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10 DOWNING STREET

28 November, 1984

From the Private Secretary

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Dear Glin,

ANGLO/GERMAN RELATIONS: PRIME MINISTER'S TELEPHONE CALL WITH  
CHANCELLOR KOHL

Chancellor Kohl telephoned the Prime Minister this morning, principally to talk about his forthcoming visit to Washington. The conversation was very friendly.

Chancellor Kohl said that he had been through a bumpy patch recently but matters were now looking up. The latest opinion polls gave the CDU/CSU 48 per cent. The figure for the Social Democrats was declining. The worrying aspect of this was that the Greens were gaining. The fact was that the SPD had given up everything which Helmut Schmidt believed in. They could be compared with the Labour Party. Things were in good shape in the economic field as well, indeed they were going better than he had expected. It looked as though the FRG would have 3 per cent economic growth next year with only 2 per cent inflation. For the first time the unemployment curve had turned downwards. Chancellor Kohl continued that one difficult issue was conscription. For demographic reasons there would be only 280 thousand young men available for military service in 1999 against a requirement of 490 thousand. It would be necessary to extend military service from fifteen months to eighteen months. Against the advice of his colleagues, he had decided to introduce the necessary legislation before the next elections. He had been right: people were taking the decision calmly - this despite the fact that some "crazy" Protestant church leaders were encouraging the younger generation to avoid military service altogether. There followed an interesting exchange on bishops of which the conclusion was that we were all fortunate in the Pope who knew a Marxist when he saw one.

Chancellor Kohl said that he would shortly be going to Washington. He was sorry he had not been able to see the Prime Minister beforehand because of the postponement of their consultations. President Reagan was obviously now ready and willing to take sensible steps towards the Soviet Union. The Soviet Union, for its part, seemed ready to respond. His intention was to encourage President Reagan to move ahead on this course. At the same time, he would want

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to make him aware that if the nuclear threshold were raised a greater effort would be required to strengthen Europe's conventional defences. The Prime Minister said that she agreed with the Chancellor. The moment was propitious for new talks on arms reductions between the United States and the Soviet Union. She thought that two factors had ensured this: the Alliance's firmness of purpose in sticking to the dual track decision and deploying Pershing and Cruise; and the fact that the United States were about to enter another phase of research and development for weapons in outer space. This latter point was of great concern to the Soviet Union. The Prime Minister said that she also thought that President Reagan was determined to make a reduction of nuclear weapons one of the priorities of his second term. We should support him all the way but caution him against raising expectations too quickly. Negotiations would be very detailed and would take a long time. It was also important to urge him not to make premature concessions. As regards an initiative to strengthen the Alliance's conventional defences, this was something which would need to be discussed in NATO. Lord Carrington was well placed to give direction to such discussions.

Chancellor Kohl said that he agreed with all which the Prime Minister had said. Unless the Alliance had deployed Pershing and Cruise nothing would have happened. He wanted the Prime Minister to know that Lord Carrington had his full confidence. He thought it might be useful if he were to hold restricted discussions with those members of NATO who were prepared to consider seriously an initiative to strengthen conventional defences. Some member governments were hesitant.

The Prime Minister asked whether Chancellor Kohl intended to raise the U.S. economic situation with President Reagan. It looked as though growth in the U.S. economy was slowing down. This would have serious implications for Europe. Chancellor Kohl said that he would be raising this issue along the lines which he and the Prime Minister had often discussed.

The Prime Minister said that she would be seeing President Mitterrand on 29 November. Had there been any new developments between France and Germany of which she should be aware beforehand? Chancellor Kohl said that nothing essentially new had emerged from their last meeting. But there was one point on which Britain, Germany and France had a common interest and that was in finding a sensible solution to the distribution of responsibilities among the new Commission. It was essential to avoid having an agricultural commissioner from a country which was a major burden on the CAP. The Commissioner in charge of the budget should be someone ready to pursue a policy of thrift and economy. He thought that President Mitterrand shared these views and that the three of them might discuss it further in Dublin. The Prime Minister said that she had understood that the division of responsibilities had been virtually settled and that Andriessen would get agriculture. On no account most that portfolio go to a Greek or Italian.

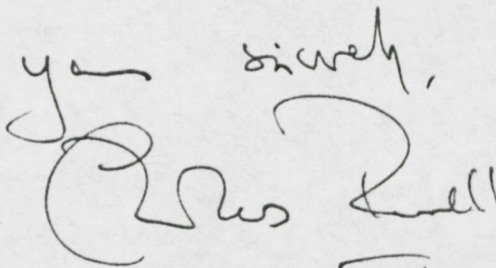
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Chancellor Kohl said that he had no objection to Andriessen. He shared the Prime Minister's concern to avoid a Greek or Italian agriculture commissioner. To quote a German proverb: "One should not make a goat the gardener".

The Prime Minister and the Chancellor agreed to talk further at the European Council in Dublin.

I am sending a copy of this letter to Richard Mottram (Ministry of Defence), David Peretz (HM Treasury), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food) and to Richard Hatfield (Cabinet Office).

Yours sincerely,  


(C.D. Powell)

C.R. Budd, Esq.,  
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