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MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with Chancellor Helmut Kohl of the Federal Republic of Germany (U)

PARTICIPANTS: The President
Helmut Kohl, Chancellor
Robert Hutchings, NSC Staff (Notetaker)
Gisela Marcuse, Interpreter

DATE, TIME AND PLACE: November 29, 1989, 8:27 - 9:02 a.m. EST
The Oval Office

The President initiated the call. (U)

The President: How are you, Helmut? (U)

Chancellor Kohl: It is nice to hear your voice. I am well. Things are going well. The economy is going well. But the better things are, the more difficulties people make. (U)

The President: You're a star of American TV. (U)

Chancellor Kohl: I would like to come back to my letter and discuss a few points, especially in preparation for your summit meeting with Gorbachev. Then I would like to know what our dinner would look like. Would Jim Baker be there? (Ø)

The President: Sure, he will be, if that's okay with you. (U)

Chancellor Kohl: I only need to know whether we should bring Genscher. (Ø)

The President: We're talking as personal friends, but I leave this to you. Normally I would invite Baker, Scowcroft, and Sununu; but if that's any problem for you, we can do it just as White House staff. (Ø)

Chancellor Kohl: I propose first with the White House staff, with Baker coming in later. (Ø)

The President: That is agreeable, but Baker can go off. Why don't I suggested Sununu, Scowcroft, and me. And you bring two people. How does that sound? (Ø)

Chancellor Kohl: I think that's a great idea, but I have nothing against Jim Baker joining us at a later point. I have great

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admiration for him. He is one of the outstanding figures of our time. (Ø)

The President: He understands. There will be no problem. Let's say we bring three and you bring three, then Baker comes for coffee. (Ø)

Chancellor Kohl: I'll bring Horst with me. (Ø)

The President: Good. I want to hear his views as well as yours. (Ø)

Chancellor Kohl: I would like to come back to my message. It is extremely important now to stabilize developments. Let me turn first to the USSR. I think it would be useful for you to get Gorbachev to analyze his internal situation. I just had a meeting with his Vice Prime Minister for Economic Affairs, who told me they have enormous problems. This winter it is already minus 27 degrees, which is very harsh even by Soviet standards. They have gigantic transport problems. The main problem is not that they lack coal but that they lack the ability to transport it. To my mind, the situation is worsening rapidly. They will have a tremendous problem with supply and distribution, which will have a tremendous impact on the people and their morale. This won't for the time being affect his standing, but the number of disaffected is growing. On December 12, the Supreme Soviet will be in session again. Discussion will be very open on a number of proposals. I am convinced that the difficulties for Gorbachev in the Supreme Soviet will increase, but I still see no alternative to him. I wouldn't be surprised if he tries to get a tighter hold. The question may arise, even in your meeting, to what extent the West could provide the Soviet Union with consumer goods. My advice is that we should try to avoid anything that would destabilize him. (Ø)

This has implications for other states. Hungary, for example, is dependent on Soviet energy. I met their Prime Minister a few days ago for a two-hour talk. He told me the Soviets have cut energy deliveries to Hungary by 30 percent. They said they couldn't provide more. It may well be he will require help by January or February. Between the two of us, I'm going to help him [Hungarian Prime Minister Nemeth]. If we don't, if it means the downfall of the reform program, this could have catastrophic consequences. Poland also has difficulties, but the Mazowiecki Government has more public support than Nemeth. There is also the Church's role in supporting the government. In Bulgaria, it is too early for a final judgment. The present leadership has a transitional role. The economic situation is rather favorable. In Romania, there are signs of opposition, but it is weak. Czechoslovakia has been dramatic. I don't think the present regime can maintain its position, but I consider it capable of using the police to a massive extent. Czechoslovakia and Poland have one thing in common: intellectual leaders not discredited by the past regime. They are different from the GDR, where most of the intellectuals have been relying on the support of the regime. In Czechoslovakia, what is happening is of immense importance. (Ø)

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The situation in the GDR is dynamic -- through demonstrations and peaceful means. People are shocked and disappointed at the corruption. They are not sure that Krenz will survive the December 15 Congress. The new Prime Minister may become Chairman of the Party. In a nutshell, things have changed a great deal. Therefore it is very important that as a whole the reform process keeps going. We will only be able to realize what the real structures will look like in a few weeks from now. My prognosis is that there will be free elections by the autumn of 1990 or the beginning of 1991. I believe the process has reached a stage that makes it irreversible. One reason is that they cannot avoid a mass exodus if they don't reform. They won't be able to close the borders. If they did, people would leave via Hungary. Hungary is not going to close its border. Therefore this places the GDR leaders in a very difficult situation. There are new groupings, also new political parties. It is too early to say how this will look. We will have to wait until the end of February. By that time, they will have passed a new election law -- if the opposition groups approve, which is a precondition for our supplying aid. I will see the leading people in the GDR this year but am waiting until the outcome of the Party Congress to see who's in the chair. (φ)

This was the meaning behind the ten point program I sent yesterday. There are three equal divisions. First, we must act with reason and caution. Everything in central Europe and Germany will have enormous impact. For me personally, this means everything I do will be coordinated with our American friends. The second point is the will of the people, what they desire. Public reporting on the news gives a distorted picture. It will become clear after the elections. It will be the same as in Poland. If there are genuine elections, they will throw out all in the government. Third, it will be a long-term process. They will remain in the Pact and we, in NATO. The security dimensions are of great importance. A final point: when you speak with Gorbachev, it will be important if you make progress on the agenda Baker and Shevardnadze discussed in Wyoming -- on START, the Vienna negotiations, and CW. (φ)

To summarize: I'm not pompous, but in view of the developments in Europe at the present time, we in Germany have an enormous responsibility of which I am well aware. It is very important that our American friends know everything we are doing. The same is true of our European friends in the EC. A week from now, in Strasbourg, I will see to it that we make progress with respect to the Economic and Monetary Union. I think it a great mistake on Maggie's part to think that this is a time for caution. It is an iron law that there will be no going it alone in German policy. It is our responsibility that we are anchored in a general whole. (φ)

George, I did not forget that this has been possible only because of the United States -- your solidarity, your presence in Berlin. Without this, it would not be possible. History left us with good cards in our hands. I hope with the cooperation of our American friends we can play them well. (φ)

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The President: This was a very timely and full report. We have watched your statements with interest. I am very supportive of your general approach. I note your stress on stability. We feel the same way. Stability is the key word. We have tried to do nothing that would force a reaction by the USSR. We are not exhorting people. We are not conducting ourselves that way. We are on the same wavelength. I appreciated your ten points and your exposition on the future of Germany. I had our top analysts in talking about that last night. (Ø)

Chancellor Kohl: Thank you for your good words. Germans East and West are listening very carefully. Every word of sympathy for self-determination and unity is very important now. (Ø)

The President: On my meeting with Gorbachev, there is hyper-interest in our country. Two to five thousand journalists will be going to Malta. (U)

Chancellor Kohl: That will mean more journalists than inhabitants. (U)

The President: We will discuss arms control items. It will be an open meeting, but we have told our press not to expect bold proposals. We are part of an Alliance and will not surprise the Germans, British, French, and others. We are not unwilling to talk about arms control, but I will not be stampeded into a broad Reykjavik game that is unsettling to our Allies. (Ø)

Chancellor Kohl: Very good. That is completely in harmony with our intentions. One piece of information: this is very important to Gorbachev and the people around him who are not being treated very kindly at home. The meeting, psychologically speaking, is very important. If the question arises of his needing help.... (Ø)

The President: We recognize the Soviet Union as a sovereign nation that has great pride. Shevardnadze said recently that he didn't want America to "bail us out." I will be sensitive, but will want to see what I can do to help. We want him to succeed. In the briefings I have had, it is apparent that the Soviet economy is much worse than I realized before in-depth study. I will help, but in a sensitive way. (Ø)

Chancellor Kohl: That is the right line. There is no doubt that the meeting will be a success. Everything I heard about the Baker-Shevardnadze meeting in Wyoming confirms that. We will give any support we can provide. I have to go far back -- to Adenauer -- to find a relationship as strong as yours and mine. (Ø)

The President: We will go forward cautiously, but will be forward-leaning on arms control and other issues -- as part of a strong Alliance. I've been criticized for being too cautious, but, first, things are going our way and, second, stability should be the by-word. We don't want inadvertently to create instability. (Ø)

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Chancellor Kohl: I look forward to seeing you soon. (U)

The President: Thank you. I will see you Sunday. Love to Hannelore. (U)

-- End of Conversation --

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