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THE FUTURE SECURITY POLICY OF THE ALLIANCE

Report of the Rapporteur
Subgroup 3

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(Report of Subgroup 3)

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THE FUTURE SECURITY POLICY OF THE ALLIANCE

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INTRODUCTION

This report is concerned with the future security policies of the North Atlantic Alliance. These policies seek to ensure freedom and security for the members of the Alliance in the face of a continuing threat from the East, so that our peoples can develop to the fullest their spiritual and material resources.^{1/}

Security for the members of NATO rests on two pillars: First, the maintenance of adequate military strength and political solidarity to deter aggression and other forms of pressure and to defend the territory of the NATO countries if aggression should occur. Second, realistic measures to reduce tensions and the risk of conflict, including arms control and disarmament measures.

^{1/} For a more complete statement see "East-West Relations." Report by the Committee of Political Advisors (C-M) (67)84 Revised November 21, 1966. Paragraphs 1-4.

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The purpose of this report is to develop a broad perspective of NATO's current security position, outline future directions and suggest the security policies required for the years ahead.

A more detailed assessment of the military threat facing NATO, and of NATO's strategic concepts and force requirements, is contained in the guidance transmitted by the DPC Ministers to the Military Committee in May 1967.^{1/}

I. NATO AND THE CHANGING SOVIET CHALLENGE

If the Soviet Union has today abandoned the objective of changing the status quo in Europe by force and is engaging in diplomatic approaches toward detente with some NATO countries, this is due in large measure to the cohesion, the determination and the effective military strength of NATO over the years. As recently as 1961-1962 NATO faced and met a Soviet challenge to the Western position in Berlin which included the use of limited force and the threat of unlimited force. When the Soviet leadership was then faced down in the air corridors and on the Autobahn, it sought yet another means to affect a change in the general balance of power by secretly installing

^{1/} Annex II to DPC/D(67)23, May 11, 1967

medium-range ballistic missiles in Cuba, targeted against the US. If this move had been successful, we could have expected renewed pressures on Berlin.

Since the Cuban crisis, the Soviets seem to have accepted the fact that they are unable to alter substantially the situation of mutual deterrence on the European Continent and globally.

At the same time, throughout the entire period, they have maintained undiminished their military deployments on the Continent and their MRBM/IRBM threat to Western Europe. They have also undertaken an urgent program to improve their nuclear capability against the West by dispersing, hardening and enlarging their deployments of ICBMs and by installing an initial ABM capability. They have also in recent years moved toward improving their strategic posture by deploying increasing naval strength, particularly in the Mediterranean area. They have built up their political-military influence in the Arab states of North Africa and the Eastern Mediterranean. These actions pose a growing threat to NATO's southern flank.

Moscow recognizes the military strength of our deterrent. It recalls the demonstrated firmness and preparedness of the Alliance under challenge in 1962.

At the same time the Soviet leaders are preoccupied with their conflict with Peking and the concurrent upsurge of nationalism in the Socialist camp. They are also confronted with serious internal problems, notably the erosion of Communist ideology and a declining economic growth rate. All these factors make it unlikely that the Soviet Union will in the immediately foreseeable future initiate, or even wittingly risk, major hostilities.

They will, however, expect the very existence of their military power to convey political influence in Western Europe, particularly if serious strains develop in the Alliance. Berlin remains a hostage, and the situation in Eastern Germany remains inherently unstable. The record in the recent Middle East crisis can hardly increase our confidence in Soviet capability to avoid miscalculation. Finally, in considering the future of East-West relationships, we would do well to bear in mind the Soviet leadership's views as to the nature of detente. Speaking at last year's 23rd Congress of the CPSU, Mr. Podgorny put it this way:

"The principle of peaceful coexistence is the principle of relations among states with different social systems. It is absolutely inapplicable in the class struggle between exploiters and those exploited, in the struggle between colonialists and the oppressed peoples, in the struggle between the socialist and bourgeois ideologies. Under present

conditions the implementation of this principle facilitates victories by socialism in economic competition with capitalism and favors the successful struggle of all detachments of the world workers and national liberation movements."

In recent practice, Soviet objectives in pursuing detente have included a drive for the acquisition of advanced Western technology. The Soviets have also sought to exploit centrifugal and divisive tendencies, to isolate the FRG from its allies, to reduce or eliminate the US and Canada as power factors in Europe and to propagate the theme that the Atlantic Alliance will reach a natural end in 1969.

Just as we should have no illusions about Soviet purposes, so should we be clear about our own. For the fact is that Soviet willingness to seek certain accommodations with the West, even on a selective basis and for whatever motive, does provide opportunities for the Alliance to foster a favorable evolution of policy. This includes the development of a public opinion in Eastern Europe and inside the Soviet Union itself which will exercise restraints on their leaders. Soviet policy may also open new possibilities for finding arrangements in the field of arms control and disarmament which would favor the emergence of a new political environment, without jeopardizing our security.

As we move in this direction, we must keep in mind that the present Soviet posture was brought about in large part by our own unity, strength and determination. We must also remember that the maintenance of this unity, strength and determination is the essential foundation for effective exploitation of this new situation. A sound NATO defense policy and military structure, combined with close political consultation, can avert the following potential dangers:

- 1) giving Moscow the option of again stressing the availability of their military power in Europe in the context of Soviet pressure for Western political concessions;
- 2) permitting Moscow to play one NATO member off against another, thus dividing and weakening the Alliance.

In fact, despite some hesitations and setbacks, the Fourteen members of NATO who continue to plan their defense on an integrated basis have remained aware of the political importance of maintaining their defense posture and adapting their policies and structures to changing circumstances and new problems-in cooperation with their French ally wherever

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possible. Examples include:

- 1) revised and improved force planning procedures that are designed to correlate strategy, force requirements and resources,
- 2) new political guidance to the military authorities that has provided the basis for a review of NATO strategy,
- 3) an enhanced role for the non-nuclear powers in nuclear planning through the Nuclear Defense Affairs Committee (NDAC) and the Nuclear Planning Group (NPG),
- 4) recognition of the need to improve procedures and facilities for exchange of intelligence and other data resulting from the work of the Special Committee of Defense Ministers,
- 5) readjustment of the Military Committee and the NATO command structure to adapt to the withdrawal of the French from integrated military commands, while at the same time simplifying the command structure and providing for continued cooperation in specific areas between France and the other NATO countries.
- 6) recognition of the need to improve NATO's decision-making process in times of crisis,

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- 7) a substantial improvement of NATO's communication capabilities,
- 8) recognition that the military weaknesses of the flanks make them particularly vulnerable; adoption of certain plans for strengthening the defense of these regions, including the improvement of local forces; continuance of work in this field, including ways of providing external reinforcements in defense emergencies; and agreement to common NATO funding for the exercises of the ACE Mobile Force,
- 9) continued attention to the special need for assistance in the economic development of Greece and Turkey and for defense support to enable these two countries to provide the local forces necessary, within the framework of NATO's overall military capability, for deterrence and defense on the southeastern flank,
- 10) stressing arms control as an important element of NATO business through regular meetings of disarmament experts who have engaged in extensive discussion of arms control proposals and their relation to the security interests of the Alliance.

The current study is, itself, part of the broad effort to adapt the Alliance to a changing environment.

II. FUTURE SECURITY POLICIES

While much progress has been made in modernizing the policies and machinery of the Alliance, this is a continuing process. Several current issues have important implications for the future political and security policies of the Alliance as a whole and its individual members. These are discussed below.

A. Defense Issues

1. Force Levels - One of the major defense issues we face in the Alliance is the size and type of forces we shall need to maintain in the years ahead and how the burden of maintaining forces for the common defense will be distributed. This is not a new issue. However, it has been given new urgency by the growing pressures in all of our countries to reduce defense burdens at a time when the immediate threat of conflict in Europe appears to have diminished. Balanced and gradual revision of force levels on both sides could, together with other steps, help to shape a new political environment. However, uncoordinated force reductions could weaken our

defenses, create political dissension in the Alliance and actually impede development of a stable detente with the East. We cannot permit this to happen.

There continue to be differences among us on the specific forces required and how the burdens will be shared. It now is both urgent and timely that we attempt once again to resolve these differences.

The general postulates for the development of a modernized strategic concept for NATO on which rational force plans can be based were outlined in the recent guidance by the Defense Planning Committee (DPC) Defense Ministers.^{1/} This has laid the basis for a fundamental revision of the NATO strategic concept. This guidance stresses the continuing need for the Alliance to maintain a full spectrum of military capabilities in order to deter and, if necessary, counter aggression. It notes that certain deficiencies in NATO forces remain to be corrected.

In addition, the military staffs have recently developed imaginative new strategic concepts and plans, notably SACEUR's recent study of force postures based on alternative strategic concepts and SACLANT's plan for a standing naval force in the Atlantic. These ideas must now be translated into forces

1/ Annex II to DPC 1D(67) 23, May 11, 1967

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which the members of the Alliance are willing to support for an agreed period. We should use the consultative means at our disposal and the force planning procedures to assure that any force adjustments are coordinated and assure the continued security of the NATO area.

2. Nuclear Planning - Another issue of continuing concern in NATO has been how to involve the non-nuclear members of the Alliance more fully in the critical decisions relating to the nuclear forces of the Alliance. Significant progress has been made in this area over the past two years, particularly with the establishment of the NDAC and the NPG. These bodies have undertaken studies which are intended to develop new guidelines for policy on several critical issues.

a. Tactical Nuclear Weapons - Probably the most important nuclear planning task is the development of improved policies and procedures for the control and possible use of the large and varied arsenal of tactical nuclear weapons available to the Alliance. The NPG discussions with respect to tactical nuclear forces reached the conclusion that the tactical nuclear weapons available to major NATO commanders appear to be sufficient in quantity. However, the mix of weapons and the circumstances in which they might be

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used require further detailed study. The main questions in this area relate to the selective use of nuclear weapons. This includes the means of ensuring adequate political control and consultation in the decision-making process, which might have to be undertaken in a very short time. Another question is the great uncertainty as to what would occur once the use of tactical nuclear weapons was initiated. It is difficult to predict when it would be of net advantage to NATO to initiate the use of tactical nuclear weapons in response to aggression less than general war. Further studies are now under way in the NPG to help to clarify this question.

b. The Strategic Balance - While there are many ways of measuring the relative strategic capabilities of NATO and the Warsaw Pact (e.g., megatons, number of missile launchers, number of warheads), by most indices the West has clear numerical superiority over the East. In this connection, the NPG has concluded "... that the existing and programmed strategic nuclear forces of the Alliance remain adequate for deterrence of large-scale attack by the Soviet Union." But at the same time the Soviet Union also has a deterrent by virtue of having created a protected second-strike missile force which it continues to expand and improve. Thus, mutual deterrence at the strategic level exists and is likely to be

maintained for the foreseeable future. In this situation, the numerical superiority of the Alliance in strategic forces, while still most important, has a limited utility as a deterrent unless it is linked with tactical nuclear capabilities and strong non-nuclear forces.

Under these conditions of mutual deterrence, the Soviets probably will continue to observe caution and avoid direct conflict with the US or its major allies. They could, however, come to believe that they had new opportunities to generate political pressures on the Alliance or conceivably even to deploy low levels of violence if the capabilities of NATO to meet lesser contingencies were permitted to atrophy.

While a situation of mutual deterrence exists and seems likely to persist, this does not mean that deterrence is static. In strategic nuclear matters the US and the Soviet Union mutually influence each other's plans. In recent years the Soviets have substantially increased their offensive forces. Clearly the Soviet buildup is in part a reaction to the US buildup since the beginning of this decade. While neither side is able to achieve a credible first-strike capability and neither seems trying to do so, it is difficult to assess intentions accurately. There is a

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tendency to plan one's assured destruction capability on very conservative assumptions. The result has been that both sides have built up forces to a point that far exceeds a credible second-strike capability against the forces each started with.

NATO cannot permit the Soviets to outdistance us, because to do so would be to jeopardize the very viability of the nations of the Alliance. Nevertheless, we do not want a nuclear arms race with the Soviet Union. This would be extremely wasteful and in the end would buy neither side greater security. We would, therefore, much prefer to come to a realistic and reasonably riskless agreement with the Soviet Union which would effectively prevent such an arms race. If, however, the only way to prevent the Soviet Union from obtaining a first-strike capability over us is to engage in such a race, the NATO countries possess in ample abundance the resources, the technology and the will to run faster in that race for whatever distance is required.

Another factor in the strategic equation is the emerging nuclear capability of Communist China. There is evidence that the Chinese are devoting very substantial resources to the development of both nuclear warheads and missile delivery

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systems. It seems likely that China's basic motivations in developing a strategic nuclear capability are to provide a basis for threatening her neighbors and to clothe herself with the dubious prestige that the world pays to nuclear weaponry. While it would be insane and suicidal for China to utilize this nuclear capability, one can conceive conditions under which China might miscalculate. It is only prudent, therefore, to reduce such possibilities to a minimum. It is primarily for this reason that the US has decided to go forward with a Chinese-oriented ABM deployment.

The development and deployment of ABMs by both the USSR and the USA could have far-reaching strategic and arms control implications affecting the Alliance. While the presently planned deployment by the US is limited in scope, as is that of the Soviet Union, a major expansion of ABM deployments by either side could lead to a new and expensive arms race with serious consequences in the disarmament field. The deployment of ABMs by the two major powers, particularly if the present limited deployments are expanded, also raises for the European members of NATO the question of whether they should seek a similar form of defense. This

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has important military, economic and political implications which are now being studied in the NPG.

3. Crisis Consultation - The Special Committee of Defense Ministers, which preceded the NDAC/NPG, developed a number of recommendations related to improving the arrangements and procedures for information exchange, many of which are being implemented. However, each member state will have to improve its methods of handling and analyzing data and provide more information to NATO before there can be a truly effective system of information exchange.

Improved procedures for exchange of information in peacetime are a vital prerequisite to improving crisis consultation; but the procedures that would be used in time of crisis also need to be re-examined. The International Staff has initiated action on this front and expects that the conduct of the forthcoming high-level exercises will permit further examination of procedures and related problems. This work should proceed expeditiously.

The Council has a modern situation center to serve as the focal point for receiving, analyzing and presenting all kinds of intelligence. The new Center at Evere should

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provide a substantially improved capability for crisis consultation through its situation and consultation rooms, data handling and modern communications facilities. The Center's staff should develop a well-trained cadre for keeping pace with developing situations.

For its regular work, above all in time of crisis, the NATO military and civil authorities need to be linked by the most modern kinds of communications systems. The Alliance in the past year or so has made substantial progress in this field. An advanced system is being established that will make NATO operations more independent of land lines or short-range links. Looking ahead, the Alliance is also working on a satellite system to provide more reliable communications in the future.

B. The Alliance and Arms Control

1. Introduction - Future European security arrangements could involve mutual reductions of East-West force and armament levels, joint arms control measures and concrete progress toward the solution of the German question. It is difficult to establish priorities or a time schedule that would lead to these goals. It will depend on the willingness

of the East to enter into arms control arrangements and to seek security in this way rather than by maintaining a massive military confrontation.

The first stage probably would have to rest largely on tacit understandings and mutual example. Thereafter, progress toward normalization would in many cases require formal political and arms control agreements. Measures which might constitute elements of a future European security arrangement are:

- a) establishment of special military liaison missions on both sides with maximum freedom of movement, or a few regional and mobile observation posts. Such exchanges could make some contribution over time to breaking down the barriers to adequate verification which still stand in the way of progress on arms control. Even if no early multilateral agreement can be reached about military missions and/or observation posts, the several allies should continue to seek increased bilateral exchanges in the military field, including observation of maneuvers on a reciprocal basis with individual members of the Warsaw Pact, including the Soviet Union;

- b) agreements between parties on both sides renouncing the use of force;
- c) balanced reductions or redeployments of armed forces on both sides, in particular of foreign troops, or equivalent measures affecting local forces;
- d) reduction of Soviet MRBM/IRBMs targeted on Western Europe. Progress in this area may be possible only in the larger framework of limitations on US-Soviet strategic nuclear delivery vehicles and may well involve reductions in tactical nuclear weapons;
- e) East-West non-aggression pacts, undertaken in the context of concrete progress toward a European settlement, might result from progress on some of the above measures.

There should, of course, be full consultation in NATO on all such arrangements.

2. Mutual Force Adjustments - At the present time, certain changes are taking place in Alliance military dispositions. These are partly based on economic and technological reasons. Another factor is a widely shared judgment that changes in the political posture of the other side have reduced the immediate military threat to NATO. The several allies

undertaking or contemplating these measures, and the Alliance as a whole, must, however, assure that such adjustments are related to a feasible strategy and that our military options are not dangerously narrowed.

If, however, we can induce reciprocal reductions or redeployments* from the East, even without a formal agreement, force adjustments which maintained an adequate balance might serve NATO's security interests by revising the Alliance's military posture to conform to current perceptions of the threat from the East. This should be done in a manner which fosters the development of favorable political tendencies in the East and between East and West, thereby contributing to a further easing of the rivalry and ultimately to a political settlement.

NATO's security interests would have been served by the necessary preparations for such mutual force adjustments.

*We distinguish between reductions and redeployments. A reduction is a cut in the existing active forces available to the Alliance. A sizable reduction can be reversed only over a period of time and if it is, would very likely induce responses on the other side, even though it had been in the first place stimulated by some perceived change in the security situation. A redeployment moves troops back from the front but clearly keeps them in being. These units may be earmarked for return under circumstances to be agreed within the Alliance.

They must lead to a NATO-agreed framework for possible reductions in the manner most likely to elicit reciprocity by the other side. This in turn will help to prevent the unraveling of the Alliance's military posture which could result from inadequately coordinated decisions and actions regarding national force levels motivated by budgetary, balance of payments and political pressures.

We have previously noted that NATO and Soviet objectives with respect to detente are not necessarily identical.

However, the Russians have shown interest in the past in a mutual thinning of forces; thus there is prospect of eventual Soviet interest in matching moves. Recently, however, they have been inhibited from pursuing the matter by political considerations. They are not likely to associate themselves with a formal agreement which may appear to their allies to permit the US to redeploy men and equipment from Europe to Vietnam. Additionally, they may believe that NATO countries will reduce armed forces strength irrespective of any compensating Soviet action.

Since formal agreement on force adjustments is probably not achievable in the immediate future, any adjustments

would have to be made on the basis of a general tacit understanding at best.

Existing intelligence capabilities may suffice for determining the general magnitude and authenticity of withdrawal activity. However, if agreements, whether tacit or formal, involved specific types of weapons or forces, the question of verification would be more difficult. In the last analysis, the success or failure of the measure must rest on the extent of fundamental mutuality of interest in lessening the confrontation.

Even if significant adjustments by mutual example were implemented, NATO forces in Europe would still have to be of sufficient strength to contribute to the deterrence of aggression and be capable of dealing with local clashes, harassments and border incidents. Forces in Europe would also have to be large enough to make NATO's tactical nuclear capabilities credible as a deterrent both to large-scale or nuclear attack. A significant visible US presence, which could be rapidly reinforced, if necessary, would be required to provide a continuing credible US commitment to Europe's security and to maintain the pattern of the Alliance's deterrent posture.

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There are, of course, risks in making adjustments even if they are mutual. It might be politically difficult to restore or strengthen NATO military capabilities on a timely basis unless adequate advance preparations are made and strongly supported and the political firmness of the NATO governments matches the technical preparations. Although a developing crisis might be sensitive to, and exacerbated by, crash Western efforts to build up our strength, rapid redeployment could be used in a period of tension to provide evidence of determination.

In sum, mutual adjustments would involve both risks and advantages. Political as well as military issues are involved. Furthermore, there are many possible kinds and degrees of adjustments that could be envisioned. What constitutes a "balanced" reduction on the other side is a complex problem that requires careful analysis. What seems indicated is a careful study of the military and political consequences of alternative schemes for mutual force adjustments. Such a study has recently been envisaged in NATO and should be pursued. It should provide a good test of NATO's ability to work out common policies and plans in the arms control field.

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3. Complementary Arms Control Measures - An arms control measure which might accompany substantial force adjustments would be the establishment of a direct communications link between local military headquarters in Western and Eastern Europe as has been done in Norway. This could serve to reduce the risk of accidental conflict resulting from an unintended incident such as aircraft unintentionally crossing a border. This measure might be supplemented by increased exchanges of military missions. These measures would require formal agreements, but their political sensitivity is low enough that such agreements might be possible.

Broader arms control and disarmament issues also affect the Alliance. Examples are the proposed nuclear non-proliferation treaty and the limited test ban treaty. The recent intensive discussions in the Council on the non-proliferation treaty demonstrate both the need for and the usefulness of full consultation on arms control measures affecting the Alliance members. The non-nuclear members of the Alliance have, quite correctly, wanted assurance that the signature of a non-proliferation treaty would not adversely affect their security interests, and the discussions in the NAC have helped to alleviate these concerns. NATO will need to give continuing

attention to the effect of this treaty and other arms control measures on the strategy and force posture of the Alliance.

4. Strengthening NATO's Arms Control Machinery

It seems clear that the Alliance should give increasing concern to arms control issues. Problems of arms control and possible security arrangements should be examined with as much continuing care and attention as NATO devotes to force planning, strategy and nuclear questions.

The Council has often discussed questions of arms control. Disarmament experts are considering these problems at the technical level during regularly scheduled meetings. These efforts, although valuable, have not proven adequate. The Alliance should establish regular and continuing machinery to examine and evaluate all aspects of proposals or suggestions in this field.

This could be accomplished by establishing, under the authority of the Council, a separate, permanent committee, called the Arms Control and Disarmament Committee. This committee would be supported by an expert staff section established within the International Staff under the Secretary General.

Establishment of this Committee with International Staff support would institutionalize the consideration of arms control measures as an element of NATO security policy. It would develop arms control concepts and proposals for consideration by NATO governments. It would serve as a point through which member governments could get initial NATO reactions to unilaterally formulated disarmament proposals.

The Committee would seek the advice of NATO military planners in formulating its recommendations. The existing force planning machinery, adapted as necessary, would be utilized to evaluate the military implications of arms control proposals. This would ensure that the Council and member governments have available the carefully considered military, as well as political, views necessary for decisions on these sensitive matters.

C. Trends in Technology and Their Impact on the Alliance^{1/}

1. The Relation of Technology to Security - Among the changes fast transforming our society, none has had greater impact

^{1/} International Technological Cooperation. Report to Ministers (C-M) (67)31 (Revised) of June 7, 1967.

than the scientific-technological revolution. Nowhere has the impact been more striking than in the field of military technology. Increasingly an essential component of an effective military establishment is the qualitative excellence and quantitative sufficiency of the arms and equipment borne by the armed forces. Advances in technology in the next ten to fifteen years are likely to have profound effects on the forces and strategy of the Alliance.

Examples of the way in which technology influences strategy include the development of satellite reconnaissance to provide timely intelligence and of the Polaris weapon system to give a strike second capability. Both of these have served to reduce the likelihood of surprise attack. The advent of large transport aircraft has enabled greater flexibility in the deployment of ready forces.

2. Trends and Their Impact - It is characteristic of the rapidly changing technology that specific developments are difficult to predict. However, three characteristics in the trend of military hardware are particularly evident. First, the rate of innovation in advanced systems is extraordinarily high. It took only a decade to go from subsonic to supersonic fighter aircraft; the entire cycle of the heavy jet bomber

development was completed in less than two decades. The requirement for timely decisions is equally important. With development times equalling or even exceeding the expected useful life of the weapon, the effectiveness of the decision-making process becomes central to the problem.

Second, as the effectiveness of weapons has grown, so also has their complexity, requiring higher levels of education and training in design, production and operation of weapons systems.

Third, costs continue to rise, either because technology allows more to be done by a system of a given weight, size or volume or because more must be done and a new system developed to do it. A fighter plane, which cost \$50,000 in 1944, would cost \$2 million today to perform the same function. These costs are buried in all phases of the weapons life cycle: research, development, production, maintenance and operations. The net effect is to price some weapons almost beyond the means of even the most advanced industrial states, which find it most difficult to buy or even to operate them. On the other hand, a single missile today costing \$1.3 million carries more explosive power than 200,000 WW II B-17 aircraft, armed with conventional bombs, which would have cost over \$37 billion.

3. Problem Areas - NATO continues to profit from the extraordinary technological resources of all its members. However, we must continue to seek efficient and equitable ways to share the costs and the benefits of defense technology.

As the effectiveness and complexity of modern weapons grows, the quantities required decline. For many weapons, small national markets no longer provide a base for economic production. Without such a base and the hope of an efficient production run, there is less incentive to engage in expensive research. Without research, able talent disperses to new fields, and an entire industry may founder and disappear. Thus, the technological gap widens.

Efforts to enlarge markets and share costs by joint development or production projects have had only limited success. The cooperative production projects attempted, although highly useful, have encountered problems in management, funding, division of production and agreement on specifications. The basic problem is the extent to which national considerations must be sacrificed in the interest of a common effort to produce modern hardware at a reasonable cost. In our experience so far, national considerations have taken

precedence over the laws of comparative advantage. As the costs of maintaining a modern military establishment increase, it may become increasingly difficult for the smaller members of the Alliance to maintain a full spectrum of military capabilities on a national basis. Increasing specialization and thus greater military integration may be required.

There is no simple solution to these difficult problems. All members of the Alliance must play a role in seeking solutions, and some sacrifice of purely national interests will be required. On the one hand, efficient use of limited resources clearly seems to suggest that the technological tasks should be performed largely by those best qualified to do so at the least cost. On the other hand, this approach, carried to a logical conclusion, only widens the gap between those who contribute and those who do not.

Much of the difficulty of achieving successful cooperation lies in the need to reconcile national operational requirements both in terms of military characteristics and of timescale. Experience has shown the need for greater flexibility in reconciling these requirements at an early stage if joint development projects are to be achieved.

In the search for healthy long-term solutions, the size of markets and industry, management techniques, availability of risk capital, government-industry relationships and investment in education all play a major role. All must be considered.

As far as the Alliance is concerned, a two-fold approach seems indicated:

First, there is an urgent need to increase intra-European cooperation, if the European members of the Alliance are to cope with the problems of maintaining high-technology industries on the scale necessitated by their complexity and cost. Europe has already demonstrated its capacity to handle comparable issues in its civilian industrial sector. Defense deserves a similar effort.

Second, is the need to continue and develop the inter-allies cooperation already in existence in such forms as the Conference of National Armaments Directors, the bilateral and multilateral production programs, the SHAPE Technical Center, AGARD, the SACLANT ASW Center and the activities of the NATO Science Committee.

D. The Relationship Between NATO Security Policies and Worldwide Developments

1. The Impact of External Developments on NATO Security -

Clearly our interests and responsibilities outside the NATO area differ in kind and degree, but to some extent we will be affected by conflicts that erupt elsewhere in the world. There is always the risk that a conflagration that starts in a distant part of the world - especially one in some way involving the USSR - can spread to affect the NATO countries.

The recent Arab-Israeli conflict has emphasized how the interests of the NATO members can be threatened by conflict in the Middle East area. The military map of the Mediterranean is changing as a result of the Soviet decision to maintain substantial naval forces in the area indefinitely, their large-scale arms resupply operation and the possibility of deeper Soviet penetration into the Arab armed forces, including Algeria. Dispatch of Soviet naval units to Arab ports while tensions still ran high suggests the future possibility of greater risks than heretofore of direct Soviet military involvement should large-scale incidents occur along the Suez Canal. This effort by the Soviets to extend their influence,

particularly in the Mediterranean Basin, directly involves the interests of all NATO countries.

Recent developments in the Middle East have stimulated consultations in the NAC with a view to coordinating arms supply policies in the Middle East. These should be continued. In addition, in considering the question of balanced force reductions, we should take into account the growing Soviet military presence in the Mediterranean and Middle Eastern area. We would not wish to reduce our defenses unduly in one sector of the NATO area while the Soviets were increasing their capabilities in another, particularly as forces on the Central front are, at present, a substantial source of military strength for rapid reinforcement of the flanks.

2. Implications for NATO Security Policies.- Conflicts outside the NATO area will have different implications for different members of the Alliance. However, we should use the NATO machinery to exchange views and to harmonize, to the fullest extent possible, plans and approaches on threats to peace which could directly affect the security interests of all NATO members. With respect to global developments of general interest to the Alliance, we should continue to exchange views and consult together in the Council and in the regional experts groups.

The question arises as to when a particular conflict or threat to the peace is of sufficient concern to the Alliance as a whole to warrant more intensive consultation or joint action. It is not possible to specify in advance whether, and if so how, NATO should react to a particular crisis. However, we should be able to improve the machinery for identifying, at an early stage, developing situations that are of concern to Alliance members, and measures for dealing with them. The new situation center at Evere should help us to accomplish this. In addition, it is suggested that the review of crisis consultation procedures, which has recently been proposed by the Secretary General, should include the consideration of machinery for identifying crises that are of interest and concern to the Alliance as a whole. The review should also develop specific consultative procedures for dealing with these crises.

3. NATO and the UN - NATO security policies also could contribute to world stability by encouraging members to participate in and support UN peacekeeping activities.

The Alliance might explicitly endorse the concept that participation by individual members in UN peacekeeping and earmarking forces for UN service is desirable. There should be no great difficulty in reconciling NATO and UN commitments. In practice, national troop contingents and facilities engage in UN operations only on the express decision by the contributing country case by case. In the event of overriding national interest, the contributing country is at liberty to withdraw its contingent.

Earmarking and commitment of forces and other resources to UN operations can be undertaken in a manner that does not impair the ability of national forces committed to NATO to fulfill NATO requirements if called upon. Planning for participation in UN activities should even enhance military capabilities. While budget implications need to be carefully considered, the advantage of added military strength consequent on training an additional contingent for peacekeeping would generally tend to outweigh possible budget problems.

Another advantage of participation by NATO countries in UN peacekeeping is that it makes manifest the political acceptability of troops from certain NATO countries as impartial peacekeepers in the third world. Thus, the presence in the

Middle East, Cyprus and the Congo of troops from Canada, Denmark and Norway serves to demonstrate the desire of NATO members to contribute to the maintenance of global peace.

In any event, NATO in the future will have to take into consideration the outlook of certain members which see their national defense role as encompassing world peacekeeping responsibilities as well as responsibilities for collective self-defense in the NATO framework.

E. Conclusions - The Future Security Tasks of the Alliance

1. Sustain and modernize the Alliance's military strength in order to maintain deterrence and create the political climate indispensable to security and progress toward a permanent political settlement in Europe. To this end, continue using and improving the force planning process to relate strategy, forces and resource capabilities.

2. Use effectively the machinery recently created for nuclear planning. Also strengthen national nuclear planning staffs so that the non-nuclear members can participate more effectively in this planning.

3. Carry through the steps already initiated to improve military consultation through the regular exchange of intelligence and related information in the Situation Center. This

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can provide the desired basis for more effective crisis consultation, particularly if the Center provides early warning of worldwide events that may affect NATO security.

4. Increase cooperation in military research and production between the members of the Alliance on an urgent basis. This is the only way in which members, particularly the small ones, can cope with the problems of maintaining high-technology industries on the scale necessitated by their complexity and cost. To this end operational requirements should be reconciled at an early stage so that joint development projects can be achieved.

5. While maintaining effective means of deterrence, formulate concrete disarmament propositions which will afford renewed evidence of the political will of the Alliance to realize an effective detente with the countries of the East. In particular, in preparation for the time when balanced force reductions may become feasible, possibilities in this field should be studied now. To achieve this objective, a permanent Arms Control and Disarmament Committee of NATO and a unit of the International Staff to support this Committee are proposed.

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