

#### 4. THE "COHABITATION" SUMMITS OF 1986 - 1987

##### A. TOKYO II, 4-6 May 1986

At the 1986 summit, the French government was only in the second month of the novel political arrangement known as "cohabitation". This unique power sharing arrangement between a French President of the left, two years away from the end of his seven year term, and a Prime Minister of the right was the direct result of Mitterrand's socialist party's defeat in the legislative elections of March 1986. The new Prime Minister, Jacques Chirac, was Mitterrand's principal political rival, and would in fact be running against him in the presidential elections of 1988. This new political equilibrium was testing the limits of the constitutional order of the Fifth Republic. On the domestic side of government, all effective power was vested in the Prime Minister. However foreign policy and defence fall in the constitutional "domaine réservé" of presidential prerogative. Yet even here, to a considerable degree, the day-to-day levers of executive power affecting these areas are controlled by the Prime Minister. Without ever being directly contested, the supreme authority of the President in international relations would be eroded by the unavoidable flow of power towards the centre of government that the Prime Ministership had clearly become. Thus, the question asked was what degree of authority and effective decision-making power would Mitterrand preserve in foreign and defence policy? This problem would have surprisingly little effect on France's actual performance within the summit in 1986 and 1987. Nevertheless, it would dominate much of French media and academic analysis of French participation in the summit. At a minimum, in the era of the modern media imagery of summitry, this reaction on the part of summit observers confirms the symbolic importance and impact of this international gathering, going beyond just the traditional concept of prestige.

In May 1986, "cohabitation" was still in its early experimental stage. As such preparation and participation in the summit served to lay down some of its basic rules as regards the conduct at the highest level of government of French diplomacy, which in this context must be understood as distinct from the formulation of foreign policy per se. As to appearances, both sides were acutely aware of the necessity for France to be seen by the outside world as speaking with one voice. Despite some jockeying for international exposure by the Prime Minister, the President did remain France's pre-eminent international spokesperson, and great care was taken by both individuals to avoid any contradictory public statements. As to issues of substance, preparation of and participation in the seven-power summits were the most notable exceptions to the gradual erosion of presidential authority. French foreign policy analyst Samy Cohen, in his 1988 assessment of the impact of cohabitation, concluded that:

only the preparation of the industrialized summits really escaped the redistribution of tasks. The President's sherpa, Jacques Attali, gathers at the Elysée all the senior civil servants involved and receives all necessary memoranda.<sup>63</sup>

What must be understood is that the relatively harmonious form of "cohabitation" practiced in relation to the summits was only possible under two conditions: first, the existence of a sufficient degree of consensus on foreign policy issues among France's leading political parties; second, the fact that "cohabitation" itself resulted in a two year period of suspension or limitation of French foreign policy initiatives.

As would again be the case in 1987, the French delegation at Tokyo was led by President Mitterrand, accompanied by Foreign Minister Jean-Bernard Raimond, a career diplomat whose low political profile had rendered his appointment acceptable to Mitterrand. Edouard Balladur, the French Finance Minister who would soon negotiate the 22 February 1987 Louvre Accord, was not a member of the 1986 delegation. Instead Prime Minister Chirac insisted on going to Tokyo himself, a departure from standard practice. However, having had to arrive in Japan later than Mitterrand for protocol reasons, Chirac only joined in the proceedings after three of the four final statements had already been agreed upon. His participation was limited to a leaders' group dinner, a few bilateral meetings and a joint press conference with Mitterrand. He did not appear in the traditional leaders' group photograph.<sup>64</sup>

As concerned the substance of international policy coordination in the monetary and macroeconomic fields, Tokyo II was somewhat anti-climactic. The growing importance of the G-5 finance ministers as an institutionalized body and in its multilateral surveillance functions had been demonstrated by the Plaza agreement. Seven months later in Tokyo, the G-7 monetary and macroeconomic policy consensus was still strong and could only be confirmed by the leaders themselves. The more clearly productive discussions concerned the actual methods necessary to further develop and institutionalize policy coordination. These discussions took place, both prior to and during the summit, at the Finance Ministers' level and were led by US Treasury Secretary Baker. The resulting agreement was formally set out in the Tokyo economic statement, which detailed the new procedures involved in the joint review of forecasts and objectives for each summit participants' national economy, in the light of a range of ten indicators. Beyond France's long held belief in G-7 policy coordination, her strong support for these mechanisms was based on their perceived compatibility with two traditional French objectives: first, symmetrical policy adjustment between member countries in surplus, like Japan, and those in deficit, like the US; second, stabilization of exchange rates through "reference zones", even though no explicit reference was made to this specific French concept. This coincidence of American and French objectives, as distinct from a full convergence of their analyses and positions, led to close cooperation in the formulation of the new mechanisms, whose origins could be traced back to the Versailles 1982 G-5 multilateral surveillance arrangements. In a reversal of past trends, it was now France that was on side with the US, while Germany was the slowest to move in this direction.

As already stated, the productive discussions on policy coordination took place at the Finance Minister level, both prior to and during Tokyo II. In fact, as already noted, Chirac's powerful Finance Minister Balladur was not present in Tokyo as the result of "cohabitation" arrangements. As represented by Finance Ministry officials, France's role in such well prepared talks was apparently not diminished. The institutional development of the Finance Ministers' group raised two important questions concerning procedure and

the future of seven-power summits.

First, were discussions conducted at the leaders' level becoming secondary in the process of monetary and macroeconomic policy orientation? In other words, was a return to a more powerful version of the original Library Group detrimental to the leaders' summits themselves? From the still current French perspective, support for the actual policy coordination results of the ministers' work as a body, combined with an enduring conception of summitry as unbureaucratic and not necessarily decisional exchanges at the highest political level, serve to minimize any perception of the Finance Ministers' Group as a threat to the summits pre-eminence. Furthermore, a well established belief in the superiority of political qualities of leaders and respect for presidential prerogative - although temporarily kept in check by "cohabitation" - guarantee the leaders' group ultimate veto power. Of course, this hierarchical view of political order has not precluded repeated criticism of the institutionalization of summitry.

The second question concerning seven-power summit procedures was actually raised at Tokyo II and would remain a source of some conflict within the G-7. The issue was that of Italian, Canadian and to a lesser degree EEC exclusion from the now institutionalized Finance Ministers' G-5. Despite the traditional French bias in favour of strictly limited groups, as well as his own Finance Ministry's opposition, Mitterrand came out in support of enlargement of a G-5 to a G-7 of Finance Ministers. This was due to pressure from Italy, a key French EEC ally, especially on trade liberalization issues. Support for Italian entry into the Finance Ministers' body precluded blocking Canada's bid. As to the non-sovereign EEC bid, it met with a categorical American refusal, despite German support. The addition of the EEC led by former French Finance Minister Delors could have had some advantages for Mitterrand. He did not, however, support it, either because it seemed impossible due to US opposition, or as a result of respect for state sovereignty stronger than his own well established commitment to Europe's development. At Tokyo II, a dual system was created, in which a G-5 and a new G-7 of Finance Ministers would officially co-exist with some difficulty and tension, as was manifest at the time of Louvre Accord negotiations (February 1987).

The remaining economic issues of third world debt and international trade were dealt with rapidly by the leaders. On debt, no changes were made to the so - called "Baker Plan" case-by-case approach. As concerned GATT, preparations of the new round, which would be launched by the end of 1986, were sufficiently advanced that a repetition of previous Franco - American confrontation did not occur. The important development was the surprise addition to the agenda of the explosive issue of agricultural subsidies. The summit communiqué endorsed the recent April OECD ministerial position, which recognized the need for a reorientation of costly policies. As Putnam and Bayne put it:

This was a good example of the summit giving high level impetus not only to the OECD but also to other bodies. The European Council in June agreed to reform the CAP(....). In the GATT, after some tense passages with the French, the "Uruguay Round" was given a very wide remit on agriculture.<sup>65</sup>

The issue of agricultural subsidies, as already explained, is one of particular importance to

the French, who have repeatedly exercised their influence within the EEC to safeguard the CAP. Its addition to the summit agenda was, of course, of interest. However, the French strategy has since been to restrict serious discussions of it to the GATT framework. In fact, as in the 1978 Bonn I package, once France had made the unavoidable "concession" to demands for trade liberalization, it used the GATT as a means to control the pace and scope of negotiations affecting its profitable, protected agricultural sector as much as possible.

The main political issues discussed at Tokyo II were terrorism and the safety of nuclear power. In fact, then evolving East-West relations had received G-7 attention prior to the Tokyo summit. Just before his first meeting with Secretary General Gorbachev (Geneva, November 1985), President Reagan had invited his summit partners to consult with him. This departure from the regular schedule and format of the summit was not entirely a success for at least two reasons: first, the protestations at being bypassed by non G-7 NATO member states; second, France's refusal to participate in this meeting, which clearly reflected Mitterrand's opposition to the development of the summit into a political "directoire" of the major industrial democracies.

In the field of terrorism, the focus was on Libya. With combined UK-US advocacy, the leaders issued a strongly worded statement which condemned terrorism and, for the first time, named Libya as responsible for acts of terrorism. France's declared willingness to participate in international organizational efforts against terrorism was a new phenomenon. It can be directly attributed to the fact that in 1985-1986 the French government was confronted on its own territory with a sustained Iranian - backed series of terrorist acts, resulting in the deaths of numerous citizens and seriously affecting the domestic political climate. As for the explicit condemnation of Libya, it was more surprising, as in April of 1986 Mitterrand with the public support of Chirac had refused to authorise US planes to overfly France as part of a bombing raid conducted against Libyan targets. The French and Italian governments, both Mediterranean powers pursuing active diplomacy in the Middle East, condemned US action. Along with the rest of the EEC they had also rejected prior American demands for economic sanctions against Libya in January 1986. In addition, as already discussed, the French were involved in a complicated bilateral relationship with Libya due to the continuing Chadian military conflict. One possible explanation of France's willingness to name Libya is that it served to limit American demands to collective condemnation and diplomatic measures, without leading to further economic and military retaliation.

The explosion of the Soviet Chernobyl nuclear power station preceded Tokyo II by a week. The Germans were particularly interested in having the summit issue a statement on responsible and safe use of nuclear power. France, which has developed the most important western civilian nuclear power programme, was satisfied when a noncontroversial statement was adopted.

At the end of what had been judged a successful summit by all, Mitterrand expressed French approval of the proceedings.<sup>66</sup>

## B. VENICE II, 8-10 June 1987

The second summit held in Venice was generally considered to have been uneventful. To some degree, the relatively modest and nearly routine-like character of the results can be attributed to the fact that four of the leaders were in periods of domestic political difficulty or anticipated change. The Reagan administration was hampered by the "Irangate" scandal, which lessened the President's as well as US international credibility. The Italian host, A. Fanfani, was Prime Minister of a caretaker government, while the UK's Thatcher was in the midst of elections and only put in a brief appearance. As for President Mitterrand and Prime Minister Chirac, they were entering a more confrontational phase of "cohabitation" as the presidential election campaign neared. More than a year of power sharing had led to ever more strain in the forced working relationship between the two political rivals. This did not, however, surface at the summit or during its preparation, which remained in sherpa Attali's control. In 1987, contrary to what had happened in the first "cohabitation" summit, in addition to Chirac, Finance Minister Balladur did join the French delegation.

The Louvre accord of 21-22 February 1987, agreed upon at successive meetings of the Finance Ministers' G-5 and G-7 and which Balladur had chaired, stated that the fall in the dollar had gone far enough and announced co-operation in stabilizing it. In support of this commitment, each minister made an additional statement outlining his own national economic policy. When the leaders gathered in Venice, the dollar had effectively been stabilized, and as a result, the process of policy coordination - at least in monetary matters - had been strengthened. These developments, due to multilateral consultations within the summit-related framework of the finance ministers body, were regarded by the French government as one step in the right direction. They reinforced its own enduring conception of the function of summitry in effective international economic policy coordination.

In terms of procedure, after the Louvre accord negotiations, the two level G-5/G-7 system officially came to an end, as Italy and Canada succeeded in being formally admitted to participate in all proceedings of the Finance Ministers' group. While this inclusion reflected the evolution of seven-power politics, there remains some doubt as to the true effectiveness of Italian and Canadian entry into the inner sanctum of economic policy coordination.

At Venice II, on monetary policy, the summit confirmed the Louvre accord and agreed to consolidate the multilateral surveillance mechanisms gradually set in place since the September 1985 Plaza agreement. France successfully insisted that exchange rates be formally included in the range of economic indicators to be referred to, under IMF supervision, in the actual surveillance process. This insistence on the part of the French was attributable to their hope that it would lead to the creation of a "reference zone" for the US dollar, limiting its fluctuations to a set range. This French concept was neither adopted nor implemented, as the Americans were intent on maintaining flexibility of structure, as well as their own autonomy.<sup>67</sup>

On macroeconomic policy - a domain not subject to coordination of the kind practiced in monetary matters - anticipated American and French demands for Japanese and German reflation of their surplus economies, to serve as locomotives for the rest of the G-7, did not

materialize. Just prior to the summit, Tokyo had announced an additional \$43 billion in public spending, while Bonn had lowered interest rates and promised some lowering of tax rates. This was apparently sufficient to stave off France and the US, whose leaders' interest lay in an impression of summit unity.<sup>68</sup>

On GATT and agricultural subsidies, initial American demands for a "fast track" approach were not sustained. The G-7 simply endorsed the previous OECD ministerial declaration, which called for a reduction of all agricultural subsidies, but did not set a timetable.<sup>69</sup> Had the Americans persisted, it seems clear that French resistance would have been forthcoming and articulated around the basic EEC doctrine of the "globalité" of the GATT agenda. This form of linkage serves to control negotiations affecting the common agricultural policy (CAP), and provides leverage in a broader issue framework, thereby safeguarding critical French agricultural interests.

As concerned the issue of third world debt, Mitterrand made it the centerpiece of his own statement to the other leaders, which he later chose to have officially released (see Appendix III).<sup>70</sup> This was in keeping with the traditional French emphasis on North-South relations. His proposals were targeted at the least less developed countries (LLDC's), in particular at Sub-Saharan African countries. Many of these were former colonies of France with which France had maintained close economic, political and military ties. The proposals were the following: providing incentives for increased private bank loans to third world countries; the recycling of capital - a new Japanese-coined expression - towards developing countries, via an increase in private monies invested or loaned, as well as through a tripling of the IMF's \$3 billion structural adjustment facility rescheduling by ten to twenty years of Paris Club loans and an increase in the World Bank's capital.

The French proposals received full Canadian support, but received that of other members only for selected elements. No overall debt relief package for LLDC's could be agreed on. US preference for the case-by-case approach, as championed by Treasury Secretary Baker in dealing with middle income debtor countries (Brazil, Mexico, Argentina), was one of the obstacles. Progress made on this issue was therefore incremental and limited. In addition to reiterating the long established but unattained UN goal of 0.7% GNP for official development assistance, France, whose own contribution stood at 0.48% according to the OECD's Main Economic Indicators of February 1987 was that the economic statement issued by the leaders made explicit reference to a "substantial increase" to the IMF's structural adjustment facility. Concerning the more contentious issue of World Bank capital, the statement indicated that an increase was desirable, but only under the American-stipulated condition that the institution received more demands for "quality loans". In retrospect, by prodding the G-7 to make minimal commitments, France had succeeded in keeping the LLDC debt issue on the summit agenda. In this, the French proposals were successful, and reflected Paris' own direct interest in Sub-Saharan African countries, of which it remains the major creditor.

Three political statements were issued at Venice II. The first statement reaffirmed the principle of freedom of navigation in the Persian Gulf. Contrary to expectations, the US chose not to risk a setback and did not try to involve the French and British navies in American - led operations. The second statement only rephrased previous declarations on

terrorism.

The third statement dealt with East-West relations at some length and received considerable media attention. As US-USSR negotiations on intermediate range nuclear weapons progressed, and as the likelihood of an agreement to be signed at an autumn Reagan-Gorbachev summit grew, the American President sought the support of his summit partners. He received it, and soon after (11-12 June) the Atlantic Council's endorsement as well. This process however was a complicated one, as the Europeans worried about the implications of the future INF treaty and the so - called "double zero option". The wording of the summit statement was the result of complex negotiations. The French were preoccupied by the risk of an eventual "decoupling" of the US and Western Europe, as well as by possible changes in the Franco-German defence posture. With the British, they were successful in opposing any inclusion of their own independent nuclear deterrent in the INF treaty. In some measure, France's and other European states' support of the impending American - Soviet treaty was not an expression of full approval for its content, but rather of the need for unity as events then beyond their control unfolded.

In his post-summit press conference, Mitterrand both criticized the summit and recognized its usefulness. He commented: "Each one must show that he has won something (...) propaganda has overtaken usefulness (...) And yet these summits do have a practical usefulness".<sup>71</sup>