

CONFIDENTIAL
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FM EAST BERLIN
TO IMMEDIATE FCO
TELNO 41

ADVANCE COPY

OF 151020Z JANUARY 90
INFO PRIORITY BONN, BMG BERLIN
INFO ROUTINE MOSCOW, WASHINGTON, UKDEL ANTO, PARIS, UKREP BRUSSELS
INFO ROUTINE CICC(G), ACTOR
INFO SAVING EAST EUROPEAN POSTS, PEKING, BRIXMIS, UKDEL STRASBOURG

MODSH PSE PASS CICC(G)

MY TELNO 31 : GDR INTERNAL SITUATION

SUMMARY

1. GOVERNMENT BREAK-UP AVOIDED BY MODROW CONCEEDING ON MAIN POINTS. TENSION REMAINS AND PROBLEMS COULD EMERGE AGAIN AFTER ROUND TABLE DISCUSSIONS ON 15 JANUARY. 15,000 EMIGRATE IN FIRST TWO WEEKS OF JANUARY.

DETAIL

2. PUT UNDER PRESSURE BY THREATENED STRIKES (FROM BUILDING WORKERS AND TAXI DRIVERS), AN AGGRESSIVE DEMONSTRATION (IN WHICH THE GDR FLAGS OUTSIDE THE VOLKSKAMMER HAD THEIR EMBLEMS TORN OUT) AND A THREATENED WALK-OUT BY HIS COALITION PARTNERS, MODROW PROMISED ON 12 JANUARY THAT NO NEW NATIONAL SECURITY SERVICE WOULD BE SET UP BEFORE THE MAY ELECTIONS. THE OFFICIAL IN CHARGE OF DISMANTLING THE PRESENT 'STASI' WAS SACKED FOR INCOMPETENCE. MORE VIGOROUS ACTION WAS PROMISED.

3. THE PROPOSED REVISION OF THE CONSTITUTION TO ALLOW JOINT VENTURES WITH FOREIGN COMPANIES WAS AMENDED TO ALLOW FOREIGN PARTICIPATION WITH MORE THAN 50%. GOVERNMENT SPOKESMAN MADE CLEAR THAT SUCH CASES WOULD BE EXCEPTIONS AND THAT SUCH FIRMS WOULD HAVE TO ABIDE BY 'OTHER GDR REGULATIONS COVERING ECONOMIC ACTIVITIES HERE'.

4. THE ELECTION LAW HAS NOT BEEN AGREED. BUT THE SED-PDS HAVE PROPOSED TO DELETE FROM THE DRAFT THE RESTRICTION ON GDR PARTIES RECEIVING HELP FROM ABROAD (FOR THESE FIRST ELECTIONS ONLY). THEY ALSO SUPPORT COALITIONS OF PARTIES BUT WERE AGAINST PARTICIPATION BY ORGANISATIONS (AIMED AT NEW FORUM).

COMMENT

5. THIS PARTICULAR ROUND OF THE POWER-STRUGGLE HAS GONE TO THE OPPOSITION GROUPS WHO, BY RALLYING SUPPORT ON THE STREETS, AND GAINING SUPPORT FROM THE SED-PDS' COALITION'S PARTNERS, FORCED MODROW TO BACK DOWN ON THE SECURITY SERVICE AND OTHER POINTS. THE NEXT MOVE WILL BE AT THE ROUND TABLE MEETING ON 15 JANUARY WHERE A REPORT ON THE SECURITY SITUATION BY THE MINISTER OF THE INTERIOR HAS BEEN PROMISED. SOME GROUPS HAVE THREATENED TO CALL STRIKES IF THE GOVERNMENT'S REPORT IS NOT SATISFACTORY ON DETAIL AND INTENTION. (THERE WAS OUTRAGE IN THE VOLKSKAMMER WHEN IT WAS REVEALED THAT NO CHARGES HAD YET BEEN BROUGHT AGAINST FORMER PARTY LEADERS FOR MISUSE OF OFFICE AND CORRUPTION).

6. IT IS WELCOME THAT OLD-STYLE TENDENCIES IN THE SED-PDS HAVE BEEN SEEN OFF ON THIS OCCASION. IT IS ALSO WELCOME THAT JOINT-VENTURES HAVE BEEN MADE MORE LIKELY. BUT THESE POLITICAL TRIALS OF STRENGTH, HOWEVER ESSENTIAL THEY MAY BE, TAKE TIME AND DISTRACT ATTENTION FROM THE DEEPENING ECONOMIC CRISIS. IN THE FIRST TWO WEEKS OF JANUARY 15,000 PEOPLE LEFT THE GDR FOR WEST GERMANY. MANY MORE, TO USE THE LOCAL PHRASE, ARE ''SITTING ON THEIR SUITCASES''. SPEAKING TO THE SPD CONGRESS IN EAST BERLIN OVER THE WEEKEND, VOGEL URGED EAST GERMANS TO REMAIN WHERE THEY LIVED.

7. SIGNS OF MOVEMENT ON ''MARKET ECONOMY'', WILL BE REPORTED SEPARATELY.

BROOMFIELD

FCO PSE PASS SAVING EAST BERLIN WILL PASS SAVING BRIXMIS

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