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ADDENDUM to  
WORKING PAPER  
AC/127-WP/345

ECONOMIC COMMITTEE

Addendum to Working Paper AC/127-WP/345  
dated 16th January, 1973

Recipients are requested to add the attached paragraphs 63 to 68 together with the accompanying statistical annex to the above-mentioned working paper.

NATO,  
1110 Brussels.

N A T O C O N F I D E N T I A L

PART IV    SUMMARY APPRAISAL

-    Changes in the relative economic capabilities  
NATO/Warsaw Pact

(a)    The balance in 1970

63. Compared with Warsaw Pact countries the economic strength of NATO members - in 1970 - shows to considerable advantage in terms of total population (533 million compared with 346 million) and total output (\$1550 milliard compared with \$653 milliard). There are, however, marked differences in the two groups of countries in their inter-relationship and economic systems that favour the Warsaw Pact when the use of economic potential for military purposes is considered. The USSR has exerted a dominant influence on the direction of economic development in Eastern Europe. The defence sector of the economy has been given top priority and with the concentration of all major (economic) decision-taking at the top, military capabilities have been radically expanded over recent years at the same time that economic growth has been relatively rapid. The USSR has now probably caught up with the US in terms of the resources devoted to military use although this is on an economic base of roughly half the size.

(b)    The balance in 1980

64. By the end of this decade the defence potential of the economies of both the Warsaw Pact and NATO member countries will have increased considerably. Projections of economic growth have a value that is limited by the assumptions upon which they are made. However, assuming no major economic upheavals occur, growth rates of GNP on both sides will be similar (between 4 and 5% yearly on average). This would amount to an increase in GNP from 1970 to 1980 of the order of 50 to 60% in real terms. It implies that the NATO member countries will continue to stay well ahead of the Warsaw Pact in terms of magnitude of GNP (e.g. in 1980; total NATO GNP will amount to some \$2500 milliard and total Warsaw Pact GNP to some \$1000 milliard). In terms of population NATO will also remain well ahead of the Warsaw Pact (583 million and 356 million respectively). However, in the use to be made of the increased wealth, notably for maintaining or improving military capabilities, both groups will face new problems and difficulties.

65. In the Warsaw Pact countries and notably the USSR, economic development must increasingly switch from an "extensive" to an "intensive" use of resources, due mainly to a growing scarcity of labour and capital. It will become increasingly necessary to look to improved technology and rising productivity for growth. This will require a continued high level of investment over a period when demand pressures for consumer goods, even if contained, become greater. Such a development is likely to lead to a continuing re-appraisal of priorities in resource allocation. The recently announced Soviet 1973 Plan is an example of how such a re-appraisal can be made at relatively short notice.

ADDENDUM to  
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- The main implications of the above for the defence/  
military capabilities of NATO and the Warsaw Pact  
countries

66. Barring unexpected developments that would lead to a major economic slowdown, the strength of the economies and the potential military capabilities of both NATO and Warsaw Pact countries can be expected to increase substantially over the period under review. It goes without saying that the uncertainties attaching to economic projections and the importance of the assumptions chosen, call for caution in drawing conclusions. It should be noted that failure to achieve the necessary changes in international trade and monetary relations could significantly change the economic outlook and in particular have unforeseeable effects on resource allocations. In the immediate future the current difficulties for agriculture in the USSR and the inflation in the West could result, for example, in a less favourable economic outturn in the first half of the 1970s, and even have repercussions extending over the whole decade. However, the probability of such developments significantly affecting the relative economic strengths of the two groups of countries is small. The combined GNP of NATO member countries may rise -- in constant price terms -- by \$1000 milliard to reach \$2,500 milliard in 1980. In the Warsaw Pact countries the increase in GNP in comparative dollar terms is unlikely to exceed \$400 milliard, which would raise the total to just over \$1,000 by 1980. On these hypotheses there will thus be considerably larger additional resources available to NATO member countries than to the Warsaw Pact. On the other hand in relation to each other the GNPs of the two areas will maintain roughly the same ratios (60 to 40).

67. While in terms of economic growth the advantage would seem to lie with the West, in terms of the military use made of the resources a largely counter-balancing advantage would seem to lie with the Warsaw Pact. In NATO countries it has proved very difficult in recent years to maintain the share of resources (GNP) allocated to defence. As a result of détente and the subsequent improvement in international relations, consumer demands and other social needs such as protection of the environment and urbanization, will become an increasing drain on resources. In the Warsaw Pact countries similar pressures will be felt but in a very attenuated form as the centralization of the political and economic system make the authorities less responsive to public opinion. Consequently, it is likely to remain considerably easier for defence to retain a higher priority in these countries compared with NATO. Furthermore, as the USSR has little chance of matching the United States in economic power the improvement of her military strength for exerting international influence is likely to be a first consideration.

68. To illustrate the implications of possible economic developments on relative force capabilities, one might start from the assumption - a rather optimistic one in fact - that NATO throughout the period will do no more than maintain its defence expenditures in real terms at the 1970 level. This would imply a defence share of GNP for NATO as a whole declining from 6.7% in 1970 to some 4% in 1980. Turning to the Warsaw Pact countries two possibilities seem relevant: Maintaining the relatively high share of total resources currently allocated to military use or allowing this share to decline slowly. In the first case the Warsaw Pact countries would largely over-take NATO by 1980 in regards to military expenditures (\$116 milliard against \$104 milliard). In the second case, a moderate decline in the share of GNP going to defence in the Warsaw Pact countries (down to some 10% for the group as a whole) would still allow them to match in real terms the resources made available to defence in NATO member countries. It indicates that even on the assumption that is relatively favourable to NATO, the Warsaw Pact would be able to allocate at least as much or more resources to defence.

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NATO COUNTRIES GROSS NATIONAL PRODUCTS AT FACTOR COST (AT 1970 CONSTANT PRICES AND 1970 EXCHANGE RATES)

Country	Unit	PROCESSED										Cumulative Yearly Average		
		1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1974 - 1978	1970 - 1980
Belgium	million B.P.	1,145,746	1,190,091	1,235,368	1,287,307	1,349,098	1,413,955	1,484,548	1,558,775	1,636,714	1,718,950	1,804,478	148,660	316,491
Denmark	million D.K.	97,977	101,507	105,058	110,304	114,165	118,005	122,888	127,435	132,190	137,040	142,110	82,018	174,551
Germany, Federal Republic of	million D.M.	603,970	620,555	640,675	674,329	705,348	740,615	777,646	816,528	857,534	900,222	945,233	1,044,889	2,262,966
Greece	million Dr.	244,875	266,184	292,005	313,905	339,017	366,138	392,074	419,976	449,794	481,729	515,932	65,569	136,056
Iceland	million I.K.	35,120	38,455	41,147	43,040	45,020	47,091	49,163	51,246	53,328	55,403	58,403	2,798	5,891
Italy	million L.	52,367	53,100	54,959	56,990	59,393	62,317	65,776	69,876	74,616	79,958	85,811	556,327	1,178,063
Luxembourg	million L.F.	45,100	45,415	46,097	47,111	48,147	49,606	50,633	52,101	53,612	55,167	56,767	5,074	10,986
Netherlands	million G.	104,130	109,029	112,639	117,918	122,635	127,940	133,024	138,744	144,710	150,933	157,423	184,158	391,967
Norway	million N.K.	70,027	73,391	76,932	80,689	84,722	89,110	93,848	98,953	104,357	109,053	114,101	64,149	136,101
Portugal	million Esc.	163,101	171,200	183,192	196,020	209,741	224,423	240,133	256,942	274,928	294,173	314,765	41,933	87,931
Turkey	million T.L.	119,855	120,888	121,967	123,045	124,178	125,326	126,483	127,643	128,806	129,972	131,141	84,876	177,575
United Kingdom	million £	43,250	44,470	45,796	47,161	48,566	49,994	51,437	52,893	54,364	55,858	57,377	636,684	1,360,749
EEC Countries	million US \$	457,234	484,433	509,827	533,090	558,225	585,941	614,756	645,043	676,880	710,330	747,355	6,239,287	13,607,287
Canada	million C \$	72,184	76,370	80,565	84,996	89,756	94,783	99,711	104,686	109,571	114,382	119,026	462,034	972,939
United States	million US \$	901,521	925,728	979,448	1,038,178	1,082,820	1,129,381	1,179,074	1,230,953	1,285,175	1,341,660	1,400,693	5,907,343	12,449,571
TOTAL EEC Countries	million US \$	1,421,679	1,463,684	1,528,404	1,606,426	1,698,934	1,775,929	1,857,248	1,942,738	2,032,233	2,125,922	2,224,010	19,706,797	43,971,797
France	million FF.	715,426	751,491	792,445	840,452	888,358	938,994	996,994	1,057,046	1,121,226	1,189,939	1,262,525	1,900,406	4,904,666
NATO Europe	million US \$	582,196	602,555	627,180	660,945	693,034	727,585	767,314	805,136	846,971	891,121	937,660	3,838,036	8,139,693
TOTAL NATO	million US \$	1,550,487	1,595,925	1,681,151	1,777,144	1,856,876	1,944,639	2,036,621	2,133,118	2,234,157	2,340,163	2,451,320	21,607,203	48,479,203

SOURCE : OECD. The rates of growth 1973 to 1980 from the OECD Report on "Expenditures Trends in OECD Countries 1960-1980" published in July 1972.

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TABLE 2

NATO COUNTRIES POPULATION AND LABOUR FORCE  
FROM 1970 to 1980

(In preparation)

TABLE 3

NATO COUNTRIES' GNP (fc) PER HEAD  
FROM 1970 TO 1980  
1970 Constant prices - 1970 Exchange rates  
(US dollars)

Country	1970	1972	1974	1975	1980	% cumulative yearly average 1970-80
(0)	(1)	(2)	(3)	(4)	(5)	(6)
BELGIUM	2,368	2,546	2,771	2,901	3,681	4.51
DENMARK	2,650	2,835	3,052	3,154	3,710	3.42
GERMANY	2,721	2,866	3,133	3,279	4,116	4.23
GREECE	928	1,104	1,268	1,362	1,867	7.24
ICELAND	1,946	2,239	2,381	2,454	2,850	3.89
ITALY	1,539	1,593	1,761	1,856	2,410	4.59
LUXEMBOURG	2,653	2,680	2,767	1,995	3,153	1.74
NETHERLANDS	2,207	2,352	2,508	2,580	3,021	3.19
NORWAY	2,529	2,733	2,928	3,030	3,611	3.69
PORTUGAL	634	721	882	894	1,279	7.27
TURKEY	315	347	376	393	480	4.30
UNITED KINGDOM	1,860	1,959	2,093	2,145	2,497	2.99
DPC EUROPEAN countries	1,771	1,863	2,017	2,097	2,563	3.76
CANADA	3,131	3,449	3,758	3,923	4,755	4.27
UNITED STATES	4,400	4,694	5,089	5,254	6,162	3.42
TOTAL DPC Countries	2,949	3,138	3,404	3,526	4,211	3.63
FRANCE	2,537	2,790	3,084	3,235	4,177	5.11
NATO Europe	1,898	2,015	2,192	2,284	2,828	4.07
TOTAL NATO	2,909	3,105	3,374	3,498	4,208	3.76

Source : Table 1 and Table 2

N A T O U N C L A S S I F I E DTABLE 4NATO Countries Total Commodity ExportsANNEX to  
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Million US \$ (Annual Totals f.o.b.)

Country	1960	1970	1960 to 1970 increase	NATO Countries Exports as % of GNP	
				1960	1970
Belgium/Luxembourg	3,744	11,595	+ 210%	35%	49%
Denmark	1,464	3,290	+ 125%	28%	25%
France	6,864	17,940	+ 161%	13%	14%
Fed. Rep. of Germany	11,424	34,849	+ 205%	19%	21%
Greece	204	643	+ 215%	7%	8%
Iceland	72	147	+ 104%	36%	37%
Italy	3,672	13,188	+ 259%	12%	16%
Netherlands	4,032	11,767	+ 192%	39%	41%
Norway	876	2,455	+ 180%	22%	25%
Portugal	324	946	+ 192%	15%	17%
Turkey	324	589	+ 82%	7%	5%
United Kingdom	10,296	19,351	+ 88%	16%	19%
<b>TOTAL NATO EUROPE</b>	<b>43,296</b>	<b>116,757</b>	<b>+ 170%</b>	<b>18%</b>	<b>20%</b>
Canada	5,568	16,134	+ 190%	18%	24%
U.S.A.	20,304	43,226	+ 113%	4%	5%
<b>TOTAL NATO</b>	<b>69,168</b>	<b>176,118</b>	<b>+ 155%</b>	<b>9%</b>	<b>11%</b>

SOURCE: OECD, Overall Trade by Countries

N A T O U N C L A S S I F I E D

TABLE 5(a)

GROSS NATIONAL PRODUCT OF WARSAW PACT COUNTRIES  
1960-1980

(1970 constant prices, milliard US dollars at  
purchasing power parity)

Country	Average Annual Growth Rate 1960-1970(a)	1970 (milliard US \$ (b))	Average Annual Growth Rate 1970-1980(b)	1980 (milliard US \$)
Bulgaria	6.9%	10	6.9%	20
Czechoslovakia	3.1%	32	2.5%	41
East Germany	3.0%	34	3.6%	48
Hungary	4.5%	15	3.9%	23
Poland	4.8%	41	4.0%	66
Romania	6.3%	24	5.6%	41
Eastern Europe	4.3%	155	4.4%	238
USSR	5.0%	498	4.5%	773
Total Warsaw Pact	4.8%	653	4.5%	1,011

(a) For the USSR during 1960 - 1969 based on estimates by S. Cohn, "Economic Performance and Military Burden in the Soviet Union"; for Eastern Europe during 1960-1968, derived from estimates by Messrs. Crawford and Wigg, Columbia University Research Project, "Economic Developments in the Countries of Eastern Europe". Both volumes published by the Joint Economic Committee, US Congress, 1970. For Eastern Europe during 1969-1970 and the USSR in 1970, estimates by NATO, Economic Directorate.

(b) Estimates by Economic Directorate, NATO, on the basis of projections of employment and productivity during 1970-1980 (see Table 5(c)).

NOTE: These estimates are tentative because of the considerable uncertainties involved, e.g. in estimating GNP and purchasing power parities to permit comparison with magnitudes of GNP of NATO countries.

TABLE 5(b)

PROJECTIONS OF POSSIBLE PATTERNS OF ECONOMIC GROWTH  
OF THE USSR IN THE 1970s

	Low Variant (a)	Mean	High Variant (b)
<u>GNP growth rate</u> (yearly average)	3.8%	4.6%(c)	5.6%
<u>Assumptions:</u>			
Defence share of GNP	10.0%	8.0%	6.0%
Yearly growth rate for:			
- employment	1.3%	1.4%	1.6%
- capital stocks	5.0%	6.0%	7.0%
- residual(d)	1.0%	1.4%	1.8%
<u>Shares of GNP in 1980</u>			
Defence	10.0	8.0	6.0
Government services	3.1	2.9	2.5
Gross investment	30.8	34.4	38.2
Consumption	56.1	54.7	53.3
GNP	100.0	100.0	100.0

- (a) Relatively high allocation of resources for defence, slow investment growth and agricultural difficulties will negatively affect productivity and economic growth.
- (b) Relatively low allocation of resources for defence and improved investment and agricultural performance might positively affect productivity and the GNP growth rate.
- (c) This estimate exceeds the 4.5% rate used in the text. The latter takes into account Soviet economic performance in the first two years of the 1970s.
- (d) This index is usually assumed to relate to efficiency or productivity of all resources.

NOTE: The methodology and most 1970 data are based on the report (pages 21-33) on the Symposium on "Soviet Economic Growth 1970-1980" edited by the Director of Economic Affairs, NATO.

TABLE 5(c)

GROWTH OF EMPLOYMENT, LABOUR PRODUCTIVITY(a) AND GNP  
IN WARSAW PACT COUNTRIES 1960 to 1980

(average annual % growth)

Country	1960-1970			1970-1980		
	Employment	Labour( ) productivity	GNP	Employment	Labour productivity	GNP (c)
Bulgaria	0.5	6.4	6.9	0.4	6.5	6.9
Czechoslovakia	1.1	2.0	3.1	0.6	1.9	2.5
East Germany	-0.1	3.1	3.0	0.1	3.5	3.6
Hungary	0.6	3.9	4.5	0	3.9	3.9
Poland	1.6	3.2	4.8	1.5	3.5	5.0
Romania	1.2	5.1	6.3	0.5	5.0	5.6
Total Eastern Europe	0.9	3.4	4.3	0.7	3.6	4.3
USSR	2.2	2.8	5.0	1.2-1.7	2.8-3.3	4.5
Total Warsaw Pact	1.9	2.9	4.8	1.1-1.3	3.2-3.4	4.5

- (a) Output per person employed
- (b) Derived from rates of growth of output and employment. (residual element)
- (c) Derived from rates of growth of employment and labour productivity.



TABLE 6(a)

TOTAL POPULATION OF WARSAW PACT COUNTRIES

(millions)

Country	1960	1970	1975	1980
Bulgaria	7.9	8.5	8.8	9.1
Czechoslovakia	13.7	14.3	14.8	15.1
East Germany	17.1	17.1	17.1	17.2
Hungary	10.0	10.3	10.5	10.6
Poland	29.6	32.5	33.7	35.2
Romania	18.4	20.3	21.2	21.8
Total Eastern Europe	96.5	102.9	106.1	109.0
USSR	214.3	242.8	254.2	266.6
Total Warsaw Pact	310.8	345.7	360.3	375.6

TABLE 6(b)

ECONOMICALLY ACTIVE POPULATION OF WARSAW PACT COUNTRIES

1960 to 1980

(millions)

Country	1960	1970	1975	1980
Bulgaria	4.2	4.4	4.5	4.6
Czechoslovakia	6.4	7.1	7.4	7.5
East Germany	8.5	8.4	8.4	8.5
Hungary	4.9	5.2	5.3	5.2
Poland	14.1	16.5	18.1	19.0
Romanaia	10.9	12.3	12.8	12.9
Total Eastern Europe	49.0	53.9	56.5	57.7
USSR	110.6	123.9	134.9	146.9
Total Warsaw Pact	159.6	177.8	191.4	204.6

TABLE 7

GNP PER CAPITA: WARSAW PACT COUNTRIES,  
1970 & 1980

(US dollars at purchasing power parity: 1970 prices)

Country	1970	1980
Bulgaria	1,176	2,200
Czechoslovakia	2,170	2,715
East Germany	1,930	2,790
Hungary	1,456	2,170
Poland	1,292	1,875
Romania	1,182	1,881
Eastern Europe	1,505	2,145
USSR	2,049	2,900
Total Warsaw Pact	1,890	2,680

Source: Derived from estimates of GNP (Table 5(a) and population (Table 6)

TABLE 8(a)

WARSAW PACT COUNTRIES' TOTAL COMMODITY EXPORTS

Country	1960 (million US \$)	1970	1960 - 1970 Increases (%)	Warsaw Pact Countries Exports as % of GNP	
				1960	1970
Bulgaria	..	2,000	..	..	20%
Czechoslovakia	..	3,800	..	..	12%
East Germany	..	4,600	..	..	14%
Hungary	..	2,300	..	..	15%
Poland	..	3,500	..	..	9%
Romania	..	1,900	..	..	8%
Total Eastern Europe	..	18,100	..	..	12%
USSR	5,600	12,800	130%	2.0%	3%
Total Warsaw Pact	..	30,900	..	..	5%

TABLE 8(b)

WARSAW PACT COUNTRIES' EXPORTS TO NATO COUNTRIES

(\$ Thousand million)

Country	Volume		% growth 1960 - 70	% share of total exports	
	1960	1970		1960	1970
Bulgaria	..	0.19	..	..	10.0%
Czechoslovakia	..	0.54	..	..	14.0%
East Germany	..	0.80	..	..	17.0%
Hungary	..	0.40	..	..	17.0%
Poland	..	0.81	..	..	23.0%
Rumania	..	0.48	..	..	25.0%
Total Eastern Europe	1.2	3.2	166%	..	18.0%
USSR	0.8	1.7	120%	13.9%	13.0%
Total Warsaw Pact	2.0	4.90	148%	..	16.0%

SOURCE: NATO Countries' Trade with Communist Countries,  
1967-71, AC/127-D/406, 8th August, 1972

TABLE 9 (a)

POSSIBLE TRENDS OF DEFENCE EXPENDITURES OF NATO COUNTRIES 1970 to 1980

Assumption : The 1970 defence share of GNP is maintained

COUNTRY	% of GNP (f.c.) devoted to Defence in 1970	% Rates of Increase 1970 - 1980 (annual averages for GNP & for defence)	Total Defence Expenditures (5 yrs) 1974-1978 (million US \$ - 1970 exchange rates)
(0)	(1)	(2)	(3)
<u>Belgium</u>	3.27	4.65	4.872
<u>Denmark</u>	2.81	3.79	2.311
<u>Fed. Rep. of Germany</u>	3.74	4.58	39.795
<u>Greece</u>	5.80	7.74	3.808
<u>Italy</u>	2.98	5.27	16.595
<u>Luxembourg</u>	0.92	2.33	47
<u>Netherlands</u>	3.81	4.22	7.016
<u>Norway</u>	3.96	4.54	2.546
<u>Portugal</u>	7.69	6.79	3.225
<u>Turkey</u>	5.20	7.07	4.412
<u>United Kingdom</u>	5.65	3.50	35.973
DPC European Countries	4.11	4.55	120.600
<u>Canada</u>	2.86	5.40	13.190
<u>United States</u>	8.64	4.51	510.146
Total DPC Countries	6.92	4.54	643.936
<u>France</u>	4.64	5.85	41.801
<u>NATO Europe</u>	4.23	4.88	162.401
<u>Total NATO</u>	6.73	4.61	685.737

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## N A T O R E S T R I C T E D

## POSSIBLE TRENDS OF DEFENCE EXPENDITURES OF NATO COUNTRIES 1970 to 1980

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TABLE 9(b)

Assumption: The 1970 level of defence expenditures (in constant prices) is maintained through 1980

Country	Def. Expend. in Million US \$	DEFENCE EXPENDITURES OF NATO COUNTRIES AS A % OF THEIR GNP (f.o.c.)										1974 - 1978 Force Planning Period		
		1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	Average % of GNP (13)	Total Def. Exp. million US \$ (14)
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Belgium	750	3.27	3.15	3.04	2.91	2.78	2.65	2.53	2.41	2.29	2.18	2.08	2.52	3,750
Denmark	360	2.81	2.72	2.62	2.50	2.41	2.33	2.24	2.17	2.09	2.01	1.94	2.24	1,840
Fed. Rep. of Germany	6,167	3.74	3.64	3.52	3.35	3.20	3.05	2.90	2.76	2.63	2.51	2.39	2.90	30,835
Greece	474	5.80	5.34	4.87	4.53	4.19	3.88	3.62	3.38	3.16	2.95	2.75	3.61	2,370
Italy	2,499	2.98	2.94	2.84	2.69	2.55	2.39	2.25	2.13	2.01	1.89	1.78	2.25	12,495
Luxembourg	8	0.92	0.92	0.90	0.88	0.86	0.85	0.82	0.80	0.78	0.75	0.73	0.82	40
Netherlands	1,096	3.81	3.64	3.52	3.37	3.24	3.11	2.98	2.86	2.74	2.65	2.52	2.98	5,480
Norway	389	3.96	3.78	3.61	3.46	3.31	3.17	3.03	2.90	2.78	2.66	2.54	3.03	1,945
Portugal	436	7.69	7.32	6.84	6.40	5.98	5.59	5.22	4.88	4.56	4.26	3.98	5.20	2,180
Turkey	577	5.20	4.77	4.45	4.16	3.90	3.65	3.42	3.20	3.00	2.80	2.63	3.40	2,885
United Kingdom	5,865	5.65	5.30	5.32	5.07	4.93	4.78	4.62	4.46	4.30	4.15	4.01	4.61	29,325
DFC European Countries	19,629	4.11	3.99	3.85	3.66	3.50	3.34	3.18	3.03	2.89	2.75	2.62	3.17	93,145
Canada	1,906	2.86	2.70	2.56	2.42	2.30	2.17	2.07	1.96	1.87	1.78	1.69	2.06	9,530
United States	77,854	8.64	8.41	7.95	7.50	7.19	6.89	6.60	6.32	6.06	5.80	5.56	6.59	389,270
Total DFC Countries	98,389	6.92	6.72	6.40	6.05	5.79	5.54	5.30	5.07	4.84	4.63	4.43	5.29	481,945
France	5,978	4.64	4.42	4.19	3.95	3.74	3.54	3.33	3.14	2.96	2.79	2.63	3.32	29,890
NATO Europe	24,607	4.23	4.09	3.93	3.73	3.55	3.38	3.22	3.06	2.91	2.76	2.62	3.21	123,035
TOTAL NATO	104,367	6.73	6.53	6.21	5.87	5.62	5.37	5.13	4.89	4.67	4.46	4.26	5.11	521,835

N A T O R E S T R I C T E D

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TABLE 10(a)

POSSIBLE  
TRENDS IN DEFENCE EXPENDITURES OF WARSAW PACT COUNTRIES  
1970 to 1980

Assumption: The 1970 defence share of GNP is maintained through 1980

	1970 US \$ million (*)	1970-80 Average annual % growth	1980 US \$ million (*)
Eastern Europe: Share of GNP (%)	75,000 4.9%	4.3%	11,600 4.9%
USSR: Share of GNP (%)	67,500 13.5%	4.5%	104,400 13.5%
Total Warsaw Pact: Share of GNP (%)	75,000 11.5%	4.5%	116,000 11.5%

TABLE 10(b)

POSSIBLE  
TRENDS IN DEFENCE EXPENDITURES OF WARSAW PACT  
COUNTRIES 1970-1980

Assumption: The 1970 level (in constant prices) of defence expenditures is maintained through 1980

	1970 US \$ million (*)	1970-80 average annual % growth	1980 US \$ million (*)
Eastern Europe: Share of GNP (%)	7,500 4.9%	0	7,500 3.2%
USSR: Share of GNP (%)	67,500 13.5%	0	67,500 8.7%
Total Warsaw Pact Share of GNP (%)	75,000 11.5%	0	75,000 7.4%

(\*) US dollars million, at 1970 constant prices, and purchasing power parities.

TABLE 11(a)

TOTAL NATO COUNTRIES MILITARY PERSONNEL  
(Thousands)

<u>Country</u> (0)	1970 (1)	1972 (2)	1974 (3)	1975 (4)	1980 (5)
<u>BELGIUM</u>	105 e	106	..	..	..
<u>DENMARK</u>	42	43	41	40	..
<u>GERMANY</u>	455	..	..	..	..
<u>GREECE</u>	178	184	189	190	..
<u>ITALY</u>	522	541	..	..	..
<u>LUXEMBOURG</u>	1,060	1,150	..	..	..
<u>NETHERLANDS</u>	112	117	..	..	..
<u>NORWAY</u>	37	36	36	36	..
<u>PORTUGAL</u>	229	260	279	282	..
<u>TURKEY</u>	625	573	578	580	..
<u>UNITED KINGDOM</u>	384	381	359	352	..
<u>DPC EUROPEAN COUNTRIES</u>	2,690	..	..	..	..
<u>CANADA</u>	91	87	..	..	..
<u>UNITED STATES</u>	2,714	2,358	..	..	..
<u>TOTAL DPC COUNTRIES</u>	5,495	..	..	..	..
<u>FRANCE</u>	571	574	..	..	..
<u>NATO EUROPE</u>	3,261	..	..	..	..
<u>TOTAL NATO</u>	6,066	..	..	..	..

.. = Not available  
e = Estimate

Source : Replies to DPC(72)

TABLE 11(b)

MILITARY PERSONNEL AS A % OF TOTAL LABOUR FORCE(a) 1970 to 1980  
ASSUMING THAT THE 1970 LEVEL OF MILITARY  
PERSONNEL IS TO BE MAINTAINED THROUGH 1980

Country	Unit	1970	1972	1974	1975	1980
(0)	(1)	(2)	(3)	(4)	(5)	(6)
<b>BELGIUM</b>						
Labour force	000	3,918	3,930	3,943	3,955	4,080
Military Personnel	000	105 <sup>e</sup>				
- % of labour force	%	2.68	2.67	2.66	2.65	2.57
<b>DENMARK</b>						
Labour force (e)	000	2,389	2,428	2,467	2,487	2,550
Military Personnel	000	42				
- % of labour force	%	1.76	1.73	1.70	1.69	1.65
<b>GERMANY</b>						
Labour force	000	27,353	26,316	26,270	26,284	26,787
Military Personnel	000	455				
- % of labour force	%	1.66	1.73	1.73	1.73	1.70
<b>GREECE</b>						
Labour force (e)	000	3,830	3,860	3,891	3,907	3,987
Military Personnel	000	178				
- % of labour force	%	4.65	4.61	4.57	4.56	4.47
<b>ITALY</b>						
Labour force	000	19,777	20,229	20,301	20,357	20,997
Military Personnel	000	522				
- % of labour force	%	2.64	2.58	2.57	2.56	2.49
<b>LUXEMBOURG</b>						
Labour force (e)	Unit	144,000	149,000	151,000	152,000	158,000
Military Personnel	Unit	1,060				
- % of labour force	%	0.74	0.71	0.70	0.70	0.67
<b>NETHERLANDS</b>						
Labour force	000	4,734	4,748	4,794	4,819	4,947
Military Personnel	000	112				
- % of labour force	%	2.37	2.36	2.34	2.32	2.26
<b>NORWAY</b>						
Labour force (e)	000	1,557	1,582	1,608	1,621	1,686
Military Personnel	000	37				
- % of labour force	%	2.38	2.34	2.30	2.28	2.19

(Continued on next page)



TABLE 11(b) (Cont'd)

Country	Unit	1970	1972	1974	1975	1980
(0)	(1)	(2)	(3)	(4)	(5)	(6)
<b>PORTUGAL</b>						
Labour force (e)	000	3,222	3,196	3,170	3,157	4,092
Military Personnel	000	229				
- % of labour force	%	7.11	7.17	7.22	7.25	7.41
<b>TURKEY</b>						
Labour force (e)	000	14,144	14,735	14,986	15,113	16,141
Military Personnel	000	625				
- % of labour force	%	4.42	4.24	4.17	4.14	3.87
<b>UNITED KINGDOM</b>						
Labour force	000	25,637	25,777	25,658	25,747	26,521
Military Personnel	000	384				
- % of labour force	%	1.50	1.49	1.50	1.49	1.45
<b>DPC European Countries</b>						
Labour force	000	106,705	106,950	107,239	107,599	110,946
Military Personnel	000	2,690				
- % of labour force	%	2.52	2.52	2.51	2.50	2.42
<b>CANADA</b>						
Labour force (e)	000	8,466	8,989	9,555	9,851	11,476
Military Personnel	000	91				
- % of labour force	%	1.07	1.01	0.95	0.92	0.79
<b>UNITED STATES</b>						
Labour force	000	85,903	88,108	91,207	92,793	100,727
Military Personnel	000	2,714				
- % of labour force	%	3.16	3.08	3.98	3.92	2.69
<b>TOTAL DPC Countries</b>						
Labour force	000	201,074	204,047	208,001	210,243	223,149
Military Personnel	000	5,495				
- % of Labour force	%	2.73	2.69	2.64	2.61	2.46
<b>FRANCE</b>						
Labour force	000	21,337	21,401	21,751	21,940	22,910
Military Personnel	000	571				
- % of Labour force	%	2.68	2.67	2.63	2.60	2.49
<b>NATO Europe</b>						
Labour force	000	128,042	128,351	128,990	129,539	133,856
Military Personnel	000	3,261				
- % of labour force	%	2.55	2.54	2.53	2.52	2.44
<b>TOTAL NATO</b>						
Labour force	000	222,411	225,448	229,752	232,183	246,059
Military Personnel	000	6,066				
- % of labour force	%	2.73	2.69	2.64	2.61	2.47

(a) Note: Civilians employed directly by the Defence establishments, which for some countries are of considerable economic importance, are not included in these percentages.

(e) International Staff Estimate.

Source: Labour Force: OECD; Military Personnel: Replies to DPQ(72)

TABLE 11(c)

NATO DPC COUNTRIES NUMBER OF MEN  
REACHING MILITARY AGE FROM 1970 TO 1980

Country	1970	1972	1974	1975	1980
(0)	(1)	(2)	(3)	(4)	(5)
<b>BELGIUM</b>					
18	72	74	76	76	80
19	73	74	75	76	79
20	73	72	74	75	80
21	75	72	74	74	79
Total	293	292	299	301	318
<b>GERMANY</b>					
18	407	411	427	444	516
19	411	408	419	429	504
20	414	406	410	417	488
21	404	407	405	408	470
Total	1,636	1,632	1,661	1,698	1,978
<b>ITALY</b>					
18	398	398	410	411	439
19	421	394	406	410	428
20	423	397	397	406	427
21	447	420	393	396	413
Total	1,689	1,609	1,606	1,623	1,707
<b>NETHERLANDS</b>					
18	112	113	114	116	123
19	113	115	114	113	119
20	116	112	113	114	120
21	121	113	114	113	118
Total	462	453	455	456	480
<b>NORWAY</b>					
18	30	31	32	32	31
19	31	31	31	32	31
20	31	30	31	31	31
21	32	31	31	31	31
Total	124	123	125	126	124
<b>UNITED KINGDOM</b>					
18	388	393	398	411	479
19	396	390	389	398	463
20	413	389	395	390	445
21	431	396	391	394	436
Total	1,628	1,568	1,573	1,593	1,823
<b>UNITED STATES</b>					
18	1,886	1,978	2,041	2,092	2,125
19	1,828	1,939	2,028	2,037	2,171
20	1,808	1,870	1,971	2,025	2,094
21	1,784	1,821	1,932	1,967	2,090
Total	7,306	7,608	7,972	8,121	8,480

Note : Denmark, Greece, Luxembourg, Portugal, Turkey and Canada : data not available.

Source : OECD.

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ANNEX to  
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Table 11(d)

REGULARS AND CONSCRIPTS AS PERCENTAGE OF TOTAL  
MILITARY PERSONNEL

Country	1965		1970		1972		1975		1977	
	Regu- lars	Con- scripts	Regu- lars	Con- scripts	Regu- lars	Con- scripts	Regu- lars	Con- scripts	Regu- lars	Con- scripts
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Belgium	56.2	43.8	57.8	42.2	57.5	42.5	58.4	41.6	58.4	41.6
Canada	100.0	-	100.0	-	100.0	-	100.0	-	100.0	-
Denmark	42.4	57.6	42.3	57.7	40.6	59.4	..	..	..	..
GERMANY	50.5	49.5	52.1	47.9	52.8	47.2	53.3	46.7	53.4	46.6
Greece	16.4	83.6	29.8	70.2	33.5	66.5	34.5	65.5	35.3	64.7
Italy	23.3	76.7	24.6	75.4	27.6	72.4	27.7	72.3	28.0	72.0
Luxembourg	44.4	55.6	100.0	-	100.0	-	100.0	-	100.0	-
Netherlands	42.0	58.0	51.2	48.8	49.4	50.6	..	..	..	..
Norway	43.8	56.2	37.2	62.8(a)	34.6	65.4	35.6	64.4	35.8	64.2
Portugal	16.8	83.2	13.9	86.1	12.7	87.3	12.0	88.0	11.8	88.2
Turkey	14.7	85.3	11.7	88.3	13.9	86.1	14.0	86.0	14.1	85.9
United Kingdom	100.0	-	100.0	-	100.0	-	100.0	-	100.0	-
United States	88.7	11.3	80.5	19.5	..	..	..	..	..	..

(a) 1969 figures  
Source: DPC replies

TABLE 12(a)

MILITARY PERSONNEL OF WARSAW PACT COUNTRIES IN 1972

(Total and percentage of economically active population)

Country	Total Military Personnel(a)	
	Thousands(b)	As % of economically active population(c)
Bulgaria	152	3.5
Czechoslovakia	168	2.3
East Germany	119	1.4
Hungary	96	1.8
Poland	236	1.4
Romania	187	1.5
Total Eastern Europe	958	1.7
USSR	3,670	2.9
Total Warsaw Pact	4,628	2.5

- (a) Excluding border and security forces estimated at a total of 514,000.
- (b) Taken from MC-161, 1972
- (c) Estimates of economically active population in 1972 interpolated from Table 6(b)

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TABLE 12(b)

MANPOWER OF MILITARY AGE IN WARSAW PACT AREA

	1970	1975	1980
<u>Military Manpower</u> (male population 18 to 34 years of age)		(millions)	
(a) USSR	30.3	31.2	36.9
(b) Eastern Europe	12.9	14.0	15.0
<u>Armed Forces (1972 level) as % of above</u>			
(a) USSR	12.2	11.7	10.0
(b) Eastern Europe	7.8	7.1	6.6

Sources: Figures of manpower of military age based on AC/127-D/359 and Joint Economic Committee of Congress' (US) Report on "Economic Development in Countries of Eastern Europe", August 1970. Level of forces based on International Staff Estimates.

MOVEMENT OF PRICES (GNP AND GOVERNMENT EXPENDITURE DEFLATORS) IN NATO COUNTRIES 1960-1972

	1960-1965 Arithm- Average	1965-1970 Arithm- Average	1971	1972
<u>BELGIUM</u>				
GNP Deflator	+ 2.94	+ 3.76	+ 5.81	+ 4.97
Gov. Exp. Defl.	+ 2.21	+ 4.58	+ 4.20	+ 5.66
<u>CANADA</u>				
GNP Deflator	+ 1.92	+ 4.18	+ 3.30	+ 3.50
Gov. Exp. Defl.	+ 3.84	+ 7.01	+ 7.29	+ 3.50
<u>DENMARK</u>				
GNP Deflator	+ 5.45	+ 5.32	+ 6.30	+ 8.50
Gov. Exp. Defl.	+ 9.45	+ 8.47	+ 8.41	+ 7.81
<u>FED. REP. OF GERMANY</u>				
GNP Deflator	+ 3.57	+ 3.40	+ 7.62	+ 6.30
Gov. Exp. Defl.	+ 5.36	+ 6.07	+11.66	+ 6.30
<u>FRANCE</u>				
GNP Deflator	+ 4.11	+ 4.77	+ 5.01	+ 5.50
Gov. Exp. Defl.	+ 4.40	+ 4.46	+ 5.01	+ 5.50
<u>GREECE</u>				
GNP Deflator	+ 2.86	+ 2.62	+ 3.31	+ 4.38
Gov. Exp. Defl.	+ 5.51	+ 7.30	+ 3.00	+ 3.70
<u>ICELAND</u>				
GNP Deflator	+13.77	+ 12.37	+13.1	+ 15.33
Gov. Exp. Defl.	..	..	..	..
<u>ITALY</u>				
GNP Deflator	+ 5.73	+ 3.62	+ 6.50	+ 5.70
Gov. Exp. Defl.	+ 8.47	+ 3.83	+ 4.49	+ 4.95
<u>LUXEMBOURG</u>				
GNP Deflator	+ 2.85	+ 4.17	+ 1.79	+ 3.94
Gov. Exp. Defl.	+ 7.10	+ 4.55	+ 2.01	+ 4.41
<u>NETHERLANDS</u>				
GNP Deflator	+ 4.56	+ 4.54	+ 6.54	+ 8.13
Gov. Exp. Defl.	+ 9.45	+ 8.19	+11.83	+ 8.13
<u>NORWAY</u>				
GNP Deflator	+ 4.13	+ 4.50	+ 7.00	+ 6.00
Gov. Exp. Defl.	+ 4.21	+ 4.47	+ 6.38	+ 8.70
<u>PORTUGAL</u>				
GNP Deflator	+ 1.68	+ 4.33	+ 3.49	+ 5.00
Gov. Exp. Defl.	+ 1.20	+ 4.45	+ 3.10	+ 6.00
<u>TURKEY</u>				
GNP Deflator	+ 3.99	+ 5.40	+19.95	+ 14.89
Gov. Exp. Defl.	+ 4.70	+ 5.57	+30.90	+ 7.26
<u>UNITED KINGDOM</u>				
GNP Deflator	+ 3.38	+ 4.71	+ 8.77	+ 6.90
Gov. Exp. Defl.	+ 4.00	+ 7.41	+ 8.77	+ 6.90
<u>U. S. A.</u>				
GNP Deflator	+ 1.51	+ 3.87	+ 4.64	+ 3.20
Gov. Exp. Defl.	+ 2.10	+ 5.68	+ 5.58	+ 4.20

.. = not available - Source : OECD