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10 DOWNING STREET
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From the Private Secretary

29 November 1989

Dear Sir,

PRIME MINISTER'S MEETING WITH HERR GENSCHER,
THE FEDERAL GERMAN FOREIGN MINISTER

The Prime Minister had a talk this evening lasting some 45 minutes with Herr Genscher, who was accompanied by the German Ambassador. The Foreign Secretary was also present. The meeting was lively and good humoured. It dealt almost exclusively with the changes in Eastern Europe and their implications for the West.

The Prime Minister said that the meeting in Paris of European Community Heads of Government and Foreign Ministers on 18 November had been a good one and had reached the right conclusions. We should all stick faithfully to them. Great changes like those in Eastern Europe needed a background of stability. We had preserved our freedom through NATO and it would remain the key to our collective defence. The history of central Europe had been a history of minorities causing trouble, which was one good reason not to reopen the Pandora's box of borders. The Prime Minister continued that she had been struck by a growing tendency on the part of Mr Gorbachev and reformers in East Germany and elsewhere in East Europe talk of preserving socialism. If this persisted, we should not see the real, profound changes for which we had hoped.

Herr Genscher said that the process of change in the East was not monolithic. In the GDR, Czechoslovakia and Poland, the revolution had come from below. In the Soviet Union and in the Hungary it had been imposed from the top. His personal impression was that Mr Gorbachev knew that socialism did not work but had to continue to use its language. More importantly, he had concluded the Soviet Union's earlier expansionist and aggressive foreign policy had failed: and had realised that he could get better results in Eastern Europe by encouraging reform and democracy than by using bayonets. In his view, Gorbachev would be well advised to start economic reform in the Baltic Republics or in special economic zones so that he could have some examples of success.

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Herr Genscher said that he would like to brief the Prime Minister on the Federal Republic's policy. Their motto was: never change a winning team or a winning concept, by which they meant NATO and the European Community. We must show at the Strasbourg European Council that the Community's dynamic progress would be maintained because it was this which gave hope to Eastern Europe. He believed the process of reform in Eastern Europe was irreversible and that East and West Europe would come steadily closer together. Germany did not want to be treated as a special case: it wanted to be part of this wider process. It would be a mistake to say that East and West Europe could come closer together but Germany could not. He believed democracy in East Germany would lead to substantial changes in relations between the two Germanies. But the Federal Republic would tie its fate to that of Europe as a whole and remain loyal to NATO and the European Community. This was why Chancellor Kohl had said that the Federal Republic was ready to strengthen its ties with East Germany once there had been free elections, which he expected to be held in 1990. He agreed with the Prime Minister that we would continue to need the two Alliances for a long time both for security and as a framework within which to negotiate arms reductions. He very much supported the Prime Minister's concept of diverse agreements between the European Community and individual countries within Eastern Europe. The Prime Minister said that she would like to study the complete text of Chancellor Kohl's speech. But from Herr Genscher's account it seemed consistent with what had been agreed in Paris. There could be no timetable for the two parts of Germany to come closer together. Herr Genscher agreed that a timetable was impossible.

Herr Genscher said that he was very concerned about the state of the Soviet economy which was so serious that there might even be a need for food aid this winter. This was the greatest threat to Gorbachev's position, and his failure would have an enormous impact on the whole international scene. He hoped that President Bush would speak very frankly to Mr Gorbachev about what needed to be done to overcome the Soviet Union's economic problems. He intended to do so himself when he visited Moscow on 5/6 December. The Prime Minister recalled that Alan Greenspan, whom she had met in Washington, had been horrified at the scale of the Soviet Union's economic problems. One practical way in which we could help was with management training and perhaps in areas such as distribution.

Herr Genscher said that another way to help Mr Gorbachev would be to give a strong impulse to the process of disarmament in order to reduce the importance to the Soviet Union in security terms of central Europe. The Prime Minister said this was all right if it meant bringing existing negotiations to a successful conclusion. But reductions beyond those already envisaged in the CFE talks would entail a change of strategy. This was why she had been concerned about Mr Cheney's speech. We must not rush into reckless reductions but keep our defences strong. Herr Genscher recalled that he had switched from coalition with the SPD to one with the CDU/CSU because the social democrats no longer supported NATO's double track position. He was very well aware of the importance of maintaining the West's defence.

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The Prime Minister concluded that it had been very helpful to talk in this fashion. She encouraged Herr Genscher to come again.

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

*Yours sincerely,
Charles Powell*

Charles Powell

Stephen Wall Esq
Foreign and Commonwealth Office

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