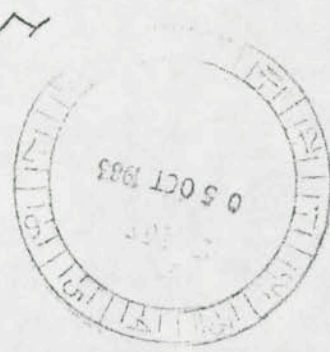


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TO IMMEDIATE FCO

TELEGRAM NUMBER 897 OF 5 OCTOBER

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TELECON HUNTER/YOUNG (WED)

HELMUT SCHMIDT'S CALL ON THE PRIME MINISTER: 7 OCTOBER

1. SCHMIDT'S OFFICE TELL US THAT HE HAS NO SPECIFIC POINTS TO RAISE WITH THE PRIME MINISTER. HE HOPES TO DISCUSS WITH HER IN GENERAL TERMS INF, THE WORLD ECONOMIC SITUATION AND US ECONOMIC POLICIES, AND EC ISSUES.

2. SCHMIDT HAS RECENTLY ANNOUNCED THAT HE WILL BE STANDING DOWN AS DEPUTY CHAIRMAN OF THE SPD NEXT SPRING. THIS IS PART OF HIS GRADUAL DISENGAGEMENT FROM ACTIVE POLITICS. HE HAS ADOPTED A VERY LOW PROFILE HERE IN RECENT MONTHS, AND HAS MADE NO SPEECHES IN THE BUNDESTAG AND VERY FEW INTERVENTIONS IN THE VARIOUS POLICY DEBATES WITHIN THE SPD.

3. ON INF, SUCH STATEMENTS AS HE HAS MADE HAVE GIVEN RISE TO SOME DOUBTS ABOUT WHETHER HE STILL BELIEVES DEPLOYMENT SHOULD GO AHEAD IF GENEVA FAILS TO PRODUCE A RESULT. AN OVERWHELMING MAJORITY IN THE SPD HAS NOW COME OUT AGAINST DEPLOYMENT. SCHMIDT IS SCHEDULED TO MAKE A MAJOR SPEECH AT THE SPD SPECIAL PARTY CONFERENCE ON INF NEXT MONTH BUT STANDS NO CHANCE OF TURNING THIS TIDE, EVEN IF HE WERE TO TRY.

TAYLOR

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