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DESKBY 011545Z
FM BONN 011455Z OCT 82
TO IMMEDIATE FCO

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TELEGRAM NUMBER 818 OF 1 OCTOBER
AND TO IMMEDIATE DESKBY 011545Z UKMIS NEW YORK AND OTTAWA
(FOR SECRETARY OF STATE'S PARTY) UKDEL NATO WASHINGTON UKREP BRUSSELS
INFO ROUTINE PARIS MOSCOW BMG BERLIN EAST BERLIN CICC(G)
INFO SAVING ATHENS EMBASSY BRUSSELS COPENHAGEN DUBLIN THE HAGUE
LUXEMBOURG ROME ANKARA LISBON MADRID OSLO REYKJAVIK STOCKHOLM
HELSINKI VIENNA UKDEL STRASBOURG BERNE WARSAW CG'S IN THE FRG.

MIPT: PROSPECTS FOR DR KOHL'S GOVERNMENT

1. THE NEW FEDERAL GOVERNMENT HAS HAD A DIFFICULT BIRTH. GENSCHER HAS FORCED THROUGH THE FDP'S SWITCH FROM THEIR 13 YEAR COALITION WITH THE SPD TO A NEW ALLIANCE WITH THE CDU/CSU IN THE FACE OF STRONG OPPOSITION FROM A LARGE AND INFLUENTIAL MINORITY ON THE LEFT OF HIS PARTY. BAUM AND FRAU HAMM-BRUECHER, BOTH FDP MEMBERS OF THE PREVIOUS GOVERNMENT BUT OPPOSED TO THE NEW COALITION SPOKE POWERFULLY IN THE BUNDESTAG THIS MORNING AGAINST THE WAY IN WHICH IT HAS BEEN FORMED WITHOUT RECOURSE TO ELECTIONS. THE FDP SECRETARY-GENERAL HAS RESIGNED. AN EXTRAORDINARY FDP CONGRESS IS DUE ON 16 OCTOBER, WHEN THE CHANGE OF COALITION PARTNERS WILL BE MUCH CRITICISED. THE CONTINUING HOSTILITY OF THE FDP LEFT WILL BE AN EMBARRASSMENT TO THE NEW GOVERNMENT.

2. THE WAY IN WHICH THE NEW GOVERNMENT HAS BEEN FORMED ALSO SEEMS TO BE DISAPPROVED OF BY A SIGNIFICANT PROPORTION OF THE ELECTORATE. BY TAKING THE INITIATIVE IN CALLING FOR A VOTE OF CONFIDENCE AND EARLY ELECTIONS ON 17 SEPTEMBER, SCHMIDT BROUGHT ON THE IMPENDING GOVERNMENT CRISIS EARLIER THAN SUITED KOHL AND GENSCHER, AND ENABLED HIS PARTY TO PRESENT THE FDP'S DESERTION OF THEM AS OPPORTUNISTIC. THE RESULT OF THE HESSE LAND ELECTION LAST WEEKEND (MY TEL NO 803) SHOWED THAT MANY VOTERS AGREED WITH HIM THAT THEY SHOULD HAVE BEEN CONSULTED ABOUT THE CHANGE OF GOVERNMENT IN BONN. YET KOHL AND GENSCHER COULD NOT GIVE UP IN MIDSTREAM THEIR ATTEMPT TO FORM A COALITION, AND THEY CAN ARGUE NOT ONLY THAT THE COALITION HAS A RESPECTABLE MAJORITY IN THE BUNDESTAG BUT ALSO (AS KOHL DID IN TODAY'S DEBATE) THAT THE CHANGE HAS BEEN MADE IN SCRUPULOUS ACCORDANCE WITH CONSTITUTIONAL PROCEDURE.

3. NEVERTHELESS, KOHL WILL WANT TO PUT AN END TO THE PUBLIC DISAPPROVAL AS SOON AS POSSIBLE. THE OBVIOUS WAY IS THROUGH ELECTIONS, AND HE HAS AGREED WITH GENSCHER AND STRAUSS THAT FEDERAL ELECTIONS SHOULD BE HELD ON 6 MARCH 1983. BUT THERE IS ALREADY GROWING DOUBT WHETHER THIS DATE WILL BE KEPT. IT WOULD INVOLVE DISSOLUTION OF THE NEW GOVERNMENT IN JANUARY, AND BETWEEN NOW AND THEN THERE ARE ONLY 6 WEEKS OF PARLIAMENTARY SESSION IN WHICH THE GOVERNMENT CAN MAKE ITS MARK, AND IN WHICH THE VITAL MATTER OF THE 1983 BUDGET CAN BE DECIDED AND PASSED INTO LAW. THERE WOULD THEREFORE BE VERY LITTLE TIME IN WHICH TO WIN BACK THE ELECTORATE'S CONFIDENCE: AND ALTHOUGH THE PATTERN OF SUPPORT FOR THE PARTIES

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MIGHT WELL ALTER BETWEEN NOW AND MARCH, IF THE HESSE PATTERN WERE REPEATED, A MARCH ELECTION MIGHT RESULT IN A HUNG PARLIAMENT WITH THE GREENS HOLDING THE BALANCE AND THE FDP OUT OF THE BUNDESTAG.

4. THERE ARE ALSO GROWING DOUBTS ABOUT THE CONSTITUTIONAL PROPRIETY OF ARTIFICIALLY DISSOLVING THE BUNDESTAG WHEN THE GOVERNMENT HAS AN ADEQUATE MAJORITY. MOREOVER THE SPD, WHO ARE AT PRESENT PRESSING MOST URGENTLY FOR NEW ELECTIONS MIGHT PIPE DOWN IF, AS IS POSSIBLE, SCHMIDT WERE TO DECIDE NOT TO BE THEIR CANDIDATE NEXT YEAR. WITHOUT HIM, DIVISIONS WITHIN THE SPD ARE LIKELY TO GROW VERY EVIDENT AND THEIR CHANCES OF A GOOD SHOWING IN A MARCH ELECTION WOULD BE MUCH REDUCED. IF THERE IS A MARCH ELECTION, IT SEEMS CERTAIN TO BE A RANCOROUS ONE.

5. WHETHER OR NOT THERE IS AN EARLY ELECTION, THERE WILL BE GREAT PRESSURE ON KOHL AND HIS GOVERNMENT TO PROVE THEMSELVES QUICKLY IN BOTH DOMESTIC AND FOREIGN AFFAIRS. AT HOME KOHL'S FIRST PRIORITY WILL BE TO SECURE ACCEPTANCE FOR THE NEW COALITION'S ECONOMIC POLICIES, AND TO SETTLE THE 1983 BUDGET. IN FOREIGN AFFAIRS HE STARTS AT A GREAT DISADVANTAGE AFTER THE EXCEPTIONAL EXPERIENCE AND REPUTATION OF HIS PREDECESSOR, AND HE WILL WANT TO SHOW HIS OWN ELECTORATE THAT HE TOO IS CAPABLE OF BEING AN INTERNATIONAL STATESMAN. TO THIS END I WOULD EXPECT HIM, DESPITE THE DEMANDS ON HIS TIME, TO KEEP AS MANY AS POSSIBLE OF SCHMIDT'S OUTSTANDING DIPLOMATIC ENGAGEMENTS. AS REGARDS FOREIGN POLICY, HE WILL BE VERY RELIANT ON GENSCHER'S EXPERIENCE AND MAY BE RELUCTANT TO TAKE ANY EARLY INITIATIVES. I DO NOT EXPECT ANY MAJOR CHANGE IN FRG POLICIES ON EAST-WEST RELATIONS OR THE ALLIANCE. I WOULD HOWEVER EXPECT AN EARLY EMPHASIS ON THE OVERRIDING IMPORTANCE OF US/FRG RELATIONS WHICH MAY BE REFLECTED IN ATTITUDES ON EAST-WEST AND ALLIANCE ISSUES. THE NEW GOVERNMENT'S PROGRAMME PUTS EMPHASIS ON EARLY PROGRESS OVER THE GERMAN/ITALIAN INITIATIVE FOR A EUROPEAN ACT, AND GENSCHER MAY HOPE TO PUSH THIS. NEVERTHELESS, GIVEN DOMESTIC BUDGETARY CONSTRAINTS I SEE LITTLE PROSPECT OF THE NEW GOVERNMENT ADOPTING A MORE FORTHCOMING ATTITUDE ON THE COMMUNITY BUDGET.

FCO PLEASE PASS SAVING TO ALL ADDRESSEES EXCEPT CG'S IN THE FRG.

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