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● Ematically copied.

Presumably John Houston
will distribute in the FCO
but I will ask Adam Ridley
to send a copy to the Cabinet
Office

FFres

18.12.



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12 December 1983

A N Ridley
Special Adviser

Robin Butler Esq
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RECS
Dear Robin,

Here are some minutes of the discussions to which the Special Advisers were invited with Herr Teltschik and his German colleagues last Friday. They are not yet complete, as John Houston has not yet had an opportunity to let me have his record of the "economic" part of the morning. But they do cover the key session on foreign policy, and records all the key points as accurately as possible, even at the cost of length and repetition; and the preliminaries, in which both sides spoke about their central administration framework and modus operandi - whose key aspects I touch on immediately below. It may be helpful if I attempt to summarise the most interesting points to emerge from the whole affair.

First, there were a number of significant hints and concerns which we were made aware of at the buffet dinner to which I invited all participants on Thursday night:

- concern that Prime Ministers/Heads of State were being forced to go into so much detail to make Summits work;
- a sense of relief that the ^{Germans} /now had a good line on the Elysée staff, even if they at times behaved like a bunch of socialist ideologues;
- a great desire to get closer to the UK.

Second, in the discussion of the organisation of both sides at the centre (referred to above), with which Friday's more formal exchanges began, the following became clear. On the one hand the Germans found it difficult to imagine a way of running things in which the PM/President and his/her staff were noth both the solitary power-house and sole agents for coordination - as are the Elysée /and....

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and Bundeskanzleramt. We had to underline to them repeatedly the fact that in our system, with Chancellor, Foreign Secretary and PM sharing the same priorities and liaison well established between No 10, Cabinet Office, Treasury and Foreign Office, we did not have need for a comparable staff. On the other hand they were implying that given an inexorable pressure pushing more and more detailed issues onto Summit agendas and all this entailed, we should find some way of joining in the kind of contacts made possible by large central staffs such as the Elysée and Bundeskanzleramt. Our arrangements might be ideal from a normal point of view, but would they enable us to help our masters play the increasingly vital and complex game of summitry in the way our partners found necessary?

Third, in the foreign policy discussion on Friday afternoon, they (in practice mainly Teltschik himself) touched pretty deliberately on a number of important points (paragraph references are to my fuller minutes, which are attached):

- the need for an early Western initiative to resume dialogue with the USSR, to pre-empt an embarrassing Soviet effort with the same purpose (§3-6);
- Mitterrand's proposal for another Franco-German Summit, and the suggestion we should join the game (§8-10);
- concern that we should sustain, widen and deepen consultations with the Americans on key issues (§4);
- the need to respond to third-world expectations of the EC as in effect potential third power bloc (§12-14), and the suggestion we should in particular respond to Hussein's desire for an Anglo-German role in the Middle-East (§13);
- a warning that we should all consider now how to respond to a new Soviet disarmament initiative involving French and British nuclear weapons, and extending also to countries such as China;
- a general message that the German door was very emphatically open to deep and early discussions about the future of the Community; coupled with the hidden but clearly implicit thought that Franco-German contacts would pursue such goals even if we stayed out;
- a warning about US assumptions of allied support if the USA had to intervene to protect the Straits of Hormuz.
/Fourth....

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Fourth, there was a point or two worth recording in relation to the economic discussion, even if we do not yet have a proper record of it. Much of what both sides said dealt with the relatively satisfactory pattern of domestic economic development in both countries. But at the end of his presentation the main German speaker, Herr Ludewig, turned to the development of the EC's economic policies in the longer term. It was striking that within Germany success and restoration of confidence in recovery hinged on confidence that they had a stable Government committed clearly to cutting the structural public deficit (to zero in '85), lowering taxes, strengthening the market and curbing inflation. Looking at the EC there were in fact at least three major Governments on broadly the same, right lines - one had to grant that to the French now.

Looking ahead, did we not need to

- run our domestic policies with more awareness of their impact on each other, as we were urging the US to do?
- make it really clear to the business community that we were really committed to further effective progress towards united markets in the longer term?

What, therefore, were the elements in our vision of what the EC should be or become over the next ten years?

[In my reply I stressed needlessly to say that we had all sorts of ideas about the EC's long term future, but until the Athens agenda had been dealt with, there were limits to the objectives to which we could be expected to give high priority. That said, we would probably be absolutely committed, with Germany, to more united markets].

I had the impression the Germans are not yet quite clear what economic ^{aims} they are after, but convinced of the need for committed discussion with us and the French as to where the Community should go.

If there are any points on which you or others would like clarification, Peter Cropper, John Houston or I can probably dig up more detail from our notes. I am sending copies of this letter and attachments to both of them, as well as to the Chancellor and Economic Secretary's offices here, and to Geoff Littler; also to Stephen Sherbourne.

James
Adam
A N RIDLEY

INFORMAL ANGLO-GERMAN DISCUSSIONS

DECEMBER 9 1983

PRESENT:

From the German Side

Federal Chancellor's Office

Min Dir Horst Teltschik: (Foreign, Security and related matters)

Dr Walter Neuer: (Political matters Europe, Near East, EC)

Dr Anton Rossbach: (US, E. Europe, E-W Relations, Disarmament)

Capt. Ulrich Weisser: (Alliance and Military)

Dr Johannes Ludewig (EC Economic)

From the Foreign Office

Dr Michael Jansen (Personal Adviser to Herr Genscher)

From the CDU

Herr Peter Radunski, Secretary-General CDU Central Office.

From the British Side

Peter Cropper, CRD

John Houston, FCO

Robert Ramsey, EDG

Adam Ridley, Treasury

Stephen Sherbourne, No 10

Robin Butler, No 10 (for lunch only).

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FOREIGN POLICY, NATO AND SECURITY ISSUES

Teltschik opened the discussion with a relatively long and carefully prepared presentation, which gave every sign of containing many of the key points which the discussions were intended to convey to us.

2. He began with an aside, expressing surprise that consideration of Foreign policy in the UK seemed to attract relatively low priority and that it was to some extent a field for non-experts at that.

He hoped that it would be getting more serious attention soon.

[In so doing he was demonstrating misunderstanding of points made earlier, when John Houston had explained that till recently foreign policy issues here had, as a rule, had a relatively small party political content because of a broad consensus embracing the main issues and most public opinion; and misinterpreting (perhaps) the significance of the very light staffing of No 10 in Foreign Policy matters]. He then developed four major themes.

1. INTERMEDIATE MISSILES, AND THE FUTURE INTERESTS OF W. GERMANY AND THE UK

3. The key issue was and is not so much how many Cruise missiles would be deployed and how quickly, as the fact that we had held to our decisions to do so. Had we not, the repercussions would have been very serious in the wider international arena. Those many countries which were anxious about the USSR, and in many cases (over-) dependent on the USA had long been anxiously wondering whether Germany and the UK would resist Soviet pressure, stick to the two-track decision and deploy. In essence it constituted a test of whether we could be relied on at all.

4. That issue of principle and our countries' credibility both now having been restored, there was now an opportunity for a better dialogue with the USSR than in the immediate past. It would in any case be wrong to think the Russians would stay out of contact indefinitely and in a huff. They would take an initiative, perhaps quite soon.

5. There were plenty of examples of such moves by them. Only four months after their invasion of Czechoslovakia in 1968 they had made a major démarche at the European Security Conference - to which Willy Brandt had, significantly and importantly, been the first to react. Unless they have suddenly changed and if we

do nothing, they will blame the West for the failures at Geneva, with some success, and then come up with a new initiative. If they do, the West could be put in disarray, with some Western countries seeking ways of reacting constructively while others denounced the whole exercise as Soviet propaganda.

6. Therefore we should both be considering taking some kind of pre-emptive initiative; keeping doors open; and continuing to talk. For that reason Germany was naturally pleased with the conclusions of the NATO Council, and was delighted Mrs Thatcher planned to visit Hungary. It transpired that Herr Kohl has the same idea in mind⁷.

7. Teltschik added, almost en parenthèse, that he and others were hoping for a Reagan-Andropov Summit in due course. This could be a basis for a breakthrough, particularly on disarmament.

2. GERMANY AND EUROPE

8. The two-track decision had produced strains inside Germany which we might well be aware of - a peace movement and an SPD in turmoil were two major ones. It was absolutely vital that outsiders should appreciate their nature. It was important that we should note to what extent Adenauer's 1964 decision to "integrate with the West" was far from self-evident; and certainly a unique event in Germany's history. The peace movement was in a sense challenging that historic move. It was, of course, true that the "Hot Autumn" the Peace Movement had promised had not occurred. In truth the activists do not now know quite what to do. But it was quite possible that those seeking to "disintegrate" would in due course grow in number, and even prevail at some point.

9. This risk the French were very aware of. There had recently been a big change not only in the French Government but also on the part of the Gaullists. This was already leading to much more intensive relations, and greater interest in the "European idea", perhaps particularly in security matters.

10. Thus Mitterrand had just proposed a "working summit" with Kohl in January, and the preparation of a "common paper on European Perspectives". Neither Teltschik nor any others had yet much idea what agreements on policies or objectives were thus being pursued. But it was absolutely certain that the proposal was both an expression of France's security interests and a reflection of the importance of the double track decision. It was also, come to

that, another aspect of a growing Continental tendency [Teltschik very deliberately said "continental" in the English sense] towards greater cooperation, "particularly amongst the EC's founders". Such progress would, of course, demand a solution of the Athens problem. But

"the Conservative Party and British Government should pay very close attention to these developments. Should the UK not be part of the debate? Or should Britain keep its head pointed elsewhere? "

3. A MAJOR PREOCCUPATION OF GERMANY'S FOREIGN POLICY

11. A further issue, or rather conviction, arising from the double-track/^{decision}concerned relations with the US Government. There had been no other matter over which liaison and discussion with the USA had been so close and continuous. Our country's success in holding to our purpose was directly attributable to the effective maintenance of such excellent contacts, as well as to the fact that not only did the key NATO states have a common position from the outset, but so did France and, even, Spain. It therefore followed that we should seek equally effective and constant coordination and consultation in other areas. This effort should extend to consultation with the Alliance generally, and not just a few narrow security issues.

4. THIRD WORLD EXPECTATIONS OF THE COMMUNITY

12. When travelling abroad, Kohl and his staff were constantly being impressed by the fact that countries like Saudi-Arabia, Japan, China, Indonesia and many others were seeking a more influential EC and to escape from the "either/or" embrace of the USSR and USA. This was, most importantly, particularly true of the Arabs and the Middle East. The Arabs did not think we could solve all their problems, but they did think and hope we (the EC) could make a major impact on some areas.

13. Thus with the PLO now knocked out, Hussein was considering a new initiative. He knows its success would require the support not only of the US, but also of Kohl and the Prime Minister, given his particularly good relations with them. Hussein had recently written to Kohl about the idea. Kohl had discussed it with Mitterrand, who was dismissive because "Hussein is too weak".

14. This was a matter on which the UK and Germany should work very closely, and concert vis-à-vis the USA.

15. Rossbach then enlarged on Teltschik's first theme of re-developing relations with the USSR. The Russians' main strategic purposes would remain to prevent the USA from continuing the modernisation of their weapons, and to encourage them to withdraw from Europe. But the Russians' immediate priority was saving face (Gesichtswahrung), and extracting themselves from a mess of their own making. The decision to station medium-range weapons was now being implemented, and they would wish to limit it as far as possible. They would have no interest in seeing the Iron Curtain become a curtain of rockets (Raketenvorhang). They were well aware that they had made advances with public opinion in the West by being willing to take positive and apparently constructive initiatives, and would not wish to jeopardise these gains.

16. It was striking that in those classes of Russo-German contacts where Germany was still maintaining "business as usual", the USSR remained very open and responsive. They were all set to do so at the forthcoming Stockholm Conference, too.

17. This suggested that the western nations should follow a two-fold strategy:

- (1) some kind of secret contacts, part of whose purpose would be to explore suitable face-saving devices;
- (2) some kind of positive public Western posture, which would prevent public suspicions that we were simply crude spectators, who were awaiting the USSR's return to its senses and dialogue.

18. Such a positive posture did not need to be founded on specific proposals. What mattered was a stress on willingness to resume talks, and procedural moves to restart them; and that the West should not insist on the Russians paying a substantial price for resuming the dialogue.

19. John Houston then underlined some aspects of British policies for arms control, etc. Amongst the points he made were the following.

20. The position was indeed depressing. It was important that the deployment of Cruise was now taking place. Four years of Soviet pressure had not prevented it. There must be doubts both

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about the Soviet leaders and what they would now wish to do. It was quite possible that they might choose to wait for a while to make our flesh creep in the West, and build up new pressures. If that was a defensible assessment, we would need to be careful about how we responded. As far as public attitudes went, it appeared that opposition was for the moment diminishing, perhaps because people have a tendency to fall in with the status quo, which is now deployment. This pattern could, however, change if tension were to increase. All this calls for unity in the Alliance; and being wary of possible initiatives which might curry public favour, but raise false hopes on the Soviet side. We shared the German judgement that the Russians needed a way of saving face, and we needed to get back in conversation with them.

21. Teltschik then offered further observations about disarmament problems. The INF talks had ended because of Soviet insistence on including French and British weapons. Germany had agreed with us and the French in our refusal to see them brought in. But we (all of us - i.e. UK, France and Germany) should now consider how we would react to a proposal which embraced third country systems. For example a Soviet proposal of altogether broader scope than hitherto, involving all major weapons systems, and bringing into the discussion the Chinese as well as Britain and France. Such an initiative could well constitute a very embarrassing offer we could not refuse.

22. In sum, the UK and France needed to consider very soon if, when, where and how we should involve our weapons in such negotiation.

? | 23. John Houston recalled that "we've never said 'never'". We had open minds, and were always prepared to consider new proposals seriously.

24. Rossbach observed that the long time required for full deployment gave the USSR big opportunities for changing public attitudes. The pre-emptive initiative commended earlier needed to involve the whole Alliance and the US, with whom contacts would have to be as close as over the INF.

25. Viewed from a German perspective, the faltering consensus over defence matters which the SPD's state was aggravating called for "a political impulse in Europe, and more action and effort in the framework of political cooperation".

26. Jansen (Auswärtiges Amt) intervened to make two points. He had been much struck on the margins of the Athens Summit by peoples' fear of being dragged into US concerns when Europe could not even deal with its own.

27. He also recalled his Department's statement after the INF collapse, stressing the case for a broader approach to East-West problems. There was something to be said for paying more attention to the 2-pillar approach of the original Harmel report.

28. After some minor interventions from Neuer and Weisser, Ridley asked Teltschik if he could shed any further light on Mitterrand's objectives in proposing the working summit and joint paper on Common European Perspectives. At least three different, non-exclusive, private goals were conceivable, however the proposal might be presented and worded:

- closer agreement and cooperation on fairly specific defence matters;
- a more effective independent European voice in foreign affairs matters generally; which could mean an attempt to mobilise the largest EC members as an inner group. echoing ideas current a while back;
- a more effective decision-making framework in the EC, in view of the difficulty of making any progress at all at them, the threat of even greater centrifugal tendencies after enlargement, and the implications of such insights for the French Presidency. All of which might lead one back by a rather different route to the idea of an "inner-group" of dominant large countries.

29. Teltschik repeated that the French had only made a very vague proposal. It was quite certain that closer cooperation in security matters was one goal; and almost certain that greater cooperation over high technology industries was another. But the political aims Mitterrand had in mind were still quite obscure. The Germans would be both studying the proposal carefully and seeking to find out the answers to these questions directly after the weekend.

30. He went on to underline that Kohl and the German Government were interested in using any opportunity to develop the Community. They would look at any sensible ideas, if humanly possible in partnership with the UK. There was a deep desire in his country

to do so, and the pressures to do so were growing.

31. He then turned briefly to non-EC problems. George Schulz had just visited Bonn and discussed the Middle East and the Iran/Iraq war. It seemed likely that, if there was the obvious crisis there, culminating in the closure of the straits of Hormuz, we would all be likely to wait for the USA to intervene militarily. Schulz had made it clear that, if they had to do so, they would "expect the Europeans to respect their interests too", i.e. act conjointly or support.

British-German Consultation for Special Advisers

London 8/9 December 1983

Notes on First Session concerning role of political advisers in Government.

1. Adam Ridley introduced the UK team and described the structure of government at the political centre.
2. Stephen Sherbourne described the organisation of government as seen from the Political Office at No 10.
3. Mr Horst Teltschik welcomed the opportunity to meet opposite numbers face to face. He also underlined the increasingly close links between European governmental machines.
4. Mr Teltschik described his own experience in local and central government as Head of Section 2 of Bundeskanzleramt, concerned with foreign affairs.
5. Mr Radunski - party manager of the CDU at headquarters. Was for some years deputy head of Konrad Adenauer Foundation. He stated that Dr Kohl was both head of government and leader of party - but the two posts do not have to be held by the same person.

6. Mr Ludewig - in department 4 of Bundeskanzleramt, dealing with questions of economic and financial policy. Formerly served in Department of Energy. Work includes relations with EEC on economic matters.

7. Mr Neuer - works in Teltschik's department, on relations with West European states - including political relations with EEC. Started in Foreign Service.

8. Mr Rossbach, also in section 2, working on North American Affairs, East West Relations, Disarmament. Also formerly in Foreign Service.

Mr Weisser - Naval Officer, reporting to Mr Teltschik on defence and security matters.

Mr Jansen - Personal Adviser to Mr Genscher, Foreign Minister. In the Ministerial office we have four secretaries, all career officials. In Mr Genscher's ten years in office there has only been one political adviser.

Mr Teltschik described Bundeskanzleramt. 400 people.

Six sections. The political leadership consists of:

1. Secretary of State responsible for administration.

Three MPs concerned i) with relating with parliamentary party; ii) with the Upper House; iii) with Berlin matters.

- Dept 1. Administration/Legal
2. Foreign Policy
 3. Internal and Social Policies
 4. Economic and Financial Policies
 5. Public Relations and Communications
 6. Security Departments

The officers of these six Departments were all political appointments and can be replaced on a change of Government.

Within the Bundeskanzleramt the rest of the staff are on attachment from government departments.

Work of the Bundeskanzleramt: prepares all issues for decision by the Bundeskanzler.

Members of the BKA are primarily concerned with political success of the government - not only party political success.

Mr Radunski - how the Party works:

Secretary General of the Party is also a Minister in Cabinet.

In the last ten years the CDU has become a highly organised members party.

The Party also has many more multilateral and bilateral contacts.

The Party is responsible for the electoral campaign.

The most important link government/party is the executive committee of 11, under chairmanship of the Federal Chancellor.

Policy planning. Research System. Departments, Party, Konrad Adenauer Foundation have to be coordinated. Also Government.

Mr Houston - In our system, the idea that foreign affairs are political is a new one.

Important to realise that all officials are expected to be concerned with the success of the Government.

Mr Teltschik - the Bundeskanzler must have around him team committed to the political success of the Government.

Mr Sherbourne described how officials were expected to be impartial. Referred to Sir John Hoskyns' thesis, that the Civil Service had impeded the progress of the Government since the last war.

Mr Ridley introduced another debate, particularly on foreign affairs, describing how Community matters had gone back to departments. No central entity yet.

Mr Teltschik said he was the first head of Foreign Policy Department who was not a career official. It is vital that members of the Bundeskanzleramt must be both loyal and creative.

Mr Ludewig pointed out that foreign affairs had been the controversial side of German post war affairs - whereas on home affairs there was a broad concensus.

Mr Teltschik pointed out that the Federal Chancellor spends very much time on foreign affairs and is not pinned down in the same way as the British Prime Minister at Question Time.

Mr Jensen asked what could be done to save the matters of key detail having to be dealt with by Heads of Government.

Mr Ridley emphasised the fact that in the British system the Head of Government has to deal with detail.

Mr Neuer pointed out how the European Council had degenerated - it was now almost a council of experts.

Mr Teltschik asked how the different organisations at the centre are weighted when it comes to preparing policies for EEC negotiation.

Mr Sherbourne - First Mr Coles, the Foreign Office
man at No 10. Then key officials.

Mr Ridley - The private secretaries probably carry
30 per cent of weight.

The cabinet office will concentrate on matters
of procedure.

The Policy Unit is growing gradually in status
and power.

Otherwise power tends to be concentrated in
Ministers.

J. K. O'P.M.
10 Dec 83.