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PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND : 4 MAY 1984 :
THE FRENCH SCENE

SUMMARY

1. SINCE THE BRUSSELS EUROPEAN COUNCIL DOMESTIC POLITICAL PROBLEMS AND NON-EUROPEAN FOREIGN POLICY ISSUES HAVE BEEN IN THE FOREFRONT OF MITTERRAND'S ATTENTION.

DETAIL

2. MITTERRAND'S POPULAR SUPPORT IS AT ITS LOWEST POINT SINCE HIS ELECTION. ACCORDING TO THE OPINION POLLS A MAJORITY OF VOTERS NOW DISAPPROVE OF HIM AND HIS POLICIES. ON THE LEFT, THE COMMUNISTS AND THE LEFT-WING OF THE SOCIALIST PARTY ARE VOICING OPEN DISSENT. EVEN MAINSTREAM SOCIALISTS ARE UNENTHUSIASTIC ABOUT THE GOVERNMENT'S ECONOMIC AND SOCIAL POLICIES. THE OPPOSITION, UNITED AT LEAST ON PAPER, HOPE TO DEMONSTRATE IN THE JUNE EUROPEAN ELECTIONS THAT THEY COMMAND MAJORITY SUPPORT IN THE COUNTRY. BUT MITTERRAND HIMSELF APPEARS, AS ALWAYS, UNMOVED. IN RECENT INTERVIEWS HE HAS REPEATEDLY EMPHASISED THAT NOW IS NOT THE TIME TO CHANGE COURSE, WHATEVER THE POLITICAL COST OF CURRENT POLICIES.

3. HE PROBABLY RECKONS THAT HIS POLICIES SHOULD SOON START TO RECOVER SOME POPULAR SUPPORT. IN THE PAST 12 MONTHS THE TRADE AND CURRENT ACCOUNT DEFICITS HAVE BEEN SHARPLY REDUCED AND THE FRANC HAS STABILISED FOR THE TIME BEING WITHIN THE EMS. THE LEVEL OF WAGE SETTLEMENTS HAS DECLINED AND INDUSTRIAL UNREST HAS BEEN KEPT WITHIN MANAGEABLE BOUNDS. IN THE NEXT 12 MONTHS THE EXTERNAL ACCOUNTS SHOULD CONTINUE TO IMPROVE, INFLATION SHOULD DECLINE, REDUCING THE DIFFERENTIAL WITH MAJOR PARTNERS, AND THE MODEST RECOVERY, FROM A LOW BASE, OF COMPANY LIQUIDITY AND INVESTMENT SHOULD CONTINUE. THERE WILL HOWEVER BE A CONTINUED RISE IN UNEMPLOYMENT. ALTHOUGH NEITHER UNEMPLOYMENT NOR THE SLIGHT DECLINE IN LIVING STANDARDS HAS SO FAR PROVOKED SERIOUS SOCIAL UNREST, THERE IS A CONTINUING RISK OF OUTBREAKS OF VIOLENCE CAUSED BY DISCONTENT IN PARTICULAR REGIONS OF SECTORS OF THE ECONOMY, INCLUDING AGRICULTURE.

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4. MITTERRAND HAS A RANGE OF FOREIGN POLICY PREOCCUPATIONS BUT NO ACUTE CRISIS AT THE MOMENT. HE MADE A SUCCESSFUL VISIT TO THE US LAST MONTH, WHICH SHOULD STAND HIM IN GOOD STEAD AND EASE HIS DOMESTIC PROBLEMS FOR HIS VISIT TO MOSCOW AROUND 20 JUNE. FRANCE'S MILITARY INVOLVEMENT IN CHAD IS A MATTER OF SOME, BUT NOT ACUTE CONCERN. MITTERRAND HAS NOT COME TOO BADLY OUT OF THE LEBANESE CRISIS: HE MANAGED TO WITHDRAW FRENCH TROOPS WITH RELATIVE DIGNITY AND YET STILL MAINTAIN A ROLE FOR FRANCE. HE REMAINS IN A FAIRLY EXPOSED POSITION IN RELATION TO THE IRAN/IRAQ CONFLICT.

5. SEE MIFT.

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