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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Call from Chancellor Helmut Kohl of
the Federal Republic of Germany (U)

PARTICIPANTS: The President
Helmut Kohl, Chancellor
Notetaker: Robert Hutchings

DATE, TIME October 23, 1989, 9:02 - 9:26 a.m. EDT
AND PLACE: The Oval Office

Chancellor Kohl initiated the call. (U)

The President: How are you? (U)

Chancellor Kohl: Fine. I am glad to hear your voice. I saw pictures of your visit to San Francisco and hope you will be able to give as much support as possible for that tragedy. (U)

The President: It is terrible, but the authorities there are doing well. We will help at this end in any way we can. (U)

Chancellor Kohl: I wanted to tell you briefly how I see events in Hungary, Poland, and the GDR. In Hungary, things are going the best. The people are incredibly courageous, and very determined. The present government is taking an enormous risk: the changes have their origin with the reform movement in the Communist Party, but it is not at all certain that the reformers will be able to get credit in the course of the election. It is quite possible that the Party will come in only second, and there might be a coalition. We have supported the Hungarians quite vigorously. In December I will go over for two days to give further support, also optically. (U)

The President: Where will you go? (U)

Chancellor Kohl: I will go to Budapest and perhaps also to a second city, but that is not certain. The economic situation is relatively good there. They can make it, though the next two years will be decisive. On November 9 I will go to Poland for four days. Our negotiations have been essentially concluded. I will do all I can to support the new government, especially in the economic area. With the EC, I intend to give assistance in human resources. This seems to be the problem, if I may put it bluntly: there is a lot of good will and many good ideas, but the Poles do

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not know how to put them into practice. They have to introduce currency reforms, a new banking system, and other steps to open up a new market-oriented economy. I will be doing what I can, and I will also take into account and work on what you have suggested, so that Western activities can be homogeneous. My feeling is that our Western friends and partners should be doing more. There is a difference between words and deeds. I also want to enter into a new phase with the Poles, 50 years after the outbreak of war. (Ø)

In the GDR, changes are quite dramatic. None of us can give a prognosis. It is not clear whether the new man will have the determination and the strength to carry out reform. Gorbachev told me that he had encouraged reform during his visit, but I am not sure how courageous he [new Party and state leader Egon Krenz] is. There is an enormous unrest among the population. Things will become incalculable if there are no reforms. My interest is not to see so many flee the GDR, because the consequences there would be catastrophic. Our estimates are that by Christmas we will have reached a total of 150,000 refugees, with an average age of under 30. (Ø)

My last point concerns the climate among the media in New York, the coast, London, the Hague, Rome, and Paris that, crudely speaking, holds that the Germans are now committed to Ostpolitik and discussions about reunification and that they are less interested in the EC and the West. This is absolute nonsense! I will again and again explain and declare my position. At the beginning of January, I will go to Paris to deliver a speech at a major conference. I will say publicly -- also to the left wing in the FRG -- that without a strong NATO, without the necessary development of the EC, none of these developments in the Warsaw Pact would have occurred. I am firmly convinced of that, and that will be my message. It would also be good for you, as soon as you can, to deliver a public message that progress in disarmament and changes in the east are possible only if we stand together. (Ø)

The President: I couldn't agree more. I have seen some of those stories, but I know your position and think I know the heartbeat of Germany. The strength of NATO has made possible these changes in Eastern Europe. We are seeing a spate of stories about German reunification resulting in a neutralist Germany and a threat to Western security. We do not believe that. We are trying to react very cautiously and carefully to change in the GDR. We have great respect for the way the FRG under your leadership has been handling this situation. You have done a great job. (Ø)

I understand that Horst [Teltschik, the Chancellor's security advisor] is coming soon. We are very anxious to talk with him on this subject and also about Poland and Hungary. We are getting criticism in the Congress from liberal Democrats that we ought to be doing more to foster change, but I am not going to go

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so fast as to be reckless. On Poland, the Congress is pushing us to put forward more money, but we are moving forward. I asked our Congress to approve a \$200 million grant, which would be our contribution to the \$1 billion stabilization fund the Polish government has requested. I consider it vitally important that we help Poland as it implements its economic reform program in the context of an IMF agreement. I am also sending a high level team from the public and private sectors to consult with the Poles and help them as they decide how to implement these reforms. (Ø)

Chancellor Kohl: I consider that a very important step, especially to have people from the public and private sectors. Let me ask you to have one of your collaborators call Horst Teltschik to talk this over. We have a similar approach, which we discussed with Mr. Delors. We want the EC to do the same. After my trip to Poland, I will send Horst to discuss these matters. (Ø)

The President: Is Horst here now? (Ø)

Chancellor Kohl: He was in New York a couple of days ago. The next time I will have him come down. (Ø)

The President: I thought he was coming to Washington. (Ø)

Chancellor Kohl: No. He is back now. (Ø)

The President: I will ask General Scowcroft to call him. (Ø)

Chancellor Kohl: Any time. (Ø)

The President: We ought to get together for an informal session, perhaps a few hours at Camp David. (Ø)

Chancellor Kohl: I will think it over and find out when I can make it. It would have to fit into one day. (Ø)

The President: We can do that. It is important to talk things over about Eastern Europe. I will see Thatcher around the time of our Thanksgiving. It is important to signal the importance I attach to U.S. relations with the FRG, especially when we see some of these mischievous stories around. (Ø)

Chancellor Kohl: I understand and think it is a very good idea. (Ø)

The President: Let's stay in touch. General Scowcroft will call Horst and tell you more about our approach toward Poland and our support for the stabilization fund. Let me also say that I appreciate this call very much. (Ø)

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Chancellor Kohl: Thank you. I will call again before I go to Poland, around the 6th or 7th of November. (P)

-- End of Conversation --

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