



CONFIDENTIAL AND PERSONAL

②

Rich. Smith

*COO
25/1*

PM/90/08

PRIME MINISTER

MS

Visit to the GDR: 22-24 January

1. The main concern in the GDR is whether they will get safely through the free elections on 6 May. Modrow spoke to me very freely - a decent, tired man near the end of his tether. His own party and the others now in government have seen their authority ebb away to the point where it is no longer sufficient to sustain a government. Emigration is doing great harm; 1,500 people are leaving each day. Students have to run the Leipzig University Hospital and soldiers try to keep factories going. Modrow has appealed to the Round Table groups to join and share responsibility. They are suspicious that too many of the old Communists still hold key positions, but the ones I spoke to accept that they ought to help if Modrow will make it clear that there is an emergency. The students who discussed this with me at Leipzig agreed. On balance, I think the GDR will just manage it to 6 May.

2. The noise off the streets is different. The Monday demonstrations in Leipzig have changed character. The majority in the crowd no longer presses for reform and democracy but for unification, and is rough with the minority who dissent. All the Ministers and groups I spoke to believe that unification will come, but the Ministers worry about the activities of the Republikaners

CONFIDENTIAL AND PERSONAL



CONFIDENTIAL AND PERSONAL

in the south of the GDR and the dangers of resurgent nationalism. No-one I spoke to had thought through the implications of unification for NATO and the EC and for the moment it was therefore rather easier to hold the Strasbourg line than I had expected.

3. But practical unification is occurring day by day. Lufthansa has moved in to dominate the GDR airline. Volkswagen has announced a huge car factory. Germany is already one television audience. The best-known politicians in the GDR are Brandt, Weizsäcker, Genscher and Kohl. The GDR parties and groups are jostling for financial support from the wealthy FRG parties. The FRG election campaign has in effect started, in the GDR. We must thicken up our trade and educational links; but neither we nor anyone else can match the German thrust. The GDR has no real identity now that Communist rule, which created it, is crumbling.

4. One further thought which may be important in the spring. The groups and parties in the GDR, reacting strongly against single-party domination, are hard at work trying to devise a perfectly democratic Parliament - proportional with no threshold. The SPD boast they will get a clear majority and are probably the best placed. But a kaleidoscopic parliament is more likely, and they have hardly begun to think how a government would be formed. There may be a gap of several weeks between the elections (assuming they get that far) and the emergence of a government with a working majority.

DA.

(DOUGLAS HURD)

Foreign and Commonwealth Office

25 January 1990

CONFIDENTIAL AND PERSONAL