11th February, 1966

CABINET

DEFENCE REVIEW:
THE STATEMENT ON THE DEFENCE ESTIMATES 1966, PART I

Memorandum by the Secretary of State for Defence

This year the Statement on the Defence Estimates has been printed in two parts, to be published at the same time. Part II deals with the Defence Estimates for 1966/67. Part I, of which the draft is attached to this memorandum, is a report on the progress of the Defence Review. In order to ensure its publication on 23rd February, the proof needs to be in the hands of the printers by 16th February. Because of this tight timetable, the same paper is being circulated simultaneously to the Defence and Oversea Policy Committee and the Cabinet. Amendments suggested by my colleagues on the Defence and Oversea Policy Committee will be circulated separately.

2. I invite my colleagues to approve the contents and form of the draft of Part I of the Statement on the Defence Estimates 1966.

D.H.

Ministry of Defence, S.W.1.

11th February, 1966
STATEMENT ON THE DEFENCE ESTIMATES 1966

PART I - THE DEFENCE REVIEW

This year the Statement on the Defence Estimates is printed in two parts. Part I is a report on the defence review and looks into the 1970s. Part II is about the defence estimates for the coming year, 1966/7; its scope is confined to the problems of the present or the immediate future.

I. THE PURPOSE OF THE REVIEW

On taking office in October 1964, the Government decided to carry out a far reaching examination of the nation's defence needs in the next decade, with two objectives: to relax the strain imposed on the British economy by the defence programme it had inherited, and to shape a new defence posture for the 1970s.

2. Military strength is of little value if it is achieved at the expense of economic health. The defence plans of the previous Government would have involved an excessive burden both in resources and in foreign exchange. As we emphasised in the National Plan (Command 2754), to continue spending over 7% of the gross national product on defence, would be seriously damaging to Britain's economy, at a time when we need a rapid increase in production so that we can export more and import less; when industry must be re-equipped and modernised; and when we are running into a shortage of manpower. We plan, therefore, to bring our defence expenditure down to about 6% of the gross national product by 1969/70, thereby improving our ability to compete successfully with other exporting countries.

/Financial Fluegge
Financial Target

3. As a guide for recasting the defence programme, the Government set a financial target of £2,000m. at 1964 prices, to be reached in 1969/70. In other words, we intend that our programme three years from now should not cost more in real terms than that of two years ago. This means a reduction of £400m., or 16% on the plans of the previous Government. Some progress towards this goal was made by the changes in the equipment programme which we announced more than a year ago. On 5th August, 1965, we reported that we had managed to get more than half way to our target – from £2,400m. to about £2,180m. – without reducing our ability to carry out the present scale of military tasks.

4. But these changes, though achieving a major cut in expenditure without any loss in military efficiency, and thereby relieving the burden in resources on the nation's economy, did nothing to reduce the excessive cost of defence in foreign exchange. Nor did they contribute to solving the second major problem which led the Government to undertake the defence review – the over-stretch of our military manpower.

Manpower Stretch

5. Although our political commitments have become fewer in recent years, larger military tasks have been imposed by those that remain. The military power of potential enemies has been increased over the same period, mainly by sophisticated equipment from abroad.

/As a result,
As a result, the bulk of our fighting forces outside Europe have been permanently tied down in operational tasks all over the world. On several occasions no units of the strategic reserve have been immediately available in Britain. We have thus been compelled to make use of our right to withdraw forces committed under the Brussels Treaty to serve in Germany, in order to meet temporary needs overseas.

6. The Services have responded to a succession of unforeseen contingencies with cheerful efficiency. But the cost has been high. Men in all three Services have been required to work long hours and to serve for long periods abroad often without their families.

7. The following figures give some idea of the burdens imposed.

**Navy**

Average employment of destroyers/frigates:

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Days of 24h</th>
<th>Ratio Sea:Harbour</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956-7</td>
<td>27,600</td>
<td>81:1:4</td>
</tr>
<tr>
<td>1963-4</td>
<td>33,450</td>
<td>142:1:1.5</td>
</tr>
</tbody>
</table>

**Army**

Numbers of units and men sent overseas on emergency or unaccompanied tours

<table>
<thead>
<tr>
<th>Year</th>
<th>Major Units</th>
<th>Numbers in Units</th>
<th>Individual Postings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>8</td>
<td>4000</td>
<td>600</td>
<td>4600</td>
</tr>
<tr>
<td>1964</td>
<td>16</td>
<td>8000</td>
<td>1200</td>
<td>9200</td>
</tr>
<tr>
<td>1965</td>
<td>17</td>
<td>8500</td>
<td>1400</td>
<td>9900</td>
</tr>
</tbody>
</table>

**Royal Air Force**

Increase in Flying hours per 100 persons

<table>
<thead>
<tr>
<th>Year</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>564</td>
</tr>
<tr>
<td>1964</td>
<td>625</td>
</tr>
<tr>
<td>1965</td>
<td>640</td>
</tr>
</tbody>
</table>
6. Against this background both recruiting and re-engagement have fallen short of the targets set; this in turn has increased the strain on our already over-stretched Services. Such over-stretch has the most damaging consequences in our defence policy as a whole. Besides restricting our military ability to meet the unforeseen, it limits our political freedom to adjust our defence programme from time to time as circumstances change. Even a relatively small contraction in our present defence effort will mean that we must relinquish some of our present commitments overseas. In planning to close the gap of £180m., which still remained in August, we set out not only to decide which political commitments we must give up, but also to limit the scale of the military tasks which may be imposed by the commitments which remain.
II BRITAIN'S MILITARY ROLE

9. We are compelled to plan the main features of our defence policy a decade ahead; it takes at least ten years to develop and introduce a major new weapon system, and at least five years to produce base facilities abroad. And yet there can never be certainty either about political or technological developments in the intervening period. Defence policy must therefore be based on what can never be more than guesses, formed on an imperfect knowledge of the facts. The fate of the 1957 Defence White Paper illustrates the dangers of being over-dogmatic about weapons and political developments.

10. At the same time, it is essential that the Government should take some firm decisions based on the best predictions it can make. Otherwise it will waste its resources by ill-judged attempts to prepare for too wide a range of contingencies, and will fail to prepare properly for any. Above all, the Government can, and must, decide in broad terms what sort of role Britain should play in the world in ten years' time, and what part its military forces should play in supporting that role. In other words, it has to decide what sort of military capability is likely to make political sense.

The United Nations and Disarmament

11. Recent history underlines the importance to Britain, as to all other countries, of strengthening the United Nations as the main instrument for keeping peace. Britain is already making a major contribution...
to the United Nations' forces in Cyprus, and has offered further units for logistic support of a United Nations force, whenever this is required in future. Political disagreements, not only among the great Powers, but also among the small, have so far set limits to the United Nations' authority for peace-keeping, and the failure of many countries to make the necessary financial contribution has limited the United Nations' capability in this field. But it remains a major aim of British policy to enable the United Nations to assume increased powers in the years to come.

12. Most major Powers are becoming more conscious that their own security can only be safeguarded by bringing the international arms race to a halt. The trend of military technology suggests that the survival of humanity itself will soon depend on making progress towards general and complete disarmament. The most urgent and immediate problem is to stop the further spread of nuclear weapons. We believe that the British Government should be prepared to give up its own nuclear forces at any time when it is satisfied this will make possible the achievement of this goal. Meanwhile we aim to internationalise our nuclear strategic forces in order to strengthen the alliance.

13. The conventional arms race among the smaller Powers continues unchecked, posing grave dangers for their economic development and political stability. Here, too, the only certain solution would be an international agreement to control both the production and supply of armaments. This, again, remains a major aim of British policy.
Meanwhile we cannot safely base our defense policy for the 1970s on the assumption that our objectives will have been attained in full. We must be ready to continue to live in a world in which the United Nations has not yet assumed effective responsibility for keeping peace, and the arms race has not yet been brought to a halt.

**NATO and the Defence of Europe**

In such a world the first purpose of our armed forces will be, as now, to ensure the survival of the British people. The security of these islands still depends above all on preventing war in Europe. For this reason, we regard the continuation of the North Atlantic alliance as the key to our survival.

NATO's experience over the last decade suggests that there is small danger of deliberate war in Europe at any level so long as the potential aggressor believes that this is likely to lead to a nuclear response. The credibility of this response hinges on the solidarity between the nuclear and non-nuclear members of NATO. This in turn depends largely on satisfying the non-nuclear members that, in a crisis, nuclear weapons will or will not be used in accordance with the wishes of the alliance as a whole.

Broad guidelines governing the possible recourse by NATO to nuclear weapons in self-defence were agreed at the Athens meeting of the NATO Council in 1962; increased participation by officers of member countries in nuclear planning and control was approved at the Ottawa meeting in 1963. Though we see no sign that
the credibility of the nuclear response has fallen below the level required to deter aggression, the way in which the decision to use nuclear weapons would be taken in a crisis and the strategic doctrine which should determine their employment requires further study. An important function of the Special Committee of Defence Ministers, which met for the first time in November 1965, is to reduce any uncertainty to the minimum.

18. When general agreement has been reached on the principles and procedure by which the alliance should control the use of its nuclear weapons, it will be easier to reach an understanding on whether and, if so, how some of these weapons should be organised in a collective force. We believe that our proposals for an Atlantic Nuclear Force remain the best basis for discussion, since they would give firm guarantees against the further proliferation of nuclear weapons within the alliance.

19. Until progress is made towards disarmament, the only alternative to our present dependence on nuclear weapons would be a massive build-up of NATO's conventional forces in Western Europe. Even if Britain were prepared to face the heavy economic burdens imposed by this alternative, NATO as a whole is not willing to do so. A decision by NATO to increase its conventional forces in this way would in any case stimulate an arms race in Europe, since the Warsaw powers would probably follow suit. It would provide no protection if the aggressor himself decided to use nuclear weapons first.
20. On the other hand, once nuclear weapons were employed in Europe, on however limited a scale, it is almost certain that unless the aggressor quickly decided to stop fighting, the conflict would escalate rapidly to a general nuclear exchange, in which the whole of America's nuclear forces would be engaged. Organised land warfare would then soon become impossible. We believe, therefore, that the alliance should abandon those military preparations which rest on the assumption that a general war in Europe might last for several months.

21. At the same time, NATO must maintain enough conventional forces to suppress small-scale conflicts in the European theatre without automatic resort to nuclear weapons, when the origin of the conflict may be uncertain and the intentions of the enemy obscure. The number of ground formations already available for this purpose is probably sufficient, if they are adequately manned, trained and equipped. But more air support is needed for such conventional operations. The alliance could provide this without overall additional expense, provided it is ready to reduce the number of long-range nuclear strike aircraft it at present maintains to add to the American strategic forces in general war.

22. In all these circumstances, we think it right to maintain our ground forces in Germany at their existing level until satisfactory arms control arrangements have been agreed in Europe. It remains essential, however, that some means is found for meeting the foreign exchange cost of maintaining these forces in Germany. We shall strengthen our air support for conventional
ground forces in Germany at the cost of some reduction in our nuclear strike aircraft based there. We shall retain roughly our present capability for nuclear strike from British bases. We think that we can make some reduction in the level of our naval forces at present declared to NATO. We shall be consulting our allies about these changes.
Outside Europe

23. Outside Europe a direct threat to our survival at first sight seems less likely. We have a number of obligations, some arising formally from treaties, which we cannot relinquish unilaterally at short notice; some of these obligations will still exist in the 1970s. Although we have important economic interests in the Middle East, Asia and elsewhere, military force is not the most suitable means of protecting them, and they would not alone justify heavy British defence expenditure. But in addition to her specific obligations, Britain shares with other countries a general interest in seeing peace maintained, so far as possible, throughout the world. It is this interest above all which justifies our military presence outside Europe.

Today, more than ever, peace is indivisible.

24. Much of Africa, the Middle East, and Asia, is going through a period of revolutionary change, which is liable sometimes to spill across international frontiers. In recent years the threat to peace has been far greater outside Europe than within it. When such instability leads to open war, it may imperil not only economic interests in the area, but even world peace. Great powers may be tempted to intervene and to collide with one another as they intervene. On more than one occasion, in the recent past, we have seen how local conflict in a far away country has threatened to embroil the major powers in a direct confrontation, directly endangering world peace.

25. Britain's forces outside Europe can help to reduce this danger. Recent experience in Africa has shown that our ability to give rapid help to friendly governments, with even small British forces, can prevent large scale catastrophes. In some parts of the world the visible presence...
presence of British forces by itself is a deterrent to local conflict. No country with a sense of international responsibility would renounce these capabilities without good reason, unless it were satisfied that others could, and would, assume a similar role.

26. Nevertheless, to maintain all our current military tasks and capabilities outside Europe would impose an unacceptable strain on our overstretched forces, and bear too heavily both on our domestic economy, and on our reserves of foreign exchange. For all these reasons we have decided that, while Britain should retain a major military capability outside Europe, it should in future be subject to certain general limitations. First, Britain must not undertake major operations of war except as part of a collective force. Secondly, we must not accept an obligation to provide a foreign 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 must be no attempt to maintain defence facilities in an independent country against its wishes.

27. We cannot forecast with any confidence precisely how Britain's forces will be deployed outside Europe at any given time in the 1970s, but in order to relax the strain from which our forces have suffered for so long, and to improve the ratio of home to overseas service, it will be necessary to keep a higher proportion than now in a home station, and to rely on air mobility. Nevertheless, it is desirable to take some decisions about the deployment of our forces now.

The Mediterranean

28. We have a direct responsibility for Gibraltar and a defence agreement with Malta. We also have a Treaty with Libya.
Libya, an obligation to support CENTO and responsibilities in Cyprus. We shall continue to discharge these responsibilities and obligations while making substantial economies in our establishments in Cyprus and Malta. For example, the RAF and Army numbers at Nicosia airfield will be considerably reduced, starting this year. We intend, in accordance with Article 5 of the Defence Agreement, to enter into consultations with the Government of Malta for a reduction of British Forces in the next few years; a range of defence facilities will, however, be retained. In Gibraltar, the garrison, airfield and naval dockyard and other establishments will continue to be maintained.

**Middle East**

29. South Arabia is due to become independent not later than 1968. We have informed the Federal Government that we intend to give up the base in Aden at that time. We shall be able to fulfil our remaining Treaty obligations in the area by making a small increase in our forces stationed in the Persian Gulf.

**Far East and South East Asia**

30. It is in the Far East and Southern Asia that the greatest danger to peace may lie in the next decade, and some of our partners in the Commonwealth may be directly threatened. We believe that it is right that Britain should continue to maintain a military presence in this area. Its effectiveness will turn largely on the arrangements we can make with our Commonwealth partners and other allies in the coming years. As soon as conditions permit us to do so, we shall wish to make some reductions in the forces which we keep in the area. We have important military facilities at present in Malaysia and Singapore, as have our Australian and New Zealand partners, and these we plan to retain. Against the day when it may no longer be
possible for us to use these facilities freely, we have begun to discuss, with the Government of Australia, the practical possibilities of our using military facilities in that country if necessary.

Other Areas

31. It will be necessary for sometime yet to retain substantial forces in Hong Kong, but we can look with some confidence to a reduction of our commitments for the defence of our smaller dependent territories, some of which will soon achieve independence. We shall not require garrisons in British Guiana or the Southern African Territories for much longer. Island territories in the Atlantic, Indian or Pacific Oceans can readily be protected from our major areas of deployment.
Against the background of the political commitments and military tasks which it foresees, the Government has been able to take some major decisions on the equipment of our forces. The main object has been to strike a balance between quantity and quality. Our forces must always possess enough of the arms and equipment required for the day-to-day tasks of peacekeeping throughout the world; it is also essential that they should have some highly-sophisticated weapons which can deter potential enemies from raising the level of a local conflict to a degree which might endanger world peace. We are determined to maintain a proper balance of capability in both these fields.

The Navy of the 1970s

The Royal Navy will exploit to the full the most modern technologies in the maritime sphere, particularly in nuclear propulsion and guided missiles. When the Polaris-carrying nuclear submarine fleet becomes fully operational in 1969/70, the Royal Navy will take over from the Royal Air Force full responsibility for the strategic nuclear deterrent, at a planned cost of under 2% of the total defence budget. By the early 1970s we reckon to have in service four nuclear-propelled hunter-killer submarines, which, with their long endurance and immunity to detection, will be a formidable part of our anti-submarine defences. We shall complete the conversion of the Tiger class cruisers to carry anti-submarine helicopters and we are planning a new type of ship to succeed them. We shall shortly order the first of a new, more powerful, class of guided missile ships - the Type 82 - to be equipped with the surface-to-air guided weapon Seadart, the Ikara anti-submarine weapon and the new Anglo-Dutch radar.
shall develop a small surface-to-surface guided weapon for use against missile-firing craft. Our amphibious fleet — the commando ships and assault craft carrying Royal Marine commandos — will greatly strengthen our forces outside Europe.

34. The present carrier force will continue well into the 1970s; but we shall not build the carrier (CVA 01). This ship could not have come into service before 1973 when our remaining commitments will not require her and the necessary elements of carrier capability will have been replaced as explained below.

35. The conditions under which we intend to operate our forces outside Europe are set out in paragraph 26. There are limitations on the use of our present forces; we must face the fact that these limitations are likely to grow more severe. This is the background to any assessment of the case for keeping a carrier force in the Far East in the 1970s. Experience and study have shown 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. It is only realistic to recognise that we, unaided by our allies, could not expect to undertake operations of this character in the 1970s — even if we could afford a larger carrier force than planned.

36. But the best carrier force we could manage to have in future would be very small. The force of five carriers, which we inherited from the previous Government, will reduce to three in a few years' time. Even if CVA 01 were built, the force would be limited to three ships throughout the 1970s. The total cost of such a
force would be some £1400m over a ten-year period. For this price, we should be able to have one carrier permanently stationed in the Far East with another available at up to 15 days’ notice. We do not believe that this could give a sufficient operational return for our expenditure.

37. We also believe that the tasks for which carrier-borne aircraft might be required in the late 1970s can be more cheaply performed in other ways. Our plan is that, in the future, aircraft operating from land bases should take over the strike/reconnaissance and air defence functions of the carrier on the reduced scale which we envisage that our commitments will require after the middle of the 1970s. Close anti-submarine protection of the naval force will be given by helicopters operating from ships other than carriers. Airborne early warning radar aircraft will be operated from existing carriers, which we intend to keep as long as we can for this purpose. Strike capability against enemy warships will be provided by the surface-to-surface guided missile already mentioned.

38. In order to give time to reshape the Navy and to reprovide the necessary parts of the carriers’ capability, we attach great importance to continuing the existing carrier force as long as possible into the 1970s. The purchase of Phantom aircraft for the Navy will, therefore, go ahead, though on a reduced scale. The Buccaneer 2 will continue to enter service, and the ARK ROYAL will be given a major refit in Devonport to enable her to operate /both
both these aircraft until 1974/5. The gradual rundown of the Fleet Air Arm will be carefully arranged in order to give adequate alternative career prospects to officers and ratings who have served the Navy so well. Details are being promulgated to the Fleet.

Canberra Replacement

39. The key to the deterrent power of our armed forces is our ability to obtain early warning of an enemy's intentions through reconnaissance, and to strike at his offensive forces from a distance in case of need. Since the early 1950s this role has been assigned to the Canberra aircraft which cannot safely continue after 1970. By the later 1970s, we intend that the Anglo/French variable geometry aircraft should begin to take over this and other roles. Both operationally and industrially this aircraft is the core of our long-term aircraft programme. But if the RAF is not to be lacking in a most critical part of its capability for some five years, some arrangement must be made for bridging the gap. We have therefore decided to buy 50 of the F 111A aircraft from the United States on credit terms spread up to 1977. Until the Anglo/French variable geometry aircraft is available, the V-bombers will supplement them in the strike role, since the aircraft will cease to form part of our nuclear strategic forces when the POLARIS submarines come into service.

40. There is no other aircraft available by 1970 which can match the performance of the F 111A, particularly in reconnaissance. The only two competitors were a possible development of the French Mirage IV, with a Rolls-Royce Spey engine which would
give this high-level nuclear bomber for temperate climates the capacity for low-level conventional strike in tropical climates, or a developed version of the British Buccaneer 2. We ruled out the former on grounds of delivery date, cost and performance; the latter would have come too late into service and could not compare in performance with the F 111A. Neither of these aircraft is comparable with the F 111A in the reconnaissance role.

41. We have made arrangements to obtain a fixed price ceiling for the F 111A aircraft which should mean a cost per aircraft of less than one third the figure that would have applied to a similar number of the TSR 2. We are guaranteed full delivery of the 50 F 111As by the 1st January 1970. Moreover, we have taken steps to ensure that the foreign exchange cost of the F 111A will be offset almost completely by sales of British equipment.

42. In particular the American Government has agreed to remove all the price differentials operating against sales of British defence equipment in the United States, so that British firms may compete on equal terms in the American military market. As a first step the American Government is inviting tenders from British firms for the construction of naval auxiliaries to a value of some £50m.

43. The French Government have been informed of our decision. We have given them our firm assurances that it will not affect the Anglo-French programme for the development of the variable geometry aircraft or for the development of a short range ground-attack aircraft known as the Jaguar.
Fighter and Ground-Attack Aircraft

44. The RAF's present fighter aircraft are the Javelin and Lightning. In the next few years, the Javelin will disappear as more Lightnings come into service.

45. The ground-attack and short-range Army-support aircraft is the Hunter, which will have to be replaced by 1970. When we saw in early 1965 that its replacement, the P.1154, would be too costly and come too late into service, we abandoned the project. We planned to use instead a combination of American Phantoms and the British VTOL P.1127. This decision is now confirmed. We shall later be taking a strike version of the Anglo/French Jaguar so as to release Phantoms for the replacement of the Lightning.
Maritime Reconnaissance

Our plans are as announced last year. The long-range maritime reconnaissance force consists of Shackletons 2 and 3. The Shackleton 2s are to be replaced by a version of the Comet specially developed for the maritime role. There is now a firm production commitment for this aircraft which will come into service at the end of the 1960s.

Air Transport

Our strategy will rely increasingly on air mobility as our tenure of overseas bases grows more uncertain. The only change to the existing plans for the strategic transport force is the use of some C130s to make good shortcomings in the performance of the Belfast. We shall make a substantial improvement in our helicopter lift.

Industrial Implications for the Aircraft Industry

The programme provides for continued production in the United Kingdom of the Lightning, Belfast, VC.10, Buccaneer, Andover, Basset and Jet Provost. Apart from the C.130 and the F111A, all the aircraft for which specific new types are proposed will be equipped with British engines, and the British share in the production of the Phantom has reached 45%.

The Ministry of Defence will also be paying the British aerospace industry about £130m. a year over the next 10 years for spares, maintenance and repair work.

Though there will be no further development of the Buccaneer 2 beyond fitting the air-to-ground missile AJ.168, there will be major new aircraft programmes for British industry in the Anglo-French variable geometry aircraft, and Anglo-French Jaguar strike and trainer aircraft, the P.1127 and the maritime Comet.

/This programme
49. This programme should provide sufficient support to enable the aircraft industry to develop in the long term on the lines proposed in the report of the Plowden Committee. Its adoption will bring the total savings on the 10-year programme we inherited in 1964 to about £1,200m.

Home Defence

50. We have completed a review of home defence. We have decided to restrict our civil defence preparations to those which would be likely to contribute significantly to national survival. Our plans were announced to the House on 2nd February. We have also decided to establish a Home Defence Force to supplement in the event of nuclear attack the substantial numbers of regulars and reserve forces which would normally be in this country. Details of this force were given to the House on the same date.

IV CONCLUSION

51. What then is the outcome of our review so far? We have planned a reduction in the tasks which we foresee in the 1970s, and we have taken decisions about our equipment, and about our regular and reserve forces, so that they match our commitments. As a result, we shall have got within about £50m. of our target of £2,000m. We are satisfied that we shall be able to close the remaining gap, though we do not believe it would be wise to take final decisions now on the precise means of doing so. We have always recognised that the review must be a continuing process and that the exact way in which we achieve our final savings must hinge on the resolution of the unknown quantities in our equations.
52. As far as commitments are concerned, we shall be able to keep our contribution in Europe at roughly its present level, provided that some means is found of meeting the foreign exchange costs; in the Middle East, we shall give up the base at Aden and disengage ourselves until we have reached the hard core of our obligations to CENTO and States in the Persian Gulf; in the Far East we intend to play a substantial and constructive role in keeping the peace, always in close collaboration with our allies. But some realistic limitations must be applied to the scale and nature of our military effort there.

53. The forces which we shall get with the reduced defence budget will be modern, flexible and effective. We shall possess, with our aircraft and Polaris submarines, substantial nuclear power to contribute to international arrangements. Our forces in Europe will enable us to share fully in maintaining the political solidarity of NATO. We shall be able to cover all our defence and internal security tasks arising in protected and dependent territories and to support United Nations operations if required. The nuclear-powered submarines, the Type 82 destroyers and the F111A and Phantom aircraft will be among the most advanced military equipment in the world and will act as a strong deterrent to limited war. Our Army units, helicopters, frigates and amphibious forces will have great value in the day to day task of keeping the peace.

/In short
54. In short, we have been able to make significant savings of money and foreign exchange in return for a comparatively small reduction of our military capacity. At the same time, we think that, without sacrificing speed or mobility, we can relax the strain on our forces once the pattern of our commitments has been finally adjusted. If the price of defence today is high, at least we shall be getting value for money.