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L.I.M.D.I.S.

1. We concur with your proposal to pass to Indian officials data which would help give Indians clearer idea of heavy costs of acquiring ~~[XXXX]~~ a ~~[XXXX]~~ nuclear force. For this purpose we have assembled following sensitive U.S. data which are based on reliable classified information but which you may disclose confidentially to key Indian officials on nonattributable basis.

2. As Atomic Energy Establishment head SETHNA himself has pointed out, India cannot just detonate one or two devices and stop. Small nuclear bomb program worse than no program at all because would invite pre-emptive Chinese attack. In terms of Sathna's own figure 150 bombs for credible ~~XXXX~~ deterrent, operating costs soar. Twenty plutonium fission weapons per year would increase annual operating costs alone to \$100 million, exclusive of delivery system.

3. Bomber delivery already obsolescent since it highly vulnerable to Chinese air defenses. Thus, once embarked on nuclear weapons path, India would have to think in terms of ballistic missiles, hardened sites (silos), guidance systems and other highly technical, expensive components. We estimate that a simple IRBM would cost an industrialized country about \$800 million to

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develop, plus about \$1 million per missile per year to produce and maintain a deterrent force over a five-year period. Direct cost to a developing country like India apt to be higher. Even if India decided depend initially on obsolescent bomber delivery costs would be high. Medium bombers require about half million dollars each per year for operating, maintenance expenses. True long-range bombers three times as expensive to maintain. Minimum annual operating cost for fleet 20 medium bombers estimated at \$10 million. (We recognize that initial purchase price [if bombers available] not major obstacle since can be pro-rated over several years.)

4. No short-cuts possible in reducing costs. Credible deterrent must possess three key attributes: A) must be retained in reliable state with high degree of readiness, adequate logistic support, prompt replacement of defective parts, constant efforts at improvement; B) must be able to survive enemy attacks, and government, after such an attack, must be able to communicate decision to retaliate; C) must possess capability to locate, reach and destroy key targets in enemy territory.

5. France does not yet possess such a credible deterrent, and even after spending 11-15 billion francs (\$2.5-3 billion) during 1960-64 on its nuclear force, still found it necessary to spend 6.6 billion francs in 1965 and to budget about 7.4 billion francs (\$1.5 billion) for the nuclear force ~~INIRAN~~ in 1966--one third of the defense budget. It is expected that these costs will increase about 10 to 12 percent a year, and will continue to absorb an increasing share of the defense budget if the government continues its policy of holding total defense expenditures to a constant share of GNP. The 7.4 billion franc (\$1.5 billion) total includes indirect appropriations of about 800 million francs (\$160 million) from the French Atomic Energy

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mission and between 900 million and 1.1 billion francs (\$180 million and \$220 million) in indirect expenditures by the military services in support of the nuclear force. Five point six billion francs were specifically appropriated for the nuclear force in the defense budget. In view of the increasing costs of the French nuclear force, it now appears that total expenditures on it during 1965-70 may well be pushed to the upper portion of the range of 45 billion to 60 billion francs (\$9-12 billion) which was earlier estimated as the probable expenditure for the force during this time period.

Main effect of Chinese nuclear weapons development has been serious diversion of manpower, material resources from economic development program. Chinese have drawn off best scientific talent from college level teaching. Worst effects will be seen few years hence when quality of upcoming graduates will be seriously reduced. Military expenditures also result in reduced development of civilian industrial technology. We believe that China's goal of achieving near technical/scientific parity with the West by the late 1960's, as called for in 1956 scientific development plan, has been postponed indefinitely. (FYI: Chinese situation needs cautious handling. No reliable cost figures available. Peking is diverting best resources to crash advanced weapons program and having some success but civilian economy has not collapsed. Analysts may draw different set of inferences. END FYI)

Even major powers have felt the economic strain of maintaining advanced weapons programs. For India, development of a militarily significant nuclear capability could seriously delay extensive modernization of conventional forces. At same time, Indian nuclear capability would not reduce India's need to maintain sufficient

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ginning along nuclear route will inevitably involve India in increasingly expensive
nuclear arms spiral which will quite soon involve costs which Indian nation should
be asked
at least at present stage its development/to support. END FYI.

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