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GERMAN DEMOCRATIC REPUBLIC: ANNUAL REVIEW FOR 1985

*Her Majesty's Ambassador at East Berlin to the
Secretary of State for Foreign and Commonwealth Affairs*

SUMMARY

Relations with the USSR stabilised. The GDR views optimistically Gorbachev's firm assumption of power and his policy of dialogue with the US. Moscow suspects but respects Honecker (paragraphs 1-2).

2. Relations with Bonn coast along but without a Bonn visit (paragraph 3).

3. The pro-Soviet distortions over VE Day and its run-up (paragraph 4).

4. Nevertheless a year with high points of dialogue, especially with NATO countries. Your visit was politically educative and commercially promising (paragraph 5).

5. The economy; GDR external ratings creep up but the consumer still gets little. A mixed, average year on human rights (paragraphs 6-7).

6. Honecker, fit and in charge, anticipates that his Party Congress in April 1986 will go smoothly, confirming current policies. UK/GDR relations should remain on the upgrade (paragraphs 8-11).

*East Berlin
22 January 1986*

Sir,

Relations with USSR

The year began still under a cloud from 1984's disappointments caused by Moscow and the Super Power Freeze, the non-visit to Bonn and the Olympic ban, and with the prospect of further awkward grovelling to Moscow to come during the Fortieth VE Day celebrations in May 1985. But, as I wrote last January⁽ⁱ⁾, Honecker did not then look much chastened by his disappointments, more like a man biding his time and ready, weather permitting, to resume ploys of mild political adventurism. His coolness was justified by a 1985 which brightened up steadily and in which UK played a larger part.

(i) DD 1985/9

2. The GDR were pleased that the Shultz/Gromyko meeting in January at least produced a communique as a basis for further arms negotiations. They reprinted but did not like Gromyko's subsequent pessimistic line, and were glad when he was removed to the Presidency of the USSR after Chernenko's death. The arrival of Mr Gorbachev, and his rapid, determined approach towards a multitude of problems, confirmed their tentative optimism about him. The GDR's own problems had been complicated, sometimes even caused, by Soviet foginess and factions of the last years. Mr Gorbachev's steady determination to press ahead with Super-Power dialogue up to and after the November Geneva Summit was particularly applauded. Not all Gorbachev's policies will, perhaps, be quite so welcome, and the GDR may have to pay a price, eg in excessive COMECON interdependence or in larger defence-cost contributions, for the firmer hand in Moscow. But Honecker certainly calculates that, on balance, the change is a good one. He needs an improving Soviet economy, having recently bound the GDR to it by further long-term agreements, and he welcomes a context of *detente* to develop his own room for manoeuvre. On their side the Soviets have long-standing suspicions about Honecker's tendencies towards independent paths, but he is able, cautious, wily and tough, difficult to catch out. Soviet respect for him outweighs their suspicions. When Moscow attempted an open reproof, after a week last September when the Party paper had continually featured West German visitors, Honecker simply ignored it.

Relations with FRG

3. The stabilising of the GDR's ties to the Soviet suzerains has not sufficed to bring a ticket to Bonn. Willy Brandt, visiting in September, got the impression that Honecker regards a Bonn visit as the crowning stone in the arch of his policies. It would put down a marker in inner-German relations, irrespective of any success in achieving the so-called Gera demands, and would create an atmosphere and a new respectability in which some progress on some of them would be more achievable. Whatever the detailed arrangements and timing — there is now rather a narrow window for 1986 — an eventual visit is unavoidable, and some of the GDR's poor-relation complex will be assuaged. Hardliners pretend no such complex exists, and unwisely mounted a campaign in March to show how many voluntary GDR exiles now in the FRG regretted their errors and wished to return. It was a one-day wonder, ending in recriminations, denials, and openly expressed fears that eventual returners from the West, if they materialised at all, might queue-jump for flats! Those queues are still embarrassingly long. West German aid and earnings — including large earnings from West Berlin — are determinant in reducing shortages within the next few years. West German attitudes have remained generous and long-term in 1985, philosophically accepting the blowing hot and cold, the imagined insults, the arrogance and gracelessness of the deprived brother. The Federal Government patiently negotiated agreements on roads, on cultural exchanges, offered environmental assistance and generally made the best of things. Kohl signed a joint communique helpful to Honecker when they met at Chernenko's funeral, and did not show resentment at the SED/SPD Party-to-Party agreement on chemical weapon free zones. The FRG accepts that Honecker is the best GDR leader they have or are likely to have, and that he will co-operate in strengthening practical and profitable German/German links, while eschewing what he calls "dangerous Greater Germany nonsense".

VE Day

4. The Fortieth Anniversary of VE Day and its run-up tested the contradictory pulls of German blood and Soviet piety. Those Germans who remember the facts of the War were asked, not to face them squarely in the noble words of Federal President von Weizsacker, but to deny the past, and to seek salvation by retrospective association with the small band of anti-Fascist activists and even smaller one of pro-Soviet exiles. These unworthy tactics were helped by President Reagan's ill-omened visit to Bitburg cemetery. We had our own awkward moments, noting insults for the anniversary of the bombing of Magdeburg (January, 1945), anticipating them for Dresden (February

1945) and generally suffering from GDR's selective memory and distortions. We made some stiff representations with partial success. At least in the event Dresden passed off well — perhaps too quietly for the Soviets whose acolytes here had publicised the lie that the Anglo-Americans had destroyed Dresden wantonly and hypocritically in order to warn our Russian Allies of our air power. The Soviets had the last word in the commemorations. Invitations to the crowning event on 7 May, while honouring the Anti-Hitler Coalition in name, showed a single Soviet flag smashing the Swastika. We declined. Honecker had been forced to bow low to the Soviets in their one-sided hour of triumph. He was glad to get it all over, not least as he himself had not fought with the Red Army.

Wider International Dialogue and its Benefits: UK's share

5. One prostration does not make a season. Both before and after May, the GDR has enjoyed a record year of international dialogue, still formal maybe but persistent, and with particular emphasis on NATO countries and neutrals. Your visit in early April set the tone. Honecker also received his first Allied Prime Minister, M Fabius; visited his first NATO and EC capitals, Rome and Athens; had an audience with the Pope and made or received several other visits which were important in style if not in substance. To judge from our own experience, even relatively set-piece exchanges can be illuminating. They are also, I believe, profoundly important in the character-building of this tough-looking but deeply complexed and surprisingly vulnerable leadership. Hence ordinary diplomatic discourse, at a high level, can be educative and reassuring for the GDR, as well as gratifying and symbolic. It is a natural heavy-weight in Eastern Europe still seeking a role. This search, cautiously pursued, made them particularly glad to welcome a guest who is able to speak with authority on the whole range of today's international problems. Your arrival had been well prepared in the three preceding months by visits by the Planning Department, the Political Director and Mr Paul Channon respectively, and was followed in the autumn by Mr Jopling and by FCO Defence Department. Dialogue, under these circumstances, has a chance. Three useful exchanges of letters on environment, agriculture and health were signed in the year. The GDR have repeatedly reaffirmed that they want to keep up the pace. We explain that, with the best will, we cannot do so unless some economic and commercial stuffing, in the form of major contracts, fills out our increasingly amiable words. Honecker took the point in mid-air. His promises for extended and better balanced trade were overdue (this year's British exports were only £60 million against imports four times greater), and subsequent negotiations for long-term major contracts and some smaller contract signatures show welcome movement in the right direction.

Economic Progress and Trade Relations

6. If we succeed, it will be in conditions of intense competition. The GDR is internationally regarded as a sound if unspectacular market; and, by the evidence of several new loans raised in the year, as a sought-after debtor, commanding as unsullied a reputation for prompt payment as for take-it-or-leave-it bargaining. It now has a small cash mountain; next year the artificially high debt-services ratios that frightened most bankers, except British, will subside. This progress has been won at cost to the consumer, who has seen his real standard of living only inch forward, perhaps by one to two per cent per annum, against the official claims of four to five per cent for GNP. The queues for flats and cars have, if anything, lengthened in 1985. Anomalies and illogicalities within this subsidised system of unreal prices — the so-called 'Unity of Social and Economic Policy' — flourish and increase. Habits of overmanning are resistant to modernisation. Honecker's recent drive towards better work motivation through cash bonus payments is only a start; anyhow these bring new privileged classes. Some useful steps towards pollution control and decentralisation of the Administration were taken in the summer, but they were painfully slow in coming, and implementation may prove even slower.

Living Conditions and Human Rights

7. The slow rate of material improvement and living standards is in parallel with equally minor cultural and spiritual alleviation. GDR implementation of the CSCE Final Act has been mixed. About 20,000 exit permits, slightly above 'normal' but less than last year, were granted. The number of visits to and from the GDR was up and FRG/GDR youth exchanges are to be resumed. More and more ordinary GDR citizens want to travel, but the Government keeps the lid tight. While we got, through perseverance, some permissions for special cases on humanitarian grounds, on others the GDR remain obdurate, even resentful. When we do succeed, it is best not to crow too much, for the sake of the rest. The Churches, who had a quietly successful year, kept a tactfully low profile. When attacked, they mostly came out on top. No-one knows the number of political prisoners, many of whom are incarcerated for attempting to leave the GDR. But often it has the compensation of being Purgatory before eventual expulsion to, and buying out by, the FRG. These strange anomalies, like the acceptance of West German TV as the dominant entertainment medium, are increasingly accepted as facts of life from which all interested parties can derive their share.

Honecker's Role

8. An energetic 73, Honecker continues to dominate Party and Government. His skilful and realistic management reduces the conflicting pressures on and within the GDR — especially that of a well-informed (in East European terms) and enterprising people hankering to enjoy the interests and satisfactions of the modern world. He is getting milder in manner, charms visitors, cajoles colleagues where he can. He was lucky this year in Politburo affairs; two old-style hardliners removed themselves; General Hoffmann by death, Konrad Naumann by an error of tactics which Honecker used instantly to secure his removal. A successor will find it hard to match Honecker's skill. There is no sign that he intends giving up any of his real power, despite much speculation, though he has continued to groom and promote Krenz.

Prospects for 1986

9. The GDR rides into 1986 on the crest of a small wave. Production slowly advances, problems remain manageable (if relatively and temporarily). The policy of Dialogue which Honecker pursued, as he has said publicly "even in difficult times", has proved correct; relations with the Soviet Union have returned to normal or perhaps a touch better, and with the FRG coast profitably along. Harvests have been satisfactory; Party membership is maintained without too much difficulty at about one in every six adults; apparent Party unity at the top is maintained without undue cult of Honecker's personality: some more gestures have been made to national history and even Bismarck was passably reincorporated. All this gives rise to improved GDR self-confidence, perhaps to the extent where Moscow can legitimately feel that its success with the GDR has rebounded. But the GDR is careful not to hold itself up as a model. Innovations are performed by steadiness and stealth, and typical GDR secretiveness. The GDR reacted almost with suspicion when Moscow experts praised aspects of their performance. The Politburo are not naturally modest people, but see themselves stuck, for an indefinite time, in a delicate balance, political, economic and psychological, which affects all their fundamental problems; the dilemma of national identity; the practical difficulties of innovation and leadership in a political climate which smothers most new ideas, intellectual or industrial; an increasing popular tendency to fiddle the system; rapidly rising costs in key areas of social policy, notably housing, and continued dearth of consumer durable goods at acceptable prices and so on. Honecker needs more *Spielraum* less external supervision, to cope.

10. Compared to others in the Warsaw Pact, Honecker can be optimistic. He will attend next month's CPSU Congress, and will expect and hope to see the Gorbachev line decisively confirmed.

This will ensure the readoption of his policies at his own *Parteitag* in April, when the 'Old Guard' will be further thinned, but the themes will remain continuity, rationalisation and dialogue. Preparations have already foreshadowed these, if with the reluctant promise that, here too, more must be done for the consumer.

11. We can look forward to the GDR further stretching its wings. Berlin questions – despite perhaps some hard words next August when the Wall is 25 years old – should remain quiescent. Herr Fischer will visit you towards the end of the year. 1986 should see our relations, both political and commercial, still on the upgrade.

12. I am sending copies of this despatch to Her Majesty's Representatives at Bonn, Warsaw Pact Posts, Belgrade, Washington and Paris, to the UK Permanent Representative NATO, the GOC Berlin (British Sector) and the Commanders-in-Chief BAOR and RAF Germany.

I am Sir
Yours faithfully

T J EVERARD