

SECRET - NATOCOPY NO. 21NORTH ATLANTIC MILITARY COMMITTEE
COMITE MILITAIRE DE L'ATLANTIQUE NORDIMS Control No. 056

Standing Group

Groupe Permanent

SGM-601-52

20 March 1952

MEMORANDUM FOR THE STEERING COMMITTEE

SUBJECT: Study of Costing Procedure to be Used
in Preparing the TCC-Type Report

Reference: Record of 71st Meeting - Steering Committee,
Item 8h.

1. At their 71st Meeting the Steering Committee agreed to ask Colonel Chretiennot to suggest names of suitable officers who could assist him in making a study of the costing procedure to be recommended for use in preparing the TCC-Type Report; also to make recommendations as to the manner in which the study could best be carried out.

2. Colonel Chretiennot's report is enclosed and is submitted for consideration.

C H Donnelly
C. H. DONNELLY
Senior Secretary

Enclosure

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SECRET - NATOENCLOSUREREPORT BY COLONEL J. M. J. CHRETIENNOT

to the

STEERING COMMITTEE

on

THE COSTING PROCEDURE TO BE USED IN PREPARING
THE TCC TYPE REPORT

- References:
- a. Records of the 71st Steering Committee Meeting, Item 8 h.
 - b. M.C. 39, Enclosures 32 and 37.
 - c. SCS Report, Section H, paras 4.A I and 6 and Appendix A.

THE PROBLEM

1. To suggest to the Steering Committee the names of suitable officers who could participate in a study on the revision of costing procedure and to make recommendations as to the manner in which the study could best be carried out.

BACKGROUND

2. a. The procedure for the costing of plans was prepared by an Ad Hoc Committee convened in London in August 1950 to make recommendations to the Standing Group.

b. That procedure has been applied or used:

(1) First for a preliminary study undertaken at the end of 1950 and not completed.

(2) Then, for a revision completed in February 1951 and submitted in a report dated 1 March 1951 later revised as of 10 August 1951.

(3) Lastly by the SCS in November 1951 for a rough costing estimate.

DISCUSSION

3. a. The problem has two main aspects, one military and the other technical.

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b. The purpose is on the one hand to give nations military guidance to be used as a common basis for future estimations, on the other hand to revise, as appropriate, the procedure and forms to be utilized for the physical completion of the work.

GUIDANCE

4. a. The lack of guidance has been one of the main sources of errors that vitiated the value of the previous exercises.

b. While certain basic data, although very valuable, cannot be provided with accuracy at the present time (in particular with respect to wastage, consumption or attrition rates required for calculating war reserves), it should be possible to give a clearer guidance to ensure that more precise results than those of previous exercises may be arrived at.

5. a. Military guidance should include:

- (1) The size and nature of forces.
- (2) T/O&E to be used.
- (3) The standards of readiness to be used.
- (4) The level of war reserves.
- (5) The Infrastructure and Construction Program.

b. Appendix A to Section H of the TCC Report contains adequate recommendations on this subject.

c. Guidance should be provided:

- (1) By the Standing Group with respect to NATO forces.
- (2) By national authorities for other forces.

6. Standing Group guidance should be prepared by an International Planning Team in consultation with the Logistics and Materiel Planners. It would be desirable that the International Planning Team appointed be the one that has been charged with the work as set out in SGM-539-52 dated 13 March 1952.

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7. It is clearly apparent that military guidance should be supplemented by guidance from the NATO Secretary General who is responsible for the annual revision work. Such guidance should include inter alia:

- a. The period to be considered for the costing.
- b. The reference date to be used for the determination of costs.
- c. The rates of exchange to be used.
- d. The target dates for reception of reports at the NATO General Secretariat.

PROCEDURE

8. The procedure laid out in 1950 is now well known by most of the national staffs who had to use it at least twice. It would therefore be advantageous that its main provisions be maintained.

9. a. It would appear advisable, however, on the one hand, to revise it in the light of past experience, and on the other hand, to simplify it, as far as practicable, in order to reduce the work required from national staffs.

b. The SCS has in fact recommended that the revision of the procedure be effected by a temporary committee of qualified civilian and military personnel (reference c.). Although the Council is responsible for the revision, it seems essential that the Military Committee (Standing Group) be associated with the work.

c. It would appear that an Ad Hoc Committee consisting of especially qualified experts, selected from the list attached in Appendix "A", could be set up in Washington, with the concurrence of the Council Deputies.

d. The task of that Committee would be to review the forms and to recommend to the Standing Group such amendments and simplifications as would appear appropriate to facilitate, improve and speed up the work.

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e. The Committee should meet as soon as possible. It would be advisable, as a preliminary step, to obtain from NATO nations their suggestions as to what modifications and simplifications should be made to the procedure and forms.

10. The revised forms should be circulated to the NATO General Secretariat Statistics Section for concurrence prior to their final adoption by the Military Representatives Committee and their transmission to the Council Deputies.

11. a. Certain nations have not yet carried out such a costing exercise (Greece and Turkey) or have experienced great difficulties in its completion.

b. When the procedure is finalized, it would be advisable to suggest that those nations send staff officers, either to Paris or London, for a few days, in order that they may be given detailed explanations.

CONCLUSIONS

12. In anticipation of the next annual review, it would be advisable:

a. To charge an International Planning Team with the preparation of military guidance for NATO forces.

b. To urge the Council Deputies to set up an Ad Hoc Committee to review the procedure and forms with a view to adjusting them, and simplifying them if possible [Appendix "E"].

c. To invite nations to submit their recommended modifications to the procedure and forms.

d. To make provisions for:

(1) The transmitting of the forms to the Statistics Section of the NATO General Secretariat for comments.

(2) The furnishing of appropriate information to national staff officers, as desired.

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APPENDIX "A"

NAMES OF QUALIFIED OFFICERS
FOR THE REVISION OF COSTING PROCEDURES

Mr. W. H. Mautz	United States - OSD
Colonel F. C. Gideon	U. S. Air Force
Colonel R. Hackett	U. S. Army - OSD
Colonel C. W. Neuendorf	United States - AFABF
Commander P. L. Irvine	U. S. Navy
Mr. R. W. Hosie	British MOD, London
Colonel D. J. Donald	British Army
Colonel A. Esperet	French Air Force

SECRET - NATOAPPENDIX "B"DRAFT MESSAGE

TO: SECY NACDEP LONDON ENGLAND

Reference: SGM-523-52, dated 11 March 1952

1. a. In anticipation of the annual revision and in furtherance of the Military Committee recommendation in Enclosure 37, M.C. 39, the Standing Group undertakes to prepare military guidance for the use of nations in costing their NATO contributions.

b. The above guidance, to be submitted to you, might be integrated into an over-all Council guidance consistent with the general method to be adopted by them, and especially include such non-military provisions as required for the proper completion of the work.

2. a. On the other hand, the SCS Report (Section H, para 4.A 1) has provided for a revision of the procedure and forms that have been used so far for the costing of plans. Such a revision should be undertaken by a group of military and civilian experts well acquainted with costing procedures and budgetary matters.

b. The Standing Group wishes to have the Council Deputies' views on agreed measures they intend to take in order to carry out such a revision of procedure and forms, which should take place at the same time as the preparation of the guidance mentioned in para 1 above.

c. It is suggested that an Ad Hoc Committee be set up in Washington, where exist a number of experts having participated in previous costing exercises and SCS studies.

d. Prior to calling the meeting of that Committee, it would be desirable to invite nations to propose such

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Appendix "B"

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modifications and simplifications as will be deemed appropriate to make to the procedure and forms.

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