

The original documents are located in Box C12, folder “Presidential Handwriting, 2/5/1975 (1)” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

ON: 0619

R 051330Z FEB 75

DEPARTMENT OF STATE TELEGRAM

INDICATE
 COLLECT
 CHARGE TO

2/5/75

FROM USNATO BRUSSELS

CLASS ~~SECRET~~

E.O. 11652: GDS
TAGS: PFCR, NATO
SUBJECT: The North Atlantic Alliance: Retrospect and Prospect

ACTION: SECSTATE WASHDC
SECDEF WASHDC

INFO: ALL NATO CAPITALS
Amembassy DUBLIN
Amembassy MADRID
Amembassy MOSCOW
Amembassy STOCKHOLM
USMISSION EC BRUSSELS
USMISSION GENEVA
USDEL MBFR VIENNA
USNMR SHAPE
USCINCEUR
USLOSACLANT
USDOCOSOUTH
USDEL SALT TWO GENEVA

COLLINS 3

AMB
DCM
XO
ODA 2
POLAD 3
ECON
PAA
ADMIN
FILES

30 Z

Rumsfeld

LIMDIS

RR 7

~~SECRET~~ USNATO 0619

LIMDIS

GENEVA FOR USDEL CSCE

DECLASSIFIED
EO 13526 (amended) SEC 6.3
MTR 11-021 #16
1050 Ltr 3/24/11; State Ltr 4/15/11
By dal NARA, Date 5/17/11

DRAFTED BY POL: RDCollins
FHPerez

DRAFTING DATE

TEL. EXT.

CONTENTS AND CLASSIFICATION APPROVED BY:

Ambassador Bruce

REVIEWED BY ODA: LTC Phillips
Dr. Leggett
DCM: EVMcAuliffe

XO: BClark

~~SECRET~~



~~SECRET~~

~~RESTRICTED INFORMATION - SECURITY INFORMATION - CONFIDENTIAL~~

1974 IN REVIEW

1. The Setting.

As 1974 began, the Atlantic Alliance was still suffering from the severe shocks that had jolted US-European relations during 1973. The most divisive event was the October Middle East War which had revealed sharp differences of interest and opinion. These were exacerbated by public recriminations over lack of consultation and cooperation, and the "unannounced" U.S. troop alert. Some on the Continent saw in the Middle East War confirmation of their suspicions that US-European relations had undergone a profound and fundamental change.

And there were other events that buffeted the Alliance and raised questions about the future of the transatlantic link:

- The US-French confrontation highlighted by the spirited Kissinger-Jobert debate over the Prevention of Nuclear War Agreement.
- The sticky, metaphysical US-EC 9 talks that then seemed unlikely to yield agreement on a suitable consultation mechanism.
- U.S. chagrin that the Europeans had failed to respond positively or creatively to the Year of Europe message; ^a and/corresponding sense of shame in some Allied capitals that Europe had indeed failed.

~~SECRET~~



~~SECRET~~

There were, in addition, other factors of a lesser order which soured relations among the Allies:

- The bad taste created by the Jackson-Nunn Amendment with its thinly veiled threat to reduce the American troop presence unless the Europeans met Washington's balance of payments demands.
- The political embarrassment that two members of the still Alliance--Portugal and Greece--had dictatorial regimes; and a measure of frustration that many others had flabby, unstable, leaderless coalitions that were governments only in name.
- The nasty little Cod War which involved three Allies-- Iceland and the United Kingdom, and later the FRG.

Against this unsettled background the Alliance faced an uncertain 1974.

2. 1974 - Overview: The General Climate in the Alliance:

1974 dawned in uncertainty overcast by a gloomy economic environment, growing inflation and unemployment, the energy crisis, balance of payments difficulties, and procrastination in forging a coordinated Western approach to these problems. Further complications stemmed from leadership changes which occurred in every major Allied government--including the U.S.--and in many of the smaller countries during 1974. ^{Thickening} ~~Admission~~ this gloom was the Cyprus crisis

~~SECRET~~
Classification

Classification
~~SECRET~~

which led two Allies to the brink of war, toppled the existing Greek military regime and subsequently caused the new Athens Government to decide to pull out of NATO's integrated military structure. The April Revolution in ^{Lisbon} ~~Portugal~~ occasioned an initial sigh of relief, and then nervous tremors as the months went by, for no one felt certain about ^{Portugal's} ~~her~~ future role in the Alliance.

3. General Accomplishments During 1974.

Despite ~~unexpected~~ unexpected and unsteady political developments and the harsh economic climate, the Alliance weathered 1974 surprisingly well and made progress in several important areas. These advances flowed in large measure from the ^{conscientious} ~~conscious~~ stock-taking and the candid consultations that ultimately found expression in the Atlantic (or Ottawa) Declaration, from the June Summit and from the ~~leadership~~ leadership provided by Chancellor Schmidt and President Giscard, which was notably less dogmatic than that of their predecessors.

-- Atlantic Declaration:

The signing of the Declaration by NATO Heads of Government in June symbolized the end of a difficult phase in transatlantic relations and it gave hope for the beginning of a more ^{fruitful} ~~prosperous~~ period. The Declaration was important in two respects: ~~namely~~.

- It forged anew the link between U.S. and European security, and reconfirmed fundamental Atlantic ties in other areas.



~~SECRET~~

enlarged

- It ~~perpetuated~~ the framework for Alliance political developments in consultations, including consultation ~~both~~ on/geographic regions NATO treaty area, ~~press~~ outside the/~~Alliance~~ and on a broader range of non-military /issues which impinge on Allied collective security.

-- 25th Anniversary:

The Atlantic Declaration, the visible centerpiece of the Alliance's 25th Anniversary celebrations, brought together Heads of Allied governments for only the second time in NATO's history.

- Both the Declaration and the Anniversary celebrations served to focus world attention on the Alliance; after a quarter century
- These events provided evidence that/the bonds which unite the Allies and their peoples remain stronger than the forces which divide them, and that all fifteen countries felt it necessary to affirm that they still need each other.

-- Improved US-EC Dialogue:

Because objective reality required it, and because the Atlantic Declaration drafting process and the governmental changes in Bonn, London and Paris favored it, more productive and systematic means for US-EC consultation were agreed among the Nine at Gymnich -- and during the remainder of 1974/~~they~~ those arrangements appeared to have proved practical and useful to both parties.

~~SECRET~~

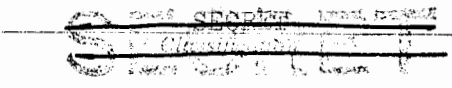
Classification

~~SECRET~~

-- Progress in East-West Detente:

During 1974 progress across a broad range of detente issues continued at a halting, uneven, unspectacular pace; but it did continue and it was perceptible.

- SALT saw at year's end ^{the} ~~/~~ US-Soviet agreement/^{at Vladivostok} which provided restraint that would not have existed had the 1972 Interim Agreement expired without replacement. That ~~the~~ Agreement also held the promise of possible reductions in strategic arms. ~~As such~~ The Agreement itself-- and the United States' continuing efforts to keep its Allies adequately informed--prompted Allied applause ~~XX~~ and solid, unqualified support ^{for} those features which excluded forward-based systems (FBS) from the US-Soviet strategic equation.
- CSCE: While forward movement on CSCE was slow and ^{the road blocks} ~~/~~ at times exasperating, ~~during most of 1974~~ signs of possible progress--in part due to Allied cohesion--emerged at year's end. Western cohesion reflected the closer Alliance consultation and coordination which, in turn, was prompted by the Soviets' intransigent posture during much of the year and by markedly closer Alliance collaboration in all areas of common interest.
- MBFR in 1974 became the prime example of ~~extensive~~ intimate ^{harmonious} Alliance consultation and ~~the close~~ coordination on



~~this~~ this subject which is vital to the maintenance of collective security. The Allies--including France, the mute, note-taking onlooker--found the procedure for NAC approval of guidance to Allied negotiators in Vienna on MBFR goals, tactical policy and strategy worthwhile and far less cumbersome than many had feared; ~~would~~ continuing and they placed their faith in its/efficacy. The U.S. strengthened its leadership role in MBFR. In fact the U.S. initiated every major proposal for new guidance to Allied negotiators. The Allies/~~were~~ looked to the U.S. for leadership;~~would~~ but they also insisted on each thorough consideration and careful analysis of/U.S. proposal/~~as~~ as it affected their individual political and military interests. Honest, in-depth consultations and effective in both Brussels and Vienna coordination/~~dispelled~~ dispelled any vague, lingering suspicion that MBFR was a US-Soviet show. At the same time the other Allies/~~gained~~ began better to understand the importance of the US-Soviet relationship to the eventual success of MBFR.

-- Improved Alliance Consultation:

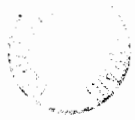
1974 saw noteworthy expansion in the depth, scale and intensity of consultations among the Fifteen Allies. This resulted from a series of U.S. initiatives as well as from a growing sense of shared risk. Highlights were:



- The Council meeting attended by Heads of Government at mid-year; Secretary Kissinger's personal efforts to keep the Allies currently informed of the negotiations in which he was personally engaged; and the visit of Canadian Prime Minister Trudeau in the fall.
- Reinforced NAC consultations with Political Directors as well as reinforced meetings on SALT, CSCE and the Middle East were also highly useful.
- The new format for the December NAC Ministerial permitted franker, fuller, unrehearsed exchanges among Foreign Ministers in Restricted Sessions.
- Regular exchanges of information in the Political and Economic Committees, the expanded circulation of intelligence in a variety of NATO channels, as well as the meetings of the Regional, UN and Disarmament experts extended well beyond the range of subjects usually covered.

-- Overthrow of Dictatorships in Portugal and Greece:

- The April 20 coup that ^{overthrew} ~~toppled~~ the Caetano Government ended 50 years of authoritarian rule in Portugal. This event, and Lisbon's subsequent decision to divest Portugal of its African colonies, relieved the Allies of a political burden that had long vexed their foreign relations and embarrassed them in dealings with their own parliaments.



~~SECRET~~

Their initial reaction--almost in unison--was one of relief.

- The Greek regime's bumbling attempt to seize power on Cyprus and the swift, blunt Turkish reaction unseated ~~the~~ the Athens dictatorship, ending seven years of Allied discomfort with undemocratic rule in Greece. The return of Caramanlis and his overwhelming election victory in November have fostered much Allied sympathy for Greece.

-- France:

- During the year, France's participation in the Alliance progressed from the ^{sharp} ~~almost hostile~~ confrontation between Jobert and Secretary Kissinger, through French accession to the Atlantic Declaration and participation in the NATO summit, to even brighter signs of cooperation at year's end.
- Moreover, these promising signs remained ascendant despite the keen and sometimes ungentlemanly US-French ^{commercial} /competition over a replacement aircraft for the F-104.
- The current French mood to participate constructively and more actively in Alliance affairs certainly does not herald French reintegration into NATO's military structure. However it does appear to reflect greater realism and receptivity on the part of the French Government under Giscard.

~~SECRET~~

~~SECRET~~

- Similarly, as debate among parliamentarians in the Assembly of Western European Union clearly demonstrated at year's end, Europe's sometime fascination with de Gaulle's vision of the future was very much on the wane. Neither editors, nor academicians, nor public office-holders spoke any more of a Europe militarily, politically and economically independent of the United States. There were even some who said that the vision of a Directorate and the dream of a pentagonal world were interred with the General at Colombey-les-Deux-Eglises.

-- From Jackson-Nunn to the Nunn Amendment:

- The belated US-FRG bilateral offset agreement and help the their by/other Allies in identifying/military procurement purchases in the U.S. enabled Washington to satisfy to the full the terms of the Jackson-Nunn Amendment. This result gave the Allies a warm glow of achievement as well as a sense of ~~congressional pressure~~ relief because they judged that there had been a lessening of congressional pressure for U.S. force reductions. It then became possible for the Alliance to shift attention to the more palatable and constructive requirements of the Nunn Amendment which can actually improve the conventional defense posture.

~~SECRET~~
~~SECRET~~
Classification



~~SECRET~~

- The Allies greeted with enthusiasm U.S. plans in conformity with the Nunn Amendment to transform "tail" into "teeth" and deploy two additional combat brigades to Germany. They have long espoused the need for weapons standardization in NATO; but, being prudent and feeling a deep concern about their own domestic armaments industries, /they have preferred to wait until Washington manifested its thinking. However, our Allies reacted viscerally and with great caution to the call for a reexamination of our tactical nuclear posture in Europe.

-- Defense Issues:

- The U.S. unleashed a major effort at every level to convince the Allies that, working together, we could make the most of our total and combined defense resources through cooperation and rationalization on an international scale. That effort achieved a measure of success, for certain of the Allied Governments did begin to demonstrate a genuine interest in cooperative programs designed to meet these goals.
- Dogged U.S. insistence that the Allies shoulder more equitably the burden of common-funded programs produced a modest reduction in the U.S. share of expenditures for NATO Infrastructure and for the Central European Pipeline.

~~SECRET~~

~~SECRET~~
Classification

~~SECRET~~

- Secretary of Defense Schlesinger convinced our Allies in the Nuclear Planning Group that discriminating nuclear targeting options will strengthen deterrence.
- Allied acceptance of the need for a new targeting doctrine was no doubt partly responsible for the support which the U.S. gained for a new ~~targeting doctrine~~ emphasis on improvement of conventional forces.
- In the Defense Planning Committee, Secretary Schlesinger pointed out to his fellow Defense Ministers that the Soviet and other Warsaw Pact military forces have weaknesses as well as strengths in conventional capability; and the Allies have now agreed to place new emphasis on modernizing and improving their conventional forces at an adequate level.
- Additionally, the U.S. focused Allied efforts on determining first priority force goals which constituted a reasonable challenge for nations.
- Allies agreed to concentrate on achieving greater cooperation in such areas as standardization of weapon systems, rationalization of training, communications, and logistics support.

~~SECRET~~
~~SECRET~~
Classification



~~SECRET~~

— CCMS:

In tune with the times, the Alliance's Committee on the Challenge of Modern Society (CCMS) gave significantly greater impetus to those Allied projects aimed at conserving the world's diminishing energy resources. It successfully concluded two pilot studies--both U.S. led--dealing with air pollution and road safety. These are two of the earliest and most ambitious Allied undertakings in CCMS. Moreover, these initiatives have yielded results, for they set in motion significant follow-on activities: intensive international work on producing automobile engines that are cleaner and more economical, and have established a coordinated and systematic program to reduce traffic fatalities.

4. 1974 - The Debit Side of the Ledger.

-- Economic Deterioration:

- The single factor weighing most heavily on Allied activities during 1974 was inflation and the need to compensate for it. Many Allies increased their budgetary contributions to defense; but wage and price increases served to nullify them.
- Inflation, economic stagnation and, at year's end, growing unemployment engendered public and parliamentary pressures to slash defense spending and in some instances to divert defense allocated monies to cope with mounting domestic social needs.

~~SECRET~~

-- Military Cutbacks:

- Crippling economic pressures forced the UK and Italy to initiate measures that seem certain to result in major, permanent military retrenchments. Dutch plans to follow much the same route were modified--and the planned reductions were reduced--^{but only} in the face of heavy counterpressure from the Allies.
- HMG's defense decisions have an historic significance. They mark the end of Britain's traditional role as a European regional military power which could employ highly mobile sea and airborne forces to influence the course of events. While the UK will continue its substantial and welcome force commitment to NATO's central region, its deployments in the Mediterranean and east of Suez will ^{soon} become inconsequential.

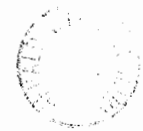
-- The Southern Flank:

NATO's Southern Flank withered during 1974:

- There were high hopes everywhere for the regime which replaced Caetano in Portugal last April; but it first tilted and has now begun to slide steadily toward the left, throwing doubt on the strength of Portugal's commitment to NATO. This steady leftward drift--and the presence of an ~~xxxxxxx~~ avowed communist in the Cabinet--forced the Allies to exclude Portugal from

participation in activities of
/the NPG; and the U.S. faced risk to its unlimited
access to its base in the Azores.

- Frustrated by their inability to negotiate with Ankara or to budge the Turkish military from their positions in Cyprus, the Greeks ~~with understandable political views~~ withdrew ~~their~~ their armed forces from NATO's integrated military structure; and the GOG announced its decision to re-evaluate U.S. base rights, retaining only those that in its view contribute to Greek national interests.
- Meanwhile the U.S. Congress has legislated the cessation of military aid to Turkey effective February 5, 1975, unless there is significant progress toward solving the Cyprus problem. Since Turkey's defense effort is nearly totally dependent on external arms assistance, NATO's conventional defensive strength in the Eastern Mediterranean will ebb rapidly; and the Allies are worried.
- The deteriorating economy of Italy which brought the country to near bankruptcy in 1974 has aggravated old political problems, created new ones, and spawned social unrest on a scale that has caused some to question the stability of the ~~country~~ ^{country} future /of the ~~country~~ ^{country} and its reliability and value as an Ally.



~~SECRET~~

1975 - PROSPECTS

5. 1975 - Problems and Opportunities.

- The new year opens with mounting Allied concern about the economic situation, about its impact on Western defense efforts, and about such other "gut" issues as paradoxically high rates of inflation with growing unemployment. The five-fold jump in oil prices and parallel increases in the price of other energy sources and the painful awareness that war could again erupt in the Middle East have further heightened their anxiety.
- The sheer magnitude of the multinational economic/energy problems confronting the Allies has forced them to look more closely at joint efforts to solve them. A collective attempt to cope with these forces, which have struck most savagely at the UK, Italy and Denmark, would have been unthinkable in the days of Charles de Gaulle; but the meeting at Martinique with Giscard moved just such a collectivist approach a good deal closer to reality. Indeed, most of the Allies are on the point of accepting the thesis that national security and economics are so closely intertwined that only through collaboration resulting from close consultations can the West effectively cope with this complex of problems.

~~SECRET~~
Classification

~~SECRET~~

-- The pessimistic portents with which 1975 opened call for steady U.S. leadership if Alliance security in its broadest sense is to be maintained. For the events of 1974 demonstrated once again to thinking Europeans that, whatever economic and political problems afflict the U.S., it is still the only Ally with the economic strength and the political will that are essential for leadership of the Alliance. While the task of U.S. leadership becomes more difficult as problems mount, our abdication of that task might well touch off an irreparable decline for the West.

6. Problems: 1975 and Beyond.

The Alliance faces a broad array of problems in 1975:

-- Political:

While over-all Alliance political solidarity is currently healthy, it is susceptible to infection from a variety of sources:

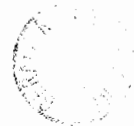
- Soviet rejection, even if only temporary, of a posture favorable to detente could re-introduce frictions stemming ~~from~~ from differing detente goals and perceptions in the various capitals.
- Growing economic pressures--from which the USSR and most Warsaw Pact states have thus far insulated themselves-- could fracture Alliance unity. NATO's weakened Southern

~~SECRET~~

~~SECRET~~

can now offer
Flank/~~has~~ little resistance; ~~XXXXXXXXXXXXXXXX~~ and the
coming to power of an authoritarian leftist or rightist
in that area
regime/could impose an intolerable strain on inter-Allied
relations.

- A deterioration of the Middle East situation or another Greek/Turkish military confrontation over Cyprus could seriously divide key Allies and further weaken NATO's flabby Southeastern Flank. A renewal of Middle East hostilities would again put to the test Western cooperation in dealing with the Middle East oil-producing states.
- Deterioration could also occur in other areas along NATO's Southern Flank should the Portuguese Government move further to the left, again become authoritarian, or just become generally less stable. Spain also faces-- perhaps in the coming year--the delicate problem of Franco's succession which could either lead Spain toward the fold of modern, representative European governments, or into instability, or to an autarkic, chauvinistic regime hostile to its neighbors, to the EC-9, and to NATO. Similarly, Yugoslavia with its Balkan heritage could become a major concern should Tito pass from the scene. With the residual strength of its inefficient political institutions already sapped by a floundering



~~SECRET~~

economy, Italy too faces a period of uncertainty and the growing risk of overt communist participation in the governing process.

-- Defense:

The next twelve months promise NATO and the Allied Governments no relief from the consequences of the energy crisis, from sagging economies, ~~strained~~ ^{strained} government revenues and rising unemployment. Economic factors alone, quite apart from the politics of detente, may even make it difficult to maintain current overall defense spending levels. This has already been demonstrated in the UK Defense Review, the "ripple effect" of which might well extend to other Allied defense efforts. One must therefore be ready to guard against Allied backsliding from the substantial and real support the U.S. has so far received on the improvement of Allied conventional forces.

- As a further and longer term effect of Britain's action, the UK will very soon no longer be able to act or behave like a regional power with forces deployed on the Continent as well as in the Mediterranean and Middle East. Thus, sooner rather than later, the British will find it necessary to abandon their long-valued role as an honest broker and stabilizing factor in the eastern Mediterranean. This will diminish the political

~~SECRET~~
~~SECRET~~
Classification

and physical support which a traditional Ally has offered the U.S. and other Allies in a volatile and dangerous area. It may in time raise the question whether the U.S. can, wishes, or is willing to shoulder the burden which Britain is now laying down.

7. Opportunities and Challenges.

The problems weighing on the Alliance as it heads into its second quarter century are the sum of the afflictions from which the Allied Governments are suffering. They are many and they are readily discernible. The opportunities for progress are not so obvious. But progress might be easier than heretofore given a greater public awareness that Western societies, and the Alliance which binds many of them, face challenges which will not permit a lack of resolve, solidarity or leadership.

-- The Key Question: How will NATO in the coming year enhance and that of its Allies the national security of the United States/-- and how can this Mission insure that the U.S. will be able to influence its Allies by political persuasion in NATO so as to advance American national interests in Western Europe, in the East-West context and in the process to harmonize the national and regional policies of Allied Governments with Washington's global policy objectives?

~~SECRET~~

-- Security and Detente:

- U.S. and Western European interests and objectives continue to coincide in the defense and detente areas. They are therefore complementary and mutually reinforcing.
 - A key objective of the Alliance is the maintenance of a collective defense posture which--despite economic difficulties--will provide both a credible deterrent to war and a stalwart military capability should deterrence fail.
 - The defense posture of the Alliance also serves the detente goals of the Allies for without adequate visible Western military strength, Eastern incentives to negotiate ~~seriously~~ seriously will evaporate.
- In the prudent quest for detente over the coming year, the Allies should be able to continue to make progress:
- CSCE. The recent, more favorable negotiating pace at Geneva suggests that it might be possible to conclude CSCE on grounds acceptable to the West. While thorny problems remain, continued Allied solidarity and possible Soviet interest in an early, high-level conclusion could converge to bring the Conference to a close before autumn.

~~SECRET~~
~~SECRET~~
SECRET
Classification

~~SECRET~~

- MBFR. The Allies, in part because of economic pressures, hope that MBFR will begin to move toward the reduction of forces objective during the current year. Our Allies are uncertain, however, about what they can or should do to move the negotiations forward. They continue to look to the U.S. for leadership in proposing changes in the Allied position; but they will continue to insist on the need for thorough examination and analysis of any new U.S. initiatives. The Allies recognize the potential of the nuclear option to help move the negotiation forward, and most would welcome its introduction after thorough study.
 - SALT. The Vladivostok Summit agreements laid solid foundations for a further understanding to replace the Interim Agreement of 1972. Current signs seem to indicate that possible changes in Moscow's political direction will not prompt the Soviets to call into question such NATO-important features of the Vladivostok accords as the exclusion from SALT of forward-based systems (FBS).
- In the Defense area, the following opportunities and challenges merit close attention:
- Cooperative Defense Programs. The United States in the coming year will press ahead with modernization of its weapons and forces in order to keep pace with the

~~SECRET~~

~~SECRET~~

Warsaw Pact. The 1975 economic climate, however, seems certain to force compromises in the acquisition of more sophisticated weapons systems for U.S. forces. It is therefore already clear: 1) that the U.S. must conceive, foster, and honestly support cooperative defense programs involving itself and the Allies; and 2) that it must encourage and guide such programs among the Allies themselves. Such emphasis is necessary if Allied Governments are to secure maximum defense capability from straitened budgets/ ~~XXXXXXXXXX~~ by standardizing weaponry and achieving greater interoperability of systems. The United States must--as in other Alliance endeavors--show leadership by inducing, cajoling, persuading and pressing the Eurogroup members to collaborate with it in consortium or similar arrangements/ ~~xxx~~ trending toward standardization, thereby reducing defense duplication and waste.

- Burdensharing.

In recent years the United States has succeeded in shifting some of the Alliance defense burden from itself to its prospering European Allies. This process can and should continue but with prudence, for there now exists a clear and present danger of ~~participatingxxx~~ precipitating political ruptures among the Allies at a time when adverse economic pressure is weighing heavily on many of them.

~~SECRET~~
Classification

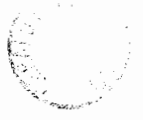
~~SECRET~~

- Nuclear Weapons. The U.S. theater nuclear stockpile in Europe bears little relation to what a rational assessment of an Alliance posture might call for. It is politically and militarily important that the stockpile be modernized. It is equally important to do so in a way that responds to the basic and long-felt political concerns of our Allies. In sum, it is incumbent upon the U.S. to persuade the Allies--their governments, their parliaments and their publics--that the tactical nuclear leg of NATO's deterrent triad remains fully effective.
- NATO's Southern Flank. NATO's Southern Flank poses real challenges in 1975; the opportunities have yet to manifest themselves. Cumulative interaction of recent developments in Greece, Turkey, Italy, Spain and Portugal, when added to the very substantial drawdowns that the U.K. is planning in the Southern Region in the wake of its landmark defense review, all suggest the need for a steely-eyed basic review of the U.S. defense posture in the Mediterranean.

-- Politics and Economics:

Europe's dependence on U.S. protection for its military security, economic self-confidence and political independence--publicly declared again in June 1974 in the Ottawa Declaration--provides the U.S. with the basis for seeking close consultation with

~~SECRET~~



~~SECRET~~

the EC-9 on foreign and economic policies which affect Alliance security and East-West relations. As Alliance ~~cohesion~~ cohesion improved last year, so did our relationship with the EC-9 on political and economic consultation. This welcome trend should continue in 1975 given greater Western European awareness that the political challenges and economic dangers they face require transatlantic collaboration now, and for the foreseeable future.

Real opportunities exist to strengthen the consultative machinery of the Alliance and to expand the subject matter which it covers. Economic issues and extra-NATO developments affecting Alliance security are prime targets for such expansion. Those subjects should be pursued both in existing Alliance institutions as well as in newly created fora such as reinforced Council meetings attended by policy-making officials from capitals and perhaps--a new thought--in reinforced meetings of the Defense Planning Committee. The study of the security implications of the present world economic situation--which the Secretary ~~of~~ called for at NATO's December Ministerial--is a natural candidate for just such expanded consultations.

BRUCE

~~SECRET~~
~~SECRET~~
Classification