

CONFIDENTIAL **NORTH ATLANTIC COUNCIL**  
SUMMARY RECORD  
AC/8-R/3  
OR. FR.  
7th September, 1951.

JOINT WORKING GROUP ON PRODUCTION,  
FINANCE AND MILITARY REQUIREMENTS PROBLEMS

Summary record of a meeting held at 11.30 a.m. and  
continued at 3.0 p.m. on Tuesday, 4th September,  
1951, at 13 Belgrave Square, London S.W.1.

PRESENT

Chairman: Mr. C. M. Spofford

DEFENCE PRODUCTION BOARD  
AND STAFF

M. H. Janne  
 Mr. W. R. Herod  
 Mr. N. A. Bogdan  
 M. J. Lévy  
 Mr. L. Williams  
 Colonel N. Daum

FINANCIAL AND ECONOMIC  
BOARD AND STAFF

M. P. Leroy-Beaulieu  
 Mr. E. Roll  
 M. N. Denis  
 M. Huet

STANDING GROUP

Lieutenant-Commander  
 J. M. Bunch

SHAPE

Wing-Commander  
 G. E. Tweddle

UNITED STATES (MDAP)

Colonel C. H.  
 Bonesteel

CENTRAL STAFF

Mr. N. E. P. Sutton  
 M. R. Stinghamer  
 Mr. G. S. Taylor

1. The Working Group had before it two documents, "The Magnitudes of the military, production and finance tasks" (AC/8-D/3 (revise)), and "The programme for coordinated action of NATO agencies".

I CONSIDERATION OF DOCUMENT AC/8-D/3 (revise)

2. The Working Group agreed to condense the sections A, B, C, D, E and F relating to the assumptions taken as a basis for the estimates of defence costs.

3. In the 3rd paragraph of Part II of this document, it was agreed that the last sentence which referred to an approximate figure of \$250 billion should be replaced by the following wording: "Variations in the assumptions and other factors might well increase this figure substantially."

4. In view of the necessity to adjust United States aid to European production capacity, it was agreed that the

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following sentence should be added to Part III (The Defence Production Situation): "The deficiency will be gravely increased if the industrial capacity available in Europe and proposed end-item aid from North America prove to be not complementary."

5. The Working Group then proceeded to consider Part IV which dealt with the financial situation. After some discussion, it was agreed not to attempt to give exact figures to show the gap between defence costs and defence budget programmes.

6. The Working Group then considered Part V. After discussing the advisability of including the Programme for Action in this section, it was agreed that the Programme for Action should be described in a separate document and that a statement to that effect should be made, quoting the reference number of the relevant document. Paragraph (a) was also amended in order to avoid prejudicing any new plan for the allocation of forces.

## II CONSIDERATION OF THE DOCUMENT ON "THE PROGRAMME FOR COORDINATED ACTION OF N.A.T.O. AGENCIES."

7. The original document was amended in order to make it quite clear that there was no intention to prejudice the decisions of the Council regarding any possible alterations to be made in the defence plan and in the distribution of forces. It was also agreed that this document should include a number of proposals put forward by the DPB regarding the necessity of effective coordination between European production and United States aid, and the urgency of initiating European production.

8. With respect to the FEB, it was agreed that a number of recommendations should be submitted for action which might be taken as the logical consequence of the Council decisions. It was also agreed that it should be left to the Deputies to draw up the time-table of the action to be recommended.

## III FINAL PROCEDURE.

9. The Working Group agreed:

(a) that the following documents should be amended to take into account the proposals and comments made at the meeting; and should then be distributed as Deputy documents:

- Document AC/8-D/3 (2nd revise) subsequently circulated as Document D-D(51)227;
- "The Programme for Coordinated Action of NATO Agencies", subsequently circulated as Document D-D(51)228;

(b) that both documents should be circulated as soon as possible to the national delegations in order to enable the Deputies to communicate the relevant intentions of their Governments at their meeting of 14th September, 1951, at Ottawa.