

CONFIDENTIAL

FM BMG BERLIN

TO DESKBY 091820Z BONN

TELNO 27

OF 091805Z FEBRUARY 1990

AND TO DESKBY 091830Z FCO

INFO DESKBY 091830Z EAST BERLIN

INFO IMMEDIATE MOSCOW, WASHINGTON, PARIS

FROM BURTON

GDR: WEST BERLIN FEARS OF IMMINENT BREAKDOWN.

SUMMARY

1. SCHROEDER TELLS ALLIED MINISTERS OF INDICATIONS THAT THE GDR IS ON THE VERGE OF ECONOMIC COLLAPSE. SENAT MAKING CONTINGENCY PLANS TO TAKE OVER THE RUNNING OF EAST BERLIN IN WORST-CASE SCENARIO.

DETAIL

2. PROFESSOR SCHROEDER, HEAD OF THE SENAT CHANCELLERY, CALLED A MEETING WITH THE ALLIED MINISTERS THIS AFTERNOON TO TELL THEM OF THE SENAT'S GLOOMY ASSESSMENT THAT THE GDR MIGHT BE ON THE POINT OF ECONOMIC COLLAPSE. HE SAID HE UNDERSTOOD THAT KOHL HAD BEEN SHOCKED BY THE APPALLING PICTURE PAINTED BY MODROW WHEN THEY HAD MET IN DAVOS. THIS HAD BEEN BORNE OUT LOCALLY BY REMARKS MADE TO HIM BY MUELLER, THE GDR VISITS COMMISSIONER, IN THE MARGINS OF A MEETING YESTERDAY OF THE BERLIN REGIONAL COMMITTEE.

3. TEN DAYS AGO MUELLER HAD BEEN TALKING OF THE EAST BERLIN CITY GOVERNMENT RUNNING OUT OF MONEY IN EARLY JUNE. HOWEVER YESTERDAY HE HAD SAID THAT THE MONEY WAS ON THE POINT OF RUNNING OUT. THE CITY, FOR EXAMPLE, COULD ONLY COVER 8% OF THE COSTS OF KEEPING THE U-BAHN IN OPERATION. MORE BUSINESSES WERE CLOSING BY THE DAY. ONLY YESTERDAY THE CARBIDE FACTORIES IN THE COUNTRY HAD BEEN CLOSED SINCE THE ENVIRONMENTAL POLLUTION THEY CAUSED WAS GREATER THAN THE VALUE OF THEIR PRODUCTION. THIS WAS FOLLOWED TODAY BY AN EXPLOSION AT ONE OF THEM WHICH HAD LED TO THE GDR'S WORST EVER INDUSTRIAL ACCIDENT. MANY TOWNS, PARTICULARLY IN THURINGIA AND WESTERN MECKLENBURG HAD DECLARED THEMSELVES INDEPENDENT OF THE AUTHORITY OF CENTRAL GOVERNMENT AND WERE LOOKING AFTER THEMSELVES AS BEST THEY COULD.

4. SCHROEDER SAID THAT MUELLER HAD TABLED A PROPOSAL AT YESTERDAY'S MEETING FOR SETTING UP TWO ADDITIONAL WORKING GROUPS. THE FIRST WOULD BE A LEGAL WORKING GROUP SINCE THERE WAS AN URGENT NEED TO

EXAMINE THE LEGAL ASPECTS OF BRINGING TOGETHER THE ADMINISTRATIVE APPARATUS IN BOTH PARTS OF THE CITY. THE SECOND WOULD BE FOR BUDGET AND FINANCIAL AFFAIRS TO FIND A MECHANISM TO PAY FOR WHAT HAD TO BE DONE.

5. THE SENAT FEARED THAT IN THE EVENT OF A COLLAPSE THE TASK OF RUNNING THE SOVIET SECTOR WOULD BE DUMPED IN THEIR LAPS. THEY HAD AFTER ALL BEEN SAYING FOR 40 YEARS THAT THE GOVERNING MAYOR WAS THE GOVERNING MAYOR FOR THE WHOLE OF BERLIN AND THE POLICE PRESIDENT DITTO. IF THEY BECAME DESPERATE THE EAST BERLINERS WOULD EXPECT THEM TO PUT THESE CLAIMS INTO PRACTICE WITHOUT SHILLY-SHALLYING.

6. SCHROEDER WENT ON THAT THE SENAT WERE THEREFORE GIVING URGENT CONSIDERATION TO WHAT THEY WOULD HAVE TO DO IN ORDER TO KEEP GOING THE TRANSPORT SYSTEM, POWER GENERATION, REFUSE COLLECTION AND MEDICAL FACILITIES AND OTHER ESSENTIAL SERVICES IN EAST BERLIN. HE WAS HOLDING A MEETING OF THE SENAT'S EXPERTS ON 10 FEBRUARY AND MUELLER WOULD BE COMING OVER FOR A FURTHER CONSULTATION ON 12 FEBRUARY. THE WEST BERLIN POLICE PRESIDENT WAS DUE TO MAKE A VISIT TO HIS OPPOSITE NUMBER IN THE EAST ON 13 FEBRUARY.

7. IF IT CAME TO THE WORSE CASE, SCHROEDER SAID IT WAS THE GOVERNING MAYOR'S INTENTION TO HOLD A MEETING OF THE BERLIN ROUND TABLE IN THE FIRST INSTANCE TO CONSULT POLITICIANS FROM EAST BERLIN AND HE WOULD ALSO CONSULT THE NEWLY FORMED SPD (EAST). HAVING DONE THAT HE WOULD HAVE TO MAKE AN ANNOUNCEMENT THAT HE WAS TAKING OVER IN ORDER, AS FAR AS POSSIBLE, TO CALM THE SITUATION AND TO PREVENT A MASS EXODUS TO THE WEST. THERE WAS ALSO THE FEAR OF LOOTING IN EAST BERLIN IF THE CURRENCY WERE THOUGHT TO HAVE LOST ITS VALUE.

8. SCHROEDER TOLD US THAT PROFESSOR PFARR, THE SENATOR FOR FEDERAL AFFAIRS, WAS ON HER WAY TO BONN TO LAY THE SENAT'S ASSESSMENT BEFORE THE FEDERAL GOVERNMENT. SHE WOULD SUGGEST THAT KOHL SOUND OUT GORBACHEV DURING HIS VIST TO MOSCOW THIS WEEKEND AND OBTAIN SOVIET THINKING, AMONG OTHER THINGS, ON THE POSSIBLE ASSUMPTION OF AUTHORITY BY THE GOVERNING MAYOR FOR THE WHOLE CITY.

9. SCHROEDER IS ALSO SEEKING MAXIMYCHEV, MINISTER IN THE SOVIET EMBASSY IN EAST BERLIN, TODAY TO SOUND OUT WHETHER THE RUSSIANS ARE AWARE OF THE GRAVITY OF THE SITUATION AND WHETHER, AS REGARDS EAST BERLIN, THEY ARE PROPOSING TO DO ANYTHING ABOUT IT.

10. BEAUCHATAUD (FRANCE) SAID THAT, FRANKLY, SCHROEDER'S ASSESSMENT WAS MUCH MORE GLOOMY THAN THAT OF THE FRENCH EMBASSY IN EAST BERLIN

AND HE WONDERED WHETHER MUELLER AND INDEED MODROW HAD BEEN EXAGGERATING. SCHROEDER BRUSHED THIS OBJECTION ASIDE WITH A LAUGH. HE CLAIMED THAT HIS TRACK RECORD IN PREDICTING DEVELOPMENTS IN THE GDR IN RECENT WEEKS HAD BEEN MUCH SOUNDER THAN THAT, FOR EXAMPLE, OF BERTELE, THE FRG REPRESENTATIVE. I SAID THAT NEVERTHELESS ONE HAD HEARD NO REPORTS OF POWER CUTS IN EAST BERLIN AND THE SHOPS APPEARED REASONABLY WELL-STOCKED. SCHROEDER REPLIED THAT POWER SUPPLIES HAD BEEN KEPT GOING LARGELY BY THE ASSISTANCE OF TEAMS OF ENGINEERS FROM WEST BERLIN AND THAT IN THE LAST FEW DAYS THE SHELVES IN EAST BERLIN HAD TO A LARGE EXTENT EMPTIED.

11. SCHROEDER HAD NO CONCRETE REQUEST TO MAKE OF THE ALLIES AT THIS STAGE. HE WANTED US, HOWEVER, TO BE FULLY INFORMED OF THE GRAVITY OF THE SENAT'S VIEWS AND HE PROMISED TO KEEP IN THE CLOSEST TOUCH.

COMMENT

12. SCHROEDER IS A CANNY POLITICIAN WITH A GOOD FEEL FOR DEVELOPMENTS IN BERLIN AND THE SURROUNDING AREA. HE HAS ALSO BEEN RUNNING THE WEST BERLIN END OF THE BERLIN REGIONAL COMMITTEE. HE MAY THEREFORE NOT BE WIDE OF THE MARK. AN IMMEDIATE POINT OF INTEREST WILL BE TO SEE WHETHER THE RUSSIANS SHARE THE SENAT'S DISMAL ASSESSMENT.

13. AS REGARDS THE LEGAL POSITION IT IS TRUE THAT THE BERLIN CONSTITUTION APPLIES (ARTICLE 4) TO THE WHOLE OF BERLIN. THE AUTHORITIES CREATED UNDER IT (SUCH AS THE OFFICE OF THE GOVERNING MAYOR AND THE ABGEORDNETENHAUS) THEREFORE HAVE THEORETICAL COMPETENCE THROUGHOUT BERLIN, ALTHOUGH UNTIL NOW IT HAS ONLY BEEN POSSIBLE TO PUT THEIR DECISIONS INTO EFFECT IN THE WESTERN SECTORS.

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