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FM BMG BERLIN

TO DESKBY 121800Z BONN

TELNO 31

OF 121745Z FEBRUARY 1990

AND TO DESKBY 121800Z FCO

INFO DESKBY 121830Z EAST BERLIN, OTTAWA

INFO IMMEDIATE MOSCOW, WASHINGTON, PARIS

OTTAWA FOR SECRETARY OF STATE'S PARTY

FROM BURTON

OUR TELNO 27: GDR: WEST BERLIN FEARS OF IMMINENT BREAKDOWN

SUMMARY

1. SENAT MAINTAIN THEIR VIEW THAT IMMINENT BREAKDOWN OF MUNICIPAL SERVICES IN EAST BERLIN IS POSSIBLE. THEY ARE THICKENING UP CONTACTS WITH THE EAST BERLIN ADMINISTRATION SO THAT THEY CAN HELP IF CALLED UPON TO DO SO. THE SOVIET AUTHORITIES CONSIDERING WHETHER A FOUR POWER MANDATE WOULD BE NECESSARY.

DETAIL

2. THE GOVERNING MAYOR ATTENDED THE ALLIED MINISTERS' MONTHLY LUNCH WITH PROFESSOR SCHROEDER AND SENATOR PFARR TODAY FOR THE FIRST TIME.

3. I SUGGESTED THAT THERE WAS A CREDIBILITY GAP BETWEEN THE PICTURE OF IMMINENT COLLAPSE IN EAST BERLIN WHICH SCHROEDER HAD PAINTED AT OUR MEETING ON 9 FEBRUARY AND THE POSITION AS SEEN BY ALLIED EMBASSIES IN EAST BERLIN (BMG TELNO 20 TO FCO). MOMPER AND SCHROEDER, HOWEVER, WERE UNREPENTANT. THEY MAINTAINED THAT A FINANCIAL COLLAPSE COULD COME AS EARLY AS 14 FEBRUARY IF CONFIDENCE IN THE OST MARK WERE TO EVAPORATE. THEY ADDED THAT A SENIOR MEMBER OF THE GDR CURRENCY AUTHORITY HAD TOLD HISS, HEAD OF THE WEST BERLIN LANDESBANK, THAT THE GDR WERE NOT EVEN IN A POSITION TO PRINT AND DISTRIBUTE NOTES BECAUSE OF A LACK OF QUALIFIED STAFF.

4. THEY ALSO SPECULATED THAT CURRENCY UNION (WAEHRUNGSUNION) MIGHT NOT BE A SOLUTION TO THE EMIGRATION PROBLEM IN THE SHORT TERM SINCE IT WOULD MAKE A NUMBER OF GDR BUSINESSES UNCOMPETITIVE AND INCREASE UNEMPLOYMENT. THERE WAS ALSO A PROBLEM WITH THE GDR SOCIAL SERVICES SYSTEM BECAUSE A PERSON NOT IN WORK WAS CUT OFF FROM MANY FORMS OF SOCIAL SUPPORT WHICH WERE LINKED TO THE WORK-PLACE. THIS IN TURN THEREFORE COULD LEAD TO FURTHER EMIGRATION.

5. MOMPER THOUGHT THAT THE BREAKDOWN OF ONE OF THE ESSENTIAL SERVICES SUCH AS THE U-BAHN OR REFUSE COLLECTION COULD QUICKLY LEAD TO A DEMAND FOR THE SENAT TO TAKE OVER. EAST BERLIN MAYOR KRACK'S POSITION WAS HIGHLY PRECARIOUS SINCE HE WAS UNDER SUSPICION FOR BALLOT RIGGING AND HE MIGHT NOT LAST LONG. THE REQUEST TO THE SENAT MIGHT COME FROM THE ROUND TABLE.

6. MOMPER AND SCHROEDER EXPLAINED THE SOVIET REACTION BASED ON THEIR MEETING WITH MAXIMYCHEV ON 9 FEBRUARY AND A FURTHER MEETING WITH AMBASSADOR KOCHEMASOV TODAY (MOMPER SAID THAT HE HAD FOUND TALKING TO KOCHEMASOV EXACTLY LIKE TALKING TO HONECKER). THEY HAD FOUND MAXIMYCHEV MUCH MORE AWARE OF THE GRAVITY OF THE SITUATION THAN KOCHEMASOV. HE HAD INDEED COMPLAINED (BMG TELNO 20) THAT HE COULD NOT MAKE MOSCOW UNDERSTAND THE TRUE POSITION SINCE, AS HE PUT IT, THEY WERE SO ACCUSTOMED TO THINKING OF THE GDR AS THE PERFECTLY FUNCTIONING SOCIALIST STATE THAT THEY WERE UNABLE TO UNDERSTAND IT WAS ON THE POINT OF STAGING A PERFECT COLLAPSE.

7. KOCHEMASOV HAD MUTTERED THAT FOUR POWER RESPONSIBILITIES WERE STILL IN FORCE AND THAT THERE MIGHT BE A NEED FOR THE RUSSIANS TO CONSULT THE OTHER THREE POWERS. MAXIMYCHEV HAD BEEN MORE EXPLICIT. ASKED BY MOMPER WHETHER THE RUSSIANS HAD CONSIDERED RETURNING TO THE AK, HE HAD SAID THAT THEY HAD INDEED DONE SO BUT HAD DECIDED AGAINST IT AS BEING TOO DEMONSTRATIVE A STEP. THEY WERE CONSIDERING HOWEVER WHETHER SOME FORM OF FOUR POWER MANDATE TO THE SENAT WOULD BE NEEDED AS AN AUTHORISATION FOR ITS EXTENDING ITS ROLE INTO EAST BERLIN.

8. I ASKED WHAT THE SITUATION WOULD BE AFTER THE LOCAL ELECTIONS PLANNED FOR 6 MAY IF THEY PRODUCED A DEMOCRATICALLY ELECTED EAST BERLIN ADMINISTRATION. MOMPER SAID THAT FRAU PANKRATZ, THE CHAIRPERSON OF THE MAGISTRAT'S PLANNING COMMISSION, WHO HAD CALLED ON THEM WITH MUELLER YESTERDAY, HAD BEEN VERY INTERESTING ON THE SUBJECT. SHE HAD SAID THAT PREPARATIONS WERE IN HAND FOR THE HOLDING OF LOCAL AND REGIONAL ELECTIONS THROUGHOUT THE GDR BUT NOT (NOT) IN EAST BERLIN. ACCORDING TO HER, IT WAS THE GENERAL PRESUMPTION IN THE ELECTORAL COMMISSION THAT THE ADMINISTRATION OF EAST BERLIN WOULD COME UNDER THE SENAT. MUELLER HAD AGREED WITH THIS.

9. AS REGARDS INTEGRATION OF THE TWO POLICE FORCES, THE WEST BERLIN POLICE PRESIDENT, SCHERZ, IS VISITING HIS OPPOSITE NUMBER IN THE EAST TODAY. I PRESSED MOMPER AND SCHROEDER HARD ON WHETHER IT WAS REALISTIC TO IMAGINE THE EAST BERLIN POLICE COMING UNDER THE AUTHORITY OF THE SENAT IN ANY SHAPE OR FORM. CLOSE COOPERATION OR

EVEN INTEGRATION MIGHT BE POSSIBLE WITH SOME OF THE OTHER MUNICIPAL SERVICES BUT THE POLICE WERE A DIFFERENT MATTER SINCE THE CHAIN OF COMMAND HAD TO BE BOTH CLEAR AND LEGAL. THEY TOOK THE POINT BUT SEEMED TO THINK THAT NEVERTHELESS SOMETHING WOULD HAVE TO BE WORKED OUT.

COMMENT

10. UNLESS THE SENAT'S WELL-PLACED SOURCES IN EAST BERLIN ARE GREATLY EXAGGERATED, THIS ISSUE SEEMS LIKELY TO COME TO A HEAD IN DAYS RATHER THAN WEEKS. I THINK IT IS SENSIBLE OF THE SENAT TO DO SOME CONTINGENCY WORK IN THE MEANTIME SINCE WEST BERLIN COULD QUICKLY BE AFFECTED BY A BREAKDOWN OF MUNICIPAL SERVICES ON THE OTHER SIDE OF THE CITY.

11. IF THE CALL DOES COME TO THE SENAT TO FILL THE GAP, THE ATTITUDE OF THE RUSSIANS WOULD OF COURSE BE OF GREAT IMPORTANCE. IT IS VERY SIGNIFICANT THAT THEY SEEM TO BE THINKING IN TERMS OF A FOUR POWER MANDATE SINCE THIS WOULD BE SEEN AS A FUNDAMENTAL CHANGE IN THEIR LONGSTANDING POSITION THAT THEY MAINTAINED NO RIGHTS OVER THEIR SECTOR OF BERLIN. WE WILL HAVE PLENTY OF OPPORTUNITY TO EXPLORE THEIR THINKING FURTHER OVER THE COMING WEEK WHEN MAXIMYCHEV IS HAVING BILATERAL MEETINGS WITH SCHROEDER, US MINISTER GILMORE AND MYSELF.

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