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AND TO IMMEDIATE UKREP BRUSSELS  
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TORONTO AND HANOVER SUMMITS: FURTHER GERMAN VIEWS.

## SUMMARY.

1. GERMANS WANT TWO HARMONIOUS FORWARD-LOOKING SUMMITS BUT DO NOT EXPECT (OR DESIRE) CONCRETE DECISIONS. AT TORONTO, THE PRIORITY WILL BE TO RENEW THE AMERICAN COMMITMENT TO THE OPEN TRADING SYSTEM AND COOPERATION IN INTERNATIONAL MACRO-ECONOMIC MANAGEMENT. AT HANOVER, THINKING ABOUT POST 1992 SHOULD BEGIN, ESPECIALLY AS IT CONCERNS THE RICHER MEMBER STATES OF THE COMMUNITY.

2. MINISTER (ECONOMIC) CALLED ON TIETMEYER (FINANCE MINISTRY). IN REPLY TO A QUESTION ABOUT GERMAN ASSESSMENT OF PROSPECTS AND THE FEDERAL GOVERNMENT'S PRIORITIES FOR TORONTO AND HANOVER, TIETMEYER SAID THAT THE SAME AIM WAS GOOD FOR BOTH: THAT THEY SHOULD BE HARMONIOUS, NOTE PROGRESS UP TO DATE AND, IN GENERAL TERMS, MARK THE ROUTE FORWARD.

## TORONTO

3. TIETMEYER SAID THAT TORONTO WAS BOUND TO BE SOMETHING OF A PARTY FOR REAGAN. THE ECONOMIC ACHIEVEMENTS OF THE REAGAN YEARS (REDUCTION IN INFLATION, LIBERALISATION ETC) SHOULD BE HIGHLIGHTED. BUT IN THE DYING DAYS OF HIS ADMINISTRATION, IT WOULD BE USELESS, AND POSSIBLY CONTERPRODUCTIVE, TO TRY TO TIE THE AMERICANS DOWN TO SPECIFYING WHAT FURTHER STEPS THEY PROPOSED TO TAKE TO REDUCE THE TWO DEFICITS. MORE USEFUL WOULD BE TO GET THE AMERICANS TO COMMIT THEMSELVES IN GENERAL TERMS TO CONTINUING TO SUPPORT AN OPEN TRADING SYSTEM AND PLAY AN ACTIVE PART IN COOPERATIVE INTERNATIONAL MACRO-ECONOMIC MANAGEMENT. THE MAIN POINT WAS TO SEND THE RIGHT SIGNALS TO THE REST OF THE WORLD. TIETMEYER ACCEPTED, ALBEIT SOMEWHAT RELUCTANTLY, THAT A NECESSARY ELEMENT WOULD BE SENDING THE RIGHT SIGNALS ON AGRICULTURE, BUT ARGUED THAT SINCE AGREEMENT WAS NOT POSSIBLE NOW, DISCUSSION SHOULD NOT BE OVERDONE. HE ADDED NOTHING NEW ON DEBT, THOUGH FROM THE WAY HE FOCUSSED ON THE NEED TO HELP THE POOREST COUNTRIES, IT SEEMED FAIRLY CLEAR THAT THE GERMANS DO NOT INTEND TO CHANGE THEIR POSITION ON COMMERCIAL DEBT, AT LEAST YET.

## HANOVER

4. TIETMEYER REPEATED WHAT WE HAVE HEARD ALREADY OF THE CHANCELLOR'S UNWILLINGNESS TO ENGAGE IN DETAILED NEGOTIATION AT THE SUMMIT. WHILE NOTING WHAT HAS BEEN ACHIEVED SO FAR (AND THE GERMANS FEEL THAT THEY HAVE NOT DONE TOO BADLY DURING THEIR PRESIDENCY), KOHL WANTS TO CONCENTRATE ON THE FUTURE. THIS MEANS SOMETHING BROADER THAN SIMPLY GETTING PRIORITIES OR A ROLLING WORK PROGRAMME FOR THE SINGLE MARKET AGREED. THE CHANCELLOR THOUGHT THE HEADS OF GOVERNMENT OUGHT TO BEGIN TO THINK ABOUT POST 1992. WAS THE SINGLE MARKET THE END OF THE STORY? THE GERMANS THOUGHT NOT. IN 1992 THE COMMUNITY WOULD BE A DIFFERENT, MORE LIBERAL PLACE AND, WHETHER ONE LIKED IT OR NOT, TWO TIER. THOSE COUNTRIES IN THE FIRST TIER WOULD NEED TO BUILD FURTHER ON THEIR ACHIEVEMENT. NEITHER THE GERMAN FINANCE MINISTRY NOR THE BUNDESBANK SAW ANY NECESSARY CONNEXION BETWEEN THE SINGLE MARKET AND MONETARY UNION, BUT THERE WAS A RELATIONSHIP AND IT NEEDED EXPLORING. WHAT PRECISELY WAS NEEDED TO MAKE THE EMS MORE EFFECTIVE SEMI COLON INCREASE THE ROLE OF THE ECU ETC? IT WAS DANGEROUS TO TAKE INSTITUTIONAL ASPECTS - CENTRAL BANK ETC, BY THEMSELVES. THE CONTEXT WAS ALL IMPORTANT. THE PRESENT IDEA OF THE CHANCELLOR WAS TO REMIT A MANDATE THAT WOULD COVER THESE QUESTIONS TO A GROUP - PREFERABLY, SAID TIETMEYER, CENTRAL BANK GOVERNORS. HE REFERRED TO MITTERRAND'S DESIRE TO HAVE A VISION FOR EUROPE AND IMPLIED THAT IT WOULD BE A GOOD IDEA TO CHANNEL IT INTO PRODUCTIVE THINKING. HE ALSO EVIDENTLY THOUGHT THAT WORK ALONG THE LINES INDICATED WOULD HELP KEEP UP THE PRESSURE FOR GERMAN ECONOMIC LIBERALISATION.

5. FINANCE MINISTRY THINKING ON THE SOCIAL DIMENSION, (WHICH TIETMEYER DISMISSED AS MEANINGLESS) IS TO GET IT CENTRED ON SUCH PRACTICAL THINGS AS HEALTH AND SAFETY. THEY CERTAINLY DO NOT WISH IT TO BECOME A CODEWORD FOR COMPENSATION FOR INCREASED COMPETITION.

## COMMENT

6. TIETMEYER WAS HIS USUAL CONFIDENT SELF. FINANCE MINISTRY IDEAS ON HANOVER HAVE STILL TO GO THROUGH THE MILL OF THE EUROPEAN STATE SECRETARIES COORDINATING COMMITTEE. BUT FROM OTHER INFORMATION WE HAVE PICKED UP, IT SEEMS AS IF QUITE A LOT OF FIXING HAS ALREADY TAKEN PLACE WITH THE CHANCELLERY.

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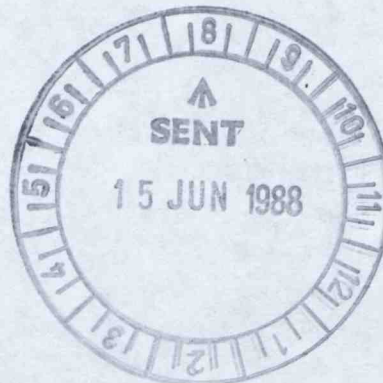
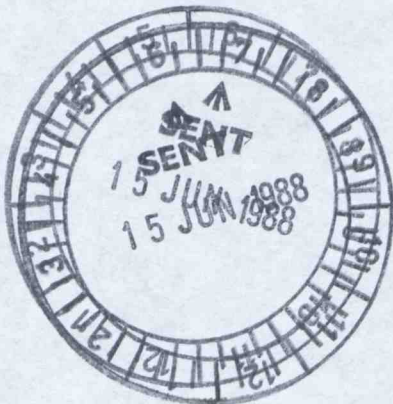
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