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message to the Czechs and East Germans: Moscow wanted the refugee problem resolved before Gorbachev arrived in East Berlin—and, Shevardnadze stressed, the Soviets wanted it resolved “with or without the GDR’s approval.” Knowing the Czechs had no choice but to abide by Moscow’s wishes, the Honecker government gave the emigration its sullen blessing.

Some Western analysts speculated that Gorbachev might lobby privately for Hon-

ecker’s removal. A senior West German diplomat said the East German leader could be gone from office “in a matter of weeks” through the combined pressure of Moscow, Bonn and the East German public. That is probably premature. Next spring, however, the regime will hold a critical Communist Party congress. “Up until now, every public and private signal has been that there won’t be any changes in authority,” said one U.S. offi-

cial. “If that begins to shift, you can assume the fix is in.”

It was doubtful, however, whether a successor would be any improvement. Moscow would clearly prefer a committed reformer such as Hans Modrow, the hugely popular Dresden party chief who openly advocates the overhaul of East Germany’s political and economic institutions. It was more likely, though, that any successor would be drawn from

How Kissinger Sees It

As East-bloc unity disintegrates, the future of the two Germanys gains new importance. Former secretary of state Henry Kissinger met with NEWSWEEK editors last week to discuss “the German question.” Excerpts:

We are watching a political process in Europe in which the Soviets are losing political control in Eastern Europe, while NATO’s military position progressively weakens in Western Europe. I consider what’s going on now to be the lull before some storm. The problem in Eastern Europe is a disintegration of the concepts of the satellite empire. The communist parties, to the extent that they become national parties and participate in the electoral process, must adopt an attitude independent of Moscow because it’s the only way they can legitimize themselves. In Poland and Hungary the communist parties may believe that by calling themselves social democrats they will save national communism. But this can’t work in East Germany, because there you cannot be a national communist; as a nationalist you have to be for unification.

The basic dilemma of the West Germans is that they’re emotionally cut loose from some of their Western moorings. It is a standard phrase of West German politics now that Germany has a special vocation in the East. They keep saying: we’re good allies, we’re reliable members of NATO, we are dedicated Eu-

ropeans, but everybody has to recognize that we have a special mission in the East. Where have they proved their special vocation in Eastern Europe other than in the military field? To speak of a German special historical relationship in Poland is absurd.

West German industrialists want to use Eastern Europe for low-cost manufacturing of German technology. They’re putting a lot of money into some of these countries. What happens when the Soviets wake up and find that they have lost Eastern Europe economically to the Germans, and that East Germany is blowing up. Is it likely they will acquiesce to losing their Eastern European empire to the Germans? I can’t conceive that. The internal disintegration could have reached a point where they will accept it, but I wouldn’t want to base American policy on that proposition. What if the Soviets decide to demonstrate their power in Central Europe, perhaps in Berlin?

We have to come up with a political concept for the future of Europe, or we will be endlessly whipsawed between accelerating unilateral disarmament in NATO and the political disintegration of Central Europe. The art of foreign policy is to understand trends and to manage them. I would have preferred a more orthodox evolution. I would have preferred to maintain the present military structures and a gradual easing of tensions within them. But a trend exists.



DPA—PHOTOREPORTERS

A disintegrating empire: Calling for reform in East Germany

Events in the East will produce a situation where the United States has to take a position. The only question is whether we do it ad hoc, reacting to each crisis as it develops. Or whether we say that we’re in a new period, however we got there. That new period requires the following concepts: the bipolar approach will no longer work. Therefore, we have to see how to manage trends in a manner that does not leave us at the end with a Europe less stable than the one we’ve known before. You already see in the Balkans that all the old quarrels are coming up again. You can visualize the German-Slav problems will be there again. You’ll be back to traditional European politics without a concept and without the forces to handle them. What do we do if one of these countries decides to leave the War-

saw Pact? Should we try to get them out? Or should we encourage them to stay?

It must be in the Soviet interest not to be the permanent policeman of Eastern Europe, thereby jeopardizing a relaxation with the West. We have to find a way to give the Soviets assurances of security within their 1941 borders, and convince them that it is in their interest to get out of physical control of Eastern Europe—which, however, can be turned into a zone to make military attack against them impossible. We need a concept for Germany, for the evolution of Eastern Europe and for defense in a new political environment. We’ve gotten ourselves obsessed in the West. We were so militarized in our thinking that we’re now militarized in our diplomacy—on both sides. And we have to get away from that.

the ranks of East Germany's Stalinists, men such as 52-year-old Egon Krenz, who emerged as heir apparent while Honecker was reported close to death following gallbladder surgery over the summer. Currently the head of the security police, Krenz is favored by party hard-liners who are seeking to hold back the tide of reform. "These are old men, immobile, petrified, unable to cope with changing times," said one official in Bonn. "They do not

understand why people are unsatisfied."

With the closing of the Czech border, East Germany exposed itself as a country that can no longer compete for its citizens' allegiance. Instead, said Dorothee Wilms, West German minister for intra-German relations, "The GDR [is] more than ever a state built on walls." East Germans' increasingly panicky claustrophobia is threatening to get out of hand. "In those circumstances," said a U.S. State Depart-

ment official, "who knows where Gorbachev's visit could lead? Will he urge them to liberalize? Will he urge Honecker to leave office? Will the population respond so overwhelmingly that it risks another Tiananmen Square?" After admitting its political illegitimacy, East Germany can either reform, repress or explode.

HARRY ANDERSON with MICHAEL MEYER and KAREN BRESLAU in East Berlin, MARGARET GARRARD WARNER in Washington and bureau reports

Behind the Masks of Eastern Europe

In Eastern Europe last week, NEWSWEEK Executive Editor Stephen Smith and Bonn bureau chief Michael Meyerspoke with leading politicians and activists about the pace of change in their countries. Excerpts:

Mieczyslaw Rakowski, Polish Communist Party chief:

The political situation is not stable. A new balance is emerging. The Communist Party is seeking an identity, as is Solidarity. As for reforms, there are no barriers, theoretically. In practice, you have to ask how much people are willing to see a decline in their living standards. In my opinion, Polish society is not prepared to make sacrifices of this kind. You have this horrible contradiction: you need radical moves but you have the resistance of the people.

The real challenge is to change people's mind-set. Poles would like to work in socialism but live in capitalism. We like the demands on us to be low. Most Poles are attached to the peaceful life. The greatest barrier to reform lies in people's psychology, what I call the "awareness barrier." Changing this is not a matter of a year or five years; it will take a generation. As it is, the system has demoralized people. I may be wrong, but after the first radical steps, and the subsequent social reaction, the new government will retreat.

Imre Pozsgay, Hungarian Politburo member and a leading reformer: A crisis prevails in Eastern



BISSON—SYGMA



SHEPARD SHERBEL—SABA

"The challenge is to change people's mind-set": Rakowski, Pozsgay

Europe. There is no political or even geographical unity. What you call the East bloc is an artificial linkage, a hybrid imposed after Yalta. The crisis of Europe lies in its division. Protracted problems here will lead to protracted problems in Western Europe as well. We have an unprecedented opportunity for creating a united Europe. It's not a matter of money. We want access to Western technology, to economic innovation and foreign investment. We want entrepreneurs who can teach us management skills as well.

We have seen no sign that Moscow wants to pull us back. To the contrary, Gorbachev's *perestroika* is a wind at our back. Hungary has reached a point where there is no going back.

The Hungary of the future will be similar to West European social democracies. The party state will cease to exist.

Dictatorial socialism will disappear. We must create a constitutional state ruled by law. The goal should be a parliamentary government freely elected from among competing parties. If defeated, the party will transfer power as in any democracy. Hungary is not an oligarchy: we should be able to change our leaders at any time.

Milos Jakes, Czechoslovak Communist Party leader: [Restructuring] certainly does not mean edging away from the ideals of socialism . . . We keep a close eye on those developments [in Hungary and Poland], which in many respects give us concern, and draw the necessary lessons—for example, that the party as the leading force in society must not lose control over the situation.

Vaclav Havel, Czechoslovak playwright and political activist: For

20 years socialism was deprived of the moral side. All was apathy and depression, a hopelessness prevailed. But over the last year we can see remarkable change. First, a new generation has grown up that did not go through the trauma of 1968. Second, developments in Hungary and Poland are stimulating our society. Third, the current policy of our leadership is growing sterile. The leadership is tired and growing old. It's becoming petrified.

A dictatorship in crisis typically makes contradictory moves. I can imagine a situation that one day my play will open in Prague, and the next day I'll be in prison. This may seem implausible, but at the moment of crisis, when power is shaken, anything can happen. For 20 years the communists exploited the future. Now come the results of this very dangerous policy. Within eight to 10 years, [we] will be like Poland—\$40 billion in debt and no basic foodstuffs. We keep telling the regime that it is not necessary to wait until the bitter end before starting a social dialogue. A lot of suffering could be prevented.

But do not forget, in a totalitarian system we can observe an interesting phenomenon. People in power will speak out only when the time is ripe. Our leaders all wear a uniform mask and declare identical phrases. Perhaps at a moment of history, the masks will fall, and it is only at that moment that we know who is who. It is possible then that we may be surprised to find that the masks concealed an intelligent face.

NATO Edges Toward the Moment of Truth

Board of Contributors

Politicians who are loath to advocate the withdrawal of U.S. troops from Europe for reasons of policy are beginning to look with favor on the idea for budgetary reasons.

By IRVING KRISTOL

The trouble with cleverness in foreign policy is that one is likely to end up being too clever by half. This is the situation in which America's European allies now find themselves.

For many years now, they have been piously and disingenuously stressing the importance of arms-control negotiations as one alternative to an expensive and politically unpopular buildup of the North Atlantic Treaty Organization's conventional military forces. They have even felt free to criticize the U.S. for dragging its feet on this issue. Now, however, they are dismayed at the public revelation that the alternative was always a false one. The price of a successful arms-control agreement is larger military budgets, not smaller ones.

Shifting the Focus

As the prospect of an agreement between the U.S. and the U.S.S.R. on intermediate-range nuclear missiles grows brighter, Western European nations have been nervously shifting the focus to the Soviet's short-range missiles. They have also indicated clearly that if an agreement on this matter is negotiated—which is by no means out of the question—then the focus will shift to a negotiated reduction of Soviet conventional superiority.

But they know beforehand that this is a nonstarter. The negotiations on conventional forces have been going on for 15 years now in Geneva, and there has not even been agreement on an agenda. The Soviets are not simply going to negotiate away their superiority vis-a-vis NATO on this level. They see themselves as a world power, not a middling power, which is what America's NATO allies are resigned to being. The Soviets' conception of an ideal military "balance" is one in which their conventional forces are equal to those of Western Europe plus those of the U.S. If this ideal is to be frustrated, it will not be by negotiation but by a very substantial increase in NATO's conventional military power—substantial enough so that the Soviets would be hard put to match the pace.

Any such buildup, however, is what our NATO partners wish so desperately, for internal political reasons, to avoid.

So a rift is developing within NATO on arms control, and ironically it is now Western Europe that is trying to repudiate its past rhetoric. It is indeed a surprise that the rift should be developing on this issue, in this way—as a result of Soviet accommodation rather than Soviet intimidation. But it ought not surprise anyone that there is a rift. The present structure of NATO is such that rifts are bound to emerge, and to become ever more serious with each passing year.

The keystone of NATO is the American commitment to defend Western Europe, with nuclear weapons if necessary, against

Soviet aggression—even if it is nonnuclear aggression that is involved. This commitment was made at a time when the nations of Western Europe were economically and militarily weak. It was also made at a time when the U.S. had a clear nuclear superiority over the Soviet Union. This is no longer the case, to put it mildly, and many analysts have been saying—some candidly, some sotto voce—that NATO should begin to recognize that the American "nuclear umbrella" is more fictitious than real.

On the surface, their arguments seem to have had little effect. The State Department and the Pentagon are resolutely dedicated to the status quo. U.S. politicians are fearful of disrupting an alliance that has "kept the peace" in Europe for more than four decades. And public-opinion polls show widespread and habitual public acceptance of NATO. True, these polls never ask, "Are you in favor of the U.S. engaging in mutual nuclear annihilation with the Soviet Union in order to preserve the integrity of Western Europe?" This question is never raised in public discourse, lest the answer be disconcerting.

Beneath this surface of seemingly solid commitment, however, a subtle and important change is taking place. Politicians who are loath publicly to advocate the withdrawal of American troops from Europe—the supposed guarantor of that nuclear umbrella—for reasons of foreign policy are beginning to look with favor on the idea for budgetary reasons. More and more one hears invidious comments about the level of European military expenditures as compared with that of the U.S. And more and more one hears rough calculations of how much the deficit would be reduced if NATO were more "European,"

less American. This is not the most sensible reason for rethinking NATO, but welfare-state politics within the U.S. are not all that different from welfare-state politics in Britain or West Germany.

What it comes down to is that the very idea of NATO is now edging into incoherence, and the status quo is becoming more and more anachronistic. The defense of Western Europe at the conventional level will be, in the future, primarily a European responsibility. The British and French nuclear forces will have to become the nuclear deterrent for all of Western Europe. It will be a deterrent against Soviet nuclear aggression—as it already has been in fact, as distinct from theory.

It is preposterous to believe, as official NATO theory prescribes, that the governments of Western Europe would ever resort to a first-use of nuclear weapons against conventional Soviet aggression, therewith ensuring their own annihilation. The European dream—unstated, for obvi-

ous reasons—is that any such nuclear exchange would primarily involve the two superpowers, with the missiles flying over West European heads, as it were. But with or without American troops in Europe, this is an unlikely scenario, since neither the Soviet Union nor the U.S. is really interested in committing national suicide in a conflict over Western Europe, dearly as they may cherish that portion of the globe.

This does not mean that the U.S. will simply "decouple" itself from Western Europe. It cannot and should not. Since the costs of a West European conventional defense will be high—nuclear weapons are attractive precisely because they are so relatively cheap—the U.S. should be (and surely will be) ready to help, with sophisticated weaponry, with its Navy and Air Force, even with some troops where necessary and feasible. But Europe will have to become more self-reliant if "containment" of the Soviets is to be successful.

Political Will

This possibility tends to be dismissed much too casually. Yes, the Soviets now have 27,000 tanks vs. NATO's 14,000. But the nations of Western Europe know how to build tanks—very good ones, actually—and have the resources to do so. They also have the human resources to man them. Especially with American assistance, they should be able to close much of this gap, if not all of it. And what is true for tanks is no less true for airplanes. The key question is: Do they have the political will to move in this direction?

The State Department and the Pentagon are convinced that they do not—that the political will for such self-reliance is nonexistent. This is why they prohibit, in effect, any speculation about the future of NATO. Nevertheless, that future is now an open question. It will be up to the Europeans to prove the State Department and the Pentagon wrong.

Mr. Kristol is the John M. Olin professor of social thought at the NYU Graduate School of Business and a senior fellow of the American Enterprise Institute.



The playwright-President's stirring remarks brought down the House—and the Senate. Some lawmakers were moved to tears

The Revolution Has Just Begun

In 59 days that shook the world, dissident playwright Vaclav Havel was swept out of political detention into the presidency of Czechoslovakia. Last week Havel delivered to a joint meeting of Congress an extraordinary speech about democratic ideals, the rebirth of the human spirit and America's role in the post-cold war era.

“Twice in this century the world has been threatened by a catastrophe.

Twice this catastrophe was born in Europe, and twice you Americans, along with others, were called upon to save Europe, the whole world and yourselves.

In the meantime, the U.S. became the most powerful nation on earth, and it understood the responsibility that flowed from this. But something else was happen-

There are two plywood circles showing where gun turrets were taken out to save weight when hauling the 9,600-lb. *Little Boy* atom bomb. Back in the bomb bay work is going on to reconstruct the single hook used to suspend and release the bomb. A normal double hook for bombs was abandoned by the mission planners, who feared, if one malfunctioned, the armed bomb might dangle in the rack like hell on a tether. You remember the day 44 years ago on a college campus when the news came of the *Enola Gay's* successful drop and the public dawning of the nuclear age, how you sat up most of the summer night talking and wondering.

The Garber Facility is named for a diminutive 90-year-old man who still goes to work every day as historian emeritus of the Smithsonian Institution and has done more than any other person to preserve the record of the nation's great venture into flight. Paul E. Garber was born just as the Wright brothers began to inquire about flying machines. When Garber was five, his uncle gave him a kite, and his fascination with the sky was fixed for a long lifetime.

At nine, Garber read in the evening *Star* about an airplane demonstration. He mooched 50¢ from his father and hopped the Washington trolley to Arlington National Cemetery. When he stepped down, he heard a strange sound, looked up and saw Orville Wright steer his *Military Flyer* above him with Lieut. Frank Lahm, one of the first military pilots, at his side. Garber ran up the hill to Fort Myer, where President William Howard Taft was witnessing the birth of American air power. Years later, Garber, by then a friend of the Wright brothers, acquired both their original plane and the *Military Flyer* for the Smithsonian.

Garber learned to fly one of the legendary Curtiss *Jennys* just after World War I. But he got so wrapped up in the evolution of the planes and preserving them that he never pursued a flying career. In all likelihood, he is the only man alive who has lived the entire span of aviation history at the very center, friend of most of the pioneers, keeper of flight's most complete diary.

Garber put the bite on Jimmy Doolittle, Amelia Earhart, Wiley Post and Howard Hughes for famous planes they flew to records in what is often called the golden years of aviation, when new planes were designed and built every few weeks. When Garber's friend Charles Lindbergh took off for Paris in 1927, Garber heard the news on a homemade radio in his Chevy. He stopped at roadside and scribbled a cable asking for the plane. "Lindbergh hasn't gotten there yet," stammered the Smithsonian's Assistant Secretary Charles Greely Abbot when asked to send the wire. "He's a great aviator in a very good plane," responded Garber. "I think he will make it." Lindbergh did. So did Garber's plea. The *Spirit of St. Louis* is one of the most popular exhibits in all of aviation history. ■

The health of nations—II

Whose lunch are we consuming?

A nation—especially a nation in a leadership role—is only as strong as its economy. America has been a world leader since World War II because it could afford to be. But even as sweeping changes in Eastern Europe and elsewhere make the world a different place, the American economy is changing as well, and not necessarily for the better. These changes raise the question of whether America can remain at center stage as the daily drama of history continues to unfold.

The worldwide political landscape, once so clearly divided by figurative curtains and literal walls, is a blurry place today, and nobody has issued new road maps. At the same time, the nation faces a daunting array of economic problems: An intractable budget deficit, an equally stubborn trade deficit, a tendency to consume rather than to save and invest, and a growing reliance on foreign money to finance our debt. These domestic woes carry over into today's international marketplace; American companies are hard-pressed to compete, and cries are raised that "they"—our international competitors—are eating our lunch.

But it shouldn't matter who sits down to dine if the meal is large enough to feed everybody. The real challenge for America is to keep the economy growing—not only for the sake of our international commitments, but also to raise the living standards of our population. And that means shifting the emphasis from consumption to investment. Today's investments, after all, provide the means for tomorrow's higher standard of living in an increasingly competitive world.

The key to economic expansion remains the translation of savings into new plants and equipment, research and development, and a better-trained, more sophisticated work force. People are crucial—people working better and smarter, not necessarily harder.

But America has a long-standing penchant for saving less than its foreign competitors. Japan and West Germany, to name just two, have a tradition of saving and investing at high levels, and this tradition is continuing into the present. Just one measure of this phenomenon, admittedly an imperfect one: In 1988, Americans saved 4.4 percent of their disposable household income; the Japanese saved 15.2 percent and the West Germans 12.6 percent.

As if a low savings rate weren't bad enough, the federal deficit makes it worse. A lot of what Americans do save goes to finance Uncle Sam's massive debt. Foreign money is another prime way we finance our excessive consumption, including the government's.

In the final analysis, the budget deficit has to fall sharply if America is to remain a world leader. But in the fiscal year ended last September 30, the deficit was \$152 billion, a mere \$3 billion less than in fiscal '88, and this after a great deal of highly publicized number-juggling. America's accumulated debt at that point was some \$3 trillion.

We continue to believe that some fat remains in the budget and there's room to cut waste. But such economies may not be enough. If they aren't, it's past time for Congress to bite the bullet and raise more revenue. Smoke and mirrors simply can't do the job.

We also continue to believe that any new tax should be levied on consumption, not earnings. In addition to being an incentive to save rather than spend, such a tax wouldn't be collected on goods made to be sold abroad, and therefore wouldn't harm America's competitiveness in world markets. But it would be collected on goods consumed in the U.S.—treating American and foreign products equally and tempering consumption generally.

Foreign nations didn't create America's budget deficit. While they are helping finance it, they can't cure it, either. That's a job we have to tackle ourselves. Nobody is eating our lunch. We're the only ones who can make our pie bigger, or cut ourselves a thicker slice of steak.

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way to democracy and independence.

This, I am convinced, is a historically irreversible process and, as a result, Europe will begin again to seek its own identity without being compelled to be a divided armory any longer. Perhaps this will create the hope that sooner or later, your boys will no longer have to stand on guard for freedom in Europe or come to our rescue, because Europe will at last be able to stand guard over itself.

But that is still not the most important thing. The main thing is, it seems to me, that these revolutionary changes will enable us to escape from the rather antiquated straitjacket of this bipolar view of the world and to enter at last into an era of multipolarity in which all of us, large and small, former slaves and former masters, will be able to create what your great President Lincoln called "the family of men."

THE PATH OF PLURALISM

How can the U.S. help us today? My reply is as paradoxical as the whole of my life has been. You can help us most of all if you help the Soviet Union on its irreversible but immensely complicated road to democracy. It is far more complicated than the road open to its former European satellites. You yourselves know best how to support as rapidly as possible the nonviolent evolution of this enormous multinational body politic toward democracy and autonomy for all its people. Therefore, it is not fitting for me to offer you any advice.

I can only say that the sooner, the more quickly and the more peacefully the Soviet Union begins to move along the road toward genuine political pluralism, respect for the rights of the nations to their own integrity and to a working—that is, a market—economy, the better it will be not just for Czechs and Slovaks but for the whole world.

And the sooner you yourselves will be able to reduce the burden of the military budget borne by the American people. To put it metaphorically, the millions you give to the East today will soon return to you in the form of billions in savings. American soldiers shouldn't have to be separated from their mothers just because Europe is incapable of being a guarantor of world peace, which it ought to be in order to make some amends, at least, for having given the world two world wars.

THE LEGACY OF OPPRESSION

As long as people are people, democracy, in the full sense of the word, will always be no more than an ideal. In this sense, you too are merely approaching democracy. But you have one great advantage: you have been approaching democracy uninterruptedly for more than 200 years, and your journey toward the horizon has never been disrupted by a totalitarian system.

The communist type of totalitarian system has left both our nations, Czechs and Slovaks, as it has all the nations of the So-

viet Union and the other countries the Soviet Union subjugated in its time, a legacy of countless dead, an infinite spectrum of human suffering, profound economic decline and, above all, enormous human humiliation. It has brought us horrors that fortunately you have not known.

It has given us something positive, a special capacity to look from time to time somewhat further than someone who has not undergone this bitter experience. A person who cannot move and lead a somewhat normal life because he is pinned under a boulder has more time to think about his hopes than someone who is not trapped that way.

What I'm trying to say is this: we must all learn many things from you, from how to educate our offspring, how to elect our representatives, all the way to how to organize our economic life so that it will lead to prosperity and not to poverty. But it doesn't have to be merely assistance from the well educated, powerful and wealthy to someone who has nothing and therefore has nothing to offer in return.

We too can offer something to you: our experience and the knowledge that has come from it. The specific experience I'm talking about has given me one certainty: consciousness precedes being, and not the other way around, as the Marxists claim. For this reason, the salvation of this human world lies nowhere else than in the human heart, in the human power to reflect, in human meekness and in human responsibility.

A NEW WAY OF THINKING

Without a global revolution in the sphere of human consciousness, nothing will change for the better in the sphere of our being as humans, and the catastrophe toward which this world is headed—be it ecological, social, demographic or a general breakdown of civilization—will be unavoidable. If we are no longer threatened by world war or by the danger that the absurd mountains of accumulated nuclear weapons might blow up the world, this does not mean that we have definitely won. We are still incapable of understanding that the only genuine backbone of all our actions, if they are to be moral, is responsibility. Responsibility to something higher than my family, my country, my company, my success—responsibility to the order of being where all our actions are indelibly recorded and where and only where they will be properly judged.

I think that you Americans should understand this way of thinking. When Thomas Jefferson wrote that "governments are instituted among men, deriving their just powers from the consent of the governed," it was a simple and important act of the human spirit. What gave meaning to that act, however, was the fact that the author backed it up with his life. It was not just his words, it was his deeds as well. **”**

ing as well. The Soviet Union appeared, grew and transformed the enormous sacrifices of its people suffering under totalitarian rule into a strength that, after World War II, made it the second most powerful nation in the world.

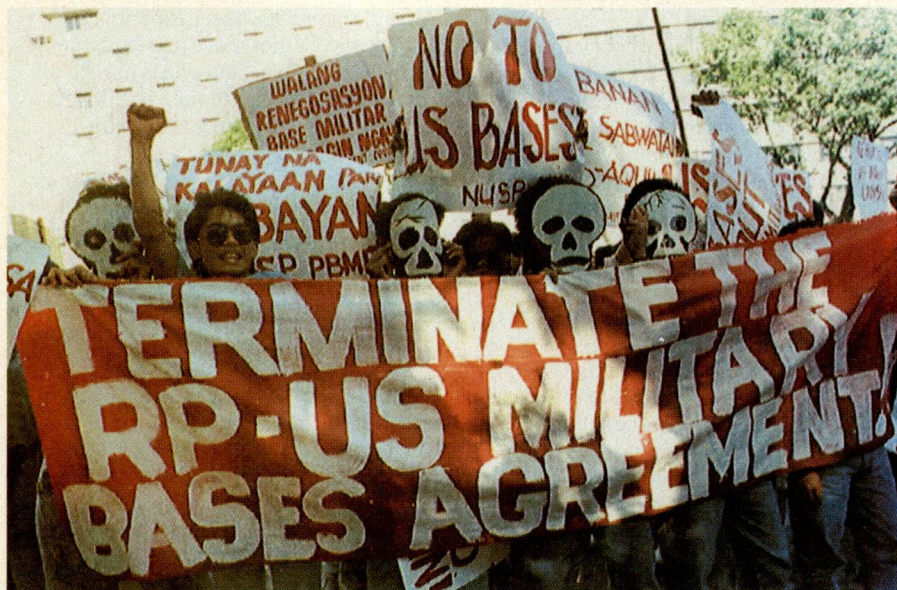
CREATING THE FAMILY OF MEN

All of this taught us to see the world in bipolar terms as two enormous forces—one a defender of freedom, the other a source of nightmares. Europe became the point of friction between these two powers, and thus it turned into a single enormous arsenal divided into two parts. In this process, one half of the arsenal became part of that nightmarish power, while the other, the free part, bordering on the ocean and having no wish to be driven into it, was compelled, together with you, to build a complicated security system to which we probably owe the fact that we still exist.

The totalitarian system in the Soviet Union and in most of its satellites is breaking down, and our nations are looking for a

Ripples in the American Lake

Can the U.S. reap a peace dividend in the Pacific?



Base-less protest: Manila demonstrators at U.S. embassy want Yanks to go home

By ED MAGNUSON

Ever since U.S. forces destroyed the Japanese Navy in World War II, the Pacific Ocean has been, in military terms, an American lake. From naval bases in the Aleutian Islands and southward to Subic Bay in the Philippines, 107 U.S. warships and 51 submarines project commanding seapower. Ashore, mostly in South Korea, Japan and Okinawa, 120,000 American troops are poised to deter aggression along the Pacific's western rim. Now, with the Soviet threat waning under the U.S.S.R.'s economic and ideological decay, is that U.S. military presence still necessary?

As he ended a two-week tour of the Pacific last week, Defense Secretary Dick Cheney concluded that the governments of Japan and South Korea still appreciate their U.S. protectors, despite anti-American sentiment among some political factions. Yet Cheney caught a slap from Philippine President Corazon Aquino. The U.S. Congress had recently cut \$96 million from a \$481 million military and economic aid package that Aquino apparently considered a precondition for negotiations on renewing U.S. leases to operate the huge Subic Bay Naval Base and Clark Air Base. Miffed, she canceled plans to meet Cheney. The Defense Secretary took the snub gracefully but declared that the U.S. will remain in the bases, whose leases expire next year, "only as long as the Philippine people wish it to stay—and only if the terms negotiated are acceptable to both parties."

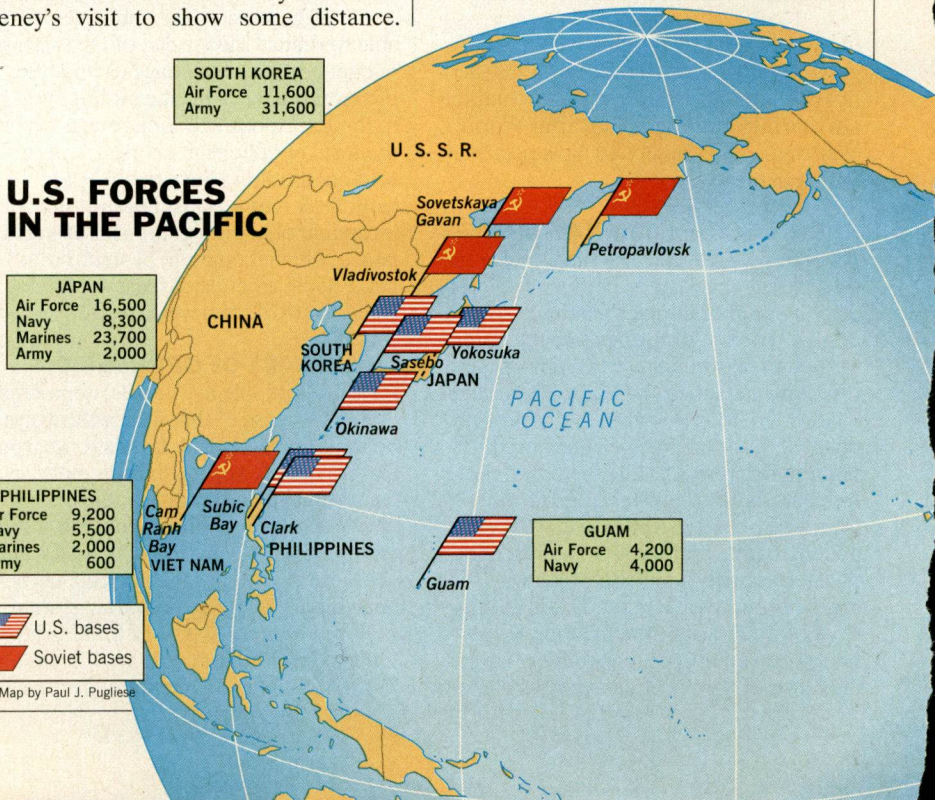
Both sides in the bases dispute may be just huffing, seeking an edge in the imminent bargaining. At the Pentagon, a Navy captain insisted that Philippine officials "have cried wolf one time too often" over Subic and that the U.S. might pull out. Aquino, who was saved from a military coup last December when U.S. jet fighters from Clark kept rebel air power grounded, caught a lot of domestic heat over her dependence on the U.S. She may have used Cheney's visit to show some distance.

While the U.S. bases are often picketed by leftists, polls show that a majority of Filipinos want them to stay. They provide 68,000 Filipino jobs and inject \$507 million annually into the economy.

Clark is clearly more expendable than Subic. The Air Force increasingly operates its long-range bombers and advanced fighters out of Guam. Singapore's Prime Minister Lee Kuan Yew has offered to accept some air units from Clark in his country. Subic's facilities, on the other hand, cannot readily be replaced. They include extensive machine shops that maintain the U.S. fleet with low-cost labor unavailable at alternative sites in Singapore or Japan.

But what are the bases protecting? At a media conference in Manila last week, Soviet Foreign Ministry spokesman Gennadi Gerasimov asked, "Suppose the bases go tomorrow—where's the threat?" The Soviets, he insisted, "will not fill the vacuum." American planners are not so sure of that. Subic is strategically situated across the China Sea from Cam Ranh Bay, the former U.S. naval base in Viet Nam, which now berths about 20 Soviet warships.

And while Mikhail Gorbachev has promised to remove 120,000 troops from Soviet Asia and Mongolia, that would still leave 600,000 along the Soviet border with China. At least 10,000 troops are based in the northern territories just off Japan that were seized by the Soviets in 1945. The So-



Vaclav Havel

Our Freedom

Dear fellow citizens:

For the past 40 years on this day you have heard my predecessors utter different variations on the same theme, about how our country is prospering, how many more billion tons of steel we have produced, how happy we all are, how much we trust our government and what beautiful prospects lie ahead of us. I do not think you put me into this office so that I, of all people, should also lie to you.

Our country is not prospering. The great creative and spiritual potential of our nation is not being used to its full potential. Whole sectors of industry are producing things in which no one is interested, while the things we need are in short supply.

The state, which calls itself a state of the working people, is humiliating and exploiting the workers. Our outdated economy is squandering energy, of which we are in short supply. A country which could once be proud of the standard of education of its people spends so little on education that today it occupies 72nd place in the world. We have laid waste to our soil and the rivers and the forests that our forefathers bequeathed to us, and we have the worst environment in the whole of Europe today. Adults in our country die earlier than in most other European countries.

Allow me to tell you about a little personal experience of mine. Flying to Bratislava recently, I found time to look out of the window. What I saw was the Slovnaft (oil refinery) complex and the Petrzalka suburb immediately beyond it. That view was enough for me to understand that our statesmen and politicians had not even looked, or did not even want to look, out of the windows of their planes. None of the statistics available to me would have enabled me to understand more quickly or more easily the situation we have gotten ourselves into.

But not even all of that is the most important thing. The worst thing is that we are living in a decayed moral environment. We have become morally ill, because we have become accustomed to saying one thing and thinking another. We have learned not to believe in anything, not to have consideration for one another and only to look after ourselves. Notions such as love, friendship, compassion, humility and forgiveness have lost their depth and dimension, and for many of us they represent merely some kind of psychological idiosyncrasy, or appear to be some kind of stray relic from times past, something rather

The previous regime made talented people who were capable of making an enterprising living in their own country into cogs in some kind of monstrous, smelly machine whose purpose no one can understand.

comical in the era of computers and space rockets. Few of us managed to cry out that the powerful should not be all-powerful, and that the special farms which produce ecologically sound and high-quality foodstuffs for them should send their produce to the schools, children's hostels and hospitals, since our agriculture is not yet able to offer this to everyone.

The previous regime, armed with its arrogant and intolerant ideology, denigrated man into a production force and nature into a production tool. In this way it attacked their very essence and the relationship between them. It made talented people who were capable of managing their own affairs and making an enterprising living in their own country into cogs in some kind of monstrous, ramshackle, smelly machine whose purpose no one can understand. It



"We cannot lay all the blame on those who ruled us before, not only because this would not be true but also because it could detract from the responsibility each of us now faces—the responsibility to act on our own initiative, freely, sensibly and quickly."

wear itself down, along with all the cogs in it.

When I talk about a decayed moral environment, I do not mean merely those gentlemen who eat ecologically pure vegetables and do not look out of their airplane windows. I mean all of us, because all of us have become accustomed to the totalitarian system, accepted it as an inalterable fact and thereby kept it running. In other words, all of us are responsible, each to a different degree, for keeping the totalitarian machine running. None of us is merely a victim of it, because all of us helped to create it together.

Why do I mention this? It would be very unwise to see the sad legacy of the past 40 years as something alien to us, handed down to us by some distant relatives. On the contrary, we must accept this legacy as something which we have brought upon ourselves. If we can accept this, then we will understand that it is up to all of us to do something about it. We cannot lay all the blame on those who ruled us before, not only because this would not be true but also because it could detract from the responsibility each of us now faces—the responsibility to act on our own initiative, freely, sensibly and quickly.

Throughout the world, people are surprised that the acquiescent, humiliated, skeptical Czechoslovak people who apparently no longer believed in anything suddenly managed to find the enormous strength in the space of a few weeks to shake off the totalitarian system in a completely decent and peaceful way. We ourselves are also surprised at this, and we ask where the young people, in particular, who have never known any other system, find the source of their aspirations for truth, freedom of thought, political imagination, civic courage and civic foresight. How is it that their parents, the generation which was considered lost, also joined in with them? How is it even possible that so many people immediately grasped what had to be done, without needing anyone else's advice or instructions?

I think that this hopeful aspect of our situation today has two main reasons. Above all, man is never merely a product of the world around him, he is always capable of striving for something higher, no matter how systematically this ability is ground down by the world around him. Second, the humanistic and democratic traditions—which are often spoken about in such a hollow way—nonetheless lay dormant somewhere in the subconscious of our nation (ethnic groupings and national minorities).

generation to the next in order for each of us to discover them within us when the time was right, and to put them into practice.

Of course, for our freedom today we also had to pay a price. Many of our people died in prison in the '50s; many were executed, thousands of human lives were destroyed, hundreds of thousands of talented people were driven abroad. Those who defended the honor of our nations in the war were persecuted, as were those who resisted totalitarian government, and those who simply managed to remain true to their own principles and think freely. None of those who paid the price in one way or another for our freedom today should be forgotten. Independent courts should justly assess the appropriate guilt of those responsible, so that the whole truth about our recent past comes out into the open.

Neither should we forget that other nations paid an even higher price for their freedom today, and thus they also paid indirectly for us too. The rivers of blood which flowed in Hungary, Poland, Germany and recently also in such a horrific way in Romania, as well as the sea of blood shed by the nations of the Soviet Union, should not be forgotten, primarily because all human suffering affects every human being. But more than that, they must not be forgotten because it was these great sacrifices which weaved the tragic backdrop for today's freedom or gradual liberation of the nations of the Soviet bloc, and the backdrop of our newly charged freedom too.

Without the changes in the Soviet Union, Poland, Hungary and the GDR, the developments in our country could hardly have happened, and if they had happened, they surely would not have had such a wonderful peaceful character. The fact that we had favorable international conditions, of course, does not mean that anyone was helping us directly in those weeks. For centuries, in fact, both our nations have risen up by themselves, without relying on any help from more powerful states or big powers.

This, it seems to me, is the great moral stake of the present moment. It contains the hope that in the future we will no longer have to suffer the complex of those who are permanently indebted to someone else. Now it is up to us alone whether this hope comes to fruition, and whether our civic, national and political self-confidence reawakens in a historically new way.

The writer is president of Czechoslovakia. This is excerpted from his New Year's Day

Outfoxed Again

By ANGELO CODEVILLA

If, as Soviet Foreign Minister Edouard Shevardnadze has promised at U.S. insistence, the Soviet Union actually dismantles the huge ABM radar near Krasnoyarsk, it will have eliminated the most undeniable violation of the U.S.-Soviet ABM treaty of 1972. But U.S. officials, by focusing on Krasnoyarsk, have succeeded only in averting America's eyes from the much more important whole of which Krasnoyarsk was just a part.

They have ignored hugely threatening events because those events happened to occur very much within the letter of the ABM treaty. They have cried wolf.

The primary long-term objective of the Americans who negotiated the ABM treaty between 1969 and 1972 was to eliminate the five, later six, "Hen House" radars then (as now) on the periphery of the Soviet Union, all more capable than our best ABM radars, and to keep others from being built. The Soviets said "nyet," so the U.S. agreed to language allowing the Soviets to build whatever radars they wanted, so long as they were on the periphery of the country, and oriented outward.

But putting battle management radars on the periphery does not necessarily degrade their performance. The large phased array radars in the planned American ABM system of the late 1960s were to be on the periphery (Boston, North Dakota, Montana, etc.) The ABM treaty's language on big radars was a placebo to assure the U.S. Senate that these devices had been limited. In fact, the U.S. negotiators had simply translated their hopes that the Soviets might limit themselves into a conviction that they would.

Screening the Bulldup

Instead, the treaty language served to screen the coming Soviet bulldup. The Hen House network was modernized. Then, during the 1970s and early '80s, the U.S. noticed that, first at Pechora, then at Lyaki, Mischelevka, Olenegorsk, and Sary-Shagan, the Soviets were building radars hundreds of times more powerful than our best ABM radars. (See map.) Absent the ABM treaty, the U.S. government would have been obliged to note that a massive anti-missile system was being built. But all five of these new "Pechora class" radars were allowed by the ABM treaty. To denounce them, U.S. officials would have had to denounce their own previous judgment. As a consequence, they also would have obliged themselves to devise a new, and more somber American approach. But the U.S. government proved incapable either of

self-criticism or of policy innovation.

Then in 1983 came the discovery of a sixth "Pechora class" radar near the Siberian city Krasnoyarsk—2,000 miles away from the border it faced. This was a violation. Ironically, given its orientation to the Bering Straits, one of the less likely places from which missiles might come, the Krasnoyarsk radar was probably the least militarily significant of the six, and obviously much less significant than the six taken as a whole. But the U.S. government chose to make a big deal about it, and it alone. And while the U.S. government was giving the impression that Krasnoyarsk was the problem, U.S. intelligence discovered three more Pechora-class radars, at Mukachevo,

dismantle those few steps the U.S. has taken in recent years away from the strategic conception behind the ABM treaty: the SDI antimissile program, the highly accurate Trident, II submarine-launched missile that is designed to threaten Soviet silos, and the programs for basing U.S. missiles on roads and rails instead of in vulnerable silos.

Clearly, the real problem is not Krasnoyarsk, nor Soviet compliance or non-compliance with the language of arms control treaties, but the determination of American policy makers to behave according to their own vision of the ABM treaty, hesitating to build even the things that they concede that the U.S., like the Soviet

Union, has the right to build, while the Soviet Union has built everything it could under the treaty, and then some.

If Krasnoyarsk disappears, the loss to the Soviet ABM system will be marginal. By no stretch of the imagination will the Soviet Union be as defenseless against ballistic missiles as the U.S. is. In no way will the development and production of Soviet anti-missile devices be slowed. On the contrary, American reactions to the dismantling of Krasnoyarsk are sure to raise the marginal effectiveness of every piece of Soviet ABM equipment.

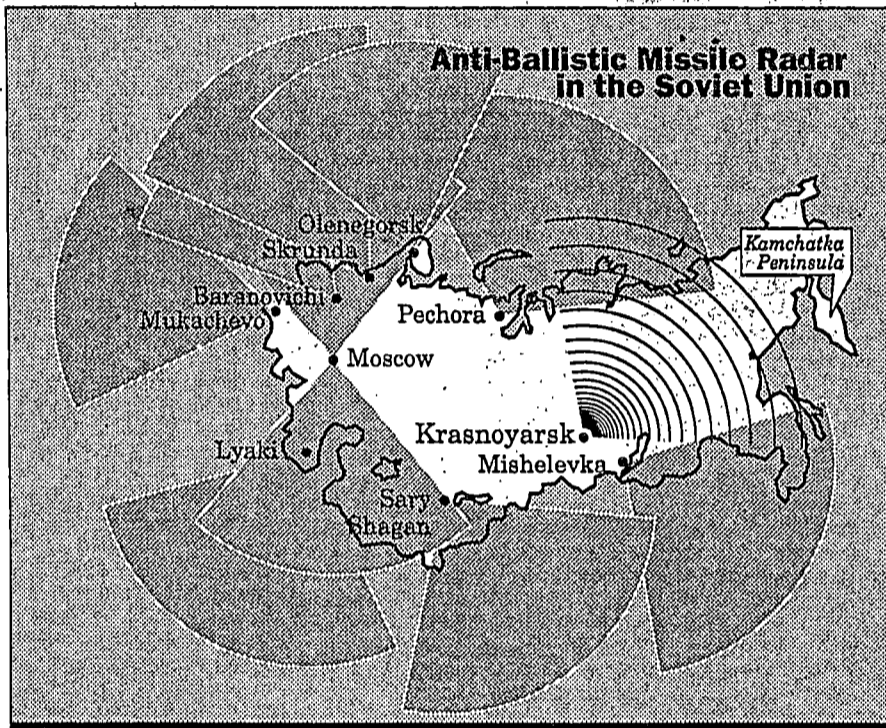
The principal reaction, a renewed U.S. commitment to the ABM treaty, is a guarantee that the U.S. will build nothing to interfere with a disarming first strike by Soviet missiles.

Soviet First Strike

For example, the acceptance of the START treaty by the U.S. would mean that the distribution of U.S. strategic forces would shrink from about 2,000 "aim points" to perhaps 400, and that the ratio of Soviet counterforce warheads to American targets would rise from the present 3.5 to 1 to perhaps as many as 10 to 1. That means far fewer American warheads might be expected to survive a Soviet first strike. That, in turn, means that the Soviet ABM system would have a much easier job to do, and a much increased chance of doing it successfully.

The Soviets are selling the Krasnoyarsk radar at a very good price. The cost to them might be even lower if—and this is likely—they relocate the radar to northern Kamchatka. There, it would fully comply with the ABM treaty while making even timelier transmission of data to local ABM sites in the interior.

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Baranovichi, and Skrunnda in the vital northwest missile corridor. These nine radars, plus the six old Hen House radars, provide double, and usually triple, coverage of all approaches to the Soviet Union through the most capable radars available to mankind. The only radar gap on the map of the Soviet Union faces such missile powers as the Central African Republic.

This network is backed up by the newly modernized Moscow ABM Complex. This is specifically allowed by the ABM treaty. Its SH-11 high-altitude interceptors fired from underground launchers already incorporate SDI technology stolen from the U.S. They cover much of European Russia. The Soviets also are producing the SA-12 mobile ABM, allowed by the ABM treaty because it is dual-purpose. Finally, the Soviet Union is producing a host of other rapidly deployable ABM components, and squirreling them away who knows where. The ABM treaty says nothing about production.

As the Soviets no doubt foresaw, some in Washington are taking the prospective demise of Krasnoyarsk to mean that the Soviet Union is dedicating itself to the purposes of the ABM treaty. The administration is moving toward signing a new START treaty, while Congress rushes to

Quebec Separatist Movement Enjoys Resurgence

Canadians See Amicable Divorce of French-Speaking Province from Nation as Possible

By Lewis H. Diuguid
Washington Post Foreign Service

OTTAWA—Quebec separatism, the issue that Canada has never quite resolved, is heating up anew.

An election in the French-speaking province last month confirmed the persistence of a 40 percent minority wishing to pull out of the federation, and by most interpretations a majority for separation soon may be found.

Most English-speaking politicians have railed against separation, but they no longer are unanimous in their willingness to compromise to keep the thorny Quebecois in the federation.

Canada officially became a bilingual country 30 years ago, a move that was intended to disarm the Quebec separatists. It did not. Premier Rene Levesque agitated for 10 years until, in a 1980 referendum, the province said no to his formula for sovereignty.

Power shifted from Levesque's Parti Quebecois to the province's Liberal Party, which narrowly won the election there last month. But while Liberal Premier Robert Bourassa avowedly is a federalist, he has indicated that he will follow the electorate rather than lead it on the separatist question.

Labor leader Gerard Docquier has made this prediction about his native province: "I have always said it will not be the Parti Quebecois" that pulls Quebec out of Canada, "it will be the Liberals."

His point, and that of other commentators, is that the separatist movement now embraces an upbeat French-speaking entrepreneurial class. The image of bomb-throwing Parti Quebecois socialists has blurred. The once dominant English

business class in Montreal has been cast as radical with its rear-guard campaign to keep English on the city's street signs.

Among the English-speaking national majority, a perception is spreading that if Quebec did separate, it would be an amicable divorce, with the province's economic relationship to the federation enduring.

As Allan Fotheringham of Maclean's weekly news magazine wrote, "If Quebec walked out, you wouldn't need a passport to make it to Montreal's restaurants. The Edmonton Oilers will still be playing the Canadiens for the Stanley Cup."

Ex-prime minister Pierre Elliott

Trudeau's efforts to resolve the Quebec issue constitutionally culminated in June 1988 with a meeting of the federation's 10 premiers at Meech Lake on the Ontario-Quebec border. In what was described as a historic accord, they provided assurances for the maintenance of Quebec's "distinctiveness."

All 10 premiers agreed, and went home to seek ratification within two years. But while Conservative Prime Minister Brian Mulroney said last week, "We simply cannot afford not to carry through to a successful conclusion the process initiated by Meech Lake," most politicians and journalists consulted agreed with

Fotheringham that "Meech Lake is dead."

New Brunswick and Manitoba provinces have failed to ratify the 1988 accord and another provincial leader has indicated he may seek a rollback. Bourassa has made clear that this would be unacceptable.

The stage is set for a failure to meet the June deadline for ratification of the accords, and a threatened pullout of Quebec ministers from the federal cabinet. Then, the question would be how Quebec's premier—and electorate—will respond to an issue that keeps coming back unresolved.

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Yugoslav Tremors Along Balkans' Political Fault Line

LJUBLJANA, Yugoslavia—Two historic concepts are emerging out of the ruins of communist Eastern Europe. One, "Central Europe," the media is now beating to death. The other, "the Balkans," the media has yet to discover.

Central Europe suggests a place where reason prevails, as national tensions are eased by democracy and bourgeois prosperity. The Balkans, on the other hand, is a Third World caldron where ethnic groups exist in psychological isolation from each other, subverting attempts at political and economic reform.

Yugoslavia, a multinational state astride the borders of Rome and Byzantium and Catholicism and Orthodoxy, is on this fault line as well.

In the north, Slovenia is going the way of Hungary. Economic reform here started

that instead of being fought with guns it is being waged through bureaucratic means. Late last month, Serbia fired a powerful salvo at Slovenia, instructing all Serbian organizations to sever links with the rival republic. The move—nudging the country ever closer to the long-predicted disintegration of the Yugoslav federation—followed the introduction of emergency measures in Slovenia to head off a rally in Ljubljana on Dec. 1. The rally was being organized by Serbs in an apparent effort to bring down Slovenia's relatively liberal leadership. The Serbs have been claiming that Slovenia is supporting ethnic Albanians in Kosovo—which is true to the extent that Slovenia has been dissociating itself from Mr. Milosevic's attempt to extend Serbian dominance over the region.

Anti-communist opposition groups in Slovenia responded to Serbia's action last week by forming an umbrella organization, the Democratic Opposition of Slovenia, which is demanding that "all state organs in Slovenia break off ties with state organs in Serbia." They issued a statement on Dec. 8 declaring, "Slovenia should respond to pressures mounting against it after the ban of the rally in Ljubljana."

Serbia's rebellious ethnic-Albanian province of Kosovo in the south evokes the West Bank, with the streets patrolled by armed troops. Besides national tensions, Kosovo and other poor regions of Yugoslavia may soon be plagued not only with national tensions but also with bread riots, as 50% monthly inflation tears apart the social fabric.

This complex, asymmetrical situation is like the Soviet Union in miniature. Because much of the discontent is being released horizontally, one group against the other,

gary. Thus the story here is less appealing to journalists. Nevertheless, several distinct patterns are emerging, each with far-reaching implications not just for Yugoslavia, but for Europe as well.

In the optimistic scenario, the inflation may soon force even Serbia to embark on dramatic economic reform that must inevitably lead to political pluralism and the demise of Mr. Milosevic's one-man rule. Such circumstances would permit Slovenia, and neighboring Croatia to a lesser extent, to



act as a motor dragging the whole of Yugoslavia over many years into a Central European-like prosperity.

But cutting inflation means closing unproductive, state-supported factories and thus putting many people out of work in a country where there is no social safety net. It is extremely doubtful that the current federal prime minister, Ante Markovic, despite his reformist reputation, can muster the courage and the political clout to take

Another scenario is therefore more likely: half-baked reform, continued inflation and sporadic rioting in the poorer, southern regions, as the two northern republics—Slovenia and Croatia—are drawn further into the West German-fueled, Central European prosperity sphere.

Because journalists and other Western visitors tend to visit only Belgrade, the outside world has yet to grasp the degree to which Slovenians and Croats view the federal capital as merely the capital of a hated, retrograde local republic. Slovenians, especially, whose identity was submerged during hundreds of years of uninterrupted Hapsburg rule, are undergoing a national renaissance. Mr. Strole, who is the leading reformer within the republic's political establishment, declared: "We joined Yugoslavia not to be Yugoslavs, but because at the time it was the best way to defend the interests of the Slovenian nation."

Whether the Slovenians—who make up 8% of the Yugoslav population yet account for a quarter of the nation's gross national product and a third of its exports to the West—will in future years feel it is in their interests to remain part of Yugoslavia is of pivotal importance to Europe.

A Yugoslavia propelled forward by Slovenian reformist values will help the chances of successful liberalization not only in Bulgaria but eventually in Romania and Albania too. The Balkans would then exist purely in a geographical sense. However, were Yugoslavia to continue to fissure, as it is now clearly doing, the whole of southeast Europe could become politically and economically dislodged from the rest of the Continent. And the Balkans

Europe

By Robert D. Kaplan

years ago. Slovenian communists have dropped the hammer and sickle from their banner, are considering changing the party name, and concede they may lose republic-wide elections slated for March. "Just because Serbia doesn't want a multiparty system doesn't mean we have to wait," Jozse Smole, the head of the Slovene Socialist Alliance, told me.

In the central heartland of Yugoslavia, Serbia is drifting more in the direction of Romania. A personality cult has formed around the republic's president, Slobodan Milosevic, who has pulled half-a-million people into the streets—not by delivering

Excerpts From Speech By the Czech President

Special to The New York Times

PRAGUE, Jan. 1 — Following are excerpts from President Vaclav Havel's New Year's Day address, as translated by The New York Times:

The Truth, Unvarnished

For 40 years you have heard on this day from the mouths of my predecessors, in a number of variations, the same thing: how our country is flourishing, how many more millions of tons of steel we have produced, how we are all happy, how we believe in our Government and what beautiful prospects are opening ahead of us. I assume you have not named me to this office so that I, too, should lie to you.

Our country is not flourishing. The great creative and spiritual potential of our nation is not being applied meaningfully. Entire branches of industry are producing things for which there is no demand while we are short of things we need.

The state, which calls itself a state of workers, is humiliating and exploiting them instead. Our outmoded economy wastes energy, which we have in short supply. The country, which could once be proud of the education of its people, is spending so little on education that today, in that respect, we rank 72d in the world. We have spoiled our land, rivers and forests, inherited from our ancestors, and we have, today, the worst environment in the whole of Europe. Adults die here earlier than in the majority of European countries. . . .

Learning to Believe Again

The worst of it is that we live in a spoiled moral environment. We have become morally ill because we are used to saying one thing and thinking another. We have learned not to believe in anything, not to care about each other, to worry only about ourselves. The concepts of love, friendship, mercy, humility or forgiveness have lost their depths and dimension, and for many of us they represent only some sort of psychological curiosity or they appear as long-lost wanderers from faraway times, somewhat ludicrous in the era of computers and space ships. . . .

Cogs No Longer

The previous regime, armed with a proud and intolerant ideology, reduced people into the means of production, and nature into its tools. So it attacked their very essence, and their mutual relations. . . . Out of talented and responsible people, ingeniously husbanding their land, it made cogs of some sort of great, monstrous, thudding, smelly machine, with an unclear purpose. All it can do is, slowly but irresistibly, wear itself out, with all its cogs.

If I speak about a spoiled moral atmosphere I don't refer only to our masters. . . . I'm speaking about all of us. For all of us have grown used to the totalitarian system and accepted it as an immutable fact, and thereby actually helped keep it going. None of us are only its victims; we are all also responsible for it.

It would be very unwise to think of the sad heritage of the last 40 years only as something foreign, something inherited from a distant relative. On the contrary, we must accept this heritage as something we have inflicted on ourselves. If we accept it in such a way, we shall come to understand it is up to all of us to do something about it.

Let us make no mistake: even the

best Government, the best Parliament and the best President cannot do much by themselves. Freedom and democracy, after all, mean joint participation and shared responsibility. If we realize this, then all the horrors that the new Czechoslovak democracy inherited cease to be so horrific. If we realize this, then hope will return to our hearts.

Everywhere in the world, people were surprised how these malleable, humiliated, cynical citizens of Czechoslovakia, who seemingly believed in nothing, found the tremendous strength within a few weeks to cast off the totalitarian system, in an entirely peaceful and dignified manner. We ourselves are surprised at it.

And we ask: Where did young people who had never known another system get their longing for truth, their love of freedom, their political imagination, their civic courage and civic responsibility? How did their parents, precisely the generation thought to have been lost, join them? How is it possible that so many people immediately understood what to do and that none of them needed any advice or instructions? . . .

Recalling Ruined Lives

Naturally we too had to pay for our present-day freedom. Many of our citizens died in prison in the 1950's. Many were executed. Thousands of human lives were destroyed. Hundreds of thousands of talented people were driven abroad. . . . Those who fought against totalitarianism during the war were also persecuted. . . . Nobody who paid in one way or another for our freedom could be forgotten.

Independent courts should justly evaluate the possible guilt of those responsible, so that the full truth about our recent past should be exposed.

But we should also not forget that other nations paid an even harsher price for their present freedom, and paid indirectly for ours as well. All human suffering concerns each human being. . . . Without changes in the Soviet Union, Poland, Hungary and the German Democratic Republic, what happened here could hardly have taken place, and certainly not in such a calm and peaceful way.

Now it depends only on us whether this hope will be fulfilled, whether our civic, national and political self-respect will be revived. Only a man or nation with self-respect, in the best sense of the word, is capable of listening to the voices of others, while accepting them as equals, of forgiving enemies and of expiating sins. . . .

Prosperity, Humanely

Perhaps you are asking what kind of republic I am dreaming about. I will answer you: a republic that is independent, free, democratic, a republic with economic prosperity and also social justice, a humane republic that serves man and that for that reason also has the hope that man will serve it. . . .

The People Hold Sway

My most important predecessor started his first speech by quoting from Comenius. Permit me to end my own first speech by my own paraphrase. Your Government, my people, has returned to you.

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Henry Kissinger

Superpowers and the New Europe

Don't expect stability and peace to just happen.

The past year has seen an astonishing evolution in East-West relations. The Soviet Union is losing control of the political agenda in Eastern Europe at the same moment that the United States is losing control of its security agenda in Western Europe. But Western rhetoric is stuck in familiar categories relating either to the arcane catechism of strategic arms control or a diplomacy geared to "helping" Gorbachev.

Because it is peripheral to the emerging central danger, major progress toward a START agreement is probably by the time of next spring's summit. "Helping" Gorbachev contributes to peace only if the Soviet leader is prepared to help in building a more stable international system. And in that case we in the West are not helping him but ourselves.

Any analysis based on mutual interest must start from the recognition that the fulcrum of international tensions has returned to its historical place of origin at the center of Europe. A new design for Europe should end both Soviet political domination of Eastern Europe and potential superpower military confrontation in the center of Europe. During the next decade U.S. and Soviet ground forces should be progressively withdrawn from Central Europe in an orderly negotiated fashion, with Soviet offensive capabilities, especially tank forces, returned deep into Russia.

The most startling changes have occurred in Eastern Europe. After monopolizing education, propaganda and bureaucracy for four decades, the Polish Communist Party was able to win only one contested seat in the first nearly free election since World War II. The Communist Party in Hungary is likely to split into two groups at the next party congress; polls indicate that its popular support hovers around 40 percent. Though Czechoslovakia has not permitted free elections, its Communist Party is surely no more popular.

As a result, Moscow is on the verge of losing its grip on the political evolution of Eastern Europe. Historically, Communist parties have justified themselves as the advance forces of history destined to lead—and if necessary compel—the majority on the high road to Communist orthodoxy. Therefore, Communist parties toying with democracy face a philosophical dilemma: if they become true democrats they cease to be true Communists. If they remain Communist, they will act to undermine the new democratic system, for example shifting to Solidarity the blame for the austerity required to overcome the economic mess the Communists left behind. But whatever their motive, the leaders of the Communist parties of Eastern Europe face an overwhelming new fact: having lost the capacity to compel by terror, they must turn to public opinion, appealing to nationalism and challenging Moscow.

At least for the time being—and so long as membership in the Warsaw Pact is not challenged—the Communist monolith is weakening with Moscow's acquiescence. Proping up Communist rule in Eastern Europe by military means apparently seems too risky to a Soviet leadership reluctant to hazard the carefully crafted new image. Moscow may be hoping that in the end calculations of the mutual national interest buttressed by geographic proximity can substitute at least to some extent for ideological conformity.

The jury is still out as to whether this strategy will work in Hungary or Poland. But it cannot work in East Germany. There the Communist Party is in no position to mobilize national feelings because these feelings run counter to the very existence of the East German state.

West Germany by definition, and increasingly by its policies, keeps the hope for reunification alive. East Germany faces the dilemma that opposition to reform will turn it into an anachronism while liberalization will undermine its reason for being.

Disintegrative tendencies exist inside the Soviet Union as well. Gorbachev undoubtedly launched glasnost and perestroika in the belief that reduced repression from Moscow would enlist support for his reforms. But the non-Russian nationalities—especially those acquired as the result of the Hitler-Stalin pact—march to their own

"An empire assembled over a period of 400 years by force will not disintegrate passively."

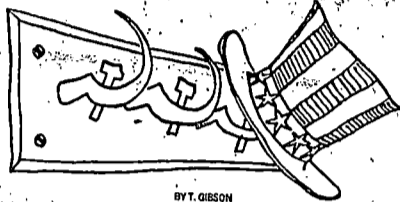
drummers. So strong is public feeling that even local Communist parties have felt obliged to challenge Moscow. Economic decentralization—essential for perestroika—liberates pressures for autonomy if not outright independence within the framework of glasnost.

Too many Western leaders seem to think that these trends need little response beyond judicious doses of economic assistance. I strongly favor greatly increased aid to Poland and Hungary. But this is no substitute for a concept for the future of Europe. An empire assembled over a period of 400 years by force will not disintegrate passively. And the Western alliance is bound to be shaken by the very events it is celebrating.

For 40 years the Atlantic Alliance has been held together by the fear of Soviet military aggression. Its response has been to build up integrated conventional forces augmented by European-based nuclear weapons and backed by an ultimate reliance on the U.S. nuclear deterrent. Now each

growing temptations to reduce NATO's conventional military establishment unilaterally. Not only is opposition to modernization of short-range nuclear weapons in West Germany becoming insurmountable, the entire nuclear deployment on German soil is being challenged. The denuclearization of Germany would threaten the political contract under which American forces have been deployed in Europe for four decades. Finally, a START agreement will weaken the rationale for initiating nuclear war, further reducing the credibility of the American nuclear deterrent.

Trends in both German states compound these divisive tendencies. Any West German government is bound to seek for the people of East Germany the same privileges already accorded the populations of Poland and Hungary. The result is increasing West German activism all over Eastern Europe. West German political figures are fond of repeating Germany's alleged historic mission in Eastern Europe—an amazing proposition for which history offers



BY T. GIBSON

no evidence and which is likely to inspire premonition in Eastern Europe. Unless it keeps its foreign policy well within a European framework and its security policy closely tied to NATO, West Germany could repeat the historic German flaw of self-isolation and become the target of Western suspicions and Soviet attempts to stem the centrifugal tendencies in its empire.

Both East and West are being challenged to a new vision of Europe's future. The West must define for itself three concepts: for defense in an era of declining budgets and increasing opposition to U.S. nuclear deployment in Central Europe; for arms control policies that promote greater freedom for the people of Eastern Europe; and for devising political obstacles to Soviet pressure on Western Europe and Soviet domination of Eastern Europe, in part to replace the military obstacles in the process of being eroded.

The Soviet Union faces an even more profound challenge. Its massive troop presence in Europe is both a drain on economic resources and presents Moscow with a Hobson's choice between the humiliation of acquiescing in fundamental political change while its troops are present or repression with unforeseeable consequences. The test for stability is whether for the first time in history Europe can live in equilibrium with a Russian empire, with neither side fearing invasion by the other. If Gorbachev will work toward that goal, he deserves generous support. If he does not, his rule will have been an interesting psychological episode on the way to adventurism or repression or both.

Assuming he opts for the first course, a new security system could have the following components: Soviet ground forces in Europe would return to national territory; Soviet offensive capabilities—especially tank forces—in the area west of Moscow would be limited under international inspection. In return, the United States should be prepared to withdraw in stages throughout the '90s most of its ground forces from the European continent. Both nuclear superpowers could be allowed to maintain agreed air forces and material storages in Europe to make clear that an attack would involve an unacceptable risk of war.

Such military redeployments would inevitably project the future of Germany to the forefront of European politics because East Germany will face new internal pressures especially once Soviet ground forces are removed. The German issue can in any case no longer be avoided. If Western cohesion is to be maintained, Germany's allies must come forward with a plausible program that meets Germany's aspirations without destabilizing Central Europe.

West Germany's contribution to such a program should be to accept the present frontiers of Germany as final and abandon the current ambiguous official rhetoric, which renounces force only in changing frontiers. This is the precondition for negotiations on an appropriate system of free elections for East Germany, perhaps at first on the Polish model. The almost certain outcome of such a process would be a step-by-step melding of the domestic structure of the two Germans. At that point a plausible guarantee that the change would not extend the frontiers of NATO to the East is essential—perhaps by creating over time a confederation of the two states with East Germany becoming essentially demilitarized.

I envisage a three-stage process. The first stage would be the reduction of forces outlined in President Bush's proposal of last May. The principle of total Soviet withdrawal of ground forces should be established in this stage, for example by the complete withdrawal from at least one European country such as Hungary.

The next stage would establish four security zones: from the Atlantic to the Rhine; from the Rhine to the eastern frontier of West Germany; from that frontier to the Soviet-Polish frontier; from the Soviet-Polish frontier to the area of Moscow. The forces west of the Rhine and between the Polish-Soviet frontier and Moscow would be roughly equal, as would be the forces on both sides of the dividing lines in the central sectors.

The final stage—toward the latter part of the decade—would be free elections in East Germany after which

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Czechoslovakia's Free-Market Minister

By JOHN H. FUND

Vaclav Klaus, Czechoslovakia's new free-market finance minister, kicked off his whirlwind 24-hour visit to New York last week by speaking to a group of Wall Street executives and others about how his country needed to adopt "a market economy without any adjectives."

Afterward, Alice Tepper Marlin, director of the leftish Council of Economic Priorities, approached him with a gift: her group's guidebook on "Shopping for a Better World," a sort of moral report card on U.S. corporations and the products they make. After leafing through it, his reaction was polite but firm: "If this is another effort to make a third way between capitalism and communism, we have tried this. We wanted to create a New Man, with only unselfish thoughts. I am afraid it is not possible." Ms. Marlin, somewhat taken aback by an Eastern European with such views, retreated.

Admirer of Milton Friedman

Mr. Klaus, a slim, graying 48-year-old with a dry sense of humor, is one of three ministers in charge of the Czech economy. They are easily the most outspoken free marketeers in post-communist Eastern Europe. An admirer of Nobel Prize-winning economists Milton Friedman and F.A. Hayek, Mr. Klaus says fundamental compromises with a market economy will only delay solutions to his country's stagnant economy. He says the market is not divisible; the only real issue is the proper sequence of reforms needed to dismantle the statist economy.

Mr. Klaus is especially leery of what he calls the "reform trap," in which cautious and partial reforms prove worse than none at all. He fears that Hungary and, to a lesser extent, Poland are in danger of falling into exactly that trap.

Mr. Klaus and his colleagues—Valtr Komarek, first deputy prime minister and Vladimir Dlouhy, the planning minister—know that Czechoslovakia faces some hard times in the short run. Machinery and equipment exports to the Soviet Union (70% of all Czech exports) will fall by at least a fourth in the next few years. Most of the lost exports are unsalable elsewhere. Moscow will also deliver only 70% of promised oil shipments in the first three months of this year.

Still, Czechoslovakia's long-term economic prospects are the brightest of any Eastern European country outside of rapidly vanishing East Germany. Czechs have to remind visitors that in 1939 their country ranked 10th in the world in per-capita income, ahead of Austria and Belgium.

And refreshingly, unlike every other Eastern European country, Czechoslovakia is not asking for Western foreign aid. "That is the last thing on our agenda," says Mr. Klaus, who believes such assistance would bring both inflation and timidity in policy formulation.

Mr. Klaus has never been timid in his opposition to the communist regime. He

first became exposed to Western economic thought during post-graduate studies in Italy and at Cornell University in the U.S. during the late 1960s. Just before the 1968 Prague Spring, he was hired by a section of the Ministry of Economics that criticized non-Marxist economics. Mr. Klaus became converted to classical liberal thinking: "By letting me see Western textbooks, the government in a way paid for its own undermining."

Even after the Soviet invasion, Mr. Klaus took delight in writing anti-statist essays for a Czech Encyclopedia of Economics. His dismissal of John Kenneth Galbraith as a "social critic" rather than an economist drew rebukes. He was fired in 1970 after being cited as the leading "counter-revolutionary" in the Ministry.

For most of the next 19 years, Mr. Klaus worked in obscure positions in the

Refreshingly, Czechoslovakia is not asking for Western foreign aid. Mr. Klaus believes such assistance would bring both inflation and timidity in policy formulation.

Czech central bank. However, he is quick to note that the image of total control that the communist government displayed to the West had little to do with reality. In fact but not in name, Mr. Klaus became the adviser to the bank's chairman. Last year, he was rehired by the Ministry of Economics and once again began to criticize the regime publicly. Mr. Klaus says that there were many Western misconceptions about his country over the past year. "We weren't an outpost of Stalinism," he says. "The communists had lost effective control; new thinking was everywhere. Even the economy was moving away from the bureaucrats. The party only had the power to break up demonstrations."

Then on Nov. 17, the pace of change suddenly lurched into overdrive. On that night, after a police beating of student demonstrators, opposition to the regime swelled into a mass movement. Mr. Klaus remembers walking home from the train station about 11 that night, unaware of the brutality. Outside his home, he met his 20-year-old student son, who was white with fright from what he had seen. The son challenged the father to do more than engage in academic criticism. "We children did our job tonight, and now it is the responsibility of the parents to do something," he told his father. Similar conversations took place all over Prague.

Two days later, Civic Forum was formed out of a loose collection of dissidents, actors, academics and workers. Mr. Klaus became a key political adviser to Vaclav Havel. The two men had met during the Prague Spring when they served together on the board of a literary magazine, and had kept in close touch. When the revolution succeeded, Mr. Klaus was pressured into taking the highly visible job of finance minister. He had hoped for a quieter post as head of the central bank. Instead, he has become the point man

for an ambitious and dramatic push toward a free market. Within days of taking office, he drastically devalued the Czech crown from eight to the dollar to 38, and proposed his country quit the communist trading bloc, Comecon.

Mr. Klaus sums up his overall policy as one of "demonopolization." He aims to use very restrictive monetary and fiscal policies to squeeze state monopolies, while encouraging competition from foreign companies to help make Czech firms efficient players in the world market.

Monday, President Havel announced a package of sweeping new laws that will allow state companies to sell shares to their workers, permit citizens to start their own companies of whatever size, and allow foreign investors to own as much as 100% of a Czech firm. Next week, Mr. Klaus will present an austere budget cutting state subsidies by at least 15%.

Although he is satisfied with the pace of reform for now, Mr. Klaus acknowledges that his colleagues have some disagreements with his radicalism. Mr. Komarek, the first deputy prime minister, appeared to fire a shot across Mr. Klaus's bow last month when he warned that "if a market economy were to start immediately, economic agony" and chaos would result.

Mr. Klaus may be forced to edge a little toward the "reform trap." He says it is best not to slash consumer subsidies further until a "legitimate" government is installed after the June 8 elections. Jan Urban, the secretary general of Civic Forum, wonders if the government is tossing away a real opportunity for radical measures, at a time when people are most prepared to sacrifice.

Mr. Klaus also says he has been criticized by some in the West for not moving faster to privatize Czech companies. He says that in the absence of firm rules for such sales it would be folly to unload state companies now. He refuses to play Santa Klaus to communist managers by letting them sell their firms at fire-sale prices to the first Western buyer, often in exchange for a golden parachute.

A Big Hit

Still, Mr. Klaus and his colleagues were a big hit in both Washington and on Wall Street last week. Robert Hormats, vice chairman of Goldman Sachs International, says the Czech team is very impressive. "They mean to tackle underlying economic problems head-on and solve them." Many Wall Streeters asked for assurances that the Czechs would be in office after the June elections. No guarantees were given, but with Vaclav Havel likely to bow to demands that he seek a full term as president, the Civic Forum team looks like a winner at the polls.

Leaving his meeting with the Wall Street executives, Mr. Klaus banters with a crowd of admirers in pin-stripes. A Chase Manhattan official tells him that her bank is about to send a mission to Prague. "Oh, would you like to buy a bank?" Mr. Klaus asks, his eyes twinkling. "Sure, what's your price?" the executive coolly replies. "Well, the Austrians are also coming in a few days so you may have to compete," Mr. Klaus says. "We are reformers, but we are not naive reformers."

Mr. Fund is a Journal editorial writer.



Vaclav Klaus

The Oder-Neisse Imbrolio

Political judgments often boil down to this: You are right, but you lose. Chancellor Helmut Kohl seems to be relearning this lesson in the midst of the current German election campaign. While there seems to be general agreement in the West that a united Germany will be democratic, prosperous and firmly bound to NATO and the European Community, the head of West Germany is catching heat for his position on the border between East Germany and Poland.

His position is that before the matter can be finally settled, Germany must be reunited. There is a certain logic to the notion that until he has some authority over East Germany he can't decide its border questions. In fact, both West and East Germany have signed various treaties recognizing the present border at the Oder and Neisse rivers, but Poland and certain West German and other Western politicians are demanding resolutions "corresponding to a peace treaty."

Pressure has been applied by Poland's prime minister, Tadeusz Mazowiecki, West Germany's opposition Social Democrats and Free Democrat Foreign Minister Hans-Dietrich Genscher, part of Mr. Kohl's Christian Democrat-led coalition. The chancellor told his cabinet this week that he would not oppose a joint resolution forswearing territorial demands on Poland by the Bundestag and the Parliament to be elected in East Germany this month. He stopped short of offering a provisional treaty, however, and later rejected suggestions about taking up the issue of war reparations. The political barrage against him continued, with France's foreign minister, Roland Dumas, demanding immediate clarity about the borders.

The way to understand Mr. Kohl's position is to sit back from the transcendent issue to the more immediate context of West German politics.

There is indeed a nationalist fringe in German politics in the form of the Republikaner party. Virulently patriotic, xenophobic and anti-free market, the Republikans prey on the kinds of resentment found in any democratic electorate. After World War II, for example, the Soviet "liberators" helped themselves to a large chunk of Polish territory in the east, while the country was compensated from the historically German regions of Silesia, Pomerania and East Prussia to the west and north. The subsequent population movement caused no little suffering among the defeated Germans; a historian might say this was rough justice for the Nazi horrors, but some percentage of German voters might take a different view.

The Republikaners have recently done well in local elections and are now running at about 5% in the polls. Unhappily, 5% is also the percentage that would entitle them to representation in Parliament under the German electoral system. Mr. Kohl knows that if the Republikaners do well, his own party does poorly. And if the Free Democrats fail to mount the 5% threshold, his present coalition would collapse and he would have to choose between the unwanted support of the Republikaners and a grand coalition with the Social Democrats.

Mr. Kohl's position on the Eastern territories represents a careful, tactical decision to avoid handing the Republikaners a volatile issue. Surely keeping the Republikaners out of Parliament is worth a temporary delay in dotting the i's and crossing the t's on the Oder-Neisse Line. One can, of course, disagree with the chancellor's tactical judgment, but his motives ought to be respected by politicians tempted to play to anti-German resentments in their own electorates. Mr. Kohl is not trying to fan the flames of German chauvinism, but to contain them.

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Asides

Return of the Gipper

Ronald Reagan even now remains a figure of controversy and obloquy in some American quarters, but they love him in East Germany. Yes, a party coalition running there in the

March 18 elections wants the originator of the "evil empire" speech to speak in East Berlin on their behalf. We know that some disagree with us on this, but future historians will have rich material for deciding: Who won Eastern Europe?

Richard Cohen

No Double Standard for Germany

The polls tell us that most Americans support German reunification. The figures are overwhelming—67 percent—and a German reading those figures might take both comfort and pride in them. Not so fast, Helmut. The Cold War may be over, but in certain neighborhoods World War II is still being fought.

Journalists are warned not to put too much faith in polls. They capture public opinion at a particular moment and no more accurately predict the future than does Nancy Reagan's astrologer. At this particular moment, Germany—both East and West—is looking pretty good indeed. East Germans are streaming over the border and being met by only the most understanding and charitable of (former) countrymen. Who cannot be moved?

And Americans have been. According to a New York Times/CBS News poll only 16 percent of those polled feared Germany would once again try to dominate the world. Americans are so favorably disposed to the prospect of German reunification that even the World War II generation has little apprehension. Among persons 65 and older, 64 percent were untroubled by reunification.

Let me make a prediction: It's only a matter of time until those favorable figures nosedive. That's because it's only a matter of time until Germany, both East and West, becomes, well, Germany. I refer to a chauvinistic renaissance, an explosion of nationalism that is bound to make both the United States and Europe anxious. When that happens, a whole lot of people are

Of course, no one can ignore what happened the last time Germany was unified. It produced Adolf Hitler, World War II and the Holocaust. A visitor to Germany, especially one whose relatives perished in the Holocaust, cannot help staring at people on the street and wondering about them: have they changed? I do that on every visit, and in my imagination, I put them in uniform. There, that's how they would look in military or SS garb. There, that is Germany and nothing has changed.

But a lot has changed. For almost half a century, West Germany has been a democracy—an integral part of the democratic West. It has made reparations to Holocaust victims. West Germany—opposed to East Germany—has never ducked its responsibility for that enormous crime, and indeed, it has taught its young the truth of the Nazi period. In contrast, that effort with the experience of a young Mississippi woman I know. Not until she saw the film "Mississippi Burning" did she realize what had happened in the civil rights era in her own state.

No young West German could be so ignorant. But along with that education effort has come some resentment. A college student I spoke with in Bonn said her classmates had just about had it with their national "guilt trip." They wanted, instead, to celebrate German accomplishments and revive a patriotism that has long been dormant.

Others in Germany are feeling patriotic or, if you will, nationalistic. When it comes to Poland, for instance, Germans

to see the revival of German-language newspapers in Polish areas with significant numbers of ethnic Germans. To the Poles and others, these might seem nationalistic demands—as they might well be—but they are no different from what other countries would seek.

The problem for Germany is that ordinary manifestations of nationalism will be viewed as a return to the past. The German lunatic fringe will be exaggerated and the occasional victory at the polls of a neo-Nazi will be trumpeted as a harbinger of things to come. But other countries, including our own, have their lunatics. David Duke, the former Klansman, won a seat in the Louisiana legislature, but that did not signal the return of Jim Crow.

When such things happen in Germany, its high approval rating here will surely plummet, and some people will warn of the "old Germany." But it is a "new Germany" they will be seeing. It will be a nation acting much like any other—having its parades, saluting its flag and electing its occasional extremist. Moreover, it will be a nation where patriotism had been repressed. As a result, it may surface very suddenly and rambunctiously. It would only help the worst elements in Germany to apply a double standard to the entire nation.

Germany justifiably still remains on parole. But if a united Germany is ever to take its place among nations it has to be allowed to act much like any other nation. To treat it differently, to feed a



PROGRESS REPORT FOR
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*Policy Considerations Affecting
Nuclear Forces Modernization*



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POLICY CONSIDERATIONS AFFECTING NUCLEAR FORCES MODERNIZATION

Executive Summary

Federal Republic of Germany

- The SNF debate continues to be controversial in the Federal Republic of Germany, notwithstanding the NATO Summit's compromise formula on *Lance* modernization and SNF negotiations. Even if the present government coalition is returned to power in the 1990 election, it is increasingly doubtful that the Germans will take a decision on FOTL in the 1992 timeframe. Moreover, there is also the prospect that the West German government will support opposition calls for an SNF negotiation that aims at an early reduction in the number of nuclear-capable surface-to-surface missile launchers, down from their present total of 88 to a number above zero, irrespective of progress achieved in the CFE negotiations.
- The emergence of West German "sovereignty" as an issue in Alliance politics threatens to become more important in the future, and, together with the growing importance of environmental issues throughout all of Western Europe, may jeopardize Alliance decision-making on future weapons modernization decisions, including TASM. In the Federal Republic, support for a "Third Zero" option is widespread, although for many it is considered only with regard to land-based surface-to-surface missiles and nuclear-capable artillery deployments, and not dual-capable aircraft platforms.
- West German criticisms of the Bush CFE proposals focused on the inclusion of troop ceilings and aircraft platforms, although in the FRG there is widespread popular support for the President's initiatives and the opposition parties are in favor of an agreement at the CFE that includes both categories. Military opposition to the Bush proposals is based primarily on fears that the inclusion of aircraft, for example, will dilute the focus of the talks, which, in the military's view, must be the reduction of the Warsaw Pact's invasion capabilities. On the question of troop reductions, some in West Germany fear that this will become a license for the large-scale withdrawal from Western Europe of American conventional forces.
- In the context of a prospective CFE regime, the West Germans are restructuring their ground forces to emphasize highly mobile units based, in large measure, on the utilization of reserve forces. For the West Germans, the prospective post-CFE force structures of the NATO allies and the Warsaw Pact nations will imply a change in the scale of projected conflict probabilities, in stark contrast to current planning assumptions that are based on expectations

of attack by large-scale and massed armored Soviet forces. In a CFE regime, West German military analysts feel that the incentive for surprise attack may be increased and in this circumstance nuclear weapons deployments will remain critical to war deterrence in Europe.

Britain

- British perspectives on SNF continue to be shaped by Mrs. Thatcher's views of the relationship between British strategic-nuclear forces and their contingencies for use, and NATO's requirement for Selective Employment options in the context of Flexible Response. It appears as if the Prime Minister is seeking to maintain distance between a forward battle contingency in the FRG and the prospective destruction of British territory, in line with her so-called "firebreak" thesis.
- British concerns that West Germany may not be prepared in 1992 to come to a decision on *Lance* modernization have helped to solidify a U.K. decision to sign an MOU with the United States on TASM cooperation. A final decision by the British Government on which technological option (related to TASM) to choose will be governed by assessments of the best offset arrangements and cost/effectiveness issues pertaining to the incorporation of British "front-end" and other technologies.
- As is true elsewhere in Western Europe, however, TASM modernization will likely face criticism in Britain, although the Government's decision to replace the aging British stockpile of WE-177 free-fall bombs is likely to stand. Its major challenge may come from budget austerity requirements which could sacrifice tactical nuclear aircraft programs to stave off budget cuts to either *Trident* or conventional force modernizations. However, because of the early decision on TASM cooperation with the United States, such a budget contingency is not likely to occur.
- The newly released Defense *White Paper* provides for little change in British procurement priorities. NATO commitments, apart from the *Trident* program, account for the largest single line items, and amount to 39% of the total spending in the procurement area.

France

- On June 2 the French Defense Council agreed to a series of austerity measures designed to stretch out and scale down major weapons procurements. While no major nuclear equipment programs were shelved, there continues to be speculation that the S-4 mobile IRBM program will be scrapped, in favor of the deployment of a ground-based variant of the M-5 SLBM, to keep up-to-date the 18 launchers deployed on the Albion Plateau. There is also speculation that the *Hadès* "prestrategic" nuclear weapons program will be reduced, or even cancelled, if the President can be persuaded that its cancellation will not push the West Germans to

foreclose a NATO option to modernize *Lance*, which, in turn, may be linked—from the French perspective—to the willingness of the United States to sustain its troop commitment to Western Europe.

- In contrast, in conventional weapons procurement, the Defense Council decisions mean delays in some programs like the PAH helicopter project and the construction of the *Charles de Gaulle* nuclear-powered aircraft carrier, although it still is not clear whether the Socialist government will, ultimately, decide to cancel the carrier modernization program altogether. Over the next year, on the basis of cost-effectiveness studies, major force structure reorganization decisions will be taken by the French. In this respect, it is widely speculated that French ground forces may be reorganized to emphasize highly mobile structures and reduced personnel ceilings.
- The French Government hastens to point out that these austerity measures are in no way related to Western CFE proposals and should not be taken as an impetus to rush toward an agreement. At the CFE talks, the French continue to be opposed to the inclusion of aircraft platforms, even in a second round of the negotiations, and, reject any notion that French forces are to be included in "NATO" cuts, preferring to categorize their capabilities as reserve forces distinct from, but integral to, forces located in the "central zone," or the areas of the Federal Republic and the Low Countries.
- There is likely to be much political debate over the Government's austerity measures, and, in particular, its decision to retain, for the moment at least, French "tactical" nuclear weapons in the French inventory. There has never been great support in France for such systems, and renewed debate in Parliament and the press over *Hadès*, for example, could erode the widely-vaunted French defense consensus, which is much more fragile than is readily understood in the United States.
- French perspectives on defense issues, particularly nuclear weapons deployments in France, and NATO Europe more generally, are diverse and much more complex than is widely believed. As elsewhere in Western Europe, they are being subjected to influence as a result of changed threat perceptions of the Soviet Union and an evolving conception of policy priorities and French national interests. Thus, in the conceptualization of French interests, arms control and environmental issues, for example, have emerged as central concerns in the shaping of policy initiatives, as has the requirement to help to manage change in the relationships between and among their Eastern neighbors and West European partners.

OB^e

The Netherlands

- The fall of the Dutch center-right government on May 2, triggered largely by Liberal Party in-fighting (and the growing dissatisfaction of the Liberals' over their junior status within the coalition), raises the distinct possibility of a center-left Christian Democratic/Labor coalition coming to power after the September elections. In terms of future defense planning, such a coalition might lead, for example, to a greater willingness on the part of the Christian Democrats to accept lower levels of defense spending and to press NATO toward early SNF negotiations, in exchange for a more moderate Labor defense policy across the board (including on SNF issues).
- The ongoing Dutch role in helping to fashion a NATO compromise on SNF can be seen in the degree to which the Summit communique incorporated major aspects of the SNF strategy outlined by Foreign Minister van den Broek, which included: a call for unilateral Soviet reductions to the NATO level; an opening of SNF negotiations after an agreement has been reached on conventional force cuts in CFE; steps to ensure that such negotiations do not lead to a "Third Zero"; and support for the updating of NATO SNF systems "where necessary".
- The fall of the Lubbers Government has had the immediate impact of delaying major procurement programs formulated by the Dutch defense ministry. Key programs now on hold include the modernization of the *Leopard I* tank; selection of an attack helicopter for the Dutch army; replacements for peacetime attrition in F-16s; the purchase of additional *Patriot* air defense systems; and the purchase of the *Crotale* SAM system.
- The outcome of the European Parliament elections in Holland suggests that a CDA/PvdA successor to the fallen CDA/VVD coalition is, while probable, not inevitable. The Dutch Labor party (PvdA) did not perform as well as had been expected, while the centrist CDA turned in a strong showing with the Dutch electorate. Should these trends persist, and if Labor Party centrists fail to gain adequate support among the rank and file for a more moderate defense policy, Lubbers and the Christian Democrats may choose to govern once again with a suitably chastened Liberal Party (which, nevertheless, continues to slide in the polls).

Belgium

- The center-left Martens government welcomed the formula for possible SNF negotiation and modernization reached at the NATO Summit, although both major party blocs in the current coalition — the Christians and the Socialists — would prefer to begin SNF talks in the nearer term (even parallel to the CFE negotiations).

- While still opposing (for the moment) a "Third Zero" option, the Government also continues to reject any "updating" of existing SNF assets that might significantly extend their range. In this context, support in Belgium is weak for the deployment of air-launched stand-off systems (such as TASM), which many on the center-left of the political spectrum believe may violate the "spirit" — if not the letter — of the INF Treaty.
- The Belgian Socialists — particularly the Flemish wing — still voice support for an ultimate "Third Zero", and argue (with the center-left in West Germany) that such an option was *not* foreclosed by the NATO Summit. In this formulation, negotiations toward a "partial reduction" of NATO SNF are viewed primarily as an intermediate step toward the final objective.
- With the decision to procure the French *Carapace* ECM system for the Belgian F-16 fleet, the Ministry of Defense has announced the last major systems procurement for 1989-90. Although an American candidate was rejected in this competition (primarily due to the lack of a sufficiently attractive offset package for Belgian industry), future areas of potential sales opportunity include budgeted plans for the modernization of Belgium's *Leopard I* tanks and field artillery, together with the acquisition of modern anti-tank, air-to-air, air-to-surface, and surface-to-air missile systems.
- Results from the elections to the European Parliament suggest shifting public support for the parties in Belgium's governing coalition. Prime Minister Martens' Christian Socialists fared well, while their strongest rivals in the coalition — the Flemish Socialists — fared poorly. Also of note was a fall in support for the Flemish nationalist *Volkswijde* party (now in the government), support which shifted primarily toward the more extreme *Vlaams Blok*. Belgian Greens also polled extremely well, while the Liberals in both language communities continued their slide in popularity.

Italy

- Italian defense perspectives emphasize internal security threats and "out of area" contingencies, specifically Italy's interests in the Mediterranean basin and concern over the export of Middle Eastern terrorism. On this basis, future Italian defense planning will revolve around a defense model, called the Zanone Plan, that emphasizes power projection capabilities and highly mobile ground forces structures.
- However, the funding that is necessary to support the new Italian defense model is unlikely to be forthcoming, and if anything, over the next several years, in line with the (former) Government's priority to bring into balance Italy's deficit spending, Italian defense appropriations are likely to be reduced. Already, a supplemental spending bill that authorizes funds for major international collaborative programs, including *Patriot* procurement, EFA

funding and the NATO Frigate program, has been delayed in Parliament and is not likely to be submitted for a vote in the near future.

- On the SNF controversy in NATO, the Italians are generally supportive of the official West German governmental position, including Bonn's attempts to tie SNF negotiations to the CFE talks. In contrast to the official German governmental position, however, the (former) five-party Italian governmental coalition is more skeptical of the deployment in Italy of strike-tasked aircraft, and, on this basis, hopes that a CFE negotiation will preclude the necessity for the redeployment of the American 401st F-16 squadron to Italy. This explains, in part, the widespread Italian support for President Bush's CFE proposals.
- The formation of a new Italian government is proving to be somewhat more difficult than had been expected, largely because of the personality clash between the Socialist leader, Bettino Craxi, and Christian Democratic leader Ciriaco De Mita. Craxi apparently favors a partnership with either his friend in the Christian Democratic Party, Arnaldo Forlani, or the CD Foreign Minister, Giulio Andreotti. In either case, Italian government policy on national security issues is unlikely to change.

Implications for DNA and Acquisition Policy

General Political Observations

- Political considerations will affect policy decision-making in NATO to a far greater extent in the future than was the case in the past. Particularly with regard to nuclear modernization issues, political considerations have become as important as military requirements in delineating the parameters for Alliance deployment and modernization of SNF. In NATO, this can already be seen in the context of the national debates over *Lance* and nuclear-artillery modernization. In future, it will be apparent especially in the context of the CFE talks and the broad European desire for early SNF negotiations. Clearly, European political objectives and policy perceptions may impose upon U.S. and NATO planners real constraints in terms of SNF and force deployment contingencies.
- Environmental issues, too, will have a greater role in shaping European defense policy options, from restraints on low-level flying to limitations on troop maneuvers in protected areas. Together with a greater West German sensitivity to sovereignty issues, environmental politics will have implications for NATO planning, including, possibly, TASM deployment, depending on how the issue is presented by the United States and Allied leadership.
- Few West German political analysts think that TASM modernization will be any less difficult to achieve than *Lance* modernization. Already members of the "left" have raised opposition to TASM on the basis that its deployment would be a circumvention of the INF Treaty, an

argument that is shared by many left-of-center politicians in other NATO countries (including those examined in this Report).

SNF

- The NATO agreement on SNF, set forth in the joint communiqué document issued at the Summit, represents a fragile consensus among national views on the SNF issue that continue to diverge. Significant, however, is the widespread support throughout each of the countries reviewed in this report for the U.S. CFE proposals set forth by the President at the Summit. It is necessary for the United States to maintain the perception now held in Western Europe that it has seized the initiative at CFE. This perception will help to stall pressure for negotiations on SNF before a CFE agreement is finalized.
- In many respects, the prospects for a positive decision on *Lance* modernization are decreasing, and even if the current government coalition in the FRG is returned to power in the 1990 election, its support for FOTL is questionable, given widespread public opposition to ground-based short-range nuclear weapons deployments on West German soil.
- It may be that the easiest route toward a more stable NATO consensus on nuclear weapons deployments lies in TASM and enhancements to DCA survivability. Because TASM could be deployed with the air forces of a number of NATO European countries, it would not single out West Germany as the only deployment country. By the same token, the range of a TASM stand-off system would make possible attacks launched against targets deeper in Warsaw Pact territory (perhaps even in the western Soviet Union), thus obviating West German fears of deploying a system capable of being targeted only against sites in East Germany.
- Yet, TASM modernization is not without potential pitfalls. A number of leading West European officials and party leaders in most of the countries reviewed in this study argue that an extended-range (400 km or over) TASM would violate the spirit of the INF Treaty. Others oppose TASM because they reject the necessity of modernized SNF for NATO, based on widespread opposition to "nuclear warfighting" concepts. In Western Europe, today, there is a strong, popular and analytical attachment to "massive retaliation" as the favored deterrence strategy for NATO. So, too, a growing number of West Europeans endorse a "minimal deterrence" concept based on a low nuclear threshold in NATO. This conception is driving West European arms control perspectives, as well, and provides a basis for rationalizing defense budget cuts, especially in ground forces structures.
- Recent announcements concerning the defense budgets of many of the countries reviewed in this Report suggest a continuing trend of reduced growth rates throughout NATO Europe, despite a renewed commitment to 3% real growth per year. For reasons ranging from the fall of government coalitions to the reordering of budgetary priorities to emphasize spending

Federal Republic of Germany

In the second quarter of 1989, West German defense debate focused on the Alliance controversy over short-range nuclear forces (SNF), the NATO Summit and the U.S. and Soviet arms control proposals presented at the CFE talks. During this period the Federal Republic hosted state visits by President Bush and Soviet General Secretary Mikhail Gorbachev. In June, the new budget figures for the *Bundeswehr* were released and discussion of *Bundeswehr* planning attracted considerable attention from FRG defense analysts, both in and out of government.

West German Perspectives of the NATO Summit's Comprehensive Concept and Its Handling of the SNF Issue

While West German government officials expressed relief over the results of the NATO Summit's SNF compromise, they have been highly critical, in private conversations, of the Comprehensive Concept's perceived lack of visionary initiative. This is based on a view that the future role of the Alliance lies more in the political, and not strictly the military, realm, as a manager of East-West relations and, in particular, of the arms control process, which increasingly is identified as the most important agenda item in the evolving East-West relationship. In this context, and to a

West German officials, although pleased with the unified picture presented by the NATO summit agreement, are critical of the Comprehensive Concept, accusing it of lacking a "vision" of the future of East-West relations. Given the huge economic power of the FRG relative to its size, West German leaders are making increasingly clear their desire to be treated as a full partner in the Alliance and with the United States; these desires are manifested in more vocal demands for full sovereignty on issues which attract public attention, namely SNF modernization, low-level flying, and NATO-maneuvers.

considerable extent, West German policy officials, particularly those in the Foreign Ministry, feel that the U.S. insistence on Alliance support for "updating as necessary" SNF deployments has resulted in an inflexibility that detracts from the Comprehensive Concept's capacity to help fashion a creative Alliance policy relating to the future of East-West relations. Many West German politicians argue that NATO needs an agenda for East-West relations in which options and consequences are drawn from a systematic assessment of the changes taking place in Eastern Europe and the USSR. From this perspective, if NATO cannot adapt itself to such a role, its institutional framework may be less and less relevant to emerging European interests and policy objectives.

Clearly, the role of the Federal Republic in the Alliance is under review across the spectrum of political opinion in West Germany. Only the most radical political spokesmen today advocate West Germany's withdrawal from NATO altogether, but this is less a reflection of a convergence of opinion between the Alliance's supporters and its opponents, than an indication of a growing sense that the Federal Republic has a leadership role to play in the Alliance. Based in part on a more narrow assessment of West German national interests arising from the FRG's solid economic performance in recent years, as well as from a sense that U.S. and West German interests may not necessarily coincide in all areas, support for an expanded West German role in the Alliance is a manifestation of the increasing importance of the "sovereignty" issue in West German politics. Paradoxically, however, it is also part of the more amorphous, less well-defined, sentiment in support of greater European unity and the need to put forward regional perspectives on global economic and security issues. The European impetus is reflected in the West German insistence on greater decision authority in the Alliance, to be sure. But it is also manifested in the FRG's expressed desire for closer European collaboration in the defense area on a bilateral and multinational basis (i.e., the Franco-German Brigade), including collaborative projects under the auspices of the Independent European Program Group (IEPG) for weapons acquisition (i.e., NATO Frigate) and R & D cooperation (i.e., MSAM). The emergence of a new assertiveness on the part of the West Germans with respect to Alliance issues was reflected dramatically in President Richard von Weizsäcker's remarks on the occasion of the fortieth anniversary of the Federal Republic. In this speech, von Weizsäcker stated that West Germany was no longer prepared to be treated as anything less than a full partner in the Alliance. Furthermore, he noted that, while Europe may be leading the path toward change in a new strategic situation on the Continent, the Federal German Republic is capable of playing a greater role in Europe.

If von Weizsäcker's remarks are taken to heart, we must assume that in the future West German perspectives on security issues may not always correspond to, and may sometimes even conflict with, those of the United States. For NATO this may mean greater difficulty in the future with regard to decision-making on issues that directly affect West German perceptions of Germany's national interests. This is likely to be the case with respect to Alliance decisions on issues that are seen as infringing on West Germany's sovereignty, such as low-level flying and NATO exercises. Of higher visibility and, ultimately, of potentially greater significance to Alliance cohesion will be the West German position on the continuing SNF debate, which by no stretch of the imagination has been resolved as a result of the NATO Summit's compromise formula. In fact, at the heart of West German criticisms of the Comprehensive Concept document is the SNF issue, and British and American insistence on an explicit statement excluding the "Third Zero" option. The West German position entering the pre-Summit negotiations had been laid

out by Chancellor Kohl in his speech to the *Bundestag* on April 27, 1989 (see IFPA's DNA Quarterly Report for January-April). In this speech, Kohl announced that any West German decision on proceeding with a follow-on-to-*Lance* (FOTL) would not be made until 1992, and would be dependent upon an evaluation, at that time, of "political and security policy developments, especially considering the results of all arms control negotiations." Specifically, Kohl tied the decision to the achievement of three goals. First, there would have to be "increased security at a lower level of nuclear and conventional forces as a whole." Second, the Alliance would have to judge whether "binding agreements" with the Warsaw Pact had been concluded, "eliminating the capability for surprise attacks and offensives designed to conquer territory." Third, the Alliance would seek evidence of agreement creating "a greater degree of mutual trust, based on increased transparency and calculability of military procedure." Additionally, Kohl put forth the West German demand for "speedy" negotiations to reduce NATO and Warsaw Pact deployments of SNF in Europe.

Holding to these positions against what was perceived in West Germany to be extreme pressure from the United States and the United Kingdom to agree to modernization *without* arms control, the coalition was able to make the argument domestically that it had fought up to the last minute to ensure that the Allies took account of West German interests. The compromise reached in Brussels, which delayed the FOTL modernization decision until 1992, tied the start of negotiations on SNF to the *conclusion and implementation* of the first stage of CFE reductions, and confirmed that the Alliance seeks only a *partial* draw-down of its SNF assets. In the Federal Republic, in the immediate aftermath of the NATO Summit, the SNF compromise was portrayed as a great victory. However, in recent IFPA discussions with West German officials, it became clear that, from their perspective, the Alliance debate over SNF and *Lance* modernization was far from over, and few defense analysts in the FRG were optimistic over the prospects for deployment in West Germany of FOTL.

Even as Kohl, in his presentation on June 1 of the Government's view of the NATO Summit, sounded an optimistic tone with regard to SNF, and in particular the *Lance* modernization decision, he proceeded to say that, in this context, the phrase "for the foreseeable future," can mean "only a relatively limited period of time," suggesting that the Alliance might eventually decide that the conditions have been reached which make any or all of the SNF basing modes obsolete. From Kohl's perspective, then, the NATO compromise formula fails to rule out the possibility of significant change in Alliance deployments of short-range nuclear forces. In the future, as the nature of the threat changes either as a result of unilateral Soviet initiatives or because of a negotiated arms reduction regime, land-based SNF, in particular, could be

configured differently than they are at present. For deterrence purposes, however, many West German policy officials and defense analysts agree that the political utility of SNF deployments will be critical even under a CFE regime that is characterized by conventional parity. From this perspective, and under the circumstance of a CFE regime, ground-based nuclear surface-to-surface missile launchers could, perhaps, be reduced to below the current NATO inventory of 88 (*Lance*) launchers, but not necessarily to zero, as is favored by some members of the government coalition (principally members of the Free Democratic Party) and endorsed by the opposition Social Democratic Party (SPD) and the Greens.

On the specific issue of what the NATO Summit compromise means for the modernization and future deployment of nuclear-capable surface-to-surface and other SNF systems, notably nuclear artillery and aircraft platforms, differences of interpretation among the government coalition partners, and between the government and opposition parties, have begun to be aired publicly. For example, CSU *Bundestag* member Ortwin Lowack assesses the compromise to mean Alliance agreement to end the drift toward a "Third Zero" option in short-range forces. On this basis, he recently stated that by the NATO formula the "Third Zero" was "off the table." Reflecting this view also is the NATO Secretary General and former West German Defense Minister Manfred Wörner, who declared that the wording of the agreement, which accepted only a *partial* reduction of SNF, meant exactly that: "partial means partial—and not complete."

However, in *Bundestag* debate, West German Foreign Minister Hans-Dietrich Genscher (FDP) called upon the Federal Republic to shape the disarmament process so that there can be no "compulsion for modernization" in the case of short-range nuclear forces, and that negotiation of the "Third Zero" option should not be unilaterally ruled out by the NATO allies. It was widely reported in the Federal Republic and other NATO capitals that Genscher had threatened to bring down the government coalition over the SNF issue if negotiations on short-range nuclear forces were not somehow sanctioned by the Alliance. Although the Summit wording leaves ample room for interpretation, Genscher did come away from the meeting with an Alliance commitment to drop the modernization issue until 1992, stating: "we have an agreement to negotiate without an agreement to modernize." Having put off the modernization issue until 1992, Genscher went even further in his efforts to discourage the potential for a positive decision at that time. With regard to the language used at the Summit, Genscher commented that an agreement to negotiate a modernization decision is *not* a decision to modernize. It remains to be seen whether the FDP's relatively poor showing (5.6%) in the June European Parliamentary elections will strengthen or diminish Genscher's objective of pushing for early SNF negotiations and thereby obviating, according to his view, the requirement for FOTL. Nevertheless, one thing is clear: while the European election results for the CDU were not extraordinary, attracting

only 37.8% of the vote, they were not so disastrous as to prompt a Party decision to oust Kohl from the CDU leadership. (It had been widely speculated in the Federal Republic that if the CDU failed to attract 35% to 40% of the popular vote in the Parliamentary election, the CDU might turn to a more charismatic personality than the personally unpopular Kohl).

However, despite the continuity of Kohl's leadership in the CDU, the prospects for a positive FOTL decision are diminishing steadily in the Federal Republic. The opposition Social Democrats and Greens, both parties of which held their respective voter support in the June elections—37.3% for the SPD and 8.4% for the Greens—are opposed to SNF deployments on West German soil, at least in the SSM and nuclear artillery categories, and both support *immediate* calls for the start of negotiations on SNF reductions toward a "Third Zero" in parallel with the CFE talks in Vienna. There is some division in the SPD on air-launched SNF systems, but in general most party officials oppose TASM deployment, with some "centrist" defense analysts supportive of DCA in the context of deterrence coupling and assuming no significant reduction in Soviet SNF capabilities.)

The Future of SNF

Particularly since the signing of the INF Treaty, West German and American differences over the roles of nuclear weapons in Alliance strategy have become more pronounced. In line with general European thinking on this issue, the West Germans, apart from some military officers and defense analysts, emphasize the political function of nuclear weapons in NATO strategy and reject any conceptualization of SNF as "warfighting" capabilities, as was clear-

Although the NATO summit agreement included approval of only a *partial* reduction of short-range nuclear forces, and then only after implementation of a CFE negotiated reduction, modernization opponents still call for a Third Zero option. Chancellor Kohl himself envisages a time in the future in which NATO SNF could be reduced below current NATO levels.

ly evident in their reaction to *Wintex*. In this respect, the West Germans, like their European counterparts, are more comfortable with the strategic logic of "massive retaliation" and are highly critical of NATO's Selective Employment options for the "substrategic" use of nuclear weapons. This perspective engenders criticism of SNF deployments, in particular because of their disproportionate destructive potential relative to German territory (East and West) and the lack of a "shared" risk that they bestow upon the other NATO allies, who do not themselves host deployments of short-range nuclear weapons. In the Federal Republic, this has contributed to a convergence of opinion across the political spectrum against *Lance* modernization and nuclear-artillery deployments on West German soil. It is also reflected in the widespread support for early SNF negotiations. Thus, the Chancellor's speech of April 27, calling for "early" or

"speedy" negotiations, was a product of pressure from both the political "right" and "left" which he could not leave unanswered, even if this set him into direct conflict with the United States. Moreover, from the West German perspective, it is difficult to rationalize NATO's call for modernization of SNF and, at the same time, support for the goal of deep cuts in conventional forces in Europe. The rationale for short-range nuclear force deployments is widely seen in the Federal Republic as compensation for Warsaw Pact conventional superiority. Thus, the logical nexus between a CFE regime and SNF deployments would be a force mix based on lower levels of short-range nuclear capabilities. It seems that in much the same way as NATO tied cruise and *Pershing II* missile deployments to the Soviet deployment of SS-20 IRBMs, the West Germans are seeking to tie Alliance SNF options to specific cuts in Soviet Warsaw Pact conventional forces. Clearly, in the Federal Republic, it will be extraordinarily difficult to build support for any SNF modernization, including FOTL and also TASM, in an era of perceived progress on conventional force reductions.

There is little reason to believe that the opposition which coalesced around FOTL would leave TASM untouched, especially given the extreme West German sensitivity regarding aircraft in the current environment. Already opposition to TASM has been broached among the public at large, based largely on the argument that the deployment of such systems would constitute a circumvention of the INF treaty. It is conceivable that an attempt on the part of the Alliance to introduce TASM as a routine technical improvement, after substantial consultation with the FRG in advance, might lessen opposition, but it is impossible to predict that even this approach would meet with success. Even those who are not opposed in principle to TASM question its survivability, including the ability of its platform to penetrate enemy air defenses and to escape aircraft interdiction on the ground, a concern that certainly diminishes its perceived credibility as a deterrent asset. Broader popular opposition to TASM is also possible in the context of West German concerns over FRG sovereignty. Calls for TASM deployment could help to coalesce the divergent antinuclear and environmental groups opposed, in the context of the sovereignty issue, to the large concentration of "foreign" troops on West German soil. Whatever the validity of these observations, it is becoming increasingly apparent that TASM modernization may be politically difficult to accomplish in an environment that now provides for the prospect of an SNF negotiation and a CFE regime which includes aircraft platforms.

The Vienna CFE Talks

Because the future of negotiations on the reduction of short-range nuclear forces in Europe is now clearly tied to the achievement of progress in the conventional force talks, West German attention is more clearly focused on Vienna. Although the intent of President Bush's surprise proposals for the CFE talks may have been to suggest to the Bonn leadership that substantial

progress could be made toward an agreement and its implementation—and thus toward SNF negotiations,—they also opened for discussion the new issue areas of aircraft, helicopters, and troop reductions. Based on previous experience in the MBFR, this expansion of the CFE mandate is widely expected in West Ger-

Some West German military analysts were critical of Bush's proposal to include aircraft in the CFE talks, and suggest that NATO concentrate in the first phase of the negotiations on the more significant problem of ground forces.

many to slow down progress at the talks substantially, making it unlikely that Bush's six-month-to-one-year deadline can be met. Nevertheless, Chancellor Kohl and Foreign Minister Genscher were obviously relieved that President Bush had found in the CFE a means of mitigating the NATO dispute over "early" negotiations on SNF and of wresting the arms control initiative from Gorbachev, even if only temporarily.

In early assessments of the Bush proposals, West German defense analysts were critical of two aspects: the inclusion of troop reductions and aircraft platforms (although on the aircraft issue the political leadership is divided, with public opinion and the opposition parties strongly supportive of this element of the President's CFE initiative). Thus, while members of the CSU and some CDU politicians oppose the inclusion of aircraft platforms in the CFE, even in a second round negotiation, on the basis that this will dilute the primary focus of the talks (which should be directed toward the Warsaw Pact's ground force invasion capabilities), the leadership of their coalition partner, the FDP, endorsed the Bush initiative, arguing that combat aircraft represent an area of Western superiority which must be considered in a CFE force reduction regime, if the West is to be perceived as serious about its arms control efforts. With regard to the platforms for inclusion, the West German Defense Ministry believes that the CFE proposals should be confined to land-based aircraft (but including land-based West German naval air assets—i.e., *Tornado*, which Foreign Minister Genscher is said to have already conceded to the Soviet Union). However, notwithstanding the inclusion, for planning purposes, of their land-based *Tornado* assets, defense planners in Bonn continue to insist that the Alliance must not allow the CFE negotiations to affect NATO's structural combat capability. Thus, one West German working proposal is to include only land-based aircraft and the West German *Tornados*, in the second phase of the negotiations, while first focusing on combat helicopters. In this way, the Defense Ministry may hope to diffuse the DCA issue. In other words, the Germans are considering a proposal that aims at finding a common Alliance position on aircraft by emphasizing cuts in combat helicopters (together with personnel) in the first phase, and accepting, in principle, negotiations on fixed-wing aircraft at a later time.

Bundeswehr Restructuring and Personnel Issues

In the context of the manpower issue, the Bush and Soviet CFE proposals have obvious implications for future *Bundeswehr* planning, and the force structure options being discussed at the Defense Ministry are said to be taking into account possible arms control outcomes. While it is anticipated

Arms control agreements, demographic pressures, and budgetary restrictions will all play a part in shaping future *Bundeswehr* force structure; the *Bundeswehr* of the future will rely ever more heavily upon reserve units.

that West German ground forces will continue to emphasize the Brigade/Division/Corps structure that is currently the basis of West German defense planning, there are likely to be changes (restructuring) in the active strength-reserve forces ratio in some units. There also is likely to be created a new "Ready Reserve" that will be structured to fill short-falls in personnel created in active force units which are not manned at optimal levels. Clearly, from the West German perspective, one of the implications of a CFE agreement will be to put a premium on highly ready, limited, force structures, with a greater reliance on reserve force structures.

FRG PROCUREMENT PLANS

• Agreement between FRG and France on 3 Joint Projects

» MBB and Aerospatiale to develop fibre optic guided missile for aircraft and helicopters; to be named *Polypheme*, and having an IOC of 1999

» New fire control system

» Optical equipment for third-generation anti-tank missile

• FRG will purchase five Signaal multi-beam acquisition radar for targeting (SMART) for its Type 123 frigates

• MBB joins General Electric (USA), Aeritalia, Ferranti (UK), and Electronique Serge Dassault to bid for NATO Battlefield Information Collecting and Exploitation System (BICES)

• CAE (Canada) selected to develop testbed simulator providing low-level flight training for *Tornado*; CAE also selected to upgrade seven existing simulators

• FRG relents on demand that German company be granted contract for maintenance of aircraft for multi-service electric warfare group; decision now left to NATO Management and Supply Agency (NMSA)

Together with the establishment of cooperative Confidence and Stability Building Measures (CSBMs), the resultant CFE force structures imply a change in the scale of projected conflict in stark contrast to current West German planning assumptions that are based on expectations of attack by large-scale, massed, Soviet/Warsaw Pact forces. In a CFE regime where inspections and rapid challenges are the norm—and limited forces structures the result—many West German military analysts feel that the incentive for surprise attack may be increased and not diminished in the European theater.

Moreover, in the context of the discussions at the CFE talks, and against the background of prospective defense budget cuts, West German defense planners are engaged in a detailed study of future *Bundeswehr* structures and personnel ceilings. It is interesting to note that in a briefing received by IFPA personnel from members of the Planning Staff (of the Defense Ministry), the West Germans, in their working numbers, (in the aircraft category), appear to include all NATO personnel, including naval forces manpower. The accompanying table reflects the planning assumptions of the West Germans related to their assessment of the Western and Eastern CFE proposals. With the content of the Bush proposals and the U.S. agreement to include troop ceilings in the CFE discussions, the West Germans are grappling with means to maintain an active force component end-strength of 450,000 up to the end of the century. Already facing domestic opposition to his policies on SNF, Chancellor Kohl announced that the Coalition had decided to postpone for three years the planned extension of military service from 15 to 18 months. The extension for conscript personnel had been a highly contentious issue in West German political circles and Kohl was under a great deal of pressure, even within his own party, to postpone the military-supported initiative. (See Table II for survey results of recent West

Table II

POLL RESULTS

In your opinion, who is performing the more important service for Society on the whole: a young man who performs military service as a soldier in the Bundeswehr, or someone who performs civilian service, in a nursing home or old peoples home, for example?

	1981	1988
Person Entering Bundeswehr	24	19
Person Performing Civil Service	23	36
Same	46	40
Undecided	7	5

West German View of the Effects of the Warsaw Pact CFE Proposal (23 May 89)

Category	Upper Limit	NATO			Warsaw Pact		
		Current Level	Reduction	Percentage	Current Level	Reduction	Percentage
Personnel	1.35 mil.	2.93 ¹ mil.	1.58 mil.	54%	4.07 ¹ mil.	2.72 mil.	67%
Combat Aircraft	1,500	4,740	3,240	68%	8,208	6,708	80%
Combat Helicopters	1,700	2,627	927	35%	3,664	1,964	53%
Tanks	20,000	22,809	2,809	12%	50,000	30,000	60%
Artillery	24,000	17,739	2)	2)	42,715	18,715	44%
APCs	28,000	28,610	610	2%	55,800	27,800	50%

¹⁾ Includes land, air, and naval forces; for the Warsaw Pact, also includes special troops.

²⁾ Estimated at 6.261, theoretical reduction of 36%.

German attitudes on *Bundeswehr* service and public attitudes toward the military in general.) The effect of this decision will be a drawdown in the country's active force strength unless collateral measures are taken, including a tightening of permissible exemptions from service, a lowering of medical entry standards, and the collateral use of men who participate in local "fire brigades" to fill out undermanned units. According to members of the Defense Planning Staff, the West Germans have some breathing space on this issue, probably until the end of the century, because there are still enough reservists to fill in active units that could be mobilized in a wartime contingency. By West German calculations, there is also a pool of approximately 300,000 men who have received military deferments, but who would still be eligible for mobilization if called.

Nevertheless, the *Bundeswehr* structure for the year 2000 is based on projections of a reduced active force strength and a greater reliance on reserve force structures, as was discussed above in the context of West German thinking about a post-CFE environment in Europe. Also as noted above, West German thinking with regard to future force planning hinges substantially on the assumptions being made about the CFE and the prospective SNF negotiations. There is, from the West German perspective, no doubt that under the current CFE proposals, the large scale Soviet offensive capability will be reduced dramatically if the current Western proposals are implemented. At the same time, there is likely to be a political perception of a reduction in the Soviet threat even if Moscow's ability to implement an attack against Western Europe will remain. Under these conditions, the West German military, as well as members of the Defense Ministry's civilian bureaucracy, question their ability to fashion, together with NATO, a force posture that will meet the defense and deterrence needs of the twenty-first century.

In late June, this was placed further into question as a result of the agreement reached by Defense Minister Gerhard Stoltenberg and Finance Minister Theodor Waigel on the level of defense spending planned for the 1990 national budget. Stoltenberg's initial request for DM 55.3 billion, (\$28.43 billion) which would have represented a 4.7% increase over last year's expenditures, was cut to DM 54.47 billion, (\$28.00 billion), or an annual increase over FY89 funding of approximately 2.2%. Stoltenberg has characterized the agreement with Waigel as a "tolerable and satisfactory compromise for the *Bundeswehr*," despite the fact that the proposed increase does not out-pace inflation and does not meet the 3% level approved by NATO defense ministers (including Stoltenberg) in Brussels in late May. Strong FDP resistance to substantial increases is said to have led to agreement on the lower figure. The full cabinet is expected to meet to pass the FY90 budget on July 5, 1989.

According to the new spending figures, approximately DM 400 million (\$210.5 million) will be programmed for incentives to enhance the attractiveness of military service, in order to increase the number of soldiers deciding to remain in the *Bundeswehr* after the mandatory 15-month term. Among other items, these incentives will also include modernization of

barracks and increased emphasis on practical training. Equipment procurements will have to be reduced in this austere budget environment, with reductions in credits anticipated for the West German contribution to EFA and other air defense modernization programs. The West German Navy faces similar cutbacks. In an appearance before the Bundestag's Defense Committee in May, Inspector General, Admiral Mann (the FRG equivalent of the U.S. Chief of Naval Operations) described the cuts he is prepared to make in naval forces to meet financial constraints. These include decisions to close one half of the Navy's bases located on the Baltic and North Seas, including those in Flensburg and Cuxhaven. In addition, according to Admiral Mann, by the year 2000, only 80 of the current 188 ships will remain in service, while the number of men serving in the fleet will fall from the current 38,700 to approximately 20,000 in the year 2005 to meet the projected budget austerity measures.

United Kingdom

British Perspectives on the NATO Summit

Most significant among defense-related developments in the United Kingdom during May and June was the Thatcher Government's insistence on a near-term system-specific decision for a successor

British governmental perspectives on SNF are driven by Mrs. Thatcher's desire to maintain distance between Britain's strategic options and NATO's selective employment policies.

to the *Lance* missile and its continued opposition to East-West negotiations on short-range nuclear forces (SNF), a position that Prime Minister Thatcher pressed vigorously in the weeks leading to the NATO Summit. At the Summit itself, Mrs. Thatcher remained unalterably opposed to a "Third Zero" on short-range nuclear systems. Thus, in the agreement that emerged from the Summit, Britain was widely perceived to have made significant concessions in the interests of Alliance unity; yet, Mrs. Thatcher continued to assert, to an increasingly skeptical British public, that Britain had secured its most important objectives in the final NATO communique by staving off a negative SNF modernization decision and ensuring that the "Third Zero" was not a near-term Alliance option.

The Prime Minister's "hardline" on the SNF issue can be seen, in part, as a response to her perception that the Bush Administration might become so concerned with the achievement of a NATO-wide consensus that major British interests—specifically, the maintenance of an up-to-date short-range nuclear forces element of the NATO force posture—would be pushed aside. It can also be assessed in the context of British fears of West Germany's drift toward "neutralism", and Mrs. Thatcher's concerns over what she has called the "mindless" rush toward arms control. On the surface, the British Government's strategy was successful, with the Alliance decision to push off but not foreclose, until 1992, a decision on the "introduction and deployment" of a *Lance* successor. However, in fact, Foreign Office analyses of the Summit's compromise formula are less optimistic about the future prospects for a *Lance* modernization, and, in this context, Foreign Office experts were relieved that the Summit Formula for endorsing SNF negotiations at least precludes, according to their understanding, the "Third Zero" option. This latter point was particularly important to Mrs. Thatcher, who, during the course of the Summit wrangling on the language of the Communiqué, forced the NATO heads of state to agree that the "Third Zero" is not an option for NATO under present conditions. Even through the condition that CFE implementation must be "underway" prior to the initiation of SNF negotiations was a weaker formulation than Thatcher would have preferred, the Prime Minister stated clearly that her understanding of the clause was that "not a single missile can be taken

out until the whole conventional agreement has been implemented." Mrs. Thatcher's views on the SNF issue are clearly shaped by her perspectives of the relationship between British strategic nuclear forces and NATO short-range "tactical" nuclear capabilities. In line with her "firebreak" analysis (which reportedly sought to establish a barrier between NATO's selective employment options and the requirement for use of British strategic nuclear forces), Mrs. Thatcher apparently is seeking to maintain distance between a forward battle contingency in the FRG and the prospective destruction of British territory. Mrs. Thatcher's critics have been quick to point out her efforts to separate Britain from its European NATO allies on the SNF issue, and, in Parliamentary debate after the NATO summit, both opposition Labour Party members and "centrist" Social and Liberal Democrats criticized the Government's "hard-line" stance on the *Lance* modernization and SNF negotiations issues.

British SNF Modernization

In the context of British concerns that the West Germans may not, in 1992, be in a position to go ahead with a modernization decision on *Lance*, and holding to a view of deterrence that emphasizes NATO's escalatory options, the British

British concerns that West Germany may not be prepared to come to a decision on FOTL have led to their signing of an MOU on TASM with the United States.

government is continuing its own SNF force modernization program, based on the procurement of a long-range stand-off strategic missile capacity. In this regard, in early May, Defense Minister George Younger announced that Britain's range of choices for a new generation nuclear-tipped tactical air-to-surface missile (TASM), to be deployed on the *Tornado* GR-1, would not be based on collaboration with the French utilizing their air-to-ground medium-range missile (ASMP) technology base. Younger pointed out that the French system was "not suitable for [British] needs either in timing or range." Though no mention of a specific selection choice was made in the *Statement on the Defense Estimates* (the annual *White Paper*), which was released in June, the British government has signed a Memorandum of Understanding with the United States on collaboration for the development and procurement of TASM to replace the U.K.'s ageing stockpile of WE-177 free-fall bombs. According to British MOD officials, Britain favors two U.S.-developed systems that are in competition for selection as the British choice for TASM: the Boeing-developed Short-Range Attack Missile "T" (SRAM-T), a tactical variant of the SRAM-2; and Martin-Marietta's Supersonic Low Altitude Target (SLAT) system. A British decision between these two systems will hinge on a number of considerations, primary among which will be the offset arrangements for British industry and the cost/effectiveness

related to the incorporation of a British "front end" (i.e., warhead technologies) and adaptations to the *Tornado* airframe..

As is the case elsewhere in Western Europe, TASM modernization is not without its critics in Britain, and has the potential, therefore, for attracting widespread public opposition, as did British acceptance of cruise missile deployments in the late 1970s. Against criticisms that TASM deployment would be a circumvention of the INF Treaty, the British government has defended its decision to move ahead on TASM on the grounds that the Soviet Union has not curtailed its continuing modernization of Warsaw Pact SNF capabilities. More to the point, the Thatcher Government has countered that: (1) as an air-based system, TASM does not fall within Treaty constraints, which apply only to land-based INF systems; and (2) the range of a British TASM would, in any case, be under the 500 km limit established by the INF Treaty. However, arguments such as these are not convincing to diehard opponents of SNF and, as a procurement decision appears to be imminent, popular and political opposition to a British government decision is likely to increase for several reasons. First, as will be more closely examined below, the Thatcher government is wary of President Bush's proposal to include combat aircraft in CFE negotiations, and has already announced that its DCA are exempt from consideration in the negotiations. Yet, in Britain, the inclusion of aircraft in the CFE talks is a popular initiative, and the Government's interest in TASM may be seen to fly in the face of NATO negotiations policy. Secondly, British involvement in TASM development is likely to be opposed as well because of its perceived contribution to NATO's nuclear "warfighting" options and, in particular, its ability to target aimpoints located on Soviet territory. In addition, the potential expense associated with modernization of aircraft systems, the survivability of which is in question in light of Soviet preemptive strike assets and the evolution of Soviet air defense capabilities, could attract opposition from those who do not necessarily oppose the TASM system concept. In a budget constrained environment, tactical nuclear weapons programs may not receive the support that conventional weapons procurements, especially naval systems, might, and—given that the *Trident* is a "sacred cow"—budget cuts in the tactical nuclear area may be easier to effect than would cuts in the British Army of the Rhine, whose forward deployment in West Germany provides tangible evidence of Britain's European interests.

The Bush CFE Proposal and U.S.-British Relations

Across the British political spectrum, President Bush's proposals for the CFE talks—known as the "Conventional Parity Initiative"—were well received. Martin O'Neill, Labour's shadow Defense Minister, characterized the Bush initiative as "the first really constructive attempt by the Bush Administration to address the challenges which Gorbachev has placed before the Alliance." Former Labour Defense Minister John Gilbert welcomed the linkage Bush had

established to "very drastic Soviet conventional cuts," and Paddy Ashdown, leader of the centrist "Democrats," hailed the Bush proposals as "an historic moment which must not be wasted."

Bush's CFE proposals were welcomed across the British political spectrum, although the proposed inclusion of DCA in the talks is controversial and opposed by some in the Conservative government.

Perhaps the coolest reaction to the Bush proposals came from the Prime Minister herself, who voiced concern over both timing and content. While crediting the Bush proposals as having "transformed" the Summit, Mrs. Thatcher stressed the need for NATO to retain adequate levels of dual-capable aircraft in its force structure, an objective that she feared might be compromised by the President's call to include combat aircraft in the CFE mandate. The Prime Minister also called for a clause in any potential CFE agreement requiring the destruction, and not merely the removal, of weaponry, for aircraft moved simply beyond the Ural Mountains, she noted, would still be only three hours' flying time from Western Europe. So, too, Thatcher characterized as "very optimistic" the Bush challenge to complete CFE negotiations within six months to a year.

Mrs. Thatcher's concerns over the scope of President Bush's proposals did not cloud the atmosphere at the London meeting between the President and the Prime Minister in early June. U.S. attempts to soothe British fears over a growing Washington-Bonn relationship, at the expense of British interests, were met with repeated affirmations by Thatcher of the enduring importance of the "special relationship." So strong were the Prime Minister's statements on the importance of the U.S./U.K. relationship that they were widely interpreted in Britain as a decision by the Conservative Party government to place loyalty to the United States ahead of considerations of further European integration. In fact, Thatcher had said in formal remarks that "[f]or us, loyalty to the United States is paramount because we share so many of the same basic beliefs." Coming as it did less than two weeks before the European Parliament (EP) elections, however, this statement was held by British commentators to underscore Thatcher's opposition to significantly increased European integration. This interpretation contributed to the Conservatives' poor performance in the EP elections, and set off a round of opposition criticism of Thatcher's handling of the British-U.S. relationship.

Defense White Paper: Major Procurement Themes

Early May also saw the release of the British Government's annual *Statement on the Defence Estimates*. This year's *White Paper* again defied long-standing calls, from both the Labour ranks as well as from voices within the Conservative party itself, for a full-scale review of commitments and capabilities by the Thatcher Government. Instead, the 1989-90 *White Paper*

The defense *White Paper* provides for little change in British procurement priorities. NATO commitments, apart from *Trident*, account for the largest single line items.

proposed a continuation of the large majority of all British equipment programs and force commitments, cutting back in small increments where savings needed to be made.

Overall British defense spending for 1989-90 was announced in the *White Paper* to be \$33.84 billion (at an exchange rate of \$1.68 = £1.00). This represents an increase of \$1.6 billion over the previous (1988-89) fiscal year, and an additional \$294 million over 89-90 spending as projected in last year's *White Paper*—which, while significant, is not nearly sufficient to compensate for inflation in defense costs over the past twelve months. (Retail inflation in Britain currently stands at 7.9%, which alone would require an increase of \$2.65 billion to stay even with last year's projected expenditures.) Thus, the overall British defense budget for 1989-90 represents in real terms a cut of 0.7%. Specifically, this has forced a cut of approximately \$168 million on the Royal Navy, while providing for small increases in Army and Air Force spending. Moreover, in the area of manpower, Britain will increase spending on personnel by \$504 million—but this increase will go toward a total force level that will fall by 3,000 troops, to a level of 324,000. Even given increased personnel expenditure, however, Britain's retention rates are falling, and a number of combat units are operating under strength.

The *White Paper* sets forth an equipment procurement budget for 1989-90 of \$13.9 billion, which represents 41% of overall British defense spending (as shown in Figure 1) and an increase of only \$28.56 million over last year (when equipment procurement stood at 38% of total British defense spending). These resources are to be allocated among the Services, General Support, and Research areas. The breakdown of this allocation is seen in Figure 2. Significant major projects in these major areas of equipment procurement include:

Royal Navy

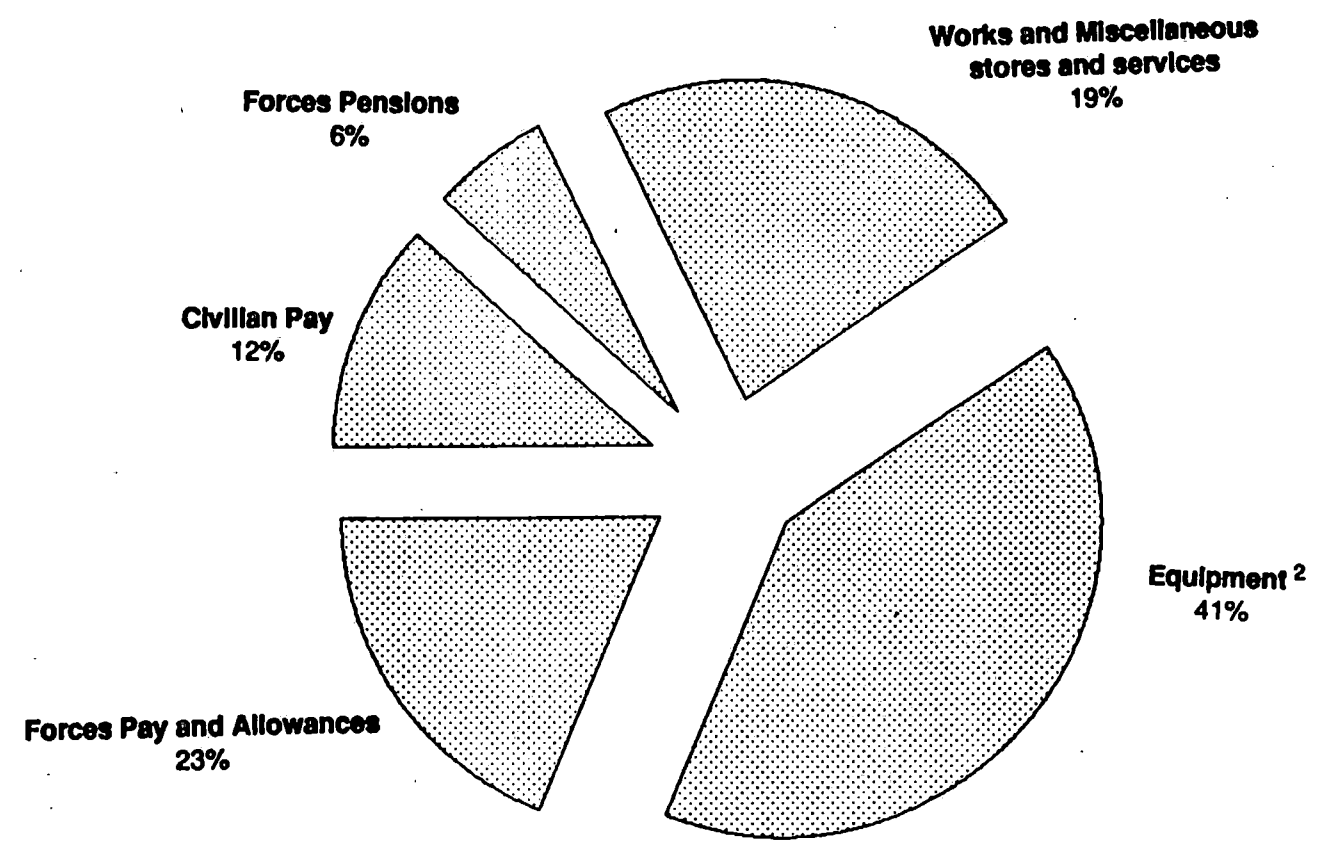
- two nuclear-powered fleet (attack) submarines
- four conventional submarines
- eight frigates (including four *Duke*-class Type 23 frigates, for the ASW mission, at a value of \$840 million)

British Army of the Rhine (BAOR)

- a sixth and seventh regiment of *Challenger*
- replacement of *Rapier* with the advanced *Rapier-C*
- 16 additional *Lynx* helicopters

Figure 1

The Divisions of the Defence Budget by Principal Heading 1989-1990 ¹

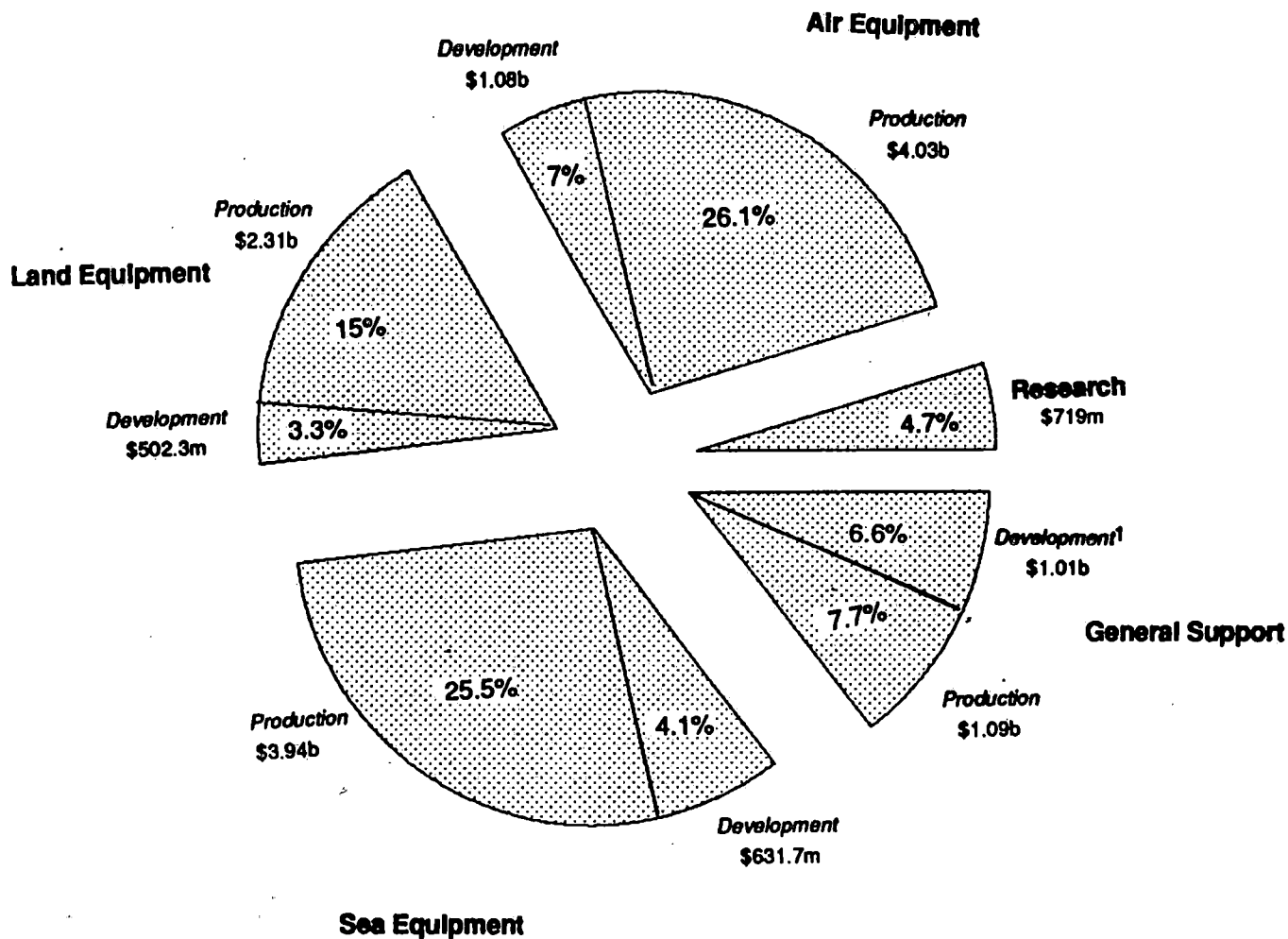


Notes

- 1 Percentage of equipment expenditure based on the last five years. The total adds up to 101% because of roundings.
- 2 Of which 75% to UK, 15% to collaborative procurement and 10% to overseas procurement.

Figure 2

The Main Divisions of the Procurement Program 1989-1990



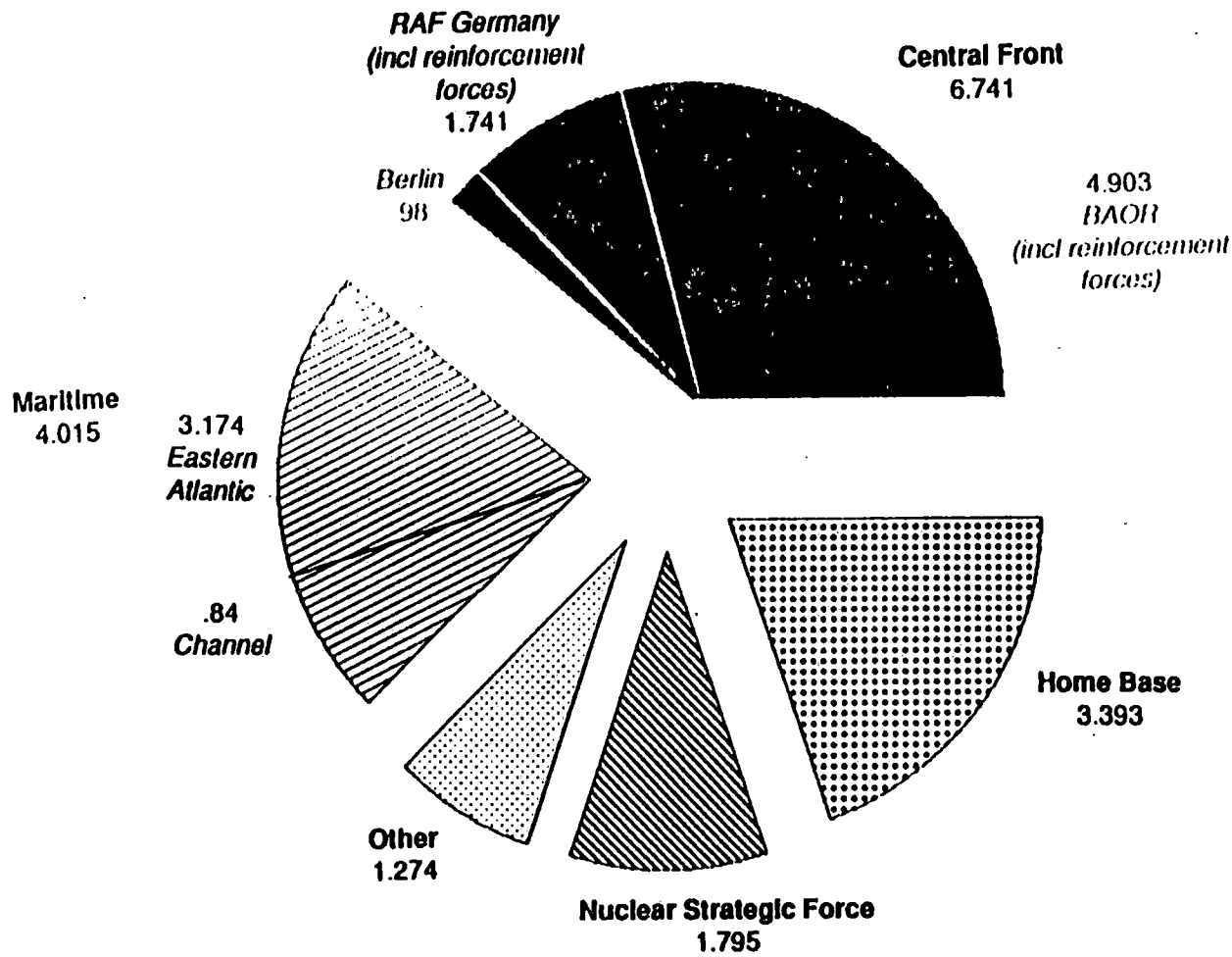
Note:

1) Including the cost of some HQ staff who are responsible for both research and development.

Figure 3

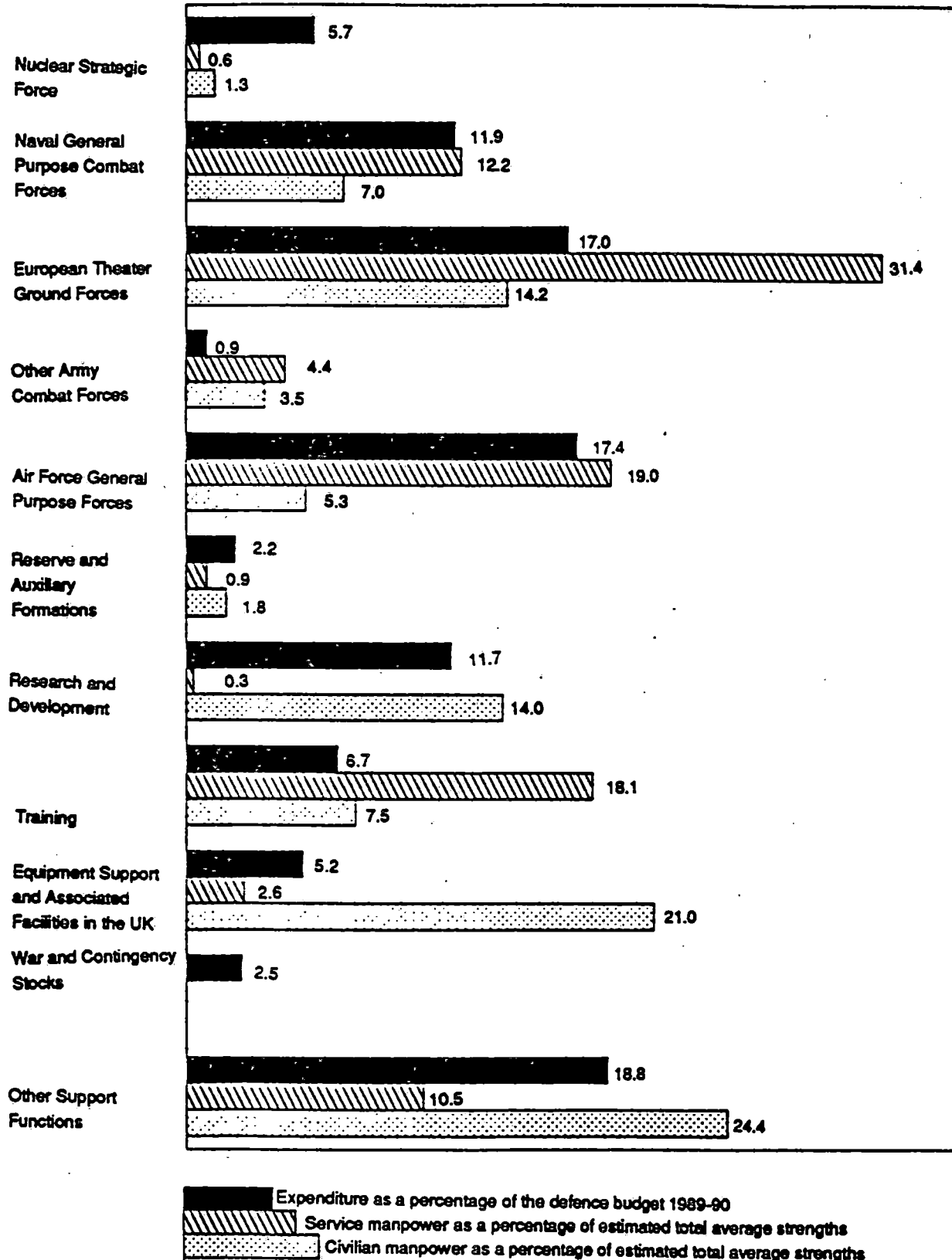
Estimated Costs of Defense Commitments for 1989-1990

(in billions of dollars)



An Analysis of Defence Resources by Major Programs 1989-1990

Figure 4



Royal Air Force (RAF)

- 6 additional mobile radars for the UK air defense ground environment
- 15 additional *Tornado* ADV (air defense variant)
- 26 additional *Tornado* GR1 (strike version)

In addition, progress continues on the *Trident* nuclear deterrent force, which is to begin replacement of the existing *Polaris* force in the mid 1990s. Two of the boats are currently under construction, with the third (of a total of four) expected to be ordered by the British government later this year.

In short, there are no surprises in the *White Paper*—especially in the absence of a complete review of British defense commitments and capabilities. The cost of supporting British defense commitments is illustrated in Figure 3. Clearly, the lion's share of Britain's defense commitment has been, and continues to be, its contribution to NATO Central Front forces, which comprise fully 39% of overall British expenditure on defense commitments (and is almost exactly twice that spent on the defense of Britain's home territory). When these defense commitments are divided further into major programmatic areas of British defense spending, as represented in Figure 4, the preponderance of the NATO-European commitment becomes even more obvious. British ground forces dedicated to the NATO central front take up fully 31.4% of overall service manpower, and 17% of the entire British defense budget. The allocation of effort in British defense spending illustrated in Figure 4 may be expected to guide the U.K.'s procurement priorities for as long as the Thatcher Government continues in office.

Labour Policy Review: Kinnock's Move to "Multilateralism"

For its own part, the opposition Labour party, guided by its leader Neil Kinnock, completed in mid-May its year-long review of Labour policies. Of primary importance in this effort was Kinnock's determination to move the Labour party away from its long-held policy of comprehensive, unilateral nuclear disarmament in the event a Labour government assumed office. Kinnock, a member of Britain's Campaign for Nuclear Disarmament (CND) since his college days, argued forcefully for the "unilateralist" position during the 1987 general elections, which resulted in a crushing defeat for Labour and an unprecedented third consecutive victory for the Conservative government of Prime Minister Thatcher. In the wake of this electoral disaster, and with the Labour party wrenched between its "hard-left" elements and what remained of its once-predominant centrist wing, Kinnock launched a full-scale review of Labour policies.

Central to this effort was his insistence that in order to present a credible alternative to the Conservative government, Labour would have to move away from its "unilateralist" stance and

toward a position that has become labelled "multilateralism." Instead of a unilateral elimination of all British nuclear forces (as well as the closure of all nuclear bases on British soil), a "multilateralist" Labour government would instead seek a denuclearized Britain through entering British forces into talks on strategic forces, presumably the START talks. While "multilateralism" did not (and does not) represent a fundamental shift away from the primary conviction of the Labour party that Britain should become denuclearized, the prospect of adopting the new policy became the primary point of debate as the new Labour policy document moved toward public release.

Ultimately, one week after its stunning success in the Welsh by-election in May, Labour's governing board—the National Executive Council (NEC)—approved, by a 17 to 8 vote, the new "multilateralist" policy. Major themes of the policy as adopted include:

- All nuclear bases in Britain will be reduced, and eventually removed, under a Labour government. While this represents a willingness to work out arrangements with NATO as Britain moves toward denuclearization, it still is representative of Labour's rejection of a nuclear element to NATO's force posture.
- A policy of "no first use" to be adopted with respect to Britain's nuclear capability.
- Placing all of the U.K.'s nuclear weapons in East-West negotiations, with the intention of eliminating them. Thus, instead of giving up "something for nothing"—the major criticism of Labour's defense policy in the last election—Labour would now adopt a "something for something" approach to scaling down British nuclear forces.

Within this framework, however, other Labour perspectives on defense and security issues were made clear. Of note are the following:

- Labour continues to oppose the modernization of NATO's SNF forces, and holds the view that no convincing case has been made for NATO to take this step.
- Labour indicates its agreement with the West German perspective that SNF weapons, "far from constituting a deterrent to conventional war, actually make conventional war much more likely by lowering the threshold of nuclear response and blurring the difference between the use of conventional and nuclear weapons."
- Continued rejection of NATO's doctrine of Flexible Response. Labour holds the view that the first use of nuclear weapons would lead to uncontrollable escalation up to and including and exchange of central strategic forces.
- Support for a third zero. The Labour party believes that "the third zero should be made a firm objective."

- Support for the objective of “elimination of all nuclear weapons by the year 2000”—an objective first enunciated by Soviet General Secretary Gorbachev.
- Unilateral abandonment of further testing of British nuclear devices.
- Cancellation of the fourth British *Trident* submarine. (The third is slated to be ordered later in 1989.)

The combination of what has been characterized as a “sweeping change” in Labour’s policies—particularly defense—and the party’s dramatic successes in recent parliamentary by-elections, has led to increasing speculation among analysts of the British scene that Labour may once again be regarded by the British electorate as a credible governing alternative. In what appears to be a two-track approach of his own devising, Kinnock has now sought to ensure the complete adoption of the “new” defense policy by isolating the hard “left” of the party—which has opposed the move to multilateralism—while suggesting through public comments a new “pragmatic” approach by Labour to the possession of nuclear weapons. Examples of the isolation tactic include, in addition to the vote approving the policy shift, the defeat of two “left-sponsored” amendments to the policy document which would have adopted a “no use” policy on British nuclear weapons, together with a repudiation of the U.S. strategic nuclear “umbrella”. With respect to public statements on nuclear weapons, Kinnock went so far as to say in a speech to the Welsh Labour Party (of which he is a member) that he would never say yes or no “if asked whether I would push the button.” Such statements seemed intended to increase in public perception the credibility of Kinnock’s claim that the “multilateralist” policy represents a significant departure from Labour’s 1987 defense platform.

However, Kinnock still must overcome a number of obstacles within the party before he can claim to have completely brought about the change in policy. Before the new policy was even unveiled, a member of the Labour “shadow cabinet”—Bryan Gould, responsible for trade and industry—criticized the new policy, noting that “we have no intention of keeping a nuclear deterrent either to use or to deter.” The “hard left” of the party, meeting as the “Socialist Conference,” condemned Kinnock and his allies in the policy review as “new men with old

ideas," and characterized the new "multilateral" policy as "a shambles." Many of the hard-left trade union leaders—notably Ron Todd, head of the Transport and General Workers' Union (TGWU) and a member of the defense policy review committee—have already indicated that they will direct the weight of their block votes against the multilateralist position.* In addition to the TGWU, this list includes the Manufacturing, Science, and Finance Union. Supporters of the new policy have included the National Union of Public Employees (NUPE), a major force in the trade block votes. In fact, the change in defense policy has opened a breach in Labour's trade union support, with potentially far-reaching consequences for the internal cohesion of the party.

SLD Defense Policy Statement

During the same time, but with much less fanfare, the centrist opposition "Democrats" (or Social and Liberal Democrats) presented their own policy statement on defense. During mid-May, final drafting sessions were held on the SLD's policy document, entitled *After the Cold War*, in which the party affirmed its acceptance of a nuclear element to deterrence (and criticized the Labour party's failure to do the same). Even so, however, support is also expressed for the deployment of *Trident* with fewer warheads, to be followed by a stage-by-stage negotiated reduction of the British national deterrent force. The Democrats also express in their document a clear opposition to the modernization of NATO SNF systems, and support the idea of a "nuclear free zone" in Europe.

The document represented something of a departure from the Democrats 1987 election platform, under which the party supported the cancellation of *Trident*. Response to its publication was mixed, even within the party, which is itself the result of a merger between the old British Liberal party and elements of the Social Democratic Party. For example, Meg Beresford—chairperson of the Campaign for Nuclear Disarmament (CND) and a member of the Democrats' defense policy review committee—criticized the final document as "illogical and inconsistent." Beresford, a member of the old Liberal party, represents a large antinuclear sector of the newly-merged party, drawn from what was once the strongly antinuclear Liberals. At the same time, the party's

* The Labour Party is governed in its convention through votes from both constituencies (the parliamentary districts) and block votes from the British trade unions that have membership in the party. The trade union block votes are a significant makeweight on a wide variety of party policy decisions, and have been a contributing factor to the popular perception of the Labour party as controlled by the unions—a perception Thatcher has used to her advantage on numerous occasions. Realizing this, Kinnock is presently attempting to change the structure of the party's internal government, with the specific objective of reducing the impact of the trade union block votes on party policy decisions.

defense spokesman, Menzies Campbell, declared that the document represented a consensus on the need to maintain a "minimum deterrent" under British control. There seems little doubt that the defense policy statement will prove a source of contention when the Democrats hold their annual conference in September—a meeting which will likely determine whether or not the party will continue to remain both politically and financially viable.

France

Over the last two months the French defense debate was focused on the NATO SNF controversy and the NATO Summit meeting; the Conventional Forces Talks, including the Warsaw Pact and Bush proposals; the Defense Council's military budget decisions; and the European Parliamentary election debate, which in France turned largely on the issue of 'national service'. Publication of Richard Ullman's article (in *Foreign Policy*) alleging closer U.S.-French nuclear collaboration than generally was publicly known to exist, also prompted brief attention in French defense policymaking circles. In general, however, the furor that might have been expected never erupted in France—in part because of the timing of the article's publication, which coincided with the NATO Summit meeting, and in part because of the Government's swift and practiced response that admitted limited cooperation with the U.S., but denied that this in any way affected negatively French independence in strategic nuclear technologies and policy. In contrast, the outcome of the NATO Summit and President Bush's CFE proposals attracted much commentary and debate in France, and, as with the French Defense Council's revisions to the 1987 guidance on force procurements, are influencing official and public perceptions of the future requirements of the French deterrence posture.

French Defense Council Decisions on Nuclear Weapons Procurements

By far, the most immediate issue to affect the future composition of French military forces and their preferred deployment contingencies was the June 2 decision of the Defense Council, headed by French President François Mitterrand, to stretch out and scale down a number of major weapons programs in a series of austerity measures. While no major nuclear equipment programs were shelved, there continues to be speculation that the S-4 IRBM and the *Hadès* short-range nuclear missile will, ultimately, be

While no major nuclear equipment programs were shelved, key programs have been stretched out or delayed—including the *Mirage* 2000N and the M-5 SLBM—and the S-4 IRBM SRM is likely to be scrapped and *Hadès* deployments are uncertain.

scrapped, if cost analyses of these programs demonstrate that monies can still be saved from their cancellation. At the same time, several other nuclear programs were delayed or cutback, including the *Mirage* 2000N program which will be reduced to three squadrons (down from five) making for a reduction to 45 from 75 aircraft capable of carrying the ASMP air-to-ground nuclear missile. In addition, the M-5 SLBM modernization program will be stretched out and is not expected to be operational until the turn of the century. The M-5 is widely expected to be tapped as the candidate system, in a ground-based version, for replacement of the older S-3 IRBMS, 18 of which are deployed on the Albion Plateau in the South of France. The prospective

selection of the M-5 is largely for reasons of cost effectiveness; also significant is President Mitterrand's own opposition to mobile, ground-based nuclear weapons (the S-4 program), and the expectation that French Greens and other groups (such as members of the Communist (PCFs) and Radical (MRG) Parties) will oppose the program and undermine the much discussed French national defense consensus (which is already eroding). This decision is expected to be taken this fall by the Defense Council which will also, probably, formally cancel the S-4 program. Support for the S-4 program has never been forthcoming among members of the Socialist Party. The program was originated by the conservative government of Jacques Chirac during the "cohabitation" period of 1986-1988, and his defeat during last year's Presidential election virtually signalled the end of the expensive mobile missile program.

With regard to the *Hadès* program, controversy has erupted between the offices of the Defense and Prime Ministers, with the Finance Minister siding with Michel Rocard (Prime Minister) in his effort to cancel the program, and President Mitterrand having to mediate between the two on the issue. According to a discussion with Prime Minister Rocard's chief defense advisor, Marisol Touraine, and with Marc Perrin de Brichambaut, Jean-Pierre Chevènement's technical-military counsellor, both the Prime Minister and the Defense Minister are staunchly committed to opposite positions on the *Hadès* program, with Chevènement apparently prepared to resign if Rocard persists in pushing for deep cuts in *Hadès* deployments or the cancellation, altogether, of the program. Hubert Vedrine, President Mitterrand's chief security advisor, is also reportedly skeptical of the *Hadès* program, but, like the French President, is apparently willing to consider systems' deployment at a considerably reduced level. Vedrine sees this primarily as a means to help push the West Germans into acceptance of a *Lance* modernization decision and systems deployment in the early 1990's, provided a CFE agreement does not radically alter the deterrence requirements for longer-range, ground-based SNF—and assuming that a SNF negotiation has not obviated the requirement for a ground-based surface-to-surface system altogether.

The SNF Controversy and *Hadès*

Chevènement's position on the *Hadès* is derived from a conception of deterrence coupling with the United States that considers the American strategic relationship crucial to West European security, admitting implicitly that French nuclear forces by themselves may not credibly form the basis of a broader West European deterrence posture. Perhaps, more importantly, Chevènement's position on *Hadès* stems from an apprehension that a West German refusal to deploy a follow-on system to *Lance* on West German territory would contribute to debate in France over French nuclear systems and, thus, help to fracture the widely vaunted French defense consensus. In this context it is important to note that neither Chevènement nor Rocard—nor the French President, for that matter—appear to be interested in the military-operational

contribution of SNF to NATO and French defense postures. In France, with the possible exception of a few French defense analysts and a handful of military personnel, the value of short-range nuclear force deployments lies not in their potential "warfighting" roles but in their perceived contribution to deterrence and crisis stability. In French strategic thinking, SNF are considered "prestrategic" systems whose use in a European contingency would be closely tied to the employment of French (and other Western) strategic nuclear assets. Such a political conceptualization of nuclear weapons, then, appears to provide the basis for the French defense consensus, and has allowed even opponents of nuclear weapons deployments (for example, members of the French Communist Party) to endorse the French deterrence posture. If pressed, however, most French policy officials and defense analysts, not to mention public opinion, would support only minimal strategic nuclear weapons deployments—and, indeed, successive French governments since the Gaullist period, with the brief exception of the "cohabitation" government of Jacques Chirac as Prime Minister and François Mitterrand as President (1986-1988), have sought to down-play the role of shorter-range nuclear weapons.

Clearly, the President's Defense Council decision to retain, for the moment, the *Hadès* program must be seen in the context of the NATO Summit's compromise formula on SNF modernization and against fears that the Federal Republic of Germany is abandoning its linchpin role in the Atlantic Alliance. The French preoccupation with the perceived neutralist drift of West Germany has already prompted the current government to strengthen bilateral defense cooperation with the FRG through the creation of a joint brigade (for potential employment in a reserve role in a European contingency) and the implementation of exercises designed to bring French conventional forces into a "forward defense" role in a European contingency. The contribution of French short-range nuclear weapons in a European scenario is still problematic, with the employment of 'tactical nuclear' weapons inextricably tied, in French strategic thinking, to the protection of French national territory, and under the direct command authority of the French President.

While refusing to be drawn into the pre-Summit controversy between Britain and the United States, on the one hand, and West Germany, Belgium, Italy, Denmark, Spain and Norway, on the other hand, the French President has consistently said that whereas he opposes a "Third Zero" option at the moment, he does endorse a delay in pushing for a NATO modernization decision (on *Lance*) until 1992, as the West Germans wish. French interests in the NATO SNF debate relate directly to French security conceptions, which are based on the perceived requirement for the continued deployment in the European theater of American conventional and "substrategic" systems (the NATO lexicon for SNF), both of which are viewed as essential for deterrence coupling purposes and for the credibility of French nuclear force deployments

themselves. Thus, the official French governmental position is not to oppose SNF negotiations, as such, but to ensure that the "Third Zero" is not an option for NATO in the near future, so long as Soviet SNF deployments outnumber those of NATO and before the CFE produces deep cuts in Soviet-Warsaw Pact offensive nonnuclear capabilities. For the French President, and for most French defense analysts, negotiations to reduce conventional forces deployed in the central region of Europe continues to be the priority objective of East-West arms control discussions.

French Views of the Current CFE Proposals

At the CFE, and in response to President Bush's arms control proposal that was articulated at the time of the NATO Summit, the French have voiced several concerns. The first, and foremost, relates to the conceptualization of French forces in the context of proposed reductions for NATO and Warsaw Pact forces. France

The French government opposes President Bush's CFE proposals to include aircraft platforms in the negotiations.

rejects any notion that its forces are to be included in "NATO cuts," and prefers to categorize French forces as European reserve capabilities—distinct from, but integral to, forces located in the "central zone" or roughly the areas of the Federal Republic, plus the Low Countries. (The Germans had long sought to resist this French conceptualization of a separation between their forces and those of the Federal Republic; but, for the sake of the unity of the Western proposal, the West Germans conceded to placing France in a concentric, if separate, zone from the FRG). At the heart of the French CFE position is their perception of the autonomy of French defense forces and probably, more importantly, their fear that through the "backdoor" French nuclear forces might be compromised. This is partly the reason for the French insistence that aircraft platforms be kept out of the CFE discussions.

The proposed inclusion of fixed and rotary-wing aircraft in the conventional forces talks may also be seen as the basis of French objections to the Bush arms control proposals. According to a number of French defense analysts, the real reason for the French opposition to the inclusion of conventional aircraft platforms in the CFE is far more complex than just an apprehension

The much-vaunted French consensus on nuclear forces is more fragile than it appears. In fact, it extends primarily to French *strategic* systems; support for tactical nuclear systems is tenuous.

about the prospect of compromising French national nuclear assets. Allegedly, it relates to fears that inclusion of aircraft in the CFE will occasion debate in France over the role of French tactical nuclear forces themselves, and perhaps contribute to a fracturing of the much discussed, but little understood, French defense consensus.

Table I
Opinion Poll: European Views on Defense *

	<u>France</u>	<u>Great Britain</u>	<u>Italy</u>	<u>FRG</u>
In taking account of the international and economic situation, do you think the country should:				
Increase military spending.	** (9) 5	(17) 9	(8) 6	(4) 2
Maintain the present level.	(45) 43	(49) 54	(22) 19	(39) 36
Reduce military spending.	(35) 46	(27) 31	(62) 70	(57) 61
No opinion.	(11) 6	(7) 7	(7) 5	(1) 2
The U.K. and France have their own nuclear weapons. Personally, would you prefer to see these countries:				
31 Continue the enhancement of the nuclear weapons.	10	4	1	2
Leave things as they are.	33	37	7	23
Reduce the importance of nuclear weapons.	28	27	20	28
Renounce nuclear weapons.	24	26	69	46
No opinion.	6	6	3	0
To ensure their defense the majority of Western European countries are linked to the United States through NATO. Do you believe that Western Europe should:				
Maintain their military relations with the United States within NATO.	(26) 27	(41) 43	(19) 29	(54) 56
Build a common European defense, independent from the United States within NATO.	(35) 37	(23) 23	(38) 42	(19) 26
Assume the entire responsibility for its own defense.	(20) 21	(26) 23	(31) 27	(25) 17
No opinion.	(20) 15	(10) 11	(12) 1	(2) 1

* This poll was conducted in 1989 by the OPTEN Institute, in cooperation with the U.K.'s ICM, Italy's ASM, and West Germany's Marplan. The survey was based on 1054 French respondents, 1406 British, 1860 Italian, and 1801 West German. Respondents were all 18 or older.

** Numbers in parentheses represent results from the 1987 poll.

Opinion Poll: European Views on Defense (continued)

	<u>France</u>	<u>Great-Britain</u>	<u>Italy</u>	<u>FRG</u>
If there were a common European defense, independent from the U.S. and NATO, which of the three possibilities in your opinion, would be the major desirable?				
Use the existing nuclear weapons of Great Britain and France as a foundation for a European nuclear defense, but without the participation of the other countries in their development or in determining how they are to be employed.	(8) 11	(13) 18	(3) 1	(12) 30
Build a common European nuclear defense capability with all countries that would like to participate in the development and use of nuclear weapons.	(35) 36	(35) 30	(14) 11	(14) 21
Build a common European defense without nuclear weapons and reinforce conventional weapons.	(25) 33	(35) 37	(70) 67	(29) 46
No opinion.	(31) 21	(17) 16	(13) 20	(46) 4
If the military threat of the USSR diminishes, do you believe that Western European countries must:				
Reduce their defense effort in the same proportions.	34	43	59	66
Maintain a precautionary defense effort at the same level that now exists.	54	48	31	33
No opinion.	12	9	9	1
Do you believe that the leader of the USSR, Mikhail Gorbachev, truly believes in arms control?				
Yes	41	(31) 74	65	(31) 76
No	36	(57) 12	18	(68) 23
No opinion	23	(12) 15	17	(1) 1
Do you feel that the U.S. President, George Bush, truly believes in arms control?				
Yes	29	(35) 38	36	(3) 55
No	38	(52) 27	27	(69) 42
No opinion	33	(13) 35	37	(1) 3

In speaking with numerous French government officials and defense analysts, it is clear that the much-vaunted French defense consensus is more fragile than we in the United States understand. While there is great support for the French deployment of strategic submarine forces in the context of the East-West deterrence calculus, there is less and less support for the deployment of shorter-range nuclear weapons systems. This results from a diminished threat perception of the Soviet Union, but also because of a general abhorrence of "nuclear warfighting" concepts—and, at the same time, a renewed interest in environmental concerns. Several recent public opinion polls confirm the tenuous state of the French defense consensus. When asked, for example, if they thought France should continue to develop its nuclear armament systems, only 10% of Frenchmen responded favorably, while 33% favored the status quo (no modernization, but deployment of existing capabilities); 28% thought that less importance should be placed on French nuclear weapons development; and, 24% said that they thought that France should renounce, altogether, its nuclear capability. These results parallel those of a televised national survey (on French channel AN 2 on May 31, 1989) that found, in response to a question on French deterrent forces, a majority (52%) still favored the deployment of strategic nuclear weapons at present levels, but a growing minority (34%) favored renunciation of all French nuclear weapons. (Fourteen percent of those polled had no opinion.) More surprising, perhaps, were the French responses to the question (published in *L'Express*, on June 9, 1989) of whether France should use its nuclear weapons to defend French territory. Fully 56% of the respondents stated that, in case of the entry of Soviet troops in France, the Government should "negotiate" and offer no armed resistance. (The accompanying Table I highlights French (and related European) responses to the *L'Express* poll.) In light of these trends in the public perception of the acceptability of nuclear force deployments in France, and against a diminished perception of a Soviet threat—41% of the French sincerely believe that Mikhail Gorbachev wants to lower the level of armaments in Europe, as opposed to 29% who believe that President Bush is sincere in this objective—and a growing desire to have the French government spend less money on defense and more on education and health care, the French may seek to use the arms control negotiations at Vienna to achieve defense economies in programs that are too costly. Indeed, in the French view, it is this motivation that drives the American CFE proposal. French security analysts have observed that the Bush proposal to include aircraft, albeit in a second round negotiation, may be the result of a considered American decision to withdraw several aircraft wings from Europe for budgetary or political reasons, such as the Italian opposition to the siting of the U.S. 401st F-16 squadron on Italian soil. At any rate, French interests at the CFE are clearly related to future force structure planning, the legitimacy of which could be placed in question if NATO's capacity to effect a credible forward defense is eroded by the arms reduction regime agreed to at the CFE.

Table II: French Views of the CFE Proposals' Limitations

	NATO		WARSAW PACT		
	Current Total ¹	Proposed Limits	Proposed Limits	Unilateral Reductions	Current Total ¹
United States Troops Soviet Troops.....	317,000	275,000	(2)	240,000	600,000 ³
Number of those troops stationed in East Germany, Hungary, and Czechoslovakia.....				50,000	
Tanks	16,364	20,000	20,000	10,000 (4)	59,470
Other armored vehicles	40,814	28,000	28,000		70,330
Artillery pieces (5)	14,458	16,500	24,000	8,500	71,560
Aircraft	4,077	3,400 (6)	1,500	800	7,876
Attack Helicopters	2,519	2,140 (6)			2,785

1. The totals indicated here are those that each alliance announced last fall for its own forces. Part of the differences can be attributed to how the categories are defined; thus, the Warsaw Pact credits NATO with 7130 attack aircraft and 5270 helicopters; however, the West recognizes only 4077 and 2519, respectively. The numbers indicated for NATO include the French forces.
2. The Soviet Union has not yet announced limits that would be imposed on its own troops outside its frontiers in Europe; the total of Warsaw Pact forces from the Atlantic to the Urals would be limited to 1,350,000 men.
3. This number is obtained from the Bush communiqué, but has not been confirmed by Moscow, which has announced the total of its overall strength west of the Urals (i.e. including the European part of the Soviet Union); to be 2,458,000 men.
4. These will be retired from the Soviet Army west of the Urals by 1991. Included in this number are 5000 tanks which must be removed from East Germany, Hungary and Czechoslovakia. These numbers should be added to the unilateral reductions announced by Soviet allies.
5. NATO considers all artillery pieces larger than 100mm as "heavy" artillery. The Warsaw Pact includes in this category all cannons greater than 75mm and mortars larger than 50mm.
6. These limits have been established as part of the 15% reduction announced by President Bush of the numbers of planes and helicopters recognized by NATO.

Source: *Le Monde*, May 31, 1989.

As elsewhere in Western Europe, there are differences in perception among French policy officials and defense analysts regarding the American CFE proposal. (See Table II) While it appears that officials in the Defense Ministry and some in the Foreign Ministry are adamantly opposed to the inclusion of aircraft and the proposed reduction of American troops, the office of the Prime Minister and the President's advisors appear more willing to accept the U.S. propositions. However, they caution that there are, restrictions on their support, enjoining that troop and aircraft reductions should only be considered after reductions are implemented in the three categories of tanks, artillery and armored vehicles. Both the Prime Minister's defense advisor and members of the Defense Ministry are leery of negotiations on combat helicopters, given that this is one area in which they believe that the West has a real advantage; but more than this, such capabilities are projected to form the backbone of future Western force postures under a CFE regime that inevitably will place a premium on highly mobile, and ready force structures. This analysis notwithstanding, it appears that the French military has not yet begun a systematic assessment of what the various CFE proposals might mean for French forces, although this is doubtless a priority, especially in the context of preliminary studies for the preparation of the new "Programme Loi" (the French five year budget guidance plan) for the years 1992-1997. The question that the French are struggling to deal with is how, within the context of the CFE proposal, the reductions are going to be carried out. The French still appear to be resisting the Western position on the proportion of reductions within the Atlantic Alliance countries. The French also make clear that the budgetary measures that were announced by the Defense Council in early June are separate from the CFE, and should not be construed as part of French arms control obligations. To do so, the French fear, will be to give the West an impetus for a CFE agreement before the Allies have worked out how the reductions should be apportioned.

Defense Austerity and the 1992 Budget Guidance

In preparing for development of the 1992-97 "Programme Loi", the Prime Minister's office is sponsoring a series of cost analysis studies designed to examine the criteria by which French procurement decisions are being made. The stated purpose of these studies is to identify which programs are experiencing cost overruns and why; to evaluate the rationale for specific weapons procurements; and,

The revision of France's "Programme Loi" has lowered equipment procurement funding. Given that no nuclear programs are to be cancelled, this has resulted in the stretching out of major French conventional programs, including the *Rafale* aircraft, the PAH-2 helicopter, and the *Charles de Gaulle* carrier.

to make policy recommendations to avoid bad acquisition decisions. Reminiscent of the U.S.

Defense Department's quantitative studies methodology emphasized during Robert McNamara's tenure as Secretary, the current French Defense Minister is opposed to this approach to defense decision-making. For example, with regard to the highly costly *Rafale* aircraft program, Chevènement's view is that it is a politically important program which, even if too expensive, cannot at this late date be cancelled. Likewise, the *Hadès* program is regarded by Chevènement and his staff to be important politically (to shore up West German resolve in the defense area); even though September 1989 is said to be the cross-over point (after which it would no longer make any sense to cancel the program), he is pressing for a systems deployment decision this July at the next Defense Council meeting. (At that time, it is expected that Mitterrand will support a reduced deployment decision of *Hadès* launchers, stretched out to the 1995-96 timeframe—incidentally, the same time-frame during which NATO *Lance* systems would become obsolete.)

The Rocard-Chevènement controversy dates back to their long association in the Socialist party and reflects their respective perceptions, which differ, on the future role of France in Europe. Rocard is much more European-oriented than is Chevènement, who is a French nationalist. Rocard began his political career in the Algerian independence movement; Chevènement opposed Algerian independence on the basis of its implications for the French colonial empire. Thus, whereas Rocard is seeking to support the American CFE proposals in the hope of negotiating a successful *European* arms control regime, Chevènement is concerned about the effects that the proposed cuts would have upon the French national defense posture. While he is "leftist" on domestic economic issues, Chevènement is of the Gaullist school in foreign and national security policy. However, he is isolated in the Socialist Party, which is further to the "left" on arms control and defense issues than even the more "centrist" positions of Rocard and Mitterrand. Thus, in arbitrating the defense budget controversy between the Defense and Prime Ministers' positions, the President had to consider his Socialist Party constituency and the weight of public opinion—which, as noted above, is turning away from support for higher defense spending and the modernization of systems to emphasize highly sophisticated and costly weapons technologies.

As a result, in a revision of the spending levels for the next two years in the 1987-1991 "Programme Loi" (an exercise that had been widely anticipated by French defense experts given the rate of inflation over the last three years and the rising costs of weapons procurements), the French President opted to lower equipment procurement funding, in line with the suggestions of Finance Minister Pierre Bergovoy. Together with the Prime Minister, Bergovoy had sought to reduce defense spending by several percentage points (in relation to the *Produit Interieur Brut Marchand* (PIBM), which corresponds to all the gross values of the domestic commercial

product (GDP), including the Value Added Tax). Thus, for 1990, the French government lowered its acquisition and equipment budgets to FFr 103.1 billion (\$15.6 billion in 1990's figures), down from the "Programme Loi's" provision of FFr 100.1 billion (or \$15.19 billion) in 1986 francs. In 1991, equipment funding is projected to be FFr 107.2 billion (\$15.48 billion), down from FFr 106.2 billion (or \$15.33 billion) in 1986 francs. Using the projected franc value for 1990, as compared to the "Programme Loi's" original reliance on the value of the 1986 Franc, the Socialist's revised spending plan for military equipment in the year 1990 will amount to a less than 3% increase in credits (as compared to the 5% that was originally projected and the 6% that Chevènement said was necessary to sustain all current procurement acquisitions). For 1991, credits will rise to 3.9%. Over the following two-year period, 1992 and 1993, equipment credits are expected to reach a real annual growth rate of 4%, resulting, over the four-year period, in a projected savings of approximately FFr 40-45 billion (\$6.04-7.0 billion). In announcing the proposed cuts, Mitterrand stated that they would not, however, affect France's ability to carry out the four primary defense missions of nuclear deterrence, territorial defense, European defense, and out-of-area force projection.

Yet, in practical terms, this means that without the outright cancellation of any currently planned nuclear forces programs (as noted above), major conventional weapons programs will have to be delayed or stretched out. The accompanying Table III portrays the major equipment programs that form French procurement priorities, to date. The most vulnerable program in this regard is the controversial *Charles de Gaulle*, the Navy's nuclear-powered aircraft carrier project. By the President's decision the program will be delayed, with its entry into service pushed back to 1998 from 1996. Similarly the new carrier's battle group will also be affected, with the *Atlantique*, a maritime surveillance aircraft program, targeted for reductions. Three (instead of five) will now be purchased in the first year. The construction program for surveillance frigates will be maintained; but the plans for development of a "light" frigate will be delayed by one year. Likewise the fifth, sixth and seventh *Améthyste*-class nuclear attack submarines will be delayed, on average, for eight months; and Air Force orders of the *Mirage 2000* will be reduced from 33 per year to 28. For now, the main battle tank program, *Leclerc*, is being continued, but on a reduced basis order of 1050 (down from 1400).

It is still possible that this program may be cancelled if cost overruns continue and, more importantly, if the Army is restructured to take account of possible CFE outcomes. As was reported in IFPA's DNA Quarterly Report for the months of January through April, 1989, the Defense Ministry is studying proposals for the reorganization of French conventional ground forces. Under the direction of Jean-François Delpech of the Center for the Study of Relations between Technologies and Strategies (CREST), the MOD-sponsored study is reported to be

**Table III:
Major French Equipment Procurements Affected by Austerity Measures**

Nuclear Deterrence		Central-European Defense				Out-of-Area	
New Generation SNLE-NG Ballistic Submarine	S4 Missile	Rafale	Franco-German Attack Helicopter (PAH-2)	Leclerc Tank	Hadès Prestrategic Missile	Charles de Gaulle Nuclear Aircraft Carrier	Naval Aviation Group (Rafale?)
Cost of Program: \$12.07 billion	Cost of Program: \$5.28 billion	Cost of Program: \$22.02 billion	Cost of Program: \$9.05 billion	Cost of Program: \$6.79 billion	Cost of Program: \$2.26 billion	Cost of Program: \$3.02 billion	Cost of Program: \$3.02 billion
Number planned: 6	Number planned: 18 with spares	Number systems: 336, of which 86 are for naval aviation	Number systems: 427, of which 215 are for France	Number planned: 1050	Number planned: 40-45	Number planned: 2	Number Planned: 4 wings?
Projected year of deployment: 1994	Projected year of deployment: ??	First year for deployment: 1996	First deliveries: 1997	First deliveries: 1991, (110 per year)	First deliveries: 1992	Year of Service entry: 1996	Year of Delivery: 2002
Delayed: 1995?	Contractors: Aérospatiale (principal)	Delayed: End of 1996	Delayed: 2000	Delayed: ?	Delayed: 1995-6	Delayed: 1998	Delayed: ?
Contractors: DCN of Cherbourg (principal), Creusot-Loire, Alsthom, CEA		Contractors: Dassault (principal), Snecma, Thomson, Matra, and others	Contractors: Aérospatiale and MBB (principals), Turboméca, MTU, Thomson	Contractors: GIAT (principal), Sagem, Creusot-Loire	Contractors: Aérospatiale (principal), CEA, Sagem	Contractors: Direction des Constructions Navales Brest (principal), CEA, Framatome, Thomson, Creusot-Loire	
+ M4 and M45 missiles: approximately \$9.05 billion							
+M5 missiles (after the year 2000): \$12.07 billion							

considering a reduction in the number of French Army Corps from three to two, with the elimination of the General Staff Corps headquartered in Metz. The operational structure of the French Army differs from the delineation of French territorial districts and has been in effect since 1984. The First Army Corps in Metz is composed, principally, of two armored divisions, one infantry division, and one division recruited from the infantry school in Montpellier, with a total strength of 33,000 men. The Second Army Corps is essentially composed of three armored divisions stationed across the Rhine and has, in total, 42,000 men. The Third Army Corps, headquartered in Lille since 1984, is composed of 30,000 men forming one armored division, one infantry division, and a division recruited from the tank school in Saumur. The proposed elimination of the Metz Army Corps will place into question current operational doctrine and will force a fundamental reassessment of the roles and missions of French conventional ground forces, especially in a CFE environment.

The European Elections and the National Service Debate

Defense budget issues were insinuated into the campaign for the European Parliamentary elections when former French President Valery Giscard d'Estaing (who is running for the presidency of the European Parliament, and headed the list of the unified right, composed of the Rally for the Republican (RPR) and Union of the Democratic Center (UDC) Parties) went on national television (May 29, 1989) and proclaimed his support for the end of conscription and the creation of a

In the European Parliament elections, the combined French right (RPR and UDF) captured 26% of the French vote, compared to the Socialists' 22%. Remarkably, the French Greens gained 10.6% of the vote. A significant issue during the EP campaign in France was the subject of national service, with former President Giscard d'Estaing calling for an end to conscription and the creation of a professional army.

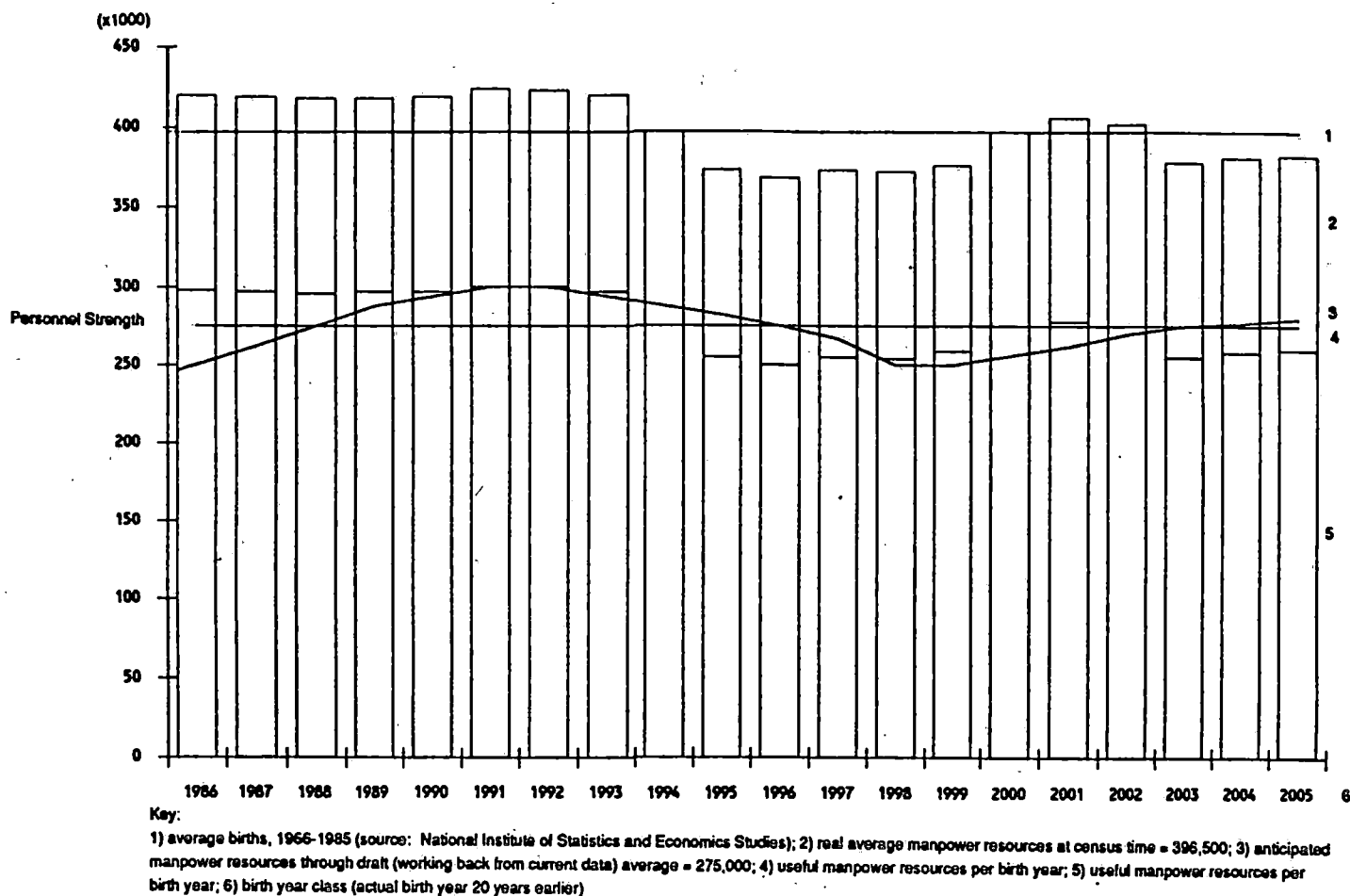
professional army. Giscard, whose center-right coalition captured 29% of the vote for a gain of 26 of France's 81 seats in the European Parliament, based his recommendation for a professional army on the assumption that if the CFE negotiations are successful the French conventional force structure will be profoundly affected, placing a premium on highly-trained but smaller force structures. Moreover, according to the former French President, "a professional army would contribute to the objective of European defense unity and would facilitate, more easily, cooperation between France and its European partners in areas such as language training and development of a familiarity with their armament and strategic concepts." The former President also expressed the hope that by moving away from the conscript system the social injustice created by "middle and upper class" youth exemptions would be rectified, and

the Armed Forces would have the luxury of accepting only the most qualified volunteers. Within France, public opinion, by and large, appears to be opposed to the creation of a professional army and, thus far, only the right-wing National Front Party, which won 12% of the French European Parliamentary vote, has endorsed the concept in its program platform. According to the ideas of National Front leader Jean-Marie Le Pen, the French concept of a professional army should encompass service by both males and females and be based on a voluntary period of service of six to nine months. The leadership of the political center in France—which includes Giscard, but is not limited to him—is in disagreement over whether France alone should proceed on this basis. Raymond Barre, for example, has stated that this, “is a complex idea which needs great thought.” Pierre Méhaignerie, president of “centrist” Democratic Socialist Grouping, greeted the proposition with caution, stating that the idea should be discussed with France’s European partners.

Beyond the expense that would be associated with the creation of a professional army force, French opponents of the Giscard concept fear that declining demographic trends especially evident in the years between 1992 and 2002, as depicted in the accompanying graphic, would create a situation in which available slots would outnumber the high quality volunteers. More than this, however, conscription is viewed by most French defense analysts and policy officials as providing the basis of French national support for French defense policies. Thus, in a coalition of the “right” (the Rally For the Republic Party) and the “left” (the ruling Socialist, the Communists, and the leader of the Greens Antoine Waechter) proponents of the national service concept opposed the creation of a French professional army, although each of the “leftist” parties tied their respective opposition to several conditions. For the Socialists, opposition is strong, with the possible exception of former Defense Minister Charles Hernu, who bases his support on the complexity of emerging weapons technologies and the requirements of a common European defense. The French Communist Party opposes the professional army concept but proposes a limit of six months on conscripted military service, while the French Greens favor national service if a conscriptee has the option of choosing between military or civil service. The most hostile opposition to the Giscard proposal came from Jacques Chirac’s RPR, stating that a “professional army could lead to an authoritarian state,” and, that, “national service forms the basis of French national defense and democracy.”

The furor created by the Giscard proposals did not affect his prospects (as noted above), nor those of the “center-right” in the European Parliamentary elections. Giscard’s unified list of RPR and UDF candidates won 26 of France’s 81 Parliamentary seats, while the ruling Socialist Party attracted only 24% of the vote or 22 seats. The “Centrist” list under the immensely popular Simone Veil, a former President of the European Parliament, won only 8% of the votes for 7

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Source: *Défense Nationale*, March 1989, p. 24.

seats; while Jean-Marie Le Pen's National Front Party emerged with 12% of the vote or 10 seats. The French Communist Party attracted 8% of voter support, making for 7 seats, while the big winner, the Greens won 11% of the vote for 9 Parliamentary seats. Even as voter turnout (at 50%) in France was the second lowest in the history of the Fifth Republic (surpassed only by the low turnout during the referendum on New Caledonia last year), the clear winners in this election were the Greens and Prime Minister Rocard. Rocard's aspirations for leadership of the Socialist Party (after Mitterrand exits the French political scene) is unlikely to be challenged by former Prime Minister Laurent Fabius, as the Socialist Party's showing in the election under Fabius' leadership is widely regarded as a political failure, and probably the end of his hopes to

lead the French Socialist party. What these results mean for French defense policy may be profoundly important, although caution must be exercised in analyzing these election results since they do not affect significantly French national interests and hence they may not reflect precisely future French voting patterns. Election of the Greens indicates, further, a loosening of the French defense consensus and the virtually unchallenged position of nuclear power in French defense and energy policies. Clearly, the Chernobyl disaster, coupled with a diminished threat perception of the Soviet Union, has raised public sensitivity to the possibility of opposing established policy on French nuclear issues. In coming months the fragility of the French defense consensus is likely to be further tested in the context of the French Parliamentary debates on national planning and defense spending.

The Netherlands

Fall of the Lubbers Government and Dutch SNF Perspectives leading to the NATO Summit

The centrally important event in the Dutch defense debate during the second quarter of 1989 was the unexpected fall of the Christian Democratic-Liberal (CDA-VVD) government on May 2. Prime Minister Ruud Lubbers' government,

The fall of the Dutch Government on May 2 was not related to defense issues, but rather disagreements within the coalition and, specifically, within the Liberal party—raising the prospect of a center-left coalition after the September elections.

which had been the longest-lived postwar coalition (outlasting by five years the 26-month average life of postwar Dutch governments), ultimately fell not over issues directly related to defense and security, but rather over questions relating to the funding of the government's environmental plans. The smaller partner in the coalition, the People's Party for Freedom and Democracy (VVD, or Liberal party), perceived the issue—mistakenly, it would appear—as one upon which it might effectively reassert its own identity and agenda within the governing coalition, while simultaneously resolving internal party leadership questions. In any event, the Liberal's hardline stand on the environment issue had the effect of bringing about the government's resignation in the midst of NATO consultations on the contentious subject of SNF modernization leading up to the May summit of NATO heads of government.

As a result, Dutch influence in bringing about a NATO compromise on SNF was perhaps not felt to the degree it might have been in the leadup to the summit. During this period, Dutch officials continued to oppose calls for immediate negotiations on SNF, emanating chiefly from the Federal Republic of Germany and Belgium. So high was the importance attached to this issue that Prime Minister Lubbers kept a scheduled meeting with Chancellor Helmut Kohl on the afternoon of May 3rd, even though it was only the preceding morning that he had submitted the Cabinet's resignation to the Dutch head of state, Queen Beatrix. Later reports of the Lubbers/Kohl meeting indicated that the two had discussed "party issues" in advance of elections to the European Parliament (both are the leaders of Christian Democratic parties in their respective countries). However, it seems unlikely that Lubbers and Kohl would have avoided the single most important defense policy topic on the agenda during their meeting.

The Dutch position on SNF was underscored later in May—and closer to the summit meeting—by Hans van den Broek, the Dutch Foreign Minister and a member of Lubbers' CDA party. Van den Broek, in a speech at The Hague during the visit of Polish Foreign Minister Tadeusz Olechowski, welcomed Gorbachev's announcement in early May of a unilateral Soviet

withdrawal of 500 Soviet SNF warheads from Warsaw Pact countries. Van den Broek took note, however, of Moscow's continuing numerical advantage in SNF, and characterized Gorbachev's withdrawal offer as a "modest step" against this background. The Dutch Foreign Minister indicated that the policy of the Netherlands vis-a-vis Moscow would be "to continue to urge the Soviet Union to bring down unilaterally its 14-fold preponderance in SNF missile systems to the current NATO level." Until progress was made along these lines, van den Broek averred, "no realistic basis [will exist] for negotiations on mutual reductions to equal ceilings in land-based missiles."

Finally, in the week before the NATO summit, Frits Bolkestein—the Liberal party Defense Minister in the CDA/VVD coalition, who will now continue in that position during the caretaker period leading up to the September general election—became the first Western defense minister to visit Hungary. This meeting had been arranged before the fall of the government and, while it was carried out in his official capacity as defense minister in the caretaker government, Bolkestein did not hesitate to utilize the forum provided by his visit to promote the prospects of his own party, both in the European elections of early June and the September Dutch general elections. Even so, Bolkestein's visit to Budapest was significant, at least in so far as it represented the lessening of political tensions between East and West immediately before the NATO summit. Bolkestein, whose party is strongly Atlanticist, has been seen, since his accession to the post of Defense Minister, as sympathetic to U.S. policies and perspectives, and has publicly voiced skepticism regarding the motivations behind Gorbachev's unilateral force reduction offers. During his trip to Hungary, Bolkestein did not directly challenge Gorbachev's intentions. The purpose of his trip, noted Bolkestein, was "the awakening of reciprocal trust. . . We are talking about small steps within the room for maneuver that the two countries are offered within their own alliances."

The Dutch "Shift Concept" Reflected in the Summit Communiqué

If the fall of the Dutch government limited the ability of Dutch officials to effect a compromise between contending perspectives on SNF modernization and arms control before the summit convened, the same cannot be said for the outcome of the meeting. The Communiqué issued by the assembled heads of government is clearly marked by the presence of major elements of the Dutch position defined and articulated in the months leading up to the May meeting. Primary elements in this position, as

Dutch perspectives on SNF were largely reflected in the final language of the NATO Summit Communiqué. This perspective included support for modernized, longer-range SNF at lower levels, together with an opening to SNF modernization after an agreement reducing conventional force asymmetries.

noted in previous IFPA updates, have been the following:

- Support for a "phased approach" to SNF modernization, with options at each step for updating SNF systems, for reducing unilaterally shorter-range assets, for restructuring the NATO stockpile toward longer-range systems, and (if certain conditions are met) for pursuing SNF negotiations.
- First phase would include allied agreement *in principle* to keep NATO's nuclear assets "up to date where necessary", coupled with unilateral cuts in NATO nuclear artillery.
- At the same time, NATO would call on Soviet Union to reduce unilaterally its own SNF forces to the NATO level, at which point NATO would consider SNF negotiations.
- With this option in mind, priority should be given to the formation of a special NATO working group to consider the specific mechanics of SNF arms control.
- Deeper, negotiated cuts in SNF forces would be tied to progress at the CFE talks, but would in no case go to zero. In this phase, SNF negotiations might be directly linked to second-phase CFE talks.
- Primary Dutch objective throughout all phases is to "shift" the orientation of NATO's SNF away from shorter-range capabilities and toward longer-range (400-450 km) systems, while reducing overall inventory.

Each of these points is reflected, to a greater or lesser extent, in the final Communiqué issued by the NATO heads of government. The "phased approach," an essential component in the Dutch "shift" concept (to move the NATO SNF stockpile in the direction of fewer, longer-range systems) is not mentioned directly; however, the recent steps taken by NATO (since the Montebello agreement) to reduce unilaterally its SNF arsenal is once again noted by the Communiqué. Special emphasis is placed on the fact that NATO's SNF stockpile "has been reduced by over one-third to its lowest level in 20 years." Moreover, the Communiqué notes, "Updating where necessary of (NATO's) substrategic systems would result in further reductions"—a clear and concise statement of acceptance of the Dutch "shift" concept.

In line with the long-standing Dutch position, the Summit Communiqué also calls upon the Soviet Union "to reduce unilaterally its short-range missile systems to the current levels within the integrated military structure"—nearly a word-for-word restatement of van den Broek's response to Gorbachev's 500-warhead cut (noted above). While such unilateral cuts were not established as a pre-condition for NATO participation in SNF reduction negotiations, the Communiqué did establish the condition that implementation of a phase I CFE agreement must be "underway" before the Alliance would consider it appropriate to enter into such negotiations. Such a position is a reflection of the Dutch position that SNF talks should await the outcome of

the CFE negotiations. Furthermore, Holland's insistence that SNF not be reduced to zero in any circumstance—a position also held by the United States and Great Britain—was also reflected in the Communique's language. In what was widely reported to be the single most important phrase in clinching a consensus position [and agreement between the U.S. and West German delegations], the following language—thought to have been suggested by van den Broek, who chaired the Foreign Minister's meeting—was suggested:

Once implementation of such an agreement [the CFE talks] is underway, the United States, in consultation with the allies concerned, is prepared to enter into negotiations to achieve a *partial* reduction of American and Soviet land-based nuclear missile forces of shorter range to equal and verifiable levels. (Emphasis in original)

The key phrase in this language referred to "partial" reductions, which seemed to satisfy the Dutch, U.S., and U.K. requirement that a "Third Zero" be clearly ruled out. (Although, as discussed in the sections of this report dealing with the Federal Republic and Belgium, perceptions that a "Third Zero" option had been foreclosed are not universally shared.)

As for the potential "updating" of existing SNF assets, there has been greater discussion in the Netherlands following the NATO Summit—as there has been in other countries examined in this Report—of nuclear-tipped stand-off systems, and most particularly a tactical air-to-surface missile (TASM) option, which many believe would be less controversial to deploy than new ground-based systems. Yet, the emergence of broader support for TASM by leading Dutch defense planners could result in friction between the partners in a future center-left governing coalition in Holland—which, as discussed below, is a possible, and perhaps probable, successor to the fallen center-right coalition. At least two points of division between CDA and Dutch Labor (PvdA) leaders may be anticipated on the TASM issue. First, while CDA leaders reaffirmed after the INF Treaty their commitment to a continuing nuclear role for Holland's F-16s, and have openly endorsed—as have Liberal and D'66 party leaders—the deployment by NATO of air-launched stand-off weapons, PvdA leaders have continued to press in the recent past for a substantial reduction (if not elimination) of the nuclear tasks performed by Dutch forces, including that assigned to the F-16s. PvdA spokesmen have remained, studiously noncommittal during the current SNF debate on the question of stand-off systems, be they air- or sea-launched. Secondly, and more importantly, Labor spokesmen—similar to their counterparts in other NATO European countries—have become increasingly critical of TASM-like systems (with ranges nearing, and possibly exceeding, the 500-kilometer threshold) as violating the "spirit" of the INF Treaty, even though the accord deals solely with the elimination of ground-based missile systems. It remains to be seen whether or not Labor's desire to enter the next coalition—together with Labor leader Wim Kok's rather pragmatic approach to defense

policy (compared to that of his predecessors)—will be strong enough to move the PvdA closer to the CDA position on TASM and SNF in general.

Impact of the Government's Fall on Procurement

For the moment, the fall of the Government in May has had a direct and immediate impact on Dutch defense procurement plans. A number of key procurement projects, detailed in earlier IFPA quarterly updates, have now been deferred until a new government is assembled—a process that could take some weeks (and perhaps months) following the general elections on 6 September. Significant procurement projects and decisions that have been put off include:

The fall of the Government has resulted in delays in a number of major procurement programs. Though Prime Minister Lubbers has appealed for movement on key programs such as the *Leopard I* tank modernization, it is unlikely that decisions on major procurement projects will be made before a new government is assembled.

- Modernization plans for the Dutch Army's 468 *Leopard I* tanks
- A system decision on an attack helicopter to fill the Army's requirement for 50 platforms (a decision was to have been forthcoming in November, but is now not expected until early 1990)
- A decision on whether or not to purchase replacements for peacetime attrition losses of F-16s
- The purchase of four *Patriot* air defense systems
- The acquisition of the FIST *Verdac* fire control system for the Army
- A decision on Dutch participation in the NATO Helicopter for the Nineties (NH-90) project in order to provide an ASW helicopter for the Dutch Navy
- The previously-announced decision to procure 14 *Crotale* SAM systems to provide air defense for seven Dutch air bases

The Defense Committee of the Dutch parliament informed Lubbers' caretaker government on May 11 that it would suspend consideration of major defense procurement projects until after the forthcoming elections. Prime Minister Lubbers is reported to have replied in a letter to the Committee that the delay of parliamentary review of these projects could result in contractual difficulties, the need to reopen negotiations with contractors, and increased costs. This is particularly the case with respect to three major procurement decisions which are at a crucial decision stage, and for which specific funding requests had previously been submitted:

- The *Leopard I* modernization (\$560 million)
- The *Crotale* SAM system (\$132 million)
- The purchase of the Thomson-CSF ATILA field artillery command and control system (\$79 million)

A significant result of the government's fall with respect to defense procurement was the announcement by State Secretary for Defense Jan van Houwelingen of his intention to leave office following the September elections. Van Houwelingen, a member of the CDA, has held the number two slot at the Dutch Ministry of Defense for eight years. In this capacity, he has championed greater European defense cooperation, and was largely responsible for the revitalization of the Independent European Program Group (IEPG) as a major focus of defense equipment collaboration among the major NATO European defense industrial countries, including France. Van Houwelingen has frequently expressed a preference for European collaborative projects over similar projects involving the participation of U.S. firms. This has particularly been the case of late with respect to two major recent or on-the-horizon procurement decisions, namely, (1) a forthcoming decision on which attack helicopter system to choose for the Army's air support requirement, and (2) the recent choice of *Crotale* air defense systems for air base defense over the U.S.-produced pedestal-mounted *Stinger* and the U.S./West German ADATS system.

In a recent interview, van Houwelingen has expressed the view that a decision on an attack helicopter system may be forthcoming by September—although, as noted above, most observers point to January as a more likely target date. Van Houwelingen's preference is for the European Light Attack Helicopter (LAH), also referred to as the *Tonal*. Under discussion for two years between the Dutch, the United Kingdom, Italy, and Spain, there is as yet no agreement among the partners on performance requirements for the LAH. As a result, some reports suggest that—despite van Houwelingen's optimism—the Dutch will abandon participation in the LAH sometime in July, unless two conditions are agreed to by the other partners: (1) the LAH must be capable of carrying the TRIGAT antiarmor missile; and (2) a firm timetable must be agreed to for production. The Hague is concerned that the four partners in the LAH are behind the game in the procurement of modern attack helicopters. Simultaneously, reports suggest that the major Dutch aerospace firm, Fokker—the industry representative of the Netherlands in the LAH project—is now pressuring The Hague to drop plans for participation in LAH in favor of the procurement of Italy's A-129 *Mangusta*. Fokker's motivation is reputedly a hoped-for sale of its new F-100 commercial transport planes to the Italian national airline. It is thought, therefore, that the way to this order could be smoothed by the Dutch Army's purchase of Italian helicopters.

Whether or not this option materializes is yet to be seen. Other key contenders for the Dutch attack helicopter requirement is the "Euro-Apache" now being offered by McDonnell Douglas to the Dutch and other Allied countries, and the French-West German future helicopter project currently known as PAH/HAC. For his part, van Houwelingen has said that he is "not exactly sure what the Euro-Apache is." He continues to express the conviction that the LAH project will move ahead following what he anticipates will be the U.K.'s decision to continue with the program. In any event, notes van Houwelingen, "the helicopter is only the platform. What really matters are the weapons systems"—a reflection of the Dutch insistence on TRIGAT capability with whatever platform is selected.

Late in May, the possibility that Holland might ultimately choose the French-West German PAH/HAC option was enhanced by developments in another helicopter arena, the NH-90. The Netherlands, currently holding a five percent stake in the utility helicopter program (and planning, as noted above, to utilize the NH-90 in an ASW role with the Royal Navy), was approached by the Federal Republic with the request that Holland double its financial commitment to the program (to ten percent). In last September's *Defense White Paper*, the Dutch government had earmarked \$287 million for its share of the NH-90 development costs; accepting the West German offer would raise this stake to \$574 million. The motivation for the German offer was simply a financial one. Recognizing the Hague's increasing doubts over the LAH program (see above), and given Bonn's continuing inability to commit resources to the NH-90 project sufficient to support its own 25% stake in the program, the German government offered Holland participation in the PAH program—with no entrance costs—in return for taking over an additional 5% stake in the NH-90. In addition to participation in the Franco-German project, the Netherlands would be loaned a number of West German Bo-105 antitank helicopters until the PAH's come into service. Given Dutch concern that, by waiting for the LAH, it is getting behind the game in deployment of a modern attack helicopter, this option will probably receive considerable support within the Dutch MOD. However, the greatly increased outlays (relatively) required to accept the West German offer would require review by the Dutch parliament—which seems unlikely to happen before a new government is formed. At the moment, no time limit has been set on the West German offer.

In another significant area of procurement, reports during the quarter suggested that Dutch Air Force officials are now formulating requirements for a planned mid-life update (MLU) of Holland's F-16 fleet. The Netherlands, as the single largest European purchaser of the F-16, will have a proportionately larger degree of influence over the MLU program, which it is hoped will be adopted jointly by all European F-16 fleets (in Belgium, Denmark, and Norway in addition to the Netherlands). Air Commodore Cees Barendregt, now the Deputy Chief of Plans

for the Royal Netherlands Air Force (and soon to take command of the Dutch Tactical Air Command), has recently stated this objective clearly: "We hope to be able to agree on a joint MLU-suite, based on common core avionics and standard software, with optional loose ends to facilitate individual extras."

Key elements of the MLU proposal, which is to be submitted to the four European F-16 countries by General Dynamics at the end of this year, are expected to include radar, computer memory, processing and database interface capabilities similar to Block 50 F-16 C/D aircraft (the European countries fly the F-16 A/B). Other elements anticipated are a digital terrain navigation system, and database technologies making possible the integration of threat intelligence data with electronic warfare capabilities.

Owing to the Dutch focus on the effectiveness of ground operations (noted in previous IFPA reports on the Netherlands), F-16s are expected (and their pilots are trained) to fulfill two missions—both air superiority/air space control (air-to-air) and ground support (air-to-ground). Because of the need to keep these missions in balance, Dutch planners have shied away from the procurement of systems that in their view would impose intensive training requirements on one mission only. Thus, even though Dutch F-16s continue to deploy laser-guided bombs that require remote laser designators (say, from other 2ATAF aircraft or ground-based designators), plans for updating these systems to the *Maverick* self-guided missile have been dropped on the argument that training requirements for the new system would orient Air Force operations too far toward the air-to-ground role. Instead, future acquisition plans include the possible purchase of a future Modular Stand-Off Weapon (MSOW) and/or the U.S. Direct Airfield Attack Combined munition.

Procurement practices generally in the Netherlands have been subject to increased scrutiny during the second quarter of 1989. With the fall of the government, and the coming campaign for the September general election, it may be that defense procurement will receive even wider attention in Holland. Recommendations for improving Dutch procurement processes—which had been developed with the assistance of an external consulting firm—were accepted by the Netherlands Defense Council and submitted to Parliament during the quarter. These recommendations included specific proposals for improving the process in five major areas, including clarification of objectives; increased collaboration between the Ministries of Defense and Economic Affairs; clearer definition of accountability, responsibility, tasks, and authority in the procurement process; better coordination of operational requirements and procurement; and the control of managerial information. One specific recommendation of note to emerge from this review is the development of a joint task force between the Dutch Economic Affairs and Defense

Ministries in order to develop a future strategy for Dutch defense industries, particularly with respect to the coming single European market of 1992.

Prospects for the Next Dutch Government: The European Elections in the Netherlands

Whether these recommendations are put into effect, however, hinges—as indeed, the prospects of each of the procurement programs noted above do—on the outcome of the September general elections. To the extent that the recent European elections are any indication of how the Dutch electorate will shape its next government,

Though observers have widely predicted a center-left successor to the recently-fallen center-right Dutch government, the European Parliament elections suggested that the Dutch Labor party's support is slipping. The centrist CDA did well, suggesting that it will continue to exert considerable control over Dutch defense policy.

it may be said that the Dutch Liberal party was ill-advised in bringing down the government by standing firm against the CDA's environmental policies, if it had any intention of remaining in the governing coalition. For the Liberal party fared poorly in the European election, losing two of its four seats in the Dutch delegation to the European Parliament (EP), while Lubbers' CDA gained two seats, making the CDA the largest single party in the Dutch EP delegation. Moreover, the CDA gained 34.6% of the total Dutch vote, which matched its best-ever electoral performance recorded in the last national election (of 1986). At the same time, the opposition Dutch Labor party (PvdA), unlike a number of other socialist parties across Western Europe (but similar to the Belgian Socialists), fared poorly in the Dutch European poll. The PvdA actually lost one of its seats in the Dutch delegation of 25, falling from nine to eight members with a vote of only 30.7%—compared to its vote of 33.3% in the last Dutch general election.

The poor showing of the Dutch Labor party has increased the possibility that a government formed after the September election will incorporate three parties—the CDA, the PvdA, and the smaller Democrats '66 party—in a center-left coalition. For a number of reasons (including questions over internal party leadership and significant hostility within the party rank and file toward the treatment received at the hands of the CDA, and specifically from Prime Minister Lubbers), the right-of-center Liberal party seems unlikely to have a role in the next government. Yet predictions immediately after the government's fall that a CDA-PvdA coalition would come about from the September election now seem to have been clouded by Labor's poor showing in June. A number of emerging factors, not least among them being the greatly increased importance of environmental issues on the Dutch domestic agenda, as well as Lubbers' own personal preference for a more center-left approach (so long as the economy is sound and a

moderate security policy is pursued), point in the direction of a CDA-PvdA coalition succeeding the center-right CDA-VVD government. Unless the Labor party can improve its showing over the June elections, however, the degree of any leftward shift would likely be moderated by the presence of the more centrist D'66 party within the coalition.*

What can be said about the next Dutch government with respect to defense policy is that it will face strong pressure to reduce public spending on defense. Within the Dutch electorate, there is a general sentiment that the years of austerity imposed in order to balance the Dutch budget deficit did not fall equally on defense spending. As noted in previous IFPA reports on the Netherlands, increases in defense spending have not even approached NATO's agreed goal (recently reaffirmed at the Brussels summit) of three percent per year real growth in defense spending. Yet even so, the PvdA has long held that Dutch defense spending should be frozen, if not reduced, in order to restore cuts imposed in social welfare programs during the CDA/VVD austerity programs. Democrats '66 have proposed a freeze in the Dutch defense budget for the early 1990s, with "built-in flexibility" to increase (or decrease) defense expenditures as developments in the European arena warrant. For its own part, the CDA led the governing coalition that authored a proposed 2% per year increase in defense spending beginning in 1991; it is doubtful, however, that this plan will be observed by the next government, regardless of its composition.

Recognizing the need to make its defense policies more palatable to the electorate, the Dutch Labor party has moved steadily away from the strongly antinuclear posture that had come to characterize its security perspectives in recent years. Marjanne Sint, the party chair, has stated that pragmatism is called for if the PvdA is to be viewed as a credible coalition partner; this sentiment has also been reflected in the public statements of Wim Kok, the party's parliamentary leader, who has never really embraced the extreme antinuclear sentiments articulated by past Labor leaders. A prospective coalition agreement between the CDA and PvdA, therefore, might extend to the PvdA's more explicit acceptance of a continuing nuclear element to the NATO force posture (carried out in part by Dutch forces), so long as the CDA agrees to press in NATO for early negotiations on SNF and accepts lower levels of defense spending at home.

* It is important to note that while in most of the other countries covered in this update the success of socialist and Green parties can be attributed to rejectionist sentiments and low voter turnout, the Dutch case is somewhat different. Because the fall of the government preceded the European Parliament poll, the June vote was widely seen as a "primary" of sorts in the leadup to the September general elections. The predictive value of the Dutch European results were limited, however, by the surprisingly low turnout—which, at 47.2%, represented the lowest turnout of Dutch voters for a European Parliament election since they began.

BELGIUM

The NATO Summit and Arms Control Priorities

In Belgium, as in other countries examined in this Report, debates over security policy during the past two months have revolved primarily around the proper focus to be adopted in NATO's "comprehensive concept"—or, in French, *concept global*—of arms control and disarmament, the final draft of which was being readied for approval at the NATO Summit on May 29-30. Indeed, ever since the October 1988 NPG meeting at Scheveningen, the current center-left Martens Government (known locally as Martens VIII) has taken a particularly active—if nonetheless skeptical—

role in the discussion of short-range nuclear force (SNF) modernization requirements, arguing (with the Germans) against any near-term decision by NATO to deploy a follow-on to *Lance* (FOTL), and pressing instead for East-West negotiations on SNF "as soon as possible" (preferably running parallel to the CFE talks in Vienna). Not surprisingly, therefore, in the weeks immediately preceding the NATO Summit, Belgian officials involved in the NATO policy process continued to stress the "arms control plank" of the draft comprehensive concept, together with the need for Allied agreement on a common approach to potential SNF negotiations *prior to* any serious discussion of possible upgrades to NATO's existing SNF assets. On the specific question of FOTL, moreover, the Martens Government (in the days leading up to the Summit) held fast to its position—first publicly articulated by the Prime Minister in a speech before Parliament on April 11—that no decision was required before 1991-92, and that even then such a decision should be sensitive to possible reductions in the threat achieved via the CFE talks. Perhaps, in a bid to guard against any compromise on this issue, the Chairman of the Flemish Socialist Party (SP)—which remains the most stridently antinuclear political grouping in Belgium—warned on May 23 that the Socialist bloc (or at least the larger Flemish wing) might well pull out of the governing coalition, if Belgium (for the sake of Alliance solidarity) were to agree at the Summit to an SNF modernization program.

Given these views on arms control and SNF, Belgian reactions to the NATO Summit—which endorsed President Bush's proposals for deeper and broader force reductions at CFE, deferred any FOTL decision until 1992, promised only to update SNF "where necessary," and secured U.S. support for SNF negotiations once implementation of a CFE agreement is "underway"—

Belgium's center-left government welcomed the NATO Summit communiqué as supporting its own position, which favors near-term SNF negotiations "as soon as possible", while deferring any decision on *Lance* until 1992. While rejecting, for the moment, a "Third Zero" option, the current Belgian coalition opposes any significant increase in the range of existing SNF assets.

have been quite favorable across party lines. In a speech before the Belgian Parliament on June 9, Prime Minister Martens, speaking on behalf of the five-party coalition, praised the Allied decision to include combat aircraft, helicopters and troops in the CFE negotiations as an "important gesture toward the Soviet position", which would make early agreement on conventional force reductions—and, by extension, the opening of SNF talks in the near-term future—far more likely. Recalling Belgium's opposition (for the moment) to a "Third Zero" option and her willingness to maintain—without significantly improving—NATO's tactical nuclear forces "at whatever level may be necessary", Martens went on to describe the final *concept global*, as it appeared in the Summit Joint Communiqué, as "an honorable compromise to which Belgium could fully subscribe...a compromise set within a dynamic approach to relations with the East." Forty years after the Treaty of Washington, Martens concluded, the Alliance faced two major trends—namely, progress toward European integration and the turn toward reform in the Soviet Union and Eastern Europe—and the NATO Summit, in his estimation, would facilitate both.

This is not to suggest, of course, that the debate over SNF policy and arms control priorities has come to an end in Belgium. For now, the Flemish Socialists—who pushed the governing coalition to oppose SNF modernization—seem prepared to adopt a "wait and see" attitude, even though they would prefer immediate SNF negotiations without any linkage to the state of progress at the CFE talks. As do many in Western Europe, they perceive the object of their greatest opposition—that is, the FOTL option—to be, in any event, "dead in the water", and are more willing, as a consequence, to give the negotiators at Vienna a chance to produce concrete results before pressing an alternative approach on the SNF front. If there are few signs of an impending CFE agreement within six months to a year, however, the Belgian Socialists (especially from Flanders) will no doubt revive their campaign for SNF negotiations "as soon as possible", an appeal that almost certainly would be endorsed by other left-of-center parties in NATO Europe. Echoing statements made in the FRG, moreover, Socialist spokesmen in Belgium made clear, once the full text of the Summit Communiqué was released, that a "Third Zero" for SNF forces definitely remained, in their view, a live option. While they may be willing to approve ambiguous Summit language endorsing East-West negotiations toward only a "partial reduction" of SNF (once implementation of CFE cuts are in progress), Socialist critics of NATO's nuclear policy still consider such reductions as merely a necessary phase in the complete elimination of SNF systems from the European theater.

Yet another possible complication that could dampen Belgian support for future Alliance initiatives is the Martens Government's stated opposition to any upgrades of SNF forces that might significantly increase their range, "thereby undermining", in the words of Martens' statement before Parliament on April 11, "the spirit of the INF Treaty". As discussed at length

in the last IFPA Report, the Belgian admonition that NATO avoid extended-range SNF can be traced primarily to the Socialists' concerns that deployment of such systems would reverse what they view as a generally positive trend toward reduced ranges brought about by the elimination of theater nuclear systems with ranges of 500 kilometers or more. What is more, it has become clear in recent debates in the Belgian Parliament that SNF systems with ranges much beyond 400 kilometers would indeed be considered excessive by most of the Socialist bloc and (in fact) by many from the more centrist Christian parties. What this means in practical terms is that the NATO plan to deploy 400-plus kilometer air-launched SNF (such as TASM) is likely to trigger rather strong opposition from powerful elements within Belgium's governing coalition. This is true despite the widespread preference among most NATO allies (including the FRG) to shift from shorter to longer-range SNF. If the Belgian Socialists—and again, the Flemish activists, in particular—have their way, efforts to phase-in TASM-like systems as routine modernizations of NATO's air-delivered nuclear assets will proceed (if at all) with difficulty. Should the view that TASM and similar range systems contravene the spirit—if not the letter—of the INF Treaty begin to gather broader support in NATO Europe (and the signs are that this is occurring on the center-left of the political spectrum), then post-Summit assumptions that deferral of FOTL could be compensated for, to some extent at least, by deployment of supposedly less controversial stand-off systems (both air and sea-launched) may need to be revised.

Procurement Issues and Defense Industrial Trends

On the military equipment front, Belgian MOD and General Staff officials took additional steps in the May/June period to set in place the 1989-92 Mid-Term Procurement Plan approved by the Martens Government on March 24, announcing in mid-May the selection of the *Carapace* electronic countermeasures (ECM) system—produced by the French firm Electronique Serge Dassault—to update the Belgian F-16 fleet. With a total program value reaching some \$220.4 million,

The selection of the *Carapace* ECM system—largely due to the offset package offered to Belgian industry—represents the last major Belgian purchase for 1989-90. Future prospects for U.S.-Belgian defense cooperation will be chiefly in Air Force and Army programs (*Leopard* I upgrades, artillery modernization, third-generation anti-tank weapons, and air-to-air/air-to-surface missiles).

the ECM buy stands as the last major hardware purchase scheduled for the 1989-90 timeframe (the Army's VHF choice having been made earlier in the year). Significantly, this will be the first time, according to a Belgian MOD press release, that equipment built by a non-American company would be integrated with the F-16.

**Principal Belgian Procurement Programs for the Mid-Term
 1989-1992
 (In millions of dollars)**

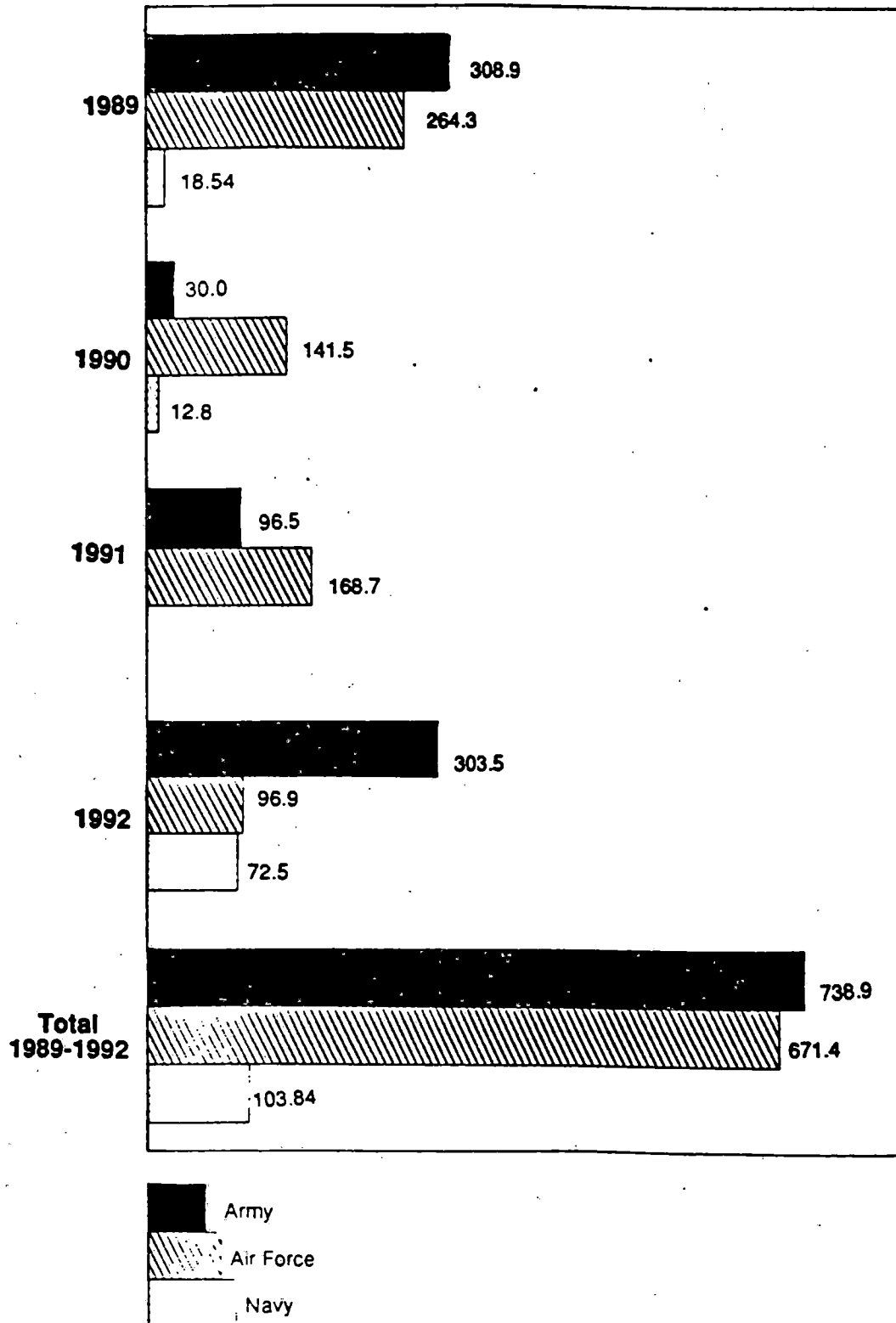
	1989	1990	1991	1992	TOTAL
General Staff					
BEMILCOM	43.9				43.9
BEMILDAT	11.6		6.3		17.9
COMPUTERS	14.5	8.5	2.5	1.6	27.1
AWACS MODERNIZATION		24.6			24.6
GAS MASKS		24.6			24.6
Army					
BRIGADES REORGANIZATION	1.1	2.3	37.7		41.1
3RD GENERATION ANTITANK	15.6				15.6
LEOPARD MODERNIZATION	45.0	6.6		87.7	139.3
VHF RADIO	244.9	2.1		13.8	260.8
ARTILLERY MODERNIZATION	2.3	15.8	25.9		44.0
VEHICLES		3.2	32.9	202	238.1
Air Force					
F-16 ECM	175.6	21.0	23.8		220.4
MIRAGE UPDATE	35.9	53.8			89.7
AIR-TO-AIR MISSILES	52.8		35.9	96.9	185.6
AIR-TO-SURFACE MISSILES		30.8			30.8
C-130 MODERNIZATION		35.9	25.4		61.3
SURFACE-TO-AIR MISSILES			83.6		83.6
Navy					
FRIGATE CONSOLIDATION	17.9	12.8			30.7
MINESWEEPERS	0.64			72.5	73.0
Medical					
STERILIZERS	9.4				9.4
MED. UNIT	2.8				2.8
Logistics					
NATO	73.0	84.5	89.6	91.2	338.3
OTHER	9.8	56.4	25.7	2.2	94.1

Perhaps more important from the perspective of U.S. defense industry, this decision represents a significant set-back for Litton Applied Technology's *TWS (Tail Warning System) 95B* project, which Litton had hoped would open the door—beginning in Belgium—to broader export sales in the NATO European market. The selection of *Carapace*, moreover, simply underscores the difficulty American firms will continue to have in generating new sales in the increasingly competitive European market, unless they are prepared to offer much more attractive offset packages, including additional production opportunities for local industry. For Belgium—where the relatively small aerospace sector is finding it increasingly difficult to compete with the larger European firms (especially in the wake of the current rash of mergers)—access to advantageous offset terms for Belgian industry was almost certainly *the* single most decisive factor in choosing between competing ECM systems. The French entry won, no doubt, not merely because it met the technical requirements of the Belgian Air Force (as did Litton's *TWS*), but because Electronique Serge Dassault was prepared to guarantee that a minimum of 80 percent of the contract value would be returned to the Belgian marketplace in the form of direct subcontracts, co-production schemes and indirect offsets (involving products unrelated to the specific deal).

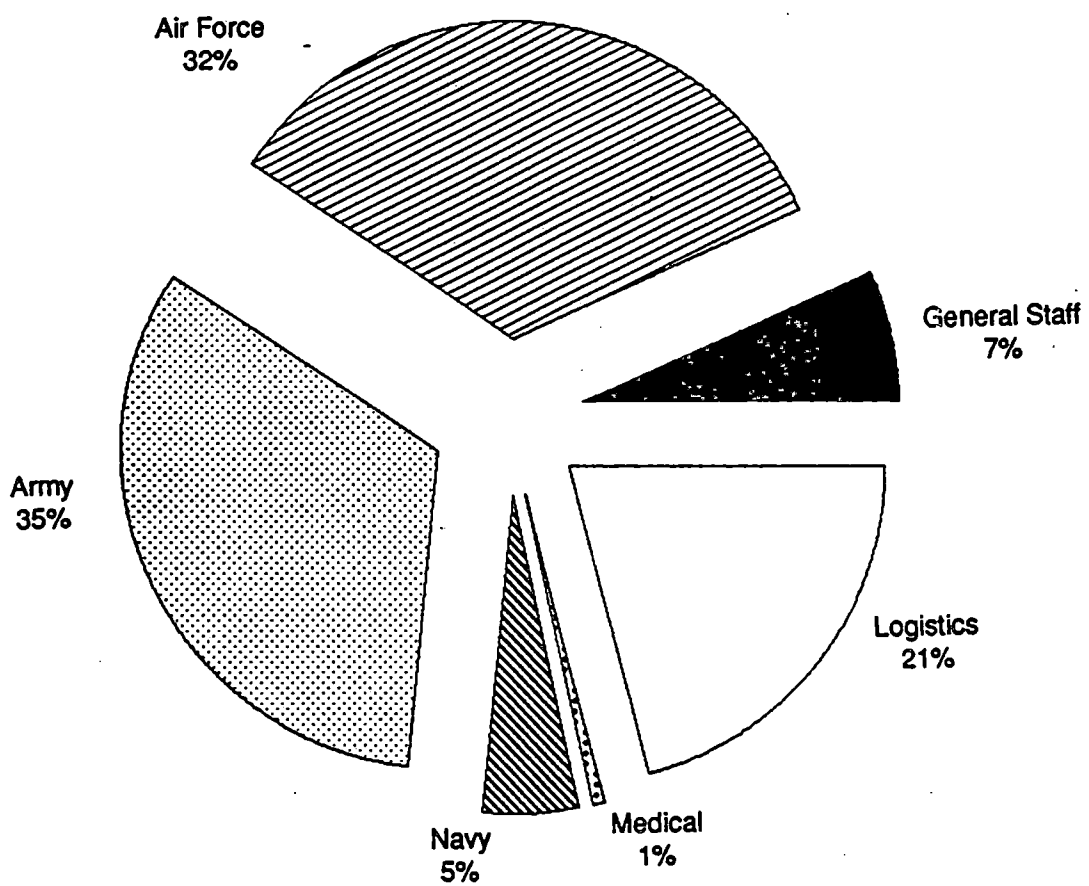
The importance of revitalizing Belgium's defense industrial base—and the entrée to the Belgian market that this process could provide to foreign firms—was reaffirmed by Minister of National Defense Guy Coëme in a speech in early June to a group of defense industry executives. Coëme noted the need for Belgian industry—together with the three regional governments of Flanders, Wallonia and Brussels—to make a far greater effort to help finance military procurement programs (and to get involved early on in program planning), if they are to remain competitive in the European single market that will emerge in 1992. Joint funding from industry and the regions, Coëme implied, was perhaps the only way to avoid stagnation in the Belgian defense industrial sector after 1992, and one sure avenue toward an improved financial footing for Belgian industry (and, by extension, for the regions themselves) was to encourage greater foreign investment. As noted above, this objective weighed heavily in Belgium's recent selection of prime contractors for the Army's combat helicopter and the Air Force's F-16 ECM suites. It seems to have been a key factor as well in the decision in June by Fabrique Nationale (FN) to sell a controlling interest (51 percent) of its aeronautics division—FN Moteurs—to the French engine manufacturer SNECMA, keeping a 42 percent interest for itself and providing the regional government of Wallonia (which agreed to pour some \$26 million into FN Moteurs) with a 7 percent share. The deal, which netted the FN Group approximately \$45 million, permits FN to pay off its debts and finance a costly restructuring program, while still retaining a major minority interest in a far more competitive FN Moteurs (which will keep its separate identity and its production base near Liege).

Belgian Procurement Funds by Service for the Mid-Term 1989-1992

(in millions of current dollars)



Division of Belgian Procurement Funds for the Mid-Term 1989-1992 (in percentages)



The implications of the above for U.S. defense companies, then, seem rather obvious. If they are prepared to invest in Belgian firms—or, failing that, establish new subsidiaries within Belgium—as part of a broader strategy to improve their European production base in preparation for 1992, they stand a far better chance of winning Belgian contracts. If they are unwilling or unable to do so, American firms will continue to be edged out by European competitors and others (e.g., the Japanese) who seek to improve their market position in the post-1992 environment.

As for specific contract opportunities over the mid-term (1989-92), hardware needs of the Army and Air Force—as the accompanying charts graphically illustrate—will provide the most lucrative projects for U.S. industrial participation. Looking beyond the VHF and ECM accounts, major equipment programs over the next four years will include (for the Air Force) the purchase of modern air-to-air, air-to-surface and surface-to-air missiles, and (for the Army) an upgrade of the *Leopard I* tanks, artillery modernization, and acquisition of a third-generation anti-tank weapon (likely to be the joint European TRIGAT system).

The European Elections and Belgian Coalition Politics

Beyond the election of national delegates to the European Parliament, the European elections in mid-June hold significance in Belgium for what they imply about the likely stability of the current coalition and the relative strength of Belgium's various political parties, both in and out of government. Indeed, given the delicate political balance that prevails in Belgium, even slight shifts in political popularity can open rifts among coalition partners, and a preliminary assessment of the election results suggests that this may very well be happening. To be specific,

Results from the European Parliament vote suggest shifting levels of support for the parties in Belgium's Christian/Socialist/Flemish nationalist governing coalition, bringing into question the continued stability of the Belgian government. Prime Minister Martens' CVP party gained strength, while the Flemish Socialists and Flemish nationalists (*Volksumie*) lost support. Additionally, Belgian Green parties gained remarkable support.

the Flemish Nationalist *Volksumie* party—which has been slipping in the polls since the September 1988 local elections—lost a significant portion of its vote (and a seat in the European Parliament) to the more extreme, far-right, ultra-nationalist *Vlaams Blok*, a turn of events which many feel will strengthen the *Volksumie's* pre-existing doubts about remaining in the coalition. Given the importance of the *Volksumie* to the constitutional reform process (devolving greater powers to the regions), neither of the larger coalition groupings—the Christians and the Socialists—would look forward to the *Volksumie's* departure from government any time soon.

at least not until the close of the current Parliament in January 1992. Yet, should the *Volksunie's* fortunes continue to slide, its leadership may very well opt out of the governing coalition.

Among the five parties now in power, the main winner in the European elections was Prime Minister Martens' Flemish Christian Socialists (the CVP), which gained a seat in Strasbourg, while the principal losers were the Flemish Socialists, who lost a seat. Martens' former coalition partners—the more conservative Liberal parties of Flanders and Wallonia—also lost support (and one seat in the European Parliament). Together with their failure to lead the voting in the Brussels regional elections (held parallel to the European elections), the Liberals did little to improve their standing among the Belgian electorate (or, in consequence, their chances of joining another coalition in the near-term, should the current government fall). By far the true victors in the Belgian European elections were the two Green parties, the Walloon *Ecolo* and the Flemish *Agalev*. In French-speaking Wallonia, the Green turnout was particularly strong, giving *Ecolo* 15 percent of the Walloon vote (just a notch less than that for the Francophone Liberals) and the same level of representation at Strasbourg (two seats) as that for the venerable Walloon Christian Socialists (PSC). Belgium's Green presence in the European Parliament will probably be bolstered still further by the sole remaining *Volksunie* delegate, who is expected to align with the Green faction.

What this means for defense is difficult to tell with precision. The annual summer negotiations among the governing parties over the national budget is about to begin, and the CVP's comparatively stronger showing may help to hold off Flemish Socialist pressures to reduce further Belgian defense spending—pressures which a number of informed observers thought might well increase in the wake of post-Summit arms control euphoria and NATO's more aggressive efforts to achieve a CFE agreement at Vienna. On the other hand, CVP leaders—who must contend with a vocal anti-defense/antinuclear minority within the party—have never been particularly eager to expend scarce political capital protecting military expenditures. Given the Green Party proclivities of the *Volksunie* on such matters, the Christians' only real ally (among its coalition partners) in the coming budget battle will be the French-speaking Socialists (the PS) of Wallonia, where most of Belgium's defense industries are located. Together, the CVP and the PS will likely sustain the Government's current commitment to a \$2.7 billion Mid-Term Procurement Program, but efforts to maintain annual defense spending at the \$2.66 billion level—thought by Belgian Chief of Staff Charlier to be the absolute minimum allowable—could easily falter.

Italy

Over the last three months, Italian strategic and political analysts were focused on; President Bush's visit to Rome and the subsequent NATO Summit meeting; the outcome of the European Parliamentary elections; and, the continuing search for a rationalization of the roles, missions and structures of the Italian armed forces. All of these issues were, however, overshadowed by the fall, on May 19, of the forty-eighth Italian post-World War II government, occasioned by the resignation of Christian Democratic Prime Minister Ciriaco De Mita.

Italy's Governmental Crisis and the NATO SNF Debate

At the heart of Italy's current political crisis is a struggle for power between, on the one hand, Socialist Party leader Bettino Craxi and his Christian Democratic friend and ally Arnaldo Forlani, the former Prime Minister who aspires to leadership of the Christian Democratic Party (CDI), and, on the other hand, the De Mita faction which has relied on centralization of the government bureaucracy to sustain control over dissident party factions. This rivalry helped to shape the Italian election campaign for the European Parliament which, ultimately, resulted in a victory for the "left", as the Italian Communist and Greens Parties made significant inroads in cutting the popular majority of the five-party coalition government.

Italian defense perspectives are focused on internal security and "out-of-area" threats.

Even as voter turnout was low, in fact the lowest in post-war Italian history, and the campaign centered less around European questions — although in a related referendum Italian voters overwhelmingly approved a motion that Europe should be governed by a single government responsible to Parliament—the June Parliamentary election results revealed several interesting insights into Italian political, and hence strategic, perspectives. The first, and most obvious, is the apparent rejuvenation of the Italian Communist Party (PCI) under its new dynamic leader, Achille Occhetto. With his Europeanist outlook (that was described in depth in IFPA's DNA Quarterly Report for January-April 1989) and his Party's innovative approach to domestic economic issues, the new Italian Communist Party leader may succeed in attracting a greater share of the Italian electorate in a national election, and, thus, disrupt the plans of Socialist Party (PSI) leader Bettino Craxi to form and head a new "union of the left." Such a "union" presumably would take on many of the positions of the International Socialist Movement, including in the defense arena where both Parties have been supportive of West German NATO positions, in particular their insistence on starting SNF negotiations before implementation of a CFE agreement. In this context, both the Socialist Craxi and PCI leader Occhetto have supported a "Third Zero" option, pertaining to *Lance* (nuclear surface-to-surface) missiles and nuclear-capable artillery deployments. Their respective positions on NATO deployments of

dual-capable aircraft are less clear, although both men are said to oppose the Italian acceptance of the redeployment of the U.S. 401st air wing, primarily because of its collateral nuclear-strike tasking. This sensitivity of Italian officials (and public opinion, to nuclear deployments on Italian soil) threatens to emerge as a major political issue in regard to TASM, especially if the U.S. F-16s are, in fact, redeployed to Italy. Reinforcing this view is the apparent growing sympathy of Italian voters for the environmentalist cause which was manifested in the gains made by the Italian Greens whose 6% of the vote translates into five seats in the European Parliament. Together with the growth of antinuclear sentiments, the concern over environmental issues reflects the emergence in Italy, as well as in Western Europe, of a "leftist" trend which may have a significant impact on the future conceptualization of national and European defense/deterrence requirements.

However, the extent to which the results of the European Parliamentary elections will influence the nearterm shaping of Italian defense policy is unclear. At the moment, Italian perspectives on defense and deterrence issues are preoccupied with a growing concern over the global proliferation of ballistic missile and chemical warfare technologies and, for the most part, a diminished perception of a threat posed by the Soviet Union and Warsaw Pact forces. As has been noted consistently in previous IFPA Quarterly Reports for DNA, Italian threat perceptions have changed over the years since World War II, to emphasize internal security and "out of area" threats, specifically from Libya to the South and terrorism from the Middle East. For at least a decade the Italians have emphasized the Libyan threat in the context of their Mediterranean obligations in NATO and in the course of Alliance debates over force dispositions and burdensharing. In their current defense plans, Italian forces are structured primarily for use in Mediterranean scenarios, although they maintain a capability for employment in the North against a Soviet/Warsaw Pact contingency. It is in this context that Italian public opinion has become embroiled in the NATO SNF debate and the attendant discussion of Western CFE proposals.

Italian Views of the NATO Compromise

Apart from sympathizing with the dilemma of the West Germans in the Alliance, and indeed, supporting their position in the NATO controversy on *Lance* modernization and SNF negotiations, the last five-party Italian government coalition, under the lead of the long-serving, Christian Democratic Foreign Minister Giulio Andreotti, has been outspoken on the need to reconsider the deployment of all of NATO's frontline forces, nuclear as well as conventional, in the context of both the conventional force talks (CFE) and the prospective negotiation of an agreement to limit short-range nuclear forces in Europe. The Italian position on the relationship between the CFE talks and the proposed negotiation of short-range nuclear forces is based on

a perception that NATO has more to gain by bringing Soviet short-range nuclear weapons into talks which may result in their disproportionate dismantling (because of the larger inventory of Soviet SNF systems, as compared with that of the Alliance). But more than this, from the Italian perspective, the defense rationale for the deployment of SNF systems will inevitably be diminished as the conventional force talks produce agreement on the reduction of armored and artillery force deployments in Europe. Thus, the five-party government coalition partners have been united in their support for an early SNF negotiation, tied to progress at the CFE, but not necessarily to implementation of an agreement. At the same time, the Italians have also been more or less united in the view that a *Lance* modernization decision need not be made by the Alliance this year. In part, in support of the West Germans, the Italians have stated that a modernization decision on *Lance* could be pushed off until the early 1990's, at which time many Italian defense analysts anticipate that there will be negotiated a framework agreement at the CFE which would facilitate, from a military-operational perspective, a draw-down in Alliance SNF deployments.

While there is widespread support in Italy for SNF negotiations, there are divergent views of whether or not to support the "Third Zero" option. Among Italian public opinion, support for the "Third Zero" is strong; but

among defense experts and policymakers in the Foreign and Defense Ministries and at NATO, this is widely regarded as a dangerous option for the strategic stability of Europe. There is among

The Italian position on SNF negotiations does not tie future negotiations to implementation of a CFE agreement, although it does foresee some progress at CFE as a necessary precursor to talks.

Italian defense experts strong support for the concept of minimal deterrence based upon the extension of a U.S. strategic-nuclear guarantee to Western Europe, manifested in the forward deployment of American forces in the Central Region of NATO. In this context SNF may have a coupling role, especially in the aftermath of the INF Treaty; but deployments of nuclear artillery and large numbers of SSM systems (i.e. the 88 *Lance* launchers) are widely regarded as unnecessary. On the precise question of a preferred NATO SNF force posture under a minimal deterrence concept, the Italians are divided as to whether NATO Europe should support deployments of ground-based nuclear weapons capabilities at all. Ever since the INF deployment controversy and debate in Italy, the question of nuclear-capable systems located on Italian soil has been controversial and sparks opposition, especially in those areas where these systems are to be sited. For many Italian defense analysts, the current NATO controversy over SNF should be regarded as the "tip of the iceberg." The real Alliance confrontation is said to be

coming over military doctrine and the defense posture attendant with NATO's forward defense concepts.

For many Italians, the differences in perspective between NATO's front-line states (of West Germany and Italy) and what were termed by the Italians as the "second-line" allies (of France, Britain and the United States) go to the core of the Alliance's nuclear "warfighting" posture. From the Italian perspective, the present NATO strategy of forward defense and early use of short-range nuclear weapons, if conventional forces cannot hold their assigned wartime positions, creates a distinction between "front" and "second-line" states, with Italy and the Federal Republic of Germany facing prospective destruction and widespread radioactive contamination. For the Italians who deploy six batteries of nuclear *Lance* missiles (in the northeast, near the town of Portogruaro), with the objective of stopping a Warsaw Pact invasion down the Po valley, their use in a European contingency would ensure the destruction of Italian territory and population from Trieste to Udine. Increasingly, as with the deployment of nuclear-capable artillery launchers, the deployment on Italian soil of any short-range nuclear weapons is disputed except, perhaps by the Italian Army's leadership, and is likely to engender heated public and policy debates that could have the effect of eroding Italian support for NATO as the preeminent institutional framework for defense cooperation in Europe. Already many Italian defense and policy analysts and officials have jumped on the "European" bandwagon, preferring to explore the future prospects for defense collaboration either under West European Union (WEU) auspices or in the context of the European Communities, which currently have no formal defense-related responsibilities.

Italian opposition to land-based short-range nuclear weapons deployments on Italian soil is also seen in the growing opposition to the planned redeployment of the U.S. 401st F-16 wing. Apart from regional concerns which are not incidental and which focus on a range of environmental issues — from noise abatements to low-flight training — there is growing political opposition to the move on the basis of anti-nuclear sentiment, but also in the context of diminished threat perceptions of the Soviet Union and against the prospects of a CFE agreement. By and large, Italians are hopeful that a CFE framework agreement can be negotiated by 1991, especially in light of President Bush's recent proposals which included aircraft and troop reductions, both of which the Italians have long supported for inclusion in the CFE.

Implications for Italian Defense Reorganization

In line with projected changes in the European security environment as a result of a diminished Italian threat perception of the Soviet Union, and a possible CFE outcome that may affect fundamentally Alliance force deployments and military structures in Western Europe, the Italian military is working on a major reorganization of Italy's defense forces. This effort is being

undertaken in the context of reduced defense spending and against the assumption that austerity measures will be necessary well into the 1990's if the Italian economy is to meet the government's objective of stabilizing the national debt before 1992, and the implementation of the European Single Integrated Market structure. Within the new Italian defense model: the territorial defense structure will be streamlined, with a progressive reduction of the number of conscripts and a revision in the numbers of personnel assigned to logistics; while redundant or unnecessary facilities will be closed or made available for civilian use. Additionally, both in the administrative area and logistics services, automated systems and new organizational structures will be put into operation, and, the length of military service will be reduced to take account of political opposition to current conscription periods.

On the equipment side, the Zanone Plan, as the defense model is now termed, provides for major equipment procurements between the years of 1989 and 2000, related specifically to air defense of Italian territory; to sea-based air defense assets, including systems for the protection of land-based as well as naval assets; mobility enhancements; and, infrastructure modernizations for the Italian ground forces. This Plan does not, however, include funding for major international procurement programs like *Patriot*, the European Fighter Aircraft, or the NATO Frigate program, which, when taken together, would "break through current budgetary ceilings" and thus, have to be authorized under a separate Parliamentarily-approved funding package. (In this context it is important to

note that the Zanone Plan is a draft law that also has not yet been submitted to the Italian Parliament for approval.)

The emphasis of the Zanone Plan on Italian defense interests in the Mediterranean and "out-of-area" contingencies reinforces, in the new Italian defense model, the role of the Italian Navy

which, until now, has been relegated a "poor third cousin" to the Air Force and the Army in budgetary allocations. For example, the 1988 Italian defense budget assigns 42.5% of its funds to the Army, 35.7% to the Air Force, and only 21.8% to the Navy. Moreover, of the 3.189

Defense reorganization necessitated by the Italian government's austerity measures into the 1990s will include: streamlining of the territorial defense structure, reduction in the number of conscripts and revision of the number of personnel assigned to logistics, and closure of unnecessary facilities. The current defense plan includes funding for infrastructure and mobility enhancements and air-defense assets, but not for major international procurement programs like *Patriot* or the NATO Frigate. Funding to meet these demands would have to be authorized by Parliament under a separate supplementary procurement package.

intervention for limited peacekeeping and international security operations, "will be the most probable ones in the next years."

Yet, funding for the proposed Italian defense reorganization is not likely to be available in the next ten years. While Italy's Defense Minister, Valerio Zanone, has requested budget authority for 30 trillion Lire (\$21 billion) over the next ten years for the modernization of Italian armed forces, a large portion of it will be allocated to administrative and service costs. Of the appropriations to "heavy technologies" there will be a large deficit if each of the Services' modernization requirements are to be met. In his budget request, Zanone proposes to allocate three trillion Lire (\$2 billion) per year to the Services, making for an allotment of one trillion Lire (\$705 million) for each of the armed forces. This is in addition to the 30,000 billion Lire (\$20,9 billion) that the government requested Parliament to authorize for additional procurement funding over the next ten years. This supplemental authorization is supposed to cover Italian participation in major inter-

national programs, notably the European Fighter Aircraft, *Patriot*, and the NATO Frigate program. Thus far, however, the funding bill has not been acted upon by the Parliament which, together with the governing coalition, had decided that it was of a lower priority than implementation of proposed cuts in government spending. Without authorization of the supplemental

Italy at a Glance	
Population:	56.8 million
Area:	30.2 million hectares
Work force (average 1988):	24 million
Unemployed (average 1988):	2.9 million
Dollar exchange rate (average 1988):	one dollar = 1,302 lire
Inflation (consumer price index average 1988):	5.0%
GDP 1988:	L1,073,100 billion
GDP growth 1988:	4.0%
Money supply M2 growth 1988:	7.7%
Public sector borrowing requirement 1988:	L124,651 billion
Public debt at year end 1988:	L 1,035,500 billion
Public debt/GDP:	96.5%
Trade 1988:	
Imports	L180,059 billion
Exports	L167,196 billion
Merchandise trade deficit	L12,863 billion
Head of State:	President Francesco Cossiga
Prime minister:	Ciriaco De Mita (Christian Democrat)
Government comprised of: (until May 19, 1989)	Five-party coalition: Christian Democrats (DC), Socialists (PSI), Social Democrats (PSDI), Republican (PRI) and Liberals (PLI)
Parliamentary composition (three main parties):	Christian Democrats 34.3% Communists (PCI) 26.6% Socialists 14.3%

funding bill, Italian defense spending over the first three years of the requested budget authorization would amount to just 0.1% of the Gross Domestic Product (GDP) and would permit Italian defense to reach in 1992 (the year in which the national budget is to be stabilized according to coalition government policy), an overall defense expenditure percentage of almost 2.4% of the GDP, which compares favorably with the present spending level of 2.1% of the Italian GDP (in 1988). Even so, the budget request will barely be enough to preserve the status quo of the armed services and to authorize investments already made. To meet the objectives of the new defense model, Italy would have to have available at least a budget of 35 billion Lire (\$24.7 million) on an annual basis, according to analyses of the new Ministry of Defense think tank headed by General Carlo Jean.