



STATEMENT ON THE
DEFENCE ESTIMATES 1966

PART I

THE DEFENCE REVIEW

*Presented to Parliament by the Secretary of State for Defence
by Command of Her Majesty
February 1966*

LONDON
HER MAJESTY'S STATIONERY OFFICE

PRICE 1s. 9d. NET

Cmnd. 2901



STATEMENT ON THE
DEFENCE ESTIMATES 1966

PART I

THE DEFENCE REVIEW

*Presented to Parliament by the Secretary of State for Defence
by Command of Her Majesty
February 1966*

LONDON
HER MAJESTY'S STATIONERY OFFICE

PRICE 1s. 9d. NET

Cmnd. 2901



STATEMENT ON THE
DEFENCE ESTIMATES 1966

NOTE

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, 1966-67; its scope is confined to the problems of the present or the immediate future.

Presented to Parliament by the Secretary of State for Defence
in Command of Her Majesty's Ship
February 1966

LONDON
HER MAJESTY'S STATIONERY OFFICE
Price 1s. 6d. net

CONTENTS

	PAGE
CHAPTER I: THE PURPOSE OF THE REVIEW	
Financial Target	1
Manpower Stretch	2
CHAPTER II: BRITAIN'S MILITARY ROLE	
The United Nations and Disarmament	4
N.A.T.O. and the Defence of Europe	5
Outside Europe	6
The Mediterranean	7
Middle East and Far East	8
Other Areas	8
CHAPTER III: THE EQUIPMENT OF OUR FORCES	
The Navy of the 1970s	9
The Future of Britain's Carrier Force	10
Canberra Aircraft Replacement	10
Fighter and Ground Attack Aircraft	12
Maritime Reconnaissance Aircraft	12
Air Transport	12
Implications for the Aircraft Industry	12
Home Defence	13
CHAPTER IV: CONCLUSION	14

I

THE PURPOSE OF THE REVIEW

1. 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 which 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 imposed an excessive burden both in resources and in foreign exchange. As we emphasised in the National Plan (Command 2764), to continue spending over 7 per cent 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 a stable level of about 6 per cent. of the Gross National Product by 1969-70, thereby improving our ability to compete successfully with other exporting countries.

N.B.

FINANCIAL TARGET

3. The Government, therefore, 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 per cent on the expenditure which the previous Government contemplated for 1969-70. Some progress towards this goal was made by the changes in the equipment programme which we announced more than a year ago. On 5 August 1965, we reported that we had managed to get more than half way to our target for 1969-70—from £2,400m. to about £2,180m.—without reducing our ability to carry out the present scale of military tasks. The defence review is already having its effect on current expenditure. As explained in Chapter I, Part II of this Statement, at constant prices the estimates for 1966-67 fall below the target figure of £2,000m.

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

N.B.

MANPOWER STRETCH

5. Although our political commitments have become fewer in recent years, larger military tasks have been imposed by those that remain, because the military power of certain countries has been increased over the same period, particularly by supplies of advanced equipment from abroad. 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 patient efficiency. But the cost has been high. Men in all three Services have been required to work long hours in difficult conditions and to serve for long periods abroad, often without their families.

7. The following figures give some idea of the strain involved:

NAVY

Average employment of destroyers/frigates

	Annual Mileage	Annual Hours Underway	Days of 24 Hours Underway	Ratio Sea: Harbour
1956-57 ...	27,600	1,950	81	1:4
1963-64 ...	33,450	2,430	142	1:1.5

ARMY

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

	Major Units	Numbers in Units	Individual Postings	Total
1963 ...	8	4,000	600	4,600
1964 ...	16	8,000	1,200	9,200
1965 ...	17	8,500	1,400	9,900

ROYAL AIR FORCE

Emergency moves of operational formations to overseas theatres (including aircraft detachments and RAF Regiment units)

	Formations	Aircraft numbers
1963 ...	13	58
1964 ...	22	91
1965 ...	26	157

8. In these conditions, 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. in 1969-70, which still remained last August, we set out not only to decide which political commitments we must give up or share with others, but also to limit the scale of military tasks which may be imposed by the commitments which remain.

II

BRITAIN'S MILITARY ROLE

1. Defence must be the servant of foreign policy, not its master. Military forces must be designed accordingly. At the same time, developments in weapons technology, by changing the nature of military strategy and tactics, constantly influence the options which are open to a Government in its foreign policy.

2. 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, therefore, has to be based on assumptions which must be constantly revised and are less certain the further we look ahead. The fate of the 1957 Defence White Paper illustrates the dangers of being over-dogmatic about weapons and political developments.

N.B.

3. At the same time, the Government must 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 short, it has to decide what sort of military capability is likely to make political sense.

THE UNITED NATIONS AND DISARMAMENT

4. 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 pay their share has restricted its effectiveness in this sphere. But it remains a major aim of British policy to enable the United Nations to take on more in the years to come.

5. Most great Powers now realise that their own security can only be safeguarded in the long run by halting the international arms race. The trend of military technology suggests that the survival of humanity itself will

soon depend on making progress towards general and complete disarmament. But this will not be brought about overnight. Meanwhile we must seek limited measures of disarmament and arms control to reduce the dangers of the present situation. The most urgent and immediate problem is to stop the further spread of nuclear weapons. We accordingly aim to internationalise our nuclear strategic forces in order to discourage further proliferation and to strengthen the alliance.

N.B.

6. The conventional arms race among the smaller Powers continues unchecked, posing grave dangers for their economic development and political stability. Here again, the only certain solution would be an international agreement to control both the production and supply of armaments. This, too, remains a major aim of British policy.

7. Meanwhile, we cannot safely base our defence policy for the 1970s on the assumption that our objectives will have been attained in full. We must be ready to continue living in a world in which the United Nations has not yet assumed effective responsibility for keeping the peace, and the arms race has not yet been halted.

N.B.

N.A.T.O. AND THE DEFENCE OF EUROPE

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

N.B.

9. N.A.T.O.'s experience over the last decade suggests that the danger of deliberate war in Europe at any level is small, so long as the potential aggressor believes that this is likely to lead to a nuclear response. The credibility of this response hinges mainly on the solidarity between the nuclear and non-nuclear members of N.A.T.O. 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 needs of the alliance as a whole.

10. Broad guide-lines governing the possible recourse by N.A.T.O. to nuclear weapons in self-defence were agreed at the Athens meeting of the N.A.T.O. 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 in Europe, 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, require further study. An important function of the Special Committee of Defence Ministers, which met for the first time in November 1965, is to reduce to the minimum any uncertainty on these issues.

11. 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 in this field, since they would give firm guarantees against the further proliferation of nuclear weapons within the alliance.

12. Until progress is made towards disarmament, the only alternative to N.A.T.O.'s present dependence on nuclear weapons would be a massive build-up of its conventional forces in Western Europe. Even if Britain were prepared to face the heavy economic cost of this alternative, N.A.T.O. as a whole is not willing to do so. A decision by N.A.T.O. to increase its conventional forces in this way could in any case stimulate an arms race in Europe, since the Warsaw Pact Powers would probably follow suit. It would provide no protection if the aggressor himself decided to use nuclear weapons first.

13. 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 have, therefore, urged on the alliance that it should abandon those military preparations which rest on the assumption that a general war in Europe might last for several months.

14. At the same time, N.A.T.O. must maintain enough conventional forces to deal with 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 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.

15. As things now stand, we think it right to maintain our ground forces in Germany at about their existing level until satisfactory arms control arrangements have been agreed in Europe provided, however, that some means is found for meeting the foreign exchange cost of these forces. We shall be negotiating with our allies in N.A.T.O. for this purpose. 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 hope to make some reduction in the level of our naval forces at present declared to N.A.T.O. We shall be consulting our allies about these changes.

N.B.

OUTSIDE EUROPE

16. At first sight, a direct threat to our survival seems less likely outside Europe. 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. We have, however, a number of obligations, which we cannot relinquish unilaterally or at short notice; some of these obligations will still exist in the 1970s. But, in addition, 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.

17. Much of Africa, the Middle East and Asia, is going through a period of revolutionary change, which may sometimes 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.

18. Britain's forces outside Europe can help to reduce this danger. Recent experience in Africa and elsewhere 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 of British forces by itself is a deterrent to local conflict. No country with a sense of international responsibility would surrender this position without good reason, unless it was satisfied that others could, and would, assume a similar role.

19. 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, 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.

20. 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 ease 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 the United Kingdom, and to rely on quick reinforcement by air. Nevertheless, it is desirable to take some decisions about the deployment of our forces now.

THE MEDITERRANEAN

21. We have a direct responsibility for Gibraltar and a defence agreement with Malta. We also have a treaty with 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 contingents in Cyprus and Malta. For a start, the Royal Air Force and Army numbers at Nicosia airfield will be considerably reduced, beginning this year. We intend, in accordance with Article 6 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 installations will, however, be kept. In Gibraltar, the garrison, airfield, naval dockyard and other establishments will continue to be maintained.

MIDDLE EAST AND FAR EAST

22. Further east, we shall continue to honour our commitments to our allies and to play our proper part in defending the interests of the free world. But the load must be more equitably shared than in the past ; and we shall aim to make significant economies by deploying our forces more realistically in accordance with the political circumstances in which they are likely to operate.

23. South Arabia is due to become independent by 1968, and we do not think it appropriate that we should maintain defence facilities there after that happens. We therefore intend to withdraw our forces from the Aden base at that time, and we have so informed the Federal Government. We shall be able to fulfil our remaining obligations in the Middle East by making a small increase in our forces stationed in the Persian Gulf.

24. 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 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, we shall make some reductions in the forces which we keep in the area. We have important military facilities in Malaysia and Singapore, as have our Australian and New Zealand partners. These we plan to retain for as long as the Governments of Malaysia and Singapore agree that we should do so on acceptable conditions. 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 having military facilities in that country if necessary.

OTHER AREAS

25. It will be necessary for some time 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 do not plan to keep garrisons in British Guiana or the Southern African Territories for much longer. Protection for island territories in the Atlantic, Indian or Pacific Oceans can readily be provided from our major areas of deployment.

III

THE EQUIPMENT OF OUR FORCES

1. 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 advanced weapons which can deter potential enemies from raising the level of a local conflict to a degree which might threaten world peace. We are determined to maintain a proper balance of capability in both these fields.

THE NAVY OF THE 1970s

2. The Royal Navy will exploit the most modern technologies, particularly in nuclear propulsion and guided-missiles. When the Polaris-carrying nuclear-powered submarine force becomes fully operational in 1969-70, the Royal Navy will take over from the Royal Air Force full responsibility for the British contribution to the nuclear forces of the N.A.T.O. alliance. The running cost of the Polaris force will be under 2 per cent of the total defence budget. By the early 1970s, we reckon to have in service also 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 destroyer—to be equipped with the surface-to-air guided-weapon Seadart, the Ikara anti-submarine weapon and the new Anglo-Dutch radar. We shall develop a small surface-to-surface guided-weapon for use against missile-firing ships. Our amphibious fleet—the commando ships and assault ships carrying Royal Marine commandos—will greatly strengthen our forces outside Europe.

3. The present carrier force will continue well into the 1970s; but we shall not build a new carrier (CVA 01). This ship could not come into service before 1973. By then, our remaining commitments will not require her, and the functions, for which we might otherwise have needed a carrier, will be performed in another way, as explained below.

THE FUTURE OF BRITAIN'S CARRIER FORCE

4. The conditions under which we intend to operate our forces outside Europe are set out in paragraph 19 of the previous chapter. There are limitations on the use of our present forces. These limitations are likely to grow more severe. This has been the background to our assessment of the case for keeping a British 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.

5. 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 through the 1970s. The total cost of such a force would be some £1,400m. over a ten-year period. For this price, we should be able to have only one carrier permanently stationed in the Far East, with another normally available at up to 15 days' notice. We do not believe that this could give a sufficient operational return for our expenditure.

6. We also believe that the tasks, for which carrier-borne aircraft might be required in the later 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 mid-1970s. Close anti-submarine protection of the naval force will be given by helicopters operating from ships other than carriers. Airborne-early-warning aircraft will continue to be operated from existing carriers, and subsequently from land bases. Strike capability against enemy ships will be provided by the surface-to-surface guided-missile mentioned in paragraph 2 above.

7. 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 far as possible into the 1970s. The purchase of Phantom aircraft for the Navy will, therefore, go ahead, though on a reduced scale. The Buccaneer Mk. 2 will continue to enter service. H.M.S. *Ark Royal* will now be given a major refit in Devonport, starting later this year, to enable her to operate both these aircraft until 1974-75. The gradual rundown of the Fleet Air Arm will be carefully arranged in order to safeguard the careers of officers and ratings who are serving the nation so well. Details are being promulgated to the Fleet.

CANBERRA AIRCRAFT REPLACEMENT

8. 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. This role has been assigned to the Canberra aircraft since the early 1950s; this aircraft cannot

safely continue after 1970. By the mid-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 Royal Air Force is not to be lacking in a most critical part of its capability for some five years, some arrangement must be made for bridging this gap. We have therefore decided to buy 50 of the F111A aircraft from the United States. Until the Anglo-French variable-geometry aircraft is available, the F111A will be supplemented in the strike role by the V-bombers, which will cease to form part of our contribution to the strategic forces of the alliance when the Polaris submarines come into service.

9. No other aircraft can be available by 1970 to match the performance of the F111A. The only two competitors are a possible development of the French Mirage IV with a Rolls-Royce Spey engine and a developed version of the Buccaneer Mk. 2. To give the Mirage IV the performance required would mean giving what is at present high-level nuclear bomber for temperate climates the capacity for low-level conventional strike in tropical climates. The aircraft would have been made largely in France, thus involving substantial foreign exchange expenditure. Britain alone would have had to bear the whole cost of the research and development. We had to rule it out on grounds of delivery date, cost and performance; it would not have been available for at least two years after the F111A; its cost would have been greater; and, even if it could have been made acceptable in other respects, it would have been deficient in range and restricted to long concrete runways. The developed Buccaneer would have come into service even later and could not compare in performance with the F111A, particularly in the reconnaissance role.

10. In April 1965, we entered into an option arrangement with the United States Government for the F111A. We have now decided to place an immediate order for ten F111As, to be followed by April 1967 with an order for 40 more. The arrangements made by the United States Government with the manufacturers for their own aircraft will apply also to the aircraft we shall order and therefore will provide us with the same assurances as to specification and performance as will be insisted upon by the United States Government. We are satisfied with these arrangements. We are guaranteed full delivery of the 50 F111As not later than January 1970. The ceiling unit price for the basic aircraft—5.95m. United States dollars or about £2.1m.—covering the production costs and a contribution to the United States research and development costs, will apply to the total purchase, and this will be met by credit terms spread up to 1977. A ceiling price for the changes in the basic aircraft required by the Royal Air Force is also to be agreed as soon as practicable. Such changes will be kept to a minimum but will include a British communications fit.

11. We have taken steps to ensure that the foreign exchange cost of the F111A will be fully offset by sales of British equipment. Arrangements have been made for British firms to compete without discrimination for United States defence contracts for items of equipment and supply jointly identified by the two Governments, and target totals for United Kingdom have been agreed: progress in meeting these targets will be reviewed annually. As a

N.B.

first step, the United States Government will extend to Britain the opportunity to tender for the construction of naval auxiliaries to the value of some 50m. dollars.

12. 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 strike and trainer aircraft, known as the Jaguar.

FIGHTER AND GROUND ATTACK AIRCRAFT

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

14. 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 P1154, would be too costly and come into service too late, we abandoned the project. As announced at the time, we plan to use instead a combination of American Phantoms and the British V.T.O.L. P1127. We shall later be taking a strike version of the Anglo-French Jaguar in order to release Phantoms to replace the Lightning.

MARITIME RECONNAISSANCE AIRCRAFT

15. Our plans are as announced last year. The long-range maritime-reconnaissance force consists of Shackletons Mk. 2 and 3. The Shackleton Mk. 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

16. Our strategy will rely increasingly on air mobility as overseas bases diminish. 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.

IMPLICATIONS FOR THE AIRCRAFT INDUSTRY

17. The programme provides for continued production in the United Kingdom of the Lightning, Belfast, VC10, Buccaneer, Andover, Basset and Jet Provost. Apart from the C130 and the F111A, all the aircraft for which specific new types are proposed will be equipped with British engines. The British share in the production of the Phantom has reached 45 per cent. 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. There will be a further development of the Buccaneer Mk. 2 in order to fit the air-to-ground missile, AJ168, and 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 P1127 and

the maritime Comet. As described in Part II, Chapter VII of this Statement, we intend a steady expansion of sales of British aircraft and equipment. A good start has been made with the agreement to sell an air-defence system to Saudi-Arabia.

18. 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 military aircraft programme we inherited in 1964 to about £1,200m.

HOME DEFENCE

19. 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. 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. Our plans were announced to the House on 2 February 1966.

IV

CONCLUSION

1. To sum up, we have planned a reduction in the tasks which we shall undertake in the 1970s, and we have taken major decisions about our arms and equipment. We have started the re-organisation of our reserve forces. Plans will be made for adjusting the size of the Services in the longer term in the light of the progress we make in cutting our commitments.

2. Chapter I of Part II of this Statement explains that our estimates for 1966-67 more than meet our 1969-70 target. The decisions which we have taken in the course of the defence review point the way to reaching our target in 1969-70 itself. We shall keep expenditure as steady as possible in the intervening years and in the 1970s. We have always recognised that the defence review must be a continuing process and a permanent part of our policy-making.

N.B. 3. As far as commitments are concerned, we shall be able to keep our contribution in Europe at roughly its present level, but only if some means is found of meeting the foreign exchange costs. We shall make substantial savings in the Mediterranean, but will discharge our commitments in the area, including those to Libya and CENTO. 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 the 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 and Commonwealth partners: but some limitations will be applied to the scale and nature of our military effort there.

4. 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 strategic power to contribute to international arrangements. Our forces in Europe will enable us to share fully in supporting a realistic strategy in N.A.T.O. We shall be able to cover our defence and internal security tasks arising in protected and dependent territories, and to support United Nations operations when 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.

5. 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. As the pattern of our commitments is adjusted, we shall relax the strain on our forces without sacrificing the speed of our reaction in a crisis. If the price of defence today is high, at least we shall be getting value for money.

Printed and published by
HER MAJESTY'S STATIONERY OFFICE

To be purchased from
49 High Holborn, London w.c.1
423 Oxford Street, London w.1
13A Castle Street, Edinburgh 2
109 St. Mary Street, Cardiff
Brazennose Street, Manchester 2
50 Fairfax Street, Bristol 1
35 Smallbrook, Ringway, Birmingham 5
80 Chichester Street, Belfast 1
or through any bookseller

Printed in England