

NOTE: THE FIGURES IN THIS STATEMENT  
ARE OF THE HIGHEST SECRECY. THEY  
HAVE NOT YET BEEN GIVEN TO PARLIAMEN T

TOP SECRET  
JAG/SR  
28.5.46

Points for discussion

C160190

A. Defence obligations

Present military and financial commitments of United  
Kingdom Government

(discussed by Commonwealth Ministers at meeting on  
May 22, 1946).

1. Armed forces. Strength during 1947 beginning 1,194,000  
end 1,077,000
2. Announcement shortly to be made continuing compulsory  
military service for two years (probably required for  
five years and for first time in Britain's history in  
peace-time).
3. Total military expenditure current year £1,200,000,000  
plus additional charges, end of war  
(largely non-recurring) £ 576,000,000
- Of the overall figure (£1,200,000,000)  
expected expenditures overseas £ 250,000,000
- Other compulsory expenditures overseas  
(developmental and continuation of  
pre-1939 projects) £ 195,000,000

B. Comments on this situation by U.K. Ministers

Mr. Bevin:

- 1) Cost of overseas commitments by U.K. had formerly been met  
by income from foreign investments.
- 2) In changed circumstances, only by increased exports of  
manufactured goods could overseas expenditures be met.
- 3) This in turn implied serious strain on man-power (500,000  
a year additional for export industries alone).
- 4) Also involved would be repayments under U.S. Loan.