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FRENCH PRIME MINISTER'S VISIT TO THE UK : 8 FEBRUARY 1989

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SUMMARY

1. THE FRENCH PRIME MINISTER WILL DELIVER THE JEAN MONNET LECTURE AT CHATHAM HOUSE ON 8 FEBRUARY. AFTER SEVEN MONTHS IN OFFICE, ROCARD LOOKS SECURE, AT LEAST FOR THE REST OF THIS YEAR. HIS LIKELY PRE-OCCUPATIONS WHEN HE CALLS ON THE PRIME MINISTER.

DETAIL

2. WHATEVER THE EFFECT ON MITTERRAND AND ON THE GOVERNMENT GENERALLY OF THE CURRENT WAVE OF FINANCIAL SCANDALS, ROCARD HIMSELF SHOULD BE COMING TO LONDON IN A REASONABLY CONFIDENT MOOD, SO FAR AS HIS PERSONAL POSITION IS CONCERNED. WHEN HE WAS APPOINTED PRIME MINISTER LAST MAY MOST COMMENTATORS IN FRANCE EXPECTED HIS TENURE TO BE A YEAR OR LESS, GIVEN THE LACK OF WARMTH BETWEEN THE PRESIDENT AND HIMSELF AND THE NARROWNESS OF HIS OWN POLITICAL CONSTITUENCY. IN THE EVENT, HIS POPULARITY IN THE COUNTRY AS A WHOLE HAS HELD UP AT A LEVEL CLOSE TO THAT OF MITTERRAND AND HIS MANAGEMENT OF THE GOVERNMENT, WHILE UNORTHODOX IN STYLE, HAS BEEN GENERALLY COMPETENT. HE SUCCEEDED DURING THE LAST PARLIAMENTARY SESSION IN STEERING THROUGH HIS LEGISLATION, DESPITE HIS GOVERNMENT'S RELATIVE MAJORITY, BY NEGOTIATING SKILFULLY WITH CENTRISTS AND COMMUNISTS IN TURN OVER EACH VOTE. HE EMERGED RELATIVELY UNSCATHED FROM A DIFFICULT AUTUMN OF PUBLIC SECTOR STRIKES AND HAS SO FAR ESCAPED THE CRITICISM RECENTLY DIRECTED AT MITTERRAND AND BEREGOVY OVER THE PECHINEY AND SOCIETE GENERALE AFFAIRS.

3. NOR ARE THE ALTERNATIVES TO ROCARD OBVIOUS. THE IDEA OF A FORMAL ALLIANCE WITH THE CENTRISTS UNDER A NON-SOCIALIST PRIME MINISTER HAS BEEN LOOKING LESS AND LESS ATTRACTIVE TO BOTH SIDES SINCE MITTERRAND'S RE-ELECTION. EQUALLY THE PRESIDENT SEES NO NEED TO DILUTE THE GENERAL APPEAL OF THE MODERATE POLICIES HE HAS EMBARKED ON BY REPLACING ROCARD WITH SOMEONE FURTHER TO THE LEFT IN THE PARTI SOCIALISTE (PS). FOR THE TIME BEING THE COMMUNISTS ARE MANAGEABLE AS THINGS STAND. ROCARD'S PS RIVALS ARE SQUABBLING AMONG THEMSELVES. HE THEREFORE LOOKS SECURE FOR THE TIME BEING. IT SEEMS INCREASINGLY

UNLIKELY THAT MITTERRAND WOULD WANT TO REPLACE HIM AT ANY RATE UNTIL THE ECONOMIC SUMMIT, THE BICENTENARY CELEBRATIONS AND THE FRENCH EC PRESIDENCY ARE OUT OF THE WAY. ROCARD, FOR HIS PART, INSISTS CHEERFULLY THAT THE ELYSEE AND MATIGNON ARE WORKING WELL TOGETHER.

4. ROCARD WILL THEREFORE BE LOOKING FORWARD TO PLAYING HIS PART IN THE FRENCH PRESIDENCY AND IN PREPARING FRANCE FOR THE SINGLE MARKET. HE WILL PLAY A LESSER ROLE IN THE NEGOTIATIONS IN BRUSSELS THAN MITTERRAND, DUMAS OR BEREGOVVOY. BUT HE WILL BE LOOKING AT THE DOMESTIC POLITICAL AND ECONOMIC CONSEQUENCES OF THE MAIN ISSUES ON THE AGENDA. TAXATION WILL BE PARTICULARLY DIFFICULT. THE FRENCH WILL BE UNDER PRESSURE TO REDUCE THE RATES OF VAT, TAXATION ON SAVINGS AND BUSINESS TAXES IN ORDER TO BRING THEM MORE INTO LINE WITH COMMUNITY RATES. THE ONLY OBVIOUS WAY OF MAKING UP THE CONSEQUENT LOSS OF REVENUE AND FINANCING THE GOVERNMENT'S PUBLIC EXPENDITURE COMMITMENTS WOULD BE TO INCREASE THE INCOME TAX RATE. BUT SUCH A SHIFT OF THE TAX BURDEN FROM RICH TO POOR WOULD BE VIGOROUSLY OPPOSED BY THE COMMUNISTS AND PERHAPS BY SOME IN THE PS.

5. AMONG ROCARD'S OTHER MAIN CURRENT PREOCCUPATIONS ARE THE ENVIRONMENT - WHICH IS STILL VERY MUCH ON HIS MIND - AND EDUCATIONAL REFORM. MITTERRAND MADE EDUCATION A FIRST PRIORITY IN HIS 'LETTRE A TOUS LES FRANCAIS' AND THE GOVERNMENT HAS JUST PUBLISHED A WHITE PAPER AIMED AT MODERNISING THE FRENCH EDUCATION SYSTEM. THE MOST CONTROVERSIAL PROPOSALS ARE CHANGES IN TEACHERS' PAY AND CAREER STRUCTURES WHICH INCLUDE BONUSES FOR SUBJECTS WHERE TEACHERS ARE IN SHORT SUPPLY, MORE MONEY FOR THOSE ACCEPTING EXTRA DUTIES AND NEW GRADES TO WHICH PROMOTION WILL BE ON MERIT.

6. ON THE BILATERAL FRONT ROCARD IS LIKELY TO WANT TO DISCUSS ARRANGEMENTS FOR THE ANGLO-FRENCH SUMMIT ON 27 FEBRUARY, AT WHICH HE IS EXPECTED TO ATTEND THE PLENARY SESSION AND LUNCH. THE HEALTH OF THE BILATERAL RELATIONSHIPS IS OF GENUINE INTEREST AND CONCERN TO HIM AND HE MAY RAISE ANGLO-FRENCH DEFENCE COLLABORATION AND OTHER POTENTIAL AREAS OF CLOSER CO-OPERATION. WHEN WE SPOKE TO MATIGNON THIS AFTERNOON, THEY HAD NO PRECISE IDEA OF WHAT AGENDA ROCARD HAD IN MIND, BUT THOUGHT THAT THE ENVIRONMENT, DEFENCE IN THE CONTEXT OF EAST-WEST RELATIONS/ARMS CONTROL, THE EC AND THE FRENCH PRESIDENCY, AND BILATERAL COOPERATION (PRIMARILY DEFENCE) WERE THE MAIN CANDIDATES.

FERGUSSON

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PRIVATE VISIT TO HAMPSHIRE BY M. ROCARD

1. M. ROCARD INFORMED THE AMBASSADOR IN STRICT CONFIDENCE THIS MORNING THAT HE WOULD BE MAKING A PRIVATE VISIT TO HAMPSHIRE THIS WEEKEND WITH A FEW OF HIS CLOSE ADVISERS. HE WILL BE STAYING AT THE CHEWTON GLEN HOTEL, NEW MILTON. THE PRIME MINISTER WILL TRAVEL BY MILITARY AIRCRAFT (UNMARKED) ARRIVING AND DEPARTING FROM SOUTHAMPTON AIRPORT.

2. M. ROCARD SAID THE VISIT WAS IN THE STRICTEST PRIVACY: ONLY A VERY FEW PEOPLE IN HIS CABINET ARE AWARE OF IT. THE AMBASSADOR SAID THAT WE WOULD DO WHATEVER WE COULD TO HELP: IN PARTICULAR TO ENSURE THAT M. ROCARD HAD NO PROBLEM ON ARRIVAL AT THE AIRPORT. THE LOCAL POLICE SHOULD ALSO BE AWARE OF HIS PRESENCE IN CASE THERE WAS ANY PROBLEM.

3. THE HEAD OF THE PRIME MINISTER'S PROTECTION M. PARQUET, LATER TELEPHONED MISS RAMSEY. HE AND HIS DEPUTY ARE TRAVELLING BY CAR TO HAMPSHIRE TOMORROW IN ADVANCE OF M. ROCARD. MISS RAMSEY AGREED TO LET HIM HAVE BY CLOSE OF PLAY THIS AFTERNOON THE NAME AND TELEPHONE NUMBER OF THE HEAD OF POLICE AT SOUTHAMPTON AIRPORT AND OF AN APPROPRIATE SENIOR POLICE OFFICER IN THE HAMPSHIRE POLICE FORCE WHOM M. PARQUET CAN CONTACT IF NECESSARY.

4. GRATEFUL IF YOU COULD LET US HAVE THIS INFORMATION BY 1700Z. PLEASE ALSO INFORM PEOPLE CONCERNED OF M. ROCARDS VISIT, STRESSING ITS PRIVATE AND CONFIDENTIAL NATURE.

5. M. ROCARD'S PROTECTION OFFICERS WILL NOT BE ARMED, NOR WILL THEY BE CARRYING RADIOS.

FERGUSSON

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