

February 11, 1981

NATO: RESTORING AMERICAN LEADERSHIP

INTRODUCTION

The first months of each new presidential administration are crucial to the way in which the relationship between the United States and its European allies functions during the following four or eight years. For it is in these early days of the government that new foreign policy initiatives are set forth and certain old policy directions are reaffirmed. It is a testing time for a beginning President, not just with the Congress and the American public, but also with his country's friends and allies. It is a crucial period of weeks when these states search avidly for signs that the new American leader possesses a direction of purpose and a clear understanding of his international responsibilities. Hasty or ill-considered actions during these early days can create an impression of American ignorance or irresolution that may hamper the relations between this country and its allies for the rest of a President's term in office.

It is too easily forgotten in this country that NATO is the military manifestation of an underlying political commitment. In the first decade of the Alliance's existence there was little need for American Presidents to comprehend fully the nature of the delicate intertwining of the military union with the multiple national political aspirations represented therein, since the United States, both militarily and economically, was manifestly the predominant power in NATO. In the decade of the 1950s, Great Britain was still intent on maintaining its "special relationship" with the United States despite the cost, France was suffering through a series of leadership crises that culminated in the return of Charles de Gaulle to power, and West Germany, a new entrant to the Alliance, was still developing its economic miracle under the political leadership of Der Alte -- Konrad Adenauer. So important was the United States' influence over its NATO partners during this period that the open disapproval of the

Eisenhower Administration was sufficient to force an ignominious end to the British, French and Israeli Suez operation in 1956, an outcome that proved so shattering to British morale that it brought about the downfall of the Eden government.

It was in the mid-1960s that the United States first learned of the problems that could arise when European Alliance members pursued independent policies, when France withdrew from the military organization of NATO. This decision, although not entirely unportended (the French fleet had been withdrawn in 1962), undoubtedly came as a shock to the United States. Charles de Gaulle, hoping for France to become, at the very least, the European power broker for the Superpowers and dreaming of a "Europe from the Atlantic to the Urals," sought development of an independent French nuclear deterrent -- the force de frappe -- capable of defending against attack from any direction (à tous azimuts). This French move had the effect of demonstrating to the United States that in the future its leadership of the Alliance would require a constant acknowledgement of (and sometimes even adjustment for) the influence of the individual national political interests of its other members.

CARTER'S WOES

Jimmy Carter entered office in January 1977 as an unknown quantity to the Europeans. They knew nothing of the character or the leadership abilities of this obscure former Georgia governor, who had campaigned for the Presidency as an outsider determined to clean house in Washington. As with each new President, however, they waited expectantly for the first indication of his international outlook, hopeful that he would assert American leadership within the Alliance and yet almost equally fearful that he would lead them in directions they would not want to go.

Ironically, the new President's fitness for leadership of the Alliance was soon called into question over actions that had to do only indirectly with NATO. Several weeks before his inauguration, Mr. Carter had told an interviewer: "I'd like to continue to play a leading role in the search for an enhancement of human rights. I'd like to do everything I can as President to ensure world peace, a reduction in the arms race. I don't mean to preach to other countries. I'm not going to try to set a standard on the type of government the other nations should have."¹ Within a matter of weeks, however, Carter's bland assurances about not preaching to other countries or setting standards to which they would have to conform were belied by his Administration's policy. One of its first foreign policy stances concerned human rights. Jimmy Carter's interest in human rights received international prominence when the Soviet Union was singled out as one of the first targets of the Administration's attention.

¹ "Carter: I Look Forward to the Job," Time, January 3, 1977, p. 24.

In early February 1977, the State Department harshly criticized the USSR for its treatment of dissidents. President Carter followed up this action by affirming in his first press conference, his intention to "speak out strongly and forcefully whenever human rights are threatened -- not every instance, but when I think it's advisable."² Eschewing any belief in the idea of linkage, Jimmy Carter further insisted that he could see no reason why his strong criticism of Soviet human rights policies would have any effect on the arms limitation talks which the Administration at the same time was attempting to pursue with the Soviet Union. Events were to prove him wrong.

When he first took office, the new President harbored hopes of concluding a strategic arms limitation agreement with the Soviet Union that would go beyond that which had been embodied in the Ford-Brezhnev Vladivostok agreement.³ Accordingly, when Secretary of State Vance was sent to Moscow in March 1977 with two alternative SALT proposals and a great deal of public fanfare, hopes were high in the White House that real progress was going to be made. Within a few days, however, the Soviet leadership had made it clear that it was not willing to cooperate with the President's plans. The two United States SALT proposals were rejected outright, in a manner that was almost contemptuous.

The lesson took time to sink into Jimmy Carter's consciousness. Some months later the President remarked: "There has been a surprising adverse reaction in the Soviet Union to our stand on human rights. Apparently, that has provided a greater obstacle to other friendly pursuits, common goals, like SALT, than I had anticipated."⁴

Unlike the new President, the Western European leaders were quick to grasp the dangers in his hastily contrived approach toward the Soviet Union. They could not understand why the United States intentionally upset the Soviet leadership with its continuing public pronouncements on human rights when, to the Europeans' minds, it gained no advantage, but instead slowed Soviet cooperation on other matters. German Chancellor Helmut Schmidt undoubtedly spoke for many of the other Allied leaders when he commented, some time later: "The normal thing for a European head of government is to try to influence the policies of his partners within the Western community -- and this is not done by making headlines, but through diplomatic and personal persuasion."⁵

² Quoted in "Carter and the Russians: Semi-Tough," Time, February 21, 1977, p. 10.

³ See "Carter: I Look Forward to the Job," p. 25.

⁴ Quoted in "Rebuffs at Home, Flak from Abroad," Time, July 11, 1977, pp. 16-17. Of course, there were reasons for the Soviet rejection of his SALT proposals other than just Carter's human rights campaign.

⁵ "Schmidt: After You" (interview between Arnaud de Borchgrave and Helmut Schmidt), Newsweek, May 29, 1978, p. 56.

The Europeans feared that by continuing to hammer away with his human rights campaign, President Carter was chancing the permanent endangerment of U.S.-Soviet arms limitation agreements and with this the whole Western policy of détente with the East. Western Europe had much to lose in such an event. It should be remembered that, by and large, the Western European governments had been coaxed into accepting a policy of détente with the Eastern bloc by President Nixon and Henry Kissinger at the beginning of the 1970s, during the first blush of euphoria over the emerging SALT agreements. By the latter part of the decade, however, the interweaving of the East-West economic relationships on the Continent had acquired a strength not easily dispensed with for the sake of changed political perceptions in the United States. As Uwe Nerlich expressed in Daedalus: "...Kissinger's foreign policy had set in motion political processes in Europe that...then turned out to be difficult to control."⁶ Thus, the Carter policies directed toward the Soviet Union had an unintended but nonetheless profound influence on the European allies.

And the new President's inauspicious introduction to the Allies was not helped by his early policy disagreements with West German Chancellor Schmidt, a leader who by virtue of his country's strong economic position and its major military contribution to the Alliance was already becoming a force among the European allies. As Hans Gatzke concluded: "The two men, both self-assertive, were otherwise quite different in outlook and temperament. Schmidt the calculating pragmatist was baffled and at times annoyed by Carter, the moralizing idealist. The president complained that the chancellor was obstinate and didactic; the chancellor found the president erratic and inexperienced. Both tried to overcome their differences, but they never quite succeeded."⁷

To the poor personal relationship was added a basic disagreement over particular national policies. For example, in March 1977, the Carter Administration, in line with the President's strong views against nuclear proliferation, requested that Germany cancel a lucrative 1975 trade agreement with Brazil, wherein West Germany had offered to supply a complete nuclear fuel facility to that country in return for a supply of nuclear fuel and for bilateral cooperation with uranium exploration and mining. The American request produced immediate bad feelings in the Federal Republic, since the Germans resented this interference in their affairs. An additional stumbling block to U.S.-West German relations proved to be Carter's 1977 request that Germany reflate its economy to help pull the world economy out of its slump.⁸

⁶ Uwe Nerlich, "Western Europe's Relations with the United States," Daedalus, Vol. 108 (Winter 1979), p. 101.

⁷ Hans W. Gatzke, Germany and the United States: A "Special Relationship?" (Cambridge: Harvard University Press, 1980), pp. 231-232.

⁸ This was a turnabout from two years before, when Schmidt had unsuccessfully urged President Ford to fuel up the U.S. economy for the sake of the rest of the industrialized world.

Schmidt understood the need for the major Allied governments to coordinate their economic policies to avoid a new recession, but he adamantly refused to overstimulate the German economy.

The final blow to the Carter-Schmidt relationship came from the President's handling of the "neutron bomb" affair. In the summer of 1977 the Senate was engaged in determining whether to appropriate money for production of enhanced radiation warheads for the Lance battlefield missile and 8-inch artillery pieces. During the course of Senate hearings, this proposal received large and primarily unfavorable publicity in the press both here and in Europe. This was heightened by a well coordinated Soviet propaganda campaign against the "neutron bomb."

By virtue of President Carter's support for the warheads, however, the Senate passed the funding bill containing production money for them.⁹ Nonetheless, following this congressional approval, the President balked at unilaterally ordering production of the warheads and attempted to shift responsibility for the decision onto the European allies. Carter made it clear that the NATO members would have to arrive at a consensus that such warheads were needed in Europe before he could decide to proceed with their production.¹⁰

Naturally, this set off an intense debate in the Federal Republic. The left wing of the Chancellor's SPD party was particularly vocal in its opposition. For example, Egon Bahr, the General Secretary of the SPD, publicly branded the neutron bomb "a symbol for the perversion of human thinking." During the course of the next eight months, the Carter Administration continued to pressure the European governments to support production of enhanced radiation warheads. Although Schmidt furnished little public support during this time, he worked behind the scenes on obtaining his party's acceptance, despite the political costs. He was ultimately successful. In early April 1978, the German Foreign Minister, Hans-Dietrich Genscher, travelled to Washington and while there publicly expressed his government's support for the production decision. Just several days later, however, President Carter announced that he was deferring production of the new warheads. His statement noted: "The ultimate decision regarding the incorporation of enhanced radiation features into our modernized battlefield weapons will be made later, and will be influenced by the degree to which the Soviet Union shows restraint in its conventional and nuclear arms programs and

⁹ For the Senate debate on the "neutron" warhead, see Robert J. Pranger and Roger P. Labrie, eds., Nuclear Strategy and National Security Points of View (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1977), pp. 333-367.

¹⁰ For a concise account of the "neutron bomb" affair, see S. T. Cohen, The Neutron Bomb: Political, Technological and Military Issues (Cambridge: Institute for Foreign Policy Analysis, Inc., November 1978), pp. 35-55.

force deployments affecting the security of the United States and Western Europe."¹¹

Publicly, Helmut Schmidt kept his temper in check, telling one interviewer only that "the same decision would have been better if we hadn't had to go through the irritating process of the last few months."¹² Privately, he had one more reason for berating the President for his inconstancy of purpose.

AMERICAN LEADERSHIP AND NATO

Almost four years have passed since President Carter's disastrous introduction to the European allies, and a new Administration is now preparing to take over the reins of government. Once again, the Western European leaders are carefully awaiting signs that the United States will assume a forceful leadership role in the Atlantic Alliance. Thus the advent of the new Reagan Administration is an opportunity for the United States to guide NATO's destiny for much of the new decade, to reinvigorate an Alliance whose successful deterring of war in Europe these past thirty-one years ironically has made it seem increasingly less vital to the generations born since its inception.

Successful leadership of the NATO Alliance has proved to be as much an art as a science. The very act of leadership has become much more complex over the past decade, as the European member states increasingly have asserted their right to pursue independent political and economic policies toward the East. It should be understood that whatever NATO's outward military trappings, its political relationship has changed dramatically over the course of its history. The United States therefore can no longer expect to have the dominant role over Alliance policy-making that it once had, whereby it could announce policy changes and expect its European partners to dutifully fall into line behind them. The war-torn countries of Europe that joined together for protection in 1949 are no longer the same. Just as their leaderships have changed drastically over the last three decades and their economies have regained health, so too their publics' perceptions of the proper role of the Alliance in their political lives have changed.

It must be remembered that the European powers banded together because of a common adversity and not because of belief in a common direction. As Francois Bourricaud noted: "Accumulated

¹¹ "Enhanced Radiation Weapons: Statement by the President, April 7, 1978," Public Papers of the Presidents of the United States, Jimmy Carter 1978, Book I - January 1 to June 30, 1978 (Washington, D.C.: USGPO, 1979), p. 702.

¹² "Schmidt: After You," p. 56.

disasters had finally made a great number of Europeans sensitive to their unity in misfortune....It is in this sense [only] that one can speak of Europeans having a sense of common destiny after 1945."¹³

President Reagan will find that the European allies look to him for a leadership that is at the same time both forceful and skillful. This leadership must furnish a clear sense of direction and yet be handled pragmatically enough to respond adequately to the political hesitations of particular members. A major aspect of this skillful pragmatism will be the regular and systematic consultation by the new Administration with its European partners on policies both directly and indirectly affecting the Alliance. This is especially important because of the uncertainty about its direction that Western Europe is currently experiencing. As Assistant Secretary of State George Vest testified in 1979: "It is, however, preeminently, a confused climate and I think that is what characterizes it more than any. The leaders give off the impression of confusion."¹⁴ Echoing this view from the other side of the Atlantic, Lord Chalfont recently wrote that "it is clear that Western Europe faces a dangerous crisis of leadership, purpose, and vision."¹⁵

Under such circumstances, President Reagan should work to insure a U.S. leadership in NATO that shows consistency and resolve on important issues and yet does not expect to achieve the full consensus of the European allies on all of them.¹⁶

DEALING WITH DISAGREEMENT IN NATO

The new Administration should realize at the outset that it cannot afford to push with equal force for European acceptance of the American position on every issue. The result of such an attempt would be a European antagonism toward American leadership that would only hinder Alliance cohesion over the longer term, coupled with a weakening of the United States' effort on those issues of greatest importance. The Reagan Administration should instead attempt early to differentiate between the issues which in its view are of manifest importance to the continued effective functioning of NATO and those which are, at best, secondary. Once this has been accomplished, the United State can concentrate on pressing its case to the Europeans on the most vital issues

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- ¹³ Francois Bourricaud, "Individualistic Mobilization and the Crisis of Professional Authority," Daedalus, Vol. 108 (Spring 1979), p. 4.
- ¹⁴ Testimony in House, Committee on Foreign Affairs, Review of Recent Developments in Europe, 1979: Hearing, 96th Congress, 1st Session, July 12, 1979, p. 16
- ¹⁵ Lord Chalfont, "Triad Of Influence? An Opportunity For British-French-German Statesmanship On The World Scene," Europe, November-December 1980, p. 10.
- ¹⁶ House, Committee on Foreign Affairs, NATO and Western Security in the 1980s: The European Perception Report of a Staff Study, 96th Congress, 2nd Session, April 9, 1980, p. 3.

(i.e., theater nuclear force modernization was one which the Carter Administration faced), while giving issues of secondary importance a good deal less effort.

An example of one of these secondary issues which the Carter Administration unwisely gave far too much attention in recent months is the allied goal to increase defense spending by 3 percent in real terms each year. When this goal was agreed upon by NATO in May 1978, it was couched in terms of being a target for the individual countries to strive to meet, rather than being a fixed commitment. However, over the past two years it came to be viewed by the Carter Administration as a means of measuring NATO's resolve, and thus a sacrosanct commitment. The truth of the matter is that the 3 percent figure has no inherent magic and should not be looked upon as if it had. Although a yearly increase of 3 percent in the defense budgets of each of the NATO countries would provide a continuing modernization for a portion of NATO's present military forces, it would not provide the major increase in defense strength that would be required to balance Soviet and Warsaw Pact numerical strength in main battle tanks, medium and heavy artillery, and army divisions.¹⁷

The Carter Administration acted as if meeting this 3 percent goal is the primary demonstration of NATO allegiance. It is nothing of the sort. European leaders understand that continuing improvements are needed in their contributions to NATO's conventional defense and the majority of them have been making a major effort in this time of economic downturn to approach the 3 percent yearly increase. They have not been uniformly successful, but this should not be interpreted as a sign of allied disarray.¹⁸ And certainly these leaders have no desire to give the United States reason for lowering its own NATO commitment. As a reporter for the pro-SPD Süddeutsche Zeitung wrote following the American elections:

The Carter Administration was displeased at Bonn's reluctance to fulfill its NATO commitment to increase defense spending by three per cent per annum in real terms.

...

...it is common knowledge in Washington that America is worried lest Bonn grow too reliant on Moscow.

¹⁷ This point is made by Steve Canby in a recent "think piece." Steven L. Canby, "The NATO 3% Has Become Part of the Problem," December 3, 1980, copy of a typescript document.

¹⁸ By no means, however, is this statement meant to minimize the very real danger that certain NATO countries with vocal pacifist minorities and/or expensive welfare state constituencies might, if not effectively pressured by the U.S., lapse into some form of self-Finlandization or Denmarkization.

The Bonn government must definitely do something to prevent such fears from spreading and gaining more widespread currency.

Otherwise it will risk the decline of its influence in Washington, a slump in its leadership fortunes in Europe and an encouragement of isolationism in the United States.¹⁹

The Reagan Administration should drop the present intense effort directed at obtaining agreement from the Europeans on a specific percentage increase in defense spending each year, in favor of a more generalized and less confrontational approach designed to maintain European support for a continuing modernization of national forces assigned to Alliance defenses.

Next the new Administration should understand that it cannot expect to receive official NATO sanction for actions the United States undertakes in regions, such as the Persian Gulf, which lie outside of NATO's jurisdiction. There is very little chance that the North Atlantic Council would approve a formal enlargement of NATO's geographical responsibilities in order to allow allied operations in the Mid-East, for example. Such decisions would have to be unanimously approved in the Council and a number of the smaller NATO members would have reasons to veto such a change.²⁰

Nevertheless, several of the NATO countries, which as former colonial powers retain an interest in parts of Africa and the Mid-East, maintain naval and army units capable of rendering support to American forces in the Persian Gulf/Indian Ocean area and could conceivably participate on a bilateral basis. Informal coordination of this type of joint effort through NATO channels might also prove possible, at least to the extent of non-participating NATO members (West Germany, for example) helping to take up the slack on the Continent and in the North Atlantic for certain American units which might have to be withdrawn temporarily for transfer to the crisis area.²¹

Finally, the Reagan Administration should understand that while it will receive the support of the European allies on many non-NATO issues of importance to it, it can not expect and should not worry if it does not obtain allied support on other issues. In the past, the U.S. failure to receive European support on such

¹⁹ Dieter Schröder, "Schmidt, Reagan, Get Down to Preliminaries," Süddeutsche Zeitung, 22 November 1980, reprinted in The German Tribune, 30 November 1980, p. 1.

²⁰ See NATO and Western Security in the 1980s, p. 3.

²¹ This possibility is suggested, for example, by the FRG's former Ambassador to Israel, Rolf Pauls. See Wolfgang Höpker, "NATO: The Options as Seen by Rolf Pauls," Rheinischer Merkur/Christ und Welt, 10 October 1980, reprinted in The German Tribune, 26 October 1980, p. 3.

issues has often been perceived by Administrations as evidence of a loss of Alliance solidarity. As former European Community Ambassador to the United States Fernand Spaak explained:

...there is nothing final about many decisions taken in the United States. Even when the public bargaining between Congress, the White House, and special interests is apparently over, the decision is still contested.

...It is at this point that the executive turns to its friends and allies overseas and expects to find from them the support it cannot muster at home.

When that support is not automatically forthcoming, there is a sense of betrayal, of a lack of solidarity. This is made all the more acute by the use that is then made domestically and politically of the fact that the President has not been able to win America's friends and allies around to his position.... Suddenly, it appears that Europe can no longer be counted on in a crisis.²²

The important thing for the new Administration to remember is that differences will often exist in American and European perceptions of particular international events. Accordingly, the United States should keep from exaggerating these differences in its private discussions with its allies and in its public pronouncements and thereby increasing the scope for allied antagonisms. Such situations are ready-made for Soviet meddling.

SALT AND THE MIDDLE EAST

Two specific issues which appear destined to generate disagreements between the Reagan Administration and the Europeans in the coming months are the state of the strategic arms limitation talks with the Soviet Union -- particularly the fate of SALT II -- and the role of Israel in America's Middle East strategy. In regard to the first issue, the continuation of SALT is indissolubly linked in the minds of most European leaders with the fate of détente. These leaders worry that without some new, concrete manifestation of the SALT process, such as American ratification of the SALT II Treaty, U.S.-Soviet cooperation will be imperilled and with it the entire framework of détente in Europe. Thus, as a congressional staff study reported last year: "European officials interviewed ...expressed unanimous support for SALT II ratification."²³

²² Fernand Spaak, "Europe and America," Europe, May-June 1980, p. 34.

²³ NATO and Western Security in the 1980s, p. 4.

On the other hand, the Reagan Administration, in looking at SALT II from a strategic perspective, believes that the treaty cannot be ratified in its present form without endangering U.S. security interests. It looks instead to a new SALT III Treaty, which can be negotiated in a manner that at least guarantees these vital interests. SALT is therefore an issue on which the new Administration must go its own way despite allied disagreement, while making sure, of course, that it keeps its partners informed of its actions so as to minimize additional fears and antagonisms.

The new Administration's pro-Israeli stance is another issue on which a European divergence of view can be expected. The Reagan Administration sees Israel as a vital friend and ally in the Middle East, a source of stability in a region of often shifting political currents, with an important military capability. The European leaders, however, see Israel's perceived intransigence on the return of the West Bank and the creation of a Palestinian state as a stumbling block to the region's achievement of long-term stability. As Fritz Stern commented: "Europeans are skeptical about our policy toward the Middle East; they see Camp David as a dead end and would like the United States to pressure Israel to meet what they increasingly regard as legitimate Arab demands."²⁴ In part, this European stance is directed by the Continent's heavy dependence upon Arab oil.

On this issue too, the United States must make its policy without expecting agreement from the allies. The divergence of views is simply too great to be successfully accommodated. Again, however, the Reagan Administration needs to keep its allies informed of American initiatives.

The key to the successful management of such apparent divergences of view is the awareness that allies can "agree to disagree" on some matters without this calling into question the solidarity of their alliance. As Stephen Artner stressed in an article in Aussen Politik: "...western foreign policy makers must take account of their unavoidable differences without losing sight of their more fundamental common interests."²⁵

GERMAN NAVAL ROLE IN NATO

There are a number of issues on which the new Administration should begin immediately to obtain European cooperation. These issues will prove of immense importance to NATO's continued vitality over the next few years.

First, the Reagan Administration should impress upon the West Germans the need for their Bundesmarine (Navy) to undertake

²⁴ Fritz Stern, "Germany In a Semi-Gaullist Europe," Foreign Affairs, Vol. 58 (Spring 1980), p. 871.

²⁵ Stephen J. Artner, "Détente Policy Before and After Afghanistan," Aussen Politik, No. 2/1980, reprinted in The German Tribune Political Affairs Review No. 36 (8 June 1980) p. 7

the patrolling mission in both the Norwegian Sea/Greenland-Iceland-United Kingdom Gap area and, to a lesser extent, in the North Atlantic, in order to relieve the pressure on units of the U.S. Second Fleet which may have to be diverted to the South Atlantic or Mid-East for particular operations. This change in German naval responsibilities would necessitate a major change in German thinking.

In the Paris Agreements which the West German government signed in October 1954, the Federal Republic not only reaffirmed that its navy would consist only of light coastal defense and escort vessels but also gave up the right of building warships of more than 3,000 tons displacement.²⁶ When the Bundesmarine was established a year later, the Federal government also imposed an operational restriction that West German warships would not operate beyond twenty-four hours' steaming time from the Baltic Approaches, thus effectively preventing the new navy from patrolling west of Calais or north of the 61st Parallel (the Norwegian coast above Bergen). However, in practice, during the 1950s the naval patrols stayed even closer to the German coast. It was not until the 1960s, at NATO urging, that German naval units began regularly patrolling the North Sea, even though it was still within the twenty-four hour steaming prohibition.

The current crises in the Persian Gulf region and the sudden realization that continuing American obligations in that area of the world could draw down U.S. naval units formerly available in the Atlantic have now given impetus to NATO's desire for a wider German naval role. In June 1980, representatives of the Western European Union recommended that the 1954 restrictions on German warship size be lifted. In July, Bonn, at the request of other NATO members, lifted its self-imposed restriction on Bundesmarine patrolling. And that same month the WEU's Council of Ministers formally eliminated the restrictions on the size of West German warships.²⁷

However, much remains to be done to convince the West German government to undertake a major new role in NATO's maritime defense. One of the problems associated with open ocean patrolling is the reduced sea-keeping ability of small naval vessels.

²⁶ Protocol No. II On Forces of Western European Union, Article II and Protocol No. III On the Control of Armaments, Annex III -- Paris Agreements, October 23, 1954; NATO Basic Documents (Brussels: NATO Information Service, n.d.), pp. 58, 62-63. See also M. E. Bathurst and J. L. Simpson, Germany and the North Atlantic Community: A Legal Survey (London: Stevens and Sons Limited, 1956), pp. 165-166.

²⁷ See John Vinocur, "Bonn Moves to Lift Curbs on Fleet, Opening Way to Wider War Role," The New York Times, July 18, 1980, p. A4; "FRG: Naval Operations Zone Widened," Defense & Foreign Affairs Daily, Vol. 9 (July 23, 1980), p. 1; and "FRG: Naval Size Curbs Lifted," Defense & Foreign Affairs Daily, Vol. 9 (July 25, 1980), p. 2.

In the late 1960s, the Bundesmarine received special permission from the WEU to build four guided missile destroyers that exceeded the WEU tonnage limits. Nonetheless, much of the rest of the German navy still consists of warships below 3,000 tons displacement, including major vessels such as its four aging ex-Fletcher class destroyers and six Köln class frigates. While the Germans are now building six new Type-122 frigates to replace the Köln class ships, they have no intention at present of building the larger warships that are better able to perform continuing open ocean patrolling in the North Atlantic. Indeed, German officials assert that the primary reason they are pleased that the WEU tonnage restrictions have been lifted is that now West German shipyards will be able to accept foreign orders for larger naval vessels. Also, the Bundesmarine expresses little desire to patrol beyond the Greenland-Iceland-United Kingdom Gap.²⁸

It is therefore up to the Reagan Administration to convince the Schmidt government to undertake an enlarged naval role. This will need to include urging Germany both to increase the patrolling radius of its Bundesmarine units and to increase the number of its standard destroyer-size vessels (4000-5000 tons), and possibly even add a few warships in the light cruiser range (8000 tons).

TNF MODERNIZATION

Next, the new Administration should move immediately to reaffirm the United States' strong support for the December 1979 NATO decision on modernizing its theater nuclear forces. It should be remembered that the NATO TNF decision was hard-won, requiring intense persuasion from the Carter Administration.

While the new Administration has been settling in, certain constituencies in Western Europe have taken the opportunity to lobby against implementation of the modernization program. In West Germany, the pivotal partner in the plan, the left wing of the ruling Socialist Democratic Party has become vocal in its opposition to the new missiles. Recently, the foreign policy spokesman of the SPD's parliamentary group (and former head of the Juesos--Young Socialists) announced that if the United States Senate failed to approve the SALT II Treaty, the NATO TNF modernization decision would have to be "reconsidered."²⁹ This pronouncement by Karsten Voigt was quickly countered both within his own

²⁸ Martin S. Lambeck, "Bundesmarine is to redress NATO's naval balance," Hamburger Abendblatt, July 16, 1980, reprinted in The German Tribune, August 30, 1980, p. 5; Dieter von König, "Shipbuilding ban lifted," Kölner Stadt-Anzeiger, July 23, 1980, reprinted in Ibid.; "FRG: No Naval Growth Forseen," Defense & Foreign Affairs Daily, Vol. 9 (August 14, 1980), p. 2; and "Vice Admiral Fromm Comments on Navy's Role," DPA (Hamburg) in Foreign Broadcast Information Service: Western Europe, Vol. 7 (January 9, 1981), p. J1.

²⁹ John Vinocur, "Bonn Leftist Faults NATO Missile Plan," The New York Times, January 6, 1981, p. A6.

party and by the Schmidt government. Foreign Minister Hans-Dietrich Genscher made it clear that the Federal Republic would stick by its commitments.³⁰

Nevertheless, in some other NATO countries concerned, the government stands have been less resolute. Belgium, in its December 1979 vote in favor of deploying the new missiles, qualified its decision by stating that it reserved the right to review the decision in six months.³¹ When the time for the review arrived in June 1980, the coalition government of Wilfried Martens informed the Alliance that Belgium would instead put off the decision on deploying the new missiles until "some time before the end of 1981."³² Now that a new Martens government is in office -- a coalition without representation from the Liberals who favored the missile deployment -- the chances have been increased that Belgium will balk at deploying the ground-launched cruise missiles on its territory unless it is effectively pressured by Washington.

A somewhat analogous situation is present with regard to the Netherlands, which had announced back in December 1979 that it would withhold its decision on deployment of the missiles for two years. Holland has a long and honored tradition for both pacifist and neutralist sentiments. Having received a lion's share of Soviet anti-missile propaganda during the fall of 1979, the Netherlands, interestingly enough, now finds much of the vocal opposition to the TNF modernization plan coming from influential members of the Dutch churches, led by the inter-church peace council. Since there continues to be widespread disagreement among the various Dutch political parties about the efficacy of the missile deployment, Holland too will require assiduous lobbying from the Reagan Administration if it is eventually to agree to the deployment plan.³³

³⁰ For example, Genscher told interviewers on January 24, 1981: "I think trying to call in[to] question the counterarming decision, meaning one part of the two in the dual decision of December 1979, is extremely dangerous. It is dangerous to our security, dangerous to the cohesion of the alliance, dangerous to the basis of arms control and arms limitation negotiations...." "Genscher Views World Situation, U.S. Relations," Radio Bremen Network, January 24, 1981, in Foreign Broadcast Information Service: Western Europe, Vol. 7 (January 27, 1981), p. J3. See also Jonathan Carr, "Party rebukes missile rebels," The Financial Times (London), January 9, 1981, p. 2.

³¹ For the background information on the TNF debate, see Jeffrey G. Barlow, "NATO and Nuclear Force Modernization," Backgrounder No. 110 (The Heritage Foundation, February 4, 1980).

³² The primary cause for the delay was the negative attitude on the TNF modernization decision expressed by the Socialists in the coalition.

³³ Interestingly, Dutch and German oppositions have apparently already begun to pool their anti-missile campaign efforts. See Christian Potyka, "Attack on the Missile Arsenal," Süddeutsche Zeitung (Munich), January 9, 1981, reprinted in Foreign Broadcast Information Service: Western Europe, Vol. 7 (January 12, 1981), pp J2-J4.

THE SOVIET GAS PIPELINE DEAL

Third, the Reagan Administration should use its political influence with the Western Europeans, and particularly the West Germans, to turn down the Soviet Yamal Peninsula natural gas pipeline deal. This project has been of major interest to Soviet energy planners for at least five years. It would involve the building of a 3,600-mile natural gas pipeline from the Yamal Peninsula (north of the Arctic Circle) in Siberia through Poland and Czechoslovakia and into West Germany. The project would not only require the construction of the longest such pipeline in the world, but would necessitate the acquisition of large amounts of special equipment, including huge quantities of extra-large 56-inch pipe, expensive refrigeration systems to keep the hot gas from melting the permafrost, and numerous gas compressor stations to maintain the necessary pressure for transportation of the natural gas. The total cost of such a project could exceed fifteen billion dollars. For such a project, therefore, the Soviets hoped to involve a large number of Western European countries.

In December 1979, Soviet officials first invited officers of the Federal Republic's Deutsche Bank to lead a German banking consortium to raise some five billion dollars to begin the pipeline project.³⁴ And in the summer of 1980, Soviet negotiators were busy attempting to play off West German and French bankers, one against the other, in an attempt to extract the best price and lowest credit terms for the overall project. At first this standard Soviet negotiating tactic appeared to be successful. A three-bank French consortium headed by Credit Lyonnais, with French government support, offered the Soviets an interest rate of 7.8 percent on 85 percent of the financing for French equipment orders.³⁵ The Soviets, however, were hoping for 7 percent interest. The German banking consortium, led by Deutsche Bank, started off asking for 9 percent interest, but under pressure from home finally agreed to counteroffer 7.75 percent interest on ten billion Deutsch marks (of an eventual twenty billion DM figure) for purchase of German pipeline equipment.³⁶ The Soviets and the Germans signed a letter of intent and the deal was publicly announced in mid-November 1980. The Soviets would pay back their loans in natural gas -- some forty billion cubic meters annually to Western Europe. The primary German consumer was to be Ruhrgas AG in Essen. At this point, eight European countries were involved -- the Federal Republic, France, Italy, Austria, Belgium, the Netherlands, Spain and Sweden.

³⁴ David Brand, "Russia's Bargainers Made a Costly Blunder in Pipeline Loan Talks," The Wall Street Journal, January 23, 1981, p. 1.

³⁵ Ibid., p. 13.

³⁶ "Banks Giving USSR 'Unprecedented' Credit for Gas," Der Spiegel, November 17, 1980, reprinted in Foreign Broadcast Information Service: Western Europe, Vol. 7 (November 19, 1980), pp. J2-J3. One of the considerations that turned around the thinking of the Deutsche Bank's Friedrich Christians was Frankfurt AEG's unsatisfactory schedule of equipment orders, which would be greatly improved by the deal.

However, the Soviets overplayed their hand. Still hoping for a lower interest rate from the French, the USSR kept the French waiting for an answer to their original offer. In November, however, the worsening situation in Poland began to influence the outcome of the French-Soviet negotiations. By December, the French government, concerned about a possible Soviet move into Poland and by the potential influence of the pipeline deal on the upcoming French elections, suddenly withdrew its backing from the Soviets, and then the West Germans allowed their October letter of intent to expire at the end of the month.³⁷ At the present time, therefore, only a Japanese agreement to finance a three billion dollar purchase of Japanese pipeline equipment remains in force.³⁸

Because of the present Soviet negotiating failure, it is an opportune moment for the Reagan Administration to use its influence to postpone further pipeline negotiations. Despite the claim of businessmen in Europe who serve to benefit from the pipeline deal, the construction of such an advanced natural gas pipeline would furnish both technological and strategic advantages to the USSR. First, it would furnish the Soviets with the capability to exploit natural gas fields now beyond their technological capacity, guaranteeing a new source of energy at a time of approaching Soviet oil production decline. As Wolfgang Hoffmann noted in Die Zeit: "If the Federal Republic would have waived the new tube-for-natural gas deal the opening of new natural gas fields in the Soviet Union would stagnate, as would the Russian energy supply."³⁹

And second, the new pipeline would greatly increase Western Europe's dependency on Eastern Bloc energy supplies. For example, the Federal Republic of Germany currently receives fifteen percent of its annual natural gas supply for the USSR. The Yamal pipeline eventually would double this dependency to thirty percent. Neutral Austria is in worse shape. It now receives nearly half of its total natural gas supply (2.5 out of 5.2 billion cubic meters) from the Soviet Union.⁴⁰ Such energy dependency would prove a potent weapon to Soviet policymakers. As Juergen Eick commented in the Frankfurter Allgemeine:

If somebody wants to cut off supplies to somebody else, there is hardly anything more ideal than a gas pipeline. It is a classic

³⁷ Brand, "Russia's Bargainers," p. 13. The French elections will take place in April 1981.

³⁸ Ibid.

³⁹ Wolfgang Hoffmann, "What Hurts the Soviets," Die Zeit, December 19, 1980, reprinted in Foreign Broadcast Information Service: Western Europe, Vol. 7 (December 19, 1980), p. J3.

⁴⁰ "USSR Cuts Natural Gas Quota by One-Third," Vienna Domestic Service, January 8, 1981, in Foreign Broadcast Information Service: Western Europe, Vol. 7 (January 9, 1981), p. E1.

means for exerting pressure without any possibility of retort. The fine thing about it for the Soviets is that they do not even have to apply that pressure; the effect is there simply because of the pipeline's existence.⁴¹

The potential for such pressure was recently demonstrated by the Soviet Union's announcement in January of major gas supply cutbacks to Western Europe during the winter of 1980-1981 because of "technical difficulties" with the already existing pipeline.

THE NATO RESPONSE TO POLAND

Finally, the new Administration should be prepared to reaffirm with the European allies the need for strong sanctions against the Soviet Union in the event of an invasion of Poland. At the December 11 meeting of the North Atlantic Council, the fifteen Foreign Ministers agreed to have their permanent Ambassadors to NATO begin to draw up a list of possible sanctions that could be taken against the Soviet Union.⁴² These sanctions, which range from the diplomatic realm to the political and economic realms, could be applied in varying strength depending upon whether Soviet intervention consisted of a full-scale invasion by the Red Army or a more subtle "creeping takeover" preceded by a propaganda barrage against the "anti-socialist elements."⁴³

The Reagan Administration should press its allies for strong economic sanctions if an outright invasion does occur. Such sanctions would include not only a rejection of new credits to the USSR and Poland but also additional restrictions on the sale or transfer of high technology and strategic materials to the Soviet Union and the other Eastern Bloc countries, up to and including a total cutoff of such trade.⁴⁴

While this strong stand would not necessarily trouble many of the NATO allies including France, which has made it clear that it might have to take "defensive" sanctions as well, it might well bother the West Germans.⁴⁵ As Wolfgang Hoffmann pointed

⁴¹ Juergen Eick, "The Other Side of Security," Frankfurter Allgemeine, November 21, 1980, reprinted in Foreign Broadcast Information Service: Western Europe, Vol. 7 (November 24, 1980), p. J3.

⁴² Bradley Graham, "NATO Agrees on Need for Tough Anti-Soviet Moves," The Washington Post, December 12, 1980, p. A1; and John Palmer, "NATO agrees on tough lines," The Guardian (London), December 12, 1980, p. 6.

⁴³ David Adamson, "NATO's Secret Talks Reflect Growing Fears," The Daily Telegraph (London), December 12, 1980, p. 4.

⁴⁴ East Germany currently receives preferential treatment from the Common Market because of the Federal Republic's insistence that it is one of two states in one German nation.

⁴⁵ Adamson, "NATO's Secret Talks," p. 14; John Vinocur, "NATO's Resolve: Soft Spots Show Up," The New York Times, December 15, 1980, p. A3.

out: "Some 42 percent of German exports to the Soviet Union consist of machines, electrotechnical products, precision instruments, optical tools, vehicles and ships."⁴⁶ In addition, the Federal Republic receives substantial quantities of important industrial minerals such as palladium, uranium and molybdenum from the USSR -- minerals that would probably be cut off at the source in retaliation for a NATO economic boycott. Thus, the American effort to stiffen the spine of the Alliance in regard to sanctions will require careful preparation.

CONCLUSION

Given the potential for increasing U.S.-European disagreement on issues of fundamental importance to the Alliance, as the United States begins to concentrate on strengthening its military forces and the Europeans cling hopefully to the remnants of détente, it is vital that the Reagan Administration seek to re-evaluate America's leadership role in NATO. It must separate the issues which it feels are central to the Alliance's continued well-being from those which are secondary, and then it must concentrate on the former. Also, it must understand that allies can disagree on certain matters without this disagreement necessarily weakening NATO.

The United States can achieve a successful leadership of the Atlantic Alliance in these changed times but it will require an even greater effort of will than in the past. Such leadership will require a strong sense of direction, a determination of purpose and a pragmatic understanding of the political realities of a changing Alliance.

Jeffrey G. Barlow
Policy Analyst

⁴⁶ Hoffmann, "What Hurts the Soviets," p. J3.