

RESTRICTED

FM THE HAGUE

(AMENDED DISTRIBUTION 26/4)

TO ROUTINE FCO

TELNO 162

OF 251234Z APRIL 91

INFO ROUTINE OTHER EC POSTS

POSITION OF DUTCH GOVERNMENT

SUMMARY

1. TENSIONS WITHIN DUTCH GOVERNMENT CONTINUE. FLURRY OVER POSSIBLE LUBBERS SUCCESSION TO DELORS. LIKELIHOOD OF AN EARLY CRISIS REMAINS LOW, BUT MEDIUM TERM OUTLOOK IS UNCERTAIN.

DETAIL

2. THERE HAS BEEN ANOTHER ILL-TEMPERED EXCHANGE WITHIN THE GOVERNMENT, THIS TIME SPARKED OFF BY THE PARLIAMENTARY FLOOR LEADER OF LUBBERS' OWN CDA PARTY, BRINKMAN. FRUSTRATED AT THE CONTINUING LACK OF ACTION OVER THE BUDGETARY DEFICIT, BRINKMAN ON 20 APRIL THAT THE CDA PARLIAMENTARY PARTY WOULD NOT SUPPORT THE CDA/PVDA COALITION'S PROPOSALS FOR TAX INCREASES IF THE GOVERNMENT DID NOT QUICKLY GET TO GRIPS WITH THE PROBLEMS OF EXCESSIVE STATE SUPPORT FOR 'DISABLED' WORKERS, AND OF CHRONIC ABSENTEEISM. HIS PVDA OPPOSITE NUMBER, WOLTGENS, CONDEMNED HIS REMARKS, AND BRINKMAN BACKED OFF, SAYING THAT HE HAD NO WISH TO BRING DOWN THE GOVERNMENT PROVIDED IT BEGAN TO SHOW RESULTS. HE EVENTUALLY AGREED TO AWAIT A REPORT ON THESE ISSUES FROM THE SOCIAL AND ECONOMIC COUNCIL (DUE IN JULY) AFTER LUBBERS HAD TOLD PARLIAMENT THAT THE GOVERNMENT WAS ALREADY WORKING ON RELEVANT MEASURES. THE INCIDENT HAS DRAWN ATTENTION TO THE CONTINUING STRAINS WITHIN THE COALITION OVER THE PROBLEMS OF THE ECONOMY, AND THE PRESIDENT OF THE DUTCH CENTRAL BANK HAS THIS WEEK WEIGHED IN WITH A WARNING OF THE NEED FOR MODERATION IN WAGE DEMANDS AND FOR EXTRA PUBLIC EXPENDITURE CUTS.

3. THERE HAS ALSO BEEN A FLURRY OVER A REPORT IN THE NEWSPAPER THE EUROPEAN, DATED 20 APRIL, QUOTING LUBBERS AS SAYING THAT HIS APPOINTMENT TO SUCCEED DELORS AS PRESIDENT OF THE COMMISSION WAS 'IN THE BAG'. THE GOVERNMENT INFORMATION SERVICE HAVE ANGRILY DENIED THE STORY, AND IT IS INDEED UNTHINKABLE THAT LUBBERS WOULD HAVE SPOKEN IN SUCH TERMS. BUT THE STORY HAS CONTRIBUTED TO THE IMPRESSION THAT THIS IS A GOVERNMENT WHOSE LEADER'S MAIN INTERESTS

ARE OUTSIDE THE NETHERLANDS AND WHOSE TIME MIGHT BE RUNNING OUT.

4. SO FAR THE FACTORS HOLDING THE COALITION TOGETHER APPEAR STRONGER THAN THOSE FORCING IT APART, AND IN THE SHORT RUN THE UPCOMING DUTCH PRESIDENCY OF THE EC WILL TEND TO ENCOURAGE THE COALITION PARTNERS TO CLOSE RANKS. BUT RECENT OPINION POLLS SHOW D66 (DEMOCRATS) AS NOW OVERTAKING THE PVDA IN POPULARITY, AND IT REMAINS FAR FROM CLEAR WHETHER THERE IS A BASIS FOR AGREEMENT BETWEEN THE CDA AND THE PVDA OVER THE FURTHER MEASURES WHICH HAVE BECOME URGENTLY NECESSARY TO REDUCE THE PUBLIC SECTOR DEFICIT.

5. IT IS LOOKING INCREASINGLY PROBABLE THAT A GOVERNMENT CRISIS COULD DEVELOP IN 1992 LEADING TO AN ELECTION OR AT LEAST A RESHUFFLE OF THE COALITION PARTNERS. SPECULATION CURRENTLY CENTRES ON TWO POSSIBILITIES: A NEW COALITION OF THE PVDA, VVD (LIBERALS) AND D66 WHICH COULD PUT THE CDA FOR THE FIRST TIME IN LIVING MEMORY INTO OPPOSITION, OR A CDA/VVD/D66 COMBINATION. THE LATTER COULD BE A POSSIBILITY IF RELATIONS BETWEEN THE CDA AND PVDA BREAK DOWN IRRETRIEVABLY. BUT THE PVDA ARE KEEN TO STAY IN GOVERNMENT, NOT LEAST TO PROVE TO THE ELECTORATE THAT THEY ARE A CREDIBLE PARTY OF GOVERNMENT. MUCH IN THE END WILL DEPEND ON THE EXTENT TO WHICH THEY ARE PREPARED TO COMPROMISE WITH THE CDA OVER REDUCTIONS IN PUBLIC EXPENDITURE.

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