

NORTH ATLANTIC COUNCIL
FIFTH SESSION
NEW YORK, SEPTEMBER 1950

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NATO UNCLASSIFIED
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REPORT OF THE NORTH ATLANTIC COUNCIL DEPUTIES

New York
14 September 1950

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REPORT BY THE COUNCIL DEPUTIES

The attached Report by the Council Deputies to the North Atlantic Council is submitted for consideration and approval under Item 3 of the proposed Agenda for the Fifth Session.

T.A.G. Charlton
Secretary

New York
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INTRODUCTION

ORGANIZATION

1. In accordance with Council Resolution No. 4/7, each North Atlantic Treaty Government appointed a Deputy to its North Atlantic Council representative. The North Atlantic Council Deputies convened as a body in London, their permanent headquarters, on 25 July, 1950. Since that time, the Deputies have held 20 meetings in London and in New York.

2. At their first meeting, the Deputies unanimously elected Mr. Charles M. Spofford, Deputy United States Representative, North Atlantic Council, as their permanent chairman.

3. In making arrangements for permanent and continuing operation, the Deputies have appointed Mr. T. A. G. Charlton, whose services are being made available by the United Kingdom Government, as Secretary to the North Atlantic Council and the North Atlantic Council Deputies. On the recommendation of Mr. Charlton, the Deputies have authorized the formation of an International Secretariat located in London to attend to the administrative needs of the Deputies. The Deputies have also authorized Mr. Charlton to consult with the Secretaries and Chairmen of the Permanent Working Staffs of the other permanent North Atlantic Treaty bodies in London with a view to instituting measures to bring about maximum economy and efficiency in the furnishing of administrative support to the bodies located in London.

AGENDA

4. The Deputies took as their first order of business the five principal tasks undertaken by the Council in Resolution No. 4/7, and began work on tasks (a) and (b) below as a matter of urgency.

(a) study the inter-relationship of the various programmes to support the plans for the defence of the North Atlantic area and ensure coordination of the work of the Defence Committee, the Defence Financial and Economic Committee, and all other bodies established under the North Atlantic Treaty Organization;

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- (b) recommend to Governments the steps necessary to ensure that effect is given to the coordinated plans prepared for the defence of the North Atlantic area;
- (c) exchange views on political matters of common interest within the scope of the Treaty;
- (d) promote and coordinate public information in furtherance of the objectives of the Treaty while leaving responsibility for national programmes to each country;
- (e) consider what further action should be taken under Article 2 of the Treaty, taking into account the work of existing agencies in this field.

5. Having in mind Council Resolution No. 4/4, regarding the need for coordination between Agencies of the North Atlantic Treaty Organization, the Deputies have worked closely with the other permanent bodies, particularly the Permanent Working Staffs of the Defence Financial and Economic Committee, the Military Production and Supply Board, and the Standing Group of the Military Committee. The Deputies have received reports from these bodies as to the status of defence planning within the NATO, have requested them to work on specific projects, and have asked representatives of these bodies, on occasions, to participate in the discussions of the Deputies. The Deputies also received for their information the report of the Ocean Shipping Planning Board to the Council.

GENERAL CONSIDERATIONS REGARDING DEFENCE

6. It was considered that steps to be taken by the North Atlantic Treaty Governments involved planning and action in four main directions:
- (1) the raising and training of forces;
 - (2) the production and procurement of equipment;
 - (3) the provision of financial support for the above purposes;
 - (4) the NAT military organization.
7. Under the first three of these lines of action, both immediate and less immediate considerations were involved. With regard to the raising and training of forces, the less immediate programme would be based on the Medium Term Defence Plan, the refinement of which is to be completed shortly by the military bodies of the NATO. The immediate programme concerned the steps to be taken by Governments, without waiting for completion of the Medium Term Defence Plan, in order to increase effective military forces in being.

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8. As regards the production and procurement of equipment, the less immediate approach involved the formulation and implementation of an integrated production programme, based on work already initiated by the Military Production and Supply Board. The immediate approach was the formulation of an interim production and supply programme designated to begin production as quickly as possible of certain urgently needed items of military equipment.

9. With regard to the provision of financial support for the above purposes, it was necessary to devise, for the less immediate programmes, a financial system to ensure the fair distribution of financial burdens and the most effective and economic use of collective resources in the common interest. To implement immediate measures, it was necessary to provide means for financing the increase in effective military forces and the High priority Production Programme.

II

IMMEDIATE MEASURES

EFFECTIVE MILITARY FORCES

10. The Deputies had before them Resolution No. 4/2 in which the North Atlantic Council urged the Governments of the North Atlantic Treaty Nations "to ensure the progressive build-up of defence forces....." Also, the Standing Group in its report to the Deputies (Doc. D-D/4) made the following recommendations: "In view of the present international situation and the urgent need to improve our defences, the Standing Group therefore recommends that the Deputies of the North Atlantic Council convince the Governments of the NAT nations that they should take immediate action to increase the total effective combat forces they now plan to have in being on 1 July 1951, as a first step towards implementing the defence of the North Atlantic area."

11. In order to obtain first hand information on progress of defence planning and the state of the defences of the North Atlantic area, the Deputies invited the Standing Group to send representatives to participate in their discussions. At the meeting of the Deputies on 1 August 1950, the representatives of the Standing Group stated that they considered that the Deputies could, as a first measure to improve the state of preparedness, seek immediate national action towards increasing the total combat forces, further stating that what is now required is more active forces readily available. The representatives also emphasized that unless an energetic start was made at once, the necessary forces could not be developed even by 1954.

12. Accordingly, the Deputies unanimously adopted a Resolution (D-D/18)(Revised) recommending "to the Governments that they should take immediate action to increase the total effective combat forces they now plan to have readily available on 1 July 1951." The Deputies emphasized that "The important thing is for each Government, on its own initiative, to begin at once the task of achieving the first year's augmentation of combat forces contemplated as its contribution under the Medium Term Defence Plan."

13. In order that they might take appropriate steps to implement the Resolution, the Deputies agreed that each would consult his Government with a view to obtaining specific information regarding plans for increasing, both in quantity and quality, the effective forces in being by 1 July 1951, and would submit these plans to the Deputies by 28 August 1950. This course of action was duly implemented and the Deputies received the information called for from each Government (Docs D-D/43-54 and 60). The replies received indicated an encouraging increase in the size of the combat force which it was hoped would exist by 1 July 1951. The Deputies recognized, however, that the information was incomplete in many respects and that subsequent action by some of the North Atlantic Treaty Governments with regard to the creation of forces in being would undoubtedly be undertaken. Nevertheless, it was believed that the information furnished constituted a basis for determining whether or not immediate efforts towards increasing forces were adequate. Before this could be done, it would be necessary to have the benefit of military advice on the information reported by the various governments. It was recognized that military plans had not progressed to the point which would allow a comparison of the forces planned for augmentation by 1 July 1951 with a predetermined and agreed goal: however, it was believed that the military bodies of the NATO possessed enough information to enable them to make a general assessment as to the adequacy or inadequacy of the force augmentations planned.

14. Consequently, the Deputies agreed that the Chairman should forward the replies of the Governments concerning force increases planned by 1 July 1951 to the Chairman of the Defence Committee with the request that the latter should have made, as a matter of urgency, such general analysis as might be feasible for presentation to the Council, together with such recommendations as might be appropriate in the light thereof. The Chairman's letter to the Chairman of the Defence Committee is Document D-D/66.

15. In a letter to the Chairman of the Deputies (Document D-D/56) the Chairman of the Defence Committee made certain recommendations as to action which the Deputies might undertake concerning immediate strengthening of defence forces. Included were recommendations on (1) Improving the scope, duration, and effectiveness of National military service, including that of reserves; (2) Increasing the efficiency of mobilization procedures; (3) Increasing the efficiency of training procedures. The Deputies agreed to ask the Chairman of the Defence Committee for further specific recommendations as to inadequacies in these areas in order that corrective action might be recommended. (Doc D-D/67).

HIGH PRIORITY PRODUCTION PROGRAM

16. When the Deputies convened in London, they received a report from the Permanent Working Staff of the Military Production and Supply Board (Doc. D-D/2) concerning the progress of plans for the production and supply of military equipment for the military forces of the North Atlantic Treaty nations, and a report from the Permanent Working Staff of the Defence Financial and Economic Committee (Doc D-D/1) concerning the financial and economic aspects of increased defence efforts. Having agreed to the need for immediate and accelerated efforts to increase defensive strength, the Deputies addressed themselves to the task of determining the steps which should be recommended to Governments for immediate implementation.

17. Realizing that certain essential items of military equipment were urgently needed and that the time required to initiate and complete production of most items of military equipment is lengthy, the Deputies took steps to obtain information which would enable them to make specific recommendations on the initiation of immediate production programmes.

18. As agreed in Document D-D/9 Revised, the Deputies obtained the following basic reports:

(1) A list from the Standing Group (Doc. D-D/21) of the minimum quantities that would be required under any refinement of the Medium Term Defence Plan of high priority items of equipment in the categories of: combat aircraft, artillery, ammunition - explosives, electronics, small arms, transport vehicles, combat vehicles, shipbuilding and engineering equipment.

(2) A report by the Permanent Working Staff of the Military Production and Supply Board (Doc. D-D/35) estimating the physical production capacity within the European NAT countries which could be utilized for the production of the high priority items recommended by the Standing Group, on the assumption that provision of funds and financial arrangements for transfers between countries were being worked out. This report also recommended provisional allocations of production of these high priority items as between countries. The recommendations were based on a survey of reports existing unused capacities and of costs, which data were then related to the Standing Group list of requirements.

19. The Deputies found that, while the report of the Standing Group would require current and continuous refinement, it provides sufficient information on which to base a short-term initial production programme and that the recommendations of the Permanent Working Staff of the Military Production and Supply Board provided an adequate basis on which the respective governments could take action. The discussion and consideration of these reports and of the report of the Permanent Working Staff of the Defence Financial and Economic Committee by the Deputies resulted in unanimous agreement on a Resolution (Doc. D-D/58 Final) which recommended that Governments take immediate steps to implement the High Priority Production Programme.

20. The Deputies' action was founded on the realization that immediate action would be required in order to place substantial quantities of major items in the hands of combat forces a year or two hence. It was fully understood that this action should be in conformity with and should not delay the work already underway in the Military Production and Supply Board and the Defence Financial and Economic Committee for the development of long-range combined production programmes and financial systems in support thereof.

21. The Council Deputies realized that certain difficulties were likely to arise on individual projects contained in the High Priority Production Programme. In order to provide for prompt implementation of these projects, a Working Group has been appointed to provide, as an interim measure, machinery which can coordinate and give general guidance on the programme, particularly in its multilateral aspects. Difficulties will be submitted to the Working Group, which will be responsible for proposing solutions, with the assistance of the Standing Group and the Permanent Working Staff of the Military Production and Supply Board and Defence Financial and Economic Committee. This Working Group is already functioning in London.

22. Furthermore, in order that they should be kept fully informed of the progress of the High Priority Production Programme, Deputies were asked to submit a preliminary report by 13th September, 1950, and a full report by 30th September, 1950; containing information, under specific heads, on the action taken by each Government to implement it. The Deputies reported on the 13th September, 1950, concerning the progress made by that date in the initiation of the High Priority Production Programme. In nearly all cases, these reports indicated the definite intention of Governments to make substantial progress towards completion of the programme. However, revisions in quantities and types to be produced are, in some cases, under way and the work on specific arrangements and related problems which need to be done is proceeding. The initial reports have been remitted to the Deputies Working Group for such further action as is possible at this time.

FINANCES.

23. In connection with their consideration of the High priority Production Programme the Deputies obtained a report from the Permanent Working Staff of the Defence Financial and Economic Committee (Doc. D-D/20) recommending possible provisional mechanisms for the utilization of the funds made available by all NAT countries for military production in Europe, so as to permit most effective and efficient production. This report was based on consideration of several possible mechanisms, including (a) A common pool to finance

NAT armaments expenditures and to facilitate transfers of military equipment by means of a clearing mechanism; (b) A central fund to accomplish settlement for transfers of military equipment; (c) Reciprocal arrangements for the transfer free of charge of military equipment conditional upon prior agreement with respect to the allocation of United States' aid in some form; (d) Continued use of the European Payments Union to accomplish settlements for transfer of equipment coupled with a United States undertaking to allocate a part of its military aid in a way that would rectify or alleviate net payments imbalances that could result from military transfers. The latter three mechanisms are concerned only with the transfer of items between countries.

24. As a result of its study of the problem, the Permanent Working Staff of the Defence Financial and Economic Committee recommended that: (a) Insofar as their financial capacity permits, all governments should immediately inaugurate production on the high priority projects without awaiting specific assurance of compensation; (b) If a substantial amount of United States aid can be allocated in the near future, consideration be given to the United Kingdom proposal for "free transfers"; (c) Consideration also be given, in the placing of high priority contracts on an ad hoc basis, to accomplishing international settlements through the European Payments Union using United States off-shore purchases to offset undue foreign exchange imbalances.

25. In discussing the question of financing the High Priority Production Programme in the light of the Defence Financial and Economic Committee report, the Deputies considered that the first condition was that any means of financing should be such as to allow immediate implementation of the program. It was realized that this consideration would in all probability preclude the establishment of new financial mechanisms; however, it was clearly understood that adoption of immediate means should not preclude the adoption of new or different mechanisms for the less immediate programmes, if such mechanisms were found to be desirable.

26. Consequently, the Deputies noted with approval the report of the Permanent Working Staff of the Defence Financial and Economic Committee and accepted as a basis for immediate action those recommendations set forth above in 24 (a) and (c). The recommendations made to Governments by the Deputies are set forth in their agreed Resolution (Doc. D-D/58 Final). It was understood by the Deputies that in recommending utilization of existing means for financing the high priority production programme, and utilization of the European Payments Union for settling changes in intra-European payments balances resulting from payments by a recipient country for items (excluding value of any United States aid embodied in

the item) produced by another, they did not rule out the possibility of free transfers of military equipment from a producing country to another country if the producing country desired to effect such transfers.

MILITARY ORGANIZATION UNDER THE NORTH ATLANTIC TREATY.

27. The Deputies received on 22nd August 1950 a Memorandum by the French Deputy setting forth the views of the French Government on certain basic questions, including that of military organization under the North Atlantic Treaty. The position taken by the French Government raised doubts as to the efficacy of the existing organization and proposed fundamental and far-reaching changes in the military structure.

28. The Deputies believed that a discussion of these matters of substance should be undertaken on the basis of previous study by the appropriate military bodies of the NATO. Consequently, a Resolution was adopted (Doc. D-D/62 Final) inviting the Defence Committee to make known before the 18th of October its opinion on these questions and to inform the North Atlantic Council, if necessary, of the measures which might be required for putting defence plans into effect and for making the corresponding adjustments in the organization of the military bodies of the Brussels Treaty and the North Atlantic Treaty. The Chairman of the Defence Committee was further informed that the question of military organization had been placed on the suggested agenda for the meeting of the North Atlantic Council on 15 September 1950 and of the Deputies' hope that interim recommendations might be made to the Council by that time.

III

LESS IMMEDIATE MEASURES

29. While taking action to get immediate steps underway, the Deputies did not lose sight of the less immediate measures on whose solution depends the achievement of adequate collective defensive strength in the North Atlantic areas. The Deputies' action concerning immediate increases in effective military forces is reported under Part II. These steps were taken because it was realized that a large gap exists between forces available and forces required and that anything done now would be well within the bounds of completed plans. At the same time, the Deputies attached the highest importance to the earliest possible refinement of the Medium Term Defence Plan. It was stressed that the raising of military forces sufficient to provide for adequate defence of the North Atlantic area, and the provision of means for equipping

and training these forces depended on the fixing of over-all requirements and requirements by nations. This was conceived to be the objective of the Medium Term Defence Plan.

30. In considering the tasks confronting the North Atlantic Treaty nations, the Deputies held a preliminary exchange of views on two basic questions, namely, the preparation of a combined military production program for NAT countries and the need to devise appropriate financial arrangements or systems to support the combined NAT defence efforts. Reports from both the Military Production and Supply Board and Defence Financial and Economic Committee indicated that certain preliminary work had been carried out on various aspects of these questions. In this context, the French Deputy submitted a memorandum (Doc D-D/34) setting forth the views of the French Government on these and other basic questions.

31. As a result of their discussions the Deputies were conscious of the need to make further progress toward the establishment of a combined defence production programme, and a financial system to ensure the fair distribution of the financial burden and the most effective and economic use in the common interest of the collective resources of the NAT countries. They recognized that the ultimate success of the NAT enterprise depended in large measure on the solution of the many complex and fundamental problems inherent in these questions. It was agreed that further detailed studies should be set in motion as a matter of urgency. Accordingly, a resolution was unanimously adopted (Doc. D-D/62) nominating a Working Group, consisting of the Deputies of Canada, France, Italy, Norway, the Netherlands, the United Kingdom, and the United States to make a first report by 18 October on any necessary arrangements and on any modifications which may be required in the existing organization of the NATO in order to find solutions to these problems. The Deputies stressed that this work should not retard current efforts directed towards the realization of the High Priority Production Programmes.

IV

GENERAL LEVEL OF EFFORT

32. At the meeting of the Deputies held on 26th July, 1950 the United States Deputy referred to the President's message to the Congress of 19 July concerning the outbreak of aggression in Korea, which stressed the need for greater urgency in the efforts of free nations in other parts of the world to unify their common strength in order to deter further aggression. The President had outlined the measures which

the United States Government proposed to take in support of the U.N. to restore the situation in Korea, and, in addition, had recommended to the Congress extraordinary measures to increase the military strength of the United States. The President further expressed the view that the other free nations, in common with the United States, should take immediate steps to increase their defence programmes, but recognized that in order to enable them to make their maximum contribution to the common defence, further assistance on the part of the United States would be required.

33. The Council Deputies were informed that the President was prepared to recommend to the Congress substantial further military assistance for the North Atlantic Treaty countries during the current fiscal year. The extent and nature of this assistance would, however, largely depend upon the indications of the actions which the other NAT nations were prepared to undertake. The United States Deputy expressed the desire of the United States to have as soon as possible indications as to the order of magnitude of the increased defence efforts contemplated by the other NAT Governments, to assist the United States in formulating its additional programme.

34. In response to this request, the United States government received replies from the North Atlantic Treaty Governments as to the additional defence efforts which they were prepared to undertake (Docs D-D/23-26, 28-33, 13, 92, 57). During the course of the Deputies meetings, the United States Deputy proposed, and the Deputies agreed, that these replies be considered by the Deputies. In order to provide for as thorough a study of the replies as possible, a Working Group consisting of the Deputies of France, the Netherlands, Norway, the United Kingdom and the United States was set up and was instructed:

- (1) to analyse and evaluate the replies addressed to the United States Government by individual Governments;
- (2) to recommend action to Deputies in the light of the Governments' replies and the analysis and evaluation;
- (3) to recommend to Deputies means by which the expanded defence efforts, which the respective Governments may be prepared to undertake, can be most rapidly and effectively employed in support of the prompt implementation of the High Priority Production Program or other projects.

35. In reporting to the Deputies, the Working Group stressed the difficulty involved in reaching specific

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conclusions based on the replies due to their general and non-uniform nature and to the lack of agreed requirements as to forces, equipment and finances against which to judge them. However, the Working Group concluded that "the aggregate defensive efforts so far reported by the Member Governments are still far short of the requirements for the defence of the North Atlantic area."

36. This conclusion was embodied in a Resolution unanimously agreed by the Deputies (Doc. D-D/65 Final) in which they recommend that:

(1) Member Governments consider urgently, whether in the light of their economic capabilities their presently declared defence efforts are adequate, and by what means they can contribute more to the collective efforts required;

(2) Member Governments work toward an equitable distribution among them of the total collective effort required for the common defence, devising through the North Atlantic Treaty Organization means which would assure equitable distribution and so far as possible avoid disturbance of the economic structures of their countries;

(3) Member Governments immediately take all possible additional military, production, and financial measures to expedite the raising and equipment of trained formations to be readily available for the defence of the North Atlantic area.

V

Political Matters of Common Interest
to North Atlantic Treaty Countries

37. The Deputies gave consideration to procedure for exchanging views on political matters of common interest. It was agreed that no special procedure was necessary or desirable and that any Deputy should be at liberty at any time to raise any specific subject of common interest. The hope was expressed that any Deputy wishing to ask for an exchange of views on a particular question would give as much advance notice as possible in order to allow time for consultation with governments.

VI

Public Information Activities under the NATO

38. The Deputies noted the action of the Council in its May meeting in undertaking as one of its primary tasks to "Promote and coordinate public information in furtherance of the objectives of the Treaty while leaving responsibility

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for national programs to each country."

39. The opinion was shared by the Deputies that the matter of vigorous and truthful presentation to the public of the actions and purposes of the NATO was of the highest importance. It was believed that the course of events during recent months and the resulting need for additional and accelerated efforts to strengthen defences had underlined the necessity of rallying public opinion behind the North Atlantic Treaty Organization.

40. The Deputies therefore unanimously adopted a resolution (Document D-D/17) revised) authorizing the appointment of a Director of Information, with a small subordinate staff, to work under the Chairman to promote and stimulate the dissemination of information. He should also recommend steps to combat insidious propaganda flowing from Communist sources. It was stipulated that the dissemination of information to the public should be carried out by or through the appropriate services of each individual Government. The Deputies emphasized that the Director of Information should not enter into direct contact with the press except as authorized by the Deputies in connection with the issuance of communiques, etc., but should provide the various national information agencies with information for presentation in various manners suited to the particular conditions of each country. He should also work closely with the public relations staff of the Standing Group.

41. The Deputies have confirmed the appointment by the Chairman of Mr. T. F. M. Newton, whose services are being made available by the Canadian Government, as Director of Information. A public announcement of this appointment has been made and Mr. Newton will take up his duties in London shortly.

VII

Conclusion

42. The North Atlantic Council, at its meeting held in May, had already recommended immediate measures to strengthen the defences of the North Atlantic area. In the interval before the first meeting of the Council Deputies the world situation had deteriorated still further, notably as a result of the Communist-inspired act of aggression committed against the Republic of Korea, and it was clear that the possibility of further unprovoked aggression in other parts of the world could not be safely ignored. For this reason the Council Deputies came to the unanimous conclusion that the need for the member countries to take speedy and effective action to increase their collective defense effort had become paramount. As indicated in this report, the Deputies have acted accordingly.

43. While they would not wish in any way to minimize the seriousness of the gaps which will remain in the defences of the North Atlantic area, even after taking into account the increased defence efforts which are being planned by the respective Governments, the Council Deputies feel encouraged by the indications received from the Governments which reflect the great importance attached to defence matters. It is of vital importance that this original impetus should not be lost. Provisional arrangements have been agreed which should permit the implementation of the High Priority Production Program, but these arrangements will not provide the mechanism required for the full-scale combined effort. The Council Deputies, therefore, wish to stress that an early solution of the longer term problems is essential and that a determined approach to them is required.