

SUMMARY OF PAPER ON GERMANY  
FOR NSC MEETING

I. Germany in Perspective

The Grand Coalition has sought to give Germany greater independence without sacrificing its close ties with the U.S. and Western Europe. It has embarked upon a course to improve Franco-German relations, and emphasized a more flexible Eastern policy aimed at opening the way for ultimate reunification.

The East German regime is pointing up its continued existence by squeezing Berlin access.

II. U.S. Policy Objectives

We seek a friendly unified peaceful and democratic Germany, German support of European integration, participation in the defense of the West, and German reunification.

III. Problem Areas

A. Berlin - We seek to preserve access to the city; maintain the confidence of the Berliners in our ability to keep the city free; and maintain Allied solidarity.

The Soviets have given the East Germans some latitude on Berlin access matters. The East Germans have issued bans on travel through East Germany and to and from Berlin of members of the NPD party and high FRG officials. The Allies have protested this action. The present difficulty is likely to be resolved; the longer term problem of maintaining the city's viability will probably remain as a major U.S. security concern as long as the broader problem of the division of Europe remains unsolved.

B. Non-Proliferation Treaty (NPT) - The Germans remain lukewarm. In the end, they are likely to sign the Treaty, but with mental reservations, and bruised feelings.

C. German Reunification and Eastern Policy - Reunification is a major German goal. The Eastern policy of the governing grand coalition (better relations with Moscow, relations short of formal recognition with East Germany, and diplomatic relations

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with the Eastern European states) reflects an effort to shake up existing rigidities in the hope of developing a climate, or at least opportunities, for reunification steps. They know there will be a long, slow evolution at best, requiring great patience. FRG Eastern policy is consistent with our own, and we support it.

D. Security Questions - The Germans continue to rely on NATO as the surest guarantee of German survival. They regard the U.S., with 200,000 men in Germany and its nuclear capacity, as the best individual guarantor of German security. Up to July 1, 1962, our foreign exchange losses flowing from the presence of our forces in Germany were neutralized entirely by German purchases of U.S. arms. Official talks with the Germans May 9/10 on a new agreement involving increased purchases of Treasury securities (to replace our arrangement for the year ending June 30, 1968) to neutralize our foreign exchange losses, were inconclusive. They will resume in a few weeks.

E. International Monetary Problems - The FRG has proposed European concessions in Brussels to encourage U.S. exports. The Germans have been very helpful in maintaining the international monetary system. They count on us keeping our own house in order. German help cannot be expected past the point where in the German view the Federal Republic's own financial stability could be jeopardized.

F. Relations with France - A good relationship with France is important for the Federal Republic. The Germans have sought to pursue this objective without sacrificing their ties to NATO and the U.S. In the main, they have succeeded in this.

U.S. Policy - We should continue to express understanding for German desires for good relations with France. At the same time, we expect the Germans to keep the U.S. fully informed of any Franco-German agreements or planning that affect our interests. Over the longer term, good FRG-French relations may contribute to renewed movement toward European unification when conditions permit after de Gaulle's departure from political life.

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G. Political Extremism - The NPD had its greatest victory in Baden-Wuerttemberg on April 28 with almost 10 percent of the vote. It seems likely to gain Bundestag representation in 1969. The growth of the NPD in the last ten years worries the FRG's European friends and adversaries. In assessing the NPD's potential to lead Germany toward a repetition of the mistakes of the thirties, it is important to note the fundamental changes that have occurred on the German, European and world scenes since then, all of them militating against these extremists. Nevertheless, the situation is being watched carefully by the responsible German authorities.

U.S. Posture - We can do very little directly about rightist radicalism in Germany beyond (a) recognizing that 90 percent of the electorate has consistently voted for democratic parties; (b) avoiding official comment in public on what is after all an internal political matter. To the extent that our policies help economic stability and favorable political developments in Europe, we can help provide a climate there that would discourage the further growth of extremist nationalism.

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