

effects of high US interest rate policy on the other countries, continued to promote liberalization of trade and was especially concerned with the development of East-West relations. Yet, even though Schmidt had often pushed his point extremely forcefully even at the risk of alienating members of other delegations, Kohl sought a more low-key and reserved approach. All in all, Kohl's first summit performance was not spectacular, largely due to his lack of experience in this form and the difficult role of following in the footsteps of the widely respected and experienced Helmut Schmidt. Nevertheless, over the next four years Chancellor Kohl would gain his own profile at the summits and begin playing a more authoritative role making extremely valuable and effective contributions to the summit process.

LONDON II, JUNE 7-9, 1984

The German delegation attending the tenth economic summit (Chancellor Kohl, Foreign Minister Hans-Dietrich Genscher, Finance Minister Stoltenberg and Economics Minister Graf Lambsdorf) had three main priorities. In the political discussion, Chancellor Kohl wanted to encourage the adoption of a special summit declaration highlighting the common principles and goals of the seven summit countries.¹⁴² This was in direct response to the special commemorative service at the fortieth anniversary of the D-Day landing in Normandy which had been attended by Prime Minister Trudeau, President Mitterand, Prime

¹⁴² Frankfurter Allgemeine Zeitung, June 9, 1984.

Minister Thatcher, President Reagan and leaders of the other wartime allied powers, but did not include Chancellor Kohl. The German government was rather sensitive about not having been invited to this service as it was widely perceived in Germany as yet another manifestation of the differences between those countries who had fought on the Allied side in World War II and the defeated powers, Germany and Japan. Kohl thus wanted to use the summit to stress the equality and unity of all the seven industrialized countries and somewhat offset the negative impact of the D-Day services in Germany.¹⁴³ At the same time the Chancellor was also extremely concerned that the summit leaders issue a united call to the Soviet Union and ask her to return to the arms reduction talks in Geneva, which Moscow had boycotted over the stationing of INF missiles in Western Europe. Kohl felt it imperative that the Western countries, supported by Japan, continuously stress their own readiness to negotiate not only to placate critics at home who were criticizing the leaders for not doing enough for arms reduction, but also to once again prove that it was the USSR that decided to dispense with the arms reduction process and not the West.¹⁴⁴

Economically, 1984 was a very good year for the Federal Republic as the rapid economic growth in the United States was pulling along the other major economies. As has been repeatedly pointed out, this was a vindication of the often maligned 'locomotive

¹⁴³ Ibid.

¹⁴⁴ Die Zeit (R. Herlt), June 8, 1984.

theory' as the US economy was now pulling in imports at an unprecedented rate which, in turn, led to export driven growth in both Germany and Japan.¹⁴⁵ Nevertheless, Kohl wanted to once again make the Reagan administration aware of the seriousness of her large budget deficit and resulting high interest rates. He also wanted the summit leaders to agree on a specific date for the start of a new round of multilateral trade negotiations and to give serious consideration to the seriousness of the international debt question after a number of Latin American Debtors had begun to publicly contemplate a defaulting on their debts.¹⁴⁶

At the summit itself the leaders unanimously approved a political declaration on 'Democratic Values' and also unanimously adopted a statement calling on Moscow to return to the arms negotiation process. On the political question, Kohl's priorities had been met.¹⁴⁷ In the macroeconomic discussions on the US budget deficit and high interest rates, it was Chancellor Kohl who took the lead, supported by Trudeau and Nakasone, in pointing out that the large deficit and resulting high interest rates pulled much needed investment capital from the other industrialized countries to the United States. This in turn forced the other countries to raise their own rates which was

¹⁴⁵ Putnam and Bayne, Hanging Together, p. 193

¹⁴⁶ Die Zeit (R. Herlt), June 8, 1984.

¹⁴⁷ Frankfurter Allgemeine Zeitung, June 12, 1984.

putting a definite damper on their economic growth.¹⁴⁸ President Reagan and Treasury Secretary Regan immediately announced that the US government had developed a three year programme calling for a one hundred billion dollar reduction in expenditure and a fifty billion dollar raising of taxes, although this was now being held up by Congress. The President, nevertheless, expressed his confidence that congress would make a decision in September prior to the election on this programme and at the same time promised that further reductions in the deficit would follow after the november election.¹⁴⁹ This announcement literally "took the wind out of the sails"¹⁵⁰ of Kohl's, Trudeau's and Nakasone's arguments and all three leaders were very careful not to put too much pressure on reagan just before his upcoming election and did not pursue the matter any further at the summit.

Just before the summit Kohl had met Reagan bilaterally where he revealed his concerns about the high budget deficit and interest rates and also expressed his strong concern at the US decision to put a tax on luxury automobiles as this clearly strongly affected the main German automobile exporters to the United States. Kohl left the meeting noting that he understood the constraints in the President's room to manoeuvre on macroeconomic questions at the summit because of electoral considerations and was convinced that

¹⁴⁸ Die Zeit (R. Herlt), June 8, 1984.

¹⁴⁹ Ibid., June 15, 1984.

¹⁵⁰ Ibid.

the President would, in fact, undertake a distinct shift in his budget policy after November.¹⁵¹

Another priority for the Chancellor at the summit was to convince all of the other leaders to agree to a firm date for the start of a new round in the multilateral trade negotiations. Kohl strongly supported the position of Canada and Japan on this question which put him at odds with most of his colleagues in the European Community who strongly opposed any firm date for a new trade round.¹⁵² The Chancellor, nevertheless, felt it imperative that a firm date for a new round be accepted as he was convinced that only with a fixed timeframe would any coherent action on this question be at all possible. Yet, it was ultimately the strong opposition of the French President Mitterand that ensured that there was no mention of a firm date for a new GATT round in the final communique.¹⁵³

On the question of the international debt crisis, Kohl pointed out that an inability of large debtor countries in the developing world to repay their loans would have a severe impact on German banks and also on the German government, as the state had guaranteed all export credits.¹⁵⁴ He also called on his partners for immediate action on this issue. The leaders did

¹⁵¹ Frankfurter Allgemeine Zeitung, June 12, 1984.

¹⁵² Frankfurter Allgemeine Zeitung, June 9, 1984.

¹⁵³ Die Zeit (R. Herlt), June 15, 1984.

¹⁵⁴ Ibid.

ultimately agree to specific policies such as a support for multi-year rescheduling for selected debtors and to facilitate a rollover of their debt.

At London the Chancellor for the first time ever at a summit introduced a discussion on air and water pollution which was a question of considerable public concern in Germany.¹⁵⁵ Kohl wanted his summit partners to give a strong signal, addressing especially the issue of acid rain. Although he was strongly supported by Prime Minister Trudeau, the strong opposition of both Thatcher and Reagan to any decisive action on this issue led to a deferral by the summit of this problem to further study.¹⁵⁶ Kohl expressed his strong disappointment that the leaders had not shown the will to take a strong stand on this question, but pointed out that he had now succeeded in bringing this issue to the summit agenda it would enable him to introduce it at the upcoming summits and greeted it as an important first step.

Chancellor Kohl's overall assessment of his second summit was that it had been a success and in his final press conference especially highlighted the political declaration as a clear manifestation of the shared principles of the seven countries.¹⁵⁷ He also once again noted the value of this forum in allowing the leaders to discuss all issues informally and that the "final

¹⁵⁵ Putnam and Bayne, Hanging Together, p. 194

¹⁵⁶ Frankfurter Allgemeine Zeitung, June 12, 1984.

¹⁵⁷ Frankfurter Allgemeine Zeitung, June 12, 1984.