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OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

May 26, 1981

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Date: JUL 22 2019

MEMORANDUM OF CONVERSATION

TIME & PLACE: 1700, Thursday, 21 May 1981 at the Blair House

ATTENDEES:

U.S.

Secretary Weinberger
Mr. Richard Allen, Asst to
the President for NSA
Dr. Fred Ikle, Under Secretary
of Defense (Policy)
Capt. Robert Bovey, Mil Asst
to SecDef (note taker)

Federal Republic of Germany

Chancellor Helmut Schmidt
Mr. Berndt von Staden, Foreign
Policy Advisor to the Chancellor
Ambassador Peter Hermes
Dr. William Hoeynck, Special
Assistant for Foreign Affairs,
Chancellery

After opening pleasantries, Chancellor Schmidt began by saying that since his last meeting with the Secretary he had been to the Mid East and had told the Saudis he could not sell them weapons. He then offered to relate the strategic views of his "old friend" Crown Prince Fahad. Fahad had mentioned Afghanistan and had then spent three quarters of an hour on the Soviet threat emanating from South Yemen followed by a quarter hour on that threat from Ethiopia and Libya. He had mentioned Israel only in passing. From this and his other observations, Schmidt concluded that general perceptions in the United States of Saudi conclusions are utterly wrong. He contended that the Saudis do not see Israel as intrinsically dangerous to them. Rather, the Israeli-Arab conflict represents a danger to them because it offers the Soviets opportunities to intervene. The Saudis see the Soviets as the great danger, and well they might given their medieval society.

Chancellor Schmidt then observed that, although it is better than it was six months ago, the American image in Saudi Arabia is in need of repair to get back to the level of several years ago. He opined that the Saudis genuinely wanted mutual trust and friendship with the U.S., but that they have decided they don't want all their eggs in the U.S. basket. Hence, the request for Leopard tanks.

The Chancellor, who had just returned from a series of meetings on Capitol Hill, remarked that U.S. senators and congressmen don't see the Persian Gulf countries as wanting to defend themselves; instead they see it as a U.S. and NATO job. On the contrary, he believes the Persian Gulf countries do want to defend themselves -- the Persian Gulf Council was good in this respect -- and they surely

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Mr. Weinberger responded that U.S. economic policies obviously were not designed to make life hard in Europe and that when the whole plan was in effect we expect a sharp drop in interest rates. Schmidt continued that in the meantime there were no calls from among European constituencies for more defense spending. He observed that you may get more defense spending, but only if you don't talk about it.

The Chancellor then stated his objections to the 3% real growth NATO formula and his belief that it was unrealistic to expect, for example, the United Kingdom to achieve 3% real growth in defense when its GNP was dropping 2%. He said Mrs. Thatcher will have to cut defense and that he would understand. In the course of this discussion Mr. Weinberger pointed out that he had long articulated the view that 3% was not a yardstick and that what mattered was what we go in terms of defense capability that counted.

Chancellor Schmidt then stated his view that he reads too many remarks about neutralism in his country and that if the U.S. had conscription as it did in 1972, it would have its vocal pacifists too. He noted many of the draft dodgers move to West Berlin, which creates a dangerous situation there of far-left youth groups. He observed that it was easy to point fingers at those who have drafts when you don't and the U.S. newsmen should be told to shut up. Mr. Weinberger responded that U.S. newsmen print what they please, but in any event, it was his impression that the news reports were less focused on Germany than other NATO countries. He noted his impression from the meetings he had attended that his colleagues regard neutralist/pacifist sentiment in their countries as a major reason they have difficulty increasing defense spending.

The Chancellor rejected this view out of hand saying that except for Denmark the reason was lack of money. In response to this SECDEF observed that the U.S. Administration had achieved, and was working hard to maintain, a consensus on increasing defense while domestic programs were being cut. Surely if this continues without European response, Americans will ask if they are to carry the burden alone. Schmidt did not accept this, but argued that half the soldiers in NATO would be German on mobilizations. Mr. Weinberger responded that we had to be concerned with more than just the Center Region of NATO and hence we were looking for help.

From here Schmidt recalled his service on the Russian front in World War II. He observed that the Soviet cannot get their subordinate commanders to act autonomously. They can bring masses forward, but that is all. Indeed his talks with Ustinov and Ogarkov satisfied him the Russians are afraid of the FRG army. He concluded that there are enough soldiers in Europe; more aren't needed. They only need a new family of weapons occasionally, which they get.

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Chancellor Schmidt then said it was wrong to take money out of Social Security budgets to increase defense, and he criticized U.S. cuts in foreign aid and lauded FRG efforts in this area. He pointed to Poland, Turkey and Pakistan in particular and opined that, indeed, the FRG might be helping too many countries. He urged that it not be wise strategically to cut development aid to increase defense spending.

Schmidt then asked Mr. Weinberger the purpose behind the "explosion" in U.S. defense spending. Mr. Weinberger explained the many fronts on which action is required, correcting the strategic imbalance, improving the readiness and modernization rate of conventional forces and improving military pay. He noted the importance of the initiatives already taken to increase defense in the first two years of the Administration alluding to a comparison of Soviet and U.S. defense spending in the course of his remarks. To this Schmidt responded, "Wrong!" and asked how many men there were. The Secretary responded that those differences indeed reflected real differences and ticked off a series of examples showing the Soviets expanding in ways that went beyond the needs of homeland defense. He argued that U.S. plans for about 7% increases in defense were to redress the balance and deter the Soviets and said we were anxious that the free world recognize the threat and add to the common defenses so as to convince the Soviets we are determined. Schmidt wrapped this up by asserting that he wasn't worried about machines, he was worried about men -- yet another allusion to the U.S. volunteer force.

Schmidt then turned the discussion to Theater Nuclear Forces. He emphasized his view that the deployments envisioned cannot be done if they are only on German soil and expressed his concern that Scandinavian adherence to NATO be maintained while proceeding with these deployments. He opined that the Dutch and Belgians would never take the missiles, but was glad the Italians had done so because Britain didn't count as it was a nuclear power. Secretary Weinberger assured the Chancellor that there was no suggestion that deployments be limited to the FRG.

The Chancellor also insisted that prior arrangements be made with the FRG for the use of facilities in connection with any U.S. deployments to the Mid East and noted that the U.S. would also need such agreements with Portugal and Spain (if it joined NATO). In passing, he criticized the arrangements to preposition equipment in Norway as contributing to Nordle's fall.

The Chancellor then argued that separate meetings of NATO defense ministers were creating problems. He stated that the meetings should involve both foreign and defense ministers, perhaps meeting in separate groups at first but ending up with joint meetings and producing joint communiques. He also argues that when financial matters such as the 3% issue were to be addressed that the finance ministers should be involved.

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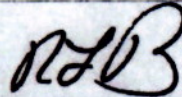
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Chancellor Schmidt said that he did not know Mitterrand well, that his close friendship with Giscard and the antipathy between Giscard and Mitterrand had precluded his cultivating the opposition leader. However, he opined that Mitterrand would try to present himself as a man representing continuity. He urged that the U.S. establish contacts with him across a wide range of subjects.



Robert L. Bovey
Captain, USN
Military Assistant to the
Secretary of Defense

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