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The Atlantic Alliance In Its Fourth Decade

Speech by Herr Helmut Schmidt, Chancellor of the Federal Republic of Germany, at the Hyatt-Regency Hotel, Houston, on 21 July 1982, before members of the German-American Chamber of Commerce, the Houston Chamber of Commerce, the Houston Committee on Foreign Relations, the Houston World Trade Association, the Institute of International Education and the Port of Houston Authority

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The Atlantic Alliance in its Fourth Decade

Some days ago as I prepared my speech I asked a colleague: "Are you going abroad this summer?", and he answered: "No, what's the use of travelling around among people who don't speak my language, and who couldn't vote for me even if they wanted to?"

As for the language: I intend to speak your language, that is, the language of facts which I believe will be well understood in this great city of Houston and in this marvellous lone star state of Texas. And as for your difficulties voting for me: the responsibility of a politician whose country belongs to an Alliance does not stop at the borders of his constituency. That's why I am here with you in order to discuss the present situation and the goals of the Alliance which unites our peoples.

The Basic Law of the Federal Republic of Germany adopted in 1949 begins with a list of basic rights. On the whole they are modelled after the Constitution of the United States of America. For it was in that Constitution that a list of basic rights for the individual was laid down for the first time in the history of mankind.

Since 1949 we have sided with the nations which regard the freedom of the individual and the inviolability of his person as the prerequisite for democracy. And we belong to an alliance whose members are ready to defend these freedoms with their lives.

The Alliance - a Success Story

A few decades ago Henry Kissinger wrote a book on the Alliance entitled "The troubled partnership". He used to tell people that the book had not sold particularly well - with the exception of a shop in Washington where it had accidentally been placed on the shelf for books dealing with family problems.

Differences within the Alliance are, therefore, not a novelty. They have always existed. We must regard such differences in their true light: as disputes within a family.

Moreover, despite its crises the Alliance is a success story because its policy and that of its members has always been adjusted to the changing conditions of East-West relations and has thus now prevented war in Europe for over thirty years.

This success has not simply fallen into our laps. It is the outcome of a succession of problems, differences and crises. But we would be committing a grave error if we concentrated our attention on these family crises only.

There are, after all, problems that give us much greater cause for concern. At present the world is in a twofold crisis. There is a political crisis, which is marked by serious setbacks and the threat of instability in East-West relations as well as dangerous troublespots in the Third World. At the same time, however, we are all - that is, the West, the East and the Third World - experiencing a serious world economic crisis.

It is obvious today that no country, no nation can resolve the world's problems alone. Not the problems of war and peace, poverty and prosperity, ecology or overpopulation, and certainly not world economic problems.

If I may just mention those problems: in almost all industrial countries the highest unemployment rates since the great depression in the early 30s; the highest real interest rates ever during a recession, indeed the highest in the United States since the time of the Civil War. This high level of interest strangulates investment in fixed capital and in house construction. And at the beginning of the whole chain of causes are huge budget deficits which freeze money market interest rates at an astronomical height.

In the light of these two crises, which are hassling us both at the same time, Western Europe and North America have a common responsibility not only for the people in the Atlantic region but also for the future of the whole world. We must therefore stick together.

Here in your city of Houston in the state of Texas decisions are taken that also have a bearing on the future of the world. As you all well know, oil may be a lubricant, but it is not in international affairs.

Defence Efforts

The prime task of the Atlantic Alliance is to guarantee our security.

In so doing three decisive changes in the East-West balance of power must be borne in mind:

1. In the last twenty years the Soviet Union has made enormous efforts to expand its conventional military potential.
2. By developing its fleet the Soviet Union has become a global sea power.
3. In the field of strategic nuclear weapons the Soviet Union has achieved parity with the United States. By rapidly expanding its intermediate-range nuclear potential it has created a further strategic threat to Western Europe. Each of the now more than 300 SS-20 missiles has three warheads, which means that one missile can destroy with one single strike my home city of Hamburg and the neighbouring cities of Lübeck and Kiel.

The Western Alliance must seek to counter by military means this Soviet arms build-up. This is possible only through co-operation between North America and Western Europe. We Europeans know that without the United States' nuclear potential and without American troops in Europe there can be no equilibrium between East and West.

But it also means there would be no equilibrium without the 500,000 well-trained soldiers of the German armed forces with their top-grade equipment, which would be supplemented in the event of a crisis by a further 750,000 fully-trained German reservists both of whom are extremely efficient, and that is the Soviet view too. If NATO, which in Europe is always under the command of an American general, had to counter an attack tomorrow, 90 per cent of the ground forces and 75 per cent of the sea and air forces available from the outset would be Western European soldiers.

In this connection allow me to make a few remarks which I consider to be of fundamental importance. In most recent years the interest of the leadership stratum in your country in Europe's specific problems, including those of my own country, appears to have been, if anything, diminishing. The number of those Congressmen and Senators who maintained a dialogue with us Germans at relatively short intervals, people we knew well and with whom we were able to develop a reliable personal relationship over a good many years, has decreased.

Many of your parliamentarians today are tending to look inwards. I am not reproaching them for that, but we have observed along with this phenomenon that certain prefabricated cliché concepts of us Germans are gaining ground which are today proving detrimental to our relationship. And I mean not only the relationship between our governments in Washington and Bonn. There is, for instance, the one about the Germans having become so self-centred about their prosperity that they would rather concentrate their resources on increasing that prosperity rather than on necessary efforts to strengthen and modernize the common Western defence.

The truth is that neither such a large and wealthy country as yours nor a medium-sized one like the Federal Republic of Germany can invest as much money in its defence budget as some of our generals and defence ministers deem necessary. Some defence experts tend to underestimate from time to time what economic and social stability in our Western democracy mean. That stability is in fact the crucial prerequisite for the defensive capability and the defensive will of our open, our free societies.

I have already spoken about the size of our armed forces. As you know, we adhere to the system of compulsory military service, although it would be much more convenient, particularly in our discussions with the younger generation,

also in Germany, to discontinue the draft, as you did ten years ago, and have an army of regular soldiers. From 1970 to 1981, the Federal Republic has on average increased its defence spending by almost 3 per cent in real terms annually. In about the same period US expenditure fell by almost 2 per cent a year. I should point out that on account of the recession the rate of growth of our 1983 budget will be no more than 1.9 per cent. Compared to that, our defence minister's budget will be the only one to increase, and that by 4.1 per cent. So you will understand that it is not easy for me to present this to the voting public at home since it means we have to expect our citizens to make considerable sacrifices in the field of social welfare.

Only a few months ago, on 15 April to be exact, our Foreign Minister and your Ambassador in Bonn, Arthur Burns, signed an agreement on wartime host nation support. This is further proof that our defence policy will continue to be based on the philosophy of burden-sharing. There will be no change in this.

Nor will we do anything that might fuel the arguments of Senator Mike Mansfield's successors who demand a reduction of American forces in Germany. Quite apart from the fact that every well-informed citizen of your country knows very well that the GIs from Texas and California serving in good old Germany have not been stationed there because you like the colour of our eyes. They are there to help defend genuine American security interests as well in case of necessity.

American soldiers are very welcome guests in our country. But no one should forget what this concentration of troops and weapons means to a country like the Federal Republic. My country is only one third the size of the state of Texas, but it has five times as many people - over sixty million.

And stationed in this densely populated territory are soldiers from seven nations: Americans, Canadians, Britons, French, Dutch, Belgians and Germans - altogether nearly one million. And in addition nearly 5,000 American nuclear warheads are stockpiled there - almost as many as in the whole of the United States.

These are facts. The critics, most of whom are inadequately informed, can come to our country and see for themselves. They will notice that we too, of course, are having a hard time meeting the rising cost of the defence effort, that not all young men are dying to be drafted into the forces, and that our generals cannot always afford the most modern military systems and not always as quickly as they would like. But they would also note that we contribute to the Alliance's collective defence a highly modern, well-motivated and well-trained army which certainly need not fear comparison with other armed forces.

The United States can count on us to continue to make our contribution to the preservation of a military balance, just as we count on the United States.

Equilibrium means that inferiority cannot be accepted, but at the same time there is no aspiration to superiority. We are agreed on this principle in the Western Alliance, but the question still arises today: How much is enough?

We must not underrate our own capabilities. I have no time for a Western military inferiority complex. It merely unsettles our servicemen. What, after all, can one expect of soldiers who are told frequently enough in political speeches that they are hopelessly inferior and supporting a lost cause - quite apart from the fact that this is just not true?

Disarmament Negotiations

Military equilibrium is indispensable. But arms alone cannot reliably guarantee our security. Only codified equilibrium, which is negotiated between East and West and subject to verification, can produce stability. For that reason I have always been in favour of SALT I, SALT II and START - whether in the days of Presidents Nixon, Ford, Carter or now under Ronald Reagan. The lower the number of weapons or troops on which equilibrium is agreed, the better.

For the Federal Republic of Germany, but also for the other allies, codified equilibrium is the true goal of their security policy.

It is to President Reagan's personal credit that he has committed his Administration to this basic course of the Alliance's common security policy. Shortly before his inauguration in the winter of 1980, the President assured me that the allies could be sure that "we will negotiate, negotiate and negotiate".

In the meantime this has evolved into a comprehensive programme for disarmament. Since November 1981 the United States and the Soviet Union have been negotiating in Geneva on intermediate-range nuclear weapons; since June 1982 the START talks on intercontinental strategic weapons have been in progress.

These are all difficult negotiations. But the people in my country expect progress to be made and arms to be limited. My Government is relying on the American negotiators taking advantage of every opportunity to arrive at agreed equilibrium.

In the Federal Republic of Germany, as in other Western European countries and in the United States, peace rallies

are being held. We take seriously the moral force behind this movement because our policy is also marked by the concern for peace. But because we want to preserve peace and maintain our freedom we, too, have some critical questions to ask. I share the concern for peace as reflected in the demonstrations; I respect many of the convictions that are held by the demonstrators; but I ardently challenge the claim that unilateral disarmament can ever achieve the goal of secure peace in freedom.

East-West Policy

Successful efforts for arms control could render a decisive contribution towards a more constructive East-West relationship.

The Soviet Union's military intervention in Afghanistan, Soviet intimidation of the Polish leadership and other acts, constitute a serious blow to East-West relations. To us Western Europeans, this setback has been particularly painful because we live directly adjacent to the Soviet sphere of influence.

My house in Hamburg is only 50 miles away from the front Soviet military line!

In the United States some people have fastened onto an erroneous cliché to the effect that the Germans have for some time seemed reluctant to face up to the Soviet Union's violation of human rights in its sphere of influence. It is maintained that we no longer have the guts to face the struggle between freedom and democracy and the communist system, that in order to make things easier for ourselves we have reached an accommodation with the powerful Soviet Union, we have concluded agreements with her to our own advantage, and that we have flirted with neutralistic ideas more or less openly.

But the facts are different. Hardly any other nation was required after the War to commit itself to the same extent as ourselves in the struggle between democracy and communism.

Three and a half decades after the war, the River Elbe still divides our country and our people. Throughout this long period we have many times had to respond to the challenge of communism. We Germans have taken an unequivocal stand, both spiritually and politically, in the face of that challenge.

In democratic elections held in Germany in those three and a half decades, the communists have been defeated time and time again. From the time of the Berlin blockade up to the erection of the wall in 1961, which divides the city of

Berlin in two and separates the Berliners from each other, in those long years of the cold war, we have not simply carried the burdens and the risks passively.

You may be interested to hear what one of your correspondents wrote on his return from a visit to Berlin. Let me quote:

"Détente too is important for reasons Americans should try to understand, One need only visit the Friedrichstrasse subway station in East Berlin on a Sunday afternoon to begin. This is the spot where visiting West Germans are met, and hugged, by their trapped relatives in the East. Détente - in the form of the 1972 four-power agreement on Berlin - made it possible for these people to see each other, call each other on the telephone, and know that traffic in and out of West Berlin would not be halted. The Germans also are convinced that détente made possible Solidarity in Poland, economic relaxation in Hungary, and a profound anti-Marxist cynicism in East Germany. They want the process to inch forward, and possibly transform the East bloc over decades. They were afraid Solidarity would push too fast and produce a crackdown all over the East and blood in the streets of Poland".

We have again and again stood up of our own free will and with unrelenting determination for the democratic way of, life and for those values which we have adopted from the American Constitution. And speaking as a Social Democrat, let me add that my party in particular has been in the front line in the political and intellectual struggle with communism. If on various occasions recently I have warned that the West, by its own conduct, is aiding and abetting a return to the cold war, I certainly did not do so because we think the possibilities of détente are unlimited or because we have lapsed into wishful thinking. But I am convinced that in view of the huge nuclear arsenals in East and West peace cannot be made safer by confrontation. I am also convinced that genuine security, particularly for the Europeans, cannot be achieved in opposition to the Soviet Union. A reliable state of balance can only be achieved by means of partnership based on treaties, by means of co-operation.

It is nonsense for some people in America to suspect that this concept amounts to equidistance, that is to say an attempt by the Germans to dissociate themselves from the indissoluble community of values of the West and to place their relations with the Soviet Union on a par, politically and morally, with their relations with the United States. Such insinuations are a mark of ignorance, sometimes malice.

The overwhelming majority of Germans wish to preserve the close and friendly relations with America. That majority is totally immune to any form of neutralism, and it is immune

to anti-Western nationalism. These are facts which are confirmed year in, year out, by Gallup polls.

In July 1980, on my visit to the Soviet Union, I told General Secretary Leonid Brezhnev about our concern over the excessive Soviet build-up of medium-range nuclear missiles. I told him that as a young officer I took part in the war which extended right up to the gates of Moscow and claimed twenty million Soviet and five million German lives, and that he could believe me when I said that our policy stemmed from concern for the preservation of peace. Mr Brezhnev believed that, just as I believed that his own concern for peace is genuine.

I am telling you this because in spite of all the contrasts, in spite of all the irreconcilability of the communist system and our democratic ideals, there is no other way of securing lasting peace than through mutual agreement and confidence-building. This means we have to pursue policies based on mutual tolerance and on agreements, a policy aimed at a consistent renunciation of force and at a partnership of security supported by treaties and aimed at a stable balance.

The overstocked nuclear arsenals are making people afraid. The lack of success in the disarmament negotiations are a source of growing scepticism among young people in particular towards political leaders in our country and here in America.

The atrocities of the Second World War and the lessons it has taught us are today more vividly present in the minds of the Europeans than they were but a few years ago. Large sections of our young people who are seeking effective disarmament demonstrate for fear of a conflict the outcome of which cannot be foreseen. They do not want to subjugate themselves to the one who is strongest. They want peace and freedom. What they certainly do not want is the peace of the graveyard.

To sum up: We Germans do not wish by any means to underestimate or detract from the importance of the military potential of the Soviet Union and of its strategy, the prime purpose of which is to separate the Europeans from the Americans. But neither do we want to paint the Soviet Union as a demon. I do not regard the Soviet Union as a giant against whom we are helpless.

Not only the two superpowers must be calculable for one another. We Europeans, too, and especially we Germans situated on the intersection of the two alliances, have a vital interest in seeing that interdependence is developed into mutual advantage, in ensuring that the mistrust between the members of the two alliances is gradually reduced.

One has to realize, and each side should make this an essential part of its political calculation, that neither can down the other by exerting military pressure or by resorting to the methods of economic starvation. Anyone who

tries that will give rise to incalculable risks, also for the peoples of Eastern Europe who are so desperate for gradual internal reform. Pressures exerted on the other side - as we have already seen - provoke fears and, as a consequence of those fears, a new hardening of positions.

Because a dialogue is needed I am very glad that President Reagan is considering a meeting with Mr Brezhnev. In my view it is a contribution to crisis management if the leaders of the two most powerful nations in the world meet personally and talk to one another.

Even in this continuing crisis of East-West relations, the maintenance of a policy of East-West co-operation geared to the principle of mutual advantage does not constitute appeasement. After all, this policy serves our Western interests.

On his visit to Europe in June, President Reagan also went to Berlin. There he said: "We believe that progress for just and lasting peace can be made; that substantial areas of agreement can be reached with potential adversaries; when the forces of freedom act with firmness, unity and a sincere willingness to negotiate".

I fully agree with him.

World economic crisis

Our defence capability, our readiness for East-West co-operation, and our capacity for bringing stability to the Third World are dependent on economic and social stability being preserved in the West. The stability of our national economies is a principal strategic factor.

At the present time, this principal factor is being threatened in an alarming manner. I am referring to the exorbitant budgetary deficits which in many countries have already become a customary ingredient of the national economic policy mix.

In my recent talks with President Reagan I have become aware of the difficulties confronting the Administration in the field of budgetary policy. However, one of the dominating factors of the world economic situation is that the budget deficit of the United States was as late as 1978 26 billion dollars, that of the Federal Republic 28 billion marks. Today, in 1982, the Federal Republic's deficit has risen to 34 billion marks, but that of the United States has catapulted beyond 100 billion dollars - an increase of over 300 percent.

This puts pressure on credit markets. This pressure, coupled with the aim of controlling inflation, drive interest rates to unprecedented heights - with all the well-known consequences

for investment activity. Hardly any productive investment can compete with the returns to be made on investments on the money market. There is hardly a consumer who can afford loans or mortgages at such rates. The outcome is: a decline of investment in fixed capital, almost a complete standstill in housing construction, a fall in demand for almost all goods - from steel for building via automobiles to household appliances.

But this leads to high unemployment which is compounded by structural changes in the economy.

If we do not stop allowing this fatal downward spiral to continue there is a great danger of the recession leading to a world economic depression - the second in this century, and one which could have just as serious consequences as the first.

Such a depression would seriously weaken not only North America, but also Europe and South America - and at the same time present opportunities for Soviet infiltration. Here lies the responsibility which a national economy like that of the United States, which is so decisive for the world economy, must recognize and live up to. The stability of our peace and our freedom today is decided not solely by our defence capability and our willingness to negotiate, but also by our economic discernment and our financial good sense.

East-West economic relations

At the Versailles and Bonn economic summits the Western heads of government laid down certain principles for East-West economic relations. According to these principles, economic relations should be based on the idea of mutual advantage. Financial relations should be restricted as required by commercial prudence and Eastern access to Western technology of military importance should be limited. We found it all the easier to subscribe to these principles since they have at all times determined the policy pursued by the Federal Government.

The Federal Republic's trade with the East, especially with the Soviet Union, has often been wrongly assessed in the United States. It is certainly not of major economic importance for us. In 1981, 1.9 per cent of our exports went to the USSR. Therefore there can be no question of any form of dependence.

As regards the new gas pipeline deal between Western European companies and the USSR, there is no likelihood of our becoming dependent on the USSR for energy supplies. Only 5 to 6 per cent of German primary energy consumption will be fed from Soviet sources in the late 80s.

The gas imports will diversify our vulnerability by reducing our dependence on imported oil. It will help to diversify our energy imports, a goal agreed on by all Western industrial nations. The Federal Republic is a country without any oil of its own, without any natural gas, and without uranium. We have learnt the bitter lesson of being dependent on foreign primary energy. That is why we have to diversify our energy sources and our suppliers in order to reduce the risk.

That is why, like Britain and France, we shall adhere to this deal. We cannot afford to break existing agreements. Thirty marks out of every one hundred marks of our gross national product are earned abroad. Who would still want to trade with us if we broke our contracts?

Thus the subsequent extension of the embargo by the US Administration is a very serious matter to us. By claiming the right to extend American law to other territories it is affecting not only the interests of the European trading nations but also their sovereignty. The fact that this decision was taken without consultations does not make it easier. The maxim for friends especially should be: It is better to discuss a question without settling it than to settle a question without discussing it.

Economic Relations between the Federal Republic of Germany and the United States / Texas

I will now turn to a more pleasant subject: Texan-German economic relations.

150 years ago, Friedrich Ernst, a German from Oldenburg who had emigrated to Texas, sent enthusiastic letters to his fellow-countrymen urging them to follow him to the New World. In his letters he frequently spoke of the economic opportunities that Texas afforded to enterprising immigrants.

Today, many years after those letters sent by Friedrich Ernst, there are a great number of economic ties between Texas and the Federal Republic of Germany.

They are not only confined to traditional trade, but also embrace reciprocal direct investments. These constitute a special link between our economies. More and more small and medium-sized companies are involved in this interlinkage of our countries through direct investments. With its stable social and economic conditions, the Federal Republic is attractive for business operations in Europe, particularly to American companies.

There is one German city with particularly close ties with the United States: Berlin. Admittedly, its exposed situation and its division are somewhat disadvantageous. However, they are more than offset by the tax advantages and the attractiveness of the cultural life of this dynamic city.

I feel that it is worthwhile for any American company intending to establish a European subsidiary to have Berlin right at the top of the list. And, by the way, I naturally have Houston right at the top of my own list: I visited your city for the first time twenty-five years ago.

The American nation has on repeated occasions demonstrated its vitality and generosity. For this reason, and not solely by virtue of the size, of your country, your economic power, and the strength of your armed forces, America is a great nation, a superpower. Yet, as Winston Churchill once said, "the price of greatness is responsibility".

The United States, as a consequence of its size and its economic strength, finds itself with the difficult task of leading the Atlantic Alliance. But between sovereign States with democratic constitutions, the exercise of leadership requires consensus at every stage, at every step. Consensus presupposes consultation. Both are difficult. But difficulty is the excuse history never accepts.

It often seems as though Europeans and others in the world do not overly like American leadership. And every so often the Americans do not like it either. But there is no choice: whether accepted or denied, whether liked or disliked, whether disguised or openly displayed, whether for better or worse, American leadership is unavoidable.

It will be most beneficial if applied considerately and consistently - and, if at all possible, quietly as well. One may abdicate oneself from one's leadership; one may deny the global consequences of one's own economic behaviour; but the United States will not escape its historic responsibilities.