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TO IMMEDIATE FCO

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INFO ROUTINE UKREP BRUSSELS, BONN, ROME, MOSCOW, WASHINGTON

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND: 23 MARCH 1987

SUMMARY

1. MITTERRAND'S STOCK IS HIGH AFTER A YEAR OF COHABITATION. NO DECISION YET ON HIS CANDIDACY FOR NEXT YEAR'S ELECTIONS. HE IS DEEPLY INTERESTED IN PROGRESS ON ARMS CONTROL, THOUGH WELL AWARE OF THE DANGERS. MEDIOCRE PERFORMANCE OF FRENCH ECONOMY. HOSTAGES IN LEBANON A PREOCCUPATION.

INTERNAL POLITICS

2. THE PRIME MINISTER WILL MEET THE PRESIDENT SHORTLY AFTER THE FIRST ANNIVERSARY OF COHABITATION. MITTERRAND HAS SO FAR EMERGED WELL FROM THIS EXPERIENCE WHICH MANY FEARED, AND SOME (INCLUDING BARRE) PREDICTED, WOULD BE DAMAGING FOR THE PRESIDENCY. HE HAS GIVEN CREDIT FOR ENABLING AN AWKWARD ARRANGEMENT TO WORK, AND FOR HIS JUDGEMENT ON WHERE TO INSIST ON HIS PRESIDENTIAL PREROGATIVES AND WHERE TO BOW TO THE GOVERNMENT. HE HAS BEEN PARTICULARLY FIRM IN TRYING TO ASSERT HIS CONTINUED PRE-EMINENCE IN THE FOREIGN POLICY AND DEFENCE FIELDS. IN PRACTICE THE GOVERNMENT TRIMS ITS LINE TO AVOID OPEN DIVERGENCE WITH HIM WHEN HE PRESSES A POINT OF VIEW ON FOREIGN POLICY OR DEFENCE, BUT IT IS CHIRAC WHO HAS HIS HANDS ON THE LEVERS OF POWER.

3. MITTERRAND'S POPULARITY HAS INCREASED SINCE LAST MARCH (HE NOW ENJOYS A 50 PER CENT APPROVAL RATING), AND HIS SUPPORTERS WANT HIM TO RUN FOR RE-ELECTION NEXT YEAR. NO-ONE KNOWS WHETHER HE WILL FINALLY DECIDE TO DO SO (PERHAPS NOT MITTERRAND HIMSELF). HE WOULD BE BY FAR THE SOCIALIST PARTY'S STRONGEST CANDIDATE. AT 71 HE MIGHT IN THE END PREFER TO STAND ASIDE, CONFIDENT OF HISTORY'S VERDICT ON THE SEVEN YEAR TERM HE WILL HAVE COMPLETED, BUT HE SHOWS NO LOSS OF ZEST FOR THE FRENCH POLITICAL GAME AND THE SAFEST ASSUMPTION IS THAT HE COULD BE IN OFFICE FOR MANY MORE YEARS.

EAST-WEST

4. UNLIKE CHIRAC, MITTERRAND HAS AT PRESENT NO FIRM PLANS FOR A MEETING WITH GORBACHEV THIS YEAR, BUT HE HAD LONG TALKS WITH HIM DURING THREE SUMMIT MEETINGS BETWEEN 1984 AND 1986. WE BELIEVE HE SHARES THE PREVAILING ANALYSIS HERE THAT GORBACHEV'S MAIN OBJECTIVE IS TO GET THE SOVIET ECONOMY MOVING AND AVOID FALLING FURTHER BEHIND THE WEST IN THE TECHNOLOGICAL RACE; AND THAT, TO THAT END, HE WAS PREPARED TO TAKE QUITE RADICAL STEPS BY SOVIET STANDARDS, THOUGH FALLING WELL SHORT OF A CHANGE OF SYSTEM. MITTERRAND HAS EXPRESSED THE VIEW THAT GORBACHEV IS SINCERELY INTERESTED IN PURSUING

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DISARMAMENT IN ORDER TO RELEASE RESOURCES FOR INTERNAL ECONOMIC DEVELOPMENT. ELYSEE ADVISERS, HOWEVER, CAUTION AGAINST THINKING THAT FUNDAMENTAL SOVIET-DIPLOMATIC OBJECTIVES HAVE CHANGED, AND WARN THAT GORBACHEV'S TACTICAL FLEXIBILITY GREATLY INCREASES THE CHALLENGE FOR THE WEST.

5. MITTERRAND DISLIKED THE QUAK'S 28 FEBRUARY COMMENT ON GORBACHEV, WHICH HE THOUGHT FELL INTO A TRAP BY APPEARING TO BE OPPOSED TO DISARMAMENT AS SUCH AND BY DIVIDING FRANCE FROM THE OTHER EUROPEANS. GIRAUD'S SUBSEQUENT TALK (IN PRIVATE) OF A QUOTE MUNICH UNQUOTE HE REGARDS AS TOTALLY MISTAKEN. MITTERRAND'S OWN PRESENTATION HAS BEEN VERY CLOSE TO HMG'S PUBLIC LINE: ELYSEE OFFICIALS SAY THAT HE ADMIRERD YOUR STATEMENT OF 2 MARCH. THE LATEST FEAR AT THE ELYSEE, HOWEVER, AFTER A VISIT TO WASHINGTON BY ATTALP, IS THAT THE AMERICANS MAY BE TOO READY TO MAKE CONCESSIONS ON SRINF. MITTERRAND MAY RAISE THIS WITH THE PRIME MINISTER.

6. ONE CONSEQUENCE OF THE INF DEBATE HAS BEEN YET GREATER EMPHASIS HERE ON EUROPEAN COOPERATION ON SECURITY ISSUES. AFTER MR YOUNGER'S VISIT ON 9-10 MARCH, OUR OWN BILATERAL COOPERATION IS SEEN GENERALLY AS PROGRESSING WELL. YOUR SPEECH IN BRUSSELS ON 16 MARCH HAS ATTRACTED FAVOURABLE PRESS MENTION. MITTERRAND HIMSELF HAS BEEN CONCERNED TO STAY IN THE LEAD OF THOSE CALLING FOR EUROPEAN COOPERATION. AFTER THE PRIME MINISTER'S VISIT, HE IS TO SEE KOHL ON 28 MARCH, AND HE VOICED SUPPORT FOR DELORS'S CALL EARLIER THIS WEEK FOR A SPECIAL EUROPEAN COUNCIL TO BE DEVOTED TO SECURITY QUESTIONS.

FRENCH ECONOMY

7. THE PICTURE FOR THE GOVERNMENT IS MIXED, WITH SOME OBVIOUS ACHIEVEMENTS (WIDE-RANGING LIBERALISATION MEASURES AND AN IMPRESSIVE START TO PRIVATISATION) BALANCED BY DISAPPOINTING RESULTS ON GROWTH, TRADE AND UNEMPLOYMENT. THE GOVERNMENT HAVE HAD TO ACCEPT THAT SHORT-TERM ECONOMIC PROSPECTS ARE MEDIOCRE AT BEST. IN KEEPING WITH HIS STAND OF LEAVING THE GOVERNMENT TO EXERCISE ITS RESPONSIBILITIES IN INTERNAL AFFAIRS, MITTERRAND HAS NOT CRITICISED THE MAIN LINES OF ECONOMIC POLICY. BUT HE HAS REFUSED TO SIGN ORDONNANCES AND THUS FORCED THE GOVERNMENT TO LEGISLATE IN AREAS WHERE HE HAS CONSIDERED THAT HIS OWN PREVIOUS POLITICS WERE BEING UNDONE, INCLUDING PRIVATISATION AND MEASURES TO LIBERALISE THE LABOUR MARKET. WHILE THESE HAVE BEEN SYMBOLIC GESTURES RATHER THAN REAL OBSTACLES IN THE WAY OF GOVERNMENT OBJECTIVES, THEY HAVE SERVED MITTERRAND'S PURPOSE OF KEEPING HIM CLEAR OF POSSIBLE BLAME FOR ANY ECONOMIC FAILURES. IF HE DECIDES TO RUN HE WILL NO DOUBT SAVAGE THE GOVERNMENT'S POLICIES AND RECORD.

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8. MITTERRAND HAS CONTINUED TO PORTRAY HIMSELF AS ENTHUSIASTICALLY PRO-EUROPEAN, MAKING AN IMPLICIT CONTRAST WITH CHIRAC'S TRADITIONALLY LUKEWARM ATTITUDE. HIS PHILOSOPHICAL SPEECH AT CHATHAM HOUSE ON EUROPE'S FUTURE SHOULD BE SEEN AT LEAST PARTLY IN THIS CONTEXT. THERE HAS BEEN LITTLE OPEN DISSENSION ABOUT SPECIFIC

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EUROPEAN ISSUES BUT MITTERRAND HAS NEVERTHELESS MANAGED TO CONVEY THE IMPRESSION THAT HE REGARDS THE GOVERNMENT'S ATTITUDE AS PENNY-PINCHING IN SOME AREAS, EG THE R AND D FRAMEWORK PROGRAMME, AND LACKING IN DRIVE AND IMAGINATION.

MIDDLE EAST

9. ON 23 MARCH THE THIRD DEADLINE SET BY THE ORGANISATION FOR REVOLUTIONARY JUSTICE FOR THE FRENCH HOSTAGE, NORMANDIN, EXPIRES, AND THE SUBJECT WILL BE IN THE FOREFRONT OF FRENCH MINDS. MITTERRAND HAS GIVEN A FIRMER IMPRESSION IN HIS PUBLIC STATEMENTS ON THE HOSTAGES AND TERRORISM THAN CHIRAC, BUT HAS APPARENTLY STOOD BACK FROM THE DAY TO DAY DECISIONS ON LEBANON.

BILATERAL

10. GIVEN THE SHORTNESS OF TIME, I DO NOT EXPECT ANY BILATERAL SUBJECTS TO BE RAISED.

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