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PREM 19/761

● PART 1 ends:-

ASC to FCO 25/1/82

PART 2 begins:-

Paris tel : 18 3/2/82

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(81) 25 <sup>st</sup> Meeting, item 2	25/6/1981
CC(81) 20 <sup>th</sup> Meeting, item 2	21/5/1981
CC(81) 19 <sup>th</sup> Meeting, item 3	14/5/1981

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed *Wayland*

Date 16 October 2012

PREM Records Team



FILE

RM

Lance

10 DOWNING STREET

*From the Private Secretary*

25 January, 1982

President Mitterrand's Health

Thank you for your letter of 11 January. I have since seen Robert Armstrong's letter of 22 January.

The Prime Minister has told me that she was struck by the way in which President Mitterrand declined to play a positive role at the Cancun meetings. Given recent French statements about their intention to adopt a more forthcoming policy towards third world problems, he could have been expected to play a leading role but did not do so. The Prime Minister has no particular reason for attributing this reticence to health reasons but nevertheless finds it difficult to explain.

In her two recent contacts with President Mitterrand (at Cancun and at the last meeting of the European Council) the Prime Minister was struck by the peculiar colour of Mitterrand's skin. She also recalls that when she commented to Mitterrand's interpreter at the European Council that Mitterrand had lost weight, the interpreter replied: "He has to - his doctor has told him he must".

But despite these tentative indications of ill health, the Prime Minister has not detected any evidence that Mitterrand's mental or intellectual faculties are deteriorating.

A. J. COLES

F N Richards, Esq  
Foreign and Commonwealth Office

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A J Coles Esq



CABINET OFFICE

With the compliments of  
Sir Robert Armstrong KCB, CVO  
*Secretary of the Cabinet*

70 Whitehall, London SW1A 2AS  
Telephone: 01-233 8319

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CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

*From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO*

Ref. A07215

22 January 1982

A.S.C. 25  
T

You sent me a copy of your letter of 11 January to John Coles about the state of President Mitterrand's health.

I have not seen the President since he came to London in September, except in the distance at the meeting of the European Council, and cannot, therefore, comment at first hand.

When I went to Paris in December for a meeting of Personal Representatives, I asked Monsieur Attali politely after the President's health. Rather to my surprise he did not simply thank me and pass me off with generalities, but went into a list of minor ailments, including rheumatism, of a kind which (he suggested) are normally associated with advancing years. I remember wondering a little whether he was seeking to reassure me (or to put me off the scent) with this rather unexpected display of medical openness.

I am sending a copy of this letter to John Coles.

ROBERT ARMSTRONG

F N Richards Esq

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Prime Minister  
Can you say how he stood Foreign and Commonwealth Office  
you at Council and/or the  
European Council?

London SW1A 2AH

A.F.C.

11 January 1982

*h.a. M 25*

Dear John.

There has been considerable speculation in France about the state of President Mitterrand's health. Although he has recently had a medical check-up and been given a clean bill of health, most Frenchmen remember all too well the denials of ill-health that preceded President Pompidou's death in office.

HM Ambassador in Paris is inclined to give slightly greater credence than hitherto to suggestions that President Mitterrand might be suffering from some long term - but at present stabilised - illness, possibly a form of Leukaemia. I attach a letter from Sir R Hibbert setting out the reports he has heard.

Sir R Hibbert is anxious to have any first hand impressions of M Mitterrand and I should be grateful if you would consider asking the Prime Minister to comment on President Mitterrand's appearance and performance at her recent meetings with him at, for example, the Cancun Summit and the European Council. Those in the FCO who have encountered him recently have done so too briefly to make a proper assessment.

I am sending a copy of this letter to the Private Secretary to the Secretary to the Cabinet as Sir Robert Armstrong may also wish to comment.

*Yours ever,*

(F N Richards)  
Private Secretary

A J Coles Esq  
10 Downing St

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Hd/WEI

3/10/81

pre

Showered in the  
no 20?

BRITISH EMBASSY,  
PARIS.

18 December 1981

MICHAEL PALLISER

Sir Michael Palliser GCMG  
PUS  
FCO

Hd/WEI for suitable diff reply pse  
cc Mr Bullard. Switzerland  
PS  
P>PUB

THIS COPY FOR  
30.21/12

Dear Michael,

1. I sent a savingram a little while ago (no 181 of 23 November) about M. Mitterrand's health. His latest six monthly health certificate was issued on 15 December. I enclose the text. It is full of medical mumbo-jumbo and this is skilfully used to give a thoroughly reassuring impression - although you will note that the statement in the last sentence that his health "is perfectly satisfactory in all the fields that have been examined" leaves a residual doubt that there may be some areas where his health is unsatisfactory.

2. Last week, however, I heard for the first time some talk about the President's health which seemed to me to carry a certain amount of conviction. It came from M. Ambroise Roux, the Président-Directeur Général of the Compagnie Générale d'Electricité, who has had good inside knowledge about the Elysée and its occupants for several reigns. He told me that he had had good detailed knowledge of President Pompidou's medical condition long before that became common knowledge, and he said that he had had very reliable reports on M. Mitterrand's health well before M. Mitterrand arrived at the Elysée. According to these, M. Mitterrand was suffering from a form of leukaemia which was controllable within limits by medical treatment and whose effects would be slow to develop. M. Mitterrand, as we all knew, had not expected to win the presidential election and had not regarded his health condition as being a serious obstacle to his conduct of the contest for power within the Socialist Party. When the election suddenly turned in his favour he was caught and was now bound to put the best possible face on the state of his health. According to M. Roux, the burdens of office had put some strain on M. Mitterrand, and in recent weeks he had suffered from some instability in his condition. This was now under control again and there was no reason to suppose that there would be any early health crisis for the President.

/3. M. Roux





3. M. Roux said that he had watched with care the President's recent appearance on television (my telno 1102). He had been surprised by the apparent frankness with which the President approached the health question. He had spoken of having his check-up and M. Roux had thought for a brief moment that all the rumour-mongers, including himself, were going to be confounded by the President producing the written results of his check-up, holding them up to the television camera and saying "There you are you see, I am clear". He had not done this and, after talking about his analyses, had simply concluded by saying that he was now feeling better - not that he was better and not an admission that there had ever been anything wrong, but simply the subjective comment that he was feeling better. M. Roux's conclusion was that to all intents and purposes M. Mitterrand was lying to the French people.

4. M. Roux and other distinguished non-Socialist Frenchmen who have been received by the President recently all tend to be unanimous in declaring privately afterwards that they had the feeling of dealing with a man who was not really fit. I am increasingly impressed by the unanimity of this verdict among responsible men who have close dealings with the President. I myself have had the opportunity to watch the President at close hand on several occasions recently and I have been struck by a certain oddness in his demeanour. His skin tends to be remarkably pallid and there is a certain passivity in the way in which he goes through public ceremonial. He is amiable to everyone whom he meets, but only in the most cursory, impersonal way. He makes virtually no effort to establish a direct human relationship with people who are introduced to him unless the television cameras happen to be trained on him at the particular moment, in which case he goes through the motions of being warm. He tends to blink continually and his eyes dart about in an uncertain sort of way as if he was unsure what was coming next and what was expected of him; but this is accompanied by an apparent imperturbability or perhaps immobility of manner which contradicts the evidence of internal tension supplied by his eyes. When he speaks he does so very quietly; but if he is making a speech he becomes animated in the course of it and rises to something of a crescendo in the middle, relapsing again to a quiet fireside manner as he comes to his conclusion. The crescendo tends to be accompanied by minor signs of shortage of breath. I have noticed no physical weakness in him even when being pushed around by enthusiastic crowds and the usual horde of photographers and press men. It is noticeable however that his military aide takes great care to have glasses of water on hand at any moment when there is a pause in the proceedings. In a relatively private circle he is pleasant and fairly relaxed but still not noticeably forthcoming.

/5. Observed



5. Observed symptoms, even at closer range and over a longer period than is possible in such a case, are notoriously difficult for laymen to evaluate; and doctors seem no more able than economists to agree with one another or to express themselves in clear terms. One turns inevitably to the surrounding political circumstances and judgments. Was Mitterrand's attempt to make a clandestine visit to the Val de Grâce hospital a simple misjudgment? Is the laconic (and sibylline) language of the medical communiqué standard medical caution? In which case how did the President's advisers fail to see that the combination of these things would give rise to rumour and speculation? They are well aware that the strongest asset which President Mitterrand's administration possesses is its prospect of lasting for at least another five years (until the next Legislative elections). The President's advisers should in theory be doing their utmost to preserve the integrity of that card. Equally of course the President's opponents, among whom M. Ambroise Roux must undoubtedly be counted, will be doing their best to undermine it. But even they, in turn, will know that they cannot for long make smoke without fire.

6. As you will see from the above I am somewhat more inclined now than I was a few weeks ago to think that there may be something wrong with M. Mitterrand - not something acute, but something which makes his health preoccupying in the long term. It would be very helpful to know what sort of impression M. Mitterrand gives when involved in protracted sessions at, for example, European Council meetings. I have been told that at Cancun M. Mitterrand's interventions were much less vigorous than everyone had been led to expect. Is this becoming a common experience at meetings with M. Mitterrand?

7. Paradoxically, I think that the more M. Mitterrand parades his allegedly clean bill of health, the more one becomes suspicious that there is something wrong with him.

*Yours ever,*

*Reg.*

Reginald Hibbert

THE SECOND SIX-MONTHLY REPORT ON PRESIDENT MITTERRAND'S  
STATE OF HEALTH, PUBLISHED ON 15 DECEMBER 1981

During this period, the President of the Republic experienced considerable pain in his right thigh, involving disturbance to the functioning of the right leg.

This condition made necessary a series of precise examinations, which revealed the presence of an uncarthrosis of the spine\*, associated with a localised arthrosis\*\* of the disc in the lumbar region.

In parallel with these specific tests, other investigations were carried out, both clinically and paraclinically, and ranging over the cardio-vascular, pulmonary, gastro-hepato-enterological, renal, neurological and haematological fields.

The conclusion of these examinations led to the adoption of medical therapy with the object of curing the osteo-articular disorders.

The effectiveness of the treatment has resulted in the disappearance of the functional disturbance and the pain.

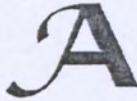
At the end of this initial six-month period, the President of the Republic has a state of health that is perfectly satisfactory in all the fields that have been examined.

Signed: Dr Claude Gubler

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\* uncarthrosis: a type of cervical spondylitis (inflammation around the vertebrae in the neck)

\*\* arthrosis: inflammation associated with a joint - in this case the inter-vertebral disc in the lower back



The National Archives

LETTERCODE/SERIES ..... <i>PREM 19</i> .....	Date and sign
PIECE/ITEM ..... <i>761</i> ..... (one piece/item number)	
Extract/Item details: <i>Folio 3.</i> <i>Coles to Armstrong dated 23 December 1981</i>	
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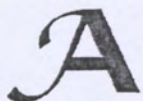
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**CONFIDENTIAL**  
SAVING TELEGRAM

*France*

BY BA9  
CONFIDENTIAL  
FROM PARIS

TO FCO SAVING TELNO 181 OF 23 NOVEMBER 1981  
REPEATED FOR INFORMATION SAVING TO EC POSTS, WASHINGTON, UKDEL NATO,  
UKDEL STRASBOURG, HM CONSULS GENERAL FRANCE

PRESIDENT MITTERRAND'S HEALTH

1. You will have seen speculation in the press about the state of President Mitterrand's health. Before the Prime Minister meets M. Mitterrand at this week's European Council you may like to have a brief comment from me.

2. Recent press speculation was sparked off by a full account in last week's "Paris Match" of an extended medical examination undergone by President Mitterrand under an assumed name at a Paris hospital on 7 November. The article suggested that M. Mitterrand had appeared lame and off-colour. He had undergone comprehensive scanning tests, including examination by scintigraph and echograph.

3. Since President Mitterrand's election many virulent rumours have circulated about his health. These appear to have been largely relayed by the Opposition. According to the scandal-mongers, M. Mitterrand is suffering from cancer, although there is no agreement as to where its site may be. The "Paris Match" article has made it easier for these rumours to surface in the press.

4. President Mitterrand has moved quickly in an effort to still the rumours. On 18 November the Elysée confirmed in a statement that President Mitterrand had been medically examined but asserted that this was in preparation for the issue in December of the next in the series of bills of health that President Mitterrand had undertaken at the press conference on 24 September to have published every six months. (The text of the first bulletin was enclosed with Arbuthnott's letter of 10 July to Gladstone, WED.) On 20 November President Mitterrand himself discussed his health openly and informally with a group of journalists at the Elysée. He confirmed that, as he had revealed at his press conference on 24 September, he was suffering from back trouble, diagnosed as lumbago. This caused him considerable pain, particularly during his recent visit to Mexico when he had to remain standing for long periods, for example during the "interminable" Mexican national anthem. But he denied that he had ever suffered from anything more serious. He asserted that he had never visited a well-known Paris hospital specialising in the treatment of cancer as the press had alleged.

5. The only direct evidence that I can offer about President Mitterrand's health is that he told Mr Foot and Mr Healey on 16 November that his lumbago caused acute discomfort and that so

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far treatment had been ineffectual. His discomfort was not apparent from his performance at the Armistice Day ceremonies on 11 November. Even at the best of times President Mitterrand moves rather stiffly and is somewhat leaden in colour. It appears that for some years M. Mitterrand has had periodic medical check-ups but there is no evidence that these are attributable to any particular condition.

6. My conclusion is that no substantial evidence has come to light to suggest that President Mitterrand's performance is impaired by a health problem.

HIBBERT

FCO | WH

WED

THIS TELEGRAM  
WAS NOT  
ADVANCED

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GRS 790

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*Travel*

CONFIDENTIAL

FM PARIS 231615Z SEP 81

TO PRIORITY FCO

TELEGRAM NUMBER 839 OF 25 SEPTEMBER 1981

INFOR ROUTINE BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE  
LUXEMBOURG, ROME, UKREP BRUSSELS, ATHENS.

INFO SAVING HM CONSULS GENERAL FRANCE (PASSED BY PARIS),  
UKDEL STRASBOURG

MIPT: PRESIDENT MITTERRAND'S PRESS CONFERENCE

1. M. MITTERRAND ADOPTED A SETTING AND A STYLE MORE REMINISCENT OF GENERAL DE GAULLE THAN OF HIS IMMEDIATE PREDECESSORS. HE SAT ALONE ON HIS DAIS, WITH THE PRIME MINISTER AND OTHER SENIOR MEMBERS OF THE GOVERNMENT, INCLUDING THE COMMUNIST MINISTER OF STATE, M. FITERMAN, LOOKING UP AT HIM FROM HIS FIGHT. HE WAS VERY WELL GROOMED, LOOKED VERY FIT, DEPLOYED HIS HISTORIC SKILLS TO THE FULL AND REMAINED AFFABLE, LIVELY AND CANDID TO THE END OF A GRUELLING TWO AND A HALF HOUR PERFORMANCE. HE GAVE NO SIGN OF EVASIVENESS WHILE REMAINING ON A LEVEL OF GENERALITY, AND HE CONVEYED THE IMPRESSION OF SPEAKING HIS MIND AND SPEAKING FROM HIS HEART. IT WAS A FIRST-CLASS SHOW AND DID NOT LAPSE INTO BOREDOM.

2. IN THE BEST TRADITION OF THE FIFTH REPUBLIC, HE USED THE OCCASION TO ASSERT HIS AUTHORITY AS PRESIDENT OVER THE WHOLE RANGE OF GOVERNMENT ACTIVITY. HE PUT HIS PERSONAL STAMP ON ALL THE GOVERNMENT'S POLICIES. M. MAUROY, SITTING BELOW, COULD PERHAPS FEEL RELIEVED THAT M. MITTERRAND HAD NOW PUT HIMSELF IN THE FRONT LINE, BUT HE MAY ALSO HAVE HAD A FEELING THAT THE PRIME MINISTER IS MORE EPHEMERAL THAN THE POLICIES WHICH HE EXECUTES.

3. PRESIDENT MITTERRAND STRUCK ALL THE RIGHT CHORDS FOR FRENCH PUBLIC OPINION. HE EMPHASISED THAT HE WAS FRENCH, THAT FRANCE WAS A GREAT POWER, THAT FRANCE WAS INDEPENDENT AND NOBODY'S LAP-DOG AND THAT NEITHER FRANCE NOR HE WOULD SHRINK FROM CHALLENGING INTERNATIONAL TABOOS. AT THE SAME TIME HE MADE ALL OF THIS PALATABLE BY NOT HANDING OUT GOOD AND BAD MARKS IN THE GISCARDIAN STYLE AND BY CONVEYING THE IMPRESSION THAT FRANCE WAS GOOD FRIEND OF ALMOST EVERYONE.

4. M. MITTERRAND SAID LITTLE THAT WAS NEW ALTHOUGH HE MANAGED TO GIVE FRESH EXPRESSION TO OLD IDEAS. HE MADE CLEAR THAT THE POLICIES HE WOULD PURSUE DURING HIS SEVEN YEARS OF OFFICE HAD ALREADY BEEN SET OUT DURING THE PRESIDENTIAL CAMPAIGN. A MAJOR THEME OF THE PRESS CONFERENCE WAS THAT HE HAD BOTH THE TIME AND THE POLITICAL MEANS TO CARRY OUT THAT PROGRAMME. HE REAFFIRMED THAT HE WOULD NOT GO BEYOND THESE COMMITMENTS WITHOUT FURTHER

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CONSULTATION

CONSULTATION WITH THE ELECTORATE. BOTH TO THOSE WHO REPROACHED HIM FOR GOING TOO FAST AND TO THOSE WHO CRITICISED HIM FOR GOING TOO SLOWLY, HE REPLIED THAT HE WOULD SEEK A MIDDLE WAY, EVEN THOUGH THIS CORRESPONDED NEITHER WITH HIS PHILOSOPHY NOR HIS NATURE.

5. PRESIDENT MITTERRAND SPOKE IN THE KNOWLEDGE THAT RECENT OPINION POLLS HAVE BEGUN TO SHOW THAT HIS HONEYMOON PERIOD IS DRAWING TO A CLOSE. HE STILL ENJOYS MAJORITY SUPPORT AMONG PUBLIC OPINION, BUT QUESTIONS ARE INCREASINGLY BEING ASKED NOT JUST BY THE OPPOSITION BUT ALSO IN THE LEFT-WING PRESS ABOUT THE COHERENCE OF GOVERNMENT POLICIES, PARTICULARLY IN THE ECONOMIC FIELD. AN IMPORTANT OBJECTIVE OF THE PRESS CONFERENCE APPEARS TO HAVE BEEN TO DEMONSTRATE THAT THE GOVERNMENT HAS NOT LOST ITS WAY BUT HAS SET OUT FIRMLY IN THE DIRECTION CHOSEN BY THE ELECTORATE. THE VARIOUS REFORMS EITHER INTRODUCED OR ANNOUNCED WERE LARGELY SUBSUMED UNDER THE GOVERNMENT'S PROCLAIMED INTENTION OF GIVING PRIORITY TO EMPLOYMENT. THE ONE WHOLLY NEW ELEMENT IN THE SECTION ON THE ECONOMY WAS THE ASSURANCE TO THE RICH THAT THEY WOULD BE LET OFF THE WEALTH TAX TO THE EXTENT THAT THEY PLACED THEIR MONEY IN PRODUCTIVE INVESTMENTS. M. MITTERRAND DEVOTED THE LONGEST PART OF HIS REMARKS TO A BROAD RESTATEMENT OF THE GOVERNMENT'S ECONOMIC STRATEGY AND TO A JUSTIFICATION OF THE NATIONALISATION PROGRAMME. ECHOING ONE OF THE THEMES OF HIS PRESIDENTIAL ELECTION CAMPAIGN, M. MITTERRAND CALLED ON ALL FRENCH MEN TO UNITE THEIR EFFORTS TO OVERCOME THE ECONOMIC CRISIS. HE TURNED HIS BACK, AT LEAST FOR THE TIME BEING, ON THOSE IN HIS OWN PARTY WHO BELIEVE THAT THE GOVERNMENT'S REFORMS CANNOT BE CARRIED THROUGH WITHOUT A CONFRONTATION BETWEEN THE GOVERNMENT AND ITS OPPONENTS.

6. FROM THE BRITISH STANDPOINT THE MOST SIGNIFICANT FEATURE WAS HIS FAILURE TO FULFIL HIS EARLIER PROMISES TO SPELL OUT HIS IDEAS ON A "RELANCE EUROPEENNE". HE TOUCHED BRIEFLY ON THE CONCEPT IN HIS INTRODUCTORY STATEMENT WITHOUT OFFERING ANY NEW INSIGHTS INTO HOW HE ENVISAGES PUTTING THESE IDEAS INTO PRACTICE AND THE THEME WAS NOT TAKEN UP DURING QUESTIONS. THIS OMISSION REINFORCES OTHER EVIDENCE THAT THE FRENCH GOVERNMENT IS HANGING BACK ON THE EUROPEAN DOSSIERS. THIS MAY BE DUE IN PART TO THE DEMANDS OF THE PELL-MELL PROGRAMME OF DOMESTIC LEGISLATION. NEVERTHELESS THE TENDENCY TO INERTIA ALSO SEEMS TO STEM FROM A REALISATION THAT SOLUTIONS TO THE PRINCIPAL OUTSTANDING ISSUES ARE GOING TO COST FRANCE SOMETHING AND SO POSE POLITICAL DIFFICULTIES.

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CONFIDENTIAL

14. THE

CONFIDENTIAL

7. THE PRESS CONFERENCE SHOULD HAVE GONE SOME CONSIDERABLE WAY TOWARDS REAFFIRMING THAT PRESIDENT MITTERRAND REMAINS A "FORCE TRANQUILLE", AS HE WAS SUCCESSFULLY PRESENTED DURING THE ELECTION CAMPAIGN.

FCO PLEASE PASS SAVING UKDEL STRASBOURG

HIBBERT

[REPEATED AS  
REQUESTED]

FCO / WHITEHALL D

WED

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CONFIDENTIAL

GRS 960

UNCLASSIFIED

FM PARIS 251607Z SEP 81

TO PRIORITY FCO

TELEGRAM NUMBER 838 OF 25 SEPTEMBER 1981

INFO ROUTINE BONN BRUSSELS COPENHAGEN DUBLIN THE HAGUE LUXEMBOURG

ROME UKREP BRUSSELS ATHENS WASHINGTON

INFO SAVING HM CONSULS GENERAL FRANCE (PASSED BY PARIS) UKDEL

STRASBOURG

PRESIDENT MITTERRAND'S PRESS CONFERENCE

1. ON 24 SEPTEMBER M. MITTERRAND GAVE THE FIRST BIG PRESS CONFERENCE OF HIS PRESIDENCY. AFTER AN INTRODUCTION SETTING OUT THE MAIN THEMES OF THE GOVERNMENT'S ACTION, QUESTIONS DIVIDED INTO THREE GROUPS: THE ECONOMY, FOREIGN POLICY AND FRENCH SOCIETY. THE PRESIDENT KEPT TALKING FOR TWO AND A HALF HOURS. THE FOLLOWING PARAGRAPHS SUMMARISE HIS MAIN POINTS IN VERY COMPRESSED FORM.

ECONOMY

2. EMPHASIS ON CONCEPT OF SOCIAL GROWTH AS CONDITION OF FULL EMPLOYMENT. THRESHOLD FOR IMPOSITION OF PROPOSED WEALTH TAX TO BE RAISED FROM F3 MILLION TO F5 MILLION WHEN THE DIFFERENCE WAS OFFSET BY PRODUCTIVE INVESTMENT. OVERALL TAX AND SOCIAL SECURITY BURDEN TO REMAIN AT AROUND 42% OF GDP. 3% GROWTH TARGET FOR 1982 CONFIRMED. INTEREST PAYABLE ON SAVINGS BANK DEPOSITS INCREASED BY 1%. RISK OF REFLATION BECOMING INFLATION WELL UNDERSTOOD. EMPHASIS THEREFORE ON INVESTMENT BEFORE CONSUMPTION AND ON THE NEED TO RECONQUER THE DOMESTIC MARKET. IMPORTS IN 1981 HAD RISEN BY ONLY 12% AND EXPORTS BY 17%. POLICY THEREFORE ON THE RIGHT LINES.

3. NATIONALISATION PROGRAMME NOT TO BE EXTENDED WITHOUT FURTHER ELECTORAL CONSULTATION. NATIONALISED INDUSTRY TO BE BASED ON THE RENAULT MODEL WITH MINIMUM BUREAUCRATIC CONTROL AND MAXIMUM FLEXIBILITY. NATIONALISATION "A TOOL OF THE NEXT CENTURY" TO BRING ABOUT RECONSTRUCTION OF FRENCH INDUSTRY. LEFT UN-NATIONALISED, THE FIRMS CONCERNED WOULD HAVE BEEN RAPIDLY INTERNATIONALISED. SMALL AND MEDIUM SIZED INDUSTRIES, EMPLOYING ALMOST HALF THE WORKFORCE, ALSO VITAL. SPECIAL EFFORTS TO BE MADE TO RESTORE SUCH INDUSTRIES AS STEEL, ALUMINIUM, DATA PROCESSING, MACHINE TOOLS AND MICRO-ELECTRONICS.

4. ON EUROPEAN POLICY, ESSENTIAL TO AVOID REVIVING BILATERAL AND COMMUNITY DISPUTES. SEARCH FOR SOLUTIONS TO CURRENT PROBLEMS IN THE LIGHT OF CONCRETE PLANS FOR THE RELAUNCHING OF EUROPE. CONCEPT INCLUDED A SOCIAL AREA, WHICH WOULD PERMIT IMPROVEMENTS TO BE MADE IN EMPLOYMENT AND SOCIAL RIGHTS; A STRENGTHENED FOREIGN POLICY; AN ENERGY POLICY TO BE REINFORCED BY COMMUNITY LOANS; "SPECIFIC INDUSTRIAL COOPERATION PROJECTS" IN ORDER TO HELP TO MODERNISE

/ECONOMIC

ECONOMIC ACTIVITY AND DEVELOP "THE THIRD INDUSTRIAL REVOLUTION".  
ANNOUNCED INTENTION OF VISITING ALL COMMUNITY CAPITALS.

#### FOREIGN POLICY

5. NO AREA "OUT OF BOUNDS" FOR FRENCH FOREIGN POLICY, WHATEVER THE ATTITUDE OF THE US OR SOVIET UNION

6. AFFIRMED EVERY COUNTRY'S RIGHT TO SELF-DETERMINATION. SENT GREETINGS TO ALL THOSE FIGHTING FOR FREEDOM AGAINST OPPRESSION. IMPASSIONED APPEAL TO COMBAT POVERTY THROUGH DEVELOPMENT. RECALLED DECISION TO INCREASE AID BUDGET. EMPHASIZED NEED TO STABILIZE RAW MATERIAL PRICES AND ESTABLISH AN ENERGY AFFILIATE WITHIN THE FRAME-WORK OF THE WORLD BANK.

7. EAST/WEST RELATIONS AND SECURITY.

STRESSED THAT "ONLY A BALANCE OF FORCES COULD MAINTAIN PEACE". HENCE HIS WARNINGS ABOUT SOVIET ARMS BUILD UP. ANALYSIS OF ARMS BALANCE LED TO THE CONCLUSION THAT FROM 1985 THE SOVIET UNION WOULD HAVE WEAPONS SUPERIORITY. US DECISIONS WOULD RESTORE THE BALANCE AROUND 1990. URGED A US/SOVIET NEGOTIATION BEFORE THE END OF 1981 ON GENUINE ARMS REDUCTIONS. FRANCE READY TO ACT AS A MEDIUM FOR DISCUSSION ON DISARMAMENT. PARIS OFFERED AS SITE FOR NEGOTIATIONS. FRANCE REMAINED LOYAL TO THE ALLIANCE, BUT WOULD DEVELOP HER OWN DETERRENT CAPACITIES. DESIRE FOR MUTUALLY PROFITABLE RELATIONS WITH EASTERN EUROPE. FRANCO/SOVIET GRAND COMMISSION TO TAKE PLACE AS PLANNED IN DECEMBER.

8. POLAND

FRANCE WOULD NOT GO BEYOND MATERIAL AND PSYCHOLOGICAL HELP. IN THE EVENT OF SOVIET INTERVENTION, NEED TO SEE HOW "THE CONTAGION OF POWER AND INTERFERENCE" COULD BE STOPPED.

9. FRANCO/BRITISH RELATIONS

WARM TONE ON FRANCO/BRITISH RELATIONS. RECALLED QUESTION AT ALBERT HALL AS TO WHETHER THE PRESIDENT WAS "THATCHERISED". ON COOPERATION, "WE HAVE DECIDED ON SEVEN OR EIGHT VERY IMPORTANT DIRECTIONS, SUCH AS ENGINES, TELECOMMUNICATIONS, COMPUTERS AND THE CHANNEL TUNNEL, IN WHICH TO DEVELOP BILATERAL ACTIVITY SINCE IT HAD GONE TO SLEEP IN RECENT TIMES." THERE WERE MANY THINGS TO BE DONE TOGETHER. DIFFERENCES ON COMMUNITY ISSUES TO BE DISCUSSED. ACQUIS COMMUNAUTAIRE COULD NOT BE CALLED INTO QUESTION. BRITAIN'S SIGNATURE OF THE TREATIES WAS A "GOLDEN SIGNATURE". SURE THEREFORE BRITAIN WOULD STICK TO ITS COMMITMENTS, BUT FRANCE PREPARED, WHERE NECESSARY, TO BRING COMMUNITY PRACTICE INTO HARMONY WITH CURRENT CIRCUMSTANCES. REJECTED A PURELY BUDGETARY APPROACH TO THE 30 MAY MANDATE NEGOTIATIONS.

10. MIDDLE EAST.

BALANCED REAFFIRMATION OF THE RIGHTS OF ISRAEL AND THE PALESTINIANS.

READINESS TO CONSIDER BOTH A GLOBAL APPROACH AND BILATERAL AGREEMENTS IN THE SEARCH FOR PROGRESS BY SMALL STEPS. PRAISE FOR THE FAHD INITIATIVE. SUPPORT FOR AN EXTENSION OF THE UNIFIL PRESENCE IN SOUTHERN LEBANON AND THE INDEPENDENCE OF THE LEBANESE GOVERNMENT.

11. AFRICA.

SATISFACTION AT HARMONY BETWEEN FRANCE AND AFRICAN STATES. SUPPORT FOR INDEPENDENCE OF CHAD AND READINESS TO PROVIDE PRACTICAL ASSISTANCE TO THE COUNTRY WITHOUT PRECONDITIONS.

12. CENTRAL AMERICA.

DEFENCE OF FRANCO/MEXICAN STATEMENT ON EL SALVADOR AS A RECOGNITION OF THE REALITY OF THE POPULAR STRUGGLE IN THAT COUNTRY. OPPOSITION TO ANY EXTERNAL INTERFERENCE IN THE REGION.

FRENCH SOCIETY

13. EXPLAINED REASONS FOR INTRODUCING SOCIALISTS' LONG-TERM PROGRAMME OF REFORMS QUICKLY. BUDGETS FOR RESEARCH AND CULTURE TO BE INCREASED (LATTER TO REACH 1% OF FRENCH BUDGET BY 1983). MINISTRY OF FINANCE TO MOVED FROM LOUVRE TO ALLOW THE DISPLAY OF PAINTINGS TO BE EXTENDED TO THE WHOLE BUILDING. ANNOUNCED UNIVERSAL EXHIBITION IN PARIS IN 1989 TO COMMEMORATE ANNIVERSARY OF FRENCH REVOLUTION. A FRAME-WORK LAW FOR RESEARCH TO BE DRAWN UP IN 1982. REAFFIRMED GOVERNMENT'S DETERMINATION TO MAKE FRANCE INDEPENDENT IN ENERGY.

14. FOR COMMENT SEE MIFT.

FCO PLEASE PASS SAVING TO UKDEL STRASBOURG.

HIBBERT

FCO/WHITEHALL D

WED

[REPEATED AS  
REQUESTED]

France

CONFIDENTIAL

GRS 160  
CONFIDENTIAL  
DESKBY 211430Z  
FM PARIS 211355Z SEP 81  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 824 OF 21 SEPTEMBER 1981  
INFO SAVING TO UKREP BRUSSELS

MY TEL NO 823: NATIONALISATION

1. LEBEGUE (ECONOMIC ADVISOR IN THE PRIME MINISTER'S OFFICE) TELEPHONED FINANCIAL COUNSELLOR THIS AFTERNOON TO SAY THAT THE PRIME MINISTER, M MAUROY, HAD MADE A STATEMENT AT 1300HRS ON FRANCE INTER RADIO THAT UNDER NO CIRCUMSTANCES WOULD THE GOVERNMENT NATIONALISE A FOREIGN BANK. LEBEGUE SAID THAT THERE WERE TWO FOREIGN BANKS WHICH WOULD FALL WITHIN THE AMBIT OF NATIONALISATION IF THE CEILING OF F1BN WAS ADOPTED. THESE WERE BARCLAYS AND NEUFLIZE-SCHLUMBURGER-MALLET. NEITHER OF THESE WOULD BE NATIONALISED.

2. ASKED WHETHER THIS DECISION WAS LIKELY TO BE CHANGED BY THE MINISTERIAL MEETING THIS AFTERNOON, LEBEGUE SAID THAT THIS WAS A DECISION SOLEMNLY ANNOUNCED BY THE PRIME MINISTER. IT COULD BE TAKEN FOR GRANTED THAT THIS WAS THE POSITION OF THE FRENCH GOVERNMENT.

3. WE SHALL TELEGRAPH THE TEXT OF M MAUROY'S STATEMENT AS SOON AS IT IS AVAILABLE.

ADVANCE COPIES: PS, PS/LPS, LORD BRIDGES, MR GLADSTONE, MR BAYNE  
PS/CHANCELLOR, MR HANCOCK (TREASURY)  
PS/GOVERNOR, MR BALFOUR, MR PORTER (BANK OF ENGLAND)

FCO PLEASE PASS SAVING TO UKREP BRUSSELS

HIBBERT

[ADVANCED AND REPEATED AS REQUESTED]

FCO/WHITEHALL

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WED

ADVANCE ADDRESSEES

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GRS 450

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FM PARIS 211519Z SEP 81

TO PRIORITY FCO

TELEGRAM NUMBER 825 OF 21 SEPTEMBER 1981

INFO ROUTINE UKREP BRUSSELS, WASHINGTON, BONN.

INFO SAVING TO BRUSSELS, ROME, THE HAGUE, DUBLIN, ATHENS,  
COPENHAGEN, LUXEMBOURG, UKDEL OECD AND CONSULATES GENERAL  
FRANCE (BOTH PASSED BY PARIS).

FRENCH GOVERNMENT ECONOMIC MEASURES

1. THE FRENCH GOVERNMENT HAS ANNOUNCED FURTHER EXCHANGE CONTROLS EFFECTIVE FROM TODAY. THE MEASURES ARE SYMPTOMATIC BOTH OF THE DIFFICULTIES FACING THE FRANC AS SPECULATION ABOUT A POSSIBLE REALIGNMENT OF EMS CURRENCIES CONTINUES, AND OF THE PROBLEMS CONFRONTING THE GOVERNMENT OVER THE IMPLEMENTATION OF KEY PARTS OF ITS ECONOMIC STRATEGY. THERE ARE REPORTS OF DIFFERENCES BETWEEN MINISTERS ON THE PROPOSED WEALTH TAX AND SOME CONFUSION OVER THE GOVERNMENT'S INTENTIONS ON NATIONALISATION (MY TEL NO 823).

EXCHANGE CONTROLS

2. IN A COMMUNIQUE PUBLISHED ON 20 SEPTEMBER THE GOVERNMENT ANNOUNCED A FURTHER TIGHTENING OF THE EXCHANGE CONTROL MEASURES INTRODUCED ON 21 MAY (MY TEL NO 387 OF 22 MAY). WITH EFFECT FROM TODAY FORWARD CONTRACTS ON EXCHANGE MARKETS IN RESPECT OF IMPORTS WILL NO LONGER BE PERMITTED. THE ONE - MONTH LIMIT SET IN MAY IS THEREFORE ABOLISHED AS IS THE SPECIAL CONCESSION FOR IMPORTS OF RAW MATERIALS. IN ADDITION THE MINISTRY OF THE ECONOMY AND FINANCE ANNOUNCED THAT THE BANQUE DE FRANCE WOULD RAISE ITS MARKET INDICATOR RATES TODAY IN ORDER TO KEEP DOMESTIC INTEREST RATES IN LINE WITH INTERNATIONAL RATES.

3. THE ANNOUNCEMENT FOLLOWED SEVERAL DAYS OF UNCERTAINTY ON THE FOREIGN EXCHANGE MARKETS AND UNCONFIRMED REPORTS THAT THE BANQUE DE FRANCE HAD INTERVENED ON A SUBSTANTIAL SCALE TO KEEP THE FRANC ABOVE ITS FLOOR LEVEL AGAINST THE DM IN EMS. NO INDICATION WAS GIVEN BY THE MINISTRY OF LIKELY BANQUE DE FRANCE RATES TODAY BUT THE FRENCH PRESS EXPECTS OVERNIGHT RATES TO RISE FROM 17.5% TO AROUND 19%. ACCORDING TO THE PRESS THE MINISTRY IS LIKELY TO BRING PRESSURE ON THE BANKS TO KEEP BASE LENDING RATES AT THEIR PRESENT 14.5%. THIS WOULD CAUSE CONSIDERABLE PROBLEMS FOR THOSE BANKS WHICH ARE NOT THEMSELVES PRINCIPAL DEPOSIT INSTITUTIONS AND WHICH ARE DEPENDANT FOR THEIR FINANCING ON BORROWING AT HIGH INTEREST RATES ON THE MONEY MARKET AND WOULD BE OBLIGED TO ON - LEND TO INDUSTRIAL COMPANIES AT THE LOWER RATES.

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/WEALTH

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WEALTH TAX

4. THE PRESS HAS REPORTED A MAJOR DEBATE WITHIN THE GOVERNMENT ON THE EXTENT TO WHICH THE NEW WEALTH TAX SHOULD BE LEVIED ON PRODUCTIVE CAPITAL (''OUTIL DE TRAVAIL''). THE MINISTERS OF THE ECONOMY AND INDUSTRY ARE REPORTEDLY BACKING DEMANDS FROM EMPLOYERS ORGANISATIONS THAT THE TAX SHOULD NOT BE IMPOSED ON CAPITAL USED BY ENTREPRENEURS AND COMPANIES FOR PRODUCTION, INDUSTRIAL PURPOSES ESPECIALLY WHERE THEY ARE JOB - CREATING. RANGED AGAINST THEM IS APPARENTLY THE BUDGET MINISTER, M FABUIS, WHOS IS SAID TO REGARD ANY ATTEMPT TO DISTINGUISH BETWEEN DIFFERENT KINDS OF CAPITAL AS BEING INPRACTICABLE.

FCO PLEASE PASS SAVING TO BRUSSELS, ROME, THE HAGUE, DUBLIN, ATHENS, COPENHAGEN, LUXEMBOURG.

HIBBERT.

[REPEATED AS REQUESTED]

FCO/WHITEHALL  
WED

THIS TELEGRAM  
WAS NOT  
ADVANCED

-2-

CONFIDENTIAL

COVERING CONFIDENTIAL

*Fraser*



Foreign and Commonwealth Office

(2)

London SW1A 2AH

Prime Minister

3 September 1981

*v. Useful background.*

*Dear Michael.*

*Ans 4/5*

*FC Ans*

I enclose a copy of Sir R Hibbert's despatch entitled 'M. Mitterrand's Début as President', which the Prime Minister may wish to read before next week's summit.

*Yours ever,*

(F N Richards)  
Private Secretary

M O'D B Alexander Esq  
10 Downing St

COVERING CONFIDENTIAL



## M. MITTERRAND'S DEBUT AS PRESIDENT

## SUMMARY

1. After President Mitterrand's first 100 days in office it is time to examine his performance (para 1).
2. The Left's landslide victory in this year's elections has given President Mitterrand a free hand. He has skilfully avoided clearly defined policy commitments and, without himself pretending to be a centrist, has managed to create the impression that he leads a moderate administration (paras 2 and 3). The Socialist Parliamentary Group is being kept out of mischief by a heavy legislative workload. M. Mitterrand is likely to serve his full 7-year term but the long term character of his Presidency remains to be defined (paras 4 and 5).
3. There is considerable uncertainty about the way in which policy is shaped within the new government. The sweeping personnel changes in broadcasting, the police, the prefectural corps and the higher reaches of the civil service together with the government's plans for decentralisation will prolong the period of administrative uncertainty (paras 6 - 9).
4. M. Mitterrand's foreign and defence policies are a blend of continuity and change designed to balance Socialist ideology and French national interests. Decisions difficult for France are not being faced. The true character of M.

/Mitterrand's



Mitterrand's foreign policy will take time to emerge (para 10).

5. The economy, and in particular the fight against unemployment, is the key area of activity. M. Mitterrand himself has little feel for economics. The government's first short term package of economic measures has not checked the deterioration in the economic situation (paras 11 - 13). There is a strong ideological motivation behind some of the government's economic policies (paras 14 and 15). The test for the government's economic strategy is likely to come in the course of 1982. The prospects are not encouraging (paras 16 and 17). The farming lobby will continue to exercise disproportionate influence (para 18).

6. President Mitterrand has a very strong political position but has given highest priority to solving a very intractable problem, unemployment. It is difficult to believe he will succeed. Failure or part-failure would probably make it more difficult to extract positive decisions from France on awkward issues (paras 19 and 20).

7. The Anglo/French summit provides an important opportunity to try to persuade President Mitterrand that the achievement of his long term objectives requires the resolution of the outstanding community issues of interest to the UK (para 20).



BRITISH EMBASSY,  
PARIS.

2 September 1981

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign and  
Commonwealth Affairs  
Foreign and Commonwealth Office  
London SW1

My Lord,

M. MITTERRAND'S DEBUT AS PRESIDENT

1. With the end of the holidays, M. Mitterrand's honeymoon period ("period of grace" in French parlance) is over. It is time to examine what he is doing.
2. It has been an odd experience to live in France for the past three to four months. The change from President Giscard to President Mitterrand, from right or centre right to left, was as decisive and total as it was unexpected, and yet the ordinary French citizen felt no material change. Disaster had been promised if the left won, but all that happened was a great increase in talk. The subject matter was mostly new; but the style, ex cathedra, based on a plethora of Ministerial pronouncements and press interviews, was recognisably Fifth Republican. The first point to make is that President Mitterrand's victory was so overwhelming that it left France stunned for a while, the left wing stunned with its own success and unreadiness for it, and the centre and right stunned by the size of their rout. M. Mitterrand was able to take his time in installing himself,

/setting



setting up his government and beginning to make policy, because his victory was quickly doubled. His immediate tactic of dissolving the National Assembly and calling fresh parliamentary elections succeeded even more totally than his own election to the Presidency. By 21 June the Socialist Party had an absolute majority in the National Assembly, an unbelievable luxury for a Socialist President. President Mitterrand became free to do what he liked, and he is still in that happy situation.

3. While spending his first weeks gathering the power needed for the first 5 years of his 7-year Presidency, M. Mitterrand deployed his considerable skills of ambiguity and impenetrability to elude clearly defined commitments. He says that he will carry out the commitments which he made in his election campaign, no less and no more. This is a vaguer undertaking than it looks. It distances him from the Socialist Party's manifesto; but the absence of any collection of his campaign speeches and broadcasts makes it difficult to say with certainty what he would regard himself as bound to implement. He seems to be in a position to pick and choose from the 110 propositions which the Socialist Party put forward in opposition. He makes no pretence of being a moderate or centrist, but in fact he makes it easy for those who wish to do so to conclude that that is what he is. His choice of M. Pierre Mauroy as Prime Minister and his willingness to devolve responsibility to him for the details of government have played an important part in creating an atmosphere of moderation in a climate of Socialist ascendancy. This is where the secret of M. Mitterrand's initial success lies. He has at his disposal a powerful and enthusiastic Socialist Party

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with a strong left wing element and he takes care to cultivate it; but he has managed to give the impression that he is determined to be the arbiter of France's fate in the tradition of 5th Republic Presidents and that he will not be narrowly partisan. The opinion polls show that he has so far succeeded in keeping a solid majority of French opinion behind him.

4. As soon as the new National Assembly met, the government heaped work on to it. This keeps the many newcomers to the Socialist benches happily occupied. There was a first package of socio-economic measures (increase in social welfare benefits, measures to reduce unemployment and the revenue measures necessary to pay for these). There were the Amnesty Bill and the Bill to abolish the State Security Court. Then there was the radical (but not specifically socialist) proposal to decentralise France's administration, which will pre-occupy the National Assembly for many months as the full range of its implications unfolds. Promised for the autumn are measures to nationalise banking and certain key industries, a full debate on France's energy policy, various projects of legal reform, the customary processing of next year's budget and adoption of an interim 2-year plan. This is a busy legislative programme, but it does not of itself indicate with any certainty what sort of Presidency M. Mitterrand's is going to be. It is full of promise (or menace, depending on the point of view) but leaves many question marks over France's future shape.

5. It is the generally accepted view in Paris that M. Mitterrand's

/economic





economic policies will determine his future reputation and perhaps his fate (although it is difficult to see how, with so strong a parliamentary majority for the next five years, his fate could be other than to serve out his 7-year period). But before coming to economic questions I think it may be best to review briefly what is being done in two or three other fields.

6. The government as a whole does not have even yet any clear character. This is largely because no-one is sure how decisions are taken. Everyone knew under M. Giscard that decisions were taken only in the Elysée by M. Giscard himself, and the broad lines of the policy advice given by M. Barre and his ministerial team were very well known, as was the character of M. Giscard the decision taker. Everyone assumes that M. Mitterrand too intends to take all the essential decisions, but it is not known how he takes advice and from whom. M. Mauroy as Prime Minister seems to play a leading rôle, but he is not a Mitterrandist and it is not easy to see him balancing for M. Mitterrand the various forces and factions at work within the Socialist Party. The Elysée staff are not forthcoming about their relative functions and try as often as not to pretend that only the different Ministries and not the Elysée can answer for the government's actions. This is simply not credible in France. Until the degrees of influence enjoyed by President Mitterrand's senior collaborators become more defined, the government's character will remain uncertain. In theory M. Delors is master of the economy, M. Cheysson of foreign affairs, M. Hernu of defence and M. Dreyfus of industrial policy. These are all moderate men. But M. Jacques

/Attali



Attali sits in the room next to the President at the Elysée; M. Bérégovoy is very busy as Secretary General at the Elysée although it is uncertain what he is busy doing; M. Jospin has the key rôle of First Secretary of the Party; M. Joxe runs, and speaks for, the Socialist group in the National Assembly. These men are much more concerned with keeping a Socialist government in step with the Socialist Party; but the means by which they influence policy, first in the individual Ministries, then at the Matignon and finally at the Elysée, or more likely in the reverse order, remain to be identified. And there are other influential figures in the government, for example Mme Questiaux the welfare state conscience, M. Fabius who brings socialism to the budget and M. Chevènement the leader of the left-wing Ceres faction who now, as Mr Benn once did in the UK, promises to shape advanced technology and science in the service of socialism. M. Rocard, the moderate who challenged M. Mitterrand as presidential candidate, should not be forgotten as he sits, eclipsed for the time being, in charge of the State Plan. The significance of all these personalities in the formation of government policy has yet to emerge. For the present the government remains fairly shapeless and something of a conundrum.

7. Image-making is one of the first concerns of modern governments. The uncertainty about the government's character extends into this field too. M. Giscard filled the radio and television and much of the press with his own partisans. The Socialists used to complain bitterly about this and it was expected that there would be far-reaching changes if they came

/to



to power. Now that the changes are occurring the question arises whether the Socialist Party is simply doing the same as Giscard or, having changed the leading men, is going to institute a degree of autonomy for the media. M. Mauroy insists that his intentions are honourable, but M. Mitterrand does not comment and the question persists whether a Socialist president and government can risk allowing the media to go free. It is promised that the reform of the Broadcasting Statute will be put before the National Assembly next spring. Judgement will have to be suspended until then on the degree of liberalism of which the Mitterrand régime will be capable.

8. The personnel changes which have been effected at the top of the broadcasting and TV companies have been paralleled in the Police and Prefectoral corps. Men who were known to enjoy M. Giscard's confidence have moved out, down or sideways: men who have enjoyed close relations with M. Defferre, the Minister of the Interior who has for long been Mayor of Marseilles, or who have worked well with other socialist magnates who are mayors of important towns, move up. These changes are the equivalent of the changes which occur in most countries when there is a change of ruling party. In the case of France, énarque tends to replace énarque. The chief significance of the changes at present is that there are a lot of learners in important jobs throughout France and this leads to a slow-down in administrative activity. The slow-down is made worse by the fact that outgoing Ministers and other office holders tend to remove or destroy all the papers held by their Cabinets, that is to say all the papers which they regard as "political". The new Cabinets find the cupboards bare

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and have to start building their own dossiers with the help of the official archives of their Ministries and departments. This helps to explain the slowness of the Mitterrand administration in getting going.

9. It seems possible that the first three or so years of M. Mitterrand's presidency will be years of continuing administrative uncertainty and even confusion. The government committed itself in the opening session of the new National Assembly to carry through the complicated process of decentralising France's administration. The undertaking is immense as it is not simply a question of changing the name of the Prefects to Commissaires de la République and removing the powers which they enjoyed hitherto by virtue of being the executants of decision by local bodies as well as the executants of central government policies. Delicate questions of financial devolution and demarcation between the different levels of local assemblies remain to be resolved. No-one is sure how departmental and regional assemblies will behave when they sense that some genuine power has been given to them. M. Mitterrand appears to have set out to change the nature of France. Some doubt whether he really means it. Others doubt whether he will succeed. It is possible to say with certainty only that he has given himself an enduring internal pre-occupation which will demand a great deal of his political attention and energy as time goes on.

10. The continuing uncertainty about the true character of M. Mitterrand's administration extends also to foreign affairs

/and



and defence. M. Cheysson is undoubtedly a very active minister of "external relations" (the term itself has an ideological value as it was first used in the First Republic). He has carried out a very full series of visits abroad, has received innumerable visitors to Paris and has issued a stream of somewhat garrulous statements on a wide range of foreign affairs questions. His message seems to be that French policy is going to be the same only different, that is to say it is going to be based as before on the "independence" of France but with new accents in East/West relations, in relations with the Third World and in human rights. It is not yet possible to be sure whether the elements of sameness will be more noticeable in action (as distinct from words) than the elements of difference. As far as action is concerned, the new French government has so far been anxious to avoid it, particularly in the European Community. The Community has been urged to become an auxiliary of President Mitterrand's anti-unemployment campaign by agreeing to set up a European social area, but this seems to be a case of setting up an alibi for the President rather than proposing a practical course of action; and the decision taking process remains in suspense on Europe's contentious dossiers. A close relationship with the Federal Republic of Germany (still "privileged" in all but name) remains a cardinal point of French policy because it gives France the capacity to manoeuvre with and against others. A good relationship with the United States is much prized at present because M. Mitterrand cannot afford to appear to be sympathetic to the Soviet Union while he is playing his complicated game with the French Communist Party. In other matters M.

/Mitterrand



Mitterrand appears to be feeling his way and M. Cheysson talking his way towards policies which will enable France to balance successfully between ideological attitudes dear to the Socialist Party and national interests which continue to impose themselves regardless of the government's political colour. The exigencies of this balancing act in the Middle Eastern, Southern African, Central American, Iraqi, Iranian and Asian questions have already filled many telegrams and letters to and from this post. Some aspects of the balancing act have been particularly meant to please the US government in order to compensate for the ideologically motivated policy innovations which rouse misgiving in Washington. These aspects have been extraordinarily well received abroad, for example the French government's support for NATO's Theatre Nuclear Force modernisation programme and France's more critical line against the Soviet Union on Afghanistan and Poland. I hope I shall not be thought churlish if I cast a shadow of doubt on the motivation behind these things. In Paris it seems obvious that principle plays less part and tactical considerations a greater part in them than the President and his government claim. The true character of the new France's foreign policy has yet to reveal itself. The process is likely to be slow, because M. Mitterrand's principal aim seems to be to keep the external world in play by declarations, promises and exhortations so that it does not obtrude too much on the work of reform being undertaken in France and perhaps even assists by easing some of the economic problems which reform seems bound to precipitate.

/11. The



11. The key area of activity for M. Mitterrand is indeed the economy. During his election campaign he made a main issue of the "failures" of M. Giscard's and M. Barre's economic policy, with particular emphasis on growing unemployment, and he promised to create new employment if he was elected. He has continued ever since his election to make the fight against unemployment his main theme, while taking care to say that it would take time to correct the grave mistakes of the previous régime. There can be no doubt about M. Mitterrand's commitment to reduce unemployment. The doubt is about whether he can do it.

12. Even M. Mitterrand's closest associates do not pretend that he has a feeling for figures or economic management. He prides himself on being a creative man, a sort of political poet or artist, a man of ideas, a writer. There is a danger that he may not understand in any detail the complexity of the economic problems facing France. His attitude appears to be that he imagines and sets the political objective and others must then contrive the economic means. This is a dangerous starting point in an age of economic crisis.

13. The economy is the area in which the new government is likely to face its most severe and decisive test. It was clear that 1981 would be a difficult year for the French economy whichever way the elections went. The recession in most Western countries, the contraction in world trade, the increase in the foreign exchange cost of imported energy, the decline in EMS currencies against the dollar and the pre-electoral manoeuvres

/of



of the previous government guaranteed that there would be some heavy bills to be paid later in the year. Since the election the foreign exchange markets and the Bourse have reacted adversely to the advent of an inexperienced government identified with ill-defined but far-reaching, radical innovations. A sharp fall in the franc immediately necessitated domestic support measures which, through record interest rate levels, have exerted a severe squeeze on company cash flow and profitability. The government's first, short-term, package of measures has so far not improved the situation. The increase in minimum wages has added to wage costs generally: ironically the most adversely affected are the smaller companies, which the Socialist Party pledged itself to look after most carefully. The number of bankruptcies has risen sharply, in spite of the government's more accommodating policy on credit controls. Inflation is now creeping up and further fuel price rises which seem inevitable before the end of the year will make it worse.

14. The government's medium-term strategy (1982-83) includes nationalisations, decentralisation, reduction of working time, the creation of 210,000 jobs in the public sector and the introduction of a wealth tax. This strategy looks as if it too will run into contradictions between aims and results or between political ideology and reality. In accordance with the Socialist Party's longstanding election pledge, the government will introduce a draft bill in the autumn session of Parliament to nationalise nearly all the private sector banking and credit institutions, a number of major industrial

/groups





groups and the bulk of the steel industry. A series of options as to ways of achieving nationalisation was debated within the government, ranging from minority participation through increased capital funding to outright state ownership. Although the draft bill has not yet been finalised, it seems that the government will opt for the more extreme solution of one hundred per cent state ownership, largely it is said at the insistence of President Mitterrand himself. The moderates, notably the Ministers of the Economy (M. Delors) and the Plan (M. Rocard) appear to have been overruled. The trade unions have argued that nationalisation will bring important social advantages, but most people in France outside the Elysée and the radical wing of the Socialist Party doubt whether it will serve any useful economic purpose. The most that people are prepared to say in its favour is that it might not make much operational difference. The general conclusion is that the move will add to France's existing burdens and that the motivation for it is exclusively ideological: it is simply part of the Socialist (and Communist) legacy.

15. The government's plans for the introduction of a wealth tax also seem to be inspired by ideology. The tax is unlikely to be a major source of new revenue. Wealthy Frenchmen will continue to do all they can to conceal worldly wealth from the tax collector, although this now becomes a more hazardous activity as the Socialist Party has a long period of power in prospect. While promising to squeeze the rich the government is committed to introduce shorter working time, including a

/35-hour



35-hour week by 1985. This is being handled cautiously through negotiations between both sides of industry, and early retirement is being encouraged. The main pressure will fall on company managements.

16. The emphasis which President Mitterrand's administration is placing on short-term employment considerations and the maintenance of activity is in stark contrast to the policies of most other Western governments who consider that the longterm prerequisite for sustained growth and secure job creation is to master inflation. The French government's strategy reposes on the calculation, some would say gamble, that a modest degree of domestic reflation can be administered without an upsurge in inflation and imports. Past experience has shown that the French economy has various built-in factors which tend to produce relatively high and constant levels of inflation and a high propensity to import. It is hard to believe that these tendencies have been other than reinforced recently.

17. Although the French economy has been in recession during most of 1981, modest recovery in production is likely towards the end of the year due to the increase in domestic demand created by the government's measures to stimulate personal consumption and public works and the growth in external demand derived from deliveries on earlier contracts for major projects, aided by improved food exports. Next year this moderate recovery in output may be preserved provided the much-heralded upsurge in Western economies takes place and there are no

/sudden



sudden major oil price rises. On the other hand wage costs, the rate of inflation, the budget deficit and unemployment seem destined to rise next year, and there is so far little sign of a recovery in productive investment, a significant fall in interest rates or a return of business confidence. The exchange rate can be expected to come under further pressure as the competitiveness of French industry declines. This may lead to a franc devaluation, possibly within a general EMS realignment. If, as expected, the employment effects of the government's measures prove disappointing, the present wary cooperation of the trade unions could begin to wear thin. Senior French officials do not conceal the fact that the success or failure of the present strategy could turn upon wage moderation. Sooner or later, and probably in the course of 1982, the government is likely to have to make some hard choices between maintaining the rhythm of activity or controlling inflation, between social welfare and other spending, between the exchange rate and sustaining high domestic interest rates, between limiting wage rises and appeasing union demands, and between funding the public sector borrowing requirement and private industry. Perhaps President Mitterrand will succeed in steering French policy through this minefield. But experience since the War in other countries is not encouraging about the course he has chosen so far. If the experience of others is borne out in France, there may in time be a considerable weakening of the relatively robust French economy.

/18. In



18. In the agricultural field, the government faces a special dilemma. M. Mitterrand and his ministers cannot fail to be conscious of the acute structural problems of French agriculture and the need to promote greater efficiency in certain sectors; but they also have to take account of the expectations of small farmers, whose incomes and living conditions they undertook during the election campaign to improve. The disturbances in the fruit and wine producing areas of the Midi, more severe than usual this summer, have reflected these greater expectations of government sympathy, as well as the usual frustration at low prices and increased imports. The Minister of Agriculture's performance so far has not inspired much confidence and she has almost certainly laid up difficulties for herself by widening the scope of consultation with farmers' organisations to include extreme left-wing bodies which hitherto enjoyed no official recognition. The Prime Minister showed himself no more robust than his predecessors over the troubles in the Midi during the summer. The fact is that the new Socialist government cannot stand up to France's farmers any more than the previous government could. This is particularly true in the South-West from which so much of the Socialist Party's support comes.

19. Having written this despatch by putting the key economic problem last, it becomes possible to sum up by putting it first. President Mitterrand has acquired a political position of virtually irresistible strength, but he has set as his primary objective the reduction of something which may unfortunately prove to be relatively immovable, i.e., France's large total

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of nearly 2,000,000 unemployed. It must be assumed that the Mauroy government will subordinate all other considerations to this domestic preoccupation. It is already possible to see the alibis being prepared in case of failure or partial failure - the insistence on the unhelpfulness of the United States in maintaining high interest rates, the demand that the European Community should turn as a matter of priority to creating a European Social Area, the repetitive condemnation of the monetarist policies of others as having already failed. Nationalisation and decentralisation within France will provide diversions for demanding Socialist Party members. But eventually it will be the employment figure by which M. Mitterrand will have to justify himself. He may be lucky if the world economy takes a turn for the better. It seems more likely that he will find himself in increasing difficulties from next year onwards. It is not possible to predict how policy will evolve when the difficulties begin; but that is when the real character of the Mitterrand administration will begin to emerge.

20. For the moment France is in a stage of indecision as far as the issues which concern the UK are concerned. There will be a danger that, as France's economic difficulties grow more severe, France's indecisiveness will turn to negativness. It seems important to try to engage the French government as soon as possible on the difficult outstanding Community issues so that they face the hard choices which need to be made before their domestic reforms run into trouble. For this reason, I

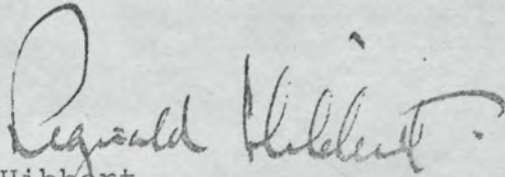
/think



think it is important that the Anglo-French summit is taking place next week at the earliest possible date, and I hope that it will be possible to use it to move M. Mitterrand and his colleagues towards the crucial Community decisions which they have so far avoided tackling. M. Mitterrand's France is, I fear, not going to be noticeably easier to deal with than M. Giscard's, although it will be less assertively abrasive. The root of the difficulty lies in the narrow franco-centrism of their outlook. France needs the outside world and is probably going to need it even more as her internal complications grow, but the new government believes like its predecessor that it can choose its path fairly freely and sees no need to hurry to concede anything to Britain. The problem facing the British Government is to find some way of convincing the French government that it will hardly be able to achieve its own long-term objectives unless it goes through the painful process of addressing itself also to the problems which interest Britain and finding an equitable solution for them.

21. I am sending copies of this despatch to Her Majesty's Representatives at Community posts, Her Majesty's Ambassadors at Moscow and Washington, the United Kingdom Permanent Representative on the North Atlantic Council and Her Majesty's Consuls General in France.

I have the honour to be  
Your Lordship's obedient servant

  
Reginald Hibbert

RESTRICTED  
SAVING TELEGRAM

France

BY BAG

FROM PARIS

RESTRICTED

TO FCO TELNO 132 SAVING OF 2 SEPTEMBER 1981

REPEATED FOR INFORMATION SAVING TO AMMAN, CAIRO, DAMASCUS,  
BEIRUT, TEL AVIV, UKMIS NEW YORK, WASHINGTON

MEETING BETWEEN M. CHEYSSON AND MR ARAFAT: PRESS COMMENT

1. The meeting between M. Cheysson and Mr Arafat in Beirut on 30 August has been prominently and extensively reported in the French press. The fact of the meeting has not aroused any real controversy however, since it has been noted that M. Sauvagnargues, one of his predecessors, met Mr Arafat in 1974, and that what M. Cheysson said on the present occasion did not constitute any new departure in French policy.

2. Editorial comment has instead largely concentrated on other aspects of the meeting. There has been some discussion of a reported Israeli analysis of French policy towards the Middle East which sets the pro-Israel sympathies of President Mitterrand and M. Mauroy against the alleged pro-Arab tendencies of M. Cheysson and M. Jobert. The critical reaction of the French Zionist lobbies to the Cheysson/Arafat meeting led "Le Monde" (Independent) to question whether the Jewish community would in future be as favourably inclined towards President Mitterrand and the Socialist Government as before.

3. The most critical reaction was that from the Quotidien de Paris (Centre-left) quoted in my telno 740 (not to all) which made a connection between the Cheysson/Arafat meeting, French support for liberation movements in El Salvador and the current policy of "absolute liberalism" towards political refugees. "Obsessed by the memory of Charles de Gaulle ... François Mitterrand is evidently engaging his diplomacy in the direction of activism and provocation. For some weeks France has been giving herself airs as 'the Napoleon of liberty'". But it was reassuring that the current impetuous initiatives from the Elysée and the Quai would inevitably peter out: no diplomacy could maintain the present agitated rhythm, which derived from M. Cheysson.

4. Commentaries on the substance of the Cheysson/Arafat encounter were more sober. Le Matin (Socialist) noted that M. Cheysson had to sustain France's commitment to the Arab countries and to the North/South dialogue: this obliged him to take into account Palestinian aspirations. So far both true balance and a true sense of change had eluded the new Government. No Socialist Minister had yet met his Israeli opposite number: but was this not a criticism which the Socialists had previously levelled against Giscard's Middle Eastern policy? Le Monde expressed approval of the Cheysson/Arafat meeting, noting your own readiness to meet Mr Arafat.

5. The papers of 2 September contain reports that President Mitterrand received the Israeli Ambassador to France for an

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hour and a half on the previous evening. The Ambassador told the press only that the meeting had been arranged "long before recent events." He intended to report to his Government before making any public declaration. The meeting had taken place in "an excellent atmosphere."

6. The communiqué of the meeting of the Council of Ministers on 2 September recorded that M. Cheysson gave an account of his visit to the Near East. President Mitterrand spoke of the situation in Lebanon, insisting on the importance of reinforcing ONU forces in the region "in order to allow the Lebanese forces to guarantee the sovereignty and independence of Lebanon." President Mitterrand and M. Cheysson recalled the principles of French policy in the Near East, namely "security for states and justice for people through the appropriate negotiations".

HIBBERT

[THIS TELEGRAM WAS NOT ADVANCED]

MIDDLE EAST STANDARD

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SAVING TELEGRAM  
FROM PARIS  
RESTRICTED 118

TO FCO TELNO SAVING OF 5 AUGUST 1981  
REPEATED FOR INFORMATION SAVING TO HM CONSULS GENERAL FRANCE,  
UKDEL STRASBOURG

*Interesting, but not  
essential reading.*

*hm*

*6/8*

*Trace*

*no*

MY TELNO 115 SAVING: **DECENTRALISATION**

1. The main provisions of the first two sections of the Government's Bill on Decentralisation adopted by the National Assembly in first reading on 2 August (paragraph 3 of TUR) are as follows:

Municipal Authorities

- (a) Municipal Councils will assume full legal responsibility for their executive decisions, including their budgets, without the need to seek prior approval from the Prefect of the local Department;
- (b) Central government control over the activities of local government will be exercised retrospectively through the administrative courts and through newly established regional Account Courts (this will also apply to the Departments);

Departmental Authorities

- (c) The President of the Departmental Council (equivalent to the Chairman of a County Council) rather than the Prefect will be responsible for carrying out the decisions of his Council;
- (d) The President of the Departmental Council will have at his disposal in carrying out his functions not only, as at present, local government officials but also, where necessary, central government civil servants employed in the Departments;
- (e) There will be no restrictions on the convening of Departmental Councils by their Presidents;
- (f) The Prefects, henceforth to be called Commissaires de la République, will no longer have an automatic right to attend Departmental Council meetings;
- (g) Whereas in the past Prefects were responsible merely for the coordination of the local activities of central government, henceforth all such activities will be under their control.

2. During the debate on the Bill supporters of both the Government and the Opposition claimed that they favoured the principle of decentralisation. But fundamental differences emerged on how this could best be achieved. The most trenchant criticism of the

/Government's

Government's proposals came from M. Debré. He argued that the Government's Bill would give equal legitimacy to the organs of local and national government. In so doing a new feudal structure would be created in which the supremacy of the nation, a deeply rooted Gaullist belief, would be undermined. M. Defferre, for the Government, pointed out that central government would maintain its responsibility for such essential national functions as the police and education. While the tutelage of local government by the Prefects would be relaxed, central government control would be maintained through the administrative courts and the regional Audit Courts. But the Opposition contended that owing to the inevitable delays in the judicial process, the Government would lose effective control over the local authorities. Once local spending decisions had been carried out retrospective rulings by the courts would be impossible to implement.

3. M. Guichard, a former Gaullist Minister responsible for Regional Development, and other Opposition spokesmen, criticised the Government for asking Parliament to approve changes in the relations between central and local government without knowing what additional financial and administrative powers would be conferred upon local government. The Government argued that previous efforts to promote decentralisation under both General de Gaulle and M. Giscard had foundered over the attempt to reapportion local and national government responsibilities. The present Government's objective was to provide a new framework within which local government could assume additional administrative and financial responsibilities. Opposition doubts were however expressed whether the vast majority of France's some 36,000 municipal authorities, more than 28,000 of which have less than 700 inhabitants, have the capability to assume the legal responsibilities which they would be required to bear under the Government Bill. There was a risk that the change in the Prefect's role would lead to the creation of new local bureaucracies open to political manipulation. The Prefect's politically neutral tutelage of the municipalities would be replaced by the more partisan overlordship of the President of the Departmental Council. For the Opposition, this apprehension is all the greater in that the Socialist Party might be expected to make considerable advances in the cantonal elections (ie those to the Departmental Councils) scheduled for 1982. Socialist gains will be magnified if, as seems to be the Government's intention, cantonal constituency boundaries are re-drawn to redress the over-representation of rural areas.

4. So far the debate has concentrated on local government at the Municipal and Departmental level. But already questions have been raised about the respective powers of the Departmental and Regional Councils. The Opposition assert that the Government's proposals do not apparently provide for any mechanism for arbitrating potential conflicts of interest between these bodies. Both would be able to claim legitimacy based on universal suffrage if, as the Government propose, the Regional Councils are to be chosen by direct election. This is an aspect of the Government's proposals which will no doubt come under close scrutiny when the decentralisation debate resumes in September, when deputies return from holiday contact with their provincial roots. It may also reveal divisions within the ranks of the Socialist Party itself. Whereas President Mitterrand favours retaining the Department as the centre of local government decision making, the supporters of M. Mauroy and M. Rocard favour giving greater weight to the regions. But neither these differences, nor the cynical comments to be heard about "plus ça change ...", quite obscure the impression that an historic change is in the making.

PETRIE

FOO/WHITEHALL

WED

THIS TELEGRAM  
WAS NOT  
ADVANCED

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France

22 July, 1981

I am replying on the Prime Minister's behalf to your letter of 21 July. The letter which you enclosed from M. Pierre Mauroy has been placed before the Prime Minister.

M. O'D. B. ALEXANDER

His Excellency M. E de Margerie

*J*

AMBASSADE DE FRANCE  
LONDRES

L'AMBASSADEUR

21st July, 1981.

*Dear Prime Minister,*

I have just received through the  
diplomatic bag a letter addressed to you  
by M. Pierre Mauroy.

I enclose it herewith.

*Yours sincerely,*

*É. Mignier*

---

Enc. : 1

The Rt. Hon. Margaret Thatcher, MP,  
Prime Minister,  
10, Downing Street,  
London, SW 1.



Paris Anti-France  
The Treasury says  
that, on a strictly  
comparable basis,  
borrowing in  
France is as  
high as ours.

Treasury Chambers, Parliament Street, SW1P 3AG public sector  
01-233 3000

July 1981

T P Lankester Esq.  
Private Secretary  
10 Downing Street  
LONDON  
SW1

R.  
97

Dear Tim,

FRENCH BUDGET DEFICIT AND PSBR

French Ministers have recently argued that the low French budget deficit in GNP terms gives France more margin for manoeuvre than other countries on spending to increase employment. There has been some support for this line of argument in EC Commission papers. It has enabled the Prime Minister to go along with the French case - indeed herself to make the point - that a country with very low public borrowing has room for manoeuvre which one with a high PSBR does not have.

?  
The Chancellor believes that the Prime Minister is already aware of work undertaken by our Paris embassy staff for the Treasury on French public borrowing in recent years, calculated on a basis comparable to our own PSBR. A note about the results of this work is attached.  
.....

.....  
The French themselves do not compile figures in a way which makes comparison with our PSBR easy and a considerable effort has been needed to arrive at the figures in the attached note. Perhaps it is natural that to the French the distinction between the public and the private sector is more blurred than it is with us. It is also true that at one stage President Giscard pursued a deliberate policy of de-budgetisation. However, we believe that when it comes to explaining the rather stubborn level of inflation in France, it is the figures for the total French PSBR worked out by the Paris Embassy which are more relevant.

The conclusion is that in the 3 years 1977-79 the French PSBR as a proportion of GDP has been similar to ours or higher. We do not have a figure yet for 1980 because the French statistical material on which we have to base our study is not yet available. The sharp increase in social

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security contributions imposed by M. Barre's Government may have improved the French PSBR position for 1980 but obviously, if M. Mitterrand allows the central government deficit to rise quite sharply, the total PSBR is likely to deteriorate again in 1981 and beyond.

I am copying this letter and enclosure to the Private Secretary to the Foreign and Commonwealth Secretary and to Sir Robert Armstrong.

Yours etc,

Richard Tothick

R.I. TOLKIEN

FRENCH PUBLIC SECTOR BORROWING

The French Government does not publish a figure for all public sector borrowing, either as a target or as part of the flow of economic data. Attention is concentrated on the deficit in the French Central State Budget.

2. The French Central Budget excludes:

a. Social Security transfers, including most public health expenditure. Only the deficit on the social security account is included in the Budget.

b. Much of the public housing programme.

c. Most of the capital requirements of the nationalised industries and of capital expenditure on motorways and telecommunications.

3. The British Embassy in Paris has undertaken research in order to put together a figure for France comparable with the PSBR in the United Kingdom. The results have to be treated with some caution because of the absence of authoritative figures from the French Government and differences in French and British accounting methods. However, our figures have been cross checked where ever possible with French Government departments, and with public and private organisations. They suggest the following:

PSBR as a Proportion of GDP

	<u>UK</u>	<u>France</u>
1977	4.2%	4.25%
1978	5.2%	5.1%
1979	4.75%	5.5%

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4. As a more detailed example, the figures for 1979 showing both public sector borrowing and the method of financing it were:

Figures in billions of Francs

<u>PSBR</u>		<u>Method of Financing</u>	
Net figure public administrations	20	Capital Markets (net)	40
Nationalised Industry	34.5	CDC* direct lending (including housing)	64.7
Motorways	2.5	Treasury bonds	2.6
Other public sector organisations	24	Treasury bills	7.3
Housing and other borrowing	54.1	Foreign borrowing	20.5
	<u>135.1</u>		<u>135.1</u>

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\* Caisse des Depots et Consignations (CDC) is the massive credit organisation which manages the savings of both the private sector and the public sector savings banks. It finances directly out of what we would call "national savings" much public sector housing capital expenditure and other local authority capital expenditure. It is the Government's principal agent on the capital markets, and lends short-term to the French Government.



-7 JUL 1981



*[Faint, illegible red text]*

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SAVING TELEGRAM

(210)

BY BAG  
FROM PARIS

WRF 014/2	
RECEIVED	JUL 13 1981
MINISTRY	

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TO FCO TELNO 99 SAVING OF 10 JULY 1981  
REPEATED FOR INFORMATION SAVING TO EC POSTS, WASHINGTON, HM  
CONSULS-GENERAL, UKDEL STRASBOURG

WRF 021/1 (20)

MY SAVING TELNOS 97 AND 98 : M MAUROY'S POLICY DECLARATION:  
NON-ECONOMIC DOMESTIC POLICY

1. The following is a summary of M Mauroy's comments in his speech to the National Assembly on 8 July on a number of issues of domestic policy falling outside the economic field.

JUSTICE

2

(221)

- (a) To restore confidence in the legal system M Mauroy confirmed that the government would suppress the State Security Court (my telno 455). Legislation would be introduced in the present session of the National Assembly.
- (b) The Government would suppress the Permanent Military Tribunals. (These are essentially disciplinary bodies and have been the target of Left-wing criticism during recent years owing to the stiff sentences they handed out to National servicemen found guilty of engaging in political activity and, on one occasion, for holding a press conference at which conditions of service were criticised.)
- (c) The law on "security and freedom" which was passed in February this year would be abrogated. (This was the controversial Peyrefitte Law which was an important part of the law and order aspect of M Giscard's long build-up to the elections and which was strongly opposed by the Socialist and Communist Parties on the grounds that it infringed the rights of the individual).
- (d) The Supreme Council of the Magistrature would be reformed.
- (e) The Government would explore ways of simplifying the legal procedures in the economic sector which often constitute an extra burden on the business community.

THE NEWS MEDIA

3. The Government would introduce legislation with three objectives:

- (a) to guarantee complete independence of the news media from political or financial groups whether national, regional or local;
- (b) to introduce decentralisation and to multiply means of expression;
- (c) to develop cultural, educational and leisure study groups in order to produce programmes of quality and creativity.

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/IMMIGRATION

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## IMMIGRATION

3. M Mauroy made comments on immigration which could be thought less liberal than those expressed by the Socialist Party while in opposition. This part of his speech attracted a certain amount of jeering and indignation from the new opposition which remembered the past Socialist position. M Mauroy said that the rights of foreign workers resident in France would be fully recognised, but he gave no hint that they might be enfranchised. He continued: "In view of the employment situation France is not able to receive a growing number of foreign workers. Entry will be limited and the government will seek to sign bilateral agreements with the countries concerned defining the conditions of work, of residence and of return to the country of origin of foreigners working in France and of French workers abroad." (Bilateral agreements already exist with countries who supply the bulk of France's foreign workforce.)

## DECENTRALISATION

4. M Mauroy confirmed that the first major legislation presented to the Parliament would be a projet de loi on decentralisation. It has since been announced by the government that the parliamentary debate on this Bill is likely to be held from 23-28 July. The Bill will go to the Senate in early September.

HIBBERT

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CABINET OFFICE

THIS TELEGRAM  
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ADVANCED

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BY BAG [coll]  
FROM PARIS

UNCLASSIFIED

SAVING TELEGRAM NO 97 OF 10 JULY 1981 TO FCO AND SAVING FOR INFORMATION TO EC POSTS, WASHINGTON, HM CONSULS GENERAL FRANCE, UKDEL STRASEBOURG

MY TELS NOS 614 AND 615  
FRENCH GOVERNEMENT PROGRAMME: ECONOMIC AND SOCIAL MEASURES

1. The following is a summary of the sections on economic and social policies in M Mauroy's policy statement on 8 July. Nationalisation was covered in my tel no 615.

#### Economic Policy

2. In December the Government will put forward a two-year plan with the aim of implementing fuller employment policies rapidly, relying upon what M Mauroy describes/a greater effort of national solidarity. It will provide for large-scale structural reforms, the enlargement of the public sector, decentralisation and work-sharing. Under this two-year plan the aim will be to intensify the struggle against unemployment through an expansion of economic activity of a lasting nature. 210,000 jobs will be created in the public sector. In 1984 a more ambitious five-year plan will be proposed.

3. France will remain in the EMS and strict monetary control will be maintained. Liberalisation of industrial prices will not be called into question. A permanent committee for industrial development, headed by the Minister of Industry and comprising heads of public and private sector companies, will be formed to advise the Government on industrial expansion.

#### Social Measures

4. Salary structures will be re-examined in order to reduce injustices and to eliminate scandalously low wage levels. Reforms will be implemented slowly and cautiously but with great determination. In the public sector the Government will begin negotiations in the autumn on salary levels and on working hours.

5. A debate will be opened in the autumn on the future of the social security system, especially its financing, and each year social security receipts and expenditure will be discussed in the National Assembly.

6. Both sides of industry have been given a target of achieving a 35-hour week by 1985. In a few weeks' time the Government will place a draft bill before the National Assembly to reduce the age of retirement to 60. Retirement at 60 will be a right and not an obligation.

#### Taxation

7. Four main reforms will be introduced in the 1982 draft budget: there will be a tax on large fortunes, excluding those which can be regarded as working capital: certain anomalies in income tax will be tackled: the struggle against tax evasion will be intensified: a ceiling will be set on taxation of households. Beyond 1982 efforts will be directed towards bringing about greater justice for example by instituting an estate tax, by improving incentives to save, by clarifying rights of succession, by harmonising social security for salaried and independent workers and by redistributing resources differently between the State and local authorities.

Agriculture

8. France's positive balance on agro-alimentary products, which will exceed F20bn in 1982, must be increased. The United States cannot be left to be the only country to respond to the demand for food products in the third world and to capture world markets. The expansion of French agriculture can be achieved only in a Community context. "Nevertheless it is no longer possible to believe in the unique virtue of compromises, laboriously negotiated, to save the Common Agriculture Policy and to avoid the gradual blockage of all levels of decision-making under the shock of national egoism."

Trade Policy

9. The penetration of the French market by foreign products is reaching disquieting proportions. In the face of international competition the Government has the duty, in consultation with its partners, rapidly to restore the margins for action and the competitiveness of the economy. This effort will be accomplished while respecting international commitments. All abusive protectionism at the frontiers would be more harmful than helpful to French industry. But the Government will be vigilant over unfair competition. It will use existing concertation procedures with its commercial partners. The French Government's attitude will be based on strict reciprocity in commercial and tariff practices. The attention of the United States and Japan has been clearly drawn to these points. France's policy will be based on the following main axes: the reduction of France's dependence on imported energy, the reinforcement of French exports and the reconquest of the domestic market.

HIBBERT

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ADVANCED

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FM PARIS 091620Z JUL 81

TO PRIORITY FCO

TELEGRAM NUMBER 614 OF 9 JULY 1981

INFO ROUTINE BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE,  
LUXEMBOURG, ROME, UKREP BRUSSELS, ATHENS, WASHINGTON.  
INFO SAVING TO HM CONSULS GENERAL, UKDEL STRASBOURG.

FRENCH GOVERNMENT PROGRAMME

1. ON 8 JULY M. MAUROY OUTLINED THE PROGRAMME OF HIS GOVERNMENT IN A TWO - HOUR SPEECH TO THE NEW NATIONAL ASSEMBLY. THE OCCASION WAS AN HISTORIC ONE AND WAS TREATED AS SUCH BY ALL WHO WERE PRESENT. BEFORE M. MAUROY SPOKE THE PRESIDENT OF THE ASSEMBLY, M. HERMAZ, READ A MESSAGE FROM THE PRESIDENT OF THE REPUBLIC. M. MITTERRAND WAS FIRM IN SUBSTANCE BUT CONCILIATORY IN TONE. THE ESSENCE OF HIS MESSAGE WAS THAT THE COMMITMENTS WHICH HE HAD MADE IN THE ELECTION WOULD NOW BE FULFILLED, NEITHER LESS NOR MORE. THE ELECTORATE WOULD BE CONSULTED AGAIN BEFORE THESE COMMITMENTS WERE EXCEEDED.

2. M. MAUROY BEGAN WITH A LONG HISTORICAL AND SENTIMENTAL PASSAGE TO CELEBRATE THE SOCIALIST VICTORY, TRACING THE PARENTAGE OF HIS GOVERNMENT BACK TO JEAN JAURES EARLY IN THE CENTURY AND THE POPULAR FRONT OF 1936 AND THE INTERNAL RESISTANCE IN THE WAR. HE SPELLED OUT MORE FULLY M. MITTERRAND'S DECLARATION THAT HIS PROMISES NOW CONSTITUTED THE GOVERNMENT'S PROGRAMME. M. MAUROY WENT THROUGH THE MITTERRAND CAMPAIGN PROMISES CHAPTER BY CHAPTER. HE WAS CAREFUL TO ENTER A CAVEAT THAT THE LEGACY INHERITED BY THE GOVERNMENT FROM ITS PREDECESSORS OVER 23 YEARS RULED OUT THE POSSIBILITY OF SWIFT SUCCESS IN COUNTERING UNEMPLOYMENT AND INFLATION.

3. M. MAUROY'S TONE WAS AMIABLY MAGISTERIAL AND THERE WAS NOTHING PROVOCATIVE IN HIS MANNER. THE NEW OPPOSITION REACTED FAIRLY NOISILY, BUT NOT ILL - HUMOUREDLY, TO THE PASSAGES IN PRAISE OF THE SOCIALIST VICTORY IN THE EARLY PART OF THE SPEECH. THEY WERE LESS VOCIFEROUS ABOUT THE POLICY SECTIONS AND RECEIVED THE ANNOUNCEMENTS ABOUT NATIONALISATION MORE OR LESS IN SILENCE. BY THE TIME M. MAUROY ARRIVED AT FOREIGN POLICY THE OPPOSITION WAS LEADING THE CHEERING, AND ON SOME POINTS THE SOCIALISTS JOINED IN A LITTLE SHEEPISHLY WHILE THE COMMUNISTS STAYED OSTENTATIOUSLY SILENT.

4. THE GOVERNMENT WAS OBVIOUSLY ANXIOUS TO UNDERLINE THE NORMALITY OF THE TRANSFER OF POWER WHICH HAD TAKEN PLACE, AND ON THE WHOLE THEY SUCCEEDED IN GIVING A THOROUGHLY UNREVOLUTIONARY IMPRESSION. THIS MADE THE OCCASION A LITTLE TEDIOUS AS TIME WENT ON, BUT IT CREATED AN ATMOSPHERE OF REASONABLE MODERATION WHICH HAS

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Duty Clerk  
No 10 DS

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NOT BEEN AMONG THE LEADING CHARACTERISTICS IN THE NATIONAL ASSEMBLY IN THE PAST. THIS MAY NOT LAST WHEN THE ASSEMBLY GETS DOWN TO DETAILED DISCUSSION OF THE GOVERNMENT'S MEASURES, BUT THE GOVERNMENT CAN BE SATISFIED WITH A SUCCESSFUL LAUNCHING CEREMONY YESTERDAY.

5. MIFT SUMMARISES THE NATIONALISATION MEASURES WHICH ARE THE ONES MOST LIKELY TO HAVE A DIRECT EFFECT ON BRITISH INTERESTS. A FULLER SUMMARY OF M. MAUROY'S SPEECH WILL FOLLOW BY SAVING TELEGRAM.

FCO PLEASE PASS SAVING TO UKDEL STRASBOURG.

HIBBERT.

FCO/WH  
WED

[PASSED AS REQUESTED]

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# CONFIDENTIAL

SAVING TELEGRAM

BY BAG  
FROM PARIS  
UNCLASSIFIED

WRF 02111
NO. 13
1981

TOP COPY

TO FCO TELNO SAVING 98 OF 9 JULY 1981

REPEATED FOR INFORMATION SAVING TO D POSTS, WASHINGTON,  
ORDEL STASBOURG, HANCE, FRANCE

MY SAVING TELEGRAM NO 97: M MAUROY'S POLICY DECLARATION:  
FOREIGN POLICY

1. The following is a summary of the section on Foreign Policy in M Mauroy's speech defining government policy to the National Assembly on 8 July. He dealt with the subject last and rarely descended below the level of generalities.

2. M Mauroy said that Europe provided the best means of shaping France's environment. Community cooperation already owed much to France. The new Government would try to further, above all by using the Community mechanisms to achieve economic recovery, lowering of unemployment, reduction of inequalities and cooperation with developing countries. Budget restructuring, the reform of the CAP enlargement and international negotiations such as/multifibre one would be approached constructively in a way which would balance the need to define a Community position and French interests. However, the real problem facing Europe was the economic crisis; unemployment, industrial restructuring and energy supplies. The Europe of free trade seemed paralysed. If Europe did not pull itself together, M Mauroy feared calls for protectionist measures. Europe had to ensure the development of industries which were vital in terms of international competition. He ended this section by repeating France's aim of a European social area with a progressive harmonisation of working conditions and rights of workers.

3. In her external diplomatic activity France would pursue three main aims: to keep her place in the world, to fight for right in all its forms and to encourage international solidarity. France would honour her commitments, especially towards Africa and her allies. The Atlantic Alliance not only provided collective security, but was also a community of people to which France freely belonged. Within the Atlantic Alliance she would pursue her own internal policies. In safeguarding her independence, France would maintain her national deterrent as a final guarantee of her sovereignty. France would not allow herself to slip behind in high-level defence technology. He spoke of the Government's anxiety at the Soviet military build-up (thereby evoking loud cheers from the opposition parties) and of the French view that peace depended on a balance of force. Negotiations, starting from a balance of force, should aim at lowering arms levels.



4. Respect for rights meant that France would seek to display an exemplary attitude which went beyond the "tyranny of immediate interests". France would restate the right of peoples to decide their own future. M Mauroy called for the withdrawal of Soviet troops from Afghanistan. He reaffirmed France's opposition to any foreign intervention to Poland and hoped for the early resumption of a dialogue between France and the Soviet Union. He called for a negotiated solution in the Middle East which took account of the legitimate interests of all the States of the region, for an independent Cambodia, and for the "triumph of social progress" in Latin America. France would exercise her responsibilities in Africa better than in the past.

5. As for international solidarity, M Mauroy said that oil price rises, unstable markets for raw materials and the disorganised world monetary system had made the world economic situation worse. France was committed to spending 0.7% of GNP on development aid. She would try to encourage new types of international cooperation. France endorsed the OECD ministerial declaration of 17 June. One of the major ways of returning to world economic growth was through the development of trade with the Third World.

6. In his peroration, M Mauroy insisted on the influence and impact of France on the outside world ("rayonnement") and the importance of cultural exchange as a means of spreading French civilisation.

HIBBERT

[THIS TELEGRAM WAS NOT ADVANCED]

FCO/WHITEHALL

WED

RR UKDEL NATO

ADVANCE COPY

RR UKREP BRUSSELS

RR BONN

RR WASHINGTON

GRS 615

UNCLASSIFIED

FM PARIS 231645Z JUN 81  
TO ROUTINE FCO

TELEGRAM NUMBER 549 OF 23 JUNE 1981

INFO ROUTINE UKDEL NATO, UKREP BRUSSELS, BONN, WASHINGTON,  
INFO SAVING TO BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG,  
ROME, ATHENS, MOSCOW, HM CONSULS GENERAL FRANCE (PASSED BY PARIS),  
UKDEL STRASBOURG.

THE NEW FRENCH GOVERNMENT: PS/PCF NEGOTIATIONS

1. IN THE EARLY HOURS OF THIS MORNING THE SOCIALIST AND COMMUNIST PARTIES REACHED AGREEMENT ON A DRAFT GOVERNMENT PROGRAMME IN THE FORM OF A JOINT DECLARATION COVERING THOSE POINTS ON WHICH INTER-PARTY DIFFERENCES REMAINED FOLLOWING THE NEGOTIATIONS BEFORE THE FIRST ROUND OF ELECTIONS TO THE NATIONAL ASSEMBLY (MY TELNO 466). THIS DECLARATION WAS PUBLISHED THIS AFTERNOON AFTER BEING RATIFIED EARLIER IN THE DAY BY THE 131-MAN MANAGEMENT COMMITTEE OF THE PS, THE PARLIAMENT OF THE PARTY. IT IS ALSO BEING EXAMINED BY THE CENTRAL COMMITTEE OF THE PCF. MEANWHILE M. MARCHAIS, THE GENERAL SECRETARY OF THE PCF, WAS RECEIVED AT 3.00PM THIS AFTERNOON BY M. MAUROY. IT IS EXPECTED THAT THE COMPOSITION OF THE NEW GOVERNMENT WILL BE ANNOUNCED THIS EVENING.

2. THE DECLARATION COMMITS THE TWO PARTIES TO PROMOTE AT ALL LEVELS OF GOVERNMENT AND IN INDUSTRY THE POLICIES ON WHICH PRESIDENT MITTERRAND WAS ELECTED. ACCORDING TO THE DECLARATION, THERE WILL BE COMPLETE SOLIDARITY IN GOVERNMENT BETWEEN THE TWO PARTNERS. ON SPECIFIC POLICY ISSUES, THE MAIN POINTS ARE AS FOLLOWS:

ECONOMIC AND SOCIAL POLICY

A) THE NEW MEASURES TO PROMOTE SOCIAL JUSTICE AND DEVOTE MORE RESOURCES FOR THE MOST UNDER PRIVILEGED MUST BE INTRODUCED BY

*P.N. has seen*  
*France*  
*Ps*  
*Ps L Ps*  
*Ps to Pvs*  
*Mr Bullard*  
*Mr Ingemar*  
*Had WED*  
*Had NAJ*  
*Had EES*  
*pretty close to*  
*aw line*  
*July*  
*(Fro/WH)*

A) THE NEW MEASURES TO PROMOTE SOCIAL JUSTICE AND DEVOTE MORE RESOURCES FOR THE MOST UNDER PRIVILEGED MUST BE INTRODUCED BY STAGES. THE PACE OF CHANGE WILL TAKE INTO ACCOUNT THE ECONOMIC CRISIS, THE FACT THAT FRANCE IS NOT A CLOSED ECONOMY AND THE APPROPRIATE ECONOMIC AND FINANCIAL BALANCES.

B) THE REDUCTION IN WORKING HOURS WILL RECEIVE IMPETUS FROM THE GOVERNMENT BUT BE NEGOTIATED SECTOR BY SECTOR, AND IN CERTAIN CASES FIRM BY FIRM, BETWEEN UNIONS AND EMPLOYERS.

C) THE PROGRAMME OF NATIONALISATION WILL FOLLOW THE PROPOSALS RATIFIED ON 10 MAY (IE M. MITTERRAND'S PROPOSALS DURING THE PRESIDENTIAL ELECTION CAMPAIGN).

D) A TWO YEAR PLAN OF ECONOMIC REVIVAL WILL BE NEEDED TO CREATE THE CONDITIONS FOR NEW ECONOMIC GROWTH AND FOR EFFECTIVELY COMBATTING INFLATION.

#### FOREIGN AFFAIRS

E) THE TWO PARTIES WILL SUPPORT FRANCE'S INTERNATIONAL EFFORTS - WITHIN THE FRAMEWORK OF HER ALLIANCES - TO PROMOTE PEACE AND PROGRESSIVE DISARMAMENT WITH A VIEW TO THE SIMULTANEOUS DISSOLUTION OF MILITARY BLOCS WHILE SECURING THE EUROPEAN AND GLOBAL BALANCE OF FORCES AND THE SECURITY OF EVERY COUNTRY.

F) THE PS AND THE PCF CALL FOR EARLY INTERNATIONAL NEGOTIATIONS ON THE LIMITATION AND REDUCTION OF ARMAMENTS IN EUROPE. THESE NEGOTIATIONS SHOULD COVER IN PARTICULAR THE PRESENCE OF SOVIET SS20 MISSILES AND THE DECISION TO DEPLOY US PERSHING II MISSILES.

G) THE PRINCIPLES OF SELF-DETERMINATION, SOLIDARITY BETWEEN STATES, NON-INTERFERENCE IN INTERNAL AFFAIRS AND THE RIGHT OF SELF-DEFENCE SHOULD HAVE A UNIVERSAL VALUE.

H) THE TWO PARTIES AFFIRM THE RIGHT OF THE AFGHAN PEOPLE TO CHOOSE THEIR SYSTEM OF GOVERNMENT AND THE GOVERNMENT ITSELF. THEY CALL FOR THE RETREAT OF SOVIET TROOPS FROM AFGHANISTAN AND THE CESSATION OF ALL FOREIGN INTERFERENCE.

I) TAKING INTO ACCOUNT THE CAMP DAVID AGREEMENTS, THEY REAFFIRM THE RIGHT OF ISRAEL AND OF ALL THE STATES IN THE REGION TO EXIST AND TO ENJOY SECURITY AND THE RIGHT OF THE PALESTINIAN PEOPLE TO A HOMELAND.

J) THE TWO PARTIES WILL ACTIVELY SUPPORT FRANCE'S PARTICIPATION

J) THE TWO PARTIES WILL ACTIVELY SUPPORT FRANCE'S PARTICIPATION IN THE EC, ITS INSTITUTIONS AND ITS COMMON POLICIES. THEY WILL BACK COMMUNITY POLICIES IN THE SOCIAL SPHERE, FOR THE PROTECTION OF AGRICULTURE AND INDUSTRIES UNDER COMPETITIVE THREAT AND THOSE TO PROMOTE RESEARCH AND KEY ADVANCED TECHNOLOGY INDUSTRIES.

K) THE TWO PARTIES HOPE THAT POLAND AND HER PEOPLE WILL THEMSELVES BRING TO A SUCCESSFUL CONCLUSION THE PROCESS OF ECONOMIC, SOCIAL AND DEMOCRATIC RENEWAL.

L) THEY EXPRESS THEIR ECONOMIC AND POLITICAL SOLIDARITY WITH THE PEOPLE OF THE THIRD WORLD WHO, AS IN EL SALVADOR AND NICARAGUA, ARE STRUGGLING FOR THEIR NATIONAL EMANCIPATION, DEVELOPMENT AND DEMOCRATIC AND SOCIAL LIBERATION.

FCO PLEASE PASS SAVING TO ALL ADDRESSEES EXCEPT HM CONSULS GENERAL FRANCE.

HIBBERT.

NNNN

SENT/RECD AT 231811Z JC/WD

Mr Gladstone WED

*ms* *Mr Hurd* *1* *2* *Home*  
 I think the Foreign Secretary  
 has already mentioned this to you but  
 you may like to see the detail.

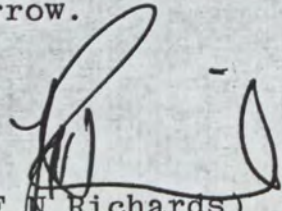
Communists in the French Government*Hurd 23/6*

M. Cheysson rang the Secretary of State this afternoon about Communist participation in the new French government.

He said that the French government had decided - after long hesitation, in view of the size of their majority - that they could take the risk of including representatives of every party in the majority, on condition that government policy was applied all down the line (including, for example, on Afghanistan). The Communists would have "self-contained" positions, and the system would be made completely "water-tight" with respect to such things as information, communications and appointments. The French would be ready to provide more information at the technical level - for example, to those dealing with defence, security and the economy - and fully understood that we might legitimately require such information.

The French government have, however, doubts about how long they can hope to keep their new coalition partners. As soon as a single Communist appointee shows an inclination to question any of the established joint policies the government would have no compunction about throwing all of them out. He doubted that the Communists would stay the course even as long as the 1983 municipal elections.

He concluded by saying that he had already provided the same information to Herr Genscher, and was in the course of trying to reach Mr Haig. Lord Carrington said that he thought this a particularly urgent requirement. M. Cheysson said that the process of speaking to the Americans had indeed already begun; M. Mitterrand had been directly in touch with President Reagan, and Vice-President Bush was due in Paris tomorrow.

  
 (F. N. Richards)  
Private Secretary

23 June 1981

cc: PS  
 PS/LPS  
 PS/Mr Hurd  
 PS/PUS  
 Mr Bullard  
 Lord Bridges  
 Sir A Acland  
 Mr Fergusson  
 Heads of: Defence Dept  
 Security Dept  
 PUSD

Mr Alexander, No 10  
 Mr Wright, Private Office

File A14

France

23 June 1981

MESSAGE TO THE FRENCH PRIME MINISTER

You wrote to Michael Alexander on 22 June 1981 submitting a message of congratulations for the Prime Minister to send to M. Mauroy on his reappointment as Prime Minister of the new French Government.

I attach for the record the message as the Prime Minister revised it and as I passed it to your Resident Clerk last night for despatch to Paris.

C. A. WHITMORE

Francis Richards Esq.,  
Foreign and Commonwealth Office.

A14

MESSAGE FROM THE PRIME MINISTER TO  
M. MAUROY

---

Dear Prime Minister,

Following your Party's victory in Sunday's elections I send you warmest congratulations on your reappointment. I know that my fellow countrymen will join me in wishing you every success in the years ahead and I look forward to working with you in the mutual interest of our two countries.

Yours sincerely,

GRS 1070  
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FM PARIS 221536Z JUN 81

TO PRIORITY FCO

TELEGRAM NUMBER 537 OF 22 JUNE 1981

INFO PRIORITY LUXEMBOURG (FOR PRIVATE SECRETARY)

INFO ROUTINE WASHINGTON BONN UKDEL NATO AND UKREP BRUSSELS

INFO SAVING TO ALL OTHER EC POSTS

*mt*

M MITTERRAND AND HIS GOVERNMENT

1. THE PRIME MINISTER AND YOU YOURSELF WILL SEE M MITTERRAND AT THE MEETING OF THE EUROPEAN COUNCIL IN A WEEK'S TIME. IT MAY BE HELPFUL IF I MAKE A GENERAL COMMENT ON M MITTERRAND'S FRANCE FOLLOWING HIS GREAT ELECTION VICTORY.

2. PERHAPS I SHOULD FIRST COMMENT ON THE IDEA WHICH SEEMS TO HAVE GAINED SOME CURRENCY IN BOTH BRITAIN AND FRANCE (PUT ABOUT IN THE LATTER BY SYMPATHISERS OF THE FORMER REGIME) THAT M MITTERRAND'S GOVERNMENT WILL BE AN EASIER PARTNER FOR THE UK THAN M GISCARD'S WAS. I AM NOT CONFIDENT THAT THIS WILL BE THE CASE. IT SEEMS TO ME THAT FRANCE IS LIKELY TO CONTINUE TO BE A DIFFICULT PARTNER, BUT DIFFICULT IN A DIFFERENT WAY. M GISCARD'S FRANCE WAS EFFICIENT, WELL ADMINISTERED AND GROWING STEADILY IN STRENGTH, BUT IT CARRIED NATIONAL SELF-ASSERTION TO EXCESS; TIRESEMELY CLASSIFIED FOREIGN COUNTRIES AS PRIVILEGED PARTNERS, RIVALS OR OF NO ACCOUNT, AND TENDED TO PUT BRITAIN, DEPENDING ON THE OCCASION, INTO ONE OR OTHER OF THE TWO LAST CATEGORIES. M MITTERRAND'S FRANCE IS NOT LIKELY TO HAVE THE SAME DELIBERATE EDGE AGAINST BRITAIN, BUT IT WILL PROBABLY BE A LESS ORDERLY FRANCE, CREATING ECONOMIC PROBLEMS FOR ITSELF AND OTHERS, AND LESS ABLE TO AFFORD TO BE HELPFUL EVEN WHEN IT MIGHT BE INCLINED TO BE SO.

3. THERE IS LIKELY TO BE A VIVID ILLUSTRATION OF M MITTERRAND'S WAY OF DOING THINGS OVER THE QUESTION OF PARTICIPATION BY COMMUNIST MINISTERS IN THE GOVERNMENT (I COMMENTED ON THIS IN MY TEL NO 535). MY EXPECTATION IS THAT THERE WILL INDEED BE COMMUNIST MINISTERS IN THE GOVERNMENT LARGELY BECAUSE THIS IS IN THE CONTINUING LOGIC OF THE LINE WHICH M MITTERRAND HAS FOLLOWED THROUGHOUT THE PAST DECADE, WHICH HAS ENABLED HIM NOW TO CAPTURE SO TRIUMPHANTLY A CLIENTELE WHICH THE COMMUNIST PARTY REGARDED AS ITS OWN. THE POINT IS THAT M MITTERRAND HAS MATURED HIS OWN POLITICAL ATTITUDE VERY MUCH IN SOLITUDE IN THE WILDERNESS AND HE IS NOT GOING TO BE EASILY, IF AT ALL, DISTRACTED FROM WHAT HE SEES AS THE RIGHT POLICIES FOR FRANCE. HE IS NOT A STRIDENT MAN. IF ANYTHING HIS STYLE THESE DAYS IS DECEPTIVELY QUIET. UNDERNEATH THERE IS A KERNEL OF IDEALISM OR AT ANY RATE ROMANTICISM, A POWERFUL WILL AND A REMARKABLE TENACITY OF PURPOSE. THE PRESENT

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SOCIALIST PARTY HAS BEEN BUILT UP BY HIM AND HE IS IN EVERY SENSE A SELF-MADE PRESIDENT. HIS PURPOSE WILL NOW BE TO MAINTAIN THE SOCIALIST PARTY AS THE DOMINANT POLITICAL FORCE IN FRANCE. THIS IMPLIES THE DELIBERATE, THOUGH MEASURED IMPLEMENTATION OF THE PRINCIPLES ROUND WHICH THE PARTY HAS BEEN FORMED.

4. FOR A FIRST PERIOD M MITTERRAND AND HIS COLLEAGUES WILL BE MUCH TAKEN UP WITH DOMESTIC PREOCCUPATIONS. ONE OF THEIR EARLIER MEASURES WILL BE A VERY FAR REACHING DECENTRALISATION OF THE FRENCH ADMINISTRATION, WEAKENING THE PREFECTORIAL STRUCTURE AND INCREASING THE POWER OF THE CONSEILS GENERAUX IN THE DEPARTMENTS AND REGIONS. AGAINST THAT BACKGROUND THE GOVERNMENT WILL HAVE AS ITS OBJECTIVES THE FIGHT AGAINST UNEMPLOYMENT, THE IMPROVEMENT OF SOCIAL JUSTICE IN FRANCE AND THE DEFENCE OF HUMAN RIGHTS IN AND OUTSIDE FRANCE. PRIME MINISTER MAUROY, THE FINANCE MINISTER AND OTHERS REPEAT FAIRLY FREQUENTLY IN THEIR SPEECHES THAT THE FIGHT AGAINST INFLATION IS GOING TO BE MAINTAINED, BUT THE POLICIES TO WHICH THE PRESIDENT AND HIS GOVERNMENT ARE COMMITTED ARE POLICIES OF REFLATION. IT IS DIFFICULT TO ESCAPE THE CONCLUSION THAT BY THE WINTER M MITTERRAND'S FRANCE WILL BE AT GRIPS WITH A WHOLE NUMBER OF INTERNAL AND EXTERNAL PROBLEMS CREATED BY THEIR OWN DETERMINATION TO BRING ABOUT CHANGE, AND THAT THIS WILL LEAVE THEM RELATIVELY LITTLE TIME FOR GENUINE CONSTRUCTIVENESS IN EXTERNAL MATTERS.

5. M MITTERRAND IS NOW IN A VERY POWERFUL POSITION AND HE UNDOUBTEDLY WISHES TO BE SEEN BY HISTORY AS THE CHAMPION OF A MODERN FRANCE. IRONICALLY FOR HIM HE HAS TO TAKE ON STRAIGHT AWAY THE WINDMILLS OF THE WORLD ECONOMIC CRISIS. IF HE IS NOT TO APPEAR IN TWO OR THREE YEARS TIME AS A SOMEWHAT SORRY, QUIXOTIC FIGURE, HE WILL NEED TO RESIST THE TEMPTATION TO USE HIS HEAVY MAJORITY TO BRING IN SOCIALISM QUICKLY. THE INTEREST IN THE NEXT FEW WEEKS AND MONTHS WILL LIE IN WATCHING THE WAY IN WHICH HE INTERPRETS HIS FIRM COMMITMENT TO FULFIL ALL THE OBLIGATIONS WHICH HE HAS UNDERTAKEN IN THE ELECTION CAMPAIGN (MY SAVING TEL NO 86). THE SECRET WILL PRESUMABLY LIE IN TIMING. LAST NIGHT M MAUROY CLAIMED THAT THIS SOCIALIST GOVERNMENT DIFFERS FROM PREDECESSORS IN THAT IT HAS TIME TO PLAY WITH (THANKS TO ITS MAJORITY). BUT IT IS TOO EARLY AT THE MOMENT TO PREDICT WHETHER M MITTERRAND'S TIMING WILL BE AS SUBTLE AS THE SITUATION DEMANDS. THE PRESSURE OF EVENTS IS ALREADY TAKING HOLD OF HIM, AS I THINK MY TELEGRAM NUMBER 535 SHOWS.

6. ALL FRANCE'S PARTNERS ARE NOW FAMILIAR WITH THE NEW GOVERNMENT'S PLEA THAT NEARLY ALL THE DIFFICULT ISSUES WHICH WERE PRESSING IN ON FRANCE SHOULD BE SUSPENDED FOR TWO OR THREE MONTHS WHILE THE NEW GOVERNMENT TAKES STOCK. I CANNOT TELL FROM HERE WHETHER THIS PLEA IS RECEIVED ABROAD WITH SYMPATHY OR SCEPTICISM. PERSONALLY I AM INCLINED TO BE A BIT SCEPTICAL ABOUT IT. IT HAS BEEN NOTED THAT THERE IS NO SIGN OF A PAUSE TO TAKE STOCK AS

<sup>2</sup>  
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REGARDS

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REGARDS THE VERY FAR-REACHING CHANGES WHICH M MITTERRAND THE THE SOCIALIST PARTY INTEND TO INTRODUCE INSIDE FRANCE. THERE ARE SOME SIGNS THAT AT THE END OF THE STOCK-TAKING PERIOD FRANCE WILL COME UP WITH ARGUMENTS WHICH BY NO MEANS FACILITATE THE SOLUTION OF THE PROBLEMS WHICH HAVE BEEN PUT IN SUSPENSE. IT SEEMS POSSIBLE THAT M MITTERRAND IS GOING TO DEVELOP A LINE WHICH CALLS ON ALL FRANCE'S PARTNERS, AND PARTICULARLY HER EUROPEAN PARTNERS, TO TAKE THEIR INSPIRATION FROM M MITTERRAND AND HIS FRANCE, TO GIVE PRIORITY TO THE THIRD WORLD AND TO JOIN THE FIGHT AGAINST UNEMPLOYMENT, THE EXTENSION OF SOCIAL JUSTICE AND THE DEFENCE OF HUMAN RIGHTS. THE COROLLARY OF THIS COULD BE THAT THOSE PARTNERS WHO FOUND IT DIFFICULT TO FOLLOW DOWN THIS ROAD WOULD BE TOLD THAT, IF THEY CANNOT MOVE TOWARDS FRANCE, FRANCE WILL FIND IT DIFFICULT TO MOVE TOWARDS THEM ON VARIOUS MATTERS, INCLUDING THOSE WHICH HAVE BEEN HELD IN SUSPENSE. M MITTERRAND WOULD THEN HAVE PROVIDED HIMSELF WITH AN ALL-PURPOSE ALIBI, USEFUL EITHER EXTERNALLY OR INTERNALLY. THERE ARE DANGERS IN OVER-SIMPLIFYING THIS ARGUMENT, BECAUSE M MITTERRAND'S FRANCE IS LIKELY SOON TO NEED HELP AND SYMPATHY FROM OTHERS, BUT MY CONCERN IN THIS TELEGRAM HAS BEEN TO SKETCH IN BROAD STROKES THE SOCIALIST FRANCE FOR WHICH M MITTERRAND WILL BE SPEAKING IN LUXEMBOURG NEXT WEEK.

FCO PLEASE PASS SAVINGS TO ALL

HIBBERT

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THIS TELEGRAM  
WAS NOT  
ADVANCED

[REPEATED AS  
REQUESTED]

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FM PARIS 221427Z JUN 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 535 OF 22 JUNE 1981

INFO IMMEDIATE LUXEMBOURG (FOR PRIVATE SECRETARY)

INFO PRIORITY UKDEL NATO UKREP BRUSSELS BONN WASHINGTON

INFO SAVING TO OTHER EC POSTS MOSCOW HM CONSULS GENERAL FRANCE

UKDEL STRASBOURG

MY TEL NO 534: ELECTIONS TO THE NATIONAL ASSEMBLY

1. YESTERDAY'S FINAL ROUND IN THE NATIONAL ASSEMBLY ELECTIONS CONFIRMED THE LANDSLIDE VICTORY WON BY THE SOCIALIST PARTY (PS) IN THE FIRST ROUND ON 14 JUNE. IN NEARLY ALL THOSE CONSTITUENCIES WHERE THE TOTAL LEFT-WING VOTE IN THE FIRST ROUND EXCEEDED 50%, A LEFT-WING CANDIDATE, IN MOST CASES A SOCIALIST, WAS RETURNED.

2. THE INCREASE IN TURN-OUT OVER THE FIRST ROUND BROUGHT LITTLE CONSOLATION FOR THE RPR AND THE UDF. BOTH LOST ABOUT 45% OF THEIR PARLIAMENTARY SEATS. 16 OF THE 26 OF M BARRE'S <sup>WHO STOOD AS CANDIDATES</sup> FORMER MINISTERS HAVE BEEN DEFEATED, INCLUDING M PEYREFITTE, M LECAT, M DENIAU, M BERNARD-REYMOND AND M DIJOU. MESSRS FRANCOIS-PONCET, GIRAUD, PAPON, MONORY AND HOFFEL, AMONG OTHERS, WERE NOT CANDIDATES. THE MANAGERS OF M GISCARD'S PRESIDENTIAL CAMPAIGN ORGANISATION (MESSRS DENIAU, LECAT AND PONTET AND MME PELLETIER) ALL LOST THEIR SEATS, SO TOO DID THE LEADER OF THE UDF PARLIAMENTARY GROUP, M CHINAUD. BY CONTRAST ALL THE MEMBERS OF THE NEW GOVERNMENT WHO WERE CANDIDATES (32 OUT OF 43) WERE RETURNED.

3. COMMENTING ON THE ELECTION RESULTS ON TELEVISION LAST NIGHT, PS LEADERS TRIED HARD NOT TO EXULT AT THEIR VICTORY. M MAUROY SAID THAT ITS VERY SIZE CREATED SPECIAL RESPONSIBILITIES. THE SOCIALISTS NEEDED TO APPRECIATE NOT ONLY THE SCOPE OF THEIR VICTORY BUT ALSO ITS LIMITS. M MARCHAIS, THE GENERAL SECRETARY OF THE COMMUNIST PARTY (PCF), INSISTED WITHOUT MUCH CONVICTION THAT THE VICTORY WAS ALSO HIS AND THAT OF HIS PARTY. FOR THE NEW OPPOSITION, M CHIRAC CONCEDED WITH DIGNITY AND A REASONABLE DEGREE OF GRACE THAT THE DESIRE FOR CHANGE HAD CARRIED ALL BEFORE IT. HE RECOGNISED THAT THE OPPOSITION MUST HOLD ITSELF RESPONSIBLE FOR FAILING TO PERSUADE THE ELECTORATE TO HEED ITS WARNINGS ABOUT THE FUTURE UNDER A SOCIALIST GOVERNMENT. FOR THE GISCARDIANS MESSRS LECANUET, BONNET AND MOST OF ALL PONIATOWSKI HAD GREATER DIFFICULTY IN CONTAINING THEIR BITTERNESS. THEY CONTINUED TO HARP ON THE THEME OF THE RED PERIL, IGNORING THE EVIDENCE OF THE POLLS THAT THE FRENCH ELECTORATE IS NOT MOVED BY THIS ARGUMENT, AND M PONIATOWSKI MADE AN ILL-JUDGED PLUG FOR M GISCARD AS THE EVENTUAL SAVIOUR OF FRANCE. CONFIDENTIAL

74. THIS

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4. THIS MORNING M MAUROY TENDERED THE RESIGNATION OF HIS GOVERNMENT AND WAS IMMEDIATELY ASKED BY PRESIDENT MITTERRAND TO FORM A NEW ONE. THE PRESIDENT'S SPOKESMAN SAID THAT THE COMPOSITION OF A NEW GOVERNMENT WOULD BE ANNOUNCED ON 23 JUNE AND IT WOULD HOLD ITS FIRST COUNCIL OF MINISTERS THE FOLLOWING DAY.

5. THE MAIN UNCERTAINTY IS WHETHER TWO OR THREE COMMUNIST MINISTERS WILL BE INCLUDED IN THE GOVERNMENT. PCF LEADERS HAVE CONTINUED TO EXPRESS THEIR READINESS TO ASSUME THE RESPONSIBILITIES OF GOVERNMENT. LAST NIGHT, PS LEADERS GAVE NOTHING AWAY ABOUT PRESIDENT MITTERRAND'S INTENTIONS. THEY CONTINUED TO INDICATE THAT THE DECISION WOULD DEPEND ON THE OUTCOME OF DISCUSSIONS ON POLICY BETWEEN THE PS AND THE PCF. TALKS BETWEEN MESSRS MARCHAIS AND JOSPIN AIMED AT RESOLVING POLITICAL DIFFERENCES, PARTICULARLY IN THE FOREIGN AFFAIRS FIELD, ARE TAKING PLACE THIS AFTERNOON. PRESIDENT MITTERRAND HAS BEEN SAYING THAT THE PCF SHOULD ACCEPT THE PROGRAMME HE SPELLED OUT DURING THE PRESIDENTIAL ELECTION CAMPAIGN AS THE PRE-CONDITION FOR THEIR ENTRY INTO GOVERNMENT. HIS TACTIC, WISELY FROM THE POINT OF VIEW OF INTERNAL POLITICS, IS TO PUT THE ONUS ON THE PCF TO REFUSE HIS TERMS. THE SIGNS ARE THAT THEY WILL NOT REFUSE, AND IN THAT CASE THE PS/PCF STRUGGLE WILL CONTINUE INSIDE THE GOVERNMENT WHERE M MITTERRAND CAN HOPE TO CALL THE SHOTS. M MITTERRAND IS AWARE OF US AND FEDERAL GERMAN RESERVATIONS ABOUT THE APPOINTMENT OF COMMUNIST MINISTERS AND THE SIGNIFICANCE THAT THIS COULD HAVE ELSEWHERE IN EUROPE. VICE-PRESIDENT BUSH WILL BE IN PARIS ON 24 JUNE. IT LOOKS AS THOUGH HE MAY WALK UP THE STEPS OF THE ELYSEE ON THE SAME DAY AS THE FIRST COMMUNIST MINISTERS WALK DOWN THEM. M MITTERRAND SEEMS SET ON DECIDING THIS ISSUE IN HIS OWN WAY BEFORE HE CAN BE SUBJECTED TO DIRECT PRESSURE.

6. UNDER THE CONSTITUTION PARLIAMENT MEETS ON THE SECOND THURSDAY FOLLOWING THE SECOND ROUND OF ELECTIONS TO THE NATIONAL ASSEMBLY. THE FIRST MEETING OF THE NEW ASSEMBLY IS LIKELY TO BE ON 2 JULY. THERE IS HOWEVER SOME RESIDUAL DOUBT WHETHER THE ASSEMBLY CAN MEET ON THAT DATE BECAUSE, IF A SECOND ROUND PROVES TO BE REQUIRED IN THE THREE REMAINING OVERSEAS CONSTITUENCIES, IT CANNOT TAKE PLACE UNTIL 28 JUNE.

CCN. PARA 5 LINE 14 SHD READ: "...ON THE PCF TO REFUSE HIS TERMS AND TO AVOID HIMSELF RULING THEM OUT. THE SIGNS ARE ....."

FCO PLEASE PASS ALL SAVING ADDRESSEES EXCEPT HM CONSULS GENERAL FRANCE  
HIBBERT

[REPEATED AS REQUESTED]

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FM F C O 221948Z JUN 81  
TO FLASH PARIS  
TELEGRAM NUMBER 252 OF 22 JUNE.

YOUR TEL NO 536 MESSAGE TO THE FRENCH PRIME MINISTER.  
PLEASE PASS FOLLOWING MESSAGE TO M. MAUROY ON BEHALF OF PRIME  
MINISTER:

BEGINS

DEAR PRIME MINISTER

FOLLOWING YOUR PARTY'S VICTORY IN SUNDAYS'  
ELECTIONS I SEND YOU WARMEST CONGRATULATIONS ON YOUR RE-APPOINTMENT.  
I KNOW THAT MY FELLOW COUNTRYMEN WILL JOIN ME IN WISHING YOU EVERY  
SUCCESS IN THE YEARS AHEAD, AND I LOOK FORWARD TO WORKING WITH  
YOU IN THE MUTUAL INTEREST OF OUR TWO COUNTRIES.

YOURS SINCERELY, MARGARET THATCHER.

CARRINGTON

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UNCLASSIFIED



Foreign and Commonwealth Office

London SW1A 2AH

22 June 1981

*Dear Michael,*

Message to French Prime Minister

Sir Reginald Hibbert has reported that M. Mauroy has been reappointed Prime Minister of the new French Government following yesterday's landslide victory for the Parti Socialiste. In his telegram No 536 (copy attached) he recommends and, in the Foreign and Commonwealth Secretary's absence in Luxembourg, Mr Hurd agrees, that it would be appropriate for the Prime Minister to send a message of congratulations. It may at first sight seem a little strange to send a further message so soon after the one the Prime Minister sent on 21 May (I attach a copy of FCO telno 178) to Paris containing the earlier message for ease of reference) but:

- (a) M. Mauroy's substantive, as opposed to provisional, appointment is more than a technicality;
- (b) we have learned that the German Embassy in Paris have recommended that Chancellor Schmidt send a message;
- (c) as Sir R Hibbert points out, M. Barre was recongratulated in similar circumstances in 1978.

In case the Prime Minister wishes to send a further message, I attach a draft in the form of a telegram to Paris.

*Yours ever.*

*Francis Richards*  
(F N Richards)  
Private Secretary

M O'D B Alexander Esq  
10 Downing Street

ADVANCE 1981

IMMEDIATE

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OO FCO DESKBY 221600Z

OO LUXEMBOURG

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DESKBY FCO 221600Z

FM PARIS 221448Z JUN 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 536 OF 22 JUNE 1981

INFO IMMEDIATE LUXEMBOURG (FOR PRIVATE SECRETARY)

MY TELNO 535: MESSAGE TO THE FRENCH PRIME MINISTER

1. NOW THAT M. MAUROY SEEMS LIKELY TO FORM A NEW GOVERNMENT AS EARLY AS TOMORROW, THE QUESTION ARISES WHETHER THE PRIME MINISTER WOULD WISH TO SEND A MESSAGE OF CONGRATULATIONS TO HIM. THE COMPLICATING FACTOR IS OF COURSE THE POSSIBILITY THAT THE NEW GOVERNMENT MAY CONTAIN A SMALL NUMBER OF COMMUNIST MINISTERS.
2. A POSSIBLE WAY ROUND THE DIFFICULTY MIGHT BE TO SEND A MESSAGE TO M. MAUROY AS SOON AS POSSIBLE BEFORE HE HAS ACTUALLY FORMED HIS GOVERNMENT. IN THIS CASE THE MESSAGE WOULD NEED TO REACH HIM TONIGHT OR FIRST THING TOMORROW MORNING. A MESSAGE MIGHT CONGRATULATE HIM ON BEING REAPPOINTED PRIME MINISTER AFTER A HIGHLY SUCCESSFUL ELECTION CAMPAIGN AND LOOK FORWARD TO FRUITFUL CO-OPERATION WITH HIM IN THE FUTURE.
3. I IMAGINE THAT THE MESSAGE COULD BE WORDED IN A WAY WHICH AVOIDED THE APPEARANCE OF CELEBRATING THE SOCIALIST PARTY'S VICTORY. M. BARRE WAS IN HIS TIME CONGRATULATED ON HIS REAPPOINTMENT AS PRIME MINISTER AND I WOULD HOPE THAT ANY MESSAGE COULD BE ANGLED VERY MUCH ON M. MAUROY HIMSELF.

HIBBERT

NNNN

OUT TELEGRAM

		Classification and Caveats <b>UNCLASSIFIED</b>	Precedence/Deskby <b>FLASH</b>
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- ZCZC
- GRS
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1	ZCZC
2	GRS
3	UNCLASSIFIED
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7	TO FLASH PARIS
8	TELEGRAM NUMBER
9	Please pass following message to M. Mauroy on behalf of Prime
10	Minister:
11	Begins
12	Dear Prime Minister
13	<del>It gives me great pleasure to send you my further</del>
14	<del>congratulations on being reappointed, Following your remarkable</del>
15	victory in <del>yesterday's</del> <sup>Sunday's</sup> elections
16	I know that my fellow
17	countrymen will join me in wishing you every success in the
18	years ahead
19	Yours sincerely, Margaret Thatcher
20	Ends
21	Carrington
22	NNNN

NNNN ends telegram	BLANK	<i>and I look forward to working with you in the nearest interest</i>
File number	Dept WED	Distribution Whitehall WED <i>on two respective countries</i>
Drafted by (Block capitals)		
Telephone number		
Authorised for despatch		
Comcen reference	Time of despatch	



CONFIDENTIAL

GRS 536

CONFIDENTIAL

FM PARIS 180857Z JUN 81

TO ROUTINE FCO

TELEGRAM NUMBER 517 OF 18 JUNE 1981

INFO SAVING TO UKREP BRUSSELS EC POSTS UKDEL NATO UKDEL STRASBOURG  
WASHINGTON MOSCOW HM CONSULS GENERAL FRANCE

SECOND ROUND OF ELECTIONS TO THE FRENCH NATIONAL ASSEMBLY

1. THE FRENCH POLITICAL WORLD IS STILL ADJUSTING TO THE SURPRISE OF THE SOCIALIST PARTY'S (PS) LANDSLIDE SUCCESS IN THE FIRST ROUND OF THE ELECTIONS TO THE NATIONAL ASSEMBLY. THE PS SHOULD BE ASSURED OF AN ABSOLUTE MAJORITY IN THE ASSEMBLY FOLLOWING THE SECOND ROUND POLL ON 21 JUNE. THE ONLY UNCERTAINTY APPEARS TO BE WHETHER A HIGHER TURN OUT THAN IN THE FIRST ROUND, WHEN NEARLY 30% OF THE ELECTORATE ABSTAINED, COULD PULL THE PS BACK A LITTLE.
2. FOR THE SOCIALIST PARTY, THE MOST IMPORTANT TASK IS TO ENSURE THAT ITS VOTERS DO NOT STAY AWAY FROM THE POLLS ON SUNDAY ON THE ASSUMPTION THAT THE RESULT IS A FOREGONE CONCLUSION. PS LEADERS HAVE THEREFORE MADE REPEATED APPEALS TO POTENTIAL SOCIALIST VOTERS URGING THEM TO COMPLETE THE VICTORY OPENED UP BY THE PARTY'S PERFORMANCE IN THE FIRST ROUND. AT THE WEEKLY MEETING OF THE COUNCIL OF MINISTERS ON 17 JUNE PRESIDENT MITTERRAND CALLED UPON THE ELECTORATE TO GIVE HIM THE BROADEST BASED SUPPORT NEXT SUNDAY TO ENABLE HIM TO TAKE THE MEASURES THAT FRANCE'S SITUATION DEMANDED. M MAUROY WILL BE TAKING THIS MESSAGE TO THE PROVINCES BETWEEN NOW AND POLLING DAY. FOR ITS PART THE COMMUNIST PARTY HAS CALLED UPON ITS SUPPORTERS TO VOTE FOR THE LEFT-WING MAJORITY, AND THERE IS NO SIGN OF THIS BEING HEDGED ABOUT IN ANY WAY.
3. OPPOSITION LEADERS, WITH M CHIRAC TO THE FORE, HAVE ALSO CALLED FOR A LARGE TURN-OUT ON 21 JUNE. THEY CLAIM THAT THE RIGHT'S POOR SHOWING IN THE FIRST ROUND WAS LARGELY ATTRIBUTABLE TO THE ABSTENTION OF TRADITIONAL RIGHT WING VOTERS. FOR THIS THERE APPEARS TO BE LITTLE SUPPORTING EVIDENCE. M CHIRAC AND OTHERS ARGUE THAT THE ELECTORATE WOULD MAKE A GRAVE MISTAKE IF IT GAVE THE SOCIALISTS A LARGE MAJORITY AND THEREBY CONCENTRATED ALL THE POWERS OF THE STATE IN THE PS' HANDS. BUT IT IS DIFFICULT TO SEE WHY THE ELECTORATE SHOULD REGARD THIS ARGUMENT AS ANY MORE CONVINCING NOW THAN BEFORE THE FIRST ROUND. THE RED PERIL HAS LOST MOST OF ITS USEFULNESS AS AN ELECTORAL LEVER IN THE PRESENT JUNCTURE.

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4. POLITICAL COMMENTATORS HAVE MEANWHILE REFINED THEIR ESTIMATES OF THE LIKELY DISTRIBUTION OF SEATS IN THE NEW ASSEMBLY AFTER THE SECOND ROUND. IFOP, WHOSE ESTIMATES OF FIRST ROUND VOTING BEHAVIOUR (MY TEL NO 498) WERE REMARKABLY ACCURATE, SUGGESTS THAT THE DISTRIBUTION OF SEATS MIGHT BE AS FOLLOWS (PRESENT PARLIAMENTARY REPRESENTATION IS SHOWN IN BRACKETS):

PS + MOUVEMENT DES RADICAUX DE GAUCHE	28φ-29φ	(117)
PCF	4φ-45	(86)
RPR	8φ-9φ	(155)
UDF	55-6φ	(119)

BUT IFOP POINTS OUT THAT THIS ESTIMATE IS BASED ON A POLL OF SECOND ROUND VOTING INTENTIONS TAKEN ON 6 JUNE (BY LAW NO POLLS MAY BE PUBLISHED BETWEEN ROUNDS) AND IT DOES NOT TAKE INTO ACCOUNT THE 17 SEATS IN FRANCE'S OVERSEAS DEPARTMENTS AND TERRITORIES.

5. THE PS ITSELF HAS TOLD THE EMBASSY THAT IT REGARDS 249 SEATS (IE THREE MORE THAN REQUIRED FOR AN ABSOLUTE MAJORITY) AS THE ABSOLUTE MINIMUM NUMBER OF SEATS THAT THE PARTY WILL WIN. A MORE GENEROUS PROJECTION WOULD GIVE THE PS ABOUT 295 SEATS. A CONTINUATION OF THE SWING TO THE PS COULD AT THE OTHER EXTREME GIVE THE PARTY AS MANY AS 34φ SEATS. THE FINAL OUTCOME WILL DEPEND ON WHAT HAPPENS IN 49 MARGINAL CONSTITUENCIES, 27 OF WHICH ARE HELD BY THE RPR AND 22 BY THE UDF.

FCO PSE PASS SAVINGS TO ALL EXCEPT HM CONSULS GENERAL FRANCE

HIBBERT

[REPEATED AS REQUESTED]

FCO/WHITEHALL

WED

GRS 620  
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FM PARIS 151432Z JUN 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 503 OF 15 JUNE 1981

INFO ROUTINE UKREP BRUSSELS, UKDEL NATO, BONN, BRUSSELS,  
COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS,  
WASHINGTON, MOSCOW.

INFO SAVING TO HM CONSULS GENERAL FRANCE (PASSED BY PARIS)  
UKDEL STRASBOURG.

MY TEL NO 500/: ELECTIONS TO THE FRENCH NATIONAL ASSEMBLY

1. THE FIRST ROUND HAS PRODUCED AN EPOCH - MAKING LAND -  
SLIDE VICTORY FOR THE SOCIALIST PARTY (PS). THE MARGIN OF THE  
PS SUCCESS EXCEEDS THE PS'S EXPECTATIONS. THEY MUST NOW BE  
EXPECTED TO EMERGE FROM THE SECOND ROUND NEXT SUNDAY WITH A  
SUBSTANTIAL ABSOLUTE MAJORITY IN THE NATIONAL ASSEMBLY.
2. THE MAIN IMPLICATIONS OF THE RESULT APPEAR TO BE AS FOLLOWS:
  - A) PRESIDENT MITTERRAND IS NOW IN A POSITION OF POWER AND RES -  
PONSIBILITY COMPARABLE ONLY WITH GENERAL DE GAULLE'S IN HIS HEY -  
DAY. HE WILL HAVE MAXIMUM FREEDOM OF DECISION AND NO - ONE  
ELSE TO BLAME FOR HIS EVENTUAL MISTAKES.
  - B) THE DECLINE IN THE COMMUNIST PARTY'S (PCF) VOTE HAS BEEN  
CONFIRMED. THIS AND THE PS'S ABSOLUTE MAJORITY WILL PUT THE  
PCF AGAINST THE WALL IN THE NEGOTIATIONS AFTER THE SECOND ROUND  
OVER THE POSSIBLE PARTICIPATION OF SOME COMMUNIST MINISTERS  
IN THE GOVERNMENT.
  - C) WHETHER PRESIDENT MITTERRAND WILL APPOINT SOME COMMUNIST  
MINISTERS REMAINS AN OPEN QUESTION. IT IS POSSIBLE THAT HE MAY  
OPT FOR A HOMOGENOUS SOCIALIST GOVERNMENT. BUT HE MAY STILL  
PREFER TO HAVE A FEW COMMUNISTS IN MINOR POSTS IN ORDER TO KEEP  
THE PCF ON A REIN. THE SIZE OF HIS ELECTORAL VICTORY WILL  
GUARANTEE THAT THE PCF IS IN A THOROUGHLY SUBSERVIENT POSITION,  
AT ANY RATE AT THE START.
  - D) THE RIGHT HAS SUFFERED A SEVERE SETBACK. THE DISAVOWAL  
OF FORMER PRESIDENT GISCARD IS COMPLETE. THE UDF, M. GISCARD'S  
OWN CREATION, HAS BEEN SHATTERED AS A SERIOUS POLITICAL  
FORCE.
  - E) M. CHIRAC HAS FARED LITTLE BETTER. HE WILL NO DOUBT CONTINUE  
TO ACT AS THE DE FACTO LEADER OF THE OPPOSITION. BUT MANY CENTRIST  
VOTERS SEEM TO HAVE PREFERRED THE PS TO THE RIGHT - WING UNION  
POUR LA NOUVELLE MAJORITE UNDER M. CHIRAC. HE WILL TAKE SOME  
TIME TO LIVE DOWN HIS ROLE AS THE SORCERER'S APPRENTICE.

CONFIDENTIAL (F)

F) EVENTUALLY SOME NEW OPPOSITION FORCE MAY HAVE TO EVOLVE FROM THE SHATTERED CENTRE - RIGHT, BUT THIS IS A LONG WAY AHEAD. IT IS TO BE NOTED THAT M. BARRE HAS WON HIS SEAT AT LYON AND SO WILL BE AVAILABLE FOR FURTHER BATTLES.

G) THE PS HAS EMERGED AS THE DOMINANT POLITICAL PARTY. WITHIN THE POLITICAL INSTITUTIONS IT OCCUPIES A POSITION SIMILAR TO THAT OF THE GAULLISTS IN THE EARLY DAYS OF THE 5TH REPUBLIC. LIKE THE EARLY GAULLIST MOVEMENT, THE PS ATTRACTS A BROAD CROSS - SECTION OF THE ELECTORATE, BOTH GEOGRAPHICALLY AND IN SOCIO - ECONOMIC TERMS. BUT IT REMAINS A NOT VERY SOLID COALITION OF POTENTIALLY CONFLICTING FACTIONS.

3. IT IS TO BE NOTED THAT THE VOTE WHICH PROMISES TO GIVE THE SOCIALIST PARTY ITS ABSOLUTE MAJORITY IN PARLIAMENT IS BIGGER THAN THE VOTE OBTAINED BY M. MITTERRAND AS PRESIDENT. IN A SENSE THIS TURNS THE INSTITUTIONS OF THE 5TH REPUBLIC ON THEIR HEAD, BECAUSE THE SYSTEM WAS DESIGNED TO ENABLE A PRESIDENT TO CREATE A MAJORITY WHERE NONE EXISTED. IT IS THIS EMERGENCE OF A POWERFUL PARLIAMENTARY MAJORITY WHICH IS CAUSING SOME PEOPLE HERE IN FRANCE TO SPEAK OF A NEW PEACEFUL FRENCH REVOLUTION. IN FACT THE SOCIALIST VICTORY IS TO MY MIND MORE COMPARABLE TO THE VICTORY OF THE ATTLEE GOVERNMENT IN THE IMMEDIATE POST - WAR ELECTION IN THE UNITED KINGDOM. IT MUST BE EXPECTED THAT M. MITTERRAND WILL PUT IN TRAIN A SOCIALIST PROGRAMME IN MUCH THE SAME WAY AS MR ATTLEE AND HIS COLLEAGUES DID.

4. PRESIDENT MITTERRAND WILL NOW HAVE TO COME TO TERMS WITH THE DOMESTIC AND INTERNATIONAL ECONOMIC FORCES WHICH HENCEFORTH WILL BE THE MAIN CONSTRAINTS ON HIS FREEDOM OF ACTION. IT IS AT THE POINT WHERE THE FRENCH GOVERNMENT COMES FACE TO FACE WITH ECONOMIC REALITY THAT THE NEW CATCH - ALL PS WILL COME UNDER GREATEST STRAIN.

FCO PLEASE PASS SAVING TO UKDEL STRASBOURG.

HIBBERT.

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[PASSED SAVING AS  
REQUESTED]

GRS 720  
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France

FM PARIS 111203Z JUN 81

TO PRIORITY FCO

TELEGRAM NUMBER 487 OF 11 JUNE 1981

INFO SAVING TO UKREP BRUSSELS, BONN, BRUSSELS, COPENHAGEN,  
DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS, UKDEL NATO,  
WASHINGTON, MOSCOW, UKDEL STRASBOURG, HM CONSULS GENERAL FRANCE  
(PASSED BY PARIS).

ELECTIONS TO THE FRENCH NATIONAL ASSEMBLY

ms

1. FRANCE GOES TO THE POLLS ON 14 JUNE FOR THE SECOND TIME IN JUST OVER A MONTH. THIS TIME IT IS FOR THE FIRST ROUND OF ELECTIONS TO THE NATIONAL ASSEMBLY. THE FRENCH ELECTORATE WILL ON SUNDAY TAKE THE FIRST STEP TOWARDS EITHER CONSOLIDATING ITS CHOICE IN THE PRESIDENTIAL ELECTION BY RETURNING A LEFT - WING MAJORITY TO THE NATIONAL ASSEMBLY OR PROVIDING A COUNTER - WEIGHT TO THE NEW SOCIALIST PRESIDENT BY RE - ELECTING AN ASSEMBLY IN WHICH THE RIGHT REMAINS DOMINANT.
2. THE ELECTION CAMPAIGN HAS DOMINATED FRENCH POLITICAL LIFE SINCE 21 MAY WHEN PRESIDENT MITTERRAND TOOK OFFICE. GOVERNMENT MINISTERS, OF WHOM 32 OUT OF 43 ARE RUNNING AS CANDIDATES, HAVE BEEN AS MUCH PRE - OCCUPIED WITH NURSING THEIR CONSTITUENCIES AS WITH SETTLING INTO THEIR NEW DEPARTMENTS. M. MITTERRAND'S FIRST DECISIONS AS PRESIDENT, RANGING FROM HIS CHOICE OF MINISTERS TO THE INITIAL ECONOMIC AND SOCIAL MEASURES ADOPTED BY THE NEW GOVERNMENT, HAVE ALL BEEN TAKEN WITH AN EYE TO IMPROVING THE LEFT'S CHANCE IN THE ELECTIONS.
3. THE CAMPAIGN ITSELF HAS BEEN MARKED BY THE ABSENCE OF ANY GREAT EVENTS. UNLIKE THE PRESIDENTIAL ELECTION, IT HAS BEEN FOUGHT PRIMARILY AT THE GRASS ROOTS RATHER THAN AT THE NATIONAL LEVEL. NO NEW MAJOR ISSUES HAVE EMERGED. THE SOCIALIST PARTY (PS) HAS BASED ITS APPEAL TO THE ELECTORATE ON THE NEED TO GIVE THE PRESIDENT THE PARLIAMENTARY MAJORITY REQUIRED TO CARRY OUT HIS POLICIES. M. MITTERRAND HIMSELF HAS KEPT ABOVE THE PARTISAN POLITICAL FRAY EXCEPT FOR ONE SPEECH AT MONTELIMAR ON 9 JUNE WHEN HE CHARACTERISED THE FORTHCOMING ELECTIONS AS A CHOICE BETWEEN POLICIES ALREADY REJECTED AND HIS OWN PROPOSALS WHICH WERE NOW BEING IMPLEMENTED. THE COMMUNIST PARTY (PCF), STILL SMARTING FROM ITS LOSS OF A QUARTER OF ITS ELECTORATE IN THE PRESIDENTIAL ELECTION, HAS ADOPTED A LOW PROFILE. ITS LIMITED OBJECTIVE APPEARS TO BE TO LOSE AS FEW OF ITS PRESENT 86 SEATS AS POSSIBLE. THE PCF LEADERSHIP SEEMS TO HAVE CONCLUDED THAT THIS CAN BEST BE ACHIEVED BY AN APPEARANCE OF LOYAL SUPPORT TO PRESIDENT MITTERRAND, IDENTIFYING THE PCF AS AN INTEGRAL PART OF THE PRESIDENTIAL MAJORITY.

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4. ON THE RIGHT, M. CHIRAC, WHO HAS QUICKLY EMERGED AS THE DE FACTO LEADER OF THE NEW OPPOSITION, HAS CONDUCTED A CHARACTERISTICALLY ENERGETIC CAMPAIGN ACROSS THE COUNTRY. THERE IS LITTLE INDICATION, HOWEVER, THAT HIS CALL FOR A CHANGE IN THE POLICIES FOLLOWED UNDER M. GISCARD RATHER THAN A CHANGE OF SOCIETY WILL ATTRACT MORE VOTES NOW THAN IT DID IN THE PRESIDENTIAL ELECTION. M. CHIRAC HAS HAD LITTLE EFFECTIVE SUPPORT FROM THE UDF. M. GISCARD'S PRECIPITATE DEPARTURE FROM THE POLITICAL STAGE HAS CRUELLY EXPOSED THE UDF'S LACK OF POLITICAL TALENT OR PROFILE. SENIOR UDF POLITICIANS HAVE HAD DIFFICULTY IN ADJUSTING TO THEIR PARTY'S SHOT - GUN MARRIAGE WITH THE GAULIST RPR INTO WHICH THEY WERE FORCED BY THEIR BACK - BENCHERS. IN THE CONSTITUENCIES, THE ELECTORAL PACT CONCLUDED BY THE RPR AND THE UDF, WHICH PROVIDES FOR 385 JOINT CANDIDATES UNDER THE BANNER OF THE UNION POUR LA NOUVELLE MAJORITE (UNM); SEEMS TO HAVE BEEN BROADLY ACCEPTED BY PARTY SUPPORTERS; ALTHOUGH ABOUT 50 RPR AND UDF CANDIDATES HAVE DEFIED PARTY HEADQUARTERS AND ARE RUNNING AGAINST OFFICIALLY DESIGNATED UNM CANDIDATES. DOUBTS CONTINUE TO BE EXPRESSED WITHIN BOTH THE UDF AND THE RPR ABOUT THE WISDOM OF THE DEFENSIVE TACTIC OF A JOINT LIST.

5. PUBLIC OPINION POLLS TAKEN SINCE THE PRESIDENTIAL ELECTION HAVE CONSISTENTLY SHOWN A FURTHER SWING TO THE LEFT, PARTICULARLY IN FAVOUR OF THE PS. IN PRIVATE UDF AND RPR POLITICIANS ARE GLOOMY ABOUT THE RIGHT'S PROSPECTS. I SEE NO REASON TO DISAGREE. BARRING ANY UPSET, THE MAIN INTEREST IN THE FIRST ROUND RESULT WILL BE TO SEE WHETHER THE PS AND ITS CLOSE ALLY THE MOUVEMENT DES RADICAUX DE GAUCHE ARE ABLE TO OUTDISTANCE THE PCF BY A SUFFICIENTLY WIDE MARGIN TO PUT THEMSELVES IN A POSITION TO OBTAIN AN ABSOLUTE MAJORITY OF SEATS IN THE SECOND ROUND. EVEN THOUGH THE PS WILL NO DOUBT MAKE GAINS AT THE PCF'S EXPENCE, AN ABSOLUTE SOCIALIST VICTORY STILL SEEMS UNLIKELY, ALTHOUGH IT CANNOT BE COMPLETELY RULED OUT.

FCO PLEASE PASS SAVING TO UKREP BRUSSELS, BONN, BRUSSELS, COPENHAGEN; DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS; UKDEL NATO, WASHINGTON, MOSCOW, UKDEL STRASBOURG.

HIBBERT.  
FCO|WH.  
WET

[PASSED] AS REQUESTED

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## CONFIDENTIAL

CONFIDENTIAL

FM PARIS 040930Z JUN 81

TO ROUTINE FCO

TELEGRAM NUMBER 458 OF 4 JUNE 1981

INFO SAVING TO UKDEL STRASBOURG, HM CONSULS GENERAL FRANCE (PASSED BY PARIS), UKREP BRUSSELS, UKDEL NATO, WASHINGTON, MOSCOW, BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS.

France

MY TELNO 412 (NOT TO ALL): ELYSEE APPOINTMENTS

1. YESTERDAY'S OFFICIAL GAZETTE PUBLISHES A FURTHER AND APPARENTLY FINAL LIST OF APPOINTMENTS TO THE ELYSEE STAFF. AMONG OTHERS THE APPOINTMENTS FORESHADOWED IN PARAGRAPHS 3 AND 4 OF MY TUR HAVE BEEN CONFIRMED.
2. THE MOST CONTROVERSIAL APPOINTMENT IS THAT OF M. REGIS DEBRAY TO BE A CHARGE DE MISSION IN THE SECRETARIAT OF THE PRESIDENCY. OVER THE PAST WEEK HIS PRESENCE AMONG THE PRESIDENT'S ADVISERS HAS CONTINUED TO EVOKE CRITICAL COMMENT IN FRANCE. RESERVATIONS ATTRIBUTED TO GOVERNMENT CIRCLES IN WASHINGTON AND BONN ABOUT THE PSYCHOLOGICAL IMPACT OF M. DEBRAY'S NOMINATION TO THE ELYSEE HAVE BEEN PLAYED BACK IN THE FRENCH PRESS. PRESIDENT MITTERRAND SEEMS TO HAVE DECIDED NOT TO BE PUT OFF AND TO KEEP HIS OPENINGS TO THE LEFT AS WELL AS THOSE TO THE RIGHT.
3. THE AREA OF M. DEBRAY'S RESPONSIBILITIES HAS NOT YET BEEN PUBLICLY DEFINED. HIS TITLE (AS CHARGE DE MISSION) GIVES NO CLEAR INDICATION AS TO WHAT HE WILL DO COMPARED WITH EITHER THE OTHER FIVE CHARGES DE MISSION OR THE NINE CONSEILLERS TECHNIQUES WHO ARE ALL SUBORDINATE TO THE SECRETARY - GENERAL (M. BEREGOVY). TO LEFT - WING OPINION THE APPOINTMENT WILL MARK THE IMPORTANCE WHICH PRESIDENT MITTERRAND PROFESSES TO ATTACH TO RELATIONS WITH THE THIRD WORLD IN GENERAL AND WITH LATIN AMERICA IN PARTICULAR, BUT I IMAGINE THAT IT MAY HAVE A DISTURBING EFFECT ON MANY GOVERNMENTS IN BOTH.
4. NEITHER PRESIDENT MITTERRAND NOR M. DEBRAY HAS COMMENTED ON THE CONTROVERSY AROUSED BY THIS APPOINTMENT, BUT THE LATTER HAS POINTED OUT THAT AN ARTICLE BY HIM PUBLISHED THIS WEEK IN A SCANDINAVIAN JOURNAL WAS WRITTEN BEFORE HE TOOK OFFICE. IN A TELEVISION INTERVIEW ON 2 JUNE, M. JOSPIN, THE FIRST SECRETARY OF THE SOCIALIST PARTY, TRIED TO PLAY THE APPOINTMENT DOWN. HE SAID THAT M. DEBRAY HAD NO MANDATE TO DEFINE EITHER THE FOREIGN POLICY OF THE SOCIALIST PARTY OR THE POLICY OF THE GOVERNMENT. M. DEBRAY WAS A THINKER WITH A PARTICULAR SENSIBILITY. HE WAS ONLY ONE OF MANY ADVISERS AT THE ELYSEE, NONE OF WHOM MADE THE POLICY OF THE GOVERNMENT.

HFCO PLEASE PASS SAVING TO UKDEL STRASBOURG, UKREP BRUSSELS, UKDEL NATO, WASHINGTON, MOSCOW, BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS.

HIBBERT

[PASSED SAVING AS REQUESTED]

FCO/WHITEHALL

[THIS TELEGRAM WAS NOT ADVANCED]

WED

CONFIDENTIAL

GRS 550

UNCLASSIFIED

FM PARIS 021400Z JUNE 81

TO PRIORITY FCO

TELEGRAM NUMBER 445 OF 01 JUNE 1981

INFO ROUTINE BONN WASHINGTON UKREP BRUSSELS MOSCOW UKDEL NATO

INFO SAVING OTHER EC POSTS CONSULATES GENERAL FRANCE

*Good on European Security. But  
the rest promises problems. The  
FCS will be mentioning all this to  
you to-morrow.*

**FRENCH FOREIGN POLICY: M CHEYSSON'S INTERVIEW WITH AFP**

1. THE FRENCH MINISTER OF EXTERNAL RELATIONS GAVE AN INTERVIEW ON 30 MAY TO AGENCE FRANCE PRESS. THE INTERVIEW IS FAIRLY RAMBLING, AND M CHEYSSON APPROACHED TOPICS FROM DIFFERENT ANGLES AT DIFFERENT TIMES. THE FOLLOWING IS A SUMMARY, IN A MORE SEQUENTIAL FORM THAN THE INTERVIEW ITSELF (COPIES BY BAG TO THE DEPARTMENT):

(A) **EUROPEAN COMMUNITY.** IT WOULD BE AN ILLUSION TO THINK THAT THE COMMUNITY COULD BE DEVELOPED SIMPLY THROUGH POLITICAL COOPERATION. THE FRENCH COULD NOT BE TOLD THREE WEEKS AFTER THE ELECTION OF A LEFT-WING GOVERNMENT THAT EUROPE COULD BE TALKED ABOUT ONLY IN TERMS OF A BUDGETARY PAYMENT TO THE UK. - THE FIRST PRIORITY WAS EMPLOYMENT AND THE SEARCH FOR A NEW START. IF "THE COMMON AGRICULTURE POLICY IS DESTROYED TOMORROW" AND THE EUROPEAN DIMENSION WAS NOT USED TO DEAL WITH SUCH FUNDAMENTAL PROBLEMS AS EMPLOYMENT AND WORK-SHARING, THERE WOULD NO LONGER BE ANY MANIFESTATION OF EUROPE IN THE OUTSIDE WORLD. THE QUESTIONS OF LENGTH OF WORKING WEEK AND FREE TIME (IN FRANCE) REQUIRED "A PARALLEL EVOLUTION IN THE REST OF EUROPE, WITHOUT WHICH WE SHALL HAVE VERY DIFFICULT PROBLEMS". WHAT WAS NEEDED FOR EUROPE WAS "AN OVERALL PLAN", PARTICULARLY IN THE SOCIAL FIELD. OTHER AREAS WHICH CALLED FOR A EUROPEAN DIMENSION INCLUDED THE AEROSPACE INDUSTRY, RESEARCH AND TEXTILES - WHERE A RESTRUCTURING PLAN WAS URGENTLY REQUIRED.

(B) **INSTITUTIONS AND POLITICAL COOPERATION.** THE COUNCIL OF MINISTERS COULD NOT REMAIN A "PARALYTIC DWARF". IT HAD TO BE GIVEN "LEGS" AND GREATER BREADTH IN THE SUBJECTS IT DISCUSSED. POLITICAL COOPERATION WAS FUNCTIONING WELL, BUT IT WAS UNACCEPTABLE THAT, IN AN EMERGENCY, POLITICAL COOPERATION SHOULD NOT ALLOW FOR IMMEDIATE CONSULTATIONS: "I DO NOT SEE THE NEED FOR GREATER INSTITUTIONALISATION BUT FOR GREATER ACTIVITY, ABOVE ALL IN URGENT SITUATIONS".

*/ (C) US/FRANCE*



(C) US/FRANCE. PRESIDENT MITTERRAND HAD ALREADY UNDERLINED THE IMPORTANCE OF THE ATLANTIC ALLIANCE FOR FRENCH EXTERNAL POLICY. M CHEYSSON THOUGHT IT IMPORTANT TO REPEAT THIS IN WASHINGTON, WHERE THE AMERICANS WERE ASKING A LOT OF QUESTIONS, AND WHERE M CHEYSSON WOULD BE HAPPY TO EXPLAIN THAT FRANCE WAS NOT IN A STATE OF CHAOS OR REVOLUTION. HE WOULD EXPLAIN TO THE AMERICANS THAT FRANCE WOULD NOT NECESSARILY BE AN EASY PARTNER BUT WOULD BE A SOLID PARTNER AND WOULD SUPPORT THE POSITIONS OVER WHICH THE PREVIOUS FRENCH ADMINISTRATION HAD MADE COMMITMENTS.

(D) EUROPEAN SECURITY. THERE WAS NO SCOPE FOR AMBIGUITY. THE SS20 PROBLEM DID NOT CONCERN FRANCE DIRECTLY BUT IT WAS NEVERTHELESS OF DIRECT INTEREST TO HER BECAUSE THE SS20 REPRESENTED A MODIFICATION OF THE GLOBAL EQUILIBRIUM, AND IN THAT FRANCE WAS DIRECTLY INVOLVED. M CHEYSSON REPEATED HOW HE HAD BEEN TAKEN ABACK BY THE FACT THAT NEUTRALISM WAS AN IMPORTANT FORCE IN CERTAIN LARGE COUNTRIES (UNSPECIFIED; SOME FRENCH COMMENTATORS HAVE SUGGESTED THAT HIS MAIN TARGET WAS THE SPD IN GERMANY). HE IMAGINED WITH DIFFICULTY HOW SERIOUS NEGOTIATIONS WOULD BE POSSIBLE WITH THE RUSSIANS OVER THE SS20 ISSUE IF WESTERN COUNTRIES WERE NOT IN A POSITION TO "RESPOND ON THE GROUND" IN A SITUATION WHERE NO OTHER MEANS OF RIPOSTE WAS AVAILABLE. "IF ANOTHER POLICY CAN BE FOUND, I COULD UNDERSTAND CERTAIN COUNTRIES PREFERRING THAT OTHER POLICY; BUT IF REJECTION OF A RIPOSTE TO THE SS20 IS A CUT-AND-DRIED REJECTION, ALLOWING FOR NO ALTERNATIVE POLICY, THEN I FEAR I SEE IN THAT A REFLEX AMOUNTING TO ABANDONMENT".

FCO PLEASE PASS SAVINGS TO EC POSTS

HIBBERT

FCO/WHITEHALL  
WED

[REPEATED AS REQUESTED]

GRS 900  
CONFIDENTIAL

CONFIDENTIAL

FM PARIS 011705Z JUNE 81

TO ROUTINE FCO

TELEGRAM NUMBER 440 OF 01 JUNE 1981

INFO SAVING TO UKREP BRUSSELS EC POSTS WASHINGTON UKDEL STRASBOURG  
HM CONSULS GENERAL FRANCE

MY TEL NO 417: FRENCH LEGISLATIVE ELECTIONS

1. THE OFFICIAL CAMPAIGN FOR THE FIRST ROUND OF THE ELECTIONS TO THE NATIONAL ASSEMBLY ON 14 JUNE OPENS TODAY.

2. AN IFOP PUBLIC OPINION POLL CONDUCTED ON 25 AND 26 MAY PUBLISHED IN TODAY'S LE POINT CONFIRMS THE FINDING OF A POLL TAKEN A FORTNIGHT EARLIER (PARAGRAPH 5 OF MY TEL NO 371) THAT WITH THE ELECTION OF A SOCIALIST PRESIDENT THERE HAS BEEN A SWING TO THE LEFT, LARGELY TO THE ADVANTAGE OF THE SOCIALIST PARTY (PS). THE IFOP POLL SUGGESTS THAT IN THE FIRST ROUND OF THE ELECTIONS TO THE NATIONAL ASSEMBLY THE DISTRIBUTION OF VOTES WILL BE AS FOLLOWS (FIGURES IN BRACKETS ARE FOR THE FIRST ROUND OF THE PRESIDENTIAL ELECTION):

PARTY	PERCENT	
PS/MOUVEMENT DES RADI CAUX DES GAUCHE	<u>36</u>	(28.05)
COMMUNIST PARTY (PCF)	<u>14</u>	(15.34)
EXTREME LEFT	<u>2.5</u>	(3)
ECOLOGISTS	<u>7</u>	(6)
UDF	18.5	(28.31)
RPR	17	(17.99)
EXTREME RIGHT	5	(3.04)
UNDECIDED	12	

THE TOTAL LEFT WING VOTE (PS + PCF+ EXTREME LEFT) WOULD BE 52.5% IN COMPARISON WITH 46.8% IN THE FIRST ROUND OF THE PRESIDENTIAL ELECTION AND 48.6% IN THE FIRST ROUND OF THE 1978 LEGISLATIVE ELECTIONS. THIS MAY BE AN UNDERESTIMATE. THE ECOLOGISTS INTEND TO FIELD CANDIDATES IN ONLY 75 OF THE 491 CONSTITUENCIES. ACCORDING TO A SOFRES POLL PUBLISHED AT THE WEEKEND, 50% OF THE ECOLOGIST VOTERS IN THE FIRST ROUND OF THE PRESIDENTIAL ELECTION VOTED FOR M. MITTERRAND IN THE SECOND ROUND. AN IMPORTANT PART OF THE 7% EXPRESSING SUPPORT FOR THE ECOLOGISTS WILL THEREFORE PROBABLY VOTE FOR LEFT WING CANDIDATES, MOST LIKELY FOR PS CANDIDATES, ON 14 JUNE.

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3.

3. TRANSLATING THE POLL FINDINGS INTO GAINS AND LOSSES OF SEATS IS A HAZARDOUS PROCESS. IN FRANCE, AN INCUMBENT DEPUTY REGARDLESS OF HIS POLITICAL COMPLEXION TENDS TO HAVE A STRONG PERSONAL FOLLOWING WHICH OFTEN ENABLES HIM TO RESIST THE EBB AND FLOW OF NATIONAL ELECTORAL OPINION. REGIONAL VARIATIONS IN THE SWINGS OF VOTING BEHAVIOUR ARE ALSO MORE MARKED THAN IN THE UK. CONSTITUENCY BOUNDARIES ARE AT PRESENT DRAWN SO AS TO PROVIDE AN IN - BUILT ADVANTAGE FOR THE RIGHT.

4. DURING THE CAMPAIGN INTEREST WILL BE FOCUSED ON THOSE 110 CONSTITUENCIES CURRENTLY HELD BY THE RIGHT WHERE M. MITTERRAND OBTAINED A MAJORITY IN THE SECOND ROUND OF THE PRESIDENTIAL ELECTION (58 RPR, 42 UDF AND 10 PRO - GOVERNMENT INDEPENDENT SEATS). IN 106 OF THESE SEATS, M. MITTERRAND RAN AHEAD OF M. MARCHAIS ON THE FIRST ROUND OF THE PRESIDENTIAL ELECTION. ON THE ASSUMPTION THAT THERE IS A PS/PCF ELECTORAL AGREEMENT WHEREBY ONLY THE BETTER PLACED CANDIDATES OF THE LEFT STAND IN THE SECOND ROUND, THE PS SHOULD BE IN A STRONG POSITION TO PICK UP MAY OF THESE SEATS. HOWEVER, 47 OF THEM VOTED FOR M. MITTERRAND IN THE SECOND ROUND OF THE PRESIDENTIAL ELECTION IN 1974 AND YET RETURNED UDF OR RPR DEPUTIES IN 1978. A REASONABLE GUESS MIGHT BE THAT THE PS WOULD OBTAIN ABOUT 60 TO 70 OF THESE SEATS. TO THESE MIGHT BE ADDED BETWEEN 5 AND 15 OF THE 31 CONSTITUENCIES WHERE M. GISCARD HAD A LEAD OF LESS THAN 2% OVER M. MITTERRAND IN THE SECOND ROUND OF THE PRESIDENTIAL ELECTION.

5. THE PS IS ALSO LIKELY TO MAKE GAINS AT THE EXPENSE OF THE PCF. IN AROUND HALF OF THE 86 SEATS AT PRESENT HELD BY THE PCF, M. MITTERRAND DID BETTER THAN M. MARCHAIS IN THE FIRST ROUND OF THE PRESIDENTIAL ELECTION. THE PS MIGHT WIN BETWEEN 30 AND 50 OF THESE SEATS. IF THE DECLINE IN THE PCF'S SHARE OF THE VOTE SUGGESTED BY THE LATEST IFOP POLL WERE TO BE FULLY REFLECTED IN CONSTITUENCIES WITH PCF INCUMBENTS, THE PS GAINS WOULD BE EVEN GREATER.

6. THE ABOVE ANALYSIS SUGGESTS THAT IN THE NEW ASSEMBLY THE PS MIGHT HAVE BETWEEN 212 AND 252 SEATS (246 SEATS ARE REQUIRED FOR AN ABSOLUTE MAJORITY) AND THE PCF BETWEEN 36 AND 56. WHATEVER THE EXACT DISTRIBUTION OF SEATS BETWEEN THE PS AND THE PCF, THE LEFT AS A WHOLE APPEARS WELL PLACED ON THE BASIS OF CURRENT VOTING INTENTIONS TO OBTAIN A PARLIAMENTARY MAJORITY.

7. THE NEW OPPOSITION HAS LITTLE TIME IN WHICH TO ATTEMPT TO REVERSE THE TIDE OF PUBLIC OPINION. THE DECISION TO PRESENT A UNITED FRONT OF SINGLE CANDIDATES WILL NOT NECESSARILY WORK IN THEIR FAVOUR AS IT MAY REDUCE THEIR CATCHMENT AREA AND CAPABILITY IN THE FIRST ROUND. M CHIRAC IS EMBARKED ON AN INTENSIVE CAMPAIGN TO PERSUADE THE FRENCH ELECTORATE THAT WHAT THEY WANT IS A CHANGE OF POLICIES (IE AWAY FROM GISCARD'S) BUT NOT A CHANGE OF SOCIETY (WHICH IS WHAT HE SAYS THEY WOULD GET IF THE SOCIALISTS WERE TO RULE WITH COMMUNIST SUPPORT). HE IS WORKING

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AGAINST

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AGAINST THE TIDE, NOT ONLY THE OPINION POLLS BUT ALSO THE MORE GENERAL SURVEYS OF ATTITUDES TOWARDS THE NEW GOVERNMENT SUGGEST THAT THE LEFT CONTINUES TO BENEFIT FROM THE BAND WAGON EFFECT OF M MITTERRAND'S ELECTION VICTORY. A SOFRES POLL PUBLISHED AT THE WEEKEND SHOWED THAT THERE WERE THREE TIMES AS MANY VOTERS WHO WERE OPTIMISTIC AS COMPARED WITH THOSE WHO WERE PESSIMISTIC ABOUT THE LIKELIHOOD THAT M MITTERRAND'S VICTORY WILL BRING AN IMPROVEMENT IN STANDARDS OF LIVING. INCREASES IN VARIOUS SOCIAL WELFARE BENEFITS WHICH ARE EXPECTED TO BE ANNOUNCED AT THIS WEEK'S COUNCIL OF MINISTERS MEETING WILL NO DOUBT REINFORCE THIS SENTIMENT. THE IFOP POLL QUOTED ABOVE ALSO SHOWED THAT M MAUROY'S GOVERNMENT HAD THE CONFIDENCE OF 58% OF THE ELECTORATE WHILE M MAUROY HIMSELF HAD A 67% CONFIDENCE RATING. OF MORE DIRECT SIGNIFICANCE FOR THE ELECTIONS TO THE NATIONAL ASSEMBLY, MORE OF THOSE QUESTIONED BY IFOP HOPED THAT THE LEFT WOULD WIN (37% FAVOURING AN OUTRIGHT WIN BY THE LEFT AND 23% AN OUTRIGHT WIN BY THE NEW UNM - UNION POUR LA NOUVELLE MAJORITE).

FCO PLEASE PASS SAVINGS TO ALL EXCEPT HM CONSULS GENERAL FRANCE

HJBBERT

REPEATED AS REQUESTED

FCO|WH

WED

THIS TELEGRAM  
WAS NOT  
ADVANCED

GRS 1000  
UNCLASSIFIED  
POSTBY ALGIERS 280600Z

DISTRIBUTION SELECTORS  
FILE COPY

FM PARIS 271738Z MAY 81  
TO IMMEDIATE FCO

TELEGRAM NUMBER 418 OF 27 MAY 1981  
AND TO IMMEDIATE ALGIERS (FOR PRIVATE SECRETARY TO SECRETARY  
OF STATE)

INFO ROUTINE BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE,  
LUXEMBOURG, ROME, UKREP BRUSSELS, ATHENS, WASHINGTON, MOSCOW,  
UKDEL NATO.

LE MONDE INTERVIEW WITH M CHEYSSON

1. THE FOLLOWING IS A SUMMARY OF THE PRINCIPAL POINTS MADE  
BY M CLAUDE CHEYSSON, MINISTER OF EXTERNAL RELATIONS, IN  
AN INTERVIEW WITH LE MONDE PUBLISHED THIS AFTERNOON WHICH  
WE ARE REPORTING AT SOME LENGTH IN VIEW OF YOUR MEETING WITH  
HIM TOMORROW.

*This has just become available!  
For some reason it was not sent  
over previously. I have asked for the  
original.*

A. COMMUNITY AFFAIRS

1) BUDGET RESTRUCTURING AND CAP.

BUDGET RESTRUCTURING AS A TERM WAS INCOMPREHENSIBLE TO ORDINARY  
MORTALS. FRANCE COULD NOT APPROACH THE PROBLEMS OF THE COMMUNITY  
FROM THIS DIRECTION. PRESIDENT MITTERRAND ATTACHED MUCH IMPORTANCE  
TO EUROPEAN CONSTRUCTION BUT EUROPE MEANT WHAT NOW EXISTED.  
THIS INCLUDED SOME THINGS WHICH NEEDED IMPROVING. THE CAP  
HAD AGED IN CERTAIN RESPECTS AND HAD CREATED SURPLUSES WHICH  
NEEDED CORRECTING. ITS APPLICATION SHOULD ALSO BE EXTENDED,  
AND THE COMMUNITY HAD TO HAVE AN EXTERNAL TRADE POLICY FOR  
AGRICULTURE. ASKED WHETHER FRANCE WOULD REQUEST A DELAY IN  
THE PRESENTATION OF COMMISSION PROPOSALS ON RESTRUCTURING,  
M CHEYSSON REPLIED THAT FRANCE'S PARTNERS WERE EXPECTING HER  
TO REQUEST A PERIOD OF REFLECTION.

(II) FISHERIES.

HE HOPED THAT THE COMMUNITY WOULD SOON END THE INTERMINABLE  
DISCUSSIONS ON THIS PROBLEM.

(III) LABOUR AFFAIRS.

PRESIDENT MITTERRAND HAD STRESSED THE IMPORTANCE OF REDUCING WORKING  
HOURS DURING HIS ELECTORAL CAMPAIGN. THIS PROBLEM HAD A  
EUROPEAN DIMENSION. OTHER ASPECTS OF THE EMPLOYMENT PROBLEM  
SHOULD ALSO BE NEGOTIATED AT A EUROPEAN LEVEL WITH A VIEW TO  
APPLYING MEASURES WITHIN EACH MEMBER STATE. THE COMMUNITY INTER-  
VENED IN INDUSTRIAL AFFAIRS ONLY AT TIMES OF DIFFICULTY,

/AS IN THE

AS IN THE STEEL CRISIS. A SOCIALIST GOVERNMENT WOULD NOT BE CONTENT WITH THIS APPROACH AND WAS SURPRISED THAT THE COUNCIL OF MINISTERS HAD PERSISTENTLY REJECTED THE SOCIAL VOLET ON STEEL POLICY. IN FACT, THERE WAS A NEED FOR COMMUNITY SUPPORT FOR ACTION IN A WHOLE SERIES OF INDUSTRIAL FIELDS.

#### (IV) POLITICAL COOPERATION

IMPROVEMENTS WERE NEEDED AS WAS TIME FOR REFLECTION. MORE CONTACT HAD TO TAKE PLACE AT ALL LEVELS, INCLUDING BETWEEN TRADES UNIONS. IT WAS BECAUSE OF THE GREAT IMPORTANCE THE NEW GOVERNMENT ATTACHED TO EUROPEAN DEVELOPMENT THAT IT CONSIDERED THAT THE OVERALL PROBLEM COULD NOT BE DEALT WITH SOLELY BY ALTERING THE CAP OR BY BUDGETARY MODIFICATIONS. CONCERTATION HAD NOT IN SOME CASES BEEN SUFFICIENT OR RAPID ENOUGH. IT HAD BEEN SURPRISING THAT FOLLOWING THE ENTRY OF SOVIET TROOPS INTO AFGHANISTAN IT HAD TAKEN WEEKS TO DISCUSS THE SUBJECT TOGETHER.

#### (V) FRANCO/GERMAN RELATIONS

THE COMMUNITY HAD BEEN FOUNDED IN ORDER TO RENDER IMPOSSIBLE FURTHER CONFLICT BETWEEN FRANCE AND GERMANY. THIS PROBLEM NO LONGER EXISTED AND THE TWO COUNTRIES WERE NOW AS CLOSE AS THEY COULD BE. BUT EUROPE HAD ALSO BEEN BUILT TO PROVIDE CONSTRUCTION WITHIN A WIDER FRAMEWORK. THIS INTERESTED OTHERS AS WELL AS FRANCE. PRESIDENT MITTERRAND HAD SAID AFTER HIS MEETING WITH CHANCELLOR SCHMIDT THAT FRANCE AND THE FRG WOULD HAVE A PRIVILEGED

RELATIONSHIP. BUT THIS RELATIONSHIP WOULD NOT BE CONFINED TO COMMUNITY PROBLEMS: NOR WOULD IT BE EXCLUSIVE. FRANCE HAD REASON TO MAINTAIN INTIMATE RELATIONS WITH ITALY, BELGIUM, AND GREAT BRITAIN AS WELL. THERE WOULD BE NO PARIS/DONN AXIS.

#### B. DEFENCE

##### (i) TNF.

AS PRESIDENT MITTERRAND HAD SAID, THE MASSIVE IMPLANTATION OF SS20 MISSILES IN EUROPE CREATED AN IMBALANCE. IT SEEMED QUITE ABNORMAL TO REFUSE AS THE PREVIOUS ADMINISTRATION HAD DONE, TO SAY ANYTHING ABOUT THIS PROBLEM.

##### (ii) MEMBERSHIP OF NATO

FRANCE WAS NOT PART OF THE INTEGRATED STRUCTURE OF THE ATLANTIC ALLIANCE AND HAD NO INTENTION OF BECOMING PART OF IT. BUT FRANCE WAS IN THE ALLIANCE AND WAS LINKED POLITICALLY AND THROUGH THE COMMUNITY WITH OTHER MEMBERS OF IT. FRANCE WAS BOUND BY THE COMMITMENTS AND DECLARATIONS ALREADY MADE IN HER NAME. THESE INCLUDED THE FRENCH POSITION ON SALT, CONVENTIONAL FORCES AND TNF.

#### 114) ATTITUDES WITHIN EUROPE

BRITAIN WAS, FOR CHEYSSON ONE OF THE GREATEST COUNTRIES IN THE WORLD. BUT HE WAS AMAZED THAT A NEUTRALIST TENDENCY SHOULD BE DEVELOPING IN THAT COUNTRY. NEUTRALISM WAS THE TRANSLATION OF A WISH TO GIVE UP, OF AN IMMENSE FATIGUE. IN FRANCE HE DID NOT SEE THIS DANGER TO THE SAME EXTENT. IN COUNTRIES LIKE FRANCE, BRITAIN AND GERMANY PEOPLE HAD TO KNOW WHAT THEY STOOD FOR: HUMAN RESPECT AND FREEDOM. HE HAD BEEN CRITICISED FOR THE REMARKS HE HAD MADE AT UNESCO ON 25 MAY (PARIS TEL NO 403) ABOUT ARMS SALES. IT HAD BEEN SAID THAT THEY WOULD COST FRANCE CONTRACTS. THE TRADE BALANCE MATTERED BUT ACCOUNT HAD TO ALSO BE TAKEN OF HUMAN VALUES.

#### C. POLAND

THE POLISH PEOPLE SHOULD BE HELPED WHENEVER POSSIBLE, BUT WITHOUT INTERVENING IN THEIR INTERNAL AFFAIRS; OTHERS WHO MIGHT BE TEMPTED TO DO SO SHOULD BE INVITED NOT TO INTERVENE.

#### D. AID POLICY

CONCERN FOR THE PROBLEMS OF THE THIRD WORLD WAS A FUNDAMENTAL ELEMENT OF THE THINKING OF PRESIDENT MITTERRAND. HE WANTED FRENCH AID TO REACH A LEVEL OF 0.7% OF GNP EXCLUDING THE DOMTOMS; WHICH WOULD REPRESENT A MAJOR INCREASE IN THE FRENCH AID PROGRAMME. FUNDS SHOULD ALSO BE MOBILISED FROM THE BANKS AND FROM THE INTERNATIONAL FINANCING ORGANISATIONS. BUT DEVELOPMENT WAS NOT ONLY FINANCE, BUT THE INTEGRATION OF THE ECONOMY OF THE THIRD WORLD INTO THE WORLD ECONOMY.

#### E. ARMS SALES

FRANCE WOULD HONOUR HER COMMITMENTS EVERYWHERE. SHE WAS BOUND BY A NUMBER OF CONTRACTS WHICH WOULD BE IMPLEMENTED. WHAT PRESIDENT MITTERRAND REGRETED WAS THAT CERTAIN CONTRACTS HAD BEEN SIGNED. BUT FRANCE WOULD NOT SIGN THE SAME CONTRACTS AGAIN WITH CERTAIN COUNTRIES.

#### F. MIDDLE EAST

HERE AGAIN, FRANCE WAS BOUND BY A SERIES OF DECLARATIONS AND RESOLUTIONS WHICH WOULD BE RESPECTED IN THEIR ENTIRETY. THAT SAID, FRANCE NOW HAD A DIFFERENT PERSPECTIVE. THE GOVERNMENT HAD THE GREAT ADVANTAGE OF BEING NEW AND THUS ABLE TO SAY THINGS WHICH ITS PREDECESSORS HAD NOT SAID. HE DID NOT ENVISAGE ANY DIFFICULTY IN ESTABLISHING A DIALOGUE WITH ALL CONCERNED. IT WAS NOT DESIRABLE FOR THOSE WHO WISHED TO PLAY A ROLE (IN THE MIDDLE EAST) TO BE FRIENDS WITH ONLY ONE SIDE.

G. AFRICA

AFRICA WAS THE CLOSEST CONTINENT. BUT IT DID NOT CONSIST ONLY OF THOSE COUNTRIES WITH WHICH FRANCE HAD PREFERENTIAL RELATIONS - WHICH WOULD NATURALLY BE MAINTAINED. FRANCE WOULD THEREFORE HAVE RELATIONS WITH OTHER AFRICAN COUNTRIES TOO. ON MILITARY INTERVENTIONS: HERE, AS IN OTHER SPHERES, FRANCE WOULD STAND BY HER COMMITMENTS. BUT HE WANTED TO REFLECT STILL ON WHETHER THE PROTECTION OF THE SECURITY AND THE DEVELOPMENT OF COUNTRIES ALLIED TO FRANCE WAS AT PRESENT PROVIDED FOR IN THE BEST WAY.

HIBBERT.

FCO/WHITEHALL

WED



France

AMBASSADE DE FRANCE  
LONDRES

L'AMBASSADEUR

27th May 1981

471

Dear Mr. Alexander, (or)

See T 79/81  
of 20/5.

Please find herewith enclosed the original  
— of the message addressed by the President of the  
French Republic to the Prime Minister.

Copy of this message was delivered to  
your office on Friday evening.

Yours sincerely,  
E. M. M. M. M.

Encl. I

M.O.B. ALEXANDER Esq.,  
Private Secretary to the Prime Minister  
Prime Minister's Office  
10 Downing Street  
LONDON SW1

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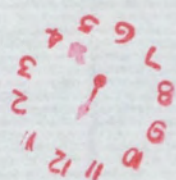
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28 MAY 1981

GRS 710  
CONFIDENTIAL  
FM PARIS 231420Z MAY 81  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 393 OF 23 MAY 1981  
INFO UKDEL NATO, UKREP BRUSSELS, WASHINGTON, BONN, BRUSSELS,  
COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS.  
INFO SAVING UKDEL STRASBOURG, HM CONSULS GENERAL FRANCE (PASSED BY  
PARIS).

CONFIDENTIAL

Prime Minister  
to see. France

Neil Mitchell  
Duty Clerk  
24/5/81

MY TELNO 388: THE NEW FRENCH GOVERNMENT

1. THE FIRST GOVERNMENT OF THE MITTERRAND ADMINISTRATION CONSISTS OF POLITICAL FIGURES NOT TECHNOCRATS. THIS MAKES IT VERY DIFFERENT FROM THE GISCARD/BARRE GOVERNMENT. IT APPEARS TO HAVE BEEN PUT TOGETHER PRIMARILY WITH AN EYE TO THE FORTHCOMING LEGISLATIVE ELECTIONS. ALL BUT FOUR MINISTERS ARE DRAWN FROM THE SOCIALIST PARTY (PS), WHOSE VARIOUS FACTIONS ARE ALL INCLUDED. PRESIDENT MITTERRAND SEEMS TO HAVE WANTED TO REASSURE MODERATE OPINION WITHOUT APPEARING TO NEGLECT ANY ASPECT OF LEFT-WING OPINION OTHER THAN THE COMMUNIST PARTY. MODERATION IS EXPRESSED NOT ONLY BY THE APPOINTMENT OF M MAUROY AS PRIME MINISTER BUT ALSO BY THE NOMINATION OF M DEFFERRE AS MINISTER OF THE INTERIOR, M CHEYSSON AS MINISTER OF EXTERNAL AFFAIRS AND M DELORS AS MINISTER OF THE ECONOMY AND FINANCE. JUDGING FROM TODAY'S INITIAL PRESS REACTIONS M MITTERRAND APPEARS LARGELY TO HAVE ACHIEVED THE EFFECT HE WANTED. EVEN THE RIGHT-WING FIGARO REMARKS ON THE REALISM OF HIS CHOICE.

2. WHILE THE GOVERNMENT CONTAINS A CROSS-SECTION OF THE PS, M MITTERRAND'S PERSONAL SUPPORTERS PREDOMINATE WITH 24 MINISTERIAL POSTS. M MAUROY'S FACTION HAS FIVE PLACES, THE LEFT-WING CERES FACTION HAS THREE AND THE FOCARD FACTION TWO. THE GOVERNMENT CONTAINS 26 DEPUTIES, THREE SENATORS AND THREE MEPS AMONG ITS 43 MEMBERS. SEVERAL MEMBERS HAVE DEEP ROOTS IN FRENCH LOCAL POLITICS. APART FROM M MAUROY AND M DEFFERRE, WHO ARE RESPECTIVELY MAYORS OF LILLE AND MARSEILLES, 20 OTHER MEMBERS OF THE GOVERNMENT ARE MAYORS OF THEIR LOCAL COMMUNES. THE GOVERNMENT ALSO HAS A BROAD GEOGRAPHICAL SPREAD. THE SOUTH AND SOUTH-WEST, TRADITIONALLY LEFT-WING STRONGHOLDS, ARE MOST HEAVILY REPRESENTED, FOLLOWED BY THE WEST WHERE THE PS HAS IN RECENT YEARS MADE ITS MOST IMPORTANT GAINS. THE EAST, WHICH WAS ONE OF THE FEW REGIONS TO GIVE A MAJORITY TO PRESIDENT GISCARD, HAS FEWEST REPRESENTATIVES IN THE GOVERNMENT.

3. THE MOST SENIOR MINISTERS (DEFFERRE, MME QUESTIAUX (NATIONAL SOLIDARITY), JOBERT, ROCARD AND CHEVENEMENT) HAVE BEEN GIVEN THE HONORIFIC TITLE OF MINISTER OF STATE AND NOT SIMPLY MINISTER. THIS WAS FREQUENTLY USED IN THE FOURTH REPUBLIC AND HAS SOMETIMES BEEN USED IN THE FIFTH TO MARK THE PRESENCE IN COALITION GOVERNMENTS OF THE LEADERS OF DIFFERENT POLITICAL FORMATIONS. PRESIDENT MITTERRAND, WHO LOOKS BACK WITH NOSTALGIA ON THE PARLIAMENTARY TRADITIONS OF THE FOURTH REPUBLIC, PROBABLY RECKONS THAT REVIVAL

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1 of

OF THIS PRACTICE MAKES HIM LOOK MORE LIKE THE LEADER OF A BROAD CONSENSUS RATHER THAN THE NOMINEE OF A MINORITY PARTY. MESSRS FOCARD AND CHEVENEMENT ARE BOTH LEADERS OF MAJOR FACTIONS WITHIN THE PS, WHILE M JOBERT, FORMERLY FOREIGN MINISTER UNDER PRESIDENT POMPIDOU, IS THE ONLY NON-LEFT-WING MINISTER IN THE GOVERNMENT. HIS PRESENCE HOLDS OUT THE PROMISE OF COOPERATION WITH THE CENTRE-LEFT.

4. APART FROM M JOBERT, THE ONLY NON-PS MINISTERS ARE THREE MEMBERS OF THE MOUVEMENT DES RADICAUX DE GAUCHE, LED BY M CREPEAU, WHO WAS A PRESIDENTIAL CANDIDATE AND IS NOW MINISTER OF THE ENVIRONMENT. M MITTERRAND HAS MADE FULL USE OF THE ONLY SMALL CENTRE-LEFT GROUPING WHICH HE COULD RECRUIT.

5. IN HIS DESIRE TO IMPART AN IMPRESSION OF RENEWAL AND ORIGINALITY PRESIDENT MITTERRAND HAS MADE SOME ADJUSTMENTS TO THE STRUCTURE OF GOVERNMENT. THREE NEW MINISTRIES (FOR NATIONAL SOLIDARITY, FREE TIME AND THE SEA) HAVE BEEN CREATED. THE MINISTRY FOR THE SEA WILL TAKE OVER THE RESPONSIBILITIES OF THE MARINE MARCHANDE INCLUDING FISHERIES. THE MINISTRY OF THE PLAN AND REGIONAL DEVELOPMENT HAS BEEN REVIVED AS HAS THE MINISTRY OF FINANCE AND THE ECONOMY, WHICH HAD BEEN SPLIT SINCE 1978. IN A FURTHER GESTURE OF CHANGE THE TITLE OF THE QUAI HAS BEEN CHANGED TO MINISTRY OF EXTERNAL RELATIONS. ALL OF THIS LOOKS A BIT GIMMICKY.

6. TODAY'S L'HUMANITE, THE DAILY ORGAN OF THE COMMUNIST PARTY, REPORTS THE COMPOSITION OF THE GOVERNMENT ON AN INSIDE PAGE. IN A BRIEF COMMENT ON THE ABSENCE OF COMMUNIST MINISTERS, L'HUMANITE NOTES THAT THE PCF REMAINS READY TO ASSUME ITS RESPONSIBILITIES IN A GOVERNMENT OF UNION WHICH WOULD BRING TOGETHER ALL THE FORCES WHICH HAD BROUGHT VICTORY FOR THE LEFT.

7. M MITTERRAND AND HIS GOVERNMENT SEEM TO BE MAKING A SLOW START. THE NEW MINISTERS SEEM KEENER TO TOUCH BASE IN THEIR CONSTITUENCIES OR TO TELEPHONE THEIR CRONIES OR, LIKE M MITTERRAND HIMSELF, TO BUILD UP PUBLIC SYMBOLS OF ATTITUDES THAN TO OCCUPY THEIR DESKS, ORGANISE THEIR CABINETS AND SET AN EXAMPLE BY WORK. I HOPE THE LATTER WILL START IN EARNEST NEXT WEEK.

FCO PLEASE PASS SAVING TO UKDEL STRASBOURG.

HIBBERT

(REPEATED AS REQUESTED)

FCO WHITEHALL  
WED

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CONFIDENTIAL

~~PRIME MINISTER~~

FCO informed by 'phone.

fa.

mb

NOTE FROM RESIDENT CLERK, FCO

The French Embassy have telephoned the Foreign and Commonwealth Resident Clerk about the appointment of a new Commissioner now that M. Cheysson has been appointed French External Affairs Minister. The Embassy hope that a decision on the appointment could be taken as soon as possible. The French Government wished to nominate M. Pisani.

M. Pisani is at present a Socialist Member of the European Parliament. He was Minister of Agriculture under De Gaulle when we first attempted entry into the Community in 1961-63. He has recently published suggestions for revision of the CAP.

The Foreign and Commonwealth Secretary thinks we should agree to the nomination of Pisani. He also thinks we should tell the French that we shall cooperate in any procedures which the Dutch Presidency may propose to facilitate the quick adoption of the French nomination. He recommends that in our reply to the French we should make no reference to the portfolio to be held by Pisani. If asked, we can make it clear that our agreement to his nomination is without prejudice to a decision on the distribution of portfolios.

The appointment of a new member of the Commission is normally made by a decision of representatives of the member governments. Since it is some time before the next meeting of the Foreign Affairs Council, in the margins of which such a decision can be taken, the Dutch Presidency may propose a special procedure to enable Pisani to take up his appointment quickly.

Sir Michael Butler has also been consulted. Are you content?

23 May 1981

Yes mb.

GRS 500  
UNCLASSIFIED [COLL]  
FM PARIS 221150Z MAY 81  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 387 OF 22 MAY 1981  
INFO ROUTINE UKREP BRUSSELS, WASHINGTON, BONN, BRUSSELS, ROME  
AND THE HAGUE  
INFO SAVING DUBLIN, ATHENS, COPENHAGEN AND LUXEMBOURG

Prime Minister

to see

Naill Mitchell

Duty Clerk  
24/5/81

FRANCE: EXCHANGE CONTROL MEASURES

1. TODAY'S FRENCH OFFICIAL JOURNAL CONTAINS DETAILS OF MEASURES IN SUPPORT OF THE FRANC APPROVED BY M MAUROY. THE MOVES WERE ANNOUNCED LAST NIGHT AFTER CONSULTATIONS BETWEEN THE PRIME MINISTER, THE GOVERNOR OF THE BANK OF FRANCE, THE DIRECTOR OF THE TRESOR AND M DELORS, ECONOMIC COUNSELLOR TO M MITTERRAND.

2. THE MEASURES, AS SUMMARISED BY MATIGNON, ARE AS FOLLOWS:

i) FORWARD CONTRACTS ON EXCHANGE MARKETS IN RESPECT OF IMPORTS WILL BE LIMITED TO ONE MONTH INSTEAD OF THE PRESENT TWO MONTHS. THE ONLY EXCEPTIONS CONCERN PAYMENTS FOR RAW MATERIALS AND ESSENTIAL GOODS FOR WHICH A THREE MONTH LIMIT WILL BE ALLOWED.

ii) IMPORTERS WILL BE ALLOWED TO BUY FOREIGN CURRENCY REQUIRED IN ADVANCE OF PAYMENTS FOR IMPORTS ONLY TWO WORKING DAYS AHEAD INSTEAD OF THE PRESENT EIGHT DAYS.

iii) EXPORTERS WILL BE REQUIRED TO SURRENDER WITHIN ONE MONTH THE FOREIGN CURRENCY EQUIVALENT OF PAYMENTS RECEIVED IN SETTLEMENT OF OVERSEAS DELIVERIES COMPLETED SINCE 1 MAY 1981. IF NECESSARY, EXPORTERS WILL BE ALLOWED TO SELL FORWARD OR BORROW THE NECESSARY CURRENCY SUBJECT TO THE PROVISION THAT NO CHANGE IS MADE TO PAYMENT TERMS (UNRESTRICTED CREDIT UP TO SIX MONTHS AND SUBJECT TO APPROVAL ABOVE THIS LIMIT).

iv) A NEW SYSTEM OF QUOTE DEVISES-TITRES UNQUOTE WILL BE INTRODUCED TO CONTROL PURCHASES OF FOREIGN SECURITIES BY RESIDENTS OF FRANCE. THE SCHEME WILL APPARENTLY BE SIMILAR TO AN EARLIER SCHEME LAST IN OPERATION IN 1968 UNDER WHICH INDIVIDUALS SEEKING CURRENCY IN ORDER TO PURCHASE FOREIGN SECURITIES MUST ACQUIRE THEM FROM A CENTRAL POOL AND AT A PREMIUM. (THERE IS NO INDICATION YET OF THE SIZE OF THE POOL). INDIVIDUALS WILL STILL BE ABLE TO DEAL OVERSEAS IN FRENCH SHARES. THE MEASURE WILL (ACCORDING TO THE COMMUNIQUE) NOT AFFECT THE INTERNATIONAL ACTIVITIES OF BANKS OR THE ROLE OF PARIS AS A FINANCIAL CENTRE.

v) AT LEAST THREE QUARTERS OF ANY DIRECT FRENCH INVESTMENT OVERSEAS MUST, EXCEPT IN SPECIAL CIRCUMSTANCES, BE FINANCED IN FUTURE BY FOREIGN CURRENCY BORROWING. THE THRESHOLD AT WHICH OFFICIAL PERMISSION MUST BE SOUGHT FOR SUCH INVESTMENT IS LOWERED FROM F5 MILLION TO F1 MILLION.

3. ACCORDING TO THE COMMUNIQUE ISSUED BY MATIGNON THE MEASURES FULLY RESPECT FRANCE'S INTERNATIONAL OBLIGATIONS AND IN PARTICULAR HER OBLIGATIONS UNDER THE EUROPEAN MONETARY SYSTEM. M DELORS SAID IN A LATER INTERVIEW THAT THE FRANC WOULD REMAIN IN EMS AND WOULD BE VIGOROUSLY DEFENDED AS OF TODAY. THE COMMUNIQUE MADE IT CLEAR THAT THE FREEDOM OF NON-RESIDENTS TO CONDUCT FRANC OPERATIONS REMAINS UNAFFECTED.

4. THE BANQUE DE FRANCE HAS ANNOUNCED TODAY THAT ITS SEVEN DAY TREASURY BILL DISCOUNT RATE IS TO BE RAISED FROM 18% TO 22% FROM 25 MAY. OVERNIGHT RATES IN THE MONEY MARKET HAVE REPORTEDLY RISEN A FURTHER 2.5% TO 17% THIS MORNING AND THE BNP HAS RAISED ITS BASE LENDING RATE FROM 15.75% TO 17%. OTHER BANKS CAN BE EXPECTED TO FOLLOW SUIT.

5. THE FRANC HAS SO FAR RALLIED ONLY SLIGHTLY SINCE THE START OF TRADING TODAY, WITH SOME GAINS AGAINST THE DOLLAR AND AGAINST MOST EUROPEAN CURRENCIES. BUT IT HAS A VERY LONG WAY TO GO BEFORE THE GROUND LOST EARLIER THIS WEEK IS RECOVERED.

FCO PLEASE PASS TO SAVING ADDRESSEES.

HIBBERT

REPEATED AS REQUESTED

FINANCIAL  
WED

Mufaxed 28/5

Prime Minister

PAR 04/22

We have now heard from the

OO FCO

from Mr Schmidt will see

ADVANCE COPY

OO WASHINGTON

Mitterrand in Paris at 1100 on

Ps

OO BONN

Sunday 24 May. He will fly on  
to Bonn at lunchtime.

PS LPS

PS & PV

Mr Bullard

Mr Lugana

Mr WEA

Mr OJ

Mr Lewis

~~photo~~

RC

GRS 145

AKH

CONFIDENTIAL

22v.

FM PARIS 221045Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 383 OF 22 MAY 1981

INFO IMMEDIATE WASHINGTON AND BONN

POSSIBLE VISIT TO PRESIDENT MITTERRAND BY CHANCELLOR SCHMIDT

1. YOU WILL HAVE SEEN AGENCY REPORTS FROM PARIS (AFP) AND WASHINGTON (REUTERS) THAT CHANCELLOR SCHMIDT IS EXPECTED TO VISIT PARIS SHORTLY, BUT THAT NEITHER GERMAN NOR FRENCH SPOKESMEN COULD YET CONFIRM WHETHER IT WOULD BE AS SOON AS SUNDAY.

2. GERMAN EMBASSY HERE TELL US THAT, IN HIS CONVERSATION WITH HERR BRANDT AT YESTERDAY'S INAUGURAL CEREMONIES, PRESIDENT MITTERRAND HAD AGREED IN PRINCIPLE TO SEE CHANCELLOR SCHMIDT AS SOON AS POSSIBLE. THE GERMAN EMBASSY WERE NOW AWAITING A DECISION LATER TODAY FROM THE CHANCELLOR IN WASHINGTON AS TO WHETHER HE WOULD COME THROUGH PARIS ON HIS WAY BACK FROM AMERICA, IN WHICH CASE HE WOULD PROBABLY ARRIVE IN PARIS ON SATURDAY EVENING FOR A MEETING WITH PRESIDENT MITTERRAND ON SUNDAY MORNING. ALTERNATIVELY ARRANGEMENTS MIGHT BE MADE FOR A MEETING AT A SLIGHTLY LATER DATE.

HIBBERT.

NNNN

SENT/RECD AT 221055Z JC/MW



G.W.  
(top copy in box)

FRENCH PRESIDENTIAL ELECTIONS

1. What Happens Next ?

The new President, who has been elected for a 7 year term, is expected to be inaugurated not later than 27 May (President Giscard's term ends on 24 May or, according to some, 27 May, but he could hand over earlier). M. Mitterrand will then appoint a new Prime Minister (M. Barre has now confirmed that he will resign). Mitterrand is committed to dissolving the National Assembly and to holding new legislative elections (in two rounds, a week apart), the results of which are likely to be known, at the earliest, by the end of June or early July. An interim government is likely to be appointed for the pre-electoral period and to govern by decree, but no major initiatives are likely during this period, although sweeping personnel changes are.

2. Prospects for the Legislative Elections

Party representation in the French Chamber of Deputies at present is as follows:

491  
201

- RPR (Gaullist) ~~154~~ 155
- UDF (Giscardian) ~~199~~ 119 + 16 allies
- Socialist and allies 117
- PCF (Communist) 86

Assuming that M. Mitterrand will not want to depend on the Communists, it is unlikely that he will be able to get a majority without coming to some arrangement with the Centre or the RPR. This process of bargaining is likely severely to modify proclaimed socialist policies. Should the Centre and Right do well in the elections, there could be a major crisis for the institutions of the 5th Republic

(imagine Mr Foot trying to govern Britain with the distribution of seats in the House of Commons as at present) but on the whole it seems likely that some compromise will be worked out.

### 3. Socialist Policies

The Parti Socialiste was created in its present form in June 1971 by Mitterrand. Within the party the governing majority is formed from an alliance of the Mitterrand and the left wing Ceres faction. Policy emerges from the Party Congresses which take place every two years. Between Congresses the Central Committee (likely to meet shortly) influences policy.

Mitterrand's actual policies are not likely to become clear until July at the earliest (see above). The policies on which he campaigned were summarised in Paris telegram 334.

file SR  
C.B. Ingham

~~22 May 1981~~

I attach a copy of a message from  
President Mitterrand to the Prime Minister  
which the French Embassy delivered to us  
this evening.

C A WHITMORE

Brian Fall, Esq.,  
Foreign and Commonwealth Office

Mr.

Prime Minister.

copy [redacted] [redacted]

AMBASSADE DE FRANCE  
LONDRES

Free sentiments but, as one  
would expect, nothing of  
substance.

22nd May, 1981

ALL  
22.4

to: Ann

Dear Mr Whitmore,

mb

for top copy —  
see 20/5.

The Ambassador has just received  
the text of a message addressed to the Prime Minister  
by Monsieur François Mitterrand, President of the  
French Republic.

I enclose it herewith.

Sincerely Yours

Alain Grenier

Alain GRENIER  
Minister Counsellor

C.A. Whitmore, Esq.  
Principal Private Secretary  
to the Prime Minister,  
10, Downing Street,  
London, S.W.1.

EMBAJADA DE BRASILE  
LONDRES

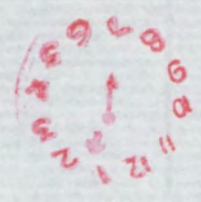
10/11/81

Dear Mr. Whitehouse,

COMPTON

University of

Alain Corneau



17/11/81

T. 79/81

MESSAGE DE MONSIEUR FRANCOIS MITTERRAND,  
PRESIDENT DE LA REPUBLIQUE

A

THE RT. HON. MARGARET THATCHER, MP  
PREMIER MINISTRE

Paris, le 22 mai 1981

"Madame le Premier Ministre,

J'ai été très sensible à l'aimable message que vous m'avez adressé à l'occasion de mon élection à la Présidence de la République.

La France et le Royaume-Uni, dont les deux peuples sont liés par une longue amitié, qui ont tant oeuvré en commun dans le passé, doivent unir aujourd'hui leurs efforts pour édifier une Europe forte et solidaire et maintenir la paix dans le monde.

Je souhaite que nous puissions, ensemble, faire des progrès dans cette voie.

Je vous prie d'agréer, Madame le Premier Ministre, l'assurance de ma très haute considération.

signé : François Mitterrand"./. .

R E S T R I C T E D

11420 - 1

ZZ PARIS

GRS 293

RESTRICTED

FM FCO 211235Z MAY 81

TO FLASH PARIS

TELEGRAM NUMBER 176 OF 21 MAY

MESSAGES TO THE NEW FRENCH GOVERNMENT

1. PLEASE CONVEY THE FOLLOWING MESSAGE TO M. MAUROY FROM THE PRIME MINISTER:

BEGINS. DEAR PRIME MINISTER. PLEASE ACCEPT MY SINCERE CONGRATULATIONS ON YOUR APPOINTMENT. I WISH YOU EVERY SUCCESS IN YOUR NEW POST AND LOOK FORWARD TO CONTINUING AND INDEED INTENSIFYING THE COLLABORATION BETWEEN OUR TWO GOVERNMENTS AND COUNTRIES WITHIN THE FRAMEWORK OF THE EUROPEAN COMMUNITY AND THE WESTERN ALLIANCE. YOURS SINCERELY, MARGARET THATCHER. ENDS.

2. IF M. CHEYSSON IS APPOINTED FOREIGN MINISTER, PLEASE DELIVER THE FOLLOWING MESSAGE TO HIM AS SOON AS POSSIBLE:

BEGINS. DEAR CLAUDE. I WAS DELIGHTED TO HEAR OF YOUR APPOINTMENT AS MINISTER OF FOREIGN AFFAIRS, AND WISH YOU EVERY SUCCESS IN YOUR PERIOD OF OFFICE. PLEASE ACCEPT MY WARMEST CONGRATULATIONS.

WE SHALL HAVE A GREAT DEAL TO TALK ABOUT IN THE MONTHS AHEAD, ESPECIALLY WITH THE APPROACH OF THE BRITISH PRESIDENCY OF THE EUROPEAN COUNCIL. I LOOK FORWARD TO WORKING WITH YOU ON THESE AND OTHER MATTERS, AND I HOPE THAT WE SHALL BE ABLE TO ARRANGE A FIRST MEETING VERY SHORTLY. YOURS SINCERELY. PETER CARRINGTON. ENDS.

IF THE FOREIGN MINISTER IS NOT M. CHEYSSON, THIS MESSAGE MAY NEED SOME AMENDMENT AND SHOULD NOT BE DELIVERED WITHOUT FURTHER INSTRUCTIONS.

3. YOU SHOULD TAKE AN EARLY OPPORTUNITY TO TELL THE ELYSEE THAT THE PRIME MINISTER LOOKS FORWARD TO SEEING M. MITTERRAND AT THE LATEST AT THE NEXT EUROPEAN COUNCIL MEETING AND HOPES THAT HE CAN COME TO LONDON FOR CONSULTATIONS IN SEPTEMBER. (FOR YOUR OWN INFORMATION THE DATES 17/18 SEPTEMBER PUT EARLIER

TO THE FRENCH MAY NOT AFTER ALL PROVE CONVENIENT.)

CARRINGTON

NNNN

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WED

X

c. Press Office

File

MRS  
Pro Tel.

21 May 1981

Thank you for your letter suggesting a message for the Prime Minister to send to the new Prime Minister of France. As I told you on the 'phone, the Prime Minister was content with the draft, which you have no doubt despatched.

MAP

F.N. Richards, Esq. ✓  
Foreign and Commonwealth Office.

1/10





Foreign and Commonwealth Office

London SW1A 2AH

21 May 1981

*Dear Mike,*

Message to French Prime Minister

M. Mauroy's appointment as French Prime Minister has just been announced.

The Prime Minister may wish to send him a message. We suggest the following:

'Dear Prime Minister. Please accept my sincere congratulations on your appointment. I wish you every success in your new post and look forward to continuing and indeed intensifying the collaboration between our two governments and countries within the framework of the European Community and the Western Alliance.'

If you could let us know the Prime Minister's wishes, we shall telegraph Paris accordingly. We would also propose to instruct the Ambassador in Paris to express the Prime Minister's hope that the next Anglo/French Summit can take place in September. As you know 17-18 has proved difficult for the Chancellor of the Exchequer and alternative dates are now under discussion here.

We can expect the remaining Ministerial appointments to be made very soon. Lord Carrington will be sending a message to his opposite number, and I am copying this letter to the Private Secretaries of other Ministers who may wish to send messages to their new French counterparts (the Ambassador in Paris considers that such messages would be valuable). The Embassy in Paris will telegraph the appointments as soon as they are made and will be glad to pass on messages to their destination. Neither Friday nor Monday are holidays in Paris.

*Yours ever,*  
*Francis Richards*  
(F N Richards)  
Private Secretary

M Pattison Esq  
10 Downing St

CONFIDENTIAL

*M. Alexander (G/M)*

GRS 28φ

CONFIDENTIAL

DESKBY 211245Z

FM PARIS 21114φZ MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 38φ OF 21 MAY 1981

INFO ROUTINE UKDEL NATO, UKREP BRUSSELS, WASHINGTON, BONN,  
BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME,  
ATHENS.

INFO SAVING TO UKDEL STRASBOURG, HM CONSULS GENERAL FRANCE  
(PASSED BY PARIS).

*To see.  
M/W  
200*

ACCESSION OF PRESIDENT MITTERRAND: APPOINTMENT OF SECRETARY-  
GENERAL OF THE PRESIDENCY.

1. BESIDES THE APPOINTMENT OF THE PRIME MINISTER (MY TELNO 379) THE ELYSEE ANNOUNCED THIS MORNING THAT M PIERRE BEREGOVY HAD BEEN APPOINTED AS THE NEW SECRETARY-GENERAL OF THE PRESIDENCY. M BEREGOVY, WHO HAS BEEN DIRECTOR OF M MITTERRAND'S TRANSITION TEAM, WAS FORMERLY THE NATIONAL SECRETARY OF THE SOCIALIST PARTY (PS) WITH RESPONSIBILITY FOR RELATIONS WITH OTHER POLITICAL PARTIES AND THE TRADE UNIONS.
2. BORN IN 1925 IN SEINE MARITIME, BEREGOVY, WHO IS OF RUSSIAN EXTRACTION, IS ONE OF THE FEW PS LEADERS WITH WORKING CLASS CREDENTIALS. HE LEFT SCHOOL AT 16 TO WORK IN A TEXTILE FACTORY. HE WAS SUBSEQUENTLY EMPLOYED AS A METAL WORKER AND ON THE RAILWAYS. DURING THE WAR HE JOINED THE RESISTANCE. FROM 195φ HE WORKED AS AN ENGINEER IN THE FRENCH GAS INDUSTRY AND AS A TRADE UNIONIST. HE WAS A FOUNDER MEMBER OF THE PS IN THE EARLY 197φS. FROM THE OUTSET HE WAS A STAUNCH MITTERRAND MAN, BUT ALSO HAD CLOSE LINKS WITH M MAUROY.
3. M BEREGOVY'S MAIN FUNCTION IN THE PARTY HAS BEEN AS CONTACT MAN WITH THE FRENCH COMMUNISTS (PCF). HE PLAYED AN IMPORTANT ROLE IN THE NEGOTIATIONS WITH THE PCF OVER THE JOINT PROGRAMME AND THEREAFTER IN THE DELICATE BUSINESS OF MAINTAINING REASONABLE RELATIONS WITH THE PCF. SINCE THE 1977-78 SOCIALIST-COMMUNIST SPLIT, HE HAS BEEN INVOLVED IN LIMITED OFFICIAL CONTACT BETWEEN THE TWO PARTIES. HIS LACK OF A PARLIAMENTARY SEAT (HE STOOD UNSUCCESSFULLY IN 1973 AND 1978) HAS ENSURED THAT HE HAS REMAINED A BACKROOM FIGURE LARGELY UNKNOWN TO THE FRENCH PUBLIC, BUT HE HAS APPEARED NOW AND THEN ON TV RECENTLY. HE HAS BEEN ONE OF THE FEW LONG-SERVING AND CLOSE ADVISERS OF MITTERRAND TO REMAIN ON THE NATIONAL SECRETARIAT OF THE PARTY.

FCO PLEASE PASS SAVING TO UKDEL STRASBOURG.

HIBBERT.

[REPEATED AS REQUESTED]

FCO/WHITEHALL  
WED

CONFIDENTIAL

*Prime Minister*  
*1981*

CONFIDENTIAL

GRS 660

CONFIDENTIAL

DESKBY 211200Z

FM PARIS 211056Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 379 OF 21 MAY 1981

INFO ROUTINE UKDEL NATO, UKREP BRUSSELS, WASHINGTON, BONN,  
BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME,  
ATHENS.

INFO SAVING TO UKDEL STRASBOURG, HM CONSULS GENERAL FRANCE  
(PASSED BY PARIS)

**THE ACCESSION OF PRESIDENT MITTERRAND: APPOINTMENT OF PRIME  
MINISTER**

1. FOLLOWING PRESIDENT MITTERRAND'S INSTALLATION THIS MORNING,  
IT WAS ANNOUNCED BY THE ELYSEE THAT M. MAUROY HAD BEEN APPOINTED  
PRIME MINISTER.

2. M. MAUROY, LIKE M. GUY MOLLET BEFORE HIM, INCARNATES  
THE GRASS ROOTS WORKING CLASS TRADITION OF NORTHERN FRENCH  
SOCIALISM. BORN INTO A SOCIALIST FAMILY, FROM AN EARLY  
AGE HE WAS A PARTY ACTIVIST. ALTHOUGH HE HAD EARLIER FALLEN  
OUT WITH M. MOLLET, SECRETARY GENERAL OF THE SOCIALIST PARTY  
(SFIO); OVER THE CONDUCT OF THE WAR IN ALGERIA, HE APPEARED  
IN THE LATE 1960S TO BE BEING GROOMED BY M. MOLLET FOR THE  
SUCCESSION. WHEN THE SOCIALIST PARTY WAS REFORMED IN 1971,  
M. MAUROY PLAYED AN IMPORTANT PART IN SECURING THE LEADERSHIP  
FOR M. MITTERRAND. FROM 1971 UNTIL 1979 HE WAS THE DE FACTO  
NUMBER TWO IN THE PARTY. HOWEVER, AT THE PS CONGRESS OF METZ  
IN 1979 THE MAUROY FACTION (ACTION SOCIALISTE) WAS EXCLUDED  
FROM THE PARTY LEADERSHIP WHEN M. MAUROY RESISTED THE ATTEMPTS  
OF M. MITTERRAND'S SUPPORTERS TO ELIMINATE M. ROCARD FROM THE  
PARTY. (M. MAUROY AND M. ROCARD HAD FIRST BECOME ACQUAINTED  
IN JEUNESSES SOCIALISTES IN THE EARLY 1950'S.) IN THE EARLY  
PART OF 1980, M. MAUROY FAVOURED M. ROCARD'S CANDIDATURE FOR THE  
PS' NOMINATION FOR THE PRESIDENTIAL ELECTION. BUT ONCE M.  
MITTERRAND HAD MADE IT CLEAR THAT HE INTENDED TO STAND FOR THE  
PRESIDENCY, M. MAUROY RALLIED TO HIM IN ORDER TO PRESERVE THE  
UNITY OF THE PARTY. THE RECONCILIATION WITH M. MITTERRAND WAS  
MARKED BY HIS APPOINTMENT AS THE CANDIDATE'S OFFICIAL SPOKESMAN  
DURING THE ELECTION CAMPAIGN.

CONFIDENTIAL

13. M MAUROY'S

CONFIDENTIAL

3. M. MAUROY'S LARGE FRAME AND COMMON TOUCH, HIS PATIENCE AND SOLIDITY, SUGGEST THAT AS PRIME MINISTER HE WILL BE AN EFFECTIVE COMPLEMENT TO THE RESERVED AND ALOOF M. MITTERRAND. AS AN ADMINISTRATOR HE HAS SUCCESSFULLY COMBINED THE ROLE OF MAYOR OF LILLE AND THAT OF A LEADING FIGURE IN THE PS NATIONALLY. UNLIKE M. MITTERRAND HE HAS THE REPUTATION OF WORKING WELL AS A MEMBER OF A TEAM.

4. HIS VIEWS ON POLICY ARE NOT EASILY IDENTIFIED. BY CONVICTION HE IS PRO - EUROPEAN AND FAVOURED BRITISH ENTRY INTO THE EC. HAVING HIS POLITICAL BASE IN NORTHERN FRANCE, HE IS PARTICULARLY SENSITIVE TO THE PROBLEMS OF THE COAL - MINING AND TEXTILE INDUSTRIES. M. MAUROY CAN BE EXPECTED TO BE UN - DOCTRINAIRE AND PRAGMATIC IN HIS APPROACH TO THE PROBLEMS HE WILL FACE IN OFFICE. ON THE PERSONAL PLANE, HE IS PLEASANT AND APPROACHABLE.

5. HE PAID A SUCCESSFUL VISIT TO THE UK IN JANUARY 1978 AS A COI CATEGORY I SPONSORED VISITOR. HE WAS RECEIVED BY MINISTERS AND TRADE UNION LEADERS WHO WERE STRUCK BY HIS SYMPATHETIC ATTITUDE TO BRITAIN.

6. HE SPEAKS LITTLE OR NO ENGLISH. MARRIED, ONE SON.

7. M. MAUROY'S CURRICULUM VITAE IS AS FOLLOWS:

1928	BORN IN NORTHERN FRANCE. SON OF A SCHOOL TEACHER OF WORKING CLASS ORIGINS. BECAME A TECHNICAL COLLEGE TEACHER.
1950 - 58	NATIONAL SECRETARY OF JEUNESSES SOCIALISTES AND ACTIVE IN UNION AFFAIRS SPECIALISING IN TECHNICAL EDUCATION.
1951	FOUNDER OF THE CLUBS LED LAGRANGE, A NATIONAL ORGANISATION OF SOCIALIST SOCIAL CLUBS.
SINCE 1961	SECRETARY OF THE POWERFUL SOCIALIST FEDERATION OF NORTHERN FRANCE.
1965 - 68	ASSISTANT SECRETARY - GENERAL OF THE FEDERATION DE LA GAUCHE.

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1966 - 69 ASSISTANT SECRETARY - GENERAL OF THE  
SOCIALIST PARTY (SFIO).

1967 - 73 VICE - PRESIDENT OF THE CONSEIL GENERAL OF  
THE DEPARTEMENT DU NORD.

1971 - 79 MOST SENIOR NATIONAL SECRETARY OF THE  
REFORMED SOCIALIST PARTY (PS).

SINCE 1973 MAYOR OF AND DEPUTY FOR LILLE.

SINCE 1974 PRESIDENT OF THE NORD PAS - DE -  
CALAIS REGIONAL COUNCIL.

1979 - 80 MEMBER OF THE EUROPEAN PARLIAMENT.

1981 OFFICIAL SPOKESMAN FOR M. MITTERRAND DURING  
THE PRESIDENTIAL ELECTION CAMPAIGN.

FCO PLEASE PASS SAVING TO UKDEL STRASBOURG.

HIBBERT.

FCO/WHITEHALL  
WED

[REPEATED AS REQUESTED]

BY BAG  
UNCLASSIFIED

SAVING TELEGRAM

*Mini Minister*  
*KS*

FROM PARIS

SAVING TELEGRAM NO 58 OF 20 MAY 1981 TO FCO AND REPEATED FOR INFORMATION  
SAVING TO EC POSTS, WASHINGTON, UKDEL OECD

MY TEL NO 349 OF 13 MAY 1981: M BARRE'S REVIEW OF THE FRENCH ECONOMY

1. M Barre today presented the final Council of Ministers meeting under the Chairmanship of President Giscard with the social and economic balance sheet for France at the time of the handover, which President Giscard requested last week (para 4 of my TWR). Full summaries were carried in this morning's French press; the text (when available) will follow by bag.

2. M Barre claimed to eschew value judgements, and the points which his report treated in detail are in fact as much a summary of the principal economic indicators as a record of the successes of M Giscard's septennat. To this extent they may coincide with the separate review of the economic health of the nation for which M Mitterrand has called. But most observers will see both documents primarily as ammunition for use in future political arguments.

3. Against this background M Barre lists the main characteristics of the French economy at the time of the handover as:

- (a) a GDP growth rate of 0.5% in prospect for 1981 and a growth rate of 2.5% expected in 1982 on the basis of existing policies;
- (b) sharply increased levels of unemployment, but unemployment not increasing as rapidly as in other EC countries;
- (c) a fall in the rate of inflation from the end of 1980 onwards;
- (d) moderate wage increases which nevertheless allowed for purchasing power to be maintained;
- (e) satisfactory control of the monetary supply;
- (f) tight control of the budget deficit;
- (g) a levelling-off in the tax and social security burden;
- (h) a balanced social security budget;
- (i) continued improvement in France's external balance;
- (j) a satisfactory balance on France's external indebtedness;
- (k) reserves of gold and currency which have reached F363bn;
- (l) a solid and stable franc within the European Monetary System.

4. Thus, said M Barre, France had successfully overcome the consequences of the first oil price rises by the end of 1978. Thanks to sustained effort the country was now overcoming the effects of the latest oil price rises and was adapting well to the current world economic situation. On that note M Barre concludes.

HIBBERT

[THIS TELEGRAM WAS NOT ADVANCED]

FCO/WHITEHALL

WED

FRANÇOIS MITTERRAND

Paris, le 20 mai 1981

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T. 79/81

Madame THATCHER  
Premier Ministre du  
Royaume-Uni

Madame le Premier Ministre,

J'ai été très sensible à l'aimable message que vous m'avez adressé à l'occasion de mon élection à la Présidence de la République.

La France et le Royaume-Uni, dont les deux peuples sont liés par une longue amitié, qui ont tant oeuvré en commun dans le passé, doivent unir aujourd'hui leurs efforts pour édifier une Europe forte et solidaire et maintenir la paix dans le monde.

Je souhaite que nous puissions, ensemble, faire des progrès dans cette voie.

Je vous prie d'agréer, Madame le Premier Ministre, l'assurance de ma très haute considération.

*F. Mitterrand*  
François Mitterrand

RESTRICTED

*Prime Minister*  
*ML*

GRS 450

RESTRICTED

FM PARIS 201711Z MAY 81

TO PRIORITY FCO

TELEGRAM NUMBER 377 OF 20 MAY 81

INFO ROUTINE UKEDL NATO WASHINGTON UKREP BRUSSELS BONN BRUSSELS  
COPENHAGEN DUBLIN THE HAGUE LUXEMBOURG ROME ATHENS  
INFO SAVING TO UKDEL STRASBOURG, HM CONSULS GENERAL FRANCE  
(PASED BY PARIS).

PRESIDENT GISCARD'S FAREWELL BROADCAST

*MS*

1. PRESIDENT GISCARD LAST NIGHT MADE A BRIEF FAREWELL BROADCAST TO THE FRENCH PEOPLE.
2. HE THANKED THE NATION FOR HAVING CONFERRED UPON HIM THE HONOUR OF GOVERNING FRANCE DURING AN ECONOMIC, SOCIAL AND MORAL CRISIS WITHOUT PRECEDENT OVER THE LAST 50 YEARS. HE TOOK PRIDE IN HAVING PRESERVED PEACE, UPHELD INDIVIDUAL LIBERTY AND DEFENDED THE INSTITUTIONS OF GOVERNMENT. THE FACT THAT HE WOULD HIMSELF WELCOME M MITTERRAND TO THE ELYSEE WAS EVIDENCE THAT FRENCH DEMOCRACY WAS FUNCTIONING NORMALLY.
3. M. GISCARD RECALLED THAT DURING HIS SEVEN YEARS OF OFFICE FRANCE HAD BEEN AT PEACE BOTH EXTERNALLY AND INTERNALLY. HE TOOK CREDIT THAT WHENEVER FRENCH FORCES HAD INTERVENED OVERSEAS THEY HAD DONE SO WITH SUCCESS. IF FRENCH ECONOMIC PERFORMANCE HAD NOT BEEN AS SUCCESSFUL AS HE WOULD HAVE WISHED, THE STABILITY OF THE FRANC HAD BEEN MAINTAINED AND THE BUDGET DEFICIT KEPT WITHIN LIMITS. M. GISCARD SAID THAT WHEN HE HAD REPRESENTED FRANCE ABROAD HE HAD TAKEN GREAT CARE TO ENSURE THAT FRENCHMEN COULD BE PROUD OF THEIR COUNTRY. FRANCE'S PROGRESS TOWARDS ENERGY SELF - SUFFICIENCY, CLOSER FRANCO - GERMAN UNDERSTANDING AND THE DIALOGUE FOR PEACE WERE ALSO SOURCES OF PRIDE.
4. THANKING THOSE WHO HAD VOTED FOR HIM IN THE PRESIDENTIAL ELECTION, M. GISCARD SAID THAT HE KNEW THAT HE COULD COUNT ON THEM WHENEVER IT WOULD BE NECESSARY. LIKE MANY, HE REGARDED THE ELECTION AS PUTTING AN END TO GREAT HOPES FOR THE FUTURE. BUT HIS VOTERS SHOULD FORGET THE WOUNDS OF THE POLITICAL BATTLE AND REMAIN READY TO UNITE WHENEVER THIS WAS NECESSARY FOR SUCCESS.

RESTRICTED

/ FOR HIS PART,



RESTRICTED

FOR HIS PART, HE WOULD HOLD HIMSELF AT THE DISPOSITION OF THE FRENCH PEOPLE. IN THE MEANTIME, THE NATION, INCLUDING ITS NEW LEADER, HAD HIS BEST WISHES.

5. M. GISCARD LOOKED VERY STRAINED AND NOT FAR FROM TEARS, HIS FAMILY SAY THAT HE HAS TAKEN HIS DEFEAT VERY MUCH TO HEART AND IS NOW PARTICULARLY UPSET THAT OLD COLLEAGUES AND DEPENDENTS ARE PROVING, AS HE SEES IT, UNFAITHFUL. HIS EXIT LAST NIGHT FROM THE CENTRE OF THE FRENCH POLITICAL STAGE WAS NEVERTHELESS MORE DIGNIFIED THAN HIS INITIAL REACTION TO HIS DEFEAT WHEN HE LASHED OUT AT THE PRE - MEDITATED TREASON OF WHICH HE HAD BEEN THE VICTIM (PARA 2 OF MY TELNO 346). M. GISCARD HAS NOT BEEN USED TO SETBACKS IN HIS CAREER.

6. NO POLITICAL LEADERS HAVE COMMENTED ON M. GISCARD'S ADDRESS. PRIOR TO THE BROADCAST M. LECANUET, THE PRESIDENT OF THE UDF, WHO HAS BEEN ENGAGED IN NEGOTIATING AN ELECTORAL PACT WITH THE RPR, REAFFIRMED HIS PARTY'S LOYALTY TO M. GISCARD, BUT THIS CANNOT HAVE GIVEN THE LATTER ANY COMFORT. PRESS REACTION IS DIVIDED ALONG PARTISAN LINES. LE FIGARO (RIGHT WING) COMPARED M. GISCARD, THE ADMIRER OF LOUIS XV, WITH KING LEAR. LE MATIN (SOCIALIST) REPROACHED M. GISCARD FOR HIS MAWKISH SENTIMENTALITY AND FOR HIS FAILURE TO SHOW A GREATER AWARENESS OF THE REASONS FOR HIS ELECTORAL DEFEAT.

FCO PLEASE PASS SAVING TO UKDEL STRASBOURG.

HIBBERT.

[THIS TELEGRAM WAS NOT ADVANCED]  
[REPEATED AS REQUESTED]

FCO/WHITEHALL

WED

- 2 -

RESTRICTED

*Prime Minister.  
The Fed will give deep  
messages for you to send to  
us tomorrow.*

RESTRICTED

GRS 500

RESTRICTED

FM PARIS 191354Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 373 OF 19 MAY 1981

INFO ROUTINE UKREP BRUSSELS, BONN.

*TKJ  
20 v.*

*MB*

**MESSAGES ON THE ACCESSION OF PRESIDENT MITTERRAND**

1. IT IS STILL EXPECTED (PARAGRAPH 5 OF MY TELNO 370) THAT THE PRIME MINISTER WILL BE APPOINTED ON 21 MAY, WITH THE MAIN GOVERNMENT APPOINTMENTS BEING ANNOUNCED SHORTLY AFTERWARDS. ACCORDING TO THE CONSTITUTION, IT IS THE PRIME MINISTER WHO NOMINATES THE MEMBERS OF HIS GOVERNMENT BUT IN PRACTICE M. MITTERRAND WILL HAVE THE DECISIVE VOICE (SEE PARA 3 OF MY TEL 363). THE SIGNS ARE THAT NO FINAL DECISION HAS YET BEEN TAKEN ON THE FULL LIST OF THE GOVERNMENT TEAM (I WAS SURPRISED TO SEE AND AM NOT INCLINED TO BELIEVE M. THORN'S SUGGESTION THAT THE FRENCH HAD ALREADY GIVEN THE GERMANS A LIST OF THE NEW FRENCH GOVERNMENT - UKREP BRUSSELS TELNO 1775). NEVERTHELESS, THERE ARE CLEAR INDICATIONS OF THE LIKELY CHOICES. M. MAUROY SPENT TWO HOURS WITH M. MITTERRAND YESTERDAY AND IT IS EXPECTED THAT HE WILL BE PRIME MINISTER. M. CHEYSSON IS EXPECTED TO BECOME FOREIGN MINISTER. WHILE THERE ARE RUMOURS THAT M. DELORS WILL HAVE A MINISTRY ON THE FINANCIAL OR ECONOMIC SIDE, HE HAS ALSO BEEN TIPPED AS SECRETARY-GENERAL OF THE ELYSEE.

2. WHEN THE GOVERNMENT APPOINTMENTS ARE ANNOUNCED IT WILL BE DESIRABLE FOR A WELCOMING MESSAGE TO BE SENT STRAIGHT AWAY TO M. MAUROY, IF IT IS HE WHO BECOMES PRIME MINISTER. YOU WILL NO DOUBT WISH TO SEND A MESSAGE IMMEDIATELY TO M. CHEYSSON. IN ADDITION, AND EVEN THOUGH THE NEW GOVERNMENT WILL BE AN INTERIM ONE, I THINK IT WOULD BE HELPFUL IN GETTING THE BILATERAL RELATIONSHIP OFF TO A GOOD START IF A NUMBER OF DEPARTMENTAL MINISTERS WHO HAVE REGULAR CONTACT WITH FRENCH MINISTERS, EG OVER COMMUNITY AFFAIRS, COULD BE ENCOURAGED TO SEND MESSAGES. I SUGGEST THAT IT WOULD BE APPROPRIATE IF THE CHANCELLOR OF THE EXCHEQUER AND THE SECRETARIES OF STATE FOR INDUSTRY, EMPLOYMENT, DEFENCE, AGRICULTURE, FISHERIES AND FOOD (MR WALKER MAY, ON PAST FORM, HAVE TWO INTERLOCUTORS IN THE FRENCH GOVERNMENT), TRADE, ENERGY AND TRANSPORT COULD SEND MESSAGES TO THEIR NEW COLLEAGUES SAYING THAT THEY LOOK FORWARD TO WORKING WITH THEM, EVEN IF ONLY ON AN INTERIM BASIS.

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3. IF YOU WERE ABLE TO SUGGEST IN YOUR OWN MESSAGE TO THE NEW FRENCH FOREIGN MINISTER YOU WOULD WELCOME AN EARLY TALK WITH HIM AND THAT HE SHOULD COME TO LONDON FOR A SHORT BILATERAL MEETING OR THAT YOU COULD PAY A BRIEF VISIT TO PARIS, I AM SURE THIS WOULD BE MUCH APPRECIATED.

4. AN IMPORTANT QUESTION REMAINS ABOUT A FURTHER MESSAGE FOR M MITTERRAND. THE PRIME MINISTER'S MESSAGE ON HIS ELECTION WAS WIDELY REPORTED IN APPRECIATIVE TERMS. I RECOMMEND THAT IT SHOULD BE REINFORCED BY A SECOND FORMAL MESSAGE TO M MITTERRAND ON THE OCCASION OF HIS INAUGURATION AS PRESIDENT. I AM NOT SURE, HOWEVER, WHAT THE PROTOCOL PRECEDENTS ARE FOR A MESSAGE TO A NEW FRENCH HEAD OF STATE.

5. THERE MAY BE ADVANTAGE IN MESSAGES BEING TRANSMITTED IN ADVANCE TO THIS EMBASSY SO THAT I CAN ENSURE EARLY TRANSMISSION TO NEW MINISTERS, ESPECIALLY IF SOME OF THE APPOINTMENTS ARE NOT MADE UNTIL THE WEEKEND.

6. ACCORDING TO "COMBAT SOCIALISTE", THE OFFICIAL NEWSPAPER OF THE SOCIALIST PARTY, GERMAN MINISTERS ARE BEING URGED BY CHANCELLOR SCHMIDT TO MAKE EARLY CONTACT WITH THEIR OPPOSITE NUMBERS IN THE NEW FRENCH GOVERNMENT.

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FM PARIS 181640Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 371 OF 18 MAY 1981

INFO PRIORITY UKDEL NATO UKREP BRUSSELS WASHINGTON BONN

COPENHAGEN DUBLIN THE HAGUE LUXEMBOURG ROME ATHENS

INFO SAVING UKDEL STRASBOURG HM CONSULS GENERAL FRANCE

POLITICAL DEVELOPMENTS IN FRANCE

1. THE FOLLOWING HAVE BEEN THE PRINCIPAL POLITICAL DEVELOPMENTS OVER THE WEEKEND.

2. AT THE MEETING OF THE COMMUNIST PARTY'S (PCF) CENTRAL COMMITTEE ON 15 MAY M MARCHAIS, GENERAL SECRETARY OF THE PCF, REPEATED, AS HE HAD DONE IN HIS MESSAGE OF CONGRATULATIONS TO M MITTERRAND ON 10 MAY (MY TEL NO 342), THAT HIS PARTY WAS READY TO ASSUME FORTHWITH RESPONSIBILITIES IN GOVERNMENT. IN ADVANCE OF LEGISLATIVE ELECTIONS HE CALLED ON THE TRANSITION GOVERNMENT TO RAISE MINIMUM WAGES AND FAMILY ALLOWANCES, TO HALT FURTHER REDUNDANCIES AND TO IMPOSE A LIMITED PRICE FREEZE ON CERTAIN CONSUMER GOODS. THE GOVERNMENT SHOULD OPEN NEGOTIATIONS WITH THE TRADE UNIONS AND THE EMPLOYERS QUICKLY TO MEET OUTSTANDING WORKERS' DEMANDS.

3. M MARCHAIS WAS CHIEFLY CONCERNED TO MARK OUT THE PCF'S POSITION FOR THE LEGISLATIVE ELECTIONS. HE SAID THAT FOR THE PCF TO BRING ABOUT THE CHANGES IN POLICY WHICH IT CONSIDERED NECESSARY AND TO SECURE ADMISSION OF PCF REPRESENTATIVES AS MINISTERS IN THE GOVERNMENT WHICH WOULD BE FORMED AFTER THE LEGISLATIVE ELECTIONS, THE PCF NEEDED TO OBTAIN SUFFICIENT BACKING IN THE ELECTIONS. THE PCF WAS READY AT ANY MOMENT TO OPEN DISCUSSIONS WITH THE SOCIALIST PARTY (PS) IN ORDER TO GUARANTEE THE BEST CONDITIONS FOR A VICTORY OF THE LEFT. M MARCHAIS ADDED THAT, IN HIS VIEW, AN AGREEMENT WITH THE PS DID NOT REQUIRE AN IDENTITY OF VIEWS IN ALL AREAS. FOR THE LEGISLATIVE ELECTIONS, THE PCF WOULD BE WILLING TO SCALE DOWN SOME OF THE ECONOMIC AND SOCIAL DEMANDS WHICH HE HAD PUT FORWARD DURING HIS OWN PRESIDENTIAL ELECTION CAMPAIGN.

4. M JOSPIN, THE FIRST SECRETARY OF THE PS, HAD AN EARLY OPPORTUNITY TO SPELL OUT THE PS'S APPROACH TO NEGOTIATIONS WITH THE PCF IN THE LIGHT OF M MARCHAIS' REMARKS WHEN HE TOOK PART ON 17 MAY IN A RADIO INTERVIEW PROGRAMME. HE REPEATED THE NOW STANDARD LINE OF SOCIALIST PARTY LEADERS THAT THE PS WAS READY FOR A DIALOGUE NOT JUST WITH THE PCF BUT ALSO WITH OTHER LEFT WING PARTIES, ECOLOGISTS AND LEFT-WING GAULLISTS, IN ORDER TO SEE IF A POLITICAL AGREEMENT WAS POSSIBLE. COMMENTING SPECIFICALLY ON THE ATTITUDE OF THE PCF, HE NOTED THAT, WHILE THE TONE OF STATEMENTS MADE BY PCF LEADERS HAD CHANGED, THEIR SUBSTANCE HAD NOT. HE GAVE NO INDICATION THAT THE PS WOULD BE WILLING TO SOFTEN ITS CONDITIONS FOR AGREEMENT WITH THE PCF (CF PARAGRAPH 4 OF MY TEL NO 367).

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5. THE FIRST OPINION POLL TO APPEAR SINCE THE PRESIDENTIAL ELECTION WAS PUBLISHED ON 16 MAY. CONDUCTED BY IFOP ON 12 AND 13 MAY, THE POLL SUGGESTED A FURTHER ADVANCE BY THE PS AT THE EXPENSE OF BOTH THE PCF AND THE GISCARDIAN UDF. 36% (28%) OF THOSE QUESTIONED SAID THEY INTENDED TO VOTE FOR PS/LEFT RADICAL CANDIDATES AT THE FORTHCOMING LEGISLATIVE ELECTIONS, 13% (15%) FOR THE PCF, 20% (28%) FOR THE UDF AND 18.5% (18%) FOR THE RPR ( THE FIGURES IN BRACKETS ARE FOR THE FIRST ROUND OF THE PRESIDENTIAL ELECTION ). IF THESE FINDINGS WERE TO BE TRANSLATED INTO ACTUAL VOTES, THE PCF WOULD RISK A SHARP FALL IN ITS PARLIAMENTARY REPRESENTATION FROM ITS PRESENT LEVEL OF 86 SEATS WHILE THE PS COULD EXPECT TO MAKE GAINS AT THE EXPENSE OF THE UDF AS WELL AS AT THE EXPENSE OF THE PCF.

6. FOR THE RIGHT, M. CHIRAC WAS ALSO ACTIVE DURING THE WEEKEND IN STAKING OUT THE GROUND FOR THE LEGISLATIVE ELECTIONS. IN A SPEECH BEFORE SOME ~~1000~~ RPR PARLIAMENTARIANS AND PARTY WORKERS ON 17 MAY, M. CHIRAC ARGUED THAT THE LESSON OF THE PRESIDENTIAL ELECTION WAS THAT THE ELECTORATE WANTED A CHANGE OF POLICY NOT OF SOCIETY. THE PRIORITY WAS NOW TO PREVENT THE EMERGENCE OF A SOCIALIST/COMMUNIST MAJORITY IN THE NATIONAL ASSEMBLY. SUCH A MAJORITY WOULD LEAVE FRENCH POLITICAL LIFE UNBALANCED AND WITHOUT COUNTER-WEIGHTS AND WITH NO FOOL-PROOF PROTECTION AGAINST THE TEMPTATIONS OF COLLECTIVISM. THE FORMER MAJORITY SHOULD NOW DRAW A LINE UNDER THE PAST AND PUT ASIDE ALL BITTERNESS AND DIVISION. M. CHIRAC CLAIMED THAT, PROVIDED THE FORMER MAJORITY REMAINED UNITED AND HAD THE WILL TO WIN, IT COULD BE VICTORIOUS IN THE LEGISLATIVE ELECTIONS.

7. M. MITTERRAND CONTINUES TO AVOID ANY PUBLIC PRONOUNCEMENT. HE HAS ON THE WHOLE RECEIVED FAVOURABLE MARKS FOR DISCRETION, BUT THERE HAS BEEN THE OCCASIONAL HINT OF CRITICISM IN THE MEDIA. M. GISCARD NOW SEEMS TO BE ACCEPTING HIS ECLIPSE A LITTLE MORE GRACEFULLY, BUT HIS SPOKESMAN HAS ANNOUNCED THAT HE WILL BROADCAST A FAREWELL MESSAGE TO THE FRENCH PEOPLE ON THE EVENING OF 19 MAY.

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FM PARIS 181705Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 370 OF 18 MAY 1981

INFO PRIORITY UKDEL NATO WASHINGTON EC POSTS

INFO SAVING UKDEL STRASBOURG HM CONSULS GENERAL FRANCE

MY TEL NO 367: ACCESSION OF PRESIDENT MITTERRAND

1. FOLLOWING FURTHER CONTACT BETWEEN REPRESENTATIVES OF M GISCARD AND M MITTERRAND, AGREEMENT HAS NOW BEEN REACHED THAT THE TRANSFER OF POWER WILL TAKE PLACE AT 09.30 HOURS ON THURSDAY 21 MAY.
2. DETAILS OF THE TRANSFER CEREMONY, FOR WHICH THERE IS NO EXACT PRECEDENT UNDER THE FIFTH REPUBLIC, ARE BEING WORKED OUT. A BROAD OUTLINE OF THE PROGRAMME FOR 21 MAY WAS ANNOUNCED TODAY BY M BEREGOVY, DIRECTOR OF M MITTERRAND'S TRANSITION TEAM. PRESIDENT GISCARD WILL GREET M MITTERRAND ON THE STEPS OF THE ELYSEE. A TETE-A-TETE MEETING WILL FOLLOW DURING WHICH M GISCARD WILL HAND OVER THE CODES FOR THE USE OF THE FRENCH NUCLEAR DETERRENT. AS THERE IS NO PROVISION FOR THE NEW PRESIDENT TO BE SWORN INTO OFFICE, THIS MEETING WILL CONSTITUTE DE FACTO THE HANDOVER OF POWER. M GISCARD WILL THEN LEAVE THE ELYSEE, ESCORTED TO THE DOOR BY M MITTERRAND. A TELEVISED INVESTITURE CEREMONY WILL BE HELD IMMEDIATELY AFTER THE TETE-A-TETE. THE PRESIDENT OF THE CONSTITUTIONAL COUNCIL, M FREY, WILL PROCLAIM THE RESULT OF THE ELECTION AND M MITTERRAND WILL RECEIVE THE GRAND COLLIER AND SO BECOME GRAND MASTER OF THE NATIONAL ORDER OF THE LEGION D'HONNEUR. THE MEMBERS OF THE CONSTITUTIONAL ORGANS OF THE STATE (PARLIAMENT, CONSTITUTIONAL COUNCIL, ETC, ETC) WILL BE PRESENT, AND M MITTERRAND WILL ADDRESS THEM. A 21-GUN SALUTE WILL BE FIRED ON THE BANKS OF THE SEINE AND M MITTERRAND WILL INSPECT A SMALL PARADE OF TROOPS IN THE GARDENS OF THE ELYSEE. THE MARSEILLAISE WILL BE PLAYED AT THE OLD SPEED (NOT AT THE SLOW, GISCARD SPEED).
3. AT 12.25 M MITTERRAND WILL LEAVE THE ELYSEE FOR THE ARC DE TRIOMPHE TO REKINDLE THE FLAME ON THE TOMB OF THE UNKNOWN SOLDIER. LATER THE SAME DAY M MITTERRAND WILL BE RECEIVED AT THE HOTEL DE VILLE OF PARIS BY M CHIRAC IN HIS CAPACITY AS MAYOR ACCOMPANIED BY THE CITY COUNCIL. M MITTERRAND WILL THEN GO TO THE PANTHEON TO PAY HOMAGE TO JEAN JAURES, ONE OF THE FATHERS OF MODERN FRENCH SOCIALISM, AND JEAN MOULIN, THE HERO OF THE INTERNAL FRENCH RESISTENCE UNDER DE GAULLE. FROM THERE HE WILL PROCESS FOR A SHORT DISTANCE ON THE STREET WHILE AN ORCHESTRA UNDER BARENBOIM PLAYS BEETHOVEN'S HYMN TO JOY. THE SOCIALIST PARTY IS ARRANGING A POPULAR CELEBRATION IN THE PLACE DE LA CONCORDE ON THE EVENING OF 21 MAY.

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4. THE PROTOCOL DEPARTMENT OF THE QUAI HAS CONFIRMED THAT NO FOREIGN DELEGATIONS WILL BE INVITED TO ATTEND THE INAUGURATION CEREMONIES. M MITTERRAND APPARENTLY INTENDS TO INVITE A NUMBER OF PERSONAL FOREIGN GUESTS INCLUDING SHIMON PERES THE LEADER OF THE ISRAELI LABOUR PARTY, ANDREAS PAPANDREOU THE GREEK SOCIALIST LEADER AND POSSIBLY HERR BRANDT (ALTHOUGH THE FRG EMBASSY IS UNABLE TO CONFIRM THIS). THE DIPLOMATIC CORPS WILL BE REPRESENTED BY THE PAPAL NUNCIO, THE DOYEN OF THE CORPS, AND BY CERTAIN REPRESENTATIVES OF THOSE FORMER FRENCH AFRICAN COLONIES WITH WHOM FRANCE HAS SPECIAL TREATY RELATIONS (THESE ARE ALWAYS RECEIVED FIRST AND SEPARATELY WHEN THE PRESIDENT RECEIVES THE DIPLOMATIC CORPS AT THE NEW YEAR). THE QUAI SAYS THAT M MITTERRAND INTENDS TO RECEIVE THE DIPLOMATIC CORPS AS A WHOLE AT A LATER DATE.

5. ONE OF M MITTERRAND'S FIRST ACTS AS PRESIDENT WILL BE TO APPOINT A NEW PRIME MINISTER. HE WILL PROBABLY ANNOUNCE HIS CHOICE ON 21 MAY AND THE NEW GOVERNMENT SHOULD BE IN PLACE BY THE WEEKEND. M MITTERRAND APPARENTLY WANTS TO HOLD THE FIRST ROUND OF LEGISLATIVE ELECTIONS ON 14 JUNE. IN ORDER TO DO THIS, HE MUST GIVE 20 DAYS NOTICE. IT WILL THEREFORE BE NECESSARY TO DISSOLVE THE NATIONAL ASSEMBLY SOMETIME BEFORE 25 MAY. 22 MAY IS AT PRESENT THE FRONT RUNNING DATE FOR THE DISSOLUTION.

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*File AH*  
*James*

10 DOWNING STREET

*From the Principal Private Secretary*

18 May 1981

*Dear James,*

NEW FRENCH PRESIDENT

The Prime Minister was grateful for the papers setting the background to the election of Monsieur Mitterrand which you sent Michael Alexander with your letter of 15 May 1981. She has read these with interest.

*Yours ever,*

*Shirley Williams*

F N Richards Esq.,  
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

*Bonnie Minister*

*A useful dossier.*

15 May 1981

*Print 15/5*

*Dear Michael,*

New French President

The Prime Minister may like to see the attached set of papers giving background to the election of the new French President. Further work is in hand on the constitutional aspects, some of which are open to differing interpretation, and the Embassy in Paris will be reporting fully on the political manoeuvring between now and the formation of a new Government after the legislative elections.

*Yours ever,*

*Francis Richards*

(F N Richards)  
Private Secretary

M O D'B Alexander Esq  
10 Downing Street  
LONDON  
SW1

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## C O N T E N T S

- A. A guide to the French Socialist Party and personalities
- B. Mr Gladstone's submission of 1 May on foreign policies of the French Socialist Party
- C. The Leading Personalities Report on M. Mitterrand
- D. M. Mitterrand's likely economic policies
- E. A guide to the French Communist Party
- F. The Constitution: the President and the Prime Minister
- G. The constitutional position pending fresh legislative elections

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SHORT GUIDE TO THE FRENCH SOCIALIST PARTY

History

1. The French Socialist Party (PS) in its present form dates from the 1971 Congress of Épinay when M Mitterrand became the Party's First Secretary. Since then he has not only held together a heterogeneous mixture of groups and individuals under one banner but has made the PS the largest party in France in electoral terms. At the 1969 Presidential elections the Socialist candidate, Gaston Defferre had polled only 5% of all votes compared with the Communist candidate's 21.5%. At the 1978 legislative elections to the National Assembly the PS polled 28.3% compared with the Gaullists' 26.1% and the Communists' 18.6%.

2. Socialism in France dates back to 1905 when the SFIO (Section Française de l'Internationale Ouvrière) was founded. The SFIO provided both Presidents and Prime Ministers under the Third and Fourth Republics (ie from 1875-1958). But the only true government of the left during that period was the Popular Front government of 1936-38 headed by the Socialist, Léon Blum.

3. Apart from the immediate post-war period (1945-47), when the Communists participated briefly in government, the SFIO tended to ally itself with the Centre parties eg the Radicals and the Republicans. In 1965 the SFIO under Guy Mollet joined with a number of other non-Communist left-wing groups, including one headed by François Mitterrand, to form the FGDS (Fédération de la Gauche Démocratique et Socialiste). The FGDS was short-lived and broke up under the pressure of the student-led disturbances of May 1968. A new Socialist party was formed in 1969 around the SFIO.

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the movement and favours co-operation with the Communists.

(c) Mitterrand's own 'current' is in the radical, republican, somewhat elitist tradition. In its present form it dates from 1965.

(d) Michael Rocard's group, formed in 1974 when he and a few close associates left the small left-wing PSU to join the PS, favours decentralisation and workers' self-management and is against excessive state power. It is social-democratic and relatively pragmatic in its economic policy.

7. There is also a left-wing Christian tradition. Though mainly associated with Rocard, this is also, paradoxically, reflected in CERES. The older parties such as the SFIO - and the PCF - were traditionally, but not exclusively, anti-clerical.

8. Notes on leading Socialist Party personalities are annexed.

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## PIERRE MAUROY (53)

Mayor of Lille. Number 2 in the Party. A long-standing Socialist in the worker/social democrat tradition. Previously deputy to Guy Mollet in the SF10. Has his own following in the Party but is basically loyal to Mitterrand and was his spokesman during the recent presidential campaign.

## MICHEL ROCARD (50)

Mitterrand's rival for the Socialist party nomination for the 1981 presidential election. Previously, in 1969, was the presidential candidate of the small left-wing party, the PSU (Parti Socialiste Unifié). Bourgeois protestant background. Father a physicist responsible for developing the French atom bomb. Ex-ENA; economic specialist; brilliant Inspecteur des Finances (like Giscard d'Estaing). A social democrat with liberal economic policies but supports workers' self-management. Appeals to centre voters; anathema to the Communists and Marxists. Close personally and philosophically to Edmond Maire, leader of CFDT, the second largest trade union confederation. Both left PSU and joined PS in 1974 and are regarded with suspicion by some longer-standing party members.

## JEAN-PIERRE CHEVENEMENT (41)

Leader of the left-wing CERES group (vs) whose support in the PS is declining. An economic specialist; also interested in defence. Ex-ENA. Responsible for drafting the current party manifesto. Critical of the EC. Good personal relations with Mitterrand and Defferre despite philosophical differences.

## LIONEL JOSPIN (43)

Took over from Mitterrand as First Secretary of the PS in 1981 when Mitterrand resigned to stand for the Presidency. Ex-ENA. Left the Foreign Ministry, where he was a civil servant, in 1968 to  
/become

become a teacher. Joined PS after 1969, where he has specialised in relations with the Third World and, later, in Socialist-Communist relations.

## JACQUES ATTALI (37)

Economist (non-Marxist). Brilliant ex-pupil of several top educational establishments including ENA (Ecole Nationale d'Administration). Joined PS in 1973. Confidant of Mitterrand since 1974, when he helped him with his Presidential campaign.

## CLAUDE CHEYSSON (61)

Responsible for development questions in the European Commission. Good contacts in the Third World, especially in Africa. Ex-ENA. Quick minded and articulate; personally vain; can be devious.

## JEAN-PIERRE COT (43)

Father was Pierre Cot, Air Minister in the Popular Front government. Deputy for Savoy at the National Assembly. Professor of international law and politics at the Sorbonne. Socialist in the liberal bourgeois tradition; joined PS in 1969; supporter of Michel Rocard. Spokesman on European questions. Speaks excellent English.

## GEORGES DAYAN (65)

A friend of Mitterrand since they trained in the law and did their military service together. Has followed Mitterrand in all his political affiliations. Has an importance in the PS far beyond his official party position. Is one of two official personal representatives nominated by Mitterrand. (A similar relationship to the one between M. Poniatoski and Giscard d'Estaing).

## GASTON DEFFERRE (70)

Mayor of Marseilles. Member of the SF10 since 1933 and of several Third and Fourth Republic governments. Advocate of centre-left alliance in the early 1960s, but rallied to Mitterrand following  
/his



his own poor showing (5% of votes) at the 1969 Presidential elections. His third wife is Edmonde Charles-Roux, whose novel 'Oublier Palerme' won the Prix Goncourt in 1966. The couple are personal friends of Mitterrand.

JACQUES DELORS (55)

Former adviser on social and cultural affairs to M. Chaban-Delmas, the Gaullist Prime Minister (1969-72). Professor of economics at Paris University. Joined PS in 1974. In the militant christian/trade union tradition. Highly thought of.

CLAUDE ESTIER (55)

A long and distinguished career in left-wing journalism. Director of the party's weekly journal, L'Unité. Good links with other journalists. In the Resistance. Close to Mitterrand. Has long favoured a political alliance with the Communists.

CHARLES HERNU (57)

PS spokesman on defence matters. Joined the PS together with Mitterrand and his CIR (Convention des Institutions Républicaines). A personal friend of Mitterrand. Since 1977 municipal elections (when PS made significant gains) has been Mayor of Villeurbanne. A confessed freemason.

EDITH CRESSON (46)

From a socialist bourgeois background; active in politics since 1967. Promoted to the PS Secretariat (the Party's top leadership) in 1975. Sponsored by Mitterrand as a "token woman". Responsible first for youth and student organisation. Fought hard, but unsuccessfully, to win a Gaullist stronghold in 1977 local elections.

FRANÇOISE GASPARD (35)

Ex-ENA. Energetic Mayor of Dreux since 1977, when she was promoted to the Party's Executive Committee. An up-and-coming lady.



## FRENCH FOREIGN POLICY IN THE EVENT OF A MITTERRAND VICTORY

1. Our Embassy in Paris have declined to comment on the policies Mitterrand would adopt if elected on the grounds that the question is hypothetical. Sir R Hibbert dealt fleetingly with the question at the end of his recent despatch (extract attached). There is force in this argument; M Mitterrand's policies in practice would depend much on the scale of his victory, the degree of Communist participation in Government, the results of subsequent National Assembly elections, etc.

2. With that caveat, the broad lines of Parti Socialiste (PS) foreign policy as expounded to date can be summarised briefly as follows (this summary is based partly on the Projet Socialiste of January 1980 and partly on an interview given by M Mitterrand to Le Monde on 30 July 1980).

General

3. The PS has devoted less time to formulation of foreign than of domestic policies. No radical reversal of existing French foreign policies is planned but PS policies are remarkably Gaullist in essentials, if backed up by socialist rationalisation. M Mitterrand's thinking on foreign policy, particularly on East/West relations, has evolved since Afghanistan. Over the past year he has adopted an increasingly critical attitude towards the Soviet Union.

NATO and Trans-Atlantic Affairs

4. In the long term, M Mitterrand looks to the disbandment of both NATO and the Warsaw Pact. In the meantime he has stressed that if he were elected, France would be a faithful ally of her NATO partners and would respect her Treaty obligations. He has no intention of withdrawing France from NATO but France



would not return on NATO's integrated military structure. Last summer he called for an urgent re-examination of the relations between the members of the Atlantic Alliance at a NATO summit. He claims that NATO is at present based on the illusion that the Americans would intervene in Europe in the event of Soviet aggression.

#### East/West Relations

5. M Mitterrand has criticised the French Government for its slowness in condemning the Soviet invasion of Afghanistan. He called President Giscard's meeting with Brezhnev in Warsaw a mistake because it had brought comfort to an aggressor. France should officially recognise the Afghanistan Resistance Movement. If the Soviet Union were to intervene militarily in Poland, this would call in question future discussion of security issues between the Soviet Union and the West as well as East/West technological and commercial agreements.

#### Defence/Disarmament

6. M Mitterrand has made the withdrawal of Soviet SS20 missiles his top priority in the arms control field. He might be prepared for French participation in global negotiations on nuclear disarmament. However, the imbalance between Eastern and Western force levels in Europe needs to be restored. France has no choice but to rely on nuclear deterrence for the protection of her territory and restraints on French systems in the context of any East/West arms control arrangements would be unacceptable. M Mitterrand has warned against a policy of total self-reliance such as could lead France to 'a kind of neutrality with regard to world affairs and in particular in relation to her closest friends'.

#### Europe/EC

7. M Mitterrand has criticised the French Government for developing an exclusive Paris/Bonn axis within the EC, which

has undermined the principle of the equality of its members. UK membership of the EC is to be desired. But the EC must stand firm against UK efforts (backed by the US) to transform the EC into a free trade area. He looks to the EC to provide a counter-weight to the hegemony of the two super-powers and, if elected, would propose to France's EC partners a variety of measures designed to strengthen the Community, including defence and reform of the CAP; closer EC co-operation on industrial policy, energy and research; concerted action to stimulate EC economies, and renewed discussion on access by French fishing boats to 'Community' waters. However, given M. Mitterrand's determination to preserve underlying French interests, it is unlikely that he would prove to be an easier partner for the UK Middle East than M. Giscard.

8. M Mitterrand is more strongly committed to Israel than any other presidential candidate and supports Camp David. The Palestinian people should however have a right to exist as a nation.

#### Latin America

9. M Mitterrand has strongly condemned US military aid to the government of El Salvador.

#### International Monetary Fund

10. The PS wants reform of the IMF and World Bank, increased aid to all third world countries and a moratorium on existing debts of poorest countries. Sections of the party would like to restore the rôle of gold.

#### Africa

11. PS has criticized 'neo-colonialist' French military interventions; supports Chadian independence (and indeed self-determination everywhere).

10. The consequences of a Mitterrand victory are so uncertain that it is unprofitable to try to peep too far ahead. What is certain is that a Mitterrand victory would produce a completely different kind of Fifth Republic from the one which has existed since 1958. The balance of power between the President and the National Assembly would be substantially altered and conflict between them might become endemic. This probably does not mean that there would be a return to the political habits of the Fourth Republic. It would be more likely to produce a trial of strength outside Parliament. There would be a disorderly situation in which M. Chirac and the RPR might make a bid to be the saviours of France from socialist revolution. This is why some people toy with the daring idea of voting for M. Chirac on the First Round and, if he loses, letting M. Mitterrand in on the Second. But this is not a very likely eventuality. Probability favours a victory by M. Giscard and a resultant political situation corresponding to one or other of the models canvassed in paragraphs 4 to 8 above.



MITTERRAND, FRANÇOIS  
PRESIDENT OF THE REPUBLIC

Born 1916. Son of a railway official who later ran the family vinegar concern. Journalist and lawyer. A prisoner of war 1940-2. Obtained the Vichy decoration, the Francisque, for his work for prisoners and deportees. Took an active part in the Resistance, which included missions to London and Algiers 1943. Appointed Secretary-General for Prisoners and Deportees by General de Gaulle 1944. Croix de Guerre 1939-45 and Rosette de la Résistance. Under the 4th Republic M. Mitterrand was a member of several administrations, some of them far from left wing. When he first took office, he was the youngest Minister to be appointed since the 19th century. Among his Ministerial posts his principal ones were Minister for Ex-Servicemen and War Victims (1947-8), Minister for Overseas France (1950-51), and Minister of the Interior (1954-55). M. Mitterrand was one of the few French politicians to oppose General de Gaulle's return to power in 1958, not so much because he did not favour strengthening the executive at the expense of Parliament but because he considered that General de Gaulle had been imposed on France by the Armed Forces.

M. Mitterrand was an important though not a major figure of the IVth Republic. As M. Mendès France's Minister of the Interior, he was tough and dynamic, unencumbered by scruple and never afraid to make enemies. He shook up the official establishment of the police from top to bottom, and many of those involved have still not forgiven him. When serving M. Mollet he differed with him over Algerian policy and was critical of the Suez operation. Thereafter he joined M. Mendès France in heading the small non-Communist opposition group in the Assembly until May 1958. At that point he was the principal advocate of the Government's standing firm against the Army and General de Gaulle, and he was even talked of as the possible head of a 'popular front' government against the Army.

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With General de Gaulle's success and the loss of his own parliamentary seat M. Mitterrand briefly withdrew from public life. In 1959, after his election to the Senate, he was involved in a notorious case (L'Affaire de l'Observatoire), which involved the machine-gunning of his car in mysterious circumstances. The subsequent enquiry did him no credit and the official investigation rumbled on for some time thereafter, leaving a certain amount of mud sticking to him.

The 1962 referendum providing for the election of the President by universal suffrage meant that from then on Mitterrand's eyes were fixed on the Presidency. His first attempt came in 1965, when he polled 7.7 million votes (32 per cent) on the first round and 10.5 million votes (45 per cent) on the second. He never expected to beat General de Gaulle: but his powerful performance won him the role of unofficial Leader of the Opposition. He became the President of the Fédération de la Gauche which performed so effectively in the 1967 legislative elections that the Government emerged with a majority of one seat only. But the Fédération was already coming apart at the seams when the events of May and June 1968 precipitated its final collapse, and seemingly, M. Mitterrand's prospects. Mitterrand did not run in the subsequent Presidential election of 1969. But he began a political comeback by winning the leadership of the Socialist Party at the Epinay Congress of 1971. Having displaced M. Mollet he renovated the Party without alienating the old guard and was Presidential candidate again in 1974, in whose second round he scored 49.2% behind Giscard's 50.8%.

M. Mitterrand has always maintained that the only way the socialists could hope to come to power was with the support of those voters who had traditionally supported the PCF. From 1972-7 he took the PS into alliance with the PCF, but the alliance collapsed before the 1978 legislative elections when M. Mitterrand rejected the PCF's attempts to dictate the terms of the revision of the common programme of government which had been drawn up in 1972. Since then,

/relations

relations between M. Mitterrand and the PCF at leadership level have been strained. But M. Mitterrand has never abandoned his belief that the PS could not afford to turn its back on PCF voters.

M. Mitterrand is not a doctrinaire socialist. Keen on books and painting, addicted to writing and reputedly pleasure loving, he seems to be mostly a humanist with egalitarian instincts and a sense of public responsibility. He is on the side of the under-dog and is concerned about the welfare of people in general, but he is by nature aloof. He has few personal friends and is not much inclined to share confidences. His unrivalled stature within the PS has created a court like atmosphere where those in favour rise fast, but those who cross him are excluded from his counsels. There is no doubt about his understanding of the elements of power and his ability and willingness to use them.

During the 1981 election campaign M. Mitterrand managed to appear very calm and self-possessed. There was a good deal of art in this, but also a fair amount of nature. He has remained a tough and ruthless politician capable of biting criticism of his opponents. But this side of his character has been little in evidence recently. On the whole he succeeded in presenting a reassuring image to the electorate.


There is no sign that he has thought very much about relations with the UK. M. Mitterrand speaks little English and Britain does not seem to have attracted a great deal of attention from him, but when he visited the UK in October 1977 as a guest of the Labour Party he made a good and amiable impression on the Labour Ministers in power at the time.

Keen interest in local affairs. Mayor of Château-Chinon, President of the Conseil Général of the Nièvre, Conseiller Général of Montsauche and member of the Regional  
/Council



Council of Burgundy. One brother, General Mitterrand, is President of Aérospatiale, the nationalised aircraft company, one is President of Havas and one a professor at the Sorbonne. He is married to a retiring wife, who had a good resistance record and who loves country life at their homes in the Morvan and in the Landes near Bordeaux. They have two sons.





PRESIDENT MITTERRAND'S ECONOMIC POLICIES

1. President Mitterrand's economic policies will be determined by the governing coalition that emerges from the new National Assembly as much as by the Socialist manifesto. The latter has two main elements: an attack on unemployment coupled with a commitment to increase economic growth; and increased government control over the economy. Of these elements, the first (expansion of the economy) might appeal to the Gaullists as well as to left wing parties; but the second would have no appeal to the right wing of the Assembly.

2. Among the manifesto measures on employment and growth are public employment programmes (an extra 150,000 jobs), a 35 hour week, increased public works (housing, public buildings), increased social payments to lower paid and poor (increased family allowances, pensions) and an increase in the minimum wage. Interestingly, some trades union leaders have already counselled caution in pursuing these aims lest they heighten inflation.

3. According to the manifesto, increased government control of the economy is to be pursued via the nationalisation of 9 major industrial groups, the steel industry, parts of the arms and space industries and all the insurance companies and banks remaining in the private sector. Price controls are promised in areas where there is sufficient competition.


4. The prospect of such a programme led to considerable disruption of the financial markets immediately after the election. But the Bourse has settled down again - at a lower level - as investors have second thoughts. Many of the firms on the list are already subject to a degree of government control and the major banks are already nationalised. Some existing nationalised concerns, eg Renault, are



both successful and largely autonomous. One of M Mitterrand's economic advisers has given a public assurance that shareholders would be fairly compensated.

5. Nevertheless, in the longer term an expansionary programme of the kind foreseen in the manifesto would put considerable pressure on fiscal policy and public expenditure in particular (a group of economists - admittedly opposed to Mitterrand - has estimated that the programme would entail a government deficit of almost 400 billion francs, more than 10% of likely 1981 GDP, compared with a 1981 forecast of 29 billion francs in M Barre's last budget).

6. Given that the manifesto also promises to defend the Franc against speculation, and assuming that the Socialists would probably be reluctant to take the Franc out of EMS, a substantial increase in the public sector deficit would appear to require high interest rates if the exchange rate is to be defended and inflation restrained. A high exchange rate policy would also clash with the desire to increase output. Reconciling these conflicting aims will require masterly management of the economy.



## THE FRENCH COMMUNIST PARTY (PCF)

### SIZE AND STRENGTH

Since its foundation in 1921 the PCF has only participated in government for 3 years (1944-47). Nevertheless, since the war it consistently polled between a fifth and a quarter of the French electorate until the 1981 presidential elections (15%). Since the 1977 municipal elections the PCF has controlled 72 of the 220 largest towns and at the 1978 legislative elections it gained 86 of the 491 seats in the National Assembly. The PCF also dominates the largest trade union confederation, the CGT, with an estimated membership of 2.25 million. In 1978 the Party claimed a membership of 630,000, compared with the Socialist Party's membership of 250,000.

### RELATIONS WITH THE SOVIET UNION

The PCF started life as the French Section of the Communist International and, in its early years, came under the direct orders of the Comintern. The Party's First Secretary-General, Maurice Thorez, who ran the party from 1930 till his death in 1964, was an unconditional supporter of Stalin and a significant member of the PCF's present leaders, including Marchais, the present Secretary-General, were brought up under his influence. An example of the extent to which the PCF was subordinated to Soviet rather than to national interests came in August 1939 with the Hitler-Stalin pact. The Party was obliged, despite a dramatic loss of membership, to do an ideological U-turn and to start campaigning for peace with the Germans. The Party line did not change officially until Hitler invaded Russia in June 1941. Throughout the Cold War period, and beyond, the PCF aligned itself with Moscow, condemning the heresies of Titoism and Chinese Communism, and at home attacking French foreign policy across the board. Even after the Soviet Party Congress of 1956, at which Khrushchev exposed Stalin's past crimes, the PCF under Thorez remained Stalinist. Dissenters were stifled or ejected from the Party.



An unofficial electoral agreement with the Socialists in 1965 marked the beginning of a slightly softer line from the PCF, together with the first cautious criticism of the Soviet Union. From 1975 the PCF started to make verbal concessions to democratic parliamentary principles and to voice cautious criticism of the Soviet Union's treatment of dissidents. The PCF's new independent line gained credibility from its association with the Italian and Spanish Communist parties (Eurocommunism). But the withdrawal of the PCF from its alliance with the Socialists in Autumn 1977 and the ensuing failure of the Left to win the 1978 legislative elections in France marked a hardening of PCF attitudes and the beginning of a rapprochement with the Soviet Union. Despite continued claims to put national interests first, the PCF has realigned itself with the Soviet Union on foreign policy and inter-party issues eg. its acceptance of the Soviet invasion of Afghanistan in 1979 and its co-sponsorship of a Soviet-inspired European Communist Conference on Peace and Disarmament in April 1980.

#### FINANCE

The PCF is probably subsidised by the Soviet Union, via trading companies, Soviet banks in Paris and the millionaire Communist Jean Doumeng, who negotiates deals involving agricultural surpluses between the EC and the Soviet Union and other less overt channels. But the PCF has extensive financial resources in its own right, through property and commercial enterprises, as well as contributions from members.

Domestic circumstances, rivalry with the Socialist party, internal struggles between the new more open-minded party members and officials and the older hardliners and, not least, Marchais' own erratic personality underlie the PCF's abrupt changes of policy over the past five years and these factors will no doubt continue to influence it in the future.



ANNEX F. THE CONSTITUTION: THE PRESIDENT AND THE PRIME MINISTER

1. The constitutional powers of the President as they have evolved under the Fifth Republic are very extensive, much greater than those of the American President, for example. The 1958 Constitution was tailor-made to suit de Gaulle when he returned to power to deal with the problem of Algeria; it was designed to reduce the powers of the National Assembly and to strengthen those of the Government. De Gaulle's interpretation of the President's rôle in government extended it further and his successors have continued in the same tradition, assuming the right of the President to rule as well as reign.
2. The Constitution of the Fifth Republic has so far worked on the assumption that the President would in practice be able to select a Prime Minister of his own choosing as is his constitutional right. Should legislative elections produce a clear majority for the right however, it could be politically rather than constitutionally difficult (if not impossible) for President Mitterrand to appoint a Socialist Prime Minister, without risking serious disturbances on the streets. In those circumstances he might look for a candidate from the political centre, acceptable to both left and right; or alternatively for a technocrat without political allegiances.
3. Since de Gaulle's time, the President has been the Head of Government in a very active sense, presiding over Cabinet meetings and representing France at international summits. However, it is the Prime Minister who, according to the Constitution, selects all the other Ministers and the President cannot require them to resign. Although the constitution provides for the President to preside over Cabinet meetings, there is nothing to prevent the Prime Minister meeting his Ministers without the President being present. The Constitution is silent as to whether the President or the Prime Minister should represent France at



Heads of Government meetings.

4. In the last resort the President has the power to rule by decree. More practically the President has the power (which the Prime Minister does not have) to dissolve the National Assembly. Having once dissolved it, however, he cannot do so again until the newly elected Assembly has been in existence for a year.

PP UKREP BRUSSELS

PP BONN

PP BRUSSELS

PP COPENHAGEN

PP DUBLIN

PP THE HAGUE

PP LUXEMBOURG

PP ROME

PP ATHENS

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FM PARIS 151628Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 367 OF 15 MAY 1981

INFO PRIORITY UKDEL NATO WASHINGTON UKREP BRUSSELS OTHER EC POSTS  
INFO SAVING TO UKDEL STRASBOURG HM CONSULS GENERAL FRANCE

MY TEL NO 363: CONTINUING POLITICAL DEVELOPMENTS IN FRANCE

A. THE ACCESSION OF PRESIDENT MITTERRAND

1. THE CONSTITUTIONAL COUNCIL THIS MORNING CONFIRMED M. MITTERRAND'S ELECTION AS PRESIDENT AND ANNOUNCED THAT THE TRANSFER OF POWER WOULD TAKE PLACE AT THE LATEST AT THE EXPIRY OF M GISCARD'S MANDATE DEFINED AS MIDNIGHT ON 23/24 MAY.

2. THE CONSTITUTIONAL COUNCIL HAS IN EFFECT LEFT M MITTERRAND AND M GISCARD TO AGREE BETWEEN THEMSELVES THE DATE FOR THE TRANSFER OF POWER. LAST NIGHT M GISCARD SENT A LETTER TO M MITTERRAND IN WHICH HE EXPRESSED HIS WISH FOR THE TRANSFER TO TAKE PLACE AS SOON AS POSSIBLE AFTER 19 MAY, THE ANNIVERSARY OF HIS ELECTION IN 1974. M MITTERRAND THIS AFTERNOON REPLIED TO M GISCARD'S MESSAGE AND PROPOSED THAT THE TRANSFER SHOULD TAKE PLACE ON 20 MAY. THIS PROPOSITION WILL PRESUMABLY NOW BE ACCEPTED BY M GISCARD.

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Mr Bullard

Mr Fitzgibbon

MT

B. THE LEGISLATIVE ELECTIONS

3. THIS TIMING WOULD MORE EASILY ALLOW THE FIRST ROUND OF LEGISLATIVE ELECTIONS TO TAKE PLACE ON 14 RATHER THAN 21 JUNE. THE SOCIALIST PARTY (PS) IS HASTENING ITS PREPARATIONS FOR ELECTIONS AGAINST THIS POSSIBILITY.

4. IN AN INTERVIEW TO BE PUBLISHED IN L'EXPRESS TOMORROW, M JOSPIN, THE FIRST SECRETARY OF THE PS, HAS SET OUT THE PS' ATTITUDE TOWARDS RELATIONS WITH THE COMMUNIST PARTY (PCF). HE STRESSED THAT THERE COULD BE NO AGREEMENT WITH THE PCF UNLESS IT CHANGED ITS ATTITUDE ON THE PACE OF SOCIAL CHANGE, THE ROLE OF THE PUBLIC SECTOR, TNF, AFGHANISTAN, POLAND, THE MIDDLE EAST AND ON OTHER QUESTIONS AFFECTING FRENCH DOMESTIC POLITICS. IF AN AGREEMENT WAS TO BE REACHED, THE PCF WOULD NEED TO UNDERTAKE TO ABIDE BY IT. LASTLY, THE PS WOULD LOOK TO THE PCF TO CHANGE ITS ATTITUDE TOWARDS THE SOCIALIST PARTY. FURTHER ATTACKS AND UNJUSTIFIED CRITICISM OF THE PS WOULD NOT BE TOLERATED. THIS IS THE SAME POSITION AS THAT ADOPTED BY THE PS THROUGHOUT THE PRESIDENTIAL CAMPAIGN AND IS NO DOUBT DESIGNED TO UNDERLINE THE FIRMNESS OF THE PS POSITION.

5. THE PARTIES TO THE RIGHT ARE ALSO PRESSING AHEAD WITH THEIR PLANS. THIS MORNING IN A JOINT PRESS CONFERENCE M CHIRAC AND M LECANUET, PRESIDENT OF THE UDF, UNVEILED A TEN POINT PROGRAMME ON WHICH THE RPR AND THE UDF WILL FIGHT THE FORTHCOMING ELECTIONS UNDER A NEW COMMON PARTY LABEL: THE UNION FOR THE NEW MAJORITY (UNION POUR LA NOUVELLE MAJORITE OR UNM). THE PROGRAMME PICKS OUT SOME OF THE THEMES DEVELOPED BY M CHIRAC DURING HIS CAMPAIGN FOR THE PRESIDENTIAL ELECTION WHICH WERE LATER ADOPTED BY M GISCARD. THE FIRST THREE POINTS CONCERN FRANCE'S INDEPENDENCE, STRENGTHENING HER NATIONAL DEFENCES AND CONTINUING THE CONSTRUCTION OF EUROPE; FURTHER POINTS INCLUDE PROMOTION OF A LIBERAL WELFARE ECONOMY. THIS SKELETAL PROGRAMME IS APPARENTLY TO BE FLESHED OUT IN A 12 PAGE MANIFESTO TO BE MADE PUBLIC NEXT WEEK. M. LABBE, THE LEADER OF THE RPR PARLIAMENTARY GROUP, EMPHASISED IN A RADIO INTERVIEW LAST NIGHT THAT THERE HAVE NEVER BEEN ANY VERY FUNDAMENTAL POLICY DIVERGENCES BETWEEN THE RPR AND THE UDF PARLIAMENTARY GROUPS. PAST CONFLICTS RESULTED FROM DIFFERENCES OF STYLE AND OF PERSONALITY RATHER THAN OF POLICY.

C. THE ECONOMIC SCENE

6. AT THE END OF THE FIRST WEEK THERE ARE SIGNS THAT THE INITIAL



RATHER THAN OF POLICY.

C. THE ECONOMIC SCENE

6. AT THE END OF THE FIRST WEEK THERE ARE SIGNS THAT THE INITIAL SHOCK ON THE FINANCIAL AND CAPITAL MARKETS FOLLOWING M. MITTERRAND'S VICTORY MAY NOW HAVE BEEN ABSORBED AND THAT A NEW, HIGHLY PRECARIOUS EQUILIBRIUM MAY HAVE BEEN ESTABLISHED FOR THE MOMENT. PREDICTABLE MUTTERINGS CONTINUE IN BUSINESS CIRCLES ABOUT THE DIFFICULTIES ARISING FROM UNCERTAINTY ABOUT THE NATURE OF NEW POLICIES.

7. THE FRANC REMAINED UNDER PRESSURE UNTIL TODAY, BUT INTERVENTION BY THE BANQUE DE FRANCE AND BUNDESBANK IN SUPPORT WAS ON A REDUCED SCALE. BANQUE DE FRANCE FIGURES SHOW THAT IN THE PAST WEEK FRANCE'S FOREIGN EXCHANGE RESERVES FELL BY F.2.2 BN. THE STRENGTH OF THE DOLLAR IS A FURTHER COMPLICATING FACTOR, BUT THE FRANC HAS STAYED JUST WITHIN THE CROSS-RATES LIMIT AGAINST THE DM, AT THE BOTTOM OF THE EMS SYSTEM. THE BANQUE DE FRANCE ONCE AGAIN RAISED THE KEY INDICATOR DOMESTIC INTEREST RATE SHARPLY FROM 16 PER CENT TO 18 PER CENT. SINCE 6 MAY THE INDICATOR RATE, WHICH CORRESPONDS ROUGHLY TO THE BRITISH MINIMUM LENDING RATE, HAS BEEN RAISED 5.5 PER CENT INCLUDING 4.5 PER CENT IN THE COURSE OF THIS WEEK. BANK BASE RATES HAVE FOLLOWED SUIT AND ARE NOW A FURTHER TWO POINTS UP AT A RECORD LEVEL OF 14.75 PER CENT. THE BANQUE DE FRANCE HAS ALSO RAISED THE COMPULSORY RESERVE REQUIREMENTS ON RESIDENTS SIGHT AND TERM DEPOSITS IN AN ATTEMPT TO RESTRAIN DOMESTIC LIQUIDITY. TRESOR OFFICIALS TOLD FINANCIAL COUNSELLOR THAT THIS SERIES OF MEASURES SEEMS LIKELY TO HOLD THE LINE FOR THE TIME BEING. NEVERTHELESS, IF INTEREST RATES REMAINED LONG AT THE PRESENT LEVEL, WHICH IS EXTREMELY HIGH BY RECENT FRENCH STANDARDS, THIS WOULD BE VERY COSTLY FOR THE FRENCH ECONOMY AND FOR PUBLIC SECTOR BORROWING.

8. SHARE PRICES ON THE BOURSE HAVE STEADIED. STOCK EXCHANGE OFFICIALS ARE TAKING THE LINE THAT A NEW BUT LOWER PRICE EQUILIBRIUM APPEARS TO HAVE BEEN FOUND WHICH, WITH LUCK AND TAKING ACCOUNT OF NORMAL MOVEMENTS, MIGHT STAND A CHANCE OF HOLDING UNTIL THE COMPLETION OF THE LEGISLATIVE ELECTIONS AT THE END OF JUNE. BUT THIS JUDGMENT COULD WELL BE PREMATURE, SINCE THE PARIS BOURSE IS NOTORIOUS FOR ITS VOLATILITY.

FCO PLEASE PASS SAVING TO UKDEL STRASBOURG.

PETRIE

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8. SHARE PRICES ON THE BOURSE HAVE STEADIED. STOCK EXCHANGE OFFICIALS ARE TAKING THE LINE THAT A NEW BUT LOWER PRICE EQUILIBRIUM APPEARS TO HAVE BEEN FOUND WHICH, WITH LUCK AND TAKING ACCOUNT OF NORMAL MOVEMENTS, MIGHT STAND A CHANCE OF HOLDING UNTIL THE COMPLETION OF THE LEGISLATIVE ELECTIONS AT THE END OF JUNE. BUT THIS JUDGMENT COULD WELL BE PREMATURE, SINCE THE PARIS BOURSE IS NOTORIOUS FOR ITS VOLATILITY.

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PETRIE

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TO IMMEDIATE FCO

TELEGRAM NUMBER 375 OF 14 MAY

AND TO ROUTINE PARIS

INFO SAVING WASHINGTON UKDEL NATO UKREP BRUSSELS

FRG VIEWS ON MITTERRAND

1. AT THE END OF THE CONVERSATION REPORTED IN MY TELNO 373, I ASKED VON DER GABLENTZ FOR A CONSIDERED GERMAN REACTION TO THE ADVENT OF MITTERRAND. HIS RESPONSE WAS PREDICTABLY CAUTIOUS.

2. HE CONFIRMED THAT THE RESULT HAD TAKEN THE FEDERAL GOVERNMENT PRETTY WELL BY SURPRISE. THE FRENCH PEOPLE'S WISH TO SEE THE CHANGE OF PRESIDENT AS SIGNALLING A SIGNIFICANT CHANGE OF DIRECTION MUST BE RESPECTED AND TAKEN SERIOUSLY. BUT GERMAN EXPERIENCE OF OTHER CHANGES OF GOVERNMENT WITHIN THE ALLIANCE AND THE COMMUNITY WAS THAT THE INCOMING GOVERNMENT'S DESIRE FOR SWEEPING DOMESTIC CHANGES HAD TO BE RECONCILED WITH THE NEED TO KEEP THE ALLIANCE AND COMMUNITY APPLECARTS FIRMLY ON THE ROAD. INCOMING GOVERNMENTS HAD TO BE EDUCATED AS QUICKLY AS POSSIBLE BY THEIR PARTNERS ON THE NEED TO RESPECT THE COMMON POLICIES WHICH HAD BEEN DEVELOPED. THIS WOULD BE A PRIMARY CONSIDERATION FOR THE FEDERAL GOVERNMENT IN ITS INITIAL DEALINGS WITH THE NEW FRENCH GOVERNMENT. MITTERRAND AND HIS TEAM - MAUROY, ROCARD, CHEYSSON ETC WERE GOOD, EUROPEAN-MINDED PEOPLE, BUT THEIR EXPERIENCE OF GOVERNMENT - WHERE IT EXISTED AT ALL - WAS 25 YEARS OLD.

3. ON THE WHOLE THE GERMANS DID NOT FORESEE DIFFICULTIES OVER FRANCE'S ATTITUDES TOWARDS EAST/WEST RELATIONS AND THE ALLIANCE OR IN HER BASIC COMMITMENT TO THE COMMUNITY. BUT THE TASKS OF RESTRUCTURING THE COMMUNITY BUDGET AND REFORMING THE CAP WOULD NOT BE MADE QUICKER OR EASIER. THE MOST SERIOUS DIFFICULTIES HOWEVER LOOKED LIKE BEING IN THE FIELD OF ECONOMIC POLICY, WHERE MITTERRAND'S QUOTE KEYNESIAN UNQUOTE POLICY APPROACH AND APPARENT READINESS TO TOLERATE INFLATION WERE OUT OF HARMONY WITH THAT OF FRANCE'S PARTNERS IN THE COMMUNITY AND IN THE ECONOMIC SUMMIT. THIS WOULD GREATLY COMPLICATE THE PROBLEMS OF HARMONISING ECONOMIC POLICIES WITHIN THE COMMUNITY. IT COULD ALSO HAVE ADVERSE CONSEQUENCES FOR THE EMS. SOCIALIST GOVERNMENTS GENERALLY CAME TO TERMS WITH ECONOMIC REALITIES FAIRLY QUICKLY, BUT EVEN SO A LOT OF DAMAGE COULD BE DONE BEFORE THEY DID.

4. GABLENTZ SAID THAT THE CHANCELLOR AND GENSCHER WERE BOTH PLACING GREAT EMPHASIS ON THE FACT THAT THE UNIQUE IMPORTANCE OF THE FRANCO-GERMAN RELATIONSHIP RESTED ON QUOTE RAISONS D'ETAT UNQUOTE WHICH COULD NOT BE AFFECTED BY CHANGES OF PERSONALITY. AS GENSCHER HAD

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POINTED OUT IN CABINET HOWEVER THE RELATIONSHIP HAD ACQUIRED A SPECIAL INTENSITY AS THE RESULT OF PERSONAL RAPPORT. THIS FACTOR WOULD NOW BE MISSING. MEANWHILE JUDGEMENTS ABOUT THE LIKELY COURSE OF FRANCE'S RELATIONS WITH HER PARTNERS WERE DIFFICULT IN ADVANCE OF THE ASSEMBLY ELECTIONS, WHICH WOULD DETERMINE THE COMPLEXION OF MITTERRAND'S POLITICAL BASE. THE GERMANS ASSUMED THAT HE WOULD WANT TO ENGINEER HIS TOTAL INDEPENDENCE FROM THE COMMUNISTS, BUT THEY COULD NOT AT THE MOMENT SEE HOW THIS WAS TO BE ACHIEVED.

5. GABLENTZ SAID THAT THE CHANCELLOR HAD MET MITTERRAND ONLY FOUR TIMES. ONE OF THESE MEETINGS HAD BEEN IN DONN, THE OTHER THREE IN THE MARGINS OF THE SOCIALIST INTERNATIONAL. THE CHANCELLOR CLAIMED AS A RESULT TO KNOW MITTERRAND REASONABLY WELL, BUT CLEARLY DID NOT FEEL AT ALL CLOSE TO HIM. MITTERRAND'S MAIN LINKS WERE WITH BRANDT AND THESE WOULD OF COURSE BE VALUABLE. PRIMA FACIE HOWEVER MITTERRAND DID NOT SEEM TO BE THE KIND OF PERSON WHO WOULD BE LIKELY TO DEVELOP A CLOSE PERSONAL RELATIONSHIP WITH THE CHANCELLOR: HE WAS, FROM ALL ACCOUNTS, LACKING IN HUMAN WARMTH. THERE WAS ALSO LIKELY TO BE A LANGUAGE PROBLEM BECAUSE OF MITTERRAND'S INADEQUATE ENGLISH.

COMMENT

6. IN SHORT, CHANCELLOR SCHMIDT'S ATTITUDE TO MITTERRAND IS, AS WE SUPPOSED, NOTABLY UNENTUSIASTIC. HE WILL DO HIS BEST TO MAKE THE BEST OF A BAD JOB AND I THINK WE MUST EXPECT THE FEDERAL GOVERNMENT TO BE LOOKING FOR WAYS OF DEMONSTRATING THAT THE FRANCO-GERMAN SPECIAL RELATIONSHIP RETAINS BOTH ITS VITALITY AND ITS IMPORTANCE. BUT THEY FEAR THAT THIS MAY BE AN UPHILL TASK, AND BELIEVE THAT THE MAIN INITIAL STRESS IS LIKELY TO BE FELT ON THE ECONOMIC FRONT.

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[REPEATED AS REQUESTED]

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FM PARIS 141705Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 363 OF 14 MAY 1981

INFO PRIORITY UKDEL NATO UKREP BRUSSELS WASHINGTON OTHER EC POSTS  
INFO SAVING TO UKDEL STRASBOURG HM CONSULS GENERAL FRANCE

THE ACCESSION OF PRESIDENT MITTERRAND:  
A CONSTITUTIONAL CALENDAR

M

1. THERE IS NO CONSTITUTIONAL PRECEDENT UNDER THE FIFTH REPUBLIC FOR THE TRANSFER OF POWER TO THE OPPOSITION. VARIOUS PROBLEMS IN INTERPRETING THE CONSTITUTION HAVE EQUALLY NOT ARISEN BEFORE. WHAT FOLLOWS IS THEREFORE A BEST GUESS AT A LIKELY TIMETABLE OF EVENTS BETWEEN NOW AND THE END OF LEGISLATIVE ELECTIONS. THE TIMETABLE IS GIVEN IN SUMMARY FORM AS AN ANNEX.

2. THE FIRST UNCERTAINTY IS STILL ABOUT THE DATE ON WHICH PRESIDENT GISCARD'S MANDATE EXPIRES. THE ELYSEE SPOKESMAN SAID THIS MORNING THAT PRESIDENT GISCARD WISHED TO HAND OVER TO M MITTERRAND ON 19 MAY, THE 7TH ANNIVERSARY OF HIS ELECTION. BUT THE SPOKESMAN ADDED THAT M GISCARD WOULD BE GUIDED BY THE CONSTITUTIONAL COUNCIL. M MITTERRAND STILL APPEARS TO BE WORKING ON THE ASSUMPTION THAT M GISCARD'S MANDATE EXPIRES AT MIDNIGHT ON 24 MAY, THE ANNIVERSARY OF THE OFFICIAL PROCLAMATION OF M GISCARD'S ELECTION IN 1974. THIS LATTER DATE HAS THEREFORE BEEN USED IN THE ANNEXED TIME TABLE. TODAY'S STATEMENT BY THE ELYSEE IN ANY CASE CONTRADICTS YESTERDAY'S ELYSEE STATEMENT THAT THE LAST COUNCIL OF MINISTERS OF M GISCARD'S PRESIDENCY WOULD BE HELD ON 20 MAY. IT APPEARS THAT M GISCARD IS TRYING TO COVER HIMSELF AGAINST THE ACCUSATIONS, INCREASINGLY VOICED IN THE PRESS, THAT HE IS HANGING ON TO POWER.

3. M MITTERRAND'S FIRST ACT AS PRESIDENT WILL PROBABLY BE TO APPOINT A PRIME MINISTER. UNDER THE CONSTITUTION, IT IS FOR THE LATTER TO NAME HIS MINISTERS WHO ARE APPOINTED BY THE PRESIDENT. IN PRACTICE, UNDER THE FIFTH REPUBLIC, IT IS THE PRESIDENT WHO HAS THE DECISIVE SAY IN THE APPOINTMENT OF MINISTERS. ALTHOUGH M MITTERRAND HAS SAID THAT HE INTENDS TO RESTORE TO THE GOVERNMENT A DEGREE OF INDEPENDENCE FROM THE PRESIDENCY, IT IS LIKELY THAT HE WILL CHOOSE HIS OWN MINISTERS, AT LEAST IN THE FORMATION OF HIS FIRST GOVERNMENT. MINISTERIAL APPOINTMENTS ARE EXPECTED TO BE COMPLETED WITHIN A COUPLE OF DAYS OF M MITTERRAND'S INAUGURATION.

4. THERE ARE TWO NATURAL OCCASIONS WHEN M MITTERRAND MIGHT MAKE A FIRST STATEMENT OF POLICY, ALTHOUGH THERE IS NO REASON WHY HE SHOULD NOT USE OTHER WAYS TO MAKE HIS POLICIES KNOWN EG AT AN INAUGURAL CEREMONY OR IN A BROADCAST. IT IS TRADITIONAL FOR A NEW PRESIDENT TO SEND A MESSAGE TO PARLIAMENT, READ

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# CONFIDENTIAL

BY HIS PRIME MINISTER, SETTING OUT IN BROAD TERMS THE POLICY OF HIS ADMINISTRATION. THERE ARE NO RULES GOVERNING THE TIMING OF SUCH A MESSAGE. IN 1974 PRESIDENT GISCARD SENT A MESSAGE TO PARLIAMENT THREE DAYS AFTER HIS INAUGURATION. IT IS ALSO TRADITIONAL FOR THE FRENCH COUNCIL OF MINISTERS TO MEET ON WEDNESDAY MORNINGS. BUT THERE IS NO LEGAL REASON WHY THE FIRST COUNCIL OF MINISTERS UNDER M MITTERRAND'S PRESIDENCY SHOULD NOT BE HELD EARLIER THAN 27 MAY.

5. M MITTERRAND INTENDS TO PROCEED TO AN EARLY DISSOLUTION OF THE NATIONAL ASSEMBLY ALTHOUGH HE HAS GIVEN NO PRECISE INDICATION OF THE TIMING. ALL THAT THE CONSTITUTION REQUIRES IS THAT HE SHOULD CONSULT, BUT NOT OBTAIN THE AGREEMENT OF, THE PRIME MINISTER AND THE PRESIDENTS OF THE NATIONAL ASSEMBLY AND THE SENATE. IF M MITTERRAND SO WISHED, HE COULD ANNOUNCE THE DISSOLUTION ON HIS FIRST DAY IN OFFICE. ELECTIONS IN FRANCE ARE REQUIRED TO BE HELD ON A SUNDAY. A MINIMUM OF 20 DAYS AND A MAXIMUM OF 40 DAYS NOTICE IS REQUIRED FOR LEGISLATIVE ELECTIONS. IF M MITTERRAND DISSOLVED THE NATIONAL ASSEMBLY ON 25 MAY, IT WOULD BE POSSIBLE TO HOLD THE FIRST ROUND OF LEGISLATIVE ELECTIONS ON 14 JUNE. IT SEEMS MORE LIKELY HOWEVER THAT THE FIRST ROUND WILL BE ON 21 JUNE AND THE SECOND ON 28 JUNE. THE TIME TABLE FOR THE DESIGNATION OF SOCIALIST PARTY CANDIDATES IS BEING DRAWN UP ON THAT BASIS.

6. UNDER FRENCH ELECTORAL LAW, IF IN A CONSTITUENCY NO CANDIDATE WINS AN ABSOLUTE MAJORITY AT THE FIRST ROUND, A SECOND BALLOT IS HELD ON THE FOLLOWING SUNDAY. THOSE CANDIDATES WHO HAVE NOT OBTAINED TWELVE AND A HALF PERCENT OR MORE OF THE FIRST ROUND VOTE ARE ELIMINATED. OTHER CANDIDATES EITHER PROCEED TO THE SECOND ROUND OR STAND DOWN IN FAVOUR OF ANOTHER CANDIDATE REMAINING ON THE BALLOT PAPER. NO NEW CANDIDATES ARE PERMITTED TO ENTER THE LISTS BETWEEN ROUNDS. THE CANDIDATE OBTAINING A SIMPLE MAJORITY ON THE SECOND ROUND IS DECLARED ELECTED.

7. UNDER THE CONSTITUTION THE SPRING SESSION OF PARLIAMENT LASTS FOR A MAXIMUM OF 90 DAYS BEGINNING ON 2 APRIL. BUT AFTER LEGISLATIVE ELECTIONS PARLIAMENT MEETS AS OF RIGHT FOR 15 DAYS FROM THE SECOND THURSDAY FOLLOWING THE SECOND ROUND. THIS WOULD MEAN 9 JULY IF THE SECOND ROUND WERE ON 28 JUNE. IT WOULD BE POSSIBLE FOR THIS PARLIAMENTARY SESSION TO BE EXTENDED IF THIS WAS REQUESTED EITHER BY THE PRIME MINISTER OR BY A MAJORITY OF THE MEMBERS OF THE NATIONAL ASSEMBLY. M. DEFERRE, THE LEADER OF THE PARLIAMENTARY GROUP OF THE SOCIALIST PARTY IN THE NATIONAL ASSEMBLY SAID IN A RADIO INTERVIEW LAST NIGHT THAT PARLIAMENT MIGHT PERHAPS BE CALLED INTO EXTRAORDINARY SESSION FOR A PERIOD OF TWO, THREE OR FOUR WEEKS OR MORE FROM THE BEGINNING OF JULY.

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CONFIDENTIAL

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8. THERE IS NO REQUIREMENT FOR THE PRESIDENT TO APPOINT A NEW GOVERNMENT AFTER LEGISLATIVE ELECTIONS OR FOR THE GOVERNMENT TO SEEK A VOTE OF PARLIAMENTARY CONFIDENCE. IT IS EXPECTED HOWEVER THAT M. MITTERRAND WILL RESHUFFLE THE GOVERNMENT APPOINTED ON HIS INAUGURATION TO REFLECT THE COMPOSITION OF THE NEW PARLIAMENTARY MAJORITY. ONCE A NEW GOVERNMENT HAS BEEN APPOINTED, THE PRIME MINISTER WILL PROBABLY SEEK A VOTE OF CONFIDENCE FROM THE NATIONAL ASSEMBLY. THERE IS NO CERTAINTY HOWEVER AS TO WHEN THIS MIGHT TAKE PLACE. IT MIGHT EVEN BE POSSIBLE FOR SUCH A VOTE TO BE POSTPONED UNTIL THE AUTUMN.

9. THE TIME TABLE SET OUT IN THE ANNEX DOES NOT REFER TO NEGOTIATIONS BETWEEN THE PARTIES ON A CONTRACT OF GOVERNMENT. THIS WILL BE ONE OF THE KEY ISSUES IN THE COMING WEEKS. THE COMMUNIST PARTY (PCF) WILL NO DOUBT PRESS FOR EARLY DISCUSSIONS WITH THE PS, AND IN PARTICULAR, FOR COMMITMENTS ON THE EVENTUAL INCLUSION OF COMMUNIST MINISTERS. THE PCF WILL BE THE DEMANDEUR AND M. MITTERRAND, GIVEN THE MARGIN OF HIS MAJORITY IN THE PRESIDENTIAL ELECTION, HAS CONSIDERABLE ROOM FOR MANOEUVRE. A SPOKESMAN FOR THE PS HAS SAID THAT THE PARTY WILL DISCUSS THE QUESTION OF CONTACTS WITH OTHER LEFT WING PARTIES AT A MEETING ON 27 MAY. FROM THE PS' POINT OF VIEW IT WOULD PROBABLY BE TO THEIR ADVANTAGE TO POSTPONE SUBSTANTIVE DISCUSSIONS UNTIL AFTER LEGISLATIVE ELECTIONS.

## ANNEX

### POSSIBLE CONSTITUTIONAL CALENDAR

BY 20 MAY	OFFICIAL PROCLAMATION OF THE RESULT OF THE SECOND ROUND OF THE PRESIDENTIAL ELECTION BY THE CONSTITUTIONAL COUNCIL.
20 MAY	LAST COUNCIL OF MINISTERS UNDER PRESIDENT GISCARD.
MIDNIGHT ON 24 MAY	EXPIRY OF PRESIDENT GISCARD'S TERM OF OFFICE.
25 MAY	BEGINNING OF PRESIDENT MITTERRAND'S MANDATE. APPOINTMENT OF A PRIME MINISTER. MESSAGE TO PARLIAMENT (OPTIONAL, BUT TRADITIONAL)
25 - 27 MAY	NOMINATION OF MEMBERS OF THE NEW GOVERNMENT.
27 MAY	DISSOLUTION OF THE NATIONAL ASSEMBLY FIRST MEETING OF THE COUNCIL OF MINISTERS UNDER PRESIDENT MITTERRAND.

CONFIDENTIAL

/s/ JUNE

CONFIDENTIAL

21 JUNE FIRST ROUND OF LEGISLATIVE ELECTIONS.  
28 JUNE SECOND ROUND OF LEGISLATIVE ELECTIONS.  
9 JULY OPENING OF THE NEW PARLIAMENT.  
24 JULY CLOSURE OF PARLIAMENT IN REGULAR SESSION.  
FCO PLEASE PASS SAVING TO ALL EXCEPT HM CONSULS GENERAL FRANCE  
PETRIE  
(REPEATED AS REQUESTED)

*FCO/WHITEHALL  
WED.*

*d*  
CONFIDENTIAL



PP UKREP BRUSSELS

PP WASHINGTON

PP UKDEL NATO

PP ATHENS

PP BONN

PP BRUSSELS

PP COPENHAGEN

PP DUBLIN

PP THE HAGUE

PP LUXEMBOURG

PP ROME

GRS 810

CONFIDENTIAL

FM PARIS 141125Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 360 OF 14 MAY 1981

INFO PRIORITY UKREP BRUSSELS, WASHINGTON, UKDEL NATO AND OTHER EC POSTS

INFO SAVING UKDEL STRASBOURG AND HM CONSULS GENERAL FRANCE

MY TELNO 351: FRENCH PRESIDENTIAL ELECTION

1. M MITTERRAND YESTERDAY MADE HIS FIRST THOUGH STILL GUARDED POLITICAL INTERVENTION SINCE HIS STATEMENT ON SUNDAY NIGHT ACCEPTING VICTORY IN THE ELECTION.

2. ADDRESSING SOCIALIST PARTY (PS) PARLIAMENTARIANS, HE CONFIRMED IMPLICITLY THAT LEGISLATIVE ELECTIONS WOULD BE HELD IN THE NEAR FUTURE. M MITTERRAND SAID THAT HE WAS NOT JUST THE PRESIDENT OF THE SOCIALISTS BUT OF THE "GREAT POPULAR UNION" THAT HAD ELECTED HIM. AS PRESIDENT, HE INTENDED TO RESTORE THE INSTITUTIONAL BALANCE OF POWER BETWEEN THE PRESIDENCY AND PARLIAMENT. HE WOULD EXERCISE HIS PRESIDENTIAL POWERS TO THE FULL AND HE EXPECTED

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M Bullard  
M Ferguson  
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mf.

EXERCISE HIS PRESIDENTIAL POWERS TO THE FULL AND HE EXPECTED PARLIAMENT TO DO LIKEWISE.

3. M DEFERRE, MAYOR OF MARSEILLES AND LEADER OF THE PS PARLIAM-  
ENTARY GROUP, WHO IS A CLOSE ADVISER TO M MITTERRAND, SAID ON THE  
RADIO LAST NIGHT THAT THE TRANSITIONAL GOVERNMENT TO BE INSTALLED  
PENDING LEGISLATIVE ELECTIONS WOULD INCLUDE NOT JUST SOCIALISTS  
BUT ALSO LEFT RADICALS, LEFT-WING GAULLISTS AND PS SYMPATHISERS.  
HE ADDED THAT IT WOULD NOT BE APPROPRIATE TO HAVE COMMUNIST (PCF)  
MINISTERS SINCE THERE WAS NO AGREEMENT BETWEEN THE PS AND THE  
PCF ON A PROGRAMME OF GOVERNMENT. IN HIS VIEW THE PRIME MINISTER  
OUGHT TO BE A POLITICIAN SINCE HE WOULD NEED TO PREPARE FOR THE  
LEGISLATIVE ELECTIONS. M DEFERRE ADDED THAT IF A SERIOUS INTER-  
NATIONAL CRISIS OCCURRED BEFORE THE HANDOVER OF THE PRESIDENCY,  
IT WOULD BE M GISCARD'S DUTY TO CONSULT M MITTERRAND AND TO  
RESIGN.

4. A FURTHER POINTER TO M MITTERRAND'S INTENTIONS IS THAT MME  
NEIERTZ, A MEMBER OF M MITTERRAND'S INNER POLITICAL COUNCIL, TOLD  
THE AMBASSADOR YESTERDAY THAT NO ANNOUNCEMENT WOULD BE MADE  
ON THE APPOINTMENT OF A PRIME MINISTER UNTIL 24 MAY, THE DATE AT  
WHICH M MITTERRAND EXPECTED TO TAKE OVER. OTHER MINISTERIAL  
APPOINTMENTS WOULD BE COMPLETED IN THE FOLLOWING COUPLE OF DAYS.

5. THE PS HAS BEGUN TO PREPARE FOR LEGISLATIVE ELECTIONS. A  
NATIONAL CONVENTION OF THE PARTY WILL BE HELD ON 27 MAY TO DISCUSS  
CANDIDATURES. THE DESIGNATION OF CANDIDATES WILL BE COMPLETED  
BEFORE THE END OF THE MONTH. AT THE SAME TIME THE MANAGEMENT  
COMMITTEE OF THE PS WILL MEET TO DISCUSS RELATIONS WITH OTHER  
LEFT WING PARTIES.

6. THE TREND OF THE UDF AWAY FROM GISCARD AND TOWARDS ELECTORAL  
UNDERSTANDINGS WITH THE GAULLISTS IS CONTINUING. AFTER A MEETING  
LAST NIGHT BETWEEN M CHIRAC AND M LECANUET, THE PRESIDENT OF THE  
UDF, A JOINT COMMUNIQUE AFFIRMED THAT SUCCESS IN THE LEGISLATIVE  
ELECTIONS DEPENDED UPON AGREEMENT BETWEEN THE RPR AND THE UDF.  
AN ELECTORAL PACT WOULD BE SIGNED THAT WOULD TAKE INTO ACCOUNT  
THE CIRCUMSTANCES IN EACH CONSTITUENCY. IN SOME CONSTITUENCIES  
A COMMON CANDIDATE WOULD STAND. IN OTHERS THERE WOULD BE BOTH  
RPR AND UDF CANDIDATES IN THE FIRST ROUND. BUT IN SUCH CASES THE  
CANDIDATES WOULD AGREE TO AVOID MUTUAL RECRIMINATION, TO STAND DOWN  
IN FAVOUR OF THE BETTER PLACED CANDIDATE AFTER THE FIRST ROUND AND  
TO CAMPAIGN ACTIVELY IN THE SECOND ROUND IN FAVOUR OF THE REMAINING  
CANDIDATE. NEGOTIATIONS ON THE NOMINATION OF CANDIDATES WILL  
START FORTHWITH. SOME HARD BARGAINING IS TO BE EXPECTED. THE RPR  
WILL NO DOUBT WISH THEIR 155 INCUMBENTS TO BE GIVEN A FREE RUN.

START FORTHWITH. SOME HARD BARGAINING IS TO BE EXPECTED. THE RPR WILL NO DOUBT WISH THEIR 155 INCUMBENTS TO BE GIVEN A FREE RUN. BUT THE UDF MAY ARGUE THAT THEY SHOULD BE GIVEN SOME CREDIT FOR THE FACT THAT IN 124 OF THESE CONSTITUENCIES M GISCARD RAN AHEAD OF M CHIRAC IN THE FIRST ROUND OF THE PRESIDENTIAL ELECTION.

7. BUSINESS AND OTHER CIRCLES, WHO UNTIL RECENTLY SUPPORTED M GISCARD, HAVE BECOME INCREASINGLY CRITICAL OF TACTICS THAT WOULD PROLONG THE DIVISIONS ON THE RIGHT WING. THERE WAS FURTHER EVIDENCE YESTERDAY THAT M GISCARD MAY NOT AFTER ALL PLAY AN ACTIVE ROLE IN THE LEGISLATIVE ELECTION CAMPAIGN. FOLLOWING A MEETING WITH THE PRESIDENT, THE UDF INCUMBENT OF THE SEAT FORMERLY HELD BY M GISCARD CONFIRMED THAT M GISCARD DID NOT INTEND TO STAND AT THE LEGISLATIVE ELECTIONS.

8. IM ON THE ECONOMIC FRONT, REASSURING STATEMENTS BY SENIOR FIGURES IN THE SOCIALIST PARTY, AND THE SIGNS OF RAPPROCHEMENT BETWEEN THE UDF AND THE GAULLISTS, CONTRIBUTED TOWARDS A RALLY IN SHARE PRICES ON THE PARIS BOURSE YESTERDAY AFTER TWO DAYS OF DISORDERLY TRADING. M DELORS, ONE OF M MITTERRAND'S CLOSEST ECONOMIC ADVISERS, SAID IN A PRESS INTERVIEW THAT THERE WAS NO QUESTION OF PLUNDERING SHAREHOLDERS OF COMPANIES DESIGNATED FOR NATIONALISATION. COMPENSATION WOULD BE CALCULATED ON THE BASIS OF A LONG TIMESCALE AND INVESTORS SELLING SHARES IN THESE COMPANIES WERE DOING THEMSELVES A DISSERVICE. HE ALSO EXPRESSED OPPOSITION TO THE REINTRODUCTION OF PRICE CONTROLS: THE DECISION THE FREE PRICES HAVING CONTRIBUTED SIGNIFICANTLY TO IMPROVING COMPANY PROFIT MARGINS. M URI, ANOTHER SENIOR SOCIALIST PARTY ECONOMIC ADVISER, MADE AN EQUALLY REASSURING STATEMENT ON COMPENSATION AND SAID THAT THE CONTROVERSIAL 1973 TREASURY LOAN LINKED TO GOLD WOULD BE HONOURED IN FULL. ALTHOUGH THE OVERALL LEVEL OF SHARE PRICES REMAINED DEPRESSED THERE WAS ACTIVE TRADING IN THE SHARES OF SOME MAJOR COMPANIES NOW CONSIDERED TO BE SERIOUSLY UNDERVALUED.

9. THE FRANC HELD UP ON THE FOREIGN EXCHANGE MARKETS SLIGHTLY BETTER YESTERDAY ALTHOUGH IT REMAINED AT THE CROSS-RATES LIMIT WITH THE DM. THE BANQUE DE FRANCE AND BUNDESBANK INTERVENED IN SUPPORT, BUT ON A REDUCED SCALE COMPARED WITH THE PREVIOUS TWO DAYS.

FCO PLEASE PASS SAVING TO UKDEL STRASBOURG.

PETRIE.

GRS 800

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FM PARIS 131353Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 351 OF 13 MAY 1981

INFO PRIORITY UKREP BRUSSELS, WASHINGTON, UKDEL NATO.

INFO SAVING BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE,  
LUXEMBOURG, ROME, ATHENS, UKDEL STRASBOURG, HM CONSULS GENERAL  
FRANCE.

MY TELNO 346: FRENCH PRESIDENTIAL ELECTION

1. AFTER THIS MORNING'S MEETING OF THE COUNCIL OF MINISTERS IT WAS ANNOUNCED THAT PRESIDENT GISCARD HAD ACCEPTED THE RESIGNATION OF M. BARRE AND HIS GOVERNMENT. HAVING PAID TRIBUTE TO THE GOVERNMENT'S ACHIEVEMENTS, PRESIDENT GISCARD INSTRUCTED M. BARRE TO CONTINUE TO HANDLE CURRENT BUSINESS UNTIL A NEW GOVERNMENT IS INSTALLED. A LAST MEETING OF THE COUNCIL OF MINISTERS UNDER PRESIDENT GISCARD IS PLANNED FOR 20 MAY.
  
2. NOTHING WAS SAID AFTER THIS MORNING'S MEETING ABOUT M. GISCARD'S OWN PLANS. ELYSEE SOURCES ARE QUOTED ON THE RADIO AS SAYING THAT M. GISCARD WILL REMAIN AS PRESIDENT UNTIL THE EXPIRY OF HIS TERM OF OFFICE ON A DATE TO BE ESTABLISHED BY THE CONSTITUTIONAL COUNCIL. M. GISCARD HIMSELF APPEARS TO BELIEVE THAT HIS MANDATE RUNS UNTIL MIDNIGHT ON 24 MAY, THE ANNIVERSARY OF THE CONFIRMATION OF HIS ELECTION IN 1974 BY THE CONSTITUTIONAL COUNCIL. THE CONSENSUS OF CONSTITUTIONAL EXPERTS SEEMS TO BE MOVING IN THE SAME DIRECTION. BUT AS PROFESSOR DUVERGER, A MUCH RESPECTED AUTHORITY, POINTED OUT IN YESTERDAY'S LE MONDE, WHILE M. GISCARD'S EXERCISE OF POWER REMAINS LEGAL IT IS NO LONGER REGARDED AS LEGITIMATE. M. GISCARD WOULD BEAR A HEAVY RESPONSIBILITY FOR ENSURING A SMOOTH TRANSITION. M. DUVERGER POINTED OUT THAT THE LENGTH OF THE INTERREGNUM IN 1936 BEFORE THE INSTALLATION OF THE POPULAR FRONT GOVERNMENT HAD BEEN LARGELY RESPONSIBLE FOR THE OUTBREAK OF STRIKES BEFORE THE LEFT TOOK OVER.
  
3. SO FAR, THERE ARE NO SIGNS OF ANY SORT OF UNREST ON THE LEFT, BUT AS I AM REPORTING SEPARATELY THE BOURSE AND THE FOREIGN EXCHANGE MARKETS HAVE REACTED ADVERSELY TO M. MITTERRAND'S VICTORY. M. MITTERRAND HIMSELF IS BIDDING HIS TIME. HE IS BEING VERY CAREFUL TO ENSURE THAT HE CANNOT BE ACCUSED OF ROCKING THE BOAT BY MAKING ANY STATEMENT THAT COULD HAVE AN ADVERSE AFFECT ON THE EXCHANGES OR BUSINESS CONFIDENCE. THIS HAS THE ADVANTAGE THAT ANY DETERIORATION IN FRANCE'S CONDITION DURING THE INTERREGNUM CAN BE LAID TO M. GISCARD'S ACCOUNT. IT IS ODD THAT M. GISCARD SEEMS BLIND TO THIS OR DETERMINED NOT GIVE WAY GRACEFULLY BY, FOR EXAMPLE, HANDING OVER TO THE PRESIDENT OF THE SENATE.
  
4. TO ENSURE THAT HE IS NOT REQUIRED TO SHOULDER THE RESPONSIBILITY FOR ECONOMIC DEVELOPMENTS IN THE PERIOD BEFORE HIS ASSUMPTION OF THE PRESIDENCY, M. MITTERRAND ANNOUNCED DURING THE CAMPAIGN THAT ON HIS ELECTION HE WOULD COMMISSION FROM A BODY OF EXPERTS A /BALANCE

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BALANCE SHEET OF WHERE THE ECONOMY NOW STOOD. M. ALBERT, THE COMMISSIONER FOR THE PLAN, TOLD THE MINISTER YESTERDAY THAT HE WAS NOW ENGAGED IN SUCH AN EXERCISE. M. GISCARD, FOR HIS PART, HAS APPARENTLY INSTRUCTED M. BARRE TO PREPARE A COUNTER-ASSESSMENT OF THE ECONOMIC AND SOCIAL STATE OF FRANCE AT THE END OF HIS SEPTENNAT.

5. YESTERDAY THERE WERE THE FIRST SIGNS THAT BACK-BENCH UDF DEPUTIES ARE JIBBING AT FOLLOWING M. GISCARD INTO HEADLONG CONFRONTATION WITH THE GAULLISTS. WHEN THE LEADERSHIP OF THE UDF MET YESTERDAY MORNING IT APPARENTLY BACKED M. LECANUET'S REJECTION OF M. CHIRAC'S CALL FOR COMMON CANDIDATES TO REPRESENT THE NEW OPPOSITION IN THE FIRST ROUND OF THE FORTHCOMING LEGISLATIVE ELECTIONS. BUT THE UDF PARLIAMENTARY GROUP WHICH MET YESTERDAY AFTERNOON ADOPTED UNANIMOUSLY A COMMUNIQUE ADVOCATING A MORE CONCILIATORY APPROACH TO THE GAULLISTS. THE COMMUNIQUE DECLARED THAT A "DYNAMIC UNDERSTANDING" BETWEEN THE DIFFERENT TENDENCIES OF THE EXISTING PARLIAMENTARY MAJORITY WAS INDISPENSIBLE TO FEND OFF THE EXCESSES OF THE SOCIALIST AND COMMUNIST PROGRAMMES. THE GROUP THEREFORE INSTRUCTED ITS LEADER, M. CHINAUD, TO MEET THE LEADER OF THE RPR PARLIAMENTARY GROUP, M. LABBE, TO WORK OUT AN "ACTION PROGRAMME" FOR THE EXISTING MAJORITY AND TO EXAMINE ON A CONSTITUTION-BY-CONSTITUTION BASIS THE MEANS (EITHER SINGLE CANDIDATES OF AUTOMATIC WITHDRAWALS IN FAVOUR OF THE BEST PLACE CANDIDATE AT THE SECOND ROUND) FOR ACHIEVING THE SUCCESS OF THE PRESENT MAJORITY IN THE LEGISLATIVE ELECTIONS.

6. THE PRESS HAS INTERPRETED THIS MOVE BY UDF BACK-BENCHERS AS A DISAVOWAL OF THE ATTEMPTS BY BOTH M. GISCARD AND M. BARRE TO PUT THEMSELVES IN A POSITION TO LEAD THE NEW OPPOSITION. AFTER THE PARLIAMENTARY GROUP MEETING, M. CHINAUD SAID THAT HE DID NOT THINK EITHER M. GISCARD OR M. BARRE INTENDED TO PLAY A LEADERSHIP ROLE DURING THE FORTHCOMING ELECTION CAMPAIGN. HE ADDED THAT THE UDF PARLIAMENTARY GROUP HAD ENTRUSTED HIM WITH THIS TASK.

7. THE RPR PARLIAMENTARY GROUP ALSO MET YESTERDAY. M. CHIRAC IS REPORTED TO HAVE TOLD THE GROUP THAT HAD HE NOT STOOD IN THE FIRST ROUND OF THE PRESIDENTIAL ELECTION THE RESULT WOULD HAVE BEEN EVEN WORSE FOR PRESIDENT GISCARD: HE DENIED THAT HE WANTED TO BECOME THE LEADER OF THE OPPOSITION. HIS AIM WAS SIMPLY TO BECOME ONE OF ITS DYNAMIC ELEMENTS. M. CHIRAC HAS CALLED AN EXPANDED MEETING OF THE RPR CENTRAL COMMITTEE (PARLIAMENTARIANS PLUS PARTY WORKERS) FOR 17 MAY AT WHICH HE WILL MAKE A MAJOR SPEECH SETTING OUT HIS PROPOSALS FOR A COMMON PLATFORM BETWEEN THE UDF AND THE RPR. IN THE MEANTIME, BOTH M. CHABAN-DELMAS AND M. DEBRE HAVE ADDED THEIR WEIGHT -DIMINISHED BY THE ELECTION RESULT- TO THOSE APPEALING FOR UNITY IN THE NEW OPPOSITION.

FCO PLEASE PASS SAVING TO ALL EXCEPT CONSULS GENERAL FRANCE.

HIBBERT

FCO/WHITEHALL  
WED

[REPEATED AS REQUESTED]

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GRS 850  
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FM PARIS 131050Z MAY 81  
TO IMMEDIATE FCO

TELEGRAM NUMBER 349 OF 13 MAY 1981

INFO PRIORITY UKREP BRUSSELS WASHINGTON UKDEL NATO

INFO SAVING OTHER EC POSTS UKDEL STRASBOURG HM CONSULS FRANCE

PRESIDENTIAL ELECTION: ECONOMIC SCENE

1. THE FRENCH FINANCIAL AND BUSINESS COMMUNITY IS TAKING STOCK OF THE IMPLICATIONS OF M MITTERRAND'S VICTORY. THE PREVAILING MOOD IS NOT UNEXPECTEDLY ONE OF APPREHENSION AND UNCERTAINTY ALTHOUGH MOST MAJOR COMPANIES ARE ADOPTING A PUBLIC STANCE OF MEASURED CALM.

2. THE PARIS BOURSE IS TRADITIONALLY THE MOST SENSITIVE BAROMETER OF BUSINESS OPINION. THE NARROWNESS OF THE MARKET MAKES IT A PARTICULARLY VOLATILE INDICATOR. ON MONDAY, DEALING WAS SUSPENDED IN ALL SHARES AS PRICES PLUNGED RAPIDLY. YESTERDAY THE MARKET OPENED, THEN WAS TEMPORARILY SUSPENDED AND FINALLY RE-OPENED WITH UNDER HALF THE SHARES AVAILABLE FOR QUOTATION. SHARE PRICES IN COMPANIES LIABLE TO BE NATIONALISED FELL BY OVER 20 PER CENT IN SPITE OF DISCREET INTERVENTION BY THE LARGE STATE-OWNED INSTITUTIONAL INVESTORS. FRENCH SHARE PRICES ON INTERNATIONAL STOCK EXCHANGES DECLINED IN PARALLEL.

3. THE SECRETARY-GENERAL OF THE BOURSE AND THE RESPONSIBLE TRESOR OFFICIALS TOLD FINANCIAL COUNSELLOR THAT THE PRESENT PHASE OF NERVOUSNESS WAS LIKELY TO PERSIST FOR A DAY OR TWO BUT THAT THE MARKET WOULD RECOVER SOME OF ITS NERVE AND RESUME FULL OPERATIONS AT LEAST BY THE END OF THIS WEEK. HOWEVER PRICES WOULD REMAIN SHARPLY DEPRESSED, PERHAPS BY 20 TO 25 PERCENT FOR MAJOR INDUSTRIAL COMPANIES, WHICH WOULD REDUCE THE TOTAL CAPITALISATION OF FRENCH SHARES BY APPROXIMATELY F40BN. OBVIOUSLY SHARES IN COMPANIES ON THE NATIONALISATION LIST WOULD BE PARTICULARLY BADLY AFFECTED, AND PRICES WERE LIKELY TO SHOW SHARP VARIATIONS SECTOR BY SECTOR. THE DETERMINING FACTOR IN THE LONG RUN WOULD BE THE OUTCOME OF THE LEGISLATIVE ELECTIONS AT THE END OF JUNE.

4. FOR THE PAST TWO DAYS THE FRANC HAS BEEN AT ITS CROSS-RATE LIMITS AGAINST THE DM WITHIN EMS. THE BANQUE DE FRANCE HAS INTERVENED HEAVILY ON BOTH DAYS WITH THE BUNDESBANK IN SUPPORT YESTERDAY. ON MONDAY THE KEY BANQUE DE FRANCE DOMESTIC INDICATOR INTEREST RATE WAS RAISED SHARPLY FROM THIRTEEN AND A HALF PERCENT TO SIXTEEN PERCENT AND OVERNIGHT RATES ARE NOW AT THE HIGHEST LEVEL FOR MANY YEARS. FOREIGN EXCHANGE CONTROLS HAVE BEEN REINFORCED. INSTRUCTIONS HAVE BEEN SENT TO BORDER OFFICIALS TO CHECK DEPARTING FRENCH VEHICLES WITH PARTICULAR RIGOUR. IT IS NOT CLEAR HOW SUCCESSFUL THE REGULATIONS HAVE BEEN IN PREVENTING THE FLIGHT OF CAPITAL ABROAD THROUGH THE BANKS.

CONFIDENTIAL

TRESOR

TRESOR OFFICIALS ARE TAKING THE LINE THAT THE STRENGTH OF THE DOLLAR IS A SERIOUS COMPLICATING FACTOR BUT THEY EXPECT TO HOLD THE LINE FOR THE TIME BEING. THEY COMMENTED THAT THE FALL IN THE FRANC WAS NOT AS SHARP AS MANY COMMENTATORS HAD PREDICTED.

5. ALTHOUGH FRENCH GOLD AND FOREIGN EXCHANGE RESERVES ARE SUBSTANTIAL THERE IS NEVERTHELESS A LIMIT TO THE EXTENT TO WHICH THE BANQUE DE FRANCE CAN CONTINUE TO INTERVENE HEAVILY IF THE PRESENT PRESSURE ON THE FRANC IS MAINTAINED. TRESOR OFFICIALS REFUSE TO BE DRAWN ON THEIR CONTINGENCY PLANS. THE MOST LIKELY OPTIONS, IF THE PRESSURE CONTINUES, WOULD BE FOR THE FRENCH GOVERNMENT TO MAKE USE OF THE SHORT-TERM CREDIT FACILITIES AVAILABLE WITHIN EMS AND, IF NECESSARY, TO DEMAND A REALIGNMENT OF EMS PARITIES. THIS WOULD HAVE THE POLITICAL ADVANTAGE OF NOT GIVING SUCH A STARK APPEARANCE OF A FRANC DEVALUATION. TEMPORARY WITHDRAWAL FROM EMS WOULD BE ANOTHER OPTION BUT POLITICALLY LIKELY TO BE UNATTRACTIVE TO PRESIDENT GISCARD, AS LONG AS HE IS IN OFFICE, AND ALSO TO M MITTERRAND.

6. FRENCH COMPANIES, INCLUDING THOSE ON THE NATIONALISATION LIST, HAVE BEEN CAREFULLY AVOIDING PROVOCATIVE PUBLIC STATEMENTS. THE COMPAGNIE GENERALE D'ELECTRICITE AND PECHINEY-UGINE-KUHLMANN, FOR EXAMPLE, HAVE STATED PUBLICLY THAT THEY WERE CARRYING ON BUSINESS AS USUAL AND WOULD MAKE CONTACT WITH A NEW GOVERNMENT AT AN APPROPRIATE MOMENT; IN CONTACTS WITH MEMBERS OF THE EMBASSY THEY HAVE NOT CONCEALED THEIR DISQUIET. FOR THE TIME BEING THE COMPANIES HAVE LITTLE ALTERNATIVE BUT TO CONTINUE WITH THEIR WAIT AND SEE ATTITUDE. FOR THE PRIVATE BANKS, THE MAIN CONCERN SEEMS TO BE MANAGEMENT OF THEIR UNIT TRUST PORTFOLIOS. THE SUEZ FINANCE COMPANY, FOR EXAMPLE, TELL US THEY HOPE THAT SELF-RESTRAINT BY INVESTORS - FORTIFIED IF NECESSARY BY A FRANC PREMIUM SIMILAR TO THE OLD STERLING PREMIUM TO DISCOURAGE FRENCH INVESTORS FROM BUYING ABROAD - WILL HOLD THE POSITION UNTIL THE POLITICAL SITUATION CLARIFIES. IT WILL NOT BECOME CLEAR UNTIL AFTER THE COMPLETION OF THE PARLIAMENTARY ELECTIONS AT THE END OF JUNE TO WHAT EXTENT THE SOCIALIST PROGRAMME FOR NATIONALISATION OF 11 MAJOR COMPANIES AND OF THE FRENCH BANKING AND INSURANCE SECTORS CAN BE IMPLEMENTED.

7. IT IS STILL TOO SOON TO BE SURE WHETHER AFTER THE RECENT SHARP FALLS THE MARKETS WILL READJUST TO NEW LOWER LEVELS OR WHETHER THE DOWNWARD TRENDS WILL PERSIST. MUCH WILL DEPEND IN THE SHORT-RUN ON THE MINISTERIAL TEAM WHICH M MITTERRAND CHOOSES AND THE WAY IN WHICH HE SETS ABOUT THE PROBLEMS FACING HIM. BUT THE LONG PERIOD OF UNCERTAINTY WHICH LIES AHEAD BETWEEN NOW AND THE FORMATION OF A GOVERNMENT AFTER THE LEGISLATIVE ELECTIONS WILL MAKE INVESTMENT DECISIONS EXTREMELY DIFFICULT FOR FRENCH COMPANIES AND WILL PLACE CONSIDERABLE STRAIN ON THE FINANCIAL AND CORPORATE SECTORS AS A WHOLE.  
FCO PLEASE PASS SAVINGS TO ALL EXCEPT HM CONSULS FRANCE  
HIBBERT

FCO WHITEHALL  
WED

(REPEATED AS REQUESTED)

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[ COPIES SENT TO OUTSIDE  
RECIPIENTS OF FINANCIAL  
DIST: ]

GRS 980

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FM PARIS 121515Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 346 OF 12 MAY 1981

INFO PRIORITY UKREP BRUSSELS, WASHINGTON, UKDEL NATO.

INFO SAVING BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE,

LUXEMBOURG, ROME, ATHENS, UKDEL STRASBOURG, HM CONSULS GENERAL FRANCE.

MY TELNO 342: FRENCH PRESIDENTIAL ELECTION

1. THE REACTION OF THE DEFEATED PARTIES TO M. MITTERRAND'S ELECTION HAS BEEN OMINOUSLY UNGENEROUS. ATTEMPTS TO APPORTION BLAME FOR M. GISCARD'S DEFEAT AND MANOEUVRING FOR POSITION IN THE APPROACH TO LEGISLATIVE ELECTIONS HAVE NOW BEGUN IN EARNEST. ALL THE INDICATIONS ARE THAT THE ELECTORAL PERIOD IS GOING TO BE BITTERLY CONTESTED BETWEEN THE UDF AND RPR AS WELL AS BETWEEN BOTH OF THEM AND THE SOCIALIST PARTY, WITH THE COMMUNIST PARTY BEING ITS USUAL UNHELPFUL SELF.

2. M. GISCARD HAS NOT HIMSELF COMMENTED DIRECTLY ON THE RESULT SINCE THE STATEMENT WHICH HE MADE ON SUNDAY EVENING CONCEDED DEFEAT (MY TELNO 339, NOT TO ALL). THE ELYSEE SPOKESMAN INDICATED LAST NIGHT THAT M. GISCARD WOULD MAKE A STATEMENT IMMEDIATELY AFTER THE EXPIRY OF HIS MANDATE TO THOSE VOTERS WHO HAD GIVEN HIM THEIR CONFIDENCE IN SPITE OF THE CRITICISMS LEVELLED AGAINST HIM AND THE "PRE-MEDITATED TREASON" OF WHICH HE HAD BEEN VICTIM. M. GISCARD WOULD SET OUT THE PATH WHICH NEEDED TO BE FOLLOWED TO DEFEND THE ESSENTIAL INTERESTS OF FRANCE. THIS PATH WOULD BE NEITHER THAT OF "A POPULAR FRONT NOR A REACTIONARY CONFRONTATION BETWEEN RIGHT AND LEFT BUT A DEMOCRATIC UNION IN THE CENTRE OF FRENCH POLITICS".

3. THIS STATEMENT SEEMS TO SHOW THAT M. GISCARD DOES NOT INTEND TO WITHDRAW FROM POLITICS, EVEN TEMPORARILY, AS A RESULT OF HIS DEFEAT. BUT IT IS DIFFICULT TO SEE HOW HE CAN EXPECT TO BE THE RALLYING POINT FOR THOSE OPPOSED TO M. MITTERRAND. THE ELECTION HAS ALREADY SHOWN THAT A SIGNIFICANT SLICE OF THE GAULLIST ELECTORATE IS UNPREPARED TO FOLLOW HIM, AND HE CAN HARDLY INSPIRE HOPE OF VICTORY EVEN IN HIS FAITHFUL SUPPORTERS. ON TOP OF THIS THERE ARE LEGAL DOUBTS WHETHER AN EX-PRESIDENT IS ENTITLED TO TAKE A PLACE IN THE NATIONAL ASSEMBLY.

4. M. GISCARD'S STATEMENT FOLLOWED THE EARLIER MOVE BY M. CHIRAC, AS SOON AS THE ELECTION RESULT WAS KNOWN, TO ESTABLISH HIMSELF AS DE FACTO LEADER OF THE OPPOSITION. HIS APPEAL ON SUNDAY NIGHT WAS ADDRESSED TO ALL THOSE "ATTACHED TO THE VALUES OF LIBERTY AND

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PROGRESS" WHO WERE INVITED TO UNITE WITHOUT PARTISAN FEELING. HIS PROPOSAL YESTERDAY THAT THE FORMER PRESIDENTIAL MAJORITY SHOULD PUT FORWARD COMMON CANDIDATES IN EACH CONSTITUENCY WAS DESIGNED TO GUARANTEE THAT THE GAULLIST RPR WOULD PREDOMINATE ON THE CENTRE/RIGHT BRANCHES IN THE NATIONAL ASSEMBLY, WHERE THERE ARE AT PRESENT 154 RPR INCUMBENTS AS AGAINST 119 UDF. M. LECANUET, THE PRESIDENT OF THE UDF, HAS ALREADY REJECTED THIS PROPOSAL BY ANNOUNCING THAT THE UDF WOULD PRESENT CANDIDATES IN EACH CONSTITUENCY. HE SUGGESTED HOWEVER THAT BEFORE THE LEGISLATIVE ELECTIONS AGREEMENT SHOULD BE REACHED WITH THE RPR ON AUTOMATIC WITHDRAWALS AT THE SECOND ROUND IN FAVOUR OF THE BETTER PLACED CANDIDATE WHETHER HE WERE UDF OR RPR. THE SECRETARY GENERAL OF THE UDF, M. PINTON, HAS IN ADDITION CALLED ON M. GISCARD TO LEAD A UNION BRINGING TOGETHER THE UDF AND ALL THOSE WHO SHARE THE IDEALS OF LIBERTY AND JUSTICE.

5. M BARRE HAS ALSO STAKED A CLAIM TO SOME SORT OF LEADERSHIP. IN STATEMENTS YESTERDAY AND TODAY M BARRE HAS TAKEN ISSUE IN VERY SHARP TERMS WITH THOSE WHO HAD WEAKENED AND DIVIDED THE FORMER GOVERNING MAJORITY. M BARRE SAID THAT HE INTENDED TO STAND FOR ELECTION IN LYONS AT THE FORTHCOMING ELECTIONS. IT IS PERHAPS SIGNIFICANT THAT IN HIS DECLARATIONS M BARRE HAS MADE NO REFERENCE TO M GISCARD AS THE LEADER OF THE NEW OPPOSITION. IT IS BEING ASSUMED IN PARIS THAT M BARRE INTENDS TO BE SEEN AS BEING "EN RESERVE DE LA REPUBLIQUE".

6. THE TONE OF PRESS COMMENT IS UNYIELDINGLY PARTISAN, WITH LE FIGARO WHICH IS CLOSE TO M GISCARD TRYING TO INSIST THAT THE QUESTION CAN BE REDUCED TO THE SIMPLE ONE OF FIGHTING COMMUNISM AND HINTING AT THE OVERTHROW OF THE LEFT BEFORE LONG PROVIDED ONLY THE BATTLE IS FOUGHT HARD ENOUGH.

7. MEANWHILE, THERE IS STILL UNCERTAINTY ABOUT THE EXACT DATE FOR THE TRANSFER OF POWER. TO ADD TO THE CONFUSION, SOME CONSTITUTIONAL EXPERTS HAVE SUGGESTED THAT M GISCARD'S TERM ENDS NEITHER ON 24 MAY NOR 27 MAY BUT ON 19 MAY, THE ANNIVERSARY OF THE SECOND ROUND OF THE 1974 PRESIDENTIAL ELECTION. IT LOOKS AS IF THE CONSTITUTIONAL COUNCIL WILL EVENTUALLY HAVE TO ADJUDICATE. IT HAS IN ANY CASE TO DECLARE OFFICIALLY THE RESULT OF THE PRESIDENTIAL ELECTION BEFORE 20 MAY. THE TIMING OF THIS DECLARATION MAY DECIDE THE TIMING OF EVERYTHING ELSE. THERE IS NO SIGN THAT M GISCARD INTENDS TO HASTEN HIS DEPARTURE. IN THE PRESS THERE HAS BEEN UNFAVOURABLE COMPARISON DRAWN BETWEEN THE MOROSENESS WITH WHICH THE GISCARDIANS HAVE REACTED TO DEFEAT AND THE DIGNIFIED WAY IN WHICH GENERAL DE GAULLE RAPIDLY LEFT THE ELYSEE ON THE DAY FOLLOWING HIS DEFEAT IN THE REFERENDUM IN 1969.

8. M MITTERRAND HAS HIMSELF MADE NO PARTICULAR POLITICAL MOVE SINCE HIS VICTORY STATEMENT ON SUNDAY EVENING MAKING A BID TO BE PRESIDENT OF ALL THE FRENCH. HE WILL APPARENTLY MAKE NO DECLARATION BEFORE THE OFFICIAL PROCLAMATION OF THE RESULT. FOR

CONFIDENTIAL

THE MOMENT HE CAN AFFORD TO SIT BACK AND LET THE NEW OPPOSITION  
REND ITSELF. HE SPENT YESTERDAY IN CONSULTATIONS WITH HIS ADVISORS.

A TRANSITIONAL WORKING GROUP HAS APPARENTLY BEEN SET UP, BUT  
ITS COMPOSITION HAS NOT BEEN ANNOUNCED. LIKE EVERYONE ELSE, THE  
PS WAS TAKEN BY SURPRISE BY M MITTERRAND'S VICTORY. THERE IS  
LITTLE EVIDENCE THAT THE ORGANISATIONAL PROBLEMS OF TAKING OVER  
GOVERNMENT HAD BEEN ADDRESSED WITHIN THE PARTY. THERE IS NO  
TRADITION OF CHANGE OF GOVERNMENT UNDER THE FIFTH REPUBLIC, AND  
PRESIDENT GISCARD WOULD HAVE STAMPED ON ANY SUGGESTION THAT CHANGE  
WAS POSSIBLE. AS A RESULT THE CIVIL SERVICE TOO APPEARS TO HAVE  
BEEN TAKEN UNPREPARED. BUT CONTACTS BETWEEN M MITTERRAND'S TEAM  
AND THE ADMINISTRATION, INCLUDING THE ELYSEE STAFF, ARE NOW REPORTED  
TO BE UNDERWAY.

9. M MAUROY, M MITTERRAND'S SPOKESMAN, SAID THIS MORNING ON THE  
RADIO THAT NOT JUST THE SOCIALISTS AND THE COMMUNISTS BUT ALSO  
THE LEFT RADICALS, THE ECOLOGISTS AND THE LEFT-WING GAULLISTS  
WOULD BE INVOLVED IN THE DISCUSSION OF A CONTRACT OF GOVERNMENT.  
THIS DISCUSSION WOULD TAKE PLACE BETWEEN THE PARTIES THEMSELVES  
ALTHOUGH HE DID NOT INDICATE WHEN THIS WOULD BE. HE ADDED THAT  
THE DECISIONS OF THE NEW GOVERNMENT TEAM WOULD NOT BE MADE PUBLIC  
BEFORE 24 MAY.

FCO PLEASE PASS SAVING ADDRESSEES EXCEPT HM CONSULS GENERAL  
FRANCE.

HIBBERT.

[REPEATED AS  
REQUESTED]

FCO/WHITEHALL  
WED

GR 320

RESTRICTED

RESTRICTED

FM MOSCOW 121209Z MAY 81

TO ROUTINE F C O

TELEGRAM NUMBER 263 OF 12 MAY

INFO PARIS

SAVING FOR INFO BONN, UKDEL NATO AND WASHINGTON

*MB*

*France*

**ELECTION OF MITTERRAND : SOVIET REACTION**

1. THE SOVIET UNION HAS SO FAR BEEN CAREFUL TO AVOID DIRECT COMMENT ON MITTERRAND'S ELECTION VICTORY. THIS RESTRAINT PROBABLY REFLECTS DISAPPOINTMENT AS WELL AS NATURAL CAUTION, BUT THE OVERALL ATTITUDE APPEARS TO BE "WAIT AND SEE".
2. A MESSAGE FROM BREZHNEV (PRAVDA, MAY 12) CONGRATULATED MITTERRAND AND WISHED HIM SUCCESS. IT ALSO REFERRED TO THE TRADITIONAL RELATIONS OF FRIENDSHIP AND COOPERATION BETWEEN THE TWO COUNTRIES AND EXPRESSED THE HOPE THAT THE TWO COUNTRIES WOULD CONTINUE TO PROMOTE EAST/WEST UNDERSTANDING. IT WAS THEREFORE SLANTED TOWARDS BILATERAL RELATIONS RATHER THAN STRIKING A PERSONAL NOTE.
3. PRESS COMMENT HAS BEEN LARGELY FACTUAL. MITTERRANDS TELEVISION ADDRESS HAS BEEN QUOTED BRIEFLY. MORE SPACE HAS BEEN GIVEN TO COMMENTS BY MARCHAIS, IN PARTICULAR HIS STRESS ON THE ROLE PLAYED BY COMMUNIST VOTES IN MITTERRAND'S VICTORY AND MITTERRAND'S INABILITY TO CARRY OUT PROGRESSIVE POLICIES WITHOUT PCF SUPPORT. PIECES IN TASS AND IZVESTIA HAVE POINTED TO DISSATISFACTION WITH ECONOMIC POLICIES AS THE MAIN REASON FOR GISCARD'S DEFEAT (TASS ALSO NOTED " THE ATMOSPHERE OF DISCORD" WITHIN THE GOVERNMENT COALITION).
4. A PRE-ELECTION ARTICLE IN PRAVDA (9 MAY) WHILE CAREFUL TO AVOID THE CRITICISM OF MITTERRAND WHICH HAD CHARACTERISED SOVIET COMMENT AT THE BEGINNING OF THE CAMPAIGN (MADDENS LETTER TO MANNING OF 19 MARCH) EXPRESSED MISGIVINGS ABOUT CERTAIN ASPECTS OF HIS FOREIGN POLICY. HE HAD ADVOCATED A HARD LINE IN DIALOGUE WITH THE EAST, HIS POSITION ON MEDIUM RANGE MISSILES WAS "UNCLEAR", AND HIS VIEW OF CAMP DAVID WAS CLOSE TO THAT TAKEN IN WASHINGTON AND TEL AVIV. A PIECE IN TODAY'S SOVIETSKAYA ROSSIYA HOWEVER DREW ATTENTION TO HIS CALL FOR A RESTRUCTURING OF NATO AND REDUCTION OF US INFLUENCE, AND SUMMED UP THE PRESENT SOVIET ATTITUDE: "ONLY THE FUTURE WILL SHOW WHAT POLICY FRANCE WILL FOLLOW UNDER MITTERRAND".

FCO PSE PASS TO SAVING ADDRESSEES.

BROOKE TURNER

[REPEATED AS REQUESTED]

FCO/WHITEHALL

WED

RESTRICTED

PAFO 0014/11

*MU forced  
to change news 115*

**FLASH**  
**ADVANCE COPY**

ZZ FCO

Hd. WED (FCO/WH),

*France*

PP UKREP BRUSSELS

Ps

Ps/Lps,

Ps/Pus,

PP WASHINGTON

Siv E. Youde,

Mr. Bullard,

Mr. Ferguson,

PP UKDEL NATO

Ps/20.10, Downing St (for Duty, Clark),

D20 Cabinet office,

R.c. (10x).

GRS 520

CONFIDENTIAL

FM PARIS 111808Z MAY 81

TO F L A S H FCO

TELEGRAM NUMBER 344 OF 11 MAY 1981

INFO PRIORITY UKREP BRUSSELS, WASHINGTON AND UKDEL NATO

INFO SAVING OTHER EC POSTS, UKDEL STRASBOURG AND HM CONSULS

GENERAL FRANCE

MY 2 IPTS: PRESIDENTIAL ELECTION: THE FRENCH SOCIALIST PARTY

1. THE SOCIALIST PARTY, OF WHICH M MITTERRAND WAS FIRST SECRETARY FROM 1971 UNTIL JANUARY THIS YEAR WHEN HE RESIGNED TO BECOME PRESIDENTIAL CANDIDATE, IS NOT A COHESIVE BODY. FACTIONS REPRESENTING THE CONSTITUENT ELEMENTS WHICH CAME TOGETHER IN THE EARLY 1970S TO FORM THE MODERN SOCIALIST PARTY HAVE MAINTAINED THEIR SEPARATE IDENTITY WITHIN THE PARTY. M MITTERRAND'S SKILL AS PARTY LEADER HAS BEEN TO MANOEUVRE WITHIN A CHANGING COALITION OF FACTIONS TO SECURE AND MAINTAIN HIS PREDOMINANCE.

2. M MITTERRAND'S OWN FACTION REPRESENTS ABOUT 40% OF THE PARTY'S STRENGTH IN THE COUNTRY (THERE ARE ABOUT 180,000 PAID-UP PARTY MEMBERS). IN THE IMAGE OF ITS LEADER, THE MITTERRAND FACTION IS UNDOCTRINAIRE IN ITS APPROACH. ITS POLICIES ARE ESSENTIALLY THOSE OF M MITTERRAND HIMSELF. SINCE THE CONGRESS AT METZ IN 1979, M MITTERRAND HAS BEEN ALLIED WITH THE LEFT-WING CERES FACTION LED BY M JEAN-PIERRE CHEVENEMENT. M CHEVENEMENT WAS RESPONSIBLE FOR DRAFTING THE PROJET SOCIALISTE, THE MARXIST-FLAVOURED MANIFESTO OF THE SOCIALIST PARTY ADOPTED AT THE CONGRESS OF METZ. M MITTERRAND DISTANCED HIMSELF FROM THIS IN HIS PRESIDENTIAL ELECTION CAMPAIGN SAYING THAT WHILE HE REGARDED THE PROJET SOCIALISTE AS ONE OF HIS SOURCES OF INSPIRATION HE WAS NOT BOUND BY ITS EVERY LETTER. AT METZ, CERES CLAIMED 14% OF THE PARTY'S MEMBERS, BUT IT HAS PROBABLY BEEN IN DECLINE SINCE.

LETTER. AT METZ, CERES CLAIMED 14% OF THE PARTY'S MEMBERS, BUT IT HAS PROBABLY BEEN IN DECLINE SINCE.

3. THE TWO MINORITY FACTIONS OF THE PS ARE LED BY M MAUROY, THE MAYOR OF LILLE, AND M ROCARD, WHO LAST YEAR UNSUCCESSFULLY CHALLENGED M MITTERRAND FOR THE PS' PRESIDENTIAL NOMINATION. MESSRS MAUROY AND ROCARD WERE SUPPORTED AT METZ BY 14% AND 20% RESPECTIVELY OF THE PARTY'S MEMBERS. M MAUROY REPRESENTS THE TRADITION OF WORKING-CLASS SOCIALISM IN NORTHERN FRANCE. M ROCARD, WHO DID NOT JOIN THE SOCIALIST PARTY UNTIL 1974, IS CLOSER TO THE SOCIAL DEMOCRAT TRADITION ELSEWHERE IN NORTHERN EUROPE.

4. ALTHOUGH THE SUPPORTERS OF M MAUROY AND M ROCARD HAVE NO FORMAL POSITIONS IN THE PARTY HIERARCHY, M MAUROY HAS PLAYED AN IMPORTANT ROLE IN THE PRESIDENTIAL ELECTION CAMPAIGN AS M MITTERRAND'S SPOKESMAN. HE IS LIKELY TO BE REWARDED WITH HIGH OFFICE. HE IS A POSSIBLE PRIME MINISTER. M ROCARD, WHO HAVING BEEN HELD ASIDE FROM THE EARLY STAGES OF THE CAMPAIGN, WAS MANDATED BY M MITTERRAND ON THE EVE OF THE SECOND ROUND TO ANSWER CRITICISMS FROM M GISCARD THAT THE MITTERRAND ECONOMIC POLICIES WERE EXTREMIST. ACCORDING TO THE OPINION POLLS, M ROCARD IS STILL WITH MME VEIL ONE OF THE MOST POPULAR POLITICIANS IN FRANCE. IN VIEW OF HIS CONTINUING RIVALRY WITH M MITTERRAND IT SEEMS UNLIKELY THAT HE WILL BE APPOINTED AS PRIME MINISTER. M MITTERRAND COULD PUT M ROCARD'S ECONOMIC EXPERTISE TO GOOD USE AT THE MINISTRIES OF FINANCE OR INDUSTRY.

5. ALL THAT M MITTERRAND HAS SO FAR SAID ABOUT AN INTERIM (PRE-LEGISLATIVE ELECTIONS) GOVERNMENT IS THAT IT WOULD BE COMPOSED OF MEN AND WOMEN WHO HAD SUPPORTED THE OPTIONS THAT HE HAD PUT FORWARD DURING HIS CAMPAIGN. IT IS NOT YET CLEAR WHETHER THIS WILL BE A GOVERNMENT OF TECHNOCRATS OR WHETHER HE WILL FROM THE OUTSET CONSTITUTE A GOVERNMENT IN WHICH PROMINENT SOCIALISTS TAKE THE LEAD.

FOO PLEASE PASS ALL SAVING ADDRESSEES EXCEPT HM CONSULS GENERAL FRANCE.

HIBBERT.

*[James Lewis, as requested]*

NNNN

PP UKREP BRUSSELS

FLASH

PP WASHINGTON

Hd. WED (FCO/WH),

PP UKDEL NATO

PS<sup>2</sup>

PS/LPS

PS/PUS

GRS 950

Sir E. Yorke,

CONFIDENTIAL

Mr. Bullard,

FM PARIS 111735Z MAY 81

Mr. Ferguson,

TO FLASH FCO

PS/No. 10, Downing St. (for Duty Officer),

TELEGRAM NUMBER 343 OF 11 MAY 1981

D/O, Cabinet Office,

R.C. (10x)

INFO PRIORITY UKREP BRUSSELS WASHINGTON UKDEL NATO

INFO SAVING BONN BRUSSELS COPENHAGEN DUBLIN THE HAGUE LUXEMBOURG

ROME ATHENS UKDEL STRASBOURG HM CONSULS GENERAL FRANCE MOSCOW

MIPT PRESIDENTIAL ELECTION

MONSIEUR FRANCOIS MITTERRAND

1. M. MITTERRAND'S ELECTION AS PRESIDENT CROWNS A POLITICAL CAREER SPANNING THE WHOLE PERIOD SINCE THE WAR. HE SUCCEEDS AT THE THIRD ATTEMPT, HAVING FAILED IN 1965 AND AGAIN, NARROWLY IN 1974. DOGGED PERSISTENCE HAS BEEN ONE OF THE MAIN CHARACTERISTICS OF HIS POLITICAL LIFE.

2. BORN IN 1916, THE SON OF A PROVINCIAL RAILWAY OFFICIAL, M. MITTERRAND HAS THREE BROTHERS WHO HAVE MADE SUCCESSFUL CAREERS: ONE AN AIR FORCE GENERAL AND NOW PRESIDENT OF AEROSPATIALE, ONE PRESIDENT OF HAVAS AND ONE A PROFESSOR AT THE SORBONNE. HE TRAINED AS A LAWYER IN PARIS. HE WAS WOUNDED IN ACTION DURING THE FRENCH CAMPAIGN AND CAPTURED BY THE GERMANS. HE ESCAPED, CHARACTERISTICALLY AT THE THIRD ATTEMPT, SETTLED IN THE UNOCCUPIED PART OF FRANCE AND BECAME AN ACTIVE MEMBER OF THE RESISTANCE. IN THE LAST DAYS OF THE RECENT CAMPAIGN M. MITTERRAND'S OPPONENTS QUESTIONED HIS RESISTANCE RECORD. BUT GENERAL DE GAULLE WAS SUFFICIENTLY SATISFIED WITH HIM IN 1944 TO MAKE HIM SECRETARY GENERAL FOR PRISONERS AND DEPORTEES. AT THE END OF THE WAR, M. MITTERRAND BECAME DEPUTY FOR THE NIEVRE, AN AREA OF NORTH CENTRAL FRANCE THAT HE HAS REPRESENTED IN THE NATIONAL ASSEMBLY OR, BRIEFLY, IN THE SENATE EVER SINCE. IN 1944 HE MARRIED DANIELLE GOUZE, WHO HAD HERSELF A GOOD RECORD IN THE RESISTANCE. THEY HAVE TWO SONS.

3. UNDER THE 4TH REPUBLIC M. MITTERRAND WAS A MEMBER OF SEVERAL ADMINISTRATIONS, SOME OF THEM FAR FROM LEFT WING. WHEN HE FIRST

3. UNDER THE 4TH REPUBLIC M. MITTERRAND WAS A MEMBER OF SEVERAL ADMINISTRATIONS, SOME OF THEM FAR FROM LEFT WING. WHEN HE FIRST TOOK OFFICE, HE WAS THE YOUNGEST MINISTER TO BE APPOINTED SINCE THE 19TH CENTURY. AMONG HIS MINISTERIAL POSTS HIS PRINCIPAL ONES WERE MINISTER FOR EX-SERVICEMEN AND WAR VICTIMS, MINISTER FOR OVERSEAS FRANCE AND MINISTER OF THE INTERIOR. M. MITTERRAND WAS ONE OF THE FEW FRENCH POLITICIANS TO OPPOSE GENERAL DE GAULLE'S RETURN TO POWER IN 1958, NOT SO MUCH BECAUSE HE DID NOT FAVOUR STRENGTHENING THE EXECUTIVE AT THE EXPENSE OF PARLIAMENT BUT BECAUSE HE CONSIDERED THAT GENERAL DE GAULLE HAD BEEN IMPOSED ON FRANCE BY THE ARMED FORCES.

4. SINCE 1958 M. MITTERRAND HAS BEEN THE DE FACTO LEADER OF THE OPPOSITION. HIS POLITICAL FORTUNES HAVE EBBED AND FLOWED BUT HE HAS NEVER GIVEN UP HIS ATTEMPT TO CREATE A MAJORITY THAT WOULD ALLOW THE LEFT TO ACCEDE TO POWER. FROM 1971 UNTIL THE BEGINNING OF THIS YEAR, WHEN HE GAVE UP THE POST TO RUN FOR THE PRESIDENCY, M. MITTERRAND WAS FIRST SECRETARY OF THE RENOVATED SOCIALIST PARTY (PS). UNDER HIS LEADERSHIP THE PS HAS GROWN TO BECOME THE DOMINANT FORCE ON THE LEFT OF FRENCH POLITICS. M. MITTERRAND, THE SUPREME PARTY TACTICIAN, HAS THE DISTINCTION OF HAVING HELD THE WARRING FACTIONS OF THE PS TOGETHER DURING ITS LONG PERIOD OF OPPOSITION AND OF DIFFICULT RELATIONS WITH THE COMMUNIST PARTY (PCF).

5. M. MITTERRAND HAS ALWAYS MAINTAINED THAT THE ONLY WAY THE SOCIALISTS COULD HOPE TO COME TO POWER WAS WITH THE SUPPORT OF THOSE VOTERS WHO HAD TRADITIONALLY SUPPORTED THE PCF. FROM 1972-7 HE TOOK THE PS INTO ALLIANCE WITH THE PCF, BUT THE ALLIANCE COLLAPSED BEFORE THE 1978 LEGISLATIVE ELECTIONS WHEN M. MITTERRAND REJECTED THE PCF'S ATTEMPTS TO DICTATE THE TERMS OF THE REVISION OF THE COMMON PROGRAMME OF GOVERNMENT WHICH HAD BEEN DRAWN UP IN 1972. SINCE THEN, RELATIONS BETWEEN M. MITTERRAND AND THE PCF AT LEADERSHIP LEVEL HAVE BEEN STRAINED. BUT M. MITTERRAND HAS NEVER ABANDONED HIS BELIEF THAT THE PS COULD NOT AFFORD TO TURN ITS BACK ON PCF VOTERS.

6. M. MITTERRAND IS NOT A DOCTRINAIRE SOCIALIST. KEEN ON BOOKS AND PAINTING ADDICTED TO WRITING AND REPUTEDLY PLEASURE LOVING, HE SEEMS TO BE MOSTLY A HUMANIST WITH EGALITARIAN INSTINCTS AND A SENSE OF PUBLIC RESPONSIBILITY. HE IS ON THE SIDE OF THE UNDERDOG AND IS CONCERNED ABOUT THE WELFARE OF PEOPLE IN GENERAL, BUT HE IS BY NATURE ALOOF. HE HAS FEW PERSONAL FRIENDS AND IS NOT MUCH INCLINED TO SHARE CONFIDENCES. HIS UNRIVALLED STATURE WITHIN THE PS HAS CREATED A COURT LIKE ATMOSPHERE WHERE

WITHIN THE PS HAS CREATED A COURT LIKE ATMOSPHERE WHERE THOSE IN FAVOUR RISE FAST, BUT THOSE WHO CROSS HIM ARE EXCLUDED FROM HIS COUNSELS. THERE IS NO DOUBT ABOUT HIS UNDERSTANDING OF THE ELEMENTS OF POWER AND HIS ABILITY AND WILLINGNESS TO USE THEM.

7. DURING THE ELECTION CAMPAIGN M. MITTERRAND MANAGED TO APPEAR VERY CALM AND SELF-POSSESSED. THERE WAS A GOOD DEAL OF ART IN THIS, BUT ALSO A FAIR AMOUNT OF NATURE. HE HAS REMAINED A TOUGH AND RUTHLESS POLITICIAN CAPABLE OF BITING CRITICISM OF HIS OPPONENTS. BUT THIS SIDE OF HIS CHARACTER HAS BEEN LITTLE IN EVIDENCE RECENTLY. ON THE WHOLE HE SUCCEEDED IN PRESENTING A REASSURING IMAGE TO THE ELECTORATE.

8. M. MITTERRAND HAS RECENTLY GIVEN LITTLE HINT OF HIS VIEWS ABOUT BRITAIN. IN LAST WEEK'S TELEVISION DEBATE HE DID NOT RISE TO QUESTIONS ABOUT BRITISH MEMBERSHIP OF THE COMMUNITY AND HE IS IN FAVOUR OF ENLARGEMENT. THERE IS NO SIGN THAT HE HAS THOUGHT VERY MUCH ABOUT RELATIONS WITH THE UK. M. MITTERRAND SPEAKS LITTLE ENGLISH AND BRITAIN DOES NOT SEEM TO HAVE ATTRACTED A GREAT DEAL OF ATTENTION FROM HIM, BUT WHEN HE VISITED THE UK IN OCTOBER 1977 AS A GUEST OF THE LABOUR PARTY HE MADE A GOOD AND AMIABLE IMPRESSION ON THE LABOUR MINISTERS IN POWER AT THE TIME.

9. PERHAPS THE MOST IMPORTANT SINGLE POINT TO BE MADE ABOUT M. MITTERRAND IS THAT HE HAS FOLLOWED HIS OWN LINE OVER MANY YEARS AGAINST MUCH CRITICISM AND IN DEFIANCE OF MOST POPULAR WISDOM, BUILDING THE SOCIALIST PARTY UP BY THE UNION OF THE LEFT AND BUILDING IT STILL FURTHER WHEN THE UNION OF THE LEFT WAS SABOTAGED, AND FINALLY BEING REWARDED BY THE SWING OF THE LEFT-WING ELECTORATE AWAY FROM THE COMMUNIST PARTY A FORTNIGHT AGO. HE IS A FORMIDABLE 'LONER' AND HIS POLICIES ARE LIKELY TO ANNOUNCE THEMSELVES IN DUE COURSE BY DEEDS RATHER THAN BY WORDS.

FCO PSE PASS SAVINGS TO ALL EXCEPT HM CONSULS GENERAL FRANCE

HIBBERT

*[Savings, as requested]*

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ZZ FCO

PP UKREP BRUSSELS

PP WASHINGTON

PP UKDEL NATO

QRS 700

CONFIDENTIAL

FM PARIS 111735Z MAY 81

TO F L A S H FCO

TELEGRAM NUMBER 342 OF 11 MAY 1981

INFO PRIORITY UKREP BRUSSELS, WASHINGTON AND UKDEL NATO

INFO SAVING OTHER EC POSTS, UKDEL STRASBOURG AND HM CONSULS GENERAL FRANCE

FRENCH PRESIDENTIAL ELECTION

1. AFTER THE EVENTS OF LAST NIGHT WHEN M MITTERRAND'S VICTORY TOOK MOST OF THE FRENCH POLITICAL WORLD BY SURPRISE, TODAY HAS BEEN A DAY OF RELATIVE CALM AS THE DIFFERENT POLITICAL FORMATIONS HAVE BEGUN TO CONSIDER URGENTLY THEIR STRATEGY FOR THE LEGISLATIVE ELECTIONS CONFIDENTLY EXPECTED TOWARDS THE END OF JUNE.
2. M MITTERRAND DID NOT RETURN TO PARIS UNTIL THE EARLY HOURS OF THIS MORNING. HE HAS MADE NO STATEMENT TODAY. NO OTHER PROMINENT SOCIALIST HAS SO FAR COMMENTED ON THE NEW POLITICAL SITUATION.
3. M MARCHAIS ANNOUNCED LAST NIGHT THAT A CENTRAL COMMITTEE MEETING OF THE COMMUNIST PARTY WOULD BE HELD EARLY THIS WEEK. IN HIS MESSAGE OF CONGRATULATIONS TO M MITTERRAND, M MARCHAIS SAID THAT THE PCF WAS READY TO RESUME ITS RESPONSIBILITY IN GOVERNMENT AS AT ALL LEVELS OF NATIONAL LIFE. PENDING THE CENTRAL COMMITTEE MEETING THERE HAS BEEN NO FURTHER PCF STATEMENT.
4. M GISCARD HAS REMAINED OUTSIDE PARIS BUT HAS GIVEN INSTRUCTIONS THAT M MITTERRAND SHOULD BE IMMEDIATELY INFORMED ABOUT THE MOST IMPORTANT CURRENT DIPLOMATIC TELEGRAMS AND BE GIVEN ACCESS AS SOON AS POSSIBLE TO KEY DEFENCE INFORMATION. M BARRE TODAY ANNOUNCED THAT HE INTENDED TO SUBMIT HIS RESIGNATION AND THAT OF HIS GOVERNMENT TO M GISCARD BEFORE THE END OF M GISCARD'S TERM OF OFFICE. THERE IS STILL SOME UNCERTAINTY WHETHER THIS WILL BE 24 OR 27 MAY. CRITICISING THAT FRACTION OF THE MAJORITY WHO HE THOUGHT HAD PLAYED DOUBLE OR QUITS WITH THE FATE OF THE FIFTH REPUBLIC, M BARRE

FLASH

ADVANCE COPY

Hd. WED (FCO/WH),

Ps,

Ps/LPs,

Ps/Lus,

Sir E. Youde,

Mr. Bullard,

Mr. Fergusson,

Ps/No. 10, Downing St. (for duty clerk),

R.e. (9x).

*M. faced to  
Chequers  
DIO, Cabinet Office, 11/5/81*

DOUBLE OR QUILTS WITH THE FATE OF THE FIFTH REPUBLIC, M BARNE SAID THAT AFTER HIS RESIGNATION HE WOULD JOIN THOSE WHO REMAINED FAITHFUL TO THE PRINCIPLES ON WHICH THE FIFTH REPUBLIC HAD BEEN FOUNDED. HE EXPRESSED HIS FEAR THAT FOLLOWING M MITTERRAND'S ELECTION THERE WOULD BE A RAPID DETERIORATION OF THE DOMESTIC AND INTERNATIONAL POSITION OF FRANCE.

5. SHORTLY AFTER LAST NIGHT'S RESULT BECAME KNOWN, M CHIRAC, THE GAULLIST LEADER, DECLARED THAT THE NEW POLITICAL SITUATION RISKED OPENING A PERIOD OF UNCERTAINTY. HE HAD THEREFORE DECIDED TO PURSUE THE COMBAT WITH THOSE WHO UNDERSTOOD WHAT WAS AT STAKE. HE PROMISED TO INDICATE IN THE NEXT FEW DAYS WHAT FORM HIS ACTION WOULD TAKE. TODAY HE HAS PROPOSED THAT AT THE EXPECTED LEGISLATIVE ELECTIONS THE FORMER PRESIDENTIAL MAJORITY SHOULD PUT FORWARD COMMON CANDIDATES IN EACH CONSTITUENCY.

6. SO FAR THE TRADE UNIONS, INCLUDING THE COMMUNIST DOMINATED CGT, HAVE REACTED IN MODERATE TERMS TO M MITTERRAND'S ELECTION. M MAIRE, THE SECRETARY GENERAL OF THE SOCIALIST ORIENTATED CFDT, SAID THAT RAISING THE MINIMUM WAGE AND REDUCING WORKING HOURS SHOULD ONLY BE INTRODUCED IN STAGES OVER A PERIOD OF TIME IN ORDER TO AVOID PROVOKING INFLATION.

7. SHARE PRICES ON THE PARIS BOURSE FELL SHARPLY TODAY AND IN THE TOTAL ABSENCE OF BUYERS THE STOCK EXCHANGE DECIDED TO CLOSE DOWN WELL BEFORE TIME. THE FRANC ALSO FELL 2.8 PERCENT ON AVERAGE AGAINST ALL THE MAJOR CURRENCIES. TRESOR OFFICIALS CONFIRMED THIS EVENING THAT THE FRANC, HAVING FALLEN 1.45% AGAINST THE DM, IS NOW AT THE CROSS-RATES LIMIT AGAINST THE DM WITHIN THE EMS. THE BANQUE DE FRANCE IS SAID TO BE INTERVENING "NORMALLY" AND OFFICIALS COMMENTED THAT THE FALL WAS PERHAPS LESS DRAMATIC THAN MIGHT HAVE BEEN ENVISAGED. THEY WILL HOWEVER TAKE STOCK TOMORROW.

8. THERE IS LITTLE HARD NEWS TO GO ON AT THE MOMENT ABOUT M MITTERRAND'S INTENTIONS. THE SOCIALISTS WERE AS MUCH TAKEN BY SURPRISE AS EVERYONE ELSE AT M MITTERRAND'S VICTORY. UNTIL HE HAS FINISHED HIS OWN CONSULTATIONS WITHIN THE SOCIALIST PARTY, IT IS DIFFICULT TO SPECULATE FURTHER ABOUT AN INTERIM GOVERNMENT, LET ALONE ABOUT ANY GOVERNMENT THAT WILL BE FORMED AFTER THE LEGISLATIVE ELECTIONS.

9. FOR AN ASSESSMENT OF M MITTERRAND'S HIMSELF, SEE MY IMMEDIATELY FOLLOWING TELEGRAM. MY SECOND IMMEDIATELY FOLLOWING TELEGRAM CONTAINS AN ASSESSMENT OF THE PRESENT STATE OF THE SOCIALIST PARTY.

FCO PLEASE PASS SAVING TO BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS, UKDEL STRASBOURG

No. 10

ADD

IMMEDIATE

PS

PS/LPS

PS/PVS

MR GUNNARD

MR BRIDGES

MR FLEMING

MR HARMON

MR GILLMORE

MR WED

MR EED-2 (4)

MR EED-1 (4)

MR EESB

MR NEARD

*Typist*

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FM PARIS 111607Z MAY

TO IMMEDIATE FCO

TELEGRAM NUMBER 340 OF 11 MAY 1961

INFO IMMEDIATE BONN

YOUR TELNO 159: FRENCH PRESIDENTIAL ELECTION

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2. AS I EXPLAINED IN MY TELNO 334, M MITTERRAND IS COMMITTED TO DISSOLVING THE NATIONAL ASSEMBLY STRAIGHT AWAY IN ORDER TO TRY TO GET A MAJORITY WHICH WILL SUPPORT HIM. DURING THE PRE-ELECTORAL PERIOD WHICH WILL NOW FOLLOW. THE NEW CONSTITUTION

APPEAR SO IMMOBILE DURING THE ELECTION CAMPAIGN WILL CONTINUE TO OPERATE. WHILE HE WILL HAVE TO TAKE OVER THE REINS OF GOVERNMENT AND START MAKING THE EXTENSIVE CHANGES IN PERSONNEL NECESSARY TO GET AN EFFECTIVE GRIP ON THE ADMINISTRATION, HE IS UNLIKELY TO BE IN A POSITION TO TAKE ANY MAJOR POLICY INITIATIVES IN THE PRE-ELECTORAL PERIOD.

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HIBBERT.

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CONFIDENTIAL

DESKBY 110600Z FCC

DESKBY 110700Z BONN

FM PARIS 110100Z MAY 81

TO IMMEDIATE FCC

TELEGRAM NUMBER 340 OF 11 MAY 1981

INFO IMMEDIATE BONN

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HIBBERT.

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M. Bullard

CONFIDENTIAL

DESKBY 111745Z

M. Hannay

FM UKREP BRUSSELS 111725Z MAY 81

TO IMMEDIATE FCO

PS

TELEGRAM NUMBER 1659 OF 11 MAY

PS/LPS

INFO PRIORITY PARIS

PS/NO 10

CHEYSSON

RC

1. I UNDERSTAND THAT YOU WOULD FIND IT HELPFUL TO HAVE A BRIEF ASSESSMENT OF CHEYSSON AS A POSSIBLE MINISTER UNDER MITTERAND.

2. THE PICTURE OF HIM GIVEN IN THE LPR GENERALLY STANDS. HIS STRENGTHS ARE A FERTILE MIND, GREAT ENERGY AND UNRIVALLED EXPERIENCE AND UNDERSTANDING OF DEVELOPING COUNTRIES, PARTICULARLY THOSE IN AFRICA WITH MANY OF WHOSE LEADERS HE IS ON CLOSE PERSONAL TERMS. AGAINST THIS HE ADMITS TO NOT UNDERSTANDING THE UNITED STATES AND HAS NO EXPERIENCE OF SECURITY AND EAST/WEST PROBLEMS. HE IS ALWAYS EAGER TO SUPPORT LEFT-WING CAUSES IN THE THIRD WORLD. HE IS PERSONALLY A PRIMA DONNA AND CAN BE SHIFTY.

3. FROM ALL I HEAR, HE WOULD BE EXTREMELY DISAPPOINTED IF HE WAS NOT MADE EITHER PRIME MINISTER OR FOREIGN MINISTER.

4. PRIVATE SECRETARY PLEASE PASS TO CHEQUERS.

FCO ADVANCE TO:-

FCO - HANNAY, BULLARD, FITZHERBERT, VEREKER

NO. 10 - PS/NO. 10

4. PRIVATE SECRETARY PLEASE PASS TO CHEQUERS.

FCO ADVANCE TO:-

FCO - HAINWAY, BULLARD, FITZHERBERT, VEREKER

NO. 10 - PS/NO. 10

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SUBJECT

GRS 280

RESTRICTED

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. 74/81

RESTRICTED  
DESKBY 101800Z  
FM FCO 101645Z MAY 81  
TO IMMEDIATE PARIS  
TELEGRAM NUMBER 158 OF 10 MAY 1981  
FRENCH ELECTION RESULTS - MESSAGES

*je master  
opt.*

1. IF M. MITTERRAND IS ELECTED PRESIDENT, PLEASE CONVEY TO HIM THE FOLLOWING MESSAGE FROM THE PRIME MINISTER AT THE EARLIEST APPROPRIATE OPPORTUNITY.

BEGINS

I EXTEND TO YOU MY WARMEST CONGRATULATIONS ON YOUR ELECTIONS AS PRESIDENT OF FRANCE. I LOOK FORWARD TO AN EARLY MEETING WITH YOU AND TO CONTINUING WITH YOU THE BEST TRADITIONS OF COOPERATION BETWEEN OUR TWO COUNTRIES.

MARGARET THATCHER

ENDS

2. IF PRESIDENT GISCARD IS RE-ELECTED, PLEASE CONVEY THE FOLLOWING MESSAGE TO HIM:

BEGINS

WARMEST PERSONAL CONGRATULATIONS ON YOUR RE-ELECTION AS PRESIDENT OF FRANCE. ALL OF US ARE GLAD THAT FRANCE CAN LOOK FORWARD TO A FURTHER PERIOD OF STABILITY AND PROSPERITY UNDER YOUR GUIDANCE. YOU AND I SHARE THE SAME PROFOUND COMMITMENTS TO THE FUTURE OF THE EUROPEAN COMMUNITY AND TO THE CLOSE FRIENDSHIP BETWEEN BRITAIN AND FRANCE. I AM VERY HAPPY THAT WE CAN CONTINUE TO PURSUE THESE AIMS TOGETHER IN THE YEARS AHEAD.  
ENDS.

3. THE PRIME MINISTER ALSO INTENDS TO SPEAK TO PRESIDENT GISCARD ON THE TELEPHONE: IF HE WINS PLEASE SEND A TRIGGER TELEGRAM OR TELEPHONE THE RESIDENT CLERK WHEN M. MITTERRAND HAS CONCEDED DEFEAT.

4. YOU HAVE AUTHORITY TO RELEASE THE TEXT TO THE PRESS ONCE IT HAS BEEN RECEIVED BY THE PRESIDENT.

CARRINGTON

LIMITED  
WED  
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ECD (I)  
INFORMATION D  
PS  
PS/LPS  
PS/AUS  
MR BULLARD

MR FERGUSSON  
LORD NG LENNOX  
R.C.

WRF 014/2  
RECEIVED IN MINISTRY NO. 13  
12 MAY 1981

COPIES SENT TO P  
No. 10 DOWNING STREET  
Mr's  
Mr

RESTRICTED

SUBJECT.

cc. Master set.

Ks. [Signature]

TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND THE FOREIGN AND COMMONWEALTH SECRETARY: SUNDAY 10 MAY 1981

Prime Minister: Peter, have you heard the French news?

Foreign and Commonwealth Secretary: Yes, I have just been trying to get hold of all the people in the Foreign Office.

PM: I was just about to do it but thought I had better talk to you first. .... for Francois at the weekend?

FCS: Well no. He said it was a bit uncertain but seemed to think it would be all right in the end.

PM: Well that is what I thought but the moment I heard it was a heavy turn out.

FCS; It does raise all sorts of really quite far reaching consequences.

PM: Enormous. The first one being tomorrow.

FCS: The first one being tomorrow and presumably the apocalyps.

PM: It gives us enormous opportunities in the Gulf and Saudi Arabia but what will happen about independent nuclear deterrents and what will happen about Europe?

FCS: What I mean is that he will be doubly apocalyptic.

PM: Oh yes, he will but thank goodness he is coming.

FCS: Well there is no reason why he shouldn't, is there?

PM: No. Thank goodness he is coming. We might be able to cheer him up a bit.

FCS: Well, I think we have got an opportunity too.

PM: Yes, he has to keep close to us. Do you know if Mitterrand speaks English? If he doesn't Helmut can't communicate with him.

FCS: I don't know whether he does, I am afraid. But it is more difficult than that because he is a friend of Brandt and therefore as far as Helmut is concerned he is dead. I don't think that is irrelevant but you see it does open up an entirely new set of circumstances. In the first place you have got the whole of the Middle East different. And also you have got ...

PM: But do we know what Mitterrand's view is on that?

FCS: Yes, he is a Zionist. So that will change the whole of that and you have also got the whole of the Franco/German thing. Last week I asked Reg Hibbert to give me an indication of what the policy would be if Mitterrand won and he said that it was so vague and so difficult and the circumstances were so obscure that it is very difficult to do so. But what the first thing he would do would be to call an election for the Assembly, if the Assembly is against him.

PM: So I gather. He has powers to do that.

FCS: Yes, apparently he has. And he would apparently in the short term do it by decree which apparently he can do too sufficient to keep the economy going and to start his programme. I don't know whether you have read it but it consists of some fairly remarkable things.

PM: I did indeed.

FCS: You know, all the nationalisation of the banks, insurance, ten of the biggest companies in France and all this sort of thing. It really does open up a fairly terrible prospect for Europe.

PM: Peter, all of this I wholly agree with. But I think we are going to have a very different day tomorrow from what we have envisaged.

FCS: Well I think it will be that sort of day, don't you?

PM: Yes, I do.

FCS: I think it will be too soon to tell what is going to happen but it is possible that Chasson will be the Foreign Minister in which case we shall get a Third World foreign policy. Although when talking to Thorn and the others yesterday and today they did not think it would be by any means certain that he would be the Foreign Minister. But everybody really thought that Giscard was going to win.

PM: Well, I did.

FCS: I did too.

PM: The only person who didn't was Ian Gilmour.

FCS: Well he didn't want him to.

PM: Well, I now owe Ian £5.

FCS: Yes, he told me he had had a bet. I would like to do a little bit of detecting.

PM: Well I wondered whether we had had an assessment from Reg because we got news in earlier from Reg about the last poll which was 52-48 Mitterand and I still thought that the voting could be different. There is one thing, one thing only, the French people don't like anyone governing for too long. That I think is probably what has turned it but I still thought that they won't vote Socialist.

FCS: But I don't think it is going to make our Community things more easy.

PM: He has got to prove himself more anti-British than Giscard.

FCS: That's right. As somebody said he is just a stupid Giscard.

PM: I would not say that.

FCS: No, I think that is probably quite wrong but that is what they say. It is much too soon to say but it does create international and other problems for us.

PM: Well, we are not going to have a very easy Presidency, are we?

FCS: No. We never were.

PM: It is going to be even more difficult now. At least he is - I would have thought the farming vote went wholly for Giscard.

FCS: I would like to see the analysis.

PM: So would I. But I don't know which paper will give a dispassionate analysis - Le Monde I suppose, because the others will be awaiting new instructions.

FCS: Reg Hibbert can give us a low down but the fact remains that what he has got to do now is win that election.

PM: I would not be surprised if he lost it.

FCS: Well then they really are in a muddle.

PM: That would be a difficult balancing factor that you could get.

FCS: I think it is more likely that he will lose it, but then they are in a muddle.

PM: That is our hope.

FCS: It is a slightly stupid constitution.

PM: Well, as you say, it could be an enormous opportunity Peter.

FCS: Well I think there is an opportunity with the Guide of Morrow because you know there are few friends and we could be that. I will see if I can rustle up a bit of thought before tomorrow morning.

PM: If Reg can get us a quick assessment before tomorrow morning

FCS: Well he has done that.

PM But you see Helmut will almost certainly have been in the phone to Valery. I can't.

FCS: No, I shouldn't.

PM: But I would have thought that he would have got an assessment from Valery.

FCS: Yes, it will be interesting to hear but I asked Reg last week to give me the assessment of what he would do if he won. Did you see the telegram?

PM: No.

FCS: I saw it yesterday. I was surprised Michael didn't show you.

PM: Well it might be in a box I haven't looked at. I have just got the telegrams pile.

FCS: It was rather a grumpy telegram from his saying I have told you what I can already but if you insist I will tell you again. It talks about the election and about the various things he was bound to do and how he would do it. It was quite good actually. I will have it brought down tomorrow.



PM: I think it might be called a psychological election rather than an political one.

FCS: I think they didn't like either of them and reluctantly they voted for Mitterand as they were bored with the other one. I think it presents opportunities as well as difficulties.

PM: Yes, I think it does. I must say that I hope very much that the Berlin election will go the other way, that is to say towards the CDU.

FCS: Well it will do that but whether it will go far enough is rather unlikely. I think if it goes to the CDU I don't think there is a problem. I think that the problem is if it goes to the CDU without a clear majority. Then you get the Genscher trouble. This is what Genscher told me last night he thought was going to happen. He says that that coalition is in dead trouble.

PM: Well we thought that didn't we?

FCS: Yes. He was pretty gloomy about it incidentally that there was a good deal of defence trouble there.

PM: What in Berlin?

FCS: Money.

PM: Yes. Well we are going to have a more interesting time than we thought.

FCS: I can't think what we would have talked about otherwise.

PM: No. We had all the briefs and they are all the same old stuff.

FCS: Yes, I can hardly bear to read them. I will come a bit earlier if I may tomorrow.

PM: I would be glad if you would.

FCS: I will come about 1045.

PM: Good and then we will go over to RAF Benson. What time are we due to meet him?

FCS: I have got to meet Genscher at 1155.

PM: Yes, they could in separate aircraft.

FCS: I will drive with you and if you wouldn't mind waiting a minute I will get there with you. OK?

PM: Fine. All right Peter I will expect you at a quarter to eleven  
Goodbye.

France

Warmest personal congratulations on your re-election as President of France. All of us are glad that France can look forward to a further period of stability and prosperity under your guidance. You and I share the same profound commitments to the future of the European Community and to the close friendships between Britain and France. I am very happy that we can continue to pursue these aims together in the years ahead.

COVERING RESTRICTED



Foreign and Commonwealth Office

London S.W.1

M D O'B Alexander Esq  
No 10 Downing Street

9 May, 1981

*Dear Alexander,*

ELECTION FOR THE PRESIDENT OF FRANCE

The French Presidential election results should be clear late on Sunday night or early on Monday morning, when one of the two candidates is likely to concede defeat.

It would be appropriate for the Prime Minister to send a congratulatory message to the victor, which could be delivered by HM Ambassador, Paris. However, if President Giscard is re-elected, it would make an added impact if the Prime Minister were also to speak to him by telephone. Texts of suggested messages are contained in the attached telegram to Paris, which should be despatched before Sunday evening.

---

*Prime Minister.*

*Please agree text attached.*

*The garden girl has a copy of the text and will advise the Duty clerk to despatch the telegram if you agree.*

*Scowles*

*Duty Clerk*

*Yours ever*

*Tin Hollanway*

*for* F N Richards (Resident Clerk)

COVERING RESTRICTED

File No. ....

Department WESTERN EUROPEAN

OUTWARD

Drafted by

(Block Capitals) N H S Armour

TELEGRAM

Tel. Extn. ....

Security Classification RESTRICTED
Precedence IMMEDIATE
DESKBY 101800Z .....Z

FOR COMMS. DEPT. USE	Despatched (Date) ..... (Time) .....Z	POSTBY .....Z
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PREAMBLE

(Time of Origin) .....Z(G.M.T.) (Restrictive Prefix).....

(Security Class.) RESTRICTED.. (Caveat/ Privacy Marking).....

(Codeword) ..... (Deskby).....Z

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AND TO (precedence/post).....

AND SAVING TO.....

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NO.10

[TEXT]

FRENCH ELECTION RESULTS: MESSAGES

1. If M. Mitterrand is elected President, please convey to him the following message from the Prime Minister at the earliest appropriate opportunity.

BEGINS

I extend to you my warmest congratulations on your election as President of France. I look forward to an early meeting with you and to continuing with you the best traditions of cooperation between our two countries.

Margaret Thatcher

ENDS

2. If President Giscard is re-elected, please convey the following message to him:

RESTRICTED

/BEGINS

RESTRICTED

BEGINS

I offer you my warmest congratulations on your re-election as President of France and look forward to expressing my congratulations in person before long. [ I am confident that your re-election heralds a period when the relations between our two governments and our two countries can be consolidated to the benefit both of our countries and of our European partners. ]

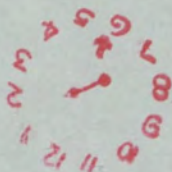
Margaret Thatcher

ENDS

3. The Prime Minister also intends to speak to President Giscard on the telephone; if he wins please send a trigger telegram or telephone the Resident Clerk when M. Mitterrand has conceded defeat.

CARRINGTON

NOTHING TO BE WRITTEN IN THIS MARGIN



1861  
-9 MAY 1981

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FM PARIS 080611Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 334 OF 8 MAY 81

INFO ROUTINE UKREP BRUSSELS, WASHINGTON, UKDEL NATO.

INFO SAYING TO BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS, UKDEL STRASBOURG, HM CONSULS GENERAL FRANCE (PASSED BY PARIS).

MY TEL NO 336: FRENCH PRESIDENTIAL ELECTION:  
M. MITTERRAND'S POLICIES

1. I GATHER THAT THE DEPARTMENT HAS ASKED THE EMBASSY TO SPECULATE WHAT POLICIES M. MITTERRAND WOULD ADOPT IF ELECTED ON 10 MAY.

2. VIRTUALLY EVERYTHING THAT I CARE TO SAY ON THIS SUBJECT WAS CONTAINED IN MY DESPATCH OF 6 APRIL WHERE I EXPLAINED THAT THE CONSEQUENCES OF A MITTERRAND VICTORY WERE SO UNCERTAIN THAT IT WAS UNPROFITABLE TO TRY TO LOOK TOO FAR AHEAD. IF M. MITTERRAND IS ELECTED, HIS FIRST AND PRINCIPAL PREOCCUPATION WILL BE TO HOLD EARLY ELECTIONS TO THE NATIONAL ASSEMBLY IN ORDER TO TRY TO OBTAIN A PARLIAMENTARY MAJORITY. THIS TASK WOULD DOMINATE THE FRENCH POLITICAL SCENE DURING THE FIRST WEEKS OF THE MITTERRAND ADMINISTRATION.

3. PENDING LEGISLATIVE ELECTIONS, TO BE HELD ACCORDING TO M. MITTERRAND BY 1 JULY AT THE LATEST, AN INTERIM GOVERNMENT WOULD BE APPOINTED. THIS COULD BE EXPECTED TO INTRODUCE BY DECREE SOME OF THE ECONOMIC AND SOCIAL MEASURES THAT M. MITTERRAND HAS PUT FORWARD DURING THE CAMPAIGN. DURING THIS PERIOD M. MITTERRAND WOULD ALMOST CERTAINLY MAKE SOME SWEEPING PERSONNEL CHANGES TO SHOW THAT FRANCE WAS UNDER NEW MANAGEMENT. THE CHOICE OF MEASURES TO BE ADOPTED WOULD BE DETERMINED WITH AN EYE TO THE FORTHCOMING LEGISLATIVE ELECTIONS AND BY THE NEED TO HOLD ON TO LEFT - WING SUPPORT WITHOUT SCARING OFF CENTRIST VOTERS. BUT MAJOR POLICY CHOICES REQUIRING LEGISLATION WOULD HAVE TO BE POSTPONED UNTIL A GOVERNMENT HAD BEEN FORMED WHICH HAD SOME CHANCE OF BEING SUPPORTED IN THE NEW NATIONAL ASSEMBLY. THE REAL POLICY OF A MITTERRAND ADMINISTRATION WOULD NOT THEREFORE BECOME CLEAR UNTIL JULY AT THE EARLIEST. BEYOND THIS IT IS POSSIBLE TO ENUMERATE, AS SET OUT BELOW, SOME OF THE POLICIES PROPOSED BY M. MITTERRAND DURING THE CAMPAIGN. BUT IT IS IMPOSSIBLE TO SAY WHICH OF THESE WOULD BE CHOSEN FOR IMPLEMENTATION IN THE SHORT TERM.

#### 4. ECONOMIC POLICY

- A) TOP PRIORITY TO REDUCTION OF UNEMPLOYMENT THROUGH INCREASES IN PUBLIC INVESTMENT AND PRIVATE CONSUMPTION STIMULATED BY TAX CONCESSIONS AND SALARY INCREASES FOR THE LOWER PAID. 150,000 NEW JOBS TO BE CREATED IN THE PUBLIC SECTOR AND 60,000 IN LOCAL GOVERNMENT:

B) THE NATIONALISATION OF

- ALL FRENCH PRIVATE BANKS APART FROM THE MUTUALIST BANKS:
  - SOME 10 - 12 MAJOR INDUSTRIAL GROUPS, INCLUDING PECHINEY, ST GOBAIN, RHONE - POULENC, THOMSON BRANDT, DASSAULT, ITT FRANCE AND CII HONEYWELL BULL:
  - THE MAJOR PRIVATE SECTOR INSURANCE COMPANIES:
- C) MEASURES TO ASSIST SMALL AND MEDIUM - SIZED COMPANIES, FARMERS, WINE - GROWERS, THE LOWER - PAID:
- D) RESUMPTION OF NEGOTIATIONS ON A 35 - HOUR WEEK.

ALL THESE MEASURES TO BE IMPLEMENTED WITHOUT A SIGNIFICANT INCREASE IN THE BUDGET DEFICIT AND WITHOUT ANY ADVERSE CONSEQUENCES FOR THE EXCHANGE RATE. EXTRA GOVERNMENT REVENUE TO BE GENERATED BY HIGHER TAXES ON THE TOP INCOME EARNERS ACCOMPANIED BY DECREASE IN TAX BURDEN ON THE LOWER - PAID.

5. ENERGY

XI REDUCE FRANCE'S DEPENDENCE ON IMPORTED ENERGY SUPPLIES BUT STRICT CONTROL ON DEVELOPMENT OF NUCLEAR ENERGY. PWRs UNDER CONSTRUCTION TO BE FINISHED, BUT NO NEW ORDERS BEFORE FULL PUBLIC EXAMINATION OF THE NUCLEAR PROGRAMME. M. MITTERRAND PERSONALLY OPPOSED TO COMMERCIAL DEVELOPMENT OF THE FAST BREEDER REACTOR.

- B) INCREASE IN COAL PRODUCTION TO 30 MILLION TONNES BY 1982.
- C) GREATER EMPHASIS ON ENERGY CONSERVATION AND ON DEVELOPMENT OF RENEWABLE ENERGY RESOURCES.

6. FOREIGN AND DEFENCE POLICY

- A) MAIN CHARACTERISTICS (ATTACHMENT TO NATIONAL INDEPENDENCE, RETENTION OF THE NUCLEAR DETERRENT, AND CONTINUED MEMBERSHIP OF THE ATLANTIC ALLIANCE AND THE EUROPEAN COMMUNITY) UNCHANGED, ALTHOUGH PROPOSAL FOR NATO SUMMIT TO CLARIFY MEMBERS' MUTUAL OBLIGATIONS (DETAILS UNSPECIFIED).
- B) GREATER EMPHASIS ON ARMS CONTROL AND DISARMAMENT EG: FRENCH PARTICIPATION IN MBFR. REVIVAL OF 1977 PROPOSAL FOR A EUROPEAN CONFERENCE ON THE REDUCTION OF FORCES AND TENSIONS (WITHIN CSCE), POSSIBLE PARTICIPATION IN GLOBAL NEGOTIATIONS ON NUCLEAR DISARMAMENT, PROVIDED NO CONSTRAINTS ON FRENCH SYSTEMS.

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(c)



- C) FIRMER FRENCH ATTITUDE TOWARDS THE SOVIET UNION (DETAILS AGAIN UNSPECIFIED) MATCHED BY GREATER DISTRUST OF UNITED STATES' ECONOMIC DOMINATION AND MILITARY RELIABILITY.

7. COMMUNITY ISSUES

- A) MORE CONSISTENT DEFENCE OF FRENCH INTERESTS, INCLUDING IN FACE OF UK DEMANDS.
- B) CAP REFORM THROUGH ADOPTION OF PISANI APPROACH, I.E. DEGRESSIVE PRICE SYSTEM BASED ON QUANTA, ESTABLISHMENT OF A COMMON COMMERCIAL POLICY IN THE AGRICULTURAL SECTOR; THE STRICTER ENFORCEMENT OF THE PRINCIPLES OF COMMUNITY PREFERENCE, AND MARKET UNITY WITH THE ELIMINATION OF MCAS.
- C) DEFENCE OF FRENCH FISHERMEN'S HISTORIC RIGHTS IN BRITISH WATERS; BUT PURSUIT OF DISCUSSIONS ON ACCESS IN THE CFP CONTEXT.
- D) AVOIDANCE OF OVER - HEAVY EMPHASIS ON FRANCO - GERMAN RELATIONS. SUPPORT FOR UENLARGEMENT TO SPAIN AND PORTUGAL SUBJECT TO SATISFACTORY ECONOMIC CONDITIONS.
- E) CLOSER EC COOPERATION ON INDUSTRIAL POLICY, ENERGY AND RESEARCH, AND CONCERTED ACTION ON UNEMPLOYMENT.

8. THIRD WORLD

- A) GREATER ATTENTION TO THE THIRD WORLD, TO NORTH/SOUTH RELATIONS AND TO THE DEFENCE OF HUMAN RIGHTS.
- B) REFORM OF INTERNATIONAL MONETARY INSTITUTIONS, INCREASE IN AID TRANSFERS TO 0.7% OF FRENCH GNP, AND SUPPORT FOR A RAW MATERIAL STABILISATION FUND.
- C) REDUCTIONS IN ARMS SALES IN SOME AREAS. NO ARMS SALES TO CHINA.
- D) PRO - ISRAELI BIAS IN MIDDLE EAST POLICY. SUPPORT FOR THE CAMP DAVID AGREEMENTS.

FCO PLEASE PASS TO BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS, UKDEL STRASBOURG.

HIBBERT.

REPEATED AS REQUESTED

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GRS 640  
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FH PARIS 071745Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 333 OF 7 MAY 1981

INFO ROUTINE UKREP BRUSSELS, WASHINGTON, UKDEL NATO, BONN,  
BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS.  
INFO SAVING UKDEL STRASFOURG, HM CONSULS GENERAL FRANCE.

MY TELNO 330: FRENCH PRESIDENTIAL ELECTION

1. PRESIDENT GISCARD'S GESTURES TO THE GAULLISTS AND THE INCREASING SENSE OF PRECARIOUSNESS IN THE MAJORITY PARTIES BORE FRUIT YESTERDAY IN A FURTHER DECLARATION OF SUPPORT FROM M. CHIRAC. AS IN HIS PREVIOUS STATEMENT IMMEDIATELY FOLLOWING THE FIRST ROUND (MY TELNO 301) HE AVOIDED COMMITTING HIMSELF TO AN APPEAL TO HIS VOTERS TO SUPPORT M. GISCARD. HE NOTED HOWEVER THAT M. GISCARD HAD NOW UNDERTAKEN TO TAKE GREATER ACCOUNT OF GAULLIST POLICIES. BY CONTRAST, M. MITTERRAND CONTINUED TO BE INSPIRED BY ECONOMIC PRINCIPLES WHICH HAD FAILED WHEREVER THEY HAD BEEN APPLIED. M. CHIRAC RECALLED THE RISKS ENTAILED BY M. MITTERRAND'S ALLIANCE WITH THE PCF. HE CONCLUDED THAT THE FUTURE OF FRANCE DEPENDED UPON THE ABILITY OF THE MAJORITY OF UNITE.

2. M. CHIRAC'S LATEST DECLARATION FOLLOWS PERSONAL PLEDGES OF SUPPORT FOR M. GISCARD FROM PRACTICALLY ALL THE RPR DEPUTIES. FROM EVERY OBJECTIVE POINT OF VIEW REPENTANCE HAS COME AT THE ELEVENTH HOUR ON BOTH GISCARD'S AND CHIRAC'S SIDES. THE RAPPROCHEMENT, THOUGH COOL AS WELL AS DELATED, SHOULD HELP TO INCREASE THE TRANSFER OF RPR VOTES TO M. GISCARD. BUT THERE IS STILL A DANGER THAT AN IRREDUCIBLE MINIMUM OF 20% OF RPR VOTERS WILL EITHER ABSTAIN OR VOTE FOR M. MITTERRAND.

3. IT IS DIFFICULT TO AVOID THE SUSPICION THAT M. CHIRAC'S STATEMENT WAS MADE WITH POST-ELECTORAL CALCULATIONS IN MIND AND NOT SOLELY TO HELP M. GISCARD. IF M. GISCARD IS RETURNED, M. CHIRAC WILL BE ABLE TO CLAIM CREDIT FOR HAVING GIVEN HIM THE ESSENTIAL LAST PUSH. IF HE IS DEFEATED, M. CHIRAC WILL BE ABLE TO CLAIM THAT HE HAD DONE EVERYTHING POSSIBLE TO AVOID A SOCIALIST VICTORY.

4. ON THE LEFT, THERE HAVE BEEN FURTHER SIGNS THAT THE PCF LEADERSHIP IS DISSATISFIED WITH M. MITTERRAND'S NEGLECT OF THEIR CONCERNS. COMMENTING ON THE TELEVISION DEBATE, M. MARCHAIS REGRETTED THE AMBIGUITY OF M. MITTERRAND'S RESPONSE TO THE PCF'S CALL FOR A REAL CHANGE OF SOCIETY. HE SAID THAT THIS DID NOT AUGUR WELL FOR THE UNITY OF THE FORCES NECESSARY TO BEAT M. GISCARD ON THE SECOND ROUND. THIS THEME HAS BEEN TAKEN UP IN RECENT DAYS IN EDITORIALS IN L'HUMANITE, THE DAILY ORGAN OF THE PCF, AND IN SPEECHES BY OTHER PCF LEADERS. M. MARCHAIS' COOL REFERENCES TO M. MITTERRAND MAY ENCOURAGE SOME PCF VOTERS TO GO FISHING ON SUNDAY RATHER THAN VOTE FOR M. MITTERRAND AS AGAINST THIS, THE SPEAKERS TO BE FIELDLED BY THE PCF ON THE HUSTINGS FOR THE FINAL STAGE OF THE CAMPAIGN ARE FOR THE MOST PART KNOWN TO FAVOUR COOPERATION WITH THE SOCIALIST PARTY.

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5. IT IS DOUBTFUL WHETHER THERE WILL BE ANY FURTHER MAJOR DEVELOPMENTS TO INFLUENCE THE VOTING ON 10 MAY BEFORE THE OFFICIAL SECOND ROUND CAMPAIGN CLOSES TOMORROW FRIDAY. ONE POSSIBLE EXCEPTION IS A DECLARATION PROMISED FOR TOMORROW FROM MME GARAUD, THE INDEPENDENT GAULLIST. ALTHOUGH SHE RECEIVED ONLY 1.33% OF THE VOTES IN THE FIRST ROUND, EVERYONE OF THEM COULD COUNT IN A CONTEST AS EVENLY BALANCED AS THIS. THE RESULT IS GOING TO BE A CLOSE CALL. PRIVATE OPINION POLLS, WHICH ACCORDING TO FRENCH ELECTORAL LAW CANNOT BE PUBLISHED, APPARENTLY SHOW M. MITTERRAND TO BE STILL IN THE LEAD. THIS CONCLUSION IS CONTESTED BY CONFIDENTIAL MINISTRY OF THE INTERIOR SOUNDINGS.

6. THE CAMPAIGN IS THEREFORE VIRTUALLY FINISHED AND THE SCENE IS SET FOR SUNDAY. IT IS NOT POSSIBLE TO HAVE MORE THAN A HUNCH ABOUT THE RESULT. THE FEAR OF DISORDERLY CHANGE IS NOW BALANCED BY THE REALISATION THAT CHANGE MAY AFTER ALL BE POSSIBLE WITHOUT THE COMMUNIST PARTY BEING ABLE TO EXPLOIT IT RUINOUSLY. M. MITTERRAND COULD JUST GET ELECTED ON SUNDAY, ALTHOUGH HIS CHANCES WERE PROBABLY AT THEIR BEST A WEEK AGO. THERE ARE MANY PEOPLE IN THE POLITICAL ESTABLISHMENT WHO HAVE CONVINCED THEMSELVES THAT THIS TIME M. MITTERRAND HAS THE EDGE. IT IS CERTAINLY THE CASE THAT M. GISCARD HAS TUMBLED A LONG WAY AS THE ELECTION CAMPAIGN HAS PROCEEDED, BUT FOR MY PART I STILL EXPECT HIM TO WIN BECAUSE I DOUBT WHETHER THERE IS REALLY A READINESS IN FRANCE TO FACE A TIME OF TROUBLES.

FCO PLEASE PASS SAYING TO UKDEL STRASBOURG.

HIBBERT.

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WR  
- 7 APR 1981

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WRF 014/2	
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13 APR 1981	
INDEX	FILE
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SUMMARY

LIKELY POLITICAL CONSEQUENCES OF THE FRENCH PRESIDENTIAL ELECTION

1. This despatch considers some of the political variants which might flow from different possible election results. The key question after the election will be whether the new President can depend on a reliable majority in the National Assembly. The pre-eminence of the President in the 5th Republic stems as much from the existence of such a majority as from the powers vested in him by the Constitution (paragraph 1 and 2).

2. M. Giscard, if re-elected, does not intend to bring forward the elections to the Legislature due at the latest in 1983. In the interval, his principal objective will be to erode RPR strength and solidarity and strengthen his own UDF (paragraph 3).

3. A strong showing by M. Giscard on both rounds of the election would widen his scope for taking initiatives to damage the RPR and to make overtures to the moderate left (paragraph 4 and 5). His freedom of manoeuvre would be much reduced if, as seems more probable, he managed only to scrape home on both rounds (paragraph 6). There would be many variants between these two scenarios (paragraph 7).

/4. M. Mitterrand

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4. M. Mitterrand, if elected, would hold early elections for a new National Assembly. He would want to appoint an interim government without communist participation and adopt various new-looking measures by decree.

M. Barre could refuse to resign, but would probably not do so (paragraph 8). Even if the Socialist Party made gains in the elections to the National Assembly, it would be difficult for M. Mitterrand to find a stable majority in the Assembly. The PCF would be unhelpful (paragraph 9).

5. Conflict between the President and the National Assembly would change the character of the Fifth Republic (paragraph 10).

BRITISH EMBASSY,  
PARIS.

6 April 1981

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign  
and Commonwealth Affairs  
Foreign and Commonwealth Office  
London SW1

My Lord

LIKELY POLITICAL CONSEQUENCES OF THE  
FRENCH PRESIDENTIAL ELECTION

1. In a separate despatch, I have once again and probably for the last time before the Presidential election reviewed the elements which are likely to determine the outcome of the election. In this despatch, I propose to sketch briefly some of the political variants which could be triggered by different possible election results.
2. So far the Fifth Republic has always had a strong President. It is usually assumed that the pre-eminence of the President over the Prime Minister, the Government and National Assembly stems from the power vested in him by the Constitution. In fact, the Constitution of the Fifth Republic ensures that a President with a reliable majority in the National Assembly is strong, and it helps a President to assemble a majority which would not otherwise spontaneously exist; but it probably would not enable a President to be strong if for any reason he failed to command a majority in the National Assembly. Since the Fifth Republic was created the French electorate has elected Presidents and Assemblies who have been mutually compatible. The question /which



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which lies beyond the Presidential election is whether at that time there will be a new element in the political game, viz: a majority in the National Assembly which would be prepared at a time of its choosing to censure and bring down the Government.

3. M. Giscard has already announced that, if he is re-elected, elections to the Legislature will not be held before the normal term in 1983. This must mean that, in the intervening period, his principal objective would be to strengthen his own UDF in relation to the Gaullist RPR, so that after 1983 the UDF and not the RPR would be the dominant group in the majority. His ability to do this would depend on his own performance in the Presidential election. The stronger M. Giscard's showing in the two rounds of the Presidential election, the greater his scope will be for taking initiatives that would damage the RPR and draw forces to the UDF.

4. If M. Giscard does really well in both rounds of the election, which on present form looks unlikely, he should have little difficulty in compelling the RPR in the National Assembly to support him. As a first step towards bringing the RPR to heel, M. Giscard has said that he would instruct his new Government under an optional and infrequently used Article of the Constitution to seek a vote of confidence in the Assembly. Thereafter, he would probably make a determined bid to break the RPR or to fragment it before the 1983 electoral /dateline.

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dateline. In the aftermath of a substantial victory by M. Giscard, some Gaullist deputies anxious to climb on the Giscardian bandwagon might desert the RPR to join the UDF. Others, for example the supporters of M. Debré, could be tempted to form their own parliamentary group separate from the RPR in the hope of securing UDF benevolence for their candidatures in 1983. M. Giscard would be in a position to encourage the break-up of the RPR by offering Ministerial posts not just to Gaullists hostile to M. Chirac as hitherto but to those in the mainstream of the RPR. The pursuit of a strong nationalist policy abroad would be a further means of luring Gaullist support.

5. To prepare for an advance by the UDF in 1983, M. Giscard would probably want not only to cut into the RPR but also to make a thrust towards the ground occupied by the moderate Left. Before 1983, it would probably be premature to attempt to persuade moderate members of the Socialist Party (PS) to join the governing majority in the National Assembly. But by appointing Ministers known for their liberal views and by adopting domestic economic and social policies attractive to centre-left opinion; M. Giscard might hope to win over some former PS voters at the Legislative elections. After 1983, backed by a strengthened centre, he would be in a better position to attempt to split off moderate PS elements in the Assembly.

6. M. Giscard's freedom of manoeuvre would be much reduced if, as seems more probable, he manages only to scrape home in

/both





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both rounds of the Presidential election. This is likely if M. Chirac makes a good showing in the First Round and if M. Giscard is unprepared to do a deal with the RPR between the two rounds. Such a deal would be politically difficult for him. Nevertheless, M. Giscard would probably find it difficult to count on support for his new government in the National Assembly unless he was prepared to make concessions to the RPR, more particularly on economic policy. RPR support for anything which looked like M. Barre's policies would be unlikely. President Giscard would also be forced into continuing competition with the RPR to prove who was the more nationalist in defence of France's interests abroad. Even if the RPR felt constrained to give initial conditional support to M. Giscard they would be out to harry him in the run-up to the elections for the Legislature in 1983. If the tide of public opinion appeared to be going their way, the RPR might want to force early Legislative elections in the hope of increasing their strength in the National Assembly at the expense of the UDF and thereby tightening their hold over M. Giscard.

7. It is possible to envisage other variants of the foregoing scenarios. For example, M. Giscard might obtain a narrow victory over M. Mitterrand after dominating M. Chirac in the First Round. In this case, M. Giscard might succeed in breaking down the RPR but there would be less scope for winning over the centre-left. Alternatively, M. Giscard might

/win a

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win a substantial victory over M. Mitterrand after being run a close race by M. Chirac in the First Round. This result would however seem possible only if M. Giscard had reached some agreement with M. Chirac on the transfer of RPR votes in the Second Round. In these circumstances, the size of M. Giscard's second round majority would give a false impression of his post-electoral freedom from Gaullist restraints.

8. M. Mitterrand has said that, if he were elected, he would straight away dissolve the National Assembly and call elections for a new National Assembly before the end of June. He would appoint an interim government pending elections. There is however a possibility that M. Barre might refuse to resign as Prime Minister, as he would be entitled to do under the Constitution, on the grounds that he had not lost the confidence of the outgoing National Assembly. As M. Giscard would be eclipsed by his electoral defeat, M. Barre might find himself emerging as the focus of resistance to M. Mitterrand. The UDF itself would probably suffer some severe strains in the wake of a defeat of M. Giscard, but UDF politicians, preoccupied by the impending elections, might not wish to fight a pitched battle straight away under M. Barre, who could not escape some of the discredit of the defeat. M. Chirac and the RPR would in any case probably have a decisive voice in promoting or preventing any manoeuvre to keep M. Barre in office in order to make difficulties for M. Mitterrand. It would be more in character for M. Chirac to want to take the case against M. Mitterrand directly to the country.

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9. M. Mitterrand has expressed his willingness to govern with whatever parliamentary majority emerged from the elections which he would call for a new National Assembly. The PS would probably make some gains in the elections but not enough to have an absolute majority. The Communist Party's current attitude towards M. Mitterrand gives no reason for thinking that they would provide help for a PS government. Indeed, M. Marchais has threatened that if M. Mitterrand did not appoint a Government including communist Ministers the PCF would foment industrial action and street demonstrations against him. M. Mitterrand might eventually be able to patch together a mild PS government supported by the centre-right, but only at the expense of making major concessions on his political and economic programme and of earning the bitter opposition of the PCF. His difficulties would no doubt be exacerbated by the beginning of a flight from the franc and general destabilization of the economy, resulting from his own attempts to inaugurate by decree a socialist-looking programme to please his own followers and the attempts of the Communist Party and Confédération Générale du Travail to make him their prisoner or ruin his chances.

from

10. The consequences of a Mitterrand victory are so uncertain that it is unprofitable to try to peep too far ahead. What is certain is that a Mitterrand victory would produce a completely different kind of Fifth Republic from the one which has existed since 1958. The balance of power between the President and the National Assembly would be substantially altered and conflict

/between

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between them might become endemic. This probably does not mean that there would be a return to the political habits of the Fourth Republic. It would be more likely to produce a trial of strength outside Parliament. There would be a disorderly situation in which M. Chirac and the RPR might make a bid to be the saviours of France from socialist revolution. This is why some people toy with the daring idea of voting for M. Chirac on the First Round and, if he loses, letting M. Mitterrand in on the Second. But this is not a very likely eventuality. Probability favours a victory by M. Giscard and a resultant political situation corresponding to one or other of the models canvassed in paragraphs 4 to 8 above.

11. I am sending copies of this despatch to HM Representatives at Washington, Moscow and Community posts, to the Permanent Representatives to the European Communities and the North Atlantic Treaty Organisation and to HM Consuls General in France.

I have the honour to be  
Your Lordship's obedient  
servant,

A handwritten signature in cursive script, which reads 'Reginald Hibbert'.

Reginald Hibbert

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GRS 930

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DESKBY 061900Z

FM PARIS 061720Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 330 OF 06 MAY 1981

INFO ROUTINE UKREP BRUSSELS WASHINGTON UKDEL NATO UKDEL STRASBOURG

INFO SAVING BONN BRUSSELS COPENHAGEN DUBLIN THE HAGUE ALL

CONSULAR POSTS IN FRANCE

MY TEL NO 324: FRENCH PRESIDENTIAL ELECTION

1. AFTER PROTRACTED NEGOTIATIONS, MM GISCARD AND MITTERRAND FINALLY REACHED AGREEMENT ON 4 MAY ON ARRANGEMENTS FOR A LIVE TELEVISION DEBATE. THIS WAS BROADCAST LAST NIGHT.

2. NEITHER CANDIDATE HAD ANYTHING PARTICULARLY NEW TO SAY ALTHOUGH THEIR RESPECTIVE POSITIONS ARE NOW KNOWN TO A WIDER AUDIENCE. THE SIGNIFICANCE OF THE DEBATE LAY LESS IN ITS CONTENT THAN IN THE RARE OPPORTUNITY IT GAVE THE FRENCH ELECTORATE TO COMPARE THE PERFORMANCE OF THE PRESIDENT AND HIS CHALLENGER IN A FACE-TO-FACE CONFRONTATION. IN THE 1974 PRESIDENTIAL ELECTION, M GISCARD WAS WIDELY THOUGHT TO HAVE GAINED GROUND AS A RESULT OF HIS PERFORMANCE IN THE EQUIVALENT TELEVISION DEBATE. THIS TIME THERE WAS NO OBVIOUS WINNER. IF MITTERRAND APPEARED A MORE SYMPATHETIC PERSONALITY, GISCARD APPEARED TO HAVE A BETTER COMMAND OF THE FACTS. THE SUPPORTERS OF BOTH CAMPS HAVE, NOT UNEXPECTEDLY, CLAIMED VICTORY FOR THEIR CHAMPION. PRESS COMMENT IS SIMILARLY DIVIDED ALONG PARTISAN LINES. M MITTERRAND IS PROBABLY SATISFIED THAT HE WAS ABLE TO HOLD M GISCARD TO A DRAW. HE COULD NOT HAVE EXPECTED TO GET THE BETTER OF M GISCARD, WHILE A POOR PERFORMANCE WOULD PROBABLY HAVE COST HIM THE ELECTION. IN THE EVENT, IT IS DOUBTFUL WHETHER THE DEBATE HAS DONE MUCH MORE THAN CONFIRM FRENCH VOTERS IN THEIR PREJUDICES.

3. THE DEBATE FOLLOWED THE FORM AGREED BY THE CANDIDATES AND THE INTERVIEWING JOURNALISTS AND WAS DIVIDED INTO THREE PARTS: DOMESTIC POLITICS, THE DOMESTIC ECONOMY AND INTERNATIONAL AFFAIRS. THE FOLLOWING WERE SOME OF THE MAIN POINTS MADE BY BOTH CANDIDATES.

(A) DOMESTIC POLITICS

4. M GISCARD STRESSED THAT IF HE WAS RE-ELECTED FRANCE WOULD CONTINUE TO ENJOY POLITICAL STABILITY SINCE, UNLIKE M MITTERRAND, HE WOULD BE ABLE TO DEPEND ON A PARLIAMENTARY MAJORITY. M MITTERRAND QUOTED REMARKS BY M CHIRAC ATTACKING M GISCARD DURING THE FIRST ROUND CAMPAIGN TO SHOW THAT M GISCARD WAS HOPING TO HAVE AS AN ALLY A MAN WHO ACCUSED HIM OF HAVING FAILED AS PRESIDENT. M MITTERRAND EXPLAINED THAT IF HE WAS ELECTED HE WOULD APPOINT AN INTERIM GOVERNMENT PENDING EARLY LEGISLATIVE ELECTIONS.

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THIS INTERIM GOVERNMENT WOULD NOT BE PRESENTED TO THE PRESENT NATIONAL ASSEMBLY. WHETHER OR NOT THE COMMUNISTS ENTERED SUCH A GOVERNMENT WOULD DEPEND ON WHETHER AGREEMENT COULD BE REACHED ON A COMMON PROGRAMME. A NEW GOVERNING MAJORITY WOULD BE FORMED AFTER THE LEGISLATIVE ELECTIONS BUT THESE COULD NOT BE SETTLED BEFORE THE ELECTION AND WOULD DEPEND ON THE DISCUSSIONS HE WOULD HAVE WITH THE MAJORITY WHICH HAD ELECTED HIM. M MITTERRAND SAID THAT EVEN IF THE LEFT DID NOT OBTAIN A PARLIAMENTARY MAJORITY AT LEGISLATIVE ELECTIONS HE WOULD REMAIN AS PRESIDENT AND GOVERN WITH WHATEVER MAJORITY EMERGED.

5. M GISCARD SAID THAT IF M MITTERRAND WAS ELECTED THERE WAS BOUND TO BE A LONG DELAY (AT LEAST UNTIL JULY) DURING WHICH AN INTERIM GOVERNMENT WOULD LACK ALL AUTHORITY SINCE IT WOULD HAVE NO PARLIAMENTARY APPROVAL AND THEREFORE NO ADEQUATE LEGAL POWERS TO INTRODUCE THE SOCIAL AND ECONOMIC MEASURES THAT M MITTERRAND PROPOSED SHOULD BE QUICKLY TAKEN. HE WOULD ALSO BE FORCED TO ACCEPT A GOVERNMENT WITH THE PARTICIPATION OF COMMUNIST MINISTERS. BY HIS REFUSAL TO ADMIT THESE FACTS, M MITTERRAND WAS ATTEMPTING TO DISGUISE THE REALITY FROM THE FRENCH ELECTORATE.

(B) THE ECONOMY

6. BOTH CANDIDATES SPOKE AT LENGTH ABOUT UNEMPLOYMENT AND THE INADEQUACIES OF THE OTHER'S POLICIES TO DEAL WITH IT. PRESIDENT GISCARD CRITICISED M MITTERRAND FOR NOT SPELLING OUT HIS ECONOMIC POLICIES IN DETAIL. HE SAID THAT UNDER M MITTERRAND 50% OF FRENCH INDUSTRY WOULD BE NATIONALISED - A FIGURE UNMATCHED BY ANY OTHER EUROPEAN COUNTRY - UNEMPLOYMENT WOULD IN FACT INCREASE AND THAT THE NATIONALISATION OF CREDIT WOULD STIFLE INVESTMENT, ESPECIALLY BY SMALL FIRMS. M MITTERRAND CONFIRMED HIS INTENTION TO NATIONALISE ELEVEN MAJOR INDUSTRIAL COMPANIES AS WELL AS ALL BANKS, ADDING THAT THE NATIONALISATION PROGRAMME WOULD NOT GO BEYOND THIS. HE ALSO CONFIRMED THAT NEGOTIATIONS WOULD BE REQUIRED WITH BOTH SIDES OF INDUSTRY ON A 35-HOUR WEEK AND A NEW WEALTH TAX WOULD BE INTRODUCED. BUT HE DENIED THAT THE BUDGET DEFICIT WOULD HAVE TO BE SUBSTANTIALLY INCREASED TO FINANCE HIS ECONOMIC PROGRAMME, OR THAT THE FRANC WOULD HAVE TO WITHDRAW FROM THE EMS.

(C) FOREIGN AFFAIRS

7. THIS SECTION WAS TOO SHORT AND FRAGMENTED TO ALLOW DETAILED DISCUSSION OF ANY SUBJECT. THE CANDIDATES WERE ASKED ABOUT THEIR ATTITUDE TO BRITAIN REMAINING A MEMBER OF THE COMMUNITY AND TO THE ADMISSION OF PORTUGAL AND GREECE. M GISCARD SAID THAT HE WAS IN FAVOUR OF CONTINUED BRITISH MEMBERSHIP PROVIDED IT KEPT TO THE RULES AND TO THE BASIS OF THE EXISTING PROVISIONS OF THE TREATY OF ROME. AS REGARDS CHANGES TO THOSE RULES BRITAIN WAS DEMANDEUR AND GISCARD SAW NO REASON FOR CHANGES SOLELY TO KEEP BRITAIN IN.

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M MITTERRAND AGREED BUT SAID THAT THE FRENCH GOVERNMENT SHOULD HAVE TAKEN A FIRMER LINE TOWARDS BRITAIN, PARTICULARLY OVER FISHERIES. M GISCARD SAID IT WAS IN FACT THE BRITISH WHO SUFFERED A SET-BACK AT MAASTRICHT OVER FISHERIES. AS REGARDS ENLARGEMENT M MITTERRAND NOTED THAT M GISCARD HAD COME ROUND TO ADOPTING THE SAME ATTITUDE OF RESERVE TOWARDS THE ENTRY OF SPAIN AND PORTUGAL AS THE SOCIALISTS. HE CALLED FOR A MUCH FIRMER APPROACH TO RELATIONS WITH THE SOVIET UNION, WHILE M GISCARD ONCE MORE LABORIOUSLY JUSTIFIED HIS VISIT TO WARSAW LAST MAY. THERE WAS LITTLE ELSE OF NOTE IN AN UNINSPIRED EXCHANGE.

8. RESIDENT CLERK PLEASE PASS TO PS/LPS

FCO PLEASE PASS SAVINGS TO BONN BRUSSELS COPENHAGEN DUBLIN THE HAGUE

HIBBERT

[REPEATED AS REQUESTED]

FCO/WHITEHALL

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FM PARIS 041634Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 324 OF 4 MAY 1981

INFO ROUTINE UKREP BRUSSELS, WASHINGTON, UKDEL NATO, UKDEL STRASBOURG.

INFO SAVING TO BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS.

INFO SAVING TO CONSULAR POSTS IN FRANCE (PASSED BY PARIS).

MY TELNO 312: FRENCH PRESIDENTIAL ELECTION

1. PRESIDENT GISCARD'S EFFORTS TO WIN M. CHIRAC'S FIRST ROUND VOTERS WERE INTENSIFIED OVER THE WEEKEND.

2. IN A SERIES OF SPEECHES, CULMINATING IN A MASS RALLY IN PARIS YESTERDAY, M. GISCARD CONTINUED TO WARN AGAINST THE DANGERS OF CHANGE AND THE COMMUNIST MENACE HIDDEN BEHIND M. MITTERRAND BUT BEGAN TO MULTIPLY REFERENCES TO THE "USEFUL AND POSITIVE" CONTRIBUTION OF M. CHIRAC'S FIRST ROUND CAMPAIGN AGAINST BUREAUCRACY AND IN FAVOUR OF INDIVIDUAL RESPONSIBILITY. HE HAS PROMISED AFTER HIS REELECTION TO CONVOKE THE LEADERS OF THE GOVERNING MAJORITY IN ORDER TO DRAW THE LESSONS OF THE CAMPAIGN, USING FOR THIS PURPOSE THE EVOCATIVE EXPRESSION "ETATS GENERAUX". IN THE MEANTIME, HE HAS INVITED M. CHIRAC'S SUPPORTERS TO DISCUSS WITH HIM EITHER BEFORE OR AFTER THE ELECTION MEASURES TO REDUCE STATE INTERVENTION IN THE ECONOMY.

3. M. GISCARD'S ADVANCES TOWARDS M. CHIRAC'S ELECTORATE ARE AT LAST BEGINNING TO SOUND FAIR AND FRIENDLY. BUT AFTER THE RPR'S EXPERIENCE AT M. GISCARD'S HANDS IN RECENT YEARS, THEY WILL BE LOOKING FOR DEEDS NOT WORDS. AS M. CHIRAC HAS PUT IT, M. GISCARD'S PROMISES BIND ONLY THOSE TO WHOM THEY HAVE BEEN MADE. M. GISCARD STILL NEEDS TO CONVINCENCE MANY OF M. CHIRAC'S FOLLOWERS THAT POWER - SHARING IS ASSURED. THE MOST EFFECTIVE DEMONSTRATION OF GOOD FAITH WOULD PROBABLY BE FOR HIM TO SHOW READINESS TO APPOINT A PRIME MINISTER FROM THE CHIRAC WING OF THE GAULLIST MOVEMENT RATHER THAN ONE OF THE OLDER GAULLIST "BARONS" OF HIS OWN CHOICE. THE NAME OF M. ROBERT POUJADE, MAYOR OF DIJON, IS BEING CANVASSED BY THE POLITICAL GOSSIPS.

4. HAVING WRESTED A PUBLIC COMMITMENT OF UNCONDITIONED SUPPORT FROM THE COMMUNISTS, M. MITTERRAND APPEARS TO HAVE OPTED FOR THE TACTIC OF THE TORTOISE IN HIS SECOND ROUND CAMPAIGN RATHER THAN HAVING AFTER M. GISCARD. APART FROM A MAY DAY RALLY, HE HAS AVOIDED LARGE SCALE POLITICAL GATHERINGS. HE SEEMS DETERMINED TO SAY NOTHING WHICH COULD OFFEND POTENTIAL SUPPORTERS ON HIS LEFT OR RIGHT. SPECULATION ABOUT NOVEL POST - ELECTORAL POLITICAL COMBINATIONS INVOLVING THE PS, THE PCF AND THE GAULLISTS HAS BEEN LEFT TO HIS LIEUTENANTS, MOST NOTICEABLY M. DEFERRE. FOR HIS PART, M. MITTERRAND HAS SOUGHT TO APPEAR AS THE RASSEMBLEUR OF THE 72% OF THE ELECTORATE WHO VOTED AGAINST M. GISCARD IN THE FIRST ROUND WHILE DEPICTING THE PRESIDENT AS THE DIVISIVE REPRESENTATIVE OF THE FORCES OF REACTION.

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M. MITTERRAND



M. MITTERRAND HAS ALSO ATTEMPTED TO REINFORCE CONFIDENCE IN HIS ECONOMIC PROGRAMME FOR FRANCE BY HOLDING A WELL PUBLICISED MEETING WITH ~~200~~ LEADING ECONOMISTS WHO SUPPORT HIM.

5. SINCE ITS DECLARATION OF SUPPORT FOR M. MITTERRAND, THE COMMUNIST PARTY HAS LAIN LOW. TO THE RELIEF OF M. MITTERRAND'S CAMP, THE TRADITIONAL MAY DAY TRADE UNION DEMONSTRATIONS PASSED OFF WITHOUT INCIDENT. THERE WAS LITTLE TO FRIGHTEN MIDDLE CLASS VOTERS EVEN IN THE SPEECHES OF THE LEADERS OF THE COMMUNIST DOMINATED CGT. RELUCTANCE IN THE PCF TO VOTE FOR M. MITTERRAND ON 10 MAY IS NEVERTHELESS REAL ENOUGH AND MAKES ITSELF FELT. THE EDITORIAL IN TODAY'S L'HUMANITE ACCUSED SOCIALIST LEADERS OF GLOATING OVER THE PCF'S REVERSE IN THE FIRST ROUND. IT COMPLAINED THAT M. MITTERRAND WAS NOT PAYING AS MUCH ATTENTION TO THE PCF'S ELECTORATE AS M. GISCARD WAS DEVOTING TO THE SEDUCTION OF M. CHIRAC'S VOTERS. THE DILEMMA FOR M. MITTERRAND IS THAT HE CANNOT RESPOND TO THE PCF WITHOUT DISTURBING POTENTIAL SUPPORTERS IN THE CENTRE.

6. ALTHOUGH FRANCE IS COMMONLY SAID TO BE CONFRONTED WITH A CHOICE OF SOCIETY, THE MAIN POINT OF PUBLIC DISPUTE CONCERNS THE POSSIBILITY OF ARRANGING A TELEVISION DEBATE BETWEEN THE TWO CANDIDATES. AS THE ELECTORATE APPEARS LITTLE CONCERNED WHETHER THE DEBATE TAKES PLACE OR NOT, IT IS PROBABLE THAT NEITHER CANDIDATE STANDS TO GAIN OR LOSE VERY MUCH, BUT PRESIDENT GISCARD SEEMS TO THINK THAT HE CAN EXPLOIT THIS ISSUE TO DISCREDIT M. MITTERRAND. AT THIS STAGE OF THE CAMPAIGN THERE IS IN FACT LITTLE ROOM FOR RATIONAL DISCUSSION OF POLICY. THE FIGHT IS QUITE SIMPLY ABOUT SHARES OF POWER. ONE OR TWO EXTRAVAGANT PROMISES ARE BEING THROWN UP, FOR EXAMPLE M. GISCARD'S CALL FOR A FRENCH SPACE SHUTTLE, BUT THESE DO NOT MEAN MUCH. AS THE POWER STRUGGLE DEVELOPS, THE STOCK EXCHANGE AND THE FOREIGN EXCHANGE MARKET HAVE BEGUN TO SHOW SIGNS OF NERVOUSNESS, A FACTOR WHICH MAY HELP THE RALLYING OF THE MAJORITY.

7. AN ADDED DIFFICULTY IN ASSESSING THE IMPACT ON THE ELECTORATE OF THE POLITICAL MANOEUVRING IS THAT UNDER FRENCH ELECTORAL LAW PUBLIC OPINION POLLS CANNOT BE PUBLISHED DURING THE LAST WEEK OF THE CAMPAIGN. THE LAST PUBLISHED POLL ON SECOND ROUND VOTING INTENTIONS GAVE A FILLIP TO M. MITTERRAND. IT PUT HIM AHEAD WITH 51.5% OF THE VOTES. AN UNPUBLISHED SOFRES POLL APPARENTLY GAVE M. MITTERRAND VICTORY BY A WIDER MARGIN. THESE POLLS WERE CONDUCTED IN THE IMMEDIATE AFTERMATH OF THE FIRST ROUND BEFORE EITHER THE PCF OR THE RPR LEADERS HAD TAKEN UP POSITIONS FOR THE SECOND ROUND. THERE IS NOW NO PUBLIC WAY OF JUDGING HOW SUCCESSFUL M. GISCARD IS BEING IN HIS EFFORT TO RALLY THE MAJORITY. THE RESULT IS GOING TO BE VERY CLOSE: BUT AS THE PRESIDENT SEEMS TO BE LEARNING QUICKLY FROM THE HALF COME - UPPANCE WHICH HE RECEIVED A WEEK AGO, THE OMENS FOR NEXT SUNDAY SEEM TO ME TO BE STIL MARGINALLY IN HIS FAVOUR.

FCO PLEASE PASS SAVING TO BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS.

HIGBERT.  
FCO:WH  
WED

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Mr. Alexander



*With the compliments of*  
THE HEAD OF WESTERN  
EUROPEAN DEPARTMENT

*John Austin*

FOREIGN AND COMMONWEALTH OFFICE

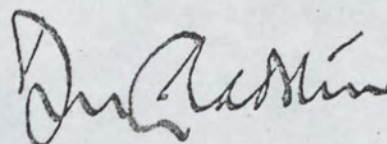
LONDON, SW1A 2AH

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Mr Fergusson

A MITTERRAND GOVERNMENT

1. As suggested by PS/PUS, I have prepared a brief summary, drawn from public pronouncements by M. Mitterrand and others, of known Parti Socialiste foreign policies to serve as a point of departure for a discussion by DUS's on 5 May.. This is based on a preliminary analysis by Research Department, on which Paris have commented briefly. However, for reasons set out in the paper, the Embassy have declined to speculate on the extent to which current PS policies would be put into practice if M. Mitterrand were (still unexpectedly) elected.
2. As requested by the Private Secretary, I attach, for him only, a further selection of papers on the subject.
3. You discussed the distribution list for the paper with PS/PUS.



D A S Gladstone  
Western European Department

1 May 1981

cc: PS	EESD
PS/LPS	News Dept
PS/Mr Hurd	Research Dept
PS/PUS	ACDD
All Deputy Under Secretaries	NENAD
Mr Hannay	MCD
Heads of:	ERD
Planning Staff	WAD
ECD(E)	NAD
ECD(I)	
Defence Dept	

## FRENCH FOREIGN POLICY IN THE EVENT OF A MITTERRAND VICTORY

1. Our Embassy in Paris have declined to comment on the policies Mitterrand would adopt if elected on the grounds that the question is hypothetical. Sir R Hibbert dealt fleetingly with the question at the end of his recent despatch (extract attached). There is force in this argument; M Mitterrand's policies in practice would depend much on the scale of his victory, the degree of Communist participation in Government, the results of subsequent National Assembly elections, etc.

2. With that caveat, the broad lines of Parti Socialiste (PS) foreign policy as expounded to date can be summarised briefly as follows (this summary is based partly on the Projet Socialiste of January 1980 and partly on an interview given by M Mitterrand to Le Monde on 30 July 1980).

General

3. The PS has devoted less time to formulation of foreign than of domestic policies. No radical reversal of existing French foreign policies is planned but PS policies are remarkably Gaullist in essentials, if backed up by socialist rationalisation. M Mitterrand's thinking on foreign policy, particularly on East/West relations, has evolved since Afghanistan. Over the past year he has adopted an increasingly critical attitude towards the Soviet Union.

NATO and Trans-Atlantic Affairs

4. In the long term, M Mitterrand looks to the disbandment of both NATO and the Warsaw Pact. In the meantime he has stressed that if he were elected, France would be a faithful ally of her NATO partners and would respect her Treaty obligations. He has no intention of withdrawing France from NATO but France

would not return on NATO's integrated military structure. Last summer he called for an urgent re-examination of the relations between the members of the Atlantic Alliance at a NATO summit. He claims that NATO is at present based on the illusion that the Americans would intervene in Europe in the event of Soviet aggression.

#### East/West Relations

5. M Mitterrand has criticised the French Government for its slowness in condemning the Soviet invasion of Afghanistan. He called President Giscard's meeting with Brezhnev in Warsaw a mistake because it had brought comfort to an aggressor. France should officially recognise the Afghanistan Resistance Movement. If the Soviet Union were to intervene militarily in Poland, this would call in question future discussion of security issues between the Soviet Union and the West as well as East/West technological and commercial agreements.

#### Defence/Disarmament

6. M Mitterrand has made the withdrawal of Soviet SS20 missiles his top priority in the arms control field. He might be prepared for French participation in global negotiations on nuclear disarmament. However, the imbalance between Eastern and Western force levels in Europe needs to be restored. France has no choice but to rely on nuclear deterrence for the protection of her territory and restraints on French systems in the context of any East/West arms control arrangements would be unacceptable. M Mitterrand has warned against a policy of total self-reliance such as could lead France to 'a kind of neutrality with regard to world affairs and in particular in relation to her closest friends'.

#### Europe/EC

7. M Mitterrand has criticised the French Government for developing an exclusive Paris/Bonn axis within the EC, which

has undermined the principle of the equality of its members. UK membership of the EC is to be desired. But the EC must stand firm against UK efforts (backed by the US) to transform the EC into a free trade area. He looks to the EC to provide a counter-weight to the hegemony of the two super-powers and, if elected, would propose to France's EC partners a variety of measures designed to strengthen the Community, including defence and reform of the CAP; closer EC co-operation on industrial policy, energy and research; concerted action to stimulate EC economies, and renewed discussion on access by French fishing boats to 'Community' waters. However, given M. Mitterrand's determination to preserve underlying French interests, it is unlikely that he would prove to be an easier partner for the UK than M. Giscard.

Middle East

8. M Mitterrand is more strongly committed to Israel than any other presidential candidate and supports Camp David. The Palestinian people should however have a right to exist as a nation.

#### Latin America

9. M Mitterrand has strongly condemned US military aid to the government of El Salvador.

#### International Monetary Fund

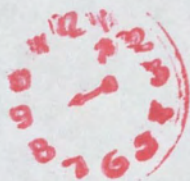
10. The PS wants reform of the IMF and World Bank, increased aid to all third world countries and a moratorium on existing debts of poorest countries. Sections of the party would like to restore the rôle of gold.

#### Africa

11. PS has criticized 'neo-colonialist' French military interventions; supports Chadian independence (and indeed self-determination everywhere).

10. The consequences of a Mitterrand victory are so uncertain that it is unprofitable to try to peep too far ahead. What is certain is that a Mitterrand victory would produce a completely different kind of Fifth Republic from the one which has existed since 1958. The balance of power between the President and the National Assembly would be substantially altered and conflict between them might become endemic. This probably does not mean that there would be a return to the political habits of the Fourth Republic. It would be more likely to produce a trial of strength outside Parliament. There would be a disorderly situation in which M. Chirac and the RPR might make a bid to be the saviours of France from socialist revolution. This is why some people toy with the daring idea of voting for M. Chirac on the First Round and, if he loses, letting M. Mitterrand in on the Second. But this is not a very likely eventuality. Probability favours a victory by M. Giscard and a resultant political situation corresponding to one or other of the models canvassed in paragraphs 4 to 8 above.

10 MAY 1961





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FM PARIS 301315Z APR 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 312 OF 30 APRIL 1981

INFO ROUTINE UKREP BRUSSELS WASHINGTON UKDEL NATO BONN BRUSSELS

COPENHAGEN DUBLIN THE HAGUE LUXEMBOURG ROME ATHENS

INFO SAVING UKDEL STRASBOURG

MY TEL NO 301

FRENCH PRESIDENTIAL ELECTION

1. M. MITTERRAND'S ELECTORAL PROSPECTS RECEIVED A BOOST ON 28 APRIL WHEN THE CENTRAL COMMITTEE OF THE PCF CALLED UPON COMMUNIST VOTERS TO SUPPORT HIM IN THE SECOND ROUND ON 10 MAY.
2. IT IS EMBARRASSING FOR M. GISCARD THAT THE PCF CENTRAL COMMITTEE ATTACHED NO CONDITIONS TO ITS ENDORSEMENT OF M. MITTERRAND. THIS MAKES IT MORE DIFFICULT FOR HIM TO DISCREDIT M. MITTERRAND. IT WOULD HOWEVER BE WRONG TO THINK THAT M. MITTERRAND HAS BEEN GIVEN A BLANK CHEQUE. M. MARCHAIS MADE THAT CLEAR IN A TV INTERVIEW. PCF SUPPORT IS DESIGNED 'TO CREATE THE BEST POSSIBLE CONDITIONS FOR IMPOSING A GOVERNMENT IN WHICH COMMUNISTS WILL HAVE THEIR RIGHTFUL PLACE'. M. MARCHAIS MADE IT CLEAR THAT THE PCF WOULD CONTINUE THE STRUGGLE TO IMPLEMENT ITS ECONOMIC AND SOCIAL PROGRAMME 'WITH ALL THE MEANS AT ITS DISPOSAL'.
3. THE PCF'S DECISION IS THE LOGICAL CONSEQUENCE OF M. MARCHAIS' POOR SHOWING IN THE FIRST ROUND. HAVING ALREADY LOST A QUARTER OF HIS VOTERS TO M. MITTERRAND, M. MARCHAIS, BEING UNABLE TO BEAT HIM, JOINS HIM. UNCONDITIONAL, BUT NOT UNQUALIFIED, SUPPORT FOR M. MITTERRAND PROBABLY HELPS TO PRESERVE THE UNITY OF THE PCF LEADERSHIP. THOSE WHO FAVOUR COOPERATION WITH THE PS WILL HOPE THEREBY TO PERSUADE M. MITTERRAND EVENTUALLY TO ACCEPT PCF MINISTERS. THE HARDLINERS MAY STILL HOPE THAT SUFFICIENT CENTRIST AND GAULLIST VOTERS WILL TAKE FRIGHT AT THE PCF'S PROFFERED EMBRACE TO BLOCK M. MITTERRAND'S CHANCES OF VICTORY.
4. THE PARLIAMENTARY GROUP AND THE CENTRAL COMMITTEE OF THE GAULLIST RPR HAVE FOLLOWED M. CHIRAC IN DECIDING TO LEAVE GAULLIST VOTERS FREE TO VOTE ACCORDING TO THEIR CONSCIENCE ON THE SECOND ROUND. BUOYED BY M. CHIRAC'S PERFORMANCE IN THE FIRST ROUND, THE RPR LEADERSHIP IS PLAYING FOR HIGH STAKES. RPR LEADERS CLAIM THAT THEY ARE OPPOSED TO M. MITTERRAND'S ELECTION. BUT THEY ARGUE THAT THE ONUS IS ON M. GISCARD TO CONVINCe THE GAULLIST ELECTORATE THAT HE MERITS THEIR SUPPORT. IN THEIR VIEW, THIS MEANS THAT HE MUST TAKE GREATER ACCOUNT OF THE THEMES OF M. CHIRAC'S CAMPAIGN. THEIR RECKONING IS THAT, OTHERWISE, AN IMPORTANT SEGMENT, PERHAPS AS MUCH AS 40% OF M. CHIRAC'S VOTERS, WOULD BE READY EITHER TO ABSTAIN OR TO VOTE FOR M. MITTERRAND.

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5. M. MITTERRAND APPEARS TO BELIEVE THAT THE FIRST ROUND RESULT HAS THROWN M. GISCARD ON THE DEFENSIVE. HIS PRIME OBJECTIVE MUST THEREFORE BE TO PREVENT M. GISCARD FROM REGAINING THE INITIATIVE. M. GISCARD HAS BID FOR TWO FACE-TO-FACE TELEVISION DEBATES WITH M. MITTERRAND. HE CONSIDERS THAT HE OWED HIS SUCCESS IN THE 1974 ELECTION PARTIALLY AT LEAST TO HIS SUPERIOR PERFORMANCE IN A TELEVISION DEBATE BETWEEN THE TWO ROUNDS. M. MITTERRAND IS TRYING TO IMPOSE TIGHT CONDITIONS ON PARTICIPATION IN ANY SUCH DEBATE AND TO MAKE SURE THAT THERE IS ONLY ONE. HE APPARENTLY INTENDS TO CONDUCT A LOW KEY SECOND ROUND CAMPAIGN WITHOUT ANY LARGE SCALE PUBLIC MEETINGS. ASSURED OF PCF SUPPORT, HE IS DOING HIS BEST TO ASSUAGE THE FEARS OF CENTRIST VOTERS BY APPEARING AS THE "FORCE TRANQUILLE" OF HIS CAMPAIGN SLOGAN.

6. M. GISCARD HAS MADE A PITCH FOR THE ECOLOGISTS WHOSE MILLION OR SO FIRST ROUND VOTES COULD TIP THE BALANCE. BUT HE HAS YET TO DISPLAY THE GENEROSITY NECESSARY TO WOO M. CHIRAC'S VOTERS. INSTEAD, HE HAS ADOPTED THE WELL TRIED TACTIC OF PORTRAYING THE SECOND ROUND AS A CHOICE BETWEEN THOSE WHO REJECT A "MARXIST AND BUREAUCRATIC SOCIETY" AND M. MITTERRAND "WHO, WHETHER HE LIKES IT OR NOT, ALSO SPEAKS IN THE NAME OF THE COMMUNISTS". SO FAR THE GAULLISTS SHOW SIGNS OF NOT BEING AS RECEPTIVE AS IN THE PAST TO THIS MESSAGE. M. WAHL, SECRETARY GENERAL OF THE ELYSEE, TOLD ME YESTERDAY THAT M. GISCARD CAN BE EXPECTED TO MAKE SOME CONCESSIONS ON POLICY TO THE RPR. HE ADDED HOWEVER THAT IT WOULD NOT BE EASY IN THE SHORT TIME AVAILABLE TO BRING ABOUT THE MOVEMENT THAT WAS NECESSARY.

7. IT IS GENERALLY ASSUMED HERE BY THE ESTABLISHMENT PUNDITS (WHO ARE A BIT WORRIED BY THE SITUATION) THAT CONTACTS ARE TAKING PLACE BEHIND THE SCENES BETWEEN THE PRESIDENT AND M. CHIRAC. WAHL WAS CAREFUL TO EXPLAIN TO ME YESTERDAY THAT M. CHIRAC IS A REASONABLE MAN BUT HAS SOME WILD MEN IN HIS ENTOURAGE. IT IS NOT LIKELY TO BE POSSIBLE TO FIND OUT EXACTLY WHAT IS GOING ON, BUT I IMAGINE THAT WE SHALL KNOW ABOUT IT BY ITS FRUITS IN THE NEXT FEW DAYS.

FCO PLEASE PASS SAVING TO UKDEL STRASBOURG

HIBBERT

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DESKBY FCO 2716φφZ

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France

FM PARIS 271446Z APR 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 3φ1 OF 27 APRIL 1981

INFO ROUTINE BONN BRUSSELS COPENHAGEN DUBLIN THE HAGUE  
LUXEMBOURG ROME UKREP BRUSSELS ATHENS WASHINGTON UKDEL NATO

MIPT: FRENCH PRESIDENTIAL ELECTION

ms

1. THE FIRST ROUND HAS PRODUCED A SHIFT IN THE PATTERN OF FRENCH POLITICS UNDER THE 5TH REPUBLIC. M. MARCHAIS AND THE COMMUNIST PARTY HAVE HAD A SEVERE SETBACK. M. MITTERRAND'S POSITION HAS BEEN STRENGTHENED. PRESIDENT GISCARD NOW HAS A FIGHT ON HIS HANDS. THE ELECTION HAS FINALLY BEEN BROUGHT ALIVE.
2. THE DROP OF NEARLY 5 PERCENTAGE POINTS IN THE COMMUNIST SHARE OF THE VOTE BY COMPARISON WITH THE PCF'S TRADITIONAL SCORE IN NATIONAL ELECTIONS IS THE MOST IMPORTANT FEATURE OF THE RESULT. IN FRENCH TERMS THIS IS A SERIOUS DEFEAT FOR M. MARCHAIS. THE PCF HAS LOST ALMOST A QUARTER OF ITS ELECTORAL SUPPORT.
3. THE POLITICAL SIGNIFICANCE IS THAT IT MAY NO LONGER BE POSSIBLE TO COUNT ON M. MARCHAIS TO CLAW M. MITTERRAND DOWN ON THE SECOND ROUND. MANY COMMUNIST VOTERS MUST ALREADY HAVE TRANSFERRED TO M. MITTERRAND BECAUSE THEY WANT A VICTORY OF THE LEFT AND NOT FRUSTRATION. THIS MOVEMENT COULD NOW GAIN MOMENTUM AND M. MARCHAIS MAY NOT BE ABLE TO CHECK IT HOWEVER DIFFICULT HE TRIES TO BE FOR M. MITTERRAND. FOR HIS PART, M. MITTERRAND LOOKS A LITTLE LESS LIKE A PRISONER OF THE COMMUNIST PARTY AND IT MABE EASIER FOR HIM THAN HITHERTO TO BE RELATIVELY GRACIOUS TO THE COMMUNISTS WITHOUT MAKING HIMSELF LOOK LESS ATTRACTIVE TO CENTRIST VOTERS. THE CLUTCH OF VOTES OBTAINED BY THE ECOLOGIST LALONDE MAY BE IMPORTANT. PAST VOTING BEHAVIOUR SUGGESTS THAT ECOLOGISTS ARE MORE SYMPATHETIC TO THE LEFT.
4. ON THE RIGHT, M. CHIRAC HAS DONE WELL, ALTHOUGH NOT AS WELL AS SOME OF THE EXTRAVAGANT CLAIMS MADE ON HIS BEHALF LAST WEEK. HE HAS IMPOSED HIMSELF AS THE UNDISPUTED LEADER OF THE GAULLIST MOVEMENT WHILE KEEPING THE COMBINED GAULLIST SCORE UP TO THE LEVEL ACHIEVED AT THE 1978 LEGISLATIVE ELECTIONS. THE OBVIOUS COURSE NOW WOULD BE FOR M. GISCARD AND M. CHIRAC TO COMBINE THEIR EFFORTS IN ORDER TO KEEP M. MITTERRAND OUT. IN SPITE OF HIS IMPROVED SHOWING M. MITTERRAND'S PROSPECTS WOULD STILL BE POOR IF THE PARTIES OF THE PRESENT MAJORITY WORKED TOGETHER.

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5. M. CHIRAC MADE AN IMPORTANT FIRST STEP THIS MORNING BY ANNOUNCING THAT HE PERSONALLY WOULD VOTE FOR M. GISCARD IN THE SECOND ROUND. HE INDICATED THAT IT WAS UP TO M. GISCARD TO RALLY OTHER VOTERS BY SHOWING WILLINGNESS TO RENEW PRO - FOUNDLY HIS POLICIES AND HIS METHODS, TO TAKE THE NECESSARY MEASURES TO INCREASE PRODUCTION IN ORDER TO DECREASE UNEMPLOY - MENT, TO REDUCE THE CHARGES IMPOSED BY THE STATE ON THE NATION AND TO CONDUCT FIRM AND CLEAR FOREIGN AND DEFENCE POLICIES. NOTHING WOULD BE ACCOMPLISHED IF MUTUAL RESPECT AND DIALOGUE (IE, WITHIN THE MAJORITY) WERE NOT RESTORED.

6. THIS STATEMENT FALLS SHORT OF POSITIVELY RECOMMENDING HIS VOTERS TO VOTE FOR M. GISCARD, BUT IT POINTS IN A CONSTRUCTIVE DIRECTION. IT IS DIFFICULT TO P

EDICT HOW M. GISCARD WILL REACT. LAST NIGHT HE AND HIS SUPPORTERS SHOWED LITTLE SIGN OF READINESS TO RECOGNISE ANY DEPENDENCE ON THE GAULLISTS OR READINESS TO PARLEY WITH THE GAULLIST LEADERSHIP. THE TENDENCY UNDER THE FIRST IMPACT OF THE VOTING FIGURES WAS TO INSIST ON THE NEED FOR ALL MEN OF GOODWILL TO RALLY AGAINST THE RED MENACE WHICH LURKED BEHIND M. MITTERRAND.

7. PRESIDENT GISCARD STARTS HIS SECOND ROUND CAMPAIGN WITH A SPEECH IN DIJON THIS EVENING. PRONOUNCEMENTS BY THE SOCIALIST AND COMMUNIST PARTY LEADERSHIPS ARE TO BE EXPECTED IN THE NEXT DAY OR TWO. THE RPR PARLIAMENTARY GROUP MEETS TOMORROW.

8. THE PROSPECT FACING M. GISCARD IS AN UNCOMFORTABLE ONE BECAUSE THE VOTING FIGURES INVITE HIM TO TURN AWAY FROM THE HIGHLY PERSONAL AND AUTHORITARIAN SYSTEM OF GOVERNMENT WHICH SEEMS TO BE NATURAL TO HIS MIND AND CHARACTER. THERE IS STILL NO REASON WHY M. GISCARD SHOULD LOSE THE SECOND ROUND, BUT IT IS A LITTLE EARLY TO BE SURE THAT HE WILL MASTER HIMSELF AND THE SITUATION SUFFICIENTLY TO SUCCEED IN NOT LOSING IT.

HIBBERT.

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*With the compliments of*

WESTERN EUROPEAN  
DEPARTMENT

FOREIGN AND COMMONWEALTH OFFICE,  
LONDON, SW1A 2AH

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WR  
- 7 APR 1981

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France

Lg  
Mitterrand

SUMMARY

LIKELY POLITICAL CONSEQUENCES OF THE FRENCH PRESIDENTIAL ELECTION

1. This despatch considers some of the political variants which might flow from different possible election results. The key question after the election will be whether the new President can depend on a reliable majority in the National Assembly. The pre-eminence of the President in the 5th Republic stems as much from the existence of such a majority as from the powers vested in him by the Constitution (paragraph 1 and 2).

2. M. Giscard, if re-elected, does not intend to bring forward the elections to the Legislature due at the latest in 1983. In the interval, his principal objective will be to erode RPR strength and solidarity and strengthen his own UDF (paragraph 3).

3. A strong showing by M. Giscard on both rounds of the election would widen his scope for taking initiatives to damage the RPR and to make overtures to the moderate left (paragraph 4 and 5). His freedom of manoeuvre would be much reduced if, as seems more probable, he managed only to scrape home on both rounds (paragraph 6). There would be many variants between these two scenarios (paragraph 7).

/4. M. Mitterrand

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4. M. Mitterrand, if elected, would hold early elections for a new National Assembly. He would want to appoint an interim government without communist participation and adopt various new-looking measures by decree.

M. Barre could refuse to resign, but would probably not do so (paragraph 8). Even if the Socialist Party made gains in the elections to the National Assembly, it would be difficult for M. Mitterrand to find a stable majority in the Assembly. The PCF would be unhelpful (paragraph 9).

5. Conflict between the President and the National Assembly would change the character of the Fifth Republic (paragraph 10).

BRITISH EMBASSY,  
PARIS.

6 April 1981

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign  
and Commonwealth Affairs  
Foreign and Commonwealth Office  
London SW1

My Lord

LIKELY POLITICAL CONSEQUENCES OF THE  
FRENCH PRESIDENTIAL ELECTION

1. In a separate despatch, I have once again and probably for the last time before the Presidential election reviewed the elements which are likely to determine the outcome of the election. In this despatch, I propose to sketch briefly some of the political variants which could be triggered by different possible election results.
2. So far the Fifth Republic has always had a strong President. It is usually assumed that the pre-eminence of the President over the Prime Minister, the Government and National Assembly stems from the power vested in him by the Constitution. In fact, the Constitution of the Fifth Republic ensures that a President with a reliable majority in the National Assembly is strong, and it helps a President to assemble a majority which would not otherwise spontaneously exist; but it probably would not enable a President to be strong if for any reason he failed to command a majority in the National Assembly. Since the Fifth Republic was created the French electorate has elected Presidents and Assemblies who have been mutually compatible. The question  
/which





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which lies beyond the Presidential election is whether at that time there will be a new element in the political game, viz: a majority in the National Assembly which would be prepared at a time of its choosing to -censure and bring down the Government.

3. M. Giscard has already announced that, if he is re-elected, elections to the Legislature will not be held before the normal term in 1983. This must mean that, in the intervening period, his principal objective would be to strengthen his own UDF in relation to the Gaullist RPR, so that after 1983 the UDF and not the RPR would be the dominant group in the majority. His ability to do this would depend on his own performance in the Presidential election. The stronger M. Giscard's showing in the two rounds of the Presidential election, the greater his scope will be for taking initiatives that would damage the RPR and draw forces to the UDF.

4. If M. Giscard does really well in both rounds of the election, which on present form looks unlikely, he should have little difficulty in compelling the RPR in the National Assembly to support him. As a first step towards bringing the RPR to heel, M. Giscard has said that he would instruct his new Government under an optional and infrequently used Article of the Constitution to seek a vote of confidence in the Assembly. Thereafter, he would probably make a determined bid to break the RPR or to fragment it before the 1983 electoral /dateline.

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dateline. In the aftermath of a substantial victory by M. Giscard, some Gaullist deputies anxious to climb on the Giscardian bandwagon might desert the RPR to join the UDF. Others, for example the supporters of M. Debré, could be tempted to form their own parliamentary group separate from the RPR in the hope of securing UDF benevolence for their candidatures in 1983. M. Giscard would be in a position to encourage the break-up of the RPR by offering ministerial posts not just to Gaullists hostile to M. Chirac as hitherto but to those in the mainstream of the RPR. The pursuit of a strong nationalist policy abroad would be a further means of luring Gaullist support.

5. To prepare for an advance by the UDF in 1983, M. Giscard would probably want not only to cut into the RPR but also to make a thrust towards the ground occupied by the moderate Left. Before 1983, it would probably be premature to attempt to persuade moderate members of the Socialist Party (PS) to join the governing majority in the National Assembly. But by appointing Ministers known for their liberal views and by adopting domestic economic and social policies attractive to centre-left opinion; M. Giscard might hope to win over some former PS voters at the Legislative elections. After 1983, backed by a strengthened centre, he would be in a better position to attempt to split off moderate PS elements in the Assembly.

6. M. Giscard's freedom of manoeuvre would be much reduced if, as seems more probable, he manages only to scrape home in

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both rounds of the Presidential election. This is likely if M. Chirac makes a good showing in the First Round and if M. Giscard is unprepared to do a deal with the RPR between the two rounds. Such a deal would be politically difficult for him. Nevertheless, M. Giscard would probably find it difficult to count on support for his new government in the National Assembly unless he was prepared to make concessions to the RPR, more particularly on economic policy. RPR support for anything which looked like M. Barre's policies would be unlikely. President Giscard would also be forced into continuing competition with the RPR to prove who was the more nationalist in defence of France's interests abroad. Even if the RPR felt constrained to give initial conditional support to M. Giscard they would be out to harry him in the run-up to the elections for the Legislature in 1983. If the tide of public opinion appeared to be going their way, the RPR might want to force early Legislative elections in the hope of increasing their strength in the National Assembly at the expense of the UDF and thereby tightening their hold over M. Giscard.

7. It is possible to envisage other variants of the foregoing scenarios. For example, M. Giscard might obtain a narrow victory over M. Mitterrand after dominating M. Chirac in the First Round. In this case, M. Giscard might succeed in breaking down the RPR but there would be less scope for winning over the centre-left. Alternatively, M. Giscard might

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win a substantial victory over M. Mitterrand after being run a close race by M. Chirac in the First Round. This result would however seem possible only if M. Giscard had reached some agreement with M. Chirac on the transfer of RPR votes in the Second Round. In these circumstances, the size of M. Giscard's second round majority would give a false impression of his post-electoral freedom from Gaullist restraints.

8. M. Mitterrand has said that, if he were elected, he would straight away dissolve the National Assembly and call elections for a new National Assembly before the end of June. He would appoint an interim government pending elections. There is however a possibility that M. Barre might refuse to resign as Prime Minister, as he would be entitled to do under the Constitution, on the grounds that he had not lost the confidence of the outgoing National Assembly. As M. Giscard would be eclipsed by his electoral defeat, M. Barre might find himself emerging as the focus of resistance to M. Mitterrand. The UDF itself would probably suffer some severe strains in the wake of a defeat of M. Giscard, but UDF politicians, preoccupied by the impending elections, might not wish to fight a pitched battle straight away under M. Barre, who could not escape some of the discredit of the defeat. M. Chirac and the RPR would in any case probably have a decisive voice in promoting or preventing any manoeuvre to keep M. Barre in office in order to make difficulties for M. Mitterrand. It would be more in character for M. Chirac to want to take the case against M. Mitterrand directly to the country.

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9. M. Mitterrand has expressed his willingness to govern with whatever parliamentary majority emerged from the elections which he would call for a new National Assembly. The PS would probably make some gains in the elections but not enough to have an absolute majority. The Communist Party's current attitude towards M. Mitterrand gives no reason for thinking that they would provide help for a PS government. Indeed, M. Marchais has threatened that if M. Mitterrand did not appoint a Government including communist Ministers the PCF would foment industrial action and street demonstrations against him. M. Mitterrand might eventually be able to patch together a mild PS government supported by the centre-right, but only at the expense of making major concessions on his political and economic programme and of earning the bitter opposition of the PCF. His difficulties would no doubt be exacerbated by the beginning of a flight from the franc and general destabilization of the economy, resulting from his own attempts to inaugurate by decree a socialist-looking programme to please his own followers and/the attempts of the Communist Party and Confédération Générale du Travail to make him their prisoner or ruin his chances.

from

10. The consequences of a Mitterrand victory are so uncertain that it is unprofitable to try to peep too far ahead. What is certain is that a Mitterrand victory would produce a completely different kind of Fifth Republic from the one which has existed since 1958. The balance of power between the President and the National Assembly would be substantially altered and conflict

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between them might become endemic. This probably does not mean that there would be a return to the political habits of the Fourth Republic. It would be more likely to produce a trial of strength outside Parliament. There would be a disorderly situation in which M. Chirac and the RPR might make a bid to be the saviours of France from socialist revolution. This is why some people toy with the daring idea of voting for M. Chirac on the First Round and, if he loses, letting M. Mitterrand in on the Second. But this is not a very likely eventuality. Probability favours a victory by M. Giscard and a resultant political situation corresponding to one or other of the models canvassed in paragraphs 4 to 8 above.

11. I am sending copies of this despatch to HM Representatives at Washington, Moscow and Community posts, to the Permanent Representatives to the European Communities and the North Atlantic Treaty Organisation and to HM Consuls General in France.

I have the honour to be  
Your Lordship's obedient  
servant,

A handwritten signature in dark ink, which appears to read 'Reginald Hibbert', written in a cursive style.

Reginald Hibbert

WR  
- 7 APR 1981

## SUMMARY

## PRESIDENTIAL ELECTION FORECAST

1. The First Round of the Presidential Election is only three weeks away and it is time to try to predict the result. Since the announcement of his candidature in early March, President Giscard has stabilised his position in the opinion polls at around 28% but has not so far succeeded in regaining ground. (Paras 1-2).

2. M. Giscard's strategy is to appear to assume that those who vote for the Gaullist candidates, M. Chirac and M. Debré, will rally to him in the Second Round.

M. Mitterrand, the Socialist Party's candidate, is depicted as being incapable of freeing himself from the communist incubus. Unemployment is the issue on which M. Giscard has been put on the defensive (para 3).

3. M. Chirac is M. Giscard's only serious contender on the centre and right. His campaign may have peaked already. His aim will be to extract a price from M. Giscard for the transfer of votes to the latter at the Second Round. M. Giscard will try to avoid paying, but a tacit balance will probably be struck.

/4. M. Mitterrand



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4. M. Mitterrand has put up a credible performance in his balance between left and centre but this could not excite enthusiasm (para 5). He continues to be damaged deliberately by M. Marchais, who looks like remaining capable of withholding a sufficient number of communist voters to scupper M. Mitterrand on the Second Round (paras 6 and 7).

5. Now that agreement has been reached on EC agricultural prices, Poland is the only major external issue which may affect the course of the campaign. President Giscard is fully prepared for this (para 8).

6. The final result will probably be very close. Statistically an accidental victory by M. Mitterrand is possible. Politically a narrow one by President Giscard is much more likely. The election is like a slow bicycle race: President Giscard is a master of the sport (para 9).

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BRITISH EMBASSY,  
PARIS.

6 April 1981

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign and  
Commonwealth Affairs  
Foreign and Commonwealth Office  
LONDON SW1

PRESIDENTIAL ELECTION FORECAST

My Lord,

In my despatch of 12 August 1980 I set the scene for the early phases of the French presidential election contest, when M. Giscard's position seemed very strong. In my more recent despatch on 19 February I gave an interim report on the way the contest was developing, with President Giscard's position a little weakened but still good. In this despatch, with the first round of the election only three weeks away, I shall try to make the focus sharper by the risky process of trying to predict the result.

2. I have reported consistently that President Giscard is likely to be re-elected. This is still the case, with appropriate caveats. By announcing his candidature early in March and so launching the election campaign proper, President Giscard stabilised a situation which was beginning to slip away from him. He immediately became

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the focus of the campaign and he has begun to determine to a very considerable extent the way in which the campaign develops. While he has stabilised the position, he has not so far succeeded in cancelling the gains already made by M. Mitterrand (Socialist Party) and M. Chirac (Rassemblement pour la République) in the period before he officially entered the field. Opinion polls are at present giving M. Giscard 28% of the first round votes. This is less than the 30% which would ideally be his minimum: but it would nevertheless be enough to give him a clear lead over all the other contenders. It is difficult to say whether he will manage to claw back lost points. I would not expect him to dip lower. From the beginning of April he has begun to stump the country, holding big set piece meetings in chosen places. His appeal is very much a patriotic one. His meetings are opened with a 'son et lumière' performance showing film clips of poverty, war and suffering outside France and peaceful, happy prosperity inside France, accompanied by stirring music including some of his favourite martial airs and photographic images reminding the audience that happiness comes from Giscard, and he appears in person as the films and music reach their apotheosis. His themes are Giscard the statesman, Giscard the man of peace who is at the same time firm with all of France's potential enemies, Giscard the fount of social

/justice



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justice in France and Giscard the provider of real improvement in standards of living and quality of life. There is no sign of the somewhat sceptical mood of the French people being altered, but as his highly organised campaign develops, all of this is bound to have some effect in inspiring the faithful who are already committed to him and in rallying some wavering elements of centre and right opinion.

3. As regards his rivals, M. Giscard's policy is to appear to assume that M. Chirac and M. Debré are in reality going in the same direction as he and therefore not to pick quarrels with them, and to depict M. Mitterrand as hopelessly invalidated by the communist incubus which he carries. For days past Le Figaro has been hammering this message home in its daily cartoons where MM Giscard, Chirac and Debré are always shown moving in happy unison in one direction while M. Mitterrand falters helplessly, carrying M. Marchais in his arms and hanging round his neck. At the start of his campaign M. Giscard appeared to be chiefly concerned to keep the door open for comprehensive rallying of the centre and right after the end of the first round and before the decisive contest with M. Mitterrand in the second round. More recently he has shown signs of feeling a need to make sure of his vote in the first round. This is presumably because his first round figure in the polls has failed to bounce up from 28%. Nevertheless,

/M. Giscard's

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M. Giscard's campaign has not so far involved any harshness towards M. Chirac and M. Debré and has been angled against M. Mitterrand in a way which, while firm, has not been particularly aggressive. The one point on which M. Giscard has seemed to be thrown a little on the defensive is unemployment. Here his opponents have succeeded in compelling him to try to spell out fairly fully what he would try to do about the unemployed. This is the weak point of his campaign, but for the moment it looks as though his opponents are not well placed to exploit it cleverly.

4. M. Chirac has emerged more and more as the only serious contender on the centre and right, and M. Debré has dropped increasingly into the background. M. Chirac's campaign seems to have been more successful than many expected, chiefly because his vigour and charm come across very well. He promises firmer government but less state intervention, which is perhaps on the one hand too sophisticated a formula and on the other hand not sufficiently different to win him votes. There is a danger that M. Chirac has already peaked and that he will have nothing strikingly new to say in the next three weeks. If this is so it would work very much to M. Giscard's advantage. Everyone agrees that a crucial question will be what advice, if any, M. Chirac gives to his voters between the first and second rounds. This depends upon his own performance in the first /round



round, and it looks at the moment as though his performance will probably be good - perhaps as much as 18% of the vote. M. Giscard wants the Gaullist vote but without a Gaullist leader. He will therefore want to obtain M. Chirac's votes without paying a price for them. M. Chirac on the other hand will have every interest in trying to exact a price, either by negotiation between the rounds (which seems unlikely) or by ensuring that M. Giscard's margin is so narrow that he has no choice but to listen to the RPR once the election is over. My guess is that M. Giscard will in the end gather enough of the RPR voters to scrape through in the second round but the issue will be undecided up to the last moment, with both M. Giscard and M. Chirac manoeuvring for advantage without either giving way overtly to the other.

5. It must cause M. Giscard and his advisers some anxiety that, in spite of his difficulties, M. Mitterrand obstinately refuses to weaken. The balancing act which he has to perform is a very delicate one. He is achieving it with a fair amount of poise. He has to avoid the embrace with which the French Communist Party (PCF) tries to drag him down, keep his own left-wing convinced that the future government would be a socialist one and yet offer a moderate image to voters of the centre who might be enticed to turn in the direction of the PS. The immobility which these considerations impose on M. Mitterrand

/makes



makes it very difficult for him to conduct a campaign capable of arousing anyone's enthusiasm. He is generally regarded as having put up a credible performance, but there is no sign of his making converts. - M. Mitterrand is at present given a potential first round vote of 24%. This figure has not changed as the campaign has progressed. This must be a disheartening sign for him.

6. The least serious of the main candidates and yet the one whose attitude is most likely to determine the election result is M. Marchais. The government-influenced television stations tend to give undue prominence in their election reporting to clips showing M. Marchais in full flow, largely because M. Marchais does damage to M. Mitterrand at almost every appearance. He has demanded that there should be communist ministers in a Mitterrand government and has threatened that if the PCF were to be excluded by President Mitterrand it would agitate in the streets and workshops until it had its way. M. Marchais makes no bones about what a victory for the left would mean, and he reminds television audiences of the socialist measures which only a little while ago the Socialist Party too was happy to have in the Joint Programme. M. Marchais' manner is as bad for M. Mitterrand as his content. His hectoring, raucous, bulldozing style in TV interviews inoculates the French public against any temptation to swing leftwards. It is possible that M. Marchais exaggerates the capacity of the

/PCF



PCF and the Confédération Générale du Travail (CGT) to make trouble for a socialist president; but all that matters at the moment is the effect on the electorate, and the effect on the electorate is distinctly offputting. M. Mitterrand's great disadvantage is that he cannot explain convincingly how he would govern France if he refused to share power with the intolerable M. Marchais.

7. There is much speculation about M. Marchais' capacity deliberately to withhold communist votes from M. Mitterrand in the second round, although the withholding of communist votes at that stage will probably be the crucial element in the whole election. I touched on this subject in para 3 of my despatch of 19 February. I am myself convinced that M. Marchais' malevolence and ingeniousness are completely adequate to the task of inventing ploys of all sorts which will make M. Mitterrand look at the last moment like a candidate whom hardened party cadres could not support.

8. It remains to consider whether any major events are likely to occur during the remaining period of the electoral campaign which could upset the almost computer-like calculations by which the trajectories of the leading candidates have so far been determined. It looks as though President Giscard has surmounted with great success the major hazard of the agricultural price fixing in the European

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Community. There is now no need for him to fear that he may lose votes on European issues. The only major hazard which seems to lie in the way is Poland. Soviet intervention in Poland could cause far-reaching shifts in French opinion. It has to be said that President Giscard has prepared his position admirably to protect himself against and to profit from such shifts. He reminds the French people of his image as a man of peace, in no way regretting his visit to Warsaw to meet President Brezhnev. At the same time he has adopted a posture as the bravest and most decisive of the Western leaders in backing Poland and being prepared to stand up to the Soviet Union. The French government's posture in various international discussions on the subject seems to be exactly attuned to facilitating any reactions which may appear necessary to enable M. Giscard to ride the crest of the wave if the wave hits Poland.

9. A Deputy in the National Assembly recently commented to me that it was not possible to understand the French presidential election unless one thought of it as a slow bicycle race. The winner would be the one who wobbled least, succeeded in not falling off and got there last. M. Mitterrand is showing some remarkable talent in this sport, but I think that M. Giscard is likely to retain his Master title. As is in the nature of slow bicycle races, the final result will probably be very close without having

/been

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been exciting. Statistically an accidental victory by M. Mitterrand is possible. Politically a narrow one by President Giscard is much more likely. Although almost every Frenchman professes great uncertainty about the result, it is noteworthy that there seems to be no movement of private funds abroad and the financial and stock markets are steady. No-one is behaving as though revolution is near, although the chances are canvassed nightly at all the best-furnished dinner tables. It is reasonable to expect that M. Giscard will be returned for a second term, and in order to add flavour to this despatch I am prepared to make that my prediction. In a separate despatch I am sending some speculative comments about the likely political implications of the various possible results.

10. I am sending copies of this despatch to HM Representatives at Washington, Moscow and Community posts, to the Permanent Representatives to the European Communities and the North Atlantic Treaty Organisation and to HM Consuls General in France.

I have the honour to be  
Your Lordship's obedient  
servant,

29 APR 1961

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SAVING TELEGRAM

*Fraser*

BY BAG

FROM PARIS

RESTRICTED

TO FCO TELNO 45 SAVING OF 16 MARCH 1981

REPEATED FOR INFORMATION SAVING TO EC POSTS; UKREP BRUSSELS,  
UKDEL NATO, MOSCOW, WASHINGTON, HM CONSULATES GENERAL FRANCE

PRAVDA ON THE FRENCH PRESIDENTIAL ELECTION *ms*

1. Reports of a Pravda commentary of 13 March on the French Presidential election sparked off a lively reaction here over the weekend.
2. The French press interpreted the article's favourable references to President Giscard's foreign policy and its criticism of M. Mitterrand as indicating that the Soviet Government supported the re-election of President Giscard. Parallels have been drawn with the call paid by the then Soviet Ambassador on M. Giscard between the two Rounds of the 1974 Presidential election, which was denounced at the time as an unacceptable interference in French domestic politics. Le Monde spoke of a poisoned chalice.
3. Presidential candidates and their supporters have all tried to use the article to buttress their own arguments. Both President Giscard and M. Marchais had to do some explaining. M. Marchais has claimed that Pravda pointed to him as the only candidate capable of meeting the expectations of the French working class. He denied the implication that Moscow favours M. Giscard's candidature and PCF spokesmen have said that this interpretation is evidence of the collusion between Socialists, Giscardians and Gaullists against M. Marchais. For good measure, M. Marchais has declared his opposition to foreign interference in French domestic politics whether by London, Washington, Bonn or Moscow.
4. President Giscard's supporters, notably M. François-Poncet and then M. Deniau in interviews over the weekend, made longish statements quoting golden opinions on President Giscard's foreign policy from many capitals, including even the British press, and saying that Pravda correspondents could hardly be prevented from echoing the positive judgement so unanimously expressed.
5. The Socialist official spokesman, M. Mauroy, is reported to have noted that the Soviet leaders preferred "the candidate of unemployment to that of socialism and liberty".
6. The Gaullists have claimed that the Pravda article is confirmation of their criticism that President Giscard's foreign policy, particularly towards the Soviet Union, lacks firmness.

HIBBERT

[THIS TELEGRAM WAS NOT ADVANCED]

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SAVING TELEGRAM

FROM PARIS

TO FCO TELNO 42 SAVING OF 16 MARCH 1981

REPEATED FOR INFORMATION SAVING TO WARSAW, MOSCOW,  
WASHINGTON, BONN, UKDEL NATO

MY TELNO 134: POSSIBLE VISIT BY PRESIDENT GISCARD TO  
POLAND

1. The Elysée announced on 13 March that, in a letter sent the previous day to Mr Kania, President Giscard had indicated that he would not be able to visit Poland before the French Presidential election. He had explained that, now that he had announced his candidature, he would not leave French territory before the election except to go to the European Council at Maastricht. AFP added that it had been decided that M François-Poncet would not go to Poland either. (It appears that it had at one stage been envisaged that the French Foreign Minister would go in President Giscard's place.)

2. The reason for President Giscard's decision is almost certainly that given in para 3 of my telegram under reference.

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SAVING TELEGRAM

FROM PARIS

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TO FCO TELNO 41 SAVING OF 13 MARCH 1981

REPEATED FOR INFORMATION SAVING TO EC POSTS, UKREP BRUSSELS,  
UKDEL NATO, WASHINGTON, HM CONSULS GENERAL FRANCE

FRENCH PRESIDENTIAL ELECTION

1. President Giscard's declaration of his candidature on 2 March made the election campaign come alive. The period of phony war fought in the absence of a principal combattant was brought to a close. This telegram gives an account of the position ten days after the start of real campaigning.

2 M. Giscard has spent the period putting the finishing touches to his campaign organisation. This has been entrusted to three Ministers, led by M. Deniau, who have resigned from the government leaving their ministries in the hands of care-takers. The Giscardian UDF has been relegated to a secondary role because Fifth Republic theory regards the candidates as individuals seeking a national mandate rather than as party leaders seeking a majority for their group. M. Giscard will not begin holding public meetings across the country until 28 March, but he made his first television appearance of the campaign on 10 March. Technically it was an impressive performance which should help raise the morale of his supporters and reassure wavering voters that he is capable of providing firm leadership. Unlike his Presidential television appearances which tend to be a bit boring, this one was full of human interest and must have made him seem more convincing. He has not yet spelled out his promised proposals to alleviate youth unemployment. This looks like being one of the main issues of the campaign.

3. At present M. Giscard's main preoccupation appears to be to prevent the campaign of the Gaullist leader, M. Chirac, from splintering the ruling majority in an irreparable way before the second round when every vote will be needed. Since M. Chirac launched his own candidature on 2 February, he has made some headway with his claim to offer a third way between the policies of Messrs Giscard and Mitterrand. The Giscard camp probably does not take seriously M. Chirac's claim that he can reach the Second Round. But there is some concern that his criticism of M. Giscard, which has stiffened in recent days, may weaken the President excessively in the First Round and complicate his task of assembling a second round majority.

4. On the Left, M. Mitterrand, the candidate of the Socialist Party, has bided his time. Since being designated on 24 January, M. Mitterrand has only held one provincial rally. He has yet to be interviewed on television. He has preferred to wait for what he calls "the incumbent candidate" to come out into the open. Now that M. Giscard's campaign is underway, M. Mitterrand plans a daily series of rallies in each of France's 22 administrative regions.

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5. M. Mitterrand's wait-and-see strategy has so far paid dividends. His standing in the opinion polls has risen remarkably over the past two months. The hustling of the Communist Party's candidate, M. Marchais, who has been on the campaign trail since last October, has been less successful. There is evident dissatisfaction in the PCF's ranks at his campaign. This has not prevented the PCF leadership from maintaining a barrage of attacks on M. Mitterrand and the Socialist Party.

6. Both M. Marchais and M. Chirac are doing their utmost to prevent a bipolarization of the campaign. But now that M. Giscard has entered the lists the campaign is increasingly taking on the appearance of a duel between the President and M. Mitterrand. This suits both their interests.

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CONFIDENTIAL [FRANCE GENERAL]

FM PARIS 21424Z MAR 81

TO PRIORITY FCO

TELEGRAM NUMBER 155 OF 2 MARCH 1981

INFO PRIORITY UKREP BRUSSELS

INFO SAVING TO BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE,  
LUXEMBOURG, ROME, ATHENS.

France

ms

FRANCE AND THE CONTENTIOUS COMMUNITY ISSUES.

1. WHEN I WAS IN LONDON LAST WEEK I HEARD SEVERAL OFFICIALS SAY THAT THEY COULD NOT UNDERSTAND WHY FRANCE SHOULD SUDDENLY HAVE GIVEN WAY ON NEW ZEALAND BUTTER. I NOTED ALSO THAT THERE WAS A TENDENCY TO SUPPOSE THAT DIFFERENCES OF ATTITUDE BETWEEN PRESIDENT GISCARD AND PRIME MINISTER BARRE MIGHT LARGELY EXPLAIN WHAT HAD HAPPENED. THIS IMPRESSION MAY HAVE BEEN REINFORCED BY M. THORN'S CLAIM, REPORTED IN UKREP BRUSSELS TELNO 3 TO WASHINGTON, THAT PRESIDENT GISCARD IS NOT FULLY INFORMED ABOUT THE FISHERIES PROBLEM. I THINK I SHOULD COMMENT ON THESE POINTS.
2. IT HAS SINCE LAST AUTUMN SEEMED UNLIKELY THAT PRESIDENT GISCARD COULD AFFORD TO APPROACH THE PRESIDENTIAL ELECTION, OR AT ANY RATE THE SECOND ROUND OF THE ELECTION ON 10 MAY, WITHOUT SUBSTANTIAL PROGRESS HAVING BEEN MADE TOWARDS AN AGRICULTURAL PRICE SETTLEMENT FAVOURABLE TO FRANCE. AT THE SAME TIME IT HAS BEEN DIFFICULT FOR HIM TO RISK OFFERING A COMPROMISE EVEN IN STRICT CONFIDENCE, BECAUSE A LEAK WOULD LEAD TO A VERY DAMAGING ACCUSATION THAT HE WAS SELLING FRANCE'S FARMERS OR FISHERMEN FOR THE SAKE OF THE UN - EUROPEAN BRITISH. VERY MUCH NEEDING A SETTLEMENT BUT INHIBITED FROM THE NORMAL WAY OF REACHING IT AMONG PARTNERS, PRESIDENT GISCARD HAS HAD AND STILL HAS A TRICKY HAND TO PLAY.
3. IN ITS OWN GRUDGING WAY, FRANCE MADE SEVERAL CONCESSIONS AND COMPROMISES LAST YEAR. THIS DID NOT HELP PRESIDENT GISCARD IN FRANCE. FROM NOVEMBER LAST YEAR AND MORE CLEARLY IN JANUARY THIS YEAR HE ADOPTED A MORE COMBATIVE LINE. THIS BROUGHT HIM INTO A POSTURE MORE HARMONIOUS WITH FRENCH HABITS OF BEHAVIOUR AND MORE INTELLIGIBLE TO FRENCH PUBLIC OPINION. HE SEEMS TO HAVE INSTRUCTED MINISTERS AND OFFICIALS TO FIGHT HARD ON EVERY FRONT AND NOT TO GIVE GROUND ON ANYTHING. WHILE DOING THIS, HE MUST HAVE KNOWN THAT IN THE END HE WOULD HAVE TO ORDER SOME STRATEGIC WITHDRAWALS. THE NEW ZEALAND BUTTER SETTLEMENT SHOULD, I THINK, BE SEEN AS THE FIRST OF THESE. IT MUST HAVE

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BEEN ORDERED FROM HIS COMMAND POST IN THE ELYSEE BECAUSE HIS WIDER INTELLIGENCE PICTURE (EMBRACING THE ELECTORAL SCENE IN FRANCE, THE EVOLUTION OF THE GERMAN ATTITUDE, THE GENERAL ATMOSPHERE IN THE COMMUNITY AND THE DETERMINATION OF THE BRITAIN TO STAND FIRM) TOLD HIM THAT IT WAS TIME TO SIGNAL TO FRANCE'S PARTNERS THAT THERE WAS MORE TO FRANCE'S POLICY THAN INTRANSIGENCE.

4. THERE HAVE BEEN SIGNS IN THE PAST TWO WEEKS THAT THE DEMANDS OF THE ELECTORAL TIMETABLE HAVE SHARPENED THE FRENCH GOVERNMENT'S INTEREST IN THE TIME TABLE FOR AGRICULTURAL PRICE FIXING. THE PUBLICATION OF THE COMMISSION'S PRICE PROPOSALS AND THE START OF DEBATE ON THEM IN THE COMMUNITY PROBABLY HELPED TO MAKE THE "CONCESSION" BOTH DESIRABLE AND POSSIBLE. ON THE ONE HAND IT WOULD NOT HAVE BEEN WISE TO START THE PRICE DEBATE WITH FRANCE ISOLATED IN A BITTER DISPUTE ON A QUANTITATIVELY MINOR PROBLEM, AND ON THE OTHER HAND THE FRENCH PRESS AND RADIO COULD BE EXPECTED TO LET THEMSELVES BE PRE-OCCUPIED WITH THE PRICE PROPOSALS AND THE FRENCH GOVERNMENT'S CAREFULLY PITCHED HARD CRITICISM OF THEM. IT IS INDEED THE CASE THAT PUBLIC ATTENTION IN FRANCE HAS BEEN FOCUSSED EXCLUSIVELY ON THE START OF THE STRUGGLE FOR GOOD PRICE INCREASES, AND THE RELATIVELY MARGINAL NEW ZEALAND SETTLEMENT HAS BEEN NOTICED ONLY BY THOSE WHO WERE INTENDED TO NOTICE IT, IE BY FRANCE'S PARTNERS IN THE COMMUNITY. THE EMERGENCE OF A BROADLY ACCEPTABLE PACKAGE OF MEASURES IN THE AGRICULTURAL COUNCIL MUST HAVE MADE IT EASIER FOR FRANCE TO GIVE WAY AS ATTENTION COULD BE FOCUSSED ON WHAT FRANCE GAINED AND NOT ON WHAT IT GAVE.

5. THERE IS NO REASON TO THINK THAT PRESIDENT GISCARD AND M. BARRE HAVE BEEN IN DISAGREEMENT ON THESE MATTERS. M. BARRE IS FREER TO THINK ABOUT THE LONG - TERM AND HE SEEMS DETERMINED TO BE REMEMBERED AS A STRONG MAN. HE HAS A NATURAL GIFT FOR MAKING A NEGATIVE UNMISTAKEABLE, BUT THIS HAS SUITED THE PRESIDENT WHEN IT HAS BEEN TIME FOR NEGATIVES. WHEN IT IS A CASE OF MAKING A CONCESSION M. BARRE SIMPLY FALLS SILENT. HIS SILENCE CERTAINLY MEANS CONSENT.

6. IT IS NOT EASY TO PREDICT HOW PRESIDENT GISCARD WILL PLAY HIS HAND ON FISHERIES. I ASSUME THAT HE IS GOING TO GIVE WAY ON FISHERIES IF AND WHEN THE AGRICULTURAL PRICE QUESTION BECOMES MORE URGENT; BUT NO - ONE, NOT EVEN HIS OWN ADVISERS,



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CAN KNOW WHEN THE MOMENT OF TRUTH WILL ARRIVE. IT WILL BE MORE DIFFICULT TO CONCEAL OR CAMOUFLAGE A CONCESSION ON FISHERIES. BUT THERE MUST BE A POINT ON THE GRAPH WHERE THE TWO CURVES CROSS FOR FRANCE, THE AGRICULTURAL PRICE CURVE GOING UP AND THE FISHERIES CURVE GOING DOWN. THE ONLY WAY TO MAKE THEM CROSS SOON SEEMS TO ME TO BE TO KEEP UP PRESSURE ON BOTH. PRESIDENT GISCARD'S MOBILISATION OF M. THORN MAY BE A GOOD OMEN EVEN IF NOT A WELCOME MOVE. IT CAN SERVE VARIOUS OBJECTIVES SIMULTANEOUSLY - PRESSURE ON BRITAIN, INVOCATION OF AN IMPARTIAL AUTHORITY WHICH MIGHT HAVE TACTICAL USES AS A SETTLEMENT COMES NEARER, GENERATION OF ACTIVITY WHICH MAY THROW UP SOMETHING USEFUL FOR FRANCE.

7. IN THIS PROCESS IT MAY BE WISE FOR HMG TO SHOW PARTNER GOVERNMENTS A DISPOSITION TO COMPROMISE, AND IT IS CERTAIN THAT PRESIDENT GISCARD CANNOT SIMPLY SURRENDER: BUT TOO MANY INDICATIONS TO FRANCE OF A READINESS TO COMPROMISE COULD IN A PARADOXICAL WAY PUT OFF THE DAY WHEN PRESIDENT GISCARD HAS TO MAKE UP HIS MIND TO SETTLE ON FISH. I THINK THAT THE ONLY ADVICE WHICH CAN BE GIVEN AT PRESENT IS THAT THE UK SHOULD CONTINUE TO KEEP UP PRESSURE ON EACH ISSUE ON ITS MERITS, SHOW NO FEAR OF AN UGLY DISPUTE IF SETTLEMENTS ARE NOT REACHED, AND LEAVE IT TO PRESIDENT GISCARD AND M. BARRE TO APPLY THEIR CLOSE TEAM - WORK TO FINDING A SATISFACTORY WAY OF CONDUCTING THE NEXT STAGE OF THEIR STRATEGIC RETREAT TO THE LINE ON AGRICULTURAL PRICES WHICH THEY REALLY MUST HOLD.

FCO PLEASE PASS SAVING TO BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS.

HIBBERT.

(REPEATED AS REQUESTED)

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SAVING TELEGRAM

SAVING TELEGRAM

FROM PARIS

RESTRICTED

TO FCO TELNO 36 SAVING OF 2 MARCH 1981

REPEATED FOR INFORMATION SAVING TO WASHINGTON, BONN, MOSCOW,  
UKDEL NATO, UKREP BRUSSELS, THE HAGUE

PRIME MINISTER'S VISIT TO WASHINGTON

1. Coverage of Mrs Thatcher's visit to Washington by the French press has not been extensive. There has been no editorial comment. Subjects highlighted have been the convergence of Mr Reagan's and the Prime Minister's views on East/West relations and the possible setting-up of a multilateral military force to defend Western interests in the Persian Gulf. Le Monde's London correspondent elaborates on the latter point in the edition dated 3 March, implying however that the British are less enthusiastic about the proposal for a Rapid Deployment Force than statements in Washington may have suggested.
2. There has been reference to the respective relationships of France and Britain with the United States. Le Monde (independent), listing current visits to Washington, commented that "the special relationship" necessitated a visit by the British Prime Minister to Washington - implying that other countries, such as France, could maintain and develop their relationship satisfactorily at Foreign Minister level. Le Quotidien (left of centre) noted that President Reagan had a closer ideological affinity with Mrs Thatcher than with President Giscard, but that France was on the way to becoming a "privileged partner" of the United States because of France's weight in European affairs and elsewhere in the world. This reflects the line reported in para 1 of Paris Saving telno 33 of 25 February.
3. The sparse coverage of Mrs Thatcher's visit to Washington contrasts with the full, daily accounts in the French press of M François-Poncet's visit. The differing treatment may be revealing. Apart from the obvious points that French are more interested in French than foreign politicians and that the French government attaches great importance to getting on good terms with the new US administration without compromising French freedom of manoeuvre, there seems to have been a concerted effort to give the impression that France, of all the Community partners, is best placed to interpret European concerns and aspirations to the US government and that the Americans take France seriously in this sense.
4. The reporting of Mrs Thatcher's visit in neutral terms seems to be tailored to suit this line. If the warmth of Mrs Thatcher's welcome by President Reagan had been fully conveyed, it would have been contrary to the thesis that Washington looks especially to France as representing Europe. At the same time, the French

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government's own emphasis on the need for Western solidarity and a new French relationship with the USA seems to have prevented the press from making the usual reference to the UK's Atlanticist leanings. The picture which emerges is of Britain having a special Anglo-Saxon relationship with Washington, but France being the interlocutor for Europe.

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FM PARIS 271741Z FEB 81.

TO ROUTINE FCO

TELEGRAM NUMBER 151 OF 27 FEBRUARY 1981

INFO SAVING TO BONN, BRUSSELS, COPENHAGEN, DUBLIN, LUXEMBOURG,  
ROME, THE HAGUE, UKREP BRUSSELS, ATHENS AND WASHINGTON.

FRENCH ECONOMY: STATEMENTS BY M BARRE

1. ABOUT A WEEK AGO THE FRENCH NEWS MEDIA BEGAN TO CALL ATTENTION TO THE FACT THAT SINCE THE BEGINNING OF THE YEAR, M BARRE HAD ADOPTED AN UNCHARACTERISTICALLY LOW PUBLIC PROFILE. IT WAS SUGGESTED THAT THIS WAS AT THE BEHEST OF PRESIDENT GISCARD WHO HAD CONCLUDED THAT THERE WAS A RISK THAT M BARRE'S UNPOPULARITY, ACCORDING TO THE OPINION POLLS THEN AT AN ALL TIME LOW, MIGHT RUB OFF ON HIS OWN RE-ELECTION PROSPECTS. IN RECENT DAYS ATTACKS ON THE GOVERNMENT'S ECONOMIC RECORD, PARTICULARLY ON UNEMPLOYMENT, FROM ALL THE MAIN DECLARED PRESIDENTIAL ELECTION CANDIDATES HAD ONLY RECEIVED REJOINDERS FROM MINISTERS SUCH AS M MONORY. PRESIDENT GISCARD PRESUMABLY STILL FELT INHIBITED FROM PUBLICLY DEFENDING HIS GOVERNMENT'S ECONOMIC RECORD UNTIL HE DECLARES HIS CANDIDATURE, EXPECTED NEXT WEEK.

2. THIS WEEK M BARRE HAS STEPPED FORWARD WITH A VIGOROUS DEFENCE OF THE GOVERNMENT'S ECONOMIC STRATEGIES. THOUGH HE IS OF COURSE DEFENDING HIS OWN RECORD, THE TIMING SUGGESTS THAT HE IS AGAIN RESPONDING TO THE TACTICAL NEEDS OF THE ELYSEE.

3. IN A STATEMENT TO THE PRESS ON 25 FEBRUARY, IN WHICH HE PRESENTED A SET OF ECONOMIC AND SOCIAL MEASURES APPROVED BY THE COUNCIL OF MINISTERS, M BARRE SAID THAT THE GOVERNMENT'S POLICY HAD THE PRINCIPAL OBJECTIVE OF SAFEGUARDING AND INCREASING EMPLOYMENT. THE GOVERNMENT HAD SUSTAINED ECONOMIC ACTIVITY TO THE EXTENT COMPATIBLE WITH THE MAINTENANCE OF EXTERNAL EQUILIBRIUM, LIBERATED PRODUCTIVE FORCES, INCREASED THE COMPETITIVENESS OF ENTERPRISES AND PRACTISED AN ACTIVE REGIONAL POLICY. M BARRE WENT ON TO LIST THE STEPS UNDERTAKEN BY THE GOVERNMENT TO SUSTAIN EMPLOYMENT, INCLUDING MEASURES TO IMPROVE TRAINING OPPORTUNITIES FOR YOUNG PEOPLE, TO FACILITATE PART-TIME WORKING AND TO ENCOURAGE TEMPORARY LAY-OFFS AS AN ALTERNATIVE TO REDUNDANCIES. THE AIM WAS TO CREATE OR SAFEGUARD 200,000 JOBS.

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4. IN AN INTERVIEW IN TODAY'S FIGARO M BARRE ONCE AGAIN EMPHASISED THE DIFFICULTIES CAUSED BY SUCCESSIVE OIL PRICE RISES AND A WORSENING WORLD ECONOMIC SITUATION. HE ARGUED THAT NEVERTHELESS THE GOVERNMENT HAD SUCCEEDED IN MAINTAINING THE PURCHASING POWER OF FRENCH WORKERS DURING ITS PERIOD IN OFFICE. HE ADDED THAT NO FRENCH GOVERNMENT COULD AFFORD TO TAKE THE SOCIAL RISK OF FOLLOWING BRUTAL DEFLATIONARY POLICIES, APPLIED IN OTHER COUNTRIES, WHICH HAD LED TO GREATER LEVELS OF UNEMPLOYMENT.

5. DETAILS OF THE STATEMENTS BY BAG.

FCO PLEASE PASS SAVING TO EC POSTS AND WASHINGTON.

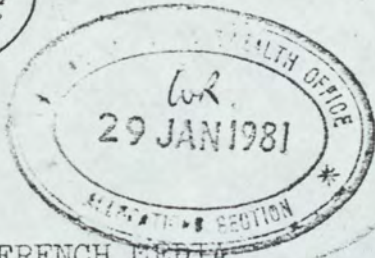
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BRITISH EMBASSY,  
PARIS.

THE FRENCH MEDIA  
SUMMARY

1. The State still has substantial control over the information media. President Giscard has greater control than President de Gaulle had over the written press. How is it that the French, notorious for their "individualism", can accept such control? Perhaps because the State provides the secure framework in which "individualism" can flourish without danger to the individual (paras 1 and 2).
2. The effects of this control on the work of the press: lack of investigative journalism, tolerance of a degree of self-enrichment by politicians, and general subservience to the establishment. The latter has tended to treat journalists disdainfully (Paras 3 and 4).
3. A consequence of this for British interests is that it is difficult to obtain a fair hearing for the British point of view, especially on matters of Franco-British dispute like sheepmeat and the British contribution to the EC Budget (Para 5).
4. The Embassy tries to overcome this handicap by keeping opinion formers and policy makers fully supplied with statements of the British point of view. In these circumstances Ministerial speeches in France are particularly valuable (Paras 6 and 7).

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5. HMG needs to persevere in its information effort both in Paris and in London. French journalists are receptive to a different point of view even if they do not always publish it. (Paras 8 and 9).

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BRITISH EMBASSY,  
PARIS.

27 January 1981

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign and  
Commonwealth Affairs  
Foreign and Commonwealth Office  
London SW1

My Lord,

THE FRENCH MEDIA

1. I have the honour to enclose a report on the relationship between the State and the information media in France, prepared by Miss Juliet Collings who was Information Counsellor at this Embassy until she left in December 1980. The report concludes that while there have been changes in the way the power of the State has been exercised over the information media since President Giscard took office, that power is still very substantial. There have been some steps towards a freer atmosphere, such as the dismantling of the former broadcasting monolith, Office de Radio-Télédiffusion française (ORTF); but President Giscard's attention to the details of every aspect of Government activity has meant a greater degree of influence and control by the Elysée over the written press than was exercised even in General de Gaulle's time.

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2. The report touches on a fundamental and paradoxical point. How is it that journalists from a nation with such a reputation for individualism put up with a degree of control which would have the Anglo-Saxon press up in arms against it? One answer is that the French are not so much individualists as egoists, and egoists have no fundamental difficulty in conforming to the orders of authority. But, without pursuing that interesting but very general proposition, the answer can perhaps be said to lie in the fact that the French need and respond to strong central authority as a necessary balance to their lack of civic sense or political consensus. The centralised strait-jacket of the State provides the comfortable framework in which so-called individualism (egoism) can flourish without being dangerous for the individual.

3. These factors help to explain the lack of any tradition of investigative journalism in France and the fact that scandals, at least of a moderate nature, are not regarded as adequate grounds for toppling politicians. The French appear prepared to accept that their masters should to some extent benefit materially from having reached the top of the political ladder. They also take a broad view of certain peccadilloes in the politicians and claim to be surprised at the persistence of puritan (in French eyes, hypocritical) traditions in Britain. The public drama surrounding the Profumo affair and its dénouement would

/have:



have been inconceivable in France. This partly explains why attempts to discomfort President Giscard through the diamonds affair and his relationship with ex-Emperor Bokassa have had relatively little effect on his reputation.

4. A further effect of these fundamental considerations is the lofty disdain with which most government departments have tended to treat the press. This was certainly true until very recently of the Quai d'Orsay, which is only just beginning to wake up to the desirability of cultivating good relations with journalists. The information given out by the Quai, even off the record, except to a very small group of trusted journalists who act virtually as mouthpieces for the government, still tends to be limited. For all these reasons, journalists are obliged to deal with the system on the system's terms. Any journalist making a persistent nuisance of himself would find his access to sources of information rapidly curtailed. Journalists who are pliable tend to be given the inside story and more detailed briefing.

5. The influence of the French Government over the media has affected British interests and may do so again. It is most difficult to get a British point of view broadcast in France or published in the French press. This means that it is much easier for the French Government than for the British Government to ensure that its own version of

/events



events (and disputes) in the Franco/British relationship gets pride of place in domestic publicity. During the disputes on the UK contribution to the EC budget and sheepmeat, the British case was often travestied in the French press but never correctly presented. On the other hand the French press, television and radio rarely indulged in the swashbuckling rodomontade which the more popular newspapers in Britain sometimes adopted.

6. This Embassy makes a considerable effort to ensure that the British point of view is disseminated amongst those considered influential. It is tempting, in the light of the previous paragraph, to wonder whether these efforts have any effect at all. I think they do. This does not mean that I believe that the British information effort will ever cause the French media to give full treatment to the British case on burning issues. But I think their treatment would be even worse and factual inaccuracies more glaring if it were not for the Embassy's handouts based on British ministerial statements, the London Press Service etc, which are seen by influential journalists. These handouts are also sent to French Ministers, senior officials and to anybody else the Embassy considers to be influential either across the board or in relation to particular subjects. This ensures that French decision takers, if they do not read the British case in the press, at least cannot claim that they are not told about it. It is certainly

/true



true that the mass of the French public are deprived of the chance to read or hear about the British case in full. But I think it is also true that the French public has a healthy mistrust of its "managed" press. While not able to be for us, they are not in any active way against us. Hence the paradox of widespread admiration for Mrs Thatcher in France at a time when France was being discomfited by Britain. I think the present method of concentrating fire on the central redoubts of French decision-making and opinion-forming is the only method possible for this Embassy to adopt.

7. I am also constantly on the look out for suitable platforms for British speakers (including myself and other members of the Embassy). I have been particularly struck by the difficulty I have encountered in finding suitable platforms for making speeches on British policy and, having done so, in getting them reported in the French press. It is therefore very gratifying when British Ministers agree to speak in France (as for example when Lord Soames gave a Ewart-Biggs memorial lecture at the Senate in November and as the Chancellor of the Exchequer is doing at the Club d'Aujourd'hui this week). Even if the speeches are not widely reported, we can at least ensure that they are listened to by influential members of the establishment, and the Embassy can circulate the texts widely.

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8. There are three other ways by which the British Government can seek a better hearing for its case in the French media. All of them depend on action in the United Kingdom rather than in France. The first is to continue to pay particular attention to French correspondents in London. This has paid off in a number of ways in the last two or three years. Influencing the London representatives of the French provincial press (like Ouest-France which has the largest circulation of any newspaper in France) is probably the only way of reaching a wider provincial audience here. The second way to improve matters is to give careful briefing to the weightier elements of the British press. I have in mind in particular the Financial Times and the Economist which are widely read by senior French civil servants and others in positions of responsibility. The third way is to organise as often as possible COI visits for French journalists. The excellent programmes organised by the COI together with the briefing and documentation provided beforehand by this Embassy have been much appreciated by French journalists so far invited to the UK.

9. As in all dealings with the French, it is important not to entertain exaggerated hopes. It would be wrong to expect Category 1 treatment accorded to a French journalist to result in a permanent conversion to anglophilia and a permanent willingness to resist the

/pressures



pressures of the system in France. But, at a time when the French at the highest level are reticent about cultivating the relationship with Britain, it is important to maintain efforts to get the British point of view circulated in France. I have lunches from time to time with the diplomatic correspondents of the French press, radio and television. Their affability, ready response to cynicism and enjoyment of mordant humour lead me to suppose that they have indeed received our message.

I have the honour to be  
Your Lordship's obedient servant

A handwritten signature in dark ink, reading "Reginald Hibbert". The signature is written in a cursive style with a large initial 'R'.

Reginald Hibbert

cc: HM Consuls General in France



## PRESIDENT GISCARD AND THE FRENCH MEDIA

1. While observers tend to agree that the French Government's grip on the press is probably now as effective as it ever was under Presidents Pompidou or de Gaulle, the facts are often difficult to pin down. As in so many aspects of French life there is a wide gap between appearances and reality. In the first place the Government does not admit to having an information policy at all, except as far as technical questions concerning such matters as aids to the press and the broadcasting monopoly are concerned. To admit to such a policy would be contrary to Giscard's declared political philosophy on the liberal society, as expounded in Democratie Française. But the issue is also confused by the way in which the opposition parties often overstate their case. Allegations of the Government's "annexation" of the organs of information (the favoured slogan is "la mainmise sur les moyens de communication") are difficult to square with the sometimes strident criticisms of the Government policy which appear in such papers as Le Monde, the weekly satirical Canard Enchaîné and the socialist daily Le Matin, not to mention the small independent Quotidien de Paris.

2. The subject has yet again come to the forefront of French affairs as the result of two dramatic developments - Mr Peyrefitte's action in suing Le Monde for five articles alleged to bring French justice into disrepute, and the takeover of the ailing Hachette press empire by the go-ahead firm of Matra. Inevitably the press, making much of its own, has devoted a great deal of space to both questions. There are also signs that both issues will figure in the Presidential election campaign as part of the left-wing parties' attack on the monarchical nature of the Giscardian régime.

### The Government frame-work

3. Unlike de Gaulle's France, that of President Giscard possesses no Ministry of Information. The official organisations with an overt responsibility for relations with the press have a low profile: there is the anonymously named SID (Service d'Information et de Diffusion) set up by decree of 1976 whose functions of publicising Government policy parallel many of those of the COI; there is also La documentation française, a body dating back to the immediate post-war period which like SID is directly responsible to the Prime Minister's Office. It is only in the field of broadcasting that there is a clear Ministerial responsibility which rests with the Minister for Culture and Communications (currently Mr Lecat, a former Elysée spokesman).

4. In fact however all dealings with the media of a sensitive or political nature tend to be handled by the Elysée itself or the Matignon. The influence of the Government is largely in hidden ways. A factor has been the establishment of a network of men faithful to the President in key positions. The extent of this mafia will become clearer in the following paragraphs but see also Annex A for a glossary to the main organisations involved. In a

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blistering article headed "l'Etat-Giscard", Le Monde Dimanche of 2 March 1980 drew attention to the multiplicity of such appointments in all public and semi-public sectors of Giscardian France. Opinions differ as to whether the practice of day-to-day telephone calls from the Elysée press office about the handling of news has increased under the present régime but it is clearly fairly widespread. In many cases however such means are unnecessary. An article in the left-wing Nouvel Observateur quoted a former Elysée spokesman, Pierre Hunt, as speaking of frequent calls he himself received from journalists anxious to make their mark asking "what do you want me to do". The respect for authority which co-exists with individualism in the French character is also a feature of the French press. The tradition of press questioning of Ministers is tame by UK standards and Presidential press conferences are carefully stage-managed affairs remarkable for the deference of the questions. But this seems to be in line with French tradition.

### Broadcasting

5. Government control is strongest in the field of broadcasting where there is a State monopoly. The present pattern dates from 1974 when the monolithic and much criticised ORTF was broken up into a number of independently managed units each of which is required to balance its books, with the three TV channels receiving subsidies according to their audience rating. The declared object of the reform, itself one of the main features of Giscard's first year in office, was to give complete independence and responsibility to the individual companies thus created. Technically the reform has not been a success, and each year the debates on the subject in the Assemblée Nationale and the Senate are a catalogue of complaints about the quality of French TV which is compared unfavourably with that in the UK. But more to the immediate point, anyone who watches the three French TV channels or listens to Radio France cannot fail to be struck by the extent to which their presentation of news mirrors the Government's priorities. The heads of the channels are of course Government appointees but much lower down the line too people only keep their jobs as long as they are acceptable to the Establishment. This situation ensures a receptivity to Government wishes. It is alleged that the Matignon circulates a confidential note to the TV channels on a day-to-day basis setting out topics to which attention is to be given. The organisational structure may have changed but attitudes have not. President Giscard was heard at the recent Luxembourg European Council to refer to French TV as "ma télévision".

6. As regards radio the situation is rather different. Alongside the official Radio France there exists a series of "Radios Périphériques" broadcasting to a French audience from transmitters outside the frontiers of France. Their position is paradoxical. Indeed their very existence is clearly against the spirit, if not the letter, of the broadcasting monopoly. Nonetheless they have large and glossy studios in Paris (which would not be possible without official agreement) and their programmes are relayed by PTT cable to the transmitters. All this could obviously be easily disrupted by the French Government were they so minded. The fact is however that successive French governments decided that it would be better to control the "Radios Périphériques" rather than to fight them. They therefore negotiated arrangements ensuring effective control through State-owned holding companies

/(SOFIRAD





(SOFIRAD for Europe 1, Radio Monte Carlo and Sud Radio; Havas, for the somewhat differently placed RTL). The most flagrant example of the State's cracking the whip occurred in 1974 when Mr Maurice Siegel, the Director and founder of Europe 1 was unceremoniously sacked. More recently the French government succeeded in getting Mr Jacques Rigaud, a Giscardian nominee, appointed as Administrateur Délégué of RTL despite the opposition of the Luxembourg Government. The combinations of pressure by which such appointments come about is often far from clear but the net effect is to ensure that the private radio stations handle news with the appropriate caution.

7. The Government have been diligent in enforcing the monopoly against a spate of pirate radio broadcasts, a number overtly organised by members of the Socialist Party. This led to an absurd incident in 1979 when the police raided the Socialist Party's headquarters, but were unable to find a transmitter. The Socialist Party continues to wage its campaign for more independent radio stations but to no avail. Recently a number of Socialist Deputies have been taken to court for their support for pirate radios. A recent minor concession has been a move to legalize citizen band broadcasts.

#### Agence France-Presse

8. An important element in the overall picture of the Government's relations with media is its attitude to Agence France-Presse which has a virtual monopoly in purveying news to those papers which do not have their own correspondents. Established after the liberation the agency is in fact a direct successor to the news agency established by Havas, the original partner of Julius Reuter. Despite its independent statute Agence France-Presse is financially dependent on the Government whose subsidy takes the form of guaranteed subscriptions. The Government is also well represented on the managing board which elects the head of the Agency. The present head, Mr Henri Pigeat, an énarque who was formerly head of the Government information service, SID, is generally regarded as one of the President's men. Agence France-Presse has of course a clear role in conveying to the French press the text of Government statements etc. But it is from time to time subject to considerable pressures to present the news according to the Government's wishes. This has even occasionally led to strikes by the journalists who have a tradition of independence. This issue surfaced most dramatically over the departure two years ago of Mr Claude Roussel, Mr Pigeat's predecessor but one, who fell foul of the Elysée.

#### The written press

9. The Government's influence over the written press is more patchy and less direct. Here again much of the infrastructure dates from the immediate post-war period and a number of the arrangements then set up lock the press into a close and often uneasy relationship with the Administration. In the first place the press as a whole is heavily dependent on Government subsidies much of which takes indirect forms such as preferential rates for postage, phones, telex etc. It benefits from free transport for deliveries of papers to the provinces. Special tax facilities exist to encourage investment

/in

in new plant and a joint committee of Government and press act as a buyers' cartel in the purchase of news print. For good measure it should be added that individual journalists are also entitled to tax relief.

10. Many of the post-war arrangements were directed to ensuring what is described as the pluralism of the press. The legal centre-piece is an ordinance issued in 1944 which makes it illegal for any one man to control more than one organ of the press either directly or through an agent. During President Giscard's septennat this has been flagrantly neglected. It was in answer to a question on the subject at a press conference in November 1978 that President Giscard made the fullest recent public statement of his attitude towards the press, an interesting answer which is reproduced at Annex B. He took the line that the main problem was an economic one, questioned whether the rules of 1944 were any longer appropriate in the present circumstances and announced that the Economic and Social Committee would be entrusted with an enquiry. The Committee's report which duly appeared in May 1979 (known as the Vedel Report) concluded that "with exceptions the financial situation of the press did not seem a matter of concern". It did however propose legislation to control take-overs affecting the political press and the establishment of a committee to guarantee its pluralism. This has not so far been followed up.

11. Concern about the concentration of the press has long focussed on the growth of the Hersant empire. This now controls three Paris dailies - Figaro, France Soir, and L'Aurore - and a string of regional and specialist papers up and down the country. The position of Robert Hersant is all the more controversial because at the end of the war he served a prison sentence for collaboration. Hersant's rise would not have been possible if the Government had not been prepared to turn a blind eye to an obvious breach of the 1944 ordinance. Indeed hearings were opened against him in 1979 when press outrage greeted the news that Hersant had acquired control of L'Aurore (which he proceeded to reduce to a duplicate of Figaro in a different cover page). To no-one's surprise little more has been heard of the matter since. It seems likely that the Government hold in reserve the threat of legal proceedings against Hersant as a way of keeping him in line. It is moreover generally believed that Hersant lost a lot of money in an abortive attempt to launch a Sunday paper a year or so ago and is now more than ever financially dependent on help from banks friendly to Giscardian interests.

12. The President probably sees Hersant as an ally of convenience rather than choice, a convenient tool for exerting his influence on a major sector of the French press (and incidentally denying it to Mr Chirac who as Prime Minister is reputed to have opened the way for Hersant to acquire Figaro and France Soir). To be fair the Hersant press does sometimes indulge in criticism of Government policy (e.g. of the delay in condemning Soviet action in Afghanistan, and Giscard's meeting with Brezhnev in Warsaw) but it largely reflects Giscardian views, can be counted on to support his candidacy in the Presidential elections, and gives conspicuously little space to stories on embarrassing subjects like diamonds.

/13.



13. This then is the pond in which the latest developments referred to in paragraph 2 above have spread their ripples. The Matra/Hachette deal has increased fears that the concentration of control of the press in a few hands is undermining its basic freedom. Before the take-over Hachette already controlled a press empire larger in turnover than Hersant's. The fact that this was relatively uncontroversial hitherto is probably partly by the fact that Hachette's shares were distributed among a large number of relatively small shareholders and partly by the fact that, with the notable exception of the weekly news magazine Le Point, most of the Hachette stable caters to specialised audiences. Apart from a string of publishing houses the firm also prints a section of the press and runs the important Nouvelles Messageries de la Presse Parisienne and other distribution networks which between them cater for most of the press throughout France.

14. Speculation ran high earlier in the year when it became known that a mysterious buyer (later discovered to be a banker with close links with the state) was buying up Hachette shares. It exploded into a paroxysm of press excitement when the news broke that a controlling share was passing to Matra, a company whose main activities are in such fields as missiles, fast cars and telecommunications - the perfect "industrie de pointe" success story. Matra had already been building up press interests over some years, controlling notably the regional Dernières Nouvelles d'Alsace. (The latter has adopted a strongly pro-Giscard line in what was formerly a Gaullist fief.) More importantly Matra has a major stake in the peripheral radio station Europe 1 and one of the first media coups in Giscard's presidency was the appointment of Matra's PDG, Mr Jean-Luc Lagardère as the effective head of Europe 1 in place of the station's founding father Mr Maurice Siegel (see paragraph 6 above). No wonder then that many see the hand of the Elysée behind the latest move. The press itself has reacted predictably according to its position in the political spectrum with Le Monde trumpeting its views that the pluralism of the press was at risk. While many of the facts have still to come out it is in fact difficult to doubt that the coup has the blessing of the President, even if it is unlikely that it was stage-managed by the Elysée.

15. Why the Government should have got involved in a law suit against Le Monde is more difficult to understand. The case which Mr Peyrefitte, the Minister of Justice, has brought against the editor of Le Monde and its legal correspondent Mr Philippe Boucher, is not under legislation specifically concerning the press at all but under an article of the penal code designed to ensure respect for the authority and independence of the judiciary. The accusation cites five articles written over the last three years all of which dealt more or less explicitly with the issue of alleged Government interference with the process of justice. Inevitably, the case has been seen by most of the press and by many other commentators from different walks of life as an attempt to stifle criticism of the Government. The matter has been all the more controversial since the most recent of the articles, the one which seems to have made the cup of Mr Peyrefitte's accumulating wrath against Le Monde flow over, concerns the six months detention

/without

without trial of the mysterious Mr Delpy, an agent of ex-Emperor Bokassa, who is widely believed to be in a position to embarrass President Giscard on the diamonds story. The present accusation is the most recent incident in a long running battle between Mr Jacques Fauvet, the editor of Le Monde and the Giscardian establishment, a battle which seems likely to continue under Mr Fauvet's likely successor Mr Claude Julien (expected to succeed in January 1982). Whatever the legal outcome the Government has taken a battering in public relations terms, though one should add that opinion in the French provinces which tends to see Parisian politics with a mixture of cynicism and distaste, seems little moved by the affair. The importance of provincial opinion in France should never be underestimated, any more than that of the provincial press with its circulation figures which dwarf those of most of the Paris press.

### Conclusion

16. In forming a judgement on the freedom of the press in Giscard's France one must try to avoid seeing things entirely through British eyes. France has a tradition of centralised authority very different from our own. There is an underlying tension between authoritarianism and individualism which is and has historically been reflected in an uneasy relationship between successive governments and the press. If it seems to the foreign observer that the French Government today has an unhealthy power of influence over the French press this is in good part because of the attitude of deference of so many journalists. French journalists are also more susceptible than their foreign counterparts to the argument that they should be discrete because they too are "the voice of France". There are also other journalists who are less respectful, as one is weekly reminded by the irreverent Canard Enchaîné which acts as something of a safety valve. The Canard is more or less reluctantly accepted by the Establishment (though it is not many years ago since the editorial staff came in late at night to catch some members of the internal security police thinly disguised as plumbers, in the act of bugging the paper's offices). The Canard pursued the matter through the courts but in vain since the case was "forgotten" until it was procedurally dead.

17. The fair comparison must be with President Giscard's immediate predecessors and there are two parts to the balance sheet. In the field of broadcasting, for all the weaknesses of the present system, there is no doubt that the dismantlement of the ORTF was in itself a considerable step towards a freer atmosphere. With the written press the balance may be somewhat the other way. Comparing President Giscard's attitude towards the press with that of General de Gaulle one well placed observer (Mr Denis Baudouin, spokesman to President Pompidou) expressed the view that President Giscard's interference was much greater simply because he concerned himself with day-to-day details which the General treated with lofty disdain. It is perhaps the omnipresence of the hand of the Elysée that is the most distinctive feature of the present régime's dealings with the press rather than the heaviness of its interventions. To quote again from

/Le Monde's



Le Monde's article on l'Etat Giscard "no sector escapes Mr Valéry Giscard d'Estaing's vigilance, whereas under de Gaulle only important matters 'went up' to the President. Mr Giscard d'Estaing deals with everything, intervenes personally over nominations, places his friends and faithful to some extent everywhere".

- 1 -

SOFIRAD (Société Financière de Radiodiffusion)

A public company with a capital of Frs. 176.400.000. Set up in Marseilles on 7 November 1942.

President:

Mr Xavier GOUYOU-BEAUCHAMPS (since 13 April 1977). Former spokesman at the Elysée.

Function:

Has its origin in a body (SOFIRA) founded by the Pétain government in 1942 in order to manage the French share in Radio Monte Carlo which was at that stage owned jointly by the French, German and Italian governments. After the war Radio Monte Carlo was completely reorganized, the French interest rising to 83% with the balance going to Monaco. SOFIRA became SOFIRAD and continued to manage the French interest in an increasing number of broadcasting societies i.e. in Europe 1, Radio Monte Carlo, Sud Radio, Cie Libanaise de Télévision, Technisonore, Régie Française de Publicité.

MATRA-HACHETTEPresident:

Mr Jean-Luc LAGARDERE, Président-Directeur général of MATRA (missiles, cars, electronics and telecommunications).

MATRA's press and communications activity is principally in the company Europe 1 - Images et Son, which controls Europe 1 and Télé-Monte Carlo in partnership with the Floirat group (q.v.) and SOFIRAD.

Rumour of the HACHETTE take-over goes back to early 1980. In early December Jean-Luc Lagardère assumed majority control (51%) with Daniel FILIPACCHI (20%), Président-Directeur général and owner of "Paris-Match".

Function:

HACHETTE is the largest press distributor in France: 18% of books are sold in France through Hachette. In addition, the latter has a press turnover of 1.4 billion Francs with over a dozen of the widest read weeklies and monthlies in France.

SID (Service d'Information et de Diffusion)

Head: Mr Jacques Bille

Function:

Set up in 1976 and placed under the authority of the Prime Minister. Publicizes Government policy within the various ministries and keeps local government, press and other bodies informed on official decisions.



- 2 -

DOCUMENTATION FRANCAISEHead: Mr Jean-Louis CREMIEUX-BRILHAC, CBEFunction:

Placed under the authority of the Prime Minister and responsible for the publication of surveys and other official publications.

AGENCE HAVASPresident:

Mr Yves CANNAC (since 1978), former Secretary General at the Elysée.

Function:

The major French publicity agency with a turnover of 5 billion Francs.

AFP (Agence France-Presse)President:

Mr Henri PIGEAT (since October 1979), former Head of SID.

Function:

Established after the Liberation under a statute from the Government as a national and international news agency. Run by a board, some of whom are appointed by the Government but which also represents press interests and enjoys and has demonstrated its autonomy.

SFP (Société Française de Production et de Création Audiovisuelles)President:

Mr Antoine de CLERMONT-TONNERRE, former adviser to the Prime Minister.

Function:

Production and co-production of all audiovisual programmes. Renting and sales of the programmes.

INA (Institut National de l'Audiovisuel)President:

Mr Gabriel de BROGLIE, former director of Radio France.

Function:

Responsible for keeping broadcasting archives and research in audiovisual "creation" for State broadcasting. In addition, promotes training in the field of broadcasting.

TF 1 (Société Nationale Télévision Française 1)President:

Mr Jean-Louis GUILLAUD, since 1975. A journalist by profession.

ANTENNE 2 (Société Nationale de Télévision en Couleur Antenne 2)

President:

Mr Maurice ULRICH. A diplomat and former director of Minister of Foreign Affairs' cabinet.

FR 3 (Société Nationale de Programme France-Régions FR 3)

President:

Mr Claude CONTAMINE since 1975. A diplomat and former legal adviser to the Minister of Foreign Affairs.

RADIO FRANCE (Société Nationale de Radiodiffusion Radio France)

President:

Madame Jacqueline BAUDRIER, since 1975. A journalist by profession.

PRIVATE RADIO STATIONS:

EUROPE 1 (Broadcasts from the Saar)

President:

Mr Sylvain FLOIRAT (one of France's richest and most powerful men of business: now 81 years old, he has withdrawn from day-to-day activity, but remains active behind the scenes)

Vice-President and Director General:

Mr Jean-Luc LAGARDERE (see MATRA HACHETTE: Mr Floirat's chosen successor)

RTL (Radio Television Luxembourgeoise) - Broadcasts from Luxembourg

Administrateur délégué:

Mr Jacques RIGAUD (appointed by the French government: formerly adviser to the Minister of Foreign Affairs)

RMC (Radio Monte Carlo)

Président délégué:

Mr César SOLAMITO

Director General:

Mr Michel BASSI (A former journalist who was an adviser at the Elysée 1976-7 and organised a pro-Giscard pressure group for the legislative elections in 1978.)

SUD RADIO - Broadcasts from Andorra

President:

Mr Xavier GOUYOU-BEAUCHAMPS (see SOFIRAD)





ANNEX B

EXTRACT FROM PRESIDENT GISCARD'S PRESS CONFERENCE OF  
21 NOVEMBER 1980

Guy CLAISSÉ - Mr President, for some while we have been witnessing a concentration of the written press around a well-known group - the Harsant Group.

May I ask whether you find it normal that one man, flouting the law, should be in command of several large national and regional dailies, and whether you fear that such a situation might eventually be a threat to pluralism, to the expression of a pluralism of ideas and opinions in our country?

PRESIDENT - The question you have raised does worry a great many of you. I shall reply as frankly and as simply as I can.


First, my idea of what the relationship between the State and the press should be: it seems to me that these links should be as few as possible. While it is desirable for there to be a relationship in the transfer of information, it is no less desirable that the management of the media should be conducted free of all State intervention. Of course, I am not referring to the generalised help the State may provide, for example in the form of subsidies allocated to a given medium of information . . . what I am referring to is intervention in the day-to-day existence of newspapers, and that is why, for the first time in the life of the present government, there is no minister directly responsible for information. There is a Minister of Culture, who is responsible, besides culture, for communications. And, I repeat, this is the first time for a very long while that there has been no political body directly concerned with press problems.

Now a second remark: it is true that there are problems of concentration in the press. These problems exist in the Paris press, and they have arisen also, as we have seen, in the regional daily press.

What is the situation now in Paris?

In Paris, there are 12 dailies, which are naturally not of equivalent importance if you compare them to great cities abroad: in London there are nine national dailies; in New York, three; in Washington, two; in West Germany there are in all five papers of national importance. Thus, up to now, pluralism has been preserved in France. And, moreover, I have noticed, on the positive side, that there have even been new newspapers started - in particular a new daily in Paris - which is a good thing.

/On the



On the other hand, there are economic problems in the press, and over the last few years, various Paris papers have encountered such difficulties that they have had to close down. These difficulties result from technical changes in the press, from a certain number of new techniques, or additional costs which have arisen in the management of newspapers. You will never have heard of intervention by the State or by anybody else in favour of the concentration of economically thriving newspapers. The question that needs to be answered is this: should the State or the authorities stand aloof when economic difficulties lead, or are likely to lead to the closure of a newspaper?

I well remember the closure of Paris-Jour. And I remember that people criticised the authorities for their indifference and passivity to this closure of one of the Paris newspapers.

Personally, I would like these problems to be handled with lucidity and in a dialogue between the profession and the authorities. I use the word "lucidity", for there are, indeed, various obligations that are laid down in the Ordonnance of 1944 on the press, and which have gradually, but over a very long period, fallen into disuse. Now why should that be? It is a question I would ask you to consider. When I put the question, the answer I am given is to the effect that the measures are not applicable to the press in its present stage of evolution, and that they would now involve excessive extra costs. This is something that needs checking, something we need to know.

Furthermore, since there are problems of technical development leading to concentration, as has happened in the regional press, and as is happening in Paris, these problems must be thrashed out, and I propose that this should be done as follows:

First, the Minister of Culture and Communication told the Senate the other day that he is ready to discuss these problems with those who manage the press.

Next, I support Senator Caillavet's initiative in organising a study group on this subject which aims to establish the causes and define the limits of such concentrations.

Finally, since this problem relates to the economics of newspaper production and not to the opinions they express, I shall propose that the Government should ask for the views of the Conseil économique et social, because it is certain that, since the immediate post-war years, the economics of newspaper production have changed, and we should therefore consider whether legislation drafted at the Liberation should still be applied as it stands - and in this case it will be applied - or whether it should be changed to take account of developments since that period.

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In any case, I must tell you that my own attitude, and that of the authorities, is favourable to the maintenance of pluralism in the press and in the media in general, and consequently in no way implies the pursuit of concentration in the media.

FROM PARIS

France

UNCLASSIFIED

TO FCO TELNO 19 OF 28 JANUARY 1981

REPEATED FOR INFORMATION SAVING TO EC POSTS, WASHINGTON, MOSCOW,  
UKDEL NATOSee para 3.MY IMMEDIATELY PRECEDING SAVING TELEGRAMS: PRESIDENT GISCARD'S  
TELEVISION INTERVIEW, 27 JANUARYComment

1. It was clear that the President and his interviewers had the forthcoming Presidential elections very much in mind. But the President had no difficulty, in his usual lofty way, in sweeping aside criticisms, especially personal, on the grounds that they were lowering the standard of the discussion.
2. The most striking part of the interview was, of course, the President's initiative on Afghanistan of which I had received advance warning from the Secretary General of the Elysée (my telno 47, not to all). It was typical of President Giscard suddenly to launch these ideas, but it was only to have been expected that he would want to take an initiative or two in this pre-election period. Behind the idea of electoral splash, there may be some real concern that Pakistan is sliding towards a conference on Soviet terms and that something had to be done about it. The President's remark left a host of questions unanswered especially on what the next steps would be and who would take them.
3. On East-West relations and France's relations with her Western Allies, the electoral considerations came through clearly. The President was trying to prove simultaneously to various different shades of domestic opinion that Government policies met their particular concerns: for example, he firmly rejected a return to the integrated military structure of NATO but spoke of France's long and faithful membership of the Alliance. Of most interest, were perhaps his comments on the Genscher proposals on European unity. The President seems to have accepted that a two-speed or two-tier Community would not be compatible with the Treaties, but introduced instead the idea of two- or multi-tiered Political Cooperation. Without retreating from his well known insistence on partnership with Germany, he realistically acknowledged Britain's and Italy's roles in Europe.
4. The interviewers were probably as near as French interviewers ever can be to being aggressive, over France's relations with Africa and especially over Chad. The President became sometimes heated in defence of his government's conduct, but he said nothing new. He rejected any suggestion that failure to intervene in Chad was due to France's commercial or oil interests in Libya.

5. Foreign affairs questions are of themselves likely to have only a marginal impact on the Presidential elections. However, President Giscard's position as a world statesman has always been an important part of his image in France. In his broadcast he appears to have been taking account of the unexpected events on the international stage over the last year, and adjusting his position in a eclactic way in order to take account of them. His aim will have been to show that he was still firmly in command of French foreign policy, that it remained coherent and that his role as a leading world statesman would be maintained.

HIBBERT

FCO/WHITEHALL  
WED

THIS TELEGRAM  
WAS NOT  
ADVANCED

GRS 1000 [FRANC GENERAL] CONFIDENTIAL

FM PARIS 271736Z JAN 81

TO PRIORITY FCO

TELEGRAM NUMBER 48 OF 27 JANUARY 1981

INFO ROUTINE BONN AND UKREP BRUSSELS

INFO SAVING OTHER EC POSTS

*Read in full*

FRANCE'S COMMUNITY STRATEGY *mf*

1. PRESIDENT GISCARD PRESIDED IN MID-JANUARY OVER TWO MEETINGS OF THE COUNCIL OF MINISTERS WHICH SEEM TO HAVE BEEN DESIGNED TO ESTABLISH THE FRAMEWORK FOR GOVERNMENT ACTION IN DOMESTIC AND EUROPEAN POLICIES IN THE PERIOD LEADING UP TO THE PRESIDENTIAL ELECTIONS. THE SECOND OF THESE, HELD EXCEPTIONALLY AT RAMBOUILLET ON 16 JANUARY, SEEMS TO HAVE DECIDED THAT THE GOVERNMENT WOULD REST ON ITS RECORD AND UNDERTAKE NO MAJOR NEW DOMESTIC INITIATIVES BEFORE THE ELECTION. IT MARKED THE MOMENT AT WHICH M BARRE'S GOVERNMENT ENTERED ITS FINAL, CARETAKER PHASE. THERE IS NOTHING OF SIGNIFICANCE FOR UK INTERESTS TO NOTE IN THIS DECISION.
2. THE FIRST MEETING, ON THE OTHER HAND, HELD ON 14 JANUARY, WAS PUBLICISED AS HAVING THE PURPOSE OF DISCUSSING FRANCE'S POLICIES IN THE COMMUNITY, OF PREPARING FOR VARIOUS COMMUNITY MEETINGS UP TO AND INCLUDING THE EUROPEAN COUNCIL OF 23 MARCH, AND OF DISCUSSING THE COMMON AGRICULTURAL POLICY. IT SEEMED LIKELY THAT IT WAS BEING HELD SO THAT THE PRESIDENT AND PRIME MINISTER COULD SKETCH OUT FRANCE'S COMMUNITY STRATEGY UP TO THE ELECTION.
3. FOR OBVIOUS REASONS THIS EMBASSY'S CONTACTS HAVE BEEN RETICENT ABOUT WHAT WAS AGREED. BOTH THE ELYSEE AND THE MATIGNON HAVE SAID THAT IT WAS PRIMARILY CONCERNED WITH MEDIUM TERM QUESTIONS REGARDING THE COMMON AGRICULTURAL POLICY. WE HAVE HAD TWO DIFFERENT LINES FROM THE ELYSEE. WHEN I SAW THE SECRETARY GENERAL TODAY HE EVADED A QUESTION FROM ME ABOUT THE DECISIONS TAKEN BY THE COUNCIL OF MINISTERS ON 14 JANUARY AND SPOKE AS THOUGH THE ONLY SUBJECT DISCUSSED THEN WAS THE BUDGET DISPUTE WITH THE EUROPEAN PARLIAMENT. HE STUCK TO THIS IN SPITE OF EFFORTS TO DRAW HIM ON OTHER ASPECTS OF COMMUNITY BUSINESS, AND HE DID NOT RISE EITHER WAY TO SUGGESTIONS FROM ME THAT THE FRENCH GOVERNMENT HAD BEEN TYING UP ITS STRATEGY ON A RANGE OF OUTSTANDING ISSUES. AT A LOWER LEVEL IN THE ELYSEE MEMBERS OF THE EMBASSY STAFF HAVE BEEN TOLD THAT THERE WAS A WIDE-RANGING DISCUSSION OF CAP PROBLEMS.
4. FROM THESE CONVERSATIONS AND FROM NUMEROUS PIECES OF CIRCUMSTANTIAL EVIDENCE I HAVE FORMED THE IMPRESSION THAT THERE WAS MORE TO THE 14 JANUARY MEETING THAN HAS BEEN ADMITTED, AND THAT, BROADLY SPEAKING, PRESIDENT GISCARD USED THE OCCASION

CONFIDENTIAL

/To

TO BACK AND CODIFY M BARRE'S FAMILIAR HARD LINE ON EUROPEAN MATTERS (CF THE RECORD OF HIS TALK WITH LORD SOAMES ON 5 DECEMBER). THIS IS THE EXPLANATION, I BELIEVE, FOR THE LINE TAKEN BY M FRANCOIS-PONCET WHEN HE SPOKE TO THE PUS ON 22 JANUARY. M FRANCOIS-PONCET GAVE NO SIGNS THAT FRANCE WISHED TO SEEK COMPROMISES WITH, AS DISTINCT FROM CONCESSIONS BY, THE UK EVEN ON ISSUES OF LESS IMPORTANCE THAN THE AGRICULTURAL PRICE FIXING. ON THE CONTRARY, HE MADE IT CLEAR THAT THE FRENCH GOVERNMENT EXPECTS BRITAIN TO EARN HER PASSAGE IN THE COMMUNITY BY BEING HELPFUL ON ALL THE ISSUES OF INTEREST TO FRANCE, DECLARING THAT THE QUALITY OF FRANCO-BRITISH RELATIONS WOULD DEPEND ON THIS AND ONLY ON THIS.

5. THE FRENCH GOVERNMENT'S CALCULATION SEEMS TO BE THAT FRANCE DOES NOT NEED TO BARGAIN WITH BRITAIN ON ANY OF THE DETAILED ISSUES NOW OUTSTANDING OR ABOUT TO COME UP, BUT CAN RELY ON ASSERTING HER VARIOUS DEMANDS SUFFICIENTLY FORCEFULLY TO COMPEL BRITAIN TO GIVE WAY AT SOME POINT OR OTHER, IF NOT ON SEVERAL POINTS. THE FRENCH GOVERNMENT APPEARS TO HAVE NO INTENTION OF MAKING ANY REAL FORWARD MOVEMENT ON FISHERIES, OF FACILITATING THE QUIET "POLITICAL" SETTLEMENT OF THE BUDGET DISPUTE WITH THE EUROPEAN PARLIAMENT WHICH FRANCE HAS PROFESSED TO WANT, OF OFFERING A RELATIVELY MODERATE DEAL ON AGRICULTURAL PRICES OR OF OFFERING ASSURANCES ON CAP AND BUDGET RESTRUCTURING AS A WAY OF SECURING A BETTER DEAL ON AGRICULTURAL PRICES. THE FRENCH GOVERNMENT MUST KNOW THAT ON ALL OF THESE ISSUES, EXCEPT PERHAPS THE DISPUTE WITH THE EUROPEAN PARLIAMENT, BRITAIN IS BOUND TO BE IN THE FRONT LINE OF RESISTANCE TO FRENCH CLAIMS AND IS NOT ISOLATED ON ANY OF THEM. AGAINST THIS THEY PROBABLY COUNT ON CHANCELLOR SCHMIDT AND THE FEDERAL GERMAN GOVERNMENT TO ARGUE THAT SPECIAL ALLOWANCE HAS TO BE MADE FOR FRANCE IN ORDER TO HELP PRESIDENT GISCARD TO BE RE-ELECTED. OTHER COMMUNITY PARTNERS ARE NOT NOTED FOR RESISTING ROUGH FRENCH TACTICS. IT LOOKS AS THOUGH THE SCENE IS BEING SET FOR AN ASSERTION OF FRENCH DEMANDS ACROSS THE COMMUNITY BOARD IN MARCH AND APRIL IN A WAY THAT IS LIKELY TO RESULT IN BRITAIN TAKING UP THE CHALLENGE, AND IN THOSE CIRCUMSTANCES THE FRENCH GOVERNMENT WOULD HOPE TO FARE BETTER THIS YEAR THAN LAST IN ACHIEVING A COMBINATION OF PARTNERS WHICH WOULD COMPEL BRITAIN TO GIVE WAY.

6. THE FRENCH GOVERNMENT SEEMS TO HAVE LEARNED THAT IT IS UNWISE TO ANNOUNCE LINKAGE, JUST AS THE BRITISH GOVERNMENT ALSO ESCHEWS LINKAGE. NEVERTHELESS THE STRATEGY BEING ADOPTED BY THE FRENCH GOVERNMENT SEEMS BOUND TO CREATE LINKAGE IN MARCH AND APRIL OR AT ANY RATE TO ACCENTUATE THE NATURAL, PASSIVE LINKAGE WHICH ALWAYS EXISTS. IT MAY BE DOUBTED WHETHER THIS WOULD IN THE END WORK TO FRANCE'S BENEFIT, BUT PRESIDENT GISCARD

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WITH M BARRE AT HIS SIDE IS PLAYING FOR HIGH STAKES BOTH INTERNALLY AND EXTERNALLY AND HE MAY ONCE AGAIN, AS IN THE PAST, FEEL THAT THE ACT OF BEING SEEN TO FIGHT HARD FOR FRENCH INTERESTS, ESPECIALLY AGAINST BRITAIN, PAYS HIGHER POLITICAL DIVIDENDS INSIDE FRANCE THAN REACHING COMPROMISE PROPOSALS WHICH CONSERVE ENTIRELY ADEQUATELY THE INTERESTS OF BOTH COUNTRIES.

7. IN MY VIEW THE BRITISH POSITION IN ALL THESE MATTERS IS A RELATIVELY STRONG ONE. IT WOULD BE MORE COMFORTABLE IF THE FRENCH GOVERNMENT WAS PREPARED TO BE REALISTIC IN RECOGNISING THIS. I FEAR HOWEVER THAT THEY ARE CHOOSING A PATH WHICH IS DESTINED TO BE FRICTIONAL. AT PRESENT I CAN RECOMMEND ONLY THAT BRITISH TACTICS SHOULD BE DESIGNED FOR THIS PROSPECT. THERE SEEMS TO BE NOTHING FOR IT BUT TO CONCENTRATE AS HITHERTO ON SEEKING SOLUTIONS ADEQUATE FROM THE BRITISH NATIONAL POINT OF VIEW ON EACH OUTSTANDING ISSUE SEPARATELY AND TO LEAVE IT TO FRANCE TO BUILD UP AND BE SEEN TO BUILD UP THE TENSION, IF SHE INSISTS ON DOING SO.

8. AS REGARDS THE MORE DETAILED QUESTION OF TACTICS OVER AGRICULTURAL PRICE FIXING I SHALL BE REPLYING SEPARATELY TO YOUR TELEGRAM NO 24 TO BONN.

FCO PLEASE PASS SAVING TO ATHENS, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG AND ROME.

HIBBERT.

(REPEATED AS REQUESTED)

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SAVING TELEGRAM  
BY BAG  
FROM PARIS

*ms*

*France*

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TEL NO 150 SAVING TO FCO OF 10 NOVEMBER 1980

REPEATED SAVING TO EC POSTS, UKREP BRUSSELS,  
HM CONSULS GENERAL FRANCE

PRESIDENTIAL ELECTIONS: M MITTERRAND'S CANDIDATURE

1. The uncertainty which surrounded the official Socialist candidature for the French Presidential elections was brought to an end on 8 November when M Mitterrand declared that he would stand as the Party's official candidate. Later in the day the two previously declared contenders for the nomination, M Rocard and M Chevènement, withdrew from the race.

2. Ideally, M Mitterrand would have preferred to wait until the beginning of next year to declare his candidature. But he was constrained by the regulations of the Socialist Party which required him to put in his name by 8 November and by the widely expressed view within the Party, echoed by such important leaders as M Pierre Mauroy, that an early end should be brought to the period of uncertainty and speculation. The opinion polls continue to say that M Rocard would do much better than M Mitterrand against President Giscard. This over-simplifies a complex political calculation but M Mitterrand may have felt that he could not go on allowing Rocard's stock to appear to be rising.

3. The prospects for M Mitterrand are not very good, though it is generally expected that he will reach the second round. This will be the third time that he has tried for the Presidency and he is considerably older than the sitting incumbent. His main hope will be to attract the grass root Communist vote, especially during the second round when it is assumed that the Communist candidate, M Marchais, will have fallen out of the race. It is also a fact that M Rocard's hopes were never pitched very high. He was well aware that his appeal to the left wing of the Socialist Party and to the Communists was weak in comparison to M Mitterrand's and that his attraction to the centre was uncertain. He no doubt calculates that his Presidential campaign up till now will have made sufficient impact on public opinion to keep his star

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bright. But this will in part depend on the way in which M Mitterrand's campaign goes, on Mitterrand's eventual showing in the poll and on the possibility that other members of the Socialist Party will eventually attract greater general support within the Party as potential successors to Mitterrand.

HIBBERT

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PS/LPS

PS/MR BLAKER

PS/MR HURD

PS/PUS

SIR A ACLAND

MR FERGUSSON

HD/CRD

HD/PUSD (2)

HD/EESD

HD/NAD

HD/DEF DEPT

HD/NEWS D

RESIDENT CLERK

PS/NO 10 DOWNING ST

MR WENBAN-SMITH )

MR R WADE GERY )

MR HASTIE-SMITH )

MR P E BUTLER DEPT OF ENVIRONMENT  
17/19 ROCHESTER ROW

MR N PALMER " " "

MR MUNRO (PS/PARL. U/SEC) " "

*DUTY OFFICER, Dept Energy-*

ADVANCE COPY

IMMEDIATE

GRS IP 800

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FM PARIS 311856Z OCT 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 902 OF 31 OCTOBER 80

INFO IMMEDIATE UKDEL OECD (PASSED BY PARIS), UKREP BRUSSELS,  
AND WASHINGTON.

YOUR TEL NO 424: POSSIBLE FRENCH OIL STOCK-PILING

1. BP'S LOCAL OFFICE (LE BOSQUET) HAVE TOLD US THAT M GIRAUD'S EXPECTED LETTER ARRIVED ON 30 OCTOBER. ACCORDING TO BP IT REQUIRED THE EIGHT OIL COMPANIES HOLDING LICENCES TO IMPORT AND REFINE OIL TO INCREASE THEIR STOCKS OF MOTOR SPIRIT, DIESEL, AND DOMESTIC HEATING OIL, WITH IMMEDIATE EFFECT, BY 9% OF THEIR AVERAGE DELIVERIES OF THESE PRODUCTS FOR THE LAST 12 MONTHS. COMPANIES WHICH FOUND IT DIFFICULT TO MEET THIS REQUIREMENT IN PRODUCT FORM MIGHT BE AUTHORISED TO SUBSTITUTE CRUDE; EITHER WAY THE ADDITIONAL STOCKS WOULD BE UNTOUCHABLE WITHOUT THE PRIOR AUTHORISATION OF THE MINISTRY OF INDUSTRY.
2. THE COMPANIES CONCERNED ARE AT PRESENT REQUIRED TO HOLD A MINIMUM OF 90 DAYS STOCK OF A COMBINATION OF CRUDE AND THE OIL PRODUCTS WHICH THEY SELL IN FRANCE. ACCORDING TO P, THE PRODUCTS LISTED IN M GIRAUD'S LETTER ACCOUNT FOR APPROX-

THE PRODUCTS LISTED IN M GIRAUD'S LETTER ACCOUNT FOR APPROXIMATELY HALF THE TOTAL VOLUME OF OIL PRODUCTS MARKETED IN THE COUNTRY.

3. FIRST SECRETARY (ECONOMIC) SPOKE TO HEAD OF OIL SUPPLY DIVISION IN FRENCH MINISTRY OF INDUSTRY (M. GUY) THIS AFTERNOON. GUY SAID THAT HE HAD ALREADY RECEIVED CRITICAL ENQUIRIES ABOUT M GIRAUD'S INSTRUCTION FROM THE COMMISSION IN BRUSSELS AND FROM OTHER (UNSPECIFIED) INTERESTED PARTIES. M GIRAUD'S INSTRUCTION, HE SAID, HAD BEEN MISUNDERSTOOD. IT DID NOT AMOUNT TO AN INCREASE IN THE STOCKING REQUIREMENT OF THE OIL COMPANIES CONCERNED, BUT TO THE INTRODUCTION OF AN ADVANCE WARNING SYSTEM WHICH WOULD ENABLE THE GOVERNMENT TO TAKE APPROPRIATE ACTION WHEN COMPANIES' STOCKS BEGAN TO DESCEND TOWARDS THE 90 DAY MINIMUM STOCK LEVEL. CURRENT STOCKS STOOD AT AROUND 28 MILLION TONNES AND 90 DAYS, SEASONALLY ADJUSTED, GAVE A FIGURE OF AROUND 22 MILLION TONNES. THE OIL COMPANIES WOULD NOT BE ABLE, WITHOUT INFORMING THE MINISTRY OF INDUSTRY IN ADVANCE, TO GO BELOW 26 MILLION TONNES, (WHICH WAS 4 MILLION TONNES ABOVE THE PRESENT MINIMUM REQUIREMENT AND APPROXIMATELY HALF WAY BETWEEN PRESENT LEVELS AND THE MINIMUM REQUIREMENT; 4 MILLION TONNES ALSO WAS APPROXIMATELY EQUAL TO 9% OF THE COMPANIES' AVERAGE ANNUAL DELIVERIES). IF A SINGLE COMPANY WARNED THAT IT WAS DOING SO, THERE WOULD PROBABLY BE NO PROBLEM. IF ALL THOSE IMPORTING CRUDE WERE TO START DOING SO, THE GOVERNMENT WOULD FEEL OBLIGED TO TAKE ACTION. GUY WAS NOT SURE OF THE FORM THIS WOULD TAKE, BUT IT WOULD ALMOST CERTAINLY INCLUDE REDUCING THE CONSUMPTION OF DOMESTIC HEATING OIL, WHICH, IN WINTER MONTHS, AMOUNTED TO ALMOST 50% OF THE TOTAL MARKET FOR OIL PRODUCTS.

5. GUY THEN SAID THAT THERE WOULD BE NO QUESTION OF OBLIGING OIL COMPANIES TO RE-STOCK IF THEIR EXISTING STOCKS DROPPED BELOW THE 90 DAY PLUS 9% LEVEL. HE SAID THAT A REQUIREMENT TO RE-STOCK WOULD BE ABSURD; THE FRENCH GOVERNMENT HAD NO POWERS TO ENFORCE RE-STOCKING AND, EVEN IF THEY HAD, IT WOULD BE EXTREMELY EXPENSIVE. BY HIS CALCULATION INCREASING STOCKS BY 9% WOULD COST AS MUCH AT TODAY'S SPOT LEVELS AS AN ADDITIONAL US DOLLARS 5 PER BARREL ON SAUDI ARABIAN CRUDE. THE OIL COMPANIES CONCERNED WOULD NOT ACCEPT THIS - THEY HAD ALREADY LOST F2 BILLION COLLECTIVELY IN THE FIRST HALF OF 1980 ON THEIR REFINING IN FRANCE AND THE OUTLOOK FOR THE COMING YEARS WAS POOR; AND IT WOULD BE POLITICALLY IMPOSSIBLE TO PASS SUCH A COST ON TO FRENCH CONSUMERS.

5. ON THE FACE OF IT, IT LOOKS AS THOUGH GUY MAY BE TRYING TO

5. ON THE FACE OF IT, IT LOOKS AS THOUGH GUY MAY BE TRYING TO ARGUE THAT M. GIRAUD SIMPLY WANTS COMPANIES TO MAINTAIN THEIR MINIMUM STOCK LEVELS AT A HIGHER LEVEL THAN IS ACTUALLY REQUIRED BY CURRENT REGULATIONS. THIS HIGHER LEVEL COULD BE EXPRESSED VARIOUSLY AS 9% OF THEIR LAST 12 MONTHS' DELIVERIES OR AS 4 MILLION TONNES ABOVE THE CURRENT MINIMUM. GUY SEEMS TO EXCUSE THIS BY CLAIMING THAT PRESENT LEVELS ARE SUBSTANTIALLY HIGHER THAN THIS. THE ACTUAL EFFECT OF THESE FRENCH CALCULATIONS WILL NO DOUBT HAVE TO BE EXPLORED FURTHER.

6. M. GIRAUD'S ACTIONS NEED TO BE SEEN AGAINST THE BACKGROUND OF INCREASING FRENCH CONCERN ABOUT THEIR OIL SUPPLIES. WE HAVE TODAY HEARD IN CONFIDENCE FROM A MEMBER OF HIS STAFF THAT THE REASON FOR HIS SURPRISE VISIT TO ALGIERS ON 29 OCTOBER WAS AN ALGERIAN THREAT NOT TO RENEW CFP'S CONTRACT FOR 12 MILLION TONNES OF CRUDE WHICH EXPIRES AT THE END OF THE YEAR IF THEY FAILED TO OBTAIN SATISFACTION IN CURRENT LNG PRICE NEGOTIATIONS. WE UNDERSTAND THAT M. GIRAUD SUCCEEDED IN DEFUSING THE SITUATION, AND THAT CFP WILL OBTAIN THEIR NEW CONTRACT. NEVERTHELESS, THE EXPERIENCE IS LIKELY TO HAVE INCREASED THE FRENCH GOVERNMENT'S FEELING OF VULNERABILITY ABOUT THE COMING MONTHS.

7. WE HAVE HEARD FROM THE US EMBASSY THAT LANTZKE, IEA EXECUTIVE DIRECTOR, TELEPHONED DUNCAN IN WASHINGTON THIS AFTERNOON TO EXPRESS HIS CONCERN ABOUT THE IMPLICATIONS OF GIRAUD'S INSTRUCTIONS FOR THE LINE AGREED BY THE GOVERNING BOARD THAT OIL COMPANIES SHOULD BE ENCOURAGED TO DRAW ON STOCKS IN PRESENT CIRCUMSTANCES.

FCO PLEASE PASS ADVANCE COPY TO DEPARTMENT OF ENERGY DUTY OFFICER.

HIBBERT

W

SENT/RECD AT 312051Z JG/GEH

BY THE WAY IN PARA 2 THIRD LINE SHUD THAT READ ACCORDING TO BP (R) BP???

ALSO YOU HAVE TWO PARA FIVES AND NO PARA FOUR. HAVE AMENDED THE FIRST FIVE TO READ FOUR

KKKK

YES TKS YOU GOT THE NUMBERS RITE TKS AGN AND YES THAT SHD READ BP IT HAS COME OUT OK THIS END KK

OK TKS VM

KKK

*France*



Foreign and Commonwealth Office

London SW1A 2AH

24 October 1980

(2)

*Prime Minister*

*You may like to glance at this note.*

*For PM's*

*no. PM's reply*

*Dear Michael,*

France/Algeria Repatriation Agreement

I understand that the Prime Minister has asked about the recent Agreement concluded between France and Algeria for the repatriation of immigrant workers. I enclose a note based on reporting from HM Embassy Paris.

*Yours etc*

*Paul*

(P Lever)  
Private Secretary

M O'D B Alexander Esq  
No 10 Downing Street  
London SW1

## FRANCO-ALGERIAN AGREEMENT ON REPATRIATION OF IMMIGRANTS

1. An Agreement in 1977 provided for a £1,000 bounty to be paid to Algerian workers voluntarily returning home. Only 2500 Algerians applied for this and less than 2000 received it.
2. The new Agreement was reached with the Algerians during the French Foreign Minister's visit to Algeria on 17-18 September. Those Algerians living in France since before July 1962 (estimated at 280,000) will have their Residence Permits renewed for 10 years when they expire. Other Algerians (estimated at 400,000), whose Residence Permits will expire between 1 October 1980 and 31 December 1983 will be able to obtain an extension of 3 years, 3 months.
3. Over the next 3 years, the two governments will offer 3 alternative inducements to Algerians thinking of returning home:
  - (a) financial assistance equivalent to 4 months' salary; or
  - (b) a training course (from 2-8 months) in a factory in Algeria (or in a French or Algerian training centre); or
  - (c) a loan to assist the creation of small businesses.
4. France will concentrate her efforts on the second item and is ready to finance the construction and management of a dozen training centres in Algeria itself. Altogether the measures are expected to cost France £70 million over the next 3 years.
5. For their part the Algerian Government will provide financial and customs advantages to returning immigrants and

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try to make it easier for them to find housing. France will provide guaranteed loans for French companies in the housing construction field.

6. The French authorities expect 35,000 immigrants (out of nearly 700,000 in France) to return to Algeria each year from 1983. Others, including our Embassy, are sceptical. Research has shown that most Algerians believe themselves better off in France even if unemployed, and the inducements now on offer are not significantly more generous than those that failed to achieve a similar objective in 1977.





OCT 24 1980

BY BAG  
SAVING TELEGRAM  
[CULT]  
FROM PARIS

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SAVING TELEGRAM

*Prime Minister*

*To see all*

*MA 11/8*

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TO FCO SAVING TEL NO 111 OF 8 AUGUST 1980 AND SAVING FOR INFORMATION  
TO EC POSTS, WASHINGTON, TOKYO, UKDEL OECD

WHERE DOES THE FRENCH ECONOMY STAND?

MT

1. The French, like most of us, prefer to forget about their economic problems when on their annual holidays, which they still overwhelmingly take together in July and August. This natural tendency to escapism is traditionally balanced by dire predictions in the French media of social discontent and trouble when the holidays are over, troubles that as often as not fail to materialise in the event.
2. This year things are a bit different. Apart from the inhibiting effects of exceptionally bad weather, the economic barometer has been too firmly set downwards for the past two months to be ignored. The question which matters this year is not so much the mood in which the French electorate will return from their holidays in September, but what effect the economic climate will have on them when they come to vote in the Presidential election in April/May 1981. As I have reported elsewhere, economic developments could be a decisive factor in that election. To predict them it is necessary to make a slightly longer-term analysis of the present state of the French economy.
3. The French economy began this year in reasonably good shape after a relatively favourable outturn in 1979. The marked upsurge in activity noted in the second half of last year was carried through into the first quarter of 1980. This period was broadly characterised by a buoyant level of industrial production, increased investment, comparative calm in industrial relations, full order books to the summer break and healthy company balances. There were also some disquieting underlying trends in unemployment, inflation and a visible trade balance which was ceasing to be favourable. On the whole, although not entirely, these disquieting trends stemmed from external factors, principally the latest major round of oil price rises. During 1980 the franc has been, and still remains, one of the firmest currencies in the EMS.
4. In the second quarter the signs of a downward trend began to appear, and the visible trade deficit grew particularly steeply (reaching a total of F29.8 billion for the first six months compared with F10 billion for the whole of 1979). The three-month moving average of industrial production fell one point between March and May: official figures for the end of June are not yet available, but heads of companies reported a further fall in demand for industrial products in June. Bankruptcies over the first half-year were 5.7% up on 1979. The automobile industry suffered sharp decline in demand and announced lay-offs for the summer months. The National Statistical Institute's latest forecasts show a sharp decline in industrial production by the year-end of some 4-5%, although this may be exaggerated. There were some less gloomy aspects. Money supply is considered to be roughly on target. Inflation seems to be levelling off and the 7.1% increase over the first six months is expected to be no higher than 12% for the year as a whole. Seasonally-adjusted unemployment figures showed a slight fall in June, though against a generally rising trend which (at nearly 1.5 billion) is already painfully high. The Government's long-term

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strategies of (relative) liberalisation of prices and other controls, and of Government-influenced re-direction of French industry towards new technology sectors continued to make steady progress.

5. For well over a year now M. Barre has made a virtue of bluntly warning the French people that the road ahead would be difficult; but he has also said that it would be surmountable provided that his strategy of a stable franc, tight monetary control, limitation of public expenditure, wage restraint and increased competition was followed. In recent speeches he has set his face against suggestions that for electoral reasons he should embark on a more reflationary course, and he has committed his Government instead to a continuation of existing cautious policies and a restrictive monetary and fiscal stance. At the same time he has pledged to sustain economic activity and to safeguard the global income of Frenchmen, especially the lower-paid. Few Frenchmen are likely to believe that the Government will in fact resist the temptation to try to reflate the economy in time for the Presidential elections. Officials admit privately that public sector contracts are being channelled towards the end of the year. But M. Barre's determination to keep the budget deficit within bounds and to sustain activity by investment rather than consumption should not be underestimated.

6. At this point there are still too many external and internal factors that could change (including oil prices, world trade, exchange rates, private sector savings ratio and public investment) to make firm predictions about the course of the French economy over the next ten months. Most commentators consider that France should weather the rough water at least as well as her principal partners. The 1980 year-end results are expected to be well within OECD averages. This may nevertheless seem small comfort to a French householder comparing his situation with a year earlier. One of President Giscard's principal tasks between now and next May may be to bring home to the French voter the view that his Government is coping at least as well as any other Government, especially the F.R.G., in a deteriorating international environment and to stress the lack of any viable alternative strategy. M. Barre's determination not to be blown off course and his confident handling of the political debate should continue to be a powerful asset to President Giscard in this task, provided it does not actually lead to conflict between the President and Prime Minister on the means to be followed.

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BY BAG  
FROM PARIS

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TO FCO TELNO 96 SAVING OF 9 JULY 1980

REPEATED FOR INFORMATION SAVING TO UKREP BRUSSELS, EC POSTS,  
LISBON, MADRID, UKDEL OECD

INTERVIEW WITH MONSIEUR BARRE

1. On 7 July the French Prime Minister, M. Barre, in his first major television interview since March 1979, gave a characteristically pugnacious and self-confident defence of the Government's policies, particularly in the economic field. M. Barre conceded that he understood the anxieties of the man in the street about the future in the face of a deteriorating international environment. But, in an implicit rebuke to the Gaullists, he claimed that Frenchmen had sense enough to realise that reflation was not possible. He expressed his complete confidence that France would emerge in better shape than expected from the difficult years ahead.
2. On the economic front, M. Barre had little new to reveal. He reaffirmed his conviction that the Government's pursuit of durable and balanced growth through the application of tight fiscal and monetary measures was the only viable policy for France. Any other, as the electorate had recognised in 1978, would lead France to the edge of the abyss. The strength of the Franc and the increase in France's reserves were evidence of international confidence in the Government's policies. Despite France's need to pay an additional Frs 50 billion for her oil supplies in 1980, M. Barre considered that it would be possible to maintain the overall purchasing power of French families, particularly lower income families, even if this did not mean that the purchasing power of every individual family could be safeguarded. For its part, the Government would take appropriate steps to maintain the level of economic activity. Fiscal measures to stimulate productive investment, on the lines of those enacted in April 1979, would be included in the Budget for 1981. But M. Barre scoffed at the suggestion that the Government would be hurried into taking ill-considered steps, for political reasons, to reflate the economy in anticipation of next year's Presidential elections. He accepted that unemployment, particularly among women and young people, was a continuing problem but claimed that recent indicators showed some improvement in hard-core unemployment and in job-creation so that the situation "was deteriorating more slowly".
3. In his remarks on Europe, which occupied only a small part of the interview, M. Barre recognised that, even without the problem of the British budgetary contribution, it would be necessary to review the working of the CAP and to tackle such problems as that posed by Community agricultural surpluses. A revision of the Community's financial mechanisms was also required since it was

/clear

clear that Britain would eventually raise once more the issue of her contribution. On enlargement, he argued that, if one did not know what the financing system of the Community would be at the end of 1981, or what provisions would govern the CAP at the moment of entry of a major agricultural nation like Spain, negotiations with Spain and Portugal on their entry could only be a hollow mockery.

4. Despite the efforts of the interviewers to pin him down, M. Barre refused to commit himself on the prospects for an early Government reshuffle (which more and more commentators are forecasting for the month of August). He also ducked questions about the rôle he would play in the Presidential election campaign. But, without saying anything that could be construed as disloyal to the President, he managed to convey the impression that, in economic affairs at least, he was in charge and had a mind of his own.

5. M. Barre claimed that his experiences as Prime Minister had left him with a distaste for partisan politics. The electoral message behind the contrast that he drew between the Government's sense of responsibility and the irresponsibility of its armchair critics was, however, plain for all to see. The substance of his remarks, a mixture of appeals to French national pride, economic realism and expressions of total self-confidence in the rightness of his policies, may not have convinced all his critics. But it was an impressive performance and will have added to his stature as an important force in French politics on his own account. As a television personality he is much more entertaining than President Giscard.

6. Full text of transcript will go to WED and UKREP Brussels.

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BY BAG

*France*

SAVING TELEGRAM

FROM PARIS

*Read in full*

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TO FCO TELNO 91 SAVING OF 2 JULY 1980

REPEATED SAVING TO EC POSTS, WASHINGTON, UKDEL NATO

*mb*

FRENCH INTERNAL POLITICS

1. The spring session of Parliament ended on 30 June and with it French politics went into the summer recess. Up to the end of the session there was continued skirmishing between the government and its enemies on both left and right, but none of it had much relevance outside the party political context.
2. The most controversial item towards the end of the session was a bill sponsored by M. Peyrefitte, the Minister of Justice, known as the bill on security and liberty, to reform various aspects of criminal procedure. The Government pushed it through the National Assembly by using guillotine procedures to override opposition from the Socialists and Communists and from some Gaullists. It now goes to the Senate. It has been criticised as a serious limitation on the rights of the individual and on the independence of the judges. The main aim of its opponents was to pin a label of illiberalism on President Giscard's administration. To the outside observer, the froth of polemic seemed greater than the points of substance. The shabby appearance of the manoeuvring which took place in the concluding stages of the session was increased by the discomfiture which the government brought on itself as a result of the events reported in my saving telno 81.
3. The Gaullist Party (RPR) have continued to be caught in the dilemma that, while wishing to create as much parliamentary difficulty as possible for the President and his Ministers, they are not prepared to bring the Government down on a vote of confidence. They have huffed and puffed over incidents such as those mentioned above and over the de Broglie scandal, but they have left the Government's house intact. Another difficulty for the Gaullists is the division between RPR Ministers (and those who have their eyes on portfolios), who put loyalty to the President above all else, and the rank and file who support M. Chirac's attack on the Government's social and economic policies. The announcement by M. Debré on 30 June that he would contest next year's Presidential election can only exacerbate the RPR's problems. It is most unlikely that the Party leadership will decide to support Debré as the official Gaullist candidate and he is likely to find himself in competition with Chirac for Gaullist votes on the first round of the elections. Recent opinion polls suggest that in such circumstances Debré would score less than 3%. He may do better than this since he is widely respected as a man of integrity, with an impeccable record of personal disinterestedness and patriotism. He could yet prove to be a small thorn in President Giscard's side as he develops

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his campaign. But he will certainly damage M. Chirac's chances of emerging as Giscard's rival in the second round elections - though he (Debré) has dismissed this by declaring that Chirac will have his day later on.

4. On the opposition front, the Socialists and Communists show no sign of resolving the serious differences between them that have existed since the legislative elections of May 1978, when the Union of the Left was finally broken. Their inability to form a working alliance has restricted the capacity of the trade unions to mount concerted industrial action. As with the split in the RPR, the Government has been the principal beneficiary. They have been able to project the impression of earnest pursuit of governmental business in the face of constant and sometimes trivial bickering by their political partners and opponents.

5. The weakness of the opposition and the ineffectuality of the Gaullists have left President Giscard looking relatively strong. He has adroitly taken over certain Gaullist themes, notably on agriculture, the European Community, defence and foreign affairs. He has made skilful use of his prominent rôle on the international stage to give the impression of being above the fray of internal politics played out at the Palais Bourbon, although in fact internal politics are a full-time Elysée occupation. His pronouncements never fail to have a lofty touch and he has created the impression that inflation, unemployment and the substantial increase in 1980 of France's external trade deficit are all M. Barre's responsibility. M. Barre seems perfectly content to be pushed out in front in this way and to collect what odium is going. But while, in this way, things have gone well for President Giscard, there has been nothing to inspire the French public, and the long conjuring performance is wearing a bit thin. The President will be looking for ways of scoring more positive points in the autumn.

HIBBERT

[THIS TELEGRAM WAS NOT ADVANCED]

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TELEGRAM NUMBER 587 OF 27 JUNE 1980

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PRESIDENT GISCARD'S PRESS CONFERENCE ON 26 JUNE

1. PRESIDENT GISCARD YESTERDAY GAVE AT THE ELYSEE HIS NINTH FORMAL PRESS CONFERENCE SINCE HE CAME TO POWER. IN ACCORDANCE WITH THE CUSTOM WHICH HE HIMSELF HAS ESTABLISHED, THE QUESTIONS WERE NOT PRE-SELECTED. NEVERTHELESS THEY WERE ALL EASY AND HE RANGED FREELY IN ANSWERING THEM. COMMENTATORS HAVE REMARKED ON HIS SELF-ASSURANCE AND SELF-SATISFACTION. AS AN EVENT IT WAS UNEXCITING, ALTHOUGH MORE OR LESS COMPULSORY FOR ANYONE INTERESTED IN POLITICS. THE LOFTY TONE CAN BE VERY BORING; ONLY TWO DAYS BEFORE, MITTERAND, IN A PRESS CONFERENCE OF HIS OWN, HAD DESCRIBED THE PRESIDENT AS THE 'KING OF ANAESTHESIA'. THE CHOSEN SUBJECTS IN INTERNATIONAL AFFAIRS WERE AFGHANISTAN, THE MIDDLE EAST AND THE ENLARGEMENT OF THE COMMUNITY. FULLER REPORTS ON THESE AND ON THE PASSAGE ON FRENCH DEFENCE WILL FOLLOW BY SAVING TELEGRAM.

2. ON AFGHANISTAN, PRESIDENT GISCARD STUCK TO THE STANDARD FRENCH LINE THAT THE SOVIET INVASION WAS UNACCEPTABLE AND THAT A POLITICAL SOLUTION WOULD ENTAIL TOTAL WITHDRAWAL. HE USED HIS VISIT TO WARSAW TO CLAIM SOME CREDIT FOR THE RECENTLY ANNOUNCED PARTIAL WITHDRAWAL OF SOME SOVIET UNITS, DESCRIBING THIS AS A STEP IN THE RIGHT DIRECTION. HE SHOWED HIS INDEPENDENCE BY REPUDIATING THE IDEA OF A TRANSITIONAL SOLUTION CANVASSED BY PRESIDENT CARTER, ASKED WHETHER FRANCE SHOULD GIVE AID TO THE AFGHAN RESISTANCE, HE SAID THAT HIS REPLY WAS NEGATIVE. FRANCE FAVOURED A PEACEFUL SOLUTION.

3. ON THE ARAB/ISRAEL DISPUTE, HE SAID NOTHING NEW BUT MANAGED TO MAKE IT SOUND AS THOUGH FRANCE HAD AN ORIGINAL CONTRIBUTION TO MAKE. THE PROBLEM HE SAID, WAS TO RECONCILE ISRAEL'S RIGHT TO SECURITY WITH THE RIGHT OF THE PALESTINIANS TO EXIST AS A PEOPLE.

4. ON THE ENLARGEMENT OF THE COMMUNITY, HE DENIED THAT HE HAD SPOKEN OF A PAUSE BEFORE SPAIN AND PORTUGAL COULD BE ADMITTED. THE FACT WAS THAT A SITUATION HAD BEEN CREATED WHICH INTERFERED WITH THE ENLARGEMENT NEGOTIATIONS. IT WAS FIRST GOING TO BE NECESSARY TO SOLVE TWO PROBLEMS: HOW TO APPLY FINANCIAL SOLIDARITY IN RELATION TO NEW MEMBERS, AND HOW TO ORGANISE AGRICULTURAL MARKETS FOR MEDITERRANEAN PRODUCTS AND THEREBY STRENGTHEN AND

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WIDEN THE CAP. HE REMARKED THAT "IF ONE OR OTHER OF OUR PARTNERS INDICATES THAT IT IS NECESSARY TO MODIFY THE FINANCIAL RULES OF THE COMMUNITY OR THE RULES OF THE CAP, IT WILL FIRST BE NECESSARY TO KNOW WHAT THE NEW RULES ARE BEFORE WE CAN KNOW HOW THEY WOULD APPLY TO NEW MEMBERS". THIS REMARK, BY A SORT OF PAVLOVIAN REFLEX (NO DOUBT ENCOURAGED BY OFFICIAL BRIEFING), HAS BEEN INTERPRETED BY THE PRESS AND INFORMED PUBLIC AS POINTING THE FINGER AT BRITAIN.

5. ON FRENCH DEFENCE POLICY, THE PRESIDENT DECLARED THAT HE HAD NO INTENTION OF REDUCING THE PRESENT 12-MONTH PERIOD OF COMPULSORY MILITARY SERVICE (THE GAULLISTS HAVE PROPOSED A REDUCTION TO FOUR MONTHS). HE ANNOUNCED THAT A NEW GROUND-TO-GROUND MOBILE STRATEGIC MISSILE WOULD BE PROVIDED FOR THE FRENCH FORCES BY 1990: A DECISION ON THE LAUNCHING METHOD WOULD BE TAKEN BY THE END OF THE YEAR. HE ANNOUNCED THAT FRANCE HAS TESTED A NEUTRON BOMB AND THAT A DECISION WHETHER OR NOT TO PRODUCE IT WOULD BE TAKEN IN 1982/83. THIS HAS CAPTURED THE HEADLINES BECAUSE IT APPEARS TO SUGGEST THAT FRANCE MIGHT BE MOVING TOWARDS A STRATEGY OF FLEXIBLE RESPONSE. IT ALSO MAKES FRANCE LOOK MORE RESOLUTE THAN THE USA. THE PRESIDENT REFUSED TO BE DRAWN INTO COMMENT ON TACTICAL NUCLEAR DOCTRINE AND CONFINED HIMSELF TO THE ASSERTION THAT FRANCE WAS INTERESTED IN THE DEFENCE OF NEIGHBOURING TERRITORIES.

6. PERHAPS THE MOST SIGNIFICANT OF HIS STATEMENTS CAME RIGHT AT THE END WHEN HE COMMENTED ON THE EVENTS OF 18 JUNE (MY SAVING TELNO 81) AND INDICATED THAT HIS AIM WAS TO REMAIN FAITHFUL TO THE SPIRIT OF GAULLISM AND TO APPLY IT IN THE CIRCUMSTANCES OF TODAY RATHER THAN TO TRY TO PERPETUATE PAST PRACTICES. THIS CLAIM TO THE MANTLE OF DE GAULLE IS PROBABLY A GOOD POINTER TO HIS PRESENT POLITICAL PREOCCUPATION.

7. THE PRESS CONFERENCE HAS TO BE SEEN IN THE PERSPECTIVE OF THE PRESIDENTIAL ELECTIONS NEXT MAY. IN THE FIELD OF FOREIGN AFFAIRS, IN WHICH HIS POTENTIAL RIVALS ARE IN NO POSITION TO COMPETE WITH HIM, PRESIDENT GISCARD'S OBJECTIVE WAS TO SHOW THAT HIS POLICIES MAKE FRANCE COUNT IN THE WORLD AND THAT HE STANDS FOR FRANCE'S INDEPENDENCE.

8. THE PRESIDENT'S COMMENTS ON ECONOMIC AND SOCIAL POLICY WILL BE REPORTED SEPARATELY. THEIR MAIN SIGNIFICANCE WAS ELECTORAL.

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FM PARIS 181245Z JUN 80  
TO PRIORITY FCO  
TELEGRAM NUMBER 562 OF 18 JUNE 1980  
INFO ROUTINE UKREP BRUSSELS AND MADRID

*France*

*One trouble for Giscard.*

*mt*

FRANCE/SPAIN

1. THE FRENCH PRESS HAS REPORTED PROMINENTLY THE DESTRUCTION ON 16 JUNE OF NINE SPANISH LORRIES BY FRENCH FARMERS. ACCORDING TO THE PRESS, THREE OF THE LORRIES CONTAINED ONIONS, LEMONS AND WATER MELONS, BUT THE OTHERS CONTAINED MERCHANDISE OF VARIOUS TYPES LIKE TYPEWRITERS, PAPER, SOAP ETC. A SPOKESMAN FOR THE FARMERS CONCERNED AT PERPIGNAN IS REPORTED TO HAVE SAID THAT SO LONG AS THEY WERE NOT GUARANTEED A DECENT PRICE FOR THEIR OWN PRODUCE, THEY WERE READY TO BURN SPANISH LORRIES, WHATEVER THEY HAD IN THEM, AS A PROTEST AGAINST THE FAILURE OF THE AUTHORITIES TO PREVENT IMPORTS OF FRUIT AND VEGETABLES.
2. IT APPEARS THAT THE LORRIES CONTAINING FRUIT WERE ON THEIR WAY TO THE FRG. THE FARMERS SEEM TO BE COMPLAINING THEREFORE ABOUT IMPORTS NOT SO MUCH TO THE FRENCH MARKET (TOMATOES, PEACHES AND NEW POTATOES CANNOT BE IMPORTED ANYWAY) AS TO THE REST OF THE COMMUNITY MARKET, THEREBY CAUSING GENERALLY DEPRESSED PRICES INCLUDING IN FRANCE.
3. M. GUILLAUME, PRESIDENT OF THE FNSEA (FRENCH FARMERS UNION), IS REPORTED TO HAVE SAID THAT HE DID NOT APPROVE OF VIOLENCE BUT UNDERSTOOD THE ATTITUDE OF FRENCH FARMERS. M. PLA, PRESIDENT OF THE LOCAL YOUNG FARMERS, SAID THAT HE UNDERSTOOD "THE CATASTROPHIC SITUATION THAT SPANISH COMPETITION CREATES FOR FRENCH FARMERS".
4. M. MEHAIGNERIE, THE FRENCH MINISTER OF AGRICULTURE, IN A STATEMENT ON 17 JUNE, CONDEMNED THE VIOLENCE, AND POINTED OUT THAT SPANISH REACTIONS MIGHT HAVE HARMFUL CONSEQUENCES FOR FRENCH FARMERS.
5. IT HAS ALSO BEEN REPORTED IN THE FRENCH PRESS THAT SPANISH TRAWLERS FISHING WITHOUT LICENCES IN THE FRENCH ECONOMIC ZONE IN THE GULF OF GASCOGNY HAVE FOR SEVERAL DAYS BEEN PROTECTED BY A SMALL PATROL BOAT FROM THE SPANISH NAVY. ACCORDING TO THE PRESS, THIS VESSEL HAS NOT ONLY WARNED THE TRAWLERS ABOUT THE APPROACH OF FRENCH FISHERIES PROTECTION VESSELS, BUT HAS ALSO BEEN ON HAND WHENEVER THE FRENCH VESSELS HAVE CARRIED OUT INSPECTIONS. THE PRESS HAS SEEN THIS AS ANOTHER SIGN OF FRANCO/SPANISH TENSION FOLLOWING PRESIDENT GISCARD'S REMARKS ABOUT ENLARGEMENT.

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*France*

BY BAG  
SAVING TELEGRAM  
FROM PARIS

*Read in full.*

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TEL NO 51 SAVING TO FCO OF 21 APRIL 1980

REPEATED FOR INFORMATION SAVING TO UKREP BRUSSELS,  
OTHER EC POSTS, WASHINGTON

FRANCE: THE POLITICAL AND ECONOMIC SITUATION

1. It may be helpful, on the eve of the next European Council, to have a picture of the general political and economic situation in France.
2. The President's political position remains strong. The public opinion polls show that both he and M Barre are maintaining their popularity. No-one seems to doubt that, barring some major political upheaval or a grave deterioration in the economy, M. Giscard d'Estaing will be re-elected at the Presidential elections in 1981. But there are some factors of weakness which are beginning to accumulate and these may have an effect, as time goes on, on the Government's standing and performance. These factors are almost entirely internal.
3. Relations between the UDF (Giscardian) and the RPR (Gaullists), the two main parties in the majority, are bad. The Gaullists have tried to formulate policies distinct from those of the Government while refraining from actually bringing the latter down. These efforts have not been successful, and M. Chirac does not have a united party behind him. But he remains the Gaullists' leading contender for the Presidential elections and continues to have a wide appeal to certain sections of the French electorate, particularly the rural and agricultural vote.
4. The union of the Left between the Communists and the Socialists has crumbled, though there remains some degree of cooperation at the local level. The Socialists are divided between the supporters of M. Mitterrand and those of M. Rocard. There seems little prospect at present of a candidate emerging to represent both the Socialist and the Communist parties on the first round of the Presidential elections.

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5. Apart from the divisions of the parties, the French political scene has been much taken up with scandals. The de Broglie affair, the suicide of the Minister of Labour, M. Boulin, the alleged activities of the Minister of Justice, M. Peyrefitte, in helping Giscard to undermine Chirac, the continuing publicity in the Canard Enchaîné on the Bokassa diamonds, the move to impeach Poniatowski - all these are tending to create a shopworn and tired atmosphere and a feeling among the general public that politicians are pursuing their vendettas without much thought for the serious problems facing the country. So far, little of this has washed off directly on to President Giscard himself, or on to M. Barre whose tough solidity still seems to sustain confidence in the Government.

6. On the domestic and social front, there are signs of discontent of which President Giscard and his Government must take some account. The farmers are usually active at this time of year in order to put pressure on the Government over farm prices. This year's demonstrations against what farmers regard as inadequate proposals by the European Commission to maintain their living standards seem to be larger and more intense than in the last two years. Farmers' living standards have been sustained in recent years by increases in productivity but they have little confidence of doing better in this direction and there is no cushion of MCA devaluation left. The trade unions, though divided, are agitating against actual and prospective falls in the standard of living of their members, especially in the public sector. The Bretons have been making plain their displeasure at the Government's failure to protect the livelihood of their fishermen and to cope adequately with the "Tanoi" disaster, and at the Government's plans to proceed with the construction of a nuclear power station at Plogoff.

7. On the broader economic front, the French economy is operating at much the same buoyant level as at the end of last year, but the underlying trends are disquieting. At present the franc is one of the firmest currencies in EMS, industrial production remains high, order books are reasonably full and French companies are in a strong financial position. However, three successive months of deficits have resulted in a total

visible trade deficit of F14.7bn in the first quarter, compared with F10bn for the whole of 1979. Inflation is running at an annual rate of over 13%, and the March unemployment figures, seasonally adjusted, set a new record (1.415m). The Government has been obliged recently to tighten controls on bank lending, including taking measures to limit loans to house-purchasers. Most forecasters still predict a slight fall in activity in the second quarter, with a more marked down-turn later in the year. A combination of inflation, high social security contributions, increased unemployment and reduced economic activity could put considerable pressure on a wide range of incomes during the year, especially if there are further rises in fuel and public utility charges. The moderate level of wage demands, which was a feature of last year, may be much less easily maintained this time.

8. M. Barre remains firmly committed to his cardinal policies of a strong franc, control over public expenditure, calls for wage restraint, priority for exports and increased public and private sector competition. He has some grounds for arguing that his policies are succeeding (cf Paris Saving tel No 48). At any rate, no-one has yet suggested a coherent and plausible alternative. But before the end of the year Barre's qualities of sober realism and robust confidence could be much more severely tested. This is presumably why President Giscard looks set to keep him, although his health now has a question-mark over it, which makes dependence on him as a strong man a bit precarious.

9. The atmosphere of morosity and fatigue which has been lapping around the Administration and the feeling of cynicism which the scandals create in the public mind should not be exaggerated. The Administration is still a competent and some would say a strong one. The danger which the Government is watching on the horizon is economic recession. If this overtakes France and bites at all deeply, the Government could have a difficult passage. It must be assumed that the President wants to build up credit by showing at the European Council that he remains a strong defender of French national interests, particularly in the

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agricultural field, where he is most vulnerable to attack from the Gaullists and also from the opposition. At the same time, in a world where French public opinion seems to be increasingly conscious of the absence of Western and European solidarity, he is also likely to wish to appear statesmanlike and to gain credit for promoting or seeming to promote such initiatives and solutions as may be devised. The economic difficulties which lie in wait for him on his way to a second term will make him feel that he has very little room for manoeuvre.

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"GUARDIAN" extract 27 February 1980

fr.  
D.V.

# Barre's star rises as economy declines

From Paul Webster in Paris

WITH economists forecasting a record inflation rate for France to be announced today after a series of other economic setbacks, the Prime Minister, Mr Barre, is preparing a new austerity programme.

Ironically, the unprecedented monthly figure of up to 2 per cent in a country used to an annual inflation rate of around 10 per cent is reinforcing Mr Barre's authority during the grimmest period since the oil crisis. Only weeks after struggling to get his budget through a hostile Parliament he is expected to shrug off two new opposition attempts to censure his economic policy in Parliament this week with promises of worse to come.

Chosen in September, 1976, to stop inflation with a three-year austerity programme,

Mr Barre is gaining political ground by failing to fulfil his promises. Hardly four months ago, President Giscard was casting around for a successor after Mr Barre's popularity was rated as the lowest of any Prime Minister in the 22 years of the Fifth Republic. Today, his refusal to change his policies and his threat to reinforce austerity has given him a new lease of political life.

Nearly all economic news, with the exception of the stability of the franc, is discouraging. In a year, unemployment has risen by 10 per cent to a record 1.5 million. The international trade deficit for 1980 has already reached more than £700 million—two thirds of the deficit for the whole of 1979.

For the first time since Mr Giscard was elected in 1974, the official statistics department has reported that

real revenues have dropped in France. The fall is up to 2 per cent. Even workers on the minimum wage, promised protection by President Giscard, have lost purchasing power.

The process will be accelerated by the new inflation figure, of which about 0.8 per cent can be accounted for by a rise in public service tariffs set by the government.

The expected psychological shock of an inflation rate equivalent to 24 per cent a year has left Mr Barre unshaken, despite his promise to keep this year's figure down to 10 per cent. He blames the entire setback on the rising cost of oil imports. After the report of a fall in salaries, Mr Barre was expected to make some concessions on rigorous wage control policies. Instead, he announced that any attempt even to maintain purchasing power was "ambitious"

The inflation rate announcement later this week will be met by a credit squeeze across the board at a time when mortgages are already difficult to obtain and credit for consumer goods costs well over 20 per cent.

Mr Chirac, the Gaullist leader, is stepping up his pressure for reflation—an obvious attraction for President Giscard a year before presidential elections—but Mr Barre has answered this demand by saying that he will not be dragged into any quick solution.

Mr Barre, who belongs to no political party, will inevitably be drawn into a conflict of interests with the President, but his strength stems from his high standing abroad—which Mr Giscard cannot ignore. American and West German leaders are particularly outspoken in his favour. This personal inter-

national credit was underlined during a private lecture tour in the United States when the Wall Street Journal summed up favourable American business reaction, led by Mr David Rockefeller, by saying that the US should adopt a "Barre plan."

Businessmen, who measure Mr Barre's success more by the steadiness of the franc than by the price French workers are paying for his severity, may be happy, but the former economics professor is testing the limits of trade union endurance.

The most eloquent warning on a possible breaking point came from the Force Ouvriere, France's third biggest union, which rarely criticises government policy. Its secretary-general, Mr Andre Bergeron, said that "Raymond Barre had better not pull too hard on the rope because it will finish by breaking."



Mr Raymond Barre

Prime Minister.

You may not have seen this article. Although primarily about N. Barre, it is a useful summary of the present, troubled, state of the French economy.

Paul 27/2

(2)

Thank you -  
had not heard of  
France

# CONFIDENTIAL

THE STRATEGY IS TOTALLY DISCREDITED. AT THEIR PARTY CONVENTION ON 12 JANUARY A LEADING SOCIALIST PARTY MEMBER, JEAN POPERON, ARGUED THAT THE PRESENT PRO-SOVIET POLICY OF THE FRENCH COMMUNIST PARTY DID NOT HAVE THE SUPPORT OF THE MAJORITY OF THE FRENCH COMMUNIST PARTY RANK AND FILE AND THAT THE SOCIALISTS MUST PERSIST WITH THEIR EFFORTS TO BRING ABOUT A UNION ON THE LEFT AT GRASS ROOTS LEVEL. THIS SORT OF TALK HAS LEFT MARCHAIS UNMOVED. HE HAS MADE IT CLEAR THAT IF ELLENSTEIN AND OTHER INTELLECTUAL CRITICS OF THE LEADERSHIP DECIDED TO RESIGN FROM THE COMMUNIST PARTY HE WOULD BE DELIGHTED.

4. WHILE THE GOVERNMENT IS OFFICIALLY IRRITATED BY THE TREATMENT ACCORDED TO MARCHAIS AND BY THE AMOUNT OF PUBLICITY HE HAS BEEN GIVEN, THE PRESIDENT AND HIS COLLEAGUES MUST IN OTHER WAYS BE CONTENT WITH HIS PERFORMANCE IN MOSCOW. HIS DEFENCE OF SOVIET ACTION IN AFGHANISTAN AND HIS OPEN CONTEMPT FOR THE SOCIALIST PARTY LEADERS WILL MAKE IT VERY DIFFICULT FOR THE SOCIALISTS TO ACHIEVE ANY CREDIBILITY FOR THEIR CANDIDATE, WHOEVER HE MAY EVENTUALLY PROVE TO BE, IN THE RUN-UP TO THE 1981 ELECTIONS. MARCHAIS' VISIT LOOKS LIKE NAILING THE LID ON THE COFFIN OF THE UNION OF THE LEFT AND MAKES LIFE EASIER FOR PRESIDENT GISCARD. THE INTERNAL BENEFIT IS GREATER IN PROPORTION TO HIS OWN PASSIVITY. ANY CLEAR EXTERNAL INITIATIVE IN RELATION TO AFGHANISTAN AND THE SOVIET UNION MIGHT, BY CAUSING CONTROVERSY, REDUCE IT.

5. NONE OF THE NUANCES IN MOSCOW TEL UNDER REFERENCE HAS APPEARED IN FRENCH PRESS AND TELEVISION COMMENT ON THE VISIT. ATTENTION SO FAR HAS BEEN ALMOST EXCLUSIVELY CONCENTRATED ON THE SUPPORT OF THE FRENCH COMMUNIST PARTY FOR MOSCOW OVER THE INVASION OF AFGHANISTAN AND ON THE EVOLUTION OF THE PARTY'S POLICIES SINCE 1977 TOWARDS A MORE PRO-SOVIET STANCE.

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FM PARIS 271853Z DEC 79

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TELEGRAM NUMBER 1020 OF 27 DECEMBER 1979

INFO SAVING TO BONN BRUSSELS COPENHAGEN DUBLIN LUXEMBOURG  
ROME THE HAGUE UKREP BRUSSELS WASHINGTON AND  
UKDEL NATCH

MY TELEGRAM NO 995: FRENCH POLITICAL SITUATION

1. THE END OF THE YEAR HAS BROUGHT THE GAULLISTS A SLIGHT WINDFALL AND GIVEN THE GOVERNMENT A SLIGHT SET-BACK. ON 24 DECEMBER THE CONSTITUTIONAL COUNCIL DECLARED THE 1980 BUDGET LAW INVALID. THE LAW HAD FINALLY BEEN PASSED THROUGH PARLIAMENT AGAINST GAULLIST OBSTRUCTION ON 17 DECEMBER. WHEN THE SOCIALIST PARTY MOVED TO REFER THE CONSTITUTIONALITY OF THE PROCEDURE USED TO THE CONSTITUTIONAL COUNCIL, M CHABAN-DELMAS, THE PRESIDENT OF THE NATIONAL ASSEMBLY, HIMSELF CALLED FOR AN OPINION FROM THE CONSTITUTIONAL COUNCIL ON 20 DECEMBER.
2. THE COUNCIL DECIDED THAT THE ASSEMBLY HAD ACTED IN BREACH OF ARTICLE 40 OF THE RELEVANT ORGANIC LAW BY DEALING IN DETAIL WITH THE EXPENDITURE SIDE OF THE BUDGET WITHOUT HAVING FIRST ENDORSED THE ARTICLE DETERMINING TOTAL RECEIPTS AND EXPENDITURE. THIS ARTICLE HAD BEEN PASSED OVER WITHOUT A MAJORITY VOTE BECAUSE OF GAULLIST DEMANDS FOR A REDUCTION IN THE TOTALS.
3. THE GOVERNMENT HAS REACTED SWIFTLY. FOLLOWING A MEETING YESTERDAY AFTERNOON BETWEEN PRESIDENT GISCARD AND THE PRIME MINISTER, M BARRE, IT WAS ANNOUNCED THAT PARLIAMENT WOULD BE RECALLED INTO EXTRAORDINARY SESSION TODAY AND THAT TWO DRAFT BILLS WOULD BE SUBMITTED TO IT. THE FIRST WOULD EMPOWER THE GOVERNMENT TO CONTINUE FROM 1 JANUARY TO LEVY TAXES AT 1979 LEVELS UNTIL A DEFINITIVE BUDGET FOR 1980 HAD BEEN ADOPTED. THE SECOND WOULD BE A RESUBMISSION OF THE FAILED BUDGET WITH ONLY A FEW MINOR AMENDMENTS. TODAY'S COUNCIL OF MINISTERS ONCE AGAIN AUTHORISED THE PRIME MINISTER TO ENGAGE THE GOVERNMENT'S RESPONSIBILITY (IE DEMAND A VOTE OF CONFIDENCE) SHOULD THE NEED ARISE. THE FIRST OF THE TWO BILLS WILL BE VOTED BY THE ASSEMBLY TOMORROW AND THE SECOND AFTER 7 JANUARY.

4. M CLAUDE LABBE, THE CHAIRMAN OF THE RPR GROUP IN THE NATIONAL ASSEMBLY, HAS INDICATED THAT THE GAULLISTS ARE LIKELY TO SUPPORT THE GOVERNMENT IN SECURING THE ADOPTION OF THE FIRST BILL. THE RPR HAVE YET TO DECIDE THEIR POLICY AS REGARDS THE REINTRODUCED BUDGET, ALTHOUGH M LABBE HAS SAID THAT IT IS VERY UNLIKELY THAT THEY WILL VOTE AGAINST IT AND BRING THE GOVERNMENT DOWN. THE OPPOSITION PARTIES, ON THE OTHER HAND, ARE EXPECTED TO REINTRODUCE THE BULK OF THEIR AMENDMENTS TO THE ORIGINAL FINANCE BILL AND TO VOTE AGAINST THE LATEST MINOR AMENDMENTS BY THE GOVERNMENT IF THEIR OWN ARE AGAIN REJECTED.

5. THESE EVENTS IN NO WAY CONSTITUTE A SERIOUS GOVERNMENTAL OR CONSTITUTIONAL CRISIS. THE CONSTITUTIONAL COUNCIL HAS NOT FOUND FAULT WITH THE USE BY THE GOVERNMENT OF ARTICLE 49 OF THE CONSTITUTION, BY WHICH MOTIONS OF CONFIDENCE WERE USED TO FORCE THE BUDGET THROUGH. WHAT HAS HAPPENED IS THAT PERSISTENT GAULLIST OBSTRUCTION HAS SUCCEEDED IN TRIPPING THE GOVERNMENT UP ON A POINT OF PROCEDURE. THE GOVERNMENT HAS NO DIFFICULTY IN REMEDYING THE SITUATION AND PUTTING ITS BUDGET THROUGH ONCE AGAIN, THIS TIME IN A FULLY CONSTITUTIONAL WAY.

6. IT IS DIFFICULT TO ASSESS THE EFFECT OF THESE EVENTS ON FRENCH PUBLIC OPINION. THE MAGISTERIAL WAY IN WHICH M BARRE HAS CONDUCTED BUSINESS IN RECENT WEEKS HAS BEEN SHOWN TO BE FALLIBLE. PRESIDENT GISCARD HAS RAPIDLY DISTANCED HIMSELF A LITTLE FROM HIS PRIME MINISTER BY REMINDING EVERYONE THAT ON TWO OCCASIONS IN THE COUNCIL OF MINISTERS HE ADMONISHED THE GOVERNMENT ABOUT THE NEED TO ENSURE THAT THE BUDGET WAS PASSED THROUGH THE NATIONAL ASSEMBLY IN STRICT CONFORMITY WITH THE CONSTITUTION. THERE ARE GOOD GROUNDS FOR THINKING THAT THE FRENCH PUBLIC IS IN NO WAY ROUSED BY WHAT IT SEES AS POLITICAL ANTICS BY THE PARTIES. THE GAULLISTS HAVE PROBABLY NOT DONE THEMSELVES ANY GOOD BY PLAYING THIS TRICK ON THE PROFESSORIAL PRIME MINISTER. BUT IT IS THE SORT OF SITUATION WHICH DISCREDITS THE SYSTEM AS A WHOLE, GOVERNMENT, OPPOSITION AND FRONDEURS ALIKE. PERHAPS THE KINDEST VERDICT IS THAT THE GOVERNMENT HAS HAD YET ANOTHER ACCIDENT, FROM WHICH IT CAN EASILY PICK ITSELF UP BUT WHICH WILL CERTAINLY BE ENTERED ON THE BARRE RECORD IF NOT ON PRESIDENT GISCARD'S.

FCO PLEASE PASS SAVING TO : BONN BRUSSELS COPENHAGEN DUBLIN  
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BY BAG  
SAVING TELEGRAM

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*France*  
*Prime Minister*

FROM PARIS

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TO FCO TEL NO 116 SAVING OF 6 DECEMBER 1979

REPEATED SAVING TO ALL EEC POSTS, UKREP BRUSSELS, WASHINGTON,  
UKDEL NATO

THE FRENCH POLITICAL SITUATION

1. For the second time in under a month, the French Government have made a piece of legislation a question of confidence. They did this on 20 November to push through the 1980 Budget (Paris Tel No 854) and are now doing it over legislation to make certain categories of pensioners pay Social Security contributions. The reason for the Government's move is the same as over the Budget: the absence of a majority for the legislation following a refusal by the Gaullist RPR to support it. But again, as over the Budget, the Gaullists have made it clear that they will not support either of the two censure motions which the Socialist and Communist Parties have put down and which will be debated today. There is therefore no chance of the Government being defeated.
2. This event has highlighted once again the fact that M. Barre's Government does not have a reliable majority in the National Assembly and has to use the confidence mechanism as a way of getting legislation through. This is an unusual situation under the Fifth Republic. But Governments have used confidence motions in this way before, and it should not be taken to imply that M. Barre's Government is in crisis or has become incapable of governing. M. Barre can continue to call the Gaullists' bluff because the latter know that a successful censure motion against the Government would provoke legislative elections in which they could lose a large number of seats.
3. Feelings between the Gaullists and M. Barre are of course running high. Neither has much sympathy left for the other's position. The Gaullists seem to have modified their tactics since the beginning of this Autumn's Parliamentary session. Instead of attacking the President, they are concentrating on making life difficult for the Prime Minister. Although there is no theoretical limit to the number of occasions on which the confidence procedure can be used, and M. Barre seems prepared to take a tough line, too frequent resort to this procedure runs the risk of creating a bad public impression. It highlights the imbalance of power between the executive and legislature. It drags down the lofty serenity which is supposed to be one of the characteristics of the Fifth Republic. It saps the effectiveness of the Government in the public eye.

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4. There is no sign yet that these Parliamentary problems are becoming a source of real anxiety to the President. He deliberately played them down in his television interview last week; but the broadcast does not seem to have had any tonic effect. The revelations about diamonds sent to the President by the Emperor Bokassa have since been reinforced by the Canard Enchaîné. This has had no dramatic impact on the President's image, but it may have a slow corrosive effect.

5. The most that can be said at present is that the Government is beginning to look a bit tired and shop-worn. M. Barre has up to now proved an effective battering-ram against the Gaullists and the opposition and has maintained the Government's policies with courage and consistency. This has helped the President to create the impression that he is above the day to day political fray. There are now, however, some signs that the weapon may be becoming a bit worn for a period when the President will need to reassemble his political forces.

6. Before long, and perhaps before the next session of the National Assembly in April, the President could decide to have a new Prime Minister with a new Government. This would be the obvious way to cream off the profits of the Barre regime while getting rid of the debits and tearing out the page which the Gaullists are managing to blot. The only problem is to find someone who would conduct the Government as well as M. Barre does.

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GRS 380

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FM PARIS 221615Z OCT 79

TO PRIORITY FCO

TELNO 737 OF 22 OCTOBER 1979

INFO ROUTINE UKREP BRUSSELS, ALL OTHER EEC POSTS AND UKDEL NATO.

## THE FRENCH POLITICAL SITUATION.

1. THE FRENCH GOVERNMENT ARE FACING DIFFICULTIES IN THE NATIONAL ASSEMBLY DEBATE ON THE 1980 BUDGET. THE GAULLIST RPR HAVE THREATENED TO ABSTAIN FROM VOTING THE BUDGET AND DEMANDED TWO SPECIFIC CHANGES IN THE BUDGET PROPOSALS, ONE OF WHICH WOULD INVOLVE A CUT OF F2 BILLION IN GOVERNMENT EXPENDITURE. THE GOVERNMENT HAVE NOT SO FAR SHOWN ANY SIGN OF CONCEDED GAULLIST DEMANDS. AS A RESULT THE GAULLISTS COMBINED LAST WEEK WITH BOTH THE OPPOSITION, AND EVEN ON OCCASION WITH ELEMENTS OF THE UDF, TO REJECT OR MODIFY PARTS OF THE BUDGET BILL. THIS HAS PROVOKED SPECULATION THAT THE GOVERNMENT MAY INVOKE A PROVISION IN THE CONSTITUTION WHEREBY A BILL AUTOMATICALLY GOES THROUGH, UNLESS A CENSURE MOTION IS PUT DOWN AND VOTED, OR ALTERNATIVELY THAT THE GOVERNMENT ITSELF MAY PUT DOWN A MOTION OF CONFIDENCE.

2. THE GAULLISTS HAVE REGULARLY SAID THAT THEY WILL NOT SUPPORT A CENSURE MOTION, WHICH IMPLIES THAT THEY WOULD NOT VOTE AGAINST A MOTION OF CONFIDENCE. M. CHIRAC REPEATED THIS OVER THE WEEKEND. THERE IS, THEREFORE, LITTLE PROPECT THAT THESE DIFFICULTIES WILL PROVOKE A GOVERNMENT CRISIS OR DEPRIVE THE GOVERNMENT OF ITS BUDGET. THE GAULLISTS' AIM IS TO TRY TO PUSH THE GOVERNMENT AS FAR AS IS CONSTITUTIONALLY POSSIBLE INTO ACCEPTING PROPOSALS WHICH THEY BELIEVE ARE MORE APPROPRIATE TO THE CURRENT NEEDS OF THE FRENCH ECONOMY. IN DOING SO, THEY ARE PREPARED TO CAUSE THE GOVERNMENT EMBARRASSMENT AND TROUBLE.

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3. THE GOVERNMENT'S POSITION HAS BEEN MADE NO EASIER BY THE PRIME MINISTER'S ABSENCE FROM THE POLITICAL SCENE THROUGH ILLNESS. M. BARRE UNEXPECTEDLY WENT INTO HOSPITAL ON 19 OCTOBER FOR A MEDICAL EXAMINATION FOR HIGH BLOOD PRESSURE. HIS GENERAL STATE OF HEALTH IS SAID NOT TO GIVE CAUSE FOR CONCERN. HE WAS INITIALLY EXPECTED TO LEAVE HOSPITAL TODAY BUT NOW LOOKS LIKE REMAINING THERE FOR MOST OF THIS WEEK. M. BARRE IS PROBABLY SUFFERING FROM OVERWORK AND NEEDS A REST, BUT HIS FIRM HAND AND PRESENCE IN THE ASSEMBLY WOULD HAVE BEEN AN ASSET FOR THE GOVERNMENT IN CURRENT CIRCUMSTANCES. THE SECRETARY GENERAL OF THE ELYSEE TOLD ME TODAY THAT HE IS SUFFERING FROM HYPERTENSION, BUT THAT THERE IS NO QUESTION OF REPLACING HIM AT PRESENT OR EVEN OF NOMINATING AN INTERIM HEAD OF THE GOVERNMENT.  
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FCO/WHITEHALL DISTN.

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BY BAG  
SAVING TELEGRAM

CONFIDENTIAL

France  
Prime Minister

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FROM PARIS

CONFIDENTIAL

Am  
- 26/9

TO FCO TEL NO 97 SAVING OF 24 SEPTEMBER 1979

REPEATED SAVING TO UKREP BRUSSELS, UKDEL NATO, BONN, WASHINGTON

ant

PRESIDENT GISCARD'S 17 SEPTEMBER TELEVISION INTERVIEW

1. President Giscard gave another of his regular television interviews on Monday 17 September. He dealt almost exclusively with internal French affairs, principally the Government's economic and social policies. The full text of the interview follows by bag. General comment is in the last paragraph of this Saving Telegram.

2. This was President Giscard's first public appearance since the autumn Rentrée. It took place against the background of a drop in his popularity in recent public opinion polls. That of his Prime Minister, M. Barre, has dropped to an all-time low for a Prime Minister of the Fifth Republic (see paras 4 and 5 of my Tel No 542). This is directly attributable to the combined impact of recent increases in public utility charges, social security contributions and retail prices.

3. President Giscard used the interview to show his awareness of the effect of these increases on national morale and to explain the reasoning behind the Government's economic policies. He recognised that the French were currently suffering from "a feeling of discontent, doubt and anxiety". But the Government had been faced by simultaneous crises over oil price rises, the financial problems of the nationalised industries and the social security deficit. He argued that the Government had had to choose between tackling this combination of unfavourable circumstances simultaneously or going for a gradual approach. Experience of the 1973-74 crisis showed the latter course would have been doomed to failure. The Government had decided in the summer to do what was needed and to do it quickly. This had obviously had a negative effect on public opinion but the measures which had been proposed to him by the Government were designed to lead, in today's changed circumstances, to a durable adjustment of France's problems and balances. It was now a question of avoiding the need for a further dose of the same medicine.

4. President Giscard replied at length, but warily, to recent widespread criticisms of M. Barre, starting with the point that responsibility rested with the Government as a whole and not solely with the Prime Minister. He said that his own examination of Government proposals had convinced him that the right policies were being pursued. There was therefore no justification for changing those responsible for proposing and executing them. He particularly praised M. Barre's handling of the introduction of the MIS and of the French steel industry crisis. He described the Prime Minister as "a man of the utmost honesty and above all suspicion; ... a man without personal ambition who is respected and appreciated by his colleagues."

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5. In the remainder of his interview, Giscard expanded upon his support for the economic policies of M. Barre's Government. In difficult economic circumstances, it was important that sacrifices should be evenly spread through society. The Government's fiscal policy, particularly in the 1980 Budget, was designed to tackle inequalities and "the arrogant display of wealth". The decision to remove price control had been essential for French industry and was contributing to its modernisation. There were signs of a slow-down in the rise of unemployment; France's growth rate over recent years had remained above 3% and there was every reason to believe that this would enable new workers to be taken on in due course. This was particularly true of France's successful exporting industries, eg motor cars, electronics, computers, aircraft and nuclear energy. President Giscard said it was at his own request that the Government was taking action to assist these and other expanding sectors. On agriculture, Giscard undertook to pay particular attention to farmers' incomes and re-emphasised the importance of the agricultural sector to the French economy. There was opportunity for expanding agricultural production further.

6. Although he was not asked about defence, President Giscard took the opportunity to refer to the recent internal debate on the possibility of Franco-German nuclear weapon cooperation. He categorically excluded any possibility of such cooperation. "It is neither in the interests of France, nor in the interests of Europe, nor in the interests of détente".

7. The broadcast lasted a full hour and consisted of a more or less continuous lecture only sparsely punctuated by respectful questions. Given the defensive nature of the material this was tedious TV. The general tone of political and press comment has not been favourable: even some traditional government supporters have expressed reservations. What the President said needed saying, but it could not be uplifting. Certain of his statements (eg. over the growth rate and inequalities) have exposed him to criticism both for twisting the facts and failing to explain why policies essential to the health of the economy were not taken earlier during his Presidency. The endorsement of M. Barre was too circumlocutory to seem generous. It does not tie the President's hands for the future, while offering no scapegoat for the present. The dull effect may not matter as long as the trade unionists and the Left fail to find any convincing basis for cooperation which would make real difficulties for the Government. It may be that the situation called for an anaesthetic rather than a stimulating performance at present.

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*R. Lancaster*

*mb*

Prime Minister

France

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I already mentioned the French package outlined below. Angus Munde is afraid that people may draw adverse comparisons with our inaction. The answer surely is that we can't foresee any extra revenue and public expenditure savings to finance such measures. (The French seem to think they can find savings)

GRS 950  
UNCLASSIFIED  
FM PARIS 301519Z AUG 79  
TO ROUTINE FCO  
TELNO 547 OF 30 AUGUST 1979  
INFO SAVING TO ALL EEC POSTS, WASHINGTON AND UKDEL OECD (ACTIONED BY PARIS).

*R*  
*31/8*

FRENCH ECONOMY : NEW MEASURES.

1. THE COUNCIL OF MINISTERS YESTERDAY APPROVED A SERIES OF PUBLIC EXPENDITURE MEASURES AMOUNTING TO F4.5 BILLION, DESIGNED TO CUSHION THE IMPACT OF RECENT PRICE RISES ON LOWER INCOME FAMILIES AND THE ELDERLY AND TO PROVIDE A STIMULUS TO THE ECONOMY. THE MEASURES INVOLVE FIRSTLY, INCREASING ALLOCATIONS FOR FAMILIES AND THE ELDERLY (A TOTAL OF F2 BILLION) AND SECONDLY ADDITIONAL INVESTMENT IN CONSTRUCTION AND PUBLIC WORKS (A TOTAL OF F2.5 BILLION). THE MAIN POINTS OF THE MEASURES ARE SET OUT IN PARAGRAPHS 4-7 BELOW.

ECONOMIC BACKGROUND

2. IN INTRODUCING THE MEASURES, ACCORDING TO THE OFFICIAL COMMUNIQUE, M. BARRE SAID THAT THE GOVERNMENT WANTED FIRSTLY TO SUSTAIN A SATISFACTORY LEVEL OF ECONOMIC ACTIVITY AND SECONDLY TO GIVE EXCEPTIONAL AID, IN EXCEPTIONAL CIRCUMSTANCES, TO THE LOWER PAID. THE MEASURES WERE CHOSEN BECAUSE THEY WOULD NOT BE INFLATIONARY, WOULD INVOLVE THE MINIMUM OF IMPORTED RESOURCES, AND COULD BE PUT INTO ACTION AS SOON AS POSSIBLE. THEY WOULD BE FINANCED OUT OF INCREASED REVENUE YIELDS OR CUTS IN PUBLIC EXPENDITURE.

3. M. BARRE STATED THAT THE NEW MEASURES WERE A FOLLOW-UP TO THE ACTION TAKEN IN APRIL IN FAVOUR OF INCREASING INVESTMENT (PARIS SAVING TELNO 60) AND WERE INTENDED TO COMPENSATE FOR

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THE CONTRACTIONARY EFFECTS OF OIL PRICE RISES. A GDP GROWTH RATE OF 3.5% OR 4% IN 1980 HAD BEEN ANTICIPATED BEFORE THE OIL PRICE RISES. NOW THE 1980 GROWTH RATE RISKED BEING BELOW 2%. THE GOVERNMENT'S AIM WAS NOW TO ACHIEVE A GROWTH RATE OF 2.5%. THE GOVERNMENT HAD DECIDED TO INTRODUCE A STIMULUS IN CONSTRUCTION AND PUBLIC WORKS IN SEPTEMBER, WITHOUT AWAITING FOR THE 1980 BUDGET, BECAUSE THIS SECTOR WAS PARTICULARLY AFFECTED BY THE ECONOMIC DOWNTURN AND BECAUSE ACTION THERE WOULD HAVE THE MOST WIDESPREAD AND RAPID EFFECT ON THE OVERALL ECONOMY. STRICT MAINTENANCE OF DISCIPLINE WOULD BE NECESSARY OVER WAGE CLAIMS DURING 1980 AIMED AT SAFEGUARDING PURCHASING POWER. PROGRESS HAD BEEN ACHIEVED IN 1977, 1978 AND 1979 IN IMPROVING THE PURCHASING POWER OF THE LOWER PAID WITHOUT REDUCING OVERALL PURCHASING POWER. THIS EFFORT OF JUSTICE AND SOLIDARITY MUST BE PURSUED IN THE REST OF 1979 AND 1980.

#### SOCIAL

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4. THE GRANT FOR LOWER INCOME FAMILIES AT THE START OF THE SCHOOL YEAR WILL BE RAISED ON A ONE-OFF BASIS FROM F189 PER CHILD OF SCHOOL AGE (6-16) TO F400. THIS WILL INVOLVE 2.3 MILLION FAMILIES, WITH 5 MILLION CHILDREN, AND WILL COST F1.50 BILLION. AS AN EXCEPTIONAL MEASURE, FAMILY ALLOWANCES FOR CERTAIN LOWER INCOME FAMILIES WILL BE RAISED FROM F395 TO F600 FOR THE MONTH OF OCTOBER ONLY. 2.7 MILLION FAMILIES WITH 7.6 MILLION CHILDREN WILL BENEFIT, AT A TOTAL COST OF F550 MILLION.

5. 1.3 MILLION FAMILIES WITH 3 MILLION CHILDREN WILL BENEFIT SIMULTANEOUSLY FROM BOTH MEASURES. THE MINISTER FOR WOMEN'S AFFAIRS AND THE FAMILY, MADAME PELLETIER, QUOTED THE EXAMPLES THAT A FAMILY WITH 3 SCHOOL-AGE CHILDREN AND A MONTHLY INCOME BELOW F4,700 WILL RECEIVE A GRANT OF F1,800 IN OCTOBER INSTEAD OF F965, WHILE A FAMILY WITH 2 CHILDREN BELOW THREE YEARS OLD AND A MONTHLY INCOME BELOW F4,000, WILL BE GIVEN A GRANT OF F1,000 INSTEAD OF F585.

6. OLD AGE PENSIONERS ON THE MINIMUM PENSION RATE WILL RECEIVE A SPECIAL ONE-OFF GRANT OF F200 IN OCTOBER, BRINGING THE MONTHLY PENSION UP TO F1350. OVER 2 MILLION PENSIONERS WILL BENEFIT AT A COST OF F400 MILLIONS. ADDITIONALLY FROM 1 DECEMBER THE MINIMUM ANNUAL PENSION RATE WILL BE RAISED TO F14,600 (F40 PER DAY) AS PROMISED IN M. BARRE'S BLOIS PROGRAMME LAST YEAR.

#### CONSTRUCTION AND PUBLIC WORKS

7. A TOTAL OF F2.5 BILLION WILL BE MADE AVAILABLE IN GRANTS AND LOANS FOR THE CONSTRUCTION OF NEW HOUSES, THE REPAIR OF OLDER PROPERTIES AND FOR PUBLIC WORKS. THE GOVERNMENT ESTIMATES THAT THESE MEASURES WILL CREATE ANOTHER 30,000 JOBS IN THIS SECTOR. WE WILL REPORT DETAILS BY LETTER. THE MAIN POINTS INCLUDE:

- A) F572 MILLION FOR 10,000 ADDITIONAL LOANS TO CONSTRUCT PROPERTY TO LET, F380 MILLION FOR 10,000 ADDITIONAL HOUSING UNITS FINANCED UNDER OTHER LOANS, F90 MILLION FOR INTEREST RATE SUBSIDIES FOR 30,000 HOUSING UNITS CONSTRUCTED WITH STATE AID, F25 MILLION FOR COUNCIL HOUSING FOR OVERSEAS DEPARTMENTS, INCREASED SUBSIDIES FOR REPAIR OF OLDER PROPERTY,
- B) INCREASED GRANTS FOR ENERGY-SAVING BUILDING IMPROVEMENTS AND THE ESTABLISHMENT OF A NETWORK OF OFFICIALLY AUTHORISED BUILDERS SANCTIONED TO UNDERTAKE ENERGY-SAVING CONSTRUCTION,
- C) F360 MILLION CENTRAL BUDGET GRANTS FOR ROAD WORKS WHICH WILL BE PRINCIPALLY ALLOCATED FOR ROAD SAFETY IMPROVEMENTS, F50 MILLION TO BE USED BY LOCAL AUTHORITIES FOR SECONDARY ROADS, F45 MILLION FOR INLAND WATERWAYS,
- D) F70 MILLION FOR IMPROVEMENTS IN AGRICULTURAL IRRIGATION, F20 ~~49~~ FOR FORESTRY, F20 MILLION FOR GREENBELTS, F8 MILLION FOR REGIONAL DEVELOPMENT, F60 MILLION FOR ANCIENT MONUMENTS,
- E) F180 MILLION FOR URBAN ENVIRONMENTAL IMPROVEMENTS.

MINIMUM WAGE

8. SMIC (THE MINIMUM HOURLY WAGE RATE) WILL AUTOMATICALLY RISE FROM 1 SEPTEMBER BY 2.2% TO TAKE ACCOUNT OF PRICE INCREASES REACHING A LEVEL OF F12.42, OR F2,152.80 PER MONTH. THIS IS NOT PART OF THE GOVERNMENTS'S NEW MEASURES.

FCO PSE PASS ADVANCE COPIES TO: FCO: GLADSTONE (WED), BAYNE (FRD)  
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**Foreign and Commonwealth Office document**

Reference DIPLOMATIC REPORT NO. 185/79

Description M. Barre's Three Years

Date 29 August 1979

The above FCO document, which was enclosed on this file has been removed and destroyed.

Such documents are the responsibility of the Foreign and Commonwealth Office. When released they are available in the appropriate FCO CLASSES.

Signed A Wayland

Date 16 October 2012

**PREM Records Team**

Page 2

GRS 800

RESTRICTED

FM PARIS 101610Z AUG 79

TO ROUTINE FCO

TELEGRAM NUMBER 495 OF 10 AUGUST 1979

AND SAVING TO UKREP BRUSSELS BONN WASHINGTON

FRANCE - THE INDUSTRIAL AND SOCIAL CLIMATE

Prime MinisterGru  
13/8  
ant

1. THERE HAS BEEN STRONG TRADE UNION REACTION TO RECENT GOVERNMENT MOVES WHICH ARE CONSTRUED AS IMPERILLING REAL WAGES : WITH WARNINGS OF SERIOUS UNREST AFTER THE HOLIDAYS.

2. THE BACKGROUND IS A SERIES OF SUBSTANTIAL PRICE RISES IN MANY SECTORS INCLUDING ELECTRICITY, GAS, PUBLIC TRANSPORT, PETROL AND PETROLEUM PRODUCTS: COUPLED WITH THE GOVERNMENT'S ANNOUNCEMENT IN JULY THAT IN FUTURE WAGES MUST NOT RISE FASTER THAN THE COST OF LIVING. THE UNIONS CLAIM THAT (A) IF NO-ONE GETS A RISE IN REAL WAGES, THE LOWER PAID WILL SUFFER MOST AND (B) SINCE SETTLEMENTS ARE MADE BY REFERENCE TO THE LAST REPORTED LEVEL OF PRICES, SOME ELEMENT OF DISCOUNTING SUBSEQUENT RISES MUST BE ALLOWED UNLESS EVERYONE IS TO SUFFER.

3. AT THE END OF JULY THE GOVERNMENT ALSO ANNOUNCED MEASURES FOR COPING WITH THE GROWING SOCIAL SECURITY BUDGET DEFICIT. THESE INCLUDED AN INCREASE IN EMPLOYEES' CONTRIBUTIONS FROM 3.5% TO 4.5% OF SALARY WITH NO CORRESPONDING INCREASE IN EMPLOYERS' CONTRIBUTIONS.

4. SEGUY, THE COMMUNIST LEADER OF THE CONFEDERATION GENERALE DU TRAVAIL (CGT) WHICH CLAIMS THAT MOST REAL WAGES HAVE GONE DOWN BY ABOUT 1.2% IN THE LAST SIX MONTHS, SAID QUOTE THIS IS NO LONGER AUSTERITY, THIS IS PILLAGE UNQUOTE. MAIRE, OF THE LEFT-WING SOCIALIST CONFEDERATION FRANCAISE DEMOCRATIQUE DU TRAVAIL (CFDT) CALLED IT QUOTE A POLICY OF CLASS UNQUOTE, AND EVEN BERGERON, LEADER OF THE MODERATE SOCIALIST FORCE OUVRIERE (FO) AND HIMSELF A STAUNCH SUPPORTER OF THE PRESIDENT HAS SAID THAT SOME PRICE RISES ARE QUOTE EXCESSIVE UNQUOTE, THAT QUOTE THERE ARE LIMITS UNQUOTE AND THAT HE FORSEES TROUBLE IN THE AUTUMN, AGGRAVATED BY THE COMMUNISTS' ATTEMPTS TO CASH IN ON IT. SEGUY AND MAIRE HAVE BOTH SPOKEN OF MASSIVE AND FORCEFUL RETALIATION, AND SAID THAT THEY WILL SEEK TO CONCERT THEIR POLICIES AND ACTIONS. THE CONFEDERATION GENERALE DES CADRES (CGC) REPRESENTING MANAGEMENT GRADES HAS REACTED SIMILARLY.

5. IT IS NOT CLEAR HOWEVER HOW FAR THIS INDIGNATION OF THE UNION LEADERSHIP WILL BE FOLLOWED UP BY ACTION. UNEMPLOYMENT IS HIGHER THAN EVER, AND LIKELY TO GO ON RISING WELL INTO NEXT YEAR. REDUNDANCIES ARE ALSO RUNNING AT A HIGH LEVEL AND IN A COUNTRY WHERE TRADE UNIONS HAVE OFTEN TO DEPEND ON THE SYMPATHETIC NON-MEMBER TO HELP THEM MAKE STRIKE ACTION EFFECTIVE, FEAR OF UNEMPLOYMENT COULD HAVE AN IMPORTANT DETERRENT EFFECT.

6. THERE ARE DOUBTS ABOUT THE EXTENT OF SHOP FLOOR MILITANCY. A NUMBER OF DISPUTES HAVE BEEN ENDED OR HAVE FAILED TO MATERIALISE AGAINST EXPECTATIONS. CGT AND CFTD MILITANTS SUFFERED A MAJOR DEFEAT WITH ACCEPTANCE BY THE SHOP FLOOR OF THE IRON AND STEEL INDUSTRY JOINT AGREEMENT WHICH ACCEPTED LARGE SCALE REDUNDANCIES AND TRANSFERS.

7. AGAINST THIS MUST BE SET THE FACT THAT HITHERTO REAL WAGES HAVE RISEN STEADILY EVERY YEAR. IF THEY NOW BEGIN TO FALL, THE PRESSURE OF THE GOVERNMENT INCOMES POLICY RESTRAINTS IS LIKELY TO INCREASE.

8. THE GOVERNMENT (M BARRE IN PARTICULAR) AND THE EMPLOYERS CLAIMS THAT WORKERS HAVE COMMON SENSE ENOUGH TO RECOGNISE THE INEVITABILITY OF PRICE RISES RESULTING FROM THE OIL CRISIS, AND TO ACCEPT THE NEED FOR CONTINUED WAGE RESTRAINT. IT HAS ALSO SHOWN ITSELF MORE SENSITIVE THAN USUAL TO UNION REACTIONS. THE COMMUNIQUE ISSUED AFTER THE COUNCIL OF MINISTERS MEETING ON 08 AUGUST STATES THE PRESIDENT HAS ASKED THE GOVERNMENT TO ADOPT QUOTE EXCEPTIONAL MEASURES UNQUOTE TO CUSHION THE EFFECT OF THE RECENT PRICE RISES AND INCREASED SOCIAL SECURITY CONTRIBUTIONS ON THE PURCHASING POWER OF THE LOWER PAID. HE HOPED THAT THESE MEASURES, WHICH SHOULD TAKE ACCOUNT OF FAMILY CIRCUMSTANCES, WOULD TAKE EFFECT BEFORE THE END OF SEPTEMBER. THE PRIME MINISTER, M BARRE, AMPLIFIED THIS BY SAYING THAT SUCH MEASURES WOULD CONCERN QUOTE THE LEAST WELL OFF THOSE WITH RELATIVELY MODEST RESOURCES, ESPECIALLY FAMILIES UNQUOTE. NO DETAILS HAVE BEEN GIVEN, BUT LE FIGARO OF 09 AUGUST SPECULATES THAT THESE MEASURES COULD INCLUDE AN INCREASE IN GRANTS TO FAMILIES FOR EDUCATIONAL EXPENSES (BOOKS, UNIFORMS ETC) AT THE START OF THE SCHOOL YEAR, RAISING THE INCOME TAX THRESHOLD, OR AN INCREASE IN THE SMIC (NATIONAL MINIMUM WAGE) ALL OF WHICH FIGURE AMONG CURRENT UNION DEMANDS.

9. THERE IS ALMOST A TRADITION AMONG FRENCH TRADE UNION LEADERS OF FORECASTING A QUOTE HOT AUTUMN UNQUOTE. FOR THE LAST THREE YEARS THEY HAVE BEEN WRONG. IF THE GOVERNMENT'S PROPOSED MEASURES DO NOT WORK THEY PERHAPS STAND MORE CHANCE OF BEING RIGHT THIS YEAR. IF INDUSTRIAL TROUBLE DOES COME, IT IS MOST LIKELY (A) AMONG WORKERS IN THE PUBLIC SECTOR WHERE THE UNIONS ARE STRONGEST AND WHERE THEIR MEMBERS HAVE JOB SECURITY : AND (B) AMONG THE LOW PAID SUCH AS THE LOCAL AUTHORITY MANUAL WORKERS, WHO ARE LIKELY TO BE HARDEST HIT BY PRICES AND INCOMES POLICIES. THE RISK OF WIDESPREAD UNREST INVOLVING THE PRIVATE SECTOR IS LESS.

10. FCO PLEASE PASS ADVANCE COPY TO HILL D / EMP

FCO PLEASE PASS TO SAVING ADDRESSES

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[ADVANCED AND REPEATED AS REQUESTED]

FCO / WHITEHALL DISTN

WED



*Mr Carledge*

FOLUS 023/01

PP LUSAKA (FOR PS/SECRETARY OF STATE)

*Prime Minister*

GRS 280  
RESTRICTED

FM PARIS 011650Z JUL 79  
TO PRIORITY FCO

TELEGRAM NUMBER 469 OF 1 AUGUST 1979

INFO PRIORITY UKREP BRUSSELS UKDEL STRASBOURG LUSAKA(FOR PS/  
SECRETARY OF STATE)

INFO SAVING ALL OTHER EEC POSTS

*Jan 78*

MY TELNO 449 : EUROPEAN PARLIAMENT : PRESIDENCY OF THE AGRICULTURAL COMMITTEE

1. THE FRENCH SOCIALISTS HAVE NOW ADDED THEIR VOICE TO THAT OF THE GAULLISTS IN OPPOSING SIR HENRY PLUMB'S CANDIDATURE. A LEADING MEMBER OF THE SOCIALIST PARTY AND ONE OF ITS EXPERTS ON AGRICULTURAL AFFAIRS, PIERRE JOXE, HAS PUT DOWN A WRITTEN QUESTION FOR THE MINISTER OF AGRICULTURE ASKING WHAT ACTION HE INTENDS TO TAKE TO AVOID THE PRESIDENCY OF THE AGRICULTURAL COMMITTEE GOING TO ONE OF THE MOST DETERMINED "ADVERSARIES OF ANY COMMON AGRICULTURAL POLICY". REFERRING TO THE ALLEGED AGREEMENT BETWEEN THE CONSERVATIVES AND THE GISCARDIANS OVER THE ELECTION OF MME VEIL, JOXE ARGUES THAT SIR HENRY PLUMB'S ELECTION WOULD BE A MAJOR DIPLOMATIC DEFEAT FOR FRANCE.

2. THE SOCIALIST PARTY HAS TAKEN ITS TIME BEFORE DECIDING HOW TO REACT TO THE ISSUE TO WHICH THE GAULLISTS HAVE DRAWN ATTENTION. IT TOO HAS NO REASON TO BE HELPFUL TO PRESIDENT GISCARD AND MME VEIL. DEFENCE OF THE C A P IS WIDELY ACCEPTED AS A FUNDAMENTAL FRENCH INTEREST. FOR THE SOCIALISTS, IT IS CURRENTLY A SENSITIVE ISSUE BECAUSE MUCH OF THEIR ELECTORAL SUPPORT COMES FROM AGRICULTURAL CONSTITUENCIES IN THE SOUTH WEST, WHERE THEY LOST SOME GROUND TO THE COMMUNISTS AT THE RECENT EUROPEAN ELECTIONS.

HIBBERT

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SAVING TELEGRAM  
FM PARIS

INWARD SAVING TELEGRAM

UNCLASSIFIED

~~FRANCE~~ ECONOMIC

TO FCO SAVING TELNO 77 OF 31 MAY 1979 AND REPEATED SAVING TO BONN, WASHINGTON, BRUSSELS, UKREP BRUSSELS, THE HAGUE, ROME, TOKYO, UKDEL CECD, UKDEL STRASBOURG, AND CONSULATES GENERAL FRANCE

FRANCE: ECONOMIC REPORT FOR MAY 1979

General

1. The subject at the centre of public and official debate was the likely impact on the French economy of announced and expected increases in the price of oil. The economy itself performed much as during the four preceding months.
2. Industrial production in April remained steady and the surplus on the balance of trade was maintained. Inflation is running at a year-on-year rate of 10%. The franc has remained generally stable within EMS. The month began with a relatively peaceful May Day march by French unions which are now engaged in discussions with employers on a reduction in the working week. Unemployment fell by 1.7% in April. Preparations for the 1980 Budget are under way.

Government Economic Policy

3. The plans for the 1980 Budget were discussed by the Council of Ministers on 16 May. The budget, which will be presented to Parliament in September of this year, is expected to concentrate on a decrease in public expenditure, reduced recruitment in the public sector and increased taxation. The aim is to reduce the budgetary deficit which has grown through much - increased state intervention in some sectors (e.g. steel, industrial reconversion and employment).

Prices

4. The retail price index rose by 1% in April, compared with 0.9% in March. During the first four months of 1979, the rate of inflation was 3.5% compared with 3.2% in the same period of 1978. The year-on-year rate for the end of April stood at 10%. The government have not so far revised their inflation target for 1979 of 8%, but the view is gaining ground in the French administration that the final figure for the year might well be in excess of 10%.
5. The most significant price rises were recorded in the services sector (1.4% in one month). This was caused by rises in rents, motoring services and hotel and restaurant prices. Food prices were up by 0.8% in April, compared

/with

with 0.9% in March, and the price of petrol was increased by 11 centimes a litre on 5 May. Further rises in oil prices are expected to produce a bad result in May's retail price index.

#### Industrial Production

6. The industrial production index (seasonally adjusted and excluding building) rose by 1.5% to 132 in March. The three-month moving index (January to March) remained at 131. Industrial production remained steady in April and a slight improvement is expected over the next three months.

#### Demand

7. Export demand has been especially strong. Domestic and foreign demand for capital goods remains slack. Among consumer goods, demand is heaviest for semi-durables, but the sector as a whole has not shown the usual seasonal upturn. Demand for semi-finished goods remains strong.

#### Foreign Trade and the Balance of Payments

8. France had a visible trade surplus (seasonally adjusted) of F.477 million in April, compared with a surplus of F.1,207 million in March. Exports totalled F.33,771 million and imports F.33,294 million. This was the fourth month in succession to show a surplus on the trade account. During this four-month period, the total balance in France's favour reached F.1.7 billion, according to the seasonally adjusted figures, compared with F.366 million in the same period last year.

9. April's trade surplus was mainly due to a strong performance on the export market by agricultural products and capital goods. Agricultural products achieved a surplus of F.212 million in April 1979, compared with a deficit of F.175 million in the same month last year. In the first four months of this year this sector has achieved a F1 billion surplus. Capital goods achieved a similar surplus to that of April 1978 (F. 1.5 billion).

10. Raw material imports in April were up by 1% on March and by 10% on April 1978.

#### Energy

11. The government allowed price ceilings to be raised on petrol, diesel and domestic heating oil. But the industry claim that this was not enough to compensate for the increased cost of crude oil. A major publicity campaign was launched on 22 May to encourage motorists to drive economically. Further energy conservation measures, mostly related to pricing policy, are being actively considered in the French administration. Electricity prices went up 7.5% in May and a further rise is expected in August.

/Employment

## Employment

12. Unemployment fell by 1.7% in April from 1,313,000 to 1,290,600 (unadjusted). The number of vacancies on offer (seasonally adjusted) rose by 2.8% to 84,900. On a year-on-year seasonally adjusted basis, the number of unemployed was 21.2% up on the April 1978 figure, and the number of job offers was down by 6.3%. Forecasts indicate that the seasonal fall in unemployment will be less than usual.
13. On 30 May, the Patronat and the unions met to discuss the vexed question of a reduction in the average working week, currently at 41.2 hours. The unions favour a reduction on a weekly basis, preferably to 35 hours per week; management would prefer a reduction on an annual basis, averaging 40 hours per week for 48 weeks. If the two sides fail to agree, it is possible that the Government will introduce a bill to reduce the maximum working week to 46 hours (calculated on a 3-monthly basis). The government are known to be anxious to introduce major changes in work patterns in France, as part of the process of reducing unemployment, and are reportedly considering a number of alternative measures, including the introduction of additional holidays, an increase in the number of shifts worked in certain industries, as well as a reduction in the working week itself.
14. The Central Planning Committee met on 29 May to discuss unemployment in the context of the VIIIth Plan. The committee discussed a strategy containing three essential points:
- a) to make income distribution more equitable;
  - b) to allow private sector employees faster income growth than public sector employees, whose jobs are, by definition, more secure;
  - c) to encourage a mobile work force.
15. The Government is currently studying a report by Michel Lucas (Inspector General of Social Affairs) on the economic advantages and disadvantages of part-time work. The author does not see part-time work as the answer to union demands for a reduction in the working week, but rather as a means of distributing more jobs among more people (particularly women), and improving the quality of life by increasing leisure time.
16. On 30 May, the Council of Ministers adopted proposals for a third national employment pact, designed to produce 475,000 new jobs per year for the next 2-3 years, at an estimated annual cost of F.3,380 million.

## Monetary Matters, Capital Markets and Exchange Rates

17. Overnight rates in the money market fluctuated between 6 $\frac{3}{4}$ % and 7 $\frac{1}{4}$ %. News from the Paris bourse mainly concerned the continuing rise in the value of gold.
18. A report was recently submitted to the President by the French Stock Exchange Commission, recommending the modernisation and "popularisation" of Bourse procedures. The aim is to make the Bourse more accessible to the small shareholder, and to facilitate the transmission of information to the provincial bourses, which currently operate on rates 24-48 hours behind those of Paris.

## FRANC VALUES IN PARIS IN MAY

	4/5	11/5	18/5	25/5
US \$	4.38	4.39	4.44	4.44
100 DM	230.39	230.96	231.17	231.75
100 SF	254.35	255.14	255.25	256.04
£	9.08	8.96	9.10	9.11

## FRENCH ECONOMIC INDICATORS

(seasonally adjusted, except as noted)

	1978	1979
1. GDP Growth	3.3%	3.6% (Govt forecast)
2. Industrial production Index (1970 = 100)	131 (Dec-Feb)	132 (March)
3. Total unemployed	1,328,300 (Dec unadjusted)	1,290,600 (unadjusted)
4. Exports	F31.7 billion (Dec)	F33.8 billion
5. Imports	F31.7 billion (Dec)	F33.3 billion
6. Trade balance	+F2.5 billion	+F477 million (April)
7. Balance on current account	+F18.6 billion	+F15 billion (unofficial Govt forecast)
8. Exchange rate against \$ (last working day of the month)	F4.18 (Dec)	F4.42 (May)
9. Official Reserves	F132.597 billion (end Dec)	F138.60 billion (end March)
10. Growth in money supply M2	12.3%	11% (Govt target)
11. Rise in retail prices	9.7%	1% (April)
12. Rise in hourly wages	12.6%	

FRANCE ECONOMIC

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**Foreign and Commonwealth Office document**

Reference Departmental Series : DS No. 16/79

Description The French Socialists - one year  
after the Elections

Date 12 April 1979

The above FCO document, which was enclosed on this file has been removed and destroyed.

Such documents are the responsibility of the Foreign and Commonwealth Office. When released they are available in the appropriate FCO CLASSES.

Signed Wayland

Date 16 October 2012

**PREM Records Team**

