



Foreign and Commonwealth Office

London SW1A 2AH

6 March 1985

*Dear Charles,*Visit of M. Barre: 7 March

In our exchange of letters on 15 February we agreed that I should provide a short account of M. Barre's current preoccupations and activities as briefing for his call on the Prime Minister. The following should be read in conjunction with the enclosed biographical note and brief on the French internal scene.

M. Barre continues to enjoy considerable popularity - his score in recent opinion polls has been consistently higher than those of Giscard and Chirac. He has adopted a higher profile in recent months. He addressed a rally of some 10,000 people in Toulouse last December, organised by the Republican Party (part of the UDF). And he is engaged in a continuing public debate with other Opposition leaders on the need for unity among the Right, and on the merits of 'cohabitation', i.e. the possibility of a Government of the Right co-existing with a Socialist President following the legislative elections in 1986. Barre rejects this possibility, whereas Giscard and Chirac accept it. Barre says that, if the Right win in 1986, they should refuse to govern unless Mitterrand resigns the Presidency. He defends his sometimes independent positions by saying that he wants and practices Opposition unity but will not accept uniformity.

The first round of the Cantonal elections (for representatives to Departmental Councils, the most powerful bodies in provincial administration in France) will take place on Sunday 10 March. Domestic preoccupations will therefore be prominent in M. Barre's mind this week. The elections are seen as a test of the relative strengths of the different parties. People will be watching the performance of the extreme right National Front (M. le Pen), in particular. Barre initially favoured a dialogue with the Front, but has now joined other Opposition leaders in rejecting any electoral pact with it.

M. Barre has not made any noteworthy statements on foreign policy matters recently.

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One subject which the Prime Minister could raise is terrorism - our hope for still more effective cooperation, both bilaterally and at a European level, in the fight against it. (The French Interior Minister, M. Joxe, will be visiting London for talks with Mr Brittan later this month. Police and security cooperation is generally good, but successive French governments have shown reluctance to change policies which effectively provide a safe haven for other countries' terrorists.)

M. Barre may wish to discuss the miners' strike - he showed a keen interest in the subject in a recent discussion with HM Ambassador, Paris. French politicians have in general declined to comment on the strike, though French trade unions have offered moral support and, in the case of the Communist CGT, material assistance to miners' families.

✓ M. Barre will be calling at the House of Commons before his meeting with the Prime Minister, and will be going on to address a meeting at the Westminster Central Hall organised by the 'Union des Francais a l'Etranger'. As far as we know he will be unaccompanied - his office have confirmed that an interpreter will not be required.

Yours ever,
Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street



BARRE, RAYMOND

Former Prime Minister.

Born 1924 in Réunion. Professor at Caen, then Paris. Director of Economic Research at the National Institute of Political Sciences 1958. Cabinet of Jeanneney (Minister of Industry 1959-62). Professor of Political Economy, Sciences Po, 1963. French Vice-President of the Brussels Commission, with responsibility for economic and financial affairs 1967-72. Member of the General Council of the Bank of France in 1973. His first Ministerial post in Giscard's Government was as Minister of Foreign Trade from January 1976 until August of the same year when he replaced Chirac as Prime Minister. He was reappointed Prime Minister following the Government's success in the 1978 Legislative elections and remained in office until Giscard's defeat in May 1981. UDF Deputy for Lyons since 1978.

As an economist, Barre has been more concerned with teaching than thinking. His main work on political economy (published in 1956) has become the basic text-book for French universities. He is an economic liberal, but a monetary disciplinarian. He favours a greater role for market forces within the framework of a French economy which still retains considerable government intervention, and is opposed to protectionism.

Barre was a surprise choice as Prime Minister in 1976, having played no previous part in partisan politics. He professes distaste for the wheeling and dealing side of politics but when Prime Minister defended with evident relish and much pugnacity his Government's policies both in Parliament and in the media. Barre's term of office was closely identified with the eponymous Plans for economic recovery. He steadfastly maintained that there was no viable alternative to his policies but the opinion polls suggest that he was the scapegoat for the electorate's dissatisfaction with the level of unemployment and inflation.

After the 1981 elections Barre at first adopted a low but adamant profile in the hope that public opinion will eventually turn to him as the man "in reserve for the Republic". This

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strategy appears to be paying off: UDF supporters in increasing numbers see him as their candidate for the 1988 Presidential election. Barre has done nothing to discourage such expectation.

Barre has never fully reconciled himself to the UK accession to the European Community, not because he is anti-British but because he believes that the UK's membership cannot fail to alter the character of the Community to France's disadvantage.

He is married to a wife of Hungarian descent. They have two boys. He speaks good English.

FRENCH INTERNAL POLITICAL AND ECONOMIC SCENE

Political

1. Following the resignation of Prime Minister Mauroy, President Mitterrand appointed Laurent Fabius Prime Minister on 17 July 1984. The change of Government followed poor results for the Left in the June European Elections, and growing public and parliamentary opposition to a number of proposed government reforms.

2. Fabius's appointment reflected Mitterrand's wish to put emphasis on pragmatism, efficiency and modernisation, and thereby to win back votes from the Centre. This change of course has been illustrated by the departure of Communist Ministers from the government, the dropping of a controversial Educational Bill, the postponement of effective application of a new law on press ownership, and the promotion of the theme of national unity. The new Government contains representatives from all factions of the Socialist party, and from other left-of-centre groups.

3. Despite last summer's changes and recent signs of a slight improvement, popularity ratings for the President remain some of the lowest in the history of the Fifth Republic. The apparent mishandling of the agreed withdrawal of French and Libyan forces from Chad, and the crisis in New Caledonia, have dented the Government's previously incisive image in foreign policy. There will be a series of local (cantonal) elections on 10 and 17 March. Legislative elections are due in 1986, Presidential elections in 1988. While, at present, there seems no prospect that the Socialists' Parliamentary majority can be maintained after 1986, Mitterrand himself appears determined to hold on to the Presidency for his full term, if necessary by seeking to establish a working relationship with the centre right.

4. The Opposition have made as much political capital as they can from the troubles besetting the Left, but suffer from rivalry between the three key figures, Chirac, Barre and Giscard. Although the Opposition presented a joint list in the European Elections, they barely improved (43%) on their combined score in the 1981 legislative elections. M. Barre, who is currently the most popular of the Opposition leaders according to the opinion polls, is pursuing an independent line. Whilst Giscard tends to be dismissed as a proven failure, he is climbing slowly back up the polls, made a well-judged return to the National Assembly in September last year, and has since made considerable efforts to overcome differences with Chirac, in a scarcely veiled attempt to block Barre. Chirac continues to run the most effective political machine (the RPR) but has encountered difficulty in appealing to the moderate voters of the centre-left whilst preventing his more right-wing supporters deserting to the extreme Right National Front. Led by Jean-Marie Le Pen, the Front, which won 11% of the vote in the European Elections, has emerged from nowhere to become an element of some importance on the national political scene.

5. The French Communist Party (PCF), which had four Ministers under Mauroy, decided not to participate in the Fabius Government in the absence of guarantees that economic policy would be modified to deal with unemployment. The PCF were emasculated by inclusion in the Government (their vote dropped to 11% in the European Elections). This year's Party Congress in February endorsed a hard-line report by Secretary General, Georges Marchais, highly critical of the Government's policies, despite a few dissenting voices calling for reform and reappraisal of the Party's position.

Economic

6. Although there are continuing calls from within the Socialist Party and from the Communists for national reflation behind a protectionist tariff wall, economic performance suggests that the government's firm austerity policies, adopted following the last EMS realignment in March 1983, are beginning to pay off. An important start has been made in cutting inflation and reducing the trade

deficit but progress has been uneven and there are doubts over how much of it is sustainable. Recently there have been some encouraging signs of a more market-oriented attitude (easing of price, exchange controls) but these are modest steps.

7. Many of the figures for the French economy in 1984 were encouraging for the Government. Inflation, at 6.7% against 9.3% at the end of 1983, reached its lowest level since 1971 - selective price controls have helped. The current account deficit was virtually eliminated, wage increases decelerated and the financial situation of companies recovered substantially. The Government's statistical agency, INSEE, estimated that GDP grew by 1.9%. But unemployment continued to rise, reaching 2.4 million seasonally adjusted (the fate of the long term unemployed who cease to be eligible for state benefits is causing increasing concern), company bankruptcies are at a high level and official external debt increased again. December brought a set-back to hopes of a negotiated reduction of labour market rigidity - an agreement reached by the employers' federation and the national leadership of the main non-Communist trade unions was rejected by militant union officials. But despite widespread discontent among the labour-force, and the militancy of the Communist-led CGT, industrial unrest is currently being kept within manageable bounds.

8. Restriction of domestic demand helped reduce the trade deficit to just under 20 billion francs in 1984. But the improvement is fragile and a slight deterioration in the trade balance is forecast in 1985 by INSEE. The relative stability of the franc within the EMS is largely a result of the strong dollar depressing the deutschmark.

9. The Government's budget deficit targets (3% of GDP) have been repeatedly overshot. Further fiscal strain is likely this year if Mitterrand's pledge to cut the tax burden by 1% of GDP is to be fulfilled. The draft 1985 budget has met with scepticism and has been extensively attacked by the opposition. The Government has promised a further 3% cut in income tax in 1986.



10 DOWNING STREET

From the Private Secretary

Prime Minister

Meeting with M. Barre.

Note from the FCO attached.

You may also like to re-read
Hugh Thomas' note of his
meeting with M. Barre at the
end of January.

You are seeing M. Giscard
in June.

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