

~~CONFIDENTIAL~~

DEPARTMENT OF DEFENSE
NATIONAL MILITARY COMMAND CENTER
MESSAGE CENTER

Attache A

196

Received 18 Nov

Aldabra issue page 2

24820

CALL 53337
FOR NMCC/MC
SERVICE

K 19 00 292

B872

CS039/19/

OO RUEPJS
DE RUOTCR 3989 3222330
ZNY CCCCC
O 1823 15Z NOV 67
FM AMEMBASSY LONDON
TO RUEPJS/DOD WASHDC IMMEDIATE
INFO RUEHC/SECSTATE WASHDC IMMEDIATE 28
STATE GRNC

IMMEDIATE

BT

~~CONFIDENTIAL~~ LONDON 3989

SUBJ: DEFENSE IMPACTS OF NEW ECONOMIC MEASURES
FOLLOWING LETTER FROM MOD HEALEY TO SEC DEF. MCNAMARA GIVEN
TO EMBOFF AT 10:00 P.M. 18 NOV. FOR URGENT TRANSMISSION
QUOTE

DEAR BOB

YOU WILL JUST HAVE HEARD OF THE NEW ECONOMIC MEASURES ANNOUNCED
BY THE PRIME MINISTER INCLUDING CUTS IN PUBLIC EXPENDITURE
FOR THE FINANCIAL YEAR 1968/69. INEVITABLY THESE CUTS INCLUDE
A REDUCTION IN DEFENCE EXPENDITURE. IN THE SUMMER WE SAID
WE EXPECTED THAT DEFENCE EXPENDITURE IN 1968/69 WOULD BE BELOW A
TARGET OF 2000 MILLION POUNDS. (AT 1964 PRICES). WE NOW PLAN
THAT IT WILL BE BELOW 1,900 MILLION POUNDS. SOME OF THIS REDUCTION
WILL ARISE NOT FROM NEW PROGRAMME CUTS, BUT FROM PROCESSES
OF FINANCIAL REFINEMENT AND REPHASING OF PRODUCTION EXPENDITURE.
FOR PRESENTATIONAL REASONS IT MAY BE NECESSARY FOR US TO LAY
PARTICULAR STRESS ON THE PROGRAMME CUTS.

2. IN SEARCHING FOR ECONOMIES I HAVE BEEN MOST ANXIOUS NOT
TO MAKE CHANGES IN THE PATTERN OF DEFENCE POLICY AS WE FORMULATED
IT IN JULY, PARTICULARLY AS REGARDS OUR POLITICAL COMMITMENTS,
THE DEPLOYMENT OF FORCES AND THE MAJOR ELEMENTS IN OUR MILITARY
CAPABILITIES. WHILE I HAVE NOT YET DECIDED FINALLY ON THE MAKE-
UP OF THE REDUCTION, I AM NOW HOPEFUL THAT I CAN MAINTAIN THESE
CONDITIONS.

3. THOUGH OF COURSE, MY COLLEAGUES IN THE CABINET WILL HAVE THEIR
SAY BEFORE FINAL DECISIONS ARE TAKEN, I HOPE TO PREVENT THE
ECONOMIES AFFECTING ANY OF OUR MAJOR US PURCHASING PROGRAMMES -
THE F.111, PHANTOM OR C.130 - THOUGH IT MAY BE NECESSARY FOR US

SecDef Distribution	
SecDef	
DepSec	
MilAsst	
SpecAsst	
Mr.	
ASD(A)	
C&D	
CCB	
ASD(ISA)	
CJCS	
DR. FOSTER	
Cable C	
File	

ACTION: ASD/ISA-9

INFO: J5-2 S/DEF-7 DIA-15 CSA-1 CNO-2 CSAF-1 CMC-3 FILE 1 (41) JHA/JB

ADVANCE COPY TO OSD

DECLASSIFIED

E.O. 12958, Sec. 3.6

PAGE 1 OF 2

NLI 96-156

By CG NARA Date 6-23-00

~~CONFIDENTIAL~~

Conf. file, Co 301, Bx 12, "UK (1967-1968) Co 305"

COPY LBJ LIBRARY

~~CONFIDENTIAL~~

DEPARTMENT OF DEFENSE

NATIONAL MILITARY COMMAND CENTER

MESSAGE CENTER

SN T IUTRMEEEE TO PROCEED WITH THE CHINOOK DEAL. AS YOU WILL APPRECIATE, SUCH AN ECONOMY WOULD HAVE A PRESENTATIONAL VALUE GREATER THAN ITS MILITARY OR FINANCIAL SIGNIFICANCE.

4. YOUR WILL BE PARTICULARLY INTERESTED IN WHETHER THERE IS ANY MAJOR CONSEQUENCE FOR THE FAR EAST AND THE GULF. AGAIN, I HIPE TO AVOID THIS, THOUGH INEVITABLY THERE MAY BE ONE OR TWO MINOR ADJUSTMENTS IN THE PHASING OF RE-EQUIPMENT. BUT, GIVEN THE BROADER CONTEXT AND OUR DESIRE TO PRESERVE OTHER PARTS OF OUR PROGRAMME IT IS CLEAR THAT WE SHALL BE UNABLE TO GO AHEAD WITH THE ALDABRA PROJECT. THIS WAS, AS YOU AND I AGREED IN ANKARA, A MARGINAL OPTION. IN THE PRESSURE OF PRIORITIES I CAN NO LONGER SEE A ICE FOR IT, PARTICULARLY AS ITS ELIMINATION WILL HAVE A BIGGER PUBLIC IMPACT THAN ITS MILITARY COST OR VALUE MIGHT JUSTIFY. IT MAY THEREFORE BE NECESSARY FOR US TO ANNOUNCE THE DECISION ON ALDABRA VERY EARLY NEXT WEEK. I AM SORRY ABOUT THIS ESPECIALLY AFTER ALL THE HARD PREPARATORY WORK PUT IN BY BOTH OUR STAFFS.

5. I HOPE TO BE ABLE TO DISCUSS ALL THIS IN GREATER DETAIL WITH YOU AT BRUSSELS, WHEN MY DETAILED PLANS QLL BE CLEARER BUT I WANTED YOU TO KNOW HOW MY MIND IS WORKING AS SOON AS POSSIBLE.

DENIS. HEALEY

UNQUOTE

BRUCE

BT

NNNN

PAGE 2 OF 2

24820

~~CONFIDENTIAL~~