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TO DESKBY IMMEDIATE (231700Z) FCO

TELEGRAM NUMBER 18 OF 23 JANUARY

PRIORITY INFO UKDEL NATO, BRUSSELS.

AND TO SAVING WASHINGTON, BONN, PARIS, LUXEMBOURG, UKREP BRUSSELS,
MOSCOW, ROME.

VISIT OF NETHERLANDS PRIME MINISTER TO CHEQUERS, 26 JANUARY.

1. THIS WILL BE MR LUBBERS THIRD BILATERAL MEETING WITH THE PRIME MINISTER. YOU AND MRS THATCHER KNOW HIM AND HIS STYLE WELL. HE IS NOT FROM THE STABLE OF PONDEROUS AND ELDERLY DUTCHMEN : BUT LIVELY, THOUGHTFUL AND STILL AT 45 A YOUTHFUL MAN WITH MUCH MINISTERIAL EXPERIENCE BEHIND HIM.
2. HIS STATURE HAS GROWN GREATLY DURING THE LAST YEAR. THE DUTCH CONSTITUTION CONFINES THE PRIME MINISTER TO BEING A CHAIRMAN, OR MINISTERIAL PRIMUS INTER PARES (LAST THREE WORDS UNDERLINED). BUT LUBBERS BY FORCE OF PERSONALITY AND CIRCUMSTANCE NOW OCCUPIES A POSITION WHICH HAS NOT BEEN SEEN SINCE THE DAYS OF PRIME MINISTER DREES IN THE 50S. THIS IS PARTLY BECAUSE THE ECONOMIC CRISIS WHEN HE CAME TO POWER REQUIRED A LEADER : AND PARTLY BECAUSE COMMUNITY AFFAIRS AND THE EUROPEAN COUNCIL IN PARTICULAR HAVE FORCED HIM TO DEAL WITH EXTERNAL MATTERS IN A WAY THE CONSTITUTION NEVER PROVIDED FOR. MORE PARTICULARLY, HIS HANDLING OF THE CRUISE MISSILE PROBLEM LAST YEAR WAS A PERSONAL (NEXT THREE WORDS UNDERLINED) TOUR DE FORCE WHICH BROUGHT HOME TO THE DUTCH PUBLIC HIS QUALITIES OF COURAGE AND DETERMINATION. HE HAS TWICE TOLD ME THAT HE HAS BEEN IN POLITICS A LONG TIME AND LOOKS FORWARD TO AN EARLY RETIREMENT - I DON'T BELIEVE A WORD OF IT EXCLAMATION MARK.
3. HIS IMMEDIATE CONCERNS FOR THE DUTCH POLITICAL SCENE IN THE YEAR AHEAD ARE INF AND THE ECONOMY. DURING A LONG TALK WITH HIM TODAY HE PUT THE SUBJECTS IN THAT ORDER. ON INF ALL IS QUIET AT PRESENT HERE, DESPITE THE BELGIAN PROBLEM. BUT LUBBERS LOOKS AHEAD TO THE DEPLOYMENT DECISION OF 1 NOVEMBER VERY CONSCIOUS OF THE POLITICAL DANGERS WHICH COULD BE IN STORE. IN PUBLIC, MINISTERS EMPHASISE THE FIRMNESS OF THE DECISION OF LAST JUNE, AND LUBBERS HAS TOLD ME THAT HE CONSIDERS THAT THAT DECISION HAD THE BACKING OF A LARGE MAJORITY OF THE COUNTRY. THERE IS THEREFORE A STRONG DISPOSITION TO STICK TO IT.
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NEVERTHELESS, PRIVATELY LUBBERS HAS SPOKEN TO ME OF THE DANGERS WHICH MAY ARISE IF ON 1 NOVEMBER THE SOVIET-US ARMS CONTROL TALKS ARE STILL IN PROGRESS BUT HAVE REACHED NO CONCLUSIONS. DUTCH PUBLIC OPINION, WHICH IN THE PAST LOOKED WITH CYNICISM ON SUPERPOWER ARMS CONTROL TALKS, NOW SEES A POSSIBILITY OF US/SOVIET CONSTRUCTIVE NEGOTIATION. LUBBERS MUST ALSO FACE AN OPPOSITION (LABOUR PARTY) WHO WANT AT LEAST TO ENSURE THAT ANY US-NETHERLANDS TREATY COVERING CRUISE MISSILES CAN BE RENEGOTIATED AFTER THE 1986 ELECTION. A FURTHER COMPLICATING FACTOR IS THE POSSIBILITY OF A GROMYKO VISIT TO THE NETHERLANDS SEMI-COLON BUT LUBBERS THINKS GROMYKO MAY LOSE INTEREST IN THIS AS US/SOVIET TALKS PROCEED.

4. ON THE DUTCH ECONOMIC SCENE, LUBBERS TAKES A CAUTIOUS BUT OPTIMISTIC LINE. HE FINDS PRESENT INDICATORS ENCOURAGING : THE VERY HIGH RATE OF UNEMPLOYMENT IS JUST BEGINNING TO DECLINE : INVESTMENT IS INCREASING AND THE MAJOR COMPANIES ARE IN AN OPTIMISTIC MOOD. UNEMPLOYMENT IS A KEY PROBLEM FOR ALL PARTIES. IN CASTING ABOUT FOR CONSTRUCTIVE POLICIES IN THAT FIELD , THE DUTCH EMPHASIS IS ON WORK SHARING . THE TALK IS OF BRINGING THE WORKING WEEK DOWN FROM 40 TO 36 HOURS OVER A PERIOD OF YEARS. LUBBERS HIMSELF TAKES A FIRM LINE THAT SUCH MEASURES MUST NOT BE ALLOWED TO INCREASE LABOUR COSTS.

5. THE GENERAL ELECTION OF 1986 IS NOW FIRMLY IN HIS POLITICAL SIGHTS. THE LUBBERS YEARS OF AUSTERITY MUST BE SEEN TO BEGIN TO PAY OFF IF HIS CENTRE/RIGHT COALITION IS TO CONTINUE IN OFFICE. OF COURSE MUCH DEPENDS ON THE WORLD ECONOMY, AND THE AMERICAN AND GERMAN ONES IN PARTICULAR. BUT NEVERTHELESS HE MUST NOW BE GIVING CAREFUL THOUGHT TO THE ECONOMIC MEASURES HE HOPES WILL LEAD TO SUCCESS IN THE ELECTION AND THE OPPORTUNITY THEREAFTER TO LEAD HIS COUNTRY OUT OF THE RECESSION OF RECENT YEARS. CRUISE MISSILES COULD UPSET HIS BEST LAID PLANS. 1984 SHOWED HOW BRITTLE THE COALITION COULD BE ON THAT SUBJECT. THIS YEAR MAY PROVE TO BE AS SEVERE A TEST OF HIS POWERS OF POLITICAL LEADERSHIP AS 1984, BUT HE APPROACHES IT WITH ZEST AND IN GOOD SPIRITS . I AM SURE THAT YOU AND THE PRIME MINISTER WILL CONTINUE TO FIND HIM A VERY OPEN AND STIMULATING INTERLOCUTOR. MR VAN DEN BROEK, WHO IS ACCOMPANYING HIM WILL ONLY JUST HAVE ARRIVED BACK FROM CHINA AND PAKISTAN. I DOUBT WHETHER HIS LIVELY PERSONALITY WILL BE MUCH AFFECTED BY JET-LAG.

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MARGETSON