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SIC ECA

MODSH PASS TO CICC GERMANY AND MODUK

YOUR VISIT TO BONN 12 MARCH

SUMMARY

1. ENTHUSIASM IN FRG ABOUT PROSPECT OF UNIFICATION NOW SOMEWHAT CLOUDED. DIFFICULTIES ALONG THE WAY AND COSTS TO FRG BECOMING MORE WIDELY KNOWN. FEDERAL GOVERNMENT TREADS WATER IN INNER-GERMAN RELATIONS, PENDING GDR ELECTIONS. OUTCOME OF LATTER NOW THOUGHT MORE OPEN, AS PRO-CDU ALLIANCE FOR GERMANY REPORTEDLY GAINS GROUND. FEDERAL GOVERNMENT HOPES FOR EARLY PROGRESS ON ECONOMIC UNITY AFTER 18 MARCH.

2. KOHL'S HANDLING OF ODER-NEISSE ISSUE WIDELY CRITICISED. HIS RELATIONS WITH GENSCHER TENSE. TIMELY OPPORTUNITY TO DEMONSTRATE TO BOTH THAT WE HAVE REASONABLE AND CONVINCING POSITIONS ON EXTERNAL ASPECTS OF UNIFICATION. NEED IN PARTICULAR TO PROBE FEDERAL INTENTIONS ON FUTURE SECURITY ARRANGEMENTS FOR EAST GERMANY.

DETAIL

3. THE MOMENTUM TOWARDS UNIFICATION HAS SLOWED PENDING THE GDR ELECTIONS. BUT THE FEDERAL GOVERNMENT'S PLAN IS TO PUSH FOR ECONOMIC TRANSFORMATION IN THE GDR AND THEN GERMAN CURRENCY UNION IN THE MONTHS FOLLOWING THE ELECTIONS. SOME GERMAN OFFICIALS (MY TELNO 298) ARE FORECASTING THAT INNER GERMAN AGREEMENT ON ECONOMIC UNIFICATION MAY TAKE SOME TIME, BUT STAVENHAGEN (MINISTER OF STATE IN FEDERAL CHANCELLERY) TOLD ME TODAY THAT NEW ECONOMIC LAWS MIGHT TAKE EFFECT IN THE GDR, AND THE DMARK BE INTRODUCED, IN LATE JUNE. FOR THE MOMENT, PUBLIC ENTHUSIASM HERE ABOUT UNIFICATION IS SOMEWHAT CLOUDED. THE RATE OF EMIGRATION - ABOUT 130,000 SO FAR THIS YEAR -

IS OBSTINATELY HIGH. OPINION POLLS SHOW INCREASING PUBLIC CONCERN ABOUT THE LIKELY COSTS OF TRANSFORMING THE EAST GERMAN ECONOMY: ONE POLL SHOWED ONLY A QUARTER OF WEST GERMANS BEING WILLING TO MAKE MATERIAL SACRIFICES FOR UNIFICATION. WHATEVER THE EXCHANGE RATE CHOSEN FOR GERMAN CURRENCY UNION, PEOPLE SUSPECT THAT TAXES WILL RISE BEFORE LONG.

4. BOTH SPD AND CDU HERE HAVE THE IMPRESSION THAT THE EAST GERMAN SPD WILL DO LESS WELL IN THE ELECTIONS THAN HAS BEEN EXPECTED AND THAT THE PRO-CDU ALLIANCE FOR GERMANY MAY NOT FALL FAR BEHIND THE SPD. IF THAT HAPPENED, AND THE ALLIANCE WAS WELL REPRESENTED IN THE GDR GOVERNMENT AFTER THE ELECTIONS, THE NEGOTIATIONS ON UNIFICATION BETWEEN THE COALITIONS IN BONN AND EAST BERLIN MIGHT BE EASIER. AND SUCH AN OUTCOME COULD IMPROVE THE ALREADY RATHER GOOD PROSPECTS OF THE PRESENT FEDERAL COALITION IN THE WEST GERMAN ELECTIONS STILL PLANNED FOR 2 DECEMBER.

5. THE COALITION'S AGREED POSITION ON THE ODER-NEISSE FRONTIER AND YESTERDAY'S RESOLUTION IN THE BUNDESTAG SHOULD HAVE GONE SOME OF THE WAY TO REASSURING INTERNATIONAL OPINION ON THIS MATTER. BUT THE CONTROVERSY, GIVEN THE POLISH REACTION, IS UNLIKELY TO CEASE. THE SHARPNESS OF THE BUNDESTAG DEBATE (MY TELNO 299) IS SYMPTOMATIC OF THE FEBRILE ATMOSPHERE IN BONN POLITICS AT PRESENT. THIS EPISODE LEAVES KOHL LOOKING DIMINISHED, COMPARED WITH HIS MASTERY OF THE DEBATE IN THE WAKE OF HIS TEN POINT PLAN. ON THE ODER-NEISSE, THE USA AND FRANCE ARE I THINK SEEN HERE AS HAVING BEEN MORE INSISTENT THAN THE UK. HELMUT SCHMIDT IN THIS WEEK'S DIE ZEIT SAYS THERE IS A DANGER OF THE PSYCHOLOGICAL ISOLATION OF GERMANY FROM ITS FRIENDS AND THAT FRANCO-GERMAN RELATIONS HAVE NOT BEEN SO COOL FOR YEARS. THE PRIME MINISTER'S MESSAGE TO KOHL ABOUT THE COALITION'S POSITION ON ODER-NEISSE GAVE THE CHANCELLOR MUCH PLEASURE. SO THIS IS A GOOD MOMENT FOR YOU TO CONVINCE KOHL THAT OUR POSITIONS ON THE EXTERNAL ASPECTS OF UNIFICATION ARE REASONABLE AND CONVINCING. IT IS ALSO GOOD THAT YOU ARE SEEING GENSCHER ON THE EVE OF THE START-UP OF THE 2 PLUS 4 PROCESS.

6. I SUGGEST THAT WITH KOHL AND GENSCHER YOU MIGHT FOCUS PARTICULARLY ON TWO MATTERS: FUTURE SECURITY ARRANGEMENTS AND THE ARTICLE 23 PROCEDURE FOR UNIFICATION.

THE 2 PLUS 4 FORUM AND SECURITY ASPECTS

7. MY INDICATIONS ARE THAT THE GERMANS INTEND TO TAKE 2 PLUS 4 SERIOUSLY AT OFFICIAL LEVEL. GENSCHER'S INTENTIONS REGARDING THE MINISTERIAL LEVEL ARE UNCLEAR, AND YOU COULD ASK HIM WHEN HE WANTS A

FIRST MEETING AND WHAT SUBJECTS HE EXPECTS TO HANDLE AT THAT LEVEL. I DO NOT HAVE THE IMPRESSION THAT THE GERMANS ARE FULLY SEIZED OF THE NEED TO CONCERT POSITIONS AMONG THE WESTERN FOUR, ESPECIALLY ON SECURITY MATTERS, BEFORE CONFRONTING THE RUSSIANS. TO DO SO IS IN BRITISH INTERESTS. IF WE DO NOT TIE THE GERMANS DOWN IN ADVANCE, THERE WILL BE A RISK OF THEIR NOT STANDING UP TO SOVIET PRESSURE ON SECURITY MATTERS AS MUCH AS WE WOULD LIKE. THIS IS PARTICULARLY IMPORTANT GIVEN THE INCREASING CLARITY OF SOVIET STATEMENTS THAT GERMANY SHOULD NOT BELONG TO NATO AND BECAUSE OF THE CONTRADICTIONS WITHIN EACH OF THE DIFFERENT POSITIONS OF KOHL AND GENSCHER:

(A) KOHL TOLD BUSH THAT NATO ARTICLES 5 AND 6 SHOULD APPLY TO EAST GERMANY, YET HE RALLIED QUICKLY TO GENSCHER'S SQUASHING OF STOLTENBERG OVER THE QUESTION OF BUNDESWEHR FORCES BEING STATIONED IN FUTURE IN EAST GERMANY. SO WHAT MILITARY ASSETS WOULD MAKE THE GUARANTEE CREDIBLE?

(B) EVEN KASTRUP, GENSCHER'S POLITICAL DIRECTOR AND CLOSE ADVISER, CLAIMS NOT TO KNOW WHETHER GENSCHER WANTS ARTICLES 5 AND 6 TO APPLY TO EAST GERMANY. GENSCHER'S STATEMENTS ARE COMPATIBLE WITH ITS NOT APPLYING. HE MAY BE STALLING UNTIL HE SEES THE SOVIET HAND. HE MAY WANT IN THE COMING MONTHS TO MAKE PROGRESS TOWARDS A EUROPEAN SECURITY SYSTEM WHICH COULD IN TIME SUPERSEDE ALLIANCES.

ARTICLE 23

8. IN FAVOURING UNIFICATION BY THIS ROUTE, THE FEDERAL COALITION IS GOING FOR THE SIMPLEST PROCEDURE AND ONE WHICH AVOIDS A CONSTITUTIONAL ASSEMBLY WHERE THE SPD COULD HAVE A MAJORITY. SINCE THE NEW EAST GERMAN GOVERNMENT WILL DECIDE WHETHER TO SEEK UNITY BY THIS MEANS, ACCUSATIONS THAT THE COALITION IS DEMANDING ANNEXATION (ANSCHLUSS) OF EAST GERMANY, A CURRENT SOVIET DIG, ARE UNJUSTIFIED. THE FEDERAL GOVERNMENT HOPE THAT THE IDEA OF USING ARTICLE 23, SINCE IT CAN OPERATE QUICKLY, CAN HELP TO REASSURE EAST GERMANS ABOUT THE FUTURE AND THUS TO STEM MIGRATION. THE OTHER SIDE OF THIS COIN IS THAT THE PROCESS OF UNIFICATION COULD STREAK AHEAD OF 4 PLUS 2 DISCUSSION OF EXTERNAL ASPECTS. YESTERDAY IN THE BUNDESTAG KOHL AND GENSCHER SOUGHT TO REASSURE OTHER COUNTRIES ON THIS POINT. FEDERAL MINISTERS AND OFFICIALS, WHEN ASKED ABOUT IT, ARGUE VARIOUSLY THAT THE EAST GERMAN GOVERNMENT CAN BE PERSUADED TO DELAY A MOVE UNDER ARTICLE 23 UNTIL PROGRESS HAS BEEN MADE ON INTERNATIONAL ASPECTS, OR THAT IMPLEMENTATION OF AN EAST GERMAN DECISION UNDER ARTICLE 23 BY MEANS OF LEGISLATION IN THE BUNDESTAG CAN BE MADE TO TAKE SOME TIME. I WONDER WHETHER THESE POINTS WOULD HOLD IF PRESSURE OF MIGRATION WAS STILL STRONG.

CALL ON BRANDT

9. BRANDT, HONORARY CHAIRMAN OF THE SPD IN EAST AS WELL AS WEST GERMANY, IS RIDING HIGH AS A - VERY ACTIVE - GRAND OLD MAN OF GERMAN POLITICS. YOUR CALL ON HIM IS AN OPPORTUNITY TO ASK ABOUT SPD THINKING, WHICH IS EVOLVING. MOST SPD POLITICIANS SEE GERMANY BEING IN NATO AFTER UNIFICATION, AS A TRANSITIONAL STAGE UNTIL A NEW EUROPEAN PEACE ORDER IS IN PLACE. LAFONTAINE (WHO HAS NOT YET FORMALLY AGREED TO BE SPD CHANCELLOR CANDIDATE IN THE DECEMBER ELECTIONS) IS TAKING THE LINE THAT A UNITED GERMANY CANNOT BELONG TO NATO. YOU COULD ALSO ASK BRANDT WHETHER LAFONTAINE, WHO APPEARS TO BE LESS OF AN ENTHUSIAST ABOUT UNIFICATION THAN BRANDT HIMSELF NOW IS, MIGHT, WHEN THE EAST GERMAN ELECTION IS OUT OF THE WAY, SEEK TO ARTICULATE THE FEARS OF ORDINARY PEOPLE IN WEST GERMANY ABOUT THE COSTS OF EAST GERMAN IMMIGRATION AND OF UNIFICATION ITSELF.

MALLABY

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