Memorandum by the Secretary of State for Defence

I attach for the consideration of my colleagues a draft White Paper, as revised by the Defence and Overseas Policy Committee, which it is proposed to publish before the Summer Recess.

D. W. H.

Ministry of Defence, S.W.1.

4th July, 1967
DEFENCE WHITE PAPER

I. INTRODUCTION

The Statement on the Defence Estimates, 1967 (Cmnd 3203) promised for later in the year another announcement about defence policy and the Government's plans for the size and shape of the forces for the next decade. This White Paper reports the progress which has been made.

2. At the end of the Defence Review we announced - in Part I of the Statement on the Defence Estimates, 1966 (Cmnd 2901) - the decisions which we had taken in order to carry us close to the financial objective for 1969/70. Since then, as part of the continuous process of reviewing defence policy and programmes, we have looked beyond 1969/70 in order to determine how much money and how many men we must plan to have in the 1970s in relation to the commitments and the tasks which we foresee, and to the resources which the country can afford for defence. We have followed the broad approach to future defence policy described in the Defence Review. But we have also taken account of major developments of the last twelve months: on the economic side, a more pressing need to reduce overseas expenditure, a slower rate of growth than expected in the British economy, and the consequent necessity to keep Government expenditure as low as possible; and, on the political side, the evolution of Government policy in relation to Europe, progress in revising NATO strategy, the Middle East crisis, and developments in South East Asia following the end of "confrontation".

3. Defence policy can never be static. The broad plans set out in this White Paper are designed both to provide firm decisions where these must be taken, and also to
allow room for manoeuvre where changing circumstances may require us to modify our plans. Our aim has been to reconcile the need for the Services to have a period of stability and to enable them to plan manpower and careers and to adapt their equipment, training and support programmes to changes in their shape and size with the inescapable fact that, although we must exercise what foresight we can in our planning, we cannot by ourselves control the course of events in the world.
II. EUROPE

4. As was made clear in the Statements on Defence Estimates 1966 (Cmd 2901) and 1967 (Cmd 3203), the security of Britain still depends above all on the prevention of war in Europe. The Government, therefore, regard it as essential to maintain both the military efficiency and the political solidarity of the North Atlantic Treaty Organisation. For this purpose, we must continue to make a substantial contribution to NATO's forces in order to play our part in the defence of Europe and to maintain the necessary balance within the Western alliance. Our contribution will become more important as we develop closer political and economic ties between Britain and her European neighbours.

5. NATO has now adopted a continuous procedure for establishing force requirements five years ahead. This gives us a firmer basis for planning our contribution to the alliance. Short of some new development, such as progress towards mutual reductions of forces by both NATO and the Warsaw Pact countries, we must now assume that our contribution to the alliance will remain broadly on the same scale as at present, although we may be able to redeploy some of our forces in peacetime.

6. Since the publication of the Statement on Defence Estimates, 1967 (Cmd 3203) last February, NATO has taken an important step in relating its strategy to the political and economic realities of the late 1960s. At their meeting in May 1967, the Defence Ministers of the alliance agreed on political guidance which should be given to the military authorities for future force planning; it was based on a reassessment of the threat confronting the alliance and of
the resources available to meet it. We have argued for some time that, since a Soviet attack in Europe is unlikely in present circumstances, and that we should probably receive ample warning of any change in those circumstances, some of the forces required in Germany in an emergency could be held elsewhere in peacetime, provided that they could be returned promptly if a crisis occurred.

7. We have proposed to our allies in NATO and WEU that we should redeploy to the United Kingdom early in 1968 one brigade of BAG and one squadron of RAF, Germany. We believe that, against the strategic background outlined above, these are reasonable proposals and are confident that they will be accepted by our allies. They could lead to foreign exchange savings of about £55M in a full year. The redeployment in itself would have little effect on the defence budget since the forces concerned would remain in existence in the United Kingdom and available to NATO in an emergency.

8. The long-term problem of meeting the foreign exchange cost of maintaining our forces in Germany has not yet been resolved; but this is recognised by our allies as a matter requiring further consideration. We have, however, concluded arrangements with the USA and the Federal Government of Germany which will enable the bulk of our foreign exchange costs in Germany in 1967/68 to be covered. It remains our policy to find satisfactory arrangements to cover these costs thereafter and we are in touch with our allies about this.
III. ROLE AND DEPLOYMENT OUTSIDE EUROPE

9. The aim of our policy outside Europe is, as we said in the Statement on Defence Estimates, 1967, (Cmd 3203) "to foster developments which will enable the local peoples to live at peace without the presence of external forces", and thus to allow our forces to withdraw from their stations in the Middle East and Far East. We cannot predict exactly when the situation will make this possible in every area where our forces are now stationed; and, in planning the withdrawal of our forces, we must take account of the impact of our plans on the peoples concerned, and on the policies of our allies. We remain responsible for the security of our dependencies; we have obligations to our Commonwealth partners and allies; and our political and economic interest in the stability of the world outside Europe makes it desirable that we should retain some capacity for contributing to the maintenance of peace where we can usefully do so with international agreement.

10. But, the way in which we should discharge our responsibilities and make our contribution to peace-keeping is continually changing. In the next decade, new aircraft will enable us to move forces across the world faster and in larger numbers than was possible even a few years ago. The military strength of our friends and allies is growing. The power and policy of our potential adversaries are also liable to change. And we must watch the effect of the rising costs of defence on the economic state of the nation, since our international influence will continue to depend as much on the soundness of our economy as on our military strength.

11. The Government explained in the Statement on the Defence Estimates, 1966 (Cmd 2901) that it would not undertake major operations of war except in cooperation with allies; and would make the commitments to our friends dependent on the provision /in time
in time of whatever facilities we needed on the spot. Our planning since then has led to four important conclusions. Firstly, as our friends and allies outside Europe build up their own forces, they will value most from Britain a contribution in those sophisticated forces which some of them may find it difficult to provide for themselves. Secondly, the manpower and fixed facilities in our military bases may come to cost more than is required by the type of military operations which the Government foresees. Thirdly, the visible presence of even small forces - not necessarily dependent on large and expensive base facilities - may be a valuable deterrent. Fourthly, in a crisis, it will be more economical to rely mainly on sending forces from Britain, so long as some reduction in speed of reaction and some initial restriction in the role of the reinforcements can be accepted.

12. The Government has therefore revised its plans for deploying forces outside Europe so as to enable major reductions to be made in the size and cost of our forces as a whole. We have had to make assumptions about the pace at which the revised plans can be carried out; but we may wish to carry out the programme of reduction and redeployment either more slowly or more quickly according to political or economic need.

13. The Government has already announced, and gone some way to implement, plans for the reductions in the Mediterranean, the South Atlantic and the Caribbean. It has also announced its plan to withdraw from South Arabia and the Aden base in January 1968. For a short time after independence, however, we shall provide British naval and air forces in the area to assist the new state to deter and, if need be, to meet external aggression. We are also increasing the financial and other assistance which we are giving towards the build-up and improvement of the South Arabian forces.
14. In the Far East the Government has decided to reduce the forces deployed in Singapore and Malaysia by about half by 1970/71. At present, the total number of men and women working in or for the Services in Singapore and Malaysia is about 80,000. This includes servicemen, civilians and ships' companies on sea service in the Far East. By April 1968, the total is estimated to be about 70,000, reflecting the second stage of the reduction of 20,000 in the Far East following the end of "Confrontation". Between April 1968 and 1970/71 we expect a further reduction in Singapore and Malaysia of about 30,000, leaving a total of about 40,000, of which about half will be civilians. The reductions will be so phased that, by the early 1970s, the British forces still stationed in Singapore and Malaysia will consist largely of naval (including an amphibious force) and air forces - though there will still be Gurkha forces in Malaysia. Corresponding cuts will be made in our base facilities. These reductions have now been set in hand on the basis of the closest possible working relationship with the Governments of Singapore and Malaysia, and on the understanding that they will be accompanied by significant aid to help those Governments to counteract the effects on their economies.

15. The Government intends to change its Far East commitments parallel with these reductions. We shall continue to honour our obligations under SEATO, but the forces assigned to specific SEATO plans will be progressively reduced. As we come to rely more on reinforcement from Britain, we shall make clear that we shall need a longer time in which to deploy any forces which we decide to contribute. Britain will honour her obligations under the Anglo/Malaysian Defence Agreement: there will be consultations on the way in which we should plan to meet them. The Government will also continue making a significant contribution.
contribution to the Commonwealth Strategic Reserve, which contains naval, land and air forces. This is a matter which, with the future of the Commonwealth Brigade, we are discussing with our Commonwealth partners.

16. It is not at present possible to plan in the same detail the period beyond 1970/71. The reductions over the next few years will be substantial; the Government is determined that they will take place in an orderly manner, which will enable our Commonwealth partners to adjust their plans, and will allow Singapore and Malaysia to make the necessary economic transition as smoothly as possible. We plan to withdraw altogether from our bases in Singapore and Malaysia in the middle 1970s; but the precise timing of our eventual withdrawal will depend on progress made in achieving a new basis for stability in South East Asia and in resolving other problems in the Far East.

17. Meanwhile, our plans must be firm enough to ensure that we have the forces we need to match our remaining commitments in the Far East and elsewhere, and flexible enough to enable us to respond to changes in local circumstances. However we may think that events will turn out, we cannot plan on the assumption that we shall never have to use our forces outside Europe, where we shall retain dependencies and other obligations for the foreseeable future. We are therefore planning to maintain a military capability for use, if required, in the Far East - even when we no longer have forces permanently based in the area.

18. We do not need to settle the precise character, size and deployment of this capability now. It would be largely composed, however, of the forces of all three Services which would be stationed in this country for employment as a strategic reserve; and we should probably keep in the Far East some of the naval and amphibious forces included in it. The discussions
which are continuing with the Australian Government about the possibility of our having facilities in Australia, and the examination we are making of a new staging airfield in the British Indian Ocean Territory, are designed to lead to the flexibility required by our long-term defence planning.

/IV. THE FORCES/
IV. THE FORCES

19. The progress made in the revision of NATO strategy and force planning and the evolution of our future policy outside Europe, have made it possible to reach broad decisions on the long-term shape and size of our forces, and for reducing the facilities and administrative services which support them.

The Royal Navy

20. The Polaris force will be Britain's contribution to the strategic nuclear deterrent of the West. The Navy will also continue to play a leading part in the maritime shield forces and to provide for the foreseeable future a valuable peace-keeping capability outside Europe by the unobtrusive and flexible exercise of maritime power. For these roles our naval forces require the ability to fight and survive in the environment of the guided missile and nuclear-powered submarine; they must, therefore, include some ships of the highest capability. Air power will be as indispensable to the Fleet of tomorrow as today; the Navy, like the Army, will rely on the ability of the Royal Air Force land-based aircraft to support their forces.

21. Apart from the Polaris submarines, the main striking power of the Navy will be provided by the growing force of nuclear-powered submarines. For the surface fleet, more LEANDER frigates will be ordered; and a small frigate is being planned as a successor, which will carry a new close-range surface-to-air guided missile to follow SEACAT, a medium-range gun, and a new general purpose helicopter to replace the WASP. The Type 82 destroyer now on order will be completed; the design will not be continued in its present form for further ships of this class, but will be
developed in two ways. It will be enlarged into the new class of cruisers, forecast in the statement on the Defence Estimates, 1966 (Cmnd. 2901), to succeed the converted TIGER class cruisers; and also scaled down for a new class of smaller destroyers. The cruisers, which will provide command and control facilities for our naval forces, will be armed, like the Type 82, with the SEA DART surface-to-air guided missile system. In addition, they will carry a force of the new SEA KING helicopters armed with anti-submarine weapons and sonar. The new destroyers will carry a modified version of SEA DART and a smaller helicopter; every ship from frigate upwards will have the most effective capacity for reconnaissance and attack that helicopters can offer.

The Army

22. The Army will continue to provide the major British contribution to NATO. The redeployment of a brigade from Germany would not affect the Army's force levels, because the brigade would remain earmarked for assignment to NATO, as stated in paragraph 7 above. The accommodation programme already in hand to provide for withdrawals referred to in the Statement on the Defence Estimates 1967 (Cmnd. 3203) has been extended to cover the additional numbers now returning, including those from BAOR.

23. The size of the Army outside Europe will be gradually reduced. All our troops will leave South Arabia after independence comes in 1968; the increase in the garrison stationed in the Persian Gulf to meet our remaining obligations will be small. We are reducing the Cyprus garrison this year. In Malta a phased withdrawal will be complete by the end of 1971. In the Far East, the main reductions will be made in Malaysia and Singapore; but the
garrison in Hong Kong will be maintained. When our forces have been withdrawn from the Aden base in January 1968 the Strategic Reserve will be strengthened by a further Infantry brigade.

24. Our plans for the reorganisation of the Infantry were announced in the House of Commons in May. They will bring greater economy and efficiency without destroying the individual identity of Infantry Regiments. A new Army Strategic Command will be formed later in 1968. This will command all field force formations and units stationed in Britain apart from formations earmarked for assignment to NATO and employed on public duties and training. In general, though it will be smaller, the Army will remain balanced, and well-equipped.

The Royal Air Force

25. There will be no change in the role of the Royal Air Force, which will remain as described in the Statements on the Defence Estimates 1966 (Cmnd. 2901) and 1967 (Cmnd. 3203).

26. Major decisions about the future equipment for the RAF have already been announced and a period of large-scale re-equipment with new aircraft has already begun. The only changes now planned relate to the size of the forces required: in particular, because the forces will be smaller, it will not now be necessary to order any further Phantoms. This passage to be amended in light of review of AFVG project.

Reductions in support

27. Base Facilities - This redeployment of our forces will enable us to run down stocks and supporting facilities overseas, particularly in the Far East.
28. We intend to reduce supporting services still further in three ways. In the first place, the smaller size of the forces will in itself produce reductions in their support. In the second place, we shall make the supporting services more efficient by advanced management techniques and the wider use of computers. Finally, the plans which are being worked out in detail by each Service will be co-ordinated to eliminate duplication and to bring about greater rationalisation.

29. We plan to make substantial cuts in both uniformed and civilian support personnel, to close some supply depots, to amalgamate some training establishments, and to reduce certain stocks and reserves.

30. Ministry of Defence Headquarters. In the short term, the planning and execution of defence policy decisions will create more work in the Ministry of Defence and we cannot expect to make substantial reductions in the immediate future. We shall, however, cut staffs, as soon as we can and wherever possible, as the result of the reductions in the size of the forces, the changes in our overseas commitments, the cuts in some capabilities, the curtailment of support functions, the streamlining and rationalisation of our general organisation and the continued improvement of management techniques. We hope that reductions will also result from the further evolution of defence organisation.

Reductions in Research and Development

31. We have also reviewed the defence research and development programme. A reduction of about £30m is to be made in it, affecting development projects as well as research done in Government establishments and in industry. This will free scientific manpower and other valuable resources for civil work.
Service Manpower

32. We intend that by March 1971 the active strengths of the forces shall fall by nearly 37,000, as follows:

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<tr>
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<th>UK Adult Males</th>
<th>UK Women and Boys (see note below)</th>
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<tbody>
<tr>
<td>RN</td>
<td>93,200</td>
<td>179,900</td>
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<tr>
<td>Army</td>
<td>116,550</td>
<td>3,850</td>
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<tr>
<td>RAF</td>
<td>3,850</td>
<td>16,500</td>
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<tr>
<td>Army</td>
<td>7,520</td>
<td>15,100</td>
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<tr>
<td>RAF</td>
<td>8,500</td>
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Note: For Royal Navy, boys are included in adult male figures.

We are planning to make further reductions in the years beyond 1971, and we foresee a total reduction of about 75,000 on present strengths by the time that we have finally withdrawn from Malaysia and Singapore in the mid-1970s.

33. The reductions will be so far as possible by normal wastage, but some officers and men will become redundant. To mitigate this redundancy we shall spread it as evenly as we can over the period. The officers and men concerned will be compensated by payments on the lines set out in an annex to this White Paper. Detailed plans will take some months to be worked out by all three Services and will be published as soon as possible.

34. We shall also extend the facilities for resettlement training. In addition, we are making plans, which will shortly be promulgated to the Services, to give positive and practical help to those leaving the Services so that they can find suitable employment in civil life.

Civilian Manpower

35. The reduction and reorganisation of base facilities at home and abroad and the further streamlining of the Ministry of Defence headquarters will reduce the number of civilians required to support combat forces within the United Kingdom and in the overseas commands by about 45,000 UK civilians and 55,000 local entrants. There will be full consultation...
consultation with the appropriate staff associations and trade unions about these reductions as the plans develop.

**Mannower Summary**

36. To sum up, we are planning to achieve a reduction in the present strengths of UK Service manpower which will amount to nearly 37,000 by March 1971, and to a total of about 75,000 by the mid 1970s. We are also planning reductions of civilian manpower, both UK and locally entered, of the order of 100,000 over the same period. These reductions will be gradually reflected in cuts in the capability of all three Services - fewer ships, units and squadrons than we deploy today, and corresponding reductions in our equipment programmes.
37. As one of the main financial objectives of the Defence Review, we set a target of £2,000m. (at 1964 prices) to be reached in 1969/70. Since, as explained to the House of Commons in 1966, the final decisions to complete the Defence Review could not be taken before the end of "confrontation", the equipment programmes, manpower strengths and deployments currently planned would have led to a defence budget in the region of £2,100m. at 1964 prices in 1970/71. The plans now worked out, on the basis in particular of the new approach to policy in the Far East, will enable the defence budget for 1970/71 to be reduced by a further £200m. Not all the economies now planned will be realised by 1970/71, and the Government expects the annual level of defence expenditure to have dropped by the mid-1970s by a further £400m. A small part of these savings will be offset in the short run by the cost of dealing with the reductions and redeployment, and of providing compensation terms for those who become redundant. In addition, as already stated, the Government is committed to provide significant financial aid to Malaysia and Singapore and South Arabia.

38. The decisions of the Government will also reduce levels of overseas defence expenditure. Annex H to the Statement on the Defence Estimates 1967 (Cmd. 3203) showed that, apart from Germany, where some separate means of balancing our foreign exchange outgoings must be found, local defence expenditure is expected to drop from £173m. to £152m. by the end of the current financial year. The plans outlined in this paper will enable a further £30m. to be saved by 1970/71. This is a cut of about 30% in the present level.
VI. CONCLUSION

39. This White Paper completes the process which has required almost three years' continuous work revising Britain's overseas policy, formulating the role of military force to support it, and planning the forces required to carry out this role. The decisions have been reached after extensive consultations with our allies, and their views have been taken fully into account. They spring from the best assessment we can make of Britain's interests and responsibilities, and of the changing world in which they will be protected or exercised.

40. Substantial savings will be made in the manpower and financial resources required for defence. We plan no major change in the size of our contribution to NATO, although a higher proportion of our forces may in future be stationed in this country. The savings will be chiefly obtained from a significant reduction in our military presence outside Europe, and in some changes in the way in which we shall be able to deploy our military capability outside Europe. We believe that our allies appreciate that we are doing everything possible to establish our plans on an economic basis that we can sustain. They also recognise the value of the continuing though reduced contribution which we shall be making to the maintenance of peace.

41. The Services will still have an indispensable role to play in support of Britain's foreign policy. The Government is sure that the Royal Navy, Army and Royal Air Force, though smaller in size, will be capable of meeting the demands that may be made on them. Whatever those demands may prove to be, we can be certain that they will continue to be exacting in operational and technical skill - and that they will often arise at short notice, as they have in the past.

/42. ...
42. More of our forces will be based in Britain; and servicemen should see more of their families. The operational tasks to be done outside Britain will require as high a standard of operational readiness and training as those of today. The Services which we shall maintain will be of a quality of which the men and women who serve in them, and the country as a whole, can be proud.
Redundancy Payments

1. In accordance with established practice, officers and men whose careers are prematurely terminated will be entitled to compensation; this will take account of the curtailment of their expected Service careers, their loss of prospects, the higher rates of pension accruing from longer service, and also the additional difficulties which they may experience in starting new careers in civilian life.

Officers

2. For officers serving on permanent commissions who are prematurely retired, compensation will be in the form of a lump-sum payment which, to meet all the factors mentioned in the preceding paragraph, will reach at the maximum the equivalent of 21 months' basic pay (ie excluding additional pay, marriage and ration allowance).

3. Payments will reach this level when the officer has given 13 years' qualifying service and will decrease when the officer has less than 5 years' service to complete before his expected retirement date.

4. Payments will be based on the pay in issue for the rank held on relinquishment of last appointment, whether this be acting, temporary or substantive.
5. Normal retirement benefits will not be affected, except that the normal requirement of 2 years' service in the substantive rank will be waived. Those officers who would not normally qualify for retired pay on compulsory retirement, because they have less than 16 years' reckonable service, will be granted retired pay as if they had been invalided, provided that they have given at least 10 years' qualifying service.

6. Special arrangements will apply to certain categories of officers serving on non-permanent commissions.

**Ratings, Soldiers and Airmen**

7. The full scale of compensation for ratings, soldiers and airmen serving on pensionable engagements has been based on the same general considerations as for officers; but, owing to the difference in their engagement and pension terms, the scheme for other ranks has been devised on different lines in order to mitigate the loss of entitlement to pension which they would otherwise suffer on premature retirement.

8. The main features of the scheme are that:

   a. The minimum period of qualifying service for pension has been reduced from 22 years to 10 years (after the age of 18).
b. For the purpose of calculating pension and terminal grant for those who have served at least 10 years, an additional credit of up to 4 years' service will be given, provided that this addition does not extend their reckonable service beyond the end of the current engagement.

9. In addition, other ranks with 10 years' qualifying service will receive lump-sum payments rising to a maximum of 12 months' basic pay (i.e. excluding additional pay, marriage and ration allowance) after 16 years' qualifying service, but decreasing for those with less than 5 years to complete on current engagement. Those men with 3 or more, but less than 10 years' completed service from age 18, who will not be eligible for pension and terminal grant, will receive a gratuity on invaliding terms, plus a lump sum ranging from 3 to 14 months' basic pay.

10. Special arrangements will apply to certain categories of other ranks serving on non-pensionable engagements.