

SECRET

16



Foreign and Commonwealth Office

London SW1A 2AH

12 November 1980

Dear Michael,

Health of the Alliance

Since the OD meeting on 7 November, which considered a possible British initiative for a review of the NATO Alliance, the Lord Privy Seal has discussed the idea with Mr David Newsom, Under Secretary for Political Affairs at the State Department. Officials will also have taken an opportunity this week to mention our proposal in general terms to German (and French) officials in advance of the Prime Minister's visit to Bonn. Lord Carrington would like to discuss the handling of this subject with Chancellor Schmidt at the Prime Minister's briefing meeting tomorrow. The following are his preliminary thoughts.

Newsom, who also called on the Defence Secretary, seemed generally receptive but had some doubts that he would be able to deliver a firm US endorsement of our initiative by December. The American position would have to be cleared not only with the incoming Administration but with leading members of a Congress which saw the main problem as lying less in the workings of NATO than in the attitudes of individual allies to defence expenditure. It would be essential to persuade these people in Washington that our proposed review was intended as a spur to better performance by the European allies, rather than as a framework for justifying inadequate allied spending or as a device for postponing the day of reckoning with the United States: our case would be much strengthened if the Germans were to make it plain that they would respond more positively to appeals for greater defence effort in the context of such a study than to bilateral approaches of the kind that the Americans have relied on until now.

Chancellor Schmidt will therefore have to be approached with some care. He will not want to go so far as to promise more money for defence in advance of a review, whatever Newsom said. The Americans last week applied strong bilateral pressure to the German Government to increase its contribution to the Alliance by providing considerably more host nation support for US troops in Germany. First signs

/from

SECRET

SECRET

from our Embassy in Bonn are that this approach has gone down badly. The Germans must, however, be conscious that the Americans will not give up - indeed this is the message that the Federal Chancellor can expect to receive from President Carter in Washington on 20 November. Newsom stressed repeatedly that the magnitude of the military task which the Americans now faced in South West Asia was such that there was bound to be an impact on the Alliance. The Reagan Administration will increase the pressure on the European allies to carry a greater share of the financial burden of Western defence, and the Germans can expect to bear the brunt of this. The best hope of winning German support for our initiative may therefore be to depict it as offering the most satisfactory way - from their national point of view as well as that of the European allies in general - of handling US pressures of this kind. We shall have to be particularly careful not to present our ideas to the Germans in a way which might foreshadow yet another exercise to put direct financial pressure on them. US support for a British initiative will probably be much more forthcoming if Chancellor Schmidt indicates during his visit to Washington next week that, the best hope of the Germans being able to respond positively to pressures for a redistribution and/or increase in effort lies in a collective Alliance approach of the kind we have in mind.

As regards the Alliance as a whole, it was agreed in OD on 7 November, that we should launch the initiative with NATO Ministers in December, with the aim of getting the review itself started soon. One solution, which was mentioned in OD, would be to hand over the task of carrying out a review of the Alliance to a new Secretary General. But in the view of our Permanent Representative to NATO it is likely to prove impossible to get a new Secretary General in the saddle before September 1981 at the very earliest. This means that, even if Dr Luns decided to go (and he has so far given no indication that he is minded to do so), we would be faced with an unacceptable delay if we linked the review with the timetable for the installation of a new Secretary General. It might be better therefore to aim to have a report by September of next year. If a new Secretary General could be in place by then, he could make it his top priority to push the report's recommendations through so that Ministers could reach firm decisions at the North Atlantic Council meeting in December 1981.

/As

SECRET

SECRET

As to the handling of a review of this kind, handing the exercise over to the current Secretary General and the North Atlantic Council is unlikely to be effective; if Dr Luns is to be replaced there would be no stimulus or enthusiasm from above and the outcome would probably be deadlock. Nor would it be profitable for the NATO International Staff to take it on: given their strong vested interest in the status quo, this would be a recipe for inaction, or at best unsatisfactory compromises. There would be some attraction in handing the review to a Secretary General designate. But, even if a new Secretary General were to be designated in time, it would hardly be feasible for him to take on the task. In the eyes of Dr Luns, whose cooperation will be important, it would appear tantamount to an inquisition on his stewardship.

The most effective way of proceeding would therefore seem to be to launch a study, headed by a small group of independent personalities into which we would inject our ideas. The chief task of the study would be to examine how the Alliance can fulfil its objectives more effectively in the light of changing circumstances, making the best use of the resources available. This would, of course, include "division of effort" which we know to be a concept dear to the Germans.

Much would of course depend on the people chosen to undertake the review. We should want to consider their selection with the greatest care. We would also need to ensure that their work is kept under adequate political control. To achieve this NATO Ministers in December might instruct the review team to produce a plan of work for submission to NATO Governments by, say, February. This would then leave about six months to complete the report in order to meet a September deadline.

I am sending a copy of this letter to Brian Norbury (MOD) and David Wright (Cabinet Office).

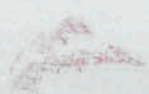
*Yours etc*

*Paul*

(P Lever)  
Private Secretary

Michael Alexander Esq  
10 Downing Street

SECRET



13 NOV 1980