A fero of formiderable unantainly seems to be in prospect.

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TO IMMEDIATE FCO

TELNO 39 OF 2 FEBRUARY 1981

INFO ROUTINE EC POSTS UKDEL NATO WASHINGTON MOSCOW LISBON GIBRALTAR (PERSONAL) UKREP BRUSSELS

MY TEL NO 38: CHANGE OF SPANISH PRIME MINISTER

THERE MUST NOW BE AT LEAST A WEEK'S DELAY BEFORE THE ISSUE OF SUAREZ' SUCCESSOR IS SETTLED. THE KING LEAVES TOMORROW FOR A THREE DAY VISIT TO THE BASQUE COUNTRY AS SCHEDULED. THE UCD CONGRESS HAS BEEN RESCHEDULED TO TAKE PLACE IN PALMA DE MALLORCA FROM 6-8 FEBRUARY. EVEN IF THE UCD CONGRESS RESOUNDINGLY ENDORSES A NEW LEADER, THE KING MAY WANT TO CONDUCT FURTHER CONSULATATIONS BEFORE HE NAMES A CANDIDATE FOR PRIME MINISTER. THE EARLIEST PARLIAMENT COULD MEET TO TAKE A VOTE OF CONFIDENCE IS 10 FEBRUARY. THE KING'S VISIT TO THE US IS LIKELY TO BE POSTPONED.

- 2. MUCH HANGS ON THE IMPENDING PARTY CONFERENCE. CALVO SOTELO'S

 CANDIDACY MAY NOW BE IN QUESTION AND SUAREZ HAS YET TO DISCLOSE HIS

 HAND. THE WING OF THE UCD CRITICAL OF SUAREZ AND HIS NOMINATION OF

 CALVO SOTELO HAS MADE IT CLEAR THAT THE CONSENSUS OF SUPPORT CALVO

 SOTELO OBTAINED IN THE EXECUTIVE COMMITTEE MEETING ON 29 JANUARY

 (FROM WHICH SOME OF THEM WALKED OUT) WILL NOT NECESSARILY BE SUPPORT

 RTED BY THEM AT THE PARTY CONGRESS. THEY HAVE DEMANDED THAT A NUMBE

 OF LEADING MEMBERS OF SUAREZ' GOVERNMENT SHOULD NOT RETAIN POWER

 UNDER HIS SUCCESSOR, AND THEY WANT THE LEADERSHIP AND THE PARTY'S

 PROGRAMME TO BE THRASHED OUT AT THE CONFERENCE. THE OUTCOME CANNOT

 AT THE MOMENT BE PREDICTED AND COULD CAUSE SURPRISES. FAILURE TO

 REACH A CONSENSUS WHICH WILL STICK IN PARLIAMENT COULD PRECIPITATE

 ELECTIONS. THESE COULD WELL GO AGAINST THE UCD. THIS PERHAPS PUTS

 A PREMIUM ON UNITY IN PALMA.
- 3. THE KING'S CAUTIOUS METHOD OF IMPLEMENTING THE CONSTITUTIONAL PROCESS (MY TELNO 36) HAS WORKED AGAINST CALVO SOTELO, ALLOWING THOSE OPPOSED TO HIS APPOINTMENT, BOTH INSIDE THE UCD AND IN OTHER POLITICAL GROUPS, TO MAKE THEIR VOICES HEARD. IMPLEMENTING THE CONSTITUTION, THE KING DULY RECEIVED IN TURN THE LEADERS OF THE VARIOUS PARLIAMENTARY GROUPS. THIS GAVE THEM THE OPPORTUNITY TO ADDRESS THE NATION BY TELEVISION FROM THE ROYAL PALACE GATES. FROM THIS IT BECAME CLEAR THAT CALVO SOTELO'S APPOINTMENT MIGHT EXACERBATE RATHER THAN EASE RELATIONS BETWEEN THE LEFT AND THE RIGHT (MY TELNO 38).

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- 4. THE KING'S VISIT TO THE BASQUE COUNTRY INTERPOSES A BREATHING SPACE, WHATEVER PROBLEMS OF SECURITY, PROTOCOL AND POLITICS IT MAY POSE. HE HAS PROBABLY BEEN RIGHT TO ALLOW THE UCD TO SORT OUT THEIR INTERNAL DISAGREEMENTS ABOUT THE LEADERSHIP THOUGH HE MAY STILL FACE SOME TRICKY DECISIONS NEXT WEEK. MEANWHILE HIS DECISION TO STICK TO HIS VISIT TO THE BASQUE COUNTRY MAY BE INTENDED TO ILLUSTRATE THAT THE SITUATION DOES NOT CAUSE HIM UNDUE ANXIETY. INFORMATION FROM WELL-PLACED ARMY CONTACTS OVER THE WEEKEND HAS CONFIRMED OUR VIEW THAT THE ARMY, WHATEVER THEY MAY FEEL ABOUT THE KING'S VISIT TO THE BASQUE COUNTRY, ARE NOT CONSIDERING UNCONSTITUTIONAL ACTION.
- 5. THE UNRAVELLING REPORTED ABOVE INTRODUCES A NEW AND DISTURBING NOTE OF UNCERTAINTY.SUAREZ' REMOVAL, EVEN IF IT PROVES TEMPORARY, HAS UNDOUBTEDLY PRECIPITATED A MAJOR CRISIS IN THE UCD, IN THE RELATIONS OF SPAIN'S POLITICAL PARTIES AND IN THE STABILITY OF SPAIN'S STILL FRAGILE INSTITUTIONS.

PARSONS

FCO WHITEHALL