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CONTENTS

The Defence Department Tightens Its Belt.....	1	NRC President Dies	3
RCAF Fitness Plan	2	Tax Policy to be Studied	4
Teachers for New Nations	3	U.S.-Canada Lumber Talks	4
Industrial Production Index.....	3	Use of Farm Land	4
Start on New Lighthouse	3	Leather Mission to Western Europe	4

THE DEFENCE DEPARTMENT TIGHTENS ITS BELT

"It is natural..., since defence expenditures absorb a substantial percentage of the Governmental expenditures, that my Department should be asked to do what it can to reduce expenses to help meet this situation", said the Minister of National Defence, Mr. Douglas S. Harkness, in a statement issued on August 24, concerning the response of the Department of National Defence to the "austerity programme" announced in June by Prime Minister Diefenbaker. The Minister stated that a study of the defence budget had resulted in "a programme... which will enable my Department to reduce its planned expenditures this year by some \$86 million".

The statement continued as follows:

"...These savings are dictated by economic necessity and cannot, in any sense of the term, be attributed to unnecessary expenditures in the programmes of the Services. In each case the basic objective has been to cut expenses without compromising the immediate operational capability of the Armed Forces.

NAVAL CUTS

"The Royal Canadian Navy will bear its share of the task of achieving this reduction by placing some restrictions on ships' fuel consumption, cancelling the refit of HMCS 'Huron', reducing travel, maintaining the 1962-63 RCN Reserve programme at the level of 1961-62 activity, and deferring shore-construction projects and procurement of training equipment. The 'Banshee' Fighter Squadron (VF870) will be paid off by the end of September 1962 instead

of the end of December 1962. Personnel strength will be maintained at the present figure of 21,720. The total reduction in costs will amount to about \$15,500,000.

"In devising this schedule of economies for the RCN, care has been taken to ensure that the operational strength required for national and international commitments is maintained, existing shipbuilding and replacement programmes continue, and that service conditions for officers and men remain unchanged.

ARMY SAVINGS

"The Army will reduce its estimates by deferring its strength increase and also deferring certain proposed projects. The total reduction in costs will amount to about \$29 million and will also include implementation of some economy measures.

"The build-up of the Army to its authorized strength of 59,370 is being suspended. The monthly intake of recruits is being limited to those necessary to maintain the Army at about 50,000. The present strength of 52,800 will be allowed to run down to the 50,000 figure. The current estimates include monies for pay and allowances, rations, uniforms and maintenance for the Army's strength increase. Personnel postings, travel and material-shipment costs will be reduced. Restricted use of military vehicles will also be imposed by the Army. Building maintenance, primarily painting, has been deferred where possible. Rentals of telephone and teleprinter circuits, usually a heavy expenditure, will be restricted.

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