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GERMAN DEMOCRATIC REPUBLIC:  
ANNUAL REVIEW FOR 1984 – HALF MARX

*Her Majesty's Ambassador at East Berlin to the  
Secretary of State for Foreign and Commonwealth Affairs*

SUMMARY

A year of several disappointments for the GDR; half Marx. GDR's first open dispute with Moscow (paragraphs 1–7).

2. Emigration and asylum-seekers were important (paragraphs 8–9).

3. But the GDR economy had a good year, and the man in the street did marginally better in 1984. Grouses remain, but the GDR had few problems with dissent (paragraphs 10–13).

4. Outlook for 1985: more of the same (paragraphs 14–16).

5. Prospects for more substantial and useful bilateral relations in 1985, with basic assets to exploit (paragraphs 17–18).

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*East Berlin  
2 January 1985*

Sir,

In 1984 the GDR hit the Western headlines, but not those the East Germans sought: Olympic triumph, Honecker in Bonn, Chernenko at 35th anniversary celebrations. Instead the focus was on emigration, asylum-seekers, the cancellation of Honecker's visit. Nevertheless 1984 was half-steam ahead.

2. The stream of Western visitors demonstrated that for practical purposes the GDR is a fully-fledged member of the international community. But the FRG Government's references to the "open German question", and inference, however guarded, that the post-war borders were not final were irritants that appeared to challenge the GDR's status. No wonder Signor Andreotti's remarks supporting the division of Germany were greeted with as much pleasure in East Berlin as dismay in Bonn.

3. The year witnessed a curious series of swings between the GDR's twin poles of attraction, Moscow and Bonn. In the early months, following the failure of the INF campaign, the leadership concentrated on "damage limitation". They eschewed the harsh rhetoric coming out of Moscow, avoided endorsing the *status quo ante* position of INF negotiations, stressed the merits of dialogue and pursued contacts with the Federal Republic. West German politicians, from Strauss to Vogel, were warmly received by Honecker, who confirmed that he wished to take up again his invitation to visit the FRG, and suggested September.

4. It couldn't survive the Superfreeze. The GDR was forced, to public dismay, to withdraw from the Olympics. The installation of more Soviet nuclear missiles in the GDR followed. The Central Committee meeting in May adopted a harder line. Honecker did not speak; and the inner-German expert warned that damage limitation had its limits if damage went on being inflicted. Honecker met Chernenko on 14 June. He thought, presumably, that he got Soviet acquiescence for the visit to the FRG. Inner-German contacts continued, and the GDR Politburo apparently decided the visit should go ahead - though even in that month some officials here felt Honecker was taking chances.

5. In July the GDR received a 950 million DM government-guaranteed loan and introduced limited but not insignificant relaxations related mainly to travel. Pravda replied with an attack on Bonn's approach to inner-German relations, conveying an implicit warning to the GDR. Soon afterwards Pravda accused the FRG of exerting economic leverage and eroding socialism in the GDR. The GDR did not reprint the latter editorial, countering obliquely with a series of articles, domestic and borrowed, praising the virtues of dialogue, especially towards the FRG. But scepticism was growing; could Honecker still make it? Negotiations proceeded - unadmitted here - but with caution, and some mutual disillusion. On 4 September the visit was cancelled, laying maximum blame on some utterly predictable public criticism in the Federal Republic. The end of the year saw the GDR returning to orthodoxy and an emphasis on friendship with the USSR - more slavish praise of Soviet friendship, unconvinced attacks on Revanchism. Some slavishness was deemed insufficient and Honecker seems to have suffered interpolations by Pravda to embellish further a congratulatory message to Chernenko.

6. Honecker did not rashly launch a dispute with Moscow; he either misjudged the mood in the Kremlin or, following changes there, that mood changed during the summer. Probably both. Soviet alarm at brotherly embraces at the Leipzig Spring Fair increased steadily as Honecker, hitherto Moscow's most reliable ally, suddenly piled up black marks: "damage limitation", an emigration wave, negotiations over asylum seekers, political concessions for money, insensitivity to Soviet hints about the Bonn visit, refusal to talk to anyone else but Chernenko about it. There was indeed some obstinacy in his pursuit of a visit which not only went against the Warsaw Pact freeze mentality but which appeared in the end (as Honecker told me four days before cancellation) - to offer insufficient prospects of gain for the GDR itself. Honecker's misjudgement of Moscow, superficially starting from a life-long ally and protege, exemplifies exactly the accident to which the stiff, hierarchical, formalised and reserved GDR/Soviet relations, beneath all the ballyhoo, are most liable. If Bonn also erred (by premature announcement and by allowing a light-weight agenda), they can adjust next time. Moscow and East Berlin may remain more deeply complexed.

7. In fact Honecker does not look much chastened. More like a man biding his time, confident that mutual interests will eventually reassert the importance of inner-German relationships. Meanwhile his standing up to the Russians, even if temporarily faced down, has been good for his own public image. In the Party the current mixture of a hard-line public stance plus practical cooperation with the FRG is nicely calculated for widest appeal. Though not exactly popular, he is respected by broad sections of the population, both for his inner-German policies and for his evident concern for their material progress.

8. On the internal front the year began with a wave of sit-ins at foreign embassies. We had a trickle of asylum-seekers ourselves. With sit-ins at FRG Embassies in Prague and elsewhere, this problem for the Germanies remains acute, and looks insoluble while the FRG refuses to throw out asylum-seekers and the GDR to permit free emigration. Our own policy of using maximum persuasion but not force to get people to leave, while resisting the temptation to turn this Embassy into a fortress, seems to me right; though we have yet to be tested by a really hard case.

9. Following soon on the first Embassy sit-in came the Ausreisewelle. By May the GDR had allowed 25,000 people to emigrate, more than twice the normal annual total (40,000 by year end perhaps). Why? Some money changed hands, but West German pressure was not a cause; Bonn would have preferred easier travel to mass emigration. It was dressed up as an humanitarian gesture, which the FRG could not refuse, and cynically was used to weed out dissidents, malcontents and potential asylum-seekers among the many emigrants who had no particular difficulties in the GDR. If the easing up was meant to improve domestic morale, it failed. Queues to leave the GDR do not appear to have shortened.

10. On the economic front the GDR had a good year. There was a record harvest. The evidence, such as it is, points to some genuine economic growth. Overall debt increased marginally in the first half of the year, but so did the country's assets. Net indebtedness improved and there was over-subscription for new lines of credit. It remains to be seen whether GDR will exploit these to reduce existing debts, to invest in new machinery, or even speculate in commodity markets. But international bankers seem satisfied that progress is being made and the 1985 Plan appears to have inspired confidence: it concentrates on new investment, modernisation and the exploitation of indigenous materials.

11. British exports to the GDR rose to £72 million during the first nine months of the year, compared with £36 million in the corresponding period in 1983. But most of this increase came from sales of cereals, and UK imports from the GDR increased over the same period to £145 million. The GDR will remain a difficult market, not because they are broke, but because they are over-confident, over-ambitious and over-bureaucratic. Their slippery trade authorities should have to disgorge a contract or two in face of a British policy determined to get reasonable return for the excellent market we offer.

12. For the man in the East German street, 1984 was not a bad year: there were no acute shortages of basic foodstuffs, though more goods were transferred to the high-price Delikat shops. Partly thanks to the 35th anniversary, the towns began to look brighter. Alongside shortages, the turgid local media and restrictions on travel remained the chief grouses; there are fears that the asylum-seeker problem will cause the last open border (to Czechoslovakia) to be closed. Reports of unemployment and other evils in the West made many doubt whether the grass was that much greener on the other side of the Wall. But they would still like to see for themselves.

13. The regime had few problems with dissent. The Ausreisewelle decimated the ranks of radical peace activists, and the church-affiliated groups floundered for lack of a clear goal. But a GDR/Czechoslovak protest in November linking peace and human rights showed that a hard core of dissidents remains and could take off in dangerous directions. The Church, after Luther Year, seemed to be lying low and avoiding confrontation. While the State contributed by removing some obvious causes for complaint, Church leaders continue to speak out equally about the evils of deterrence and of discrimination against Christians.

14. The GDR enters 1985 with modest confidence in the economy, though conscious of technological lag. Popular grumbles remain a problem but can be dealt with by repression, emigration, and a cynical playing on the fear of nuclear war. Honecker seems fit and secure, and appears still to groom the smiling and extrovert Krenz as his eventual successor. Though there are

several other candidates available the Politburo apparently pulls together. Inner-German policies will re-emerge more positively, despite public denials, but the accent in foreign affairs may fall increasingly on West European contacts for practical purposes and Third World protégés for Marxist self praise.

15. This sounds much like a variety of earlier recipes. It is. The joker for 1985 is the forthcoming US/Soviet arms negotiation. If Super Power thaw, even partial, permits, the East Germans are likely to resume a ploy of mild, political adventurism of their own, having found that gestures of political independence are gratifying, pleasant and popular. They know they are the Soviet Union's strongest and most stable ally, and wish to play a role which is more than merely parrot or launch pad. Further tricky but manageable moments lie ahead on this tempting, expedient course.

16. In economic matters too some innovation seems both likely and necessary. Rising prosperity brings its own problems, like increased frustration at travel restrictions and intellectual constraints. More fundamentally, the technological gap with the West cannot grow much further if the GDR is to retain its industrial status and high pretensions in the world.

17. This scenario seems a particularly auspicious one against which to raise our own profile. We are proceeding rapidly. Politburo members have shown a pleasing willingness to talk to me. These contacts are a useful introduction to a series of exchanges, first with FCO officials, then with Mr Channon at Leipzig in March and culminating in your own visit at Easter. Britain can reasonably hope to raise her level of relations with the GDR to a new and fruitful level - both political and economic. Relations with the GDR will never be close. History and ideology are against. But the UK has much to offer politically, economically and culturally. Apart from our own legitimate economic interests, it is important for us as for the GDR that they be encouraged to use their influence as Moscow's most important ally in Eastern Europe on the side of caution and common sense - and there is some evidence that they have already contributed their mite. Moreover, despite all inner-German problems, since the GDR's natural weight and influence should rise further in 1985 and beyond, they are worth continuing diplomatic effort from us.

18. I write surrounded by Christmas paraphernalia and by much genuine Christmas spirit. Churches are packed, and the roads well frequented by West German relations. The Soviet hordes mostly stay in barracks. Their day of one-sided glory will come in May 1985. When that is safely over, and barring accidents, the way forward for a confident and relatively successful East German leadership for the months running up to their Party Congress in April 1986 will be clearer. The GDR'S West European heritage and suppressed Western aspirations will, despite straightjackets, keep showing strongly. Honecker, the exiled Saarlander, may exploit these assets more successfully in the next 15 months to get a better pay-off for his balancing tricks and his modest efforts for 'dialogue'. We can play a particularly useful part while the West German profile is temporarily lower. The unworthy pun in the title has an obvious point. The GDR leadership is still rather hard-line by temperament. But the pressures from the population, from history, from geography, from the economy and from science in a German context are for compromise, consumerism and comprehension.

19. I am sending copies of this despatch to Her Majesty's Representatives at Bonn, Warsaw Pact Posts, Belgrade, Washington and Paris, to the UK Permanent Representative to NATO, the GOC Berlin (British Sector) and the Commanders-in-Chief BAOR and RAF Germany.

I am Sir  
Yours faithfully

T J EVERARD