



Directorate of Intelligence

MASTER FILE COPY
**DO NOT GIVE OUT
OR MARK ON**

~~Secret~~



25X1

02

European Review



25X1

*Special Issue: A Preview of the
French Parliamentary Elections*



25X1

14 February 1986

~~Secret~~

EUR ER 86-005
14 February 1986

Copy 449

Page Denied

Secret

[Redacted]

25X1

European Review [Redacted]

25X1

14 February 1986

*Special Issue: A Preview of the French
Parliamentary Elections* [Redacted]

25X1

		<i>Page</i>	
Briefs	France: Mitterrand's New Book [Redacted]	1	25X1
	[Redacted]		25X1
Articles	Perspective [Redacted]	3	25X1
	[Redacted]		25X1

France is bracing for a roller coaster ride into the political unknown after the legislative elections on 16 March. Public opinion polls, political commentators, recent local elections, and the "kick-the-rascals-out" mood of the voters all indicate that the conservatives will be swept back into power. But Socialist President Francois Mitterrand's term of office does not expire until May 1988. Never since General de Gaulle set up the Fifth Republic in 1958 has a president had to contend with a politically hostile National Assembly, and no one knows where this will lead. [Redacted]

25X1

The Right's Fragile Consensus [Redacted]

5

25X1

25X1

Most French political observers seem to believe that conservatives of the two traditional groupings—the Gaullist Rally for the Republic (RPR) and the Centrist Union for French Democracy (UDF)—will win a majority in the legislative elections. Gaullists and Centrists have mustered significant unity in preparing for their first, all-out contest with the left in five years, but unity has required assiduous efforts both to paper over longstanding disagreements on policy and submerge competing personal ambitions. [Redacted]

25X1

Public Opinion and the Election [Redacted]

13

25X1

25X1

The RPR/UDF alliance that voter surveys indicate will gain control of the National Assembly apparently is benefiting from the conjunction of a long-term trend in public opinion toward the center and an attitude of disenchantment that has hurt the incumbent Socialists. Popular views on the consequences of the election, however, are much less well defined, particularly on how a Gaullist/Centrist-dominated legislature should govern with a Socialist still serving as President. [Redacted]

25X1

Secret

EUR ER 86-005
14 February 1986

Secret

[Redacted]

25X1

The Economic Scene	[Redacted]	17
---------------------------	------------	----

25X1
25X1

On the eve of the legislative elections, the outlook for the French economy is the brightest it has been since the Socialists took office in 1981. After the Socialists' inept initial attempt at economic management, and several years of lackluster growth, the economy now appears to be one of the government's strong suits. Much to the Socialists' frustration, however, President Mitterrand and the government of Prime Minister Fabius have been getting little credit for the strengthening economy in the polls. [Redacted]

25X1

Immigrants as an Election Issue	[Redacted]	21
----------------------------------------	------------	----

25X1
25X1

One of the key issues in the March elections revolves around immigrant policy, in large part because the public associates foreigners with other domestic problems, such as unemployment, the declining quality of public services, and an increased crime rate. Whatever the outcome of the voting, foreigners are likely to face increased legal constraints, tighter border controls, and more frequent police sweeps in search of illegal immigrants than at any time since the 1970s. [Redacted]

25X1

Viewpoint	US-French Relations During "Cohabitation"—March 1986 and Beyond	[Redacted]	25
------------------	------------------------------------------------------------------------	------------	----

25X1
25X1

Profiles	The Ministerial Front-Runners	[Redacted]	29
-----------------	--------------------------------------	------------	----

25X1
25X1

Chirac-Giscard-Barre: Troubled Triangle	[Redacted]	35
------------------------------------------------	------------	----

25X1
25X1

[Redacted]

25X1

Some articles are preliminary views of a subject or speculative, but the contents normally will be coordinated as appropriate with other offices within CIA. Occasionally an article will represent the views of a single analyst; these items will be designated as uncoordinated views. [Redacted]

25X1

[Redacted]

25X1

Secret

Secret

[Redacted]

25X1

Briefs

France

Mitterrand's New Book [Redacted]

25X1

President Mitterrand's latest book on foreign policy—mostly a collection of his speeches over the past five years—argues forcefully the wisdom of his positions on the US Strategic Defense Initiative (SDI) and negotiations with the Soviet Union. Reserving his sharpest invective for SDI and its proponents, Mitterrand offers grudging admiration for Gorbachev's latest arms control proposals, which he characterizes as authored by a skillful chess player. On SDI he argues that "there is a contradiction on the American side, between calling on various European countries to deploy nuclear missiles on their territory, while simultaneously casting doubt on the usefulness, even the morality, of such weapons." [Redacted]

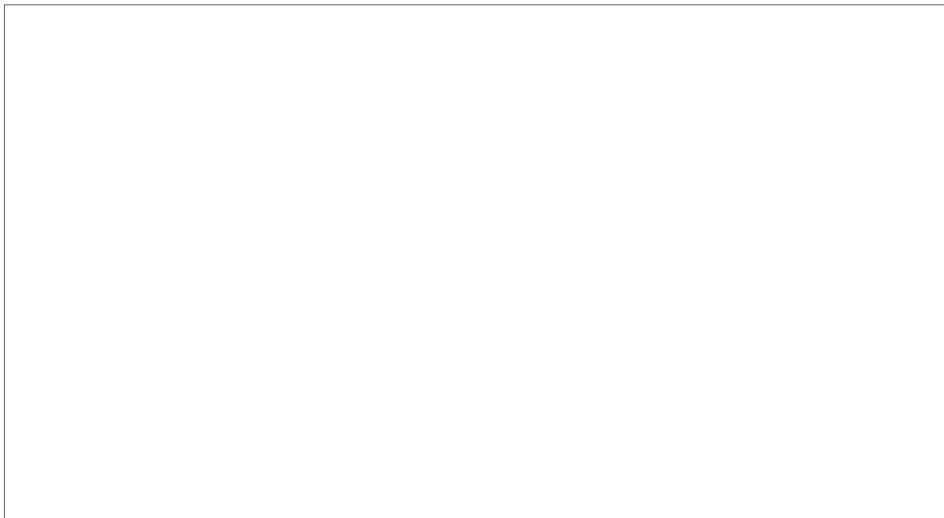
25X1

Mitterrand faces the prospects of cohabitation with a conservative government after the 16 March legislative elections, and [Redacted] Gaullist and Centrist leaders will force the President to share at least some of his authority over foreign policy with the new government. Mitterrand's book is almost certainly intended to give Socialists a boost in the current campaign, by portraying his stewardship of foreign affairs as forceful and determined to protect French interests, but it is also probably intended to reassert his right to direct foreign affairs against the probable challenge from conservatives. [Redacted]

25X1

25X1

25X1



25X1

Secret

EUR ER 86-005
14 February 1986

Secret

Articles

 Perspective

25X1

France is bracing itself for a roller coaster ride into the political unknown after the legislative elections on 16 March. Public opinion polls, political commentators, recent local elections, and the “kick-the-rascals-out” mood of the voters all indicate that the conservatives will be swept back into power after a five-year hiatus in their dominance of the Fifth Republic. But Socialist President Francois Mitterrand’s seven-year term of office does not expire until May 1988. Never since General de Gaulle set up the Fifth Republic in 1958 has a president had to contend with a politically hostile National Assembly, and no one knows where this will lead.

The vaguely worded constitution gives the president power to name the prime minister and call a new election; but the prime minister, who names his own government, is accountable to parliament, which can also veto most presidential actions. French presidents from de Gaulle onward have probably exercised more power than any other elected official in Western Europe, but that power has rested on firm backing from parliament. A period of “cohabitation,” as the French call the relationship between a president and a government of opposing political camps, could lead to a profound restructuring of the political institutions.

It is the uncertainties of cohabitation that add spice to what otherwise might be a fairly pedestrian election. Socialists and conservatives alike have moved toward the center of the political spectrum in recent years, and it would be hard to slip a matchbook cover between their differences on most policies. The general consensus on defense and foreign policies, in particular, is likely to ensure little change of France’s external course—especially given the president’s traditionally strong role in these areas. To the extent that the conservatives gain the upper hand in the tussle to direct policy, there may be a more openly

receptive approach to the Strategic Defense Initiative and relations with Moscow—notably cool under Mitterrand—may warm a little.

Despite strong conservative rhetoric, there is apt to be surprisingly little change in economic policy—an area where the Socialists, after a brief and disastrous foray into economic expansion, have had notable success. The conservatives will maintain the austerity program and try to hold on to the low rate of inflation and improved growth that they will inherit, while searching for a way to bring down unemployment and reduce public debt. Some of the Socialist nationalizations will doubtless be rolled back, but this is likely to be a slow and careful process.

Public opinion, too, has been evolving toward the center. More and more voters are expressing impatience with the trappings of political ideology and refusing to identify themselves as either “leftist” or “rightist.” There is one issue, however, where more extreme views appear to be gaining ground. Opinion polls point to growing apprehension and resentment about the number of immigrants in France—linked in the popular mind with emotion-stirring issues like the rise in crime, growing unemployment, and the threats to French culture. To the extent that immigration reform becomes a wild card in the election, it is likely to strengthen the hand of the conservatives, who have borrowed some of the less radical approaches to immigration restriction from the extreme right National Front.

 25X1

Secret

 EUR ER 86-005
 14 February 1986

Secret

The Right's Fragile Consensus

25X1

Most political observers in France appear to believe that conservatives of the two traditional groupings—the Gaullist Rally for the Republic (RPR) and the Centrist Union for French Democracy (UDF)—will win a majority in the legislative elections on 16 March. Gaullists and Centrists have mustered significant unity in preparing for their first, all-out contest with the left in five years, but unity has required assiduous efforts both to paper over longstanding disagreements on policy and submerge competing personal ambitions. Most knowledgeable observers suspect also that the right's homogenized election platform—wheeled out ceremoniously on 16 January—owes more to facing the exigencies of getting elected than to a genuine rapprochement of views. If this is true, differences on key issues are highly likely to reemerge to some degree once the conservatives win control of the government. These divisions could create serious problems for the right as it attempts to navigate the dangerous waters of “cohabitation” with a still-powerful and cunning Socialist President.

Conflicting Presidential Ambitions

Aside from the prospects for cohabitation between conservatives and President Mitterrand after the forthcoming elections and probable conservative victory, no topic has dominated reporting on the election more than the bickering and cleavages among conservatives. The French right is potentially most divided by the presidential aspirations of its four principal leaders—Jacques Chirac, Valery Giscard d'Estaing, Raymond Barre, and Francois Leotard. Although all except Barre have managed to put aside personal ambitions and form a working alliance in the elections, and although all except Barre have promised to cohabit with Mitterrand, the potential for disunity will almost certainly run increasingly higher as each jockeys for position as the right's undisputed contender in the two years between the legislative and presidential elections in 1988.

Despite indications that the traditional conservative parties have worked out a serious consensus on most issues and will try to implement a joint policy, we see



A rare moment of harmony

25X1

a strong case for the scenario seemingly at the heart of Barre's calculations—that presidential ambitions and residual policy differences will make it increasingly difficult for Gaullists and Centrists to govern together. If as this hypothesis suggests cohabitation with Mitterrand becomes a poisoned chalice for both Chirac and Giscard, this would redound in favor of the right's most promising presidential contender, Raymond Barre.

25X1

25X1

Raymond Barre—Avant Moi, Le Deluge. Barre consistently outscores all other conservative front-runners in voter preference polls and probably commands the loyalty of a sizable portion of the UDF's rank and file. he is building an efficient national election organization—the kind of machine that is likely to make him in the future an even more formidable challenger to both the left and other leaders on the right. Barre argues that the right should refuse to govern with a discredited Socialist President, forcing Mitterrand to surrender his mandate and resign. Barre's position on cohabitation probably is determined at least in part by his front-runner ranking in the polls; his clear advantage is to force

25X1

25X1

Secret

EUR ER 86-005
14 February 1986

Secret

presidential elections as soon as possible. Yet conservative success either in dealing with Mitterrand or in cooperating with each other to pursue common policies militates against Barre's interests. For this and reasons of principle, he has enunciated some notable policy differences with both Gaullists and some Centrists, and these threaten to make him a troublesome fly in the RPR-UDF ointment. []

Waltz of the Prima Donnas. While Barre was staking out his rejectionist claim, other conservative contenders apparently concluded that getting elected was their first priority. To this end and under the constant prodding of Giscard—dubbed the “apostle of union” by a cynical press—the three have submerged personal as well as policy differences in creating at least a facade of RPR-UDF unity. Behind this not too imposing breastwork, however, the struggle for dominance continues. Boosted by his excellent performance in a televised debate with Prime Minister Fabius last October and by the organizational and financial strength of his RPR, Chirac emerged as the early leader of the threesome, and he has consistently outmaneuvered the others in strengthening his position. According to informed speculation and conversations between Chirac staffers and US officials in Paris, Chirac probably will demand the prime-ministership from Mitterrand if the right wins a majority in the elections. If he does, it will almost certainly be because he must cohabit in order to differentiate himself from Barre, who is his strongest rival, and because he calculates that a successful performance in this office will be his springboard to the brass ring two years hence. []

Giscard was never very popular as President (1974-81) and fell badly in the polls last year. His leadership of the UDF, which he created in the mid-1970s, is increasingly questioned by political insiders, Centrist challengers, and the news media, and in his latest interviews he seems reconciled to playing a supporting role in Chirac's cast of ministerial characters, at least for a while. Giscard, however, almost certainly hopes to use any ministry he might get to reassert his authority in the UDF over his ambitious protege, Francois Leotard, and to be in a good position to replace Chirac as Barre's principal competitor for conservative leadership if Chirac stumbles as Prime Minister. []

Leotard, who might claim an important ministry in any conservative government, has been polishing his boyish, athletic, and clean-cut image for several years while presenting himself as the thinking, caring citizen's alternative to the right's stable of aging hacks. He, too, could profit if Chirac falls and probably believes that he has already outmaneuvered Giscard for leadership of the UDF—even if his old mentor does not know it yet. Leotard will probably see any ministry as a means of keeping his face plastered all over France, even if this means occasionally disagreeing with other conservative leaders. Whatever his post in the Cabinet, Leotard will keep his distance from government policy; should Chirac and Giscard falter, he could argue that France could expect little better from tired old politicians capable of peddling only tired old ideas. []

In our judgment, Chirac, Giscard, and Leotard probably will bend over backward to ensure that personal ambitions do not jeopardize the right's chances at a substantial legislative majority, and Raymond Barre has nothing to gain from a conservative failure in the election. After the balloting, however, these ambitions are likely to create clashes over policy formulation and implementation as well as over minor appointments. Such troubled waters would give Mitterrand—who says he intends to remain in office until his term expires in 1988—ample opportunity to fish for differences he could exploit to his own purposes. A senior adviser and personal confidant of the French President recently told US officials in Paris that Mitterrand—one of the cleverist political infighters in France—expects to be in his element when the victorious conservatives begin to quarrel over policy. []

The Conservative Policy Consensus: How Durable? Conservatives are divided by both policy differences and overweening ambitions. Gaullists and Centrists differ most from the extreme right National Front (FN), with whom they have disparaged cooperation. To avoid playing into FN hands and to deny the left opportunities to play them off against each other, the RPR and UDF have signed a joint platform that seeks to gloss over their policy differences, at least until the

25X1

25X1

25X1

25X1

25X1

Secret

Secret

25X1

right has returned a majority to the National Assembly. While this agreement has shielded the right's fragile unity from its enemies, it has not concealed the fact that Gaullists and Centrists harbor different conceptions of how to solve France's manifold problems. These differences almost certainly will continue to create frequent frictions both before and after the election. [redacted]

Defense and Security Issues. A general consensus on defense and security matters encompasses most of the French political spectrum, including much of the non-Communist left. We agree with the US Embassy's assessment that basic tenets of French defense policy will remain essentially the same after the March elections and that change is likely to be evolutionary rather than abrupt. Nevertheless, some strains are likely to emerge over nuances of policy and over varying levels of commitment, and these may become more apparent when the hard choices of balancing obligations require decisions. As in other areas, moreover, the ubiquitous conflict of competing political ambitions on the right may also widen substantially differences that now seem slight. [redacted]

Two changes—both in the RPR—lie at the crux of the conservative consensus on defense. Traditional Gaullist antipathy for both NATO and European integration has been submerged in the party in favor of an Atlanticist vogue that has even led a few to talk of the need to find ways that France can participate more fully in NATO's military wing; some would even have expanded France's defense commitment to embrace West Germany and Europe in general. The Gaullist old guard—Michel Debre and Pierre Messmer—still counsel wariness of the Alliance, still influence defense policies, and apparently still carry great weight with Chirac. Younger thinkers, however, less conditioned by events and biases of the Gaullist era, have apparently made the long march to a more pragmatic defense policy. Gaullist efforts to enunciate a common defense policy in the postelection period could hit rough sledding in adjusting such differences. [redacted]

The US Embassy and press reports also note that, despite rumblings among UDF supporters of Barre, the Centrists have evolved toward a more pro-Alliance position. Barrists, on the other hand, often voice more

traditional Gaullist attitudes, including notions about the sanctity of French independence from NATO-US domination and the need to maintain an independent dialogue with the Soviet Union. Barre, in fact, has criticized Mitterrand for compromising France's dialogue with the USSR. These differences are likely to surface more openly after the election, especially as Barre moves to help spoil the conservative achievements in cohabitation. [redacted]

Gaullists and Centrists may eventually differ most on cutbacks in defense spending goals. Both support 4-percent real growth, but Centrists seem inclined to scale back as a corollary to their broader argument that conservatives must cut government spending, especially if they hope to avoid tax increases. Some initial frictions also might arise over control of the Defense Ministry, from which both Gaullists and Centrists have enthusiastic claimants. [redacted]

Foreign Policy. French foreign policy is probably the strongest, most durable element of the right's consensus, and conservatives differ little also from Mitterrand on the shape of future policy. If Mitterrand, however, is willing and able to make foreign policy an issue, he might be able to open some fissures in the conservative facade. Chirac, egged on by more confrontational old-line Gaullists, could find that more conciliatory, younger disciples demand compromise. The same strains are possible in the UDF, where Barrists are almost certain to argue for confrontation calculated to drive Mitterrand from office. [redacted]

Economic Policy. Conservatives appear to disagree most on national economic policy. After years of searching for an alternative to the "slow growth-no accidents" approach adopted by the Socialists, major opposition economic policy makers have recently started to come to grips with the economic and political risks of moving too dramatically to lift France off the slow-growth path. The likelihood of a conservative victory in March has generated a national debate among politicians, academics, and businessmen on future economic initiatives. This debate has been an education for the right, and the

25X1

25X1

25X1

25X1

25X1

Secret

Secret

Differences Between Gaullists (RPR) and Centrists (UDF) on Economic Policy

Tax Reductions

RPR insists on tax cuts of 45 billion francs in the first year for both individuals and corporations. Also wants to cut the "taxe professionnelle" (a locally applied corporate payroll tax that amounted to about 87 billion francs in 1984) by 25 percent the first year and 25 percent the second. Argues that tax cuts would stimulate faster growth and beget larger tax revenue. Pledges to abrogate the wealth tax imposed by the Socialists in 1981 as ineffective.

UDF agrees with proposed abolition of wealth tax but believes cutting the professional tax could ignite grassroots reaction against the UDF and RPR in 1986-88 from powerful local political interests who rely heavily on it to finance local government projects and thus create serious problems for the right in the 1988 presidential election. Also fears cuts in individual and corporate taxes risk an increase in imports and currency problems, subjecting conservatives to accusations of irresponsibility by the Socialists.

Cuts in Government Spending

RPR believes present levels of spending should be maintained. Gaullists worry that cuts in expenditures for aid to industry would hurt RPR-oriented businesses and also point to the firm opposition by the French Employers' Association's (Patronat) to any significant reduction of government help for industry. They share, however, the UDF's belief that conservatives should continue limiting the deficit to 3 percent of GDP, the current target of the Socialist government.

UDF argues that tax cuts are indefensible without agreement on offsetting expenditure cuts. Seeks a cut of up to 30 billion francs in the first year, mostly in reduced aid to industries. Argues further that a high growth rate's influence on tax revenues would lag the impact on the deficit that, they fear, could rise to 4 or 5 percent of GDP.

Monetary Policy

RPR is unwilling to tighten monetary policy, even if the budget deficit grows. Gaullists argue that it is better to accept a larger deficit and higher rate of monetary creation as long as faster economic growth results and unemployment can be stabilized or reduced before the 1988 presidential election.

UDF is concerned about monetary expansion and would prefer that the M-2 target for 1986-87 be tightened to 5 percent or less, if the budget deficit seems likely to exceed 3.5 percent of GDP. Also, worries that a larger deficit without tighter monetary policy would change inflationary expectations in France and abroad; instead of further deceleration of the consumer price index toward 4 percent by yearend 1986, expectations might drive it toward 6 or 7 percent, pushing up interest rates and dampening investment intentions.

Price Decontrol

RPR favors immediate price decontrol—on both industrial products and services—and abolition of the ordinance of 1946 that permits controls to prevent imposition of future restrictions.

Secret

Secret

UDF contends that immediate decontrol of prices would exacerbate inflation. Believes conservatives should sponsor a phased decontrol to cushion the inflationary impact and a strengthening of the government's Direction de la Concurrence, which is supposed to police price fixing.

Deregulation of Real Estate

RPR wants to stimulate the housing market by gutting the 1981 "Loi Quillot"—a Socialist measure that increased tenants' rights at the expense of landlords. Also would legislate incentives for building new houses, including subsidized mortgage credits.

UDF fears that too radical a change in the "Loi Quillot" would prove politically unpopular, particularly if it led to sharp rent increases. Prefers to stimulate building with tax incentives, such as increasing the deduction for mortgage interest. Also warns that, if housing construction stimulated by such policies attracts a larger share of savings, the stock and bond markets could suffer.

Exchange Decontrol

RPR wants to move quickly to abolish remaining exchange controls and limitations on capital markets.

UDF prefers a gradual program phased over the two years before 1988, reflecting concern that quick decontrol would cause a large outflow of capital and crimp domestic investment.

Denationalizations

RPR previously argued to rapid denationalization of industries nationalized by the Socialists after 1981 but now agrees with the UDF on a phased approach.

UDF apparently argued successfully for a three-phased approach over several years. Reportedly expects a potential dispute with the Gaullists over naming of the new management for nationalized companies and banks.

Labor Flexibility-Employment

RPR seeks removal of all administrative restrictions on layoffs—one of the Gaullists' 10 cardinal economic measures to be enacted within six months of election. Promises an emergency plan for youth employment and promotion of worker participation (for example, stock ownership) in corporations. Calls for labor-management negotiations to eliminate "rigidities that penalize employment," especially removal of "threshold" requirements for firms employing more than 10 and more than 50 workers.

UDF supports decontrol and increased flexibility but fears that moving too fast could prove politically unpopular with trade unions.

[Redacted]

25X1

Secret

Secret

RPR-UDF Approach to Denationalizations

A published study by prominent French lawyer Jean Loyvette has outlined a denationalization program that might serve as the basis for opposition unity on the issue, according to the US Embassy in Paris. Gaullists and Centrists reportedly endorsed the broad thrust of the program last October. It recommends three successive phases of denationalization over five years at a cost of 120 billion to 130 billion francs. [redacted]

The first phase, to be completed by March 1987, would sell banks that the Socialists nationalized in 1982 along with three or four industries, including St. Gobain and CGE. It would also reduce government participation in the Elf Aquitaine petroleum, Matra electronics, and Dassault aircraft firms. Second and third phases would privatize the large banks nationalized immediately after the Second World War, the insurance companies, the Renault automobile firm, and steel companies. [redacted]

The study carefully explains how the financial markets might digest denationalization without major disruptions (a UDF fear) and suggests that implementation should be carried out jointly by the Finance Ministry, and ad hoc Minister for Denationalization serving under the Prime Minister, and a five-member Committee on Privatization. The study also proposes a constitutional change to make renationalization more difficult should majority support change in the future. [redacted]

public spotlight on conservative discord and indecision has reportedly chipped away at business confidence in the right, according to the US Embassy. [redacted]

These lessons were reflected at a well-attended national conference last November on the future of the French economy. In the face of academic and business pressure for a sharp break with current policies, conservative party spokesmen showed a remarkable reluctance to back any initiatives that

differed much from those the Socialists are currently pursuing. Since then national debates and conservative disagreement have focused on price and exchange decontrol, tax reform, reduced government sending, denationalization, deregulation, and relaxing rules governing hiring and firing. Although most observers appear to agree that the conservatives will adjust their public differences sufficiently to get elected, none minimizes the problems inherent in fashioning a workable consensus on policies that can survive the strains of cohabitation with Mitterrand. Heady predictions of immediate freeing of price and exchange controls and quick action on hiring and firing appear to have given way to concerns about consequences, with the UDF taking the lead in warning that some policies touted by Gaullists could reignite inflation, cause enormous outflows of capital, wreck domestic investment, and backfire on the right politically. Barre, meanwhile, has railed against quick-fix solutions that he routinely identifies with Gaullists. Although Gaullists and Centrists have reportedly worked out a hard consensus on denationalizations, the issue remains a potential minefield for conservatives, not least because many politically sensitive decisions—such as streamlining management and employment ramifications of selling state-owned firms—are unsettled and unclear. [redacted]

Other Policy Differences. Other issues, like independence for New Caledonia and immigration reform, could also cause frictions between conservatives, and Mitterrand stands to benefit especially if the RPR stirs resentment among Centrist moderates by attempting to ram through solutions that appeal to its fringe elements of the right. On immigration, for example, Gaullists stand to reclaim some stray voters by speaking to FN issues, but they could arouse antiracist sentiments among Centrists if they move too far too fast for UDF leaders like Simone Veil, a Jew who survived Auschwitz. [redacted]

Implications for the United States

Although finding a balance in dealing with the Prime Minister and President is likely to be the most troublesome problem facing US officials, numerous

25X1

25X1

25X1

25X1

25X1

25X1

Secret

potential policy differences between the parties of the new government portend a further complication of future relations with France. Disruptions in the conservative policy consensus could take some time to repair, adding uncertainty to the always difficult task of assessing France's stance on international issues. Policy toward the United States could, moreover, become an issue in some conservative disagreements, if, for example, unreconstructed Gaullists declare open war on revisionists concerning attitudes toward NATO, SDI, and dialogue with Moscow. [redacted]

25X1

[redacted]

25X1

The following information was obtained from a review of the files of the [redacted] and [redacted] and is being furnished to you for your information. The information is being furnished to you in confidence and is not to be distributed outside of your agency without the prior approval of the [redacted].

Secret

Public Opinion and the Election

25X1

The RPR/UDF alliance that voter surveys indicate will win a majority in the March election apparently is benefiting from the conjunction of a long-term trend in public opinion toward the center and a "throw-the-rascals-out" attitude that has hurt the incumbent Socialists. Public attitude on the consequences of the election, however, are much less well-defined, particularly on how a Gaullist/Centrist-dominated legislature should govern with a Socialist still serving as President. In addition, the 1988 presidential race is still wide open.

Long-Term Shift to the Center

Over the last few years—and particularly since 1981 when the left participated in the government for the first time in a quarter century—public opinion polls show that, for many voters, the traditional view of French politics as a contest between left and right is increasingly irrelevant. Both the left and right have now governed in times of economic difficulties, and neither seems to have a magic cure:

- In a January 1984 survey, 49 percent said the distinction between left and right was out of date, compared to 33 percent in 1981.
- In August 1984, 22 percent of the respondents doubted the ability of either the left or right to manage the government any better and said it made little difference which party was in power.
- Another poll last November shows the public's view of its political allegiance about equally divided: one-third consider themselves to be on the left, one-third on the right, and the rest refuse to categorize themselves or have no opinion. (In a similar poll in February 1981, 42 percent said they considered themselves on the left, 31 percent on the right, and only 20 percent expressed no preference.)

These polls show that political affiliation is often linked to social groups. Leftist voters are prevalent among young, male voters who work in white collar and industrial jobs. The right draws more support

from older and female voters and those who work as farmers, managers, and professionals such as lawyers and doctors. The employment category strongest among those who do not consider themselves to be left or right is small shopkeepers.

25X1

Surveys of the public attitudes reveal a turn away from both the traditional themes of the right—such as nationalism, religious faith, and unrestrained capitalism—and of the left—compassion, social justice, and change (even insurrection). Opinion presently seems to be moving toward the center, with a tilt toward the right. In a December 1983 survey, for example, 51 percent favored denationalizing the firms that the government took over in 1982, 63 percent wanted to cut taxes even if this meant reducing government services, and 72 percent wanted to curb state regulation of the economy.

25X1

However, the shift to the right has its limits. Although the French increasingly favor a more conservative economic policy, they do not want to give up the social gains made during the left's tenure in power. Of those responding to a December 1983 poll, 73 percent were against sacrificing the fifth week of paid vacation for the duration of the country's economic troubles, and 55 percent did not want to make layoffs any easier. This shift to the center has been accompanied by an improvement in French opinion of the United States. In October 1984, 40 percent said they had a favorable overall view of the United States, up from 30 percent in November 1982. The October 1984 poll also showed that 47 percent agreed with US economic policies.

25X1

The result of these long-term changes in public opinion is that French politics is slowly evolving away from a clash between left and right. Instead, it is becoming a contest for support from a broad center. The Socialists have become more pragmatic after nearly five years in power, and the platform of the RPR/UDF alliance promises they will maintain social gains made under the leftist government, such

25X1

Secret

EUR ER 86-005
14 February 1986

Secret

as more paid vacation and earlier retirement. The vote for extremist parties, on the other hand, has steadily declined. These trends have been confirmed by recent polls taken during the election campaign.

Rejection of the Incumbents

Disenchantment with Socialist leaders and policies has reinforced the movement of opinion toward the center:

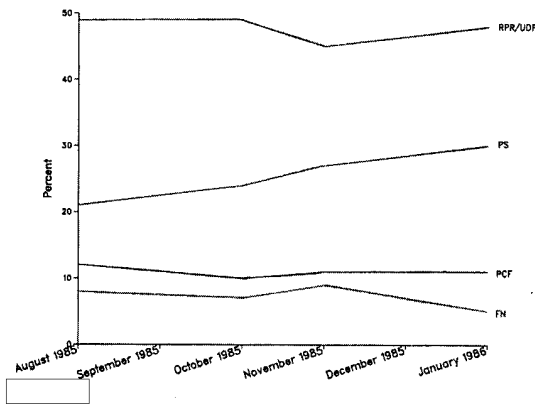
- President Mitterrand had the approval of only about a third of the electorate in polls taken last summer—a record low for Presidents of the Fifth Republic.
- After a strong start when he took over as Prime Minister in July 1984, Laurent Fabius has fallen to a 36-percent approval.
- According to a January poll, 85 percent of the public thought the Socialists had been ineffective in dealing with unemployment, which most people felt should be the government's top priority.
- In other surveys, large majorities have said they oppose the Socialists' abolition of the death penalty and think the leftist government has been too soft on illegal immigrants.

Polls taken at the time of the last national elections in 1981 showed that the left benefited from votes against President Giscard d'Estaing, and now the voters penchant for voting out governments they think have not solved the country's problems is working against the Socialists.

Voting Intentions for 16 March

Currently, the polls are showing that the RPR/UDF alliance—with about 48 percent of the vote—probably will get a working majority in the legislature. Within the alliance, the RPR, with its superior organization and funding, should emerge as the dominant force. The RPR and UDF stand to get a clear majority of the seats, even without a majority of the popular vote, because the new electoral law passed last year instituted proportional representation.

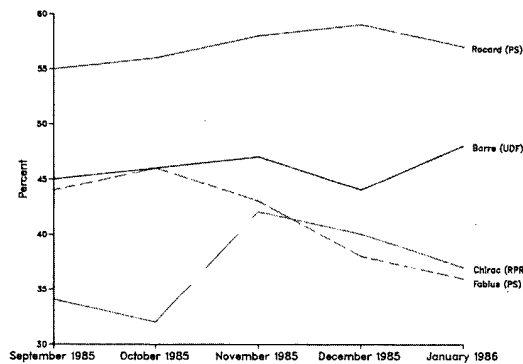
Voting Intentions for March Elections



25X1

25X1

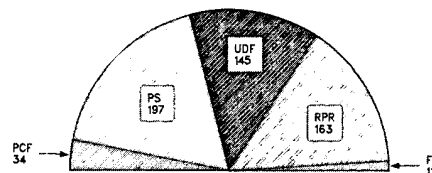
Approval Ratings for Leading Presidential Candidates



25X1

PROJECTED NUMBER OF SEATS BASED ON JANUARY POLLS

25X1



25X1

25X1

25X1

Secret

Secret

The Socialists have been improving in the polls, however, and the ratings of Mitterrand himself recently have been going up as well, as some of the Socialists' successes in managing the economy have become more apparent to the public. In addition, Mitterrand has been more active and partisan than French presidents usually are at election time, and he has thrown the prestige of his office behind the Socialists' campaign to retain power. The Socialists have also benefited from some of the undecided voters making up their minds; surveys show that the number of uncommitted voters is down from 20 percent last August to 14 percent in January. []

Nevertheless, the polls show that the Socialists are not closing the gap quickly enough to retain control of Parliament. If they continue to improve their score at the current rate and start taking votes from the RPR and UDF, however, a chance exists that there could be a hung legislature in which no party or coalition has a majority of seats. []

16 March . . . and After

If the RPR and UDF do gain control of the Chamber of Deputies on 16 March, they will face an unprecedented political situation. Since the Constitution of the Fifth Republic was adopted in 1958, the President has emerged as the most powerful political leader. The President always has had a sympathetic legislature to work with, however, and many of the extensive powers he has assumed are not laid out in the Constitution. The polling data show that the public is uncertain about this situation, and opinion has yet to gel into a consensus on how the political system ought to function:

- In January, 39 percent thought that Mitterrand should remain in office if the conservatives get control of the legislature, 29 percent thought he should resign, and 32 percent were undecided.
- The electorate, by a slim majority, also wants to avoid a confrontation with 54 percent—in a poll last November—favoring a search for common ground between a Socialist President and a conservative parliament, while 22 percent want an aggressive rightist government, and only 16 percent desire a stubborn defense of leftist positions. []

Under these circumstances it is not clear who the next Prime Minister will be. Raymond Barre, from the UDF, is the most popular conservative leader in the polls, but he has refused to work with Mitterrand. Barre believes the President should resign if the conservatives win the election so that the presidency and the legislature could be brought into line. Mitterrand insists, however, that he has no intention of stepping down. Most commentators therefore believe that RPR leader Jacques Chirac—who has indicated he would take the job—is the front-runner. The selection of a prime minister is Mitterrand's choice, however, and he probably will not decide on who to appoint until after the election results are in. []

The March legislature election will be an important precursor for the next presidential election, now scheduled for 1988. The polls indicate that the race is still wide open, with Barre and a moderate Socialist, Michel Rocard, in the lead. Both of these men have public images as pragmatists who transcend partisan party constituencies. Their popularity is yet another sign of the long-term trend that French politics is moving away from a clash between dramatically different philosophies of the left and right and toward a contest for a broad center. []

25X1

25X1

25X1

25X1

25X1

25X1

Secret

Secret

The Economic Scene

25X1

On the eve of the National Assembly election, the French economic outlook is the brightest it has been since the Socialists took office in 1981. After the Socialists' fumbling initial attempt at economic management, and several years of lackluster growth, the economy now appears to be one of the government's strong suits. Much to the Socialists' frustration, however, President Mitterrand and the government of Prime Minister Fabius have been getting little credit for the strengthening economy in the polls.

flexibility and competition in the traditionally highly regulated French economy. In a recent press interview, Finance Minister Beregovoy pointed out that 85 to 90 percent of French industrial prices are decontrolled, roughly double the proportion a year ago. Another of Beregovoy's legacies is the series of measures adopted mainly in 1985 to liberalize French capital markets. The Socialist government has eased foreign exchange controls, and Paris has given the green light for the use of financing instruments—such as commercial paper and negotiable certificates of deposit—commonly used elsewhere, but heretofore banned in France.

25X1

25X1

Background

Soon after the election in 1981, Mitterrand and then Prime Minister Mauroy launched an ambitious and costly nationalization program and inaugurated a policy of domestic economic expansion. The latter, especially, led to a sharp increase in inflation and a burgeoning trade deficit, aggravating an already grim economic situation. Beginning in mid-1982, in the face of serious economic decline, the Socialists gradually abandoned their expansionist policies and turned to conventional austerity measures. Between June 1982 and March 1983, the Socialists imposed an incomes policy to hold down wages and prices, tax increases, tighter credit controls, a forced public loan to the state, and twice devalued the franc. This radical reorientation of Socialist policy has borne fruit:

In addition, while the Socialists nationalized the major banks and a number of firms not already under state control, they have used strict economic criteria in setting performance standards. The government has installed tough, businesslike managers at the major nationalized industries who have generally been hardnosed in their pursuit of improved profitability. Perhaps foremost among these managers, is George Besse, who took over early last year as head of Renault, the troubled automaker. Soon after taking the job, Besse announced plans to slash Renault's work force by more than 20 percent, and he subsequently won showdowns with France's most militant labor unions. Altogether, the five major French industrial firms nationalized in 1982—which in 1981 lost more than \$180 million—turned a profit exceeding \$500 million in 1985.

25X1

- French inflation last year fell to 5.8 percent on an annual basis, down from 13.3 percent in 1981.
- GDP growth, while still slow, shows signs of picking up, and is likely to rise from 1.1 percent last year to more than 1 percent in 1986.
- The French current account, which showed a deficit of more than \$12 billion in 1982, registered a small surplus in 1985 that is almost certain to grow this year.

The Socialists' Accomplishments

One of the Mitterrand administration's greatest achievements has been throttling inflation. This, above all, has improved business confidence and led to predictions that France is poised for several years of stable and reasonably strong growth. French inflation, calculated on an annual basis, fell from 13.5 percent in 1980 to 5.8 percent in 1985. Even more dramatic, the December-to-December increase was only 4.7 percent last year. This is a singular achievement for

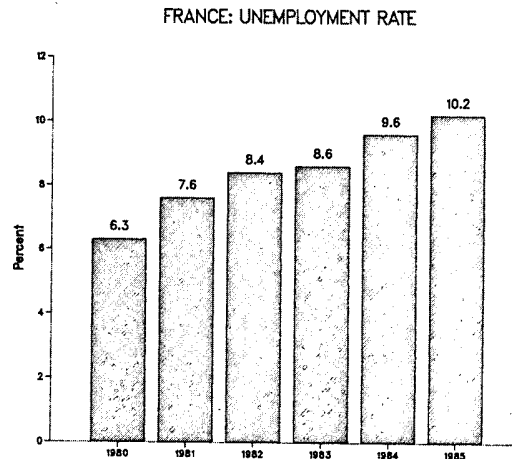
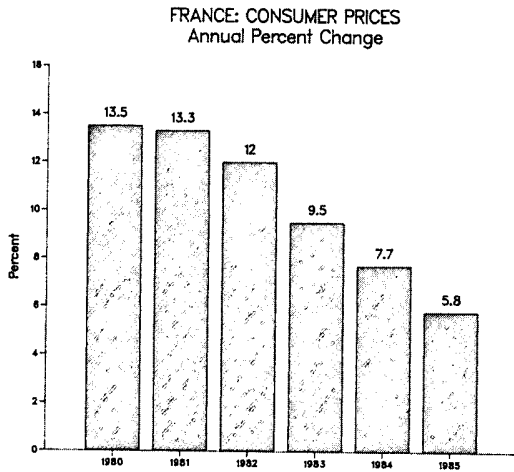
25X1

Ironically, the Socialists have accomplished this economic turnaround with pragmatic economic policies more characteristic of conservatives than Socialists. Beyond tighter monetary and fiscal policy, the Socialists have turned increasingly to market-oriented policies aimed at encouraging more

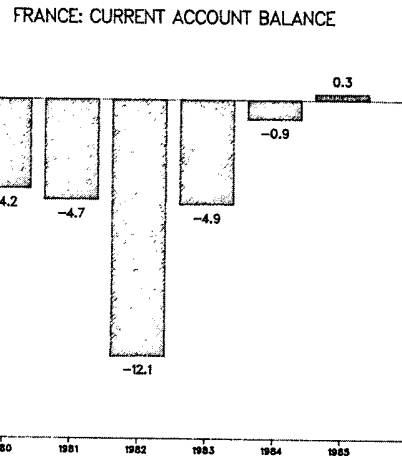
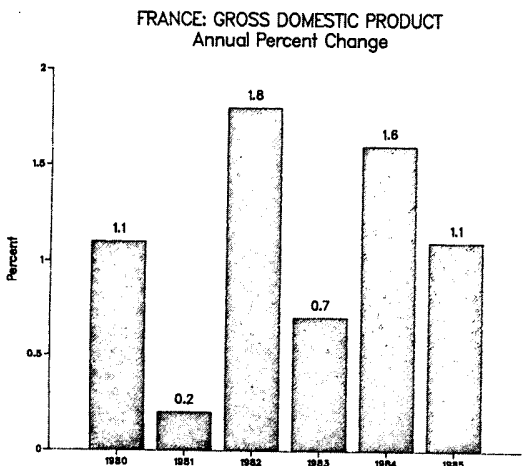
Secret

EUR ER 86-005
14 February 1986

Secret



25X1



25X1

25X1

1985 Figure Estimated

Source IMF, 1985 Figure Estimated

25X1

France, where inflation had not dropped below 5 percent since the early 1970s. Prime Minister Fabius, hailing new projections from the French statistical institute, recently claimed that France could bring inflation down to the 2-percent range by the end of 1986.

product grew in 1984 by 1.6 percent, more than double the 1983 rate. Although growth dropped back to around 1.1 percent last year, we believe the outlook for 1986 is bright. Fueled by a recent increase in domestic demand, and helped enormously by declining oil prices, French GDP should spurt ahead at an annual rate above 2 percent in 1986. French consumers can look forward to an advance repayment on the 1983 forced loan before the March elections. In addition, the Socialists have scheduled a 3-percent tax cut for 1986.

25X1

25X1

Secret

Secret

25X1

France's external position has also improved, and—thanks again to the decline in oil prices and softening of the dollar—the prospects here too are good. Due in large part to a declining trade deficit the current account was nearly in balance in 1984 and registered a small surplus last year. Recent predictions by the French statistical institute, based on an oil price of \$22 a barrel and an exchange rate of 7.5 francs-to-the-dollar, indicate a savings of \$5.4 billion to \$8.1 billion on the trade account, heightening the prospects for a balance-of-payments surplus in 1986.

[REDACTED]

The Paris stock market has reacted positively to these developments. The most widely watched market index rose 45 percent in 1985, and the volume of transactions hit a record high. Perhaps most important for the long-run economic vitality of France, where firms have long been plagued by undercapitalization, the volume of new issues expanded by about 30 percent.

[REDACTED]

The Darker Side of the Socialists' Record

Despite the generally favorable economic performance, the Socialist economic record has blemishes. Most embarrassing—especially for a party championing working-class interests—is unemployment. French unemployment has risen by 600,000 since 1981, and the unemployment rate stood at 10.2 percent last year. Even here, however, the Socialists can argue that the picture is brightening. The unemployment rate edged downward in December for the fourth consecutive month, leading Socialist politicians to proclaim that sustained low inflation and good growth prospects are paying off in job creation.

[REDACTED]

Persistent unemployment is one of the byproducts of the austerity policy, but it also indicates the need to reorient the economy away from flagging traditional sectors like steel and shipbuilding. The Socialists have made less progress in the more intractable area of structural economic reform. In addition, the relatively rigid French system stifles entrepreneurial activity. The Socialists, nevertheless, have made a concerted effort to expand France's high technology capabilities. In 1982 the government adopted a program to boost research and development spending from about

1.8 percent of GNP to 2.5 percent, a figure comparable to that of the United States. Last June the government adopted a program for 1986-89 designed to push public and private research and development spending to 3 percent of GNP by 1990, a level that would give France one of the world's highest proportions of spending on technological development. Research has been one of the few items in the French budget to escape austerity; last September the government adopted an 1986 budget in which expenditures for research are scheduled to grow in real terms by 2 to 3 percent.

[REDACTED]

25X1

Another problem area is public debt—which while still low by European standards—has risen sharply under the Socialists. According to OECD statistics, total public debt as a percent of GDP jumped from 25.9 percent in 1981 to 34.6 percent last year. This economic handicap may eventually force the new government to increase taxes and social security contributions and possibly delay reflationary measures. In addition, the refinancing requirements for government debt may complicate denationalization. The French Government is now committed to borrowing some \$130 million a year, and the conservatives must be careful not to depress the thin French capital markets with a wholesale selloff of nationalized firms.

25X1

25X1

Outlook

If a conservative government indeed assumes power in March, the French economy is likely to become a political football. The right will install its program of denationalization, continued austerity, and perhaps budget balancing and tax cuts, and try to blame any unfavorable economic developments on problems inherited from the Socialists. Conservative spokesmen are already claiming that the current government has planted economic "timebombs"—such as a runup in public debt and an artificial lowering of the unemployment rate through jobs programs—set to embarrass the conservatives. For their part, the Socialists hope that the policies of the new government will worsen economic performance over the next two years, allowing the Socialists to appeal

25X1

Secret

for a return to their program of "slow growth, no accidents" during the 1988 presidential elections. The Socialists may even calculate that a turbulent period of cohabitation, which almost certainly will undermine business confidence and weaken the economy, will help sour the French public on the right's economic platform and reelect the left in 1988.

[redacted]

25X1

[redacted]

25X1

Secret

Secret

Immigrants as an Election Issue

25X1

One of the key issues in the March elections revolves around immigrant policy, in large part because the public associates foreigners with other domestic problems, such as unemployment, the declining quality of public services, and an increased crime rate. The issue gained prominence in the June 1984 European Parliament elections and in the March 1985 local elections when voters gave unexpectedly strong support to the extreme right National Front, which ran on an antiimmigrant platform. Mainline parties on both sides of the political spectrum have now integrated into their programs some of the milder National Front positions, leading to a decline in that party's fortunes. Thus, whether or not the Socialists retain power after the elections, foreigners are likely to face increased legal constraints, tighter border controls, and more frequent police sweeps in search of illegal immigrants than at any time since the 1970s.

The Immigrant Problem

The foreign population in France numbers between 3.5 million and 4.5 million, or approximately 7 to 8 percent of the total population. Although this proportion has remained stable for most of the century, and the rate of increase of the foreign population has declined considerably in the past 10 years because of a ban on the entrance of foreign workers in 1974, the nationality of recent immigrants has made them more visible.

Immigrants from Europe used to predominate, but now North Africans, who have been granted special consideration for residency and work permits as former colonists, have replaced them. Indeed, the number of Europeans in the foreign population decreased by about 350,000 from 1975 to 1985; the number of Africans (including black Africans) grew by more than 400,000 during this same period. Officially, the Portuguese are the largest foreign group in France (about 850,000 people), but the Algerians (with about 800,000 people) are not far behind them—and the number of illegal resident

aliens increases both these figures. Approximately 40 percent of all foreigners living in France are from Algeria, Morocco, and Tunisia.

25X1

The change began in the 1960s when the French recruited non-European workers to fill "temporary" labor shortages; since then, these migrant workers have formed permanent communities in France and are being joined by their dependents, who account for most of the immigration since 1974. According to government statistics, more than 70 percent of the foreigners have lived in France for at least 10 years.

25X1

The North Africans concentrate in separate, highly visible communities around the industrial centers of France. Most of them reside in three regions: the Ile-de-France (the Paris area), the Rhone-Alpes (which incorporates Lyon), and the Provence-Cote d'Azur (including Marseilles and much of the south). In addition, they tend to cluster in slum-like suburbs or city districts, making their presence all the more conspicuous.

25X1

25X1

North African immigrants, unlike their European predecessors, seem unwilling to assimilate into French society. In fact, only about 13 percent of all naturalizations of foreigners from 1970 to 1980 were Maghrebians. This may be partially because of the tenets of Islam, particularly in its recent, militantly anti-Western form, that discourages practitioners from succumbing to the "decadence" of French culture. Sensational press articles depict French culture being engulfed and obliterated under a tide of non-European immigrants, whose birthrate is more than twice that of the French.

25X1

25X1

Even level-headed individuals express concern over the rising number of North Africans, in large part because they are associated with a variety of social ills: unemployment, a declining quality in public

Secret

EUR ER 86-005
14 February 1986

Secret

services, and a rising crime rate. The extreme right blames the number of unemployed Frenchmen on the presence of cheap foreign labor despite the fact that the foreigners often take jobs the French would refuse. Likewise, many Frenchmen complain that immigrants make wide use of public health care facilities and compete for scarce public housing while their children devalue the quality of French public education. [redacted]

A high immigrant unemployment rate, 14 percent overall and 22 percent for Maghrebians, adds to other social problems. Concerned Frenchmen, point out that immigrant children, who fail school in disproportionate numbers and subsequently are unemployable, often become involved in criminal activity. Police records for 1983 attribute 15 percent of all crimes and misdemeanors, 23 percent of all homicides, and 58 percent of all drug trafficking to foreigners. Moreover, much of the recent terrorist activity is associated with Middle Eastern groups. As a result, judiciary reports indicate that immigrants are under closer surveillance by police and immigrant arrests are most likely to be turned over for full judicial prosecution than in cases involving Frenchmen. [redacted]

The Immigrant Issue and Party Platforms

Concern about the immigrant presence was first openly vocalized in the political arena by Jean-Marie Le Pen and his National Front Party (FN). The FN wants to reestablish what it defines as traditional French values and declares that those who do not share them could never be French, no matter where they were born or reside. The FN rejects the notion of a "pluri-cultural" country. The FN leaves vague the exact requirements for becoming French, but clearly anyone not born of white, French-speaking parents with long-term residence in France would find it difficult under Le Pen's system. [redacted]

The National Front's unexpected popularity encouraged mainstream parties to incorporate some of its less strident rhetoric. The FN demands immediate deportation of illegal immigrants without legal due process before expulsion. The center-right opposition—the Union for French Democracy (UDF) and the Rally for the Republic (RPR)—has called for some form of expedited deportation procedure as well,

but one which would be compatible with French law. The FN would reinstitute random ID checks without "probable cause" to believe a crime had been committed; so would the UDF-RPR opposition. Both the FN and UDF-RPR would institute tougher punishments for those assisting illegal immigration and would give more summary powers to border police than the present government. [redacted]

The FN and UDF-RPR part company with regard to social benefits for immigrants. The FN would abolish altogether or create separate funding of benefits to immigrants. They would also eliminate free education for immigrants. An RPR spokesman has stated that any benefits that immigrants contribute to from their paychecks—such as social security, retirement, and injury, illness, or unemployment benefits—should continue to be paid as they are now. Only the Barrists have come out firmly against the suppression of benefits, saying this would be an affront to French traditions. [redacted]

The governing Socialist Party (PS) also has taken note of popular sentiment against immigrants, though their ideology has made them reluctant to take an overtly anti-immigrant stand. Socialist Party First Secretary Jospin admitted to US Embassy personnel that his party, which instituted several liberal programs on immigration after its election in 1981, has lost voters to the opposition and even the FN as a result. The Socialists, therefore, have moderated their policies on immigration; in October 1984 the government announced a new policy on immigration that, while helping immigrants already legally resident in the country, clearly restricted further entries. Family members must now obtain immigrant visas before leaving their country of origin rather than entering France on tourist visas and adjusting their status later. The government also reinforced the border police and other organizations fighting illegal immigration. The Socialists' new tone surfaced in the televised debate last October between Prime Minister Fabius and RPR leader Chirac. Fabius said he agreed with much of the opposition's approach to the problem, though he was obviously uncomfortable with the issue and made a point to caution against racial overtones. [redacted]

25X1

25X1

25X1

25X1

25X1

25X1

The PS campaign platform further reflects this stricter approach to immigration in response to popular sentiment, despite disagreement on the issue within the party. The Socialists still maintain that foreigners legally resident in France have contributed to the country's welfare and should be able to share in its benefits. But, realizing that many Frenchmen are offended by the North Africans' choice not to assimilate, the PS urges eventual "integration" of immigrants into French society. The Socialists now support some form of undefined immigrant participation in local government. Earlier PS proposals that immigrants be given the right to vote in local elections without being citizens and that they be "inserted" rather than "integrated" into French society were scrapped. The final language of the platform promises to "examine" the question of immigrant voting and to fight illegal immigration and the employment of illegal workers. However, according to US Embassy reporting, the question of immigrant voting and the use of language to describe immigrant blending into French society led to sharp debate within the party and contributed to delaying the publishing of the official platform. [redacted]

We believe that government policies toward the immigrant population will become stricter no matter what the outcome of the March elections. Le Pen and his party have brought underlying emotions on a sensitive issue to the surface. To openly discuss the immigrant problem no longer labels one a racist. In addition, the North Africans, once courted as a potential voting block, are choosing not to become French citizens—thus diluting their political power. Francois-Poncet, the French Foreign Minister during the period 1978 to 1981, told US Embassy personnel recently that this problem is potentially the number-one issue in French politics in the years ahead if it is not dealt with quickly and effectively. He predicted that any aggravation of the situation, particularly the continuation of clandestine immigration, could dispel the levelheadedness that currently prevails. This concern seems to be spread across the political spectrum, and we believe fear of a radical backlash will motivate the mainline parties into taking strong action on the issue. [redacted]

25X1

25X1
25X1

Outlook

The UDF-RPR's adoption of some of Le Pen's policies and their appeal to voters not to deprive the mainstream opposition of an absolute majority by casting votes for the extreme right appears to be working. National surveys of the electorate show the FN to be running at about 4 to 6 percent—nearly half the percentage they obtained in last year's local elections—with many of the defectors going to the RPR. Even in the FN strongholds, like the Bouches-du-Rhone department, polls place them at 17 percent, down from a high last summer of about 25 percent. [redacted]

25X1

The UDF-RPR coalition continues to maintain that it will not invite the FN into a rightwing government. The UDF and RPR together have captured 45 percent of the electorate, according to recent polls; the new system of proportional representation favors large parties, and this level of support would provide about 20 seats more than they need to hold a 51-percent majority in the National Assembly. Since the FN has been steadily dropping in the polls, we believe it is unlikely the UDF-RPR will need their support in order to form a government. [redacted]

25X1

Secret

US-French Relations During "Cohabitation"—March 1986 and Beyond

25X1

Viewpoint

This article represents the views of the State Department's Bureau of European and Canadian Affairs and Policy Planning Staff.

We may be entering a difficult period in our relations with France. Following an almost certain victory by the conservative opposition in parliamentary elections in March, President Mitterrand will have to share power—"cohabit"—with a conservative Prime Minister and Cabinet, conceivably until the Presidential elections in 1988. As he struggles for political survival at home, Mitterrand may well become more, rather than less, difficult to deal with abroad. At stake will be the continuation of the strong executive power and stable institutions characteristic of the Fifth Republic as well as the positive elements of French foreign policy, especially on East-West issues.

The Domestic Political Background

The parliamentary elections will take France into uncharted political waters. The opposition parties are virtually certain to win control of the National Assembly from the Socialists. Mitterrand must then appoint a conservative Prime Minister. For the first time in the 27 years of the Fifth Republic, France will be governed by a President of one party in parallel with a Prime Minister, Cabinet, and Parliament from opposing parties.

Under almost any possible scenario for "cohabitation," Mitterrand is likely to be isolated within his government and fighting to preserve his authority. Many in the opposition hope to drive him from office before his term ends in 1988—though as of now he is determined to stay. He, in turn, will seek to exploit the active rivalry among the three presidential hopefuls of the opposition: Barre, Chirac, and Giscard. For each of them also, cohabitation offers risks as well as opportunities. Thus an opposition Prime Minister with presidential ambitions could well find his image tarnished after two years of wrestling with a sluggish economy and austerity

budgets while Mitterrand retained the glamour of the foreign affairs and defense portfolios. Barre has elected to remain aloof—with the risk that he may have become irrelevant at the end of two years.

25X1
25X1

Implications for French Foreign Policy

As the French domestic situation becomes supercharged with constitutional and partisan arguments, these disputes are increasingly likely to intrude in the day-to-day management of French-US relations. To shore up his weakened authority, Mitterrand will seek to highlight his role as President of France—to demonstrate his firm defense of French interests, the respect he enjoys from other heads of states, and his ability to deal with both Moscow and Washington. He may indulge in some tiresome Gaullian posturing for domestic effect, but Mitterrand will also need to prove that he is an effective, respected interlocutor for Washington.

25X1

25X1

Although foreign policy per se will not be a major campaign issue, the opposition Prime Minister and his government will be pursuing directly contrary objectives. Their goal will be to circumscribe Mitterrand's foreign policy role and ensure that decisions flow through the Prime Minister and the Foreign Minister. Without undercutting France's external authority, they will want to portray Mitterrand as a lameduck and may encourage foreign governments to deal exclusively with the Prime Minister and his Cabinet.

25X1

25X1

Implications for US Policy Interests

These domestic political battles have the potential to complicate French relations with the United States—which are prickly at the best of times.

25X1

The strength of France as an active player on the international scene has benefited US policy positions significantly. This has been possible over the past two

Secret

EUR ER 86-005
14 February 1986

Secret

decades at least in part because of the institutions of the Fifth Republic and the strong executive power of the French Presidency. Whether or not France emerges from the cohabitation period with these institutions and a strong executive power intact, therefore, could have important consequences for the broad range of US interests in Western Europe and the world. Although Mitterrand has been troublesome on many issues—SDI, economic issues, Central America—in the key areas of East-West and security policy, he has carried forward a significant evolution in French foreign policy. His strong public stance on Poland and Afghanistan at the beginning of his term, his firm support for INF deployments, his initiation of a security dialogue with West Germany were not only helpful to US policy objectives but also represented an important departure from the detente policies of his more conservative predecessors. Without sacrificing French independence, Mitterrand has made cooperation with the NATO Alliance respectable in France. Moreover, in these areas, his policies enjoy broad support across the political spectrum. []

Some in the opposition will argue that French foreign policy under a conservative government will be more congenial to the US administration than that of Mitterrand and the Socialists. In some areas, a government of the right will certainly be less ideological and more supportive of our policies—most importantly on Central America, but also on South Africa and other Third World areas where no vital French interests are involved. But on a broad range of other issues—the new trade round, monetary issues, agriculture, to name only a few—little change is likely. (In fact, French conservatives are more dependent on farm votes than the Socialists.) On SDI, we will probably see some softening of the rhetoric but no real change of position—regardless of what opposition politicians are saying to us now. Concerns about the viability of the French nuclear force and the legitimacy of nuclear deterrence are widely shared. Barre, for one, has made public statements as critical of SDI as those of the present government. []

Most importantly, the East-West policy of a conservative French Government will probably be less satisfactory over the long run than Mitterrand's. In France, the right, rather than the Socialists, are the traditional supporters of a policy of "equidistance"

between the superpowers and a privileged relationship with the Soviet Union. This is in part the legacy of de Gaulle; in part a government of the right must show it can talk to Moscow—just as a government of the left needs good relations with the United States. Thus, Mitterrand's foreign policy has been occasionally criticized from the right—by Barre, for example, and also Giscard—for being too pro-US and sacrificing French influence with Moscow. []

As US-Soviet relations gradually improve, any French Government would now be moving back toward expanded dialogue with Moscow—seeking greater room for maneuver and flexibility in its relations with the East. We are seeing the beginning of this process with Mitterrand—who will make his second visit to Moscow in 1986 and clearly is Moscow's preferred interlocutor in Europe. But the process could well accelerate under a government of the right and develop in ways unhelpful to us. A complete return to the detente policies of the 1970s is unlikely but we could, for example, see a reversion to the rhetoric of equidistance—possibly even some concession to buy off Soviet pressure on French and British forces on INF. Much will depend on which of the opposition candidates succeeds Mitterrand as President. Judging from their public statements, we would find Barre less congenial on East-West issues than Chirac. []

Living With Cohabitation

Neither France's institutional stability nor the evolution of French East-West policy will, of course, depend primarily on the United States. Nonetheless, the fluidity of French politics over the medium term is likely to test the ability of US policymakers to ensure that short-term actions do not run contrary to broader interests. []

In particular, the necessity of doing business with all the players—the Foreign Minister, the President, and to a much greater degree than heretofore, the Prime Minister—will complicate any dealings with France. US interests will suffer to the degree that either side in a cohabitation arrangement believes that the United States is partial to one or the other. Taking the position that only the President can speak for

25X1

25X1

25X1

25X1

25X1

Secret

France—as Mitterrand and the Socialists may seek to argue—or appearing to bypass Mitterrand or to treat him as a lameduck—as the conservative government may urge—would risk alienating one side or the other in a heated domestic squabble.

25X1

French Socialists are likely to be inordinately sensitive to any US gesture, however unintentional, that might be taken as a slight to Mitterrand personally. For example, a repeat of the events surrounding President Reagan's invitation to Mitterrand to attend the Summit Seven meeting in New York before the US-Soviet Summit last spring would probably generate significantly greater French resentment in the period ahead.

25X1

On the other hand, Mitterrand's supporters on the moderate left will probably appreciate continued US efforts to applaud the positive elements of Mitterrand's foreign policy, especially with respect to Franco-German relations, the INF issue, and the need for strong defense

25X1

Any of several predictable opportunities for frictions over the coming year—the Tokyo summit and the perennial issue of a political declaration; Allied consultations before and after the Reagan-Gorbachev summit—promises to test everyone's ability to navigate through a freshly sown minefield of French sensitivities.

25X1

25X1

Secret

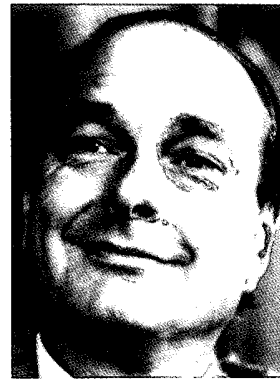
Secret

The Ministerial Front-Runners [redacted]

25X1

Profiles

Below are brief background sketches of the main contenders for the four top ministerial posts in the French Cabinet should the RPR/UDF Alliance win a majority of the seats in parliament. [redacted]



Jacques Chirac, Mayor of Paris [redacted]

25X1

25X1

Camera Press ©

Prime Minister Jacques Chirac

Mayor of Paris and President of the strongest opposition party, the RPR, Jacques Chirac is the most likely candidate for the post of Prime Minister. His driving ambition is to be President. Some political observers have suggested that he might even try to force Mitterrand's resignation in an attempt to enhance his own standing, but we believe that he wants to lead a successful but uncompromising cohabitation government, counting on that as his way to the Elysee. Chirac's detractors accuse him of lacking substance, conviction, and initiative, but his perennially lagging popular support surged after his October television debate with Prime Minister Laurent Fabius. Chirac hopes to ride this tide right through to the presidency in 1988. His foreign policy stance is Gaullist, but not very different from Mitterrand's. He is more favorable toward SDI than Mitterrand has been, though he falls short of promising French Government support for the program. Chirac, 53, studied at Harvard and graduated from the National School of Administration. [redacted]

United States on East-West security issues. US diplomats say he is a rather loyal friend of the United States and detests Soviet Communism. They describe him as a consummate politician with a flair for grandeur. Ambitious and prudent, Chaban-Delmas has proved his organizational and administrative skills as well as his good sense of teamwork. [redacted]

25X1

Valery Giscard d'Estaing

Former President Valery Giscard d'Estaing is one of those most often mentioned as the Prime Minister. Dubbed "the apostle of unity," Giscard stakes his political future on opposition unity. He is a strong advocate of cohabitation and as Prime Minister he probably would be more respectful of President Mitterrand's position than Jacques Chirac would be. A likely presidential candidate in 1988, Giscard denies that he will hold any position after the March elections, but we believe he is interested in retaining a high profile on the French political scene and may well accept a position. [redacted] his heart remains at the Ministry of Finance and [redacted] he would like to hold that post again. He has also been cited as a good choice for Foreign Minister. Giscard's power base in the UDF has been eroding recently because of the rising fortunes of Raymond Barre and Francois Leotard. He recently claimed the great

25X1

Jacques Chaban-Delmas

Longtime Gaullist and former (1969-72) Prime Minister, Jacques Chaban-Delmas has close ties to his friend Francois Mitterrand and hopes to win the Prime-Ministership in 1986, according to US Consulate officials. Chaban-Delmas, 70, has ostensibly dropped his presidential ambitions and is actively preparing himself for the prime-ministership. Failing to achieve that goal, Chaban-Delmas could hold another portfolio—perhaps defense—in a Chirac-led government, according to US diplomats. A center-left Gaullist, he probably retains a preference for an independent French foreign policy. We believe, however, that he is likely to give firm support to the

25X1

Secret

EUR ER 86-005
14 February 1986

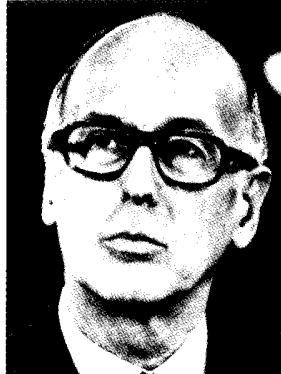
25X1

Secret



Jacques Chaban-Delmas, Mayor of Bordeaux, RPR

Paris Match ©



Valery Giscard d'Estaing, President

Jeanette Harris ©

25X1

25X1

liberal center as his political territory, stating that most Frenchmen share a growing number of common Christian values based on opposition to racism, sexism, statism, and support of European unity. Some political observers, however, doubt his sincerity; as President he did not support those ideals. He has always had close ties to the United States, and he claims to be friendlier to the United States than Mitterrand (as President, however, he did not strongly support Washington on East-West issues). Giscard, 60, [redacted] is a deputy in the National Assembly (since 1984). [redacted]

anti-Americanism. This stance, which is in sharp contrast with Chirac's personal views, may hamper his candidacy. Although not one of Chirac's closest advisers, Aurillac has known Chirac since the early 1960s when they both worked for then Prime Minister Georges Pompidou. Aurillac, 57, also served during 1984 as special assistant to Prime Minister Pierre Messmer and as Cabinet Director to Interior Minister Micel Poniatowski. Aurillac was a deputy from Indre during 1978-81. [redacted]

25X1

25X6

25X1

Minister of Defense

Michel Aurillac

Michel Aurillac, a contender for Minister of Defense in a Chirac cabinet, is a former RPR defense spokesman, who retains influence in those matters within the party. [redacted]

[redacted] seem to come from Aurillac.) Although Aurillac has publicly moderated his Gaullist views in the last few years—even to the point of supporting French participation in the US Strategic Defense Initiative— [redacted]

[redacted] A white paper he authored in 1979 on RPR defense views is an often cited example of Aurillac's traditional Gaullist and anti-American stance. He is also President of Club 89, an organization he created in 1981 as a platform for opposition views. Club members have stated that the club's proceedings have been characterized by

Pierre Messmer

A strict old-line Gaullist who was Prime Minister during the period 1972-74 and Defense Minister from 1960 until 1969, Pierre Messmer currently represents the Moselle Department in the National Assembly. Some RPR members are supporting him as Minister of Defense in a Chirac cabinet and give two reasons for this support. First, Messmer is the only one of the longtime senior Gaullists who has continued to evolve in his views on defense questions—in fact, he is quite open to consideration of new ideas, including, for example, the US SDI. Second, Messmer has the prestige and experience both to control the military and hold off Mitterrand. In the past, his attitude toward the United States was largely colored by his Gaullist sympathies and as such he was a staunch advocate of an independent French defense policy and firmly opposed US "domination" of Europe. Messmer, who will be 70 in March, is generally cool, brisk, and businesslike with foreigners and Frenchmen alike. [redacted]

25X1

25X1

25X1

25X1

Secret

Secret



Michel Aurillac, Politician [redacted]

Assemblee National ©



Pierre Messmer, Former Prime Minister [redacted]

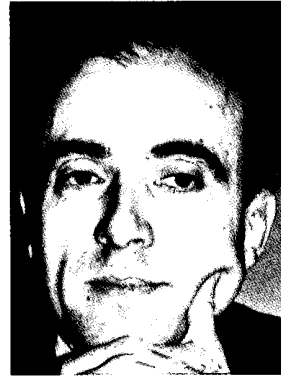
Paris Match ©

25X1
25X1



Robert Galley, Minister of Defense [redacted]

Keystone Press ©



Alain Juppe, National Secretary of RPR

Camera Press ©

25X1

Robert Galley

Treasurer of the RPR since 1984, Robert Galley is another viable candidate for the position of Defense Minister. He has served in the Cabinets of de Gaulle, Pompidou, and Giscard. He was Minister of Defense and Cooperation during 1980-81. Galley, the organizer and manager of de Gaulle's most important technical and scientific projects, was profoundly influenced by de Gaulle's philosophy of French independence. Galley, as was Chirac, was also deeply loyal to de Gaulle's successor, Georges Pompidou. As Minister of the armed forces, Galley placed significant emphasis on weapons programs, believing them to be the cornerstone of an independent French force. In addition to his current position with the RPR, Galley, 65, is a deputy in the National Assembly and mayor of Troyes. [redacted]

Minister of Finance

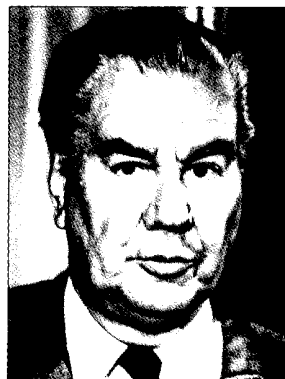
Alain Juppe

Alain Juppe is RPR leader Jacques Chirac's chief economic strategist. Although often mentioned as a potential Finance Minister, Juppe may become head of a new Ministry of Denationalization that Chirac has recently decided to form, according to US officials. They say he is Chirac's main conduit to the French business community. Juppe strongly supports economic liberalism in the form of lower taxes, freedom of licensing, and denationalization. He has studied recent US economic policy and would like to fashion French policy along the same lines. If he assumes the economic post, we expect he will move quickly toward denationalizing banks and industry

25X1

Secret

Secret



Rene Monory, PS [redacted]

Pictorial Parade ©



Edouard Balladur, RPR [redacted]

Le Point ©

25X1

25X1

being careful not to move so fast that he loses the confidence of businessmen and investors in the stock market. Juppe, 40, has been described by the French press as "tall and dry [redacted]"

[redacted] US officials find him confident, relaxed, and willing to speak frankly on current issues. [redacted]

Rene Monory

Centrist Senator and former Finance Minister under then Prime Minister Raymond Barre (1978-81), Rene Monory has been described as independent and strong willed. He has openly declared his willingness to serve under Mitterrand in a cohabitationist government, at the risk of being disavowed by his party, the Center of Social Democrats (CDS), who has adopted an anticohabitationist stance. Monory is an economic liberal who, as Finance Minister, promulgated a tax law—"Monory's Law"—which provided incentives for private investors. Monory, 62, is well disposed toward the United States and has a reputation for being "the most American" of French politicians.

[redacted]

Minister of External Relations

Edouard Balladur

Edouard Balladur, a longtime friend of Jacques Chirac, is his principal political strategist. US officials say he is the most influential person around Chirac. Chirac consults with him on all major issues, and Balladur is considered a moderating force. RPR members have suggested Balladur as a possible Prime Minister if Chirac refuses the post. He appears to be the leading contender for Foreign Minister if Chirac

accepts the Prime-Ministership. A graduate of the prestigious National School of Administration, as is Chirac, Balladur became prominent as a close colleague and adviser on labor affairs to then Prime Minister Georges Pompidou in the 1960s. As Chirac's adviser, he has been credited with counseling Chirac to adopt a favorable, but still uncompromising, position toward cohabitation. Balladur has also been the force behind Chirac's evolution in favor of a less Gaullist and more European position than that held by the RPR in 1979. He is described by the French press as courteous, distant, and discreet. Balladur will be 57 in May. [redacted]

25X1
25X1

25X1

Maurice Ulrich

Career diplomat and member of the Council of State, Maurice Ulrich, 61, is currently serving under Paris Mayor Jacques Chirac as Director General of the Paris Community and of Information and Communication. Particularly experienced in European Affairs—he has been described as a "super-European"—Ulrich was chief of staff under two Foreign Ministers, Jean Sauvagnargues (1974-76) and Louis de Guiringaud (1976-77). Ulrich handled EC affairs for the Ministry during the early 1960s and served as Deputy Permanent Representative to the EC during 1965-68. Appointed head of the state-owned television network Antenne 2, in 1978, he resigned that post in 1981, when Mitterrand took control of the government. [redacted]

25X1

25X1

25X1

Secret

Secret



Maurice Ulrich, Journalist [redacted]



Jean de Lipkowski, Secretary of State for Foreign Affairs [redacted] 25X1

25X1

Le Point ©

Jean-Noel de Lipkowski

A career diplomat and specialist in European and Third World affairs, Jean-Noel de Lipkowski, 65, has served as Jacques Chirac's diplomatic counselor since 1981. A leftwing Gaullist, he has been a deputy in the National Assembly since 1956, except for the period 1958-62. As a longtime friend of Valery Giscard d'Estaing and Francois Mitterrand, Lipkowski is often mentioned by RPR members as a possible Foreign Minister or Prime Minister. They view Lipkowski as someone who is not a threat in either position and who would be acceptable to both sides. Mitterrand would accept him because he wants foreign affairs to himself, and, with Lipkowski as Prime Minister, the opposition parties could concentrate on "other fish to fry" between 1986 and 1988. Lipkowski would also be acceptable to RPR members because he is not an innovator and would be a team player. According to US Embassy officials, Lipkowski is basically a nationalist, believes strongly in Western solidarity in the face of the Soviet threat, and favors standing up to the Soviet Union at every opportunity. He was instrumental in pushing Chirac and the RPR into a position that was highly critical of Soviet aggression in Afghanistan. Contrary to Gaullist views, particularly among party leftwingers, Lipkowski is a longtime champion of a politically united Europe. Lipkowski has been open and friendly with US Embassy officials. [redacted]

Jean Francois-Poncet

Giscard's Foreign Minister during 1978-81 and the UDF's leading foreign affairs spokesman, Jean Francois-Poncet is, we believe, still a candidate for Foreign Minister if the UDF is allotted that responsibility in the subsequent apportionment of Cabinet posts. He has told US diplomats, however, that he would refuse that post in a cohabitation government because he has been such a strong critic of current foreign policy and believes France must "speak with one voice" on external affairs. According to his colleagues, he is ambitious and could be a dark-horse candidate for the 1988 Presidential election. He may not want to accept the foreign affairs portfolio if he judges it could harm those aspirations. In our judgment, he may change his mind if the opposition wins a large majority. Francois-Poncet is a traditional Gaullist who stresses French independence from the United States in foreign affairs and defense policy. A European nationalist, he advocates foreign policy consensus on the Atlantic Alliance, the French nuclear deterrent, and French nonintegration into the NATO military command. US educated, Francois-Poncet, 59, values French-US ties. [redacted]

25X6
25X6

[redacted] has considerable charm and self-confidence. US officials have remarked that he commands respect and assumes natural leadership among his peers.

25X1

[redacted]

[redacted]

25X1

25X1

Secret

1

2

3

4

Secret

**Chirac-Giscard-Barre:
Troubled Triangle** [redacted]

25X1

Profiles

25X1

With experience, political adroitness, and intelligence in common, Jacques Chirac, Valery Giscard d'Estaing, and Raymond Barre are staking out routes to the Presidency that bear the distinctive stamp of their individual personalities and backgrounds. [redacted]

Valery Giscard d'Estaing, in our judgment, is continuing a search for a political role [redacted]

25X6
25X6

Although Jacques Chirac is known for his rebellious, confrontational style, we believe he identifies personally with traditional values, the work ethic, and the status quo. Chirac is secure about his upper-middle-class origins, conventional in his private life, and confident of being in empathy with the French people's core views. While his policies have varied in wording, they consistently express his respect for morality, authority, and institutional stability. [redacted]

A range of open and private sources attest to Giscard's brilliance and effectiveness in serving strong political elders. [redacted]

25X1

25X6
25X6

He acquired a reputation as a solitary decisionmaker [redacted]

25X6
25X6

25X1

Chirac was a political conformist until the death of his mentor Georges Pompidou in 1974, when he began a risk-taking, sometimes flamboyant drive for power. He backed Giscard for President and was rewarded with the prime-ministership. He then left government in 1976 to wrest leadership of the political right from Giscard and successfully defied him in becoming mayor of Paris. [redacted]

[redacted] Unaccustomed to failure, Giscard attributed his rejection by voters to the wrongdoings of others and withdrew after losing his bid for reelection in 1981. [redacted]

25X6
25X1

Nevertheless, we believe Giscard is a resilient and subtle calculator who is seeking a new beginning. He has adopted a stance of unifying altruism and noblesse oblige which fits the self-image to which he aspires. It also implies to us that he would not welcome being a "cohabitation" prime minister, [redacted]

25X1

25X6
25X6
25X1

[redacted] Giscard is known for his grasp of media methods and has been trying to appear more available and approachable in person. Though formerly [redacted] identified with de Gaulle's "third tradition," which avoids a clear-cut choice between capitalism and socialism, he is now advocating basic family values and professing a free market philosophy. Some US officials suspect that he is responding more to popular sentiment than expressing personal convictions. [redacted]

25X1

25X6

Observers generally agree that Chirac relates well with people and attracts loyal support within a geographic area he can cover in person. However, his forceful manner [redacted] and old-fashioned "look" have impeded efforts to extend his appeal. According to the press [redacted], he has moved recently to correct his media image, demonstrate a capacity for moderation and consistency, and acquire a substantive grasp of issues. In our view, Chirac would risk becoming "cohabitation" prime minister in order to show that he can govern responsibly and thereby capture the opposition's backing for President in 1988. His success in office, we believe, would depend in part on his ability to resist reacting impulsively to the constitutional strains of shared power and Mitterrand's unpredictable gambits. [redacted]

25X1

Secret

EUR ER 86-005
14 February 1986

Secret

In our judgment, *Raymond Barre* is making a virtue out of his resistance to change and status as an outsider. He is taking a moralistically disapproving tone in dissociating himself from the economic evil done by the Left, Chirac's quick fixes, and the concept of "cohabitation." [redacted]

of a comparable scenario, Giscard was ready to sacrifice Chirac as Prime Minister in 1976 but was shaken by his rebellion and complained of his "betrayal" in the unsuccessful campaign against Mitterrand in 1981. Chirac apparently did not condemn Barre for succeeding him, but their relationship is strained, according to the media, because Barre blamed Chirac for leaving intractable economic problems which tied his hands and eroded his credibility. [redacted]

25X1

Barre appears comfortable in the role of an outsider. He was born in a French possession far from Metropolitan France to a shopkeeper who left him in genteel poverty. Unlike the others, he did not attend a prestigious school, but he taught in North Africa during the 1950s and has been an academic for most of his adult life. Called the best economist in France by Giscard when he became Prime Minister in 1976, Barre left office five years later as the least popular politician in the country. [redacted]

All three are maintaining a public show of correct and even amiable interactions. However, Giscard has made bitter references to how both former subordinates treated him politically. In our view, he resents on a personal level their presumption in competing with him for primacy. Chirac has temporarily subordinated his rivalry with the politically weaker Giscard to their joint efforts to drive Barre further into the political wilderness. Barre is remaining aloof from dealing with his rivals' personalities and expecting, in our judgment, that their swipes at him will be submerged in the chaos of the failure of cohabitation with Mitterrand. [redacted]

25X1

25X1

Consistency, deliberateness, and certainty are the hallmarks of Barre's character and political style. According to US officials, he is personally gracious and likable, clear and pedantic about his views, and unruffled in his firm rejection of outside suggestions. Popularly compared to "Babar" (the elephant in popular French children's books), Barre offers strength and sincerity rather than ideology. His political beliefs express his personal values—autonomy, stability, moderation, and dignity. He stands for legitimate authority, pluralism, an independent relationship with the superpowers, and an emphasis on economics in foreign policy. [redacted]

[redacted]

25X1

25X1

In rejecting cohabitation, Barre is playing de Gaulle's role of prophet waiting in the wilderness. We believe this allows him to protect his nascent popularity and image of competence while waiting for his political rivals to fail and make him indispensable by default. However, in our opinion, Barre's personal need to vindicate his record as a national leader could impair his timing in rallying the opposition parties to his cause. In addition, his inflexible attitudes could make his policies less palatable to voters. [redacted]

25X1

25X1

Chirac, Giscard, and Barre are playing out their triangular contentions against an historical backdrop of shifting allegiances and mutual outrage going back to their progenitor, Charles de Gaulle. "Sacked like a servant" by de Gaulle in 1966, Giscard was held responsible for toppling him in 1969. In the senior role

Secret

Page Denied

3

2

4

5

Secret

Secret