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**Various aspects of co-operation between
Europe and the United States**

REPORT

submitted on behalf of the General Affairs Committee
by Mr. Schlingemann, Rapporteur

ASSEMBLY OF WESTERN EUROPEAN UNION
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*Various aspects of co-operation between
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1. Adopted in Committee by 13 votes to 0 with 1 abstention.

2. *Members of the Committee*: Mrs. von Bothmer (Chairman); Mr. Sarti (Vice-Chairman); MM. Abens (Alternate: *Hengel*), Ariosto, *Beith*, *Sir Frederic Bennett*, MM. Berrier, Brugnon, Deschamps, Druon, Faulds, Gessner, Gonella, Hanin, Mrs. van den Heuvel-de Blank

(Alternate: *Voogd*), MM. Mangelschots (Alternate: *Van Waterschoot*), Mende (Alternate: *Vohrer*), *Minnocci*, Mommersteeg (Alternate: *Schlingemann*), *Müller*, *Péridier*, Perin, *Portheine*, *Reddemann*, Segre, Urwin.

N.B. *The names of those taking part in the vote are printed in italics.*

Draft Recommendation

***on various aspects of co-operation between
Europe and the United States***

The Assembly,

Welcoming the desire shown by the United States Government to pursue and develop its co-operation with Europe in every field ;

Also welcoming the fact that the United States Government continues to consider the development of a European union as a favourable factor in such co-operation ;

Considering that, in an unfavourable economic situation, recourse to protectionism would be a serious danger for Europe and noting with satisfaction that the United States, like Western Europe, has set itself the aim of progressively freeing international trade ;

Considering that the creation of the European monetary fund is a major step in the search for the balance necessary for developing trade ;

Considering that Europe's security, based on the Atlantic Alliance, requires improved consultations between European members and the United States on external policy matters ;

Considering that such consultations can be improved to the extent that Western Europe manages to define a joint foreign policy itself ;

Welcoming the success of the SALT II negotiations, but considering that the development of strategic arms limitation talks calls for the adoption of joint positions by the European members of the Atlantic Alliance and participation by Europe in the SALT III negotiations ;

Welcoming the United States' intention to organise a two-way street for trade in armaments but concerned lest such a trend should inhibit European co-operation in this field,

RECOMMENDS THAT THE COUNCIL

1. Ensure that consultations between the European members of the Atlantic Alliance allow them, in the presence of their American partners, to uphold an external policy worked out by all the member countries of WEU in accordance with their goals of security and freedom of their peoples ;
2. Study in particular the implications for Europe's defence policy of the Soviet Union's deployment of new weapons ;
3. At regular intervals, make a critical appraisal of the strategic concepts adopted by NATO ;
4. Ensure that the organisation of European co-operation in armaments production is not hampered by bilateral agreements concluded between the United States and several European members of the Atlantic Alliance.

Explanatory Memorandum

(submitted by Mr. Schlingemann, Rapporteur)

I. Introduction

1. Close co-operation with the United States was not Europe's choice, it was an unescapable necessity. The rôle played by the United States in the world is such that the currencies of the whole world are defined in relation to the dollar, raw materials prices are fixed on American markets and United States arms directly or indirectly ensure the security of a large part of the world, whereas Europe, united or not, no longer has the means for an external or defence policy capable of meeting the Soviet challenge, whether in Europe or *a fortiori* in the rest of the world. Alone, it cannot contemplate ensuring its defence in face of the tremendous nuclear and conventional arsenal deployed by the Soviet Union. To ensure and organise close co-operation with the United States is therefore essential for the foreign policy of each of the Western European countries and the concern for greater independence sometimes shown by some of them has never led them to deny the need for such co-operation, although they may have loosened or sought to limit certain aspects.

2. On the American side, co-operation with Western Europe also seems necessary insofar as the United States alone cannot shoulder all the responsibilities stemming from its vocation as a world power. Europe's economic, and above all commercial, power is essential for the maintenance of an international economic order from which the United States is the first to benefit. Relations between Europe and a large number of countries on other continents, particularly in Africa, are an important factor of cohesion in international society and the return of the United States to an isolationist policy reminiscent of the situation immediately after the first world war now seems unthinkable. Hence the United States can no longer view its own security as being independent of that of Western Europe and if it maintains large conventional and nuclear forces in Europe it is not just to fulfil an undertaking entered into almost thirty years ago, it is because it is now essential.

3. However, co-operation between Europe and the United States raises a problem insofar as the Western European countries are steadfastly moving towards particularly close co-operation among themselves with the aim of setting up a European union whose shape and institutions are still uncertain. In every field therefore the question arises as to whether priority should be given to intra-European co-operation, i.e. the building of Europe, or to co-operation between Europe and the United States. To

pursue these two aims simultaneously is certainly necessary but, in practice, it is often very difficult to avoid having to choose between policies leading in one or other of two directions. In this report, consideration will be given to what form of co-operation with the United States would not affect the search for a European union for which the Americans continue to voice their strong support.

4. In fact, it is not the deliberate wish of the United States that transatlantic co-operation should clash with European union. During its visit to the United States from 19th to 23rd March 1979, the Committee saw that the present government is just as intent as its predecessors, if not more so, on asserting its twofold desire to co-operate closely with Europe and to encourage the development of the European union. On this point, the Committee heard no dissonant voice. But co-operation with a Europe anxious to continue the process of unification encounters a number of obstacles based not on opposition to principles but on practice dominated by facts, many of which are beyond the free choice of either side.

5. One obstacle is the way the democratic system works in the United States. American society as a whole is not well informed about matters outside the American continent and, like any society — but perhaps to a greater degree because of the size and mass of American territory — it views world problems only through the screen of national politics. It is therefore inevitable that those governing the United States, and to an even greater extent American parliamentarians, should be extremely sensitive to the reactions of the electorate which sees the world's realities through the prism of its own affairs. President Carter's difficulties in imposing a real energy policy on American society is further proof, if proof were needed, of this difficulty facing the world's greatest power in pursuing a policy which conforms to its world vocation.

6. Moreover, the United States Government itself, although quite sincere in declaring that co-operation with Europe is one of its foremost concerns, also has to meet other requirements which, perforce, at times take priority over everything else.

7. First is the security of the United States and its territory. Admittedly, the Americans are probably almost unanimous in considering that United States security depends on that of Europe but they may not have the same view of two different aspects of American security.

For instance, the idea of a conventional, or even a nuclear war if limited to the use of theatre weapons on the mainland of Europe, is not unthinkable for the American authorities. Your Rapporteur was able to note that on many occasions the Americans whom the Committee met asserted, either deliberately or as a slip of the tongue, that the aim of American policy was to avoid any nuclear war. Many Europeans would refrain from making such statements because they consider that even a conventional war on the territory of Europe would be as fearsome as nuclear war and consequently NATO's policy of deterrence should seek to avoid all forms of war and not just nuclear war.

8. Second, the United States is very interested in reaching agreement with the Soviet Union, particularly on all matters relating to strategic weapons. The very aim of agreement is to eliminate the risk of nuclear war as far as possible, and, secondarily, to develop peaceful coexistence between the two great powers. But such agreement has to be based on negotiations in which Europeans can take no part although the matters discussed are of direct concern to them such as those relating to the level of forces and weapons not only in Europe itself but throughout the world.

9. Third, the range of resources available to the United States has induced it, on a number of economic matters of world importance, to adopt positions determined by somewhat different requirements to those of Europe. For instance, a restriction on international trade would harm Europe far more than the United States in view of the relative importance of its trade. But an increase in raw material prices and particularly in oil prices may make the United States increase its own production even if the cost price of American oil is relatively high, whereas Europe with hardly any resources to develop will have to bear the cost of any price increases.

10. Finally, events anywhere in the world may make the Americans turn their foreign policy in a particular direction without European concerns having any influence on their action or assessment of the situation. For instance, where American policy towards the Middle East is concerned, members of the General Affairs Committee were able to see that there were wide differences in the various assessments of United States action.

11. Moreover, while American policy is in principle in favour of the establishment of a European union it has to take Europe as it is, i.e. as a group of countries in which most political and even economic decisions are still taken at the level of national states. It cannot therefore be blamed for increasing bilateral steps for developing its trade with each individual

European country or some of them. Moreover, the Americans are not the losers since their partners, being weaker and less competitive, are not so well placed for negotiations. But one may wonder how far the development of these partial or bilateral relations with Europe is not contrary to the establishment of a European union.

12. Two recent examples illustrate this alternative. One concerns the arms trade. In 1978 the Americans increased their bilateral agreements with the European member countries of NATO with a view to activating trade in arms. But whatever reservations may have been written into these agreements in favour of European co-operation it is not evident that increased trade really helps Europe's attempts to rationalise production and co-operate more closely in this field.

13. The other example concerns general policy: the summit meeting in Guadeloupe in February 1979. Anxious to consult European partners, President Carter met President Giscard d'Estaing, Chancellor Schmidt and Mr. Callaghan, the British Prime Minister. These three statesmen represented their own countries and not Europe as such. Nor could there be any claim to do so since, according to the press, intra-European consultations before and after the Guadeloupe meeting were particularly unsatisfactory. Such meetings at which the European Community as such is not represented but at which heads of state or of government of certain countries constitute privileged partners for the United States President obviously make little contribution to agreement between Europeans nor to the development of European unity. It is quite understandable that the United States finds it more convenient to limit such summit talks to a few powers and that these should be the larger European countries, but the United States cannot be unaware that by so doing it gives its partners a privileged position which others find hard to accept.

14. In fact, it is not the United States but the Europeans who, with their slow stumbling progress towards unity, bear main responsibility for the hesitations shown by the United States in seeking Europe's point of view: it is faced by a scattering of states which are often incapable of consulting each other.

15. For all these reasons, Europe is divided over two options which have been facing it for many years: one is the priority to be given to co-operation with the United States as compared with the establishment of a European union. Naturally, all Europeans believe that both aims should be pursued but, depending on circumstances, the aspect and the time, they give priority to one or the other and so far they have never managed to co-ordinate the two aims.

The second point at issue between Europeans is the growing suspicion among some of them about the very building of Europe because, hidden behind bilateral relations between some of their partners and the United States, they believe they can discern a means used by the United States to dominate Europe or by certain Western European countries to rely on American power to strengthen their positions in Europe itself. In short, although the need for co-operation between Europe and the United States is not challenged, the ways and means are.

16. In this report, your Rapporteur does not intend to propose an overall solution. He considers it as pointless to wish to postpone co-operation with the United States until the day European union exists as to jeopardise this union by developing bilateral co-operation which takes no account of Europe's decision to move towards union. Starting from problems effectively arising today, he wishes to study how co-operation between Europe and the United States can be pursued and organised parallel with real and tangible progress towards European union.

II. Economic co-operation

A. Monetary questions

17. Until the first world war, gold was the monetary standard for all countries engaged in international trade and each currency was convertible into gold. After the first world war and the accompanying inflation it became impossible to restore natural, stable parities between national currencies and gold. All were defined in relation to gold at rates which were nominal because they were not convertible. However, the dollar was less affected by inflation than European currencies and it became the most widely-used unit of account in international trade. The European countries consequently assimilated their dollar reserves to gold reserves and this had a very strong inflationary effect since the dollars accumulated by the central banks were generally reinvested in the United States. As a result, money spent by Americans was not withdrawn from circulation in the United States.

18. This trend was accentuated during and after the second world war, and the Bretton Woods agreements set up an international monetary system based on a fictitious parity between the dollar and gold at a level of \$35 per ounce of gold. For better or for worse, this system lasted more than twenty years with resulting inflation which steadily increased the gap between the reality of the money in circulation and the fiction of the exchange rate, to the point that in the wake of several European

countries the United States had to accept a floating rate for the dollar, i.e. no reference to a monetary standard. As for all European currencies, the value of the dollar now depends solely on public confidence in the United States economy and hence in the management of the United States Government. As a result, there have been extremely wide and sudden fluctuations in the exchange rates of the various western currencies between each other. This phenomenon has become more marked since October 1973 due to the spiralling cost of oil and the start of a deep-rooted economic recession.

19. In March 1978, a number of member countries of the European Community set up a European monetary fund designed to keep parities between their currencies at a steady level. It is yet too early to say whether these countries will manage to keep this European monetary system going since this would mean equal self-control in the management of their economies. In the United States, the creation of the European monetary fund was initially thought to be directed against the supremacy of the dollar. But in March 1979 the American authorities concerned were able to assure the General Affairs Committee that this was no longer the case and that on the contrary they considered the attempt to be a positive effort to solve the international monetary crisis. In fact, the relationship between the dollar and the ECU may develop in an atmosphere of rivalry which will mean that everything which is beneficial to one will be to the detriment of the other and vice versa.

20. In the medium term, at least, the results of the United States economy in 1978, with a progression of 3.9 % in constant terms in the GNP and a drop in the unemployment rate from 8 % to 5.7 %, might herald a reversal of this trend if in 1979 the Americans manage to redress the two weak points of their economy, i.e. the rate of inflation (7.5 %) and the trade balance, whose deficit (\$16,000 million) beat all records in 1978. Although the deficit in the trade balance appeared to be dropping at the beginning of 1979, the rate of inflation has on the contrary risen¹. But in the longer term, such rivalry would be particularly disastrous as it would do absolutely nothing to solve the world monetary problem. If by creating the European monetary fund the participating countries are trying to become a true European partner capable of negotiating with the Americans on an equal footing to re-establish an international monetary system, the fund will play a highly

1. These figures were given to the Committee by the United States Department of the Treasury. They are definitely more optimistic than those published in the press at the same time (inflation rate : 11.3 % ; deficit in the trade balance in 1978 : \$28,000 million).

positive rôle. If on the contrary the fund helps to boost speculation it will then be a destabilising factor and may lead the West into a most serious monetary catastrophe.

21. Machinery exists for consultation between central banks and bodies responsible for the financial policy of the western states. The IMF in particular should play such a rôle. But this can be done only if there is a true will on all sides to eliminate monetary anarchy and revert to a world monetary system. But although the European countries which have decided to take part in the new monetary fund seem determined to fight inflation vigorously, it may be wondered whether, despite the recovery plan adopted in October 1978, the United States Administration is aware of the problem. Will it be strong enough to resist pressure to allow the United States to base its economic recovery — which has been taking shape for the past three years — on inflation? If this were to happen the worst fears would be confirmed for the monetary, commercial and economic future of the whole western world, and consultations in the IMF would not change much.

B. Trade

22. In Europe, external trade comes within the terms of reference of the Community so your Rapporteur will not dwell on the matter. However, he wishes to recall a few points directly governing relations between Europe and the United States because, since the Tokyo round negotiations are coming to an end, 1979 may be strongly marked by the debates on the ratification of these agreements in all the signatory countries, including the United States Congress. While there is a tendency in Europe to accuse the United States of pursuing a non-tariff policy aimed at restricting United States imports of products manufactured in Europe, the Americans make similar complaints about the Common Market, particularly for agricultural produce.

23. It may be thought that each side embarked on the Tokyo round negotiations with the intention of removing the other's obstacles but on both sides of the Atlantic the economic recession brought added pressure. Both sides must therefore be equally aware of the need to make the sacrifices necessary to avoid having to resort to protectionism to meet difficulties in national economies.

24. However, the United States' purported good will towards the European Community and the unification of Europe must be demonstrated in the trade field by recognising that unity is the vocation of Community Europe, i.e. that the reciprocal trade advantages which the member countries of the Community offer each other,

particularly preferences stemming from the common agricultural policy and hence the Rome Treaty, are based not on protectionism but on a political will to achieve unity. To be logical with the policy it says it is pursuing, the United States Government should consider Community Europe as an economic whole and not as an organisation of independent states, and it must not claim to be a victim of discrimination when Europeans treat intra-Community trade as a domestic market. Otherwise, serious misunderstandings may subsist in trade negotiations between Europe and the United States.

25. Nevertheless, Europe for its part must see the customs union on which it based its economic unity as a step towards more open markets. It is the weakness of the organisation of Europe, apart from the customs aspect, that has led Europeans to attach too much importance to the customs protection on which European unity has been based and which has made the EEC a divisive factor in the international market.

C. Energy

26. Since October 1973, the United States like the Western European countries has come up against the problem of the shortage of energy resources. In fact, the October 1973 crisis merely highlighted an extremely serious problem caused by the unbridled rise in the consumption of energy, particularly oil, by all the industrialised countries. This phenomenon was even more pronounced in the United States than in Europe.

27. Even if specific political reasons had not sparked off the sudden increase in prices at the end of 1973 and the beginning of 1974, the shortage would probably have caused a similar increase in prices a few months later. But because the crisis surfaced through events in the Middle East a political solution appeared possible. The world took time to realise that this was not so and that the West could not for ever increase its expenditure on energy in such a wasteful manner. It is now clear that the era of cheap energy has come to an end and consequently it is urgent for industrialised countries to redirect their economies along lines which, to be effective, must be concerted.

28. (i) It is essential for all the western countries to limit their energy consumption, particularly in cases where it does not serve productive purposes. Everywhere the waste of light, heat and mileage helps to burden the balance of payments of industrialised countries and heightens the threat of an energy shortage. In early 1979, the United States Government launched an active propaganda campaign to reduce wastage which is a greater problem in the United States than in Europe, where there is

perhaps less wastage but the problem is a real one and governments have so far done little to encourage the population to reduce consumption. In any event, the American authorities made no secret of the fact that the campaign has had little effect and that they are relying mainly on higher energy prices to restrict consumption. But does this not mean choosing inflation as a temporary measure against waste? Can Europe afford to follow such a course? Even here, where mainly internal measures should be taken by each state, they should be concerted so as to avoid major upheavals in the economies of the states concerned.

29. (ii) Building up reserves is obviously no answer to a serious and prolonged crisis but it should allow immediate difficulties to be met, as resulted from the Iranian crisis at the beginning of 1979, and also ensure the possibility of survival in the event of war or a blockade of oil supplies. The Western European countries have made a major effort in this field by agreeing to build up reserves corresponding to more than two months' consumption. The United States, which has oil resources on its own territory, does not seem to have made a comparable effort. It has undertaken not to allow Israel to be the victim of a blockade or boycott by the oil-producing countries, but this undertaking will have its full deterrent effect on the oil-producing countries only if the United States is able to call on large-enough reserves. In February 1979, however, President Carter, Mr. Brown, Secretary of Defence, and Mr. Schlesinger, Secretary of Energy, announced military and naval measures designed to allow the United States to move quickly to ensure that western countries had access to oil from the Gulf area should it be threatened.

30. (iii) It is obviously essential to develop alternative forms of energy among which the only one which seems to offer prospects of fast, large-scale development is nuclear energy. However, the nuclear energy production programmes adopted after the 1973 crisis by most western countries have everywhere been slowed down, held up or stopped by very strong public reaction, particularly in areas where new power stations were to be built. Nowhere have these programmes been fully respected. Nuclear energy production certainly involves risks, as shown by the incident at Harrisburg on 1st April 1979, but present-day technology appears to allow such risks to be mastered provided all necessary steps are taken in time, even if this means taking longer to build power stations. Further, since the development of nuclear energy production is extremely costly, countries which have the means of acquiring a complete nuclear industry have every interest in finding external outlets to help them to amortise the cost of their technology. But in many respects

these industries depend on patents purchased from the United States or on imports of natural or enriched uranium which is difficult to obtain other than from the United States or one of its close allies. It is evident that the policy of exporting nuclear energy-producing industries involves considerable risk of proliferation of nuclear weapons in the world and it is understandable that any country aware of its responsibilities should avoid supplying its customers with means of participating in this proliferation and ensure that all necessary steps are taken to prevent buyer countries from recycling plutonium. For this reason, the Americans have firmly opposed the policy of exporting nuclear power stations pursued by some of their European partners. Because they own the patents and control the uranium market they have managed to delay and sometimes even prevent the conclusion of certain deals. European countries victims of these measures readily suspected their American ally of using the fear of proliferation of nuclear weapons to protect their own industry's markets, thus precluding dangerous competition from their European partners.

31. It is difficult to sort out the true facts from thwarted interpretations in such accusations. But what emerges is the need for dialogue and agreement between the United States and its European partners on nuclear and energy policies as a whole and on the type of provisions and standards to be included in all contracts relating to equipment for countries which do not have nuclear weapons, since :

- (a) in face of the oil-producing countries, whose coalition has carried considerable weight on the international oil market, it is in the interests of both the United States and Europe, as consumers, to concert their approach in order to avoid too great a shortage or too fast a rise in prices ;
- (b) if Europe and the United States are to achieve such results, they must pursue a twofold policy of limiting energy consumption and accelerating the development of alternative sources of energy ;
- (c) finally, in nuclear matters, all countries producing nuclear power stations must reach agreement on standards to be applied to exports of plants of all kinds so as to avoid the proliferation of nuclear weapons while enabling the world capacity to produce nuclear energy to expand as quickly and on as broad a basis as the requirements of security allow. Early action should be taken, for several countries are now in a position to produce nuclear weapons.

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32. On the whole, economic co-operation between Europe and the United States is proceeding fairly satisfactorily. Where trade is concerned, mutual complaints are the subject of overall negotiations such as the former Kennedy round and the present Tokyo round. These negotiations have already produced most important results and have above all prevented the present world recession from affecting international trade. In the monetary field, it is to be hoped that the European monetary fund will allow Europe to carry more weight in the IMF consultations and speed up the search for a new world monetary system. Where energy is concerned, in view of the existence of the International Atomic Energy Agency, there is still a means of controlling everyone's activities, and agreement should be possible on the limits to be imposed on the sale of production plants to third countries.

33. This does not mean that consultations between Europe and the United States are satisfactory. There are in fact many weaknesses to which both Europe and the United States should pay greater attention. But the existence of the European Community and the work of its Commission mean that in economic matters Europe is a relatively well-organised entity and a partner which is not without weight in the balance with the United States. Whether a satisfactory solution will be found to problems which will inevitably continue to dominate relations between Europe and the United States in the coming years depends on how far Europe can maintain and develop its structure and tackle consultations with the United States collectively.

III. Europe's security

34. While there may be some economic rivalry between Europe and the United States, this is obviously not the case for defence. The United States can hardly separate the problem of Western Europe's security from that of its own security any more than Europe can assume responsibility for its own defence other than in close co-operation with the Americans. The framework for co-operation here is the Atlantic Alliance and the organisation which stemmed from it, NATO. It may be said that in its thirty years of existence NATO has worked fairly satisfactorily since it has managed to avert war in Europe, which was its essential aim. American forces have been permanently stationed in Europe to guarantee that Europe will be protected by the United States nuclear deterrent.

35. However, there have always been differences in the European and American view of how the Alliance should ensure joint security. This is easy to understand if it is recalled that the position of the United States shelters it from

certain dangers and the threat of invasion or war other than nuclear, whereas Europe fully realises that any war, whether nuclear or not, would cause widespread devastation in Europe. On the other hand, its position as a leading power confers world-wide responsibilities on the United States which Europe has not had since the end of the colonial empires.

A. Strategic problems

36. These considerations explain certain divergences, or rather different approaches to the problems of the Alliance's strategy. For a long time, Europe insisted on maintaining the concept of massive retaliation as the basis of the Alliance's strategy because the threat of the whole American nuclear arsenal seemed to be the best means of ensuring what was intended to be a global deterrent. Progressively, the European partners in the Atlantic Alliance came round to the concept which the United States had started to develop once Soviet missiles began to threaten its territory, i.e. graduated response. This doctrine is based on the idea that a war will not necessarily destroy the territory of the super-powers and that if it broke out it would be possible to contain it at a level determined by tacit or explicit agreement between the belligerents. In short, a distinction could be drawn between a world-wide nuclear war, disastrous for all, and a European war during which negotiations between belligerents would be possible.

37. There is a serious danger of such a doctrine making war less improbable and unthinkable than with a doctrine of massive retaliation. However, it must be noted that the credibility of a doctrine of massive retaliation reduced considerably with the growth of Soviet nuclear power. Who indeed could imagine the Americans taking the risk of total destruction of their territory and cities in response to a limited attack in Western Europe? The presence of American divisions and increasingly diversified nuclear weapons on European territory allows the deterrent to be graduated so that for each level of weapons used in an attack there is an appropriate means of response which makes retaliation more credible.

38. To satisfy the Europeans and make them accept this doctrine of graduated response, NATO, after long and difficult negotiations, adopted its forward strategy intended in principle, in the event of hostilities, to carry the fighting immediately into enemy territory, the aim being to make the prospect of limited war more acceptable to Europeans. This is still the official doctrine of the Alliance but in fact it is increasingly necessary to ascertain whether it corresponds to real possibilities, failing which its deterrent value would be naught. Apart from

the event, difficult to entertain, of members of the Atlantic Alliance adopting an offensive policy in Europe, forward strategy implies a defensive policy based on an offensive strategy using appropriate weapons in quantities placing NATO clearly above the Warsaw Pact. But it is well known that this is not the case and a considerable effort would have to be made to change the situation. It would take several years with the forthcoming budgetary increases planned by the United States and a number of European countries for their armaments.

39. Moreover, most recent progress is not in offensive weapons but in defensive weapons thanks, in particular, to precision-guided missiles and the neutron bomb. At the present stage of technology, provided large enough quantities are available, these new weapons are extremely effective against all offensive weapons used by ground forces, and particularly tanks. There is every indication that the greatest armaments efforts in recent years have been directed towards precision-guided missiles on which the most research has been done. Finally, on 10th July 1978, the United States decided to manufacture certain components of the neutron bomb even if, as the Committee was told in Washington, implementing decisions are taken only very slowly in view of the reactions of Congress.

40. Such investment implies the choice of a defensive strategy, whether it has already been made or whether it is subsequently imposed by the type of armaments available to NATO forces. It is probably reasonable since there would be no point in accumulating tanks in a period of technical development when such a weapon seems more or less condemned. But a choice of this kind will have considerable repercussions on the Alliance's strategy. It can thus be seen that the dominating country within the Atlantic Alliance is in fact opting for a strategy which is probably perfectly reasonable but differs from the one in principle adopted by members of the Alliance as a whole.

41. In recent years, a number of European military authorities have expressed very pessimistic views about the ability of NATO forces to resist an unexpected Soviet attack, estimating at between three and ten days the time it would take Soviet tanks to reach the Rhine. Even if the Soviet Union is not now thought to harbour aggressive intentions, it must be noted that the military authorities have rendered a great service to all the members of the Alliance and have helped to induce several European members of the Alliance as well as the United States to make a financial effort — however modest — to increase their military budgets by 3 % per year as from 1978 in constant terms, this increase being earmarked essentially for investment in

conventional weapons. Information now available indicates that this effort has been enough to increase considerably the defences of the Atlantic Alliance in Europe and hence its possibility to deter aggression.

42. The situation is evidently less clear in the case of nuclear matters. The American authorities concerned confirmed to the General Affairs Committee that they were anxious to draw a sharp line between nuclear and conventional weapons and, in order to avoid automatic escalation to nuclear war, they emphasised their hostility to the "mini-nuke" doctrine at one time contemplated by American defence authorities. Europe cannot consider basing its defence on escalation any more than the United States, but a defence policy based on deterrence means according greater importance to the development of cruise missiles which alone can meet the challenge of Soviet SS-20 missiles and Backfire bombers. In face of these nuclear weapons, most of which are aimed towards Western Europe, only the deployment of an adequate number of cruise missiles, which are hard to intercept, can offer an adequate deterrent. In this respect, American determination in the strategic arms limitation talks to retain their right to develop and deploy cruise missiles will inevitably be viewed by Europeans as a test of their true wish to defend Europe since only a demonstration of this wish can act as an effective deterrent. Information obtained on this matter by the General Affairs Committee makes it impossible to conclude with all certainty that the United States Government is determined, in the framework of SALT, to retain its ability to deploy a defence system in Europe based on cruise missiles. Those with whom the Committee spoke in the United States made no secret of the fact that there was no concerted plan between the European members of NATO and the United States in this field.

B. Limitation and control of armaments

43. At the end of 1978, the United States and the Soviet Union succeeded in preparing the texts of three agreements which were to bring SALT II to an end and mark the beginning of SALT III. However, at the beginning of April 1979, the SALT II agreement had not yet been concluded. There is some unease in Europe about these negotiations as a whole, probably not because of the content of the SALT I and SALT II agreements but rather because of a number of questions which are inevitably raised in the minds of Europeans about the aims of United States policy in this domain.

44. During the General Affairs Committee's visit to the United States, American governmental authorities strongly emphasised the fact that the SALT agreements were only additional

elements in a defence policy and that in no case would SALT determine United States defence policy. However, Europeans cannot help wondering about the ultimate aims of these negotiations and their possible implications for the future defence of Europe, particularly as it is now clear that the Soviet Union is going to ask for French and British nuclear weapons to be included in SALT III.

45. SALT II covered only the limitation of strategic weapons, i.e. means of delivery with a range of more than 5,500 km. and thus capable of reaching American territory from the Soviet Union or vice versa. All weapons deployed in Europe, consisting mainly of continental (medium-range) weapons or tactical (short-range) weapons, were thus excluded. In recent years, the Soviet Union has made considerable progress with continental weapons thanks to the production of the SS-20 missile which, launched from Soviet territory, can reach any target whatsoever in Europe and the Backfire bomber which has a similar range.

46. There is therefore a danger of the area covered by SALT, i.e. strategic deterrent weapons, which would be frozen at their present level and in which reductions might subsequently be made, being disconnected from medium- and short-range weapons, i.e. those used mainly in Europe, where there would be no brake on the armaments race. Any such disconnection might, although this is not at present the aim of the Americans, result in the fate of Europe being dissociated from that of the United States, leaving the Soviet Union with overwhelming superiority over the European allies of the United States.

47. It is therefore becoming increasingly necessary to establish a closer link between strategy and the diplomacy of armaments control. Apparently the United States has largely achieved this but it seems that its European allies are still a long way away and the Atlantic Alliance has stayed with strategic concepts which take insufficient account of the current strategic arms limitation talks.

48. In the United States, the Administration is afraid that Congress may blame it for the inadequacy of means of verification and supervision to be included in the agreement. In Europe, there will probably be less criticism and reservations about this aspect than about the possibility of the deterrent effect of American weapons being reduced under the SALT II agreements, not to speak of fears of what might happen in SALT III.

C. Armaments co-operation

49. For several years the American authorities have been particularly concerned about achieving

co-operation between members of the Atlantic Alliance for the joint production of armaments. The two-way street formula was adopted under the Republican administration for associating the two sides of the Atlantic in a common effort. The fundamental concepts of this proposal were quite clear. On the one hand, cost prices were to be cut by extending markets and on the other better use was to be made of the military equipment of NATO forces thanks to interoperability of weapons of various origins. In general, these proposals were welcomed in Europe both because of the military requirements they met and of the Europeans' wish for lower cost prices for the weapons needed by their forces.

50. However, at the same time the European countries made a new effort to increase the joint production or at least the standardisation of their weapons. Their aim was slightly different from that of the Americans since it was not so much a question of trying to base common defence on uniform equipment as of lowering cost prices so as to promote and develop a truly European armaments industry instead of one shaped on a purely national basis as is now the case. Although it may not have been the intention, the American proposals might in effect endanger these joint production plans because of the size of American firms and their much longer production runs. In joint production on an Atlantic scale, there was a risk of European industries being reduced to subcontractor status which, however profitable, might allow the United States to gain such a lead in research and development that Europe could have no hope of regaining its place in international competition.

51. The establishment of the IEPG in Europe and the bilateral negotiations between European members of the Atlantic Alliance and the United States, which led in 1978 to the signature of a series of memoranda of understanding, thus occurred at the same time and it may now be wondered whether the memoranda will not make the work of the IEPG even more difficult insofar as they may give priority to transatlantic co-operation, sometimes more advantageous for the industries concerned, over truly European co-operation.

52. Moreover, the concepts on which this two-way street is based vary from one side of the Atlantic to the other. In the United States, there is a growing tendency to consider that there must be an overall balance between United States expenditure on common defence and expenditure by the European countries in the United States to the same end. But European expenditure consists essentially of purchases of military equipment, whereas much of American expenditure lies in the cost of maintaining forces in Europe. The Europeans, on the contrary, consider that the two-way street should, as far as possible,

bring about a balance between Europe's expenditure on armaments in the United States and American expenditure on armaments in Europe. Under such a concept, there would have to be a major change in United States armaments procurement policy since so far the quantity of weapons purchased by the United States in Europe has been very small.

53. Third, the question arises in the United States of how and to what extent the European industries should be encouraged to group and organise themselves to achieve a size and power enabling them to compete with corresponding American industries. One school of thought accepts some protectionism for the European armaments industries insofar as this allows them to grow into valid partners or competitors for American industry, free competition then becoming the only determining factor in the procurement of all Alliance countries. But another school of thought believes that the European industries alone will never make this organisational effort in the framework of a protectionist policy and the only way to regroup them and rationalise European production is to bring Europe face to face with a market in which everyone has to meet the same conditions. This means all the members of the Atlantic Alliance being free to choose the equipment they find the most suitable and the cheapest, the two-way street thus no longer being an organisation of trade but merely an opening up of the market.

54. Your Rapporteur considers that the aim of transatlantic armaments co-operation should be to open up and liberalise markets so as to allow European armies, as well as the American army, to obtain the best equipment at the lowest price. However, to achieve such a result quickly, it is not certain that the way is to open markets completely straight away. He thinks that an effort to organise production in Europe as envisaged in the framework of the IEPG and the broad lines of which should emerge from the SAC study is needed before such results can be achieved. This means waiting *inter alia* to know more — thanks to the work of the SAC — about the various conditions in which European armaments co-operation might be developed.

55. Your Rapporteur is convinced that the European governments will meet with understanding in the United States if they seriously wish to embark on co-ordination of the European armaments industry. If, on the contrary, the work of the IEPG and the SAC continues to mark time without achieving significant results, the wish to form a European armaments industry would be nothing more than a pretext for protecting national interests, which would fully justify American insistence on free access to everyone's markets.

IV. External policy

56. Every alliance has a problem of co-ordinating the foreign policies of its members since they are all committed to supporting their partners in the event of hostilities with other powers. The Atlantic Alliance attempted to solve this problem by creating the North Atlantic Council. However, since the Atlantic Alliance covers clearly-defined areas consultations are an obligation regarding those areas alone and in fact it has frequently happened that one or other member of the Alliance, whether European or American, has pursued policies in other areas of the world which did not at all tally with the views of its partners. This has sometimes led to serious crises, a most characteristic one being the confrontation between the United States and France and the United Kingdom over the Suez affair in 1956. At present, the main problems relate to three fields: East-West relations as a whole which are admittedly considered regularly in the North Atlantic Council but on which co-ordination of external policies seems far from perfect, the Far East and the Middle East.

A. East-West relations

57. The word *détente* which has been used to describe East-West relations in the last fifteen years is certainly very ambiguous and it is natural that it should be interpreted differently not only by East and West but also by the various member countries of the Atlantic Alliance and even within these countries by the various parties or sections of public opinion.

58. Certain aspects of East-West relations should be studied apart since although they are interrelated they pursue separate aims by different means. One such aspect is of course the limitation of armaments and disarmament. A second one is the consolidation of the status quo in Europe so that each one may be certain, insofar as possible, that the other has no aggressive intentions. A third aspect is that individuals should be allowed to escape the power of reasons of state to develop to the maximum their economic freedom, and their freedom in the arts, science and of expression. In short, human rights must be able to flourish, bearing in mind that they are not merely formal rights guaranteed by the constitutions of most western countries but include requirements of an economic nature without which the first would be meaningless.

59. Since President Truman defined the policy of containment, the United States has based its relations with the Soviet Union and other communist countries on maintaining frontiers as they were after the second world war. This desire for stability has been an essential factor in the trend of East-West relations and seems to be a

major objective of the Soviet Union, whereas for the West it is but a price to be paid for the consolidation of peace.

60. Conversely, when President Carter took office, the United States Government started to emphasise other aspects of détente, and showed an active interest in what was happening inside the eastern bloc and even in individual countries including the Soviet Union. The final act of the Helsinki conference is typical of the present situation since it juxtaposes two principles which are not absolutely contradictory but nevertheless frequently come into conflict in practice, i.e. non-intervention in the internal affairs of states and the collective responsibility of the signatory states for the respect of human rights and freedom.

61. In this connection there is no opposition between the Western European countries and the United States. All pursue the same aims. There is no doubt however that priorities are not everywhere exactly the same and Europe now attaches increasing value to the maintenance and development of healthy economic and trade relations between Eastern and Western Europe although some are sceptical about outside efforts to induce the Soviet Union and its allies to have greater respect for human rights. On several occasions, the United States Administration, under pressure from Congress, has envisaged economic reprisals against the Soviet Union if it failed to show greater willingness to respect human rights. These threats have not been without avail and it is to be noted, for instance, that the number of Soviet citizens authorised to emigrate, to Israel in particular, has increased considerably in recent years. Similarly, the Soviet Government now seems to think twice before using more forceful means of curbing dissident factions. But even measures of such limited effectiveness are possible only if policies are permanently co-ordinated. Should the United States refuse to deliver certain equipment to the Soviet Union and allow its European partners to gain control of the markets thus freed, the result would be a *de facto* disruption of the Atlantic Alliance in face of the very danger it was formed to fight. One such instance has just arisen with regard to France's sale of a computer for the forthcoming Olympic Games in Moscow which the Soviet Union had ordered from the United States and which the latter finally refused to deliver. A consensus must therefore be found among members of the Atlantic Alliance to avoid some of them taking firm stands which isolate them and to maintain the cohesion of the western alliance outside times such as that of the preparation and holding of the Helsinki conference when consultations in the NATO framework were a worthwhile complement to those held by Europeans in the framework of the Nine.

B. Near and Middle East

62. The Middle East is now more than ever an area of East-West confrontation, but generally indirect confrontation in which local factors play a decisive part. Whereas it might have been thought that developments in Egypt and a number of other Arab countries since 1973 would have allowed the crises clouding the area since the end of the second world war to be progressively settled, several events have allowed or may allow the Soviet Union to intervene more actively than before, sparking off even more serious confrontations than in the past.

63. This evolution started with the revolution in Afghanistan in 1977 and Pakistan's turn towards dictatorship. In 1978 there was even more serious unrest in Iran following which the Shah had to leave the country in January 1979 and make way for a régime which has not yet managed to assert its control over the whole country. It is impossible at the moment to ascertain the exact rôle of the Soviet Union in this series of events but there is every indication that the Iranian revolution was not directly due to the intervention of outside forces.

64. The unrest and insecurity in Iran led to a cut in its oil output and then a total halt in exports, which was very serious for the West as a whole since Iran was the world's second oil exporter after Saudi Arabia. Since the change of régime, oil production has picked up again but the present government does not wish it to return to its 1977 level. Again, it has cancelled a large number of contracts under which Iran was to have been equipped with modern industries and means of transport and thus use its profits from oil to become an industrial power.

65. The United States Government appears to have taken a long time to realise the full seriousness of the crisis and it supported the Shah's régime longer than necessary in spite of the strong internal opposition to the régime. It supplied the most sophisticated weapons, considering Iran as the most reliable outpost of western positions in the midst of an area of instability. Consequently, the Iranian revolution adopted a hostile attitude towards the West and the United States in particular, which was accused of having intervened in Iran's internal affairs to maintain by force a régime which had lost popular support.

66. Europe seems to have been quicker to realise the threats to the Shah's régime and it was in France that Ayatollah Khomeini, who inspired the Iranian revolution, took refuge after being banished by the Iraqi Government. In France he was able to use the press, radio and television to spread extremely violent propaganda against the Shah's régime. It was thus apparent that in

autumn 1978 two member countries of the Atlantic Alliance, France and the United States, were pursuing two diametrically-opposed policies since one was still supporting the old régime whereas the other did nothing to hide its assistance to the advocates of revolution in Iran. The two countries' attitudes may be judged in various ways, but they are characteristic of the lack of harmonisation between the foreign policies of the United States and Europe.

67. Relations between Israel and the Arab countries have not led to open opposition between Europe and the United States but the trend of American policy towards Palestinian problems has given rise to reservations and fears in Europe. It is known that the United States Government brought strong pressure to bear on the Egyptian and Israeli Governments to induce them to take part in the Camp David negotiations which were to lead to the signing of a peace treaty between the two countries in Washington on 26th March 1979. Naturally, no one in Europe disapproves of the search for peace between Israel and neighbouring Arab countries, but many European observers wondered whether President Carter's methods for achieving this result might not jeopardise the chances of a true settlement. Indeed, although the United States Government still considers, as the General Affairs Committee was told many times by the American authorities during its visit, that the Washington treaty is a step towards a more general settlement of all Middle East problems and that a sort of peace movement was thus set in motion in which the whole Arab world would progressively become involved, Europeans have often felt that, quite the reverse, the Washington treaty merely made a general settlement more difficult and made absolutely no contribution to solving the most serious problem, that of the Palestinians. They believed it might endanger the Arab governments the least hostile to a general settlement, increase unrest throughout the Arab world as shown by events in Lebanon and foster anti-western reactions which might *inter alia* produce a fast and inconsiderate rise in oil prices thus perhaps causing a crisis which would be extremely serious for Europe. It should be added that there is nothing to show that the Israeli Government shares the American view that the Washington agreements are but a step towards general peace and the very fact that two days before the treaty was signed it was announced that more Israeli colonies were to be established on the West Bank indicates that Israel is not at all prepared to make more concessions than it has already done.

68. In short, American policy in the Middle East seems dangerous and disputable to many Europeans, and certain governments have shown — so far discreetly — that they were anxious not to be associated with an American policy

in which they had no part, while others have voiced approval of American policy.

69. Thus, in the Middle East and Iranian affairs there has been a blatant absence of consultation and co-ordination between the policies of the United States and of its allies, the outcome of which might be extremely dangerous for the whole western world.

C. Far East

70. It is easy to understand that after the Vietnam affair the United States has taken the greatest care not to become involved in another war in the Far East. It is equally evident that the Soviet Union has tried to take advantage of this situation to extend its influence, particularly as it felt threatened in that area by the growth of Chinese power and the increasingly hostile attitude of China towards it. At the end of 1978, Vietnam, backed by Moscow, invaded Cambodia, overthrew the government in office and set up a régime favourable to it. China was the only country to react to this invasion and at the beginning of 1979 launched an offensive on its Tonkin frontiers.

71. The United States for its part had for ten years or so been drawing closer to China, this being marked by President Nixon's visit to China and then, after the death of Mao Tse-tung, recognition of the People's Republic of China, the severing of relations with the Taiwan Government and the very rapid development of economic relations with the People's Republic of China. The United States was not thereby departing from the policy long pursued by most Western European countries which all had diplomatic relations with the People's Republic of China and had also considerably increased their economic and trade relations in 1978.

72. The problem now is how far the development of friendly relations between China and the western countries can and should lead to further co-operation in political and defence matters. At present, political differences do not seem very great since no one seems prepared to endorse Chinese ventures in its frontier disputes with the Soviet Union or in its ambitions in South-East Asia. Nevertheless, certain Western European countries have concluded arms contracts with the Chinese Government, while the United States Government, fearing that the Soviet Union might consider such deals as provocation and close western rapprochement with China as an encirclement of its territory, is proving most reserved about such a policy. As long as such arms sales are small, these differences are not too serious. But the member countries of the Atlantic Alliance will have to concert their approach to China and Far East problems so as not to allow situations to develop in the same way as in the Middle East and also

because their policy towards China may have considerable repercussions on Soviet external and defence policy as a whole and hence on the security of all.

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73. Although necessary, the co-ordination of the foreign policies of Europe and the United States encounters considerable difficulties. Some are psychological because, since the end of the Vietnam war, the United States seems determined to keep within the strictest limits its commitments in both Asia and Africa but it alone is able to supply weapons, guarantees or forces which might effectively contribute to preventing developments too unfavourable to the West. The Western European countries certainly do not have the means of taking effective action every time there may be a clash with Soviet power.

74. As a result, serious differences have surfaced in various connections and many Europeans now seem to be afraid that the United States will pursue a policy which no longer guarantees due respect for its commitments to its allies. At one and the same time Europe is therefore concerned about the world balance, maintaining its relations with the Arab world and the security of its oil supplies and how much confidence it may have in American commitments.

V. Conclusions

75. After this review of the difficulties of co-operation between Europe and the United States, it would be illusory and naïve to expect the United States to be something different and not draw the conclusions it thinks it should draw from the recent past, even if many Europeans reach different conclusions.

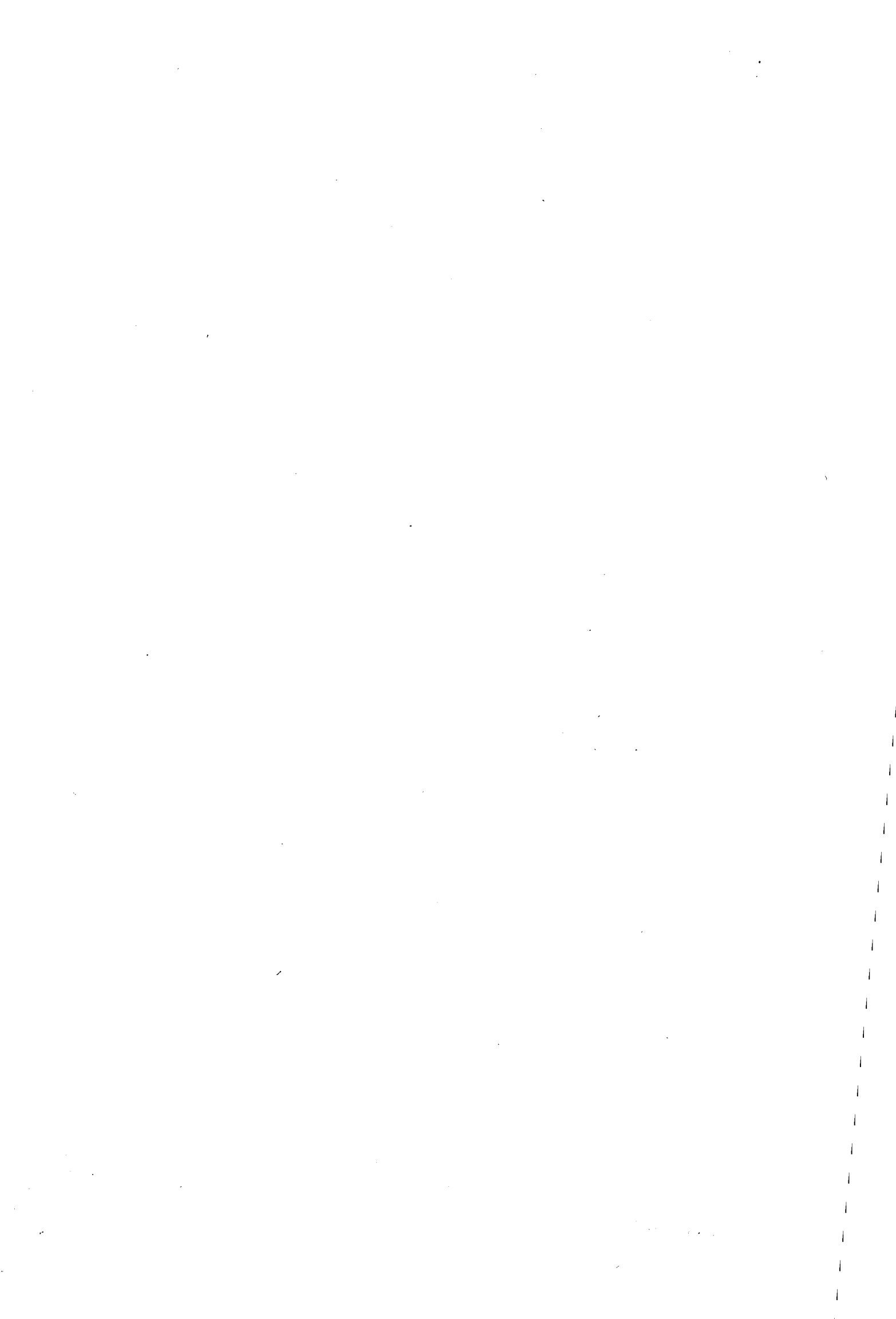
76. Europe must realise that for geographical reasons and in view of its economic possibilities and history the United States cannot share the same views on all world problems, be it in economics, armaments or external policy. The cohesion of the West, which is essential for the security of all, can be guaranteed only through continuing agreement between the United States and Western Europe. But this means that Western Europe must really exist. In areas

where it has achieved a degree of unity as in international trade and perhaps tomorrow monetary matters, it is proving possible and fruitful, if not always easy, for Europe and the United States to reach agreement based on joint interests and compromises between special interests. The expected success of the Tokyo round is most encouraging in this respect. But in areas where Europe has not really taken shape it is unable to exercise the rôle justified by its commercial strength, economic activity and even its efforts to help to ensure its own security. Its ability to be a true partner of the United States and to assert its legitimate interests therefore depends on how far it manages to organise itself in common institutions and elaborate a European policy. Europe's vital interests are certainly at stake in matters such as the strategic arms limitation talks, the international monetary system and the search for peace and balance in the Middle East. It is clear that the United States Government has decided to take account of this but it is equally clear that Europe is unable to assert its views.

77. The establishment of a European monetary system may give it the means to do so.

78. In foreign policy matters, nine-power political consultations have not so far achieved adequate results, apart from a few cases such as the CSCE.

79. Where defence is concerned, Europe's weakness is not due only to its vulnerability and to its inadequate troop levels and weapons but rather to its institutional inexistence and lack of will. Proof of this in 1978 is to be found in the way European governments evaded adopting a clear stand on the neutron bomb when the United States Government sought their opinions. The main obstacles to co-operation between Europe and the United States lie on the European side and it is mainly for Europe to find a solution. In the fields in which it is already united, Europe can pull its weight as a partner. A divided Europe will at best be mediocre, commanding but little respect or heed, continually complaining about decisions taken without it, whereas the United States seems to realise fully that European unity is necessary to achieve balance in the Alliance which will be as beneficial for the United States as for Europe itself.



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