

One item of particular note in Table II is "Canadian Forces in Europe," estimated at \$1,196,448 for 1991-92. This would rise significantly if the government decided to go ahead with a major programme of acquiring new main battle tanks, but it could decline substantially by the mid-1990s if the tank replacement option was set aside; if the land forces in Europe were cut to 2,000 or less; or if 1 CAD was reduced to one squadron. There would be some initial cost for re-establishing some of the withdrawn forces in this country, but overall there would be savings that might amount conceivably to a major proportion of current annual costs in that area.

Reductions of the land forces in Europe would doubtless also lead to cuts in Mobile Command, since -- as indicated earlier -- support for and reinforcement of Canadian Forces Europe is a major task of the land forces stationed here at home. For example, if land forces' personnel were reduced by, say, forty percent over the next five years, then possibly a third of the current expenditure of \$2,104,194 might be saved.

It is doubtful if major savings can be realized in the annual expenditures for Maritime Forces and Air Forces in Canada. In fact, these costs may go up somewhat in real terms over the next decade as new ships are put in service and as research and development work on satellite surveillance systems proceeds. Additional aircraft for Air Transport Group, Maritime Air Group and Ten Tactical Air Group may also entail increased expenditures for those commands, though Fighter Group would probably not obtain additional new *CF-18s* if it acquired some 1 CAD aircraft withdrawn from Europe.

A critical task of defence management in the coming five years will be to reduce some of the \$4,358,362 now devoted to Communications Services, Personnel Support, Material Support, and Policy Direction and Management Services (including NDHQ and other command HQs and staffs). These items account for over one third of the defence budget today, and could rise to even more if there were cuts in line functions such as Canadian Forces Europe and the Land Forces in Canada. The recent announcement of reductions of just over 1,000 positions in NDHQ amounts essentially to "normal housekeeping."