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WINDHOEK FOR SECRETARY OF STATE'S PARTY

GERMAN UNIFICATION: THE PROSPECTS FOLLOWING THE GDR ELECTION

SUMMARY

1. DRAMATIC SUCCESS FOR KOHL. PRESENCE OF CDU-LED COALITIONS IN BONN AND EAST BERLIN SHOULD FACILITATE INNER GERMAN NEGOTIATIONS ON TRANSFORMATION OF THE ECONOMIC SYSTEM IN THE GDR, TO BE FOLLOWED BY MONETARY UNION. KOHL IN A BETTER POSITION TO INFLUENCE TIMING OF STATE UNIFICATION UNDER ARTICLE 23 OF THE FEDERAL CONSTITUTION. HIS STATEMENTS SINCE THE GDR ELECTIONS DESIGNED TO REASSURE OTHER COUNTRIES THAT UNITY WILL COME ONLY AFTER AGREEMENT IN 2 PLUS 4. GDR ELECTION RESULT COULD BE HELPFUL REGARDING QUESTION OF GERMANY IN NATO.

DETAIL

2. THE GDR ELECTION RESULT IS SEEN IN THE FEDERAL REPUBLIC AS A CLEAR DEMOCRATIC DECISION FOR EARLY MONETARY UNION AND GERMAN UNITY.

3. THE FEDERAL GOVERNMENT DEVOUTLY HOPE THAT THE RATE OF MIGRATION FROM THE GDR (144,000 SO FAR THIS YEAR) WILL NOW DIMINISH. IT IS NOT CERTAIN. GERMAN MONETARY UNION WILL MAKE THINGS WORSE IN THE GDR BEFORE THEY GET BETTER.

4. THERE IS A WIDESPREAD VIEW THAT THE GDR ELECTION RESULT MAKES RAPID UNIFICATION EVEN MORE LIKELY. IT IS TRUE THAT NEGOTIATION BETWEEN TWO COALITIONS LED BY THE CDU SHOULD BE MUCH EASIER THAN IF THE SPD HAD BEEN THE DOMINANT PARTY IN THE GDR GOVERNMENT. THE MORE SO SINCE THE FEDERAL CDU HAS ENORMOUS INFLUENCE OVER THE EAST GERMAN

CDU. SO AGREEMENT ON THE INTRODUCTION OF THE LEGISLATIVE FRAMEWORK FOR ECONOMIC TRANSFORMATION IN THE GDR SHOULD BE FACILITATED, AND THE PROSPECT OF GERMAN MONETARY UNION WITHIN MONTHS IS STRONGER. SEITERS TOLD THE US AND FRENCH AMBASSADORS AND ME TODAY THAT, ALTHOUGH A TWO-THIRDS MAJORITY WAS REQUIRED IN THE VOLKSKAMMER FOR SOME ECONOMIC LEGISLATION, THE EAST GERMAN SPD WAS HARDLY LIKELY TO OPPOSE MEASURES THAT HAD OBVIOUSLY BEEN ENDORSED BY THE ELECTION AND WERE SUPPORTED BY THE FEDERAL SPD. THE FEDERAL GOVERNMENT, SEITERS SAID, AIMED AT GEMU THIS SUMMER, PERHAPS ON 1 JULY.

5. ON STATE UNITY, AS DISTINCT FROM ECONOMIC AND MONETARY, THE ELECTION RESULT NEED NOT MEAN ACCELERATION. KOHL IS NOW IN A POSITION GREATLY TO INFLUENCE THE TIMING OF A MOVE BY THE GDR TO JOIN THE FEDERAL REPUBLIC UNDER ARTICLE 23 OF THE BASIC LAW, WHICH IS NOW THE EXPECTED ROUTE. HE HAS BEEN AT PAINS, SINCE THE ELECTION, TO REASSURE OTHER COUNTRIES (MY TELEGRAMS 342 AND 344), STRESSING INTER ALIA THAT UNIFICATION WOULD COME ONLY AFTER COMPLETION OF WORK IN THE 2 PLUS 4 FORUM. SEITERS MADE THE SAME POINT TO THE THREE AMBASSADORS TODAY. HE SAID THAT, EVEN IF THERE WAS AN EARLY MOVE IN THE VOLKSKAMMER TO VOTE FOR ACCESSION TO THE FRG UNDER ARTICLE 23, THE PROCEDURES TO GIVE EFFECT TO THAT, IN THE BUNDESTAG AND ELSEWHERE, WOULD DELAY STATE UNITY. HE COULD NOT SEE IT BEFORE 1991. EVEN EGON BAHR, ON THE LEFT OF THE SPD, TOLD ME ON 19 MARCH THAT STATE UNITY MUST DEPEND ON AGREEMENT ON INTERNATIONAL ASPECTS.

6. SEITERS ALSO MADE THESE POINTS TO THE THREE AMBASSADORS:

(1) THE STRONG SHOWING OF THE PDS IN THE ELECTION IN EAST BERLIN SHOWED THAT LARGE NUMBERS OF GDR OFFICIALS WERE STILL PRO-COMMUNIST. THAT MIGHT GREATLY HAMPER THE EFFECTIVENESS OF THE DEMOCRATIC GOVERNMENT FOR SOME TIME.

(2) IT WOULD BE IMPORTANT FOR THE INNER GERMAN NEGOTIATIONS ON ECONOMIC FUSION TO SHOW VISIBLE PROGRESS BEFORE THE EAST GERMAN MUNICIPAL ELECTIONS ON 6 MAY. OTHERWISE THE CDU RESULT COULD BE MUCH LESS GOOD THAN THIS TIME.

(3) THE FEDERAL GOVERNMENT PLANNED TO REDUCE THE SPECIAL ADVANTAGES ENJOYED BY MIGRANTS FROM THE GDR ON 1 JULY. IT WAS THOUGHT PREMATURE TO DO THIS BEFORE MONETARY UNION, SINCE THE DMARK WOULD BE A MAJOR FACTOR IN BRINGING DOWN THE RATE OF MIGRATION.

(4) GENSCHER WAS DISAPPOINTED AT THE RESULT ACHIEVED BY THE LIBERALS IN THE GDR. THEY HAD MADE MANY MISTAKES, INCLUDING THE

FAILURE UNTIL TODAY TO ADOPT THE TITLE FDP.

7. OTHER LIKELY EFFECTS OF THE GDR ELECTION RESULTS INCLUDE:

(A) THE SPD IS VERY BADLY PLACED TO URGE CHANGES IN THE FEDERAL CONSTITUTION BEFORE IT IS APPLIED TO A UNITED GERMANY. THE PROSPECT IS NOW THAT THE CHANGES WILL BE FEW (NOTABLY THE DELETION OF ARTICLES WHICH IF RETAINED AFTER UNITY MIGHT IMPLY THAT THERE WERE OTHER PARTS OF GERMANY BEYOND THE FRG AND GDR).

(B) THE GDR GOVERNMENT WILL BE MORE SUSCEPTIBLE TO PRESSURE FROM BONN TO ACQUIESCE IN UNITED GERMANY'S MEMBERSHIP OF NATO THAN AN EAST GERMAN COALITION LED BY THE SPD WOULD HAVE BEEN. TO THIS EXTENT, THE SURPRISE ELECTION RESULT STRENGTHENS OUR HAND REGARDING THE HARDEST ASPECT OF THE 2 PLUS 4 TALKS.

(C) THE CONFIDENCE OF WEST GERMAN AND FOREIGN INVESTORS IN THE ECONOMIC FUTURE OF EAST GERMANY SHOULD BE INCREASED BY THE CDU VICTORY, AND THE PROSPECTS OF RAPID INVESTMENT SHOULD BE IMPROVED.

8. THE CDU/CSU, AS OF NOW, LOOKS WELL PLACED FOR THE FEDERAL ELECTIONS ON 2 DECEMBER AND FOR ALL-GERMAN ELECTIONS WHICH ON PRESENT FORM ARE FORESEEN IN LATE 1991. LAFONTAINE, WHO YESTERDAY AGREED (MY TELNO 347) TO BE SPD CHANCELLOR CANDIDATE IN THE FEDERAL ELECTIONS, TAKES OVER JUST AFTER A MAJOR SETBACK FOR HIS PARTY INSTEAD OF THE EXPECTED VICTORY IN THE GDR. HIS ABILITY TO ANTICIPATE AND EXPLOIT THE POPULAR MOOD IS FAMOUS. LAFONTAINE HAS SAID THAT KOHL CANNOT FULFIL THE PROMISES HE MADE IN THE EAST GERMAN ELECTION CAMPAIGN, AND WILL MAKE THE MOST OF ANY APPARENT FAILURE TO DO SO. AS EGON BAHR ADMITTED TO ME ON 19 MARCH, LAFONTAINE MUST DECIDE WHETHER TO EXPLOIT POPULAR FEARS IN WEST GERMANY ABOUT THE COSTS OF UNITY AND THUS RISK SEEMING HALF-HEARTED ABOUT UNIFICATION, WHICH ITSELF IS VERY POPULAR. TO GET THIS BALANCE RIGHT IN THE FEDERAL ELECTION CAMPAIGN WILL BE HARD ENOUGH. AND AN APPEARANCE OF HALF-HEARTEDNESS COULD DO MAJOR HARM TO THE SPD IN EAST GERMANY AND PREJUDICE THEIR CHANCES OF THE REAL PRIZE - TO BEAT THE CDU IN ALL-GERMAN ELECTIONS AND ESTABLISH A STRUCTURAL MAJORITY IN UNITED GERMANY.

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