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With the compliments of
THE BRITISH AMBASSADOR

BRITISH EMBASSY
35 rue du Faubourg Saint-Honoré,
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Ambassador ✓

cc C(I)
C(F+C)

*Very well work having
done — see my 'Impressions' despatch re the importance
in French eyes of 'Mrs Thatcher'; I had written something!
cc to Mr. Ralford Avss (Europe)*

IFRI YEARBOOK AND THE UNITED KINGDOM

S/24

1. It is not often that one can point to some measurable end product flowing from a given input in the diplomatic business. But I offer the attached candidate as a possible modest example.

2. Every year the French Institute for International Affairs produces a major annual report on world economic and strategic trends which is launched at a major reception in Paris and covered by the media. The 1985 edition of «Ramses» carried a 4-page article on the British economy which painted a largely down-beat picture and ended with the conclusion that "the British economy still has to demonstrate its capacity to begin a new phase of growth, failing which it would appear to be foundering still deeper in a decline which has become irreversible."

3. We took this up vigorously with the Director of IFRI, who eventually admitted that the piece had been unjust. The following year we obtained publication in IFRI's regular journal «Politique Etrangère» of a corrective piece by a British economist whom we had recommended to IFRI. I also persuaded the Director of IFRI, Thierry de Montbrial, to undertake a 10-day COI sponsored visit to the United Kingdom last Autumn, during which no effort was spared to give him good access and direct exposure to what is actually happening now in the United Kingdom. He returned very pleased with his visit and saying that his most striking impression had been the degree to which France and Britain share the same kinds of problem.

4. The 1987 edition of «Ramses» was published last week. Prominent in Chapter 1 of the report, it is gratifying to find an article under the heading «Great Britain: The Triumph of Margaret Thatcher». Even allowing for the undeniable achievement of the June General Election, the general tone of this article is much more up-beat. It notes in particular the recovery of national self-confidence, the emergence of a new generation of senior officials and politicians, "more deeply European than were their predecessors", the better growth performance from 1982-86 of Britain by comparison with both France and the FRG, the predicted growth rate for 1987 ahead of both the United States and Japan. The final conclusion is that despite some negative phenomena "it is nonetheless true that the essential merit of Margaret Thatcher is to have been able to give back to the British their taste

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for success and economic competition." It would, of course, be a mistake to exaggerate the effect of this article by itself. Nevertheless, it is consistent with the improved image the UK has been obtaining more widely in the French media over the last year or two. I hope Mr Roberts will send a copy of the article to the Visits Section of the COI as proof the their efforts do not go unrewarded.

P J Weston

P J Weston

2 November 1987

**La Grande-Bretagne :
le triomphe de Margaret Thatcher**

Contrairement à la République fédérale d'Allemagne, la Grande-Bretagne ne se pose pas de problèmes existentiels d'identité nationale. Bien au contraire, elle semble avoir retrouvé une conscience nouvelle d'elle-même et de ses possibilités avec Margaret Thatcher. La réélection de "la dame de fer", lors des élections du 11 juin 1987, pour un troisième mandat consécutif, constitue un événement sans précédent au XXe siècle.

Peut-on parler d'un réalignement politique majeur résultant d'une "révolution Thatcher" ou faut-il voir dans le succès des conservateurs l'effet de la crise profonde du parti travailliste et des difficultés de l'"alliance" — la grande perdante des dernières élections — à s'imposer comme une troisième force dans un système traditionnellement bipartisan ?

Lorsque Margaret Thatcher arrive au pouvoir en 1979 en bénéficiant du soutien sans précédent des ouvriers qualifiés et d'une partie de la base des militants syndicaux, son succès fut largement attribué à des considérations économiques : agi-

tation dans les entreprises consécutive à "l'hiver du mécontentement", diminution profonde des revenus réels due à la récession, déclin industriel, incohérences enfin du pouvoir socialiste précédent. Lorsqu'elle fut reconduite au pouvoir en 1983, Margaret Thatcher bénéficia de "l'effet Falkland" ainsi que des dissensions intestines et du glissement vers la gauche du parti travailliste. Toutefois, c'est l'ensemble du paysage politique britannique qui semble avoir lentement mais profondément évolué depuis 1979. La montée d'une droite plus conservatrice et radicale et la progression d'une gauche néo-marxiste au sein du mouvement travailliste ont constitué les deux manifestations parallèles d'un même phénomène traduisant la faillite et le rejet du consensus de l'après-guerre. En ce sens, certains en Grande-Bretagne n'hésitent pas à dire que 1979 a marqué la "fin de l'ancien régime". Peu après, alors que le parti travailliste "dérapait à gauche", le pays se portait vers la droite ou peut-être vers un nouveau territoire politique. La Grande-Bretagne dans sa majorité suivait Margaret Thatcher dans son entreprise de démantèlement des structures du pouvoir de l'ordre ancien. Elle acceptait que le pouvoir des syndicats soit d'abord battu en brèche puis brisé, que soient retirées les subventions aux "canards boiteux", aux industries inefficaces et en surreffectif, que soient privatisées les entreprises d'Etat et que soit limité le pouvoir financier des municipalités socialistes. L'extension de l'accès à la propriété de ses logements et le développement de l'actionnariat ont également joué un rôle dans la transformation de la société britannique, en contribuant à créer un nouveau centre politique constitués par les nantis, *The Haves*, élargissant ainsi la base électorale du parti conservateur.

Mais la réélection de Margaret Thatcher s'explique également par la crise profonde que traverse le parti travailliste. Depuis 1924, le parti travailliste représente une des deux forces majeures de la vie politique anglaise. Aujourd'hui, la déviation gauchiste de ce parti est en train de menacer son maintien comme alternative de gouvernement crédible en Grande-Bretagne. La politique étrangère et en particulier le dossier nucléaire ont constitué le talon d'Achille du parti de Neil Kinnock. Les Britanniques ont accueilli sans enthousiasme le stationnement d'armes nucléaires américaines sur leur territoire, mais ils sont, à l'exemple des Français, attachés à la dissuasion nucléaire. Le parti travailliste s'est engagé à bouter les armes nucléaires américaines

hors de Grande-Bretagne, à désarmer la force de sous-marins Polaris et à annuler son remplacement par le programme Trident. Il s'est par ailleurs prononcé pour une renonciation par l'OTAN de l'utilisation en premier de l'arme atomique (*no first use*), pour un retrait de toutes les armes nucléaires stationnées en Europe et pour l'adoption par l'OTAN d'une stratégie purement "conventionnelle".

Le contraste entre le "triomphe" de Margaret Thatcher à Moscou et le traitement réservé à Neil Kinnock à Washington à l'approche des élections n'a pu que renforcer le choix d'une majorité de Britanniques en faveur du parti conservateur. La plupart des Anglais demeurent attachés à la politique de la défense de la Grande-Bretagne et aux valeurs de l'Alliance atlantique, même s'il existe en Grande-Bretagne un courant anti-américain important qui s'est manifesté notamment par l'impopularité de la décision de Margaret Thatcher de soutenir activement le raid américain contre la Libye en avril 1986.

Au-delà de l'automarginalisation des travaillistes et de l'échec de l'alliance qui n'a jamais su surmonter le handicap de son bicéphalisme, c'est la personnalité de Margaret Thatcher elle-même qui a constitué un facteur essentiel du succès politique de l'expérience conservatrice.

Avant même les élections générales de juin 1987, Margaret Thatcher était de plus en plus comparée, dans la presse britannique, au général de Gaulle. Ce qui est certain, c'est que l'Angleterre semble avoir retrouvé une confiance en elle-même qu'elle avait perdue, avec la perte de son Empire et la montée de la crise économique.

La victoire de Margaret Thatcher correspond en Grande-Bretagne à l'apparition d'un climat politique et social différent. Il aura fallu quarante ans à la Grande-Bretagne pour se réconcilier avec elle-même. Sa quête d'un rôle post-impérial dans le monde est achevée. Elle semble satisfaite d'être pleinement devenue une puissance moyenne européenne, dont l'importance s'est accrue en Europe du fait même de la continuité au pouvoir et de l'énergie de Margaret Thatcher. Ce rôle diplomatique plus visible que joue désormais en Europe cet Etat traduit aussi pour partie l'apparition d'une nouvelle génération de hauts fonctionnaires et de politiciens plus profondément européens que ne l'étaient leurs prédécesseurs.

Mais le tournant le plus important a été de nature économique. Après des décennies de déclin relatif, l'économie anglaise semble être "repartie". De 1982 à 1986, le PIB de la Grande-Bretagne s'est accru de 13,3 % (celui de la France de 8 %, celui de la République fédérale d'Allemagne de 9 %). L'économie britannique progressera plus vite que celle des Etats-Unis et du Japon en 1987. Certes, ces comparaisons sont à très court terme et le coût social du "renouveau" a été fort lourd : de 1979 à 1986, le chômage a triplé en Grande-Bretagne. Les explosions de violence urbaine et le "hooliganisme" sportif n'ont fait que constituer les éléments les plus visibles de cette crise sociale qui se traduit également sur le plan économique par la disparité croissante entre un Sud prospère et un Nord en pleine décadence. Il n'en reste pas moins que le mérite essentiel de Margaret Thatcher est d'avoir su redonner aux Britanniques le goût du succès, de la réussite et de la compétition économique.

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IMPRESSIONS OF FRANCE

The British Ambassador at Paris to the
Secretary of State for Foreign and Commonwealth Affairs

SUMMARY

1. Impressions not «first» impressions. Never forget how closely France and Britain's pasts have been interwoven. Despite frequent ministerial and official contact since Britain's entry into the Community, there is still scope for misunderstanding (paragraphs 1-4).
2. «Uncertainty» characterises France at present. With the collapse of the Socialist experiment (1981-3) consensus on the degree of state involvement in the economy has broken down. Far reaching measures of liberalisation introduced since March 1986 (paragraphs 5-9). Cohabitation under increasing strain as Presidential elections approach. Doubts about the Constitution itself. Rise of the extreme Right (paragraphs 10-12). Economy not responding to Government policies. Growth at most 1.5% this year. Unemployment still high. Consequences for 1992 (paragraphs 13-16). The background to the emotional component of French agricultural policies (paragraphs 17-18).
3. Shibboleths of French defence policy shaken by prospective nuclear force agreements. This encourages closer collaboration with the UK. Basic understandings which formed the Franco-German relationship changing. French recognition and dislike of dependence on US nuclear forces. Return to the NATO integrated command structure impossible but practical collaboration with NATO has increased (paragraphs 19-25).
4. French pride and pretence disguises changes. Difficult moment to judge France's future. But attitudes to UK changing. Our similarities and common interests. Admiration of British stability (paragraphs 26-29).

BRITISH EMBASSY

PARIS

27 October 1987

The Right Honourable
Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs

Sir,

IMPRESSIONS OF FRANCE

1. No-one, like me, with a traditional liberal education, can reach the age of 55 and still have 'First' impressions of France. Nor do I aspire to be a 1987 Major Thompson, tempting though it is to portray the character of this curious country and its people - about whom few Britons can be neutral. And judgments of France are scarcely possible except as the obverse of judgments about Britain, so inseparably linked are our backgrounds - and our foregrounds, about to be linked physically for the first time by Eurotunnel.
2. As I sit in Duff Cooper's elegant library, I have tried to find a copy of an essay by, I think, Lord Acton - one of his rare written works, «Britain and France, Then and Now». At the end of a century in which we had more often than not been at odds with the French, it reminded the English of the extent to which their culture and their history had been, for a thousand years, inextricably interwoven with those of France. The book helped to change the intellectual climate and to pave the way for the Entente Cordiale. For the last thirty years at least we have perceived the French as difficult, and at times hostile. It is no less important today to keep 'Britain and France' in perspective.
3. We ought to understand each other well; since 1 January 1973 and our entry into the European Community, successive British Prime Ministers have met French Presidents and Prime Ministers, and Foreign, Finance, Agriculture, Transport, Social and, increasingly, Defence Ministers - and other Ministers as well - have met their counterparts, with unfailing regularity, inside and outside the framework of the EC. Once Embassies in Europe were the indispensable channel for contact with European administrations; it is not so now, as multilateral and bilateral meetings at Ministerial and official level not to speak of telephone conversations, necessarily proliferate, and not only the number of contacts but the range of their subject matter ineluctably expand. There ought not to be scope therefore for misunderstanding. But there is.

4. «Do you love France enough?»: question by an ardent and well-placed British francophile on hearing of my appointment to Paris. Well ... up to a point. How do I feel, how does it look, after four months in France, and five years away from the European scene?

5. One word recurs: «uncertainty».

6. The collapse of the 'Socialist experiment' between 1981 and 1983 brought down with it the dominant position in French intellectual life - since the war at least, under governments of both 4th and 5th Republics - of the 'intellectuels de gauche'. But the French intelligentsia has not yet settled solidly behind an alternative political philosophy. The Socialists are seeking to reformulate their strategy; should they be Socialists or social marketeers? Those who represent the non-Socialist alternatives on the right are divided among themselves. Some continue to share with the Socialists the more-than-three centuries old tradition of 'dirigisme', statism, Colbertism, centralised administration (call it what you will), which is still an important strand of the legacy left to today's France by Louis XIV and more recently by de Gaulle. Yet there are others, in and out of government, who proclaim the virtues of liberalism, decentralisation, deregulation and private enterprise, and the need to loosen the shackles of this 'most governed and administered country' (as Léotard, the leader of the Parti Republicain, described it to me recently).

7. In economic terms, the events of 1981-3 brought home to many in the French establishment from the centre-left to the right that State control would not work in an increasingly interdependent world and that there must be more reliance on market forces and greater freedom for France's economic and industrial structure. This process started during the second phase of M. Mitterrand's Presidency, under Prime Minister Fabius and Finance Minister Bérégovoy, and has been carried forward and intensified by Prime Minister Chirac and his Finance Minister, Balladur. The last eighteen months have seen important and far-reaching changes in economic management, including the virtual abolition of exchange controls, liberalisation of prices, the introduction of market forces to control the supply of credit in the economy, moves to liberalise the Bourse and financial markets, and a major privatisation programme. This pace of change itself creates uncertainty.

8. There are some in the Government, such as Madelin or Léotard, who would go further, faster, but Balladur is prudently cautious. Of course, the pressures for change do not come solely from within government. The internationalisation of financial markets requires liberalisation of the Bourse within France. The creation of a single European market requires French industry to be more competitive, and State aid to be loosened. These external factors will weigh on whichever government, centre-left or centre-right, emerges from the Presidential elections next May.

9. Eighteen months of liberalism cannot undo centuries of State control. Nor is it yet at all clear that those who believe in greater freedom will win the day, so strong are the forces of habit and dependance on State initiative (M. Chirac still finds it hard to understand why Mrs Thatcher cannot 'direct' a privatised British Airways to purchase Airbus). Indeed, actions designed to reduce the grip of France's 'nomenklatura' (the caste of largely ENA-trained intellectuals who so dominate all aspects of French public life), such as the recent halving of the ENA intake, could easily result in making a self-perpetuating system even more rigid in its caste-creating qualities.
10. Confusing as the political debate may be, an assertive patriotism remains the common form of political expression, cemented by the nationalistic inheritance of de Gaulle. Indeed, one reason for our Prime Minister's widespread popular respect here is that, in so many French eyes, she seems successfully to blend her nationalism with an enviable combination of authoritarianism and liberalism.
11. The current pre-electoral climate is guaranteed to foster uncertainty. The Assembly elections in March 1986 ended the experiment of a majority Socialist Government, and left the greater part of the electorate yearning above all for the efficient management of the nation's affairs, without excessive ideological bias. Given, however, that a Socialist President remained in place, the elections also inevitably represented the start of the election campaign for the May 1988 Presidential elections. Since the return after the long summer holidays, the tempo of electioneering has significantly hotted up and its tone looks likely to get nastier in the months to come. Cohabitation is an experiment which causes much discomfort, though perhaps more to the political class than to the public at large. The Constitution of the 5th Republic was designed to respond to a deep French searching after firm government, under a leader who could act through a clear chain of command. That is not the case now. Mitterrand and Chirac now make less and less pretence at avoiding their differences. And as the elections approach, the divided loyalties on the Right, between Chirac and Barre, become more apparent. Yet the divisions are not clear-cut; there is no two-party system, no obvious 'right' to match the 'left' and - given the swing to moderation during the second phase of Socialist government between 1983 and 1986 - the political debate as yet is scarcely about policies so much as about personalities, and all the more confusing to the French electorate. Some are asking whether the 5th Republic will continue to provide political stability (often an elusive ingredient in French public life in the past), or whether there is now a risk that it could go the way of the 4th Republic. The shape of the Constitution, and the role of French political institutions, could well figure in the Presidential campaign.
12. One cause of current uncertainties stems from the rise of the extreme Right of M. le Pen and the National Front, which owes part of its support, especially that part drawn from the Communist Party, to the jealousies and frustrations of working class people who are most closely in contact with the immigrant population -

unwelcome but increasingly familiar neighbours and, at the lower-paid end of the scale, competitors for jobs. France, of course, for all its theoretical attachment to liberal values, retains significant racialist currents. One reason why the numerous Jewish population keeps a low profile (there is no evident Zionist political force, no articulate opposition to French policy towards the Arabs, no «Conservative Friends of Israel») is for fear of provoking latent anti-Semitism. And there is growing concern about anti-immigrant sentiment, focussed on the problem of absorbing not only substantial numbers, perhaps four and a quarter million already, but a widespread and growing Islamic component, estimated at between two and a half and three million Muslims living in France. In 1965 there were four mosques in France; there are now nearly a thousand. These pressures awaken serious concern about France's national identity. How can France's culture, language, religion, be preserved if the fecund Moslem maintains his continuing pace of infiltration? It is not surprising that one of the most sensitive political issues should be reform of the Code of Nationality.

13. The uncertainties of the political scene go in hand with an unpredictable but worrying economic climate. France, accustomed during the 'good years' to a growth rate of 6-7% per annum, faces growth of at most 1.5% this year and probably not much more next. Even before the slump in world stock markets, the performance of the Bourse was looking sufficiently worrying to be raising question marks over at least the timing of the government's privatisation programme (in 18 months, the number of shareholders has grown from 1.5m to 6m, but the phlegm which recognises that shares go down as well as up has yet to be absorbed by so many newcomers to the market; and their potential disappointment could well have electoral consequences). Unemployment - on a rising long-term trend - remains obstinately high at around 2.65m, though it has remained relatively stable since the spring of this year. Slow consumer demand, and an unexplained increase in stocks reflect a reduction in business activity; and there has been a succession of poor monthly trade figures. (There is envy for our own more confident economic performance.) The Minister of Finance is visibly concerned at the social security deficit and the practical pressures on him to enforce budgetary stringency are growing at a time when electoral preoccupations make tough policies more difficult.

14. In short, the economy is not responding as the government would hope to its policy of controlled public expenditure, reductions in the budget deficit, tax cuts and supply-side measures to liberalise industry. The prospects over the next year or two at best look mediocre.

15. It is against this background that the present government looks ahead to 1992 and the single European market. 'European Construction' has always been an unexpressed synonym for 'French hegemony in Europe'. Leaving aside the Right's exploitation of the «challenge of 1992» as a means of focussing public attention on

a more distant future than the elections of 1988, there is considerable concern whether the traditional structure of French financial and commercial institutions can be reshaped rapidly enough to withstand the shock of a more open market and freer international competition. It is much easier to see the weaknesses, such as relatively small financial markets, traditional dependance on government support for manufacturing industry, restrictive labour practices, poor productivity, inadequate market orientation, than to see how the European construction of the 1990's will allow France to play in Europe the leading role that all Frenchmen think is rightly theirs.

16. Having said this, I must correct the emphasis. Our own economy took time to respond to new policies and new stimuli. Our own experience has shown that economic change takes time to work through the system. France is a country with substantial material and human resources. With reasonable continuity of government policies and a reasonably stable international environment, France could surprise us. That, in many ways, is what the forthcoming election is all about.

17. In one direction, the French look forward with some confidence. By 2020 they expect to be the most populous country in Western Europe with a population of over 58m on the latest forecasts, slightly outstripping the UK, and contrasting with the FRG's expected 10m fall to a figure of no more than 51m. That, however reassuring in one sense, provokes other worries, notably the possible immigrant component in French population growth, and the implications for the FRG's economy and defence.

18. France still retains a high proportion of its population employed on the land, some 7%, compared with 2.5% in the UK. Perhaps more tellingly, the rural population of France stands at some 20% of the total, compared with 10% or less in the UK. Whereas the great movement to the towns in Britain occurred during the 19th century, especially following the agricultural depression of the 1870's, in France the movement has very largely taken place since the war. This means that, unlike the UK, where the bulk of the electorate is four, five or even six generations removed from the soil, in France it is mostly no more than one or two generations removed. The link with the countryside is strong. As Kipling said, «They give to La Terre the reverence they deny to some other gods; and she repays their worship». Or she has done hitherto. I am struck by the emotive quality of the French approach to agricultural problems within the European Community. Most Frenchmen with whom I have talked about EC policies have rationally accepted the need for budgetary constraints, for tighter discipline, for sensible accounting, all the more so since the major change towards France's becoming a net contributor to the EC budget. They point to the fact that France has accepted, and has succeeded in putting into effect, restrictions on agricultural production since 1984 which would have seemed inconceivable ten years ago, at least not without serious local consequences in the rural areas. Yet no-one looks forward with other

than the deepest anxiety to an accountant's Europe in which large areas of a France made beautiful over a thousand years by the hand of man are perforce taken out of production and revert to scrub, wasteland and depopulation. To state this is not necessarily to sympathise. But it is important that we should understand the force of the emotion and its electoral and therefore political consequences.

19. Nowhere can prevailing French uncertainties be seen with greater clarity than in the field of defence. Reykjavik and the prospect of an INF Agreement have caused a profound psychological shock. For nearly thirty years, since the return of de Gaulle, «French national independence» in defence has been a shibboleth. However hypocritical we may have found it for France to pursue an 'independent' policy which in practice depended on the maintenance of the US nuclear umbrella and on NATO force protection on the Central Front, the French have steadfastly perceived how it suited their national advantage, offering not only the chance to tailor weapons specifications so that they accorded with the demands of profitable Third World markets, but - more plausibly - the means by which national pride could be used to prevent the growth of anti-nuclear sentiment, so obvious and so dangerous elsewhere in Europe. There have been past questionings but Reykjavik has been the trigger to force Marianne to look at her own nakedness. The nuclear deterrent force may be independent but is it a deterrent? 30% of a defence equipment budget spent on 'nuclear' starves the conventional forces of equipment and training. (The French contribution to the recent Franco-German exercise «Cheeky Sparrow» did not impress all its observers.) Yet the role of conventional forces in European defence must increase in importance, and - if German population declines - who in Europe will provide the men for the conventional armies to keep the Soviet aggressor at arms length from France? The French defence industry faces far severer competition - Dassault has not won a new military export order for two years. Budgetary constraints are growing. This is one element in the growing pressure by the lively Defence Minister, André Giraud, towards closer collaboration with the UK in the defence equipment field, not only on conventional weapons, where useful progress has been made (the Lancaster House Conference in September) but on nuclear matters also. There are practical commercial and technological justifications for moving in that direction. But the new pressure reflects a changing set of political imperatives.

20. At the heart of the current French dilemma lies the ambiguities of its relations with the FRG. The Franco-German relationship, on which so much stress is being placed in the run up to the 25th Anniversary of the Franco-German Treaty on 22 January 1987, is and must remain the basis of stability in Western Europe and of European construction in the EC. The French have, from the start, perceived the magnet of European Community Construction as a way of locking the FRG into the West; that is a powerful argument for them against 'disarray', a euphemism for divisive quarrels, particularly those which France might lose.

21. Yet some of the basic understandings which formed the Franco-German relationship are changing. First, forty two years after 1945, the emotional pressure on the post-war generation of leaders is felt less strongly by their successors (Chirac was only 12 when the war ended). Germany is perceived to be changing, not to France's advantage. When I went to Brussels in 1972 we took it as read, however irritating it was for us, that Germany needed France more than France needed Germany, that if an EC dispute forced Germany to make a choice for or against France, the choice would go to France, that the Germans would back down, that the French knew that they would back down and that the Germans knew that the French knew that they would do so. It is not necessarily the case now. The French do not like being dragged behind the Deutsch Mark chariot. They cannot control a German agricultural policy which puts farmers' returns before competitiveness and now works to the disadvantage of the French in those sectors where they are both highly efficient and export orientated. There are conspicuous differences in foreign policy (Iran). And above all they look with concern about what may happen within the FRG and in the inner-German relationship.

22. Atavistic French fears of Germany were, perforce, dampened down in the post-war years. They are resurfacing. There is no longer the personal understanding between Mitterrand or Chirac and Kohl which there was between de Gaulle and Adenauer, or Giscard and Helmut Schmidt. A Socialist-led government under Brandt, solidly committed to NATO, with its domestic opposition firmly on the right, looked more reassuring than a weakly-led CDU/CSU/FDP coalition, with an SPD under the unknown Oskar Lafontaine facing who knows where? Genscher cannot be relied on to take account of French interests. Many Frenchmen, looking intently at recent developments on the FRG internal scene would share an informed view expressed recently to me that the FRG was less stable than it seems, and the West Germans less stably anchored to the democratic structures and practices of the Bundesrepublik than they have hitherto seemed. While President Honecker's visit was in many ways reassuring for the 'correct' way in which he played it, the fact that it occurred at all nonetheless acted as a reminder of the strength of Pan-German feeling. When all looked well in the Franco-German relationship, when the FRG seemed immutably locked into a Westward orientation, when super-power protection looked solid, it was possible for the de Gaulles and Giscard to flirt with special relationships with the Soviet Union. But 'things fall apart'. Gorbachev's sophistication makes matters worse. Hence the persistent fears about 'neutralism'. It is not, of course, neutralism which the French fear, but the risk that, in the aftermath of some US/Soviet deal, the situation in Central Europe would so evolve that the nightmare of German reunification might draw closer. And they are no keener on that just because it may be half a century away.

23. Gaullist attitudes to the United States have scarcely been lessened with time. The French remain dependant, and know that they are dependant, on American strategic nuclear capability and on the continuing presence of US forces in West Germany. They carefully maintain close working relations with the Department of Defence (indeed they enjoy reminding us that a 'special relationship' is not a 'unique relationship'). Yet they do not like their dependance on the Americans. And while strong US leadership may be difficult to cope with, they particularly dislike what they perceive as the weak, unpredictable and unsophisticated US leadership of the last two years. Although the French look to the United States with a sense of historical affinity, they resent the cultural and linguistic domination of the Anglophones (which has inevitable consequences for their relationship with us). That reinforces their national aspiration after visible separateness in defence policy, justified with firm conviction and excessive frequency by their proclaimed success in maintaining a national consensus behind their nuclear policy. That is why it remains political dogma that a French return to the integrated command structure of NATO is impossible.

24. Faced with the uncertainties of future US attitudes to European defence, as they perceive it, and the unpredictabilities of the FRG, the French leadership has moved in two directions. Clandestinely, certainly without public admission that there has been a change of policy, practical collaboration with NATO has significantly increased and, so long as it can be kept out of the political arena, seems likely to go on increasing. Secondly, the Western pillar of the alliance has to be strengthened, but without, of course, a French return to the integrated command structure. That means emphasis on WEU, however ironical it may seem to those who have long wondered how the French could fulfil their obligations under the Brussels Treaty without being in the integrated command structure. Above all, it means continuing visible efforts to find ways of enhancing collaboration with the FRG. The message is «weak point, shout». That is why we see the French pressing ahead enthusiastically whenever they see an opening (Franco/German Brigade, Franco/German Defence Council, Franco/German manoeuvres). It is also part of the pre-electioneering game: Mitterrand, vis à vis Chirac, needs to show that it is the President, not the Prime Minister, who determines defence policy. Nevertheless, for all the nationalistic rhetoric in which French policy is often shrouded, I believe that Mitterrand is sincere when he says that the French have no wish to harm NATO's coherence, which - as they know well - remains their own most effective protection.

25. Closer Franco-German defence co-operation creates further French uncertainties since it reveals the inconsistencies on which current French defence strategy is based. If French troops are in Germany, are they covered by French nuclear capability? Are German troops? Do the French stick by the 'trip wire' and the 'massive nuclear retaliation' of the late 50's? Or is there a new current (as one might interpret some recent remarks by the

Minister of Defence) in favour of their own form of flexible response? And if so, can their relationship with the FRG avoid being affected by the prospective use of tactical nuclear weapons on German soil? Although there are those, on the French side, who are increasingly asking these questions, I have been astonished at the paucity and low level of intellectual debate in political circles about defence/strategic issues. Perhaps I am a little too harsh - the lack of debate is more a function of French embarrassment at having to admit publicly untoward truths which fly in the face of shibboleths which no-one dares too brazenly to dismantle. But the effect is that the Emperor at present has no clothes, and is yet far from being ready to put on the NATO clothes which would theoretically be available to him.

26. One comes back to French pride - which is such a part of French politics. Change is possible; change is taking place; but it must be salted by a liberal dose of French pretence. This is behind 'Francophonie' - the Summit in Ottawa, the special relations with the Francophone Africans, the French role in the South Pacific. Yet if there is one change which I notice most over the past fifteen years, it is in the reduced stridency with which the French impose the use of their language, and accept, even volunteer, the use of English. They too are becoming Americanised. Inevitably, TV leads the way. A limited market, widespread restrictive practices and the high cost of sustaining too many stations, mean that French programmes for the French occupy only a limited part of viewing time and French viewers are slowly being subverted from the purity of their linguistic nationalism by the Trojan Horse of an undiluted diet of dubbed American films on their third-rate television networks. «Le forcing», le «price-earnings ratio», even l'«UNESCO» - there are some sectors of French life where pretensions of independence are becoming more and more difficult.

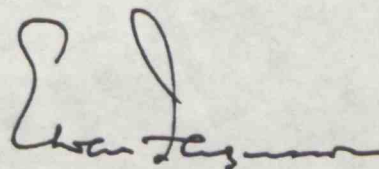
27. Uncertainty feeds despondency; a current catch-word is 'morosité'. I suspect, however, that the early stages of an election campaign are not the most helpful moment at which to achieve a positive, or even a balanced judgment of 'which way modern France?' And tempting though it is to take delight in the way that things seem to be going better at present for us than for France, it is essential not to underplay the importance of France for us, or indeed for the stability of the West as a whole. The reality, as distinct from the pretence, of French life is that, as Gaullist glory fades, objective realities bite and political extremes converge towards the centre. France today is less able to go it alone. This profoundly affects not only her attitude to defence, or to foreign policy, or to the 'nature of Europe', but also her attitude to us, her traditional rival and her ally.

28. France is still a rich and powerful country, with a similar sized population on twice our land area, conveniently placed in the European market area and a substantial market for our goods (roughly 8.5% of exports in either direction). In the last few decades, the French have become somewhat richer than us, on almost any basis of calculation (GDP, per capita GDP, per capita GDP using purchasing power parities). Our industrial bases are very similar. French public expenditure is higher than ours, absolutely and as a proportion of GDP (50% to 40%), but we spend very similar sums on defence. The French spend twice what we do (far more if the DOM/TOMS are included) on aid - but we both retain from our imperial past important human, cultural and commercial interests in the world outside our borders. We have the same strategic situation - dependent on the super-power nuclear umbrella and protected from direct attack on land by the FRG and other foreign armies. We are, each in our own idiosyncratic ways, «Europeans».

29. This year at least five and a half million British tourists will spend an average of two weeks each in France, spending over £220m. I wish that the figure were comparable in the other direction. That is a task to tackle, especially once Eurotunnel and the single European market make movements between our two countries after 1992 even easier. We already work much more closely together than we did on EC questions, which is not to pretend that the next six months, complicated by the French elections, will not see some fiercely fought battles. And we have come together significantly, if not yet with much practical achievement, in our defence exchanges. At the highest level, the personal relationships are perceived by the French to be in good shape. While some of them may have found the Anglo-French relationship easier to manage when they were up and we were down, there is no lack of sincerity in their admiration for the present British leadership - across the spectrum of French political life. And against the uncertainties of today's France, Britain's stability and resolution are slowly coming to be perceived as a valuable buttress for France's own security and economic health.


30. I am sending copies of this despatch to the Private Secretaries to the Secretary of State for Defence and the Chancellor of the Exchequer, HM Ambassadors in Washington and all EC posts, HM Permanent Representatives at NATO, the UN, and the European Community and to HM Consuls-General in France.

I am Sir
Yours faithfully



Ewen Fergusson

Blind copy:

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