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INFO SAVING EC POSTS, WASHINGTON, MOSCOW, UKDEL NATO, C.G. IN FRANCE.

THE FRENCH POLITICAL SCENE.

SUMMARY

1. THE AUTUMN POLITICAL SEASON OPENS THIS WEEK AS THE GOVERNMENT UNVEILS ITS 1990 BUDGET. THIS TIME IT WILL BE HARDER TO GET IT THROUGH PARLIAMENT AS THE CENTRISTS ARE EXPECTED TO JOIN THE OPPOSITION IN VOTING AGAINST IT. BUT SINCE BOTH THE RIGHT AND THE COMMUNISTS STAND TO LOSE OUT IF THEY BRING ROCARD'S GOVERNMENT DOWN NOW, AN EVENTUAL ACCOMMODATION SEEMS LIKELY. MITTERRAND AND ROCARD REMAIN THE MOST POPULAR POLITICIANS IN FRANCE. THE RIGHT CONTINUES TO FALL APART. MAIN WORRY FOR ROCARD: HOW TO CONTAIN PUBLIC SECTOR PRESSURE OVER WAGES IN A GROWING ECONOMY.

DETAIL

2. TODAY, 20 SEPTEMBER, BEREGOVY WILL PRESENT THE GOVERNMENT'S 1990 BUDGET TO THE COUNCIL OF MINISTERS. IT WILL BE DEBATED IN PARLIAMENT FROM EARLY OCTOBER ONWARDS, WITH A FINAL VOTE LIKELY AROUND LATE NOVEMBER. THE VOTE OVER THE BUDGET IS INEVITABLY THE CRUCIAL FACTOR IN SHOWING WHICH SIDE OF THE POLITICAL LINE THE CENTRE IS PREPARED TO STAND, AND IN INDICATING THE STANDING OF THE GOVERNMENT WITH THE FAR/COMMUNIST LEFT. LAST YEAR, WHEN MITTERRAND'S PRE-ELECTORAL OPENING TO THE CENTRE (OUVERTURE) STILL SEEMED TO OFFER THE POSSIBILITY OF AN EVENTUAL SOCIALIST ALLIANCE WITH THE CENTRISTS, THE NEWLY-FORMED CENTRIST GROUP WAS WILLING TO WORK CLOSELY WITH THE GOVERNMENT OVER THE BUDGET, TRADING ABSTENTIONS FOR FINANCIAL CONCESSIONS. BUT CENTRISTS HOPES OF AN ALLIANCE HAVE SINCE FADED AND, WITH THE POOR SHOWING OF SIMONE VEIL'S SEPARATE CENTRIST LIST IN THE EUROPEAN ELECTIONS THE PROPONENTS OF OUVERTURE HAVE LOST OUT TO THOSE WHO BELIEVE THAT THE CENTRISTS SHOULD BE UNAMBIGUOUSLY IN THE OPPOSITION. A NEW CROSS-PARTY PARLIAMENTARY GROUP WAS CREATED THIS SUMMER TO CO-ORDINATE THE VOTING OF THE CDS, UDF AND RPR GROUPS. SO THE CENTRISTS ARE EXPECTED THIS AUTUMN TO VOTE WITH THE OPPOSITION, MARKING THE FORMAL DEMISE OF OUVERTURE.

4. GIVEN THEIR RELATIVE MAJORITY, THE GOVERNMENT WILL THEREFORE HAVE TO WORK HARDER TO GET THEIR LEGISLATION THROUGH. THEY WILL BE FORCED

EITHER TO DO DEALS WITH THE COMMUNISTS (WHO ABSTAINED ON THE FINAL BUDGET VOTE LAST YEAR BUT WILL NOT LIKE THIS YEAR'S TAX-CUTTING MEASURES) OR TO RESORT TO EMERGENCY POWERS UNDER ARTICLE 49.3 OF THE CONSTITUTION. IN THE LATTER CASE THEY LEAVE THEMSELVES VULNERABLE TO A MOTION OF CENSURE, WHICH IF VOTED BOTH BY THE COMMUNISTS AND BY THE WHOLE OPPOSITION, WOULD BRING THEM DOWN. BUT MOST COMMENTATORS HERE AGREE THAT IT WOULD SUIT NEITHER THE COMMUNISTS NOR THE OPPOSITION TO FACE NEW ELECTIONS YET. BOTH WOULD ALMOST CERTAINLY DO WORSE THAN IN 1988. MITTERRAND AND ROCARD ARE STILL BY FAR THE MOST POPULAR POLITICIANS IN FRANCE AND THEIR PERFORMANCE RATINGS IN THE OPINION POLLS REMAIN HIGH (59 PER CENT AND 61 PER CENT OF FAVOURABLE OPINIONS RESPECTIVELY, ACCORDING TO THE MOST RECENT POLL). SOME LAST-MINUTE ACCOMMODATION ALLOWING THE GOVERNMENT'S LEGISLATION TO PASS LOOKS THE MOST LIKELY OUTCOME.

5. FOR THE RIGHT, THE CREATION OF THE CROSS-PARTY PARLIAMENTARY GROUP WAS THE ONLY BRIGHT SPOT IN AN OTHERWISE BLEAK POLITICAL SCENE. EVEN THE NEW GENERATION OF 'RENOVATEURS', WHO EMERGED BRIEFLY AS A NEW MOVEMENT AFTER LAST MARCH'S MUNICIPAL ELECTIONS, NOW ADMIT THAT IT WILL BE YEARS RATHER THAN MONTHS BEFORE THE OPPOSITION REGROUPS ITSELF. THEIR MOVEMENT, AND GISCARD D'ESTAING'S BRIEF SUCCESS IN THE EUROPEAN ELECTIONS, HAVE SO FAR SERVED ONLY TO COMPLICATE THE LEADERSHIP STRUGGLE. GISCARD AND CHIRAC ARE CURRENTLY LEVEL IN THE OPINION POLLS. BUT CHIRAC'S HAND REMAINS STRONGER BECAUSE THE RPR IS IN BETTER SHAPE THAN THE UDF AND BECAUSE HIS LEADERSHIP IS LESS CONTESTED BY HIS PARTY THAN GISCARD'S IS BOTH BY THE REPUBLICAN PARTY (PR) AND BY THE UDF AS A WHOLE. THE PR'S PRESIDENT LEOTARD, IS NOW CAMPAIGNING HARD TO BE ELECTED LEADER OF THE UDF GROUP IN THE NATIONAL ASSEMBLY.

6. AS THE RIGHT'S LEADERSHIP SQUABBLES BECOME EVER MORE PERSONAL AND COMPLEX AND THE OPPOSITION REMAINS INCAPABLE OF COMING UP WITH VIABLE ALTERNATIVE POLICIES, ROCARD'S OWN ENERGIES ARE MAINLY DEVOTED TO MAINTAINING ORDER IN HIS OWN CAMP. PIERRE MAUROY NOTED WRYLY AT A RECENT SOCIALIST PARTY GATHERING THAT, IN THE ABSENCE OF THE RIGHT, THE SOCIALISTS WERE HAVING TO PROVIDE BOTH GOVERNMENT AND OPPOSITION. THE APPROACH OF THE SOCIALIST PARTY CONGRESS (MARCH 1990) HAS BEEN TEMPTING SEVERAL OF ROCARD'S MINISTERS (CHEVENEMENT AND POPEREN HAVE BEEN THE WORST OFFENDERS) TO TRY TO TAKE UP POLICY POSITIONS TO THE LEFT OF HIM IN ORDER TO STRENGTHEN THEIR HAND WITH THE MILITANTS. IN THE RECENT COUNCIL OF MINISTERS MEETING ROCARD CALLED THEM TO ORDER, REMINDING THEM OF THEIR OBLIGATION OF LOYALTY. MITTERRAND, WHO RUMOUR HAS IT WAS NOT CONSULTED BEFOREHAND, WAS OBLIGED TO SUPPORT HIS PRIME MINISTER. WHILE THE RELATIONSHIP

BETWEEN THEM REMAINS UNEASY, ROCARD CONTINUES TO SERVE MITTERRAND'S PURPOSE WELL AND IS UNLIKELY TO FACE AN EARLY CHALLENGE.

7. FOR THE NEXT FEW MONTHS, THROUGH THE ANNUAL PAY BARGAINING SEASON, THE GOVERNMENT'S MAIN CONCERN WILL BE MANAGING PUBLIC SECTOR DISGRUNTLEMENT OVER WAGE LEVELS AFTER A YEAR OF STRONG GROWTH IN THE FRENCH ECONOMY. IN A SERIES OF SPEECHES AND INTERVIEWS EARLIER THIS MONTH ROCARD SKILLFULLY COUNTERED THESE GROWING PRESSURES FROM THE PUBLIC SECTOR. HE ACCEPTED THAT THE FRUITS OF GROWTH SHOULD NOT BE POCKETED BY THE PRIVATE SECTOR BUT SHARED OUT FAIRLY. MOST WOULD ACCEPT THAT THE UNEMPLOYED AS THE HARDEST OFF SHOULD BE THE GOVERNMENT'S FIRST PRIORITY: THEN AN EQUAL SHARE SHOULD GO TOO ON EDUCATION AND RESEARCH, THAT WOULD LEAVE ONLY A THIRD OF THE CAKE FOR PUBLIC SECTOR PAY RISES. SO FAR, HE HAS KEPT THE INITIATIVE. BUT THE PUBLIC SECTOR PAY NEGOTIATIONS ARE ONLY JUST BEGINNING AND THE PRESSURE IS LIKELY TO INCREASE OVER THE NEXT TWO MONTHS, MEANWHILE MITTERRAND REMAINS ABOVE THE DOMESTIC FRAY, CONCENTRATING ON HIS PREFERRED TERRITORY OF EC AND INTERNATIONAL AFFAIRS.

8. MORE DETAILED COMMENT ON THE ECONOMY WILL FOLLOW LATER THIS WEEK.

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