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PRIME MINISTER

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Relations with Allies

The "planning paper" enclosed with Lord Carrington's minute to you of 4th August (PM/80/64) covers some interesting ground. But I am not sure that it brings out clearly enough what is arguably a key issue for collective Ministerial decision on the Government's international strategy.

2. The paper's thesis is (a) that "no radical change in the pattern of our existing relationships is necessary or even feasible"; but (b) that we need to try a bit harder with the Americans, with the French and Germans and with the European Community. This sounds blameless. But the "no radical change" view needs to be tested: are we sure that it is right? And the advice in (b) is too broadly aimed to be much help as a guide to policy-making.

3. The key issue, which the paper opens up but does not pursue to a very clear conclusion, is what we should do about the development of the Franco-German axis. Whitehall Permanent Secretaries who meet periodically under my chairmanship have increasingly drawn attention to the effectiveness and pervasiveness of this "special relationship". We are more and more tending to find, not just in the Community but also in wider international gatherings dealing with e.g. defence or monetary matters, that the French and Germans have got together in advance to work out a common line; and that this practice greatly enhances their ability to get their way. You yourself were very conscious of it at Venice. This development has been one of the most significant ways in which our international environment has changed in the seventies. In my own view, one of the most important issues for Britain in the eighties will be whether and how we can develop a relationship of parity and confidence, severally and together, with the partners in the Paris-Bonn axis. I do not myself see this as becoming (at any rate in the short term) a London-Paris-Bonn triangle; but I do think that we should try to achieve a position in which the French and German Governments

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consult and do business with us - and we consult and do business with them - as freely and comprehensively as they now consult and do business together, in all matters in which all three have interests at stake. If we succeed - and (I believe) only if we succeed - we shall continue to be able to play a significant part in shaping the world we live in. If we fail, we shall end up bleating more or less ineffectively from the sidelines, like the Italians and Canadians today.

4. Success or failure will of course depend crucially on our efforts to put our economic house in order. If our relative decline continues unchecked, the wisest foreign policy in the world will not save us from international insignificance. But while our economic fortunes remain in the balance, skilfully directed diplomacy can do much to sustain our influence. The France which de Gaulle took over in 1958 was an economic shambles. But that did not stop him reasserting her influence politically, without waiting for the economic revival which has made it possible to sustain that influence today.

5. The kind of relationship which we should aim at creating will grow out of the development of London-Paris and London-Bonn axes comparable to the present Paris-Bonn axis. A very firm Ministerial lead will be needed if a serious attempt is to be made to create these axes. We shall need to be clear that this is our priority. We shall also need to overcome some lack of enthusiasm at official level. Some senior officials believe that the intimacy between the French and German Governments is so much founded on the special needs of the two of them, and has become so deep-rooted and pervasive, that we cannot hope to match it. Others - of whom I am one - do not go along with that, and believe that, with commitment and determination, we can establish a comparable (though obviously not identical) relationship with each of them. However that may be, the fact that the Franco-German relationship has become so close is scarcely a reason for not trying to develop our own comparable relationships with them, though it does underline the immense amount of effort and persistence we shall have to put in to make up for lost time; and the danger of delaying the attempt.

6. More generally, there are many - not only in Whitehall - who still feel that our circumstances are objectively different from France's and Germany's: that we are superior in some ways (victor in World War II, "special" partner of

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America, members of the Commonwealth); inferior in others (wealth, industrial discipline); and in others again just different (in terms of recent history, maritime rather than continental; Protestant-dominated not Catholic-dominated; English-speaking; electorally indifferent to foreign policy success; electorally ambivalent about the value of European unity). This analysis tends to overlook the implications of the emergence of the superpowers, and the fact that we are neither a superpower nor any longer an imperial power. It overlooks the inescapable constraints and bonds of geography and culture. And it ignores the fact that the Paris-Bonn axis has been constructed, and flourishes, across many no less striking gulfs. France is underpopulated, relatively self-sufficient, a nuclear power, militarily out of NATO. Germany is none of these things. Germany is much richer. Germany is a divided country. Above all, Germany is closely tied to United States leadership of the Western Alliance by her geographical vulnerability and the position of Berlin; France is traditionally the most independent and anti-American of the Allies. But each of them has concluded that they need a special relationship with the other more than they need the various short-run national advantages which each could no doubt secure by kicking the other in the teeth from time to time.

7. As things stand, their very intimacy with each other inclines them to feel the need of us much less. But that could change if we were able to convince them that we are in future prepared to make our relationship with the two of them into a cornerstone of our foreign policy. There are enough underlying strains and dissimilarities in the Franco-German partnership to make each country glad to have another major partner of the same sort of quality if one were available. At present the Germans probably realise this more clearly than the French do; our relations with them are not as good as they could and should be, and their relationship with us is seen as less important to them than their relationships with France and the United States, but they would probably not take much persuading that it would be in the interests of both sides for Anglo-German relations to be improved. Getting closer to the French Government is always a sticky task for any British Government. The Anglo-French relationship is a long-lived love-hate

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relationship, and the French have a talent for the petty snub which we have to be constantly determined neither to accept nor to allow ourselves to resent. But there is also an awareness of inescapable mutual need and of mutual self-respect. Paradoxically the improvement of Anglo-French relations can be easier than the improvement of Anglo-German relations. We are used to each other; each of us expects the other to fight his own national corner, and would have less respect for each other if it were not so. But this is a perfectly healthy basis for doing business together, where there are interests in common, and for keeping conflicts and differences manageable, where interests diverge. Even the Giscard regime can probably be brought to see areas where close Anglo-French collaboration makes sense.

8. The Foreign and Commonwealth Office attitude is likely to be ambivalent, as their present paper suggests. They will be nervous about pursuing our links with France and Germany at the expense of the Community as a whole and its lesser members. But the hard fact is that if we succeed in setting up an inner directorate of three, that is how the Community will be run. The Commission or the outer membership will not always like it, but they will accept it, and will prefer that to the kind of drift that ensues if the three are failing to agree among themselves. If we do not succeed in this, we shall be left trying to woo the Italians and Benelux, with little chance of offering them effective leadership, and at the risk of worsening our relations with France and Germany in the process. With the enlargement of the Community it becomes even more important that we are not left in the second tier.

9. The Foreign and Commonwealth Office will also be jumpy about the effect on Anglo-American relations; and so will others, e.g. in the Treasury and Ministry of Defence. It will be pointed out, correctly, that the United States is far more important to us in many fields than France or Germany can ever be. But the United States is also of paramount importance to France and to Germany. The German decision (and, more covertly, the French decision) has not been to discard the American connection but to handle it on a joint Franco-German basis.

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If we establish a European directorate à trois, it is with that directorate that the Americans will conduct the major business of the Alliance, and will be content to do so.

*Disagree.* { 10. It is true that in recent months, because of the coolness in Franco-American and German-American relations, it has suited the United States Administration to make the most of the "special relationship" with us. But it will not always be so. The special relationship is a diminishing asset, as the generations in the United States whose experience was rooted in the Second World War and its aftermath retire from public life. The younger generation now emerging will see no difference in kind between the relationship of the United States with the United Kingdom and the relationship with other European allies, and will weigh its significance to the United States in relation to the comparative strength, influence and value of the countries concerned, in a world in which United States supremacy no longer seems inevitable. On that basis, there will be real value to all of us in the quadripartite relationship to which the Foreign and Commonwealth Office currently and rightly attaches so much importance; but the scope for British influence will be much less if meetings à quatre are allowed to develop the form of a dialogue between a purely Franco-German directorate on the one hand and the United States and her British satellite on the other.

11. Much thought would of course have to be given to the detailed content of an enhanced Anglo-German and Anglo-French relationship; and to the various bits of symbolism which would be needed to signal the way things were moving. But the first thing is to decide whether or not there is (as I personally think) an important policy choice for Britain to make in terms of international strategic purpose; and if so, which way we should choose.

12. The Foreign and Commonwealth Secretary looks forward to going over this ground with you after the holiday; and you may want to bring at least the Chancellor of the Exchequer and the Secretary of State for Defence in on that discussion, perhaps at a second stage. In the light of that, it would be for

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consideration whether there should be a wider discussion of the underlying issues, and if so on the basis of what paperwork. It will not be possible to organise the necessary work before the Anglo-French Summit; but you may feel that it should be put in hand to inform the next meeting with the Federal Chancellor, which will be after the federal elections in Germany.

ROBERT ARMSTRONG

14th August, 1980

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