

TOP SECRET

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SCS/23 Canada

13th November 1951

DEFENDERS COUNCIL COMMITTEE

SCREENING AND COSTING STAFF

SUPPLEMENTARY REPORT BY THE COSTING TEAM
OF THE CLIPPING DEFENSE EXPENDITURES

The attached table sets out by major cost category at current prices the estimated proposed defense budgetary expenditure of Canada during the period 1 July 1950 to 30 June 1954.

An evaluation of all information available to the Costing Team discloses that the proposed expenditures will essentially provide the Army, Navy and Air Forces required of Canada for the Medium Term Defense Plan set forth in Part III of S.C. 20/57 dated 9 October 1951 as well as other forces for the defense of the NATO area.

The total proposed budgetary expenditure of 7,110.5 million for the build up period of the Medium Term Defense Plan does not include \$737.7 million for Mutual Assistance and for defense expenditures for other than those of the Department of National Defense and Department of Defense Production.

It is not possible at this time to separately identify the expenditures in detail for the Army, Navy and Air Force, consequently tables showing the distribution by service had not been included for the present "crash" costing.

ESTIMATED COSTS OF DEFENSE BASED ON NTDP NO CBS
SHOWN IN SG 20/37 AND OTHER DEFENSE FORCES

(In millions of U.S. Dollars)

	Cost as Given in SG 53/4+ at Sept. 1950 Prices	Difference in costs shown in SG 53/4 & Costs of Allocations in SG 20/37 ^{a)}	Total Adjusted to Current Prices
<u>Total Cost of Defence of NATO Area</u>			
I. Military Personnel Costs	N.A.	N.A.	1,341.9
II. Major Production and Procurement	2,842.9	394.0	3,236.9
III. Military and Other Construction	661.7	290.1	951.8
IV. All Other Operating Costs	N.A.	N.A.	1,259.7
V. Other Defense Expenditure	N.A.	N.A.	320.3
TOTAL	6,630.8	N.A.	7,110.6
<u>Total Cost of Defence of Non-NATO Area</u>			
I. Military Personnel Costs			
II. Major Production and Procurement			
III. Military and Other Construction			
IV. All Other Operating Costs			
V. Other Defense Expenditure			
TOTAL			
<u>Total Cost of Defence of NATO Area</u>			
I. Military Personnel Costs	N.A.	N.A.	1,341.9
II. Major Production and Procurement	2,842.9	394.0	3,236.9
III. Military and Other Construction	661.7	290.1	951.8
IV. All Other Operating Costs	N.A.	N.A.	1,259.7
V. Other Defence Expenditure	N.A.	N.A.	320.3
TOTAL	6,630.8	N.A.	7,110.6^{b)}

N.A. - Not available.

- + Costs as submitted to Standing Group by Nations based upon National Force Contributions shown in D.C. 23.
- a) The increases in cost are due to the changes in price levels since September 1950 as well as to changes in planned forces.
- b) Does not include budgetary expenditure of \$733.7 million for Mutual Assistance and for defense expenditures other than Department of National Defense and Department of Defense Production. Non-NATO Expenditures representing costs over and above normal costs of troops committed in Korea cannot be separately identified and are included.