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FM PARIS 080611Z MAY 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 334 OF 8 MAY 81

INFO ROUTINE UKREP BRUSSELS, WASHINGTON, UKDEL NATO.

INFO SAYING TO BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS, UKDEL STRASBOURG, HM CONSULS GENERAL FRANCE (PASSED BY PARIS).

MY TEL NO 336: FRENCH PRESIDENTIAL ELECTION:
M. MITTERRAND'S POLICIES

1. I GATHER THAT THE DEPARTMENT HAS ASKED THE EMBASSY TO SPECULATE WHAT POLICIES M. MITTERRAND WOULD ADOPT IF ELECTED ON 10 MAY.

2. VIRTUALLY EVERYTHING THAT I CARE TO SAY ON THIS SUBJECT WAS CONTAINED IN MY DESPATCH OF 6 APRIL WHERE I EXPLAINED THAT THE CONSEQUENCES OF A MITTERRAND VICTORY WERE SO UNCERTAIN THAT IT WAS UNPROFITABLE TO TRY TO LOOK TOO FAR AHEAD. IF M. MITTERRAND IS ELECTED, HIS FIRST AND PRINCIPAL PREOCCUPATION WILL BE TO HOLD EARLY ELECTIONS TO THE NATIONAL ASSEMBLY IN ORDER TO TRY TO OBTAIN A PARLIAMENTARY MAJORITY. THIS TASK WOULD DOMINATE THE FRENCH POLITICAL SCENE DURING THE FIRST WEEKS OF THE MITTERRAND ADMINISTRATION.

3. PENDING LEGISLATIVE ELECTIONS, TO BE HELD ACCORDING TO M. MITTERRAND BY 1 JULY AT THE LATEST, AN INTERIM GOVERNMENT WOULD BE APPOINTED. THIS COULD BE EXPECTED TO INTRODUCE BY DECREE SOME OF THE ECONOMIC AND SOCIAL MEASURES THAT M. MITTERRAND HAS PUT FORWARD DURING THE CAMPAIGN. DURING THIS PERIOD M. MITTERRAND WOULD ALMOST CERTAINLY MAKE SOME SWEEPING PERSONNEL CHANGES TO SHOW THAT FRANCE WAS UNDER NEW MANAGEMENT. THE CHOICE OF MEASURES TO BE ADOPTED WOULD BE DETERMINED WITH AN EYE TO THE FORTHCOMING LEGISLATIVE ELECTIONS AND BY THE NEED TO HOLD ON TO LEFT - WING SUPPORT WITHOUT SCARING OFF CENTRIST VOTERS. BUT MAJOR POLICY CHOICES REQUIRING LEGISLATION WOULD HAVE TO BE POSTPONED UNTIL A GOVERNMENT HAD BEEN FORMED WHICH HAD SOME CHANCE OF BEING SUPPORTED IN THE NEW NATIONAL ASSEMBLY. THE REAL POLICY OF A MITTERRAND ADMINISTRATION WOULD NOT THEREFORE BECOME CLEAR UNTIL JULY AT THE EARLIEST. BEYOND THIS IT IS POSSIBLE TO ENUMERATE, AS SET OUT BELOW, SOME OF THE POLICIES PROPOSED BY M. MITTERRAND DURING THE CAMPAIGN. BUT IT IS IMPOSSIBLE TO SAY WHICH OF THESE WOULD BE CHOSEN FOR IMPLEMENTATION IN THE SHORT TERM.

4. ECONOMIC POLICY

- A) TOP PRIORITY TO REDUCTION OF UNEMPLOYMENT THROUGH INCREASES IN PUBLIC INVESTMENT AND PRIVATE CONSUMPTION STIMULATED BY TAX CONCESSIONS AND SALARY INCREASES FOR THE LOWER PAID. 150,000 NEW JOBS TO BE CREATED IN THE PUBLIC SECTOR AND 60,000 IN LOCAL GOVERNMENT:

B) THE NATIONALISATION OF

- ALL FRENCH PRIVATE BANKS APART FROM THE MUTUALIST BANKS:
 - SOME 10 - 12 MAJOR INDUSTRIAL GROUPS, INCLUDING PECHINEY, ST GOBAIN, RHONE - POULENC, THOMSON BRANDT, DASSAULT, ITT FRANCE AND CII HONEYWELL BULL:
 - THE MAJOR PRIVATE SECTOR INSURANCE COMPANIES:
- C) MEASURES TO ASSIST SMALL AND MEDIUM - SIZED COMPANIES, FARMERS, WINE - GROWERS, THE LOWER - PAID:
- D) RESUMPTION OF NEGOTIATIONS ON A 35 - HOUR WEEK.

ALL THESE MEASURES TO BE IMPLEMENTED WITHOUT A SIGNIFICANT INCREASE IN THE BUDGET DEFICIT AND WITHOUT ANY ADVERSE CONSEQUENCES FOR THE EXCHANGE RATE. EXTRA GOVERNMENT REVENUE TO BE GENERATED BY HIGHER TAXES ON THE TOP INCOME EARNERS ACCOMPANIED BY DECREASE IN TAX BURDEN ON THE LOWER - PAID.

5. ENERGY

XI REDUCE FRANCE'S DEPENDENCE ON IMPORTED ENERGY SUPPLIES BUT STRICT CONTROL ON DEVELOPMENT OF NUCLEAR ENERGY. PWRs UNDER CONSTRUCTION TO BE FINISHED, BUT NO NEW ORDERS BEFORE FULL PUBLIC EXAMINATION OF THE NUCLEAR PROGRAMME. M. MITTERRAND PERSONALLY OPPOSED TO COMMERCIAL DEVELOPMENT OF THE FAST BREEDER REACTOR.

- B) INCREASE IN COAL PRODUCTION TO 30 MILLION TONNES BY 1982.
- C) GREATER EMPHASIS ON ENERGY CONSERVATION AND ON DEVELOPMENT OF RENEWABLE ENERGY RESOURCES.

6. FOREIGN AND DEFENCE POLICY

- A) MAIN CHARACTERISTICS (ATTACHMENT TO NATIONAL INDEPENDENCE, RETENTION OF THE NUCLEAR DETERRENT, AND CONTINUED MEMBERSHIP OF THE ATLANTIC ALLIANCE AND THE EUROPEAN COMMUNITY) UNCHANGED, ALTHOUGH PROPOSAL FOR NATO SUMMIT TO CLARIFY MEMBERS' MUTUAL OBLIGATIONS (DETAILS UNSPECIFIED).
- B) GREATER EMPHASIS ON ARMS CONTROL AND DISARMAMENT EG: FRENCH PARTICIPATION IN MBFR. REVIVAL OF 1977 PROPOSAL FOR A EUROPEAN CONFERENCE ON THE REDUCTION OF FORCES AND TENSIONS (WITHIN CSCE), POSSIBLE PARTICIPATION IN GLOBAL NEGOTIATIONS ON NUCLEAR DISARMAMENT, PROVIDED NO CONSTRAINTS ON FRENCH SYSTEMS.

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- C) FIRMER FRENCH ATTITUDE TOWARDS THE SOVIET UNION (DETAILS AGAIN UNSPECIFIED) MATCHED BY GREATER DISTRUST OF UNITED STATES' ECONOMIC DOMINATION AND MILITARY RELIABILITY.

7. COMMUNITY ISSUES

- A) MORE CONSISTENT DEFENCE OF FRENCH INTERESTS, INCLUDING IN FACE OF UK DEMANDS.
- B) CAP REFORM THROUGH ADOPTION OF PISANI APPROACH, I.E. DEGRESSIVE PRICE SYSTEM BASED ON QUANTA, ESTABLISHMENT OF A COMMON COMMERCIAL POLICY IN THE AGRICULTURAL SECTOR; THE STRICTER ENFORCEMENT OF THE PRINCIPLES OF COMMUNITY PREFERENCE, AND MARKET UNITY WITH THE ELIMINATION OF MCAS.
- C) DEFENCE OF FRENCH FISHERMEN'S HISTORIC RIGHTS IN BRITISH WATERS; BUT PURSUIT OF DISCUSSIONS ON ACCESS IN THE CFP CONTEXT.
- D) AVOIDANCE OF OVER - HEAVY EMPHASIS ON FRANCO - GERMAN RELATIONS. SUPPORT FOR UENLARGEMENT TO SPAIN AND PORTUGAL SUBJECT TO SATISFACTORY ECONOMIC CONDITIONS.
- E) CLOSER EC COOPERATION ON INDUSTRIAL POLICY, ENERGY AND RESEARCH, AND CONCERTED ACTION ON UNEMPLOYMENT.

8. THIRD WORLD

- A) GREATER ATTENTION TO THE THIRD WORLD, TO NORTH/SOUTH RELATIONS AND TO THE DEFENCE OF HUMAN RIGHTS.
- B) REFORM OF INTERNATIONAL MONETARY INSTITUTIONS, INCREASE IN AID TRANSFERS TO 0.7% OF FRENCH GNP, AND SUPPORT FOR A RAW MATERIAL STABILISATION FUND.
- C) REDUCTIONS IN ARMS SALES IN SOME AREAS. NO ARMS SALES TO CHINA.
- D) PRO - ISRAELI BIAS IN MIDDLE EAST POLICY. SUPPORT FOR THE CAMP DAVID AGREEMENTS.

FCO PLEASE PASS TO BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS, UKDEL STRASBOURG.

HIBBERT.

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