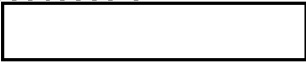




National Foreign Assessment Center

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# Western Europe Review

21 February 1979

State Department review completed

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WESTERN EUROPE REVIEW



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West Germany: Defense Minister Apel's First Year

[Redacted]

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The SPD and Defense

SPD politicians generally are wary of the German military establishment, an attitude reciprocated by many German military figures, who have historically sided with, if not actively advanced, the position of the conservative parties. The military distrust stems in part from the 1950s, when the SPD opposed West German rearmament and questioned then Chancellor Adenauer's policy of military alignment with the West.

[Redacted]

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There have been three SPD ministers of defense in the Federal Republic. The first (1969-72) was Helmut Schmidt, an ex-officer proud of his service who already had a record as a writer, thinker, and Bundestag debater on military themes and who was a demanding and skeptical manager. Next came Georg Leber (1972-78), whose personal dedication to existing defense policies and--relatively uncritical and loyal for an SPD politician--attitude toward the military establishment made him a political asset to the Defense Ministry. SPD leaders believe that Leber's loyalty to the military was not reciprocated by Ministry conservatives and that this was a factor in his resignation last year.

[Redacted]

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Apel, Bonn's third SPD Defense Minister, has neither Schmidt's credentials for the job nor Leber's talent for accommodation. On the contrary, Apel is from a pacifist family, was personally opposed to Adenauer's rearmament policy in the 1950s, has no military background, and is on record as stating that he did not want his current job. That the Chancellor persuaded him to accept the task implies a closeness to Schmidt that has strengthened his position. Apel's other advantages are extensive experience in Bonn's foreign policy, and managerial skill acquired in the Foreign Ministry and as Minister of Finance. He is known as a blunt and pragmatic policy chief, who is fond of questioning assumptions. His

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25X1 reformist impulses during the past year have been balanced by reassurances that he accepts and relies on the establishment. [REDACTED]

### Challenge from the Inspector General

25X1 In his first months, Apel reviewed long-pending proposals for structural reform of the Bundeswehr and the Army, canceled the overall reform, and revised the Army proposal. This readiness to make tough decisions earned Apel considerable credit among the military, somewhat to his surprise. The general approval was not shared by Bonn's highest military officer, the Inspector General, who had an equity in the reform proposals; he also had failed to hit it off with the new Minister in other respects. Apel found methods of doing business without involving the Inspector General, whose sudden resignation in November was interpreted by some Bonn defense specialists as a challenge to the Minister's authority. [REDACTED]

Such an action might have caused a political crisis under Leber, but under Apel it ceased to be an issue within days. The opposition, usually eager to challenge the SPD's neglect of West German security, failed to take up the case. A new IG, Juergen Brandt, whose broad political support includes the SPD, was selected by Apel and routinely approved. [REDACTED]

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25X1 Apel has renewed the call for a politically aware citizens' army, in part hoping to gain popular support by effecting a rapprochement between conservatives and SPD members who still regard the military with skepticism. Apel has repeatedly sought to engage the SPD leadership, the Bundestag caucus and his own local party organization in Hamburg in defense policy talks. He acknowledges that results are disappointing. General SPD policy pronouncements almost never mention the Bundeswehr; historical distrust of the military is not dead in the party; its most influential advocates of Ostpolitik--parliamentary leader Herbert Wehner and SPD General Manager Egon Bahr--stand guard against military decisions they judge threatening to the Soviet Union. And the SPD itself, historically and in current international politics, is broadly committed to arms limitations and disarmament. [REDACTED]

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### Questioning of NATO

Critics have questioned Apel's brusque handling of alliance relationships. Apel's determination to gain maximum return from the United States for the West German participation in an airborne early warning system (AWACS) was criticized initially as unnecessarily risking the possibility of a serious internal NATO dispute. In the end Apel obtained approval for the deal, and there was never much doubt that he had the support of Bonn's defense politicians, including the opposition. Bonn's more aggressive attempts to achieve a "two-way street" in military procurement between the United States and Europe will continue under Apel or his successor, regardless of party. [REDACTED]

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In October, the conservative German press seemed by implication to be criticizing Apel after he questioned the size and location of NATO autumn maneuvers in West Germany. The criticism took the form of laudatory commentaries on General Haig, whose judgment the novice Defense Minister was seen to have challenged. Apel then got into a sharp personal exchange at a Nuclear Planning Group meeting with NATO Secretary General Luns. Luns' subsequent meeting with Schmidt to smooth over the misunderstanding was widely reported, again with the implication that Apel's role was being questioned. But a critical front against Apel failed to develop in the conservative press, and progovernment publications noted his assertiveness with favor. [REDACTED]

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### Defense Debate of 1979

Apel's formidable task is to propound West Germany's external security policy so as to:

- Satisfy the prevailing public concern about the Soviet military force and aggressiveness.
- Avoid the appearance of too much reliance on US military power or direction.
- Preserve the generally approved Ostpolitik, and its promise of all-German reconciliation, from a loss of credibility that could undercut the Schmidt government.

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-- Conciliate the Ostpolitik zealots and basically antimilitary elements of the SPD and hardliners in the SPD's coalition party--the Free Democrats--who are skeptical of Soviet intentions, as well as counter the emotional arguments of a vigorous opposition. [redacted]

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In early March, the government will engage in a debate on defense policy in the Bundestag. Preliminary skirmishing on this issue--especially remarks by Wehner questioning accepted views of the USSR--has aroused the opposition and stirred national interest. The Bundestag debate could illuminate West Germany's position between East and West more clearly than at any time since the 1950s. In any case, the skirmishing has already caused enough political friction to ensure that the Bundestag exchange will be the major public attempt so far to reconcile the Ostpolitik of this decade with the Westpolitik of Adenauer's era. [redacted]

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Wehner's public comments on defense issues not only provoked the opposition but also highlighted the internal SPD dispute between traditional supporters of a strong defense and advocates of a new emphasis on disarmament. Policy differences between the SPD and the FDP became apparent. Wehner criticized Foreign Minister Genscher, the FDP leader, for inflexibility at the MBFR negotiations in Vienna. The disarray evident in the government camp, however, will not block agreement on formulation of a government defense policy. With Apel providing the forward defense against the SPD disarmament advocates, Schmidt's basic views will eventually prevail.

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[redacted]

Chancellor's Arm and Spokesman

Schmidt has allowed Apel to assert a fundamental interest in disarmament, thereby challenging Foreign Ministry primacy in this field. Although the challenge creates bureaucratic strains, it does not portend a rift with Genscher, with whom Apel is on good terms. But Apel's attention to disarmament is a political necessity if he and Schmidt are to deal effectively with pressures from within their party for progress in arms limitation and disarmament. [redacted]

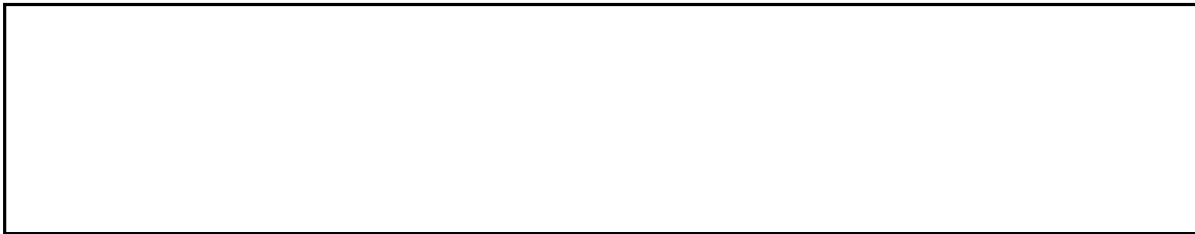
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Desire for harmony with SPD critics of the military presumably was a factor in Apel's efforts during the past year to stress the primacy of political authority over military decisions. Schmidt probably encouraged Apel both to assert this principle and to use every possible opportunity to allay concerns of party members who fear a disruption of detente. [REDACTED]

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These efforts by Schmidt and Apel to placate the SPD left do not imply that disarmament supporters in the party caucus seriously challenge Bonn's defense policy. In a caucus vote, they would be overwhelmed by the SPD moderates. What is at stake is the long-term unity of the SPD, a party with a history of ambiguity and division on national defense issues. At this point, disarmament happens to be an issue of maximum resonance for SPD leftists who regularly oppose Schmidt: it affects the cherished Ostpolitik and is a favorite theme of SPD Chairman Brandt and of Wehner, whose heart more than his tactical head is engaged in this struggle. Because Wehner is a party regular, he will do his utmost for disarmament and then support the government. [REDACTED]

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### International Dimensions

In recent years, Bonn politicians have become increasingly aware that the apparent contradiction between West Germany's desire for detente and its role as NATO's forward defense conscience can be exploited to Bonn's disadvantage. The Soviets portray this contradiction as fundamental, often in heavy-handed propaganda aimed at the SPD left but also in more sophisticated private exchanges with key SPD promoters of Ostpolitik. So far the Soviets have made only minimal inroads through this carefully organized campaign. [REDACTED]

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Both Schmidt and Apel--and Bahr as well--see no contradiction between detente and defense. Bahr has often

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argued that Ostpolitik would not be possible without effective western defense. [REDACTED]

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[REDACTED]

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Thus, Bonn's Ostpolitik explains the Schmidt government's desire to work for a European consensus on defense decisions. Such a stance implies that West Germany must also consider more carefully than before whether its eastern neighbors see joint military ventures with the United States as threatening, especially when US-USSR relations are cool. Excessive West German dependence on the military tie to the United States can also raise eyebrows in Paris, London, Brussels, or Rome, yet Bonn probably believes most West European governments would not object if this tie were to offend Moscow enough to disrupt its courtship of the Schmidt government. [REDACTED]

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Seeking a balance between western and eastern policies, Schmidt and Apel want to be more precise about the extent and nature of the Warsaw Pact military threat than were past Bonn governments. They probably believe that earlier NATO estimates overplayed the imminence of that threat, although neither would accept Wehner's recent characterization of Soviet military posture as defensive. [REDACTED]

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That Schmidt and Apel do not underestimate the Warsaw Pact threat to Europe is apparent from their concern about theater imbalances, the Pact advantage in conventional forces, and the Soviet medium-range missile capability. The government defense declaration will acknowledge that the alliance must find a way to offset or eliminate these imbalances, probably with reference to the agreement with Brezhnev announced during the Soviet leader's visit to Bonn last May that "approximate parity" is adequate for defense. [REDACTED]

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The West German opposition has also taken up the problem of theater imbalance and there is public pressure for resolution of the political problem. Initially, Schmidt and Apel addressed the issue, in part to outflank opposition attempts to flog the military security issue,

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25X1 but also to slow down what was perceived as a US rush to a strategic arms agreement with the USSR that might be disadvantageous for Europe and that might jeopardize the future of Ostpolitik. [redacted]

In the past year, although consultations and understanding between Bonn and Washington have expanded-- notably on military and arms limitation themes--the West German Government perceives a US loss of international authority and feels a corresponding need for more careful bilateral planning. Moreover, it still has reservations about US leadership. Apel seemed to imply this when, following the April 1978 contretemps over the neutron weapon, he posed the question of how the United States proposed to use the weapon as a bargaining chip in arms limitation talks. In recent weeks, Apel said that time may have passed over "possibilities" for using the weapon as an object of barter with the USSR. [redacted]

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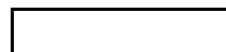
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Belgium: Two Months and Still No Government




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The resignation of Flemish Social Christian (CVP) President Wilfried Martens, who has been trying to form a government for five weeks, suggests that the process will drag on for several more months. The intense negotiations during Martens' effort seem to have pushed the already quarrelsome party leaders even further from compromise. In the meantime, the Vanden Boeynants government will continue as caretaker, with the new Parliament convening soon. 

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Background: Inconclusive Election Results

Because the 17 December elections produced no momentous shifts in party strength and gave no candidate a national mandate, any successor to Martens will have generally the same cast of characters with whom to work. The voters in Flanders tended to support candidates who came out against the Egmont community pact. CVP candidates did well, although former Prime Minister Tindemans received less support than he had anticipated. The party gained only one of the six seats it needed to hold a majority in Flanders. The Volksunie (VU) paid dearly for its support of the Egmont pact; party president Schiltz lost nearly half of his preferential votes, and the party lost six of its 20 seats. The Flemish Liberals did well, probably more as a result of their call for fiscal austerity than their constructive opposition to the Egmont pact. The party increased its seats by five for a total of 22. The Flemish Socialist party held its own. 

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Voting in the francophone areas produced some notable changes. Socialist Party President Andre Cools, outspoken opponent of Tindemans and Martens, took a nose dive in his native Liege, and his party lost three seats. Cools had been criticized for his abrasive handling of local and parliamentary matters and for establishing close ties with the economically conservative French Democratic Front (FDF) in Brussels. FDF president Antoinette Spaak made an impressive gain as a result of

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her steadfast support for the rights of Brussels' French speakers as set forth in the Egmont pact. But although her own vote total rose, the party gained no additional seats. The francophone Liberal party lost one seat, while the Social Christians gained one. [REDACTED]

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### Forming a Coalition

There are several combinations of parties that would give the majority a government would need to tackle the complex regional, linguistic, and economic issues facing the country. But all of the possibilities that Martens suggested were unacceptable. [REDACTED]

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The most plausible coalition would be one of either the Social Christians and the Liberals or the Social Christians and the Socialists. A coalition with the Liberals would give the government 119 out of 212 seats in the Chamber. Both parties are basically conservative, and they agree that economic and social issues are the gravest problems facing the nation. This arrangement has its drawbacks, however, because the Socialists in opposition would create havoc for such a government and the Liberals are indifferent to the communities issue.

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A more likely bipartite coalition would bring the Social Christians together with the Socialists. This would give the government 140 seats--just two short of the two-thirds majority needed to make the constitutional changes necessary for a community settlement. So far Cools has rejected this arrangement. He fears that the CVP's insistence on tackling the socio-economic problems would delay enactment of a regionalization plan. He also is eager to preserve the solidarity of the pre-election francophone front--which he was instrumental in creating--and will not consider going into the government without the FDF. [REDACTED]

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A return to the four-party coalition of Tindemans' second government--Social Christians, Socialists, FDF and VU--would satisfy Cools and some CVP leaders who insist on the linguistic scales being balanced in the Chamber. But to include the FDF and the VU in the government is an invitation to trouble. They have opposite views

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on the thorny problem of the role of Brussels in a de-  
veloped Belgium: whether it should be a region with powers  
equal to Flanders and Wallonia, what rights the Flemish-  
and French-speaking residents should have, and which  
suburbs should be included in the boundaries of Brussels  
if it is to become a region. [REDACTED]

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Chances of reforming the four-party coalition  
dimmed last week when the VU decided to withdraw from  
negotiations, claiming insufficient understanding on the  
French-speaking side for certain Flemish concerns. With  
Cools insisting on the presence of the FDF, and with  
hardline CVP leaders refusing to consider the FDF without  
the VU, Martens felt he had no choice but to try to give  
someone else, preferably a French-speaker, an opportu-  
nity to form a coalition. [REDACTED]

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#### The Supporting Cast

King Baudouin recently has shown himself to be an  
astute and sensitive sovereign. Following Martens' res-  
ignation the King rewrote the script of Belgian govern-  
ment-building and appointed two mediators: Charles-  
Ferdinand Nothomb, president of the minority francophone  
wing of the Social Christian party, and Willy Claes,  
former informateur and leader of the minority Flemish  
wing of the Socialist party. Their mission is to build  
bridges between the communities and among parties, calm-  
ing the tense political situation and allowing the even-  
tual designation of another formateur. Martens could be  
recalled, or Foreign Minister Simonet or Vanden Boeynants  
could be chosen. Martens may still be the best bet to  
form a government, but his chances would improve if  
someone else tries unsuccessfully first. [REDACTED]

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In the meantime, Vanden Boeynants continues to pro-  
vide strong leadership of the caretaker government.  
Without this solid foundation the current crisis would be  
much more serious. His limited mandate notwithstanding,  
he has tackled difficult problems and has put two diffi-  
cult decisions through his Cabinet: the rationalization  
of the steel industry and the limited improvement pro-  
gram for the Hawk surface-to-air missile. He is widely  
respected for his hard work and his political skills.  
Even if Vanden Boeynants is not chosen to form a new  
government, it is likely that his caretaker government

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will continue for several more months, and may even be given a limited mandate to govern the country until the European Parliament elections in June. [REDACTED]

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Tindemans has been out of the limelight since his resignation last October. His hope to return to center stage on a wave of popular support was dashed by his weak election showing. Officials in and out of his party agree that he would be an unacceptable candidate for prime minister now. He may be Belgium's most popular politician, but his ability to lead party and government for the third time is questionable. He is now looking to the European Parliament elections for a national mandate that would be difficult to ignore. [REDACTED]

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### Outlook

The King's appointment of dual mediators, while novel, has little chance of success because of the unwillingness of Cools and the CVP hardliners to compromise. And future efforts to form a new government will also face obstacles as one party or another will oppose whatever proposals are made on the communities issue. [REDACTED]

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Some political observers, including Tindemans, believe that no government will be formed until after the European Parliamentary elections in June, which they see as another occasion for the country's politicians to test their electoral strength. Waiting for several months, however, will not make the task any easier. The essential ingredient is compromise, a concept to which party leaders in both communities still are unwilling to subscribe. [REDACTED]

[REDACTED]

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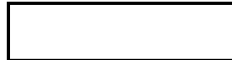
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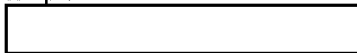
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Spain: Government Acts To Protect Arms Sales



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Secret arms deals by Spanish firms have recently come under press scrutiny in Spain, and as a result the opposition parties are demanding that supervision of arms sales be brought under parliamentary review. The revelation last fall that Spain was involved in the shipment of automatic rifles and armored cars from Belgium to South Africa and that Spanish armaments were being sold to Chile, Argentina, and Nicaragua has led to widespread criticism. The government has tried to stave off parliamentary action by setting up a new interministerial arms control board, but it may still have trouble with the Parliament, particularly if the opposition parties do well in the national election on 1 March.



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Several labor unions have called for ship crews to boycott any shipment of arms headed for a dictatorial country in which human rights are violated, and the Socialist Party has proposed the creation of a permanent parliamentary subcommittee to assist the government in regulating arms exports. The dissolution of Parliament when Prime Minister Suarez called the national election left this issue pending, but further action is likely in the new parliament, especially if the Socialists do well in the election.



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The government's new interministerial board is designed to work through a combination of government-controlled foreign exchange allotments and vouchers for deliveries to foreign ports. Either mechanism should theoretically reveal covert arms shipments. The small cartel of arms exporting corporations, however, has demonstrated great ingenuity in the past in circumventing controls and seems likely to continue to do so. In fact, the new control board is headed by some of the same officials who ran the previous lax control mechanism. Spanish armaments producers and traders, however, are concerned that parliamentary control could lead to unwanted

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publicity about their sales, fearing that some client governments will turn to other sellers if the confidentiality of Spanish arms sales cannot be guaranteed. They also are concerned that leftists in Parliament would block sales to many current clients. [redacted]

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Spain's foreign arms sales program is critical to the continued production of weapons for the Spanish Army and serves as an important adjunct to Madrid's foreign policy. The arms trade is a way for Madrid to win points with the Third World countries, to which Spain looks to either as sources of oil and other natural resources or as targets of Madrid's general effort to increase its influence and international stature. [redacted]

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[redacted]

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The government is attempting to keep a lid on the secret aspects of the arms trade, not only to prevent their becoming an issue in next week's election, but also to avoid negative publicity that could affect future arms sales. The government is also interested in preventing disclosures in order not to compromise the left-of-center image being cultivated by Suarez's party in the current electoral campaign. [redacted]

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Foreign arms sales, moreover, are essential to the survival of Spain's weapons industry because domestic sales are not sufficient to keep factories and shipyards operating. About 25 percent of total Spanish arms production is for export. Export sales, which were valued at \$96 million in 1976, rose to \$166 million in 1978. Counting all sectors, the Spanish arms industry employs 65,000 workers--a significant number in a country with a serious unemployment problem. [redacted]

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Spain ranks 10th among the world's arms exporting nations and a sizable portion of the market for the less costly, less sophisticated weapons of the type used by many developing nations. Spanish armories produce excellent small arms and automatic weapons, plus ammunition and ordnance such as mines, hand grenades, rockets, bombs, and torpedoes. Higher technology items such as missile-armed patrol boats, small submarines, tanks,

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rapid-fire guns, and tactical missiles also are in demand. Most of these systems, such as the French-designed A-class submarines and the Italian Aspide air defense missiles, are built in Spain under coproduction arrangements. Clients are attracted by the low cost, simplicity of operation, and high reliability of Spanish weaponry,

[REDACTED]

Despite rising criticism, the prospects for the Spanish arms industry are good. The secret arms deals have not yet become an election issue, and the quality of Spanish arms continues to improve. The Spanish recently agreed to coproduce the BO-105 helicopter with Germany.

In the future the Spaniards may find it in their interest to concentrate on this type of open arms trade, broadening the market for its more popular weapons systems, and avoiding the secret arms deals that have generated the recent criticism. Several nations are currently negotiating with Madrid for corvettes, tanks, and tracked vehicles.

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