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Foreign and Commonwealth Office

London SW1A 2AH

15 January 1990

Sir Percy Cradock

You may like to raise this pll into Utopia.

CDP

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Dear Charles,

Future of Europe

Amongst the material which has been written in the FCO in the last few weeks as part of our thinking on East-West issues and the future of Europe, is the enclosed paper on "European Architecture" by the FCO Planning Staff.

The paper has not been endorsed by the Foreign Secretary and we would not, therefore, suggest that you show it to the Prime Minister. It is certainly not a prescription for policy. But it has interesting ideas and we thought that you might like to have it, as a quarry.

I am copying this letter and its enclosure to Simon Webb (MOD) and Sonia Phippard (Cabinet Office).

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

EUROPEAN ARCHITECTURE

1. For forty years British security has rested on the Atlantic
Alliance as a counter-balance to Soviet power. From our point of
view there has been little wrong with this status quo (forty years
of armed peace as President Mitterand put it). It has produced the
longest period without war in European history together with
unparalleled prosperity. We have not felt especially threatened by
the Soviet Union, and European reliance on the United States has
given us some advantages as the country with which the United States
has closest links.

2. This status quo will not last. The bloc-based system is being
eroded by the decline in Soviet power, by the desire of the peoples
of Eastern Europe for democracy and self-determination, and by the
emotional tide in Germany for reunification. In addition there are
budgetary pressures in the United States for defence cuts and a
widespread decline in perception of a Soviet threat throughout the
West.

3. The security system on which we have depended for forty years is
not going to last and we need to adapt. Any alternative would need
to meet the following UK requirements:

-   to provide a reliable guarantee against aggression by the Soviet
    Union, the only European state we have cause to fear. Size,
    history, political and social organisation mean we are unlikely
    to be able to ignore a possible threat from the Soviet Union for
    the foreseeable future; this in turn implies that we need:

-   to maintain the United States commitment to European security
    expressed through the presence of its troops on the European
    continent;

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-   to avoid military conflicts in Europe which could affect the UK
    or its interests;

-   to achieve a process of change which is not itself
    destabilising;

-   if possible, further to reduce UK defence spending as a
    percentage of GNP (which in the post-war period has remained at
    unprecedentedly high levels);

Alternative Security Structures

4.   Improving East/West relations may enable us to rely more on the
political elements of security in future. We are now moving towards
a less adversarial "cooperative security" system . As an ultimate
goal we should aim for a system in which the political element
becomes dominant; this would be a system of security through
integration.

5.   In a "cooperative security" system security would continue to
rest on deterrence. But the Alliances (or if the Warsaw Pact
collapsed, NATO and the Soviet Union) would cooperate to ensure that
deterrence was not undermined, to reduce the risk of surprise
attack, accident, or misinterpretation and to ensure that neither
side gained a strategic advantage: in the foreground mutual
reassurance, in the background mutual deterrence. In practice, with
the CFE treaty we are already embarking on such a path. A CFE
treaty will be historically unique. Hitherto security has been
governed by unilateral measures on the part of each alliance. The
CFE treaty will recognise that security is mutual (a well
established reality in a nuclear age) and that it would not be to
the advantage of either side to obtain superiority. It will
represent a framework for regulating defence behaviour in a way that

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threatens no country's security. The CFE will reduce the threat by reducing the overall level of forces, by ensuring the removal of Soviet forces from Central Europe and by setting limits on remaining forces governed by a supra-national treaty. The highly intrusive system of verification will allow greater openness and greater confidence in the intentions of other countries.

6.   If a system of "cooperative security" develops and is operated successfully over a number of years it will promote an increasing degree of trust between the countries involved. In the long term it will tend to develop towards security through integration: a system where relations between all the countries of Europe are no more threatening than those now between France and Germany, despite the centuries of conflict between them. Security would be based on good political relations and on political and economic integration. Mutual political confidence will grow as the countries of Eastern Europe gradually adopt systems more like our own and begin to respect human rights. Genuine democracy and the rule of law will not come about quickly but once in place one possible source of East/West conflict will have been removed. Integration based on the model of the success of the European Community would come later. It would be essential to have a system for settling disputes: that is what the Community provides. Disputes within the Community are settled by negotiation and by the legal procedures of the European Court of Justice. In such a system security depends not on unity in the face of an outside threat but on shared interests.

7. These concepts of security sound Utopian; but they are goals rather than policies to apply immediately. They are the ideas that Kohl, Gorbachev and Bush are groping for when they talk about a European peace order, a Common European House or a Europe whole and free.

8.   There are three possible paths to such security systems: through the Alliances growing together, through enlargement of the European Community or by breathing new life into the CSCE process.

The Alliances

9.   We have a strong interest in the vitality of NATO. Its survival as the crucial trans-Atlantic link will depend on its ability to adapt in the 90s in order to remain attractive to the bulk of its members. Adaptability has not so far been one of NATO's fortes. But the main allies - the US and FRG - want NATO to evolve and a majority of other allies support the need for change. The result may be an organisation which is more political, more European, less military and less nuclear. It may conduct fewer exercises. It may have to drop some anachronistic aspects of the military structure (such as the defence-spending goals) and give higher profile to political coordination. It may have to accommodate some "country members" (Canada, Belgium, Denmark, Greece and, in some respects, even Germany). In short, it would be less as we would like. But it would be better than allowing the Alliance to atrophy because it failed to keep up with the times, as happened with CENTO and SEATO. In the last resort, our interest is to keep NATO going as our insurance link with the United States, which could, if necessary, be re-energised if the Soviet threat re-emerged.

10.   It would also be preferable for the Warsaw Pact to survive, at least in the medium term, because:

-   it provides a stable framework for negotiating and implementing arms reductions in an orderly fashion;

-   it would make it easier to maintain public support for NATO;

- it is a structure with which all are familiar and may be less threatening than whatever would replace it: different military groupings or unattached states.

At the same time the logic of "cooperative security" (mutual deterrence, mutual reassurance) means that we should not do anything to undermine Soviet security: encouraging the dissolution of the Warsaw Pact, or calling for the GDR to join NATO (in the context of a united Germany) should be ruled out on these grounds, at least at this stage. If however the Warsaw Pact collapses - and this possibility looks increasingly likely - the task of "cooperative security" will be essentially the same but in this case the Soviet Union rather than the Warsaw Pact would be NATO's partner.

11. If we are to work for a system of "cooperative security" based on the two Alliances we have three aims: to make NATO attractive to public opinion (particularly in the FRG), not to undermine the Warsaw Pact and to encourage the two Alliances to grow together. To achieve the first we need to give NATO a greater new political roles and to show that it is adapting to the new circumstances. As the only body which brings together the West Europeans and the United States it can play a leading part in developing Western political strategy towards developments in the East and managing the Transatlantic relationship. We should not rule out new roles out of area, in peacekeeping and assistance in dealing with natural disasters - always providing of course that we do not forget that NATO's primary purpose remains defence.

12. To achieve the second goal we should avoid calls for the collapse of the Warsaw Pact and indeed encourage the new regimes in Eastern Europe to do nothing hasty, although we cannot oblige democratically elected governments to remain in the Warsaw Pact

against their will. On the positive side we should encourage the Soviet Union to transform the Warsaw Pact into a pluralist and more political body. If the Warsaw Pact is capable of changing in this way it may become more acceptable to its East European members. But the CMEA is in the process of collapsing, and democratically elected governments in Eastern Europe may well want to opt out of the Warsaw Pact.

13.   To achieve the third aim (and to assist in the achievement of the first two) we should encourage an increasing dialogue between the two alliances. The CFE process is the first and most important aspect of this dialogue. But other contacts should be developed to tie the two alliances closer together and allow them to develop as two parts of a mutually reinforcing security system.

European Community

14.   In the longer term, with the Warsaw Pact in practice likely to whither away, an Alliance-based structure could be replaced by one based on greater pan-European economic and political integration. The European Community can contribute to this. First it can increase interdependence between the two halves of Europe by helping emerging East European democracy and by creating a structure of graduated association between the present Community and East European countries. This entails no more than an extension of the current EC policy of differentiation. (This was the policy proposed in the UK paper circulated within the Community prior to Strasbourg.)

15.   For the longer run we should ask whether further enlargement of the Community could contribute to security and stability by creating a high degree of political and economic integration

throughout Europe. The Community is an historically unique example
of relations between states governed by law - an ideal model for the
Common European Home. The lesson of Franco/German reconciliation
through integration may be one that can eventually be applied more
widely throughout Europe. If this were adopted as a long term
goal, the association agreements could be seen as stepping stones to
greater pan-European integration. German reunification will in any
case involve a limited enlargement of the Community; to reject GDR
membership would create a crisis. Whether or not this impacts on
the Austrian or other applications remains to be seen.

16.   There are two reasons, however, for doubting that the European
Community can provide a complete answer to the problems of European
architecture. First it will be decades before the countries of
Eastern Europe can meet EC economic and political standards.
Secondly the Community will never be able to accept the USSR
(assuming it remains a unitary state) as a member. By its sheer
size it would dominate the Community to an unacceptable degree, and
the economic cost of its assimilation would cripple the rest of
Europe.

17.   Secondly the Community can also contribute to the key task of
reinforcing the Transatlantic relationship. The Americans fear that
as NATO becomes less prominent and the EC more important they will
become progressively disengaged from decision making on Europe:
hence Secretary of State Baker's call for new institutional links
between the EC and the US. We should look for new and possibly
radical ways of expanding the EC/US relationship, for example an
EC/US and Canada Free Trade Agreement, a closer political
relationship through six-monthly meetings between the 12 Foreign
Ministers and the US Secretary of State and other ideas.

18.   Thirdly the Community's Political Cooperation framework will continue to provide a forum for coordination of foreign policy. The possibility of a <u>defence role for the Community</u> has been discussed since it began but in practice this would become likely only if the United States were to withdraw from Europe in a major way and the Soviet threat were again to become a cause for serious concern. In these circumstances European defence might be built on the WEU with a more limited form of security cooperation extending to the other members of the EC.

CSCE

19.   The CSCE provides a third avenue for the creation of a new all European security structure. It has the right membership including all the countries of Europe and the United States and Canada (unlike, at first sight, Mitterrand's "confederation"). The right subjects are on its agenda including military security, human rights, democracy, frontiers, economic issues, the environment and national minorities. The process reached the end of a chapter at Vienna, and we are actively searching for new roles for it. There are a number of proposals we could make to develop the CSCE in the direction of a security system based on integration. We could establish a permanent CSCE council taking on the role of a European UN Security Council for the resolution of regional conflicts. We could turn the current political commitments of the CSCE into legally binding rules and develop the CDH mechanism in the direction of human rights court for the whole of Europe (which at a later date could merge with the European Couirt of Human Rights). The CSCE could play a role in developing democracy and the rule of law throughout the continent (via for example rules permitting observers at elections and in courts and prisons). Early progress could be made on these ideas if we accepted Gorbachev's proposal for a CSCE summit and bringing forward the Helsinki meeting to 1990. The CSCE

is however not a rapid process and the negotiation of a new body of European law would take some time.

Problems of Transition

20. Transition from the existing security system to a new system must not itself be unstable. Working through the Alliance to build up cooperative security while developing the Community and the CSCE process at least means that there would be no radical discontinuity. But there would be two threats of instability in the short to medium term: the danger of violence breaking out in Eastern Europe, and the danger of misunderstanding between the Soviet Union and the West. The first threat exists in a number of areas in the Soviet Union and Eastern Europe. Violence could break out in the near future in the Baltic Republics, in the GDR, between Hungary and Romania or in the Balcans. The danger of miscalculation is likely to be longer term. For example as Czechoslovakia grows more and more like a Western country it may cease to be clear on which side of the dividing line between East and West it sits. In ten years time the West may consider it to be a Western country, but the Soviet Union may still believe it has overriding security interests there. There could then be a real danger of a misunderstanding between East and West leading to conflict. Any system of cooperative security we develop will therefore need to contain elements to manage such instability and to allow a dialogue that ensures misunderstandings do not develop between the Soviet Union and the West.

Policy Conclusions

21. The security system on which we have depended for the past forty years cannot be maintained in the long term. We can play a part in slowing down change but should not let that be our only role. We should aim at the development of a "cooperative security

system" based on cooperation between the two Alliances (particularly though the CFE negotiations). As a long term goal we should look towards a system resting on greater integration. No single route towards these goals is likely to solve all the problems. The solution is to pursue all three routes (the Alliances, EC and CSCE) in parallel. In the early stages the Alliances will remain the key element in the system; later the emphasis will shift to the CSCE and the Community. But all three elements are likely to be needed for the foreseeable future.

22. If these aims are accepted we should take the following steps:

i) We should <u>start using the language of "cooperative security"</u>. This will provide a more credible justification for the Alliance, nuclear deterrence and firm defence than talk of the Soviet threat. Opinion polls already show that public support for all of these is declining.

ii) We should be open to the possibility of extending the membership of the <u>European Community</u> to all European countries who wish to join provided they meet its economic and political standards.

iii) We should be prepared to <u>envisage</u> the possibility of <u>"one country two alliances"</u> for Germany. This might be an intermediate stage on the way to some other security arrangement for Germany. This would have to be negotiated in an all-European framework and would be covered by the same sort of guarantees as in the CFE treaty.

iv) We should urgently look for new ways of <u>engaging the US in Europe</u>, eg developing new roles for NATO and new forms of EC/US cooperation.

v)   Since security in this framework will rest above all on a high degree of trust and political integration we should look for ways of <u>promoting political change</u> - human rights, law and democracy - through the <u>CSCE process</u>. We should also consider other ways of adapting the CSCE to our new requirements in Europe.

vi) We should do nothing to undermine the <u>alliance structure</u>. We should certainly not encourage members of the Warsaw Pact either to leave the Warsaw Pact or to join NATO.

Policy Planning Staff
January 1990

ANNEX

Possible Alternative Security Structures

a) 18th/19th Century balance of power: if the two blocs
disintegrate we could revert to a more fluid system of alliances,
whereby Country A allies with Country C and Country B allies with
Country D to ensure that no one country has a preponderance of power
in Europe. In these circumstances Central Europe would be dominated
by a powerful German state, which might provide a buffer against
Russian aggression. The possibility of renewed German aggression is
remote and would in any case be deterred if the UK and France
remained nuclear powers. However such a system would be just as
unstable as it was in the 18th and 19th centuries, and would not
meet the UK requirements for security.

b) Warsaw Pact collapses but NATO goes on: we have always argued
that the two Alliances are not equivalents. NATO pre-dated the
Warsaw Pact and will be needed even if the Warsaw Pact dissolves.
But such a scenario is in fact unlikely and would be highly
destabilising. Western public opinion, and particularly German
public opinion, would be unlikely to accept that the continued
existence of NATO was necessary once the Warsaw Pact had
disappeared. The drive for German reunification would be likely to
ensure that the death of the Warsaw Pact would also be the death of
NATO. Any sudden disappearance of the Warsaw Pact while NATO
survived would upset the existing balance of power in Europe. The
Soviet Union would legitimately feel its security interests
threatened, and could well try to reimpose its authority in certain
East European countries. Certainly progress on East/West relations
and arms control would be thrown into reverse (who would NATO
negotiate with?).