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Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

25 March 1987

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L8UP

It is suggested
that you make a point
of raising East/West relation,
on which he is not as
robust as Mitterrand & Chirac.

Dear Charles,

Monsieur Raymond Barre CDP 25/3

You asked for a round-up of recent political developments in France before M Barre calls on the Prime Minister on 26 March.

Things have not gone well for the Chirac Government over the last few months. Chirac accepted the office of Prime Minister last March knowing that there was substantial public support for cohabitation, but also that he had at most two years in which to prove his government dynamic and effective before the Presidential elections due by May 1988. He made a confident start and Barre, who had made clear his opposition to cohabitation, and suffered accordingly in the polls, could only wait for something to go wrong. By the end of 1986, a number of things had started to do so: the government's handling of a series of terrorist attacks in Paris, widespread student unrest and then strikes by railwaymen and public sector workers all gave the impression that it was irresolute and easily blown off course, while disappointing economic results and the failure to resolve the problem of French hostages in Beirut have created doubt whether its policies produce results. Mitterrand has also contrived to suggest discreetly that he is not impressed. All this has enabled Barre to claim that he was right about both the danger of cohabitation and France's economic problems, and his standing in the opinion polls has risen sharply, while doubts have resurfaced about Chirac's judgment.

At the moment Barre is thus the most popular politician on the Right. His eyes are fixed on the presidential elections, and the opinion polls have it that he might even beat Mitterrand. His reputation as a formidable economist, his gravitas, and his proclaimed disdain for the hurly-burly of politics (in which many see an echo of de Gaulle) are all assets to him; and he contrives to appeal to a wider range of the Centre and Right than Chirac. He has also, however, considerable handicaps. To maintain his present lead over Chirac he depends on things continuing to run against the government. He lacks a party organisation to back his presidential campaign; and his own record on the hustings is unremarkable. It will be difficult to maintain for the next year (as may be necessary) the appearance of offering a viable alternative to Chirac which does not involve forsaking the Right, rather than sitting back criticising while others do the dirty work. As long as Barre outstrips Chirac in the polls, it will not be in Mitterrand's interests either to make things easier for him.

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There is one area of policy on which Barre's line is seen by some as insufficiently robust: East/West relations and arms control. There have been doubts in the past about his attitude towards the Soviet Union (easily fuelled by his having a Hungarian wife) and accusations that he is complacent in the face of the Soviet threat. To counter this, Barre has been projecting himself as the defender of a modernised, European version of Gaullism, still emphasising national independence and retaining a certain aloofness towards the United States, but alive to the Soviet threat and seeking a concerted European response to it. He has recently criticised the INF zero option, which he regards as selling out Western security interests.

HM Embassy in Paris are keen that we should use the opportunity of Barre's visit to London to expose him to our views on these issues. We recommend that the Prime Minister make them the central subject of the discussion, drawing as necessary on the briefing for her visit to Moscow.

The other main issue which M Barre may raise is the European Community, including EC financing. We recommend that the Prime Minister stress the importance of France, Germany and Britain working together to achieve a viable Community, particularly through control of spending. She may wish to make clear the extent to which this is already common ground and that both we and the French see it as an essential prerequisite to the development of new policies.

If there is time, Sir John Fretwell believes that Barre may raise EC relations with Japan. We recommend that the Prime Minister tell M Barre that we have been campaigning hard in the Community for increased pressure on Japan to take the necessary structural and market opening action to correct its trade surplus. The Commission has now opened procedures against Japan in the GATT on alcoholic drinks and will be pressing the Japanese to take specific action in other sectors (eg automobiles and medical equipment). The appreciation of the Yen will have some effect; but we must continue and intensify this campaign to get the Japanese to take specific action to open up their markets.

Like the French we are also concerned about protectionist pressures in the United States, particularly in Congress. The United States is still importing nearly twice as much as it exports. We have made clear our determination to respond firmly to protectionist action, thereby helping to strengthen the Administration's hand vis á vis Congress. But we do not think it sensible to take action which would start a trade conflict - as certainly would be the case if the Commission's proposals for an oils and fats tax were adopted by the Council (Germany, Portugal, Denmark and The Netherlands have joined us in opposing this).

/Barre

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Barre will call on the Foreign Secretary earlier in the afternoon, after having lunched as the guest of the Franco-British Council; and will go on to deliver the Alistair Buchan Memorial Lecture at the International Institute of Strategic Studies. Sir John Fretwell will call on him on the evening of 25 March, and will report by telegram if Barre mentions any other issues he intends to raise.

Yours ever,

L Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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cc: Mr PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

2 February 1987

The Prime Minister has agreed to see M. Raymond Barre at 1630 on 26 March. It would be helpful to have a brief round-up of internal political developments in France shortly before then.

CHARLES POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

LB

PRIME MINISTER

14/26 March

①

1630

26 March 1987

M. BARRE

M. Barre is making a brief visit to London at the end of March and has asked whether he might have half an hour with you. I know that you normally like to see him. Agree to do so this time?

CDP

Y
Luo nh

(Charles Powell)

30 January 1987

Trench Anthony
informed
CDP 2/2