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Subject copy filed on Germany (P 2) 'Chancellor Schmidt Visit
book'

Partial Record of a Meeting between the Prime
Minister and the Chancellor of the Federal Republic of Germany,
Herr Schmidt, at No. 10/^{Downing Street} on Monday 25 February 1980

Present:

Prime Minister
Mr. M. Alexander

Chancellor Schmidt
HE Dr. Jurgen Ruhfus

International Situation in the wake of Afghanistan

The Prime Minister said that the need to settle the British budgetary problem was given additional urgency by the present international situation. It was a bad time for Europe to be divided: the more so since there were signs both that the European reaction to events in Afghanistan was becoming better coordinated and that the situation in Afghanistan itself was deteriorating. Chancellor Schmidt said that he strongly agreed. The Prime Minister asked whether there was any truth in the stories in the morning's newspapers that Herr Brandt had been asked to act as a mediator between the United States and the Soviet Union. Chancellor Schmidt said that he did not believe there was any substance to the stories. He had seen the text of a message which Herr Brandt had recently received from Mr. Brezhnev. He had also seen the record of Herr Brandt's talks with President Carter. Neither supported the newspapers reports. They appeared to have been invented by Der Spiegel. Despite its reputation, Der Spiegel was a thoroughly unreliable journal. The Prime Minister said that she was glad to learn this. She would have felt uncomfortable had a German as prominent as Herr Brandt been cast in the role of a neutral between the US and the Soviet Union on this issue.

Chancellor Schmidt expressed his disquiet at the repeated failures of the Americans to consult with their allies in the course of the present crisis. They would not always be able to find sufficient people who were prepared to clap their hands on hearing the latest American policy decisions on the radio. The present American tendency to ignore the fact that other Governments had

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their own priorities and domestic considerations was thoroughly dangerous. The effect in Germany of the recent threat by Dr. Brzezinski to use nuclear weapons in response to further Soviet moves in South West Asia was a case in point. The threat, in particular the way it had been made, was preposterous, the more so since there was an indication that the weapons would not necessarily be used in the area where the Soviet move had been made. The effect of such statements in the Federal Republic, which had more than 5,000 nuclear weapons on its soil and was an obvious target for a pre-emptive strike, could readily be imagined. The American performance on the Olympic Games had been similarly thoughtless. The Germans had checked with the Americans twice in the period immediately before President Carter's statement on this subject and had been told that no policy announcements were in prospect (one of the checks had been made personally by Chancellor Schmidt with Mr. Christopher). The Americans had consulted the Federal Republic neither about the impact of their announcement in Germany nor about its desirability. One consequence had been that Chancellor Schmidt had delivered a major address to the Bundestag the day before the American boycott was announced and had made no mention whatever of the Olympic Games. As a final example, Chancellor Schmidt said that he had asked Mr. Vance during his visit to Bonn the previous week whether the Americans had invoked the Nixon/Brezhnev doctrine with the Russians during the early stages of the Afghanistan crisis. Mr. Vance said that the Americans had done so. This was the first that Chancellor Schmidt had heard of it. Had he known earlier on, he would have seen more consistency in the American reaction in January.

Chancellor Schmidt said that there was an undercurrent of feeling in the Federal Republic that there is now a clear and present danger of a Third World War. Many leaders in Eastern Europe, notably Messrs. Gierek and Kadar were deeply frightened. One consequence of the present situation was that they were losing what little independence they had achieved in the last 15 or 20 years. Mr. Kadar had been told that his Foreign Minister should cancel his impending visit to Bonn if the Hungarian Government wished the Soviet Government to observe an agreement on energy supplies which had just been negotiated. The East Europeans, including the East Germans, deeply resented the invasion of Afghanistan, but were

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anxious that the West should not react in a way that led the Soviet Union to forcibly reassert their authority. The situation in Poland was in any case likely to get worse. The recent sacrifice of the Prime Minister there would make no difference.

Chancellor Schmidt made it clear that he thought that the American reaction to the situation was inadequate. They had not analysed the situation that lay ahead with sufficient care and seemed unaware of the need/^{for}and nature of consultation with their allies. (Chancellor Schmidt noted with regret the disappearance of the old East Coast establishment figures and the absence of any credible replacements.) The Americans were inclined to talk about punishing the Russians. This was an erroneous idea. Punishment should not be an element in the international policy of a major power. The object now was to get the Russians out of Afghanistan and prevent them trying the same thing again. Boycotting the Olympic Games was a pinprick. What was necessary was to make it clear beyond doubt that if the Russians were, for instance, to move against the Yemen Arab Republic, something serious would happen. The Americans had also failed to show sufficient subtlety and sensitivity in their handling of the Third World. They should, for instance, already be working to ensure that the idea of neutrality for Afghanistan was taken over and promoted by Third World countries. The American failure to take into account the sensibilities of the countries in the Gulf region when announcing their guarantee had been glaring. The United States after all had had no fewer than three special Ambassadors dealing with Middle East problems in the last two years. It was not surprising that their policies lacked finesse. It was a pity that they had not sought the advice of eg the British whose expertise in the area was so much greater than their own.

Chancellor Schmidt said that this was by no means the first crisis that he had lived through. But he could not recall a previous instance where there had been so much muddle. He accepted that the Americans had a difficult hand to play. They had, simultaneously, to be clear in their own minds what they wanted to do; to act as leaders of the West; and yet to disguise the fact that they were doing so. Nonetheless, it was disastrous that matters had been allowed to get so far without a process of active and continuing consultation having been put in hand. The recent visit of Mr. Vance

had been very important in this context. But how was it going to be followed up? He had suggested that Mr. Vance should have regular consultations with the British, German and French Ambassadors in Washington. This was a sensible idea in itself but did not overcome the fundamental difficulties caused by the fact that so many decisions were taken in ^{the} White House without the prior knowledge of the State Department.

The Prime Minister said that she agreed with many of the points made by Chancellor Schmidt but wondered whether the European reaction had not itself been partly to blame. She had been bitterly disappointed by the slowness with which the other members of the Nine had acted. Chancellor Schmidt said that he accepted this, but that much of the blame should be laid at the door of the Presidency. It had been for them to act. Perhaps they should have been pushed, but there was a natural reluctance to do so. The prospect in the autumn, of Luxembourg being in the Chair, was not much more cheerful.

The Prime Minister asked what advice, assuming they had been asked, the Europeans would have given President Carter in January. She believed that President Carter had been right to advocate the boycotting of the Olympics. It was the best way to bring home to the Soviet people the gravity of what had occurred in Afghanistan. She accepted that it was wrong to think in terms of punishing the Soviet Government but presumably it was not wrong to speak of bringing pressure to bear on them. What kind of pressure would Europe have been advocating? Was a cut-off in exports of technology part of the stick with which the Russians should be threatened? Chancellor Schmidt said that he did not disagree with what the Prime Minister had said about the Olympics. He did, however, disagree about the way the card had been played. Now that the United States' deadline had expired, it no longer had any value. Moreover, it was not in itself enough. As regards technology, he might have been prepared to have seen this brought into the equation. But the Americans should show more awareness of the implications of this for the Federal German Government. One per cent of the German work-force was directly/ ^{affected by} trade with the Soviet Union. The/ ^{trade} had been built up for good political reasons. The Americans for their part had never sold anything of major importance to the Russians

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(the only exceptions admitted by Chancellor Schmidt were computers and drilling equipment: it was very debatable whether it would be to the advantage of the West to cut off supply of the latter given that it might lead to increased Soviet competition for oil resources elsewhere). Exports in any case played, relatively speaking, a tiny part in the US economy. Chancellor Schmidt said he was not prepared to make sacrifices simply for the sake of doing so. He was not only critical of the line the American Government had taken on this issue: he deeply resented it.

On the question of giving advice to the Americans, Chancellor Schmidt said that it was not easy for his Government to do so. Had he been sitting in the White House he would have been in little doubt as to what to do. As it was, he was representing a power which had a burden of guilt from the last war; which had 60 million hostages in East Germany and 2 million in Berlin; and which was in a militarily untenable geographical position. The Prime Minister said that she saw no reason why the Federal Republic should not tender advice. The events of the last war were no longer a factor of major significance in this context. Moreover, everyone knew that the defence of the West depended on the reaction of four powers, the US, the UK, France and the Federal Republic. As regards Germany's exposed position, this in many respects made it easier for her to give advice and have it listened to rather than the contrary.

Chancellor Schmidt acknowledged the points the Prime Minister had made. He said that the West's response to events in Afghanistan would have to be a combination^{of} stick and carrot. The dialogue between the American and Soviet Governments had to continue. The need for the Russians to save face had to be borne in mind. There should be no pinpricking and no sabre rattling. At the same time the West should find a way of doing something that really hurt the Soviet Union. This meant pushing them out of some country in which they were already established - Angola, Ethiopia, the PDRY or some similar country (Chancellor Schmidt noted that this was the kind of point that he could not put to anyone in writing: he asked that it should not be recorded or disseminated).

The Prime Minister said that she agreed with Chancellor Schmidt's approach. She was sceptical about the chances of

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pushing the Russians out of Afghanistan (Chancellor Schmidt agreed), but thought it might be done elsewhere. However, this clearly could not be done hamfistedly. The fact that there were election campaigns underway in the United States and the Federal Republic was a complicating factor. Chancellor Schmidt said that he would put his own election campaign out of his mind when dealing with the international situation. But he hoped that allied governments would bear the election campaign in mind. He was grateful to the Prime Minister for the way she had handled Herr Strauss' letter about the cultural centre in Berlin. Notwithstanding the election campaigns and some recent public pronouncements, he hoped that the United States would not be under any misapprehension about the position of the Federal Republic and indeed of France. Both were very strong allies indeed. Both would support the Americans. Indeed they would support the Americans even where they thought the policies were wrong, eg on the boycott of the Olympics. Chancellor Schmidt said that in discussing the political dangers, the looming dangers in the economic field should not be overlooked. If, as a result of developments in the Gulf, the West's supply of oil was interrupted, even for a short period, the international banking system could easily collapse. The Euro currency market was inadequately supervised and a chain of bankruptcies could be set off. The economic actions of the Arab governments were not predictable. Taken as a whole, the prospects were frightening. Finance Ministers should be discussing questions such as how to cope with a crisis of confidence in the Euro currency market.

Future Action

At various points in their discussion the Prime Minister and Chancellor Schmidt touched on the question of action in the weeks ahead. They agreed that the Summit meeting in Venice was an obvious opportunity for substantial discussion of the West's reaction to events in Afghanistan but that it was a long way off. They therefore envisaged a timetable including the following elements:-

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a. Trilateral discussions, perhaps at official level, between France, the FRG and the UK to prepare comments on the American paper recently circulated by Mr. Vance. (Recent British and German papers would provide a good starting point.) For the most part these comments should be conveyed to the Americans in written form, but it should be envisaged that some of the comments might have to be oral;

b. Co-ordination of the European viewpoint at the meetings of the Council of Ministers (Foreign Affairs) in Brussels on 10/11 March and, possibly, at the subsequent meeting of Foreign Ministers of the Nine in April. It was for consideration whether the Americans could be associated with one of these meetings in some way. Whether or not this was possible there should be

c. At least one and possibly two meetings of the Foreign Ministers of the Four (US, UK, FRG and France) before the Venice meeting.

d. A meeting of the Four Heads of Government, together with their Foreign Ministers, immediately before the Venice summit. The meeting should allow for several hours discussion. It should be either in Italy or, if this proved impossible to arrange in view of Italian susceptibilities, before the Heads of Government concerned arrived in Italy. Chancellor Schmidt and the Prime Minister were both prepared to envisage Italian participation but thought that this was unlikely to be acceptable to the French. It was agreed that urgent thought would be given to this proposal in the next few days and that a considered British view would be communicated to Chancellor Schmidt before his visit to Washington next week.

e. The Venice summit should not be exclusively devoted to a discussion of economic problems, serious though these were. The first day should be devoted to political problems and the second to the usual agenda. While recognising that there

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might be difficulties with the Japanese, both Chancellor Schmidt and the Prime Minister considered that it was time the Japanese were involved in discussion of the political issues.

f. The Prime Minister hoped that the communique of the Venice summit would be short and could be limited to the subjects actually discussed at the summit. Chancellor Schmidt agreed.

[The above summary of the discussion on future action has been agreed with Dr. Ruhfus.]

Ruhfus
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25 February, 1980.

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