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DGM-12-49
12 December 1949

MEMORANDUM FOR THE CHAIRMAN, NORTH ATLANTIC COUNCIL

SUBJECT: Allocation of Costs of Standing Group Operations

Reference: D. C. 9

1. At their Second Meeting on 1 December 1949 the North Atlantic Defense Committee considered a report by the Military Committee on the "Standing Group Budget" (D.C. 9). The Defense Committee noted the report and agreed to invite the Finance and Economic Committee to consider and make such recommendation as they see fit as to the allocation of the costs of the operations of the Standing Group. An extract from the Minutes is enclosed.

2. It is requested that the Council transmit this invitation to the Finance and Economic Committee and that the Defense Committee be informed of such recommendation as may be made by the Finance and Economic Committee.

For the Chairman:

C. H. DONNELLY
Colonel, USA
Secretary

Enclosures:
D.C. 9 (Copy No. 8)
Extract from Minutes,
DC 2d Mtg.

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MR. ALEXANDER (United Kingdom): I have no criticisms to make of the general presentation of the report under No. 5, but I think it has been emphasized that the formulation of the general principle is a matter for the Financial and Economic Committee and not for us. I suggest that we should agree to postpone any decision in respect of the common cost of the Standing Group and that we should recommend to the Council that each signatory power should be invited to submit to the Financial and Economic Committee an estimate under various heads of administrative cost, excluding the pay and allowance of their own representatives and their personal staff. The Financial and Economic Committee should be invited to examine the question of a formal principle for the equitable allocation of these costs to the twelve signatory powers.

MR. CLAXTON (Canada): Mr. Chairman, it seems to me that Mr. Alexander's suggestion, as I understand it, may go a bit further than it is his intention to go. My understanding of his suggestion is that this be dealt with by another organization and under the Treaty other than this one, but then it went on and appeared -- at least from what I have heard -- to give instructions to the Economic and Financial Committee that there should be an allocation of expense.

We are not opposed to allocation of expense at all, but we think that before we give specific instructions to any organization, and what course should be followed, that the matter is one which the government should have an opportunity to consider. Therefore, I am sure that Mr. Alexander would desire to have the thing left open so that whoever looks into it will make a report free from instructions on that particular point.

MR. ALEXANDER (United Kingdom): I am much obliged, Mr. Claxton. I do not wish to go further than the powers of this committee and I put down my words rather carefully and read them so that I should not make any mistakes. If it is still not agreeable I will consider it again.

What I said was that the formulation of the general principle as to the division of cost is not a matter for the Defense Committee; it is a matter for our financial body. I suggest that we should agree to postpone any decision in respect of common costs and should decide to recommend it to the Council. That is, the Council of the North Atlantic Treaty that should invite that, and so on. Then it would go back to the government.

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MR. CLAYTON (Canada): That they should invite that?

MR. AL LAMLER (United Kingdom): We recommend them to do so. There was no question about it.

MR. CLAYTON (Canada): You invite the Economic and Financial Committee to make an allocation of costs. That would be an expression by this committee of its view on that point which the governments have not had an opportunity to consider. If you would just say, "consider and make such recommendations as they see fit," I would be in agreement.

MR. AL LAMLER (United Kingdom): I would be in agreement with you, too.

SECRETARY JOHNSON (United States): The Chair rules that the two gentlemen are in agreement and without surrendering the sovereignty of this Committee we thus advise the Finance Committee.

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