

SAVING TELEGRAM

FROM PARIS

CONFIDENTIAL

TO FCO TELNO SAVING 18 OF 15 APRIL 1988

SAVING TO (FOR INFO) EC POSTS, WASHINGTON, MOSCOW, UKDEL NATO,
HMCs IN FRANCE

MIP SAVINGRAM: MITTERRAND'S ELECTION COMMITMENTS

SUMMARY

1. Mitterrand stresses solidarity at home, and with the third world. He puts particular emphasis on the importance of European construction, on disarmament, and on the need to spend more on education and research if France is to adapt successfully to the challenges of the 1990s. His proposals, designed to appeal both to the Left and the Centre, appear to be in line with the mood of the electorate.

MIP SAVING TELEGRAM : BARRE'S ELECTION COMMITMENTS

SUMMARY

1. Although Barre scorns party political programmes, he has advanced at least as many ideas as his opponents. He emphasises the need to make the French economy stronger and more competitive, through fiscal reform, investment incentives, and increased allocation of resources to R and D. Domestically he stresses the need for solidarity; internationally he advocates the construction of a confederal Europe. He takes a notably hard line on defence. His insistence on the need for an «impartial» state (implicit criticism of Chirac) is being exploited by Mitterrand. Barre's ideas provide the frame of reference for the campaign, but they seem more likely to last beyond the first round than he does.

(iii) Taxation: a reduction in VAT. and harmonisation of VAT

MIP SAVING TELEGRAM: CHIRAC'S ELECTION COMMITMENTS

SUMMARY

1. Chirac promises to transform France into the «motor of Europe». His formula is to privatise, cut taxes, and promote education and research, while maintaining social solidarity. He is firm on defence (and keen to promote nuclear cooperation with the UK), and enthusiastic about the EC. He claims to offer dynamism rather than decline, but public opinion is sceptical that he could make good his promise, or that he is offering anything radically different from Barre or even Mitterrand.

DETAIL

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DETAIL

2. Mitterrand's undertakings are given in his open letter (my telno 340). The main points are:

The Economy

- (i) Public and Private Sectors: there is a need for balance between State and private enterprise. Wealth creation is the task of private enterprise: the State must provide stable conditions and regulate the market place. There is a role for State finance in strategic high technology sectors;
- (ii) Privatisation: no further privatisations before 1992, but no new nationalisations either. (A striking contrast with his 1981 campaign promises.) France needs a period of calm if business and industry are to be fighting fit for the Single European Market;
- (iii) Taxation: a reduction in VAT, and harmonisation of VAT rates with EC partners, although it is unrealistic to expect completion of this task by 1992; others must make sacrifices too. No change to income tax but the reintroduction of a wealth tax (affecting the top 1% of tax payers) to help fund a guaranteed minimum income. Tax incentives to encourage business investment (a policy also favoured by Barre, a proportion of whose first round voters Mitterrand hopes to attract in the second round, assuming Barre has been eliminated);
- (iv) The Plan: the spirit and approach of the immediate post-war period towards centralized long-term planning should be restored.

/Social Affairs

Social Affairs

- (i) Guaranteed Minimum Income: introduction of a guaranteed minimum income for the long term unemployed to be largely financed by the re-imposition of a wealth tax (see above);
- (ii) Social Security Benefits: reintroduction of full reimbursement of health charges for old age pensioners and for the chronically sick;
- (iii) Immigration and Race Relations: he favours giving the vote to immigrants, as in «the UK, the Netherlands and the Scandinavian countries» in local elections. But he will not try to force this on the country since unfortunately the nation is not ready. (A characteristic Mitterrand ploy, raising the possibility if only to reject it is nevertheless designed to be grist to Le Pen's mill: Mitterrand calculates that the better Le Pen does, the more Chirac will be embarrassed.) He sees no need to alter (ie toughen up) the Nationality Code (a position designed to appeal not only to the Left, but to the Centre too).

Education and Research

- (i) Education spending: education must be a top national priority (a view shared by all three major candidates). An additional 15 billion francs must be devoted to education between now and 1992. At the same time the status of the teaching profession must be raised);
- (ii) Training Credits: credits should be made available to young people who left school early and wish to resume their studies for one or two additional years to obtain a vocational qualification;
- (iii) Research: research must become the Republic's «favourite child». French companies do not employ enough scientists; there is a need for more research in industry. The Chirac government's tendency to cut back its support for civil research, and to reduce funding for CNRS, must be reversed.

NB All three candidates put great emphasis on the importance of education and research for the future health of the French economy, and for medium/long term success in combatting unemployment.

Political Institutions

- (i) The Presidency: there should be a more equal balance of power between the Elysée, Matignon and Parliament. The President should be neither the «absolutist» figure of the early Fifth Republic (ie de Gaulle), nor the figurehead of the Fourth Republic. If a large parliamentary majority

/were to

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INFO SAVING HMCBS IN FRANCE

MY TELNO 340: FRENCH PRESIDENTIAL ELECTIONS.

SUMMARY

1. THE MOOD OF THE CAMPAIGN HAS CHANGED AND AS THE ELECTION APPROACHES IT IS PREDICTABLY LOOKING MORE LIKE A CLOSE FIGHT. MITTERRAND HAS LOST GROUND IN MOST OF THE POLLS ALTHOUGH THEY STILL PREDICT HIS RE-ELECTION. HE HAS RESPONDED BY URGING HIS SUPPORTERS TO REDOUBBLE THEIR EFFORTS. CHIRAC MEANWHILE TAKES ENCOURAGEMENT FROM THE EROSION OF MITTERRAND'S SUPPORT, A SLIGHT INCREASE IN HIS OWN, AND EVIDENCE THAT BARRE'S SUPPORTERS WILL RALLY TO HIM IN THE SECOND ROUND MORE SOLIDLY THAN EARLIER SEEMED LIKELY. THREATS AND BLANDISHMENTS TO ENCOURAGE THEM: AND RUMOURS OF RPR NEGOTIATIONS WITH LE PEN. MITTERRAND REMAINS THE FAVOURITE BUT CHIRAC IS NOW PLACED TO MAKE A FIGHT OF IT.

DETAIL

2. THERE HAS BEEN A CHANGE OF POLITICAL MOOD IN FRANCE IN THE PAST FEW DAYS. A NEW RESTLESSNESS IS APPARENT, WHICH FINDS REFLECTION IN THE LATEST OPINION POLLS. THESE CONTINUE TO POINT TO A SECOND ROUND CONTEST BETWEEN MITTERRAND AND CHIRAC, AND TO A MITTERRAND VICTORY, BUT SEVERAL (THOUGH NOT ALL) SUGGEST THAT MITTERRAND MAY ONLY WIN BY 4-5 POINTS RATHER THAN BY THE 9-10 POINTS PREDICTED ONLY A WEEK OR SO AGO. ONE ALSO SUGGESTS A DROP IN HIS FIRST ROUND SCORE FROM AROUND 37-38 PER CENT TO 34-35 PER CENT (THAT COINCIDES WITH WHAT WE UNDERSTAND A FRENCH MINISTRY OF THE INTERIOR POLL FORECAST SOME WEEKS AGO).

3. THIS HAS PROMPTED MITTERRAND AND THE SOCIALIST PARTY (PS) TO A REVIEW OF STRATEGY IN THE PAST FORTY-EIGHT HOURS. THEY HAVE DECIDED TO INCREASE THE TEMPO OF THEIR CAMPAIGNING, AND HAVE SCHEDULED AN EXTRA, LARGE-SCALE MITTERRAND RALLY BETWEEN THE TWO ROUNDS. LEADING SOCIALISTS HAVE ALSO BEGUN CAUTIONING SUPPORTERS AGAINST OVER-CONFIDENCE, WITH ROCARD ALLUDING TO THE BRITISH LABOUR PARTY'S SURPRISE DEFEAT IN THE 1970 GENERAL ELECTION. WHILE MITTERRAND WOULD BE HAPPY ENOUGH WITH A VICTORY BY 52-48 PER CENT (A SLIGHTLY BIGGER

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MARGIN THAN HE ENJOYED WHEN HE BEAT GISCARD IN 1981), HE DOES NOT WANT TO SEE THE GAP NARROW FURTHER, HENCE THE WARNING TO THE LEFT TO REDOUBLE THEIR EFFORTS. HE WILL NOT BE HAPPY EITHER TO SEE ONE POLL SUGGESTING THAT HIS FIRST ROUND SUPPORT HAS FALLEN BELOW 35 PER CENT, THE LEVEL WHICH HIS ENTOURAGE HAVE ALWAYS SAID PRIVATELY HE NEEDS TO REACH TO BE CONFIDENT OF VICTORY IN THE SECOND ROUND. IF HE SECURES LESS THAN THAT, HE WILL HAVE A LOT OF WORK TO DO BETWEEN THE ROUNDS IF HE IS TO WIN. (FOR AN ANALYSIS OF ELECTORAL ARITHMETIC SEE MY SAVINGRAMS 14 AND 15.)

4. IN A WEEK OF POOR TRADE FIGURES AND CONTINUED FRUSTRATION OVER THE FRENCH HOSTAGES, THE POLLS ARE ENCOURAGING READING FOR CHIRAC. HE HAS INCREASED HIS OWN RATING SLIGHTLY TO ABOUT 24.5 PER CENT, DESPITE AN IMPROVEMENT OF 1-2 PER CENT IN BARRE'S SCORE. THE LATTER HAS AT LAST REVERSED WEEKS OF DECLINE, BUT HIS RECOVERY IS PROBABLY TOO LITTLE TOO LATE AND DOES NOT PUT HIM BACK IN STRIKING RANGE OF CHIRAC. HIS OWN SUPPORTERS CONCLUDE PRIVATELY THAT HIS CHANCE OF VICTORY HAS ALL BUT DISAPPEARED.

5. ALTHOUGH CHIRAC CAN TAKE ENCOURAGEMENT FROM THESE POLLS, THEY DO NOT DISGUISE THE RIGHT'S BASIC WEAKNESS: HIS VOTE COMBINED WITH BARRE'S STILL ONLY TOTALS 40-41 PER CENT, SOME TEN POINTS SHORT OF THE TOTAL NEEDED FOR VICTORY IN THE SECOND ROUND. EVEN THAT 40-41 PER CENT IS PROBLEMATIC SINCE IT ASSUMES THAT, IF BARRE IS DEFEATED, ALL HIS SUPPORTERS WILL MOVE SOLIDLY BEHIND CHIRAC IN THE SECOND ROUND. THIS THEY ARE MOST UNLIKELY TO DO EVEN THOUGH IN THE PAST WEEK OR SO THE CHIRAC CAMP (BACKED UP BY OPINION POLL EVIDENCE) HAVE BECOME NOTICEABLY MORE OPTIMISTIC ABOUT THE READINESS OF BARRE'S ELECTORATE TO VOTE FOR CHIRAC IN THE SECOND ROUND. (THE LATEST ESTIMATES ARE THAT UP TO THREE-QUARTERS OF BARRE'S VOTERS WILL DO SO, RATHER THAN THE TWO-THIRDS PREDICTED EARLIER). TO ENCOURAGE THEM CHIRAC HAS ADOPTED A POLICY OF BLANDISHMENTS AND THREATS. THERE ARE HINTS OF SENIOR MINISTERIAL POSITIONS FOR BARRE'S SUPPORTERS UNDER A CHIRAC PRESIDENCY: AND WARNINGS THAT IF THE CENTRISTS ARE EQUIVOCAL OR EXPRESS A WILLINGNESS TO WORK WITH MITTERRAND, THE RPR WILL ATTACK THEM HEAD-ON IN THE LOCAL ELECTIONS IN THE AUTUMN AND THE MUNICIPAL ELECTIONS NEXT SPRING. (THIS IS A POTENT THREAT: THE WEIGHT OF A FRENCH POLITICAL PARTY DEPENDS TO A SIGNIFICANT DEGREE ON THE STRENGTH OF ITS LOCAL BASE.)

6. ANNEXING BARRE'S VOTE, HOWEVER, IS NOT ENOUGH: CHIRAC MUST ALSO ATTRACT AS MUCH AS POSSIBLE OF LE PEN'S FIRST ROUND SUPPORT (CURRENTLY STANDING AT ABOUT 11-12 PER CENT) IF HE IS TO BEAT MITTERRAND IN THE SECOND ROUND. THERE ARE STRONG RUMOURS THAT PASQUA

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HAS NOW BEGUN BEHIND THE SCENES NEGOTIATIONS WITH LE PEN IN THE HOPE OF STRIKING A DEAL. THIS MIGHT TAKE THE FORM OF THE PROMISE OF 12-15 SAFE SEATS IN THE NATIONAL ASSEMBLY FOR LE PEN SUPPORTERS, AT THE NEXT LEGISLATIVE ELECTIONS, AND PERHAPS ONE OR TWO JUNIOR MINISTERIAL JOBS FOR HIS SYMPATHISERS IF CHIRAC BECOMES PRESIDENT. IN RETURN LE PEN WOULD CALL ON HIS ELECTORS TO RALLY TO CHIRAC IN THE SECOND ROUND. (THERE ARE ALSO SUGGESTIONS THAT THE RPR, WHICH CLEARLY HAS GREATER FINANCIAL RESOURCES THAN THE OTHERS, MIGHT OFFER THE FRONT NATIONAL SOME SORT OF FINANCIAL ASSISTANCE.) THE DIFFICULTY WITH THIS STRATEGY AS FAR AS CHIRAC IS CONCERNED IS THAT OVERTURES TO LE PEN (WHICH WILL BE VIGOROUSLY DENOUNCED ON THE LEFT), RISK ALIENATING PART OF BARRE'S CENTRIST VOTE TO MITTERRAND'S BENEFIT.

CONCLUSION

7. WITH A WEEK TO GO TO THE FIRST ROUND, THE VOTERS SHOW SIGNS OF INDECISION. MITTERRAND MUST SEEK TO STEADY THEM AND ACQUIRE RENEWED MOMENTUM. CHIRAC MUST PREVENT HIM FROM DOING SO, CAPITALISING ON THE CHANGE OF MOOD TO CLOSE THE GAP. THE BATTLE BETWEEN NOW AND 8 MAY IS LIKELY TO ACQUIRE A NEW INTENSITY. MITTERRAND REMAINS THE FAVOURITE, BUT CHIRAC'S CHANCES HAVE IMPROVED AND HE MAY NOW BE IN A POSITION TO MAKE A FIGHT OF IT. THE DOYEN OF THE BRITISH PRESS CORPS TOLD ME THAT THE 9 TO 2 ODDS AGAINST CHIRAC WHICH HE FOUND IN LONDON JUSTIFIED A SUBSTANTIAL BET. AND, WHATEVER THE POLLS MAY HAVE BEEN SAYING, IT IS NOT IN THE LEAST SURPRISING THAT AS THE ELECTION APPROACHES, THE MARGIN BETWEEN THE TWO MAIN CANDIDATES SHOULD HAVE NARROWED.

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