

**Britain, European Security
and the Cold War, 1976–9**

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Abstract

This thesis deals with Britain's attitude towards European security under the Callaghan government from 1976 to 1979. That period saw Cold War tensions grow and détente lose its momentum as Britain struggled with economic weakness while trying to maintain its international influence. Concentrating on Cold War Europe, this thesis asks two questions: what policy did the Callaghan government adopt towards European security, and what role did Britain play in the Atlantic Alliance?

It draws three conclusions. First, under Callaghan, Britain sought to maintain a traditionally influential role in Europe. To achieve that goal, it attempted to sustain a major military contribution to NATO and to foster good US-UK relations. Nevertheless, this policy was complicated by acute economic crisis and defence expenditure cuts. Britain's credibility in the Alliance was seriously diminished and policymakers had to offset reductions in British hardware contributions with diplomatic contributions.

Secondly, Britain's role as a mediator in the Alliance contributed to its stability during the presidency of Jimmy Carter. Carter's inconsistent foreign policy and lack of consultation with allies caused confusion and tensions soon after his inauguration. This gave the British room to work for the maintenance of Alliance unity and, as a result, the US-UK special relationship was strengthened.

Thirdly, regardless of Britain's response to its economic trials, and its collaboration with the US, Callaghan's preference for status quo, and his lack of strategy towards European security other than the maintenance of the stability of the Alliance under American leadership, hampered Britain's attempts to retain influence. As Britain's power waned, West Germany's rose as German leaders gained status in the defence policy making process of the Alliance by arguing for a new response to the changing East-West military balance and the decline of détente.

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Abbreviations

ABM	Anti-Ballistic Missile
ALCM	Air-Launched Cruise Missile
BAOR	British Army of the Rhine
CSCE	Conference on Security and Cooperation in Europe
CTBT	Comprehensive Nuclear Test Ban Treaty
DOP (OPD)	Defence and Oversea Policy Committee (UK)
DPC	Defence Planning Committee (NATO)
EC	European Community
EMS	European Monetary System
ERW	Enhanced Radiation Warhead
FBS	Forward-Based Systems (US)
FCO	Foreign and Commonwealth Office (UK)
FDP	Freie Demokratische Partei (West Germany)
FRG	Federal Republic of Germany
GLCM	Ground-Launched Cruise Missile
HLG	High Level Group (NATO)
ICBM	Intercontinental Ballistic Missile
IISS	International Institute for Strategic Studies
IMF	International Monetary Fund
IRBM	Intermediate-Range Ballistic Missile
JIC	Joint Intelligence Committee (UK)
LTDP	Long-Term Defence Programme (NATO)
MBFR	Mutual and Balanced Force Reductions
MIRV	Multiple Independently-targetable Re-entry Vehicle
MLF	Multilateral Force
MOD	Ministry of Defence (UK)
MRBM	Medium-Range Ballistic Missile
MRV	Multiple Re-entry Vehicle
NAC	North Atlantic Council (NATO)
NATO	North Atlantic Treaty Organisation
NPG	Nuclear Planning Group (NATO)
PRM	Presidential Review Memorandum
PSBR	Public Sector Borrowing Requirement
SACEUR	Supreme Allied Commander Europe (NATO)
SALT	Strategic Arms Limitation Talks

SG Special Group (NATO)
SLBM Submarine-Launched Ballistic Missile
SLCM Submarine-Launched Cruise Missile
SPD Sozialdemokratische Partei Deutschlands (West Germany)
TNF Theatre Nuclear Forces
UK United Kingdom
UKDN United Kingdom Delegation to NATO
UNSSD United Nations Special Session on Disarmament
US United States

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Introduction

In the first half of the 1970s, Cold War tensions were reduced as détente seemed at last to be having historic effect. A momentous agreement came in May 1972 when the US President, Richard Nixon, and General Secretary of the Central Committee of the Communist Party of the Soviet Union, Leonid Brezhnev, met in Moscow and finalised the Strategic Arms Control Talks (SALT) I. As a result, the Americans and the Russians agreed to limit their strategic ballistic nuclear weapon armouries. Two and half years later, in November 1974, Nixon's successor Gerald Ford and Brezhnev met in Vladivostok and concluded a 'base agreement' on SALT II negotiations. At the same time, both countries agreed to set an 'equal ceiling' of strategic missiles and bombers and began further negotiations on strategic nuclear weapons systems. Along with these major developments in superpower détente, there was remarkable progress in the easing of tensions in Europe. The historic Helsinki conference of 31 July–1 August 1975 saw 32 European leaders, together with those from Canada, the US and the Soviet Union, sign a 'Final Act' which committed each side to maintain the other's territory and influence. Détente had reached a highpoint.¹

For Britain, the problem of Europe appeared to have been settled in the first half of the seventies. Britain's entry into the European Community (EC) in January 1973 was a decisive step towards a new post-East of Suez European-based policy.² True,

¹ Robert D. Schulzinger, 'Détente in the Nixon-Ford Years', in Melvyn P. Leffler and Odd Arne Westad (eds.), *The Cambridge History of the Cold War, Volume II: Crises and Détente* (Cambridge: Cambridge University Press, 2010), pp.373–94. On European détente, see Poul Villaume and Odd Arne Westad (eds.), *Perforating the Iron Curtain: European Détente, Transatlantic Relations, and the Cold War, 1965–1985* (Copenhagen: Museum Tusulanum Press, 2010). On CSCE, see Angela Romano, *From Détente in Europe to European Détente: How the West Shaped the Helsinki CSCE* (Brussels: P.I.E. Peter Lang, 2009).

² John W. Young, *Britain and European Unity 1945–1999* (2nd edn., Basingstoke: Macmillan, 2000), pp.100–11; Stephen George, *An Awkward Partner: Britain in the European Community* (Oxford: Oxford University Press, 1998), pp.46–70; John W. Young, 'The Heath Government and British Entry

membership was still fragile and divided public opinion, but the referendum held in June 1975 showed that more than two thirds of voters supported Britain's membership.³ This result formally defeated the so called 'anti-marketeters' and the government was able to quieten the long dispute over the EC, for now at least. Similarly, it meant the end of the harsh inner-party dispute in the Labour party and the government which had absorbed so much Prime Ministerial and ministerial time.⁴ It also meant that policymakers could concentrate on dealing with other key issues such as European security under the new circumstances created by détente in and outside Europe. For the British, 1970 to 1976 can be seen as a final transitional phase from Empire to Europe, a process which had begun earlier in the twentieth century but had picked up pace in the 1960s.⁵ In 1948 Winston Churchill proclaimed that Britain sat uniquely at the centre of three interlocking circles; the Commonwealth and Empire, the transatlantic English-speaking world, and continental Europe.⁶ This idea was popularised in the later period, but the end of the Empire marked the end of one circle and British policymakers had to establish a new British foreign policy based on the remaining two circles, the US and western Europe. After the 1975 referendum, the second half of the seventies was to be a period in which Britain fully dedicated itself to the stabilisation of détente on the basis of a new-found stability, ostensibly at least, of Britain's place in Europe, and the world.⁷

into the European Community', in Stuart Ball and Anthony Seldon (eds.), *The Heath Government, 1970–1974: A Reappraisal* (London: Longman, 1996), pp.259–84.

³ David Butler and Uwe W. Kitzinger, *The 1975 Referendum* (London: Macmillan, 1976); George, *An Awkward Partner*, pp.76–95.

⁴ Roger Broad, *Labour's European Dilemmas: From Bevin to Blair* (Basingstoke: Palgrave, 2001), pp.104–19.

⁵ Saki Dockrill, *Britain's Retreat from East of Suez: The Choice between Europe and the World?* (Basingstoke: Palgrave Macmillan, 2002); David Reynolds, *Britannia Overruled: British Policy and World Power in the Twentieth Century* (2nd edn., Harlow: Longman, 2000); David Sanders, *Losing an Empire, Finding a Role: British Foreign Policy since 1945* (Basingstoke: Macmillan Education, 1990).

⁶ Anne Deighton, 'Britain and the Three Interlocking Circles', in Antonio Varsori (ed.), *Europe 1945–1990s: The End of an Era?* (Basingstoke: Macmillan, 1994), pp.155–69; Reynolds, *Britannia*, p.202.

⁷ This subject has not yet produced a mature historiography. Existing studies include: Brian Harrison,

Britain joined the EC when the integration experienced stagnation over the decade which continued until the early 1980s. Economic difficulties which had affected most European countries prevented progress in integration although French president Valéry Giscard d'Estaing and West German Chancellor Helmut Schmidt had energetically led member states towards the European Monetary System (EMS). Nevertheless, overall, the Community lacked the dynamism of politico-economic integration that it had witnessed since its creation.⁸ While the EC suffered from so-called 'Eurosclerosis', Cold War détente was a major pre-occupation of European international and transatlantic relations. The euphoria of reduced East-West tensions did not last long. Détente soon lost its momentum, especially outside of Europe, which diminished hopes for further reduction in East-West tensions.⁹ As the same time, the US–Soviet SALT II negotiations did not go as smoothly as expected.¹⁰ Naturally, the decline in superpower relations inevitably impacted upon Europe and brought transatlantic relations into conflict over the Atlantic Alliance's response to increases in Soviet military strength.

Recent declassification of primary sources from the countries concerned has enabled historians to begin to scrutinise this period and the events which defined it. This new wave of Cold War history research has shed more light on the multipolarity

Finding a Role? The United Kingdom, 1970–1990 (Oxford, Clarendon Press, 2010), pp.1–55; Michael J. Turner, *Britain's International Role, 1970–1991* (Basingstoke: Palgrave Macmillan, 2010).

⁸ John Gillingham, *European Integration 1950–2003: Superstate or New Market Economy?* (Cambridge: Cambridge University Press, 2003), pp.81–149; R. T. Griffiths, 'A Dismal Decade? European Integration in the 1970s' in Desmond Dinan (ed.), *Origins and Evolution of the European Union* (Oxford: Oxford University Press, 2006), pp.169–90.

⁹ On the instabilities of this era, see, in particular, Jussi M. Hanhimäki, *The Rise and Fall of Détente: American Foreign Policy and the Transformation of the Cold War* (Washington D.C.: Potomac Books, 2013), pp.77–97; and Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of Our Times* (Cambridge: Cambridge University Press, 2005). Also, Jussi M. Hanhimäki, *The Flawed Architect: Henry Kissinger and American Foreign Policy* (New York: Oxford University Press, 2004), pp.399–454.

¹⁰ Wilfried Loth (translated by Robert F. Hogg), *Overcoming the Cold War: A History of Détente, 1950–1991* (Basingstoke: Palgrave, 2002), pp.128–34; Raymond L. Garthoff, *Détente and Confrontation: American–Soviet Relations from Nixon to Reagan* (Rev. ed., Washington D.C.: Brookings Institution, 1994), pp.594–617.

of the Atlantic Alliance.¹¹ It is becoming clear that there was much cooperation but also conflict among the Alliance over European defence in the face of deteriorating East-West relations. Ford's handling of East-West relations has been subject to criticism, but the latest analyses argue that East-West relations soured further after the advent of the Carter administration and then worsened gradually during his presidency.¹² Facing declining East-West relations and Soviet military build-up (in both the conventional and nuclear fields), the central concern for the Europeans was of course the defence of Europe, but their particular interest was in the modernisation of nuclear forces in Europe. The perception gap on this matter between the Americans and the Europeans most clearly emerged in the process of intra-Alliance discussions on nuclear balance. These occurred in the so-called 'grey area' – the medium-range nuclear weapon systems which were not included in the SALT II negotiations – and over NATO's theatre nuclear forces (TNF). It has been largely believed that this intra-Alliance perception gap led Carter to propose the four power summit meeting in Guadeloupe in January 1979 which resolved the problem after agreement principally with the British and the Germans. However, recent works draw attention to the influence of European allies on US strategic considerations and suggest that they had greater effect on the 1979 agreement than previously thought.¹³

¹¹ For example, see Leffler and Westad (eds.), *The Cambridge History of the Cold War*, Vol.II and Vol.III: *Ending*, (Cambridge: Cambridge University Press, 2010); Mathias Schulz and Thomas A. Schwartz (eds.), *The Strained Alliance: U.S.–European Relations from Nixon to Carter* (New York: Cambridge University Press, 2010); Haftendorn, Helga, Georges-Henri Soutou, Stephen E. Szabo, and Samuel F. Wells Jr (eds.), *The Strategic Triangle: France, Germany, and the United States in the Shaping of the New Europe* (Washington, D.C.: Woodrow Wilson Center Press / Baltimore: Johns Hopkins University Press, 2006).

¹² Brian J. Auten, *Carter's Conversion: The Hardening of American Defense Policy* (Columbia: University of Missouri Press, 2008); Joe Renouard and Nathan Vigil, 'The Quest for Leadership in Time of Peace: Jimmy Carter and Western Europe, 1977–1981', in Schultz and Schwartz (eds.), *The Strained*, pp.309–32; Nancy Mitchell, 'The Cold War and Jimmy Carter', in Leffler and Westad (eds.), *The Cambridge History of the Cold War*, Vol.III, pp.66–88; Olav Njølstad, 'The Collapse of Superpower Detente, 1975–1980', in Leffler and Westad (eds.), *The Cambridge History of the Cold War*, Volume III, pp.135–54; and Olav Njølstad, 'Keys of Keys? SALT II and the Breakdown of Détente', in Westad (ed.), *The Fall of Détente: Soviet–American Relations during the Carter Years* (Oslo: Scandinavian University Press, 1997), pp.34–71.

¹³ Kristina Spohr Readman, 'Conflict and Cooperation in Intra-Alliance Nuclear Politics: Western

The role that the West Germans played in altering the direction of the Carter administration's foreign policy has received specific attention. Spohr Readman's research is noteworthy in how it has emphasised Schmidt's influential role in the Alliance's considerations on the grey area and how it has argued that Schmidt was the engine of change who facilitated the Guadeloupe summit in January 1979, and then NATO's double track decision in December 1979.¹⁴

In terms of Britain's role in European security during the second half of the 1970s, the general impression has been that Britain's status was in decline, and that the nation was preoccupied domestically with economic problems and political strife, and in Europe with the Community. Britain's policy towards European integration, particularly its commitment to the EMS, has attracted historians' interest and there are a number of works which have explained the Callaghan government's policy on monetary integration, direct elections, and the EMS.¹⁵ Yet to date there has been no real analysis of the British role in European security under Callaghan. Britain does appear in research on Cold War détente.¹⁶ But when it comes to European defence,

Alliance, the United States, and the Genesis of NATO's Dual-Track Decision, 1977–79', *Journal of Cold War Studies*, vol.13, no.2 (Spring 2011), pp.39–89; Kristina Spohr Readman, 'Germany and the Politics of the Neutron Bomb, 1975–1979', *Diplomacy & Statecraft*, vol.21, no.2 (2010), pp.259–85; Joachim Scholtyssek, 'The United States, Europe, and the Dual Track Decision', in Schulz and Schwartz (eds.), *The Strained Alliance*, pp.101–23; Leopoldo Nuti, 'The Origins of the 1979 Dual Track Decision—A Survey', in Nuti (ed.), *The Crisis*, pp.57–70; Helga Haftendorn, *Coming of Age: German Foreign Policy since 1945* (Lanham, MD: Bowman & Littlefield, 2006), pp.240–57.

¹⁴ See Spohr Readman's works, 'Conflict and Cooperation' and 'Germany and the Politics of the Neutron Bomb'.

¹⁵ Daisuke Ikemoto, *European Monetary Integration, 1970–79: British and French Experiences* (Basingstoke: Palgrave Macmillan, 2011), pp.115–91; John W. Young, 'Europe', in Anthony Seldon and Kevin Hickson (eds.), *New Labour, Old Labour: The Wilson and Callaghan governments, 1974–79* (London: Routledge, 2004), pp.139–53; Young, *Britain*, pp.120–5; George, *An Awkward Partner*, pp.107–36; Sean Greenwood, *Britain and European Cooperation since 1945* (Oxford: Blackwell, 1992), pp.104–8.

¹⁶ On Britain's commitment to CSCE, particularly on the pre-1975 period, there are a number of contributions. For example, Martin D. Brown, 'A Very British Vision of Détente: The United Kingdom's Foreign Policy during the Helsinki Process, 1969–1975', in Frédéric Bozo, Marie-Pierre Rey, N. Piers Ludlow, and Bernd Rother (eds.), *Visions of the End of the Cold War in Europe, 1945–1990* (Oxford: Berghahn Books, 2012), pp.139–56; Robert Gerald Hughes, 'Britain, East-West Détente and the CSCE', in Vladimir Bilandžić, Dittmar Dahlmann, Milan Kosanović (eds.), *From Helsinki to Belgrade: The First CSCE Follow-up Meeting and the Crisis of Detente* (Göttingen: V&R Unipress, 2012), pp.119–42; Keith Hamilton, 'Cold War by Other Means: British Diplomacy and the Conference on Security and Cooperation in Europe, 1972–1975', in Wilfried Loth and Georges-Henri

Britain's role, even if it is mentioned, is supplanted by the superpower perspective or just touched on briefly as a supplement to the broader story of difficult transatlantic relations of this period.¹⁷ The main reason for this lack of interest is partly because of Britain's supposed inactivity in this field. In a classic study, Michael Dockrill described the 'relative stagnation' of the seventies in the history of British defence policy and how defence issues 'tended to be neglected' under the Labour government.¹⁸ True, British defence policy under the Labour governments is a history of consecutive reductions of defence expenditures as a result of economic difficulties.¹⁹ Nevertheless, as this thesis will show, even if Britain's defence contribution was substantially reduced in relative terms (i.e. the percentage of GNP expenditure on defence declined), among the four major NATO allies the figure remained second to that of the US and well above West Germany and France.²⁰ In addition, Britain still kept its nuclear power status. Thus, despite the axes that fell on the defence budgets, Britain was still a major player in European security and, as we will see, sought to use its diplomacy to affect the course of Allied relations in the changing Cold War. Consequently, the questions of the evolution of Britain's policy towards European defence, and its response to the increasing Soviet threat, are significant not only to our understanding of Britain's history, but also of the Atlantic Alliance, Europe and the Cold War in the late seventies.

One element of transatlantic relations has been generally seen as positive in this

Soutou (eds.), *The Making of Détente: Eastern and Western Europe in the Cold War, 1965–75* (London: Routledge, 2008), pp.276–300; Luca Ratti, *Britain, Ost- and Deutschlandpolitik, and the CSCE (1955–1975)* (Bern: Peter Lang, 2008).

¹⁷ Early exceptions are Christoph Bluth, *Britain, Germany and NATO's Nuclear Strategy* (Oxford, Oxford University Press, 1995), pp.214–37; Jonathan Haslam, *The Soviet Union and the Politics of Nuclear Weapons in Europe, 1969–1987: The Problem of the SS-20* (Basingstoke: Macmillan, 1989), pp.58–105.

¹⁸ Michael Dockrill, *British Defence since 1945* (Oxford: Blackwell, 1989), p.110.

¹⁹ For example, see Michael Carver, *Tightrope Walking: British Defence Policy since 1945* (London: Hutchinson, 1992), pp.105–17.

²⁰ Robert Self, *British Foreign and Defence Policy since 1945: Challenges and Dilemmas in a Changing World* (Basingstoke: Palgrave Macmillan, 2010), p.167; John Baylis, *British Defence Policy: Striking the Right Balance* (London: Macmillan, 1989), p.143.

era. Callaghan's prime ministership is known for an improvement in the special relationship between the UK and the US. Whereas the bilateral relationship between the Heath government and the Nixon administration was problematic and turbulent, it is broadly recognised that their successors established cordial relations, including good personal ties.²¹ In the light of Britain's scaled down defence spending, the Carter–Callaghan relationship was particularly important. In their private personal meeting during the four power summit meeting at Guadeloupe in January 1979, Carter agreed to transfer the Trident submarine launched ballistic missile (SLBM) technology to Britain as the replacement for the Polaris force. This story is recounted as a success which symbolised the specialness in Anglo-American relations at that time.²² But even this success story should be scrutinised from the context of European security. Britain's nuclear deterrent could not be free from nuclear arms control discussions between the superpowers and within the Alliance. For this reason, it is necessary to consider the impact of Anglo-American relations on Britain's defence policy not only in the light of the UK-US bilateral relationship but also in the context of transatlantic relations and European defence as a whole.

With these considerations in mind, this thesis deals with British foreign policy towards European security under the Callaghan government from April 1976 to May

²¹ John Dumbrell, *A Special Relationship: Anglo-American Relations from the Cold War to Iraq* (2nd edn., Basingstoke: Palgrave Macmillan, 2006), pp.101–5; Alan P. Dobson, *Anglo-American Relations in the Twentieth Century* (London: Routledge, 1995), p.146; Ann Lane, 'Foreign and Defence Policy', in Seldon and Hickson (eds.), *New Labour*, p.162. On Anglo-American relations during the Nixon-Heath years, see Alex Spelling, 'Edward Heath and Anglo American Relations 1970–1974: A Reappraisal', *Diplomacy & Statecraft*, vol.20, ver.4 (2009), pp.638–58. On detailed study of the Anglo-American relationship and its impact on the transatlantic relationship in this period, see Daniel Möckli, *European Foreign Policy during the Cold War: Heath, Brandt, Pompidou and the Dream of Political Unity* (London: I. B. Tauris, 2009); Niklas H. Roszbach, *Heath, Nixon and the Rebirth of the Special Relationship: Britain, the US and the EC, 1969–74* (Basingstoke: Palgrave Macmillan, 2009); Catherine Hynes, *The Year that Never Was: Heath, the Nixon Administration and the Year of Europe* (Dublin: University College Dublin Press, 2009).

²² Dumbrell, *A Special Relationship*, pp.181–2; Lane, 'Foreign and Defence Policy', p.161; Dobson, *Anglo-American Relations*, p.146. On Labour Governments' attitude towards nuclear deterrent, see Kristan Stoddart, 'The British Labour Government and the Development of Chevaline, 1974–79', *Cold War History*, vol.10, no.3 (August 2010), pp.287–314.

1979. It aims to answer two questions: first, what kind of vision did the Callaghan government envisage for Britain's policy towards European security while facing weakening economic conditions and deteriorating East-West relations, and secondly, what kind of role did Britain play in transatlantic relations? To answer these questions, this thesis concentrates specifically on British policy making in London and on intra-Alliance discussions in NATO on European security. Faced with Soviet military build-up, the central issue for the European allies was the military imbalance in Europe. Their concerns emerged more clearly in the consultations on TNF and grey area, two issues which this thesis concentrates upon. Consequently, other aspects of European security, such as Britain's policy towards the CSCE Follow-up Meeting in Belgrade which began in October 1977, and its commitment to the Comprehensive Test Ban Treaty (CTBT) which the Carter administration energetically initiated, are considered to be separate issues and are not included as a major part of this research.²³

Detailed examination of Britain's policy is now possible through the analysis of recently declassified archival sources. Since official documents from the Callaghan government are now open under the 30-year rule, the major part of research for this thesis has been undertaken at the National Archives, Kew, in the files of the Prime Minister's Office, the Cabinet Office, the Foreign and Commonwealth Office (FCO), and Ministry of Defence (MOD). This thesis also rests on numerous memoirs and private papers, including those of Callaghan and David Owen, his second Foreign Secretary from February 1977. In addition, it has also made use of primary sources from the NATO files in the NATO Archives in Brussels and from NATO's e-Library. Likewise this research has accessed American archives available online, and

²³ On Belgrade CSCE Follow-up Meeting, see Vladimir Bilandžić, Dittmar Dahlmann, Milan Kosanović (eds.), *From Helsinki to Belgrade: The First CSCE Follow-up Meeting and the Crisis of Detente* (Göttingen: V&R Unipress, 2012).

published West German documents. Furthermore, witness testimony has been employed from oral histories, correspondences and interviews with key figures.

This thesis is the first project of its kind in the broader field of British foreign affairs and European security and will encourage the further development of the subject. It contributes to two historiographical themes. First, this research provides a new interpretation in the field of Britain's diplomatic history. Britain's struggle with its weakening economy culminating in the IMF crisis in 1976 was naturally a serious event and has drawn much comment from historians.²⁴ In contrast with the sensational impact of this crisis on Britain's finances and economy, its effect on other areas of the state's policies and activities are lesser known. Britain's policy towards European security is one such topic for research. This thesis analyses how Britain's attitude towards European security was formed and modified under the economic predicaments, particularly in relation to the IMF crisis.²⁵ Moreover, it aims to reveal how policymakers sought to come to terms with the nation's declining influence. As mentioned earlier, Britain's defence policy during the Callaghan government is often recounted in the context of the replacement of the Polaris force. While the current work touches on that issue, it pays more attention to the development of defence policy in a wider setting – the Atlantic Alliance and Europe in the Cold War – and the meaning of the independent nuclear deterrent in the intra-Alliance consultations on European defence.

Secondly, in addition to its new perspectives on British diplomatic history, this thesis also makes a contribution to Cold War history. Kenneth O. Morgan's authorised biography of Callaghan suggested that Callaghan envisaged his role as an

²⁴ Recent studies based on primary sources, for example, Ikemoto, *European Monetary Integration*, pp.115–56; Catherine R. Schenk, *The Decline of Sterling: Managing the Retreat of an International Currency, 1945–1992* (Cambridge: Cambridge University Press, 2010), pp.357–95.

²⁵ On the impact of defence expenditure cutbacks on the Anglo-American relationship, see Thomas Robb, 'The "Limit of What Is Tolerable": British Defence Cuts and the "Special Relationship," 1974–1976', *Diplomacy & Statecraft*, vol.22, no.2 (2011), pp.321–37.

‘experienced international honest broker’.²⁶ In the same vein, while pointing out Callaghan’s preference for ‘Atlanticism’ and his strong tie with Carter, Dumbrell has also suggested that Callaghan intended that Britain played the role of ‘Atlantic intermediary’.²⁷ Lane’s research has similarly described Callaghan as an interlocutor in transatlantic relations, particularly between the US and West Germany.²⁸ However, while Britain’s diplomacy, and especially that of its Prime Minister, was closely related to intra-Alliance policymaking, there has been no detailed analysis of this aspect of Cold War history which examines how Callaghan himself and his government intended to function as intermediaries in allied relations or to what extent this western Cold War diplomacy worked. These are the issues which drive this thesis. While it builds on existing interpretations about the Callaghan government, and British policies towards European security more generally, it extends our understanding by investigating how Britain functioned in the post-IMF era as a nation which had to rely more on diplomacy and Cold War know-how than on a growing military contribution to NATO in a fast-changing East-West world. It seeks to examine Britain’s contribution as an aspect of Cold War history, and in particular how the Anglo-American relationship of the Callaghan-Carter era played its part too. While we have a sketchy understanding of UK-US ties from 1976 to 1979 from memoirs and survey histories, there has until now been no research on how this bilateral relationship worked in the formation of Alliance policy making and how personal relations eased the conduct of British and American foreign policy. This thesis investigates how influential this bilateral relationship was in the intra-Alliance consultations and how it helped the British, and the Americans to a lesser extent, in their pursuit of their political objectives in Alliance politics. By

²⁶ Kenneth O. Morgan, *Callaghan: A Life* (Oxford: Oxford University Press, 1997), p.622.

²⁷ Dumbrell, *The Special Relationship*, p.98.

²⁸ Lane, ‘Foreign and Defence Policy’, pp.162–3.

doing so, it offers thoughts about how UK-US diplomatic relations affected transatlantic relations and, as a consequence, East-West relations. It should be stated here that this is a work of British diplomatic history, resting for the most part on sources from the UK government and those who worked for it. Any discussion of, or judgements upon, the foreign policies of other nations – primarily the United States and West Germany – relies on the research of other specialists.

This thesis is divided into five chapters. Chapter One investigates the development of British defence policy under the Callaghan government. It begins with an examination of Callaghan's visions for British foreign and defence policy from 1974 until taking over the premiership from Harold Wilson in April 1976. It then shows how the Callaghan government's defence policy was affected by the continuing economic crisis while détente was about to lose its momentum in and outside Europe. This chapter reveals that the decline in Britain's status increased West Germany's presence in the Alliance by investigating the relations between defence expenditure cutbacks and the Anglo-German offset negotiations. It concludes with an exploration of the change of British policymakers' minds on Britain's contribution to European security from physical military strength to diplomatic skills and knowledge in the management of transatlantic relations.

Chapter Two tracks the Callaghan government's initial reaction to the new Carter administration's policy towards European security. The Carter administration's new approach to European security caused concern among the European allies about whether the new administration wanted a close consultation with the Alliance members for their pursuit of foreign policy. The Callaghan government thought that the establishment of a good relationship with the new administration was important not only to retain Britain's influence as a principal player in European international relations but also to modify the administration's radical foreign policy for the

maintenance of the unity of the Alliance. It illustrates how the Callaghan government and the Carter administration built a new Anglo-American special relationship through the preparations for the NATO ministerial meeting in London in May 1977.

Chapter Three starts with an analysis of the Callaghan government's review of the Carter administration's foreign and defence policy. The success of the London NATO summit stabilised transatlantic relations, but European allies' worries remained as the increasing Soviet military build-up in Europe and the slow development of the SALT II negotiations heightened anxieties. The main cause of concern was the lack of US initiative in intra-Alliance consultations. This chapter then illustrates the cacophony in the Alliance by focusing on the discussion over the Enhanced Radiation Warheads (ERW). It reveals the Carter administration's reluctance to assume political leadership on this issue when it was dealing with the Soviet Union in the SALT II negotiations. While Callaghan adopted a wait-and-see attitude towards this issue, West German Chancellor Helmut Schmidt warned of the 'Eurostrategic' imbalance in medium-range nuclear weapons in Europe caused by the SALT II negotiations which was to be known as the 'grey area'.

Chapter Four illustrates the close Anglo-American cooperation towards an Alliance consensus for the production and deployment of the ERW under US leadership from January 1978. The chapter then shows how that Anglo-American special relationship worked for the re-stabilisation of the Alliance, which was severely shaken by Carter's sudden decision of the deferment of the plan at the beginning of April. While Schmidt lost his trust in Carter's foreign policy towards European security, Callaghan consistently supported the President and his efforts played a decisive role in the restoration of the Carter administration's credibility as the leader of the Alliance. It then considers Britain's further contribution to the success of the Washington NATO summit in June 1978.

Chapter Five deals with intra-Alliance discussions on the modernisation of theatre nuclear forces (TNF) and on the grey area issue. It starts with an examination of the Callaghan government's consideration on the nuclear balance in Europe. Given the lack of a NATO TNF equivalent to the Soviet Union's medium-range nuclear systems, the Callaghan government thought that the grey area, which included both NATO's TNF and Russian medium-range nuclear weapons, should be excluded from arms control negotiations unless the TNF were modernised, otherwise the Russians would take advantage of their superiority in this field in the negotiations. This chapter illustrates why the Callaghan government decided to accept the Carter administration's 'integrated strategy' in which the TNF modernisation and grey area negotiation took place in parallel. It then elucidates Callaghan's role in the important four-power summit meeting at Guadeloupe in January 1979. This chapter finally analyses policymakers' thoughts in the last months of the Callaghan government on the decline of Britain's presence in the Alliance and the rise of West Germany as the second major player in European security.

CHAPTER ONE

The Callaghan Government, Economic Crisis and British Defence Policy

(April to December 1976)

Introduction

The first year of James Callaghan's government was dominated by disastrous economic crisis and cuts in public expenditure. Recently, historians have investigated this period by using newly declassified British primary documents. Much attention has been paid to economics and finance and the impact of 1976 on the British economy. Until now, there has been no thorough consideration of the effects on Britain's defence policy.¹ This chapter assesses the development of British foreign and defence policy under the Callaghan government from April to December 1976. It focuses on two questions; first, on coming to power, what kind of vision Callaghan himself, and his government, envisaged for Britain's policies; and secondly, how foreign policy was obliged to change as the result of the never-ending economic crisis which eventually led to the British application to the International Monetary Fund (IMF) for a £2.3 billion rescue package?

Our analysis begins by revealing the Callaghan government's thinking on transatlantic relations and European security. Then it analyses how the economic crisis and subsequent defence expenditure cuts eroded Britain's influence and credibility as a

¹ For example, Ikemoto, *European*, pp.115–56; Schenk, *The Decline*, pp.368–95. Robb, 'The "Limit"', pp.321–37.

principal member of the Atlantic Alliance. As the chapter goes on to show, since the Labour Party returned to power in March 1974, the Wilson and Callaghan governments intended to target Britain's defence contribution on Europe and adjust the size of the armed forces due to reduced resources in the Exchequer. Nevertheless, the economic crisis had greater ramifications than the British policymakers had thought. Inevitably the Callaghan government was obliged to reduce public expenditures and defence expenditure. This chapter finally investigates the process of transition in British policymakers' thinking on defence expenditure cuts and the dilemma which would dominate the mid to late 1970s: how to maintain Britain's presence in the Alliance as its military strength, and influence, declined after a seismic economic shift?

1. The Callaghan Government's Foreign Policy Vision

When Callaghan entered No.10 Downing Street on 5 April 1976, Britain's long-term diplomatic problems in Europe seemed to have reached a stage of relative stability: Britain's EC membership was assured and tensions in East-West relations had ostensibly quietened. Therefore, the task of the new Prime Minister was to adapt Britain's recently European-based foreign policy to this new phase in European international relations.

Callaghan had been directing British foreign policy as Foreign and Commonwealth Secretary since the Labour Party came back to power in March 1974. The aging Prime Minister Harold Wilson entrusted Callaghan the handling of Britain's relations with the

US and Europe.² The Prime Minister and his Foreign Secretary shared belief in the concept of ‘Atlanticism’. Their Atlanticist outlook emerged soon after Wilson came back to office in March 1974. Callaghan told at the House of Commons on 19 March:

I must emphasise that we repudiate the view that Europe will emerge only out of a process of struggle against America. We do not agree that a Europe which excludes the fullest and most intimate co-operation with the United States is a desirable or attainable objective.³

This clearly meant that Britain’s relations with Europe should not be developed at the expense of the Anglo-American relationship. Besides, Wilson affirmed the importance of Anglo-American relations to the US Secretary of State Henry A. Kissinger at a meeting in the same month saying that he and Callaghan were ‘Atlanticist’.⁴ Their ‘Atlanticism’ was based on the preference for a global rather than a European approach to international affairs, even though Britain was not materially much more of a European power.⁵ This view was reinforced by Callaghan’s observations on international affairs and his experiences in government convinced him that the Americans would help the British when their nation was in crisis.⁶

As Prime Minister, Callaghan chose Anthony Crosland as the new Foreign Secretary which in part reflected inner party politics. Callaghan himself recalled later that Roy Jenkins was the person he was thinking of at first.⁷ However, with the vivid memory of

² Lane, ‘Foreign and Defence Policy’, p.155; Möckli, *European*, p.305.

³ Hansard, vol.870, 19 March 1974, col.862.

⁴ The National Archives, Kew, London (hereafter TNA/), PREM16/290, Record of a Conversation between the Prime Minister and the Secretary of State, Dr. Henry Kissinger, at 10 Downing Street on Thursday 28 March 1974, at 4.00 pm.

⁵ Morgan, *Callaghan*, p.413.

⁶ *Ibid.*, pp.393 and 402; Lane, ‘Foreign and Defence Policy’, p.155.

⁷ Callaghan, *Time*, p.403.

deep party disputes over Britain's relations with Europe in the first half of seventies, his appointment was rejected because of his ardent pro-European attitude and active role during the referendum campaign in 1975.⁸ For these reasons, the idea of Jenkins as Foreign Secretary would have raised serious suspicions among the party's left wing 'anti-marketeters'. Actually, Michael Foot, the leader of the left wing, insisted that the post of Foreign Secretary should not go to Jenkins because Foot's supporters would not accept him.⁹ Given Foot's influence in the left wing of the party as shown by the number of votes he obtained in the March leadership contest, Callaghan could not refuse his demand. Taking this concern into consideration, his choice of the moderate European Crosland was the second best alternative to avoid the confusion over the European affairs in the party.¹⁰ In the end, Jenkins was appointed to President of the European Commission in autumn of that year and left British politics.

Nevertheless, Crosland had little experience in foreign affairs even though he was instinctively interested in the foreign secretaryship.¹¹ According to one of his advisers, Crosland was 'dropped from the skies into the FO' by Callaghan.¹² The new Foreign Secretary was soon preoccupied with the Cod War, the disputes between Britain and Iceland over fishing rights in the North Atlantic, and the problems in Rhodesia. Crosland said Callaghan deprecatingly that 'when I pop off and they cut open my heart, on it will be engraved "fish" and "Rhodesia"'.¹³ Given these priorities, Callaghan himself had some room for his own influence in the management of transatlantic relations, a subject which engaged him. Similarly, Healey enabled Callaghan to

⁸ David Gowland and Arthur Turner, *Reluctant Europeans: Britain and European Integration, 1945–1998* (Harlow: Longman, 2000), pp.205–6.

⁹ Kevin Jefferys, *Anthony Crosland* (London: Richard Cohen, 1999), p.197.

¹⁰ Callaghan, *Time*, pp.399–400.

¹¹ Susan Crosland, *Tony Crosland* (London: Jonathan Cape, 1982), p.320; Jefferys, *Crosland*, p.200.

¹² Crosland, *Crosland*, p.324.

¹³ *Ibid.*, p.339.

concentrate on issues outside of the Treasury; Callaghan regarded Healey as a highly capable Chancellor and did not want himself to be over-involved in economic matters.¹⁴ These factors provided continuity between the Atlanticist outlook of the Wilson government and its successor. Callaghan wished to guide the development of Britain's place in the world without making any major changes in its fundamentals as Britain began its steady adjustment, post-EC entry, to its new European and North Atlantic-based foreign policy.

While the new Prime Minister prepared for the conduct of foreign policy under his own premiership, officials examined the future of British foreign policy in the late seventies on the basis of changing international affairs. On 5 April, the day Callaghan became Prime Minister, the FCO Planning Staff submitted a paper for the new incoming Foreign Secretary. The paper, titled 'British Foreign Policy for the Late Seventies', shows the FCO's recognition of Britain's altered status. On the one hand, it argued that the confirmation of Britain's membership to the EC in June 1975 was particularly significant in Britain's future foreign policy making and after the referendum the British had 'thrown in our lot with our partners in the European Community'. But, while pointing out the importance of Britain's relations with Europe as a confirmed member of the Community, the paper shared Callaghan's policy of the maintenance of balanced British relations with the US and Europe. It stated that '(i)t is important that our decision to add weight to our views by voicing them through the Community should not be at the expense of what remains our and our partner's most important other relationship, that with the US'. The paper also stressed that it was an essential European interest in all fields to 'keep the Americans engaged in partnership with Europe'.¹⁵ On

¹⁴ Callaghan, *Time*, p.399.

¹⁵ TNA/FCO49/642, Paper 1: British Foreign Policy for the Late Seventies, 5 April 1976.

this point, it is significant that the paper showed confidence in the future of the Anglo-American special relationship:

(T)he Americans now listen to some of our European allies on some subjects as much as they listen to us. [...] Closer German and French ties with the US are desirable, especially now that we are together in the European Community, but if their views are not to receive priority with the Americans over ours, we must be careful about preserving the assets for which the Americans value us. Our advice, experience and influence in international political, economic and financial affairs are undoubtedly still among them.¹⁶

This indicates Britain's two-fold objectives in its foreign policy in the Atlantic Alliance: sustained influence in Europe through EC membership, and preservation of the Anglo-American special relationship to strengthen its presence in Europe and to keep the US committed to European affairs.

On the Anglo-American relationship, the paper argued that Britain's defence contribution was the key. It pointed out that '(t)he size and nature of the British defence effort will be a decisive influence on Britain's relationship with the US. This is a factor which needs to be weighed against the economic burdens of the defence effort'.¹⁷ However, Britain's contribution was decisive not only for relations with the US but also European defence as a whole. For officials, who were not necessarily optimistic about the future of détente, Britain's contribution to European security was also a critical problem. On the basis of this concern about détente, the paper highlighted that while détente needed to be pursued, it should be parallel with the maintenance of Western

¹⁶ Ibid.

¹⁷ Ibid.

defence. In addition, it continued that '(i)f we cannot afford to spend more, it is urgent from the security viewpoint that we make the best use of the resources allocated to defence through rationalisation and joint arms procurement'.¹⁸ Accordingly, good transatlantic relations were essential for either Britain's political status or the unity of the Alliance in Europe under the Cold War. With this premise, the paper concluded that:

What they [the Alliance member countries] most want from us is a restoration of our economy as well as a return of political and psychological self-confidence so that we can play a full part with them in seeking to shape events to our common advantage. The Americans want a strong Europe, even though they would not always be enthusiastic about its manifestations. The French do not want the Germans to dominate Europe. The Germans themselves are reluctant leaders and do not want to dominate Europe either.¹⁹

Therefore, it can be summarised that foreign policy under the Callaghan government was rooted in traditions born after 1945 and now adapted to Britain's post-imperial, European-based outlook: first, to take a lead in the creation of a unified Europe which was amicable with the US, and secondly, to maintain Britain's traditional relations with the US, all against the backdrop of maximising British influence through cooperation. It is important that on this fundamental strategy for British foreign policy under the new government, there was a consensus between the Prime Minister and the FCO officials.

However, Britain's presence in the Alliance was at risk. The turbulence caused by continued economic crisis in 1976 eroded Britain's credibility in the Alliance and it prevented policymakers from pursuing these original diplomatic purposes. This

¹⁸ Ibid.

¹⁹ Ibid.

predicament emerged particularly in the defence field. Whilst it became more necessary to maintain defence spending for the preservation of Britain's presence in the Alliance, defence expenditure was not free from the massive spending cuts throughout the year.

2. Defence Spending Cuts and Britain's Contribution to European Security

Given the continuing severity of the economic situation, the Labour government began to pursue reduction in public expenditure after they came back to power in March 1974. Wilson soon requested a review of Britain's defence commitments. As early as 21 March, the new Defence Secretary Roy Mason told the House of Commons that the government had 'initiated a review of current defence commitments and capabilities against the resources that, given the economic prospects of the country, we can afford to devote to defence'.²⁰ The Labour Party's victory in the second general election in October secured the Party's, and Wilson's, position. Nevertheless, the Wilson government faced the problem of defence expenditure with enhanced seriousness.²¹

The government's review was published as chapter one of the *Statement on the Defence Estimates 1975*. It explained that 'a new balance between commitments and capabilities and between manpower and equipment expenditure will be achieved to meet the Government's strategic priorities' and that 'Britain's defence force had to be concentrated on those areas in which a British contribution to collective defence would be most effective in ensuring Britain's security and that of her Allies'.²² Based on this

²⁰ Hansard, vol.870, 21 March 1974, col.153-4W.

²¹ Harold Wilson, *Final Term: The Labour Government 1974-1976* (London: Weidenfeld and Nicolson, 1979), pp.9-11.

²² Cmnd 5976, *Statement on the Defence Estimates 1975* (London: HMSO, 1975).

premise, it said, NATO was a ‘linch-pin of British security’, and continued that ‘NATO should remain the first and overriding charge on the resources available for defence’ and British ‘commitments outside the Alliance should be reduced as far as possible to avoid overstretching our forces’.²³ Given the pressure on resources caused by economic weakness, the Labour government terminated Britain’s military commitment outside the Atlantic Alliance and decided to concentrate its defence contribution on the NATO area. As the result of this decision, Britain’s role in European security became the mainstay of its defence policy, and as a logical consequence, it reflected more directly Britain’s real defence contribution under the Cold War.

By this decision, defence expenditure was reduced by £136 million for the financial year 1976/77.²⁴ Mason recalled later that the review was ‘the best possible outcome’ and could ‘preserve our core defensive interests in Europe and fully maintained the integrity of NATO’.²⁵ On the contrary, Kissinger and the US Defense Secretary James R. Schlesinger were critical about Britain’s decision to downsize, particularly from the Mediterranean. Furthermore, they were concerned about the negative impact on NATO which could lead to other allies making defence reductions.²⁶ In September, Schlesinger told Mason that the Defence Review should be regarded as a ‘one-time process’ and further cuts would be ‘very adverse’ for the Ford administration. He continued that it might lead to an intensified pressure for the withdrawals of the US troops in Europe, an old argument often used by Washington. In response, Mason confirmed that there would be no further reductions and even if they were forced, they

²³ Ibid.

²⁴ TNA/CAB128/58, CC(76)1st Conclusion, 15 January 1976.

²⁵ Roy Mason, *Paying the Price* (London: Robert Hale, 1999), p.132.

²⁶ Robb, ‘The “Limit”’, pp.326–8.

would be made in 'tail area', which would not affect the troops in the front line.²⁷ Schlesinger repeated his anxiety and warning in his meeting with Wilson. Wilson responded by emphasising that his government was pro-NATO and 'very transatlantic-minded'. Nevertheless, his denial of the possibility of further expenditure cuts was somewhat vague.²⁸

Wilson's vagueness came from the gloomy state of British economy. The weakened British economy could not afford to maintain even the re-defined defence policy. Given the worsened economic situation, public spending cuts were still all-important, and defence expenditure could not be free from the axe. As early as the autumn 1975, further spending cuts for the financial year 1977/78 and subsequent years were discussed in the Cabinet, and on 13 November the Cabinet decided after a long discussion a public expenditure reduction of £3,750 million. Healy persuaded Cabinet by warning that:

(U)nless we were seen to be moving towards the possibility of external balance, it might well prove impossible in the interim to borrow overseas in order to finance the current account deficit, and the Government would then be forced to borrow from international institutions on conditions which would almost certainly include public expenditure cuts even more severe than those now contemplated.²⁹

Once the total amount was settled, the next step was how to allocate this reduction

²⁷ TNA/PREM16/733, Meeting between the Defence Secretary and the Hon James R. Schlesinger, United States Secretary of Defense, in the Ministry of Defence at 2.30 pm on Wednesday 24th September 1975; Robb, 'The "Limit"', p.329.

²⁸ TNA/PREM16/733, Note of a Meeting over Lunch between the Prime Minister and the United States Secretary of Defense at Chequers on Saturday 27 September 1975 at 1.00 pm.

²⁹ TNA/CAB128/57, CC(75)48, 13 November 1975. See also Mark D. Harmon, *The British Labour Government and the 1976 IMF Crisis* (Basingstoke: Macmillan, 1997), pp.112–4.

to the departments. Detailed discussion on defence spending cuts was held in the Cabinet on 9 December. Nevertheless, by then only a £2,600 million reduction had already been achieved and £1,150 million remained to be saved. Defence expenditure was an obvious target. The discussion focused on the international politico-military impact of defence expenditure cuts on Britain's presence in the Alliance. It was argued that 'cuts in defence expenditure implied a change in our historic position in the world which was irreversible.' As this quotation shows, there was anxiety about Britain's international standing caused by further defence expenditure cutbacks. In terms of European security, a reduced British commitment would lead the Americans to doubt Britain as their most reliable partner; consequently, West Germany's status would rise. Yet Cabinet was also reminded that even after reductions in defence expenditure, Britain still spent 5% of its GNP on defence while the NATO average was 3.9%. For this reason, it was thought that '[t]his could hardly be represented as a betrayal of the Alliance'.³⁰ Given that Britain's tight financial conditions, a drastic spending cut was unavoidable and should be granted. Nonetheless, reduction of defence spending at this point would not only jeopardise Britain's influence in the Alliance but also lead potentially to Germany's strength. More seriously, it was recognised that the cut would weaken the Alliance and could change the equilibrium of power in Europe accomplished by détente. After a long discussion, Wilson concluded that a total of £275 million should be cut in defence expenditure for 1978/79. He emphasised that these savings should be found mainly in support services and should not jeopardise Britain's contribution in the Alliance.³¹

However, Mason could not achieve this figure. What he could offer was only a total

³⁰ TNA/CAB128/57, CC(75)54, 9 December 1975.

³¹ Ibid; TNA/CAB128/57, CC(75)55, 11 December 1975.

saving of £175-180 million. It was obviously far shorter than the target figure.³² Nevertheless, Mason wrote that it was £157 million which he could offer without causing distrust about Britain's contribution to the Alliance. He warned that any belt-tightening greater than £157 million would harm Britain's reputation in the Alliance:

We have told our Allies and the public truthfully that the Defence Review was a fundamental re-examination of all our commitments and capabilities, with the aim of reducing our essential commitments [...]. If we now cut further into our planned provision for the years 1977/78 to 1979/80 our Allies are bound to question our continuing commitment to NATO. And the more we cut, the more fundamental will be their questioning.³³

Defence expenditure was discussed again in the Cabinet on 15 January 1976. Healey refuted the Defence Secretary's argument by sharply pointing out that even if the figure of £275 million was not achievable, cutbacks of at least £200 million should be made and he personally thought a further saving of £225 million was still possible. Callaghan then found for Mason; he pointed out that the Soviet Union was growing in strength and that conventional force was becoming more important while nuclear strength was less reliable. Based on this assumption, he argued that while he understood that defence expenditure should have to contribute to the expenditure saving, he believed that a reduction of more than £200 million 'could have a disproportionate symbolic effect

³² TNA/PREM16/780, Defence Expenditure 1977/78 to 1979/80: Note by the Defence Secretary, undated.

³³ Ibid.

upon our allies'. Moreover, it was pointed out in discussion that if Britain's defence expenditure was below that of France and Germany, there was a danger of 'ceasing to be even a second class NATO power'. At the end of long debate, Wilson again proposed a compromise. While agreeing the necessity of keeping the reductions below £200 million, he concluded the discussion saying that savings of £193 million should be found. This was the figure which Healey proposed as a minimum contribution from defence savings to show global reductions.³⁴

The Cabinet debates about expenditure savings and defence epitomised Britain's foreign policy predicament. On the one hand, Healey argued strongly that Britain's economic stability had critical importance and for that purpose drastic expenditure saving was inevitable. On the other hand, Callaghan, Mason, and Wilson insisted that the preservation of defence expenditure was essential to maintain not only Britain's status as a major player in the Alliance but also European security as a whole. Yet, it seems that the key issue for the ministers was how Britain could maintain its place in the Alliance facing economic decline and the rise of West Germany's presence in European international politics, and how it could keep America's attention as a special ally in Europe. In fact Wilson's decision was a compromise, but it clearly backed Mason/Callaghan's side. Wilson had sought a way to maintain Britain's place in the Alliance by capping the cuts at the minimum level. Such was the power of the traditions in British foreign policy established after 1945.

Once the defence expenditure cuts had been settled, the next tasks were to manage their effect on overall defence policy and to inform Britain's allies of them. As to the latter point, the possibility of Britain's defence expenditure cuts was already widely

³⁴ TNA/CAB128/58, CC(76)1st, 15 January 1976; Robb, 'The "Limit"', p.330.

known. After the NATO ministerial meeting in Brussels in December, the British ambassador to NATO Sir John Killick reported that ‘everybody was waiting with bated breath for decisions to emerge from a series of British Cabinet meetings which were known to be going on’.³⁵ He warned that if Britain curtailed its defence spending in research and development and depended more on the US assistance, it would harm Britain’s position in Europe.

The British government decided to explain matters to the allies before the reduction was announced publicly in the *Public Expenditure White Paper* which was due to be published in mid-February. But the details of the reductions were already sent two days in advance to the US, West Germany, and NATO to convince them that this reduction would not affect the Britain’s contribution to NATO.³⁶ The choice of the US and West Germany was a reflection of anxiety about a closer US-West German relationship. Mason wrote to Wilson of his concern about the impact of the expenditure savings on Britain’s status in the Alliance. He pointed out that the increasing closeness of the US and West Germany and the growing flexibility and influence of French policy made Britain’s relations with the US and West Germany weaker and its position more isolated in the defence field. He continued that defence expenditure reductions would accelerate this tendency and there was ‘more than a hint that they now regard us with a greater degree of wariness, even suspicion, as a weak and possibly unreliable ally to be increasingly discounted as a major force for cohesion and strength in the Alliance’. For this reason, he argued that Britain should make a maximum effort to turn their impression around and convince their major allies of Britain’s determination to maintain their contribution to NATO by emphasising that the reduction would be done in the ‘tail’

³⁵ For example, TNA/FCO41/1642, Killick to Sykes, 19 December 1975.

³⁶ TNA/FCO46/1381, Defence Expenditure, 19 January 1976.

area, not the 'teeth' area.³⁷

Possibly because of this British government's efforts, most of the allies responded positively to the *Public Expenditure White Paper*.³⁸ For example, the Germans were even sympathetic about the defence cuts because the main reduction was performed in the 'tail' area.³⁹ However, the Americans were more exercised than other member states about the impact of defence cuts to the Alliance as a whole. For the Ford administration, any defence expenditure reduction made by their allies had potentially harmful effects on their effort to maintain defence spending in the face of considerable Congressional pressure. As soon as the Cabinet decided the defence expenditure cut in December, Kissinger sent a message of deep concern to Callaghan: 'any further defense reductions would weaken Britain's influence as a NATO ally, with important implications for future European stability'.⁴⁰ The new US Secretary of Defense Donald Rumsfeld repeated the same fear to British ambassador to the US, Sir Peter Ramsbotham.⁴¹ Britain's reputation with its allies would not easily survive any further cuts. Even though Mason justified their decision by arguing that it would only affect in the 'tail' area, there was no tail left; any additional defence cuts would inevitably influence the 'teeth' area and, inevitably, Britain's standing.

On the issue of how to manage the effect of the reduction on defence policy, the Wilson government intended to include it in the *Statement of the Defence Estimates*, due for publication on 17 March. The *Statement*, first of all, defined Britain's perception of the relation between defence and détente: 'The Government is committed to the search for real and enduring peace in Europe, and supports NATO as an instrument of

³⁷ TNA/FCO46/1381, Mason to Wilson, 22 January 1976.

³⁸ TNA/FCO46/1382, UK Delegation NATO (hereafter UKDN) to FCO tel.131, 27 February 1976.

³⁹ TNA/FCO46/1382, Bonn to FCO, tel.178, 17 February 1976.

⁴⁰ TNA/FCO82/577, Kissinger to Callaghan, 9 December 1975.

⁴¹ TNA/FCO46/1382, Washington to FCO, tel.636, 19 February 1976.

détente, no less than of defence'.⁴² The *Statement* then re-affirmed that defence and détente were the two main pillars of British defence policy. However, whilst describing the development of détente in several areas, such as CSCE, MBFR and SALT II, it drew attention to the expansion of conventional forces either in quality or quantity in the Eastern block on ground, sea, and air. It analysed that there was no likelihood of aggression from the Eastern bloc, but the Soviets would take advantage of the economic problems which the Western countries were facing 'to wean them away from their alliance with the United States and to make them more susceptible to Soviet influence'.⁴³

Yet, East-West détente was fading after the period of euphoria. In America, the critics of détente warned of the risks caused by further relaxation of tensions. As the presidential election of November 1976 was approaching, Ford was forced to defend his foreign policy from right-wing criticisms in and outside of his own party. It was important for him to defend the attack from Ronald Reagan, a powerful competitor to be the Presidential candidate.⁴⁴ On 1 March, in a television interview, Ford did not use the word of 'détente' and described his foreign policy as 'a policy of peace through strength'. Did this disappearance of the word of détente imply a visible shift in US foreign policy from détente to confrontation? A month later, Ramsbotham explained that the omission of the term was due to enhanced criticism in America of Kissinger's détente policy. The Ford-Kissinger's foreign policy faced stark attacks on SALT, the expansion of Soviet conventional forces, Kissinger's negligence of human rights, and its commitment to the conflicts in southern Africa, particularly Angola. But what is

⁴² Cmnd 6432, *Statement on the Defence Estimates 1976* (London: HMSO, 1976).

⁴³ *Ibid.*

⁴⁴ Jussi M. Hanhimäki, *The Rise*, pp.94–7; Hanhimäki, *The Flawed*, pp.442–7; Garthoff, *Détente*, pp.601–6.

important in this despatch is that Ramsbotham pointed out that the Americans had not found the answer to the question of how to respond to the emergence of the Soviet Union as a 'superpower', and thus they were uncertain about Kissinger's policy. Nevertheless, he reported that a majority of the Americans still supported the substance of détente. While the Ford administration's handling of the US-Soviet relations would become more cautious by the end of the year, not least because of the presidential election in autumn, Ramsbotham was optimistic about the continuation of détente by the Americans.⁴⁵

FCO officials agreed with this Ramsbotham's analysis.⁴⁶ However, there remained the issue of how the debate in America over its policy direction would play among European countries where confusion was growing. The gap between the Americans and the European allies became evident at the NATO ministerial meeting at Oslo in May. In the communiqué preparations, the Americans proposed the omission of the word of détente from the draft. The FCO Defence Department pointed out that NATO was an alliance for détente as well as defence, thus both were 'essential to HMG's own policy towards the Alliance'. In that situation the omission of the word détente would be 'picked up and misinterpreted [...] by readers of the communiqué'.⁴⁷ It was clear that the Americans wanted to delete the term because of their domestic political situation, and it was likely that the other allies would react more strongly against the idea than the British. Officials pointed out that given the difficulties the Americans were facing, 'we would not want to die in the last ditch for the word détente'.⁴⁸ This reflected the view

⁴⁵ TNA/FCO82/655, Ramsbotham to Crosland, 'Peace through Strength' – US-Soviet relations in 1976, 31 March 1976.

⁴⁶ TNA/FCO82/655, Thomas to Cartledge, Sir P. Ramsbotham's Despatch on Détente, 9 April 1976; Thomas to Sykes, Sir P. Ramsbotham's Despatch on Détente, 13 April 1976.

⁴⁷ For example, TNA/FCO46/1360, Margetson to Hunter, 29 April 1976; Hunter to Holmer, 4 May 1976.

⁴⁸ TNA/FCO46/1360, Hunter to Holmer, 5 May 1976.

of the North American Department whose head, Derek Thomas, wrote that ‘if we expect the Americans to take our domestic political constraints into account from time to time, I would prefer us not to take the lead on this issue’.⁴⁹ This passive attitude shows Britain’s declining position in transatlantic relations. In fact the officials were worried about the American stance towards détente. But the quid pro quo in their minds was obvious: a dispute with the Americans might lead to a loss of sympathy for Britain’s politico-military predicament. In a sense, what this diplomatic dilemma indicates is the reality of Anglo-American relations in the latter half of seventies which will be described in detail in the subsequent chapters of this thesis.

Objections from the other allies – especially France – ensured that ‘détente’ was included in the communiqué.⁵⁰ But for the British, apprehension about the future of détente remained. At the ministerial meeting, Kissinger eloquently reassured allies on the continuation of US commitment to détente and emphasised the importance of NATO co-operation for its development.⁵¹ However, despite his assurances, Killick remained doubtful and asked ‘whither America?’⁵² This pessimism was criticised in the FCO. E. J. Hughes of the Atlantic Region Research Department argued that the Americans had recovered from the ‘traumas of Vietnam and Watergate’, and were still committed to an active foreign policy.⁵³ This indicates that in the FCO there was no clear image of the future of US foreign and defence policy and the US presidential election campaign made any forecast more difficult.

⁴⁹ TNA/FCO46/1360, Thomas to Hunter, 5 May 1976.

⁵⁰ TNA/FCO46/1360, Homer to Hunter, 7 May 1976; FCO to UKDN, tel.134, 10 May 1976; NATO e-Library (hereafter NATOEL), North Atlantic Council, Final Communiqué, Oslo, 20–21 May 1976: <http://www.nato.int/docu/comm/49-95/c760520a.htm>.

⁵¹ TNA/FCO46/1361, Oslo to FCO, tel.163, 20 May 1976.

⁵² TNA/FCO46/1361, UKDN to FCO, tel.241, 24 May 1976.

⁵³ TNA/FCO46/1361, Hughes to Smith, 3 June 1976.

3. The Offset Negotiation: A Thorn in the side of Anglo-German Relations

While the major part of the £193 million savings in defence expenditure would be found in British budgets, the government now more than ever needed to recoup money from West Germany through offset payments for British troops stationed there. A successful outcome to the latest stage in the Anglo-West German offset negotiations was of crucial importance for Britain's future defence policy, not simply because the total involved – some £50 million – would mean more than a quarter of the total required defence spending savings. There was a further concern: if the offset negotiations failed and the target figure was not reached, whatever amount that the German government would not pay Britain would shift to the defence budget.⁵⁴ Since the present agreement would expire on 31 March 1976, a rapid and positive negotiation was critical to Britain.

It was not the Labour government's first experience of offset. Successive offset negotiations through the 1950s and 1960s had been complicated and difficult and thus this question had been a thorn in the side of post-war Anglo-German relations. Yet the question needed to be resolved. The stark fact was that the British Army of the Rhine (BAOR) continued to be the biggest cost for Britain's balance of payments overseas. The first Wilson government faced this problem in 1966. Given severe economic conditions, the Labour government warned that it would be forced to reduce the number of British armed forces in West Germany. After six-month trilateral talks started in October 1966 between the UK, US and German officials, it was agreed that the Germans would pay for the stationing cost of the US and the UK forces in West Germany. In addition, the then Johnson administration offered an additional \$35 million

⁵⁴ TNA/PREM16/780, Wright to Mayne, Defence Expenditure: 1977/78–1979/80, 4 February 1976.

(£12.5 million) in defence procurement orders with Britain.⁵⁵

As the Labour Party came back to power in 1974, the Anglo-German offset problem was an active politico-military issue. It was suggested at the Defence and Overseas Policy Committee (OPD) on 1 August that the British government should seek an arrangement in which Britain's economic burden would be more equitably shared among the Alliance, and that the Germans be asked to make a much greater contribution to the budgetary cost of the BAOR.⁵⁶ The matter was discussed again in detail in the OPD on 9 September 1975. There, it was formally decided to seek a new offset agreement which would commit the Germans to provide a higher cash contribution to maintain British troops in West Germany. It was also agreed that the British government should seek, at least as an opening bid, a direct budgetary payment of DM 500 million (just under £100 million) a year and it should not be less than DM 300 million a year.⁵⁷

However, the prospect of the negotiation did not seem bright from the outset. The British Ambassador to West Germany, Sir Oliver Wright, pointed out as early as mid-October that the Anglo-German offset agreement faced numerous difficulties. He indicated that the West German government was also engaging in cuts in public expenditure before the election scheduled the following year. Wright then added that for the Germans, the UK's economic problems seemed 'self-induced' and its European policy towards European unity did not attract their sympathy. Furthermore, he thought

⁵⁵ The then US President Lyndon Johnson had several reasons to do it: He deeply concerned the possible harmful effect of Britain's decision of the withdrawal of the BAOR forces. It would shake the Alliance when then French president Charles de Gaulle decided to withdraw the French forces from NATO's integrated military structure in March 1966. In addition, from American domestic political point of view, reduction of the BAOR would accelerate Congressional pressure to cut the American forces in Europe, see James Ellison, *The United States, Britain and the Transatlantic Crisis: Rising to the Gaullist Challenge, 1963–68* (Basingstoke: Palgrave Macmillan, 2007), pp.82–90, 132–4.

⁵⁶ TNA/CAB148/145, OPD(74)13th meeting, 1 August 1974.

⁵⁷ TNA/CAB130/904, Offset: Brief by the Foreign and Commonwealth Office, Annex 1, 29 January 1976; TNA/PREM16/778, Hunt to Wilson, Future of Anglo-German Offset, 8 September 1975. The target figure of £50 million, decided in the Cabinet discussions for Anglo-German offset negotiations, was approximately DM270 million.

that Chancellor Schmidt felt that Britain should do something in return for his support for the renegotiation of the terms of the Britain's membership to the EC. Wright's conclusion was bleak: fundamentally the Germans, particularly Chancellor Schmidt, did not wish to conclude a new offset agreement.⁵⁸

Nonetheless, with no option, the Labour government soon approached the Germans about a new offset agreement as it was critical to the future of Britain's defence commitment to European security as well as its status in the Alliance. As early as November, the then Foreign Secretary Callaghan sent a message to West German Foreign Minister Hans-Dietrich Genscher to remind him of the urgency that Britain attached to a new offset agreement. In his message, Callaghan stressed the significance of the contribution of the British troops in West Germany to the Alliance and the fact that Britain spent more money on defence than other European NATO countries. Moreover, he wrote that Anglo-German cooperation in the rescue of Britain from financial and economic difficulties was a 'joint interest of both our countries' and 'everything possible should be done to avoid any impairment of the burden of the British capacity to contribute to our common defence effort'.⁵⁹ In this logic, a new offset agreement was justified in the name of European security.

From January 1976, the British became active. Clearly the final arrangement of defence expenditure and the expiry of the current offset agreement led them to swift negotiations with the Germans. Wilson touched off the negotiation when he visited Copenhagen to attend a meeting of European Socialist leaders. In a brief conversation with Schmidt, Wilson warned the Chancellor that if Britain's requirements on offset

⁵⁸ TNA/CAB130/828, Bonn to FCO, tel.813, 15 October 1975.

⁵⁹ TNA/PREM16/778, Callaghan to Genscher, 21 November 1975.

should not be achieved, additional cuts would have to be made in ‘teeth’ area.⁶⁰ Schmidt gave nothing of his views away in this brief discussion, but his attitude became clear during his visit to Chequers in early February. According to the brief prepared for the meeting with Schmidt, the stationing of British forces in Germany was ‘an enormous burden’ to the Exchequer. It cost more than £450 million in the 1974/75 financial year and its direct impact on Britain’s balance of payments was £335 million in that year.⁶¹

It was not clear if Britain’s sustained pressure on the Germans affected Schmidt, but his reply at the Chequers meeting was both sympathetic and reluctant. Schmidt told Wilson in their tête-à-tête that he understood the difficulties that the British government was facing, but he did not regard them as serious as the British government did. At the same time, while he did not wish to give a ‘flat negative’ to the new offset agreement, he considered that it was not opportune to give the West German people any impression of additional credit in the election year. For Schmidt, it was ‘most important that nothing should be made public before October’.⁶² For the British government, however, the period until October would be a difficult time, but all they could do was wait; the Germans were dictating the timetable and any further approach to them might harden their attitude.

The difference over offset occurred while Anglo-German relations were otherwise good. However, there were sources of concern for the British. Sir Michael Palliser, the Permanent Under Secretary of the FCO, noted in his minute to Callaghan of 28 January 1976 that the West German ambassador to Britain, Karl-Günther von Hase, had said that

⁶⁰ TNA/PREM16/1082, Wright to Fergusson, Anglo/German Offset, 20 January 1976.

⁶¹ TNA/CAB130/904, Offset: Brief by the Foreign and Commonwealth Office, 29 January 1976.

⁶² TNA/PREM16/892, Note of a Meeting between the Prime Minister and the Federal German Chancellor at Chequers on Saturday 7 February 1976.

there was disappointment in Germany over Britain's attitude towards Europe. Von Hase told Palliser that if Britain could not afford to contribute further finances to the EC, the British should show more political commitment. The same could be said in defence. Palliser wrote that there was disquiet at the prospect of reductions in Britain's defence commitment to Germany, adding that '(t)he combination of anxieties about our attitude towards the Community and our tendency to reduce our defence effort had had a daunting effect on German opinion'.⁶³ For the success of the offset agreement, good Anglo-German relations were essential and the only card left that the British could play – to threaten to reduce the BAOR given the lack of offset payments – might worsen them. The Callaghan government was hamstrung by finances at home, by the lack of them from Germany, and by the inability to do much about it.

It was recognised in February that any real negotiation would not commence before October, when the federal election was to be held. Nevertheless, the impatient British government tried to persuade the Germans to sit at the negotiating table as soon as possible when Callaghan visited Bonn as the new Prime Minister in June. But he had no success as Schmidt repeated his earlier position on offset. Moreover, Schmidt added that West Germany would handle the US-German negotiations separately from the UK-German ones and that talks with the Americans had received priority and would be concluded soon.⁶⁴ This separation indicated that the Germans saw negotiations with the Americans differently. Indeed, as Schmidt told Callaghan, the US-German offset agreement was secured during Schmidt's visit to the US on 17 July. Schmidt and Ford issued a joint statement which announced the end of traditional US-German offset

⁶³ TNA/PREM16/892, Palliser to Callaghan, Germany and the European Community, 28 January 1976.

⁶⁴ TNA/PREM16/894, Note of a Conversation between the Prime Minister and the Federal German Chancellor after Lunch in the Chancellery in Bonn on Wednesday 30 June 1976.

agreements and a German contribution of \$68 million to the cost of relocating an American combat brigade.⁶⁵ The improved American balance of payments ensured that the Ford administration gave up on continuation of a traditional offset agreement and this made the surprisingly rapid conclusion possible.

More importantly, that agreement implied two things: an improved US-German relationship and the arrival of a more powerful Germany in European security. J. O. Moreton, Minister of the British embassy in the US, reported in his despatch that the rapid recovery of the West German economy and further growth of its economic and defence power expanded the range of West German foreign policy, and made Bonn a major partner of Washington. Moreover, the despatch stated that good US-West German relations would help sustain America's commitment to Europe and maintain Germany in the Western camp. Yet, to allay fears in London, it added that while US-West German relations would develop, Anglo-American relations could maintain their significance. Its conclusion was still optimistic for the British; the Germans 'are not a nuclear power, they lack our understanding of the strategic nuclear problems faced by the US, which we have been sharing for over 30 years'. It continued that 'despite our defence cuts we can still talk to the Americans across the whole range of their military preoccupations'.⁶⁶ In short, it came to the conclusion that the US would continue to regard the Anglo-American relationship as equal with US-German relations.

The interaction between Anglo-West German and Anglo-American relations was an open question in the FCO. On the other hand, the British Embassy in Bonn had a different view. It challenged the Washington embassy's despatch, pointing out that 'a

⁶⁵ Helmut Schmidt (translated by Ruth Hein), *Men and Powers: A Political Retrospective* (New York: Random House, 1989), pp.175–8.

⁶⁶ TNA/FCO33/2906, US-German Relations: Chancellor Schmidt's Visit, 2 September 1976.

situation in which the German voice carried more weight in Washington than our own would be a new one, and could in the long run have implications'.⁶⁷ The offset negotiation revealed the changing power-balance among the Alliance. West Germany was clearly increased its presence while Britain was struggling with its financial difficulties to maintain its physical contribution to European security. It was important that this became clearer exactly when the Soviet Union's military build-up emerged a more pressing threat to the Alliance.

The successful termination of a traditional US-German offset agreement reflected improved US-West German relations which in turn increased Germany's presence in the Alliance even if it might not decrease the strength of Anglo-American relationship. In contrast, the end of the traditional US-German offset agreement had a damaging impact on Britain's effort to maintain its influence upon European security. Under severe economic woes, the British had little financial resource available for the maintenance of its military contribution to European security. The Anglo-German offset could effectively compensate for that lack. However, the fundamental problem which the Anglo-German offset negotiations entailed was the irony that Britain asked West Germany for financial support to deter the rise of its presence in the Alliance. This self-contradiction was increased by the devastating situation of the British economy throughout the rest of the year. The more the British economy deteriorated, the more urgent the success of Anglo-German offset negotiations became. The amount of £50 million was crucial not only for defence expenditure but also the future of Britain's presence in the Alliance. Unfortunately for British policymakers, their concerns over Britain's contribution to the European defence were only set to deepen.

⁶⁷ TNA/FCO33/2906, Bullard to Sykes, US/German Relations: Chancellor Schmidt's Visit, 23 September 1976.

4. The IMF Crisis and Britain's Presence in the Alliance

In September and October 1976, Britain's Ambassador to NATO, Sir John Killick, sent two despatches to the FCO titled 'Medium and Long-term problems for NATO'. In his first despatch, Killick argued that NATO was 'being taken too much for granted', but the Alliance might be necessary 'urgently and acutely' because of increasing Soviet military power and its capability for military intervention outside of the NATO area as well as military imbalance on land in Europe.⁶⁸ In his analysis, even if the possibility of Soviet military attack was not feasible, there was the real danger in Europe of Soviet political pressure taking advantage of their military superiority. For this reason, Killick proposed that NATO be used more as a forum for political consultations. He pointed out that there was a widespread impression that Britain's contribution to NATO was 'less genuine and wholehearted than it might be' and 'the pendulum has swung too far in the direction of the Community'. Yet, as the Defence Review stated, NATO was now the 'linch pin' of Britain's security, and Britain should play a major role in political consultations by encouraging the habit of 'thinking NATO' in the Alliance.⁶⁹ His despatch suggested a way for the UK to maintain its political influence in the Alliance even after the defence expenditure cuts had weakened its physical contribution to European defence. More precisely, Killick's despatch implied that a British initiative on more active Alliance consultations to resist Soviet political pressure could be an alternative to its declining military commitment in Europe. In his second despatch,

⁶⁸ TNA/FCO46/1366, Killick to Crosland, Medium and Long-term problems for NATO, 10 September 1976.

⁶⁹ Ibid.

Killick referred to West Germany's increasing influence in the Alliance. Sharing the view of the Embassy in Washington, he did not think the US-West German relations would develop at the expense of Anglo-American relations. The issue was how the Alliance would adjust to enable the Germans to play a greater politico-military role in which they felt comfortable whilst their foreign and defence policy was harnessed by the Alliance.⁷⁰

Ramsbotham agreed with Killick's view, reporting Americans' concern about Britain's poor performance in NATO and 'an increasing tendency, particularly marked in the Pentagon, to lean towards the Germans at our expense over defence matters'. To counter this tendency, Ramsbotham suggested that:

(I)f we cannot help to revitalise the Alliance by making a greater military contribution (as we obviously cannot), then we should do everything possible in other areas. Political consultation is one field where we can perhaps hope to inject some life at relatively small cost. Activity on this front should help to reassure the Americans that we take NATO as seriously as ever, despite our increasing preoccupation with the EEC and with our own economic difficulties.⁷¹

These analyses by senior diplomats suggested a new role for Britain in the Alliance in the late seventies. They argued that Britain could defend its status by taking the initiative in political consultation in the Alliance, and at the same time it should consider how to utilise Germany's increasing presence, not by deterring it, but assisting it as

⁷⁰ TNA/FCO46/1366, Killick to Crosland, Medium and Long-term problems for NATO II, 21 October 1976.

⁷¹ TNA/FCO46/1366, Ramsbotham to Sykes, Medium and Long-Term Problems for NATO, 13 October 1976.

Soviet military strength grew. In other words, weakened economically, Britain could contribute to the stability of Europe and secure its influence by leading coordination in the Alliance, particularly with the Americans and the Germans, to adapt West Germany into a new situation.

However, the Callaghan government had little time to consider Britain's new role in the Alliance. Ministers were completely preoccupied with a devastating economic crisis from the summer of 1976. The value of sterling fell sporadically and the exchange rate became desperate in early June. Callaghan was still reluctant to ask the IMF for financial assistance, but the government decided to seek an international loan in that month.⁷² As a result of negotiations with major developed countries and international organisations, a £5.3 billion stand-by loan was arranged. Yet, it was a conditional loan. By the insistence of the US Treasury, the stand-by loan was available for three months and renewable for another three months, and that if the British government should not be able to return the money they would go to the IMF.⁷³

The stand-by loan gave Britain some breathing space. Still, it was necessary for the government to satisfy its creditors about the viability of the country's economic strategy. Thus a massive reduction of the public sector borrowing requirement (PSBR) was inescapable. Callaghan chaired three Cabinet meetings on 6, 15, and 19 July to decide the details of further public expenditure cuts. In the first meeting, on 6 July, Healey argued that it was essential to reduce the PSBR next year by a further £1,000 million.⁷⁴ Detailed discussion on defence spending was held on 15 July. Mason said that a total of £140 million cuts should be possible in the 1977/78 financial year by deferring capital

⁷² TNA/CAB128/59, CM(76)8th Conclusions, 10 June 1976; Harmon, *The British*, p.143.

⁷³ Ikemoto, *European*, pp.133–5; Harmon, *The British*, pp.146–7.

⁷⁴ TNA/CAB128/59, CM(76)13th Conclusions, 6 July 1976.

programmes and purchases of equipment, but the maximum amount which would not affect Britain's responsibility for security would be £85 million by a programme of deferments and a temporary moratorium on all new building starts. Apart from the discussion on the amount to be reduced itself, further reduction was refuted by the argument that this cut was the fourth within the past 19 months. Besides, it was argued that those allies who were pressing the view that the government had allowed social expenditure to outrun productive capacity would not be impressed by a package which included a disproportionate element of defence cuts. At the end of discussion, Callaghan argued that the reduction of £140 million was probably 'too high', and concluded that of a total public expenditure cut of £1,000 million, another £100 million of defence expenditure could be reduced.⁷⁵ It was a tough task for the ministers to have the best of both worlds. The expenditure had to be cut as much as possible lest the country should face bankruptcy, but defence spending cutbacks had to be kept in a minimum level to prevent further detrimental erosion of Britain's presence and credibility in the Alliance.

This additional defence spending cut inevitably affected Western defence and troubled Western allies. Immediately after the decision was taken, the US Secretary of Defense Rumsfeld sent a letter to Mason to express the US government's concern by emphasising the increasing Soviet threat and warning that '(a)ny reductions that would weaken or appear to weaken your defense would impinge adversely and directly on the collective security of every ally'.⁷⁶ Similarly in September, NATO Secretary General Joseph Luns expressed his anxiety to Mason not only about the military balance between East and West but also about the political fallout which would spread to other

⁷⁵ TNA/CAB128/59, CM(76)15th Conclusions, 15 July 1976.

⁷⁶ TNA/PREM16/1186, Rumsfeld to Mason, 19 July 1976.

allied countries.⁷⁷ In response, Mason's successor Fred Mulley told Luns on 22 September that the impact of the cuts was not so serious saying that it was a 'miracle' that the defence expenditure cuts were relatively small compared with other cuts and the quality of the British forces was maintained even under such difficulties.⁷⁸ Yet, no matter how the British tried to ease concerns among allies, Britain's further unilateral decision was not negligible in the light of its negative impact on Alliance defence policy as well as on Britain's credibility itself. Rumsfeld's and Luns' concerns showed that they were anxious that Britain's repetitious defence expenditure reduction would cause a domino effect and change the posture of the Alliance which had kept the politico-military equilibrium. When the Soviet military threat was becoming ever clearer, they could be a dangerous blow to European defence.

As the year drew on, the stand-by loan did not help the declining British economy and the weakness of sterling persisted over the summer. £1.1 billion was already drawn in June and a further £515 million at the beginning of September, but these funds did not bring relief to the decline in the value of sterling and it put the British economy in a more serious situation throughout the month. On 29 September, the British government finally announced that it had applied to the IMF for financial support of £3,900 million.⁷⁹ Along with this urgent short-term financial support from the IMF, the British government envisaged a huge amount of safety net for sterling repayable over six years mainly financed by America and West Germany.⁸⁰ Under these circumstances, an Anglo-German offset agreement was yet more critical for the future of Britain's

⁷⁷ TNA/PREM16/1186, Luns to Mason, 1 September 1976.

⁷⁸ The NATO Archives, Brussels, Joseph Luns 'Private Papers' (henceforward NATOLP/), 2397-1. DC/76/307, Meeting with the UK Secretary of State for Defence, Mr. F. Mulley on 22 September 1976, 24 September 1976: <http://www.nato.int/cps/en/natolive/95783.htm>.

⁷⁹ TNA/CAB128/60, CM(76)25th Conclusions, 8 October 1976.

⁸⁰ Schenk, *The Decline*, p.381.

contribution to European security. In addition, an early conclusion to the negotiations was essential to the formulation of Defence Budgets for the financial years from 1977/78 to 1980/81.⁸¹ At the same time, relations with Germany were of yet greater importance. A helpful German attitude was essential for the construction of the safety net for sterling balances as Germany was a major creditor for borrowing.

The Federal German election ended with success for Schmidt's SPD/FDP coalition on 3 October. This victory finally opened the door to the offset negotiation which the British government had waited for impatiently. Their hope was that the Chancellor intended to settle this problem at a high political level. They expected that the personal rapport between Callaghan and Schmidt would contribute to an early settlement.⁸² Immediately after the election, the British made a prudent step towards the Germans. Callaghan called Schmidt on 6 October to congratulate him on his success and got the Chancellor's agreement to a Chequers meeting on 10 October to talk about general political matters as well as economic problems. In that telephone conversation, Callaghan did not directly raise the offset problem. He just said the Chequers meeting would be 'a political talk to exchange ideas and views as to what you would advise, what you think we can do and so on'.⁸³ The British saw German help as vital, but the prospect of negotiation was not bright. In his telegram to Bonn, Crosland explained that while Schmidt's 'help will be of particular importance for our effort to maintain the value of sterling', and as a result of the weakened position of the SPD/FDP coalition, it seemed 'more unlikely than ever that this problem will be resolved except at the highest

⁸¹ TNA/FCO33/2933, Facer to Wright, 7 October 1976.

⁸² TNA/PREM16/778, Prendergast to Wright, Anglo-German Offset, 1 October 1976.

⁸³ TNA/PREM16/1276, Telephone Conversation between the Prime Minister and the Chancellor of the Federal German Republic at 1945 on Wednesday 6 October 1976.

level; i.e. in a deal between the Federal Chancellor and the Prime Minister'.⁸⁴ Nevertheless, in fact the offset problem was urgent matter, but it was also critically important to gain Schmidt's support in Britain's negotiations with the IMF. Cabinet Secretary Sir John Hunt wrote to Callaghan before the Chequers meeting that 'you have a bigger fish to catch'. He advised that the Prime Minister 'should take things just as far as the atmosphere and your political judgement dictates' to bring a sympathetic attitude from Schmidt to the safety net.⁸⁵ While Callaghan was eager to push Schmidt to conclude the new offset agreement, excessive demands would harm good personal relations and potentially lose the Chancellor's support for Britain's negotiation with the IMF. Here the power-balance in Anglo-German bilateral relations was clearly in West Germany's favour.

The Germans also began to move after the federal German election. The *Auswärtiges Amt* (the Federal German Foreign Ministry) notified Wright that the German side was ready to meet Britain's request for offset talks. However, it is important that the Germans regarded this meeting as purely 'fact finding'.⁸⁶ Thus, it was clear from the beginning that any drastic change could not happen prior to it. In the following negotiations between British and German officials at the end of October, it was decided that the fact finding meeting was to be held on 11 November.⁸⁷

In the meeting between Callaghan and Schmidt on 10 October at Chequers, the main subject was Britain's economic crisis. It was Schmidt who raised the offset problem, not Callaghan. He pointed out that the offset agreement 'was and would be very unpopular' in Germany and instead of the conclusion of a new agreement he proposed to smother

⁸⁴ TNA/FCO33/2933, FCO to Bonn, tel.488, 6 October 1976.

⁸⁵ TNA/PREM16/1276, Hunt to Callaghan, Visit of Chancellor Schmidt, 8 October 1976.

⁸⁶ TNA/FCO33/2933, Bonn to FCO, tel.925, 7 October 1976.

⁸⁷ TNA/FCO33/2934, FCO to Bonn, tel. 531, 28 October 1976; Bonn to FCO, tel.1003, 2 November 1976.

the offset payment in the safety net for sterling balances due to the unpopularity of the offset agreement in Germany. Naturally Callaghan did not give a clear answer to Schmidt's proposal.⁸⁸ But Britain's defensive position was strengthened by this Schmidt's pre-emptive remarks.

On the other hand, Callaghan publicly implied the linkage between the economic crisis and the British defence contribution. In a BBC Panorama programme on 25 October, Callaghan emphasised the role of sterling as a reserve currency and connected the sterling crisis with Britain's responsibility and burdens as an Alliance member.⁸⁹ Furthermore, he referred to the heavy cost of the BAOR saying that:

(I) If we are to be pushed into a position where we would have to make a choice between whether we carry on with these responsibilities or we have to say sorry our economic situation demands that we put our own position first, this would be a very serious matter for Europe. I don't want us to make that choice and I am very clear on this. I believe very strongly in NATO. I believe very strongly that Britain has a great contribution to make to the stability of Central Europe. But others have got to take this into account too.⁹⁰

The Germans reacted quickly. The West German press gave a lot of space to the Prime Minister's remark and suggested that Callaghan had threatened the withdrawal of the British troops stationed in Germany.⁹¹ German Foreign Minister Genscher was 'rather jumpy' with this news but the British denied any possibility of this kind of

⁸⁸ TNA/PREM16/799, Prime Minister's Meeting with Chancellor Schmidt at Chequers on Sunday 10 October 1976.

⁸⁹ Harmon, *The British*, pp.170–1.

⁹⁰ TNA/FCO33/2934, Panorama, 25 October 1976.

⁹¹ TNA/FCO33/2934, Summary of German Press, 27 October 1976: Mr Callaghan's Threat.

choice.⁹² The Panorama statement can be regarded as a *ballon d'essai* as an answer to Schmidt's comment in Chequers on 10 October. Actually Callaghan's linkage had been discussed in the government as a tactic for the offset negotiation with the Germans. However, the British were afraid that if Britain really withdrew its troops in Germany, the nation's presence in the Alliance would suffer further decline. With this risk in mind, this linkage could not be more than a *ballon d'essai*, even if Callaghan and other British policymakers felt differently.

The Germans were not only reluctant to meet British offset demands but also concerned about the direction of British defence policy. When Defence Secretary Mulley visited Bonn at the beginning of November, German Defence Minister Georg Leber indicated that the British could be assured of his country's help with the economic crisis. However, he told Mulley that as the result of the termination of the US-German offset agreement it was not possible to continue with the Anglo-German agreement; another solution would have to be found. Moreover, he pointed out that the Federal German government had spent more on defence than the British.⁹³ Importantly, during the meeting Leber asked that 'British actions should not compel Germany into a position of dominance among the European members of the Alliance'.⁹⁴ The Germans wanted the British to sustain their leading role in European security. They were afraid of being in a prominent position in the Alliance for political reasons. The shadow of their own history made the Germans hesitant about playing an open leadership role in European defence. Yet, when it came to the renewal of offset agreement, they were

⁹² TNA/FCO33/2934, Sykes to Palliser, Prime Minister's Remarks on Panorama, 27 October 1976.

⁹³ TNA/PREM16/778, Facer to Fergusson, 3 November 1976; TNA/FCO33/2935, Record of a Meeting between the Defence Secretary and Herr Georg Leber, the Federal German Minister of Defence Held in the Ministry of Defence, Bonn at 1015 am on Tuesday 2nd November 1976.

⁹⁴ TNA/FCO33/2935, Record of a Meeting between the Defence Secretary and Herr Georg Leber, the Federal German Minister of Defence Held in the Ministry of Defence, Bonn at 1015 am on Tuesday 2nd November 1976.

obviously reluctant.

Nevertheless, the expectation of the Callaghan government for the fact finding talks was still high. The FCO reminded the Bonn embassy that the meeting was to be used for not only fact finding but for ‘impressing on the Germans that we take the problem very seriously and are looking for an early solution’.⁹⁵ The British were doomed to disappointment as the long-awaited 11 November discussions established broad agreement on the impact of stationing costs on the Britain’s balance of payments but little else. The Germans stressed again that the discussions were just for fact finding and should not be regarded as the start of formal negotiations. On the other hand, they implied that the entire question depended on Schmidt’s decision and he strongly preferred ‘some wider arrangement’ in which offset would be contained.⁹⁶ After the discussions it was agreed that the Germans would take two weeks to consider their position. Now the ball was in the German court and, in particular, in Schmidt’s hands. The British needed to give their allies ‘reasonable time’ for their considerations but in the process London faced an irritating delay yet again.

Along with the Anglo-German offset agreement talks, negotiations with the IMF for another loan were under way. The IMF team arrived in London on 1 November and tough bargaining continued for the next six weeks. Concurrently, the British had to avoid any increase of the total amount of public expenditure to protect the amount of savings agreed in the Cabinet in July. For this purpose, on 4 November, the Cabinet requested a further cut of £50 million in defence spending. Naturally the MOD objected, arguing that the previous cuts had dismayed the allies, in particular the Americans and

⁹⁵ TNA/FCO33/2935, FCO to Bonn, tel.544, 5 November 1976.

⁹⁶ TNA/FCO33/2935, Anglo/German Offset: Record of Meeting at Auswärtiges Amt on 11 November 1976; Bonn to FCO, tel.1042, 11 November 1976; TNA/CAB130/858, Preliminary Talks at Official Level with the Federal German Government, 16 November 1976.

Germans, and that a further reduction would make the Germans refuse to negotiate a new offset agreement.⁹⁷ Moreover, Mulley warned that the cut could be made only by reducing manpower and equipment; there was no longer any 'tail area' to trim. But after the discussion Callaghan concluded that considering the balance of opinions between for and against, a cut of £30 million should be made. This was an unavoidable reduction to protect negotiations with the IMF team. Callaghan told the ministers that '(i)n terms of the Government's bargaining position with the IMF, it might be important to show that they were planning to keep expenditure within the limits laid down in the last White Paper'.⁹⁸

Nevertheless, the government's scheme did not satisfy the IMF team who asked for a far greater reduction as a condition for a loan. On 19 November, the IMF team presented PSBR reduction proposals which contained a massive expenditure cut of £3 billion for 1977/78, and £4 billion for 1978/79.⁹⁹ This IMF proposal caused serious dispute in the Cabinet meetings on 1, 2 and 6 December. By this stage, it became clear that the Americans and Germans, whose assistance Callaghan longed for, were 'not prepared to bring pressure to bear on the Fund on the United Kingdom's account'.¹⁰⁰ Callaghan intended to use his personal connections with Ford, Kissinger, and Schmidt to press the IMF in its requirement for further cuts by emphasising potential political and military fallout. Yet, his personal ties with them could not deter the Fund. In fact these politicians were ready to help the British, but regarded the conclusion of IMF-UK negotiations as the proviso of their assistance for the safety net.¹⁰¹ The Cabinet was still

⁹⁷ TNA/CAB129/192, CP(76)102, Public Expenditure – 1978–79 and Later Years: Memorandum by the Chief Secretary, undated.

⁹⁸ TNA/CAB128/60, CM(76)31st Conclusions, 11 November 1976.

⁹⁹ Ikemoto, *European*, p.140; Harmon, *The British*, p.182.

¹⁰⁰ TNA/CAB128/60, CM(76)35th Conclusions, 1 December 1976.

¹⁰¹ TNA/PREM16/801, Ramsbotham to Hunt, 17 November 1976; TNA/PREM16/802, Washington to

divided, but on 1 December finally agreed £1.5 billion cuts for 1977/78 (£1 billion spending cuts and £500 million from the sale of British Petroleum) and £2 billion for 1978/79.¹⁰² Along with these massive public spending savings, additional defence spending cuts were agreed in the Cabinet on 6 December: £100 million in 1977/78 and £200 million in 1978/79.¹⁰³

Further defence expenditure cuts made the early conclusion of Anglo-German offset negotiation more critical. After the bilateral fact finding talks on 11 November, the British side had refrained from pursuing the offset negotiation to avoid confusion during the IMF negotiations. However, London now had little time. The MOD needed to have specific information on the amount of offset payments and the Federal German Budget was nearing completion. Hunt wrote that ‘unless we get a positive response from the Germans in the near future, a new approach at the highest level will be required if further progress is to be made’.¹⁰⁴ Mulley told Callaghan on 5 December that the offset negotiation ‘is now even more important than it was before’. While confessing that without the £50 million offset payment it was impossible to make further cut in the defence budget, he pointed out the possibility that the offset payment would be subsumed in ‘some wider international financial arrangements’.¹⁰⁵ It meant that the safety net for the sterling balances might not give the British any direct relief for the defence budget. For this reason, Healey, Crosland and Mulley agreed to try to push the Germans towards a separate offset agreement by having the Prime Minister’s personal

FCO, tel.3969, 24 November 1976; Bonn to FCO, tel.1093, 24 November 1976; Ikemoto, *European*, pp.143–6.

¹⁰² TNA/CAB128/60, CM(76)36th Conclusions, 2 December 1976; Schenk, *The Decline*, pp.376–7.

¹⁰³ TNA/CAB128/60, CM(76)39th Conclusions, 7 December 1976.

¹⁰⁴ TNA/PREM16/778, Hunt to Stowe, Anglo-German Offset Negotiations, 26 November 1976.

¹⁰⁵ TNA/PREM16/778, Mulley to Callaghan, 5 December 1976.

message to the Chancellor.¹⁰⁶ After further discussions, Callaghan finally wrote to Schmidt on 17 December. In his letter, he repeated the financial difficulties involved in stationing British troops in Germany and asked Schmidt to find a political solution for this problem at the highest level.¹⁰⁷

The next day, 18 December, Ambassador Wright delivered Callaghan's personal letter to Schmidt. The Chancellor simply told the ambassador that his immediate reaction to the letter was no reaction. Instead, he then quite eloquently outlined his thoughts on offset. He pointed out several reasons for his reluctance including the financial problem which Germany was also facing. There were two other reasons. First, he explained that he disliked the occupational overtone of offset and noted his determination to terminate it. Secondly, he argued that offset was not a problem which could be settled by a personal relationship between Callaghan and him. He continued that this should not be dealt with by officials who were 'inflexible in their approach' and should be handled by people 'with sufficient flexibility'.¹⁰⁸ That is to say, in Schmidt's mind the traditional offset agreements were a vestige of unfair Anglo-German relations since the end of the Second World War and he was determined to end them. Thus, it was clear that the problem was not as simple as the Callaghan government envisaged, and would not be settled in a short period even with the help of personal rapport between the leaders of each country. It was also apparent that the offset problem needed to be handled in the wider perspective of the redefinition of the post-war Anglo-German relationship. In Schmidt's mind, offset was not just a financial issue, but a fundamental one which related to West Germany's status in post-war European politics.

¹⁰⁶ TNA/PREM16/778, Crosland to Callaghan, 15 December 1976; Healey to Callaghan, 16 December 1976, Mulley to Callaghan, 17 December 1976.

¹⁰⁷ TNA/PREM16/778, Callaghan to Schmidt, 17 December 1976.

¹⁰⁸ TNA/PREM16/778, Wright to Callaghan, Anglo-German Offset, 18 December 1976.

In the meantime, détente was about to lose its momentum and East-West relations were, once again, gradually deteriorating. In Europe, concerns about the expansion of Soviet armed forces increased. The Joint Intelligence Committee (JIC) in London assessed that for the past ten years the Soviet Union had been spending 11-12% of its GNP on military expenditure, instead of 7% which the British had thought, and its leadership had accepted the knock-on harmful effect on the civilian economy. In the JIC analysis, while the Soviets sought improved East-West relations in order to avoid further damage to the civilian sector caused by the military build-up and arms race, they would not compromise in arms control talks.¹⁰⁹ Soviet intentions were also a feature of the North Atlantic Council (NAC) discussions held on 5 November where allies considered the future of East-West relations in the fact of the Soviet politico-military activities in and outside Europe.¹¹⁰ In addition, at the end of November, the Supreme Commander Allied Command Europe (SACEUR) General Alexander Haig sent a report to NATO ambassadors on the combat effectiveness of Allied Command Europe. In his report, Haig argued that if the Alliance did not make greater efforts towards the improvement of conventional forces, the nuclear threshold would fall to an unacceptable level. He warned that ‘the plain truth is, our current force position is increasingly inadequate to support a credible deterrent or mount a successful defense’.¹¹¹

Likewise, the communiqué of the NATO Defence Planning Committee (DPC) held in December referred to the strength of the ‘relentless growth in the Warsaw Pact forces’ and declared that ‘there is a need for all of the Allies to undertake further measures if

¹⁰⁹ TNA/CAB186/22, JIC(76)12, Soviet Military Expenditure, 9 August 1976.

¹¹⁰ The NATO Archives, Brussels (hereafter NATOA/), C-R(76)43, Summary Record of a Meeting of the Council Held at the NATO Headquarters, Brussels, on Wednesday, 5th November, 1976 at 10.15 a.m.; C-M(76)64, Trend in the Soviet Union and Eastern Europe, 3 November 1976.

¹¹¹ TNA/PREM16/1186, Speaking Notes, Combat Effectiveness Report of Allied Command Europe; Delivered to NATO Defence Planning Committee by General Alexander M. Haig, Jr., SACEUR, 26 November 1976.

the Alliance is to reverse effectively the adverse trends in the NATO-Warsaw Pact conventional military balance'.¹¹² The Americans tried to mitigate these worries by stressing the significance of détente for European security. In his last address to the NATO ministerial meeting in December before leaving the US administration, Kissinger said that Soviet military power was increasing as a consequence of the growth of Soviet industrial strength. Thus, in his view, Soviet foreign policy was fundamentally opportunistic and was not motivated by any specific plan for world domination or any other particular purposes. Kissinger was convinced of the correctness of his détente policy and stressed that it was the task of political leaders to recognise 'the calculations of "objective realities" on which Soviet policy was based, but also to appreciate that détente required us not only to maintain our military strength but to show understanding of the elements of international order'. At the same time, Kissinger warned that if the West did not maintain a global military balance 'our own capacity for creative foreign policy' would be weakened, and it should indicate the limit of their tolerance 'at the earliest possible point in any emerging crisis'.¹¹³ This logic can be applied in the following way to European security; in fact the Russians had been building up their armed forces extensively but they were motivated by the opportunism of the Soviet leadership and their task was eased by the military imbalance in Europe. Given strategic nuclear parity, it was necessary and more important than ever to maintain a European-wide military balance. What is important here is that even if the Americans and the Europeans did not necessarily share a same interpretation of Soviet intentions, or perceived the threat by the same measure (the Europeans generally judging it to be

¹¹² NATOEL, Defence Planning Committee, Final Communiqué, Brussels, 7–8 December 1976: <http://www.nato.int/docu/comm/49-95/c761207a.htm>.

¹¹³ TNA/FCO46/1364, UKDN to FCO, tel.439, 9 December 1976.

higher for them), the allies nevertheless thought the same in terms about the necessity of deterrence to maintain the military balance in Europe, particularly in the conventional forces.¹¹⁴ With this consistency, the communiqué of the Ministerial meeting stated the same concern as which that of the DPC stated.¹¹⁵

It is important to note that Britain's decision to make deep defence expenditure cuts was taken just when the Alliance affirmed how critical the maintenance of a military balance in Europe was as Soviet armed forces continued to expand. Mulley's letter just before the NATO ministerial meeting captured the difficulties which Britain faced from the military view:

I believe therefore that we have to recognise that, if we have to present further British defence cut to NATO, we shall have to demonstrate either that we disagree with General Haig's assessment (which I think would not be justifiable on the facts, and on which we should be in a minority of one) or that, while accepting it and taking it fully into account, we nonetheless have no alternative but to make cuts. The argument that we are squeezing out more fat without significant effect on our force contribution to the Alliance would simply not be believed this time around.¹¹⁶

His apprehensions were understandable, but there was no choice other than the IMF loan for the Callaghan government to save the country from bankruptcy. In a minute to Callaghan in preparation for his meeting with the Chiefs of Staff on the expenditure cuts, Hunt noted that it was impossible 'both arithmetically and politically' to satisfy the IMF

¹¹⁴ TNA/FCO46/1364, UKDN to FCO, tel.440, 9 December 1976, and tel.442, 10 December 1976.

¹¹⁵ NATOEL, North Atlantic Council, Final Communiqué, Brussels, 9–10 December 1976: <http://www.nato.int/docu/comm/49-95/c761209a.htm>.

¹¹⁶ TNA/PREM16/1186, Mulley to Callaghan, SACUER's Combat Effectiveness Report, 9 December 1976.

leaving defence expenditure untouched, and if Britain rejected the IMF loan and tried to manage the crisis on their own, the defence cuts would be 'much greater'.¹¹⁷ Thus while Britain shared allied concerns about Soviet military power and could not deny Haig's assessment, the second of Mulley's two alternatives was the only one the government could pursue. The question was how the British would convey to their allies that they understood the increasing Soviet threat but still had to reduce their contribution to defend Europe from it. Crosland's reserved statement to the NATO ministerial meeting contrasted with those of his colleagues and Luns told Killick of his deep concern about British cuts.¹¹⁸ He said that he had tried to assure their allies that Britain's economies would not affect its contribution to European defence but that 'it was no longer possible for the Alliance to take the British government's word for this'.¹¹⁹

Now the loss of Britain's prestige was as clear as day. At the same time, it was also evident that the pursuit of détente was in trouble. Britain's approach to this unstable situation was outlined in a 15 December 1976 FCO Planning Staff report named 'Détente and the Future of East-West Relations'. It judged the recent alteration in East-West relations as changes in degree, not in kind, as the nature of Soviet and Eastern European governments had not varied. Grounded in this understanding, the Planning Staff assessed that the recent criticism of détente was a result of exaggerated and unwarranted expectations based on political hyperbole.¹²⁰ This view was relatively close to Kissinger's, but it did not lead the planners to take an optimistic view. Their

¹¹⁷ TNA/PREM16/1186, Hunt to Callaghan, 9 December 1976.

¹¹⁸ TNA/FCO46/1364, UKDN to FCO, tel.442, 10 December 1976.

¹¹⁹ NATOLP/2397-4. SG/76/663. Memorandum by Secretary General Luns on his meeting with British Ambassador John Killick on 14 December 1976, 14 December 1976: <http://www.nato.int/cps/en/natolive/95783.htm>; TNA/PREM16/1186, UKDN to FCO, tel.450, 14 December 1976.

¹²⁰ TNA/FCO49/672, Détente and the Future of East/West Relations, 15 December 1976.

report warned that although there would be no major changes in East-West relations in the next few years, defence spending reductions in some European countries including Britain would only increase the uncertainty of the East-West military balance. Moreover, the Planning Staff pointed out that this tendency could increase Germany's dominant military power in central Europe and it might make that area unstable. They then posed the question which was now pressing for the Callaghan government: how should Britain now secure its status in Europe and the Atlantic Alliance? As a marker of the nation's reduced capabilities, and in line with policy approaches from the mid-1950s, the report argued that crisis management was the field in which the Americans should take the lead. The prescription was straightforward: the European allies, including Britain, 'need to maintain pressure on the US for substantial [...] consultation, and to respond to it and reciprocate where appropriate.' For this reason, the Planning Staff concluded that Britain could contribute to the development of détente by feeding ideas into intra-Alliance and intra-European discussions.¹²¹ Ideas and diplomacy, rather than troops and ammunition, would be the way to enhance the British commitment to European security.

As mentioned above, the idea of Britain's fulfilling the role of coordinator or mediator in the Alliance had frequently emerged in the FCO's deliberations during 1976. However, from the point of view of European security, it fizzled out and was overshadowed by the repeated defence spending cuts during the year. Britain could not act as a coordinator for the Alliance while it was undermining its defences. If the British government wished to play a major role through their ideas for the future of the Alliance, it was necessary for them to recover their credibility or to offer a new and feasible

¹²¹ Ibid.

strategy in which Britain could play a reasonable part based on the changing international setting. Over the next year, the seemingly intractable difficulty of dealing with this dilemma against the backdrop of Britain's worst ever economic crisis was what would preoccupy British policymakers.

Conclusion

By spring 1976, British defence policy had clearly become Europe-centred as a result of the two Statement of Defence Estimates in 1975 and 1976. These Statements put an end to Britain's external military commitment which had survived even after the decision of retreat from east of Suez in 1967. They also established as Britain's main priorities defence and détente in Europe based on NATO. Fundamentally, this change was a way to adapt to realities; Britain's policies were now finally undergoing the transformation wrought upon them by its evident decline. Unable to maintain its external commitments, Britain accelerated the concentration of its resources upon Europe.

However, persistent economic crisis deprived Britain's new defence policy of its momentum for either defence or détente. In 1976, the euphoria of détente diminished as a result of increased Soviet military power and the threat it presented to the West. NATO allies had to boost their defence expenditure to maintain military balance in Europe. In this sense, 1976 was a watershed in the Cold War for defence and détente. Nevertheless, although Britain intended to commit to European defence, economic crisis prevented it from doing so. In these circumstances, Britain was in a severe predicament. In his Annual Report for 1976, the UK ambassador to NATO Killick

wrote that, in response to Britain's massive defence spending cut, 'there has until now been headshaking sympathy rather than outright criticism, and the former is almost harder to take'. He also predicted that '(t)his will doubtless now change for the worse'.¹²² This sympathy was, however, a sign of Britain's declining presence in the Alliance. The allies could no longer rely on Britain to maintain its military contribution to European security at the levels they had grown accustomed to.

The Anglo-German offset negotiations were awkwardly entwined with these events. For the Labour governments the fundamental concern was the rise of German politico-military influence in the Alliance. Enhanced US-German relations deepened long-held British anxieties that the traditional Anglo-American 'special relationship' might be superseded by a new US-German 'special relationship'. However, for the British, suffering from heavy defence spending cuts, the financial assistance from the Germans was the last hope to maintain their military presence before savage cuts. It remained an irony that the Labour government asked the Germans for help to deter Germany's dominance in Europe. Such was the weakness of Britain's position.

Moreover, the negotiations between Britain and Germany held within them a wider issue: the future of the Atlantic Alliance as a whole. As described above, the Germans were fundamentally ready to help the British financially, but they did not want traditional offset agreements and wished to negotiate defence issues with more equal status. However, it is significant that Schmidt's government did not wish to change the Atlantic Alliance. Thus, it was necessary for the British government to decide how to deal with Germany, as an old rival or a fair partner in Europe.

While British ministers were preoccupied with economic crisis, officials were aware

¹²² TNA/FCO46/1475, Killick to Crosland, NATO: Annual Review for 1976, 4 January 1977.

of these foreign and defence policy pressure points. As Killick pointed out: '(c)ertainly we are in no position to throw our weight about, but we still have considerable resources to offer in ideas, reasoning and argument. Our friends will not resent this; they will be glad of any sign that we still have confidence in ourselves'.¹²³ The lack of a hardware contribution drew more attention to the diplomatic contribution that Britain could make. With these shifts in mind, British foreign policy thus faced two challenges in creating European security: how to handle the rise of West Germany's influence, and also how to cooperate with the new American administration. Therefore, in 1977, the British had to offer new 'ideas, reasoning and argument' to stabilise Europe as the Cold War went into a new and uncertain phase.

¹²³ Ibid.

CHAPTER TWO

European Security and a Revived Anglo-American Relationship

(January to May 1977)

Introduction

On 3 January 1977, the IMF extended £2.3 billion to the British government. For the past few hundred years, Britain had been a global empire which dominated the world. Now, it was a country which could not maintain its economy without borrowing money from outside. The IMF crisis symbolised starkly the decline of Britain's power. Yet, the conclusion of talks with the IMF for its financial loan programme by the end of 1976 gave the British economy possibilities for recovery. Successful negotiations between the Bank of England and central banks of the donor countries followed after that for the safety net for sterling balances. The improvement in the vulnerability of the currency and the sterling balance then prompted the revival of British economy from the beginning of the year.¹

As mentioned in the previous chapter, the weakened British economy had preoccupied ministers' minds since Callaghan became Prime Minister in April 1976. The economic crisis occupied much of their time and inevitably left little for deliberation on foreign and defence policy. Improvements in the economy from the beginning of 1977 then freed ministers from the shackles. It was particularly true of Callaghan himself. Once he was released from tough negotiations with the IMF, he was absorbed more in foreign

¹ For example, Morgan, *Callaghan*, pp.558–9.

affairs where he had had most interest.² It was fortunate for him to be able to calm the economic problems and to concentrate on foreign affairs before important events took place in the first half of 1977: the inauguration of the new US President Jimmy Carter in January, Callaghan's visit to Washington in March, the NATO ministerial meeting and the economic summit both in May. The first three of these events was particularly closely related to Britain's attitude towards European security.

The prospect of stability in European security seemed far from bright. In his annual report on NATO for 1976, Killick warned again of the expansion of Soviet armed forces in Europe and the European governments' lack of preparation against this likelihood. Referring to General Haig's report presented to NATO in November of the previous year, he wrote that 'there is no burking the fact that the Alliance must make the necessary effort'.³ He continued:

So far so good. But Alliance Ministers, meeting in December, gave no tangible sign that their Governments would act accordingly. Defence Ministers said that they were convinced; but they still had to convince their colleagues at home. Only 1977 will show how hard they try and with what success.⁴

For Britain, even if its economy began to recover, there was a limit to what it could do due to the shortage of money for defence, and this fact put the country's credibility further at risk. Killick repeated his concern that the consecutive reductions of defence spending eroded the worth of Britain's contribution to European security. Furthermore,

² Ibid, p.588; Bernard Donoughue, *Downing Street Diary: With James Callaghan in No.10* (London: Jonathan Cape, 2008), p.151.

³ TNA/FCO46/1475, Killick to Crosland, NATO: Annual Review for 1976, 4 January 1977.

⁴ Ibid.

he drew London's attention to the danger of damage to Britain's political standing after the defence budget cuts, arguing that 'the importance attached to us in domestic counsels in Washington and Bonn must already be steadily declining'.⁵ Therefore, by this logic, the primary problem in Britain's defence policy towards Europe was still unchanged: how to improve or at least maintain the UK's presence in the Alliance. True, there were indications of economic recovery, but it was only possible due to the IMF and the agreement of massive expenditure cuts. But the expansion of Soviet military power, particularly in conventional forces, required enhanced Alliance defence contributions in this area. The budget cuts unavoidably reduced Britain's influence in military hardware, and the severity of this fact induced policymakers to pursue an alternative way in which Britain could preserve prestige.

Taking these factors into consideration, this chapter traces Britain's policy towards European security during the first half of 1977. It revolves around Britain's response to US defence policy under the new US President, Jimmy Carter. Carter's new style marked a break with the Nixon-Ford-Kissinger line which had formed the US foreign policy since 1969. This chapter shows that Carter's radical change almost inevitably brought tensions in transatlantic relations and concerns within the Alliance from the outset of the new US administration. It then illustrates Britain's contribution as a mediator in transatlantic relations to fill the crack which was developed by the new administration's policy.

1. The New Year and British Defence Policy

⁵ Ibid.

On 2 November 1976, the American presidential campaign ended in a narrow victory for the democratic candidate, Jimmy Carter. Carter was not a famous figure in the international arena; he only served two terms in the Georgia Senate, and as Governor of Georgia for one term from 1971 to 1975. As his career indicates, Carter had little experience in foreign affairs and his views on international matters were unknown, even if his inexperience contributed to his victory. Carter's righteousness appealed to many voters who wanted the reaffirmation of American values after the turbulent period of Vietnam, Watergate, and Angola.⁶ However, there were some clues which enabled the British to anticipate the outline of his foreign policy opinions. On 5 October, in the final days of the presidential election, Cyrus Vance, Carter's adviser for the campaign, visited London. Vance confirmed to Crosland that American foreign policy would not change significantly even if Carter won the election. He said that a new administration would increase contacts at a lower level rather than make 'changes in fundamental structure' and assured that 'there would be no "year of Europe"'. But importantly, Vance told Crosland that on European security Carter was thinking of a fundamental review of NATO capability by the US and its allies jointly to improve NATO's effectiveness against the Soviet Union.⁷

In Washington, Ramsbotham was not anxious about the immediate future of American foreign policy. Three weeks after the presidential election, he argued in a telegram to the FCO that although the new administration would cause changes of style

⁶ For example, Betty Glad, *An Outsider in the White House: Jimmy Carter, His Advisors, and the Making of American Foreign Policy* (Ithaca: Cornell University Press, 2009), p.19; Nancy Mitchell, 'The Cold War and Jimmy Carter', in Leffler and Westad (eds.), *The Cambridge History of the Cold War, Volume III*, p.71.

⁷ TNA/FCO82/660, Record of a Meeting between the Foreign and Commonwealth Secretary and Mr Cyrus Vance at the Waldorf Astoria Hotel on 5 October at 3 pm.

and emphasis, the broad lines of foreign policy would remain.⁸ On 15 December, senior FCO officials held a meeting on this topic with Ramsbotham taking advantage of his return to Britain. It was important for the British government to gain a more precise estimate of Carter's ideas for US foreign policy, and to have early contact with the new President-Elect. Thus it was agreed in the meeting to pursue an invitation to the Prime Minister from the President and to ensure that he was at the top of the queue.⁹ Officials also judged that the new administration should be encouraged to have early contact with European allies through a prospective economic summit meeting.¹⁰ The NATO ministerial meeting was another possibility, especially if it was elevated to the heads of government level under Britain's initiative as the potential host.¹¹

Vance reacted favourably to the idea of an early visit by Callaghan, but was less keen on the idea of an early multilateral summit meeting 'without adequate preparation', and 'without knowing how a constructive result might be achieved'.¹² Carter himself supported the concept of multilateral meetings between the heads of government,¹³ but he had expressed his wish not to travel outside the US for one year after his inauguration in order to concentrate on domestic problems.¹⁴ Therefore, the British needed to push the new administration further by emphasising the significance of summit level meetings with Carter's attendance.

While preparing for the incoming new US administration, the Callaghan

⁸ TNA/FCO82/669, Washington to FCO, tel.3991, 26 November 1977.

⁹ TNA/FCO82/669, Melhuish to Palliser, Ministerial Contacts with New US Administration, 26 November 1976; Melhuish to Palliser, Contacts with the New US Administration, 7 December 1976.

¹⁰ TNA/FCO82/669, Record of a Meeting held in the Permanent Under-Secretary's Office at 3.15 P.M. on 15 December.

¹¹ Ibid. and TNA/PREM16/1485, Crosland to Callaghan, Contacts with the New US Administration, 9 December 1976.

¹² TNA/FCO82/669, Washington to FCO, tel.4249, 15 December 1976; HM Ambassador's Conversation with Mr Cyrus Vance: Tuesday 14 December 1976.

¹³ TNA/FCO82/669, Melhuish to Palliser, Contacts with the New US Administration, 7 December 1976.

¹⁴ TNA/FCO82/669, Washington to FCO, tel.3991, 26 November 1976.

government needed to announce the UK defence estimates based on expenditure cuts. The *Statement of the Defence Estimates 1977* was published on 28 February. At the beginning of chapter one, it offered reassurance that Britain's security 'remains firmly based on the North Atlantic Alliance' while stressing the difficulties in maintaining its contribution due to its economic conditions.¹⁵ Along with this reassurance, it expressed anxiety about uncertainty in the progress of détente and warned of the continuing Soviet military expansion in Eastern Europe. Consequently, it argued for the maintenance of force strength in the West:

Military power is regarded by the Soviet Union as a legitimate and important diplomatic weapon and there can be little doubt that the Soviet Union could exploit to the full the opportunities which would be offered by any weakening of Western political and economic stability or by any further shift in their favour in the military relationship between East and West in Europe.¹⁶

The *Statement* stressed the importance of the conventional forces highlighting that '(a) at a time when there is broad parity in strategic nuclear weapons between NATO and the Warsaw Pact [...] the Alliance must maintain an adequate conventional capability'.¹⁷ Superpower détente had accomplished the parity in strategic weapons, but it naturally increased the importance of the power balance in non-strategic areas. Nevertheless, for Britain, which was unable to maintain previous levels of defence expenditure, maintenance of conventional forces was obviously difficult ever more difficult.

¹⁵ *Cmnd 6735, Statement on the Defence Estimates 1977* (London: HMSO, 1977).

¹⁶ *Ibid.*

¹⁷ *Ibid.*

Concurrently, the Anglo-German offset issue remained a big problem. As already noted in the previous chapter, it was not a simple budgetary question, but a more fundamental point about West Germany's position in the Alliance after 30 years since the end of the Second World War. Ambassador Wright's two despatches to London sent in January contained a sharp and in-depth analysis on the matter. Germany was a 'friendly but reluctant Giant' and the Anglo-German relationship was good in 1976 not least because the Germans had played an important role in helping Britain's economy over the economic crisis. But in his view, the two issues of significance were the personal rapport between Callaghan and Schmidt and British troops in West Germany. They were, in his words, 'our most important foreign political assets'.¹⁸ At the same time, he pointed out the tendency in West Germany's foreign policy. He wrote that he was 'struck more by its reluctance and caution and by its concern for the general well-being than by an impetuosity or muscle-flexing pursuit of narrow German interests'. In other words, he observed that the Germans were still hesitant to take visible or powerful initiatives in foreign affairs.

His analysis of this reluctance was more clearly shown in another despatch sent to the FCO two weeks after his annual report. The Germans' loyalty to the EC, NATO and détente was undoubtable, but why did they not take one step forward? His interpretation was as follows:

Despite the talk about the Federal Republic pulling its political weight, all the evidence here is that this country is not yet ready to play the kind of role in the world stage that others might expect or even ask of it. Brash through they may be as individuals, West Germans as

¹⁸ TNA/FCO33/3167, Federal Republic of Germany: Annual Report for 1976, 4 January 1977.

a nation seem to lack the will to lead. The older generation remember too clearly the catastrophe of the Thousand Years Reich: their sons and daughters have done too well out of the Federal Republic as it is. Schmidt and Genscher may try to shake off the label of 'economic giant and political pygmy', but this is the kind of country which very many Germans seem content to live in. At least they prefer this label to that of "the ugly German" which neighbours are always ready to pin on them at the slightest hint of a jackboot. [...] The Federal Republic is a country which does not wish to make itself conspicuous, except perhaps in stopping unwelcome things happening.¹⁹

Wright nevertheless pointed out that as a result of 'becalmed' European politics – despite imminent issues such as direct election and European Monetary Union (EMU) – there was a shift in German interest in US-German relations, one of the two pillars of its 'Westpolitik'. He admitted the existence of a US-German 'special relationship' and pointed out that it was likely to be strengthened in economic and politico-military fields 'under the pressure of events'. Yet he added that the US-German version of 'special-relationship' was different from the US-UK 'special relationship' and less privileged, and Britain's task was not to make the US-German relations unfavourable to strengthen Britain's interests.²⁰ Here the nub of his argument was clear; while the traumas of German history made the Germans still hesitant about playing a bigger political role, and while they were content with existing conditions, Schmidt and Genscher might intend to give Germany a new role where possible. If Wright's analysis was correct, British foreign policy needed to be more skilful, particularly when West Germany began to take initiatives. By this time Britain and the Western allies needed a

¹⁹ TNA/FCO33/3172, Federal German Foreign Policy, 1977, 17 January 1977.

²⁰ Ibid.

greater German commitment to international politics and the political leaders at least seemed to be ready to play such a role. But once they started doing so, even if Anglo-American relations could keep some 'specialness', Germany's presence might easily overtake Britain's already reduced one and become dominant in European international relations in the long run. In this circumstance, it was more crucial than ever to Britain to retain good relations with the Federal Republic.

Anglo-German offset negotiations epitomised what Wright reported. Schmidt had already revealed to him in December 1976 that he regarded the traditional Anglo-German offset agreement as the continuation of the subordination of West Germany in post-war international politics. By the finalisation of the US-German offset agreement Schmidt partly succeeded in terminating that situation. Importantly for Britain, it removed a long-standing thorn in US-German bilateral relations and further improved ties between Bonn and Washington. Thus, if Britain persisted with a new offset agreement, it would complicate Anglo-German relations and increase the relative importance of the US-German 'special relationship'. Nevertheless, the hard fact was that unless the negotiations were concluded successfully, Britain's defence expenditure would be cut yet deeper and protracted negotiation would doubtlessly erode Britain's position in the Alliance. For these reasons, the British did not, or could not, abandon the hope for a breakthrough via direct negotiations between Callaghan and Schmidt.

The German Chancellor was to visit Chequers on 23 and 24 January for a six-monthly meeting with the British Prime Minister. The main agenda item was economic issues, particularly the British government's efforts for recovery, but the long-standing offset negotiation was also a crucial topic.²¹ Given Schmidt's hard line so

²¹ TNA/CAB133/471, Visit by the Chancellor of the Federal Republic of Germany: 23–24 January 1977, Brief by Foreign and Commonwealth Office, 18 January 1977.

far, a tough negotiation was expected. Hunt pointed out in his minute to Callaghan that, judging from Schmidt's reply to Callaghan's personal letter sent before last Christmas, Schmidt's reaction would be 'almost wholly negative'. He therefore provided three alternative options. First was to drop the maintenance of good Anglo-German relations. Yet needless to say by taking this option Britain's defence expenditure would still face a budget shortage. The second was to stick to a new offset agreement, but Schmidt already made his position quite clear on his preference. Therefore these two options would not offer any satisfactory outcomes. Then, as the third option, Hunt suggested a short term agreement before the termination of the main agreement. This would, he argued, 'at least give us a breathing space to consider other possible ways'.²² In addition, Crosland raised one more option: Britain would withdraw a corresponding number of troops if Schmidt was unable to meet the government's requirement. However, he warned that this option would cause Anglo-German difficulties and a dispute in the Alliance about Britain's fundamental contribution to the European security. True, the government had been forced to envisage this option under the critical economic conditions of the previous year and thus it could work as a tactic of brinkmanship. Nevertheless, if it was done the British would definitely lose credibility in the Alliance. Thus, Crosland inevitably backed Hunt's third option stating that it was on a par with the final US-German agreement concluded in July 1976 and thus Schmidt did not have a logical reason to reject it.²³

In the middle of this debate about how to handle the offset problem, Schmidt's wrote a very short and blunt note to Callaghan, simply proposing discussion of the issue

²² TNA/PREM16/1189, Hunt to Callaghan, Chancellor Schmidt's Visit – 23rd–24th January, 12 January 1977.

²³ TNA/PREM16/1189, Crosland to Callaghan, Chancellor Schmidt's Visit: Offset, 14 January 1977.

at Chequers.²⁴ The brevity of the letter implied dissatisfaction, but no matter what Schmidt thought about Callaghan's proposal, the British government was eager to secure German payment and a 'breathing space'. Callaghan, Healey, Crosland, Mulley, and Lever discussed this on 19 January. They agreed that the British government would seek a terminal offset agreement for the next two years on the basis of previous estimates of a minimum of £50 million (DM250 million in 1976 survey price) a year, while leaving possibilities of multilateral arrangement after the next two years open. It was also argued that the British should raise the problem of the distribution of defence costs with the new Carter administration because of its potential readiness to listen to their allies' suggestions.²⁵ Nevertheless, considering the new administration's demand increases in defence expenditures (mentioned later in this chapter), the prospect of persuading Carter of anything other than enhanced defence spending was quite low.

Schmidt, Genscher and other German ministers arrived at Chequers on 23 January and European security was discussed that evening after dinner. The ministers reached a general consensus upon the fragile parity of power between the East and West. They also noted the difficulties in maintaining defence expenses under severe economic conditions while facing the expansion of the Soviet conventional armaments. In these circumstances, they welcomed the new US administration's intention of giving SALT and MBFR negotiations a new impetus.²⁶ Regardless of these generally shared views, when it came to Anglo-German offset, the discussion took on a more divisive tone. Talks on offset were strictly restricted to the two premiers and the highlight of their

²⁴ TNA/PREM16/1189, Schmidt to Callaghan, 11 January 1977; Patrick Wright to Fergusson, Chancellor Schmidt's Visit, 13 January 1977.

²⁵ TNA/CAB130/948, Minutes of a Meeting held at 10 Downing Street on Wednesday 19 January 1977 at 6.00 pm.

²⁶ TNA/PREM16/1277, Note of a Discussion during and after Dinner at Chequers on Sunday, 23 January 1977.

discussion happened on the second day, 24 January. Schmidt had already said that he could not accept any additional burdens on the Federal German budget, but could compromise on DM125 million per annum for up to three years. The gap was huge; Britain's initial demand was DM500 million per annum for two years and wanted to reserve the right to pursue a multilateral solution after the final year. In fact DM500 million was double what the British initially envisaged; DM250 million was the minimum figure in their mind.²⁷ But DM125 million was thus only half of this minimum. Nevertheless, Callaghan accentuated that a £50 million (DM250 million) offset payment was already included in the defence budget and should it not been paid, he would have to find additional cuts 'by thinning out' troops, warning that 'there was no fat anywhere'. But by saying so Callaghan implied that £150 million, or £50 million per annum for three years (a total of DM750 million), was a minimum requirement.

Schmidt countered by saying that there was also 'no fat in its [Germany's] budget'.²⁸ Moreover, Schmidt argued that the NATO Council decision on offset payment in July 1957 was concluded on the premise of the fixed currency exchange rate and was thus no longer valid given the free floating of European currencies. However, no matter how different their demands were, they both determined to end the dispute. Since they 'got some components of an agreement', they assented to settle a German contribution and its duration before the NATO ministerial meeting in May on a strictly private basis. In fact they had not reached a final conclusion, but at least a potential way

²⁷ TNA/CAB133/471, Defence Questions: Offset, Brief by the Cabinet Office, 21 January 1977.

²⁸ TNA/PREM16/1189, Note for record, 23 January 1977; Annex to Note of the Meeting between the prime Minister and Herr Schmidt at Chequers on 24 January 1977 at 1000. It was true, German finance minister Apel told that the German budget for 1977 would be restrictive and reduce the public deficit. But at the same time he said 'There was no juridical or procedural obstacle to providing for public expenditure to cover offset payments by adding to the budget, which would not be adopted finally until June'. TNA/PREM16/1277, Note of a Meeting between the Chancellor of the Exchequer and Herr Apel, Minister of Finance of the Federal Republic of Germany, Held at No.11 Downing Street at 10.30 a.m. on Monday, 24th January 1977.

out was in sight.

As stated above, 1977 seemed the year in which the Callaghan government finally gained a stable basis to carry out its own foreign policy after the economic crisis settled. Nevertheless, this expectation was broken by the untimely death of Crosland. On 13 February, he suffered a cerebral haemorrhage at his home in Oxfordshire, and died six days later without recovering from coma. His death was totally unexpected and was a serious blow to the government as well as Callaghan himself. However, Crosland's successor needed to be appointed quickly to avoid disruption to foreign policy. Callaghan's choice was David Owen, Minister of State at the FCO. Callaghan reflected upon this appointment in his memoirs:

(T)he thought came into my mind that it would do the Government no harm if I surprised the press and others who were already picking Tony's successor by bringing in someone entirely fresh and young whom they had not thought of. Anthony Eden had after all become Foreign Secretary at the early age of thirty-eight, and had rapidly become a senior figure in the Cabinet. To do something similar would have the additional advantage of strengthening the group of younger Cabinet Ministers who would be restless with new ideas, and prevent a feeling of staleness.²⁹

This indicates that he appointed Owen for mainly domestic and party political reasons. Callaghan acknowledged that Healey was best to take over the FCO, but he was 'in any case indispensable' at the Treasury. Similarly, Roy Jenkins was to be the President of the European Commission thus his appointment was not a choice. In addition to these

²⁹ Callaghan, *Time*, p.448.

reasons, Callaghan highly valued Owen as a young, talented politician.³⁰

It was a surprise appointment. Owen had occupied the position of the Minister of State at the FCO for six months, thus in this sense he already had some experience in foreign affairs. But even so, the stunned Owen became ‘visibly pale’ when Callaghan informed his intention of nominating him as Crosland’s successor.³¹ Callaghan was inclined to support the new Foreign Secretary with his ‘background knowledge of the problems he would face’.³² Indeed, it is likely that Owen’s appointment reflected Callaghan’s wish to handle foreign policy personally.³³ Palliser speculated that the appointment of Owen would not mean the downgrading of the FCO.³⁴ However, even if Owen already had some experience in foreign affairs, this appointment inevitably increased Callaghan’s influence as a mentor. Doubtlessly, Callaghan had far more experience and skill in the management of foreign affairs because of his long career in the politics; he was the Foreign and Commonwealth Secretary under the Wilson government before being the Prime Minister. Compared with this highly experienced politician, Owen was inevitably a lightweight figure at this stage. Healey recalled in his memoirs that this was a ‘premature promotion’ and wrote that Owen became arrogant to people around him ‘to mask his insecurity’.³⁵ As such, the making of British foreign policy from February 1977 was a result the combination of Owen’s spikiness and Callaghan’s mentorship.

The FCO’s view in this period was manifested in the Planning Group’s brief

³⁰ Ibid., pp.447–8; Morgan, *Callaghan*, pp.588–9. See also, Denis Healey, *The Time of My Life* (London: Michael Joseph, 1989), p.458.

³¹ Morgan, *Callaghan*, pp.588–9.

³² Callaghan, *Time*, p.448.

³³ Morgan, *Callaghan*, pp.506, 588–9.

³⁴ Donoughue, *Downing*, p.151.

³⁵ Healey, *The Time*, p.458. On the relationship between the new Foreign Secretary and the FCO officials, for example see, British Diplomatic Oral History Programme (BDOHP), Sir Ewen Fergusson, pp.12–3.

prepared for the new Foreign Secretary.³⁶ The major part of the brief overlapped with that for Owen's predecessor produced one year ago, but was more elaborate on Anglo-American relations. It admitted that the UK-US relationship was 'excellent' and the Americans attached 'importance to us as major partners for our defence contributions in NATO and for our experience and continuing influence in international affairs'.³⁷ Nevertheless, it expressed a rather pessimistic view on the future of the 'special relationship':

The old exclusiveness of Anglo-US relationship has, however, long since gone. The US looks increasingly at its relations with Western Europe in the round, especially since the formation and enlargement of the European Community. This is indeed an unavoidable and expected result of our accession. In many areas links with West Germany matter as much as those with Britain. US-French relations are on a firmer basis than in the past. Inevitably, Britain's economic difficulties and their impact on our defence contribution have reduced our importance and usefulness in American eyes.³⁸

Since this paper was prepared for the incoming Foreign Secretary, it is hard to regard such pessimism as a personal or departmental analysis in the FCO; it most likely reflected a general consensus. Thus the new Foreign Secretary's task was important one; he was expected to put US-UK relations on a better footing. It also meant that Britain's relations with the US would be the key to the vicissitudes of Britain's status in Europe.

³⁶ TNA/FCO49/743, Briefs Prepared for the New Secretary of State, Paper no.4: Relations with our Major Allies, 22 February 1977.

³⁷ Ibid.

³⁸ Ibid.

2. Callaghan's Washington Visit: 'The "Special Relationship" Revived'

On 20 January 1977, Jimmy Carter became the 39th President of the United States. His new foreign policy was not fully but his blueprint had been stated to some extent before that date. On 9 January, Carter told a press conference at Plains, Georgia, that he would despatch Vice-President-Elect Walter Mondale immediately after his inauguration to Western Europe and Japan. He explained that the purpose of Mondale's trip was 'to become quickly acquainted with the views and attitudes of our closest friends and potential adversaries', and 'to outline the new Administration's priorities in foreign policy'.³⁹ This quick move aimed to enhance the new President's awareness of the international affairs and display his intention to establish close consultation with America's allies. In his first telephone conversation with Callaghan on 13 January, Carter confirmed that Mondale had Carter's full confidence and authority. At the same time, they agreed that the President would invite the Prime Minister to Washington in March.⁴⁰ Patrick R. H. Wright, Callaghan's private secretary for overseas affairs, recorded that the conversation was 'very friendly'.⁴¹ Seemingly, that was a good start for the British who wished to establish a strong personal relationship between Callaghan and Carter.

Mondale gave a speech at the NAC in Brussels on 24 January. He began by emphasising the new administration's full commitment to NATO and Carter's strong hope for strengthened consultation and cooperation with America's allies. With this

³⁹ TNA/PREM16/1487, Washington to FCO, tel. 83, 9 January 1977.

⁴⁰ TNA/PREM16/1485, Record of a Telephone Conversation between the Prime Minister and President-Elect Carter at 1730 on Thursday 13 January 1977.

⁴¹ TNA/PREM16/1485, Prime Minister's Telephone Conversation with President-Elect Carter, 13 January 1977.

premise he said that Carter was determined to maintain the American commitment to European defence, but then added that the President had concerns about NATO's posture. For this reason, Mondale said that Carter was prepared to consider increased American investment in NATO and hoped the allies would contribute to improvements in NATO's defence forces with the US even with economic and social difficulties in mind. He added that 'in a time of détente it is easy to lose sight of the need for adequate defence. But this need is inescapable'.⁴²

Before his inauguration, Carter had already revealed his thoughts about European security. During the presidential campaign as well as in his inauguration speech he had spoken of his hope for nuclear disarmament. For him, a build-up in nuclear arms was anathema and thus he chose the strengthening of NATO's conventional forces to prevent the escalation of military conflict into nuclear war. In fact, Carter demanded a 'deep cut' in US defence expenditure, but this intent did not necessarily mean a reduction on all fronts. His aim was to maintain military equivalence by increasing conventional forces while limiting nuclear weapons through negotiations with the Russians.⁴³ Taking Carter's thoughts into consideration, the new administration's defence decisions were almost a natural consequence. Carter later revised the US defence budget for fiscal year 1978 by a reduction of \$2.8 billion, even though this figure still meant a 5% year-on-year real increase.⁴⁴ Originally, Carter was a proponent of defence budget cuts, but given the swing in public opinion, he took a firmer stance towards defence

⁴² NATOA/C-R(77)3, Summary Record of a Meeting of the Council Held at the NATO Headquarters, Brussels, on Monday, 24th January, 1977 at 10.40 a.m.

⁴³ Auten, *Carter's Conversion*, pp.101–7, 150–1. In his inaugural address, Carter said that 'we will move this year towards the ultimate goal – the elimination of all nuclear weapons from this Earth'. On Carter's inaugural address, see the American Presidency Project (hereafter APP), Inaugural Address, 20 January 1977: <http://www.presidency.ucsb.edu/ws/?pid=6575>.

⁴⁴ TNA/CAB133/479, Brief no.11, NATO: Brief by the Foreign and Commonwealth Office, 3 March 1977.

expenditure. Nevertheless, for the British government which had been facing reductions in defence spending for a long period, Carter's proposal might damage its presence in the Alliance further. As outlined in the *Statement of the Defence Estimates 1977*, the British recognised the danger of military imbalance caused by a build up in Soviet conventional forces. To rectify this imbalance, reinforcement of the Alliance's conventional forces became more imminent. Nevertheless as Callaghan told Schmidt, there was no fat in defence budget and inevitably it was impossible for the British to follow the Americans. Mondale was to arrive in London a few days after his Brussels visit. It was expected that he would no doubt repeat the new administration's concern about Britain's defence spending to those British ministers who had just a month previously decided to make cutbacks for 1977/78.⁴⁵

Mondale arrived in London on 27 January. Fortunately for the British, his visit was rather ceremonial; the talks between the British ministers and Mondale contained few detailed discussions on current situation of European security. Mondale's remark at the NATO Headquarters was touched on only very briefly. He simply noted his hope for Britain's continued commitment to NATO despite its economic difficulties. As such, the visit became a chance for the British to emphasise their close relationship with the US. At the beginning of their first private meeting, Callaghan stated that while the Americans shouldered a great burden, 'our function should be to try to take a world-wide look at problems and to offer opinions on that basis' and the British hoped that 'we could together look at world affairs as far as possible through disinterested eyes'. He then added that he was very happy to work with Carter and Mondale because of their

⁴⁵ TNA/CAB133/472, NATO: Including UK Defence Expenditure; Brief by the Ministry of Defence, 18 January 1977.

philosophical backgrounds.⁴⁶

The Carter administration indicated clearly that they regarded Britain as a special partner from the very beginning. David Aaron, Deputy Assistant for National Security Affairs, told Ramsbotham that the Prime Minister was 'at the top' of the invitation list to Washington.⁴⁷ Similarly, Ramsbotham was the first ambassador to be invited by Carter to the White House as early as 26 January, just five days after his inauguration. Carter told Ramsbotham that there would be 'a special emphasis on consulting the United States' closest allies, not only on matters where their interests were equally engaged, but also in other areas'. The new President continued that he would 'always benefit from constructive criticism and from the experiences of America's friends'.⁴⁸ Ramsbotham judged that his audience was a calculated event to illustrate the new administration's different foreign policy stance from its predecessors and its determination to consult more closely with the allies, especially Britain.

During this period, London emerged as a possible venue for the next multilateral economic summit. Giscard publicly supported the economic summit in London at the beginning of the year and Schmidt told Callaghan that he supported London since it could coincide with the NATO ministerial meeting and Carter's attendance.⁴⁹ Given European leaders' support for London as the venue, Carter agreed with the idea and with Giscard's proposal to have a separate and informal summit meeting to discuss political problems.⁵⁰ With Carter's confirmation, one of the two Britain's objectives,

⁴⁶ TNA/PREM16/1487, Note of a Meeting between the Prime Minister and the Vice President of the United States at 10 Downing Street on Thursday 27 January 1977 at 1630.

⁴⁷ TNA/PREM16/1485, Washington to FCO, tel.28, 5 January 1977.

⁴⁸ TNA/PREM16/1909, Washington to FCO, tel.337, 26 January 1977.

⁴⁹ TNA/PREM16/1275, Note of a Meeting between the Prime Minister and the French Prime Minister at 10 Downing Street on Tuesday 11 January 1977 at 1630; TNA/PREM16/1277, Record of a Discussion during and after Dinner at Chequers on Sunday, 23 January 1977.

⁵⁰ TNA/PREM16/1220, Carter to Callaghan, 12 February 1977.

pulling Carter into the economic summit, was achieved. The other, his attendance to the NATO ministerial meeting, was still under discussion.

The forthcoming meeting between the British Prime Minister and the new American President in March was crucial for the British government. The briefs prepared for Callaghan's visit elucidate what the British government expected of it. According to one of these briefs, here was an opportunity to establish a close personal relationship with the new President, to implant in the new President's mind 'Britain's value as a consultative partner and ally within the European Community and NATO', and to know his view on international affairs. It was still necessary to ascertain more precisely Carter's outlook as which remained an 'unknown factor'.⁵¹ It stressed that it was important to discuss the problems between the US and its European allies which arose from the administration's early actions. As the holder of the Presidency of the EC, it was important for Britain to ease the tensions in transatlantic relations before they grew. French and German suspicions about the new administration's policy were developing by this time. Thus, careful management was necessary for the British as the French were also suspicious that they wished to be closer to US rather than Europe.⁵²

In the light of these objectives, it was necessary for Callaghan to impress on Carter Britain's efforts to maintain its contribution to NATO. This was particularly important when Britain's influence was fading as a result of continuing defence expenditure cuts while West Germany's weight was growing. The MOD brief recommended that while the Prime Minister should emphasise the extent of Britain's contribution, he should 'seek to counter the growing signs of the development of a US/German axis in the Alliance which contrasts starkly with the traditional special relationship we have tended

⁵¹ TNA/CAB133/479, Steering Brief, Brief by Foreign and Commonwealth Office, 3 March 1977.

⁵² Ibid.

to enjoy with the United States'.⁵³ This showed how much the MOD was concerned about Germany's increasing power, and how much British officials hoped that the development of personal relations between the Prime Minister and the President could compensate for the decline in Britain's physical strength.

While officials in London prepared for Callaghan's visit, Ramsbotham continuously sent telegrams to report views from Washington. In his despatch to Palliser dated 4 March, Ramsbotham explained the perception in the new administration about the UK's current situation.⁵⁴ He pointed out that although the British economy had been stabilised, the administration remained concerned 'about Britain's declining political and military influence as a consequence of our economic troubles, particularly as the decline in our military power affects the United States in areas crucial to her security' and added that 'we should not assume that the under-lying worries [...] have been allayed'. Given these doubts in the administration on Britain's capability as an ally, Ramsbotham argued that Callaghan should try to ease the Americas' worries by stressing that the British government had managed the storms that had hit the UK economically.⁵⁵

As described above, since the presidential campaign the new administration had repeatedly expressed its intention to pursue American foreign policy in close cooperation with its allies. Callaghan's visit was supposed to determine how far the President was ready to listen to the views of his partners. The Americans had already shown their readiness to listen to the British Prime Minister's opinions. On 1 March, about a week before Callaghan flew to Washington, Carter wrote a personal letter to ask

⁵³ Ibid.

⁵⁴ TNA/FCO82/735, Ramsbotham to Palliser, Britain, 4 March 1977.

⁵⁵ Ibid.

him to give his own ‘personal views on the subjects you think we should discuss, both on bilateral matters, and on major international issues’.⁵⁶ Callaghan immediately replied to Carter with three agenda items: the present world economic situation, defence and East-West relations, and other international issues such as problems in Africa.⁵⁷ Ramsbotham judged that Carter would appreciate Callaghan’s ‘great personal experience in international affairs’ as well as Britain’s experience as a nation. From this point of view Callaghan’s agenda seemed favourable to Ramsbotham and thus he recommended that the Prime Minister concentrate on global problems in his forthcoming discussion with Carter.⁵⁸ This pre-meeting correspondence satisfied Callaghan. As an Atlanticist, he not only wanted to establish a personal relationship with Carter but also make a greater contribution to international affairs. This outlook coincided with Ramsbotham’s recommendation which was that with their rich experience in international affairs the British could help the Americans and also partly balance the loss in the UK’s global influence. Thus, before the first Callaghan-Carter summit meeting, there was reason to believe that the two leaders shared common approaches.

Strangely enough, this close consultation only existed between Britain and the US. From the Carter administration’s inauguration, the French and the Germans were suspicious of its new commitment to consultation with allies and Paris in particular doubted Washington’s promises. At the Quai d’Orsay (the French Foreign Ministry), the planning staff doubted Carter’s intent.⁵⁹ Such French concerns about America’s reliability made US-French relations difficult and put Germany in a diplomatically

⁵⁶ TNA/PREM16/1485, Carter to Callaghan, 1 March 1977.

⁵⁷ TNA/PREM16/1485, Callaghan to Carter, 3 March 1977.

⁵⁸ TNA/PREM16/1485, Washington to FCO, tel.946, 3 March 1977.

⁵⁹ TNA/FCO33/3141, Crowe to Duff, Anglo/French Planning Talks, 1 February 1977.

awkward position being a close ally of both states.⁶⁰

Furthermore, even if the President was genuine in his desire for consultation, this too would cause France problems as it might require a greater French commitment to NATO in the political sphere at least.⁶¹ Because of this interpretation, the French thought that the enlargement of political consultation in NATO would encroach upon Europeans' political influence in the Alliance. Likewise in Bonn, as early as the beginning of February, Ambassador Wright reported that Schmidt and Genscher were 'very concerned about the various statements which were being loosed off from time to time by various members of the Carter Administration', and that the West German government regarded 'the opening days of the American Administration as more a matter for concern than reassurance'⁶². One example of this was the administration's attitude towards the nuclear deal between West Germany and Brazil which included the transfer of enrichment and reprocessing technology. Since his inauguration Carter had required the repeal of the FRG/Brazil deal in the light of nuclear non-proliferation while also not proposing any countervailing alternatives.⁶³ This uncertain attitude increased German suspicion of the Carter administration and its policy, a suspicion which was already heightened given Germany's Cold War position, directly bordering on the East.

In contrast, Callaghan was rather optimistic about Carter's foreign policy and did not share Franco-German concerns, adding a comment to Wright's despatch: 'Give them time! No need for the Germans to get jumpy yet'.⁶⁴ Clearly he thought that, as Ramsbotham pointed out, the US foreign policy would not change substantially under

⁶⁰ TNA/FCO33/3171, FRG-USA-France, 10 February 1977.

⁶¹ TNA/FCO46/1474, Ramsbotham to Sykes, Political Consultation in NATO, 9 February 1977; Colvin to Palmer, Political Consultation in NATO, 18 February 1977.

⁶² TNA/PREM16/1909, Wright to Palliser, 7 February 1977.

⁶³ For example, see TNA/CAB133/479, Nuclear Non-Proliferation, Brief by the Foreign and Commonwealth Office, 2 March 1977.

⁶⁴ TNA/FCO33/3171, Wright to Kerr, 14 February 1977.

the Carter administration, and that the Europeans were too sensitive. However, regardless of Britain's optimism, the lack of intra-Alliance consultation caused misgivings in NATO soon after Carter's inauguration, as did uncertainty about his foreign and defence policy. On 15 February, only three weeks after Carter's inauguration, Ramsbotham arranged a meeting of the EC Nine ambassadors in Washington. The meeting revealed anxieties among the ambassadors about US defence policy and, more fundamentally, the lack of consultation with them. Ramsbotham, with West German Ambassador Berndt von Staden, stressed the necessity of consultation among the Nine on the US foreign policy, but added that it would take some time until the Carter administration developed rigid thinking.⁶⁵ While he recognised the frustration among them, he thought it was still premature to complain to the Americans that their deeds did not match their words.

Killick reported the situation in Brussels. He wrote to Sykes that even in Brussels the Americans had not taken any initiative to consult with the allies, and there was a 'crying need to ferret out more information and compare notes'. He pointed out that:

The trouble is that – undoubtedly and unwittingly – in choosing the area of foreign policy to make his first public impact, President Carter has put forward a number of propositions and taken certain actions which have quite important implications for the Alliance, without, however, any of the consultation which he has promised.⁶⁶

Provoked by Ramsbotham's effort, Killick also organised a meeting of the EC Nine in

⁶⁵ TNA/FCO46/1477, Ramsbotham to Sykes, Meeting of the Nine: East/West Strategic and Conventional Balance, 18 February 1977.

⁶⁶ TNA/FCO46/1477, Killick to Sykes, Nine Power Discussion in Washington and the East/West Balance, 28 February 1977.

Brussels on 3 March. He raised two main concerns, the impact of Carter's human rights remarks and his desire for disarmament and arms control. The representatives agreed that Carter's current human rights policy 'would not change the character of the Soviet Union', even if the Russians wished to see progress in the SALT negotiations:

The general consensus was that we had no grounds for worry about the longer term as the realities and facts of life were borne in on the President. But in the foreseeable future it seemed most improbable that we would succeed in changing his approach which seemed to be a matter of deep personal conviction. Nevertheless it was most important to bring home to him our view of the implications of what he was doing and to commence the process of thorough Transatlantic consultation in the Alliance as soon as possible.⁶⁷

Officials in London seemed to take a more neutral attitude even if they did not entirely share Callaghan's optimism. They were more cautious about taking any actions towards the new administration at this point. Sykes told Ramsbotham that the Americans would consult with NATO on Vance's forthcoming visit to Moscow for his first SALT negotiations, adding that it was unthinkable that the US intended to break the nuclear balance by unilateral disarmament. He also stressed that Callaghan's visit to Washington would give the British a chance to know more about the Carter administration.⁶⁸ On Killick's coordination of the EC Nine to discuss Carter's policies, Sykes was unsupportive given the sensitivity of the human rights issues. He wrote to W. J. A. Wilberforce, the Head of the Defence Department, that '(w)e do not want Sir J. Killick

⁶⁷ TNA/FCO46/1477, Killick to Sykes, Transatlantic Relations in the Alliance, 3 March 1977.

⁶⁸ TNA/FCO46/1477, Sykes to Ramsbotham, East-West Strategic and Conventional Balance, 4 March 1977.

queering the pitch by jumping in too soon' before Callaghan's visit.⁶⁹ This attitude was in sharp contrast to the concerns and frustrations of other European allies.

The puzzlement of Western Europeans about the new administration's foreign policy soon came to surface in preparation for the NATO ministerial meeting. The first problem was the uncertainty of Carter's attendance at the meeting. In February, Carter had not yet made up his mind and this attitude caused concern in Brussels. On such matters, Killick reported his talk with Haig and Luns. They told Killick that when Haig was in Washington he had recommended, with strong support from Brown, that Carter attend the NATO ministerial meeting; he argued that the Alliance leaders 'were waiting anxiously to hear the President's views on many fronts'. Nevertheless, Carter remained negative since 'he did not know what he could usefully say to the other NATO heads of government'. Luns also lamented that Washington was 'strangely reticent' about his early visit to Washington and he was disturbed that NATO was not counted in the series of meetings in Washington at all.⁷⁰ Because of these concerns, they even argued that if Carter continued to be negative about his attendance the British government 'should seriously consider postponing the NATO ministerial meeting'. Luns added his hope that Callaghan would raise this issue in the forthcoming meeting with Carter.⁷¹ Again, Callaghan flatly rejected their pessimistic view. He was 'quite happy' should the NATO ministerial meeting take place at the defence or foreign minister's level, and Carter's attendance was just a 'bonus' if it happened.⁷² Privately, the British government consistently regarded Carter's attendance as all-important and Callaghan was told that Carter's participation was indispensable. Callaghan's comment rather indicates his

⁶⁹ TNA/FCO46/1477, Sykes to Wilberforce, Transatlantic Relations with the Alliance, 4 March 1977.

⁷⁰ Ibid.

⁷¹ TNA/PREM16/1391, UKDN to FCO, tel.63, 7 March 1977.

⁷² TNA/PREM16/1391, Wright to Fergusson, President Carter and the NATO Ministerial Meeting, 9 March 1977.

conspicuous optimism about American foreign policy, or more precisely, about Carter himself. The Prime Minister's trust in the new administration was even greater than the FCO. Before going to Washington, Callaghan told the American correspondents of his anticipation of good personal relations with Carter, pointing out the things they shared, the same initials, their service in the Navy, their Baptist background.⁷³ His remark would of course contain some lip service for the American press, but to a large extent revealed his hope for, and expectation of, his forthcoming meetings with Carter.

In the preparations for his Washington visit, Callaghan paid particular attention to the effect of human rights on other foreign policy issues.⁷⁴ Yet Britain's recognition of détente and its relationship with human rights did not differ so much from that of the Carter administration. This fact was clear in Owen's speech to the Diplomatic and Commonwealth Writers Association on 3 March, a week before he and Callaghan visited Washington. In this speech, his first as Foreign Secretary, Owen said that détente should be pursued in a pragmatic way. But at the same time he stressed the significance of the Helsinki Final Act and drew attention to the violation of human rights in communist countries and added that without the free movement of people and ideas and respect for human rights 'we cannot hope for peace and stability in the longer term'.⁷⁵ This mirrored what Carter had repeatedly told the public. The difference between Britain and the US was the extent of linkage between human rights and détente. For Carter, human rights were 'a central theme for American foreign policy'.⁷⁶ This

⁷³ TNA/PREM16/1485, Prime Minister's Briefing for American Correspondents, 4 March 1977.

⁷⁴ TNA/FCO28/2992, Secretary of State's meeting to discuss his Speech to the diplomatic and Commonwealth Writers Association (3 March) Wednesday 23 February at 12 noon; TNA/FCO82/755, Vile to Kerr, 23 February 1977.

⁷⁵ TNA/FCO46/1477, Palliser to Killick, 15 March 1977; TNA/FCO28/3002, Speech by the Rt Hon Dr David Owen MP, Secretary of State for Foreign and Commonwealth Affairs, Prepared for Delivery at the Annual Banquet of the Diplomatic and Commonwealth and Commonwealth Writers Association, Thursday 3 March 1977.

⁷⁶ Jimmy Carter, *Keeping Faith: Memoirs of a President* (London: Bantam Books, 1982), p.144.

approach was based on his unshakable moral conviction of the value of American democratic idealism.⁷⁷ In addition, Callaghan noted in his memoirs that Carter held a ‘manifest dislike of horse trading’.⁷⁸ Thus it is not hard to assume that the new administration’s emphasis on human rights, and Carter’s uncompromising attitude, made the new administration’s détente policy inflexible.

Callaghan arrived in Washington in the late afternoon of 9 March and a friendly atmosphere ensued. The British Prime Minister and the American President did not hesitate in referring to Anglo-American closeness. In the opening ceremony next morning at the White House, Carter said ‘I think it is not an exaggeration to say, nor is it any reflection on our friends and allies to say, that we enjoy a special relationship with Great Britain’.⁷⁹ At the beginning of their first meeting after the ceremony, he underlined his point saying that ‘there was a kinship between the United States and the United Kingdom which was not the same as that of other countries’; he was proud of this link and hoped that it would remain.⁸⁰ Callaghan answered to this warm welcome in his speech at dinner:

(In the last 40 years history has changed the relative strength of the United States and the United Kingdom very much to your advantage. As the result you have built up a wide network of relationships and friendships around the world, and in the process we have become a little shy of using the traditional term ‘a special relationship’ to describe our friendship with each other. But I see no reason why we should refrain from using this term,

⁷⁷ Erwin C. Hargrove, *Jimmy Carter as President: Leadership and the Politics of the Public Good* (Baton Rouge and London: Louisiana State University Press, 1988), pp.111–3.

⁷⁸ Callaghan, *Time*, p.482.

⁷⁹ TNA/FCO82/735, Ramsbotham to Callaghan, The ‘Special Relationship’ Revived: Visit to Washington by the Prime Minister and the Secretary of State, 9–12 March. 1977, 18 March 1977.

⁸⁰ TNA/PREM16/1486, Record of a Discussion between the Prime Minister and the President of the United States in the Cabinet Room of the White House on Thursday 10 March 1977 at 11.30 a.m.

it is not an exclusive relationship. It shut no one out, and it does describe with accuracy the ease, the intimacy, the common feeling which Americans and Britons share with each other when they meet and talk, a common feeling that comes from similar political systems rooted in the same common law. This intimacy and partnership reached its highest manifestation in my lifetime, in the partnership that was forged during the Second War.⁸¹

Britain had declined, but the 'special relationship' remained, a conviction held by the convinced Atlanticist Callaghan. Over the visit, he took advantage of every opportunity to emphasise the closeness of these two countries.

Nevertheless, despite this amicable atmosphere, Callaghan's visit revealed some differences between the two allies on European security. The first was on human rights. As Owen's speech on 3 March shows, the British government basically supported Carter's pursuit for human rights in international affairs. The problem was his emphasis and energy. Carter took up human rights as the very first topic in their first meeting. Callaghan told Carter frankly of European anxieties about his focus on human rights, anxieties which were repeated in his meeting with the EC foreign ministers who came to London for Crosland's memorial service on 7 March.⁸² Callaghan observed that the Europeans thought that Carter had changed the 'conventional groove', but did not want anything which upset the existing balance. Further, he added that it was wrong to give the Eastern Europeans the illusion on what the West was actually capable of for them. Nevertheless, Carter was stubborn; he replied that he took Callaghan's remark 'very seriously', but repeated his passionate interest in human rights as an issue. He reiterated

⁸¹ TNA/PREM16/1486, Prime Minister's Speech at State Dinner, 10 March 1977.

⁸² TNA/PREM16/1362, Note of a Discussion over Lunch at 10 Downing Street on Monday 7 March 1977.

that this policy did not target the Soviet Union only and if other countries joined together the condition could be eased.⁸³ Clearly this meeting revealed the difficulty in softening the new President's unshakable conviction. Even after hearing about the Europeans' concerns, Carter's did not move even an inch.

The second discord was on European defence. General European defence policy was discussed between Callaghan and Harold Brown on 11 March. Brown reassured his colleagues that NATO and European defence were 'high on the new Administration's list of priorities'. However, over the future of European defence their visions were not identical. Brown reiterated the importance of reinforcement of conventional forces to avoid the use of tactical nuclear weapon in case of the Soviet's conventional attack. For that purpose, he added that the US would have to 'go for higher spending on conventional forces'. Callaghan was reluctant to accept Brown's analysis, he said that he saw 'no prospect of such an increase' and 'everyone in Europe would prefer to live with the existing risks rather than increase their expenditure in defence' and Britain would prefer the maintenance of nuclear deterrent rather than increase of conventional forces.⁸⁴ Of course Callaghan had a reason for not being able to give Brown full support. For a country which had been suffering from severe budget shortage, it was naturally difficult to follow the Americans. Any approval of the new build-up of NATO conventional forces would inevitably require the allies to increase defence expenditure and Britain could not be excluded. For this reason, although he and his government recognised the expansion of Soviet conventional armed forces, Callaghan was forced to defend the status quo in Europe.

⁸³ TNA/PREM16/1486, Record of a Discussion between the Prime Minister and the President of the United States in the Cabinet Room of the White House on Thursday 10 March 1977 at 11.30 a.m.

⁸⁴ TNA/PREM16/1486, Note of a Meeting between the Prime Minister and the United States Secretary of Defense at Blair House, Washington, on Thursday, 10 March 1977 at 1705.

The third difference came over Carter's attitude towards NATO including the forthcoming NATO ministerial meeting. At their meeting, Callaghan got a favourable answer from Carter on his participation. Apart from this point, Callaghan reminded Carter not to pursue 'new initiatives or ideas for restructuring the Alliance' at the summit, even suggesting that 'it would be better to leave this until a later meeting, perhaps next year'. Carter assented and confirmed his attendance at the NATO summit to reaffirm the US commitment to the Alliance and to meet his NATO colleagues.⁸⁵ Yet, as will be seen, his promises were reversed the next day.

Even on European security, there were several points on which Britain and the US did not share a common view. Nevertheless, it seems that for the British government the primary objective of Callaghan's Washington visit was the establishment of a good personal relationship between the Prime Minister and the President. In this regard, the objective was achieved. Ramsbotham reported that Callaghan's visit was 'an outstanding success'.⁸⁶ His despatch spoke of the renewal of the 'special relationship'. He listed the three reasons why Carter stressed the importance of good Anglo-American relations; first, Callaghan's visit was an opportunity for Carter to show 'himself to his people as the architect and spokesman of an enlightened and coherent foreign policy'. Secondly, Carter found that Callaghan was a reliable partner with 'experience in international affairs whose basic approach to foreign policy questions was not dissimilar from his own'. Thirdly, and most importantly, the new administration needed Britain's skill in the handling of international affairs. Ramsbotham explained on this point that:

⁸⁵ TNA/PREM16/1486, Note of points Raised in Discussion between the Prime Minister and President Carter during Dinner at the White House on Thursday 10 March 1977.

⁸⁶ TNA/FCO82/735, Ramsbotham to Callaghan, The 'Special Relationship' Revived: Visit to Washington by the Prime Minister and the Secretary of State, 9–12 March. 1977, 18 March 1977.

There are still many areas in which, despite our reduced power and influence, we can contribute effectively to the pursuit of common objectives, and the range of issues on which we have had fruitful bilateral talks with the Americans at official level, both before and after the Prime Minister's visit, bears witness to this.⁸⁷

Callaghan's rich experience in that area seemed to Carter to balance his own inexperience. Carter's reliance on Callaghan's ability could be an indispensable precondition for Britain to play an important 'soft power' role in the Alliance with its 'diplomatic skills and knowledge'. On the other hand, Ramsbotham added that there were potential problems in US-German relations and in French suspicion of the new administration:

I wonder whether behind his emphasis on the "special relationship" there may not have been an element of calculation that US ties with Britain might be used to foster American interests in the wider European context. Such an interpretation may be too cynical. But it is, I think, a point which we shall have to watch closely, particularly if US and European interests on such matters as the multilateral trade negotiations, arms standardisation and nuclear reprocessing should start to diverge.⁸⁸

The first full-scale summit meeting worked quite satisfactorily towards the revival of the 'special relationship'. But flowery and sweet words veiled the issues which could be grow into disputes in the future. The British wanted a good relationship first and thus differences in foreign and defence policy were put aside to achieve this purpose at the

⁸⁷ Ibid.

⁸⁸ Ibid.

political level. At the same time, the more the Anglo-American relationship became 'special', the bigger the image of 'Trojan Horse' might become in the Europeans' mind, particularly the French. Sir M. Ramsay Melhuish, the head of the North American Department, agreed with Ramsbotham on the aim of Carter's emphasis on the 'special relationship' and commented that the Americans clearly understood that they had 'at least one friend in the European court' when their relations with France and West Germany were becoming choppy.⁸⁹ FCO officials were cautious to avoid dispute with the Americans on the appropriateness of Carter's foreign policy before it took shape. But at the same time, they had no illusions about the revival of Britain's power behind the revival of the 'special relationship'.

In the Cabinet after returning from Washington, Owen reported that Carter was 'a tough and able man, genuinely concerned about racial prejudice and human rights, and was trying to make progress on arms control and nuclear non-proliferation'. Callaghan also praised Carter saying that 'President had achieved of the wide range of subjects they had discussed. He was a man of great ability' and '(h)e had also appeared anxious to treat the United Kingdom as an equal partner'.⁹⁰ Here Callaghan's supportive attitude is clear once again. On the other hand, he added that Carter's attitude was 'flattering and welcome', but it was necessary 'to warn the President not to expect more of us than we were able to deliver'.⁹¹ It is noticeable that Callaghan already found a kind of embarrassment in the Carter administration's excessive expectations of Britain. Bernard Donoghue, the Prime Minister's Senior Policy Adviser, wrote in his diary about Callaghan's confusion having faced a very warm welcome from the new

⁸⁹ TNA/FCO82/735, Melhuish to Sykes, Visit by the Prime Minister and Secretary of State to Washington, 23 March 1977.

⁹⁰ TNA/CAB128/61, CM(77)11th Conclusions, 17 March 1977.

⁹¹ Ibid.

administration. Callaghan said of Carter that “(h)e said he had always wanted to meet me – and he meant me!” [...] He was also a bit worried that Carter was setting so much store by the Anglo-American relationship’ and continued ‘I am worried that they will be disappointed’.⁹²

But even if Carter’s over-reliance and over-emphasis on the Anglo-American ‘special relationship’ confused him, Callaghan would be willing to accept it under the conviction that Carter was an able statesman and that close cooperation with the new administration was beneficial for Britain. Because of this he stressed to the ministers his positive evaluation of the new President. In this sense, the first Callaghan-Carter summit meeting had a significant meaning as the starting point of close Anglo-American cooperation, as will be shown in subsequent chapters.

3. The NATO London Summit

After the Prime Minister’s return to London, the British government was responsible for explaining the result of his Washington visit to the European Council as Callaghan held the Presidency for the first half of 1977. The briefs which the FCO produced for the Council reveal what the British government had in mind. There were three main objectives. The first was to tell the heads of government of Carter’s wish to establish a good relationship between the Community and the US. Then, the British wanted to ‘(t)o emphasise the positive aspects of the new Administration’ and ‘(t)o counter Community [member states’] suspicions (particularly the French) that “special relationship” implies a UK role as intermediary between the EEC and the US’. For these purposes, the FCO

⁹² Donoghue, *Downing*, p.160.

argued that the British should emphasise the consistency of new administration's foreign policy and that Carter was not 'shooting from the hip'.⁹³ Bearing these things in mind, Callaghan told other heads of government at the Council that '(i)t should be possible to work with him'.⁹⁴

In the meantime, the SALT II negotiations resumed between the two superpowers. On SALT II the Americans seemed to keep their promise of close consultation with their allies. Vance's detailed briefing at the NAC in Brussels before visiting Moscow on 26 March was clearly intended to show their intent. Killick reported that Vance's style and the change from Kissinger's 'headmasterly approach to the Alliance' was marked and welcome.⁹⁵ But the new US administration's proposal was ambitious; it required a drastic reduction of the strategic nuclear weapons which went far beyond the Vladivostok accord concluded by the previous administration in 1974. In Vladivostok Ford and Brezhnev agreed to limit the numbers of strategic delivery vehicles and multiple independently targetable re-entry vehicles (MIRVs) to 2,400 and 1,320 respectively. But in his new proposal Carter demanded a reduction from 2,000 and 1,200. In addition, he proposed a freeze on the future development and deployment of intercontinental ballistic missiles (ICBMs), and constraints on the Soviet 'Backfire' bombers (they were not to be used for strategic purposes) and a restriction of 2,500km range on cruise missiles.

In Moscow, this proposal was flatly rejected by the Russians.⁹⁶ For them Carter's proposal required more reductions in land-based ICBMs in which the Soviet Union had

⁹³ TNA/PREM16/1255, Relations with the New United States Administration: Brief by the Foreign and Commonwealth Office, 18 March 1977.

⁹⁴ TNA/PREM16/1254, European Council, Rome, 25 March 1977, Note of the First Session at 1520.

⁹⁵ TNA/PREM16/1488, UKDN to FCO, tel.119, 27 March 1977.

⁹⁶ TNA/PREM16/1183, Moscow to FCO, tels.239, 240 and 241, 31 March 1977.

numerical advantage.⁹⁷ Brezhnev warned Vance that '(i)f the United States wants to reopen questions that have already been solved, then the Soviet Union will again raise such problems as the American strategic weapons to its allies'.⁹⁸ For the Russians, agreement in Vladivostok was the prerequisite for the next talks. But for the new US administration, more exacting agreements needed to be reached than those proposed by the previous administration's foreign policy. Carter had already told Callaghan about his hope for an early conclusion of SALT II when they met in Washington.⁹⁹ However, since the Soviets flatly rejected the proposal and did not offer a counterproposal, which most of the administration expected, a much longer negotiation was inevitable.¹⁰⁰

Vance recalled that after the failure of the negotiation in Moscow, 'the allies were deeply concerned that the SALT negotiations and détente were in jeopardy. Repeatedly, they stressed a fervent desire that the talks get back on track'.¹⁰¹ But among British policymakers, there were diverse interpretations of this potentially bleak result. At the political level, there seems to be little disappointment or concern. E. A. J. Fergusson, Private Secretary for the Foreign Secretary, analysed that, the substance of the Soviet Union's flat negative attitude was not Carter's human right remarks but the agenda of the new SALT proposal itself, the asymmetric reduction in strategic weapons and long-range limitation in cruise missiles. But importantly, he was not pessimistic about the future negotiations. He wrote that the difficulties of SALT negotiations were always expected, and 'despite the hiccough, the Americans may feel that their opening bid puts

⁹⁷ Garthoff, *Détente*, pp.890–1.

⁹⁸ Anatoly Dobrynin, *In Confidence: Moscow's Ambassador to America's Six Cold War Presidents (1962–1986)*, (New York: Random House, 1995), p.392.

⁹⁹ TNA/PREM16/1486, Record of a Meeting Held at the White House on Friday 11 March 1977 at 11.00 am.

¹⁰⁰ Garthoff, *Détente*, pp.891–3; Hanhimäki, *The Rise*, pp.106–7.

¹⁰¹ Cyrus Vance, *Hard Choices: Critical Years in America's Foreign Policy* (New York: Simon and Schuster, 1983). p.66.

them in a good position publicly'.¹⁰² This positive understanding became clear when Vance stopped over in London to meet Callaghan on 31 March on the way back from Moscow. The main topic of their meeting was of course the SALT negotiation in Moscow. Callaghan was optimistic; at the beginning of their meeting, he told Vance in an encouraging tone that he did not take the result of Moscow talks too seriously. They agreed that Brezhnev wanted a success in détente, but hard-liners in the Soviet government were trying to prevent it by using Carter's human right remarks. Therefore, in Callaghan's view, Brezhnev's outright negative response was a tactic at the beginning of the long process to deter these opponents and in the long run it would be facilitated. In addition, Callaghan told Vance that Carter's remarks on human rights gave him domestic popularity and international standing.¹⁰³ With this encouraging analysis, the general atmosphere of their meeting was friendly and sympathetic.

There were, however, concerns at the official level about the new Administration's handling of the SALT negotiation. S. W. J. Fuller of the Defence Department wrote that, what struck him was Warnke's 'openness' to admit that the Americans miscalculated the Soviets' reaction to the new proposals. In addition to the problems in the proposals themselves, he pointed out the lack of skill in the Carter administration's new style of negotiation; he felt that the Russians were 'pressured unfairly' and were 'victims of brash propaganda'. Furthermore, now that the Americans raised cruise missiles as an agenda for SALT II, there was a concern for themselves and other European allies about how range limitations would affect the future development of cruise as an intermediate-range weapon system.¹⁰⁴

¹⁰² TNA/PREM16/1183, Fergusson to Wright, Mr Vance's Visit to Moscow: SALT, 31 March 1977.

¹⁰³ TNA/PREM16/1488, Note of a Meeting between the Prime Minister and the United States Secretary of State at 10 Downing Street on Thursday, 31 March 1977 at 1845.

¹⁰⁴ TNA/FCO82/770, Fuller to Moberly, SALT, 4 April 1977.

On 12 April, Ramsbotham and Brzezinski discussed the results of the Moscow meeting. Brzezinski stated his optimistic view; Brezhnev wanted negotiations, thus they would come back to the table in any case. Ramsbotham reported to London the Americans' view that, even if the US-Soviet negotiations took a longer time, they would be ready to come to terms with the prolonged stalemate and in the meantime they would develop new weapon systems such as cruise missiles. Facing America's superiority, the Soviets would realise that a stalemate would be more disadvantageous for them than for the Americans. Nevertheless, Ramsbotham was not necessarily happy with Brzezinski's judgement. He was now pessimistic about the future of the negotiations. He concluded his telegram with concern:

If my analysis is correct, we could face a prolonged period of uncertainty [...]. The problem, as I see it, is that, even if the Russians perceive the disadvantages to themselves of no agreement, they will find it difficult to negotiate on the terms now being offered. The possibility of an early change in Soviet leadership will presumably complicate their approach. I am not entirely convinced that the President has yet fully appreciated how far-reaching his proposal is for the Russians and how long it is likely to take to reach agreement.¹⁰⁵

Facing the depressing result of the first SALT II negotiations, officials gradually began to worry about the future of détente under the new administration. In contrast, the Prime Minister's support for the new administration's détente policy remained unchanged because of his personal rapport with Carter and belief in the

¹⁰⁵ TNA/PREM16/1183, Washington to FCO, tel.1596, 12 April 1977.

Anglo-American relationship. But given the lack of consultation, the new administration's relations with the European allies became fragile as early as the spring of 1977. Among them, US-FRG relations were severely strained. Carter's attitude on human rights caused difficulties for Schmidt's policy. As soon as Carter came to power the difference of views became clear in various fields. In non-nuclear proliferation, the Carter administration's intervention in the West German-Brazilian agreement on the supply of nuclear technology produced a severe tension, but more serious friction was created over East-West relations. As stated above, from the outset of the Carter administration, the West German government was worried about the new American emphasis on human rights.¹⁰⁶ For Schmidt, Carter's new policy was dangerous for détente's prospects. What he wanted from Carter was a continuation of the practical policy of the Nixon-Ford-Kissinger era. This was particularly important for West Germany since deterioration of East-West relations would directly affect the relationship between East Germany and West Germany. Schmidt recalled that '(s)omeone who continually compromised the Soviet leaders by waging a human rights campaign could hardly hope to persuade them to go beyond the old agreement for arms limitation to actual disarmament'.¹⁰⁷ Contrary to the meeting with Callaghan in London, the Schmidt-Vance meeting took place in a strained atmosphere; Vance had an 'uncomfortable session' with the Chancellor and Schmidt pointed out the risk of the new President's policy. He added that Carter's policy made situation difficult and '(d)rastic talk about human rights made it more difficult to achieve this aim'.¹⁰⁸ These British and German differences with the Americans are explained by the mood in their

¹⁰⁶ TNA/FCO33/3168, Crowe to Duff, Anglo/German Planning Talks, 2 March 1977.

¹⁰⁷ Schmidt, *Men*, pp.182–3.

¹⁰⁸ TNA/FCO33/3171, Hibbert to Fergusson, Chancellor Schmidt and Mr Vance, 1 April 1977; Horst Möller et al. (eds.), *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland 1977* (hereafter AAPD/1977) (Munich: Oldenbourg, 2008), vol.1, doc.82.

separate bilateral relations as well as the gap in their understanding in East-West relations and the Carter administration's policy.

While cold water was poured on the SALT negotiation immediately after it commenced, Britain and the US worked *pari passu* under the revived 'special relationship' for the NATO ministerial meeting. But it was not smooth sailing. As already noted in the earlier part of this chapter, Carter had confirmed during his meeting with Callaghan on 9 March that he would attend the NATO ministerial meeting and not develop any new initiatives. Nevertheless, on 10 March, Palliser wrote from Washington that Henry Owen, the administration's Special Representative for Summits, told Hunt and himself that although Carter had not yet made a final decision, he was envisaged reaffirmation of the US commitment to Western defence based on NATO and a proposal for a long-term review of the Alliance as it adjusted to the changing situation. Henry Owen listed three points that required analysis in this study: the changing political environment of the Alliance and its role in the new international environment; improvements that might be required in defence postures; and desirable changes in Alliance machinery. Owen said that the administration wished to consult with the British first before consulting NATO and its members.¹⁰⁹ Hunt and Palliser replied that while the British government would warmly welcome the President's participation, the impression that the US was deliberating a reduction in their commitment to European defence while asking their Allies to increase their contribution should be avoided. Clearly Carter wished to make his attendance at the NATO summit more than ceremonial.¹¹⁰ It was apparent that the US President wanted his statesmanship to make

¹⁰⁹ TNA/PREM16/1391, The Possibility of President Carter Attending the NATO Ministerial Meeting on 10/11 May, 10 March 1977.

¹¹⁰ Ibid.

up for his inexperience in the eyes of the American people. Nonetheless, the US government soon revised its idea after Hunt and Palliser had given Owen their views. On 16 March, Owen told K. B. A. Scott, the head of Chancery of the British Embassy in Washington, that ‘a full scale study of the nature and purposes of the Alliance could open up questions which were better left unasked’. Instead, he proposed a political study in NATO in the light of the changing environment of East-West relations and added that he wanted to know British reactions to this idea before consulting other Alliance members.¹¹¹

Britain’s first reaction was confusion; even if the Americans revised the idea, it obviously contradicted Carter’s line with Callaghan. Fergusson reported that the White House and the State Department had pressed the President to take an initiative for the NATO summit.¹¹² But the FCO took this change of attitude relatively positively. Assistant Under Secretary of State P. H. Moberly wrote to Sykes that the revised American idea seemed ‘a good deal and less controversial’. Yet, he pointed out that the political study could cause troubles ‘(u)nless this is handled very carefully and delicately indeed (and the Americans are not famous for such qualities)’.¹¹³ On the other hand, Callaghan and Owen were more positive; Owen argued that this change removed the objection which Callaghan expressed to Carter in Washington and judged that it would ‘right for us to go along with Mr Henry Owen’s revised idea’.¹¹⁴

This American demarche was communicated to the other NATO members through

¹¹¹ TNA/PREM16/1391, Washington to FCO, tel.1172, 16 March 1977.

¹¹² TNA/PREM16/1391, Fergusson to Wright, The United States and NATO, 28 March 1977.

¹¹³ TNA/FCO46/1481, Moberly to Sykes, 17 March 1977; Sykes to Palliser, NATO Meeting, 17 March 1977.

¹¹⁴ TNA/PREM16/1391, Fergusson to Wright, The United States and NATO, 28 March 1977; Wright to Fergusson, NATO Ministerial Meeting: 10/11 May, 30 March 1977.

Luns on 15 April, after his return from Washington.¹¹⁵ The allies were in some doubt as to what the Carter administration really aimed to do for European security. Killick reported that in fact all delegations in Brussels were cooperative but not happy with the proposal. Even Luns could not see what they meant; he told Ramsbotham in Washington that he had advised Henry Owen that ‘what was needed was not new studies to produce new information, but the political will to adopt the necessary policies’.¹¹⁶ Under these difficult circumstances Britain’s help with the US proposal was crucial for the administration’s diplomatic success. Importantly, this UK-US cooperation was kept secret. Killick wrote that ‘nobody else is in a position to know the extent to which Owen’s original ideas have been modified as a result of our earlier interventions’.¹¹⁷ The Americans appreciated highly British help and close cooperation with them.¹¹⁸ By acting behind the scenes, the British clearly tried to avoid the Europeans’ old criticism of Britain as a ‘Trojan Horse’ for the US while strengthening the bilateral relationship.

In the meantime, there were some developments in the Anglo-German offset negotiations. As mentioned above, Callaghan and Schmidt agreed in January to continue their discussion and seek finalisation. Nonetheless, the German side proposed a rather prudent procedure whereas the British had run too far ahead of the Germans. At the first exchange of notes, the British outlined a new agreement while the Germans started by listing issues.¹¹⁹ Although the negotiation was already behind schedule from the beginning, its overall pace was dominated by the Germans. On 16 March, the first meeting was held in Bonn between the German officials and the British delegation,

¹¹⁵ TNA/FCO46/1481, UKDN to FCO, tel.149, 15 April 1977.

¹¹⁶ TNA/FCO46/1481, Washington to FCO, tel.1597, 12 April 1977.

¹¹⁷ TNA/FCO46/1482, UKDN to FCO, tel.167, 25 April 1977.

¹¹⁸ TNA/FCO46/1482, UKDN to FCO, tel.170, 26 April 1977.

¹¹⁹ TNA/PREM16/1189, Stowe to Callaghan, 17 February 1977.

Stowe and Sir Clive Rose, Deputy Secretary, Civil Contingencies Unit of Cabinet Office. The discussion was businesslike, but despite the impatience of the British, the only but not advantageous new development was a proposal made by the Germans: negotiations between foreign ministers to settle the points on which agreement had not been reached. This idea reflected Schmidt's wish and German internal politics. According to the German participants Schmidt thought that he could not impose an agreement on Genscher.¹²⁰ It can be easily understood that Schmidt wished that Genscher would share the burden of concluding this highly unpopular agreement by getting him involved in the negotiation. This frustrated the British as it would inevitably delay the negotiations further. It was doubtful from the beginning that the negotiation could be concluded by the NATO ministerial meeting.

The British studied a compromise at the time. Rose envisaged that, in case Schmidt might stick to his original plan of DM125 million for three years and would not accept 'optimum requirements' (a total of DM750 million), they would have to agree a total payment of DM500 million for two or three years. In Rose's report, should the Germans argue for a three year agreement, DM 250 million was allocated to 1977/78 and DM125 million for 1978/79 and 1979/80 respectively. But the British still wished to maintain their reservations on the multilateral scheme after the traditional offset was terminated.¹²¹ With this compromise in mind, Callaghan hoped to push Schmidt again during their encounter at the European Council in Rome on 26 March. However, his effort did not bear fruit. Rather their meeting revealed Schmidt's firm determination to terminate the traditional offset agreement. Schmidt only said that he could not stop Callaghan raising the idea of the multilateral scheme, but he was not prepared to agree

¹²⁰ TNA/PREM16/1189, Rose to Stowe, Anglo-German Offset, 17 March 1977.

¹²¹ TNA/PREM16/1189, Rose to Stowe, 24 March 1977.

with it.¹²²

During this period, Britain's attempts to justify defence expenditure cuts for 1977/78 were not successful. In Killick's despatch to Palliser dated 23 March, he reported his effort of 'ploughing a somewhat lonely furrow' in Brussels. Killick deplored that 'we can no longer argue, as we have done hitherto, that having undertaken the necessary surgery of the Defence Review, we have been maintaining the essential level of our contribution to NATO'.¹²³ He pointed out that the current tactics of penalising Britain's defence effort arbitrarily for reasons of economic difficulties were no longer persuasive enough to maintain Britain's position in NATO and emphasised the need of a coherent defence policy. His despatch showed the distress of a frontline diplomat who was instructed to fight a defensive battle without sufficient materials. Palliser's reply was hard-headed:

I honestly do not think that it makes sense for you to attempt to re-write our defence policy from Brussels, and I think you should beware of exaggerating its deficiencies or giving anyone in London any grounds for suspecting that you may not be wholehearted in your resistance to others' criticism of them.¹²⁴

From the Whitehall's point of view, the diplomatic front in Brussels had to be held or Britain's credibility as a whole would be seriously damaged. Hence Killick's defensive battle was critically important and had to be maintained even if it was a lonely furrow.

In addition, the American administration's demand that the allies increase their

¹²² TNA/PREM16/1189, Anglo/German Offset, 28 March 1977.

¹²³ TNA/FCO46/1484, Killick to Palliser, Britain and NATO, 23 March 1977.

¹²⁴ Ibid.

defence budgets would be a heavy pressure on the ongoing offset negotiations. It evidently meant that the delay of the offset negotiation could unavoidably put Britain into a more difficult position in the Alliance due to financial pressures. The British wanted an early conclusion at any rate. DM500 million was nothing but a half of the original requirement, but Callaghan approved Rose's suggestion, and Owen, Healey and Mulley followed.¹²⁵ Grounded within this consensus, officials discussed the future tactics on 5 April. They were sceptical whether the negotiation could be concluded in time, but decided to recommend that Owen write a personal letter to Genscher immediately to determine his response by setting out Britain's opening bid once again.¹²⁶

For Owen, direct negotiation with Genscher was a tough job. He commented 'I wish I could understand a word of these papers. They are most confused I have read and that is saying something! [...] I need urgent advice on the handling of this issue'.¹²⁷ Yet little time was left before the target date, 10 May, the day of NATO ministerial meeting. There was no moment to lose before that; his letter was sent on 12 April, but the Germans' reaction was still lukewarm.¹²⁸ Genscher was 'fully seized of the problem', but wanted to 'obtain precise guidance from the Chancellor on certain key point'.¹²⁹ Understandably Genscher did not want to commit to this unpopular negotiation. Meanwhile, the second official level meeting took place in Bonn on 29 April. Again the Germans' attitude was 'businesslike and friendly', but there was no advance in

¹²⁵ TNA/PREM16/1189, Stowe to Fergusson, Anglo/German Offset, 30 March 1977; Prendergast to Stowe, Anglo/German Offset, 7 April 1977; Monck to Stowe, Anglo-German Offset, 7 March 1977; Jackling to Prendergast, Anglo-German Offset, 13 April 1977.

¹²⁶ TNA/FCO33/3187, Anglo/German Offset, 4 April 1977; Goodall to Sykes, 6 April 1977; Record of a Meeting Held in Conference Room B, Cabinet Office on Tuesday 5 April 1977 at 3.30 pm.

¹²⁷ TNA/FCO33/3187, Prendergast to Western European Department, Anglo/German Offset, 4 April 1977.

¹²⁸ TNA/PREM16/1189, Owen to Genscher, 12 April 1977.

¹²⁹ TNA/PREM16/1189, Bonn to FCO, 15 April 1977.

discussion due to the very rigid instructions given to them by Schmidt because of German internal politics.¹³⁰ Under existing conditions it was as clear as day that the negotiation would not be able to be concluded ahead of the NATO ministerial meeting. Owen suggested that Callaghan raise this problem when he saw Genscher during the summit meetings. Should their discussion become inconclusive, it would be desirable that Callaghan and Schmidt discuss this long-standing problem again.¹³¹ Given the shortage of the remaining time, the negotiations came back to the direct talks between the heads of the government for rapid completion.

London became the centre of the international politics in the first half of May. The Economic Summit took place on 7th and 8th, the quadripartite summit between Britain, the US, Germany and France on 9th, and the NATO summit meeting on 10th and 11th. Among these international meetings, the latter two were directly related to European security. Ostensibly the quadripartite meeting was set to discuss over the situation of Berlin between the four-power of occupying that city, but its real purpose was to discuss wide range of international issues. The four heads of government hurried through the discussion on Berlin and moved to the main topic, Carter's foreign policy. The atmosphere was testy from the beginning. The Chancellor came to London already 'in a smouldering mood, exacerbated by Carter's method of handling discussions'.¹³² But according to Callaghan's note of the meeting, it was Giscard who voiced the doubt most explicitly in the meeting. He criticised Carter's human rights diplomacy saying that the President had broken the code and 'gone outside the rules of the game' by condemning human rights in the Soviet Union. Carter countered that '(a)fter Vietnam and Nixon, it

¹³⁰ TNA/FCO33/3188, Sykes to Owen, 30 April 1977.

¹³¹ TNA/PREM16/1189, Fergusson to Stowe, Anglo/German Offset, 5 May 1977.

¹³² Callaghan, *Time*, p.483.

was necessary that there should be something clean for the United States to latch on to, because their honour had been besmirched'. This sharp exchange of words shows the fundamental perception gap between the European leaders and the US President. Carter was determined to free America from the old Nixon-Ford-Kissinger line by his own morals-oriented foreign policy. But the European leaders, particularly Giscard and Schmidt, did not need such change which would shake the existing equilibrium even if they also wanted a change in East-West relations. However, Carter assured that the US commitment to European defence would continue, saying that that there was no 'Mansfield proposals for withdrawal' and that 'his readiness to continue full support' would be made clear at the NATO ministerial meeting. This reconfirmation was naturally aimed to ease increasing doubts about US leadership. But at the same time he argued that Europe should not be dependent on the US and West Germany.¹³³ This hardball discussion implied the troubled period in transatlantic relations in the late seventies which the following chapters examine.

This quadripartite meeting on 9 May was a preliminary discussion for the NATO ministerial meeting. Since the quadripartite meeting was closed, these four heads of government talked more openly about their thoughts. Compared with this meeting, the NATO summit did not expose the severe gap in the Alliance in terms of Carter's foreign policy. Rather, it was set to re-confirm the unity of the Alliance under the new US President. As he promised during the previous day, Carter declared at the beginning of his speech that NATO was the heart of the US foreign policy and the US would be a 'reliable and faithful ally'; the US hoped mutual consultations with its allies would strengthen the Alliance politically, economically and militarily. While stressing his

¹³³ TNA/PREM16/1267, Note by the Prime Minister of a Meeting at 10 Downing Street with President Giscard, President Carter and Chancellor Schmidt on Monday, 9 May, 1977, from 1000 to 1230.

attachment to human rights, Carter reaffirmed the US commitment to SALT, the MBFR, and maintenance of nuclear and conventional forces. He then repeated his decision to increase conventional force provision and stated that the US was ready to make more efforts if the other allies played their part. Based on this premise, as had been expected, he proposed a more effective consultation via a long-term study on ‘future trends in the Soviet Union, in Eastern Europe and in East-West relations’ and on ‘implications of these trends for the Alliance’, which was come to be called later as Long Term Defence Programme (LTDP).¹³⁴

Other European leaders reacted generally favourably to his proposal. Schmidt welcomed Carter’s reaffirmation of the US commitment to the Alliance defence. But he argued for the necessity of reviewing the NATO strategy based on the ‘triad’, between strategic and tactical weapons and conventional forces. While stressing the importance of MBFR under strategic parity, he talked of the military balance in Europe. His comments are important considering his role in the latter stage of 1977:

Approximate nuclear parity, which already existed, would be stabilized by a successful SALT II agreement and the importance, both political and military, of strategic weapons as a component of defence and deterrence could be expected to diminish. Such weapons would come to be regarded more and more as an instrument of last resort. This development would undoubtedly lead to a re-orientation towards conventional defence and deterrence. In other words, a stabilization of strategic nuclear parity led to the necessity to achieve conventional parity as well, including not only levels of forces but also their

¹³⁴ NATOA/C-R(77)22 Part 1, Summary Record of a Meeting of the Council in Ministerial Session Held at Lancaster House, London, on Tuesday, 10th May, 1977 at 11.15 a.m.; TNA/FCO46/1482, FCO to UKDN, tel.133, 10 May 1977.

composition, equipment, tactical airpower logistics and many other such elements.¹³⁵

That is to say, as Schmidt pointed out, as parity in strategic nuclear weapons existed between the US and the Soviet Union, parity in other areas would have more significance as deterrence. On the other hand, while Callaghan shared Schmidt's concern about the need for parity in the conventional field, he was otherwise optimistic and pledged Britain's support for Carter's line. Importantly, he stated that he did not take too tragically the lack of a progress in the first SALT talks in Moscow, and argued that 'a period of quiet diplomacy would produce results'.¹³⁶ Here again, Callaghan's supportive attitude towards Carter's new foreign policy is evident. Taking the discussion in the quadripartite meeting into consideration, Callaghan's backing was conspicuous and the degree of optimism made a clear that difference between Callaghan and Schmidt.

The British generally found the NATO summit successful. Even Killick pointed out that Carter's sincerity and quiet determination, and Vance's conduct of foreign policy, impressed the participants. From his point of view, Carter's proposal for the summit meeting in Washington next year was evidence of their determination. He felt sure that 'the Alliance as a whole will have been greatly reassured and morally strengthened by their experience'.¹³⁷

In parallel with these meetings on European security, the Anglo-German offset negotiation finally approached conclusion. The British and the West German foreign

¹³⁵ NATOA/C-R(77)22 Part 1, Summary Record of a Meeting of the Council in Ministerial Session Held at Lancaster House, London, on Tuesday, 10th May, 1977 at 11.15 a.m.

¹³⁶ NATOA/C-R(77)22 Part 2, Summary Record of a Meeting of the Council in Ministerial Session Held at Lancaster House, London, on Tuesday, 10th May, 1977 at 3.00 p.m.; TNA/PREM16/1482, UKDN to FCO, tel.135, 10 May 1977.

¹³⁷ TNA/FCO46/1482, UKDN to FCO, tel.213, 12 May 1977.

ministers met during the ministerial meetings on 9 May. Before they met, the British revised the compromised plan: a total of DM550 million instead of DM750 million, first year DM250 million, second year DM175 million, and third year 125 million, while maintaining the final fallback of DM500 million for three years.¹³⁸ In their meeting Genscher said that the Germans preferred a degressive payment, but a total of DM750 million was ‘far above any figure which the Germans could consider’ and again, he was reluctant to conclude the negotiation by himself. In response, Owen pressed Genscher saying that the British needed an answer by 12 May, when Callaghan would make a statement and answer questions on the outcome of the NATO meeting in the House of Commons.¹³⁹ Still, Genscher was prudent. He repeated that that the figure Owen proposed was ‘beyond the limits of his freedom of manoeuvre’ and would discuss it again the next day with Schmidt’s present.¹⁴⁰ Thus, after the NATO meeting session on the following day, Schmidt assured Owen that it was ‘politically impossible to settle for any sum beginning with the figure 5’. Owen then suggested DM475 million and Schmidt finally accepted it. The following discussion was spent on the allocation of the amount for three years but at least they agreed the total amount of DM475 million and DM250 million for 1978/79.¹⁴¹

Finally the outline of a terminal offset agreement was formed. It gave the British ‘a breathing space’ for a moment and the Ministry of Defence was content with the result.¹⁴² However, in light of the DM475 million figure, the negotiation was not

¹³⁸ TNA/FCO33/3188, Anglo-German Offset, 6 May 1977. The figure of DM 550 million seems to come from the previous offset agreement in which both governments agreed a German payment of DM 550 million for five years.

¹³⁹ TNA/FCO33/3188, Record of Conversation between the Foreign and Commonwealth Secretary and the Federal German Foreign Minister at Luncheon at 1 Carlton Gardens on 9 May 1977.

¹⁴⁰ Ibid.

¹⁴¹ TNA/FCO33/3188, Fergusson to Goodall, Anglo-German Offset, 11 May 1977.

¹⁴² TNA/FCO33/3188, Cooper to Palliser, 11 May 1977.

successful from Britain's point of view. The initial target was DM1,000 million, and then it was reduced to 750 million, 550 million, 500 million, and finally settled at 475 million. But from German side, although this figure exceeded Schmidt's first offer of DM375 million for three years, DM475 million was much closer to their target compare to Britain's DM1,000 million. This outcome indicates two things. First, it showed a change in the power balance between the two countries. Already in decline, Britain did not have any card to make it negotiating position more advantageous. On the other hand, West Germany had consistently been in a dominant position. Secondly, the negotiations indicated Britain's eagerness to gain a breathing space through early conclusion, principally due to a shortage of money in the Exchequer.

Nevertheless, successful management of the NATO summit and the Anglo-German offset negotiation did not fully guarantee Britain's credibility in the Alliance. On 9 May Mulley sent a minute to Callaghan. 'I must warn you', he wrote that of the forthcoming NATO Defence Planning Committee on 17 and 18 May, that there was a 'likelihood of a disagreeable clash with the United States'. As the result of the NATO ministerial meeting in London, the Americans were arguing for a conclusion in the DPC which envisaged that 'every nation would make some real increase in resources for defence' during the NATO planning period from 1979 to 1984. He continued:

The United States, with strong support from the NATO authorities and at least the acquaintance of others, have pressed for wording which would clearly envisage that during the planning period 1979/84 every nation would make some real increase in resources for defence. There are rival formulations about just how big an increase (the United States for example envisage at least 3%, year on year, for all countries), but the basic principle is

contended only by the United Kingdom. I have felt unable to accept any such wording, since the PESC process will not be settling the post-1978/79 defence allocation until the autumn. The Germans having abandoned a similar initial stand, we are now alone in insisting on seeking a formula which contains a let-out for some countries to make no increase.¹⁴³

Mulley added that if Britain did not increase its defence expenditure it would inevitably damage its position in the Alliance as well as its relationship with the US. The only way to evade this risk was to accept a formula with other allies on ‘the principle of some real increases’.¹⁴⁴

Yet, even if the Callaghan government had to swallow this bitter condition, they wanted to mitigate its impact by amending the wording of the communiqué. Consequently, at the NATO Council meeting, Owen should seek to delete words from the communiqué which would assume increases.¹⁴⁵ In parallel, officials made a form of words which argued that the member states’ present contribution and their economic situation should be taken into account, while they accepted the annual increase of 5% in real terms.¹⁴⁶ Britain was under the IMF control but still allocated higher percentage of gross domestic product for defence than any other Alliance members except the US and Greece. But it could be expected that these words would help Britain to limit further their burdens.¹⁴⁷ With this formula Mulley flew to Brussels to persuade Brown. In

¹⁴³ TNA/PREM16/1574, Mulley to Callaghan, NATO Defence Ministers’ Meeting, 9 May 1977.

¹⁴⁴ Ibid.

¹⁴⁵ TNA/PREM16/1574, Owen to Callaghan, 11 May 1977. The original draft communiqué stated that ‘They are resolved to assume to the best of their capabilities the burdens this entails and to strengthen their mutual support, efforts and co-operation’. The underlined part was deleted at Owen’s request. TNA/FCO46/1184, Background note for Parliamentary Question, 19 May 1977.

¹⁴⁶ TNA/PREM16/1574, Mulley to Callaghan, NATO Defence Ministers’ Meeting, 13 May 1977.

¹⁴⁷ In the Alliance, Britain’s defence expenditures took the third place, 5.1% of its GDP, next to 6.5% of Greece and 5.9% of the US. TNA/FCO46/1484, Henn to Assistant Private Secretary to Owen, 18 May

consequence Brown accepted the inclusion of this principle. As the Americans argued, the DPC's biannual strategic paper, Ministerial Guidance, stipulated the call for the increase in defence expenditure 'in the region of 3%' but it also stated that 'for some individual countries: – economic circumstances will affect what can be achieved' and that '– present force contributions may justify a higher level of increase'.¹⁴⁸ Clearly this reference reflected Britain's efforts to ease the impact of the new administration's initiative while not preventing it. Along with this Ministerial Guidance, NATO defence ministers decided to set up nine task forces to study Carter's LTDP, and agreed that these task forces should be completed by the NATO ministerial meeting which was planned to be held in Washington in May 1978.¹⁴⁹

Britain's efforts to amend the DPC communiqué indicates the fragile reality of the new Anglo-American 'special relationship'. Apparently, the Americans did not fully adopt what Callaghan told Carter and Brown in Washington in March. The British government repeatedly said to the Americans that Britain had no room in its budget for armed forces expansion. Conversely, for the Carter administration the Alliance response to the Soviet military build-up was an imminent issue, particularly if they did not wish to see a reinforcement of nuclear arsenals. Because of this consideration, the Carter administration repeatedly asked its allies to contribute more and to keep pace with the Americans in the increase of defence spending for conventional forces. The Anglo-German offset negotiations were almost concluded if not successful, but the Callaghan government still needed to settle the problems which arose from the

1977.

¹⁴⁸ NATOEL, Defence Planning Committee, Final Communiqué, Brussels, 17–18 May 1977: <http://www.nato.int/docu/comm/49-95/c770517a.htm>; NATOEL, Defence Planning Committee, Ministerial Guidance – 1977, 17–18 May 1977: <http://www.nato.int/docu/comm/49-95/c770517b.htm>

¹⁴⁹ NATOEL, Defence Planning Committee, Final Communiqué, Brussels, 17–18 May 1977: <http://www.nato.int/docu/comm/49-95/c770517a.htm>.

economic crisis to maintain its status in the Alliance. Britain's weaker position was clear even with a strengthened Anglo-American relationship. If the Callaghan government wished to maintain its position in the Alliance with its declined presence, it needed to find a way very carefully to use that 'special relationship' most efficiently.

In the meantime, the SALT II talks were resumed in Geneva in May between Vance and Andrei Gromyko, the Soviet Foreign Minister. After the unsuccessful Moscow talks, the Carter administration proposed a 'three piece' method, which consisted of a general treaty lasting until 1985, an interim two or three-year protocol which would limit certain types of cruise missiles, and a joint statement of principle on the future of SALT process. Gromyko accepted this approach and agreed to reduce the 2,400 strategic delivery vehicles by 150 and argued for the inclusion of air-launched cruise missiles (ALCMs) in the treaty. The Americans maintained that these should be covered in SALT II only on a temporary short term basis and that the submarine-launched ballistic missiles (SLCMs) or ground-launched ballistic missile (GLCMs) should not be included in the protocol 'unless there were matching restrictions on heavy MIRVed Soviet systems [ballistic payloads equipped with multiple independently-targetable re-entry vehicles]'. In addition, the Soviets wished to restrict the American forward based system (FBS) in Europe. Against this, Vance confirmed that the US position had not changed and if the FBS was to be included, the Soviet Backfire bombers and the SS-20s would have to be taken into consideration. There were still many difficult points to be settled, but the Americans thought there was a 'decent chance' of agreement before the expiry of SALT I in October.¹⁵⁰ Carter was optimistic – in the press conference on 26 May he stated that the Geneva talks were 'very upbeat'.¹⁵¹ Nevertheless, this new approach caused further

¹⁵⁰ TNA/PREM16/1183, UKDN to FCO, tel.227, 23 May 1977; Garthoff, *Détente*, p.895.

¹⁵¹ TNA/PREM16/1183, Washington to FCO, tel.2326, 26 May 1977.

concerns in the Alliance. Regardless of the administration's emphasis on the increase of the NATO conventional forces, from this period, SS-20, the newly deployed Soviet intermediate range ballistic missiles (IRBMs), became the focus of the intra-Alliance discussion for the future of European defence.

Conclusion

The Anglo-American special relationship was re-established as the Carter administration took office. This development complied with the Callaghan government's aim to establish good relations with the US, not least as a way to maintain political status in Europe. Facing Britain's declining presence in the Alliance due to the lack of resources, British policymakers recognised that what they could offer was knowledge based on their rich experiences in international affairs. Fortunately for them it was exactly what the new US administration wanted. Here, both countries had a common interest in the revival of Anglo-American relations.

However, the British at the same time recognised the difference between the two countries in foreign and defence policy which did not extend from Washington to other European allies. The first full scale Anglo-American meeting revealed President Carter's strong personal conviction in human rights and Brown's belief that the allies should reinforce their conventional forces. Furthermore, the first days of the Carter administration showed awkwardness over the handling of both East-West and transatlantic relations. In contrast to the establishment of close Anglo-American cooperation, the Carter administration did not pay much attention to their consultations

with other European allies although they repeatedly promised to do so. With this lack of consultation, their radical policy and clumsy attitude towards East-West relations brought European worries about the future of détente as well as transatlantic relations. Also, for the British, although the Anglo-German offset negotiation was about to be concluded, thus giving them breathing space, the Carter administration's demand for the reinforcement of NATO conventional forces put Britain in a difficult position. The superficial optimistic mood about the future of Anglo-American relations involved dangerous risks which might cool off these initial warm bilateral relations.

It was evident that Callaghan realised those potential sources of future conflict. There were two choices for him in this situation. The first was to try to change Carter's foreign and defence policy from outside of the policymaking process with other European leaders. The other was to modify it from inside by committing US policymaking more deeply to the special relationship. Apparently Callaghan preferred the latter. In the light of the new administration's reliance on the British, the Prime Minister's choice seems pertinent. The preparation for the NATO ministerial meeting was its example. The British helped the Americans make their proposal for a NATO long-term study more acceptable to the other European allies, and the Carter administration appreciated London's help. In this sense, the Callaghan government played the role of mediator in the Atlantic Alliance by transmitting the concerns from Europeans to the Americans, as well as the demands from the Americans to Europeans. With Britain's efforts, the NATO ministerial meeting succeeded in protecting the unity of the Alliance under the new US President's leadership. Nevertheless, beneath the friendly atmosphere there were growing concerns about the future of European security in the face of the problems in the resumed US-Soviet SALT II negotiations. As long as

the perception gaps persisted between the US and the European allies, particularly France and West Germany, Britain's position as a mediator in transatlantic relations remained important but at the same time fragile. Consequently, the latter half of 1977 would be a period when the Callaghan government had to show its real ability as a mediator.

CHAPTER THREE

Alliance in Cacophony

(June to December 1977)

Introduction

The success of the London NATO summit in May 1977 mitigated, if not entirely, the concerns amongst European allies over the Carter administration's attitude towards European security. Carter's reaffirmation of the continuation of the US commitment to European defence and his initiative on the LTDP impressed the Alliance members; the US seemed now to be providing leadership in the Alliance's preparation for the changing circumstances of Cold War Europe. For the Callaghan government, the re-establishment of the Anglo-American special relationship with the Carter administration convinced them that they could play a role of mediator between the both sides of the Atlantic. By doing so, they envisaged that they would maintain the unity of NATO under US leadership while preserving Britain's major status in the Alliance.

This chapter investigates the development of Britain's policy towards European security after the NATO ministerial meeting of May 1977. It sets two key questions: how did the British government see the development of US foreign policy; and what did Britain do as a mediator in transatlantic relations? To answer these questions, this chapter focuses on the controversy surrounding enhanced radiation warheads (ERW), or the neutron bomb. As this chapter will indicate, the dispute on ERW became the focus of discussions on European security during this period, and for this reason it can be used

as a case study to investigate an intra-Alliance consultation and Britain's role in it. Recent declassification of primary documents has enabled scholars to explore this important controversy on European security.¹ Nevertheless, there has arguably been too much attention given to the relationship between ERW and NATO's so-called 'dual track decision', which marked a major change in NATO defence strategy in December 1979, rather than the Alliance politics itself. Moreover, while much ink has been spilled on the West German and the American attitudes to this dispute, little has been used on Britain's approach.² This chapter aims to reveal to what extent Britain contributed to the settlement of the dispute over the ERW in the latter half of 1977.

1. Calm before the Storm

Ten days after coming back from London, Carter made a commencement address at Notre Dame University, Indiana, on 22 May. The address, drafted by Brzezinski, was not just a speech for the graduates. It contained the administration's review on its foreign policy after being power for four months since January.³ In this speech, Carter re-stated the basic principle of his foreign policy, that the US could 'have a foreign policy that is democratic, that is based on fundamental values, and that uses power and influence, which we have, for humane purposes'. With this re-confirmation, he admitted the existence of the 'limits of moral suasion' on human rights, and 'the risk of some

¹ For example, see, Spohr Readman, 'Conflict', pp.39–89; Spohr Readman, 'Germany', pp.259–85; Matthias Schulz, 'The Reluctant European: Helmut Schmidt, the European Community and Transatlantic Relations', in Schulz and Schwartz (eds.), *The Strained Alliance: U.S.-European Relations from Nixon to Carter* (Cambridge: Cambridge University Press, 2010), pp.279–307; Nuti, 'The Origins', pp.59–64.

² For example, two exceptions are, Bluth, *Britain* and Haslam, *The Soviet*.

³ Renouard and Vigil, 'The Quest', p.311.

friction with our friends' over the nuclear non-proliferation and conventional arms limitation. It indicated that he recognised that his administration's highly idealistic policy faced the reality of international politics and some revisions were necessary. Nevertheless, Carter's speech still showed his strong conviction about the fundamental value of the democracy and human rights, as well as his confidence in American leadership among the non-communist countries in the pursuit of these values in international affairs. With this conviction, Carter made clear his support for the continuation of détente 'to produce reciprocal stability, parity and security'.⁴

Ramsbotham reported the interpretations of the nine ambassadors of EC member countries on this speech. He noted that Carter's remarks reflected that 'the lessons of the last four months have not been lost on the President and that the raw edges of his earlier statements have been worn smoother by the impact of the realities of international life'. Nevertheless, he wrote that the flexibility which Carter had shown in the address was 'tactical rather than strategic', and added that 'the real test of his statesmanship and leadership will come if some of his premises are shown to be over-optimistic and to have led to policies which do not produce results'.⁵ Importantly, Ramsbotham's comments were largely shared by the other EC Nine ambassadors. In this sense, there was almost a single European view in Washington. Consequently Ramsbotham's judgement – that Carter's speech did not ally the Europeans' concerns on the still-remaining radicalism of his foreign policy – was indicative of all nevertheless not being well in transatlantic relations.

Ramsbotham's own thoughts were expressed more fully one month later in his

⁴ APP, University of Notre Dame – Address at Commencement Exercises at the University, 22 May 1977: <http://www.presidency.ucsb.edu/ws/?pid=7552>.

⁵ TNA/FCO82/749, Washington to FCO, tel.2311, 25 May 1977.

despatch titled 'Mr Carter's Planet'. He argued that Carter's new foreign policy should be understood from his views on the world and America. In Carter's vision, containment was superseded by détente, and his détente was more dynamic and more offensive than his predecessors' more static version. Under his presidency, American foreign policy pursued not only cooperation but also ideological competition with the Soviet Union. In the post-colonial world, Carter pursued this aim by a wider alignment with the Third World as well as the industrial countries under US leadership which was now overcoming the struggle with the Vietnam War and Watergate. Ramsbotham wrote that the Carter administration was convinced that it was in 'an increasingly strong position morally, politically economically and militarily', and added that Carter aimed 'to change the world, not tame it'.⁶ However, Ramsbotham pointed out that given this ambitious vision, Carter's foreign policy was 'still more a matter of words than deeds'. It evoked a number of suspicions and concerns, such as on policy priorities, the pursuit of objectives, Carter's ability to gain Congressional approval for his foreign policy, and the lack of longer-term aims. Yet, Ramsbotham was cautious about reaching a final verdict on the administration at this stage, saying:

To some extent Mr Carter is still in a phoney war period, although we are probably closer to April 1940 than November 1939. The tone has been set and the style – confident, optimistic, informal, moralistic, universal – has emerged. The serious engagements have yet to come.⁷

⁶ TNA/FCO82/749, Ramsbotham to Owen, Mr Carter's Planet: American Foreign Policy for a New World, 30 June 1977.

⁷ Ibid.

However, judging from this description it is obvious that he thought that major and perhaps harsh diplomatic issues would come to the surface before long. Ramsbotham argued that Carter had the capability to achieve success in international affairs, but the key was his radicalism. He wrote that:

(I) If we are to dissuade Mr Carter on selected issues, it will be up to us to offer solutions of equal cogency and urgency. This may be the real measure of the President's contribution. He is forcing the United States, the Soviet Union and ourselves to reshape our thoughts. That is the essence of the leadership he is providing.⁸

In this logic, Britain could still influence the new administration's policy making process. But if they wished to do so, they needed to offer a second opinion which could be enough to convince Carter himself who had the manifest conviction to change the world.

Ramsbotham's balanced but not rosy analysis seems to be more or less shared in the Washington embassy. R. Mark Russel, Counsellor of the British embassy in Washington, confessed that the FCO staff in Washington 'underestimated what a change of style would mean'. He pointed out Carter's strong influence in the making of the administration's foreign policy:

It seems to me to have been so great as to constitute a change of substance. In particular, the switch from an essentially defensive to an offensive strategy lies at the root of the change. Mr. Carter does not see containment in defensive terms. By deploying America's

⁸ Ibid.

(and the West's) full resources, military, industrial, technological, political and moral, he is seeking to put the West "on the side of history", moving with the tide instead of always against it. If successful, he appears to see this as a surer way of containing the Soviet Union, than the reacting to events which by and large has been the West's posture since the War. It is a bold concept. Mr. Carter may fall short. But it is the essence of U.S. foreign policy at this time and stems personally from Carter. Brzezinski, Vance and others may have their influence, but the drive comes very much from Carter himself.⁹

During this period the European allies' doubts about Carter's foreign policy were increasing. On 29 June, at the informal discussion during the European Council in London, European leaders talked about the Carter administration's foreign policy. In this meeting, Giscard reported Brezhnev's visit to Paris which had taken place a week before the Council. He said that Brezhnev had thought it had been 'foolish' that Carter had proposed new proposals on SALT II at short notice and that the Soviet leader had a 'deep and lasting mistrust' of Carter. Giscard even called Carter 'a green horn' in international affairs. Schmidt agreed with Giscard on this grave suspicion, as did Italian Prime Minister Giulio Andreotti. Callaghan thought the European leaders to be 'too gloomy', and that Giscard's and Schmidt's doubts had been formed when they met in Bonn recently. The British prime minister believed Carter was 'genuinely wedded to détente but that he had his own ideas'. He went on to say that Schmidt should not go to Washington with prejudice about the President. Giscard still countered, saying that the Europeans should have their own view on East-West relations and Schmidt assented to this point. Callaghan thought that Giscard was too much influenced by Brezhnev who

⁹ TNA/FCO82/749, Russel to Melhuish, U.S. Foreign Policy, 20 July 1977.

did not understand Carter's thinking on human rights.¹⁰ The discussion in the Council clearly showed the deep difference in the perception of European leaders on Carter's foreign policy. In Callaghan's mind, European leaders did not understand Carter's goodwill. Any collusion against his leadership which could divide the Alliance should be prevented.

Giscard escalated his criticism about Carter. In the interview with *Newsweek* published on 18 July, he criticised Carter's policy towards the Soviet Union, stating that he had broken the rule of détente by emphasising human rights issues. For him, Carter's foreign policy was beyond the current 'code of conduct'.¹¹ He was worried that it would risk weakening the basis of détente and producing instability in US-Soviet and East-West relations. Basically, this was what he had said to Carter in London in May, but he revealed his criticism publicly this time. The British Ambassador to France, Nicholas Henderson, observed that Giscard's main motive was not to improve Franco-Russian relations after Brezhnev's visit to Paris, but to strengthen his political position in and outside France.¹² Judging from his comments, there were few risks that Giscard might act independently from the Americans in East-West relations, but it was evident that Carter's foreign policy could slacken the bonds of the Alliance and give the Soviets room to cause divergence.

Despite increasing criticisms, London was more optimistic than the Washington embassy. In general terms, Whitehall shared the Washington embassy's concerns on the Carter administration's foreign policy, but they thought that close transatlantic consultations could add flexibility. Importantly, it was thought that a cooperative

¹⁰ TNA/PREM16/1263, European Council: Prime Minister's Informal Discussion with members of the Council and President of the Commission, 29 June 1977.

¹¹ TNA/PREM16/1909, Paris to FCO, tel.704, 20 July 1977.

¹² TNA/PREM16/1909, Paris to FCO, tel.705, 20 July 1977.

attitude was more productive than direct confrontation if the administration was to be encouraged to shift its policy to the benefit of the Europeans. George E. Hall, Assistant Under-Secretary, commented on Ramsbotham's despatch that 'I am sure that in public we must give the President and his Administration the benefit of the doubt wherever possible. Reservations and criticisms of the kind voiced by other Europeans, most particularly by the French President, do not help anyone'.¹³

At the same period, a study was undertaken in the FCO under Palliser's chairmanship on the Carter administration's foreign policy in the light of current US-European relations. The conclusion of the study was submitted to Owen as a short report titled 'American Foreign Policy: A European View – The First Six Months of the Carter Administration'. It admitted that the Carter administration did not have 'intermediate doctrines' while having long term goals for a better world. Given this lack of 'intermediate doctrines', the administration tended to tackle the problems pragmatically although they recognised that 'pragmatic tactics and the conflicting elements of some of the goals' would cause inconsistencies in their foreign policy. This was the reason why his European allies were critical and suspicious. Based on this premise, the report analysed current problems related to European security. On human rights and East-West relations, it observed that the Carter administration began to recognise the harmful effects of their excessive emphasis on human rights in US-Soviet relations. Moreover, current American initiatives in East-West relations made the Soviets deeply suspicious. Also on arms control, it stated that fundamentally the European allies shared the hope for the development of arms control even if they had been worrying about the Carter administration's handling of negotiations. For this

¹³ TNA/FCO82/749, Hall to Palliser, 18 July 1977.

reason, close consultations in the Alliance was important to avoid misconception and to make the Americans take the European view more into account. Thus, this report arrived at an optimistic conclusion. It argued that, the Americans were 'still holding firm to its goals', but they were 'ready to be flexible in seeking to achieve them'. It referred to the attitude that the Europeans should take towards transatlantic consultations:

(I)t is of particular importance to be in consistent touch at all levels with the Administration; and to engage it in a constructive, candid, but where necessary firm, dialogue. Because this is a strong Administration with decided views of its own, this is the only way in which the process of cooperation and consultation to which both sides of the Atlantic are committed can be effective.¹⁴

Interestingly enough, unlike Ramsbotham's view, this report valued the change in the Carter administration's attitude. Because of this evaluation, it rather required the European allies to take a more cooperative stance towards the administration. Palliser submitted this report with his comments. His attitude towards the Carter administration was in marked contrast with the criticisms in France and West Germany:

The lesson to be drawn from this is not only that we in Europe can influence American policy, but that we do so by saying what we think candidly as well as tactfully. We, the UK, can best achieve this by identifying clearly what our interests are; keeping in close touch with the US Administration, with whom we have indeed managed to establish close

¹⁴ TNA/FCO49/720, American Foreign Policy: A European View – The First Six Months of the Carter Administration, undated (c. 20 July 1977).

relations at all levels; and also by keeping in touch with our European partners who in many respects share our interests and who add weight to our voice, as we do to theirs.¹⁵

Similarly, the report's conclusion and Palliser's comment reflected FCO officials' confidence in their ability to make transatlantic relations more harmonious by fashioning a bridge between the US and Europe. Such confidence came from the newly established 'special relationship' with the Carter administration. The FCO officials believed that they could influence US foreign policy more than the other European allies and shift it to the benefit of Europe as well as Britain. This view seems to be largely shared at the political level. Ted Rowlands, Minister of State for the FCO, commented on this report that:

My own personal view is that we should never give any Europeans encouragement to think that we do not back Carter on human rights. I find Carter's view far more attractive and reasonable than Giscard's. I think it also important to be candid and frank with our European partners. We should give no encouragement to Giscard's Newsweek views.¹⁶

Contrary to the optimistic FCO, the Washington embassy was concerned about the drastic change in the US foreign policy caused by Carter. If the administration strived for their own vision regardless of the suspicions in and outside their country, and if that policy did not satisfy the Americans and the Alliance, a 'phoney war' would become a 'real war'. By using the term of 'April 1940', Ramsbotham warned that the possibility of crisis was imminent.

¹⁵ TNA/FCO49/720, Palliser to Fergusson, US Foreign Policy, a European View, 22 July 1977.

¹⁶ TNA/FCO49/720, Powell to Kerr, US Foreign Policy: A European View, 3 August 1977.

By this time, US-West German ties emerged yet again as a source of tension in transatlantic relations. As the previous chapter showed, the US-FRG bilateral relationship after Carter's inauguration was not as stable as the one under Carter's predecessors. Amongst them, the personal relationship at the top of the government remained unstable. Schmidt's distrust to Carter persisted even after the economic Summit and the NATO ministerial meeting in May.¹⁷ In addition to the awkwardness in their personal relations, Wright reported from Bonn 'new factors in the FRG/US relationship which did not exist a year ago' and 'a series of disputes on policy' such as Carter's policy on the world economy, nuclear non-proliferation, and human rights.¹⁸ In terms of European security, human rights were the most serious problem. Wright pointed out that the Germans, who had worked hard for *Ostpolitik* to minimise the East-West divisions, saw 'Carter's flamboyant and philosophic approach to human rights as placing German practical achievements in this field at risk', and it gave the political opponents to Schmidt in Germany 'a stick to beat him with'.¹⁹ Carter's human rights policy did not assist West German foreign policy towards the East which had made remarkable results under *Ostpolitik* in a close cooperation with Nixon, Ford, and Kissinger. Nevertheless, it is important that Wright was still not so pessimistic at this stage about the future of US-FRG relations. He analysed that given the significance of the bilateral relationship in the Alliance, the two countries would not 'impair the fundamental community of interest between Washington and Bonn'. With this consideration in mind, he concluded with the 'hope that the present state of the

¹⁷ TNA/FCO33/3171, Wright to Owen, FRG-US Relations, 28 June 1977; Schulz, 'The Reluctant', pp.295-6.

¹⁸ TNA/FCO33/3171, Wright to Owen, FRG-US Relations, 28 June 1977.

¹⁹ Ibid.

relationship is as ephemeral as it is novel'.²⁰

Nevertheless it was also a fact that fragile relations increased the Americans' doubts about the Europeans. There was a suspicion in Washington about the loyalty of the Europeans to the Alliance, particularly the Germans. On 1 July, Brzezinski told Ramsbotham his distrust of European attitudes towards international issues, particularly tendencies towards neutralism and the risk of West Germany's 'finlandisation' given their 'curious' attitude towards East-West relations. Furthermore, he added that many Europeans, particularly the French and the Germans 'looked on contemporary America with contempt'.²¹ Wright commented from Bonn, critically that he really could not 'imagine what reason Brzezinski may have for talking of the FRG in such terms'. However, whether or not this was Brzezinski's personal view or that of the US government, it was at least a sign that the Carter administration did not give West German foreign policy full trust. At the same time, it also indicated that the worsening bilateral relationship was certainly eroding the mutual trust in each country's foreign policy. In contrast to his distrust towards West Germany, at the end of June, Brzezinski told Ramsbotham of his admiration for the US-UK 'special relationship'. He said that Carter was not saying it 'to please – nor even to entice the British to deliver the other Europeans'; rather it was that the Americans and British 'could discuss any problem without hang-up'.²²

Schmidt's visit to Washington in the middle of July was a touchstone for the future of the troubled US-German relationship, and, in a wider context, that of transatlantic relations as a whole. After the Chancellor's visit, Berndt von Staden, the West German

²⁰ Ibid.

²¹ TNA/FCO82/749, Points Made in Conversation between HE The Hon Sir Peter Ramsbotham and Dr Zbigniew Brzezinski at the White House on Friday 1 July 1977.

²² TNA/FCO82/749, Moreton to Palliser, 22 June 1977.

ambassador to the US, stressed in his briefing to the EC Nine ambassadors in Washington that '(a)ny past misunderstanding [between the US and West Germany] reflected in published and unpublished reports had been removed'.²³ Actually the Chancellor's visit marked a revival of a good and cordial bilateral relationship. On 19 July, once Schmidt returned to Germany, he explained to Callaghan on the telephone more about his talks with Carter, adding that 'in the personal field it was very, very nice and friendly'. But personal courtesy and international politics were different matters. Their main concern was whether Carter was going to continue his foreign policy towards the Soviet Union expecting change in their attitude. Schmidt observed that their SALT talks would stagnate 'for a number of months to come', but the current US strategy would continue with an expectation that it could change the Soviet attitude. Schmidt added that Carter understood it 'had embarrassed the leadership on the other side with new many initiatives and too many new attitudes at one time', and Brezhnev was unable to understand Carter's intentions. Nevertheless, according to Schmidt, Carter was not sure how to handle the situation.²⁴ They agreed that consistency in the next few months was decisive for the future of East-West relations. Callaghan argued, and Schmidt agreed, that the European leaders, particularly Schmidt, Giscard and himself, should think together about their possible attitude during that stagnation period and if there was misunderstanding between them they should try to clear it up. On the other hand, on the US-German relationship, Callaghan tried to re-assure Schmidt about Carter's reliability. He spoke frankly to Schmidt of the dangers of the European Council's negative attitude towards Carter's seriousness. He stressed that Carter was

²³ TNA/PREM16/1653, Washington to FCO, tel.3064, 15 July 1977.

²⁴ TNA/PREM16/1653, Telephone Conversation between the Prime Minister and Chancellor Schmidt at 0800 on Tuesday 19 July.

going 'the right way', so once the Chancellor understood the President he should speak about it with others in the Soviet Union and elsewhere. Callaghan asked Schmidt particularly to convince Giscard to work with Carter without suspicion.²⁵

The overall impression which Callaghan got from the telephone conversation was quite positive. He thought that Carter had done much to improve the Chancellor's view of him. Schmidt now understood Carter's aims and so would not 'go along with President Giscard so completely as before'.²⁶ While the Prime Minister was optimistic, officials were neutral. Wright admitted that the visit was 'clearly a first class public and personal relations success', but reported that the perception gaps had remained. In his analysis, differences appeared over East-West relations, and West German officials were 'in the ludicrous position of claiming that Schmidt is in fundamental agreement both with Carter and with Giscard'.²⁷ The Germans had reason to emphasise Alliance unity: if US-Soviet relations stagnated, the Soviets might take advantage of NATO divisions during Brezhnev's potential visit to Bonn. It is notable that Wright's view of the US-German relationship was less optimistic here in comparison with the one in his previous despatch. Interestingly, while FCO officials still had hopes for the future of the Carter administration's foreign policy, they were less so about the US-German relationship. Alan E. Furness of the Western European Department argued that distance still remained between the US and West Germany on the three issues which Wright had mentioned. Importantly, Furness wrote of the risks of weakened US-German relations:

(T)he Federal Government has shown itself ready to question for the first time the absolute

²⁵ Ibid.

²⁶ TNA/PREM16/2290, Cartledge to Fergusson, Mr. Peter Jay, 19 July 1977.

²⁷ TNA/FCO33/3171, Bonn to FCO, tel.695, 21 July 1977.

nature of its link with Washington and to take up a position closer to the French on such fundamental issues as détente and nuclear matters. It remains to be seen whether the Bonn/Paris link will be enhanced at the expense of Bonn/Washington one.²⁸

His apprehension was that the West German's distrust of Carter's foreign policy would shift the Germans towards Franco-German cooperation, and that this would consequently strengthen the Franco-German relationship and induce them to cooperate towards an independent European détente policy. For the British policymakers who had always put the solidarity of the Atlantic Alliance on the top of their diplomatic priority, this could not be acceptable. Although Callaghan dismissed this concern, FCO officials still kept it in mind.

Unfortunately, the US-German relationship was shaken again by the administration's study on European defence. On 3 August, the *Washington Post* reported that the Presidential Review Memorandum (PRM) 10, the review of the US strategic posture considered in the NSC under Brzezinski's guidance, concluded that the US would concede one third of the territory of West Germany to the Soviet Union in case of its aggression.²⁹ The US government denied this article, and the NSC made a statement immediately that '(i)t is the US policy to engage in the forward defence of all of western Europe. That long-standing policy, shaped jointly with our NATO allies, remains unchanged in its totality'.³⁰ Understandably, the Germans were stunned. The British

²⁸ TNA/FCO33/3171, Furness to Sutherland, FRG/US Relations, 3 August 1977.

²⁹ The Jimmy Carter Library and Museum (hereafter JCLM), Presidential Review Memorandum/NSC-10, 18 February 1977: <http://www.jimmycarterlibrary.gov/documents/prmemorandums/prm10.pdf>; TNA/FCO82/779, Washington to FCO, tels.3387 and 8, 4 August 1977; Auten, *Carter's Conversion*, pp.162–3.

³⁰ TNA/FCO82/779, Washington to FCO, tel.3387, 4 August 1977.

embassy in Bonn reported the calm reaction of the FRG government.³¹ But it was observed in Washington that while the Germans considered the review as a hypothetical analysis, it was ‘not easy to allay their doubt completely’.³² Even if it was just a blueprint as the Germans wanted to believe, the Germans might regard the article as proof of the Carter administration’s passive attitude towards the reinforcement of the US commitment to European defence at the West German border, particularly when the Soviet military build-up heightened their concerns. With no doubt, there was now new awkwardness in US-FRG relations. Given the remaining distrust towards Carter’s détente policy shared by Schmidt and Giscard, it was plausible for FCO officials to assume that Schmidt might be likely to shift further German attention towards strengthening ties with France.

When the unity of the Alliance was in question, the Soviet armed forces build-up was continuing. With the reinforcement of tank troops, a new and even more significant threat emerged in this period: SS-20 intermediate ballistic missiles. SS-20 was designed to replace their SS-4 and SS-5 missiles. It was a much more accurate missile and could hold three MIRVed warheads. But the most striking advantage of this missile was its mobility and this gave SS-20 higher survivability.³³ Although these features could be new serious threats to Western Europe, the SS-20 was out of the category of SALT and MBFR as it was neither a strategic nor conventional weapon.³⁴ Although NATO had discussed SS-20, it had not been a topic of open debate in Europe for fear of reducing public trust in the Alliance.³⁵ However, it was becoming clear that the threat of Soviet military expansion was increasing. Facing that clear and present danger, the allies

³¹ TNA/FCO49/720, Bonn to FCO, tel.730, 5 August 1977.

³² TNA/FCO82/779, Washington to FCO, tel.3388, 4 August 1977.

³³ Garthoff, *Détente*, pp.943, 958–65; Haslam, *The Soviet*, pp.60–2.

³⁴ Spohr Readman, ‘Conflict’, pp.45–6.

³⁵ Spohr Readman, ‘Germany’, p.264.

needed to consider how they would react.

It was during this period that the review of Britain's defence expenditure had been completed. The result was, as usual, not rosy. Mulley reported to Callaghan the result of the review: now the figure rose from £230 to £267 million taking the 1977 Public Expenditure Survey into consideration. Mulley had tried to protect Britain's front-line contribution to NATO and no major equipment programme was to be cancelled. But he had to admit that the defence budget was cut to 8% below the level agreed in the Defence Review. It is important that this was announced when other allies were trying to increase their defence budgets following the decision of the NATO ministerial meeting in London.³⁶

Negative responses from other NATO members were easily expected. In a letter to Mulley, Luns expressed the allies' deep disappointment about Britain's continuing reductions. Although the intent of the letter was softened by the efforts of the British delegation in Brussels, it was a 'rebuke'.³⁷ Luns wrote that:

It is particularly disturbing that these negative developments coincide with a sharpened awareness of the Alliance of the unremitting effort made by the Warsaw Pact to improve its offensive posture and of the extremely serious implications for our future security of the widening gap between the conventional capabilities of NATO and its opponents. [...] Your allies feel bound to point out that the United Kingdom's action will not be helpful to other Governments who are making major efforts to halt or reverse the alarming trend in the

³⁶ TNA/PREM16/1574, Mulley to Callaghan, 20 May 1977. Furthermore, he cautioned the impact of overstretch on the Army because of its commitments in Northern Ireland. On the overstretch he pointed out in another despatch to Callaghan that the Army's Northern Ireland commitments damaged the training and operational availability of the BAOR as the result of its despatch to the area. Importantly the weakened BAOR ability directly influenced the NATO's response in European front.

³⁷ TNA/PREM16/1574, Mulley to Callaghan, 1978/79 Defence Cuts, 14 September 1977.

military balance evidenced in recent years.³⁸

Criticism also came from the other side of the Atlantic. The US ambassador to Britain, Kingman Brewster Jr, warned Palliser that the issue of Britain's contribution to NATO could be a likely candidate of future source of friction in Anglo-American relations. Washington felt that 'Britain could and should be expected to do a little more' – when its economy and balance of payment showed signs of recovery Britain should take a more positive line and a 3% increase in defence spending. Palliser countered by emphasising again that Britain was spending a higher percentage of its GNP on defence than either France or Germany; Brewster said that this was nothing new.³⁹ Apparently the continuous defence cuts eroded Britain's credibility. Britain still spent 5% of GNP on defence, but after the NATO decision for a 3% increase in defence expenditure, the logic which Britain had used to justify itself was surely less persuasive.

Nevertheless, despite the repeated defence expenditure cuts, the Labour governments continued the development of the Britain's nuclear deterrent. When Harold Wilson came back to Downing Street in March 1974, his government took over from the previous Heath government the successor to the Polaris SLBM.⁴⁰ Codenamed 'Chevaline' this programme was aimed to update one Polaris warhead to three with multiple re-entry vehicles (MRVs). As a result, Britain's nuclear force was expected to meet the 'Moscow Criteria', a capability to penetrate Moscow, breaking Soviet

³⁸ TNA/PREM16/1574, Luns to Mulley, 8 September 1977. The contents of Luns' letter was leaked in Brussels. To counter the criticisms Callaghan demanded a more positive and 'punchy' press statement to emphasise the positive aspects of Britain's defence contribution. *The Economist*, 'Britain Rebuked' p.25, 24 September 1977; TNA/PREM16/1574 Note of a Telephone Conversation between the Prime Minister and the Secretary of State for Defence at 0910 on 16 September.

³⁹ TNA/FCO46/1485, Palliser to Prendergast, The UK Defence Budget and NATO, 23 September 1977.

⁴⁰ For the details of the Polaris submarine ballistic missile system, see, Stoddart, 'The British', pp.287–314.

anti-ballistic missile (ABM) defence.

Although a huge amount of money was expected for the continuation of the development from the beginning, and its figure was even increasing further thereafter, the Wilson government approved a full-scale development programme in September 1975.⁴¹ Nonetheless, even after this decision, the development cost grew. In June 1976, then the defence minister Roy Mason reported that the cost increased from £337 Million at September 1974 survey price to £594 million at September 1975 survey price due to the inflation and the growing real costs. Moreover, the deployment of Chevaline was expected to be delayed for 1.5 – 2 years.⁴² Based on this report a restricted ministerial meeting took place on 29 July. This meeting, named the ‘Nuclear Policy Study Group’, consisted of only four ministers – the Prime Minister, the Foreign Secretary, the Chancellor of the Exchequer, and the Defence Secretary – and was strictly kept secret from other ministers. Such secrecy in nuclear policy was not new in British political history, but in the Labour governments in the seventies it reflected the party’s deep split over this issue. The DOP contained Michael Foot, a leader of the Party’s left-wing, so a separate small group was needed to talk about military nuclear issues in confidence without him.⁴³ In the meeting, Mason confirmed that Chevaline could provide a credible deterrent until 1994 when the present submarine reached their operational end. There was a general agreement that Britain’s nuclear deterrence was the ‘one area where Britain was able to make a special contribution to the Alliance’, and the Polaris force was ‘an important reassurance to our European allies, and it gave us a unique entrée into United States thinking on a wide range of defence matters’. Importantly, it was argued

⁴¹ TNA/PREM16/1181, Mason to Callaghan, Polaris Improvements, 18 September 1975; *Ibid.*, pp.292–3.

⁴² TNA/PREM16/1181, Mason to Callaghan, Polaris Improvements, 7 July 1976.

⁴³ On this restricted ministerial meeting, for example see, Stoddart, ‘The British’, p.291 and 3; Peter Hennessy, *The Prime Minister: The Office and its Holders since 1945* (London: Penguin, 2001), pp.389–90.

in the meeting that the expenditure on nuclear deterrence was ‘only a small part’ and thus its reduction would not result in ‘a radical improvement in our conventional capability’. However, the increasing cost was still a problem when there was no money in Britain’s moneybag. For this reason, while the ministers agreed that the Chevaline programme should go ahead, they approved funding only for two years and asked the Defence Secretary to prepare a progress report in one year’s time.⁴⁴

One year later, on 21 July 1977, Mason’s successor Fred Mulley reported progress on the programme. The contents were not bright at all; the cost increased even further, £810 million at 1977 survey price for the full programme through 1983-4. Despite facing this steep rise, there was no way to compress the material cost, thus Mulley raised the cancellation as the only alternative which could save about £350 million over the next decade. But this would certainly be known to the public and ‘(t)he repercussions, both immediate and long-term, would be enormous’. For this reason, his conclusion was the continuation of the programme regardless of the cost.⁴⁵

The report shocked the ministers, but they still sought to pursue the Chevaline programme. What they considered was the political advantage of the possession of nuclear deterrent. Callaghan replied Mulley that he agreed with Mulley’s fear of political risk even if the report was ‘disappointing’.⁴⁶ Healey and Owen also thought that, though the Chevaline was pre-empting an increasing share in defence expenditure, the cancellation would bring a serious political risk by damaging Britain’s nuclear deterrent.⁴⁷ Hunt’s comment well explains that political risks of the cancellation:

⁴⁴ TNA/PREM16/1181, Minutes of a Meeting held at 10 Downing Street on Thursday 29 July 1976 at 4.15 pm.

⁴⁵ TNA/PREM16/1181, Mulley to Callaghan, Chevaline, 21 July 1977.

⁴⁶ TNA/PREM16/1181, Callaghan to Mulley, Chevaline, 3 August 1977.

⁴⁷ TNA/PREM16/1181, Jones to Wicks, Chevaline, 26 July 1977; Owen to Callaghan, Chevaline, 26 July 1977.

(A) decision to cancel Chevaline would imply that we're withdrawing from the nuclear deterrent business at a time when the Russians are building up their armoury of intermediate range ballistic missiles. These are not the subject of negotiation in SALT I any more than is the British Polaris Force. But we can expect the Russians to revert to the latter in SALT III and we shall need to consider, with our European Allies, what position to adopt towards the Soviet systems targeted against Western Europe.⁴⁸

As this shows, for the Labour governments in the late seventies the maintenance of the nuclear deterrent had significant political meaning rather than pure military value. Consequently, the British observed the SALT II negotiations very carefully. With the inauguration of Carter, a high level officials group named GEN 63, chaired by Sir Clive Rose, had discussed the aspects of nuclear arms control. A report submitted in late April pointed out three problems in the future of SALT II talks. The first was non-transfer (a ban on transferring all strategic systems and components to third parties) and non-circumvention clauses (prevention of using third parties to circumvent the agreement). Any kind of limitations in weapon and technology transfer from the US would put Britain's nuclear deterrent at risk since it was highly dependent on American assistance under the United States/United Kingdom Agreement for Co-operation on the Uses of Atomic Energy for Mutual Defence Purposes which was concluded in 1958. Secondly came cruise missiles; this new weapon system's capability was still under discussion in NATO as well as in the British government. It was particularly important for the British since it was regarded as an option for the future British nuclear deterrent.

⁴⁸ TNA/PREM16/1181, Hunt to Callaghan, Chevaline, 26 July 1977.

And thirdly, the ‘non-central system’; this referred to a nuclear weapons system which was not included in SALT II negotiations, such as battlefield nuclear weapons, Soviet intermediate- and medium-range ballistic missiles (IRBM/MRBM), SLBM/SLCM, and British and French nuclear forces.⁴⁹ These were not subsidiary issues; all such weapons would affect the future of European nuclear balance as well as British and French independent nuclear deterrents.

After the initial failure of the March negotiations in Moscow, the Americans and the Soviets continued their SALT II negotiations, but these developments were not so positive for the British. On 27 June, Warnke said in the NAC that they were thinking of tabling a general non-circumvention clause in the forthcoming SALT talks. While not compromising on no-transfer provision, they feared anything which would ‘give sanctity’ to the Soviets on drafting.⁵⁰ The Americans had confirmed that they would refuse the inclusion of no-transfer and non-circumvention clauses into the SALT II agreement until other matters had been settled. Understandably, the British were anxious about the effects which would be generated by this change of tactics. Warnke stated that the Americans would not make further compromises, and it soon reassurance was given that this US position would not prevent Anglo-American cooperation in nuclear policies.⁵¹ But for the British this change meant a shift in Washington’s stance; in fact, they suspected this development but it came earlier than expected.⁵² The British still hoped that there would be a delay.⁵³ But the Americans decided to table the new

⁴⁹ TNA/CAB130/952, Nuclear Arms Control, Note by the Secretary, 22 April 1977.

⁵⁰ TNA/PREM16/1183, FCO to Washington, tels.1714 and 5, 28 June 1977; TNA/PREM16/1184, Hunt to Callaghan, Non-circumvention, 22 July 1977.

⁵¹ TNA/PREM16/1184, Hunt to Callaghan, Non-circumvention, 22 July 1977.

⁵² TNA/PREM16/1183, FCO to Washington, tel.1715, 28 June 1977.

⁵³ TNA/CAB130/952, SALT: Non-Circumvention, Note by the Officials, 21 July 1977.

proposal in mid-August.⁵⁴ Even if the Americans assured the British that their interests would be protected, it is easy to assume that these American tactics enhanced Britain's concerns about their own nuclear position and about the Carter administration's policy towards European security.

During this summer, there was an important reshuffle in the Washington Embassy. After sending his latest report on Carter's foreign policy, Ramsbotham left Washington to be replaced by Peter Jay, then the economics editor of *The Times*. This was a decision made for political reasons. Owen did not expect that Ramsbotham would be able to establish a good relationship with the new US administration. Additionally, he observed that the Prime Minister and the ambassador were not in tune. More importantly, Owen recalled that he had found the existence of a hidden series of 'personal and confidential' exchanges between the officials in the FCO and the Washington Embassy using the official diplomatic distribution network. As this exchange had bypassed him, Owen thought that the only way to prevent such practices was to appoint 'a personal friend or political ally in Washington' in order to establish his control over the FCO. Jay was his close friend, and, in Owen's mind, perfectly suited for that post.⁵⁵ Owen formally announced the new appointment on 11 May saying that Jay was 'one of the most able' of his generation and would establish 'an easy and informal relationship' with those of that generation in the Carter administration.⁵⁶ This appointment caused wide controversy.⁵⁷ First of all, Jay was Callaghan's son-in-law at that time. Thus his

⁵⁴ TNA/PREM16/1184, UKDN to FCO, tel.299, 16 August 1977.

⁵⁵ David Owen, *Personally Speaking: To Kenneth Harris* (London: Weidenfeld & Nicolson, 1987), p.127; David Owen, *Time to Declare* (London: Penguin Books, 1992), pp.324–5; BDOHP, Peter Jay, pp.26–8.

⁵⁶ David Owen Papers (hereafter DOP), D 709 2/7/2/2, FCO to Washington, tel.1256, 11 May 1977.

⁵⁷ On the details of the controversy, see, Roy, Raj, 'Peter Ramsbotham, 1974–77', in Michael M. Hopkins, Saul Kelly, and John W. Young (eds.), *The Washington Embassy: British Ambassadors to the United States, 1939–77* (Basingstoke: Palgrave Macmillan, 2009), p.209.

appointment could not escape from the charge of nepotism. Furthermore, even if Jay was a civil servant before becoming an editor, he had worked in the Treasury, not in the FCO. With this in mind, Ramsbotham recalled that he had made a sarcastic remark to a British journalist: ‘I’m quite sure that Mr Peter Jay will be as good as ambassador in Washington as I would be economic editor of “The Times”’.⁵⁸ Such a sentiment would have been held fully by a career diplomat who was replaced by a journalist with no experience of diplomatic service. In a sense, as Raj has rightly pointed out, Ramsbotham was a victim of Owen’s distrust of the FCO.⁵⁹

Before leaving for Washington as the new ambassador, Jay called on Callaghan on 19 July. The atmosphere was intimate, probably because of their close relationship as father-in-law and son-in-law. Callaghan talked frankly about what the new ambassador should bear in his mind. On US-European relations, they both thought that it was unrealistic for Britain to make a choice between the US and Europe, and agreed that Britain and the US shared the purpose of containing Germany within Europe. Here their preference for UK-US cooperation is evident. On SALT II and nuclear matters, Callaghan stated that the maintenance of nuclear power status gave Britain ‘a type of relationship with the United States which other allies could not command’. Callaghan added that maintaining the nuclear deterrent was ‘a costly business; [but] the importance of our nuclear capability was primarily political – it gave us a lever on world peace’.⁶⁰ The record of the meeting shows that there was little difference between these two men in terms of their perception on transatlantic relations. If this assumption was correct, the skilful Callaghan could be a good mentor of inexperienced Jay and Jay could be a good

⁵⁸ BDOHP, Peter Jay, p.43.

⁵⁹ Raj, ‘Peter Ramsbotham’, pp.224–5.

⁶⁰ TNA/PREM16/2290, Cartledge to Fergusson, Mr. Peter Jay, 19 July 1977; TNA/PREM16/1181, Cartledge to Vile, Nuclear Weapons Policy, 20 July 1977.

spokesman for the British Prime Minister in Washington. Moreover, as stated above, the appointment of Owen in February had already increased Callaghan's commitment to foreign affairs. In the same vein, the replacement of Ramsbotham increased Callaghan's and Owen's influence in the handling of Anglo-American relations.

2. Descent into Cacophony

On 6 June, *The Washington Post* reported America's 'secret weapon': the enhanced radiation warhead, subsequently known as neutron bomb.⁶¹ This was the beginning of the controversy on ERW which shocked the Alliance over the following year. ERW was a tactical nuclear weapon, but was a refinement upon existing technology. Whilst it maintained the same effect in terms of nuclear radiation, the blast, heat and fallout were reduced. Because of this feature, it was expected to minimise the unnecessary damage and casualties when used on Alliance territory in the face of invasion by the Warsaw Pact's armed forces. As it was a tactical nuclear weapon, it was not to be discussed in either the SALT II or MBFR negotiations. For this reason the ERW was thought to give the Alliance a significant advantage in European defence while the conventional military balance shifted in the Warsaw Pact's favour. It was regarded as particularly effective against the invasion of Soviet tank forces which were numerically dominant in comparison with those of the West.

The article stunned the public, but for the defence policymakers in the Alliance it was already a known issue. The US had pursued ERW's development since the 1960s. The NPG had considered this new technology from 1973 and it approved the

⁶¹ *The Washington Post*, 'Neutron Killer Warhead Buried in ERDA Budget', 6 June 1977.

development plan in the meeting held in London in November 1976.⁶² The then Ford administration informed Congress of the development as it needed to ask for a budget allocation, and the Carter administration did the same.⁶³ Importantly, ERW had been discussed in the Alliance in the context of the modernisation of NATO's TNF. Since the approval of the flexible response doctrine in 1967, NATO had been considering the role of theatre nuclear weapons as a mean of deterrence to prevent the escalation of military conflict. The establishment of parity in strategic nuclear weapons as the result of the superpower détente and the development of military technology, such as ERW and cruise missiles, the US started to pay more attention to TNF modernisation. Also in Europe, particularly in West Germany, defence experts accelerated their development of the role of European tactical nuclear weapons, facing reinforcement of Soviet conventional forces and medium-range nuclear weapons. Of these threats, the most serious was the newly developed Soviet IRBM/MRBM, SS-20.⁶⁴ However, these worrying innovations were not known outside of defence circles.

On 12 July, one month after the *Washington Post* article, Carter publicly admitted the existence of the programme in a press conference, but did not make his own attitude clear. While he repeated his hopes for total nuclear disarmament, he stated that he had not taken a decision on the deployment of ERW, and added that it was not 'useful to specify ahead of time the particular circumstances in which nuclear weapons would or would not be used'. He stressed that as it was a tactical weapon SALT would not be affected, and 'the improvement of NATO's conventional forces was an important

⁶² TNA/DEFE11/810, UKDN to FCO, tel.287, 22 July 1977; DEF11/810, Enhanced Radiations Weapons (Neutron Bombs), 27 September 1977.

⁶³ Spohr Readman, 'Conflict', p.48; Spohr Readman, 'Germany', pp.267–8.

⁶⁴ Spohr Readman, 'Conflict', p.48; Nuti, 'The Origins', pp.60–1, Bluth, *Britain*, pp.216–22.

priority'.⁶⁵ He had the choice to cancel the development of the ERW at this point based on his own belief in nuclear disarmament. He had won the presidential election by arguing for nuclear disarmament, and in his inaugural speech, he stated his hope for a world without nuclear weapons. This idealism was a mainstay of his foreign policy. He recalled in his memoirs that '(t)o me the demonstration of American idealism was a practical and realistic approach to foreign affairs, and moral principles were the best foundation for the exertion of American power and influence'.⁶⁶ Given this idealism and moral principles, Carter's hesitation in approving the plan was genuine. Yet, the advantage of ERW was evident from the military point of view in the light of strengthening NATO's counterattack capability against the Warsaw Pact's conventional attack. As the President who argued for the continuation of the US commitment to European defence, Carter needed a rationale to justify cancellation of the development.

In the meantime, on 13 July, the day after Carter's press conference, the Senate approved ERW.⁶⁷ Nevertheless, Brzezinski recalled Carter's reluctance to order its production and deployment.⁶⁸ Carter, he said, 'did not wish the world to think of him as an ogre and we agreed that we will press the Europeans to show greater interest in having the bomb and therefore willingness to absorb some of the political flak or we will use European disinterest as a basis for a negative decision'.⁶⁹ This indicates that from the beginning the Carter administration wanted the Europeans to take a lead in the intra-Alliance discussion on the development and deployment of ERW. Militarily, this attitude seemed understandable: ERW was not effective unless it was deployed in

⁶⁵ TNA/DEFE11/810, Washington to FCO, tel.2984, 12 July 1977.

⁶⁶ Carter, *Keeping*, p.212.

⁶⁷ Readman, 'Germany', p.268.

⁶⁸ Zbigniew Brzezinski, *Power and Principle: Memoirs of the National Security Adviser, 1977-1981* (New York: Weidenfeld and Nicolson, 1983), p.302.

⁶⁹ *Ibid.*

Europe thus its deployment could not be decided by the Carter administration's own discretion. If Carter wished to induce the Europeans to take an initiative, close intra-Alliance consultations became even more important to forge an Alliance consensus over this issue.

What is important here is that, even though the DPC approved the development of ERW, it was still in the development stage and no firm decision had been made. For this reason, Mulley repeatedly answered parliamentary questions by saying that ERW was still in an early stage and it was premature to consider its future deployment in Europe.⁷⁰ In fact ministers had not yet shaped their attitude, thus it was politically impossible to announce their support. But at least at official level London was clearly supportive because of its military value. A background note prepared by the MOD reveals their position. It pointed out that the announcement had not been fully discussed in the Alliance beforehand and 'the worst possible construction has been placed on the potential utility of these warheads'. Nevertheless it argued that these developments would make NATO's military deterrence more credible, without lowering the nuclear threshold.⁷¹ ERW was regarded as militarily useful, but officials were particularly worried that the US administration's lack of consultation made the situation more complicated; moreover, Washington's mishandling of the issue would make public opinion more hostile to ERW. The background note said that the ERW had 'even been adduced as evidence of the West's attaching a higher priority to property than to human life'. From their point of view, the Americans' way of presentation expedited this public concern in Europe.⁷² The Soviet media had already reacted critically. Taking advantage

⁷⁰ For example, Hansard, vol.934, 5 July 1977, cols.1101–6; vol.935, 19 July 1977, cols.539–40.

⁷¹ TNA/DEFE11/810, Enhanced Radiations Weapons (Neutron Bombs), undated (c. July 1977).

⁷² Ibid.

of growing unfavourable reactions in Western Europe, it had launched a propaganda campaign against ERW and appealed for the continuation of East-West détente, criticising Carter's policy for inflaming the arms race.⁷³ These criticisms aimed to emphasise the discrepancy between the deployments of a new nuclear weapon and Carter's stand on disarmament.

In Brussels, the situation was similar. On 20 July, one week after Carter's press conference, NATO Permanent Representatives, including Killick, discussed matters. They were not happy with the lack of advance consultation. Furthermore, they thought that the poor presentation skills of the US 'led to unfortunate press and other reactions'. Thus, they hoped that the Americans would emphasise the advantage of ERW, such as 'it can be selectively used to kill the armed forces of the Warsaw Pact [...] while minimising damage to the environment in which they are operating, whether human or physical'.⁷⁴ As this response indicates, the allies did not fundamentally deny the military advantage of ERW. What they were afraid of most was the critical public reaction amplified by the US administration's mishandling of the issue. In their view, there had been little American attention to the need for mitigation of concerns although intra-Alliance consultation was indispensable.

Under these circumstances, the Carter administration slowly moved towards intra-Alliance consultation to gain the support of its European allies. On 2 September, Killick reported that a US team would come from Washington to the NPG Permanent Representatives' meeting in Brussels on 13 September to consult on the deployment of ERW. Killick observed that the American attitude would be 'listening and reporting

⁷³ For example, see the report from Moscow. TNA/DEFE11/810, Moscow to FCO, tel.744, 11 August 1977.

⁷⁴ TNA/DEFE11/810, UKDN to FCO, tel.287, 22 July 1977.

back', and not necessarily taking the initiative.⁷⁵ The Americans would prefer that the Europeans were the first to indicate a favourable attitude towards ERW. As stated above, the British government did not oppose ERW's development on military and deterrent grounds. However, given the lack of information on the details of the US plan, they were not able to give the development and deployment a green light. Consequently, the FCO thought that ERW would have to be considered at the forthcoming NPG meeting in Bari, Italy, on 11 and 12 October, in the context of the improvement of NATO's TNF under the studies for the LTDP. London thought that the prospects of a positive decision in the Alliance would improve through these discussions.⁷⁶

Nevertheless, the Americans were dissatisfied with their allies' caution. They argued that, first, discussion in the NPG was not a favourable option for the administration for their 'domestic political purposes'. They wanted more visible and striking decision-making to persuade the sceptics in their own country. Secondly and more importantly, they wanted European allies' clear support before Carter made his final decision. Leslie H. Gelb, Assistant Secretary of State, indicated to Russell that Carter wished to take the final decision by the end of the year. Furthermore, once the judgement was made, another 45 days were necessary for Congress to decide whether or not to approve the President's decision. Theoretically, calculating backwards, the administration wanted an answer from their allies by the end of October and rapid movement to achieve this outcome.⁷⁷

In contrast, London thought that Carter could wait until the end of the year at most and deployment would follow after the conclusion of the LTDP next May. Under this

⁷⁵ TNA/DEFE11/810, UKDN to FCO, tel.310, 2 September 1977.

⁷⁶ TNA/DEFE11/810, FCO to Washington, tel.2401, 6 September 1977.

⁷⁷ TNA/DEFE11/810, Washington to FCO, tel.3866, 7 September 1977.

consideration the FCO instructed Killick to stress in the September 13th meeting that Britain considered the deployment of the ERW desirable, but given public controversy, the Alliance should discuss this issue more carefully in the NPG in the light of the NATO TNF improvement. The British did not think that consultation would be concluded as soon as the Americans envisaged, but they were not going to lead the discussion. In the draft telegram to Brussels, Killick was instructed that ‘(t)here may be advantage in your trying to leave your intervention until the Germans and the Dutch, at least, have spoken’.⁷⁸ This evidence indicates that the British were in a completely receptive position from the beginning of the intra-Alliance consultation. True, they strived to give their allies more time for consideration, but they did not spearhead the discussion itself. As this chapter shows later, they particularly hoped that the Germans would take the lead because of their uncertainty in response to public opinion.

On 13 September, the NATO NPG Permanent Representatives’ meeting took place with the presence of the American team. The Americans, led by David McGiffert, Assistant Secretary of Defense, reiterated the advantages of the deployment of ERW, particularly in light of the modernisation of NATO TNF. Along with this, they stressed that ERW did not lower the threshold in the use of nuclear weapons, and assured allies that there was no linkage between ERW and any disarmament negotiations. Nevertheless, while speaking of the advantages of ERW, they warned that Carter had to take a final decision in October; so additional discussion in the NPG was not justified as it would cause further delay. If the European allies accepted this plan, they had only about six weeks for consideration, and this was apparently too short. In the meeting, apart from West Germany’s positive attitude, all the permanent representatives reported

⁷⁸ TNA/DEFE11/810, Draft Telegram to UKDN from Ministry of Defence, 9 September 1977.

that their governments' positions were not yet firm. Facing such indecision, Luns suggested a compromise plan of a further round on 23 September.⁷⁹ Thus, the Americans were already behind schedule from the very beginning of intra-Alliance consultation. This prudent European response annoyed Brzezinski; to him, it was just a 'diplomatic minuet'. He recalled that the American team 'gave the Europeans a balanced presentation [...] and genuinely asked them what they wanted'. But it seemed to him that without American initiative 'they were unwilling to commit themselves and began to waffle'.⁸⁰ This criticism is too harsh of the Europeans. In fact the Americans did explain their thoughts to their allies, but discussion was not thorough enough and did not give the allies sufficient time to consider their positions before making a decision. With this unskilful handling it was definitely tough to convince the Europeans that they were fully consulted.

In London, after the discussions of 13 September, Mulley proposed that Britain's attitude would be made clear by the next NPG meeting of 23 September. He argued that Britain had 'a variety of cogent political as well as military reasons' to support the Americans. First, it would contribute to the improvement of the NATO TNF, and secondly it would help maintain Britain's influence politically. He wrote that:

A lukewarm reaction from us on the 23rd would not only disappoint the Americans but would stand in marked contrast to the German attitude. Besides not wishing to split the Alliance over the issue, I should be unhappy to risk losing influence with the Americans – even temporarily – at the present delicate stage of our relations with them on a whole range

⁷⁹ TNA/DEFE11/810, UKDN to FCO, tel.321, 13 September 1977; Matthias Schulz writes that the FRG documents reveal that the American team argued as early as this stage that the deployment of the ERW could be a counterweight to the SS-20s. Schulz, 'The Reluctant', p.299.

⁸⁰ Brzezinski, *Power*, p.302.

of issues such as SALT, CTB and policy on theatre nuclear forces. In addition, I understand, the Americans took a very tough line in the criticism of our defence cuts and wanted an even stronger letter than the final version sent to us by Luns.⁸¹

In Mulley's view, Britain's active leadership had two consequences. First, it would compensate Britain's already damaged credibility in the Alliance and strengthen relations with the US. Secondly, it could prevent divisions in the Alliance over this issue. Mulley's letter shows his, and most likely the MOD's, recognition of Britain's place in the Alliance. Obviously, Britain was in a defensive position as a result of defence expenditure reductions and this induced a more active attitude towards ERW consultation to work towards regaining an already heavily damaged reputation.

Callaghan was more prudent. He also did not oppose the idea in principle. Nevertheless, he was not only unhappy about the shortage of information due to the lack of consultations, but he was not content with the Americans' handling of the situation which had only been at official level. He responded to Mulley's minute that:

I do not rule out supporting the Americans but if our support is to be worth anything, then we must be satisfied about the case for the weapon. [...] the Americans must also give us the opportunity of getting public opinion to understand what is involved if we are asked to be publicly committed in support.

His critical comment continued:

⁸¹ TNA/PREM16/1576, Mulley to Owen, Enhanced Radiation Warheads, 19 September 1977.

President Carter wants to act quickly for Congressional reasons. For Parliamentary reasons, I wish to be sure of my ground. [...] The Americans should be told that we need proper time to consider the matter. We are not prejudging it, but we must be treated with proper considerations.⁸²

Callaghan's dissatisfaction was more clearly shown in the record of his meeting with Italian Prime Minister Andreotti. Callaghan complained that '[the Americans] have launched the neutron bomb very badly. President Carter now says he wants a quick decision from Congress. But we have problems with our public and Parliamentary opinion too'. Andreotti responded that 'He wishes to appear as a prudent, moderate man on nuclear matters. It seemed amazing to me that he should have allowed the neutron bomb discussion to develop in this way and that he could have taken his decision so quickly. [...] it is a question of psychological preparation'. Callaghan replied, 'I share your views exactly'.⁸³ Andreotti was right, as the Carter administration needed time to deal with the domestic politics, the European leaders needed to prepare for their own domestic issues. But from Europeans' eyes, he just shifted the burden of decision making while putting himself behind the public image of the protagonist of nuclear disarmament.

For the Callaghan government, the problem was not only the public opinion, but also inner-party politics and the lack of consensus among the ministers. Among the key ministers Owen objected to Mulley's view pointing out the political risk. If the government started the discussion at this point, particularly when the Labour Party conference was about to begin, it would 'risk raising all the old political and public

⁸² TNA/PREM16/1576, Wicks to Facer, Enhanced Radiation Warheads, 21 September 1977.

⁸³ TNA/PREM16/1576, Extract from Meeting Record: PM and Andreotti, 22 Sept 1977, 10.30 hrs.

anxieties about nuclear war'. For this reason, he argued that '(t)his is too serious an issue for rushed decision'.⁸⁴ However, his fundamental concern was that the ERW would lower the nuclear threshold and this would inevitably stimulate a widespread row. Due to this anxiety, he considered this issue as much more political than the US thought and thus an early decision was more difficult to take.⁸⁵ Owen's stance was substantially different from either Mulley and the MOD, or the FCO officials to a lesser extent. Because of this divergence in the government, the Callaghan government adopted a slow approach. For this reason, although the Americans' response was negative earlier the same month, London instructed Killick to propose the idea of discussion on ERW at the NPG meeting at Bari in October. The British recognised the US wish for an early reply from the European allies, but they thought based on their observation that their proposal could fit the American timescale.⁸⁶

It was West Germany where the announcement of the development of the ERW caused far more widespread public discussion. As mentioned above, West Germany's generally supportive attitude influenced Britain's line on this issue. The West German Defence Minister Georg Leber made clear in the Defence Committee of the Bundestag on 10 September that Germany was in favour of ERW's production and subsequent deployment.⁸⁷ On the other hand, the SPD's Executive Party Secretary Egon Bahr's long-term vision for détente, disarmament and the potential breaking up of military alliance in Europe, attracted popular support.⁸⁸ The Germans' hope for disarmament

⁸⁴ TNA/PREM16/1576, Owen to Mulley, Enhanced Radiation Warheads, 15 September 1977.

⁸⁵ On his concern on the impact of ERW on nuclear threshold, see Owen, *Personally*, p.136.

⁸⁶ TNA/PREM16/1576, Facer to Wicks, Enhanced Radiation Warheads, 23 September 1977; TNA/DEFE11/810, FCO to Washington, tel.2596, 23 September 1977.

⁸⁷ TNA/DEFE11/810, Bonn to FCO, tel.842, 10 September 1977.

⁸⁸ On the inner-party conflict in the SPD, see, Readman, 'Germany', pp.268–71.

was plausible: once Soviet military action was launched, West Germany was most likely to become the battlefield and the place where the ERW would be deployed and possibly used. For this reason, public consent was more significant than in any other NATO countries. But for Schmidt, who had been pursuing the maintenance of ties with the West through the Alliance, Bahr's argument was nothing but trouble. Because of this deep division in public opinion, the Germans could not do more than what they did on 13 September. As in Britain, there was a consensus at the official level on the military value of ERW, but at the political level, its impact on East-West relations, and arms control negotiations, and on public opinion, had yet to be discussed.⁸⁹ In this sense, the situation in the West German government was more serious than the British government.

While waiting for the next NPG meeting, the British tried to estimate what the Carter administration thought on this ERW and to encourage them towards Alliance consultations. Their major problem was the reaction of Congress. If Congress opposed the President's plan, the handling of this issue would become even more difficult. Jay reported that as the result of their contacts with the US officials it seemed that Congress would likely support the President's decision, but European support was still indispensable to ensure Congressional approval. Jay wrote that the administration had no specific deadline for Alliance consultation even if they still hoped that a decision would be taken in October. This was a compromise, but it also implied inconsistency in the administration's attitude. Yet, they believed that a delay would be 'damaging to NATO', thus Jay warned that the Alliance's attitude was crucial and 'any signs of dissent, particularly from ourselves or the Germans, could unsettle the currently

⁸⁹ TNA/PREM16/1576, Bonn to FCO, tel.882, 26 September 1977.

accommodating attitude in Congress'.⁹⁰ Clearly the Carter administration expected support particularly from Britain and West Germany and considered their roles as decisive. This was the reason that the Americans softened their attitude. Brzezinski told Jay that they did not see 'great difficulty about stretching out a decision for a matter of weeks', but a few months would be rather a long time. He repeated that the 'best outcome' would be the President's announcement backed by support from the Alliance before Congress adjourned by the end of October.⁹¹ This flexibility indicates that how much the Americans were eager to gain their European allies' support, but at the same time that the administration still did not have a clear consensus in terms of the timeline. Paradoxically because of this inconsistency, the Americans decided not to press a deadline for the Alliance discussions.⁹²

Even if the Carter administration compromised, the remaining time before the end of October was not enough at all for allies to reach a decision on such a critical problem. The discussion in the NPG took place on 27 September instead of the 23rd. Its conclusion was, as expected, still inconclusive – no allies except Turkey gave full support. The other allies, even the Germans, did not oppose the US idea but required more time to handle public opinion with care. Under this situation Britain's proposal was a reasonable interim solution and thus it was 'universally agreed'. Facing the prudent attitude of America's allies, William T. Bennett, the US Permanent Representative to NATO, could only affirm that the US would not set 'an artificial deadline' although the US hoped to have the allies' final response 'in weeks rather than months'.⁹³ This compromise was what the Americans had already told the British

⁹⁰ TNA/PREM16/1576, Washington to FCO, tel.4069, 19 September 1977.

⁹¹ TNA/PREM16/1576, Washington to FCO, tel.4161, 23 September 1977, tel.4173, 24 September 1977.

⁹² TNA/PREM16/1576, FCO to UKDN, tel.196, 26 September 1977.

⁹³ TNA/PREM16/1576, UKDN to FCO, tel.332, 27 September 1977.

several times, but now the American publicly retreated by one step from their original stance which had required the Alliance to make their mind up fairly soon. Commenting on this outcome, Killick wrote:

My feeling now is that the Americans will expect ourselves and the Germans, as bell-wethers, to keep up the momentum and give a stronger steer at Bari, in the hope of wrapping up the discussion expeditiously thereafter.⁹⁴

But the British were more cautious than the Americans expected. At the end of September Brzezinski visited London, Paris, and Bonn to explain Carter's view on foreign affairs to three European leaders. In the meeting with Callaghan on 27 September, the American confessed that 'the insistence on an early reaction from the Alliance had been a mistake' and admitted that Carter's initial announcement was 'ill-timed and awkward'. But since ERW was significant only if deployed in Europe, Carter believed that 'the political costs of the weapon should be shared'. Nevertheless, despite Brzezinski's push for an early decision, Callaghan did not assure him of Britain's support; while pointing out its impact on domestic politics, he only said to Brzezinski that he 'would consider the matter carefully and give the President a response as soon as he could'.⁹⁵ Considering the disagreement among the ministers and the difficulties in the handling of public opinion, this prudent response was understandable. However, this prudence weakened Britain's role as mediator in the Alliance. In principle, Britain and West Germany both admitted the significance of ERW from the military point of view. Nevertheless, neither West Germany nor Britain

⁹⁴ Ibid.

⁹⁵ TNA/PREM16/1911, Dr. Brzezinski's Call on the Prime Minister, 27 September 1977.

actively promoted it. For these two governments, active support might well ignite the disputes in and out outside of the government. Thus for both governments the establishment of an encouraging attitude in the Alliance towards the production and deployment of ERW was important to blur their support. Thus these two countries tried to find out how the other envisaged the future of the discussions.

However, it is important that Britain was always one step behind the Germans in the discussions even if the Germans were not going to take the lead. In the debates on 13 or 27 September, Rolf Friedemann Pauls, the West German Permanent Representative to NATO, expressed a more positive attitude towards the development of ERW in light of the expansion of Soviet armed forces, even if he had some concerns about public opinion. Whereas Killick argued consistently carefully, with the instruction of London, that further Alliance discussions were necessary. In fact, Britain's idea – holding ERW discussions at the NPG – brought the withdrawal of an early deadline by the Americans and paved the way to further discussion. Nevertheless, Britain's attitude did not lead towards European consensus on the development of the ERW.

The ERW discussion at the NPG meeting in Bari on 11 and 12 October was also a good opportunity for the British to understand the US and West German thoughts in more detail. The US Defense Secretary Brown assured that the Carter administration did not wish the Alliance to take an urgent decision. But he privately told Mulley that, without European allies' support, at least from Britain, West Germany, and 'two or three smaller countries such as Italy and Belgium', Carter would not take the decision. He added that Washington hoped that the Alliance would take a decision by the end of the year rather than the end of October.⁹⁶

⁹⁶ TNA/DEFE13/1142, Note of a Meeting between the Defence Secretary and the United States Secretary of Defense Held in the Ambasciatori Grand Hotel, Bari at 8.30 am on Tuesday, 11th October 1977.

On the other hand, the other allies did not question the military advantages of ERW; among them Leber supported the development of the ERW most strongly.⁹⁷ But the discussion itself was again inconclusive. Brown added that since the NPG could not conclude the issue, the final decision was dependent on the heads of government.⁹⁸ There was still time for consideration until the end of the year. But considering the result of the discussion in Bari, direct negotiations between the heads of government, particularly between the US, Britain and the FRG, emerged more clearly as an option for the final decision. In addition to the discussion on ERW, important developments took place in Bari on the NATO LTDP. To supplement the nine task forces which were set up in the DPC in May, the NPG agreed to set up a High Level Group to discuss the modernisation of NATO's LRTNF.⁹⁹

After the Bari meeting, knowledge of Schmidt's attitude became more important for Callaghan's visit to Bonn on 18 October. Since Schmidt had been completely preoccupied with the Lufthansa Hijacking in Mogadishu until the day before, there was no comprehensive discussion on European security, but in terms of the ERW problem, Schmidt explained his attitude to Callaghan in detail. Schmidt stressed that it was the Americans who should take the decision. Moreover, he added that once they decided to proceed, the Carter administration 'should use the weapon as a bargaining card, to be discarded in return for appropriate Soviet concessions'. If the US would accept this line, Germany would agree to ERW deployment in Germany in two years' time.¹⁰⁰ The latter

⁹⁷ TNA/PREM16/1576, Facer to Cartledge, Enhanced Radiation Warheads, 13 October 1977.

⁹⁸ TNA/DEFE13/1142, Note of a Meeting between the Defence Secretary and the United States Secretary of Defense Held in the Ambasciatori Grand Hotel, Bari at 8.30 am on Tuesday, 11th October 1977.

⁹⁹ Nuti, 'The Origins', pp.63-4.

¹⁰⁰ TNA/PREM16/1576, Cartledge to Facer, Enhanced Radiation Warheads, 24 October 1977; Callaghan's visit was originally planned on 9-10 September, but it was postponed because of the kidnapping of the Hans-Martin Schleyer by the German Red Army Faction (RAF). Schleyer was found dead on 19 October, a day after the Anglo-West German summit.

half of Schmidt's comments had a significant meaning. First, Schmidt explained to Callaghan his idea of a quid-pro-quo, and secondly, the Chancellor declared that he was prepared for the deployment of ERW in his country, subject to the US attitude. The idea of quid-pro-quo itself was not necessarily Schmidt's original concept. In the NPG meeting on 27 September, the Danish representative, Anker Svart, had already pointed out that since the development of ERW might well induce the arms race, it could possibly be used as a bargaining chip in the current arms control negotiations.¹⁰¹ However, it was important that this was stated by the Chancellor himself. His reference to the deal was far more influential and obviously drew the Carter administration's attention.

On the other hand, this Prime Minister's visit to Bonn marked the end of the long-standing Anglo-German offset negotiation. Following the agreement between ministers in May, officials in both countries continued to negotiate to settle the details.¹⁰² At the press conference after their meeting, Callaghan and Schmidt announced the conclusion of the offset talks and the signing of an agreement.¹⁰³ Thus, this particular problem which had been a thorn in the side of Anglo-German relations had finally been removed. The end of the negotiation set up a condition for both countries to cooperate more closely on European security.

On 28 October, four ministers – Callaghan, Owen, Healey, and Mulley – discussed

¹⁰¹ TNA/PREM16/1576, UKDN to FCO, tel.332, 27 September 1977.

¹⁰² TNA/FCO33/3189, Bonn to FCO, tel.773, 19 August 1977; Well to the Western Europe Department, 24 August 1977.

¹⁰³ TNA/FCO33/3189, Anglo/German Offset, 7 September 1977; Cmnd 6970, Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Federal Republic of Germany for Offsetting the Foreign Exchange Expenditure on British Forces in the Federal Republic of Germany, Bonn, 18 October 1977 (London: HMSO, 1977). Nevertheless, the problem of Britain's right to pursue a multilateral solution was pigeonholed to avoid difficulties. It was just covered as an exchange of side letters between Peter Hermes, the State Secretary in the Auswärtiges Amt and ambassador Wright, but was not included in the agreement.

Britain's defence policy, including ERW, in their restricted ministerial meeting. Before the meeting, on 18 October, Mulley sent two papers on ERW to the other three ministers and Hunt. In these papers he argued that while domestic explanations were necessary, there was a 'general feeling in NATO that it would be unwise and possibly counterproductive to delay a decision'; thus he recommended support of the US line.¹⁰⁴ The MOD officials expected Mulley would be able to persuade his fellow ministers in the meeting.¹⁰⁵ Nevertheless, what they agreed was only to defer the final decision until next discussion which was to be held in three weeks' time.¹⁰⁶ There are two reasons for this deferment. First, the ministers had not yet reached an agreement; Owen was still quite critical. In the meeting with the FCO officials on 17 October, he told them that given the uncertainty of the intra-Alliance discussion, the British should adopt 'a low profile' and the problem was 'how the proposal could decently killed off'.¹⁰⁷ As long as one of the key ministers had such negative view, a decision was far from likely. Secondly, the ministers wanted to know more specifically how the Carter administration was going to handle this issue. From their point of view, the Americans had not taken any clear initiative, and their stance was inconsistent. West Germany's attitude in particular was always a major concern for British policymakers while they determined their own attitude, because of the FRG's geopolitical situation and possibly because they wished to avoid the criticisms involved with taking an initiative on this highly sensitive issue. But at that time the prudent approach was more or less the same in

¹⁰⁴ TNA/PREM16/1576, Jackling to Cartledge, 18 October 1977; Enhanced Radiation Warheads: Note by the Secretary for Defence; Enhanced Radiation Warheads: Note by Ministry of Defence Officials.

¹⁰⁵ TNA/DEFE11/810, Brief on ERWs for the Secretary of State's use at Friday's Ministerial Meeting, 26 October 1977.

¹⁰⁶ TNA/PREM16/1564, Conclusion of a Ministerial Meeting Held at No.10 Downing Street on Friday 28 October 1977 at 0945.

¹⁰⁷ DOP, D709/2/7/13/6, Fergusson to Kerr, Military Nuclear Issues, 25 October 1977; David Owen, *Nuclear Papers* (Liverpool: Liverpool University Press, 2009), doc. no.2.

Schmidt's mind. In the Federal Security Council held on 6 October, he argued that the West should use the ERW as a lever in the MBFR talks, or a trade-off between ERW and the Soviet tanks. But he was still ambivalent. He did not oppose the ERW itself, but argued that West Germany should not take a lead as it was already facing a lot of risks in its security because of its frontline position in European Cold War.¹⁰⁸ Along with the ERW issue, the four ministers also discussed the Chevaline programme. While some doubts were raised on the plausibility of the 'Moscow Criteria', they approved the continuation of the project.¹⁰⁹ In this meeting much longer time was spent discussing the future of Britain's nuclear deterrent. As this reveals, the maintenance of the independent nuclear deterrent was a more fundamental issue for British ministers. Compared with the seriousness of the problem in the West German government, ERW was yet to be the centre of the key policymakers' mind.

In the meantime, the SALT talks continued in New York and Geneva. By the end of September both governments agreed the figure of 2,250 for an overall aggregate of strategic nuclear weapons under the 'three piece' method. By this agreement the initial difference between the Vladivostok agreement and Carter's demand was resolved and SALT II negotiations got back on the track. Yet, there were some important new aspects. In the briefing at the NAC on 6 October on the development of the SALT II negotiations, Warnke and Ralph Earle II, Chief of the US Delegation to the SALT talks, told the allies' representatives that on non-circumvention it might be necessary 'to move to the fall-back position'. The Americans yet again confirmed that their position would not be changed. But in US-Soviet negotiations throughout the autumn the US agreed to include

¹⁰⁸ Spohr Readman, 'Germany', p.273.

¹⁰⁹ TNA/PREM16/1564, Conclusion of a Ministerial Meeting Held at No.10 Downing Street on Friday 28 October 1977 at 0945.

the ALCMs into the subtotal aggregate figure of 1,320 with MIRVs. Furthermore, the Americans agreed to ban the deployment of GLCMs and SLCMs for three years under the protocol.¹¹⁰

This agreement did not so much ease as increase Britain's concerns for the future of the SALT II negotiations. They were particularly worried about the no-transfer and non-circumvention clauses since these two closely related to the future of Britain's nuclear deterrent. This meant that there was a possibility that the US-UK nuclear cooperation based on the 1958 Defence Agreement might be jeopardised by the future SALT negotiations. Also, the issue of approaches to cruise missiles troubled the British. The Callaghan government regarded the cruise missile as a possible successor system for the Polaris force, whereas the US did not as yet see any military need for it in TNF. The Polaris force was expected to be in operation till 1994 and a replacement was still not imminent, but the British wanted to keep all options open. Among the three types of cruise missiles, the SLCMs were the focus of their interest.¹¹¹

Autumn 1977 was now about to end. The Carter administration repeated its desire for an early conclusion to the ERW issue and pressed its European allies for a decision by the end of October. Yet the lack of the initiative from the both sides of the Atlantic meant that time passed without result. The British occasionally informed Washington of their concerns and in response, the Carter administration offered reassurance that the US would defend its allies' interest in the SALT negotiation. On non-circumvent clauses, Gelb confirmed that there had been neither erosion nor deviation from the initial

¹¹⁰ TNA/PREM16/1184, UKDN to FCO, tel.350, 7 October 1977; Washington to FCO, tel.4465, 13 October 1977; Garthoff, *Détente*, pp.895–7.

¹¹¹ TNA/PREM/16/1564, Hunt to Callaghan, Military Nuclear Issues, 25 October 1977; TNA/PREM16/1564, Hunt to Cartledge, Military nuclear Issues, 25 October 1977.

position.¹¹² However on cruise missiles, the American attitude was different. Jay told Brzezinski of Britain's anxiety that the temporary three years protocol could become a permanent ban, particularly for SLCMs. Brzezinski's reply was not encouraging. He told Jay that the exception of SLCM could be regarded as a 'wrecking loophole', thus its exclusion was impossible. Brzezinski even added that cruise missiles became 'something of a fad' for the Europeans.¹¹³ This exchange revealed the different views held on cruise missiles by the Americans and the British, but also the difficulties faced by the Carter administration. From time to time it had assured the Alliance of closer consultation on European security and arms control negotiations, but this promise could be an obstacle to the SALT II negotiations. But they still needed support from the Europeans to resist the criticism from the opponents in their own country. Hence the Americans repeated their earlier confirmation that under the SALT II protocol the transfer of US technology, especially on cruise missiles, would not be prohibited, even if circumvention was banned.¹¹⁴ With this assurance, the British government publicly announced its support for the SALT II agreement.¹¹⁵ But it could not fully abandon the concern that the US might conclude the negotiation by sacrificing Britain's own defence capability and that of European security as a whole.¹¹⁶

The British government refrained from expressing openly their concerns on the Carter administration's handling of arms control negotiations. This would easily harm Alliance unity and Anglo-American relations. But West Germany's sceptical stance was revealed in public during this period. On 28 October, a few hours after the four

¹¹² TNA/PREM16/1184, Washington to FCO, tel.4284, 28 September 1977.

¹¹³ TNA/PREM16/1184, Washington to FCO, tel.4865, 11 November 1977.

¹¹⁴ TNA/PREM16/1570, Washington to FCO, tel.5121, 30 November 1977.

¹¹⁵ On Britain's support on SALT II negotiations, for example see TNA/PREM16/1570, Washington to FCO, tel.5119, 30 November 1977.

¹¹⁶ TNA/PREM16/1184 Washington to FCO, tel.4560, 20 October 1977.

ministers decided to shelve their decision on ERW at the restricted meeting, Schmidt publicly spoke of his concerns about the current situation in European security in his Alastair Buchan Memorial Lecture in London at the International Institute for Strategic Studies (IISS). The main topic was global economy, particularly energy policy and East-West trade. Defence was touched just briefly, but his lecture brought out a huge political debate in the Alliance on the future of European security.¹¹⁷ He stated that, given the parity of strategic weapons between the superpowers achieved by SALT negotiations, the disparities of tactical nuclear and conventional weapons were magnified. He continued that:

(S)trategic arms limitations confined to the United States and the Soviet Union will inevitably impair the security of the West European members of the Alliance vis-à-vis Soviet military superiority in Europe if we do not succeed in removing the disparities of military power in Europe in parallel to the SALT negotiations. So long as this is not the case we must maintain the balance of the full range of deterrence strategy. The Alliance must, therefore, be ready to make available the means to support its present strategy which is still the right one, and to prevent any development that could undermine the basis of this strategy.¹¹⁸

With this understanding, he added that Carter should consider the effect of the deployment of the ERW in the light of arms control negotiations:

¹¹⁷ Schmidt, *Men*, pp.188–9.

¹¹⁸ Helmut Schmidt, 'The 1977 Alistair Buchan Memorial Lecture', *Survival*, vol.20. no.1 January/February 1978), p.4.

We have to consider whether the 'neutron weapon' is of value to the Alliance as an additional element of the deterrence strategy, as a means of preventing war. But we should not limit ourselves to that examination. We should also examine what relevance and weight this weapon has in our efforts to achieve arms control.¹¹⁹

In these statements, he stressed the importance of the development of détente and deterrence in parallel. In his memoirs he recalled that he tried not to generate controversy in the lecture, but 'the international audience realized [...] that the German chancellor was emphasizing matters that were clearly at odds with what was favored by the new American president'.¹²⁰

By this time, Schmidt's worries about the military imbalance in Europe increased, particularly in the TNF field. His growing concerns were amplified by the Carter administration's lack of policy towards the TNF. In July, he suggested to Carter that the TNF should be included in the SALT II talks. Needless to say, what Schmidt wanted was SALT II control of Soviet's medium-range nuclear systems, but, he said, 'my ideas in this area fell on deaf ears when it came to Carter and his advisers'. He had explained to Brzezinski again in September about the political threat of the SS-20s, but added that '(m)y effort had only slight results'.¹²¹ Therefore he used his speech to draw attention again, especially in Washington, to the increased politico-military threat in Europe created by the build-up of Soviet armed forces. Schmidt's idea of a link between ERW and Soviet tank forces did not gain full agreement in the West German government, but there was a broad consensus that unless being ERW was in production, it could not be a

¹¹⁹ Ibid.

¹²⁰ Schmidt, *Men*, p.189.

¹²¹ Ibid., pp.185-8.

real bargaining chip.¹²²

Along with his lecture at the IISS, Schmidt communicated his thoughts directly to the Carter administration.¹²³ However, the Chancellor's idea was not well-received in Washington. Fundamentally, Brzezinski felt that Schmidt overestimated the threat of the SS-20s.¹²⁴ Nevertheless, whether or not they liked Schmidt's view, the Carter administration had to respond and its suggestion was for a deal on ERWs and SS-20s. On 22 November, the UK Washington embassy reported that the administration 'had reached no firm conclusions other than that all these ideas involved formidable difficulties'. But Gelb told Kenneth B. A. Scott, Counsellor and the Head of Chancery, that:

For example, MBFR was already complicated enough and the inclusion of a further dimension, especially if it imposed new requirements for tank reductions on the East, might block all possibility of progress. Another possibility was to make an offer, outside the framework of the MBFR negotiations, e.g. to trade the deployments of ERW for the deployments of the SS20, but NATO would then have to face the possibility (perhaps probability) that if the Russians refused this offer and went ahead with the SS20, NATO would be forced to deploy ERW. On the other hand a Soviet refusal to negotiate on this basis might strengthen the allied case for deploying ERW. A further possibility was merely to defer the deployment of ERW in the hope that the Russians would defer development of the SS20s, but that course of action might bring NATO's credibility into question.¹²⁵

¹²² TNA/DEFE11/810, ERWs and Arms Control: FRG views, 10 November 1977.

¹²³ TNA/PREM16/1576, Washington to FCO, tel.4993, 22 November 1977.

¹²⁴ Brzezinski, *Power*, p.303.

¹²⁵ TNA/PREM16/1576, Washington to FCO, tel.4993, 22 November 1977.

Gelb added that in Washington there was an ‘emerging consensus’ on a trade-off between the deployment of the ERW and SS-20s outside the MBFR negotiations. This line had not yet gained consensus in the administration as Vance still took a prudent position. He told Jay that the Carter administration wanted to talk with the British and the Germans before they made a decision and had advised the President that ‘he should not decide until the European response had been received’. This is what the administration had repeated to its allies. But at the same time he presented Jay with a different view on the trade-off. He indicated that a consensus had not yet been made in the administration as to the way ERW should be used as a bargaining card.¹²⁶

In the middle of the intra-Alliance discussions, on 9 November, a personal letter from the Soviet leader was delivered to Callaghan through the Soviet ambassador. In that letter Brezhnev warned that the deployment of ERW would make *détente* wane and the arms race accelerate.¹²⁷ It became clear later that other heads of European governments also received a letter from him.¹²⁸ It was now evident that the Russians intended to discourage the Europeans from accepting the US offer of ERW and to divide the Europeans by threatening *détente*. Against this, the Alliance needed to show that their unity or resolve were not affected by such psychological offensives.

Given unsettled American attitudes and the Soviet counter initiative, the British government started reviewing the feasibility of the trade-off. Hunt raised four points: the potential of the trade-off, the credibility of ERW as a bargaining-chip, the difficulties in the Alliance for the ERW deployment, and public opinion. The conclusion of his study was that the trade-off in arms control negotiations was ‘attractive’, but

¹²⁶ TNA/PREM16/1576, Washington to FCO, tel.5107, 30 November 1977.

¹²⁷ TNA/PREM16/1576, Brezhnev to Callaghan, November 1977.

¹²⁸ TNA/PREM16/1576, Cartledge to Facer, ERWs: Discussion during the European Council on 5 December, 6 December 1977.

ministers would ‘not wish to get ahead of the Germans in their consideration of this issue’. He pointed out that the appropriateness of the trade-off needed to be considered very carefully. Above all, the use of ERW should be preceded by an Alliance decision on its deployment. Importantly, he wrote that it should also be studied whether the quid-pro-quo could be the Alliance’s advantage, since despite the fact that TNF modernisation would have to be dropped, the Soviet preponderance in IRBM/MRBM would not be changed even if they gave up SS-20.¹²⁹

Although everyone recognised the significance of ERW, no one took the initiative in the Alliance. The final decision was in the hand of the US President as the leader of the Alliance. Consequently the lingering ERW discussion raised questions about Carter’s ability to secure unity in the Alliance. Jay was rather optimistic about his capabilities. At the beginning of November Jay sent a despatch to London titled ‘Is Mr Carter in Trouble?’. In this despatch he wrote that the recent disillusionment about Carter’s ability to lead his country was ‘premature and probably wrong’. He explained that the reason of this misconception came from the lack of understanding on Carter’s political strategy. Jay continued that Carter took a ‘high road’ approach rather than ‘low road’ approach. In his definition the former was an ability to ‘mobilise the general will against the sum of the special interests’, contrary to the conventional ‘low road’ approach which required ‘an accommodation with a preponderance of the organised minorities in society and using the support to win to promote the objectives of the leader’. Jay admitted that Carter had been taking tactical retreat in some areas, such as SALT II and Middle East in foreign policy, but he argued that his determination and ability to pursue the ‘high road’ strategy should not be underestimated. He concluded that even if Carter

¹²⁹ TNA/PREM16/1576, Hunt to Callaghan, Enhanced Radiation Warheads, 29 November 1977.

was facing criticisms due to the relative negligence of 'low road' politics, his policy based on his faith would bring political success next year, and 'those who are already inclined to write Mr Carter off are dead wrong'.¹³⁰

The FCO did not seem to agree with this optimistic analysis. Melhuish commented that the 'high road' and 'low road' strategies were inseparable. From his point of view the problems Carter was facing represented 'a combination of mounting pressures' and he was trying to tackle them by 'the methods traditionally used by US Presidents'.¹³¹ Hall commented that what was important for Britain was not the definitions of Carter's 'high' and 'low' strategies, but how far Britain should support his original political objectives while he was going his own way.¹³² Earlier in the year, FCO officials were still optimistic about the future of the Carter administration's foreign policy. But looking at Carter's skill in mobilising domestic and international supports for his policy, this optimism was about to be superseded by scepticism. Interestingly enough, opposite to the change of tide in London, reports from Washington now offered hope. This was an obvious effect of Jay's appointment. On 9 November, Owen and returned Jay had a discussion on the current state of the Anglo-American relationship. Jay's judgement was that the British were genuinely consulted though they were sometimes puzzled by the administration's behaviour. In fact Carter's action was unpredictable, but the British could have up-to-date information through the 'strong link' with the government. Owen fully agreed with Jay, saying that the Carter administration 'had consulted us faithfully and certainly more than their other allies'. He went on that it was important to 'fight our case resolutely and aggressively' where there were issues with the Americans.¹³³ As

¹³⁰ TNA/FCO82/727, Jay to Owen, Is Mr Carter in Trouble?, undated (c. November 1977).

¹³¹ TNA/FCO82/727, Melhuish to Hall, Is Mr Carter I Trouble?, 11 November 1977

¹³² TNA/FCO82/727, Hall to Melhuish, 14 November 1977.

¹³³ DOP, D709/2/7/16/7, Record of Discussion on Anglo/US Relations with HM Ambassador,

noted above, Owen was not fully content with the Carter administration's handling of the arms control problem. But he, as well as Jay, still firmly believed the goodwill of the administration, their ability to handle political issues, and the value of the 'special relationship'.

Wright commented from Bonn on Jay's analysis in the light of US-West German politico-military relations. He wrote that the PRM-10 scandal worried them seriously even if it was one of the hypotheses, and the future of the SALT II negotiations deepened their concerns. What was important for Wright was the change in the German attitude. He wrote that '(i)f the German doubts are belated and crudely expressed, this perhaps illustrates how this year [they] have begun to scrutinise aspects of the transatlantic relationship which they had previously been inclined to take on trust'. What was worse was that the personal relationship was not improved in the end. Under these circumstances Wright's answer was that Carter was 'in trouble', even if he still did not abandon hopes for improvement in US-West German relations.¹³⁴

On 1 December, the restricted ministerial meeting took place again to discuss Britain's attitude towards ERW. The conclusion was more or less the same as at the meeting of 28 October. It was argued that the Carter administration was still divided on the ERW issue thus 'we must not get involved in backing one side or the other'. Whereas it was also pointed out that the best trade-off was between the ERW and the Soviet tanks in the context of the MBFR, the line which West Germany preferred. But Callaghan concluded the discussion by saying that the Americans' attitude was not yet clear, and West Germany was cautious, thus 'while we might see some military advantages in ERW they were not essential for our purposes and we would only

Washington, in Secretary of State's Office, Wednesday 9 November.

¹³⁴ TNA/FCO33/3171, Wright to Palliser, German-American Relations, 13 December 1977.

consider supporting the weapon if it were quite clear that the Americans wanted it.’¹³⁵ Here Britain’s passive attitude is obvious. If West Germany was cautious, Britain was more careful to go. Even if the Germans and the Americans began to move forward, the British would follow one step behind them. This conclusion showed that they were not going to do anything unless the Carter administration would make their attitude quite clear, or Schmidt took the initiative in the consultation.

In the same meeting the future of Britain’s nuclear deterrent was also discussed. It is important that in occupied much of the agenda of both 28 October or 1 December meeting. As Owen recalled that the main interest of the ministers at this time was the replacement of the Polaris force, and ERW was a secondary issue.¹³⁶ Particularly in the latter meeting, they discussed the options for the post-Polaris nuclear force after the expiry of Chevaline. As the report by the GEN 63 committee shows, the cruise missile was a potential option for the successor system as well as the American Trident SLBM.¹³⁷ In the meeting it was agreed that although the Labour Party’s October 1974 General Election Manifesto stated that ‘(w)e have renounced any intention of moving towards a new generation of strategic nuclear weapons’, a study should begin in secret to compare all options ‘covering the political, financial, and technical implications’. This was justified by the logic that since no decisions would be made in the tenure of present government, this decision did not deviate from the Manifesto.¹³⁸ As this point indicates, the main concern among the key ministers on Britain’s defence policy was the

¹³⁵ TNA/PREM16/1576 and TNA/PREM16/1564, Note of a Meeting Held at 10 Downing Street on Thursday 1 December 1977 at 10.00.am.

¹³⁶ Private correspondence with the Lord Owen, 28 November 2013.

¹³⁷ The cruise missile option was relatively more seriously studied in the FCO than in the MOD. DOP, D709/2/7/13/6, Wilberforce to Moberly, Future of British Strategic Nuclear Deterrent, 22 September 1977; Owen, *Nuclear*, doc. no.1.

¹³⁸ TNA/PREM16/1576 and TNA/PREM16/1564, Note of a Meeting Held at 10 Downing Street on Thursday 1 December 1977 at 10.00.am.

future of their nuclear deterrent. Compared with this, other issues were given lower priorities and Britain's slow response partly came from this attitude. It seems undeniable that this ministerial priority made policymakers' perspective narrower on the state of European security taking the changing European military balance and the rise of Germany's worries into consideration.

While the British maintained a wait-and-see attitude, the Carter administration slowly began to move forward. Whether or not they liked Schmidt's view, the US administration thought it was necessary to respond to it. Carter was 'impressed' by Schmidt's remark at the IISS in October, 'not because of wisdom, but because of the evidence it gave of potential misunderstanding between the U.S. and its European NATO allies'. But he thought that the Alliance should study the 'pros and cons of specific arms control negotiations in the overall context of the Alliance's strategic objectives and to talk this understanding out fully within the Alliance'. For this reason Carter thought to establish a forum for security consultation between the four major allies, the US, Britain, France, and West Germany 'above the level of political directors'. But importantly, Carter added that it should be initiated by the Germans. That is to say, Carter still expected to handle matters behind the scenes; he wanted to be invited rather than to take a lead.¹³⁹ At the same time, the American desire for an early decision from the European allies also softened their attitude even further. On 7 December, the US Defense Secretary Brown told Mulley that it would be sufficient if the allies would not publicly criticise the US decision to produce ERW with the expectation of future deployment. Brown also said that there was 'no significant differences' between himself

¹³⁹ TNA/PREM16/1570, Washington to FCO, tel.5206, 7 December 1977; Readman, 'Germany', pp.275-6.

and Vance on the ERW.¹⁴⁰ The separation of the production and the deployment of the ERW seem to make the Europeans' decisions easier. By postponing the discussion on the deployment, European allies could be free from the decision which much more directly related to their own countries. In addition, the production of the ERW could force the Soviet Union to consider the deal more seriously. Yet, Brown added, Carter could not ask America's European allies for their positive support before recommending production to Congress. The Carter administration still wanted a positive and spontaneous response from European allies first even if they appeased the Europeans by postponing the deadline. As a proponent of nuclear disarmament it was still difficult for him to lead the Alliance openly towards the production of ERW.

The European strategic balance was discussed in the restricted sessions of the Eurogroup ministerial meeting and the DPC ministerial meeting, both held in Brussels at the beginning of December.¹⁴¹ In these meetings Mulley and Leber worked together to reach a common European position. Nevertheless, the extent of their enthusiasm was different. Mulley tried carefully not to put Britain ahead of the Germans. In the restricted session of the Eurogroup ministerial meeting on 5 December, Leber stated that '(i)t was most important to decrease the disparities between the Alliance and the [Warsaw] Pact, and in the light of this the ERW would improve the European deterrence. Then he stressed that the FRG wished to evaluate the value of ERW as a bargaining chip but 'the US must take their decision to produce the weapon'. Leber's statement implied the limit of West Germany's support for ERW, but it still showed clear backing for the American initiative. Mulley also stressed the importance of the unity of the Alliance, but

¹⁴⁰ TNA/PREM16/1576, Killick to Fergusson, E.R.Ws., 7 December 1977.

¹⁴¹ TNA/FCO46/1511, UKDN to FCO, tel.430, 5 December 1977; TNA/FCO46/1494, DPC Ministerial Meeting, Wednesday 7 December: Restricted Session, 7 December 1977.

on ERW he did not give any specific comment. He just said ‘it was not clear how their introduction into arms control negotiations could further our aims, especially if we had not already publicly decided to produce and if necessary deploy them’.¹⁴² Apparently Mulley’s statement had less impact and did not imply any clue as to what the British government envisaged on the development of ERW.

While the Alliance discussed ERW, they observed the future of SALT II talks with apprehension. The four power foreign ministers meeting – Vance, Owen, Louis de Guiringaud, French foreign minister, and Günther van Well, State Secretary of the Auswärtiges Amt – took place during the NATO ministerial meeting in Brussels. The European representatives expressed each country’s worries; de Guiringaud stated France’s concerns on public reaction, decoupling of strategic nuclear weapons from Alliance defence, and the future of non-transfer and non-circumvention clauses. Owen added only the concern about the three years protocol. Van Well’s comment was a mixture of hopes and worries. Referring to Schmidt’s IISS lecture, he said that while West Germany was confident about the US negotiation tactics, the Alliance, at least the four powers, should consult more closely about SALT negotiations. Since the conclusion of SALT II was approaching and non-strategic weapons would certainly be included in SALT III, it was more imminent than ever. Vance countered that the conclusion of SALT II made the world much safer and the strategic balance became ‘undoubtedly better’. As for the ‘decoupling’, Vance pointed out that talking about this in public would ‘destroy’ NATO’s collective defence concept. Further, Vance re-confirmed that the US would work on the basis of Alliance approval on the issue of non-circumvention. Clearly, he was eager to deal with allied doubts by re-affirming the

¹⁴² Ibid.

administration's consideration of allies' concerns. He stressed that '(t)he United States was doing nothing which would be detrimental to European security'.¹⁴³

In the meantime, Alliance officials held further discussions about TNF while the politicians were lingering over their decision. The High Level Group (HLG) had the first meeting at Brussels on 8-9 December. When the US Assistant Secretary of Defense, David McGiffert, who was in the chair, asked other participants for their views on the SS-20s, it became clear that they were 'very alarmed by it'. Among them, Michael Quinlan, Deputy Under Secretary for Policy and Programmes in the UK MOD, told him that 'the US should field longer-range missiles itself in Europe'.¹⁴⁴ From this meeting the HLG started substantial discussions on the future of TNF in Europe. Nevertheless, the Carter administration was not as enthusiastic about TNF modernisation as the Europeans. Rather the Americans tried to mitigate the allies' persistent concerns. In the restricted session of the DPC in Brussels on 7 December 1977, Poul Søgaaard, Danish Defence Minister, expressed European concern based on the conclusion of the Eurogroup ministerial meeting held two days before that the European interests in the increasing Soviet 'regional nuclear delivery systems', cruise missiles and ERW should be well considered in the SALT talks. Naturally Brown reassured against this apprehension that the three-year protocol would not limit the development of cruise missiles up to 2,500km, and in any case the missile system would not be ready for deployment in that period, the US FBS and British and French nuclear deterrence were not covered under SALT II, and they would defend the no-transfer clause from the Soviet pressure. On TNF, the cruise missile, SS-20 and FBS would be included in SALT

¹⁴³ DOP, D709 2/7/16/8, Record of a Four Power Meeting of Foreign Ministers at the French Embassy, Brussels, on 7 December 1977 at 21.30 hours.

¹⁴⁴ H. H. Gaffney, 'The History of the Euromissiles': <http://www.worldsecuritynetwork.com/NATO/Gaffney-H.-H/The-History-of-the-Euromissiles>.

III talks which were to follow immediately after the conclusion of SALT II, but no more detailed reference followed. In contrast, on ERW Brown said that there must be 'one way or another to enable the President to reach a decision'. By saying so, while being reluctant to modernise the LRTNF, Brown demanded even stronger European support for ERW.¹⁴⁵ As the next chapter shows, TNF modernisation would add a new source of complexity; consequently, the Carter administration was cautious about accepting it for the moment. ERW could be a useful tool to make up the deadlock in SALT II negotiations. It could also work effectively as a way to alleviate concerns among the Alliance by being used as a bargaining card to reduce the Soviet SS-20s outside SALT II talks.

Now the year of 1977 was about to end. The deadline which the Carter administration set for the allies' response was almost due. Nevertheless, the intra-Alliance consultation continued without any initiative.

Conclusion

During the summer of 1977, the Carter administration's foreign policy was still a major subject for discussion in the British government. FCO officials believed that Britain could influence US foreign policy with other European countries through close intra-Alliance consultations. It is important that they believed that Britain could do so better than others under the re-established Anglo-American special relationship. Britain's skilful management in consultations was expected to recover the nation's

¹⁴⁵ TNA/FCO46/1494, Peters to Fergusson, DPC Ministerial Meeting: Note of the Restricted Session, 7 December 1977.

already damaged presence in the Alliance which was facing further criticism due to the defence expenditure reductions from 1976. Britain's role as a mediator became more important not only for the revival of Britain's status, but also for the unity of the Alliance. Facing the expansion of Soviet armed forces, a harmonious transatlantic relationship was a *sine qua non* to counter its potential military and political pressure.

The initial tranquil period after the London NATO ministerial meeting did not last long. To use Ramsbotham's words, a 'phoney war' turned into a real war in a short time from the summer of 1977. The Alliance was in cacophony over arms control and European security and the discord emerged most clearly on the ERW controversy. Importantly, the ERW issue contained the concerns which the British government foresaw in summer 1977: the Carter administration's idealistic foreign policy and the lack of Alliance consultation were the main background to the instability.

By investigating the discussions on ERW this chapter has revealed that Britain did little to ease the tension in the Alliance although they intended to be a mediator in the Alliance. There are three reasons to explain this ineffectiveness. First of all, the Carter administration's inconsistent policy on this issue increased confusion. From the outset of the dispute there was no consensus in the administration on this issue until the very end of the year. Consequently, as the course of the Alliance consultation indicated, the Carter administration was unable to show a definite timeline for discussion. The lack of a consistent strategy consequently made the British as well as the other Europeans hesitate to reach a decision even if they understood the military significance of ERW in general. Secondly, the lack of consultation worsened confusion in the Alliance. Over the latter half of 1977 Carter had invited the allies to give him a favourable answer, but he did not fully explain his vision on how ERW could contribute to European defence,

particularly in light of TNF modernisation. At official level, the Americans played a major role with the British and the Germans on ERW. However, at the political level, despite the fact that the administration wished their allies to react favourably and rapidly, Carter and other ministers took little action to gain what they wanted. And finally, the rise of public opinion against the development and deployment of ERW made policymakers irresolute. In West Germany the rise of opposition in and outside the SPD made Schmidt's action more careful and slow. The situation was same in London; for the Labour government the ERW issue was a delicate problem because of the powerful left wing in the government and the party. But the difference between Britain and West Germany was that the latter was directly facing the threat from the East. For the Germans, the ERW issue directly concerned their country's survival militarily and politically. But for the British, the main issue for ministers was the future of the nuclear deterrent, hence they did not pay as much attention to ERW as the Germans did. It was symbolic that the Callaghan government's restricted ministerial meeting and Schmidt's IISS lecture took place in the same city with only a few hours difference between them. The Callaghan government's hesitance to take a lead in the ERW discussion left the British behind intra-Alliance discussions. In the meantime, the Carter administration began to take the initiative, though it was not wholehearted at all. Importantly it was stimulated by Schmidt's IISS lecture.

Given these reasons Britain's completely passive attitude seems to have been justified. However, the Callaghan government's wait-and-see attitude was far short of their envisaged role as mediator in transatlantic relations. True, without having a clear grasp of US foreign policy this role could not be fully performed, even if the US expected Britain to play a major part in the consultation. Yet, in comparison with West

Germany's attitude, Britain's passiveness is conspicuous. British and West German governments shared difficulties in domestic politics with strong protests in and outside the party. Nevertheless, the Germans made their views much more clear than the British in the end. This left Britain's new post-1976 tactical approach to sustaining influence in the Alliance at sea. 1978 would place demands on British tactics like never before as détente declined, the Soviets expanded their armed forces and Alliance uncertainties about American leadership grew.

CHAPTER FOUR

Britain the Mediator

(January to July 1978)

Introduction

As we have seen, the Carter administration's lack of clarity in its attitude towards the production and deployment of ERW blurred the Callaghan government's intention to play the role of mediator in transatlantic relations over the second half of 1977. While the Callaghan government tried to wait until the Carter administration's line emerged, West German Chancellor Helmut Schmidt openly revealed his country's anxieties about Soviet medium-range nuclear systems. In particular, Schmidt's lecture at the IISS in October triggered an American reconsideration of policy.

The following two chapters deal with the period from the beginning of 1978 to spring 1979 and investigate how intra-Alliance discussion on European security developed. These chapters overlap and deal with two different, but closely interrelated topics: intra-Alliance deliberations over ERW, and those on the grey area and the modernisation of theatre nuclear forces (TNF). This chapter investigates how Callaghan and his government handled the ongoing dispute in the Alliance about the production and deployment of ERW between January to June 1978. This issue had lingered on since summer 1977 and reached its climax when Carter suddenly announced the deferment of production in April 1978. There is no primary source-based research which analyses whether the British government actually wanted this controversial

weapon in Europe, or to what extent Britain contributed to the course of intra-Alliance discussion before and after Carter's decision.¹ New evidence from government archives and private papers reveals the British effort, and especially that of Callaghan, to build an Alliance consensus for the production of ERW from January, and its crucial attempt to minimise the damage created by Carter's unexpected decision after April. Once the Carter administration had reached a firm position on ERW, the Callaghan government worked hard with the Americans for the settlement of the dispute. These events are the subject of this chapter which assesses the development of Callaghan government's policy and provides an analysis of its stance from January to July 1978, when Britain played a significant role in repairing Alliance unity weakened by American foreign policy.

1. ERW: The American Initiative

In January, Jay's annual review reported a 'feeling' which ran throughout the US 'that things are not right'. There was the objective erosion of American economic and military hegemonic power, and the subjective belief held by the American people about persisting widespread problems, such as the economy, energy, the environment, and social issues, none of which could be solved by existing notions from past centuries. Given these somewhat vague concerns, Jay wrote that 'the instinct not to trust the wily Commies and to rely instead on good ol' American know how is treading hard on the heels of the logic of disarmament'. He was still optimistic about the President's ability

¹ There is some research which describes briefly Britain's attitude towards ERW. For example, Lane, 'Foreign and Security Policy', in Seldon and Hickson (eds.), *New Labour*, p.163; Bluth, *Britain*, p.234.

to address the situation. Carter was ‘a better statesman and a worse politician’ which was an important judgement because while he had set out a national agenda, his ability to mobilise national support was ‘inept and ineffective’. But Jay expected that Carter’s real strengths would emerge in 1978.²

Carter’s foreign policy and the future of Anglo-American relations remained subjects of discussion in the FCO. At the end of January, the FCO North America Department and the Planning Department submitted a report which was originally aimed at examining the potential issues which would cause difficulties in Anglo-American relations and to lessen those risks. But the report’s significance is in what it reveals about the FCO’s perception of Carter’s foreign policy. On the whole, the view was rather critical and it was suggested that the main reason for the troubles in American foreign policy lay in the US itself:

(T)he fault lies mainly with the intermittent and incoherent nature of the US decision-making process, and with more or less spontaneous initiatives taken by the President without warning to the State Department. More generally the US Administration tends to relay to us and to their other European allies too rosy a forecast of their chances of success in securing the approval of Congress [...].³

Palliser was somewhat more generous in his own judgement, pointing out that dealing with the Americans was always confusing whenever a change of administration took place, particularly when it coincided with a change of the party in power.⁴ From

² TNA/FCO82/872, Jay to Owen, United States: Annual Review for 1977, 5 January 1978.

³ TNA/FCO82/882, US Foreign Policy and the Anglo-American Relationship, undated.

⁴ TNA/FCO82/882, Palliser to Fergusson, US Foreign Policy and the Anglo-American Relationship, 24 January 1978.

Washington, Jay criticised the tone of the report. For him, Anglo-American relations were 'even more than usually healthy'.⁵ He gave three reasons: good personal relations between Callaghan and Carter, and Owen and Vance, the harmony 'on the fundamentals of all the major questions between us', such as SALT, and the 'un-neurotic' character of the British. Jay commented that the administration's 'lapse of diplomatic etiquette', or the lack of consultation, should be regarded as 'the oversights that a very busy and a rather disorganised friend tends to inflict most on the person whom he knows will be most easy-going about it'. Importantly, he thought that if the British acted more independently, rather like the French, there would be a cost: 'we should lose more than we would gain in most areas'. For this reason, '(t)he attempt to concert our policies with the United States before we go either public or multi-lateral is the price we pay for the real attention which the Administration at the top-level pays if and when we say really cannot agree'.⁶ Here, Jay's firm stance is evident; there was no need for reconsideration of Britain's attitude towards US foreign policy; continuous cooperation with the Carter administration was the best way to maintain Britain's interest. Callaghan certainly shared this view. In a meeting with Jay on 1 February, he said that he 'was satisfied with the way things were going' on Anglo-American relations.⁷ The Atlanticist prime minister wanted to sustain a 'special relationship' and helping Carter's policy towards European security was one means to achieve that aim.

In this period, the negative image of Britain's defence expenditure cuts was finally about to come to an end. The *Statement of the Defence Estimates 1978*, published on 15 February, stated the government's determination to increase defence expenditure by 3%

⁵ TNA/FCO82/882, Jay to Palliser, US Foreign Policy and the Anglo-American Relationship, 31 January 1978.

⁶ Ibid.

⁷ TNA/PREM16/2290, Note of a Meeting between the Prime Minister and Mr. Peter Jay in the House of Commons on 1 February 1978.

in 1979/80 compared with the previous year, and a further 3% in the next financial year.⁸ This naturally reflected the agreement concluded at the NATO summit in May 1977 that the Alliance members should aim for a 3% annual increase in defence expenditure.⁹ Importantly, Britain was the first European country to follow this target, an indication of its attempt to enhance its presence in the Alliance, particularly in the eyes of the Americans.¹⁰ This move was also recognised in the government as a significant factor in the maintenance of Anglo-American relations. When the draft of the *Statement* was discussed in the Cabinet meeting on 2 February, it was pointed out that the defence budget increases 'would have a very valuable effect on our relations with the United States not only in the defence field but also more generally'.¹¹ If Jay's analysis was right – 1978 would be the year in which Carter used his statesmanship to lead the Alliance – the British would back him on the basis of their regained confidence on defence spending.

In November 1977, Callaghan had received a message from Brezhnev on ERW. On 6 January 1978, a second message arrived.¹² This time, Brezhnev sent his letter to all countries which participated in the CSCE.¹³ It was clearly a sign of the acceleration of Soviet's anti-ERW campaign. Facing these new tactics, an early response from the Alliance became even more imminent as a counter against Soviet propaganda before it

⁸ It meant that although the defence budget for 1978/79 was £6,286 million at the 1977 survey price, increased by 0.7% from the previous financial year, the figures for 1979/80 (£6,466 million) and 1980/81 (£6,660 million) would be increased by 3% each financial year. Cmnd 7099, *Statement on the Defence Estimates 1978* (London: HMSO, 1978), para.146. See also, *The Economist*, 'White Papering over the Cracks', p.22, 25 February 1978.

⁹ Cmnd 7049-II, *The Government's Expenditure Plans, 1978–79 to 1981–82* (London: HMSO, 1978), p.3.

¹⁰ *The Economist*, 'Ups and Downs', p.58, 21 January 1978.

¹¹ TNA/CAB128/63, CM(78)3rd Conclusions, 2 February 1978.

¹² TNA/PREM16/1576, Meadway to Fergusson, 6 January 1978.

¹³ TNA/PREM16/1576, Bonn to FCO, 9 January 1978.

stirred up public opinion in the West.¹⁴ Nevertheless, while the Germans pushed for prompt intra-Alliance consultation, the British were still reluctant. Owen argued that ‘(m)inisterial discussion may be necessary before very long but [...] the issue can and should still be played long and we should not be forced to react to Brezhnev. If possible we should wait for up-dated information about American and German attitudes’.¹⁵ On one hand, this position represented the FCO’s view which was mentioned in last chapter. But on the other hand, it reflected Owen’s personal doubt about ERW (which will be considered later in this chapter). While Callaghan assented to this cautious approach,¹⁶ Mulley worried about the price of that attitude. ‘(T)here is a risk’, he argued, ‘the longer NATO remains undecided [...] the greater will be the feeling that the Alliance lacks confidence in the role of the theatre nuclear force as a whole’.¹⁷ Like Callaghan and Owen, Mulley thought that Britain should not precede the Germans. But given their eagerness for the Alliance consultation and the fear for the weaker image of the Alliance created by procrastinated decision over the TNF modernisation, he argued that Britain should lead the discussion with the Germans and the Americans for an early conclusion beyond the discussion on Brezhnev’s message.¹⁸ Though not clearly expressed, there was the consideration that a leading British role in intra-Alliance consultation could contribute to the maintenance of its presence. Nevertheless, concern about public opinion at home exceeded government anxiety about Britain’s presence at this point. Policymakers in London wanted the Americans and the Germans to go ahead of them to avoid domestic and international criticisms by leading the discussion by themselves.

¹⁴ TNA/PREM16/1576, Fergusson to Cartledge, Enhanced Radiation Warheads (ERWs), 17 January 1978.

¹⁵ Ibid.

¹⁶ TNA/PREM16/1576, Cartledge to Prendergast, Enhanced Radiation Warheads (ERWs), 18 January 1978.

¹⁷ TNA/PREM16/1576, Facer to Cartledge, Enhanced Radiation Warheads, 19 January 1978.

¹⁸ Ibid.

While the British remained indecisive, thoughts from Washington and Bonn emerged. On 19 January, Jürgen Ruhfus, Schmidt's foreign policy and security adviser, told Wright that since the development and deployment of ERW was 'still a very sensitive problem within the SPD', it was desirable 'to gain time' for West Germany. In this sense, the situation for the FRG government was more or less same as the British government. Yet, Ruhfus confirmed that 'the FRG would be very ready, when the time came to take its full responsibility'.¹⁹ Similarly, on the same day in Washington, David C. Gompert, Deputy Director of the Bureau of Politico Military Affairs at the State Department, indicated a plan for an American team to visit Bonn and London on 30 and 31 January respectively to talk about SALT and related arms control issues including ERW. Gompert continued that 'the absence of a decision on E.R.W. was becoming increasingly awkward'.²⁰ This was the fear which Mulley expressed in London. But now the Americans decided to take one step forward to achieve a breakthrough.

As mentioned in the previous chapter, at the end of November 1977 Carter proposed in his letter to Schmidt a high level consultation among the four major allies under the West German initiative. However, France had refused to participate in a new multilateral meeting of this kind except via bilateral talks, because of their own independent nuclear defence policy.²¹ Facing this negative response, the Germans flinched from holding new tripartite talks without France. Klaus Blech, the head of the Planning Staff at the Auswärtiges Amt, told Bullard that this would harm the Franco-German relationship even though they did not need to 'follow all French

¹⁹ TNA/PREM16/1576, Bonn to FCO, tel.46, 19 January 1978.

²⁰ TNA/PREM16/1576, Washington to FCO, tel.217, 19 January 1978.

²¹ TNA/FCO46/1797, Paris to FCO, tel.23, 10 January 1978; Henderson to Hibbert, French Attitude to Four-Power Talks on SALT Subjects, 13 January 1978.

caprices²². Given this situation, the Americans decided to send a 'high level team' by themselves to discuss matters with the three major European allies at bilateral level.²³ The despatch of this team indicated that Carter had now lost his patience and had taken the initiative instead of waiting for the Europeans' spontaneous support.

For the British, who were receptive to the Carter administration's policies, the visit of the US officials was a good opportunity to learn more about what the Americans envisaged on nuclear issues in the context of European security before making a final decision on their own approach. At this stage, the Americans had elaborated upon the question of the handling of 'grey area' or non-central nuclear systems in future SALT negotiations. But, further to the statements made by Vance and Brown during the NATO ministerial meeting of the previous December, Carter remarked in his 6 January speech at the NAC during his visit to NATO that, 'theatre nuclear weapons would have to come under discussion with the Russians immediately after the conclusion of SALT II'. He stressed that theatre nuclear systems were a concern for the Alliance but the US 'had not yet had even one minute of discussion with the Soviets on those systems'.²⁴ Consequently, the Americans would intensify Alliance consultations during the period leading up to SALT II.

While American and German policymakers began to move gradually towards the inclusion of grey area nuclear systems into arms control, there was still no firm view in London either at official or political levels. GEN 63, the Official Group on International Aspects of Nuclear Defence, had been studying this issue since May 1977. However, the Group's analysis submitted to Hunt in December 1977 was inconclusive. On the one

²² TNA/FCO46/1797, Bullard to Hibbert, FRG/France, 6 January 1978.

²³ TNA/FCO46/1797, Wilberforce to Moberly, Anglo-US Talks on SALT, 19 January 1978.

²⁴ NATOA/C-R(77)51, Summary Record of a Meeting of the Council held at the NATO Headquarters, Brussels, on Friday, 6th January, 1978 at 4.25 pm.

hand, it concluded that from the political point of view it was beneficial to include non-central systems into the arms control negotiations. But on the other hand, military factors indicated that inclusion was highly disadvantageous.²⁵ On 17 January, two days before the Americans announced their plan to visit London at the end of January, the Permanent Secretaries of the Treasury, the FCO, and the MOD, and the Chief of Defence Staff held a meeting to discuss the paper under Hunt's chairmanship. In the discussion it was argued that the analysis needed to be revised to offer a judgement rather than a list of questions to enable ministers to make a decision. Nevertheless, it was also pointed out that a judgement required sufficient information and thus it was necessary first to know what the Americans thought about this issue.²⁶ The GEN 63 group met again on 20 January. It approved the conclusion of the Permanent Secretaries' meeting on the re-drafting of the paper, but it was again argued that the arrival of the US team was a timely opportunity to comprehend American views on the arms control negotiations and the inclusion of the grey area.²⁷ This judgement implies that officials were indecisive without fuller information on US thinking and thus the arrival of the American team was timely as Ministers urgently required their recommendation.

Compared to the grey area issue, British policymakers' views were relatively solid on ERW. At least at official level there was recognition of the importance of ERW's value even if the Americans' stance was not fully clear. The problem was at the political level in the form of Owen's criticism. On 27 January Owen and principal FCO officials discussed this issue ahead of the forthcoming meeting with the American team. The main agenda was of course SALT and ERW. In principal Owen was highly sceptical

²⁵ TNA/CAB130/952, GEN63(77)19, Non-Central nuclear Delivery Systems, 20 December 1977.

²⁶ TNA/FCO46/1820, Note of a Meeting Held in Sir John Hunt's Room, Cabinet Office, on Wednesday, 17 January 1978 at 3.00pm. On the details of the following discussion, see Chapter Five.

²⁷ *Ibid.*; TNA/CAB130/1011, GEN63(78) 3rd Meeting, 20 January 1978.

about the American attitude towards the arms control negotiations, arguing strongly that Britain should oppose any change in the American position on non-circumvention, FBS, SALT III, and cruise missiles. His fear was that American compromises would erode Britain's future security, particularly its nuclear deterrent. In this context, the American compromise over non-circumvention would prevent Britain's purchase of Trident missiles as a potential successor to the Polaris forces. Furthermore, any possible US-Soviet bilateral negotiation on FBS, non-central systems in SALT III and cruise missiles in SALT II and III would restrict Britain's independent nuclear deterrent. If the SALT negotiation came to a bottleneck, 'the Americans could not be trusted to protect UK interests adequately'. Particular among Owen's concerns was American handling of cruise missiles. He remarked that the Americans' consultation 'on fundamental issues in SALT, especially on cruise missiles' was not sufficient and they had 'mishandled the issue'. Nevertheless, he continued that 'for us to say so publicly at this stage would severely damage Anglo-American relations'. Although he had doubts about the US line on arms control negotiations, the maintenance of a good Anglo-American relationship had a higher priority in his mind, and because of this he avoided making his dissatisfaction clear.²⁸

Owen's scepticism was more fundamental on the ERQ as there was the question of its impact on the nuclear threshold. He said that it 'would foster the impression that soldiers on the battlefield might actually be authorised one day to use nuclear weapons for purely military purposes against specific military targets'.²⁹ In addition, he considered that Britain's support could divide the Alliance in which several countries would object to the development of ERWs. FCO officials tried to persuade their

²⁸ TNA/FCO46/1812, Secretary of State's Meeting on Military Nuclear Matters, 27 January 1978.

²⁹ Ibid.

reluctant Foreign Secretary to think again by arguing that the development of ERWs would not necessarily loosen Alliance unity; in fact, the officials stressed that the Soviet propaganda campaign could actually induce Alliance support for ERWs. Nevertheless, Owen remained stubborn. He was still ‘firmly opposed to supporting the production of ERWs’ and thought that Britain’s support would bring ‘a tremendous row’ before the UN Special Session on Disarmament (UNSSD). His compromise at this point was to minimise Britain’s commitment and to protract the discussion until the US took an initiative. He told officials that ‘We should not get out in front, but should play it long. A decision would have to be taken one day; but it was conceivable that if it was left it could be taken out of our hands’.³⁰ In addition to the indecisiveness of the officials, ministers’ views were still divided on nuclear issues, particularly on ERW. Given this divergence the British government was unable to establish a clear attitude in comparison with the Americans and the Germans.

The American team arrived in London on 31 January for the first full-scale bilateral official level meeting since ERW had become the centrepiece of the intra-Alliance dispute. Needless to say the main purpose of the British side was to determine American views. The American team also seemed to have a clear but different objective: to mitigate the Europeans’ concern about the development of arms control. The lead American delegate, Aaron, and other officials answered frankly the various questions which British officials put to them. Importantly, they pointed out that the new Soviet longer-range theatre nuclear weapon systems, the SS-20 and the Backfire bomber, were not new threats to Western security. But ‘they gave rise to political questions about the response which the West should be making, both in NATO and through arms control, to

³⁰ Ibid.

the modernisation of Soviet systems directed against Western Europe'. They continued that, these new Soviet systems 'should be seen, not as a new threat, but as qualitative improvements of systems which the Warsaw Pact had possessed for a long time'. Therefore, the Soviet preponderance in theatre nuclear systems with a range of over 1,000km could be 'swamped' by the overall Western advantage in strategic nuclear systems, such as the US strategic nuclear forces. Aaron re-assured the British that 'the overall balance of nuclear forces was satisfactory and the Americans could certainly maintain it'. Moreover, he emphasised that the Germans were less concerned as a result of the bilateral talks held with them the previous day.³¹ The Americans also underlined that the discussions on non-circumvention would not affect the traditional Anglo-American cooperation in nuclear field.

It was significant that the British and US officials almost entirely agreed on these points. Moberly responded by saying that the British had 'never shared the German's anxiety about imbalance in medium-range systems'. New Soviet TNF had the 'political and psychological effect of making the strategic situation seem unsatisfactory to European eyes' and they were 'politically important as evidence of Soviet efforts to modernise their capability in an area where NATO had not undertaken modernisation'. Nevertheless, the Americans did not have a firm position on including grey area nuclear systems in the forthcoming SALT III negotiations. Aaron remarked that they envisaged that in the Statement of Principles in SALT II they could keep the questions open about their attitude on grey area and cruise missiles. Consequently the Americans wanted to discuss this issue with NATO allies by mid-February.³²

³¹ On the US-FRG talks took place on 30 January, see, *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland 1978* (hereafter AAPD/1978) (Munich: Oldenbourg, 2009), vol.1, doc.23.

³² Ibid.

In a nutshell, the American stance can be understood in following way: SS-20s and Backfire bombers were not a serious threat to the security of Western Europe. The imbalance in the grey area could be covered by the predominance in the West's strategic nuclear systems. Grey area issues would be discussed in SALT III, but the Americans envisaged finding a way through negotiations without harming the equilibrium in European military balance. Therefore, the danger was not as serious as the Germans feared and SALT II did not create de-stabilisation in European security. The fundamental aim of the American team was to convince the British and Germans at least of the feasibility of the American lines and gain their support for SALT II.

There remained the question of how the US contemplated the future of ERW and in their discussions with British officials, the lead American official, Aaron, made it clear that the decision on ERW production was Washington's and Carter was ready for it if the Alliance supported it. Furthermore, he confirmed that the US preference was a trade-off between ERW and SS-20 and re-assured the British that ERW did not lower the nuclear threshold. Moreover, the Americans believed that the coupling of these two issues would provide a sound political basis for countering Soviet propaganda. But the Americans wished to end discussion and make a prompt move before the UNSSD in May to avoid any negative political impact and because of the ERW's tight production programme. Sir Anthony Duff, Deputy to the Permanent Under-Secretary of State, wanted to be sure of exactly what the Americans were proposing and asked Aaron and his team if the US government was now moving towards 'a substantial decision on an arms control initiative with ERWs'. Aaron confirmed that it was and added that if Britain and West Germany supported the US position, then other allies would follow.³³

³³ TNA/PREM16/1570, Main points of Anglo/US official talks on 31 January, undated (c. February 1978.); TNA/FCO46/1797, Anglo/US Consultation on Military Nuclear Issues: 31 January 1978; Garthoff,

After this bilateral talk, the FCO's telegram to related embassies reported that the discussion had 'somewhat altered the picture'³⁴. It should be noted that in this bilateral meeting it was revealed that while the Americans were somewhat reluctant to discuss the grey area problem, they were keen to make the ERW-SS-20 trade-off. This gap between their enthusiasms for these two tactics indicates that the Carter administration was concentrating on the ERW issue. Discussion on the grey area with the Russians would put another source of conflict to the already entangled and protracted SALT II talks. In contrast, since ERW was not a part of SALT II negotiation, the ERW-SS-20 deal could be sought outside of the negotiation. In this sense, in theory, the trade-off was a useful alternative which could limit the Soviet medium-range nuclear systems separately from the ongoing SALT II talks. Similarly for the British government, the ERW-SS-20 deal could be a convenient option. As the subsequent chapter examines in detail, inclusion of the grey area into arms control negotiation would involve the risk of putting Britain's independent nuclear deterrent on the negotiation table as a part of the West's medium-range nuclear weapons. In contrast, the ERW-SS-20 option would be able to lift the Soviet nuclear threat without harming Britain's own nuclear deterrent.

In addition to the American thoughts, British policymakers were interested in the German response. Aaron explained that West Germany's opinion was 'moving in the right direction'. Given this information the FCO instructed Wright to gauge German thinking about the Americans' 'fairly strong lead'.³⁵ Wright reported divided views in the German government. On the one hand, the Chancellor's Office believed that the decision of production was a matter of the Americans alone and discussions on

Détente, pp.943-4.

³⁴ TNA/PREM16/1576, FCO to Bonn, tel.43, 3 February 1978.

³⁵ *Ibid.*

deployment should be avoided by including this problem in East-West negotiations such as on the MBFR. On the other hand, Genscher and the Auswärtiges Amt thought that the decisions of production and deployment should be decided by the Alliance not to give the Soviets further freedom for manoeuvre, and the Ministry of Defence was divided between those two views.³⁶ The prudent attitude of Chancellor's Office reflected Schmidt's difficult position in the SPD. Facing the severe anti-ERW movement in the party as well as in public opinion, it was not easy for him to support openly the deployment of ERW on German soil.

However, at this point the West German government had reached a final decision behind the scenes. On 20 January, it decided to support the deployment of ERW should the arms control negotiation fail in two years' time, and if at least one other European ally would agree to its deployment. This decision was secretly transmitted to Washington, but not to London. This diplomacy was designed to avoid any impression of a US-FRG lead in the Alliance discussions.³⁷ Given the severity of the anti-ERW movement in the country, this seems to have been the maximum offer which Schmidt could make. Yet, West Germany's supportive attitude did not necessarily mean that the Chancellor trusted the US President. Instead, lingering intra-Alliance discussions increased Schmidt's distrust in Carter. When Schmidt met Mulley on 5 January in Aswan, Egypt, Schmidt revealed his dissatisfaction that the Americans were 'not willing to show enough leadership and wanted always to be popular'.³⁸ Needless to say, Schmidt was referring specifically to the Carter administration's attitude towards ERW. His frustration was growing as he had made it clear several times that a final decision

³⁶ TNA/FCO46/1812, Bonn to FCO, tel.74, 30 January 1978.

³⁷ Readman, 'Germany', pp.276-7.

³⁸ TNA/PREM16/1781, Note of a Discussion between the Defence Secretary and the Chancellor of the Federal Republic of Germany at 11 pm on Thursday 5th January 1978 in the Oberoi Hotel, Aswan, Egypt.

on ERW rested in Washington.

The British government recognised this change in West Germany's attitude over two weeks later on 8 February when Wright visited the outgoing defence minister Georg Leber. Echoing Schmidt, Leber repeated West Germany's position: the production of ERW was a matter for the Americans. He nevertheless added that the Europeans should make clear that they were 'not against the deployment of the weapon in Europe'. 'Not against' sounded somewhat vague to Wright, but Leber was 'completely confident' that it was enough for Carter. He explained that the Germans thought that the Alliance should negotiate for 'a reduction of the Soviet weapons by which the European felt especially threatened'. For the FRG government this claim referred to a reduction of tanks and SS-20s in return for non-deployment of ERW. Leber stressed that the allies should deliver this message to the NATO ministerial meeting in May and assured Mulley that he, Schmidt and Genscher shared this view.³⁹ Leber's remark implied that the German ministers believed that their 'not against' attitude would be enough to push Carter to demonstrate a leadership and unite the Alliance towards the production and deployment of ERW. This approach, especially the 'not against' phrase, was as far as the government could go in West Germany given the tense domestic political situation.

As the US finally began to take a lead, West Germany clarified its attitude. Yet Britain still did not follow suit. One reason was Owen's reluctance. Hearing about the divided visions in the West German government, he commented '(p)lay it long'.⁴⁰ Reflecting this, the FCO repeatedly instructed the UK delegation to NATO not to commit actively in the discussion on the Brezhnev letter.⁴¹ Of course the source of this

³⁹ TNA/PREM16/1576, Bonn to FCO, tel.101, 8 February 1978.

⁴⁰ TNA/FCO46/1812, Prendergast to Defence Department, ERWs, 31 January 1978.

⁴¹ TNA/PREM16/1576, FCO to UKDN, tel.20, 23 January 1978; FCO to UKDN, tel.30, 9 February 1978.

prudent attitude was Owen's distrust of ERW. He repeated his concern to Vance when they met in New York on 12 February. In their conversation it emerged that Vance was also reluctant to proceed with the ERW programme.⁴² But Vance's pessimism was not part of the mainstream in the Carter administration. The Americans decided to go ahead with their idea of the combination of SALT II and ERW and to offer the idea at the NAC without seeking final answers from the allies on these plans.⁴³

On 20 February, the US embassies in London and Bonn passed on detailed advance explanation to the British and West German government for the NAC discussion. On the non-circumvention clause in SALT II, the Americans would table fall-back language, which the allies had already approved, in case negotiations faltered. Also on the issue of the Statement of Principles for SALT II, they preferred to 'agree as many principles as possible with the Russians for inclusion in formal Statement' and to prepare a separate unilateral statement for any points which could not be agreed. By doing so the Americans thought this method would clarify the balance between the 'obligations regarding theatre systems' between US and Soviet 'without attempting to specify in detail the negotiating position the US might adopt'.

However, the main purpose of the consultation for them was to gain an early agreement on ERW 'without undue further delay'. The US embassy in London informed the FCO that the Alliance 'should state its intentions on ERWs well before the May summit and the UN Special Session on Disarmament'. The Americans were 'concerned that to delay action until the middle of the year or later would give the Soviet propaganda campaign a free run, allow the one-sided Soviet proposal for mutual

⁴² TNA/PREM16/1576, Extract from the Record of a Meeting between the Foreign and Commonwealth Secretary and the US Secretary of State at the US Mission to the United Nations New York, at 1200 Noon on Sunday 12 February 1978. Owen, *Personally*, p.137.

⁴³ TNA/FCO46/1813, Washington to FCO, tel.635, 15 February 1978.

renunciation of the weapon to dominate public discussion of the arms control aspects, and allow Alliance divisions to fester.⁴⁴

With this consideration, the US government raised the following three steps; first, an American announcement of their decision on the production of ERW and its development over the next two years; secondly, a statement of their readiness for a balanced arms control in Europe, namely the trade-off between ERW and SS-20; and thirdly, a parallel statement by the Alliance which supported ERW with the acceptance of its deployment to Europe while affirming the American approach to arms control.⁴⁵ This advance notice was obviously designed to seek support from Britain and West Germany for their plan. Similarly, it was obvious that the Americans gave priority to the ERW–SS-20 deal rather than the ERW–Soviet tank option which West Germany preferred.

Since the Americans announced the specific date for Alliance consultation in the NAC, the British needed to determine their attitude quickly or be left behind. The MOD was particularly eager for an early decision. However, there remained the barrier of Owen's stubbornness.⁴⁶ To persuade Owen, Mulley sent him a minute on 17 February to propose a bilateral meeting. In this minute he wrote that since the American and German attitudes were clear, the British government 'ought now to address the substance of the issue'.⁴⁷ Mulley enclosed a draft paper prepared by MOD officials with the help of FCO colleagues advising DOP ministers on what Britain's attitude

⁴⁴ TNA/PREM16/1576, FCO to UKDN, tel.35, 21 February 1978.

⁴⁵ Ibid.

⁴⁶ The MOD attempted to assure Owen of the less dangerous physical effects of ERWs. For example, a MOD paper argued that an ERW was 'considerably less dangerous than 20 cigarettes per day' at 3km. TNA/FCO46/1812, Taylor to Clay, Biomedical Effects of ERW, 31 January 1978.

⁴⁷ TNA/FCO46/1813, Mulley to Owen, Enhanced Radiation Warheads, 17 February 1978.

should be at this stage.⁴⁸ The paper repeated the advantages of ERW and stressed that its production would be 'essential' in the light of the arms control. Officials were pragmatic about superpower negotiations. They argued that while it was still too early to discuss the precise contents of the arms control package which the Americans would put on the negotiation table, and because the Soviet reaction was uncertain, the best formulation would be an offer phrased 'in very general terms initially, so as to leave room for manoeuvre'.⁴⁹ This was a somewhat vague proposal compared with those of the US (ERW-SS-20) and West Germany (ERW-Soviet tanks), but was versatile on two points. First, this idea could be a way to mitigate criticism from public opinion. If the Russians would not agree, the development and deployment of ERW would be given more justifiability. Secondly, this logic could persuade Owen. If ERW could contribute to general disarmament logically, he might soften his attitude.

There is no evidence in British primary sources that Callaghan himself persuaded Owen to accept the FCO-MOD line. But it is certain that at least he did not oppose the American line. When Callaghan saw Jay on 1 February, they discussed the ERW issue. Callaghan told the ambassador that he was now 'not so worried about this issue'. He added that he was ready to 'ride it out politically if the Americans could make a good case and if President Carter took a definite decision in favour of ERWs'.⁵⁰ Moreover, on the American proposal for Alliance consultation, he commented that the US initiative was 'one which can be sustained'.⁵¹ Now things were going in a favourable direction for the British. They were ready to follow the American initiative, but it was necessary

⁴⁸ TNA/DEFE11/810, Bryars to Facer, ERW, 14 February 1978

⁴⁹ TNA/FCO46/1813, Enhanced Radiation/Reduced Blast Warheads: Note by the Secretary of State for Defence, 17 February 1978.

⁵⁰ TNA/PREM16/2290, Note of a Conversation between the Prime Minister and Mr. Peter Jay in the House of Commons on 1 February 1978; TNA/FCO46/1812, Cartledge to Prendergast, Nuclear Matters, 2 February 1978.

⁵¹ TNA/FCO46/1813, Cartledge to Prendergast, ERWs, 27 February 1978.

to make Britain's attitude clear soon. Britain's idea – an ERW deal in the wider context of disarmament – became public in Callaghan's remarks in the House of Commons on 21 February. It seems that by outlining Britain's attitude before gaining Owen's consent, the Prime Minister expected the Foreign Secretary acquiesce in it. In his remarks Callaghan outlined the relationship between ERW and other weapon systems as well as SS-20:

The neutron bomb and its serious effects are now being used by the Soviet Union as a propaganda cover to prevent discussion of some of the other serious weapons being developed. I want to ensure that this is on the record. Mr. Brezhnev can help in this matter if, instead of focusing propaganda on the neutron bomb, he will enter into serious discussions at the United Nations or elsewhere on how we are to deal with some of the other weapons that are now being developed and on which research is taking place. [...] SS-20 is a more dangerous weapon than the neutron bomb. That is why I do not want to focus attention on a single weapon. There are weapons on both sides that must enter into a comprehensive disarmament discussion.⁵²

The Soviet Union responded swiftly to this. On the next day, *Pravda* reported that Callaghan 'resorted to attacks on the Soviet Union' because of the lack of support for the deployment of ERW.⁵³ Moreover, there was an anti-ERW movement in the Soviet Union. For example, the Soviet Mine Workers Union approached the National Union of Miners to voice together against the development of ERW.⁵⁴ As ministers feared, the

⁵² Hansard, vol.944, 21 February 1978, cols.1205–8.

⁵³ TNA/PREM16/1576, Moscow to FCO, tel.173, 23 February 1978.

⁵⁴ TNA/FCO46/1813, Nye to Welsh, Neutron Bomb, 22 February 1978.

Soviet Union were intending to penetrate British public opinion by taking advantage of the dispute over ERW. The Soviet propaganda campaign was particularly unfavourable for the Labour government whose support was largely dependent on trade unions. Moreover, it was still difficult to create a consensus among ministers on ERW as long as Owen maintained his personal scepticism. Moreover, as will become clear in the next chapter, there was a further complication for Britain's policy towards the complexity of arms control. The British had yet to reach a conclusion on the relationship between the grey area and arms control negotiations, as the state of officials deliberations in GEN 63 showed. Under these circumstances, it was impossible for the British to be a position to respond to the US proposal by the time of the NAC of 24 February.⁵⁵

The British government had not made up its mind, but the NAC on 24 February would be the second important step in the intra-Alliance consultation on arms control and the development of ERW. Prior to those discussions, the British were now aware of the American position. The Americans told the British and West Germans about SALT II developments, outlining their future approach. They forcefully emphasised that SALT II would not limit the US nuclear capability to counter the Soviet attack which would grow regardless of SALT negotiations. Explaining the Carter administration's thinking, the American official Warnke said that hopes were for an agreement with Soviet Union before the UNSSD, or by the end of May. Consequently, there was little time to reach an Alliance position. The American briefing received general approval by the allies, but Killick reported that '(o)n grey area systems I was not alone in thinking that he [Warnke] was rather evasive'.⁵⁶ As next chapter reveals, the Americans still did not have a firm

⁵⁵ TNA/FCO46/1798, Wilberforce to Moberly, SALT and ERWs: North Atlantic Council Discussions on 24 February, 21 February 1978.

⁵⁶ TNA/FCO46/1798, UKDN to FCO, tels.62-6, 27 February 1978; TNA/FCO46/1813, UKDN to FCO, tel.66, 27 February 1978.

view at this point on how to deal with the grey area and TNF modernisation. Clearly, time pressure forced the delegations to reach a hasty conclusion, even if they were not fully convinced about the Carter administration's line on grey area issues. In the next Council meeting on 28 February, the FRG representative argued strongly that the Alliance should avoid the negative impact of discussions lingering on up to the NATO summit and the UNSSD in May. For this reason, the Germans, with the powerful support of the Americans, suggested pre-Easter discussions and agreement was reached on further consultation on 20 and 22 March.⁵⁷

As the Soviet anti-ERW propaganda campaign gathered strength, the need for the Alliance to respond to it promptly increased and American initiatives were a product of their concerns about that pressure. At this point, the British could not respond as quickly as the Americans or the West Germans. While Callaghan had made his position clear in his House of Commons speech, the government was hampered by inner-party problems and domestic politics. And the lack of consensus in Britain gave the Soviets room for further propaganda about the divisions in the West.

2. Carter's Decision on the 'Deferment' of ERW Development and Anglo-American Collaboration

Now a consensus had to be forged at least among the key ministers by some means or other to catch up with the Americans and the Germans. Ultimately, that became possible when Owen ceased to oppose the production and deployment of ERW. The Foreign

⁵⁷ TNA/DEFE11/810, UKDN to FCO, tel.67, 28 February 1978.

Secretary new that his position would have to change now that the Prime Minister's position had of course become clear in his statement to the House of Commons on 21 February. Owen explained in his memoirs that since Callaghan supported Mulley, he decided to assent even if he doubted fundamentally the wisdom of the deployment of tactical nuclear weapons.⁵⁸ In a tête-à-tête meeting with Mulley on 2 March, he no longer persisted with his original conviction. At the end of their discussion, the two ministers agreed the following two points. First, the production of ERW should be approved only when global disarmament could not be performed, and secondly, the trade-off should not be confined between ERW and SS-20, but be widened to 'cover tanks and, what followed logically, elements of the MBFR negotiations'. On the second point, they agreed that the question of ERW would be included in their overall attitude towards disarmament in the run-up to UNSSD. Their aim was to distract domestic criticisms against governmental approval of the new weapon's deployment.⁵⁹ It was also hoped that by not confining the trade-off specifically, political pressure would be placed on the Soviets to reduce further their armaments as a whole. This agreement was in line with what Callaghan had stated and the compromise suggested by Owen enabled the key ministers to reach agreement on Britain's attitude towards ERW.

It is important to note that this general consensus in the British government differed from the views of the US and West Germany. As a result, a new Anglo-American-West German position would have to be agreed before the NAC in March. For this purpose, a British delegation of FCO and MOD officials visited Bonn on 9 March to explain Britain's approach. In a three-hour meeting, the main discussion revolved around

⁵⁸ Owen, *Time*, pp.379–80.

⁵⁹ TNA/FCO46/1814, Summary Record of a Discussion between the Foreign and Commonwealth Secretary and the Secretary of State for Defence at the Foreign and Commonwealth Office on Thursday, 2 March at 9.15a.m.

whether the Alliance should set their approach to the quid-pro-quo in a direct ERW–SS-20 or an ERW–Soviet tank deal, or in some other kind of terms. The talks were inconclusive: the Germans still preferred a specific offer, either the SS-20 or tanks option outside the context of the MBFR. They thought such a deal would be easily understood by the public because of the original military characteristics of ERW. Furthermore, it would avoid the Soviet’s diversionary counter offers shown in the MBFR negotiations which had run idle for a long time and could stall any ERW negotiations.⁶⁰

With this German response in mind, the British and the Americans worked very closely in preparation for the NATO statement. Since remaining time was so limited, discussions had to be concluded fairly quickly. But Americans’ preference was unchanged; Gelb repeated that the ERW–SS-20 trade-off made ‘good sense’ and that ‘(t)here was no need’ for symmetry. He then pointed out that the less specified proposal would be abused by the Russians who would seek to involve other factors in the theatre nuclear balance which ‘NATO might not want to get into quickly, if at all’. The telegram from Washington embassy reported Gelb’s comment as follows:

An important psychological point was that ERW deployment was the crucial first step in theatre nuclear modernisation. This fact was largely ignored. We should not [take a] defensive position about ERW deployment, while allowing the Russians to proceed unchecked with their modernization programme. The position of the Alliance on this issue

⁶⁰ TNA/FCO46/1816, Record of Meeting Held at the Auswartiges Amt, Bonn, 1515 Hours on Thursday 9 March; TNA/PREM16/1577, Bonn to FCO, tel.179, 10 March 1978. It is important that Schmidt still did not wish to take a visible initiative. He repeated his thinking to Callaghan when the latter visited Bonn on 12 March; Schmidt told Callaghan that West Germany ‘would and could not help the United States’ in terms of the decision of production. TNA/PREM16/1577, Extract from PM’s Meeting with Chancellor Schmidt at Bonn on 12 March 1978.

was becoming daily more untenable because of procrastination and public debate.⁶¹

Given this recognition, a trade-off specifically targeted against SS-20 was essential for the Americans. Britain, the US and West Germany all had their own idea on the usage of ERW as a bargaining chip. As long as the US government had such firm thoughts it was difficult to make the Americans alter their decision. Yet, despite the difference of views, Britain and the US collaborated closely to prepare the draft NATO statement for the ERW deal which was to be released after the NAC on 22 March.⁶² Their common purpose was to draw the Alliance decision well before the UNSSD and the NATO summit to counter the Soviet pressure. Over the next few days, they worked together exclusively for the making of the draft statement which underwrote the Alliance's decision, but it was the British who played a more substantial role in the preparations.⁶³ In the end British and American views were combined in the final draft, but it was mainly based on the British proposals. That was because Britain's wider approach was assumed to have the potential to contain the Germans' ERW–Soviet tank deal as well as the American idea of an ERW–SS-20 deal even if the emphasis was on the latter. In Washington British officials worked hard as a bridge between the US and West Germany at the very last stage to secure an Alliance decision in time.

Britain and the US then worked *pari passu* further to persuade the other NATO members. Their main target was apparently the Federal Republic. In this process, Gelb told the British that the Americans wished to transfer the agreement they had reached

⁶¹ TNA/PREM16/1577, Washington to FCO, tel.1054, 13 March 1978.

⁶² Consequently the idea of a NATO statement turned into a personal summing-up by Luns in case the Alliance could not achieve unanimity on the statement due to the shortage of time. TNA/PREM16/1577, FCO to Washington, tels.1105 and 1106, 15 March 1978.

⁶³ TNA/PREM16/1577, Washington to FCO. tel.1072, 14 March 1978.

together to the Germans.⁶⁴ In the UK-FRG bilateral talks, the British argued that German indecision at the final stage might have ‘an adverse effect’ on the countries who were still opposing or wavering over the issue; they added that if the Germans could go along with the British and the Americans the prospects for Alliance consensus ‘would be greatly improved’.⁶⁵ The indecision in Britain’s recent position had disappeared and it was clear that the Americans had begun to depend on the British to use their diplomatic skills and good relationship with the Germans to persuade them of the Anglo-American line.

The Germans still wanted to include the ERW–Soviet tanks deal in the statement, but there were signs of conciliation in their attitude. On 15 March Genscher told Owen that the main objective was to reach a decision and if the Americans had a majority, the Germans would follow them. Moreover, if the US, Britain, and West Germany stuck together on a common line ‘the Benelux countries would go along with a decision’.⁶⁶ In addition to their diplomacy with the Germans, the US State Department wanted the British to support American efforts to induce opposed or wavering countries – Norway, Denmark, the Netherlands, and Belgium – to accept the draft statement.⁶⁷ Although things did not go as smoothly as Britain and the US expected, the State Department foresaw that the US-UK-FRG collaboration could be a spearhead to find a way out of the difficulties by the NAC. Quite importantly, at the very last stage of the preparation for the NATO statement, the Germans accepted the UK-US line. Gelb told Jay behind the scenes that on 19 March the Americans received a high level message from the Germans which confirmed that they would accept the SS-20 option once the discussion

⁶⁴ TNA/PREM16/1577, Washington to FCO, tel.1105, 15 March 1978.

⁶⁵ TNA/PREM16/1577, Washington to FCO, tel.1151, 17 March 1978.

⁶⁶ TNA/FCO46/1815, Fergusson to Wilberforce, ERWs, 15 March 1978.

⁶⁷ TNA/FCO46/1815, FCO to Oslo, tel.40, 18 March 1978.

in the NAC started.⁶⁸

Meanwhile in London, the DOP took place on 21 March to discuss Britain's attitude towards the ERW issue. There was a general consensus among the participants to support the Americans. If anything, the main topic was the appropriateness of the ERW–SS-20 deal. It was argued that as SS-20 had been already deployed it was unlikely that the Soviets would respond positively to the offer. Yet it was also unlikely that any success could be anticipated if an ERW–Soviet tanks deal was included in the MBFR negotiations as there had been little development there. Thus, the DOP's original idea of a link between ERW and broader disarmament seemed more realistic. As such, the committee's conclusion underwrote the Anglo-American draft statement – approval of the development of ERW and its deployment to Europe – subject to the prospect of arms control discussions with the Soviets. In terms of the details of the deal, a broader approach was still preferable (i.e. both the SS-20 and tanks options), but the DOP recommended that Britain should go along with the SS-20 option if it secured consensus in the Alliance.⁶⁹

At last, the British government had reached a policy position on ERW. Alliance consultation was to follow shortly. Nevertheless, the situation had changed drastically before the DOP was held. On 20 March, the day that the first NAC meeting was scheduled, the US suddenly requested its postponement until after Easter.⁷⁰ The official explanation was preoccupation with the Middle East,⁷¹ but strangely no further information on this move was given to the allies. Nevertheless, the British had been informed. On the same day, Gelb told Jay that while the basic US intention was

⁶⁸ TNA/FCO46/1815, Washington to FCO, tel.1203, 21 March 1978. See also, AAPD/1978, vol.1, doc.77.

⁶⁹ TNA/CAB148/172, DOP(78) 3rd Meeting, 21 March 1978.

⁷⁰ TNA/FCO46/1815, Moberly to Lamb, Enhanced Radiation/Reduced Blast Warheads, 20 March 1978.

⁷¹ TNA/CAB148/172, DOP(78) 3rd Meeting, 21 March 1978.

unchanged, he believed that Carter ‘wanted to see every i dotted and t crossed before proceeding’.⁷² But on the following day, 21 March, Gelb asked Jay to visit him again in the strictest confidence. In this meeting, Gelb said that considering Britain’s help on the ERW issue the British ‘should know where matters stood here [Washington] before the Prime Minister arrived’ on 23 March, to talk about financial policy with Carter. Gelb explained that, although Congress supported the production of ERW, Carter was still anxious about public reaction in the US. Carter therefore ‘wanted to be absolutely sure that he could count on continuing support from the other heads of government’ and hoped to talk to Callaghan when he visited Washington two days later. But again, Gelb repeated that ‘a change of policy on ERW would be very hard to explain to Congress where a decision to go ahead with production would be popular’.⁷³ There was evidence to support Gelb’s remarks. Four days previously, on 17 March, Carter made a speech at Wake Forest University in Winston-Salem, North Carolina, in which he had warned of the Soviet Union’s excessive armament efforts ‘beyond a level necessary for defence’. Stressing the principle that European security was vital to that of the US, he reiterated his continuing commitment to arms control and disarmament. Moreover, he undertook to ‘match, together with our allies and friends any threatening power through a combination of military forces, political efforts and economic programmes’. Moreover, he confirmed his administration’s determination to commit to European defence by declaring that ‘(w)e are significantly strengthening U.S. forces stationed in Western Europe’.⁷⁴ What was noticeable about Carter’s speech was that the word ‘détente’ did not feature in it. While Carter did not deny his hope for successful arms control

⁷² TNA/FCO46/1815, Washington to FCO, tel.1176, 20 March 1978.

⁷³ TNA/FCO46/1815, Washington to FCO, tel.1203, 21 March 1978.

⁷⁴ APP, Winston-Salem, North Carolina Address at Wake Forest University, 17 March 1978: <http://www.presidency.ucsb.edu/ws/?pid=30516>.

negotiations, his tone towards the Soviet attitude had hardened and he showed more readiness to strengthen America's contribution to European security. This speech implied a change in Carter's foreign policy from détente to confrontation.

Nevertheless, in terms of ERW, and despite Gelb's recent re-affirmation, Carter had already made up his mind to cancel its production. According to Vance and Brzezinski, the final arrangements for the NATO meetings had been completed on 18 March based on US-UK-FRG consultation.⁷⁵ Nevertheless, after being informed this decision, Carter instructed Vance, Brown and Brzezinski from Georgia, where he was staying for vacation, to stop the procedure until his return to Washington.⁷⁶ As a result, the administration had to present a diplomatic excuse to America's allies, hence their supposed preoccupation with the Middle East.⁷⁷ Having returned to Washington, Carter discussed this issue for one and half hours on 20 March with Vance, Brown, and Brzezinski. Brzezinski later recalled that Carter did not want to commit on this now critical issue. He was 'clearly very displeased' by the fact that the decision-making process had been 'moving forward and that we were about to make a key decision'.⁷⁸ Brzezinski observed that Carter wished that 'the whole issue would simply collapse' before he was obliged to make the final decision. Carter came under real pressure from his three aides not to stop the procedure at this point.⁷⁹ Vance wrote in his memoirs that:

Brown, Brzezinski and I argued strenuously that it was imperative for the cohesion of the alliance and for his political standing that he goes ahead as planned. His standing as a

⁷⁵ Vance, *Hard*, p.94.

⁷⁶ Brzezinski, *Power*, p.304.

⁷⁷ Vance, *Hard*, p.94.

⁷⁸ Brzezinski, *Power*, p.304.

⁷⁹ *Ibid.*

leader of NATO, both in Europe and at home, was at stake. Allied leaders had gone out on very shaky political limbs to support the March 18 scenario on the understanding that they were following his lead. Although the president was moved by the strength of our arguments, he leaned strongly against production unless the Germans publicly committed themselves to deployment.⁸⁰

Carter saw things differently. He recalled that the US was ‘in an absurd position – to proceed with the project alone, while insisting fruitlessly on the deployment of neutron weapons by our NATO allies’.⁸¹ It seemed to Carter unfair to proceed with the development of ERW before the European allies showed their wholehearted support for his decision. While Callaghan and Schmidt had given Carter support, their positions were acute in their own nations. Nevertheless, for Schmidt, and for Callaghan to a lesser extent, the matter was logically one for the US government, and on this premise they had expressed their support for the American three-step proposal which was tabled at the NAC on 24 February. It is true that to some extent this attitude was shaped due to the domestic criticisms against ERW in both countries as well as within their own parties. However, while Callaghan carefully waited to make Britain’s attitude clear, the ERW problem was much more imminent for Schmidt. Given Germany’s geopolitical position, the East-West military imbalance was far more serious for him than for Callaghan. Moreover, he was particularly concerned about the Carter administration’s détente policy in which the so-called ‘Eurostrategic’ balance seemed to be ignored. Hence, as Vance rightly recalled, the ERW issue was a matter of the US leadership rather than that of European security. Carter’s decision was to give West Germany and

⁸⁰ Vance, *Hard*, p.94.

⁸¹ Carter, *Keeping*, p.226.

the Alliance as a whole impetus to overcome the difficulties in countering the new threat from the East.⁸²

For Carter, it was a tough decision. On the one hand, he was a protagonist of nuclear disarmament: he had stated his hope for more drastic reductions in nuclear weapons in his inauguration speech. On the other hand, as Vance, Brown and Brzezinski pointed out, the ERW problem was not so much a simple nuclear issue as a touchstone for US leadership in the Alliance. If the President changed his mind at the very last stage in Alliance consultations, the consistency of the US defence policy on European security and its credibility would be seriously doubted, and Carter's leadership would be severely damaged. In other words, it was a choice for him between his own idealism and political realism and, at this final moment, Carter chose the former.

The President's decision created consternation in the Alliance. Killick reported a growing pessimism among the delegations in Brussels. They thought that if the Alliance followed the American request, discussions would not be able to take place for the next two weeks. 'The loss of time', he added, 'which will bring UNSSD nearer and do nothing to diminish domestic opposition, as well as intensify the Soviet propaganda campaign, will make the achievement of a settlement of the issue on the basis of a clear Alliance statement a good deal more difficult if not indeed an unrealistic hope'.⁸³ In Bonn, there was more anger than understanding. While Genscher was furious at the 'cavalier treatment of the Alliance by the Americans', the Auswärtiges Amt thought the Carter administration's attitude was 'typical of recent American diplomatic style'.⁸⁴ Without doubt this reflected their dissatisfaction and disappointment with Carter's

⁸² Vance, *Hard*, p.69.

⁸³ TNA/FCO46/1815, UKDN to FCO, tel.100, 20 March 1978.

⁸⁴ TNA/PREM16/1577, Bonn to FCO, tel.2, 22 March 1978.

decision which completely overturned the result of protracted intra-Alliance consultation. Understandably, Bonn was anxious that the delay would damage Alliance consensus and increase the chances of Soviet propaganda. The West German government was particularly eager for an early decision considering the impact of delay on public opinion; Schmidt had spent much time already trying to appease the West German people.⁸⁵ Moreover, what is important is that Carter's decision was made immediately after Schmidt and his government had accepted the American proposal. Schmidt faced severe domestic opposition against ERW, a fact that Carter obviously understood. It was natural for the West Germans to assume that the Americans would welcome their decision even if their support was not as open and wholehearted as they anticipated. The effect, then, of Carter's late announcement was to pull the ladder away from under Schmidt having so far asked him to climb it.

In the middle of this situation, Callaghan arrived in Washington on 22 March. This long-planned visit was timely as it gave Carter and other key policymakers in Washington opportunity to consult with the British about this already hopelessly entangled problem. In their private talk on 23 March, Carter told Callaghan that he was 'leaning against' the production of the weapon. He wrote in his diary about this meeting that:

[Callaghan] said they were willing to support me if we decided to stop it or reduce it. It would not be deployed in Great Britain. He said it would be the greatest relief in the world if we announced that we were not going to go ahead with it; that it would be a very difficult political issue for him to handle in Great Britain.⁸⁶

⁸⁵ Ibid.

⁸⁶ Carter, *Keeping*, p.227; Carter, *White House Diary* (New York: Farrar, Straus and Giroux, 2010),

Oddly enough, Callaghan interpreted this meeting quite differently. He explained later in the restricted ministerial meeting on 3 April that he had told Carter that ‘he would defend a decision to go ahead with production of ERW if the United States Government considered this weapon was a major requirement’. Yet, ‘this was not his [Carter’s] view’.⁸⁷ It was true that Callaghan and the other three ministers worried about the anti-ERW movement in Britain, but they had agreed to support the American threefold proposal in the DOP on 21 March, only two days before the Callaghan-Carter meeting. It is not absolutely clear from the available sources whether Callaghan instinctively preferred ERW cancellation. But judging from the archival records, Carter’s description seems too harsh a representation of the Prime Minister’s position and reads more like self-vindication. The fact is that the British had since mid-February helped the Carter administration’s efforts to gain a consensus in the Alliance for its three-step plan for ERW. Now, everything had changed.

However, whether or not Callaghan felt relieved by Carter’s decision, the problem at this point was that the US President seemed to have ignored the long intra-Alliance discussions that had produced Alliance consensus on the opposite policy. Moreover, his decision left disparity in the East-West military balance, particularly in theatre nuclear systems. For this reason, West Germany’s anger was justifiable. Like Schmidt, Callaghan regarded the decision as a matter for the US President to take, but quite contrary to the Germans, the British government remained supportive of the Carter administration. Callaghan was not only the first Alliance leader who was informed of Carter’s decision, but also deeply committed to the handling of the issue in the

p.180.

⁸⁷ TNA/PREM16/1577, Extract from Minutes of Nuclear Defence Policy Mtg. of 3/4/78.

aftermath of the shock. On 28 March, while Carter was away on his visit to Latin America, Callaghan, Jay, Mondale, and Aaron met at the White House to discuss how to minimise the damage to the Alliance. The main concern was how the administration should inform Schmidt of the decision. It was Callaghan who led the discussion. For him, ‘tactical handling of the negative American decision’ was very important and the key was the maintenance of US leadership. His advice was that it should not seem that the administration had been forced to make that decision reluctantly under Soviet pressure. In addition, while the Americans thought that Schmidt should be given the sense that he had been ‘genuinely consulted,’ and left some flexibility in case he had fundamental objections to events, Callaghan countered by saying that Schmidt had always argued that the US should take a lead thus he would feel rather relieved by Carter’s decision.⁸⁸ Callaghan, Mondale and their officials did not want the impression to be given to NATO allies that the Americans and British had pulled strings behind the scenes, but nevertheless their discussion revolved around how the Prime Minister would defend the President’s new position. The result was that US Deputy Secretary of State Warren Christopher would be sent in strict secrecy to West Germany and the UK to inform both governments of Carter’s decision.⁸⁹ The real aim, of course, was to convince the Chancellor to support the President.

Christopher first met Schmidt in Hamburg on 30 March. Hans Hellmuth Ruete, the German Ambassador, communicated the details of their talk to London on Schmidt’s instruction. According to this record, Christopher explained that given the divisions within the Alliance, and the issue of tense public opinion, Carter was ‘leaning strongly

⁸⁸ TNA/PREM16/1577, Note of a Meeting between the Prime Minister and Vice President Mondale at the White House at 1130 on Tuesday, 28 March 1978.

⁸⁹ TNA/PREM16/1577, Washington to FCO, tel.1300, 28 March 1978.

against' the production of ERWs. The President did not envisage that an ERW deal would be a successful bargaining tool and European security could be maintained by the modernisation of existing conventional forces. Christopher added that Callaghan supported Carter's decision. In response to this explanation, Schmidt repeated West Germany's position that the decision must be a matter for Carter exclusively. This was what Schmidt had long argued, as Callaghan had predicted. Yet Schmidt did not conceal his surprise. Referring to the American threefold idea of February, he pointing out that West Germany, the US and Britain had been in 'complete agreement' on the proposal which was to be taken in NATO. He emphasised again his serious concern over the threat to Europe caused by SS-20s and Backfire bombers.⁹⁰ The Chancellor did not express his disappointment over the meeting but just pointed out how much his country had cooperated with the US on this issue. But this calmness itself seemed to explain his discouragement and anger. On 4 April Genscher flew to Washington, two days earlier than scheduled, for last minute persuasion, but Carter's decision was already 'final'.⁹¹

Next day in London, Christopher met Owen in a much friendlier atmosphere, not least because the Foreign Secretary already knew everything. The American official's visit to London was purely a smokescreen to conceal Anglo-American collaboration. For public consumption, Owen declared to Christopher the British government 'would do all we could to support his [Carter's] decision'.⁹² The record of the meeting reveals more about the close cooperation between the UK and US governments. They discussed in detail the German reaction and the manner of public presentation of the decision. They agreed that any impression of disagreement in the Alliance must be avoided and

⁹⁰ TNA/PREM16/1577, Cartledge to Callaghan, The FRG and ERWs, 6 April 1978.

⁹¹ TNA/FCO46/1816, Washington to FCO, tel.1420; AAPD/1978, vol.1, docs.95 and 96; *The Economist*, 'I've Changed My Mind, I Think' p.26, 8 April 1978.

⁹² TNA/PREM16/1577, Owen to Callaghan, 1 April 1978.

that it would be advantageous to keep the ERW option open.⁹³ It meant that if there was no progress in arms control negotiations, SALT, MBFR, and CTB, the ERW option might be revived. Given Carter's deep hesitation about going ahead with ERW, the revival of its development was not actually practical politics. But in the tactical context, this could be an effective way to put pressure on the Soviets to stop its military build-up.

Carter's decision was discussed again in the restricted British ministerial meeting on 3 April, two days after Christopher's visit. In the discussion it was pointed out that Carter's reversal had shown 'considerable incompetence in [the] handling of this issue' and would represent a 'substantial propaganda victory' for the Soviets. Nevertheless, the ministers approved Carter's decision.⁹⁴ Three days later, the issue was put to the Cabinet. Owen explained the reason for approval by stressing that in light of the conclusion of SALT II, CTB, and the forthcoming UNSSD, arms control was superior to Alliance armament to prevent the deterioration of the US-Soviet relations. Supporting Owen, Callaghan added that in fact '(t)here was no doubt that this question had been mishandled by the United States Administration, possibly through inexperience'. However, it is notable that he went on to say that '(i)t was important we should not make President Carter's position more difficult as the Germans had done, and so far the President accepted that we were genuinely trying to be helpful'.⁹⁵ For Callaghan, the priority was not what Carter's reversal had done to policy, but what heightened criticism of him might do to levels of trust in him and, eventually, the unity of the

⁹³ Ibid.

⁹⁴ A full record of this meeting has not been declassified. TNA/PREM16/1577, Extract from Minutes of Nuclear Defence Policy Mtg. of 3/4/78; Uncatalogued Papers of Lord Callaghan (hereafter, UPLC)/1976-9, Untitled Document, undated (produced in the latter half of 1979); Morgan, *Callaghan*, p.604. In this meeting, the grey area issue was also discussed. For the details of Ministerial attitude towards it, see Chapter Five.

⁹⁵ TNA/CAB128/63, CM(78)12th Conclusions, 6 April 1978.

Alliance. Callaghan's dissatisfaction with European allies' unhelpful and critical attitudes was clear in the next Cabinet meeting on 13 April. His criticism of West Germany's attitude was:

It would be quite wrong to regard President Carter as an indecisive man. He was a man of principle who was however the first to admit that he lacked experience. His Administration was moreover not well articulated, with the result that different officials tended to advocate their own views. Our role was not to voice criticism but to give the President the fullest possible support, which he both needed and much appreciated.⁹⁶

The difference in the responses between Britain and West Germany was conspicuous. Schmidt reacted calmly to Christopher, but his comments sounded disapproving and showed with no doubt his deepened concern about the 'Eurostrategic' disparity and dislike towards Carter's policy on European security. It is hard to assume that Callaghan and Owen did not have the same kind of concerns. The East-West military imbalance was also the centre of Cold War defence anxieties in the British government. But Callaghan's government kept these concerns to itself and worked very closely with the Carter administration to maintain unity under American leadership and minimise the political damage caused by the decision.

On 7 April, a week after Christopher's visit to London, Carter officially announced his decision. In an official statement he said that '(t)he ultimate decision [...] will be made later, and will be influenced by the degree to which the Soviet Union shows restraint in its conventional and nuclear arms programs and force deployments affecting

⁹⁶ TNA/CAB128/63, CM(78)14th Conclusions, 13 April 1978.

the security of the United States and Western Europe'.⁹⁷ At least the statement reflected the agreement in London between Owen and Christopher. But it was filled with obscure wording and did not contain a concrete figure which defined 'the degree to which the Soviet Union shows restraint in its conventional and nuclear arms programs and force deployments'. This meant the final decision was dependent on the President's judgement. If so, as long as Carter was against ERW there was no likelihood of its future production. It can be said that at this point that ERW was dead. On the same day, No.10 issued a statement which strongly supported Carter's decision.⁹⁸ Callaghan also a letter to assure Carter that in the European Council meeting, which began exactly on the same day, he would do his best to convince other allies that the European response should be one which could contribute to the unity of the Alliance.⁹⁹ Actually in his private message to Callaghan to inform him of his decision, Carter had asked Callaghan to express his support at a 'suitable opportunity'.¹⁰⁰ Britain's supportive statement and Callaghan's effort in the European Council were purely designed to maintain good relations with Carter and hold the Alliance together in light of changes in American policy. The West German government also issued a statement on the same day. The text was rather neutral; it welcomed Carter's confirmation of the American commitment to European security, but at the same time it stressed the importance of continuous arms control given the disparity created by Soviet tanks and medium-range nuclear systems.¹⁰¹ The difference between the statements from Britain and West Germany was notable.

⁹⁷ APP, Enhanced Radiation Weapons Statement by the President, 7 April 1978: <http://www.presidency.ucsb.edu/ws/?pid=30630>.

⁹⁸ TNA/PREM16/1577, Statement Issued from No.10 Downing Street on 7 April Following President Carter's Announcement about ERWs.

⁹⁹ TNA/PREM16/1577, Callaghan to Carter, 7 April 1978.

¹⁰⁰ TNA/PREM16/1577, Carter to Callaghan, 6 April 1978.

¹⁰¹ TNA/PREM16/1577, Bonn to FCO, tel.256, 8 April 1978.

During the ERW dispute, Britain's role moved from a spectator to active mediator. The British attitude began to change slowly, stimulated by the American initiative and the Germans' demand for an early decision. Regardless of his own thoughts about Carter's volte-face decision, Callaghan's faith in Anglo-American relations was unshaken. Since the NAC on 24 February the British government had supported the US administration's three-step approach while persuading the stubborn Owen in the government and West Germany in the Alliance. Furthermore, once Carter decided to cancel this approach, the British had remained supportive to minimise the possible chaos caused by that sudden decision. In this regard, the Anglo-American 'special relationship' defended the Alliance from further damage. Doubtlessly, this consistent support of the British government increased the Carter administration's reliance on Britain in its policy making and implementation. David Anderson, Special Assistant to Vance, told Brian L. Crowe, the head of the FCO Planning Staff, that when US-European relations were 'in a bad state' Callaghan's role was decisive, whilst Schmidt openly showed his impatience with Carter. Anderson added that with regards to Carter's decision for the postponement of ERW development and deployment, Britain's reaction was a 'major factor'.¹⁰² Besides, the US Defense Secretary Harold Brown told Callaghan that Carter thought Callaghan's attitude was 'extremely helpful'.¹⁰³ Underwriting these remarks, Jay recalled that the Carter administration was keen on Callaghan's 'astute political brain', and highly valued Callaghan's support and advice. Moreover, the Americans thought that Callaghan's good relationship with Schmidt

¹⁰² TNA/FCO82/893, Crowe to Melhuish, US Foreign Policy, 18 April 1978.

¹⁰³ TNA/PREM16/1781, Call on the Prime Minister by the US Secretary of Defense, 17 April 1978; TNA/PREM16/1913, Note of a Meeting between the Prime Minister and the United States Secretary for Defense, Dr. Harold Brown, at 10 Downing Street at 1430.

could help pull the Chancellor around.¹⁰⁴ Britain's contribution under the Anglo-American cooperation, or more precisely the close Callaghan-Carter partnership, helped the Carter administration restore the Alliance solidarity, and this consequently saved the Alliance from internal disunity, at a moment when the President had jeopardised both.

3. Washington NATO Summit: Britain the Mediator

No matter how hard Britain and the US worked, it was apparent that Alliance stability was seriously shaken by the turmoil caused by Carter's decision. Nevertheless there was no time to waste for the recovery of unity in the face of growing pressure due to Soviet military expansion. At the same time, it was urgent for the Carter administration to restore its credibility as the leader of the Alliance. The forthcoming Washington NATO ministerial meeting in May was important for the achievement of these objectives. In the previous NATO ministerial meeting held in London last May, the allies agreed to launch the Long-Term Defence Programme (LTDP) and to carry out the studies by a deadline of the next ministerial meeting. As this was bound to occupy a central place at the summit, its successful conclusion was crucial to give fresh impetus and direction to defence planning in the Alliance.

As the NATO summit approached, the Carter administration made demands on America's allies. As early as January, Mulley reported to Callaghan that the Americans 'had ambitious ideas for obtaining firm commitments from member nations'. However,

¹⁰⁴ The Hon Peter Jay, interview with author, 12 February 2014.

he pointed out that 'it will be impracticable in most cases to go beyond agreement in principle'. Not only were the ideas unaffordable, he explained, but also impractical in light of the time available for consideration before the summit. Thus Britain's aim was, he continued, to convince the Americans of the 'realities', and to 'avoid an awkward gap at the Summit meeting between American aspirations and what is practicable'.¹⁰⁵ If the Americans wanted the allies to make further contributions, additional burdens would inevitably fall their defence expenditures. This would put Britain in another painful position in the Alliance. In his reply to Mulley, Callaghan stressed that there should be no decisions which might go beyond the 3% increase in the defence expenditures for 1979/80 and 1980/81 as agreed at the London NATO summit in May 1977.¹⁰⁶ Beyond this potentially difficult American-made problem, the British were also concerned that the Carter administration had no clear notion about the handling of the summit.¹⁰⁷ As the Alliance was also sensitive about perceived lack of consultation with the Carter administration, this would be yet more evidence, potentially, of American distance. Jay expressed Britain's concerns to Brown on 31 March. He gave two reasons; first, there was little time left between the conclusion of the LTDP at the DPC in mid-April and the NATO summit in which the heads of government would discuss it at the end of May. Secondly, the British did not wish to be confronted with 'any surprise U.S. initiatives at the summit'.¹⁰⁸ Jay's intent was to remind Brown that Britain preferred realistic and practical approaches to any new ambitious proposals which required the allies to do more than increase defence expenditures by 3%.

The Carter administration had its own reason to push its allies hard. Congressional

¹⁰⁵ TNA/PREM16/1781, Mulley to Callaghan, NATO Summit 1978, 30 January 1978.

¹⁰⁶ TNA/PREM16/1781, Cartledge to Facer, NATO Summit 1978, 2 February 1978.

¹⁰⁷ TNA/FCO46/1688, Lever to Reeve, Organisation of the Washington Summit, 14 March 1978; Cooper to Hunt, The NATO Summit, 21 March 1978.

¹⁰⁸ TNA/FCO46/1688, Washington to FCO, tel.1371, 31 March 1978.

pressure had influenced its diplomacy. As Jay told Brown, although Congress ‘would not try to reduce US forces in Europe, they would not support administration efforts to build them up’. He went on to say that ‘Congress should not be given any justification for claiming that the European allies were not doing enough’.¹⁰⁹ For the Carter administration, Britain was amongst all NATO allies the most reliable and also showed the most helpful attitude towards burden sharing for European security. The administration’s trust was clear when the US Defense Secretary Brown visited London on 17 April. Opening his meeting with Callaghan, Brown congratulated Britain’s ‘constructive role’ in NATO, particularly its decision to increase defence expenditure by 3%. Then Brown emphasised what the US government wanted out of the NATO summit. In addition to the conclusion of the LTDP with the approval of the heads of government, the administration strongly hoped that the summit would secure ‘a commitment by Heads of Government to the principle of a common approach, rather than taking each individual issue in isolation’.¹¹⁰ Responding favourably to this idea, Callaghan proposed that NATO allies would issue ‘some kind of statement’ at its summit. Carter strongly welcomed this idea in his telephone conversation with Callaghan on the same day. Carter told Callaghan that ‘a strong ultimate communiqué or commitment, more than just the routine requirement of protocol, is very important’.¹¹¹ Further to his remarks in London, Brown made ‘an emphatic plea’ at the NPG in Frederikshavn, Denmark, held immediately after his visit to London. He asked NATO defence ministers’ for their support for the achievement of the LTDP as a component of the summit, and

¹⁰⁹ Ibid.

¹¹⁰ TNA/PREM16/1913, Note of a Conversation between the Prime Minister and the United States Secretary for Defense, Dr. Harold Brown, at 10 Downing Street at 1430, 17 April 1978.

¹¹¹ TNA/PREM16/1781, Extract from Telecon between PM and Pres. Carter on 17 April 78.

for their attendance at the summit to make the meeting as a special one.¹¹² Evidently the Carter administration was eager for a more visible and sensational success in the NATO summit especially after the fiasco of the ERW consultation. At a glance it seems curious that the British supported the American initiative and proposed a special statement although they were concerned about the Americans' self-willed action earlier that year. However, it is possible to say that in the aftermath of the ERW debacle the British also wanted more than ever something which could re-confirm Alliance unity under American leadership. As long as this statement would not further budgetary burdens from the allies, they should happily accept it.

During this period, the US-Soviet SALT negotiations failed to resolve all remaining problems. Immediately after Carter's ERW postponement announcement, Vance flew to Moscow in April and then to Geneva in May although Carter's decision did not seem to have any impact on negotiations. In addition, the military conflicts outside of Europe and the Soviet Union's commitment to them, particularly in Africa, deepened uncertainty surrounding future talks.¹¹³ However, Callaghan's conviction about US leadership was unwavering. On 17 April he told Brown that he thought the feeling in Europe that it 'should organise itself against the US' was 'disgraceful'.¹¹⁴ On the same day in a telephone conversation with Carter, he reassured the President that when faced with criticism of the US, he always said 'don't forget the defence side when you are talking about whether we should go separately from the United States or what our attitude should be'.¹¹⁵

For the Carter administration, the key was West Germany's attitude. That was clear

¹¹² TNA/PREM16/1781, Facer to Fergusson, NATO Summit in Washington, 21 April 1978.

¹¹³ For example, see Garthoff, *Détente*, pp.899–900.

¹¹⁴ TNA/PREM16/1913, Note of a Conversation between the Prime Minister and the United States Secretary for Defense, Dr. Harold Brown, at 10 Downing Street at 1430, 17 April 1978.

¹¹⁵ TNA/PREM16/1781, Extract from Telecon between PM and Pres. Carter on 17 April 78.

from Brown's request to Mulley for his personal help, and Callaghan's, 'to obtain positive German support for the LTDP':

After many years in which the Americans had been the odd man out in the Alliance and the Germans had been most co-operative in wanting joint procurement and joint operational planning, the US had been brought around, subject only to some Congressional foot dragging. Unfortunately the Germans had now moved away from this position.¹¹⁶

The deepening of Schmidt's distrust in Carter's policy and the deterioration of US-German relations increased the American reliance on Britain's role as a mediator in the Alliance. After the ERW debacle especially, US-FRG relations suffered from unprecedented awkwardness. This situation was far from ideal for the Carter administration which relied on good relations with West Germany not only for the success of the forthcoming NATO summit but also for the solidarity of the Alliance in a broader context. Here, Britain's diplomacy became central.

In late April, the regular six-monthly Anglo-German summit offered opportunity to judge what Schmidt thought about Carter's policy towards European security.¹¹⁷ The Chancellor was eloquent and candid. The records of meetings held at Chequers indicate his deep misgivings towards Carter. In a meeting on 23rd, he openly criticised the President's attitude, including towards the management of US-Soviet relations, and argued that Carter's diplomacy could not stop the Soviets and that American influence was diminishing in Europe. Callaghan tried to mitigate Schmidt's discontent, enquiring

¹¹⁶ TNA/PREM16/1913, Note of a Meeting between the Defence Secretary and the US Secretary of Defense Held in the Ministry of Defence at 9.45 am on Monday 17th April 1978.

¹¹⁷ TNA/CAB133/484, Steering Brief: Brief by the Foreign and Commonwealth Office, 19 April 1978.

further about the Chancellor's scepticism towards US policy. Schmidt replied that he was 'only sceptical about the present office holders'. Without doubt, he meant Carter. Callaghan said his German counterpart should not 'underestimate President Carter: he ought to engage with him [Carter] on defence issues'. The Prime Minister intended to persuade the Chancellor to help the President on European security by emphasising Carter's personal ability as a leader. For this purpose, he went on to say that Britain and West Germany should give 'a fair wind' to the LTDP and show the US that they regarded the US commitment as vital. Schmidt seemed to agree, at least on the surface. But the record of meeting reveals the extent of the Chancellor's dissatisfaction:

His despair was that the United States was not now leading. Their leadership was neither continuing nor predictable and this created instability. West Germany depended on the United States much more than the UK did. Without the United States Berlin would go and if it did then the results and consequences were unforeseeable.¹¹⁸

The British had of course recognised the deterioration in US-German relations.¹¹⁹ Yet it seems that the severity of Schmidt's doubts went beyond their expectation. Callaghan and Schmidt met again in the afternoon on 23 April and were joined by Owen and Genscher. Sharp differences in views on Carter's foreign policy arose again; Schmidt explained his concern that the superpowers would conclude the SALT II negotiations over the heads of the Europeans, ignoring the SS-20 and the Backfire bomber.¹²⁰

¹¹⁸ TNA/PREM16/1655, Prime Minister's Meeting with Chancellor Schmidt at Chequers on Monday 24 April 1978.

¹¹⁹ TNA/CAB133/484, Enhanced Radiation Warheads (ERWs), Brief by the Foreign and Commonwealth Office, 14 April 1978.

¹²⁰ TNA/PREM16/1655, Record of a Meeting between the Prime Minister and the Chancellor of the Federal German Republic at no. 10 Downing Street at 5.30 pm on Monday 24 April 1978.

Nevertheless, Callaghan and Owen managed to persuade their German allies of the need for a show of Alliance solidarity at a successful NATO summit. In addition, they agreed to raise the MBFR talks to the level of foreign ministers.¹²¹ Owen had first raised this idea on 3 April as the MBFR negotiations progressed at snail's pace. It was now vital after the failure of the ERW programme had created yet further stagnation, not least to raise the political pressure on the Soviets and secure a new component in western détente policy running up to the UNSSD.¹²²

In the meantime, preparation for the LTDP was under way. Hunt's minute to Callaghan dated 28 April reveals how the British government saw the Carter administration's diplomacy at this point. Hunt observed that the ambitious Carter administration was not satisfied with the LTDP taskforces' studies which reflected members' existing national defence programmes and their reluctance to approve plans which would increase defence expenditures beyond 3%. As mentioned above, although the British government had succeeded in increasing the UK defence budget, Britain's situation was more serious than other European allies. Hunt also saw another problem in the Carter administration's ambiguous thinking on the summit. Thus it was necessary for the British government to keep close contact with the US administration, gauge its thoughts and persuade the Americans not to weaken Alliance unity further with any increased defence requirements. Hunt argued that the failure of the NATO summit would be a 'serious blow,' particularly for the administration since it would enhance Congressional doubts about European allies' defence contributions.¹²³

With their early approval of the 3% increase in defence expenditures, the British

¹²¹ TNA/PREM16/1655, Record of a Conversation between the Prime Minister and Chancellor Schmidt, with Foreign Ministers Present, in the Long Gallery, Chequers, on 24 April 1978 at 1145.

¹²² TNA/CAB133/484, MBFR, Brief by the Foreign and Commonwealth Office, 17 April 1978.

¹²³ TNA/PREM16/1781, Hunt to Callaghan, NATO Long Term Defence Programme, 28 April 1978.

were in fact one step ahead of their European allies. At the DOP meeting held on 3 May, ministers generally agreed that the British government should support the broad objectives of the LTDP. However, there was general agreement among them that there was a 'clear risk' of an arms race which would be harmful politically, economically and militarily. Consequently, ministers decided to take a dual approach in which NATO would improve its military capability such as under the LTDP on the one hand, and lead arms control negotiations on the other.¹²⁴ This inventive and active approach reflected contrasted with the constrained British position of the recent past. The difference was caused by improvements in the economy which produced greater room for movement.

Close intra-Alliance cooperation was essential for the approval of the LTDP and for Alliance solidarity. It was particularly necessary among the four major countries, but the preparations did not go smoothly. The main problem was Franco-American. The Carter administration wished to make the summit an exhibition of Carter's political leadership; the French did not. For them, any reference to the LTDP in the communiqué was an invasion of the independent defence policy of France.¹²⁵ This divergence caused dispute over the format of the communiqué; the Americans wanted one single communiqué which included the LTDP, but the French wanted two entirely separate communiqués; the first, which they would sign, would exclude reference to the LTDP.¹²⁶ Writing about this threatening dispute, William J. A. Wilberforce, the Head of Defence Department, wrote that this French idea 'would publicly devalue the LTDP, and thus prejudice what is for the United States a central objective of the summit, and one which has been endorsed by the Prime Minister and by Chancellor Schmidt'. Nevertheless, the

¹²⁴ TNA/CAB148/172, DOP(78)5th meeting, 3 May 1978.

¹²⁵ TNA/FCO46/1689, UKDN to FCO, tel.152, 26 April 1978.

¹²⁶ TNA/FCO46/1689, UKDN to FCO, tels.156 and 157, 2 May 1978.

British could not lead on this Franco-American division. Wilberforce warned that Britain should not either be ahead of the Americans or support them until ‘they themselves decide to abandon the idea of an integral communiqué’.¹²⁷ Alliance solidarity was the first priority for the British.

American diplomacy then worsened the situation. On 5 May, Luns told British, Canadian, Italian and West German NATO representatives about a new US proposal to issue a ‘solemn declaration’ rather than a communiqué at the end of the Washington summit.¹²⁸ The Americans envisaged that this document would be an alternative to a single communiqué, but the four NATO representatives all thought it ‘impossibly late to agree a draft’. Moreover, the plan would certainly bring acute French opposition as any Alliance statement which implied constraints on the independence of France created opposition in Paris. The prospect of difficulty over the communiqué had already hardened French attitudes towards Alliance consultation and the role of the Alliance in East-West negotiations. NATO representatives therefore thought that the US proposal should be ‘discouraged straight away’ before the Carter administration started drafting it. In addition, Turkey would demand words on defence cooperation which would be opposed by Greece. The main concern of the representatives was to avoid the idea of a declaration damaging yet more deeply European attitudes towards Carter’s credibility.¹²⁹

Callaghan shared the same anxiety as he had told Brown in April and thus Britain’s support for the US government was all the more necessary. However, the problem rested in the details and the presentation. On the day after the representatives discussed the

¹²⁷ TNA/FCO46/1689, Wilberforce to Moberly, NATO Summit, 4 May 1978.

¹²⁸ TNA/PREM16/1781, UKDN to FCO, tel.160, 5 May 1978.

¹²⁹ Ibid.

American proposal in Brussels, Jay met Robert Hunter, an NSC staffer, in Washington. He described the dangers for Carter of ‘appearing to proceed in such an impulsive way’ and outlined British apprehensions about the damage to the reputation of the US should it fail. A further blow to American credibility would be fatal at this point. Hunter explained that the administration’s general idea was that ‘the Alliance could do something special “to show we are together”’ by issuing a statement which would be ‘little more than platitudes, but put more into the present context’. He thanked Jay warmly for this ‘very helpful advice’ and promised to consult Brzezinski.¹³⁰ In the late afternoon, they met again. Hunter told Jay that Brzezinski had decided to send an explanatory message only to four NATO heads of government – Callaghan, Schmidt, Giscard and Trudeau – to minimise the danger of leak. The Americans wanted a ‘solemn declaration’ at the NATO summit because the lesson they had drawn from the ERW dispute had been different to that of the Europeans. A declaration would indicate that the unity of the Alliance was strong and that so was its faith in American leadership.¹³¹ That was necessary because recent American diplomacy had raised questions about the power of the US. The coup d’état in Afghanistan in April and the conflicts in Shaba sparked in May, and the human rights issues, all sharpened the debates in the US on the Carter administration’s handling of the US-Soviet relationship. Even the administration’s success in the Panama Canal Treaties and Middle East peace negotiations had not increased the public confidence in Carter’s foreign policy.¹³² Skilful American management of the NATO summit was thus vital.

On the following day, 6 May, Carter accordingly sent a draft text to the four heads of

¹³⁰ TNA/PREM16/1781, Washington to FCO, tel.1885, 5 May 1978.

¹³¹ TNA/PREM16/1781, Washington to FCO, tel.1886, 5 May 1978.

¹³² TNA/FCO82/893, Washington to FCO, tel.2161, 24 May 1978.

the government. He wrote that in the NATO summit the Alliance should aim to promote the LTDP and to improve ‘public understanding of the Alliance’s cohesion, confidence, and political purpose’. He therefore raised the idea of a ‘concise declaration’ beyond the standard communiqué.¹³³ Naturally Callaghan and Owen welcomed Carter’s idea.¹³⁴ Callaghan told Hunt that Britain should make its attitude clear ‘in the face of Soviet adventurism outside the NATO area’. Owen also commented that he was in favour of an ‘imaginative and forceful declaration’ and the idea would make the statement ‘more interesting and give a better balance with UNSSD in progress’. But both of them thought the draft required revision if it was to be accepted by NATO allies.¹³⁵ After receiving Callaghan’s comments, Carter sent a revised draft declaration to the other NATO member states which reflected the Prime Minister’s contribution.¹³⁶

Despite this preliminary Anglo-American tactical diplomacy, things did not go as well as hoped. The pressure points would be the French and Turkish responses, but particularly that from Paris.¹³⁷ On 12 and 17 May, Carter’s proposal was discussed by NATO permanent representatives in Brussels. While the majority of them supported the idea in principle, it was ultimately withdrawn because of the objections of France and Turkey. Those two countries’ representatives said that they did not object to the statement in principle, but given the shortage of time thought it better to issue this kind of statement the following year to mark the thirtieth anniversary of NATO. Consequently, representatives agreed that further consideration of the idea would be

¹³³ TNA/PREM16/1781 Washington to FCO, tel.1121, Carter to Callaghan, 9 May 1978.

¹³⁴ TNA/PREM16/1781, FCO to Washington, tel.1122, Callaghan to Carter, 9 May 1978.

¹³⁵ TNA/PREM16/1781, Record of a Telephone Conversation between the Prime Minister and Sir John Hunt on Sunday 7 May at approx. 1200 noon; TNA/PREM16/1781, Walden to Cartledge, NATO Summit, 8 May 1978.

¹³⁶ TNA/PREM16/1781, Brewster to Hunt, 11 May 1978.

¹³⁷ TNA/PREM16/1781, Walden to Cartledge, NATO Summit, 11 May 1978.

‘pointless’.¹³⁸ While it was true that the Carter administration had left little time to secure agreement to its idea of a solemn declaration, the French had deftly maximised this excuse to bury Carter’s proposal.

Without anything solemn on the books, the only other proposal to enhance the NATO summit was Britain’s proposal for a foreign ministers’ meeting on the MBFR and a more active NATO role in disarmament negotiations. Owen wrote Vance on 6 May to propose the idea.¹³⁹ Vance reacted favourably, but he clearly wanted Britain to take a lead.¹⁴⁰ Here again, the legacy of the ERW issue was obvious as the Carter administration would rely once more on Britain’s diplomatic skill. Mulley proposed Britain’s idea in the DPC on 18 May and asked his fellow defence ministers to support it at the summit meeting.¹⁴¹ These British efforts brought much American appreciation. At the DPC meeting, Brown expressed the Carter administration’s gratitude to Mulley for Britain’s helpfulness in persuading the West German government to take a positive attitude towards the LTDP. Callaghan’s intervention with Schmidt in particular was the ‘decisive factor’.¹⁴²

On 30 and 31 May 1978, NATO heads of government gathered in Washington for the long-awaited summit meeting. From the outset Carter gave repeated assurances of the US commitment to European defence and the unity of the Alliance. At the opening ceremony he remarked that ‘(a)s an American, I am proud that the commitment of the United States to the security, independence and prosperity of Europe is as strong as ever.

¹³⁸ TNA/FCO46/1690, UKDN to FCO, tel.174, 12 May 1978; TNA/PREM16/1782, UKDN to FCO, tel.182, 17 May 1978; Turkey’s reservation was reflected the arms embargo imposed by the US Congress. They said that they would withhold their views on the LTDP until the prospects for the embargo and allies’ contribution to Turkey’s defence became clearer.

¹³⁹ TNA/PREM16/1781, FCO to Washington, tel.1100, 6 May 1978.

¹⁴⁰ TNA/PREM16/1781, Washington to FCO, tel.1952, 11 May 1978.

¹⁴¹ TNA/PREM16/1782, UKDN to FCO, tel.192, 19 May 1978.

¹⁴² TNA/PREM16/1782, UKDN to FCO, tel.189, 18 May 1978.

We are part of you and you of us'.¹⁴³ Similarly, in the discussion on the LTDP next day, he stated that the top priority of the US defence policy should be given to NATO, particularly the reinforcement of its conventional forces. But here again he reiterated his administration's attachment to European defence and added that:

Arms control can make deterrence more stable and perhaps less burdensome, but it will not, in the foreseeable future, eliminate the need for nuclear forces. For years, the Alliance has relied principally on American strategic forces for deterring nuclear attack by the Warsaw Pact countries or the Soviet Union on Europe. The coupling of American strategic nuclear forces to Europe is critical. It means that an attack on Europe would have the full consequences of an attack on the US. Let there be no misunderstanding about this. The United States is prepared to use all the forces necessary for the defence of the NATO area.¹⁴⁴

This statement showed Carter's determination to commit to European nuclear deterrence. As his preferred NATO statement was no longer possible, it became even more important for him to state his convictions after the ERW dispute had shaken NATO allies in their reliance on the US leadership under Carter. Overall the other heads of government responded favourably, even if Schmidt did not make any special comment on Carter's statement.¹⁴⁵

At the same time, Carter's LTDP proposal was approved after Turkey softened its

¹⁴³ NATOEL, North Atlantic Alliance Summit Remarks at the Opening Ceremonies, 30 May 1978: <http://www.presidency.ucsb.edu/ws/?pid=30868>.

¹⁴⁴ NATOA/C-VR(78)-22, Verbatim Record of Meetings Held with the Participants of Heads of State and Government on Wednesday, 31st May, 1978, at 9.30 a.m. at the State Department, Washington; TNA/FCO46/1691, Washington to FCO, tel.2263, 31 May 1978.

¹⁴⁵ TNA/FCO46/1691, Washington to FCO, tel.2263, 31 May 1978.

attitude. This success enabled Carter to retrieve his severely damaged image as the leader of the Alliance. The British proposals were also included in the communiqué.¹⁴⁶ Killick reported from Brussels that Britain's initiative contributed to new stabilisation of the Alliance where defence and arms control were put on an equal status. That progress in Alliance policy was also expected to contribute to the UNSSD by indicating the efforts by the Alliance to seek arms control and disarmament.¹⁴⁷ In his statement, Callaghan welcomed Carter's attempt to show unity in the transatlantic relationship at a time when Soviet military capability was growing in and outside Europe. Likewise, the Prime Minister affirmed his government's support for the LTDP and emphasised the major contribution it had made to the conventional forces of the Alliance by agreeing to the 3% increase in its defence budget.¹⁴⁸

Importantly for the Americans and the British, Schmidt thought that the NATO summit was a success. Carter's speech was clearly intended to ease European anxieties, especially the Chancellor's. In the first plenary session on 30 May, Schmidt spoke of his meetings with Brezhnev earlier in the month and the contribution they made to improved East-West relation. He nevertheless pointed to the continuing risks of the deployment of Soviet medium-range systems, SS-20 and Backfire bomber, a Cold War imbalance in European security which had not been corrected in SALT II.¹⁴⁹ But his meeting with Carter in the margin of the summit meetings went off 'excellently'.¹⁵⁰

¹⁴⁶ NEL, North Atlantic Council, Final Communiqué, Washington, 30–31 May 1978: <http://www.nato.int/docu/comm/49-95/c780530a.htm>.

¹⁴⁷ TNA/FCO46/1693, Killick to Owen, NATO Summary, 1977/78, 7 July 1978.

¹⁴⁸ NATOA/C-M(78)22, Summary of a Meeting with the Participation of Heads of State and Government held in the State Department, Washington, on Tuesday, 30th May, 1978; TNA/FCO46/1691, Washington to FCO, tel.2241, 30 May 1978.

¹⁴⁹ NATOA/C-M(78)22, Summary of a Meeting with the Participation of Heads of State and Government held in the State Department, Washington, on Tuesday, 30th May, 1978; TNA/FCO46/1691, UKDN to FCO, tel. 2292, 31 May 1978. On Schmidt's meeting with Brezhnev, see Chapter Five.

¹⁵⁰ TNA/FCO33/3494, Washington to FCO, tel.2358, 6 June 1978; FCO82/888, Bonn to FCO, tel.447, 7 June 1978.

Improvement in US-German relations was more clearly shown through Carter's visit to Germany in July. Wright reported that Carter's visit improved his personal relationship with Schmidt and narrowed the differences in policy except on human rights issues. In the Market Square in Bonn Carter exclaimed to his German audience that 'your security is ours, and ours is yours'.¹⁵¹ The US-German relationship was repaired, or at least held together before the point of no return, and further deterioration was avoided. This outcome would not have been possible without the success of the Washington NATO summit. Critical to that event was preparatory Anglo-American cooperation and then Britain's support for the Carter administration's policies. Thus the unity of the Alliance was preserved beyond the ERW fiasco.

It was at this point that Carter's attitude towards arms control began to change. In his remarks to the NATO summit on 31 May, he put more emphasis on American commitment to European defence, especially its strategic nuclear deterrent. Killick drew attention to the contrast between this statement and those made by Carter earlier in his presidency when he had argued for the abolition of nuclear weapons.¹⁵² This evolution in the president's thinking was patent a week after the summit when on 7 June he made the commencement address at the US Naval College in Annapolis, Maryland. Revealing his understanding of US-Soviet relations, Carter said that while superpower détente was 'central to world peace,' it had to 'be broadly defined and truly reciprocal'. What was notable was his criticism of the Soviet Union. He described Moscow's détente policy as 'a continuing aggressive struggle for political advantage and increased influence in a variety of ways'. He then gave examples: the Soviet use of 'proxy forces to achieve

¹⁵¹ TNA/FCO33/3494, Wright to Palliser, President Carter's State Visit to the Federal Republic of Germany, 14–15 July, 21 July 1978.

¹⁵² TNA/FCO46/1693, Killick to Owen, NATO Summary, 1977/78, 7 July 1978.

their purposes' in Korea, Angola and Ethiopia; the abuse of basic human rights in their own country which violated the Helsinki Final Act; and the export of 'a totalitarian and repressive form of government'. Speaking to the Navy graduating class but also the world, Carter therefore offered reassurances that the US and its allies were open to détente, they also had to be ready to 'meet any foreseeable challenge to our security from either strategic nuclear forces or front conventional forces'. His message was clear: '(t)he Soviet Union can choose either confrontation or cooperation. The United States is adequately prepared to meet either choice.'¹⁵³

The speech was a fusion of two drafts written separately by Vance and Brzezinski. Vance recalled that while his draft emphasised the complexity of US-Russian relations and argued for a de-intensification of political tensions, Brzezinski suggested more confrontational language.¹⁵⁴ In retrospect, Brzezinski claimed that the speech was largely Carter's work and that the president had inserted the phrase 'cooperation or confrontation'. For Carter, it was 'tough, but well balanced' and, moreover, if it was seen as 'tough at home and the Soviets consider it mild, that's perfect'.¹⁵⁵ Although Carter still wished to balance Vance's prudence and Brzezinski's aggression, particularly his the linkage he suggested between the SALT negotiations and the so-called 'Horn of Africa', the president's thinking was clearly tilted towards Brzezinski's hawkish view. As Glad rightly pointed out, the main reason of this shift was Carter's wish to dispel the image created by SALT and ERW of him as a 'vacillating President'.¹⁵⁶

Nevertheless, regardless of the strength of Carter's statement, there was growing

¹⁵³ APP, United States Naval Academy Address at the Commencement Exercises, 7 June 1978: <http://www.presidency.ucsb.edu/ws/?pid=30915>.

¹⁵⁴ Vance, *Hard*, p.102.

¹⁵⁵ Carter, *White House*, pp.188–9.

¹⁵⁶ Glad, *Outsider*, p.85.

concern among European allies about the capabilities of his administration. On 16 May, EC ambassadors in Washington surveyed Carter's policies towards Europe and agreed that while they were acceptable, it was not clear that the US government had the competence to carry out them. The ERW fiasco had raised a big questions mark, not only about the administration's leadership of the Alliance, but also about Carter's own capability as president.¹⁵⁷

At the end of June, Jay sent to London a despatch analysing Carter's leadership titled 'Mr. Carter: Capax Imperii?'. While Jay's judgement remained open, he was less optimistic than he had been in his despatch of the previous November. He still believed that Carter had the characteristics of a statesman but lacked the skill to demonstrate them. There were two reasons for that in Jay's estimation. First was the president's inability to present a clear overall philosophy or to translate it into effective political action. Secondly, Jay depicted a lack of imagination about others' perceptions in his handling of issues. Furthermore, the ERW affair was an example of the problems caused by the inadequacies of his political management rather than his vulnerability to Soviet pressure or vacillating attitude.¹⁵⁸ On Jay's despatch, Melhuish commented that it was 'surprising' that the ambassador did not mention human rights, nuclear non-proliferation, or disarmament. These had been vital issues for Carter on entering office but the world had 'not heard so much about these subjects in recent months'.¹⁵⁹ Melhuish was right; in Carter's speech at the Naval Academy, the president referred to cooperation with the Soviet Union, but he spent as much time criticising Soviet expansionism. This omission seemed to herald an important change in Carter's foreign policy and while there signs of

¹⁵⁷ TNA/FCO82/876, Meeting of EEC Ambassadors, Washington, 16 May 1978.

¹⁵⁸ TNA/FCO82/874, Jay to Owen, Mr. Carter: Capax Imperii?, 28 June 1978.

¹⁵⁹ TNA/FCO82/874, Melhuish to Hall, Mr Jay's despatch "Mr Carter: Capax Imperii", 30 June 1978.

positive change in Carter's approach to European security, doubts about his capability remained. The candid nature of Melhuish's judgement represented the FCO view:

Most commentators are not as generous as Mr Jay in giving Mr Carter the benefit of the doubt. I hope that he is right but I am beginning to wonder whether Mr Carter's potential ability will always be significantly better than his actual performance.¹⁶⁰

Conclusion

Kenneth O. Morgan, Callaghan's official biographer, gave the title 'International Honest Broker' to the chapter in his book which dealt with Callaghan's role in international affairs during his premiership.¹⁶¹ In light of Callaghan's role in transatlantic relations in the first half of 1978, Morgan chose well. As this chapter demonstrates, the Callaghan government's consistent objective in European security was the maintenance of transatlantic solidarity under American leadership with Britain acting as a bridge between both sides of the Atlantic. Garthoff has rightly pointed out that the significance of the ERW dispute was not its influence on relations between the superpowers. The real importance was two-fold: its impact on the confidence of America's allies in the integrity of the Alliance and American leadership, and the effect on the future defence policy of the Alliance on the grey area, a factor which is discussed in the next chapter.¹⁶²

Jay recollected that the 'real villain' of the ERW dispute was Schmidt. He pointed

¹⁶⁰ Ibid.

¹⁶¹ Morgan, *Callaghan*, Chapter 25.

¹⁶² Garthoff, *Détente*, p.939.

out that it had been Schmidt's unfriendly attitude which detached Germany from decision making by declaring that the final decision was a matter for Carter. Furthermore, Schmidt's requirement that ERW should be deployed in at least one more European allied nation made the problem worse; it was also based on flawed understanding of NATO's deterrent strategy.¹⁶³ His criticism has a point; the somewhat vague attitudes in Britain and West Germany delayed the Carter administration's decision. However, this chapter has illustrated that the main cause of tension was, to a large extent, the Carter administration's inconsistent policy, particularly over the ERW affair.

The credibility of Carter and his administration was already weak due to the lack of American leadership in intra-Alliance consultations. Now, due to ERW, Europeans had further, serious doubts about the US. For the administration, restoration of the solidarity of the Alliance was all the more important to counterbalance the weaknesses of earlier American diplomacy. Britain's active help in the process of restoration of integrity was crucial during and after the crisis; the Callaghan government rapidly became the Carter administration's most reliable ally. Yet this was not purely a tactical move on Britain's behalf. Importantly, Britain's role as a mediator was based on a strong belief that American leadership was vital for the Alliance. As he was a convinced Atlanticist, this was a natural choice for Callaghan, but also for his key ministers and Jay. Consequently, throughout the events considered here, the Prime Minister's Office kept in close contact with the White House and Anglo-American diplomacy followed. Relations between London and Washington deepened, and Britain's stock in the Carter administration rose, as a result of heightened tensions in the Alliance, the Callaghan government's

¹⁶³ The Hon Peter Jay, interview with author, 12 February 2014.

Atlanticism, and the Carter administration's trust in the British.

In fact Britain often remained one step behind the Americans and the Germans because of domestic and political reasons. Nevertheless, as the Alliance worked towards its statement on the divisive ERW issue in mid-March, it was Britain's diplomacy which was critical to successful consultation. In addition, amid the confusion caused by Carter's cancellation of ERW production from the end of March to the beginning of April, it was British statecraft that stabilised the Alliance. It also enabled Alliance consultation leading to the success of the Washington NATO summit throughout May. The closeness of UK-US relations throughout these troubled events was in marked contrast to the awkward relationship between the US and West Germany. Schmidt and Genscher simply did not trust Carter's skill as a statesman, even though they remained wedded to good transatlantic relations. While bilateral relations were restored by the time of Carter's visit to West Germany in July, this did not mean that Schmidt's worries were completely removed. As the next chapter reveals, even if personal relations were improved, Schmidt's and West Germany's deep anxieties over 'Eurostrategic' problems remained.

The failure of the Carter administration's diplomacy over ERW led to instability in American foreign policy. The president's remarks at the NATO summit are indicative of this fact. In the face of lowered credibility and increased suspicion of the US and the president himself, the administration tried to underscore its reliability. The proposal for a NATO statement ended in failure, but it was an attempt to reassert US leadership and ultimately a sign of its impatience. In this context the success of the Washington NATO summit was indispensable for the Carter administration.

Carter's Annapolis speech was clearly symbolic of America's new, hardened attitude

towards Soviet expansionism. Spring 1978 was thus a watershed in the Carter administration's policy towards European security as it became more critical towards the Soviet Union and more active in its commitment to European defence. Nevertheless, anxieties about Carter's leadership remained, or even deepened among the European allies and the British government. The question for European allies was whether the Carter administration was capable of dealing with European security with this new policy. For Callaghan, Owen and Jay, it was self-evident that Britain would need to help the US to avoid any further disturbance in the Alliance. However, for some officials in the FCO, the future of the 'special relationship' with the Carter administration did not seem as stable as the ministers thought.

CHAPTER FIVE

The Guadeloupe Summit and the End of the Callaghan Government

(March 1978 to May 1979)

Introduction

The ERW fiasco had exposed the Carter administration's limited ability to lead the Alliance on European security just at the moment when NATO allies faced an increasing military threat from the East. As a result of Washington's mishandling of ERW production, Carter's personal credibility and American leadership suffered serious damage. Restoration of both was the urgent objective of the Carter administration, as was the maintenance of the integrity of the Atlantic Alliance which had obviously been weakened by the disputes of the first six months of 1978.

This chapter examines how Britain's role as mediator functioned after the ERW controversy had calmed down, focusing on the intra-Alliance discussions on the 'grey area' and the modernisation of theatre nuclear forces (TNF). These became the core issues in European security over 1978 and 1979. The grey area included all nuclear systems which ranged across Europe but were not included in the SALT II negotiations. Here was exactly the area in which the Soviets increased their military capability by the deployment of medium-range SS-20 nuclear missiles and the Tupolev strategic Backfire bombers. SALT II's potential outcome amplified anxieties among European allies as this would solidify parity in intercontinental strategic nuclear weapons between the US

and the Soviet Union while leaving them with a nuclear imbalance. Of the allies, it had been West Germany's Chancellor Helmut Schmidt who had rung the alarm about a crisis in the 'Eurostrategic' balance caused by the Carter administration's neglect of grey area weaponry. Primary source-based studies on this subject have very recently appeared, and so far the intra-Alliance discussions on the grey area have been analysed in the context of the dispute between the US and West Germany, its relations with the quadripartite summit meeting at Guadeloupe in January 1979, and NATO's 'dual track decision' made in December of the same year.¹ Historians have to date not considered Britain's role during the grey area discussions. This chapter concentrates first on the Alliance discussion on the grey area and the TNF modernisation from winter to summer 1978. It then considers the period from September to December when the discussions among the Alliance's principal allies, the US, Britain, West Germany and France, converged at the Guadeloupe summit. It suggests that the American and the German view moved closer in terms of the grey area and TNF modernisation by the time of the Guadeloupe summit. One effect of this new congruence was that Britain was left behind. In its final section, this chapter traces Britain's defence policy after the Guadeloupe summit and its aftermath until spring 1979. Here, the dominant issues for London were the risk of isolation as the post-Guadeloupe US-FRG relationship developed.

1. TNF Modernisation and the Grey Area

¹ For example see, Spohr Readman, 'Conflict', pp.39–89; Scholtyseck, 'The United States', in Schulz and Schwartz (eds.), *The Strained Alliance*, pp.333–52; Nuti, 'The Origins', in Nuti (ed.), *The Crisis*, pp.57–71.

When the Alliance was considering the ERW issue throughout the winter and spring of 1978, an important discussion was under way among officials in the High Level Group (HLG) in NATO. As described in the previous chapters, the HLG had its origin in Task Force 10, which was founded as the result of the agreement in the London NATO summit in May 1977. At the NPG meeting in October 1977 in Bari, Italy, Task Force 10 was elevated to the 'High Level Group' under the chairmanship of an American official. By this upgrade, this working group became an important body which led the Alliance discussion on the future of the TNF.²

Substantial discussions in the HLG started from its second meeting in Los Alamos, New Mexico, in February 1978. There, British, Norwegian and West German representatives took the initiative for an agreement on a longer range theatre nuclear force (LRTNF) option to avoid the 'decoupling' of US strategic nuclear forces. In contrast, the Americans preferred the option which emphasised the deployment of shorter range TNF which would not penetrate Soviet territory.³ Readman pointed out that this attitude reflected the Carter administration's unpreparedness for anything other than the option that they preferred and, more fundamentally, that the Americans had not reached a single position.⁴ At the very last minute, the HLG reached a recommendation which stated that there was a case for modernisation and for some strengthening of the relatively scarce longer-range 'in-theatre' element although NATO possessed many theatre nuclear weapons. NATO defence ministers approved this recommendation on the deployment of LRTNF at the NPG at Frederikshavn, Denmark, in April 1978. This meant that the Europeans managed to overcome American reluctance towards

² Readman, 'Conflict', pp.50-1; Bluth, *Britain*, pp.229-31.

³ Readman, 'Conflict', pp.52-5.

⁴ *Ibid*, p.56.

substantial TNF modernisation. Thereafter, the HLG's work concentrated on developing common understanding of the strengthening of LRTNF and on its future options. These efforts did not seem to have American support. In fact, at the Washington NATO summit Carter promised a US commitment to the nuclear deterrent in Europe, but referred only to the idea of modernisation of nuclear weapons. His main emphasis was still on the reinforcement of conventional forces.⁵ Furthermore, senior officials in the White House and the State Department thought that Department of Defense officials went too far away from the current administration's position on what Alliance needed.⁶ Thus even if a consensus was forged in the HLG, the prospect of the TNF modernisation was still bleak in spring 1978.

It was the experience of the ERW fiasco which changed the Carter administration's approach. Its already weakened credibility would be probably fatally damaged by further mishandling of European security. Continuation of such lukewarm attitudes towards the LRTNF could be a source of a further distrust among European allies. For this reason, following Brzezinski's advice, Carter issued Presidential Review Memorandum (PRM) 38 on 22 June which directed the US government to study political and military aspects of possible increased LRTNF capabilities in Europe for strategic strikes on the Soviet Union and 'possible inclusion in future arms control negotiation of long-range theatre nuclear systems'.⁷ As the previous chapter illustrated, British and West German officials shared a view in HLG discussions that given the lack of counter-attack capability against Soviet medium-range nuclear systems, it was urgent and necessary for the Alliance to modernise the TNF with longer range weapons. Thus,

⁵ On Carter's remarks at the NATO Summit in Washington, see Chapter Four.

⁶ Garthoff, *Détente*, p.944.

⁷ JCLM, Long-Range Theater Nuclear Capabilities and Arms Control, 22 June 1978, <http://www.jimmycarterlibrary.gov/documents/prmemorandums/prm38.pdf>.

they pushed reluctant American officials to accept the HLG's recommendation. Key ministers in London also believed that the HLG plan was right and thus argued that Britain should actively commit to the discussion.⁸ These British and West German efforts were an important factor in converting the Carter administration to accept the need for a further commitment to TNF modernisation.

However, the British and West German governments had different ideas about arms control in the grey area. Basically, the forthcoming SALT III talks were a US–Soviet bilateral negotiation. In contrast with the previous SALT and SALT II talks, it was highly likely that the next SALT talks would include grey area systems. As mentioned before, the grey area was roughly defined as all the nuclear systems in Europe not capable of intercontinental operation and not included in the ongoing SALT II talks. In other words, grey area meant all medium-range nuclear systems in Europe including the American forward-based systems (FBS) and Britain's and France's strategic nuclear forces on the NATO side, and the SS-20 and Backfire bomber on the Warsaw Pact side. The Soviets had argued that the SALT III negotiations should include the American FBS and nuclear weapons possessed by other NATO allies, namely the British and French nuclear deterrent. For this reason, the SALT III negotiations more directly affected European in-theatre security than any of the previous superpower talks.

The British government thought from rather an early stage that inclusion of grey area systems in SALT III could disturb the European military balance. As the previous chapter made clear, a meeting of Whitehall Permanent Secretaries on 17 January decided to rewrite GEN 63's study to reach a clear policy conclusion. The Cabinet Office led this revision, taking suggestions from the FCO, Treasury and MOD into

⁸ TNA/PREM16/1571, Mulley to Callaghan, NATO Theatre Nuclear Forces (TNF), 15 May 1978; Owen to Callaghan, NATO's Theatre Nuclear Forces, 30 May 1978.

consideration, as well as the results of Anglo-American official level discussions on 31 January and the NAC on 24 February. The draft revised paper stated that:

It is however very doubtful whether we would succeed in imposing limitations on Soviet systems which would significantly reduce their capability to destroy Europe. Moreover, in return for any Soviet limitations, we might have to accept restraints on NATO systems which would seriously impair the Alliance's military capability (including restraints on the UK nuclear Polaris force), might give rise to political uncertainty about the American commitment to the defence of Europe and would therefore be likely to weaken the security of the Alliance.⁹

For these three reasons, the paper concluded that 'the balance of advantage for the United Kingdom' was 'the continued exclusion of grey area systems from arms control negotiations'. On the other hand, the report argued that all political actors were 'in an evolving position, and we should not take up a wholly rigid position'.

This redrafted paper was considered by Permanent Secretaries on 8 March. The discussion was complicated; it was pointed out that if Britain defined its position at this early stage where many uncertainties remained, it could not respond flexibly to the development of the future negotiations. Yet it was also argued that the paper underrated the seriousness of the European concerns about the Soviet IRBM/MRBM threat. The discussion then focused on the relations between the grey area negotiations and Britain's independent nuclear deterrent in a wider context, or whether Britain should sacrifice its nuclear capability in order to secure a successful conclusion to SALT.¹⁰

⁹ TNA/FCO46/1820, Vile to Kerr, Grey Area systems, 7 March 1978.

¹⁰ TNA/FCO46/1820, Note of a Meeting Held in Sir John Hunt's Room, Cabinet Office, on Wednesday,

However, there was a deep difference of view between the FCO and the MOD. Wilberforce wrote that the FCO was more flexible about the inclusion of grey area systems into arms control negotiations; it also urged ministers to keep doors open for various options in line with the American attitude. But the MOD regarded other options as too dangerous.¹¹ The draft conclusion reflected the MOD's view, but there was no real consensus. For this reason, the paper was submitted to the restricted ministerial meeting as Hunt's personal minute on 15 March. Reflecting the discussion on 8 March, its wording was softened, but Hunt left the draft's conclusion unchanged: 'the balance of advantage for the United Kingdom may for the present lay in the continued exclusion of grey area systems from arms control negotiations'.¹² On 3 April, at the restricted ministerial meeting, four ministers underwrote Hunt's conclusion, but agreed that they should keep this decision under review in light of developing circumstances.¹³ Callaghan publicly declared this view at the UNSSD; he said that while Britain understood the need to consider ways to control nuclear weapons outside SALT negotiations, there were problems at present in 'the inequalities and asymmetries'.¹⁴

West Germany's view was rather different. Schmidt himself was a protagonist for the inclusion of the grey area into SALT III. Since his speech in London at the IISS in October 1977, he had repeatedly argued that while SALT had concentrated on the strategic balance between the US and the Soviet Union, nothing had been done on the nuclear balance in Europe (the 'Eurostrategic' balance) and the situation was being

8 March 1978 at 11.30 am.

¹¹ TNA/FCO46/1820, Wilberforce to Fergusson, Grey Area Nuclear Delivery Systems, 29 March 1978.

¹² Ibid.

¹³ Record of this meeting has not been declassified yet, but a part of its conclusion is available, for example, UPLC/1976-9, Untitled Document, undated (produced in the latter half of 1979); TNA/PREM16/1984, Hunt to Callaghan, Grey Area Systems, 15 November 1978.

¹⁴ For example, see TNA/FCO46/1822, Tebbit to MacDonald, 10 October 1978. On Callaghan's speech on the UNSSD on 2 June, see UPLC/78, The Prime Minister, the Rt Hon James Callaghan, MP, Speaking at the United Nations Special Session on Disarmament in New York on Friday 2 June 1978.

exacerbated by the deployment of the SS-20s and Backfire bombers. When Callaghan and Schmidt met in London on 24 April, the Chancellor strongly argued his case, stressing that grey area systems were strategic for Europe even if not for the Americans, and if they were not included in arms control negotiations then the European military balance could shift towards the Soviet Union ‘in 10-15 years’.¹⁵

The severity of such anxieties over the future of SALT negotiations led Schmidt to commit more directly to grey area talks with the Soviet Union. When Brezhnev visited Bonn in early May, soon after the Anglo-German summit, Schmidt raised the question of the grey area with Brezhnev. He expressed his concern about the disparities in forces and the build-up of tanks and medium-range missiles on the two sides of the iron curtain. Brezhnev’s answer was favourable: he said that ‘the Soviet Union is prepared to reduce all kinds of weapons by agreement between the states without damage to the security of the parties and on a basis of complete reciprocity’. Schmidt at least welcomed the Soviet leader’s remarks.¹⁶ His view was further clarified in a German TV interview soon after Brezhnev’s visit. He argued that the policy of peace should include ‘the essential prerequisite of a policy of equilibrium, balance between military forces’.¹⁷ Schmidt’s active commitment continued. He told Warnke of his worries about the ‘Eurostrategic’ balance again when he visited Washington for the NATO summit at the end of May.¹⁸

London was not happy with Schmidt’s attitude or that of West Germany. As Michael Quinlan, Deputy Secretary of the MOD, told Killick, the Germans ‘have for the present reached a conclusions different from our own on the basic question of whether it is in

¹⁵ TNA/PREM16/1655, Record of a Meeting between the Prime Minister and the Chancellor of the Federal German Republic at 10 Downing Street at 16.30 on Monday, 24 April 1978.

¹⁶ TNA/FCO46/1821, Bonn to FCO, tel.357, 12 May 1978.

¹⁷ TNA/PREM16/1571, Bonn to FCO, tel.346, 10 May 1978.

¹⁸ TNA/PREM16/1571, Ruete to Callaghan, 7 June 1978.

the European interest to have “grey areas” in SALT III’.¹⁹ In addition to these apprehensions over the grey area, what particularly concerned the British was Schmidt’s new found activity on the international stage. Wilberforce pointed out that although Brezhnev’s response was ‘so general’ without concrete proposals, Schmidt was nevertheless going ahead without seeking agreement with the Americans and the British on the inclusion of the grey area into SALT III. He went on to say that Brezhnev’s reference to reciprocity was seen in London as ‘rather displeasing’.²⁰ ‘Reciprocity’ implied the inclusion of Britain’s nuclear deterrent. Moreover, Schmidt’s concept of ‘Eurostrategic’ balance was not supported in London. In his letter to Callaghan, Mulley wrote that the German anxieties about TNF disparities were psychological and political, and their search for parity in medium-range nuclear weapons was ‘practically impossible, politically divisive and militarily unnecessary’.²¹ In other words, London thought that Schmidt’s actions were motivated by faulty reasoning originating from West Germany’s domestic political situation. Moreover, they could endanger NATO nuclear forces. That is to say, if the ‘Eurostrategic’ balance was discussed separately from SALT negotiations, it would decouple theatre nuclear weapons in Europe from American strategic nuclear forces. This ‘decoupling’ would harm NATO’s flexible response strategy which was based on the triad of strategic and tactical/theatre nuclear weapons, and conventional forces. For these reasons Schmidt’s argument was regarded in London as potentially damaging to the interests of the Alliance and of Britain.

¹⁹ TNA/FCO46/1821, Quinlan to Killick, SALT III and Grey Areas, 4 May 1978.

²⁰ TNA/FCO46/1821, Wilberforce to Fergusson, President Brezhnev’s Visit to Bonn: Disarmament and Security Matters, 12 May 1978. This Brezhnev’s vague response seems to reflect the pressure from hard-liners in the military in his own country. Vladislav M. Zubok, ‘Soviet Foreign Policy from Détente to Gorbachev, 1975–1985’, in Leffler and Westad (eds.), *The Cambridge History of the Cold War, Volume III*, pp.104–5.

²¹ TNA/PREM16/1571, Mulley to Callaghan, NATO Theatre Nuclear Forces, (TNF), 15 May 1978; The Hon Peter Jay, interview with author, 12 February 2014.

Moreover, officials were concerned about independent West Germany diplomacy. Anthony Figgis of the Defence Department wrote that he and his colleagues were rather surprised by the fact that Schmidt approached Brezhnev before gaining any agreement with the allies, particularly the US and Britain. Interestingly, he pointed out a significant change in West Germany's attitude; previously the Germans had been circumspect and kept themselves away from decision-making by stating they were not a nuclear-weapon state.²² In addition to the dissatisfaction with Schmidt's lack of consultation, the MOD was particularly discontent with the concept of 'Eurostrategic' balance itself. Desmond Bryars, Assistant Under Secretary of the MOD, criticised Schmidt by arguing that he seemed 'to have a very weak grasp of the strategic as opposed to the political and presentational aspects of seeking to limit SS20 at this stage'. For him, the Chancellor seemed to argue the grey area solely from the political and psychological points of view, and this approach blurred his conception of the military reality. This concern enhanced the feeling in Whitehall that the German view would have to alter. Bryars went on to write that he was encouraged 'by the apparent lack of response by the Chancellor to Mr. Warnke's point that the West has insufficient bargaining chips to achieve a satisfactory deal at this stage'. He hoped 'some further enlightenment might bring him rather closer to our own position than might have been expected'.²³ Bryars' comment shows that there was widespread anxiety in London that political and psychological motives had led the Germans to worry too much about the 'Eurostrategic' balance. Furthermore, Whitehall officials observed that West German behaviour was changing; the Bonn government had started to express its own opinion on European security more openly, mostly through Schmidt. British officials recognised Germany's increasing influence

²² TNA/FCO46/1821, Figgis to Nobury, Anglo/German Talks: Monday 19 June, 13 June 1978.

²³ TNA/FCO46/1821, Bryars to Moberly, Grey Area Systems, 16 June 1978.

but feared that its position on the grey area, which the UK government did not share, might lead to the deterioration of the already fragile European military balance.

The Carter administration had yet to reach a consensus on how to tackle this issue, but from the very beginning intra-Alliance consultation was regarded as critical to its decision making. On 15 May, Gelb revealed his personal thoughts to John A. Robinson, Minister at the British Embassy in Washington. The American said that given the difference of views between Britain and West Germany, it would be useful to have a series of working level bilateral meetings at least between the US, Britain, West Germany, and perhaps France, to 'reconcile' views. He added that he personally thought it was wrong to begin the negotiation on the grey area with Soviet Union before the Alliance had reached agreement.²⁴ While the British welcomed the US proposal,²⁵ they suspected that the Americans had not yet given serious consideration to the grey area problem.²⁶ Clearly the Carter administration was very sensitive about not repeating its failure to develop Alliance consensus on ERW which was, to a large extent, created by lack of consultation with allies. Friction between allies over the grey area had to be avoided so as not to frustrate the restoration of American credibility.

In London, Schmidt's diplomacy prompted ministerial consideration of Britain's position at the political level. Stimulated by Schmidt's argument, Owen envisaged that arms control could be a bargaining card to limit Soviet medium-range weapons, telling Callaghan that:

The Russians may be sufficiently concerned at the prospect of NATO improving its

²⁴ TNA/PREM16/1571, FCO to Washington, tel.2010, 15 May 1978. Successful inner-Alliance consultation was also important for the Carter administration in the light of domestic politics to appeal to the critics of SALT II who argued that the administration failed to consider its full implications.

²⁵ TNA/FCO46/1821, FCO to Washington, tel.1238, 19 May 1978.

²⁶ TNA/FCO46/1821, Washington to FCO, tel.2114, 19 May 1978.

long-range theatre nuclear capability [...] to agree to discuss some form of arms control regime involving both Eastern and Western intermediate range nuclear capabilities in Europe. Some of Helmut Schmidt's recent remarks suggest that the Germans are thinking along these lines [...]. We too should be prepared to consider this possibility.²⁷

However, Owen did find support among his colleagues. Mulley simply repeated the April ministerial meeting's conclusion that:

(G)iven the existing asymmetries, it is difficult to see how a "grey area" negotiation could help us unless we first take steps to develop and acquire the counters with which to bargain. [...] Although Chancellor Schmidt's recent remarks make it necessary for us to review the position in conjunction with our allies, I should be most reluctant to engage in negotiations with the Russians until NATO has built up its hand with cruise missiles or equivalent systems.²⁸

Mulley's reply to Owen justified once again the decision of the April meeting that the grey area should be excluded from arms control negotiations. Nevertheless, Owen argued that this conclusion should not prevent officials from open-minded talks with other allies on this issue. He also suggested that the four ministers should have another restricted discussion as soon as the Germans had reached a conclusion.²⁹ This Mulley-Owen dispute indicates that the MOD view was predominant in Whitehall. It was based on the presumption that the inclusion of the grey area into arms control

²⁷ TNA/PREM16/1571, Owen to Callaghan, NATO's Theatre Nuclear Forces, 30 May 1978.

²⁸ TNA/PREM16/1571, Mulley to Callaghan, NATO's Theatre Nuclear Forces, 9 June 1978; TNA/PREM16/1571, Walden to Cartledge, Grey Area Systems, 23 June 1978.

²⁹ TNA/PREM16/1571, Walden to Cartledge, Grey Area Systems, 23 June 1978.

negotiations would limit the already weaker NATO TNF without making feasible any reductions on the Soviet's overkill capability. For this reason Mulley argued for delay at least until NATO made its mind up on the LRTNF.

The bilateral discussions with the US, West Germany and France were crucial to judge whether Britain's attitude needed to be reviewed again. The first UK-FRG discussion took place on 19 June. While the British side raised their concerns, Jürgen Ruhfus, who led the German team, emphasised that it was necessary for the Alliance to analyse and consult on the grey area before the final decision was made. At the same time, he stressed the psychological and political importance of the increasing threat presented by Soviet theatre nuclear weapons, arguing that 'there were risks that the Russians might one day use their nuclear predominance in Europe to blackmail the West'. Clear divergence of opinion existed between the British and the Germans. But importantly, British officials observed through these talks that despite Schmidt's firm intent to support the inclusion of the grey area in SALT III, the Germans had in fact yet to reach a final decision.³⁰ Schmidt forceful public statements about the 'Eurostrategic' imbalance did not represent widespread consensus in the West German government.

Three days later, on 22 June, the first UK-US talks were held. The Americans declared at the beginning of discussions that they were open-minded about their attitude towards arms control, and that they had no firm position about their approach to SALT III. They were even sympathetic to Britain's position, and confirmed that they were going to issue a unilateral statement if the Soviets pressed for inclusion of the FBS that '(a)ny future limitation on US systems principally designed for theatre missions should be accompanied by appropriate limitations on Soviet theatre systems'. On the other

³⁰ TNA/FCO46/1821, Anglo-German Consultations on SALT Held in the Foreign and Commonwealth Office: 19 June 1978.

hand, the Americans made it clear that German attitudes were an important factor in their deliberations.³¹ They were as yet still undecided about the grey area but were seeking a policy decision and would take Germany's final conclusion into consideration.

Fortunately for the British, they learned in the Anglo-French bilateral talks held on 5 July that French officials took a similar stance to their own. They too saw danger in approaching arms limitation talks by focusing solely on the limitation of Soviet medium-range nuclear forces separately from overall strategic balance because this would ultimately lead to a decoupling of the Alliance's nuclear forces. Likewise, the French shared the British view that the SS-20 missile and the Backfire bomber did not fundamentally change the strategic military balance in Europe. They also had a same concern about how their own nuclear deterrent would be affected by arms control talks.³² It can be assumed that this accordance of view with the French gave the British government confidence in their original line on the grey area and its potentially damaging relationship with their own nuclear deterrent.

During the summer of 1978, American, British, French and German officials were involved in intense contact to determine each others' thoughts on the grey area. Among them the British had formulated their view earlier than other allies. They were very cautious about the inclusion of the grey area into the forthcoming SALT III negotiations for three reasons. First, they were not convinced that this tactic would curb the Soviets' ambitious arms build-up in theatre nuclear forces. Second, they were deeply concerned about the risks to Britain's own nuclear deterrent. Lastly, they thought that inclusion

³¹ TNA/FCO46/1821, Record of a Discussion about Grey Area Systems held at the State Department on Thursday, 22 June 1978.

³² TNA/FCO46/1719, Record of Anglo-French Politico/Military Talks: Foreign and Commonwealth Office, 5 July 1978.

would cast doubt on America's commitment to European defence and this suspicion would shatter Alliance unity. In bilateral negotiations the British always used the first and third arguments to justify their judgement. However, the second was critical to their approach. That is why the Callaghan government stressed the disadvantages of the inclusion of grey area in the future SALT III discussions and tried to influence their allies policies as they reached their formation.

2. The Road to Guadeloupe

While bilateral discussions were taking place among the officials of the four principal NATO member states, the Carter administration continued its inter-agency study on the grey area problem throughout the summer. At first even the British were not fully informed about it.³³ But at the beginning of August Gelb told Robinson at the British Embassy in Washington that the inter-agency study would be completed soon and the Americans wanted to have further bilateral meetings with Britain, France and West Germany. Robinson repeated Britain's view that German concerns were 'essentially psychological and political' and might be 'small compared with the problems which would arise in the same area if negotiations on Grey Area were conducted to a conclusion'. Gelb agreed with this, pointing out that in Washington 'no-one at the highest level wanted to displease the Germans, or to stand up to them'. Gelb's comment implied that the administration did not necessarily wish to tackle the grey area issue from a political point of view, but members 'at the highest level' knew that they had to

³³ TNA/FCO46/1826, Bryars to Reeve, The US Response to Task Force 10, 20 July 1978; Readman, 'Conflict', p.61.

do so because West Germany wanted a solution. Robinson observed from Gelb's comments that the reluctance to displease the Germans 'centred on Carter himself'.³⁴

West Germany's presence seemed to be increasing in the minds of decision makers in the Carter administration. From Brussels, Killick warned that if discussions on the grey area went slowly, Washington might listen more to the German voice. He wrote to Moberly of his growing concern that 'the Germans are expressing their national views to the Americans while being less than open with us about what they are'. He drew attention to the possibility that West Germany envisaged the deployment of 'some kind of counter-balancing force to SS-20/Backfire' even if only as a 'bargaining chip'.³⁵ Killick's anxiety was not necessarily shared in London at this point,³⁶ but it was true that the Bonn government's activism doubtlessly put the West Germans centre stage in intra-Alliance discussions on European security. At this time, American officials told members of the British Embassy that the SALT II negotiations would be concluded by the end of the year.³⁷ If so, even if the attitudes of the FRG and the US were not completely clear, intra-Alliance considerations on SALT III would commence before long and inevitably the grey area would be a subject for discussion.

By September 1978, while the Americans were still cautious about taking a lead on grey area talks, the Germans formulated their own views. In bilateral talks on 14 September, Friedrich Ruth, Assistant Under Secretary of State at the Auswärtiges Amt, told British officials about Bonn's decision. It suggested that first, the SALT III negotiations should be expanded to US and Soviet theatre weapon systems from inter-continental down to those with a range of 1,000km. But negotiations should deal

³⁴ TNA/FCO46/1821, Robinson to Pakenham, SALT, 9 August 1978.

³⁵ TNA/FCO46/1821, Killick to Moberly, 31 July 1978.

³⁶ TNA/FCO46/1822, Quinlan to Killick, TNF etc., 20 September 1978.

³⁷ Ibid.; TNA/PREM16/1572, Washington to FCO, tel.3032, 27 July 1978.

only with US and Soviet systems; third country systems would be excluded. Secondly, the Alliance should have more intensive consultation on SALT. Finally, and importantly, Ruth added that the TNF modernisation alone could not be a card with which to bargain, saying that ‘the time has come to give up the compartmentation of SALT’.³⁸ This meant the combination of TNF modernisation and arms control negotiations, or more precisely a unity of two approaches. Naturally this was not a choice which Britain envisaged. For them, TNF modernisation and arms control negotiations should not be mixed up in light of military considerations. In London, German thinking seemed to be too much affected by political and psychological concerns. For this reason, the British officials were still highly sceptical about German reasoning.³⁹ Interestingly enough, one result was that Whitehall officials felt that Britain’s position and that of France were closer still.⁴⁰

In Washington, the inter-agency study based on PRM-38 was now completed. The report proposed several options to the administration, but its recommendation was the ‘Integrated Force Deployment and Arms Control’ option, which assumed TNF modernisation including the LRTNF and US-Soviet arms control negotiations in parallel.⁴¹ The paper stressed that ‘(i)f the Alliance decides ultimately to make long-range TNF deployments, then they would have to be accompanied by a strong arms control effort, and that both these tracks would be guided by an integrated strategy’.⁴² Quite importantly, the main reason of this choice was the administration’s concern about the FRG’s attitude. The study indicated that the SS-20s themselves were

³⁸ TNA/FCO46/1822, Anglo-German Consultations on Grey Area systems Held in the Foreign and Commonwealth Office, 14 September 1978.

³⁹ TNA/FCO46/1822, Clay to Wilberforce, SALT: Grey Area Systems – FRG Views, 15 September 1978.

⁴⁰ TNA/FCO46/1822, Quinlan to Killick, TNF etc., 20 September 1978; Moberly to Killick, 27 September 1978.

⁴¹ National Security Archive, George Washington University (hereafter NSA), Dodson to Mondale et al., SCC Meeting, PRM-38, Tuesday August 22, 1978, 18 August 1978: <http://www.gwu.edu/~nsarchiv/nukevault/ebb301/doc01.pdf>.

⁴² Ibid.

not militarily a serious threat. Rather, political handling of German concerns arising from the SS-20s was far more significant. It stated that the SS-20 problem catalysed and symbolised Germany's long-standing anxieties, held since Carter's inauguration, about the US commitment to nuclear defence. With this understanding, the report judged that '(t)he political-military character of the problem rules out pure-arms control and pure-deployment approaches. If we decide to do one, we must do both.'⁴³ For this reason, it argued that pure arms control would be unable to constrain Soviet TNF deployment and that the Alliance's TNF deployment alone was 'politically unacceptable for the Germans' and would make East-West relations unstable. Brzezinski later recalled that he was 'personally never persuaded that we needed TNF for military reasons', but he was 'persuaded reluctantly that we needed it to obtain European support for SALT'.⁴⁴ This decision was apparently motivated by political reasons to tame German apprehensions, relieve the anxieties of other European allies, and to gain support for US policy towards European security.

By the end of September, the White House accepted the report's recommendations.⁴⁵ This was an important change in US policy. As mentioned above, the upper reaches of the Carter administration had not made clear their attitude towards the HLG's recommendation that the deployment of LRTNF was necessary. As a reflection of this point, US officials retained an open-minded stance and some key figures were even sympathetic with Britain's position. Nevertheless, what is important here is that the decision to accept an 'integrated strategy' was based on political rather than military

⁴³ Ibid.

⁴⁴ Brzezinski, 'East-West Relations: Strategic Crossroads', *Dialogue*, no.30/1 (Summer/Fall 1982), p.21, quoted from Garthoff, *Détente*, p.945.

⁴⁵ Auten, *Carter's Conversion*, p.229; Bluth, *Britain*, pp.231-2; Garthoff, *Détente*, p.944.

considerations.⁴⁶ The main purpose here was to relieve European allies' worries caused by the increasing threat posed by Soviet medium-range systems. Particularly important was to ease West Germany anxieties and suspicions about the Carter administration's attitude towards European security. The administration could not be convinced of the allies' full backing for SALT II unless they alleviated their apprehensions about the future of European security after the conclusion of SALT II. Moreover, the Carter administration feared that West Germany's concerns would extend to the other European allies and render the Alliance, and also East-West relations, unstable. It is notable that there was a view in the administration that West Germany saw 'a need for arms control as at least a "cover", if not a complement NATO deployment'.⁴⁷ In other words, the administration assumed that while the Chancellor wanted TNF modernisation at heart, he was forced to place emphasis on arms control because of the anti-TNF mood in his country. However, the Americans underestimated Schmidt's strong hopes for stability in Europe; as this chapter will reveal, this issue became a source of dispute between Carter and Schmidt in Guadeloupe in January 1979.

Formally, the Americans kept saying they were open-minded about Alliance consultations. But the Carter administration began to approach Britain and West Germany based on its new policy. On 5 October, the second UK-US bilateral meeting took place in Washington. The long discussion revolved around the 'integrated strategy'. There was general consensus on the necessity of TNF modernisation, but views clashed on its relation to arms control. Moberly restated the British view saying that 'arms control could not solve everything by itself, nor at present could we see a favourable

⁴⁶ Garthoff rightly pointed out this. See Garthoff, *Détente*, p.945.

⁴⁷ NSA, Ericson and Vest to Vance, SCC Meeting on PRM-38, August 23, 16 August 1978: <http://www.gwu.edu/~nsarchiv/nukevault/ebb301/doc02.pdf>.

outcome from an arms control negotiation'.⁴⁸ UK and US officials differed on the question of when arms control negotiations should start. While the Americans argued that they should be done in parallel with TNF modernisation, the British thought that they should follow one after the other.

At this point, the White House also began to take the initiative on top-level Alliance consultations. On 21 September, Brzezinski told Jay that he was planning to visit Britain, France and West Germany at the beginning of October and wished to see Callaghan in private to talk about problems on East-West relations.⁴⁹ As Callaghan would be at the Labour Party Conference in Blackpool during Brzezinski's planned arrival in London, the American agreed to fly to Blackpool to see the prime minister on 4 October. The purpose and significance of Brzezinski's visit became clear in the meeting. He told Callaghan that Carter was determined not to repeat the disputes over the Multilateral Force (MLF) in the sixties 'in which the US had prepared a complex and sophisticated response to a perceived strategic problem only to have it rejected by the Europeans'. Nor did he want to repeat the ERW fiasco 'which had suffered from totally inadequate Alliance consultation and even more from bad public relations work'. For this reason, Brzezinski continued, Carter wished to initiate serious discussions on the grey area at the 'highest political level' on three aspects: the nature of the problem, the response which it required, and the relationship between this response and arms control policy.⁵⁰

Brzezinski's continued his analysis by describing the origin of the problem in European fears about the decoupling of the US nuclear deterrent and the perception of

⁴⁸ TNA/FCO46/1824, Record of Discussions in the State Department on Thursday 5 October; TNA/FCO46/1822, Moberly to Duff, Anglo-US Discussions on "Grey Area", 13 October 1978; NSA, State Department to U.S. Embassy London, cable 258185, 'TNF Bilateral with UK', 11 October 1978: <http://www.gwu.edu/~nsarchiv/nukevault/ebb301/doc03.pdf>.

⁴⁹ TNA/PREM16/1911, Washington to FCO, tel.3755, 21 September 1978.

⁵⁰ TNA/PREM16/1911, Record of a Conversation between the Prime Minister and Dr. Brzezinski in the Imperial Hotel, Blackpool on Wednesday 4 October at 1000 hours.

the 'European strategic balance'. Resolution would come in an exchange of views at the highest political level 'which would give proper emphasis to the political as well as to the strategic dimension of the problem'. With this assumption, Brzezinski implied possible responses such as the deployment of GLCMs in Europe and the upgrading of the Alliance's IRBM/MRBM – the Pershing missile – by extending its range. He then referred to the implications of TNF modernisation for arms control negotiations. He told Callaghan that in SALT III the Americans would have to discuss tactical nuclear weapons with the Russians. The question was whether this issue should be raised before or after the deployment of these new nuclear weapon systems. He added that '(t)his would be an important political issue'.

Brzezinski repeated this importance of an informal quadripartite meeting to Jay on 26 October. He added that preparations should be carried out within 'White House channels' under the direct supervision of the heads of governments concerned. Yet he stressed that although Carter thought that such a meeting would be very useful, he did not want to be regarded as a protagonist of it and preferred that the Europeans to take a lead.⁵¹ Carter remained cautious about appearing as the leader of a quadripartite summit meeting which dealt with nuclear issues and arms control problems. This secrecy could be understood in the context of SALT II negotiations. If Carter invited the major European leaders to discuss European security when the SALT II negotiations reached their final stages, it would doubtlessly provoke the Soviets and risk delay in the talks once again.

In London, ahead of the imminent UK–FRG summit where these topics would inevitably arise, No.10 asked officials for advice on how to handle Brzezinski's

⁵¹ TNA/PREM16/1984, Washington to FCO, tel.4195, 20 October 1978 and tel.4261, 26 October 1978.

proposal.⁵² Consequently, on 10 October, arms control experts in the Cabinet Office, the FCO and the MOD met.⁵³ They generally supported the prospect of a quadripartite meeting, but did not like the idea of an 'integrated strategy'. This position was predictable given officials' attitudes over the past six months since GEN63's conclusion was approved by the restricted ministerial meeting on 3 April. It was pointed out in the meeting that the Americans 'saw TNF modernisation as a possible response to the political problems and were moving towards an integrated strategy for dealing with strategic requirements and arms control policies'. Officials nevertheless added that 'we should avoid a situation in which political problems of perception overshadowed the real strategic problems'. For this reason, they argued that Callaghan should try to persuade Schmidt in the forthcoming bilateral meeting that political issues were 'secondary problems'. In addition, it was hoped that France would be involved in studies on the grey area as the French position mirrored that of the British. France could be a 'useful ally' to press Britain's line on the US and West Germany as well as to resist any proposal for the inclusion of the national independent nuclear deterrent into SALT III. Thus the British needed to think about how to secure Giscard's participation as France had been reluctant to participate in NATO multinational discussions. With these thoughts in mind, the meeting concluded that Callaghan should remind Schmidt that no decisions should be taken on grey area issues at least until TNF modernisation was completed. Moreover, the prime minister needed to confer with the Chancellor about how to involve the French president in quadripartite discussions.⁵⁴

When Callaghan met Schmidt in Bonn on 19 October, the greater part of their

⁵² TNA/FCO46/1822, Cartledge to Walden, The Prime Minister's Conversation with Dr Brzezinski on 4 October: Grey Area Systems, 5 October 1978.

⁵³ TNA/PREM16/2049, Washington to Bonn, tel.5, 18 October 1978.

⁵⁴ TNA/FCO46/1822, Minutes of a Meeting held in Conference Room E, Cabinet Office on Tuesday 10 October 1978 at 11.00am.

conversation focussed on the grey area debate. It was an important occasion to reveal what Schmidt himself thought about the 'Eurostrategic' balance. Schmidt talked at length about his understanding of the problem. He was not at all happy with current SALT II negotiations; strategic thinking in Britain and France tended to be prejudiced because of their nuclear deterrents; Nixon and Kissinger had made a 'strategic error' by launching SALT and excluding medium-range weapons which were 'strategic' across a 'vast area of Europe'. What was worse for the Germans was that the Carter administration 'compounded the Nixon/Kissinger error by excluding from the negotiations bombers of less than inter-continental range'. Schmidt's criticism continued. Since Germany did not possess nuclear weapons, its strategic thinking was different from that of Britain and France as well as the US. Moreover, West Germany was more vulnerable to nuclear threat. But the US administration did not recognise this fact sufficiently. The Americans were thinking of increasing the range of Pershing missiles but such a move offered 'no solution to the problem'. What Schmidt wanted was 'a strategic balance which would prevent nuclear weapons from being pointed at the FRG'.⁵⁵

Nevertheless, in contrast with his previous statements, the Chancellor did not seem to hold a firm view on solutions to these problems. When Callaghan asked why he wanted to include the grey area in SALT III, he stressed that he was not sure if he wished to press for it even if he was convinced that this should be discussed by the Western countries. Schmidt added that 'the question to tackle was that of what bargaining chips the West could set against the Soviet grey area systems'. He admitted that it could be an option for the West to produce and deploy grey area weapons and

⁵⁵ TNA/PREM16/1657, Record of a Conversation between the Prime Minister and Chancellor Schmidt in the Federal Chancellery, Bonn, on 19 October 1978 at 0935.

then offer to stop in return for a reduction in equivalent weapons on the Soviet side, but could not accept that the FRG would become the only country in which cruise missiles were deployed.⁵⁶

In response, Callaghan simply repeated Britain's view that it was in the same situation in terms of the threat of theatre nuclear weapons, but that Soviet superiority in grey area systems was too enormous to make them a bargaining chip in arms control negotiation.⁵⁷ In the end, Callaghan was unable to persuade Schmidt to change his position on grey area problems. But Schmidt's eloquence at least gave the British a clue as to what exactly he thought about the issues, which would help Britain's final policy decision. In addition, the meeting revealed that both Callaghan and Schmidt were in favour of a four-power summit meeting. They agreed that for the subsequent summit meeting the officials of both countries should jointly define the range of grey area systems and assess the balance between East and West.⁵⁸ British policymakers regarded this German attitude as a sign of 'the relative flexibility and open-mindedness' compared with Schmidt's lecture at the IISS the previous year. From Bonn, Bullard told Moberly that 'the effort that you and others have put into explaining the problems of any negotiations has clearly had a powerful effect'.⁵⁹

Meantime, regardless of Britain's scepticism, the Americans reached their own view. In a meeting in Brussels on 18 October, the US Secretary of Defense Brown pointed out to Mulley that the US no longer had the advantage in strategic weapons, and this new situation caused 'military and psychological problems'. Thus, he continued, the Alliance should have 'firm plans [...] for deploying medium-range nuclear weapons' before the

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ Ibid.

⁵⁹ TNA/FCO46/1822, Bullard to Moberly, Grey Areas: The FRG Attitude, 9 October 1978.

arms control negotiation began. On this point UK and US positions were more or less same. But Mulley opposed the start of arms control negotiations triggered by a psychological rationale, and confessed that the British felt that ‘American thinking was moving towards the German position’. Brown parried by stressing that what was important was the ability of the Alliance ‘to demonstrate its political will by [a] step by step process of escalation up to an exchange of central nuclear systems. To maintain this step by step approach, we should have credible long range systems in Europe’.⁶⁰ Clearly, the Carter administration was no longer opposed to TNF modernisation.

Furthermore, on the following day, the West German Defence Minister Hans Apel told Mulley that if ‘the West had nothing with which to negotiate, it was necessary to create new European-based capabilities’. He then added that ‘(i)t was essential for Britain, the United States and Germany to consider the political aspects of this matter before specific decisions were taken’.⁶¹ Although Schmidt showed some flexibility in his thinking on the grey area, the Germans still clearly preferred the termination of ‘compartmentation’. On the other hand, in the second UK-French bilateral meeting on 3 November, French officials repeated their earlier concerns. But they made it clear once again that they were not going to be involved in NATO’s TNF modernisation even if they acknowledged the HLG’s conclusion.⁶² In this situation, President Giscard’s attendance at the quadripartite summit was essential to strengthen Callaghan’s position in the discussion, even if the French were not going to be involved in the intra-Alliance talks.

⁶⁰ TNA/FCO46/1823, Record of Discussion between S of S and US S of D at Palais D’Egmont, Brussels on 18th October.

⁶¹ TNA/FCO46/1823, Note of a Meeting between the Defence Secretary and the Federal German Minister of Defence Held in the Palais D’Egmont, Brussels on 19th October 1978 at 9.45am.

⁶² TNA/FCO46/1823, Record of Meeting Held at the Quai D’Orsay, Paris, on Thursday 2 November 1978.

These meetings showed that the four countries were at least in agreement about the necessity of TNF modernisation. But in terms of its link with arms control, or the inclusion of grey area systems in SALT III negotiations, while the US and West Germany wanted the 'integrated strategy', Britain was still reluctant, if not opposed, to it. Apart from this concern, the British already knew that the French view was closer to theirs but it was not clear whether Giscard would accept Carter's proposal. Brzezinski told Jay that Francois-Poncet, Secretary General of the Elysee, thought that if a French island was chosen as the venue for the meeting, the situation might be eased.⁶³ Ultimately, the choice of Guadeloupe was regarded as an important factor to lure Giscard to the summit meeting.

In the Callaghan government, Owen was stimulated by the American proposal and started arguing for a re-evaluation of the April 3rd approach to arms control negotiations. The foreign secretary envisaged using the development of cruise missiles and other medium-range systems as negotiating leverage to limit equivalent Soviet systems.⁶⁴ This was close to the strategy which the US and the FRG were arguing. Bearing these considerations in mind, Callaghan held a restricted ministerial meeting at the Prime Minister's Office on 17 November for the first time since April. He said that it was now necessary to study this problem in the context of the relations between the US and Europe as well as between NATO and the Soviet Union. Importantly, Callaghan added that TNF modernisation and the arms control negotiations were 'two sides of the same coin'. Nevertheless, it was argued that as long as the current military balance was maintained in Europe, based on the linkage between strategic and tactical nuclear weapons and conventional forces, there was little likelihood of aggression. This

⁶³ TNA/PREM16/2049, Washington to FCO, tel.4261, 26 October 1978.

⁶⁴ TNA/PREM16/1984, Walden to Cartledge, Grey Area Systems, 13 October 1978.

assumption apparently rested on the consideration in the British government that the deployment of SS-20s and Backfire bombers did not make any major qualitative change to the Soviet military threat.⁶⁵ Regardless of this estimation, Britain's nuclear deterrent, and that of France, remained highly significant in East-West politics:

The uncertainty the aggressor had to face was increased by the possibility that the United Kingdom or France might use their nuclear forces. This gave added strength to the Alliance's deterrent strategy. Leading Americans had in the past been divided about the value of the United Kingdom's and French nuclear forces [...] But an independent United Kingdom nuclear force had definite advantages both for us and for the Alliance as a whole. We had a common interest with the French in the future of our independent nuclear forces.⁶⁶

For this reason, it was argued that the inclusion of grey area systems would be dangerous as it would bring 'decoupling' through a separate discussion on the 'Eurostrategic' balance. In principle, that discussion troubled the British as it was likely to affect adversely their country's independent nuclear deterrent. It was pointed out that although the Americans were floating the idea that once the Alliance decided on the TNF requirement they should require the limitation of Soviet theatre nuclear forces, it was 'questionable whether a bargain could be struck on this basis'. Nevertheless, probably because of Owen's request in the same meeting, the development of cruise missiles was discussed. As mentioned before, cruise missiles were important for the British as they were regarded, particularly by the Foreign Secretary, as an option for the

⁶⁵ TNA/FCO46/1824, Wilberforce to Moberly, 23 November 1978.

⁶⁶ TNA/PREM16/1984, Note of a Meeting held at 10 Downing Street on 17 November 1978, at 10.00am.

next generation nuclear deterrent after the Polaris force. In this context, there were increasing suspicions about the Carter administration's handling of SALT II negotiations. It was pointed out that it was a 'gross error' of the Americans that they had decided to include cruise missiles in the SALT II Protocol without sufficient intra-Alliance consultations. The record of meeting reveals clear dissatisfaction among the ministers about the credibility of the US administration and its skill to negotiate a crucial issue of European security:

(T)his decision and other developments in the course of the SALT II negotiations had cast doubt on the extent to which we could rely on being consulted adequately in advance by the Americans on matters which affected Alliance interests. For this reason we should not support the idea of grey area systems being discussed between the United States and the Soviet Union on [a] bilateral basis in SALT III.⁶⁷

Given political and practical reasons, it was suggested that deployment of GLCMs in Britain was not probable, but there was a 'strong case' for SLCMs as a possible option for the post-Polaris nuclear deterrent.⁶⁸ A final decision on these matters was not reached by ministers in their meeting; that was postponed because Callaghan wanted to know of the results of the study by officials on the future of Britain's nuclear deterrent. While the US and West Germany revised their views, the British were still cautious about departing from their earlier conclusion. This fact indicates that priority for key British ministers was the future of Britain's nuclear deterrent rather than the problems thrown up by TNF modernisation and grey area systems. As will be seen later in this

⁶⁷ Ibid.

⁶⁸ Ibid.

chapter, the replacement of the Polaris force became the central issue of discussion in the government on Britain's defence policy.

As the British postponed a final decision on their view of the form of SALT III, the Americans continued with their initiatives. The Alliance discussed the issue for the first time in the NAC on 20 November. The French decided not to take since they did not wish to be involved in the discussion on TNF modernisation. W. Tapley Bennet, the US Permanent Representative, reiterated that the Alliance should be prepared for TNF issues 'which were likely to arise in SALT III' and proposed further discussions early the following year. Pauls, the German Permanent Representative, said favourably that dual consultations would add 'a new dimension to the SALT consultations'. His Auswärtiges Amt colleague, Ruth, then proposed the establishment of 'an analytical study of the overall East/West nuclear balance comprising all significant systems and which would illustrate the essential linkage between the various elements'. This would, he continued, complement the TNF modernisation and be consistent with 'the spirit of Harmel Report', the 1967 seminal NATO document. Furthermore, he added that this would show the public that the Alliance approached defence improvement and arms control 'in an integrated manner'.⁶⁹

The British remained cautious. Speaking for the Callaghan government, Moberly repeated its doubt that inclusion of the grey area in SALT III held any advantages. Likewise he was sceptical about whether the Alliance could reach a firm position on possible arms control options before having a clearer idea on TNF modernisation in the light of the HLG. However, Moberly's view was in the minority in the permanent

⁶⁹ TNA/FCO46/1823, Glitman to Luns, 17 November 1978; UKDN to FCO, tel.445, 21 November 1978; Speaking Note Used by Mr Moberly on 20 November 1978; FCO46/1827, Killick to Moberly, Council Discussion of TNF Modernisation, 20 November 1978.

representatives' discussions. Except for the Dutch delegate, all other allies supported the 'integrated strategy' which Bennet had suggested. Paul C. H. Holmer, Minister at the UKREP, wrote to London that the discussion was 'an important first step'.⁷⁰ Intra-Alliance discussions had started to move forwards and, due its indecision, Britain was being left behind.

Although the French made it clear that they were not going to involve themselves in Alliance cooperation in the LRTNF or arms control negotiations, it was still critical for the British to persuade Giscard in the November annual Anglo-French meeting to accept Carter's idea of summit meeting. On 24 November Callaghan arrived in Paris and observed that regardless of what French officials had been saying, Giscard himself had not made up his mind on grey area systems or the future deployment of cruise missiles in Europe. Callaghan thought that Britain was 'considerably in advance' of the French on these matters.⁷¹ Apart from the grey area problem, Giscard accepted Carter's idea of a quadripartite summit and confirmed that he was willing to host it in Martinique. From the beginning, a venue in a French territory in the Caribbean Sea was assumed, but in the end it was changed from Martinique to Guadeloupe, as the latter was less accessible to prevent press speculation more effectively.⁷²

Now the attitudes of the US, West Germany and France were almost clear. Most of the allies had showed their support for the Carter administration's integrated approach. Britain's contrary approach had not, however, gained significant followers. How did the Labour government and Callaghan himself respond to this situation?

⁷⁰ Ibid.

⁷¹ TNA/PREM16/1984, Cartledge to Hunt, The Prime Minister's Discussions with President Giscard in Paris on 24 November: Grey Areas, 27 November 1978.

⁷² TNA/PREM16/2049, Cartledge to Callaghan, Quadripartite Meeting, 2 December 1978.

3. The Guadeloupe Summit and the End of the Callaghan Government

On 4 January, the four leaders gathered on the French island of Guadeloupe. The details of the quadripartite meetings have to some extent already been revealed by the memoirs of the participants.⁷³ Readman has pointed out that German documents on the meetings were reliable and detailed in comparison with these sources.⁷⁴ Yet, the records in British documents are generally consistent with these German materials and depict the Guadeloupe discussion vividly. This final section of the chapter reconstructs the meeting by referring to British and German primary sources.

There were three meetings on 5 and 6 January and the main topics of discussion were politico-military problems (economic issues were excluded from the agenda as they would be discussed in the Tokyo economic summit later in the year). Needless to say, SALT and the grey area were the core subjects of debate. On SALT II, there was consensus among European leaders to offer Carter their support towards its ratification. Carter told Callaghan, Giscard and Schmidt that after resolving the outstanding SALT issues, a final US-Soviet summit meeting would take place at the end of February. Consequently, time was extremely short. After hearing this, Callaghan said that Brezhnev's successor should come to power 'against a reassuring rather than a threatening international background'. For this reason Callaghan argued that Giscard, Schmidt and himself should support the ratification of SALT II 'whatever private reservations they might have'. Schmidt accepted this proposal, despite his doubts, and

⁷³ Callaghan, *Time*, pp.546–50, Schmidt, *Men*, pp.189–91, Carter, *Keeping*, pp.234–6; Valéry Giscard d'Estaing, *Le Pouvoir et la Vie*, vol.2 (Paris: Compagnie 12, 1991), pp.378–81.

⁷⁴ Readman, 'Conflict', p.72. Horst Möller et al. (eds.), *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland 1979* (hereafter AAPD/1979) (Munich: Oldenbourg, 2010), vol.1, doc.2.

Giscard followed him. Cater was delighted saying that it was ‘worth his while to come to Guadeloupe solely to hear’ what Callaghan had said.⁷⁵

Nevertheless, this accord did not last long. Callaghan wrote in his memoirs that ‘(i)f President Carter had hoped that the three European leaders would arrive in Guadeloupe with a clear position and a united voice he was soon disillusioned’.⁷⁶ At the second session held in the afternoon on 5 January, stark divergence emerged on SALT III and the grey area. Here was when Carter put the American proposal: the US would deploy LRTNF (Pershing II and GLCMs) to Europe to gain the necessary leverage to negotiate on the SS-20 with the Soviets. But, he added, if the Europeans wanted negotiations on the SS-20 they should accept deployments on their territory.⁷⁷ This attitude clearly derived from a lesson Carter had learnt during the ERW fiasco. Back then, he had failed to get prior confirmation on his proposals from European allies. This time, it would be different.

Callaghan immediately provided his support. This was, in fact, a significant change of the British policy which had been in place since spring 1978. The prime minister said that Britain had been reluctant to see the inclusion of grey area systems in arms control negotiations, but since the SS-20s were capable of destroying London and other European cities, they were ‘as much strategic as [those missiles] targeted on the US’. Giscard remained reserved but argued that early agreement on the grey area would bring a decoupling and unbalancing effect. Thus, he was against Carter’s idea unless the Alliance developed something which could be a negotiating card on the SS-20s.

⁷⁵ TNA/PREM16/2050, Four-Power Discussions in Guadeloupe 5/6 January 1979: First Session, on Friday 5 January 1979 at 0930; UPLC/1976–9, Untitled Document, undated (produced in the latter half of 1979); Callaghan, *Time*, p.547.

⁷⁶ Callaghan, *Time*, p.547.

⁷⁷ TNA/PREM16/2050, Four-Power Discussions in Guadeloupe 5/6 January 1979: Second Session, on Friday 5 January 1979 at 1630 hours; UPLC/1976–9, Untitled Document, undated (produced in the latter half of 1979); AAPD/1979, vol.1, doc.3.

However, he added that it was a matter for NATO members rather than France which had its own capability to develop GLCMs. In addition, he made it clear that in any case French nuclear forces were not included in SALT III. Giscard's declaration was entirely predictable given France's long-standing nuclear defence policy. However, as long as Giscard kept this line he could not commit to the discussion on NATO's countermeasures against the SS-20s. As Callaghan and Giscard had showed their hands, all rested on Schmidt's response and thus there was a real hardball discussion between him and Carter. The Chancellor was rather pessimistic. While he emphasised the importance of parity, he criticised US administrations since Nixon for their acceptance of the exclusion of SS-20s in SALT II; he pointed out that with the predominance of the Soviet SS-20s Germany was most likely to be the only battlefield under NATO's current flexible response strategy. Based upon this dismal prospect, Schmidt made it clear that West Germany would support the deployment of the LRTNF on German soil only if at least one more NATO country did the same.⁷⁸

With such divergence among his European allies, Carter confessed that he was 'disturbed'. His confusion was increased when Giscard suddenly proposed the exclusion of grey area systems from SALT III. Carter then told his fellow leaders that although the Europeans had crucial interests in SALT III, he had not got 'any clear message from the meeting as to what [they] wanted'. Since he was to meet Brezhnev at the end of February he needed an immediate conclusion. That was vital not only to the success of the SALT negotiation, but also more importantly to his image as the leader of the Alliance. The memory of the ERW fiasco cast a long shadow over the president's outlook. Carter told Callaghan, Giscard and Schmidt that he was unwilling to spend the

⁷⁸ Ibid.

US budget on Pershing II ‘in the hope that someone would agree to its deployment’.⁷⁹ Consequently, he wanted confirmation from the European leaders of their actual commitment to this new weapon system. As the previous chapter explained, Carter had decided to defer development of ERW because he thought there was no wholehearted support for it in Europe.⁸⁰ At Guadeloupe, the firmness of his attitude reflected his determination that he was not going to repeat the same experience again. The onus now rested on European shoulders.

At this point Callaghan suggested a compromise. He proposed that the grey area question should be approached in the following way; when Carter and Brezhnev met at the end of February, Carter should inform Brezhnev of his concern about the increasing number of SS-20 missiles. His aim should be to raise this question in an entirely non-committal way to suggest negotiations on the modernised FBS in Europe and the SS-20s while leaving the option open of their inclusion within the SALT III framework. If Brezhnev responded favourably, the Alliance would consider this problem further, including the deployment of GLCMs as a bargaining card.⁸¹

The first day of the Guadeloupe talks ended up at this point. What Carter proposed on the next day was largely based on the British prime minister’s idea. He told the three European leaders that he would make it clear that ‘any discussion of US forward base systems would have to be on the basis of their probabl[e] modernisation, rather than the status quo, and he would take care not to jeopardise any European interests or agree at this stage to the inclusion of any European-owned weapons in the negotiation’. The president’s formula had thus carefully included what the European leaders had

⁷⁹ Ibid.

⁸⁰ Carter, *Keeping*, pp.226–7.

⁸¹ TNA/PREM16/1984, Extract from Four-Power Discussions in Guadalupe 5/6 January 1979: Second Session, on Friday 5 January 1979 at 1630 Hours; UPLC/1976–9, Untitled Document, undated (produced in the latter half of 1979).

demanded on the previous day. And, as a result, Callaghan, Schmidt and Giscard agreed.⁸²

Carter wrote in his diary that the discussion was inconclusive.⁸³ Callaghan also recalled in his memoirs that the four leaders did not reach an agreement on grey area problems.⁸⁴ However, as Readman and Nuti have pointed out, the meeting marked a significant political step which shaped the embryo of NATO's dual track decision which was taken in December of the same year.⁸⁵ The four leaders did not reach consensus, but at least they agreed to proceed with the deployment of LRTNF and the negotiation of grey area systems in parallel. As such, the Guadeloupe summit was important in that it also exposed Britain's stance on the grey area. Callaghan gave Carter his consistent support from the beginning of the summit. When Carter faced opposition from Schmidt and Giscard, Callaghan mediated between them, particularly between Carter and Schmidt, and brought that sharp dispute to a conclusion. In this process, Callaghan's attitude towards Schmidt's reluctance on the deployment of LRTNF on the German soil was noticeable. Considering the difference of understanding between Carter and Schmidt on stability in Europe, this difference in opinion was rather inevitable. As the PRM-38 study had indicated, the Carter administration thought that Germany's wish for arms control was just a 'cover' for its interest in TNF modernisation. As a consequence, from Carter's perspective, Schmidt should accept his new offer wholeheartedly to ease political and psychological worries in Germany. While for Schmidt, the security of his country was as important as the TNF modernisation. He explained the reason for his approach in his memoirs: the only bargaining chip for the Alliance was to declare the

⁸² TNA/PREM16/2050, Four Power Discussion in Guadeloupe 5/6 January 1979: Third Session on Saturday 6 January 1979 at 0900; AAPD/1979, vol.1, doc.4.

⁸³ Carter, *White House*, p.275.

⁸⁴ Callaghan, *Time*, p.550.

⁸⁵ Readman, 'Conflict', p.73, Nuti, 'The Origins', pp.66-7.

possible deployment of intermediate range missiles. The Soviet Union would, in the meantime, deploy a propaganda campaign with West Germany as its most likely principal target. Therefore, he thought that other allies should be ready to deploy the new American missiles on their soil in case Germany could not accept them.⁸⁶ It was important that West Germany and the SPD, Schmidt's own party, were already severely divided on nuclear issues over this period.⁸⁷ In this sense, nuclear deployment burden sharing would assist Schmidt by alleviating criticism from opponents in Germany. Thus, to secure stability in European security and in his country, there was no room for compromise. The German Chancellor's stance was thus inflexible and necessarily so from his point of view. To Callaghan, however, it made Schmidt's position 'the most illogical' in the discussions on SALT III and the grey area.⁸⁸ Clearly he did not share Schmidt's concern and instead shared Carter's view. This fact explains why Callaghan gave Carter the support required to achieve progress at Guadeloupe on the SALT II agreement and the 'integrated strategy'. His intervention in favour of the United States, and as an arbiter between it and Germany, pulled the Guadeloupe summit back from the brink of breakdown.

However, it is striking that Callaghan's initial thoughts on the grey area and arms control were not the same as those of the Carter administration, particularly on its proposals for an 'integrated strategy'. Nevertheless, Callaghan followed Carter's line in the Guadeloupe meetings. Considering Britain's previous policy approach, this was a significant change. Since April, the British government's line was simply defined as 'TNF modernisation first, arms control second'. There was no opposition to arms

⁸⁶ Schmidt, *Men*, pp.189–90.

⁸⁷ Readman, 'Conflict', pp.70–2.

⁸⁸ UPLC/1976–9, Untitled Document, undated (produced in the latter half of 1979).

control itself but there was towards running it in parallel with TNF modernisation.

Callaghan's memoirs offer the following explanation for his change of mind:

[The exclusion of grey area] remained our official position, but new systems had been developed by the Soviets and the SS20 could devastate London as readily as Bonn, Hamburg or Paris. I was personally beginning to modify my thinking and was ready to have the Cabinet Defence Committee examine a proposition that the whole range of weapons on the Western side, including both strategic and Grey Areas, should be brought under one negotiating umbrella for SALT III.⁸⁹

Accordingly, during the Guadeloupe discussions, Callaghan came to the conclusion that the grey area was a strategic problem. However, his recollections did not explain why he changed his mind at this point, or why the advantages of grey area inclusion exceeded the disadvantages. In the records of two restricted ministerial meetings, which took place immediately before the Guadeloupe summit, there was no sign that the four ministers discussed modification of their decision.⁹⁰ It nevertheless seems that Callaghan and Owen had agreed on this modification before the prime minister left for Guadeloupe and that this important change was theirs.⁹¹

There are several possible reasons for these developments. The first is that by this time British ministers had begun to think that the military problem caused by inclusion could be overcome. Immediately before the first briefing for the four ministers held on 21 December, as the result of the Vance-Gromyko talks in Vienna, the Carter

⁸⁹ Callaghan, *Time*, p.549.

⁹⁰ TNA/PREM16/1978, Note of a Meeting Held at 10 Downing Street on Thursday 21 December 1978 at 9.45 am.; TNA/PREM16/1978, Note of a Meeting Held at 10 Downing Street on Tuesday 2 January 1979 at 11.00am.; UPLC/1976-9, Untitled Document, undated (produced in the latter half of 1979).

⁹¹ TNA/PREM16/2050, Bridgetown to FCO, tel.34, Callaghan to Owen, 8 January 1979.

administration assured the British that SALT II would not include the no-circumvention provision of the US nuclear technology and they would refuse any interpretation by the Soviets that the UK deterrent would be included in the forthcoming SALT III.⁹² Furthermore, given the NATO Council discussion on 20 November, it was likely that the deployment of the LRTNF to Europe would be approved by the Alliance. However, at that point, the Alliance had yet to have a clear view on TNF modernisation, which should be the basis of the arms control negotiation. Thus, according to the logic which they had repeatedly explained to the major allies, the balance of advantage would still lay in the continuing exclusion of grey area systems from SALT III negotiations.

Secondly, the British were alive to the political risk of isolation in intra-Alliance talks. As described above, the US and West Germany had reached a similar conclusion on the inclusion of the grey area into arms control negotiations.⁹³ In addition, at the NATO Council on 20 November, most of the allies supported the ‘integrated strategy’. As a consequence, if Britain remained opposed to what was now a majority view, it would be isolated and left behind. To maintain its influence in Alliance consultation, it was necessary at least to accept in principle the logic of the ‘integrated strategy’. This possible explanation for why Owen’s idea was finally accepted by his fellow ministers is likely, but it does not account fully for why the change in Britain’s position occurred at the point that it did.

Thirdly, then, in the absence of definitive evidence, it must be assumed that the factor which weighed heavy on Callaghan’s mind as he considered what to do at Guadeloupe was the future of Britain’s nuclear deterrent. As was seen in Chapter Three,

⁹² TNA/CAB133/496, SALT; Brief by the Foreign and Commonwealth Office, 18 December 1978; TNA/PREM16/1979, Washington to FCO, tels.5000–2, 20 December 1978.

⁹³ TNA/CAB133/496, Grey Area Systems: Recent Development, 13 December 1978. This document would be produced later than this date as it contained the records of events which happened after the date.

Owen recalled that the main issue in British defence policy at this time was the replacement of the Polaris force. In comparison, the SS-20 issue was not ‘something about which British Ministers felt passionately’.⁹⁴ In fact no decision on the successor system to the Polaris force was needed in the lifetime of the present Parliament, but it remained the main agenda item in ministerial meetings towards the end of 1977 and into 1978. During this period, the officials group, set up as the result of the decision in the restricted ministerial meeting on 1 December 1977, had produced studies on this important problem. In the middle of December, just immediately before the first meeting, a major part of the report reached Callaghan with six months delay. It pointed out the advantages of the maintenance of Britain’s nuclear deterrent. The dominant point was that while the British deterrent was smaller than those of the superpowers, because of its independent capability the Soviet Union could not rule out the possibility of nuclear retaliation by the UK after a pre-emptive nuclear strike ‘This is sufficient for deterrence’, the report argued. In addition, it stated that in a future era when the US nuclear umbrella over Europe was less credible, it would be all the more important to show that not all deterrence was in the hands of the US president. Thus the British and French nuclear deterrents could be the ‘nucleus of an alternative European deterrent’ and would consequently deter ‘the risk that Germany might seek to develop an independent nuclear weapons capability’. Additionally, maintenance of deterrence capability would give Britain political impact, as the report said:

Our possession of nuclear weapons gives us a standing in world affairs which we would not otherwise have. It gives the United Kingdom a special place in the Alliance as the only

⁹⁴ Private correspondence with the Lord Owen, 28 November 2013.

NWS [Nuclear Weapon State] besides the United States which contributes nuclear forces to the military organisation. Through our close association and shared experience and interests with the United States in this vital area, we have access to and the opportunity to influence American thinking on defence and arms control policy, and this association also helps to forge links on a wider range of international topics. [...] The abandonment of our nuclear weapon status would immediately deprive us of the ability to play this role.⁹⁵

The officials' report continued to say that this status was particularly meaningful in relation to France and West Germany since Britain had 'lagged behind them in other indicators of prestige'. Abandonment of a British deterrent would leave France alone as the nuclear state in Europe and consequently 'reduce [UK] influence over the evolution of defence relations within Europe and between European members of the Alliance and the United States'.⁹⁶ Reflecting this judgement, in the first ministerial meeting on 21 December 1978 there was a general agreement on the maintenance of this status as a 'stabilising factor' in Europe in relation to France and West Germany.⁹⁷

However, the problem for Callaghan was how the maintenance of the deterrent could be achieved. It was not his government's choice to do everything on its own under the severe budgetary limitation. There were three options: collaboration with the US, or with France, or the adoption of cruise missiles. These prospects were discussed in the second ministerial meeting held on 2 January 1979, just prior to Guadeloupe, and the main focus of discussion was the support of the US for the acquisition of their Trident C4 SLBM. It was argued that Guadeloupe was the 'ideal opportunity' for Callaghan to

⁹⁵ TNA/PREM16/1977, Factors Relating to Further Consideration of the Future of the United Kingdom Nuclear Deterrent, Part I: The Politico-Military Requirement, undated.

⁹⁶ Ibid.

⁹⁷ TNA/PREM16/1978, Note of a Meeting Held at 10 Downing Street on Thursday 21 December 1978 at 9.45 am.

raise the issue with Carter and that there would be a possible interconnection between Britain's support on SALT and the Carter's attitude as follows:

He [Carter] needed expressions of support from his European allies [...]. President Carter might well conclude that Britain was his best friend and staunchest ally on this issue. Although we had some criticism of the way in which the Americans had handled consultations with their allies during SALT II, we had been generally constant in our support for the negotiations and the importance of retaining this support would not be lost on the President. We were likely to get a better opportunity of sounding out whether, and in which form, American help might be forthcoming if we were to decide upon replacement of the deterrent [...]⁹⁸

With this assumption in mind, ministers agreed that Callaghan should raise with Carter the UK's nuclear deterrent issue 'privately and without commitment' at Guadeloupe, and if the president responded favourably, the prime minister should work it out with him. Callaghan himself favoured the Trident option; the alternate – the cruise missile option which Owen had pushed as a 'cheaper minimum deterrent' – was dismissed in the end.⁹⁹ Thus, immediately before the Guadeloupe summit, although the final decision was to be taken by the end of 1979, the Trident C4 SLBM became the most feasible option for Britain's post-Polaris nuclear deterrent. Importantly, its supply was dependent on Carter's goodwill. Thus while the British were not happy with Carter's policy towards European security, and had reservation about his 'integrated strategy',

⁹⁸ TNA/PREM16/1978, Note of a Meeting Held at 10 Downing Street on Tuesday 2 January 1979 at 11.00am.

⁹⁹ Owen, *Time*, pp.380–1.

they needed to offer the US president assistance if they wanted a favourable reply from the US government on its continued assistance with Britain's nuclear deterrent and with Trident in particular. Callaghan's support at Guadeloupe could offer exactly what Carter wanted to contain criticisms in Europe as well as in the US against his SALT II policy. That support, in British eyes, was to be a quid-pro-quo for Carter's cooperative attitude towards the American offer of Trident. In the private meeting with Carter at Guadeloupe on 5 January, Carter showed his apparent willingness to offer the British the MIRVed Trident C4. He was more sympathetic towards the problems in Britain's nuclear deterrent than the four ministers had thought in the restricted ministerial meetings before Guadeloupe.¹⁰⁰ No doubt the deal was assisted by Callaghan's, and Britain's, consistent support for Carter and also by the prime minister's long-standing Atlanticist convictions.

Callaghan gave his report on the Guadeloupe summit to Cabinet on 11 January. He said that it was necessary to include the Alliance's grey area systems in arms control negotiations to secure the limitations on Soviet medium-range nuclear systems. He repeated his criticisms of Schmidt, saying that he 'had been at his most illogical' in the discussion, but argued that it was necessary to help the FRG feel secure.¹⁰¹ In the Cabinet where ministers from the left wing of the party were present, this emphasis on Schmidt's 'illogical' attitude and the need to assist Germany was intended to justify Callaghan's conclusion.¹⁰² His statement in the House of Commons on 16 January

¹⁰⁰ TNA/PREM16/1978, Prime Minister's Conversation with President Carter: 3.30p.m., 5 January, at Guadeloupe; Callaghan, *Time*, pp.554–8; Morgan, *Callaghan*, pp.619–21. On the decision at Guadeloupe and Anglo-American relations, for example see John Dumbrell, *A Special Relationship*, p.182; C. J. Bartlett, *The Special Relationship: A Political History of Anglo-American Relations since 1945*. (London: Longman, 1992), pp.142–3.

¹⁰¹ TNA/CAB128/65, CM(79)1st Conclusions, 11 January 1979.

¹⁰² For example, Michael Foot, Lord President of the Council, a member of DOP, and a major figure on the left wing, was clearly sceptical about the argument. He told his friends that 'I see all these secret reports, but nothing convinces me that Russians have any design for world conquest. [...] What they're

reaffirmed the importance of accounting for West Germany's anxieties which would:

[I]nfluence our consideration of the way in which we negotiate in the next round of arms limitations, because the fact that the Soviet Union has this large advantage in what are called 'grey areas', as distinct from the artificial and nominal strategic situation, must be of concern to all of us, and especially to Germany, which is in the front line.¹⁰³

In-depth discussion took place on 19 January in a restricted ministerial meeting.¹⁰⁴ Naturally, the new position was favoured by Owen, but Healey and Mulley were still against it.¹⁰⁵ They had recognised in the previous meeting of 2 January that Britain's support for SALT II could be a quid-pro-quo for Carter's goodwill on an American offer of Trident, but the price of British support for the 'integrated strategy' was considered too high. On 19th, Callaghan explained his own change of mind. Given uncertainty about US attitudes towards future arms control, he admitted that there might be 'logic' in the case 'for bringing the British nuclear forces into SALT III if Soviet medium range systems were to be brought in'. He added that Carter would say that he would be prepared to include US FBS systems only and that British and French nuclear forces would not be involved. In addition, it was argued that an early decision was not necessary since it would take at least six months until Congress ratified, while NATO discussions were still underway in the HLG. With these arguments, Healey and Mulley were silenced. The main reason was that they both knew how critical it was for

really worried about is holding on to their part of Europe. It could all go smash next year'. Mervyn Jones, *Michael Foot* (London: Victor Gollancz, 1994), pp.420–1.

¹⁰³ Hansard, vol.960, 16 January 1979, cols.1501–2.

¹⁰⁴ TNA/PREM16/1978, Note of a Meeting Held at 10 Downing Street on Friday 19 January 1979 at 10.00 am; UPLC/1976–9, Untitled Document, undated (produced in the latter half of 1979).

¹⁰⁵ TNA/PREM16/1978, Hunt to Callaghan, Nuclear Defence Policy, 18 January 1979.

Callaghan to be able to gain a favourable response from Carter on a future offer of Trident. Britain's participation was also regarded as beneficial in light of its influence on decision-making and inner-party politics. On the latter it was pointed out that 'our participation would make it easier to justify to the Labour Party keeping open the nuclear option'.¹⁰⁶

But very careful handling of the issue was necessary. The British did not wish to be regarded as representing alone the Europeans in grey area negotiations; if the French were detached, then German participation was crucial to divert criticisms that would inevitably arise. In addition, there was another consideration:

If the French and Germans both stayed out, there would be a risk that our participation alongside the United States would be seen as implying an Anglo-Saxon line-up against the Europeans. This would have the effect of reinforcing the tendency towards closer Franco-German co-operation, which was already a worrying trend. The danger would be that, after Herr Schmidt's departure, this might lead in due course to co-operation in the nuclear weapon field.¹⁰⁷

For this reason, the Callaghan government had to discern more precisely Schmidt's thinking before taking action. Such diplomatic sensitivity indicates that given the 'political imperative', particularly of the Germans, Britain was 'keen to take part in the search for an effective arms control deal, [...] for containing the SS20s and Backfire'.¹⁰⁸

After the Guadeloupe meeting, it was, once again, the UK, US and West Germany

¹⁰⁶ TNA/PREM16/1978, Note of a Meeting Held at 10 Downing Street on Friday 19 January 1979 at 10.00 am.

¹⁰⁷ Ibid.

¹⁰⁸ Ibid.

who led intra-Alliance consultations. France soon declared that it would not participate in the possible arms control negotiations on grey areas.¹⁰⁹ Among the three leading NATO powers, the West Germans were most active as the Americans entered a new phase of volatility. Aaron told Hunt in London as early as 8 February that Carter was now thinking of concentrating on SALT II at the forthcoming summit meeting with Brezhnev and for this reason, on that occasion, he would not discuss SALT III. Furthermore, to the surprise of British officials, Aaron told them that the Americans would prefer Alliance consensus on TNF modernisation by the end of 1979 after which consultation on grey area systems would follow. In response, the British officials restated the position that TNF modernisation and arms control were ‘two sides of the same coin’.¹¹⁰ Nevertheless, the Carter administration’s priority was now not to endanger the SALT II agreement or to provoke the Russians by demanding that these two issues be dealt with as one.

West German officials immediately proposed to Aaron that the Alliance should seriously consider doing ‘something on arms control measures in parallel’ with TNF modernisation or establish a special group in the Alliance to study the arms control aspect of grey areas.¹¹¹ In the Anglo-German bilateral meeting of 23 February, Ruth explained in detail the idea of a special working group in NATO on grey area systems and arms control. The Germans preferred a new body rather than the existing NATO political committee; they argued that institutional innovation would have the ‘presentational advantage’ of indicating to both the public and the Soviets the intent of the Alliance on arms control. Given the significant anti-nuclear lobby in the FRG, the

¹⁰⁹ TNA/PREM16/2050, Paris to FCO, tel.23, 10 January 1979.

¹¹⁰ TNA/PREM16/1984, Hunt to Callaghan, Grey Area systems: Modernisation and Arms Control, 8 February 1979.

¹¹¹ TNA/FCO46/2104, Synnott to Whitehead, Aaron’s Visit, 8 February 1979; Wright to Whitehead, MBFR, TNF etc, 12 February 1979.

politics of this proposal were particularly acute.¹¹² Thinking of the sense of urgency – completing the work by the end of the year as the Americans wanted – British officials believed the German idea to be ‘a satisfactory way of giving the necessary impetus to this work’. They were concerned that without US leadership it would be difficult to produce effective results.¹¹³ Nevertheless, as Callaghan stressed in Cabinet on 16 January, it was important for the British not to isolate the Germans. In the end, during a restricted ministerial meeting on 5 March, the four ministers agreed to support the German’s proposal for a special working group.¹¹⁴ In other words, the British had accepted German leadership. Throughout the winter and spring, it was West Germany which led the discussion and Britain followed the Germans, rather than the Americans. Their close collaboration continued amid consideration of the details of the special group from February to March prior to the trilateral meeting with the US at the end of March.¹¹⁵

This Anglo-German cooperation had its effect on the US position. At first, the Americans were rather reluctant to take a lead. The priority for Washington was the successful conclusion of SALT II and Aaron told Hunt that the discussions on a future SALT III needed to be quite separate from the SALT II ratification debate. Moreover, in regard to the Anglo-German proposal for a new working group, he added that a member of the NATO International Staff, rather than an American official, was more preferable as a chair. Also, he said that the US would not head the discussion on the deployment of

¹¹² TNA/FCO46/2104, Anglo-German Consultations on Grey Area and SALT held in the Foreign and Commonwealth Office: 23 February 1979; TNA/PREM16/1984, Hunt to Callaghan, Grey Area Systems: Modernisation and Arms Control, 2 March 1979.

¹¹³ TNA/FCO46/2104, Draft letter from Moberly to Robinson, 8 March 1979.

¹¹⁴ TNA/PREM16/1984, Note of a Meeting held at 10 Downing Street on Monday 5 March 1979 at 10.30am.

¹¹⁵ TNA/FCO46/2105, Anglo-German Consultation on Grey Area Held in the Foreign and Commonwealth Office: 16 March 1979.

the LRTNF in Belgium and the Netherlands, the two countries which the FRG wished to home LRTNF alongside West Germany itself.¹¹⁶

However, the American attitude changed after hearing the views of Britain and West Germany in February.¹¹⁷ By this time the Carter administration had belatedly realised that US leadership was necessary to maintain Alliance integrity or face criticism and weakness. As the Americans assumed that West Germany would doubt the reliability of the US and NATO further, they accepted in the end that the Special Group should be chaired by an American to indicate leadership.¹¹⁸ Once the Americans had changed their stance, discussions followed smoothly. On 29 March in Washington, the American, British and German officials agreed to propose to their allies the establishment of the ‘Special Group on Arms Control and Related Matters’ (SG) based on a draft by the British and the Germans.¹¹⁹ Now it was obvious that the Americans were clearly backing the Germans, Owen argued that Britain should follow their lead.¹²⁰ Although the French declared again that they did not have any intention of participating, a consensus was forged that the SG should be established as soon as possible. Consequently, the idea of the SG was approved in the NATO Council on 6 April and the first meetings took place on 19 and 20 April.¹²¹

After Guadeloupe, close Anglo-German cooperation was the main driving force in the establishment of the new SG in the Alliance. As British policymakers worked with

¹¹⁶ TNA/PREM16/1984, Hunt to Callaghan, Grey Area Systems: Modernisation and Arms Control, 2 March 1979.

¹¹⁷ TNA/FCO46/2104, Draft Letter from Moberly to Robinson, 8 March 1979.

¹¹⁸ TNA/FCO46/2105, Walden to Cartledge, Grey Area Arms Control, 23 March 1979; NSA, Briefing Book for Director of Central Intelligence Stanfield Turner, SCC Meeting 12 April 1979 White House Situation Room: <http://www.gwu.edu/~nsarchiv/nukevault/ebb301/doc07.pdf>.

¹¹⁹ TNA/FCO46/2105, Record of Discussion in the State Department, Thursday 29 March, 10.00 am.

¹²⁰ TNA/PREM16/1984, Walden to Cartledge, Grey Area Arms Control, 3 April 1979.

¹²¹ TNA/FCO46/2105, Hawtin to Janvrin, Special Group on Arms Control and Related Matters, 9 April 1979; TNA/FCO46/2106, Janvrin to Moberly, NATO Special Group on Arms Control, 23 April 1979.

their German opposite numbers, there were growing concerns in London about the FRG's role in European international relations. Callaghan was disturbed by Schmidt's attitude. As mentioned above, in Cabinet on 11 January he expressed rather clearly his dissatisfaction with what he described as Schmidt's 'illogical' attitude. He repeated this impression to Jay in March and later mentioned it in his memoirs.¹²² In his note on the Guadeloupe summit, he put it bluntly: 'Schmidt illogical, Giscard detached. We agree Carter would probe Brezhnev', adding that with 'Germany's emergence as a world power – the economic giant becomes politically adult'.¹²³ In Callaghan's estimation, while the Federal Republic had started to play a major role in politico-military relations in Europe, the illogicality, as he saw it, of Schmidt's position suggested that the Chancellor neither understood the significance, or the responsibility, of his country's new status. In this sense, Callaghan found himself drawn yet further to Carter.

The emergence of Germany as a major political power in European international affairs was now clear to the British policymakers. Before Callaghan's visit to Bonn in October 1978, Wright argued in his despatch on German foreign policy that Willy Brandt's description of the FRG – as 'an economic giant but a political dwarf' – was no longer apt; under Schmidt, with all of its economic strength, Germany had entered the world stage. Wright remarked on the Federal Republic's active international roles, adding that its improved relationship with the Soviet Union and France indicated that while maintaining its deep commitment to NATO and the EC, West Germany was 'no longer content to maintain a low profile in either but is making a specifically German contribution to both'. But his conclusion was positive; while it would take some time

¹²² TNA/PREM16/1984, Cartledge to Walden, Mr. Peter Jay's Call on the Prime Minister on 5 March 1979; Callaghan, *Time*, p.548–9.

¹²³ Morgan, *Callaghan*, p.617.

for European allies to get used to an engaged German foreign policy, West Germany was a mature nation and NATO and the EC would work to manage its new foreign policy.¹²⁴

Wright's optimistic evaluation did not gain consensus in Whitehall; a strengthened Franco-German entente was regarded as a threat to Britain's leading status in Europe. To the British, Germany had been a more loyal ally than France, but now the Germans seemed to be paying greater attention to the Franco-German entente than to the Alliance solidarity. Evidence for this view was close Franco-German cooperation in the European Monetary System (EMS). Julian L. Bullard, Minister of the British Embassy in Bonn, pointed out that there were plenty of prior consultations between the Germans and the French, and political cooperation between these two countries was always several steps ahead of Anglo-German consultations. Those facts indicated, he argued, that Britain would be overtaken.¹²⁵ Any hopes for an Anglo-French-German strategic triangle had to be questioned by the endurance of the Franco-German axis.

Ambassador Wright was less anxious. In his annual review on West Germany in 1978, he commented that the leadership shown by the Federal Republic and its foreign policy was the product of the absence of leadership by others; Germany itself did not have any intention to seek domination in international affairs. From his point of view, active German commitment to deepened Franco-German relations and improved German-Soviet relations were the result of the concerns about Carter's foreign policy. He concluded that:

¹²⁴ TNA/FCO33/3503, Wright to Owen, The Evolution of Federal German Foreign Policy, 10 October 1978.

¹²⁵ TNA/FCO33/3496, Bullard to Fergusson, Franco-German Relations, 15 December 1978.

Their action will be based upon an almost neurotic search for stability and predictability in an unstable and unpredictable world and upon the knowledge that memories of the past will come back to strike them if they adopt too high a profile in the process. Germans as much as anyone else seek to promote their interests, it is a measure of their absence of self-assertion since the war that active German policy-making strikes some observers as strange; but I hear no sound of returning jackboots.¹²⁶

Wright's colleagues in London did not necessarily share his assessment. Owen was particularly concerned about the FRG's foreign policy, warning of the risks associated with close Franco-German relations and airing his criticisms.¹²⁷ He instructed his officials at the end of November 1978 to review recent developments in FRG foreign policy, especially towards West German relations with France, the US and the USSR.¹²⁸ At the end of the following February in the DOP, ministers discussed West German foreign policy based on the review produced by the FCO officials. Owen pointed out that closeness of West Germany's bilateral relations with France was not in the interest of Britain or other European allies.¹²⁹ He argued that Britain should try to direct Germany's political and economic strength within the framework of the Alliance and the European Community while trying to persuade the Bonn government to alter its policies.

The DOP discussion is notable for two points. First, ministers argued that in order to deter the Franco-German dominance of Europe Britain had to develop a stronger

¹²⁶ TNA/FCO33/3378, Federal Republic of Germany: Annual Review for 1978, 4 January 1979.

¹²⁷ For example, Nicholas Henderson, *Mandarin: The Diaries of an Ambassador 1969–1982* (London: Weidenfeld and Nicolson, 1994), p.250.

¹²⁸ TNA/FCO33/3503, Walden to Western European Department, FRG Foreign Policy, 28 November 1978.

¹²⁹ TNA/CAB148/178, DOP(79)4th Meeting, 21 February 1979.

economy in order to redress the balance of power. Secondly, and more importantly, it was pointed out that West Germany's economic power was not commensurate with its political responsibilities. The Federal Republic's attitude towards the grey area discussions was an example of its reluctance to take a lead or shoulder its political responsibilities. The 'strongest card' that the British had to apply pressure on the Germans was the UK defence relationship with the FRG. The intra-Alliance discussion on grey area systems gave policymakers in London an opportunity to influence the changing role of West Germany. It is important that it was Helmut Schmidt rather than Jimmy Carter who created the new circumstances. Carter set up the background to induce him to do so as the result of his faulty policy towards European security.

Unfortunately for the Labour government, there was not sufficient time to grasp this important change in the tides or reflect on the FCO's review in the development of its policy. Immediately on return from Guadeloupe, Callaghan and his government faced widespread protest. Healey recalled that '(p)ictures of him in tropical sun did not improve the temper of ordinary men and women suffering from trade union action in the British winter'.¹³⁰ Callaghan's regret at this political predicament, which diverted his focus from critical matters of European security, was apparent in his memoirs.¹³¹ As he had no option but to focus his government's attention entirely on the management of domestic disorder, there was little time to consider Britain's place in the Alliance, its contribution to European security, or its role in transatlantic relations. From 3 May 1979, Callaghan and his ministers would no longer have to worry about their own roles in managing Britain's course through the changing Cold War of the late 1970s. On that day, the British people voted for a new Conservative government.

¹³⁰ Healey, *The Time*, p.463.

¹³¹ Callaghan, *Time*, pp.551–2.

Conclusion

The intra-Alliance discussions on grey area systems and arms control in Cold War Europe revealed the changing balance of power in the Alliance at the end of the 1970s. It was West Germany, or, more precisely, Helmut Schmidt himself, who led the consultation, not Jimmy Carter. As a result of the ERW dispute, the Carter administration began to pay more attention to intra-Alliance diplomacy on European security and the discussions on grey area systems clearly indicated this change. While listening to European allies' voices, the Carter administration intended to take a lead on this complicated issue. The American priority was to alleviate the concerns of European allies on the grey area in order to obtain their support for the SALT II agreement before the launch of the SALT III negotiations. In this sense, the Guadeloupe summit was a product of the ERW fiasco. It would not have occurred without the mishandling of the ERW dispute and in this context, the decisions agreed at the summit were a consequence of Carter's efforts to compensate for previous failed diplomacy in Europe.

However, what is more significant in the period after April 1978 is that the Carter administration paid most of its attention to Schmidt's attitude, and the position of West Germany, and consequently Carter and his administration were forced to take the initiative. Initially, the US government did not regard the deployment of the SS-20s and the Backfire bombers as critical military threats. Therefore the 'integrated strategy' was not based on military considerations; it was established for a political reason, namely to alleviate West Germany's concerns before they spread throughout western Europe.

Another point which should be mentioned here is that regardless of Carter's efforts to lead the Alliance, his administration was not consistent on how to handle either the grey area issue or TNF modernisation. The discussions in the HLG showed that the administration did not at first have a coherent view on TNF modernisation. True, they adopted the 'integrated strategy' in September 1978, but even after that their policy was ambivalent, particularly after the Guadeloupe summit. To some extent, Washington's wavering attitude was caused by the Soviet response to the SALT II negotiations but the result was an inability to present clear leadership in the Alliance to deal with the grey area issue. This lack of consistency in US policy obliged West Germany to play a major role in the policy making process.

Given the complexity of this evolving situation, what kind of role did the British play? The previous chapter explained that Britain's actions were critical as a mediate in the Alliance over the ERW dispute. The British worked *pari passu* with the Americans to calm relations and British diplomacy was highly appreciated by the Carter administration. However, when it comes to the period from summer 1978 to spring 1979, Britain's role was upstaged as the central political dynamic in the Alliance moved to that between the US and West Germany. In his description of Callaghan's role as an 'international honest broker', the former Labour leader's official biographer stated that '(t)he conference at Guadeloupe marked the climax of Callaghan's involvement in foreign affairs as Prime Minister'.¹³² True, his role at Guadeloupe was important. He mediated between the heads of government and facilitated the agreement on the future handling of the grey area and TNF modernisation. Callaghan's interventions were tactically significant, but not strategically decisive. It was Carter and Schmidt who

¹³² Morgan, *Callaghan*, pp.617-9.

determined the direction of Alliance consultation on grey area systems and their place in arms control negotiations. Fundamentally, while these were at base military problems, for the Americans and the West Germans they were also Cold War political issues, for different reasons. The British had argued that the grey area was a military issue and to the extent that the West Germans shared this view, close Anglo-German cooperation was enabled in the HLG on TNF modernisation and on the establishment of the SG after Guadeloupe. But for West Germany the grey area was also a critical political problem. Even if the Federal Republic became the most powerful economic power in Europe, it was still highly vulnerable, politically, as a country facing the gigantic direct military threat of a Soviet attack. The deployment of SS-20s was thus not so much a simple military issue but a grave political problem. Nevertheless, the FRG was not, and could not by treaty, be a nuclear country. Callaghan did not fully understand this sensitivity. The more powerful West Germany became, the more clearly this sensitive imbalance between its economic power and politico/military ability emerged. Unfortunately, Callaghan's criticism of Schmidt's refusal to allow deployment of LRTNF in West Germany indicated his lack of understanding of the FRG's predicament. For himself and Carter, West Germany was a country which should share a political and military burden corresponding with its economic power. At the same time, this changing German attitude was an open question in London and after Guadeloupe, British officials began a significant review of West Germany's future as an influential player in European politics. However, as the Labour Party lost the 1979 General Election, their review was incomplete and there was no consensus in Whitehall about how to deal with the rising power of Germany.

The increase of German influence necessarily affected the state of Anglo-American

relations. There is no evidence that the key ministers doubted Britain's ties with the Carter administration. In fact, the agreement between Callaghan and Carter on the renewal of Britain's nuclear deterrent with the American Trident C4 SLBM was symbolic, proving the existence of the nuclear 'special relationship'. It was to a large extent accomplished by the good personal relationship between the two men at the top. Yet, this fact blurred the reality of Britain declining influence in European defence policy making. The Americans still trusted the Callaghan government as a mediator in transatlantic relations, particularly between themselves and the Germans. The British and the Americans shared the understanding that the SS-20s and the Backfire bombers were not a military threat and thus did not seriously change the nuclear balance in Europe. Despite the largely shared outlook between the Americans and the British, the strength of their relationship on Cold War Europe began to wane as the Carter administration recognised the centrality of the Federal Republic to the resolution of its policies and thus concentrated its diplomacy on Bonn, and less so on London.

As these changes in the transatlantic constellation occurred, the Callaghan government's response was delayed by its own considerations on Britain's nuclear deterrent. As this chapter has revealed, the primary concern among key ministers was the replacement of Polaris. Consequently, officials and ministers were unable to react promptly to the development of discussions on the grey area. By the time the four ministers decided their stance immediately before Callaghan went to Guadeloupe, the major framework for the future of European defence had already been constructed by the Americans and the Germans. Callaghan's own trade-off, between Britain's support for Carter's line at Guadeloupe and the American offer of Trident, gave both heads of government meaningful results. While Callaghan gained Carter's confirmation on the

Trident, Carter received a crucial help from Callaghan which brought conclusion to the Guadeloupe summit meeting, even if it was not exactly the one which Carter wanted. Nevertheless, Britain's presence in the Alliance had been diminished by its vacillation, even despite good relations between Callaghan and Carter. Nuclear power status and the 'special relationship' had prevented policymakers from entirely recognising the changing political balance in the ever more complex transatlantic relationship.

Since the inauguration of Carter's administration, inconsistency had been the abiding feature of US policy towards European security. This fact enabled the Callaghan government to play its self-defined role as the mediator of transatlantic relations. Yet there was a price to pay in playing this part; as it included conveying Carter's indistinct policies to European allies, it rendered Britain vulnerable politically. Once the Carter administration started paying more attention to West Germany and its position in the Alliance, Britain's role as mediator, clearly displayed during the ERW dispute, was easily superseded. When allied leaders moved beyond ERW to debate and resolve at the highest levels the problems of grey area systems, TNF modernisation and SALT III, the altered constellation was stark. In crucial matters of European security in the changing Cold War world of the late 1970s, the British were faced, through their own diplomacy, with the rise of Germany's influence, and the decline of their own.

Conclusions

While the 1970s was an era in which Britain formally began to pay more political and economic attention to Europe, its political-military commitment to European security seemed to be eclipsed as Britain's decline took hold. Historians have described Britain's important contribution to European détente during this period which reached its climax with the Helsinki Accord at the CSCE in July–August 1975, but they have also suggested that defence matters, with the exception of nuclear deterrence, were neglected under the Labour governments.¹ Moreover, they have explained how Britain's commitment to European defence was marginalised during the decade as a result of defence expenditure cuts under the Labour governments.² This thesis has shed a new light on this largely overlooked, but important period in Britain's diplomatic history by focusing on the policymaking process in terms of European security and its relationship with developments in Cold War in Europe in the late 1970s. It set out to address two main questions concerning the Callaghan government's policy towards European security: first, what kind of policy the Callaghan government envisaged for European security; and, secondly, what kind of role Britain played in transatlantic relations. This conclusion concentrates on these two research questions and offers interpretations and answers.

There are three main findings. First, the Callaghan government's foreign policy was the combination of the pursuit of a leading role in Europe and an intensified Anglo-American relationship underpinned by Britain's strengthened European position.

¹ Classicly, Dockrill, *British Defence*, p.110, Baylis, *British Defence*, pp.141–3.

² Carver, *Tightrope*, pp.105–17.

In terms of European security, this meant the maintenance of Britain's influence in the American defence policy-making process through its major military contribution to NATO forces. Nevertheless, this vision was forced to change by the ongoing economic crisis in 1976. Secondly, given reduced defence resources, British policymakers sought to sustain their commitment to European security by pursuing further unity and playing the role of a 'mediator' in transatlantic relations to enhance the solidarity of the Alliance. In this strategy, the British complied with the Carter administration's desire to find a reliable ally in Europe. The personal relationship between the British Prime Minister and the new US President substantially contributed to the development of enhanced bilateral cooperation. This Anglo-American special relationship significantly assisted the maintenance of Alliance unity, particularly in the aftermath of the ERW dispute. Thirdly, despite Britain's response to its economic trials, and its collaboration with the US, Callaghan's preference for the status quo, and his lack of strategy towards the future of European security other than the maintenance of the stability of the Alliance under American leadership, hampered Britain's attempts to retain influence in European security. Whilst Britain's presence waned in the Alliance, West Germany gained status in the defence policy making process of NATO by arguing for a new response to the changing East-West military balance and the decline of détente.

The first point this thesis seeks to elucidate is the vision which the Callaghan government had for European security in the context of transatlantic relations. By the end of the first half of the 1970s, the final phase of the long transitional period of British foreign policy from Empire to Europe had been completed. The referendum on the EC membership in June 1975 confirmed Britain's place in Europe. With the 'yes' vote, the long dispute over Britain's place in Europe was at least formally, if not in reality, settled.

In addition, as a result of two *Statements on the Defence Estimates* for 1975 and 1976 which argued that Britain's limited resources should be concentrated on defence and détente in the European theatre, Britain's defence contribution was to be dedicated solely to European security.³ Britain's substantial military commitment outside Europe would cease. Thus by the time when Callaghan became Prime Minister in April 1976 after his predecessor Harold Wilson's resignation, Europe was regarded more than ever before as the principal field for British foreign policy. As Foreign Secretary in the Wilson government, and then Prime Minister, Callaghan was central to the formulation of this policy. In an era of international instability, the unity of NATO was ever-more important. Thus, Britain's priority was to play a major role in European security in cooperation with the US to solidify the Alliance. Under the Callaghan government, Britain's policy towards European security was two-fold; to continue its military contribution to NATO and thus maintain its leading position in the Alliance, and to retain the US commitment to European defence. In turn, this policy was expected to sustain the special relationship with the US which in itself would underpin Britain's major presence in the Alliance. Callaghan was the key figure in making British defence policy from the beginning of his government and his influence was increased by Crosland's death and Owen's appointment as his successor. With the Prime Minister in control, Atlanticism dominated British thinking as Owen, Healey, and Mulley shared his commitment to Anglo-American relations.

Nevertheless, Britain's policy plan was very quickly and very seriously interrupted by dire economic circumstances and the resulting IMF crisis of autumn 1976. Among the many casualties was the defence budget, and cuts inevitably affected not only

³ See *Statement on the Defence Estimates* for 1975 and 76.

Britain's military strength but also its political status in the Alliance. What was worse for the Callaghan government was that the IMF crisis occurred just as the Soviet military build-up in conventional forces heightened public concern and strengthened doubts about détente. Clearly 1976 was a watershed in defence and détente in Europe as the earlier euphoria about East-West reconciliation turn towards fear of a new confrontation. In this critical moment for European security, and as the Alliance considered increasing defence expenditure to maintain the military balance in Europe, Britain was forced to make consecutive reductions in defence spending. NATO's DPC meeting of December 1976 warned of increased Warsaw Pact conventional forces and called for an Alliance response.⁴ Britain's cuts at this very point naturally provoked harsh criticisms from its allies. Facing these responses, the British were more seriously concerned about the decline of their presence in the Alliance and realised that it was necessary to find a way to recoup their influence.

This decline in Britain's presence highlighted the increase of West Germany's strength in the Alliance and over Britain, as became apparent over the Anglo-German offset problem. Compared with the massive aggregate of the defence budget cutbacks, the amount of payment that could be secured from the Germans was relatively small, but Britain desperately needed that money to sustain its contribution to European defence. In this sense, the IMF crisis made British policymakers feel keenly the rise of West Germany, not only in its economic influence but also in its military strength in the Alliance. The British were concerned that a good US-FRG relationship at that time would encroach upon Britain's relations with the US because of its declining economic and military presence, but unless the British received Germany's financial support, their

⁴ NATOEL, Defence Planning Committee, Final Communiqué, Brussels, 7–8 December 1976: <http://www.nato.int/docu/comm/49-95/c761207a.htm>.

status would potentially suffer yet further degradation. This ironic situation symbolised the changing power balance in European international relations.

At the same time, the offset negotiations revealed changing German attitudes towards the political setting in Europe. For the Germans, particularly for Chancellor Schmidt himself, the offset negotiation was not a simple financial or military question but a more fundamental issue concerning West Germany's position in the Alliance. For him, paying offset costs to the Americans and the British evoked West Germany's past and its subordinate status in Europe since 1945.⁵ Thus, Schmidt and Genscher wanted West Germany to gain more equal status with Europe's leading powers politically. Yet as the British ambassador to West Germany Sir Oliver Wright pointed out, German leaders were still cautious about their nation playing a more active political and military role.⁶ Britain could still find a way to take the lead.

By the end of 1976, as Britain faced the dual challenges of reduced standing in the Alliance and the rise of German influence in Atlantic and European affairs, officials concentrated on the pursuit of an alternative way to contribute to the Alliance which could offer counterbalance to the contraction in the UK's physical military contributions to European security.⁷ Naturally, acceptance of declining influence and the abandonment of Britain's major role in the Alliance was not their choice. Diplomatic ideas and initiatives – offering ideas for the stability of the Alliance – were the answers that British policymakers found for Britain's future role in the Alliance.

The second conclusion of this thesis is that the Callaghan government attempted to counterbalance its reduced resource contribution to the Alliance by playing a more

⁵ TNA/PREM16/778, Wright to Callaghan, Anglo-German Offset, 18 December 1976.

⁶ TNA/FCO33/3167, Federal Republic of Germany: Annual Report for 1976, 4 January 1977; TNA/FCO33/3172, Federal German Foreign Policy, 1977, 17 January 1977.

⁷ TNA/FCO49/672, Détente and the Future of East/West Relations, 15 December 1976; TNA/FCO46/1475, Killick to Crosland, NATO: Annual Review for 1976, 4 January 1977.

active role as a mediator in transatlantic relations. The advent of the new American administration gave the Callaghan government an opportunity to pursue this alternative role when the US government proclaimed that it would consult closely with European allies on European security soon after Carter's inauguration in January 1977.⁸

What was fortunate for the Callaghan government was that the Carter administration wanted Anglo-American cooperation. The Americans needed a good relationship with Britain to convince those sceptical Europeans that the administration was paying attention to intra-Alliance consultation. For the US administration, cooperation with Britain was a good starting point to reassure other allies about the President's earlier promise.⁹ In turn, Callaghan's Atlanticist convictions, his belief in American leadership and in good transatlantic relations, had not changed throughout his premiership and were no doubt strengthened by personal relations with Carter.¹⁰ Morgan pointed out that because of Carter's reserved personality and technocratic outlook Callaghan never felt the same closeness with Carter as he did with Ford.¹¹ Callaghan later recalled that Carter had a 'manifest dislike of horse-trading, and was not ready enough to use tactical skill to overcome the vested interests and powerful Washington lobbies which challenged him'. But he liked this 'gentle and good man'.¹² Personal ties were established in their first meeting in Washington in March 1977. Callaghan's initial impression of the new President was immediately positive: he was a 'man with a well-stocked mind and disciplined approach. He had given considerable thought to his

⁸ NATOA/C-R(77)3, Summary Record of a Meeting of the Council Held at the NATO Headquarters, Brussels, on Monday, 24th January, 1977 at 10.40 a.m.

⁹ TNA/PREM16/1909, Washington to FCO, tel.337, 26 January 1977.

¹⁰ For example, TNA/PREM16/1486, Prime Minister's Speech at State Dinner, 10 March 1977; Dumbrell, *A Special Relationship*, pp.98, 101–2; Dobson, *Anglo-American*, p.146.

¹¹ Morgan, *Callaghan*, pp.441 and 590; Henry A. Kissinger, *Years of Renewal* (London: Weidenfeld & Nicolson, 1999), p.609.

¹² Callaghan, *Time*, pp.482–3.

intended initiatives and had a clear idea of what he wished to achieve'.¹³ Moreover, Callaghan felt a strong affinity with the new President because of their common background, Baptist faith, non-university education and, according to Peter Jay, their shared initials.¹⁴ For Carter, too, Callaghan was the closest European leader.¹⁵ Brzezinski was 'amazed how quickly Callaghan succeeded in establishing himself as Carter's favourite, writing him friendly little notes, calling, talking like a genial old uncle, and lecturing Carter in a pleasant manner on the intricacies of inter-allied politics'.¹⁶ With this closeness, and perhaps because of his inexperience in foreign affairs, Carter was influenced by the well-experienced British Prime Minister, and Callaghan was happy to counsel the US president.¹⁷ Thus, both countries had their own reasons for the revival of Anglo-American special relationship. It is also important that the four key ministers in the Labour Cabinet – Callaghan himself, Owen, Healey and Mulley – shared a belief in the value of Anglo-American relations. In addition to these factors, Jay's appointment to the ambassador to the US eased communication between President and Prime Minister.¹⁸

If the administration developed its foreign policy under close consultation with the allies as planned, the allies would at least understand Carter's intentions more precisely. However, what followed was not a broad understanding, but widespread confusion in the Alliance over the new administration's intentions. This confusion was largely created by Carter's radical foreign policy and his administration's lack of consultation

¹³ Ibid.

¹⁴ The Hon Peter Jay, interview with author, 12 February 2014.

¹⁵ Peter G. Borne, *Jimmy Carter: A Comprehensive Biography from Plains to Post-presidency* (New York: Scribner, 1997), pp.397–8.

¹⁶ Brzezinski, *Power*, p.291.

¹⁷ Morgan, *Callaghan*, pp. 591–2.

¹⁸ The Hon Peter Jay, interview with author, 12 February 2014.

with the allies about it.¹⁹ However, at this point policymakers in London still believed that they could shift the Carter administration's foreign policy through consultation with the Americans. Officials were not as optimistic as the Prime Minister, but they too believed in their capacity to shift the American policy in the right direction.²⁰

While the leaders of the US and the UK established a close partnership, anxieties grew among other Alliance leaders as early as spring 1977 after the setback in the SALT II negotiations and the possible increase in Soviet armed forces. Tensions developed between France, West Germany and the US. The quadripartite summit meeting in May 1977 in London revealed divisions over the future of European security. Giscard and Schmidt did not share Callaghan's affinity with Carter, and expressed their deep concerns about the future of East-West relations given Carter's policy. Contrary to their scepticism, Callaghan maintained his support for Carter.²¹ Moreover, in the European Council in June, while European leaders criticised the US president again, Callaghan remained steadfast.²² However, on European security, British and American policies were not entirely aligned as the British had reservations about the Carter administration's policy. One example was Britain's reluctance to accept the requirement for a 3% increase of defence spending at the NATO ministerial meeting in London. However, Britain's cooperative attitude with the Americans was an indispensable factor which made the NATO ministerial meeting successful. In fact, Carter's initiative for the LTDP demonstrated the President's leadership in European defence, but its preparation

¹⁹ TNA/FCO46/1477, Ramsbotham to Sykes, Meeting of the Nine: East/West Strategic and Conventional Balance, 18 February 1977; TNA/FCO46/1477, Killick to Sykes, Transatlantic Relations in the Alliance, 3 March 1977.

²⁰ TNA/FCO33/3171, Wright to Kerr, 14 February 1977; TNA/FCO46/1477, Sykes to Ramsbotham, East-West Strategic and Conventional Balance, 4 March 1977.

²¹ TNA/PREM16/1267, Note by the Prime Minister of a Meeting at 10 Downing Street with President Giscard, President Carter and Chancellor Schmidt on Monday, 9 May, 1977, from 1000 to 1230.

²² TNA/PREM16/1263, European Council: Prime Minister's Informal Discussion with members of the Council and President of the Commission, 29 June 1977.

could not be performed successfully without London's help. The British informed Washington repeatedly of European disquiet about a radical proposal, and Washington appreciated their advice.²³ Dumbrell has pointed out that during this period Britain was the 'explainer of America's ways to Europe and of Europe's ways to America'.²⁴ But judging from the Callaghan government's actions it is fair to say that the former had far more weight than the latter in Callaghan's mind as a committed Atlanticist. Britain's role was to enhance understanding of American foreign policy which had been confused by Carter's diplomatic inexperience.

The Carter administration's poor performance in East-West relations, arms control, and intra-Alliance consultation enhanced Britain's chances of increasing its status as a mediator and consequently strengthened the bilateral relationship. The ERW dispute was the case in which Anglo-American cooperation clearly played the most crucial role in overcoming the turmoil caused by the administration's policy towards European security. The heart of the problem was Carter's lack of full initiative for intra-Alliance consultation to gain an Alliance agreement for its deployment to Europe. With slow progress in SALT II, Carter's earlier success in the NATO summit in London faded away and his reaffirmation of US commitment to European defence sounded futile. In a sense, Schmidt's Alistair Buchan Lecture at the International Institute for Strategic Studies (IISS) in October 1977 was a result of Alliance uncertainties. Schmidt argued that the Alliance should react promptly to counter the Soviet nuclear military build-up – the so-called grey area – and particularly to the Soviet's newly developed SS-20 medium-range nuclear missiles.

Originally the Americans remained reluctant to discuss the countermeasures to the

²³ TNA/FCO46/1482, UKDN to FCO, tels.167 and 170, 25 and 26 April 1977.

²⁴ Dumbrell, *A Special Relationship*, p.98.

new Soviet medium-range nuclear weapon systems so as not to provoke Soviet opposition to an early SALT II agreement.²⁵ However, Schmidt's IISS speech on the 'Eurostrategic' imbalance pushed the Carter administration to think about a trade-off between ERW and the SS-20s.²⁶ For the Carter administration, which was facing harsh criticism of its détente policy, the ERW-SS-20 trade-off was an attractive alternative which could solve the grey area problem without causing contradictions with Carter's earlier promises on arms control as it was not a part of SALT II negotiations. In London, officials were clearly in favour of the ERW although it is still not certain whether Callaghan wanted it, yet he did support the idea, if not wholeheartedly.²⁷ For the British, the ERW-SS-20 deal could be useful as it ended the inertia in European security and did not affect their own considerations for nuclear deterrence. Once the Americans made their line clear in January 1978, the British government began to work with the Americans on a NATO statement for the ERW-SS-20 trade-off based on the US proposal.²⁸ Britain's own proposal for the arms control deal set within a wider context was a hybrid of the US and the German ideas and became a basis for the NATO statement which was to be issued after the intra-Alliance discussion in March.

Carter's 7 April announcement brought intra-Alliance consultations on ERW to a sudden end and complicated attempts by allied governments to quieten public criticisms of the President's plans. As Garthoff pointed out, the significance of ERW was its political impact on the allies' confidence in American leadership.²⁹ This decisively

²⁵ Spohr Readman, 'Conflict', pp.46-8.

²⁶ TNA/PREM16/1576, Washington to FCO, tel.4993, 22 November 1977; TNA/PREM16/1570, Washington to FCO, tel.5206, 7 December 1977; Readman, 'Germany and the politics of the Neutron Bomb', pp.275-6; Helga Haftendorn, *Coming of Age: German Foreign Policy since 1945* (Lanham: Rowman & Littlefield, 2006), p.246.

²⁷ PREM16/2290, Note of a Conversation between the Prime Minister and Mr. Peter Jay in the House of Commons on 1 February 1978.

²⁸ TNA/FCO46/1797, Anglo/US Consultation on Military Nuclear Issues, 31 January 1978

²⁹ Garthoff, *Détente*, p.939.

exacerbated tensions within US–West German bilateral relations. But here again, Britain played a crucial role to calm the waters in the aftermath of Carter’s sudden decision. Callaghan was unhappy with the way Carter’s had handled this issue, but he still trusted Carter, whereas some Whitehall officials began to doubt the President’s ability to lead the Alliance.³⁰ Callaghan’s statements to the Cabinet on 6 and 13 April indicate his conviction perfectly; Carter was ‘man of principle who was however the first to admit that he lacked experience’, and ‘(i)t was important we should not make President Carter’s position more difficult as the Germans had done, and so far the President accepted that we were genuinely trying to be helpful’.³¹ Furthermore, Callaghan’s determination to tell his European colleagues about Carter’s intention on his behalf was clearly shown in his reply to Carter’s personal letter.³² In addition, his words in his meeting with Schmidt immediately after Carter’s decision in April 1978 indicate that he kept his promise.³³ However, the highpoint of Anglo-American cooperation was the meeting at the White House at the end of March. While Carter was away in Latin America, Vice President Mondale discussed how to settle the problem with Callaghan and Jay. In this top-level consultation the discussion was led by Callaghan, which was particularly important as arrangements were made on how to persuade Schmidt.³⁴ Consequently, close Anglo-American cooperation saved the Alliance from further confusion.

³⁰ Donoghue, *Downing Street*, p.308; TNA/FCO82/874, Melhuish to Hall, Mr Jay’s despatch “Mr Carter: Capax Imperii”, 30 June 1978.

³¹ TNA/CAB128/63, CM(78)12th Conclusions, 6 April 1978; TNA/CAB128/63, CM(78)14th Conclusions, 13 April 1978.

³² TNA/PREM16/1577, Carter to Callaghan, 6 April 1978; TNA/PREM16/1577, Callaghan to Carter, 7 April 1978.

³³ TNA/PREM16/1655, Prime Minister’s Meeting with Chancellor Schmidt at Chequers on Monday 24 April 1978.

³⁴ TNA/PREM16/1577, Note of a Meeting between the Prime Minister and Vice President Mondale at the White House at 1130 on Tuesday, 28 March 1978.

Callaghan's diplomacy grew from the consensus in London that dissonance in the Alliance over American policy should be minimised and unity should be protected. The British played an important role again later in spring 1978 to calm the Americans down. Given the mishandling of the ERW issue, the White House was anxious to recover its damaged reputation for leadership with ambitious plans for the forthcoming Washington NATO ministerial meeting more than the approval of the LTDP.³⁵ With their knowledge of anything but consensus among European allies and the Americans in the Alliance, the British counselled the Carter administration to rethink their approach to the summit.

The ERW fiasco marked a change in the Carter administration's attitude towards European defence. It needed to show more forcefully its determination to commit to, and to take initiative, on it. Carter's statements on East-West relations in the NATO summit in Washington at the end of May and the Naval Academy in Annapolis at the beginning of June showed his new more confrontational stance towards the Soviet military strength and greater American commitment to European defence.³⁶ Yet as the result of the failure of the ERW deal, the grey area problem remained unresolved, and while the conclusion of the SALT II talks was expected in the foreseeable future, the grey area became the centre of the intra-Alliance discussion. Given this threat, the Germans and the British argued for the early TNF modernisation. Pushed by these factors, the Americans finally started intra-Alliance consultations on the grey area in May and Carter issued Presidential Review Memorandum (PRM)-38 in June which

³⁵ TNA/FCO46/1689, UKDN to FCO, tels.156 and 157, 2 May 1978; TNA/PREM16/1781, UKDN to FCO, tel.160, 5 May 1978.

³⁶ NATOA/C-VR(78)-22, Verbatim Record of Meetings Held with the Participants of Heads of State and Government on Wednesday, 31st May, 1978, at 9.30 a.m. at the State Department, Washington; APP, United States Naval Academy Address at the Commencement Exercises, 7 June 1978: <http://www.presidency.ucsb.edu/ws/?pid=30915>.

directed US ministries to review TNF modernisation and arms control.³⁷

In September, the administration accepted officials' recommendations in response to PRM-38, the so-called 'integrated strategy': TNF modernisation including the LRTNF and parallel US-Soviet arms control negotiations on TNF. It is clear that Carter's move was prompted by Schmidt's active commitment to resolving the grey area problem. The main motive was not the military threat of the SS-20s; instead, the defusing of German political and psychological anxieties arising from the SS-20s was far more significant.³⁸ Originally the Americans and the British shared the interpretation that the deployment of SS-20s and the Backfire bomber would not make a major qualitative shift in the Soviet military threat, but would just cause a quantitative change. But the Americans decided to change their line as they wished to avoid further conflict with the Germans over this issue and the spill-over of the conflict to the other European allies. Political necessity surpassed military consideration.

The Guadeloupe summit was an important step to gain approval for the 'integrated strategy'. In fact it paved the way to the deployment of the Pershing II and cruise missiles if the Soviet Union refused to limit the deployment of the SS-20s in arms control negotiations. Callaghan's role as mediator was decisive in securing agreement between the four heads of government to Carter's policies. Callaghan originally thought differently. Britain's policy had been for the exclusion of the grey area from arms control negotiations as they believed that it would not yield the result which the Alliance wished, and, also, it would affect the future of Britain's nuclear deterrent. But

³⁷ JCLM, Long-Range Theater Nuclear Capabilities and Arms Control, 22 June 1978, <http://www.jimmycarterlibrary.gov/documents/prmemorandums/prm38.pdf>; NSA, Dodson to Mondale et. al., SCC Meeting, PRM-38, Tuesday August 22, 1978, 18 August 1978: <http://www.gwu.edu/~nsarchiv/nukevault/ebb301/doc01.pdf>.

³⁸ Ibid.

he modified his thought and yet again supported Carter and mediated between Carter, Giscard and Schmidt. Callaghan's support and mediation was decisive and no doubt impressed Carter, yet, the summit largely confirmed Schmidt's line. Nevertheless, Callaghan's mediation contributed to the approval of Carter's handling of SALT II and to the agreement on the combination of future arms control and the TNF modernisation which became the prototype of the 'double track' decision 11 months later, December 1979.³⁹ At the same time, the summit meeting was significant in terms of the future of Britain's nuclear deterrent. Historians have suggested that as a result of generally good personal ties and highly close discussions between Callaghan and Carter, it was agreed that the US would supply Trident C4 Submarine Launched Ballistic Missiles (SLBM) for the post-Polaris nuclear deterrent.⁴⁰ But this was not only just the result of that personal relationship, rather this symbolised the special relationship which was underwritten by Britain's role in transatlantic relations.

However, Britain's mediation did not mean that Britain played a major part in developing European security in the Callaghan years. This observation is central to the third conclusion of this thesis: British foreign policy played a significant tactical role for the stability of the Alliance during the Callaghan government. Nevertheless, since British policy concentrated more on tactics than strategy, Britain's function did not extend to resolving, or contributing to the resolution of, fundamental issues of transatlantic relations when the Cold War was changing its nature at the end of the 1970s.

³⁹ TNA/PREM16/2050, Four-Power Discussions in Guadeloupe 5/6 January 1979: First Session, on Friday 5 January 1979 at 0930; TNA/PREM16/2050, Four-Power Discussions in Guadeloupe 5/6 January 1979: Second Session, on Friday 5 January 1979 at 1630 hours; TNA/PREM16/2050, Four Power Discussion in Guadeloupe 5/6 January 1979: Third Session on Saturday 6 January 1979 at 0900; Spohr Readman, 'Conflict', pp.73–86.

⁴⁰ TNA/PREM16/1978, Prime Minister's Conversation with President Carter: 3.30p.m., 5 January, at Guadeloupe; For example, *A Special*, Dumbrell, p.182; Dobson, *Anglo-American*, pp.145–6.

True, the British did enhance the stability of the Alliance, which was greatly disturbed by the Carter administration's attitude towards European security, and the Americans did not fully appreciate their help. Nevertheless, beyond mediation, it is hard to see what the Callaghan government did and thus it is not clear how the British managed the development of the Cold War in Europe in the second half of the 1970s. It meant that Britain did not actively commit to intra-Alliance discussions. At official level Britain led the discussion in the HLG on the TNF modernisation since October 1977 and then in the Special Group (SG) on the TNF and grey area issues after the Guadeloupe summit meeting. But at the political level, while Callaghan energetically worked hard for the unity of the Alliance, he did not make a visible *British* contribution to the considerations on the Alliance's response to the changing nature of the Cold War caused by the Soviet military expansion in conventional and nuclear fields. Thus it can be assumed that for him, Alliance stability itself was the objective and thus the status quo in transatlantic relations under American leadership was what he aimed for. Throughout his premiership, Callaghan thought that with the existing defence posture the Alliance could react to the Soviet military challenge. For this purpose, in the convinced Atlantist's eyes, the priority should be put on the maintenance of good transatlantic relations. The continuation of specialness of Anglo-American relations, and the active ties that it sustained between London and Washington, underpinned the American commitment to European defence and thus the stability of the Alliance as well as Britain's status in the Alliance.

Morgan wrote that Callaghan regarded himself as a 'consensus leader'. It is not fully clear to what extent his preferences in his foreign policy management were formed by this principle, but these were certainly reflected in his attitude in summit meetings. In

international summitry during this period Callaghan was no longer in the leading position; it was Carter in every sense. As this thesis has pointed out, Callaghan took American leadership for granted as a convinced Atlanticist. Thus it is possible to suggest that under Carter's leadership, the British Prime Minister intended to establish conditions which enabled consensus among allied leaders. On the other hand, Morgan also wrote that Callaghan thought a political leader should 'take a broad global view' of his role and the 'reciprocal relationship between leader and led', and 'seize the initiative and provide an active and engaged sense of direction from both the strategic and moral point of view'.⁴¹ It is debatable as to whether Carter followed this approach sufficiently, but judging from Callaghan's comments on Carter in the government and at international meetings with other European leaders, he certainly believed that Carter had the capability to be a leader of the Alliance, although scepticism grew among the other leaders. Good personal relations enabled him to believe in this conviction and it is important to note that even real problems, such as the ERW dispute, did not alter his view.

With this consideration, Britain's role as mediator worked effectively when the Alliance was in cacophony amid Carter's initial lack of leadership and his administration's lack of consultations. While it was a good tactic to pull the Alliance together, it was not a broad strategy which rewired NATO's defence policy or thought anew about arms control negotiations. This lack of strategy becomes more evident in a comparison with Heath. It is easy to find Heath's initiative in Britain's policy towards European security as he had such a solid vision of building a more integrated Europe, if

⁴¹ Morgan, *Callaghan*, p.485; Chris Ballinger and Anthony Seldon, 'Prime Minister and Cabinet', in Seldon and Hickson (eds.), *New Labour*, pp.174–5.

not fully independent from the US.⁴² Nevertheless, in Callaghan's case, such an overriding strategy is not so clear other than the maintenance of good transatlantic relations. Thus, Callaghan had nothing in terms of strategic vision equivalent to Heath's own. Kissinger recalled that Callaghan admitted that he did not have a geopolitical and strategic mind but he well understood the basic courses for British foreign policy.⁴³ But when Soviet military expansion was changing the nature of the East-West military balance under the Cold War in Europe, a wider strategy for European security was more necessary than ever before.

In terms of strategic considerations in European security, it was possible for the Callaghan government to commit to taking advantage of its close ties with the Carter administration. Callaghan, as well as other policymakers in London, did give advice to the members of the Carter administration, but Callaghan did not choose to point out the problems with Giscard, Schmidt or other European leaders, but tried to modify it from inside. In the end, this diplomacy did not cause a fundamental change of the US policy towards European defence. The real strategic framework of European security was designed by West Germany, or Schmidt's concern about the US administration's attitude towards European security. While Callaghan paid most of his attention to the maintenance of the Alliance, Schmidt had vocally warned of the crisis of European security caused by the Soviet-military build-up and argued for a new response to the changing East-West military balance and the decline of *détente*. This presented a clear contrast with Callaghan's preference for the status quo. It is significant that, facing the decline of their credibility as leaders of the Alliance in the aftermath of the ERW dispute, the Americans clearly shifted to follow the Germans' tail, not because of military

⁴² On Heath's foreign policy, see particularly, Rossbach, *Heath*, pp.11–31; Möckli, *European*, *passim*.

⁴³ Kissinger, *Years*, p.609.

necessity, but due to a political requirement to compromise with them. The Carter administration needed Britain as a buffer between the Germans and themselves to avoid any further clashes. But when they began to set up a new strategy for European security in response to the changing circumstances of the Cold War, Britain's place was relatively diminished. It was Callaghan's achievement that the four heads of government reached an agreement at Guadeloupe on the future of TNF modernisation and grey area. But it also meant that Britain had to accept the broad strategy set by the Americans and the Germans.

West Germany was no longer the subordinate, defeated country. Under Schmidt its influence was increasing in European international affairs, but, given the still existing memory of the past, Schmidt was still cautious about playing a more substantial role in political and military spheres. However, to a large extent because of doubts about American foreign policy, it was West Germany and Schmidt who shaped Alliance defence strategy in the latter half of the 1970s. Schmidt clearly recalled that 'Europeans were markedly more sceptical. The European governments had no need of a new beginning in Washington. Instead, they had high hopes for a confirmation of America's overall strategy and its consistency in pursuing it'.⁴⁴ But what Europeans had to deal with was the new administration's changeable foreign policy. Lack of transatlantic consultation generated by Washington accelerated the confusion in the Alliance and increased doubts about the credibility of American leadership. The way Washington handled Alliance discussions on ERW only served to solidify distrust. This unstable situation gave room to Schmidt to propose an alternative strategy, although he was still cautious about doing so. Consequently, Carter's lack of leadership brought Schmidt and

⁴⁴ Schmidt, *Men*, p.181.

West Germany to the centre stage of European international relations. On the other hand, for the British government, Carter's new foreign policy was a change in style and not in substance. They were supportive in principle as long as there was no threat to Britain's position in the Alliance. Although FCO officials began to shift from their earlier view, Callaghan maintained it firmly and Britain's mediator role continued. The confusions and conflicts in the Alliance offered Britain opportunities to play an important role as a mediator to protect those conflicts from escalation. But Callaghan's lack of strategy other than the maintenance of Alliance stability and his preference for the status quo in European security limited Britain's influence, ultimately, as its economic woes reduced its standing as an international player.

The final judgement offered by this thesis is that the British pursuit of the role of mediator in transatlantic relations was an inevitable choice given economic weakness and reduced defence spending in the latter half of seventies. It complied with Britain's consistent intent to contribute to European security, now based less on hardware and more on diplomacy, and matched with what the Carter administration wanted from its primary ally. In turn, the Callaghan government's policy towards European security thus enhanced the Anglo-American special relationship and so contributed to the stabilisation of the Atlantic Alliance. This achievement was no mean feat when the Alliance was in cacophony. Nevertheless, the fluctuations in the Carter administration's foreign policy, set against the backdrop of changing international relations, ensured that Callaghan had to support the Americans at a most difficult moment in Cold War Europe. Inconsistency from Washington gave the West Germans opportunity to pursue their own strategic ideas for European security. Britain's continuing role as a mediator was tactically effective and protected the Alliance when the tensions in East-West relations

markedly increased. Nevertheless, Britain's attachment to the special relationship and Callaghan's lack of strategy and preference for the status quo weakened the UK's diplomatic status. Consequently, by the end of the Callaghan government, the long-held British anxiety that West Germany would supplant the United Kingdom as Europe's premier nation in the transatlantic alliance had been realised.

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