 02 will ensure a continuing ability to maintain a maritime capacity for twenty-five to thirty years".

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[3] CN S – SofS 12 Aug 65 CNS 215/65 MO 9/1/7 Pt 1.

[4] CAS – SofS CAS 4210 12 Aug 65: CGS - SofS 17 Aug 65: both on MO 9/1/7 Pt 1. CGS was CDS designate.

Three schemes for the use of surplus United States carriers were put to Healey in early September, they were first the replacement of Hermes alone by a United States carrier until CVA 02 was available, secondly the replacement of Hermes by a United States carrier for the whole of the 1970s, and finally the purchase of two United States carriers in place of CVA 01 and CVA 02, in which event the replacements would themselves be outdated by 1980. Healey indicated an interest in the first and especially the third of these options.[5]

CAS had also responded to the Secretary of State's request for an analysis of the future aircraft programme, making the assumption of the cancellation of the P1127 and the Belfast, the elimination of carrier-borne aircraft in the early 1970s and the inclusion of the AFVG. The consequence of not continuing with the P1127 would be that there could be no V/STOL aircraft in the time-scale of the Hunter replacement; the only possible support would be from the use of Buccaneer 2 aircraft currently on order for the Fleet Air Arm, it being clear that the major national investment in these aircraft could not "go prematurely to waste". The effect on the aircraft patterns of taking over the maritime tasks had not yet been properly assessed; for LTC costing purposes it had been assumed to be of the order of an increase of 36 Phantoms, 15 F111As and 6 Victor tankers. To displace the Belfast, six of which were already flying, would involve the purchase of an additional 12 C130s and the retention of 10 Beverleys. If retained, the Belfasts would have some value for intra-theatre work but there were severe limitations on their load and range.[6]

At about the same time, the report of the study group under DCSA(S) on the the capabilities of the F111A and the Buccaneer became available. Separate groups had examined the data on the two aircraft, had studied the effectiveness of both in Middle East and Far East scenarios, and had attempted a functional cost comparison. In studying their capability in the strike role, the criterion of success had been the degree of damage or destruction that could be achieved within 24 hours to half an enemy air force. A frontline strength of 100 aircraft was assumed for the enemy air force, and dispersal plans to complicate the attack were taken into account. The enemy was assumed to have "a Phantom like fighter" and daylight SAGW of the ET316 (the future RAPIER) type. The navigational and attack systems of the two aircraft were treated as comparable, with some advantage to the F111A at night. The weapons assumed were the 1000 lb bomb, a cluster bomb and the stand-off weapon the AJ 168, although there were limitations on the effectiveness of the last. The study first showed that the losses in attempting the operation in daylight would be prohibitively high, but for night operations, the strike concept was assessed as sound. In a night attack, 13 F111As or 29 Buccaneers would be required to strike six airfields, and 35 F111As or 89 Buccaneers, 20 airfields. Intelligence suggested that the Indonesian air force was normally deployed on six airfields but could disperse to 20. The required number of Buccaneers could be deployed on two aircraft carriers of the CVA 01 type, but more than two would be required for a night attack on 20 airfields. The F111A had an advantage in ferry range and also in greater speed and operating range, which made possible "tactical and deceptive routing". The costing data available showed that 50 F111As or 100 Buccaneer 2 would cost about £500m, and 100 F111As or 200 Buccaneer 2 would cost about £900m.

The study group drew the following conclusions.

a. the counter-air strike concept was sound, although in some modes of attack heavy losses could be expected

b. about twice as many Buccaneers as F111As would be required to accomplish the same task

c. the overall functional cost of an F111A was about twice that of a developed Buccaneer 2

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[5] CN – CSA 7 Sep 65 CNS – SofS 8 Sep 65 SofS – CNS 17 Sep 65 CSA 305/04 I. MO 9/1/7 Pt 1.

[6] CAS – SofS 17 Sep 65 CAS 4636 ID3/94/41 Pt 14.

d. in most settings the Buccaneers required could be deployed in two carriers of the CVA 01 type

e. the available strike weapons were not optimised for attack on parked aircraft.

In sending forward this report Zuckerman (CSA) noted that he believed that the conclusions of the study were as soundly and precisely drawn as the information available made possible, and that the broad conclusions were independent of the remaining uncertainties in the analyses.[7]

CSA saw the issue as narrowing itself to that of the ability of land-based aircraft to undertake the tasks for which carrier-based aircraft had been presumed to be required. He pointed out the difference of view of the two staffs on the effective range of shore-based aircraft, and observed that shore-based aircraft were not subject to limitations of maximum operating weight, which enhanced their flexibility in loading of stores for operations. The developed Buccaneer was, however, as cost effective as the F111A, though twice as many aircraft were required for a given operation, and the shorter range was not actually a serious disadvantage; the two aircraft were broadly similar in vulnerability and in accuracy of navigational and attack systems.

Both carriers and land bases should rightly be seen as vulnerable; if the use of a land base were denied for political reasons, without carrier based aircraft Britain might in the future be "unable to assert a presence where doing so might have served our purpose". The conclusions that CSA drew were that it would be inappropriate to look too far forward east of Suez, the 1970s rather than beyond, that an alternative system of operations by land-based aircraft might well generate no economies at all in the defence review context, that the aim should be to continue the existing carrier programme on as economic a basis as possible, that the RAF should be equipped with the developed Buccaneer, if possible rendered inter-operable, and that such a programme would be adequate for the military tasks east of Suez in the 1970s.[8]

By late September, therefore, Healey had before him a range of studies. Apart from the report of the study group on the relative effectiveness of the Buccaneer 2 and the F111A, these included notes from CNS, CGS, CAS and CSA on the central issue of the carriers. He now planned to place before the Defence Council his own assessment of the position reached, as a necessary preliminary to a DOPC discussion. He saw a later DOPC meeting as requiring papers on the issue of land-based versus carrier-based aircraft, on the future aircraft programme including the issue of whether the Phantom should be Spey-engined, and a note on the financial implications of the studies of a defence structure.

Healey therefore sought from CNS a study on the implications of a possible purchase of a surplus US aircraft carrier, and variant schemes for continuing carriers, to 1969/70, to 1971/2, or to 1974/5, together with an indication of the way in which maritime commitments would be met in the era after the carriers. He asked PUS for a study showing the risks that would have to be faced if a decision were taken to dispense with carriers from the end of the 1960s. Such a study should give a strategic framework that could be put both to allies and to Parliament. The scenarios should be as concrete as possible "in order to draw the Foreign Office". The political assumptions on which they should be based were

a. a continuing peace-keeping role east of Suez, if possible in conjunction with allies

b. no intervention operations where the ports of entry were in hostile hands

c. no limited war except in conjunction with allies

d. no retention of bases beyond 1970 in S Arabia, the Gulf, or Malaysia/Singapore.

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[7] BFWP/65 16 Sep 65 MO 9/1/9 Pt 1.

[8] CSA – SoS 22 Sep 65 SZ 599/65 MO 9/1/9 Pt 1.

From CAS, Healey sought a review of aircraft programmes in the light both of the study undertaken of the relative effectiveness of the Buccaneer 2 and the F111A, and of the assumption that there would in the 1970s be no carrier-borne aircraft. All these studies were requested in a very restricted time-scale.[9]

PUS provided a draft paper designed for the DOPC. This argued that the least damage to the defence programme would be done if sea-based airpower were eliminated. The present carrier force would last until 1972, and by that time there would either be available, or sufficiently near for an acceptable delay, the F111A or the developed Buccaneer or both, the Phantom, an AEW aircraft, the "maritime Comet" and the provision of SSGW for ships. The decisions already taken had brought the 1969/70 defence budget to £2,200m, it could be brought to £2,100m by the deletion of carriers, the elimination of the P1127 and the choice of the J79 engine rather than the RR Spey for the Phantoms. Reductions below that level could be achieved only by the elimination of a major political commitment. Not surprisingly, this approach to the budgetary problem was contested both by CNS and by CSA and even when redrafted the paper was not used in the form in which it had been prepared. It formed the background rather than the basis of the paper that Healey now prepared for the Defence Council.[10]

In his formal note for the Defence Council meeting, Healey stated his view of progress of the defence review. The degree of overstretch was evident; tasks and capabilities could not be got into balance without painful changes in commitments. The major political assumption had to be that in the 1970s Britain would not engage alone in military operations against sophisticated opposition, and within a decade powers currently gauged as of medium weight might pose such a threat. Even the best carrier plan that could be devised within the financial constraints could not give value for money east of Suez and would not mature for eight years. There was therefore a strong case against provision of new carriers and aircraft for the Fleet Air Arm, and the requirement for land-based aircraft could be met by a mix of F111A and Buccaneer aircraft. On the other hand, the carrier force must be kept going at least until 1970. He saw forces so structured as the least damaging way of taking a major step towards the objective of a defence budget of £2,000m by 1969/70.

In a personal note, Healey stressed the need to reduce commitments, not only to meet the financial limit, but also to save foreign exchange and reduce overstretch so as "to provide a better capability for reacting to the unforeseen and to get out of certain current operations which involve an expenditure of money, or of political goodwill, out of proportion to the gain in national advantage". To secure the financial savings required it was necessary to withdraw from all commitments "in at least one major theatre". Further, Britain must in future refuse commitments "which might involve fighting without allies against even a medium power which has sophisticated weapons". He was concerned that studies being prepared at official level still failed "to indicate the possibility of substantial cuts, because they do not attempt to establish overall priorities within our limited total resources".[11]

At the Defence Council meeting on the 7th October Healey opened by saying that the MOD had not yet convinced the political departments that the required economies could be achieved only by cutting commitments; there was a continuing view that further cutting of capabilities would be possible. Urgent decisions were required on a range of equipment including CVA 01, the RN Phantom, the Buccaneer 2 and the F111A. The Minister RN contended that the decision on the new carriers could not be made in isolation; clearer guidance was needed from the political departments. Phasing out carriers, in either of the timescales now to be examined, would increase overstretch and

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9 Sof S – CDS 24 Sep 65 MO 9/1/5.

10 PUS – SofS 29 Sep 65 1 Oct 65 HH 1378, 1384/65: CDS N87/03 VII.

11 DC/P(65)20 5 Oct 65 DH note 5 Oct 65 MO 9/1/5.

reduce the deterrent; the financial savings would be negligible. Healey replied that he had determined that the proposals that he would be putting to Ministerial colleagues would be on the hypothesis of phasing out carriers and that his colleagues must be made aware of the extent of the loss of political options that would flow from this. Both Minister RN and CNS argued that the tasks of the first years of the 1970s could be met by the purchase and limited refit of a surplus US carrier and that the relative costs of carrier-borne and land-based aircraft had been wrongly stated. CSA held that the decision to phase out carriers involved taking decisions for the period beyond realistic political forecasting range. PUS reported that allowing for facilities had would have to be reprovided, savings of the order of £500m over the ten year costing period would flow from a decision to phase out carriers. Healey stressed that his objective remained to force recognition by the political departments of the principle that commitments would have to be cut if the financial limit was to be achieved.[12]

Following this Defence Council meeting, Healey set out the further studies which he wished to see undertaken. On maritime air tasks, he asked that CSA examine further the problem of employing land-based aircraft in support of maritime operations. The study should attempt to define the tasks as precisely as possible, assess the number of aircraft that should be used, and the position both before 1970 and in the 1970s. It should use the earlier political assumptions. A further study from the Minister(RN) was to examine, on the assumption that Ministers might decide not to proceed with CVA 01, the future of the Fleet Air Arm and the issue of presentation of the decision to the RN, to the press and to Parliament. CDS was to coordinate a study of the operational implications of this gap in capabilities in the early 1970s. Healey invited CAS to study alternative aircraft programmes to provide a replacement for the Canberra and to meet the strike/recce requirement in the 1970s. Finally, PUS was asked to begin preparation of material designed for the DOPC on the budgetary target and the extent to which it could be met only by the elimination of commitments.[13]

In placing on record the outcome of a meeting with Wilson that day, Healey recorded that he hoped that material both on commitments and on "capabilities, or the intervention side of the review" would be available for DOPC discussion in early November. It would be possible to give an indication to the American administration of the direction of the defence review early in December. Mulley, who was to be in Washington in mid-October, could indicate this timing to the Administration, but was not to be involved in detailed discussion.[14]

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[12] DC (65) 18th M 7 Oct 65.

[13] SofS – MinRN and others 8 Oct 65 MO 9/1/5.

[14] SofS – PM 8 Oct 65 ID3/11/31 Pt 15.

CHAPTER 6

AUTUMN STUDIES, LONDON WEEKEND: OCTOBER, NOVEMBER 1965

It was now possible to bring together, and assess, the inter-related group of studies undertaken earlier in the year and those recently initiated.

Healey had sought from CNS a study of the consequences of ending the carrier fleet at different dates, the assumptions being that there would be a purchase of an American aircraft carrier, that the future of the Fleet Air Arm would be safeguarded, and that the maritime tasks, being studied elsewhere, would continue to be handled.

CNS had already reported his assessment of the consequences of a withdrawal of carriers in 1969/70. These were, in summary, that a fleet without carriers would have a markedly reduced capability, and that there would be a serious operational gap in the early 1970s directly after their withdrawal, with the fleet being limited in its ability to handle maritime operations and restricted to limited areas of the world sea. To add an American aircraft carrier would "add troubles to a dying force", would not safeguard the future of the Fleet Air Arm from serious manpower shortages, and would not achieve significant savings in 1969/70.

> "If therefore the object of a decision not to build CVA 01 and to run down the carrier force is to contribute to the problems of the defence budget in 1969/70-1975/76, this particular scheme will evidently not have the desired result. I would not **in any case** recommend it".

CNS remained of the view that no satisfactory alternative means of carrying out the maritime tasks of the aircraft carrier existed.[1]

At the same time CAS set out the case for the F111A, which the Chiefs of Staff collectively had endorsed in March, making recommendations on the size of the front-line and hence of the size of the proposed purchase. The Joint Service Study in March 1965 had regarded a front-line of 74 as "dangerously small". The more recent study group which had attempted the comparison of the F111A and the Buccaneer had highlighted the requirement for a front-line of 35 F111As in the Far East. These numbers were required to meet one of the more exacting night bombing scenarios, although help from the F111As of the RAAF might be available. It seemed certain that the maritime tasking that would follow if carriers were discontinued would generate a further front-line requirement. Since the case for the F111A had been made, there should therefore be a decision to take up the initial option. The size of the necessary follow-on order, a decision for late 1966 but with implications for the defence budget total in 1969/70, would turn on variant mixes of aircraft, not all of them on order for the RAF. CAS therefore proposed that he should initiate studies on these.

The attempt by CAS to secure the support of CDS and his fellow Chiefs of Staff for a renewed endorsement of the F111A failed. This was despite his contention that "a recommendation . . . would not prejudice the carrier question either way, since a force of F111As would not pre-empt any larger share of defence funds than would a comparable RAF Buccaneer force". With this CNS emphatically disagreed; in his view the Chiefs of Staff needed first to see a study which they had commissioned on the effectiveness of the improved radar for the developed Buccaneer, which was needed to prevent the Secretary of State being "forced to make his own decision on this purely military matter". CAS, on the other hand, urged that production time-scales strongly favoured the F111A, and CSA stressed the exacting scenario of the postulated night attack against the dispersed Indonesian air force. Since the issue could not be resolved, CDS was forced to record that it would be "counter-productive to minute the Secretary of State unless the Chiefs of Staff were unanimous".[2]

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[1] CNS – SofS 17 Sep 65, 1 Oct 65 MO 9/1/7 Pt 1. The emphasis in the quotation above is that of Healey, who also noted "in short, the only answer is to stop carriers in 70 without any new aircraft types".

[2] CAS – SofS 1 Oct 65: CAS – CDS 1 Oct 65 COS 4906: CNS-CDS 7/65 5 Oct 65 COS 30th M/65 5 Oct 65: all on CSA 278/06.

A study on maritime operations had been required to define the tasks which land-based aircraft might have to perform if no carrier-based aircraft were available in the 1970s. It was to seek to determine the likely range, duration and intensity of strike and air defence operations which might be required in support of naval forces and shipping, and to assess the numbers of aircraft required and the scale of airfield and ship facilities involved. The resulting study listed the four tasks, continuous air patrol, airborne electronic warfare operations, maritime recce and strike and probe operations. Taking the intervention in Indonesia as the worst case scenario, it assessed the aircraft required as 10/13 Comet type aircraft for AEW work, 17 F111As or 24 Buccaneer 2s for strike operations, 9 Comet type aircraft for maritime recce, and either 15 or 21 Victor tankers depending on whether the F111A or the Buccaneer 2 were used. In sending this report forward to the Secretary of State, CSA noted

> "we are winning time by the sacrifice of the principles that must govern scientific and objective studies, if they are to yield the reliable answers for which they are designed".

He repeated that it remained difficult to take the decision between two major defence strategies, "one of which . . . remains unproven in practice". Specifically on intervention

> "while we may postulate as a matter of policy that this will never take the form of a landing against opposition, the forces which we might deploy under relatively safe conditions, for example as part of an allied team or by invitation might subsequently find themselves confronted with a situation which from the military point of view could assume most of the attributes of an opposed landing".

Healey questioned whether it was "really impossible to predict what sort of operations ran this risk and avoid them". More generally, on the point that at this stage no firm predictions could be made on the "two defence strategies" he enquired whether it was "possible to say how long after the main decision it would be reasonable to reach adequate assurance of the new system's operability and of the aircraft numbers then required". Was the deterrent power of airstrikes adequate, and was it "really sound to apply the five year rule ad infinitum and to assume an ability to operate and control modern weapons in Indonesia".[3]

By late October the study of the RAF aircraft programme initiated by CAS was ready. It set out a variant list of possible frontlines, assuming that from the Fleet Air Arm Buccaneers and Sea Vixens would be available. In the first instance it examined RAF tasks, leaving to the second stage of its enquiries the consequences of the study of maritime operations that was proceeding in parallel. The basis of the first part of the study was the frontline as it had been assumed for LTC 65, that is a UE of 74 F111As, 84 Phantoms, 60 P1127s and 120 Lightnings. Variant UEs for the F111A of 36 and 54 were also examined. On the operational effectiveness of the types being considered it reported that the Canberra should be completely replaced by 1971/72, that the V bombers were viable in the nuclear strike role until 1969/70, would become increasingly vulnerable in the mid 1970s, and had an exchange ratio with the F111A of 3:1. The AFVG was assumed to be equivalent to the F111A and to the developed Buccaneer in systems accuracy though not in range; its exchange ratio with the F111A was 2:1.

In sending the report forward to Healey, CAS stressed once again the extent to which the F111A offered the earliest and most effective aircraft for the strike and recce role, and that it would be necessary, on the assumptions now being made, to persuade SACEUR to accept a markedly reduced scale of strike/recce effort in the NATO central area. He urged that a place be found in the frontline for the Jaguar aircraft, and noted the potential conflict for both R and D and production resurces of

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[3] The "five year rule" was an assumption that a sophisticated weapon introduced by the USSR would be operational in the hands of client states in the Third World within five years.
MOWP/ 65 22 Oct 65, CSA – SofS 22 Oct 65, DH notes on his copy in MO 9/1/5 Pt 4.

the AFVG and the developed Buccaneer. The major call on resources of the P1127 had to be weighed against the value of the type of close support of Army operations that could be obtained only from an S/VTOL aircraft. He proposed now to postulate and to cost a set of variant frontline structures dependent on differing sizes of F111A buy, the inclusion or exclusion of the P1127, and the choice of either the AFVG or the developed Buccaneer.[4]

The assumptions needed for the second part of the study incorporating also the work of the group considering maritime operations were put to Healey in draft by CDS. They were that the aircraft required for the "maritime increment" should be established within the proposed RAF frontline and not from a special element, and that it should be assumed that both the P1127 and the developed Buccaneer would be dropped. As varied by Healey these assumptions became that of continuation of the Canberra until the F111A entered service, that the F111As of the Australian forces should be assumed to be available for operations in the Far East, that the V-force bombers would be retained until the entry into service of the AFVG in 1975, and that 68 Phantoms would be purchased for the RAF.[5]

When the second stage of the study was available CAS in forwarding it commented that a markedly better balanced force followed from a UE of 54 F111As than 36; this was because of the lower retention rate of V bombers, and because it made possible a greater use of the Buccaneer 2s in the ground attack role. On the requirement that the full availability of RAAF F111As should be assumed CAS noted that it was

> "not for me to question its political practicability but I hope that I may comment that this is the second arbitrary reduction in RAF capability (the first was the non-replacement of the NATO-assigned Canberras by F111As) which has been postulated on the assumption of successful political negotiations. I have not seen similar assumptions applied to other parts of the defence programme".

Healey noted on his copy of this minute "the whole of the carrier study depends on similar assumptions". The conclusion from the study was that the aircraft for the maritime increment could be found without a large additional buy of new aircraft. In all, seven variant aircraft programmes had been studied, without a very wide difference in costs, but taking the defence budget as a whole, the transfer to the RAF of the maritime tasks would generate substantial savings.[6]

Another part of the preparation for the coming Ministerial discussion was a statement of the issues presented by the proposed building of CVA 01 and CVA 02 and the restocking of the Fleet Air Arm with advanced aircraft. This remit led to difficulty in creating a joint paper. Only a generalised statement was acceptable, with an appended note by the Navy Department not acceptable to the Air Force Department, and one by the Air Force Department not acceptable to the Navy. The agreed portion indicated that the present carrier programme would

> "provide throughout the 1970s a three carrier force of two large carriers and one small carrier . . . would cost some £1,460m over the next ten years, and would give at certain times, admittedly rare, only one small carrier with 7 strike and 12 fighter aircraft".

There were possible improvements; these included building CVA 02 to enter service in 1974 and buying a second-hand US aircraft carrier. Either or both of these improvements would entail a restructuring of the present escort building programme to remain within financial limits. If the decision was taken that the present carrier programme was not worth the cost, reshaping of both the RN and the RAF in ways indicated in the paper, and at appreciable cost, would be required.

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[4] RAFWG 1/65 21 Oct 65: CAS – SofS 5322 22 Oct 65: MO 9/1/5 Pt 4.

[5] CDS - SofS 25 Oct 65 SofS – CAS, PUS 27 Oct 65 MO9/1/5 Pt 4 .

[6] RAFPWG 2/65 29 Oct 65 CAS – SofS 29 Oct 65 CAS 5464 MO 9/1/5 Pt 4.

In the area of disagreement, the Navy contention was that the order for CVA 01 should be announced, being described as part of the agreed new strategy, and that once this had been done, the Department should address itself to "the problems posed in relation to commitments". This seemed an unlikely approach, and one that would be held by Ministers to prejudge the issues of the defence review. The Navy Department case was that naval equipment policy had been deliberately designed around the aircraft carrier, that two carriers operating together were not unacceptably vulnerable, and that it would not make economic sense in the early 1970s to have to arrange expensive refits for carriers whether British or formerly American. (Healey specifically questioned this point in papers reaching him.) The building of CVA 01 could be justified

> "as an insurance to secure the orderly phasing out of carriers over a period which would allow time to disengage from our present commitments and to introduce alternative weapons".

The new aircraft which the RAF would require to protect shipping, and then only within range of airfields, would not enter service until 1970 and beyond their range there would be "a permanent degradation in capability". Britain could not be confident of the retention of the bases on which the new generation of RAF aircraft would have to rely, nor that totally new threats would not arise.

The RAF case was that the run-out of the carrier force and the setting up of land-based support for maritime operations would coincide. It was unlikely that in the 1970s major operations would be undertaken without allies and therefore without facilities. There were "large areas of the world seas in which the threat to shipping can be discounted". (There was a specific Navy Department reservation on this point.) Throughout the 1970s the present carrier programme would generate on average 30 strike aircraft east of Suez and to provide this would involve the financing of 249 aircraft; this was "an inescapable consequence of employing carrier-borne aircraft". If carriers were to continue, CVA 02 would also have to be ordered, a total capital expenditure incurred of about £150m. This would perhaps have been reasonable if a full thirty year life could be expected, but the "increased range and capabilities of land-based aircraft cast doubt on the need for carriers". To order either one or two new carriers was either to determine on a large capital purchase for a limited operational life, from 1973/4 to 1980, or to imply that a third carrier and a new generation of naval aircraft would be required about 1980 and so to pre-empt a large part of the defence budget for fifteen years. Carriers required bases, and since the concern was to create the ability to support ground forces, these would necessarily be moved in an emergency by air. It followed that airfields would be required in any event both for the initial deployment and for the support of ground forces.[7]

Healey now sought from Mayhew a note on the foreign policy consequences of abandoning carriers

"the purpose of your note would be to enable me to show my colleagues in a concrete and vivid way what Britain would lose from the angle of foreign policy if our defence forces no longer included aircraft carriers".

Responding to the request Mayhew set out the implications

> "by phasing out carriers we would encourage our enemies and unsettle our friends. In particular the United States have already shown their very close interest in our decision, and their reaction like that of our other friends such as Australia might well be anxious and disapproving. We deprive ourselves of valuable predictable options and of a national asset which has proved its worth in a wide range of unpredictable situations. We would increase the likelihood of being involved in limited war while diminishing our capacity to fight it. We would be depriving ourselves of a weapons system likely to increase in value in the coming years, if our present major bases are relinquished".

There would therefore be a marked loss of deterrence, widely defined as British power to influence

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[7] PUS - SofS 29 Oct 65 HH 1590/65 MO 9/1/5 Pt 4.

There would therefore be a marked loss of deterrence, widely defined as British power to influence events over an extended area. The effect of the decision, if taken, would be "to hearten and stimulate the Egyptian, Iraqi, Indonesian and Chinese Governments and their supporters throughout Afro-Asia". They would take such a decision "as evidence of our intention to disengage east of Suez and as a sign of economic and political weakness". After the last carrier ceased to be operational the "loss of visible presence and known power of the carrier would damage our political influence" and the interdiction task of enemy air forces would be simplified if British strike capacity in a particular area was dependent on a single base. Shipping would then be protected only if land bases were available. There could be no reliance on the support of United States carrier forces. A whole range of predictable dangers could not be handled; these included aid against the attempted influence of Egypt in Aden, support of Kuwait, in East Africa or of India, and operations in the South Atlantic, for instance in support of Nigeria against Ghana, the defence of the Falkland Islands and the blockade of Angola.[8]

From this materiel, by 1 November, Healey had produced a first draft of the paper which he proposed to put to the Ministerial weekend meeting. He had available also a note approved by the Chiefs of Staff on the issue of intervention, an intelligence survey of political contingencies that might occur east of Suez, and the joint paper on carriers created with difficulty because of the fundamental disagreement of the Navy and Air Force Departments. He saw it as necessary to place the main issues before his Ministerial colleagues in broad terms, and to persuade them "to reach at least provisional views on strategic priorities and future commitments". He wished "to avoid any full-scale discussion of the carrier programme issue in isolation: my aim will be to use this issue as a tool with which to open up the wider question of the intervention capability which we should plan to have in the 1970s". The draft stated that the intervention studies had shown that "fixed wing aircraft deployed from carriers provide an essential element of our existing capability in order to carry out the sort of intervention operation which our existing political commitments may require from us . . . so long as we may be required to carry out such operations it is not possible to be sure that a substantial saving could be made by dropping fixed wing carrier-based aircraft, since it may cost about as much to replace by other means their capability for operating naval forces at sea". The central issue was that of the British role in the Far East. There had to be acceptance of restrictions on strategic options following the loss of carrier-borne aircraft, because it would no longer be possible to operate in the face of an air threat outside the range of land-based aircraft or without full support from United States carriers. If carriers were abandoned after 1969/70 there would be a significant gap before the new systems would be in place for the protection of the Fleet. The timing of the operational effectiveness of the new system of the use of land-based aircraft was also uncertain. A clearer picture was required of the necessary intervention capability, but given a new set of strategic priorities and a revised scheme of commitments a consistent defence structure costing £2,000m in 1969/70 could be created.[9]

An annex on intervention started from the premise that it would be unsound to attempt to reach the financial limit by eliminating individual costed commitments. Commitments presently dormant could become active, and others might in future require larger forces than those currently available. The aim should rather be to produce an agreed pattern of commitments which required a defence structure costing about £1,500m in 1969/70; this would allow a margin against the possible failure to disengage. It would become increasingly important to avoid "getting bogged down in military tasks which once undertaken cannot easily be limited in time or scale", and to avoid being "compelled to engage our forces in a level of conflict requiring a range of sophisticated equipment beyond that which we can afford." Some potential commitments, of which Confrontation provided

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[8] SofS – Min RN 2 Nov 65; MinRN - SofS 3 Nov 65 CSA 305/04 I.

[9] DH – CDS/CSA/PUS 1 Nov 65 MO 9/1/5 Pt 4.

the current example, could impose tasks which required almost the total exisitng military capacity. The ability to meet the tasking imposed by COS(62)1 was limited, in part because the previous government had failed to limit commitments to conform to military capability. There was a growth of sophisticated weapons in the hands of potential enemies and "it would be dangerous for Britain to accept political commitments which could require her forces to meet such powers unless we keep capacity if not for defeating them at least for deterring them from hostile action". It was doubtful whether Britain now had the capacity to sustain intervention if opposed, "even in Kuwait against Iraq", or whether it would be wise to take on Indonesia alone, "even if we could count on Australian help". This operation might be sustainable, if the American Administration "were firmly committed to provide us in the case of need with increments of sophisticated capability which we could not ourselves afford", but the American administration might seek reciprocal aid in other areas of South East Asia and "so far we have disagreed with their assessment of western interests in the area".[10]

Drawing on the various studies which he had commissioned within the Department, some of which were now circulated to Ministers, Healey also set out a formal report to the DOPC. Reductions in the prospective level of defence expenditure achieved since the Ministerial discussion of August included reduction in the size of the Phantom buy. It now seemed possible for the F111A selected to be the Mark 1 with an improved nav/attack system rather than the more expensive and still uncertain Mark 2. On the study of the relative effectiveness of the F111A and the developed Buccaneer, Healey drew on the detailed study which had reported in mid-September. The developed Buccaneer was expected to cost half as much as the F111A and to be an effective substitute in the ratio of 2:1. It was not expected to be available to enter service until 1973. Within the aircraft programme, economy if required would best come from the cancellation of the P1127. Healey also circulated the latest carrier plan. If adopted, it would require Ministers to accept a reduction in capabilities and commitments. The steps so far considered had not eased overstretch or reduced the call of defence on foreign exchange

> "we must therefore accept that if we wish to achieve our aim, we must make permanent reductions in our capabilities, accept the risks involved, and adjust our approach to the level of warfare in which we can contemplate engaging from about 1970 onwards. In all this there are obvious dangers in extrapolating from the present situation into the future".

Certain major options would no longer be open. There would be no independent capacity for large scale military action "nor could we participate with a balanced force of all arms in a conventional war of the scale and duration of that in Korea". Britain would not be able, Confrontation once ended, again to take on Indonesia, or to face "large scale protracted subversion". Finally,

> "the concept of intervening against substantial sophisticated opposition, which is at the centre of the present strategy, would have to be dropped for ever . . . is it acceptable that our capability for military action should be limited to this degree".

While operations against China, if they were ever required, would probably be in alliance with the United States, further conflict with Indonesia would probably be in alliance with Australia and New Zealand only. In such a situation Britain would be forced to rely heavily on pre-emptive air strike.[11]

In a personal note designed to focus the Ministerial discussion, Healey pointed out that although the previous decade had seen some reduction in British political commitments, military tasks had if anything increased, while the size of the British armed forces had fallen following the end of conscription. Meantime the military capacity of potential enemies had increased relatively more rapidly. The result was real overstretch, coupled with political inflexibility. This followed from the

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[10] DH-PUS 2 Nov 65 MO 9/1/5 Pt 4.

[11] Misc 17/12 5 Nov 65 Cab 148.

determination of intervention capacity by military posture. Even a small reduction in defence effort would require disengagement from commitments. This withdrawal would not be simple to handle diplomatically, and there would be military risks if withdrawal had to take place while active operations were still in train. It seemed probable that instability in the Third World would increase. British military overstretch therefore needed to be tackled; this

> "would require us to revise our overseas commitments even if we had not decided to cut the defence programme of the previous government. The budget target of £2,000m in 1969/70 makes the task of revision more formidable and more urgent".

There would also be real difficulty in limiting the scale of potential operations that could flow from honouring some political commitments.

> "the task of disengagement from current commitments is bound to be exacting and dangerous: in the event we may be unable to withdraw or cut our forces as fast or as smoothly as we hope".

If an appropriate force structure were not generated as a result of the present review, that review would have to be repeated within a few years.

Taking the areas of commitment in order, Healey first commented that while it remained an objective to secure a reduction in the British military contribution in the NATO area, this could be achieved only after reductions outside Europe, and after an adequate reserve margin had been created. In the Middle East, the obligations both in the Gulf and those related to CENTO needed to be reviewed, so as to avoid excessive capital cost in the Gulf.

In the Indo-Pacific area, while Britain clearly had to retain responsibilities for internal security and for external defence of colonial territories, the question was the "type of capability, if any, above the internal security level". There was a choice

> "between planning to have an independent British capability which would be balanced in itself, though necessarily restricted in its scope and sophistication, and planning to provide at the sophisticated level a contribution only to combined British/United States forces".

It was also important to retain room for negotiation, both with the United States Administration and also with Australia and New Zealand, not only on the sharing of capital costs of facilities in Australia, but also on the integration of forces for tasks in a designated area. With the United States it would be important to assess the degree to which there would be readiness to provide support where British or Commonwealth forces could not operate effectively. After the Ministerial consideration of these issues, a revised force structure would have to be created, a firm time-table prepared for reducing commitments, and policies developed for disengagement from commitments which were currently involving major military effort.[12]

In a Defence Council meeting before the Downing Street weekend discussions, Healey noted that his formal paper to the Ministerial gathering "did not go far enough". It was not sufficient to eliminate individual force components in order to bring the projected total defence expenditure down to the financial limit; a strategic reserve and some flexibility were also needed. He saw the problem as being that of forcing precision from the political departments, rather than "vague talk of military presence". He was seeking progress both on the reduction of commitments, and on the proposed time-table. If this could be secured, it would open the way to consultation with allies, and to preparation of the Defence White Paper. The Council realised that a possible outcome was a decision to create a costed defence structure within the financial limit, leaving the political

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[12] DH 11 Nov 65 MO 9/1/5 Pt 4.

departments to accept its consequences for foreign policy. In the event, it would have demonstrated that "abandonment of a carrier force alone would not bridge the financial gap".[13]

In opening the subsequent discussion at the "London weekend" itself, Healey reported that he had reached the view that "it was possible to dispense with carriers, provided that we were not required to land large numbers of troops against sophisticated opposition beyond the range of land-based aircraft". Only if the fleet were required to operate in a hostile environment were carriers essential. Their elimination would result in the costings period in a reduction to the defence budget of between £430m and £800m, depending on the degree to which the facilities otherwise available on carriers were reprovided. However, to reach the financial limit imposed in the year 1969/70 it would be necessary to go further and determine that the Phantom must be engined by the American J79 and not by the Spey, and also that the P1127 must be cancelled. The resultant force structure, he observed, would be unable to undertake limited war against a sophisticated enemy or counter insurgency operations of the type at that time being conducted in Borneo, in which 16,000 troops were actively engaged.

The meeting reviewed policy area by area, rather than conduct a general review of the main objectives of foreign policy. It was evident that financial constraints "so restricted independent capacity that we were bound to conduct major operations only in conjunction with allies". On Europe Thomson, Minister of State at the Foreign Office (Stewart was in Moscow) pointed out that the reductions costed in the "July structure" were contrary to treaty obligations. To this Healey responded at once. Britain was making a greater defence effort than her European NATO allies, and was spending a higher proportion of her GNP on defence. Further, the economy was bearing heavy foreign exchange costs at a time of pressure on the pound. The country was deploying military manpower overseas to an extent proportionally as great as that of the United States. Moreover it was only with the assistance of the United States that appropriate pressure could be put onto the Federal Republic of Germany on the matter of offset costs. In discussion it was noted that there was some prospect of reduction in NATO force levels, but that resolution of this matter would be delayed by the preoccupation of the Alliance with the possibility of French withdrawal. Effective variation of NATO strategy could come only from impetus from the United States. Collaboration on this brought with it the danger that the American Administration might insist on Britain "undertaking commitments elsewhere in accordance with their priorities rather than our interests".

The trade-off between commitments and defence expenditure arose again in the discussion on the Middle East. Here Healey urged a fundamental review. After British withdrawal from Aden, he pointed out that it would be possible to maintain a military presence in the Gulf only at high cost: about £22m in new capital works if the Kuwait commitment was retained, and about £6m if it were abandoned. The value of the British presence in the Gulf seemed "increasingly doubtful". Thomson noted also the importance of keeping Iran free from the Communist sphere of influence; the cost of maintaining its pro-western alignment was not high in relation to the interests involved. If Britain abrogated its commitment to Kuwait at the same time as it left Aden, its position in the Gulf would become untenable. The discussion balanced the factor of oil dependence, "great and likely to increase", with the alternative contention, that "a continued military presence was not required to protect oil interests", and accepted that withdrawal from the Gulf would leave a vacuum and entail unacceptable risks.

On the Far East, Healey stressed that the financial limit could only be reached if Confrontation were ended by 1969/70 and if Britain "ensured that we would not have to fight Indonesia in the same way again". Once Confrontation had ended, "it would not be possible to retain the Singapore base for long" since Britain would be asked to pay too much, and restrictions would be placed on the use of

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[13] DC 19thM/65 12 Nov 65 CDS N87/03 Pt 9.

the base. The assumption was that a replacement base in Australia would be at United States or Australian cost; if the capital costs had to be found within the British defence budget, this would limit still further the funding for overseas forces. Since not all military operations could be handled by "small mobile highly-equipped forces which arrived quickly on the scene of action", it would be best for Britain to retain a small capacity in the Far East, but for it to be "balanced", that is not limited to interdependent operations in conjunction with allies. The meeting arranged that a further working group of officials should examine the extent to which the British military role in the Indo-Pacific area in the 1970s could be met within an annual total of attributable overseas defence expenditure of £186m.

On defence equipment, Healey reminded his colleagues of the inter-relation between the decision on the future of the aircraft carriers and the aircraft programme. There were three main questions; the choice of engine for the Phantom, the future of the P1127 and the choice between the F111A and the developed Buccaneer. On the J79/Spey, there was advantage in equipping both the Fleet Air Arm and the RAF with the same aircraft, and recent reassessment of the prospective performance of the J79 made it probable that it would now be acceptable for carrier-borne aircraft. Choice of the American engine would save over £100m, a point later supported by CAS. The Minister of Aviation, however, warned the meeting that cancellation of the Spey would harm the international standing of Rolls Royce. (Ministers decided a few days later to continue with the Spey.) On the P1127, Healey argued that a programme expected to cost £300m was "not an economic way of meeting the requirement". Moreover, these was no current international interest, despite the tri-national evaluation unit which had been flying the aircraft. On the F111A and the developed Buccaneer, given the equality in cost-effectiveness, the greater range and supersonic performance of the F111A could be held to be bonuses that could be foregone. The timing of the entry into service of the developed Buccaneer might present difficulty, and it was questionable whether development effort would be well expended on the nav/attack system for it. By comparison the F111A was capable of further development and some would be required for the recce task, even if the strike role were handled by the Buccaneer.

At the conclusion of the meeting, Wilson noted that there should be an early meeting of the DOPC. This would consider the report of officials on the proposed deployment in the Indo-Pacific area. The basis for decisions on the P1127, the carriers and on the balance between the F111A and the developed Buccaneer would then be available. It would now be possible for Wilson to give the President in Washington in December a sufficient indication of the prospective outcome of the defence review.[14]

At their meeting immediately following the "London weekend", the Chiefs of Staff noted a range of issues which they wished to see far more clearly answered: they certainly were fundamental questions,

a. what was meant by the containment of China

b. what would be the policy of the United States, Australia and New Zealand in the area of South East Asia

c. what was the future of SEATO, ANZAM, ANZUS, CENTO and the various defence agreements

d. in what circumstances did the political departments visualise Britain conducting counter-insurgency operations

e. would Britain be required to return to establish law and order in territories where sovereignity had been given up

f. would Britain in the 1970s retain the role of protection of merchant shipping in peacetime either alone or with allies.

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[14] Misc 17/8thM 13/14 Nov 65 Cab 130.

It is a demonstration of the perceived limitations of the political imput into the defence review process that these issues were felt still not to have been addressed.

At the same time, there was disquiet in the political departments, shown in a communication to the Prime Minister, in which Thomson took the view that the defence structure could be determined only after substantive discussion in Washington. Confirmation was required about the "degree of burden sharing which we can agree with our major ally, and what prospects there are of United States help to persuade our other allies, particularly the Germans, to help as well". There had been no opportunity for the political planners to scrutinise the defence structure.

On all this Healey minuted Wilson. It would be unsound in Washington "to engage in anything amounting to negotiations, until we are thoroughly prepared for them". There were elements in the American anxiety about the outcome of the defence review which gave "something of a bargaining position, in relation to increased collaboration or measures of assistance". First, it was essential to create "a new force structure compatible with the defence budget target". With this view PUS, specifically asked for his views by Healey, was in agreement. It was "too early to make a start" on discussion with the American Administration. There was room for manoeuvre, in the sense of securing their acceptance of commitments which Britain could no longer undertake, only if it was clear that the alternative to British military presence was total British withdrawal.[15]

The "London weekend", as had been the case for the talks at Chequers in June, was exploratory; the decisions came at a meeting of the DOPC on 24th November. This had before it a paper by the Foreign Secretary reminding his colleagues of the consequences of a withdrawal from the Gulf. If this took place in the four-year timespan now being discussed, it would enhance the risk of an Iraqi conquest of Kuwait, a Saudi attack on Abu Dhabi, war between Saudi Arabia and Iran over Bahrein, and war between Saudi Arabia and Muscat over the Buraimi Oasis. Premature withdrawal would also provide opportunities for either the Soviet Union or Egypt to intervene in the area. While in due course Kuwait might be viable without the British guarantee, British action to terminate the engagements embodied in the 1961 Exchange of Letters would undermine the British position in the Gulf, and without a considerable British presence the western inclination of the policy of Iran could not be held.

Two papers from the Secretary to the Cabinet directed the attention of Ministers to the decisions required, and set out a scheme of deployment in the Far East which stayed within a restrictive total of foreign exchange. The meeting then accepted a listed revision of political commitments

a. there would be no permanent naval forces in the Mediterranean

b. Malta would be reduced to a staging post with one recce squadron

c. Washington would be pressed to take over the Libyan commitment

d. there would be no defence facilities or obligations in Aden after independence

e. negotiations would take place to reduce the commitment to Kuwait

f. a residual presence would remain in the Gulf

g. Akrotiri would be the base for nuclear support for CENTO.

h. deployment in the Far East would be limited.

Ministers now sought a costed structure based on these decisions.[16]

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[15] COS 60thM/65 15 Nov 65: Thomson-Wilson 17 Nov 65: DH-Wilson 19 Nov 65: SofS-PUS 22 Nov 65: PUS-SofS 23 Nov 65: COS 62ndM/65 23 Nov 65: CDS N 87/03 Pt 10.

[16] OPD (65) 174, 180, 183 22 Nov 65 OPD(65) 52nd M 24 Nov 65 Cab 148.

The revised force structure and its costing were now set in hand. It was to be prepared with two options, one including a Navy Department carrier plan, although without the purchase of an American aircraft carrier, and the other assuming the elimination of carriers from 1969/70, the provision of 36 extra Phantoms in the RAF front-line to handle maritime tasks, the continuance of the escort programme, and a short-range naval SSGW. The first option was to include the further development of the Buccaneer 2; the second was to assume that its development was not taken further. In both, land forces in the Far East were to be limited to a brigade group. Healey stressed that no final decisions had yet been taken but that Ministers would wish to consider a revised and costed force structure early in January.[17]

Although preparation of a costed programme had now been set in hand, therefore, the naval re-equipment programme had by no means been resolved. The form of the "with carriers" option was to be discussed with, and determined by, the Navy Department. This response was to set out a series of four variants. The first variant, which had been presented in August, included the building of both CVA 01 and CVA 02. The second postulated a four carrier force throughout the 1970s. The third variant was that costed in LTC 65 augmented by the continuance of Ark Royal until 1974. The fourth was the LTC costed plan with three carriers, CVA 01, Eagle and Hermes, maintained until 1980. For all four plans the embarked aircraft were assumed to be Phantoms F4K, 120 being required for four carriers and 102 for three.

To this statement Healey did not at once respond, but after initial consideration by the Chiefs of Staff of the defence structure, commented to Mayhew that he was not sure "that we shall be able to afford, or get value for money from, even the reduced carrier programme now envisaged". He still had reservations about "such an exacting and expensive project as CVA 01". He wished firstly to look again at two assumptions. Was it indeed the case that if CVA 01 were not ordered, it would be impossible to keep the Fleet Air Arm going until the mid-1970s. Further, was it the case that any new carrier must be of the size and design of CVA 01. As an alternative, Healey asked that a transitional programme be considered, under which the existing carriers would be kept going as long into the 1970s as possible, without a new carrier buy, and in which the Phantoms and Buccaneer 2s would subsequently be employed for tactical air operations from land bases. In response, Minister RN indicated that the study sought would be based on assumptions about the future of the carrier fleet which the Admiralty Board could not accept. There was in their view, no satisfactory alternative means of carrying out the maritime air tasks currently undertaken by the carrier. Failure to carry through the order for CVA 01 "would have the most adverse effect on our allies", a point on which Healey indicated vigorous disagreement. The costing of an alternative, Mayhew further contended, would be "as misleading as it would be invalid". Further, a degraded carrier fleet would save only about £14m a year and it was not right "to run a ghost carrier fleet for savings of this order".[18]

Meanwhile the proposed defence structure had been created, but not yet costed. The Chiefs of Staff considered the position, CDS noting that if the costings of the two options did not come within the financial limit, as Chiefs of Staff they must "either advise Ministers that the proposed force represented the minimum required to meet the commitments, and that if the commitments were inevitable, the budget limit must be raised; or they must themselves decided to make further reductions in the force structure, to avoid the very real danger that Ministers would make an arbitrary cut in forces while retaining the same commitments".

CNS indicated that he was not prepared to accept an outcome that abandoned carriers. In his view, Ministers "should be shown what projects or commitments would have to be abandoned to keep

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[17] Sof S – CDS 25 Nov 65 MO 9/1/5 Pt 6.

[18] CNS-SofS 30 Nov 65: SofS – MinRN 13 Dec 65: MinRN – SofS 16 Dec 65: MO 9/ 1/5 Pt 6.

costs within the limit while still retaining carriers". This, however, was to seek from his fellow Chiefs of Staff what they would not be prepared to give; namely that the structure resulting from the whole enquiry should be so adapted as to safeguard the carriers. While the meeting considered variations to the proposed structure, this central matter went unresolved.

Within a few days, the summary result of the costing of the two options was available. For 1969/70, the "without carriers" variant was estimated at £2,055m, and the "with carriers" option at £2,120m. If the P1127 were abandoned, and full use made in the RAF of all the available Buccaneers from the Fleet Air Arm, a further £40m could be saved in the "without carriers" option, and a changed deployment in Australia for both the Army and the RAF would save a further £20m. If however, carriers were retained until 1980, even if the P1127 were abandoned, defence expenditure would be substantially above the limiting figure. If carriers were retained only until 1974/75, and economies made by eliminating the P1127 and in Australia, the total spend in 1960/70 would be "within striking distance" of the financial target.[19]

Once the full costed defence structure was available, Healey held an important meeting with the Chiefs of Staff on 17th December. There had been some agreed reductions from previous costings; of the order of 3% in the "with carriers" case and 7% in the "without carriers" option. Healey explained that he had hoped to put forward the two options to his Ministerial colleagues within the £2,000m total. In either case, he remained of the view that the P1127 would have to be removed from the programme. There were consequences that would flow from this; they included an enlargement of the front-line of F111As, to take the place of Buccaneers removed from the strike role, and additional purchases of Jaguars that would make it more difficult later to afford another VTOL aircraft.

In discussion of the carrier issue, Navy Department representatives stressed that they did not consider the limited carrier programme that had been costed in the "with carriers" option was a valid one, and it was noted that to provide a defence programme within the £2000m limit at 1969/70 which included carriers would require an unacceptable limitation on the Army and the RAF east of Suez. At the end of the meeting, Healey ruled that there should be no further attempt to create a "with carriers" scheme within the financial limit, although as will be seen, this was in the event attempted. He noted that the force structure variants whch he proposed to put forward to his colleagues would also propose the elimination of the P1127.[20]

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[19] COS 67thM/65 9 Dec 65: DUS/PandB – PUS 16 Dec 65 CDS N 87/03 Pt 10.

[20] MM /COS 6/65 17 Dec 65 MO 9/1/5 Pt 6.

CHAPTER 7

LONDON, WASHINGTON, CANBERRA (JANUARY 1966)

By the last days of 1965 the costed force structure was ready. Two alternative programmes were set out. Important equipment assumptions common to both included a frontline of 36 F111As (a purchase of 50), continued development of the P1127, the provision of Type 82 destroyers, and ground forces in the Far East of a brigade group. In Alternative A however, there was no provision for carriers beyond 1969/70, an extra frontline of 36 Phantoms for the RAF for the maritime role, escort cruisers and a short-range anti-ship missile. Alternative B on the other hand included a revised carrier plan, without either a US carrier or a second new carrier, and without the development of the Buccaneer 2. The resulting force structures on both Alternatives were costed in detail from 1966/67 to 1975/76. Taking the year 1969/70, Alternative A, with a contingency allowance and revised to the standard base of the defence review, was assessed at £2,055m, and Alternative B at £2,120m. The conclusion was that

> "without the addition of a contingency allowance, the force structure for Alternative A, without carriers, comes under the £2,000m ceiling, but with the addition of a contingency allowance of £70m the cost is £55m above the ceiling . . . the cost of Alternative B is some £50m above the ceiling before a contingency allowance is added and with such an allowance shows an excess of £120m in 1969/70 . . . It would not be possible to contain expenditure at the 1969/70 level in subsequent years without further reduction in commitments or capabilities, but expenditure could be contained within a rate of increase considerably lower than the forecast rise in GNP".

The arguments on the military significance of a carrier force were reviewed in two discussions in early January. CNS stressed that the carrier provided defence against air or surface attack over a radius of 300 miles, and a strike capacity against both land and sea targets beyond that. He pointed out that shore-based air defence were limited to a range of 700 miles, and emphasised that command of the sea brought security of movement of troops and supplies. CAS pointed out that 1½ squadrons of land-based aircraft gave a strike capacity equivalent to that of a single carrier, and that for general deterrence aircraft had greater flexibility. Carriers were valuable "only on the even chance of escaping severe damage for longer than four days". On force structures the meeting noted that Alternative A could be brought within the financial ceiling if the P1127 were abandoned. Thus the choice was between an addition of 36 frontline Phantoms – the maritime increment – and the construction of the new carrier. It was agreed that this was the issue to be put to the members of the DOPC.[1]

The critical series of meetings of the DOPC began on 19 January, Healey had tabled three papers, as well as a personal note to his colleagues. These dealt with the future of the carrier force, the aircraft programme, and the force structures resulting from the Defence Review. In the paper focused on "one of the central features of my plan, which is the cancellation of CVA 01 and with it the phasing out of the carrier force by about the middle 1970s" Healey noted that there was no way of maintaining a viable carrier force throughout the 1970s within the defence budget limit for 1969/70 without a most drastic reduction in land and air forces, since this required "fresh and heavy capital expenditure on both CVA 01 and new aircraft for the Fleet Air Arm". While under Alternative B a viable carrier force could be maintained until 1980, it would comprise only three carriers, one of them Hermes. Since a single carrier would be limited in intensive operations to an endurance of four days, and would be "vulnerable when operating against organised opposition", it would be necessary to hold two of the three carriers west of Suez in normal conditions, but this had the consequence that the second carrier required east of Suez would be at fourteen days notice. It followed that for Alternative B, in which the carrier force would cost £1100m over the costings

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[1] OPD (O)(65)82, 83 20 Dec 65; OPD(O)(66) 1st and 2nd M 6,7 Jan 66 Cab 135.

period, "the operational return from this expenditure may prove limited". Further, carrier borne aircraft cost two to three times as much as landbased aircraft and there was some doubt on the cost-effectiveness of carriers in the maritime protection role. It was recognised that the end of the carrier programme meant that Britain would not be able either to intervene against sophisticated opposition or to extricate forces from such operations. She would not be able "to seek to conduct military operations involving a substantial threat to our naval and land forces outside the manageable range of aircraft operating from established airfields, unless we are able to make in advance firm contingency arrangements for support by US carriers". These would be real restrictions on "freedom of military and political manoeuvre". Despite this, a decision not to continue the carrier fleet represented "one of the less damaging ways of taking a further major step towards our defence budget target".

But if that major step were taken, it would be possible to utilise the major asset of the existing carrier force for "so long as we can without heavy capital expenditure". This would permit "the least damaging transition" to a Navy without carriers. Among the elements in this transition would be an expansion of the RAF frontline, the provision of alternative platforms for anti-submarine helicopters, the reorganisation of command and air control facilities at sea, the provision of independent striking power against missile-firing fast patrol boats, which both Egypt and Indonesia possessed, and finally the development of the use of land-based aircraft for maritime operations. It was therefore proposed that carriers should continue until the mid 1970s. This would involved a major refit of Ark Royal between 1966 and 1969, and a limited purchase of Phantoms for the Fleet Air Arm. The Buccaneer would not be developed. Victorious would operate Sea Vixens until paid off in 1972, but the other three carriers would be modified to carry the Phantom F4K which would be deployed on Ark Royal from 1970, on Eagle from 1971 and on Hermes from 1973. Such an extension of the carriers until the mid 1970s would utilise the asset of the existing fleet and limit the gap in capability while political commitments continued. However, once this phasing out had taken place, it would be interpreted as an indication that Britain "intended in future not to undertake nationally any substantial military operations in areas east of Suez or any operations from which we could not easily extricate ourselves". Ministerial colleagues must "openly accept the political and military restrictions and move towards a reduction of commitments".[2]

The paper on the aircraft programme took into account the work on potential patterns undertaken in October 1965, and recommended a frontline of 36 F111As and the cancellation of the P1127. The F111A frontline of 36 should be approved by Healey's Ministerial colleagues "for negotiating purposes" and the intention should be to announce in the Defence White Paper that a decision had been made to take up the initial option. There should be confidential discussions with the American authorities, in which the Treasury and the Ministry of Aviation should take part, to secure satisfactory financial terms. Both parts of the plan should be explained in confidence to the French Government: this was seen as important in the context of the work being attempted on the AFVG.

The paper set out why the F111A was the only satisfactory Canberra replacement. It alone met the requirements for an aircraft

> "with long range at high and low altitude, high speed at high and low altitude, and radar and photographic equipment which can find and record the target information by day or night regardless of weather . . . studies have shown that against possible opposition, the F111A could for example carry out from Cocos or Darwin without loss the task of the reconnaissance [of] 20 Indonesian airfields, while the same task would produce an unacceptably high loss rate for the much larger force of Buccaneers that would be needed".

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[2] OPD (66)11 14 Jan 66 Cab 148.

The F111A also gave a tactical strike capability which met the requirement, which Ministers had endorsed in the previous November, for a British contribution to operations in the Indo-Pacific theatre. A limited buy of F111As was proposed, followed by the introduction to the RAF of the AFVG. The developed Buccaneer 2, which had been extensively studied for these roles, could not undertake the recce tasks, and would be two to three years later in service. The reduction of the proposed F111A purchase to 50 brought down the total costs of the RAF strike/recce element from £1,280m, as it had been in October 1964, to £509m.[3]

In his third paper, Healey put the issues of force structure to his Ministerial colleagues. He noted qualifications to the pattern of proposed political commitments that followed from the discussions in November; a further reduction in RAF Germany, the acceptance by Britain at Foreign Office insistence of a measure of continuing responsibility in Libya, review of the case for the retention of the Dhekelia Sovereign Base Area, and further study of the scale of reprovision of facilities in the Persian Gulf after the withdrawal from Aden. Noting that the two Alternative force structures were "only within striking distance" of the imposed financial ceiling, he pointed out that the central difference between the Alternatives lay in the type of equipment provision. In Alternative A carriers would be phased out in 1969/70, and the capability of the Navy enhanced by additional maintenance of the Tiger class, the continuance of Hermes and the provision of new short-range SSGW, and the capability of the RAF would be enhanced by ex-RN Buccaneers, including 36 for the maritime role, and by 24 Phantoms, 12 aircraft for airborne early warning and 12 tankers. Alternative B on the other hand

> "does not provide for any of the foregoing, but instead provides in effect for a three carrier force to be retained in service until 1980 but not beyond. This involves building one new carrier to come into service by 1973. No specific provision is made in the production field or in the costing for continuing the carrier force after 1980. To do so would require before 1975/76 some contribution towards the construction costs of new carriers to replace Eagle and Hermes. It is not expected that any extra provision would be necessary for the development and production of new aircraft solely on RN account".

The choice, the paper argued, centred on political projection in the Indo-Pacific area, since "carriers are irrelevant to the European theatre and of marginal relevance only in the Middle East". While carriers had certain advantages over land-based aircraft, the question had to be put "against what political contingency and in what circumstances" was maritime protection needed. It was also possible that the absence of British maritime airpower east of Suez could be compensated for by the efforts of allies.[4]

In a personal note to his colleagues, Healey made two central recommendations; the cancellation of CVA 01 and of the P1127. On the new carrier

> "I do not believe that it would be wise for Britain to commit herself so far ahead to the retention of a major military weapon system, for which the real justification could only be the desire to maintain an independent military capacity in the Far East twenty years from now, over a period when this would be increasingly irrelevant in relation to the mounting power of potential enemies in the area".

On the P1127, he commented that it was not essential in Europe, where the probability of war was low, and the V/STOL capability for use outside Europe did not justify the expenditure of £300m over ten years to create a front line of 60 aircraft. The P1127 was "the sort of aircraft which, on the criteria laid down in the Plowden Report, we should not produce for a solely British market".

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[3] OPD (66)10 14 Jan 66 Cab 148.

[4] OPD (66)8 14 Jan 66 Cab 148.

On the timing of the phasing out of carriers, Healey proposed, as has been noted, a mid-position between the two costed Alternatives, that is, the running on of the carriers until the mid 1970s. Even without the addition of CVA 01, the carrier force, and the aircraft with which it would then be equipped, was an asset that could even be essential to retain if Confrontation continued until that time, or if Britain had to "face war with Indonesia without American support".

On commitments, Healey noted that changes must be so presented publicly as not to make disengagement more difficult or more expensive. The retention of a measure of flexibility was essential if discussions with allies were to have meaning. In Europe, it was important to avoid commitment to the current level of ground forces. In the Mediterranean, the decisions taken in the previous November should be confirmed. In the Gulf, the hope must be that a modified commitment to the new ruler of Kuwait could be agreed. In Aden, the intention not to retain a military base, while perhaps preserving limited air staging rights, should be announced in the Defence White Paper.

But the main area of difficulty was the Far East. Here there was a marked difference of approach between Britain, the United States and Australia "we shall be under strong pressure from the United States and Australian Governments not to commit ourselves irrevocably now to leave Singapore by 1969/70. I do not believe that there is much chance of our allies being prepared to finance or build the accommodation required in Australia over the next ten years. Moreover, any indication of our intention to leave Singapore and move to Australia within three years might provoke reactions in Singapore and Kuala Lumpur which would increase our military tasks, as least as long as Confrontation continues". Britain should therefore indicate a willingness to stay in Singapore "so long as the Singapore Government is prepared to allow us to do so, on terms which enable us to use the forces there as we choose". At the same time, a clear warning should be given to the American and Australian Governments that if Britain "were required to leave Singapore, we would be able to retain a military capacity in South East Asia only as far as our allies had helped us to prepare facilities in Australia from which we could then operate". Discussions were, therefore, required with both Governments on the construction of facilities.

In conclusion, Healey urged that the outcome of the Defence Review should be publicly presented on these lines: "we have taken firm decisions on major projects; they will produce savings which will take us within about £50m of the £2,000m target. We have always recognised that the Review would be a continuing process, and we must be flexible about how we close the gap . . . For the 1970s we shall retain a powerful range of forces and capabilities which will give us value for money for the tasks which we foresee". These tasks could be summarised as the provision of a substantial nuclear capability, forces in Europe on a scale which would enable Britain to play a full part in maintaining the political solidarity of NATO while allowing flexibility for change in conformity with the way in which it was hoped to move NATO strategy, and forces outside Europe, principally in the Indo-Pacific area, which would provide for an adequate element of sophisticated equipment for the deterrence of limited war, and also adequate less elaborate equipment for lesser levels of military activity.[5]

The DOPC meetings on the defence review spread over a four day period. At the outset, Healey stressed that with the admittedly major exception of the whole issue of the future of the carriers, the Chiefs of Staff were in full agreement with the costed structure which he now recommended as a basis for planning. Acceptance of the structure now proposed involved renouncing "our capacity to fight a war alone against a sophisticated medium power outside Europe". Callaghan as Chancellor described the achievement of the Defence Review as "impressive". He was still, however, concerned about the contribution of defence to the attempted limitation of expenditure in 1969/70; it would

[5] OPD (66)12 14 Jan 66 Cab 148.

have been better had the force structure now put forward stayed within the limit of £1,900m so as to leave "room for the unforeseen". The Chancellor added that if carriers were withdrawn from 1969 and the P1127 cancelled, there would be no question that the financial limitation would be achieved, but the objective was endangered if carriers were run on to the mid 1970s. Moreover, pressure on foreign exchange resources made it important to renegotiate the terms of sale of the F111As. He also doubted whether Britain could be said to have the capacity "of independent military action against enemy powers of medium size with sophisticated forces". Stewart as Foreign Secretary warned that it would be necessary to make British intentions clear to the American administration. He was particularly concerned about the Gulf where difficulty was arising in gaining acceptance by the rulers of the principle that there needed to be enhanced British defence facilities. Unless resolved, this could have the effect of limiting the assistance available to Kuwait to that of air support, unless troops could be moved well in advance. He therefore hoped that it would be possible to end this commitment, but premature withdrawal would endanger the British position over a wider area than the Gulf.[6]

In the discussion on carriers later the same day, Healey spoke of the programme element cost of the present carrier fleet of four as about £140m a year, and observed that it did not make possible a reduction elsewhere in the defence field, "the position would have been different if it had proved possible to use carriers as floating airfields from which RN and RAF aircraft could operate interchangeably. Unfortunately, prolonged studies had shown that this was not practicable". The case for carriers, he stressed, turned on the Far East commitment. Without them, Britain would not be able to land troops on hostile territory against sophisticated air opposition outside the range of land-based aircraft, or withdraw troops from hostile territory in similar conditions. Operations involving that extra hazard, for example against Indonesia, would be possible only after securing American cooperation. It was for this reason that the carrier force should be retained into the mid-1970s because there could be no certainty that Confrontation would have ended by 1969, or that firm commitment of American support would have been secured, and because the SSGW needed to protect the Fleet without carriers would not be available until the mid-1970s. Healey added that the view of the Admiralty Board on the prospects of manning the Fleet Air Arm was unduly pessimistic.

The Chief of Naval Staff saw the case for the continuance of carriers as stronger than had been stated by Healey. If carriers were phased out in the Far East by the mid-1970s, commitments would not be matched by capability, and it was difficult to see the pattern of commitment changing quickly. "Without CVA 01, by 1975 or earlier, the Navy would have lost its capability to operate at sea in the way which the Government of the day might require. To phase carriers out by this date would be to run unacceptable risks". The discussion that followed balanced on the one hand the contention that to phase out carriers by 1969/70 was to make too many favourable political assumptions over the development of commitments, and on the other contention that continuance of carriers until the mid-1970s would involve not only an expensive refit of Ark Royal, costing about £30m; it would also prejudice the decision on the P1127.[7]

In opening discussion on the aircraft programme two days later Healey pointed out that his proposals significantly reduced the number of combat aircraft and the scale of aircraft purchases from those envisaged at the time of the 1965 Defence White Paper. The planned purchase of the F111A had been reduced from 110 to 50, that of the C130 from 82 to 70, and that of the Buccaneer from 171 to 96. The requirement of Phantoms for the RN had been reduced, though that for the RAF had been increased. There would be two substantial Anglo-French projects, that for the Jaguar strike/trainer and that of the proposed variable geometry strike aircraft planned to enter service in

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[6] OPD (66) 3rd, 4th M 19 Jan 66 Cab 148.

[7] OPD(66) 4th M 19 Jan 66 Cab 148.

1974/75. All this would lead to a substantial loading on the British aircraft industry, although a reduction of £1,250m over ten years when compared with the aircraft programme of the previous administration. The dollar element of the programme had been reduced since the time of the previous White Paper by a further £175m equivalent. Healey dismissed the Spey/Mirage concept, not only on performance grounds, but also because neither France nor the Federal Republic of Germany intended to adopt the aircraft. In a detailed presentation of the comparative merits of the F111A and the developed Buccaneer, he contended that the capacity of the F111A at long range and at both high and low altitudes and its avionics fit enabled it to find and record target information in all weathers. The developed Buccaneer with the Elliot nav/attack system would certainly be between 3½ and 4 years later than the F111A; it was "the best of a dying generation of fixed-wing subsonic aircraft". Development effort would be better devoted, jointly, to the AFVG aircraft. With all of this CAS spoke in agreement.[8]

Later discussion on the choice between the F111A and the developed Buccaneer turned on the case against the American aircraft. Were the tasks for which the F111A was designated capable of being undertaken by a less advanced aircraft? Could not Britain reasonably rely on allies in joint operations to carry out these advanced tasks? An order for the F111A would have a seriously adverse effect in the longer term on the balance of payments. Against these arguments it was noted that the gap between the predicted availability of the F111A and that of the developed Buccaneer could be "critical to our disengagement from a number of commitments east of Suez", that the developed Buccaneer could not undertake the more exacting recce tasks and was at the end of its potential development, and that the strike capability of the F111A was a deterrent in itself and reduced the risk of escalation. Moreover, while purchase of the F111A might make the French more relunctant to cooperate in the AFVG, there was greater danger in the further development of the Buccaneer, since this would prejudice the development funding for a joint project.

In an intervention critical of the approach Healey had made to the aircraft programme, Wilson asked whether the proposed purchase of the F111A was in truth designed to convince allies of the continuing British defence role outside Europe, whether discussion had not placed too much emphasis on the long-term hostility of Indonesia, and about the significance of the gap if the F111A were not purchased and the decision taken to await the developed Buccaneer. To these points Healey responded that the intention was to secure the equipment with which the forces must be supplied to permit them to carry out their operational tasks, that effectiveness in the Far East could not be seen to be limited by dependance on allies, and that the gap in capability, total in the recce task, could be crucial to operations either in support of Kuwait or in relation to the ending of Confrontation.[9]

In opening a later discussion on the P1127, Healey explained that both the Army and the RAF would welcome its retention in the programme, but not at the expense of other elements in the costed defence structure. The VTOL facility was costly, and the resultant aircraft had limitations of payload and radius of action. He doubted the relevance of the characteristics of the aircraft to potential operations in Europe; they were clearly not relevant to conditions in the Middle and Far East. It was true that cancellation would involve extra purchases of Phantoms and Jaguars, but it would be better to face the issue now rather than later; the Plowden Committee had stressed the importance of a stable aircraft programme. Mulley, now Minister of Aviation, stressed the serious consequences of cancellation, including extra dollar expenditure, and that Britain would be abandoning a field in which she held a technological lead. In his view, the P1127 could be retained if the decision were made to phase out carriers in 1969/70 rather than in the mid-1970s, as Healey was now proposing. Arguments against cancellation included the high dollar cost of an alternative and the substantial military case for VTOL provision.

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[8] OPD (66) 5th M 21 Jan 66 Cab 148.

[9] OPD(66) 6th M 21 Jan 66 Cab 148.

If the P1127 were cancelled it was noted in discussion that "the industry could reasonably ask whether there was any aircraft programme which the Government was prepared to afford".

Ministers now turned to the briefing for the discussions to be held in Washington, where the Foreign Secretary and the Secretary of State for Defence were to place before allies the provisional conclusions of the defence review, outlining the proposals both for equipments and for commitments. It was thought unlikely that allies would question the British intention not to continue with aircraft carriers, although it was possible that they would place an emphasis on the retention of certain political and military commitments such as to make necessary a further study of the defence review parameters. Among the matters to be discussed in Washington were the terms of purchase of the F111A: it might be necessary to seek a further extension of the option. Healey proposed to stress that the outcome on the F111A could be influenced by the extent to which the Administration was forthcoming on the prospect of offset of dollar expenditure by purchases of British military equipment.

The DOPC consideration then reverted to the defence equipment programme, Wilson noting that the proposed financial limit could not be held if carriers were retained, and Healey stressing again his two key proposals, the cancellation of the P1127 and the retention of the carrier force, without major capital input, for as long as possible, since "it would not make sense to construct the CVA 01 unless we intended to maintain the carrier force up to and indeed beyond 1980, and this would involve constructing further new carriers. We should not be justified in planning for a large independent capability in the Far East into the 1980s". On the other hand, the risks in taking a decision to phase out carriers in 1969/70 were too severe.

In discussion, it was contended that Britain "could not aspire" to the position, in the longer term, of continuing to maintain a force of carriers. The decision to build CVA 01 would imply a resolve to remain with a significant military presence in the Far East into the 1980s "and would be justifiable only if we intended to do so". Against this, preservation of a carrier force to the mid-1970s merely postponed a decision which would have to be taken eventually, would involve enhanced dollar expenditure on RN Phantoms and would delay the introduction of other and possibly more relevant weapons and equipment. CNS noted that it was not prudent to rely on support from the USN carrier fleet in the Far East; such help would be extended only if the United States were in control of the operation. The means selected of replacing the maritime protection role of carrier-based aircraft were unproven.[10]

The Chancellor continued to express concern that defence expenditure had still not been brought within the proposed limit. Summarising the discussion on defence equipment, Wilson directed that a further costed structure should be prepared, and that the current monthly contract for development work on the P1127 should be renewed. Final decisions would be taken in Cabinet, when the revised costed structure was available, and in the light of comments from allied governments.

Ministers now turned once again to the discussions with allies. They reviewed a scheme for the creation of four power (Britain, the United States, Australia, New Zealand) arrangements in the Indo-Pacific area, which would in itself be a deterrent to instability in the region. Healey commented that the recent letter to Wilson from Menzies was "a disappointing drawing back from the forthcoming approach" which he had shown in discussion in London in June of the previous year. It would be important to attempt to secure Australian acceptance of joint defence arrangements while not giving the impression that the British position was so formulated that it was not open to revision. There was a serious difference of view between allies on the future of Singapore, Britain seeing it as "a base from which we conducted military operations and which local difficulties might make untenable" and the American and Australian authorities seeing it as "a potential Communist stronghold akin to Cuba" where withdrawal would leave a vacuum which

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[10] OPD (66) 7th M 22 Jan 66 Cab 148.

would soon be filled by Communist China. There was virtually no chance that defence facilities in Australia could be completed by 1970; the area in which they were planned was almost without local labour. The Australian authorities were probably also reluctant to see British forces stationed on Australian soil. He had therefore determined that in Canberra he would express the hope that the British presence in Singapore would be prolonged, while seeking to secure official level talks on the provision and financing of alternative defence facilities.[11]

During 1965 the American Administration had been given only the most sketchy outline of the way in which the defence review had been proceeding. Healey had seen MacNaughten, the Assistant Secretary of State for International Security Affairs, twice during 1965 on the defence review, but the discussions had not been detailed, and he had doubtless in the margins of NATO sessions, including those on the nuclear planning issue, told McNamara how matters were proceeding. Wilson had given the President a generalised summary at his meeting in December, but the main emphasis of that interchange had been elsewhere.

The Prime Ministers of Australia and New Zealand had been told in December 1965 that the aim remained "to retain a realistic and effective defence effort, to maintain a world role and continue interdependence with the United States and other allies". In Europe, the intention was to preserve present force levels, but to take steps to correct the undue British share of the burden especially in relation to foreign exchange costs. American support in pressing this issue upon the Federal Republic of Germany had been promised. It was intended to scale down defence effort in the Mediterranean, where it was hoped that the Americans would be willing to take over the commitment to Libya. In the Middle East, although there would be some relief following withdrawal from Aden, there was the commitment to Kuwait and the support of Iran. In the Far East, the assumption was that Confrontation would end well before 1970. Continued military reliance on facilities in Malaysia and Singapore was uncertain and an alternative posture had to be devised. In consequence a "careful burden-sharing exercise" was needed; it was hoped that "our partners would be prepared to carry the capital expenditure which would be involved". Wilson had reported to Canberra and Wellington the importance that the American authorities attached to a continued British military presence in the Far East, but the Australian Government response, as Healey had noted to his colleagues, had not been forthcoming. Menzies had urged that there should be no British withdrawal from its global role: facilities in Australia, funding for which would require "heavy consideration", would not substitute for withdrawal from Singapore.[12]

The action now moved to Washington, where in a first meeting with Rusk and McNamara on 27th January, Stewart and Healey outlined the tentative conclusions of the defence review. Stewart stressed the importance of American support, especially in putting pressure on the Federal Republic of Germany on burden sharing, but also in attempting to bring to an end the intervention of the then United Arab Republic of Egypt and Syria in the Yemen. Much turned, he noted, on the assumption that Confrontation would have ended by 1970.

Healey then outlined the task that he had been given by the Cabinet, to save £400m on the defence budget in 1969/70 as well as the achievement of a reduction by one-third in the overseas expenditure element of defence costs. Overstretch in defence was having an adverse effect on recruitment and that too needed to be corrected. As he had already announced in August 1965, a saving of £220m in 1969/70 had been made.

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[11] OPD(66) 8th M 23 Jan 66 Cab 148.

[12] Wilson – Menzies/Holyoake CRO – Canberra 837 24 Dec 65 MO 9/1/5/2, Menzies – Wilson 20 Jan 66 copy on CDS N87/03 IX.

These savings were mostly on equipment, and the aircraft purchases from the United States brought with them enhanced dollar costs. He next outlined the force structure which he had placed before his colleagues. For the RN there would be no new aircraft carrier, but more cost-effective frigates, and the existing carrier force would be preserved as long as possible. Eventually the RAF would take over the maritime protection role of carrier-borne aircraft. There would be a purchase of 50 F111As which could operate jointly with those of Australia in the Indo-Pacific area. While this programme would enable Britain to meet most of its current political and military commitments, it would no longer in the 1970s be able to sustain large scale and prolonged insurgency operations, or to land troops for intervention operations of the Suez type out of range of land-based aircraft. In NATO Europe, it would be possible to retain the current contribution to force levels, but only if assistance was forthcoming on foreign exchange.

Rusk in response showed the reluctance of the Americans to expand world-wide responsibilities, and stressed that these were areas of the world where the British could act and the United States could not. McNamara having expressed admiration for the force structure which had been devised, said that there could be separate negotiations on the terms of purchase of the F111A. On burden-sharing, the Administration needed to see signs of willingness to participate from other allies. Healey emphasised the importance also of counter purchases of defence equipment by the United States: matters would look very different if a plan could be made for the United States to spend $100m annually rather than the current level of $45m. Stewart pointed out that Britain had major debts to the IMF that fell due for repayment by 1970 and that the presently proposed defence programme would commit Britain to a dollar expenditure of £1,000m equivalent. Possible approaches in securing foreign exchange relief in Europe included an equalisation fund, acceptance by the host country of further local costs, and a trilateral system of offsets. McNamara commented that the Administration was concerned about the inadequate defence provision of the Federal Republic of Germany, whose defence budget had been cut twice in nine months, and the Bundeswehr had barely three divisions. The Bonn authorities were apt to see any restructuring, even if the consequence of greater mobility brought about by technical advances, as a reduction in American commitment to European defence. Healey expressed concern at the separate responses to problems that were inter-related, notably the Gaullist attempt to wreck NATO and the problems of nuclear control.[13]

In a second meeting later in the day, Healey found Rusk markedly reserved on the issue of the proposed American acceptance of a measure of commitment in Libya; there could be further discussions on this. He was also concerned about the probable political orientation of an independent Southern Arabian Federation. On the Far East Rusk stressed the importance of timing in giving an indication of the proposed reduction in British forces; the American Administration would welcome informal quadripartite talks. Stewart added that while Britain wished to stay in Singapore as long as possible, it might not be possible to stay if Confrontation came to an end, and the younger groups in Malaysia might not welcome a continued British presence; the bases would be vulnerable if the population were hostile. There was no long term defence obligation to Sabah and Sarawak; hence the importance of the proposed facilities in Australia. Healey noted that the provision of further sophisticated defence equipment to Indonesia could enhance capabilities in a way that would seriously complicate defence arrangements in the area. Rusk expressed anxiety that there should be no question of Britain reaching a compromise with Indonesia by which Confrontation was brought to an end at the cost of agreeing to leave Singapore; this would be "a very fragile arrangement". The Australians he was sure would regard any proposal to leave Singapore as a sign of disengagement from the region. Rusk showed hesitation on the principle of fourpower talks; this would require consultation. Healey undertook to inform the American

[13] Meeting 27 Jan 66 MO 9/1/5/1.

Administration of the outcome of the talks in Australia; his objective would be to secure agreement to four-power discussions late in 1966.[14]

On 28th January at a meeting with McNamara which concentrated initially on the F111A, Healey reported that in discussions with Ministerial colleagues he had used a unit cost of £2.5m, had spoken of deliveries beginning in 1968 and a total dollar cost of £265m. Critics of the proposed purchase saw the aircraft as linked solely to an east of Suez role, and believed that other aircraft could carry out the tasks for which it was to be purchased. While it was the case that the Buccaneer 2 could carry out most of the operational roles at an exchange ratio of two for one, it seemed unlikely that it would be ready when the Canberra replacement was required, and he had doubts on whether the British aircraft industry would keep to its timescale. In any event, the forward spread of costs for the Buccaneer would be difficult to accommodate. The issue might have to be postponed until after the British election, if indeed there were to be one in the spring of 1966.

NcNamara reported that the F111A seemed now to be going well, and stressed that it would now be difficult to handle a request for a further delay in the proposed initial option. He confirmed that it was his own view that the right British defence structure was one which abandoned the carriers and attempted to create an effective force of long-range strike/recce aircraft. The later part of the meeting considered the forthcoming discussions with the Australian Government. Healey stressed that a measure of Australian effort would be required, and that he would be anxious to avoid giving the impression that the plans were already definitive. McNamara commented that the Australians should realise that the United States were not prepared to stay in the Indo-Pacific area on their own. Healey stated that he hoped for agreement on bilateral or quadrilateral staff talks. The Australians would have to realise that if alternative facilities were not available, and the British had to leave Singapore, the forces involved would have to be withdrawn to Britain. In any event, these could be no question of staying "without the support of the local population. Mr Lee wanted us to stay, but he was not immortal". It was "not the intention of Britain to get involved in any kind of Vietnam war in Indonesia in the 1970s. His approach to counter-insurgency operations was . . . that it was no good . . . attempting to defend a people who were unwilling to play an effective part in defending themselves".[15]

Healey flew on to Australia. The discussions in Canberra were not easy: perhaps the then recent resignation of Menzies, after many years in the Australian Premiership, contributed to the limited mandate which Australian Ministers had given to those of their number designated to meet Healey. Ministers had, as the High Commissioner reported, been "very reserved" but had eventually moved "from their original suspicious attitude". They had clearly been anxious to move on defence matters only in step with the American Administration. They had placed great stress on Britain not leaving Singapore unless obliged to do so and "remained suspicious that this was not our true intention". They had been at pains to stress their economic problems, There was "too little room for manoeuvre to redirect Australian resources towards a greater defence effort". They clearly feared that British withdrawal from South East Asia would presage American withdrawal.

Healey sought discussion between experts on the timing, cost and location of alternative defence facilities in Australia. Australian Ministers had wanted to secure quadripartite talks on defence policy before discussions on alternative facilities; "they were bound by a Cabinet decision to this effect". Finally Healey may well have carried the day with the comment that "he could not return to London and tell his Cabinet colleagues that Australia was less prepared to discuss matters frankly with Britain than [was] the United States". In the second day of discussions, Healey gave details of the proposed force structures, and an agreed minute opened the way for staff talks.

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[14] Stewart/Healey meeting with Rusk/McNamara 27 Jan 66 4pm MO 9/1/5/1.

[15] Healey/McNamara lunch meeting record 28 Jan 66 MO 9/1/5/1.

The agreed minute, recording the decision taken by the two Governments, read

> "In the light of Mr Healey's statement that the British Government proposed to continue its global defence role and maintain its military presence in the Far East, it was agreed that further talks by Ministers would be sought on a quadripartite basis, bringing in the United States. The primary objective of the talks would be to secure agreement on the strategic concept and aims for allied cooperation in the area in the face of the threats from Communist China and elsewhere and arising from this on the future conduct of military activities of the four powers in the area. Meanwhile military representatives of the countries at the present talks should meet together without commitment to examine what might be involved physically and in terms of costs and timing in any proposal to base British forces in Australia – that is to say to obtain an idea of the physical possibilities and limitations so that further examination by Ministers may proceed on the basis of a better assessment of the practical realities."

The High Commissioner spoke of this as giving "as much as we can get or need at this round" but it is certainly possible to surmise that this was a disappointing outcome to the visit. Clearly burden-sharing was not readily to be considered.[16]

The issues had now been considered by British Ministers, and allies critically involved had been informed, but resolution was not destined to be straight-forward.

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[16] Canberra – CRO 151 2 Feb 66 MO 9/1/5/2.

CHAPTER 8

AN INTERIM RESOLUTION (FEBRUARY 1966)

While Healey was on tour, a further meeting of the DOPC on the defence review took place, with the Foreign Secretary present but notably not the Chiefs of Staff. At this Mayhew, as Minister RN, set out his doubts about the method of the review. He opened by contending that Britain could not maintain a world role on a defence budget held within the "artificial target figure" imposed by the economic departments. Ministers should either accept the need for a higher defence budget, or – the preferable alternative – accept a lesser international role. The defence review process had failed to address "the possibility of a smaller defence budget related to fewer commitments". Since Mayhew knew of the discussions leading to the "July structure" his contention must have been that there had not been adequate inter-departmental resolution of the trade-off between retained political commitments and restraint in the defence budget.

But even given the limiting factor, Mayhew held that the prospective outcome of the review was mistaken. To continue the carrier force into the 1970s was not possible for manpower reasons, and in the later years there would be severe operational penalties, with only half the strike aircraft embarked. By dispensing with carriers, Britain would lose the capacity to exercise airpower over oceans outside the range of land-based aircraft, a means of reinsurance against the loss of a land base, and the deterrent value and versatility of the carrier. The belief that it was possible to plan to intervene in overseas theatres, and then to hold back if the opposition appeared likely to be "sophisticated", that is provided with recent or current Soviet equipment, was too unclear a concept to form the basis of a defence and foreign policy. The resultant dependence on the United States was undesirable, since there was no clear basis for cooperation.

Following this presentation, there was a general DOPC discussion, the burden of which was a reiteration of the importance that the Washington Administration attached to the British presence in the Far East. Withdrawal in the Far East, it was suggested, would by extension lead on to an American review of the scale of their all-important presence in Europe. Wilson concluded the meeting by saying that the DOPC "had been impressed by the clarity and force of the statement made" but that no basic revision of the conclusions already reached was called for. But Mayhew's gesture had not been empty and must surely have been related to the last venture of the Admiralty Board, which was to follow within a few days.[1]

The crucial Admiralty Board meeting took place on 7th February, with Healey returned from the Far East and again in the chair. The First Sea Lord (Sir David Luce) expressed concern at the risk of the Navy being called upon to meet unforeseen tasks east of Suez beyond its strength and its equipment. The heaviest reductions in the defence review had fallen on the Navy; the elimination of 16 frigates and nearly half the minesweeping force would be a profound shock. Yet there was a clear case for retaining maritime forces in the Indo/Pacific area, and there were many limited war situations to which a three-carrier force could make an effective contribution. The planned phase-out of the carriers in the mid 1970s "meant that the Government openly accepted the political and military restriction resulting from their loss, but was also dependent on giving up a number of commitments". There could be no guarantee that it would be possible so to restrict the use of force as to eliminate operations for which carriers would be required. He made it clear that the Board was not seeking to perpetuate the carrier force, but "to plan a proper and orderly change-over from the carrier system". The nation "could not afford to dispense with carriers if we aimed at being a world power in the Far East in the 1970s". The writing of scenarios, and their use to determine operational needs, was an artificial process; "for example, the assumptions that intervention would not be attempted except by invitation might be invalidated by enemy moves after the invitation had been accepted".

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[1] OPD (66)9th M 1 Feb 66 Cab 148.

Healey in response stated his objections to CVA 01 as partly financial and partly operational. In the unforeseen tasks that had arisen in the previous ten years the carrier had been useful rather than essential. It was therefore "difficult to justify the heavy additional cost for a marginal increase in capability". It was now clear, following his discussions in Canberra, that land forces of the size and pattern previously envisaged could not be based in Australia. Britain would therefore aim to stay in Singapore while its presence was acceptable, but once it had to leave, its forces would have to be brought back to Europe. British responsibilities would then shrink, the threat from Indonesia would be much reduced, "and with it, the need for carriers". Meanwhile, the scheme to retain carriers until the mid 1970s would assist in the meeting of residual commitments. The Admiralty Board reported that a new plan would make it possible to keep within the required level of expenditure and still make a start on CVA 01. This plan Healey undertook to examine.[2]

At the resumed DOPC on 9 February, Healey reported the result of his discussions on the F111A in Washington. On the aircraft purchase revised terms for the purchase of 50 F111As had been secured, by which the development charge of £340,000 for each aircraft would be absorbed if the actual costs rose above the maximum figure quoted in the proposed agreement. A credit for $1,200m at 4.75% had been proposed; this was expected to be almost adequate to cover 190 Phantoms, 66 C130s and 50 F111As. Warned by McNamara, Healey anticipated real difficulty if it became necessary to seek to extend the option again. On offset, the American authorities, after hard bargaining, in which they had initially suggested that the exchange benefits of American presence in Britain constituted all that was required, had agreed to a firm target of £115m for military purchases from Britain and £110m for cooperative sales to third countries. The foreign exchange cost of the F111A purchase was £265m, but the balance would be more than made up by the reduction in the size of the Phantom order. In addition, the USN were about to invite tenders for the purchase of vessels worth about $50m where there was an excellent chance of Britain securing the order.

In an initial discussion in the DOPC on 9th February, there was concern both about the prospects of American purchase of British millitary equipment, and also about the rate of interest of the credit extended. In further negotiations with an American team in London, the terms were improved, the target for cooperative arms sales to third countries was revised, and the credit increased to $1,250m. When these changes were noted at the DOPC on 11 February, discussion turned to the technical difficulties of the F111A, which were expected to generate "serious presentational problems" since they were already public, and also to the need to satisfy the French on the proposed purchase, which "involved no derogation from our willingness and ability to maintain Anglo-French collaboration in the production of the Jaguar and the AFVG". De Gaulle was to be informed of the decision in advance of its being published in the Defence White Paper.[3]

The revised costed defence structure had meanwhile been prepared and was discussed by the DOPC on 11 February. Its main assumptions were retention of the existing carrier force, without CVA 01, as far into the 1970s as possible, provision of 50 F111As, 55 Phantoms and 96 Buccaneers, preparation of Ark Royal and Eagle only to fly Phantoms, reduction of the Army to 176,000 and disbandment of the Gurkhas.

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[2] Admiralty Board (66) 2nd M 7 Feb 66.

[3] OPD(66)30 9 Feb 66 OPD(66) 11th, 12th M 9, 11 Feb Cab 148.

This force structure would require, in 1969/70, a budget of £2,060m. If economies had to be found to bring the budget down to £2,000m, there were three possible steps:

a. phasing out the carrier force by March 1969, despite the fact that it would take at least until that date to renegotiate commitments

b. reduction of the Army to 168,000 which would involve the withdrawal of 1300 men from BAOR and the continuance of overstretch

c. cancellation of the P1127, which would save £35m if carriers ran on or £24m if they were to cease at March 1969.

Of these, the saving that was possible "with the least risk of failing to meet commitments" was the cancellation of the P1127. It was recommended that no further decisions need be taken at that time.

In discussion of this scheme, the Chancellor again stressed the continuing high dollar element in defence costs, pointing out that no major commitment had been eliminated as a result of the long defence review process. Although the cancellation of the P1127 would bring defence within the limit, it would be better to go further and adopt the improved Buccaneer, with its limitations, in place of the F111A. Healey contended that if the last elements of the sought reduction must be found, then the choice must fall on the P1127, but since there were strong non-defence arguments for its continuance, it would be reasonable to regard the costs as falling outside the limitation, though within the defence budget. Moreover, it was possible to see political, and therefore military, commitments changing before 1969/70 in a way which would ease the call on the defence budget. The Foreign Secretary warned that it would be wrong to assume that the surviving budgetary gap could be closed by unspecified reduction in commitments. This would deprive allies of a credible British military contribution. When discussion was resumed at a later meeting, with the draft Part 1 of the Defence White Paper tabled, Wilson finally ruled against the cancellation of the P1127 at that time.[4]

The forecast Admiralty Board revised plan, including CVA 01, "a viable means of meeting the commitments which we are likely to have to deal with in the 1970s" was now available. It was created around a new and cheaper aircraft mix: the proposed purchase of RN Phantoms and of Buccaneers was reduced, and although all the carriers except Victorious were to be equipped to fly Phantoms, the number of embarked Phantoms was limited to 24. Later, in the mid 1970s, Jaguars and the AFVG would be added to the Fleet Air Arm. The scheme was stated to produce savings when compared with the "with carriers" alternative already before Ministers, and while of lesser capability would give a balanced and viable force.

> "The Navy Department firmly believe that British carriers are an essential component in any British capability which is designed to meet the requirements of the new Indo-Pacific strategy throughout the 1970s. In particular, they believe that given the size of British military commitments remaining in the area, it will be virtually impossible to guarantee that the scope and nature of the operations in which our forces would be required to take part could always be confined in such a way as to make seaborne air power unnecessary".

The Air Force Department reaction was vigorous. The scheme was seen as giving a markedly lesser capability in the early 1970s, as running counter to Ministers' views and provisional conclusions reached earlier in the DOPC and as likely to prove far more costly in the mid 1970s than had been indicated.

CAS minuted that he found it

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[4] OPD(66) 12, 13th M 11, 13 Feb 66: draft paper behind COS 1175 4 Feb 66: OPD(66)31 9 Feb 66 Cab 148.

"difficult to see how the retention of a four carrier force, construction of CVA 01, and the purchase of over 100 additional aircraft . . . can be accommodated within the same financial ceiling unless of course there are significant economies in the fleet elsewhere".

There was clear anxiety within the Air Force Department that the new plan might be mistakenly seen as financially attractive and therefore acceptable. Chiefs of Staff consideration on the plan was expected to produce a confused position, and one that would upset the time-table for the defence review.[5]

When discussion of the carriers was resumed in the DOPC on 11 February, CNS explained that the Admiralty Board was very doubtful of the effectiveness of the scheme to keep carriers viable until 1975 without CVA 01, and had generated a plan which included the building of CVA 01 and retained carriers until the end of the 1970s; it was in 1969/70 only £9m more costly than that proposed by Healey. The plan reduced the proposed Phantom buy and added to the frontline 25 Jaguars previously seen as training aircraft; in the mid-1970s a few AFVG were included, and the plan was more costly in the year 1975/76. It had the advantage that it gave time for the Navy to reprovide weapon systems alternative to those in carriers, and to develop techniques which would permit effective control of land-based aircraft. CDS noted that the plan met the Admiralty Board concerns, while that proposed by the Secretary of State did not, but gave a seven year life only for the capital asset of CVA 01. Further, the Board plan put off the critical decision, and also slightly reduced operational capability before 1973. CAS expressed grave doubts over the accuracy of the costings involved: Jaguars and AFVG aircraft for the Navy, possibly with special development, would cost perhaps an additional £200m in the ten year period, and would certainly involve reconsideration of the RAF aircraft programme. Healey commented that the plan had certain elements that were attractive but that it involved extra expenditure and brought operational risks in the early 1970s. There could be no certainty about the availability of the Jaguars and AFVGs. Wilson then ruled that the matter should be further discussed in the DOPC after the Chiefs of Staff had examined the effect of the plan on the total capability of the three Services.[6]

The degree to which the Defence Planning Staff were able to prepare an agreed paper for this further Chiefs of Staff discussion was limited. The latest Navy Department plan required the deferment of normal naval reprovisioning until 1980, and of the provision of the RAF aircraft needed for the "maritime increment". Although the Navy Department forecast the cost excess over the plan of the Secretary of State as some £24m at 1969/70, the Defence Secretariat saw the figure as nearer to £100m.

There was, further a total difference of view between the Navy Department and Air Force Department representatives on four points:

a. the effectiveness of the Jaguar as a potential replacement for the Buccaneer

b. the possibility of combining in a single aircraft the strike and air defence roles

c. the practicability of re-equipping at the same time both the Fleet Air Arm and the RAF with the AFVG

d. the retention until 1977 of the Hunter as a Fleet Air Arm training aircraft.

When the Chiefs of Staff considered this paper, CDS pointed out that the provision of carriers throughout the 1970s could not be contained within the planned budgetary limits; the costs of the Navy Department plan had been seriously understated. The Defence Secretariat saw the plan as a

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[5] CNS-SofS 133/66 9 Feb 66: DNPlans 15/11 7 Feb 66: CAS – SofS 9 Feb 66: CAS - MinRAF 10 Feb 66: all on ID3/1/73 Pt 15.

[6] OPD (66)12thM 11 Feb 66 Cab 148.

high risk project, with heavy development expenditure. CVA 01 and the naval versions of the Jaguar and the AFVG were in early development, and cost growth must be assumed. By comparison, the plan of the Secretary of State was a low risk programme with possibilities of further savings.[7]

In opening this final and decisive discussion at Chiefs of Staff level, CDS commented that the Navy Department plan

> "put off for five years the decision whether or not to continue with the carrier force in the 1980s. Its advantage from the COS point of view was that it gave a continuing carrier capability for certain during the next ten difficult years in the Indo-Pacific theatre. This would increase our military capability and be an advantage to future COS. In five years time a decision would be required whether to build CVA 02 or to proceed with the escort cruisers".

CNS commented that he had put forward the Navy Department plan believing it to be little more costly than that proposed by the Secretary of State, but it had now been so "wedged" that it had become as expensive as one of the original options before Ministers, that of the "with carriers" option of the previous December. CGS was concerned that since the costs of the plan had been underestimated, later correction would have an adverse effect on the total structure plans, including those for the Army. CAS repeated his anxiety that the plan would affect the provisioning of RAF aircraft. A more realistic date for the first AFVG was 1977 rather than 1975; the RAF and the Fleet Air Arm would be competing for the same aircraft, and the problem would certainly not be soluble by continuing further the planned life of the V bombers. CDS summed up the session; the COS would have to report to the DOPC that although the plan had been put forward in good faith, it evidently would cost more than that proposed by Healey, although there were advantages in capability. This restatement, made in the DOPC later the same day, was decisive, CNS accepting that he could not dispute financial expertise on the potential additional costs. The DOPC then considered draft wording of Part 1 of the Defence White Paper, including that which announced that CVA 01 would not be built.[8]

Since firm positions had been taken over months, as the review in the narrative has shown, it was perhaps not surprising that a consequence of the decisions taken was the almost unprecedented simultaneous resignation of the Navy Minister and the First Sea Lord. For the first, though not for the second, the traditional resignation statement in the House of Commons gave an opportunity to restate the principles that had governed recent actions.[9]

The logical conclusion of this account is citation of the Defence White Paper, although its content will be evident to the reader who has persisted this far. On the limitation of British military capacity outside Europe it declared:

> "we have decided that while Britain should retain a major military capability outside Europe, she should in future be subject to certain general limitations. First, Britain will not undertake major operations of war except in co-operation with allies. Secondly, we will not accept an obligation to provide another country with military assistance unless it is prepared to provide us with the facilities we need to make such assistance effective in time. Finally, there will be no attempt to maintain defence facilities in an independent country against its wishes".

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[7] DP 7/66 12 Feb 66: COS 9thM/66 13 Feb 66: Confidential Annex Sec Standard File 13 Feb 66. ID3/1/73 Pt 15.

[8] OPD (66)13thM 13 Feb 66 Cab 148.

[9] Official Report Fifth Series Vol 725 cols 254-65 C Mayhew 22 Feb 66.

On the carrier issue the paper stated that

> "only one type of operation exists for which carriers and carrier-borne aircraft would be indispensable: that is the landing, or withdrawal of troops against sophisticated opposition outside the range of land-based air cover . . . we, unaided by our allies, could not expect to undertake operations of this character in the 1970s . . . the best carrier force we could manage to have in future would be very small . . . the tasks for which carrier-borne aircraft might be required in the later 1970s can be more cheaply performed in other ways"

The concurrent decision about the F111A was given in wording that gave appreciable hostages to fortune, in saying that for the reconnaissance and strike role the intention was that the AFVG should take over "by the mid-1970s" and that the latter aircraft was "the core of our long-term aircraft programme". The gap in the meantime was to be bridged by a purchase of 50 F111A, and steps had been taken to ensure that the foreign exchange cost was to be fully offset by sales of British equipment.[10]

With these decisions the defence review process was completed. There remained the issue as to its finality. It has been carried through by a Government with a working majority of three, and it must, to put it no higher, have been in some minds that they were not certain to win a forthcoming election, widely assumed not to be far distant. In the event, the Labour Government of 1966-70 had a large working majority, and even given the divisions within the ruling party on defence issues, was in reality free from doctrinal obstruction on defence policy, given any reasonable measure of political skill. But this was not for long to be the issue; economic constraints had been the motive force of the defence review of 1964/66. So it was to continue.

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[10] Cmnd 2901 Pt 11 para 19 Pt 1 para 4, 5, 6, 8 and 11.

CHAPTER 9

NATO REALISM: THE NUCLEAR ISSUE: INTERDEPENDENCE ATTEMPTED (OCTOBER 1964-JULY 1966)

Before taking up again the account of the continuing defence review, it is necessary to turn back in time to the beginning of the Labour Government, and to trace three major issues current during this period. They were the attempt to enhance the realism of NATO planning, the fresh start in discussion of the nuclear strategy of the Alliance, and a venture into interdependence, that of the Anglo-French Variable Geometry Aircraft (AFVG).

NATO Realism

A useful preface to a discussion of British NATO policy in the first years of the Wilson government is the statement made by McNamara to the NATO Ministerial meeting of December 1964 in response to a range of questions which had been put to the assembled Ministers by the NATO Defence Planning Committee. Referring to a query on the scale and consequences of nuclear destruction, McNamara cited a case study of a postulated attack on western Europe.

"Let us assume a large Soviet first strike with missiles and bombers against military targets including airfields, military control centres and major posts. And let us assume that all weapons are airburst. In one case we have studied, this would result in more than 40 million deaths in western Europe alone. The principal sufferers would be Britain with 16 million, the Federal Republic [of Germany] with 12 million and France with 10 million deaths."

McNamara added that this total would rise to 200 million if weapons were groundburst, still avoiding cities as direct targets. If alternatively the Soviets were responding to an initial NATO nuclear strike their response would kill some 70 million in western Europe.

McNamara considered that the Alliance had by its preparations greatly reduced the danger of an all-out nuclear attack: "this threat is effectively deterred." This was also true of the threat of a more limited nuclear attack, as well as that of a deliberate conventional attack. But the Alliance already possessed, in McNamara's view, the capacity to develop a non-nuclear option, and to achieve this virtually with its current forces. This deployment could be significantly aided by improved air mobility and by the more rapid forward movement of tactical aircraft. The nuclear option on the battlefield, which already existed, would remain as an insurance against the failure of non-nuclear defence, but it brought the hazard of escalation to the strategic nuclear exchange and to exercise it would lead to severe military manpower losses and high civilian casualties.[1]

Implicit within this statement are several of the issues that were to dominate NATO discussion during the next six years. Much turned on the balance between conventional and nuclear deterrence, and on the differing views of their relative position taken for example by the Federal Republic of Germany, Britain, and the United States. That the French position was distinct was a premise of the discussion. Another major issue was the extent to which there was in truth a "conventional disparity" between the opposing alliances. Within this were a range of questions about warning time and readiness.

If the newly formed government wished to examine afresh the whole range of British deployment, it had necessarily to take a view of the prospects of effecting change in any of the fixed points of the NATO dilemma. In preparation for the Chequers weekend of 21/22 November 1964, PUS had put to Healey a range of questions. If Britain wished to claim a world role, it would be difficult to abandon any large part of its current global responsibilities, and "so long as our special burdens persist, we must also make every effort to get our allies to bear some part of it."

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[1] McN statement 16 Dec 64: COS 3562 18 Dec 64.

There were three basic aims of British defence policy in Europe.

a. to work for radical changes in the basic East/West confrontational balance

b. then to attempt a major reduction in the British contribution to the NATO front-line.

c. to press for a less expensive ground strategy in Europe.

The provisional view PUS reached was that there was "not much scope for a drastic and rapid reduction in NATO forces as a whole". It might however, prove possible to review the reinforcement requirement for BAOR since "a land battle in north west Europe lasting more than a few days at most seems to me out of the question; in fact we do not provide reserves for our air forces on anything like the same basis as we do for BAOR."[2]

After the Chequers meeting in November 1964 and the Washington visit of the following month, outlined in another part of this narrative, the Chiefs of Staff set out the areas of defence review. From the first surveys, area by area, was later derived the coordinating study which reached the generalised conclusion that it would be possible to indicate major areas of reduction in defence expenditure only after Ministers had indicated political commitments which they were prepared to see abandoned.[3]

Following this first summary review of the potential areas of revision of military commitment, completed by March 1965, it was agreed that an interdepartmental study group should take further the study of the interelation of political and military commitment. For the British defence position in Europe, it was to examine the consequences of a 50% reduction in British Forces in Germany. In this review it was noted that if the forces withdrawn were disbanded (and they were regarded as part of the total reserve of forces available) savings of the order of £83.5m for BAOR and £6.9m for RAF(Germany) were involved.

Politically, the British forces in Germany were the main expression of British commitment to Europe. It followed that their reduction, even following consultation with allies, would have serious political consequences. Any such proposals could be suggested to the Alliance only in the context of a constructive package. This statement formed part of the basic paper for the "Chequers weekend" on defence matters held on 12/13 June 1965. In his personal note for that meeting, which was primarily concerned with contingency plans outside the NATO area, Healey urged that the government should "press very hard in disarmament negotiations for a form of arms control in Europe which would enable us to reduce our forces in BAOR." The draft terms of reference for the preparation of the "July structure" initiated after the Chequers meeting called for the study of a BAOR of two divisions and one infantry brigade group, without reinforcement formations, and a 30% reduction in RAF(Germany).[4]

At the November 1965 Ministerial meetings, Healey urged the retention of the objective of reducing the scale of British military contribution to NATO, but saw this as a task to be undertaken following reduction of commitments outside Europe and the creation of an adequate margin of defence resources. With this view his British Ministerial colleagues were in agreement. NATO discussion would be dominated for some time by reaction to the possible French withdrawal, and it would require an American involvement to secure effective pressure for a change in NATO strategy.[5]

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[2] draft mem for SofS by PUS 18 Nov 64 MO 21/11.

[3] COS 3486 9 Dec 64: DP 11/65(F) 26 Feb 65: CDS N 87/03 Pt 1.

[4] OPD(O)(DR)(WP)(65)2 26 Apr 65: OPD(O)(65)28 3 May 65: OPD(O)(65)12thM 11 May 65 Cab 148: DH pers note 11 Jun 65 CDS N87/03 Pt 4: dr t of r for "Study Required after Chequers" undated but 15 Jun 65 1D3/11/31 Pt 10.

[5] DH personal note 12 Nov 65 MISC 17/8th M 13/14 Nov 65 CAB 148: ID3/11/31 Pt 18.

At the December 1964 NATO Military Committee in Chiefs of Staff Session, as the result of a British initiative, the major NATO commanders were instructed to undertake a study into the defence that could be undertaken with the forces currently available to them, and to determine the level of attack which their commands could handle conventionally. The British objective in initiating this study was to provide a yardstick against which to measure the capability of any revised force levels, and "to assess the time interval that would probably elapse between the identification of an agression and the possible need to use tactical nuclear weapons (TNW)."

In the resulting SACEUR study, the retention of about 170 UE aircraft for the nuclear strike role in the Central Region was assumed, as well as the use of nuclear weapons by either side. The threat in the Central Region was assessed as 60 divisions 2,200 offensive aircraft and 1,600 defence fighters. To meet this, SACEUR had available to him 25 divisions, 941 offensive aircraft, 457 air defence aircraft and 369 recce aircraft. His assessment was that

a. the Soviet Union would achieve air supremacy after two days

b. even in the strongest sector of ACE, the largest force that could be handled by the Alliance was about one-fourth of the Soviet initial assault capability

c. there would be early and substantial losses of NATO territory, and

d. if the Alliance were to decide to initiate nuclear hostilities at the end of D day, only one third of the missiles and aircraft reserved for the SACEUR Nuclear Strike Plan would be able to respond promptly.

With this analysis, within its limitations, the British Chiefs of Staff were in agreement. It confirmed the British view that the decision to resort to nuclear weapons would have to be taken very rapidly, perhaps in as little as 24 hours. Non-nuclear defence against substantial Soviet attacks was not possible, unless conventional forces were significantly increased. Further "owing to the erosion of the strike forces during widespread non-nuclear air operations, the need to escalate to the use of nuclear weapons will be felt very quickly, if NATO is to retain the ability to execute the Nuclear Strike Plan."[6]

The attempt continued to bring enhanced realism to the force planning goals to which NATO was working. In October 1965, for instance, McNamara in Washington discussed with Mulley the elements of unreality, noting that the lesser force levels which the NATO Commanders had been instructed to set out "could be accepted, but only on the understanding that the nations would report back, perhaps in May [1966] with a statement of their ability to meet them. These goals must not include elements which would never exist."[7]

At the December 1965 NATO Ministerial meetings, the North Atlantic Council accepted the lesser set of goals, as the basis for further study and planning. This proposal started the process that led to the abandonment of unrealistic NATO goals, which had previously set out the requirements of the major NATO commanders stated without regard to political and economic reality.

The NATO Defence Planning Committee was now instructed to review the force levels to bring them into line with national capabilities. In discussion Healey stressed that even the lesser goals were unrealistic; although Britain was closer to them than any other member of the Alliance, to meet them in full would involve Britain in an increase of 3.6% to its defence budget, and an additional 7,400 uniformed manpower. For the Federal Republic of Germany, the increase would be 13% in budgetary terms and 120,000 in military personnel. In their present form the force levels were "not a guiding light, but an ignis fatuus leading the Alliance into the marsh of self-delusion and

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[6] DP 30/65F 26 May 65 later COS 113/65 14 Jun 65 ID3/301/1.

[7] McN/Mulley mtng 19 Oct 65 CDS L 194/12.

indifference." The approach should rather be that of instituting a five year rolling programme modifying the present use of available resources. Responsibly undertaken, this would lead to a steady increase in capability.[8]

Following the meeting the NATO Defence Planning Committee undertook a series of studies of national capabilities. By the time of the July 1966 NATO Ministerial meeting, it was possible for the Alliance to set itself the objective of creating force goals for three years ahead, and ensure the continuance of this planning process by the establishment of machinery for a five year rolling programme. Departmental briefing could now advise that while the proposed level of forces was neither a military ideal nor totally valid economically, there was no alternative to their use. The conclusion seemed to follow that a revision of the strategic concepts of the Alliance was needed; moreover the departure of the French from the military organisation of the Alliance in early 1966 at least made it possible for the process to start. Since the December 1965 meeting, in the detailed study of the national plans of members of the Alliance, the most serious shortcomings of the British deployment had been noted.

In the case of the RAF, even making the most favourable assumptions about assignment of forces to SACEUR, the current re-equipment plan was 100 aircraft short of the revised goals, although this comparison took no account of aircraft quality. Healey was advised to stress the need for a revision of NATO strategy, based on a political/military assessment that took account of the probable level of available resources. It seemed probable that a review of the long range strike capability might make it possible to create an enhanced level of conventional air support foreground forces. As will be seen later in this narrative, this certainly proved to be the case. A significant step on the road to flexible response had been taken.[9]

The Nuclear Issue

In the early summer of 1965 McNamara had initiated a new approach to the problem of nuclear planning and control within the Alliance. He proposed that a committee of defence ministers, limited in mumber, should review the processes of allied consultation on the possible use of nuclear weapons. Response to the suggestion was cautious, and in the case of the French government, after an initial hesitation, negative. Remitted to the NATO Permanent Representatives at Ambassadorial level, the proposal led on to the creation of the "Special Committee" at Defence Minister level. The first meeting was held under the chairmanship of the NATO Secretary General in Paris in November 1965.

In his initial statement at that meeting, McNamara stressed the requirement to improve participation of NATO members in planning the potential use of the nuclear option, and the importance of improved communications. To widen the degree of knowledge on the nuclear arsenal, he was notably open in revealing data previously closely held. Excluding the United States Second and Sixth Fleets, there were in Europe a total of 6,300 American nuclear warheads, of which 1,730 were in place under dual-key arrangements, and so intended for the use of forces other than those of the United States. "The great majority of nuclear weapons in Europe are well forward, hundreds of them are capable of reaching across the Iron Curtain. And some of them have ranges measuring out at least to the edges of Soviet soil." In the United States strategic forces, there were 2,700 nuclear weapons, 5,000 MT was at 15 minute alert or less.

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[8] C-M (65) 139F 15 Dec 65: DH statement 15 Dec 65: UKDEL-FO 337 15 Dec 65: COS 10/B/4 Pt 11: MO 13/5/20.

[9] DS 12/213/10 19 Jul 66 CDS L 194/15.

NcNamara considered that the central issues that the Special Committee should address included:

a. the plans for deployment and use of nuclear weapons

b. the need for adequate safeguard and control

c. the preparation of information systems to aid decision taking in an emergency

d. methods and principles of consultation.

McNamara hoped that the Committee would concern itself with the whole range of nuclear weapons, and review the whole of the nuclear strategy of the Alliance.

Healey said of the numbers and variety of nuclear weapons available that the Alliance had "all the hardware needed." He thought members of the Alliance had little concept of the conditions in which political leaders would be called upon to approve military plans. It was questionable whether Cabinet members in NATO capitals realised the implications of existing SACEUR plans designed to counter a full-scale Soviet conventional attack. For the Alliance policy of deterrence to be effective, and for the Soviet Union to be clear that the use of nuclear weapons under appropriate constraints would be initiated, greater understanding at the political level was required of the scale of potential collateral damage and casualties. There had also to be an assurance that military plans were flexible and would be responsive to political direction. It would be futile, Healey concluded, to create any type of collaborative force (what were known at the time as "hardware solutions" to the Alliance nuclear dilemma) until the issues of control had been taken appreciably further.

Von Hassel for Germany emphasised that the objective in all discussions of the issue of nuclear sharing had been that of the solidarity of the Alliance, and the electorates of NATO members were entitled to a measure of explanation of the issues of security. He appeared to accept that collective nuclear policy and planning would be an acceptable alternative to "hardware solutions". He agreed that the Alliance collectively needed a forum for review of nuclear weapon systems, present and future.

With specific reference to the needs of the smaller members of the Alliance to participate in nuclear planning including targeting policy, and a discussion of the system of consultation in an emergency, the first meeting of the Special Committee endorsed the creation of working groups on communications and data exchange, and most importantly that on nuclear policy, the Nuclear Planning Working Group (NPWG) which was to meet at Defence Minister level. In a non-attributable press briefing after the meeting, Healey noted that the Federal Republic of Germany was "very uncertain about nuclear sharing, and would really like someone to take the decision for them". [10]

This meeting launched, on an interim basis, the machinery by which, following the initiative of July 1965, the nuclear issue in the Alliance was to be considered. By their actions during the opening phase, the French had indicated their total disapproval of the process, so that their later formal withdrawal from the military organisation of the Alliance later had no direct effect. Of the three working groups that had been created, that concerned with nuclear policy was obviously central, and was to lead into the Nuclear Planning Group rather more than a year later.

When the NATO Defence Ministers met in December 1965 NcNamara showed Healey informally a major paper on strategic nuclear arms, which he planned as the content of the first meeting of the NPWG. This discussed the Soviet strategic nuclear threat and concluded that the actual and prospective United States strategic nuclear programme provided more than sufficient resource to deter a potential aggressor from making a large scale attack. A strategic nuclear exchange would

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[10] McN DH and von Hassel statements to Spec Ctee 27 Nov 65: British record of second session: DH Press Conf 27 Nov 65 DS 12/215/5/2.

cause unacceptable damage, amounting to total destruction both to the Soviet Union and to the members of the NATO Alliance. Against this level of destruction, there was no effective defence, and additional delivery vehicles, or defensive measures, would be no more than marginal in their effect. As for lesser forms of aggression against NATO territory, these could be deterred by conventional forces, and by the use of tactical nuclear weapons (TNW). Having circulated in advance a very full briefing on these lines, McNamara suggested that at the meeting the non-nuclear powers should speak first.

For the Federal Republic, von Hassel accepted that the scale of provision of United States strategic arms was adequate, but added that the scale of nuclear forces assigned to SACEUR was not. SACEUR needed "external support", the standard NATO euphemism for reliance on Strategic Air Command. The European powers therefore required information on these forces and on the plans for their use. Finally, von Hassel noted that graduated deterrence involved an unacceptable distribution of risks. The Italians associated themselves with these views.

Healey argued the case for a reasonable threat of escalation; the problem was one of "risk manipulation rather than war fighting". The Alliance should set itself to consider the use of nuclear weapons, rather than plan schemes for multilateral control of hardware. Further, it should consider the issue of the initial use of nuclear weapons, so as to ensure that they posed a credible threat, yet one free from the hazard of escalation without political control.

McNamara reminded the NPWG that the West would be destroyed in strategic nuclear war, and noted that if the Soviet Union was of a mind to be deterred, assured destruction of its potential enemy was already available to the NATO Alliance. "Only 400 warheads were required to kill 70% of the Soviet people and destroy 50% of Soviet industry". But such steps would involve, because of the Soviet strategic response it would provoke, the death of 100 million Americans and 160 million Europeans. Damage limitation could not be achieved "in a complete form". Even if $30 billion were spent, for example on ABM systems and shelter programmes, fewer people would die, but the United States and Western Europe would still be destroyed.

Healey summed up the conclusions he had drawn from the meeting. Neither side, he contended, would rationally undertake a first strike. He was confident that all the Soviet MRBMs threatening western Europe were covered as first priority targets by the Single Integrated Operational Plan (SIOP), in other words, essentially, by Strategic Air Command. Even if the West were to launch the first strike, Healey added, Europe would not be spared unacceptable damage, since the Soviet MRBMs could be held at almost instant readiness, and so could at once respond to an incoming strike by destroying targets in Western Europe.

The British imput to the planned second meeting was a presentation on the British view of the use of tactical nuclear weapons (TNW) in Europe, based on a report prepared by the Defence Operations Analysis Establishment (DOAE). This study drew on earlier work that had attempted to predict the nature of a nuclear contest in Europe. The summary finding was stated in internal briefing: "given an enemy with superiority in conventional forces and parity in TNW we cannot win." Further, this was true even if prompt authority were to be given for the use of TNW, which was highly doubtful. The DOAE analysis, although contributing to the British projection of the dilemma of the use of TNW, itself contained premises that went against reason. "The basic assumption [is] that after a single political decision, large numbers of TNW could be used without further political guidance. This comes out particularly clearly . . . where BLUE fires off as many as 17 weapons in a first salvo. There is then no question of a pause, and it is assumed as a matter of course that RED would retaliate."[13]

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[11] McN-DH 8 Jan 66: US paper for NPWG lst M [British summary] 5 Feb 66: NPWG 1st M [British record] 17 Feb 66: DS 12 215/5/2/2: MO 13/1/34 Pt 3.

[13] NcN-DH 8 Jan 66: DS 12-DUS(Pol) 2 Mar 66: DUS(Pol)-ACDS(G) 7 Mar 66 DS 12 215/5/2 Pt 3.

The British position paper for the NPWG meeting of 28/29 April grew from a study endorsed by the Chiefs of Staff. This restated the British view that deterrence required the full spectrum of defence capabilities, that is conventional forces, TNW and strategic forces, and that the threat of escalation was an essential part of deterrence. It reflected the considered view of the intelligence community that the spectrum of forces and the risk of escalation within them had deterred the Soviet Union and was continuing to do so. On the use of TNW it stated that the central issue was that of political control: the weapons themselves should be used initially in small numbers and at low yield against military targets. The procedure for taking the political decisions that this involved needed to be capable of reaction in a markedly limited timescale, and to lead to rapid implementation with a minimal risk of uncontrolled escalation.[14]

Altogether, three papers were available to the second NPWG meeting, contributed by Britain, the United States and Germany. The British tabled paper was coupled with a presentation about the "war-gaming" that had been undertaken at DOAE.

The British position was stated fully. TNW posed a credible threat of escalation, and were a vital element in the range of deterrence. When the basic NATO strategy, that of MC 14/2 of May 1957, had been adopted, TNW had been seen as the offset to Soviet conventional superiority and it had been assumed that their use in large numbers would be required to halt major aggression. By the early 1960s, however, it was common ground that there was in effect parity between the NATO alliance and the Soviet Union in TNW, and studies suggested that their use in equal numbers by both sides in a major conflict would bring no net advantage to either side. If used, TNW in Europe would inflict a heavy scale of destruction and loss of life. Further, given that NATO would never be the aggressor, much of this destruction would be on NATO territory. It followed that while TNW must be retained in the spectrum of deterrence, the existing armoury was sufficient, the numbers to be used required careful judgement, and there was a requirement to exchange intelligence in advance within the alliance by rapid means as a basis for the necessary political decisions.[15]

The British "wargame" that had been undertaken by DOAE was set in the area of BAOR. It assumed an attack by eight Soviet armoured divisions against defensive forces of seven brigade groups, an early decision on both sides to use TNW and their use in quantity. The area involved had a population of about 4 million, and the use of about 250 nuclear weapons would lead to half a million casualties, a quarter of a million homeless and the devastation of 20% of the area. The Soviet advance was calculated as likely to reach the NATO forward defence line in six hours and the river Weser in 16 to 24 hours.[16]

The paper of the United States administration on the planning of the use of TNW covered rather different ground, reviewing the nuclear capacity of the two alliances. NATO had an advantage in aircraft and artillery, the Warsaw Pact in large and longer range missiles. Unrestrained warfare between the two alliances would lead to between 100 and 200 million deaths in Europe. The paper examined five concepts.

a. a nuclear contribution to a general war

b. a demonstration use of TNW

c. a short TNW battle, using some 3,000 warheads

d. a "campaign" of two to three weeks, using some 7,000

e. an extended tactical nuclear war of three to four months, using some 20,000 weapons.

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[14] COS 38/66 31 Mar 66 ID3/3/3/11 Pt 5.

[15] Brit paper undated but ? 6 Apr 66 DS 12/215/5/2/2.

[16] FO-Wash 4378 26 Apr 66 MO 13/1/34 Pt 48.

The requirements for improved situation reporting and the importance of planned dispersal in the transition to nuclear war were stressed. Current programmes were adequate for the undertaking of the "short" nuclear battle, and effected deterrence against Soviet first use. Programmes approved but not yet implemented would take provision towards that required for a "nuclear campaign". The paper added that "NATO does not have a plan for tactical nuclear war."

British comment on this contribution was to the effect that little thought had been given to the effects of the use of large numbers of TNW in terms of casualties and collateral damage or to their relation to escalation. It suggested that there was a substantial degree of over-insurance. The British objective in discussion should be to urge a more detailed study of the use of TNW followed by a fresh look at the numerical requirement.[17]

The German paper set out what was a central concern, the issue of host nation control. It stressed the legitimate interest of non-nuclear powers in the type of weapons likely to be used on their soil, and criticised what it saw as the totally inadequate knowledge possessed by non-nuclear powers of the SACEUR strike plan. The Federal Republic wished to be able to analyse the threat, and to be involved in targeting and political restraint of military authorities. It sought clarification of the way in which SACEUR would seek authority for the use of TNW and sought changes in the release procedure, possibly to the extent of seeking a veto on the use of nuclear weapons on German soil.[18]

Some while before, NcNamara in a private occasion had commented very forcibly that SACEUR "had no plans whatever for the controlled and limited use of nuclear weapons." The SACEUR presentation to the second NPWG meeting certainly confirmed this. After indicating a extensive target listing, a constraints policy was outlined. "No MT should be dropped on the [Warsaw Pact] satellites and no weapons above 10KT on friendly or neutral territory." Healey summarised the SACEUR strike plan as "appearing to provide for 500 nuclear strikes on the satellites and 200 on the Soviet Union in the early stages of a war." Assuming retaliation in kind, "the prospect of 100 million casualties in western Europe would not encourage governments to authorise nuclear strikes." He asked whether there were contingency plans for more selective use. SACEUR explained his power to vary his own strike plan, but warned that on the assumptions that he had made about the course of a major aggression, "targets 500 miles behind the line would have to be dealt with very soon." Healey noted the British view that before a major aggression there would be a period of political warning. NcNamara admitted the need for further study of the difficult political decisions that would arise on nuclear use.[19]

In the discussion that followed the tabling of the national papers, Healey urged the importance of the search for agreement within the Alliance on the role of TNW. Present plans for use appeared to assume large numbers with consequent heavy civilian casualties and collateral damage. Yet the concept of a prolonged nuclear exchange was unrealistic; the use of TNW that accorded with the purposes of the Alliance was as a demonstration, or possibly use in a short exchange. Given a common doctrine and improved communications it should be possible to avoid "arguing about the alphabet in a crisis situation." TNW could then pose the threat, as distinct from the certainty, of escalation to the strategic nuclear exchange. If the Soviet Union was not deterred by the initial and limited use of TNW, more extended use would in any event be equivalent to strategic warfare. Conventional capability could be improved by changing the balance of effort of ground support aircraft from the nuclear to the conventional role. Revision of present plans, as Healey later reminded his Press Conference, would be aided by French withdrawal from the military

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[17] British summary of US paper [28/29 Apr 66] MO 13/1/34 Pt 4.

[18] British summary of German paper [18 Apr 66] DS 12/215/2/2.

[19] Shuckburgh-DH 9 Dec 65 DS 12/215/5/2 Pt 3: NPWG 2ndM 28/29 Apr 66 MO 13/1/34 Pt 4.

organisation of the alliance. "President de Gaulle had renounced his veto by stopping paying his subscription to NATO."[20]

Shortly after the second NPWG meeting, it was clear that there was pressure both from the United States and from Germany for the creation of permanent machinery to handle the issues which had been reviewed. In Washington, President Johnson initiated an inter-agency study under Acheson's chairmanship on the NATO nuclear question, excluding "hardware solutions" but not the questions of offset costs and burden sharing. The study evidently endorsed the approach of McNamara that welcomed the conversion of the NPWG into a permanent forum for the study of nuclear issues. It seemed possible that the suggestion would be made to the President that there should in the first place be trilateral discussions (the United States Britain and Germany). As will be seen in the next Chapter of this narrative, this initiative, although delayed, was subsequently taken further.[21]

During September 1966 at a meeting of the Special Committee in Rome and subsequently at the NATO Ministerial meeting in December, steps were taken to formalise the membership of the Nuclear Affairs Advisory Committee (NDAC) and the Nuclear Planning Group (NPG) which reported to it. This created the machinery in which, as this narrative will later show, the consideration of nuclear matters within the Alliance could be taken further.

Interdependence Attempted

An important element in the thinking of the 1964 government was the view that the British aircraft industry had been permitted to attempt too much on its own, and that this had resulted in unduly expensive procurement processes. One outcome was the three purchases of American aircraft in 1965, a decision fully discussed earlier in this study. Another was the attempt to move to inter-dependence. The dilemma of interdependence can be easily stated; only when more than one national industry is involved in a major weapons system is it possible to arrange that the high costs of research and development leading to production can be amortised over an adequately large production run. Inevitably this process compromises nationally determined operational requirements, and therefore by extension the concept of operations.

A report on defence equipment of December 1964, significant despite the fact that its findings were overtaken almost immediately by the decision to purchase the three American aircraft, concluded that to purchase defence equipment abroad would lead to large savings in research, development and production, but that to do so would place defence and foreign policy to some degree at hazard. Further, the equipment would not be designed in relation to British operational needs, and there would be a permanent loss of capacity to design weapons within the fields in which foreign purchases were selected. Despite these points, the attempt should be made to achieve collaboration, since there was no other course open which both generated defence equipment and to some degree reduced its cost.[22]

In the field of aircraft development there were two candidates for attempted collaboration, the United States and France. During the Washington meetings at senior political level in December 1964, there had been expressions of intent to achieve enhanced collaboration, but these had achieved little. Suggestions for collaboration with France were also made.

In March 1965, the Weapons Development Committee recommended to the Secretary of State that there was a specific area in which it could be profitable to open discussions with the French; namely the application of the technique of variable geometry to operational aircraft, in the fields of both fighter and strike aircraft. The intention was that there should be joint consideration of possible

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[20] NPWG 2ndM 28/29 Apr 66: British record, agreed minute, DH Press Conf MO 13/1/34 Pt 4: ID3/303/11 Pt 5.

[21] P Dean, Washington-FO 12, 27 May 66 DS 12/215/5/2/Pt 3.

[22] Report on Defence Equipment COS 3543 CDS N87/03 Pt 1.

operational requirements in these roles, and once these had been determined there should be a joint research and development programme leading to an operational aircraft. Associated with this venture was the concept of a trainer aircraft possibly also incorporating variable geometry; in the event this led to a successful collaborative aircraft, the Jaguar, but one relying on fixed wing design. The proposal that initial discussions with the French should take place was endorsed by the DOPC in March 1965.[23]

An informal meeting between Messmer, French Minister for the Armed Forces, Healey and Jenkins, Minister of Aviation, had already been held. This noted that a naval and air staff paper on a possible variable geometry aircraft was being prepared, and that the issues of industrial organisation were being considered within the Ministry of Aviation. Healey reported to Wilson that "the French are anxious to cooperate, but are clearly concerned in case our decisions on American aircraft may have left us without a British aircraft industry capable of co-operating with theirs, particularly in advanced projects. I believe that we were able to reassure them on this score". Official talks with the French authorities led on to an attempted draft Heads of Agreement, which Messmer found insufficiently precise. At the same time, a message from the French passed through Sir Denning Pearson of Rolls Royce reported that the French had "misgivings about the firmness of our intentions. Our purchase of American aircraft, our attitude to the Concord and reluctance to go further on the Heads of Agreement at present under discussion have all made them suspicious of our intentions".

Messmer wanted a specific agreement between the two governments to produce a variable geometry aircraft of a certain weight and to meet a specified in-service date. On the British side, it was accepted that, if the TSR2 were to be cancelled, the joint variable geometry project offered the only prospect of keeping abreast of advanced aircraft technology. The dilemma lay in the inter-relation of this objective and the early stages of the defence review. It seemed best to secure, if possible, joint studies without a commitment to development.[24]

By late April, Healey and Jenkins were able to report to the DOPC that satisfactory terms for collaboration were at the point of agreement. The French continued to seek a stated requirement for a combat aircraft of a certain weight and specified in-service date, maintaining that they had no doubt about their own numerical requirement. To this the British response had necessarily to be hesitant. It was probable, though no more, that the defence review would confirm a similar requirement. The resultant compromise was that there should be joint staff discussions to establish in detail a common operational requirement for the aircraft, and that these should later be followed by studies in industry to prepare a detailed specification: these planning studies were to be jointly directed by the two nations, but funded nationally; they were to be completed and assessed by April 1966. At the same time, the two countries were to undertake the preliminary study and development of an appropriate engine for the aircraft, each nation limiting itself to a commitment equivalent to £10m. At the end of the first year, the two governments would decide whether to proceed, and at that stage their further commitment would be limited to a second year.

This approach, on the British side, fitted with the strategy for the aircraft industry following the three aircraft cancellations, since it introduced the prospect of new high quality work. The collaboration proposals were seen as "sound both industrially and in terms of the defence programme". The variable geometry aircraft was regarded as "far the most promising of the possible future projects, in terms both of our likely requirements and of the opportunities for advantageous collaboration". In further detailed negotiation, the British failed to persuade the French to delete all numerical reference to the scale of purchases to be made, and finally accepted

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[23] DCSA(P)-SofS 5 Mar 65: WD/P(65)13 8 Mar 65: SofS-DCSA(P) 11 Mar 65 CDS A1/31.

[24] SofS-PM 2 Mar 65: Messmer-DH 13 Mar 65: AUS(M)-SofS 18 Mar 65: SofS-PM 31 Mar 65 MO 14/4/1 Pt 1.

only at Ministerial level an undertaking that contracts for each major element in the joint venture should be grouped together. This delphic compromise unfortunately failed to resolve the central issue of industrial organisation.[25]

By October 1965, no progress had been made on this important issue. After several attempts at government to government negotiation of the matter, the French authorities suggested that the matter should be left to the firms involved, that is to BAC and Dassault for the airframe, and to British Siddeley Engines and SNECMA for the engine. This suggestion the British rejected. They feared that the result would be that leadership both in the Jaguar and the AFVG projects would fall to the French, whom they believed were operating quite ruthlessly to secure a dominant position in Europe for their aircraft industries. Specifically on the Anglo-French Variable Geometry aircraft, they believed that if Dassault was placed in the lead on the airframe, there would be the greatest difficulty in securing any measure of control either of technical progress or of the evolution of the operational requirement.

Central to the British distrust of the French was the decision to create a contract under which Dassault was to produce a single-engined research prototype with variable geometry. This contract was issued in October, although the French authorities at first denied its existence. The French returned the distrust: they saw the declared intention of the British to take up an option on the F111A, which resulted from the Arrangement created in April, as indicating a lack of commitment to the AFVG. At a meeting of the Anglo-French Steering Committee on 3 December, the British representatives were given a detailed statement of French concern. It was argued that the British would acquire American information under restriction, which they would not be able to use in the AFVG project, that the F111 order would be larger than the initial option and would lead on to further purchases for the interceptor role, and that the existence of the F111A purchase would lead the British to wish to slow the AFVG project.

All this was countered: it was stressed that there was adequate funding for both the F111A and the AFVG, and the option had been known at the time that the Anglo-French Agreement had been reached. When Messmer repeated these French arguments in a meeting, Healey did not consider a small purchase of F111s as "running counter to full collaboration on the VG project", and added that the forthcoming Plowden Report would show the degree of reliance that it was proposed to place on collaboration for the future of the British aircraft industry. The exchange was repeated just before the publication of the Defence Review. Healey invited French ministers "to accept an assurance that a decision to buy F111As in no way affects our determination to carry through our agreement". Indeed it was only by the limited purchase of the F111A that there would be space in the R and D budget for the development work that would be involved in the AFVG.[26]

Healey also raised the issue of the French variable geometry development aircraft with Messmer, asking him directly whether it would be possible "to reconsider the need to proceed with work on an experimental derivative of the Mirage III." It was not possible "to consider this as compatible with whole-hearted cooperation on the joint VG project". Messmer's reply was flat: the experimental VG aircraft was "not incompatible with the spirit of our joint project: it may even facilitate realisation of this project, since the lessons which we learn will be contributed to the dossier of our common study".

In agreeing the arrangements later for a Ministerial meeting to review progress one year after the initial Agreement, Healey returned to the matter, noting that the British "find it difficult to understand why you should feel it necessary to continue with work on the prototype single-engined

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[25] OPD(65)80 30 Apr 65: US(Air)B-Min of A 10 May 65: Messmer/DH RJ mtng 17 May 65: MO 14/4/1 Pt 1.

[26] AUS(AS)-MinRAF 5 Oct 65: US(Air)B-Sec Aviation 12 Oct 65: AUS(M)-SofS 8 Dec 65: DH/Messmer disc 14 Dec 65: Messmer-DH 12 Feb 66: DH-Messmer 15 Feb 66. MO 14/4/1 Pt 2.

VG aircraft. To us it is bound to look like a possible rival . . . We should take it as a welcome mark of confidence . . . if you feel able to abandon your experimental programme", once a firm decision had been taken both on the operational requirement for the AFVG and also on the development and production programme. The French also attempted to tie the British more securely into the joint programme by the deletion of the opportunities in the Agreement for withdrawal on either side; if this was done, they would be prepared to cancel their experimental aircraft. This was seen as an unreasonable proposition; the "break clauses" ran until June 1967, and were the basis on which the separate development work on engines had been funded nationally on either side.[27]

Two aspects of the project dominated the British preparation for the meeting at Ministerial level on 6 May 1966. It had become clear that the Bristol Siddeley/SNECMA engine, the M45, was markedly less effective than a possible alternative, the RB 153, a Rolls Royce engine, and secondly the cost of the programme, both in development costs and in projected unit cost, had risen alarmingly. On the engine, the greater British interest in the AFVG as a possible strike aircraft, because of the limited size of the prospective F111A order that had been an assumption of the Defence Review, had brought their requirement significantly closer to that of the French, both in time-scale and in required performance. The RB 153 engine, if uprated, was acceptable operationally, and was likely to be available eighteen months earlier than the Bristol Siddeley Engines/SNECMA engine. It was cheaper in development cost by £204m. It was also forecast to be 10% better in take-off distance and low-level dash speed, in time to height, and in supersonic radius of action. The M45 engine was superior in subsonic radius of action and in time on air patrol. The grounds for pressing the case for the Rolls Royce engine were therefore

a. growing lack of confidence in the development potential of the BS/SNECMA engine

b. anxiety to force ahead with the timetable of the AFVG to prevent a potential overlap with the single-engined Mirage IIIG,

c. desire to get into the best position possible in relation to American competition, and

d. the serious consequences for Rolls Royce and the British aircraft engine industry generally of a choice of the M45.

Briefing urged that the British approach should be a tough one; the central French concern was for the future of SNECMA which they wished to see moved into the big engine business; the case for the change to the RB 153 was "strong enough to make it a breaking point". If selected, the aircraft would meet the French required in-service date on which they had earlier placed great emphasis; it was now "running on the bench", and it would make possible later development of the aircraft in a fighter version.

The forecasts of the development budget and the anticipated unit cost were, however, alarming. The joint research and development cost of the engine was expected to be of the order of £35-70m, depending on the choice of engine, that of the airframe and the airborne equipment £40m, and that on the radar and electronics £10m for a strike aircraft solely and £30m for a combined strike and interceptor aircraft. These estimates were British. The projected unit production cost, if 300 aircraft were made, was £2.1m. Healey expressed himself as "disturbed" at this level of unit cost, doubted whether the aircraft could be afforded, and wondered how far he and the Minister of Aviation should go before referring the matter to their DOPC colleagues. Briefing urged that the firms should be told that the project would not survive unless the unit cost was brought below £1.25m. It was noted that the unit cost estimate of £2.1m made an assumption of 40% cost growth; the Joint Projects Board should be invited to examine both the joint operational requirement and the development cost projections, and report further to Ministers in two months.[28]

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[27] DH-Messmer 15 Feb 66: Mulley-DH 21 Feb 66: DH-Mulley 25 Feb 66: Messmer-DH 24 Mar 66: DH-Messmer 18 Apr 66 MO 14/4/1 Pt 2.

[28] DH-Mulley 21 Apr 66: AUS(RandD)-SofS 4 May 66: DS9 Brief 4 May 66 MO 14/4/1.

At the meeting which Mulley and Healey held with Messmer on 6 May, Ministers had before them an agreed operational requirement, a BAC/Dassault definition of the airframe and a Bristol Siddeley Engine/SNECMA proposal for an engine. It was noted that the RB 153 in its present form would not meet the operational requirement, although with a limited development this would be possible. The cost of this improvement to the RB 153 would be less than that of building the proposed M45. Healey set out vigorously the objections on the British side on grounds of prospective unit cost: if the unit cost rose above £1.5m, it would not be possible to afford the aircraft. Given the size of the economy in development costs that would follow from the selection of the RR engine, this alternative should be studied. Almost the only concession that Messmer made at the meeting was to accept that variant costings of the aircraft should be prepared.

Mulley pointed out that the proposed industrial arrangements appeared unsound; a scheme of joint heads of operational divisions had been put forward, presumably as the only proposition acceptable to Dassault. Messmer asked for this issue to be postponed. On the rival development of the Mirage IIIG, Healey stressed that the British had renounced development of the Buccaneer 2 following the decision to develop the AFVG, and that he would value a statement from Messmer that the French Government did not intend to allow the Mirage IIIG to be a competitor to the AFVG or to enter operational service. Messmer contended that the aircraft had been continued as a precaution because of uncertainty about the AFVG. He agreed that it would be cancelled when the final decision about the joint aircraft had been taken. The meeting agreed that matters of industrial organisation were to be resolved by September 1966, and that costing of the aircraft on alternative assumptions about the engine should be made, together with studies of possible reduction in the operational requirement which would bring about a reduction of unit costs. Healey so reported to Wilson.[29]

Rather over a month later, CAS reported to Healey on the results of a major reappraisal of the joint project, and gave an Air Staff appreciation of the position which had been reached. The Ministry of Aviation now saw the unit cost of an aircraft which met the joint operational requirement as about £1.75m. In an analysis of a spectrum of seven variants, CAS considered that the British should set aside all but three, and should not accept the M45 engine. The Ministry of Aviation agreed, seeing the M45 engine when set against the RB 153 as more risky and more expensive to develop. In order to continue with the joint project at all, it was necessary to put to the French a variant which gave a measure of fighter capability. These limitations left the three variants, the projected unit costs of which were not out of line with those of the F111A or the Phantom, and which could reasonably be accommodated in LTC projections. Assessments of sales potential were uncertain, and did not point conclusively to any one variant. A series of scenarios and of associated postulated operations had been prepared, and these suggested that in certain operational conditions there would be no F111A capacity available for strike operations since all would be required for recce; this had implications for the number of AFVG that the RAF would require. The choice betwen the variants would therefore turn on the performance projections, including those for fighter characteristics, and the selection of an engine. Healey in response to CAS indicated that he remained uneasy about the projected unit cost bracket and having noted the scenarios suggested three others, two in the Far East and one in sub-Saharan Africa.

Further official level negotiations with the French took place before the next Ministerial meeting: there was a clear need to test French sincerity. Projected unit costs for the variants ranged between £1.5m and £1.7m; If the aircraft were to cost less than that, it could have a reduced strike capacity only, and could not meet the French fighter requirement. The development cost of even a strike only aircraft would be £120m compared to £40m for development of the Buccaneer.[30]

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[29] DH Mulley/Messmer meeting Brit record and agreed minute 6 May 66: SofS-PM 13 May 66 MO 14/4/1 Pts 2, 3.

[30] CAS-SofS 24 Jun 66: SofS-CAS 1 Jul 66 DCSA(P)-SofS 28 Jun 66: MO 14/4/1 Pt 3.

The official discussions with the French did not go smoothly. The French estimates of development costs were two-thirds of those of the British, evidently because of an optimistic view of airframe development costs. The apparent savings to be secured by degradation of the operational requirement were slight, and it was notable that the French seemed willing to consider only reductions in airborne equipment, as distinct from airframe alterations. DCAS was concerned at the position reached: he noted that British actions did not give the French confidence; "the emphasis has been on a purely British requirement of low cost, without much need for the need for compatibility if we are to secure collaboration. Our lack of interest in fighter performance is not making it any easier". It seemed almost as if collectively the British were "acting as if prepared to pull out". With this assessment there was a wide measure of agreement; the differences in operational requirement, especially the French emphasis on fighter capability, seemed to be leading to the point at which the potential savings in development through collaboration were not to be secured.[31]

A British draft of the proposed report of the Joint Project Board showed the distance between the two sides. It dealt with three topics; the likely cost of development and of production, the cost consequence of the choice of engines, and the limited progress of the discussions between Rolls Royce and SNECMA. On the development cost estimate there remained substantial differences:

development costs	M45 engine	RB 153 engine
British estimate	£221m	£197m
French estimate	£162m	£148m

There were also differences in the projected unit cost:

unit production costs	British strike role	French fighter/strike role
British estimate	£1.77m	£1.92m
French estimate	£1.66m	£1.83m

It followed that if the operational requirements were not to be degraded, reductions in unit cost could be achieved only by a reduced equipment fit, or by reversion to a single engine. On the choice of engine, officials set out differences, while on the relations between Rolls Royce and SNECMA there was an expression of concern that SNECMA had not responded to a Rolls Royce offer of collaboration. The British Embassy in Paris saw a clear French loss of interest in the project; they seemed near to recommending a single engined aircraft closely related to the Mirage IIIG. At the same time, Air Staff study of the three scenarios suggested by Healey showed that in-flight refuelling would be needed, though only for a proportion of projected operations, and that the numbers of AFVG required would be dependent on the provision, should it be made, of an additional purchase of the F111A, beyond the confirmation of the order for 50, due to be determined in early 1967.[32]

The Ministerial meeting of 27 July really recorded deadlock. Starting from the premise that the work done had not reduced unit cost to an acceptable level, Healey proposed that there should be joint studies of the implications of adopting a lighter aircraft, and of the British compromise proposal on the engine. Given the dangers of cost growth, the project would have to be subject to periodic review. Mulley outlined the Rolls Royce general offer of collaboration with SNECMA, and also the specific "compromise engine" proposal; it was of "an engine very similar to the M45, designed and developed under SNECMA leadership but incorporating Rolls Royce high temperature technology in the high pressure system". Messmer expressed himself pessimistic on the prospects of reduction in unit cost that could be found by examination of the operational

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[31] DCAS-DCSA(P) 30 Jun 66, DCSA(P)-DCAS 1 Jul 66 MO 14/4/1 Pt 3 ID3/360/18 Pt 9.

[32] CAS-SofS 19 Jul 66: draft Joint Project Board Report 19 Jul 66: Ledwidge-FO 21 Jul 66 MO 14/4/1 Pt 4.

requirements; he stressed the importance to the French of the interceptor requirement. It was also important to SNECMA to retain its cooperation with Pratt and Whitney, and this had implications for its relations with Rolls Royce.

Despite the difficulties, both Ministers agreed to further studies, the starting point being that the datum aircraft examined by the Joint Projects Board was unacceptable financially. The Board was to examine the implications of a smaller aircraft, of a different engine, and of widened collaboration with third countries. In a private meeting later, Healey asked Messmer "quite frankly as between Ministers, whether he thought the AFVG would be built". Messmer repeated his doubts; if the specification of the aircraft was changed to bring down its unit costs, it would not meet the French operational requirement. Healey noted that if a smaller aircraft would not meet the requirement, neither would the Mirage IIIG. Two days later, Healey minuted that he had "brought back from Paris the strong impression that the French authorities for their part have serious reservations about the VG project, and that it is possible that we shall face in the autumn over-riding objections to continuing with it".[33]

It was now necessary to initiate the first of what was to become a series of reviews of the British fall-back position, on the presumption of the failure of the project. This would have to include the role of tactical strike aircraft and their place in the aircraft programme, and the industrial implications of the failure of collaboration.

In an initial discussion on tactics in dealing with the French, PUS suggested that the objectives of meeting the French interceptor requirement and of reducing the projected unit cost were incompatible, and that it would be possible to take a strong line if it was believed that the French authorities were determined to pull out of the project. A strong line, which would place the onus for breakdown very clearly on the French, would involve accepting the M45 engine, withdrawing objections to the aspects of the operational requirement that flowed from the French intercept needs, and consequently, despite what had been said in the past, indicating a willingness to take a joint aircraft of almost £2m unit cost. DCAS agreed that it was doubtful if the unit cost could be reduced while retaining a multi-role capability. The French must themselves be faced with an acceptable ceiling unit cost, and should be pressed to consider afresh the required tasks of the aircraft. The listing of the possibilities if the project failed included a British developed variable geometry aircraft, development of the Buccaneer 2, collaboration with either the United Stats or Germany, or an enlarged purchase of either Phantoms or F111As. Of these, national development would save the British design capability, as work on the Buccaneer 2 would not. Collaboration with the Germans was complicated by their uncertainty about their future aircraft needs, and their existing joint ventures with the United States. British collaboration with the United States would be unbalanced and would give slight prospect of saving the British design capability.[34]

These studies, as will be seen in the next section of this narrative, led in the first instance to restatement of an aircraft requirement which might have a greater prospect of political survival. But by this time, British and French Ministers must have realised that at a time of growing resource constraint the path to interdependence was becoming increasingly obstructed. Speaking in confidence to Wilson after the visit to Paris that has just been surveyed, Healey wondered "whether the developed Buccaneer might not be the right answer." Such was to be the first level solution, two years later.[35]

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[33] DH Mulley/Messmer mtng and priv disc 27 Jul 66: SofS-PUS 29 Jul 66. MO 14/4/1 Pt 4.

[34] PUS-SofS 2 Aug 66: US/Air B-DCSA(P) 5 Aug 66: DCAS -SofS 8 Aug 66. MO 14/4/1 Pt 4.

[35] DH/HW disc 27 Jul 66 MO 12/5 Pt 7.

CHAPTER 10

THE DEFENCE REVIEW RESUMED: NATO STRATEGY QUESTIONED: THE AFVG STALLED (JULY 1966-DECEMBER 1966)

The Ministry of Defence had hoped that the defence review process of December 1964 to February 1966, achieved at such high cost in staff effort and Ministerial time, would have a measure of permanence. It was perhaps inevitable that this hope would be forlorn, and that the next financial crisis would lead to the defence review process being resumed.

The review of overseas expenditure

At the time of the 1966 Budget, the Treasury had been anxious to secure a further scrutiny of defence costs, in the context especially of the recent heavy increase in overseas expenditure. The current agreement with the Federal Republic of Germany provided for the cover by offset purchases of considerably less than half the foreign exchange costs of British forces in Germany. Callaghan as Chancellor now recommended that an attempt should be made to secure a marked increase in these offsets. He therefore proposed that detailed planning should begin for the withdrawal of an element of British forces, and that the government should let this be known so that it would act as a spur to the German government. The Cabinet agreed that negotiations with the Germans should be begun, although there was scepticism on the possible outcome, and concern that suggestion of the withdrawal of forces could be harmful both to the Alliance and to the British position within it. This was at the time of the French withdrawal from all the military organisation of NATO. It was consequently agreed that, contrary to the wishes of the Chancellor, there would not be a public announcement on this.[1]

A month later, an inter-departmental study set out the case for Ministers. While in theory a multilateral solution to the problem of foreign exchange deficits caused by military deployment should be possible (there were three NATO members in deficit on this account, the United States, Britain and Canada) the immediate British problem could only be tackled bilaterally with the Federal Republic of Germany. The gap between the foreign exchange costs of British forces in Germany and the scale of indirect German budgetary assistance, mainly by German military procurement, was the DM equivalent of £45/50m annually. Redeployment of one brigade would reduce the foreign exchange burden by £4m annually but would cost £12m in capital reprovision. For three brigades, while the potential DM saving would be proportionately larger, such redeployment would cost £75/80m in reprovided accommodation. Reductions on any scale, and assuredly of three brigades, would have profound implications for NATO military strategy. It would not therefore be at all straightforward for Britain to negotiate a way to free herself from the numerical commitment to the defence of western Europe defined in the Brussels Treaty. The conflict of policy objectives was direct; the Foreign Office saw any unilateral withdrawal of forces as inconsistent with British policy in NATO, while the Treasury took the view that Britain should be prepared to withdraw troops, contending that the "bargaining power of a reduction was at this point greater than ever before." In negotiation with the Federal Government the common Alliance interests should be stressed, but the contingent threat of force withdrawal should be retained.[2]

After the principle of study by a 'Mixed Commission' had been accepted between Wilson and Erhard, the Federal Chancellor, the Chancellor of the Exchequer attempted to open negotiations with the Federal Government of Germany with Dahlgrun, the Minister of Finance. It was not an auspicious start. Callaghan began by explaining his difficulty in justifying to the British public a decision to restrict investment in the Commonwealth while continuing to bear heavy costs across the exchanges, not only for BAOR and RAF Germany, but also for the forces in the Middle East

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[1] CC(66) 19th M 20 Apr 66 CDS N 177/01 Pt 1.

[2] OPD(66)58 16 May 66 Cab 148/28.

and the Far East where Britain was fulfilling a world peace-keeping role: British policy had to aim to fit its overseas defence costs to its economic capacity. He therefore hoped that the Mixed Commission could discuss the necessary level of continuing payments that would offset the total foreign exchange costs of the British military presence in Germany. Dahlgrun started from a diametrically opposite premise. In his view, there was no statutory provision for payment to offset the element of the adverse British balance of payments attributable to defence stationing. Moreover, acceptance by the Federal Government of the principle of offset would be shaken if it became known that the British were seeking a budgetary contribution. He saw the task of the Commission as jointly to examine the extent to which stationing costs should be offset each year by known or projected German spend in the British economy.

Callaghan had hoped for more than this, specifically determination of the way in which elements of the adverse balance of payments could be removed. A planned 'failure to repay' for instance for rents, works services and German civilian labour should be examined.

The German response was markedly negative; any suggestion of a direct budgetary payment would lead to a serious clash within the Bundestag. Defence Ministers should be members of the Mixed Commission. Any examination of what the Treasury called 'formula costs' that is payments for rent, works services and German civilian manpower could only be carried out theoretically. The Commission should rather examine the prospective level of defence costs from April 1967, when the current offset arrangements were to expire. Callaghan warned that he might have to make 'unpalatable recommendations' to his colleagues; a further meeting was planned.[3]

A fresh foreign exchange onslaught developed in early July 1966, and on Sunday 17 July, the Chiefs of Staff met to take stock of the probable pressure that was to be put on the Department. The Defence Planning Staff had set out the way in which it would be possible to save foreign exchange expenditure on stationing costs, running in total in all areas to a little over £240m a year, £80m of this for BAOR and RAF (Germany) in the financial year 1967/68. They concluded that to save £80m it would be necessary to bring forward to October 1967 the run-down of forces planned to be achieved by 1969. To go further would require reductions with political implications, including the abandonment of international obligations.

At the same time a Cabinet paper was being drafted, in which it was assumed that a reduction in defence overseas expenditure of about £40m could be achieved and that "a further £15/20m could be saved in Germany by a mixture of a German budgetary contribution and some withdrawals of our forces." Healey in discussion with the Chiefs of Staff on 18 July duly noted that if no budgetary contribution was forthcoming from the German government, even more drastic cuts would be required in Germany, the Far East, or the Persian Gulf. He understood it to be the Foreign Office view that these reductions should come in the Far East. In discussion it was noted that the ending of Confrontation, still uncertain at this time, could make possible a greater measure of saving there. Healey hoped that it would be possible to avoid the imposition of a precise monetary target. Two days later, as ten Cabinet papers arrived in the Department about two hours before they were to be taken, Healey was advised that the proposed cuts in economic and military aid seemed small compared with those to be forced on defence. Political department support would be required to secure reductions in defence expenditure; it would be necessary to "renounce dithering, especially by the Commonwealth Office on Malta."

In Cabinet, the level of defence savings was noted, and it was determined to attempt to close the £50m offset gap in Germany by direct negotiation. The Chiefs of Staff were asked to examine variant levels of reduction there and in the Far East.

It was understood that reductions in Germany assumed "a fairly drastic revision of present NATO doctrine on the nature and duration of a war in Europe" along the lines that Britain had been

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[3] CofEx/Dahlgrun mtg 30 Jun 66 MO 12/5 Pt 6.

recommending in recent NATO meetings. The Commander-in-Chief BAOR indicated that foreign exchange savings of between £20/25m "would involve the withdrawal of an infantry brigade or a complete division with their supporting elements."[4]

Pressure for further budgetary economy

In early August, following a Cabinet discussion, these steps towards economy in overseas exchange were overtaken by a heightening of the budgetary crisis. The Chancellor wrote to the Defence Secretary asking for proposals to be discussed in September "based on the possibility of achieving a range of further budgetary savings of up to say £150m in 1969/70 below the £2,000m ceiling." He saw this new exercise as taking in the results of a study, already initiated, into the effects of a one-third reduction of force levels east of Suez. There was a need to relieve strain on productive manpower by a reduction in both military and civilian manpower. In response, Healey stated his view that this study was a contingent one. He was not personally committed to reductions below the defence review levels; this must be "the last study of the kind to be undertaken for some time to come". What was involved was nothing less than a new defence review, the results of which could not be available in late September. In discussion with the Treasury it was agreed that enhanced dollar expenditure on major equipment was not in principle ruled out, and that studies could relate to 1970/71, and not the previous year. Healey now sought from the Department an assessment of the consequences of various ways of meeting the objective. There were four specific options; to take the main weight of the reduction east of Suez; to take it in Europe; to reduce the R and D budget to about £100m with the consequence of accepting dependence on overseas suppliers of advanced equipment; and to pare down again all round. The last was felt to be probably the wrong solution.[5]

A Chiefs of Staff meeting of early September had before it a first listing of the range of options that would achieve, if taken to their full extent, £350m savings in the defence budget by 1970/71. Stated in the prices used for the 1966 Long Term Costing, the British presence in Germany cost £211m and in the Far East £281m; 50% reduction in BAOR would generate in 1970/71 at 1966 prices a saving of £103m, while a complete withdrawal from the Far East, except Hong Kong, and a one third reduction in the Persian Gulf would save £233m. If the P1127 and the AFVG were cancelled without replacement this would save £91m in 1970/71.

The Chiefs of Staff noted that they were "once again being asked to decide on a worldwide force structure without the necessary political guidelines". They initiated studies of the consequences of an £1,850m defence budget by 1970/71; these were reviewed by Healey with the Chiefs of Staff on 19 September. Making an appropriate contingency allowance, to reach this figure would require the Department to seek economies of the order of £250m. Although £20m could be saved from the projected spend on R and D in 1970/71, further economies could be secured only by substantial reduction in political commitments, which would involve resumed discussions with allies. Given the limited scale of British presence and expenditure in the Mediterranean and in the Persian Gulf, economies of the order being sought could come only from Germany or from South East Asia, and would almost certainly involve "departure from Malaysia and Singapore". In either case the central assumption was that forces withdrawn would be disbanded. If forces were withdrawn from Germany but earmarked for NATO, or withdrawn from the Far East but retained in service, the budgetary, as distinct from foreign exchange, saving would be marginal. The conclusion was predictable: "there is no possibility of achieving savings of the order of £250m by 1970/71 without changing our overseas policy."

After it was known that the matter was to be discussed at a Chequers meeting late in October, Healey sought briefing on three points: the measures still needed to reach the £2,000m target for

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[4] DP 22/66 17 Jul 66: COS 34thM/66 17 Jul 66: MM/COS 4/66 18 Jul 66: MISC 121(66)1 18 Jul 66: DUS(PandB)-SofS 19 Jul 66: SofS-CDS 22 Jul 66: CinC BAOR–VCGS 25 Jul 66: CDS N177/01 Pt 1 MO 8/8.

[5] CofEx-SofS 11 Aug 66: SofS-CofEx 16 Aug 66: SofS-CDS 18 Aug 66: MO 9/1/5/3 : CDS N177/01 Pt 1.

1969/70 which had been the objective of the 1964/66 defence review; the implications of the contingency study of a defence budget of £1,850m in 1970/71; and the possibility of reductions in the heavy scale of expenditure on the home base. He asked for a listing of possible budgetary savings that would flow from halving British forces in the Far East, a reduction of one-third from Germany and a cut of £30m in R and D. These postulated changes were calculated to generate savings of the order of £230m at 1966 prices in 1970/71, of which £83.2m would come from reductions in the Far East and £49.3m from those in Germany. Taken together with a cut in R and D, and reduction in the home forces and the British base, the total saving at LTC 66 prices was £231.5m. These proposed economies were a Defence Secretariat reply to the questions posed: it was a financial exercise which at this stage had not taken military judgement into account.[6]

The opening of the trilateral talks

The government now found itself in several related sets of discussions. At the July NATO Ministerial meeting, the Alliance had placed upon the NATO Military Committee and the major NATO Commanders the task of reviewing NATO strategy in the light of the forces available, rather than those theoretically required. The Government was also attempting to hold bilateral discussions on stationing costs with the Federal Republic of Germany; the start had been delayed. There was, further, a renewed attempt to secure a major reduction in defence expenditure.

Into this complex situation was now inserted a fourth element, an American initiative. Stressing the inter-relation of the issues of force levels, deployments, foreign exchange burdens and strategy, President Johnson suggested trilateral talks between the United States, the Federal Republic and Britain, as a necessary preliminary to wider consultations within NATO. Wilson in the first instance responded carefully, offering a Ministerial visit to Washington and suggesting bilateral talks. Johnson in response felt that bilateral talks would be unwise; since "Erhard is in deep trouble" the appropriate forum was trilateral. To the DOPC, Brown as Foreign Secretary urged that this viewpoint should be respected. He proposed to inform George Ball, Under Secretary of State, then visiting London, that the British government was willing to enter into trilateral discussions on the topics outlined, while remaining anxious to secure early and significant additional offset to its stationing costs. The DOPC was agreed that it would not be prudent at this stage to raise the question of the numerical commitment to WEU resulting from the Brussels Treaty. It noted also that there was the prospect of some support within the American administration for the British view that the defence of western Europe could be undertaken with fewer troops and aircraft than those currently deployed. The proposal to enter the talks was therefore confirmed, although with the reservations that further reductions in defence expenditure might still be necessary in the light of the economic difficulties, and that care should be taken with any commitment to NATO that forces withdrawn from the continent would still be available to SACEUR; the option of further cutback should not be foreclosed.[7]

In a discussion with McNamara in Rome on 23 September, Healey commented that he realised the extent of the United States anxiety over any proposed British withdrawal of forces from Germany. McNamara explained that he was concerned that British withdrawals might increase pressure for United States withdrawals; this was an element in the decision to initiate the trilateral talks. Healey wished to secure a dialogue on a revised strategy, but stressed the British anxiety that a serious risk to sterling could flow from delay in resolution of the offset problem. He reminded McNamara of the inter-relation between the pressure on the British contribution to defence in Europe and that in the Far East; it could be that "the broad issue of Europe versus east of Suez would be reopened". The

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[6] COS 48/66 8 Sep 66 MM/COS 5/66 19 Sep 66: DS note 23 Sep 66 COS 1969: PUS-SofS 28 Sep 66: AUS(PandB)-SofS 13 Oct 66: MO 9/1/5/3.

[7] LBJ-HW 26 Aug 66: HW-LBJ 30 Aug 66: LBJ-HW 1 Sep 66: OPD(66)93 4 Sep 66: OPD(66)37thM 7 Sept 66: ID3/3/21 Pt 11 Cab 148.

British government was therefore in no position to tolerate a delay in its timetable, although it was certainly the case that bilateral discussions with the German government would not quickly yield a helpful outcome. The two Ministers parted knowing that each believed that some withdrawals of the forces of both powers were inevitable, McNamara forecasting that little would come from a forthcoming visit of Erhard to Washington.[8]

In the event, during this Erhard visit, Johnson secured German agreement to a tripartite review of the threat, the appropriate strategy to respond to it, force levels and deployment, and consequences for foreign exchange. Such negotiation he believed could "reconsolidate the alliance for the longer pull". He then asked whether it would be possible for Britain to postpone any troop reductions or drawing down of stockholdings until these talks had taken place; the intention should be to complete them by January 1967.[9]

Within the Ministry of Defence Healey at once initiated preparation of a statement of the British case for a revision of NATO strategy. This was to draw on the first British paper to the NPWG in April on the use of tactical nuclear weapons, on work undertaken for the July NATO meetings, and on the response received from SACEUR setting out his view of the military implications of the British proposals for withdrawals. The Chiefs of Staff endorsed the requirement for a reappraisal of strategy; the key elements would be a fresh assessment of the Soviet threat, and a concentration on the NATO central front. This fresh study would not question the principle of forward defence, it being understood that the Chiefs of Staff would later emphasise the risks of a changed stance. Healey was advised to emphasise that the need was for a study that would take into account Soviet intentions rather than Soviet capability; such an approach should consider also the issue of strategic warning time. This review ordered by the Chiefs of Staff would form the basis of the British contribution to the sub-group on policy and strategy which it was assumed that the tripartite meeting of principals would create.[10]

Exchanges between capitals now established that negotiations would open with an initial meeting in Bonn in mid-October. The British representative was to be George Thomson, the Chancellor of the Duchy of Lancaster, a Minister at the Foreign Office. The British hoped for results by the end of November to secure effective economies in foreign exchange early in 1967, and to widen the discussions and bring in other NATO members at the Ministerial meetings in December. There was also the hope that it might be possible to use potential reductions in force levels in negotiation with the Soviet Union. The issue of the timing and form of the initial meeting was forced by the White House. This prevented advance preparation of material on the threat, NATO capabilities, and strategy.

In an initial exchange with Carstens, the German representative, Thomson found him sceptical of the time-scale proposed, although he was prepared to agree on the type of enquiry envisaged. At the same time in preparation for meetings to be held in Washington, the Chancellor of the Exchequer stressed that the Germans were not prepared to give either the United States or Britain more than 40/45% offset;

> "if the United States do not wish us to withdraw a large number of our troops, they can help by pressing the Germans towards projects that will increase the flow of German funds for British armaments . . . I think the Germans are reconciled to a withdrawal if it can be camouflaged as part of a strategic reappraisal instead of being forced by economic necessity".

The next stages, however, showed little sign of this.[11]

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8 DH/McN mtng 23 Sep 66 CDS L 194/16.

9 DS 12 - DUS(Pol) 30 Sep 66: LBJ-HW 1 Oct 66 ID3/3/21 Pt 11.

10 DS 12-DUS(Pol) 30 Sep 66: SofS-DUS(Pol) 30 Sep 66: COS 1992 3 Oct 66: COS 52nd M/66 4 Oct 66: DUS(Pol)-SofS 5 Oct 66 MO 13/1/12: ID3/3/21 Pt 11.

11 GT-For Sec 10 Oct 66;Bonn-FO 1432 12 Oct 66; Cof Ex-For Sec 14 Oct 66 MO 13/1/38 Pt 1.

The brief for the initial trilateral meeting of principals was endorsed by the Chiefs of Staff and was the subject of a meeting with Healey. Briefing noted that current NATO strategy aimed to prevent war by deterrence. If deterrence failed, it assumed that in general war there would be a nuclear counter-offensive and violent fighting for a period of thirty days, during which the strategic nuclear exchange would take place. This concept, the brief continued, the British government regarded as obsolete. It did not take into account the growth of Soviet nuclear retaliatory capacity. Further, NATO European members were not prepared to provide conventional forces to a scale that would be able to hold a Soviet attack conventionally. It followed that the Alliance would find itself forced to resort to tactical nuclear weapons within a few days, if not a few hours. On Soviet intentions, the brief invited the Chiefs of Staff to endorse the view of the Joint Intelligence Committee that the Soviets would continue to be deterred, always provided that NATO retained sufficient forces, and that an attack if made would be on a full scale and would include the use of tactical nuclear weapons.

In discussion, the Chiefs of Staff noted that an approach based purely on an assessment of Soviet capability could easily generate a requirement for at least the present level of forces. They noted the inter-relation of the prospective trilateral talks and those in the Military Committee of NATO, and the possible preponderance of German forces in the Central Region that could result from any redeployment of American and British forces. In discussion with Healey, the Chiefs of Staff expressed concern that reduction or redeployment to Britain of forces in Germany would weaken the credibility of the deterrent, if there was any doubt about British ability quickly to reinforce in an emergency. If forces were moved to Britain, the decision to return them to Germany in a period of tension might be seen as provocative, or as showing resolution.

When the discussion moved to the DOPC, the need to proceed with caution was noted, in order not to stimulate anxiety about the forward strategy and not to risk the "unravelling" of NATO. If the trilateral talks could reach some agreement on reductions, with consequent foreign exchange savings, the new strategy could be proposed to the December NATO Ministerial Meeting. This could possibly lead to an approach to the Soviet Union, for example an attempt to negotiate a reduction of NATO forces by one-third by 1970/73.[12]

Johnson had persuaded McCloy to lead for the United States at the trilateral meetings. McCloy had held a number of important positions as far back as the mid-1940s. He saw his appointment as a personal one, and rather strangely stressed to Thomson that he was not a representative of the United States government; he planned to coordinate the American government position and report to the President. He explained that he was anxious about the condition of NATO, following the unilateral French actions of early 1966. He believed that the talks should attempt a wide-ranging review of the threat facing NATO and of the forces required to meet it. Thomson agreed that the French withdrawal opened the way for a review of strategy and force levels, but stressed the British need for urgency. In a preliminary meeting, the preparation of "factual briefs" by officials was endorsed, Carstens early making the point that he would wish to examine the contention that the foreign exchange consequences of stationing brought loss to the United States and to Britain and gain to Germany. In formal session, Thomson repeated the case for urgency, making the statement endorsed the previous day by the DOPC.

After considerable pressure, a further meeting within two weeks was agreed. Subgroups were formed to consider the military capabilities of the Soviet Union, and that of NATO, and the financial impact of force stationing on the balance of payments of both providing and host countries. In addition the British planned to table material on political and military warning, and on the nature and duration of operations. In private discussions with the American authorities, it emerged that on these two latter questions the positions were far apart, although on the matter of Soviet intentions, views were closer.[13]

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[12] COS 2039 17 Oct 66: COS 54thM/66 18 Oct 66: MM/COS 6/66 18 Oct 66: OPD(66)102 18 Oct 66: OPD(66) 40M 17 Oct 66 ID3/3/21 Pt 12 MO13/1/38 Pt 1 Cab 148/25.

[13] McC/GT mtng 19 Oct 66: Carstens/McC/GT prelim mtng 20 Oct 66: Trilateral mtng Brit record, agreed minute 20 Oct 66: VCDS-CDS 20 Oct 66: GT-FO 20 Oc t 66 ID3/3/21 Pt 12 MO 13/1/38 Pt 1.

The Chequers meeting

Meanwhile, the preliminary staff work undertaken on defence expenditure was to be reviewed at Ministerial level. In reviewing with CDS and PUS the prospects for the Chequers meeting on the defence budget, Healey rehearsed the main points that he proposed to make. In his view, a considerable strain on the Departmental machine would follow from a further major defence review so soon after its predecessor, of which the consequences were still being worked out. If possible it should therefore be a condition of a further review that its principal elements should apply for the lifetime of the government, that there should be no public announcement of the budgetary target, and that there should be prior decisions on political commitments. The options were significant cuts in either the Far East, or in Germany, or a combination of both. CDS argued against the application of a budgetary ceiling to a single year; it took time to secure the economies resulting from changes in deployment.

PUS confirmed that the economies would not easily be found, even if decisions on significant deployment changes were made. To attempt to secure a guarantee of stability could lead to an even lower imposed ceiling.[14]

At the Chequers meeting on 22 October, Wilson set out four questions for informal discussion: the form of foreign and defence policy that could be secured with a defence budget of £1,850m in 1970/71, the implications for British defence policy of the improved prospects for a non-proliferation treaty, the arguments for deploying the Polaris force east of Suez, and finally the case for the retention of Polaris. Taking the issue of Polaris first, Healey pointed out that to abandon it would mean that £300m would have been spent with no result, and that once capital expenditure had been completed by about 1970, Polaris would require only about 1.3% of the defence budget. On a further defence review, he stressed both the adverse effects on the defence machine and the hazard to the credibility of foreign policy in renewed discussion with allies. He set out the options that could be studied, and drew attention to the changed assessment of the Soviet threat which could justify modification of the British presence in Europe. The wrong approach would be to attempt the elimination of a whole theatre. It should be possible to achieve a reduction in defence expenditure in 1970/71 of the order of £200m.

In discussion the principle of avoiding a fixed budgetary target or at least its publicity was accepted, and it was noted that withdrawal from a whole theatre (for which there was advocacy) would involve a reversal of previous policy. Ministers agreed to resume the discussion later, in the DOPC.[15]

The British review of NATO strategy

Meanwhile, in preparation both for the next stage of the trilateral talks and the deliberations of the NATO Military Committee, the Chiefs of Staff reviewed a Defence Planning Staff presentation of the British case for the revision of NATO strategy. The current strategy, that of MC 14/2, had been developed when NATO had significant advantages in numbers and capability of nuclear weapons. There had been a British attempt to move doctrine forward in 1963, but this had not been supported by the Military Committee, largely because of the French attitude; it remained a British aim. The review would need to consider military warning, a revision of the assumed threat, and the probable nature and duration of hostilities. It was noted that the possession by both sides of "an effective strike-second capability" and the recent appreciable advances in technology had altered the basis of the present NATO strategy. The concept of NATO shield forces was now outdated; the Soviet Union was no longer expected deliberately to start a general war. If this position changed, there would be political indication of a variation in the Soviet appreciation and hence of the possibility of an attack. The security of the alliance would continue to be preserved by posing the threat of escalation, and

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[14] SofS mtng 21 Oct 66 MO 9/1/5/5 Pt 1.

[15] MISC 129 (66) 1st M 22 Oct 66: MO 9/1/5/5 Pt 1.

this required the presence of nuclear weapons, tactical as well as strategic. Both were required to be able to inflict at the various levels more damage than the Soviet Union could tolerate. The scale of force that this revised approach made possible called for military and political judgement, but it was possible to conclude that it would be less than that currently deployed.

In discussion, the Chiefs of Staff noted that the scale of nuclear airborne strike should not be too greatly reduced. The Foreign Office representative pointed out that it would require "dexterous handling" to secure agreement in negotiations for redeployment. In response to observations at the DOPC before the first meeting of principals, it was pointed out that there could be no exact evaluation of the risks of a one-third reduction in NATO forces; the Chiefs of Staff would need to stress to Ministers the uncertainties involved.[16]

An analysis of Soviet intentions and of political and military warning had been prepared by the Joint Intelligence Committee, intended to be later tabled in the tripartite forum. On Soviet intentions this argued that, assuming the preservation of adequate forces in NATO, the Soviet leadership would not deliberately start a general war, since it appreciated that the strategic nuclear exchange would bring catastrophic damage to the Soviet Union. It was also unlikely to start a limited war, and although a war started by miscalculation could not be totally discounted, this was least likely within the NATO area. On political warning, it was noted that Soviet foreign policy had been cautious and realistic, in part because of its current pre-occupation with gaining influence in the under-developed world. Should there be a prospect of a return to high-risk policies in Europe, the hardening of the attitude of the Soviet leadership would be evident, and this would give a political warning. In that event, or that of a change of leadership, the Soviet Union could not be confident that adventures in the European theatre would not bring strategic nuclear forces into the calculation. Probing of the NATO position was likely only in the event of fundamental changes in Western Europe, for instance in Germany, and in such conditions, there would probably be political warning of weeks rather than of days. The prediction was for four to nine days military warning, if the Soviet Union was prepared to forego strategic surprise.[17]

On the nature and duration of war in Europe, a Ministry of Defence paper was proposed for tabling in the tripartite talks. Discounting small-scale conventional operations as capable of being contained, this analysis examined a large-scale Soviet attack, involving tactical nuclear weapons either at the outset or following a NATO resort to nuclear weapons. The delay before NATO would use nuclear weapons depended on the weight of the attack; it had been the view of SACEUR in 1965 that in the Northern Army Group sector of the central front, against an attack by two Soviet divisions NATO forces could hold for two days only. If tactical nuclear weapons were used on an extensive scale "the consequence of detonating several hundreds of these weapons in Central Europe would be to create appalling devastation and chaos." It was unrealistic to think of protracted operations continuing after the strategic nuclear exchange. It followed that there was a clear need for a new strategic concept, which would give deterrence at all levels rather than offering as a single option the threat of escalation to a strategic nuclear exchange. If deterrence failed, NATO forces would have to resort to the use of nuclear weapons within a few days or accept defeat. Unless the aggressor then halted, or NATO accepted defeat, the conflict would be bound to escalate within a further few days to an all-out nuclear exchange. It followed that there was no requirement for "reserves and logistic support to fight a lengthy conventional war."[18]

Discussing these papers with the Chiefs of Staff on 1 November, Healey commented on the analysis of the Defence Planning Staff, endorsed by the Chiefs of Staff. Until recently there had been little attention paid to procedures for the use of nuclear weapons, as the initial work of the NPWG had

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[16] DP 64/66F 2 Oct 66: COS 58thM/66 25 Oct 66 ID3/3/21 Pt 12.

[17] JIC(66)77F 27 Oct 66.

[18] COS 2085 28 Oct 66 ID3/3/21 Pt 12.

clearly shown. The time available for political decision was likely to be short, and there might well be a requirement for some use of guidelines and perhaps even a measure of pre-delegation. Once these steps had been taken, they might make possible some reduction of forces in Europe. Further, Healey continued, if the main elements of the intelligence assessment were accepted by allies, a strategy with a higher degree of risk and reduced forces might be acceptable. "Some reduction in conventional capability and a degree of automaticity in nuclear response might actually increase deterrence. The aim must be to deter the enemy by convincing him that, at any level, NATO was prepared to meet aggression with escalation rather than surrender." It would be important that the Federal Government of Germany appreciated that forward defence might have to be abandoned. Prospective reductions of NATO forces might put pressure on the Germans to increase their offset offer. While some withdrawal of British forces was probably inevitable, every effort should be made to push up the German offset contribution in order to keep the scale of reduction to a minimum.[19]

The briefs for the trilateral talks when they resumed started from the central British premise that aggression was unlikely, provided that NATO retained sufficient conventional force. Warning of Soviet military preparation might be limited to four to nine days in the worst case, but there would probably be "political indicators" over several weeks. In discussion the United States would probably agree that Soviet aggression was unlikely, although the Germans might be more hesitant. It was believed that the United States forecast for the period of military warning was seven to fifteen days, the German four to six days. But the issue of military warning time was less important than that of political warning, and it was this that should be stressed. Prompt reinforcement of the theatre by forces previously withdrawn would demonstrate NATO determination. As to the nature and duration of war, the British contention was that NATO did not have "a protracted conventional option". In the event of a deliberate Soviet attack, NATO would be forced within days if not hours to resort to nuclear weapons, and unless this action quickly resulted in a Soviet withdrawal, escalation to the strategic nuclear exchange would be inevitable. NATO conventional forces were not available on a scale which would make possible the preferred strategy of the United States Government.

The United States view, briefing noted, was that NATO had a conventional option, and had adequate manpower to back it, save in the case of a surprise attack with limited warning. This was open to the objection that the initiative was with the aggressor, who could concentrate forces at positions and times of his choosing. Any presumption that NATO could mount a conventional response, by casting doubt on the resolve backing the ladder of escalation, would weaken the deterrent.[20]

The resumed trilateral talks

The second session of the tripartite talks was held in Washington on 9 November. Of these discussions, this was the most important; although not because the exchanges significantly contributed to the immediate issue of foreign exchange burdens. It was rather that at Ministerial level it represented a full statement of the differences which appeared to stand in the way of a modification of NATO doctrine.

For Britain, Thomson stressed the importance of the issue of political warning; this was crucial to their contention that some measure of redeployment from the Central Front brought with it a modest risk only, and was related also to the judgement on Soviet intention as distinct from capability. There was a prospect in Europe of "disarmament by example,"on the part of the two rival Alliances. The present level of deployment was such that an armed conventional attack by the Soviet Union would be bound to lead to a nuclear exchange, though not necessarily at the strategic level. The British needed to put right their foreign exchange deficit so that they could continue to play a part in world affairs; although in seeking a solution to these difficulties, they were concerned to maintain an integrated western defence system.

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[19] MM/COS 1 Nov 66 ID3/3/21 Pt 12.

[20] COS 2121 7 Nov 66: COS 60thM/66 8 Nov 66 ID3/3/21 Pt 12.

For the Federal Republic of Germany Carstens contended that the Soviet deployment in Europe was unchanged, and that since use of tactical nuclear weapons would destroy both parts of Germany, the conventional forces available to NATO needed to be on a large enough scale to prevent resort to tactical nuclear weapons. Any reduction, which would increase the superiority of the Warsaw Pact on the ground, could lead the Soviets to feel that they could take risks in Europe. If there were to be any question of NATO cuts in parallel with those by the Warsaw Pact, they could not be equal in scale, and they should if possible be related to a resolution of the German problem. He indicated directly that if it did not prove possible to hold a Soviet attack at the conventional level, the German preference was for escalation to the strategic nuclear exchange.

McCloy for the United States was anxious about the effect upon other NATO members of any American or British redeployment. If reductions were inevitable in the context of economic difficulties, it was probably unrealistic to hope to exploit them in negotiation with the Soviet Union. If forces were redeployed, he feared that governments would hesitate to restore them in a time of crisis. The representative of the NATO Secretary General noted the confidence of SACEUR that a major attack could be held conventionally for two to six days. The United States delegation added that it was their view that even if there was less than two weeks warning of an attack, it could be held conventionally for an appreciably longer time.[21]

Reflecting afterwards on the exchanges, the British delegation felt that little had been achieved. VCDS reported that there had been "little meeting of minds on fundamentals . . . it is quite clear that opposition to our proposed reduction is violent and passionate." On the more general aspects of the review of NATO strategy

> "the United States appear to have no agreed national position, and the members of their delegation who briefed their principal held differing views on such vital points as whether changes in Soviet intentions would be discernible, whether planning could be based on political warning, the time required for reinforcement, the effects of any redeployment, and the level of stocks required to be maintained in Europe."

The agreed minute had incorporated the British view of the spectrum of deterrence, and avoided commitment to improved conventional capabilities, but it had remitted to working groups for further study the issues of warning time and Soviet intentions. The German representative had been firmly opposed to any absolute reduction in the strength of NATO conventional forces, and seemed unwilling, perhaps deliberately, to see the inter-relation of the choice between accepting a measure of British redeployment or aid to the British over foreign exchange. Both the United States and the German representatives had urged the need for conventional forces large enough to contain a full scale attack. They therefore had opposed the British contention that the use of "political warning time" would permit the redeployed forces to be put back in position. Neither believed that governments would have the will to restore forces once redeployed. British comment added that it was difficult to see how the Germans could believe their own arguments that foreign forces on German soil were a burden on the German economy. There remained some slight prospect of discussion moving from an agreed statement of the threat to agreement on strategy and thence to an understanding on force levels.[22]

A further Presidential initiative now intervened. Noting that the position of Erhard in Bonn had now deteriorated to the point that there was no effective government, and hence no German governmental position in the trilateral talks, Johnson offered to Britain an additional £35m of orders, in addition to those in the F111A deal, on condition that Britain agreed that there would be

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[21] British record 9 Nov 66 MO 13/1/38 Pt 1.

[22] Agreed minute 9 Nov 66: VCDS-CDS 11 Nov 66: Barnes-Hood 11 Nov 66: COS 61stM/66 15 Nov 66; COS(66)117 17 Nov 66; ID3/3/21 Pt 13 MO13/1/38 Pt 1.

no change in troop and supply dispositions in Germany until the completion of the trilateral review. In putting forward this offer, Johnson stressed the importance of maintaining NATO as a credible deterrent and a stabilising influence; the offer was made "to give the Germans a chance to get themselves a government" and because British "presence in Germany is as important to us as is your presence in the East, which I assume remains as we last discussed it." He also hinted at plans for "a multilateral clearing arrangement." Wilson responded that there had been little progress in the trilateral talks, and that British foreign exchange needs were still urgent. It was important to beware of easing the pressure on the Germans "to accept what you rightly call their proper responsibilities." In an extended discussion with Rostow, in London as Johnson's representative, Wilson and Callaghan probed the offer, and its condition, that Britain should "concert" its actions with the American administration. Rostow emphasised the danger to the Alliance as a whole of precipitate force reductions; the undertaking which the Americans sought from the British was that for a six month period, or until the trilateral talks had produced an acceptable result, there should be no withdrawal of forces. After these six months, however, Britain would be free to withdraw forces to the extent that a German contribution, taken together with the £35m, failed to meet the foreign exchange costs of British forces in Germany. This proposition was put to the DOPC, where the conditions were accepted, it being noted that in the Far East no changes other than those related to the end of Confrontation were in immediate prospect, and that the defence expenditure studies in hand, to be outlined later, would not result in variation to the deployment within a six month period.[23]

At the same time, a proposed strategic concept for the NATO alliance, intended for review by the NATO Chiefs of Staff at their December meeting, had been prepared by the NATO Military Committee. They were responding to the instructions of the North Atlantic Council in July 1966, and their prepared statement was to lead in September 1967 to their adoption of the doctrine of flexible response.

The statement set out the central objective of the Alliance; it was to preserve peace in the area covered by the treaty, and to safeguard or restore the integrity of NATO territory. To secure this required the preservation by members of the alliance of a range of operational capabilities, covering the spectrum from the handling of covert operations to the capacity to wage strategic nuclear war. The importance of forward defence was stressed, since it would make possible identification of aggression, and its defeat if it were of limited scope, as near to the Iron Curtain as possible. Forces committed to the alliance therefore needed to be mobile and "deployed forward with appreciable echeloning in depth." Fully coordinated planning for the use of external strategic forces was also required, since the threat of escalation to the main level of deterrence served to render limited aggression improbable ("nuclear power in being will weigh heavily in the scales of negotiation"), but their use should be resorted to only after all possible alternatives had been exhausted. The statement stressed the importance of communications assisting the rapid taking of Alliance decisions. To meet limited aggression required land sea and air forces and "selective and discriminating tactical nuclear defensive and offensive operations": moreover, a post nuclear defensive capability was required.

It is evident from even a brief recapitulation that in the production of this document balance, in the sense of preserving ambiguity by careful drafting, had prevailed over the opportunity of fresh conceptual thinking. It was possible, and legitimate, for the British representative in the Military Committee to congratulate himself on having removed from the document references to "defeat", to the "forcing of the enemy to abandon an attack," and to operations after the strategic nuclear exchange, but divergent views on the direction of NATO strategy clearly remained.[24]

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[23] LBJ-HW 15 Nov 66: Barnes bf for GT mtng 17 Nov 66: HW-LBJ 18 Nov 66: LBJ-HW 19 Nov 66: PM CofEx/Rostow mtng 21 Nov 66: OPD(66)123 23 Nov 66: OPD(66)46thM 25 Nov 66: HW-LBJ 29 Nov 66 LBJ-HW 5 Dec 66 M0 13/1/38 Pt 1 Cab 148/25 Cab 148/26.

[24] MCWM 46-66 21 Nov 66: MCM 142-66 29 Nov 66: BDS-CDS (WASCOS 98) 30 Nov 66 ID3/3/21 Pts 14,15.

The British Chiefs of Staff now set out the military aspects of a limited withdrawal of British land and air forces from the continent, making it clear that the acceptability from the military standpoint of deploying in Britain forces currently in Germany and assigned to SACEUR turned on the ability to return them promptly in an emergency. If Britain withdrew a divisional headquarters, two infantry brigades, one armoured regiment and a heavy air defence regiment, it would take 11 days to return them to their deployment positions if the French ports were available and the government had taken emergency powers, and four weeks if neither of these requirements was fulfilled. The Joint Intelligence Committee had made the assessment that these should be a minimum warning of thirty days. Redeployment would make necessary the creation of additional accommodation, specialist and domestic, in Britain and the four RAF squadrons whose withdrawal was envisaged could not be relocated until the fourth quarter of 1968. The budgetary saving would eventually be some £17m annually, and in foreign exchange terms some £30/35m, and the capital expenditure for accommodation reprovided in Britain would be of the order of £45m. The Chiefs of Staff noted that the deployment would have to be made in consultation with NATO allies, and that the military risk being taken was that the estimate of warning time might prove wrong.[25]

The third session of the trilateral talks took place in Bonn at the end of November. This had considered prepared reports, which were subsequently passed to the Defence Planning Committee of the North Atlantic Council, on Soviet intentions, on the capabilities of the Alliance, and on the warning time; these formed the main themes of discussion.

On Soviet intention and the inter-related issue of warning time, Carstens commented that even though there was agreement that the Soviet Union had no aggressive intention, its military posture did not reflect this. He did not see how the acceptance of political or strategic warning time could be the controlling element in military planning. Reactions in the Alliance to Soviet moves would take time, and it did not follow that the Soviet authorities would generously give NATO members that luxury again, as they admittedly had done in the Berlin and Cuba crises. The Ambassador in Bonn, present on behalf of Thomson, renewed the British emphasis on political warning. McCloy was less certain: a "probe on the autobahn" was possible, and the existence of warning time, if indeed it would be available, could not be made the justification for lack of readiness. When the discussion turned to the assessment of the capabilities of the Alliance, the British restated their view that there would be no long period of conventional war, and the representative of the Secretary General noted that

> "accepted NATO doctrine implied the use of nuclear weapons from the outset, or at an early stage in any conflict. NATO had at no time endorsed officially a doctrine of a prolonged conventional option."

Carstens, however stressed the German interest in a range of options other than that of massive retaliation. As he saw it, any reduction in conventional forces in Germany would lower the nuclear threshold; the aim should be to meet conventional attack by conventional means. The German concern was above all to delay the risk of destruction on the scale that would follow from the use of nuclear weapons: there was a common Alliance interest in avoiding over-rapid escalation. There should, in any statement of NATO strategy, be a clear reference to the pre-eminent task of the Alliance to repel aggression and restore the integrity of NATO territory.

Reporting later on a further meeting, at which an interim report to the NATO Defence Planning Committee was agreed by the three parties, Thomson commented that "it had not been possible to carry our partners with us as far as we would have liked, on such things as political warning or the nature and duration of conventional operations in Europe." Another British representative observed

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[25] COS 134/66 29 Nov 66: CDS-SofS 30 Nov 66: CDS L 148/23 ID3/3/21 Pt 15.

that the United States had been "prepared to admit that a period of political warning would probably be measured in weeks rather than days in the event of a major attack. Their idea of a major attack was however one by more than fifty divisions."

Tripartite reporting to the NATO Defence Planning Committee therefore contained elements of agreed doctrine, but left other issues unresolved. No ground had been gained on the central matter of the foreign exchange burden, which had been the main British pre-occupation. On that point, the agreed note confined itself to the unprofound observation that there was "no single estimate of the net balance of payments gains and losses." On Soviet intentions, there was agreement that the Soviet Union would not deliberately start a general war, and was unlikely to initiate limited war, but war by miscalculation was possible. The Soviet Union could also elect to put pressure on "one or more" members of the Alliance if it believed that the degree of disarray in the Alliance had reached the point at which it had increased capacity for manoeuvre. The talks had not covered the extent to which growing mobility and new technology had aided the capacity of members of the Alliance to reinforce the central front.

These were indeed limited results, and it was hardly surprising that Healey pointed out to McNamara that the line taken could lead to pressure for the maintenance of existing force levels, or even to their increase. He saw the German reluctance to accept any degree of warning from political indicators as seriously holding back any redeployment. Tripartite discussion had, however, perhaps moved a little towards the objective that Johnson had in mind at the outset. Political acceptance of the compromises that were later to secure flexible response may well have been advanced by the exchanges, since the arguments used would have seeped into the national bureaucracies and eased the way for later agreement.[26]

The British defence review resumed

During the international discussion, and following the Chequers meeting in late October[27] on the defence budget, Healey had set out to Wilson the proposed form of enquiry, both within the Department and jointly with the political departments. Wilson ruled that there should be a DOPC discussion before detailed work was undertaken, and that in defining the range of options, work "should not be too tightly bound by the figure of £1,850m". This can only mean that a lower figure would have been welcome. Meantime in response to queries, and these had already been made by the American Embassy, the public position was to be maintained that there was no defence review in progress. The changes in defence structure which were to be considered were:

a. reduction by one-third of forces in Europe
b. reduction by one-half in force levels in the Far East, except Hong Kong
c. reduction to defence review levels in the Persian Gulf
d. review of the British role in CENTO
e. cuts in supporting facilities in Britain.

The objective was to be that these studies would be complete in mid-1967. Alternative force structures for the Far East were to be examined, and if either did not halve costs, in the Far East, a further variation should be prepared and costed. After discussion in the DOPC, the scheme of studies was endorsed, but with a significant variation; total withdrawal from the Far East, except Hong Kong, should also be examined; this was clearly in response to a formidable measure of opposition within the Committee.[28]

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[26] Third mtng 28 Nov 66: report to DPC 30 Nov 66 in COS 2201 2 Dec 66: Bonn-FO tel 1724 1 Dec 66: DUS(P)-SofS 1 Dec 66: DH-McN 2 Dec 66 MO 13/1/38 Pt 2 ID3/3/21 Pt 16.

[27] MISC 129(66) 1st M 22 Oct 66: MO 9/1/5/5 Pt 1.

[28] DH-HW 27 Oct 66: HW-DH 7 Nov 66: COS 60thM/66 8 Nov 66: AUS(Pol)-PUS 10 Nov 66: COS 2131 10 Nov 66: COS 61stM/66 15 Nov 66: OPD(66) 122 23 Nov 66: OPD 48thM(66) 9 Dec 66: MO 9/1/5/5 CDS N87/02 Pt 1 Cab 148/25, 148/26.

The December 1966 NATO Meeting

In preparation for a series of NATO meetings in December, a review was made for the Chiefs of Staff of the new statement of NATO strategy which had been prepared by the NATO Military Committee. This had stressed the requirement for the full spectrum of capabilities, and for the maintenance of "an adequate overall nuclear posture." It had unrealistic elements within it, including a declared aim of restoring territory in response to an attack. Further, by accepting an objective of compelling an aggressor to escalate to a major attack the strategy could lead to a demand for larger conventional forces. There was also British objection to the stated principle that forces not committed to NATO could in the event of a major attack "threaten to open another front" and to the requirement to provide forces for situations after the strategic nuclear exchange. The trilateral talks had revealed a wide divergence of views not only on the issue of political warning but also on the projected nature and duration of conventional operations. It remained the British objective to secure NATO acceptance of the contention that the strategic aims of the Alliance could be met with the forces available on mobilisation.[29]

The CDS statement to the NATO Military Committee on 13 December concentrated on the three areas of British divergence from the proposed statement of strategy. These were the issue of political warning, the length of the conventional option, and the ability to prevent loss of territory. It was the British view that the forces available to NATO were adequate to counter intimidation on the border, to deter and deal with an infiltration into NATO territory, to identify aggression, and to delay a non-nuclear attack to give time to permit an attempt by political means to secure withdrawal or for the decision to be taken to escalate the conflict. The Soviet Union, CDS contended, would not deliberately risk the damage which the Alliance could inflict, and there would be warning if it were to change to a posture in which it was prepared to do so. CDS had also to inform the Military Committee that the trilateral talks had not resolved the problems of foreign exchange pressures resulting from military deployment, and that consequently he could say no more on the question of the level of continued deployment beyond giving an undertaking that the NATO and WEU procedures would be followed if redeployment were envisaged.[30]

The NATO Defence Planning Committee reported to Ministers, taking into account the the trilateral discussions. Having set out the restated view of the Soviet threat and the role of NATO forces, it recommended that the central guidance from Ministers to the NATO Military Committee should be that:

a. the strategic forces of the Alliance, with their ability to inflict catastrophic damage on Soviet society even after a surprise nuclear attack, should constitute the backbone of NATO's military capabilities

b. the tactical nuclear capabilities of the Alliance should constitute an additional necessary component of the deterrent

c. the Alliance needed sufficient conventional forces to deter and counter limited non-nuclear attack by confronting the Soviets with the prospect of non-nuclear hostilities on such a scale as to involve the grave risk of escalation to nuclear war.

On the issues of surprise and warning, on which so much effort had been expended in the trilateral setting, the Committee recommended that NATO Ministers issue the following guidance to the military authorities:

a. the potential enemy's capabilities to mount a surprise attack are such that no specific period of strategic warning can be assumed, nor should military planning neglect the hypothesis of a major attack with little or no strategic warning

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[29] DP 74/66F 29 Nov 66.

[30] CDS statement 13 Dec 66 in COS 2239 15 Dec 66.

b. for an attack directed exclusively or initially against a flank region, NATO's military weakness would be particularly likely to influence an aggressor's choice of action in favour of a surprise attack

c. if the Russians were prepared to forgo strategic surprise in order to increase the weight of their attack, the Alliance could expect some warning in the event of a build-up to an 80 division force on the Central Front.

These were modest enough achievements for an intensive period of negotiations, but it is possible to see in them the germ of the acceptance six months later of the doctrine of flexible response. It is also evident that the ambiguities which remained within the doctrine flowed from divergent views on critical elements in the strategy.[31]

In the margins of the Ministerial meeting, Healey held discussions with Schroeder (who had been the Foreign Minister in the outgoing Bonn government and was destined to be Defence Minister in its successor) and also with McNamara. He was concerned to find, on the issue of European nuclear weapons, that Schroeder "had not dropped the nuclear hardware option". Healey therefore attempted to stress the potential of the machinery of the Nuclear Defence Advisory Committee (NDAC) and the Nuclear Planning Group (NPG) which the NATO Council was about to be invited to endorse. He was also concerned to find that Schroeder had no clear view of the way forward in the trilateral talks, now stalled by the absence of a Bonn government, and on which an interim and inconclusive report was to be given to NATO Ministers. He gained no positive response either on the possibility of German interest in the AFVG, and formed the clear impression that the depth of the political and financial crisis in Bonn was such that little value could come from bilateral exchanges for some time.

The resumed exchange with McNamara was also disappointing. Healey began by expressing concern at the outcome of the trilateral talks; the British view had been that the American delegation "appeared to have no clear coherent position". McNamara acknowledged the difficulty, but "offered no explanation of the policy or position of the United States Government", confining himself to the suggestion that the first step was to learn how far the Federal Government could go to support the deployments of both the United States and Britain and then determine the resultant levels. Healey doubted whether the German government would be in a position for some time to determine this, and feared that the British at least would have to inform their WEU and NATO partners that by July 1967 they would be forced to a unilateral redeployment. Both Ministers hoped that the reluctance of the German government to "give up the European nuclear option" would gradually be worn away by effective use of the new NPG machinery.[32]

Discussion in the Defence Planning Committee at Ministerial level gave further evidence of the difference of emphasis between the United States and British governments. Rusk commented that the tripartite talks had shown the need for objective review of strategy and force levels, and also the importance of the issue of burden sharing. McNamara welcomed the draft political guidance and agreed with the need for further study of the issue of warning time. He considered that both the British and by extension the Germans were pessimistic on Soviet capability and the ability of the Alliance to withstand it conventionally. On this, Healey commented that if the American assessment was sound, there was the more scope for redeployment with limited risk. If on the other hand there was a risk from the Soviet conventional capability, "this did not imply that there was no conventional requirement; the problem was to judge the quantum of conventional force required to pose a credible risk of escalation to nuclear war." Thomson spoke of the undiminished urgency for the British government of the level of foreign exchange costs lowing from current deployments. If agreement on a substantial measure of relief was not achieved by the end of June 1967, the British

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[31] DPC/D(6 6)30 3 Dec 66: MO 13/5/22 Annex 1: COS 10/B/4 vol 14.

[32] DH/Schroeder mtng 13 Dec 66: DH/McN mtng 14 Dec 66: MO 13/5/22: COS 41/A/5 vol 4.

government would take whatever measures were necessary to cover their foreign exchange costs in 1967/68. These issues were to be taken further in early 1967.[33]

The AFVG stalled

As has been shown earlier, at the time of the meeting in July, there had been clear indications that the fate of the AFVG was in the balance, and a complete review of the project had been initiated. By late September, a study coordinated by the Defence Scientific Staff was available.

A single-engined aircraft would show an almost marginal reduction in cost; such an aircraft would be more vulnerable and less reliable. The French might press for the adoption of a single-engined aircraft based on the Mirage IIIG: it was recommended that this should not be accepted. To adopt the SNECMA engine with Rolls Royce high pressure technology would reduce unit cost by £70,000; it was arguable that to secure agreement the French engine should be accepted, although there were reservations on this. In the Departmental review of the cost of the proposed aircraft, there was a substantial allowance for weight growth and for the extra costs that flowed from a collaborative project. By contrast BAC had contended that an aircraft to meet the British operational requirement could be built for a unit cost of £1m, but this calculation had made no allowance for weight growth, had an inadequate provision for the unit cost of the engines, and made no allowance for the extra costs of collaboration. The revised Departmental forecast/unit cost was from £1.57m to £1.77m. Using the "compromise engine", the M45G6 with Rolls Royce high pressure technology, the unit cost would fall to £1.5m. The recommendation, therefore, was that the proposed aircraft, built jointly with the French, was an economic and worthwhile project, and that this programme was valid, irrespective of the decision still to be taken on development of the P1127, and of the current review of defence commitments that could be handled within a defence budget total of £1,850m.[34]

Healey prepared a paper for the DOPC following these recommendations. Referring back to the discussions with Messmer in July, he reminded his colleagues of the central place that had been given to the AFVG in the Defence Review White Paper in February 1966, and of the planning assumptions of an equally shared production order of 300 aircraft. He expressed confidence that it would be possible to hold the revised estimate of £1.5/1.6m unit cost and development cost of £200/215m, and recommended that a decision should now be taken to declare a willingness to buy the proposed aircraft. The French might be unable to proceed, because of the budgetary considerations which they had now advanced. Healey stated that if breakdown were to occur, the responsibility would be that of the French, and it would then be necessary to consider alternatives. He set out both a programme costing for the aircraft in British service use, and also the basis for enhanced confidence in the estimates now put forward.

Briefing within the Department stressed to Healey that throughout the project the "stumbling block, given your determination that we should pay for the aircraft only what we can afford, had been uncertainty about the cost". There were grounds for optimism that the technical changes in the engine now proposed would both reduce the development risk and also preserve the position of SNECMA. Certainly the aircraft now proposed was the minimum that could meet the French requirement for an interceptor and the British requirement for a strike aircraft.

Healey clearly viewed with scepticism an Air Staff analysis made at this time of the numerical requirement for the AFVG setting out the need for offensive strike airpower in South and South East Asia, to meet obligations in the Gulf and to CENTO, and from the mid 1970s responsibilities for maritime operations taken over from the aircraft carriers.

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[33] UK Del NATO-FO tel 160 15 Dec 66 ID3/3/21 Pt 16.

[34] DCSA(P) – SofS 27 Sep 66: MO 14/4/1 Pt 4 1D3/360/18 Pt 13.

At the DOPC discussion, Healey recommended that he and the Minister of Aviation should declare the British willingness to proceed and press the French to declare themselves. Clearly the DOPC would have to review the position should the French withdraw. His colleagues accepted this approach, on balance accepting the continued need to seek collaboration, and viewing the French aircraft industry as the only one with collaborative potential on a substantial scale. Wilson ruled that matters should be so conducted as to make the responsibility for breakdown rest with the French: if the "compromise engine" was not accepted, the matter should be brought again to the DOPC. [35]

Before the meeting with Messmer, it was known that, following discussion between officials of both governments and all four industrial organisations concerned, the "compromise engine" would be acceptable. The essentials were now to take the French to the point of declaring their willingness to proceed with the aircraft and accepting that variations to the proposed aircraft were not worth further study. French budgetary difficulties could be either real or tactical; their consideration in Ministerial discussion could help to transfer responsibility for breakdown to the French. One possible approach was that the British take delivery of all the early aircraft. This would lead to a peak in expenditure, which was probably acceptable, would not in itself increase the British commitment to the aircraft, but might give the French a path by which their initial commitment would be lessened. The French position would require to be probed: it was urged that it should not be accepted without question that the British should bear all the early tooling costs (the French had insisted on the opposite approach for Jaguar, where their requirements were to be met first) and the effect on costs of an extended development programme would require attention. Moreover, early acceptance of aircraft by Britain would have balance of payments implications – the proposal had been noted without enthusiasm by the Treasury – and it would be preferable to urge an uneven split of early production rather than a total allocation to the RAF.[36]

The meeting took place on 7th November. Healey opened by declaring that British Ministers had accepted the £1.5m unit cost and regarded the proposed aircraft as the most effective available; the "compromise engine" represented a possible way forward. Messmer however doubted the cost estimates; he would feel bound to add a contingency element of his own. Healey set out the reasons for enhanced confidence in the estimates now available, in relation to weight/cost calculations, in comparison with those made for the Lightning, the TSR2 and the Jaguar. He expressed a willingness to aid French budgetary difficulties, if these were put to him, noting that if this were done, the French would have to accept an obligation to place orders and accept commitments in accordance with the timescale of the project. He emphasised the importance of the project in the creation of effective competition to the American aircraft industry, the vital part that the "compromise engine" could play in the future of SNECMA, and the fact that if the French proceeded nationally they would need to budget for the inflexibility of production deliveries.

Messmer explained that he must now seek a governmental confirmation of the project in the light of the enhanced estimates, but that he hoped for a prompt decision. In a later private meeting, Messmer noted the budgetary pressures of other incoming systems, including PLUTON and the nuclear submarines, wondered whether the manned aircraft had a future in the 1980s, and admitted that the AFVG gave better prospects for SNECMA that the choice of the Mirage IIIF, which would require an American engine. Later in a press conference, Healey took the defence group of journalists on a non attributable basis very fully through the issues raised by the meeting, remained confident of an early decision from the French government, but indicated the alternatives available to the British if the project broke down; the British, he pointed out, had a larger aircraft industry than the French, and were in a better position to bear the possible consequences.[37]

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[35] OPD(66)99 13 Oct 66: DS3 Bf 14 Oct 66: CAS-SofS 14 Oct 66: OPD(66) 4OthM 17 Oct 66 MO 14/4/1 Pt 5 ID3/360/18 Pt 13.

[36] CAS – SofS 1 Nov 66: DS3 brief for Messmer mtng nd? 2 Nov 66: ID3/36 0/18 Pt 14.

[37] DH/Messmer mtng British record, agreed minute 7 Nov 66: DH Press Conference 7 Nov 66 MO 14/4/1 Pts 2,5.

The dilemma in which the French government had placed themselves, perhaps by allowing too large a defence programme to run on without adequate projection of its future cost, was fully analysed in London. There were doubts on the extent to which there was a French requirement for the interceptor role for which the AFVG was being planned. The interrogation of hostile aircraft in French air space could be handled by the Mirage IIIF, and it seemed doubtful whether the French would deploy a manned aircraft in succession to the Mirage IV in the strategic strike role. Fundamentally, the joint project faced two difficulties, the absolute priority given to nuclear weapons in de Gaulle's defence strategy, and the power as pressure groups of the French airframe and engine industries. The fate of the aircraft could yet be determined by the loading on SNECMA, unless it was the case that de Gaulle hoped to use the project to secure from Rolls Royce technical assistance for SNECMA which would help to free it from its current dependence on American technology and move it to an independent capability to produce large jet engines. It was likely that a decision in favour of the AFVG, if taken at the expense of the Mirage IIIF, would be unwelcome both to Dassault and to SNECMA, and that SNECMA was unrealistic in hoping both to retain the TF 306 engine for the Mirage IIIF and the M45 project for the AFVG. Certainly, if the present crisis was overcome, it would be important both to secure contractual safeguards, to prevent the project forever living on a knife-edge, and also to underpin commitment by joint approaches to possible third countries.[38]

Even before the meeting with Messmer, Healey had set in train a fresh enquiry into the alternatives available. In the contingency discussed, he would wish to place before his DOPC colleagues a recommendation based primarily on defence arguments: clearly other issues, including that of industrial strategy, would also arise.

One possible approach was that of not determining upon an immediate advanced aircraft project, perhaps intending later to make a further purchase from the American aircraft industry. Should it be proposed that the BAC Warton team must be retained to work on an advanced project, it would be important to determine the cheapest and most useful military project that could be allocated to it.

There were in theory four possible routes open:

a. to develop a British advanced combat aircraft (known throughout this stage of the discussion as the UKVG)

b. to collaborate on an advanced combat aircraft, either with the United States or with the Federal Republic of Germany

c. to develop the Buccaneer 2

d. to plan an additional purchase of F111s.

In the context of a breakdown of the Anglo-French project, and the decision to make an immediate announcement, the second and third of these options eliminated themselves. Negotiation with the German authorities would be prolonged and there would be real difficulty in securing a shared research and development relationship with the American aircraft industry. The further development of the Buccaneer 2 would bring no significant industrial advantage: moreover the aircraft had important operational limitations, especially in the high level strike/recce role, although it had an acceptable low level performance. For the UKVG, development costs were estimated at £135m and unit costs for an order of 130 at about £1.7m. An attempt was also made to assess the "premium" which would follow from the decision to develop an aircraft solely for British operational use; it was assumed, with low confidence in the accuracy of the figure, to be about £20m.

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[38] DCAS-SofS 14 Nov 66: Paris-FO 865 16 Nov 66: Zuckerman-PM 21 Nov 66: AA Paris-DCAS 22 Nov 66: JIC 1040/66 8 Dec 66 ID3/360/18 Pt 15.

A comparison of two front-lines by the Defence Scientific Staff, costed from 1967 to 1980, one that of the strike/recce forces assumed in the 1966 Defence Review, and an alternative appreciably scaled down force, equipped either with the F111 or with the UKVG showed

DR 66 level	aircraft	frontline	total buy	costs £M
	F111	55	87	500
	UKVG	80	131	500
scaled-down	F111	38	63	320
	UKVG	56	97	420
				(cost rounded)

Purchase of the F111K would be cheaper, although high in dollar cost, but would bring an unwelcome peak in defence expenditure above the level forecast in the Defence Review for 1971/73, although funding would be postponed for the next two to three years. Against this, the UKVG would require development expenditure only at first. Were military aircraft design potential to be lost, the national position in discussions about collaboration would be weakened. There was a continuing military requirement which justified the UKVG, even in the context of the defence expenditure studies currently in process. If the French withdrew, the proposal was that an order should be placed for project definition of the UKVG, this should be announced, and renewed attempts at collaboration should be made with the Germans.[39]

At the DOPC meeting on 9 December, Healey set out the possible steps if the AFVG failed. In discussion, there was scepticism as to whether Britain "could retain a military aircraft potential on a national basis" even if the decision to abandon it had as its consequence reliance on foreign countries for advanced aircraft and their maintenance. Against this, the preservation of the capacity to design advanced combat aircraft lessened the degree of political dependence on the United States. There would be industrial consequences too, which would spread from the military aircraft industry into that of civil aircraft and into the aero engine industry. It was contended that project definition, although it was the first step in a process, did not constitute commitment; the project would be subject to periodic review. The Prime Minister summarised the discussion by accepting that in the contingent situation being considered, a British designed aircraft should proceed to the project definition stage, although with emphasis on negotiation of the prospects of collaboration.[40]

At the end of 1966, therefore, the Department was committed to a further series of defence studies, including at their most drastic consideration of total withdrawal from the Far East. Once again the future of the AFVG was uncertain, so making the prospects for a substantial element of the RAF frontline in the mid 1970s totally obscure. At the same time, the British anxiety to see NATO strategy reviewed in conjunction with allies, made urgent by its foreign exchange concerns, had made little headway, although it was possible to see some growing appreciation of the approach that it favoured. In the absence of clarity within the Alliance, and of agreement to implement the changes that a fresh look at strategy dictated, the size and shape of British defence forces would, once again, be determined by economic constraint.

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[39] SofS-PUS 28 Oct 66: DCSA(P)-SofS 25 Nov 66: OPD(66)129 2 Dec 66 MO 26/11 /13 Pt 1 ID3/360/18 Pt 15.

[40] OPD 48thM /66 9 Dec 66 Cab 148/26.

CHAPTER 11

FAR EAST WITHDRAWAL: FLEXIBLE RESPONSE: COLLABORATION FAILS (JANUARY-JULY 1967)

Three strands are followed in surveying defence policy in the first half of 1967. First, as a result of the initiatives of mid-1966, the review of NATO strategy moved toward the doctrine of flexible response, to be progressively translated by the major NATO commanders into modified force structures.

Secondly, and at the same time, the British enquiries into defence expenditure, discussed at the Chequers meeting of the previous October and confirmed by the DOPC, led to the decision in early April 1967 to consult with allies on the timing of a final British withdrawal from the Far East.

Thirdly, the first major British attempt at collaboration, that of the AFVG, moved to final failure.

The period was one of change and the resolution of the second issue turned British defence policy finally away from global responsibilities, giving it a firm European stance.

Revision of NATO policy

At the NATO Ministerial meeting of July 1966, as has been discussed above, Ministers had asked the major NATO Commanders to produce plans for the use of forces at the levels available, rather than for those which the Commanders would ideally have wished to see. The form of the Special Study upon which SACEUR had been engaged for some months followed from this.

In his response of February 1967, SACEUR first set out guidelines. Since the adoption of the MC 14/2 strategy in 1956, the Soviet Union had achieved sufficiency in nuclear weapons, and in consequence the NATO threat to resort to the use of strategic nuclear weapons in the event of an attack upon NATO territory, for other than the defence of the most vital interests, had lost credibility. While it was still theoretically possible for the Soviet Union to launch a deliberate large scale surprise attack without warning, SACEUR saw this as highly unlikely, since the Soviet authorities were "fully aware of the damage that would be caused to the homeland in the event of a general nuclear exchange". It followed that although NATO must maintain sufficient strategic nuclear weapons to be able to inflict unacceptable damage in a general nuclear war, it must also retain a range of tactical nuclear weapons either to deter or respond to lesser aggression. The study then suggested that the potential contributions of the allied powers to the SACEUR Scheduled Strike Programme (SSP) could be reduced.

Starting from these guidelines, four possible force structures were set out. In these "four postures" extremes were deliberately chosen. The first three redeployed the forces of Allied Command Europe in various ways to meet the existing threat. One of these placed maximum conventional force in the forward area, with limited reserves in the rear. The second placed multi-national forces in critical areas under threat. The third limited the forces available in forward areas, but placed stronger regional reserves further back, and planned to draw also on strategic reserves in home territory. The fourth posture was distinct; it was based on expanded air power utilising the assumed potential NATO superiority in technology, relying on the lesser cost and lower manpower implications of expanded air forces when compared to expanded land forces. It attempted to match the Soviet bloc air strength, and coupled this with the use of mobile ground forces reinforced by air cavalry type reserves.[1]

The British Chiefs of Staff welcomed this analysis by SACEUR and indeed the whole approach, recognising that the four postures were extremes designed to focus discussion. The Chiefs indicated a preference for a position between the first and second, although they hoped not to have to make their declared preference too precise. They saw SACEUR as having "based this examination on a realistic assessment of the maximum resources likely to be available to ACE after 1972".[2]

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[1] App 1 to COS 13/67 13 Feb 67.

[2] COS 13/67: CDS-SofS 14 Feb 67 CDS 253/10: MO13/1/12 Pt 2: ID3/3/21 Pt 18.

Within a few days it was known that work was in hand within SHAPE to draw out a listing of the principal issues on posture, so that a rationale could be produced for a "fifth posture" which was to be the recommendation to the North Atlantic Council. The ideas in the Special Study had in general terms been acceptable both to Britain and to the Federal Republic of Germany, but the United States response had at first been far less positive. The British representative on the NATO Military Committee, then still based in Washington, commented that "the line taken is hard and opposes any write down of the threat. In addition, support is given for sufficient conventional forces to withstand surprise limited attack without resort to nuclear weapons; the same is true of non-nuclear attack without mobilisation". The United States comments at this stage questioned whether a new NATO strategy and force structure could be built around an ambiguous agreement on the interpretation of political indicators of Soviet intentions, an uncertain period of warning time, and the planned utilisation, in reinforcement over the north Atlantic, of transport aircraft still in the design stage, a reference to the assumed later capability of the C5 aircraft.[3]

When the NATO Military Committee had met in Chiefs of Staff session in December 1966, the NATO Chiefs of Staff, working from the studies undertaken by the Military Committee, had asked the Committee to continue the preparation of a revised strategic concept. By mid-March a draft had been prepared, This the British Chiefs of Staff welcomed as "a new and realistic approach which goes a long way towards meeting our view on NATO strategy". It was again in the area of the inter-relation of prospective warning time and surprise attack that the reservations were most serious. The Chiefs of Staff did not "envisage Soviet bloc limited aggression or prolonged conventional operations in the NATO area. If the Russians were prepared to forego strategic surprise, we should get four to nine days warning from their military preparations."

"But in the event of the Russians intending a surprise attack, using only such forces as were readily available, we should be likely to receive little or no military warning". It seemed probable, however, that "there are no circumstances in which the Russians would be likely to launch a surprise attack, without any military preparation, without having given political indications". There was therefore no requirement to take further account of a surprise attack in military planning. The central strategic concept now proposed was seen by the British Chiefs of Staff as sound.[4]

At the same time, draft material intended for NATO Defence Ministers at their meeting in May looked towards the statement of the doctrine of flexible response. An American draft was available in the last days of March, which indicated acceptance of what had been the central doctrinal difference, that of warning time, by its statement that political warning, extending over several weeks if not months was likely. The draft accepted the need for a full spectrum of NATO military capability, and took the view that the level of conventional forces was adequate. It took from the SACEUR Special Study the point that the Alliance was not likely to secure resources for defence at a level significantly greater than it already had available. A draft prepared later in the British delegation to NATO included the key proposition that "the overall strategic concept for NATO should be revised to allow NATO greater flexibility and to provide for the employment as appropriate of direct defence, deliberate escalation and general nuclear response, thus confronting the enemy with a credible threat of escalation in response to any type of aggression below the level of a major nuclear attack".[5]

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[3] D/SACEUR-SACEUR COS 1175 27 Feb 67: WASCOS 19 2 Mar 67: ID3/3/21 Pt 19.

[4] COS 25 /67: ID3/3/21 Pt 20.

[5] Draft 31 Mar 67: UKDel NATO-FO 157 27 Apr 67: DPC/D(67)15 3 May 67 annotated DH: ID3/303 /11 Pt 6: MO 13/1/34 Pt 5.

The Trilateral Talks

Meanwhile the trilateral talks were continuing; it had not been possible to resume them immediately after the NATO Ministerial meetings of December 1966, since the newly formed coalition government in Bonn was for some time not able to establish its position on the matter, in part because of significant financial difficulties. Even at the DOPC in early February, it was possible for Thomson to report only that further discussions were scheduled. The previous Bonn government had made a total offer of £31.5m in offset for 1967/68; to this could be added only the £12.5m offered by Johnson in November. The DOPC saw it as essential to secure the support of the American Administration in any approach to NATO indicating that the continuing British foreign exchange difficulties would make essential withdrawals of British forces from Europe. Meanwhile planning for the contingent withdrawal of two brigades and four squadrons was to continue. Since the incoming Bonn government seemed to be in no position even to confirm the offer of its predecessor, the DOPC determined upon a firm negotiating stance; it remained the British intention to indicate in the consultation machinery of the WEU and of NATO that it would be forced to determine upon withdrawals. As an earnest of this, accelerated planning of alternative accommodation was to be undertaken. The withdrawal to Britain of three Canberra squadrons, due later to disband, would involve extra emergency works services.[6]

At the resumed trilateral meeting on 27th February, Thomson set out the British position. The British government had entered the discussions in the previous October confident that the Federal Government would be able to make at least £31.5m available in offset to relieve a foreign exchange burden of British forces in Germany which totalled about £80m. A dangerous position had now been reached, but the British government remained reluctant to act unilaterally, and could not believe that the Federal Government would wish to be responsible for the consequences if no agreed arrangements had been made. He still hoped, therefore, that it would be possible for there to be detailed discussions on possible civil as well as military procurement in Britain by the German authorities. It was important to complete the process of negotiation in the next few weeks.

Duckwitz for the German government stressed the economic and political difficulties in moving towards such an outcome, and looked to negotiations with the Soviet Union that would precede any deployment away from continental Europe. The representative of the NATO Secretary General welcomed the emphasis on a solution of the issue through NATO machinery.[7]

Wilson discussed the position with McCloy a few days later. There was strong and continuing Congressional pressure on the American administration, McCloy noted, to ease the foreign exchange burden caused by overseas deployment. Wilson stressed that the British government had no desire to withdraw forces from Germany save as part of an agreed plan. Preferably this should be in agreement with the Soviet Union, although it was unfortunately the case that Kosygin had shown no interest in such a negotiation during his then recent visit to London. On the foreign exchange issue generally, however the British government faced serious political problems of its own, and "had no intention of yielding". He urged McCloy to make this clear to Kiesinger, the new Federal Chancellor.

A few days later it became clear that McCloy had found Kiesinger most reluctant to consider afresh the earlier decision of the Federal Government not to make offset purchases, civil or military. He was unwilling to make an offset proposition of any kind, even if the British were indeed on the point of withdrawing one-third of their forces from Germany. McCloy also expected pressure to develop in Washington for substantial American withdrawals. In resumed trilateral discussion, Thomson maintained the firm British position which had been endorsed by the DOPC. The British

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[6] OPD(67)9 8 Feb 67: OPD(67)7thM 10 Feb 67: OPD(67)8thM 23 Feb 67: Cab 148: MO 13 /1/38 Pt 2.

[7] Mtng 27 Feb 67 MO13/1/38 Pt 2.

government hoped not to have to make withdrawals, but if they were required, they might not be limited to one-third. If a substantial offer at least in the area of military procurement could not be agreed by the German Cabinet, due to consider the matter on 15th March, and reported to the resumed meeting of principals on 20th March, Thomson did not see how the talks could continue.[8]

A scheme of American withdrawal of one division of two brigades and one USAF wing was now put forward, linked to a limited American financial offer to the British; the suggestion was that each should support the withdrawal plan of the other. The offset offer of the German Federal Government, when finally confirmed, totalled £36m, of which about half was for military equipment. There were three elements in the American contribution to the British foreign exchange costs: the £12.5m offer of the previous November, the benefits of the deployment to Britain of air forces stationed in France and forced to move by the decision of de Gaulle of the previous year, and enlarged purchases under the 1965 Arrangement, concluded at the time of the purchase of the three American aircraft types in 1965. The first and third of these contributions were made dependent on a British withdrawal being limited to one brigade and two squadrons.

The British Government decided to accept this outcome, and to limit withdrawal at this stage, while noting its freedom to propose further withdrawals in the next financial year. The forces withdrawn were "to remain earmarked for assignment to NATO", and there was to be no change in their relation to SACEUR. The American and German governments undertook to support the proposed redeployments in NATO discussions.[9]

At the same time, there had been a larger scale and longer term American initiative which it does not seem possible totally to reconstruct. It appears that in mid-March 1967 an approach in Washington suggested a long-term American loan associated with a scheme for the joint protection of the dollar and the pound. The objective was to ease the deep-seated economic difficulties which were reducing the British capacity to continue to exercise a world wide role, that is continued military presence in both Germany and the Far East. It was certainly believed by the British Embassy in Washington that a deal combining a resolution of the offset issue and even the establishment of a dollar/sterling area was negotiable. The cost to Britain would include continued involvement in joint defence planning east and west of Suez and liberalisation of capital movement. The British economic departments, however, saw the proposition as having too high a cost for uncertain benefits, and as one unlikely to gain support in Congress. Although the Ambassador in Washington was given discretion to take matters further, it is evident that the initiative must have faltered at this point. This position was presumably endorsed at Ministerial level.[10]

Withdrawal from the Far East: the military dimension

Following the acceptance by the DOPC in December 1966 of an extended list of studies, the British Chiefs of Staff set themselves to examine possible force structures in the Far East, taking into account specific direction from Healey that they should prepare two main options, the first a mainly maritime presence, the second a mainly air presence. The aim in both was to prepare a structure giving a 50% reduction in military and civilian manpower in the area. By late January 1967, a detailed appraisal of the needs of British defence and foreign policy in the Far East had been prepared by the Defence Planning Staff and endorsed by the Chiefs of Staff; it was forwarded by them to Healey as an essentially military input into Cabinet discussions. At the same time, in the

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[8] HW/McC mtng 3 Mar 67: FO-Wash 2160 3 Mar 67: mtng 5 Mar 67; ACDS(G) report COS 1203 6 Mar 67: MO 13/1/38 Pt 2: ID3/3/21 Pt 19.

[9] DUS(P)-SofS 14 Mar 67: DS 12 bf for OPD(67)13thM 17 Mar 67: mtng 20 Mar 67: Agreed minute COSGE 2 31 Mar 67: MO 13/1/38 Pt 2.

[10] FO-Wash 2341 10 Mar 67: Wash-FO 753 10 Mar 67: Trend-FO 16 Mar 67: PUS- SofS 16 Mar 67 MO 13/3/38 Pt 2.

inter-Departmental context of the Defence Review Working Party of the OPD(Official) Committee, a broader statement was prepared of the political and military options and interactions.[11]

The Defence Planning Staff first set out a range of assumptions. These included:

a. Indonesia was unlikely to take action that would provoke a British response under the Anglo-Malaysian Defence Agreement

b. there would be a warning period of 30 days if such a response was required

c. an airborne nuclear capability would be needed in the area

d. a continued contribution to a Commonwealth Strategic Reserve would constitute the total British declaration to SEATO

e. a capacity would be provided to reinforce the area from Britain by a brigade for the defence of Malaysia and Singapore.

The paper then analysed the threat from China which was "likely to seek to achieve her aims by inspiring subversion and by political pressure" and from Indonesia which was "unlikely to go as far as to force Malaysia to invoke the Defence Agreement". British interests in the area which also included extensive residual responsibilities in Fiji, Tonga, Brunei Seychelles and Mauritius, led to the design of two alternative force structures. Of these the first was predominantly naval and amphibious, and the second predominantly air and land forces. For the first the RAF element was:

1 fighter sqn 12 UE Lightning (later 10 UE Phantom)
1 LRMP sqn 8 UE HS 801 (the later Nimrod)
1 MRT sqn 12 UE Hercules
1 SRT sqn 6 UE Chinook.

The second force structure included all these elements and in addition:

1 strike sqn 7 UE F111
1 recce sqn 7 UE F111
1 G/A sqn 12 UE P1127
1 SRT sqn 13 UE.

Taking the two Cases in their totality, the critical difference was in the scale of naval and air forces, since the first provided for nuclear capability to be met by a strike carrier, while the second provided for a smaller naval force and for the nuclear capability to be found from air forces stationed within the theatre. It followed that inter-service discussion was covering once again, though within more restricted political assumptions, the imput, the issue of the choice of delivery system, that had dominated the discussions in the defence review of 1964/66, especially those that had taken place in the later part of 1965. The Defence Planning staff saw either structure as likely to reduce the defence review force levels in the Far East by one-half in total manpower, as able to handle the tasks assumed and defined, but as carrying with them risks that reinforcement requirements might not be assured. The consequences of these alternative defence structures had not at that stage been assessed in budgetary terms.[12]

Air Staff briefing on this analysis predictably questioned the provision by naval forces of a nuclear element in the threat to China. "Can we seriously claim that Hermes, deep in hostile waters, presents a valid deterrent to China?". Further, a carrier on station as a nuclear deterrent could not at the same time deploy its aircraft in conventional support in Malaysia. Consideration of the study by the Chiefs of Staff on 2 February concentrated on the extent to which critical assumptions, not all of

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[11] OPD(6 6) 48thM 9 Dec 66: SofS-CDS 2 Jan 67 MO 9/5/5/5.

[12] DP 78/66F 24 Jan 67 ID9/6/1.

them specifically endorsed by the Secretary of State, required political acceptance. A substantial proportion of the logistic support in the theatre had been eliminated to halve the total military manpower. It followed that unless the assumed warning time was available, operations could be maintained only for a limited period. Even if adequate warning time were to be available, the capability for limited war would still be restricted to the support of a brigade without armour or medium artillery, after air reinforcement, for 60 days. The limitations of the strike carrier as part of a nuclear deterrent were specifically noted.[13]

When the Chiefs of Staff returned to the subject on 2 February, they noted the distinction between the assumption of a warning period of 30 days in the obligation to assist in the external defence of Malaysia and Singapore, and the requirement made in the course of the 1964/66 defence review, and repeated in the present exercise, that Britain should maintain in the Far East a manifest capability to carry out nuclear airborne strikes against major targets. It was possible to contend, for both the strike and recce tasks, that the forces required need not be held in the theatre, although frequent exercise visits would be required. The Chief of Naval Staff stressed the scale of naval force needed to protect the vast sea area involved; such a force could not be provided within the warning period postulated. CAS argued that none of the elements of the air presence proposed could be reduced in size. It would be possible to deploy one F111 squadron only, of 7 UE, provided that it was accepted that this limited front line capability would not undermine the confidence of our allies. Reduction of the air defence force would be more serious, if only because emergency deployment of a Lightning squadron to the Far East would take 12 days and would commit the entire tanker force.

The meeting also addressed the issue of alternative force structures. It seemed probable that the savings that would be generated by either of the force structures in the Far East would not achieve the scale of reduction in budgetary terms that had been sought. Further, taken together with proposed reductions in Germany and the Near East, these savings would not be as large as Ministers had been seeking. Critical factors in the proposed structures were the provision for securing the point of entry under the first alternative, and the extent of naval forces to be retained under the second. For both alternatives it was possible to contend that the forces "were so small as to cast doubt on whether we could maintain a worthwhile military presence east of Suez, with anything less than the forces envisaged in the course of the [1964/66] defence review".[14]

When the Chiefs of Staff later considered a revised version of the paper, Air Staff briefing forecast "more pressure to pare down to a point where no capability valid in allied or hostile opinion exists" and noted also that "the carrier case is still over-stated to a degree that will try even the most zealous respecter of naval expertise". The central point remained that of the vulnerability of the carrier; it would require defence and logistic support, and the Buccaneer lacked the necessary performance.[15]

The Chairman of the Programme Evaluation Group, recently created to give independent advice to the Secretary of State, now put forward, in the first instance to the Chiefs of Staff, an alternative deployment in the Far East, without either F111 or carriers. The Chiefs of Staff noted that this did not meet the political assumptions which they had been given, which included the need to retain in the Far East aircraft with a nuclear capability, and the deployment of forces adequate to acquire a secure point of entry. The PEG contention was that such a variant deployment would have a significantly lower cost, and yet would retain "some semblance of a military posture", but the Chiefs of Staff saw their task as to assess "the minimum forces which would be acceptable militarily in the light of the assumptions that they had been given and the provisos that they had

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[13] bf on DP 77/66F 30 Jan 67: COS 6thM/67 31 Jan 67: COS 7th M/67 2 Feb 67 1D9/6/1.

[14] COS 7thM/67 2 Feb 67: DUS(P and B) - SECCOS 2 Feb 67: ID9/6/1.

[15] DP 7 8/67 RF 5 Feb 67: DASB bf 5 Feb 67.

stated". It was certainly the case, as CAS saw it, that the proposed force levels might require amendment in the light of the views of allies, but that was a separate matter. The meeting determined not to examine this alternative force structure further.[16]

Withdrawal from the Far East: the initial political decision

By mid-February 1967, therefore, the key study in the Defence Expenditure series, that of the Far East presence, had been completed. Its political assumptions were those that had been set out by the DOPC in the previous December. Alternative schemes of deployment were set out, the first a mainly maritime presence, the second a land presence with an air element. Both schemes were planned to halve the current manpower, military and civilian, of 72,000 by April 1970, and to reduce substantially both the foreign exchange and budgetary costs. Neither of the two structures would be adequate to sustain prolonged operations within the theatre, or without reinforcement from Britain, to undertake major operations with balanced forces, even with the support of allies.

Further, under neither scheme could the requirements for force declarations under the extreme SEATO Plan, SEATO Plan 4, be met, and under the first the Commonwealth Brigade would not survive. Either scheme would generate large local civilian redundancies, of about 15,000, mainly within Singapore. For the financial year 1970/71, neither scheme would generate the budgetary savings of the order £200/300m, which had been the stated objective. To move from the structures now proposed to even more restrictive ones that would hold out the prospect of the required savings would require review of certain key military parameters. These were:

a. the need for security at the point of entry, and for forces for local security

b. the need for nuclear and conventional strike capability permanently sited in the theatre

c. the transfer of responsibility to Hong Kong and Fiji for their own internal security

d. the nature of the commitment to the defence of Malaysia and Singapore.

Ministers were clearly being told that the assumptions of the previous year would not generate the savings being sought, and that more drastic political assumptions, from which all but a minority of them had fought shy, were now called for. [17]

Now that the contribution which the Ministry of Defence would be making to the Cabinet Office committee was clear, Healey held a key meeting with the Chiefs of Staff. He was concerned that the conclusions of the study might prove to be "incompatible with the trend of government thinking about the scope of our long-term commitment to our allies". It was agreed that, while the report should go forward, in order to force appreciation by the political departments of the financial consequences of the assumptions still being made, detailed issues still required review. The first of these was the case for continued nuclear strike capability in the theatre. This had been included in the detailed political assumptions; given 30 days this could be provided either by carrier borne aircraft or later by F111s. It could be held that a military presence in the Far East necessitated a nuclear strike capability in theatre; even if this were not the case, it would still be necessary for there to be frequent visits to the area. The second major issue was the scale of any intervention force. The capacity to reinforce by a brigade was an assumption of the study, but the assumption had also been made that the entry might be contested, with significant effect on its composition. The third issue was the availability of facilities and installations in Singapore to support the postulated intervention.

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[16] Chairman PEG-SECCOS 6 Feb 67: Chairman PEG-SofS 10 Feb 67: COS 8thM/67 6 Feb 67: COS 9thM/67 7 Feb 67: COS 12thM/67 14 Feb 67: ID9/6/1.

[17] AUS (Pol)-SofS 8 Feb 67 with draft of OPDO(DR)(67)7 MO 9/1/5/5 Pt 2.

The general conclusion from the meeting was that insufficiently drastic political assumptions had been set.[18]

The Cabinet Office committee had also before it a statement by the Commonwealth Office of the likely political and economic effects of a rapid withdrawal from the Far East. This pointed to serious difficulties if an early effective date was stated publicly. Western military presence continued to be relevant to the prevention of domination of the area by Chinese Communism. There was also clear American anxiety that Britain should continue to contribute to this presence; "the price we pay for their help elsewhere", and the governments of Australia and New Zealand also saw British presence as an element which could not otherwise be found. A reversal of policy would cast doubt on British reliability as an ally. Hazards that could be seen in the future included a Communist government in Singapore, renewed Indonesian action against eastern Malaysia, and Malaysian attempts either to incorporate Singapore or to seize Brunei. Both Singapore and Malaysia might react against a withdrawal by drawing down their sterling balances, substantial in the case of Malaysia. For both territories the economic consequences of British withdrawal would be serious. For Malaysia there would be a loss to the economy of some £15m a year; between 8,000 and 9,000 Malays were directly employed by the British armed forces. For Singapore the effect of British withdrawal would be drastic; the British base accounted for 25% of its GNP, and the direct employment of 40,000. Military aid to both territories, and possibly budgetary aid to Singapore, would therefore be required.[19]

This statement of the political obstacles to any move in the defence posture in the Far East made it likely that in DOPC or Cabinet, given the nature and extent of opposition to the east of Suez position, there would be a clash between the pressing requirements of the economy and the political assumptions of the exercise. Healey had hoped that the political departments would lead on the issue, after making assumptions of changes in commitments; but at official level they were evidently not willing to do this. He accordingly initiated "a new and more radical approach" generating a military posture which would have severe political consequences. This would either draw from Ministerial colleagues support for drastic defence economies or generate backing, even given its high cost, for the continuance of the east of Suez position. He expected that at the next DOPC meeting he would be asked the military implications of a defence structure which would make possible in 1970/71 economies in the defence budget of the order of £200/300m.

Healey therefore set in train "the March study" of the military implications of the defence structure based on the following political assumptions:

a. Britain would leave Singapore and Malaysia by 1975/76

b. an orderly run-down would reach a half-way point by 1970/71

c. by 1970/71 the commitment would be limited to minimum naval and air forces without stockpiles for land forces

d. reinforcement would be from the strategic reserve in Britain

e. the stockpile in Hong Kong would solely be for internal security operations

f. after 1975/76 there would be a small maritime and air presence in Australia

g. force declarations to SEATO would be modified

h. the strategic reserve in Britain would be limited to one brigade group equipped for limited war and three battalions for internal security emergencies.

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[18] MM/COS 1/67 15 Feb 67 MO 9/11/5/5/Pt 2.

[19] OPD (DR)(67)5 10 Mar 67 Cab 148.

Starting from those premises, Healey asked for a military assessment of the effect of such a structure on reaction time, scale of operations, and their duration. He asked also for an estimate, however qualified, of the economies to the defence budget that this would produce.[20]

Wilson and Healey reviewed the position. It was clear that a sequence of consultations with allies was unavoidable; these would have to be undertaken in the context of meetings in Washington of the Nuclear Planning Group and the Council of SEATO. It was clear that to achieve savings of the order of £250/300m in 1970/71 would require a complete withdrawal of half the British military personnel and the redundancy of half the local civilian employees. With such a defence posture, Singapore and Malaysia after that date could count solely on British maritime and air support. Healey believed that this structure could be stated to their political leaders in a way that would be accepted. If the DOPC endorsed it, the defence budget could be brought by 1975 "within the proposed bracket".[21]

The Chiefs of Staff considered a first approximation of a statement of the defence structure that would result from this "new and more radical approach". The savings in the defence budget would not exceed £200m. A fuller statement of the political projection implied could lead to a revision of the extent and duration of possible operations. A major reduction in combat capability would follow from the postulated structure; it would involve the redundancy of 30,000 military personnel in three years. This could "undermine confidence in the stability and sense of purpose of a military career" and could "prejudice our ability to maintain effective defence forces". The resultant loss of military capability, which would have to be made known in detail to allies, would include withdrawal in 1969 of the carrier, declared to various SEATO Plans, of part of the support of the Commonwealth Brigade and in 1970 of the nuclear and conventional strike capability.

In the necessary consultations with allies, the Chiefs of Staff noted, the American administration would have to be told of the reduction in nuclear strike power, and revision of the Anglo-Malaysian Defence Agreement might be required. Given that the study had been undertaken in a markedly limited time-scale, they required from Ministers, "a clear statement of the Government's defence policy, followed by time to work out methodically and in detail the tasks size composition organisation and deployment of the forces required to implement this policy". If this was not done, there was a real danger of "imbalance, confusion, a serious lowering of morale and a sharp decline in effectiveness and response".[22]

Meanwhile the consolidated report of the Cabinet Office committee of officials was ready for Ministers; it was this that had been seen by Healey in draft and which he had seen as insufficiently radical. It sought guidance from Ministers, seeing two possible courses of action, either a decision to plan on a one-half reduction by 1970/71, with no decision being taken on the date of final withdrawal, or the determination of a date of withdrawal and the deployment of a presence in Australia. In this report, the Ministry of Defence was recorded as welcoming the determination of a fixed date, while the economic departments hoped that the date might be advanced. Briefing pointed out that delay in taking these decisions would lessen the scale of defence economies which could be secured and would also negate the hope of an announcement of a final defence posture before the summer recess. It would not be possible to enhance the level of reductions by 1970/71 in either of the alternative structures or in any variant of them.[23]

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[20] SofS- A/CDS and PUS 13 Mar 67 MO 9/1/5/5.

[21] Nairne-SofS 13 Mar 67: Palliser-Nairne 14 Mar 67: MO 9/1/5/5 Pt 2.

[22] A/CDS-SofS 17, 21 Mar 67 CDS N 87/02 Pt 2.

[23] OPD(67)22 20 Mar 67 Cab 148/3: DUS(P and B) bf CDS N 87/02 Pt 1.

Before the next DOPC meeting, which was to take the Cabinet Office committee report, Healey now set out to a small group of his colleagues the policy options which had been examined in the "March exercise" and which he had discussed with Wilson. "It should be possible, provided that we make some changes in the assumptions approved by the DOPC . . . to make larger financial savings than those indicated . . . and also savings of up to £300m by 1975/76".

Healey set out also the necessary scheme of allied consultation, and reminded colleagues of the inter-relation between the earlier expectations of reduction in the foreign exchange cost of British military presence in Germany and the prospective reductions in the Far East. Because of this, it was necessary to change or eliminate political commitments outside Europe in a short and severe timescale.

The defence structure that would result from the political assumptions of the "March exercise" would eliminate, "ten years from now, all the forces families and facilities which we have on the ground in Malaysia and Singapore" and would end the manpower cost of roulement by disbanding the units once they had returned to Britain. Although there would be an option for an amphibious force in the Far East, other land forces except for these required for internal security, would take up to three months to deploy from Britain.

The sequence of political consultations required statements at the SEATO meeting due to be held in Washington on 18 to 20 April, and explanations to the governments of Malaysia and Singapore. These consultations would be an essential preliminary to completion of the Defence Expenditure Studies "in terms of a disengagement programme . . . in time for some Government announcement before the summer recess".[24]

Briefing for the critical DOPC of 22 March set out for Healey the limitations of the "March exercise". This had projected enhanced savings in the defence budget for 1970/71 partly by assuming reductions in military capability about which the Chiefs of Staff had reservations, partly by accelerating the assumed army rundown and partly by arbitrary cuts in the RAF aircraft purchase programme. It was a calculation which had been directed at 1975/76, the projected expenditure for which led on to an estimate for 1970/71. "If it is asked why we did not look at 1975/76 in the first round of studies which began last autumn, the answer is that there was difficulty in persuading the Treasury to go as far as 1970/71. Their initial bid was that we should select 1969/70 as the target year". On the process of political consultation, the Ministry remained uncertain about the approach of the political departments. It seemed dangerously open-ended and liable to lead to the military hazard of commitment faced with reduced forces. For this reason there could be an advantage in setting a date for withdrawal, even if it were solely for internal planning purposes within Whitehall. The key Ministerial decisions required were those on the acceptability of half withdrawal by 1970/71, the type of presence in the area, whether maritime or land-based, and the issue of a firm planning date for full withdrawal, even if this were to remain confidential.[25]

In opening discussion at the DOPC on 22nd March, Healey urged that fresh guidance be given to generate a more drastic scheme of economies in defence expenditure. The room for manoeuvre was limited to the Far East. Broad agreement to this plan was required, so that consultations with allies could be initiated. Brown as Foreign Secretary agreed that there should be a move to a "peripheral strategy" but considered that the proposed date for final withdrawal should be flexible, and not be publicised: studies should be undertaken on alternative assumptions. The Commonwealth Secretary, who had recently reaffirmed British presence in the Far East on a visit to Australia, was also anxious that any announcement should be delayed. He saw the removal of all land forces from the mainland of Asia as certain to have a serious effect on relations with Australia and New Zealand, and to bring difficulties in relations with the United States.

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[24] Nairne-Palliser 21 Mar 67 MO 9/1/5/5 Pt 2.

[25] DUS(PandB)/AUS(Pol) bf on OPD(67)22 21, 22 Mar 67 CDS N 87/02 Pts 1, 2.

In general discussion it was accepted that the proposed reductions would deprive Britain of political influence. This was because the resulting defence structure would be incompatible with the military tasking that flowed from the present commitments. But the need for defence policy to be governed by political objectives led to wide support for the proposals. There was, however, concern not to preclude the possibility of going rather further, perhaps to the extent of an earlier total withdrawal and a decision not to establish a military presence in Australia. It was nevertheless accepted that the final decision could be taken only after consultation with allies, whose reactions "would be of critical importance". 1975/76 was "envisaged as the last date by which we should be prepared to stay in Malaysia and Singapore" – a date for planning purposes, not for announcement.

Wilson summed up. The objective should be to reduce forces in the Far East by one-half by 1970/71 and to have withdrawn totally by 1975/76, but this did not preclude the possibility of earlier withdrawal "if political events made this feasible". The Defence and Foreign Secretaries should determine how far McNamara should be informed of government thinking in the margin of the forthcoming Nuclear Planning Group meeting; the decision was later taken not to inform him at this stage. They were also jointly to put the main question to the Cabinet.[26]

Planning was now initiated for a visit by Healey to the Far East which was to start in Singapore on 23 April and last until 28 April. Although announced as a routine visit to an overseas command, its purpose to examine "the task of making further reductions in our Far East forces and facilities in Malaysia and Singapore". A private meeting was to be arranged with Lee Kuan Yew, a larger meeting with the government of Singapore, and a visit to Kuala Lumpur.[27]

Meanwhile, the proposal to "deploy over the horizon" in the Far East was put by Brown and Healey to the Cabinet. It was necessary, they explained, either "to accept a much smaller saving or change overseas policies. For the health of our economy we must change our overseas policies". The changes had to be in the Far East, and the pace at which they could be accomplished was seriously affected by the obligation to negotiate about commitments. The process of consultation had to be set in train, should be approached flexibly since it would be "difficult to carry our partners with us", and should avoid precision in mentioning timing.[28]

Cabinet discussion on 4 and 11 April revealed the continuing width of disagreement within the government. After Healey had deployed the case for a more drastic reduction in defence structure than that earlier considered, Brown noted the advice of the Ambassador in Washington that it "might not be too difficult to obtain United States acceptance of our plans". The approach should be made flexibly, in relation to the timing of both stages of withdrawal, and the scale of residual presence.

The Commonwealth Secretary, who had recently toured Commonwealth capitals, noted that the proposed speed of rundown went "far beyond anything contemplated" during that journey, and urged that the timetable should be held back. Healey countered that the proposition was to initiate discussions and that the final decision was to be made in the light of the reactions received.

There was also protest that the extent of the budgetary savings to be secured from defence would be inadequate if any attempt was made to slow the redeployment, and a reassurance was sought that the opening of negotiations with allies did not foreclose more extreme options. This reassurance was given; the Cabinet was understood to have taken no final decision.[29]

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[26] OPD(67)14thM 22 Mar 67 Cab 148/3.

[27] SofS-CICFE 23 Mar 67: Nairne-Comm O 23 Mar 67: CICFE-SofS 24 Mar 67; MO 9/1/5/ 5 Pt2.

[28] C(67)40 Note by For Sec Def Sec 31 Mar 67 Cab 128: draft behind AUS(Pol) 3356 30 Mar 67 CDS N 87/02 Pt 2.

[29] CC(67) 16th 19th 4, 11 Apr 67 Cab 128.

The report of the Cabinet Office committee was now altered to take account of the outcome of the "March exercise". It now stated the scale of reductions required to reduce military manpower and locally employed civilian staff in Malaysia and Singapore by one half by 1970/71. It reported the potential budgetary savings by 1970/71 and 1975/76, setting defence savings against enhanced economic aid. On the issue of the announcement of final withdrawal, its recommendation was that "to disclose the date of 1975/76 in the initial round would make the task of obtaining acquiescence much more difficult." The Ministry of Defence noted internally that it was prepared to subscribe to the statement that, "without the Far East savings three quarters of our proposed economies . . . would evaporate." In briefing the Secretary of State for a further DOPC meeting to take note of the consequences of the "new and more radical approach" it was pointed out that Ministers had clearly determined that they wished to leave the date of final withdrawal open, and to avoid, at least in the initial round of consultation, a commitment to station forces in Australia.[30]

At the resumed DOPC discussion on 14 April, Healey stressed the real difficulty in negotiation with allies of keeping open the question of a residual maritime and air presence in the Far East. He planned, as was the wish of Cabinet, to emphasise the defence capability that would still be available up to 1970/71, but there was the need for "firm guidance on the assumptions to be taken . . . in time to carry out the detailed consequent work."

A significant renewed onslaught on the "new and radical approach" was mounted since it was seen as insufficiently radical. The initial consultations with allies should be so conducted as to facilitate the objective of total withdrawal as rapidly as possible. Only if this were achieved by a publicly stated date would there be any prospect of the filling of the prospective power vacuum by the United States. Allies should be informed that the British economic position was such that only limited expenditure, whether military or in the form of economic aid, could be provided in the area.

But this more extreme position was evidently a minority view; the prevailing judgement was that it would not be acceptable to allies, and would risk enhanced isolationism in the United States. Only if there was a declared British willingness to maintain a small military presence in Australia, and on this there was no Cabinet agreement, was it expected that the reluctant acceptance by allies of partial British withdrawal from the Far East mainland could be obtained.

Summing up, Wilson noted that "this was intended to be the last major review of defence policy in this Parliament." It was appreciated that "it would be difficult, in the course of these consultations, to avoid statements about our intentions which, although they would not pre-empt final decisions about Far East policy, would have repercussions which would have to be given weight when the decisions came to be taken." The Foreign Secretary was to be guided by these considerations, and those set out in the report by officials, in his discussions in Washington.[31]

Withdrawal from the Far East; the initial political consultations

Briefing for the Foreign Secretary urged the prior importance of strengthening the economy. In that context, the foreign currency expenditure of £95m and the budgetary expenditure of £250m called for a review of a military posture that was out of scale with the surviving British interests in the Far East. A long term strategy was required in the setting of the threat from Communist China and the forces of nationalism in the area. When devised, this led to the proposed policy of progressive withdrawal from the mainland of Asia, and specifically for Britain of withdrawal from Malaysia and Singapore, with the possible but not certain concomitant of some British use of Australian military facilities.

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[30] OPDO(67)6 7 Apr 67: AUS(Pol) bf for OPDO(67)4th M 10 Apr 67: COS 30thM/67 11 Apr 67: OPD(67)26 11 Apr 67: AUS(Pol) bf 14 Apr 67: OPD(67)15thM 14 Apr 67: ID3/6/24 Pt 12.

[31] OPD (67)15thM 14 Apr 67 Cab 148: ID3/6/24 Pt 12.

This redeployment, the brief continued, would avert the risk of the British presence becoming the target of nationalism in the area; "the present open-ended commitment is not only expensive in terms of military forces and actual expenditure, but likely increasingly to obstruct our freedom of political and military manoeuvre." Clearly a balance must be struck between precipitate withdrawal and the opposite danger of staying too long. It was hoped that complete withdrawal would be possible by the mid 1970s and a reduction of one-half completed by 1970/71. Commitments to SEATO and to the Anglo-Malaysian Defence Agreement would require review.[32]

Healey, who had been in Washington during the previous week for the first meeting of the Nuclear Planning Group, had discussed the probable reaction of the Administration. The Ambassador had believed that the administration would probably accept fairly readily a partial British withdrawal from Malaysia and Singapore by 1970/71, and even a total departure by the mid 1970s, but would be concerned to know details of the proposed presence in Australia. After speculating on the possible form of the ending of the Vietnam war, and on American deployments in the Pacific after the ending of hostilities, the Ambassador added that "if our future plans will enable us to tell the Americans that we also will have a capability of coming back to the area in circumstances in which we judge it to be our interest to support them, then I think that they will take our decisions reasonably calmly". He added that an early announcement of intentions, without prior consultation, would be resented.[33]

Brown set out to Rusk, McNamara, Hasluck (Australian Minister for External Affairs) and Holyoake (New Zealand Prime Minister) the message that he had been charged to transmit by the Cabinet and the DOPC. He made his central theme the importance of restoring the effectiveness of the British economy, explaining that in a series of reductions in public expenditure, defence had to play its part, and the British government had therefore come to the view that it should plan not to retain a military presence on the mainland of Asia after the mid 1970s, and as a first step to reduce forces to about half the defence review levels by 1970/71. The decision was sound not only for economic reasons but for "good policy reasons" as well. Britain could not continue the present level of defence costs in the Far East into the next decade, and it needed to determine the position it would have reached by the mid 1970s to permit long-range Service planning, to announce this change of policy to Parliament and to the country and to enable Singapore and Malaysia to adjust to the changes involved.

In the first few years the scale of force reductions would be modest, but "the more Britain could release herself from the attitudes of the professional anti-colonialists the less it would be possible for her enemies to undermine the position of the west in Asia". "By the mid 1970s white faces on the mainland would increasingly be a liability and it seemed good sense to plan for their departure now".

The reactions were much as had been predicted; it was evident that the stated rationale of the new policy was not welcome. Rusk was mainly concerned at the effect in the area of British withdrawal while the Vietnam war continued. He hoped that it would be possible for Britain to retain the capability to support Thailand, and stressed that the United States could not replace British presence in Singapore and Malaysia, and that the Administration wished Britain to continue to play a world role. McNamara questioned the extent to which Britain would have to modify its commitments to SEATO and those under the Anglo-Malaysian Defence Agreement. To Holyoake the prospective changes were a disappointing shock; New Zealand had hoped that British presence in the Far East would be retained for many years, if not indefinitely. Physical presence of forces in the area was important; and he considered that British military presence in the area was still acceptable to the governments of Singapore and Malaysia; replacement by Australian and New Zealand forces, if that

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[32] FO bf 12 Apr 67 behind AUS(Pol) bf on OPD(67)26 CDS N 131/02/11 Pt 2.

[33] Wash -FO 1011 8 Apr 67 ID3/6/24 Pt 11.

were possible, would not be so effective. Certainly, a British military presence in Australia would not be militarily comparable. Further, an announcement of the proposed changes would be highly prejudicial to the interests that military presence had been designed to protect. Hasluck argued that the governments of Singapore and Malaysia were not ready to take on their own defence, and that the prospect or promise of air-lifted support from Europe was no substitute for a British military presence in South East Asia.

These discussions were not retained in confidence; Hasluck in particular was at pains to indicate Australian displeasure openly. His telegraphed report to Canberra evidently led to an Australian Cabinet meeting, and this in turn to a telegram from Holt to Wilson.[34]

On his return to London, Brown reported on his meetings to the DOPC. He noted that his task had been made the more difficult by the insistence of his Cabinet colleagues that there should be no commitment to allies of the possibility of a British military presence in Australia. All the allies he had consulted had been opposed to the intention to withdraw from Singapore and Malaysia by the mid 1970s. Further, key figures in the American administration, the President, Rusk and McNamara, had all urged that there should be no announcement of the proposed date of withdrawal. Despite this, it was his own view that the Defence Secretary should hold the discussions arranged in Singapore and Malaysia on the same basis as those that Brown had just conducted in Washington. The Defence Secretary "should make clear that what we intended to do was right on grounds both of economy and policy". Healey sought, but did not secure, agreement from his colleagues that he could mention the prospect of a presence in the area after withdrawal from Singapore and Malaysia in the mid 1970s; the decision was that his intimation of future policy should "follow the form of that of the Foreign Secretary."[35]

Healey flew to Singapore. In the afternoon of 23 April, he held a private meeting with Lee Kuan Yew. He reviewed the proposed sequence of changes in military posture, and stressed that the economic difficulties could not be met by taking an interim decision to reduce by one-half British forces by 1970/71, since the armed services needed to be able to plan over a ten-year timespan. He noted that there were bi-partisan political pressures in Britain for a new policy in the Far East. Lee Kuan Yew dwelt on the danger to confidence in the future of Singapore; it was in this context especially that he attached importance to the posture after the mid 1970s. This theme dominated a larger meeting with additional members of the government of Singapore held the following day. Unless the process of change were a gradual one, public knowledge of the British intention to withdraw completely by the mid 1970s would have serious consequences. Singapore was dependent for 10% of its GNP on the British base, 25,000 people were directly involved, and once the change of policy became known, capital would take fright.[36]

Healey paid a twenty-four hour visit to Kuala Lumpur on 26/27 April. Both to Tunku Abdul Rahman and to the Deputy Premier Tun Razak he explained the nature of the changes proposed in the medium term, that is to 1970/71. He also proposed directly that it would be most suitable for residual forces in Malaysia and Singapore to be mainly maritime and air forces. With this Malaysian Ministers agreed. Healey then outlined the longer-term prospect; "the right planning assumption to take was that by 1975/76 no British forces would be based on the mainland of Asia". However, no final decision, he explained, had yet been taken as to whether an announcement to this effect should be made. Tun Razak was principally concerned about the longer term prospect. He not only hoped that it would be possible to avoid an announcement at this stage, but also that no final

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[34] These meetings were fully minuted and summarised in telegrams from Washington. MO 9/1/5 /5 Pt 3: CDS N131/02 Pt 1: ID3/6/24 Pt 13.

[35] OPD (67) 17th M 21 Apr 67 Cab 148.

[36] DH/Lee mtngs 23, 24 Apr 67; Sing-Comm O tel 196 23 Apr 67: MO 25/2/77: CDS N131/02 Pt 2: ID3/6/24 Pt 13.

decision should be taken. If possible, "the position should be kept flexible." Healey stressed that he did not think it likely that the British government would give up their assumption that they would be off the Asian mainland by the mid 1970s. He confirmed that British obligations under the Anglo-Malaysian Defence Agreement would remain, although plans for meeting contingencies would necessarily alter. Perhaps because of earlier exaggerated press reports from Washington, Malaysian Ministers appeared to find these ideas less frightening than they had been led to expect. They stressed the danger of any public announcement of British intentions, and Tunku Abdul Rahman suggested that there should be five-power talks on defence issues in the area.[37]

Healey returned to Singapore. A major meeting chaired by the Commander-in-Chief summarised various discussions of the previous days. To halve civilian manpower by 1970/71 would concentrate dangerously the period during which there would be major civilian redundancy; it was especially in this context that an early public announcement, if that were possible, would be of value. SEATO force declarations would require modification, as the forces designed to honour them were gradually thinned down. On the longer term, both the Commander-in-Chief and the Service Commanders strongly contended that a residual military capability be preserved on the Asian mainland; its military potential would be greater if it were based in Singapore rather than in Australia. To announce the intention to leave the Asian mainland would bring with it the risk that overseas Chinese might increasingly look to Communist China for leadership. The loss of confidence that would flow from the announcement of a long term intention to leave could also re-awaken Indonesian ambitions in the area.[38]

On his return, Healey reported back to his Ministerial colleagues that the reactions of the Governments of Malaysia and Singapore had been more helpful than could have been expected. He stressed to the DOPC the importance of so acting as to enhance the probability of the survival of the regime of Lee Kuan Yew, noted the significance that both governments attached to the retention of a British military capability in the Far East after the mid 1970s, and referred to their concern that an open announcement of a date for withdrawal should if at all possible be avoided. He outlined the next steps

a. the completion of the rundown in the Far East by 20,000 from the total at the height of Confrontation.

b. the detailed planning of the halving of the military and civilian manpower by 1970/71.

c. consultation with both Australia and New Zealand on the associated "thinning down" of the Commonwealth Brigade

d. decisions on the modifications of force declarations to SEATO

e. planning a measure of military capability in the area after the mid 1970s.

Briefing on this report noted both the limited room for manoeuvre if the financial savings that were being sought were to be achieved, and the importance of securing extended planning assumptions beyond the mid 1970s. In the shorter term, the proposed reductions in commitments might not need to be announced, but they had clearly to be stated to allies at a political level. Such information would probably not remain confidential.[39]

In the margin of the NATO Defence Ministers meeting, Healey and McNamara discussed the direction of British thinking on the Far East presence. Healey reported that Lee Kuan Yew had shown himself

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[37] DH/Tun Razak mtng 26 Apr 67: KL-Comm O tel 410 26 Apr 67: MO 25/3/6 (Annex A). HC KL-Comm O (despatch) 17 May 67: ID3/6/24 Pt 14.

[38] CINCFE 1589/9025/5 28 Apr 67: CICFE-CDS 28 Apr 67: CDS N 131/02/1 Pt 2: ID3/6/24 P t 13.

[39] OPD(67)29 4 May 67: AUS(Pol) bf 11 May 67: MO3/8 Pt 4: CDS N131/02/1 Pt 2: ID3/6/24 P t 13.

less concerned about the reductions in themselves than about the resulting loss of confidence in the island and its economic future. For different reasons he had found Tunku Abdul Rahman also concerned to avoid the announcement of long term defence plans. The British government would now be considering the scale of base facilities which it wished to retain in Singapore, whether to provide a naval and air force mix of forces rather than a predominantly land force, and the form and extent of the announcement of force reductions. He noted to McNamara the preference of Australia and New Zealand for land forces to remain in the area, but stressed that the scale of reductions in defence expenditure being sought in the Far East could come only from a decision that the remaining forces should be predominantly naval and air forces. Final decisions had not yet been taken.

McNamara contended that it would be disastrous to announce these plans. The Administration was already anxious about the possibility of a total British withdrawal, and even more about the potential repercussions of any public discussion of such a policy. There could be no certainty of the United States continuing to extend a guarantee in the area, unless Britain was prepared to continue to undertake a share of responsibilities. It was possible that "the upshot of the new policy might be that the Administration would be unwilling to maintain its European defence effort on its present scale . . . it would prefer to see cuts in British nuclear forces and in British forces deployed in Europe". This contention stood in stark contrast to the position that the United States government had taken in the trilateral talks, and Healey must have found it less than totally convincing. He commented that it would not make sense to leave France as the only nuclear power in Europe. It was likely to be counter-productive for the United States to urge structural changes in British forces in the Far East when commitments there were not in the long-term British interest.[40]

Shortly afterwards, Healey reported to the DOPC on his Far East visit. Lee Kuan Yew had been chiefly concerned about the preservation of confidence, both within Singapore and externally; an announcement of a decision to withdraw totally from Singapore and Malaysia by the mid 1970s would gravely harm confidence. Malaysia had been more anxious to preserve naval and air support than land forces; this was probably linked to the progress being made in the creation of a Malaysian army. It was notable that the assumption on which the conversations in Kuala Lumpur had been conducted was that the Anglo-Malaysian Defence Agreement would not be affected. The Malaysians had stressed the importance of arranging five power discussions (Malaysia, Singapore, Australia, New Zealand and Britain) aimed to secure a new and closer defence relationship. Healey reported that plans to reduce forces in Malaysia and Singapore by 20,000 were already being prepared by the Commander-in-Chief, who required authority for detailed planning to 1970/71.

Healey now recommended sequential political level talks in London, in the first instance with Malaysia and Singapore, and subsequently with Australia and New Zealand. The sequence was significant "since the prior agreement which we might well hope to reach with the former would enable us to withstand more effectively the pressure which the latter will exert". In the event the order of political discussions was precisely the reverse, but the point was still valid. It was the Commonwealth members who were receiving most military protection who took the proposed transition most calmly, and those secure by distance that were most concerned about the prospective British withdrawal.

DOPC discussion turned first on the issue of an announcement of an intention to withdraw wholly from the mainland of Asia by 1975/76. This could help in withstanding subsequent pressure to delay departure or to vary plans for the reduction of forces, and it could also "bring considerable advantage in relation to the political situation" within Britain. Against this, Britain might be faced by a concerted demand for the maintenance of its presence in the Far East. It could also face difficulties with the American administration, although this would perhaps be lessened if final British withdrawal came after the ending of hostilities in Vietnam.

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40 DH/McN mtng 9 May 67 MO 12/5: ID3/6/24 Pt 14.

The argument was also advanced that the agreement of allies to the proposed withdrawal and its timing could be secured only by a commitment to maintain a continuing military capability in the Far East. This could perhaps be secured without permanent military presence, using facilities in Australia, or those that would remain in Singapore. There was also the possibility, subject to agreement by NATO allies, of basing the Polaris fleet east of Suez, although this might not be held to constitute an appropriate type of presence. Wilson directed that before his planned visit to Washington in early June, the Cabinet should determine whether he should be authorised to indicate willingness to maintain a continuing capacity for military action in the Far East after the mid 1970s, perhaps in the form of the Polaris option. After his discussions in Washington, and the series of consultations with Commonwealth leaders in London, due to take place in June and early July, it would later be for the Cabinet to review the various courses of action in detail.[41]

Collaboration partially resumed: the AFVG January-April 1967

At the end of 1966, the Anglo French Variable Geometry aircraft (AFVG) had seemed doomed. The French authorities seemed at the point of cancellation evidently for budgetary reasons, the British realising that little more could now be saved than the prospect of ensuring that responsibility for breakdown would rest with the French. In the first days of 1967 it was clear that a further meeting with Messmer was imminent. Healey again sought agreement that if the French withdrew from the project, or imposed unacceptable conditions, the British should proceed to an independent variable geometry project. This he argued went with the feeling of the December discussion in the DOPC. He proposed to make counter conditions in his next meeting with the French, and believed that the prospects of a continuing joint venture would be enhanced after French appreciation of British determination to go ahead on a national basis. In the DOPC on 11 January, his colleagues were more doubtful. So to proceed would be a reversal of policy agreed in the consideration of the Plowden Report presented in December 1965, and it seemed unlikely that the resulting aircraft would be sufficiently advanced to develop technical expertise and retain design capacity. It was agreed, however, that the threat of national development could be used as a bargaining counter in talks with the French, even though complete breakdown seemed unlikely. An announcement would not involve a binding undertaking to complete a project, nor would it pre-empt the defence expenditure studies then proceeding; its terms should be agreed by the Secretary of State both with the Minister of Aviation and also with the Chancellor. This was in effect a decision to defer a decision, since in the circumstances postulated the Ministry of Defence and the Treasury would have disagreed on the announcement to be made.[42]

In the event, the January meeting was more satisfactory than expected. The two Ministers designated the Ministry of Aviation as the executive organisation for airframe contracts and the equivalent French organisation for engine contracts, agreed that the industrial organisation issues should again be remitted to the firms concerned, and agreed that "optimisation studies" on the aircraft should be completed in February. To enable Ministers to take decisions in three months time, they would require an estimate of the unit production cost of an aircraft within weight limits acceptable to the French navy (the French planned to operate the aircraft in the interceptor role from carriers) and also of one corresponding to the now agreed specification.

Agreement was made possible by the British willingness to take a more than proportionate scale of early deliveries, as a means of easing a prospective French budgetary difficulty in the early 1970s. The British Embassy in Paris understood that the decision had been taken by de Gaulle, who had set aside such objections to the project as scepticism about the role and cost of the aircraft and about

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[41] OPD(67) 19thM 12 May 67: Cab 148: ID3/6/24 Pt 14.

[42] SofS -PM 6 Jan 67: OPD(67) 2ndM 11 Jan 67: ID3/360/18 Pt 16.

the prospective loss of position of Dassault. It was agreed also to initiate discussions with both the German and Dutch authorities, as critical members of the group of nations which had to face the issue of replacement of the F104 aircraft.[43]

But this apparent improvement in the prospects of collaboration proved short-lived. The "optimisation studies" revealed fresh difficulties. If an aircraft was selected that would meet the French low level strike requirement, its time to height could not meet their interceptor requirement. The two requirements could only be met by a larger aircraft, with a unit cost of £1.8m. This was outside the limit earlier accepted by Ministers. Further, such an aircraft would involve the British in higher development and production costs for performance beyond their operational needs: the sales prospects would need to be very good to offset this.

A compromise which stayed within the cost limit would require the French to accept 7.5 minutes to height in the interceptor mission and 550 km low level range in the strike role. The French showed little flexibility: they conceded a relaxation to 7 minutes from 6 in time to height, while reverting to an earlier request for a low level strike range of 750 km. All this would bring the joint aircraft near in cost to the F111A, which could be held to be a better aircraft.

A presentation had been made to the German authorities, and there were indications of their operational requirements; these could only be met by the more expensive of the range of options. The Air Staff preferred choice was for one of the two smaller aircraft, which with extra external fuel would be able to achieve a satisfactory strike radius in the HLLH flight profile, with a low level dash speed of Mach 0.78. The joint Project Board was once again unable to agree; the British position was that only relaxation of the operational requirement could generate an aircraft within the stated cost limits. The French were unable to accept the meeting of the low level strike range requirement by the use of external tanks. There was deadlock also on the industrial arrangements, and on the choice between two marks of the M45 engine.[44]

Detailed work on the specification had revealed major differences between the British and French negotiators, Healey reported to Wilson in advance of his next meeting with Messmer. The British strike role could be met by an aircraft with similar characteristics to the aircraft specified in the previous year, with a unit cost of £1.6m; to meet the more exacting requirements of the French in fighter operations and low level strike, called for a heavier aircraft with a projected unit cost of £1.8m. The French, who had earlier shared the British concern at the extent to which the unit cost was rising, now seemed prepared to accept the higher figure.

They certainly did not seem willing, at official level at least, to reduce the operational characteristics. Healey hoped to probe the French position, and to take the line that there could be no question of affording an aircraft significantly more expensive than had earlier been agreed. Wilson found this report "very disturbing" and suggested that early DOPC discussion was needed "unless you are able to persuade Messmer to accept an aircraft of the size and cost we want". He endorsed the proposed style of negotiation; "you should clearly in present circumstances do all you can to avoid a break".[45]

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[43] DH/Messmer mtng 16 Jan 67: Agreed Minute MO 14/4/1 Pt 2: Paris-FO 14 Saving 19 Jan 67: OPD(67)7 3 Feb 67: ID3/360/18 Pt 16.

[44] CA(P) mtngs 30 Mar 67 3 Apr 67: ACAS(OR) position paper 4 Apr 67: DCAS-CA(P)5 Apr 67: Joint Project Board Report 7 Apr 67. ID3/360//18 Pt 16.
An HLLH (High-low-low-high) flight profile is the typical operational sortie with the first and last parts while outside enemy radar cover at high level for better fuel economy and range, and the operative part at low level on the way into the target and out, to reduce vulnerability.

[45] Sof S-PM 12 Apr 67: PM-SofS 14 Apr 67 MO 14/4/1.

Opening the subsequent talks with Messmer, Healey contended that French officials were attempting to secure an aircraft 10% heavier and more expensive than that on which the two nations had agreed in January 1967, and that he had little confidence that his Ministerial colleagues would be prepared to accept these increases. If the French delegation accepted that the project was at risk, Ministers must jointly instruct the staffs to undertake further studies in which, while treating the budgetary limit as binding, they should try to establish the best possible combination of operational requirements. Messmer agreed that the results of the studies initiated at the previous meeting were disappointing, but noted that the smaller aircraft on which they had earlier agreed lacked adequate performance. The central French objective remained to secure an aircraft of better performance, and to reach this it might be necessary to allow both the weight and cost to rise still further. Healey noted that both sides had previously accepted that the proposed aircraft fell short of the joint operational requirement, and repeated that the British "had no room for manoeuvre on cost"; was his French colleague in truth better placed? Messmer conceded that there were no additional funds available for the military aircraft programme. It followed that if extra costs arose on the AFVG, they could be found only by cutting back elsewhere. He found it difficult to see how the operational requirement could be reduced. It was accepted that the further studies should be attempted, and initial informal approaches made to the Germans.

In a restricted meeting that followed, Healey queried the French air staff requirement for a range of 750 km in the low level strike role, pointing out that this could by its consequent higher weight and cost lead to the breakdown of the collaborative project. Messmer did not reply by defining a scenario but affirmed that the aircraft resulting from collaboration must represent a measurable technical advance on the Mirage IV. Healey hoped that by the next meeting Messmer would have thought through the inter-relation of the proposed operational role and the resulting aircraft characteristics; he reiterated that the AFVG remained the crucial test of collaboration.

In an extended press conference on the normal non-attributable basis later that day, Healey said that the pressure on the French side to raise the operational requirement had arisen in a period of "less extensive political control" at a time when Messmer had lost his parliamentary seat and had not in the meantime been re-appointed as Minister. He continued to believe that the French had an undoubted operational requirement for the AFVG, since the Mirage IIIG being developed would be single-engined and not adequate for the strike role as the French had defined it. While setting out the courses of action open to the British should the project fail, he stressed the central objective as the creation of a position from which the European aircraft industries could together take on the American competition.[46]

Rather surprisingly, Healey reported to Wilson on return that the French showed "some signs of shifting from the somewhat rigid position" that had been taken at official level. He argued against review at the DOPC until he had again met the French, but on this he faced pressure from the Treasury. The Chancellor contended that the project had evidently reached a critical stage. After the next exchanges, "whether or not the French adopt a reasonable attitude", there should be a reference to the DOPC, since the project was "controversial, not least politically". With this Wilson agreed.[47]

The AFVG fails. April-June 1967

After the Ministerial Meetings of April on the AFVG, the British Air Staff proposed a concession in their long range strike/recce requirement. By making the two internal guns interchangeable with additional fuel tanks, and by extending the use of external tanks, it was suggested that the aircraft could meet the French requirement of a low-level strike radius of action of 750 km. Although this would reduce the penetration dash speed in the British strike mission below the Mach 0.8 ideally required, it should be possible to safeguard low level operation by a high standard of avionics.

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[46] Meetings DH Stonehouse/Messmer 17 Apr 67: Press Conference 17 Apr 67: ID3/340/18 Pt 17.

[47] SofS-PM 19 Apr 67: CofEx-PM 24 Apr 67: Halls-Baldwin 24 Apr 67: ID3/340/ 18 Pt 17.

Beyond this the British Air Staff did not feel able to go. In reaching this view they were relying on studies undertaken by the Chief Scientist (RAF) the previous year. These had used a target list prepared by the intelligence and operations staff, and had shown that even with the British strike profile, fully 25% of the target list could be reached only with the use of flight refuelling, acceptable only on the outward leg of a strike mission.

Despite this concession, the bi-national Management Committee failed to generate an agreed report to the Project Board. CAS now expressed to the Secretary of State his concern at the direction which the project was taking. The slippage that had already occurred in the attempt to secure political approval for an agreed aircraft now made it inevitable as a consequence that the RAF would be operating the V bombers in the low-level strike role well into the 1970s, a dangerously extended life-span. A collaborative AFVG which stayed within the cost limits earlier agreed would require for longer range strike missions high wing loading with external fuel storage. He urged that the point had been reached at which it should be considered whether "by slight relaxation on unit cost on our part, we cannot achieve a compromise which would go some way both to meet the French requirement and to meet concern about the practical operating of the aircraft in its overload configuration". Such a concession need not involve increased cost on the programme as a whole, since a small cut in aircraft numbers would be possible.[48]

The two Ministers met again on 8 May at the time of a NATO Ministerial meeting to be considered later. Messmer regretted the continued differences. He remained anxious about the interceptor role, on which the French had made a concession by accepting a time to height of seven rather than six minutes. He expected difficulty in putting the operational requirement to his Ministerial colleagues in the Conseil de Defense, since he would have to demonstrate that the aircraft would be significantly advanced in military capability over the Mirage IV or other projected national aircraft, including presumably the Mirage IIIG. He was prepared to recommend collaborative work to his colleagues as meeting the minimum French requirement since he recognised the financial constraints that applied to both nations.

Healey reported that he was involved in a major review of long term defence spending and wished to settle the issue of the AFVG; he would be putting the matter to his colleagues within a few days. He again questioned the validity of the French low level strike requirement, asking about its potential vulnerability to surface-to-air missiles, and suggesting that in their varied strike roles the aircraft operated by both air forces would be used against enemies equipped with less advanced defences than the USSR. He queried whether the nuclear strike role was the real justification for the low level strike requirement. Messmer simply confirmed that for the French the AFVG was seen as a tactical aircraft. Healey sought reassurance that the 10% cost increase that he would now have to recommend to his colleagues was the last. If in project definition the prospective unit cost were to rise still further, it would be essential to accept that performance would have to be reduced to keep costs below the revised cost limit. He believed that pessimistic assumptions had been incorporated into the cost growth calculations; it was solely the wing structure that was novel; other features of the aircraft need not give rise to major technical problems.

The two Ministers now agreed to put the project to their Ministerial colleagues, and to set in hand an informal approach to the Germans. In a non-attributable Press Conference, Healey spoke freely of the time taken

> "to bring the French to the boil on this. We had one great crisis last year, when they did not think they could afford it at all. It took six months to get over that. Then once they had agreed to go ahead . . . the French air force got the bit between its teeth and started pushing the performance requirements up. They took advantage of the election and Messmer's defeat . . ."

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[48] DCAS-Gen Grigaat 18 Apr 67: ACAS(P)-ACAS(OR)21 Apr 67: CAS-SofS 3 May 67: ID3/340/ 18 Pt 17.

Despite this, he remained optimistic, believing that there could be a completed study contract by the end of 1967 and a development contract thereafter.[49]

The DOPC had last considered the AFVG in December 1966 when they had reviewed the options available if the French withdrew, and confirmed that their first objective remained to secure continued French collaboration. Healey now put to them the new situation; the RAF concession on operational requirement would reduce unit cost to £1.75m, but brought with it a total R and D budget of £240m to be shared between the two governments. Messmer had stressed that it was difficult for the French to relax their operational requirement, since their strike aircraft had to meet a range of roles. Healey believed that the greater flexibility of operation that would follow from the compromise now proposed might enhance the appeal of the aircraft to other potential operators, especially the Germans. The need for the aircraft was not invalidated by the current Defence Expenditure studies; even if there was to be no permanent presence east of Suez an aircraft with performance equivalent to that sought for the AFVG would still be needed. The prospects of effective collaboration with the French seemed good, although a choice between two SNECMA engines had still to be made. On airframe development management, the French government had agreed to put pressure on Dassault so as to preserve the position of BAC. Since it was clear, Healey concluded, that the French authorities would not accept an aircraft with a lesser unit cost, and collaboration remained a central objective, the recommendation was that the DOPC should note the enhanced unit cost, although the programme cost would be held by adjustment to aircraft numbers, and agree that the project definition stage should begin. The provisional agreement that had been reached would be subject to confirmation by both governments. The objective of association with the Germans remained important.

Committee discussion evidently gave the sceptics full opportunity; in their view the case for the aircraft had not been fully made "particularly at a time when we were making changes in our defence policy and commitments". Against this it was argued that the aircraft role had been considered and accepted before, and that the suggested alternative, a lengthened and spread order for the F111, had been rejected. In summing up, Wilson said that the Committee agreed to proceeding to project definition, but the final decision would have to be looked at again in the context of the Defence Expenditure studies, and in the light of a review of the whole aircraft expenditure programme.[50]

Healey informed Messmer of this outcome; it would be possible, if the French agreed, to proceed to the project definition stage, provided a ceiling unit cost of £1.75m could be held. At the same time, the British numerical requirement for the aircraft had been slightly reduced, by about 15 aircraft. It was assumed, Healey stated, that the French government would now apply the necessary pressure on Dassault to secure full cooperation on airframe development.

Significantly, the French Conseil de Defense was postponed, in the first instance reportedly because Messmer had called for "a thorough survey over the whole field of French advanced military aircraft requirements and costs", and subsequently to give time for an analysis of total defence costs. This latter was understood to be necessary because of the steady increase, month by month, of equipment costs for the force de frappe. In this situation, the very promptness of Healey's response following the DOPC decision had been an embarrassment. At the same time, approaches were initiated with the Germans and a presentation given on the aircraft to the Italian air force. A little later, Messmer warned Stonehouse, Minister of State at the Ministry of Technology, that there had been no response from Dassault on the issues of industrial organisation, and that the pressure on

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[49] DH/Messmer private disc and agreed minute 8 May 67 MO14/4/1 Pt 2. DH Press Conference 9 May 67 MO 13/5/23.

[50] DS3 dr DOPC paper 9 May 67; OPD(67)35 10 May 67: DS3 brief 11 May 67: OPD(67) 19thM 12 May 67 ID3/340/18 Pt 17.

the French defence budget was severe. The half-expected blow came on 16 June when the Conseil de Defense decided that the French budget did not permit the allocation of funds to the AFVG in either 1968 or 1969. The decision was "taken with regret, solely for financial reasons" Messmer explained to Healey.[51]

At first it seemed possible that the collaborative project could be kept alive, perhaps by the device of the British bearing the greater part, or even the whole, of the development costs for the years 1968 and 1969. Wilson, who was to see de Gaulle on 19 June, was briefed that the position could still be saved, if the French government would give a guarantee of "overall financial involvement in the project", and if a premature announcement could be avoided. The matter would seem not to have arisen at formal meetings. It was probably a counsel of despair to offer financing but it seemed just possible that it would lead to a discussion of the real reasons for the decision. The air staff saw such an outcome as potentially disastrous; it "could only postpone withdrawal by the French, leaving the RAF with the embryo of an expensive aircraft, the performance of which has been distorted to take account of the French requirement". But the air staff had an ally; the Treasury. The Chancellor at once commented that "the French budgetary difficulties are certainly no greater than ours".[52]

Messmer visited London on 29 June. It was clear that the AFVG could not be saved by any financial device. Healey later reported to the DOPC the terms in which Messmer reported his dilemma. The French saw their economic prospects as sombre, and were expecting government revenue to continue to fall, while expenditure on social services was rising at a rate of 16% a year. In this situation the required economies

> "affected social as well as military expenditure, but a cut of something like £150m had been imposed on the military programme . There was no hope that the military budget would be increased later to compensate for earlier reductions . . . It had therefore been necessary to sacrifice projects such as the VG aircraft on which there was still room for manoeuvre. The Conseil de Defense had accepted the specification and cost limit for the aircraft . . . The sole ground for withdrawing from the project was the inability to accommodate it within the reduced budget. It was clear that the financial problem of the French government was too deep-rooted to be overcome by expedients ."

The two Ministers agreed the terms of a communique.

Before this meeting with Messmer, CAS had set out, on the assumption of failure, the nature of the continuing strike/recce requirement. Without this, British forces would be unable to operate in any environment in which there was a serious threat of air or SAM attack. Given the importance of preserving an advanced military aircraft design facility in Britain, the best alternative was a British VG aircraft, possibly later seeking collaborative partners. Certainly the specification of this aircraft required review, but in the meantime some interim authority needed to be given to BAC. With these views the other Chiefs of Staff associated themselves. The political response will be considered later.[53]

With the cancellation of the AFVG a prolonged period of staff work, industrial enquiry and operational analysis had yielded little. This history is based on British governmental records, and it is difficult to take very far an assessment of French intentions. During the whole two year period the AFVG was, in public presentation at least, stated to be critical to the futures of both the French and

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51 DH-Messmer 18 May 67: Tickell-FO 22, 27 May 67: DCAS-Steinhoff 19 May 67: DCAS-CA(P) 19 May 67: US(Air)B-Min State 19 May 67: Stonehouse/Messmer disc 3 Jun 67: Paris FO tel 628 16 Jun 67: Nairne-Palliser 16 Jun 67: Messmer- DH 19 Jun 67: MO 14/4/1, PEG 4/1, ID3/340/18 Pt 17.

52 Paris-FO tel 629 17 Jun 67; bf for PM 18 Jun 67: Stonehouse-DH 20 Jun 67: DCAS-ACAS(P)? 23 Jun 67: Lavelle-Nairne 28 Jun 67 ID3/340/18 Pt 17.

53 DH/Messmer disc 29 Jun 67: OPB(67)51 3 Jul 67: CAS-SofS 27 Jun 67: COS(I) 29 Jun 67 Sec Standard File: MO 14/4/1 ID3/340/18 Pt 17.

the British air forces. Had the British been prepared at the outset in 1965 to commit themselves fully to a joint combat aircraft, it is possible that the course of the joint project might have been smoother, although it is unlikely.

Both nations had fall-back positions which were only too evident publicly. On the French side, the impact of the nuclear obsession on the defence budget must have played a major part. On the British side, hesitation about the future of the strike role outside Europe was of importance. For both air forces, the understandable hesitations of political leaders, given their pre-occupations, had placed their staffs in false positions. Not always responsible projection of military requirements had upgraded the joint operational requirement, and so enhanced the cost of the joint project. To the British, the pressures of the French airframe and engine industries might have seemed central. But the converse also applied, the French noting the British pre-occupation with the future of Rolls Royce and BAC. But collaboration requires compromise, and compromise requires the dilution of operational requirements. These decisions are not easily taken, given the constraints of defence finance and changing political commitments.

The Adoption of Flexible Response

At the NATO Ministerial meeting of December 1966, Ministers had determined the structure of the Nuclear Defence Affairs Committee (NDAC) and the Nuclear Planning Group (NPG) and had held an initial discussion on the material which was later to be the content of the authoritative statement on flexible response.

The first true meeting of the Nuclear Planning Group, after the prolonged discussions on format in the previous year, took place in Washington in early April 1967. Once again, as he had done rather over a year before, McNamara spoke very freely in surveying the state of the strategic forces of both the United States and the Soviet Union. While the United States retained a marked superiority in strategic missiles, it was clear from satellite photography that the Soviet Union had significantly increased its deployment. There had also been considerable speculation on the Anti-Ballistic Missile (ABM) system which it was known that the Soviet Union was deploying around Moscow. McNamara continued to believe, however, that an ABM system was not required for NATO Europe, and it seemed likely as he spoke that despite some Congressional pressure no decision would be taken to deploy ABM to defend the continental United States.

Speaking non-attributably on the ABM at a press conference after the meeting, Healey noted that the American administration had taken its NATO allies into its confidence on this important bi-lateral issue. He believed that the United States was anxious to reach an agreement with the Soviet Union that would limit ABM deployment. Reporting afterwards to his Ministerial colleagues, he noted also that pressure from the Federal Republic of Germany for the revision of all bilateral arrangements for the release of nuclear weapons on the soil of non-nuclear nations, in a way that could have given the Germans a veto on the use of TNW, had been resisted. The NPG meeting had confirmed the role of tactical nuclear weapons as an essential element in the deterrent.[54]

The doctrine of flexible response was finally adopted at a NATO Defence Ministers meeting on 9 May 1967. Before this was held, a meeting of the Military Committee in Chiefs of Staff session considered the revisions to NATO strategy as well as the SHAPE Special Study. In preparation on 1 May the British Chiefs of Staff confirmed their earlier view that the new statement was broadly in line with British views, although they would have wished to see greater emphasis on political warning, the issue which had dominated the trilateral talks. They noted that the NATO Intelligence Group had now recommended the concept of warning "of perhaps even weeks" before a major attack. There remained differences of opinion within the Alliance on the weight to be given to

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[54] Wash-FO 1099 7 Apr 67: NPG IstM British record 7 Apr 67: DH Press Conf 7 Apr 67: MO 13/1/34 Pt 5: ID3/303/11 Pt 6.

political warning and enemy intentions, and on the issue of the probable duration of hostilities. The Federal Republic of Germany still held that capability rather than political intention must determine the level of deterrent forces, and that it was not appropriate to assume a period of tension. Against this the position of the United States was now very much in line with that of Britain.[55]

At the meeting, SACEUR urged that the Military Committee should not adopt non-military solutions to military problems. The NATO force goals had never been fully met, and the best that could be expected would be that in 1975 the resources devoted to the armed forces of the Alliance in Europe would be comparable to those planned for 1970. In this situation he was expected to correct deficiencies, improve the ability for rapid reinforcement, continue the policy of forward defence, and raise the emphasis on non-nuclear operations. This was not possible. He did not consider that the level of conventional forces fitted the proposed strategic concept. It was irresponsible to use the rationale of extended political warning as the basis of military planning, and the Alliance would find itself forced to the early use of nuclear weapons in the event of a major attack. The Special Study of ACE which he had sent to member nations the previous year showed that the key issue was the selection of risks that could be accepted. These were decisions for NATO Ministers to take.

Both the American Chairman of the Joint Chiefs of Staff and CDS (Hull) spoke against this approach, which they saw as endangering the acceptance of the flexible response formula. CDS questioned the deduction of an extended period of conventional fighting; the new strategy called for a credible deterrent at a lower level; this could be achieved by preparing for controlled escalation and rapid reinforcement rather than by enlarged conventional forces.[56]

Departmental briefing for Healey for this major NATO Ministerial meeting recommended that the paper in its latest form represented "a compromise, but a very positive and coherent compromise" and that if adopted it would move NATO strategy in the direction that Britian would wish to see. There was evidence that United States opinion had moved appreciably. Healey was advised to stress that the danger of Soviet surprise attack was a small one, and that the Alliance would probably face weeks if not months of increasing political tension before a major aggression. The key was correct interpretation of intelligence signals and prompt adoption of appropriate measures.[57]

The doctrine of flexible response was finally adopted by NATO Defence Ministers on 9 May on the basis of a report prepared for them by the Defence Planning Committee in Permanent Session. This first set out conclusions on the nature of the Soviet threat, on NATO strategy and forces, and on resources. It also put forward political guidance to the Military Committee of NATO designed to assist in the preparation of force proposals for a four year period and as a basis for "continuing work upon a possible revision of the strategic concept". In wording carried through to the final agreed document, the report spoke of the need of the Alliance for "a full spectrum of military capabilities". This included what it later became customary to refer to as the "NATO triad", strategic nuclear forces, tactical nuclear forces, and conventional forces. "The overall strategic concept for NATO should be revised to allow NATO a greater flexibility and to provide for the employment as appropriate of one or more of direct defence, deliberate escalation, and general nuclear response, thus confronting the enemy with a credible threat of escalation in response to any type of aggression below the level of a major nuclear attack". Further, "to take account of the probability of a period of political tension preceding a possible aggression" the Alliance required the ability to augment rapidly its forward posture, by timely deployment of active forces, the supplementing of local forces on the flanks, and the provision of mobilisable reserve forces.[58]

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[55] COS 44/67 1 May 67 ID3/3/64Pt 2.

[56] 38th MCS 8 May 67: British record COS 1412 11 May 67: COS 38thM/67 16 May 67: ID3/3/64 Pt 2.

[57] DS 12 bf 4 May 67 ID3/3/64 Pt 2.

[58] DPC /D(67)15 Revised 3 May 67 annotated DH MO 13/5/23 Annex.

Healey set out the results of the NATO Ministerial meeting in a non-attributable press conference. He summarised the political guidance now agreed. It was appropriate to take into account Soviet intentions as well as capability, and to assume a substantial period of political warning. It was not realistic to assume that NATO members would spend a larger proportion of their GNP on defence than was currently the case. The adoption of forward defence brought with it a commitment to a very early nuclear response, and made defence in depth no longer relevant. The adoption of the revised guidance now approved would make possible clearer directives to SACEUR and the major NATO Commanders. These changes had been delayed by the earlier unwillingness of the French to discuss the issues, and by the reluctance of other NATO members, before the French withdrew, to raise issues which would widen the rift.[59]

The defence structure confirmed, London consultation

In early May 1967 the Chiefs of Staff had examined and approved the short-term proposals for withdrawals proposed by the Commander-in-Chief Far East to achieve a reduction of 20,000 troops by March 1968. In the next stage of withdrawal, logistic back-up for operations in support of SEATO, in relation to specific SEATO plans, would have to depend on supply from Britain. The commitment to provide air transport help to the Malaysian Air Force, primarily in movement to Eastern Malaysia, would end by March 1968, and air defence of Western Malaysia would be reduced by placing the major air defence radar on care and maintenance, although investigation of violations of airspace by hostile aircraft would still be available from fighter aircraft.[60]

The Commander-in-Chief Far East had been given guidance on the discussions he was to hold in Australia and New Zealand on the proposed changes in deployment. It was important not to give the impression that decisions on withdrawal, its timing or announcement had already been taken; Ministers were not expected to reach these until June or July. While he could indicate the changes proposed by April 1968, those for the medium term, to 1970/71, would depend on the outcome of consultation with allies still in hand. On the possible deployment of the F111 to the Far East he should explain that this issue was still being studied. Since air reinforcement could be rapid, it was possible that basing in the theatre might not be necessary. He could, if pressed, confirm that for planning purposes it had been assumed that British forces would have left the mainland of Asia by the mid 1970s. In Canberra, the Commander-in-Chief found that the principal concern was with the form of long term planning, and with the issue of an announcement of final intention. On this there were evident hopes that the Australian Prime Minister would be able during his visit to London to persuade Wilson that the decision, or at the very least its announcement, should be postponed. There was no serious challenge to the proposed reductions to one-half by 1970/71, although there was anxiety to preserve, if at all possible, the Commonwealth Strategic Reserve. There was little discussion on the concept of joint use of military facilities in Australia.[61]

The Joint Planning Staff prepared a statement of forces to maintain a military capability in the Far East after 1975/76. This was set out in three variants, one based in Australia, and based in Singapore using facilities maintained by the Singapore government, and one based in Britain. The forces were not assessed against specific operational requirements. No resident RAF combat forces in Australia were assumed, but in Singapore a fighter squadron and half LRMR squadron would be needed. In Australia it was supposed that shared facilities would be available for maritime air support, the reception of strategic transport aircraft and the deployment of strike/recce aircraft.

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[59] DH Press Conf 9 May 67 DPR 74/3/5 MO13/5/23.

[60] COS 52/67 11 May 67.

[61] COSSEC-CINCFE 4 May 67: CINCFE (on tour)-CDS 15 May 67: MO 9/1/5 /3 Pt 3; ID3/6/24 Pt 14.

In Singapore there would be an airfield and associated radar, together with some storage facilities. Not surprisingly, costs were highest for the assumed deployment in Singapore, and lowest for the provision of support from Britain. It was perhaps inevitable that the Chiefs of Staff saw the study as having "an air of unreality, as the forces and deployments set out did not relate to any specific threat".[62]

This was part of a wider review of deployment prepared for Ministers based on these assumptions:

a. a second brigade and divisional headquarters would be withdrawn from BAOR by March 1970

b. there would be total withdrawal from the Persian Gulf by March 1975

c. there would be a progressive withdrawal from Malaysia and Singapore, complete by March 1975

d. there would be an established British military presence in Australia by March 1975.

The resultant total force levels were set out, that for the RAF being

	April 1965	March 1971		March 1976	
	Actual Strength	Def Review projection	1967 projection	Def Review projection	1967 projection
Combat aircraft	571	404	344	412	341
Fixed wing training and transport	200	186	182	154	138
Helicopters and short range transport	92	106	90	86	76
Total UE	863	696	616	652	555

It was this force which was now to be costed, so that in late June Ministers would be able to place the resulting defence structure in the context of the totals of public expenditure.[63]

The Defence and Foreign Secretaries now reported jointly to Cabinet on the relation between the two major issues: the date of eventual withdrawal from Malaysia and Singapore, and the decision whether maritime and air forces were later to be maintained in Australia. They recommended that if the Cabinet were to find it necessary to announce an intention of leaving Singapore and Malaysia by the mid 1970s, a statement about a continuing capability beyond that date "might be essential to prevent an immediate breakdown of confidence in the area". Since it would be difficult to renounce totally a military capability in the remaining dependent territories in the Pacific and elsewhere, to help friendly Commonwealth countries or to serve as part of an United Nations peace-keeping force, a decision in principle to retain a capability in the area seemed responsible. This would be possible within the defence budget ceiling being considered in the current studies, although both location and content remained to be determined. Although there was no evidence that allies would welcome a deployment of the Polaris force in the Indian and Pacific Oceans, or see it as a suitable compensation for the removal of other British forces, it was possibly desirable to discuss it. Any re-negotiation of the Nassau Agreement could possibly give the United States the opportunity to raise wider issues to British disadvantage. No final decision on the Polaris option needed to be taken at once.[64]

For the series of political consultations with Commonwealth Ministers, briefing set out the proposed scale of deployment in the Far East at March 1971 and March 1976, although it was intended that the first of the two deployments alone should be disclosed. After 1971 there would be no land

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[62] COS 39th M/67 18 May 67: DP 13/67 (Revised Final) 19 May 67.

[63] OPDO(DR)(67)33 19 May 67 MO 9/1/5/5 Pt 4.

[64] Draft behind Nairne - FO 22 May 67 MO3/8 Pt 5.

forces in Singapore and Malaysia, except for Gurkhas, and in an emergency the deployment of a brigade group to the Far East would, in the absence of local logistic support, take up to three months. The proposed air force deployment, when set against that which had been assumed for 1971 at the time of the defence review, was:

	defence review-level	1967 proposals
F111 strike	7 UE	–
F111 recce	7 UE	–
Fighter aircraft	24 UE Lightning	10 UE Phantom
Ground attack aircraft	10 UE Phantom 12 UE P 1127	–
LRMR	8 UE HS 801	6 UE HS 801
Transport	12 UE Hercules 6 UE Andover 20 UE Wessex	6 UE Hercules – 10 UE Wessex 10 UE Whirlwind

This entire force was assumed to have been withdrawn by March 1976.[65]

Before the Commonwealth discussions, during a Washington visit in early June, Wilson discussed the planning for the Far East. He began by reporting the proposal, then under study in London, to transfer the Polaris force east of Suez, claiming that this would represent a substantial reinforcement of capability in the area. McNamara did not see this deployment as a substitute for conventional force. The Administration was faced with a growing unwillingness to be the sole outside power exercising force in the Far East. The continuance of British forces in Singapore and Malaysia was "important not only in relation to the Asian context, but also to the reduction of the United States presence in Europe". Rusk suggested that intra-Commonwealth discussion could helpfully study the reduction of force in the Far East. Wilson countered this suggestion; there was a growing mood of isolationism in Britain and it would be necessary for the Government to reach decisions on changes in defence structure by July 1967. The Cabinet was not prepared to agree that we should maintain indefinitely a major base in Singapore or elsewhere. The decisions which had to be taken were essential for purposes of forward economic planning.

The President warned Wilson "to beware of the chain reaction which such an announcement would almost certainly provoke – a reaction which could extend to the American troops in Germany". It had been difficult to secure the tripartite offset agreement (the United States, Britain and Germany) and "if the British Government now contracted out of its obligations east of Suez, it might become impossible for him to hold the question of the United States military presence in Europe any longer". Wilson responded by pointing out that what the British were doing was applying the principle that the United States wished to apply, for instance to Japan, that it was wrong for the developed powers by their actions to weaken the resolve of other countries to defend themselves.[66]

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[65] CMV(67)2 Annex 9 Jun 67 ID3/6/24 Pt 16 (The HS 801 is the future Nimrod).

[66] HW/ LBJ mtng 2 Jun 67 MO 12/5 Pt 8.

While Wilson was in Washington for these discussions with President Johnson, Healey in London had a meeting with Goh Keng Swee, the Singapore Minister for Defence. Healey stressed the extent to which both Australia and New Zealand seemed to place the most emphasis on the preservation of British land forces in Singapore and Malaysia, mentioned that the unease of the American government was a factor, and referred to the issue of the timing of a public announcement. "If we announced our assumptions for the mid-1970s this might bring on the kind of development that we were very anxious should not happen". It was unlikely, he believed, that Britain would depart from the basic assumption that there would be no British military presence in Malaysia and Singapore after the mid-1970s, although the possibility of there being some naval or air capability in the area was still being considered. By the time of the planned visit to London of Lee Kuan Yew in late June there would be a clearer picture of the prospective British forces in the area in 1970/71. Goh was at pains to point out that the effect of these changes on the economy of Singapore would be "quite fatal". He passed on an Australian comment that the British seemed determined on a withdrawal whose net budgetary effect might be limited to £25m a year. Healey strongly countered this; even if the proposed policy was contentious on policy grounds, significant budgetary and foreign exchange savings were involved. He pointed out that economic aid to Singapore in the context of the defence changes would have to be within the ceiling on overseas aid, and added that he had appreciated the helpful reaction in April of "a government which understood our predicament and would do its best to work with us, if we put our plans to them in the right way, and in turn understood and so far as we could help to overcome their difficulties."[67]

The sequence of Commonwealth political consultations now opened with Marshall, Deputy Premier of New Zealand, who expressed concern at the proposed British decision to withdraw from the Asian mainland. He hoped that any announcement, and certainly that of a date for withdrawal, could be avoided. He noted also the continuing importance of the Commonwealth Strategic Reserve based in Singapore. Healey explained that economies could not be achieved without major reductions in the Far East, and that after April 1968 there would have to be adjustments in the British force declarations to SEATO Plans.[68]

Consultations with Australia conducted by Holt, the Prime Minister, followed a similar pattern. Holt hoped for flexibility in the phasing of the planned run-down before 1970/71, especially in relation to the Commonwealth Brigade; he also hoped that an announcement of long term plans could be avoided. Wilson in an initial private meeting noted the extent to which he faced strong and legitimate pressure to reduce overseas expenditure, and stressed that while there would continue to be a British military capability in the area, this would not be based in Singapore.

In a plenary meeting, Healey stressed the extent to which rotation of naval and air units into the area would maintain a British presence. It was the heavy costs in equipment stored, military personnel present in the area and roulement personnel in support, that had forced the decision to seek defence reductions in the Far East. Malaysia and Singapore felt little threat from Thailand or from China, and that from Indonesia could be countered by a mixture of naval and air presence. In 1971, the RAF would still retain in the area a Phantom squadron, and a maritime air capability, as well as helicopters and Hercules aircraft. By 1976 there would be no aircraft based permanently in the area, although it might be possible for both aircraft and naval units to visit Australia on exercises.

Holt commented first that the Australian authorities had been heartened by the talks which Healey had held in Canberra in February 1966. From these they had drawn the conclusion that it was the British intention to maintain a military presence in Malaysia and Singapore as far ahead as could be foreseen. It had therefore come as a shock to learn of the current proposal to consider complete

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[67] DH/ Goh mtng 2 Jun 67 MO 12/5 Pt 8: CDS N131/12/1 Pt 3.

[68] HW/Marshall mtng 12 Jun 67: Bowden DH/Marshall mtng 12 Jun 67: CDS N 13 1/02/1 Pt 3: ID3/6/24 Pt 16.

withdrawal by 1975/76. The concern was not centrally about security in the military sense. The area was one of rapid economic change, and the consequences of withdrawal would be grave for British relations with all four of the Commonwealth countries concerned. The pull exercised by the United States on all of these countries would be enhanced, but at the same time the capacity of the United States to sustain stability in the area would be weakened. He hoped that it would be possible to retain some compromise over the Commonwealth Brigade, and that no final decisions would be taken about redeployment in the mid 1970s. Any such decision, if taken, would become known, and the resultant chain reaction would affect the attitude of the United States.

Healey set out in response the reasons for the proposed changes in deployment, including the pressures on the defence budget, and the high costs of fixed bases. The threats faced by Singapore and Malaysia could be met by the continuing presence of British air and naval units. Holt doubted the absence of threat to the area, but added that "it was for British Ministers to judge whether their plans would sustain in the area the view of Britain that was consistent with its history and position". [69]

Perhaps the most noteworthy of the four political consultations was that with Lee Kuan Yew, one of the most acute minds in South East Asia. At a first meeting on 22 June, chaired by Bowden as Commonwealth Secretary, Lee Kuan Yew was given the news that the British government hoped "to retain a military capability for use in the Far East after British forces had been withdrawn from the mainland in the mid 1970s", but neither its location nor its composition had been determined. Healey also gave detail of the deployment that would be in place at March 1971. The base could not be kept on in present conditions because it was necessary to liquidate the vast stockpile of equipment, which exerted a multiplier effect. The amphibious force which was being considered would be a "much more visible presence than a brigade in barracks at Terendak camp". It seemed unlikely that the British government would change its proposed planning assumption that there would be no British forces in South East Asia by the mid 1970s. While they did remain, with force declarations to SEATO, there was a real risk of involvement in "policies of which the British government did not approve. The failure of Singapore and Malaysia to join SEATO showed that they were aware of this danger". The decisive argument had been that of cost. Of the savings in the defence budget that were being sought, two thirds were from the Far East, and much of this expenditure flowed from commitments to SEATO which Healey hoped that it would never be necessary to fulfil.

Lee Kuan Yew stressed the importance of Britain being believed when there was public reference to a continuing military capability. He foresaw a crisis of confidence in Singapore, with grave economic consequences, and hoped that it would be possible to devise a continued presence "without grave demands being made on the British Exchequer". The key requirement was "to hold the base area". The British objective should be "to sustain an area which had been safeguarded by twenty years of British effort against Communism and Confrontation, and to keep it as a green acre". The proposed "Commonwealth task force with forces drawn from Australia, New Zealand, Malaysia and Singapore, and embracing the much reduced British forces, all under British command". "Harm could be undone only by Britain taking a very firm stand on her commitments and undertakings. Alarming statements alternated with stout words, while the impression grew that Britain was ratting on her commitments because of financial difficulties".

Healey saw difficulty in a scheme for a multi-national force, no doubt not only from the prospective partners, but also from his Cabinet colleagues. The central problem was that of SEATO itself, which "produced unrealistic plans to deal with a very unlikely eventuality for which they would be wholly inadequate". Yet Australia and New Zealand attached importance to the SEATO alliance. The proposition was not one that could be taken further at that time; "over the next months the British

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[69] HW/Holt priv mtng 13 Jun 67: HW/Holt plenary mtng 13 Jun 67: DH/Holt mtng 14 Jun 6 7: HW/Holt mtng 15 Jun 67: MO 12/5 Pt 8: MO 25/6: CDS N131/02/1 Pt 3.

government would be very reluctant to commit itself to new defence machinery". Lee Kuan Yew commented that it might be possible to take the proposition further in the long-term "once the psychological needs of the government's friends had been met". "It would be very dangerous to say that by some given date the British would wrap up their forces and abandon the area. It would be better to rely on generalities about all men being brothers".[70]

At a meeting with Wilson on 26 Jun and in a private discussion with CAS on 28 Jun, Lee Kuan Yew again stressed his concern about the preservation of confidence in the context of "the procession of Defence White Papers of recent years" and the danger that "British domestic party politics might compel a further adjustment". He believed that in a longer timescale it would be necessary to devise a defence treaty between Britain and Singapore. He restated the proposal of a Commonwealth reserve for the defence of Malaysia and Singapore, with "a sort of NATO Commander" provided by Britain. The proposed reserve if adopted would not be costly, and would by its existence deter both Indonesia and "wild men" in Malaysia. He urged the importance of "an air of relative finality about defence policy in the area". Healey explained the limited extent to which the Cabinet had resolved the issues before it; in discussions still to be held he would urge that there be no public commitment on the timing of final withdrawal, and would hope later to indicate publicly that there would be a British amphibious capability after withdrawal from the mainland, as well as rotation of British forces through Singapore. It could only be "at a later date" that "a framework of Commonwealth co-operation" could be considered. It would present real difficulty in negotiation with Australia and New Zealand. More limited objectives were all that could be secured in 1967. "The price of leaving vague the date at which Britain might withdraw from the mainland was leaving vague the question of what might happen when they had done so".[71]

With the political consultation process virtually carried through (although the discussions with Tunku Abdul Rahman had yet to be held) it was now possible to put to the DOPC the drastic restructuring of the armed forces that had resulted from the process started as far back as the previous December, of which the proposed timed withdrawal from the Far East was only one part.

Ministers were given a further consolidated report from officials. They were reminded of the degree to which the scale and duration of possible operations in the Far East would be reduced, assuming an eventual continued presence in Australia, even though its form had yet to be determined. On the vexed issue of public announcement of a proposed date of withdrawal from the mainland, the recommendation at official level was on balance opposed, although there was a specific reservation by Treasury officials, who doubtless saw announcement as an insurance for the securing of defence reductions. Ministers were required to endorse substantial changes in the size and shape of the forces. These included reduced orders for the AFVG (if it survived) and for the Jaguar. There were to be no further orders for the Phantom or for the P1127 Harriers.

In the DOPC meeting on 26 Jun there emerged once more the total divergence of view which had been evident in April, before the series of political consultations had been ordered. Healey stressed the scale of reduction now being proposed. Between 1965 and 1970 annual defence expenditure would reduce by 5%, civil expenditure increase by 25%. Stationing costs abroad would fall from £252m in 1967/68 to £130m in 1975/76. Over the decade 1965/75, there would be a reduction of 110,000 uniformed personnel and 100,000 civilian staff. There would be a reduction of 20% in the number of ships in commission, of 25% of the major units in the army, and of 35% in the combat aircraft frontline. But this pace of withdrawal and reduction was seen by some members of the DOPC (Callaghan, Jenkins and Crossman, it may be presumed) as "dangerously slow". The objective should rather be to withdraw totally from all overseas commitments by 1970/71. Against

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[70] Bowden DH/Lee mtng 22 Jun 67 CDS N131/02/1 Pt 3: ID3/6/24 Pt 17.

[71] Wilson DH/Lee mtng 26 Jun 67: CAS 3785 28 Jun 67: ID3/6/24 Pt 17.

this it was argued that to set further studies in hand would involve extended delay in reaching a decision and making a public announcement, and that there were practical difficulties in sustaining a higher rate of demobilisation. Wilson ruled that on balance the scheme of reduction and withdrawal, and its pace, represented a suitable basis for future policy. It was however, understood that Ministers holding a different view were free to raise the matter in Cabinet, and this right was exercised. A Defence White Paper would be prepared for Ministers, on the assumption that a final decision had been taken.[72]

Resumed discussion in the DOPC a week later led to an agreement that "on balance" the Defence White Paper should announce withdrawal from the Far East by the mid 1970s, defined as 1973-77. The pace of withdrawal would be determined by the degree of stability in the area. It was accepted that this would disregard the strongly expressed view of allies. To withdraw at a greater pace would increase pressure to state the residual capability in the area, to which it was agreed Britain was committed, before a decision on eventual deployment and scale of capability needed to be taken. Against this, the planning date of 1975 was now "widely known as a result of disclosure by our allies".[73]

The discussion with Tunku Abdul Rahman came just before the final and decisive Cabinet meeting. The Tunku sought reassurance on the strength of the British force that would be needed and retained in relation to British obligations under the Anglo-Malaysian Defence Agreement. He also wished to see the preservation of the Commonwealth Strategic Reserve, and once more urged five power discussions on regional defence. Healey again argued that the threat from Indonesia was dormant, and that allowance could reasonably be made for "political warning" in the Far East, as was the case in NATO Europe.[74]

Briefing for the Cabinet Meeting of 6 July understandably stressed that "leaks" had already practically made the announcement. In Cabinet Crossman argued that the plan of slow withdrawal would not stand the test of time and was not credible; Britain should not be committed to maintain large and expensive naval and air forces in the Far East after 1970/71. Although there was 'some support' the balance of opinion was that withdrawal could not go further than currently planned. To move faster would bring with it the risk of chaos in the area especially in Malaysia and Singapore, and of a change of government in Singapore. The text of the draft White Paper was approved.[75]

The "Supplementary Statement on Defence Policy 1967" (Cmnd 3357) referred at the outset to major recent developments, the progress in revising NATO strategy, changes in South East Asia following the end of Confrontation,, the pressing need to reduce overseas expenditure and the need to keep government expenditure as low as possible. A reassessment of NATO strategy had made possible a new agreement on political guidance to the military authorities of the Alliance, and the redeployment to Britain from Germany of a brigade and an RAF squadron followed from the prospect of 'ample warning' of any change in the likelihood of a Soviet attack in Europe. The total foreign exchange savings were of the order of £5.5m annually. Outside Europe it was possible to review the way in which Britain discharged its responsibilities and provided a potential contribution to peace-keeping: "The most valuable contribution we can make is in the sophisticated weapons which our friends and others outside Europe find it difficult to provide for themselves". The proposed reduction in the Far East to be achieved by 1970/71 were then set out.

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[72] OPD (67) 46 21 Jun 67: OPD(67) 24thM 26 Jun 67 Cab 148/32.

[73] OPD (67)25thM 3 Jul 67 Cab 148/32.

[74] Wilson DH/Tunku mtng 5 Jul 67 ID3/6/24 Pt 17.

[75] CC(67) 45th C 6 Jul 67 ID3/11/40 Pt 1.

The statement continued:

> "we shall continue to honour our obligations under SEATO but the forces assigned to specific SEATO plans will be progressively altered in nature and size. We shall honour our obligations under the Anglo-Malaysian Defence Agreement; there will be consultations on the way in which we should plan to end them. We shall also continue to make a substantial contribution to the Commonwealth Strategic Reserve which contains naval, land and air forces. We shall be discussing continued cooperation with our Commonwealth partners, including the future of the Commonwealth Brigade, to which Australia and New Zealand contribute".

Speaking of the longer term the statement added:

> "we plan to withdraw altogether from our bases in Singapore and Malaysia in the middle 1970s: the precise timing of our eventual withdrawal will depend on progress made in achieving a new basis of stability in South East Asia and in resolving other problems in the Far East".

The intention was to 'maintain a military capability for use if required in the area even when we no longer have forces permanently based there'. Examination continued of possible use of facilities in Australia, and of the project of a staging airfield on Aldabra.

The White Paper ended on the confident note that after the years of revision of the defence structure, the current statement marked "the end of that process". The decisions made came "from the best assessment we can make of Britain's interests and responsibilities as they will develop" and had been reached "after extensive consultations with our allies, to whose views we have given full weight". But once again, the prospect of finality was an illusion. As will be seen, finance had not ended its role as the determinant of defence policy.

CHAPTER 12

FUTURE AIRCRAFT DEFINITION: EUROPE CENTERED DEFENCE: TREASURY DEFENCE REVIEW (JULY 1967-JANUARY 1968)

The Defence White Paper of July 1967, once again taken by Ministers to be the definitive defence review, had set out a projected time-scale of withdrawal from the overseas theatres. At the same time, the final collapse of the hopes of collaboration with the Anglo-French Variable Geometry Aircraft (AFVG) had taken from the RAF a central feature of its projected front-line. The Air Staff therefore found itself critically under-prepared at a time both of new emphasis on European defence, and of continued economic crisis, culminating in the decision to devalue the pound. There are again in this section of the narrative a variety of themes. In sequence they are, the attempt to define the requirement for a new combat aircraft, secondly, various issues of NATO planning, including its nuclear element, and finally the revision of defence policy following devaluation.

Future Aircraft Definition

Directly after the failure of the AFVG, CAS had reminded Healey of the needs which it had been hoped that the collaborative aircraft would meet. CAS set out a possible review of the requirement. This would involve studies of scenarios involved, the aircraft potentially available, and an assessment by an operational evaluation team. These studies should assume the availability in the later 1970s of the F111s, the V bombers for a limited period only, and the land-based Buccaneers that would be transferred to the RAF after the withdrawal of fixed wing aircraft from the carriers.[1]

At the same time the major inter-Departmental review called for by the DOPC was set in hand. This was to survey the military requirement for combat aircraft after the mid 1970s, the need for Britain to retain the capacity to design develop and produce advanced military aircraft, and the resultant size shape and organisation of the British aircraft industry. In part this was ground which had been surveyed in 1964/65 and on which the Plowden Committee had reported in December 1965.

There were also indications from the British Embassy in Bonn that the FRG might be interested in a collaborative project. It seemed possible that the British and German operational requirements and industrial arrangements for a strike combat aircraft could be reconciled, and the Germans were therefore informed that discussion at senior official level would be welcome. In dealing with the British aircraft industry, as was required by the DOPC remit, Healey noted that the priority was to be European needs:

> "We should make it clear to BAC that the Government will regard the European or NATO requirement as having a higher priority than a military requirement outside Europe, and that those engaged on the project study should be guided by this, in considering any elements in the performance parameters which may have to be degraded".

Reporting later on the discussions in Bonn, Cook as Chief Advisor (Projects), CA(P), noted that the Germans were clear that they would require a strike aircraft to replace the F 104 in a timescale comparable to that to which the British were working and with broadly equivalent operational characteristics. There was some discussion on the FRG/US research poject for a VTOL ground support aircraft, the advanced vertical system (AVS) in which there was no British interest, as there was still a British hope to develop the P1127. When the German authorities asked the British view of collaborative work with the United States, Cook had

> "thought it best to say that while at this stage we would not rule this out, we did not want to become sub-contractors to the United States aircraft industry, and that we would prefer bilateral collaboration so as to retain a military aircraft design capability".

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[1] CAS-SofS 6 Jul MO 26/11/13 Pt 1.

He was also told, though this must have been markedly premature, that the FRG had reached agreement with the Italians, Dutch and Belgians on the operational characteristics of an aircraft to replace the F 104. The Germans said they needed between 150 and 200 aircraft, a figure very much smaller than the British team had expected.[2]

Meanwhile, the inter-relation of the proposed internal Ministry of Defence enquiry and that between Departments became the subject of some disagreement, Healey commenting that the former could not be limited to the issue of the next strike/recce aircraft. Further, it could not be taken for granted that more strike/recce aircraft were needed than those provided by the F111 order. The study should therefore look primarily at the NATO requirement in the light of the review of strategic issues in train within the Alliance, and should seek to determine whether an aircraft that could be built by the British aircraft industry would be relevant to the military needs of the Alliance in the mid 1970s. Success would be "likely to depend very largely on whether it would be possible to cater, both operationally and financially, for the needs of our European allies".

In response, CDS (Elworthy) set out a proposed scheme of enquiry; the political assumptions were stated and a series of political/military scenarios, not confined to Europe, were prepared. Of these Healey was markedly sceptical; "I do not regard the scenarios as more than general criteria relevant to possible contingencies". In his view, the requirement needed evaluation in the NATO context; "this is the area of study in which it will be of crucial importance to establish if there is a valid requirement, and if so its precise character, taking into account not only the strategic case which we have been arguing in NATO, but also such factors as the potential role of missiles in the longer term."[3]

By September 1967 there had been prepared an agreed Chiefs of Staff statement of the tasks that made necessary a new combat aircraft by the mid 1970s. These tasks included:

a. strategic recce to a depth of 500nm into enemy territory

b. tactical recce over the battlefield area and to a depth of 50/100nm behind the ground frontline

c. long range maritime recce, at the extreme to a range of 1200nm if Norwegian bases were not available

d. strike capability for counter-air, counter-missile and interdiction targets to a depth of 300nm into enemy territory.

These requirements were stated as common both to the NATO area and to more distant areas, where there were still continuing British commitments. In forwarding this statement to the Secretary of State, CDS added that it was important to retain, if at all possible, the capacity to design develop and produce advanced military aircraft in Britain. Of possible collaborative partners, it seemed possible to be optimistic only about Germany: this collaboration should be actively sought. In the meantime, the study of the British VG aircraft should continue, "including preliminary exploration of its eventual development in such a way as to give it an air defence capability."[4]

These proposals led to controversy. On the one hand, it was contended by the Air Staff Secretariat that it was doubtful if a collaborative partner could be found, that the operational requirement as stated did not seem to be strongly argued, and that the numerical requirement was open to question. An alternative approach would be to determine both upon an additional limited buy of Buccaneers and "maritime Comets" (the future Nimrod) and on the allocation of additional resources to V/STOL and to a larger Jaguar purchase. These purchases could be linked to a fresh R and D

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[2] Cabinet Sec-PUS 7 Jul 67; CA(P)-SofS 12 Jul 67: Bonn tel 1964- FO 12 Jul 67:- SofS-CA(P) 18 Jul 67: CA(P)-SofS 3 Aug 67 MO 26/11/13.

[3] SofS-CDS 14 Jul 67: CDS-SofS 26 Jul 67, 9 Aug 67: SofS-CDS 10 Aug 67 MO 26/11/1 3 Pt 2.

[4] COS 92 /67 21 Sep 67: CDS-SofS 20 Oct 67: MO 26/11/13 Pt 2.

project for a fighter/bomber, not necessarily of variable geometry, intended for deployment in the later 1970s and 1980s. What should be avoided, on this approach, was a start on an expensive aircraft in which there was British interest alone.

The Air Staff opposition to this view was reasoned and powerful. The Secretary of State had questioned the need for long-range strike/recce; this followed his reading of a study of penetration problems in the central region of NATO. He was seen as following "his tactic, which we know well, of seeming to take an extreme view in order to test the measure of the opposition and the soundness of any contrary case." But it was questionable whether Healey was in fact prepared to contend to his NATO allies, including the United States, that long range strike/recce was not required, and that British land and sea forces could adopt a purely defensive strategy. So to act would give the Soviets invulnerable logistic movement behind the battle area. Such a deployment would also encounter opposition from NATO members and would be seen by them as "more the result of balance of payments problems than as a conceptual breakthrough." At a later meeting called to discuss the future combat aircraft Healey noted, almost too eliptically, that the political case for the continued role of the V bombers was as strike aircraft in the NATO central region where they had political significance as a visible NATO contribution. In military terms, however, their continued capacity for east of Suez tasks was of greater note. He determined upon a fresh study of the replacement problem from a wider perspective. The Ministry of Defence should report to the inter-Departmental study, preparing the response to the earlier remit of July, that further conceptual work was required, that there was an inter-relation, yet to be worked out fully, with SACEUR's Special Study, but that in the meantime BAC should be invited to refine its proposed variable geometry aircraft.[5]

The Department therefore set out interim findings only. This noted that although it was clear that there was a requirement for a combat aircraft after the mid 1970s, further study was needed of the performance, the numbers required, and the demand it would place on the development and production facilities of the British aircraft industry. The current review of NATO strategy would have a major impact on the numerical and qualitative requirements. It would take until the early part of 1968 to initiate negotiations with potential collaborative allies. Meanwhile the current BAC project definition studies should be maintained and extended. Healey recorded that he was:

> "reluctant to see us embarking on a new project, even if we have reasonable assurances about collaboration from the Germans, until we are much clearer about the role that the aircraft would have to play in European defence from the mid 1970s."

A further set of studies were now initiated. They had been designed by the Programme Evaluation Group, and were approved by a senior level group chaired by Healey. This approach was a significant and intended variation of the normal sources of advice. It was a departure from the traditional approach, that of material prepared by the Joint Planning Staff and endorsed by the Chiefs of Staff. There were four of these studies:

a. the need for strike/recce operations by manned aircraft, including the extent to which this task could be taken over by missiles, and the effectiveness of the Soviet air defence system

b. the effect of technical developments on the planned air defence posture of NATO

c. the relationship between satellite recce and that from manned aircraft

d. the validity of the role of ground support aircraft, including vulnerability on the ground and survivability over the battlefield, and the significance of VSTOL.

It was appreciated that this group of studies would not be completed until well into 1968.[6]

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[5] AUS(Pol)-DUS 24 Oct 67: ACAS(P)-CAS 25 Oct 67; bf for SofS mtng 30 Oct 67; SofS mtng 30 Oct 67: MO 26/11/13 Pts 2, 3: AUS(AS)/A4 Pt 1.

[6] OPD(DR)(66)67 3 Nov 67: SofS-CA(P) 6 Nov 67: Chairman PEG-SofS 9 Nov 67: HLPC 1st M 10 Nov 67: MO 26/11/13 Pt 3 ID3/340/12 Pt 1 ID3/945/6 Pt 10. PEG 4/4.

The pursuit of potential collaborative partners had been in train before the collapse of the AFVG. Earlier in the year, by agreement with the French authorities a presentation on the AFVG had been given to the Dutch and to the German air staff. The German air staff had been given the proposed British operational requirement in August, and an indication of the results of the BAC studies at the end of September, but the response had been disappointing. By early November it was known in London that at a meeting at Furstenfeldbruck on 19/20 October, the Chiefs of Staff of the "F104 replacement group" (Germany, Italy, Belgium, the Netherlands) had rejected a draft operational requirement prepared for them as too complex and therefore likely to be too expensive. They had reportedly seen £1.2m as the maximum possible unit cost. At the same time, the attempts being made by the French and the British to interest the Germans in a Jaguar purchase provided an opportunity to stress the advantages of joint enquiries into operational requirements. Healey in mid-November suggested to the Germans that the United States were keeping the Advanced Vertical System (AVS) project going, despite lack of interest, in order to prevent the field being left open for a European collaborative project. He stressed the importance of seeing a collaborative project as neither a purely military issue nor an industrial one, but as an attempt to define a compromise between the ideal military requirements and the affordable. Such a compromise would need to take account of the modified NATO strategy, and flexibility would be required to meet the needs of other potential partners.

The British air staff was later invited to give a presentation to the F104 replacement group of nations. This emphasised that British thinking on the requirements for an advanced combat aircraft were now Europe-centered. In the strike/recce role the main issues were the required range, the level of avionics fit and the place of conventional STOL; in the air defence role they were the validity of the stand-off AAGW/AEW concept and the place of the local air superiority fighter. The British saw the requirement as twin-engined with a two-man crew. An estimate of unit cost of £1.55m was quoted if 300 aircraft were built to the current British VG specification. There was no real response to the questions raised on the operational requirement; the Belgians and Dutch were not prepared to accept the justification for so complex an aircraft. Privately, however the German air staff representatives stressed that their own position was distinct; they saw a firm requirement for an aircraft near to the British specification.[7]

In the view of the British Embassy in Bonn the planning of the Federal Ministry of Defence on combat aircraft requirements was in total disarray. The small scale aircraft industry faced a serious trough in airframe production work. It had apparently been given a contract to study the feasibility of a single aircraft, the Neueskampfflugzeug (NFK), to replace the G91 and the F104, and there was a strong lobby urging that this would bring to the industry development and subsequently production work, from which it would be possible and advantageous to exclude both the French and the British aircraft industries. This, in the opinion of the Embassy, could explain the equivocal attitude of the German authorities to the British presentation of their concept of an advanced combat aircraft.

When Healey discussed the matter with Schroeder on 13 December, the outcome was described as "most depressing". There seemed no hope of progress, either on the adoption by the Germans of the Jaguar, or on the future combat aircraft, and it was evident that the state of German thinking was still too vague to make worthwhile discussions possible. Healey pointed out that options could not be held open indefinitely, and that within a few months the British would have to take decisions. He therefore urged the value of joint discussions on the operational requirement, and received reluctant acceptance that these should take place. He also pointed out to the Germans that their hopes for a cheaper all-purpose combat aircraft, acceptable to the smaller NATO Europe members as well as the German air force, might not be capable of being realised.[8]

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[7] CinC RAFG-VCAS 10 Nov 67: ACAS(OR)-CAS 14 Nov 67: DH/Carstens mtng 15 Nov 67: DDOR 5 28 Nov 67: AA Bonn-ACAS(OR) 30 Nov 67 ID3/340/12 Pt 1 MO 25/8.

[8] Bonn tel 1688 8 Dec 67: Broadbent-Maitland 13 Dec 67: ID3/340/12 Pt 1.

Just before the crisis on the F111 in January 1968, there were further discussions in Bonn. A major review of the size and shape of the German armed forces was now in process and it was clear that this would further delay consideration of re-equipment with the Jaguar. At the same time, the prospects of a German requirement for an aircraft of performance equivalent to that proposed for the British variable geometry aircraft did not seem good. Meanwhile, although studies by the BAC design team at Warton proceeded, there were renewed fears that this design team would disintegrate, it being noted, rather in advance of the event, that:

> "killing the British military combat aircraft industry will be the direct result of the purchases of American aircraft, and will necessitate further dependence on the United States for military aircraft, with no bargaining position, for example on offset."

If there were to be a British design study and prototype programme, it could be only in the expectation that a collaborative partner would be found. In theory British Ministers could decide on the design, development and production of an advanced combat aircraft as a British only venture, despite the decision in principle, to which they had addressed themselves as far back as 1965, that they would not do this. As will be seen later in this narrative, these issues were not quickly to be resolved.[9]

Europe Centered Defence

In the interval earlier in 1967 before the circulation of the SACEUR recommended "fifth posture" the British had been anxious to press upon SHAPE the importance of further study of the balance of nuclear and conventional force. In December 1966 calculations had suggested that perhaps a quarter of the aircraft currently assigned to the nuclear strike plan of SACEUR would be adequate, once the strategic concept had been varied in the way that NATO Ministers had subsequently endorsed. In the setting of the NATO Military Committee the British representative was therefore instructed to seek American support to ensure that the nuclear strike plans received more critical review. This assistance was eventually forthcoming. The Pentagon agreed that there was overkill in the SACEUR nuclear strike plan, and therefore proposed to make available, to the SHAPE nuclear planning staff, American studies on the survivability of ACE nuclear weapons and on proposed deployment of American TNW in Europe over the next five years.[10]

Briefing for the Military Committee in Chiefs of Staff session in September 1967 had reviewed the successive drafts of the proposed NATO strategy paper, indicating that "this fourth draft represents a very large measure of agreement amongst the members of the Military Committee." The recommendation was that the paper was now sufficiently in accord with British views for CDS to be advised to accept it. Once the Military Committee had done this, it would be possible to tackle a review of the measures needed to implement the strategic concept. The Military Committee in informal session finally approved MC 14/3 on 16 September 1967.[11]

The expected "fifth posture" prepared by SACEUR, more formally known as the "Special Study" was available within the Department by August 1967; it listed a range of factors which determined the force structure of Allied Command Europe (ACE). Since it seemed probable that NATO nations were unlikely to devote more of their GNP to defence than was currently the case, the presumption was that increasing technical complexity would lead to reductions in quantity. SACEUR commented also on the extent to which defence capabilities were maintained by NATO members for use outside the NATO area. This was especially a reference to the July 1967 restatement of British defence policy, although in varying degree it applied to other NATO European members.

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[9] CA(P)-SofS 27 Dec 67, 1 Jan 68: SofS-CA(P) 29 Dec 67: DUS(E)-SofS 9 Jan 68: MO 26/16/5 Pts 3, 5.

[10] MOD-BDS 25 May 67; BDS-MOD 26 July 67 ID3/3/21 Pt 21.

[11] COS 84/67 6 Sep 67: COS 68th M/67 19 Sep 67: MC/CS 16 Sep 67 NATO record 1 Dec 67: ID3/3/64 Pt 4.

On warning time, the SACEUR Special Study set out the inter-relation between the size of forces and the extent of military warning likely to be available. ACE required sufficient forces properly deployed to compel the presumed enemy to make a major redeployment before any attack; this would be detected. On the issue of political warning, the subject of controversy the previous year in the trilateral talks, SACEUR noted that if both sides started to mobilise at the same time, the ratio of land force strength between the Warsaw Pact and NATO would move progressively in favour of the Pact. The assessment was that major aggression would lead to the use of nuclear weapons within two to six days. A more limited aggression on the other hand could be held at a lower level on the scale of escalation, and could involve hostilities for a considerable time. These would end either with a cessation, or belated escalation to the use of nuclear weapons. It followed that it was not possible to be specific about the likely duration of hostilities. This delphic conclusion had important consequences for the size of stocks, forces and reserves.

The Special Study set out a revised general concept for the defence of ACE. Although forces within the area must make a contribution to the general nuclear deterrent, and to the countering of major aggression, greater emphasis should be given to the means of meeting lesser threats, initially by conventional means. To generate forces relevant to this revised operational concept, the Study recommended greater flexibility and mobility. Applied to air forces, this led to a requirement for speed of reaction, and for capability in each of the main roles, strike, air defence, recce and direct support of land forces. Linked to a listing of priority targets, SACEUR stated a requirement for 1016 aircraft in a dual role, nuclear and conventional, with only 36 being reserved exclusively for nuclear strikes. This was in sharp contrast with the then current plan in which about 1100 aircraft had nuclear strike as their first priority. Additional requirements of the new plan, beyond those which Britain already planned to assign or earmark for SACEUR, included a larger and more prolonged provision of V bombers in direct support in Europe, and additional provision of VTOL aircraft.[12]

Commenting both on the Special Study and on the force goals for 1969-73 set out by SACEUR, the British Defence Planning Staff welcomed the proposals, which they saw as moving operational concepts in line with the new strategy. The suggestions for revised operational deployment could be specifically endorsed. The difficulties arose on the extent of commitment to NATO of British forces which might be required elsewhere, and to the proposed enhanced expenditure on equipment. The considerable increases in combat air forces proposed could only be achieved, within a static defence budget, by reductions elsewhere, or by variation between forces assigned to SACEUR and those assigned to SACLANT. These issues would necessarily fall to the Chiefs of Staff to determine later in the context of the next review of the defence programme.[13]

As they prepared for the late September meeting of the NPG at Ankara, its members could reasonably have assumed that the earlier discussion on Anti Ballistic Missiles (ABM) had taken them into the confidence of the United States Government, and that the policy outlined in April would be maintained. McNamara had then stated that he hoped to avoid ABM deployment, while appreciating that there was substantial Congressional pressure on the administration to move to this. The Johnson administration, and it is reasonable to assume that the final decision was taken at Presidential level, decided otherwise.

On 14 September, Healey received word from McNamara that he expected to announce four days later that the United States had decided to proceed with a limited ABM deployment, and that this would "differ in important respects from the hypothetical deployments which I discussed at length at the April meeting of the NPG." McNamara indicated that the matter could be taken further at the

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[12] DP 72/67 12 Oct 67.

[13] COS 77th M/67 31 Oct 67: COS 107/67 1 Nov 67: CDS-SofS 1 Nov 67: CDS L2 8/02.

next NPG meeting, due to be held at Ankara on 28/29 September, although there was no suggestion that the proposed announcement could be postponed. The proposed deployment was stated to be not for the purpose of defence against a Soviet attack, but was rather designed to create a defence against attacks of the type that the Chinese would be able to mount. This was a disingenuous argument, and it may be taken that McNamara knew this.

At the same time, in what was evidently part of a planned series of actions, Cleveland as Permanent Representative made a similar announcement to the North Atlantic Council. The stated threat, against which these plans were being made, was that of a Chinese ICBM force by the mid 1970s. The proposal was to create terminal defence for a number of Minuteman sites to insure against not only the Chinese threat but also improved Soviet missile capability. The deployment would begin in 1972 and be complete by 1974.

The same day, the Foreign Secretary reproached Eugene Rostow, a Presidential assistant who was visiting London. The British government had always taken the view that ABM deployment would add a new dimension to the arms race, and would be seen by world opinion as an escalation: this was significant both in the context of the attempts that had been made to state this position to the Soviet government, and also in that of the then current attempt to complete the preparation of an agreed text of the Non-Proliferation Treaty.

As Healey minuted Wilson, the decision that had been taken could be expected to "make any reduction or limitation of nuclear armaments so much more difficult to achieve." While it was doubtful whether a vigorous reply would affect either the decision or the intention to announce it, a reply to the United States Government was concerted. In this it was accepted that there had been appreciable pressure on the Administration, but concern was expressed that the announcement had not been postponed until after the Ankara meeting. McNamara must have realised he had endangered his working relationship with Healey over this matter. He sent urgently the full text of the proposed statement and a transcript of a published interview in which he attempted to justify the decision.[14]

At the outset of the Ankara meeting, Healey and McNamara held what must have been one of their least pleasant private exchanges. The announcement of the intended ABM deployment had been made in a speech in San Francisco on 18 September. McNamara protested at the handling of the matter by the British press. This, he contended at British government instigation, had implied that the resumption of atmospheric testing would be involved. McNamara maintained that the Soviet Union had appreciated that an ABM deployment that was orientated against China was not a threat to the effectiveness of the Soviet deterrent. Healey complained of the short notice, and of weaknesses in the presentation in the speech. He saw the decision as doubly unfortunate after the discussion of possible deployment against China at the April NPG meeting. It was the lack of consultation to which he objected, rather than the decision, even though he believed that to be wrong. Pointing out that the view taken collectively at the April NPG meeting had been that the case against a European ABM deployment was overwhelming, he thought that it might now be difficult in the light of the American announcement to prevent a reaction which might "lead to a wish on the part of the European countries to increase their offensive capability". In the NPG meeting at Ankara that followed, McNamara made a statement on the reasons for the decision to deploy ABM. McNamara was probably well aware of the weakness of his own case. The deployment was designed to counter a Chinese strategic nuclear threat that would be in place between 1975 and 1985. By the beginning of that period China would be able to deploy about 25 ICBMs, from which the United States could suffer 20 million civilian fatalities; these could be reduced to one million by the ABM system proposed. The system was a terminal defence system based on SPARTAN, and no atmospheric or exo-atmospheric testing would be required. The United

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[14] McN-DH 14 Sep 67: DH-HW 14 Sep 67: UKDel-FO 295 14 Sep 67: FO-Wash 9870 14 Sep 67: DH-McN 15 Sep 67: MO 26/7/2 Pt 2.

States decision did not affect the conclusion which had been stated at the April 1967 meeting that there were no means open to the Alliance of preventing unacceptable damage in the event of a general nuclear exchange with the Soviet Union.

Healey, to use his own words in reporting later to his Cabinet colleagues, "spoke strongly about the United States failure to consult." He argued that the Alliance collectively and the United States individually would deploy less resources if they aimed to defeat Soviet ABM defences rather than attempt to build their own defensive systems. This was because the Soviet Union would require vast numbers of ABM to neutralise the United States strategic nuclear inventory. There remained, however, an irrefutable case against a NATO European ABM system. Even if it were an elaborate one, it could not prevent 50/80 million deaths in the event of a strategic nuclear exchange. The American decision was a shock and could "feed irrational European fears." It would be possible to resist pressures, for instance that there should be a European deterrent, only if there were real joint efforts between the Soviet Union and the United States to achieve limitation of offensive and defensive strategic systems, and if it was clear that decisions on systems would be taken only after consultation within the NPG.[15]

The December 1967 NATO Military Committee meetings took further the implementation of MC 14/3. SACEUR sought confirmation that the force posture of the Special Study in the form he had earlier recommended should become the basis of ACE force proposals, contending that these were within the potential resources of the members of the Alliance. Briefing advice to CDS had necessarily stopped short of unqualified acceptance of all the proposals, although it was possible to state that a range of British studies that flowed from the Special Study were in hand. The document on the measures that had to be taken to implement the approved strategic concept now called therefore for major revision. This should have preceded the endorsement of the force proposals for 1969/73 that were also before the meeting. However, to enable the cycle of force planning to continue, the force proposals should be accepted in principle, even though modification of them would later be required. In the event, it did not prove possible to persuade the NATO Military Committee at once to accept that the implementation document would require amendment, although it was evident that both SACEUR and SACLANT proposed without further delay to revise their Emergency Defence Plans. On the SHAPE Special Study, comment was confined to that from the German Federal Republic, which remained anxious to retain the position of its F104s within the nuclear strike plan. This SACEUR accepted, although he stressed that the aircraft would be used initially in the conventional role.[16]

The meeting of Defence Ministers also confirmed adoption of the new strategy. They noted the force proposals for 1968-72 and approved them; this left the way clear for the WEU to accept British redeployment plans. At the same time, in commending the new strategy, the Chairman of the NATO Military Committee stressed that the strategy was credible only if backed by adequate conventional force. The strategy gave to NATO the potential of initiative in phased and controlled escalation; the results of the SACEUR Special Study had "adapted the manoeuvre concept to official strategy." Any disunity in the Alliance could expose members to the danger of locally superior force, and any weakening of force could give the Soviet Union "the impression that a quick victory, or the occupation . . . of vital territory could be obtained before the intervention of nuclear strike forces." This made rapid means of communication of even greater importance. Moreover, the emphasis on political warning in the doctrine implied that the military authorities of the Alliance were confident that the political authorities could and would discern a crisis and act on their assessment.[17]

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[15] Ankara-FO 1384 28 Sep 67: NPG 28/29 Sep 67 British record, agreed minute: ID3/303/11 Pts 6, 7.

[16] COS 120/67 5 Dec 67: MC/CS 39th M 11 Dec 67: British Record COS 2033 14 Dec 67: COS 88thM/67 19 Dec 67: ID3/3/64 Pt 5.

[17] UK Del-FO 60 14 Dec 67: CM 87-67 13 Dec 67; ID3/3/21 Pt 21: ID3/3/64 Pt 5. CDS staff brief of 18 Dec 67 for COS 88thM/67 19 Dec 67: CDS W45/11.

Nitze directed the attention of the Alliance, having taken the major step, to a range of further challenges. The United States expected the Soviet Union to continue to attempt to probe the Alliance position in Europe; in consequence it remained important realistically to assess the threat and the assumptions and plans of the Alliance. In particular, reliance on strategic deterrence should be constrained; "the threat of an incredible action was not an effective deterrent." Hence the importance of flexibility in force structures. Alliance members could be confident that the United States would maintain forces that countered the nuclear threat to Europe as well as that to the continental United States. There was a large nuclear capability deployed in Europe, but the Alliance had not yet devised plans for the tactical use of nuclear weapons. On the conventional balance, Nitze stressed the threat posed by the ability of the Soviet Union to reinforce its divisions directly threatening the Alliance. Careful planning of the use of conventional forces would give an effective option that was not nuclear. The United States appreciated the importance of retaining a visible presence of its own forces in Europe, even though a consequence of this was balance of payments difficulties. There were gains in prospect in United States strategic mobility, and these would counter to a degree the ability of the Warsaw Pact to reinforce by land.[18]

When Healey spoke later, he stressed the difficult issues posed by the ladder of deterrence; there were some situations in which there would be political and military disadvantage in a strategy that depended on deterrence by the threat of escalation. He nonetheless saw the adoption of MC 14/3 as a "real advance in realism and flexibility." The strategy now needed to be converted into specific directives to the major NATO commanders. He welcomed the outcome of the Special Study; there needed to be an examination of the balance between mobilised and reserve forces. On the adjustment to air forces that would follow from adopting the posture recommended by SACEUR, he stressed the need to think through the system of target selection and the concept of nuclear use, the mix between close support and air defence, and the proper role for VTOL aircraft. This examination would be especially timely in the context of the need to face the issue of re-equipment of a number of air forces.[19]

MC 14/3, issued on 16 January 1968, took the place of both MC 14/2 and MC 48/2. Its contents can be summarised. The objective of the Alliance was to preserve the peace and security of the NATO area against a continuing threat from the Soviet Union, which would exploit Alliance weakness if opportunity offered. The Warsaw Pact constituted a formidable threat; it had the options of major nuclear aggression, aggression supported by TNW, limited operations and covert means. Major aggression was seen as unlikely, although accident or miscalculation remained possible, and there was every probability of a period of warning. The deterrent on which the Alliance relied was based on a determination to defend if necessary by nuclear means, on a capability to do this, and on flexibility. The types of response available were direct defence, deliberate escalation, and finally a general nuclear response. The Alliance therefore needed to maintain a strategic nuclear posture, a capacity for fixed defence, and an ability to counter both limited and major aggression. It needed the ability rapidly to reinforce forward positions, and effective coordination between strategic nuclear forces and those under direct operational control of major NATO commanders.[20]

The process of securing this revision of the stated strategy of the Alliance had been a long one. Its achievement represented the culmination of a campaign of persuasion and discussion by the American administration dating back almost to the outset of the Kennedy Presidency. While ambiguities remained, it gave to the Alliance a firm base destined to serve it for more than a decade.

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[18] UK Del-FO tel 61 S 14 Dec 67: ID3/3/21 Pt 21.

[19] UK Del-FO tel 62 S 15 Dec 67 ID 3/3/21 Pt 21.

[20] MC 14/3 16 Jan 68 ID3/3/21 Pt 23.

Treasury Defence Review

The events of December 1967 and January 1968, the period immediately following devaluation, were of special note in the general history of the Wilson Government: more relevant to this narrative, they were of crucial importance to the history of the RAF front line. Coming only six months after the breakdown of the collaborative venture on the AFVG, they left the RAF with further serious deficiencies in operational effectiveness.

After the first stages of the devaluation exercise, during which the Treasury had insisted on a £100m reduction in defence expenditure, the search began for even deeper defence economies. The Treasury suggested that the studies should not be confined to the immediate future, that is the then Estimate Year, but be directed to the longer term. Rather arbitrarily, since it was not a major block of expenditure, it was suggested that attention should be directed to the scale of military presence in the Gulf.[21]

At the same time, on the assumption that it would not be long before further reductions would be demanded, Healey had initiated a study into a revised "baseline" for the next three financial years, and a listing of the consequences of attempting to restrain expenditure to £1,900m in 1969/70 and either £1,850m or £1,800m in 1970/71. He asked for examples of possible economies in equipment programmes, and the financial consequences of speeded manpower rundown, from the Far East, from Germany, and from within the Strategic Reserve in Britain. He explained that he hoped to press in Cabinet or DOPC discussion for an extended time-scale for a further defence review. In the first instance this enquiry was restricted to the staff of PUS, although CDS was personally informed.

A revised statement of the "baseline" calculated by the Defence Secretariat gave the following projection of defence expenditure:

	1969/70	1970/71	1971/72
£m	1950	1900	1870

It also indicated potential savings for these three financial years, which included the ending of development of the P1127 Harrier, the stopping of the SSN programme after SS 08, a reduced buy of RN Phantoms, and the withdrawal of the carriers by March 1971. An estimate was included also for a speeded manpower rundown.

In a meeting to discuss this listing of possible areas of economy, Healey stressed that he saw 1968 as a critical year in NATO. There was a threat of the cutback of assigned forces both by the United States and by NATO European members. He saw manpower reduction as a possible source of defence savings, and asked for briefing also on the implications of a cancellation of the F111 or a reduction in the size of the order. He also requested guidance on the equipment cancellations and manpower rundown that would follow from a decision to leave Singapore by 1972 and the Persian Gulf by 1971, and the removal of two further brigades from BAOR.[22]

Meetings in the margin of NATO Ministerial discussions at this point provided an opportunity to confirm that the F111 programme was still on track. Healey sought confirmation that the United States was not making major changes in its own F111 programme that would affect the mark of the aircraft on order for the RAF, the F111K. He also wished to be reassured that the performance of the aircraft would meet criteria that had been discussed in correspondence in February 1967. A system for additional inboard fuel and a modification to the engine intake were required. It was also important to establish that any modifications needed would not fall into a special category noted in the 1965 Agreement, by which costs of over £100,000 were to be chargeable additionally to the recently agreed ceiling price, and that if there were additional costs, the target of the offset

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[21] Armstrong-Dunnett 5 Dec 67 PUS 20/3/10 Pt 1.

[22] SofS-AUS(PandB) 5 Dec 67: SofS-PUS 7 Dec 67: AUS(Pand B)-SofS 12 Dec 67: S of S-AUS(PandB) 14 Dec 67: SofS-PUS 15 Dec 67 PUS 20/3/10 Pt 1.

programme would be raised. Nitze agreed to look at these issues, but noted, at a time of Administration concern about the level of United States overseas expenditure, and in the time-span of the F111 Agreement, that American stationing costs were expected to rise appreciably. Healey pressed for negotiation; in a joint study of the defence balance of payments, each side initially thought it was in overall deficit with the other.[23]

As part of the preparation for the "defence contingency studies" that would clearly soon be required, both the Defence Secretariat and the Air Staff set out to appraise the F111 project, both financially and operationally. Clearly the cancellation charges involved in a withdrawal from or reduction of the F111 programme could only be assessed at all accurately in conjunction with the American authorities, and it was unclear without such consultation whether the offset arrangement could be continued or would be endangered. The effect on unit equipment cost of a reduced programme was also uncertain.

Four possible programmes were provisionally costed over a ten year period.

a. replacement of the 50 F111s by 200 "undeveloped" Buccaneers, £378m

b. replacement of the 50 F111s by 100 "developed" Buccaneers and extended retention of V bombers, £340m

c. reduction of the F111 order from 50 to 40 (making the unsound assumption of continued benefit of the 1965 Agreement reduced prices), £346m

d. an F111 order reduced to 40, without the benefit of the 1965 special price, £420m.

These options had to be set against the ten-year cost of the then existing F111 programme of £425m. Viewed operationally, of the four options, the first could be dismissed, the second would bring with it severe limitations in ferry range, radius of action, weapon load and aircraft performance, and by making demands on the R and D budget would imperil the prospects of the advanced combat aircraft. The third and fourth options would give a markedly smaller operational force, possibly used solely for recce rather than for strike.[24]

The operational case for the F111 in Europe was restated by CAS at the same time. In response to the annual NATO questionnaire, the planned F111 force had been declared to SACEUR, in accordance with principles determined for the V bombers in 1963. As eight assigned Canberra squadrons phased out, the F111 would be introduced, and would also replace one Victor and one Canberra recce squadron. Britain had traditionally provided SACEUR with a long range strike and recce element, and its quality had to some degree compensated for its limited size; the SACEUR Special Study of 1967 had stressed its value. If this element had now to be provided by the Phantom, there would be critical limitations in navigational accuracy, target acquisition, terrain following capability and ECM.

VCAS added that the F111 had a far greater radius of action, especially important on the flanks of NATO, while over shorter ranges it carried 60% more bombs than the Phantom. The case for the F111 was essentially non-nuclear, although it could cover SACEUR's nuclear target zone. Moreover, the case had been framed as a European one; the aircraft was also required in the setting of a gradual withdrawal from the Gulf and the Far East. The F111 would act as a deterrent by its potential, conventional and nuclear, giving indirect support to the British contribution to Northern Army Group. "Deep penetration, currently the task of the Canberras based in Germany . . . the F111 could undertake from Britain." If Britain were to rely on the United States for this, the shortfall in numbers for both strike and recce tasks, which "was already causing SACEUR misgiving, would be further restricted, to the detriment of the Alliance, and of the British position within it." [25]

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[23] DH/Nitze mtng 12 Dec 67: DH-Nitze 14 Dec 67 MO 12/5 MO 13/3/24.

[24] DUS(E)-SofS 19 Dec 67 MO 26/16/5 Pt 5.

[25] CAS-SofS 15 Dec 67: VCAS-SofS 19 Dec 67: MO 26/16/5 Pt 5.

At this point Treasury strategy towards the defence budget became clearer. In a paper circulated to the Foreign, Commonwealth and Defence Secretaries, Jenkins as Chancellor set out the requirement for identifiable reductions. These included specific reductions in political commitments, an acceleration in the rundown of the forces, limitations on equipment programmes and cutbacks in the supporting infrastructure of the British military base. There should be no specific capability for use in Malaysia and Singapore, or from bases in Australia. There should be withdrawal from the Gulf and from Cyprus, if possible in 1968, and all the forces withdrawn from overseas should be disbanded. All this meant that the reductions considered by allies and by the Cabinet in 1967 and agreed for implementation by the mid 1970s were to be achieved by 1970/71.

In the field of defence equipment, "convincing illustrations" of reduction were required; the Chancellor wished to see a fresh study of the phasing out of carriers and of the FAA by 1970/71, a reduced purchase of RN Phantoms, a fresh look at Polaris, and a search for further economies in the RAF aircraft programme, the Harrier, the British VG aircraft, and the F111. It was accepted that consultation with allied governments was involved.[26]

Departmental reaction stressed that decisions on political commitments were required before defence cuts could be made, and that these economies could not be worked out in the few days before a statement. The stage had been reached "where mishandling would involve the viability and credibility of all-regular forces . . . we have seen too often that the facility of the Department to produce facts and figures puts us at serious risk, not only in relation to political action, but also in relation to cuts on the civil side . . . decisions to reduce commitments and in consequence to make further defence cuts are not going to resolve our economic problems . . . a persistent economic crisis has led to a chronic malaise. There have got to be major cuts in government expenditure as a whole . . . so far as defence is concerned, we must do our utmost to preserve the cutting edge." On the timing of withdrawal, a disengagement from the Far East by March 1972 was seen as just possible, but there would be major questions to resolve, in a very limited timeframe, on defence obligations to Malaysia and Singapore and on the British continued role in SEATO.[27]

At a major meeting of the four Ministers, the Foreign, Commonwealth, Defence Secretaries and the Chancellor of the Exchequer, accompanied by their Permanent Secretaries, the Chancellor stated that he was committed to the announcement of a large package of cuts on 17 January 1968, in which his aim would be to reduce home demand by some £800m a year, in part by taxation, but significantly also by major reductions in public expenditure. In the setting of his planned cuts in the civil field of the order of £300m in 1968/69, it was essential that should also be major reductions in defence expenditure. He therefore wished to announce withdrawal from the Far East by 1970/71 and from the Gulf in 1969 or at the end of 1968.

The Defence Secretary stated that he would need to be satisfied that the reductions in civil expenditure would be real before he could consider further cuts in the defence field. He had reviewed defence expenditure five times during his period of office (January/February 1965, February 1966, June 1966, December 1966 and July 1967) and had already found economies of £100m directly after devaluation. Further reductions in defence expenditure needed to be related to specific cuts in political commitments. He stressed the time element in a major defence review: the work of many months was involved. If matters had to be resolved in a restricted time-scale, figures given would be very approximate.

The Commonwealth Secretary saw the political assumptions behind the defence deployment proposals put forward by the Chancellor as ones that could be studied, but expressed the hope that no immediate decisions could be taken. The Foreign Secretary on the other hand seemed to see the

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[26] CofEx paper nd but probably 19 Dec 67 MO 9/1/10A Pt 1.

[27] AUS(Pol) 8170 nd but probably 19 Dec 67 PUS 20/3/10 Pt 1.

time-table for withdrawal as possible. This meeting set the scene for pressure for a greatly accelerated, indeed almost instantaneous, defence review, in which it was evident that the Treasury was seeking to hold the initiative.[28]

Earlier that day the Foreign Commonwealth and Defence Secretaries had held a short meeting with Wilson, who was about to visit Australia for the funeral of Holt, at which he would meet a range of world leaders. Healey stressed that "no attempt should be made to disguise the fact that if there were to be large defence cuts arising out of the Government's current review, these were bound to affect the speed of our withdrawal from present positions and commitments outside Europe." There would be difficulty most notably with Singapore, if there were to be "a more rapid rundown." In the event, except for a talk with Lee Kuan Yew, these discussions in Canberra were brief and general.[29]

Within the Department, Healey expressed the hope that the package being prepared would be specific on cuts in civil expenditure but generalised on political commitments abroad. He still hoped that "it might be possible to retain such a freedom of manoeuvre," and was even optimistic on the prospects for the F111, although accepting that this was the programme on which there was the greatest political pressure. He asked for a statement from each of the three Services of the implications of a decision to abandon political commitments in the Gulf and the Far East by March 1972, and of the degree to which it would be possible to take credit for enhanced capabilities that could be declared to NATO resulting from these changes in deployment.[30]

In a meeting a few days later of the four Ministers under Wilson's chairmanship, it was agreed that no further economies in defence expenditure were possible without major reductions in political commitments, and that the planned withdrawal from the Far East, and possibly from the Persian Gulf also, should be accelerated. They accepted that prior consultation would be required with the countries of the area and with the American administration even within the accelerated timescale now envisaged. Issues left for further consideration included the timing of the withdrawal from the Far East, whether withdrawal from the Gulf should be in 1968, and the nature of announcement that was to be made when Parliament reassembled. Specific defence equipment cuts were to be sought: "the five" were to meet again, shortly before a Cabinet meeting on 4 January, it having been determined that the review of expenditure over the whole range, civil and military, should be in full Cabinet.

A message was sent to McNamara posing questions on the implications of reduction or cancellation of the F111 and the Phantom, and a team was sent to the Pentagon for discussions on 1 January. The F111, McNamara was told, was being given "symbolic significance as a possible sacred cow for sacrifice," and it was necessary to have authoritative advice on the financial consequences of reduction or cancellation of either the F111 or the Phantom purchases, on the changes to unit cost that would follow from the reduction of the F111 order to 35 or of the total Phantom order by 24 or 48, and on whether the credit arrangements negotiated in early 1965 could be used for cancellation charges.

A draft Cabinet paper was prepared within the Department setting out the operational case for the F111, with special reference to its role in Europe, the issue of offset sales and the financial consequences of cancellation, in both budgetary and foreign exchange terms. In Cabinet the key argument to be used for the F111 in Europe was to centre on the recently agreed changes in NATO strategy. The F111 had "a sufficiently sophisticated capability to permit the conventional phase of any war to be maximised before escalation to the nuclear phase." It would clearly be important in Cabinet discussion to stress the scale of Soviet ground support and strike forces, the strike effort available to SACEUR apart from that provided by the RAF, and the comparative performance of aircraft of types that could be seen as possible replacements.[31]

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[28] For Sec mtng 20 Dec 67 MO 12/5.

[29] Palliser-Broadbent 20 Dec 67 PUS 20/3/10 Pt 1.

[30] SofS-CDS 21 Dec 67 MO 9/1/10A Pt 1.

[31] MISC 184 27 Dec 67; PS/SofS-AUS(AS) 27, 29 Dec 67: DH-McN 28 Dec 67: MO 26/16/5 Pt 5 MO 9/1/10A Pt 1.

Late on 1 January, the team in Washington was able to summarise the probable consequences of partial or total cancellation of the F111. "F111K total cancellation costs would be $130m or £55m of which $50m have already been advanced and are therefore covered by the credit arrangements, that is repayable over the next seven years. The remaining $80m for which it is stated that we could not expect credit cover, would fall for payment in 1968/69." Cancellation of the F111 would not invalidate the offset agreement, although its total would be reduced. Dollar receipts over the next three years would be of the order of $150m. If the size of the F111 order were to be reduced, the unit equipment costs would rise, to $7.55m for an order of 35, or to $7.85m if the final order were for 25. The cancellation of 24 Phantoms would save $30.5m and of 48 would save $80m.[32]

The Ambassador in Washington reinforced this advice with a gloomy assessment of the wider consequences of the postulated cancellation. While the Administration appreciated the dilemma of the British government, and was anxious that retrenchment should be effective, "these defence cuts can only mean a further ebbing of the ability of Britain to share the burden of western defence and international peacekeeping which they have so often appealed to us to maintain." Any surviving optimism that these appeals would be heeded was now "giving way to a sort of gloomy fatalism." It seemed probable that steps would be taken to avert the losses of foreign exchange that would follow if the military aircraft purchases were cancelled by "compensatory changes in the offset Agreement and by a generally more rigorous buy-American policy." The Administration would argue that the measures of economy in government expenditure should be in areas other than defence. Of British exports, orders such as those for the Jetstream would be endangered, as would prospects for the sale by Rolls Royce of engines for incoming civil aircraft. The closer involvement of British firms in advanced technology in the United States would be set back.[33]

In a meeting with CDS (Elworthy) Healey explained that he had concluded that the withdrawal date of March 1972 from both the Middle East and the Far East was practicable, although he realised that the political departments had yet to resolve the way in which they were to handle the future of the British obligations to SEATO, and those that arose under the Anglo-Malaysia Defence Agreement. He also appreciated that it would scarcely be possible to keep secret the intention to leave the Persian Gulf. He realised that he would have to accept identifiable reductions in equipment, while hoping that these could be limited, for the Navy, to the earlier phasing out of the carriers and a cutback in the naval construction programme, for the RAF to a quicker rundown of transport and maritime recce aircraft and for the Army to the achievement by 1972 of the redeployment that had earlier been envisaged for the mid-1970s.

Deployment to the NATO area should be worked through so that the maximum political advantage could be secured from it. The Commander in Chief in the Far East was at this point informed of the intentions of Ministers and instructed to be present at the discussions which the Commonwealth Secretary was to hold in capitals in the area.[34]

In a major initiative, of a type not often made, the Chiefs of Staff now formally recorded to the Secretary of State their views on the course of policy. While they appreciated that defence must come under the same scrutiny as other elements of public expenditure, it was their view that reductions could come only after treaty commitments had been varied, and after consultation with allies. It was clear that serious acceleration of previous plans was now envisaged, and they saw the latest proposals as liable to create difficult conditions both in the Far East and in the Persian Gulf. In the Far East the armed services were critically dependent on the cooperation of the governments of Malaysia and Singapore to achieve a safe and orderly withdrawal; in the worst case, Singapore

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[32] BDS Wash-MOD 1 Jan 68 ID3 942/18 Pt 15.

[33] Dean-FO tels 4 and 5 1 Jan 68 MO 26/16/5 Pt 5.

[34] SofS-CDS 2 Jan 68 MO 9/1/10A Pt 4: COSSEC - CINCFE 2 Jan 68 ID3/11/44 Pt 1.

could fall under the control of a communist government. In NATO, any reduction in the British contribution would cause a disastrous loss of confidence. The changes that were being discussed once taken could not be reversed, while the economic crisis which had led to them might prove to be temporary.[35]

Cabinet discussions followed the form of a paper by the Chancellor, closely related to that which he had prepared in the previous month, and which had been discussed both with the Foreign, Defence and Commonwealth Secretaries and in the meeting of "the five". It started from the requirement to reduce domestic demand by some £1,000m. While taxation could play its part in this, much would have to come from reductions in public expenditure; a specific target was not set out. In order to get resources and commitments in balance, obligations outside Europe should therefore be cut back more rapidly than had been envisaged in July 1967, ie there should be world-wide military disengagement by 1970/71, and there should be an accelerated rundown of the armed forces, both in their equipment programmes and in their "supporting infrastructure." These measures would give evidence of a determination to get to grips with the economic situation. The paper also surveyed a range of proposed civil reductions.[36]

The Foreign and Commonwealth Secretaries set out, in a paper produced by their departments in conjunction with the Ministry of Defence, the political consequences of so drastic a programme. Far more was involved, this indicated, than the continuation of the process of gradual withdrawal that had been in train for so many years: "what is now suggested . . . is a question of breaking our obligations and our pledged word." There was a real danger that among allies and Commonwealth countries it would be concluded "that this time Britain must beyond all question at last be finished." In the previous July a measure of agreement had been secured to the measures then proposed, both by stating that the planned withdrawals from the Far East and the Persian Gulf would be delayed until the mid 1970s and also by promising a continued military capability in both areas. Were there to be a rundown at the speed now being sought there would be a heavy political price. The proposed British actions would destroy the livelihood of 60,000 people in Singapore and nearly 20,000 in Malaysia, and an economic blow of this magnitude could endanger the government of Lee Kuan Yew. In the Gulf, while it would be possible after discussion with the Emir of Kuwait to end the British commitment there, it would be desirable to keep secret the intention to leave, even though a target date for departure might be determined upon. Moreover, the reaction of the American Administration, as was evident from events of the previous year, as well as from the most recent reports from the Ambassador, would be a vigorous one.[37]

Healey contributed two papers to the Cabinet discussion. In the first on the scale of defence economies, he argued that after decisions had been taken in principle on political commitments, it would be appropriate to work out in detail the resulting defence structure. Even in advance of such an analysis he was confident that it would be possible to limit the defence budget to £1750m in 1971/72 and to £1,650m in 1972/73. He accepted the contention that there should be "some specific illustrations" of reductions, namely the earlier phasing-out of carriers, adjustments to the naval construction programme, a decision not to develop a British VG aircraft, and reductions in the air transport force.

Defending the item in the defence programme that most attracted political attack, he set out in his second paper the case for retention of the F111. Since the Cabinet decision a year before to purchase 50 of these aircraft, defence strategy "had undergone a profound shift of emphasis towards NATO" and this would be taken further by the change of political commitments now envisaged. There was

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[35] COS-SofS 3 Jan 68 MO 9/1/10A Pt 1: CDS N87/02A: PUS 20/3/10 Pt 1.

[36] CofEx C(68)5 3 Jan 68 Cab 129.

[37] For and Comm Secs C(68)7 3 Jan 68 Cab 129.

still a clear requirement for the F111 in the European context since SACEUR was now seeking a substantial increase in air forces operating in the conventional mode, both in direct support of armies in the field, and for recce and strike. It would not therefore be possible to cancel the F111 without taking special steps to provide additional capability, specifically a larger purchase of ground attack aircraft. Moreover cancellation would lose for Britain the special ceiling price and credit arrangements secured in the 1965 Agreement, and would bring charges payable in dollars in the next two financial years. Given its vital place in the defence programme, Healey therefore asked his colleagues to agree that the purchase should continue as planned.[38]

Before the Cabinet meeting on 4 January an earlier meeting of the smaller group of Ministers, including Wilson, had considered three main issues, the timing of withdrawal from the two overseas theatres, the inter-relation of the two, and once again the question of the public announcement of the intention to leave. In Cabinet, the Foreign Secretary urged postponement to the later of the two dates being discussed; "we could not afford to flout international opinion in the way that the French did." He also urged that no announcement should be made about the Persian Gulf. The Commonwealth Secretary stressed the difficulty he faced in explaining, in a series of visits to Commonwealth capitals to which he was now committed, "why we had been obliged to change our minds about the rate of withdrawal only a few months after we had assured them that the defence review of July 1967 would be the last in the lifetime of this Parliament."

It was presumably the Chancellor who spoke of the issue as being "more than one of timing; our credibility as a nation was involved. So far our reductions in defence expenditure had always been too little and too late." In discussion, it was pointed out that it was not possible to keep the decision to leave the Persian Gulf confidential, because it was related to the timetable of phasing out the carriers. In summing up, Wilson stated that the sense of the Cabinet was that withdrawal should be at the end of March 1971, and that the decision in relation to both theatres should be announced. The decision was also taken that there should be no retention of military capability solely and specifically for use in the Far East after the date of withdrawal.[39]

The meeting then turned to the F111. Healey said that the issue before the meeting should be whether the capability of the aircraft was one that the nation required. In his view, the recent changes to NATO strategic doctrine rendered it essential. An impressive Warsaw Pact frontline of tactical aircraft faced the West, and this needed to be under the threat of prompt destruction on the ground. Of the alternatives the Phantom was too limited in range, and the developed Buccaneer was seven years from an in-service date and in budgetary terms would cost as much to develop as the F111 would cost to purchase. If the F111 were to be cancelled, British troops would in consequence be dependent on United States and French aircraft for air cover of the most sophisticated type. There was always the risk of partial United States withdrawal from Europe. He contended that if the Cabinet decided that a reduction in defence expenditure of this order was required, it could be found elsewhere within the defence structure. Cancellation of the F111 would endanger the lives of British troops in any future conflict; this was not a risk that should be accepted "to meet public pressure for a symbolic gesture."

Jenkins spoke next, clearly seeing the F111 as the departmental project whose cancellation was most critical for his economic strategy. The ratio of cancellation charges to savings, he contended, was much more favourable in the case of the F111 than for the Phantom or the Concord, and too large a programme of purchase of American military aircraft had been initiated in 1965. Moreover, the F111 had always been seen in terms of a role in the Far East; its purchase was no longer justified in the light of the decisions on the timing of withdrawal from the Far East which the Cabinet had just reached. The Phantom was adequately effective in the role for which it was being stated that the

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[38] SofS C(68) 10, 11 3 Jan 68 Cab 129.

[39] CC(68) 1stM 4 Jan 68 Cab 128.

F111 was essential. In summing up, Wilson spoke of the balance of Cabinet opinion being against continuation of the F111, but he agreed that Healey could press for reconsideration of the matter if he was able to bring forward proposals which would produce equivalent budgetary savings from elsewhere within the defence field.[40]

Healey, having been given this qualified authority to continue to fight for the F111, now set out within the MOD to create a set of alternative proposals for defence economies and to restate the case for the F111. As part of this, he asked for a statement, prepared in conjunction with the Foreign Office, of the consequences of withdrawal of the F111 aircraft from the forces assigned to SACEUR, and of the cost and scale of the British contribution to NATO when set against that of France and the Federal Republic of Germany.

From the Chiefs of Staff Healey sought advice on the military implications of the loss of the F111. He asked whether its loss would make it necessary to retain carriers longer, or to secure maritime recce and strike by other means, or to urge the case for an additional Polaris submarine. He also wished to consider examples of programmes that could be cut back to create equivalent economies, and the effect of reducing the F111 order to 40. He attempted at the same time to reach an alliance with Benn as Minister of Technology on a programme of continuing with the F111, the P1127 Harrier, and the Jaguar, as well as the financing of further study of the British VG aircraft. This attempted alliance was not achieved.[41]

Within the Department, a revised budgetary baseline was calculated. This set out the financial consequences of withdrawal from the two overseas theatres on the alternative dates being considered. It also costed a series of equipment variations including continuation of the F111 programme and the purchase of an additional 48 Phantoms for the RAF. The defence budget would total £1,660m in 1972/73 if withdrawal took place in 1971 and £1,650m if it took place in 1972. Starting from this baseline, there were various possible equipment economies over the ten year period 1968/69 to 1977/78, for example:

a. cancellation of the F111 without replacement, £390m

b. cancellation, and the purchase of 50 Phantoms, £197m

c. cancellation, and the purchase of 100 Phantoms, £24m

There were other options, and a possible listing was prepared, without prior consultation with the Ministry of Technology, and lacking the endorsement of the Chiefs of Staff. There was danger in this approach, since the Chancellor had not given a target figure for his sought reductions in public expenditure, and to propose alternative items was to endanger them as well as the F111. The two major items put forward were the cancellation of MARTEL, which would save £77m and an earlier rundown of the V force, saving some £79m. A further possibility, the alteration of the F111 order from 50 to 40, would save £48.6m over the ten year period.[42]

In conjunction with the Foreign Office, a statement was prepared of the consequences of cancellation for British NATO policy. Within the NATO alliance, force commitments were annually reviewed on a five year rolling programme. The obligations that flowed from the Western European Union Treaties were, so far as the air contribution was concerned, not quantified. Britain had committed itself to provide SACEUR with 197 aircraft, including 64 Vulcans in the strategic

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[40] CC(68)1stM 4 Jan 68 Cab 129. The official record does not make possible the allocation of the personal views expressed during this important discussion, although the Cabinet diarists (Crossman, Castle, Benn) do make some attribution possible. Crossman also says that Healey contended that the F111 order had to be for 50 or would not be worthwhile; this point is not made in the official record of this meeting.

[41] SofS-CDS 5 Jan 68: DH-Benn 5 Jan 68: ID3/942/18 Pt 1: MO 26/16/5 Pt 5.

[42] AUS(PandB)-SofS 8 Jan 68 MO 26/16/5 Pt 5 ID3/942/8 Pt 16.

nuclear role, at the end of 1968; this was slightly less than the force requested. For the end of 1972, the RAF had put forward plans for a contribution of 136 aircraft, and if from this total the F111 were to be withdrawn, there would be a 50% shortfall. Nor would it be possible to contend that high technical quality would offset numerical deficiency. In the context of the recently adopted policy of flexible response, both close battlefield support and deeper interdiction were required, the latter of a type which could only be provided by the F111. Air-delivered tactical nuclear weapons provided a significant stage in the escalation process. NATO allies would see cancellation of the F111 as undermining the implications of the new strategy recently endorsed.[43]

Healey had earlier asked the Chiefs of Staff whether he could contend in Cabinet that cancellation of the F111 would require changes to the defence structure of almost equal cost; he had instanced the retention of the carriers, a compensatory contribution to the strike plans of SACEUR, and even the reinstatement of the fifth Polaris vessel, cancelled in early 1965. The response from the Chiefs of Staff showed however, that this argument could be taken only to a limited extent. They pointed out that the size of the F111 force had been deliberately kept low in the 1966 defence review. It had then been assumed that the AFVG would be introduced in the mid-1970s. Further, a decision to cancel the F111 could not be justification for the retention of the carriers beyond the planned date. On the other hand, SACEUR would certainly seek enhanced conventional strike capability to compensate for the loss of the F111. His force plans for 1972 "included a greater number of F111 both USAF and RAF than were needed to meet his exclusively nuclear strike requirement."[44]

It is clear from the documentary record that the method of approach to further action within Cabinet was the subject of forceful controversy within MOD. Since there were sound military arguments for the retention of the aircraft, and financially the existing offset was of value ("if we withdraw from this offset, it seems unlikely that we shall ever get another") it would be possible to retain the aircraft in reduced numbers and stay within the £1,650m target for 1972/73. Even after a first draft of a proposed paper for Cabinet was available, this approach was again urged: there should be no detailed reference to variations in the aircraft programme, save the reduction in the F111 buy by ten, and an undertaking given to find the further savings being sought by force restructuring. Healey was reminded that the pivotal quality of the F111, its range, had been the reason why the American Administration had refused to make it available to the Federal Republic of Germany.[45]

This latter advice, which may to some degree have been concerted with officials in the Cabinet Office, was not taken. The further Cabinet paper recommended a range of economies in the defence structure and the retention of the F111. It argued that the defence budget could be held to £1,650m in 1972/73 while retaining both the F111 order and the RAF Phantom order of 170. It was evident that this would require quite drastic changes to other parts of the equipment programme, and in manpower terms a reduction of 80,000 in little more than four years. The reductions would have covered cutbacks in the naval construction programme, the army order of battle, transport and maritime aircraft for the RAF, and the R and D programme, in the last case, to an extent which would have required the elimination of the British VG aircraft.

The Cabinet was reminded of the military capability that would be lost if the F111 were cancelled. In a period of political tension, its capacity to "look sideways" into enemy territory was of special value. At subsequent stages of a crisis, the aircraft had the capability to enter enemy air space with limited risk because of its speed and advanced avionics. Cancellation would involve an alternative contribution to NATO, perhaps an additional buy of 75 Phantoms, with a substantial dollar content, and total ten year costs of £275m.

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[43] AUS(Pol)-SofS 8 Jan 68 MO 26/16/5 Pt 5.

[44] COS-SofS 8 Jan 68 CDS A2/9 MO 26/16/5 Pt 5.

[45] AUS(Pol)-PUS 8 Jan 68: AUS(Pol)-SofS 8, 10 Jan 68 MO 26/16/5 Pt 5 Draft headings, unsigned, for a Cabinet paper on these lines 9 Jan 68 MO 9/1/10A Pt 2.

The clearly stated preference of the paper was for a further and deliberate defence review, in which there would be no reduction of the Harrier P1127 order, a more rapid phase-out of the V force and the elimination from the R and D programme of work on the proposed AEW aircraft. Healey stated his confidence that he could find, by force restructuring, a reduction in the defence budget equivalent to that which could be secured by cancellation of the F111.[46]

Meanwhile in the Far East Thomson, the Commonwealth Secretary was carrying through the unenviable task of informing successively the governments of Malaysia, Singapore, Australia and New Zealand of the changed deployment now being considered by the Cabinet. Once he had spoken in Kuala Lumpur, word spread ahead of his message. In Kuala Lumpur on 7 January, Tun Razak emphasised the need to consider whether the Anglo-Malaysia Defence Agreement now had value; Malaysia had hoped to depend for "sophisticated forms of defence" on the continued British presence that had been promised the previous year; it was doubtful whether the Australians and New Zealanders would be prepared to provide equivalent force. He noted that Indonesia was recovering and her intentions were not predictable. Thomson also met the Tunku the following day: He "did not disguise his feelings, and his gentleness of manner made his case all the more impressive."

Two days later in Singapore both Goh and Lee Kuan Yew expressed themselves forcefully, in Lee's case publicly on the BBC. From Canberra, VCDS reported that "in disclosing forthcoming defence cuts, the strongest reaction that we have met everywhere is cynical disbelief in our will or ability after withdrawal to redeploy any element of our general capability in any circumstances. This arises mainly from the fact that we have had to say that we cannot contemplate retaining even a point of entry. If there is any room for manoeuvre at all, a most beneficial effect would be achieved by a concession in this respect. Even a reference to the possibility of five power talks would help." The Commander in Chief Far East reported from Canberra that the Australian Cabinet, "in an impressive display of tough firm and realistic unanimity" had shown dismay at the decisions. They did not see the promise of a general capability in Europe, which could be deployed to the Far East, as credible.[47]

Cabinet discussion in London meantime in a series of almost daily meetings had reviewed a range of economies in the civil sector: there was clear concern on making the package "balanced" even though this meant, as internal briefing within the Department noted, taking a far more severe attitude towards the defence budget than was being taken towards civil expenditure. The Chancellor had stressed in his initial statement to the Cabinet that he did not consider defence as in any way exempted because of the change in the balance of civil and military expenditure that had been achieved in the period 1964 to 1967. He believed that the measures already accepted by his colleagues would neutralise what would otherwise have been adverse reactions from the money markets to the forthcoming publication of the Estimates. Although there was no absolute level of reduction that would certainly restore confidence in sterling, he believed that the set of measures now proposed would demonstrate government resolve.

In Cabinet on 12 January, Brown as Foreign Secretary reported on a meeting with Rusk, who had been "shocked and dismayed." Brown believed that relations with the American authorities could just be preserved if the later of the proposed withdrawal dates were selected, and the F111 retained; he reminded his colleagues that it had always been the American view that British acquisition of the F111 made sense in the context of the British presence in the Far East, and not in that of the British role in NATO. Wilson stated that he was not impressed by the American complaints; the President had just taken financial decisions without consultation that would have an adverse effect of £100m on the British balance of payments. At the same time, Wilson informed his Cabinet colleagues of

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[46] C(68)19 11 Jan 68 Cab 129 MO 26/16/5 Pt 5.

[47] KL-Comm Off tel 21 7 Jan 68: Air Commander FE-CAS 10 Jan 68: VCDS-CDS 12 Jan 68: CINCFE-CDS 12 Jan 68: ID3/11/44 Pt 1.

his own discussions with the Chiefs of Staff, who had asked to see him, and spoken in terms similar to their recent formal collective statement to Healey of 3 January.[48]

At the same meeting, Cabinet then resumed discussion of the F111, Healey arguing that the defence restructuring that he now recommended would preserve the F111 and the Harrier P 1127. He took it that the cancellation "was not being pressed for symbolic or presentational reasons." Jenkins drew attention to the cost growth of the F111, saw no great merit in the offset Arrangement and argued that the F111 had been ordered primarily in the context of the Far East political commitments. "It was essential for both presentational and financial reasons that the cuts in the defence programme should contain a major equipment item and not consist of a series of minor cuts." The Foreign Secretary on the other hand stressed the role of the aircraft in providing a military capability which would enable Britain to play a part in shaping events, especially in Europe.

Three days later, in a Cabinet in which the compromise date of the end of 1971 was selected for final withdrawal from the Far East, perhaps in part as a result of a much publicised hurried visit to London by Lee Kuan Yew, Healey made a final attempt to raise again the issue of the F111, but his colleagues were unwilling to consider the matter further, to do so would endanger the agreed package of economies, on which prolonged Cabinet discussion had already taken place. The F111 must be cancelled.[49]

The decision on the F111 taken, Healey set out to McNamara the terms in which press questioning was to be handled. Cancellation charges would be about $130m and the level of offset purchases would be held at their current level, although excluding the increase which had recently been negotiated. The dollar savings resulting from cancellation would be stated at over $700m. These would arise over a period of years, and those offset purchases for which orders had already been placed would be maintained. Healey added his appreciation of the support he had received on the F111, "the most difficult political issue for me in the last three years." Nitze replied; he undertook that the costs of the cancellation would be kept to the minimum. While regretting "this unhappy action" he appreciated "the extraordinary political pressures" to which Healey had been subjected.[50]

The outcome of the imposed financial exercise was therefore the decision on accelerated withdrawal from both the Far East and the Persian Gulf, and the cancellation of the F111. The RAF had lost, in the phrase of the time, "the steel tip" of its offensive power. The order for 50 F111s confirmed by the DOPC in March 1967, though with some misgiving even then, was in a sense a survival of the first 1964/66 defence review, when it had been inserted in the programme in replacement of the TSR2. At that time, the preservation of a major deterrent to Indonesia had still been seen as of the first importance. Restated in the setting of the NATO adoption of the doctrine of flexible response, the aircraft gave also a continued capability of airborne nuclear strike as a part of the SACEUR strike plan. Its loss flowed from a Treasury conviction that the nation could no longer afford either sophisticated airborne nuclear strike capability or the then existing scale of overseas defence expenditure. The loss of conventional strike power against Warsaw Pact airfields was real, although this could be mitigated to some degree by the use of aircraft of shorter range. But the loss of reconnaissance capability was more critical. The Treasury critique had certainly been consistent, although not backed previously with the same political force.

January 1968 was in a real sense the last defence review of the two Wilson governments of 1964-70. So drastic was the reduction in defence expenditure in the special circumstances of the post-devaluation crisis, that the perennial contest of the Treasury with the Ministry of Defence came to a temporary halt.

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[48] CC(68)6thM 12 Jan 68 Cab 129: PM/Def Sec/COS mtng 12 Jan 68 MO 9/1/10 Pt 3.

[49] CC(68) 6th 7th M 12, 15 Jan 68 Cab 128.

[50] DH-McN 16 Jan 68: Nitze-DH 18 Jan 68: MO 26/16/5 Pt 6.

CHAPTER 13

THE LIMITS OF EUROPEAN DEPLOYMENT (FEBRUARY 1968-DECEMBER 1968)

After the month of the long knives described in the previous chapter, the Ministry of Defence collectively set itself to attempt a full-scale re-appraisal of British defence policy for the 1970s and beyond.

This venture would be Europe-centered in more than one sense. Despite the second rejection of the British attempt to "join Europe" it remained evident that the attempt would one day be renewed. Defence was the area in which Britain could continue to emphasise its place as part of Europe. The continuing dialogue in NATO, stimulated by the SHAPE Special Study, gave every opportunity, and the successive changes of direction of British defence policy of June 1967 and January 1968 required it. It followed that the traditional machinery of the Defence Planning Staff and the Chiefs of Staff had a full agenda.

At the time of the series of Cabinet meetings prior to the January statement, Healey had asked the extent to which the defence resources no longer to be used in the Far East and the Gulf could be offered to NATO. Working on the assumption that all British forces would be concentrated in the NATO area, save for garrisons in Hong Kong, Gibraltar, and the Sovereign Base Areas in Cyprus, and the location of a small force in Libya, the Chiefs of Staff set out a proposed deployment.

Of this deployment the RAF element is here outlined; the scale of deployment detailed in standard NATO reporting procedures in the autumn of 1967 fell short of that specified by SACEUR in the SHAPE Special Study. At that time both the V-force and the then prospective frontline of F111s were assigned to SACEUR. Further, 30 Phantoms of 38 Group were also committed to NATO, although with reservations related to commitments outside the NATO area. The Chiefs of Staff noted that it would be possible to consider committing the Harriers based in Britain more formally to NATO, and that 20 Wessex helicopters, 6 Hercules and 6 Argosies, which were due to be deployed in the Far East could in due course be used to provide additional lift in the Central Region. In addition, two Rapier flights which would have been used to protect the airfields in the Far East could now be added to the resources of 38 Group.[1]

In a more general enquiry slightly later, Healey suggested that, if additional resources could now be made available to NATO, Britain should consider the direction in which she could attempt to move NATO strategy. "Inevitably, so long as the political emphasis and the day-to-day operational elements were focused to varying degrees on our east of Suez requirements, these requirements tended to dictate the nature of our contribution to NATO rather than the demands of NATO strategy . . . for example with the F111 we placed emphasis on a long range strike/recce contribution to NATO because we wanted this capability outside Europe." CAS protested that this had not been the case, and indeed it does seem an example of somewhat selective memory if applied to 1965, although entirely correct as a reminiscence of late 1967. Healey also stressed the need to examine the use of tactical aircraft in the conventional role in central Europe; this related to the issue of the F104/G91 replacement which would arise in the setting of the attempt to secure an agreed joint development and procurement programme for the future combat aircraft.[2]

The underlying reality of resource constraint remained. The defence structure of 1968 in all three services had been built for the global deployment of half a decade earlier. From it a "deployment dividend" had been taken by Ministers but not identified in detail by the Department. As the basis of the enquiry that had now to be set in hand, the Chiefs of Staff reviewed the defence structure that

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[1] COS 5/68 9 Jan 68.

[2] SofS-CDS 6 Feb 68: CAS-SofS CAS 7234 7 Feb 68: MO 13/1/16/1. The study of the requirements for future combat aircraft is considered in the next chapter.

would be required in the mid 1970s. A detailed review, linked to the study supervised by the Chiefs of Staff, was designed to lead to the publication of a Defence White Paper in July 1968. Internal briefing in the Department recommended that the objective should be "to carry out our force structure review over the next few months with the minimum of external direction and the maximum amount of manoeuvre . . . We have to steer a path between the over-optimism of the political departments, and a Treasury which has a good head of steam against the background of the recent economic decisions." It was clear that there was Treasury concern that the political departments were seeking to rebuild the position east of Suez. They were also "slightly sensitive that during the post-devaluation economies the Department had kept its [deployment] assumptions to itself," as the Ministry of Defence realised.[3]

The Treasury reservation was an important one. Although there would remain a "general capability" outside Europe, provision was not to be made expressly for it, and it was not to be designed to take account of tasks outside Europe. When the scheme of studies was remitted to the DOPC, it was contended that to determine a scheme of rundown was to eliminate the possibility of more rapid withdrawal and disbandment. Against this, it would be necessary to agree that there was a limit to the degree to which flexibility could be maintained; firm planning dates were required, not only for incoming equipment but for manpower planning also. In terms of timed withdrawals, it was possible to preserve greater freedom of action in the Gulf than in the Far East, where for reasons which had been fully rehearsed the previous year, consultation was necessary with four Commonwealth Governments. In the DOPC, the internal Cabinet pressures were as predicted, with the Commonwealth Secretary hoping to retain a general military capability related to needs outside Europe, and Crossman as Lord President, perhaps allying with the Chancellor of the Exchequer, seeking to hasten the process of withdrawal from named political commitments. Ministers finally accepted that plans for the rundown of forces that flowed from the decisions already prepared and announced, would have to be made public in the July 1968 Defence White Paper.[4]

As had been foreseen, SACEUR promptly looked to an enhanced British contribution to NATO, seeking the "deployment dividend" that could be presumed later to flow from the January 1968 decisions. Following from the acceptance of the recommendation of the Special Study, he stressed the greater emphasis now being placed on conventional operations, together with a hope of delayed use of TNW. He looked to see an enlarged British ground force commitment, an increased naval presence in the Mediterranean, and greater provision of close ground air support. Talking to Enthoven, Assistant Secretary for Systems Analysis in the Pentagon, Healey noted that the risk of further run-down of British forces had not ended, and that he would need allies in the British Cabinet to avert a reduction of the British commitment.[5]

The Chiefs of Staff also reviewed the guidelines for defence policy after 1971. Financial limits had been quoted in the statement made by the Prime Minister which announced the outcome of the January review, namely that defence expenditure was to be contained within a limit of £1,990/2,040m at December 1967 prices. It was further to be assumed, although this might later be contested, that a constant proportion of the GNP would be available for defence expenditure. A range of reductions in military and associated civilian manpower followed from these premises, although the basic priorities of British defence policy were confirmed, that is the provision of a strategic deterrent and a contribution of land forces on the continent of Europe on the present scale.[6]

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[3] OPDO(68)3 26 Jan 68: bf 29 Jan 68 DS22/1/3/14/1 Pt3.

[4] OPD(68)10 13 Feb 68: AUS(Pol) bf 13 Feb 68; OPD(68) 3rdM 14 Feb 68: Cab DS22/1/3/10/1 Pt 3.

[5] SACUER-CDS 16 Feb 68: DH/Enthoven disc 16 Feb 68 [US record]: MO 9/1/16/1: MO 9/1/10A Pt 4.

[6] COS 1/68 15 Feb 68.

Within the NATO Alliance, the adjustments that followed from the adoption of flexible response continued to influence policy. At the time of the December 1967 NATO Ministerial meeting, Nitze as Deputy Secretary of Defense, using a presentation prepared for McNamara, had suggested that conventional parity in the Central Region was within the grasp of the Alliance. This accorded with the concern of the American Administration to place less stress on the potential use of TNW, despite the work attempted in the Nuclear Planning Group. This argument was presented again in the final McNamara appearance before the Senate Armed Forces Committee. As a result, Healey asked for an analysis of the relative capabilities of the two alliances, undertaken if possible independently of the intelligence data provided by the United States. Undertaken in a NATO European forum, such a study could help to bring NATO thinking in line with reality, and be very relevant to issues of future force structure and defence equipment.

Such an initiative could free NATO Europe from its reliance on American intelligence data, which "must contain subjective elements and be influenced by American political and strategic thinking." But this approach, Healey was advised, presented real difficulties; the source of much of the intelligence used by the Alliance was American, and to undertake detailed work in an exclusive grouping would be resented and could endanger the flow of intelligence. It was therefore better for the Alliance to continue to analyse the intelligence indicators jointly, work in any event related to that being attempted in the setting of the planned Alliance offer of Balanced Force Reductions (BFR).[7]

The Department was critical of a projection of the comparative capability of the two alliances, sent to Healey by Enthoven. Its most striking feature was the limited difference from the calculations which had already been made in the normal exchange of intelligence assessments. Much turned on the attempt to use crude manpower totals rather than divisions as the numerator of ground strength. Warsaw Pact divisions had markedly smaller manpower totals than their NATO equivalents, but frequently contained almost comparable tank and artillery components. It was therefore argued within the Department that to use manpower totals could be a backward step. Indices of performance were also difficult to handle. "If the Warsaw Pact can concentrate at a point of their choice a five to one preponderance in tanks, does it matter much that their tanks are not quite so good as those of NATO?"

On balance it seemed to research staff within the Ministry that Enthoven was making excessive claims for a very elementary approach. At the same time, within the NATO Military Committee there were indications of an American attempt to revise the threat assessment, possibly designed to encourage the NATO European members to enhance their force contributions, as part of an attempt to create a climate in which substantial reductions in American forces in Europe could be defended. A fresh view of the balance of capability would have an effect on NATO strategy, so recently revised, and the Alliance would be endangered if the American authorities and NATO European member placed different values on the threat.[8]

More directly on air power, research briefing for Healey compared the SHAPE force proposals for 1968, where 3538 aircraft were stated to be available to SACEUR, with the Enthoven analysis, which gave an aircraft total "in place in Europe" of 4058 aircraft. The discrepancy was probably explained by the inclusion or exclusion of aircraft operating with the Sixth Fleet. A near-meaningless "world wide NATO figure" of 10,359 aircraft could only be explained by the inclusion in a listing of NATO availability of aircraft on North American bases. At a meeting called to discuss these issues Healey noted that differences on numbers were not fundamental; the question was rather whether intelligence assessment should address "tactics and alternative forms of aggression."[9]

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[7] SofS-CDS 28 Feb 68: CDS-SofS 4 Mar 68: MO 13/1/16/1: CDS L 101/01.

[8] DCSO(R)-DCA(RS) 20 Mar 68: DS12-SofS 26 Mar 68 MO 13/1/16/1.

[9] DCSO(R)-DCA(RS) 27 Mar 68: MO 13/1/16/1.

The Chiefs of Staff now confirmed the extent to which enhanced contributions to NATO force levels could be made, following the planned withdrawals from the Far East and the Gulf. For the RAF

a. 20 Phantom aircraft would be available for deployment to RAF Germany

b. 30 Phantoms, 12 Harriers and 2 Hunter squadrons based in Britain could be assigned to SACEUR.

Additional Buccaneer aircraft would later be available, following the de-activation of the carriers or as the result of an additional purchase currently being considered. Further, as a partial offset of the loss of the recce capacity that would have been provided by the F111, Victor aircraft in the strategic recce role would be retained for two years longer than had previously been planned.[10]

At the third meeting of the Nuclear Planning Group in late April 1968, Healey significantly took the lead in pressing for a continuation of the studies that the Group had initiated, at a point at which under Clifford, newly appointed as Secretary of Defense, the American Administration was showing clear signs of loss of interest. After a presentation given on behalf of the Chairman of the American Joint Chiefs of Staff, which seemed to survey the issues of contingency planning rather than take them forward, Healey noted that some forms of Soviet attack would require more than the use of conventional force. The disastrous consequences of widespread use of TNW had been fully documented in the NWPG meetings two years before. The Alliance needed to present a threat to escalate that was credible, but without being automatic. It had been widely known that McNamara had seen the SACEUR Nuclear Strike Plan as unlikely to be acceptable to the American President. There was therefore a need for new plans, and for progress in this field to be visible to the NATO public. A new corpus of doctrine was required. The Group initiated a series of studies on demonstration use, maritime use, defensive use, and selective use on the battlefield.[11]

The increased British contributions to NATO deployment were announced at a NATO Ministerial meeting in May, Healey pointing out to Clifford that the additions were conditional, in the sense that they would be reviewed if other NATO members reduced their forces. He explained his reservations on the American assessment of the relative force capabilities of the two alliances.

Clifford warned of impending difficulties over the retention of American forces in Europe at their current levels. As part of a prospective deal to avert a tax increase, he explained that Congress was seeking a cut of $6 billion in Federal expenditure, and the President was insisting that half of this should come from the defence budget. Healey commented that he did not see how a reduction on the scale now being sought could be achieved without affecting the level of American forces in Europe. Clifford reported that he understood that Senator Symington was confident he could ensure passage in the Senate of a resolution recommending that the level of American forces in Europe should be reduced from 250,000 to 50,000. Clifford added that the Administration was resisting these Congressional pressures. Healey commented that while in the longer term some reduction was probably inevitable, major reductions at that time would have a most serious impact. To the British Embassy in Washington, Symington defended his proposed resolution on financial as well as military grounds. The Embassy believed that it was perhaps possible that the Administration might not be averse to seeing the European members of NATO alarmed in this way, but it was unlikely that the President would be "willing to leave office with NATO in disarray." The position of the Senate in this was important, although a "sense of the Senate" resolution was not binding on the Administration, and detailed review of expenditure was the prerogative of the House of Representatives.

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[10] COS 27/68 10 Apr 68.

[11] NPG 18/19 Apr 68 British Record: FCO-Wash 1391 29 Apr 68 ID3/301/11.

There was an evident inter-relation here with the preparation of what became the NATO Reykjavik offer to the Warsaw Pact of discussion on Balanced Force Reductions (BFR). NATO Defence Ministers had not, as the British had hoped, endorsed the principle that unilateral cuts in NATO force contributions should be avoided in the interests of a firm negotiating stance. They had confined themselves to the weaker formula that there should, in the context of possible negotiation, be no reduction in the overall military capability of the Alliance. This formulation had the disadvantage that it left the way open to a series of possible reduced contributions to NATO Europe, Canadian, Belgian and American.

In appearing before the Senate Foreign Relations Committee a few days later, Clifford confirmed that NATO Ministers had been reminded that the present level of American forces in Europe could not be expected to continue, but that "it would be wrong to think in terms of sudden reductions that would damage the Alliance." The British Embassy in Washington considered that the Pentagon was pre-occupied with the redeployment of some 30,000 servicemen and dependants that flowed from the agreement of May 1967 and was unlikely quickly to increase the scale of withdrawal, but it was still probable that the Administration would be unable to avoid some move towards reduction of United States forces in Europe.[12]

Meanwhile in Whitehall the study of future defence deployment had been prepared. This set out the political assumptions and a resulting force structure, and stated the cost. The political element flowed from the January 1968 decisions. A detailed plan for withdrawal from the Far East, which had been prepared by CINCFE and considered by the Chiefs of Staff, formed the background of a five-power meeting held in Kuala Lumpur in the early part of June 1968; the other members of SEATO had been informed of the consequential changes to force declarations. Negotiations had also been opened with Kuwait, and it had been agreed that the defence obligation would end in mid-1971. A withdrawal from the remaining defence obligations in the Gulf would probably follow from current discussions that were likely to lead to a confederation of the Gulf Emirates.

The resulting force levels for 1972/73 showed a reduction of between a quarter and a third since the start of the defence review process in 1964. Requirements for the longer term would become clearer as the consequences of the newly approved NATO strategy were worked out. There was no specific provision for capability outside Europe; such forces if required would have to be drawn from the British base, or from Germany. Ministers had already approved, and announced, a range of improvements in the British contribution to NATO force levels. There would be a reduced contribution to CENTO, and commitments to Libya until 1973 and Brunei until 1970. There were no major decisions yet required on defence equipment; proposals for a future purchase of Buccaneers would be made shortly and there was provision within the forward costing for a small additional purchase of Harriers. Ministers were now recommended to terminate earlier contingency planning that would make possible deployment of the Polaris force east of Suez.

The required defence budgets totals for 1969/70 and 1972/73 could be met by these structural changes. In addition, a range of additional savings had been prepared which could be achieved if necessary in 1969/70. Ministers were not to be given a projection of the defence budget beyond 1972/73 since this would require alternative assumptions, for instance on the level of American forces in Europe. Ministers also had before them a statement of the risks involved in the possible reduction of American forces in Europe; if the Americans made substantial withdrawals, "a rescue operation similar to the effort of the British government in 1954" would be needed "to preserve NATO and to strengthen Europe."[13]

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[12] DH/Clifford mtng 10 May 68: Tomkins-Hood 15 May 68: Barnes-Tomkins 17 May 68: DUS(P)-SofS 17 May 68: Wash 1610-FO 18 May 68: MO 16/1/16/1.

[13] OPDP(DR)(68)11 30 May 68: bf on OPDO(68)4 10 Jun 68: OPDO(68)4thM 10 Jun 68: OPD(68)42 19 Jun 68: OPD(68)43 19 Jun 68: Cab 148/109: MO 13/1/16/1: DS 22/1/3/10/1 Pt 3.

In early July the Chiefs of Staff put to Healey their study of the required British contribution to NATO in the longer term. They proposed to study separately reinforcement capability, higher level maritime operations, the prospective form of conflict in the Central Region, and the appropriate form of deployment in the Mediterranean. They noted the continuing requirement for the strategic deterrent, with a credible second-strike capability, to be provided from mid 1969 by Polaris, and the need to update its penetrative power. They noted that it would be possible shortly to introduce into the Central Region of NATO TNW of British manufacture.[14]

In Czechoslovakia, following the events of the "Prague Spring" repressive action by the Soviet army developed in the early hours of 26 August. The North Atlantic Council met that day and considered a statement by the Chairman of the NATO Military Committee. This held that interpretation of the probable intentions of the Warsaw Pact was rendered more difficult as a result of the intervention, and that the period of warning, an essential NATO assumption, must be presumed to have been shortened. "Some 28 Warsaw Pact divisions and associated air forces have been moved into the Czechoslovak Republic," it was observed. Although these developments would for a time reduce the capability of the Warsaw Pact to undertake offensive operations against NATO, the appreciation continued, replacement forces of some ten Soviet divisions and associated air forces had been moved forward from the Soviet Union into the German Democratic Republic and Poland. The exercises and manoeuvres of the past few months had placed the forces of the Warsaw Pact in a high state of of readiness, and had strengthened the forward capability of the Pact.[15]

British Ministers needed to determine the degree to which these events required modification of British defence deployment in support of NATO, and also to handle American pressure for vigorous NATO action. An analysis, placed before the DOPC by the Defence and Foreign Secretaries a month later, noted first that the British contribution to NATO must continue to be found from within the financial ceilings endorsed in June. The intelligence advice was that there was no increased likelihood of military action by the Soviet Union against either the Federal Republic of Germany or against Berlin. There had been several weeks of military warning of what might happen, given by increasing and abnormal deployments, but there had been no specific warning of the Soviet intention to intervene. None of this, however, affected the working assumption that there would be substantial political warning of a major Soviet attack on western Europe. The Soviet action had been "essentially one within the Warsaw Pact," and nothing that had happened made it appropriate to consider further acceleration of withdrawal from the Far East or the Persian Gulf.[16]

In the Ministerial meeting that followed, the Foreign Secretary stated that he considered that it was not necessary for NATO to take dramatic action, but it was important that the Alliance should reaffirm its purposes. He reminded his colleagues of their anxiety earlier in the year about the probable level of American forces in Europe; these doubts could surface again. Certainly in the immediate future, the prospects looked bleak both for Strategic Arms Limitation (SAL) and for a response to the Reykjavik initiative for Balanced Force Reductions (BFR).

Healey noted that Soviet forces had been used to confirm the status quo and not to change it, observing that the Soviet Union had acted in this way at a time when the influence of the United States in Europe was declining, and when "French policies had been proved wrong." He reported various steps being taken to improve the British stance in NATO, including measures to strengthen the naval presence in the Mediterranean and the allocation of an extra British battalion to the Allied Command Europe Mobile Force. For foreign exchange reasons, however, it was not possible to take the step that would be seen as having most effect, the return to Germany of 6 Brigade and its associated Wessex helicopters.

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[14] COS 43/68 4 Jul 68: CDS-SofS 5 Jul 68 MO 13/1/16/1.

[15] UKDEL-FO 515 516 26 Aug 68 CDS W9/04.

[16] OPDO(68)9 23 Sep 68 Cab 148/109.

Discussion focused on the dangers in the areas controlled by neither of the two alliances; in particular it was believed that the Soviet Union could deploy forces capable of an invasion of Yugoslavia in two or three days. There was an evident need to take steps which would strengthen British defence links in Europe without stimulating anti-American feeling. Wilson in conclusion noted that the objective should be political advance of the British cause in Europe, and not any new defence organisation. A start could perhaps be made when Healey met Schroeder, Federal German Minister of Defence in a few days time.[17]

Thus was initiated a major British initiative, to which a great deal of attention was to be devoted in the coming months. It started from the premise that NATO Europe must enter into an effective relationship with a new American Administration, possibly holding radical views on the nature and level of defence in Europe. Without creating further institutions, a setting for European discussion of defence matters could be devised: the venture might well have American support. At the same time, it was necessary to plot with care the British response to a proposition that had earlier in the year been placed on the international agenda by Harmel, the Belgian Foreign Minister, that because French intransigence was making it impossible to develop the institutions of the European Community, attention should be given to those of the Western European Union (WEU). The Italian authorities had suggested that defence should be one of the topics handled.

With a few days Healey was able to discuss this initiative with Schroeder, at the time of the fourth meeting of the Nuclear Planning Group. This meeting determined that Britain and Germany should prepare draft political guidelines on the use of nuclear weapons in the Central Region of the Alliance. But transfer of this measure of cooperation to other Alliance fields did not prove easy.

Speaking first in the context of the NPG, Healey argued that he saw signs of American pulling back from its work. Yet the studies that had been called for were required "to give direction to the military staffs and to clarify strategy for the next decade." As he saw it, the American approach to European defence was in disarray and this was not a condition that would be quickly put right. Although weakened for the time being as a result of the Czech crisis, the pressure within Congress for a reduction of the American commitment in Europe would return. Healey therefore contended that there was a need for a clear European view of the direction in which it was desirable to influence American policy, and to "limit and shape possible United States withdrawals."

To all this Schroeder reacted with marked caution. Studies were better and more rapidly undertaken bilaterally; wider discussions should be in a NATO forum. Any attempt to hold them outside NATO would bring with it difficulties in relation to the French and it was necessary to avoid "any form of ersatz institution." This was, Schroeder pointed out, a different type of problem from that being handled by the NPG, which had been an American initiative. The presence of the United States was in his view the only factor which counter-balanced the current French attitude. "Without their presence the French position would be likely to have a disturbing effect on Europe. For that reason he felt it very difficult to have a European identity outside NATO." Healey expressed disappointment.[18]

Healey and Stewart (Foreign Secretary) now considered the venture afresh, Healey hoping that he had made some impression on Kiesinger, the German Chancellor, after his talks with Schroeder. He decided to invite European Defence Ministers to an informal meeting after dinner at the time of a Ministerial level Defence Planning Committee meeting of the North Atlantic Council on 14/16 November. The two Secretaries of State agreed that one way of handling the issue of the French presence might be to send the invitations making it clear that the intention was to hold the discussions as members of NATO and as participants in the integrated defence structure. This would "set some condition" to the presence of Messmer.[19]

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[17] OPD(68)17thM 25 Sep 68: Cab 148/104.

[18] DH/Schroeder mtng 9/10 Oct 68 MO 26/11/13.

[19] DS22 bf 15 Oct 68 DS 22/2B: PS/SofS-DUS(P) 18 Oct 68: MO 25/3/6.

At a WEU meeting attended by the Foreign Secretary, the French placed difficulties in the path of the Harmel initiative. Healey was still anxious to secure a meeting of Defence Ministers to generate a statement of European views on defence issues in relation to the new American Administration. For the necessary summary statement of the threat, it would be possible to draw on NATO documentation. It had to be accepted that such a statement, once created, might be used by the United States Administration against the European members of NATO in discussion of questions of balance of payments and force levels. He considered that the French should be invited, although he felt it unlikely that they would attend. There was also a risk that Schroeder might refuse to be present, although it be important to proceed if that happened.[20]

Healey set out, in an invitation to the Defence Ministers, the concept of a meeting for informal discussion. The invitation to Messmer indicated that the discussion would centre on "action within the framework of the treaty organisation of NATO" and expressed the hope that it would be possible for him to be present despite possible difficulties. The invitation to the other Ministers spoke of the value of "discussion with our American allies of a jointly agreed position on NATO needs over the next few years as we see them as European powers."[21]

Briefing stressed that the meeting was not intended to be devisive, or designed to create an additional institution or organisation. The meeting was relevant not only in the setting of the Soviet intervention in Czechoslovakia but also of the "authoritative doubts cast in the United States about their continued presence in Europe at the present force level." The objective should therefore be to secure agreement in principle to the preparation of a statement to be presented to the incoming American Administration of the force balance in Europe, the importance of its retention, and the need for confirmation of the nuclear guarantee.[22]

Healey opened the discussion on 13 November. As half expected, Messmer had pleaded a prior engagement. Healey explained that he did not envisage an institutional innovation, or any weakening of the critical link between America and Europe. The grouping was of those concerned with the central and northern fronts of the Alliance; on the following day a meeting was to be held of the British, Italians, Greeks and Turks. Gui (Italy) welcomed the initiative. Schroeder argued that matters intended for discussion would be better handled by "cumulative bilateralism," and Segers (Belgium) emphasised the pressures on all defence budgets.

Healey then reminded the meeting of the importance of the work proceeding in the Nuclear Planning Group; the Europeans had an obligation to stress to the incoming American Administration the significance of their nuclear guarantee. There had, in the earlier part of 1968, been a grave risk of a reduction of the American ground force presence in Europe from 250,000 to 50,000; "only the imminence of the election and the Czech crisis had deflected this." The hand of the next American President could therefore be strengthened, in his relation with Congress, by a clear statement from NATO Europe. He hoped that at a further meeting in January 1969 a publicly agreed statement could be issued. This approach was acceptable to Gui, though less so to Schroeder, and the meeting set the Permanent Representatives to consider the areas in which common purposes could be achieved, even if a public statement was not possible.[23]

Healey discussed the meeting of European Defence Ministers with Clifford, the American Secretary of Defense. Clifford said that he would be able to support the initiative and had already attempted to reassure Schroeder, and accepted that a declaration by European Ministers in January 1969 would be

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[20] DUS(P)-Burrows 24 Oct 68 MO 13/5/26.

[21] DH-Ministers 28 Oct 68: MO 13/5/26.

[22] DUS(P)-SofS 12 Nov 68: PS/SofS 13 Nov 68: DUS(P) 13 Pt 4.

[23] DH mtng 13 Nov 68 MO 13/5/26.

an aptly timed message to the incoming Administration. Healey commented that there was a dangerous degree of optimism in some European countries about the risk of reduction of the American military presence. There was a "failure to distinguish between the resolute position of the Administration and the pressures which will be brought to bear upon it." With this Clifford agreed, and confirmed that he appreciated the need for NATO consultation on the prospective talks on strategic arms limitation, which it seemed likely would be set up again following a current visit of McNamara to Moscow.[24]

At the NATO Defence Planning Committee the following day both Schroeder and Healey were able to report on recent improvements in contributions to NATO forces in the Central Region, Healey was able to mention for the first time an enlargement of the Harrier force which would make it possible to station a Harrier squadron in Germany. The completion of the future aircraft studies, to be surveyed in a later section of this narrative, had made it possible to state more precisely the requirement for close air support, interdiction and recce, which the Harrier could provide; the purchase could be contained within the projected defence budget approved by Ministers. In the adverse economic climate of late 1968, this proposal did not have an easy passage in the DOPC, where the cost was seen as potentially in conflict with further economy in government expenditure in 1971/72. It was also argued that the gain to NATO effectiveness was limited, and that the gesture should be delayed until after the start of the new American Administration. In the outcome, the DOPC agreed to an additional purchase of 20 Harriers, which would make possible an additional 12 UE. Ministers evidently hoped that it would be possible, because of this action, to persuade other NATO European members to increase their force contribution.[25]

Following both the first European meeting, and that of NATO Ministers, Healey reported to London

> "as much progress as we could have hoped for in the last two days . . .The next DPC has been conveniently postponed to 15 January and the various Defence Ministers have agreed that we should meet informally again then, and that meanwhile the Permanent Representatives should identify areas and prepare for our resumed discussions. But there is great sensitivity about any divisiveness in NATO and we must take great pains presentationally to get away from any talk about a European caucus, and from any impression that this defence initiative is motivated solely or even primarily by the Harmel plan or our EEC endeavours. There are sound reasons for it in its own right, although obviously if it succeeds, it may make a useful contribution to creating a favourable atmosphere in the context of our European objectives."[26]

It did not prove easy to take the British initiative further. Groups to consider the issues were created from the staffs of the Permanent Representatives, but progress was slow. The intention had been to prepare a statement which would confirm the need for a United States presence in Europe and the indispensable requirement for a nuclear guarantee. It was suggested that it would be valuable to know the areas in which individual NATO European members found themselves inhibited in discussions with the United States. Some topics, however, were best excluded; these included nuclear issues, which were being handled in the NPG, and balance of payments matters.[27]

As British defence policy became more re-aligned towards Europe, the matter of the "empty chair", that is the absence of France from the various elements of NATO organisation, had become of enhanced importance. 1968 had been the year in which the French nuclear test programme had made significant strides, these were known publicly, and this gave further emphasis to the requirement to review information and conclusions about French defence policy.

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[24] DH/Clifford mtng 14 Nov 68: DUS(P) 31 Pt 4.

[25] COS(81)68 5 Nov 68: OPD(68)20thM 7 Nov 68: OPD(68)70 11 Nov 68: OPD(68) 21stM 13 Nov 68: Cab 148/104: Cab 148/108.

[26] UKDEL 756-FCO 15 Nov 68 DUS(P) 31 Pt 4.

[27] DUS(P)-Burrows 22 Nov 68: DUS(P) 31 Pt 4: FCO-UKDEL 1430, 1431 5 Dec 68 ID9/301/1.

Given the strange working of French policy under de Gaulle, it was not surprising that the analysis relied significantly on published authoritative articles, thus placing the Department in a position equivalent to that of outside observers. In March 1968, Messmer had published a major article in the Revue de Defense Nationale. In it he had restated the contention that the possession by France of a strategic deterrent, that still being developed, was essential, because both the super-powers saw Europe as marginal terrain, over which they might escalate nuclear conflict while preserving their own territories as sanctuaries. For the interim, a scheme of use of conventional force was set out, leaving French defence dependent on the threat of strategic deterrence under its own control.

It was evident that the French continued to view the strategy of the NATO alliance as dominated by the United States, and American national interests as the driving force. The British Ministry of Defence noted further the central illogicality, namely that there was "no rational explanation for their defence policy, given that aggression is most likely to affect some other European country directly before it could impinge on French territory". The key questions remained the way in which the French saw their defence policy eventually within some international framework and whether there appeared to be any evolution in their thinking on the issues of command, control and decision taking in the nuclear field.[28]

During a series of meetings the outgoing Ambassador in Paris in August 1968 learned that the test of a French thermo-nuclear device had been successful, although whether the weapon was being developed for the strategic nuclear submarines or the IRBM sites being built in the Vaucluse was not clear. At the same time, when questioned, the French continued to maintain that the Mirage IIIG aircraft, which had flown for the first time in September 1967, was a pure research aircraft, and that no decisions had been taken about a possible production programme. The French CAS informed his British opposite number that he had secured funds for the building of two twin-engined research aircraft, although he too agreed that there would be no money for production until the mid 1970s. The British CAS expressed scepticism of the French need for the aircraft, given that the French would by then be operating both IRBMs and ballistic missile carrying submarines.[29]

The initial information elicited from the British Embassy in Paris by the Ministry of Defence enquiry was seen as disappointing in content. It led to differences of view within the Department. On the one hand the French were seen as having both "a defence policy which befits the grandeur of the General . . . and a policy which is looking more to realities and the post de Gaulle period". The opposite contention was that "the consistency of French policy over the last seven years will be maintained, and we shall have to show ourselves in defence as well as in politico-economic terms to the rest of western Europe as a preferable alternative to France".[30]

After the first Eurogroup meeting, at which Messmer had declined to be present, Healey determined to arrange a personal visit, nominally to review interdependence projects, but in reality to probe French defence policy, partly in the context of the arrival of a new American Administration. He discussed the proposal with Soames, the new Ambassador to France, on 19 November. In commenting on the proposed visit, Stewart as Foreign Secretary noted that "there is always a danger that any bilateral discussions we may have with the French could arouse suspicions in the minds of some of our NATO partners". He added that "we should not put ourselves in the position of demandeurs towards the French, or seem to be running after them to beg them to come back into NATO . . . They should not be given to think that they could find a bilateral door back into NATO on their own terms". Healey evidently saw these dangers as over-stated, and reminded Stewart that the Euro-group themselves had welcomed the suggestion of informal contacts.[31]

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[28] DUS(P) 2502 31 Jul 68: DUS(P) 2575-FCO 2 Aug 68: DUS(P) 93 Pt 1.

[29] Reilly/Fourquet, Messmer mtngs 28, 29 Aug 68: CAS 8299-SofS 16 Sep 68: DUS(P) 93 Pt 1.

[30] ACDS(P)-DUS(P) 10 Oct 68: DS 22-DUS(P) 16 Oct 68: DUS(P) 93 Pt 1.

[31] Broadbent-Day (FCO) 20 Nov 68: Day-Broadbent 25 Nov 68: Broadbent-Day 26 Nov 68: FCO 2365-Bonn 25 Nov 68: MO 13/5/26/1: DUS(P) 93 Pt 1.

When Healey was able to discuss with Messmer the suggestion that France should participate in the meetings of Defence Ministers, Messmer doubted the value of the enterprise, and indicated that he did not feel free to take part. Nor could he provide in a European forum any information available to the French on the new American Administration and its approach to force levels in Europe. He noted that the efficiency of the American deterrent was related to the presence of American troops in Europe, although not necessarily in their present numbers. Messmer gave a general indication of French nuclear strategy, which would include the use of Pluton, when deployed, against targets in the Federal Republic of Germany, and strategic use of French nuclear weapons "if the Russians were to reach Strasbourg." He indicated an interest in bilateral discussion on strategic issues, widely defined: this Healey did not take further. Specifically on the Eurogroup, Healey undertook to keep Messmer generally informed of progress.[32]

During the transition period between the Johnson and Nixon Administrations, Palliser visiting Kissinger received a clear warning against the expectation of spectacular initiatives. Kissinger doubted whether Nixon would be in any haste to initiate discussion on strategic arms limitation, but did see some prospect of speeding discussion on Anti-Ballistic Missile (ABM) defence, where evidence suggested that the Soviet Union wished to see progress. The incoming Administration was not adverse to linkage, that is the concept that progress in one area of United States/Soviet relations would help in others. He added that Nixon was not temperamentally inclined to rush initiatives.[33]

So the Alliance moved towards the opening of the Nixon Administration, uncertain of the consequences of what was bound to be a fresh look at the defence priorities of the United States after eight years of rule by the Democratic Party. But a new forum for consultation among the European members of the Alliance had been created. It remained to attempt to exploit this, despite Soviet intervention in Czechoslavakia.

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[32] Paris 1240-FCO 7 Dec 68 ID3/301/1: DH/Messmer mtng 6 Dec 68 MO 25/2/84 Pt 1.

[33] HK/Palliser disc 20 Dec 68 MO 14/2 Pt 8.

CHAPTER 14

THE PATH TO COLLABORATION; THE MRCA JANUARY 1968-MAY 1970

In the immediate aftermath of the cancellation of the F111, CAS (Grandy) reviewed the gap left in air procurement, noting that the current studies of the future combat aircraft had now assumed even greater significance. He urged that if collaboration was to be seen as an over-riding objective, it should not be assumed that it must necessarily be with the Federal Republic; a derivative of the Mirage IIIG might meet the operational requirement. Nor should the development and production of a purely British aircraft be ruled out; the extra cost might be a premium which it was appropriate to pay.

At about the same time, a scheme was set out covering the direction of future work of the BAC design team at Warton. BAC saw good prospects of overseas sales for an aircraft that would combined strike, recce and fighter characteristics, provided that it could be available by 1975/76. The first objective should be to produce an aircraft specification by June 1968. The combat aircraft studies would then be nearing completion, substantive discussion could have been held with the Federal German authorities on the proposed operational use of aircraft, and more would be known of the intentions of the group of nations in the F104 replacement group. The proposal was that a BAC study project, costing in all about £5m, would run until about June 1969. At that point, a decision would be between

a. full development of an aircraft to a specification agreed between collaborative partners.

b. the building of two alternative prototypes to different specifications, reflecting the views of possible collaborative partners and

c. a decision that Britain abandon its combat aircraft design capability.

These options were reviewed in a major meeting, chaired by Healey, at which it was decided to seek Treasury authority to continue the BAC studies, but only until June 1968. At the same time, the Air Staff was to review its proposals for an interim purchase of aircraft to meet to some degree the loss of capability that followed from the F111 cancellation.[1]

The Air Staff response to the invitation was to propose the purchase of more Buccaneer 2s and Harriers. An additional purchase of Buccaneers would permit earlier replacement of the Canberra in the strike/recce role; taken with the Buccaneers which in due course would transfer from the FAA to the RAF, this would give a total UE of 72, half declared to SACEUR and half to SACLANT. The additional Harriers would strengthen the UE in Germany; their proposed purchase was a response to the SACEUR request in the Special Study of 1967 for additional VTOL capability. Taken together these two proposals would require £115m over the ten year costing period. This had to be set against the final ten year estimate for the F111 of £450m, and the estimate of £275m quoted in Cabinet in January 1968 as the cost of a replacement purchase. This package, seen as "deliberately modest", was put forward taking account of the need to find within a reduced defence budget provision for the advanced combat aircraft: "the project to which we attach supreme importance".

Healey now sought specific endorsement of this proposal from the Chiefs of Staff.

This the Chiefs ultimately agreed, though with some difficulty, because the timing of the proposal in the defence budget sequence created problems. Their endorsement was conditional upon the outcome of the LTC discussions, but they accepted the military requirement for a strike/recce force provided by the extra Buccaneers. This force could be assigned to NATO in 1970/75 as an interim replacement following the phasing out of the Canberra. The choice of an interim replacement was limited to the Buccaneer and the Phantom. The Phantom was of limited range, and if aircraft already on order were diverted for the strike/recce role, this would postpone their later allocation from close support to air defence, in place of the Lightnings.

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[1] CAS-SofS 7347 26 Feb 68: CA(PR) SofS 5 Feb 68: SofS-CA(PR) 16 Feb 68 M0 26/11/13.

The decision having been taken to separate the issue of the Buccaneers from that of the Harriers, the Defence Secretary sought authority from the DOPC to purchase 26 additional Buccaneers. He stressed the changed NATO concept of operations which laid more emphasis on intelligence gathering and conventional strike in the early stages of conflict. There was a reasonable prospect, he pointed out, in the early 1970s of penetrating Warsaw Pact defences at low level, and this was a contribution to the Alliance which no other European NATO member could make. Moreover, by its counter-air capability, the Buccaneer would give British forces in Germany air support in depth. The DOPC, subject to final reference to Cabinet, approved the purchase in mid-June 1968.[2]

Meanwhile, the Federal German authorities had consulted the other members (Canada, Italy, Holland and Belgium) of the F104 replacement group and by late March 1968 were willing to give details of their proposed operational characteristics for a new combat aircraft. There was a proviso, namely that the British should declare that they had a genuine interest. This undertaking was given, and the British gained some insight into the proposed aircraft. CA(PR) reported that it seemed little advanced from the Jaguar and was "a somewhat uneasy compromise between the German preference for a close support aircraft and the Canadian influence towards a strike/fighter." The definition of the avionics seemed inadequate when compared with the RAF requirement for a full all-weather fit, but the range/payload parameters were not far from those likely to emerge as the stated RAF requirement. A maximum unit cost was quoted which seemed unreasonably low, and if retained would result in serious degradation of the operational specification. Healey agreed that, in negotiation, the RAF could state a firm requirement for as many as 300 aircraft. The objectives in negotiation should be full membership of the replacement group and the gaining of a significant share of the airframe development.[3]

The F104 replacement group met in Rome in May. Before the meeting the Germans confirmed to the Air Attache in Bonn that they wished to see Britain as a potential member. They expressed concern about the reliability of some other members: the Canadian requirement was seen as quite distinct, and Canadian defence plans as liable to alteration following a change of government; further there was doubt as to whether the Italians or the Belgians would be able to undertake the budgetary commitment to a collaborative project.

There was also real concern that the French government, seeing the consortium moving towards an agreed specification, would be anxious to become involved. The British Embassy detected within the administration in Bonn on the one hand concern that the British would attempt to dominate the project, and on the other that their declaration of interest was insincere and that eventually a decision would be taken, in conjunction with the French, to develop the Jaguar.

In the event, the Rome meeting accepted the proposal for British participation; there were to be discussions with British representatives to take further the review of the operational requirement. The drafting of an initial Memorandum of Understanding, to be accepted by the six nations, was also attempted. While it was clear that the Germans on balance welcomed British presence in the consortium, the Bonn Embassy noted "a strong desire to take the leadership of the project."

The outcome of the these meetings of 17/18 May was confused. The air staffs concerned had not carried their financial and technical colleagues with them, naively supposing that a binding agreement could be signed by national air staffs before submission to governments. This situation probably flowed from the priority which the German authorities gave to securing an agreed document behind which they could shelter in the event of French pressure to join the consortium.

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[2] CAS 7347 – SofS 26 Feb 68: COS 30/68 25 Apr 68: CDS-SofS A2/9 25 Apr 68: SofS-CDS 30 Apr 68: AUS(AS) draft DOPC Paper 11 Jun 68: OPD(68)40 17 Jun 68: OPD(68)12th M.

[3] CA(PR) – SofS 20 Mar 67: 29 Mar 68, 22 Apr 68: SofS-CA(PR) 24 Apr 68 MO 26/11/13 pt 4.

The British gave a presentation of their ideas on the scheme of management, governmental and industrial. Provided that the position of German industry was preserved in a politically defensible manner, the prize seemed within grasp of a joint British-German aircraft industry consortium.[4]

Healey had earlier reported to Wilson, bringing together the twin strands of the research on the required advanced combat aircraft and the proposals for collaboration. He explained that a review of operational requirements for the later 1970s was now in progress; there had been discussions with the group of nations concerned with the F104 replacement, and the BAC Warton studies had been extended to include variations of the proposed design that might be attractive to other NATO European states. Britain was now involved in detailed consideration of the operational requirement of a possible advanced combat aircraft which could be developed and produced collaboratively, and of the managerial and industrial aspects of such a venture. A British commitment to the consortium might have to be determined upon within weeks; by then the thorough operational studies of future combat needs would be available. Britain seemed to have a good prospect of playing a significant part in the leading European aircraft of the next decade, Healey concluded, although it would be necessary to be wary of a bid for leadership by the Federal Republic of Germany which was out of line with its technical capability.

As the point of commitment to a Memorandum of Understanding approached, Healey reported to the DOPC. The combat aircraft studies suggested that there was a clear RAF requirement for an aircraft of the type which the consortium were considering to meet the strike/recce role from 1975 onwards, and in an alternative version to carry out the fighter role from about 1980. To hold back at this point would forfeit "an excellent opportunity of broadening the basis of European collaboration in advanced technology and defence procurement." Guidance in the discussions that would lead to reconciliation of the operational requirements would be available from the combat aircraft studies. He accepted, however, that the governmental and industrial organisation for a collaborative project had yet to be worked out, as had the principles of sharing development and production.[5]

The Treasury now issued a strong warning note, questioning firstly whether the requirement was absolute. In their view, other means should be considered, including purchases from abroad or licensed manufacture. As "one of the largest single projects in the defence budget", there should be no commitment, even to the initial stages of a collaborative project, until the advanced combat aircraft studies had been completed and analysed. Departmental briefing to Healey stressed the initially limited degree of commitment, certainly far short of even a moral commitment. In the DOPC, Healey contended that there were only possible three courses of action, national development, purchase from the United States, or European collaboration. He pointed out that during the 1970s first the strike/recce aircraft currently in service with the RAF and subsequently the fighter aircraft would become outdated. Having stressed the limited nature of the initial commitment and the expenditure until the end of 1968, he secured the authority he sought, but the climate must have been adverse; it was noted that at the end of 1968 a decision would have to be taken that would involve a commitment to a major project over a long period.[6]

The legal difficulties in creating an initial Memorandum of Understanding covering the first phase now fell away. At British insistence, the RAF operational requirements were included in the statement of Operational Equipment Objectives (OEOs) which formed part of the document, and it was accepted that the British were not bound by the outcome of the Rome meeting, to which they had not been a party. The British had feared that understandings had been concluded on the

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[4] Bonn tels 760, 761, 806616, 22 May 68: CAS-SofS 21 May 68: DUS(E)-SofS 24, 29 May 68 MO 26/11/13 Pt 5.

[5] SofS-PM 30 May 68: DUS(E)-SofS 2114 21 Jun 68: OPD(68)47 26 June 68: MO 26/11/13 Pt 5 1D3/340/12 Pt 7.

[6] CofEx-PM 25 Jun 68: bf for SofS for OPD(68) 12th M 27 Jun 68: OPD(68) 12th M 28 Jun 68: MO 26/11/13 Pt 5: ID3/340/12 Pt 7.

definition of operational requirements and about industrial leadership, but it soon became evident that the attempt to insist upon an over-elaborate and comprehensive Memorandum of Understanding had been given up.

The British Embassy in Bonn reported in early July on the various currents of opinion there on the project. On the one hand, there was a wish to work with a strong collaborative partner, which the British would be; but on the other hand, a rival grouping was hoping to secure agreement on a light strike aircraft. While this would not meet British operational requirements, it would as a lesser challenge be within the capacity of German industry, which might secure collaborative partners from among the weaker members of the potential group.

In London, CA(PR) considered it right to continue with the attempt at collaboration; despite prospective contest ahead with the Germans for the airframe design leadership. Clearly issues of governmental and industrial organisation for the project would not easily be resolved. If it proved necessary to withdraw at the end of 1968, much would have been learnt of the operational requirements of the potential members of the group. It would, in these contingent circumstances, then be possible to decide whether to proceed with one or two members of the consortium, to go it alone, or again to attempt collaboration with the French. This approach was endorsed by a Departmental meeting which Healey ran on 15 July: the next six months would demonstrate to the other nations the quality of work, both in operational analysis and in industrial feasibility studies, which the British could bring to a consortium. The method of excluding the French was to be left to the Germans.

In Bonn on 17 July the British, Germans, Italians and Dutch signed the Memorandum of Understanding; the Belgians and the Canadians did not, although retaining the right to remain associated with the project for a further two months. There were compromises over the form of the "parametric studies" which were to be controlled by a Joint Working Group, and over the reference to suitable contractual arrangements rather than to a main contractor. These papered over difficulties where resolution was to dominate the next few months.[7]

The detailed British studies on the future combat aircraft had now been completed: they covered the whole European NATO area; nothing comparable had been attempted by other members of the consortium. In the British study, the long range strike and recce role was seen as vital both for deterrence and for war fighting. Despite the advent of satellites, it was demonstrated that tactical reconnaissance at least called for the flexibility of the manned aircraft. Two further projections of the Warsaw Pact air defence combat aircraft would face in the decade 1975-85 had now been attempted. Whereas that used in September/October 1967 has assumed that all Warsaw Pact aircraft would by 1980 be of an advanced type, and supported by AEW aircraft, the later studies assumed more realistic rates of re-equipment. This had a marked effect on the postulated losses in a single attack on 28 key airfields in East Germany, altering the British required frontline of 470, with a potential loss of 315, to one of 210 with a potential loss of 130. This was still a very high loss rate, though it was perhaps one that could be tolerated for planning purposes, given the place of such an attack in the scale of escalation. Less extreme tasking could be undertaken with more limited forces. On two critical parts of the operational requirement, it was demonstrated that a 'dash' capability at very low level and an all-weather capability would reduce loss rates significantly.

It was clear, CA(PR) reported to Healey, that the harmonising of the operational requirements with the various air forces would be difficult.

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[7] CA(PR) – Schiffers 8 Jul 68: Bonn Tel 1044 11 Jul 68: CA(PR) -SofS 12, 18 Jul 68: SofS – CA(PR) 15 Jul 68 MO 26/11/13 Pt 6.

"the Germans and the British require the aircraft for essentially different tasks. The British want the capability for counter-air and interdiction operations with both conventional and nuclear weapons. The Germans want a capability with nuclear weapons only".

It followed that the British operational requirement was more demanding in payload/range, in its requirement for high subsonic speed at low level, and in all-weather avionics. A compromise might be possible, but only by foregoing some capability for NATO flank and maritime tasks, by accepting the exclusive basing of the British aircraft in Germany and by accepting limitations on the number of East German airfields which could be threatened. It was therefore important to get the Germans to discuss the operational uses of the aircraft which they had in mind; these were discussions which they had persistently evaded. Consultation with NATO Commanders, Healey noted, might bring the Federal Republic to consider afresh their emphasis on an exclusively nuclear role.[8]

In a worst case analysis, the alternatives to the consortium aircraft were reviewed. Three possible choices were quickly eliminated from the enquiry, that is a purchase from the United States or the manufacture under licence of an American design, collaboration with the Swedish Government on the development of the Viggen into a twin-engined aircraft and the Hawker Siddeley HS 1179J "a specialised and relatively inflexible proposal". There were four surviving possibilities:

a. collaboration with the French on the Mirage IVG

b. development of the Buccaneer,

c. variant J of the BAC Warton studies, which was relatively close to British variation of the consortium OEOs, and

d. variant F of the BAC Warton studies, an aircraft developed in Britian without collaborative partners, nearer to the requirements generated by the Future Combat Aircraft Studies.

Each of these had to be assessed against five criteria; suitability for the requirement, potential for later development into a fighter variant; the extent of British design, development, and production work, export prospects, and the costs of R and D and production.

These four possible approaches were reviewed in some detail:

a. the Mirage IVG was expected to make its first flight in 1970 and to have an all up weight of 50,000 lb making it 25% heavier than the prototype Mirage IIIG. It would be a twin engined two crew aircraft which could certainly be developed to have an all weather low level strike/ recce capability and could also later be developed into a figher aircraft. An in-service date of 1976 for the first role should be possible. Design work would either be a French responsibility or under French leadership. There was no certainty that the aircraft would be adopted by the French services, and political difficulties in the development process could be foreseen.

b. The Buccaneer could achieve the radius of action required for strike/recce but lacked the capacity for low level operations or a high speed dash. It could not later be developed as a fighter. R and D costs would be modest, some £40m and unit cost could be about £1.3/£1.5m.

c. variant J of the BAC studies, which came nearest to the British input to the OEOs, would give a strike/ recce capability with a limited low level dash.

d. variant F from BAC was nearest to the requirement stated by the Future Combat Aircraft Studies, and would have an extended range and a low level dash capability of Mach 0.9. Its R and D costs would be about £170m and its unit cost about £1.9m. It would be capable later of development as a fighter.

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[8] Future Combat Aircraft Studies Steering Group, Second Report 24 Jul 68: CA(PR)-SofS 5 Aug 68: SofS-CA(PR) 6 Aug 68: DS 22/7/3/3 pt 4; MO 26/11/13 Pt 6.

The analysis therefore concluded that the best option, and the most desirable outcome if the collaboration project failed, would be one of the two BAC variants. The least suitable selection would be the Buccaneer, primarily because it could not be developed as a fighter aircraft.[9]

In a move probably concerted with the Chief of Staff of the German air force, the Dutch Chief of Air Staff visited CAS on 5 September. He saw the prospects for collaboration as poor. The differing operational requirements of the consortium countries could not be embodied in a single airframe without excessive cost. The need to stay within close financial limits and to harmonise the operational requirements of the potential consortium members were completely opposed. The Germans wanted a close support aircraft, the Canadians an air superiority fighter, the British an interdiction/strike aircraft. The British requirements for high speed, range, and all-weather capability, especially the requirements for a 150nm low level dash at Mach 0.9, and a radius of strike action of 250 nm on internal fuel, would raise unit cost to an unacceptable level.

CAS pointed out that the RAF operational requirement, which was based on the Future Combat Aircraft Studies, represented an aircraft which corresponded to the needs of the NATO European members, and that the range requirement, now specified at 250 nm, had been markedly reduced. The dash speed was, however, crucial, since studies suggested that the difference between Mach 0.7 and Mach 0.9 significantly reduced vulnerability. He proposed that there should be a presentation of the factors which had led to the RAF stated requirement. Healey noted on his copy of the record, that the Dutch

> "envisaged using the aircraft when the Warsaw Pact had made a limited conventional attack on a limited area of NATO; they were relying on NATO strategic forces to counter any major conventional attack."

It followed that aspects of the requirement that flowed from the British strike mission, for instance the capability to operate in an all weather environment, were of questionable value to the Dutch.

CA(PR) reviewed the harmonising the operational requirements of the members of the consortium. He pointed out that at least four elements of the RAF operational requirement put it markedly out of line with these of the other members of the group. These were:

a. the parameters of the conventional strike mission;

b. the radius of action that would be required, given British basing

c. the requirement to undertake long range strike on the flanks of NATO and

d. the additional maritime role of the aircraft.

It seemed likely that if there was not appreciate modification of the British range, payload and speed requirements, the collaborative project would soon come to an end. "Meeting the consortium half way," CA(PR) noted, "would be equivalent to reducing the lo-lo strike radius of action on internal fuel with 4000 lb of bombs by roughly 30 miles." Healey directed that the British representatives in the Steering Group that had been set up to attempt harmonisation should press for study of the economic and industrial implications of the operational parameters. They should stress that an enhanced radius of action would not have a radical effect on the specification. It was agreed that there was perhaps room for compromise here, as well as on the low level speed and the quality of the proposed avionics. Care should be taken not to establish too rigid a position. The discussions should be so conducted as to concentrate on the requirements of the NATO central region; the very different requirements of the flanks and of maritime operations might be met by a different aircraft.[10]

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[9] AUS(AS)/A4 3 Sep 68 ID3/945/6 Pt 14.

[10] CA(PR)-SofS 5 Sep 68: SofS-CA(PR) 10 Sep 68: MO 26/11/13 Pt 6.

On 17 September, a presentation was given to the consortium members on the place of the aircraft in relation to the NATO strategy adopted by MC 14/3 in late 1967. The Evaluation Group of the consortium produced an elaborate analysis of multiple costed options, the "parametric studies". Forecast unit costs of the aircraft resulting of all the options were high, ranging between DM 14m and 18m. Even the least expensive, with a reduced operational capability, had a unit cost of between DM 12.5m and DM 13.5m. The projected unit cost of the one option which would meet the RAF operational requirement, making an allowance for the amortisation of R and D costs over a total buy of 1000 aircraft, was between £1.7m and £1.9m. This compared with an earlier Ministry of Technology forecast for a British variable geometry aircraft, if 300 were manufactured and no export orders obtained, of £2.2m.

It was now possible to see the extra cost to the Germans of meeting the unique British operational requirements, and how much it would cost the British to meet the German. The gap began to appear to be one that could be closed. At a British staff meeting at the end of September, it was agreed that it would be prudent to assume that the total production run would be limited to between 500 and 700. The elements of cost which flowed from the operational requirements of the other consortium members should be stressed in negotiation. The key German requirements which would raise unit cost were low approach speed and a short landing requirement, and it was important that these factors should be understood at Ministerial level among the consortium members. A further fall-back study should be made, against the contingency that the consortium would fail; it seemed likely that it would in any event be reduced in size by the withdrawal of the Canadians and the Belgians, and possibly of the Italians also.[11]

But the major difficulty had now become industrial organisation rather than reconciliation of operational requirements. It had already been agreed that a joint company was the most suitable structure, and its functional divisions had been settled. Messerschmidt-Bolkow had also proposed that there should be a single headquarters, with responsibility for defining the complete aircraft, and that this should be registered and located in Munich. BAC, however, had felt that this would not fully utilise the resources and expertise at Warton, whose preservation had been a key British objective CA(PR) reported the difficulty to Healey:

> "The issue is one between M-B and the Federal Republic, who do not wish to be dominated by BAC, and who wish to build up M-B to a full aircraft capability, and BAC and the British, who wish the full expertise of Warton to be used, have some doubts about the ability of M-B, and do not wish the whole aircraft to be led from a German location."

CA(PR) accepted that BAC saw itself in a weak position on this and realised that it might be necessary to accept that the engineering team would be based at Munich. The German fall-back position was presumably "to hire an American aircraft firm to replace the British expertise, or perhaps to come to an agreement with the French."

Healey proposed in discussion with Schroeder, the Federal Minister of Defence, to sympathise with the German desire to move into the business of advanced combat aircraft, but warn them that if they were to degrade the aircraft still further they would be developing on their own and six years later an aircraft little advanced from the Jaguar. If they wanted to come in at the advanced stage, he would argue, they must at first have help from outside. This help could only come from the United States, France or Britain, and that it was in their interest that it should come from Britain. In spite of the work which the German industry had done on the AVS and the F104 "there was nothing like seeing a major project through from beginning to end."[12]

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[11] ACAS(P) Presentation 16 Sep 68: CA(PR)-SogS 23 Sep 68: SofS-CA(PR) 24 Sep 68: MO 26/11/13 Pt 6.

[12] George Edwards-DCA(RD) 26 Sep 68: CA(PR)-SofS 30 Sep 68: SofS-CA(PR) 2 Oct 68: MO 26/11/13 Pt 6 103/340/12 Pt 13.

Healey took to his meeting in Bonn three statements of the British position on the collaborative venture, which in their variety illustrated the dilemma. CAS was clearly concerned that in their anxiety to secure collaboration the negotiations were taking the aircraft too far away from RAF requirements. He feared that if costs rose the specification of the aircraft would be reduced further and the operational requirements that flowed from the needs of the NATO flanks and the maritime tasks would not be met. Compromise on issues of range could necessitate a tanker purchase which could negate the theoretical savings assumed to follow from collaboration. If the aircraft had limited range, a timely political decision to move aircraft forward in a time of tension might not be taken, and NATO would be deprived of strike/recce aircraft. CAS also saw the consortium aircraft as tending too much towards an air superiority fighter. He urged that consideration should be given either to collaboration with the French or the Americans or once again to a purely British venture. Clearly Healey read this analysis with some scepticism.

Viewed from the standpoint of procurement, CA(PR) noted that a degree of compromise had been secured: two versions of the aircraft would be needed in order to incorporate the British and German operational requirements, although there should be a high degree of commonality. He noted that major issues of industrial organisation remained unresolved. The German authorities had now disclosed that in January 1968 they had concluded a formal agreement with the United States, under which they made known their proposed specification for the light fighter, the NKF, and were entitled to receive guidance on managing structural design and production. Despite this, CA(PR) felt that it should still be possible to urge the case for collaboration with Britian rather than with the United States:

> "we would not doubt that American industry would be only too willing to send design teams to Munich if they are paid. Germany would then be dominated by an American design team which would have no financial stake in the project, and neither would the American Government. This is not a risk to be taken lightly."

CA(PR) gave a survey of the options if collaboration with the Germans proved impossible; a purely British venture would involve perhaps £100m higher R and D costs and £50m more in production costs, making the projected unit cost of the aircraft £2.5m. In these circumstances the technology of both Rolls Royce and BAC could be advanced without the frustrations of collaboration. By contrast, a joint project with the French would give BAC less in design and production "though the aircraft might be better". CA(PR) noted in conclusion that both the Air Staff and the Ministry of Technology considered that collaboration should be broken off if the Germans refused to utilise the BAC expertise at Warton. His own view was that, at the last, the move to Munich would have to be accepted if the prospects of collaboration were not to be lost.

The Defence Secretariat gave a tentative costing of the various ways of meeting both the strike/recce and the later fighter requirement. To build in conjunction with the members of the possible consortium was presented as the cheapest option, although the forecast unit cost of the resulting aircraft would be greater than that of the earlier projected UKVG. Of the alternatives, collaboration with the French would bring heavy R and D expenditure, political difficulties and an unequal division of design and production work, and the only possible American aircraft ruled itself out on grounds of cost. A larger purchase of existing aircraft had formidable operational arguments against it, and would be expensive in the early years of the costing period, 1971/2 and 1972/3. It was only by the choice of the consortium aircraft, the paper concluded, that projected expenditure on development to the strike/recce requirement could be held within the level currently projected for the ten-year costing period.[13]

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[13] CAS-SofS 4 Oct 68: CA(PR)-SofS 7 Oct 68: DUS(P) – SofS 8 Oct 68: MO 26/11/ 13 Pt 7: ID3/340/12 Pt 13.

Thus prepared, in two discussions with Schroeder in Bonn Healey stressed the degree to which the British had been prepared to compromise on operational requirements in the attempt to secure agreement. He indicated that he was bound to present to the British public a proposition that gave good prospect that the resultant aircraft would be built on time, under cost control and without degradation of performance. The British government and public could not be expected to accept from the Federal Republic collaborative terms less favourable than those earlier secured with the French on the Jaguar and on military helicopters. He also noted that a compromise proposal on industrial organisation had been put forward by BAC which M-B had not even discussed. He understood the drive to create a German aircraft industry, but was "only too conscious of the unhappy lessons that could be learnt of paying for costly development and then having no hardware at the end of the road because of cancellation due to escalation in costs." The BAC compromise proposals, he believed, were in the joint interests of the two partners. Use of the Warton design team would generate a design more quickly, and would ensure adequate cost control "because of the bitter experience which BAC had gained." On this matter Schroeder contended that the hard line which M-B had been taking in negotiations had been adopted without his specific approval. When Healey later held discussions with Dohnanyi, State Secretary of the Ministry of Economics, he also appeared to agree that the proposition of Munich-based design work put forward by M-B was one that Britain should not be asked to accept. At this stage, therefore, Healey believed that he had made some impression on the German position.[14]

The Planning Staff and the Chiefs of Staff at this point endorsed the requirement for conventional strike aircraft. If in the central region, the Alliance were to rely exclusively on air defence, and deprive itself of the capability for offensive counter-air operations, it would open the way for the Warsaw Pact air forces to concentrate on the ground attack role, overwhelm NATO air defences and endanger the ground forces. This was the clear military requirement for conventional air strike, the priority target of which would be a group of airfields in the DDR. Healey agreed; the fundamental requirement he noted to CDS was for "a military plan which gives us in the most cost-effective way the ability to prolong the conventional land battle for an extra day or two." He accepted also that all-weather avionics were an essential part of the requirement. It might be appropriate to a give a high figure of the total British requirement in the Memorandum of Understanding, provided that there was not a financial penalty to this. To support this, the validity of the numerical requirement needed to be established, set out in the main tactical roles. For the maritime role the case for the range requirements would need a special statement.[15]

The parallel discussions on industrial organisation did not initially go smoothly. On 15 October in London BAC found itself faced by a totally unyielding M-B, still unwilling to consider the proposition that the Warton team in its own location had a role to play in the design work. Healey therefore appealed afresh to Schroeder, his concern increased by news of a sequence of German visits to France. The Ambassador in Bonn reported that the Germans were contending that it had been part of the original arrangements of the consortium that the nation with the largest proposed purchase of requirement for the aircraft should be responsible for the design work. Were the Germans to accept that the design work should be at Warton, the team they had built up on the AVS project would be deprived of any significant role. Despite these difficulties, the Ambassador remained of the view that the Germans were working under instructions to secure collaboration by compromise, and were not seeking a relationship with the French.

The German position, as spelt out again to CA(PR) in Bonn on 18 October, was that the British were seeking both a different aircraft, and a different industrial organisation, from the other members of the consortium. CA(PR) however opposed the suggestion that there should be a

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[14] Schroeder/DH disc 9/11 Oct 68: MO 14/3: DH – Benn Bonn tel 1404 11 Oct 68: MO 26/11/13 Pt 7.

[15] CDS – SofS 15 Oct 68: CDS E 90/1/1: SofS – CDS 24 Oct 68: MO 26/11/13 Pt 8.

feasibility study to determine whether the aircraft could meet both the British and the German requirements. He held that this would set matters back by several months. Towards the end of the meeting, the beginnings of an attempt at a compromise could be seen; the suggestion emerging that of project definition of two aircraft, one at Munich and the other at Warton. The industrial groups were therefore to be urged to meet again. Healey meanwhile initiated a coordinated campaign to stress to senior political figures in Bonn the importance of the collaborative project.[16]

In the next few days, a major industrial meeting and negotiations in a steering committee showed a continuing trend towards collaboration, and a scheme to handle the feasibility study jointly between BAC and M-B was agreed. Under this proposal a basic airframe/engine combination was to be studied, from which could be derived both a single seat aircraft for the close support and air superiority role, and also a twin-seat aircraft to meet the RAF operational requirement, with the maximum possible commonality.

Decisions were needed to extend the funding of the feasibility studies, now expected to last until February 1969, and on the response to German pressure for signature of a single Memorandum of Understanding (MOU) to cover the whole span of the project. A paper prepared for the DOPC at this stage stressed that there was "a real and rare chance of bringing off a major collaborative project" which fitted well with "wider political aims". The Treasury, however were insistent that there should be no signature of the Memorandum of Understanding until the feasibility studies had been completed, and this led to the creation of an inter-departmental group under Cabinet Office chairmanship to review the requirement, and to the British delegates being refused authority to sign the MOU. In the event, the German pressure for immediate signature eased, and it was possible to arrange for further consideration of the draft Memorandum, and especially of its provision for possible withdrawal from later stages of collaboration.[17]

In a full assessment of the prospects for collaboration, the Ambassador in Bonn explained that at official level there were still doubts on the feasability studies. It was seen as unlikely that these studies would produce an aircraft that would be cost-effective for the Germans or the Dutch. (The Belgians had by now withdrawn from the project). Further, German industry resented the position and negotiating tactics of BAC. The middle ranks in M-B wished to go it alone: they saw the British as an unreliable partner and believed that because the British requirement was two years later than the German there would be no sense of urgency at Warton. They felt that the British could endanger the project by allowing cost escalation. The Ambassader noted that these expressions of distrust were published in the Munich press. Yet the series of issues that had been resolved, and the agreed appointments to management positions, meant that a situation was being created that could lead to acceptance of the project. At the same time the German fall-back position could be seen, a national project with hired American management. French pressure continued also; de Gaulle urging a bilateral development. Healey meantime had instituted an internal study of the practicability of a multi-national team based in Munich, while at the same time commenting that "it will be one of our major tasks in the next few weeks to consider very carefully where our overall balance of interest lies, and what industrial fall-back position will be acceptable to us on political, military and industrial grounds."[18]

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[16] DH-Amb Bonn 16 Oct 68: Amb Bonn-SofS tels 1435, 1457, 16, 18 Oct 68: CA(PR)-SofS nd but 18 Oct 68: SofS-Amb Bonn tel 2262 22 Oct 68: MO/26/11/13 Pt 7.

[17] CA(PR)-SofS 28 Oct 68: OPD(68)68 5 Nov 68: brief on OPD(68)68 6 Nov 68: OPD(68)20thM 7 Nov 68: CA(PR)-SofS 18 Nov 68: MO 26/11/13 Pt 8 ID3/340/12 Pt 16.

[18] Bonn tels 1609, 1610 18 Nov 68: SofS-CA(PR) 18 Nov 68, 4 Dec 68: MO/26/11/13 Pt 9.

The issue of industrial organisation was now resolved. The four national firms, BAC M-B, Fiat and Fokker, agreed that design teams should be based at both Warton and Munich, and that both should be controlled by the Managing Director of the Joint International Company. This represented a further British concession, but it was one that secured the preservation of the Warton team. There seemed now to be a real prospect of a design study from which could be derived a two-seat variant that met the RAF operational requirements, with 85% commonality with an aircraft which met those of the other members of the project. At the same time the next cloud could be seen on the horizon; German questioning of the assumption that the aircraft engine would be manufactured by Rolls Royce.[18A]

Healey now sought from the Chiefs of Staff a restatement of the numerical requirement for the aircraft, to be called for the next seven years the Multi Role Combat Aircraft (MRCA). Clearly there were difficulties in looking ahead to the 80s in terms both of the strategic picture and of projected aircraft performance, whether allied or enemy. One-for-one substitution both for strike/recce and for air defence led to a requirement for the frontline of 238, leading to a total purchase, with the usual allowances for training and wastage, of 385. So far, the British had stated a requirement for 300, but looking ahead to the inevitable contests over development and production sharing, there might be an advantage in raising this figure: the FRG had recently raised their figure to 600. The Chiefs of Staff endorsed the higher figure at the end of January 1969, and with some reservations Healey agreed that he would later support both the military case and the consequent inter-relations of production sharing and finance in a submission to his DOPC colleagues.[19]

In the following month, it was possible to give the project Steering Committee the results of the Feasibility Study. This confirmed that a single joint design could be formulated within two further months, which would make it possible to specify two variants, meeting the still distinct operational requirements. At this point there was a fresh setback. The German authorities now stated, as they had not done before, an operational requirement for a touchdown speed of 100 knots. This was said to be related to a need to be able to use in the early stages of a conflict, sub-standard airfields and sections of autobahn. This would involve an increase of 15% of both weight and cost, and was a reversal of an earlier agreement reached by the Chiefs of Air Staff on 17 December, when draft Operational Equipment Objectives had been settled.

Faced with this new situation, the Steering Committee for the project decided that work on the new joint configuration was to proceed, while the German authorities attempted a detailed study of the design implications of the 100 knot touchdown speed. When CA(PR) tackled his German colleague on the position that had been reached, he had some doubt as to whether he was being treated in a straight-forward manner. It was eventually accepted that to state this as an operational requirement, quite apart from any issue of earlier commitment, would endanger the still fragile prospects of a joint project. But an earlier uncertainty took its place; this was the contention by the Germans that the competition for the choice of engine should be open, that is, not limited to the automatic selection of Rolls Royce.[20]

The Department had already been warned that the German authorities were concerned about the potentially high cost of developing the Rolls Royce engine. At the Steering Committee meeting of the 6 and 7 March, the Germans sought agreement that the aim should be to evaluate two alternative engines, one from Pratt and Whitney and the other from General Electric, although it was agreed that in the meantime, the joint company should undertake definition of the aircraft with the Rolls Royce RB 199. As a result of their bilateral agreement with the United States signed the previous

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[18A] Min of State MinTech-DCA(RD) 6 Dec 68: DCA(RD)-CA 12 Dec 68: MO 26/11/13 Pt 9.

[19] CDS-SofS 28 Jan 69: E 90/1/1 SofS-CDS 29 Jan 69: MO 26/11/13 Pt 9. SofS-CDS 20 Dec 68: COS 7/69 28 Jan 69.

[20] CA(PR)-SofS 21, 28 Feb 69: CAS-Steinhoff 28 Feb 69 MO 26/11/13 Pt 9. 103/340/12 Pt 19.

year in the context of the AVS project, the German authorities, but not their partners, would have full access to information on the two American engines. The other three participants, the Dutch, the Italians and the British, were quick to express lack of confidence in the German intentions. CA(PR) reported to Healey

> "we are now in the extraordinary position of Germany wishing to press ahead using an engine, information on which is denied to the other partners. In normal circumstances the other partners would refuse to collaborate with Germany and proceed without her. However in this project that is not practicable."

Healey agreed that Britain "could not go along with the idea of an aircraft designed by the Germans which was based on American information to which they alone had access." He directed that a close line-up with the Italians and the Dutch was to be sought, to prevent this attempted separate development. As a further precaution, an attempt was to be made to seek the engine information direct from the United States Government.[21]

Later in March 1969, CA(PR) challenged the German authorities afresh on the same issue. They expressed grave doubts about the quality of experience of Rolls Royce. Relying on the information to which they alone had access, the Germans argued that Rolls Royce in advanced technology engines was at an earlier stage of development than Pratt and Whitney and General Electric. Before serious consideration could be given to a Rolls Royce engine, they would therefore require assurances from the British government that Rolls Royce had adequate mastery of the technology as well as the necessary finance to cover the period of initial development. All this CA(PR) countered; Britain could not reject a Rolls Royce engine in favour of an American engine without adequate information which showed its superiority. He insisted on a deadline by which engine information, to a comparable degree of detail, would be available for all three engines. The German authorities then attempted to persuade CA(PR) that there should either be a back-up programme, with an American engine as a precaution against Rolls Royce failure, or a project definition phase with two aircraft, one with an American engine and the other with a Rolls Royce engine. CA(PR) rejected both suggestions. He also turned down a further proposition, that the Germans should revert to the NKF and plan to collaborate later with Britain on a strike/recce variant of the agreed design. It was finally decided that Britain should consider providing the guarantees of Rolls Royce effectiveness being sought, and that information on the American engine should be made available to all members of the consortium, by 10 April. If this information was not forthcoming, the Germans would determine either to proceed with a Rolls Royce engine, or accept the collapse of the consortium.[22]

In the event, the information on prospective engine performance was made available to each of the consortium members – the issue had been one of the commercial confidence and once safeguards had been devised the difficulties melted away – and it was then possible for the British side to consider the form of a submission to the DOPC.

The decision point for the authorisation of Phase 2 of the development programme and the signature of the General Memorandum of Understanding, to cover the whole project, had now been reached. Outstanding questions on the aircraft configuration had been resolved. Further information on the two American engines had been received, and all three engine firms were to be required to provide by 15 June costed proposals and performance guarantees; this would lead to selection of the engine by August 1969. The German and Dutch authorities remained sceptical of the ability of Rolls Royce to match the American engines.

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[21] CA(PR)-SofS 28 Feb, 10 Mar 69: SofS-CA(PR) 11 Mar 69: MO 26/11/13 Pt 9.

[22] (CA(PR)-S ofS 21 Mar 69: MO 26/11/13 Pt 9.

British Ministers had now therefore to determine whether they were prepared to endorse the principle of open competition. Domestic political pressure on this point could well arise when it was realised that a defined step in a major European collaborative project had been taken without an assurance that a British engine would be selected. Signature of the General Memorandum of Understanding would imply a moral obligation to stay with the project, and a refusal to sign would almost certainly lead to a collapse of the consortium. At official level, the Ministry of Technology and the Ministry of Defence were able to agree on a joint submission, although it remained the view of the Minister of Technology, (Benn), that should Rolls Royce not be selected, Britain should leave the consortium. In a meeting between Healey and Benn, the latter sought a reservation to this effect, but Healey argued that the best course for Rolls Royce would be for the government to show its confidence in them by signing the Memorandum. This action alone he believed could now save the consortium, and the future of design work at Warton. He therefore proposed to stress to German Ministers the importance of the selection of a Rolls Royce engine to the British aircraft industry but to sign the Memoriandum without insisting on any formal reservation.[23]

There now emerged a major French attempt either to join the collaborative project or to abort it. CA(PR) had earlier been told of French pressure in Bonn; there had also been a visit of the Bundestag defence committee to Istres, where they were reported to have been impressed by the Mirage IIIG. On 21 April it emerged that the French had approached the Germans seeking to participate in the project, and stating a requirement for 40 aircraft. Messmer, the French Minister of Defence, was asking Germany not to sign the Memorandum of Understanding until the two nations had met to discuss the project. The British Embassy in Paris saw a slight chance that this French initiative could lead to French entry into the consortium, but did not recommend that signature be postponed on this account. With this view CA(PR) agreed:

> "the best hope is a resolute agreement with the Germans to press on with the project definition stage, on the basis substantially of the Panavia aircraft . . . the new proposal adds urgency to the task of securing bi-lateral agreement with Germany".

To secure acceptance of the compromise aircraft, Healey pointed out, with special reference to the Dutch, but with an eye also to the Italians, that all the participants had made sacrifices to secure a compromise operational requirement.

> "the British had given up 200 of the 450 miles radius of action which they regarded as ideal, and with this they had abandoned their entire philosophy of deep air strike."

The Germans, the Italians and the British were now ready to sign the Memorandum; the Dutch were given an option to sign which was open until the 1 July. Schroeder was to put a similar offer to the French, on the present terms of the collaborative project, at a meeting with Messmer.[24]

It was now possible to take the issue of signature to the DOPC. The cost of 385 MRCA had been estimated a little earlier at about £700m, of which production costs were perhaps £500m and development costs between £135m and £170m. These costs were stated to Ministers a total of about £800m. Adoption of the collaborative MRCA was seen as of major political significance, and especially important in the context of the requirement to extend conventional operations. The project represented the only way of retaining military aircraft design capability in Britain. In discussion Benn restated his concern about the position of Rolls Royce, on which the paper had noted that "our partners are aware that if the Rolls Royce engine is not successful, this might give rise to political and industrial difficulties." Benn pointed out that the MRCA project could in the

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[23] AUS(AS) A4 11 Apr 69: US(Air)B 14 Apr 69: bfs for DH/Benn Mtng; mtng 16 Apr 69: MO 26/1 1/13 Pt 10.

[24] Jaffray-Brightly (FO) 21 Apr 69: Paris-FO tel 385 21 Apr 69; CA(PR)-SofS 21 Apr 69: SofS mtng 21 Apr 69: DH/den Toom mtng 22 Apr 69: DH/Schroder mtng 22 Apr 69: Consortium mtng 29 Apr 69: MO 26/11/13 Pt 10.

event be financing the renaissance of the German aircraft industry, and the development of an American aircraft engine directly competitive to Rolls Royce. DOPÇ discussion turned on the risks of cost escalation, and on the justification for the low level strike/recce role. It was agreed that the Memorandum should be signed, and the project definition phase initiated. The matter was to be brought again to the DOPC if an engine other than the Rolls Royce were selected.[25]

The completion of the Agreement left unresolved two major issues, the choice of engine and that of continued Dutch participation. On the first, the processes of tender invitation proceeded. On the second, considerable British attention was devoted to helping the Dutch analyse their prospective decision, which it was appreciated could in the end only be their own. On 30 May, CAS chaired an occasion at which the Dutch requirement, and their perception of future air operations, was extensively discussed. After ACAS(P) had given an outline of the studies into future combat aircraft requirement, surveyed earlier in this narrative, ACAS(OR) explained that British requirements for longer range and for the aircraft to be two-seated, did not impose extra forecast unit cost and weight on the aircraft. Below 36,000 feet the proposed MRCA aircraft would have performance comparable, if not superior, to the best Soviet fighter aircraft in prospect in the 1970s.

This point was relevant because of the known Dutch pre-occupation with fighter combat. Other potential aircraft that could be chosen in place of the MRCA would be specialist in role, rather than having multi-role capability. The Ministry of Technology representatives laid weight on the prospective manoeuvrability of the MRCA at different altitudes and speeds. As expected, the Dutch representatives were concerned that the joint requirement appeared to be for an aircraft admittedly multi-role but not optimised for air combat. They contended that in distinction from the Federal Republic of Germany, they did not require the stringent short field performance that had been specified, since military aircraft in the Netherlands could not be dispersed. They remained of the view that it was possible to produce a simpler and lighter aircraft, with a total unit cost about 60% of that projected.

The discussion that followed predictably challenged the Dutch presumptions, and in the view of the British Air Staff demonstrated that the Dutch "lacked the necessary depth of technical knowledge to pursue the arguments in any detail". The Dutch CAS explained in confidence to his British counterpart that he was in a difficult budgetary situation, and that he was failing to secure support for a Dutch decision in favour of the MRCA either from Dutch public opinion, or from the Dutch aircraft industry, although this second contention was later doubted. The meeting concluded with a British offer of further technical discussions, an offer which in the event was not taken further.[26]

At a meeting chaired by Healey, it was agreed that there was on balance some British advantage if the Dutch remained with the project, but that if they elected to leave, it was important that the other members of the consortium should consult on the presentation of the decision, in order to minimise the damage to the project.[27]

The Dutch persisted in their suggestion that the consortium should examine an alternative aircraft, of lesser cost and weight, based on an existing engine, but which would yet have sales potential beyond the boundaries of the consortium. This was to hark back to the discussions of 1968. Their approach was dismissed by CA(PR) as impracticable: the costs of airframe modification would outweigh any reduction in the Dutch share of advanced engine development, and there was no engine available with anything approaching the required thrust. A major separate development

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[25] AUS(AS) bf for CC(69) 13M on C(69) 31 20 Mar 69: Report Misc 234 Apr 69: OPD(69) 20 2 May 69: OPD(69) 24 5 May 69: OPD(69)7thM 8 May 69: MO 26/11/13 Pt 11; ID3/340/12 Pt 24.

[26] CAS 7715 2 Jun 69 MO 26/11/13 Pt 12.

[27] ACAS(OR)-VCAS 13 Jun 69: FCO 167-The Hague 11 Jun 69: The Hague 346-FCO 12 Jun 69: CA(PR)-SofS 13 Jun 69: SofS-CA(PR) 16 Jun 69: MO 26/11/13 Pt 12.

programme would follow from any attempt to recover required performance and reduce production cost. The Dutch restated their position, rejecting a suggested visit by CA(PR). They seemed to be unable to take the point that if they alone specified an aircraft, its development charges should in logic fall to them alone. It was soon the collective senior view of the British Ministry of Defence that there was "no reasonable way" in which the Dutch could participate in the project.[28]

It was now accepted that the Dutch position made little sense, and that pressure on them should be directed to the avoidance of statements that the MRCA was an unsuitable aircraft for NATO European members. This was achieved, and Healey subsequently thanked the Dutch Minister of Defence for a restrained press conference, in which den Toom confined himself to the point that the aircraft was too sophisticated for the Dutch requirement, although evidently considered suitable for other countries.[29]

The collective response to the Dutch proposition by the three was carefully considered. The German authorities saw the approach as unacceptable; the starting point for the MRCA had been that there was no suitable aircraft available which met the agreed operational requirement. It would be difficult for a participating country to take decisions in relation to an aircraft for which they had no acknowleged need. The terms of a response were agreed, although it was notable that the Italians were showing themselves as doubtful partners. The concept of a simpler aircraft optimised for fighter operations was attractive to Italy, and it seemed probable that Italy would use the Project Definition Phase to evaluate the risks of the project.[30]

Early in September 1969 the Rolls Royce RB 199 engine was selected for the MRCA. A rigorous assessment of proposals by Rolls Royce and Pratt and Whitney had followed the entry of their bids in July. Technically there was little to choose between the two engines, but the work-sharing proposals of Pratt and Whitney were unacceptable, while those of Rolls Royce met the requirements of the three participants. They were also far less costly, about £650m (£100m development and £550m production) compared with at least £1100m. The engine was to be developed by Rolls Royce in conjunction with Fiat and MTU (Motoren und Turbinen Union).[31]

Before Project Definition could proceed, an outstanding disagreement over the proposed wing area had first to be settled. As late as a Board of Directors meeting on 26 September, bilateral discussions were "still at an impasse". The Federal German authorities were holding out for a 10% increase in wing area. The proposed British alternative approach, that of an improvement to the manoeuvre flaps, met the German requirement by a different route, and also gave some insurance against possible loss of manoeuvre performance. This was, after some delay, accepted.[32]

By late November a design programme review gave "a halfway project definition report". It showed moderate weight growth, although not more than could be expected at this stage of an advanced project, an improvement in the radius of action both for interception and close air support, but some degradation of projected specific excess power. Matters unresolved included the placing of the ECM pod, the choice of gun and some decisions on major avionics equipment. It was noted that the cooperation of the Italian authorities in the design studies had been half-hearted, although the rumoured danger of their turning to collaboration with the French, despite signature of the Memorandum of Understanding, seemed overstated. [33]

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[28] The Hague 355-FCO 17, 19 June 69: CA(PR) – The Hague 19 ,20 Jun 69: CA(PR)-SofS 27 Jun 69 MO 26/11/13 Pt 12.

[29] SofS-CA(PR) 1 Jul 69: bf for mtng with Gui 1 Jul 69: den Toom Press Conf 1 Jul 69: DH-den Toom 2 Jul 69: MO 26/11/13 Pt 12.

[30] US(Air)B-SofS 3 Jul 69: CA(PR) mtng 2 Jul 69 MO 26/11/13 Pt 13.

[31] Min Tech-PM 4 Sep 69: FCO 647-Bonn 8 Sep 69: MO 26/11/13 Pt 13: ID3/340/12 Pt 27.

[32] ACAS(OR)-VCAS 26 Sep 69 ID 3/340/12 Pt 27.

[33] ACAS(OR)-VCAS 28 Nov 69 ID 3/340/12 Pt 28.

The RAF had also to review the projected aircraft from the standpoint of its potential as the source for a fighter derivative. There was now a good prospect of sea-level specific excess power at Mach 0.9 of about 700 fps. This could possibly be increased by engine stretch, but enhanced engine thrust could be endangered by the requirement of a heavier airborne radar in the fighter variant. The prospective performance characteristics in the interceptor role seemed an adequate match for Warsaw Pact opponents at lower altitudes, but were less satisfactory at height (36,000 feet) and were in any case "matching a 1973 threat . . . to a 1980 requirement." There remained a real need to enhance engine thrust, but to stress this before the Project Definition report was available was seen as likely to endanger collaboration.[34]

At the end of the year, the British Embassy in Bonn claimed to detect German doubts about the ability of Rolls Royce to meet the performance and timescale requirements of the RB199 engine, although these must have been markedly premature, and could perhaps be traced to the continuing lobbying by the French, known to command significant support in the Defence Committee of the Bundestag. When the Project Definition Report was available at the end of January 1970, it detailed a small twin-engined variable geometry aircraft, with a marked measure of commonality of design over the range of variants, although with some inevitable compromise between national operational requirements.[35]

It soon became evident in meetings of the Board of Directors of the project that the Germans were questioning the performance of the single-seat version, on which they had earlier insisted, and were claiming to be very impressed with the technical merits of the two-seat version, which they saw as having long-term potential in various combat roles. It seemed likely that for the close support role, for which they had looked primarily to the single-seat version, they were now considering directions other than the MRCA. This outcome was seen in London as making the programme more viable and simplifying development.[36]

In a meeting with Steinhoff on 11 March, CAS gained the clear impression that the reason for the German change of heart was a realisation that the two-seater version would be more cost-effective, and an appreciation of the validity of the British analysis of the possible air battle in central Europe and of the requirement for all-weather operation. The new German government was placing an increased emphasis on "defensive" weaponry. It seemed likely that the numerical requirement would fall to about 420. While the single-seat version could not yet be entirely written off, since Steinhoff was keeping his options open until he had satisfied the Bundestag Defence Committee, the position was now seen in London as encouraging. The consequences of these changes for the Italian government had yet to be assessed. But there now seemed a prospect of a Development Phase opening in May.[37]

At a major meeting between Healey and Schmidt on 24th March, the British and German representatives on the Policy Group outlined to the two Ministers the position following the virtual completion of the Project Definition Phase of the programme. The studies had generated two basic designs, of which that which met the British operational requirement was a two-seater design with a projected unit cost of £1.9m with a forecast in-service date of September 1976. Now that the Federal Republic had decided to accept the British proposed configuration, the Italians had to be brought to the decision that they too could accept this configuration, and that the Development Phase should be recast on this assumption.

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[34] ACAS(OR)-VCAS 10 Dec 69 ID 3/340/12 Pt 28.

[35] Bonn 1611-FCO 23 Dec 69: bf 23 Feb 70 CDS E 90/1/1 Pt 7.

[36] CA(PR)-SofS 27 Feb 70 CDS E 90/1/1 Pt 7.

[37] CAS 7379 11 Mar 70: ACAS(OR)-VCAS 16 Mar 70: CA(PR)-SofS 16 Mar 70 CDS E 90/1/1 Pt 7.

Schmidt noted that on entry into office in the previous October he had found the Federal Ministry of Defence engaged on a range of defence equipment programmes which had required both reduction and extension in time-scale. For the MRCA he had reached the view that concentration on the two-seater configuration would be cost-effective, and the British and German operational requirements could be brought nearer together. The numerical requirement for the Federal Republic had been reduced to a little over 420, and he would feel able to recommend to the Federal Government that they should enter the Development Phase, provided that the short field performance was retained, and that a revised cost and work-sharing agreement could be concluded which gave the Federal Republic a full proportionate share of sub-systems work. The two Ministers agreed to aim to initiate the Development Phase by May 1970.[38]

In Whitehall consideration of the form of the Development Phase led to difficulty. This Phase had at the time of the acceptance of the Memorandum of Understanding in May 1969 been seen as extending until the first flight of a development aircraft, then forecast to follow in about three years. The Treasury objected to such a commitment and wished rather to see a limited extension of the Project Definition Phase. The Ministry of Defence proposition, subsequently agreed with the Ministry of Technology, was for a Development Phase which would run until the first flight of a development aircraft, but with a review point at twelve months, at which firmer cost and performance estimates would be available. In internal Departmental meetings, it was noted that it was important to secure firm German agreement to the Development Phase, rather than to an extension of the Project Definition Phase, since this would obviate the real risk of renewed questioning of the operational requirement. Forecast British expenditure to the break point in twelve months' time was projected at about £15m. Uncertainty about continued Italian participation might make necessary a later recasting of the cost and work-sharing arrangements.[39]

This approach was put jointly to an inter-departmental committee. A coherent programme required a relatively long Development Phase: to proceed in alternative and more cautious ways would put at hazard the time-table for the re-equipment of the RAF frontline, and bring with it the risk of collapse of the consortium "by arousing undue suspicions of our intentions by our partners." Uncertainty about the continuation of the Italian government in the programme might make necessary some later recasting, but this did not impact critically on the requirements of the Development Phase. Discussion noted the extent to which the programme had been simplified by the concentration of both the German and the British operational requirements on the two-seater version. Doubt was expressed about the political value of the project, and there was a specific Treasury reservation on the length of the Development Phase, and on the extent to which it would be possible for the government to withdraw, should it so elect, at the twelve month point.[40]

In advance of a reference to the DOPC, CA(PR) noted to Healey firstly the consequences of the acceptance by the Federal Republic of the two-seater version "with almost complete commonality of avionics," and secondly the difficulties which might be caused by the Italian requests for financial guarantees in the setting of their possible continuance in the programme, which neither of the other partners were willing to accept. The projected total development cost, if undertaken by the three countries, was about £475m with a forecast unit cost of about £1.9m at May 1970 prices. It followed that the eventual total British expenditure, on the previous estimate of a numerical requirement of 385, was about £1000m. This figure had to be set against the estimate of about £800m which Healey had given to the DOPC in May 1969, an increase of 18%, more carefully assessed as a result of the Project Definition Phase, and attributable to the combined effects of

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[38] DH/Schmidt mtng 24 Mar 70 MO 25/1/80.

[39] AUS(AS)-ACAS(OR) 6 Apr 70: CofEx-SofS 8 Apr 70: CA(PR) mtng 16 Apr 70: AUS(AS) A4 Pt 11.

[40] MISC 234(70)1 22 Apr 70: MISC 234(70)1stM 24 Apr 70: Cab.

changes in wage rates, material costs and DM revaluation. It still seemed possible to hope that political level commitment, including reference to Ministers, and to the German Defence Council, could be completed in May 1970.

At meetings held to consider the position, Healey noted with concern that costs had risen appreciably, despite the agreed move to a common two-seater version, removing the cost advantage over the development of the Buccaneer; he hoped that this would not revive interest in that alternative. It would be important to retain Italian participation in the project both in the context of securing the approval of British Ministers to the continuance of collaboration, and also as an earnest that would be noted by the American Administration of the reality of joint European ventures. Healey undertook to consider the arguments for a Development Phase in the form now proposed as he studied a draft presentation to the DOPC, and asked for a review of possible alternative aircraft and advice from the Law Officers on the proposed MOU to cover this Phase.[41]

Briefing for the DOPC meeting detailed the characteristics of the two possible alternative aircraft, the Phantom and the Buccaneer. The Phantom was not aerodynamically optimised for low level operations, and the Buccaneer had no supersonic dash and little reserve power. In theory, purchase of the American F14 was an alternative approach, rejected in the later part of 1968; it was now expected to cost, in the numbers required by the RAF, between £1150m and £1500m.

Further briefing dealt with the relation of the project to the total of defence expenditure, and specifically of the R and D budget. The central position of the MRCA could require variation within budget totals to safeguard it. The projected costs of the total programme could be regarded as now more closely defined than had been the case at the time of the Ministerial decision in May 1969 to enter into the Project Definition Phase.

Entry into the Development Phase would make a withdrawal later politically more difficult. Both the British and the German governments could be expected to wish to review critically timetable and performance projections at the twelve month break point. It seemed reasonable to presume that if the project was going seriously awry, both nations would wish either extensively to modify the programme, or even to bring it to an end.[42]

At the DOPC on 7 May, Healey reminded his colleagues of the altered German operational requirement, their reduced numerical requirement and the now modified division of development work and costs. There would be a further reference to the DOPC at the twelve month point in the Development Phase. At that stage the total financial commitment, from the outset of the programme, would be about £75m, of which the British share would be about £35m if the Italians withdrew. He considered that Italy should be given a maximum of three months to reach a decision.

The Chancellor of the Exchequer indicated that he would have preferred either to see the Development Phase itself limited to twelve months, or alternative arrangements which would permit British withdrawal at that point if it seemed expedient, or if political and military requirements cast doubt on the continued requirement. These were proposed provisions which, at senior official level, both the Ministry of Defence and the Ministry of Technology believed not to be negotiable. The Chancellor also hoped that the division of development charges with the Federal Republic, on the assumption of Italian withdrawal, should be 45/55 rather than 50/50, on the grounds that beyond the development of the common two-seater aircraft lay the contingent requirement for an air defence variant which would bring with it its own exclusively British development expenditure.

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[41] CA(PR) 178/70 -SofS 24 Apr 70: Dep Sec B MinTech-Minister 24 Apr 70: DH mtng 27, 30 Apr 70: MO 26/11/13: AUS(AS) A4 Pt 11.

[42] DDOR 5-CAS 5 May 70: AUS(AS) bf on OPD(70)29 6 May 70: AUS(AS) A4 Pt 11.

In further discussion in the DOPC the suggestion was made by the Attorney-General that the further Memorandum of Understanding should be made legally binding, and that the liability of a country withdrawing from the project should be more closely defined. The DOPC favoured as high a proportion of development work as was reasonably related to the size of the British numerical requirement. Wilson summed up; on balance the Committee favoured proceeding with the project, while inviting officials to resolve doubts both on the status of the MOU and also on the potential circumstances of withdrawal at the twelve month point. It was later agreed not to take further questions of the legal status of the MOU.[43]

Healey took up directly with Jenkins (Chancellor of the Exchequer) the issue of the continuance of the programme, at a time of uncertainty over the timing of a General Election. He pointed out that there was specific provision within the MOU for withdrawal "if the project looked like becoming a new TSR2." It seemed unlikely that a change in NATO strategy or other major variation in the military and political environment would alter the requirement, and the aircraft was seen as having the highest priority within the defence budget.

It also seemed to Healey most unlikely that if the British Government wished to withdraw from the project, the Federal Government would wish to continue, so that careful attention to the terms of the MOU covering the Development Phase was unlikely effectively to preview the circumstances of a breakdown of the programme. He hoped that he could be given authority to proceed and so to inform the authorities in the Federal Government. The arguments on the matter would be the same after a June election, if such were to take place, as they did in May.

The response of Jenkins was cautious. The level of charges in the event of withdrawal from the programme could be a real issue; the position of the MRCA within the defence programme could force damaging changes on other defence items. He still considered that an attempt should be made to secure changes to the MOU that would permit withdrawal in the light of national economic circumstances. Since the timetable of the consideration of the programme by the Federal authorities had now moved back, he could not see why his colleagues "should rush to commit ourselves firmly before the election."

Healey emphasised in reply the need for "a basic minimum definition of the British position". This would "enable our partners to make progress with their own decision making." Modification of the provisions relating to withdrawal were "neither necessary nor negotiable." There were no fresh factors that would justify a reversal of the general view of the DOPC "that we should be prepared to go ahead." In notes for a telephone conversation, Healey noted that he intended to say that if Jenkins really believed that the announcement of a General Election had invalidated a decision of the DOPC, it was his responsibility to advise the Prime Minister. Either this argument, if used, or further pressure, secured a reluctant acceptance by the Chancellor that an indication could be given of the British intention to proceed, although he would wish to reconsider the whole position in the event of serious cost escalation.

The way was therefore clear for Healey to reassure Schmidt that the British Government was ready to proceed to the Development Phase on the basis of the drafted Memorandum of Understanding, although it would not be able to take a view of the consequence of a possible Italian withdrawal, if this were necessary, before the election. The requirement for the aircraft "made total sense" and it would be attractive to purchasers outside the trinational consortium. In a later discussion with

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[43] OPD(70)11thM 7 May 70: MISC 234(70)3rdM 8 May 70 Cab: Watts (Law Officers Dept)-Hooper(Cabinet Office) 12 May 70 AUS(AS) A4 Pt 11.

Tanassi, the newly appointed Italian Minister of Defence, Healey noted that the British government could not at this stage consider variation of the industrial arrangements, that is the work and cost sharing of development and production.[44]

It is not solely later experience of the MRCA programme that leads the present writer to find the Treasury arguments at this point somewhat unconvincing. Perhaps the distrust of the ongoing nature of major military aircraft programmes that Jenkins had observed in 1964/65 had led to a personal position on the care to be taken in endorsing them.

The MRCA programme was, therefore, at an interim position at the time of the change of government in 1970. The undertaking to stay with the programme that Schmidt had given was honoured, and in the event the Italians stayed within the consortium, but the issues that had been raised in May had to be considered afresh by the incoming government.

[44] SofS-CofEx 13 May 70: CofEx-SofS 19 May 70: SofS-CofEx 20 May 70: bf for SofS 21 May 70: DH note 21 May 70: CofEx-SofS 22 May 70: DH/Schmidt mtng 25 May 70: SofS-CofEx 28 May 70: DH/Tanassi mtng 8 Jun 70: MO 26/11/13 Pt 15: AUS(AS) A4 Pt 12.

CHAPTER 15

STRATEGIC UNCERTAINTY (JANUARY-AUGUST 1969)

An earlier section of this narrative has set out some of the elements of the transition to a British defence policy concentrated on Europe, and noted the concern of the European members of NATO as they awaited the creation of a Republican Administration in Washington in the first days of 1969.

As prelude to a survey of this period, it is useful to summarise the views of the Chiefs of Staff, prepared as part of the briefing for the second of the Eurogroup type meetings. The continuing American contribution to NATO needed to be sufficient to ensure American involvement in any attack on NATO Europe; reinforcement capability was not a substitute for deployed forces. Further, the appropriate level of forces could be considered fully only in relation to an agreed interpretation of NATO strategy. Eurogroup discussion should consider the means of consultation on the forthcoming discussion on strategic nuclear systems, the work of the Nuclear Planning Group and the divergence of view between European powers and the United States on the issue of the timing of nuclear release.

The Eurogroup meeting of 15 January agreed that a background statement should be prepared setting out the appropriate force levels for the Alliance, to which the European members hoped that the United States would continue to contribute. They recognised that there was little prospect of their own defence contribution being enlarged. While there was to be no initiative to raise these issues with the United States, it was important to realise the implications of the prospective Strategic Arms Limitation (SAL) negotiations especially in relation to the MRBM threat to western Europe.

In a private meeting afterwards, Nitze expressed doubt to Healey of the wisdom of seeking a prior European consensus. This view Healey strongly countered, reminding Nitze of the wide divergence of view between the Americans and the Europeans on the interpretation of NATO doctrine. In an unattributable press meeting later that day, Healey commented on the general scepticism with which the statement of comparative strengths of the two alliances given in the McNamara Posture Statement of February 1968 had been received in NATO Europe, and even by SACEUR.[1]

As the European members of NATO awaited the opening of the Nixon Administration, they learnt of the prospect of negotiations about strategic arms between the United States and the Soviet Union, almost precisely at the point of the Nixon Inaugural, presumably by Soviet design. The Soviets had thus agreed to take up, with a new President, and despite the invasion of Czechoslavakia and the reaction of NATO, an opportunity which had been available to them for at least some part of the Johnson Presidency.

The move was seen in Whitehall as one to be welcomed. It showed the super-powers responding to the contention of the non-nuclear powers that it was their responsibility to demonstrate a will to peace by reducing the excessive strategic balance of forces. The Foreign Secretary was urged to seek confirmation that if the incoming Administration was committed to the negotiation, it was important to establish the principle that there should be consultation within NATO, but also bilateral discussions between Britain and the United States. These bilateral links had to be reconciled with the recent Eurogroup initiative. To the American Ambassador the Foreign Secretary stressed the importance of a public statement by the United States and the Soviet Union that there were to be negotiations on strategic arms limitation; this could well lead "to a de facto freeze of this class of weapons, which would be well received by world opinion"[2]

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[1] COS 5/69 7 Jan 69: Euromtng 15 Jan 69: DH/Nitze mtng 16 Jan 69: DH Press Conf 16 Jan 69 ID9/301/1: MO 13/5/26/1: DPR 65/3/16, Discussion of the issue of relative force capability can be found in Chapter 13.

[2] Disarmament Dept-Private Office FCO 20 Jan 69: Bf for For Sec 20 Jan 69; AUS(Pol)-SofS 20 Jan 69: SofS-AUS(Pol) 21 Jan 69: For Sec/US Amb mtng 21 Jan 69: MO 11/9: DS 22/13/1 Pt 2.

Further analysis within the Ministry of Defence raised questions about the possible scope of the negotiations. The Soviet statement had spoken of "the destabilising actions of other nations"; this was taken as a reference to the British and French strategic deterrents. It had in fact referred only to the control of deployment of strategic systems, so leaving entirely open the issue of control of research, development and production. For the British there were clearly important inter-relations with the Polaris improvement programme. For all the NATO European powers, an American attempt to control the MRBM and IRBM currently targeted on NATO Europe would lead to a Soviet counter, that of an attempt to control the TNW deployed by SACEUR. In addition, the complex issue of verification had to be faced; if it were possible to secure a scheme that would tackle all stages, that is development testing, production and deployment, the prospects of secure reduction in strategic systems would be greatly enhanced.[3]

But the central point of immediate British concern was elsewhere. In discussion after the meeting of 21 January of the American Ambassador and the Foreign Secretary, the impression seems to have been left that the British Polaris force could form part of the subject matter of the negotiations on strategic arms. The Ministry of Defence strongly protested. Such an issue should have been raised in the meeting with the Ambassador. Further, if the British deterrent was to form part of the subject matter of the negotiations, the same principle should involve the inclusion of the French force de frappe. Urgent clarification from the American Embassy was necessary. When this was sought, it was confirmed that the discussion about the possible inclusion in the negotiations of British Polaris submarines assigned to NATO had been purely conjectural and was not related to the summary of the assumed scope of strategic arms limitation which the American Embassy in London had received from Washington. The FCO was asked to confirm to the Embassy the firm "understanding that there is no question whatever of British assets being discussed, and that if the Soviet Union raises the issue, we shall be consulted immediately." This was done; the Embassy confirming by its silence that it was the American intention to consult its NATO allies fully, and that the 1962 Agreement about the supply and support of Polaris equipment was not in doubt.[4]

At the same time, the Washington Embassy warned that there could as yet be no clear indication of the commitment of the incoming Administration to the negotiations, that the timing of their opening was quite uncertain, and that it would be important for Britain, and NATO Europe generally, not to question the initiative in a way which could discourage the degree of American support for the whole venture.[5]

In a paper on "NATO strategy and the American interpretation", the Defence Policy Staff reviewed the divergence between NATO European thinking and that of the American Administration. As will be seen, there is a clear relation between this document and the widely noticed Wehrkunde paper which Healey delivered publicly at about the same time. The paper began from the premise that the tripwire strategy had lost credibility once the USSR had caught up with the United States in numbers of nuclear weapons and "in invulnerable means of global delivery". The result was that nuclear operations by the superpowers against each other were now "virtually incredible." It followed that NATO strategy required that the Alliance should buy time before the tactical nuclear exchange by extending the conventional phase of operations; this was the issue that had been at the centre of the controversy over MC 14/3. The concern of the European NATO members, other than France, was that escalation to the nuclear level should be as credible as possible. The French did not believe that the United States would be prepared to escalate to the nuclear level in the interests of the defence of Europe. The British position on the other hand was that following a Soviet attack on NATO Europe, the decision on the use nuclear weapons would arise at an early stage.

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[3] FCO-UKDel draft 22 Jan 69: DofDP(D)-ACDS(Pol) 23 Jan 69: DS22/13/1 Pt 2.

[4] AUS(Pol)-FCO AUS(Pol)47/69 23 Jan 69: DUS(P)-CDS 24 Jan 69: FCO-US Emb 24 Jan 69: CDS W 139/05 Pt1: DS 22/13/6/1 Pt 1.

[5] Tomkins-Hood 25 Jan 69 DS 22/13/1 Pt 2.

Since the Cuba missile crisis, the paper pointed out, the Soviet Union had been at pains to redress the nuclear balance at the strategic level, and had to a marked degree achieved this. The result was that the American Administration was the more cautious in underwriting commitments which might lead to situations which would require a decision to use nuclear weapons. There was consistency in the American contention that the threat to use TNW was not a substitute for improvement in conventional forces on the ground in Europe. It remained their view that conventional hostilities could be sustained for a considerable time, and that this was the least dangerous course because it was the least escalatory. It also decreased the chances that the Administration would have to determine to use the strategic nuclear option. The paper then noted that there was a significant divergence of view between the American Administration and the NATO European members other than France. Present American deployments in Europe, both TNW and conventional, had a powerful deterrent effect, which the NATO European powers were anxious to preserve. Should that presence be reduced, the American motivation to be prepared to risk escalation, which the Europeans saw as vital, would also be reduced. It followed that any compromise interpretation on the issue of escalation would undermine the foundations of NATO strategy. To accept the divergence had within it elements of bluff, "which Europe may not accept for ever." But the alternative strategy required that the NATO European members accept the concept of a prolonged conventional battle. Deterrence itself would be reduced if it became accepted that defence no longer involved a high risk of nuclear war. Support of deterrence at the strategic nuclear level could come only to a limited degree from the weapons of Britain and France.

The paper concluded that there could be no simple resolution of these issues; the strategy would continue to be costly, and any modification would require resolution by the Alliance as a whole. There could certainly be no alternative to seeking to retain American involvement in European defence, and accepting their continued pressure for larger conventional forces, while hoping to emphasise in return the continuing requirement of a comprehensive nuclear capacity, both tactical and strategic.

In an extended comment on this paper Healey noted

"The central weakness in the United States debating position hitherto has undoubtedly been their emphasis on an all conventional defence, while talking in the same breath about a reduction in their own conventional forces – which could only lead the Europeans to seek reaffirmation of an early American nuclear response. However the paper does not allow for the possibility of a different view being taken by the new United States Administration. Certainly there has been no evidence so far that they mean to adhere unequivocally to the McNamara doctrine.

Secondly, if as the paper suggests, the correct approach is to develop a European concept of strategy based on an Anglo French strategic nuclear force, it will be essential to create some kind of European Defence Community, or other framework, compatible with NATO and satisfactory to the Germans, within which French strategic nuclear weapons can be accommodated."

A meeting chaired by Healey reviewed possible issues in the nuclear field, widely defined, that could be expected to arise, in the setting of a Nixon visit to Europe, announced at this time. The questions included

a. the aims of the new Administration in carrying forward discussion with the USSR,
b. the direction of American nuclear policy within NATO, and
c. the view of the new Administration on "third party deterrents", that is the British and French nuclear capabilities.

A discussion of these issues between the Prime Minister, and the Foreign and Defence Secretaries was to be set up.[6]

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[6] DP 4/69 Directors Draft 13 Feb 69: CDS-SofS 14 Feb 69 CDS W 435/01; SofS mtng 12 Feb 69: SofS-CDS 17 Feb 69: MO 25 25/1/73/1: MO 25/1/73: ID 3/3/21 Pt 26.

These matters were recapitulated by Healey to Wilson. It was essential to secure, if at all possible, an early reassurance that the President accepted the validity of current NATO strategy and "within it, the place and role of American nuclear weapons and troops on the continent of Europe." Both the USSR and the NATO European powers needed to be convinced that the incoming American Administration would have the will to authorise nuclear release. The President should therefore be left in no doubt that there was anxiety amongst NATO European members; this followed from the ambiguity left by views stated by the outgoing Administration. NcNamara, Clifford and Nitze had all played down the role of nuclear weapons within NATO strategy, perhaps in an attempt to persuade the NATO European members of the importance of increasing conventional forces. In the Nuclear Planning Group the British and the Federal Republic of Germany had been creating draft guidelines for the initial use of TNW: it was important to secure from the new Administration a statement of their policy, especially on the key matter of crisis consultation. It would be appropriate to indicate strong support for the prospective negotiations on strategic arms. On "third party deterrence", it was necessary to establish whether the new Administration would be more willing to accept British and French nuclear capacity, rather than repeat the scepticism of McNamara. On France the hope should be that Nixon would "not go out of his way" to aid France bilaterally in the nuclear field, since this would vindicate the disruptive policies of de Gaulle, and there was really no evidence that France could be constrained to play a responsible and constructive role in NATO.[7]

The Foreign Secretary in minuting the Prime Minister noted that the British nuclear capability "could inflict very considerable damage on a number of major Soviet cities" and that for the British to abandon it would be unwelcome in Europe. Further, after the departure of de Gaulle, there might be accelerated moves towards a united Europe and the British nuclear force might be relevant in that context. Its existence provided NATO with valuable additional support, and gave to NATO European members the benefit of British understanding of nuclear matters.[8]

In a subsequent discussion between the Prime Minister and the two Secretaries of State, the first emphasis was placed on finding out whether that the President was satisfied with the credibility of NATO strategy. It was essential that his Administration should not cast doubt on the validity of the MC 14/3 compromise, nor so act as to shake the European belief that in the last resort nuclear weapons would be used. A constructive response to the studies initiated in the NPG was therefore essential. In discussions with the President it would be right warmly to support the initiative on strategic arms but to stress the importance of consultation. The opportunity should be taken to point out that in the British view an attempt to trade with the French government nuclear information in return for a more forthcoming attitude to NATO would be a fruitless line of approach. Finally, it was of prime importance to secure confirmation that bilateral understandings on the exchange of nuclear information and equipment were secure.[9]

From Washington Freeman, the newly appointed British Ambassador, had earlier set out probable American intentions and hopes. A review of foreign and defence policy was being carried out under enhanced National Security Council machinery, that is under the overall supervision of Henry Kissinger. Its starting point was concern at the decline of American prestige and the limitation of its power demonstrated by the course of the conflict in Vietnam. The key aims of the new President were seen as the ending of the war in Vietnam, a relaxation of tension in the Middle East and the achievement of a stable relationship with the Soviet Union. While Nixon was probably prepared eventually to enter into such a dialogue, he had not lost his earlier suspicions of Communism. His early steps had been cautious and low-key and, insofar as policy was dominated by Kissinger, were hardly likely to "encourage impulsiveness."

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[7] DUS(P)-SofS 13 Feb 69: SofS-PM 14 Feb 69 MO 25/1/73: ID 3/3/21 Pt 26.

[8] For Sec-PM 19 Feb 69 MO 25/1/73.

[9] PM/Def Sec/For Sec mtng 21 Feb 69 Mo 25/1/73.

Freeman believed that Nixon understood the importance of consultation with NATO European members about the dialogue with the Soviet Union; there would be "no rush to the summit" and little risk that Europe would face sudden American initiatives. There was certainly no reason to doubt the validity of the commitment either to NATO Europe or to Berlin. Nixon might well wish to develop bilateral relations with both Germany and France, but neither would be easy. Congressional pressure to reduce the number of United States troops in Europe would make it difficult to reassure the Germans. Freeman saw Nixon as genuine in his desire to listen in Europe and as having aims which in the longer term meshed with those of Britain.[10]

A Presidential visit to Europe opened in Brussels on 23 February. At a private meeting with the Secretary General and the Permanent Representatives on the North Atlantic Council the President stressed that he was not seeking to link the strategic arms talks with other major issues. Nor was he urging the reduction of United States forces in Europe, although he noted that he was under pressure to do this. He asked whether it was believed that the prospect of talks on arms reduction would produce a measure of euphoria that would render more difficult the continuance of strong nuclear and conventional forces. He gave an assurance that these negotiations would not lead to reductions in the effectiveness of American nuclear weapons made available to defend NATO Europe. The British Permanent Representative noted that the Czech invasion of the previous year had reminded NATO members of the need to look to their defences, and stressed the importance of the venture at a new European identity within NATO as a means of strengthening the Alliance.

Nixon put to the meeting four issues which he urged should focus the discussion of NATO Foreign Ministers in Washington in April 1969 at the twentieth anniversary of NATO. They were the credibility of the American nuclear deterrent, and of the proposed conventional response of NATO, the role of new types of tactical nuclear weapons and the credibility of escalation from tactical to strategic nuclear weapons. Taken to their fullest extent, and it was doubtful whether the European members of the Alliance would wish so to examine them, these questions reopened, or alternatively confirmed, the issues raised on the long march in 1966 and 1967 to MC 14/3.[11]

Later that day, Nixon was at Chequers with Wilson and Stewart. He expressed himself anxious to determine the motivation of the Soviet Union; he wondered whether it still regarded the break-up of NATO as a major objective. The Soviet Union must be facing substantial economic pressures to reduce its defence expenditure. Nixon hoped in other areas, including the Middle East, to see indications of a Soviet willingness to negotiate. With this Wilson agreed; the Soviet Union must wish to reduce their defence expenditure at least in sophisticated areas, in order to be able to concentrate on more fruitful investment elsewhere, and was pre-occupied to a growing extent with its relation with China. He considered Nixon wise not to plan to indulge in "instant summitry". He believed that the problems of carrying NATO with the President in a more "measured tread" to the summit could be handled. Stewart noted that "the fundamental fallacy in the thinking of the French Government was [the assumption] that understanding and detente with the Soviet Union could best be achieved by the dismantling of the alliances on both sides." The aim should be if possible to exploit the economic pressures within the Soviet Union. Nixon confirmed his willingness to negotiate with the USSR "within the general context of peace." Wilson reminded Nixon of the central responsibility of the American Presidency; both the European members of NATO and the Soviet Union needed to be certain that "if the appalling moment ever came, the United States President would not shrink from the decision . . .What Europe wanted was that the deterrent should work, that is that there should be no aggression. But it would only work if there was confidence that in the last analysis the will to use it was there." Nixon referred back to the questions he had raised at the meeting in NATO earlier that day.[12]

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[10] Wash-FCO 467, 468 15 Feb 69 MO 25/1/73.

[11] UKDEL-FCO 103 24 Feb 69 MO 25/1/73.

[12] HW/RN mtng 23 Feb 69 MO 25/1/73.

At a breakfast meeting the following morning, Kissinger invited Healey to take further the analysis in his Wehrkunde paper delivered earlier in the month. Healey noted that NATO strategy depended on the willingness of the United States Administration to commit itself to early use of TNW in the event of a major Soviet attack, and pointed out that senior members of the outgoing Administration had made the European members of NATO uncertain. None would increase their defence expenditure significantly, and if they became doubtful of the certainty of the American response they would demand nuclear weapons under their own control. There would therefore be a real gain in confidence if the Administration felt able to give an undertaking on American force levels in Europe for a term of years. The Nuclear Planning Group, on which he reported, "had for the time being set at rest any ideas of a European hardware solution."

Kissinger commented that Nixon was not predisposed to reduce the level of United States forces in Europe, what the President was seeking was a convincing rationale for the degree of commitment in Europe into which the United States had already entered. The new Administration would not initiate any schemes of European nuclear sharing, although it would be prepared to respond to any approaches made. He indicated that the President was not disposed to question the British strategic deterrent, and there would be no difficulty in the exchange of information and the supply of nuclear and missile materials. In a letter a few days later expressing his confidence that in their relations the two could "continue a constructive dialogue" Healey sent to Kissinger a copy of his remarks at the April 1966 NPG meeting and a summary of the DOAE presentation made there, adding "it is interesting in the light of this to recall that two years later, when the Peublo was under threat [in waters near Korea] the only United States aircraft available in South Korea were on nuclear Quick Reaction Alert."[13]

In a Downing Street meeting later that morning, Nixon noted both the modification of the tripwire strategy that followed the advent of strategic parity, and the possible strengthening of conventional deterrence that could flow from improved equipment and training. He believed that opinion both in Europe and in the United States favoured strategic arms negotiations. While these negotiations were in progress, the West needed to retain adequate military power. Stewart stressed the need to balance an over-rigid attitude to the Soviet Union with one that was too forthcoming. The offer to discuss with the Soviet Union what would later be known as Mutual and Balanced Force Reductions (MBFR) had been made at Reykjavik the previous year. There had been no response, and the suggestion had been followed by the invasion of Czechoslavakia. At this crisis the Alliance in its meetings in November 1968 had shown firmness of purpose. Given the requirement for a NATO strategy in which all could have confidence, he was certain that the American Administration would not reduce its military contribution. Healey followed, noting that Europe needed to be confident about the American commitment; if the European members of the Alliance were to achieve greater military effectiveness, they would be reassured if the Administration make it clear that this would not lead to a reduction in American support. The British nuclear contribution increased British influence and reassured the European allies. With this Nixon agreed; he promised full consultation with the European members of NATO in the strategic arms limitation negotiations, and on TNW noted that he favoured steps which increased the options open to the Alliance. Wilson in conclusion noted the inter-relation of NATO strategy and diplomacy, and hoped that the forthcoming dialogue with the Soviet Union would serve to reduce tension.[14]

A month later the DOPC considered, as preparation from the forthcoming NATO twentieth anniversary meeting, a paper setting out the central concerns in foreign and defence policy. Starting from the analysis of the Harmel Report which had been endorsed by the North Atlantic Council in December 1967 and had noted the joint objectives of defence and detente, Ministers were reminded

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[13] AUS(Pol) 114/69 24 Feb 69: DH/HK mtng 24 Feb 69: DH-HK 27 Feb 69: MO 25/1/73: MO 13/1/34 Pt 7.

[14] NV(69)1st M 25 Feb 69 MO 25/1/73.

of the distinction in emphasis between the American and European members of the Alliance. Presidential attention had been directed, during the Nixon visit, to the need to establish with the new American Administration a sound basis for the management of NATO.

The United States Government would expect the European members to maintain and improve their force level contributions, and an effective response would provide the best demonstration that the European members of the Alliance appreciated this concern. While the divergence of view on the duration of the conventional phase of operations remained, there had been some signs that Nixon realised the growing European concern about the validity of the strategic guarantee and of the risk to Alliance solidarity of a reduced conventional presence in Europe. Implementation of the proposals about to be placed before the Nuclear Planning Group would increase confidence in the controlled use of TNW in operations in Europe.[15]

It was these European concerns that Healey stressed in a meeting with Kissinger. The anniversary NATO Ministerial meeting would need to generate more than rhetoric. European confidence had not been aided by the opening of the Congressional debate on defence against ballistic missiles following the the Administration decision to proceed with the renamed Safeguard system. From the Eurogroup meeting in January, if from no other source, it was evident that the European NATO members were unlikely to increase their defence contributions. Healey suggested that while it might be possible eventually to reduce the scale of American ground commitment in Europe, the credibility of the total American contribution, conventional and strategic, would require enhancement. Kissinger noted in response that the Administration was not ready for a major fresh statement of commitment, and was seeking a clearer rationale for the use of TNW, although he claimed at the same time that it was "not nervous" about its own nuclear role in Europe. On force levels generally, Kissinger pointed out that there could be no long term commitment; nor were there likely to be large scale withdrawals. Any guarantee of force levels, if such were extended, would be at a markedly lower level than the current deployment.

Congressional debate on ABM, with its focus on the vulnerability of the American strategic deterrent, led Healey to enquire whether there was evidence of deliberate Soviet preparation of a first strike capability. British intelligence, he pointed out, gave no indication that the Soviet Union would be able to find and destroy missile submarines by the mid 1970s. "If Minuteman was more vulnerable than had been admitted by the previous Administration, would it not make more sense to increase the numbers and change [the balance of] the deployment of Minuteman and missle carrying submarines rather than to invest in Safeguard?" Kissinger commented that the incoming SS9s, which were now being extensively deployed, would if fitted with MIRVs be capable of a first strike. The evidence was uncertain, but to assume that they were not so fitted was a risk that could not lightly be taken.[16]

In a private meeting with NATO Defence and Foreign Ministers, held in April 1969, Nixon stressed the extent to which public opinion in the United States and other NATO member countries was questioning levels of defence expenditure. This at a time when a significant measure of strength was required to make possible effective negotiations on the limitation of strategic arms. Nixon pointed out that the SS9 was designed to deal with hardened missile sites, two of these would be protected by the deployment of Safeguard. Deployment of ABM would preserve the credibility of the American strategic deterrent. Healey commented at the meeting that the rationale for Safeguard was certainly more persuasive than the case for Sentinel, which McNamara had announced in September 1967, and added that he appreciated that it would have been difficult to abandon research and development of ballistic missile defence in the context of the opening of the Strategic arms limitation discussions. It would be important, in securing Congressional approval of ABM, not to overstate the vulnerability of existing deterrent delivery systems.[17]

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[15] OPD(69)17 24 Mar 69.

[16] DH/HK mtng 30 Mar 69 ID9/301/1.

[17] Nixon mtng 11 Apr 69 MO 26/7/2 Pt 3.

In the meantime, the Ministry of Defence had prepared a paper setting out its position on the forthcoming talks on strategic arms. While it was understandable that the United States wished to reduce the cost of strategic systems, the Alliance continued to need insurance. Any agreement on strategic arms would need to tackle the issue of verification, on which a high measure of assurance would be required.

The study set out in some detail the probable elements in an agreement. They were deployment of strategic systems, prohibition or limitation of ABM systems, the numbers of submarine launched SSBNs and fixed land-based strategic systems, and of mobile land-based strategic systems. Restrictions on operations, such as limitation on flying or movement of submarines, would not be acceptable. It seemed unlikely that an agreement could include limitations on the improvement of systems, if only because of the difficulties of verification.[18]

The British circulated in the North Atlantic Council a Whitehall critique of the principal European interests involved in the strategic arms limitation negotiations. This noted firstly that variation in the levels of the strategic balance could affect European security, possibly significantly. The agreement might be limited, for instance to ICBM and ABM, or it might cover the entire range of strategic systems; it could well involve the nuclear armoury of SACEUR. This was because a "wide" agreement on strategic arms would be likely to involve not only the NATO-assigned nuclear armoury but also Soviet MR/IRBM targeted on NATO Europe. It was to be hoped that such an agreement would lead to a review of the requirement for 7000 American nuclear weapons in Europe. An indication of the American view of the readiness of the Soviet Union to enter negotiations would be welcome.[19]

In the circumstances of the change of French Presidency after the resignation of de Gaulle, the issue of the NATO "empty chair" arose once again. Setting out in early June the position, the Paris Embassy stressed that "our best tactics might be to let the French make the running . . . an early NATO initiative could also give too much away by making it easier for the French to pick and choose and generally play hard to get". It was evident that it was possible for the French to place Britain in a position of considerable difficulty if the first steps of a new French Presidency were in seeking a special nuclear relationship with Britain. In an extended analysis, the Delegation to NATO stressed the French misunderstanding of the position of British nuclear weapons: "we have always taken the view that we cannot conceive [of] a situation in which we would wish to fire nuclear weapons independently of the United States". For the French to be associated with NATO in the critical nuclear area would involve the assignment of their nuclear forces to SACEUR and their acceptance of targetting as part of his strategic strike plan. The Ministry of Defence saw certain inadequacy in this assessment, especially doubting whether French entry into the Nuclear Planning Group would be acceptable following the assignment of French nuclear forces to SACEUR; this would be a necessary but not a sufficient condition. The Foreign Office prepared a set of guidelines on the response to French approaches of which the key was that the French should not be allowed to pick and choose among NATO activities, nor be accorded a special status. These guidelines in a revised form were approved by Healey, possibly after a limited Ministerial discussion, drawing on a study by an interdepartmental committee run by the Cabinet Office.[20]

The basic American paper on strategic arms limitation was delayed. Although a highly classified document much in it had been set out in public Congressional hearings. It failed to consider the issues raised in the earlier British critique. In an analysis of future trends in the strategic balance,

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[18] DofDP(D) 13 Mar, 28 Apr 69: DS22 24 Apr 69 DS 22/13/6/1 Pt1.

[19] FCO 177-UKDEL 15 May 69: Burrows-Brosio 19 May 69 DS 22/13/6/1 Pt 1.

[20] Palliser-FCO 6 June 69: Burrows – FCO 9 June 69: DS 12 DUS(P) 26,30 Jun 69: DUS(P) 4264 – SofS 1 Jul 69; DUS(P) 93 Pt 1.

which included a projection to 1978, the Americans noted that since June 1966 the Soviet ICBM deployment had increased fourfold, and that various devices, including MIRV, greater accuracy and enhanced payloads, would make possible increases to its effectiveness, even without further increase in launcher numbers. "A MIRVed SS9 force, given the payload of this large missile, would pose a major threat to our land-based ICBMs if we did not take appropriate counter-measures". The case for Safeguard, therefore, rested on the scale of deployment of SS9s and the fact that MIRV-like equipment was being tested on them. The Soviets were also seen as capable of creating a force of submarine missile carriers of greater payload in an enhanced SLBM force, of developing mobile ICBMs, and of extending their ABM system. "An extensive and effective ABM system coupled with a large accurate MIRV capability [in Soviet hands] could prejudice our retaliatory capability, unless we take compensating steps." MIRVs were already being fitted into two United States strategic missile systems, Poseidon and Minuteman III.[21]

On 8 July, the Deputy Head of the proposed United States negotiating team set out to the North Atlantic Council four possible positions. None of these placed any limitations on TNW. The first of them placed a freeze on numbers of IRBM and ICBM, but attempted no control on submarine launched ballistic missiles. The other three included a freeze on land and sea based strategic missiles, and in addition sequentially first banned mobile systems, and further banned MIRV and numerically limited ABM, and finally, geographically limited ABM to areas to be specified.

The growing vulnerability of fixed-site land-based ICBM could be offset by the introduction of MIRV, by hardening, and by agreed limitations of throw-weight, a parameter combining weight and thrust. It would be important to ban mobile ICBM, to impose numerical limits on submarine launched ballistic missiles, and to freeze the numbers of IR/MRBM targetted on Europe.[22]

At this point the Chiefs of Staff were reminded by ACDS(P) of the two central British military concerns; to preserve the independance of the British strategic deterrent and to curb Soviet ABM. This analysis also noted that it was the view of the American Administration that a total ban on ABM was not negotiable, if only because the Soviet Union would never agree to disband the system already being installed around Moscow (NATO codename GALOSH).

There was therefore no respectable argument with which the British could urge the United States not to deploy ABM or even limit numbers. The hope of raising the issue of the IR/MRBM targetted on NATO Europe, but excluding the SACEUR nuclear armoury and "third party deterrents" was noted. As will be seen, this military advice was not in its totality accepted by Healey.[23]

A Cabinet Office working party, with FCO and Ministry of Defence representation, had meanwhile prepared a proposed statement of the British response for presentation to the North Atlantic Council. This was considered by a Ministerial meeting on 14 July. Healey urged alteration to cover the possible inclusion in the negotiations of both the nuclear armoury of SACEUR and the IR/MRBM of the Soviet Union targeted on Europe. The United States should also be pressed to consider afresh a total ban on ABM; Nixon had earlier spoken publicly of Safeguard as a bargaining chip. Ministers considered that the time had arrived for bilateral discussions, the principle of which had earlier been accepted, in the hope that the Americans might be prepared to respond to detailed British comment rather more fully than in the North Atlantic Council.[24]

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[21] COS 1417 26 Jun 69 [paper of US Emb London 23 Jun 69].

[22] UKDEL-FCO 418, 419, 420 8 Jul 69 DS 22/13/6/1 Pt 2.

[23] DPS 1023 ACDS(P)-CDS 10 July 69.

[24] Misc 252(69)1stM 14 Jul 69: DS 22/13/6/2 Pt 2.

The British statement as agreed by Ministers and made to the North Atlantic Council, spoke of the central objective of preventing any increase in the Soviet threat to Europe, and avoiding restriction on the Alliance policy on the use of TNW. There was, or should be, a genuine Soviet interest in reaching an agreement; its own strategic outlook was not good, although it would clearly seek to preserve its second strike capability. Moreover, an agreement would give the Soviet Union "political parity", a prize it presumably sought, although it might lead to dissension within the NATO Alliance. The elements needed within a possible agreement, the statement continued, included the necessity of verification, an approach to a freeze on strategic delivery systems to be followed by reductions, numerical limitation of ABM, and a moratorium on MIRV testing.

In the North Atlantic Council on 16 July, the Germans were in general agreement with the American approach as were the French, although they were at pains to say that they felt they had no standing in what was in essence a bilateral negotiation. In response the American representative argued against the emphasis of MIRV in public discussion. He pointed out that the aim was not strict parity system by system, and noted the probable asymmetry of Soviet and American aims. The opening stages of the negotiation could be expected to be exploratory.[25]

British Ministers had foreseen that this consultation within NATO would be inadequate, and had decided to seek substantive bilateral exchanges in advance of a discussion between Nixon and Wilson due to take place at Mildenhall on 3 August. The proposals on ABM seemed to have changed significantly. In the Nixon briefing to NATO Defence and Foreign Ministers in April, the view had been that if a strategic arms agreement could be concluded it would not be necessary to proceed with Safeguard beyond the first stage. The Administration was now felt to be showing "less concern than is felt here" over the key place of an agreement as a earnest of super-power willingness to check the growth of the arsenals of strategic weapons. If the British Government was not convinced that the American negotiating position was soundly based, and so was unable to defend it publicly, this would weaken the solidarity of the Alliance.

From Washington, however, the Ambassador advised that a request for bilateral discussions would be unwelcome. Safeguard was seen by the Administration as essential to American security, and a Senate vote was due on it shortly. (It was secured, though by a narrow margin, on 6 August). It would be better for the suggestion of bilateral exchanges to be put to Nixon by Wilson. In the meantime a list of the matters for discussion should be prepared for later transmission to the State Department. This the Ministry of Defence now set itself to prepare.[26]

In the event the Administration responded in some measure, speaking more freely to the British Embassy than in the NAC discussion. The four "packages" that had been stated to the North Atlantic Council were illustrative, it was now explained; the final negotiating position had yet to be determined by the President. On ABM there was a clear requirement for a minimum defence "against China and against accidents" To pause at the end of the first phase, planned to be point defence for two ICBM sites in Montana and South Dakota, would not meet this "thin" area defence requirement. On MIRV the Soviet Union might have progressed beyond a MRV of a cluster type comparable to the Polaris 3. Privately American officials accepted that in the course of the general defence review the negotiating position had hardened.[27]

A meeting held by Healey concentrated on the degree to which American security interests were now being given more weight than arms control objectives. If this continued, European NATO members would no longer believe in the arms control process. In a private meeting with a former key member of the American Embassy in London, Healey declared that public knowledge of any of the four

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[25] Burrows statement 16 Jul 69 [DPS 1024 11 Jul 69]: UKDEL-FCO 440 16 Jul 69; DS 2 2/13/6/1 Pt 3.

[26] FCO-Wash 1596 16 Jul 69: Wash-FCO 2040 16 Jul 69: FCO-Wash 1614 18 Jul 69 DS 22/13/6 /1 Pt 3.

[27] Wash-FCO 2071, 2077, 20,21 Jul 69 DS 22/13/6/1 Pt 3. At the opening of the ABM programme it was not necessary to determine whether its deployment would be point defence or area defence.

"packages" would be disastrous, and that the British government was risking being drawn into the support of an publicly untenable position in arms control by the American Administration. The appropriate starting point of negotations, in his contention, would be a one-year moratorium on both MIRV and ABM.[28]

In preparation for the meeting at Mildenhall – little more than a refuelling stop on a return from the Far East and Romania – Sonnenfeldt, a member of Kissinger's staff, discussed strategic arms limitation with Wilson's Principal Private Secretary. He claimed that the Administration shared the concern of world opinion on the buildup of strategic arms, that an attempt to secure a moratorium on flight testing of MIRVs would bring with it difficulties of verification, and that on ABMs it was possible that the threshold of decision had already been crossed by both the Soviet Union and the United States. Wilson was recommended in briefing to stress to Nixon that the public perception of strategic arms limitation was political; it was seen as a stage in arms control. The negotiations would probably be lengthy, and meanwhile MIRV development if unchecked would contribute an irreversible further intensification of the strategic arms deployment.[29]

The President and Prime Minister met briefly on 3 August. After agreeing with Nixon that the negotiations on strategic arms would be prolonged, and noting that a balance had to be struck between concession and risks to security, Wilson sought and received confirmation that Safeguard was a firm requirement and that there had been no French approach on strategic arms issues. He restated the British view that any discussions with the French on nuclear matters should be within NATO and on the basis of full involvement in the Nuclear Planning Group. He sought and obtained agreement to further bilateral discussions.[30]

Kissinger at the same meeting faced questioning by a small group of British officials. They asked whether the Administration saw the monitoring of flight testing of MRVs as an element of verification which would be lost once the tests were complete. Kissinger noted that it was possible that on the strength of current test programmes of MIRV in the United States and MRV in the Soviet Union, both sides could already deploy in a retaliatory mode. Even with a moratorium on testing it was possible that both systems could almost at once be brought to a first strike capability. In a discussion with the NAC two days later Kissinger criticised NATO comment on the United States position. This had dealt in generalities "such as [the contention] that this was the last chance of stopping the development of ABM or MIRV. The United States was in a sense the trustee of western security and could not afford to settle such issues by slogans." Despite this, he concluded by confirming that the American accepted that they had a continuing obligation to consult.[31]

Whitehall now sent to the Embassy in Washington a series of questions which it wished to see raised in bilateral discussion. Although the NATO powers had agreed not to question the American negotiating position in public, Ministers might be pressed to justify this. Although the British could not probe further the American determination to continue plans to deploy Safeguard, they could certainly ask the American view of Soviet objectives in deploying their ABM, and question once again the validity of the contention that a new ABM system could be rapidly deployed. It remained possible that the American assessment of the SS9 threat was based on extrapolation of the American development programme. The central question on MIRV was whether the United States could deploy in retaliatory made without further test firings. With considerable hesitation, the Washington Embassy put the questions in the hope of arranging a bilateral meeting.[32]

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[28] SofS mtng 22 Jul 69: DH/Spiers disc 23 Jul 69 MO 11/9.

[29] FCO-Wash 1682 29 Jul 69: bf for PM 30 Jul 69: DS 22/13/6/1 Pt 3.

[30] HW/Nixon disc 3 Aug 69 DS 22/13/6/1 Pt 3.

[31] HK disc 3 Aug 69: UKDEL-FCO 465 5 Aug 69: DS 22/13/6/1 Pt 3.

[32] FCO 1754 1755-Wash 12 Aug 69: Tomkins-Freeman 20 Aug 69: Freeman-Peck 22 Aug 69 10 Sep 69: DS 22/13/6/2 Pt 2: Cab MISC 237(69)32

CHAPTER 16

STRATEGIC ARMS LIMITATION: ALLIANCE UNCERTAINTIES (SEPTEMBER 1969-JUNE 1970)

While the European members of the NATO Alliance awaited the Soviet decision on the timing of the opening of the talks on Strategic Arms Limitation they faced also uncertainty about the continuing scale of presence of United States forces in Europe. The resignation of de Gaulle earlier in the year had brought a change of government to the Fifth Republic, with the election of Pompidou to the Presidency, and in the first days of October 1969, elections in the Federal Republic of Germany had led to the formation of the SPD government under Brandt, with Helmut Schmidt appointed as Minister of Defence. The western European defence scene had undergone a significant change.

The last year of the Labour Government of 1966/70 saw the opening of the prolonged debate between the United States and the Soviet Union on strategic arms, the first results of a Strategic Review carried out in Washington by the Republican Administration, and a review within the NATO Alliance of its defence posture, later codenamed AD70, which was given greater prominence by the continuing prospect of reductions in the scale of the United States military presence in Europe. At the same time, an important element of the work on the Nuclear Planning Group was put in place, with the completion and endorsement by the North Atlantic Council of the provisional guidelines for the first use of nuclear weapons, prepared by the British and Federal German governments.

The Anglo-German study of first use of tactical nuclear weapons had been set in train by the NPG meeting of October 1968. The guidelines, circulated in September 1969, endorsed by the NPG in November and by the North Atlantic Council in December, set out major conclusions. The initial use of nuclear weapons was seen as having a fundamental political purpose, and it would be of the greatest importance that political control of operations be preserved. The aim of any first use by NATO of nuclear weapons would be to confront an enemy with the prospect of escalation consequent upon his attack, presumed to be conventional, with the object of forcing him to halt his advance, and the use would be so designed as to convince the enemy of the readiness of NATO to escalate the conflict. The use of nuclear weapons required solidarity within the Alliance, and the acceptance of the potential sacrifices involved in the threat of nuclear escalation. The timing of use must be such as to allow an opportunity for a reaction from the enemy, and for "follow-on use" while Alliance forces were still capable of taking military advantage of the effects of nuclear weapons. The options of use included demonstration use or no-target use, Atomic Demolition Munitions, use in air defence, battlefield use, maritime use and use in extended geographical areas. The targets for initial use could include enemy forces of facilities, on NATO or Warsaw Pact territory. Restraint in use should be exercised, to avoid uncontrolled escalation and unacceptable damage. The least yield possible should be used to achieve the required military effect.[1]

In late September 1969, Ellsworth, the United States Permanent Representative on the North Atlantic Council, suggested to the Secretary General, for the information solely of the British and the Germans, that he saw ahead three possibilities each with implication for the American presence in Europe. The first was that there could be pressure within the current fiscal year to find economies in the defence budget of about $3 billion. The second was that the Appropriation in the current year could be varied by Congress. Finally the proposed budget for FY 71 (which would open in July 1970) could be cut back to such an extent that a United States division would have to be withdrawn from Europe.

Although Ellsworth asked that there should be no consultation in Washington until he had cleared his own lines there, the British did approach the State Department and were assured that the position was probably less critical than had been portrayed. There was no prospect of reduction in

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[1] NPG/D(69)2 11 Sept 69 MO 13/1/34 Pt 8.

the current year, and probably not in the following fiscal year either. It seemed probable therefore to the British either that Ellsworth had exceeded his instructions, or that the whole episode showed the rather strange working relationship between the White House, where it was known that Ellsworth had close links, and the State Department. There were clearly internal studies in process within the Administration, and it was possible that in the event of major changes in the American military presence in Europe there "would not necessarily be the warning of a long build-up of Congressional pressure." As the Foreign Secretary put it to the Prime Minister, the episode had been a "salutary warning" to both the British and the Germans. In discussion the Defence and Foreign Secretaries agreed the potential danger, noted that the central point was to remind the American Administration of the need for timely consultation, and recalled the inter-relation between the scale of United States deployment in Europe and the nuclear strategy of the Alliance.[2]

Healey was able to discuss these matters with SACEUR (General Goodpaster) with Schmidt, newly appointed German Minister of Defence, and with the Deputy Secretary of Defence in Washington. Healey professed himself to SACEUR hopeful that reductions in the next Fiscal year, FY 71, that opening in July 1970, could be avoided. In the longer term, he remained convinced that some measure of reduction was inevitable. SACEUR agreed that the American Administration would resist reductions, and that it appreciated the importance of early consultation within the Alliance. Significant reductions, he believed would involve a review of NATO strategy; too great reliance on nuclear weapons in that strategy would be seen in the United States as unduly endangering American troops. He commented that there was some respect for British judgement in Washington, but that the Germans were distrusted.

Contact with the new German Administration was quickly established. Healey opened his discussions with Schmidt by emphasising that if the Federal Republic and Britain "could combine and take a lead" on defence questions, this could be of decisive importance for NATO and for Europe. Reviewing the recent course of negotiations on NATO strategy in the Alliance, he stressed that the objective had been to raise the nuclear threshold while accepting that the disparity of conventional force levels between NATO and the Warsaw Pact made inevitable continued reliance on nuclear deterrence. There had been significant improvements in NATO conventional forces, and at the same time options for the initial use of tactical nuclear weapons had been set out in the joint Anglo-German draft guidelines. During the McNamara period, reliance on conventional forces had been urged on the NATO European members, but the emphasis had not been carried through to United States military planning and posture; these had remained heavily nuclear. It was fortunately still the case that the present strategy in both its nuclear and conventional elements, "just about made sense to the troops on the ground". The outcome of the Ellsworth affair, just narrated, suggested that the reactions of the British and German Governments had been effectively exploited within the American Administration. He noted that the Congressional pressure for the reduction in United States forces in Europe remained strong. On British defence relations with France he explained that any move towards nuclear collaboration would have to be made within Alliance machinery. If the French made any approach (there had been none so far) the British government would consult with both the American and German governments.[3]

In discussion with Healey in London a few days later, Elliott Richardson, Deputy Defense Secretary, indicated that the Administration was determined to resist pressure to reduce its forces in Europe, not least in the context of the opening of the negotiations on strategic arms. In organising substantial opposition to Congressional pressure, American Ministers would set themselves the objective either to justify a decision to reduce forces, or to produce publicly evidence that reduction

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[2] PS/For Sec-PS/PM 10 Oct 69: Def Sec/For Sec mtng 14 Oct 69 ID9/301/1.

[3] DH/SACEUR mtng 20 Oct 69 ID3/301/1: DH/Schmidt mtng 3 Nov 69 MO 14/3.

would not be desirable. In response Healey reiterated the requirement for advance NATO consultation, and suggested that the European NATO members would see some reduction as fair. He hoped that in any future Balanced Force Reduction (BFR) negotiations the primary attention would be on reduction of the external forces, that is those of the United States and the Soviet Union; this would be less dangerous than initial reductions of European forces.[4]

The prospect of intensive work with the Alliance on force reductions made more relevant the work that had been proceeding on the study of Relative Force Capability (RFC). This had been initiated as a result of the McNamara-Enthoven thesis stated in 1968 that the imbalance of NATO and the Warsaw Pact had been overstated. As the enquiry approached the point at which it would be remitted to NATO Ministers, it was evident that one major element of the contention was proved, namely that the term "division" was markedly imprecise. For example, NATO had, in one situation studied, 60% of the Warsaw Pact total of divisions, but 125% of the manpower. McNamara had spoken to Congress in early 1968 of manpower totals as being "a reasonable first approximation" of relative force capabilities, but the NATO studies had shown clearly that to quote manpower totals alone gave too sanguine a picture of NATO capability. To determine RFC with any precision therefore required the study of particular groupings of forces one against the other, using battle simulation techniques, comparable to those developed for instance at DOAE. Simple indices of equipment performance or equipment density did not serve as helpful indicators. An interim report on the work attempted was put by the NATO Military Committee to the Secretary General, and noted by Ministers at their December 1969 meeting.[5]

These studies were relevant should the Warsaw Pact take up the Reykjavik offer of June 1968, of negotiations on Balanced Force Reductions. Although there had been no Warsaw Pact response, and this was in the event to be markedly delayed, preparation had necessarily to go forward on the premise that the offer would at last be accepted. A NATO Political Committee report therefore set out the political advantages of a BFR proposal; these were that an agreement if achieved could permit the reduction of defence costs, would consolidate public support for continuing defence expenditure at a lower level and would give the West more standing in questioning Warsaw Pact force levels. There were at the same time dangers; these included the spread of a false sense of security. The elements of a BFR agreement, and even more the initial stance in negotiation, had yet to be determined, and there were a range of issues to be addressed; these included the area involved, and the decision to include both indigenous and foreign forces, conventional and nuclear forces.[6]

The approach of the British Defence Planning Staff to BFR was notably less enthusiastic and more cautious than that of the NATO Military Committee. The Defence Policy Staff saw the existing military balance in the Central Region of NATO Europe as unfavourable to NATO, since the Warsaw Pact had freedom to concentrate force at a time and place of its choice. Further, NATO force requirements would not vary greatly if there were changes in Warsaw Pact deployment, and NATO had a lesser capacity for rapid redeployment in comparison with that of the Warsaw Pact. This would worsen in the setting of a BFR agreement. If an agreement were concluded, NATO strategy would have either have to revert to the tripwire strategy from which it had so recently escaped, or accept a willingness to surrender NATO territory. This would require it to abandon the forward policy to which above all the Federal Republic of Germany in particular wished it to be pledged. The Chiefs of Staff therefore argued that given the pressures for real progress towards detente, there was little choice but to accept the requirement to study BFR proposals and to note the military implications. This analysis led CDS to remind Healey that NATO had "no option but to

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[4] DH/Richardson mtng 7 Nov 69 MO 14/2 Pt 8.

[5] DCA(RS) – SofS 6 Nov 69 MO 13/1/16/1 Pt 4: MCM 100-69 13 Nov 69 CAS W25/01 Pt 4: The discussion held in March 1968 between Healey and Enthoven is noted in Chapter 13 of this narrative.

[6] MCM 90-69 28 Oct 69: C-M(69)52F 21 Nov 69 MO 13/1/16/1 Pt 5.

insist on an extremely asymmetrical interpretation of the term balanced." Any other outcome would appreciably increase the Warsaw Pact advantage. Further, there was little budgetary advantage in BFR; all that the British Government could do was to continue in full awareness of the military facts and ensure that "the lines of diplomatic retreat should in practice be kept as wide open as possible."[7]

In response, Healey agreed that the level of NATO forces could not be determined by the deployment of Warsaw Pact forces, and that BFR did not make much sense unless linked with a massive reduction in the overall capability of the Warsaw Pact. The aim should be to seek equality of security at lower cost, and NATO could not rest in the position that the present balance of forces was the only conceivable one. This was not a proposition that was "politically saleable" and it ignored also the possibility of substantial United States force reductions in Europe. There was therefore, Healey argued, a need to look at the balance in a wider manner; "if in the process we succeeded in doing no more than educating the public in the fundamental parameters of the problem of mutual force reductions, that would be worthwhile." He noted his intention to raise the subject at the Eurogroup meeting, but not at the North Atlantic Council. Healey sent the Defence Planning Staff study to the Foreign Secretary, noting the prospective danger of a stalemate between military perceptions of security and the political requirement to be in a position to negotiate.[8]

At the same time, the British made a fresh attempt to probe American intentions in strategic arms limitation. At the opening of bilateral talks in October the Embassy were at pains to stress that the intervention was designed to support the American negotiating position. The central areas of British concern remained the inter-relation of MIRV and ABM, the Soviet threat from landbased IR/MRBM, and some aspects of the potential effect of limitation on the British deterrent. There seemed a real danger of crediting the Soviet Union with greater capability than it had, or would possess. Despite this, the British accepted that the SS9 appeared to have a first strike potential, which the Minuteman had not, and the American contention that a ban on MIRV could not be verified without intrusive on-site inspection involving access to the warhead, and even that relatively early deployment of MRV/MIRV on both sides was possible. The British saw the GALOSH system as more effectively directed at "small" deterrents, that is, those of Britain and France, than at the United States capacity. They questioned the significance for both the Soviet Union and the United States of the Chinese threat.

The American responses were limited. They argued that verification of a MIRV ban might be negotiable, and even that some measure of on-site inspection might be acceptable. Beyond that, they noted a wide range of questions, which they had still not answered in March 1970, and confirmed that they had given the Germans no information other than that made available in North Atlantic Council meetings.[9]

A month later in a meeting with Smith, designated as the principal American SAL negotiator, held just before the opening of the negotiations in Helsinki, Healey set out again his contention that there could still be a freeze on MIRV testing and on ABM deployment for a limited period, possibly a year, at the outset of negotiations. Smith responded by commenting that the SS9 was believed to be the equivalent to the Polaris 3, although perhaps equipped with MRV only, but that its target zone appeared to have some relationship to the layout of Minuteman sites, a point to which Nixon had already referred publicly. Smith was optimistic that Congress would be prepared to authorise funding of United States MIRV on the basis of the tests already undertaken, that is that it could proceed without testing, should a moratorium on testing be accepted, and that the system would still remain as a "bargaining chip".

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[7] DP 218/69F: CDS – SofS 27 Nov 69 CDS W25/01.

[8] SofS-CDS 28 Nov 69: SofS-For Sec 28 Nov 69: MO 13/1/16/1 Pt 5.

[9] Smith/Tomkins disc 22 Oct 69 MISC(69)37 Cab.

Healey asked how rapidly an United States advantage would be eroded if the Soviet Union cheated on MIRV testing, and was advised that the period was perhaps two years. While Smith contended that time was running out for a MIRV testing moratorium, Healey believed that the risks of a short term moratorium were not intolerable. Smith also stressed the advantage to the Soviet Union of the flow of information inseparable from the process of securing Congressional approval for a new weapon system. Turning to the ABM, Healey questioned whether it was still not possible to propose to the Soviet Union the dismantling of both ABM systems. The American response remained that there had to be a defence against the threat from China and against accidental launches. Healey repeated his earlier view that the growing vulnerability of Minuteman 3 could best be countered by concentration of the retaliatory force in SLBMs.[10]

In an exchange between Healey and Kissinger the following day, it is possible to detect a deliberate distancing from the persistent and well informed British questioning on strategic arms. A moratorium on MIRV testing, Kissinger contended, would be possible only if the Soviet-American exchange ranged over the entire spectrum of issues, including ABM deployment, the possible development of SAM systems and the prospect of verification. Bilateral talks could perhaps best be resumed rather later in the process.[11]

The Americans set out to the North Atlantic Council their proposed starting point at Helsinki. Rather than opening with a specific proposal, they planned to suggest to the Soviet Union the elements of a possible agreement. The listing was fairly complete, and predictable, comprising limitations on ICBMs, SLBMs (or both together with "freedom to mix"), IR/MRBMs, ABMs, and possible limitation or complete banning of land-based mobile systems. The Soviet Union would be left in no doubt that the Americans intended to retain a deterrent capability, as defined by the criteria of strategic sufficiency which had been put to the North Atlantic Council in June. They still hoped to include negotiation of a restriction on Soviet IR/MRBMs while not allowing limitation on the nuclear weapons available to SACEUR. The Soviet Union would be invited to consider a ban on MIRVs.[12]

Six weeks later, after the initial Helsinki "round" during which neither the American nor Soviet negotiators had given much information publicly, there was a further American report to the NAC. This indicated that the Soviet Union had shown an anxiety to include all strategic systems in the negotiation, that is they wished to include all strategic missiles and aircraft, even those of lesser range, capable of reaching the Soviet Union. This raised straight away the difficulty of the "forward based systems". The Soviet authorities had not, however, raised the question of tactical nuclear weapons, but had recommended the exclusion from the negotiation of IR/MRBM and of submarine launched cruise missiles. They had also seen a need for control of accidental or unauthorised release of nuclear weapons. There had been no discussion of "third country deterrents" other than a statement of the need to control the transfer of strategic systems. Over the whole area of strategic arms, the Soviets had hoped that national means of verification would be sufficient. A "work programme" of a series of studies had been agreed.[13]

Following this first round of strategic arms limitation negotiations and the subsequent statement by the United States team to the North Atlantic Council, a Cabinet Office group prepared an extended report to Ministers. It set out first the rationale of American policy, noting the emphasis on assured destruction capability, that is the capacity to absorb a Soviet first strike and respond with unacceptable devastation on Soviet cities. There were signs, for instance in comments from

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[10] DH/Gerard Smith mtng 12 Nov 69 MO 25/2/90.

[11] DH/HK disc 13 Nov 69 MO 14/2 Pt 8.

[12] US statement to NAC 14 Nov 69: Annex B to MISC 231(70)1 8 Jan 70 Cab DS 22/13/6/2 Pt 4.

[13] US written report to NAC undated late Dec 69 Annex C to MISC 231(70)1 8 Jan 70: Cab: DS 22/13/6/2 Pt 4.

Kissinger in private conversations, that there was "some sort of counter-force" concept. What Whitehall documents at this time called "the tripod" (subsequently the "triad") of multiple delivery means, ICBMs, SLBMs and bombers, remained central. It was believed that the Minuteman 3 MIRVs if and when developed would lack the necessary accuracy to tackle "hard" targets; Minuteman 3 was not, in other words, the counter-force weapon if one was required.

Reviewing the elements of the triad, the report indicated that, as far as was known the United States had no intention to increase the numbers of ICBMs or to develop and deploy land-mobile ICBMs. For SLBMs, an improvement programme had introduced Poseidon, which would be MIRVed, but it lacked sufficient accuracy to be effective against Soviet ICBM silos. R and D continued on the third element, the Advanced Manned Strategic Aircraft. Complementing the triad, the ABM programme, which had gained Congressional approval by a close call in the previous year, consisted of a first phase which would protect two wings of Minuteman, and a second phase, which could be varied, either to defend the whole Minuteman force, or the bomber force, or United States cities against first generation Chinese ICBMs. It was, in any event, inconceivable that the Soviets could mount an effective first strike against all three elements of the triad.

Turning to the Soviet Union, the report noted that they claimed to rely on their capacity to retaliate but "did not act on the full rigour of their doctrine." They lacked capability against SLBMs, the ability to intercept incoming ICBMs and SLBMs, or the capacity to attack ICBM sites, save for the questionable power of the SS9. They had a dwindling bomber force, an SLBM deterrent force which was gaining numerically though without evidence of MIRVing, and a limited ABM force around Moscow, which also protected some ICBM sites. They had therefore, in the horrific setting of unrestrained strategic nuclear conflict, no prospect of causing breakdown in the United States while averting it in the Soviet Union.

In the position of mutual deterrence which therefore existed, continued growth of strategic forces would not necessarily generate instability, although the risk of heightened tension was real. If the limitation process were to fail, however, the prospect of other arms control measures would be set back. No United States President was likely to take major risks with American security to reach a strategic arms limitation agreement, although there was a formidable political dividend to be secured. Nixon had recently tended to stress in place of superiority the need for sufficiency, a markedly "elastic concept." At the same time, the Soviet Union was probably still seeking to acquire a strategic edge on the United States, although the economic cost was high; an agreement would bring the Soviet Union the status of political parity.

Applying this analysis of the strategic situation to the position of the European NATO states, the report made it clear that there were potential outcomes of the strategic arms limitation process that could lessen European security, or at the least the perception of it. Particularly significant here were the Soviet IR/MRBMs targeted on Western Europe and the nuclear armoury available to SACEUR. While it was possible that some reduction of the 7000 American nuclear weapons in Western Europe would not weaken security. NATO was markedly more dependent on nuclear weapons than was the Warsaw Pact. Studies initiated by the Nuclear Planning Group were not yet complete, and any withdrawal of American nuclear weapons from Europe might be seen as reducing the validity of their nuclear guarantee. There was a complex inter-relation between the attempt to control strategic arms, the prospective BFR negotiations, and the study in Washington of the level of American conventional force levels in Europe.

On exclusively British concerns, the report noted the American reassurance that the status of the British deterrent would not be a subject for negotiation, although the issue of "third party nuclear forces" had been placed on the work programme agreed by the two delegations at Helsinki. In fact British offensive strategic nuclear capability stood to benefit from any restriction on Soviet ABM, if this should be negotiated. Although the American authorities had given an undertaking in January 1969 that the arrangements for the sale and support of Polaris would not be affected, at Helsinki the Soviet side had raised the issue of transfer of strategic systems.

In conclusion, Ministers were advised that there was a major British interest in a secure and favourable outcome of the SAL process. While the United States would probably be ready to accept an agreement based on strategic parity, it was less clear that the Soviet Union would be prepared to do so. European NATO members had reservations about the whole process for the NATO European powers, since some of them believed that the potential consequences for NATO strategy were serious, a view which the report did not endorse. It was realised that British influence on the course of the negotiations was marginal, and arguments could best be deployed in bilateral discussions with the Americans rather than in the more open setting of the North Atlantic Council. In such opportunities the emphasis should be on those parts of the American position that were most open to criticism; namely the stress laid on the triad, and the belief that the Soviet Union would attain a first strike capability in the 1970s.[14]

Wilson held a meeting on 21 January 1970 to discuss this report. Healey commented that the Americans were now showing greater flexibility in the negotiations, seeing the ABM system primarily as a means of defending Minuteman, and MIRVs as a means of maintaining its effectiveness in the face of a potential Soviet first strike capability. The Helsinki first round had shown that the Soviet Union was not pressing for limitation of MIRVs but was prepared to consider restrictions on ABM. It was possible that their concern about "third nuclear powers" related to the Chinese rather than the British or French. It was hardly surprising that the initial American negotiating position, that the Soviet IR/MRBMs should be included in the agreement but not the nuclear armoury of SACEUR, had been unacceptable to the Soviet Union. Criticism of the negotiating stance of the Administration was in order. Not only were they seeing excessive assured destruction capability as necessary, they also overstated the role and damage potential of the SS9, and the capability of Soviet ABM. Healey accepted however that it would not now be possible to press them to accept either a ban or a moratorium on MIRVs.

After Zuckerman had commented that he saw evidence of extreme Pentagon positions being moderated in the detailed enquiries controlled by Kissinger, the meeting agreed that there would be advantage in bilateral discussion with the Federal Republic, as the Foreign Secretary had suggested, and that for his forthcoming visit to Washington Wilson should be given a statement on the British position which should be available but not proffered. He should also safeguard the continued British interest in bilateral exchanges.[15]

The British position, in line with the recommendations of the report and the Ministerial meeting, was put by the British Representative to the North Atlantic Council. He noted that the gap between the two sides in Helsinki had been narrower than had been feared. There seemed to be less Soviet concern about the American MIRV programme than might have been expected; he repeated the British question whether the Administration still regarded a MIRV flight testing ban as a practicable option. Certainly if neither MIRVs nor ABM were to be limited in the agreement, the prospects for a major limitation of strategic arms were scant indeed. As an alternative approach, a limitation on throw-weight might be possible, together with an agreement that either limited or banned land-based strategic missiles. The Council should face the question whether they would prefer to see limits on numbers of both Soviet IR/MRBM and the nuclear armoury of SACEUR, or of neither. On the agreement generally, any extreme attempt at precision, or a determination to safeguard against every contingency, would destroy the prospect of a settlement.[16]

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[14] MISC 231(70)1 8 Jan 70.

[15] MISC 252(70)1stM 21 Jan 70 Cab: DS 22/13/6/2 Pt 4. There was no substantive exchange on SAL in the Wilson/ Nixon mtng of 27 Jan 70 MO13/7; CDS W25/01 Pt 5.

[16] NAC statement 28 Jan 70 agreed by MISC 237 meeting 26 Jan 70 MISC 237(70)1 26 Jan 70: Cab: DS 22/13/6/2 Pt 4.

A month later, in the interval between the first SALT round in Helsinki and the second in Vienna, and while the process of consultation between Washington agencies was proceeding, the second of the bilateral discussions took place. A Ministry of Defence team was present. The British Embassy in Washington opened by confirming that British discussions with Germany would be held without reference to information gained during the exchanges with the Americans. The objective was to concentrate on issues relating to the British nuclear deterrent, a distinction which it was perhaps possible to make, but rather less easy to follow. Questioning concentrated on the range of issues which Whitehall consideration had indicated seemed worth taking further. The British team first pressed the Arms Control and Disarmament Agency (ACDA) representatives on the justification for the triad, and on the degree of assured destruction capability that was being sought. Was it indeed the case that options other than counter-city deterrence were being required? In any possible agreement, was the objective a quantative or qualitative constraint?

So far as can be gathered from the record, it would seem that the American responses were standard and even predictable. These stressed the need for the triad as a precaution against the outdating of any one part of it. Within the assured destruction capability, there was a requirement for options other than counter-city; this was another way of stating the continuing American concern at the potential of Soviet ICBMs. The Americans accepted that an agreement which concentrated on quantitative constraint might be limited in its effect, but this would still be better than no agreement at all. Qualitative constraints brought with them difficulties over verification. On the possible limitation of mobile ICBMs, it seemed possible that by the late 1970s fixed site ICBMs could be a wasting asset. While in theory it would be possible for the two antagonists to continue to deter each other with mobile ICBMs, a relationship which might even be more stable than the current balance, this would be extremely costly.

The British team pressed a series of questions about ABM. They asked first how far it could be limited in an agreement; was there a definable level of ABM defence above which it would give the other super-power real concern? Was there a level that would be acceptable to the other super-power and be seen to be related to the threat from China? The ACDA representatives explained that GALOSH had a reload capability, which Safeguard would not have. They added that the Soviet Union appeared to be aiming at a limitation in a possible agreement that would permit only a "light" ABM system.[17]

Meanwhile, the position of American forces in Europe was being addressed, both within the internal defence review being undertaken in Washington, and also within NATO. From the standpoint of the British delegation to NATO, there seemed to be a clear lack of European effort, if in the proposed NATO study of the posture of the Alliance this was to be prayed in aid. Directly to address the issue of possible American reductions "might scare some of the weaker Europeans." The scale of eventual American ground force reductions might be limited, perhaps to one or two divisions after mid-1971, and there was little prospect that European members of NATO would enlarge their contributions. It would, further, be important to make an assessment of how far the prospective change in force levels would influence strategy. Possibly flexible response would have to be reconsidered.[18]

Seen from the Ministry of Defence, the inter-relation of the American internal enquiry and the proposed NATO study was the central uncertainty. It was not clear whether the American study was designed to meet domestic difficulties, or would impact on American force levels, and therefore on NATO strategy. The Administration might be willing to take steps to assist the Europeans to enhance the credibility of their defence posture, including those which would draw the French government back into relations with NATO.[19]

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[17] ACDA/Emb mtng 5 Mar 70 circ as MISC 237(70)10 23 Mar 70 Cab.

[18] Burrows-DUS(P) 5 Feb 70 ID9/301/1.

[19] DUS(P)-FCO 17 Feb 70 DUS(P) 1413 ID9/301/1.

Looked at in terms of burden-sharing, the position was not reassuring. As Healey was reminded by the Defence Secretariat at this time, the United States was spending 9.2% of GNP on defence, while the average for the European members of NATO was 4.3%. Stated as expenditure per head, that for Americans was $392 per capita, that for Europeans $66. Accepting the American definition of expenditure on NATO defence, the United States was expending $65 per capita on European defence, and a further $44 per capita on the strategic forces on which the Europeans relied. The United States was therefore spending almost twice as much per head on the defence of Europe, or on measures which were of their direct interest, as were the Europeans themselves.

The first requirement, seen from Whitehall, seemed to be to slow down the proposed NATO initiative, perhaps by bilateral consultation with the American Administration. Later discussions with the German Federal Ministry of Defence might suggest the form that the NATO review should take, including consideration of the "ways and means of seeing whether the French could do anything to redress the balance when the American force reductions take place." At this stage the most likely end product seemed to be "the setting up of some kind of open-ended politico-military group in NATO to consider any United States suggestions and to put forward counter-proposals."[20]

To hold back and await an American initiative on the form of the projected NATO enquiry seemed to the British Delegation to NATO to have the inherent difficulty that it would place the Administration in difficulty in relation to public and Congressional debate. It was easier, the British Delegation NATO argued, to envisage a NATO initiative which was genuinely formulated in an uncommitted manner thereby "leaving the way open for the initial effort by the other countries to be directed to proving to the Americans that they should not make any reductions." In Washington at a senior level in the State Department the Ministry of Defence was assured that there was "no United States decision, explicit or implicit", to make reductions. Certainly studies were in hand in Washington, on possible alternative strategies for NATO, on different force options and on the capability of the Warsaw Pact, but European opinion seemed to over-rate the Congressional and other pressures.[21]

After discussion in Whitehall, it was decided to instruct the British Delegation to NATO to put forward tentative ideas on the possible form and content of a NATO enquiry both to the Secretary General and also to the American Delegation. The premise was to be that "no work should be put in hand which could be interpreted as the formulation of withdrawal plans." Distinct machinery was required, preferably an open-ended Special Committee, intended to report to the North Atlantic Council at Ministerial level. The proposed terms of reference should include enquiry to establish whether the strategy of MC 14/3 was critically dependent upon force levels, the inter-relation with the work of the Nuclear Planning Group, and whether the present arrangements for the defence of western Europe could be regarded as "equitable". MC 14/3 was clearly seen in London as a compromise which it could be unwise to unravel. It was supposed that the thinking of the new Federal German Government had not advanced very far on these issues, despite vigorous public statements by Schmidt. For different reasons this applied also to the French administration, the British Ambassador in Paris having formed the view that there had been little fresh thinking since the formation of the government created under President Pompidou. There was certainly no indication of significant French approaches to the Germans.[22]

Departmental briefing for a Healey meeting with Schmidt at this stage drew on an outspoken interview with Die Welt on 16 February, on discussion with Schmidt's chef de cabinet and on Anglo-German staff discussions. Schmidt appeared to be anxious to state a forthright position,

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[20] DUS(P) 1782, 1789 27 Feb 70 DUS(P) 126 Pt 4.

[21] Burrows-FCO 2 Mar 70: DofDP(D)-ACDS(Pol) 9 Mar 70 DUS(P) 126 Pt 4.

22 FCO-UKDEL 82, 83 10 Mar 70: DUS(P) 2134 11 Mar 70: UKDEL-FCO 13 Mar 70: DUS(P)-COS DUS(P) 2202 16 Mar 70: DUS(P) 126 Pt 4: ID3/3/21 Pt 27.

possibly for internal political reasons, and seemed also concerned to put the American Administration on firm notice that a reduction of its forces in Europe could force on the Bonn Government an "agonising reappraisal" of its defence and foreign policy. This use of the Dulles formula of 1954/55 seemed less than appropriate, and contrasted sharply with the British approach, which was to attempt to support those elements within the American Administration that were robust on the issue of withdrawal from Europe. The central point was that Nixon had not committed himself to reductions. Indeed at about this time a Counsellor in the British Embassy in Washington was shown a Presidential minute directing that no reduction decisions should be made in advance of full consultation in the Alliance. The British position remained that Alliance discussion should review the implementation of the MC 14/3 as distinct from the doctrine itself.

On MBFR the British objective was that "schemes of possible reduction" which had been generated by the NATO Defence Policy Committee should be examined by the Military Committee, that they were not the basis for negotiation but were analytical tools, and that the dilemma remained that of finding a scheme that reconciled negotiability with preserved security. It was understood that Schmidt believed it would be possible to hold early negotiations with the Warsaw Pact, possibly without declared initial bargaining positions, on the analogy of the recent opening of the SAL discussions in Helsinki but this analogy with Helsinki was a false one, since in SAL the United States had opened from a strong bargaining position. In MBFR the Alliance collectively would open from a position of conventional disparity and relative weakness. Alliance preparation needed care; there were real dangers in MBFR in a "simple sweeping scheme." On SAL it remained a British objective that there should be a successful outcome, though not necessarily in the form of an early all-embracing agreement. Soviet IR/MRBMs targeted on Western Europe should not be included in the MBFR negotiations.

It was also suggested that Healey should review with Schmidt his prospective meeting with Debre, now French Minister of Defence. Debre was, the department advised, the classic Gaullist and saw his objective in the Pompidou Presidency as the preservation of French defence policy. The key elements were the continued difficulty of contingency planning that involved French land forces, especially those on the soil of the Federal Republic, the need for the French to be involved in the discussion of Alliance objectives and effectiveness, and the problem of the empty seat at the Eurogroup table.[23]

Healey therefore opened his discussions with Schmidt on 24 March by emphasising the need to support those elements in Washington that appreciated the significance of present United States force levels in NATO. This was not a message that fitted the internal political needs of Schmidt. Healey also urged the importance of determining a prepared, but not published, Alliance position on MBFR, suggesting that a possible approach, one attempted some five years later, should be to consider a trade-off of NATO nuclear weapons in Western Europe against a proportion of the Soviet tank strength threatening the Central Region. Schmidt was concerned rather that the Alliance should send an explicit and credible signal to the Warsaw Pact on MBFR. This was required both to counter the continuing Soviet propaganda campaign against the NATO Alliance, and also to strengthen those elements in the American Administration that were seeking to avoid or delay unilateral United States force reductions. Schmidt added that he was not planning unilateral reductions in the Bundeswehr, although a cut in the length of conscript service related to the growing size of age-group, was being planned.

Healey then set out to Schmidt the cautious approach that he proposed to adopt in his discussions with Debre. He was prepared for, but would not initiate, discussion on Anglo-French nuclear collaboration, and if the matter arose he would explain that it could be taken further only within NATO and after specific consultation with both the United States and the Federal Republic. He also

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[23] DS 12 bf 20 Mar 70: Rose-FCO 27 Mar 70: DUS(P) 159 Pt 3: ID3/3/21 Pt 27.

saw an outside chance that as the Presidency of Pompidou established itself French relations with NATO might change dramatically.[24]

British Ministers had considered the issue of Anglo-French nuclear cooperation extensively the previous year. In November 1969 Healey had found that General Fourquet, the French Chief of Staff had been given no discretion to tackle the subject. The considered British position had been determined after a major Whitehall study. This had reached the view that there were no gains for Britain in technical information from Anglo-French nuclear cooperation, and that any such collaboration would soon run up against legislative limitations on the transfer of technical information gained from the United States. Operational cooperation was perhaps not quite so conclusively ruled out, but given the work which had been carried through in the Nuclear Planning Group it could probably be taken further only within the Alliance machinery. That the French appreciated this would seem to follow from their attempt, in talks with the Federal Republic, to secure sight of the political guidelines paper on initial use of TNW, access to which had been refused. The study had concluded that the objective should be to edge the French back into a satisfactory relationship with NATO.

Briefing in April 1970 suggested that the whole area of nuclear collaboration should not be raised unless the French attitude in other areas of discussion suggested that a tentative exploration would be prudent. On wider issues, it was recommended that Debre be invited to survey his views on western European defence generally and encouraged to consider for example the French role in the newly launched analysis within the Alliance of its objectives and effectiveness. The French might welcome the opportunity to participate in the proposed open-ended Special Committee which was to examine the effectiveness of the Alliance. Debre should also be invited to state the French position on MBFR and asked whether he favoured an exploratory approach to the Warsaw Pact and whether France saw any evidence of Soviet willingness to negotiate force reductions. A fresh attempt should also be made to interest him in the empty chair in the Eurogroup.[25]

In meetings on 6 and 7 April Debre set out his view on the prospects for greater coordination in European defence, suggesting "agreement firstly on specialisation of national [defence] roles, secondly on command and control of European defence forces, and thirdly on a European political unity." Scarcely surprisingly, Healey countered that a precisely reverse order would seem to be more appropriate. On French relations with NATO, Debre noted that France could not commit itself solely to an Alliance strategy; it needed to keep various options open. Asked to justify this policy, which had been publicly stated in 1969, Debre accepted that the case was "highly theological". He contended that this followed from de Gaulle's determination to possess a powerful missile which would make possible a major French civil satellite programme. This was an explanation which was at least not without ingenuity.

Debre then repeated the well-known French position that "no nation would use nuclear weapons for another," although he accepted the contradiction with plans to station Pluton in support of French troops on the soil of the Federal Republic. Healey noted that Britain planned to use nuclear weapons in defence of the Alliance and that "the Russians took this fully into account." He then suggested that France could consider declaring forces to contingency planning within the Alliance, although their availability could only be confirmed at the time; Debre "expressed some interest" in this proposal.

On MBFR Debre doubted whether the Soviet Union would agree to reduce forces, but considered the Warsaw Pact proposal for a European Security Conference as acceptable. He felt nevertheless that the Alliance would be unwise to commit itself to any MBFR proposal until it had clarified its own intentions. This activity should be kept quite separate from discussions on the possible

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[25] DS 12 bf 10 Oct 69: DUS(P) 126 Pt 2: Def Sec/For Sec disc 14 Oct 69 ID9/301/1: For Sec – PM 17 Oct 69: DS 22/8/3/9 Pt 3: DS 12 bf 3 Apr 70 DUS(P) 93 Pt 2.

withdrawal of United States troops from Europe. In passing he noted that "the French Government did not wish to see Germany united, nor did the Americans."

The conclusion of what must have seemed to the British delegation a thoroughly unsatisfactory exchange, although the British Ambassador viewed it more optimistically, was a refusal to consider accepting the invitation to occupy the empty chair at Eurogroup meetings, and an outline of the prospective five year programme for French defence, which involved a reduction of 25% on the earlier programme and a reduced period of conscription; this was to be put to the Conseil de Defense in June 1970.[26]

The sequence of defence policy between February 1968 and June 1970, here outlined, has brought together a range of themes, within the central subject of the adjustment of British defence policy to a European perspective. It involved the Chiefs of Staff in an extensive review of British defence capability, which made possible a demonstration of its relevance and effectiveness as part of the Alliance.

Further, Britain was able to contribute positively; this applies especially to the nuclear function, where the Nuclear Planning Group played a crucial role. But it applies also in the field of incoming equipments, where the survival, against odds as it must often have seemed, of the MRCA as a multinational venture demonstrated in a major procurement area and that one of the most costly, the ability of three sovereign states to integrate their research development and production.

These were years of resource constraint, as is almost always true of defence policy, but at least the drastic reductions of January 1968 had cleared the way for a period almost without crises of defence restructuring. This made possible the adaptation of the existing British defence machine for its changed purposes. Seen from the standpoint of the overall confrontational balance between the NATO Alliance and the Warsaw Pact, it was not a period of change. Indeed, the Joint Intelligence Committee analysis of the nature and direction of Soviet foreign and defence policy used as the basis of the British position in 1966 trilateral discussions could have been repeated for the next several years, as the later extraordinarily measured progress of the MBFR negotiations in Vienna, when initiated, was to show.

The sequence of international negotiation, from the Non-Proliferation Treaty of 1967 to the eventual first Strategic Arms Limitation Agreement of 1973 was not rapid, and in its course the almost marginal position of Britain, although a nuclear weapon power, became increasingly evident. This is the significance of the account given here of British observation and comment on the opening phase of the Strategic Arms Limitation discussions. The positive value of the "seat at the top table" purchased at such high cost in technical and production effort, was demonstrated rather in the study by the Alliance of the use of nuclear weapons. It is possible to take the view that the McNamara initiative of 1965, in itself related to earlier British suggestions, that led to the Nuclear Planning Group would have foundered had it not been for a determination in Europe, and especially in Whitehall, to keep the dialogue alive.

By the time of the change of government in June 1970 it was possible to see the limits of British redeployment into Europe. Total withdrawal from the Far East and from the Middle East was still some time away, and was to a degree to be halted under the new administration, formed in June 1970, but the pattern had been set. Although the RAF retained world-wide responsibilities, which were to be reviewed fully at the time of the Defence Review of 1974/75, its operational commitments were now destined to become centred in Europe and its projected re-equipment had been envisaged in that light. To the structural consequences of the transformation of the Royal Air Force that flowed from the varied developments of defence policy during this period, this narrative will finally turn.

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[26] DH/Debre mtngs 6, 7 Apr 70: MO 25/2/98: DUS(P) 93 Pt 2.

CHAPTER 17

THE ROYAL AIR FORCE 1964-70

The preceding narrative has had as its theme what is sometimes called "high policy." It is on this that it is customary for the political leadership in a major Department to concentrate; in the case of the Ministry of Defence, this means defence policy in its inter-relation to foreign policy and financial policy. Without this, the national defence policy is not linked to national objectives, although the nature of those objectives can itself be the subject matter of controversy. This study has attempted to set out some major strands of defence policy, which were the setting for the continuing task of "the management of the service", the administration of the Royal Air Force. In this final section, some themes of note more closely related to the single service are handled.

But it should be noted that at any time a significant measure of senior level consideration has to be devoted to issues relating to the future structure of the service, with especial emphasis on incoming equipment, the core of the area of decision on future expenditure for the RAF. At the outset of the Labour Government of 1964/66, issues relating to the scale of defence expenditure almost at once led to the review of major equipment programmes. For the Royal Air Force this directed attention to programmes where an earlier decision had been taken to rely on the research and development capacity and the production programmes of the British aircraft industry. Each of the three aircraft involved, the TSR2, the P1154 and the HS861, had been specified in relation to defined long term operational tasks, as part of a defence policy which made assumptions about the scale and deployment of British Forces. The incoming government set itself to question in the first place the operational requirements, the detailed specification of effectiveness in use, rather than the assumed political and defence policies against which these capacities were required. Starting from the premise that the resolution of a range of economic difficulties was of paramount importance, it moved rapidly to a series of decisions that led to reluctant acceptance of overseas supply, despite the increased dollar cost, the set-back to the prospects of interdependence, and the severe consequences to the British aircraft industry that these decisions brought with them.

Having taken these decisions, and without having determined at that stage the scale and extent of its prospective reliance on external supply, although it had implicitly accepted the principle, the Government of 1964/66 then embarked on a review of British military and political commitments worldwide which were themselves the justification for the operational requirements met by the projected aircraft. Economic necessity was seen as requiring the sequence followed. There was also an element of response to a widely held view that the scale of overseas political and therefore defence commitment had moved beyond the reach of the national resources.

As has been seen in this study, there was a contest between external political departments and the defence field, where the unification steps taken in early 1964 and planned the previous year had yet to be totally worked through in departmental approaches. The resolution, however interim, of this contest has been surveyed here. It led in due course to the defence review conclusions of February 1966, regarded at the time as definitive, but destined to be varied further in response to economic pressure.

The statement in the Defence Estimates issued in February 1965, barely four months after the creation of the Government, was necessarily little more than a holding operation, since only the first part even of the aircraft equipment decisions, those relating to the Phantom for the RAF and the C130, had been taken. The grounding of the Valiant force following the discovery of grave structural weaknesses had required the creation of a programme to convert Victor aircraft for in flight refuelling and for photographic reconnaissance; for survey work the Canberra had to take over operations which had previously been planned to be handled by the Valiant. The Phantom had been selected as the successor to the Hunter in place of the P1154, and was seen has having a high capacity both as a fighter and as a ground attack aircraft, the principal disadvantage of the aircraft being its long runway requirement. Planning proceeded at the same time for the C130 to replace the

Hastings and Beverley and eventually the Argosy, and the decision had been taken to produce a maritime version of the Comet, the later Nimrod. The RAF would receive during the year 1965/66 Belfasts, Bassets (the Beagle B 286) the Dominie (the HS 125) and dual control Lightning 5's.[1]

Study of Military Airpower

At the same time as the defence review of 1964/66 the Air Force Department found itself involved in an enquiry which if taken to its fullest extent would have led yet again into the issue of the rationale for the "third service" itself. In the winter of 1961, the Chiefs of Staff had commissioned a study by the then CIGS on air power in the Far East theatre, the central recommendation of which was that a "single type of aircraft should be used in the light bomber and strike/fighter role east of Suez, whether the aircraft are to take off from carriers or from shore bases." At this stage plans existed for a common aircraft for the RN and the RAF, seen as the replacement for both the Sea Venom and the Hunter. After a Chequers meeting of February 1963 had confirmed that the replacement for the Hunter should be based on the P1154, the First Lord of the Admiralty commissioned a study of air power, naval and other, intending that it should include a scheme for the restructuring also of army support. The resultant Naval Staff scheme proposed reduction of the combined RN/RAF front line east of Suez from 150 to 100 aircraft.

The Minister of Defence (this was before the restructuring of 1964) invited the Admiralty and the Air Ministry jointly to examine such a scheme, assuming the successful development of a common RN/RAF VTOL all-weather interceptor and ground-attack aircraft. When this examination was complete a report was forwarded to the Minister of Defence in June 1963. In this, smaller savings were put forward than had been the case in the naval staff study, since the examination had been of Day Fighter/Ground attack aircraft only and no account had been taken of the proposed RAF deployment in the Far East theatre of the TSR2 and the Lightning. Later, as detailed examination of the P1154 proceeded, it became clear that the RN and RAF operational requirements for their respective roles could not be brought together. The decision of the Defence Committee of the Cabinet in early 1964 that the RAF should be equipped with the P1154 and the RN with the Phantom effectively ruled out the rationalisation proposals that were being considered.[2]

At a private meeting of the Chiefs of Staff on 27 July 1964, CNS and CAS were invited to consider how the future organisation of air power could best be studied, despite procurement decisions which meant that the two air forces would be operating different types of aircraft for tasks that were not that dissimilar. In September 1964 CNS and CAS recommended that the Chiefs of Staff themselves should carry out such a study, the object being to preempt a political directive to the same effect, possibly with unsatisfactory terms of reference. After an unrecorded discussion in the Chiefs of Staff Committee, CDS sought the approval of the newly appointed Secretary of State on 29 October 1964 for the appointment of a three-man committee, membership being at a very senior level from each of the three services.[3]

Both Field Marshal Templer and Sir Caspar John had considerable doubts about accepting the invitation extended to them, although Sir Dennis Barnett did not.

On 18 November the three proposed members were assured that the committee would not be involved in review of deterrent delivery systems, that the objective was to preempt, in the interest of all three services, possible later political pressure for a wider exercise, and that the committee should work on the basis that each of the three services would continue to exist as a separate entity. An officer of two-star rank was to be nominated by each service to work with the committee.[4]

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[1] Cmnd 2592 Feb 65: AFBSC(65)5 of 5 Feb 65 sets out the crash programme to restore a flight refuelling capability by the use of Victors in place of Valiants.

[2] This survey is based on CNS-CDS 11 Sep 64 CDS A4/03 Pt 1.

[3] CNS/CAS-CDS 24 Sep 64: SofS-CDS 3 Nov 64 CDS A4/03 Pt 1.

[4] 2nd PUS(DS)-CDS 19 Nov 64.

In a note prepared for the committee, approved by the Chiefs of Staff, they were advised that "a fundamental examination of this type must in the last analysis consider profound questions about the current nature of the individual services. It may be desirable to redraw the boundaries of responsibility between them, and this would entail the study of such questions as whether the Fleet Air Arm and/or the Army Air Corps should come under the RAF in whole or in part, and whether Coastal Command should be transferred to the Royal Navy. The Chiefs of Staff recognise that these matters have in the past been the subject of much deeply felt controversy. Nevertheless they wish them to be studied frankly and without preconception." The three-man committee held an informal discussion with the Chiefs of Staff, but the record of this, if it exists, has not been found.

The report was in the hands of the Chiefs of Staff by the first days of July 1965. It had been planned that there should be an interim report by March 1965, but if this was in fact prepared, again no record of it survives. The central findings were:

> "we reject any reorganisation based on the creation of a single unified air service responsible for the deployment of all air power;
>
> we reject any reorganisation based on the abolition of the Royal Air Force and the allocation of existing tasks between the Royal Navy and the Army;
>
> no fundamental change should be made in the overall responsibility of the Navy Department for the Fleet Air Arm;
>
> the Air Force Department should continue to be responsible for shore-based maritime air forces, including Coastal Command;
>
> the Army Department should continue to be responsible for the command, control and manning of light helicopters and formation flights."

It will be seen that these findings represent a restatement of the status quo of the division of responsibility for military air power between the services. The distinguished membership of the committee had generated a standstill document, designed it may be presumed to promote a political decision that significant economies in defence expenditure could not be found by a further review of the boundaries between the responsibilities of the three services, a search so assiduously made during the period 1957/59.

A series of lesser recommendations are not here noted, but one is of importance, in view of the decision, taken earlier in 1965, that the RAF should be equipped with the Phantom, thereby achieving by a different route the common procurement for the RN and the RAF which had been sought under the previous government. This read:

> "because of the specialist nature of embarked flying, and the limited carrier deck capacity, the Air Force Department's plan for the regular participation of formed RAF Phantom squadrons in an inter-operable force would reduce to an unacceptable extent the mobility and effectiveness of the carrier force. Nevertheless steps should be taken to ensure that formed RAF Phantom squadrons get experience in embarked flying on an opportunity basis."

Both services had submitted plans for inter-operability to the committee, although as the foregoing passage makes evident, both had been rejected. It is noteworthy that the plan submitted by the Air Force Department had argued that should its approach to the problems of inter-operability be acceptable, there could be a savings of 40 in the total buy of Phantom aircraft. This followed from the RN method of equipping each carrier with a "frontline" or UE.

The report of the committee also noted the inter-relation of its own enquiries and those of the defence review:

"The carrier versus island bases debate spilt over into our committee; self-preservation and single service views dominated the evidence given and we found it almost impossible to get agreement even on matters of fact . . . the present state of feeling between these two services at the Whitehall level is deplorable."

It was to this point that CDS directed the attention of the Chiefs of Staff at the meeting at which Field Marshal Templer was present, Templer himself noting the embittered atmosphere pervasive from Grade 1 to two-star level, and the obsession with single service approaches.

The Chiefs of Staff Committee also noted in discussion the apparent inconsistency between the finding which ruled out inter-operability as impracticable while at the same time proposing embarked flying for RAF Phantom squadrons on an opportunity basis. It was pointed out that such flying would be valuable provided appropriate training and preparation had been possible. The central point, and indeed the justification for the clear rejection of the use of aircraft independent of parent service as joint assets, was that the intensity of operations on carriers would make it impracticable to deploy formed RAF Phantom squadrons for embarked flying on a regular basis.[5]

The report had been of importance, as can be seen from earlier sections of this narrative, since it laid to rest for many years the issue of unified control of military airpower. This had been a subject of prolonged controversy which by its emphasis on the margins of defence expenditure could have greatly complicated the defence review process.

Command Structure

In February 1966 the Defence White Paper set out the public position of the government on many aspects of the defence programme. For the RAF on the replacement of the Canberra, it described the AFVG as "the core of the long term aircraft programme" and as destined to take on a range of operational roles in the mid 1970s. The decision had been taken to purchase 50 F111s to supplement the V bombers in the strike role since the latter would "cease to form part of our contribution to the strategic forces of the Alliance" when the Polaris submarines were introduced into service. No other aircraft available by 1970 was seen as having performance matching that of the F111. The Spey Mirage IV which had been urged by the British aircraft industry as an alternative lacked low level conventional strike capability in tropical climates and would have been largely built in France, although the cost of the necessary research and development would have fallen on Britain alone. It would also not have been in service until at least two years later than the F111. The White Paper also rejected the possible choice of the developed Buccaneer, since its delivery would have been even later and its performance was inadequate, notably in the recce role. Following the option agreement which had been made for the F111 in April 1965, a decision had now been taken to order 10 aircraft, a further 40 would be ordered in April 1967. Arrangements had been made which it was hoped would generate a degree of offset of foreign exchange by sale of the United States of British military equipment. The French government had been given an assurance that the purchase would not affect the programme for the development of the AFVG or of the Jaguar.[6]

With the conclusion of the defence review, it was possible for the Air Force Department, in the context of other major studies of defence organisation, to turn its attention to the command structure of the RAF. The functional command structure in Britain dated from 1936, and remained constant in its central features throughout the Second World War and for twenty years thereafter. The operational commands, Bomber, Fighter, Coastal and Transport (the latter formed in 1943) were supported by Flying Training Command, Technical Training Command, Maintenance Command Home and Signals Command. The specialisation that followed from this structure was widely regarded as having been of critical importance to the effectiveness of the RAF. The commands were

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[5] COS 36thM/65 13 Jul 65 Sec Standard File.

[6] Cmnd 2901/2 Feb 66.

not exclusively operational: each handled its own service support, in the fields of administration, organisation and personnel. This structure had its cost, seen by 1964 to require critical review. This began with the training function. A study undertaken in late 1964 recommended the amalgamation of Flying Training and Technical Training Command, and the creation within the unified Command of three Groups dealing with flying training, technical training, and pre-entry and initial training. These proposed changes were greeted with some scepticism, since one of the two Cs in C concerned felt that the resultant loading would call for two Group Headquarters in the unified Command to handle flying training. Two members of the Standing Committee allowed the organisation proposal to go forward only after expressing strong misgivings. The structure was approved by the Air Force Board.[7]

The Pathfinder Committee had been considering a range of organisational issues, making the assumption that the period of major overseas fixed bases was coming to an end, but that overseas commitments would still call for the ability to undertake emergency deployments. It recommended in late 1965 that a study should be made of the mobility of air power and its implications for command structure. This was considered by the Service members of the Standing Committee at a meeting in December 1965, by which time it was possible to see the form which the defence review was taking. The long term factors relevant in any analysis of the command structure were the prospective transfer to the Royal Navy of responsibility for the British contribution to the strategic deterrent of the NATO Alliance, a transition due to take place in 1969, and the operational control of offensive air operations undertaken overseas. All this called for "a bold measure of restructuring as part of the change from a predominantly static to an essentially mobile concept."

The study proposed a Headquarters designed to serve an Air Task Force Commander, who would have the responsibility to prepare and conduct contingency operations, but would not have day-to-day command of units. There were however real difficulties in such a scheme. Although it appeared to meet an important requirement that the other two services should deal with a single RAF Commander for instance in the Commanders-in-Chief (West) Committee, it would require this commander to call on units not under his peacetime command. The Standing Committee endorsed the finding of the study that this was not a sound organisational principle, and would not in the longer term serve the changed operational priorities which the RAF would face in the 1970s.[8]

The matter was taken further at the Conference of Cs-in-C chaired by CAS in April 1966. This had before it two possible schemes of command and control. In the first a Tactical Command would integrate Bomber and Fighter Commands, with subordinate Group Headquarters, one for each function, and Transport and Coastal Commands would be left unchanged. This scheme seemed to retain the benefits of command by function, albeit at Group level, and would make it possible for its Commander in Chief to be the RAF representative on the joint C in Cs Committee. It would leave the operation and control of air transport undivided. The second scheme effectively left Bomber Command unchanged, although renamed "Strike/Recce Command," but created an integrated Tactical Command, bringing together air defence and transport functions, both strategic and tactical. The disadvantage of this scheme was that a large Tactical Command Headquarters would be controlling three Group Headquarters, each with a distinct operational function and complex and different logistic requirements. Further, if its C in C was to be in a position to operate effectively as the Air Defence Commander, a new Air Defence Operations Centre, taking over from that at Bentley Priory, would be required at a fresh location, probably in the Salisbury Plain area, at high cost in works and communication requirements. It would also be an expensive matter, again with works and communication needs, to create a new Group Headquarters, which would be required for

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[7] AFBSC(64)19 note by AMSO: AFBSC M 12(64)31 Dec 64: AFBSC.

[8] AFBSC M3(66) 18 Apr 66.

[9] AFBSC(66)9 9 Jun 66; AFBSC M7(66) 27 Jun 66.

liaison with the Army parallel organisation, Headquarters 3 Division. This option was not pursued.[9]

Late in 1966 the Pathfinder Committee, having considered the matter further, put to the Standing Committee the first of the two alternatives, which had now been examined in some detail. The need for additional Group Headquarters went against the earlier objective of a single organisational tier between the Air Force Department and the RAF station. The three Cs in C (Bomber, Fighter and Transport) were consulted by VCAS in August 1966 and were in broad agreement with the scheme now put forward. The surviving area of concern was over the proposed division of responsibility for close air support and transport services. It was tentatively suggested that the integrated Command would require a Chief of Staff, an appointment normally not made in RAF Command Headquarters.

Taking all these factors into account, the Pathfinder Committee recommended that the tactical transport force should under this concept be part of a Tactical group within the integrated Command, that a Chief of Staff was not required, and that it would be possible to set up the proposed Command Headquarters in early 1968. At first the Command Headquarters would be geographically divided while works and communication requirements were completed, and the complete integration including total staff deployment, would not be possible before 1970/71. It should be the ultimate aim to have a single operational Command in Britain. The first stage, which should be implemented initially, would be the creation of the three functional Group Headquarters. There was no requirement at Command Headquarters for an Air Defence Operations Centre; this could be at the Group Headquarters, ultimately at Uxbridge, close to the integrated Air Information Centre at West Drayton. The Pathfinder Committee confirmed the earlier view that the balance of advantage lay in placing the tactical transport force within the proposed integrated Tactical Command Headquarters rather than in Transport Command. The issue of the future of Coastal Command was distinct, linked to possible changes in both Royal Navy and NATO organisation; an alternative structure might be that of an independent maritime Group Headquarters, directly controlled by the Air Force Department.

There were manpower savings to be secured from this restructuring; of the order of 700 posts in the first stage and 600 in the second. It was proposed that Groups should be identified by number rather than by function: 11 Group for air defence, 1 Group for strike, and 38 Group for the tactical group. No 38 Group was to have within its control close air support, strike, and tactical transport elements. A project team was to work out and supervise the detailed planning of the whole organisational change.[10]

There was controversy over these proposals, VCAS putting to the Standing Committee a paper expressing serious misgiving; these were shared by the Cs in C concerned. There were two main points of anxiety, both over what were seen as over extended spans of control. In the first place that of the Tactical Group within the Command was noted as having responsibility for the control of seven types of aircraft, fifteen squadrons, and twelve stations. Tactical Command Headquarters would have the operational responsibility for the handling of sixty overseas contingency plans. This number indicated the high level of preparedness for overseas emergency deployment still retained at the beginning of 1967, but was probably inflated by some very improbable and hypothetical dangers. Further, VCAS was not confident that splitting off the tactical transport element from the strategic transport element adequately safeguarded operational efficiency. His own preference would have been for a distinct Tactical Transport Group. VCAS also believed that the timetable being attempted was unduly rapid, although be believed that it should be possible to have the proposed integrated Command Headquarters in operation by the second quarter of 1968.[11]

The issues were debated in an unrecorded informal session of the Standing Committee on 9 January

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[10] AFBSC(66)16 20 Dec 66.

[11] AFBSC(67)1 Note by VCAS 2 Jan 67.

1967, and from this emerged the agreed position put to the Air Force Board, there accepted, and subsequently endorsed by the Secretary of State. This statement set out first the changes that were to come in the next decade which justified a fresh look at the operational command structure of the RAF in Britain. There was to be reequipment both of strike aircraft (at the stage seen as both the AFVG and the F111) and of transport aircraft. Responsibility for the strategic deterrent was to pass to the Royal Navy, at the same time as the transfer to the RAF of the strike, recce and air defence functions of the carrier force. The proposed unified Command, which was to control various combat roles was also to have the capacity to deploy a controlling formation in the field. The way was clear for the creation of a unified "Strike, Reconnaissance and Defence Command", with separate Groups for strike/recce and air defence to come into being by April 1968. At a later date the Command could accept, and administer at Group Headquarters level, the strike, recce and air defence functions of the carrier force. Control of the strategic and tactical transport forces, should not be separated and there would therefore be within a unified Transport Command a Tactical Group (38 Group) handling air support and tactical transport aircraft. By 1971 this group would have 3 Ground Attack squadrons, 1 fixed wing short-range transport squadron and a 7 medium range transport squadrons. This Command structure would have one-to-one relationship at two levels with the Army command structure.[12]

The titles agreed later were "Air Support Command" for Transport Command, and "Strike Command" for the unified controlling formation for strike, recce and air defence.[13]

There remained the question of the structure of the controlling headquarters for the maritime function. In an extended Standing Committee meeting on 28/30 June 1967, this too was resolved. As Chairman of the Pathfinder Committee ACAS(P) argued that the transfer to the RAF of the carrier functions led logically to the inclusion within Strike Command of all the operational tasks currently handled by Coastal Command. The proposal was that this level of control should be handled by a Group Headquarters within Strike Command, with a Commander of three-star status. The change should be achieved in two stages, the first being the disbandment of the Coastal Command Group Headquarters during 1969, and the second the reduction of the Command Headquarters to a Group Headquarters status by 1971. Once again there were significant manpower savings, some 250 in the first stage and 300 in the second. The C in C Coastal Command saw this timetable as unrealistic. He contended that the reduction to Group Headquarters status would not in itself achieve significant establishment savings, and was concerned that the reduction might lead to an attempt by the United States to take over the NATO post of Air Commander for the Eastern Atlantic, COMAIREASTLANT. He felt that the importance of the carrier tasks to be taken over by the RAF was of lesser note than the requirement to control the long range maritime recce force. In its discussion the Standing Committee took the view that any American claim to the position could be countered provided the post of Group Commander remained of three-star status. Although the Standing Committee took no final decision on the second stage, it noted the importance of the Royal Navy being able to deal with a single air headquarters, and also that of making it possible for the project team working on the arrangements for the unified Strike Command Headquarters to be able to consider in planning the headquarters the eventual integration of a third, maritime group. It was stressed in the consideration of these issues that it would not be possible in the longer term to retain an autonomous Command Headquarters responsible for two stations and fewer than 40 aircraft.[14]

But the reorganisations did not end here. During this same period the supporting Commands in the UK were undergoing changes analogous to those which had created the single Strike Command. In 1968 Flying Training Command merged with Technical Training Command to form a single

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[12] AFB(67)5 30 Jan 67.

[13] AFB(67)20 15 May 67.

[14] AFBSC M7(67) 28/30 Jun 67.

Training Command, with Headquarters at Brampton. At that point Maintenance and Signals Commands remained unaffected but soon thereafter the latter was relegated to Group status (No 90 (Signals) Group) and placed within Strike Command. Then in 1973 this Group moved into Maintenance Command, which was re-named "Support Command". Finally in 1977 all the maintenance and training functions were put under the single Headquarters Support Command at Brampton.

At the beginning of the period of this narrative the RAF had 12 major commands. Of these there were eight functional Commands at home – Bomber, Fighter, Coastal, Transport, Flying Training, Technical Training, Maintenance and Signals – and four geographical Commands abroad: Near East, Middle East, Far East, and RAF Germany. By the mid 1970s this number had been reduced to three, Strike Command and Support Command in the UK, and only Germany abroad. With this slimmed-down command structure, and the new generations of aircraft then coming into service, the RAF was poised to enter the closing decades of the century.

Staging and Routing

For the threat of air power to be credible, an air force has to be capable of deployment. By the mid '60s, in the setting of the defence review of 1964-66 and its immediate aftermath, the value of air power in the spectrum of military force turned critically on the issues of access, staging, overflying rights and routing. It seems worth attempting to trace these factors in the penultimate phase of worldwide commitments, surveying the interrelation of geography, political inclination and operational effectiveness. Not all of these discussions were purely theoretical, although many appear to be so. It is true that only a proportion of the contingencies studied arose, but the validity of the constraints were revealed in their study.

The pattern of deployment of British military power at the outset of the defence review has been surveyed earlier in this narrative. Commitments in relation to SEATO, and operations following from the Indonesian Campaign of Confrontation placed some 50,000 troops in the Far East, and required contingency plans that involved substantial reinforcement. In the Middle East, commitments in the Persian Gulf, including those to Kuwait, which had been actively exercised in 1961, required the presence of land, sea and air forces which again could require reinforcement. Strategic transport aircraft formed part of the RAF frontline to support these commitments, and were supported in theatre by medium range transport aircraft.

By late 1964, the British Air Staff had been handling the problem of the "Arab air barrier" for some five years. Limits to permitted overflying of what was then the United Arab Republic (Egypt and Syria) and the refusal of Arab states to permit overflying of aircraft which had overflown Israel or were planned to do so, effectively created a barrier from Egypt to Iraq. Plans to deploy to the Far East in late 1964 still took account of the possible use of the route El Adem – Aden – Gan as well as the alternative Akrotiri – Bharein – Gan, in the staff language of the time, the Sudan route and the "CENTO route".

In November 1964, the Sudan government gave notice that overflying the Sudan by British military aircraft would not normally be permitted. This closed one of the two routes, and resulted in an almost exclusive reliance on the "CENTO" route", thus making British air access to the Far East dependent on the good will of both Turkey and Iran. There had been an earlier study of possible routings over Africa, where the recent creation of independent African states meant that there could be no continuing confidence in a variety of routes previously open. Routes that could no longer be counted on included that via Kano and Nairobi, and further south that using Ascension – Luanda – Salisbury – Mauritius. Although some variant routings were possible, in the critical early stages of an emergency, uncertainty as to the prospect of clearance for either staging or overflying, turning as it would on the political view of the operation for which it was required, complicated planning and made the effectiveness of deployable military power doubtful.

The purpose of the projected "all Red route", that is Ascension – round the Cape – Mauritius, and the possible creation of a further staging post on the island of Aldabra, was to offer an alternative which would by its existence lessen the probability of denial of shorter routes.

This was the further possibility of a west about route. In its three variants, the Polar, the Canadian and the American route, reinforcement timings to the Far East were possible that were of relevance to contingency plans.

While the defence review was in process it was not possible to put to Ministers propositions in relation to the east-about routes, but it was possible to decide on detailed examination of the west-about route. This had been recently exercised. The aim was to determine how far resources could handle the traffic density flowing from a contingency in which use of the CENTO route was denied. The study was required to determine the freedom from political constraints, the capacity of the route to be exercised, and their all year reliability. The transport aircraft postulated for the study were the Belfast, the Britannia, the VC 10 and the C130, and the reinforcement aircraft whose use of the route was to be examined were V bombers, Shackletons, Lightings, Victor tanker aircraft and Hastings.[15]

The study made possible a statement of the costs and carrying capacities of the various routes; it took account of the then current transport force, the Comet 4, Britannia, Hastings, Beverley and Argosy. The transport forces planned for 1968-70, namely the VC 10 Belfast Britannias and C130, as well as those for the period 1972-75, which included the C5 and the support of 24 UE Victor tankers, were also examined. Three contingency plans were considered: they were

a. a movement to Kuwait

b. the move of 28 Commonwealth Brigade from Singapore to Laos and Thailand and

c. the neutralisation of Indonesian air offensive capability.

Of these plans, the first also included the reinforcement of the area with one squadron of Fighter/ Ground Attack aircraft, and the third the deployment to the Far East of land-based strike and maritime aircraft.

For the first plan, that to reinforce Kuwait, movement westabout was possible with the present transport force in eight days, double the time required if by the CENTO route was available, and 6½ days for the southern Africa/Mauritius route. For the second contingency, that in the SEATO region, the time required with the then existing transport force was marginally longer (35/40 days as against 30) comparing the westabout route with the CENTO route. For the third operation, rapid deployment was possible, for which the theoretical timings were all of striking rapidity, and if known were confirmation of the British Air Staff view that the Indonesian air force was deterred. 57 hours were required with current aircraft on the CENTO route, 85 hours by the westabout route, and 78 for the southern Africa route.

All these timings became shorter with the upgraded transport force of 1968/70 and shortened again with the force projected for 1972/75. The westabout route would require some enhancement in fuel tankage and some pre-positioning of equipment. The southern Africa route already existed and again needed fuel tankage and more parking space at Ascension. The creation of a route round the Cape of Good Hope would involve a significant construction programme, centred on Ascension, and on the creation of an airfield at Aldabra.[16]

The Chiefs of Staff had earlier endorsed the principle that it was "militarily unsound to rely on a single air reinforcement route, which is liable to political interference, since to do so would endanger our ability to meet out commitments east of Suez." Given that the CENTO route

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[15] ACAS(Ops) – Tpt Cmd 23 Apr 65 ID3/1/79 Pt 4.

[16] AF/W502/64 17 Aug 65 ID3/1/79 Pt 4.

represented the only effective reinforcement route to the Far East, and was dependent on the goodwill of Turkey and Iran, in the short term the only alternative route available on which reliance could be placed was the westabout route. This route was in detail

Britain – Goose Bay (Labrador)/Gander(Newfoundland) – Offutt (Omaha) – Travis (San Francisco) – Hickam (Hawaii) – Wake Island – Guam – Singapore.

The route would be suitable for the current frontline, V bombers, Britannia, Hastings, Canberra, and C130s. Buccaneers, Phantoms and Lightning 3 could use the route given in-flight refuelling. The route required to be tested and exercised, and some works services and prepositioning of fuel and equipment would be required, the capital costs totalling some £1.3m. Detailed requirements, it was suggested, should be worked out with the USAF and the RCAF and an agreed scheme put forward for governmental approval. This approach was endorsed by the Chiefs of Staff and agreed to by Healey.[17]

With the defence review process nearing completion, instructions were given for a complete review of the routing of British military aircraft, starting from the agreed statement of military tasks in the Indo-Pacific area in the 1970s endorsed by the DOPC in November 1965. This review drew on the Air Force Department survey just mentioned. It endorsed the recommendations that

a. the best route available for normal traffic was the CENTO route

b. the most reliable alternative route to the Far East was the westabout reinforced route

c. in the short term there was no satisfactory alternative route to the Middle East, if the CENTO route was denied, although the southern Africa route would offer limited facilities given modest provision on Ascension .

d. in the longer term, the setting up of a round the Cape route could, in conjunction with flight refuelling, provide a completely independent reinforcement and supply route, as an alternative to the CENTO route.

The total cost of adopting this sequence was seen as about £40m spread over ten years, and had been taken into the defence review expenditure projections of the time. The survey reviewed the current contingency plans, and confirmed that potential denial of the CENTO route did not justify increase in stationed land and air forces in the Far East. It also stated that if the CENTO route were denied after 1969, with longer range transport aircraft, the deployment timings required by current contingency plans could be achieved by alternative routes.[18]

So was born the proposal for a staging facility at Aldabra, an island without an airfield in an isolated position in the South Western Indian Ocean. In 1965 the British Indian Ocean Territories grouping had been created, making it possible to utilise this group of islands for defence purposes. There was some displacement of native inhabitants, and a measure of United States financial assistance in compensation of public and private interests that were affected. It was contended that a reliable route across southern Africa would underpin the deployment resulting from the 1966 defence review. The existence of a staging post at Aldabra could make more probable diplomatic approval in an emergency for staging overflying and routing. This would be of especial value in an emergency where use of the CENTO route had been denied or was in question. The route would also be relevant to involvement in United Nations operations, and also to intervention in Commonwealth countries. (It was less than three years since intervention had been requested in the context of army mutinies in East Africa.) The estimated cost of the Aldabra staging facility was £18m, spread over some six years of development.

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[17] COS 2501 22 Oct 65: COS 53rdM/65 Oct 65: COS 179/65 27 Oct 65: CDS-SofS 27 Oct 65: CDS A 98/03: ID3/1/79 Pt 5.

[18] DP 25/65 Revised Final: COS 1282 28 March 66: COS 17thM/66 29 Mar 66: COS 40/66 4 Apr 66: ID3/1/799 Pt 7.

Ministers were recommended to agree that the United States authorities should be invited to contribute 50% of the cost of the project, that a survey should be made on the island (this required a specific expedition) and that the final decision on construction should be dependent both upon the revision of the cost estimate in the light of the survey and on the result of negotiations with the Americans. At a DOPC meeting in June 1966, at which Healey put forward the scheme, the Financial Secretary to the Treasury urged that a decision in principle should not be taken. He noted both the uncertainties on the timing of the runout of the carriers and also on the provision of aircraft with ferry ranges relevant to the use of the facility; the order for the F111 other than for the first ten was not destined to be confirmed until the following year. It was also argued that it was reasonable to rely on the provision of facilities by friendly powers in east and central Africa, a point which went against the whole concept of the purpose of an "all-red route." In discussion it was argued that the facility would be more difficult to provide if the decision in principle was postponed. In summing up, Wilson ruled that the survey should be undertaken, since the proposal was consistent with the defence review, but that account should also be taken of the points made by the Financial Secretary.[19]

Although agreement in principle to cost sharing was secured, and the survey was undertaken, there remained uncertainty as to the degree of commitment of the American authorities. The project lingered throughout most of 1967. By this time the possibility of a more rapid withdrawal from the Far East rendered the scheme obsolete, and it was finally abandoned in November 1967.[20]

Although the abandonment of the Aldabra project marks a stage in the withdrawal from schemes for an "all-red route", there remained issues in relation to staging, overflying and routing, even after the decisions of January 1968. This was not only because there remained until the end of 1971 an obligation to be able to reinforce both the Far East and the Middle East; the Chiefs of Staff continued to have responsibilities for a range of widely dispersed contingencies, of which perhaps the most exacting was that of internal security in Fiji.

Personnel Policy

The prolonged period of uncertainty during the defence review of 1964/66 had its consequences in the field of personnel policy. The level of recruiting fell away and increasing numbers sought to leave the service prematurely. AMP expressed to the Standing Committee in July 1965 his concern that if present rates of recruiting, reengagement and premature retirement continued, the RAF would not be able to man its establishments. Any analysis of the causes of these trends must necessarily be speculative; there was extensive family separation (13,000 in the RAF as a whole, 7,000 of them in Britain), a serious lag in the comparability of service pay with that of civilian counterparts, and growing unease among service personnel on the effect of the defence review on careers and on the future of the service. AMP was anxious to build up confidence in the future of the service. He proposed also to arrange a special review of home/overseas ratios in certain shortmanned trades, and of the need for overseas detachments. Discussion at Standing Committee endorsed this approach and invited AMP to put proposals to the Air Force Board.[21]

Reviewing these factors again later in the year, AMP noted that for all officer branches there was a shortfall in recruiting, marked in the navigator and engineering branches. Airmen recruiting was failing to meet its targets by almost 50% and there was a high level of applications to leave the service. If these trends continued, the gap between establishment totals and manning levels would grow from 4,500 at April 1966 to 5,000 at April 1967. The factors leading to this position were

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[19] AUS(Pol)-SofS 25 May 66: draft DPOC paper behind DS 11/6/10/2 25 May 66: OPD 28thM(66) 10 Jul 66: ID3/1/79 Pt 9.

[20] AUS(Pol)-SofS 15 Aug 66: DS 11-SofS 3 Nov 66: ID3/1/79 Pt 9.

[21] AFBSC(65)23 Note by AMP 6 Jul 65: AFBSC M11(65) 12 Jul 65.

unchanged, the degree of family separation, continued doubts about the future of the RAF as a career, and unsatisfactory home/overseas ratios, with consequent excessive overseas service, in certain trades. Pay scales continued to be out of line with civilian analogues. AMP forecast a worsening of the position unless significant improvements, especially in pay and allowances, could be provided. Discussion at the Air Force Board noted that establishment increases were leading to further undermanning and enhancing dissatisfaction. AMP was invited to take further his analysis of the effects of the failure to achieve pay comparability on recruiting, in the context of reviews of service pay.[22]

In a further review of personnel issues in late 1966, AMP felt bound again to warn that the various elements of the manning situation had not improved. Ground airmen recruiting was running at an annual overall rate of 57% of targets, and this figure masked greater deficiencies in the "difficult" trades. Making realistic assumptions about the slow rate of reduction in establishment totals, a manpower shortfall currently of 7,000/8,000, might fall to 4,000 by April 1967. At the officer level, recruiting was still generally satisfactory, although there continued to be a shortage of engineer officers.[23]

As the effects of the progressive withdrawal from the Far East worked through into establishment forecasts, it became clear that the RAF faced in 1967 a situation not unique in its history, of having both a surplus of aircrew, officers and airmen, and a deficiency in some ground officer branches and certain airmen trades. AMP reported the prospective surplus of aircrew, perhaps as large as 700 to 800, to the Standing Committee in April 1967. He recommended that a redundancy programme would be required. This should be linked to current Army Department negotiations with the Treasury on redundancy arising from the changes in the Territorial Army which had formed part of the defence review. At the same time AMP was able to report both some measure of improvement in airmen recruiting which had risen to 70% of target, although as before this continued to conceal difficulties in particular trades. There was also a marked reduction in the projected manpower gap.[24]

After the dramatic accelerated defence review of January, 1968 was a year in which there were major equipment changes in the RAF, despite the double blow of the failure of the AFVG and the cancellation of the F111. The introduction of the Phantom into the RAF was delayed by development problems, which reflected an earlier Ministerial decision to purchase the aircraft with a British engine. The first squadron was not formed until the early part of 1969. At the same time the entry into squadron service of the Harrier approached. When the replacement following the cancellation of the F111 was considered, (the first squadrons had earlier been seen as forming at the end of 1968) it remained the intention to transfer the V bombers from a strategic to a tactical role. Long range maritime reconnaissance was now being undertaken by a force fully equipped with modernised Shackletons 2s and 3s, and the development of the Nimrod was in process. The strategic transport force consisted of Comet 4C, Brittania, Belfast and VC10, the buildup of the last named being completed in mid 1968. The tactical transport force was to be fully equipped during the year with Hercules and Argury, replacing the Beverley and the Hastings, with Andover delivery for the short-range tactical role being completed. The conversion of the tanker force to three-point delivery had been completed.[25]

The Chiefs of Staff considered in early 1968 what measures were possible within budget limitations to enhance the British contribution to the NATO Alliance in the shorter term. Assignment or earmarking was possible for 20 Phantoms, previously designated for the Far East and the Persian Gulf, and for 30 Phantoms and 12 Harriers based in Britain. It was also decided to extend the life of the strategic reconnaissance Victor aircraft by two years to give some reinforcement in that role.

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[22] AFB(65)32 Note by AMP 29 Oct 65: AFB c 17(65) 15 Nov 65.

[23] AFBB(66)40 Note by AMP 22 Nov 66: AFB M 19(66) 28 Nov 66.

[24] AFBSC M 4) 17 Apr 67: AFB(67)18 8 May 67.

[25] Cmnd 3540 Feb 68.

The Buccaneer aircraft which would become available to the RAF as a result of a more rapid rundown of the carrier force, perhaps reinforced by a further purchase, were also to be committed to NATO. These measures to offset the loss of the F111 capability were approved by the Chiefs of Staff in April 1968, accepting a recommendation of CAS that an additional 26 Buccaneers should be purchased. This would make possible the assignment of a force of 36 UE each to SACEUR and SACLANT. The performance of the Buccaneer at low level, and its ability to deliver stand-off weapons, both nuclear and conventional, gave it an advantage over the Phantom, which despite its superiority in the Strike/recce role, lacked an adequate radius of action.[26]

In a comprehensive "force structure" exercise, the Defence Planning Staff set out the consequences both of staying within a defence budget of £2,250m in 1969/70 and between £2,040m and £1,990m in 1972/73 (all at 1968 prices) and at the same time contributing to the cohesion of western Europe in association with the United States. There was no evidence of an improvement in east/west relations which would justify reduction of defence effort and as noted elsewhere in this narrative, there were marked signs of strain within the NATO Alliance. This projection assumed that Ministers would agree that there should be an additional purchase of both Buccaneers and Harriers.[27]

In the event, Ministers accepted the need for an additional purchase of Buccaneers in June 1968, but deferred taking a decision on an additional buy of Harriers. Later, after the Soviet intervention in Czechoslovakia the purchase of additional Harriers was accepted. Healey undertook that this purchase could be achieved within the imposed limitations on the defence budget. He was able to secure the agreement of his Ministerial colleagues that such an order was necessary, and would also be a response to SACEUR request for increased V/STOL support. Despite the normal sour note from the Treasury, this point was taken.[28]

The Defence Structure in 1970

The range of military commitments outside Britain, to which the RAF was contributing at the time of the change of government in 1970, was summarised in a presentation given to incoming Ministers. The contribution to NATO consisted of a corps of six brigade groups; steps were in hand to restore 6 Brigade to Germany to replace the Canadian brigade being withdrawn. RAF Germany included three Canberra squadrons (two light bomber and one PR), one Hunter fighter/recce squadron, and two Lightning squadrons, a total of 72 operational aircraft. The potential contribution to the NATO Mobile Force was of Five Division (three infantry brigades at light scales and a Parachute Brigade of two battalions and divisional troops), and 30 Phantom aircraft and 13 Andover MRT aircraft of 38 Group. There was also an Amphibious Force of 4 Royal Marine Commandoes. Rundown, following the decisions of January 1968, was proceeding in the Far East and the Persian Gulf, although various aircraft detachments were continuing. The commitment to Kuwait, a significant element in operational planning in the Persian Gulf, was to end in May 1971.[29]

Stated rather more fully, the capacity of the RAF in June 1970 can be reviewed under four headings:

a. strike, attack and reconnaissance over land and sea

b. air defence, including airborne early warning (AEW)

c. long range maritime reconnaissance

d. air mobility.

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[26] COS 27/68 10 Apr 68; COS 30/68 25 Apr 68.

[27] COS 1287 26 Apr 68 DS 22/36B: ID3/11/31 Pt 48.

[28] OPD(68)20thM 7 Nov 68: OPD(68)70 11 Nov 68: OPD(68)21stM 1 3 Nov 68: Cab 148/104: Cab 148/108.

[29] ACDS (Ops) Presentation 11 Jun 70 ID3/1/108 Pt 1.

In strike attack, and reconnaissance, the cancellation of the F111 in January 1968 had left the RAF without an aircraft capable of succeeding the Canberra, which had therefore to be extended until 1972 when it would be replaced by 36 Bucaneers assigned to SACEUR. The Buccaneer had a limited navigational fit, but in terms of range and speed was seen as viable in Europe until the mid 1970s. British-based Vulcans were to be retained in the strike role at the request of SACEUR. Vulcans based in Cyprus were declared in the strike/attack role to CENTO. The ground attack Phantoms in RAF Germany were to be made capable of carrying nuclear weapons, as were the Jaguars which were to replace them in 1975/76.

The ground attack force was being built up and by late 1971 was planned to have a total of 5 squadrons of Phantoms and 4 squadrons of Harriers, based in Germany and Britain, all assigned or earmarked for NATO. The Phantoms were capable of attacking targets by day and night. The Harrier was able to support the army from forward positions. In the mid 1970s the Jaguar was to replace the Phantom in the ground attack role, with the Phantoms being transferred to air defence. Strategic reconnaissance in Britian was undertaken by a squadron of Victors, to be replaced by a squadron of Vulcans. Canberra recce aircraft in RAF Germany were to be replaced by Phantoms.

The main air defence aircraft was the Lightning, based in Britain, Germany, Cyprus and until the end of 1971 in the Far East. In addition a squadron of Phantom FG was to be formed in 1971, to be followed in 1972 by two further squadrons. The Lightning was due to be replaced by the Phantom FRG2 transferred to the air defence role. It was hoped that in the late 1970s it would be possible to introduce an aircraft specifically designed to undertake airborne early warning (AEW) duties; in the meanwhile it was planned to install the APS 20F radars of the Gannet into a squadron of Shackletons to give AEW patrol facility up to 750 miles from shore bases. In the longer term the RAF was planning the introduction of the Multi Role Combat Aircraft (MRCA), later known as the Tornado, for use in strike, attack and reconnaissance and for air defence. It was due to enter service in the first group of roles in Strike Command in 1978, in RAF Germany in 1979, and in the air defence role in 1981.

The long range maritime reconnaissance role was to be undertaken by 1972 by an force of 32 Nimrod aircraft, of which eight were to be based in Malta.

In air mobility the RAF had an existing strategic and medium range tactical transport force related to the requirement to move a brigade to the Far East in ten days, and to deploy and support it tactically. This force had now to be tailored to meet NATO emergency reinforcement needs. Short range transport was met by a squadron of Andovers in Air Support Command and a mix of Wessex and Whirlwind aircraft, to be changed from mid 1971 to a mix of 40 Wessex and 26 Anglo-French Pumas. Air mobility was aided by a tanker force of 27 frontline Victor K1 aircraft, to be replaced by the mid 1970s by a force of 21 frontline Victor K2s.[30]

This was the structure of the Royal Air Force as this narrative comes to a close. The period of two Labour Governments 1964-70 had seen a transition from the residual world deployed of 1964 are centred on Europe in 1970.

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[30] Presentation prepared for CAS 25 Jun 70 ID3/1/108 Pt 3.

ABBREVIATIONS

AAGW – Air to Air Guided Weapon
ABM – Anti Ballistic Missile
ACE – Allied Command Europe
AEW – Airborne Early Warning
AFVG – Anglo-French Variable Geometry aircraft
BAOR – British Army of the Rhine
BFR – Balanced Force Reductions
C130 – Lockheed transport aircraft, subsequently the RAF Hercules
CAS – Chief of the Air Staff
CA(P) – Chief Advisor Projects
CDS – Chief of the Defence Staff
CGS – Chief of the General Staff
CNS – Chief of the Naval Staff
COS – Chiefs of Staff
CSA – Chief Scientific Advisor
DDR – Deutsche Demokratische Republic, the former East Germany
DOAE – Defence Operational Analysis Establishment
DOPC – Defence and Overseas Policy Committee
DRWP – Defence Review Working Party
ECM – Electronic Counter Measures
FAA – Fleet Air Arm
F104 – Starfighter aircraft
FRG – Federal Republic of Germany
GNP – Gross National Product
HS801 – an aircraft project that became the Nimrod
HS801 – Hawker Siddleley transport aircraft project
ICBM – Inter-Continental Ballistic Missile
IRBM – Intermediate Range Ballistic Missile
JIC – Joint Intelligence Committee
LTC – Long Term Costing
MC – Military Committee of NATO
MRBM – Medium Range Ballistic Missile
MT – Megaton
NDAC – Nuclear Defence Affairs Committee
NFK – Neueskampfflugzeug, a German aircraft project
NPG – Nuclear Planning Group
NPWG – Nuclear Policy Working Group
OPDO – Official Defence and Overseas Policy Committee
PEG – Programme Evaluation Group
PUS – Permanent Under Secretary
P1127 – aircraft project that became the Harrier
P1154 – a projected vertical take-off aircraft
SACEUR – Supreme Allied Commander Powers Europe
SAGW – Surface to Air Guided Weapon
SAL – Strategic Arms Limitation
SHAPE – Supreme Headquarters Allied Powers Europe

SIOP – Single Integrated Operational Plan
SSGW – Surface to Surface Guided Weapon
SSP-SACUER – Strike Plan
SSN – Nuclear Powered Submarine
STOL – Short Take Off Landing
TFX – Tactical Fighter Experimental, the forerunner to the F111
TNW – Tactical Nuclear Weapon
UE – Unit Establishment, the number of aircraft in a squadron
USN – United States Navy
VCAS – Vice Chief of the Air Staff
VG – Variable Geometry aircraft
V/STOL – Vertical/Short Take Off Landing – aircraft capable of take-off either vertically or from a short runway

INDEX

Ministry of Defence

AIR HISTORICAL BRANCH (RAF)
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