



Treasury Chambers, Parliament Street, SW1P 3AG
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1 November 1982

A J Coles Esq.
No.10 Downing Street
LONDON
SW1

Prime Minister has seen.

AC 3/11.

Dear John,

BRIGHTON, BUJUMBURA, AND THE ANGLO-FRENCH SUMMIT

The Chancellor would be grateful if you could ensure that the Prime Minister is fore-warned that President Mitterrand might, at this week's Summit, refer to a light-hearted passage in his Party Conference Speech at Brighton on 6 October.

I enclose the text of the passage in question, together with Paris telegram No. 951 of 7 October, which reports the reaction of the Elysee spokesman, then in Bujumbura. You will see that the spokesman saw the speech, rather curiously, in the Community Budget context.

Sir John Fretwell's advice at the time - Paris telegram No.950 - was as follows:-

"I do not think we need take the French reaction too tragically. If challenged, I propose to take the line that the Chancellor's comments were made on a Party Political occasion, and are part of the normal rough and tumble of political debate. It would, however, be helpful if you [the Foreign Secretary] or the Chancellor could find an opportunity to say something about French policy which Mitterrand could regard as redressing the balance after the Chancellor's strictures. Mitterrand tends to take this sort of thing to heart."

In an interview with "Les Echos" on 12 October, the Chancellor did in fact praise French efforts to control inflation.

I understand that, at last week's Foreign Affairs Council in Luxembourg, officials learnt that the Brighton Speech still rankled in Elysee circles. And the Embassy at Bonn have reported that during the Franco-German Summit on 21/22 October Mitterrand spoke at some length about the difficulties which the "British problem" over the Community Budget posed for France, and in this context surprised his hosts by referring to the Brighton Speech.

On Sir John Fretwell's advice, the Chancellor has written to Monsieur Delors, with a view to de-fusing the issue. (Sir John Fretwell will be seeing Monsieur Delors tomorrow and will hope to ensure that he sees the Brighton



speech in the proper prospective.) But the Chancellor thought that the Prime Minister should be fully in the picture, for it seems that if offence has genuinely been taken, it is in the Elysee.

A copy of this letter goes to Roger Bone.

Yours ever,
J. O. Kerr

J O KERR
Principal Private Secretary

CONQUEROR

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CHANCELLOR OF EXCHQUER'S SPEECH AT BRIGHTON ON 6 OCTOBER

EXTRACT

Last year you may remember there was one exception. We were told that Socialist France had found the philosopher's stone - the answer to everybody's problem. From a government in which Mr Tony Benn and Mr Roy Jenkins might have found themselves equally at home. Communists in the Cabinet and claret on the Cabinet table.

Last year, France did what we have been constantly urged to do. More public spending. Higher wages. Bigger borrowing. More nationalisation. And what has happened?

Unemployment has continued to rise. And prices have gone up much faster than in Britain. The Franc has been de-valued twice. A triumph for Socialism!

Interest rates remain much higher than ours. And - TUC please note - a statutory pay freeze has been imposed. Another triumph for Socialism!

Social services are being cut. Taxation is being sharply increased. So are prescription charges. And I hear that they are putting up charges on hospital patients.

For Socialism, that must be the ultimate triumph :
the Arc de Triomphe!

Socialist economics are reaping their bitter harvest. Just as they always have here. And just as they would again if they ever had the chance.

GRS 150
UNCLASSIFIED
FM PARIS 071815Z OCT 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 951 OF 7 OCTOBER 1982
INFO PRIORITY UKREP BRUSSELS
INFO SAVINGATHENS BRUSSELS COPENHAGEN
THE HAGUE LUXEMBOURG ROME DUBLIN AND BONN

EC BUDGET: ELYSEE COMMENTS ON CONSERVATIVE PARTY CONFERENCE

1.

ACCORDING TO A REPORT IN THIS AFTERNOON'S LE MONDE, THE CHANCELLOR OF THE EXCHEQUER COMMENTED VERY CRITICALLY ON THE FRENCH GOVERNMENTS ECONOMIC POLICY, DESCRIBING IT IRONICALLY AS A TRIUMPH OF SOCIALISM, IN HIS SPEECH AT THE CONFERENCE ON 6 OCTOBER.

2. ASKED FOR HIS COMMENTS, VAUZELLE, THE ELYSEE SPOKESMAN IS QUOTED AS SAYING (FROM BUJUMBURA, WHERE HE IS ACCOMPANYING MITTERRAND): "IT IS UNDERSTANDABLE THAT AS A PARTY ACTIVIST THE CHANCELLOR OF THE EXCHEQUER CAN SPEAK AS HE WISHES. BUT, AS A MINISTER, HE WILL NO DOUBT HAVE TO CORRECT WHAT HE HAS SAID, IF HE REMEMBERS THAT MRS THATCHER STATED AT THE EUROPEAN COUNCIL THAT BRITAIN WAS ONE OF THE LEAST PROSPEROUS MEMBER STATES OF THE COMMUNITY". VAUZELLE IS SAID TO HAVE ADDED "HE (THE CHANCELLOR) WILL DOUBTLESS ASK FOR A REDUCTION IN THE AID WHICH FRANCE HAS GIVEN BRITAIN FOR THREE YEARS AND WHICH AMOUNTED TO MORE THAN 2 BILLION FRANCS IN 1982."

3. ADVANCE COPY TO PS /CHANCELLOR PLEASE.
FCO PLEASE PASS SAVINGS ALL
FRETWELL

(REPEATED AS REQUESTED)

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ECD(1)
ERD
SIR J BOLLARD
MR MANNAY

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