

November 30, 1960

Record of Meeting of Comrade N.S. Khrushchev with Comrade W. Ulbricht

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Summary:

Ulbricht explains the economic situation in the GDR and East Berlin in the context of the Berlin Crisis, and proposals for East German economic development. Ulbricht and Khrushchev discuss the possibility of political and economic peace negotiations with the FDR and the three Western powers.

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Contents:

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W. Ulbricht. Permit us to express our gratitude to our Soviet comrades for their great concern for the development of our plan. Reorganizing for independence from West Germany means deep changes in our economy. In many branches of industry, the GDR economy was connected to West Germany. This includes not only exchanges in the area of engineering-technical thought, but also to production itself, which to a significant degree was mutually agreed upon. The West German monopolies used this situation. But on this basis it is impossible to carry out the competition between the socialist and capitalist systems in Germany. Therefore, our goal is to secure ourselves from interference from West Germany.

We are very satisfied that the current economic negotiations between the GDR and USSR are being conducted by such prominent specialists. These negotiations put our economic relations on a new level. It seems that we cannot simply broaden foreign trade; we must start by agreeing on plans for economic development.

The key issue now is the question of West Germany severing the trade agreement with the GDR. We believe that we cannot count on the conclusion of a new agreement. The Bonn government has still not given instructions for conducting negotiations on a new agreement. Today, November 30, they are discussing this question at a meeting of the cabinet and are determining their further tactics.

Our tactics will be the following. Comrade [Heinrich] Rau will [Minister of Foreign Trade] give a letter to [Ludwig] Erhard [West German Economics Minister] which states that we, in connection with the denunciation of the trade agreement by West Germany and its statement of readiness to carry out negotiations, propose to extend the existing trade agreement for 1 year. In these potential negotiations, we propose to agree that from our side we will implement control* fairly over the transit routes to West Berlin, so that no significant conflicts will arise. Since West Berlin also denounced the payment agreement, the practical basis for calculations of the transit of allied military transports also will be breached. Therefore we will send letters to the three commandants of West Berlin for forwarding to their governments, in which we will ask them either to influence the Bonn government so that it will change its position, or we will propose concluding agreements with the GDR on paying us for the services on the transit of cargo of the Western powers. No difficulties on this will arise, since the corresponding expense of our railroads will be left to West Berlin. Conflicts with the Western powers do not have to arise, in spite of our conflict with West Germany. Transports will continue to move as before.

What will Adenauer's tactics be? He said that he would support elastic negotiations. He is against the trade agreement and in the best case would only agree to allow individual transactions with GDR organizations, which we are concluding with FRG state governments. This Bonn plan has existed for a long time and did not originate from the moment of the denunciation of the agreement. Their first plan was the creation of special economic groups in West Germany which would have conducted negotiations with us. Probably during the negotiations with us Bonn will make it known that its key concern is the maintenance of the four-power status of Berlin. Already at today's press conference, the FRG clearly said that in the negotiations it will have to demand the guarantee of the four-power status of Berlin.

We understand that this question affects not only relations between the GDR and the FRG. We believe that this is a question of how trade relations between the socialist camp and the capitalist countries will develop further. Adenauer is trying to involve the member-states of NATO in all of his conflicts with the GDR. Several days ago [Defense Minister Franz Josef] Strauss published an article in which he wrote that the mission of NATO is military, but simultaneously it is an economic, ideological and political mission. Strauss asserts that the economic struggle will be on the agenda at future international conferences. NATO must carry out atomic armament and create a fourth atomic power, but with this the center of difficulty will move to the economic struggle. This is Adenauer's tactic.

How will things develop in Berlin? We will maintain our tactics directed towards strengthening the position of the capital of the GDR and restricting interference by West Germany. However, the situation in Berlin has become complicated, not in our favor. West Berlin has strengthened economically. This is seen in the fact that about 50,000 workers from East Berlin are now still working in West Berlin. Thus, a part of the qualified working force goes to work in West Berlin, since there are higher salaries there. We still have not taken corresponding countermeasures. The situation with the intelligentsia is also not favorable. For example, teachers in the West earn 200-300 marks more than in the East. Doctors also earn two times more there. In addition, by leaving for West Germany they receive large one-time grants there. All of these circumstances exert influence on the less politically conscious part of the intelligentsia. Why don't we raise our salaries for this category of people? First of all, we don't have the means. Secondly, even if we raised their salary, we could not satisfy their purchasing power with the goods that we have, and they would buy things with that money in West Berlin. But still, we will try to do this. In addition, a group of children from East Berlin study in schools in West Berlin. We have a law against this, but we have not yet implemented it, since we didn't want to provoke conflicts.

Now we will try to protect ourselves from these unpleasant things, and the number of conflicts in Berlin will increase. We must do this, since we are obligated to protect the capital of the GDR and we will not allow West Germany to do what it wants there. Until now we have even let the so-called all-German church council meet in East Berlin and speak out against our government. The bishop of the West German Bundeswehr even came to Berlin. The church people are trying to organize a subversive movement among us. We will no longer tolerate this. We have a church leadership in the GDR, and we will recognize only this. Of course, Adenauer won't like this.

Thus, there will not be big conflicts in Berlin, but there will be small conflicts.

How will relations between the two German governments develop? Something in West Germany changed after the statement of the Bonn government on June 20, 1960, in which it proclaimed itself the government of the entire German state. Now Bonn declares that it supports

the status quo, i.e., the preservation of the remains of the war in Germany. They assert that the German question does not need to be resolved in the framework of Germany and Europe and that Germany can develop only in alliance with the USA, i.e., as a satellite of the USA.

The domestic situation in the FRG has become strained in recent years. They maintain that we, the GDR, have strengthened our activity in the FRG. This is partially true. But they are trying to limit any contacts between the two German states, including sports and cultural, and they are arresting our people who are going to West Germany. This means that they are cementing the division of Germany and are afraid of our political propaganda.

What is the situation with preparations for elections in the FRG? Adenauer wants all parties to make statements supporting NATO and the atomic arming of the FRG. He wants the rightist leadership of the SPD to agree with this. In general he has succeeded. Are there differences of opinion within the bourgeoisie on this question? There aren't significant differences of opinion, but part of the bourgeoisie believes that such a policy should not be executed only by the CDU, but of necessity in coalition with the SPD. [SPD leader and Berlin mayor Willi] Brandt also has implied that he is prepared for this. Thus, the aim of the bourgeoisie is for Adenauer to win the elections, but for Brandt to be his deputy. This point of view was recently

expressed in an article by the bourgeois philosopher [Karl] Jaspers. Under these conditions our tactics will be to propose a choice to the West German people: either atomic death or peace through disarmament. We will also tie other issues to this demand. The SPD now wants to show that it doesn't have significant disagreements with the CDU on foreign policy questions. They put issues of domestic politics at the center of their struggle, supporting popular action, medical service, and the right to an education. They took some of their domestic political slogans from Hitler and some from us. They do all of this very adroitly, promising everything to everyone. Brandt himself in his speeches copies Kennedy and quotes him saying that the USA chose a young president and the same thing should happen in the FRG. But with this they are trying to put off the big political issues.

The Union of voters and the organization of proponents of peace, resuscitated in the FRG, put the struggle against atomic death and also measures which are of direct interest to the FRG populace at the center of their pre-election campaign. This means that, on the one hand, we criticize the SPD and CDU, and, on the other hand, accept some of their demands. This is not difficult, since some of these measures have already been implemented in the GDR. The question of a peace treaty and West Berlin are connected now with the pre-election campaign in the FRG. Comrade Khrushchev said that we must aim for a summit conference in 1961 to discuss the question of a peace treaty with Germany and also to try to find a resolution of the West Berlin problem. We must force Adenauer, who has fallen into a blind ally, to change his position. You know, Adenauer hasn't achieved anything. He promised that he would achieve reunification by arming West Germany, that with the help of the four powers he would succeed in absorbing the GDR, but none of this has happened. So, we must force Adenauer to accept peaceful coexistence. At the same time, this is our method of pressure on the SPD. Now [the SPD official Herbert] and [West Berlin Mayor and SPD candidate for chancellor in 1961 Willi] Brandt are more right-wing than Adenauer and speak out against a peace treaty and against a trade agreement with the GDR. If they persuade Adenauer to change his position, then Brandt also will be forced to maneuver.

We would like to ask you a question about what will happen in 1961. The thing is that we can't repeat our campaign in favor of a peace treaty as we did it before the Paris summit. We can only do this in the event that we actually achieve something. Otherwise, we would be forced to make too big a turn-around. Thus, we are interested to know what tactics we should adopt now. Regarding West Berlin all is clear. Now, regarding a peace treaty. We do not have peaceful coexistence now with Adenauer. We have to induce him to adopt peaceful coexistence with us. We propose making the following propositions: ceasing hostile propaganda by both German states, returning to the earlier Soviet proposal about concluding a nonaggression treaty between the NATO and Warsaw Pact states, stopping the atomic armament of the Bundeswehr, and proclaiming a ten-year unconditional peace, as we say "a divine peace." Thus, we would continue to confront each other, but under conditions of peace. If Adenauer refuses this, and the Western powers refuse to conclude a peace treaty, then the Soviet government will conclude a peace treaty before the Bonn elections [in September 1961]. But then an economic blockade would be declared not only against us, but also against the USSR. This is confirmed by what Strauss has said. In connection with this, we must carefully tally our forces. Therefore, for now we will be careful with propaganda about a peace treaty, since among our population there is already a mood taking shape where they say--you only talk about a peace treaty, but don't do anything about it. So we have to be careful.

We have set forth our political views. Regarding economic questions, we would like to hear what Comrade Khrushchev will say.

N.S. Khrushchev. I would like to clarify one question. I thought that after Paris [the aborted May 1960 4-power summit], when we rejected the possibility of a summit meeting under the existing circumstances, you were in agreement with us that we

could not conclude a peace treaty.

W. Ulbricht. Yes, then we could not do that. But now the situation has become complicated.

N.S. Khrushchev. At that time we acted correctly, we took the right step, since otherwise we could have created the impression that we provoked the breakup of the summit in order to conclude a peace treaty. We showed that we did not want that, but that we were trying to create the maximum favorable opportunities for the conclusion of a peace treaty. If we look at what was said in the Western press also and at the meetings which we had here with representatives of the Western powers and even West Germany, then it is clear that this policy brought us a huge success. For example, I recently met with the FRG Ambassador [Hans] Kroll. Of course, he is an intelligent person and doesn't tell the press what he told me. All the same, when I asked him whether he thought they would absorb the GDR and change the existing German borders, he said that he did not think so. In the USA there were also interesting meetings--with Douglas and [Walter] Lippmann. They also support a peace treaty with Germany and the creation of a free city, of course on the basis of a united Berlin. But we rejected this proposal on Berlin, since there can be no question that East Berlin, the capital of the GDR, be included in a free city.

Thus, we have not lost the two years which have passed since the time of the initiation of our proposal, but have shaken up their position. However, it is both our and your fault that we did not think everything through sufficiently and did not work out economic measures. We should have examined the question of the economic liberation of the GDR from the FRG more closely. But we were taking life easy, for the time being Adenauer didn't give it to us on the nose. We will clear up who was more guilty, but we, the socialist camp as a whole, acted incorrectly here. We must create the conditions so that the GDR economy will not be vulnerable to our enemies. We didn't know that the GDR was so vulnerable to West Germany. This is not good; we must correct this now.

Secondly, after the war, many of the conditions which violate GDR sovereignty remained. But all of this was already won de facto by the West. Now, when you want to liberate yourself from this, you will aggravate the situation. But this is not favorable to us now, since we gave our word that we would not change the existing situation until the meeting of the heads of government. And if we change something now, this will look as if we are violating our word. Since we already missed this opportunity, we cannot now correct the situation unilaterally. Let us wait until the moment before which we said we would not change the situation. There isn't much more [waiting] to endure now.

The other question is whether to aim for a peace treaty with the GDR in 1961. It is less probable that there will be a peace treaty with the two German states. When we put forward the question of a peace treaty we also grant the possibility of concluding an interim agreement, i.e. an agreement between the four powers on a temporary status for West Berlin for an established time, during which both Germanies must agree on their issues. If they do not agree, then we would be free to conclude a peace treaty with the GDR. This was our concession to Eisenhower so as to save his prestige and not create the impression that we would expel them from West Berlin. This continues to remain true now. You Germans probably will not agree amongst yourselves and then we will sign a peace treaty with you, and the Western powers will not conclude any peace treaty at all. But this does not worry us.

We will not achieve anything with them. Then we will have to exacerbate the situation and sign a peace treaty. When will we sign it, in 1961?

W. Ulbricht. No!

N.S. Khrushchev. Why?

W. Ulbricht. We don't have the heart.

N.S. Khrushchev. Politically or economically?

W. Ulbricht. Just economically. Politically I am in favor.

N.S. Khrushchev. In the political regard, we are almost certain that the Western powers will not start war if we sign a peace treaty with the GDR. Economically, do you think that they will declare a blockade, economic war? I think they won't. We don't trade with the United States in general. England would not carry out a blockade, Italy is even less likely to, France also wouldn't. Only West Germany remains. But I am convinced that West Germany also would not do this, since it wouldn't get anything out of it. West Germany, for example, exerted pressure on Italy when we concluded a good deal with Italy. But Italy did not reject this deal and in exchange for our oil even sold us two tankers on which we can transport oil to Cuba. The Japanese also sell to us, which is advantageous since an economic slump is projected in Japan.

Thus, we would lose little economically from it, since the existing situation really would essentially be preserved. However, politically our situation would improve, since it would mean a defeat of the West. If we don't sign a peace treaty in 1961, then when? If we don't sign it in 1961, then our prestige will have been dealt a blow and the position of the West, and West Germany in particular, will be strengthened. We could get away with not signing a peace treaty if an interim agreement on West Berlin is concluded. If there is not an interim agreement, then we will sign a peace treaty with the GDR and let them see their defeat. They will not start a war. Of course, in signing a peace treaty, we will have to put our rockets on military alert. But, luckily, our adversaries still haven't gone crazy; they still think and their nerves still aren't bad.

Thus, if we agree to sign a peace treaty, we must think through everything properly. We are proposing now that West Germany extend economic ties with you. I already told Kroll that you have strong levers in your hands. You know that they understand that by exacerbating this question, they subject Berlin to risk. We have to say this to them directly. I will say this to Kroll tomorrow at the reception. We also must think through how the GDR will say this, but so that it will not look like a threat. We have to ensure that economic sanctions are cancelled. Adenauer noticed the effect of his threat on you. We must be finished with this situation sometime. Adenauer will not permit us to sign a peace treaty, but we must extort a peace treaty from him. Signing a peace treaty will mean de jure recognition of the GDR.

Intentions regarding the FRG's final position on the question of trade with the GDR will be clarified in two-three days. We must work out a maximum program in the event that everything will be broken off for you with them, and a minimum program in case the trade relations will continue. We currently support the minimum, since we don't want to kill the goose that lays the golden eggs.

In this matter you are also not without guilt, since you did not exert resistance; you did not disentangle yourselves; you got used to thinking that Germany was one. The capitalists themselves helped us by declaring a blockade to us. We became smart, and now you too understand. What do we have to do so that you will be independent from the capitalist world, especially from the FRG? Let the GDR economy be connected with the socialist camp, since you still have a long path before de jure recognition by the capitalist countries. We have little dependence on the capitalist

world--especially in relation to the volume of our economy. You are a small country and you feel it more strongly.

Let us make up our mind that a certain amount of metal will be allotted for the GDR and our Gosplan [State Planning Commission] will not have the right to touch it. We have only 5 million tons of steel which are over and above the increase in production.

We must give the GDR as much metal as it needs. We cannot be blind money-counters and every time construct our trade around whether to give or not to give them 1000 tons more. Malenkov and Beria wanted to liquidate the GDR, but we fired one and shot the other and said that we supported a socialist Germany. We must create a special group in our Gosplan with [GDR Economics Minister Bruno] Leuschner which will receive everything needed on his demand. There is no other way. The GDR must develop and maintain the increase in standard of living of its populace. Let us look at

what you need in individual categories. We have a plan and everything produced above the plan no longer belongs to Gosplan. But you will not encroach on our gold. Why give you gold? If you need cocoa, coffee, rubber, then buy them in Ceylon or Indonesia. Build something there. But free us from this and don't thrust your hands into our pockets.

W. Ulbricht. But how will we pay then?

N.S. Khrushchev. You will pay the comrades as we do. We just sold Indonesia naval vessels on credit, but for rubber. Sell your goods to the new African countries, and for this they will give you cocoa and coffee. By old habit, you try to do everything through us. You should have learned how to walk on your own two feet, instead of leaning on us all the time.

I say all of this so that we have good prospects if we use our resources intelligently. Of course, we also have our own needs, but we must understand that the GDR's needs are also our needs. We can't permit it that they come to us in such a state that either they sink or we throw them a rope. Let's stop playing games about this question. You can't run an economy this way.

The second question is about the coordination of the economy. For example, the Germans want chemical products very much, but they have few raw materials for this. For chloride you need salt and electro-energy. The Germans don't have coal, and not enough energy. In our country in Siberia, coal costs six rubles a ton. We also have this there and salt and electro-energy. Let's do this--we will make chloride and present it to you. We chatter a lot about coordination and economic ties, but we do little. The Germans try to grab something for themselves, and so do we. With this we only hurt ourselves. They will never be able to compete with us in chloride or brown coal. Let us create joint enterprises on our territory. It is true that when we proposed similar things to Poland or China, they were against it. But we aren't China; we are not afraid of giving the Germans a start. Let us do it such that there are your shares and our shares. We will divide the product; this is advantageous.

W. Ulbricht. Let us at first make some comments on the question of the peace treaty. What you have said satisfies us very much. If we have enough strength to conclude a peace treaty after the upcoming [Vienna, June 1961 Khrushchev-Kennedy] summit, but before [the September

17] West German elections, then this would be a defeat for Adenauer.

N.S. Khrushchev. This would mean publicly carving up Adenauer and [SPD Chairman

Erich] Ollenhauer.

W. Ulbricht. The result would be that after the elections Adenauer would have to form a coalition with Brandt. This would be favorable to us, since we could isolate the right-wing leadership of the SPD. But in the event that Adenauer is dealt this political blow, Brandt will maneuver, since he won't want to share the defeat with Adenauer. Then a struggle will unfold in West Germany.

If we succeed in concluding a peace treaty, then we are in full agreement with this. If we don't succeed in concluding a peace treaty, and we return to propaganda for a peace treaty, then we will discredit our policy and we will be able to recover our prestige only after one-two years. We cannot act the same [way we did] in 1960.

N.S. Khrushchev. Now that Kennedy has come to power, we no longer have an interim agreement with them on this question, but we will not conclude a peace treaty. This means that if we do not do this, then our proposal will be rejected. They will say about us: they jabber, but they are afraid. We do not have a way out. It will be very good if we succeed in achieving a temporary agreement. But maybe they will not want a temporary agreement. Then we will sign a peace treaty with the GDR, and they will end up moving towards aggression, towards the "cold war." They will not remove their forces from West Berlin if we do not make the corresponding agreement. But we will not bring in our forces so that they will remove theirs. We will work out with you a tactic of gradual ousting of the Western powers from West Berlin, but without war. For this we will use the levers in the hands of the GDR.

W. Ulbricht. Good. Now onto economic questions. Our domestic situation is not a pretty one now. In 1960 supplies for the population were worse than in 1959. But our political situation is strong.

N.S. Khrushchev. We understand this well. For the Chinese the moral factor seems to decide everything. But our people also make demands for butter and other things.

W. Ulbricht. Here is the issue which worries us--if we proceed from the negotiations which your representative conducted with us, there will be a reduction of our planned figures. According to the figures adopted by you, we would have had a yearly growth in production of 6-

7%. But with this growth we can't exist, we can't increase salaries for teachers and other categories of people. To maintain a normal situation we need a yearly growth of no less than

10%. Otherwise we will not provide the necessities. If I cannot pay a worker in Berlin a higher salary he will go to West Berlin. This is the situation. We must improve the position of doctors and the intelligentsia and some workers, since the situation in West Germany is improving faster. In 1961 they already will have implemented a forty-hour working week; they will raise salaries, and we can't even think about this. Discrepancies have grown up between us. We cannot achieve our goals with the help of just propaganda. We can pass a beautiful law about work, but if we don't give answers to concrete questions with this, people will ask us questions. We cannot permit the discrepancies between us and West Germany to keep growing. We must examine this in developing our plans. Thus, a yearly growth must be provided in the plan, even if 9 percent.

N.S. Khrushchev. What concrete requests do you have for us?

W. Ulbricht. Fulfilling the figures of our plan depends on supplies of your materials. We are now impeding socialist competition, since there aren't enough raw materials.

N.S. Khrushchev. We must discuss all these proposals concretely with Leuschner.

W. Ulbricht. Regarding your proposal that a special group be created in Gosplan, we are in agreement with this. Now we must move from the German Industrial Norm to the [Soviet] State All-Union standards.

B. Leuschner. We support all that you have said about the economic cooperation of our countries. Negotiations with our delegation were conducted in a spirit based on the merging of

our economies. Without this merging we won't be able to exist. However, these questions weren't resolved for 1961, and as long as they aren't resolved, we won't be able to "stand on our own two feet." Even if we assume that you will satisfy our present requests, our yearly growth will be 8%. But this is a lower figure than our seven-year plan, and some branches of our industries won't be able to grow. The standard of living of the population also will grow too slowly. Our successes depend on how much raw material we will have. In 1957-58 we received more supplies from you, and everything was good. In 1960 our trade with you grew insignificantly and serious difficulties arose, since the FRG already began to carry out an embargo against us since the beginning of the year. In general we are too economically dependent upon the capitalist countries. Why do we raise the question about gold? In 1960 we could not receive several kinds of raw materials from the socialist countries and bought them in capitalist countries. We went into debt to them for about 500 million marks. Now we need hard currency to pay this off. We have now reached a crisis with raw materials, and we cannot fulfill our export obligations; we cannot make the necessary hard currency. The only way out of this situation is the merging of our economies. Regarding the future, we have good preconditions so that after

1965 we will be able to stand on our own feet.

A.N. Kosygin. In this regard, the issue took its current form only a month ago. Several comments of the German comrades now are explained by the fact that we still haven't discussed our final figures with them. Several of their requests create difficulties for us also, since they request about 50 million dollars of hard currency, and also those goods which we buy for ourselves on the external market. However, we have settled almost all issues except the questions of butter and meat. The proposed figures of our German comrades on butter and meat seem to us a bit inflated. In addition, several questions are not clear to us. For example, they connect their requests for help with oil with their own supplies of fuel to the West. But if they sell this fuel, then our hard currency aid must be less. If our prepared figures are approved, then questions of raw materials will be resolved. The difficulty is that it is now already December, and our German comrades have still not worked out the specifications.

However, all of this suggests that they will agree with the West Germans. We are convinced that a decision for renewing trade will be made. Thus, I believe that basically all of these questions are resolved. The issue of payment from their side remains unclear. Comrade Ulbricht said that they could pay 400-500 million rubles for our supplies. In our figures we proposed the task of working out the complete payment of 800 million rubles. Probably we should place our orders for equipment from them in exchange for our metal. Another question is the issue of replenishing what they received from West Germany. They themselves still don't know exactly what they received. We think that the trade agreement with the FRG will be preserved, but we need to prepare everything in case of a rupture, so a changing of

gears can be implemented with any harm.

N.S. Khrushchev. The fact that this issue was brought to such a state is careless. But we must take into account that the question of hard currency is very painful. Here, for example, you ask for 68 tons of gold. This is inconceivable. We can't have a situation where you buy goods, and we must pay for them. We don't have much gold, and we must keep it for an emergency.

H. Rau. If we proceed from the best-case scenario, then the trade agreement will continue. But West Germany will implement a selective embargo against us, as it already did in

1960 when they withheld from or under-supplied to us the scarcest goods. Their policy is directed towards impeding our development. Moreover, it was exactly the same goods, which were also scarce for you, since some of these goods are not produced in any country other than the FRG.

W. Ulbricht. Even in the event that Adenauer continues the trade agreement, we will change its contents so that we will be more independent.

A.N. Kosygin. Even in the event that everything will be okay, we will prepare all necessary measures on our side in case of a rupture.

N.S. Khrushchev. Maybe Adenauer will give us a break, and during this time we must prepare everything so that the GDR will have confidence in its development.

W. Ulbricht. What will we publish about the results of today's meeting? We propose publishing the statement of the GDR Council of Ministers that West German interference and the rupture of its trade agreement demands from workers and engineers that workers take the initiative and find opportunities in the localities for overcoming difficulties which may arise. Something will be achieved in this connection. Regarding reports on today's meeting, we would like to ask that as much as possible be included on the issue of economic aid.

N.S. Khrushchev. We must report that today among other questions, it was discussed that West Germany is refusing supplies to the GDR and agreement was reached that if this intention is carried out by West Germany, the USSR will provide these goods to the GDR. In the other case, the West Germans will celebrate victory.

A.N. Kosygin. Politically this will be seen as if Adenauer tore the GDR away from West Germany.

N.S. Khrushchev. Politically it must be explained that when West Germany severs itself from the GDR economically, this means that it fears reunification.

W. Ulbricht. We will formulate it this way: that by carrying out his NATO policy, Adenauer tore West Germany away from the German association.

N.S. Khrushchev. Well, you are complicating it unnecessarily. It is difficult. If you had about 50 million people, it would be a different matter.

Adenauer gave the GDR up for lost. He decided that everything was done with it and that he had to save Bonn.

A.A. Gromyko. Propaganda is now being advanced in the GDR that the FRG is an illegal state. This doesn't correspond entirely with our position on two German states.

W. Ulbricht. We believe that two states exist in Germany, but the West German state has not implemented the resolutions of the Potsdam Treaty and therefore is illegal.

A.A. Gromyko. But how can a peace treaty be concluded with an illegal state?

W. Ulbricht. A state is still a state.

A.A. Gromyko. But do you know the FRG is a sovereign state?

W. Ulbricht. According to the Paris Treaties, the FRG gave up part of its rights. On this issue, the political and legal sides must be distinguished. Politically, we can and must conclude a peace treaty with them. However, legally they do not represent us, and we do not represent them.

A.A. Gromyko. We can criticize the FRG as a militaristic state. But criticizing it as a non-sovereign state would be harmful for our tactics.

W. Ulbricht. Here the matter is in the consciousness of our people. Our people say that the GDR is a legal state which has fulfilled the Potsdam Treaty. But the Bonn state is illegal.

N.S. Khrushchev. How the GDR internally looks upon these issues is their internal affair. We will maintain our position on this matter. We are not obligated to repeat your position. We have diplomatic relations with both German states and believe that they are both sovereign.

A.A. Gromyko. Do you still intend to appeal to the three Western powers with a letter?

W. Ulbricht. Yes, if you don't object. We will appeal with a letter on this issue to the three commandants in West Berlin for them to give it to their governments. Negotiations with West Germany on the trade agreement will be carried out, but this appeal would be a means of pressure on the Western powers.

A.A. Gromyko. But they will just return that letter to you, and the situation will just be exacerbated.

H. Rau. But you know the trade agreement and also the payment agreement was already denounced. How will our allies pay us for transport expenses?

M.G. Pervukhin. You must mention this issue in negotiations with West Germany.

W. Ulbricht. I do not agree with this. We would demonstrate with our appeal to the three commandants that West Germany has violated an agreement, and we are trying to achieve agreement with the Western powers.

N.S. Khrushchev. We must await the results of the meeting of the FRG cabinet on the

issue of the trade agreement. If they decide to extent the trade agreement, it's not worth sending the letter.

(Agreement on report for the press about today's meeting.)

At the end of the meeting Comrade N.S. Khrushchev informed the German comrades about the meeting with the delegation of the Communist Party of China on November 30, 1960.

The note-taker for the meeting was V. Koptel'tsev. January 26, 1961.