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FM BONN

TO PRIORITY FCO

TELNO 347

OF 201714Z MARCH 90

INFO ROUTINE UKDEL NATO, WASHINGTON, PARIS, MOSCOW, BM BERLIN  
INFO ROUTINE EAST BERLIN, UKREP BRUSSELS, CICC GERMANY

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BONN TELNO 288: SPD CANDIDATE FOR CHANCELLOR

SUMMARY

1. LAFONTAINE HAS ACCEPTED THE INVITATION OF THE SPD EXECUTIVE TO BECOME THE PARTY'S CANDIDATE FOR CHANCELLOR, WITHOUT MAKING ANY PRECONDITIONS.

DETAIL

2. ON 19 MARCH THE SPD EXECUTIVE UNANIMOUSLY NOMINATED LAFONTAINE AS THE PARTY'S CANDIDATE FOR CHANCELLOR. THIS DECISION STILL HAS TO BE ENDORSED BY THE PARTY COUNCIL NEXT WEEK AND THE FULL PARTY CONFERENCE IN SEPTEMBER, BUT THOSE ARE FORMALITIES: THERE ARE NO OTHER CANDIDATES.

3. THE PRECONDITIONS WHICH LAFONTAINE MENTIONED TO THE PRESS ON 28 FEBRUARY (TUR) HAVE GIVEN WAY TO A MORE FLEXIBLE APPROACH. IN HIS PRESS CONFERENCE AFTER THE EXECUTIVE'S DECISION, HE SAID THAT WHILE HIS VIEWS ON CERTAIN POINTS HAD NOT CHANGED, HE HAD SET NO PRECONDITIONS FOR HIS CANDIDACY. HE ARGUED THAT:

(A) CURRENCY UNION WITH THE GDR SHOULD BE INTRODUCED CAUTIOUSLY.

(B) THE BUDGETARY POLICY OF AN SPD GOVERNMENT SHOULD BE 'FINANCIALLY RESPONSIBLE'. THERE WOULD BE NO REDUCTION OF CORPORATE TAXATION, BUT THE DEFENCE BUDGET WOULD BE REDUCED, STEP BY STEP.

(C) THE AIM SHOULD CERTAINLY BE TO ESTABLISH A BASIC SOCIAL SECURITY NETWORK IN THE GDR. BUT THIS COULD NOT BE GUARANTEED, GIVEN THE COSTS THAT UNIFICATION WOULD IMPOSE ON THE FEDERAL BUDGET.

(D) SECURITY POLICY SHOULD BE AGREED WITH GERMANY'S NEIGHBOURS IN EAST AND WEST, WITH THE US, THE USSR AND CANADA. THE AIM SHOULD BE

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THE REPLACEMENT OF THE CURRENT MILITARY ALLIANCES BY A EUROPEAN  
SECURITY SYSTEM.

COMMENT

4. THERE IS NO EVIDENCE THAT LAFONTAINE HAS MODERATED HIS DISTASTE  
FOR NATO. BUT, FOR THE TIME BEING AT LEAST, HE APPARENTLY PREFERS TO  
CONFINE HIS STATEMENTS TO REPETITION OF ORTHODOX SPD GENERALITIES.

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