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From the Private Secretary

20 February, 1989.

Dear Stephen,

ANGLO/GERMAN SUMMIT: PRIME MINISTER'S FIRST SESSION OF TALKS
WITH CHANCELLOR KOHL

The Prime Minister had a first session of talks with Chancellor Kohl at the beginning of the Anglo/German Summit this evening. Herr Teltschik was the only other person present. The talks were concerned entirely with NATO and East/West matters, including modernisation of SNF.

Chancellor Kohl began by renewing his invitation to the Prime Minister to visit him at his home in late April or early May. He also urged that he and the Prime Minister should do everything possible in the course of the present Summit to demonstrate that they enjoyed a good working relationship.

The Prime Minister then said that she understood that there was near agreement to have a NATO Summit at the end of May. She did not mind whether it was in London or Brussels. But it must be a success. The occasion of the 40th Anniversary should be used to demonstrate that NATO remained strong and ready to take all the steps necessary to defend itself, including regular updating of its weapons. We were all becoming more cautious about Gorbachev's chances of success, particularly with economic reform. Gorbachev might not last in which case there could be a reversion to Breshnev-ite policies. The future was therefore uncertain.

The Prime Minister recalled that she and the Chancellor had agreed at their meeting in Rhodes that there should be an early decision on modernisation of SNF, to get the issue out of the way before the European elections. The Americans had made clear that they needed a decision to deploy a successor to LANCE if they were to secure the necessary funds from Congress for its development. The decision would not get any easier if it was put off. Failure to agree on modernisation would be a sign of weakness. It would also undermine the strategy of flexible response. Moreover, weapons systems took many years to develop, and future security could be put in jeopardy if we delayed decisions on

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modernisation now. She believed that public opinion in Western Europe would readily accept the need for modernisation if people were given a strong lead. The fact that there was scope at the same time for major unilateral reductions in nuclear artillery should help with public opinion.

Chancellor Kohl said that he agreed there should be a Summit in late May. His private meeting with the Prime Minister at the end of April/early May would be a further opportunity to prepare for the Summit, particularly on the question of modernisation. His views on Gorbachev remained unaltered. He wanted to see deeds not just words. He believed Gorbachev faced greater difficulties than a year ago and would certainly have to slow down the tempo of reform. The truth was that he faced an insoluble task in trying to change the Soviet Union. He agreed with the Prime Minister that if Gorbachev failed there could be a reversion to Stalinist or Brezhnev-ite policies. But they could not last and sooner or later there would be another Gorbachev.

The Chancellor continued that the conclusion he drew was that NATO should stick to the Harmel doctrine combining defence and dialogue. That should be the key note of the NATO Summit. He agreed with the Prime Minister that NATO must be strong and that meant having up-to-date weapons. Equally NATO should commit itself to continue negotiations on arms reductions. For his part, he had demonstrated strength by lengthening the period of conscription in Germany. The problem was that Gorbachev had succeeded in causing confusion in public opinion in Germany. He had created a difficult psychological situation. For forty years, people had believed that their freedom was under threat. Now they saw Gorbachev fraternising with Western leaders and doubted whether strong defence was still necessary. He himself agreed that Soviet policy had not fundamentally changed. The difficulty was to bring this home to his public opinion.

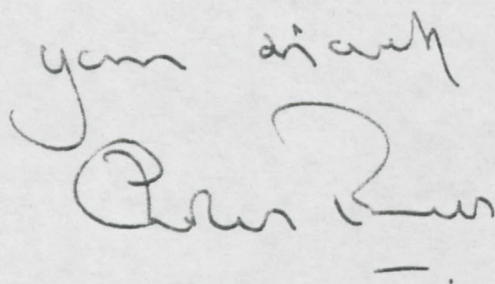
The Prime Minister said that the fundamental question to put to people was: did they value their freedom? Freedom for the German people had started on the day the Second World War had ended and NATO had preserved it for forty years. There was no doubt that the Soviet Union continued to represent a military threat and would be determined to keep its status as a military super-power. If the West failed to stay strong that would be a victory for the Soviet Union. Britain, Germany and the United States represented the real strength of NATO. She sensed that Chancellor Kohl agreed with her on the substance of what had to be done on SNF. He clearly had difficulties in dealing with public opinion. The way to deal with that was to follow his own instincts and show solidarity with Britain and the United States.

Chancellor Kohl agreed that Soviet policy had not changed. The West needed a policy to counter Gorbachev's ability to influence their public opinion. He envied the Prime Minister her success in convincing opinion in the

United Kingdom of the need for strong defence. He had to cope with a different political system in Germany and live with a coalition government. Defence policy had become a central issue in Germany's domestic affairs. The left wing in Germany were actively attacking NATO. The SPD were no longer the party of Schmidt and Leber. The media were also against the government. He had to take a firm stand against this. Indeed, he had done so on the conscription issue. But he could only do so much at a time. He was certain that a solution on modernisation could be found at the NATO Summit. But it would need careful preparation in the domestic politics of Germany.

The Prime Minister said that she and the Chancellor were fundamentally in agreement. The way to beat the Socialists was not to adopt their arguments but to demonstrate strength and conviction. NATO could not be a shell. It had to modernise its weapons, otherwise the US would sooner or later start to withdraw its troops from Germany. Britain and Germany should give a lead. Chancellor Kohl said that the problem was not the next election in Germany. He would win that. But he had many important things to do in a very short time and had to choose his priorities carefully. He and the Prime Minister should continue their discussion when they met at his home in late April or early May. The Prime Minister said that she was ever more sure that she and the Chancellor did not really differ. If he showed himself strong and willing to give a lead as in the past, the modernisation issue would come out right.

I am copying this letter to Brian Hawtin (Ministry of Defence) and to Trevor Woolley (Cabinet Office).

A handwritten signature in dark ink, appearing to read 'C.D. Powell', with a horizontal line underneath.

C.D. Powell

J.S. Wall, Esq.,
Foreign and Commonwealth Office.