

## Memorandum by the British Secretary of State for Defence on defence expenditure and policy (23 May 1967)

**Caption:** On 23 May 1967, Denis Healy, British Secretary of State for Defence, issues an internal memorandum about the United Kingdom's defence policy regarding the Far East. In paragraph 17 and in the annex, the memorandum examines the political and military implications of a possible deployment of British Polaris nuclear submarines, initially assigned to NATO, to the regions East of Suez. Such a decision would run the risk of damaging the UK's military relations with its European and American allies.

**Source:** The National Archives of the UK (TNA). Cabinet: Memoranda (CP and C Series). C Series. Papers: 81(67) - 100(67). Memorandum, Defence Expenditure Studies: Consultation on Defence Policy. Author: Denis W Healey. 23/05/1967, CAB 129/130/1 (Former Reference C (67) 81).

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**Last updated:** 18/10/2016



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Catalogue Reference:CAB/129/130

Image Reference:0001

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C(67) 81

23rd May, 1967

CABINET

DEFENCE EXPENDITURE STUDIES:  
CONSULTATION ON DEFENCE POLICY

Memorandum by the Secretary of State for Defence

The Cabinet approved (CC(67) 19th Conclusions, Minute 4) proposals by the Foreign Secretary and myself for initiating consultations with our allies about our Far East policy, but decided that we must leave open for decision in June-July the date of eventual withdrawal from Malaysia and Singapore and whether or not we were to maintain maritime and air forces in Australia. Subsequently the Foreign Secretary consulted Australia, New Zealand and the United States in Washington in April, and I had discussions with Singapore and Malaysia later in the same month.

Outcome of Consultations

2. Our allies have made it plain that they would be opposed to our deciding now to withdraw from Singapore and Malaysia in the mid-1970s, and even more strongly opposed to our announcing this intention when the Defence Expenditure Studies are completed in July. All five Governments maintain that this would seriously impair the political stability of the area.

3. Singapore, and to a lesser extent Malaysia, consider that, if we were to announce withdrawal as a long term objective, this would destroy commercial confidence and gravely damage their economic position; this could lead to the fall of the present regime in Singapore and to a situation in which the orderly withdrawal of our forces became impossible, combining the worst features of our experience over Aden and Malta. There are still some 70,000 Servicemen, women and children in Singapore on an island about the size of the Isle of Wight, widely dispersed among two million Asians of mixed race with a history of civil disorder; some 100,000 Asian men, women and children are economically dependent on their presence. British aid per head in Singapore is 6s 8d per annum compared with £18 in Malta. If we wish for an orderly withdrawal, we have therefore a strong interest in the survival of a regime which is prepared to co-operate with us in phasing the withdrawal so as to cause minimum disturbance.

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4. Australia and New Zealand attach importance to the Singapore/Malaysia base as an essential element in their forward defence: they regard it as a unique contribution to stability which could not be adequately made by any other means. The United States urge that, while the Vietnam war continues, we should not decide to withdraw altogether; they have made it clear that they would not take over any commitments which we thereby renounced.

5. As to the shorter term, both Singapore and Malaysia will be prepared to see a reduction of about half in our forces there by 1970-71 (subject to detailed discussions particularly about timing), provided they can be reassured about our continuing stake in the stability of the area. The United States understands the reasons for our proposed reductions, and it seems likely that Australia and New Zealand can be brought to accept them. But their co-operation depends critically on what we decide about the long term and on what we say about our intentions in public.

6. Until the outcome of the Defence Expenditure Studies is available at the beginning of next month, we cannot reach decisions on the size, shape and deployment of our forces in the mid-70s, nor can we decide the scope of what we shall wish to announce in July. But it is also clear that we cannot complete the current studies, nor consult our allies any further, without deciding in principle whether in such consultations we may offer to maintain some military capability in the Far East after we have withdrawn from our bases on the mainland. The Foreign Secretary has already reported to the Cabinet (CC(67) 23rd Conclusions, Minute 3) how much more difficult the first round of consultation had been made by an inability to say that we would maintain a continuing military capability for use in the Far East after we had left the mainland of South East Asia. This applied just as strongly to my discussions with Singapore and Malaysia.

7. The Prime Minister will be seeing President Johnson early in June. In the same month there will be further Ministerial discussions with Australia, New Zealand, Singapore and Malaysia. If we are to achieve our objective of smooth and rapid progress towards the planned savings over the next few years, it is essential to decide now whether, in the course of these discussions, we are prepared to indicate that we might be willing to maintain a continuing capability for use in the Far East after 1975-76. Moreover, as paragraph 3 shows, an announcement about this might be of crucial importance to our plans. If we should find it necessary to decide to announce our intention of leaving our bases in Singapore/Malaysia by the mid-70s, a simultaneous statement about a continuing capability thereafter might be essential to prevent an immediate breakdown of confidence in the area, with dangerous and costly consequences for our own rundown.

#### A continuing military capability for use in the Far East

8. The full costing of the Defence Expenditure Studies has not yet been completed. We cannot, therefore, define precisely what it would cost us to maintain, after we have left our mainland bases in South-East Asia, some form of military capability for possible use in the Far East. But, as a result of the work already done, I am confident that we should be able to afford a useful capability within a defence budget limited to £1,800 million (1964 prices) in 1975-76, and that its incremental cost will not be large.

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9. Whatever our future policy in South-East Asia, we cannot discard the military capability required to fulfil other potential obligations outside Europe. Looking to the period beyond the mid-70s, we cannot count on being rid of all our existing constitutional responsibilities for the external defence and internal security of Fiji, Hong Kong and other dependencies in the Pacific. We have promised Mauritius a defence agreement when she becomes independent; and we have accepted responsibility for the external defence of, for example, the associated states in the Caribbean. In parts of Africa we might have to protect British lives if they were threatened by disorder. We have a moral obligation to give help, if needed, to Australia and New Zealand. Moreover, in South-East Asia itself, we have formal treaty obligations to countries such as Malaysia, and to the members of the South East Asia Treaty Organisation (SEATO), which can be terminated only by negotiations - although we can seek to change our commitments to meet these obligations with changes in our capability.

10. Whatever progress we may expect to make in obtaining release from our major formal commitments outside Europe, it would be difficult to decide now to renounce all military capability to take action in our remaining dependent territories, to help friendly Commonwealth Governments, or to serve as part of a United Nations force in the peace-keeping role. We must, therefore, plan to equip and train some of our forces for these tasks.

11. I have made a preliminary examination of the way in which a military capability could be made available for use in the Far East, though its character, scale, and deployment must await the outcome of the Defence Expenditure Studies.

12. We should be able, if we wished, to continue to maintain in the Far East the naval presence which we plan to have there until the mid-70s, though it would be on a very much smaller scale. It could include amphibious units (and two Commandos) and a small force of destroyers, frigates, and submarines. A force of this kind - which would be a token of our continuing interest in the area - might be able to share Australian facilities in Western Australia; or it might continue to use in Singapore limited facilities maintained by the Singapore Government.

13. As to Army and RAF units, our aim would be to avoid stationing them in the area, with the exception of those units which we shall have to station in Hong Kong (and possibly a few RAF aircraft which we might keep in Singapore, if naval forces were to use facilities provided there). But the Strategic Reserve in this country, and the capability of the Royal Navy and RAF, would enable us to deploy reinforcements, if required, to the Indo-Pacific area, though any heavy equipment would take time. It might well prove useful to demonstrate our reinforcement capability by the regular rotation of units for exercise purposes to Australia or perhaps to Singapore or Malaysia.

14. It would be possible to base in the United Kingdom our naval forces as well; but, from the military aspect, it would be more effective to have some military presence in the Far East, - of a kind which a small naval force can best provide. Our allies would certainly prefer that these ships should be based on Singapore, arguing that this would be making a significant contribution to the stability of the area as well as providing political cover for any forces which Australia and New Zealand decide to keep in Malaysia. On the other hand, the continuing presence of a British force in Singapore, even though it were using the facilities of the Singapore Government, would increase the risk of involvement, and it would be exposed to adverse change in the Singapore political scene. The course of relying entirely on bringing forces, if necessary, into the area from the United Kingdom would be the least effective in military terms and politically much the least attractive to our allies. All our allies could be expected to resist it strongly; and, if it were a choice between that and the concept of basing a small naval force in Australia, we can assume that they would go for the latter.

15. We do not, in any event, have to take a decision on deployment plans at this stage. So long as we avoid any commitment to new and heavy capital expenditure on base facilities in Australia, the difference in cost between the alternative ways of deployment would be relatively small. If it were decided to keep a small presence in the area, it might prove cheaper to do so in Australia than in Singapore.

16. There are two other matters - Polaris and the Gurkhas - which could be relevant to our military capability for use in the Far East after the mid-70s.

#### Deployment of Polaris East of Suez

17. There is no evidence that any of our allies outside Europe would wish us to deploy our Polaris submarines in the Indian or Pacific Oceans or that they would regard the presence of these submarines as a suitable compensation for the removal of other British forces. But it may be desired to discuss this possibility with our allies during consultations on the defence expenditure studies.

18. I attach an annex which sets out the major military and political implications of deployment East of Suez. The terms in which we propose to assign the Polaris force to NATO do not exclude deployment of the force East of Suez from 1972 onwards when the new depot ship which has been planned for the support of other units of the Far East fleet is due to come into service. It is clear, however, that the political difficulties are such as to require major compensating advantages before a firm decision to deploy East of Suez could be contemplated. In particular, renegotiation of the Nassau Agreement might give the United States opportunities for raising wider issues to our disadvantage; and the withdrawal of the force from assignment to NATO might damage not only our military relations with our European allies, but also our prospects of negotiating entry into the Common Market on acceptable terms. The cost of such a deployment is likely to be of the order of £15 million in capital expenditure, of which £10 million would

be in dollars. The effect on running costs would be insignificant. From a practical point of view it now seems clear that we would not need to take a decision on the deployment East of Suez until, say, October, when it will be necessary to decide whether or not to place orders worth about £4.5 million for some of the extra facilities and support that would be required East of Suez.

#### The Gurkhas

19. If we plan to reduce our forces in the Far East by half in 1970-71, we shall have to continue the rundown of Gurkha forces from the 10,000 already announced (to be reached by the end of 1969) to about 6,000 (to be reached by the end of 1971). I have been considering whether there would be advantage in retaining about 6,000 Gurkhas beyond 1975-76 in Hong Kong or Singapore or both. The case for doing so does not appear strong at present. Once the size of the Gurkha force is reduced to about 6,000, its small size in relation to its overheads means that there is only a marginal saving from having a Gurkha battalion above that rather than a British battalion. The Nepalese Government might one day decide as a result of Chinese pressure, or for other reasons, to cease allowing us to recruit Gurkhas in Nepal; and there is no obvious way of ensuring that a commitment in Hong Kong or Malaysia lapsed automatically with the end of Gurkha recruiting. The Far East is the only area in which we can be sure of being able to use Gurkhas. For these reasons it would be unwise to plan on reducing even further the number of British infantry units so as to accommodate the four residual Gurkha battalions, which a force of about 6,000 would produce.

20. On the other hand, I am advised that it would be dangerous to announce a firm intention to disband the Gurkhas entirely as part of an announcement (which might best be next Autumn) about the further rundown from 10,000 to about 6,000, since this could damage morale among the remaining Gurkhas, even to the point of mutiny. For this reason a firm decision on the final rundown of the Gurkhas to zero is unlikely to be required before, say, 1970, although for planning purposes I believe that we must now assume that the Gurkha rundown will be complete by the end of 1974. Our costings are based on this assumption.

#### Conclusions

21. To sum up, after consulting the Foreign Secretary and the Commonwealth Secretary, I would put the following conclusions to my colleagues:-

- (a) Until we have completed the Defence Expenditure Studies, we cannot reach final decisions on our defence policy in the Far East, and on the character, scale and deployment of any military capability we decide to retain for use in that area after we have withdrawn from the mainland of South-East Asia. But a decision in principle to maintain such a capability may be essential to our plans for smooth and rapid reductions in South-East Asia over the next few years; and a statement to this effect could be crucial for the maintenance of confidence if we should later decide to announce our intention of leaving Singapore and Malaysia by the mid-70s.

- (b) Our continuing obligations outside Europe will require some military capability, whatever our future policy in South-East Asia; and we can expect to be able to afford this within the defence budget ceiling assumed in the current studies. From the military and political aspects, the most effective capability is likely to be composed of a small naval presence in the Far East, backed by a reinforcement capability from all three Services based on the United Kingdom; but deployment plans can be settled later.
- (c) The deployment East of Suez of the United Kingdom Polaris force would present some political difficulties; and it is not certain that it would be of special value as a military capability in the Indo-Pacific area; but a decision on this option can be deferred until next October.
- (d) There would be difficulties in the way of planning to retain indefinitely, beyond 1974, a residual force of Gurkhas; but it will not be necessary, or wise, to take a final decision to disband the Gurkhas for several years yet.

#### Recommendations

22. I invite the Cabinet -

- (a) to agree that, in the forthcoming round of consultation, we should make clear that, while we shall plan to give up our bases on the mainland of South-East Asia by the mid-70s, we shall also plan to retain a military capability for use, if required, in the Far East after 1975;
- (b) to note that, while the size, character, and deployment of this military capability can be decided later, it should be possible to accommodate it within a defence budget ceiling of £1,800 million (at 1964 prices) in 1975-76;
- (c) to note the position on the possible deployment East of Suez of the Polaris force, on which no decision is required, and can best be deferred, until next October;
- (d) to note the position on the Gurkhas, which shows that a final decision on disbandment should not be taken for several years yet.

D. W. H.

Ministry of Defence, S. W. 1.

23rd May, 1967

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Possible Deployment of Polaris East of Suez

The major military and political implications of deploying the United Kingdom polaris force East of Suez, when (after 1972) we were in a position to do so, would be these.

2. It is not possible to split a deterrent force of four Polaris submarines between the Atlantic and East of Suez. Moreover, because of the long lines of communication to the main base in the United Kingdom, and the distance between their forward operating base and firing positions in the Indian Ocean, the availability of submarines on their station at immediate readiness to fire would be less than with an Atlantic deployment; but, at the worst, it should be possible to keep one submarine continuously on patrol in the Indo-Pacific area. This patrol could be in one of two positions from which either NATO targets in Russia, or targets in South China (but not both) could be immediately attacked; or in an area from which either position could be reached in four days. Although the Chinese nuclear programme is going ahead faster than had been expected, this progress is unlikely to be as rapid as that of the development of the Russian ABM programme in the 1970's. This development underlines the need to consider the possibility of deploying the submarines against China rather than Russia in the long term.
3. But deployment East of Suez would raise difficult political issues. Her Majesty's Government is deeply committed by the Nassau Agreement, and by its public statements since, to contribute the Polaris Force to NATO; and it is planned to assign the boats as they come into service. The ANF proposal included the specific commitment of the Force for the duration of the Alliance; and, although the ANF scheme itself is dormant, the withdrawal of the Force entirely from NATO - or the announced intention of doing so - might damage the prospect of solving the problem of nuclear sharing in the Alliance. Moreover, our nuclear strategic force may well be a valuable card in relation to membership of the EEC.
4. At the same time, there are some doubts about deployment East of Suez. Would the Americans welcome it? Would the Australians or any other country be willing to allow the submarines to be based on their territory? In the longer run is there any prospect of a nuclear free zone being established in and around the Indian Ocean, which might restrain our freedom of action in the British Indian Ocean Territories? There would certainly be little prospect of finding any basis in the Indo-Pacific area on which we could say that the Polaris Force had been internationalised.
5. Finally there would be risks of criticism, however misplaced, of any move which appeared to substitute nuclear for conventional capabilities in the area; and neither the Americans nor our other Allies would be likely to regard the Polaris submarines as a satisfactory alternative to those conventional forces which we are proposing to withdraw from the Far East.

