



Prime Minister

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**TOP SECRET PERSONAL**

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MR. ALEXANDER

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I delivered the Prime Minister's personal message for the Federal Chancellor to Herr Bernd von Staden at the Bundeskanzleramt on Friday, 11th July at 5.00 pm. Herr von Staden said that the Chancellor was leaving for Hamburg in an hour's time; in case he might have any comment on the Prime Minister's letter, he would take it straight round and give the Chancellor the opportunity of reading it before he left for Hamburg. After a short time Herr von Staden returned and said that the Chancellor would like to see me himself.

2. The Chancellor made no comment on the substance of the Prime Minister's message, though he said that he thought that the timing was good. He went on to ask me to convey to the Prime Minister a message from him about his visit to Moscow.

3. The Chancellor said that when he was in Moscow he had talked to the whole of the Soviet leadership, not just on one but on three occasions; and, he said, he had spoken with a determination and stubbornness which could not have been surpassed by the Prime Minister herself. What he had said had not differed in any respect from what had been agreed at the two meetings in Venice. Mr. Brezhnev and Mr. Gromyko were the only two people in the world who knew that what President Giscard had said in Warsaw, what Chancellor Schmidt had said in Moscow and what the Community and Western leaders assembled in Venice had said on East-West relations and Afghanistan were identical. He had also repeated the message in his speech at the official dinner, and in the published reports some sections of that speech were omitted and the Soviet Press had made up for the omissions by paragraphs which began:

"It is a pity that Chancellor Schmidt did not say ...."

The sophisticated Soviet reader would understand.

4. The Chancellor said that he had once again made it clear to the Soviet leadership, and he thought that they understood, that they could not drive wedges between the members of the Western Alliance, and that there would be no tacit acceptance of the invasion of Afghanistan.

  
**TOP SECRET** AND PERSONAL

5. The Chancellor thought that the Soviets had miscalculated the risks they were running by invading Afghanistan, both the risks in Afghanistan itself and the risks of public condemnation by the rest of the world, including the Third World and the Islamic countries. He thought that they had been puzzled by the Western reaction, and wanted to limit further damage. The recent withdrawals had been merely propaganda: the troops concerned were of no particular use to them in Afghanistan. After the Olympic Games they would have three options: either to come out of Afghanistan - which the Chancellor thought was inconceivable - or to go to the opposite extreme, move in in great strength and crush the opposition all over the country, or to hold the main cities and specific key points but not to try to subjugate the rebels in the remoter parts. He had made it very clear to the Soviet leadership that an intensification of their military strength and activities in Afghanistan would further damage their relations with the West.

6. The Chancellor said that the Olympic Games, and the possibility of West Germany after all participating in them, had not been mentioned during his talks, though one could see from the Lenin Hills the Olympic Stadium and all the floodlights for the Games.

7. He said that the Russians were interested in the ratification of SALT II. They could not understand why President Carter could not proceed with the ratification. He had endeavoured to explain to them the reality of President Carter's problems with Congress, but he did not think that he had made much impression. They genuinely failed to comprehend a system in which the Government could be prevented from doing what it wanted to do by a Parliament. He said that he found the Soviet leadership apprehensive about the unpredictability of the present United States Administration. He commented on two aspects of the Soviet leadership: their elderliness and their extreme isolation. Both of these characteristics tended to root their thinking in the past and make them cautious, even nervous, in looking into the future. The Chancellor stressed in particular the isolation: it seemed that none of the

**TOP SECRET** AND PERSONAL



**TOP SECRET** AND PERSONAL

Politburo spoke any other language but Russian and that meant that everything which they read and heard about the outside world was at second hand and filtered. It was very important that some direct bridges should be kept open.

8. The Chancellor said that the Soviet leadership had hinted at a new initiative on troop withdrawals in Europe by Russia and the United States. They appeared to be ready to talk in terms of withdrawing 34,000 men (a figure which was subsequently increased to 40,000) in exchange for the withdrawal of 13,000 American troops.

9. On personalities, the Chancellor said that Mr. Brezhnev was in a good deal better shape than when he had last seen him two years ago. I asked whether Mr. Brezhnev seemed to be in command and control; the Chancellor said that he was very much in command, though he was not clear whether he was in control. It was noticeable that he had spoken only from briefs, either those which he had in front of him or notes passed to him by Mr. Gromyko: he had not spoken extempore. He read well and clearly, but the Chancellor felt that he was either unable or unwilling to risk any departure from the Politburo line, to which it appeared that Mr. Gromyko's interventions were designed to hold him. He was walking with much greater ease than two years ago: cautiously, but not haltingly. The Chancellor described Mr. Kosygin as "fully present". He had intervened in the discussions of political and military matters, and he led the economic discussion "with sovereignty". But he went on a little too long for Mr. Brezhnev: at one moment Mr. Brezhnev turned to him and said: "How much longer are you going on?"; Mr. Kosygin replied "Only two or three sentences" and then drew to an early close. Mr. Gromyko was very much as usual, and very much in charge of the discussion of foreign policy. The Chancellor said that he had been much impressed by Mr. Suslov. Mr. Suslov had a good colour, though he must now be over 75. The Chancellor said that he had asked Mr. Suslov whether he read a lot, and Mr. Suslov said that he read two or three hours a day. The Chancellor thought that he was very much the guardian of the pure milk of the dogma.

**TOP SECRET** AND PERSONAL



10. The Chancellor asked about the state of the British car industry. I said that it was in considerable difficulties: demand for new cars had fallen sharply in the last two months. British Leyland's market share had dropped to a record low point a month ago, though it had picked up again in the last few months with the introduction of a new model. Industry generally was undergoing a severe liquidity problem, though some industrialists believed that they would be through <sup>with</sup> the ~~most~~ of this by September. The Chancellor said that he was very worried about the prospects for the world steel industry and the world car industry. He thought that the recession in the United States would last for twelve months. No recovery could be expected before the Presidential election, and the Chancellor was apprehensive about the possibility that uncertainty would be prolonged by an inconclusive result of the election: he had been reading what he described as "your papers" about the situation that would arise if there was no overall majority in the electoral college for Carter or Reagan - Anderson had only to capture one large state for this to happen - and there was an interregnum of several weeks or months, with Mr. Mondale as Acting President, while the system produced a successor.

11. Turning to President Giscard's recent visit to Germany, the Chancellor said that it had gone very smoothly. The Chancellor three times referred to the President as "my friend Valery Giscard", but there seemed to be more of irony than warmth in this repeated use of the phrase. The Chancellor said that the President had been well received by the population, and had handled his speeches and public appearances well. The Chancellor had welcomed the fact that the President had publicly committed himself to the modernisation of the French "force de dissuasion"; he had liked the timing of the speech, before his own visit to Moscow. During the President's visit, the Chancellor had reviewed French troops, and he and the President had also conducted a joint review of French and German troops. There had been some talk of closer co-operation between France and Germany in defence matters, but the Chancellor did not think that there was very much behind that, and there was certainly no question of nuclear co-operation. The Chancellor made it clear that the emphasis on closer defence co-operation had



come from the French side. I asked him whether the President was thinking in terms of co-operation with Germany, or more widely with NATO. He said that the first was right, though it was his personal view that it would lead on to the second.

12. I had of course started by conveying the Prime Minister's greetings to the Chancellor, together with a statement of her wish that he should be told in good time and before he went on holiday the contents of her message; and I was accused for my pains of talking like a diplomat, a charge which I did my best not to deserve for the rest of the meeting, which lasted for about an hour. It concluded by the Chancellor sending his good wishes to the Prime Minister. I was to tell her, he said, that I left a Chancellor still at work at 6.00 pm on Friday evening, and with three hours more work still to do.

13. After my meeting with the Chancellor, Herr von Staden said that the Chancellor was aware that there was some feeling on our part that Herr Genscher had failed to brief the Foreign and Commonwealth Secretary after the visit to Moscow; he thought that a desire to make amends for this in some degree was one of the factors behind the Chancellor's decision to talk to me himself.

14. I am sending copies of this minute to Mr. Walden and Mr. Norbury.

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ROBERT ARMSTRONG

14th July, 1980