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GERMAN DEMOCRATIC REPUBLIC

12 JANUARY 1987

THE GERMAN DEMOCRATIC REPUBLIC: ANNUAL REVIEW FOR 1986

HER MAJESTY'S AMBASSADOR AT EAST BERLIN TO THE SECRETARY OF STATE  
FOR FOREIGN AND COMMONWEALTH AFFAIRS

SUMMARY

- A dull year, with minimum concessions to changing conditions in the Sovbloc. This reflected the GDR leadership's confidence in "continuity". (paragraph 1-3)
2. No serious opposition to the Regime from within the Party or without. (paragraph 4)
  3. Relations with the Soviet Union correct but restricting; a docile if less demonstrative Ally. (paragraph 5-6)
  4. A superficial reserve in Inner German relations did not prevent a healthy practical development of these. Limited development of German-consciousness continues. (paragraph 7)
  5. Economic problems managed but not solved. No hurry for EC talks. (paragraph 9-10)
  6. Problems over Berlin status but the West get the better of these. (paragraph 11)
  7. Bilateral relations with UK stable and not unsatisfactory. Some commercial progress. Sticks and carrots needed. (paragraph 12-14)
  8. Honecker's GDR had a fair if unexciting year. He will see 1987 as apogee of his rule. Vigilance will be needed on Berlin status in the 750th celebrations but there is no reason for us to start pessimistic. (paragraph 15)



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12 January 1987

The Right Honourable Sir Geoffrey Howe QC MP  
Secretary of State for Foreign and  
Commonwealth Affairs  
LONDON

Sir

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1. Affecting to ignore change within its own Bloc, the GDR reaffirmed its own tough, pragmatic, unadventurous image in 1986. This character risks getting the worst of both worlds, in Moscow and in Bonn, where the Russians and West Germans in their different ways find the GDR rigid, secretive, complex and unresponsive.
2. "Continuity" was an appropriate leitmotiv; it is an over-used word in the GDR. It connotes Honecker's dislike of experimentation or of intellectual innovation for its own sake, and real pride in the 15 years of his rule. The major internal event this year, the Party Congress of the governing SED, demonstrated "continuity" to excess, its careful preparation and progressive elimination of innovatory ideas being crowned by a peroration from Honecker exuding the Party Hierarchy's self-satisfaction. The Congress was visited by Mikhail Gorbachev whose attitude was quite different; more robust, more adventurous, more willing to entertain criticism both within the Soviet Union and its

/Bloc.



Bloc. The GDR leadership are content to recognise that some self-criticism was due inside the USSR, even overdue, but saw standards of efficiency and scales of operation within the GDR as totally different. Wide-ranging criticism could be inapplicable and indeed dangerous here. This difference between the CPSU and SED continued after the Congress. The GDR press remained unwontedly quiet about Soviet life. There must be at least a suspicion in Gorbachev's mind that Honecker doubts that Gorbachevism will carry the day.

3. The SED is not, at the top, so irredeemably complacent as it appears. There are traces of recognition of the problems of an over-regulated economy, over-planned structures, lack of enthusiasm at lower levels and particularly in the factories themselves, the gaps in the social security system, the continuing queues for flats, cars, widespread shortages including many food items, the over-staffing of most enterprises, the progressive weakening of initiative; in fact, of a serious stultification. The ideological drive continues to weaken as older communists die off, the Party becomes less popular as self-seeking waxes. The SED is still the largest Party in Eastern Europe proportionate to population, but the struggle for entry to it is keener among bureaucrats and management aspirants than among workers. The new motto "Combine the advantages of socialism with the use of modern technologies" remains a phrase from the top and the authorities. The quality of goods produced does not improve correspondingly. Intellectual <sup>and</sup> cultural rejuvenation is also needed. When it occurs the bloom withers quickly. Below the Central

/Committee



Committee level, and notably at the Party Congress, fundamental questions which could lead to a dilution of central power and control were faced down sooner than argued out. The apparent triumph of complacency, with an old guard in control using its own tested responses, has coincided with the advent of new-style Gorbachevism in Moscow. It is not surprising that the personal relations between Gorbachev and Honecker at their meetings this year should have been correct but cool with little natural sympathy and certainly without the usual exaggerated verbiage.

4. The internal situation of the country is little changed. The policy of "unity of economic and social affairs" meant another year of extravagant subsidising of those social programmes to which Honecker and his elderly contemporaries are particularly attached, notably cheap housing, cheap basic foodstuffs and cheap transport. Youth was especially courted in 1986, with better loan facilities and young-family payments. I do not undervalue the importance of these advantages for the population at large, even though impatience for more consumer choice is evident. Cheap basic living costs support the notion of a paternal if still totally authoritarian state. But one wonders why there is so little overt protest. How can a country remain so easy to govern where over 200 people last year risked their lives to get out over the Wall - now 25 years in existence - or frontiers, and did? Where tens of thousands per year risk job-loss or some other harassment if they request an exit visa, and where one or two thousand political prisoners per year are purchased straight out of

/gaol



gaol by the FRG? Despite the fact that a few brave souls occasionally put their names, as happened this October, to a charter signed by activists in four East European countries, and though this charter may be hailed by the Western press, we cannot see that there is much for the security authorities in the GDR to worry about. There is a tradition of obedience, of respect for orderliness, in this part of Germany and conversely no tradition of successful, tenacious opposition. The Church is vitally important in preserving a place for the private, self-questioning German soul in the GDR and continues to put forward independent political views. But it is not radically oppositional and, if anything became less so in 1986. The challenge of West Germany is hard for the individual GDR citizen to digest in any other form than schizophrenically on his TV screen - where it acts more as a sedative than a challenge. Many contacts here have expressed the wish that Gorbachevism may have the effect of decreasing petty tyrannies within the SED, but few seem to envisage more fundamental change and far fewer still are prepared to take any risks for it. The security control becomes more sophisticated, the requirement to show a little ferocity to intimidate the population gets marginally less, with the result that GDR speakers on human rights at the CSCE in Vienna can wax a little bolder. The official list of candidates in the "elections" last May claimed 99% support from registered voters and it is sad to record that efficient persuasion methods may have in fact produced something like this result. It seems to me in these conditions, that we have to reckon with a continuation of the present monolithic pattern within the

/GDR



GDR for many years to come. Logically it is possible that the GDR could produce a new Gorbachev-style leader from the SED's ranks to innovate or experiment, to test the limits of Soviet patience. At present neither the assumed heir apparent, Egon Krenz, nor his possible rivals are credited with the flair, the appeal or the adventurous temperament for changing the balances or the banalities of GDR life.

5. The Soviet Union can no doubt well afford to continue with her docile if complacent, ally in East Berlin. While fundamental Soviet suspicion remains, the USSR itself has no particular interest in the SED making itself any more popular than Honecker has so far made it. The more dependent SED remain on Moscow's support, the more they can be relied upon ultimately to execute Moscow's policy.

6. The GDR Politburo have admired Gorbachev's dexterity in East-West affairs and approved the degree of initiative he achieved. Admittedly opportunities for the GDR's own "initiatives" were limited, but they were able to make play with negotiation of "weapon free zones" affecting chemical weapons and possibly nuclear weapons with the West German SPD, and more importantly with a visit to China by Honecker which gave the latter considerable satisfaction. The Chinese think they have brought Honecker a little further down the road towards greater political and economic self-reliance. I doubt it. Nor can one say that there has so far been much substance in GDR claims to have adopted a softer or more sympathetic "New Approach" in external affairs when ideological warfare, notably in school books (and virulently in the Peoples Army) remains unabated.



7. Gorbachev has maintained a reserved attitude towards inner-German relations, which on the surface have blown hot and cold throughout the year. The highly successful visit to Bonn by the witty and affable Volkskammer President Sindermann in February did not prove to be a precursor for one by Honecker. That was probably killed, or postponed by Gorbachev in April. The crisis in Moscow/Bonn relations at the end of the year has had its effect even if somewhat muffled and delayed in East Berlin. However, the surface ruffles must not be mistaken for the real substance which is much harder for Moscow to alter, or to diminish, than the mere cancellation or postponement of a high level visit. The FRG's indulgence and patience - despite Chancellor Kohl's own intemperancies - has again paid off. In particular 1986 saw a tremendous growth (probably quadrupled) in the number of GDR citizens allowed to visit their relatives in West Germany. The longterm results of such contacts are likely to increase the demand; but in the short term the fact that all but a tiny fraction returned to the GDR gives some justification to the liberals in the Politburo. Meanwhile German historic consciousness has increased. Queues waited up to four hours to see a fine exhibition in Potsdam on the 200<sup>th</sup> anniversary of Frederick The Great's death. "Die Preussen Kommen" was the stage hit of the year.

8. Military spending stayed little changed in the year, though the quantity of Soviet arms, particularly aircraft, pouring into the GDR reached new heights. Soviet policy of refraining from arming the GDR with the latest weaponry was unchanged; the MIG 29 reaches Indian before GDR's forces.

/Honecker's



Honecker's professed desire to rid the GDR of SS20s as part of an INF deal may be genuine, though, of course, quite unrealistic.

9. Economically the GDR began the year bumpily, and took some losses through falling oil prices. Some problems in foreign trade emerged, but in quantity if not in quality they managed to maintain their investment and production programmes, having made adequate medium term borrowing arrangements to cover eventualities. The threat of greater COMECON integration seems to have been removed, and the GDR hopes for a period of development within COMECON where each partner is freer to increase his own strengths within existing parameters. These allow the GDR one-third of its external trade to flow towards the West. But there is a growing problem in competing for Western markets, especially against suppliers from the Far East. While the official drive for nationalisation and modernisation is as strong as ever, the serious over-manning of GDR industry has yet to be tackled and more drastic steps can not be indefinitely postponed.

10. Talks with the EC have begun, but without haste on the GDR side and with obvious hesitations about the risk of jeopardising their existing advantage as an "honorary" member of the Community. We and all Bonn's allies are subscribers ultimately paying for this policy by making up for the exemptions which inner-German trade enjoys. This point should be kept in sight for the next year. Bonn does better out of the GDR than it cares to admit.





11. 1986 was somewhat troubled on Berlin matters. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] More importantly for us, a clumsy GDR action on the sector crossing points was successfully fought off due to strong NATO Embassy solidarity and coordination, in which we took a leading rôle. Most serious for the West Germans was the crisis over asylum seekers, thousands of whom flooded into West Berlin. Honecker found himself making heavier weather of this than he had done in the case of the Tamils a year before. Both he and the Soviets were later at pains to assure the Berlin Allies that no infringement of Berlin Status points had been intended over the crossing points. [REDACTED]  
[REDACTED]

only draw the conclusion that there is no substitute for continued vigilance and for preserving Allied and NATO solidarity - which much struck and surprised both GDR and Soviets.

#### UK/GDR relations

12. Our bilateral relations have remained stable and in their modest way satisfactory. A plentiful supply of sticks and carrots continues to be necessary for progress. As encouragement we have continued to send a series of high level visitors, Lord Lucas to Leipzig in the spring and here again in December for the Technical Days; Mr Renton in April and Lord Jellicoe to Leipzig in September. Mr Fischer made a return visit to London in November, giving



[REDACTED]

up his spirited attempt to make a precondition that he should call on Mrs Thatcher. We do not seem to get penalised for demonstrations of firmness. The UK's best contract for many years was signed in early June just when the sector crossing point problem was at its most acute and when the GDR must have known that the UK was taking a leading role in resisting GDR encroachment. We have few outstanding contentious bilateral issues and in particular all our "humanitarian" cases are solved. We have maintained our reputation for reliability, something highly prized in the GDR. [REDACTED]

[REDACTED]

[REDACTED]

13. UK's commercial prospects generally should profit from this year's successes. British exporters have responded well to new opportunities despite past disappointments and the GDR should be running out of excuses to avoid conceding us a further improved overall balance. Good performance of the important Davy contract for desulphurisation of flue-gas could bring, perhaps for the first time, a train of significant long term engineering contract business in a country where further desulphurisation of lignite-produced energy is badly needed.

14. Meanwhile the British image among the population as a whole continues to profit from the excellent BBC German speaking service, from a cost-effective cultural programme just renewed without difficulty, and from the steadiness which the UK in so many ways exudes (and underrates) to peoples who have rarely known normality. This Embassy

/finds

[REDACTED]



finds increasing, if still small, opportunities for meeting and lecturing to church groups, academic institutes and others in the pursuit of increasing knowledge of and contact with the UK.

### Conclusion

15. Erich Honecker must look back on the year with more relief than regrets. If nothing remarkably good happened - like a visit to Bonn - there were no disasters either. His control in the Politburo has slipped a bit. His relations with Gorbachev have been somewhat disappointing to him, his economic problems unrelenting - but in economic matters he stands at least on a par with other East European Satraps and better than most. He is still more able to give minor economic rewards to his population than his colleagues, and with these titbits they seem to remain docile. Intellectual innovation and correction of economic defects such as gross overmanning and overblown subsidies can be left to his successor. He is 74 and still fit. The après-Honecker will see a wholesale change of faces and needs some new ideas. But 1987 offers for Honecker the possibility of an apogee of his rule, bathed in the light of generous cultural patronage to East Berlin's own celebrations of the Berlin 750th. With skilful play, and with Honecker personally still looking for chances to consecrate his German policy, the year ahead may yet offer him some useful opportunities. It will not be an easy one for us, since HMG's role as guardians of Berlin's status obliges us to look more for traps than opportunities for German togetherness. But with a resolute but openminded

/approach



approach, it should be quite possible to come through with an overall positive balance for the West on Berlin, while maintaining our own steady progress on bilateral relations, especially commercial.

16. 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 NATO, the GOC Berlin (British Sector) and the Commanders-in-Chief BAOR and RAF Germany.

I am Sir  
Yours faithfully

A handwritten signature in black ink, appearing to read 'T J Everard', written in a cursive style.

T J Everard