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Memorandum for:

The attached paper, "France: The Political Scene," was prepared by

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Associate Deputy Secretary of Commerce Michael Bayer at his request.



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DIRECTORATE OF INTELLIGENCE

France: The Political Scene

Summary

Campaigning for the municipal elections in March is shifting into high gear amid increasing indications that the Socialists and their reluctant Communist allies will suffer substantial losses. Despite opposition efforts to portray the elections as a referendum on the Mitterrand government, we believe it unlikely that even a serious leftist defeat would lead President Mitterrand to dissolve parliament --- where the Socialists enjoy an absolute majority -- and call for a new legislative election. The municipal results will help shape future Socialist domestic policies, however, and could spark a serious confrontation between Mitterrand and the Communists. [redacted]

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Political Background

Mitterrand's current political problems stem from his decision in 1981 to stimulate the economy at a time when France's principal trading partners were pursuing deflationary policies. When the expected general recovery did not materialize, France was left with mounting trade deficits and a seriously weakened franc. Last June the government abruptly shifted toward economic austerity measures. These have had some success in bringing inflation down, but at a cost in real income for workers, cutbacks in social benefits, and political dissatisfaction among the leftist electorate. [redacted]

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Mitterrand's early optimism about his ability to restructure the economy along Socialist lines has given away to a new sense of realism. In recent public statements, for example, Mitterrand and Prime Minister Mauroy have stressed that French domestic options are severely constrained by the international environment. Indeed, references to "socialism" virtually have disappeared from Mitterrand's public vocabulary. They have been replaced by conciliatory language and some government actions designed to promote private investment and a rebuilding of corporate balance sheets. In addition, some of Mitterrand's top economic advisers, including Finance Minister Delors, have hinted broadly that new belt-tightening moves might well be necessary after the municipal elections. According to press reports, Mitterrand is braced to accept the short-term political costs to lay the groundwork for long-term recovery which could help Socialist candidates in parliamentary elections in 1986. [redacted]

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Not surprisingly, the government's policy gyrations have sparked criticism from nearly all of France's powerful interest groups, including the Socialist Party and the generally supportive trade union federations. Mitterrand's personal popularity also has suffered; his overall approval rating has dropped from 60 percent to 48 percent over the past year. [redacted]

Municipal Elections Stakes

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The elections on 6 and 13 March to fill mayoral and city council posts in France's 36,000 cities and villages will provide a measure of voter reaction. Particular attention will be focused on the 232 cities with populations over 30,000. The left, owing to its spectacular success in the municipal elections in 1977, now controls 159 of these largest cities, versus 73 for the opposition. [redacted] 25X1

The Gaullists (RPR), Giscardians (UDF), and minor centrist parties who form the opposition recently agreed to back common candidates in all but 5 major cities. Opposition spokesmen, including Gaullist leader (and Paris Mayor) Jacques Chirac and former President Giscard, have tried to cast the elections as a referendum on the Mitterrand government. They have hinted publicly that the President should dissolve parliament and call new legislative elections if the left is "rejected" in March. [redacted] 25X1

Old enmities -- particularly between Giscard and Chirac -- continue to cloud long-term prospects for the center-right. Moreover, polls indicate that public disillusionment with the Socialists has not greatly benefitted the opposition. [redacted] 25X1

More Serious Problems for the Government Coalition

The left has internal quarrels of its own. The Socialists and Communists have had markedly different reactions to the government's shift to anti-inflationary policies. Most Socialists reluctantly acknowledge their necessity, while the Communists snipe at the government's alleged "gifts" to big business. [redacted]

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The Socialist-Communist electoral alliance appears shaky. The party leaderships agreed in December to field common candidates in most of the larger cities, but the Communists still face Socialist first-round challenges in at least 11 other cities now run by Communist mayors. In addition, some local Socialist federations are hostile to concessions made by their national leadership and are threatening to withhold support from Communist mayors unless some "corrections" are made in the apportionment of joint lists. Given the past reluctance of many Socialists to back Communist candidates even when the two parties were on warmer terms and the apparent continuing decline of the Communists' own electorate, the stage seems to be set for an overall leftist setback followed by a new round of mutual recriminations. [redacted]

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Outlook

The importance of local issues and personalities renders predictions difficult at this stage in the campaign. But French political observers are saying that leftist losses probably will fall between the 10-15 cities conceded by Socialist leader Jospin and the 60-70 predicted by opposition spokesmen. [redacted]

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A substantial leftist setback would, at a minimum, increase chances for a cabinet shuffle. Prime Minister Mauroy's position appears particularly precarious, since he has been given explicit responsibility for both the austerity program and the election campaign. If Mauroy goes, another Socialist moderate would likely be tapped as his successor. [redacted]

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A leftist defeat in which Communist losses are particularly high could lead to an open crisis in the government coalition. Communist leader Marchais, for example, probably would face renewed attacks from other Communist officials who have argued that participation in the government risks "confusing" and "demobilizing" the Communist electorate. [redacted]

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Perhaps more importantly, past Communist behavior strongly suggests that their leadership will argue that a leftist setback at the polls reflects leftist discontent with the government's "moderate" approach and that a return to more "authentically socialist" policies is necessary. We believe, however, based on our analysis of the constraints on French economic policy and on public statements by Mitterrand and his top advisers, that Mitterrand would reject any Communist demand to "radicalize" his policies. [redacted]

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If it goes into opposition, the PCF could cause trouble on the labor front, but Mitterrand probably would not be seriously threatened. Mitterrand would have to decide, however, whether to rely solely on the Socialist parliamentary majority or to try to bring some centrists and leftwing Gaullists into the government. The much-rumored possibility of an "opening" to the center-left probably would hold substantial appeal for Mitterrand, in part because of its potential for defusing some of the business community's hostility. [redacted]

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