

CCPC  
B/OP

Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

25 November 1986

You are seeing him  
for old times' sake.  
He wants to discuss:

EMS

Defence Cooperation

Dear Charles, East/West.

EMD  
25/11

M Giscard D'Estaing

As you know, he will be calling on the Prime Minister on 26 November.

He has had a disappointing year. Despite his courageous come-back to active political life in 1983, he has failed to rally sufficient support behind him to compete with Chirac and Barre for the allegiance of the French Centre and Right. He hoped that, if the Socialists were defeated in the legislative elections in March, Mitterrand might invite him to become Prime Minister; Mitterrand may have hinted as much. In the event Chirac's party performed so strongly that Mitterrand had little choice but to call on him. Subsequently Giscard failed to persuade Chirac to make him either Minister for the Economy, as he had hoped, or President of the National Assembly (equivalent to the Speaker), the consolation prize which he eventually resigned himself to seeking.

Giscard has been left for the moment no more than a distinguished backbencher. Chirac nevertheless finds it worthwhile to call publicly on him from time to time to 'consult' him. There are two reasons for this. In the short term, Giscard retains considerable power to embarrass and annoy the government, and does not hesitate to use it. His calls for faster movement towards liberalising the economy, greater solidarity with Great Britain over the Hindawi affair, firmer commitment to Europe, and his criticism of the French government's refusal to allow the Americans overflying rights for the Libyan raid have all received prominent coverage. Anything Chirac can do to keep Giscard benevolent is worthwhile.

/As



As regards the longer term, Chirac also has his eye on the 1988 Presidential election. Giscard currently seems unlikely to stand himself, for fear of risking humiliation in the first round. But Chirac (and indeed Raymond Barre) will want to secure his endorsement. Giscard's own defeat in 1981, when Chirac failed to endorse him, shows how important it might be. Giscard makes much of the need for the Centre and Right to put rivalries of the 1981 kind behind them. But Chirac and Barre fear he may withhold his support, either for the pleasure of depriving his two former Prime Ministers of the Presidency, or in the hope that, if both Chirac and Barre fail in 1988, the Centre-Right might turn back to him. He may even have a hopeful eye on the 1995 Presidential elections, when he would still be younger than Mitterrand is now.

The prevailing assessment in French political circles is that Giscard has had his day. That is probably correct, although there is an outside chance that events will propel him back to the centre of the stage. He has repeatedly proposed the establishment of the office of President of Europe, to give greater continuity to the work of building Europe. He has also let it be known he would be prepared to take on the job, having apparently decided that concentration on the theme of Europe may help him domestically. In the meantime, he remains an authoritative commentator on world, and particularly European, affairs; and does what he can to sustain his image as a statesman of international stature. He will hope that his call on the Prime Minister will help confirm this image.

Giscard has told Sir John Fretwell that three issues are currently at the forefront of his mind:

i) EMS Giscard and Helmut Schmidt are setting up a study group to look at the future of the EMS. He hopes that the Prime Minister will agree to receive the group.

ii) Anglo-French Defence Cooperation. Giscard wonders whether the British and French could cooperate in development of the M5 missile and construction of submarines. He evidently believes that whereas the British construct better submarine hulls than the French, the French are better at engines.

/iii)



iii) East/West Relations and Arms control. I imagine that the Prime Minister will not need specific briefing on i) or iii). On ii) we recommend she say no more than that we are always ready to consider ways of cooperating in the defence field with the French to our mutual advantage, as the long list of joint projects already in existence makes clear. Since Giscard will not be speaking with governmental authority, it would not seem appropriate to go into greater detail.

*Yours ever,*

*Colin Budd*

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