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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND DR. HELMUT KOHL AT 10 DOWNING STREET AT 1200 HOURS ON MONDAY 25 JANUARY 1982

Present:

Prime Minister
Rt. Hon. Douglas Hurd, MP
Mr. Peter Unwin
Mr. A.J. Coles

Dr. Helmut Kohl
Herr Ruehe

The Prime Minister said that she looked forward to hearing Dr. Kohl's views on the Western Alliance and on developments within the Federal Republic of Germany. President Reagan's State of the Union message on 26 January would be of great importance. Vital decisions on Poland were pending. We needed to determine how we would show our displeasure about the Soviet involvement in Poland. We had noted Dr. Kohl's recent speech strongly favouring the Western Alliance.

Dr. Kohl said that he was increasingly convinced of the importance of the connection between Bonn and London. For much had changed in Europe. He could agree with many of the things which President Mitterrand was doing in the defence field but the remainder of the French political picture was much less satisfactory. General political developments in the United States were satisfactory - America had emerged from the psychological trauma of Viet Nam and Watergate. As far as the Federal Republic was concerned, foreign policy and external questions were the things which mattered. His greatest concern was how the West would meet the current moral and spiritual challenges. He believed that all current economic and financial problems could, with effort, be solved. But there must be adequate Western resolution. Everything de Tocqueville had written about democracy in America in 1840 was true of Germany today. Germany was indulging in a process of self-emasculation. The majority of people were prepared to live a comfortable material life and sweep awkward problems under the carpet. This was the dismal result of 11 years of Social Democrat policy. The younger

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generation must be told that they had an obligation to carry out national service and join the armed forces. The Social Democrats did not talk in these terms and sometimes appeared to suggest that civil disobedience was respectable. At the last General Election Herr Schmidt had foolishly promised that there would be a 35-hour week. Japan was breathing down German necks. Germany would never remain competitive in world markets if costs rose inexorably. The Prime Minister commented that this was a familiar argument with which she agreed. She asked about the current situation of the SPD. Schmidt sometimes seemed to be more to the political right than were the majority of his party.

Dr. Kohl said that the mood in Germany was changing, especially among the ordinary people. The working class was more ready than the more prosperous groups to discuss sacrifices. There was a German proverb: "When the fish goes rotten, it starts with the head". For the last six months opinion polls had suggested that the CDU would obtain between 49 and 51% of votes in a General Election. In 1980 they had polled 45%. For the generation under the age of 25 the CDU was now the most popular party. Following them, for this generation, came the environmentalists and then the SPD. The Social Democrats were now registering between 35 and 45% in the opinion polls, their worst figures for many years. The Liberals were now getting between 9 and 11%. But the important development was the growth of the environmentalists or the "greens". This fourth party was detrimental to the SPD. As the Prime Minister knew, to be represented in the Bundestag a party had to acquire 5% of the votes. If the "greens" surpassed this figure, they would take seats away from the SPD. No-one could form a coalition with such an independent group. However, he did not expect this group to obtain 5% of the votes. His estimate was that they would obtain 3.5%, that the Communists would get 0.4% and the neo-Nazis 0.3%. He believed that the CDU could produce a stalemate if it obtained 47%. His conclusion was that the Schmidt era was about to become history.

The SPD was moving to the left, not as dramatically as the Labour Party in Britain, but inevitably and continuously. Schmidt was no longer typical of the party and his influence was waning

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daily. He and his Defence Minister had addressed a regional meeting of the party in Hamburg at the weekend. Despite their appeals, a resolution had been passed declaring that it should be an aim of SPD defence policy to create a non-nuclear zone in Europe. The Parliamentary Party in Bonn was well to the right of the party in the country as a whole. If the ruling coalition survived until next year, it would (he believed) then exchange Schmidt for a new leader. He was absolutely convinced that Herr Schmidt would not run in the next election.

The Prime Minister enquired whether Herr Genscher's party would not pick up votes from the SPD. Or perhaps from Dr. Kohl's party. Dr. Kohl replied that he did not think so. Genscher was a genius at polling other people's votes but the natural basis of the FDP was only about 5-6% of the electorate. They depended on special interest groups such as those who favoured the legalisation of abortion or the liberalisation of homosexuality. They had also attracted quite a lot of pro-Schmidt voters in the last election. But he did not believe this scenario would be repeated. The leftist disease had reached Genscher's own party. The younger Liberals were to the left of the SDP.

The Prime Minister suggested that the term "leftist" could have two meanings. Economically it stood for greater centralisation and redistribution of income. Politically, its main current feature was the wish to abandon nuclear weapons. Was it for economic reasons or because of the nuclear factor that the CDU was obtaining greater support? Dr. Kohl said that both influences were at work. As far as economic philosophy was concerned, the CDU was the party of Ludwig Erhardt. No-one within the party doubted that they should follow a policy favouring the free play of market forces. Nor was there any difference with employers or CDU trade unionists about this. Some 30% of the SPD, including Schmidt himself, believed in a similar economic policy. But 70% were closer to the ideas of Sir Stafford Cripps - they favoured Marxism and state socialism. Moreover, some 10% of the Liberals were drifting away from the market economy.

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The Prime Minister said that party leaders in Germany seemed to differ from the majority of their followers. Dr. Kohl commented that Genscher's defence policy was a case in point. In this field, "leftism" meant 'neutrality'. The majority of SPD favoured neutrality but there were nuances. Egon Bahr seemed to dream of an alliance with the East - "ex oriente lux". Meanwhile, Brandt dreamt of the third way, the Yugoslav model. Yet another group in the SPD thought in terms of a national socialist state, though not of course in a Nazi sense. Genscher had the greatest difficulty in relating to these aspects of defence policy. Perhaps as many as two-thirds of his party did not follow him on defence questions. The CDU had stated very clearly that it would favour the deployment of Pershing and Cruise missiles, even if no other country did. The Liberal Party would be incapable of adopting such a resolution.

The Prime Minister suggested that this was a rather alarming picture. Was Herr Kohl suggesting that if the CDU did not win the elections with a clear majority, the future of Germany as a member of the Western Alliance was in doubt? If the question of support for the Western Alliance was put to the German people as a single issue, would the majority favouring this simply be 51%, i.e. the extent of Kohl's own party support, or would it be more, i.e. would the proposition win some support from Schmidt's party? Dr. Kohl said that he believed that in the next three years the vital decision would have to be taken on where Germany stood. The challenge was present now. Many outside influences were acting on Germany. The Soviet Union had launched a major offensive carried out by distinguished visitors. Last autumn about 60 high-ranking Soviet visitors appeared at the same time, ranging from lecturers to so-called Members of Parliament and to trade unionists. Arbatov, one of Brezhnev's two political advisors, had spent 24 days in Germany going from university to university and promoting the case of neutrality. Gromyko had told Dr. Kohl that the Germans would be the first victims of another war. Why did they not avoid it? Gromyko had warned that Germany could not rely on the United States. This sort of propaganda had its influence but he did not believe that a majority of Germans would fall for it, at least as long as Berlin was divided and 17 million hostages languished in East Germany. The attitude of former refugees from East Germany was also influential. His own wife was such a refugee and her children

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had consequently been imbued with certain attitudes towards the communist world. He had told Brezhnev during the latter's visit to Germany that he was wasting money on the Communist Party organisations in Germany. These efforts would never be successful as long as German hostages remained on the Soviet side of the fence. So the answer to the Prime Minister's question was that, if German opinion was tested on loyalty towards the United States as opposed to the Soviet Union 90% would favour the United States. Dr. Kohl had urged President Reagan last autumn to launch a propaganda offensive in Europe similar to that of the Russians. It was essential that the best available people should speak out for democracy. There were two good bulwarks in Europe - France in the defence field and the United Kingdom. The SPD were always citing the UK as an example of what could happen to an economy if it were mismanaged. While the German economy was basically sound, unemployment would soon reach 8% (the 2 million threshold could be reached in a few days or weeks). This was a situation never met before in peacetime. During 20 years of CDU government, the peak had been 3½%. Last week Herr Schmidt had again referred to the British problem in the Bundestag. Dr. Kohl had reminded him that he had succeeded to a country with a full till while the Prime Minister had taken over a country following a period of considerable economic mismanagement.

Mr. Hurd said there was one question in the defence field which could arise before the next German elections. If there were little progress in the Geneva arms negotiations, would Schmidt and Genscher feel able in 1983 to deploy missiles in accordance with NATO's decisions? Dr. Kohl said that the position of his own party was clear. The CDU would favour deployment and if necessary they would take the issue to the streets by mobilising people. Developments in Poland had been a great help in this respect. While the German/Polish relationship was complex the strength of German feeling was demonstrated by the fact that in the last four months the Catholic Church had collected DM50 million from private sources for food for Poland. Nothing had been more detrimental to Schmidt than his initial fence-sitting on Poland. If the current Bundestag voted on Mr. Hurd's question, he believed that a two-thirds majority would favour deployment of the missiles. The proposition would attract

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the "Olympic boycott majority". But it must be remembered that the present coalition might not last as long as 1983. There were four State elections this year. The CDU were bound to win at least two. If they won one of the other two they would acquire a two-thirds majority in the Bundestag which would mean the end of legislative government for Herr Schmidt.

The meeting concluded at 1300 hours.

A.J.C.

25 January 1982

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