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May 24 10 15 AM

ACTION: Amembassy NEW DELHI PRIORITY 2296

INFO:

Amenbassy LONDON

def 12 INDIA

Embtel 3056

- LIMDIS 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 XXXXX 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 Sethna's own figure 150 bombs for credible WHXX deterrent, operating costs soar. Twenty plutonium fission weapons per year would increase annual operating costs alone to \$100 million, exclusive of delivery system.
- 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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EUR/WE - Mr. McKillop + AEC - Mr. Friedman

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

Main effect Chicom nuclear weapons development has been serious diversion manpower, rial resources from economic development program. Chinese have drawn off best entific talent from college level teaching. Worst effects will be seen few years see when quality of upcoming graduates will be seriously reduced. Military rities also result in reduced development civilian industrial technology. We seve that China's goal of achieving near technical/scientific parity with the West the late 1960's, as called for in 1956 scientific development plan, has been sponed indefinitely. (FYI: Chinese situation needs cautious handling. No able cost figures available. Peking is diverting best resources to crash sinced weapons program and having some success but civilian economy has not collapsed.

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

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onventional military strength to meet threat of Chicom conventional attack. Latter ype attack far more likely during foreseeable future. Moreover, in conventional efensive war against China, India has major geographic and logistic advantages. hoe would be on other foot in nuclear exchange, as Chicom attack could be launched rom Himalayas close to Indian centers.

. FYI: We are continuing research effort to put together parallel package of data n this subject that can be used for public dissemination.

. Trust you are sware that a variety of conceptual problems exist in any effort to

ull info such as foregoing together in a consistent and meaningful package. For xample, variety of standards used in establishing cost criteria. Frequent arbitrary ivision between military and civilian costs in nuclear program, both in initial apital outlays and operating costs. Theoretical constructions suspect in case of ountry like India where labor and other costs likely be cheaper. Added costs of eapons program also vary according how much already spent on peaceful uses R&D.

O. NIE 4-66 and SNIE 31-1-65 give our best estimates of cost factors relating to adian program. This background, which of course should not repeat not be divulged Indians, suggests that Indian pro-bomb group has good argument that costs involved testing first device (\$30-40 million) well within India's financial capabilities.

**velopment of small program also feasible (1-2 weapons 20 KT range per year at annual set \$20-30 million). **XNHXKKHET* Therefore believe weight of your argument with Indians thought.

**st directed, as suggested in foregoing analysis, toward/fixtoxyh that even a modest

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ginning along nu	clear route will inevitably involve India in increasingly expensive
clear arms spira	l which will quite soon involve costs which Indian nation should be asked
t at least at pro	esent stage its development/to support. END FYI.
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