

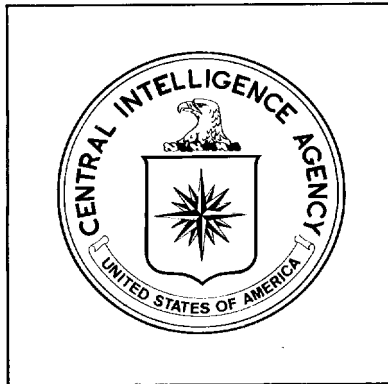
Confidential

No Foreign Dissem

~~BE~~

~~Root~~

Source



STAFF NOTES:

Western Europe Canada International Organizations

Confidential

No. 0165-75
April 1, 1975

101

Warning Notice
Sensitive Intelligence Sources and Methods Involved

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

Classified by 005827
Exempt from general declassification schedule
of E. O. 11652, exemption category:
§ 5B (1), (2), and (3)
Automatically declassified
on: Date Impossible to Determine

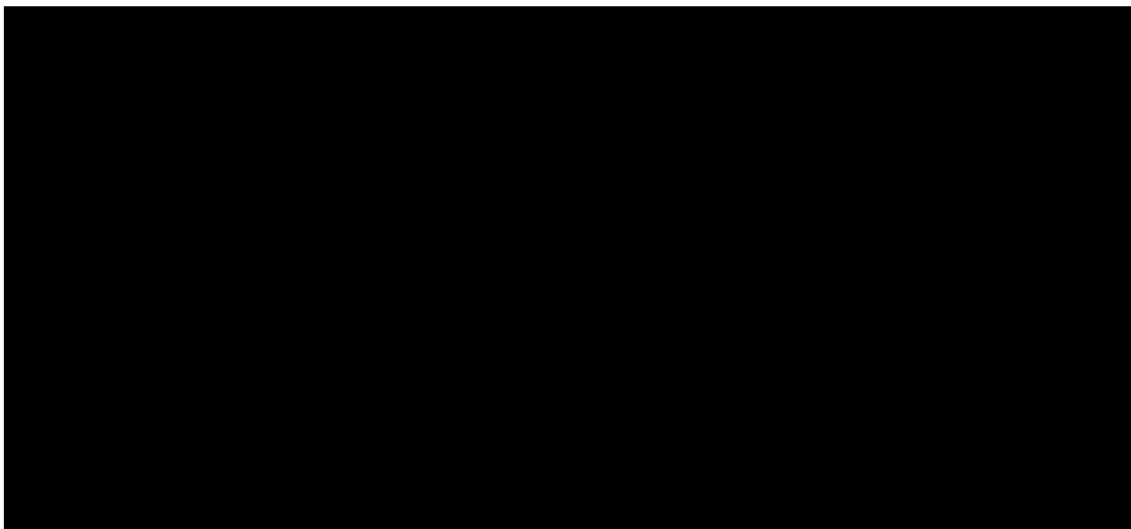
WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

CONTENTS

Berlin and the Quadripartite Agreement 1

25X1A



CONFIDENTIAL



25X1A

Berlin and the Quadripartite Agreement

More than three years ago, the US and USSR negotiated the Quadripartite Agreement on Berlin in hopes of removing a bone of contention between the Allies and the Soviet Union. After the pact was signed in June, 1972, access to and from the city became freer than at any time since the Berlin Wall was erected and the atmosphere of siege began to fade as Moscow and Pankow muted their threats.

|

3

There was a certain optimism among West Berliners, springing largely from plans to make the city a meeting place between East and West and a center for international exhibitions, congresses and scientific exchanges. The euphoria has now vanished. Periodic disputes with the Soviets and East Germans about West Berlin's relationship to the Federal Republic illustrate that the Quadripartite Agreement has changed little.

|

3

The agreement actually has become a new reference point for debate between the Allies and the Soviets. The agreement establishes limits to what each side may do to advance its interests in the divided city, but built-in ambiguities permit continued jockeying for advantage. For example, the agreement states that West Berlin is not a constituent part of the Federal Republic but at the same time it pledges that the city's ties to West Germany will be strengthened.

|

3

In acknowledging the conflicting objectives of the Western allies and the Soviets, the accord ensures that debate among the four wartime allies continues to be one of "challenge and response" as each side attempts to assert its interpretation of the document.

|

3

April 1, 1975

CONFIDENTIAL

~~CONFIDENTIAL~~

The Priority of Detente

While neither side finds itself completely satisfied with the Quadripartite Agreement, the delicately-balanced accord thus far has proved flexible enough to withstand disputes. It underscores the responsibility the four powers share for actions taken by the two Germanies affecting the status of Berlin.

The Soviets continue pursuing a policy aimed eventually at isolating West Berlin from its Western protectors as much as possible, but recent controversy over Berlin has stemmed from the interplay between Bonn and Pankow as they promote their vested interests in the divided city.

3
Bonn's willingness to strengthen ties to West Berlin by establishing a Federal environmental office there last summer and Pankow's earlier success in reducing inter-German travel by doubling the minimum currency exchange requirement were the most dramatic challenges to the atmosphere created by the Quadripartite regime.

The Allies and the Soviets have each supported the actions taken by their respective German allies, but the four powers collectively have not permitted these developments to become unmanageable.

The Soviet do not want disputes over Berlin to upset the political calm in Central Europe or to damage the prospects for a successful conclusion to the European security conference.

The Western allies, for their part, do not want to make improvements in Berlin's status the sole test of detente. They are, for example, unenthusiastic about supporting ambitious proposals to tie the city more closely to West Germany for fear of antagonizing the Soviets.

April 1, 1975

~~CONFIDENTIAL~~

Disappointed West Berliners

The broad perspective is not fully shared by the West Berliners; they are more skeptical about the alleged benefits of the Quadripartite Agreement.

West Berliners welcome the reduction of tension, but fear that the price may be a loss of the city's sense of mission and dynamism. They suspect that the Western allies are becoming complacent about Berlin despite signs of continuing, though more subtle, pressure from the Soviets.

They complain that Chancellor Schmidt lacks Willy Brandt's commitment to uphold Berlin's interests. Schmidt indeed has placed a higher priority on other matters and Brandt's dreams of expanding the city's international role are not likely to be realized.

Local Problems

The pessimism among the West Berliners has roots deeper than dissatisfaction with the Quadripartite Agreement. They are increasingly disturbed about the city's future, fearing that it may become not only a political backwater in an era of detente but that it may also decline economically.

West Berlin's economy continues to grow, slowly; unemployment, though increasing, remains rather low--only 2.7 percent at the end of 1974. This outward appearance of economic stability is deceptive. The city depends on large subsidies from the government in Bonn. West Germany's three major parties have agreed to continue subsidies until 1990 no matter who heads the national government.

April 1, 1975

West Berlin's dependence on Bonn's largesse stems not only from the lack of an economic hinterland, but also from the former capital's weak demographic base. The high death rate--largely the result of an inordinately high percentage of elderly--and the emigration of young people seeking more promising careers in the Federal Republic have caused a slow but steady decline in population.

Draft exemptions and tax incentives have failed to reverse the trend. The result is that the demand for labor can only be met by foreign workers, primarily from Turkey, who already constitute nearly ten percent of the total labor force. Social and ethnic frictions are likely to grow.

3
Recent terrorist attacks on two of the city's leading political figures and the subsequent tightening of security has only heightened the general sense of insecurity. The West Berliners, however, are not easily intimidated. The vast majority, moreover, are repelled by such violence and extremist political groups of right and left have attracted little support.

In the local election in March, the West Berliners, as usual, gave their overwhelming support to West Germany's three established parties.



A Shift of Focus

Whatever West Berlin's internal situation, its future as always will be shaped by others. In this regard, the two Germanies are playing an increasingly important role.

April 1, 1975

The Four Powers are responsible for all major matters affecting the city's status. While both Bonn and Pankow had clear political interests in Berlin prior to the Quadripartite Agreement, defense of their respective positions against the opposing big powers had to be based solely on the justification provided by their respective big power allies. Now, the Quadripartite Agreement and the related inter-German transit accords have formalized procedures for inter-German discussions on matters affecting Berlin and provided a basis for pursuing their interests there.

The compromise struck last November by Chancellor Schmidt and East German Communist party chief Honecker illustrates the extra dimension Berlin plays in inter-German relations. Bonn, in effect, offered to extend the interest-free saving credit provision that helps finance bilateral trade in return for a reduction in the minimum currency exchange requirement for visits to East Berlin and East Germany. Some West Berlin officials were critical of Schmidt's willingness to bargain for this concession but are now pleased that travel to East Germany is approaching the record level reached in 1973.

Talks began last week on ways to improve road, rail, and canal traffic in and around Berlin. Economic cooperation between the two states may also be discussed, particularly an East German offer to deliver electricity to West Berlin.

Even though the Schmidt government has been at the forefront of these developments, it has closely coordinated its moves with the US, Britain and France.

The Quadripartite Agreement also gives Bonn the responsibility for representing West Berlin abroad but the Soviets are attempting to

April 1, 1975

interpret this provision in the narrowest terms possible. The West Germans have struggled alone and unsuccessfully to defend this right in such matters as legal assistance for West Berliners, as well as in negotiations on scientific and cultural cooperation with the Soviets and East Europeans.

Soviet Objectives

3 This resistance from the East points to the crucial role the Soviets are playing in Berlin affairs. Moscow has a vested interest in maintaining the broad concept of four-power rights in Berlin and in Germany as a whole because this is the sole legal basis for the Soviet presence and authority in the area.

Moscow's legalistic stand is evident in its unwillingness to allow the East Germans to incorporate East Berlin fully into the German Democratic Republic.

The Soviets, on the contrary, continue to push for a very restricted interpretation of the Quadripartite Rights Agreement--claiming that it pertains only to West Berlin. This tactic is essentially a daily operational objective designed to isolate the city politically. To strengthen their legal position, the Soviets have expanded their official presence in West Berlin through the consulate general granted them by the Quadripartite Agreement.

An Uncertain Future

Geography and the prevailing political climate, allow the Soviets to play a more direct and continuous role in Berlin than permitted by any of the three Western allies. Bonn feels that the allies, for example, have done little to help expand international air traffic to West Berlin. The East Germans allow over-flight rights only to carriers destined for their

April 1, 1975

CONFIDENTIAL

airport in East Berlin. Tegel, the large new airport in West Berlin, seems destined to serve only allied carriers. The Schmidt government, which would like to overcome this problem, has so far been dissuaded from embarking on talks with the Soviets about the general civil air status of Berlin.

3

Energy supply for West Berlin is another problem. The city is the only major urban center in Europe not connected to an electric power grid. It depends entirely on imported coal and oil, and an energy shortage could develop in the early 1980s.

2

The Schmidt government has responded to a Soviet proposal to supply West Berlin and the Federal Republic from a nuclear generating plant in the western USSR if German firms are allowed to build the facility. The idea of building a nuclear plant in West Berlin itself raises a host of problems and was, in fact, considered and rejected by the Western Allies more than a decade ago. The negotiations are temporarily stalled. Moscow is dragging its feet, demanding better financial terms and is reopening questions about routing the transmission lines across East German and Polish territory. Moscow is using these arguments probably as a bargaining tactic, but the East Germans hope the negotiations will collapse. This would give them the opportunity to push their separate commercial offers to deliver energy to West Berlin.

1, 2
+ 3

Bonn prefers to deal directly with Moscow, and the West German industrialists involved in the project remain optimistic. Should the negotiations be concluded successfully, the Schmidt government will seek the approval of the Western allies to export nuclear technology to the USSR. The West Germans might interpret the lack of such approval as a sign of allied willingness to place their own interests ahead of ensuring a more secure future for West Berlin.
(Confidential)

1, 2
+ 3

April 1, 1975

CONFIDENTIAL

Confidential

Confidential