

RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER AND THE CHANCELLOR
OF THE FEDERAL REPUBLIC OF GERMANY AT 0900 HOURS ON FRIDAY, 22 APRIL,
1983 AT 10 DOWNING STREET

Present:

Prime Minister
Mr. Coles
Interpreter

Chancellor Kohl
Dr. Zeller
Interpreter

The Prime Minister said that she would like to raise at the outset two questions of defence sales. She understood that the German Cabinet had taken a decision about Torpedo for Oman. This was most welcome. It was important to help Oman and this order could bring substantial benefits to both the United Kingdom and Germany. Chancellor Kohl said that those were the factors which had underlain the German decision. On the general question of arms sales Germany was the victim of past history. It had no ambition to become the arms workshop of the world and he did not propose to compete with President Mitterrand in arms exports but the maintenance of a modern army required the existence of a domestic arms industry and large scale production depended to some extent on exports. So Germany had abandoned its earlier restrictions but its future approach would be a middle-of-the-road one. The Oman decision was an example. He had told his Cabinet that there was no point in having difficulty with Mrs. Thatcher about this question, particularly when she was in the right. If other similar cases arose, he suggested that he and the Prime Minister should discuss them personally.

The Prime Minister then raised a particular question affecting possible German arms exports to Argentina. The details are recorded separately.

Chancellor Kohl said that he had a specific issue to raise which was not of great importance but which could be

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embarrassing. He understood that the Foreign and Commonwealth Office had been preparing leaflets about evacuation measures for British civilians in Germany in emergency situations. There was apparently a plan to issue these leaflets during the next month. His difficulty was that if the leaflets reached the German press, the Left would exploit them in the current debate about the deployment of nuclear weapons. He had no doubt that what was in hand was a purely routine exercise but the matter could become embarrassing for him. He had heard about all this from people in the German armed forces who worked closely with our own armed forces.

The Prime Minister said that she would make enquiries immediately. She understood the sensitivity of the matter.

Chancellor Kohl said that the French Government had recently taken a good number of interesting decisions on defence policy which were of considerable importance for Germany and the United Kingdom. Mitterrand was far sounder on these matters than Giscard had been. Over the next five years France proposed to reduce the strength of its army by 30,000 men. This would be achieved by natural wastage. But the important point was that a separate decision had been taken not to reduce the French military presence in Germany. France now wanted to take part in forward defence. Its previous policy, based on Gaullist philosophy, was to defend France along the Rhine - the role of the French military in Germany had been seen exclusively in terms of the defence of France. But in future, French troops would take part in manoeuvres across the Rhine. Units would be trained so that they could move fast and at short notice. Only two divisions were involved, but the change of principle was fundamental.

These developments would strengthen his position in the debate with the SPD who, with regard to the Geneva INF talks, had now adopted completely the Soviet position that the British and French strategic deterrents should be included. His position on this matter was the opposite and he had great confidence in the American attitude. The Prime Minister commented that it was in the interest of the whole of Europe that there should be three

strategic deterrents - the American, the British and the French. The Americans had been very staunch on the question of the United Kingdom deterrent. Chancellor Kohl agreed but commented that American understanding of European attitudes was sometimes less than perfect.

The Prime Minister said that she was very concerned about the anti-American campaign which had developed over the stationing of Cruise and Pershing missiles. The campaign was as much anti-American as anti-nuclear. That was why the issue of control of nuclear weapons had arisen in such sharp form in Britain. There was a political need to proclaim the American generosity towards Europe in aid and defence matters over the years. This was made less easy by the growing protectionist attitudes in the US Congress.

Chancellor Kohl commented that the latter point was very important. Britain and Germany were the countries which were best placed to do something about it. Anti-Americanism in Germany went wider than the anti-nuclear movement. In Germany there had been an historical antagonism between those who were oriented to the West and those who were oriented to the East. There had always been a strand of opinion in Germany which believed that the sun rose in the East, metaphorically as well as literally. Egon Bahr was a prime example of this trend of thought. He was not an agent of Moscow, as some propaganda implied. But he was convinced that the West was on the decline and that the East was vigorous. People who thought in this way now saw the United States as the epitome of a decadent West and therefore preached anti-American ideas. But the European debt to the United States was enormous. He recalled that at the end of the War his own home town was 80 per cent destroyed and people were starving. It was the Americans who had moved in ^{with} food parcels and other aid. He had met his wife at dancing classes - when she had worn an American dress and he an American suit. The Marshall Plan had brought European recovery and since those days some five million American families had lived in Europe. It was wrong to expect the Americans to be policemen of the world and at the same time publicly

abuse them.

But on the other hand we should not overestimate the Americans. The average United States Senator and Congressman knew as much about Germany as the average member of the Bundestag did about America - and that was almost nothing. The United States was not a country but a continent. As well as looking East to Europe, it looked West to the Pacific coast and South to Central America. Washington was a very different world from Bonn and Paris.

The Americans could give an impression of being naive but in their insistence on human rights they stood up for a great tradition which brought immense benefits to Europe. The American principles were good; they were ours, too. But we had allowed dust to gather on them.

The Prime Minister said that she was convinced that at Williamsburg we must cement and regenerate the American/European alliance for the whole world to see. It was astonishing that there should be so much criticism of a country that was rooted ~~to~~ ⁱⁿ freedom. Chancellor Kohl said that he agreed entirely with these points.

The Prime Minister said that we somehow had to reconcile this need with the need to deal with outstanding US/European disputes. She understood that in his talks with President Reagan Chancellor Kohl had secured American agreement that the discussion of East/West economic relations at Williamsburg would be submerged in the more general economic discussions. The more progress that could be made at COCOM and in other fora before then, the easier this would be.

Chancellor Kohl said that Williamsburg must avoid the mistakes of Versailles. It must proclaim a message to the world at a critical time. The alliance must be seen to be

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alive and strong. It must show that, despite particular problems, it had the will for a common effort. And it must display this with regard to relations with the Soviet Union. If the alliance were seen as safe and sure, it would have great attractions. The Williamsburg agenda must permit real discussion and not be dominated by the need to draft a Communique. He had told President Reagan that he was completely opposed to a major debate on East/West economic relations at Williamsburg. Instead, he had suggested that a short report should be adopted without discussion which described the state of ongoing studies on East/West economic relations and embodied a decision to settle outstanding questions by the end of the year. By that time we would know more about the outset of the INF talks and the CSCE discussions. So had Mitterrand and Fanfani, whom he had since contacted by telephone.

Then it would be necessary to discuss "family problems" frankly. Europe could not have a trade war with the United States.

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If there were disputes between Europe and the United States, there were also European/Japanese problems. There was now a growing debate in Germany about the implications for Japan of the INF negotiations. Our position was that the SS20s must be scrapped. But Japan was worried that the Soviet Union would merely move them to the Far East. It was strange that Europe and the United States bore so much of the defence burden but Japan bore so little. The Prime Minister commented that the adoption by Japan of defence policies similar to those of European countries would be a very major change. It was perhaps best that Japan should stick to its traditional approach of defending its own shores. The cultural gap between ourselves and the Japanese was enormous. Although she would not say so more widely, the cruelties of the Japanese in the last war were particularly horrifying. There were many in the United States and the United Kingdom who feared that such characteristics still remained. Chancellor Kohl said that he understood these points but still felt that Japan should take upon itself more responsibility in the defence field. While European expenditure on defence increased, the Japanese spent similar sums on civil technology.

Reverting to Williamsburg, the Prime Minister said that she thought that she and Chancellor Kohl had reached agreement on two points - first that the fundamental soundness of the Alliance should be stressed; secondly, within that framework we owed it to each other to exchange judgments about world affairs and should therefore discuss our problems. But what did President Reagan want on East/West relations apart from trade? The INF discussions would not be likely to make progress until after elections in the United Kingdom.

/Chancellor Kohl

Chancellor Kohl said that President Reagan was, first and foremost, looking for a successful conference. He was convinced that Reagan would run again for President. The image of Reagan in Europe was wrong and malicious. He was not an intellectual but he had a very clear mind and was a genuine product of American culture and history. His view of basic principles was unsullied. He was anchored in religion and strengthened by his wife. He had the problems of all parents nowadays - his own daughter was taking part in demonstrations against American policy on nuclear issues. He had seen President Reagan four times in the last two years. On each occasion he seemed to be more involved in the vital questions of peace and freedom. Some Europeans thought him naive. But the same naivety had made Truman do the right thing by instinct. Europeans, brought up on Machiavellian principles, found it hard to understand Reagan. At Williamsburg, we should help him to present himself in his own way. Reagan understood that, to achieve success, he must work with the Europeans. He (Kohl) had explained to Reagan that Europe was not a unity. The Americans must always respect French "gloire". There was no point in fussing about it - you could not change the weather either.

The Williamsburg participants, Japan apart, were sound on INF deployment. Even if the Italian Government fell, Fanfani would be the caretaker Prime Minister. The proposal he had put forward (see above) would solve the difficulties about discussion of East/West economic relations. Then at a later stage, when INF deployment had gone ahead, the sensitive issues of East/West trade would have to be dealt with at the level of Heads of Government. The United States' position on agricultural exports was intolerable and would have to be discussed. There would also have to be consideration of North/South questions, in particular the disastrous financial situation in a number of developing countries.

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He had read in this morning's Times a report that France was to propose at Williamsburg a new Bretton Woods agreement. It was doubtful whether much would come of that. The Prime Minister agreed. France, who had more difficulty than anyone in remaining within the EMS, was the last country to propose a new Bretton Woods. It was dangerous to float such ideas without full thought but we had not heard officially about this proposal from France. We should not take it seriously until we did.

Chancellor Kohl said that President Reagan's "Star Wars" speech was another example of an inadequately prepared initiative. The proposal for a new system of defence had come at a very difficult time for him when he was trying to convince the Germans of the need to deploy INF weapons. The Prime Minister said that President Reagan's ideas about defensive technology were for a distant future. She repeated that she suspected that the Russians would not negotiate seriously at Geneva until the British elections were over. She did not know when these would be. But we and Germany were agreed on the time-table of deployment. Cruise missiles would not arrive in the United Kingdom until November. And there would be no off-base deployment for training purposes until 1984. Chancellor Kohl said that we must stick to our timing. The Italians would be with us. There would probably be elections in Italy before the summer holidays but the next Prime Minister would be another Christian Democrat and there would be no change in deployment policy. The international situation would become more critical from July onwards. Until the summer break in the Geneva negotiations, the Soviet Union would offer carrots but thereafter it would be the policy of the stick. He himself would be the guinea-pig. He expected to go to Moscow in

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the first week of July. He would like to discuss his visit with the Prime Minister shortly before he went. He would be very happy to visit London for a few hours for that purpose and would also wish to see the Prime Minister after the Moscow visit. It was very important that the French, German and British positions should be co-ordinated before he went to Moscow. He was very clear in his own mind about the position he would adopt in Moscow. He would stick to the agreed timing for deployment, make plain his readiness for an interim solution and refuse to be blackmailed. He was sure that the Russians would show flexibility at a later stage, perhaps when the first Pershing was deployed. He doubted whether much would happen before then.

Interestingly, the Rumanian Foreign Minister had earlier said that a meeting of Warsaw Pact Foreign Ministers would endorse Gromyko's negative response to the United States proposals on INF. But that had not occurred. Furthermore, when he had recently spoken to Honecker about the recent incident concerning a West German held by the East German police, Honecker's reaction had been comparatively mild. He had shown a clear interest in a solution at Geneva. The conclusion to be drawn from all this was that we were still in the "carrot", rather than the "stick" period.

The Prime Minister commented that the Soviet proposals on INF did not so far contain many carrots. They were already threatening to match the deployment of Cruise and Pershing with new deployments.

Chancellor Kohl said that the German Democratic Republic, like other Eastern European countries, was in a parlous economic and financial situation. They had no interest in bad East/West relations. The Prime Minister said that she had been interested to hear recently that Hungary appeared to have suspended further steps to implement its

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new economic policy because of its nervousness about the situation in Moscow. So she could understand Eastern European fears that the current East/West situation might lead to a tightening of Soviet control. On the other hand, Andropov would surely be concerned that attempts to tighten links with the satellites would provoke more Polands.

Chancellor Kohl said that the Soviet Union was at present devoting enormous effort to the deployment of SS 20s. Their purpose was to reach the highest possible ceiling so that negotiations could start from that point.

The Prime Minister said that she and the Chancellor had agreed that this was a critical year for international developments. It was vital that we obtained a solution to the UK budget problem by June. There must be no back-sliding by the Commission or anyone else. The matter had to be settled at Stuttgart. Otherwise, political necessity might require her to withhold. We wanted to avoid this and instead to argue publicly that our last problem with the European Community had been solved. We must have by June an agreement with figures. The German Chancellor was our great hope. We would get nowhere with the Greeks. It mattered to her more than anything else that the European democracies should stick together. The last thing she wished to do was to provoke crises with the European Community.

The problem was made ~~the~~ much more difficult by the Community's spending on agriculture. The Commission's proposals for the current CAP price fixing must not be raised. Recent figures suggested that agricultural expenditure would practically exhaust the Community's resources and not leave room for our budget refunds. Present trends were contrary to the earlier agreement between the UK and Germany that the agriculture budget should take up a diminishing portion of resources. We had been most grateful for the Chancellor's help at the Brussels European Council. Further help was absolutely critical.

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Chancellor Kohl said that he would do what he could within his possibilities. His basic interest was that the Prime Minister should win her next election. Possible ways of solving the budget problem could be discussed when Foreign Ministers joined the conversation. It would be necessary to take account of the attitude of the European Parliament. The fact that the Parliament would be re-elected next year had its relevance. He had recently told the Danish Prime Minister that it was not reasonable for some countries simply to collect money from Europe - they had to give as well. He thoroughly understood the Prime Minister's situation. Ways and means must be found. The Prime Minister reiterated that a settlement at Stuttgart was absolutely vital.

The discussion ended at 1030.

A.J.C.

22 April 1983