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NOTE OF THE DISCUSSION AT THE PRIME MINISTER'S LUNCH FOR PRESIDENT
GISCARD D'ESTAING ON 19 NOVEMBER AT 10 DOWNING STREET

Present:

Prime Minister	President Giscard d'Estaing
Foreign and Commonwealth Secretary	Monsieur Francois-Poncet
Lord President of the Council	Monsieur Giraud
Secretary of State for Industry	HE, Monsieur Jean Sauvagnargues
Sir Reginald Hibbert	Monsieur Patrick LeClerc
Mr. C.A. Whitmore	

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United States

Following a discussion on the prospects of the various United States Presidential candidates, in the course of which there was general agreement that Senator Kennedy was unlikely to be successful, President Giscard remarked that it would be a pity for the western world if the re-election of President Carter meant that we were deprived of what he called the United States presence. The West did not need American leadership but it did need the steadying influence of the United States. The prospects for the global balance of power in the next few years were not good. Although the Soviet Union would continue to be militarily strong they were not in a sound ideological and economic position. Their system was not a good one for the future. If the West now adopted a strong policy, it would be "on the winning side" but the present erratic United States approach was worrying. It was impossible for the West to be politically effective without an American contribution. The United Kingdom was acting boldly in Southern Africa and France was doing the same in Central Africa, but they were doing so separately.

Monsieur Francois-Poncet added that what happened in Iran might well affect President Carter's chances of re-election. It was possible that things there would knock him out of the race.

Britain and the international scene

President Giscard said that he was glad to see Mrs. Thatcher confirming the position and influence of the United Kingdom in world affairs. He welcomed the British contribution to international

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politics. There was no French jalousie: Britain's ambitions were well received and were appreciated by France. He felt that the British Government's approach was different from that of Mr. Callaghan's Government. Within the Community the Federal Republic, the United Kingdom and France should concert their policies. At present France and Germany had regular talks to discuss their problems. Their exchanges were frank and neither country tried to gain an advantage at the expense of the other. Their aim was to develop joint political attitudes. France would be delighted to have the same kind of relationship with the United Kingdom.

It was, however, difficult for France to understand Britain's economic problems, and he thought that this lack of understanding was shared by other members of the Nine. The difficulties of the Italians and the Belgians were well appreciated but Britain had oil, excellent institutions, and good scientists and technologists and it was hard to understand why she should be in greater economic difficulties than some other countries. France had had an inferiority complex for more than 100 years towards the United Kingdom: she had regarded Britain's industry, banking systems and even her universities as better than France's. But she had got rid of this feeling in the 1960s.

The Prime Minister said that there was no single, simple explanation for Britain's economic problems, though our difficulties in the field of industrial relations had much to do with them. The important point, however, was our determination to overcome our difficulties.

21 November 1979

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