

SUBJECT.

cc. Master set.

K_s, [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.