

SUBJECT
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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND
THE CHANCELLOR OF THE FEDERAL REPUBLIC OF GERMANY AT 1930 HOURS
ON 28 OCTOBER IN BONN.

PRESENT

Prime Minister
Mr. Coles

Chancellor Kohl
Mr. Teltschik

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Chancellor Kohl opened the conversation by thanking the Prime Minister warmly for deciding to visit Berlin after Bonn. He had a strong personal attachment to the City. The Prime Minister said that she was looking forward to this visit greatly. She expected the sight of the Wall to be profoundly impressive." Chancellor Kohl said that it was a depressing phenomenon. The Prime Minister said that she wondered how the people of Berlin had managed to lead normal lives for so long in these circumstances. Chancellor Kohl said that a ghetto of this kind produced psychological problems. His own political party was very strong in Berlin. To some extent the problems of the City were reflected in the problems of the party. The population was aged, because many young people had left. Then, the residents of Berlin were very attached to the particular houses and particular streets in which they lived. In three districts of Berlin there were large numbers of Turkish workers. In some of the elementary schools there were many more Turkish than German children. This created enormous problems.

Over the next four years, it would be necessary to reduce the number of Turks in Germany by 50% - but he could not say this publicly yet. He had recently discussed the problem with the Mayor of Frankfurt, a city of 500,000 people who included 160,000 foreigners of whom 140,000 were Turks. There were 16 mosques in Frankfurt. The Prime Minister asked whether Turks had the right of citizenship in Germany and whether most of them had their families in the country or not. Chancellor Kohl said that those questions illustrated the problem. It was not that the Turks were foreigners. Germany had no problems with the

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Portuguese, the Italians, even the South-East Asians, because these communities integrated well. But the Turks came from a very distinctive culture and did not integrate easily. He instanced the recent case of a 16-year old Turkish girl who was studying at a German school. Her father had arranged her marriage to someone in Turkey. The whole school had protested. This was a clash of two different cultures. Some of the problems arose not with the Turkish workers themselves but with their families. When their children reached school leaving age they often failed to find employment and took work on the black market.

The Prime Minister asked how the Chancellor proposed to reduce the numbers. Did the Turks have a vote? Chancellor Kohl replied that they did not, though left wing politicians wanted them to have this right. His intention was to seek an agreement with the Turkish Government, as part of which development aid to Turkey could be increased. Turkey was very important strategically to Nato. It was also important to try to influence the reintroduction of democracy in Turkey. The skills which Turks had acquired in Germany could be useful to the Turkish economy. He intended to capitalise the insurance payments which Turkish workers had made and give them a lump sum.

It was impossible for Germany to assimilate the Turks in their present numbers. 50% of them would be a different proposition. Special arrangements would have to be made for the schools. Those who were to be integrated must learn German. It was essential that the extreme right in German politics were not able to exploit this issue. They had tried to in the last Hamburg election but without much success except in some working class areas. The British experience was very different. Over 300 years the United Kingdom had accumulated much knowledge of how to deal with foreigners. In colonial days young Britains had gone out into the world. The German colonial experience had been very much shorter.

The Prime Minister asked whether a particular problem would not arise when the date came to implement European Community policy on the free circulation of Turkish workers. Chancellor Kohl said that this was a very big problem which would have to be discussed. He had mentioned it to President Mitterrand. The

French had not yet solved the problem of Algerians living in France. Some 800,000 Algerians now lived there. Germany had integrated some 11 million Germans from East European countries. But they were European and therefore presented no problem.

The Prime Minister said that immigration problems were always more acute during a time of unemployment. When there was plenty of work available, people could more easily be assimilated. The Chancellor commented that the human problem was not solved even then. The Prime Minister agreed. There were over 2 million immigrants in Britain. There were some areas of the country where the police found it very difficult to operate.

The Prime Minister then raised the question of steel. She thanked the German Chancellor for the decision of his Government to endorse the EC Agreement with the United States. Referring to the letter which the Chancellor had sent her earlier in the day, she agreed that the time would come when there would be no need for trade restraints. But that day was some way ahead because of the over-capacity of the world steel industry. Chancellor Kohl commented that he was very afraid that the steel problem would lead to an enormous up-surge in economic protectionism. This was contrary to the political creed of himself and the Prime Minister. The United States would also not take kindly to such a trend. There were many problems. The coal industry was not doing well. The steel industry was sick. In the Saar it was possible that large steel works would collapse. 19,000 jobs were at risk and there was no alternative employment. Moreover, 50% of the main company was owned by Luxembourg interests. The Luxembourg Prime Minister had recently told him that in effect Luxembourg steel workers were now being paid by the Government - in the sense that banks obtain government guarantees for their lending to the steel companies. In Germany, even healthy companies were in the red at the moment.

The Prime Minister commented that no steel company in Europe was making a profit. The labour force and production had been cut. But export markets had also collapsed. So the Community had no alternative but to co-operate and agree on restrictions.

/Chancellor Kohl

Chancellor Kohl said that he agreed. But we must ^{not} ~~had~~ penalise those companies that had been far-sighted and/rationalised. There was a danger that this would happen while less efficient companies were bailed out by governments. If that occurred it would be difficult to keep the market economy going.

In recent years 12,000 medium sized companies had become bankrupt in Germany. The previous government, disastrously, had done nothing to help them. But these were the dynamic companies who responded equally to changing circumstances. Many of Germany's current problems were not of politics but of the wage-bargaining system. This system had forced up production costs. The Prime Minister said that the easy years were over. Chancellor Kohl said that he was confident that his party would do well in the elections on 6 March. He was unable to offer the electorate promises. But the majority of people understood that the country could not spend more than it was earning. When he had taken office 4 weeks ago, there had been a media campaign against him. But the first serious polls since his election, which had been published in the previous week, had given him a rating 6% higher than that of the Schmidt government. Schmidt had decided not to stand again because he saw that he could not win and also because his party was not prepared any longer to follow his policies. These were the reasons why Schmidt had fallen, not because of Genscher. Indeed, he had said in public that rifts in his own party were a cause of his departure. Those rifts would appear at the next election. The SPD would move to the left and would try, probably without success, to make a deal with the Greens. Chancellor Kohl suggested that in the remainder of the conversation there should be a discussion of defence and security matters and perhaps transatlantic and East/West relations, leaving European problems to be dealt with on the next day. The Prime Minister agreed. She would be interested to hear some account of the Chancellor's talks with President Mitterrand recently about defence policy. We were puzzled by some of the public comment because France was not integrated in Nato. Were the French trying to reach some special agreement? Chancellor Kohl said that he would gladly give an account of the recent Summit.

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President Mitterrand's domestic policies were not like his own. The Prime Minister interjected that they were not like hers either. But reality was bringing him closer.

Chancellor Kohl said that Mitterrand was not particularly committed on domestic policy. He was much more interested in foreign affairs and security. He saw himself rather as a successor of De Gaulle. He made no secret of his background. When he had seen a crucifix in the Chancellor's office he had talked of his Catholic up-bringing. His staff had later commented that they had rarely seen Mitterrand open out in this way. The Franco/German Treaty, now 20 years old, had always contained provisions about co-operation on security. France had three divisions in Germany. It was very important that they should be effective, not just nominal. Mitterrand had had discussions earlier with the German Social Democrats. The latter, at their last party congress, had argued that French nuclear arms should be included in the Geneva talks. His own party had always argued against this idea. Germany now wanted to make use of the provisions of the Franco/German Treaty to ensure that France did not thin down its divisions in Germany. This was important because in two or three years time, owing to the declining birth rate, Germany would have to increase military service from 15 to 18 months. This would probably happen in 1985.

There was now a certain amount of thinking about forward strategy. The idea was that American troops should move closer to the eastern border. The Americans were talking about moving two brigades forward. But they wanted new barracks and that created financial problems for Germany. He would have to discuss this matter when he visited Washington on 15 November. But France was considering whether, if the American troops moved forward, they could move forward too. This was fully consistent with Nato requirements.

Under Pompidou, some French military commanders had maintained unofficial contacts with their American counterparts in Europe, quite contrary to Elysee instructions. Now Mitterrand was quite prepared to envisage such co-operation.

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The Prime Minister enquired whether this meant that in practice Mitterrand was using his co-operation with ^{Germany} France to achieve integration into Nato. Chancellor Kohl said that he would put it even more strongly. The French divisions were behaving as if they were part of Nato and Paris did not stop them, and this was very important for Germany. If there ever was a confrontation, it was the East/West routes through Thuringia which, as so often in the past, would be used. That was why United States and German troops were deployed in that general area. But behind them were the French. It was essential that there was co-operation between all three.

At the Summit, the French had agreed that they would not reduce their troops in Germany. They had also agreed that nuclear weapons should not be included in the Geneva talks. The Prime Minister said this was very important. She recalled that when Mitterrand had first come to a European Council he had said that he could not see why the nuclear deterrents of France and Britain should not be included in the Geneva talks. She was delighted that he had now come round to our way of thinking. Chancellor Kohl agreed that this was encouraging. But it was logical. To reduce the French and British nuclear deterrents would mean that they disappeared. He hoped that Mitterrand would now be prepared to state his position openly.

Germany would certainly implement the Nato dual decision. But it was very important that its nearest neighbour should be on the side of Germany. In this field it was advantageous that Mitterrand was a socialist, since this would help to blunt the arguments of the unilateralists. A majority of the SPD would vote against the stationing of cruise missiles. Indeed the SPD as a party had never intended to implement the second half of the Nato decision, though Schmidt himself had. The difference between

/ Schmidt

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Schmidt and himself was that Schmidt's party were divided on the matter. Schmidt should have fought against them. He had succeeded in his propaganda abroad in disguising this failure. But he had often failed to fight. Schmidt and he had both agreed that, following Afghanistan, contacts with Moscow should be frozen. He (Kohl) had stood by his promise completely. Most of the German Olympic Committee had come from his party but he had told them that they could not go to Moscow. But when the crucial vote came in the Bundestag, Schmidt had failed to muster his party. He had failed also on the question of aid to Turkey. The Prime Minister commented that Schmidt had been in the classic position of a person whose views were no longer in tune with those of his own party. When the time came to deploy cruise missiles, it would be essential for Germany, Britain and Italy to speak together. The Benelux countries were not firm. Chancellor Kohl said that the biggest worry was the Netherlands. The Prime Minister agreed. There had long been a significant pacifist streak in the Netherlands. We should have to go ahead without them if necessary. Chancellor Kohl agreed. But we should do all we could to retain the support of the Benelux countries on this matter. The key was the Dutch. If they did not join in, the Belgians would opt out as well. But Mitterrand's attitude was the most important of all. The Prime Minister agreed that we must all try to engage the Netherlands and Belgium in this exercise.

The discussion ended at 2045 hours.

A.J.C.

28 October 1982