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Roots of Animosity: Bonn’s Reaction to American Pressures in Nuclear Proliferation

In April 1978, German chancellor Helmut Schmidt complained to U.S. Ambassador Walter Stoessel that “there was probably no chancellor in the twenty-nine year history of the Federal Republic who was as closely tied to the USA as he was. At the same time, there was probably hardly a period when as many irritations emerged as in the last fifteen months.”¹ Although this claim was self-serving, suggesting that Washington, not Bonn, was the cause of friction, the question is justified why some of the most serious German-American post-war crises festered under the leadership of one of the most “Atlanticist” German chancellors. More than that, the Carter Administration also possessed all the attributes that should have facilitated harmonious transatlantic relations, particularly after the acrimonious episode over Henry Kissinger’s “Year of Europe” in 1973/1974.² Jimmy Carter had been member of the Trilateral Commission, an elite group dedicated to improve U.S.-European-Japanese relations, he emphasized his preference for cooperative partnership over unilateral leadership, and he supported a more united Europe, not least by being the first U.S. president to visit the EC Commission in Brussels in January 1978.³

Despite such promise, the antipathy between Carter and Schmidt was legendary. An arch-realist himself, Schmidt later denigrated Carter as a “moralist and idealist,” charged him with ignoring “the interest of America’s German allies,” and blamed him for the worst bilateral dynamics “since the days of Lyndon Johnson’s
While Carter was more circumspect in his own memoirs, his National Security Advisor Zbigniew Brzezinski accused Schmidt of arrogance and a “patronizing attitude.” According to Brzezinski, it was Schmidt who was responsible for “the deterioration in American-German relations in that [he] made it both fashionable and legitimate in Germany to derogate the U.S. President in a manner unthinkable in earlier times.”

Personal antipathies were part of the story, but most scholars have emphasized policy disagreements, with the row over the neutron bomb, the euromissiles debate as well as Carter’s categorical stance on human rights chief among them. These examples, however, obscure the first major controversy about a German-Brazilian agreement on nuclear cooperation, a controversy that set the tone for this troubled partnership. Although this crisis has been discussed in the more technical literature on nuclear proliferation and some of its aspects are receiving more attention recently – the Brazilian dimension, for example, in the pioneering work of the Fundação Getulio Vargas – its impact on transatlantic relations has not been sufficiently explored. Only Klaus Wiegrefe devotes a separate chapter to the Brazil deal in *Das Zerwürfnis*, a book on the antagonism between Carter and Schmidt.

On the one hand, this omission may be attributed to the prevailing opinion that the controversy ended as “abruptly” in April or June 1977 as it had begun a few months earlier and that other crises dominated transatlantic relations. On the other hand, the relative lack of attention is surprising for several reasons. The controversy was very public at the time, involving not only the two governments, but their parliaments and publics. More importantly for the historian, this first major row influenced mutual perceptions and showcased systemic changes in the transatlantic relationship in the 1970s that exacerbated such quarrels. The crisis reflected a more
assertive Europe and Germany, the impression of the United States as a country still in post-Vietnam and post-Watergate crisis and a wide gulf in the perception of nuclear energy and proliferation, with the United States increasingly emphasizing the dangers of weapons proliferation and the Europeans considering nuclear programs and exports as indispensable to their economic and energy security.

Based primarily on material from German archives, this article focuses on Bonn’s response to U.S. pressures to refrain from nuclear exports. This exploration opens a window on a drastically changed relationship since earlier days in the Cold War and it demonstrates how both sides exacerbated the crisis with their negotiating tactics. Despite professions of transatlantic cooperation, the Carter Administration proceeded far more unilaterally than its immediate predecessor, whose response to the deal will also be analyzed in order to assess the justification of Bonn’s outrage at Carter’s interference with the Brazil agreement. Led by intransigent negotiators – and against the advice of substantial parts of the Foreign Office – the German side insisted on its right to export nuclear technology. By staking their respective national credibility on their reading of the German-Brazilian agreement, both sides made compromise difficult, if not impossible. Although the controversy shows a resurgent West Germany, the Schmidt government inadvertently continued earlier Cold War patterns as well, by abdicating responsibility for the military dimensions of the deal, perfectly content to leave this aspect to the superpower patron.

At the heart of this controversy was a perceptive dissonance about the uses and impact of nuclear energy. Up until 1974, most nations had approached nuclear weapons and civilian uses of nuclear energy separately. The Non-Proliferation Treaty of 1968 sought to prevent the spread of nuclear weapons, but permitted its signatories
civilian uses and the export of nuclear technology. The guarantee of civilian usage and export rights was actually the major reason why West Germany, initially reticent about abdicating more of its national sovereignty by forsaking nuclear weapons, opted to sign the treaty.\textsuperscript{10} For the United States in general and the Carter administration in particular, however, “Smiling Buddha,” the explosion of an Indian nuclear device in 1974, made this bifurcated approach redundant because India’s bomb had been developed with the help of a civilian nuclear program, primarily provided by Canada and the United States. Carter mentioned this threat as early as December 1974 when he announced his candidacy for president and he repeated it in a programmatic speech to the United Nations in May 1976. He warned of “the spread of facilities for the enrichment of uranium and the reprocessing of spent reactor fuel because highly enriched uranium can be used to produce weapons” and he recommended a worldwide moratorium on exporting such facilities. These activities, however, were at the heart of a June 1975 agreement on nuclear cooperation between West Germany and Brazil. The agreement was the first to provide a full nuclear fuel cycle to a developing country, including the sale of two nuclear plants, reprocessing, and enrichment facilities and technology. With a value of twelve million marks, it was also the Federal Republic’s largest export deal to date. Given Carter’s warnings, it was not surprising that he would hone in on the agreement. Already in the previous administration, Richard Livingston of the Environmental Protection Agency singled out Brazil as “one of the most critical areas, since it is on [sic] the midst of purchasing a reprocessing plant from Germany,” which would enable it to produce weapons grade plutonium. In addition to that, with its military dictatorship, Brazil was a focal point of Carter’s human rights policy, although this hardly figured in either German deliberations or bilateral talks on the nuclear deal.\textsuperscript{11}
If “Smiling Buddha” was Washington’s reference point in recent history, that of the German government – and of most European nations – was the 1973 oil crisis. The shortages the Europeans had experienced more acutely than the United States convinced them of the need to decrease their dependency on external energy supplies with the help of nuclear power. Representative for the approach of most European countries to the problem, French President Giscard d’Estaing insisted at the World Economic Summit in London in May 1977 that the partners discuss the issues of nuclear energy and reprocessing in relation to energy security: “The point of departure is energy needs, not the Non-Proliferation Treaty.”

In addition to energy security, the Europeans also insisted on exploiting the commercial potential of nuclear energy. They had invested heavily in the development of the sector and had only recently become competitive in a field that had long been dominated by the United States. As U.S. Ambassador Walter Stoessel observed, Germany had an added interest in exporting its technology because the domestic market was unable to absorb the nuclear industry’s potential, in part because of a budding anti-nuclear movement. Undersecretary Peter Hermes, the Foreign Office official tasked with negotiating the Brazilian deal, emphasized that domestic demand accounted for only 40% of the nuclear industry’s business. The sheer magnitude of the deal with Brazil, moreover, was also considered an important macroeconomic stimulus in the economic crisis of the 1970s. Commercial competition was a particular aspect of German-U.S. relations over the agreement because Brazil had initially approached Westinghouse. Only when the U.S. giant was prohibited from exporting sensitive technologies and furnishing a full fuel cycle did the Brazilian government turn to the Germans. U.S. companies’ competitive
disadvantage was thus intimately tied to their government’s increasing proliferation concerns.

Despite this important change, segments of the German government, industry, and media clung to the suspicion that U.S. opposition to the Brazilian deal was partially motivated by trade competition. When Fred Iklé, director of the U.S. Arms Control and Disarmament Agency (ACDA) in the Ford Administration, suggested delaying the Brazil deal until the Suppliers Group of the most important nuclear supplier nations agreed upon new export guidelines, Hermes countered: “If we give in to such an American proposal, we would run the danger of losing the deal with Brazil without contributing to the cause of non-proliferation in any way. *We cannot exclude the possibility that the Americans would ultimately step in.*” German Foreign Minister Hans-Dietrich Genscher reiterated such suspicions to his Brazilian counterpart Antônio Azeredo da Silveira when they met to sign the agreement in June 1975, and they were not dispelled by Carter’s subsequent approach either. After the president-elect had announced his intention to re-examine the agreement in November 1976, German industries speculated about the presence of “concealed interests” in his motives. Even when Schmidt acknowledged Carter’s “idealistic motives” for his non-proliferation policies, he told Italian Prime Minister Andreotti that there were also “tangible motives of competition in large parts of American industry and commerce, politics, and labor unions.”15 Apparently, Germany’s own interest in the commercial opportunities of nuclear exports colored its perception of American motives.

Irrespective of how they rationalized U.S. non-proliferation pressures, the Germans insisted on the legitimacy and importance of a commercial opportunity worth twelve billion marks. German newspapers warned as early as December 1976 how damaging a cancellation of the Brazil deal would be. At the height of the
controversy in March 1977, Schmidt confronted Secretary of State Cyrus Vance with evidence detailing the number of jobs in the German nuclear industry that would be lost. “For me personally, this aspect is extraordinarily important,” concluded the chancellor.16

In addition to defending commercial motives, the German side employed a mix of legalistic and idealistic arguments. As German political scientist Karl Kaiser put it, “German diplomats rarely miss an opportunity to make a fitting legal point.” At the heart of their case was Article IV of the Non-Proliferation Treaty, which guaranteed to each signatory “the fullest possible exchange of equipment, materials and scientific and technological information for the peaceful uses of nuclear energy.”17 Although Article IV gave Germany that right, Brazil had not signed the NPT – a fact regularly underlined by U.S. critics. Nevertheless, German negotiators insisted that the Brazil deal adhered to the stipulations of the NPT. They added that they had negotiated additional safeguards in a tripartite agreement with the International Atomic Energy Agency (IAEA), which subjected Brazil’s nuclear industry to meaningful controls for the very first time. This was one “idealistic” component of the German justification: Supposedly, the agreement possessed model character because, as Schmidt put it before the National Press Club in Washington, “by those treaties with the Brazilian government, we have brought the Brazilian government to undertake even greater duties toward nonproliferation than they would have to undertake if they were a partner to the nonproliferation treaty.” The second legalistic argument was that the Brazilian contract had to be executed even though Bonn subsequently agreed to refrain from similar export deals. “Pacta sunt servanda,” Genscher said in a conversation with Carter. German negotiators attempted to give this argument an idealistic hue as well. If the deal with Brazil, and similar deals with
other Third World nations, were cancelled, these countries would feel discriminated against and the split between nuclear haves and have-nots would be deepened. In one of the best expositions of this argument, Hermes lectured Soviet Ambassador Valentin Falin that Third World countries could not understand why nuclear nations tried to prevent them from acquiring nuclear technology when they themselves had not even fulfilled all stipulations imposed by the NPT, particularly in the realm of disarmament. Genscher went as far as castigating Washington’s non-proliferation approach as “technological colonialism.” In response, Germany arrogated to itself the role of champion of Third World concerns, insisting that these nations would have to be invited to future multilateral negotiations about nuclear export restrictions and safeguards – a suggestion that Jessica Tuchman, director of the Office of Global Issues in Carter’s National Security Council and a “hawk” on proliferation issues, considered as an attempt to dilute and weaken the non-proliferation agenda.¹⁸

Although U.S. officials could not deny that Germany was entitled to nuclear exports under the NPT, they doubted increasingly that additional IAEA safeguards would obstruct potential weapons programs. These safeguards, they warned, only applied to the facilities furnished by West German companies. Nothing could prevent Brazil from using German technology to build other facilities for military purposes.¹⁹ While the Germans mainly sidestepped the question of Brazil’s desire for nuclear weapons, U.S. decision-makers were convinced that Brazil was pursuing this option. When Brzezinski wrote to Carter that “Brazil clearly wishes to hold open the option for nuclear arms,” the president commented: “Clear to me also.” Assurances in the Brazilian press that the German-Brazilian agreement would “lead to the building of the bomb only in the very far future” were hardly reassuring either.²⁰
Attacking the German justifications in one of the key talks in Washington in mid-February 1977, Joseph Nye, political scientist and Deputy Undersecretary of State, stressed that the NPT no longer sufficed to prevent proliferation. Instead, all nuclear nations should commit to a moratorium on reprocessing and technology exports until the matter had been studied further. The German justification, Nye implied, failed to take into account the lessons of “Smiling Buddha,” which had been made possible by a civilian nuclear program. Responding to the pseudo-idealistic references to discrimination of Third World nations, Undersecretary Warren Christopher countered “with great conviction that the USA would be willing to accept such discrimination if it meant preventing a nuclear catastrophe.”21 In American eyes, particularly in the Carter Administration, the prevention of nuclear proliferation took precedence over commercial opportunities and national sensibilities. It is obvious how difficult it would be to reconcile the American and German positions on the Brazil agreement.

Along the lines of its legalism, Bonn’s objection to Carter’s approach also rested on the claim that the previous Ford Administration had tacitly acquiesced to the Brazil agreement. This reading conveyed the impression of an unreasonable, overbearing, and excessively moralistic U.S. partner, which came to dominate German attitudes and which exacerbated the transatlantic crisis. Nevertheless, this narrative depended on a partial misreading or misrepresentation of previous U.S. government policy and it was actually challenged by German officials within the Foreign Office who objected to the Brazil deal on the same grounds as the Americans. In this regard, understanding when U.S. opposition began in earnest reveals the fault lines within the German government, the wishful thinking of the defenders of the
treaty, and ultimately the stubborn determination of the Schmidt government to realize the deal.

Before Carter entered the White House, German officials downplayed U.S. opposition. Retrospectively (and disingenuously), Hermes claimed that he was not aware of “official American criticism as long as President Ford and Secretary of State Kissinger were in office.” During a visit to the United States in October 1975, Chancellor Schmidt publicly claimed that the U.S. government had never protested against the German-Brazilian agreement. Although the German Ambassador to Washington, Berndt von Staden, informed Schmidt afterwards that this was incorrect, it is remarkable that the chancellor felt confident enough to say so in public. This may indicate that initial U.S. criticism was disregarded or conveniently rationalized in the chancellery.22 Nevertheless, this impression was inaccurate. Lawmakers, experts, and the press registered strong public concerns about the envisaged treaty from the start. In June 1975, the Washington Post labeled the agreement “precedent-breaking” and “reckless.” Democratic Senator John Pastore (RI), co-chairman of the Joint Committee on Atomic Energy, charged that it would make a “mockery of the Monroe Doctrine.” He expressed outrage that West Germany, “of all countries in the world,” was doing this:

I say West Germany should have consulted the United States. After all, we consult them. The majority leader says we will forget the withdrawal of troops this year in order to satisfy them. Now they come along, and they give all the facilities to Brazil, which is not too far away from the United States of America, the capability to make a bomb.

Alluding to successive amendments proposed by Senate Majority Leader Mike Mansfield to reduce U.S. troops in Europe, Pastore implied that West Germany
“owed” the United States something in return for U.S. security guarantees. If Pastore banked on allied Cold War security dependency, his colleague Stuart Symington was not above resurrecting traditional fears, when he suspected that the Germans of being interested in acquiring nuclear weapons themselves. In a moment of bilateral crisis, the ideas and motives behind “dual containment” were obviously still alive and well.²³

Ford Administration officials approached the Germans behind closed doors. As already mentioned, Iklé visited the German embassy in early March 1975 to register “substantial concerns” about the sensitive parts of the agreement – enrichment and reprocessing – and he asked for a delay until a joint decision by the Suppliers Conference. Weeks later, Deputy Secretary of State Robert Ingersoll again urged the Germans to delay until further safeguards had been added. In response to these concerns, Bonn negotiated the aforementioned tripartite agreement, which subjected German-built facilities in Brazil to IAEA safeguards. Nevertheless, this did not fully allay U.S. concerns, which the U.S. Ambassador at the time, Martin Hillenbrand, shared as late as mid-June, two weeks before the conclusion of the treaty.²⁴

Several reasons help explain why Bonn seemed relatively impervious to such concerns. Before Carter became president, most criticism originated from experts, the press, Congress, and low- to mid-level executive officials. In this sense, there was at least initially a different quality to the opposition mustered during the Carter Administration. German diplomatic records create the impression that high-level U.S. officials, above all Kissinger, belittled criticism of the Brazil deal. Throughout 1975, the issue was barely discussed at the top level. In Washington in mid-June, President Ford did not raise it at all, whereas Kissinger merely suggested how both sides should present the Brazil deal to the press. These low-key responses just before the signing of the agreement with Brazil facilitated ignoring criticism from other quarters.²⁵
Nevertheless, in response to Carter’s and Congress’s increased non-proliferation pressures, the issue resurfaced in 1976 when the Ford Administration initiated a wholesale reevaluation of its nuclear policies. In this climate, Kissinger voiced more serious concerns about German nuclear exports – this time about an envisaged deal with Iran, which included reprocessing technology as well. In a meeting in May 1976, Kissinger told Genscher: “The more I think about regional reprocessing, the less I like it. Maybe we shouldn’t sell any.” When Hermes and Genscher pointed to their safeguards, Kissinger and Sonnenfeldt objected that these contained no sanctions if Brazil or Iran “kicked” the German partner out. Although they conceded that they would not move against the Brazil agreement, they asked the Germans for a moratorium on further exports of sensitive technology. Against the background of Ford’s upcoming address on non-proliferation in October, Kissinger was similarly blunt, referring to the export of nuclear technology as a “true concern of the US government.”

Although high level concerns with German export policies thus clearly increased, Bonn was able to rationalize them – in part because of its own interests and in part because the signals from Washington continued to be mixed. Contrasting the aforementioned U.S. with the German record of the May 1976 conversation illustrates the former. Whereas Kissinger had clearly expressed his own worries in this meeting, the German note taker underlined that the Secretary of State had warned of “serious political consequences with Congress” if Bonn concluded a sensitive agreement with Iran. If the German record seems slanted in this instance, congressional pressure was also a dominant theme of Kissinger’s rhetoric. Even when he communicated the administration’s “true concern” about German policies, he still labeled the deals with Brazil and Iran as “quite reasonable” and predicted sanctions only if Carter were elected. Kissinger’s position in the review of non-proliferation
policies in the summer of 1976 may provide the key to understanding the mixed signals emanating from Washington. Weighing the option of realizing U.S. non-proliferation goals against allied wishes, Kissinger warned:

It should be recognized that if the suppliers, many of whom are also our allies, do not wish to follow a US initiative voluntarily, then we will either have to coerce them or jeopardize our non-proliferation policy. Clearly, we should not select a strategy which could so easily trap us in such a dilemma.

While this was primarily a strategic thought, Kissinger – and with him other officials in the State Department – also substantively believed that it would be wrong to force the allies to adopt U.S. non-proliferation policies. As Helmut Sonnenfeldt put it in a discussion in March 1976, coercing the allies by cutting off nuclear fuel “would mean the death knell for NATO.” Key officials in the Ford Administration were not convinced that non-proliferation should be pursued at the expense of all other foreign policy objectives. This, as well as Kissinger’s obvious lack of interest in proliferation matters, may have facilitated Schmidt’s and Hermes’s impression that serious criticism only emerged under Carter. Nevertheless, the fact that Hermes was present when Kissinger raised doubts about German export policies raises questions about his retrospective account that there was no U.S. opposition under Ford.

Still, since the Ford Administration’s criticism remained mild and contradictory, it was quite easy to rationalize U.S. pressure as emanating from Congress and therefore not so harmful for German-American relations as a controversy with the executive. Localizing the source of criticism in Congress also facilitated suspecting commercial motives because Congress is traditionally the locus for lobbying. Most importantly, though, German rationalization of U.S. pressures demonstrated the fallout from Watergate – not necessarily because allies believed that
the U.S. had lost power, but because they thought that Congress felt emboldened to challenge the executive. In several meetings with foreign officials, Genscher explained criticism of the German-Brazilian agreement as the outcome of the constitutional post-Watergate struggle: “From time to time, foreign policy topics have to serve as pretexts to test the relative strength of Congress and the administration.” American criticism of German nuclear export deals was thus interpreted as a function of the power struggle between legislature and executive. This not only made it easier to belittle the gravity of U.S. concern, but also to paint the incoming administration as unreasonably moralistic and ideological. This was precisely the impression Hermes gained in his first meeting with members of the new administration in January 1977. In addition to that, he thought that its opposition was partially based on “anti-German resentment” – another feature that made U.S. pressure look illegitimate.²⁸

Although the Ford Administration’s cautious approach may have facilitated disregarding American concerns, the German government obviously also had the will to push ahead. This becomes most evident in how easily internal German opposition to the agreement was dismissed. Within the Foreign Office, the strongest lobby for the agreement was Section 4, which dealt with foreign trade and which had long been headed by Hermes who was promoted to Undersecretary of State in August 1975. The Political Section 2 of the Foreign Office, on the other hand, was skeptical of nuclear exports. The strongest opposition came from disarmament specialist Ambassador Hellmuth Roth. During the critical phase of German-Brazilian negotiations in February 1975, Roth submitted a memorandum, which raised all the concerns the Americans had formulated about the insufficiency of the safeguards. Nevertheless, at this stage, it was Hermes’s positive recommendation for the treaty, which entered the cabinet draft.²⁹
Roth submitted an even starker memorandum before the treaty was signed and he demanded that it be shared with Genscher. This time, Roth emphatically attacked the justification for the agreement, particularly the idea that it was commensurate with non-proliferation. Roth called that a “self-delusion,” concluding: “The Federal Government must clarify whether it considers a verbal non-proliferation policy sufficient, which is based on a legalistic interpretation of NP treaty stipulations, or whether also we consider non-proliferation of nuclear weapons as an existential question.” Carter Administration officials could not have formulated a stronger critique. In reaction, Genscher suggested consultations in handwritten notes on the document, but these never took place and the memorandum seems to have languished in the corridors of the Foreign Office until it was shelved as “no longer urgent” in mid-November.30

Even after conclusion of the agreement, however, Section 2 tried to contain potential damage to non-proliferation and transatlantic relations. In early July, its head, Günter van Well, recommended a moratorium on further export deals until the Suppliers Club had agreed on new guidelines. The Brazil treaty, he emphasized, “should not be considered a model for further treaties about the supply of sensitive facilities.” Concretely, van Well discouraged the treaty with Iran that was being discussed. In effect, he supported what Kissinger had suggested in May. Yet, when Schmidt visited Iran in November, he told the Shah that his government would only be guided by its own interests and not by the results of the Suppliers Conference. With some astonishment, even the new head of the Foreign Trade Division noted that Schmidt had far exceeded the position that the Foreign Office had prepared for his talks.31 Obviously, enthusiasm about export opportunities outweighed concerns over non-proliferation in the Schmidt government – and this was even true in the wake of
the controversial Brazil agreement. In this light, it is fair to say that there was less of a misunderstanding of U.S. opposition and more determination to brush the partner’s concerns aside.

The German government’s enthusiasm for the export potential of nuclear technology and its (mis)perception of Ford’s policies explain in part why the confrontation with Carter grew as virulent as it did. Further explanation can be adduced from the “undiplomatic” way in which both administrations approached negotiations, assuring that their discussions would be elevated to a question of national prestige. This clash illustrated the degree to which the transatlantic alliance had become looser and the Europeans more self-confident by the late 1970s.

Months before talks started, both parties committed themselves to irrevocable positions. Carter had notified the world of his non-proliferation priorities in the United Nations speech in May 1976 and he followed that up with threats, such as the “supply of nuclear fuel only to countries cooperating with strict nonproliferation measures,” in the Democratic Party Platform. With respect to Germany’s nuclear deal, the candidate was most concrete towards the end of the campaign: “I’ve also advocated that we stop the sale by Germany and France of reprocessing plants for Pakistan and Brazil.” Even though the hyperbole may have been due to campaign rhetoric, this was not the statement of a “trilateralist,” committed to consultation and cooperation, but that of a unilateralist, who would force the allies to comply. Different to Kissinger and Ford, Carter was not prepared to weigh non-proliferation concerns against other foreign policy interests. Still in May 1977, after relations with the allies had already been considerably strained, Carter reaffirmed publicly that he would pursue non-proliferation “even at the risk of some friction with our friends.”
According to Scott Kaufman, such single-mindedness reflected the new president’s
tendency to “compartmentalize policy.” Schmidt, on the other hand, had clearly
outlined Germany’s unequivocal commitment to execute the deal during a visit to
Washington in July 1976.32

Both sides left little room for compromise and staked their respective
credibility on safeguarding their approach to the Brazilian question. In late November
1976, vice president elect Walter Mondale confidentially asked Schmidt not to
execute the agreement before the inauguration. Given the acrimonious debate that
followed, Schmidt’s initial reaction behind closed doors was quite moderate.
Although he and his cabinet insisted that West German industry had every right to
implement the treaty, Schmidt acknowledged that “political considerations” could
force his government to relent. He decided on a delay in order not to confront Carter
with a fait accompli.33

This conciliatory attitude did not last, however. At home, the Schmidt
government came under pressure from the nuclear industry and the press, which
criticized U.S. meddling. This was the point when respective calendars clashed:
Whereas the Germans felt under pressure to resolve the issue as soon as possible,34
the incoming Carter Administration preferred settling the specific disputes with
Germany and France only after it had decided its overall approach to non-
proliferation. This objective was complicated by the rivalry between at least three
factions in the administration, which held escalating hardline attitudes towards the
legitimacy of any international nuclear cooperation.35

Time pressures were compounded by Bonn’s choice of representative in the
talks, Undersecretary Hermes, whose approach was particularly uncompromising.
Quite fittingly, Hermes has described himself as impulsive and there were several
examples, when he brought this attitude to the table. As previously mentioned, Hermes was the agreement’s strongest advocate in the Foreign Office, having managed to sideline all opposition from Section 2. Before he went to Washington for the first round of meetings in mid-January, Hermes underlined his hard-line stance in a meeting designed to flesh out a negotiating position. When Otto Hauber, specialist on disarmament issues, suggested that Bonn could delay the agreement’s first concrete step, the transmission of plant blueprints, Hermes objected. He also rejected Foreign Minister Genscher’s interest in exploring an alternative suggested by Carter, in which the United States would guarantee the supply of enriched uranium for Brazilian reactors, thereby making Brazilian enrichment and reprocessing redundant. It must have been obvious to all involved that Hermes would be similarly uncompromising in Washington.

The Americans were also responsible for raising the stakes before crucial talks in February. In late January, Vice President Mondale visited Bonn and subsequent press leaks angered Schmidt. Although the chancellor had asked for confidentiality, the press reported that “Mondale persuaded the West German leader that President Carter was unalterably opposed to the treaty as it now stands, and Mr. Schmidt agreed to continue to explore ways of changing it.” Vance added in a news conference that the administration wanted to “obviate the construction” of the enrichment and reprocessing plants. These remarks not only re-emphasized the controversy, they also created the false impression that the German government was preparing alternatives when it actually felt that there was nothing to negotiate – an attitude that was justified from Bonn’s point of view, but that severely prejudiced the upcoming talks.
The ground was prepared for tense talks in early February. Dry diplomatic correspondence rarely conveys drama, but Hermes’s reports from Washington are an exception. In substance, neither side budged from their positions outlined above, but the tone was very controversial. As Hermes emphasized in his memoirs, he had no mandate to renegotiate or suspend the deal with Brazil. He went into the meetings “guns blazing,” emphasizing that he was happy to discuss non-proliferation in general, but not the treaty with Brazil. He insisted that this had to be reflected in the press release. Hermes attacked the U.S. alternative of guaranteed uranium supplies for Brazil in two separate ways: On the first day, he questioned its reliability in view of recent delays in similar supplies for Brazil and Europe. In the second meeting, he took more fundamental exception by explaining that such supplies would compete with a start-up supply of uranium to be delivered by the Dutch, British, and German enrichment consortium URENCO. Once again, Hermes revealed Bonn’s commercial interest in the Brazilian treaty. Occasionally, the conversation bordered on the irrational. When Undersecretary Christopher reiterated that Brazil could use German civilian technology to build a bomb, Hermes snapped: “India was supplied by others.” Hermes alluded to American responsibility for the Indian nuclear program, but this was a double-edged sword because he implicitly acknowledged the validity of the U.S. argument that civilian programs could be abused for military purposes – something Hermes was always keen to deny in the Brazilian case. In such an emotional atmosphere, both sides parted without progress. If the German government proceeded with the transmission of the blueprints without further consultation, Christopher warned, there would be “highly unwelcome consequences.”

Another measure of how confrontational the talks were is provided by the fact that Ambassador von Staden, who had accompanied Hermes, felt obliged to write a

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personal letter to Genscher. Von Staden recommended more flexibility in the German position, for example trilateral consultations with Brazil, which Christopher had suggested, but which Hermes had rejected. More fundamentally, he urged Bonn to appreciate the “global responsibility” which the United States felt with regards to non-proliferation. The letter implicitly criticized Hermes and illustrated the persistence of different approaches within the Foreign Office. The criticism was not lost on Hermes who commented: “If I were sensitive, I would have good reason to be angry about this letter.”

German-American relations had reached a low point, yet no solution was in sight. In the *New York Times*, David Binder evaluated the round of consultations in February as “something of a diplomatic setback” for the Carter Administration. American approaches to the Brazilians did not fare any better. As memoranda from Azeredo da Silveira to President Geisel demonstrate, the Brazilian side was not prepared to step away from the agreement with Germany and rejected the idea of replacing national reprocessing and enrichment with U.S. uranium supplies not only as unreliable, but as fundamentally unacceptable because it would put Brazil in a “permanent position of dependence.” Already in November 1976, an unidentified spokesman of the Ministry of Mines and Energy had accused the Americans of behavior “worse than that of our common enemies, the Russians,” whereas another unidentified source likened U.S. policies to “Teddy Roosevelt’s Latin American policing policies.”

Meanwhile, the Germans felt under increasing pressure to deliver the blueprints because the delay had already met with “a severe reaction” in Brasilia. In Washington in mid-March, Genscher asked his American counterparts to de-escalate their importance lest “the public considers this to be the archimedic point of German-
American relations.” Once again, he emphasized Bonn’s agreement with the overarching objective of non-proliferation, but also the German mantra that the treaty with Brazil actually furthered that objective by committing a non-signatory to the essence of the NPT. Further steps toward that goal, he insisted, had to be non-discriminatory and multilateral. Implicitly criticizing American negotiating strategies, Genscher warned: “The less the impression predominates that the federal government is being pressured by the US, the more flexible the government will be in its decision.”

Genscher’s warning demonstrates how U.S. pressure, often public, became a political problem for Bonn as it concerned national prestige and sovereignty. The same was true in Brazil where the press and officials complained of heavy-handed treatment and where Azeredo da Silveira complained to the president “that the Americans themselves only belatedly worried… about the same question of face, on the Brazilian side.” Back in Germany, the head of the Foreign Office’s planning staff, Klaus Blech, blamed Carter for poisoning the atmosphere by vowing to use “all diplomatic means” against the Brazil agreement. This resentment of being lectured to and having to wait for a U.S. decision was shared by all political parties and elites in Germany, even by those who thought that the U.S. position on the issues had merit. On March 23, therefore, a newly founded Council for the Peaceful Use of Nuclear Energy, composed of representatives of relevant ministries, parliament, and industry, left the decision of when to send the blueprints to the chancellor. His timing seems to have been dictated by the news that Carter would make a major statement on non-proliferation, for which he demanded German reactions within seventy-two hours. Schmidt feared that this statement might negatively affect the Brazil agreement and he
also bristled at the American request, which he saw as an ultimatum. A March 31
meeting with Vance in Bonn gave him the opportunity to vent his anger:

I deplore [the demand], particularly because the subject is not that easy… I
was also surprised that President Carter had once promised me on the
telephone to offer a wide-ranging scale of alternatives. I have not seen those
up to now. And now we are being asked to respond, until tomorrow, to a
declaration which will be delivered next week… I would expect that the
American government does not undertake something unilaterally which should
be carefully considered… We will cooperate, but you will not get many to
cooperate if you step on their toes and then ask them to join the London
Suppliers Group. By this, I mean reneging on the Brazilian treaty. We cannot
subject the implementation of our treaties to the consent of third parties.

Schmidt rejected U.S. unilateralism in its approaches to non-proliferation in general
and to the Brazil deal in particular. Like Azeredo da Silveira, he blamed the
Americans for having turned the issue of the blueprints into a question of prestige:
“The longer we wait, the more laden with prestige the matter will become” and he
complained: “I will lose face in front of parliament and our industry [if I do not
implement the treaty]”. Therefore, Schmidt decided to approve sending the blueprints
and specified that they had to be transmitted before Carter’s declaration.42

This was the climax of the German-American controversy over the Brazil
deal. The Carter Administration suffered its first setback in a larger non-proliferation
strategy that was not yet fully developed – something that Brzezinski had actually
warned the president about in early March. As J. Samuel Walker has pointed out, “the
Carter administration’s efforts were not only unsuccessful but also counterproductive.
They generated ill-will and toughened resistance to the U.S. position.” Much of this
had to do with the administration’s style, its unilateralist and often public approach, which raised questions of national pride and prestige. Administration specialists on Germany, such as Gregory Treverton in the NSC, worried about the “long-term risks” of such a confrontational approach, lest a “passing pique” turned into “a real change in German attitudes” toward the American partner. Two weeks after the Vance-Schmidt meeting, Carter engaged in damage control in a letter to Schmidt, expressing his “hope that the arrangements between the Federal Republic and Brazil on nuclear energy will not become a major issue between us. I believe it is time to suspend further public or private debate, until you and I can sit down and try to work out this issue between us.” Schmidt responded in kind and when he summarized their first face-to-face meeting at the London Economic Summit in early May, he emphasized “that the atmosphere between him and President Carter is as good as cleared.” Significantly, the Brazil deal was not even among the issues Schmidt listed as having been discussed.43

Does this mean that the furor of the Brazil agreement died as suddenly as it had once erupted, as most scholars have argued? It is true that both governments shifted their attention from the specific agreement to non-proliferation in general, on which they found more common ground and which Carter approached in a more multilateral fashion. Nevertheless, attitudes to the Brazil agreement and particularly to reprocessing continued to color German and U.S. approaches. In a declaration deliberately timed to precede Carter’s on April 7, the German government emphasized its commitment to non-proliferation, but prioritized safeguards (as in the Brazil deal) over exclusions from technology. As in the discussions on Brazil, it emphasized the need to involve many countries in the development of a new non-proliferation regime – an approach that at least some in the Carter Administration
feared would dilute a resolute approach to the question. Indicative of continued U.S.
concerns, the Washington Post’s headline about Bonn’s declaration did not focus on
the concession, but read “Bonn Goes Ahead with Plans for Reprocessing in Brazil”.

Carter’s announcement later that day was also conciliatory. The president
acknowledged energy needs and even promised that “we are not trying to impose our
will on those nations like Japan and France and Britain and Germany,” specifically on
reprocessing. He also suggested an international nuclear fuel cycle evaluation
program (INCFE), which would explore ways to share safe nuclear energy – an idea
that was interpreted as the most tangible concession to multilateralism. In another
conciliatory gesture, Richard Cooper, Undersecretary of State for Economic Affairs,
told the European Commission that the previous embargo on uranium deliveries
would be lifted within six weeks. Nevertheless, Washington’s signals continued to
be mixed. Carter’s advisors were actually surprised and tried to relativize Carter’s
apparent approval of other nations’ reprocessing. Just a few weeks after the
declaration, Carter submitted a non-proliferation bill to Congress. While he tried to
portray it as a concession to partners abroad as well, it contained stringent and
unilateral provisions, demanding to renegotiate existing treaties of nuclear
cooperation under the threat of cutting off supplies. Although it is outside of the
purview of this study, the Nuclear Nonproliferation Act became the topic of
transatlantic controversy in 1978. Then, Schmidt referred to it as an “unfriendly act”
and a “breach of law,” even though it turned out that Carter handled the law leniently
and pragmatically.

Even Bonn’s final concession on nuclear exports failed to fully clear the air. In mid-
June, the German government declared that it would forsake further export of
reprocessing plants and technology. While Schmidt personally explained to Carter,
“existing contracts and their application will not be affected by this decision,” effectively exempting the Brazil deal, the declaration did result in Bonn silently dropping its plans for nuclear cooperation with Iran.\textsuperscript{47} Despite these concessions, the Brazil agreement continued to poison bilateral relations, attesting to far-reaching consequences not usually acknowledged. First of all, American officials did not give up the idea of altering the Brazil agreement. Carter’s response to Schmidt’s letter expressed the desire “that ways can be found to make these commitments consistent with our shared goals.” In a “non-proliferation policy progress report” in October, Warren Christopher reiterated this hope. At the same time, the agreement impacted broader non-proliferation efforts. Despite Schmidt’s positive evaluation of the London Summit, a survey of the meetings illustrates how the issue intruded indirectly. Carter raised non-proliferation generally, particularly the idea of making full fuel cycles redundant through guaranteed supplies of enriched uranium. Nevertheless, he rejected as impractical another previously vented idea that the United States would store other nations’ spent fuel. At this point, Schmidt asked for clarification, ominously emphasizing the “big role” this question played in Germany. In a private conversation with Japanese Prime Minister Takeo Fukuda, Schmidt triumphantly concluded: “This means that the USA does not want to offer a full supply cycle after all. It is now important to correct this American ideology of the offer of a full nuclear cycle also in public.”\textsuperscript{48} Schmidt’s desire to “expose” American falsehoods betrayed his continuing frustrations over the Brazilian controversy. He seemed to say that he had always been right: The United States was unable to offer a credible alternative to the German project. In the wake of the London Summit, Brzezinski realized the importance of accepting “spent fuel as a key incentive if other countries are to agree to forego reprocessing,” but such ambitious plans ultimately
failed to materialize. By the same token, U.S. officials felt that their non-proliferation policies suffered from the tacit acceptance of the Brazil agreement. As Michael Armacost, East Asian specialist on the NSC, put it, forcing Japan to refrain from reprocessing “after tacitly accepting the German sale of reprocessing technology to Brazil… would smack of gross discrimination against a close ally.” Despite concessions from both sides, the controversy continued to fester and color the perceptions Schmidt and Carter had of one another.

Strategies in the crisis confirmed another feature of West German foreign policy particularly in the 1970s – the desire to resist U.S. pressure by joining with its European neighbors. There was reason to believe that most European partners shared a similar outlook on nuclear issues, one informed more by the oil crisis than the explosion of the Indian bomb. In addition to that, France seemed to be in the same boat as West Germany with its own export ambitions to Pakistan.

From the beginning, German negotiators of the Brazil deal factored their European partners’ likely reactions into their own talks with the United States. Before concluding the agreement, officials sounded out European allies and Canada, believing that none of them generally favored more safeguards than Germany was seeking from Brazil. Although European representatives agreed to more stringent rules in the Suppliers Club in 1975 and 1976, they continued to discuss them according to whether they facilitated commercial competition. The discussions also indicated that the French and British would reject Washington’s desire for full fuel cycle safeguards for recipient countries of nuclear technology. The head of Section 4, Hans Lautenschlager, added that France would reject the idea of a two-year moratorium on reprocessing exports when it was first vented by the Ford
Administration. Whereas these evaluations symbolized an approach in which Bonn was happy to “hide behind” assumed European and particularly French interests and reactions, France also offered direct cooperation in nuclear matters in October 1975 to improve the competitiveness of both nations’ industries. This offer was in part a reaction to real and anticipated U.S. pressures. In general terms, Schmidt and Giscard d’Estaing discussed joint efforts to counter Carter’s non-proliferation offensive in February 1977. Hence, there seemed to be some potential to construct a European front against “excessive” American non-proliferation demands and possibly a Franco-German alliance to protect the respective deals with Brazil and Pakistan.

Nevertheless, as early as 1975, there were signs that skepticism toward U.S. nuclear policies did not necessarily translate into support for the German-Brazilian agreement. In April 1975, the British government lodged a “fairly strong” diplomatic protest when Bonn requested the export of enrichment technology to Brazil through URENCO. London had the impression, the British diplomat continued, that Bonn was acting in a “fairly irresponsible way.” British fears were not allayed by a robust German defense of its deal or by the tripartite additional safeguards with the IAEA, as Bonn believed at the time. British discretion might just have made it easier to ignore the opposition. In internal preparations for German-British consultations in January 1977, a Foreign Office official emphasized that London opposed the deal, but had refrained from saying so publicly because that “would evoke strong resentment in Bonn and could affect German willingness to help the UK in other fields.” Prime Minister Callaghan’s cautious remark that exporting sensitive technologies to Brazil constituted “a political risk” does not even seem to have elicited a response from Schmidt. British concerns continued, however, and would eventually be formulated more forcefully.
First consequential European resistance to Germany’s agreement with Brazil did not come from the nuclear weapons states, but from the Netherlands. As previously mentioned, the Federal Republic, the United Kingdom and the Netherlands had established URENCO in 1970 to jointly produce enriched uranium. In October 1976, URENCO’s joint government committee signed an agreement with Brazil to provide enriched uranium for the German-built reactors. Just two months later, however, the Dutch government reneged and demanded tougher guidelines. Dutch Foreign Minister van der Stoel explained that his country did not want to play even an indirect part in the German-Brazilian agreement. German officials reacted angrily, even more so when they learned that van der Stoel had consulted with the Brazilians, creating the impression as if he spoke for URENCO. These issues were resolved in late 1977 with additional safeguards for URENCO uranium, but a new Dutch government questioned that compromise in early 1978. Although the Dutch resisted because of proliferation concerns, they only achieved a hardening of the German position, with Schmidt concluding that Germany needed its own enrichment plant. Testifying again to the potent mix of nuclear independence and national sovereignty, Schmidt insisted that “he would not allow the Federal Republic to be reduced to a third-rate country by the Dutch parliament.”

The most serious disagreement, however, was developing between Germany and France, illustrating that, ultimately, both countries “tended to defend their own national interests rather than ‘European’ interests.” The first indication of a divergence of interest took the Germans by surprise. Pre-empting Carter’s inauguration, a newly inaugurated Nuclear Export Council in France proclaimed a moratorium on further exports of reprocessing plants in December 1976, while exempting the Pakistan deal. Less than two months later, however, the French told the
Germans that they would be willing to relinquish even that agreement if Carter managed to persuade Pakistan. By late October 1977, Quai d’Orsay made the positive decision to stop the deal. Undersecretary Jean-Marie Soutou acknowledged “that France’s distancing from the controversial parts of the Pakistan deal dissolves the parallelism of the situation, in which France and the Federal Republic found themselves up to now, and that the defense of the Brazil deal will at least be complicated.”

This decision isolated Germany as the lone “culprit” in American eyes and created direct friction between Bonn and Paris. In February 1977, the partners had difficulties agreeing on a joint declaration on non-proliferation, with Schmidt preferring vaguer language than that suggested by the French delegation. In contentious expert consultations one month later, Soutou clarified that France did not subscribe to the German claim that a ban of technology exports amounted to discrimination. This was a military question, Soutou asserted, “commercial aspects always have to take a backseat.” Subsequently, France focused on the Brazil deal itself. During the London Summit, Giscard d’Estaing warned Schmidt that “we do not like to become your accomplices” when Germany shared reprocessing technology with Brazil that might have originated in France. One month later, Schmidt reassured Giscard that this was not the case, but it was obvious that France took great pains to distinguish its own export policy from Bonn’s. Soutou explained what irked the French most about the Brazilian deal: It was Germany’s “‘policy of justification’,’ including the claims to non-discrimination, which suggested that more such agreements might be planned in the future. He therefore proposed de-escalating that rhetoric and a de facto halt in further exports. It is not surprising, therefore, that the French hailed Bonn’s June declaration as a sign of “convergence.” In fact, some
authors believe that Bonn’s concession owed more to French than American pressure. At the same time, however, Bonn never replicated Paris’s step of halting a concluded deal.\textsuperscript{55}

Although the French professed to act in the interest of non-proliferation, they realized that, in contrast to the Germans, they could safeguard their own commercial interests in the process. This difference was already discussed by Giscard and Schmidt in their consultations in February 1977. Despite committing to a common approach to the commercial aspects of nuclear energy, both conceded that France was in a stronger position as a nuclear weapons state in possession of a full nuclear fuel cycle. In addition to that, its nuclear industry was profitable at home whereas Germany’s depended on exports. As Carter’s and Congress’s plans for preventing the construction of new reprocessing facilities loomed, the gulf between Germany and France grew wider when it emerged that existing facilities, such as France’s, would not be affected. In fact, this approach created new export opportunities for the French. As Soutou explained, France would replace the transfer of reprocessing technology and facilities with the “credible guarantee of a full fuel cycle service.” The French realized that charging other nations for reprocessing services was more profitable than helping them build their own facilities, which would make them self-sufficient and competitive. Thus, French and German nuclear interests diverged increasingly, even in the commercial arena. The French emphasized this divergence to their British partners after the Franco-German consultations in February 1977 because they were “not too happy with the interpretation placed on the talks by some of the press, particularly the German press.”\textsuperscript{56} With France now opposed, a front of nuclear weapons states against Schmidt’s plans was in the making. An alternative front with
the likes of Italy, Japan, or Yugoslavia, who were also negatively affected by U.S. efforts, was hardly equivalent.  

57

The Brazilian problem outlasted Carter’s more discreet approach, the multilateralization of non-proliferation efforts, and the German renunciation of further exports in June 1977. The U.S. administration kept pressing the Brazilians, which irked the Germans as well. News of a reprocessing plant in Argentina seemed to prove the Americans right as they raised the prospect of a nuclear arms race in the Western Hemisphere. At a news conference during a visit to Brazil in March 1978, Carter repeated his opposition to the German-Brazilian agreement publicly. For his part, Schmidt had already clarified in late 1977 that, although he appreciated U.S. concerns about this development, he wished not to be drawn into the matter. He was not prepared to negotiate with Brazil in this regard and instead described the potential nuclearization of South America as “a matter for the Americans.” This reaction confirmed the ease with which Bonn divorced commercial interests from military implications.  

58

Behind closed doors, the European nuclear powers kept up the pressure as well. Even the Soviets registered their unease with the German government. Ambassador Falin warned Hermes of the “dangerous consequences” of the Brazil agreement. The French exasperated that Germany executed what France had renounced. When the cancellation of the Pakistan deal became public knowledge in late August 1978, Soutou told the Americans “that there was now a need to help the FRG to be more reasonable with regard to Brazil.”  

59 Even the “restrained” British eventually vented their frustration at Germany’s obstinacy. When Foreign Minister Louis de Guiringaud informed the American, British, and German foreign ministers
of a “delay” in the agreement with Pakistan in July 1978 (its effective cancellation had already been agreed upon, but not yet publicized) British Foreign Minister Owen welcomed the decision. In a sign of how sensitive the Germans had become, Genscher said “that he assumed there was no connection between US views on the possible sale of a reprocessing plant to Pakistan and the German agreement to sell such technology to Brazil.” At that moment, Owen became irritated, saying that “he had never criticized the FRG publicly for the Brazil deal but that he personally thought it was wrong to sell reprocessing technology to the Brazilians. Owen thought it would be beneficial if in the light of the French decision on Pakistan the FRG could also reexamine its position on the sale to Brazil,” which Genscher predictably declined.60 Bonn was isolated among its major allies.

Tensions finally came to a head in late 1978. In the most dramatic attempt to stop the deal, Giscard claimed to have evidence that the Brazilians wanted to build an atomic bomb. The partners clashed even more seriously over German plutonium in the reprocessing plant at Le Havre, which the French only wanted to return when Germany had built a planned breeder reactor. While Bonn was outraged by France’s refusal to return German property, the French conjured up old fears of a German nuclear device. This fear – echoing Senator Symington’s warning in 1975 – demonstrates how easily historical phobias and stereotypes of an aggressive Germany could be marshaled even within a supposedly airtight alliance. The head of the Foreign Office’s planning staff, Klaus Blech, had intimated as much at the height of the controversy when he warned that U.S. politicians might find it easier to rationalize sanctions “with the suspicion that democratization and Westernization are ultimately only superficial” in Germany.61
The Brazilian crisis was thus never resolved, but petered out and was superseded by other problems. The agreement itself remained on the books without yielding its full potential. In part because of Brazil’s financial difficulties, the agreement was substantially reduced and effectively halted at the end of the 1970s. One nuclear reactor, the most tangible result of the deal, became only operational in 2000, and the lack of a full nuclear cycle led the Brazilian government to embark on an autonomous nuclear program in 1978.62

Does that mean that the controversy was a tempest in a tea pot? On the contrary, the crisis was crucial in setting the tone for German-American relations throughout the Carter years, symptomatic of differing approaches to nuclear issues, and indicative of important structural features in the transatlantic alliance of the late 1970s. Regarding nuclear energy, there were clearly different perceptions: Whereas the United States, already before Carter, shifted its focus to the potential of nuclear weapons proliferation through civilian programs, the Europeans, with the Germans among them, worried about energy self-sufficiency and commercial opportunity. Against the background of a previous predominance of U.S. companies in global nuclear markets, a recently unreliable supply with uranium, and, particularly for Germany, a costly development of nuclear energy that was not paying off domestically, this focus was understandable. Nevertheless, the degree to which the German government clung to this understanding in the face of drastic changes of U.S. nuclear commercial habits was remarkable. The disregard for incipient criticism during the Ford Administration and the overarching German justification, its emphatic legalism and “idealism,” demonstrated the determination with which the Schmidt government clung to the nuclear deal. It chose, as Alexander Kelle put it, “commercial considerations… over norms” or, as Helga Haftendorn emphasized,
“nuclear interests” over “allied relations.” Questions of nuclear proliferation, on the other hand, clearly took a backseat, particularly when Schmidt insinuated that nuclear weapons were the exclusive concern of nuclear weapons states. In this regard, the Schmidt government seemed happy to leave the military dimension of nuclear power to the superpower, thereby implicitly choosing and perpetuating the dependent Cold War security relationship.

On the other hand, the Brazilian controversy demonstrated how a resurgent West Germany bristled at U.S. unilateralism and interference in matters of national sovereignty. In December 1978, Schmidt met the U.S. Secretary of the Treasury, W. Michael Blumenthal, to discuss global economic matters. When Blumenthal deplored that many traditional multilateral institutions no longer worked, Schmidt suddenly exploded in frustration:

[T]hese mechanisms worked as long as all partners agreed that the only relevant voice was that of the United States. This is no longer the case. Furthermore, American problems have changed. At that time [in the 1960s], the US had its hands full with containing Soviet influence in the world. Today, the US is cooperating with the USSR and both are attempting to restrain their allies... The Chancellor recalled that President Carter attempted to stop the German nuclear deal with Brazil in the spring of 1977... In future, contentious questions have to be discussed among the partners; resolutions cannot be unilaterally proclaimed.64

The fact that Schmidt raised the Brazilian controversy when the discussion revolved around different issues demonstrates how deeply this first major controversy had damaged bilateral relations. For the German government, it symbolized everything it did not like about the Carter Administration – an excess of moralism and “ideology,”
behind which some Germans still suspected commercial motives, an indiscreet public
approach that pressured partners and, above all, a unilateralism and “superpower
condominium” that was no longer appropriate for a world, in which Europe and its
constituent nations had acquired added weight and influence.

While this article has primarily focused on the German perspective, Bonn’
reaction demonstrated that Carter’s approach to the crisis had undermined his own
professions of multilateralism and had ended up more than confirming Kissinger’s
prophecies: Not only had Washington been unable to stop the German-Brazilian
agreement and realize its non-proliferation objectives, it had also alienated a close
ally. With publicly formulated maximum demands and pressure, the style of
negotiations had been almost as disastrous as their substance. Persisting with the
agreement in the face of U.S. opposition became a matter of national pride for a more
self-confident West Germany, which had successfully “experimented” with a more
independent foreign policy in Ostpolitik. How much pride played a role in German
thinking at the time was exemplified in an exchange between Schmidt and the
Canadian Prime Minister Trudeau, whose position on non-proliferation mirrored
Carter’s. When Trudeau denied that restrictions on nuclear exports were
discriminatory or that they violated national pride, Schmidt retorted: “You have to
accept national pride before you start a conversation. It is not good to tell other
nations: ‘You do not know what is good for you.’” By the same token, Schmidt was
proud of how he had faced down Carter. In his memoirs, he wrote: “We also
withstood Carter’s attempt... to force us to break our contract with Brazil.”

There was thus an awkward dichotomy in the German reaction: a stubborn
insistence on the legitimacy of the Brazilian agreement and on Germany’s national
sovereignty, but on the other hand a strange reluctance to consider potential military
implications of nuclear exports. Perhaps, the trajectory of German post-war policies best explains this paradox. Trade policies had been “safe” territory for German foreign policy, turning the country into the world’s premier export country by the 1970s. Military policies, on the other hand, had always been left to the Americans and the other European nuclear powers. When both realms collided, as in the controversy over civilian nuclear power export programs, German foreign policy struggled to find a suitable response. This struggle was represented in the infighting in Bonn’s Foreign Office, where the Brazil deal found an enthusiastic lobby in those who had risen through the foreign trade division, but skeptical opponents in the political division who feared grave consequences for transatlantic relations and non-proliferation.

Finally, the crisis also underlined the limits of European unity. There seemed to be great potential for a united European front against Carter’s policies because most European nations focused on the commercial and energy potential of nuclear programs. Nevertheless, as Carter’s policy evolved, especially after they became more multilateral with INCFE, some nations began to support U.S. views, while others – foremost the French – realized that the nuclear powers would remain privileged and that renouncing the export of sensitive technology was not necessarily a disadvantage. By the end of the crisis, Bonn was isolated among its closest allies. The fact that it clung to the Brazil deal regardless testifies to the shift in transatlantic power relations in the late 1970s. The Brazil agreement itself ultimately foundered on unrelated financial difficulties.

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1 Doc. 94, in Daniela Taschler, Amit DasGupta, Michael Mayer et al., eds., *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland, 1978* (München: Oldenbourg)


9 Some of the most detailed studies of the agreement and the dispute were published at the time. Brenner, *Nuclear Power*; Karl Kaiser, “The Great Nuclear Debate: German-American Disagreements,” *Foreign Policy* 30 (Spring 1978), 84-110; Norman Gall, “Atoms for Brazil, Dangers for All,” *Foreign Policy* 23 (Summer 1976), 155-201; William W. Lowrance, “Nuclear Futures for Sale: To Brazil from West Germany, 1975,” *International Security* 1.2 (Autumn 1976), 147-166. The journal *International Organization* devoted its entire Winter 1981 (35.1) issue to the question of non-proliferation and several articles addressed the controversy over the
German-Brazilian agreement. This issue was subsequently published as George H. Quester, ed., *Nuclear Proliferation: Breaking the Chain* (Madison, WI: University of Wisconsin Press, 1981).


nuclear industry, see Wiegrefe, Das Zerwürfnis, 76-7; Haftendorn, Sicherheit und Entspannung, 696.

14 In a meeting with Foreign Minister Genscher, his Brazilian counterpart Azeredo da Silveira added that his country preferred to lessen its overall dependence on the United States, Doc. 179, AAPD 1975. On the commercialization of nuclear energy in the early 1970s, compare Brenner, Nuclear Power, 15-6; on the Brazilian deal in particular, compare Peter A. Clausen, Nonproliferation and the National Interest: America’s Response to the Spread of Nuclear Weapons (New York: Harper Collins, 1993), 130-1; Coutto and Nedal, “The 1975 Nuclear Agreement with West Germany.” Robert Gillette, “Nuclear Proliferation: India, Germany May Accelerate the Process,” Science 188 (May 30, 1975), 913, concurs “that U.S. companies competing for the Brazilian reactor market found themselves unable to match the breadth and attractiveness of the German offer.”


16 For the press warnings, see Stoessel, Bonn, to Secretary of State, No. 21125, December 16, 1976, AAD,
September 23, 2012]; Doc. 82, AAPD 1977.


18 Genscher in Doc. 61; Schmidt according to Murrey Marder, “Schmidt Firm on Nuclear Sale,” Washington Post, July 16, 1976; Hermes in Doc. 52, AAPD 1977; Genscher in Doc. 238, AAPD 1978. Tuchman to Brzezinski, March 30, 1977, Declassified Documents Reference System (hereafter cited as DDRS). The German justification remained unchanged throughout the duration of the controversy. A succinct summary was cabled by the Foreign Office to all embassies, Circular No. 24, February 23, 1977, Section 012, Vol. 106593, GFO. Alexander Kelle has referred to the argument that the agreement would make Brazil comply with NPT regulations as “incorporation through cooperation,” emphasizing that Canada and the United States made the same argument up until 1975; Deutsche NV-Politik, 65; Heep, Schmidt und Amerika, 78.


September 24, 2012]. Hermes denied that Brazil had any desire to build a bomb; 

*Meine Zeitgeschichte*, 231.

21 Nye and Christopher in Doc. 29, *AAPD 1977*.

22 Hermes, *Meine Zeitgeschichte*, 248; Schmidt in Doc. 292, *AAPD 1975*. Von Staden told Barbara Heep that he received visits by twenty U.S. Senators who registered their opposition to the deal in the summer of 1975; *Schmidt und Amerika*, 73.


25 Kissinger in Doc. 163, *AAPD 1975*. There was also no reference to the agreement in talking points prepared by Kissinger for an October 1975 meeting between Schmidt and Ford; Kissinger to Ford, October 2, 1975, DDRS.


29 Roth in Doc. 25; Hermes in Doc. 26, *AAPD 1975*. For the cabinet recommendations, see Draft by Hermes, February 18, 1975, Confidential Vol. 9497 (222); B150, File Copies 1975, GFO.


31 Van Well in Doc. 192; Schmidt in Doc. 333; Hans Lautenschlager in Doc. 334, *AAPD 1975*.


34 See, for example, „Kuschen vor Carter,“ *Der Spiegel* (December 6, 1976); „Größter Exportauftrag der Bundesrepublik droht zu scheitern,“ *Die Welt* (December 9, 1976). Hermes’s successor as head of Section 4, Hans Lautenschlager, urged talks before the inauguration; Doc. 357, *AAPD 1976*.

35 Brenner, *Nuclear Power*, 123-7. The confusion of Carter’s initial approach to proliferation was criticized in a memorandum by the head of the Foreign Office’s planning staff, Klaus Blech, Doc. 49, *AAPD 1977*. Joseph Nye deplored the time


“Secretary Vance’s News Conference of January 31,” *Department of State Bulletin* 76 (February 21, 1977), 140.


41; On Brazil’s reaction to the delay, see Doc. 41, AAPD 1977. For the Genscher quotations, compare Docs. 61 and 59, AAPD 1977. On the consultations in mid-March, see also Heep, Schmidt und Amerika, 77-8.

42 Silveira to Geisel, January 31, 1977, Azeredo da Silveira Archive, mre d 1974.03.26, pp.9014-9019, translation at Dani K. Nedal, “U.S. Diplomatic Efforts Stalled Brazil’s Nuclear Program in 1970s;” Blech in Doc. 49, AAPD 1977. For the Carter quotation of “all diplomatic means,” see “President Carter Interviewed by AP and UPI Correspondents,” Department of State Bulletin 76 (February 14, 1977), 124. Interestingly, the quotation used by Blech had not been used by Carter in the context of the Brazil agreement. On Schmidt’s decision, compare Schmidt, Memorandum, April 1, 1977, Confidential Vol. 14067 (010); B150, File Copies 1977, GFO. On widespread German resentment of U.S. pressure, compare Heep, Schmidt und Amerika, 77, Wiegrefe, Das Zerwürfnis, 92-3 and Kaiser, “The Great Nuclear Debate,” 99. On the Council meeting, see Rouget to Embassy Brasilia, Cable No. 80, March 25, 1977, Confidential Vol. 9320 (413); B150, File Copies 1977, FO; Schmidt in Doc. 82, AAPD 1977 (emphasis mine). For the German perspective that the blueprints had to be transmitted, compare Kaiser, “The Great Nuclear Debate,” 99. Heep, Schmidt und Amerika, 78, assumes that the meeting with Vance de-escalated the crisis. It is probably more appropriate to view this as the climax of the crisis, after which both sides slowly retreated from the bilateral abyss.

Schmidt to Carter, April 26, 1977, Confidential Vol. 527 (014); B150, File Copies
1977, GFO. Schmidt’s summary in Doc. 145, AAPD 1977. Already in mid-March,
Warren Christopher had called Brzezinski from Bonn to report “very heavy weather”
in his negotiations. Brzezinski to Carter, March 14, 1977, DDRS.

44 For the German statement, compare Bulletin des Presse- und Informationsamtes der

45 Carter, “Nuclear Power Policy Remarks and a Question-and-Answer Session with
Reporters on Decisions Following a Review of U.S. Policy,” April 7, 1977, APP,
Europe it won’t curb Trade,” New York Times, April 22, 1977. For positive
evaluations of INCFE, see Nye (who had actually invented the concept), “Maintaining

46 Carter, “Nuclear Non-Proliferation: Message to Congress,” April 27, 1977, APP,
and Carter advisors’ surprise, compare Stanley Hoffmann, “The Hell of Good
Intentions,” Foreign Policy 29 (Winter 1977-1978), 16; Walker, “Nuclear Power and
Nonproliferation,” 238; for Schmidt’s criticism, see ibid., 241. On the difference
between the German and American statements, see Kaiser, “The Great Nuclear
Debate,” 99. Stuart Eizenstat, Carter’s chief domestic policy advisor, recommended
“Presidential flexibility on application of criteria to both existing and new
agreements” in relation to the Non-Proliferation Act already in 1977; Eizenstat and
Kitty Schirmer to the President, April 19, 1977, DDRS. On the pragmatic handling of
the act after its passage, compare Haftendorn, Sicherheit und Entspannung, 702.

47 For the declaration, see Bulletin des Presse- und Informationsamtes der
Bundesregierung (1977), 613; Schmidt to Carter, June 22, 1977, original German

48 Carter to Schmidt, transmitted in Rouget to Embassy Washington, No. 687, July 5, 1977, Confidential Vol. 9323 (413); B150, File Copies 1977, GFO; Christopher to the President, October 8, 1977, Doc. 01431, DNSA. Carter and Schmidt, Doc. 112 (emphasis mine); Schmidt and Fukuda, Doc. 113, AAPD 1977.

49 Brzezinski to the President, May 12, 1977; Armacost to the Secretary of the Treasury, May 20, 1977, DDRS (emphasis in the original).

50 Hermes on partner interests in Doc. 46; for EC discussions of the Suppliers Guidelines, see Doc. 83, AAPD 1976; French opposition to full cycle safeguards discussed in Doc. 84; British opposition in Randermann, Memorandum, March 4, 1975, Section 300, Vol. 100509, GFO. Lautenschlager in Doc. 143, AAPD 1976. For the French memorandum suggesting closer cooperation, see Section 202, Vol. 113547, GFO. Schmidt and Giscard in Doc. 18, AAPD 1977. Compare also Lellouche, “Breaking the Rules,” 54.


52 For Dutch opposition, see Doc. 372, AAPD 1976, Doc. 4, AAPD 1977. On the compromise and renewed controversy, see Doc. 68, and on Schmidt’s comments, Doc. 121, AAPD 1978.


55 On the declaration, compare Doc. 22; for the expert consultations, see Doc. 57; Giscard in London, Doc. 145; German response in Doc. 161; Soutou in Doc. 152, AAPD 1977. Lellouche has emphasized that Germany’s export embargo announcement in June was “phrased exactly like France’s,” “Breaking the Rules,” 47. For the view that French pressure was decisive, compare Haftendorn, Sicherheit und Entspannung, 700; Heep, Schmidt und Amerika, 81.


57 On such efforts, see Doc. 131, AAPD 1977 and Doc. 191, AAPD 1978.


Already in 1979, Washington became aware of “a marked slow-down in the nuclear program” due to Brazil’s “troubled economy.” Ambassador Sayre, Brasilia, to Secretary of State, No. 10578, December 10, 1979, DNSA. Compare also Coutto and Nedal, “The 1975 Nuclear Agreement with West Germany;” Haftendorn, *Sicherheit und Entspannung*, 704.


Doc. 379, *AAPD 1978*.