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ANGLO-GERMAN SUMMIT: THE GERMAN BACKGROUND

SUMMARY

1. KOHL FACES A TEST OF LEADERSHIP. HE KNOWS HE HAS TO REASSURE HIS ALLIES ABOUT HIS, AND HIS COUNTRY'S, RELIABILITY. BUT THE BERLIN ELECTIONS HAVE MADE THE DOMESTIC CONTEXT FOR THIS MORE DIFFICULT. HE NEEDS TO LOOK GOOD PUBLICLY AT THE SUMMIT AND IT IS IN OUR INTEREST TO HELP HIM DO SO.

DETAIL

2. KOHL, DESPITE HIS STEADY PERSONALITY AND THICK SKIN, MUST BE WORRIED ABOUT HIS PREDICAMENT ON THE INTERNATIONAL AND DOMESTIC FRONTS. IN FOREIGN POLICY, HIS STOCK-IN-TRADE FEATURES FIRM SOLIDARITY WITH NATO AND THE COMMUNITY. SO HE WILL BE CONCERNED AT THE WIDESPREAD DOUBTS THAT HAVE GROWN AGAIN IN THE WEST ABOUT THE FEDERAL REPUBLIC'S RELIABILITY, AND HE WILL BE VERY CONSCIOUS OF THE DISTRUST OF GENSCHER. HE KNOWS THAT A DECISIVE STAND BY HIM ON SNF MODERNISATION WOULD DO MUCH TO RESTORE ALLIED CONFIDENCE. BUT THAT WOULD INVOLVE A DOMESTIC PRICE IN THE FORM OF A COALITION SHOW-DOWN AT A DIFFICULT TIME, AND KOHL PRIZES COALITION CONSENSUS ABOVE RISK-TAKING.

3. THE BERLIN ELECTION ON 29 JANUARY WAS A DISASTER FOR THE CDU, FOR WHICH IT WAS WHOLLY UNPREPARED AND WHICH HAS UNDERMINED ITS - AND THE WHOLE COALITION'S - SELF-CONFIDENCE. IT HAS ALSO CAUSED SOME DOUBTS ABOUT THE PREVAILING ASSUMPTION THAT THE PRESENT COALITION WOULD CONTINUE AFTER THE GENERAL ELECTION IN DECEMBER 1990. IN THE LATEST NATIONAL OPINION POLL, THE COALITION PARTIES FELL SHORT OF AN OVERALL MAJORITY AND THE SPD PLUS GREENS JUST ATTAINED ONE. KOHL HAS SAID, NOT UNNATURALLY, THAT THIS IS THE KIND OF DIP THAT GOVERNMENTS OFTEN FACE MID-WAY BETWEEN ELECTIONS. OBJECTIVELY, HE HAS A GOOD CASE. THE ECONOMY CONTINUES TO DO WELL. CURRENT PUBLIC DISSATISFACTION IS CAUSED MAINLY BY PROBLEMS THAT CAN BE OVERCOME OR THAT VOTERS WILL FORGET OR GET USED TO: THE HIGHER CONSUMER TAXES AND HEALTH CARE CHARGES THAT HAVE JUST COME IN, CONCERN ABOUT THE

HOUSING PROBLEMS AND COMPETITION FOR JOBS CAUSED BY THE OVER 200,000 IMMIGRANTS OF GERMAN STOCK FROM EASTERN EUROPE IN 1988, AND THE GOVERNMENT'S EVASIVENESS ABOUT THE INVOLVEMENT OF GERMAN FIRMS IN THE CHEMICAL WEAPONS PLANT IN LIBYA.

4. BUT KOHL ALSO HAS A MAJOR DIFFICULTY THAT HAS HANDICAPPED HIS COALITION SINCE THE START: CHRONIC LACK OF COORDINATION AND REPEATED INEFFECTIVENESS IN SELLING TO THE PUBLIC THE GENUINE BENEFITS OF THE GOVERNMENT'S POLICIES. AND THE OUTCOME OF THE BERLIN ELECTION IS CAUSING ADDITIONAL STRAINS IN THE COALITION. THE CDU/CSU IS DEBATING WHETHER TO MOVE TO THE RIGHT TO HEAD OFF THE CHALLENGE FROM THE FAR RIGHT REPUBLICAN PARTY. THE FDP, WHICH WAS EJECTED FROM THE BERLIN HOUSE OF REPRESENTATIVES, MAY BE TEMPTED TO SEEK PUBLICITY AND PROFILE BY PLAYING UP MATTERS ON WHICH IT DIFFERS FROM THE CDU/CSU COALITION PARTNER.

5. THINGS MAY GET BETTER FOR KOHL AFTER A TIME, PARTICULARLY WITH INCOME TAX REDUCTIONS COMING INTO EFFECT IN JANUARY 1990. BUT RIGHT NOW HE FACES THE STIFFEST TEST OF HIS LEADERSHIP SINCE HE BECAME CHANCELLOR.

6. ONE REASON WHY FRANKFURT WAS CHOSEN FOR THE SUMMIT IS THAT THE CDU MAYOR COULD BENEFIT IN THE COMMUNAL ELECTIONS ON 12 MARCH. BECAUSE OF BERLIN, MORE NOW RIDES ON THE OUTCOME THAN FORMERLY. THE MAYOR - WHO WILL ACCOMPANY THE PRIME MINISTER ON HER WALKABOUT ON 20 FEBRUARY - MAY WELL LOSE.

7. AGAINST THE BACKGROUND OF HIS DOMESTIC DIFFICULTIES, KOHL WILL WANT TO LOOK GOOD IN PUBLIC AT THE SUMMIT. HE WILL SET STORE BY THE BENEFIT TO BE HAD FROM ASSOCIATION WITH A WESTERN LEADER WHO IS MUCH ADMIRED IN THE FEDERAL REPUBLIC. TELTSCHIK TOLD ME ON 8 FEBRUARY THAT IT WOULD BE HARMFUL TO THE CDU IN THE MUNICIPAL ELECTIONS IN FRANKFURT IF THE CHANCELLOR AND THE PRIME MINISTER DISPLAYED POLICY DIFFERENCES. KOHL IS STAUNCHLY PRO-WESTERN AND IT IS IN OUR INTEREST THAT HE SHOULD APPEAR TO ENJOY BRITISH CONFIDENCE.

8. SEE MIFT.

MALLABY

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