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DEPARTMENT OF STATE

# AIRGRAM

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SUBJECT : The United Kingdom POLARIS Program

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PARIS FOR USRO AND BURNS; CINCEUR FOR POLAD; CINCLANT FOR POLAD.

### A. Background

1. Following the Nassau Conference of December 1962, the United States and the United Kingdom Governments, on April 6, 1963, entered into a Polaris Sales Agreement for the purchase of Polaris A-3 missiles, less warhead, to equip UK-constructed SSBNs. Responsibility for the implementation of the Agreement on the British side was lodged in a specially established organization in the Royal Navy called the "Chief Polaris Executive". On the U.S. side, the Special Projects Office, Department of the Navy, was directed to administer the U.S. aspects of the program and a "Special Projects Liaison Office" was set up in London to work with the Royal Navy.

2. Whereas program responsibility in the United Kingdom is centered in the Chief Polaris Executive, Royal Navy, procurement authority is divided: the ships, fire control, navigation and launcher equipment are purchased by the Ministry of Defense (Navy); missile procurement and warhead development and procurement, however, are the responsibility of the Ministry of Aviation.

3. British defense planning initially contemplated a fleet of five Polaris submarines. However, during the Defense debates in February 1964, former Minister of Defense Thorneycroft, recognizing that a total of five submarines would be needed in order to keep two permanently deployed on patrol, announced the plan to build a fifth Polaris submarine. At that time he stated that each boat would cost about 70 million pounds (\$196 million), including the cost of the Polaris weapons system. Current British government

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estimates of the costs of the program from 1963 through 1972 are as follows:

Capital costs	£388 million (\$1.086 billion)
Running costs (main- tenance, salaries, etc)	<u>£112</u> " (\$314 million)
Total	£500 million (\$1.4 billion)

The October 1, 1964 estimate by Special Projects Office of the total U.S. dollar expenditure included in the above is \$472.6 million.

B. Status of the Program

4. The keels for the first and second submarines (HMS RESOLUTION and RENOWN) were laid in February and June 1964 respectively. Steelwork, including shop fabrication, is now 22% complete on the RESOLUTION and about 17% complete on the RENOWN. Steelwork on SSBNs 03 and 04 has been initiated to meet current keel laying targets of March 1965 and April 1965 respectively. There has not yet been any contract let for SSBN 05.

5. Present plans envisage the attainment of operational capability for the first submarine by June 1968, with the remainder becoming operational at a rate of one boat each six months. The following schedule shows current RN planning:

1965

March	--	Lay keel of SSBN 03 (third submarine)
April	--	Lay keel of SSBN 04
May	--	Complete delivery of Polaris weapon equipment to Royal Navy Polaris School, Faslane

1966

February	--	Lay keel of SSBN 05
March	--	Launch SSBN 01
July	--	Commission Royal Navy Polaris School
September	--	Launch SSBN 02

1967

March	--	Launch SSBN 03
April	--	RESOLUTION starts contractors sea trials Faslane base achieves limited support capability
June	--	Royal Navy Armament Depot ready to process missiles
September	--	Launch SSBN 04
October	--	RENOWN starts contractors sea trials

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1968

February	--	RESOLUTION - Demonstration and analysis of system operations at Cape Kennedy
March	--	Launch SSBN 05
March	--	Faslane base achieves full support capability
June	--	SSBN 01 deploys on first operational patrol

6. Among recent significant program developments are the following:

a) In November 1963, it was agreed that the United Kingdom would install, test and tune U.S. weapons system equipment purchased for the submarines and for a school to be established at Faslane, Scotland. Under this decision U.K. firms are being used as agents for the American suppliers to carry out this function.

b) In March 1964, the U.K. made its decision on the type of re-entry systems it would use. A key element in this decision is compatibility of the U.S. supplied MK-2 entry system and the U.K. produced warhead.

c) Over 90% of the technical documentation on the Polaris weapons system has now been transferred to the U.K. control, and is either in the hands of the British firms or appropriate U.K. Ministry personnel.

7. Construction of the Royal Navy Polaris School at Faslane is well advanced. Joint occupancy with the contractors involved is now scheduled for November 1, 1964, with beneficial occupancy anticipated by April 1965. Deliveries of fire control equipment are already being made to the school; testing will begin in March 1965, and the school is expected to be fully operational in the summer of 1966. At that time crew training for the SSBN 03 will be started at the school. Training for the crews of the SSBN 01 and SSBN 02 and the instructional staff for the school is being accomplished in U.S. Navy facilities at Dam Neck, Virginia.

8. We understand the Royal Navy has standby plans which, if political decision is so made, will permit turning planned Polaris submarine construction program into "hunter-killer" submarine program. Present best Royal Navy estimates are that critical date to permit practical and economical conversion of the SSBN 01 (RESOLUTION) from Polaris to hunter-killer submarine is Summer, 1965.

9. Although first Polaris missile deliveries are not due to start until August 1967, the deadline for the purchase request covering procurement of the first fifty missiles is now at hand. A U.K. Treasury decision concerning release of these funds has been pending for over a month. It is not known what, if any, decision has been made.

10. Launcher, fire control, navigation, missile checkout and test instrumentation sub-system equipments for the submarines and Royal Navy Polaris School have all been ordered through Special Projects Office. Through July 1, 1964, the U.K. had placed purchase orders for materials and services amounting to about \$131 million; net payments into a U.K. Polaris Trust Fund, established to cover

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U.S. purchases have amounted to \$8.5 million, with expenditures of about \$7.5 million. Current information on contract status obligations and expenditures can be obtained from Special Projects in Washington.

C. Prospects for the Polaris Program under the Present Labor Government

11. Despite its many pronouncements against the independent deterrent and the MLF, both prior to and during the election campaign, Labor has never really precisely stated its intentions regarding the Polaris submarine program. Harold Wilson has on numerous occasions announced that if Labor is elected, he would "re-negotiate" the Nassau Agreement (this is reiterated in the Labor Manifesto). To some degree this was reaffirmed by Patrick Gordon Walker (now appointed Foreign Secretary) in Foreign Affairs of April 1964 as meaning not simply cancellation of the Polaris program, but the negotiation of a "far reaching new arrangement with Washington" leading to British (and even French and German) sharing with the U.S. in the development of Alliance nuclear policy and strategy, including targeting.

12. Probably the best statement on Labor's intentions with respect to the Polaris program was outlined by Healey during the February 1964 defense debates: "I cannot say yet whether or not we will cancel the Polaris submarine. What I will say is that we will certainly not continue the program in its capacity as an independent British force and, secondly, if we decided that there was no Alliance requirement for a British Polaris component we would not have the slightest difficulty in converting these submarines into hunter-killer submarines .... We have repeatedly said that we have no interest in the Polaris program as a contribution to an independent British deterrent. Whether it is of any value as part of an Alliance effort we cannot make up our minds until we negotiate the question with the United States." This general theme was reiterated by Wilson in his September 27 speech at Plymouth when he said: "We have to re-negotiate the Nassau Agreement. The submarines may be wanted for NATO. We certainly do not want them for any nuclear Suez. But if they are not wanted as nuclear missile carrying vessels, they will still be built, with whatever modifications are needed, as nuclear powered tracker submarines."

13. Generally, Labor defense spokesmen in the pre-election period have sought to create the public image that while seeing no need for UK Polaris submarines and wishing to re-negotiate the Nassau Agreement, no decision would be made until there had been overall defense talks with the U.S. If, as a result of these talks, ways could be found that would result in integrating all NATO nuclear weapons under effective political control that would insure that members of NATO would have a role in their deployment and control, a Labor Government would place UK Polaris submarines under such NATO control provided a military need existed for these weapons. Labor has never flatly stated it would abandon the Polaris program, but has adopted a wait and see approach. It has in some ways created the impression that it considers that in this program it has a bargaining asset derived from what it believes is an overwhelming desire on the part of the U.S. to bring about the elimination of national nuclear strategic deterrents.

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14. Precisely what Labor has in mind by talking of "renegotiating" Nassau and placing UK Polaris submarines under NATO has never been made clear. It has voiced strong objections to the "supreme national interest" clause of the Nassau Agreement, but it has not elaborated on how UK Polaris submarines would be placed under NATO control. It certainly has never suggested "mixed-manning" or that the submarines would not be commanded or manned by purely British crews. If British Polaris submarines are "contributed to NATO" in the same fashion as the V-Bomber force, they would still be subject to national control, regardless of whether Labor disavowed the "supreme national interest" clause. No forces of Alliance members are "irrevocably" integrated or committed to NATO in the sense that they cannot be withdrawn after consultation in the NAC and compliance with other procedural requirements, notably country submissions to the Annual Review process. The only possibility -- an unlikely one -- would be to transfer ownership and logistic responsibility for the Polaris submarines to NATO itself or some international command body especially created for the purpose. Labor defense spokesmen have privately admitted that even under an arrangement of this type, so long as the submarines were completely manned by British crews, a signal from the Admiralty would result in the wishes of HMG being obeyed. While not prepared to admit it openly, they recognize that the "supreme national interest" clause would as a practical matter continue to operate under any arrangement short of an MLF-type force.

D. Embassy Comments:

15. We believe Labor has not as yet taken a firm decision on the future of the UK Polaris program, nor is the Government likely to make up its mind until after the defense talks the Prime Minister is planning to have with President Johnson. From a purely technical standpoint, as outlined above, Labor has about <sup>July</sup> midsummer of 1965 to decide, without major program delays, whether to continue with Polaris (SSBN) submarines, or to convert them to hunter-killer types. This should afford the Labor Government fully adequate opportunity to explore the alternatives open to it through the Polaris program, both bilaterally with the U.S. and with NATO.

16. On the other hand, the financial losses which could be incurred by the U.K. through cancellation of Polaris purchases from the U.S. and conversion to SSKs could markedly influence Labor's decision. If these amount to a very high figure, Labor would have a relatively limited option, and would probably be inclined to continue with the Polaris program. If, however, the U.S. should decide to make the cancellation costs on the low side, Labor could be encouraged to abandon the Polaris program (though it would probably salvage current construction for a hunter-killer program) in favor of some type of nuclear force under NATO.

17. We doubt whether under either course Labor will view the MLF as the type of NATO arrangement it has in mind. It appears to us more likely that Labor will seek to focus on arrangements for a multi-national nuclear force under NATO, with satisfactory control and policy formulating provisions. (This would in Labor's mind be consistent with Para 6 of the Nassau Agreement.) If this prospect appeared likely, Labor would probably continue the Polaris program and "contribute" it to this force.

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18. Through its determination of cancellation costs for the U.S. procurement phase of the Polaris program, the U.S. is in a position to affect the ultimate British decision on this program. If we wish to effect the elimination of the British nuclear deterrent, as a part of a general policy to bring about the demise of national nuclear deterrents, low cancellation costs would help encourage the Labor Government to convert its Polaris program to a hunter-killer submarine program. This would, however, mean the loss of nearly \$465 million in U.S. purchases through about 1972, with the consequent effect upon the U.S. balance of payments. High cancellation costs for the British would be a factor in their decision, and could influence the Labor Government to continue the program. Many press stories and other publications over the past four or five months have suggested that Labor, after its initial orientation period, would in fact reach this conclusion. Accordingly, the Labor Government would not find itself faced with a strong adverse public reaction if it eventually decided that the Polaris submarine program should be continued.

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