

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

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SUMMARY RECORD
C-R(62)37

Summary record of a meeting of the Council,
held at the Permanent Headquarters, Paris, XVIe.,
on Wednesday, 25th July, 1962, at 10.30 a.m.

PRESENT

Chairman: Mr. D.U. Stikker

BELGIUM

Mr. A. de Staercke

CANADA

Mr. G. Ignatieff

DENMARK

Mr. Per Groot

FRANCE

Mr. J.D. Jurgensen

GERMANY

Mr. F.K. von Plehwe

GREECE

Mr. M. Melas

ICELAND

Mr. P. Thorsteinsson

ITALY

Mr. A. Alessandrini

LUXEMBOURG

Mr. P. Reuter

NETHERLANDS

Mr. H.N. Boon

NORWAY

Mr. B. Kristvik

PORTUGAL

Mr. A. Ressano Garcia

TURKEY

Mr. Nuri Birgi

UNITED KINGDOM

Sir Paul Mason

UNITED STATES

Mr. T.K. Finletter

INTERNATIONAL STAFF

Deputy Secretary General: Mr. G. Colonna

Deputy Secretary General -
Assistant Secretary General for
Economics and Finance: Mr. F.D. Gregh

Assistant Secretary General for
Political Affairs: Mr. R.W.J. Hooper

Assistant Secretary General for
Production, Logistics and
Infrastructure: Mr. Johnson Garrett

Assistant Secretary General for
Scientific Affairs: Dr. W.P. Allis

Deputy Executive Secretary: Mr. F.C. Menne

ALSO PRESENT

Standing Group Representative: Général de Corps d'Armée
J.M. Guérin

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I. NINETEENTH INTERIM REPORT BY THE CO-ORDINATING COMMITTEE
OF GOVERNMENT BUDGET EXPERTS

Document: PO/62/440 ✓

Labour - Unions - British Delegation

1. The CHAIRMAN noted that the Council had received the 19th Interim Report of the Co-ordinating Committee of Government Budget Experts, together with PO/62/440 in which he had set out his views on this report. The Co-ordinating Committee recommended less favourable conditions for the Staff of the Organization than had been requested by the four Secretaries-General. He, the Chairman, accepted these less favourable proposals only in order to avoid further delay. However, he would draw attention to the discussion which had taken place on 24th July in the Council of the OECD. While the OECD Council had approved the report, it had agreed that specific recommendations put forward in particular by the Swedish Delegation should be given further study. These included:

- increased consultation with staff associations;
- a 5% "across the board" increase;
- a revision in not four, but three years' time;
- adoption of a system of remuneration closer to that of UNESCO.

He also thought it worth while to draw attention to the feeling which could be generated on this subject, by referring to the strike which had taken place that day in UNESCO.

2. He therefore invited the Council, in approving the report, to concur with the OECD decision that the Co-ordinating Committee should further study the proposals by the Swedish Delegation. He also invited the Council to note that the financial implications of the report would be dealt with in a supplementary budget.

3. The FRENCH REPRESENTATIVE said that he could approve the report as a compromise and in order to help the International Staff. His Delegation reserved the right to bring up again in the Civil Budget Committee the question of a special allowance for interpreters.

4. The DANISH REPRESENTATIVE said that he would not oppose Council approval of the report, since the matter was an urgent one. However, he was not convinced that the result of the work of the Co-ordinating Committee or the emoluments proposed were satisfactory. As noted in paragraph 7 of the report, his authorities would have preferred also to make a comparison with

UNESCO. The fact that NATO staff dealt with highly sensitive information should be taken into account in such a comparison. Further, the report was not logical. It assumed that the salaries now proposed were equitable. If this was so, it should have contained safety measures to ensure that salaries would continue to be equitable; but this was not the case. With regard to the cost of living, the staff was guaranteed only 70% of the variations of the international price index. Since increases in the cost of living were almost inevitable in the next four years, this meant that staff must envisage a decrease in real income over that period. Again, it was extraordinary that there was apparently no provision for revising salaries until after four years' time. In countries with expanding economies, as was at present the case for NATO member countries, no government would consider blocking real incomes for four years at a time, and especially not for staff of whom a high standard of loyalty was required and who were without practical means of defending their interests. However, he assumed that the Secretaries-General would, if circumstances warranted it, be able to raise the question of an adjustment before the end of the four years' period.

5. Finally, an important aspect was that of recruitment. In two years' time, with the present salaries policy, it might be impossible to recruit suitably qualified staff.

6. The CHAIRMAN noted that it was possible within the four years' period for the Secretaries-General to submit proposals to the Co-ordinating Committee with regard to revisions in the level of remuneration. He agreed with the Danish warning on future recruitment difficulties.

7. Mr. MASSBERG (Chairman of the Co-ordinating Committee) explained that the 70% increase was guaranteed, and that normally following the procedure of the 10th Interim Report, the remaining 30% increase would be granted.

8. The GERMAN REPRESENTATIVE said that he could approve the report, but made the following two points. Firstly, the hope expressed in paragraph 3 of PO/62/440 that the re-grading for posts in the B and C categories would be made effective retroactively from 1st January, 1962, seemed to him unjustified. The result of the deliberations of the Co-ordinating Committee gave no reason to suppose that these regradings would take effect retroactively from 1st January, 1962. In accordance with paragraphs 19 and 20 of the report, the regrading for each individual post would be effected under the control of the Budget Committee of each organization. For this reason it should be left to the appropriate Budget Committee to decide the date of each regrading. In any case, any decision taken by the NATO Council should not pre-judge a subsequent decision by the Budget Committees.

9. Secondly, he now brought up again the request made by the German Representative on the Co-ordinating Committee that in certain circumstances new staff should be recruited at a higher step than first step of a grade. In particular this should apply to staff who could prove special professional experience. The German authorities considered that this question was of special importance, particularly in view of the difficulty, often referred to by the Secretaries-General, of recruiting qualified staff. Since the decision at which step new staff should be recruited was taken according to different rules in each organization, he urged that the Co-ordinating Committee should be asked to examine the possibility of drawing up a common procedure for the four organizations for the recruitment of certain candidates at a step higher than the first one of the grade in question.

10. On the second point, the CHAIRMAN noted that the Secretaries-General had discretion to recruit in certain cases at a higher step than the first one in each grade. On the first point, he said that the discussion in the OECD Council of 24th July left no doubt that the regrading in Categories B and C would be retroactive to 1st January, 1962.

11. The UNITED KINGDOM REPRESENTATIVE confirmed that the earlier United Kingdom reservation on this subject had been withdrawn.

12. Mr. MASSBERG said that it was the understanding of the Co-ordinating Committee that, as indicated in paragraph 20, the regrading of the individual posts should be effected by the Secretaries-General under the control of the Budget Committee of each organization.

13. The CHAIRMAN, speaking to clarify his position in general, said that although the Budget Committees would have control in the process of reviewing, he would not want it understood that they had the final decision, since if he disagreed with their actions, he took the position that he was always free to refer the matter back to the Council.

14. The NETHERLANDS REPRESENTATIVE said that he understood the regradings would not be automatically retroactive to 1st January, 1962. As his colleague on the OECD Council had not made any reservation on this point, he would not make a reservation either, but he reserved the right to comment at a later date.

15. The COUNCIL:

- (1) approved the recommendations in the 19th Interim Report of the Co-ordinating Committee of Government Budget Experts;

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- (2) noted the statement by the Chairman on the further studies to be carried out by the Co-ordinating Committee;
- (3) took note of the request by the German Representative that the Co-ordinating Committee be asked to examine the possibility of drawing up a common procedure for the four organizations for the recruitment of certain candidates at a step higher than the first one of the grade in question;
- (4) took note of the statements made.

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II. TWELFTH REPORT OF THE INTERNATIONAL BOARD OF AUDITORS FOR INFRASTRUCTURE ACCOUNTS and

RECOMMENDATIONS ON IT BY THE INFRASTRUCTURE COMMITTEE

Documents: C-M(62)62
C-M(62)74

16. The COUNCIL:

took note of

- (a) the 12th Report of the International Board of Auditors for Infrastructure Accounts covering the year ending 31st December, 1961 (C-M(62)62);
- (b) the comments of the Infrastructure Committee thereon (C-M(62)74).

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III. FINANCING OF ALLIED COMMAND EUROPE MOBILE FORCES

References: SHAPE 1200/20
SGM-182-62
C-R(62)26, item IV

Document: C-M(62)83

17. The CHAIRMAN recalled that on 17th May, 1962, the Council had set up a Special Working Group to examine, in detail, the SHAPE and Standing Group proposals concerning the financing of Allied Command Europe Mobile Forces. The serious differences of opinion among delegations - referred to in PO/62/288 of 9th May - which arose in the Military Budget Committee in connection with exercise

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"First Try", could not be resolved by the Working Group. For both Exercise "Southern Express" and Exercise "First Try" a majority was in favour of common funding, two delegations being opposed to it. Fortunately, it was to be hoped that this difference of opinion on principles would not result in the cancellation of Exercise "Southern Express" which, thanks to the co-operation shown by participating nations, would take place as scheduled, early in October.

18. He suggested that, unless the dissenting nations had changed their positions with regard to common funding, the Council should urge the Working Group to reconsider the problem of the financing of Mobile Forces exercises in the light of the experience gained during Exercise "Southern Express", and should note paragraphs 12, 13 and 14 of the report, C-M(62)83.

19. The FRENCH REPRESENTATIVE recalled the considered position of his government, which was that it was not possible to waive the NATO rules regarding eligibility for common financing. He could therefore not accept common financing in this case.

20. The DANISH REPRESENTATIVE said that he was awaiting instructions, in particular on the subject of possible retroactive application of common financing.

21. The CHAIRMAN pointed out that it was merely suggested in paragraph 13 that should agreement be reached at a later date on common funding, the possibility of retroactive application should not be excluded.

22. The UNITED KINGDOM REPRESENTATIVE informed the Council that his government was prepared to finance the transport of a reinforced battalion group.

23. In answer to a question by the Turkish Representative, the CHAIRMAN said that expenditure in category (a) of paragraph 4 of C-M(62)83 would be financed in the same way as for Exercise "First Try".

24. The BELGIAN REPRESENTATIVE said that if agreement was not reached on common financing for future exercises, his government would cease to participate in such exercises.

25. The COUNCIL:

subject to confirmation by the Danish Representative(1), noted that:

(1) The Danish Representative subsequently confirmed his authorities approval.

- (a) the nations participating in Exercise "Southern Express" - Belgium, Germany, United Kingdom, United States - are prepared to transport their own contingents at their own expense, on the understanding that this ad hoc solution should in no way prejudice the possibility for the Working Group to formulate new principles concerning the long-term arrangements (including arrangements for the common financing of certain exercise expenses) to be made for the Mobile Forces, should the experience gained during exercises and planning developments justify this;
- (b) the Working Group consider that, should agreement be reached at a later date on the common funding of some or all of the costs of Mobile Forces exercises, the possibility of retroactive application should not be excluded;
- (c) the Working Group will take up, in due course, the examination of the further problems relating to the Mobile Forces mentioned in paragraph 2 of their report C-M(62)83.

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IV. POLICY TOWARDS EASTERN EUROPEAN SATELLITES

Documents: AC/119-WP(62)29
AC/119-WP(62)29/1
AC/119-WP(62)32

26. The CHAIRMAN noted that the Council had before it working papers, originally circulated to the Committee of Political Advisers, by the United Kingdom, French and United States Delegations. He invited the Council, as a preliminary to discussion, to indicate whether it agreed with the statement in the United Kingdom paper that it was time for a more positive and active policy towards the Satellites, and that this should be carried out by the NATO powers as a whole, preferably with some measure of co-ordination.

27. The UNITED KINGDOM REPRESENTATIVE said that in the United Kingdom paper an attempt had been made to analyse the existing situation, to identify trends which would influence the future, and thus to reassess policy towards the Satellite countries. The conclusion was that the communist system was likely to remain established for a long time, and that any changes would be evolutionary rather than revolutionary. The United Kingdom

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accordingly advocated a self-confident long-term policy aimed at encouraging favourable trends, in particular aspirations towards national identity; and increased contacts with both governments and peoples through trade, information and cultural exchanges, rather than direct political action. ~~If it was the feeling of the Council that contacts should be increased, NATO might discuss in some suitable forum how national contributions might be co-ordinated, without, however, setting up cumbrous machinery for this purpose.~~

28. In answer to a question by the Chairman, he said that the third sentence of the first paragraph of the United Kingdom paper represented a possibility rather than a positive evaluation.

29. The CANADIAN REPRESENTATIVE, with other speakers, thought the United Kingdom paper a balanced and realistic one. The Canadian Government had recently had some success in improving relations with Warsaw and Prague, and was arranging for the status of the Prague mission to be raised to that of an embassy, reciprocally with that of the Czechoslovak mission in Ottawa. The situation obviously varied in the different Satellite countries, an extreme case being the total extinction of independence in the Baltic states. It was, however, in the Soviet interest to maintain the stability of Satellite régimes by encouraging a certain degree of independence, and to give the strongly nationalist countries more latitude. He doubted if Soviet policy regarding East/West relations could be predicted. In Geneva, he had personally been struck by the ambiguity in Soviet policy (due possibly to a lack of decision by the Soviet leaders on problems such as internal priorities) shown by the contrast between the professed desire to maintain contacts and the refusal to make any concession to the West.

30. The FRENCH REPRESENTATIVE supported the guiding idea in the United Kingdom paper that a greater effort should be made to exploit the possibilities of extending western influence in Eastern Europe. The distinction between governments and peoples was a difficult one to make, but it did exist, and was confirmed by travellers to the Satellite countries. Every effort should accordingly be made to maintain the links between the west and the peoples of these countries who had personal memories of pre-war political and cultural contacts. Western action should aim at discreetly encouraging not only nationalist sentiment but also aspirations for freedom. One should not talk of "liberation" but of the rôle the west might play, by influencing public opinion and thus eventually governments, in bringing about an evolution of ideas in the East. NATO member countries should continue to exchange views and information, and to try to co-ordinate their efforts wherever possible.

31. The NORWEGIAN REPRESENTATIVE, welcoming this discussion and the papers before the Council, thought that the time was long overdue for a fresh approach to the problems of eastern Europe. He hoped that the Council would continue discussion in September and that national experts might prepare a report for the Council in Ministerial Session in December. The development of fundamental importance now taking place in eastern Europe was the weakening of the monolithic structure of the Soviet bloc; it was possible that the Sino-Soviet conflict had helped satellite countries to act with a greater degree of freedom. While there was nothing to indicate a radical change in the near future, Albania provided an example of the independence a satellite country might obtain.

32. NATO countries should not be slaves of their own phraseology; the term "Satellite" covered a wide variety of cases, and an individual policy should be evolved towards each country. Economic progress in the west was another argument in favour of developing contacts. More effective than radio propaganda would be the opportunity for visitors from the east to see how social and economic problems were solved in the west.

33. The GREEK REPRESENTATIVE supported the United Kingdom proposal to extend western influence in the Satellite countries, since it was from these countries, enlightened by comparisons with the west, that changes would come. As regards improving relations with communist governments, he warned the Council that communism might exploit such improved relations to western disadvantage in two ways:

- firstly, by creating a false impression of security in the west which would undermine the western defence effort;
- secondly, by trying to exploit differences between the allies. For example, an attempt by a NATO country to improve relations with Bulgaria would be described by the Soviets as a betrayal of Greece.

He therefore hoped that in future there would be the greatest possible exchange of information and views among the NATO allies.

34. The ITALIAN REPRESENTATIVE said that he was in agreement with most of the conclusions in the United Kingdom and French papers. He had just received a memorandum from his authorities which he would circulate shortly, and he hoped that the Council would continue its discussion on this subject.

35. The TURKISH REPRESENTATIVE agreed with the United Kingdom analysis of the situation and the recommendation for the

maximum possible co-ordinated action for the future. He also supported the warning by the Greek Representative, and urged advance consultation in the Council on any proposal by a member of the alliance to improve relations with a Satellite country which might have repercussions on another ally. The Council should discuss the economic aspects of East/West relations, and in particular developments in connection with the Common Market.

36. The NETHERLANDS REPRESENTATIVE thought it appropriate that the Council should regularly discuss the basic issue of the extent to which East/West relations should be cultivated. While it was not necessary to agree on firm conclusions, there was a wide area of agreement. Inaction by the West at the present time would be bad: an attempt to improve relations might be casting one's bread upon the waters, but one could only try. He supported the suggestion by the French Representative that one should take advantage of the memories of the older generation in the Satellite countries of pre-war contacts with the west, and ensure that these re-lived in the younger generation. The Council should continue its discussions and exchanges of information in the hope of increasing western activities in the future.

37. The DANISH REPRESENTATIVE supported the conclusions of the United Kingdom paper and the limitations on western action described in paragraphs 9 and 18.

38. The BELGIAN REPRESENTATIVE noted that it was no longer appropriate to treat the Satellite countries as a bloc. Recalling that originally NATO had been on the defensive, in preventing the spread of communism in member countries, he thought that the Alliance had now moved over to a dynamic policy aimed at accelerating evolution in east Europe where possible. The West should exploit the elements in its favour, for example, the growth of the Common Market and technical developments such as the world-wide Telstar television programme, in which Poland had shown interest.

39. The UNITED STATES REPRESENTATIVE said that his authorities were in close agreement with the United Kingdom on the opportunities for future action. He thought the Council should hold regular exchanges of information on national activities and plans concerning relations with eastern Europe. He had received comments from Washington on the United Kingdom and French papers, which he would circulate.

40. The UNITED KINGDOM REPRESENTATIVE thanked speakers for their constructive comments. He thought that discussion should continue, not with a view to adopting a monolithic attitude but in the hope of co-ordinating national policies as far as possible. As regards the comments in the French paper and those by the Canadian

Representative on the subject of the relatively greater freedom of the Satellite countries, he thought it arguable that this had favourably impressed the uncommitted countries; in any case, the Soviets now ran the risk of seeing the satellites acquire a taste for independence.

41. The United Kingdom paper suggested that it was misleading to draw too sharp a distinction between peoples on the one hand and régimes on the other. Even unpopular governments were composed of the nationals of the country, who could not live in a cultural vacuum and who might well share the popular interest in western civilisation. Further, any increase in East/West relations must pass through governmental organisations in the East.

42. The extent to which any major development in East/West relations might affect the United Kingdom conclusions would depend on circumstances. If the operation of the Common Market eventually resulted in a marked curtailment of agricultural exports from the east to the west, this would have to be taken into account by NATO member governments in their plans for the future.

43. The GERMAN REPRESENTATIVE said that his authorities were much interested in this problem. He hoped shortly to circulate their views in writing, and hoped that the Council discussion might then be renewed.

44. The CHAIRMAN, summing up, noted that there was agreement on the following points:

- this was a question of long-term policy, independent of any possible major developments in the near future;
- the papers by the United Kingdom, France and United States Delegations were balanced, realistic and constructive for the future;
- since conditions varied in each satellite country, there should be no question of one western policy vis-à-vis a "bloc"; policy should vary for each country, and the existing cultural and sentimental ties with the west should be exploited;
- the west should assist the process of evolution rather than expect any revolutionary change;
- exchanges of information on national policies should be increased, both in NATO and through diplomatic channels;

- the west should try to improve relations with peoples and governments in the east, but without giving the impression that this implied approval of communist policies directed against one or more allies (e.g. the case of Greece and Bulgaria);
- the Council should discuss economic aspects, in particular the possible repercussions of the enlargement of the Common Market, against the background of the political issues involved;
- the Council should continue discussion in September on the basis of the papers to be forwarded by the Italian, German and United States Delegations and of a paper to be prepared by the International Staff summarising the conclusions of the present discussion.

45. In conclusion, the COUNCIL:

- (1) approved the summing-up by the Chairman;
- (2) agreed to continue discussion as suggested by the Chairman.

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V. TRAINING CENTRE FOR EXPERIMENTAL AERODYNAMICS

References: C-R(61)2, paragraph 10 (2) to (6)
C-R(62)17, paragraph 14

46. The CANADIAN REPRESENTATIVE recalled that on 18th April, 1962, the Council had agreed, subject to confirmation by the Canadian, Danish and Greek Representatives, to extend to the 30th September, 1965, the guarantee of the financing of the Training Centre for Experimental Aerodynamics on the same basis as at present, i.e. as set out in paragraph 10 (2) to (6) of C-R(61)2, it being understood that the level of financing would remain approximately the same (C-R(62)17). Canada could now confirm its acceptance of this decision on the understanding that Canadian support for the Centre would probably be withdrawn after 30th September, 1965.

47. The COUNCIL:

took note of the above statement.

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VI. DATE OF NEXT MEETING

48. Wednesday, 1st August, 1962, at 10.15 a.m. (Plenary Session).

OTAN/NATO,
Paris, XVIe.

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