

FROM THE AMBASSADOR .

J O Kerr Esq CMG AUSS E112 FCO My Geo New Com Preso Min Diopir 12 April 1988

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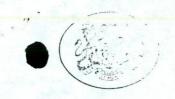
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1. In his letter to you of 29 March about the Presidency of the Commission, David Hannay comments that Delors entertains hopes of Matignon if Mitterrand is re-elected on 8 May. You might like a word on Delors' prospects as seen from Paris.

2. Assuming a Mitterrand victory, there are several factors in Delors' favour. He is on the social-democrat wing of the French Socialist Party (PS), and his reputation stands relatively high with the non-Socialist Centre. This is just the sort of profile that would fit the Centre-Left Government which I should expect Mitterrand to try to construct if he is re-elected. Delors is also well regarded here for his European convictions and for his performance as President of the Commission. Given that Mitterrand is putting European construction at the centre of his election campaign, and that he intends to make it one of the dominant themes of a second septennat, the choice of Delors as Prime Minister would have an obvious symbolic value. Delors is also remembered as having been an effective Finance Minister who put the French economy back on track in 1983/84, after the ill-conceived expansionism pursued immediately after Mitterrand came to power - the near disastrous phase of "Socialism in one country". His appointment to Matignon would therefore be reasonably well received by business and industry.



- 3. This is the positive aspect, as far as Delors is concerned: it puts him in with a chance. But he suffers from notable handicaps Loo. There is strong competition on the Right wing of the PS in the shape of Rocard and Bérégovoy. Rocard's chances are complicated by the tortured history of his personal relations with Mitterrand, but he is playing a resolutely loyal supporting role during the current campaign and might just reap the reward. The fact that he remains immensely popular in the country at large (much more so than Delors) is also a factor in his favour. If Mitterrand wins, and decides to dissolve the Assembly and call new legislative elections this autumn or in the spring of 1989, a popular Rocard at the head of the Government would help to mobilise the vote in the President's favour.
- 4. Bérégovoy is also strong competition for Delors. Calm, solid, a particularly trusted Mitterrand confidant, he has served loyally with distinction since 1981, first as Secretary-General of the Elysée, then as Minister for Social Affairs, and (from 1984-86) as Finance Minister. He was notably successful in this last post, quickly winning the confidence of financial and business circles where his reputation at least matches, and probably surpasses, that of Delors. He is now the manager of Mitterrand's election campaign, a singular mark of favour. Mitterrand might well turn to him after 8 May, not least because his impeturbable temperament is said to be more to Mitterrand's taste than Delors', whose period as Finance Minister (in admittedly trying times) is still remembered for frequent and histrionic threats of resignation.
- 5. Even if Mitterrand were to prefer Delors to Rocard or Bérégovoy (or to socialist outsiders such as Bianco or Delebarre or even Fabius), a Delors premiership supposes that Mitterrand will nominate a PS Prime Minister if re-elected. He may not do so. He may opt instead for a centrist or even a non-political figure, with the aims of reinforcing his image as a rassambleur, and of making it more difficult for the Right to bring a new government down. In that case he could offer Matignon to eg Mme Veil or even Giscard, and Delors would lose out again.



- 6. In short, Delors is in with a chance, but the odds are against him. My hunch is that if Mitterrand is re-elected he will prefer to try to keep Delors as his man in Brussels in the run-up to 1992 and look elsewhere for his Prime Minister.
- 7. I am copying this to the recipients of David Hannay's letter and to David Dain in WED.

The wa,

Ewen Fergusson

12 April 1988