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From the Private Secretary

21 June 1990

Dear Richard,

PRIME MINISTER'S MEETING WITH MONSIEUR JACQUES CHIRAC

The Prime Minister had a little over an hour's talk this evening with Monsieur Chirac, Mayor of Paris and former Prime Minister of France. M. Chirac was accompanied by his deputy mayor and by his international relations director, M. Quentin. The discussion covered quite a wide range of subjects. I shall record only the main points.

The Prime Minister would regard this as a personal talk and I should be grateful if distribution of this record could be limited to those with a direct need to know.

M. Chirac said that he was not far from the Prime Minister's views on German unification. It was unavoidable and there was no point in fighting it. The key was to keep Germany in NATO. There was naturally some pre-occupation in France about the influence which a united Germany would exert.

The Prime Minister explained our new proposal on EMU to M. Chirac. M. Chirac said that he was very sceptical of the Delors plan for a single currency. At most it could only be a very distant goal: he did not expect to see it in the next 10-20 years.

In discussion of Community institutions, M. Chirac said that we had favoured the Commission far too much in recent years and there was now a need to restore the balance to the Council.

M. Chirac was not very optimistic about Gorbachev's prospects. He seemed incapable of actually implementing reforms rather than talking about them.

On defence, M. Chirac said that he feared President Mitterrand would be tempted to reduce French defence expenditure far too much. He wanted to devote greater resources to dealing with inequalities in French society.

M. Chirac acknowledged grudgingly that the French economy was doing rather well. But it could be doing better still: taxes were too high.

M. Chirac said that the political situation in French was

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unstable. The extreme Right were increasing their vote and were now somewhere round 15 per cent. The supporters of Le Pen characteristically wanted more emphasis on national identity, stronger defence, lower taxes and much less immigration. At the other end of the spectrum, the Socialists had lost significant support to the Greens. Relations between Mitterrand and Rocard were extremely bad, but Rocard was unlikely to be moved for the time being. M. Chirac added that he had made the mistake at the last elections of thinking that President Mitterrand's age was a handicap. He had correspondingly tried to emphasise his own relative youth. In fact the French nowadays wanted their leaders to be mature and weighty men of experience.

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I am copying this letter to Martin Stanley (Department of Trade and Industry) and to Sonia Phippard (Cabinet Office).

Yours sincerely,
Chirac

(C. D. POWELL)

Richard Gozney, Esq.,
Foreign and Commonwealth Office.