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GDR INTERNAL SITUATION

SUMMARY

1. SERIOUS DIFFICULTIES AT ROUND TABLE TALKS ON 3 JANUARY. THEIR CONTINUATION PUT IN QUESTION. LACK OF TRUST AND DEMOCRATIC CONTROL LIES AT THE HEART OF THE PROBLEM. DISTURBING DETAIL ON ECONOMIC DECLINE.

DETAIL

2. AT THE ROUND TABLE ON 3 JANUARY THE OPPOSITION GROUPS THREATENED TO ABANDON THIS FORUM IF THE GOVERNMENT DID NOT PRODUCE COMPREHENSIVE INFORMATION ON SECURITY PROBLEMS AT THE MEETING ON 8 JANUARY. THE OPPOSITION CLAIMED THAT THE GOVERNMENT WERE BREAKING PROMISES MADE EARLIER (ON 2 DECEMBER) NOT TO ESTABLISH NEW ORGANISATIONS FOR INTERNAL OR EXTERNAL SECURITY UNTIL AFTER THE ELECTIONS ON 6 MAY.

3. THE OPPOSITION GROUPS ALSO CLAIMED THAT THE GOVERNMENT HAD AUTHORISED BRIDGING PAYMENTS FOR UPTO THREE YEARS TO COMPENSATE STATE SECURITY AND OTHER OFFICIALS FOR REDUCTIONS IN THEIR SALARIES ON TAKING OTHER CIVILIAN JOBS (THE GOVERNMENT DENY THAT STATE SECURITY OFFICIALS ARE COVERED BY THIS REGULATION.)

4. THE ROW OVER SECURITY CAME AFTER A SESSION ON THE ECONOMY. RESPONDING TO CRITICISM FROM THE OPPOSITION AT THE PREVIOUS MEETING, THE GOVERNMENT FIELDED DEPUTY PRIME MINISTER (AND ECONOMICS) MINISTER PROFESSOR LUFT, AND SEVERAL RELEVANT STATE SECRETARIES. PROFESSOR LUFT REVEALED (DETAIL BY BAG) THAT HARD CURRENCY DEBT NOW STOOD AT US DOLLARS 20.6 BILLION (IN LINE WITH PREVIOUS ESTIMATES AND RESERVES AT BETWEEN 7-9BILLION (DOWN DOLLARS 2-3 BILLION ON PREVIOUS ESTIMATES).

5. NEUES DEUTSCHLAND'S SECOND LEADER ON 4 JANUARY WAS ENTITLED 'WILL THE ROUND TABLE BE OVERTURNED'. THE NEED TO ACCEPT RESPONSIBILITY FOR DECISIONS WAS REINFORCING FISSIPARIOUS TENDENCIES

IN AN ALREADY WEAK AND DIVIDED OPPOSITION.

COMMENT

6. THE FIGURES GIVEN BY LUFT ARE IN LINE WITH OTHER INDICATIONS OF MOUNTING ECONOMIC DIFFICULTIES, I.E., FALLING RATES OF PRODUCTION, GROWING INTERNAL DEFICIT, INABILITY TO SET A PLAN FOR 1990 ETC. NEVERTHELESS, LUFT EMPHASISED THAT MODROW'S GOVERNMENT LOOKED FOR A DOMINANCE OF PUBLIC OWNERSHIP IN DECISIVE AREAS OF PRODUCTION, DEVELOPMENT OF KOMBINATE, GUARANTEED WORK, ETC. THESE PRINCIPLES WILL HAVE TO BE BY-PASSED BY WEST GERMAN ASSISTANCE IF THE ECONOMY IS TO RECOVER.

7. IT WAS ALWAYS LIKELY THAT POLITICAL DIFFICULTIES WOULD EMERGE AT THE ROUND TABLE. SECURITY IS THE MOST SENSITIVE AREA SINCE MANY IN THE OPPOSITION GROUPS HAVE FIRST HAND EXPERIENCE OF THE OLD 'STASI'.

8. THE GOVERNMENT ARGUED THAT THE NEW SECURITY ORGANS ARE NEEDED TO PRESERVE THE STATE FROM RIGHT WING EXTREMISM. (MIFT, ON THE DESECRATION OF SOVIET WAR MEMORIALS). WHILE THE OPPOSITION ALSO AGREE ON THIS, THEY HAVE STRONG RESERVATIONS ABOUT ALLOWING THE GOVERNMENT TO SET UP NEW SECURITY BODIES (IN ADDITION TO THE POLICE) WHICH MIGHT BE USED AGAINST THEM LATER IN THE ELECTION CAMPAIGN. ONE OF THE BODIES WOULD BE FOR THE PROTECTION OF THE CONSTITUTION WHICH IS, AS YET, LARGELY UNAMENDED AND WOULD THEREFORE REQUIRE ALL PARTIES TO SUBSCRIBE TO A SOCIALIST STATE, SOCIALIST PROPERTY ETC. IT IS POSSIBLE THAT THE GOVERNMENT MAY PRESENT AN ALARMIST REPORT ON 8 JANUARY ABOUT RIGHT-WING EXTREMISM, ETC, TO TRY TO PERSUADE THE OPPOSITION GROUPS TO CHANGE THEIR MINDS.

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