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Prime Minister

I am much in favour of your Foreign and Commonwealth Office
developing an informal relationship
with Herr Schmidt of the kind implied London SW1A 2AH
in this suggestion. But I think it would

So, lol!
no

be a little odd to ring him up & ask
him about his visit: if he wants to 11 March 1980
tell you he will ring himself.

Dear Michael,

Paul

HERR SCHMIDT'S VISIT TO WASHINGTON

Chancellor Schmidt has just returned from a visit to Washington which, by all accounts, did not go too smoothly. There seems, for example, to have been no real meeting of minds on the Olympic Games or on the general philosophy of dealing with the Russians post-Afghanistan. I attach a copy of Washington telegram no 1008 which provides the fullest account we have yet seen. But this comes from a US source: Lord Carrington considers that it would be helpful to have Herr Schmidt's own account of the meeting. He wonders therefore whether the Prime Minister might consider telephoning Herr Schmidt and asking him for his own frank assessment of the visit.

If she does telephone Herr Schmidt, the Prime Minister may like to mention that she will be giving an interview to Herr Barzel and Die Welt on 17 March. Herr Schmidt's Office have already been informed by our Embassy in Bonn.

If the Prime Minister agrees to telephone Herr Schmidt we would, if you wished, provide a brief on other current international topics such as the Community Budget and Afghanistan.

Yours WZ

Paul

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TO PRIORITY FCO

TELEGRAM NO 1008 OF 7 MARCH

INFO PRIORITY BONN, MOSCOW, PARIS, ROUTINE UKDEL NATO, ROME,
UKREP BRUSSELSINFO SAVING OTTAWA, CANBERRA, KABUL, ISLAMABAD, NEW DELHI,
PEKING, TOKYO, EAST BERLIN

MY TELNO 992: SCHMIDT'S VISIT TO WASHINGTON

1. I HAVE NOW DISCUSSED THIS WITH BLACKWILL IN THE NSC, WHO WAS PRESENT AT SOME OF THE MEETINGS AND SPOKE (IN STRICT CONFIDENCE) ON THE BASIS OF HAVING SEEN THE FULL RECORDS. WHILE HE PUT A POSITIVE COMPLEXION ON THE RESULTS, HE STILL SAW CAUSE FOR CONCERN OVER US/FRG RELATIONS.

2. SCHMIDT'S VISIT HAD OCCURED AGAINST THE BACKGROUND OF TALKS THE PREVIOUS WEEK IN THE STATE DEPARTMENT ON THE GERMAN PAPER FOR A WESTERN STRATEGY POST-AFGHANISTAN (YOUR TELNO 430). THIS PAPER HAD CAUSED DISMAY IN WASHINGTON. IT PORTRAYED DETENTE AS DIVISIBLE, REPRESENTED THE SOVIET INVASION AS AN EAST-SOUTH CRISIS, MADE NO REFERENCE TO WESTERN SANCTIONS AGAINST THE RUSSIANS, SPOKE OF THE NEED FOR THE WEST TO COMPENSATE THE RUSSIANS FOR THEIR WITHDRAWAL, AND MADE NO MENTION OF A MILITARY COMPONENT TO WESTERN STRATEGY TOWARDS SOUTH-WEST ASIA. THERE HAD BEEN SOME TOUGH TALKING IN THE STATE DEPARTMENT. THE US HAD UNDERLINED THE DANGERS THEY SAW IN THE EUROPEANS APPEARING TO ACT AS INTERMEDIARIES BETWEEN THEIR OWN ALLIES AND THE RUSSIANS.

3. ON THE OTHER HAND, THERE WAS ALSO A FAVOURABLE BACKGROUND BECAUSE IN ADVANCE OF THE VISIT THE GERMANS HAD AGREED TO DO A NUMBER OF THINGS WHICH THEY WERE NOT PREPARED TO DO LAST AUTUMN: MEETING THE NATO 3 PERCENT TARGET, TAKING THE LEAD ON TURKEY, AND OFFERING SUBSTANTIAL INCREASES IN THEIR AID TO TURKEY AND PAKISTAN.

4. OLYMPICS. BLACKWILL SAID THAT THE US ATTACHED IMPORTANCE TO HAVING SECURED GERMAN AGREEMENT TO THE SENTENCE IN THE COMMUNIQUE INDICATING THAT AN END OF THE SOVIET OCCUPATION OF AFGHANISTAN WAS THE NECESSARY CONDITION FOR WESTERN ATHLETES TO GO TO MOSCOW. THIS WAS A SIGNIFICANT STEP FORWARD. IT REFLECTED THE US POSITION THAT A PARTIAL OR STAGED WITHDRAWAL WOULD NOT BE AN ADEQUATE BASIS FOR WESTERN PARTICIPATION IN THE OLYMPICS. SCHMIDT HAD TOLD CARTER THAT THE GERMANS WOULD ULTIMATELY FOLLOW THE US AND THAT HE WAS CONVINCED THE REST OF THE COMMUNITY INCLUDING FRANCE WOULD DO THE SAME. IN DISCUSSION OF WHEN THE GERMAN POSITION MIGHT BE MADE PUBLIC, CARTER HAD ARGUED THAT THE US NEEDED EUROPEAN HELP TO

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BRING ALONG ENOUGH OF THE THIRD WORLD TO MAKE THE BOYCOTT ACCEPTABLE TO WESTERN ATHLETES. EXCESSIVE GERMAN DELAY WOULD MAKE IT TOO LATE TO INFLUENCE OTHER COUNTRIES. SCHMIDT HAD AGREED TO REFLECT FURTHER ON TIMING. THE US INTENDED TO KEEP UP THE PRESSURE.

5. SOVIET/FRG ECONOMIC RELATIONS.

THE PRESIDENT HAD BEEN BLUNT IN POINTING OUT THAT, SO FAR AS HE COULD TELL, THE SOVIET INVASION HAD HAD NO EFFECT ON GERMANY'S ECONOMIC RELATIONS WITH MOSCOW. EVERYTHING THAT HAD BEEN DONE HAD BEEN DONE BY THE US. IN A LENGTHY REPLY SCHMIDT HAD DESCRIBED THE IMPORTANCE TO BONN OF WEST GERMANY'S TRADE RELATIONS WITH THE EAST, AND HIS DEDICATION TO MAINTAINING RELAXED RELATIONS BETWEEN THE TWO GERMANIES WHICH ALLOWED MOVEMENT BETWEEN THEM TO CONTINUE. HE HAD ARGUED THAT WHAT WAS EASY FOR A SUPER-POWER WAS VERY HARD FOR BONN. HE WAS PREPARED TO SUPPORT THE US PROPOSALS FOR TIGHTER COCOM RESTRICTIONS. THAT WAS THE MOST APPROPRIATE FORUM TO ESTABLISH DIRECT LINKAGE BETWEEN THE INVASION AND EAST-WEST RELATIONS. THERE HAD BEEN AN INCONCLUSIVE DISCUSSION OF GERMAN CREDITS FOR THE EAST. THUS SCHMIDT'S ONLY ECONOMIC COMMITMENT LAY IN THE FIELD OF COCOM, ALTHOUGH HE HAD NOT RULED OUT OTHER ECONOMIC ACTIONS.

6. WESTERN CONSULTATIONS.

THERE HAD BEEN LONG DISCUSSIONS OF THIS WITH CARTER, BRZEZINSKI AND VANCE. SCHMIDT HAD COMPLAINED THAT THE US PERFORMANCE HAD BEEN INADEQUATE, AND LAID SPECIAL EMPHASIS ON THE DOMESTIC PROBLEMS THIS CAUSED HIM. FROM THE PRESIDENT DOWNWARD, THE US SIDE HAD RECOGNISED THAT THEY HAD NOT CONSULTED ADEQUATELY WITH THE ALLIES WHEN THE CRISIS BEGAN (ESPECIALLY ON THE OLYMPICS), ALTHOUGH CONSULTATION HAD BEEN BETTER IN THE LAST FEW WEEKS.

7. CHINA.

SCHMIDT HAD BEEN WORRIED ABOUT THE EFFECT OF US POLICY TOWARDS CHINA ON THE RUSSIANS. HE WAS CONCERNED THAT THE US MIGHT GET CLOSE ENOUGH TO THE CHINESE TO PROVOKE THE RUSSIANS (HE SPOKE OF A PRE-EMPTIVE SOVIET ATTACK ON CHINA NEXT YEAR) WITHOUT BEING CLOSE ENOUGH TO GIVE THE CHINESE ANY ASSISTANCE. THE US SIDE, DISCOUNTING A POSSIBLE SOVIET DIRECT ASSAULT, NOTED THAT THEY DID NOT INTEND TO GET CLOSER TO THE CHINESE THAN THEY WERE AT PRESENT. BUT THEY COULD NOT ALLOW THEIR RELATIONS WITH PEKING TO BE DEFINED BY MOSCOW.

8. NEUTRALITY FOR AFGHANISTAN.

SCHMIDT HAD POSED TWO QUESTIONS: COULD THE RUSSIANS BE PERSUADED TO WITHDRAW: AND WAS THAT THE US AIM? HE THOUGHT THE ANSWER TO THE FIRST WAS QUOTE POSSIBLY UNQUOTE. ON THE SECOND HE WAS NOT SURE. BRZEZINSKI HAD AGREED THAT SOVIET WITHDRAWAL WAS POSSIBLE, PROVIDED THREE CONDITIONS WERE MET:

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1) ALLIED

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I) ALLIED SOLIDARITY CONTINUED TO BE REFLECTED NOT ONLY IN RHETORIC BUT IN CONCRETE TERMS:

II) ISLAMIC OUTRAGE WAS MAINTAINED; AND

III) THE INSURGENCY PERSISTED. (WITHOUT THIS THE FIRST TWO CONDITIONS WERE UNREALISTIC).

SCHMIDT AGREED WITH THIS ANALYSIS. BRZEZINSKI THEN UNDERLINED THE NEED TO AVOID BECOMING DEMANDEURS, WHICH WOULD GIVE THE RUSSIANS A CHANCE TO CONTINUE THE FIGHTING IN AFGHANISTAN WHILE STRINGING OUT NEGOTIATIONS INDEFINITELY. SCHMIDT, WHILE AGREEING THAT WE MUST AVOID AN QUOTE UNSEEMLY SCRAMBLE UNQUOTE TO PRESENT PROPOSALS TO THE RUSSIANS WHICH WERE NOT IN FACT IN THE WESTERN INTEREST, POINTED OUT THAT ISLAMIC OUTRAGE COULD NOT BE MAINTAINED WITHOUT PROGRESS ON PALESTINE. FOR MANY OF THE ARABS, THE US PRESENTED A GREATER THREAT BY VIRTUE OF ITS SUPPORT FOR ISRAEL THAN DID THE RUSSIANS.

9. EUROPEAN SECURITY.

IT HAD BEEN AGREED THAT BOTH SIDES WOULD STILL AIM TO ATTEND THE MADRID CONFERENCE. THE ORIGINAL GERMAN LANGUAGE IN THE COMMUNIQUE HAD CONTAINED AN ENDORSEMENT FOR THE CDE. THIS HAD BEEN DROPPED AFTER THE US HAD ARGUED THAT, WHILE THEY DID NOT OPPOSE THE PROPOSAL, IT WOULD BE WRONG TO SINGLE OUT ONE PARTICULAR POST-MADRID FORUM.

10. INDIA.

SCHMIDT HAD UNDERLINED THE IMPORTANCE OF INDIA AND THE NEED FOR THE WEST TO HAVE GOOD RELATIONS WITH HER. GIVEN INDIAN ATTITUDES TOWARDS THE US THIS WAS NOT EASY TO ACHIEVE. BRZEZINSKI HAD AGREED. THE AMERICANS WERE TRYING TO CONVINCE THE INDIANS THAT US ASSISTANCE TO PAKISTAN WAS NOT A THREAT TO THEMSELVES, BUT IT WAS TOUGH GOING.

11. GENERAL.

BLACKWILL CONCLUDED THAT, PARTLY BECAUSE OF THE ACTIONS TAKEN BY BONN BEFORE THE VISIT THE ADMINISTRATION WERE NOT DISCOURAGED BY ITS IMMEDIATE RESULTS. IT HAD BEEN HELPFUL FOR CARTER AND SCHMIDT TO CLEAR THE AIR SOMEWHAT. HOWEVER, THERE WAS STILL A FEELING IN THE WHITE HOUSE THAT IN TERMS OF TANGIBLE REACTIONS TO THE SOVIET INVASION THERE WAS AN IMBALANCE BETWEEN THE US AND THE

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REST OF THE ALLIES. THE AMERICANS COULD NOT UNDERSTAND (DESPITE LENGTHY DISCUSSIONS BETWEEN SCHMIDT AND BRZEZINSKI ABOUT GERMAN VULNERABILITY TO PRESSURE FROM THE EAST) WHY BONN COULD NOT TAKE FURTHER STEPS TO RESTRICT ECONOMIC RELATIONS WITH THE SOVIET UNION. AT THIS MOMENT THE ADMINISTRATION WAS ENGAGED IN VERY PAINFUL BUDGET CUTS, WITHOUT TOUCHING DEFENCE SPENDING. THE PRESIDENT WOULD HAVE TO PAY A HEAVY POLITICAL PRICE FOR LOST SOCIAL PROGRAMMES. THE EUROPEANS DID NOT SEEM READY TO PAY AN EQUIVALENT POLITICAL PRICE.

FCO PASS ALL SAVING POSTS.

FRETWELL

DEPARTMENTAL DISTN.

[REPEATED AS REQUESTED]

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