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FILE TITLE:

East/West Relations

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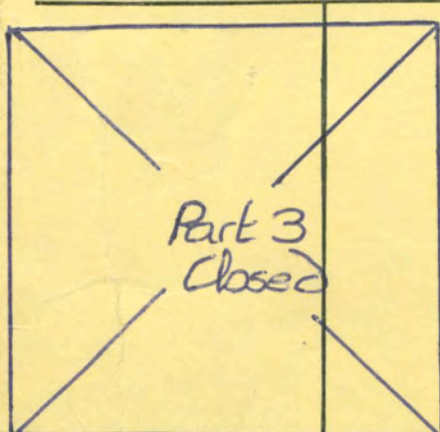
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October 1982

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10 DOWNING STREET

From the Private Secretary

31 October, 1983

OD Committee:- HO MOD
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EAST/WEST RELATIONS

The Prime Minister has seen the minute of 28 October by the Foreign and Commonwealth Secretary on this subject.

Mrs. Thatcher has noted Sir Geoffrey Howe's conclusions in paragraph 8 of his minute.

She has commented, with regard to sub-paragraph(b) of that paragraph, that our announcement that Cruise missiles are arriving here should not be in such terms as to enable those opposed to the deployment programme to organise a further demonstration to coincide with the arrival of missiles i.e. they should have no prior warning. I have conveyed this point orally to Richard Mottram in the light of this afternoon's debate in the House of Commons.

I am copying this letter to the Private Secretaries to the members of OD and Richard Hatfield (Cabinet Office).

A. J. COLES

Brian Fall, Esq.,
Foreign and Commonwealth Office

SECRET



PM/83/85

Prime MinisterPRIME MINISTEREast/West Relations

1. Following Andropov's statement of 28 September, with its strong attack on the US and on President Reagan personally, a certain amount of concern has been expressed by my colleagues in the Ten about the prospects for relations with the Soviet Union as we approach the first phase of INF deployment. In Athens last weekend, the Foreign Ministers of Denmark and the FRG drew attention to their parliamentary and domestic difficulties. Elleman Jensen disclosed that he would be visiting Moscow at the end of this month to demonstrate publicly that Danish concerns were being made clear to the Russians at a high level. Privately he told me that if, as he feared, the SPD in Germany turned against deployment, it would almost certainly destroy his majority on this issue in the Folketing. Genscher's recent meeting with Gromyko in Vienna was of course intended partly to contain pressure from the peace movement within the FRG.

2. Against that background, I have been considering what the Soviet tactics are likely to be during the next few weeks and what is the right response to these. This is on the assumption that the East-West situation is not going to change completely as a result of events in Grenada.

3. The Russians are conducting a determined campaign to put maximum pressure on the Europeans, especially the West Germans, in the run-up to deployment. Andropov's statement expressed anger, frustration and uncertainty about Soviet relations with the US. It also betrayed concern at the damage the KAL incident has done to their peace policy goals in Europe.

4. The Russians have been exercising their well tried

/skill



skill at blowing hot and cold. Since Andropov's September statement we had the Warsaw Pact Foreign Ministers' communique in Sofia, with its carefully moderate tone and calculated ambiguity about whether or not the Russians would be prepared to continue the INF talks in Geneva if the first phase of deployment goes ahead. Now this ambiguity has been removed by Andropov's Pravda interview of 26 October, in which he said that the appearance of new American missiles in Europe would make continuation of the INF talks impossible. It does therefore seem likely that after NATO deployment the Russians will interrupt the talks for a while at least. But I would expect them to resume, perhaps under a slightly different description, sometime next year.

5. Soviet statements in the coming month are likely to be aimed primarily at West German public opinion. Gromyko's speech in East Berlin on 18 October echoed the completely unyielding line he took with Genscher in their lengthy talks in Vienna on 15/16 October. It was a more or less open appeal to the West German peace movement, depicting the Americans and President Reagan personally as forcing Cruise and Pershing on the Europeans, and as seeking to mask their real intentions by a series of contrived but worthless offers in Geneva. By choosing to say this in East Berlin, and by the subsequent announcement of preparations in the GDR and Czechoslovakia, Gromyko no doubted hoped to play on West German fears that INF deployment in their country, followed by counter-measures in the GDR (SS21, 22 or 23) would increase the strain on ties between the two parts of Germany.

6. I think we have to accept that there will not be an agreement on INF before the end of the year. It could be that Andropov's latest Pravda interview will indeed be the final Soviet offer before deployment. But they will continue with the carrot and stick approach in their attempts to polarise opinion against the Americans and, ultimately, to break our will to continue with deployment



in the years ahead. Meanwhile the Russians will go ahead with the deployments on their side which were planned in any event, representing them as counter-deployments forced upon them.

7. To balance this, I would not entirely rule out the possibility of a US/Soviet framework agreement on START being reached before the US Presidential elections, particularly if the Soviet leadership believes that President Reagan is likely to be re-elected. Gromyko took a very negative line on the US "build down" proposals in his speech in East Berlin, but that is not necessarily his last word on the subject. Nor would I expect INF deployment to lead the Russians to bring counter-pressure to bear on the West, eg in Berlin, Yugoslavia, the Middle East, Central America, etc. These pressure points would, I think, only be activated if the Russians had concluded that there was really no hope at all of eventual agreements on START and INF, and that the US, through exports of military technology to China, a major anti-satellite outer-space programme, wide-ranging COCOM controls etc, was bent on an all-out attempt to break the Soviet economy and achieve strategic dominance.

8. My conclusions as regards tactical handling are as follows:

- a) we and our allies should continue to do everything in our power to explain to our public that it is the Soviet Union which remains inflexible and unreasonable on arms control;
- b) we need to work up our contingency plans for public handling of possible Soviet moves. We do not know what pretext the Russians might use to suspend the INF talks. In wedge-driving terms they might just be tempted by our announcement in November that the missiles were arriving here (although they have not reacted to the arrival of

I doubt the wisdom of such an announcement



- missile launchers already in Italy, and on balance I would not expect them to make a move until after the FRG Bundestag debate on 21 November);
- c) we should use the Anglo-German Summit in Bonn on 8/9 November to steady Kohl and especially Genscher, who is playing something of a solo role in the field of East/West relations at the moment;
- d) we must take great care with the tone and content of our own public responses to Soviet statements. We should not take a dismissive line which would make it harder for them to come back to the INF table. We should reiterate our readiness to talk seriously if they are prepared to. Our attitude should be hard on substance and cool in tone, to show that it is the Russians who are indulging in intemperate polemics;
- e) we should use our contacts with the Soviet Union (as I did with Gromyko in Madrid in September. and with Deputy Prime Minister Kostandov recently in London) to tell the Russians directly of our security concerns, but also of the West's genuine willingness to negotiate balanced arms control agreements. I see this as being useful in continuing to make the Russians aware of our real views, as opposed to their propaganda version of them, and in reducing the danger that the Soviet leadership might decide to take action based on miscalculations or misunderstandings. Following the KAL incident and with the present level of mistrust between the US and Soviet Union, another major incident would be immeasurably more difficult to manage;
- f) we should encourage the Americans to maintain their contacts with the Russians and to build up a broader agenda than simply the area of arms control. I am aware of the difficulty of this following the KAL incident. But if the US continue to take the view expressed by President Reagan to you recently in Washington, and repeated by US officials since then - that it is now for the Soviet Union to make



the next move - we may be in for a long period of stand-off, which leaves the field free for the Russians to deal directly with the Europeans.

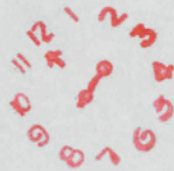
9. I am sending copies of this minute to colleagues in OD and, for his information, to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign and Commonwealth Office
28 October 1983

28 JUL 1983





10 DOWNING STREET

From the Private Secretary

28 October, 1983

The Prime Minister has asked me to thank you for your letter of 27 October forwarding a copy of an address on East/West Relations which the Prime Minister of Canada was to give at Guelph University on 27 October.

A. J. COLES

His Excellency Mr. Donald C. Jamieson

CONFIDENTIAL: EMBARGO FROM PRESS UNTIL 2400 HOURS,
OCTOBER 27TH

Prime Minister.

A.F.C. ^{28.}/₁₀

NOTES FOR REMARKS BY

THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU

PRIME MINISTER

TO THE CONFERENCE ON STRATEGIES FOR PEACE
AND SECURITY IN THE NUCLEAR AGE

UNIVERSITY OF GUELPH, ONTARIO

27 OCTOBER 1983

Let me, first, congratulate the organisers of this Conference. The theme is compelling; your membership is eminent; and your location is appropriate. It is appropriate because the name of Guelph reminds us of another age which was torn by hostile systems, competing alliances and profound ideological division.

The depth and violence of the dispute between Guelphs and Ghibellines tore Europe apart for much of the twelfth and thirteenth centuries. The argument was fundamental for the time. Who supreme, Pope or emperor? It spread from Germany to Italy, France and Sicily, drawing other powers and interests in its wake. No country, church, class or family in Europe was immune from the destructive force of that question.

Popes excommunicated emperors. Emperors took up arms against successive Popes. The battle between Guelphs and Ghibellines was remarkable for its ferocity, for the loss of life and the wreck of cities, for its pervasive and lasting influence throughout European politics and culture. It was an early version of total war - on a continental scale. And, because both history and geography are written by the victorious, the name of Guelph lives on, given to this place as the proud heritage of a ruling dynasty.

That this city of Guelph is to be found in Canada encourages me to underline a further proposition, familiar but profound, that we Canadians have a framework of long-standing and deep-rooted ties with Europe and with European conflicts. There is a European-ness, well beyond place-names, in our

history, in our culture and in the predisposition of many of our government policies. I do no disservice to our north American nature nor to our place on the Pacific Rim. But our engagement with Europe comes home with particular force in questions of peace and security.

Canada's participation, from the beginning, in both World Wars of this century, our founding and loyal membership in NATO (the North Atlantic Treaty Organization), our decision to test the Cruise missile in Canadian territory, all demonstrate the recognition that our own security is tightly bound with the security of our European allies.

A nation of our size and geographic location could, in the past or in the present, have considered other options, those options, whether of isolationism, or of being a nuclear-weapons state ourselves, have in Canada been invariably set aside in favour of a commitment to collective security. Our dedication to the Western Alliance, and to our partnership with the United States in the defence of this continent, is part of the bedrock of our foreign policy.

But the political, economic and military obligations we have undertaken for our common defence offer commensurate rights and duties. Among them is the right to speak about the full range of Western policies, and the duty to reflect about where we are and where we should be going.

We are not silent partners in any of the councils we have joined - because silence would mean the abdication of

responsibility in the face of crisis. We are not ambiguous about our international commitments - because we recognize our deep engagement with an interdependent world. We are not afraid to negotiate with those who may threaten us - because that fear would betray lack of confidence in the vital strength of our own values.

That is the mood I want to bring to you this evening, and the spirit in which I want to share with you some of my own reflections on your theme 'Strategies for Peace and Security in the Nuclear Age'.

I will tell you right away that I am deeply troubled: by an intellectual climate of acrimony and uncertainty; by the parlous state of East-West relations; by a superpower relationship which is dangerously confrontational; and by a widening gap between military strategy and political purpose. All these reveal most profoundly the urgent need to assert the pre-eminence of the mind of man over machines of war.

There is today an ominous rhythm of crisis. Not just an arms crisis. It is a crisis of confidence in ourselves, a crisis of faith in others. How can we change that ominous rhythm? That is the question which brings me here tonight.

I start from what I suppose is a problem in epistemology - the difficulty all of us experience in trying to know what is going on in the world - to know it and to understand it in a manner that is accurate, that provides the ground for useful action.

Too often our knowledge and our judgments are true and false at the same time. This is often the distinctive sign of rapidly changing realities which tend to elude our understanding. For example we know that there are, in the eighties, many new kinds of power and many new centres of power. There is the power of oil, or of cheap labour, or of regional hegemony. We call it a multipolar world - which suggests that no nation can act in isolation, that no power is truly dominant. But surely it is also true, and perhaps now with a special force, that the superpower relationship is at this time as dominant and as crucial as it ever was in the fifties - when we had a more simplistic bipolar model with which to understand the world. Another example: military strategy is the subject of much debate these days. This is a positive sign. Many strategists, in rightly trying to increase the odds against the nuclear gamble, advocate increased strength in conventional weapons, and new doctrines for conventional deterrence. Some of these doctrines have the sound purpose of delaying, or even preventing, the terrible resort to nuclear weapons in any European conflict.

I believe that such a raising of the nuclear threshold in Europe is a concept of the first importance. It would not be an easy, or an inexpensive task. But even as I am attracted to this concept in its application to Europe, I am troubled by a broader implication. Non-nuclear weapons are in an advanced state of technology, and are widely marketed. Sea-skimming missiles, laser-guided bombs and fragmentation weapons are

available for distribution. Is it the purpose of nuclear arms control to make the world safe for conventional warfare? Surely a basic term is missing in this equation: it is the encouragement of an equilibrium of conventional arms and forces, balanced at lower rather than higher levels. An agreed framework of conventional deterrence against armed aggression - but significantly reducing any dangerous concentration of forces. This is to some extent the task of the mutual and balanced force reduction talks (MBFR) in Vienna. But those talks will not succeed unless their importance in terms of military strategy is developed within a wider framework of East-West confidence and political will. Let me suggest a further example of our difficulty in understanding a time which appears to be out of joint. A moment ago I used the word interdependence. It is the accepted description of the world as we know it. We think it describes a rational and positive condition, an ethic to be encouraged. But we are also learning that the consequences of interdependence are frequently unforeseen, often irrational, negative, and out of control - rogue trends which promote inequality among states, and deep strains between them.

If we have difficulty understanding the intricacies of interdependence, we are not yet even close to managing the economic linkages with peace and security.

Consider Poland. Its economic collapse strongly suggested action to assist. Western banks were deeply exposed.

There seemed to be a common interest in the renewed viability of the Polish economy. But the overriding political considerations, in light of the brutal declaration of martial law, pointed in quite the opposite direction. Thus, the debate over East-West economic relations - which haunts every Western council - reveals the fundamental and unresolved question of how much economic interdependence is desirable between the two systems. Some say less. Some say more. Those who argue for less are often, paradoxically, the first to advocate the punitive merit of economic sanctions - which are only effective if interdependence exists, and if Soviet behaviour is modified by the expectation of economic benefit. Moreover, some who argue for economic sanctions in the civilian sector apparently believe that this will influence Soviet military spending. Yet they may add that there is little if any relationship between civilian and military economies in the Soviet Union.

This particular debate tends also to lay open one of the most gaping self-inflicted wounds of the current period. That is the unfortunate tendency for a discussion which starts off about East-West relations to wind up in the fratricide of West-West relations. There have been days when I, or Ronald Reagan, or Margaret Thatcher may seem to have been accused, for whatever reason or passion of the moment, of posing a greater threat to the security of the West than do the Russians and their associates.

It is almost as though the diversity, pluralism, and freedom of expression which we are determined to preserve through

the alliance, are not seen as appropriate within the alliance.

The alliance in arms against itself is a paradox rich with historical allusion. NATO will avoid that fate if we are wise. But institutions cannot grow to meet new challenges if their level of debate - their intellectual universe of discourse - does not expand to meet the changing realities of our environment.

Therefore, I am uneasy with these paradoxes. I am not satisfied with our ability to analyze and understand the complexities of an entirely new phase in East-West relations. I am not reassured by the posture and rhetoric of an earlier wartime age - an age, by the way, in which Canadian nerves were not found to falter.

For it is not our nerves which are being tested now, and these are not playing fields on which we stand and cheer. It is the killing-ground of life itself - and what is being tested is whether the force and will of our statecraft can reverse the momentum of the nuclear arms race.

When I spoke in June of last year at the Second United Nations Special Session on Disarmament, I said:

'... I understand full well the people's anguish and confusion. The nuclear debate is difficult and seems to pursue an inverse logic. It deals with power that, by common consent, is unusable. It argues for more nuclear weapons in order that, in the end, there may be fewer. It perceives the vulnerability of cities and of human beings as an element of stability in the nuclear balance. And worst of all, the debate goes on without

much evidence of any light at the end of the tunnel.'

More than a year later, I still see little light ahead. How did we arrive at such an impasse? Some of the answers lie in the ragged course of East-West relations over the past fifteen years. Those relations have an innate tendency to defy management and control. They are animated by competing philosophies and civilizations, and armed with weaponry that is global in scope. Like Guelphs and Ghibellines, the two sides advocate radically different visions of political order, human values and social behaviour.

As Canadians, we know where we stand. We have a distinguished record of accomplishment in working for international peace and security. NATO has without doubt been one of the instruments preventing nuclear war for the past thirty-five years. Canada has done pioneering work in the United Nations and elsewhere on arms control and disarmament. Our nuclear power industry has perforce made us experts on safeguards agreements and has given us a special commitment to the cause of non-proliferation. We have continuously pressed for a comprehensive nuclear test ban treaty, for a convention to prohibit chemical weapons, and for the prohibition of all weapons for use in outer space.

We have played our part in periods of cooperation, and pulled our weight in periods of confrontation. We have identified a distinctive Canadian space in East-West relations, determined by our history and geography, by our membership in NATO, by successive waves of immigration, by such priorities as

trade and human rights, and by that sense of realism which is, to paraphrase John Holmes, both the achievement and the comfort of the middle-powers' middle age. I do not believe we have any illusions about the short-lived and much-maligned period of detente. I certainly have no embarrassment about my own part in that process, bred in a conjuncture of geopolitics, economic aspirations, and collective leadership on both sides.

But the process too soon became part of the problem. The main achievements of the late sixties and early seventies were carried forward with difficulty, perhaps with an overload of linkage. Historians may reflect on the reasons why 1975 was the year which saw both the high point of the formal structure of detente in the conclusion of the Helsinki final act - and the imminent erosion of its broader purpose as a result of Soviet-Cuban adventurism in Angola. Detente rapidly showed signs of a process being drained of its substance. Core issues were held hostage by one side or the other - human rights, economic cooperation, hegemony in key spheres of influence. Detente became both divisible, and reversible.

And yet, I am not ready to call detente a failure. There were clear benefits of stability and cooperation. Its long-term impact, for example on Soviet elites, cannot yet be judged. Moreover it did coincide with, or provoke, an important impulse in the early seventies, which seems to have been lost without trace. It is the impulse toward political dialogue, toward regular consultation at the most senior levels of the East-West system.

This was not talk for the sake of talk. It led to a set of interlocking bargains or understandings on strategic arms, on Vietnam, on the place of China in the world, on cooperation in outer space. Techniques of crisis management were put tenuously in place. It was an impulse in which elements of mutual respect contended with the search for advantage - which is to say it was high politics in action. With the loss of that impulse, and in the absence of high politics in the East-West relationship, it is not surprising that any shred of trust or confidence in the intentions of the other side appears to have vanished as well. Also missing, and this troubles me deeply, is much trace of political craft and creativity directed at ameliorating the intentions of the other side. There is a disturbing complacency, a readiness to adapt to the worse rather than to exert our influence for the better. We are, in short, de-politicizing the most important political relationship we have.

The responsibility for this lies partly, but by no means exclusively, with both superpowers. The United States and the Soviet Union outstrip the rest of us in their global reach, their armaments, and their leadership responsibilities. Naturally, they differ greatly - and I am not committing the fallacy of describing them as equals in any moral sense at all. Nevertheless, they breathe an atmosphere common to themselves, and share a global perception according to which even remote events can threaten their interests or their associates.

And there are some other features which both powers have in common: continental land-mass and considerable economic self-sufficiency; ambivalent relationships with Europe and with Asia; complexities of demography; a central focus on each other in their policies; spasms of unilateralism and isolationism.

It is therefore facile to deny the grave responsibilities which are shared in Washington DC and Moscow, or to deny that what both seem to lack at the present time is a political vision of a world wherein their nations can live in peace. What is essential to assert is that, just as war is too important to leave to the generals, so the relationship between the superpowers may have become too charged with animosity for East-West relations to be entrusted to them alone. Military scientists make a routine distinction between capabilities - what weaponry the enemy has; and intentions - when, how and why he intends to use it. I am profoundly concerned that we are devoting far too great a proportion of our time to the enumeration of capabilities, and far too little to the assessment of intentions which govern the use of arms. We may at some point be able to freeze the nuclear capability in the world at greatly reduced levels. But how do we freeze the menacing intentions which might control those weapons which remain? Therein lies the inadequacy of the nuclear freeze argument.

Although known as the architect of total war, Von Clausewitz himself insisted on a political framework for military capabilities.

He said:

'War cannot be separated from political life; whenever this occurs in our thinking ... we have before us a senseless thing without an object.'

On that point, I agree with him. I am convinced that casting a fresh linkage - of military strategy with, and subordinate to, strong political purpose - must become the highest priority of East and West alike.

This is a period of deep questioning of many of the strategic concepts which have dominated the post-war world. New-school strategists, and critics from left and from right, are probing the fundamentals of strategic thought in the nuclear age from many points of view. They are in agreement, however, when they point to changing realities, to evolution in the psychology of those who live constantly with the spectre of nuclear war, and to the importance of weeding out obsolete ideas.

But much of this questioning, provocative as it is, strikes me as missing an important point. And that is the place of military strategy in the nuclear age. I believe that military strategy must, above all, serve a comprehensive set of political objectives and controls, which dominate and give purpose to modern weapons and to military doctrine. Our central purpose must be to create a stable environment of increased security for both East and West. We must aim at suppressing those nearly instinctive fears, frustrations, or ambitions which have so often been the reason for resorting to the use of force.

Therefore it is essential to Western purposes, in my judgement, to maintain in our policies elements of communication, negotiation, and transparency about our own intentions - plus a measure of incentive for the Soviet Union first to clarify, and then to modify, its own objectives towards the West.

This was, in a limited sense, the philosophy which underpinned the NATO response to the Soviet build-up of SS-20 missiles in Europe. We had to ask ourselves what purpose of political intimidation could be served by that build-up. That is why we decided to respond with a two-track approach - deployment and negotiations. This approach has given the Soviet Union both the clear incentive to reach agreement, and the table at which to do so. I and my fellow NATO heads of government remain firmly committed to that two-track decision.

The tragic shooting down of the Korean airliner raises further questions about military dominance on the Soviet side. It is the Soviet military system edging beyond the reach of the political authorities? Are we contributing to such a trend by the absence of regular contact with the Soviet leadership?

These considerations suggest that our two-track decision may also require, as the time for deployment comes closer, a 'third rail' of high-level political energy to speed the course of agreement - a third rail through which might run the current of our broader political purposes, including our determination not to be intimidated.

The risk of accident or miscalculation is too great for us not to begin to repair the lines of communication with our adversaries. The level of tension is too high for us not to

revive a more constructive approach to the containment of crises. The degree of mutual mistrust is too intense for us not to try to rebuild confidence through active political contact and consultation. Only in this way can the quality and credibility of efforts towards peace and security, from whatever quarter, be animated and reinforced. But it is a precondition of that goal that Western councils, particularly at the head of government level, benefit from the free flow of ideas which we maintain in our own societies, and which we advocate for others. That, too, forms part of our armament and we should not hesitate to deploy it.

Because the trend is for arms negotiations, like military strategy itself, to become ever more distanced from the political energy of the participants, I have mentioned the MBFR talks in Vienna. That forum has laboured for over ten years and produced very little by way of results. Those talks require urgent political attention if they are to move off dead centre. Over the years, other leaders and I have made several proposals in that direction - proposals which now merit wider support.

We have high hopes for the conference on disarmament in Europe, established by the CSCE (Conference on Security and Cooperation in Europe), and due to open in Stockholm next January. Canada will do its utmost to make that conference productive. We recognize the importance of agreement on confidence-building measures of a military nature. But these

negotiations, important as they are, will not advance our larger hopes if they proceed in a political vacuum. The ^{? believe} delegate framework of security in Europe cannot be balanced on the fate of one or two sets of negotiations alone. These negotiations must be grounded in a structure of stable East-West understanding: reciprocal acknowledgement of legitimate security needs, regular high-level dialogue, and a determined approach to crisis management.

Here again, we require that jolt of political energy which I have described as the third rail.

What is missing is a strategy of confidence-building measures of a political nature:

- steps that reduce tensions caused by uncertainty about objectives, or caused by fear of the consequences of failure;
- steps that mitigate hostility and promote a modicum of mutual respect;
- steps that build an authentic confidence in man's ability to survive on this planet.

In short, we must take positive political steps in order to reverse the dangerously downward trend-line in East-West relations. I shall be exploring such steps with our allies, with other leaders, and with groups such as yours. We must work in a balanced and rational fashion, with a degree of trust, a degree of belief in the good sense of mankind, and with a strong recognition that the task is urgent. The negotiations

on theatre nuclear forces in Europe, and on strategic forces, are taking place between the superpowers. Canada is not at the table, and we have no wish to insert ourselves into this vital and delicate process. It is my hope, however, that we might help to influence the atmosphere in which these negotiations are being conducted, and thereby enhance the prospects of early agreement. We need to be realistic about the hard factors in play. We must appreciate the primordial drive for security and for sovereignty which is never very far below the surface of the arms control debate.

Let us begin the search for what Franklyn Griffiths has termed a strategic Keynesianism - counter-cyclical measures which work to moderate the terrible lurch from hope to crises. We shall have to go against the flow.

I intend to speak further, in other speeches in the weeks ahead, about these issues of confidence stability, arms control and political will, which dominate not only our times, but our lives as well. I have this week begun a process of close discussion with President Reagan. My consultations with other leaders have already commenced. I plan to take to them in person my own recommendations for a strategy of political confidence-building.

We will want to look at several elements:

- ways of designing a consistent structure of political and economic confidence with which to stabilize East-West relations;
- ways to draw the superpowers away from their

concentration on military strength, toward regular and productive dialogue, toward a sense of responsibility commensurate with their power;

- ways to persuade all five nuclear-weapons states to engage in negotiations aimed at establishing global limits on their strategic nuclear arsenals;
- ways of improving European security through the raising of the nuclear threshold, including the imposition of a political dynamic upon the static MBFR talks in Vienna; and
- ways to arrest the proliferation of nuclear weapons among other states.

It is my personal purpose to live up to the undertaking, made by leaders at the Williamsburg Summit last May, 'to devote our full political resources to reducing the threat of war.' The questions to be raised, as I believe I have shown to you tonight, are not easy. There are priorities which inevitably conflict. A new climate of East-West confidence cannot be instilled in a day, nor can the arms race be stopped overnight. But in so far as I, and other leaders who share this purpose, can work together to build authentic confidence, I pledge to that we shall.

Not to do so at this time would, I believe, amount to a form of escapism - an escapism well defined by the Harvard Nuclear Study Group in their thoughtful book, *Living with Nuclear Weapons*. The book cautions against two forms of escapism: the first form is to believe that nuclear weapons will go away. The authors rightly and regretfully say that they will not. But the second

form of escapism, they point out, is to think that nuclear weapons can be treated like other military weapons in history. Surely it is clear that they cannot.

And therefore I would add a third form of escapism, which we indulge in at our peril. That is the escapism of allowing shrill rhetoric to become a substitute for foreign policy, of letting inertia become a substitute for will, of making a desert and calling it peace. Thank you.

For. Pol: East-west Rel.
Pt 3

Mw Coles

Canadian High Commission



Haut Commissariat du Canada

1 Grosvenor Square
London W1X 0AB

October 27, 1983

Prime Minister

Main points highlighted.

At 27/10

Dear Prime Minister,

As I promised in my letter to you of October 26th in which I relayed to you a message from Prime Minister Trudeau, I am forwarding a copy of the address on East/West relations which the Prime Minister will give this evening at Guelph University.

We have been asked to treat the text as confidential until after its delivery.

Yours sincerely,

Donald C. Jamieson
High Commissioner

The Rt. Hon. Margaret Thatcher, M.P.
Prime Minister
10 Downing Street
London SW1

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TO IMMEDIATE FCO

TELNO 1217 OF 26 OCT 83

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BRUSSELS, ROME, MODUK (DS17), SOFIA, BELGRADE, BUCHAREST,
BUDAPEST, EAST BERLIN, WARSAW, PRAGUE.

EAST BERLIN TELNO 142 AND PARA 4 OF MY TELNO 1214: POSSIBLE
WARSAW PACT SUMMIT.

1. THERE ARE A NUMBER OF CONFLICTING RUMOURS HERE.

ACCORDING TO THE FRG EMBASSY THE BULGARIAN CHARGE IN BONN HAS
CONFIRMED THAT THE POLITICAL CONSULTATIVE COMMITTEE OF THE WARSAW
PACT WILL MEET IN MOSCOW BEFORE THE END OF OCTOBER. THIS
INFORMATION WAS GIVEN IN RESPONSE TO A GERMAN QUESTION WHEN THE
BULGARIAN PAID AN OFFICIAL CALL TO HAND OVER A COPY OF THE RECENT
WARSAW PACT COMMUNIQUE.

2. AGAINST THAT, THE ROMANIANS TELL US THAT THE RUSSIANS HAVE
PROPOSED A SUMMIT FOR LATE NOVEMBER, AS A RESPONSE TO THE
LIKELY REAFFIRMATION OF NATO INF DEPLOYMENT PLANS IN THE BUNDESTAG
DEBATE AND AT THE NOVEMBER MEETING OF NATO DEFENCE MINISTERS.
THEY KNEW NOTHING ABOUT AN IMMINENT SUMMIT, BUT SPECULATED THAT IF
ONE WAS IN PROSPECT IT MIGHT BE ARRANGED DIRECTLY THROUGH CENTRAL
COMMITTEES.

RATFORD

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DEFENCE DEPT
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PS
PS/LADY YOUNG
PS/MR LUCE
PS/PUS
SIR J BULLARD
MR WRIGHT
MR JAMES
MR CARTLEDGE

ADDITIONAL DISTN.
START

COPIES TO:
MR COLES NO 10 DOWNING STREET

CONFIDENTIAL



File *ls*

10 DOWNING STREET

From the Private Secretary

26 October, 1983.

The Prime Minister has asked me to thank you for your letter of 26 October conveying a message to her from the Prime Minister of Canada.

Mrs. Thatcher will of course reply to Mr. Trudeau's message as soon as possible.

A. J. COLES

His Excellency Mr. Donald C. Jamieson

[Handwritten signature]

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

26 October, 1983.

Canadian Views on East-West Relations

I enclose a copy of a message which the Prime Minister has received from Mr. Trudeau.

I should be grateful if you would, in conjunction with the Ministry of Defence, let me have a draft reply for signature by the Prime Minister.

I am sending copies of this letter and enclosure to Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

SUBJECT

(2)

cc Master
o p s.

→ BF

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T166/83.

Canadian High Commission



Haut Commissariat du Canada

1 Grosvenor Square
London W1X 0AB

October 26, 1983

CONFIDENTIAL

Prime Minister

We shall let you have
a reply. A.S.C. 26/10.

Dear Prime Minister,

I have been asked by Prime Minister Trudeau to pass the following message to you:

"Dear Margaret,

During your most welcome official visit to Canada last month we devoted a considerable amount of our time to the theme of East/West relations and international security. You will be aware of my concern about the current unsatisfactory state of affairs and I am writing today to inform you of my intention to try to ameliorate this situation in the days and weeks ahead.

In doing so, I want to emphasize to you that my point of departure is one based on Canada's long standing and continuing firm commitment to the principles and purposes of both NATO and NORAD, which I view as the very bedrock of Canada's foreign and defence policies. Renewed evidence of this is reflected in our decision to permit the testing of air-launched cruise missiles in Canadian airspace, despite considerable domestic public opposition, and our four-square support behind NATO's "two-track" decision in INF; a decision which Canada supported completely at the outset in December 1979 and will continue to abide by fully. The collective security provided by NATO has proven invaluable to us all before during unsettled times as I am sure it will again.

What is required at this stage, however, is something that goes beyond our enduring commitment to NATO and firmness of resolve. As I see the situation at the present time, the political climate between East and West is not good and indeed

.../2

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London SW1

is rather troubling. This is particularly the case following the Korean airliner tragedy and against the background of NATO's likely imminent deployment of intermediate-range nuclear weapons in Europe. While there have been several troughs, including some rather deep ones, in our relationship with the East in the past, I believe there are vital new elements in this equation going beyond the lack of progress in arms control negotiations that bear consideration at this time for the potential threat they contain to our mutual security. The first relates to the situation in Moscow where General Secretary Andropov appears ill and seems to be encountering considerable difficulty in establishing his political control. Added to the possibility that there may be increasing militarization of the Soviet system underway is the relatively recent Soviet position of having achieved rough parity of nuclear forces which may lead Moscow not to back away, as it has in the past, from any real or perceived crisis.

The third, and perhaps most important element, is that at this critical juncture of heightened tension and uncertainty in Moscow we are attempting to manage this relationship largely in a political vacuum, devoid of any real high level political dialogue of the type that is essential to understanding and dealing with the concerns and intentions of the other side. At this time there is an evident mutual loss of confidence in one another. While we may be sure of what we are saying and what we intend our words to mean, there is a real possibility, precisely because of this mistrust and absence of dialogue, that the East at a distance may misread, misinterpret or miscalculate our true intentions.

The conclusion I draw from this appreciation of the above confluence of circumstances is that there is an urgent requirement for those Western leaders in a position to do so to apply themselves: to the task of arresting the downward trendline in relations; to the reinstatement of high level East/West dialogue; to the need to inject real political impetus into stalled arms control negotiations, such as MBFR; and to the necessity of taking a more global approach to nuclear arms control with regard to both horizontal and vertical proliferation.

At Williamsburg we agreed to devote our full political resources to reducing the threat of war. This is the necessary moment, I believe, when these resources should be put into play. Our publics, who are obviously disturbed by the current situation, expect as a minimum that their political leaders will make such an effort. I, for my part, intend to do so.

I will make public some of my concerns during an address to an international conference entitled "Strategies for Peace and Security in the Nuclear Age" being held at the University of Guelph in Ontario on October 27. My speech will

also allude in the most general of ways to some of the preliminary thoughts I have been considering for possible remedial action. These will include the need to stabilize East/West relations as a first step by reinstating high level political dialogue; ways of ensuring that all five nuclear weapon states engage in negotiations aimed at establishing global limits on their strategic nuclear arsenals; possible endeavours to encourage non-nuclear states in the direction of containing horizontal proliferation; as well as the need for the West to get off the defensive on the MBFR negotiations and to put forward substantive and constructive proposals aimed at breaking this longstanding deadlock, an objective for which I would seek your support.

I wish to emphasize that it is not my intention to insert myself into the important bilateral arms control negotiations now taking place between the USA and the USSR. As I also said in the House of Commons October 24, I do not think it would be right to include UK and French nuclear forces in the current INF negotiations.

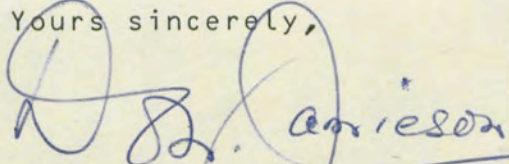
I would like to stay in close touch with you on this matter and would be most pleased to receive your comments on what I have had to say above. I plan on taking this subject up personally with a number of allied leaders in November including Chancellor Kohl and President Mitterrand. As we will be meeting again at the Commonwealth Heads of Government meeting in New Delhi for a number of days later in November I believe this will provide us with an opportune occasion for an in-depth discussion of our own on this vital subject. →

Yours sincerely,

Pierre Elliott Trudeau"

I will ensure a copy of Prime Minister Trudeau's University of Guelph address to the International Conference on Strategies for Peace and Security is forwarded to you immediately it is received here.

Yours sincerely,


Donald C. Jamieson
High Commissioner

T 166/83
SUBJECT



*f. Master
ops*

PRIME MINISTER • PREMIER MINISTRE

OTTAWA, K1A 0A2

October 25, 1983

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T 166/83

Dear Margaret,

During your most welcome official visit to Canada last month we devoted a considerable amount of our time to the theme of East-West relations and international security. You will be aware of my concern about the current unsatisfactory state of affairs and I am writing today to inform you of my intention to try to ameliorate this situation in the days and weeks ahead.

In doing so, I want to emphasize to you that my point of departure is one based on Canada's long standing and continuing firm commitment to the principles and purposes of both NATO and NORAD, which I view as the very bedrock of Canada's foreign and defence policies. Renewed evidence of this is reflected in our decision to permit the testing of air-launched cruise missiles in Canadian airspace, despite considerable domestic public opposition, and our four-square support behind NATO'S 'two-track' decision on INF; a decision which Canada supported completely at the outset in December 1979 and will continue to abide by fully. The collective security provided by NATO has proven invaluable to us all before during unsettled times as I am sure it will again.

The Rt. Honourable Margaret Thatcher, M.P.
Prime Minister
10 Downing Street
London, England

What is required at this stage, however, is something that goes beyond our enduring commitment to NATO and firmness of resolve. As I see the situation at the present time, the political climate between East and West is not good indeed is rather troubling. This is particularly the case following the Korean airliner tragedy and against the background of NATO's likely imminent deployment of intermediate-range nuclear weapons in Europe. While there have been several troughs, including some rather deep ones, in our relationship with the East in the past, I believe there are vital new elements in this equation going beyond the lack of progress in arms control negotiations that bear consideration at this time for the potential threat they contain to our mutual security. The first relates to the situation in Moscow where General Secretary Andropov appears ill and seems to be encountering considerable difficulty in establishing his political control. Added to the possibility that there may be increasing militarization of the Soviet system underway is the relatively recent Soviet position of having achieved rough parity of nuclear forces which may lead Moscow not to back away, as it has in the past, from any new real or perceived crisis.

The third, and perhaps most important element, is that at this critical juncture of heightened tension and uncertainty in Moscow we are attempting to manage this relationship largely in a political vacuum, devoid of any real high level political dialogue of the type that is essential to understanding and dealing with the concerns and intentions of the other side. At this time there is an evident mutual loss of confidence in one another. While we may be sure of what we are saying and what we intend our words to mean, there is a real possibility, precisely because of this mistrust and absence of dialogue, that the East at a distance may misread, misinterpret or miscalculate our true intentions.

The conclusion I draw from this appreciation of the above confluence of circumstances is that there is an urgent requirement for those western leaders in a position to do so to apply themselves: to the task of arresting the downward trendline in relations; to the restoration of a better climate based on increased confidence; to the reinstatement of high level East-West dialogue; to the need to inject real political impetus into stalled arms control negotiations, such as MBFR; and to the necessity of taking a more global approach to nuclear arms control with regard to both horizontal and vertical proliferation.

At Williamsburg we agreed to devote our full political resources to reducing the threat of war. This is the necessary moment, I believe, when these resources should be put into play. Our publics, who are obviously disturbed by the current situation, expect as a minimum that their political leaders will make such an effort. I, for my part, intend to do so.

I will make public some of my concerns during an address to an International Conference entitled 'Strategies for Peace and Security in the Nuclear Age' being held at the University of Guelph in Ontario on October 27. My speech will also allude in the most general of ways to some of the preliminary thoughts I have been considering for possible remedial action. These will include the need to stabilize East-West relations as a first step by reinstating high level political dialogue; ways of ensuring that all five nuclear weapon states engage in negotiations aimed at establishing global limits on their strategic nuclear arsenals; possible endeavours to encourage non-nuclear states in the direction of containing horizontal proliferation; as well as the need for the West to get off the defensive on the MBFR negotiations and to put forward substantive and constructive proposals aimed at breaking this longstanding deadlock, an objective for which I would seek your support.

I wish to emphasize that it is not my intention to insert myself into the important bilateral arms control negotiations now taking place between the USA and the USSR. As I also said in the House of Commons October 24 I do not think it would be right to include U.K. and French nuclear forces in the current INF negotiations.

I would like to stay in close touch with you on this matter and would be most pleased to receive your comments on what I have had to say above. I plan on taking this subject up personally with a number of allied leaders early in November including Chancellor Kohl and President Mitterrand. As we will be meeting again at the Commonwealth Heads of Government meeting in New Delhi for a number of days later in November I believe this will provide us with an opportune occasion for an in-depth discussion of our own on this vital subject.

Yours sincerely,

A handwritten signature in cursive script, appearing to be "Queen", written in dark ink.

22 NOV 1983



GR 765

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DESKBY F C O 291300Z SEPTEMBER

FROM MOSCOW 291255Z SEPTEMBER

TO IMMEDIATE F C O

TELEGRAM NUMBER 1094 OF 29 SEPTEMBER

INFO FLASH WASHINGTON (FOR PRIME MINISTER'S AND SECRETARY OF STATE'S PARTIES).

INFO IMMEDIATE UKMIS NEW YORK AND UKDEL NATO

INFO PRIORITY OTHER NATO POSTS, SOFIA, BELGRADE, BUCHAREST, BUDAPEST, EAST BERLIN , WARSAW AND PRAGUE.

INFO ROUTINE PEKING , TOKYO AND HELSINKI

MY TELNO 1091 : ANDROPOV ON U S FOREIGN POLICY.

1. THIS LENGTHY STATEMENT ONCE AGAIN SHOWS ANDROPOV'S SKILL, DESPITE THE APPARENT AVERSION TO PERSONAL PUBLICITY AND RESPECT FOR THE PROPRIETIES OF COLLECTIVE LEADERSHIP, IN REACHING FOR THE WORLD HEADLINES. IT IS INTENDED TO BE READ AS THE MOST AUTHORITY AND SOLEMN REFLECTION POSSIBLE OF THE SOVIET LEADERSHIP'S VIEWS.
2. AS SUCH, IT ENDORSES , ALBEIT SHORN OF SOME OF THE HYPERBOLE, A BLEAK AND ANGRY VIEW OF THE U S ADMINISTRATION WHICH HAS, FOR SOME TIME, BEEN THE COMMON CURRENCY OF SOVIET PROPAGANDA AND WHICH I DESCRIBED IN MY TELNO 1077. WHY DID ANDROPOV FIND IT NECESSARY TO SIGNAL TO THE SOVIET PEOPLE AND THE REST OF THE WORLD THAT RELATIONS WITH THE UNITED STATES HAD PLUMBED NEW DEPTHS, WITHOUT HOLDING OUT ANY HOPE OF A POSSIBLE IMPROVEMENT ?
3. THE STATEMENT SERVES SEVERAL PURPOSES, INTERNAL AND EXTERNAL. IT IS A RESPONSE TO PRONOUNCEMENTS BY PRESIDENT REAGAN WHICH HAVE STUCK IN THE SOVIET GULLET : MOST RECENTLY HIS VOICE OF AMERICA BROADCAST AND HIS SPEECH TO THE UNITED NATIONS GENERAL ASSEMBLY (MY TELNO 1088). THE SOVIET LEADERSHIP MUST HAVE DECIDED THAT REAGAN COULD NOT BE ALLOWED TO CONTINUE INDEFINITELY TO PRONOUNCE ON THE SOVIET UNION WITHOUT A RESPONSE AT AN EQUIVALENT LEVEL. THE SOVIET PUBLIC, WHO HAVE READ ALMOST DAILY ACCOUNTS OF REAGAN'S ALLEGEDLY MENDACIOUS AND HYPOCRITICAL ATTACKS ON THE SOVIET UNION, WILL BE GLAD TO SEE THAT ANDROPOV HAS RETURNED THE FIRE, NOT SPARING REAGAN PERSONALLY.

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14. THE

4. THE STATEMENT ALSO SEEKS TO FILL BOTH THE PHYSICAL GAP IN SOVIET PROPAGANDA DEFENCES CAUSED BY GROMYKO'S ABSENCE FROM THE GENERAL ASSEMBLY AND THE MORAL GAP CAUSED BY THE SOVIET DESTRUCTION OF THE KOREAN AIRLINER. ANDROPOV HAS TRIED TO TURN THE TABLES ON REAGAN AND CONVINCED THE WORLD THAT, ON THE CONTRARY, IT IS THE U S WHICH IS THE AGENT OF UNIVERSAL INSTABILITY, INJUSTICE AND TENSION. THE STATEMENT CONTAINS THE FULL CATALOGUE OF AMERICAN SINS AS THE SOVIET UNION SEES THEM. IT IS A MIRROR-IMAGE OF THE CHARGES LAID AGAINST MOSCOW BY WASHINGTON.

5. ANDROPOV TRIES HARD NOT TO SOUND BELLIGERENT. THE STATEMENT HAS BEEN DRAFTED VERY MUCH WITH THE "PEACE PROGRAMME" IN MIND. THOUGH THE GRAVITY WITH WHICH THE SOVIET UNION WILL REGARD THE DEPLOYMENT OF PERSHING AND CRUISE IS UNAMBIGUOUS, THERE IS NO REFERENCE IN TERMS TO COUNTER-MEASURES. THE SOVIET UNION'S DEFENCE CAPABILITIES ARE MENTIONED BRIEFLY AND UNDRAMATICALLY WITHOUT REPETITION OF EARLIER REFERENCES TO "CRUSHING RETALIATORY BLOWS". THE ONLY OVERT HINT OF MENACE LIES IN THE REMARK ABOUT WASHINGTON NOT KNOWING HOW TO PREVENT ITSELF FROM "CROSSING THE MARK BEFORE WHICH ANY SOBER-MINDED PERSON MUST STOP". YET THERE IS AN UNDERLYING SENSE OF ACUTE EXASPERATION, FRUSTRATION, AND POSSIBLY EVEN ALARM: ONE PICTURES ALMOST THE ANIMAL AT BAY.

6. THOUGH THEY ARE MENTIONED IN UNCOMPROMISING TERMS THE STATEMENT IS NOT ABOUT ARMS CONTROL AND THE KAL AIRLINER AS SUCH. I DO NOT BELIEVE, AS DO SOME OF MY COLLEAGUES, THAT ANDROPOV HAS BEEN PUSHED BY THE MILITARY INTO SAYING WHAT HE HAD SAID. THE STATEMENT IS ABOUT EAST/WEST RELATIONS GENERALLY. IT IS THE PRODUCT OF VISCERAL NATIONALISM AND A DEEP SENSE OF INJURY BROUGHT ON BY A PERCEPTION OF HOSTILE AMERICAN POLICIES WORLD-WIDE ON THE IDEOLOGICAL, POLITICAL AND MILITARY FRONTS. RIGHTLY OR WRONGLY, THE RUSSIANS FEEL THAT THEY HAVE BEEN GOADED ALMOST BEYOND ENDURANCE BY THE AMERICAN ADMINISTRATION.

7. THE PROPAGANDA WAR BETWEEN MOSCOW AND WASHINGTON HAS NOW BEEN ESCALATED TO THE HIGHEST POSSIBLE LEVEL, WITH ANDROPOV'S STATEMENT MARKING A QUALITATIVE ADVANCE ON THE SITUATION REPORTED IN MY TELNO 1077. WE MUST BE VERY NEAR A SITUATION WHERE PROPAGANDA HAS DEVoured POLICY. ANDROPOV'S STATEMENT IS, FRANKLY, PROFOUNDLY DISTURBING. WHAT IS NOW NEEDED IS THE APPLICATION OF COOL HEADS IN WASHINGTON AND MOSCOW TO A CALM POLITICAL DIALOGUE WORTHY OF TWO SUPER-POWERS WHO LAY CLAIM TO WORLD LEADERSHIP.

RATFORD.

FCO/WHITEHALL
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(Repetition to REYKJAVIK
referred for departmental decision,
repeated as requested to other posts.)

SECRET

DEDIP

BURNING BUSH

FM WASHINGTO 281515Z SEPT 83

TO IMMEDIATE FCO

TELNO 2791 OF 28 SEPT

INFO IMMEDIATE UKMIS NEW YORK (FOR SECRETARY OF STATE'S PARTY)

UKMIS NEW YORK TELNOS 907 AND 909 TO YOU :

US/SOVIET RELATIONS

1. IN THE QUADRIPARTITE MEETING YESTERDAY, SHULTZ GAVE AN ACCOUNT OF US THINKING ABOUT THE AIRLINER INCIDENT. THERE WAS DISCUSSION ALSO OF THE LIKELY SOVIET RESPONSE TO INF DEPLOYMENT. BEFORE THE SECRETARY OF STATE'S FURTHER MEETING WITH SHULTZ TOMORROW, YOU MAY LIKE TO HAVE THE FOLLOWING BY WAY OF ADDITIONAL BACKGROUND ON US THINKING ABOUT THE RELATIONSHIP WITH THE SOVIET UNION.

2. ON SATURDAY SHULTZ HELD A BRAIN-STORMING SESSION WITH THE SENIOR STATE DEPARTMENT SOVIETOLOGISTS AND A NUMBER OF OUTSIDE EXPERTS, NOTABLY SCOWCROFT, HYLAND AND SONNENFELD. ONE OUTSIDE EXPERT CONTENDED THAT THE SOVIET LEADERSHIP MIGHT HAVE CONCLUDED IT IMPOSSIBLE TO DO BUSINESS WITH THE REAGAN ADMINISTRATION. THE GENERAL VIEW, HOWEVER, WAS THAT THE RUSSIANS HAD UNDERSTOOD BEFORE THE KAL INCIDENT THAT THE US ADMINISTRATION HAD BEEN TRYING TO ESTABLISH A BETTER RELATIONSHIP AND THAT POSITIVE STEPS WERE BEING TAKEN (CONCLUSION OF THE CSCE , THE NEW GRAIN AGREEMENT, MOVEMENT IN THE US POSITION BOTH IN INF AND START). THE WAY THE RUSSIANS HAD REACTED TO THIS FIRST POST-BREZHNEV CRISIS WAS WORRYING. THE TIME-TABLE FOR POSSIBLE STEPS TO IMPROVE THE RELATIONSHIP HAD SUFFERED. BUT THERE WAS UNANIMITY ON THE IMPORTANCE OF TRYING TO RE-ESTABLISH A DIALOGUE.

(RNW)

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MINISTER

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MR GOMERSALL

MR SHIMWALD

CHY ANX

PM'S PARTY

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3. THE STATE DEPARTMENT SEE THE RUSSIANS AS HAVING SUFFERED A SERIOUS TACTICAL SET-BACK VIS A VIS US AND EUROPEAN OPINION, AND AS BEING IN A VERY UNPLEASANT MOOD - AS GROMYKO DEMONSTRATED TO SHULTZ IN MADRID. BUT AS GOOD DIALECTICIANS, IT WOULD BE ENTIRELY IN CHARACTER FOR THEM TO COMBINE A SHOW OF CONTINUED UNPLEASANTNESS WITH SOME POSITIVE-SOUNDING MOVES. THE MEETING IN MADRID WAS SO BAD THAT SHULTZ HIMSELF DOES NOT HAVE MUCH ENTHUSIASM FOR FURTHER SESSIONS WITH GROMYKO. THERE WILL BE FURTHER MEETINGS, HOWEVER, WITH DOBRYNIN.

4. FOR WHAT IT IS WORTH, KADAR CLAIMED IN HIS TALK WITH VICE-PRESIDENT BUSH IN BUDAPEST THAT ANDROPOV DID NOT KNOW ABOUT THE AEROPLANE IN ADVANCE OF THE ACTION TAKEN TO SHOOT IT DOWN. KADAR ARGUED THAT ANDROPOV WAS A MAN WHO WANTED TO DO THINGS: THIS MIGHT BE EXPLOITED TO TRY TO ACHIEVE A MORE PRODUCTIVE RELATIONSHIP. BUT HE WOULD BE A SKILFUL AND UNPLEASANT ADVERSARY.

5. ON THE UNUSUALLY PUBLIC ROLE PLAYED BY THE SOVIET MILITARY IN TRYING TO EXPLAIN AWAY THIS ACTION, THE STATE DEPARTMENT SOVIETOLOGISTS DO NOT INTERPRET THIS AS SHOWING DAYLIGHT BETWEEN THEM AND ANDROPOV. ANDROPOV OWES HIS POSITION TO THE SUPPORT OF THE MILITARY. HIS RECENT SELF-EFFACING ROLE MAY WELL SIMPLY HAVE BEEN CALCULATED TO KEEP HIM OUT OF THE FIRING LINE ON THIS UNPLEASANT SUBJECT.

6. THE AIRLINER INCIDENT HAS UPSET THE GAME PLAN ON WHICH U S OFFICIALS WERE WORKING IN THE SUMMER FOR THE CONCLUSION OF THE CSCE ON THE SHULTZ/GROMYKO MEETING IN MADRID TO BE FOLLOWED BY A FURTHER MEETING IN NEW YORK AND, POSSIBLE, BY A VISIT BY SHULTZ TO MOSCOW. THERE IS AN OBVIOUS DIFFICULTY NOW ABOUT RE-ESTABLISHING A HIGH LEVEL DIALOGUE. THE AMERICANS DO NOT EXPECT ANY BREAKTHROUGH IN THE INF NEGOTIATIONS BEFORE DEPLOYMENT. THEREAFTER, THERE WILL BE A PERIOD OF TENSION WHILE THE RUSSIANS CONFIRM THEIR INTENTION TO CARRY OUT COUNTER-DEPLOYMENTS OF THE KIND THEY HAD PLANNED ANYWAY. AS SHULTZ SAID IN NEW YORK, THE AMERICANS BELIEVE THAT ANY INTERRUPTION OF NEGOTIATIONS WOULD BE TEMPORARY. THEY WOULD GO ON TRYING FOR AN INF AGREEMENT AND THE PRESIDENT'S STATEMENT AT THE UNGA WAS INTENDED INTER ALIA TO PAVE THE WAY FOR CONTINUING NEGOTIATIONS AFTER THE DEPLOYMENT.

7. BEYOND THAT, U S OFFICIALS REGARD THE CENTREPIECE OF A FURTHER ATTEMPT TO ENGAGE A MORE POSITIVE DIALOGUE WITH THE RUSSIANS AS BEING THE STRATEGIC ARMS NEGOTIATIONS. THE AIRLINER INCIDENT HAS AFFECTED THE ATMOSPHERE IN WHICH THE CURRENT REVIEW OF THE U S START POSITION IS TAKING PLACE. THE ADMINISTRATION IS UNDER PRESSURE TO BRING ITS START POSITION INTO LINE WITH THE CONGRESSIONAL "BUILD-DOWN" PLAN (THE PROPOSAL OF SENATORS PERCY, NUNN AND COHEN THAT FOR EACH NEW WARHEAD DEPLOYED MORE THAN ONE EXISTING WARHEAD SHOULD BE RETIRED). MAJOR NEW DEPARTURES ARE NOT EXPECTED AT THIS STAGE. BUT THE ADMINISTRATION WILL GO ON EXPLORING ACTIVELY THE POSSIBILITY FOR A NEW START FRAMEWORK AGREEMENT NEXT YEAR AND SIGNALLING SOME FLEXIBILITY IN THE EFFORT TO ACHIEVE ONE.

8. THE UNANSWERED QUESTION, OF COURSE, IS WHETHER THE RUSSIANS WILL SHOW REAL INTEREST IN SUCH AN AGREEMENT IN THE NEXT FEW MONTHS. SOVIET OFFICIALS HAVE BEEN TELLING THEIR US COUNTER-PARTS THAT THEY BELIEVE THAT PRESIDENT REAGAN WILL RUN AGAIN AND WIN. THERE MAY VERY WELL BE A DISPOSITION ON THE PART OF SOME AT LEAST IN MOSCOW, HOWEVER, TO TRY INSTEAD TO SIT THINGS OUT.

WRIGHT

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DESKBY WASHINGTON 282200Z

DESKBY NEW YORK 282200Z

FM MOSCOW 281923Z SEP 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 1091 OF 28 SEP

INFO IMMEDIATE WASHINGTON (FOR PRIME MINISTER'S PARTY)

IMMEDIATE UKMIS NEW YORK (FOR SSECRETARY OF STATE'S PARTY)

IMMEDIATE UKDEL NATO

INFO PRIORITY ANKARA, ATHENS, BONN, BRUSSELS, COPENHAGEN, LISBON,

LUXEMBOURG, MADRID, OSLO, OTTAWA, PARIS% REYKJAVIK, ROME,

THE HAGUE, UKDEL VIENNA, SOFIA, SBELGRADE, BUCHAREST,

BUDAPEST, EAST BERLIN, WARSAW, PRAGUE,

INFO ROUTINE PEKING, TOKYO, HELSINKI

ANDROPOV ON U.S. FOREIGN POLICY

1. SOVIET TELEVISION AND RADIO HAVE TONIGHT, 28 SEPTEMBER, CARRIED A STATEMENT BY ANDROPOV ON AMERICAN FOREIGN POLICY. THE FOLLOWING IS THE TEXT AS PUT OUT BY THE ENGLISH SERVICE OF TASS.

BEGINS. THE SOVIET LEADERSHIP DEEMS IT NECESSARY TO MAKE KNOWN TO THE SOVIET PEOPLE, OTHER PEOPLES, AND ALL THOSE WHO ARE RESPONSIBLE FOR SHAPING THE POLICY OF STATES, ITS ASSESSMENT OF THE COURSE PURSUED IN INTERNATIONAL AFFAIRS BY THE PRESENT U.S. ADMINISTRATION. TO SPEAK BRIEFLY, THIS IS A MILITARIST COURSE WHICH POSES A GRAVE THREAT TO PEACE. ITS ESSENCE IS TO TRY AND ASSURE FOR THE UNITED STATES DOMINEERING POSITIONS IN THE WORLD WITHOUT RECKONING WITH THE INTERESTS OF OTHER STATES AND PEOPLES. PRECISELY THESE AIMS ARE SERVED BY THE UNPRECEDENTED BUILDUP OF THE U.S. MILITARY POTENTIAL, LARGE-SCALE PROGRAMMES OF MANUFACTURING WEAPONS OF ALL TYPES -- NUCLEAR, CHEMICAL AND CONVENTIONAL. NOW IT PLANS TO SPREAD THE UNRESTRICTED ARMS RACE INTO OUTER SPACE TOO.

THE AMERICAN MILITARY PRESENCE IS EXPANDED UNDER INVENTED PRETEXTS OF ALL SORTS, THOUSANDS OF KILOMETRES FROM U.S. TERRITORY. STRONGHOLDS ARE SET UP FOR DIRECT ARMED INTERFERENCE IN THE AFFAIRS OF OTHER STATES, AND FOR THE USE OF AMERICAN WEAPONS

AGAINST ANY COUNTRY WHICH REJECTS WASHINGTON'S DICTAT. AS A RESULT, TENSIONS HAVE GROWN WORLD-WIDE -- IN EUROPE, ASIA, AFRICA, MIDDLE EAST AND CENTRAL AMERICA.

OTHER NATO COUNTRIES ARE INCREASINGLY INVOLVED IN THE IMPLEMENTATION OF THESE DANGEROUS PLANS OF WASHINGTON. MOREOVER, EFFORTS ARE MADE TO REVIVE JAPANESE MILITARISM AND ATTACH IT TO THE BLOC'S MILITARY-POLITICAL MACHINE. WHEN DOING SO, ATTEMPTS ARE MADE TO COMPEL PEOPLE TO FORGET THE LESSONS OF HISTORY.

/ PEOPLES

PEOPLES JUDGE THE POLICY OF A GOVERNMENT FIRST OF ALL BY ITS ACTIONS. THAT IS WHY WHEN THE U.S. PRESIDENT IN HIS GRANDILOQUENT SPEECH FROM THE UNITED NATIONS ROSTRUM SPEAKS ABOUT COMMITMENT TO THE CAUSE OF PEACE, SELF-DETERMINATION AND SOVEREIGNTY OF PEOPLES, THESE MERE DECLARATIONS CAN CONVINCE NO ONE.

EVEN IF SOMEONE HAD ANY ILLUSIONS AS TO THE POSSIBLE EVOLUTION FOR THE BETTER IN THE POLICY OF THE PRESENT AMERICAN ADMINISTRATION, THE LATEST DEVELOPMENTS HAVE FINALLY DISPELLED THEM. FOR THE SAKE OF ITS IMPERIAL AMBITIONS, IT GOES SO FAR THAT ONE BEGINS TO DOUBT WHETHER WASHINGTON HAS ANY BRAKES AT ALL PREVENTING IT FROM CROSSING THE MARK BEFORE WHICH ANY SOBER-MINDED PERSON MUST STOP.

THE SOPHISTICATED PROVOCATION, MASTERMINDED BY U.S. SPECIAL SERVICES WITH THE USE OF A SOUTH KOREAN PLANE, IS ALSO AN EXAMPLE OF EXTREME ADVENTURISM IN POLITICS. WE HAVE ELUCIDATED THE FACTUAL ASPECT OF THE ACTION IN A THOROUGH AND AUTHENTIC WAY. THE GUILT OF ITS ORGANISERS, NO MATTER HOW HARD THEY MIGHT DODGE AND WHAT FALSE VERSIONS THEY MIGHT PUT FORWARD, HAS BEEN PROVED.

THE SOVIET LEADERSHIP EXPRESSED REGRET OVER THE LOSS OF HUMAN LIVES DUE TO THAT UNPRECEDENTED, CRIMINAL SUBVERSION. IT IS ON THE CONSCIENCE OF THOSE WHO WOULD LIKE TO ASSUME THE RIGHT NOT TO RECKON WITH THE SOVEREIGNTY OF STATES AND INVIOABILITY OF THEIR BORDERS, WHO MASTERMINDED AND CARRIED OUT THE PROVOCATION, WHO LITERALLY ON THE FOLLOWING DAY HASTILY PUSHED THROUGH CONGRESS COLOSSAL MILITARY SPENDING AND ARE NOW RUBBING THEIR HANDS WITH PLEASURE.

THUS, THE +HUMANISM+ OF STATESMEN WHO ARE SEEKING TO LAY THE BLAME FOR THE DEATH OF PEOPLE THAT WERE ABOARD THE PLANE ON OTHERS IS TURNING INTO NEW HEAPS OF WEAPONS OF MASS DESTRUCTION -- FROM MX MISSILES TO NERVE GAS CONTAINERS.

IN THEIR STRIVING TO JUSTIFY IN SOME WAY THEIR DANGEROUS, INHUMAN POLICIES, THE SAME PEOPLE PILE HEAPS OF SLANDER ON THE SOVIET UNION, ON SOCIALISM AS A SOCIAL SYSTEM, WITH THE TONE BEING SET BY THE U.S. PRESIDENT HIMSELF. ONE MUST SAY BLUNTLY -- IT IS AN UNATTRACTIVE SIGHT WHEN, WITH A VIEW TO SMEARING THE SOVIET PEOPLE, LEADERS OF SUCH A COUNTRY AS THE UNITED STATES RESORT TO WHAT ALMOST AMOUNTS TO OBSCENITIES ALTERNATING WITH HYPOCRITICAL PREACHING ABOUT MORALS AND HUMANISM.

THE WORLD KNOWS WELL THE WORTH OF SUCH MORALIZING. IN VIETNAM, MORALITY, AS UNDERSTOOD BY LEADERS IN WASHINGTON, WAS BROUGHT HOME WITH NAPALM AND TOXIC AGENTS, IN LEBANON -- IT IS BEING HAMMERED IN BY SALVOES OF NAVAL GUNS, IN EL SALVADOR -- THIS MORALITY IS BEING IMPOSED BY GENOCIDE. AND THE LIST OF

CRIMES CAN BE CONTINUED. SO, WE DO HAVE SOMETHING TO SAY ABOUT THE MORAL ASPECT OF THE U.S. POLICY AS WELL: BOTH BY RECALLING HISTORY AND BY TALKING ABOUT THE PRESENT TIME.

NOW IN WASHINGTON, ALONG WITH MORALITY, THEY ALSO BREACH ELEMENTARY NORMS OF DECENCY, SHOWING DISREGARD NOT ONLY FOR STATESMEN AND STATES, BUT ALSO FOR THE UNITED NATIONS ORGANISATION. A QUESTION ARISES: CAN THE INTERNATIONAL ORGANISATION, CALLED UPON TO MAINTAIN PEACE AND SECURITY, REMAIN IN THE COUNTRY WHERE OUTRAGEOUS MILITARIST PSYCHOSIS IS IMPOSED AND THE GOOD NAME OF THE ORGANISATION IS INSULTED ?

UNDER THE COVER OF ANTI-COMMUNISM, CONTENDERS FOR THE ROLE OF RULERS OF THE DESTINIES OF THE WORLD ARE SEEKING TO IMPOSE THEIR ORDERS WHEREVER THEY DO NOT ENCOUNTER A REBUFF.

THE CONCEPTS THEMSELVES, USED TO JUSTIFY SUCH A MANNER OF ACTIONS, WOULD NOT ATTRACT ANY ATTENTION IF NOT FOR THE FACT THAT THEY ARE PREACHED BY LEADERS OF A MAJOR POWER, AND NOT MERELY PREACHED, BUT ARE PUT TO USE.

THE TRANSFERENCE OF IDEOLOGICAL CONTRADICTIONS TO THE SPHERE OF INTER-STATE RELATIONS HAS NEVER BENEFITED THE ONE WHO RESORTED TO IT IN EXTERNAL AFFAIRS. THIS IS SIMPLY ABSURD AND INADMISSIBLE AT PRESENT, IN THE NUCLEAR AGE. THE TRANSFORMATION OF THE BATTLE OF IDEAS INTO MILITARY CONFRONTATION WOULD BE TOO COSTLY FOR THE WHOLE OF MANKIND.

BUT THOSE WHO ARE BLINDED BY ANTI-COMMUNISM ARE NOT, PROBABLY, ABLE TO PONDER THAT. STARTING WITH THE SCARE OF THE +SOVIET MILITARY THREAT+, THEY HAVE NOW PROCLAIMED A +CRUSADE+ AGAINST SOCIALISM AS A SOCIAL SYSTEM. ATTEMPTS ARE MADE TO CONVINCe PEOPLE THAT THERE IS NO ROOM FOR SOCIALISM IN THE WORLD. BUT THEY DO NOT SPECIFY, THOUGH, THAT THEY MEAN THE WORLD ACCORDING TO WASHINGTON.

BUT WISHES AND POSSIBILITIES ARE FAR FROM BEING THE SAME THING. NO ONE WILL EVER BE ABLE TO REVERSE THE COURSE OF HISTORY. THE USSR AND OTHER SOCIALIST COUNTRIES WILL LIVE AND DEVELOP ACCORDING TO THEIR LAWS - LAWS OF THE MOST ADVANCED SOCIAL SYSTEM.

THE SOVIET STATE HAS SUCCESSFULLY OVERCOME MANY TRIALS, INCLUDING CRUCIAL ONES, DURING THE SIX AND A HALF DECADES OF ITS EXISTENCE. THOSE WHO ENCROACHED ON THE INTEGRITY OF OUR STATE, ITS INDEPENDENCE AND OUR SYSTEM FOUND THEMSELVES ON THE GARBAGE HEAP OF HISTORY. IT IS HIGH TIME THAT EVERYBODY TO WHOM THIS APPLIES UNDERSTOOD THAT WE SHALL BE ABLE TO ENSURE THE SECURITY OF OUR COUNTRY, THE SECURITY OF OUR FRIENDS AND ALLIES UNDER ANY CIRCUMSTANCES.

SOVIET PEOPLE CAN REST ASSURED THAT OUR COUNTRY'S DEFENCE CAPABILITY IS MAINTAINED AT SUCH A LEVEL THAT IT WOULD NOT BE ADVISABLE FOR ANYONE TO STAGE A TRIAL OF STRENGTH.

ON OUR PART, WE DO NOT SEEK SUCH A TRIAL OF STRENGTH. THE VERY THOUGHT OF THIS IS ALIEN TO US. WE DO NOT SEPARATE, NOR, THE MORE SO, COUNTERPOSE THE WELL-BEING OF OUR PEOPLE, THE SECURITY OF THE SOVIET STATE TO THE WELL-BEING AND SECURITY OF OTHER PEOPLES, OTHER COUNTRIES. ONE SHOULD NOT LOOK AT THE WORLD IN THE NUCLEAR AGE THROUGH THE NARROW PRISM OF ONE'S SELFISH EGOISTIC INTERESTS. RESPONSIBLE STATESMEN HAVE ONLY ONE CHOICE -- TO DO EVERYTHING POSSIBLE TO PREVENT NUCLEAR CATASTROPHE. ANY OTHER POSITION IS SHORT-SIGHTED, THE MORE SO, IT IS SUICIDAL.

THE SOVIET LEADERSHIP DOES NOT HESITATE ABOUT WHAT LINE TO FOLLOW IN INTERNATIONAL AFFAIRS IN THE PRESENT-DAY ACUTE SITUATION AS WELL. OUR COURSE REMAINS AIMED AT PRESERVING AND STRENGTHENING PEACE, LESSENING TENSION, CURBING THE ARMS RACE AND EXPANDING AND DEEPENING COOPERATION BETWEEN STATES. THIS IS THE INVARIABLE WILL OF THE COMMUNIST PARTY OF THE SOVIET UNION, ALL SOVIET PEOPLE. THESE ARE, WE ARE CONVINCED, ALSO THE ASPIRATIONS OF ALL PEOPLES.

OF COURSE, MALICIOUS ATTACKS ON THE SOVIET UNION PRODUCE HERE A NATURAL FEELING OF INDIGNATION, BUT OUR NERVES ARE STRONG, AND WE DO NOT BASE OUR POLICY ON EMOTIONS. IT RESTS ON COMMON SENSE, REALISM, PROFOUND RESPONSIBILITY FOR THE DESTINIES OF PEACE.

WE PROCEED FROM THE PREMISE THAT MANKIND IS NOT DOOMED TO DESTRUCTION. THE ARMS RACEMCAN AND MUST BE TERMINATED. MANKIND DESERVES A BETTER FATE THAN LIVING IN A CONFLICT-TORN WORLD-SUFFOCATING UNDER THE BURDEN OF DEADLY WEAPONS.

BY ADVANCING FAR-REACHING PROPOSALS ON LIMITATIONS AND REDUCTIONS OF NUCLEAR ARMAMENTS, BOTH STRATEGIC AND MEDIUM-RANGE IN EUROPE, WE SHOW OUR CONCERN NOT ONLY FOR THE SECURITY OF THE USSR, STATES OF THE SOCIALIST COMMUNITY, BUT ALSO FOR THE SECURITY OF ALL OTHER COUNTRIES.

AS TO THE U.S. POLICY, ITS GROWING MILITARISATION IS MANIFESTED AMONG OTHER THINGS IN THE UNWILLINGNESS TO CONDUCT SERIOUS TALKS OF ANY KIND, TO COME TO AGREEMENT ON QUESTIONS OF CURBING THE ARMS RACE.

THE SOVIET-AMERICAN TALKS ON THE BURNING PROBLEM -- REDUCTION OF NUCLEAR ARMAMENTS IN EUROPE -- HAVE BEEN GOING ON FOR TWO YEARS NOW. THE POSITION OF THE SOVIET SIDE IS DIRECTED AT FINDING MUTUALLY ACCEPTABLE SOLUTIONS ON A FAIR, JUST BASIS, SOLUTIONS WHICH DO NOT INFRINGE ANYONE'S LEGITIMATE INTERESTS. AT THE SAME TIME, THESE TWO YEARS MADE IT CLEAR THAT OUR PARTNERS IN THE TALKS AT GENEVA ARE NOT AT ALL THERE TO REACH AN ACCORD. THEIR TASK IS DIFFERENT -- TO PLAY FOR TIME AND THEN START THE DEPLOYMENT IN WESTERN EUROPE OF BALLISTIC PERSHING 2 AND LONG-RANGE CRUISE MISSILES. THEY DO NOT EVEN TRY TO CONCEAL THIS.

ALL THEY DO IS PRATTLE ABOUT SOME FLEXIBILITY OF THE UNITED STATES AT THE GENEVA TALKS. ANOTHER PORTION OF SUCH +FLEXIBILITY+ HAS JUST MATERIALISED. AND THE DECEPTION CONTAINED IN IT HAS BECOME CLEAR THIS TIME AS WELL. TO LEAVE ASIDE DETAILS, THE ESSENCE OF THE SO-CALLED NEW MOVE IN THE U.S. POSITION, BILLED AS SUPERB, IS REDUCED TO THE PROPOSAL TO AGREE, AS BEFORE, ON HOW MANY SOVIET MEDIUM-RANGE MISSILES SHOULD BE REDUCED AND HOW MANY NEW AMERICAN MISSILES SHOULD BE DEPLOYED IN EUROPE IN ADDITION TO THE NUCLEAR POTENTIAL ALREADY POSSESSED BY NATO.

IN BRIEF, IT IS PROPOSED TO US TO TALK ON HOW TO HELP THE NATO BLOC UPSET TO ITS ADVANTAGE THE BALANCE OF MEDIUM-RANGE NUCLEAR SYSTEMS IN THE EUROPEAN ZONE. AND THIS MOVE IS PRESENTED BRAZENFACEDLY AS SOMETHING NEW.

THE OPERATION ON STATIONING THESE AMERICAN NUCLEAR MISSILES IN EUROPE IS SEEN FROM WASHINGTON'S CONTROL ROOM AS SIMPLE IN THE EXTREME AND MAXIMALLY ADVANTAGEOUS FOR THE UNITED STATES -- ADVANTAGEOUS AT THE EXPENCE OF EUROPE. THE U.S. EUROPEAN ALLIES ARE REGARDED AS HOSTAGES. THIS IS A FRANK, BUT CYNICAL POLICY. BUT HERE IS WHAT IS NOT REALLY CLEAR: DOES THIS THOUGHT OCCUR TO THOSE EUROPEAN POLITICAL FIGURES WHO, DISREGARDING THE INTERESTS OF THEIR PEOPLES, AND THE INTERESTS OF PEACE, HELP IMPLEMENT THE AMBITIOUS MILITARIST PLANS OF THE U.S. ADMINISTRATION ?

THERE SHOULD BE NO ROOM HERE FOR RETICENCE. IF, CONTRARY TO THE WILL OF THE MAJORITY OF PEOPLE IN WESTERN EUROPEAN COUNTRIES, AMERICAN NUCLEAR MISSILES APPEAR ON THE EUROPEAN CONTINENT, THIS WILL BE A STEP AGAINST PEACE OF A PRINCIPLED CHARACTER ON THE PART OF THE U.S. LEADERS AND LEADERS OF OTHER NATO COUNTRIES WHO ACT AS ONE WITH THEM.

WE DO NOT SEE EITHER THAT THE AMERICAN SIDE IS WILLING TO HANDLE IN EARNEST THE PROBLEM OF LIMITING AND REDUCING STRATEGIC ARMAMENTS. THEY IN THE AMERICAN CAPITAL ARE NOW BUSY LAUNCHING THE PRODUCTION OF EVER NEW SYSTEMS OF THESE ARMAMENTS AS WELL. THEY ARE TO BE FOLLOWED SHORTLY BY SUCH TYPES OF WEAPONS WHICH MAY RADICALLY ALTER THE NOTIONS OF STRATEGIC STABILITY AND THE VERY POSSIBILITY OF EFFECTIVE LIMITATION AND REDUCTION OF NUCLEAR ARMS.

NO ONE SHOULD MISTAKE THE SOVIET UNION'S GOODWILL AND DESIRE TO COME TO AGREEMENT FOR A SIGN OF WEAKNESS. THE SOVIET UNION WILL BE ABLE TO MAKE A PROPER RESPONSE TO ANY ATTEMPT TO DISRUPT THE EXISTING MILITARY-STRATEGIC BALANCE, AND ITS WORDS AND DEEDS WILL NOT BE AT VARIANCE.

HOWEVER, WE ARE PRINCIPLED OPPONENTS OF THE COMPETITION IN THE PRODUCTION AND STOCKPILING OF WEAPONS OF MASS ANNIHILATION. THIS IS NOT OUR PATH. IT CANNOT LEAD TO A SOLUTION OF ANY

PROBLEM FACING MANKIND, I.E. ECONOMIC DEVELOPMENT OF STATES, CONSERVATION OF THE ENVIRONMENT, CREATION OF AT LEAST ELEMENTARY CONDITIONS FOR PEOPLE'S LIFE, THEIR DIET, HEALTH AND EDUCATION.

THE RELEASE OF MATERIAL RESOURCES, WRECKLESSLY WASTED ON THE ARMS RACE, AND THE UNFOLDING OF INEXHAUSTIBLE CREATIVE POTENTIALITIES OF MAN ARE THE THINGS THAT MAY UNITE PEOPLE, THIS IS WHAT SHOULD DETERMINE THE POLICY OF STATES ON THE THRESHOLD OF THE 20TH AND 21ST CENTURIES. TO IMPLEMENT ALL THAT, IT IS NECESSARY THAT THE FORCES OF MILITARISM BE CHECKED, AND THE WORLD THROUGH CONCERTED EFFORT BE KEPT FROM SLIDING INTO AN ABYSS.

ALL PEOPLES, EVERY INHABITANT OF OUR PLANET SHOULD REALISE THE IMMINENT DANGER -- TO REALISE IN ORDER TO POOL EFFORTS IN THE STRUGGLE FOR THEIR OWN SURVIVAL.

MANKIND HAS NOT LOST, NOR CAN IT LOSE ITS REASON. THIS IS MANIFESTED WITH GREAT VIGOUR IN THE SCOPE OF THE ANTI-MISSILE, ANTI-WAR MOVEMENT, HAVING MOUNTED IN THE EUROPEAN AND OTHER CONTINENTS, THE MOVEMENT WHICH DRAWS PEOPLE OF DIFFERENT SOCIAL, POLITICAL, AND RELIGIOUS AFFILIATION.

ALL WHO RAISE TODAY THEIR VOICE AGAINST THE SENSELESS RACE OF ARMAMENTS AND IN DEFENCE OF PEACE CAN BE SURE THAT THE POLICY OF THE SOVIET UNION, OTHER SOCIALIST COUNTRIES IS DIRECTED AT ATTAINING PRECISELY THESE AIMS. THE USSR WISHES TO LIVE IN PEACE WITH ALL COUNTRIES, INCLUDING THE UNITED STATES. IT DOES NOT NURTURE AGGRESSIVE PLANS, DOES NOT IMPOSE THE ARMS RACE ON ANYONE, DOES NOT IMPOSE ITS SOCIAL ORDERS ON ANYONE.

OUR ASPIRATIONS AND STRIVINGS ARE IMPLEMENTED IN CONCRETE PROPOSALS DIRECTED AT EFFECTING A DECISIVE TURN FOR THE BETTER IN THE WORLD SITUATION. THE SOVIET UNION WILL CONTINUE TO DO EVERYTHING POSSIBLE TO UPHOLD PEACE ON EARTH. ENDS.

2. FCO PLEASE ADVANCE DESKBY TO THE RESIDENT CLERK.

RATFORD

ADVANCED AS REQUESTED

FCO/WHITEHALL
EESD

pa



(12)

Hd (EESD)

u / NATO

u / WCO

u / Def D

u / ACU

u / News D

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TS / Mr Riffkind

Mr James

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TO IMMEDIATE FCO

TELEGRAM NUMBER 1077 OF 26 SEP

INFO IMMEDIATE WASHINGTON, UKMIS NEW YORK (FOR THE SECRETARY OF STATE'S PARTY):

INFO PRIORITY UKDEL NATO

INFO ROUTINE BONN, PARIS, PEKING

INFO SAVING TOKYO, OTHER NATO POSTS, SOFIA, BELGRADE, BUCHAREST, BUDAPEST, EAST BERLIN, WARSAW, PRAGUE, HELSINKI, ULAN BATOR

US/SOVIET RELATIONS : PROPAGANDA AND REALITY

1. SOVIET ANTI-AMERICAN PROPAGANDA HAS PROBABLY NOT BEEN AS SULPHUROUS OR STRIDENT SINCE THE PRE-DETENTE ERA. ALREADY UNFORGIVING FOR MOST OF THIS YEAR, THE TONE OF COMMENT ON THE US ADMINISTRATION AT LARGE HAS TAKEN A SHARP TURN FOR THE WORSE IN THE AFTERMATH OF THE KAL DISASTER (EG, 'HAWKISH, UNTHINKING, PATHOLOGICALLY ANTI-SOVIET' : PRAVDA, 11 SEPTEMBER).

THE CANZELLATION OF GROMYKO'S TRIP TO THE GENERAL ASSEMBLY HAS NOT HELPED : ALTHOUGH HE WAS PROBABLY RELIEVED TO HAVE AN EXCUSE NOT TO PACE THE MUSIC, HE HAS, CHARACTERISTICALLY, SOUGHT TO TRANSFORM THE HUMILIATION INTO YET ANOTHER CAUSE OF COMPLAINT AGAINST THE US.

2. IT HAS ALSO BECOME COMMONPLACE TO DIRECT ABUSE AT THE US PRESIDENT IN PERSON, A PHENOMENON PROBABLY NOT SEEN ON THIS SCALE SINCE TRUMAN WAS IN THE WHITE HOUSE. THE SOVIET PRESS REGULARLY ACCUSE REAGAN OF LYING AND HYPOCRISY. AMONG A NUMBER OF READERS' LETTERS PUBLISHED IN PRAVDA ON 25 SEPTEMBER, WHICH GAVE VENT TO CRUDE ANTI-AMERICAN SENTIMENT ONE DESCRIBED REAGAN AS

READERS' LETTERS PUBLISHED IN PRAVDA ON 25 SEPTEMBER, WHICH GAVE VENT TO CRUDE ANTI-AMERICAN SENTIMENT, ONE DESCRIBED REAGAN AS 'ONE OF THE CRUELLEST AND MOST WILL-INTENTIONED LEADERS OF OUR TIMES'. LITERARY GAZETTE (21 SEPTEMBER) HAS CALLED HIM A DANGEROUS MAN RUNNING A DANGEROUS ADMINISTRATION. PRAVDA, AGAIN ON 25 SEPTEMBER, REPORTED WITH PROMINENT RELISH DER SPIEGEL'S ALLEGATIONS ABOUT HIS PERSONAL WEAKNESSES AS PRESIDENT.

3. THIS WAVE OF PROPAGANDA IS NOW BEGINNING TO SHOW SIGNS OF SELF-INDUCED WAR PSYCHOSIS, AS IT MIRRORS ITS OWN ACCUSATIONS OF ANTI-SOVIET, MILITARY

RISK HYSTERIA IN WASHINGTON. MARSHAL OGARKOV RECENTLY SAID THAT THE US WAS PREPARING FOR WAR (MY TEL NO 1068). IN A SPEECH IN NOVOSIBIRSK ON 23 SEPTEMBER, CANDIDATE POLITBURO MEMBER VOROTNIKOV LAID SPECIAL EMPHASIS, IN 'THE PRESENT COMPLICATED INTERNATIONAL SITUATION' ON THE NEED FOR CONSTANT ATTENTION TO BE PAID TO THE STRENGTHENING OF THE COUNTRY'S DEFENSIVE POTENTIAL. A LEADING ARTICLE ON 20 SEPTEMBER IN THE MINISTRY OF DEFENCE PAPER, RED STAR, TALKED OF 'VIGILANCE, VIGILANCE AND AGAIN VIGILANCE... TO BE VIGILANT MEANS BEING FULLY AWARE OF THE REAL DANGER OF WAR...'

4. A RECURRENT SUB-THEME HAS BEEN THAT THE 'PROVOCATION' WAS DESIGNED TO EASE THE WAY FOR NATO'S INF DEPLOYMENT. IN CONTRAST WITH THIS, HOWEVER, AKHROMEYEV AND KORNHENKO AT THEIR PRESS CONFERENCE ON 14 SEPTEMBER (MY TEL NO 1021) ATTEMPTED, AMONG OTHER THINGS, TO BREAK THE LINK BETWEEN INF AND THE DESTRUCTION OF TSE KAL AIRLINER. THE PARADOX IS IN PART EXPLAINED BY THE NEED TO DIVERT ATTENTION FROM THE LATTER. BUT THE PRESS CONFERENCE ALSO REFLECTED SOVIET RECOGNITION OF WHERE PROPAGANDA ENDS AND REAL POLITIK BEGINS. AS SUCH, IT WAS AN EFFORT TO GET THE FOCUS OF US-SOVIET RELATIONS BACK TO WHERE SOVIET INTERESTS ARE MOST VITALLY ENGAGED: ARMS CONTROL AND, IMMEDIATELY, THE INF NEGOTIATIONS.

5. THE RUSSIANS WILL REALISE THAT THEY CANNOT HOPE TO CARRY ON AS IF THE SHOOTING DOWN OF THE AIRLINER HAD NEVER HAPPENED. THE START AND INF TALKS TAKE PLACE IN THE WORST EAST/WEST POLITICAL ATMOSPHERE FOR YEARS. MORE SERIOUSLY, THE US/SOVIET RELATIONSHIP APPEARS TO COMPRISE THE GENEVA TALKS, GRAIN AND LITTLE ELSE. THE DESTRUCTION OF THE AIRLINER HAS PUT PAID TO THE MOVEMENT IN PERIPHERAL AREAS WHICH WAS DISCERNIBLE DURING THE SUMMER (MOSCOW TEL NO 792). SUBJECT TO WHAT MAY BE GOING ON THROUGH ANY BACK CHANNEL, US/SOVIET DIALOGUE HAS ATROPHIED, PARTICULARLY AT HIGH LEVEL. SHULTZ AND GROMYKO HAVE MET ONLY ONCE THIS YEAR AND IN THE CIRCUMSTANCES IT MIGHT HAVE BEEN BETTER HAD THEY NOT DONE SO.

LEVEL. SCHELTZ AND GROMYKO HAVE MET ONLY ONCE THIS YEAR AND IN THE CIRCUMSTANCES IT MIGHT HAVE BEEN BETTER HAD THEY NOT DONE SO. WASHINGTON AND MOSCOW APPEAR ENCLOSED IN A POLITICAL VACUUM. THERE IS CORRESPONDINGLY BROAD SCOPE FOR COMPOUNDING THE EXISTING MUTUAL SUSPICION AND INCOMPREHENSION. EVEN BEFORE THE SHOOTING DOWN OF THE AVR8,4, SIR D SUTHERLAND WARNED AGAINST TOO OPTIMISTIC A VIEW OF THE PROSPECTS FOR IMPROVED RELATIONS, IN PARTICULAR, FOR A US/SOVIET SUMMIT IN 1984 (MOSCOW TELS NOS 677 AND 792). NOW, A MEETING BETWEEN REAGAN AND ANDROPOV NEXT YEAR SEEMS ALMOST INCONCEIVABLE.

6. WHAT ARE THE CHANCES OF SOVIET MOVEMENT AT GENEVA OR ON OTHER NEURALGIC POINTS IN THE US/SOVIET RELATIONSHIP, SUCH AS SAKHAROV AND SHCHARANSKY ? THE RUSSIANS WILL KNOW THAT, BY DESTROYING THE AIRLINER, THEY HAVE PROBABLY DEALT A FATAL BLOW FOR THE FORESEEABLE FUTURE TO THE NUCLEAR FREEZE MOVEMENT IN THE US AND THEIR HOPES OF EXPLOITING A PRESIDENTIAL ELECTION CAMPAIGN TO SOVIET NEGOTIATING ADVANTAGE. THEY ARE CONSCIOUS THAT THEY HAVE DONE SERIOUS DAMAGE TO THEIR PEACE CAMPAIGN: THE MEETING IN MOSCOW ON 20 SEPTEMBER OF CENTRAL COMMITTEE SECRETARIES OF THE SOVIET UNION AND ITS ALLIES LOOKS LIKE A ATTEMPT TO GET THE CAMPAIGN BACK ON THE RAILS. ALL THIS MAY INDUCE ANDROPOV TO MAKE SOME GESTURE, SUBSTANTIVE OR COSMETIC OR A MIXTURE OF BOTH, BEFORE THE END OF THE YEAR. BUT THERE WILL BE A GREAT TEMPTATION HERE TO DIG IN DEFIANTLY AND DISPLAY AGAIN THOSE UNSAVOURY NATIONAL REFLEXES TO WHICH THE PASSENGERS ON THE KOREAN AIRLINER FELL VICTIM. THE PRELIMINARY REACTION HERE TO REAGAN'S NEW INF INITIATIVE BODES ILL (MY TEL NO 1064). SEEN FROM HERE, THE PROSPECTS FOR A BREAKTHROUGH IN THE GENEVA ARMS CONTROL NEGOTIATIONS LOOK BLEAK. YET WITHOUT IT, 1984 IS LIKELY TO PROVE EVEN MORE TROUBLED FOR EAST/WEST RELATIONS THAN 1983.

7. CENTRAL TO THE PROGNOSIS IS THE PLACE OF THE MILITARY IN THE SOVIET ESTABLISHMENT. I WILL EXPLORE THIS IN A DESPATCH ON THE DESTRUCTION OF THE AIRLINER WHICH I AM SENDING TO THE DEPARTMENT BY THIS WEEK'S BAG.

FCO PLEASE PASS TO ALL SAVING ADDRESSEES

RATFORD

NNNN

PRIME MINISTER

CHEQUERS: FOREIGN POLICY STRATEGY DISCUSSION

I should be grateful for your decision on whether or not we should seek to give the conclusions of the Chequers discussions some official status.

I understand that the economic policy discussions were of a different character and that the same problem does not arise in their case. As regards the foreign policy field, the problem is limited to the field of East/West relations. In this case, you have in effect, as a result of the discussions, laid down a policy on the very important area of East/West relations and that policy contains some new elements. It might seem odd if OD did not take cognisance of this change.

You may feel that the Foreign and Commonwealth Secretary should be asked to produce a paper for OD which would not refer specifically to the Chequers discussions but begin:

"Following our talk the other day, you asked me to set out the considerations which should guide our policy on East/West relations in the next few years".

The rest of the paper would be based on my account of the Chequers discussions which is attached, but which I have not yet circulated.

Agree that we should proceed in this way?

12 September 1983

*Yes - it is a brilliant summary
It is early to come to OD having in mind
the Korean A.F.C.
points which should be followed.
But agree that a paper should be
prepared for OD in day (with
outline, not*



10 DOWNING STREET

13 September 1983

From the Private Secretary

SUBJECT
cc Major Sel
copy on Foreign Policy

Defence Strategy on Foreign
Policy April 1983

Bf cc MOD
DTI
COL
CO

16 DA

See brief,

Chequers : Discussions of foreign and defence policy

I am sending you separately today letters recording the conclusions of the Chequers discussions of 8 and 9 September on (a) East/West relations (b) Arms Control and Disarmament (c) the Middle East.

I should be grateful if the following points on the handling of these letters could be carefully noted.

The fact, nature and outcome of the Chequers discussions should continue to be closely protected. In general, we continue to wish to avoid wider knowledge of these matters.

Nevertheless, it will be necessary to bring the conclusions of the meetings to the attention of those concerned with the execution of policy. The outcome of the discussion of the Middle East presents little difficulty and my letter on that matter may be brought to the attention of those who need to know. But if you judge it necessary to inform our representatives abroad I should be grateful if you could refer simply to "recent Ministerial discussion" rather than the Chequers meeting of 9 September.

As regards the meeting on arms control and disarmament the decisions taken were more in the nature of commissioning further work than new decisions on policy. They may be brought to the attention of those who need to know then subject to the above caveats.

The conclusions of the meeting on East/West relations are in a different category in that they relate to the formulation of a new policy. The Prime Minister would therefore be grateful if in due course the Foreign and Commonwealth Secretary would prepare a paper for circulation to OD setting out, on the basis of the Chequers conclusions, the considerations which should govern our approach to East/West relations in the next few years. She would like an opportunity to see a draft of the paper which she envisages being circulated not before late October.

/ I am

SECRET

- 2 -

I am copying this letter to Richard Mottram (Ministry of Defence), Jonathan Spencer (Department of Trade & Industry), Alex Galloway (Chancellor of the Duchy of Lancaster's Office) and Richard Hatfield (Cabinet Office).

Yours ever

John Colles .

Brian Fall, Esq.,
Foreign and Commonwealth Office.

SECRET



10 DOWNING STREET

From the Private Secretary

12 September 1983

Dear Brian,

POLICY ON EAST/WEST RELATIONS

On 8 September the Prime Minister held two meetings at Chequers to discuss the question of East/West relations.

The morning was devoted to a discussion with eight academic experts on the basis of papers which they had submitted earlier. In the afternoon a meeting of Ministers and officials considered, in the light of the morning's discussion and a paper on East/West relations prepared by the Foreign and Commonwealth Office, the policy which the Government should pursue on East/West relations in the next few years. A list of those attending the two meetings is enclosed.

The purpose of this letter is to record the policy conclusions which were agreed.

The meeting considered whether British policy should aim at, in the words used by the US Secretary of State on 15 June, 1983, "the gradual evolution of the Soviet system towards a more pluralistic political and economic system". The view was reached that the realistic possibilities of change in the Soviet system were such that it was very doubtful whether in the foreseeable future any substantially greater diversity could be expected. Our policy should therefore be based on the assumption that any change in the system in at least the medium term would not be fundamental.

It was agreed that the capacity of the West to exercise influence on the Soviet Union was not great, that Eastern Europe might provide more scope for influence but that the process of change in both would be at best gradual.

Soviet Union

The question of whether or not the United Kingdom should seek increased contact, at higher levels, with the Soviet Union was discussed at length. It was agreed that the aim should be to build up contacts slowly over the next few years. There would be no public announcement of this change of policy. The timing and nature of exchanges should be very carefully

/ considered,

SUBJECT

FILE

cc Master
Foreign Pol,
April '83,
Strategy on
Foreign Policy
and Defence Issues

considered, bearing in mind both the recent Korean airliner incident and the fact that the reason why contacts had been reduced was the Soviet invasion of Afghanistan, where Soviet forces were still present. We should continue to pursue the present policy of making the Soviet military presence in Afghanistan as burdensome and embarrassing as possible.

The Foreign and Commonwealth Secretary would hold a meeting with the Soviet Foreign Minister at the UN General Assembly in September. Mr. Gromyko might be invited to visit the United Kingdom in 1984.

Further thought should be given to the timing of the resumption of meetings in Berlin between the Commander in Chief, British Forces, Germany, and his Soviet Opposite number.

There were arguments both for and against a meeting between the Prime Minister and Mr. Andropov. It was possible that the new policy of increased contacts would result, in the next two or three years, in a meeting at this level at an appropriate time and place. But the Prime Minister would not go to the Soviet Union for this purpose. The aim should rather be to persuade Mr. Andropov to visit the West (which he had never done).

It might also be useful to arrange at the appropriate time for other senior members of the Politbureau, particularly potential successors to Andropov, to visit London. The Prime Minister would be prepared, in principle, to receive one or more such visitors. This question should be further examined and recommendations made in due course.

It was agreed that the main means of influencing developments within the Soviet Union was through the spread of information and that the most effective current instrument was Western radio broadcasts. Ways of increasing the flow of information to the Soviet Union should be actively pursued. The Foreign and Commonwealth Office should in this connection re-examine the role of the BBC External Services with regard to the Soviet Union and Eastern Europe. (It had been suggested during the earlier discussion with academic experts that the BBC were prevented by a policy directive from broadcasting to the Soviet Union in languages other than Russian and, further, that the effectiveness of its Eastern European programmes was limited by the convention that events in those countries could be covered only if they had already become the subject of media comment in the United Kingdom.)

As regards economic relations with the Soviet Union and Eastern Europe it was agreed that the nature of the Western free market system and the widespread availability of technology ruled out a total ban on the transfer of technology. But our security interests required that the utmost care was taken to ensure so far as possible that exports which could have significant military application did not occur. Strategically significant exports should continue to be identified and embargoed under effective COCOM procedures.

Governments should exercise financial prudence in trading with the Soviet Union and Eastern European countries and avoid granting preferential treatment. The West should avoid over-dependence on imports from or exports to the Soviet Union in all trade sectors. Although trade might bring certain desirable political benefits, this could never justify conducting trade on terms disadvantageous to the West.

Soviet policy in the Third World was reviewed. It was agreed that this policy had been cynical and opportunistic. The Russians were facing increasing problems in responding to developing countries' real needs. Even where Soviet/Cuban influence had been established, countries were increasingly turning to the West for assistance. We should take advantage of this and should, in a variety of ways, seek to build up resistance to the Soviet Union in the Third World.

A fundamental characteristic of the relationship between the West and the Third World was that, unlike the Soviet Union, the West sought to help resolve the underlying problems of particular regions. We should play our part in maintaining this Western approach which was of great importance for world stability.

Eastern Europe

A number of conclusions relating specifically to Eastern Europe were reached.

It was possible to be more optimistic as to the possibilities for encouraging greater diversity in Eastern Europe but even here the prospects for fundamental change were severely limited. It was essential that our policy towards the Eastern European countries, and especially the public presentation of that policy, should not be such as to induce the Soviet Union to become even more repressive in its behaviour in the area.

Some evolutionary gains had been maintained in Eastern Europe. It was in the interests of the West to assist in preserving these. Each country should be treated individually and those tendencies which diverged from the Soviet model should be encouraged.

Eastern European awareness of developments in the West should be fostered by increased contacts of various kinds and by an active policy in the field of information.

A further programme of Ministerial visits should be arranged. Consideration should be given to the possibility of a visit by the Prime Minister to Hungary. High-level contact with Romania had value in helping that country to maintain its comparatively independent stance in international affairs. In the case of Czechoslovakia and East Germany, visits at above the level of a junior Minister would probably be inappropriate.

/BBC broadcasting

BBC broadcasting to Eastern Europe should be maintained at the highest level which was compatible with the resources available.

Similarly, the British Council's programme of exchanges should be maintained. There was particular value in exchanges which allowed young people in Eastern Europe to be exposed to Western society. Exchanges between schools were a good example.

A criticism made during the meeting with academic experts - that in selecting candidates for exchanges the British Council were obliged to ensure that those chosen should not be likely to become involved in controversial human rights questions - should be examined.

Cultural exchanges (the arrangement of British cultural events in Eastern Europe and vice-versa) brought less certain benefits than other types of exchange and should be considered selectively.

I am copying this letter and enclosure to Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

Yours ever

John Cole.

Brian Fall, Esq.,
Foreign and Commonwealth Office.

MEETING WITH ACADEMIC EXPERTS

The Prime Minister

Mr. Michael Kaser

Mr. A.H. Brown

Professor A. Nove

The Reverend Michael Bourdeaux

Dr. Alex Pravda

Mr. C.N. Donnelly

Mr. G. Schopflin

Dr. Ronald Amman

Lord Thomas of Swynnerton

Rt. Hon. Sir Geoffrey Howe, MP

Rt. Hon. Michael Heseltine, MP

Mr. Malcolm Rifkind, MP

Sir Antony Acland

Sir Julian Bullard

Mr. J.M. Mackintosh

Sir Anthony Parsons

Mr. Robin Butler

Mr. John Coles

MEETING OF MINISTERS AND OFFICIALS

Prime Minister

Rt. Hon. Sir Geoffrey Howe, MP

Mr. Malcolm Rifkind, MP

Sir Antony Acland

Sir Julian Bullard

Mr. Bryan Cartledge

Rt. Hon. Michael Heseltine, MP

Sir Clive Whitmore

Field Marshal Sir Edwim Bramall

Mr. John Blelloch

Sir Robert Armstrong

Mr. David Goodall

Mr. J.M. Mackintosh

Sir Anthony Parsons

Mr. Robin Butler

Mr. John Coles

PRIME MINISTER

STRATEGY MEETINGS: FOREIGN AFFAIRS

Some suggestions for handling.

THURSDAY

East/West Relations: meeting with academics (0900)

We have allowed four hours for this, followed by lunch.

All participants have copies of the eight academic papers.

Michael Kaser has grouped them under four headings (see page 1 of academic folder), namely "System", "Society", "Economy" and "Power". S S E P.

You can allow about one hour for each subject, though I suggest we have a break half-way through the morning.

Under each heading, the two academics who have written papers have been asked to speak for five minutes each (one immediately following the other). They will introduce their papers, not by repeating their contents but by selecting points of emphasis and suggesting issues for discussion.

After the two have spoken, you could allow 50 minutes for discussion. Participants should be encouraged to be brief.

The aim of the morning session is really to establish a picture of what the Soviet Union (and Eastern Europe) is like - as a background to the official discussion in the afternoon of what the British Government should do. But we should constantly encourage the academics to say what they think the Government should do.

Everyone will be full of theories about the Korean aircraft. I suggest that you do not let that subject dominate the discussion - we could postpone the theories till lunchtime.

OFFICIAL SESSIONS

These begin at 2.30 on the first day (i.e. immediately after the academics leave).

/Britain's global

Britain's global interests and priorities

FLAG A I suggest that you begin by spending 45 minutes (no more) on the FCO paper on this subject. It is important to take a brief look at the range of our interests and problems before plunging into East/West relations again - the Foreign Secretary argues this strongly in his new minute (attached) which I hope you will read in full.

But I suggest that after 45 minutes you bring the discussion to an end and conclude that:

- (a) the paper is noted as a useful description of our interests and priorities;
- (b) as the Foreign Secretary suggests, the FCO should, in consultation with the Treasury, MOD and other interested Departments, produce a paper looking "at likely overall levels of expenditure on the whole range of our external interests and at the allocation of resources as between the different instruments of policy".

East/West Relations

We then have the rest of the day to formulate, in the light of the previous discussions, the Government's policy on East/West relations for the next five years.

I suggest you take this in two parts:

- (a) The Summary of Conclusions on pages 1 to 10 of of the FCO paper.

Which of these are approved, rejected or need amendment as a basis for future strategy?

- (b) The Action Programme at Annex B of the FCO paper.

Similarly, are all these points accepted?

/ Finally,

12.36.
K

64

128

32

H

Finally, I suggest that you ask the Foreign Secretary, in the light of the discussion, to prepare a paper for OD on our East/West strategy and to let you see it in draft before circulation.

FRIDAY

Arms Control and Disarmament (0930 to 1300)

There are four papers but you should concentrate on the one entitled "Arms Control: The Strategic Agenda".

You might divide the morning into two parts:

Part I

Discuss the four key questions on page 1 of the paper.

On the third of these, the Defence Secretary has sent you a minute arguing that Britain should pursue a more distinctive role in arms control and disarmament matters. The Foreign Secretary's minute referred to above comments on this point.

FLAG B

FLAG A

Part II

After a break you could then ask the meeting to go through the check list annexed to the paper which describes the state of work on each of the arms control negotiations. In each case the meeting should consider whether or not it is necessary to commission new work.

Middle East (1130)

The paper was written before the latest developments in the Lebanon and before Mr. Begin's announcement of his intention to resign. I suggest you discuss points in the following order:

(a) Lebanon

Latest situation?
Threat to MNF?

(b) Arab/Israel

Effect of Begin's departure?
Should we/the Ten fill the gap caused by the US elections (para 11 of paper)?

/ Should

Should we do more to support the Palestinians on the West Bank and in Gaza (para 13)?

(c) The Gulf

A more active policy (para 14)?

(d) Trade and financial matters

Does our attitude on political questions affect the level of our trade (para 15)?

A. J. C.

6 September 1983



PM/83/65

PRIME MINISTER

Strategy Meetings on Foreign Affairs and Defence

1. I have read the updated versions of the papers prepared for your strategy meetings on foreign affairs and defence on 8 and 9 September and have been reflecting on how to organise this event so as to get the best value out of it.

2. You have very rightly made East/West Relations and Arms Control and Disarmament the focus of the discussion. Notwithstanding last week's events, indeed just because of them, this is a good moment, with the new leadership in the Soviet Union, for a fundamental look at the themes which together dominate the international political scene. The papers for these two subjects are meaty and I am glad that you have postponed any discussion of the European Community to a separate and later meeting. I hope however that there will be time on the second day for a thorough discussion of the Middle East which, as I write, is once again showing its capacity to endanger international peace. In this minute I will not comment further on that subject, except to say that the latest events in the Lebanon highlight the need for us to have a clear view both of long term Western aims and of our own national interests, and to stick to these as consistently as possible.

3. I attach great importance to our opening session on Britain's global interests and priorities. This will be our only opportunity to do three things: to look at the

/international context



international context within which British foreign policy operates and assess our priorities accordingly; to glance at the substance of some of the more difficult and preoccupying problems we face outside the central area of East/West relations; and to consider the allocation of resources to external policy, including aid and information as well as defence. There are two aspects here. First, within the overall national effort for the promotion of Britain's external interests, is the current distribution of resources correct, and is it sustainable in the long term? Second, can the UK credibly continue, as it has now done for several years, to sustain roughly the same level of effort on a declining resource base, or is there a critical point below which it will be better to discard certain functions altogether so as to be sure of meeting the chief requirements?

*What-
functions*

4. I might say that after three months in this office I am struck by the extent of the commitments which the United Kingdom has and which appear to be of an unavoidable nature. None of the items listed in the global interests paper could be regarded as luxuries which Britain could easily drop if we wished. They are however of different kinds and orders of magnitude, and we need to decide where the focus of our resources should be concentrated during our second term in office. An immediate priority is next year's Economic Summit, for the success or failure of which we as hosts shall be largely responsible. There will be a need for intelligent and imaginative planning involving several departments and closely coordinated.

5. As regards the various self-contained issues, I am very conscious of the problem of resource allocation which I have already mentioned, and of the need if possible to reduce the extent to which essentially peripheral (though by no means

/unimportant)



unimportant) problems can distract us from our central interests. This leads me to an instinctive preference for problem solving as against damage limitation. By this I mean that we should punctiliously discharge our obligations in respect of the Falklands, Cyprus, etc so as to contain these problems and ensure, so far as we can, that they do not affect our wider interests in relation to Latin America, the United States, NATO and so forth. But in addition, over the next four or five years, we should in my view make a real effort to bring about solutions, or at least to create the framework for solutions, in those cases where this appears a real possibility. Hong Kong is the chief and overwhelmingly the most important example, but Belize, Bermuda, Brunei and the British Indian Ocean Territory at least potentially fall in this category. The same is true of Namibia, though here and elsewhere in Southern Africa we can act credibly only in company with our closest allies. Gibraltar we probably cannot 'solve', but we must use the EC accession negotiations as a vehicle to find a new plateau of stability in our relations with Spain in which Gibraltar does not overshadow everything else as it does now.

6. The allocation of resources is a difficult and complex subject, and I would not look for precise conclusions from this week's meeting. Ideally, we need a framework that can be sustained over the medium-term, and so will maintain our reputation as a reliable ally and aid donor and our position as an influential member of the main international economic organisations. On the basis of our assessment of our priorities we would do well therefore, at the beginning of the lifetime of this government, to take a forward look at likely overall levels of expenditure on the whole range of our external interests and at the allocation of resources as between the different instruments of policy: defence, aid, diplomacy and the overseas cultural and information effort. This obviously has implications for departmental

/budgets



budgets, and after the initial discussion by us on Thursday I would like to see officials asked to do more detailed work, with an eye to the practices of our main allies and competitors in these different fields.

7. On East/West relations, judging from the papers they have written, the session with the eight academics should certainly be intellectually stimulating. You will want to ensure that the connection between analysis and discussion of policy options, however hypothetical, and the constraints of real life and the current state of East/West relations is followed through, I hope that some of them can be persuaded to be a bit more adventurous in offering advice as to what Britain could or should actually do. I enclose, in case you have not seen it, a copy of an interesting article by Andrei Sakharov which appeared in the summer edition of Foreign Affairs.

8. The paper on East/West relations is the fruit of mature reflection among our best experts here and of discussion between myself, Malcolm Rifkind and my other colleagues. The suggested 'Action programme' and the recommendations in various fields contained in the covering summary, taken together, offer a comprehensive framework for policy towards the Soviet Union and Eastern Europe for the years ahead.

9. As you will gather, I believe that, without sacrificing any of this government's reputation for firmness and principle, HMG can and indeed now should increase the level and frequency of contact with the Soviet Union and Eastern European countries. At the moment Chancellor Kohl is effectively the only top level Western leader in close and direct touch with the Russians. The French will always be idiosyncratic; while in the United States, where Reagan could have a tough race on his hands next year, the tendency will continue to be for the

/Administration



Administration to see East/West relations mainly in domestic political terms. Your own unique relationship with the President and your standing in Europe and elsewhere can, it seems to me, give Britain a voice in the Alliance which it badly needs at a time when the Soviet campaign against INF deployment is obviously entering its peak period.

10. If anyone at our meeting were to argue that the shooting down of the Korean airliner makes dialogue with the Russians impossible, or shows that it is useless, I should myself want to maintain the exact opposite, namely that this incident proves how dangerous is the state of affairs where the two superpowers talk to each other more across the floor of the United Nations than they do on the Hot Line.

11. This brings me to the last set of papers on disarmament and arms control and to Michael Heseltine's important minute of 1 September. What HMG does in this field is so very dependent on the policies and actions of others, and especially of the United States, that it is not easy to make cut and dried suggestions about forward policy. The paper entitled 'The Strategic Agenda' asks the relevant questions. I accept much of what Michael Heseltine says. I agree in particular that the question of the future position of British nuclear weapons in arms control, given the increasing public focus on this issue and the decisions that lie ahead on Trident D5 procurement, must play a central part in our discussions, without of course prejudging the decisions on Trident which we shall need to take with our colleagues in MISC 7 later in the year. I would agree too with the thought that Ministerial contact on these issues with the Russians could be very important, although any question of formalising bilateral contacts on nuclear disarmament will need very careful thought and coordination with the Americans and our other allies.



SECRET AND PERSONAL

12. I hope also that at our meeting we shall be able to review broadly the whole area of arms control and disarmament without going in detail into every aspect of the papers prepared for our discussion; in doing so we need to keep in mind the importance of the Non-Proliferation Treaty Review Conference in 1985. We might also consider whether the climate is right for you to urge President Reagan, when you visit Washington, to inject a new impetus into the START talks. We should finally find the time for a brief review of our public relations stance during the run-in to Cruise missile deployment.

13. I am copying this minute to the Secretary of State for Defence and Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
5 September 1983

SECRET AND PERSONAL



B

21

Pine Martin

MO 11/9/4

You will
want to read
this before the
Chequers meetings

PRIME MINISTERBRITAIN AND ARMS CONTROL

D

2/9.

The revised pack of papers for the Chequers meeting circulated by Mr Holmes under his letter of 23rd August includes an additional - and in my view important - note on 'The Strategic Agenda'. This raises some key questions which we might address. I believe that the third question - of whether there is a distinctive role for Britain - is the one, above all, that we must get right.

2. In the past we have avoided assuming a distinctive role. There have been good reasons for this: and we have had our successes in discreetly persuading allies to our point of view. But it seems to me that we may also have paid a high price for our anonymity. On all the evidence, there is widespread public support for a British security policy based on the twin propositions of strong defences - including nuclear weapons - and a multilateral approach to arms control. By contrast there is, in my view, much less satisfaction with actual achievements in arms control and much less understanding that the fault for this does not lie, in some undefined way, at the British Government's door. I believe that the lack of a distinctive role may have had quite a lot to do with this lack of understanding. Certainly increasingly the need for a British presence is being argued by the opposition parties.



3. If there is this degree of difference in the level of public support for the two elements of our security policy, then we ought to take the difference seriously. At the least we could raise the level of support and understanding for our approach to arms control, and that would in my view powerfully reinforce support for our defence effort. But even more importantly we might bring a new mind and a more flexible approach to the quest for arms limitation itself.

4. I accept that, for a variety of reasons, a distinctive role for Britain can more easily lie in the field of strategic nuclear arms. In the case of other nuclear weapons, either the capabilities concerned are not ours or we provide a part of an Alliance contribution which it is unrealistic to imagine we could discuss separately from those of our allies. We must guard, however, against too rigidly compartmentalising the issues. We have a direct interest in other systems both in our own right and as a major basing country for US-owned INF; and at some stage an attempt may have to be made to strike a balance between the West and the Soviet Union on longer-range systems of all types below the level of the intercontinental systems of the super-powers. In addressing these issues, our first priority must be to maintain and develop the existing dialogue with the United States; but this need not preclude a wider role which both Germany and France, in their different ways and circumstances, both already perform.

5. It so happens that by early next year we shall have taken important decisions on the number of missiles and warheads to buy for Trident: and by then, or at any rate not long after, we may be seeing either the emergence of an outline START agreement (which could well read across to the British and/or French strategic systems) or some kind of interruption of the negotiating process brought about by the Russians which a British initiative might be seen to be helping to resolve. That we should be discussing our future role at your strategy meeting is therefore extremely timely.



6. In that discussion I accept of course that due weight must be given to the difficulties and risks associated with any change in our role. We must, for example, be careful not to arouse public expectations we cannot fulfil, and we must think through how to handle the Alliance, and in particular the Americans and the French. But when we are clear about what we propose to do about procuring missiles and warheads for Trident and therefore how we might give effect to the arms control undertakings in our Open Government Document 82/1, there would, it seems to me, then be an opportunity to talk directly to the Russians about our position. If in the process of taking that opportunity a more broadly based political dialogue with the Soviet Union were to begin, I for one would be very much in favour of it. One of the things that worries me most about the present security scene is the absence of such dialogue for which I think there can be no substitute if we are truly to get the measure of the Russians and be able to derive the right policies for dealing with them.

7. In the end we have to ask ourselves what really is the objective in British involvement in efforts to achieve arms control. Is it just cosmetic, as many of our domestic political opponents argue it is - something we do not out of conviction but because it is expected of us? Or are we genuinely trying to make the future safer than it will be if the present arms build-up continues in both East and West? However difficult it is to achieve I am convinced that the latter must be our objective. After all if we don't insist on a positive role in this field who else do we expect to do the task for us? And that requires a greater understanding of the Soviet Union and its motives than we have now. I believe that achieving that understanding - and all that would flow from it - is in the end a task which only Ministers can accomplish.

8. I am sending copies of this minute to the Foreign and Commonwealth Secretary and Sir Robert Armstrong.

COMMERCIAL

21 SEP 1983



Brown

System not as monolithic as it looks, especially top party leadership

Reactionaries - neo Stalinists

Conservatives - maintain system with minor improvements

Progressives -

Mixed views among advisers of Andropov. Reformers have high hopes

Gorbachev Note

Zastavskaya

Cannot run economy as big as Soviet Union from centre

Because of ① Because of vested interests, difficult to move

② ^{Their own} Ideology is that they are monolithic (more than they are)

③ No overall strategy

She suggests

Andropov recognises big changes are needed; but tremendous institutional obstacles. Betting is that he won't be able to do it.

Kaser

One opener of Soviet leaders is to Eastern Europe. Andropov's Hungarian period

Committee set up in November 1981 to study Eastern European systems

^{Proposal that} Each republic in USSR to

Note

Some members of the Politburo recognise that some defects are such that they would grip the system up

Thomas

Inhibited by feeling that they are high priests of world system. Andropov: Jewish origin, not peasant background.

Pravda

(2)

Change in relationship between society & state. Society has crystallised.

Central Asia: Content to stay within system, but will need to be given more say.

Problem of getting people to work harder Small Working through small factory groups.

Consumer in USSR more tolerant of low or falling living standards. But if GNP $< 1\%$, people will complain and become more demoralised. Andropov saying: working for yourself, work for Russia. Got to have more flexible system to give work groups incentive. $\$$

Higher standard of education.

Bordeaux

Soviet system built on denial of human rights. Could not fulfil Helsinki arrangements

Attempt to remove religion endemic. Religion is alternative way of thought.

Andropov cracking down

Phantom church: but producing pseudo-Churchmen to go round to World Council of Churches.

Election of Pope John Paul II threat to his policy.

Church has power to reintroduce dignity into system, because of grass roots effect.

Father to eradicate religion.

What do Churchmen ask for? Little - freedom to hold open services and some freedom to print literature,

Helsinki agreement - Good thing: set standard to which people rally

World Council of Churches - Listen less to Russian placement than they need to.

③

Nationalism: overkill nationalism very strong. But internal nationalism dangerous.

Basis for anti-Semitism: ~~cultural problem~~. Not ruled out from Party membership. But culturally difficult to assimilate and thought to have links with U.S.
Moscow has been allowing more power to republics

Amman

Psychological effect of failure.

Radical concern with equality becomes petty bourgeois deviation.

Positive freedom outweighs negative freedom

Bourgeois democracy is a facade

Achievement of real Communism becomes timelier

Technocratic version of state power

Not technologically stagnant in military goods

But in civilian industries behind.

Last 3 5 year plans decline in new prototypes.

Decline does not lie in size of R & D effort. No extensive destalinisation of economy. Can they re-write science and production

System of incentives ineffective, perhaps counterproductive
Paralysing bureaucracy

Is analysis right? Is partial reform possible?

Role of Western technology?

What contribution can Western Governments make?

Node Reform of price system crucial.

Amman ^{Technology do not} Imported ~~design~~ help much because they are difficult to diffuse

Donnelly
Military Design so good that they make

Russians lost as many men in Leningrad in last 6 months as was at Britain in 6 years.

Military one of greatest supporters of system

Russia only influential because of military power

Military small voice in political decisions; unlikely to change.

Principles of war uniform.

Greater stability of system.

Consistency of defence planning.

Military determines what is produced for it to use. Concept of operations rigid and cannot be changed.

Soviets can ^{adapt} ~~change~~ their concept of operations more quickly than we can

Warsaw Pact only an extension of Russian army.

Schöpfer

Maintenance of Party power ultimate aim

But Party discipline cannot solve all problems and other means of solving them are not consistent with Party discipline
Corruption

Node Nobody would want to stop all exports.

Donnelly Within military system, competition among designers

Do Russians want arms limitation?

Amman Yes: to ease strains on economy

Brown Military yes: politicians yes.

Do they really believe war is possible?

Brown In 1970s they thought war with West impossible and China possible. But Reagan right.

Nade From US it is believed that US aim is total superiority

Donnelly First use of military is not to fight war; but to achieve objectives with out it

Should PM visit Eastern European

Schopflin Yes. Always welcome to enhance status.

Cartledge But we must discriminate.

PM Invite successors?

Bordeaux BBC policy is not to use material from Russia or Eastern Europe unless discussed here. They are reflecting British life.

British Council policy Directives given to exchange student not to become involved in human rights.

- ① People should be allowed to travel more
- ② BBC external services
- ③ Invite Romanov + Gorbachev

They pretend to pay us, and we pretend to work
Road reform

CONFIDENTIAL

Prime Minister 2

JA 3/8

PRIME MINISTER

FOREIGN AFFAIRS MEETINGS

I hope to have a chance to talk to you before the meetings at Chequers on 8 and 9 September. Here are one or two brief comments on the papers, all of which I have now had a chance to read.

Foreign Policy: Britain's Global Interests and Priorities

The first sentence of this paper, defining the purpose of all foreign policy, is delightfully British. Scandinavians and other Northern Europeans, with their sense of mission to make the world a better place for everyone to live in, would find it shockingly callous and insular. Frenchmen, with their notion of a "civilising mission" would find it pedestrian and inadequate. It would not be recognisable to Russians or Americans, except for the sternest isolationists in the US. Nevertheless, it is probably the definition which suits our national temperament best!

In the section headed "National Tasks" I would like to have seen a little more about those of our dependent territories where there are no specific problems. We tend to forget that we still have about half-a-dozen colonies in the Caribbean, some in a state of under-development which does us little credit. We equally have a residue of responsibility for the small and weak independent states of the Eastern Caribbean. In this area, we, the French and to a lesser extent the Dutch, cannot afford to pass the political and economic buck entirely to the Americans.

I also think that this section dismisses Northern Ireland too cursorily. In my experience, our inability to bring to a satisfactory conclusion what amounts to a civil war on our own territory, is becoming increasingly embarrassing to our friends and allies and is reducing our authority and influence elsewhere in the world. Easier to say this however than to think of a solution.

Para 20 on the distribution of resources is important. I think in particular of the BBC External Services and the British Council. I have served in about a dozen foreign countries in the last 35 years and am in no doubt that the BBC External Services are the most influential radio broadcasts in the world, far more so than anything

/which the

CONFIDENTIAL

which the United States, the Soviet Union, France or Germany can produce. The BBC's influence, particularly in the Third World, is so great that it can be very damaging, as I know to my cost from Iran. However, across the board, there is no question that the external services are not only a major British national asset, but a major Western asset as well. The British Council serves an analogous purpose, although its impact is confined to our national interest. The positive influence of these two organisations is out of all proportion to the trifling sums of money which the Government pays for them. At a time of financial stringency, it is false economy to apply the doctrine of "equal misery" to them. The damage to our interests far outweighs the value of the derisory savings gained from percentage cuts in their budgets.

East/West Relations

I think this is rather a good paper. I agree with the general line of argument and with the "action programme". Again, I believe that the most effective contribution which Britain can make is through the transmission of information, ie the BBC External Services.

The Middle East

I am attending a meeting in the FCO on 5 September of Middle East Ambassadors to discuss the paper. I will have more to say after this meeting.

I will not add to the burden by commenting in detail on the papers on Arms Control, Western Defence Strategy etc. But I commend, if you have time, the attached article by George Ball. It is heretical but it contains important insights and, in my view, much wisdom.



A.D. PARSONS
31 August 1983

The Cosmic Bluff

George W. Ball

NATO's nuclear strategy is founded on illusion—with a large component of self-deception: the dubious hope that America's nuclear threat will permanently deter the Soviet Union from attacking Western Europe with conventional forces. That threat—the pretense of a winning hand in a transcendental poker game—is becoming every day less persuasive. The Soviets know as well as we that, should our bluff be called, whether by accident or design or the momentum of actions and reactions that escape the control of both sides, the president would face two unacceptable options. He could either precipitate mutual catastrophe or capitulate.

Once the Soviet leaders conclude that no president would be likely to adopt the disastrous first option, our cosmic bluff will have lost its deterrent force.

Although the Soviets can never be absolutely certain whether a president would authorize the use of nuclear weapons to repel a conventional assault, they might become sufficiently skeptical to test the issue, influenced in that decision by the mood of America as they perceive it. They know that no president would make the nuclear decision in a vacuum; he would be sensitive to a public opinion that is now imposing a steadily more powerful constraint. Without question, the recent awakening of Americans to the dangers of nuclear weapons is creating a new political fact—a fact with major implications for our strategic calculus.

Such awakened interest in, and concern for, the military use of the atom are long overdue. When the H-bomb was first devised only the technically sophisticated could comprehend its implications. Foreign to the experience of most Americans, it seemed sinister, almost supernatural, fit only for the speculation of a small elite who—following the age-old pattern with mysteries—took over the management of nuclear weapons and enveloped them with a sacerdotal mystique. Except for a conscience-stricken group of dissenting scientists, only a few questioned the metaphysics of the new priesthood.

That widespread detachment endured for many years. So long as Americans regarded the danger of nuclear war as remote and unreal, most were content to leave nuclear weapons to academic experts, military theorists, and science-fiction writers. Indeed during the brief Indian summer of détente, when America and the Soviet Union ceased to shout at each other, fears of a cataclysm largely disappeared. But that mood shifted with the Carter administration's

overstated reactions to Soviet overreaching, and it abruptly changed when the Reagan administration showed its penchant for anti-Soviet vilification and the political exploitation of fear.

The result was to shock many Americans—though not in the direction intended. Instead of persuading our countrymen to demand new and more sophisticated nuclear weapons it led thousands to reclaim the issue of nuclear policy from the elite and test it against their own values and pragmatic wisdom. Conditioned to the pervasiveness of violence, the American public intuitively recognized that, unlike medieval days, conflicts are no longer conducted under formalized rules as though they were jousting matches. Today a nation on the receiving end of a nuclear barrage will not feel honor-bound to reply with weapons of the same limited yield; it will respond with whatever brutal force is necessary to achieve its objective. No chivalric codes or papal bulls limit nuclear combat, and Americans instinctively mistrust the romantic fantasy that leads to such artificial confessions as "controlled escalation" (which is implicit in "flexible response"), a "limited nuclear war" (an oxymoron), or a "winnable nuclear war" (a contradiction).

Despite the pronouncements of the scholastics the public intuitively seems to understand that nuclear warheads are not weapons. A weapon is an instrument that can be used to achieve a political objective in the Clausewitzian sense of war as an extension of diplomacy. But the public knows that nuclear weapons are not usable for that

purpose; they can only facilitate mutual suicide. For, unlike some professional tacticians, the public instinctively knows that nuclear warheads—however fired or launched—differ not merely in degree but in kind from conventional weapons and that there is no way to reconcile that fundamental difference or make them interchangeable. Conditioned by sickening pictures of the victims of Hiroshima and Nagasaki, many are now showing their abhorrence of nuclear malignance by opposing even civilian power installations.

That revulsion, which is not limited to Americans, has enveloped nuclear weapons in a rigid taboo.¹ Any nation

that first broke that taboo by using the H-bomb would suffer universal condemnation. The United States would attract the most violent invective because it already bears the taint of original sin from the two bombs we dropped on Japan.

Today the public's sprouting concern at even the remote prospect that the button might be pushed is expressing itself in the demand for a nuclear freeze. This is less a procedural proposal than a metaphor expressing a pervasive unease—an unease now given religious and institutional expression in the pastoral letter of the American Catholic bishops. That cannot be dismissed as a transient phenomenon; it is rapidly spreading throughout our society and is here to stay. Indeed the polls report that perhaps as many as 60 percent of Amer-

icans endorse the freeze. People are increasingly upset by Washington's insistent harping on new missiles, and its monotonous insistence on America's superiority. Their anxiety is heightened by indications that some at high governmental levels believe in protracted or even winnable nuclear wars, and by gnawing suspicion that our current

¹In an article in the June issue of *Commentary*, "Bishops, Statesmen, and Other Strategists on the Bombing of Innocents," the veteran scholastic Albert Wohlstetter seems oblivious of the taboo or of the ways public alarm could rule out a neat, well-mannered nuclear war directed at military targets.

leaders would rather build more weapons than negotiate arms-control agreements. In a more tranquil time, less filled with bombast, the public could watch television pictures of the president riding off into the sunset on his ranch and discount as pure symbolism the ubiquitous warrant officer toting the legendary box of codes. Few could envisage the president ever pushing the button. But in the current noisy atmosphere people are not so certain.

It is against this background of the public's swelling participation in the nuclear debate that we must assess the views and behavior of our governmental leaders.

Although some leaders of the American administration repeat, as a litany, their belief in a Marxist-Leninist blueprint for world conquest, there seems little likelihood that the Soviet Union would deliberately push into Western Europe either to spread the communist faith or for territorial aggrandizement. If a Soviet invasion should ever occur—which I doubt—it would be far more likely to result because turmoil in Eastern Europe persuaded the Soviet leaders of the tactical necessity of moving their line of domination farther to the west. On the other hand, war might develop from clashes of interests elsewhere in the world—for example, in such a sensitive but important place as Berlin, or, even

more likely, in the Middle East where the expanded presence of Soviet advisers in Syria and of our marines in Lebanon is transforming a regional conflict into a phase of the East-West struggle.

In such tense parts of the world—and there are others—a confrontation neither side wishes or anticipates might occur through inept diplomacy, marked by threats and counterthreats that the competing parties felt required to carry out or else lose prestige. It seems safe to predict that the next war, should one break out, will almost certainly be caused by ill-considered diplomatic or military moves—such as brought on World War I—rather than by a deliberate aggression—such as that which produced World War II.

But, however war might start, one can be sure that the Soviets would marshal all their propaganda resources to play on the fears of civilian populations both in Europe and America. Thus just at the point when NATO's conventional defenses might be proving inadequate and the president was facing the decision to use nuclear weapons, the Kremlin would be threatening to respond to such use with an ugly nuclear reprisal. The public's frenzied reaction in the face of this threat would subject any president to excruciating moral, intellectual, and emotional torment.

If the American people interpreted the Soviets' rhetoric as a serious threat to launch ICBMs against their country, the president would be subjected to a shrill crescendo of domestic outcries demanding a prompt end to the European war. If, on the other hand, the Kremlin—as it might well do—concentrated on threatening to wipe out Europe's cities rather than on blowing up America, European leaders would themselves be imploring the United States not to use its nuclear weapons. In the face of such a Soviet threat and the inevitable atmosphere of frenetic anxiety on both sides of the Atlantic, I cannot believe that any president would break the nuclear taboo.

That conclusion is reinforced by my own experience during the Cuban missile crisis of 1962, when I served as a member of the executive committee (the so-called EX-COM) that advised President Kennedy. At no time during that agonizing fortnight, when it seemed that the members of our small group aged ten years, did the president consider the possibility of launching a nuclear attack; nor did any of us believe in our hearts that the actions we were considering would trigger a Soviet nuclear reprisal. We could not, however, free our minds

of the awful possibility that if we made even the slightest mistake, we might start our country up an escalator that could lead to a nuclear exchange. Fully sensitive to that possibility, President Kennedy chose the least provocative response available—the declaration of a naval quarantine. But even that decision was made with anguish.

That brings me, of course, to my central thesis: pushing the nuclear button may be easy to contemplate in a war game or in an academic seminar, but a president with imagination would, in real life, find such a decision too agonizing to make. Does anyone believe that any president—whoever he might be—would deliberately adopt a course that could lead toward nuclear destruction for himself, his country, and even civilization? I doubt it.

Yet should one rule out even the remotest possibilities? Presidents are fallible. Few come to office with a deep comprehension of the implications of nuclear bombs, and in their innocence they may find themselves surrounded by advisers who believe their own metaphysics—who have been enthralled by the conceptual fantasy of controlled escalation. So one cannot totally foreclose the possibility that a president, under pressure to act quickly, might impetuously give the authorization to launch or fire some low-yield nuclear weapons.

At that point I could see the Western alliance breaking apart like a melon. Terrified Europeans, bitterly regretting that they had abdicated control of their fate, would turn their resentment against the United States, while demanding that their governments stop the war.

In all probability they would panic even before the president assumed for himself—and for America—the onus of breaking the taboo and firing as much as a single tactical weapon. With the Soviets fiercely threatening to destroy Europe's major cities if America used even battlefield nuclear artillery, would the peoples and governments of Europe willingly let America precipitate an escalating nuclear exchange? They would find little comfort in the promise that we would, in retaliation, destroy much of the Soviet Union.

Consider also the reaction in the United States if the president directed the use of even a few tactical weapons. No matter that they might produce only local devastation; the shock would be much the same as if he had authorized massive megaton missiles. Our breaking the taboo would produce a far greater trauma for Americans than anything imagined by the nuclear priesthood, for the effect would be multiplied by a corrosive sense of guilt, as though we had, by once again unleashing the nuclear monster, branded ourselves with the mark of Cain. One could envisage irresistible domestic pressures on the president to bring our boys home from Europe in a hurry, and to stop the war by a settlement even on Soviet terms.

If many Americans are disturbed that conditions have required us to submerge our democratic practices and entrust the nuclear decision solely to the president, consider the reaction of Europeans, who have given a foreign leader authority to turn Europe into a nuclear charnel house. Their sense of powerlessness contributes to the excesses exhibited by many European peace advocates—excesses brought to open, and all too often irresponsible, expression when

they hear the man who commands the nuclear button hurridly denouncing the Soviet Union. It is fear of our government's recklessness, more than any other factor, that has encouraged the recent efflorescence of European peace movements. The psychology books are filled with the traumas induced when people realize that they have no voice in their own destiny; thus many join street demonstrations as a therapeutic experience.

Few thoughtful Europeans believe that if the United States restricted its nuclear initiatives to tactical weapons, the Soviets would gallantly limit themselves to a low-yield response and that a protracted nuclear war might then occur. But even granting the unreal assumption that such a sequence of events might take place, it is the last thing Europeans would want. The devout wish shared by all in Europe is that their nations should never again become battlefields, with their cities and villages destroyed in a war whose devastation this time would be multiplied many times over by nuclear blast and fallout.

Since the United States cannot realistically guarantee to Europeans that, after a limited effort of conventional combat, we would respond to a Soviet advance with strategic nuclear weapons, our constant reassurances have become more ritualistic than valid. But is it right to encourage NATO to base its strategy on dubious assumptions?

I recognize the heresy implicit in that question for, according to the true gospel, the efficacy of our nuclear arsenal depends on keeping the Soviets in a state of uncertainty. So long as they continue to believe that we might use our nuclear weapons to counter a conventional attack, the Soviets will be hesitant to put that issue to the test. Thus any suggestion that the arsenal would not be used destroys the deterrent.

Under the discipline of this logic, any expression of skepticism violates a "gentlemen's agreement" with our allies. President de Gaulle, with his scorn for such inhibitions, long ago ignored that agreement and, on September 15, 1959, expressed doubt that Europe could count on the American nuclear arsenal once the Soviets had acquired missiles capable of reaching United States soil. But since Western leaders were accustomed to De Gaulle's impie-

ty, they merely sighed and shrugged. What else would one expect of the general?

Henry Kissinger was treated with far less tolerance when, at a conference in Brussels on September 1, 1979, he straightforwardly explained the American dilemma. "One cannot ask a nation," he said,

to design forces that have no military significance, whose primary purpose is the extermination of civilians and to expect that these factors will not affect a nation's resoluteness in crisis. We live in the paradoxical world that it is precisely the liberal, humane, progressive community that is advocating the most bloodthirsty strategies and insisting that there is nothing to

worry about as long as the capacity exists to kill 100 million people.

Thus, he observed,

...the European allies should not keep asking us to multiply strategic assurances that we cannot possibly mean or, if we do mean, we should not want to execute because if we execute, we risk the destruction of civilization. Our strategic dilemma isn't solved with reassurances. There is no point in complaining about declining American will or criticizing this or that American Administration for we are facing an objective crisis that must be remedied.

Kissinger's speech sent waves of anger and shock through the Western community, but was his offense after all so heinous? He had merely pointed out what many believed but were afraid to say. The emperor was naked and mere ritual words of reassurance were no substitute for clothes; if he continued without clothes the emperor might catch pneumonia.

Today, with intensified public concern over the nuclear problem, Kissinger's speech has even more relevance than at the moment it was given. It is time for us all—Europeans and Americans alike—to recognize that such comforting phrases as "extended deterrence" could prove a dangerous trap. Indeed, we should frankly ask ourselves whether the self-deception in which we are indulging ourselves may not subject us to far

greater jeopardy than would frankly facing the cold realities.

The burden of the scolding accorded Henry Kissinger was that his realistic words might persuade the Soviets that they could attack Europe without facing a nuclear onslaught. But would public discussion of an American president's probable reaction encourage the Soviets to think more adventurously? I doubt it. The Soviet leaders will make their own appraisal. On the other hand, our continued reliance on a nuclear deterrent that is becoming less and less convincing could lead to a dangerously false sense of security.

How then should we deal with Europe's anxieties? As with so many other aspects of transatlantic relations, history and geography must be consulted,

and in this case they have combined to produce a European state of mind quite distinct from that in America. Until the advent of the H-bomb and devices for hurling it across the ocean, we Americans had no fear of enemy action against the continental United States. No foreign power had violated our mainland since the British burned the White House in 1814, and we regarded our homes and families as safe from external attack. But the arrival of nuclear warheads and intercontinental delivery systems changed all that. Now most of us would like nothing better than to return to a day before the invention of the H-bomb when the American people were free from menace.

Not so the Europeans, for they have had a quite different experience; in this century alone their soil has been scarred and their cities destroyed by two devastating wars—wars that occurred only twenty years apart. So they constantly ask themselves: why, since the end of World War II, have they enjoyed almost forty years of peace? And they invariably come up with the same answer: their happy deliverance has been due to a controlling new element that did not exist in Hitler's day—the H-bomb. Without the restraining menace of that instrument of terror, World War III, it is contended, would already have taken place.

Such a facile conclusion reflects more hope than logic; it is, as I see it, *post hoc, ergo propter hoc* thinking—or as the logicians would put it—an almost classic example of induction with insuf-

ficient, and indeed imperfect, enumeration. It is not true that modern Europe has suffered a regular cycle of major wars; indeed most European nations enjoyed a hundred years of relative peace between Waterloo and Sarajevo, and there is no reason to believe that without the H-bomb Europe would have been subjected to another major war during the last four decades. During World War II the Soviets lost 20 million lives, to say nothing of millions who died from the war's indirect effects, and the oppressive sense of that catastrophe is still a brooding reality for the Soviet people, notwithstanding their inability to express themselves politically.

One can argue—though I would not—that when the Soviets failed to demobilize after the Second World War and thus retained an impressive conventional superiority, they were deterred from Western adventures primarily because America then had a practical monopoly of the nuclear bomb. But that conclusion rests on shaky assumptions and a dubious oversimplification. Major events rarely have single causes; there were many reasons why the Soviets did not choose to attack, and to attribute their forbearance solely to the H-bomb is quite unwarranted. If one insists on identifying a new element that did not exist in 1914 or 1940 I would point not to the bomb but to the alliance arrangements that guaranteed American might on Western Europe's side; the alliance itself has, in other words, served as a persuasive deterrent.

Not, of course, that we dare take the future for granted. In assuming that because there has been peace for almost four decades the balance of nuclear terror has now put an end to war, many Europeans are behaving like the man falling from the top of a fifty-story building who announces when he passes the tenth floor that "everything is going well." Rather than breaking the cycle of war, the nuclear bomb has merely assured that, if a major war occurs, its devastation will be on a scale beyond the most sanguine dreams of civilized man. Thus it has placed both Europeans and Americans in unprecedented jeopardy.

Still it will be hard to induce Europeans to free themselves of the nuclear mystique, since unquestioned faith in the benign effects of the bomb provides their political leaders with a convenient excuse for avoiding full responsibility for their own defense. Since their big, brash brother overseas is protecting them with a nuclear umbrella, they like to think that they are assured of defense on the cheap through capital-intensive rather than labor-intensive means.

From the outset European leaders took comfort that, behind the shield of overwhelming nuclear superiority, they could relax with only a limited commitment of effort or resources. Then—after Europe had become more prosperous in the middle 1960s—they reluctantly agreed to the rationale of "flexible response" and the added cost of conventional defense that it implied.

Today the basic conditions under which we designed the concept of flexible response have been critically altered. America no longer has overwhelming nuclear superiority and such superiority can no longer be bought, at any price. Nor do the two sides between them have 6,000 warheads; today they have closer to 50,000, and are planning on more; that greatly enhances the dangers of an accidental nuclear disaster.

It is a human failing to avoid thinking about a problem over which one feels one has no control, and it is important to remember that the Europeans gave up a large measure of sovereignty when they entrusted a critical element of their defense to the United States. Yet few are eager to take it back. Though there is talk of secret understandings, at least with the United Kingdom, the nations of Europe—so far as has been publicly stated—are not insisting on a veto over the use of the intermediate-range missiles to be located on their territory, even though their own people may bear the brunt of retaliation if those missiles are launched.

Instead of being dismayed by such abdication of control, some European leaders seem to draw comfort from the fact that the American president, and not they, would have to make the decision to use nuclear weapons. They prefer to avoid that awful responsibility, presumably hoping that their lack of control over the nuclear weapons on their soil might provide them immunity from Soviet blackmail. Yet no one can regard such a situation as healthy.

All this may help to explain the contradictions apparent in European reactions. It is wrong to conclude from the recent German and British elections and their aftermath that European public opinion is more fully reconciled to the official NATO line. The German elections largely turned on domestic economic issues while the British Labour Party committed suicide from a surfeit of inanity. Thus in spite of the apparent subsidence of the nuclear issue, the Western European people are badly split between those fiercely cherishing the dream that nuclear warheads have made war impossible and others who increasingly fear that an American decision to use nuclear weapons—even in their least destructive form—might lead to the obliteration of all they seek to preserve.

That suggests, it seems to me, the increasing recklessness of basing the defense of the West on a balance of nuclear terror between the two superpowers. Such a macabre equilibrium is far from a permanent guarantee against devastating war; it is at best merely a means of buying time. If we do not use that time to develop political arrangements with our adversaries that capitalize on the common interest in survival and on other interests shared by men and women of diverse views, we shall only postpone the ultimate catastrophe.

In the long run we must fix our compass on prudent and rational coordinates, which we are clearly not doing. It is mischievous nonsense to haggle—as is now our major preoccupation—over the emplacement of Pershings and cruise missiles in Europe; in view of the overwhelming strategic arsenals available to both sides that issue is tangential shadow play. All the targets at which the newly installed weapons will be aimed can in fact be covered by existing weapons, including submarine- and air-based missiles. Instead we should, together with our allies, soberly rethink the strategic plans of the Western alliance and take the hard measures necessary to create an effective conventional strategy.

That is, however, only the military aspect of the much larger problem of maintaining security and peace. It is no longer enough that Europeans should believe in America's military commitment; if the alliance is to flourish they must also have trust in our political leaders, confident that they are accurately appraising the Soviet leadership and conducting relations with the Kremlin in a manner designed to maintain the peace. The thermometer of that confidence has fluctuated over the years. It reached perhaps its highest point in 1972 when President Nixon and Mr. Kissinger formalized the arrangements for détente. Since then, however, Europeans have seen the United States veer sharply away from the spirit that then prevailed, while they themselves have stayed more or less steady on course. Having lived for centuries with the troublesome Russians on the same continent, Western Europeans quite

naturally regard their dealings with the Soviet Union as a continuum of long-standing relationships, particularly with respect to trade; in addition, the West Germans see détente as not merely a luxury but a working necessity, an essential prerequisite to arrangements that ease the heartbreak of a divided people.

Today many Europeans fear that America's current cold war obsession will curtail progress in ameliorating relations with the East. Seriously confused by the vacillation of the Carter administration and its tendency to overreact wildly, they are increasingly upset when the current administration irrationally contravenes Theodore Roosevelt's admonition to speak softly but carry a big stick; instead it snarls loudly at the Soviet Union while proclaiming that our stick is a fragile twig.

Nothing could do more for the alliance than for our government to lower its voice and show itself capable of diplomacy—which would require it to abandon its doctrinal obsession. Since dogmas are rigid by definition, they preclude compromise; thus ideology negates negotiation. Someone should tell our present leaders that the argot of their pronouncements, the tags and slogans that passed for wisdom three decades ago, are no longer appropriate. Stalin has, after all, been dead for almost a third of a century, and it has been twenty-seven years since the Twentieth Party Congress. The old stereotype of a relentlessly evangelical Soviet Union, which the administration seems to have exhumed from the cellar, distorts current reality.

The Soviet Union is not driven solely or even principally by ideology. The Kremlin is not, as administration leaders seem to believe, so fanatically determined to spread its pernicious doctrine over the world that it will run all risks, including immolation, to achieve that objective. Today—and this is a paradox—it is the president and his colleagues who seem doctrinally driven, attacking the Soviet Union with religious fervor as an "evil empire" and Soviet communism as the "focus of evil" just at a time when much of the gas has been escaping from the Soviets' own ideological balloon.

For the Soviets are today far more preoccupied with their own domestic problems than with world revolution. They are, in fact, just what one might expect of a people who fell on the Byzantine side of the cultural divide and whose customs, attitudes, methods, and manners have been deeply touched by the Mongol invaders of the thirteenth to the fifteenth centuries. They are boorish in manners, greedy, cruel, and devious, beset by old demons of doubt and envy, still fearful of a vengeful Germany and

the possibilities of encirclement by the West in concert with China, and bitterly envious of America. Their anxiety is that of the parvenu desperate to achieve recognition—in this case as a superpower in the same category as the United States. Above all else, they are cautious—prepared to exploit any available opportunities to extend their influence—as they have done in Africa, South Yemen, and Afghanistan—but only at minimum cost and risk.

Though we and the Soviets have differing values, we share one overwhelming common interest: neither wants to be destroyed in a nuclear catastrophe, and that should provide a basis on which to build easier relations. At the same time we should begin systematically recasting the alliance strategy for the defense of Europe. For far too long we have been content with a strategy that, in case of Soviet aggression, would force us to choose between capitulation or disaster. To avoid that choice—though the hour is late—we should resolutely undertake to build a deterrent that can survive a test of wills—an adequate conventional force in Europe.

That does not mean, of course, that we should cease to deploy sufficient nuclear power to discourage the use of nuclear weapons by the other side; but even for this purpose we would do far better to rely on submarine-based missiles than on weapons emplaced on the soil of nations that do not control them—a situation tailor-made to produce political and psychological tensions.

The incremental economic burden required to raise NATO's strength to a level required to discourage Soviet attack and to defend Europe if an attack occurs is, as General Bernard W. Rogers, the commander of both the NATO and US forces in Europe, has pointed out, quite manageable. Attaining such a level, he suggests, would require both that NATO countries meet their current force goals (which they are now doing only to the extent of about 70 percent) and that NATO budgets should be increased in real terms by 4 percent a year as against the pledged—but largely unmet—present commitment of 3 percent. It would presumably also require some forward re-deployment of forces and the use of new high-technology weapons that would give NATO tactical advantage on the Central European front. None of that, however, should excessively strain the resources of NATO members. After all, the NATO countries together have nearly four times the gross national product—and hence the economic

might—of the Soviet Union. So, though I recognize that any alliance is inherently hard to galvanize into effective common action, the question is not one of economic capacity but of political will.

To generate that requisite political will requires facing reality, which will clearly not be easy. Those who exhibit the greatest reluctance contend that the alliance could not survive a frank acknowledgment of the truth; NATO has, they argue, lasted well beyond the normal life span of alliances only because the United States has provided its European members with a nuclear umbrella. Were NATO now forced to depend solely on conventional means to resist conventional attacks, America's commitment would no longer provide the glue to bind the alliance together.

But that thesis is far from persuasive. Conventional weapons differ from

nuclear warheads not only in that their destructive potential is limited, but also in that NATO would, if attacked, unquestionably use them. Thus NATO forces adequately armed with today's conventional weapons would provide a far more enduring deterrent to a Soviet conventional attack than the mere potential threat that the president might authorize a nuclear response. Whether we like it or not, the deterrent value of our nuclear weapons will steadily diminish as mounting public concern decreases the likelihood that any president would ever use them unless the Russians used them first. Meanwhile Europe should feel reassured rather than disturbed by recognition of such presidential restraint; if the Soviets ventured westward, the use of our nuclear arsenal would not protect Europeans from destruction, it would merely assure the devastation of their homelands.

The conclusion that we should, therefore, build an effective NATO conventional defense does not mean that we

should furl or throw away our nuclear umbrella; we shall continue to need it to deter a nuclear attack. What it does mean is that we should no longer rely on it to stop the Soviets from attacking with conventional weapons.

Unhappily such acceptance of reality will not be easy. Not only do many Europeans fail to understand the full deterrent effect of modern conventional weapons, which can wreak destruction far beyond that known in any previous war, but they have become habituated over three decades to relying blindly on our nuclear shield; and such hardened habits of thought cannot be easily

altered. Indeed many Europeans may, as McGeorge Bundy points out,² suffer agonizing withdrawal symptoms as we begin to demythify the bomb. But they can no longer counter with the old excuses; although some NATO countries are suffering economic problems even

worse than ours, they are still in far better economic shape than the Soviet Union.

To preserve the vitality of the alliance, Americans must prove that we can and will help to build an effective conventional defense, not merely by words but by committing increased resources to match the Soviets' conventional might.

Obviously we can neither change the solidified thought patterns of European leaders overnight nor quickly build up NATO's defensive strength to the point required. But we can make it clear that a new political fact—rising public recognition of the dangers and contradictions of current policy—is increasingly challenging the assumptions of our nuclear strategy. Meanwhile, we must stop indulging the naive assumption that we can assure world peace by building more and more nuclear weapons until we turn even outer space into a lethal parking lot. That way lies ultimate catastrophe.

Leaders of democracies are ill-equipped to play the kind of cosmic poker in which we are now engaged; for, unlike those of totalitarian states, they have too many kibitzers looking over their shoulders. Morality and reason both demand that we devise a more congenial game that will not leave us to face a choice of appalling evils.

Although we should promptly begin to redesign European defense arrangements from dependence on nuclear warheads to reliance on strengthened and modernized conventional forces, that does not mean that we should now announce—or try to negotiate—a “no-first-use” policy. Even though that should be possible at a later date, we would do well to postpone such a step until an adequate conventional defense is firmly in place. Meanwhile, we should gradually raise the threshold for the use of nuclear weapons until it ceases to have meaning. That is the only prudent course available to us—and it will not remain available forever. □

²The New York Review, June 16.

PRIME MINISTER

cc Mr Butler
Mr Coles
Sir A. Parsons

Foreign Affairs Meetings

Attached are papers by the Foreign Office for the meetings on 8 and 9 September at Chequers. They comprise ~~of~~ papers on:-

- ✓ A) Foreign Policy: Britain's global interests and priorities.
- ✓ B) East/West relations.
- ✓ C) Arms control.
- ✓ D) Western defence strategy.
- ✓ E) Nuclear and conventional force arms control.
- ✓ F) Multilateral arms control and disarmament.
- ✓ G) The Middle East.
- ✓ H) The European Community.

We should have the papers by academics in time for your visit to Balmoral and you may want to read these papers at the same time. If there is any time this weekend, however, you might like to glance at them in advance.

TIM FLESHER

24 August 1983

FOREIGN POLICY: BRITAIN'S GLOBAL INTERESTS AND
PRIORITIES

1. The purpose of all foreign policy, except where it is avowedly altruistic, is to promote the security, economic health and well-being of the people in whose name it is conducted. Some foreign policy initiatives can directly extend economic opportunities, while others have to be tailored so as not to overextend economic resources.

2. Britain's international tasks can be divided into those which we undertake jointly with others and those which belong to Britain alone.

Joint Tasks

3. The overriding priority is to prevent world war while protecting and promoting our democratic values. This requires adequate defences, a determined public posture, a coherent Western Alliance, the containment of local or regional crises and an overall relationship between East and West which controls friction and prevents misunderstandings, especially in periods of crisis. Sustained efforts in the various arms control negotiations have an important part to play in this process, not least because of the need to ensure that

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the burden of defence expenditure remains compatible with our limited economic strength.

4. Preventing war is only part of the problem posed by the Soviet Union. At one level the Soviet system is adventurist and expansionist and immensely powerful: at another it is suffering from over extension abroad and decay at home. This sets up strains which bring out the obstinate and pugnacious nature of the Russian character. One of Britain's joint tasks is therefore to ^{relate with} manage the Soviet Empire in its present phase. Papers covering all these aspects are circulated separately: they bring out what steps are the most urgently required.

5. In the Third World there are several areas where regional conflicts touch British interests and therefore merit British involvement. One example is the Middle East: see separate paper.

6. Another is Southern Africa. The task here is to contain and push back Soviet and other communist influence, and to find ways of ensuring that Britain's strategic and commercial interests in South Africa itself are not damaged by South African domestic policies and the adverse reactions to these. We need to avoid having to choose between South Africa and

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Black Africa. In this context the first objective is probably to achieve a settlement in Namibia. *Does this sentence tie in with the 2nd one of this para. - it seems to have some possible contradictions*

7. We must seek to prevent Central America from causing a major rift in the Western Alliance and from becoming a debilitating preoccupation for the United States, while recognising their legitimate interest in preventing an extension of Soviet/Cuban power in the region.

8. In South West Asia we must ensure that Afghanistan goes into the history books as the high water mark of Soviet expansion and that the Soviet Union either withdraws from the country or continues to bear the full cost of its occupation, political as well as military.

We could put this up,

9. A just and lasting settlement of the Cyprus problem is best pursued through the good offices of the UN Secretary-General rather than through national initiatives. We should continue to support his efforts and, at the same time, encourage the continuation of the intercommunal talks in Nicosia.

10. In the international economic field, the agenda is laid out in the Williamsburg Declaration: sustainable non-inflationary growth, the fight against protectionism and management of the world debt problem.)

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Greater exchange rate stability, based upon closer convergence of economic policies, is an important part of this agenda. The task for 1983/4 is to carry forward the work forshadowed in the Annex on "Strengthening Economic Cooperation for Growth and Stability" and by this and other means to make a success of the London Summit as a major step in the right direction. A special problem whose solution must already be overdue is the Japanese trade surplus and Japan's foreign trading methods. We want the Japanese to maximise their contribution to the strength of the West while minimising their disruptive effect upon the world economy.

11. Last and most urgent of all in this category, there are the European Community problems which are the subject of another paper: the European Council in Athens is only five months distant. Here too the task is to ensure that we make more of the Community's economic opportunities, while reducing the financial inequities of the present system.

National Tasks

12. The problems under this heading are legacies from our imperial past. They are issues which are not central to our national security and prosperity but in which the UK has a determining influence and

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responsibility. We should look for ways of reducing the share of resources and Ministerial attention which they now claim. The ideal would be a reduced range of commitments combined with a better capability to meet them, ie a better match between contemporary British responsibilities and contemporary British power.

13. In a class by itself in importance is Hong Kong. The Prime Minister's visit to China a year ago concluded with a joint statement in which both sides expressed the common aim of maintaining the stability and prosperity of Hong Kong. We have made it clear that our aim is to reach an agreement that is acceptable to Parliament, the Chinese Government, and the people of Hong Kong. The signs are that this will need to be achieved in 1983/4, with consequential action continuing at a lower pitch right through the five year period.

14. Gibraltar is a problem requiring "treatment" rather than solution, given the incompatible starting positions of the parties. Such a treatment must respect the British commitment to Gibraltar, but not obstruct the process of Spanish entry into the Western democratic system in the shape of the European Community and the integrated military structure of the North Atlantic Alliance. The crucial period will be from now until whenever the Spanish referendum is held

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on membership of NATO, probably in 1985: this may coincide with the process of ratification of Spain's treaty of accession to the Community if the present timetable is adhered to. A further task is to try to convert Gibraltar from a garrison town into something closer to economic viability.

15. In the Falkland Islands the physical requirements are clear: to deter an attack, to construct an airfield and to implement the useful parts of the Shackleton Report. The diplomatic task meanwhile is to contain international support for the Argentine claim at a level that does not damage Britain's interests elsewhere in Latin America or with other friends, partners and allies.

16. We must also find an early way of terminating our anomalous semi-commitment to Belize.

17. Other post-imperial problems over the next 5 years could include the following:

- (i) Brunei. We cease to be responsible for Brunei's external affairs and give up our consultative defence role at the end of this year. But a battalion of British Gurkhas is likely to remain in Brunei for the next 5 years and we shall need to ensure that we retain full control over their

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deployment in Brunei and the ability to deploy them elsewhere if necessary.

(ii) Bermuda. A referendum on independence may be held this year.

(iii) The British Indian Ocean Territory (including Diego Garcia) over which Mauritius claims sovereignty.

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18. Northern Ireland although part of the UK, is also a problem in international relations. Dr FitzGerald's Government should offer greater opportunities for bilateral cooperation than that of his predecessor.

Four more general considerations

19. Trade. Britain's exports of goods and services are close to a third of our GNP. It must therefore be a major aim of our foreign policy to sustain our access to, and our share of, world markets and wherever possible to increase that share. London is also a major world financial centre and invisibles are playing an increasingly important part in our relations with the rest of the world, underlining our interest in a healthy world economy.

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20. Resources. These include wide respect for our confident democratic tradition and our culture (as well as the means of promoting these things), the wide use of the English language throughout the world, a substantial aid programme directed mainly at the poorest, a world-wide diplomatic and intelligence capability, as well as economic and military resources. For many years Britain's total financial resources have shown a relative decline, although she has continued to discharge roughly the same international tasks.

Excluding Europe - which (together with Lomé) has to be separately considered - the total resources devoted to our overseas activities (including defence) have nevertheless increased since May 1979 by about 12 per cent. Within this total, important changes in the distribution of resources have, however, taken place. For example on the one hand spending on defence (in 1983 prices) has risen by some £2.3 billion (17.2%) since 1979, while on the other hand aid expenditure has fallen by some £200 million (15.4%) in this period. Since the resources available for activity abroad are necessarily limited, we need to consider how far this pattern of development is right for the future. The political and economic value of effective diplomatic representation; the BBC external services and the British Council, as well as a well directed aid programme, can be important. For Britain, as for most, if not all, of our competitors, the 1980s are likely to

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be a decade in which it may be necessary to shed or trim certain activities rather than trying to do everything with declining effectiveness. But shedding some activities will carry a disproportionate penalty in lost opportunities. We need to be sure that we choose wisely.

21. Diplomacy. Successful diplomatic activity requires friends. The relationship with the United States will always be special in quality and importance, permeating most of what Britain does in the world. The major priority in the next few years is to consolidate relations with President Reagan, with his successor if he does not stand again or stands again and is defeated, and with the Administration in Washington. This will require sustained efforts to harmonise British and American positions on major international subjects, to solve or at least contain the bilateral problems (mostly legal/commercial in character) and to keep alive the network of non-official relationships on which Anglo/American understanding rests.

22. Scarcely less important, at least in the Community context, are Britain's relations with European partners and allies, especially Germany and France. It will not always be easy to reconcile these with our relations with the US. We also have a running machine of good

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relations with at least three-quarters of the independent states of the world, nearly half of them members of the Commonwealth. The ideal is to maintain in every capital of significance the kind of professional and personal links which can be activated at any time, as during the Falklands crisis, in support of British interests. This is one of the benefits of the Commonwealth which we can foster at periodic CHOGMs. This consideration clearly has to be reconciled with the other needs and resources considered in paragraph 20 above.

23. Public Opinion. During the election campaign, the shift in public attitudes on defence and the European Community showed how far and fast opinion could be led by arguments supported with facts. There is a permanent lesson here. During the next few years the Government will continue to be vulnerable both on these two themes and on others, not least the three major post-imperial issues (paragraphs 13-15 above). There is a case for taking more of a lead to ensure that Parliament and the public understand better what the British Government is doing in the world and why. This will require a different approach and some different techniques from those hitherto regarded as customary.

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B

EAST/WEST RELATIONS

Summary of Conclusions1. General

- (a) Old Saying: 'Russia is never so strong as she seems, nor so weak'. The Soviet Union is a limited super power.
- (b) The pursuit of national ambition and the spread of Communism both provide incentives for advancing Soviet interests. Both are, however, pursued on a realistic calculation of the risks;
- (c) The time is ripe for a more active policy aimed at 'the gradual evolution of the Soviet system towards a more pluralistic political and economic system'. *- by whom?*
- (d) Western leverage on the Soviet Union is not great. Eastern Europe may provide greater opportunities for influence. But in both cases the process of change will be long term.

2. Military

- (a) Only if the nuclear balance between the two super powers remains stable, can middle ranking powers pursue their own bilateral interests with the Soviet Union with hope of lasting success;
- (b) The West should, at every level, continue to confront the Soviet Union with the certainty that the Western Alliance will do whatever is necessary to maintain adequate defences;
- (c) The UK should remain firm on INF, but should do what we can to encourage the US to seek a framework agreement on START in the first half of 1984.

3. Economic

Western Policy should be guided by the following principles:-

- (a) East/West economic relations should be compatible with our security interests.

- (b) The nature of the Western free market system and the widespread availability of technology rule out a total ban on the transfer of technology.
- (c) Strategically significant exports should continue to be identified and embargoed under effective COCOM procedures;
- (d) Governments should exercise financial prudence in trading with the Soviet Union and Eastern European countries and avoid granting preferential treatment;
- (e) The West should avoid over dependence on imports from or exports to the Soviet Union in all trade sectors, including energy (imports) and grain (exports);
- (f) Although trade may have certain desirable political effects (eg contacts with Western methods and standards) this can never justify conducting trade on terms disadvantageous to the West.

4. Political

- (a) The influence of the Marxist/Leninist message has declined both within the Soviet Union and externally.
- (b) Notwithstanding the undoubted economic, demographic and social pressures within the Soviet Union, the system will survive for the foreseeable future. Political change will come only slowly.
- (c) Attitudes within the Soviet Union are conditioned by their history and pre-revolutionary political traditions. Dissidents have a limited impact although the sensitivity of the authorities to their challenge shows that they fear new ideas and the possibility of submitting themselves to any form of real choice by their electorate;
- (d) The main means of influencing developments within the Soviet Union is through the spread of information. The most effective current means is through Western radio broadcasts;

- (e) Exchanges of all sorts, particularly those which allow young people to work and study in the Soviet Union and enable Soviet students to visit Western countries are useful in giving a better idea of conditions either side of the divide. Exhibitions and cultural exchanges also serve this purpose.
- (f) At a political level, regular meetings of senior ministers serve the double purpose of exposing the limited number of decision makers in the Soviet leadership to Western views and criticism. They also enable Western leaders to assess at first hand the intentions of the Soviet leadership. In domestic terms in the West it should be possible to explain that such meetings do not mean acquiescence in Soviet views;
- (g) Coordination of views and policies on the Western side are important. Policies must be pursued consistently over a long term. Soviet leaders have shown themselves to be impressed by the degree of unity the West has been able to display;
- (h) The Russians accept tough negotiating tactics and understand direct criticisms. They are, however, bitterly resentful of disparagement, or abuse.

*what about the
post-Afghan policies?*

5. Eastern Europe

Western policy towards Eastern Europe should be guided by the following principles:-

(a) The West cannot hope to achieve any substantial detachment of the Eastern Europeans from their alliance with the Soviet Union in the near future. Rapid moves in this direction would be certain to provoke a Soviet clamp down and set the whole process back some years. ^{Some} ~~But~~ evolutionary gains have been maintained, and it is in the West's interests to assist these;

(b) A strong and active policy towards Eastern Europe in the field of information and contacts will help them to maintain their awareness of developments in the West;

(c) Each of the countries in Eastern Europe has a difference history and traditions, and was at a different stage of development when the Soviet system was imposed at the end of the last War. Each country should be treated individually and those tendencies which are away from the Soviet model, whether economic (Hungary) or external relations (Romania) should be encouraged;

6.

*Disincentives.
Middle.
Part.*

- (d) Economic assistance is what the Eastern Europeans most want. But this will be hard to provide. Access to Western economic institutions, in particular the IMF, might be one of the best ways of introducing Western standards and ideas into the Eastern economies.

6. The Third World

- (a) Soviet policy in the Third World has been ^{??} pragmatic with a keen eye on the financial and political costs;
- (b) The Russians are facing increasing problems in responding to developing countries' real needs. Even where Soviet/Cuban influence has been established (Angola, Mozambique, Ethiopia) countries are increasingly turning to the West for assistance. We should take advantage of this; — on terms.
- (c) Western policy should be aimed at resolving the underlying problems of a region, and not focus exclusively on eliminating Soviet/Cuban intervention;

- (d) So far as potential future Third World problems are concerned, measures which would build up resistance to the Soviet Union would be:-
- (i) to give practical help, including aid to developing countries which are vulnerable to Soviet pressure. (EC Member States provide nearly half of all OECD aid.)
e.g. ?
 - (ii) to encourage the creation and strengthening of independent moderate regional alliances such as ASEAN while avoiding encouraging the creation of alliances which are solely dependent on Western backing and thus likely to fail;
 - (iii) to encourage influential moderates in the Non-Aligned Movement and to continue the recent tendency away from the Cuban concept (advanced during their chairmanship of the movement) that the NAM have a natural ally in the Soviet Union;
 - (iv) to work on a multilateral basis through the appropriate international organisations (eg the IMF, the World Bank,

*How do we promote
the better use of the
resources we provide*

GATT and the UN system), to promote Third World economic development and a sense of partnership and interdependence between the Western industrialised and the developing countries.

- (v) to expose the hollowness of Soviet claims to provide either the political answers for developing countries or the practical assistance they need for their development.

7. China

*Is China behind
the N. Korean
situation in
central Asia?*

Western relations with China should be pursued on their own merits, but also with an appreciation of the likely effect on Sino-Soviet relations.

8. Present and Future Perspectives

- (a) The next few months will be dominated by the Soviet reaction to INF. The Soviet Union will be suspicious and prone to over react to anything that looks like a provocation or an attempt to take advantage of Soviet weakness;

(b) In the longer term, the West is faced by the task
of managing a powerful military Empire in decline. ??
Cool nerves and consistent policies will be
required.

EAST/WEST RELATIONS

Introduction

1. 65 years after the revolution, the Soviet Union has developed from a vast but backward empire into a super power, but a super-power in a limited sense. Militarily the equal, and even in certain fields superior to the West, the Soviet Union is founded on a failed ideology and is economically backward notwithstanding its virtual self-sufficiency in natural resources.

2. The Soviet leaders combine a determination that their country should play the international role appropriate to a super power with a public commitment to the ultimate triumph worldwide of the Soviet brand of communism. The pursuit of national ambition and the spread of communism are closely linked in the minds of Soviet leaders: both provide incentives for advancing Soviet interests and seeking to alter the global "correlation of forces" between East and West in favour of the Soviet Union. Both aims are, however, pursued with a realistic assessment of the resources available and the risks involved.

are they?

3. In response, since the foundation of NATO (1949) Western policy towards the Soviet Union has been defined in ways that have looked ambivalent and even contradictory. Containment (Kennan) competed with roll-back (Dulles) before giving place to detente (parentage unknown). But each of these approaches has always included elements of others. Kennan did not argue that the West should be entirely passive, nor did Dulles advocate that the frontier of communism should be pushed back by military means or in ways that carried the risk of war; while the partisans of detente always declared that it must rest upon an adequate military balance, and that its aim was the evolution of communism into something better both for the West and for the people living in it. The current slogan "firmness and dialogue" (European Council Copenhagen 1982) is no help, being concerned with means rather than ends.

4. The following paper argues that the time is ripe to move to a more active and less reactive policy, respecting the realities as postwar experience has shown them to be (especially the relatively limited levers at the West's disposal to influence the Soviet Union) but adopting as a conscious goal "the gradual evolution of the Soviet system toward a more

Western

pluralistic political and economic system" (Shultz, 15 June 1983) and giving special attention to the possibilities in the smaller countries of Eastern Europe, and to the economic field where the superiority of the West is particularly glaring.

5. If this line of approach were endorsed, one could envisage a series of steps on the lines of the suggested Action Programme annexed to the paper.

6. The first of these steps would be discussion of this whole subject with the United States at the highest levels. - Only when we have cleared our own boards.

General Relationship between the Soviet Union and the West

7. There are three main areas of East/West competition: directly between the Soviet Union and the developed countries of the West (including Japan); in Eastern Europe; and in the Third World. This competition embraces the military, economic and political fields. The timescale in which this competition will work itself out is different in each case.

rather different from the W3.

8. A number of general points may be made about the exercise of Western influence on the Soviet Union. First, influence for change can be most effectively exercised through ^{in what?} involvement. Ostracism by the West would, if anything, be more likely to rally domestic support for the Soviet leaders. Second, with the exception of the United States, individual Western countries have almost no chance of influencing the Soviet Union on their own. Coordination of policies is essential. Third, given that evolutionary change in the Soviet Union will at best be a long-term process, Western countries must be prepared to maintain consistent policies over a long period.

Military

9. Competition at the military level is the dominant factor in the overall framework of East-West relations. In this the super power relationship is decisive. Only if the nuclear balance between the two super powers remains stable, can other middle ranking powers pursue their own bilateral interests with the Soviet Union on a sound or lasting basis.

10. As a general rule, at every level, strategic, nuclear, and conventional, the West should continue to

confront the Soviet Union with the certainty that the Western Alliance will do whatever is necessary to maintain adequate defences. The Russians should be disabused of any impression that they can divide the West or undermine its resolve by appeals to public opinion.

11. In parallel, we should continue to offer the Soviet Union the possibility of balanced and verifiable arms control agreements which would maintain security at lower levels of expenditure.

12. Of the two main strategic negotiations now in progress, the prospects for agreement on INF look relatively poor. We should, however, examine with the US whether there is a possibility of a framework agreement on START being signed in perhaps, the Spring of 1984 (before the Presidential elections get under way). This could lay down the guidelines for a major reduction in strategic arms to be negotiated over the next 4-5 years. A framework agreement signed at a summit meeting between President Reagan and Andropov could help on the Soviet side by providing an overriding political commitment as a counter to the traditional suspicion and obstructiveness of the Soviet military.

13. Detailed policies on the individual questions under current negotiation with the Soviet Union are examined in greater depth in the papers submitted for discussion of defence issues.

Economic

14. There has continually been misunderstanding between the Western partners about the aims of economic exchanges with the Soviet Union and its Eastern European allies. Western economic potential for bringing about change in the Soviet Union and its allies has been much overestimated. Recent analysis, based on studies in OECD, NATO and elsewhere has confirmed that the Soviet economy is broadly self-sufficient.

15. Trade with the West is small in both relative and absolute terms. The Soviet Union is principally of importance to the West as a source of raw materials, particularly hydrocarbons, and as a market for industrial and agricultural exports (mainly cereals). Western exports, although important to certain companies and industries, are overall only 1.5 per cent of total exports of NATO countries. Nationally with the exception of Iceland (6.2 per cent) and Turkey (4.2 per cent) no NATO country sells more than 2.2 per cent

of its total exports to the Soviet Union (UK 1.3 per cent). The same pattern is repeated for imports (UK 0.8 per cent). Currently Soviet imports from the OECD represent about 2.5 per cent of Soviet GNP.

16. It has been claimed that the value to the Soviet Union of its trade with the West is much greater than the figures might imply. If Western technology makes a significant contribution to Soviet productivity, a complete ban on the transfer of Western technology would, it is argued, have a considerable impact on Soviet plans. But this is a field of dispute among the experts. The nature of the free market system and the widespread availability of technology in the West and elsewhere make it impossible to organise a complete ban on the export of Western technology. The most authoritative calculation made so far (by Dr Philip Hanson of Birmingham University) indicates that Western technology contributed half a per cent annually to Soviet growth during the 1970s, when the Soviet economy was growing at 4 to 5 per cent a year.

17. Efforts in the West have therefore concentrated on refining COCOM rules on the export of militarily significant technology, and improving the effectiveness of the enforcement of these rules. There has also been

agreement to tighten up on credit terms, and to keep imports of Soviet energy (especially Siberian gas) to proportions that do not create undue dependence.

*Security of
industry
processes.*

18. Financially, the Soviet Union has always followed a cautious borrowing policy. In 1981 its debt service ratio at 17 per cent, was the lowest by far of all the CMEA countries. Unless there is a prolonged fall in energy or other raw material prices, it is unlikely that the Soviet Union will relax its cautious policy and borrow more from the West.

19. The studies which were set in train following the Siberian gas pipeline dispute in 1982 have resulted in a better common understanding between Western countries. In general, their conclusion confirms the UK's view that there is no reason to object to commercially sound and mutually advantageous financial and trade relations between East and West, provided always that the West abstains from the export of goods or technology which could contribute directly to the Soviet military build-up. Any political benefits in terms of increased contacts which may flow from East/West trade should be regarded as incidental rather than as an objective of that trade.

20. The development of the Soviet economy is, however, profoundly unsatisfactory to the Soviet leadership. Its agriculture appears to have been permanently crippled by collectivisation. In 1982 the fourth harvest failure in a row necessitated the import of 40 million tons of grain. Its rate of growth has declined from about 6 per cent in the 1960s to 2 per cent in 1980-82. Despite an improved performance in the first half of 1983, it could fall as low as 1.5 per cent a year for the second half of this decade. If this should happen, the strains caused by the waste and inefficiency of a centrally planned system together with the burden of continuing to support an increase of about 4 per cent a year in real terms in defence expenditure, will increase. But even in those circumstances, priority will be given to meeting defence needs, and civilian hopes for a rising standard of living will be deferred. It is unlikely that whatever the West might do by way of restricting trade, would have more than a marginal effect in adding to the problems which have existed for some time. Nothing so far, during the Andropov period of office, has indicated a willingness to alter the fundamentals of the system. The accent has been on discipline and eliminating corruption to make the existing system work more effectively.

Political

21. The Soviet Union celebrated the 65th Anniversary of the Revolution in 1982. Its political balance sheet must have made gloomy reading. The predictions of Marx and Lenin have not yet been borne out in practice.

22. In the developed countries, left wing parties rarely now look to the Soviet Union for political ideas. The poor Soviet human rights record has caused communist parties (eg. in Italy and Spain) to be openly critical of the Soviet approach. In the Third World, the Soviet Union has lost the advantage of the immediate post colonial era, when in Africa and Asia, it could portray itself as the natural ally of newly independent nations. In Eastern Europe, the political system is tolerated because the countries have learned through bitter experience that attempts to throw it off will meet with military intervention and repression. Within the Soviet Union itself, the Marxist/Leninist message has lost most of its appeal. At the Central Committee Plenum in June 1983 Andropov decided to grasp the nettle of the Party's long out of date programme in an effort to make it more relevant to the world in which the Soviet Communist Party now finds itself. It

is doubtful whether the task will prove any easier now than in the past.

23. This loss of confidence reinforces the traditional Russian characteristic among the leaders of suspicion and hostility to new ideas or foreign influence.

24. It is often difficult when confronted by the size of the country and the scale of its military power, for Westerners to grasp that at a fundamental level the Soviet Union feels threatened by the existence of alternative systems which, for all their faults, appear dynamic and economically successful compared to the static Soviet state. That such states should base their Governments and policies on consent and popular choice, is, in Soviet eyes, the ultimate heresy. It is not surprising that the Russians have reacted so sharply to the assertion in Mr Shultz's testimony that 'We take it as part of our obligation to peace to encourage the gradual evolution of the Soviet system towards a more pluralistic political and economic system'.

25. That said, however, and notwithstanding the signs of internal dissatisfaction, (alcoholism, lower life

expectancy etc) political change will come, if at all, only very slowly in the Soviet Union. The centralisation of power in the hands of the Communist Party goes with the grain of the country's history and social attitudes. Patriotism has always been a strong unifying force in crisis, particularly if the enemy is external. Finally the sheer size of the country (11 time zones), the difficulty of travel (internal passports) and of communications, (1 telephone to 10 people - UK 1 to 2 - and long delays on inter-city calls) enable the rulers to compartmentalise the country to a degree which is hard to imagine in the West.

26. It is not possible to predict what will result from the economic, demographic, social and other forces for change which are already at work within the Soviet Union. They are, however, unlikely to result in a revolution, given the resources devoted to curbing any such tendencies. The probability is that the process will take decades, rather than years because of the in-built rigidities of the system and the determination of the present, or any other foreseeable collection of Soviet leaders, to maintain themselves in power. The system itself, is as 'static' as the approach displayed

by the present Soviet leadership in their meetings with Chancellor Kohl.

27. But the cost of such a system is clear. Failure to evolve a way of handing on power or of renewing leadership, has resulted in one sick man succeeding another. With an average age of 67, the present Politburo is as set in its ways and perceptions of the world as its predecessors. Andropov may have the intelligence to understand the problems but he has yet to demonstrate either that he wishes to, or that he is capable of pushing through the required measures.

28. In these circumstances, the main means of assisting change in the Soviet Union is through the spread of information. KGB defectors have commented that informed questioning at factory and other meetings presents them with one of their most difficult problems.

Political Contacts

29. Information can be conveyed at a number of levels and in a variety of ways.

30. At the political level, the meetings of senior ministers or heads of government expose their Soviet

interlocutors to the sort of direct questioning and criticism which their own system is designed to prevent. Khrushchev's and Brezhnev's visits to the West made a profound impression on them both. Andropov has yet to set foot in a free Western country.

31. High level contacts also present the West with opportunities of penetrating the secretive system of Soviet decision-making, assessing the relative strength of the various views and protagonists involved and thus reducing the chances of dangerous misunderstandings. Exposing the most senior ranks of the self-contained military cast to direct Western political and military argument, is not the least benefit of such contacts.

32. The extent, timing and content of East/West political contacts should, however, be a matter of careful planning and coordination among Western countries. UK practice, announced in a Parliamentary Answer has, since the Soviet invasion of Afghanistan, been to avoid high level and Ministerial contacts except where these are deemed to be advantageous. In practice the last full visit at Head of Government level was in 1975 (Mr Wilson) and by Foreign Ministers, in 1977 (Dr Owen). Other post-Afghanistan measures have been progressively relaxed by our Allies, and it

should be possible to resume limited contacts at a senior Ministerial level while at the same time not diminishing our criticism of Afghanistan. It should be made clear that such meetings do not indicate acquiescence in Soviet views or actions.

33. Care also needs to be taken over public statements about the Soviet Union and its leaders. Direct criticism and straight talking in discussions are understood and accepted. But statements which disparage the Soviet state or its leaders provoke a strong emotional reaction based on an inferiority complex vis-a-vis the developed countries. This can complicate negotiations on specific issues for fear of loss of face should concessions need to be made.

Information and Cultural Policies

34. At a more popular level, the influence of Western thought and culture are strong where they are allowed to penetrate. The 'jeans and pop' challenge is one which the Soviet authorities take seriously. At a different level, Western literature, painting, music and theatre all carry an unmistakable message of individuality and tolerance of pluralism. Western

exhibitions, films and plays are invariably well attended.

35. Possibilities for getting information into the Soviet Union divide into two main categories: those which are agreed with, and subject to control by, the Soviet authorities and those which are not.

36. The first category includes activities such as teacher and student exchanges, exhibitions and films. These are made possible through the negotiation of bilateral cultural agreements (in the UK's case every two years). The Soviet authorities also permit the distribution, by agreement, of Russian language magazines by some Western governments. The price the Western partner has to pay for such access is official support and help for Soviet activities of a similar scale and nature in their own countries. In the aftermath of the Soviet invasion of Afghanistan it was decided in the UK that major cultural manifestations which might give the impression that nothing had changed were to be avoided.

37. The West has also used the commitments entered into by the Soviet Union and the Eastern Europeans under the CSCE Helsinki agreements as a means of

putting pressure on the East to fulfil their obligations on information and human contacts. Pressure in all these fields should be maintained until the next review meeting in 1986. Differences between Soviet and Eastern European practice can be accentuated by these means.

38. In the second category the most effective means currently of getting information into the Soviet Union is by radio transmissions. These are obviously not subject to censorship but they are subject to jamming. For the Russian language service of the BBC and other Western services, jamming is fairly effective in the major cities but patchy elsewhere. The BBC's World Service in the English language is not jammed.

39. It is possible in the future that satellite television broadcasting might become a means of communicating directly with the Soviet public. But whatever the technological advances in the West, the possibilities of conveying information to the Soviet public will depend on the state of technology available to them in the Soviet Union.

40. Annex A gives a technical account of the BBC's current effort in Eastern Europe and the Soviet Union

and an assessment of possible technological developments in the information field.

41. Less orthodox means of spreading information by smuggling in recorded tapes or leaflets would need careful consideration. We should be wary of anything that could be instantly dismissed as a stunt or enable the Soviet authorities to claim that Western intelligence agencies were behind all information or cultural exchanges.

Eastern Europe

42. The essential fact that all Eastern European governments have had to face is that the Soviet political, and above all the economic, systems have not worked.

43. The system imposed on Eastern Europe after the Second World War runs counter to the traditions, state of development, cultural links and religious ties of the countries involved, (with the possible exception of Bulgaria). Attempts to remove or mitigate the yoke have been put down at regular intervals. A direct challenge would, in the future, provoke the same response in the last resort, whatever

the damage to the Soviet Union's international reputation. Those concerned in Eastern Europe understand that in their struggle they cannot look to the West for military assistance.

44. In these circumstances the West, although with some lack of consistency, has pursued a policy of encouraging evolution and not revolution in Eastern Europe.

45. Since the 1960s, all Eastern European governments have explored ways of mitigating the harm done to productivity and efficiency caused by centralised planning. The proliferation of blue prints (New Economic Measures, in Hungary and Bulgaria), (Set of measures, Czechoslovakia) bear witness to their attempts.

46. In the 1970s, many of the Eastern Europeans borrowed heavily in the West from both banks and governments (through official export credits) in a bid to buy Western technology and square the circle of raising productivity in their economies without either tampering with the central planning system or introducing real incentives. The world recession of the 1980s has exposed the failure of this attempt.

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Poland and Romania have, for example, had to seek debt rescheduling. (Romania's claim on general Western support now relies exclusively on its continued refusal to integrate its forces or its territory fully within the Warsaw Pact and its relative independence in foreign policy from the Soviet Union).

47. In Hungary, economic reform has been pushed further than in any other country in Eastern Europe. Real costs are reflected in most prices. Incentives are allowed. Decentralised decision-making has been permitted. The currency is partly convertible. Hungary has joined the IMF and is currently seeking a full agreement with the European Community. In the interests of sustaining the momentum of economic reform the West has helped Hungary through two years of difficulty in meeting its external debts, partly through BIS loans and partly through loans raised in the financial markets.

48. Hungary's interest in a trade agreement with the EC (only Romania of other CMEA states has one), highlights the dilemma of balancing political against economic considerations. The Hungarians argue that the more open the West is to them, the more open they can be to the West and the less economically and

psychologically beholden to the Soviet Union. A trading agreement recognising this would be only one, and by no means a decisive factor, in determining Hungary's evolution in the coming years. Nevertheless, EC Foreign Ministers recognised that there was political significance in the Hungarian approach, and invited the Commission to explore a possible basis for an agreement. This political steer has not so far been reflected by Member States or Commission officials.

Poland

49. In Poland, the full effects of recent developments (Pope's visit, lifting of martial law, release of political prisoners) and the potential for stimulating reform have yet to become clear. The lifting of martial law and the introduction of an amnesty may encourage those elements working for moderation in Poland and improve the prospects for national reconciliation; the negative and limited aspects of these actions, however, may only serve to prolong the political stalemate. The West should seek to respond to positive developments in Poland and maintain its contact with the Polish people. We should continue to put pressure on the Polish authorities to move towards a greater degree of economic and political

reform. The Church will be an important force for helping change in the latter field.

50. From the West's point of view, assisting the internal pressures for change will not only help our long term goals of a more liberal society in Poland but will, in the short term, maintain a degree of tension in Poland below the level of outright revolt which will be a major element of destabilisation in the Warsaw Pact and CMEA. In economic terms the recovery of its outstanding debts will give some limited leverage to the West in pressing for economic reforms.

51. Nevertheless in looking at overall Western trade links with Eastern Europe, the conclusion is that in total terms they are relatively small, even though in particular countries (Hungary and GDR) they play a much more important role than is the case for the Soviet Union.

52. In the financial field, after the shock of simultaneous Polish (\$27 billion) and Romanian (\$14 billion) rescheduling operations in 1981/82, the financial risk is being reduced to a proportion which the individual countries can service. The Soviet Union

is being discounted as the lender of the last resort.

53. In these circumstances, the West should concentrate on those countries which appear genuinely determined to introduce economic reforms. We should help with links with the major Western institutions. But each case would have to be decided on its merits. Four of the Eastern Europeans are members of GATT and their membership so far has not been without its problems for the West. On the other hand membership of the IMF (Hungary and Romania are already members, Poland has applied) would help introduce reforms as a price of IMF loans. Closer links with the EC (and this really means trade) could help divide Eastern European countries from the Soviet Union in terms of recognition. But realistically, improved access to the EC market will continue to be severely limited by economic conditions in Western Europe and by agricultural over supply.

54. Outside the economic field, the West should pursue an active and strong policy aimed at keeping the Eastern European countries aware of thinking and developments in the West. This is an easier task than for the Soviet Union. The GDR is almost completely

accessible to West German television broadcasts. West German and Austrian television can also be received in parts of Czechoslovakia and Hungary. Although the Russians continue to jam Western Polish language broadcasts, they are not entirely successful. BBC broadcasts to the rest of Eastern Europe are not jammed, but some others (primarily American) are.

55. Western cultural and other exchanges enjoy even greater popularity than in the Soviet Union, given the historical and other ties between East and Western Europe. Most Western countries have maintained their cultural and information programmes.

56. Political contacts have also been maintained. They serve a dual purpose: that of putting across Western views and criticisms, and also of informing the Eastern Europeans of some of the details of arms control negotiations which, it is apparent, they do not receive from the Soviet Union.

The Third World

57. Since the War the Soviet Union has been able to gain influence in a number of Third World countries either by claiming to be on their side in the struggle

against colonialism or by supplying arms and advice to revolutionary parties in internal struggles. Soviet policy has been cautious, pragmatic and with a keen eye on the cost, both in terms of supporting their clients in the countries concerned, and also on the international costs in their relations with the developed countries, in particular the US.

58. In the 1970s the collapse of the Portuguese Empire in Southern Africa and economic failure in the North led to widespread Soviet advances in Mozambique, Angola and in the Horn of Africa. Cuban and other surrogates played a leading role. US preoccupation with Vietnam and its aftermath meant that the Soviet Union could calculate on a minimal US response.

59. But the fact remains that of itself, Soviet ideology, economic or technological assistance has won few, if any, converts or even firm friends.

60. The problems and costs of maintaining a relationship with countries where they have backed a successful revolution are now beginning to bear in on the Soviet Union. At a time of hard currency shortage, an annual bill of \$3½ billion for Cuba alone becomes a substantial burden.

61. Experience is beginning to show that the Soviet Union is not able to provide the trade, aid or technology which the developing countries need. Angola, Mozambique and Ethiopia have all recently turned to the West for assistance. We should exploit these opportunities. We should look for similar opportunities in countries like Grenada and the Seychelles. The West should not tacitly accept a Soviet or surrogate fait accompli. In, for example, Afghanistan, this means continuing public pressure on the Soviet Union, coupled with support for Pakistan and exploitation of the propaganda advantage which the Soviet intervention gives us with Western and Third World public opinion.

62. Recent Soviet statements have indicated that they are aware of their economic weakness with regard to the Third World. At the Central Committee Plenum in June Andropov stated that - "We render help to the extent of our possibilities to their [developing socialist countries] economic development as well. But, in the main, their economic development ... can be, of course, only the result of the work of their peoples and of a correct policy of their leadership."

63. The best approach for Western countries in dealing with either actual or threatened Soviet/Cuban intervention, is first to analyse the basic problems of the region and only thereafter to add in the extra element constituted by Cuban/Soviet involvement. Solutions should respond to the underlying needs of the region rather than attempting simply to end or prevent the intervention. In most cases, it will not be possible to eliminate the intervention without resolving the conflict on which it feeds.

64. Nevertheless in some circumstances we should also consider with our Allies situations where there may be a need for military intervention in support of Western oriented states under attack by Soviet surrogates. This is, however, an area where caution is necessary. It would be counter-productive for the West to become identified in the minds of Third World leaders with the automatic defence or support of an illiberal regime against popular demand for change simply because the regime could claim to be anti-communist.

65. In conclusion, while it is likely that the Soviet Union will continue to exploit low cost opportunities for enlarging its sphere of influence and causing

disruption as it is doing in Central America, the West should be able both to contain and over time reverse Soviet gains, if it pursues policies which take advantage of the West's strengths vis-a-vis the Soviet Union.

China

66. Western countries' relations with China as they have developed in recent years are distinct from the West's relations with the Soviet Union and Eastern Europe. The broad field of our relations with China falls outside the scope of this paper. Nevertheless the mutual suspicion and hostility which for some years has informed the Sino-Soviet relationship represents an element which the West should not disregard in its dealings with China. By developing closer links with China, and fostering our identity of views on Soviet 'hegemonism' and expansionist policies, the West can help to reduce any risk of a substantive Sino-Soviet rapprochement and thus contribute to keeping the Soviet Union on the defensive. A consistent policy of seeking to resolve our outstanding problems with China (eg over Hong Kong and Taiwan) therefore is not only intrinsically desirable but should incidentally contribute to our purpose in East/West relations.

67. The internal economic and political systems of China and the Soviet Union are in many ways similar. Recently there has been an increase in contacts between the two sides, and some talk (encouraged by the Russians) of more substantial understandings in prospect. However the atmosphere of Sino-Soviet relations remains essentially cool. The Chinese decided, largely because of disappointment at the development of their relations with the US, to make a mildly forthcoming response to Soviet overtures with the aim of gaining greater freedom of manoeuvre within the triangular US/Soviet/Chinese relationship. But they still see the Soviet Union as the greatest threat to world peace and to China's national security. Closer relations with the US and the West are the key to the success of their central policy of economic modernisation. The West should build on this essential Chinese requirement so that China continues to see the balance of her interests as lying rather with us than with the Soviet Union.

Present and Future Perspectives

68. During the coming months the immediate challenge of INF will be fought out. The Russians must be very close to recognising that they are not going to be able

to frustrate the deployment of new INF systems in Western Europe. They will continue to concentrate their efforts on the Germans, but if this fails they will turn to counter moves which will, however, present problems of management, presentation and timing. All this will take place at a time when Andropov is consolidating his position and preserving his health. In these circumstances, the Soviet Union will be deeply suspicious, and prone to over react to anything that looks like a provocation or an attempt to take advantage of Soviet weakness. Should they so choose, the Russians could cause the West considerably greater problems in Central America, Southern Africa, the Middle East or finally in Europe (in Berlin and the inner German relationship), than they have so far.

69. In the longer term the West is faced with the problem of managing a powerful military Empire in decline. This will require skill, consistency and cool nerves over a long period. The Russian symbol is appropriately a bear. It may look clumsy and slow moving. But it has great strength and an uncertain temper. Those seeking to tame it should neither over-estimate its weakness nor under-rate its strength.

ANNEX A

BROADCASTING: THE CURRENT EFFORT, AND POSSIBLE FUTURE DEVELOPMENTS

1. The BBC broadcasts in Russians and in eight of the languages of Eastern Europe:

	<u>Hours per week</u>	<u>Annual Cost</u> (£1,000)
Russian	45	1,204
German	22 3/4	895
Polish	26 1/2	695
Czech/Slovak	21 1/4	645
Hungarian	18	555
Serbo-Croat/Slovene	16 1/4	440
Romanian	14	385
Bulgarian	12 1/4	382

(The costs shown above include staff and transmission costs, but contain no element for shared costs such as news gathering and overheads.)

2. All these broadcasts are made on short wave, which carries further than medium wave. But at certain times of the day when conditions are technically

favourable, broadcasts in Polish and German, and a few in Hungarian and Czech, are simultaneously made on medium wave, which is easier to receive and more resistant to jamming. The Russian service is broadcast to East Germany on medium wave for Russian troops stationed there, but reaches the Soviet Union only on short wave.

3. Some Western broadcasting organisations, particularly Voice of America and the American-financed Radio Free Europe and Radio Liberty, broadcast in other Soviet languages, including Armenian, Azeri, Belorussian, Estonian, Georgian, Latvian, Lithuanian, Tartar, Turkestani and Ukrainian. Most of these broadcasts are jammed.

Audiences

4. Audience research in the Soviet Union and Eastern Europe is impossible, so there are no reliable audience figures. The BBC estimate that there are at least 50 million short wave receivers in the Soviet Union. Surveys based on interviews with travellers to the West (who may not be a typical sample) suggest that 5.2 per cent of adults in the Soviet Union are regular listeners to the BBC's Russian Service (Voice of

America 12.1 per cent, Radio Liberty 6.2 per cent, Deutsche Welle 2.9 per cent). Similar surveys among travellers from Poland, where audiences for foreign radio are thought to be greatest in Eastern Europe, suggest that on an average day 11 per cent of the population listens to the BBC Polish Service (Radio Free Europe 42 per cent, Voice of America 12 per cent, Deutsche Welle/Deutschlandfunk 5 per cent). The Polish survey was conducted before the Soviet Union began to jam Western short wave transmissions to Poland in December 1981.

Audibility

5. Jamming is expensive and difficult. It requires extensive technical resources. A recent paper by the US State Department estimated the annual cost to the Soviet Union at between 100 and 300 million US dollars, and the capital cost of equipment used at 250 million dollars. And it is only moderately effective. Western transmissions can be made inaudible in population centres at certain times of the day; but at other times, generally including early evening, and in rural areas, they can usually be received. Broadcasters can do a certain amount to counteract the effects of jamming by using a variety of frequencies.

This tests the loyalty of listeners, but it often makes listening possible. The frequencies of the Russian language service are advertised in the COI's quarterly Russian language magazine 'Anglia', which is distributed in the USSR.

6. In some parts of the Soviet Union the BBC's signal is weak even when unjammed. New equipment being purchased as part of the 10-year audibility programme, including a new aerial array now being commissioned in Cyprus and eight new 500kw transmitters being installed at Rampisham in Dorset, the first of which has just come onto the air, will do much to rectify this. The new equipment will also enable the BBC to penetrate Soviet jamming more effectively (though it may stimulate the Russians to increase jamming).

Programme content

7. Listeners' letters and interviews with travellers to the West suggest that audiences tune to the BBC primarily because it supplied them with an unbiased source of news. News and current affairs programmes make up the major part of the BBC's transmissions to the Soviet Union and Eastern Europe. Other programmes aim to supply an honest picture of British and Western culture and of daily life in Britain and the West.

Future developments

8. The BBC's capital investment programme should significantly improve audibility in coming years. If more money were to be made available, further strengthening of the signal would be possible. With more money it would also be possible either to extend broadcasting hours, and thus perhaps to attract new audiences, or to introduce services in one or more of the minority Soviet languages. We shall continue to draw attention to the Soviet use of jamming, which violates the International Telecommunications Convention, but we would not expect them to cease the practice unless there were a general improvement in East-West relations.

New Technology

9. It is likely that for the foreseeable future short wave broadcasting, with some support on medium wave, will remain by far the most effective way of projecting the West to the peoples of the Soviet Union and Eastern Europe. Opportunities offered by new technology developments are very few. Satellite broadcasting of television programmes is now technically possible, but would require receiving equipment which is unlikely to become available to private individuals in the countries concerned, and which would in any case be

impractical because it would need to be conspicuously
sited making it very easy for the KGB to identify.
Distribution of television programmes on
video-cassettes would be possible if Western countries
were willing to indulge in smuggling on the scale that
would be required; but the number of video-cassette
recorders in the Soviet Union is at present very small,
and we do not expect it to grow fast. It is unlikely
that this method would ever reach more than a very
limited (though possibly influential) audience, even if
the political risks were judged acceptable.

ACTION PROGRAMME

ANNEX B

Soviet Union

1. During her visit to the US in September, the Prime Minister should discuss East/West relations with President Reagan with a view to adopting as a conscious goal the objective of a 'gradual evolution of the Soviet system towards a more pluralistic political and economic system'.

2. In the arms limitation field, we should remain firm on INF, but do what we can to encourage the Americans to seek a framework agreement on START, if possible during the first half of 1984.

when?
[scribble]

3. At the political level, the Prime Minister should adopt the objective of a meeting with Andropov. This should be prepared by a visit to the UK by Gromyko for talks with Sir G Howe. The timing of both these events should take account of discussions with our closest allies and of wider East/West developments, including INF deployment.

4. These visits would be underpinned by the visits to the UK of Soviet First Deputy Foreign Minister Kornienko in September, and of Deputy Prime Minister Kostandov (as the guest of ICI) in October and appropriate meetings at official/expert level on eg disarmament and the Middle East.

5. In the information field, our long term priority subject to the availability of resources, should be to increase the audibility of the BBC Russian language service. We should also actively pursue other ways of increasing the flow of information into the Soviet Union, eg increasing the circulation in the Soviet Union of the magazine "Anglia", the availability of British newspapers and periodicals and the number of British exhibitions staged in the Soviet Union.

Eastern Europe

6. The UK with its partners, especially among the Ten, should adopt a strong and active policy in Eastern Europe aimed at encouraging tendencies away from the Soviet Union.

7. Priority should be given to ensuring that the flow of information through contacts at all levels should be maintained and, if possible, increased.

8. The Foreign and Commonwealth Secretary should aim to meet all of his Eastern European opposite numbers during the course of this Government. The Prime Minister might consider a visit to Hungary.

9. Economic assistance will prove difficult, but where possible and on the basis of normal prudence, the UK should seek in the European Community, IMF and other international organisations, to persuade partners to assist developments in Eastern European countries which showed long term potential for economic reform.

Third World

10. Full use should be made of the West's greater economic and political attractions for Third World countries. Openings created by those countries' desire

for Western trade, aid and technology, should be exploited to contain, and where possible reverse, Soviet influence.

General

11. A serious effort should be made to improve the quality of coverage of East/West events by the British media, and to raise the level of interest in Parliament.

12. Consideration should be given, possibly following the Prime Minister's visit to Washington in September, to a major speech on East/West relations.

GHIAAD

C

ARMS CONTROL: THE STRATEGIC AGENDA

1. Background papers describing the current state of play in the various arms control negotiations are attached. Consideration of this subject tends to get bogged down in a mass of technical detail. Such work of course needs to be done. But we should also ask ourselves from time to time whether the sense of strategic direction is right, since without this, our efforts will be to no effect.

2. Accordingly, some key questions that the Chequers meeting might address are as follows:-

1. What part should we expect arms control to play in the wider approach to East/West relations?
2. Is current Western policy on arms control the best way to get results?
3. Is there a distinctive role for Britain?
4. If not, is there any alternative to following the American lead?

What part should we expect arms control to play in the wider approach to East/West relations?

During the '60s and '70s some twenty arms control agreements were successfully negotiated, to which both the United States and the Soviet Union subscribed. But East/West relations overall are today as confrontational as ever. Have we consistently over-estimated what arms control can do and the prospects for ever attaining comprehensive measures of disarmament? Or was it simply that the agreements so far achieved were flawed and inadequate? Is there a risk that, lacking a fuller conspectus for handling East/West relations, the Alliance will repeat the errors of the '70s by investing the cause of arms control with expectations that can never be satisfied? It is at least arguable that peace and stability are likely to be assured more by a determined and coherent political approach to major underlying international tensions and problems than by the over-sophisticated accountancy of technical arms control negotiations.

Is current Western policy on arms control the best way to get results?

For the past four years no new international arms control agreement has been reached. The hiatus was partly caused by the need to rebuild Western defences. But the multilateral arms control process still badly needs a success. Does NATO set the security

/criteria

criteria too high in its approach to arms control? Should the West be more prepared to go in for agreements which provide for "political theatre", even at some cost in security terms? Is the Alliance too slow to give as good as it gets, when faced with the big disarmament propaganda initiatives so favoured by the Warsaw Pact? Alternatively do we play into Soviet hands by putting ourselves under self-imposed time pressure to achieve results?

Has NATO got the balance between nuclear and conventional arms control right? It was the Warsaw Pact conventional force superiority which first created the problem of the military balance. The overwhelmingly greater part of both Eastern and Western defence budgets goes on conventional forces: military procurement cycles are here at their most intractable. Small wonder that in conventional arms control the results are at their least impressive. Should we try to change this e.g. by thinking more about limitations and reductions on conventional arms in Europe, and restraints on conventional arms transfers worldwide?

How do other important areas (currently dealt with, if at all, in a larger multilateral context) such as outer space, test ban and chemical weapons fit into our arms control objectives?

Is there a distinctive role for Britain?

Generally speaking the more closely any given set of arms control

/negotiations

negotiations bears on Alliance defence and security, the less the scope for individual United Kingdom initiatives outside the context of the Alliance. If we have good ideas our first task is to persuade our friends and Allies of their value in the relevant Western consultations, if they are to get anywhere in the negotiations themselves. The two military super-powers hold the main negotiating cards in military terms and therefore have the decisive voices. In Europe Germany is NATO's strongest conventional land-power and as such is the main focus for Soviet arms control interest. Britain is also of course rightly seen as a major European nuclear and conventional military power. So far our essential national interests in arms control have appeared to be best protected within the Alliance context rather than (like France) in distinction from it. It is difficult to see how Britain could play the role of a catalyst for East/West arms control, given the current focus on nuclear matters.

Should we then try to break the mould of current arms control fora e.g. by proposing direct participation at an arms control "top-table" for Permanent Members of the UN Security Council? To pose the question is at once to see that this could raise at least as many problems as it would solve. One of these is the role of the United Kingdom strategic deterrent in relation to arms control. We wish to maintain the widest possible freedom of action in respect of the United Kingdom deterrent based on domestic and Alliance support for it and in particular for its

/modernisation

modernisation. We have a public line consistent with this requirement. But we should recognise that if events were suddenly to accelerate, e.g. in relation to a US/Soviet summit or a possible START/INF merger, attention could focus sharply on the relevance of the United Kingdom deterrent to arms control. Even the Americans are beginning to drop hints about this. We should begin now to think about the possible implications (including for our procurement decisions due this autumn); and to consider which of the theoretical options (counting in, no-increase commitment, "reductions") might best protect our longer term interest. *and has France would*

read-

Is there any alternative to following the American lead?

Even if our ability to go it alone is circumscribed, this does not mean that we have meekly to follow the United States lead. Our influence on the Americans in arms control, as in other Alliance business, is considerable. It stems from our good record on defence, our traditionally more detached and conservative standpoint than that of the Germans or smaller continental Allies, and our ability to provide timely ideas supported by vigorous analysis. Applied at the right moment, this influence can be decisive in Washington, and neither the French nor the Germans can match it. It is not a dramatic or heroic posture, but it is more likely to bring results and to further the British interest than any realistic alternative now on offer.

ARMS CONTROL: CHECK LISTSTRATEGIC ARMS REDUCTIONS TALKS (START)Present Position

1. US/Soviet negotiations will resume in Geneva after the summer break. Both from technical and from political angles, these negotiations may offer some prospect of at least outline agreement in remaining year or so before next US Presidential election. START negotiations still held hostage by Russians to progress on INF (see below). New negotiating flexibility in US position. Some Soviet willingness to fill in details of their own position, plus limited concessions.

Work in Hand

2. (i) Joint FCO/MOD contingency work to explore various options for handling the UK strategic deterrent in relation to arms control, against background of Prime Minister's position (Time Magazine 20 June) that "There may be circumstances when ours will have to be counted". This will need to be taken into account in any MISC 7 discussion later this year about UK Trident D5 procurement matters.
- (ii) Officials will examine the pros and cons of bringing the START and INF negotiations into closer relationship with one another (or indeed merging them), which remains a possibility, if no progress is made in the existing separate negotiating fora.

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①. Irreducible Minimum in Tridentum.

- define in relation
to how when Trident
comes into service

②. Plain world - now
irreducible minimum
character.

③. Targeting

Defense must rest on
Soviet perception of our
capability.

CONFIDENTIAL

- (iii) Analytical work on technical issues in START.
Any fresh UK ideas to be fed into our regular
bilateral contacts with the Americans.

INTERMEDIATE RANGE NUCLEAR FORCES (INF)

Present Position

3. US/Soviet negotiations resume at Geneva on 6 September.
US chief negotiator, Ambassador Nitze, not optimistic about
breakthrough before the end of the year. Russians still
trying to derail NATO cruise missile and Pershing 2
deployments by combination of carrot and stick outside
negotiating forum. Kohl visit to Moscow gave no major
insight of Soviet intentions, but recent hints of cosmetic
gestures by Russians on secondary issues. German domestic
consensus, as deployments approach, will come under
increasing strain.

Work in Hand

4. Possible moves by US in the INF negotiations (covering
such issues as limits on aircraft, regional sub-ceilings
and "collateral constraints" on shorter range missile
systems) now under study in Washington and in NATO's
Special Consultative Group (SCG). British role in this
group welcomed both for substantive input and as steadying
influence on weaker brethren. Main determinant for Americans as to
whether to make a move in negotiations before December likely
to be personal attitude of Kohl.

/MUTUAL

MUTUAL AND BALANCED FORCE REDUCTIONS (MBFR)Present Position

5. Long-standing deadlock. Warsaw Pact have recently tried enticing West by promise of improved verification measures, if West will first abandon insistence on prior agreement about existing force levels. Such a bargain would involve considerable risks. But some high level interest (Shultz) in Washington over probing Soviet position.

Work in Hand

6. UK to discuss with Germans and Americans (in London on 13 September) whether Eastern overtures could be turned tactically to Western advantage and whether we could make limited counter-proposals for US and Soviet troop reductions, building on Eastern approach but meeting essential security needs. UK paper has been circulated to Bonn and Washington to illustrate how this could be done.

CONFERENCE ON DISARMAMENT IN EUROPE (CDE)Present Position

7. CSCE Review Conference in Madrid has reached agreement (subject to Malta joining consensus) to hold 35 nation CDE in Stockholm opening on 17 January 1984 to negotiate new confidence and security building measures (CSBMs) in Europe.

Work in Hand

8. Alliance already has outline package of draft confidence building measures, prepared in 1980 largely on the basis of British ideas and agreed within NATO.

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NATO consultative machinery will now set to work urgently to update and flesh out these proposals. Possible additions to existing NATO package under review in capitals, including London.

COMPREHENSIVE TEST BAN (CTB)

Present Position

9. Tripartite (US, UK, USSR) negotiations on a Treaty were suspended in 1980. Neither we nor the Americans have an interest in resuming them, despite pressure from the Russians and the non-aligned to do so. We continue to argue that important verification problems must first be resolved. We tabled a paper describing these problems in the Committee on Disarmament(CD) on 2 August.

Work in Hand

10. US agreement to ratify two bilateral treaties with the Russians of the 1970s on nuclear testing would be helpful in relieving international pressure for a CTB. So far the Americans have resisted arguments in favour of doing so. They have also not responded to our suggestions that they might consider a gradual reduction in the levels of their nuclear testing programme. We shall continue to press these points upon them.

CHEMICAL WEAPONS CONVENTION CWC)

Present Position

11. Negotiations towards such a treaty have been in

/progress

progress in the CD since last year. Prospects are promising, although verification remains a problem and we have still to see real evidence of Soviet and French willingness to conclude a Convention. We have played a leading role in the negotiations which if successful could mark a real success for arms control (and for the CD).

Work in Hand

12. The outlines of a Convention have already been established as a result of papers submitted by the US, Soviet Union, UK and others. We are now considering with our closest allies another paper on the thorny issue of challenge inspection. This will go to the heart of the verification regime for a CWC. Without adequate arrangements the Americans and others will not sign a treaty.

OUTER SPACE

Present Position

13. Despite pressure from the Russians, the non-aligned and some West Europeans, the Americans remain opposed to any formal negotiations on steps to control military developments in space. They have strong reservations about the wisdom of such a move, which some in Washington believe would jeopardise a potentially important US advantage over the Russians in the decades to come. However the Americans have expressed willingness to discuss a limited range of space issues in a CD working group.

/The

The terms of reference for such a group are now being hotly debated in the CD.

Work in Hand

14. There are grounds for arguing that some degree of arms control in outer space could serve Western interests.

MOD officials are preparing papers on the military aspects of space developments. FCO officials will pursue with them the potential for arms control.

RADIOLOGICAL WEAPONS TREATY

Present Position

15. A joint US/Soviet draft, submitted to the CD in 1981, has made no further progress. Non-aligned demands that it be expanded to cover other aspects of arms control have resulted in a stalemate.

Work in Hand

16. We are working closely with the Americans on a new draft which they hope will gain sufficient support to allow the "traditional" draft Treaty to be completed.

D

WESTERN DEFENCE STRATEGY

NATO

1. The North Atlantic Treaty of 1949 (Article V) sets out the basic collective self-defence commitment by which the United Kingdom is bound. By 1952 the first Soviet atomic test and the Korean War had both occurred and it was clear that the Lisbon force goals (100 divisions and 9,000 tactical aircraft) were way beyond the reach of the Western Allies for conventional force purposes. The doctrine of massive nuclear retaliation became progressively out-dated during the late 50s and early 60s as the Soviet Union caught up in nuclear terms. NATO's new overall strategic concept for the defence of the NATO area (MC 14/3) was adopted by Ministers in 1967 and goes under the rubric of Forward Defence and Flexible Response.

2. The underlying objective is to deter the Warsaw Pact from exercising the threat or use of military force against any part of the North Atlantic Treaty area. This requires evidence of determination to act, military capability and a flexibility of options on NATO's part. Should deterrence fail and aggression occur, the military objective is to preserve or restore the integrity and security of the North Atlantic Treaty area by employing such force as may be necessary within the concept of forward defence. This can be done at three levels.

- (a) Direct defence (to defeat the aggression on the level at which the enemy chooses to fight or to place upon him the burden of escalation).
- (b) Deliberate escalation (raising the level of combat and thereby the risks in relation to the aggressor's objectives, so as to weaken his will to continue the conflict).
- (c) General nuclear response (such as would be forced upon NATO by a major Soviet nuclear attack).

3. This brings out the inherent paradox of deterrence: that a potential aggressor will only be effectively deterred if he sees that the defender has the will and capability to respond to every possible level of aggression. In other words the probability of war varies in inverse proportion to the perceived readiness of a potential victim to fight it, should it occur. This means among other things maintaining a credible NATO capability to deal with the whole spectrum of possible aggression so that the Warsaw Pact cannot conclude that it could engage in some limited threat or attack under the umbrella of Soviet strategic nuclear capability. Hence the basic requirement for NATO's defence triad of strategic nuclear, theatre and conventional defence.

4. It is the theatre nuclear (or sub-strategic) component of this triad which has always tended to be the most controversial.

/This

This is partly because NATO's doctrine is to some extent incomplete on the question and in any case represents an uneasy compromise between the European wish to tie in as closely as possible the ultimate US guarantee to the security of Europe and the American objective of containing and holding at arms length any military confrontation which might break out between East and West. Another reason for controversy is the frankly haphazard way in which theatre nuclear and battlefield nuclear weapons systems have accumulated on the ground in NATO Europe over the years: an attempt is currently underway within NATO to rationalise these deployments, with the possibility of significant reductions (see separate paper on arms control). The fundamental objective of any tactical use of nuclear weapons by NATO (perhaps even initial use) would be to convince an enemy who had launched an aggression having doubted NATO's determination to resort to nuclear weapons if necessary, that he had miscalculated; and to induce him to take the political decision to cease his attack and withdraw. Since this concept has come in for a good deal of criticism, even in informed circles ... I attach as annexes to this paper three short analyses of the rationale for theatre nuclear forces and for retaining the first use option (written by Mr M E Quinlan, when he was Deputy Secretary for Policy in the MOD).

5. It is however upon NATO's conventional forces, which

/account

account for by far the largest proportion of available resources, that most Alliance business centres. Added focus on NATO's conventional forces posture has arisen as a by-product of the nuclear debate, in an understandable wish to demonstrate that by conventional force improvements the nuclear threshold can be raised. It is unrealistic however to suppose that any conventional force improvements are likely to be politically or financially within grasp in the foreseeable future which would permit NATO to rely solely on conventional defences in Europe. Not even SACEUR, General Rogers, claims this: only that if all NATO member states were to implement an annual real increase in defence spending of 4% (as distinct from the current aim of 3%, which is only patchily realised), he is confident the Alliance could achieve sufficient conventional strength to make "no early first use" of nuclear weapons a reality. Faced with at least 62 Warsaw Pact divisions on the Central Front, SACEUR's aim with the existing 26½ NATO divisions is to have 14 days' notice of a Warsaw Pact reinforced offensive, to spend 4 days in evaluation, leaving 10 days to reinforce Europe by 10 US divisions and 60 tactical air squadrons before D Day (but there are other problems here, see below).

6. There is a variety of other factors which complicate assessment of the NATO conventional force posture. In addition to resource constraints, there is for example the anomalous position of France which is not part of the integrated NATO

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military structure, although the First French Army, much of it stationed in Germany, is regarded as the reserve for CENTAG (but French nuclear doctrine is far from harmonised). The Federal Republic of Germany, as always, is ambivalent about many aspects of European security: raising the nuclear threshold reminds Germans that conventional war fought on German soil would be almost equally destructive; strengthening the European contribution for Germans may seem to weaken the American commitment; German demographic trends show that the Bundeswehr may well diminish significantly over the next decade unless drastic remedies are taken. Both the Northern and Southern flank are vulnerable, with Norway and Denmark creating special positions for themselves about the extent of their shared responsibilities in peace time and Greece and Turkey at one another's throats, not to mention Papandreou's maverick public attitudes to the Alliance and the uncertainty of Spanish full integration into NATO.

7. The increasing sense that the Alliance after 35 years may be beginning to creak a little has led people to cast around for new ideas. There are for example new concepts for how to fight a conventional battle, all of which raise big questions such as

- (a) Whether the Warsaw Pact could be defeated quickly by deep interdiction against second echelon forces and how the balance of tactics and resources should be allocated for that purpose, and

(b) The contribution that new and emerging conventional technologies might make to giving NATO a conventional edge, and the extent to which these technologies would further tilt the Trans-Atlantic defence industrial balance in favour of the United States.

Much lip service is also paid to the traditional goals of standardising military equipment used by NATO forces and the contribution that trans-national defence equipment collaboration can make to this. There is also a debate about whether more effective use could be made of NATO's existing defence resources by military and industrial specialisation of roles and functions though it must be said that this often seems to raise more problems than it solves.

Defence Policy Outside the NATO Area

8. Since President Carter's declaration in 1979 that Western vital interests were involved in the Gulf which would be defended by any means necessary including military force, the Alliance has had to think increasingly about the implications of this doctrine for NATO. The Americans have been actively developing their concept of a Rapid Deployment Force as a deterrent to Soviet adventurism in the Gulf. This is planned to be built up to about 7 divisions by 1988, with very large supporting tactical air power, 3 carrier battle groups and major

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components of available US strategic air and sea lift. But since these forces are drawn from existing US units their use would have direct implications for the Alliance's ability to reinforce Europe in the event of a simultaneous crisis on the Central Front. A recent NATO study of the impact suggests that NATO's ability to defend itself would be severely impaired, the nuclear threshold would be lowered and a whole range of remedial action is required now in NATO if the credibility of current NATO strategy is not to be severely undermined. SACEUR is so concerned about this that he has asked the US to reconsider some elements in its RDF planning.

9. The salience of these out-of-area concerns has other implications for NATO. There is concern particularly among some of the smaller NATO member states about the risk that there may be some creeping extension of NATO's formal responsibilities beyond the NATO area and about the relationship between Alliance consultation procedures and any action undertaken by the US RDF in defence of Western interests outside that area. These concerns are reflected periodically in heated debates about what Ministerial communique should say on the subject. There is also the question of contingency planning for facilities that individual member states might provide by way of staging and en route access for the RDF in an emergency, and other individual compensatory measures in the event of diversion of US resources otherwise committed to NATO.

10. The UK attitude is generally to support in NATO the underlying strategic concept which has led the US to develop the RDF, but to emphasize the need to have always in mind the wide spectrum of possible threats and response options (not all of them military); and to urge on the Americans that they have a better chance of getting a practical response from Europe if they adopt a step by step approach and do not frighten the rest of the Allies by the immensity of the problem. HMG has of course its own out-of-area defence policy. The main elements of this are:

- (a) Military training and assistance worldwide, as well as the defence sales effort.
- (b) Temporary exercises and deployments by all three of the British armed services, and
- (c) A rapid intervention capability for operational use if the need should arise.

11. Like the French, we argue that these efforts on our own account serve the general Western interest and that we do better (particularly in the Gulf) to avoid too overt an association with the American presence on the ground. An exception to this is of course the international peace keeping operations which are becoming an increasingly frequent politico-military requirement and where a timely UK contribution can serve our general foreign policy interests in important ways. But the extent of our direct defence policy commitments

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to British dependencies or near dependencies (e.g. the Falklands, Gibraltar, Hong Kong, Belize etc) is obviously a limiting factor. How far HMG will wish to portray our out of area defence presence as a "fifth pillar" in our general defence policy (nuclear, maritime, European continental, Home base) is perhaps largely a matter of emphasis. The Statement on the Defence Estimates for 1983, published on 6 July, on the whole rather played down this issue.

FUNCTIONS OF NATO THEATRE NUCLEAR FORCES

1. The object of all Alliance strategy and force provision is to maintain peace and security by deterring aggression. Deterrence is achieved by making clear NATO's ability and will to resist effectively, at any level necessary, rather than accept defeat. The prime aim is to prevent aggression starting at all; the secondary aim is, if aggression occurs, to maximise the chance of halting it short of all-out nuclear war.
2. Theatre nuclear forces (TNF) provide an essential element of NATO's deterrent capability. Strategic nuclear response to levels of attack much below the strategic level lacks credibility and so cannot reliably deter. NATO non-nuclear forces cannot however be counted on to defeat all such lower levels, since they may be overcome either by Warsaw Pact non-nuclear (including CW) strength, which exceeds NATO's in some key areas, or by Warsaw Pact TNF. The latter would remain a problem even if massive one-sided increases in NATO effort succeeded in removing all Warsaw Pact non-nuclear advantage. There is thus a gap in capability between NATO strategic nuclear capability and NATO non-nuclear capability. NATO deterrence would be seriously impaired if this gap were unfilled. In short, therefore, TNF are needed, as part of NATO's integrated posture to deter military attack from starting at any level, to give evident and credible options for resisting levels of aggression too high for non-nuclear resistance to meet but not high enough to warrant strategic nuclear action.
3. NATO TNF cannot win wars in the classical sense; they cannot so reduce or dislocate the aggressor's power that he has no effective capability for further military action. The scale of Warsaw Pact forces, especially the numbers of nuclear warheads and delivery systems, is such that no use of TNF, however extensive, could deprive the Warsaw Pact of physical capability to damage the Alliance further. The realistic objective for NATO's possession of TNF must be to operate upon the adversary's will to use his capability.
4. The power of the West's own strategic armoury is so vast that aggression could be undertaken only if Soviet leaders believed that the West would at some point accept defeat without using this power. NATO deterrence seeks to make it as difficult as possible for them to form such a belief, or dare to act

on it. Possession of a full spectrum of options leading right up to the strategic level is essential to this. If aggression were nevertheless launched, the use of TNF if necessary in extending NATO resistance would seek to reverse the initial Soviet calculation of the comparative advantage of aggression - to persuade the aggressor that the likely benefits of continuing were outweighed by the likely costs and risks, above all by the risk that the weight of military effort needed to pursue military success would reach the point at which NATO might well respond by major strategic strike.

5. Though the aim is outright deterrence, achieving this requires thinking through contingencies of use. NATO recognises the possibility of using TNF in a purely demonstrative role, with no substantial direct effect on Warsaw Pact operations or capabilities. In the main, however, NATO has judged that the aim of dissuading the Warsaw Pact from continued aggression would have to be sought through action which had substantial military effect, even though that effect would be only a means to the political end and could not in itself be conclusive. The concept is that NATO's TNF action would need to compel Soviet leaders to address fresh and dangerous decisions, and weigh the consequences. TNF use which Soviet leaders could readily choose to ignore - which left them, for example, free to continue all their successful operations unchecked - might not compel this crucial re-appraisal.

6. The nature of the fresh decisions which NATO TNF action could force upon an aggressor (whether in the event or - more importantly - in his prior assessment of how events might run if he embarked upon attack) is of central importance. In principle the bigger the new step required by a decision to continue aggression, the better the chance that the aggressor would prefer not to take it. From this standpoint, the ideal role of TNF would be to deprive him of the military ability to continue aggression in its initial form, so that if he wished to continue he would have to raise the level of conflict, with all the attendant risks. In some settings this "ideal" option might be available; but in others - such as major land /air conflict in Europe - achieving it could not prudently be counted on. The reasons could include the preponderant size of Soviet forces; the nearness of Soviet homeland resources for sustaining or resuming operations; and the likelihood of heavy damage to NATO or other non-Soviet territory. In such circumstances NATO could not safely expect its TNF to change a losing tactical situation into a winning one. The maximum realistic option for the military effect of TNF would then be to impose a substantial setback or delay, rather than

tactical defeat, upon Warsaw Pact operations at the existing level. But NATO's capability must be clearly adequate to achieve at least this. Deterrence will be defective with anything less.

7. In short, Alliance strategy for deterrence requires TNF capable of inflicting at least a serious temporary setback upon any Warsaw Pact non-strategic operations which might overbear NATO's resistance at lower levels. NATO TNF must provide such a capability on a reliable, visible and continuing basis for various contingencies -

- (a) after only conventional (or perhaps also CW) operations had taken place;
- (b) after the Warsaw Pact had made first use of nuclear weapons on a non-strategic scale;
- (c) after one or more nuclear exchanges on a limited scale.

The characteristics needed in NATO TNF provision must be determined in the first place by reference to this central deterrent concept, though other considerations (including political, financial and arms control ones) should be brought into account in shaping plans.

8. Effective TNF capability carries bonuses. Widely-available provision of credible NATO TNF and flexible policy for their use mean that Warsaw Pact military dispositions must allow for the possibility of nuclear attack at times and places of NATO's choosing. This prevents such dispositions being freely optimised (as by the massing of armoured forces) for non-nuclear aggression. The full potential of Warsaw Pact non-nuclear power is thus inhibited, and the nuclear threshold raised.

THE ROLE AND VALUE OF THEATRE/TACTICAL
NUCLEAR FORCES

1. In current discussions of NATO strategy a view is sometimes heard which cuts sharply across NATO orthodoxy about the possession and possible use of non-strategic nuclear forces. This view - hereafter called for convenience View X - holds that:

(a) NATO certainly needs TNF, to deter Soviet first use of TNF by threat of retaliation.

(b) However, as studies have shown, NATO first use of TNF cannot be counted on to reverse the course of military events.

~~3~~(c) NATO first use accordingly cannot be a rational option.

The implication of point (c) is that when the chips were down the only sensible or credible course available to NATO in face of imminent or actual defeat at the non-nuclear level might be acquiescence and surrender. This would be an enormous disagreeable conclusion; it amounts - particularly given widespread perceptions of what relative NATO/WP non-nuclear capabilities actually are - to saying that there is a gaping hole in NATO's deterrent posture and strategy.

2. It is worth noting at the outset that if View X is right about (c) it cannot easily be right also about (a). The study outcome noted in (b), if sound must surely be at least equally so for the case of Soviet first use (indeed a fortiori, for Soviet forces then have such military advantages as flow from getting their blow in first). Why should NATO use of TNF be rational in (a) if it cannot be rational in (b)? And if use cannot be rational, how can deterrence be credible? (It is not clear whether View X would argue that a significant degree of deterrent credibility can still exist even where no rational basis for use is possible. If so, that would be sauce for case (b) as well as case (a). But the rest of this note assumes that adherents of View X do not seek to draw a distinction of this kind.) In short, if the inference at (c) is right, it ought to be applied more widely; for its message is in logic that the whole business of NATO TNF, whether for use first or second, is a busted flush.

3. This brings us back to the main issue: is (c) a correct and inescapable inference from (b)?

4. Some commentary is appropriate on (b) itself. What certain studies of European-theatre scenarios have indicated is, broadly and leaving aside one or two special cases (and also of course subject to the uncertainties that must always attend upon projections about hypothetical military events, especially ones of which there is no experience) that if in a losing non-nuclear situation NATO made first tactical use of nuclear weapons on a limited scale, and if the Warsaw Pact then replied in similar fashion, though NATO might achieve some initial delay the Warsaw Pact advance could fairly soon be resumed, and perhaps even more decisively thereafter than if the nuclear exchange had never taken place. In other words, in scenarios of this kind NATO initiation of an exchange of tactical nuclear strikes could not be expected to turn military failure into military success.

5. We should note that, apart from the general uncertainties of studies of this kind, the conclusion is strictly related to the hypothesis of at least symmetrical retaliation. Now this may be thought a probable hypothesis. But it is not a certainty, and we should not plan or reason as though it were. Even if the probability were precisely knowable, it would stand to vary widely with the particular circumstances. Much would depend, for example, on the specific purposes for which the Soviet leaders had embarked upon aggression; on the expectations of NATO reaction underlying their decision to do so; and on their perception of how far their vital interests were engaged, both absolutely and relatively to those of NATO. Moreover, we simply cannot know for sure how people politicians and soldiers, and even Soviet ones - will really act in the unprecedentedly appalling event that nuclear weapons begin to fly around. Given this, we do not have to dismiss as wholly irrational the option, for NATO leaders facing the prospect of disaster at conventional or CW level, of limited nuclear action to try the possibility (as an alternative to the simple acceptance of defeat and all its consequences) that the Soviet leaders were so disconcerted at finding they had miscalculated NATO's resolve, or so appalled at the imminent threat of precipitating the final holocaust, that they preferred to back off.

6. The discussion in paragraph 5 above illustrates just one aspect of a wider and cardinal fact: that the advent of nuclear weapons on a massive scale (especi

with delivery systems of long range, high penetrativity and accuracy, and low vulnerability to pre-emption) has utterly changed the fundamental categories of military appraisal in the East/West context. The amount of striking power now available to leaders on both sides is for practical purposes inexhaustible. It follows that military operations designed to leave the adversary physically incapable of further resistance - either by the near-total attrition of his forces, as with Germany in 1945, or by their dislocation so that they can no longer be brought to bear effectively - are no longer feasible in the East/West setting. View X can be, in one sense, entirely right in dismissing scenarios of tactical nuclear use as "military nonsense" - they can indeed produce no conclusively successful outcome measured by these classic professional criteria of victory. Nor indeed, it seems important to note, can even conventional operations between nuclear-capable adversaries.

7. But this is not to say that tactical nuclear use can have no purpose. The fact of nuclear abundance on both sides throws into central prominence a different objective, which has always been one option among the aims of applying military power and now becomes effectively the sole one: to operate upon the adversary's will to go on.

8. So long as a belligerent still has left to him some force capable of effective use, he is not in purely military terms required to accept defeat; and that is just as true of the side which is weaker in capability at any given level as of that which is stronger. So long as armouries are not exhausted the process of escalation - of trumping, over-trumping and over-over-trumping - can in physical terms continue. In that process both sides, trumper and over-trumper, would be at risk as the level of final holocaust was neared. Both sides accordingly would have to make difficult decisions about the balance of advantage among options. The decisions might well be more difficult for the weaker (since as the side currently losing it would be under immediate time pressure, and moreover - at least in a European land scenario - would have the problem that some of the options it might otherwise find least unattractive would entail spreading collateral destruction in its own territory) but the difference is ultimately one of degree. It is simply not the case that safety and reason lie exclusively with the side that has the military advantage at a given tactical level, and danger exclusively with the other. The outcome is ultimately a matter of political will, of which side first loses nerve or, more fairly, decides it prefers the penalties of accep

defeat to those of going on as the costs mount and the further stakes rise. If it were taken as certain in advance that the Soviet side would never, in any circumstances or at any level, be the one to cry halt, then the logical inference might well be that once aggression started at all - even the conventional level - NATO's only rational course would be to give in. But fortunately for deterrence and thus for Western security, there can be no possible ground for any such assumption.

9. All this amounts to saying that what is crucially wrong with View X's point (c) is that it would follow logically from point (b) only if the key criteria of rationality were the probability of classical military success; whereas in reality the key criterion is the probability (much harder to assess, whether for reliance or for dismissal) of inducing the opponent to throw in his hand. This is why NATO rightly regards the true aim of TNF use (first or second) as making what NATO jargon calls a "political signal"; that is, conveying NATO's resolve, despite the risks of going on, not to accept defeat in the defence of its homelands against aggression.

10. The analysis put forward above does not of course imply that military effect is irrelevant in the tactical use of nuclear weapons; on the contrary, the achievement of at least some temporary or local military effect may well be generally (some would argue always) a necessary route to achieving the political aim. But that is a different matter from seeking or expecting to impose military victory.

11. Equally, this analysis does not in any way imply that comparative strength at the non-nuclear level - the strength, that is, that essentially determines the height of the nuclear "threshold" - does not matter. It is plainly important, both for pre-war deterrence and for maximising whatever chance there may be of restoring deterrence after its initial failure yet before major nuclear exchange, that that threshold should be high, so that the awful decision on possible NATO first use falls to be faced as late as possible and preferably not at all. The relevance of the analysis to that issue is perhaps simply to remind that there can be no way, whatever pre-war declarations may be made, of rendering the threshold dependably uncrossable.

12. Finally, and most important of all, it should be reiterated that the key purpose in all this is deterrence, preventing war from ever starting. The

argument offered above that tactical nuclear action, whether first or second, is not necessarily irrational does not seek to deny or obscure the fact that it could carry huge disadvantage in itself and grave risk of worse to follow. The overriding Western objective must be (since the same is also true of the alternative - that is, capitulation) to ensure that the situation never arises. But to do this the West must have both the forces, and the concepts for their use at need, which will make clear to an adversary that the disadvantage and the appalling risk will bear upon him also.

"NO FIRST USE"

1. The idea comes up from time to time (not least in Soviet material) that there ought to be a parallel renunciation by both NATO and the Warsaw Pact of the option of initiating the use of nuclear weapons, on the ground that this would make the world safer by helping to seal off the risk of escalation to the full nuclear holocaust.

2. The normal NATO reason (whether or not publicly avowed) for rejecting this is that because the Warsaw Pact is generally perceived - certainly in the West, and very possibly in the East also - as having a marked preponderance at the non-nuclear level in Europe, NATO must retain the option of first use; without it, the Soviet Union would be offered the assurance of keeping whatever its conventional and chemical-weapon superiority could wrest. This is, on the best evidence and judgement available, a sound argument. But there are also other (and in a sense prior) arguments, less often noted. They turn on considering what would be the real import, value and effect of "no-first-use" declarations in the NATO/WP situation.

3. Take first the outlook from NATO. The Soviet nuclear armoury would continue to exist. There are no physical, verifiable measures which the Soviet Union could take - even if it were so willing - to demonstrate that the option of Soviet first use no longer existed. Nor are there fresh sanctions, not now available, which would suffice to make Soviet exercise of that option, should it suit them, markedly less probably than it is at present. First use will already carry some international stigma, and first use in breach of a promise will not dramatically change the gravity of that stigma - certainly not to a point where it could reasonably be expected to weigh decisively in the scales of realpolitik in a situation where (ex hypothesi) major war was already in progress, or its initiation seriously in Soviet contemplation. In short, NATO could not afford to treat a Soviet no-first-use declaration as in any way a dependable undertaking for the purposes of practical force planning and provision, or for the framing and conduct of non-nuclear operations. Yet it might be hard to persuade Western public opinion that the declaration was vacuous and changed nothing; so that there might be some real erosion of will, or of support for necessary measures, on the Western side.

4. Consider now the view from Moscow. This might be simply a mirror image of the view from NATO as described above; in that event we should be little or no worse off than now (though certainly no better) in terms of deterrence. But this is the best case. An alternative possibility is that the Soviet leaders might judge that the "no-first-use" bargain did make some difference at least in degree, to NATO's likely actions in time of war. That difference could only lie in the direction of reduced likelihood of timely NATO nuclear action in face of impending conventional defeat. If so, the Soviet leaders might see a balance of advantage against risk slightly improved in their favour in their calculations of whether to embark on aggression, and also of secondary but related issues like whether to optimise force deployments freely for conventional operations (e.g. by massing armour). In the round, would the difference in Soviet perceptions be enough to tip their basic calculation (whether or not to go to war) crucially? Probably not, in anything like normal circumstances. (The same is true of almost any "run-of-the-mill" Western weakening measure, taken individually. But in terms of deterrence of war - our overriding objective - the net result on Soviet calculations can only be, in terms of NATO security interest, either neutral or minus. It cannot be plus.)

5. In sum, an exchange of "no-first-use" declarations would not enable NATO in safety or logic to change its own defence dispositions or to save resources, though it might in some degree erode public understanding of and support for those dispositions; and if it made any material difference at all on the Soviet side, that difference could only be in the direction of weakening the credibility of NATO deterrence.

Postscript

If it be asked "What about (a) the security assurance given to non-nuclear states by Western nuclear powers in 1978; (b) the 1925 Geneva Convention on CW (which is, given the qualifications many ratifying states have attached, largely a no-first-use agreement in effect)?" the realistic answers are, respectively:

- (a) these assurances are phrased to relate only to situations in which the likelihood is anyway remote in the extreme that the use of nuclear weapons might ever have been seriously considered;

(b) NATO planning and practical preparations do not regard the Soviet no-first-use commitment as of any dependable value; this indeed bears out much of the analysis in paragraph 3 above. Moreover CW are not in the same league as nuclear weapons for decisiveness of effect.

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NUCLEAR AND CONVENTIONAL FORCE ARMS CONTROL

1. The main current arms control negotiations outside the United Nations or CD forum are:

1. The US/Soviet Strategic Arms Reductions Talks (START).
2. The US/Soviet Intermediate Range Nuclear Force Talks (INF).
3. The Mutual and Balanced Force Reduction Talks (MBFR) in Vienna.
4. The discussions in Madrid by the 35 Helsinki Final Act participants with the aim of holding a conference on disarmament in Europe (CDE) to negotiate confidence and security building measures (CSBMs).

This paper deals briefly with each of these in turn.

Background

2. The major current arms control negotiations have evolved from a pattern of arms control activities over the past two decades. Over this period the negotiating process has led to more than twenty separate arms control agreements (see list at annex). The Cuba missile crisis in 1962 created the political conditions which led to the Partial Test Ban Treaty the following year. This, and the Nuclear Non-Proliferation Treaty of 1968, represented the most important landmarks of the 60s. Towards the end of that decade agreements following in principle between the Americans and the Russians to move on to discussions on the limitations of strategic nuclear offensive and defensive weapons.

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(Strategic being defined essentially as weapons which can strike the US from Soviet territory and vice versa or have comparable capabilities.) These discussions were postponed when the Soviet Union invaded Czechoslovakia. But by the end of 1969 the SALT 1 talks had begun, against the background of sharply divided views in the US Congress over whether to develop anti-ballistic missile deployments in the US. This heralded the 1970s as the decade for arms control on strategic nuclear weapons, opening with the Anti-Ballistic Missile Treaty and the Interim Agreement Limiting the Strategic Offensive Arms (SALT 1) in 1972, and closing with the signing of the SALT 2 Treaty in Vienna in 1979. To complete the picture during this period mention should be made of the Biological Weapons Convention of 1972; the initiation of the MBFR negotiations in Vienna in 1973 and the conclusion of the Helsinki Final Act in 1975, these latter bearing on conventional force levels and confidence building measures respectively.

3. The Soviet invasion of Afghanistan, the failure of the SALT 2 Treaty to win ratification in the US Senate and the election of President Reagan in 1980 signalled a sharp break with the expectations of the era of Kissingerian detente. The hiatus in nuclear arms control ended with the opening of the INF negotiations in December 1981 and of the START negotiations in June 1982. More recently, with Mr Shultz's testimony to the Senate Foreign Relations Committee on 15 June this year, we see the Administration emerging into what may well prove to be a

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much more active phase of arms control negotiations, US confidence having been restored by the rebuilding of US military strength over the past two years.

START

4. The Reagan Administration's position on entering office was that the SALT 2 Treaty was fatally flawed in particular in relation to its provisions (or lack of them) on heavy missiles (the Russians were allowed to keep their SS18s with no reciprocal rights for the US to build heavy missiles, though there were of course no US plans to do so); verification (particularly problems over Soviet encryption of missile test flight data); and the Backfire bomber (the Russians claimed it was not a strategic bomber because it did not have the range for a return flight to the US; the Americans argued that in certain flight profiles and with air-to-air refuelling it could strike the US). It was also claimed that SALT 2 could have done little to prevent the theoretical vulnerability of US land-based missiles (ICBMs) to a disarming but limited first strike by Soviet ICBMs, particularly the heavy SS18 (with its ten warheads per missile).

5. When the START Talks began, President Reagan therefore stated as his primary goal significant reductions of the most destabilising systems (ICBMs), the number of warheads they carry and their overall destructive potential. The most significant change from SALT was the objective of deep cuts in the strategic inventory of both sides.

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6. The essential elements of the US negotiating position are as follows. Each side to reduce from the present approximately 7,500 ballistic missile warheads to 5,000 warheads on no more than a limited number of ICBMs and SLBM launchers (the Americans have now indicated willingness to raise this limit above the 850 missiles in their original START proposal). Because the Soviet Union deploys more missiles (2,400) than the US (1,700) the Russians would have to cut many more missiles. They would also have to concentrate their cuts on the heavier ICBMs, to satisfy US demand that the throw weight of Soviet ballistic missiles should be approximately halved. These reductions to be accomplished over an eight year period. The Americans would be prepared to have equal but separate limits on numbers of heavy bombers, say 400 on each side provided Backfire is included (with SALT 2 type restrictions on air-launched cruise missiles to be carried by such bombers.) The Americans have also offered in the START Talks to negotiate a separate agreement on certain nuclear confidence-building measures, such as prior notification of all test missile launches.

7. The Soviet negotiating position is as follows. An immediate freeze on all intercontinental systems. A reduction from SALT 2 levels down to equal ceilings on each side of 1,800 ICBMs, SLBMs and heavy bombers (excluding Backfire) by 1990. The Russians have recently provided details about numerical sub-limits within the 1,800 figure to cover e.g. MIRVed systems, on the analogy of the SALT 2 model but with further reductions in each category .

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Their proposal thus increasingly resembles a "SALT III" treaty. They have also proposed unspecified limits on warhead numbers; no increase in deployments of US forward based systems in Europe including Pershing 2 and ground launched cruise missiles and a ban on sea launched cruise missiles. Other elements in the Soviet position include proposals for SSBN sanctuaries free from anti-submarine warfare (ASW), limitations on the operating areas of aircraft carriers and bomber aircraft and compensation if necessary for Chinese nuclear systems.

8. Progress in the START negotiations so far has been slow. The Russians are essentially holding START hostage to their more immediate objectives in INF (see below). But on the face of it the scope for agreement is perhaps more promising than in INF. Subject to a resolution of the primary counting unit (warheads versus launchers) and the position on heavy bombers (separate or integrated ceilings, a decision on Backfire) it would appear that progression from SALT 2 ceilings of 2,250 through Soviet ceilings of 1,800 to some lower limit (?1,200) in a US proposal for ceilings on missile launchers, plus some provision for bombers, is well within the field of the negotiable. As President Reagan approaches the election campaign next year, there may well be pressure to go for a simple framework agreement on START (like the Vladivostok Agreement in 1974), leaving the details to be worked out in slower time. At the heart of the matter agreement would probably have to involve some trade-off between the US interest in limits on aggregate Soviet missile throw-weight and the Russians' desire to curtail the full potential of US cruise missiles, especially longer range submarine launched cruise missiles (SLCMs).

INF

9. The present INF negotiations in Geneva spring from NATO's 1979 dual track decision (the Integrated Decision Document), Faced by increasing obsolescence/vulnerability in NATO's existing longer range INF systems (US F1-11s and British Vulcans) and by the growing Soviet SS20 programme, the Alliance decided to deploy 572 ground launched cruise missiles (GLCMs) and Pershing 2 ballistic missiles in Europe; and at the same time to offer to negotiate with the Russians reductions in US and Soviet LRINF missile systems.

10. The US negotiating position, as agreed within NATO, is essentially as follows.

1. Global limitations on longer range land-based missiles defined as GLCM, Pershing 2, SS20, SS4 and 5.
2. Ultimate objective zero option, meaning zero deployment of such systems on each side. Equal rights and limits for the US and Soviet Union, no compensation for or inclusion of nuclear systems belonging to third countries.
3. All banned systems to be destroyed, according to agreed procedures. Collateral constraints on shorter range INF missiles.
4. Verification measures going beyond national technical means to be agreed between both parties.
5. Readiness to consider any interim solution on the way to zero, provided it respects key principles of balance, exclusion of third party systems, no shifting of the problem eastwards, verification and no degradation of NATO conventional capability (e.g. by forcing the removal of US dual capable aircraft).

11. The Soviet negotiating position is designed exclusively to prevent any new deployments of GLCMs or Pershing 2s by NATO, while preserving as much as possible of the SS20 programme intact. It has the following elements.

1. Limitations on "medium range" (including aircraft) systems in Europe and adjacent seas and oceans (or intended for use in Europe) i.e. with a range or combat radius of between 1,000 kms and 5,500 kms.
2. They claim that a balance already exists between NATO and the Soviet Union in such systems at roughly 1,000 on each side. No deployments of GLCMs or Pershings to be permitted, since they would "disturb" this balance.
3. Account to be taken of British and French nuclear systems.
4. Each side to reduce to 300 systems by 1990, of which 253 on NATO side would be accounted for by UK and French systems.
5. Within the ceiling of 300, sub-ceiling of 162 for missiles that being the Soviet count for French and British missile launchers. Readiness to reduce Soviet missiles below this figure pro rata if French and British systems are reduced towards zero; conversely right to increase Soviet numbers, if French or British numbers increase.
6. A readiness to express these figures in terms of warhead numbers, rather than missiles, which is in effect the NATO counting unit.
7. Freeze on current deployments while negotiations in progress.

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8. Ambiguity as to whether systems reduced would be destroyed or merely withdrawn beyond a line drawn on a map (60° east for aircraft, 80° east for missiles).

12. The prospects for agreement on INF in the course of the next 12 months are not very good. It still appears that, despite recent election results, the Russians are hoping to achieve their aim of preventing new Western deployments without paying a serious price at the negotiating table. Initial deployments of Pershing 2s and GLCMs in Britain, Germany and Italy by the end of 1983 may therefore be necessary to concentrate Soviet minds. But even then they may prefer to respond in kind by new Soviet deployments rather than to settle for a negotiated agreement. The key elements preventing agreement are whether agreement should be global in application or focus primarily on regional limits, and the question of French and British nuclear systems. As has already in fact been demonstrated by the famous "walk in the woods" of Nitze and Kvitsinski in summer 1982, there may be some room for manoeuvre on the inclusion of regional limits (within a global total), provided the political will is there. Some analysis is currently underway in NATO on a very restricted basis. If, however, not even this proves enough to secure agreement over the next 12 months, thought will increasingly be given to the possibility of some merger (or at least cross trade-off) between the START and INF negotiations. A merger could also prove attractive to the Russians.

13. Indirectly related to INF is the current work of the NATO

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High Level Group (HLG) to rationalise NATO holdings in Europe of nuclear warheads associated with shorter range INF and short range nuclear forces (i.e. battlefield nuclear weapons). There has long been an underlying sense of unease within the Alliance that the existing nuclear inventory associated with such systems is much larger than could be justified by any sensible political or military rationale. The systems in question include Pershing I missiles, dual capable aircraft, Lance and Honest John missiles, nuclear artillery, atomic demolition munitions, and Nike Hercules air defence missiles. Warhead stockpile associated with these systems totals 5 - 6,000. Current analysis by the UK suggests that this total could probably be reduced by up to 50% without affecting the essential requirements of deterrence. A less ambitious view is taken by the US and by SACEUR himself. It is hoped that the final conclusions of the HLG's work will be presented to NATO Defence Ministers at the Nuclear Planning Group in October. If that conclusion points to the need for significant reductions, it is obviously very relevant politically to the wider context of Western Parliamentary and public opinion, as we approach the initial deployments of cruise missiles and Pershing 2s. But it is too early to count chickens and there are some cross-currents at work within the Group between the Europeans and the Americans which remain to be resolved. The UK is playing a prominent part in working towards a sensible outcome.

MBFR

14. These negotiations have been in progress since 1973. The main

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immediate Western objective in initiating them was to side-track moves in the US Congress (Senator Mansfield) for substantial reductions in the commitment of US ground forces to the continent of Europe. The negotiations are genuinely multilateral: Western direct participants are the US, UK, Canada, Benelux, FRG and Eastern direct participants are the Soviet Union, East Germany, Poland and Czechoslovakia. The area covered by the negotiations is the two Germanys, Benelux, Poland and Czechoslovakia. Without rehearsing every blow in this long standing saga, the agreed aim of the negotiations is to reduce ground and air force manpower to a ceiling of 900,000 men on each side in the area concerned. To make this possible the West has insisted all along on the need for prior agreement about existing force levels on each side (data) and on the "associated measures" which would be needed to monitor the reductions taken and to verify residual ceilings. Agreement on these two key issues has so far proved elusive. The East claims that existing force levels on each side are already roughly equal at just under 1 million, so that the reductions necessary to reach the agreed common ceiling would also be roughly symmetrical. But long standing and reliable Western intelligence shows that in fact Eastern force levels are nearer 1.2 million and all attempts to get the East to disaggregate their data to identify where the discrepancy lies have failed. The latest Eastern moves on associated measures have come some way to meet the West's requirement in principle but would be likely to prove faulty and inadequate in practice. In particular they do not cover the process of reductions and are voluntary rather than binding.

15. A further key issue has been the so-called question of "linkage".

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The West has wanted to ensure that any initial steps in MBFR to reduce US and Soviet troops should be negotiated, and a basis of confidence established, before undertaking subsequent commitments to reductions by other Western direct participants. The Soviet Union, whose main aim is to establish some contractual limit on the size of the German Bundeswehr while retaining existing Eastern numerical advantage, has striven to "link" formal obligations by the Federal Republic with any initial agreement involving Soviet reductions. Other difficult problems include the presence of French forces in Germany, the need for exceptions to permanent ceilings to accommodate sudden surges in Western troop strength for transit or exercise purposes, and what to do about armaments associated with manpower reductions.

16. The latest Western position was tabled in a comprehensive draft treaty in July 1982 offering agreement from the outset that significant reductions should be taken by all direct participants, thereby meeting previous Eastern demands for guarantees that the FRG and the Soviet Union would both be under equal obligations to reduce. The Eastern response in February was a three part proposal offering:

- (a) An initial Soviet and US reduction of 20,000 and 13,000 men respectively, outside any treaty framework and on the basis of mutual example.
- (b) A political commitment by all direct participants to freeze the level of their forces and armaments while further agreement of reductions to parity was negotiated.

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(c) To circumvent the data dispute, each side to decide for itself what reductions it needed to make, in the framework of a single agreement, to reach the agreed collective ceiling of 900,000 on either side. It was indicated that if the West would buy this approach, the East would be more forthcoming over the verification of residual force levels. In the event new Eastern language was tabled on 23 June, without the West making any such concession.

17. The possibility of a solution to the impasse by trading the requirement for prior data agreement in exchange for enhanced verification measures is not new: but it is fraught with risks. We are currently considering with the Americans and Germans whether some limited Western offer could be devised which could exploit this possibility without detriment to Western security. There will be a trilateral meeting of senior officials in London on 13 September. Meanwhile the US Administration has focused on MBFR at a high level and Mr Shultz has recently urged on Dobrynin the need for a Soviet indication about whether they have anything serious to offer on verification. On any objective judgement, the basic Western aims in MBFR would appear to be unnegotiable. We have no real leverage and Western force levels are likely to dwindle, if anything, over the next decade for extraneous reasons. The Soviet Union has its own reasons for not wishing to give up a numerical superiority in ground forces particularly those stationed in countries like Czechoslovakia and Poland. Whilst we must obviously be responsive to the wider

/political

political picture and the opportunities that may occur for improving East/West relations from their present low point, the lesson of the '70s is that bad arms control does not make good politics. The ultimate fate of MBFR may lie in different directions.

CDE

18. The current conference in Madrid of the 35 Helsinki Final Act signatories has been conducting a review of the Helsinki Final Act. Part of its agenda is a proposal (originally French) to agree a mandate to hold a Conference on Disarmament in Europe, the first phase of which would negotiate confidence building measures while the second phase, if we should get there, would undertake a more radical approach to the reduction of conventional armaments in Europe.

19. In this context confidence building measures may be thought of as "concrete non-reduction measures which set rules for military behaviour and interchange". Essential military objectives of such measures would be to reduce secrecy, to establish a threshold for certain types of military activity, to impede attack options, and (possibly) to improve warning time. In Madrid the draft mandate for a CDE Conference is now agreed (but for Malta) on Western terms, which specify that CBMs to be negotiated should be binding, militarily significant, verifiable and applicable to the whole of Europe up to the Urals. This wide definition of Europe incorporating the Western military regions of the Soviet Union

would in itself establish a significant precedent. NATO has a package of draft confidence building measures already prepared for tabling at such a conference, building on some of the precedents established in the Helsinki Final Act. Subject to the problem caused by the Maltese objection being overcome, the CDE will open in Stockholm in January 1984. Whether the West can successfully negotiate substantive CBMs which establish a droit de regard over European Russia and thus make a real contribution to security and stability in Europe remains to be seen. But the successful holding of a CDE could certainly presage new directions for a wider approach to conventional disarmament in Europe, and would be likely among other things to have implications for the future of MBFR.

ARMS CONTROL AND DISARMAMENT AGREEMENTS SIGNED BY THE USSR

1. Antarctic Treaty (1959)
2. Partial Test Ban Treaty (1963)
3. Soviet/United States Hotline Agreement (1963) updated 1971
4. Soviet/United Kingdom Hotline Agreement (1967)
5. Outer Space Treaty (1967)
6. Treaty of Tlatelolco prohibiting Nuclear Weapons in Latin America (1967)
7. Non-Proliferation Treaty (1968)
8. Soviet/United States Agreement on Measures to Reduce the Risks of the Outbreak of Nuclear War (1971)
9. Sea Bed Treaty (1971)
10. Biological Weapons Convention (1972)
11. Soviet/United States Strategic Arms Limitation Treaty - SALT 1 (1972)
12. Soviet/United States Anti-Ballistic Missile Treaty (1972)
13. Soviet/United States Agreement on the Prevention of Nuclear War (1973)
14. Soviet/United States Treaty on Limiting Underground Nuclear Weapon Tests - the Threshold Test Ban Treaty (1974)
US not prepared to ratify in present form
15. Soviet/United Kingdom Joint Declaration on the Non-Proliferation of Nuclear Weapons (1975)
16. Soviet/United States Treaty on Underground Nuclear Explosions for Peaceful Purposes - PNE Treaty (1976) US not prepared to ratify in present form
17. Soviet/French Joint Declaration on the Non-Proliferation of Nuclear Weapons (1977)

18. Soviet/United Kingdom Agreement on the Prevention of Accidental Nuclear War (1977)
19. Environmental Modification Convention (1977)
20. Soviet/United States Strategic Arms Limitation Treaty - SALT II (1979). US not prepared to ratify in present form
21. Agreement on Celestial Bodies and Moon (1979)

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MULTILATERAL ARMS CONTROL AND DISARMAMENT

1. In recent years the UK has played a prominent role in discussions and negotiations in the UN and the CD. A note on the disarmament bodies of the UN and on the CD is attached at Annex A. This is consistent with our position as a nuclear weapon state and as a leading member of NATO and the European Community. In June 1982 the Prime Minister made a major statement of her Administration's policy towards arms control and disarmament, at the UN Second Special Session on Disarmament. Since then we have been active in the CD Working Group on a Comprehensive (Nuclear) Test Ban (CTB); and in pursuing, in the CD and elsewhere: an international convention to ban all chemical weapons (CW); a Special Conference to improve the compliance provisions of the Biological Weapons Convention (BWC); a Convention to ban Radiological Weapons; and a new working group in the CD to discuss arms control in Space. We are also trying to expedite ratification of the UN Weaponry Convention and we are participating in the UN's work on military budgets and in-UN studies on nuclear weapon free zones, conventional weapons and military research and development.

2. Leaving aside the separate negotiations on strategic and theatre nuclear weapons, on MBFR and on a Conference on Disarmament in Europe (CDE), international activity in the area of multilateral arms control and disarmament has increased; the last Session of the UN First Committee adopted 58 resolutions in contrast to 49 the previous year. A timetable of the next 18 months' work is attached as Annex B. At the same time, Parliamentary, media and public interest in this area has risen sharply over the past two years.

3. The positive attitude adopted by the UK is consistent with our international obligations (see Annex C), especially Article VI of the Non-Proliferation Treaty (NPT) where we have undertaken:

"To pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament ...".

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More important, it can provide us with certain benefits to our own interests:

- (a) influence: by using our links with the Ten, NATO and some members of the Commonwealth we can influence our Allies and others in directions helpful to our own policies, and can reduce our vulnerability to criticism for our defence strategy and particularly our role as a nuclear weapon state;
- (b) damage limitation: the non-aligned countries are becoming increasingly active and less reasonable in advocating sweeping measures of disarmament, especially in the nuclear field. In order to arrest this trend we cannot afford to remain completely unresponsive to their aspirations. Western support for proposals which can be adapted to fit our own interests, and insistence on key principles such as the role of nuclear deterrence and the need for a balance between nuclear and conventional disarmament, may help to stave off a North/South showdown on disarmament and may win a measure of support and recognition for Western views;
- (c) Soviet propaganda: the Soviet Union continues to promote disarmament initiatives designed to project a peace-loving image and to embarrass or weaken the West. We cannot allow these ploys to go unchallenged. We must be prepared to counter them with arguments which carry conviction with the non-Aligned majority in the UN; and
- (d) Non-Proliferation: it is a major British interest to stop more countries acquiring nuclear weapons. A negative approach towards discussion of arms control in the UN and CD would contrast starkly with our non-proliferation efforts. It could also reduce the readiness of non-nuclear weapon states to maintain and strengthen the non-proliferation regime. The near-nuclears are likely to be little influenced in future decisions

decisions by the course of events in Geneva or New York.

4. Nonetheless, our position in multilateral fora dealing with arms control and disarmament will remain defensive for the foreseeable future. Moreover, in the run-up to the 1985 NPT Review Conference, we and other nuclear-weapon states will face increasing criticism of the lack of progress in implementing our Article VI commitment, and in particular our failure to conclude a CTB. These prospects are a reflection of the unreal but growing expectations of the non-aligned, and especially individual members of that group. The inbuilt majority for the non-aligned in UN and similar bodies means that we will continue to face an uphill task. At the same time, the Soviet Union will take every opportunity to add to our difficulties by trouble-making, specious initiatives and tactics designed to drive wedges between Western allies. It would be misleading to suggest that our influence will sway the basic trend of debates, or that we will win many positive points. Damage limitation will remain a major objective. We shall continue to need to counter unrealistic and mischievous proposals, especially in areas where our real national security interests are involved. In this it would be useful to have more help from our Allies; but it would be unwise to expect too much.

5. Against that background the most active issues are described in Annex D.

7 July 1983

Arms Control and Disarmament
Department

INTERNATIONAL DISARMAMENT MACHINERY

Committee on Disarmament (CD), Geneva

1. The CD is the only permanent body for multilateral arms control and disarmament negotiations. It is not a UN agency, but most of its business derives from the UN General Assembly. It was created in 1961, originally as the 18-Nation Disarmament Committee, and later as the CCD, under the co-chairmanship of the US and USSR. Until 1978 it had 31 members: 7 each from NATO and the Warsaw Pact and 17 others, mostly non-aligned.

During the UN Special Session on Disarmament in May - June 1978 agreement was reached on abolishing the co-chairmanship and increasing the membership to 40 to make it more representative. France and China are now members. These changes have reduced its effectiveness and have exacerbated the tendency to approach its work polemically, the Group of 21 sniping at Western Nuclear Weapon states with the tacit support of the East.

There are ad hoc groups on Chemical Weapons, Radiological Weapons, a Comprehensive Programme of Disarmament, Security Assurances for non-nuclear weapon states and a Nuclear Test Ban. The CD is considering setting up a working group on Arms Control in Outer Space.

UNGA First Committee, New York

2. The First Committee of the UN General Assembly has concentrated exclusively on disarmament since 1978, when it adopted an

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unprecedented total of 42 resolutions. By 1982 this figure had risen to 58. It is unsuitable for negotiations. The Secretary General is sometimes requested to set up expert studies (for example on Military research and development) and his revived Advisory Board will assess their suitability and feasibility.

UN Disarmament Commission, New York

3. This "deliberative" body of the entire UN membership, which had been dormant since 1965, was revived (against British wishes) by the UN Special Session in 1978. It is a relatively unimportant forum for general discussion, in which many non-aligned countries not members of the CD air their views on subjects referred to the UNDC by the UNGA. These include; the Reduction of Military Budgets, Confidence Building Measures and nuclear disarmament matters such as nuclear South Africa. It meets annually.

Major Disarmament Events. June 1983 - December 1984

DATE	EVENT	VENUE
<u>1983</u>		
4 June - August	Summer Session of The Committee on Disarmament	Geneva
11-22 July	Ad Hoc Committee on The Indian Ocean (IOPZ)	New York
4-14 Sept.	Advisory Board on Disarmament Studies	New York
12-23 September	Seabed Treaty Review Conference Environmental Modification Prepcom	Geneva Geneva
October - December	38th Session of UN General Assembly (First Committee)	New York
<hr/>		
<u>1984</u>		
January (Probably)	Environmental Modification Convention Review Conference	Geneva
January	Ad Hoc Committee on the Indian Ocean (IOPZ)	New York
23 January - 3 February	UN Study on Nuclear Weapon Free Zones	New York
February - April	Spring Session of the Committee on Disarmament	Geneva
6 - 17 February	Group of Experts on Reduction of Military Budgets	New York
21 February - 2 March	Military Research and Development Study	New York
		/March

Continued.....

1984

March	Ad Hoc Committee on the Indian Ocean (IOPZ)	New York
30 April - 4 May	Nuclear Weapon Free Zone Study	New York
2 - 6 April	Ad Hoc Committee UN World Disarmament Campaign*	New York
7 May - 1 June	UN Disarmament Commission	New York
4-15 June	Military Research and Development Study	New York
June - September	UN Programme of Disarmament Fellowships*	Geneva/Vier
June - August	Summer Session of The Committee on Disarmament	Geneva
27-31 August	Group of Experts on Military Research and Development	New York
2-6 July	Ad Hoc Committee UN World Disarmament Campaign*	New York
July	Ad Hoc Committee on The Indian Ocean (IOPZ)	New York
9-20 July	Group of Experts on Reduction of Military Budgets	New York
September (probable)	Advisory Board on Disarmament Studies	New York
Oct-November	UN Programme of Disarmament Fellowships*	New York
October - December	39th Session of The UN General Assembly (First Committee)	New York
10-11 December	UN Disarmament Commission (Organisational Meeting)	New York

Projected Activity in 1985

NOTES

August-	Non Proliferation Treaty
September	Review Conference
September	Peaceful Uses of Nuclear Energy Conference - postponed from 1983
	Biological Weapons Convention Review Conference?
To be determined	Conference of ICPZ Colombo

DISARMAMENT: INTERNATIONAL TREATY AND NEGOTIATING OBLIGATIONS

1. Our treaty obligations are contained in the following international agreements:

TITLE	OPENED FOR SIGNATURE	RATIFIED BY UK	ENTERED INTO FORCE	DEPOSITARIE
Geneva Protocol on Chemical and Biological Warfare	1925	1930	1928	France
Antarctic Treaty	1959	1960	1961	USA
Partial Test Ban Treaty	1963	1963	1963	UK USA USSR
Outer Space Treaty	1967	1967	1967	UK USA USSR
Treaty of Tlatelolco (Latin American Nuclear Weapon Free Zone)	1967	1969	as each state meets the requirements	Mexico
Non-Proliferation Treaty	1968	1968	1970	UK USA USSR
Seabed Treaty	1971	1972	1972	UK USA USSR
Biological Weapons Convention	1972	1975	1975	UK USA USSR
Environmental Modif- ication Convention	1977	1978	1978	UN

2. Our obligations about future negotiations are:

ARTICLE VI OF NON-PROLIFERATION TREATY (1968): "... to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament, and on a treaty on general and complete disarmament under strict and effective international control".

ARTICLE V OF THE SEABED TREATY (1971): "... to continue negotiations in good faith concerning further measures in the field of disarmament for the prevention of an arms race on the seabed, the ocean floor and the subsoil thereof".

ARTICLE IX OF THE BIOLOGICAL WEAPONS CONVENTION (1972): "... to continue negotiations in good faith with a view to reaching early agreement on effective measures for the prohibition of the development, production and stockpiling (of chemical weapons) and for their destruction, and on appropriate measures concerning equipment and means of delivery specifically designed for the production and use of chemical agents for weapons purposes".

ISSUES ACTIVE IN THE CD

1. CHEMICAL WEAPONS (CW)

A CD Working Group is trying to negotiate a comprehensive ban on CW, which we regard as the first priority for the Committee. It is possibly the only area of present CD work where we can hope to gain a significant benefit to our own interests. Both the US and the Russians have put forward proposals. Some progress has been made, but considerable problems remain on verification because the Russians refuse to accept the necessary degree of intrusion.

It remains uncertain whether the Russians, the French and indeed some Americans, really want an agreement. Uncertainties about the future of the US binary programme and evidence that the Russians are behind the reported use of CW in Asia are complicating factors.

Mr Hurd tabled a UK Working Paper in March dealing with one aspect of verification. We are consulting our closest allies on ways to move the Committee's work forward, perhaps by tabling another UK paper, on challenge inspection procedures.

2. NUCLEAR TESTING ISSUES

We do not believe that in present circumstances a Comprehensive Test Ban (CTB) would be in our interests; it would not be fully verifiable and would prevent us conducting the tests essential for the maintenance and development of our deterrent. The US share this view, and in 1980 broke off the tripartite talks with the Soviet Union on a CTB.

However, we remain committed by our obligations under the 1963 Partial Test Ban Treaty to seek a CTB; negotiations towards that end remain the only direct way in which we are fulfilling our NPT obligations to pursue nuclear disarmament. We continue to be subject to pressure from the non-aligned, the Soviet Union, some of
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our Allies and an element of UK opinion, to make progress towards a ban.

We and the US agreed in 1982 to the establishment in the CD of a Working Group to consider verification issues. We wish to see these discussions continued for as long as possible, despite pressure from others to move on to negotiate a formal Treaty. Ministers recently approved a paper which was tabled in the CD explaining our difficulties over verification. A confidential paper to be circulated to some Allies only, indicating our broader strategic reservations about a CTB, has been put on ice pending reactions to the verification paper.

Our position at the CD and elsewhere will continue to be uncomfortable at best. We shall probably be subject to increased criticism in the run-up to the 1985 NPT Review Conference. Progress by the US towards ratifying their 1974 Threshold Test Ban and 1976 Peaceful Nuclear Explosions Treaties with the Russians would be helpful in countering some of this. In any case we shall need greater support from the US and our Allies than we have had recently.

3. OUTER SPACE

The CD is considering the establishment of a Working Group on Outer Space to examine possible measures of arms control. This would be in our interests. The Americans, who have been very nervous in the past about becoming engaged in international debate on this topic, are prepared to accept a mandate for the Group so long as it is limited to exploring existing international regimes for arms control in outer space, and reviewing whether any gaps should be filled by further action at the CD. Some of our European Allies are likely to press for a broader mandate. We may need to reconcile inter-Alliance differences.

Our policy towards arms control in outer space is under review with MOD officials. We may wish to be more active than in the past.

4. RADIOLOGICAL WEAPONS (RW)

The CD's work on RW is stalemated. A treaty was almost concluded in 1981 on the basis of a joint US/Soviet draft. But the Swedes wrecked this by a controversial proposal that a ban on attacks on peaceful nuclear facilities (PNF) should be included in the scope of the treaty. We (especially MOD) are opposed to this, and argue that this subject should be considered separately.

There is little chance of agreement in the near future. We shall continue to press for the conclusion of a "traditional" RW treaty, and will attempt to steer the debate on PNF in a sensible direction. We are discussing with the Americans ways to do so.

5. BIOLOGICAL WEAPONS CONVENTION (BWC)

(Strictly speaking, this is not a CD subject.) The 1972 BWC bans the development, production and stockpiling of biological weapons. (First use of such weapons is already banned by the 1925 Geneva Protocol). The Convention contains no provision for verification. The US have charged the Russians with breaches of the Convention in Afghanistan and South-East Asia, and because of an unexplained incident involving an outbreak of anthrax in Sverdlovsk in 1979.

In 1982 we gave strong support to the Swedish initiative to seek a special conference of BWC Parties to improve the compliance provision of the Convention. This produced a UNGA Resolution, adopted by a large majority, which called for such a Conference. On 17 June the Swedes sent a note to the three co-depositaries (US, UK and Soviet Union) formally requesting the conference to be convened. The co-depositaries are required by the terms of the Convention to circulate the note to other states parties; the US and the UK did this on 22 July; the Russians have said that they will do so shortly but that their opposition to the Swedish proposal remains undiminished. The prospects of convening the conference are uncertain. In the face of Soviet reluctance and without significant non-aligned support, a conference could turn out to rebound against our interests. We will

be considering with the Americans and others what future action could be taken.

6. COMPREHENSIVE PROGRAMME OF DISARMAMENT (CD)

The second UN Special Session on Disarmament last year failed to reach agreement on such a programme, a hobby-horse of the more extreme members of the non-aligned. We and our Allies continue to support a step-by-step approach towards general and complete disarmament (beginning for example with the current START and INF negotiations in Geneva). Agreement in the CD is unlikely. We do not wish to be blamed for failure; and will continue to appear cooperative, but without conceding points of importance.

7. PREVENTION OF NUCLEAR WAR (PNW)

The non-aligned are seeking a full-blown agreement at the CD on a range of measures (largely idealistic) to prevent nuclear war. Such an agreement is unlikely.

We dislike this approach; some of our European Allies have been less robust. We believe the focus should be placed on practical and limited steps, and on the prevention of all conflict, not just nuclear war. We will continue to explain our view that deterrence has a major role to play in the prevention of nuclear war, despite the unwillingness of some in the CD to accept this thesis.

8. NEGATIVE SECURITY ASSURANCES (NSAs)

The CD is attempting to combine into a single common assurance unilateral undertakings by the five nuclear weapon states (given in 1978 at the first UN Special Session on Disarmament) not to use nuclear weapons against non-nuclear weapon states.

This is an almost impossible undertaking because perceptions of national security needs differ; the non-stationing clause called for by the Soviet Union is incompatible with NATO's defensive strategy. Our NSA applies to countries which are parties to the NPT or other similar internationally binding commitments and who are not engaged in hostilities in association with a nuclear power.

MIDDLE EASTOverview

1. The Middle East (defined for the purpose of this paper as the Arab world, Iran and Israel) remains an area of vital strategic interest to the West. Britain has no formal defence obligations in the region, although the Prime Minister said in a letter dated 15 July to Sultan Qaboos that HMG "are fully committed to the security of Oman", and we have given general assurances to the other Gulf states that we would help where we can, if asked.
2. The Middle East is on one of NATO's flanks and possesses well over half the non-Communist world's energy resources, together with the wealth which oil has generated. The Arab oil producers, particularly Saudi Arabia, play a crucial role in the world financial system. The region is also an important export market for the UK and the West, especially for arms sales. The Russians, seeking targets of opportunity, are working to consolidate the footholds they have and to expand their influence in the region. In recent years they have not had much success, except in Syria and PDRY, but their potential threat is clear.
3. Instability remains endemic. There are a number of separate conflicts whose effects have so far remained localised. At one end of the region, the war in the Western Sahara has reached stalemate. The signs of rapprochement among North African Heads of State may herald a further attempt to reach a political settlement which has so far eluded the Organisation of African Unity, but meanwhile there is little that the UK or the West can contribute. Qadhafi continues his adventurism in Chad and elsewhere, particularly in Africa. He has also given his support to extremist elements in the PLO. But he is a gadfly rather than a major threat or an African Cuba, and has not recently pursued policies which directly affect British interests. At the other end of the

region, the Iran/Iraq war grinds on with no end in sight, despite a steady stream of would-be mediators. The war has taken a heavy toll on Iraq and Iran now seems to be on a rising trend. An outright Iranian victory would adversely affect the stability of the Gulf, but is less likely than a stalemate loaded in Iran's favour.

4. Israeli intransigence, Arab divisions and US policies mean that the prospects for a peaceful settlement of the Arab/Israel dispute are bleaker than ever. The pressures are on the West's natural friends, the conservative Arab regimes. If Israeli policies on the West Bank continue on present lines, as they may even under a successor to Begin, the number of settlers will soon make Israeli occupation virtually irreversible. The frustration engendered among the Arabs could have a number of serious consequences. There is already a renewed threat of fighting, most probably between Israel and Syria. If Palestinians are forced out of the occupied territories, Jordan will be directly threatened. Apart from Lebanon, other states such as Egypt and the Gulf States are also, though less directly, vulnerable to radical pressures.

The Soviet Threat

5. Such Soviet footholds as there have been in the region have not been gained by armed force; nor has a Western military presence proved any obstacle to them. All things being equal, the countries of the region resist Soviet influence stoutly, for reasons both of interest and ideology. But when they feel that the US and the West fail to stand up for their vital interests and above all when they see the Americans stepping up their military support for Israel, they are tempted to involve the other super-power in order to correct the imbalance. There lies the likely Soviet threat. For their part the Americans are inclined to accept at its face value the Israeli claim that they alone - democratic, pro-American and anti-Communist - are a reliable bastion of Western strength

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in the region. They miss the point that a secure Western, or at least Western European, position in the region as a whole cannot be based on the one state with which all the others are at odds: it has to be built on the common interests which link most Arab states with us, and still divide them from the Russians. In the Gulf, there is no immediate military threat; but US attempts to attract Arab support for the Rapid Deployment Force (RDF) concept have so far failed because, here again, the Arabs perceive Israel as being a more serious military and political threat to the Arab world generally than the Soviet Union. We have supported the concept of the RDF, but may need to remind the US that the RDF's profile should remain low, and complementary to the military capacity of the Gulf Co-operation Council (GCC).

Threats to the Gulf

6. The stability of the region is also threatened by the continuing Iran/Iraq war and the after-tremors of the Iranian revolution. Iran presents two dangers. First she will try to reassert the regional political influence formerly wielded by the Shah. Britain can help the traditional regimes of the Gulf bolster their security both individually and collectively, eg through the Gulf Co-operation Council. But Iranian political influence need not necessarily be damaging to Western interests. Iran is at present vehemently non-aligned ("neither East nor West") and gradually realising that the Soviet Union, not the USA, is the main threat. It could develop into a robustly non-aligned state-like Algeria. We therefore need to encourage the Gulf States to pursue accommodation rather than confrontation with Iran. It is not to our advantage to have to choose between Iran and the Arab Rulers if we can avoid doing so.

7. The second

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7. The second danger from Iran is the potential appeal to Middle East dissidents of the Iranian revolution and its militant version of Islam. It is too early to say whether the Iranians will embark on a deliberate policy of exporting revolution once they have overcome their more immediate problems (the war; economic dislocation). Shia Islamic fundamentalism as practised in Iran is unlikely itself to spread to other Middle East countries. But dissidents in other countries, some of them Sunni fundamentalists disposed to see Islam as a suitable vehicle for political opposition, may draw strength and inspiration from a specific success for Khomeinism, eg the collapse of President Hussein's regime in Baghdad. This could permit Iran, like Nasser's Egypt, to play a destabilising role in the Middle East. On the whole we believe this is unlikely. But if it happens, the West's role will be to stiffen friendly regimes to ride out the storm as many of them did in the 1960s, but without pressing our assistance so closely on them that it increases their vulnerability to dissidence instead of reinforcing their security.

The Palestinian Issue

8. A lasting solution will have to be freely negotiated by the parties themselves. Only the United States has sufficient leverage to bring about a change of attitude on the part of Israel, because Israel lives off the US and can, as she has done under Begin, outface pressure from anyone else. Since 1948 the US have played the leading role in Middle East diplomacy. We have supported their objectives in working for the reduction of tension and greater stability in the area. In recent years they have limited themselves to a step-by-step approach. Since Lord Home's Harrogate speech of 1971 we have gone beyond them in urging the importance of comprehensive negotiations, and in arguing that the Palestinian issue is central to the problems of the area. There is some evidence that the Americans (in particular at senior official level) accept that this is

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useful and even expect us to continue to reason with them whenever we are convinced that they are too inert. President Reagan's proposals of September 1982 show traces of our influence. But they failed to secure either Arab or Israeli support, and American attention has now been diverted by the more immediate problem of Lebanon. In this situation, the two current priorities of US policy in the region have shifted back to ensuring the integrity of Israel and "shutting out" the Russians from the area. The problem is that these two aims do not include and cannot achieve a peace settlement. Things are therefore likely to drift until a new Administration takes office in 1985, and the Palestinians themselves have sorted out their differences in a way which might enable them to join the negotiating process.

Points for Discussion

9. It is important to avoid creating exaggerated expectations of what Britain can do, either alone or with the Ten. But it is neither possible nor desirable for us to turn our backs on the area's problems. As far as possible we should continue to act in concert with our European partners, although in the Gulf we may find more scope for national action on our own. The maintenance of an independent political and diplomatic "presence" throughout the region is in any case beneficial to the strength of our commercial prospects - where we are, of course, in competition with fellow Europeans, as well as others.

10. In Arab/Israel policy, the UK cannot realistically expect to exert much influence on a solution of the Arab/Israel problem, which we must leave primarily to the Americans, but the problems and the risks to our interests - including the risk of war - are serious. There is a minimum level of

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general involvement and activity below which we must not fall if we are to avoid damage to our interests, besides the need to play our part in coping with local blow-ups (eg in the Gulf). We need to distinguish between things we feel it necessary to do or say mainly in order to bolster our interests, and actions which can make a positive, if modest, contribution to solving the problems. We should realise that posture, though not a substitute for policy, is at times all we can afford in this dispute, and is important to the Arabs. This minimum level of involvement requires us to pursue our contacts with the major parties, with the following objectives:

- With the US, to draw the Americans into discussion of ways of revitalising the negotiation process, and to prevent the gap getting so wide between US and European attitudes that we either lose influence with the US or damage our general relations with them. We should also show willing to support them where possible in practical matters of importance to maintaining the peace (eg by contributing, as we have done, to the MFO in Sinai and to the MNF in Lebanon).

- With Israel, to exert what influence we can on the Israelis to modify their policies in the Occupied Territories and towards Lebanon, and to encourage the Americans to do the same. To this end, to maintain a political dialogue with them, the level and timing of our contacts being geared where possible to supporting those in Israel who share our approach to a negotiated settlement; and to stand up for Israel's rights when they are clearly challenged, for instance by doing all we can to oppose attempts to exclude Israel from the UN and its agencies.

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- With the Arabs, to encourage renewed movement towards a united policy for solving the Palestinian problem by peaceful means. This would require greater attention to Syria than before (and continuing efforts to persuade the Saudis to use more actively the potential leverage they have over the Syrians, while recognising that in practice they are unlikely to stick their necks out). On substance, we would maintain our commitment to Palestinian self-determination and continue to seek to bring Palestinian representatives to negotiate. It would be important periodically to reassert the principles on which we think a just settlement of the dispute should be based, although we cannot ourselves affect the outcome and the likelihood of a settlement may seem remote. Our attitude to any moves in the Security Council which others may make, for example to update SCR 242, would be governed by the desirability of achieving the greatest possible degree of unanimity.

11. It is also possible to envisage a policy involving a greater level of activity than the minimum described above (which in some respects falls short of the line we have been pursuing since 1979). The aim would be to fill the gap which we expect to develop as the US opts out of Middle East peace-making between now and the 1984 Presidential election. This would be based on the judgement that without a compensating increase in effort from others on the Western side, there is a real risk that some moderate Arab regimes will fall prey to Soviet opportunism, particularly if they are weakened by internal upheaval stemming from fundamentalist pressures or Palestinian frustration. When we faced a similar hiatus in US policy before the 1980 election, the Ten stepped into the breach with the Venice Declaration. If we decided to go for a more forward policy, we would need to give a lead to our European partners, in the direction of a revitalised European role based on Venice. The Ten have been broadly successful in co-ordinating their policies towards the Arab/Israel problem since Venice, despite their competing commercial interests, and carry more weight when they act together. A "more active"

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policy would not mean deciding now on specific steps, but rather a greater readiness to seize whatever opportunities may arise for making a contribution and defining a distinctive British/European policy. As examples, in addition to the contacts outlined in paragraph 10 above (which we could pursue more actively), we could:

- (i) Look for other practical contributions we could make in the region which would not carry with them the costs and risks of participating in peace-keeping (eg para 13 below);
- (ii) make increased efforts to draw the Americans towards a more even-handed policy, and be ready to differ from them if we judge this necessary;
- (iii) look for opportunities to spell out, at high level, British/European thinking on the elements in and shape of a peace settlement;
- (iv) look for an opportunity to initiate constructive activity in the Security Council, eg a Resolution marking some advance on 242 as regards Palestinian rights, or resurrecting the Jarring Mission (recently suggested by Mr Urquhart, subject to the need to avoid a US veto.

12. A more forward policy has not damaged our interests in the past. The Americans have on the whole shown understanding. The Israelis have rejected our statements, but our interests in Israel have not suffered as a result. Although inter-governmental relations have often been strained, the Israelis continue to ask us to resume a high-level dialogue. As for the Arab world, where our main material interests lie, a policy based on an active and and responsible approach to war and peace is more acceptable than any alternative would be; the Arabs will not let us disengage, particularly as the settlements question approaches the point of no return. While it would be unrealistic to expect to achieve a great deal in

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practical terms from a more active policy, the very fact of our pursuing it may help both keep the general situation under control and advance our interests (particularly commercial) in the region.

13. Whatever level of activity we opt for on a wider front, should we also be doing more to support the Palestinians on the West Bank and Gaza? We could increase our bilateral aid programme (currently £45,000 rising to £75,000 per year from 1984/85 for scholarships). We could also work for an increase in the EC aid programme (1.65 million Units of Account, of which UK contribution is about 20% mainly for rural development). Consuls-General in Jerusalem could advise on how increased allocations should be spent (the Israelis may make difficulties). This approach - which Mr Shultz is currently promoting - helps to show our support for the Palestinian character of the West Bank and Gaza (although it will not contribute substantially to a solution of the underlying political problems). If the Israelis try to resolve these by encouraging a further exodus of Palestinians from Gaza or the West Bank to Jordan, we should make our objections clear, and consider stepping up our aid programme to Jordan.

14. In the Gulf, in addition to a policy of high-level contacts to demonstrate our continuing interest in the region, should we consider a more active policy? Often a lot can be achieved with a reasonably small financial outlay: but little if nothing is spent. In this region it is difficult to keep our political, military and commercial (especially defence sales) activities separate, nor is this always desirable. For example, a demonstrable capacity to offer air defence (eg Rapier) in an emergency to any Gulf State would solve all three purposes, and help to confirm the increasing awareness among the moderate Gulf Rulers that the RDF concept is here to stay and cannot always be tucked away over the horizon. We have spoken more robustly in recent

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/years

years to our Gulf friends about what we can do to help them to defend themselves when need arises. In the next five years we should be prepared to demonstrate our capabilities more openly, particularly while, as is likely, Soviet occupation of Afghanistan continues.

15. Trade and financial matters. Our attitude towards the Palestinian issue is likely to be a criterion for the Saudis and other oil-rich Arab States in assessing whether they want to place business with us, particularly defence purchases. Is our political posture on questions of war and peace in the region adequate to maintain, and if possible increase, the present levels of our visible and invisible trade with the region? In recent years, the French have maintained a considerably more active programme of Ministerial visits to the area than we have, which has given the impression of greater activity and involvement in the issues than has in substance been the case. It is difficult to quantify the results, but it is certainly possible that this has helped their position, including commercially, in the area. We should consider whether we should follow suit. We should also have in mind the value of the financial contacts we have with the Saudis and other Gulf states. The Saudis were particularly helpful in the recent IMF negotiations on increasing the General Agreement to Borrow (GAB). This sort of co-operation is not only important and valuable in itself, but can also rub off on our general influence and commercial prospects.

15. It is important to see where British interests lie: for some statistics and further detail, see Annex.

ANNEX

BRITISH INTERESTS IN THE ARAB STATES, IRAN AND ISRAEL

Trade

1. Total value of UK visible exports to the Middle East in 1982 was £5,960 m. (roughly 10% of total exports: imports were worth £3630 m.). Of this, £1361 m. were to Saudi Arabia - our largest single customer outside Western Europe and North America - and £224 m. to Israel. Figures for the first quarter of this year show trade continuing to grow: but this will doubtless be reversed later in the year as declining oil revenues bite. (Latest predictions are that for OPEC's Middle East members revenue in 1983 is likely to show a fall of roughly 20%).
2. The 'low absorbers' in the Gulf should however be cushioned to a considerable extent by their reserves (Saudi Arabia is estimated to hold \$160 billion overseas, Kuwait \$75 billion and the UAE \$45 billion).
3. UK Defence Sales to the Middle East in 1982 were worth £1040 m. (most of which is included in the total export figure above). This represents some 55% of total UK overseas defence sales.
4. There are no official figures for invisibles, but the Committee for Middle East Trade estimate that at least 15% of the UK's invisible earnings come from the Middle East, representing an inflow of about £4,000 m. in 1982.

5. UK investment in the Middle East is difficult to quantify precisely, but direct investment in 1982 was at least £800 m., excluding the oil industry.

Vulnerability of Trade to Political Factors

6. The greater part of British business in the Middle East is with public sectors. Major defence business, and some large civil contracts, usually require some Ministerial promotion. A country which is out of favour is unable to mount this effectively. The proportion of business done with the public sector means that it would be relatively easy for Middle Eastern governments to impose trade discrimination for political or other reasons. Private sectors in most Arab countries are highly vulnerable to government pressure, and would almost certainly have to toe the line also. Alternatives can be found to British suppliers in almost all fields. The 'Death of a Princess' affair in 1980, and the recent trouble over Palestinian representation in the Arab League Delegation aroused the spectre of semi-official trade boycotts. Although there was some evidence of (an unquantifiable) loss of business in Saudi Arabia in 1980 as a result of 'Death of a Princess', no general trade boycott of the UK, or any other Western state, has yet materialised (although the Arabs have, of course, for long operated an effective boycott of companies dealing with Israel). The UK market share is strongest in small Arab economies with strong UK political connections (see attached table): some of these would probably resist general Arab pressure for a boycott, although Qatar and the UAE for example would almost certainly follow a Saudi lead.

Arab Funds in London

7. Oil producers provided 32% of the net foreign currency funds available to UK banks in London at the end of 1982. It is likely that virtually all of this was Arab money. In

/addition

addition \$7.5 billion was held in sterling by Middle East governments (and perhaps an equivalent of sterling was held in private funds from the Middle East). Withdrawal of dollars might cause temporary problems for some banks, but the money would find its way back eventually through the Eurodollar market. Announcement of a withdrawal from sterling by Arab governments would have obvious exchange rate consequences, but the Arabs might be reluctant to go far, as the value of their own holdings would slump as soon as their intentions became known. Surreptitious withdrawal over a period of months would be a likelier tactic.

IMF and Aid

8. Of the Arab states, Saudi Arabia plays a major role in international finance. Under a borrowing arrangement concluded in 1981 they lent the IMF a total of SDR 8 billion. Assistance for the Fund from other Gulf States has been on a much smaller scale (although they, together with the Saudis, have played a significant role giving aid directly to strategically important Islamic countries, notably Pakistan).

9. Discussions continue on a further tranche of Saudi money for the IMF. The Saudis now seem unwilling to contribute unless industrialised countries also lend, and the sum they are thinking of appears to be smaller, presumably because of domestic belt tightening. Nonetheless, a further Saudi contribution seems essential if the Fund is to meet future demands.

Oil Supplies

10. The Middle East (taken here to include Iran and the Arab States of North Africa) has roughly 60% of the world oil reserves. The UK is no longer dependent on oil from the Gulf, but continuity of supply from the Middle East remains vital for most Western countries. At present, 50%

/of total

of total EC oil consumption and two-thirds of that of Japan come from the Middle East. (The US, by comparison, takes only 0.7% of its total oil consumption from the Middle East.) The IEA estimate that, with the current low demand, a loss of 5 mbpd (slightly over present Saudi production) could be handled easily enough by the West, but a greater loss would have immediate and serious economic effects, not only in the EC and Japan, but also indirectly on those OECD economies which are not at present significantly dependent on Middle East oil. As economic growth recovers, and still more, in the longer term as non-Middle East reserves diminish, Western - and British - vulnerability to Middle East oil producers will increase again.

Trade Routes

11. Conflict in the Gulf would threaten trade routes, particularly through the Suez Canal/Red Sea (10% of Europe's oil supplies at present) and the Straits of Hormuz (about 50%).

British Community

12. There are about 125,000 UK passport holders (patrials) in the Middle East. The largest communities are in Saudi Arabia (about 37,000) and the Gulf, and Israel (about 35,000).

UK share of OECD exports to Middle Eastern countries

Qatar	27.5	%
Oman	27.3	*
Bahrain	23.4	
Sudan	20.9	
UAE	15.4	
PDRY	15.2	*
Jordan	13.6	*
Israel	10.4	*
Iraq	10.3	
YAR	9.8	*
Kuwait	9.5	
Iran	9.3	
Average Middle East	9.2	
Saudi Arabia	7.6	
Libya	6.9	
Average other areas	6.7	+
Lebanon	6.0	*
Egypt	6.0	
Morocco	5.6	
Syria	5.4	*
Algeria	4.2	
Tunisia	2.5	

Sources: * IMF Direction of Trade 1981
 Others OECD Statistics of Foreign Trade Series A 1982

+ UK share of OECD trade with non-OECD, non-Middle East world

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THE EUROPEAN COMMUNITY

INTRODUCTION

1. We are at a moment of opportunity in our Community membership. Our influence over the Community's development in the years ahead should be considerably stronger than it has been in the past. In the immediate future we shall be heavily preoccupied with securing the right answers from the negotiation begun at Stuttgart. But we need now to set about getting a clearer idea of the sort of Community we want, and the way we want it to develop if we are to make full use of our opportunities in the longer term - over, say, the next 5 years. This paper seeks to identify for further study a number of areas in which the development and strengthening of the Community could be advantageous to us.

THE OPPORTUNITY

2. We are at a moment of opportunity in our Community membership for a number of reasons:

(i) The election should have settled the "in or out" question once and for all; even the Labour Party are at last showing signs of recognising this. That will strengthen our position in Europe.

(ii) The balance of power among member states has shifted. The Franco/German relationship is less close than it was and the relationship which the Prime Minister has established with Chancellor Kohl has already proved its importance in a decisive fashion. The Prime Minister's seniority and experience in the European Council will greatly help us to achieve our objectives;

(iii) Stuttgart has opened the way to a lasting solution to the budget problem which has occupied so much time and energy up to now. If this can be achieved (and we must not underestimate the difficulties) the acrimony which has plagued Community discussion in recent years should be reduced and there could be a better and more cooperative atmosphere in which to tackle the problems of the Community's future development.

THE IMMEDIATE FUTURE

4. The preparation of the Athens European Council will dominate the Community agenda in the coming months. There can be no assurance that we shall make decisive progress in December though it would be very much in our interest to do so. The key to securing a reasonably rapid outcome will be the effect of the 1% ceiling: provided the exhaustion of the resources within it remains as imminent a threat as it now appears (with the Community virtually at the ceiling this year), the others will be forced to negotiate seriously and urgently.

The Budget

5. Getting a satisfactory and lasting solution to the budget problem must be our first priority and is crucial to the achievement of our other aims. It will be the focus of our efforts for the next 6 months and quite possibly longer. We are putting on the table a paper setting out our ideas for a "safety net" which will ensure that no Member State has to pay an excessive net contribution. It will not be easy to get agreement to that, even in principle, though there has been a

real change in Community attitudes in the past year or so and there are signs that a good number of member states now accept that some such system is inevitable. Even if the principle is accepted, the level at which a safety net is set will be hard fought.

Agriculture

6. We are also putting on the table a proposal for a binding financial guideline to control the rate of increase of agricultural expenditure. This would ensure that the annual decisions of agriculture ministers are in future subject to an externally imposed financial constraint. We need also to put our full weight behind improvements in the CAP commodity regimes themselves, including a prudent price policy and the ending of open-ended guarantees, which are not appropriate to a Community which is largely self-sufficient or more for many major commodities and whose subsidised exports cause serious problems with some of our trading partners. The entrenched interests of a number of Member States (not excluding our own) will make it hard to get the improvements needed but the VAT ceiling is beginning to change attitudes. The Commission paper will not make our task any easier. It does not deal effectively with the problem of surpluses; many of the 'savings' it proposes are bogus and do no more than transfer the burden from the Community budget to the consumer; and the paper displays a desire to solve the problems of the CAP at the expense of third countries, contrary to the Community's international trade obligations.

Other Policies

7. It will be important in the post Stuttgart negotiations to maintain our support for development of new and existing Community policies, both those with financial implications and those without, when these are sensible and cost effective. Our choice of priorities will depend on our view about the longer-term.

Own Resources

8. We shall continue to insist in the post Stuttgart negotiations that we can only consider an increase in own resources provided that our essential conditions - controlling the CAP and dealing with our budget problem are met; and to argue for savings to be made in present policies and for the development of the Community in ways which do not involve extra finance, such as extending the internal market. But there is a real possibility that we shall only obtain our objectives if we are, at the end of the day, prepared to agree to an increase in own resources within a new specified VAT ceiling. It goes without saying, of course, that we should try to keep any such increase as small as possible. It is helpful that, if our idea for the reduction in our net contribution to be made through modulated VAT is adopted, we are likely still to be paying VAT at less than 1%, even if the rate for the Community as a whole is above 1% (for example if we receive a refund of say, 1000m ecu, this would reduce our own VAT rate from 1.2% to 0.85%).

Enlargement

9. Closely linked with reform of the CAP and of the Community's finances are the problems of enlargement. It

remains in our political interests that these negotiations should succeed, and that Spanish and Portuguese democracy be reinforced and drawn closer to Europe and so to the Alliance. We have to recognise, however, that Spain and Portugal will reinforce the protectionist and agriculturally conservative element in the Community. So we must:

- (a) ensure that the costs of applying Community policies to Spain and Portugal are kept under control, and not allowed to impose excessive burdens on the Community's finances.
- (b) get access for UK exporters to Spanish markets through early reductions in the high Spanish tariffs.

10. It will also be essential that the restrictions at the frontier with Gibraltar are removed by the time of accession. This may become a major sticking point in the negotiations. If it does it could lead to real difficulties; the Spanish will play on our partners' interest in getting them integrated into the EC and NATO; and we can expect little real support if it comes to the crunch.

11. We shall also want to see Turkey's expectations of early membership if possible deflected or, if Turkey does apply, managed in ways which do least damage to her Western orientation.

THE LONGER TERM - INTERNAL

12. Our present approach to Community policies is heavily conditioned by the need to secure a net benefit from Community expenditure and thus to reduce our budget problem. Assuming that we find a solution to the budget problem we should

rethink our attitude. We do not want to encourage expenditure at Community level merely to see it replace the public sector expenditure we are trying to cut back at home. We must not let our efforts at national level to diminish the role of the state be contradicted by the development of interventionist policies at Community level. We need to establish the criteria for justifying new Community activity. Some possibilities are suggested by the pre-manifesto policy group on Europe:

- where results can be achieved collectively which cannot be achieved nationally;
- where expenditure at Community level would allow ^{net-} savings at the national level;
- where collaboration between firms on a Community basis can be stimulated to help them meet competition from firms outside Europe with large home markets;
- where a reduction of excess industrial capacity needs to be fairly spread throughout the Community;
- where there is a need to see that state aids by other member states do not distort the market;
- where problems are transnational in character such as control of pollution.

We should put work in hand to define these criteria more sharply and to our satisfaction.

The Common Market

13. Against these criteria our first priority should be the development of a genuinely Community wide home market not only

for industrial goods but also for services. We should attack the various technical barriers to trade which hamper UK competitiveness in the market. This involves no new expenditure and the aim is to provide conditions in which market forces can work and the producers of wealth can flourish. If this attack is to be effective, then we should try to concentrate on a relatively small number of important but possibly attainable objectives including:

- measures to free the movement of goods and people across frontiers within the Community including simplification of frontier checks and introduction of a system of deferred payments for collection of VAT;
- liberalisation in the transport field including free movement of goods vehicles, increased cooperation over international rail traffic, liberalisation of air transport and the setting of air fares;
- the elimination of non tariff barriers to trade through the adoption of European-wide standards;
- a common market for services, particularly insurance and air services, such as the Treaty requires;
- an effective policy to control state aids and unfair competition so that British industry is not disadvantaged against industry from freer spending member states;
- effective implementation of the Community's public purchasing policy.

Officials should select a limited number of specific objectives and should work out a long term plan of campaign for the pursuit of the most worthwhile opportunities in these areas. Success will only come slowly over a period of years and we must work consistently for our objectives without

arousing excessive short term expectations.

New Technology

14. The second area we might consider is that of industrial policy, research and the encouragement of a more effective European capacity in the new technologies. This is an area where our industrialists would welcome greater efforts by the government to stimulate cooperation at the European level, as the response to ESPRIT has shown, and where European cooperation may well make increasing sense. There are enormous problems but unless the Europeans can work together our national industries will have little alternative to collaboration with the Japanese or the Americans. While we shall continue to need Japanese and American expertise in many areas, we have now seen the risks that over-dependence on their technology can incur.

15. If we are to further our interests in this field, we must be prepared to bring forward ideas of our own to match those the Commission and the French are producing. The French ideas for "agencies" - or "joint enterprise" as they now call them - to carry out particular cooperative projects, with only some member states involved and funding not exclusively from the Community budget, could contain useful elements and certainly merit further study. Officials might undertake further work in identifying areas where our commercial enterprises are likely to see advantage from European cooperation and where Community action without undue public expenditure is likely to be of the greatest practical use.

Finance

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16. Another question that could be looked at again is whether it would be to our advantage to join the EMS exchange rate mechanism. Our line that we will join when the time is ripe will sound increasingly unconvincing to our partners as time goes by. If we did come to the conclusion that joining would help our national economic policies, there would be some useful political spin-off. None

Only if we
other
GAP budget

17. We should continue within the limit of financial feasibility to press for a larger European Regional Development Fund and Social Fund. We must aim to ensure they continue to bring a net benefit to the UK after enlargement. The setting up of a safety net in the budget negotiations would reduce the importance of this objective but there is presentational value to the Community being seen to support worthwhile projects and employment schemes in the UK.

Institutions

18. It is important that we should do what we can to improve the efficiency and cost-effectiveness of the Community's institutions and to ensure that they operate effectively after enlargement. In the context of the enlargement negotiations we should resist a simple increase pro-rata in the size of the institutions and we should make the most of our willingness to accept one Commissioner per Member State.

Assembly
European Parliament

19. We should continue to resist calls for increases in the powers of the Assembly European Parliament. At the same time we must recognise that they have the ability to cause us considerable problems and that it will be worthwhile to devote some

attention to them. One major problem we shall have to face is the system of elections to the European Parliament. An immediate problem is what response we should make to the Council resolution calling for us to use our best endeavours to extend the franchise so as to allow all European citizens to vote in the 1984 elections.

Same 20. In the rather longer term, we shall need to decide what to do about the system to be used for the 1989 elections, on which we shall again come under strong pressure to adopt some form of proportional representation. This will obviously pose enormous difficulties for us. It will certainly be argued that the European ^{Assembly} Parliament is very different from a national parliament - and, in particular, that it is a purely consultative body which does not form governments, so the main objection to proportional representation (that it leads to weak governments) falls. The issue will not come to a head for some time. But it certainly will. We shall need to consider very carefully just how to handle it.

THE LONGER TERM - EXTERNAL - EUROPE AND THE WORLD

Trade

21. The counterpart externally of our efforts to promote opportunities for British exporters through the development of the internal market is the task of getting the Community's collective weight put firmly behind the execution of the programme agreed at Williamsburg. Given the extent of the UK's dependence on exports, we have a major interest in seeing economic recovery accompanied and sustained by moves to strengthen the open world trading system.

22. More specifically, we shall want:

- (a) to see the work programme agreed at the GATT Ministerial in November 1982 put into effect, notably in:
- the liberalisation of trade in services (an important UK interest);
 - trade between developed and developing countries, leading to a new trade round in which we should look for progress in opening up the markets of the newly industrialised countries as a major objective;
- (b) to defuse tensions, with the US, particularly over agricultural trade (where work on the CAP in the Stuttgart context will be the key);
- (c) to secure action by Japan to reduce its huge and growing surplus in trade in manufactures;
- (d) to get effective Community action where we ourselves need help to relieve immediate pressure on industries in the process of re-structuring such as steel and textiles;
- (e) to show effective follow up to the Annex to the Williamsburg Declaration on greater exchange rate stability and economic convergence.

23. In all of this, and more generally in the GATT OECD, IMF and other international fora, it is in our interest for the Community to speak with a coherent voice, backed where necessary with a credible threat of action to defend its interests. We must ensure that this voice is properly in line

with the views of the main Member States - particularly our own - on international economic issues. Under Article 113 of the EEC Treaty, decisions on trade matters are already taken by a qualified majority, and it will not necessarily be substantially harder to achieve coherence in a Community of 12 than in one of 10. But we should remain ready to consider ways of improving and speeding up decision-making where this is likely to work to our advantage.

24. As for increasing our own impact on Community external policy, given Community competence in the whole field of trade policy the scope for pursuing options involving different member states according to the issue ("variable geometry" in the jargon) is limited, though the existence of smaller groupings (eg. G5, G10) in the economic policy field may be something we can build on. We shall have to stay close to France and the FRG - often closer than they can stay to one another, given their antithetical views on trade policy. Our close relationship with the US Administration is an asset to us and to the Community and we should build on it in what promises to be a testing period in transatlantic trade and economic relations.

Aid

25. We shall need to continue our efforts to get Community aid spending under better control. In line with this, we shall want to emphasise more effective use of Community aid funds, in terms both of where and of how they are applied. The most immediate agenda item will be the renewal of the Lomé Convention. More than half Lomé beneficiaries are Commonwealth countries, so our approach must be positive; but

if we are to check the serious decline in our own bilateral country programmes we shall want the minimum increase in the aid component. In general, we want to improve EC aid developmentally by encouraging a more integrated approach, covering especially:

- aid for food production, to achieve greater agricultural self-reliance by the developing countries
- a reduction in the volume of direct food aid
- more effective use of Stabex money.

We must maintain the trend towards a bigger role for British firms and experts, who have so far done much less well than they should out of EDF work but whose performance is improving. And we need to resolve the tension between the demands of EC aid and of our own bilateral programme. Constantly cutting at our bilateral programme to make way for unforeseen and unavoidable bids for EC aid expenditure is damaging. We should look at whether our own system of financial management could be adjusted to ease these problems.

Political Co-operation

26. The success of political co-operation is both a UK and a general Community objective. It is based firmly on shared interests. Nine of the Ten are allies; and the political and economic interests of the Ten are closely interlocked. The coincidence of interest between ourselves and partners is less automatic on politically emotive issues a long way from home (Central America, Southern Africa), but even here it has been sometimes possible to achieve a common approach (eg. over Namibia).

27. There is an important relationship between political co-operation and the external policies of the Community as a whole; the effect of EC trade and aid policies is greatly enhanced if they reflect a consensus on the political objectives which these policies should serve; and a coherent European voice in (for example) the United Nations complements a strong Community position in such organisations as the GATT.

28. But centrifugal tendencies have recently begun to assert themselves, and may increase. Greek accession has been an undoubted setback for co-operation among the Ten, and the addition of Spain and Portugal will not make things any easier. This does not mean that political co-operation is going into an irreversible decline; but breaking the newcomers to harness will take time, and it will be some years before the Twelve work as smoothly as the Nine used to. Meanwhile how can we maintain - if possible increase - the value of the Ten to us and to the Western alliance? Any effort to establish an "inner circle" in the Ten on a systematic and institutionalised basis would be bitterly resented by those outside it, and could do irreparable damage to the whole system. Indeed it is important to us that the consensus rule be retained as the central working principle of political cooperation, for without it the cohesion of the Ten could rapidly become very ragged indeed. This does not, however, exclude very close informal concertation between us and the French and Germans and even the establishment of ad hoc groupings of countries with expertise or capabilities relevant to a particular situation, operating with the explicit or

tacit endorsement of other Member States (as with the Namibia Contact Group or the Sinai MFO). Officials have already been asked to do more work on this.

29. While we have welcomed discussion of non-military aspects of security in POCO and will want to see these go on developing it would not be sensible to go beyond this towards the development of a European identity in the defence field. Apart from the obvious Irish problem, this would be bound to impose new strains on the Atlantic alliance, without holding out any real prospect of a compensating increase in the strength of European defences. The only possible exception to this is in procurement. The civil and military applications of high technology industry are not easily separable and if Community cooperation in this area did take off, it would be bound to have an impact in fields related to defence (eg information technology, aerospace). At that point we should have to consider again whether, and if so how far, the Community as such should become involved more directly in defence and industrial co-operation. There would of course be formidable obstacles to this.

CONCLUSION

31. We do not want a static Community and we should use the opportunity we are likely to have over the next 5 years to make it an easier Community for us to live in and to accepting progress towards greater integration where we are persuaded that action at a Community level will bring us real benefits. Beyond the post-Stuttgart negotiations, our main objectives over the next five years will be:

- a) A successful conclusion to the negotiations for the accession of Spain and Portugal.
- b) The development of a genuine Community-wide home market, not only for industrial goods, but also for services. Officials should work out a plan of campaign for pursuit of the most worthwhile opportunities in this area.
- c) Encouragement of cooperation at a European level between industrialists, particularly in research and the new technologies. We should be prepared to bring forward ideas on particular cooperative projects involving only some member states and to be funded perhaps only partly from the Community budget. Officials should identify areas where our industry would see advantage in such cooperation.
- NS* | d) Re-examination of the economic arguments for joining the EMS exchange rate mechanism.
- e) To improve the efficiency and cost effectiveness of the Community's institutions. With regard to the European ^{*Assembly*} Parliament we shall have to consider our response to the Council "best endeavours" resolution calling on member states to extend the franchise so as to allow all European citizens to vote in the 1984 European ^{*Assembly*} Parliament elections. Later, when negotiations begin again in Brussels, we shall have to look at the problem of a uniform system for the European ^{*Assembly*} Parliament elections in 1989. We shall come under strong pressure to adopt some form of proportional representation.
- f) To ensure that the Community's collective weight is firmly behind the execution of the programme agreed at Williamsburg and to encourage moves to strengthen the open world trading system. In GATT, OECD, IMF etc we should work to ensure that the Community speaks with a coherent voice, backed where

necessary by the threat of action to defend the interests of member states.

g) To continue our efforts to bring Community aid expenditure under better control.

h) To strengthen political cooperation. Enlargement to Greece and then to Spain and Portugal has and will increase the difficulties. Time and effort will be needed before the Twelve work together smoothly in political cooperation. An effort to establish an "inner circle" on an institutional basis would damage political cooperation but informal consultation between us, the French and Germans need not be excluded.

i) When the budget issue is settled we should continue our effort to present a balanced and favourable picture of the conditions of Community membership and of our increasingly decisive role in shaping its future.



Foreign and Commonwealth Office

London SW1A 2AH

8 September 1983

Jon S. ...

In your letter of 25 July you asked for a draft speech for the Prime Minister's use at the Churchill Foundation Award Dinner in Washington on 29 September.

I enclose a draft dealing with East/West relations. It includes a tribute to Sir Winston Churchill, and to the Churchill Foundation; refers to the North Atlantic Alliance and the continuing validity of its aims and ideals; underlines the importance of US leadership of the Alliance; and discusses the way in which the West should handle its relations with the Soviet Union. (The shooting-down of the South Korean Airliner is referred to in paragraph 18 but this may need to be amended in the light of developments during the next two weeks.)

The speech would take about 20-25 minutes to deliver.

Two ...
R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

DRAFT SPEECH TO BE DELIVERED BY THE PRIME MINISTER AT THE
CHURCHILL FOUNDATION DINNER IN WASHINGTON ON 29 SEPTEMBER
1983

Tribute to Sir Winston Churchill and to the Winston
Churchill Foundation

1. I am deeply grateful to the Winston Churchill Foundation of the United States for honouring me with this award.

No-one, least of all a Conservative Prime Minister, can receive it without the greatest pride and delight. In doing so, I am conscious that Churchill belongs to you in the United States as well as to us in the United Kingdom. For he began life with an American mother and an English father, and when he ended it, he had been made an honorary American citizen by the United States Congress.

2. But before he ended it, he knew that you had set up this splendid Foundation as a tribute to him⁽¹⁾; a Foundation whose purpose it is to foster that spirit of Anglo-American cooperation which Churchill epitomised. By making it possible for Americans to study and undertake research at Churchill College Cambridge, you have made an invaluable contribution to scholarship. Already eight of your Churchill Fellows have won Nobel prizes. But, what is just

(1) The Winston Churchill Foundation of the United States was founded in 1959.

as important, the presence of the Churchill Fellows in Cambridge helps to promote those close personal contacts between the peoples of the United Kingdom and the United States which are the bedrock of our enduring friendship. Nothing would have delighted Churchill more.

3. Although he left office nearly 30 years ago, Churchill remains a symbol and an inspiration to all who believe in democracy. He reminds us of the need to meet the challenges that confront us with energy and resolve. He reminds us that if politics is the art of the possible, it can nevertheless be great art. And he reminds us that transatlantic alliance and European cooperation point the way forward still.

4. For Churchill knew that the only means of safeguarding the freedom we so nearly lost in a second great war was to bind the Western democracies firmly together when peace was won. That is still as true today as it was half a life time ago; and we grow careless of the fact at our peril. We have a duty to ourselves and to those who follow us to sustain the priceless gift of freedom which his massive energies and inspired statesmanship bequeathed to us. In doing so, we fashion the best memorial we can offer him.

5. Churchill was a giant. He had an appetite for life, a vastness of imagination, and an unbending determination which saved his own country and helped to save the world.

Above all, he had endurance, displaying an heroic indifference to the pressures and expediencies of the moment which enabled him to hold fast to his goals, no matter what the obstacles and set-backs. As we contemplate the challenges facing us, we do well to heed his example.

6. We too need a clear vision and a vaulting imagination; but we also need the resolution to stick to our chosen path. Some problems have no easy solution: for some difficulties there is no quick fix. Pointing this out may not be welcome. But if we are to be worthy of Churchill's example, we must have the courage for the long haul. And this applies particularly to our conduct of international affairs.

The Alliance and Arms Control

7. Courage for the long haul is exactly what the Western Alliance is all about. It is exactly what it has displayed since it was set up over 30 years ago. Then, as post-war optimism gave way to the sombre realisation that the democracies faced a new challenge, a small number of far sighted men, inspired by the wartime collaboration of Churchill and Roosevelt, established the Western Alliance. Its aim was then, and remains today, entirely defensive: to safeguard the democratic ideals and way of life of its members. Its membership was then, and remains today, entirely voluntary. Its success has been unparalleled in

history. Safeguarded by their commitment to one another, the member countries of NATO have preserved their freedom and provided material prosperity for their peoples on a scale that would have seemed Utopian only 50 years ago.

8. This is a remarkable achievement, and one that has only been possible through unremitting effort. But there is a danger that we may be falling victim to our own success. The democracies learnt the lessons of the last war well. They established an Alliance which has withstood the tests of time and the pretensions of an antagonistic power. But that unity of purpose which has withstood the pressures from without is now under pressure from within. For it is just because we have enjoyed peace for so long that some people have come to assume that this is an inevitable state of affairs, rather than the result of the sustained efforts of our Alliance.

9. The so-called "peace movement" may pride itself on being the advocate of peace, but it is the NATO Alliance which can pride itself on being its practitioner. Peace does not come from chanting the word like some mystical incantation; it comes from that ceaseless vigilance and determination which the Western allies have sustained for nearly two generations. Maintaining peace is hard work, and we must not allow our people to forget it. We will not return to the wishful thinking of the 1930s when the democracies believed they could have it on the cheap. The Soviet

challenge remains. To say this is not to welcome the fact or to take pleasure in it. But, as President Reagan said in his memorable speech at Westminster last year, "self delusion in the face of unpleasant facts is folly".

10. No-one wants peace more than the Western Alliance. Our record proves that. We can stand on it and be proud of it. The major arms reduction proposals now on the table are Western proposals, drawn up after close consultation within the Alliance. In the field of strategic weapons, President Reagan has offered the most far reaching reductions in the history of strategic arms negotiations; while on intermediate range missiles he has, in the zero option, suggested that both sides should eliminate a whole category of nuclear weapons.

11. So far this radicalism has proved too great for the Russians, and they have rejected it. We in the Alliance remain convinced that no intermediate range nuclear weapons are the best intermediate range nuclear weapons. But in the face of Soviet intransigence the President has, on behalf of the Alliance, proposed an interim solution which would balance these weapons on both sides at a lower level than currently exists or is planned for. So far the Russians have rejected this too, though it is not too late for them to respond positively.

12. It would be easy to become discouraged. While the Alliance concentrates its efforts on limiting or eradicating intermediate range nuclear forces, the Russians seem more interested in trying to maintain their present unilateral advantage. Of course they deny this; but when I see the way they juggle the figures, and when I read their arguments for rejecting our offers, I am reminded of the lines by the playwright, Sir James Barrie:

"Facts were never pleasant to him. He acquired them with reluctance and got rid of them with relief. He was never on terms with them until he had stood them on their heads."

13. But we shall not allow ourselves to be discouraged. Our proposals are radical and our purpose firm. We are ready at any time for an equitable agreement; and we have been for many months. And we shall go on trying to get one. But I say again that NATO will not, and cannot, allow the Russians to perpetuate their present unilateral advantage. To do so would be to turn our backs on what we have achieved in the past 30 years, and to display a lack of will which would, in the short term, put at risk the credibility of our Alliance and, in the longer term, destabilise that military balance on which peace itself depends.

The Role of the United States

14. There have been great changes in the world since we set up NATO in the aftermath of war. But the United States remains the strongest member of the Alliance, and without the American guarantee, the European members would be perilously exposed. In its commitment to the Alliance, the United States has shown a resolve for which we in Europe are deeply grateful. By promoting post-war economic recovery, through the Marshall Plan, and by offering the shattered European democracies its military protection, the United States made possible that remarkable renaissance of Western Europe which stands in such stark contrast to the Eastern half of our continent.

15. But the leadership of a democratic organisation of 16 members is not easy. Differences of perception, and differences of interest, are bound to arise. We must accept these calmly as we work to resolve them. And through careful consultation, and through a sensitive awareness of one another's preoccupations, these differences can be resolved. Above all, we must never lose sight of our overall objective which is to maintain our unity so that we may retain our freedom. The values and ideals which bind us together are vastly more significant than the differences which occasionally divide us. Our peoples know this. And if there are sometimes disputes, we need only pause for a moment to realise that free men on both sides of the

Atlantic need, and enrich one another, still.

16. So although the world has changed, the need for transatlantic cooperation has not. The facile anti-Americanism of some in Europe, and the short sighted irritation with Europe expressed by some in the United States, must remain the misguided views of the minority. The Alliance must prosper, and can only do so under US leadership. The need for it is as great today as when Churchill and Roosevelt bent their energies to their great purpose. They did not always agree either; but they never forgot that their differences were trivial when weighed against their historic task, which was to withstand the challenge to democratic freedom.

17. Ours is nothing less. Differences of view should not be mistaken for a divergence of wills. We in Europe will continue to play our full part, but we know that it is the United States which is the ultimate guarantor of freedom. It is a role for which Americans are well cast, with their libertarian tradition and their enduring idealism. But it is a role which requires continuing resolve and courage, for it is not likely to be shed soon if we are to ensure that triumph of democratic freedom to which we are all committed.

Relations with the Soviet Union

18. In managing our relations with the Soviet Union we must remain united and resolute. Despite its growing economic difficulties; despite the discontent of an East European empire that longs to be free; and despite the increasing disillusionment of developing countries, the Soviet Union is unlikely to change much, or quickly. We should not imagine that internal difficulties and external failures will necessarily change Soviet attitudes or priorities, or that such influence as the West can exert will be decisive. The Soviet leadership is likely to remain suspicious and antagonistic towards the West, and opportunist and unscrupulous in its approach to international relations. The Russians may have failed to make good those famous boasts that they would overtake Western societies economically and technologically, and bury them into the bargain, but they remain fundamentally hostile to our values and way of life. Nothing demonstrates this more vividly than the fact that they can shoot down a civilian airliner without compunction, and apparently without remorse.

19. We shall remain resolute in resisting all attempts to undermine our democratic system. Economically, we have nothing to fear. Whatever the difficulties, the economies that flourish do so under the banner of the market, not of Marx. It is to the market economies that developing countries turn for aid, trade and technology. And in the

competition of ideas, we know that we are the easy winners. The Russians know it too. Why else do they prevent their people from travelling freely? Why else do they jam Western broadcasts? President Reagan was right when he told members of the British Parliament last year that we had no need to be shy in proclaiming our democratic ideals. Their resonance is worldwide. In defending them and sustaining them, we offer hope to the millions who long to share in them.

20. Confidence in our economic system and in the attractiveness of our democratic ideals does not, of course, reduce the need for a strong defence. The Soviet leadership know that they can only compete successfully with us in the military field. And so each year they devote some 15% of gnp to military spending - depressing evidence of where their priorities lie. The NATO countries have met this challenge, not by matching the Russians man-for-man or missile-for-missile, but by spending enough to ensure that their own military capabilities have been strong enough to deter aggression

21. As long as we maintain such a defence, we have nothing to fear from engaging the Russians in a dialogue. But such exchanges must be hard headed: I do not want the word "dialogue" to become suspect in the way the word "detente" now is. And a major element in such a dialogue must be arms control. We want verifiable arms control agreements both in

the nuclear and conventional fields. As I have said, we have put forward a large number of proposals covering a wide range of issues. We are committed to arms reductions across the board, as long as we can reach agreements which are to the genuine benefit of both sides.

22. But dialogue has a broader purpose too. Whatever the difficulties, we must continue our efforts to persuade the Russians to take a less dogmatic and a more constructive view of the world and to conduct international affairs with greater restraint and responsibility. We must try to do this in our bilateral discussions with them. But we must also make full use of the other opportunities which exist.

23. The CSCE process is one of these. We may be disappointed that the Soviet Union has often failed to live up to its CSCE undertakings; but we should nevertheless remind ourselves of the value of the Helsinki process. Despite setbacks and disappointments, it has brought the two halves of a divided continent together in a new type of institutionalised contact. It has provided a measure against which we can judge Soviet behaviour; a tribunal in which to examine it; and an instrument, however imperfect, with which to try to influence it. And more than this, it has helped to keep alive the hope that the divisions of our continent may eventually be healed. This is enormously important to Europeans, and particularly to Central and East Europeans, who retain the belief that one day they will be

re-united with the main stream of democratic Europe. And they are right.

24. There are no easy options in East/West relations. If we are to sustain our alliance and preserve the freedom that Churchill bequeathed to us, we must curb our impatience and be prepared for the long haul. We must maintain our military strength but we must always be ready to talk. Such a strategy offers the best hope of managing East/West relations safely and successfully. It also offers the best prospect of securing those arms control agreements to which we, in the West, are committed.

Conclusion

25. It has been said of Churchill that he "remained inflexibly attached to first principles".⁽¹⁾ And it was because he brought all his resource and energy to bear in the defence of those principles that democratic freedom triumphed over the fearful challenges which it faced. Democracy faces challenges still. But if we display a similar commitment to our principles we too shall prevail. And it is in the belief that we shall do just that, that I gratefully accept this award tonight.

(1) From Sir Isaiah Berlin's essay on Winston Churchill in "Personal Impressions"

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Foreign and Commonwealth Office

London SW1A 2AH

3 August, 1983

*B/F for the day before
PM goes on Monday
(for IT)*

Dear Tim,

Articles on East-West Relations, the Soviet Union and
Eastern Europe

Please refer to John Coles' letter of 28 July.

I enclose a selection of articles which may be of interest to the Prime Minister, together with a short note of explanation. The articles are predominantly about East-West relations and the Soviet Union. There have been no recent articles on Poland which are worth drawing to the Prime Minister's attention. We have however included a 'Financial Times' article about Hungary.

*Yours ever
for Holmes*

(J E Holmes)
Private Secretary

T Flesher Esq
10 Downing Street

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From: R H Smith (EESD)

Date: 3 August 1983

Private Secretary

cc: PS/Mr Rifkind
 PS/PUS
 Sir J Bullard
 Mr Cartledge
 Mr James
 Planning Staff
 Research Department
 (Soviet and East European Region)
 Defence Department

Issue per

J.H.S.
7/8

ARTICLES ON EAST-WEST RELATIONS, THE SOVIET UNION
 AND EASTERN EUROPE

- A
1. PS/No 10's letter of 28 July asked for a further selection of recent articles on East/West relations and on the internal situation in the Soviet Union and Eastern Europe for the Prime Minister to read during August.
 2. I now attach a selection of articles, in the collection of which EESD have been assisted by Defence Department, Planning Staff and Research Department (Soviet and East European Region), together with a draft covering letter from PS to PS/No 10.

R.H. Smith

3 August 1983

R H Smith
 East European and Soviet
 Department

ARTICLES ON EAST-WEST RELATIONS, THE SOVIET UNION
AND EASTERN EUROPEEast-West Relations

1. 'Fundamental Issues in East-West Relations'
by Dr Henry Kissinger.

A wide-ranging analysis which advocates a firm and pragmatic approach towards negotiations and trade with the Soviet Union. Dr Kissinger takes account of the limitations imposed on Andropov by his age, but perhaps places undue emphasis on the importance of Andropov's period as Chairman of the KGB.

2. 'Soviet-American Diplomacy at the End of an Era'
by L T Caldwell, Occidental College and G W Benz, University of Denver.

A sound historical analysis of US/Soviet relations in recent years, with particular emphasis on arms control.

3. 'Soviet Foreign Policy in the Brezhnev Years'
by R P Barston, lecturer in international relations at Lancaster University.

A good over-view.

East-West Economic Relations

4. 'Western Economic Sanctions Against the USSR'
by Dr Philip Hanson.

The author, the Reader in Soviet Economics at Birmingham University, and a leading expert in his field, argues that sanctions are probably not effective on matters of primary concern to the West and advocates a more laissez faire approach.

Military and Arms Control

5. 'Weapons and Peace', a lecture delivered by Professor Michael Howard on 13 January 1983.

The Soviet System and Implications for Foreign Policy

6. 'Choice and Change in Soviet Politics',
by W E Odom.

A competent survey of Andropov's options by a former military adviser to President Carter, with particular reference to the Soviet military establishment. He infers that Andropov will continue the Brezhnevian policy of assertive projection of Soviet power abroad and shun internal structural reform.

7. 'What we know About the Soviet Union',
by Walter Laqueur.

The author, chairman of the Research Council of the Georgetown (USA) University Center for Strategic and International Studies, looks at the difficulties of assessing Soviet developments, at the stresses and strains of Soviet society. He sees no prospect of change yet awhile and stresses the need for the West to show firmer resolve.

Soviet Internal

8. 'Andropov: Discipline and Reform?',
by A Brown of St Antony's College, Oxford.

A useful survey of Andropov's colleagues among the Soviet leadership and their relationships with their new leader.

9. 'Power and Position in the Kremlin',
by R F Ober, a US Foreign Service Officer who wrote the article while serving as State Department Fellow at the Council on Foreign Relations in New York.

A well-written, if rather speculative, account of where the Soviet leaders work and have contact with each other.

10. 'Why Central Asians will not be Absorbed',
by A W Crawford-White.

A concise analysis of demographic changes in Central Asia.

11. 'Political Communications in the USSR: Letters to Party, State, and Press', by Stephen White, Department of Politics, University of Glasgow.

A study of how Soviet citizens can make representations to the authorities.

12. 'Christians in Eastern Europe: A Decade of Aspirations and Frustrations', by Philip Walters.

A thorough over-view published in the Keston College Journal, 'Religion in Communist Lands'.

Soviet Economy

13. 'Can Andropov Kick Start the Red Train', by an Economist Special Correspondent.

The article discusses Andropov's chances of successfully tackling the problem of streamlining the Soviet economy with minimal or little reform.

14. 'Agriculture-Management and Performance', by D Gale Johnson.

The author argues that politics and bureaucracy have impeded and, failing major reforms, will impede Soviet agricultural performance.

Hungary

15. Article from the 'Financial Times' of 10 May 1983 by David Buchan.

PRIME MINISTER

EAST-WEST RELATIONS

You asked for some holiday reading.

I have asked the FCO to let us have in the next few days a selection of recent articles.

I also attach a copy of Mr. Shultz's testimony to the Senate Foreign Relations Committee on 15 June. You have seen this before but may like to study it at greater leisure now. It is likely that this statement represents the outcome of the Americans' own internal review.

A.J.C.

28 July 1983

CONFIDENTIAL

27



Foreign and Commonwealth Office

London SW1A 2AH

21 June 1983

Dear John,

Vice President Bush's Visit on 24 June

As background to Mr Bush's visit you may wish to have:

- (a) a copy of Mr Shultz's testimony to the Senate Foreign Relations Committee on 15 June;
- (b) two telegrams from Sir O Wright in Washington commenting on the testimony;
- (c) a short paper containing initial views at official level in the FCO.

I am putting these papers up in parallel to Sir G Howe.

Yours ever
[Signature]

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

A



**United States
Information
Service**

Embassy of the United States of America
Grosvenor Square
London W1A 2LH

Tel: (01) 499 9000

✓ Mr. Brundage
Mr. Smith
Mr. Carter
Mr. Tibbitts

} Separate copies

C O N T E N T S

1. SECRETARY OF STATE SHULTZ ON U.S.-SOVIET RELATIONS

2. MEETING THE INDUSTRIAL CHALLENGE: AN ADDRESS BY EDWIN HARPER, PRESIDENT REAGAN'S ASSISTANT FOR POLICY DEVELOPMENT

Thursday,
June 16th, 1983

Received at 0920 on
Monday 20 June

OFFICIAL TEXT

Thursday, June 16th, 1983

UNITED STATES INFORMATION SERVICE, U.S. EMBASSY, 55/56 UPPER BROOK STREET, LONDON W1A 2LH

SHULTZ JUNE 15 CONGRESSIONAL TESTIMONY

U.S.-SOVIET RELATIONS OF 'UTMOST IMPORTANCE'

- - - - -

WASHINGTON -- SECRETARY OF STATE SHULTZ SAID JUNE 15 THAT THE MANAGEMENT OF U.S. RELATIONS WITH THE SOVIET UNION "IS OF UTMOST IMPORTANCE."

"THAT RELATIONSHIP TOUCHES VIRTUALLY EVERY ASPECT OF OUR INTERNATIONAL CONCERNS AND OBJECTIVES," SHULTZ TOLD THE SENATE FOREIGN RELATIONS COMMITTEE.

IN A REVIEW OF U.S.-SOVIET RELATIONS IN THE CONTEXT OF U.S. FOREIGN POLICY, SHULTZ SAID:

"WE AND THE SOVIETS HAVE SHARPLY DIVERGENT GOALS AND PHILOSOPHIES OF POLITICAL AND MORAL ORDER...AT THE SAME TIME, WE HAVE A FUNDAMENTAL COMMON INTEREST IN THE AVOIDANCE OF WAR. THIS COMMON INTEREST IMPELS US TO WORK TOWARD A RELATIONSHIP BETWEEN OUR NATIONS THAT CAN LEAD TO A SAFER WORLD FOR ALL MANKIND."

FOLLOWING IS THE TEXT OF SHULTZ' REMARKS:

I WELCOME THE OPPORTUNITY TO DISCUSS WITH YOU OUR APPROACH TO U.S.-SOVIET RELATIONS IN THE CONTEXT OF OUR BROADER FOREIGN POLICY.

THE MANAGEMENT OF OUR RELATIONS WITH THE SOVIET UNION IS OF UTMOST IMPORTANCE. THE RELATIONSHIP TOUCHES VIRTUALLY EVERY ASPECT OF OUR INTERNATIONAL CONCERNS AND OBJECTIVES -- POLITICAL, ECONOMIC, AND MILITARY -- AND EVERY PART OF THE WORLD.

WE MUST DEFEND OUR INTERESTS AND VALUES AGAINST A POWERFUL SOVIET ADVERSARY THAT THREATENS BOTH. AND WE MUST DO SO IN A NUCLEAR AGE, IN WHICH A GLOBAL WAR WOULD EVEN MORE THOROUGHLY THREATEN THOSE INTERESTS AND VALUES. AS PRESIDENT REAGAN POINTED OUT ON MAY 31: "WE MUST BOTH DEFEND FREEDOM AND PRESERVE THE PEACE. WE MUST STAND TRUE TO OUR PRINCIPLES AND OUR FRIENDS WHILE PREVENTING A HOLOCAUST."

IT IS, AS HE SAID, "ONE OF THE MOST COMPLEX MORAL CHALLENGES EVER FACED BY ANY GENERATION."

WE AND THE SOVIETS HAVE SHARPLY DIVERGENT GOALS AND PHILOSOPHIES OF POLITICAL AND MORAL ORDER; THESE DIFFERENCES WILL NOT SOON GO AWAY. ANY OTHER ASSUMPTION IS UNREALISTIC. AT THE SAME TIME, WE HAVE A FUNDAMENTAL COMMON INTEREST IN THE AVOIDANCE OF WAR. THIS COMMON INTEREST IMPELS US TO WORK TOWARD A RELATIONSHIP BETWEEN OUR NATIONS THAT CAN LEAD TO A SAFER WORLD FOR ALL MANKIND.

BUT A SAFER WORLD WILL NOT BE REALIZED THROUGH GOOD WILL. OUR HOPES FOR THE FUTURE MUST BE GROUNDED IN A REALISTIC ASSESSMENT OF THE CHALLENGE WE FACE AND IN A DETERMINED EFFORT TO CREATE THE CONDITIONS THAT WILL MAKE THEIR ACHIEVEMENT POSSIBLE. WE HAVE MADE A START. EVERY POSTWAR AMERICAN PRESIDENT HAS COME SOONER OR LATER TO RECOGNIZE THAT PEACE MUST BE BUILT ON STRENGTH; PRESIDENT REAGAN HAS LONG RECOGNIZED THIS REALITY. IN THE PAST TWO YEARS THIS NATION -- THE PRESIDENT IN PARTNERSHIP WITH THE CONGRESS -- HAS MADE A FUNDAMENTAL COMMITMENT TO RESTORING ITS MILITARY AND ECONOMIC POWER AND MORAL AND SPIRITUAL STRENGTH. AND HAVING BEGUN TO REBUILD OUR STRENGTH, WE NOW SEEK TO ENGAGE THE SOVIET LEADERS IN A CONSTRUCTIVE DIALOGUE -- A DIALOGUE THROUGH WHICH WE HOPE TO FIND POLITICAL SOLUTIONS TO OUTSTANDING ISSUES.

THIS IS THE CENTRAL GOAL WE HAVE PURSUED SINCE THE OUTSET OF THIS ADMINISTRATION. WE DO NOT WANT TO -- AND NEED NOT -- ACCEPT AS INEVITABLE THE PROSPECT OF ENDLESS, DANGEROUS CONFRONTATION WITH THE SOVIET UNION. FOR IF WE DO, THEN MANY OF THE GREAT GOALS THAT THE UNITED STATES PURSUES IN WORLD AFFAIRS -- PEACE, HUMAN RIGHTS, ECONOMIC PROGRESS, NATIONAL INDEPENDENCE -- WILL ALSO BE OUT OF REACH. WE CAN -- AND MUST -- DO BETTER.

WITH THAT INTRODUCTION, LET ME BRIEFLY LAY OUT FOR THIS COMMITTEE WHAT I SEE AS THE CHALLENGE POSED BY THE SOVIET UNION'S INTERNATIONAL BEHAVIOR IN RECENT YEARS AND THE STRATEGY WHICH THAT CHALLENGE REQUIRES OF US. THEN I WOULD LIKE TO DISCUSS STEPS THIS ADMINISTRATION HAS TAKEN TO IMPLEMENT THAT STRATEGY. FINALLY, I WILL FOCUS ON THE SPECIFIC ISSUES THAT MAKE UP THE AGENDA FOR U.S.-SOVIET DIALOGUE AND NEGOTIATION.

TOGETHER, THESE ELEMENTS CONSTITUTE A POLICY THAT TAKES ACCOUNT OF THE FACTS OF SOVIET POWER AND OF SOVIET CONDUCT, MOBILIZES THE RESOURCES NEEDED TO DEFEND OUR INTERESTS, AND OFFERS AN AGENDA FOR CONSTRUCTIVE DIALOGUE TO RESOLVE CONCRETE INTERNATIONAL PROBLEMS. WE BELIEVE THAT, IF SUSTAINED, THIS POLICY WILL MAKE INTERNATIONAL RESTRAINT MOSCOW'S MOST REALISTIC COURSE, AND IT CAN LAY THE FOUNDATION FOR A MORE CONSTRUCTIVE RELATIONSHIP BETWEEN OUR PEOPLES.

I. THE SOVIET CHALLENGE

IT IS SOMETIMES SAID THAT AMERICANS HAVE TOO SIMPLE A VIEW OF WORLD AFFAIRS; THAT WE START WITH THE ASSUMPTION THAT ALL PROBLEMS CAN BE SOLVED. CERTAINLY WE HAVE A SIMPLE VIEW OF HOW THE WORLD SHOULD BE -- FREE PEOPLES CHOOSING THEIR OWN DESTINIES, NURTURING THEIR PROSPERITY, PERCEABLY RESOLVING CONFLICTS. THIS IS THE VISION THAT INSPIRES AMERICA'S ROLE IN THE WORLD. IT DOES NOT, HOWEVER, LEAD US TO REGARD MUTUAL HOSTILITY WITH THE USSR AS AN IMMUTABLE FACT OF INTERNATIONAL LIFE.

CERTAINLY THERE ARE MANY FACTORS CONTRIBUTING TO EAST-WEST TENSION. THE SOVIET UNION'S STRATEGIC EURASIAN LOCATION PLACES IT IN CLOSE PROXIMITY TO IMPORTANT WESTERN INTERESTS ON TWO CONTINENTS. ITS ASPIRATIONS FOR GREATER INTERNATIONAL INFLUENCE LEAD IT TO CHALLENGE THESE INTERESTS. ITS MARXIST-LENINIST IDEOLOGY GIVES ITS LEADERS A PERSPECTIVE ON HISTORY AND A VISION OF THE FUTURE FUNDAMENTALLY DIFFERENT FROM OUR OWN. BUT WE ARE NOT SO DETERMINISTIC AS TO BELIEVE THAT GEOPOLITICS AND IDEOLOGICAL COMPETITION MUST INELUCTABLY LEAD TO PERMANENT AND DANGEROUS CONFRONTATION. NOR IS IT PERMANENTLY INEVITABLE THAT CONTENTION BETWEEN THE UNITED STATES AND THE SOVIET UNION

MUST DOMINATE AND DISTORT INTERNATIONAL POLITICS.

A PEACEFUL WORLD ORDER DOES NOT REQUIRE THAT WE AND THE SOVIET UNION AGREE ON ALL THE FUNDAMENTALS OF MORALS OR POLITICS. IT DOES REQUIRE, HOWEVER, THAT MOSCOW'S BEHAVIOR BE SUBJECT TO THE RESTRAINT APPROPRIATE TO LIVING TOGETHER ON THIS PLANET IN THE NUCLEAR AGE. NOT ALL THE MANY EXTERNAL AND INTERNAL FACTORS AFFECTING SOVIET BEHAVIOR CAN BE INFLUENCED BY US. BUT WE TAKE IT AS PART OF OUR OBLIGATION TO PEACE TO ENCOURAGE THE GRADUAL EVOLUTION OF THE SOVIET SYSTEM TOWARD A MORE PLURALISTIC POLITICAL AND ECONOMIC SYSTEM, AND ABOVE ALL TO COUNTER SOVIET EXPANSIONISM THROUGH SUSTAINED AND EFFECTIVE POLITICAL, ECONOMIC, AND MILITARY COMPETITION.

IN THE PAST DECADE, REGRETTABLY, THE CHANGES IN SOVIET BEHAVIOR HAVE BEEN FOR THE WORSE. SOVIET ACTIONS HAVE COME INTO CONFLICT WITH MANY OF OUR OBJECTIVES. THEY HAVE MADE THE TASK OF MANAGING THE SOVIET-AMERICAN RELATIONSHIP CONSIDERABLY HARDER, AND HAVE NEEDLESSLY DRAWN MORE AND MORE INTERNATIONAL PROBLEMS INTO THE EAST-WEST RIVALRY.

TO BE SPECIFIC, IT IS THE FOLLOWING DEVELOPMENTS WHICH HAVE CAUSED US THE MOST CONCERN:

-- FIRST IS THE CONTINUING SOVIET QUEST FOR MILITARY SUPERIORITY EVEN IN THE FACE OF MOUNTING DOMESTIC ECONOMIC DIFFICULTIES.

IN THE 1970'S THE ALLOCATION OF RESOURCES FOR THE SOVIET MILITARY WAS NOT ONLY AT THE EXPENSE OF THE SOVIET CONSUMER. IT CAME EVEN AT THE EXPENSE OF INDUSTRIAL INVESTMENT ON WHICH THE LONG-TERM DEVELOPMENT OF THE ECONOMY DEPENDS. THIS DECISION TO MORTGAGE THE INDUSTRIAL FUTURE OF THE COUNTRY IS A STRIKING DEMONSTRATION OF THE INORDINATE VALUE THE SOVIETS ASSIGN TO MAINTAINING THE MOMENTUM OF THE RELENTLESS MILITARY BUILDUP UNDERWAY SINCE THE MID-1960'S. THIS BUILDUP CONSUMED AN ESTIMATED ANNUAL AVERAGE OF AT LEAST 12 PERCENT OF SOVIET GNP THROUGHOUT THIS ENTIRE PERIOD, AND HAS RECENTLY CONSUMED EVEN MORE AS A RESULT OF THE SHARP DECLINE IN SOVIET ECONOMIC GROWTH. DURING MUCH OF THIS SAME PERIOD, AS YOU KNOW, THE SHARE OF OUR OWN GNP DEVOTED TO DEFENSE SPENDING HAS ACTUALLY DECLINED.

THE SECOND DISTURBING DEVELOPMENT IS THE UNCONSTRUCTIVE SOVIET INVOLVEMENT, DIRECT AND INDIRECT, IN UNSTABLE AREAS

NATIONAL INTERESTS
-- AND MUST -- DO BETTER.

OF THE THIRD WORLD. ARMS HAVE BECOME A LARGER PERCENTAGE OF SOVIET EXPORTS THAN OF THE EXPORT TRADE OF ANY OTHER COUNTRY. THE SOVIETS HAVE TOO OFTEN ATTEMPTED TO PLAY A SPOILING OR SCAVENGING ROLE IN AREAS OF CONCERN TO US, MOST RECENTLY IN THE MIDDLE EAST.

BEYOND THIS, THE SOVIETS IN THE 70'S BROKE MAJOR NEW GROUND IN THE KINDS OF FOREIGN MILITARY INTERVENTION THEY WERE WILLING TO RISK FOR THEMSELVES OR THEIR SURROGATES. THIS HAS ESCALATED FROM THE PROVISION OF LARGE NUMBERS OF MILITARY ADVISERS, TO THE MORE EXTENSIVE AND AGGRESSIVE USE OF PROXY FORCES AS IN ANGOLA, ETHIOPIA, AND INDOCHINA, AND FINALLY TO THE MASSIVE EMPLOYMENT OF THE SOVIET UNION'S OWN GROUND TROOPS IN THE INVASION OF AFGHANISTAN. IN THIS WAY, THE SOVIET UNION HAS TRIED TO BLOCK PEACEFUL SOLUTIONS AND HAS BROUGHT EAST-WEST TENSIONS INTO AREAS OF THE WORLD THAT WERE ONCE FREE OF THEM.

-- THIRD IS THE UNRELENTING EFFORT TO IMPOSE AN ALIEN SOVIET "MODEL" ON NOMINALLY INDEPENDENT SOVIET CLIENTS AND ALLIES. ONE OF THE MOST IMPORTANT RECENT ACHIEVEMENTS IN EAST-WEST RELATIONS WAS THE NEGOTIATION OF THE HELSINKI FINAL ACT, WITH ITS PLEDGES CONCERNING HUMAN RIGHTS AND NATIONAL INDEPENDENCE IN EUROPE. POLAND'S EXPERIENCE IN THE PAST TWO YEARS CAN BE CONSIDERED A MAJOR TEST OF THE SOVIET UNION'S RESPECT -- OR LACK OF IT -- FOR THESE COMMITMENTS. MOSCOW CLEARLY REMAINS UNWILLING TO COUNTENANCE MEANINGFUL NATIONAL AUTONOMY FOR ITS SATELLITES, LET ALONE REAL INDEPENDENCE.

ELSEWHERE IN THE WORLD, THE COMING TO POWER OF SOVIET-SUPPORTED REGIMES HAS USUALLY MEANT (AS IN AFGHANISTAN) THE FORCIBLE CREATION OF SOVIET-STYLE INSTITUTIONS AND THE HARSH REGIMENTATION AND REPRESSION OF FREE EXPRESSION AND FREE INITIATIVE -- ALL AT ENORMOUS HUMAN, CULTURAL, AND ECONOMIC COST.

-- FOURTH IS MOSCOW'S CONTINUING PRACTICE OF STRETCHING A SERIES OF TREATIES AND AGREEMENTS TO THE BRINK OF VIOLATION AND BEYOND. THE SOVIET UNION'S INFRINGEMENT OF ITS PROMISES AND LEGAL OBLIGATIONS IS NOT CONFINED TO ISOLATED INCIDENTS. WE HAVE HAD TO EXPRESS OUR CONCERNS ABOUT SOVIET INFRACTIONS ON ONE ISSUE AFTER ANOTHER -- HUMAN RIGHTS AND THE HELSINKI FINAL ACT, "YELLOW RAIN" AND BIOLOGICAL WARFARE. WE ARE BECOMING INCREASINGLY CONCERNED ABOUT SOVIET PRACTICES --

INCLUDING THE RECENT TESTING OF ICBMS -- THAT RAISE QUESTIONS ABOUT THE VALIDITY OF THEIR CLAIM OF COMPLIANCE WITH EXISTING SALT AGREEMENTS. LITTLE ELSE IS SO CORROSIVE OF INTERNATIONAL TRUST AS THIS PERSISTENT PATTERN OF SOVIET BEHAVIOR.

II. THE AMERICAN RESPONSE: BEYOND CONTAINMENT AND DETENTE

THIS ASSESSMENT OF SOVIET INTERNATIONAL BEHAVIOR BOTH DICTATES THE APPROACH WE MUST TAKE TO EAST-WEST RELATIONS, AND INDICATES THE MAGNITUDE OF THE TASK.

-- IF WE ARE CONCERNED ABOUT THE SOVIET COMMITMENT TO MILITARY POWER, WE HAVE TO TAKE STEPS TO RESTORE THE MILITARY BALANCE, PREFERABLY ON THE BASIS OF VERIFIABLE AGREEMENTS THAT REDUCE ARMS ON BOTH SIDES, BUT IF NECESSARY THROUGH OUR OWN AND ALLIED DEFENSE PROGRAMS.

-- IF WE ARE CONCERNED ABOUT THE SOVIET PROPENSITY TO USE FORCE AND PROMOTE INSTABILITY, WE HAVE TO MAKE CLEAR THAT WE WILL RESIST ENCROACHMENTS ON OUR VITAL INTERESTS AND THOSE OF OUR ALLIES AND FRIENDS.

-- IF WE ARE CONCERNED ABOUT THE LOSS OF LIBERTY THAT RESULTS WHEN SOVIET CLIENTS COME TO POWER, THEN WE HAVE TO ENSURE THAT THOSE WHO HAVE A POSITIVE ALTERNATIVE TO THE SOVIET MODEL RECEIVE OUR SUPPORT.

-- FINALLY, IF WE ARE CONCERNED ABOUT MOSCOW'S OBSERVANCE OF ITS INTERNATIONAL OBLIGATIONS, WE MUST LEAVE MOSCOW NO OPPORTUNITY TO DISTORT OR MISCONSTRUE OUR OWN INTENTIONS. WE WILL DEFEND OUR INTERESTS IF SOVIET CONDUCT LEAVES US NO ALTERNATIVE; AT THE SAME TIME WE WILL RESPECT LEGITIMATE SOVIET SECURITY INTERESTS AND ARE READY TO NEGOTIATE EQUITABLE SOLUTIONS TO OUTSTANDING POLITICAL PROBLEMS.

IN DESIGNING A STRATEGY TO MEET THESE GOALS, WE HAVE, OF COURSE, DRAWN IN PART ON PAST STRATEGIES, FROM CONTAINMENT TO DETENTE. THERE IS, AFTER ALL, SUBSTANTIAL CONTINUITY IN U.S. POLICY, A CONTINUITY THAT REFLECTS THE CONSISTENCY OF AMERICAN VALUES AND AMERICAN INTERESTS. HOWEVER, WE HAVE NOT HESITATED TO JETTISON ASSUMPTIONS ABOUT U.S.-SOVIET RELATIONS THAT HAVE BEEN REFUTED BY EXPERIENCE OR OVERTAKEN BY EVENTS.

CONSIDER HOW THE WORLD HAS CHANGED SINCE THE TRUMAN ADMINISTRATION DEVELOPED THE DOCTRINE OF CONTAINMENT.

SOVIET INVOLVEMENT, DIRECT AND INDIRECT

SOVIET AMBITIONS AND CAPABILITIES HAVE LONG SINCE REACHED
BEYOND THE GEOGRAPHIC BOUNDS THAT THIS DOCTRINE TOOK FOR
GRANTED. TODAY MOSCOW CONDUCTS A FULLY GLOBAL FOREIGN AND
MILITARY POLICY THAT PLACES GLOBAL DEMANDS ON ANY STRATEGY
THAT AIMS TO COUNTER IT. WHERE IT WAS ONCE OUR GOAL TO
CONTAIN THE SOVIET PRESENCE WITHIN THE LIMITS OF ITS
IMMEDIATE POSTWAR REACH, NOW OUR GOAL MUST BE TO ADVANCE OUR
OWN OBJECTIVES, WHERE POSSIBLE FORECLOSING AND WHEN
NECESSARY ACTIVELY COUNTERING SOVIET CHALLENGES WHEREVER
THEY THREATEN OUR INTERESTS.

THE POLICY OF DETENTE, OF COURSE, REPRESENTED AN EFFORT
TO INDUCE SOVIET RESTRAINT. WHILE IN SOME VERSIONS IT
RECOGNIZED THE NEED TO RESIST SOVIET GEOPOLITICAL
ENCROACHMENTS IT ALSO HOPED THAT THE ANTICIPATION OF
BENEFITS FROM EXPANDING ECONOMIC RELATIONS AND ARMS CONTROL
AGREEMENTS WOULD RESTRAIN SOVIET BEHAVIOR.

UNFORTUNATELY, EXPERIENCE HAS PROVED OTHERWISE. THE
ECONOMIC RELATIONSHIP MAY HAVE EASED SOME OF THE DOMESTIC
SOVIET ECONOMIC CONSTRAINTS THAT MIGHT HAVE AT LEAST
MARGINALLY INHIBITED MOSCOW'S BEHAVIOR. IT ALSO RAISED THE
SPECTER OF A FUTURE WESTERN DEPENDENCE ON SOVIET-BLOC TRADE
THAT WOULD INHIBIT WESTERN FREEDOM OF ACTION TOWARDS THE
EAST MORE THAN IT WOULD DICTATE PRUDENCE TO THE USSR.
SIMILARLY, THE SALT I AND SALT II PROCESSES DID NOT CURB THE
SOVIET STRATEGIC ARMS BUILDUP, WHILE ENCOURAGING MANY IN THE
WEST TO IMAGINE THAT SECURITY CONCERNS COULD NOW BE PLACED
LOWER ON THE AGENDA.

GIVEN THESE DIFFERENCES FROM THE PAST, WE HAVE NOT BEEN
ABLE MERELY TO TINKER WITH EARLIER APPROACHES. UNLIKE
CONTAINMENT, OUR POLICY BEGINS WITH THE CLEAR RECOGNITION
THAT THE SOVIET UNION IS AND WILL REMAIN A GLOBAL
SUPERPOWER. IN RESPONSE TO THE LESSONS OF THIS GLOBAL
SUPERPOWER'S CONDUCT IN RECENT YEARS, OUR POLICY, UNLIKE
SOME VERSIONS OF DETENTE, ASSUMES THAT THE SOVIET UNION IS
MORE LIKELY TO BE DETERRED BY OUR ACTIONS THAT MAKE CLEAR
THE RISKS THEIR AGGRESSION ENTAILS THAN BY A DELICATE WEB OF
INTERDEPENDENCE.

OUR POLICY IS NOT BASED ON TRUST, OR ON A SOVIET CHANGE
OF HEART. IT IS BASED ON THE EXPECTATION THAT, FACED WITH
DEMONSTRATION OF THE WEST'S RENEWED DETERMINATION TO
STRENGTHEN ITS DEFENSES, ENHANCE ITS POLITICAL AND ECONOMIC

COHESION, AND OPPOSE ADVENTURISM, THE SOVIET UNION WILL SEE RESTRAINT AS ITS MOST ATTRACTIVE, OR ONLY, OPTION.

PERHAPS, OVER TIME, THIS RESTRAINT WILL BECOME AN INGRAINED HABIT; PERHAPS NOT. EITHER WAY, OUR RESPONSIBILITY TO BE VIGILANT IS THE SAME.

III. PROGRAMS TO INCREASE OUR STRENGTH

IN A RAPIDLY EVOLVING INTERNATIONAL ENVIRONMENT, THERE ARE MANY FUNDAMENTAL WAYS THE DEMOCRATIC NATIONS CAN, AND MUST, ADVANCE THEIR OWN GOALS IN THE FACE OF THE PROBLEM POSED BY THE SOVIET UNION. WE MUST BUILD A DURABLE POLITICAL CONSENSUS AT HOME AND WITHIN THE ATLANTIC ALLIANCE ON THE NATURE OF THE SOVIET CHALLENGE. WE MUST STRENGTHEN OUR DEFENSES AND THOSE OF OUR ALLIES. WE MUST BUILD A COMMON APPROACH WITHIN THE ALLIANCE ON THE STRATEGIC IMPLICATIONS OF EAST-WEST ECONOMIC RELATIONS. AND WE MUST COMPETE PEACEFULLY AND EVEN MORE EFFECTIVELY WITH THE USSR FOR THE POLITICAL SYMPATHIES OF THE GLOBAL ELECTORATE, ESPECIALLY THROUGH THE PROMOTION OF ECONOMIC DYNAMISM AND DEMOCRACY THROUGHOUT THE WORLD. FINALLY, WE MUST CONTINUE REBUILDING AMERICA'S MORAL-SPIRITUAL STRENGTH. IF SUSTAINED OVER TIME, THESE POLICIES CAN FOSTER A PROGRESSIVELY MORE PRODUCTIVE DIALOGUE WITH THE SOVIET UNION ITSELF.

BUILDING CONSENSUS. FROM THE BEGINNING OF THIS ADMINISTRATION, THE PRESIDENT RECOGNIZED HOW ESSENTIAL IT WAS TO CONSOLIDATE A NEW CONSENSUS, HERE AT HOME AND AMONG OUR TRADITIONAL ALLIES AND FRIENDS.

AFTER FIFTEEN YEARS IN WHICH FOREIGN POLICY HAD BEEN INCREASINGLY A DIVISIVE ISSUE, HE BELIEVED WE HAD AN OPPORTUNITY TO SHAPE A NEW UNITY IN AMERICA, EXPRESSING THE AMERICAN PEOPLE'S RECOVERY OF SELF-CONFIDENCE. AFTER THE TRAUMA OF VIETNAM, HE SOUGHT TO BOLSTER A REALISTIC PRIDE IN OUR COUNTRY AND TO REENFORCE THE CIVIC COURAGE AND COMMITMENT ON WHICH THE CREDIBILITY OF OUR MILITARY DETERRENT ULTIMATELY RESTS.

THE PRESIDENT ALSO FELT THAT THE POSSIBILITY OF GREATER COOPERATION WITH OUR ALLIES DEPENDED IMPORTANTLY ON A REAFFIRMATION OF OUR COMMON MORAL VALUES AND INTERESTS. THERE WERE, AS WELL, OPPORTUNITIES FOR COOPERATION WITH FRIENDLY GOVERNMENTS OF THE DEVELOPING WORLD AND NEW EFFORTS TO SEEK AND ACHIEVE COMMON OBJECTIVES.

REDRESSING THE MILITARY BALANCE. PRESIDENT REAGAN ALSO BEGAN A MAJOR EFFORT TO MODERNIZE OUR MILITARY FORCES. THE CENTRAL GOAL OF OUR NATIONAL SECURITY POLICY IS DETERRENCE OF WAR; RESTORING AND MAINTAINING THE STRATEGIC BALANCE IS A NECESSARY CONDITION FOR THAT DETERRENCE. BUT THE STRATEGIC BALANCE ALSO SHAPES, TO AN IMPORTANT DEGREE, THE GLOBAL ENVIRONMENT IN WHICH THE UNITED STATES PURSUES ITS FOREIGN POLICY OBJECTIVES. THEREFORE, DECISIONS ON MAJOR STRATEGIC WEAPONS SYSTEMS CAN HAVE PROFOUND POLITICAL AS WELL AS MILITARY CONSEQUENCES.

AS SECRETARY OF STATE I AM ACUTELY CONSCIOUS OF THE STRENGTH OR WEAKNESS OF AMERICAN POWER AND ITS EFFECT ON OUR INFLUENCE OVER EVENTS. PERCEPTIONS OF THE STRATEGIC BALANCE ARE BOUND TO AFFECT THE JUDGMENTS OF NOT ONLY OUR ADVERSARIES BUT ALSO OUR ALLIES AND FRIENDS AROUND THE WORLD WHO RELY ON US. AS LEADER OF THE DEMOCRATIC NATIONS, WE HAVE AN INESCAPABLE RESPONSIBILITY TO MAINTAIN THIS PILLAR OF THE MILITARY BALANCE WHICH ONLY WE CAN MAINTAIN. OUR DETERMINATION TO DO SO IS AN IMPORTANT SIGNAL OF OUR RESOLVE, AND IS ESSENTIAL TO SUSTAINING THE CONFIDENCE OF ALLIES AND FRIENDS AND THE COHESION OF OUR ALLIANCES. THIS IS WHY THE CONGRESS'S SUPPORT OF THE PEACEKEEPER ICDA PROGRAM HAS BEEN SUCH A VALUABLE CONTRIBUTION TO OUR FOREIGN POLICY, AS WELL AS TO OUR DEFENSE.

AT THE SAME TIME, WE HAVE BEGUN AN ACCELERATED PROGRAM TO STRENGTHEN OUR CONVENTIONAL CAPABILITIES. WE ARE PURSUING MAJOR IMPROVEMENTS OF OUR GROUND, NAVAL, AND TACTICAL AIR FORCES; WE HAVE ALSO ADDED A NEW CENTRAL COMMAND IN THE MIDDLE EAST THAT WILL ENHANCE OUR ABILITY TO DEPLOY FORCES RAPIDLY IF THREATS TO OUR VITAL INTERESTS MAKE THIS NECESSARY. TO DETER OR DEAL WITH ANY FUTURE CRISIS, WE NEED TO MAINTAIN BOTH OUR CONVENTIONAL CAPABILITIES AND OUR STRATEGIC DETERRENT.

WE ARE ALSO WORKING CLOSELY WITH OUR ALLIES TO IMPROVE OUR COLLECTIVE DEFENSE. AS SHOWN IN THE SECURITY DECLARATION OF THE WILLIAMSBURG SUMMIT AND IN THE NORTH ATLANTIC COUNCIL COMMUNIQUE OF JUST THE OTHER DAY, WE AND OUR ALLIES ARE UNITED IN OUR APPROACH IN THE INF NEGOTIATIONS IN GENEVA AND REMAIN ON SCHEDULE FOR THE

DEPLOYMENT OF PERSHING II AND GROUND-LAUNCHED CRUISE MISSILES. THAT DEPLOYMENT WILL TAKE PLACE AS PLANNED UNLESS WE ARE ABLE TO REACH A BALANCED AND VERIFIABLE AGREEMENT AT GENEVA WHICH MAKES DEPLOYMENT UNNECESSARY.

UPGRADING NATO'S CONVENTIONAL FORCES IS, OF COURSE, A COLLECTIVE ALLIANCE RESPONSIBILITY. AT THE NATO SUMMIT IN BONN A YEAR AGO, THE PRESIDENT AND THE LEADERS OF THE ATLANTIC ALLIANCE REAFFIRMED THAT A CREDIBLE CONVENTIONAL DEFENSE IS ESSENTIAL TO ENSURING EUROPEAN SECURITY. WE AND OUR ALLIES WILL CONTINUE OUR EFFORTS TOWARD THIS GOAL. AT THE SAME TIME, WE HAVE TAKEN STEPS TO ENSURE A MORE EQUITABLE SHARING OF THE BURDEN OF THAT DEFENSE. AS A MEASURE OF THE VALUE OF SUCH STEPS, WE ESTIMATE THAT LAST YEAR'S AGREEMENT WITH THE FRG ON HOST-NATION SUPPORT WILL COST ABOUT TEN PERCENT OF WHAT IT WOULD COST TO PROVIDE THE SAME CAPABILITY WITH U.S. RESERVES OR THREE PERCENT OF WHAT IT WOULD COST TO PROVIDE THAT CAPABILITY WITH ACTIVE FORCES.

THE SOVIETS APPARENTLY BELIEVE THEY CAN WEAKEN OR DIVIDE THE WESTERN ALLIANCE IF THEY CAN DOMINATE OUTLYING STRATEGIC AREAS AND RESOURCES. TO DETER THREATS TO OUR VITAL INTERESTS OUTSIDE OF EUROPE, WE ARE DEVELOPING OUR ABILITY TO MOVE FORCES, SUPPORTED BY OUR ALLIES, TO KEY AREAS OF THE WORLD SUCH AS SOUTHWEST ASIA. THE ALLIES ARE ALSO WORKING WITH US TO CONTRIBUTE TO STABILITY AND SECURITY IN CERTAIN VOLATILE AREAS, INCLUDING LEBANON AND THE SINAI.

IN ASIA WE ARE MODERNIZING OUR FORCES AND ARE WORKING WITH OUR ALLIES, ESPECIALLY JAPAN AND KOREA, TO IMPROVE THEIR ABILITY TO FULFILL AGREED ROLES AND MISSIONS.

REASSESSING THE SECURITY IMPLICATIONS OF EAST-WEST ECONOMIC RELATIONS. THE BALANCE OF POWER CANNOT BE MEASURED SIMPLY IN TERMS OF MILITARY FORCES OR HARDWARE; MILITARY POWER RESTS ON A FOUNDATION OF ECONOMIC STRENGTH. THUS, WE AND OUR ALLIES MUST NOT ONLY STRENGTHEN OUR OWN ECONOMIES BUT WE MUST ALSO DEVELOP A COMMON APPROACH TO OUR ECONOMIC RELATIONS WITH THE SOVIET UNION THAT TAKES INTO ACCOUNT OUR BROAD STRATEGIC AND SECURITY INTERESTS. IN THE PAST, THE NATIONS OF THE WEST HAVE SOMETIMES HELPED THE SOVIETS TO AVOID DIFFICULT ECONOMIC CHOICES BY ALLOWING THEM TO ACQUIRE MILITARILY RELEVANT TECHNOLOGY AND SUBSIDIZED CREDITS. POSSIBLE DEPENDENCE ON ENERGY IMPORTS FROM THE SOVIET UNION

FRIENDLY GOVERNMENTS OF THE DEVELOPING WORLD AND NEW COUNTRIES TO SEEK AND ACHIEVE COMMON OBJECTIVES.

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IS ANOTHER CAUSE FOR CONCERN.

IN THE PAST YEAR, WE HAVE MADE SUBSTANTIAL PROGRESS TOWARD AN ALLIED CONSENSUS ON EAST-WEST TRADE. THE WILLIAMSBURG SUMMIT DECLARATION STATED CLEARLY: "EAST-WEST ECONOMIC RELATIONS SHOULD BE COMPATIBLE WITH OUR SECURITY INTERESTS." THE NATO COMMUNIQUE TWO DAYS AGO MADE A SIMILAR STATEMENT. OUR ALLIES AGREE WITH US THAT TRADE WHICH MAKES A CLEAR AND DIRECT CONTRIBUTION TO THE MILITARY STRENGTH OF THE SOVIET UNION SHOULD BE PROHIBITED. THERE IS ALSO GENERAL AGREEMENT THAT ECONOMIC RELATIONS WITH THE USSR SHOULD BE CONDUCTED ON THE BASIS OF A STRICT BALANCE OF MUTUAL ADVANTAGES.

STUDIES UNDERTAKEN UNDER NATO AND OECD AUSPICES HAVE FOR THE FIRST TIME LAID THE GROUNDWORK FOR COMMON ANALYSES. WE EXPECT IN TIME TO DRAW COMMON POLICY CONCLUSIONS FROM THESE STUDIES. THE COMMUNIQUE OF THE OECD MINISTERIAL MEETING ON MAY 9-10 DECLARED THAT "EAST-WEST TRADE AND CREDIT FLOWS SHOULD BE GUIDED BY THE INDICATIONS OF THE MARKET. IN THE LIGHT OF THESE INDICATIONS, GOVERNMENTS SHOULD EXERCISE FINANCIAL PRUDENCE WITHOUT GRANTING PREFERENTIAL TREATMENT." THE UNITED STATES SEEKS AGREEMENT THAT WE NOT SUBSIDIZE SOVIET IMPORTS THROUGH THE TERMS OF GOVERNMENT CREDITS. BEYOND THIS, WE URGE OTHER WESTERN GOVERNMENTS TO EXERCISE RESTRAINT IN PROVIDING OR GUARANTEEING CREDIT TO THE SOVIET UNION, ALLOWING THE COMMERCIAL CONSIDERATIONS OF THE MARKET TO GOVERN CREDIT. SIMILARLY, AT THE IEA MINISTERIAL MEETING IN PARIS ON MAY 8, IT WAS AGREED THAT SECURITY CONCERNS SHOULD BE CONSIDERED AMONG THE FULL COSTS OF IMPORTED ENERGY, SUCH AS GAS; IT WAS AGREED THAT COUNTRIES "WOULD SEEK TO AVOID UNDUE DEPENDENCE ON ANY ONE SOURCE OF GAS IMPORTS AND TO OBTAIN FUTURE GAS SUPPLIES FROM SECURE SOURCES, WITH EMPHASIS ON INDIGENOUS OECD SOURCES."

THE FRUITFUL COOPERATIVE DISCUSSIONS OF THESE ISSUES AT THE OECD, IEA, WILLIAMSBURG, AND NATO ARE ONLY A BEGINNING. ECONOMIC RELATIONSHIPS ARE A PERMANENT ELEMENT OF THE STRATEGIC EQUATION. HOW THE WEST SHOULD RESPOND ECONOMICALLY TO THE SOVIET CHALLENGE WILL AND SHOULD BE A SUBJECT OF CONTINUING DISCUSSION IN WESTERN FORUMS FOR YEARS TO COME.

PEACE AND STABILITY IN THE THIRD WORLD. SINCE THE 1950'S, THE SOVIET UNION HAS FOUND IN THE DEVELOPING REGIONS

OF THE THIRD WORLD ITS GREATEST OPPORTUNITIES FOR EXTENDING ITS INFLUENCE THROUGH SUBVERSION AND EXPLOITATION OF LOCAL CONFLICTS. A SATISFACTORY EAST-WEST MILITARY BALANCE WILL NOT BY ITSELF CLOSE OFF SUCH OPPORTUNITIES. WE MUST ALSO RESPOND TO THE ECONOMIC, POLITICAL, AND SECURITY PROBLEMS THAT CONTRIBUTE TO THESE OPPORTUNITIES. OUR APPROACH HAS FOUR KEY ELEMENTS:

-- FIRST, IN THE MANY AREAS WHERE SOVIET ACTIVITIES HAVE ADDED TO INSTABILITY, WE ARE PURSUING PEACEFUL DIPLOMATIC SOLUTIONS TO REGIONAL PROBLEMS, TO RAISE THE POLITICAL COSTS OF SOVIET-BACK MILITARY PRESENCE AND TO ENCOURAGE THE DEPARTURE OF SOVIET-BACKED FORCES. OUR ACHIEVEMENTS IN THE MIDDLE EAST, WHILE FAR FROM COMPLETE, ARE ADDRESSED TO THIS GOAL; WE ARE ACTIVELY ENCOURAGING ASEAN EFFORTS TO BRING ABOUT VIETNAMESE WITHDRAWAL FROM KAMPUCHEA; WE STRONGLY SUPPORT THE WORLDWIDE CAMPAIGN FOR SOVIET WITHDRAWAL FROM AFGHANISTAN; AND WE HAVE MADE CONSIDERABLE PROGRESS TOWARD AN INTERNATIONALLY ACCEPTABLE AGREEMENT ON NAMIBIA. IN OUR OWN HEMISPHERE, WE ARE WORKING WITH OTHER REGIONAL STATES IN SUPPORT OF A PEACEFUL SOLUTION TO THE CONFLICT AND INSTABILITY IN CENTRAL AMERICA.

-- SECOND, WE ARE BUILDING UP THE SECURITY CAPABILITIES OF VULNERABLE GOVERNMENTS IN STRATEGICALLY IMPORTANT AREAS. WE ARE HELPING OUR FRIENDS TO HELP THEMSELVES AND TO HELP EACH OTHER. FOR THIS PURPOSE, WE ARE ASKING THE CONGRESS FOR A LARGER, MORE FLEXIBLE SECURITY ASSISTANCE PROGRAM FOR FY 84.

-- THIRD, OUR PROGRAM RECOGNIZES THAT ECONOMIC CRISIS AND POLITICAL INSTABILITY CREATE FERTILE GROUND FOR SOVIET-SPONSORED ADVENTURISM. WE ARE SEEKING ALMOST FOUR BILLION DOLLARS IN ECONOMIC ASSISTANCE TO HELP DEVELOPING COUNTRIES LAY THE BASIS FOR ECONOMIC AND SOCIAL PROGRESS. WE ARE SEEKING CONGRESSIONAL APPROVAL TO RAISE IMF QUOTAS AND BROADEN IMF BORROWING ARRANGEMENTS TO ADDRESS CRITICAL FINANCIAL NEEDS OF SOME OF THE LARGEST THIRD WORLD NATIONS. WE URGE THE CONGRESS TO APPROVE THE FULL AMOUNT REQUESTED BY THE ADMINISTRATION TOWARD MEETING THE U.S. COMMITMENT TO THE IDA.

-- FINALLY, THERE IS THE DEMOCRACY INITIATIVE, AN EFFORT TO ASSIST OUR FRIENDS IN THE THIRD WORLD TO BUILD A FOUNDATION FOR DEMOCRACY. IT IS PATRONIZING TO ASSUME THAT

~~TO SEEK AND ACHIEVE COMMON OBJECTIVES.~~

THE PEOPLES OF THE DEVELOPING WORLD DO NOT HAVE THE SAME ASPIRATIONS FOR LIBERTY AND DEMOCRACY THAT PEOPLES IN THE INDUSTRIALIZED WEST ARE FORTUNATE ENOUGH TO ENJOY.

THEREFORE WE ARE SEEKING WAYS TO ASSIST UNIONS, POLITICAL PARTIES, JOURNALISTS AND OTHER GROUPS THAT ARE STRIVING TO BUILD PLURALISTIC SOCIETIES AND DEMOCRATIC INSTITUTIONS. AS WE PURSUE CRITICAL SECURITY GOALS IN AREAS AS CLOSE TO HOME AS CENTRAL AMERICA, WE CONTINUE TO ENCOURAGE, INDEED TO INSIST, THAT DEMOCRATIZATION AND RESPECT FOR HUMAN RIGHTS BE PART OF THE PROCESS.

TO THE EXTENT THAT OUR INVOLVEMENT THERE IS CONSTRAINED BY CONGRESSIONAL ACTION, I MUST SAY, THESE VERY OBJECTIVES ARE HARMED THE MOST.

I MIGHT SAY IT HAS BEEN FASCINATING TO ME, AS THIS PROJECT, WHICH IS VERY SMALL, HAS GOTTEN STARTED, TO SEE THE REACTION TO IT. WE HELD A MEETING IN THE STATE DEPARTMENT WITH PEOPLE FROM VARIOUS PARTS OF THE WORLD ON THE SUBJECT OF FREE ELECTIONS, AND IT WAS DENOUNCED BY THE SOVIET UNION. THE INTERESTING THING WAS THEY NOTICED IT.

I WAS STRUCK BY THE FACT THAT IN MR. CHERNENKO'S SPEECH YESTERDAY, ONE OF THE SUBJECTS THAT HE BROUGHT OUT WAS THE IMPORTANCE TO THEM OF DESTROYING PRESIDENT REAGAN'S IN A SENSE, IDEOLOGICAL INITIATIVE. IT SEEMS WE HAVE THEIR ATTENTION. BUT I THINK IF WE CAN PUT COMPETITION ON THE BASIS OF IDEOLOGICAL COMPETITION, OF COMPETITION OF ECONOMIC SYSTEMS, WE WILL WALK AWAY WITH IT.

IV. NEGOTIATION AND DIALOGUE: THE U.S.-SOVIET AGENDA

TOGETHER THESE PROGRAMS INCREASE OUR POLITICAL, MILITARY AND ECONOMIC STRENGTH AND HELP CREATE AN INTERNATIONAL CLIMATE IN WHICH OPPORTUNITIES FOR SOVIET ADVENTURISM ARE REDUCED. THEY ARE ESSENTIAL FOR THE SUCCESS OF THE FINAL ELEMENT OF OUR STRATEGY -- ENGAGING THE SOVIETS IN AN ACTIVE AND PRODUCTIVE DIALOGUE ON THE CONCRETE ISSUES THAT CONCERN THE TWO SIDES. STRENGTH AND REALISM CAN DETER WAR, BUT ONLY DIRECT DIALOGUE AND NEGOTIATION CAN OPEN THE PATH TOWARD LASTING PEACE.

IN THIS DIALOGUE, OUR AGENDA IS AS FOLLOWS:

-- TO SEEK IMPROVEMENT IN SOVIET PERFORMANCE ON HUMAN RIGHTS;

-- TO REDUCE THE RISK OF WAR, REDUCE ARMAMENTS THROUGH SIGNED AGREEMENTS, AND ULTIMATELY EASE THE BURDENS OF MILITARY SPENDING;

-- TO MANAGE AND RESOLVE REGIONAL CONFLICTS; AND

-- TO IMPROVE BILATERAL RELATIONS ON THE BASIS OF RECIPROCITY AND MUTUAL INTEREST.

THIS IS A RIGOROUS AND COMPREHENSIVE AGENDA, AND OUR APPROACH TO IT IS PRINCIPLED, PRACTICAL, AND PATIENT. WE HAVE PRESSED EACH ISSUE IN A VARIETY OF FORUMS, BILATERAL AND MULTILATERAL. WE HAVE MADE CLEAR THAT THE CONCERNS WE RAISE ARE NOT OURS ALONE, BUT ARE SHARED BY OUR ALLIES AND FRIENDS IN EVERY REGION OF THE GLOBE. WE HAVE MADE CLEAR THAT EACH OF OUR CONCERNS IS SERIOUS, AND THE SOVIETS KNOW THAT WE DO NOT INTEND TO ABANDON ANY OF THEM MERELY BECAUSE AGREEMENT CANNOT BE REACHED QUICKLY, OR BECAUSE AGREEMENT HAS BEEN REACHED ON OTHERS.

LET ME BRIEFLY REVIEW THE STATE OF OUR DIALOGUE IN EACH OF THESE AREAS.

HUMAN RIGHTS IS A MAJOR ISSUE ON OUR AGENDA. TO US IT IS A MATTER OF REAL CONCERN THAT SOVIET EMIGRATION IS AT ITS LOWEST LEVEL SINCE THE 1960'S, AND THAT SOVIET CONSTRICTION OF EMIGRATION HAS COINCIDED WITH A GENERAL CRACKDOWN AGAINST ALL FORMS OF INTERNAL DISSENT. THE HELSINKI MONITORING GROUPS HAVE ALL BEEN DISPERSED AND THEIR LEADERS HAVE BEEN IMPRISONED OR EXPELLED FROM THE COUNTRY. AND THE SOVIET UNION'S FIRST INDEPENDENT DISARMAMENT GROUP HAS BEEN HARASSED AND PERSECUTED.

WE ADDRESS SUCH QUESTIONS BOTH MULTILATERALLY AND BILATERALLY. IN SUCH FORUMS AS THE U.N. HUMAN RIGHTS COMMISSION, THE INTERNATIONAL LABOR ORGANIZATION, AND ESPECIALLY THE REVIEW CONFERENCE ON CSCE, WE HAVE MADE CLEAR THAT HUMAN RIGHTS CANNOT BE RELEGATED TO THE MARGINS OF INTERNATIONAL POLITICS. OUR SOVIET INTERLOCUTORS HAVE A DIFFERENT VIEW; THEY SEEK TO DISMISS HUMAN RIGHTS AS A "TENTH-RATE ISSUE," NOT WORTHY OF HIGH-LEVEL ATTENTION.

BUT OUR APPROACH WILL NOT CHANGE. AMERICANS KNOW THAT NATIONAL RIGHTS AND INDIVIDUAL RIGHTS CANNOT REALISTICALLY BE KEPT SEPARATE. WE BELIEVE, FOR EXAMPLE, THAT THE ELEMENTS OF THE POSTWAR EUROPEAN "SETTLEMENT" THAT WERE ADOPTED BY THE PARTIES TO THE HELSINKI FINAL ACT IN 1975 FORM AN INTEGRAL WHOLE; NO ONE PART WILL SURVIVE ALONE. GUIDED BY

THIS CONVICTION, WE AND OUR ALLIES HAVE HELD AT THE MADRID REV TW CONFERENCE THAT MOVEMENT IN ONE "BASKET" OF THIS SETTLEMENT -- SUCH AS THE CONVENING OF A EUROPEAN DISARMAMENT CONFERENCE -- MUST BE MATCHED BY PROGRESS IN OTHER "BASKETS," ESPECIALLY HUMAN RIGHTS.

WE INSIST ON THIS BALANCE BECAUSE WE BELIEVE THAT INTERNATIONAL OBLIGATIONS MUST BE TAKEN SERIOUSLY BY THE GOVERNMENTS THAT ASSUME THEM. BUT THERE IS ALSO A DEEPER REASON THAT DIRECTLY CONCERNS THE QUESTION OF SECURITY.

IN EUROPE, AS ELSEWHERE, GOVERNMENTS THAT ARE NOT AT PEACE WITH THEIR OWN PEOPLE ARE UNLIKELY TO BE ON GOOD TERMS WITH THEIR NEIGHBORS. THE ONLY SIGNIFICANT USE OF MILITARY FORCE ON THE CONTINENT OF EUROPE SINCE 1945 HAS BEEN BY THE SOVIET UNION AGAINST ITS EAST EUROPEAN "ALLIES." AS LONG AS THIS UNNATURAL RELATIONSHIP CONTINUES BETWEEN THE USSR AND ITS EAST EUROPEAN NEIGHBORS, IT IS BOUND TO BE A SOURCE OF INSTABILITY IN EUROPE.

WE HAVE BEEN JUST AS CONCERNED ABOUT HUMAN RIGHTS ISSUES ON A BILATERAL AS ON A MULTILATERAL BASIS. THE NEED FOR STEADY IMPROVEMENT OF SOVIET PERFORMANCE IN THE MOST IMPORTANT HUMAN RIGHTS CATEGORIES IS AS CENTRAL TO THE SOVIET-AMERICAN DIALOGUE AS ANY OTHER THEME. SOMETIMES WE ADVANCE THIS DIALOGUE BEST THROUGH PUBLIC EXPRESSIONS OF OUR CONCERNS, AT OTHER TIMES THROUGH QUIET DIPLOMACY. WHAT COUNTS, AND THE SOVIETS KNOW THIS, IS WHETHER WE SEE RESULTS.

ARMS CONTROL. WE BELIEVE THE ONLY ARMS CONTROL AGREEMENTS THAT COUNT ARE THOSE THAT PROVIDE FOR REAL REDUCTIONS, EQUALITY, VERIFIABILITY, AND ENHANCED STABILITY IN THE EAST-WEST BALANCE. SUCCESS IN OUR NEGOTIATIONS WILL NOT, OF COURSE, BRING EAST-WEST COMPETITION TO AN END. BUT SUSTAINABLE AGREEMENTS WILL ENABLE US TO MEET THE SOVIET CHALLENGE IN A SETTING OF GREATER STABILITY AND SAFETY.

THE UNITED STATES IS NOW APPLYING THESE PRINCIPLES IN AN AMBITIOUS PROGRAM OF ARMS CONTROL NEGOTIATIONS INCLUDING INF, S.T.A.R.T., MBFR, AND THE ON-GOING DISCUSSIONS IN THE U.N. COMMITTEE ON DISARMAMENT IN GENEVA. IF WE CAN REACH A BALANCED AGREEMENT IN THE CSCE AT MADRID, WE WOULD BE PREPARED TO PARTICIPATE ALSO IN A CONFERENCE ON DISARMAMENT IN EUROPE.

NO PREVIOUS ADMINISTRATION HAS PUT SO MANY ELEMENTS OF THE EAST-WEST MILITARY EQUATION ON THE NEGOTIATING TABLE. YOU ARE AWARE OF THE U.S. POSITION IN THE VARIOUS TALKS, SO I NEED NOT GO INTO GREAT DETAIL. I WILL, HOWEVER, TOUCH ON THE MAIN POINTS.

IN THE STRATEGIC ARMS REDUCTIONS TALKS (S.T.A.R.T.), THE UNITED STATES HAS FOCUSED ON THE MOST DESTABILIZING STRATEGIC SYSTEMS -- LAND-BASED BALLISTIC MISSILES. OUR OBJECTIVE IS TO STRENGTHEN DETERRENCE WHILE ENHANCING STRATEGIC STABILITY THROUGH REDUCTIONS. THE PRESIDENT HAS PROPOSED REDUCTIONS IN BALLISTIC MISSILE WARHEADS BY ONE-THIRD. IN PRESENTING A COMPREHENSIVE PROPOSAL, HE HAS INDICATED THAT ALL STRATEGIC WEAPONS ARE "ON THE TABLE." ALTHOUGH OUR RESPECTIVE POSITIONS ARE FAR APART, THE SOVIETS APPARENTLY ACCEPT THE PROPOSITION THAT AN AGREEMENT MUST INVOLVE SIGNIFICANT REDUCTIONS. THIS IS PROGRESS. WE HAVE RECENTLY UNDERTAKEN A FULL REVIEW OF THE U.S. POSITION, WHICH INCLUDED AN ASSESSMENT OF THE SCOWCROFT COMMISSION'S RECOMMENDATIONS AND SOME THOUGHTFUL SUGGESTIONS FROM THE CONGRESS.

ONE WEEK AGO, THE PRESIDENT ANNOUNCED THAT HE IS WILLING TO RAISE THE DEPLOYED-MISSILE CEILING IN ACCORDANCE WITH THE SCOWCROFT RECOMMENDATIONS. HE ALSO ANNOUNCED THAT HE HAS GIVEN OUR NEGOTIATORS NEW FLEXIBILITY TO EXPLORE ALL APPROPRIATE AVENUES FOR ACHIEVING REDUCTIONS. IT IS NOW UP TO THE SOVIET UNION TO RECIPROCATE OUR FLEXIBILITY.

WE HAVE ALSO TABLED A DRAFT AGREEMENT ON CONFIDENCE-BUILDING MEASURES THAT CALLS FOR EXCHANGE OF INFORMATION AND ADVANCE NOTIFICATION OF BALLISTIC MISSILE LAUNCHES AND MAJOR EXERCISES. WE WANT TO MOVE FORWARD PROMPTLY TO NEGOTIATE SEPARATE AGREEMENTS ON THESE VERY IMPORTANT MEASURES, WHICH WOULD ENHANCE STABILITY IN A CRISIS AS WELL AS SYMBOLIZING THE COMMON INTEREST IN PREVENTING WAR. YET ANOTHER EFFORT TO PREVENT MISPERCEPTION OF MILITARY ACTIVITIES ON EITHER SIDE, AND THUS TO LOWER THE RISK OF WAR, IS THE PRESIDENT'S RECENT PROPOSAL TO EXPAND AND UPGRADE CRISIS COMMUNICATIONS BETWEEN WASHINGTON AND MOSCOW. HERE, TOO, WE HOPE FOR EARLY AGREEMENT.

IN THE NEGOTIATIONS ON INTERMEDIATE-RANGE NUCLEAR FORCES (INF), "EQUAL RIGHTS AND LIMITS" BETWEEN THE UNITED STATES

AND THE SOVIET UNION IS ONE OF OUR KEY PRINCIPLES.

PRESIDENT REAGAN'S PROPOSAL OF NOVEMBER 1981 SOUGHT TO ACHIEVE THE COMPLETE ELIMINATION OF THOSE SYSTEMS ON EACH SIDE ABOUT WHICH THE OTHER SIDE HAS EXPRESSED THE GREATEST CONCERN -- THAT IS, LONGER-RANGE, LAND-BASED INF MISSILES.

WE STILL REGARD THIS AS THE MOST DESIRABLE OUTCOME. YET AFTER MORE THAN A YEAR OF TALKS, THE SOVIETS CONTINUE TO RESIST THIS EQUITABLE AND EFFECTIVE SOLUTION. IN FACT, THEIR POSITION HAS NOT SUBSTANTIALLY CHANGED SINCE IT WAS FIRST PUT FORTH NEARLY A YEAR AGO. THE PROPOSAL MADE BY MR. ANDROPOV LAST DECEMBER WOULD ALLOW THE SOVIET UNION TO MAINTAIN ITS OVERWHELMING MONOPOLY OF LONGER-RANGE INF MISSILES WHILE PROHIBITING THE DEPLOYMENT OF EVEN ONE COMPARABLE U.S. MISSILE.

IN AN EFFORT TO BREAK THIS STALEMATE, THE PRESIDENT HAS PROPOSED AN INTERIM AGREEMENT AS A ROUTE TO THE EVENTUAL ELIMINATION OF LR INF SYSTEMS. UNDER SUCH AN AGREEMENT, WE WOULD REDUCE THE NUMBER OF MISSILES WE PLAN TO DEPLOY IN EUROPE IF THE SOVIET UNION WILL REDUCE THE TOTAL NUMBER OF WARHEADS IT HAS ALREADY DEPLOYED TO AN EQUAL LEVEL. THIS WOULD RESULT IN EQUAL LIMITS FOR BOTH SIDES ON A GLOBAL BASIS. REFLECTING THE CONCERNS OF OUR ASIAN ALLIES AND FRIENDS, WE HAVE MADE IT CLEAR THAT NO AGREEMENT CAN COME AT THEIR EXPENSE. WE HOPE THAT IN THE CURRENT ROUND OF NEGOTIATIONS THE SOVIETS WILL MOVE TO NEGOTIATE IN GOOD FAITH ON THE PRESIDENT'S PROPOSAL, WHICH WAS UNANIMOUSLY SUPPORTED BY OUR PARTNERS AT THE WILLIAMSBURG SUMMIT.

IN THE MUTUAL AND BALANCED FORCE REDUCTIONS (MBFR) TALKS IN VIENNA, NATO AND THE WARSAW PACT ARE DISCUSSING AN AGREEMENT ON CONVENTIONAL FORCES IN CENTRAL EUROPE, THE MOST HEAVILY ARMED REGION OF THE WORLD, WHERE WARSAW PACT FORCES GREATLY EXCEED NATO'S.

LAST YEAR, THE PRESIDENT ANNOUNCED A NEW WESTERN POSITION IN THE FORM OF A DRAFT TREATY CALLING FOR SUBSTANTIAL REDUCTIONS TO EQUAL MANPOWER LEVELS. ALTHOUGH THE SOVIETS AND THEIR ALLIES HAVE AGREED TO THE PRINCIPLE OF PARITY, PROGRESS HAS BEEN PREVENTED BY INABILITY TO RESOLVE DISAGREEMENT OVER EXISTING WARSAW PACT FORCE LEVELS AND BY PROBLEMS OF VERIFICATION.

IN THE 40-NATION COMMITTEE ON DISARMAMENT IN GENEVA, THE

UNITED STATES HAS INTRODUCED A FAR-REACHING PROPOSAL FOR A COMPREHENSIVE BAN ON CHEMICAL WEAPONS -- AN AGREEMENT WHICH WOULD ELIMINATE THESE TERRIBLE WEAPONS FROM WORLD ARSENALS. THIS INITIATIVE HAS BEEN VIGOROUSLY SUPPORTED BY OUR ALLIES AND FRIENDS, AS WELL AS MANY NONALIGNED NATIONS. OUR EMPHASIS ON THE IMPORTANCE OF MANDATORY ON-SITE INSPECTIONS HAS BEEN WIDELY APPLAUDED. AN INDEPENDENT, IMPARTIAL VERIFICATION SYSTEM, OBSERVED BY AND RESPONSIVE TO ALL PARTIES, IS ESSENTIAL TO CREATE CONFIDENCE THAT THE BAN IS BEING RESPECTED.

IN OTHER AREAS, WE HAVE PROPOSED TO THE SOVIET UNION IMPROVEMENTS IN THE VERIFICATION PROVISIONS OF TWO AGREEMENTS TO LIMIT UNDERGROUND NUCLEAR TESTING. SO FAR THE SOVIET RESPONSE HAS BEEN NEGATIVE. WE HAVE ALSO INITIATED A DIALOGUE WITH THE SOVIETS IN ONE AREA WHERE OUR RESPECTIVE APPROACHES VERY OFTEN COINCIDE: NUCLEAR NON-PROLIFERATION.

WE SHOULD NOT ANTICIPATE EARLY AGREEMENT IN ANY OF THESE NEGOTIATIONS. THE SOVIETS HAVE THEIR OWN POSITIONS, AND THEY ARE TOUGH, PATIENT NEGOTIATORS. BUT WE BELIEVE THAT OUR POSITIONS ARE FAIR AND EVEN-HANDED AND THAT OUR OBJECTIVES ARE REALISTIC.

REGIONAL ISSUES. IMPORTANT AS IT IS, ARMS CONTROL HAS NOT BEEN -- AND CANNOT BE -- THE DOMINANT SUBJECT OF OUR DIALOGUE WITH THE SOVIETS. WE MUST ALSO ADDRESS THE THREAT TO PEACE POSED BY THE SOVIET EXPLOITATION OF REGIONAL INSTABILITY AND CONFLICT. INDEED, THESE ISSUES -- ARMS CONTROL AND POLITICAL INSTABILITY -- ARE CLOSELY RELATED: THE INCREASED STABILITY THAT WE TRY TO BUILD INTO THE SUPERPOWER RELATIONSHIP THROUGH ARMS CONTROL CAN BE UNDONE BY IRRESPONSIBLE SOVIET POLICIES ELSEWHERE. IN OUR NUMEROUS DISCUSSIONS WITH THE SOVIET LEADERSHIP, WE HAVE REPEATEDLY EXPRESSED OUR STRONG INTEREST IN REACHING UNDERSTANDINGS WITH THE SOVIETS THAT WOULD MINIMIZE SUPERPOWER INVOLVEMENT IN CONFLICTS BEYOND THEIR BORDERS.

THE LIST OF PROBLEM AREAS IS FORMIDABLE, BUT WE HAVE INSISTED THAT REGIONAL ISSUES ARE CENTRAL TO PROGRESS. WE HAVE MADE CLEAR OUR COMMITMENT TO RELIEVE REPRESSION AND ECONOMIC DISTRESS IN POLAND, TO ACHIEVE A SETTLEMENT IN SOUTHERN AFRICA, TO RESTORE INDEPENDENCE TO AFGHANISTAN, TO END THE OCCUPATION OF KAMPUCHEA AND TO HALT SOVIET- AND CUBAN-SUPPORTED SUBVERSION IN CENTRAL AMERICA.

IN EACH INSTANCE, WE HAVE CONVEYED OUR VIEWS FORCEFULLY TO THE SOVIETS IN AN ATTEMPT TO REMOVE THE OBSTACLES THAT SOVIET CONDUCT PUTS IN THE WAY OF RESOLVING THESE PROBLEMS.

LAST YEAR, FOR EXAMPLE, AMBASSADOR HARTMAN CONDUCTED A ROUND OF EXPLORATORY TALKS ON AFGHANISTAN BETWEEN U.S. AND SOVIET OFFICIALS IN MOSCOW. ANY SOLUTION TO THE AFGHANISTAN PROBLEM MUST MEET FOUR REQUIREMENTS: COMPLETE WITHDRAWAL OF SOVIET FORCES, RESTORATION OF AFGHANISTAN'S INDEPENDENT AND NON-ALIGNED STATUS, FORMATION OF A GOVERNMENT ACCEPTABLE TO THE AFGHAN PEOPLE, AND HONORABLE RETURN OF THE REFUGEES. THIS IS NOT THE VIEW OF THE UNITED STATES ALONE. THESE PRINCIPLES UNDERLIE THE DISCUSSIONS NOW UNDERWAY UNDER THE AUSPICES OF THE U.N. SECRETARY GENERAL, WHICH WE SUPPORT.

ON SOUTHERN AFRICAN PROBLEMS, ASSISTANT SECRETARY CROCKER HAS HELD A NUMBER OF DETAILED EXCHANGES WITH HIS SOVIET COUNTERPART. SOUTHERN AFRICA HAS BEEN A POINT OF TENSION AND PERIODIC FRICTION BETWEEN THE UNITED STATES AND THE SOVIET UNION FOR MANY YEARS. WE WANT TO SEE TENSIONS IN THE AREA REDUCED. BUT THIS MORE PEACEFUL FUTURE WILL NOT BE ACHIEVED UNLESS ALL PARTIES INTERESTED IN THE REGION SHOW RESTRAINT, EXTERNAL MILITARY FORCES ARE WITHDRAWN, AND NAMIBIA IS PERMITTED TO ACHIEVE INDEPENDENCE.

IF THE SOVIETS ARE AT ALL CONCERNED WITH THE INTERESTS OF AFRICANS, THEY SHOULD HAVE AN EQUAL INTEREST IN ACHIEVING THESE OBJECTIVES.

AS IN OUR ARMS CONTROL NEGOTIATIONS, WE HAVE MADE IT ABSOLUTELY CLEAR TO THE SOVIETS IN THESE DISCUSSIONS THAT WE ARE NOT INTERESTED IN COSMETIC SOLUTIONS. WE ARE INTERESTED IN SOLVING PROBLEMS FUNDAMENTAL TO MAINTENANCE OF THE INTERNATIONAL ORDER.

IT IS ALSO OUR VIEW THAT SOVIET PARTICIPATION IN INTERNATIONAL EFFORTS TO RESOLVE REGIONAL CONFLICTS -- IN SOUTHERN AFRICA OR THE MIDDLE EAST, FOR EXAMPLE -- DEPENDS ON SOVIET CONDUCT. IF THE SOVIETS SEEK TO BENEFIT FROM TENSION AND SUPPORT THOSE WHO PROMOTE DISORDER, THEY CAN HARDLY EXPECT TO HAVE A ROLE IN THE AMELIORATION OF THOSE PROBLEMS. NOR SHOULD WE EXPECT THEM TO ACT RESPONSIBLY MERELY BECAUSE THEY GAIN A ROLE. AT THE SAME TIME, WE HAVE ALSO MADE IT CLEAR THAT WE WILL NOT EXPLOIT, AND IN FACT ARE PREPARED TO RESPOND POSITIVELY TO, SOVIET RESTRAINT. THE DECISION IN EACH CASE IS THEIRS.

BILATERAL RELATIONS. THE FINAL PART OF OUR AGENDA WITH THE SOVIETS COMPRISES ECONOMIC AND OTHER BILATERAL RELATIONS. IN OUR DIALOGUE, WE HAVE SPELLED OUT OUR VIEW OF THESE MATTERS IN A CANDID AND FORTHRIGHT WAY.

AS WE SEE IT, ECONOMIC TRANSACTIONS CAN CONFER IMPORTANT STRATEGIC BENEFITS AND WE MUST BE MINDFUL OF THE IMPLICATIONS FOR OUR SECURITY. THEREFORE, AS I HAVE ALREADY INDICATED, WE BELIEVE ECONOMIC RELATIONS WITH THE EAST DESERVE MORE CAREFUL SCRUTINY THAN IN THE PAST. BUT OUR POLICY IS NOT ONE OF ECONOMIC WARFARE AGAINST THE USSR. EAST-WEST TRADE IN NON-STRATEGIC AREAS -- IN THE WORDS OF THE NATO COMMUNIQUE -- "CONDUCTED ON THE BASIS OF COMMERCIALLY SOUND TERMS AND MUTUAL ADVANTAGE THAT AVOIDS PREFERENTIAL TREATMENT OF THE SOVIET UNION, CONTRIBUTES TO CONSTRUCTIVE EAST-WEST RELATIONS."

DESPITE THE STRAINS OF THE PAST FEW YEARS IN OUR OVERALL RELATIONSHIP, WE HAVE MAINTAINED THE KEY ELEMENTS IN THE STRUCTURE FOR BILATERAL TRADE. WE HAVE RECENTLY AGREED WITH THE USSR TO EXTEND OUR BILATERAL FISHERIES AGREEMENT FOR ONE YEAR AND HAVE BEGUN TO NEGOTIATE A NEW LONG-TERM U.S.-SOVIET GRAIN AGREEMENT. OUR GRAIN SALES ARE ON COMMERCIAL TERMS AND ARE NOT MADE WITH GOVERNMENT-SUPPORTED CREDITS OR GUARANTEES OF ANY KIND.

AS FOR CONTACTS BETWEEN PEOPLE, WE HAVE CUT BACK ON LARGELY SYMBOLIC EXCHANGES, BUT MAINTAINED A FRAMEWORK OF COOPERATION IN SCIENTIFIC, TECHNICAL, AND HUMANITARIAN FIELDS. A MAJOR CONSIDERATION AS WE PURSUE SUCH EXCHANGES MUST BE RECIPROCITY. IF THE SOVIET UNION IS TO ENJOY VIRTUALLY UNLIMITED OPPORTUNITIES FOR ACCESS TO OUR FREE SOCIETY, U.S. ACCESS TO SOVIET SOCIETY MUST INCREASE.

WE HAVE MADE PROGRESS TOWARD GAINING SOVIET ACCEPTANCE OF THIS PRINCIPLE AS IS INDICATED BY THE AIRING IN MOSCOW THIS PAST WEEKEND OF AN INTERVIEW WITH DEPUTY SECRETARY DAM.

EIGHT BILATERAL COOPERATIVE AGREEMENTS ARE NOW IN EFFECT, AND EXCHANGES BETWEEN THE ACADEMIES OF SCIENCE CONTINUE, AS DO EXCHANGES OF YOUNG SCHOLARS AND FULBRIGHT FELLOWS. "AMERICA ILLUSTRATED" MAGAZINE CONTINUES TO BE DISTRIBUTED IN THE SOVIET UNION IN RETURN FOR DISTRIBUTION HERE OF "SOVIET LIFE," IN SPITE OF THE ABSENCE OF A CULTURAL EXCHANGE AGREEMENT. TOWARD THE PRIVATE SECTOR WE HAVE MAINTAINED AN ATTITUDE OF NEITHER ENCOURAGING NOR

DISCOURAGING EXCHANGES, AND A STEADY FLOW OF TOURISTS AND CONFERENCE PARTICIPANTS GOES ON IN BOTH DIRECTIONS. THE NUMBER OF U.S. NEWS BUREAUS IN MOSCOW HAS ACTUALLY INCREASED IN THE LAST YEAR.

V. PROSPECTS

IT IS SOMETIMES SAID THAT SOVIET-AMERICAN RELATIONS ARE "WORSE THAN EVER." THIS COMMITTEE'S STAFF, FOR EXAMPLE, HAS MADE SUCH A JUDGMENT IN A RECENT REPORT. CERTAINLY THE ISSUES DIVIDING OUR TWO COUNTRIES ARE SERIOUS. BUT LET US NOT BE MISLED BY "ATMOSPHERICS," WHETHER SUNNY OR, AS THEY NOW SEEM TO BE, STORMY.

IN THE MID-50'S, FOR EXAMPLE, DESPITE THE RHETORIC AND TENSION OF THE COLD WAR -- AND IN THE MIDST OF A LEADERSHIP TRANSITION -- THE SOVIET UNION CHOSE TO CONCLUDE THE AUSTRIAN STATE TREATY. IT WAS AN IMPORTANT AGREEMENT, WHICH CONTRIBUTED TO THE SECURITY OF CENTRAL EUROPE, AND IT CARRIES AN IMPORTANT LESSON FOR US TODAY. THE SOVIET LEADERSHIP DID NOT NEGOTIATE SERIOUSLY MERELY BECAUSE WESTERN RHETORIC WAS FIRM AND PRINCIPLED, NOR SHOULD WE EXPECT RHETORIC TO SUFFICE NOW OR IN THE FUTURE. BUT ADVERSE "ATMOSPHERICS" DID NOT PREVENT AGREEMENTS; SOVIET POLICY WAS INSTEAD AFFECTED BY THE PATTERN OF WESTERN ACTIONS, BY OUR RESOLVE AND CLARITY OF PURPOSE. AND THE RESULT WAS PROGRESS.

THERE IS NO CERTAINTY THAT OUR CURRENT NEGOTIATIONS WITH THE SOVIETS WILL LEAD TO ACCEPTABLE AGREEMENTS. WHAT IS CERTAIN IS THAT WE WILL NOT FIND OURSELVES IN THE POSITION IN WHICH WE FOUND OURSELVES IN THE AFTERMATH OF DETENTE. WE HAVE NOT STAKED SO MUCH ON THE PROSPECT OF A SUCCESSFUL NEGOTIATING OUTCOME THAT WE HAVE NEGLECTED TO SECURE OURSELVES AGAINST THE POSSIBILITY OF FAILURE. UNLIKE THE IMMEDIATE POST-WAR PERIOD, WHEN NEGOTIATING PROGRESS WAS A REMOTE PROSPECT, WE ATTACH THE HIGHEST IMPORTANCE TO ARTICULATING THE REQUIREMENTS FOR AN IMPROVED RELATIONSHIP AND TO EXPLORING EVERY SERIOUS AVENUE FOR PROGRESS. OUR PARALLEL PURSUIT OF STRENGTH AND NEGOTIATION PREPARES US BOTH TO RESIST CONTINUED SOVIET AGGRANDIZEMENT AND TO RECOGNIZE AND RESPOND TO POSITIVE SOVIET MOVES.

WE HAVE SPELLED OUT OUR REQUIREMENTS -- AND OUR HOPE -- FOR A MORE CONSTRUCTIVE RELATIONSHIP WITH THE SOVIET UNION. THE DIRECTION IN WHICH THAT RELATIONSHIP EVOLVES WILL ULTIMATELY BE DETERMINED BY THE DECISIONS OF THE SOVIET LEADERSHIP. PRESIDENT BREZHNEV'S SUCCESSORS WILL HAVE TO WEIGH THE INCREASED COSTS AND RISKS OF RELENTLESS COMPETITION AGAINST THE BENEFITS OF A LESS TENSE INTERNATIONAL ENVIRONMENT IN WHICH THEY COULD MORE ADEQUATELY ADDRESS THE RISING EXPECTATIONS OF THEIR OWN CITIZENS. WHILE WE CAN DEFINE THEIR ALTERNATIVES, WE CANNOT DECIPHER THEIR INTENTIONS. TO A DEGREE UNEQUALED ANYWHERE ELSE, RUSSIA IN THIS RESPECT REMAINS A SECRET.

HER HISTORY, OF WHICH THIS SECRECY IS SUCH AN INTEGRAL PART, PROVIDES NO BASIS FOR EXPECTING A DRAMATIC CHANGE. AND YET IT ALSO TEACHES THAT GRADUAL CHANGE IS POSSIBLE. FOR OUR PART, WE SEEK TO ENCOURAGE CHANGE BY A FIRM BUT FLEXIBLE U.S. STRATEGY, RESTING ON A BROAD CONSENSUS, THAT WE CAN SUSTAIN OVER THE LONG TERM WHETHER THE SOVIET UNION CHANGES OR NOT. IF THE DEMOCRACIES CAN MEET THIS CHALLENGE, THEY CAN ACHIEVE THE GOALS OF WHICH PRESIDENT REAGAN SPOKE AT LOS ANGELES: BOTH DEFEND FREEDOM AND PRESERVE THE PEACE.

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PP UKDEL NATO

PP BONN

PP PARIS

PP WARSAW

GRS375

CONFIDENTIAL

FM WASHINGTON 202300Z JUN 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1696 OF 20 JUNE

INFO IMMEDIATE LUXEMBOURG (FOR S OF S) PRIORITY MOSCOW, UKDEL NATO, BONN, PARIS, WARSAW.

US POLICY TOWARDS THE SOVIET UNION

1. SHULTZ'S TESTIMONY TO THE SENATE FOREIGN RELATIONS COMMITTEE MARKS AN IMPORTANT STAGE IN THE EVOLUTION OF THIS ADMINISTRATION'S POLICY. IT HAD BEEN DELAYED FOR SEVERAL MONTHS WHILE DIFFERENT BRANCHES OF THE ADMINISTRATION FOUGHT FOR THE PRESIDENT'S EAR AND WHILE THE PRESIDENT MADE UP HIS OWN MIND. THE FIRST POINT TO NOTE ABOUT IT IS THEREFORE THAT, 2 AND ONE HALF YEARS AFTER ITS INAUGURATION, THE ADMINISTRATION HAS AT LAST GOT ITS ACT TOGETHER ON RELATIONS WITH THE SOVIET UNION. THE PRESIDENT HAS GIVEN IT HIS SEAL OF APPROVAL AND ALL BRANCHES OF THE ADMINISTRATION SHOULD NOW TAKE IT AS THEIR REFERENCE DOCUMENT.

ADVANCE COP

IMMEDIATE

2. THE SECOND POINT TO NOTE IS THAT IT IS COMPREHENSIVE, COHERENT AND CONCILIATORY. ALL IMPORTANT ASPECTS OF THE SUPERPOWER RELATIONSHIP ARE COVERED AND ALL FIT TOGETHER IN AN INTERNALLY CONSISTENT WAY - NUCLEAR, REGIONAL, HUMAN RIGHTS ETC. IT REPRESENTS, AS SHULTZ TOLD THE COMMUNITY AMBASSADORS AT LUNCH TODAY, A MIXTURE OF STRENGTH AND DIPLOMACY; IT REFLECTS THE ATTITUDE OF MIND OF THE PRESIDENT IN THAT REAGAN IS READY TO ENGAGE IN SUBSTANTIVE DISCUSSION WITH THE RUSSIANS AS SOON AS THE RUSSIANS ARE READY TO DO THE SAME. IT WAS, SAID SHULTZ, IMPORTANT TO COMBINE STRENGTH WITH DIALOGUE, SINCE PUBLIC OPINION WAS EVER PRONE TO WISHFUL THINKING, AND WISHFUL THINKING WAS NO BASIS FOR THE CONDUCT OF RELATIONS WITH THE SOVIET UNION.

3. THERE IS OF COURSE IN ADDITION AN ELECTORAL DIMENSION IN ALL THIS THE PRESIDENT HAS ESTABLISHED HIS BONA FIDES ON DEFENCE. CONGRESS HAS AUTHORISED THE MODERNISATION OF WEAPONS SYSTEMS - MX, B1 BOMBER ETC. THE RESTORATION OF NUCLEAR PARITY IS UNDER WAY. HE CAN NOW AFFORD TO ENGAGE IN A DIPLOMATIC EFFORT TO SOLVE PROBLEMS AND REDUCE THE BURDEN OF ARMAMENTS. THIS EVENHANDED APPROACH SHOULD DO HIM NO ELECTORAL HARM IF HE DECIDES TO RUN AGAIN: IF HE GETS AN AGREEMENT WITH THE RUSSIANS, HE CAN ADD PEACEMAKING TROPHIES TO THE ECONOMIC RECOVERY: IF HE DOES NOT, HE CANNOT BE FAULTED FOR NOT HAVING TRIED.

PLEASE SEE MIFT.

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NNNN

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PP MOSCOW

PP UKDEL NATO

PP BONN

PP PARIS

PP WARSAW

GRS1100

CONFIDENTIAL

FM WASHINGTON 202300Z JUN 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1697 OF 20 JUNE

INFO IMMEDIATE TO LUXEMBOURG (FOR S OF S) PRIORITY TO MOSCOW, UKDEL
NATO, BONN, PARIS AND WARSAW

MIPT: US POLICY TOWARDS THE SOVIET UNION

1. A NUMBER OF ISSUES HAVE PLAYED AN IMPORTANT PART IN THE PREPARATION OF SHULTZ'S SPEECH. THE PRESIDENT AND SHULTZ BOTH FEEL STRONGLY ON HUMAN RIGHTS AND "PERFORMANCE" WILL CONTINUE TO BE OF GREAT IMPORTANCE. THE AMERICANS HAVE BEEN SOMEWHAT ENCOURAGED BY THE PROGRESS MADE IN SECURING THE RELEASE FROM THE US EMBASSY AND, TO HOPE, THE RIGHT TO EMIGRATE OF THE PENTECOSTALISTS AND ARE CONTINUING TO CAMPAIGN HARD FOR THE RELEASE OF OTHERS INCLUDING SHCHARANSKY. THEIR SUCCESS OR FAILURE IN THIS REGARD WILL HAVE AN IMPORTANT BEARING ON THE POSSIBILITIES FOR A SUCCESSFUL CONCLUSION TO THE CSCE REVIEW CONFERENCE AND PROGRESS TOWARDS A CDE. AS THE SUPPORT FOR THE SPANISH INITIATIVE IN MADRID DEMONSTRATES, THEY NOW SHOWING MORE INTEREST IN THE POSSIBILITY OF BRINGING THE PROCESS TO A SUCCESSFUL CONCLUSION, SUBJECT TO SOME IMPORTANT AMENDMENTS TO THE CONCLUDING DOCUMENT AND PROMISE OF SOVIET "PERFORMANCE". THE STATE DEPARTMENT WITH VARYING DEGREES OF SCEPTICISM CAN SEE THE SENTIMENTAL ADVANTAGES A CDE WOULD HAVE IN HELPING TO DEMONSTRATE THE CONTINUANCE OF NEGOTIATIONS WITH THE SOVIET UNION IN THE DIFFICULT PERIOD WHICH UNDOUBTEDLY WILL ENSUE AS INF DEPLOYMENT TAKES PLACE

2. SHULTZ, WE ARE TOLD IN CONFIDENCE, HAS BEEN GIVEN VIRTUALLY CARTE BLANCHE BY THE PRESIDENT TO EXPLORE IN HIS CONTACTS WITH DOBRYNIN THE POSSIBILITIES FOR PROGRESS, WITH PARTICULAR REFERENCE TO START, MBFR AND THE CSCE/CDE. REGIONAL TENSIONS HOWEVER, REMAIN IN THE FOREFRONT OF EVERYONE'S MIND HERE. SHULTZ WILL ALSO BE REMONSTRATING WITH DOBRYNIN ABOUT SOVIET ARMS SUPPLIES TO NICARAGUA. THE PRESIDENT HAS STATED THAT HE IS NOT PREPARED TO SEE ANOTHER CENTRAL AMERICAN COUNTRY FALL UNDER CUBAN/SOVIET INFLUENCE "ON HIS WATCH" AND THERE IS NO DOUBT THAT HE MEANS IT. HENCE THE ALMOST OBSESSIVE IMPORTANCE ATTACHED TO US EFFORTS TO SHORE UP THE GOVERNMENT IN EL SALVADOR AND INCREASE MILITARY ASSISTANCE TO HONDURAS. THE RUSSIANS CAN BE IN NO DOUBT OF THE HARDNESS OF THE ADMINISTRATION'S VIEWS ON THIS POINT, REFLECTING THEIR DETERMINATION TO PRESERVE US SECURITY INTERESTS AND PRO-WESTERN REGIMES IN THE AREA. THE ATTEMPT TO EXPLORE THE POSSIBILITIES FOR AGREEMENT WITH THE SOVIET UNION COULD VERY QUICKLY BE DERAILED BY ADVERSE DEVELOPMENTS IN CENTRAL AMERICA OR THE MIDDLE EAST.

3. THE AMERICANS ARE PUZZLED BY SOVIET TACTICS IN THE MIDDLE EAST. THEY HAVE BEEN DISCONCERTED BY THE INTRODUCTION OF LARGE NUMBERS OF SOVIET PERSONNEL TO MAN THE SA5 MISSILES IN SYRIA, NOT LEAST BECAUSE OF THE MILITARY RISKS THE RUSSIANS HAVE UNDERTAKEN. THEY RECOGNISE THAT THE RUSSIANS MAY HAVE HAD LITTLE OPTION, IF THEY WISHED TO PRESERVE THEIR POSITION IN SYRIA FOLLOWING THE MILITARY DEBACLE IN LEBANON LAST YEAR. BUT THEY WELL UNDERSTAND THAT FURTHER ISRAELI/SYRIAN FIGHTING COULD EMBROIL THE SOVIET UNION AND THEMSELVES. IN HIS DISCUSSIONS WITH SHULTZ, DOBRYNIN HAS GIVEN SOME INDICATION THAT THE RUSSIANS WILL SEEK TO EXERCISE SOME MEASURE OF RESTRAINT ON SYRIAN MILITARY ACTIONS. BUT THERE IS AN UNCOMFORTABLE FEELING THAT THEY AND THE AMERICANS COULD BE AT THE MERCY OF AN OUTBREAK OF FIGHTING IN LEBANON OVER WHICH NEITHER SUPER-POWER WOULD HAVE MUCH CONTROL. THE ADMINISTRATION DO NOT BELIEVE THAT THE RUSSIANS HAVE ANY INTENTION OF CONTRIBUTING POSITIVELY TO MIDDLE EAST NEGOTIATIONS AND WILL GO ON TRYING TO EXCLUDE THEM FROM THEM.

4. IN RELATION TO OTHER REGIONAL ISSUES, THE AMERICANS HAVE BEEN TRYING TO ENGAGE THE RUSSIANS ON NAMIBIA AND THE QUESTIONS OF CUBAN WITHDRAWAL FROM ANGOLA, WITH LITTLE SUCCESS. THE SAME GOES FOR AFGHANISTAN, WHERE THEY SEE NO PROSPECT OF THE RUSSIANS AGREEING TO COMPLETE WITHDRAWAL. WITH OUR ENCOURAGEMENT, THEY HAVE NOW HAD TWO ROUNDS OF TALKS WITH THE RUSSIANS ON NON-PROLIFERATION WHERE BOTH SIDES ACKNOWLEDGE THAT COMMON INTERESTS EXIST.

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VISIT TO POLAND, BUT HAVE SO FAR BEEN IMPRESSED BY THE POPE'S PERFORMANCE RATHER THAN BY ANY NEW SIGNS OF LIBERALISATION ON THE PART OF THE JARUZELSKI REGIME (OTHER THAN ALLOWING THE VISIT TO TAKE PLACE AT ALL). IF THERE ARE SIGNS OF SOME RELAXATION, THE STATE DEPARTMENT WOULD TRY TO USE THESE TO INTRODUCE MOVEMENT INTO THE US POSITION, EG BY AGREEING IN THE FIRST INSTANCE TO RESUME MOVEMENT TOWARDS RE-SCHEDULING TALKS WITH THE POLES. BUT THEY WILL NOT BE IN A POSITION TO DO SO IN THE ABSENCE OF ANY ENCOURAGEMENT FROM WARSAW.

6. ON BILATERAL U.S./SOVIET ISSUES, THE NEGOTIATIONS FOR A NEW LONG-TERM GRAIN AGREEMENT ARE EXPECTED TO CONCLUDE BY THE AUTUMN, NO DOUBT ON TERMS FAIRLY FAVOURABLE TO THE SOVIET UNION, GIVEN THE DOMESTIC PRESSURES HERE. THE AMERICANS ARE ALSO CONSIDERING WHETHER TO RE-ACTIVATE A CULTURAL AGREEMENT AND A CONSULAR AGREEMENT WHICH WOULD PERMIT THEM TO OPEN A CONSULATE IN KIEV.

7. GIVEN THE LIKELIHOOD OF CONTINUING MAJOR DIFFICULTIES OVER REGIONAL ISSUES, STRATEGIC ARMS CONTROL HAS RE-EMERGED AS, POTENTIALLY, THE CENTRE-PIECE OF ANY POTENTIAL IMPROVEMENT IN US/SOVIET RELATIONS, WITH A RECOVERING ECONOMY, THERE WOULD BE OBVIOUS ADVANTAGES FOR THE PRESIDENT, IN RE-RUNS AGAIN, IN BEING ABLE TO ACHIEVE AN AGREEMENT IN START OR INF IN HIS PRESENT TERM. THE PROBLEMS ARE FORMIDABLE.

A) BECAUSE OF THE COMPLEXITY AND THE DIFFICULTY OF THE PROBLEMS TO BE RESOLVED IN BOTH NEGOTIATIONS AND THE POTENTIAL LACK OF ANY REAL INCENTIVE TO THE SOVIET UNION TO ENDORSE ANY US INF DEPLOYMENT IN EUROPE AND B) BECAUSE THE ADMINISTRATION HAS NOT LEFT ITSELF MUCH TIME. ANDROPOV IS UNLIKELY TO WANT TO DO ANY FAVOURS TO HELP SECURE MR REAGAN'S RE-ELECTION: AND MR REAGAN HIMSELF IS NOT THE MAN TO AGREE TO AN AGREEMENT ENTAILING UNREASONABLE CONCESSIONS. THERE IS NO DOUBT, HOWEVER, THAT THERE IS NOW A REAL DISPOSITION IN THE WHITE HOUSE TO LOOK SERIOUSLY AT THE VARIOUS POSSIBILITIES FOR PROGRESS. THIS MARKS AN IMPORTANT EVOLUTION FROM THE POSITION AS IT WAS HERE A FEW MONTHS AGO. AS THE PRESIDENT NEVER TIRES OF SAYING ON THIS SUBJECT, HOWEVER, IT TAKES TWO TO TANGO. THERE HAS NOT BEEN MUCH FOOT WORK FROM GROMYKO. HOW FAR AND HOW QUICKLY THE PROCESS OF EXPLORATION NOW ENGAGED WILL PROCEED, WILL DEPEND ON THE SOVIET REACTION.

WRIGHT

NNNN

US Policy Towards the Soviet Union

1. Sir O Wright (Washington tels Nos 1696 and 1697) describes the testimony as comprehensive, coherent and conciliatory. We very much agree with the first two adjectives. The statement goes a long way towards providing the kind of general and reasoned framework for policy towards the East which many in the Alliance have been looking for, and for which there was a specific call when the Americans first raised the question of economic relations with the Soviet Union. We would expect the statement to have an important beneficial effect on the spirit in which these matters are handled in the Alliance from now on.
2. As to the third adjective (conciliatory), Shultz's statement is certainly a lot less polemical than some pronouncements in the past by members of the administration up to and including President Reagan himself. But the Russians will be looking at other points as well. For example, at the sentence near the beginning which says that the United States takes it as part of its obligation to peace 'to encourage the gradual evolution of the Soviet system towards a more pluralistic political and economic system'. We understand that there has already been an adverse reaction to this from Moscow. Another thought they will no doubt find controversial is that 'governments that are not at peace with their own people are unlikely to be on good terms with their neighbours', which appears as part of the argument that Soviet domestic policy on human rights affects the security of the West.
3. Some particular points of importance:
 - (a) the emphasis on the moral values of the West is very much part of the Prime Minister's thinking: and so is the thought that one must be strong in order to negotiate successfully with the Soviet Union, which does not respect weakness.
 - (b) Shultz deals very skilfully with the problems which have been contentious within the Alliance, e.g. out of area activities and East/West economic relations (where there is a strange absence of any direct mention of COCOM, although

/most

most of the action lies in that body).

(c) We are glad to see the Third World and regional problems are not treated simply as fronts in the global East/West conflict but rather as situations which may turn into points of East/West confrontation if they are mishandled or not treated early enough: as you know, this has been our general view for a long time.

(d) We were much interested in the handling of the question of linkage. Shultz says in one place that the United States will not abandon any of its negotiating objectives 'merely because agreement cannot be reached quickly, or because agreement has been reached on others'. In another place there is the different and more explicit thought that 'the increased stability that we try to build into the superpower relationship through arms control can be undone by irresponsible Soviet policies elsewhere'.

4. In the passages on arms control, we note that the references to the Soviet record on existing treaties and agreements are comparatively muted and fall short of any systematic indictment for non-compliance. The accent is rather on the opportunities which lie ahead, although Shultz takes care to state that arms control cannot dominate the East/West dialogue. The passage on START reflects the more generous interpretation in Washington of what the recent modification in the US negotiating position represents: all strategic weapons are 'on the table' and US negotiators have the flexibility to explore all appropriate avenues for achieving reductions. The offer to negotiate an agreement on nuclear confidence building measures separately and in advance of START is prominently repeated. The passage on INF does little other than rehearse the existing state of play, thus no doubt reflecting the low expectation of agreement on this in the near future. The passage on MBFR is entirely factual and gives no hint of the recent high level attention this subject has been getting in Washington. The positive reference to a ban on chemical weapons is helpful and, in contrast to earlier US statements, does not link the negotiations in the Committee on Disarmament to the 'yellow rain' allegations. There are useful, low key references to the Threshold Test Ban and Peaceful Nuclear Explosions Treaties and to non-proliferation, but there is no mention of outer space.

5. Otherwise we agree with the many valuable points made by Sir O Wright, although the Russians would no doubt have their own view on the comment that President Reagan is ready to engage in substantive discussions with the Russians 'as soon as the Russians are ready to do the same'. The Russians might answer that they have been ready all along, whereas the

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YOUR TELEGRAM NO 875 (NOT TO ALL): US POLICIES ON ARMS CONTROL

SUMMARY

1. WITH THE WHITE HOUSE TAKING AN INCREASINGLY DIRECT INTEREST IN THE PROSPECTS FOR NUCLEAR ARMS CONTROL, THE BALANCE WITHIN THE ADMINISTRATION HAS SHIFTED IN FAVOUR OF THOSE WHO WISH SERIOUSLY TO EXPLORE WITH THE SOVIET UNION THE PROSPECTS FOR A NEW STRATEGIC ARMS AGREEMENT. THE PRESIDENT WILL REMAIN DETERMINED THAT AGREEMENTS BOTH IN START AND INF MUST BE BASED ON REDUCTIONS, GENUINE EQUALITY AND ADEQUATE VERIFICATION. THERE IS POTENTIAL FOR FURTHER MOVEMENT IN THE US POSITION, BUT THIS AND THE PROSPECTS FOR PROGRESS IN BOTH NEGOTIATIONS WILL DEPEND ON A SIGNIFICANT SOVIET RESPONSE, OF WHICH THERE HAS SO FAR BEEN LITTLE SIGN.

DETAIL

2. THE ADMINISTRATION HAS COME UNDER INCREASING POLITICAL PRESSURE TO ADOPT A MORE FORTHCOMING ATTITUDE TO ARMS CONTROL. WHILE FEW AMERICANS BELIEVE THAT ARMS CONTROL AGREEMENTS CAN MAKE MUCH REAL CONTRIBUTION TO NATIONAL SECURITY, THERE IS PUBLIC CONCERN AT THE BREAKDOWN OF DIALOGUE WITH THE SOVIET UNION AND THE APPARENTLY INDEFINITE ACCUMULATION OF NUCLEAR WARHEADS ON BOTH SIDES. ALL THE DEMOCRATIC PRESIDENTIAL CANDIDATES HAVE BEEN PAYING LIP SERVICE TO THE IDEA OF A MUTUAL AND VERIFIABLE "FREEZE", WITHOUT REALLY BELIEVING IN THE CONCEPT (A "FREEZE" WOULD PROHIBIT MODERNISATION AND WOULD NOT BE FULLY VERIFIABLE OR CAPABLE OF IMPLEMENTATION FOR MORE THAN A VERY LIMITED PERIOD).

3. DESPITE THE FREEZE CAMPAIGN, THE PRESIDENT HAS BEEN SUCCESSFUL BOTH IN INCREASING REAL DEFENCE SPENDING BY VERY LARGE AMOUNTS (WELL OVER FIVE PER CENT) IN SUCCESSIVE FISCAL YEARS AND IN SECURING CONGRESSIONAL APPROVAL FOR THE MAJOR ELEMENTS OF HIS PLAN TO MODERNISE US STRATEGIC NUCLEAR FORCES (TRIDENT II, THE B1 BOMBER AND MX MISSILE). APPROVAL FOR CONTINUED FUNDING OF THE MX MISSILE, HOWEVER, HAS BEEN LINKED BY SEVERAL INFLUENTIAL SENATORS TO A GREATER DISPLAY OF ZEAL IN PURSUIT OF ARMS CONTROL.

4. THE US ALLERGY TO NON-VERIFIABLE AGREEMENTS HAS BEEN INCREASED BY

A) THE EVIDENCE OF THE USE OF CHEMICAL WEAPONS IN SOUTH EAST ASIA AND, POSSIBLY, AFGHANISTAN:

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(8)

B) SOVIET EXPLOITATION OF AMBIGUITIES IN THE SALT II TREATY TO TEST TWO NEW TYPES OF ICBM:

C) SUSPICIONS THAT THE SOVIET UNION MAY HAVE TESTED ABOVE THE 150 KILOTON LIMIT IN THE THRESHOLD TEST BAN TREATY (SEE PARA 10 BELOW).

INF

5. THE ADMINISTRATION IS FIRM ON THE COMPLETE EXCLUSION OF BRITISH AND FRENCH NUCLEAR SYSTEMS FROM INF AND WILL CONTINUE TO INSIST THAT AGREEMENT MUST BE BASED ON EQUAL US AND SOVIET INF WARHEADS. THE AMERICANS AT PRESENT CAN SEE NO SIGN OF FLEXIBILITY IN THE SOVIET POSITION. THE PRESIDENT BELIEVES THAT THE RUSSIANS WILL ONLY NEGOTIATE SERIOUSLY ONCE DEPLOYMENT IS UNDER WAY. GIVEN SOVIET NUMERICAL SUPERIORITY AND THE PROBABILITY OF FURTHER SOVIET DEPLOYMENTS, OTHERS ARE LESS SANGUINE THAT IT WILL BE POSSIBLE TO NEGOTIATE AN INF AGREEMENT EVEN AT THAT STAGE. THE AMERICANS EXPECT THE RUSSIANS TO DEPLOY UP TO 100 MORE SS20S IN SOVIET ASIA, AND TO INCREASE THE DEPLOYMENT OF NEW SHORTER RANGE SYSTEMS IN EASTERN EUROPE. NITZE HAS AUTHORITY TO EXPLORE THE SOVIET POSITION AND WILL DO SO SERIOUSLY. THE ADMINISTRATION IS LOOKING AT WAYS OF FLESHING OUT THE PROPOSAL FOR RECIPROCAL RESTRAINTS ON SHORTER RANGE SYSTEMS. BECAUSE OF THE MOBILITY OF THE SS20S, AND THE IMPLICATIONS VIS A VIS THE JAPANESE AND CHINESE, THE AMERICANS WILL RESIST ANY FORMAL DEPARTURE FROM THE CONCEPT OF GLOBAL CEILINGS, THOUGH PRIVATELY THEY DO NOT EXCLUDE COMPLETELY SOME LIMITED ALLOWANCE FOR MISSILES IN SOVIET ASIA IF ALL OTHER ISSUES COULD BE SATISFACTORILY RESOLVED. THEY ARE CONTEMPLATING PROPOSING EQUAL LIMITS ON CERTAIN CATEGORIES OF INTERMEDIATE RANGE AIRCRAFT.

START

6. THE PRESIDENT'S CRITICISM OF THE SALT AGREEMENTS WAS BASED IN PART ON THE FACT THAT BOTH SALT I AND SALT II PERMITTED FURTHER MASSIVE INCREASES IN WARHEAD NUMBERS. IN THE RECENT REVIEW OF THE US POSITION THE ADMINISTRATION HAS RETAINED THE CENTRAL FEATURE OF THE START PROPOSAL, WHICH IS THAT BOTH SIDES SHOULD REDUCE TO 5,000 WARHEADS ON INTERCONTINENTAL BALLISTIC MISSILES (FROM CURRENT LEVELS OF 7,200 FOR THE UNITED STATES AND 7,900 FOR THE SOVIET UNION). THE CONCENTRATION ON BALLISTIC MISSILES, RATHER THAN AIRCRAFT AND CRUISE MISSILES, IS JUSTIFIED BY THE FACT THAT ICBMS ARE THE MOST THREATENING, FAST-MOVING SYSTEMS, USEABLE IN A PREEMPTIVE STRIKE. THE US OBJECTIVE IS ALSO TO REDUCE THE FIVE TO TWO SOVIET ADVANTAGE IN THROW-WEIGHT.

7. THE US HAS PROPOSED EQUAL BOMBER LIMITS, INCLUDING BACKFIRE: AND LIMITS ON AIR-LAUNCHED CRUISE MISSILES. SEA-LAUNCHED CRUISE MISSILES (SLCMS) ARE NOT YET COVERED IN THE US PROPOSAL, IT BEING ALMOST IMPOSSIBLE TO DIFFERENTIATE BETWEEN NUCLEAR AND CONVENTIONALLY ARMED SLCMS, OR TO VERIFY THEIR RANGE. THE PRESIDENT HAS NOW SAID THAT THE US IS PREPARED TO RAISE THE LIMIT ON THE NUMBER OF DEPLOYED BALLISTIC MISSILES. THE RUSSIANS HAVE PROPOSED REDUCTIONS TO 1800 LAUNCHERS ON EACH SIDE, BUT SO FAR HAVE REFUSED TO INDICATE WHAT THIS WOULD MEAN IN TERMS OF WARHEADS.

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THE GAP BETWEEN THE TWO SIDES IS WIDE. THE PRESIDENT HAS NOT CHANGED THE PROPOSED SUB-LIMITS WHICH WOULD REQUIRE THE RUSSIANS TO DISMANTLE A HIGH PROPORTION OF THEIR HEAVY AND MEDIUM LAND-BASED MISSILES. WHILE STILL DETERMINED TO REDUCE THE SOVIET ADVANTAGE IN THROW-WEIGHT, THE AMERICANS WOULD BE PREPARED TO MODIFY THIS ASPECT OF THEIR PROPOSALS IF THERE WERE CORRESPONDING SIGNS OF FLEXIBILITY ON THE SOVIET SIDE. IF PRESIDENT REAGAN DECIDES TO RUN FOR RE-ELECTION, THERE COULD BE OBVIOUS POLITICAL ADVANTAGES IN SEEKING TO ACHIEVE A NEW VLADIVOSTOK TYPE FRAMEWORK AGREEMENT IN START. IF SUCH AN AGREEMENT WERE ACHIEVABLE, IT COULD BE ENDORSED AT A SUMMIT EARLY NEXT YEAR. THE PRESIDENT IS NOT THE MAN, HOWEVER, TO MAKE MAJOR CONCESSIONS AGAINST HIS JUDGEMENT OR THE ADVICE OF THE JOINT CHIEFS OF STAFF TO ACHIEVE THIS: AND ANDROPOV IS UNLIKELY TO DO HIM ANY FAVOURS TO HELP SECURE HIS RE-ELECTION.

MBFR

8. SHULTZ HAS TAKEN A PERSONAL INTEREST IN TRYING TO GIVE SOME NEW IMPETUS TO MBFR. THE AMERICANS WILL SOUND OUT THE RUSSIANS BILATERALLY ON THEIR WILLINGNESS TO ACCEPT THE WESTERN PACKAGE ON VERIFICATION MEASURES IN EXCHANGE FOR REDUCED EMPHASIS ON PRIOR AGREEMENT ON DATA. THESE IDEAS ARE NOT FULLY WORKED OUT AND THE AMERICANS ACCEPT THAT THE DATA ISSUE COULD NOT BE SET ASIDE FOR ANYTHING OTHER THAN A PRELIMINARY PHASE. WHETHER THESE MOVES LEAD ANYWHERE WILL DEPEND ON THE SOVIET RESPONSE ON VERIFICATION.

CSCE/CDE

9. IN THE CSCE REVIEW CONFERENCE IN MADRID THE AMERICANS ARE INSISTING, WITH ALLIED SUPPORT, ON IMPROVEMENTS TO THE PASSAGES IN THE CONCLUDING DOCUMENT DEALING WITH HUMAN RIGHTS. THEY ALSO INSIST THAT THERE MUST BE IMPROVEMENT IN THE SOVIET PERFORMANCE ON HUMAN RIGHTS BEFORE THERE IS AGREEMENT TO MOVE ON TO A CONFERENCE ON DISARMAMENT IN EUROPE (CDE). THE AMERICANS HAVE ACHIEVED PROGRESS ON THE QUESTION OF THE PENTECOSTALISTS AND ARE CONTINUING THEIR EFFORTS TO SECURE THE RELEASE OF SHCHARANSKY. THE STATE DEPARTMENT SEE ATTRACTIONS IN MOVING TOWARDS A CDE NEXT YEAR, BUT WILL NEED TO ACHIEVE ENOUGH ON HUMAN RIGHTS TO SATISFY CONGRESSIONAL CRITICS HERE WHO CONTEND THAT SOVIET PERFORMANCE, INCLUDING THE DETENTION OF THE HELSINKI MONITORING GROUPS, HAS MADE NONSENSE OF THE CSCE PROCESS.

NUCLEAR TESTING

10. U.S. ESTIMATES OF SOVIET UNDERGROUND NUCLEAR TESTS HAVE LED TO THE CONCLUSION HERE THAT THERE IS A NINETY PER CENT PROBABILITY (THOUGH NO ABSOLUTE CERTAINTY) THAT THE RUSSIANS HAVE CONDUCTED SOME TESTS ABOVE THE 150 KILOTON LIMIT SPECIFIED IN THE THRESHOLD TEST BAN TREATY. THERE IS NO PROSPECT OF THE SENATE RATIFYING A TREATY THE VERIFICATION PROVISIONS OF WHICH ALLOW A 100 PER CENT MARGIN OF ERROR IN THE ESTIMATE OF TEST YIELDS. THE RUSSIANS HAVE REJECTED U.S. PROPOSALS FOR IMPROVED VERIFICATION THROUGH INSPECTION OF TESTS ABOVE 75 KILOTONS. THE U.S. IS CONSIDERING WAYS OF PURSUING A DIALOGUE ABOUT VERIFICATION. THERE WILL BE NO INTEREST IN IDEAS OF A DEGRESSIVE THRESHOLD UNTIL VERIFICATION PROBLEMS CAN BE RESOLVED.

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1 CHEMICAL

11. THE PENTAGON ARE CONCERNED AT THE EXTENT TO WHICH SOVIET MILITARY EXERCISES ARE ACCOMPANIED BY TRAINING IN CHEMICAL WARFARE. THE ADMINISTRATION IS SEEKING FROM CONGRESS AUTHORITY TO MODERNISE THE U.S. CW STOCKPILE IN THE U.S. THROUGH THE PRODUCTION OF BINARY WEAPONS (SAFER TO OPERATE THAN EXISTING CHEMICAL WEAPONS) AS A DETERRENT TO SOVIET CW USE. THERE IS LITTLE PROSPECT OF CONGRESS VOTING FUNDS FOR THIS PURPOSE, THOUGH THEY WILL DO SO FOR THE IMPROVEMENT OF CW DEFENSIVE EQUIPMENT. THE ADMINISTRATION IS CONTENT FOR US TO PURSUE OUR EFFORTS TOWARDS A CW AGREEMENT IN THE DISARMAMENT COMMITTEE, BUT IS EXTREMELY SCEPTICAL ABOUT SOVIET WILLINGNESS TO NEGOTIATE ANY AGREEMENT ENTAILING ADEQUATE VERIFICATION, AND GENERALLY DISTRUSTFUL OF WHAT THEY REGARD AS THE DISPOSITION OF THE CD TOWARDS PURELY DECLARATORY ARMS CONTROL MEASURES.

OUTER SPACE

12. THE PRESENT ADMINISTRATION CAN SEE NO INCENTIVE TO PURSUE ARMS CONTROL AGREEMENTS IN OUTER SPACE GIVEN, THE DIFFICULTIES OF VERIFICATION: THE INCREASING MILITARY APPLICATION OF SATELLITES: THE POTENTIAL U.S. TECHNOLOGICAL ADVANTAGE AND THE FACT THAT THE SOVIET UNION HAS ALREADY TESTED ANTI-SATELLITE WEAPONS.

COMMENT

13. WHILE ATTENTION IS BEING DEVOTED TO NEW MOVES IN MBFR AND, SUBJECT TO SOME SATISFACTION ON HUMAN RIGHTS, THE POSSIBILITY FOR PROGRESS TOWARDS A CDE, THE MAIN FOCUS OF INTEREST IS ON NUCLEAR ISSUES. THERE IS POTENTIAL FOR FURTHER DEVELOPMENT OF THE U.S. POSITION IN START. FOR INSTANCE, WE HAVE SUGGESTED THAT, IN THE INTEREST OF PUTTING FORWARD A COMPREHENSIVE PROPOSAL, THE U.S. SHOULD BE PREPARED TO STATE A READINESS IN PRINCIPLE TO EXAMINE WAYS TO ACHIEVE EQUAL LIMITATIONS ON SLCMS, LEAVING THE VERY COMPLEX TECHNICAL ISSUES INVOLVED TO BE THE SUBJECT OF SUBSEQUENT NEGOTIATION. THOUGHT IS BEING GIVEN TO WAYS OF INCORPORATING A QUOTE BUILD DOWN UNQUOTE INTO THE U.S. POSITION (IE THE IDEA THAT MORE THAN ONE EXISTING WARHEAD SHOULD BE RETIRED FOR EACH NEW WARHEAD DEPLOYED). THE U.S. WILL BE SEEKING TO PROBE THE SOVIET POSITION IN SHULTZ'S PRIVATE MEETINGS WITH DOBRYNIN, AS WELL AS THROUGH THE FORMAL NEGOTIATIONS IN GENEVA. IF THE PRIVATE SOVIET RESPONSE IS AS DISMISSIVE AS THE INITIAL TASS REACTION, THERE WILL BE A REDUCED DISPOSITION HERE TO CONSIDER FURTHER MOVEMENT IN THE ABSENCE OF ANY ON THE SOVIET SIDE.

F C O PASS SAVING TO ANKARA, ATHENS, BRUSSELS, COPENHAGEN, LISBON, LUXEMBOURG, OTTAWA, OSLO, ROME, REYKJAVIK, THE HAGUE.

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From the Private Secretary

28 July 1983 *Planning Staff*

Dear Brian,

28/7

You will recall that earlier this year you provided a few articles for the Prime Minister to read on East-West relations.

Mrs. Thatcher would be most grateful if you could provide a further selection of the most recent articles on this subject and the internal situation in the Soviet Union and Eastern Europe which she might read during August.

As I shall be on leave, could you kindly send these to Tim Flesher.

Yours ever

John Gles.

1) 28/7/83

Mr. Duncan, Research Dept.
Mr. Fuller, Defence Dept.

Brian Fall, Esq.,
Foreign and Commonwealth Office.

2) back to me

RHS
29/7



The National Archives

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CSCE GENERAL

ADVANCE COPIES *20*

PS *(6)*

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PS /LADY YOUNG

PS/MR RIFKIND

PS/PUS

SIR J BULLARD

MR JAMES

MR ~~GILLMORE~~ *Car Hedge*

HD/CSCE UNIT

HD/EESD (2)

HD/TRED

HD/DEF D

HD/CRD

HD/NEWS D

IMMEDIATE

*Revised to
Acquies*

16/7

RESIDENT CLERK

CONFIDENTIAL

FM UKDEL MADRID 161030Z JULY 83

TO IMMEDIATE FCO

DESKBY 161100Z - FOR RESIDENT CLERK

TELEGRAM NUMBER 184 OF 15 JULY

INFO PRIORITY TO WASHINGTON, PARIS, BONN, MOSCOW, UKDEL NATO
INFO ROUTINE TO UKMIS NEW YORK, STOCKHOLM, UKDEL STRASBOURG,
VIENNA, UKDEL VIENNA, UKREP BRUSSELS, UKMIS GENEVA, BRUSSELS,
SOFIA, OTTAWA, NICOSIA, PRAGUE, COPENHAGEN, HELSINKI, EAST BERLIN
ATHENS, HOLY SEE, BUDAPEST, DUBLIN, REYKJAVIK, ROME, LUXEMBOURG
VALLETTA, OSLO, THE HAGUE, WARSAW, LISBON, BUCHAREST, BERNE,
ANKARA AND BELGRADE.

FOLLOWING DESKBY FOR RESIDENT CLERK

MY TEL NO 183: CSCE END GAME.

SUMMARY

1. AN EAST-WEST AGREEMENT WAS REACHED IN THE EVENING OF
FRIDAY 15 JULY, AFTER THE WEST OBTAINED SATISFACTION ON THE HUMAN
CONTACTS EXPERTS MEETING AND THE TRANSLATION INTO RUSSIAN OF THE
CDE MANDATE. ALL THE PARTICIPANTS EXCEPT MALTA THEREUPON
STATED IN A PLENARY SESSION THAT THEY ACCEPTED THE MNA DRAFT
RM 39 (REVISED) PLUS AN AGREED LIST OF CHANGES TO THAT DOCUMENT
(THE SO-CALLED CHECK-LIST). THESE CHANGES WERE THE ENTIRETY OF
THE SPANISH PROPOSALS OF 17 JUNE PLUS A NUMBER OF SUBSEQUENT
CLARIFICATIONS OF TRANSLATION. THE CONFERENCE CANNOT FORMALLY
EXPRESS CONSENSUS ON THE FINAL DOCUMENT UNTIL THE MALTESE
OBJECTIONS HAVE BEEN DEALT WITH, BUT THE EAST-WEST PART IS OVER
AND THE 'POLITICAL HANDSHAKE' HAS TAKEN PLACE.

DETAIL

AND THE 'POLITICAL HANDSHAKE' HAS TAKEN PLACE.

DETAIL

2. KAMPELMAN (USA) SPOKE AS AGREED TO KONDRASHEV (USSR) LATE IN THE EVENING OF 14 JULY ON THE LINES OF PARA 2 OF TUR, SAYING THE WEST ACCEPTED THE HCEM TEXT AS REVISED AND ASSURING HIM THERE WOULD BE NO FURTHER CHANGES. KAMPELMAN ALSO OBTAINED SATISFACTION FROM THE SWISS ON THE TERMS OF THE LETTER OF INVITATION FROM THE SWISS GOVERNMENT, THE TEXT OF WHICH HAS NOW BEEN CIRCULATED AND CONTAINS A REQUEST TO THE CHAIRMAN OF THE PLENARY OF 15 JULY THAT THE CONFERENCE DECIDE ON A CHAIRMAN'S STATEMENT ANNEXED TO THE CONCLUDING DOCUMENT, 'SO ALLOWING THE HCEM NOT TO HAVE A LESSER STATUS THAN THE OTHER MEETINGS FORESEEN'. THROUGHOUT 15 JULY THE RUSSIANS STILL TRIED TO WATER DOWN THEIR COMMITMENT TO PUBLISHING THE HCEM STATEMENT, BUT GAVE WAY TO COMBINED WESTERN AND NNA PRESSURE, SO AGREEING TO EVERY WORD OF THE CHANGES IN TUR.

3. CURIEN (FRANCE), ASSISTED BY BISHOP, THEN TOOK UP ~~THE~~ WITH THE RUSSIANS ON BEHALF OF THE NATO CAUCUS, THE OUTSTANDING TRANSLATION POINTS. A HARD BATTLE WAS FOUGHT ON THE CDE MANDATE WITH THE NNA AGAIN CALLED IN ON OUR SIDE. THE RUSSIANS FINALLY GAVE US SATISFACTION ON 'SPECIFICATIONS' BY SUPPLYING TWO WORDS MEANING 'PRECISION AND DETAILING' (UTOCHNENIYA I DETALIZI-I) BOTH OF WHICH WILL BE USED. THEY ALSO EVENTUALLY AGREED TO THE SUPPRESSION OF THE COMMA BEFORE 'AS REFERRED TO ABOVE', SO MAKING IT CLEAR THAT THIS PHRASE REFERS TO 'THE WHOLE OF EUROPE' AND NOTHING ELSE. THIS WAS THE OUTCOME THE WESTERN CAUCUS HAD THOUGHT DESIRABLE WHEN IT CONSIDERED THE SITUATION AT THE BEGINNING OF THE END GAME HERE. OUR INSISTENCE ON CHANGING 'TAKOY' WAS CONSEQUENTLY DROPPED, AND WE AGREED TO A RUSSIAN SUGGESTION THAT THE CHECK-LIST (SEE PARA 1 ABOVE) SHOULD SPECIFY THAT 'SUCH' WAS TO BE DELETED IN ENGLISH ONLY. (IN FACT, ALL THE OTHER TRANSLATIONS ARE SATISFACTORY TO US, WHILE THE RUSSIAN IS MERELY AMBIGUOUS - PARA 8 OF TUR.)

4. AS A RESULT, THE OTHER POINTS OF RUSSIAN TRANSLATION QUICKLY FELL INTO PLACE. WE ACCEPTED THE RUSSIAN PROPOSED STATEMENT, TO EXPLAIN WHAT 'VISITORS' MEANS IN RUSSIAN AND, SEEING THE POSSIBILITY OF DOING MORE HARM THAN GOOD, DROPPED THE IDEA OF SEEKING CLARIFICATION ON 'HAVE A ROLE TO PLAY'. (FULL LIST FOLLOWS BY BAG.)

5. AFTER I HAD PARTICIPATED IN A SMALL GROUP OF WEST, EAST AND NNA TO FINALISE THE CHECK-LIST AND WORK OUT HOW TO CIRCUMVENT THE PROBLEM OF GETTING ENDORSEMENT IN THE PLENARY BY EAST AND WEST OF WHAT HAD JUST BEEN WORKED OUT, WITHOUT RUNNING INTO MALTESE OBSTACLES, THE PLENARY WENT AHEAD ON THE PRE-ARRANGED LINES, UNDER FINNISH CHAIRMANSHIP. THE SWISS FORMALLY MENTIONED THE INVITATION TO THE HCEM. THE AUSTRIAN INTRODUCED THE CHECK-LIST WITH, AS AGREED, ORAL UPDATING OF THE CHECK-LIST WHICH HAD BEEN TYPED EARLIER THAT DAY. THE CHAIRMAN THEN INVITED COMMENTS. GREECE (FOR THE TEN), NORWAY (FOR NATO), THE USSR (ONE FOR THEMSELVES, THE OTHER FOR 'A NUMBER OF FRIENDS'), THE HOLY SEE AND AUSTRIA (FOR THE UN). THEY GAVE ENDORSEMENT OF

COMMENTS. GREECE (FOR THE TEN), NORWAY (FOR NATO), THE USSR (ONE FOR THEMSELVES, THE OTHER FOR 'A NUMBER OF FRIENDS'), THE HOLY SEE AND AUSTRIA (FOR THE NNA), THEN GAVE ENDORSEMENT OF RM 39 (REVISED) PLUS THE CHECK-LIST AS PRESENTED BY AUSTRIA. CYPRUS PUT DOWN ITS STANDARD RESERVATION, BUT DID NOT OBJECT. THE CHAIRMAN THEN PROPOSED WE PROVISIONALLY AGREE THESE TEXTS. MALTA OBJECTED. THE CHAIRMAN APPEALED TO MALTA TO REPORT THE SITUATION TO HIS GOVERNMENT AND ASK THEM TO RE-CONSIDER THEIR POSITION.

6. AUSTRIA HAD HOPED TO CONCLUDE THE MEETING BY PROPOSING AGREED DATES FOR THE FINAL SESSIONS, ATTENDED BY MINISTERS. IN PRACTICE THERE IS STILL AN IRRECONCILABLE DIFFERENCE BETWEEN GROMYKO'S REFUSAL OF ANY DATE AFTER 27 JULY AND SHULTZ'S INABILITY TO GET TO MADRID BEFORE 1 AUGUST. DESPITE OUR URGING TO LEAVE THE MATTER TO MATURE, CESKA FORMALLY SUGGESTED 27,28 AND 29 JULY (WHICH IS ACCEPTABLE TO NEITHER), BUT NO-ONE VENTURED TO COMMENT.

WILLIAMS

NNN

SENT/RECD AT 16/1134Z VMR/PM

GR 1150

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FROM MOSCOW 151430Z JULY

TO PRIORITY F C O

TELEGRAM NUMBER 792 OF 15 JULY

INFO PRIORITY WASHINGTON, UKDEL NATO, BONN, PARIS

INFO ROUTINE SOFIA, BELGRADE, BUCHAREST, BUDAPEST, EAST BERLIN, WARSAW AND PRAGUE.

INFO SAVING UKDEL MADRID, UKDIS GENEVA, UKMIS NEW YORK, TOKYO PEKING, ULAN BATOR, AND ALL OTHER NATO POSTS.

SOVIET FOREIGN POLICY : US/SOVIET RELATIONS AND ARMS CONTROL :

MY TELNO 677 (NOT TO ALL)

SUMMARY.

1. THE RUSSIANS ARE PAINTING A BLACK PICTURE OF THE PROSPECTS FOR US/SOVIET RELATIONS. DESPITE WESTERN PRESS REPORTS TO THE CONTRARY, I SEE NO SIGNS HERE OF ANY SIGNIFICANT IMPROVEMENT IN SUPER-POWER RELATIONS, WHICH THE RUSSIANS NOW VIEW ALMOST WHOLLY THROUGH THE PRISM OF INF.

INF.

2. MEANWHILE, THE AMERICANS ARE MAKING AN EFFORT TO IMPROVE THE RELATIONSHIP AT THE MARGINS AND IN THE PROCESS APPEAR TO BE JETTISONING RESTRAINTS INTRODUCED AFTER THE SOVIET INVASION OF AFGHANISTAN.

3. THE ODDS ARE AGAINST A SUBSTANTIVE SHIFT IN THE SOVIET POSITION ON INF BEFORE DEPLOYMENT BEGINS, THOUGH SOME FURTHER LARGELY COSMETIC INITIATIVE IS NOT TO BE RULED OUT. THE SOVIET CALCULATION WILL BE THAT THEY STILL STAND A CHANCE OF ERODING ALLIANCE RESOLVE BEFORE DEPLOYMENT WITHOUT HAVING TO MODIFY THE SUBSTANCE OF THEIR POSITION.

DETAIL.

4. MY US COLLEAGUE TELLS ME THAT DURING THE VISIT LAST WEEK OF AN AMERICAN CONGRESSIONAL DELEGATION, LED BY CONGRESSMAN FOLEY, THE RUSSIANS GAVE NO HINT OF CHANGES IN THE SOVIET POSITION ON INF AND SHOWED LITTLE INTEREST IN A US/SOVIET

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/SUMMIT

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SUMMIT. FOLEY'S VISIT , AT THE INVITATION OF THE SUPREME SOVIET, WAS THE FIRST FORMAL US/SOVIET PARLIAMENTARY EXCHANGE FOR FOUR YEARS. FOLEY WAS WELL RECEIVED AND THE RUSSIANS DEPLOYED A HIGH-POWERED TEAM UNDER THE NOMINAL LEADERSHIP OF CANDIDATE POLITBUTO-MEMBER PONOMARYEV, WHICH INCLUDED THE DEPUTY-CHIEF OF THE GENERAL STAFF OF THE ARMED FORCES, MARSHAL AKHROMEYEV. PONOMARYEV WAS POLITE BUT TOUCH. THE RUSSIANS WERE " SOMBERLY NEGATIVE " ABOUT THE PROSPECTS FOR US/SOVIET RELATIONS. THE REAGAN ADMINISTRATION WAS STRONGLY CRITICISED . THE SOVIET SIDE PUT HEAVY EMPHASIS ON THE PLACE OF ARMS CONTROL IN BILATERAL RELATIONS

AND ON THE VIRTUES OF A FREEZE: THE LATTER WAS THE MAIN THEME OF PONOMARYEV'S TWO SPEECHES. PONOMARYEV ALSO TOLD THE CONGRESSMEN THAT IF DEPLOYMENT WENT AHEAD, THERE WOULD BE A BREAKDOWN ("SRIV") IN THE GENEVA TALKS. THIS REMARK WAS OMITTED FROM THE PUBLISHED TEXT OF HIS SPEECH , WHICH SUGGEST THAT HE WENT FURTHER THAN THE RUSSIANS NOW CONSIDER DESIRABLE FOR PUBLIC CONSUMPTION.

5. OUR OWN RECENT CONTACTS WITH SOVIET SOURCES (DETAILS

IN MEYER'S LETTER OF 13 JULY TO HEAD OF EESD) CONFIRM THAT THE RUSSIANS ARE NOW SENDING A DELIBERATELY BLEAK MESSAGE ABOUT THE PROSPECTS FOR US/ SOVIET AND EAST/WEST RELATIONS. THE ESSENCE OF THIS MESSAGE IS THAT :INF IS CENTRAL TO THE SUPER-POWER

RELATIONSHIP SEMICOLON DEPLOYMENT WILL QUALITATIEVELY CHANGE THE MILITARY/STRATEGIC BALANCE IN EUROPE TO THE SOVIET UNION'S DISADVANTAGE SEMICOLON US/SOVIET RELATIONS WILL SUFFER ACCORDINGLY SEMICOLON AND AN US/SOVIET SUMMIT IN THE FORESEEABLE FUTURE CAN BE RUVED OUT (THE GYERMANS HERE TELL US THAT THERE WAS NO CLEAR CUT RESPONSE BY THE RUSSIANS TO KOHL'S EXPRESSION OF INTEREST IN A SUMMIT , AND MY HEAD OF CHANCERY WAS TOLD IN TERMS BY THE DEPUTY HEAD OF THE MFA'S AMERICAN DEPARTMENT ON 12 JULY THAT DEPLOYMENT WOULD RULE OUT A SUMMIT IN 1984. AGAINST THIS, AND NOT DISCOURAGED BY THE AMERICANS HERE , IT IS TRUE THAT SOME RUSSIANS ARE SAYING THAT RELATIONS WITH WASHINGTON COULD NOT BE WORSE AND HAVE EVEN SPOKEN OF AN UPTURN. BUT IT IS THE HARSH LINE WHICH PREDOMINATES.

6. OFFICIAL SOVIET CONTACTS HAVE ALSO SOUGHT TO PLAY DOWN THE SIGNIFICANCE OF THE CONSIDERABLE EFFORT NOW BEING MADE BY THE AMERICANS TO IMPROVE RELATIONS AT THE MARGIN. NEGOTIATIONS ARE TO RESUME SOON ON A CONSULAR AGREEMENT AND ON THAT PART OF THE CULTURAL EXCHANGE AGREEMENT WHICH COVERS MAJOR EXHIBITIONS. DISCUSSIONS ON BOTH HAVE BEEN IN SUSPENSE SINCE THE INVASTION OF AFGHANISTAN, AND , ACCORDING TO MY US COLLEAGUE, WASHINGTON'S DECISION TO PROCEED REPRESENTS A SHIFT IN POLICY. AN AMERICAN DELEGATION IS ALSO COMING TO MOSCOW TO DISCUSS CONFIDENCE-BUILDING MEASURES IN TIMES OF CRISIS. THE AIM WILL BE IN PART TO PURSUE REAGAN'S PROPOSALS ANNOUNCED IN MAY.

-2-
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/CONCLUSION

CONCLUSION .

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7. IN MY TUR, I CONCLUDED THAT THE RUSSIANS COULD BE BRACING THEMSELVES FOR A SUSTAINED PERIOD OF TRENCH WARFARE IN THEIR RELATIONS WITH THE AMERICANS. THE KOHL VISIT TO MOSCOW GAVE NO INDICATIONS OF NEW SOVIET POSITIONS ON ARMS CONTROL. IF SOVIET SIGNALS ARE TO BE TAKEN AT THEIR FACE VALUE, IT LOOKS THEREFORE AS IF THE RUSSIANS HAVE DECIDED TO STAND FIRM ON THEIR PRESENT POSITIONS AND TO WAIT AND SEE WHAT ADVANTAGES THEY CAN EXTRACT FROM THE BUNDESTAG DEBATE IN NOVEMBER ON INF, THE SUPPORT IN THE US CONGRESS FOR A FREEZE, THE US PRESIDENTIAL ELECTION CAMPAIGN, AND , AS EVER, THE PEACE MOVEMENT. THEY MAY CALCULATE THAT A COMBINATION OF THESE FACTORS , AGAINST A BACKGROUND OF DARK SOVIET WARNINGS ABOUT THE CONSEQUENCES OF DEPLOYMENT, MAY YET SUCCEED IN UNDERMINING NATO'S TWO-TRACK DECISION.

8. IT MAY BE THAT THE PRESENT SIGNALS CONSTITUTE AN EXAMPLE OF STANDARD SOVIET NEGOTIATING TACTICS WHICH WILL LEAD TO A VOLTE-FACE WHEN THE MOMENT OF TRUTH ARRIVES WITH THE IMMINENT DEPLOYMENT OF THE FIRST AMERICAN MISSILES. BUT I INCREASINLY DOUBT THAT WE SHALL SEE SUCH A SHIFT IN SOVIET POLICY THIS YEAR. TOO MUCH HAS BEEN INVESTED TOO PUBLICLY , AND BY ANDROPOV HIMSELF, IN THE PRESENT SOVIET POSITION TO ALLOW THE LEADERSHIP TO RETREAT WITH DIGNITY EITHER ON THE QUESTION OF COUNTING BRITISH AND FRENCH NUCLEAR SYSTEMS OR FROM OBJECTIONS TO REAGAN'S ZERO OPTION AND INTERMEDIATE SOLUTION. THE RUSSIANS WILL IN ANY CASE BE AWARE THAT THE END OF 1983 IS NOT AN ABSOLUTE DEADLINE : NATO DEPLOYMENT WILL NOT TAKE PLACE ALL AT ONCE , AND , EVEN AFTER DEPLOYMENT HAS BEGUN , THERE WILL STILL BE TIME TO TRY TO UNDERMINE IT BEFORE IT GOES TOO FAR OR TO NEGOTIATE REDUCTIONS.

9. THE RUSSIANS ARE NOW ALMOST CERTAINLY RESIGNED TO SOME MEASURE OF NATO INF DEPLOYMENT. IN THE CONVERSATION WITH MY HEAD OF CHANCERY REFERRED TO ABOVE, THE DEPUTY HEAD OF THE FOREIGN MINISTRY'S AMERICAN DEPARTMENT PROBABLY GAVE AN HONEST VIEW WHEN HE SAID THAT HE DISCOUNTED A FORMAL INF AGREEMENT OR UNDERSTANDING BEFORE THE END OF THE YEAR. AT BEST, THOUGH HE THOUGHT THE ODDS WERE AGAINST IT , THERE MIGHT BE A SITUATION OF NO AGREEMENT AND NO DEPLOYMENT. THIS SUGGESTS THAT THE RUSSIANS MAY HAVE SOME FURTHER ESSENTIALLY PROPAGANDIST INITIATIVE UP THEIR SLEEVES WHICH WILL BE TIMED AS A LAST-DITCH ATTEMPT TO DELAY DEPLOYMENT.

9. FCO PLEASE PASS TO SAVING ADDRESSEES.

SUTHERLAND
FCO/WHITEHALL
DEF D

(REPEATED AS REQUESTED)

- 3 -
CONFIDENTIAL



cc Mr. Coles ✓

ADL 1/2.

10 DOWNING STREET

MR. FALL
FCO

EAST/WEST RELATIONS

I was at a UN seminar in Switzerland over last weekend. The Soviet participant was Arbatov, the well-known Russian front man for this kind of thing. By chance, he and I lunched together on the penultimate day of the seminar.

Arbatov's attitude was tough, uncompromising and more offensively worded than I had anticipated from a smooth, international operator like him. He described the French and the British as totally irresponsible, the French for their attitude towards their independent deterrent and ourselves for retaining our deterrent and being so subservient to the Americans.

The argument then became rather heated. I told Arbatov that the Soviet Union must have the intelligence to realise that British foreign policy was made in London and not in Washington; also that, so far as Britain was concerned, the "peace movement" had been a flop. The Soviet Union ought to be able to draw the correct conclusions from the result of the last General Election in terms of the British attitude towards an independent nuclear deterrent, INF and unilateralism. His government should now be in no doubt that, without a major breakthrough at Geneva, deployment of INF would definitely start before the end of this year. My hope was that, either in 1984 or 1985, the Soviet Union would enable genuine progress to be made on the three principal subjects of START, INF and MBFR.

Arbatov said that I could take it from him that there would be absolutely no question of the Soviet Union negotiating on INF after deployment of Cruise and Pershing missiles in Western Europe. The moment for negotiations was now or never. I said that he could equally take it from ^{me} that what I had told him was true, namely that there would be deployment this year if there was no progress at Geneva.

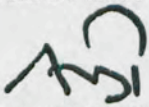
/He then

He then launched into discussion about the Americans. He said that the Reagan Administration was impossible to do business with and that there was no hope of an improvement in Soviet/American relations so long as Reagan was President. Reagan was surrounded by ideological fanatics who wished to dismantle the Soviet Union and the Socialist system or, at least, to effect radical changes in it.

I asked him if he had read Shultz's statement to the Senate Foreign Relations Committee. He said that he had and that it had been very badly received in Moscow. I said that this surprised me. I had read it carefully and it had seemed to me to be a very moderate and measured statement of the American position. It contained no abuse or extravagant rhetoric. It recognised that the Soviet Union had genuine security preoccupations and that the Soviet Union had global interests. I realised that the Soviet Union might not enjoy being lectured on their international behaviour, but they were not in the habit of failing to do so in reverse, vis a vis the Americans. I compared Shultz's statement to Gromyko's statement to the CPSU. Arbatov's comment was that the Reagan Administration was paranoid. I said that his response was clear evidence of paranoia on the Soviet side. The temperature of the conversation rose further.

Arbatov's parting shot was that the Soviet military had decided that they could not afford to continue to wait until the Americans developed new weapon systems before doing the same themselves. In future they would have to find short cuts in order to keep ahead. I did not have time to elucidate exactly what he meant by this.

From something else which Arbatov said - I forget exactly what - I came away with the impression that the next target for the Soviet propaganda machine will be the Democrat Presidential Election platform on the nuclear weapons question and that the Russians will start propagating the idea that a nuclear freeze is the answer to our problems. From what the Americans at the seminar were saying in private about the Presidential election campaign, such a propaganda line would fall on fertile ground with a large section of the population in United States.


A.D. PARSONS
30 June 1983

*East
West
Relations*

CONFIDENTIAL

CRS 465

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DESKBY 280900Z

FM MOSCOW 280623Z JUN 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 690 OF 29 JUN

INFO IMMEDIATE WASHINGTON, UKDEL NATO, BONN, PARIS,

INFO PRIORITY BUCHAREST, BUDAPEST, EAST BERLIN, PRAGUE, WARSAW,
SOFIA

MY TEL NO 676 : **SUMMIT MEETING OF WARSAW PACT LEADERS**

1. **WARSAW PACT LEADERS HAVE NOW ARRIVED THOUGH THERE HAS BEEN NO OFFICIAL ANNOUNCEMENT.**
2. **THE ONLY REASONABLY FIRM EVIDENCE AVAILABLE TO ME ON THE AGENDA HAS COME FROM THE ROMANIANS HERE WHO, AS REPORTED IN MY TUR, SAY THAT A RESPONSE TO NATO INF DEPLOYMENT WILL BE DISCUSSED. BUT IT WOULD BE SURPRISING IF OTHER CURRENT WARSAW PACT PREOCCUPATIONS WERE NEITHER DISCUSSED NOR MENTIONED IN A COMMUNIQUE. AT THE VERY LEAST, THE ASSEMBLED COMMUNIST LEADERS WOULD NEED TO SAY SOMETHING 'PEACE-LOVING' TO BALANCE A TOUGH STATEMENT ON INF.**
3. **THE POPE'S VISIT WILL BE MUCH ON THE MINDS OF THOSE TAKING PART IN THE MEETING AND IT MAY BE NO COINCIDENCE THAT PRAVDA OF 24 JUNE CARRIED A FRONT PAGE EDITORIAL, DRAWING ITS INSPIRATION FROM THE RECENT PARTY PLENUM, ON THE THEMES OF SOCIALIST SOLIDARITY AND THE NEED FOR CLOSE CO-OPERATION BETWEEN RULING PARTIES. BUT I AM SCEPTICAL OF THE AMERICAN VIEW (PARA 2 OF WASHINGTON TEL NO 1748) THAT THE MEETING MAY HAVE BEEN CALLED SPECIFICALLY TO DISCUSS THE SITUATION THERE. THIS WOULD BE TANTAMOUNT TO ADMITTING THAT THE POPE'S VISIT HAD PROVOKED A CRISIS WHICH JARUZELSKI WAS UNABLE TO HANDLE. I HAVE SEEN NOTHING IN THE REPORTS FROM MR MORGAN AND OTHERS TO SUGGEST THAT THE RUSSIANS HAVE GROUNDS FOR SO THINKING. NOR ARE THERE INTIMATIONS OF CRISIS IN THE SOVIET PRESS, WHICH HAS SO FAR CONFINED ITSELF TO THREE EXIGUOUS REPORTS ON THE PAPAL VISIT. FURTHERMORE, PRAVDA AND IZVESTIA (26 JUNE) IN REPORTING THE TEXT OF A POLISH PROTEST TO THE US EMBASSY IN WARSAW ABOUT PRESIDENT REAGAN'S CHICAGO SPEECH (PARA 6 OF WASHINGTON TUR), CARRIED REFERENCES TO THE PAPAL VISIT HAVING 'PROMOTED FURTHER PROGRESS ON ACHIEVING INTERNAL STABILISATION AND NATIONAL ACCORD' AND NOT HAVING 'BROUGHT ABOUT POLITICAL ADVENTURES WHICH WERE ENVISAGED BY THE AMERICAN SCENARIO'. IN AN IDEAL WORLD, THE RUSSIANS WOULD HAVE NOT WANTED THE POPE TO GO TO POLAND. BUT, BARRING THE UNFORESEEN, MY ASSESSMENT IS THAT THEY ARE TOLERABLY SATISFIED WITH THE WAY IN WHICH THE POLISH AUTHORITIES HANDLED THE VISIT AND WILL HOPE THAT JARUZELSKI CAN EXTRACT POLITICAL CAPITAL FROM IT. IN THE MEDIUM TERMS IF NOT SUB SPECIE AETERNITATIS THE THREAT PRESENTED TO THE AUTHORITY OF THE SOVIET AND EAST EUROPEAN PARTIES BY SOLIDARITY HAS THROUGHOUT BEEN GREATER THAN THAT OF THE CATHOLIC CHURCH.**

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4. THE PACT WILL ALSO BE CONCERNED BY THE WAY IN WHICH THE WEST HAVE
OUTFLANKED THEM VIA THE SPANISH INITIATIVE AT THE CSCE

CONFERENCE IN MADRID; AND TO BREATHE LIFE INTO THE STILL-BORN
PRAGUE DECLARATION, A MAIN ELEMENT IN THE EAST'S PEACE OFFENSIVE.

5. ALL THE ABOVE ELEMENTS ARE OF COURSE RELEVANT TO KOHL'S VISIT
NEXT WEEK. WITH THIS IMPORTANT SUMMIT IMMINENT, I SUSPECT THAT
ANDROPOV'S OVERRIDING OBJECTIVE WILL BE TO PRESENT A DISPLAY OF
UNITY INTENDED TO IMPRESS AS MUCH IN THE WEST AS WILLIAMSBURG HAS
CLEARLY DONE HERE.

SUTHERLAND

STANDARD
EESD
NAD
CABINET OFFICE

COPIES SENT TO
No. 10 DOWNING STREET

Filed in USA:
Visit of Vice - Pres. Bush June 1983

Foreign Pol

12

- 1) Defence Pt 3: INF
- 2) Middle East Pt: Situation
- 3) Hong Kong: future of Pt 6
- 4) Foreign Pol: East/West Relations Pt 3



10 DOWNING STREET

From the Private Secretary

27 June, 1983

Visit of Vice-President Bush

The Prime Minister has directed that no record should be circulated of her talk with Vice-President Bush on Friday, 24 June. Mr. Bush particularly requested this, stating that some of the information which he wished to pass to the Prime Minister was very sensitive.

The subjects covered were the Middle East, Hong Kong and China, East/West Relations and the INF negotiations.

You will wish to know that the question of Hong Kong was raised by Mr. Bush. The Prime Minister explained the present situation regarding our talks with the Chinese.

With regard to East/West Relations, you should be aware of two points:

- a) The Prime Minister told Mr. Bush that she was fully behind President Reagan in his wish to strengthen COCOM.
- b) Mr. Bush said that the previous American Ambassador in Prague was now a member of the National Security Council and that his views on East/West Relations were worth having. The Prime Minister thought that it might be useful for Sir Oliver Wright to talk to him in the next few weeks (I regret that I cannot supply his name, since Mr. Bush was unable to recall it!).

I am copying this letter to Richard Mottram (Ministry of Defence).

B. Fall, Esq.,
Foreign and Commonwealth Office

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND VICE
PRESIDENT BUSH ON FRIDAY 24 JUNE AT 10 DOWNING STREET

Present: Prime Minister
Mr. A.J. Coles

Vice President Bush
Admiral Murphy

* * * * *

Mr. Bush congratulated the Prime Minister on the outcome of the General Election. He asked a number of questions the answers to which could be relevant to President Reagan's prospects of success should he decide to run again.

Mr. Bush then asked how the INF issue had been handled during the campaign. The Prime Minister said that the Conservative Party had in effect defeated the Opposition on the broad general issue of defence policy. So there had been little discussion of INF and the dual key issue had arisen only once or twice. Mr. Bush enquired how the Prime Minister had handled the latter question. The Prime Minister said that she had emphasised that joint decision meant what it said. We had reviewed the arrangements in relation to Cruise and had found them satisfactory. She had also taken the line with Conservative MPs that the whole dual key debate had anti-American over-tones with which she strongly disagreed. Mr. Bush said that this matter might be raised at his Press Conference later in the day. There was some discussion of the line he should take and the Prime Minister gave him a copy of her written Parliamentary Answer to Mr. Anthony Buck, M.P. of 12 May.

Mr. Bush then asked how the Greenham Common women were faring. The Prime Minister said that they had become an eccentricity. Their activities had been inflamed by the media. They were very unpopular in the area of Greenham Common because of the disruption caused to normal life.

She had no doubt that when the time came to deploy Cruise there would be further problems but these would have to be surmounted. She doubted whether Mr. Andropov would negotiate until deployment began.

/ She

She had been very surprised to hear President Mitterrand say at the recent European Council that the Soviet Union now wanted Cruise and Pershing to be deployed. She did not agree with this view. The only possible explanation for it was that the Russians sought a justification to deploy more nuclear weapons themselves.

Mr. Bush then said that he wanted to talk to the Prime Minister in great confidence about a matter which he had not discussed with the Foreign and Commonwealth Secretary and which was not widely known in the American Administration. Mr. Habib would shortly go back to the Middle East with a new proposal. The problem was how to get the Syrians out of Lebanon. It was necessary to dissuade Israel from embarking on partial withdrawal which would only increase the risks of the present situation. American objectives were still the withdrawal of all foreign troops, the reconstitution of Lebanon and security in the Galilee area.

Mr. Habib would try to persuade Mr. Begin to modify the existing Israel/Lebanon agreement. He would be asked to name a definite date for Israeli withdrawal. If he did so, the Americans would try to persuade the Syrians to name a definite date. These dates might not be the same because the Syrians were opposed to the agreement but they would be close enough so that the Israelis could show that their objective of withdrawal was being achieved.

It would be fatal to the initiative if news of it leaked. The Prime Minister said that she would keep this information to herself. In her view Syria was the key to the present situation. It was clearly much under Soviet influence. The question arose of how the West could acquire more influence in Damascus.

Mr. Bush said that money had a role to play. The Saudis were willing to send a large cheque to Syria. He had recently heard why it was that Syria had rejected a proposal that Habib should visit Damascus. This was because, at an earlier stage when Habib was negotiating the eleventh ceasefire in the Lebanon, President Asad had given his word that Syrian troops would observe the ceasefire. Begin had similarly given his word about Israeli troops but the day after the ceasefire agreement Israeli troops had moved forward. Asad had been extremely angry and held Habib responsible for this to this

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day. Begin had attempted to argue that the ceasefire agreement did not rule out troop movements. The Prime Minister commented that this was typical of him. She well understood Asad's position. Her own confidence would have been undermined in similar circumstances.

Mr. Bush said that Israel had mounting public opinion problems. The Prime Minister reiterated that in her view more attention should be given to Asad and Khaddam. Arab confidence would be undermined if the Americans did not produce movement in the situation.

Mr. Bush said that President Reagan was well aware of this. His initiative was not dead. Moreover, Begin was less formidable now than Sharon was not with him.

The Prime Minister said that the speech made by President Reagan last September was absolutely first class. But, following Israel's rejection of the initiative, the Arab world had been disappointed at the American failure to follow up the initiative vigorously. They felt that one small country in the Middle East ought not to be able to deter a great power.

She had seen reports about Begin's present frame of mind. But this could have two alternative results. He could become less interested in the problem or more determined.

Mr. Bush said that he found Begin very unattractive. When he had visited Washington he had behaved as though the Israelis had never entered the Lebanon, bombed Beirut etc. Nevertheless the Americans would try to move things forward. They felt that they must have a Lebanon settlement before they could focus again on Arab/Israel. The Prime Minister said that we must also support King Hussein. He was a remarkable man and had made strenuous efforts with the PLO. But when there was no response from Begin, he had practically given up. She believed that Arafat might have made a more positive move if Begin had made some move on Israeli settlement policy.

Mr. Bush said that

The revolution within the PLO could be serious. A recent report suggested that Syria might

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side with the non-Arafat section. The Prime Minister commented that there was a choice between trying to do something while Arafat remained in the leadership or take the risk of waiting until the real terrorists took over.

Mr. Bush then raised the question of Hong Kong and China. American relations with China were a little better. They had made the mistake earlier of not following up their undertakings to the Chinese. In negotiations with China you had to keep your word. So earlier undertakings on the transfer of technology would now proceed. Taiwan was the exacerbating factor. With regard to relations with Taiwan the Americans had done what their law required them to do. The Chinese had not reacted vehemently. Taiwan remained a very difficult issue but the US Ambassador in Peking was now more optimistic that China and Taiwan might be able to arrive at a settlement of their differences. Was China also likely to get a reasonable arrangement over Hong Kong?

The Prime Minister said that our talks with the Chinese were now entering a more intensive phase. China was suddenly giving more attention to the issue. We had now reached agreement on an agenda for the talks. She took the view that it would be absurd if the United Kingdom and China could not make arrangements for the stability and prosperity of Hong Kong to continue. But that required continuing British administration in one form or another. It might be possible to find a solution which salvaged China's pride but preserve Hong Kong's system. The Chinese would have in mind that if they disrupted the situation in Hong Kong this would have a negative impact on Taiwan.

Mr. Bush asked where the talks with the Chinese were taking place. The Prime Minister said that they were being conducted through diplomatic channels in Peking.

The Prime Minister said that she found it disturbing that Andropov had never set foot in a democratic country. Mr. Bush said that the Administration had divided views on Andropov's health. The Finns had told them that Andropov's health was not as bad as reported. But some sources, [redacted] reported that he had only two months to live. Mr. and Mrs. Harriman, who had recently visited Moscow, had also said that Andropov's health did not seem to be as bad as reported though he had kept his hands under the

table during their talk. A family doctor who had had access to Andropov's medical records had given the view that he had only two months to live. The Prime Minister said that she wondered about the quality of decisions taken by a person in Andropov's health. But perhaps this was not of great importance in a collective system.

She was more anxious about the future of East/West relations. It was necessary to reassess them. The West must keep up its strength. But now that the Soviet Union knew that the West would do so, it was necessary to consider how to deal with them in the non-military field. She was fully behind the President in his wish to strengthen COCOM. We should consider how we could best influence the Soviet people and how best we could carry forward relations. We could trade to mutual advantage. Chancellor Kohl would visit Moscow on 4 July. She had every confidence in him. She told Mr. Bush in confidence that she would be reviewing our strategy in September. When she had completed this review it might be useful for her to visit Washington and compare notes. She had the impression that the West had been staggering from decision to decision without an overall concept.

Mr. Bush said that Mr. Harriman had reported a remark by Andropov to the effect that the Russians had no communication with the Americans. But Mr. Shultz had met Dobrynin eleven times, most recently last Saturday. In the Vice President's judgement, President Reagan now had Soviet attention. They might not like American rhetoric but they had been using rhetoric themselves. The onset of the long United States election period was worrying. Mr. Mondale was saying publicly that the first thing he would do, if elected, is visit Andropov. So there was a danger of East/West relations becoming an issue in the election campaign.

The Prime Minister commented that in her view the aim should be to persuade Andropov to visit the West. But we needed a strategy. Otherwise one Head of Government after another would visit Moscow. If Mrs. Gandhi's proposal for a meeting of Heads of Government at the UNGA came to anything, and if this provided possibilities for meetings between Andropov and Western leaders in New York, it could be useful.

Mr. Bush said that the previous American Ambassador in Prague

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was now a member of the National Security Council. It might be useful for one of our people to talk to him before our strategy review. Mr. Bush undertook to send the Prime Minister a copy of Mr. Harriman's report on his visit to Moscow.

The discussion ended at 1235.

24 June 1983

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DESKBY FCO 231600Z JUNE

FROM MOSCOW 231515Z JUNE

TO IMMEDIATE F C O

TELEGRAM NUMBER 676 OF 23 JUNE

INFO IMMEDIATE UKDEL NATO , WASHINGTON, BONN, PARIS , BUCHAREST

INFO PRIORITY BUDAPEST , EAST BERLIN, PRAGUE, WARSAW, SOFIA

AND BELGRADE

SUMMIT MEETING OF WARSAW PACT LEADERS.

1. ON THE MORNING OF 23 JUNE, NONE OF MY COMMUNITY COLLEAGUES HAD ANY SUBSTANTIAL EVIDENCE TO CONFIRM THE STORY FILED BY REUTERS THAT THERE WOULD BE A MEETING OF WARSAW PACT LEADERS IN MOSCOW NEXT WEEK. THE FRG AMBASSADOR HAD, HOWEVER, A SUSPICION THAT A MAJOR MEETING MIGHT BE IN THE OFFING FROM THE NON-COMMITTAL REPLY BY THE MFA WHEN , THE PREVIOUS DAY HE HAD ASKED IF THE REPORTED SUMMIT COULD BE A REASON FOR THE LACK OF PROGRESS IN ARRANGING THE PROGRAMME FOR CHANCELLOR KOHL DUE HERE ON 4 JULY.
2. THE ROMANIAN EMBASSY HAS SINCE TOLD A MEMBER OF MY STAFF IN CONFIDENCE THAT THEY DO EXPECT A MEETING OF THE WARSAW PACT PARTY LEADERS TO TAKE PLACE IN MOSCOW ON 28 JUNE. THE ROMANIANS HAD BEEN INVITED AND SEE NO REASON NOT TO ATTEND. OUR INFORMANT ADDED THAT THE MEETING WOULD NOT FORMALLY CONSTITUTE A WARSAW PACT SUMMIT , SINCE IT HAS BEEN ARRANGED THROUGH CENTRAL COMMITTEES. (THEY POINT TO A SIMILAR MEETING IN MOSCOW IN DECEMBER 1980). THE MAIN ITEM ON THE AGENDA WOULD BE CRUISE AND PERSHING DEPLOYMENT AND THE WARSAW PACT RESPONSE. THE ROMANIANS ARE NOT EXPECTING ANY MOVES AT THE MEETING ON A DRAFT NON-AGRESSION TREATY BETWEEN NATO AND THE WARSAW PACT.
4. WE WERE TOLD THAT ROMANIA WOULD NOT ACCEPT MISSILES ON HER TERRITORY NOR PROPOSE SUCH DEPLOYMENT ELSEWHERE IN EASTERN EUROPE . '' UNTIL NOW '' THE ROMANIAN POSITION WAS THAT ALL MISSILES SHOULDE BE REMOVED FROM EUROPE SEMICOLON BUT ANY PROPOSAL HAD TO BE CONSIDERED '' NO MATTER WHAT THEIR ORIGIN''.

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5. THE ROMANIAN EMBASSY DENIED THAT IT WAS THE SOURCE OF THE AGENCY STORY OF 22 JUNE. MORRISON OF REUTERS HAD TOLD US THAT HE HAD HEARD IT FROM "SEVERAL" EAST EUROPEANS. A LOCAL YUGOSLAV CORRESPONDENT HAD PREVIOUSLY PICKED UP RUMOURS OF AN IMPENDING HIGH-LEVEL MEETING WHICH HE INTERPRETED AS MEANING A CMEA SUMMIT AND I UNDERSTAND THAT A REPORT TO THIS EFFECT APPEARED IN POLITIKA ON 21 JUNE. THE YUGOSLAV CORRESPONDENT NOW ACCEPTS THAT A SUMMIT OF WARSAW PACT PARTY LEADERS IS MORE LIKELY.

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cc Mr. Jackling

MR. COLES

Prime Minister

You have received the Shultz
lectures separately. AM 27/6

US POLICY TOWARDS THE SOVIET UNION

Washington telegrams numbers 1696 and 1697 (copies attached) are very important. They crystallise what the serious press has been foreshadowing for some weeks, namely a shift in American policy away from confrontation with the Soviet Union towards an attempt to construct a more businesslike relationship, including linkage. As Oliver Wright points out, there are many reasons for this change - the fact that the Administration has at last got its act together, plus the need to attract votes in the next Presidential election from that sector of American opinion which is against confrontation with the Russians, plus, I suspect, the realisation that confrontation has not delivered results favourable to the United States.

To use Reagan's phrase, there is no strong evidence that the Russians are anxious to tango. Gromyko's speech to the Supreme Soviet (Moscow telno 646) is scarcely oozing with the spirit of compromise. On a point of detail, I am not too happy about his proposal that the tripartite talks on a CTB Treaty should be resumed. I remember the appalling tangle we got into in these negotiations under the last Labour Government. When the talks faded out in, I think, late 1979, we were being faced by the ludicrous proposition that we should pay a largish sum of money in order to enable the Soviet Union to establish monitoring stations on a number of British dependent territories, including the Falklands! We should think hard before being drawn into this vortex again.

Returning to the main issue, the shift in the American attitude lends weight to the need for us to have a strategy meeting on East/West relations in the first half of September.

AS

A.D. PARSONS
21 June 1983

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FM WASHINGTON 202300Z JUN 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1696 OF 20 JUNE

INFO IMMEDIATE LUXEMBOURG(FOR S OF S) PRIORITY MOSCOW, UKDEL NATO,
BONN, PARIS, WARSAW.

US POLICY TOWARDS THE SOVIET UNION

1. SHULTZ'S TESTIMONY TO THE SENATE FOREIGN RELATIONS COMMITTEE MARKS AN IMPORTANT STAGE IN THE EVOLUTION OF THIS ADMINISTRATION'S POLICY. IT HAD BEEN DELAYED FOR SEVERAL MONTHS WHILE DIFFERENT BRANCHES OF THE ADMINISTRATION FOUGHT FOR THE PRESIDENT'S EAR AND WHILE THE PRESIDENT MADE UP HIS OWN MIND. THE FIRST POINT TO NOTE ABOUT IT IS THEREFORE THAT, 2 AND ONE HALF YEARS AFTER ITS INAUGURATION, THE ADMINISTRATION HAS AT LAST GOT ITS ACT TOGETHER ON RELATIONS WITH THE SOVIET UNION. THE PRESIDENT HAS GIVEN IT HIS SEAL OF APPROVAL AND ALL BRANCHES OF THE ADMINISTRATION SHOULD NOW TAKE IT AS THEIR REFERENCE DOCUMENT.
2. THE SECOND POINT TO NOTE IS THAT IT IS COMPREHENSIVE, COHERENT AND CONCILIATORY. ALL IMPORTANT ASPECTS OF THE SUPERPOWER RELATIONSHIP ARE COVERED AND ALL FIT TOGETHER IN AN INTERNALLY CONSISTENT WAY - NUCLEAR, REGIONAL, HUMAN RIGHTS ETC. IT REPRESENTS, AS SHULTZ TOLD THE COMMUNITY AMBASSADORS AT LUNCH TODAY, A MIXTURE OF STRENGTH AND DIPLOMACY: IT REFLECTS THE ATTITUDE OF MIND OF THE PRESIDENT IN THAT REAGAN IS READY TO ENGAGE IN SUBSTANTIVE DISCUSSION WITH THE RUSSIANS AS SOON AS THE RUSSIANS ARE READY TO DO THE SAME. IT WAS, SAID SHULTZ, IMPORTANT TO COMBINE STRENGTH WITH DIALOGUE, SINCE PUBLIC OPINION WAS EVER PRONE TO WISFUL THINKING, AND WISFUL THINKING WAS NO BASIS FOR THE CONDUCT OF RELATIONS WITH THE SOVIET UNION.
3. THERE IS OF COURSE IN ADDITION AN ELECTORAL DIMENSION IN ALL THIS. THE PRESIDENT HAS ESTABLISHED HIS BONA FIDES ON DEFENCE. CONGRESS HAS AUTHORISED THE MODERNISATION OF WEAPONS SYSTEMS - MX, BI BOMBER ETC. THE RESTORATION OF NUCLEAR PARITY IS UNDER WAY. HE CAN NOW AFFORD TO ENGAGE IN A DIPLOMATIC EFFORT TO SOLVE PROBLEMS AND REDUCE THE BURDEN OF ARMAMENTS. THIS EVENHANDED APPROACH SHOULD DO HIM NO ELECTORAL HARM IF HE DECIDES TO RUN AGAIN: IF HE GETS AN AGREEMENT WITH THE RUSSIANS, HE CAN ADD PEACEMAKING TROPHIES TO THE ECONOMIC RECOVERY: IF HE DOES NOT, HE CANNOT BE FAULTED FOR NOT HAVING TRIED.
PLEASE SEE MIFT.

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FM WASHINGTON 202300Z JUN 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1697 OF 20 JUNE

INFO IMMEDIATE TO LUXEMBOURG(FOR S OF S) PRIORITY TO MOSCOW, UKDEL
NATO, BONN, PARIS AND WARSAW

MIPT: US POLICY TOWARDS THE SOVIET UNION

1. A NUMBER OF ISSUES HAVE PLAYED AN IMPORTANT PART IN THE PREPARATION OF SHULTZ'S SPEECH. THE PRESIDENT AND SHULTZ BOTH FEEL STRONGLY ON HUMAN RIGHTS AND "PERFORMANCE" WILL CONTINUE TO BE OF GREAT IMPORTANCE. THE AMERICANS HAVE BEEN SOME WHAT ENCOURAGED BY THE PROGRESS MADE IN SECURING THE RELEASE FROM THE US EMBASSY AND, THEY HOPE, THE RIGHT TO EMIGRATE OF THE PENTECOSTALISTS AND ARE CONTINUING TO CAMPAIGN HARD FOR THE RELEASE OF OTHERS INCLUDING SHCHARANSKY. THEIR SUCCESS OR FAILURE IN THIS REGARD WILL HAVE AN IMPORTANT BEARING ON THE POSSIBILITIES FOR A SUCCESSFUL CONCLUSION TO THE CSCE REVIEW CONFERENCE AND PROGRESS TOWARDS A CDE. AS THEIR SUPPORT FOR THE SPANISH INITIATIVE IN MADRID DEMONSTRATES, THEY ARE NOW SHOWING MORE INTEREST IN THE POSSIBILITY OF BRINGING THE PROCESS TO A SUCCESSFUL CONCLUSION, SUBJECT TO SOME IMPORTANT AMENDMENTS TO THE CONCLUDING DOCUMENT AND PROMISE OF SOVIET "PERFORMANCE". THE STATE DEPARTMENT WITH VARYING DEGREES OF SCEPTICISM CAN SEE THE PRESENTATIONAL ADVANTAGES A CDE WOULD HAVE IN HELPING TO DEMONSTRATE THE CONTINUANCE OF NEGOTIATIONS WITH THE SOVIET UNION IN THE DIFFICULT PERIOD WHICH UNDOUBTEDLY WILL ENSUE AS INF DEPLOYMENT TAKES PLACE.
2. SHULTZ, WE ARE TOLD IN CONFIDENCE, HAS BEEN GIVEN VIRTUALLY CARTE BLANCHE BY THE PRESIDENT TO EXPLORE IN HIS CONTACTS WITH DOBRYNIN THE POSSIBILITIES FOR PROGRESS, WITH PARTICULAR REFERENCE TO START, MBFR AND THE CSCE/CDE. REGIONAL TENSIONS HOWEVER, REMAIN IN THE FOREFRONT OF EVERYONE'S MIND HERE. SHULTZ WILL ALSO BE REMONSTRATING WITH DOBRYNIN ABOUT SOVIET ARMS SUPPLIES TO NICARAGUA. THE PRESIDENT HAS STATED THAT HE IS NOT PREPARED TO SEE ANOTHER CENTRAL AMERICAN COUNTRY FALL UNDER CUBAN/SOVIET INFLUENCE "ON HIS WATCH": AND THERE IS NO DOUBT THAT HE MEANS IT. HENCE THE ALMOST OBSESSIVE IMPORTANCE ATTACHED TO US EFFORTS TO SHORE UP THE GOVERNMENT IN EL SALVADOR AND INCREASE MILITARY ASSISTANCE TO HONDURAS. THE RUSSIANS CAN BE IN NO DOUBT OF THE HARDNESS OF THE ADMINISTRATION'S VIEWS ON THIS POINT, REFLECTING THEIR DETERMINATION TO PRESERVE US SECURITY INTERESTS AND PRO-WESTERN REGIMES IN THE AREA. THE ATTEMPT TO EXPLORE THE POSSIBILITIES FOR AGREEMENT WITH THE SOVIET UNION COULD VERY QUICKLY BE DERAILED BY ADVERSE DEVELOPMENTS IN CENTRAL AMERICA OR THE MIDDLE EAST.
3. THE AMERICANS ARE PUZZLED BY SOVIET TACTICS IN THE MIDDLE EAST. THEY HAVE BEEN DISCONCERTED BY THE INTRODUCTION OF LARGE NUMBERS OF SOVIET PERSONNEL TO MAN THE SA5 MISSILES IN SYRIA, NOT LEAST BECAUSE OF THE MILITARY RISKS THE RUSSIANS HAVE UNDERTAKEN. THEY RECOGNISE THAT THE RUSSIANS MAY HAVE HAD LITTLE OPTION, IF THEY WISHED TO PRESERVE THEIR POSITION IN SYRIA FOLLOWING THE MILITARY DEBACLE IN LEBANON LAST YEAR. BUT THEY WELL UNDERSTAND THAT FURTHER ISRAELI/

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SYRIAN FIGHTING COULD EMBROIL THE SOVIET UNION AND THEMSELVES. IN HIS DISCUSSIONS WITH SHULTZ, DOBRYNIN HAS GIVEN SOME INDICATION THAT THE RUSSIANS WILL SEEK TO EXERCISE SOME MEASURE OF RESTRAINT ON SYRIAN MILITARY ACTIONS. BUT THERE IS AN UNCOMFORTABLE FEELING THAT THEY AND THE AMERICANS COULD BE AT THE MERCY OF AN OUTBREAK OF FIGHTING IN LEBANON OVER WHICH NEITHER SUPER-POWER WOULD HAVE MUCH CONTROL. THE ADMINISTRATION DO NOT BELIEVE THAT THE RUSSIANS HAVE ANY INTENTION OF CONTRIBUTING POSITIVELY TO MIDDLE EAST NEGOTIATIONS AND WILL GO ON TRYING TO EXCLUDE THEM FROM THEM.

4. IN RELATION TO OTHER REGIONAL ISSUES, THE AMERICANS HAVE BEEN TRYING TO ENGAGE THE RUSSIANS ON NAMIBIA AND THE QUESTIONS OF CUBAN WITHDRAWAL FROM ANGOLA, WITH LITTLE SUCCESS. THE SAME GOES FOR AFGHANISTAN, WHERE THEY SEE NO PROSPECT OF THE RUSSIANS AGREEING TO COMPLETE WITHDRAWAL. WITH OUR ENCOURAGEMENT, THEY HAVE NOW HAD TWO ROUNDS OF TALKS WITH THE RUSSIANS ON NON-PROLIFERATION WHERE BOTH SIDES ACKNOWLEDGE THAT COMMON INTERESTS EXIST.

5. THE AMERICANS ARE WATCHING CLOSELY THE PROGRESS OF THE POPE'S VISIT TO POLAND, BUT HAVE SO FAR BEEN IMPRESSED BY THE POPE'S PERFORMANCE RATHER THAN BY ANY NEW SIGNS OF LIBERALISATION ON THE PART OF THE JARUZELSKI REGIME (OTHER THAN ALLOWING THE VISIT TO TAKE PLACE AT ALL). IF THERE ARE SIGNS OF SOME RELAXATION, THE STATE DEPARTMENT WOULD TRY TO USE THESE TO INTRODUCE MOVEMENT INTO THE US POSITION, EG BY AGREEING IN THE FIRST INSTANCE TO RESUME MOVEMENT TOWARDS RE-SCHEDULING TALKS WITH THE POLES. BUT THEY WILL NOT BE IN A POSITION TO DO SO IN THE ABSENCE OF ANY ENCOURAGEMENT FROM WARSAW.

6. ON BILATERAL U.S./SOVIET ISSUES, THE NEGOTIATIONS FOR A NEW LONG-TERM GRAIN AGREEMENT ARE EXPECTED TO CONCLUDE BY THE AUTUMN, NO DOUBT ON TERMS FAIRLY FAVOURABLE TO THE SOVIET UNION, GIVEN THE DOMESTIC PRESSURES HERE. THE AMERICANS ARE ALSO CONSIDERING WHETHER TO RE-ACTIVATE A CULTURAL AGREEMENT AND A CONSULAR AGREEMENT WHICH WOULD PERMIT THEM TO OPEN A CONSULATE IN KIEV.

7. GIVEN THE LIKELIHOOD OF CONTINUING MAJOR DIFFICULTIES OVER REGIONAL ISSUES, STRATEGIC ARMS CONTROL HAS RE-EMERGED AS, POTENTIALLY, THE CENTRE-PIECE OF ANY POTENTIAL IMPROVEMENT IN US/SOVIET RELATIONS, WITH A RECOVERING ECONOMY, THERE WOULD BE OBVIOUS ADVANTAGES FOR THE PRESIDENT, IN HE RUNS AGAIN, IN BEING ABLE TO ACHIEVE AN AGREEMENT IN START OR INF IN HIS PRESENT TERM. THE PROBLEMS ARE FORMIDABLE.

A) BECAUSE OF THE COMPLEXITY AND THE DIFFICULTY OF THE PROBLEMS TO BE RESOLVED IN BOTH NEGOTIATIONS AND THE POTENTIAL LACK OF ANY REAL INCENTIVE TO THE SOVIET UNION TO ENDORSE ANY US INF DEPLOYMENT IN EUROPE AND B) BECAUSE THE ADMINISTRATION HAS NOT LEFT ITSELF MUCH TIME. ANDROPOV IS UNLIKELY TO WANT TO DO ANY FAVOURS TO HELP SECURE MR REAGAN'S RE-ELECTION; AND MR REAGAN HIMSELF IS NOT THE MAN TO AGREE TO AN AGREEMENT ENTAILING UNREASONABLE CONCESSIONS. THERE IS NO DOUBT, HOWEVER, THAT THERE IS NOW A REAL DISPOSITION IN THE WHITE HOUSE TO LOOK SERIOUSLY AT

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THE VARIOUS POSSIBILITIES FOR PROGRESS. THIS MARKS AN IMPORTANT EVOLUTION FROM THE POSITION AS IT WAS HERE A FEW MONTHS AGO. AS THE PRESIDENT NEVER TIRES OF SAYING ON THIS SUBJECT, HOWEVER, IT TAKES TWO TO TANGO. THERE HAS NOT BEEN MUCH FOOT WORK FROM GROMYKO. HOW FAR AND HOW QUICKLY THE PROCESS OF EXPLORATION NOW ENGAGED WILL PROCEED, WILL DEPEND ON THE SOVIET REACTION.

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GPS 1120
UNCLASSIFIED
DESKBY 170000Z FC0
FM MOSCOW 161025Z JUN 85
TO IMMEDIATE FC0
TELEGRAM NUMBER 646 OF 16 JUN 83
INFO IMMEDIATE STUTTGART (FOR SECRETARY OF STATE'S PARTY)
INFO PRIORITY UKDEL NATO, WASHINGTON, BONN, PARIS, UKDEL MADRID,
INFO ROUTINE OTHER NATO AND EAST EUROPEAN POSTS, TOKYO,
UKDIS GENEVA, HELSINKI,
INFO SAVING ULAN BATOR, PEKING, UKMIS NEW YORK, UKMIS GENEVA,
UKMIS VIENNA

MY TEL NO 645: GROMYKO'S SPEECH TO THE SUPREME SOVIET:

EAST-WEST RELATIONS AND ARMS CONTROL

SOVIET FOREIGN POLICY

1. "THE CONSISTENT, TIRELESS STRUGGLE FOR PEACE IS THE SOUL OF SOVIET FOREIGN POLICY", WHICH RESTED ON THE "GRANITE FOUNDATION" OF MARXIST/LENINIST TEACHING.

THE INTERNATIONAL SITUATION

2. THE CURRENT SITUATION COULD BE DESCRIBED AS STORMY. THE COURSE OF INTERNATIONAL AFFAIRS WAS DETERMINED BY THE CONFRONTATION OF TWO LINES: ONE DIRECTED AT THE PRESERVATION AND THE STRENGTHENING OF PEACE, THE OTHER AT UNDERMINING ITS MAINSTAYS. THE SOVIET UNION PURSUED THE FORMER.

CSCE

3. THE SOVIET UNION ADHERED TO THE CAUSE OF CONTINUING THE ALL-EUROPEAN PROCESS. THE MADRID CONFERENCE SHOULD BE CONCLUDED WITH AN AGREEMENT ON A CDE (GROMYKO DID NOT MENTION THE CONCLUDING DOCUMENT).

STRATEGIC PARITY

4. THE TEMPTATION TO DOMINATE THE WORLD BY THREATENING THE USE OF NUCLEAR WEAPONS HAD PROVED MORE COMPELLING FOR THE AMERICANS THAN THE REALISATION OF THE NEED TO BAN THEM. THROUGHOUT THE ENTIRE POST-WAR PERIOD IMPERIALIST CIRCLES HAD STUBBORNLY SOUGHT MILITARY SUPERIORITY OVER SOCIALIST COUNTRIES. BUT STRATEGIC PARITY HAD BEEN ACHIEVED AND CONTINUED TO BE THE GUARANTEE OF INTERNATIONAL STABILITY. THE SOVIET UNION WOULD DO EVERYTHING POSSIBLE TO PRESERVE THIS PARITY.

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5. THE AMERICANS WERE NOT ONLY ARMING THEMSELVES BUT ENCOURAGING THEIR ALLIES TO DO THE SAME. TO UNDERCUT STRATEGIC PARITY THEY WERE WILLING TO GO TO ANY LENGTHS TO GET NEW MISSILES INTO WESTERN EUROPE. WITH A VARIETY OF NUCLEAR DOCTRINES AND A "SHAMELESS WAR PROPAGANDA" "MILITARIST INTOXICATION" PERVADED THE POLITICAL ATMOSPHERE IN THE USA. BUT THIS WAS CAUSING ALARM AMONG THE SOBER-MINDED IN THE US AND OTHER WESTERN COUNTRIES. THE RESULTING ANTI-WAR MOVEMENT HAD NOTHING TO DO WITH THE ALLEGED HAND OF MOSCOW.

SOVIET PEACE PROPOSALS

6. SOVIET INITIATIVES AND PROPOSALS COMPRISED AN ALL-EMBRACING PROGRAMME. IT WAS ALLEGED THAT THEY WERE NOT RADICAL ENOUGH, BUT THE SOVIET UNION PROPOSED THE MOST RADICAL OF POSSIBLE SOLUTION, UNIVERSAL AND COMPLETE DISARMAMENT. VERIFICATION HAD NEVER BEEN A BLOCK FOR MOSCOW. THE SOVIET UNION HAD THE RIGHT TO EXPECT OTHER NUCLEAR POWERS TO MAKE A NO-FIRST USE PLEDGE.

PRAGUE DECLARATION

7. MUCH TIME HAD ELAPSED SINCE THE WARSAW PACT IN ITS SUMMIT DECLARATION HAD PROPOSED AN AGREEMENT WITH NATO CONTAINING A RECIPROCAL COMMITMENT NOT TO USE FORCE. THE SOVIET UNION AND ITS ALLIES WERE PREPARED TO PROVIDE THE NECESSARY EXPLANATIONS AND TO EMBARK ON NEGOTIATIONS FORTHWITH. NATO'S REACTION IN THE COMMUNIQUE OF THE JUNE COUNCIL WAS "QUITE INCOMPREHENSIBLE". NATO SEEMED STILL UNABLE OR RELUCTANT TO ADMIT HOW RADICALLY AN AGREEMENT ON THE NON-USE OF FORCE WOULD IMPROVE THE SITUATION IN EUROPE AND THE WORLD.

GENEVA TALKS

8. THE SOVIET UNION WOULD NOT RETREAT FROM THE PRINCIPLE OF EQUALITY AND EQUAL SECURITY "AND IT WILL BE GOOD IF THOSE IN WASHINGTON REALISE THIS". IN BOTH SETS OF TALKS IN GENEVA THE AMERICANS FOLLOWED AN OBSTRUCTIONIST LINE, OFFERING THE SOVIET UNION UNACCEPTABLE UNILATERAL DISARMAMENT.

START

9. THE "FACE-LIFTED POSITION" ON STRATEGIC ARMS RECENTLY ANNOUNCED BY THE US PRESIDENT WAS COINED IN THE SAME SPIRIT. IT WAS TAILORED TO THE FURTHER EXPANSION OF AMERICAN MILITARY PROGRAMMES. THE AMERICAN APPROACH WAS UNCHANGED: TO LIMIT ONLY SOME COMPONENTS OF STRATEGIC FORCES, TURNING A BLIND EYE TO OTHERS AND THEREBY SEEKING TO DISRUPT THE EXISTING STRUCTURE OF SOVIET FORCES. "SO THE FLEXIBILITY HERE IS PURELY FOR SHOW. THE AMERICAN POSITION DOES NOT OFFER AN OUTLET TO MUTUALLY ACCEPTABLE AGREEMENTS."

CONFIDENCE BUILDING MEASURES

10. THE US PROPOSALS ON CBMS COULD NOT GLOSS OVER THE UNCONSTRUCTIVE AND LOPSIDED NATURE OF THE AMERICAN APPROACH. THEY ADDED UP TO NO MORE THAN EXCHANGE OF INFORMATION. THE AMERICANS REJECTED THE MORE FAR-REACHING SOVIET PROPOSALS FOR PREVENTING CRISES AND STRENGTHENING TRUST.

WILLIAMSBURG AND NATO MEETINGS

11. THE "MANY POMPOUS WORDS" ABOUT TALKS WITH THE SOVIET UNION AND ARMS REDUCTIONS IN THE WILLIAMSBURG STATEMENT AND THE NATO COUNCIL COMMUNIQUE DID NOT CHANGE THE MILITARISTIC, AGGRESSIVE ESSENCE OF THE COURSE FOLLOWED BY THE US AND NATO. AS THE SOVIET GOVERNMENT HAD WARNED IN ITS STATEMENT OF 26 MAY THE USSR AND ITS ALLIES WOULD BE FORCED TO TAKE MEASURES IN RESPONSE TO STRENGTHEN THEIR DEFENCE CAPABILITY. IT WAS STILL NOT TOO LATE FOR THE US AND ITS ALLIES TO RESPOND TO THE CONSTRUCTIVE PROPOSALS OF THE USSR. A QUANTITATIVE AND QUALITATIVE FREEZE ON NUCLEAR ARSENALS WOULD BE A HELPFUL FIRST STEP.

COMPREHENSIVE TEST BAN

12. THE SOVIET UNION CONSIDERED THAT TRI-PARTITE TALKS WITH THE US AND GREAT BRITAIN ON THE ELABORATION OF A CTB TREATY SHOULD BE RESUMED. IT ALSO HOPED THAT THE US ADMINISTRATION WOULD MODIFY ITS ATTITUDE TO THE TREATIES ON UNDERGROUND NUCLEAR TESTS AND NUCLEAR EXPLOSIONS FOR PEACEFUL PURPOSES, AND THAT THEY WOULD ENTER INTO FORCE.

ABM AND SPACE

13. THE DECISION TO BEGIN DEVELOPMENT OF A BROAD-SCALE ABM SYSTEM WAS A STEP TOWARDS SEVERING THE LINK BETWEEN OFFENSIVE AND DEFENSIVE STRATEGIC WEAPONS. THE US ADMINISTRATION HAD SO FAR NOT REPLIED TO THE SOVIET PROPOSAL THAT SCIENTISTS FROM THE TWO COUNTRIES SHOULD DISCUSS THE IMPLICATIONS. THE CONCLUSION OF A TREATY ON THE NON-DEPLOYMENT OF WEAPONS OF ANY KIND IN OUTER SPACE WAS A PRIORITY TASK. THE SOVIET UNION WAS PREPARED TO ENTER INTO TALKS WITHOUT DELAY.

CHEMICAL WEAPONS

14. THE SOVIET UNION HOPED THAT ITS NEGOTIATING PARTNERS WOULD AGREE TO WORK OUT A CONVENTION BANNING CHEMICAL WEAPONS. PARALLEL STEPS WITHIN THE BOUNDS OF THE EUROPEAN CONTINENT WOULD BE USEFUL.

US FOREIGN POLICY

15. THE MAIN CREED OF AMERICAN POLICY WAS THE OPEN ADVOCACY OF "ROLLING BACK" SOCIALISM. ONE AMERICANS CLAIMED THAT THEIR FOREIGN POLICY WAS HIGHLY MORAL BUT IN FACT IT WAS AT ODDS WITH MORALITY. IT WAS POSING A GRAVE THREAT TO PEACE. THE WORLD EXPECTED THE US LEADERSHIP TO SHOW GREATER RESPONSIBILITY AND COMMONSENSE.

US-SOVIET RELATIONS AND CANADA

16. THE SOVIET UNION CONSISTENTLY ADVOCATED NORMAL AND STABLE RELATIONS WITH CAPITALIST COUNTRIES. IT WANTED SMOOTHER RELATIONS WITH THE US IN THE KNOWLEDGE THAT THIS WAS IMPORTANT TO PREVENT WAR. THE SOVIET UNION APPRECIATED THE RELATIONSHIP WHICH HAD DEVELOPED WITH CANADA.

WESTERN EUROPE

17. THE SOVIET UNION HOPED THAT WEST EUROPEAN COUNTRIES WOULD NOT ALLOW THEMSELVES TO BE DRAGGED INTO PLANS WHICH POSED A GRAVE THREAT TO PEACE. IT WANTED GOOD RELATIONS AND FRUITFUL COOPERATION WITH FRANCE, WITH WHICH A GOOD DEAL HAD BEEN DONE TO PROMOTE EUROPEAN COOPERATION, AND ALSO WITH ITALY, BRITAIN, SPAIN AND ALL OTHER WESTERN EUROPEAN COUNTRIES. RELATIONS WITH ITS GOOD NEIGHBOUR FINLAND WERE BEING PUT ON AN EVEN FIRMER BASIS AS A RESULT OF PRESIDENT KOIVISTO'S RECENT VISIT AND THE EXTENSION OF THE SOVIET-FINNISH FRIENDSHIP TREATY.

FRG

18. THE SOVIET UNION WANTED RELATIONS WITH WEST GERMANY IN THE SAME KEY AS IN RECENT YEARS. IN PARTICULAR IT FAVOURED EXPANDED ECONOMIC CONTACTS. BUT THE SOVIET UNION WOULD ATTACH PRIORITY TO SECURITY QUESTIONS IN ITS CONTACTS WITH THE PRESENT WEST GERMAN GOVERNMENT, PARTICULARLY DURING CHANCELLOR KOHL'S FORTHCOMING VISIT.

FCO PLEASE PASS TO ALL SAVING ADDRESSEES

SUTHERLAND

FCO/WH

EESD

(REPEATED AS REQUESTED)

File

089

12 April 1983

POSSIBLE VISIT BY MR. RIFKIND TO MOSCOW

Thank you for your letter of 11 April. The Prime Minister is somewhat doubtful as to whether a Ministerial visit to Moscow at this time is likely to be of benefit, but is content that Mr. Rifkind should undertake the proposed visit on 24-29 April.

A. J. COLES,

E. B. Bone, Esq.,
Foreign and Commonwealth Office.

SECRET

cc Mr. Jackling

MR. COLES

Prime Minister

De Fall (FCO)

THE RUSSIANS

Brian Urquhart lunched with me today. He is returning to New York this evening after accompanying the Secretary General to Moscow and other capitals.

He gave me a detailed description of Andropov and of the talks with the Secretary General. He said that Andropov was intellectually brilliant. Unlike his predecessor, his speech was concise and devoid of Marxist/Leninist jargon. He had a wide grasp of foreign affairs, going far beyond his prepared brief. Physically, Urquhart felt that there was quite a lot wrong with him. His hands never stopped shaking and, at the end of long sentences, his voice tended to die away into a rather embarrassing stammer. As a layman, Urquhart guessed that he might be suffering from something like Parkinson's Disease. It was interesting that, after less than two hours of conversation, the Soviet Ambassador to the United Nations, who was present, passed Urquhart a desperate message suggesting that the meeting should break up. Urquhart thought that the Russian side had concluded that Andropov's physical endurance was wearing out.

On disarmament/arms control, Andropov had given a lucid presentation which had contained nothing new. The Americans were unpredictable and frightening. The Russians wanted a reduction in nuclear weapons at all levels but were not prepared to accept American superiority at any level. The Russians had been horrified at Reagan's "Star Wars" speech and were very pessimistic about the Geneva talks.

On Afghanistan, Andropov was interesting. He had said unreservedly that the Soviet Union had suffered nothing but casualties, expense and international disapproval through intervening in Afghanistan. They had no desire to stay there and would leave as soon as other "armed intervention" stopped. Andropov was optimistic that the Pakistanis had had a change of heart. He thought that General Zia might be cooperative "unless he was tied to the Americans by the amount of military aid which they were providing to Pakistan". Andropov added that the world must never forget that Afghanistan was vital to the security of the southern border of the Soviet Union. If "armed intervention" continued, the Soviet Union was prepared to remain in Afghanistan indefinitely. But he went out of his way to encourage the continuation of the UN Mission.

SECRET

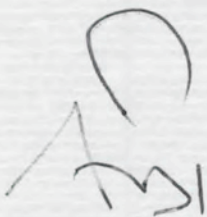
/Andropov

Andropov described the Iran/Iraq war as senseless, but had no ideas as to how it might be brought to an end. He expressed the fear that something might happen internally in Iran which would require the Soviet Union to react. There would then be a counter-reaction from the United States which would bring about a dangerous confrontation.

On the Middle East, Andropov had outlined well-known Soviet attitudes. He was critical of the Reagan Plan and said that there must be a State for the Palestinians. Such a State would be "symbolic" and harmless. He encouraged the Secretary General to call a UN Conference on the Middle East. The Secretary General refused to do so, saying that it would be useless. He told Andropov that, if he wished to internationalise the problem, the Security Council was available.

Andropov showed virtually no interest in Namibia or in the other problems of Central and Southern Africa.

Urquhart summed up by saying that he believed that Andropov was someone with whom the West ought to be able to do business. Andropov had been careful to present the impression of a practical, pragmatic and experienced leadership which was anxious to de-fuse the main danger points in the world, without putting Soviet interests at risk.



A.D. PARSONS
30 March 1983



For. Pol.

Ref. A083/0501

~~MR BUTLER~~

You have asked for advice on a draft reply to the letter which Lord Dulverton sent to the Prime Minister on ~~20th~~ January about Mr Norman Reddaway's proposals for a "quick reaction intelligence unit".

Part 2 - 2. It is not clear to me what proposals Lord Dulverton is referring to. Mr Reddaway was involved in the preparation of proposals submitted to the Prime Minister by Mr Eldon Griffiths in 1981 for a new "information projection group", on which I Part 2 - - minuted Mr Coles on 22nd December 1981 (reference A086998) and on 5th April 1982 (reference A08020). But those proposals were involved with projection of information rather than collection of and reaction to intelligence.

3. In the circumstances, I suggest that the Prime Minister sends a short reply to Lord Dulverton, referring briefly to what she said in her speech to the House of Commons on 25th January about changes to the working of the assessments machinery, and offers Mr Reddaway a chance to come and talk to me, if he would like to come and do so to go into more detail.

--- 4. I attach a draft reply on these lines.

REA

ROBERT ARMSTRONG

10th February 1983



DRAFT LETTER FROM THE PRIME MINISTER TO LORD DULVERTON

Thank you for your letter of 20th January.

You will perhaps have seen from my speech in the House of Commons on 25th January, opening the debate on the Franks Report, that the Government have accepted the proposal in the Report that the Chairman of the JIC should be an official of the Cabinet Office. He will be able to give more time to supervising the working of the assessments machinery, and the appointment will serve to emphasise the critical and the independent role that we wish the JIC to assume.

This change, coupled with certain other modifications to the organisation which we had already concluded would be desirable, is intended to ensure that the assessments machinery and the JIC itself will be better fitted to respond quickly to indications of an impending crisis - to carry out in effect the sort of function that you have in mind.

I was interested by what you told me about Norman Reddaway's ideas.

The Secretary of the Cabinet, Sir Robert Armstrong, ^{*is letting Mr.*} would be ~~very ready to talk to Norman Reddaway~~ ^{*know that he is very ready to talk to him about this.*} ~~about this and about his ideas, if Norman Reddaway would like to get in touch with him.~~



Foreign Policy: East-West Relations 1943

CONFIDENTIAL

[Faint, illegible text, possibly bleed-through from the reverse side of the page]

I am interested by what you told me about the situation in the East.



For. Pol. ^{FIVE} 80
9/2
Lord DULVERTON

10 DOWNING STREET

From the Private Secretary

26 January, 1983

I enclose a copy of a letter which the Prime Minister has received from Lord Dulverton.

I should be grateful for a draft reply which the Prime Minister might send to him by 9 February.

TIMOTHY FLESHER

Richard Hatfield, Esq.,
Cabinet Office

GRS 770
RESTRICTED

RESTRICTED

Foreign Pol.

FM MOSCOW 251541Z JAN 83

TO PRIORITY FCO

TELEGRAM NUMBER 90 OF 25 JAN

INFO ROUTINE WASHINGTON, PARIS, BONN, UKDEL NATO, UKDEL MADRID,
UKDEL VIENNA

INFO SAYING ALL OTHER NATO POSTS, ALL EAST EUROPEAN POSTS,
PEKING, ULAN BATOR

UNITED STATES AND ARMS CONTROL: SOVIET COMMENT

SUMMARY

1. THE SOVIET PRESS HAVE USED THE HALF-WAY MARK IN PRESIDENT REAGAN'S TERM OF OFFICE TO DIRECT A SERIES OF SHARP ATTACKS ON THE US ADMINISTRATION'S RECORD AT HOME AND ABROAD, INCLUDING, IN PARTICULAR, ARMS CONTROL. THESE HAVE BEEN REINFORCED BY FREQUENT QUOTATION FROM THE AMERICAN AND WEST EUROPEAN PRESS.
2. ON THE OTHER HAND A MINOR SOVIET NEWSPAPER HAS REJECTED ANY INTERMEDIATE SOLUTION.

DETAIL

3. ON THE DOMESTIC SIDE THE SOVIET PRESS HAVE SOUGHT TO DEMONSTRATE THE BANKRUPTCY OF REAGAN'S ECONOMIC AND SOCIAL POLICIES. ON THE EXTERNAL SIDE THE FOLLOWING THEMES HAVE BEEN DEPLOYED:

(A) THE REAGAN ADMINISTRATION REFLECTS THE MOST REACTIONARY AND AGGRESSIVE CIRCLES OF AMERICAN MONOPOLY CAPITAL. THEIR UNCOMPROMISING IDEOLOGY HAS OVERTAKEN POLITICAL REALISM.

(B) FOREIGN POLICY FAILURES HAVE BEEN PARTICULARLY GREAT. BASING ITSELF ON WRECKING INTERNATIONAL COOPERATION, ARMAMENTS, AND PREPARATIONS FOR NUCLEAR WAR, US FOREIGN POLICY HAS DANGEROUSLY AGGRAVATED THE WORLD SITUATION.

(C) THE "IMPULSIVE AND ILL THOUGHT-OUT" ACTIONS OF THE US AND NATO (PRAVDA 23 JANUARY) CONTRAST WITH THE SOVIET UNION'S SERIOUS AND PEACE-LOVING APPROACH.

(D) REAGAN, WHO HAS STRESSED THE NEED FOR PRESSURE AND FIRMNESS AT THE GENEVA ARMS CONTROL TALKS, HAS HAD TO FACE PRESSURE OF ANOTHER KIND. "THE PEACE INITIATIVES OF THE SOVIET UNION AND THE OTHER SOCIALIST STATES ARE WORKING ON THE POLITICAL CLIMATE AND POPULAR WILL, AND THIS MUST INFLUENCE THE ACTIONS OF GOVERNMENTS. THESE INITIATIVES ARE WORKING MORE EFFECTIVELY AND MORE STRONGLY THAN BEFORE. HERE, AS IT WERE, ARISES A NEW QUALITY" (IZVESTIA 23 JANUARY). THE US ADMINISTRATION WAS INCREASINGLY OUT OF TOUCH WITH WESTERN EUROPE AND EVEN AMERICAN PUBLIC OPINION WHICH HAS NONETHELESS FORCED IT TO THE NEGOTIATING TABLE IN GENEVA.

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/ (E)

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(E) TALK OF A SOVIET THREAT HAS BEEN TAKEN TO ABSURD LENGTHS.

COMMENTING ON REAGAN'S PRESS CONFERENCE TO MARK HIS MID-TERM, PRAVDA OF 23 JANUARY SAID THAT THE ''BOSS OF THE WHITE HOUSE'' JUSTIFIED HIS INTENTION TO DEPLOY NEW NUCLEAR WEAPONS IN EUROPE AGAIN BY A LIE. THE ASSERTION IN THE WHITE HOUSE REPORT ON THE RESULTS OF REAGAN'S FIRST TWO YEARS IN OFFICE THAT THE US WAS WORKING FOR SUBSTANTIAL AND VERIFIABLE CUTS IN WEAPONS DOWN TO EQUAL LEVELS WAS ''MENDACIOUS''. (TASS FROM WASHINGTON 21 JANUARY).

4. THE SOVIET PRESS HAVE DELIGHTED IN REPORTING THE DISMISSAL OF ROSTOW AND OTHER CASUALTIES OF THE US ADMINISTRATION. IZVESTIA OF 21 JANUARY CHARACTERISED ROSTOW'S DEPARTURE AS THE FIRST REAL US REACTION TO SOVIET AND WARSAW PACT PEACE INITIATIVES AND ROSTOW, NO DOVE HIMSELF, AS THE VICTIM OF SUPER-HAWKS IN THE ADMINISTRATION. ON ADELMAN AND EMERY, IZVESTIA, RELYING EXCLUSIVELY ON QUOTATIONS FROM AMERICAN AND WEST EUROPEAN NEWSPAPERS, SUGGESTED THAT THEY BELONGED TO THE FAR RIGHT. ''THE CONFIDENCE OF THE OUTSIDE WORLD IN WASHINGTON IS IN REALITY IN NO WAY INCREASING''.

5. FALIN, THE FORMER SOVIET AMBASSADOR IN BONN , AND UNTIL RECENTLY DEPUTY HEAD OF THE CENTRAL COMMITTEE'S INTERNATIONAL INFORMATION DEPARTMENT, HAS MARKED HIS DEBUT AS POLITICAL OBSERVER FOR IZVESTIA WITH A LONG ANALYSIS ON 20 JANUARY OF THE PENTAGON'S AND NATIONAL SECURITY COUNCIL'S DEFENCE DIRECTIVE FOR 1984/1988. THIS CONCLUDED THAT PRESENT US POLICY CONTAINED THE ORGANIC DEFECT OF ADVENTURISM, RESULTING FROM EXTREME CONCEIT. ''WHATEVER ATTACKING STRENGTH IS POSSESSED, WHATEVER MEANS OF UNLEASHING NUCLEAR WAR IS CHOSEN, IT WILL NOT SECURE ITS ENDS. RETRIBUTION WILL FOLLOW INEVITABLY - THIS WARNING BY THE SOVIET LEADERSHIP REMAINS IN FORCE AND MUST BE UNDERSTOOD PRECISELY AS IT WAS GIVEN''.

6. ONLY ONE NEW ELEMENT HAS RECENTLY EMERGED IN OTHERWISE ROUTINE, BUT EXTENSIVE, SOVIET PRESS HANDLING OF START AND INF. MOSCOW NEWS ON 23 JANUARY (ADDRESSED MAINLY TO A FOREIGN READERSHIP) SAID THAT FOR INF A SO-CALLED INTERMEDIATE SOLUTION, WHEREBY THE SOVIET UNION WOULD REDUCE THE NUMBER OF ITS MEDIUM RANGE MISSILES IN EUROPE WHILE THE AMERICANS WOULD DEPLOY A SMALLER NUMBER OF ITS PROPOSED 572 NEW MISSILES, WOULD NOT REPRESENT A COMPROMISE. ''IT DEMANDS OF THE SOVIET UNION A BASIC REJECTION OF THE SUBSTANCE AND PRINCIPLES OF EQUAL SECURITY. AN INTERMEDIATE AGREEMENT IS THEREFORE ABSOLUTELY UNACCEPTABLE TO THE SOVIET UNION''.

RESTRICTED -2-

17.

RESTRICTED

7. THE U.S. AMBASSADOR HERE INTERPRETS THIS CAMPAIGN AS SIMPLY AN ELEMENT IN, AND A MEANS TO, ACHIEVING THE OVERALL SOVIET OBJECTIVE OF FRUSTRATING DEPLOYMENT OF INF IN WESTERN EUROPE.

HEADS OF MISSION SECTION PLEASE MAKE AVAILABLE TO SIR I. SUTHERLAND.

FCO PASS TO ALL SAVING ADDRESSEES

RATFORD

THIS TELEGRAM
WAS NOT
ADVANCED

(REPEATED AS REQUESTED)

DEFENCE D
ACDD
NEWS D
EESD
NAD
WED
PS

PS/MR HURD
PS/PUS
SIR J BULLARD
MR WRIGHT
MR GILLMORE
MR GOODISON

ADDITIONAL DISTN.
START

COPIES TO:-
SIR I SUTHERLAND
C/O HDS OF MISSION SECTION

-3-
RESTRICTED



CONFIDENTIAL

Prime Minister

To note.

A.J.C. 30/11.

PRIME MINISTER

East-West Economic Relations

Now that President Reagan has lifted all the United States measures affecting the Siberian pipeline contracts, officials have been examining how best to carry forward the various studies to which we are committed by the Summary of Conclusions (formerly known as the Shultz non-paper).

2. The odd man out continues to be the French Government.

Although Monsieur Mitterrand has sent President Reagan a conciliatory message, senior representatives of the Quai d'Orsay told Sir Antony Acland on 25th November that the French regard the Shultz paper as "non-existing" and that, although they are ready to hold comprehensive talks on all aspects of East-West relations, they do not believe that these can lead to the preparation of a practical strategy. It remains to be seen how obstructive the French will prove in practice; but this is in the first instance a problem for the Americans. Both in your own message of 13th November to President Reagan, and in subsequent Ministerial and official contacts, the United Kingdom has made clear its readiness to co-operate in the various studies outlined in the Summary of Conclusions. We can therefore afford to wait a little to see how the situation develops, and leave it to the Americans to make the running with the French.

3. Meanwhile you and OD colleagues may wish to see the attached note by officials (prepared before the latest news from Paris), which represents interdepartmentally agreed guidance for the overseas Posts and Whitehall Departments concerned on how we would like to see the various elements of follow up implemented and orchestrated. For convenience, I also attach a copy of the final text of the Summary of Conclusions.

4. I am sending copies of this minute and enclosures to the members of OD, to the Secretaries of State for Industry and Energy and to the Minister of Agriculture, Fisheries and Food.

RA

Robert Armstrong

30th November 1982

CONFIDENTIAL

East-West Economic Relations: Follow up to "Summary of Conclusions"
 (formerly the Shultz Non-Paper)

The United Kingdom's overall aims in contributing to the work envisaged in the Summary of Conclusions should be

- a. to work for agreement on a common analysis of the current state and prospects for the Soviet Union and Eastern European economies;
- b. to use that analysis as the basis for working towards a consensus on general Western policy in the handling of East-West relations;
- c. to make a constructive contribution to the studies outlined in the Summary of Conclusions, without prior commitment to their outcome.
- d. to ensure that in this process the United Kingdom's strategic, security and commercial interests are protected.

2. Our partners will have their own ideas about how the follow-up work might best be handled in the various international organisations. The French attitude is particularly uncertain: they have said that they will not take part in future talks in Washington, which casts doubt on the future role of the Summit 7 (plus EC Presidency and Commission) group. Nor is it known what the French attitude will be to work being done in NATO. In practice, therefore, the allocation of work is unlikely to be as tidy as the arrangements indicated below. Subject to these caveats, the following international dispositions would seem to be appropriate.

A. Restricted meetings with our closest partners.

These may be used as necessary to steer and resolve any particular problems.

B. Summit 7 (plus Commission and Presidency)

a. Role

- i. to identify and agree fora for the various bits of work envisaged in the Summary of Conclusions;
- ii. where necessary to agree terms of reference, derived from the Summary of Conclusions, for the various bits of work;
- iii. to set an overall timetable and to monitor progress;
- iv. to take stock at the Economic Summit meeting likely to take place next May.

C. NATORole

- i. to maintain a general Alliance overview of the work in hand; and to draw conclusions and make recommendations, as appropriate;
- ii. to undertake factual analyses involving classified information;
- iii. probably to undertake the analysis of other (ie non-COCOM) high technology items referred to in the Summary of Conclusions.

NB. Completion of individual studies should precede drawing of conclusions by NATO. It may be appropriate for NATO Foreign Ministers to consider any conclusions/recommendations after the May meeting of the Economic Summit. Japan might best be associated with work in NATO through the Americans.

D. OECDRole

- i. to carry out the detailed factual and analytical studies of the various aspects of the Soviet and Eastern European economies envisaged in the Summary of Conclusions.
- ii. to prepare the overall analysis of economic relations with the USSR and the Eastern European countries based on the detailed studies, for submission to governments to use, as appropriate, in NATO, EC or in the Summit 7 framework;
- iii. to undertake the periodic ex post reviews of the development of economic and financial relations with the Soviet Union and Eastern Europe;
- iv. building on work already in hand in IEA, to initiate a study of projected energy requirements and dependence upon imports over the next decade and beyond. (Study to be "under the auspices of" OECD, thus associating IEA with the work);
- v. work on credit policies in OECD Consensus;
- vi. analysis of agricultural products.

E. COCOM

- i. COCOM List Review to undertake work on lines of paragraph 3(a) of the Summary of Conclusions;
- ii. progress in this sector possibly to be assessed by High Level Meeting in early 1983.

F. EC

- i. The EC will have a direct interest in, and there will be a need for continuing Community consultation on, all the aspects of the follow-up work which touch Community competences (particularly energy, credit terms and any measures affecting the Common Commercial and Agricultural Policies);
 - ii. The EC will be the forum for discussion of the progress on the studies and of any subsequent measures affecting all EC members equally.
3. These dispositions cover all the areas of work referred to in the Summary of Conclusions.
 4. In Whitehall, it is envisaged that
 - i. MISC 64 should continue to be the forum for co-ordinating Whitehall views at the official level.
 - ii. JIC should be the main interdepartmental forum for the preparation of Whitehall assessments and analyses relating to the various aspects of the Soviet and Eastern European economies. JIC will refer work to JIC(EA) as necessary, which would obtain inputs from the Whitehall Departments (including Bank of England and ECGD) as appropriate.
 - iii. ODO(SE) should be the forum for co-ordinating views in respect of OCOM and other high technology work.
 - iv. In addition to the Foreign and Commonwealth Office, the Whitehall Departments principally involved in the follow up work will be Trade, Industry, Energy, Defence, Treasury and ECGD. The Bank of England will also be concerned.

November 1982

WASHINGTON DISCUSSIONS ON EAST/WEST ECONOMIC RELATIONS (PIPELINE)

SUMMARY OF CONCLUSIONS

During conversations in Washington between the Secretary of State of the United States of America and representatives of Canada, the Federal Republic of Germany, France, Italy, Japan and the United Kingdom on the subject of East/West relations, in which representatives of the EC participated, a certain number of conclusions have been reached on behalf of the governments represented. The summary of these follows.

1. They recognise the necessity of conducting their relations with the USSR and Eastern Europe on the basis of a global and comprehensive policy designed to serve their common fundamental security interests. They are particularly conscious of the need that action in the economic field be consistent with that global and comprehensive policy and thus be based on a common approach. They are resolved together to take the necessary steps to remove differences and to ensure that future decisions by their Governments on these issues are taken on the basis of an analysis of the East/West relationship as a whole, with due regard for their respective interests and in a spirit of mutual trust and confidence.

2. The following criteria should govern the economic dealings of their countries with the Soviet Union and Eastern European countries:-

- that they will not undertake trade arrangements, or take steps, which contribute to the military or strategic advantage and capabilities of the USSR,
- that it is not in their interest to subsidize the Soviet economy; trade should be conducted in a prudent manner without preferential treatment.
- that it is not their purpose to engage in economic warfare against the Soviet Union. To be consistent with our broad security interests, trade with the USSR must proceed, inter alia, on the basis of a strict balance of advantages.

It is agreed to examine thoroughly in the appropriate bodies how to apply these criteria, taking into account the various economic and political problems involved, with the view to agreeing on a common line of action in the spirit of paragraph one and the above criteria. They will pay due attention in the course of this work to the question of how best to tailor their economic relations with Eastern European countries to the specific situation of each of them, recognizing the different political and economic conditions that prevail in each of these Eastern European countries.

The overall analysis of economic relations with the USSR and the Eastern European countries will touch in particular on the following areas:-

- strategic goods and technology of military significance (COCOM):
- other high technology items;
- credit policy;

- energy;
- agricultural products.

In their analysis of other high technology items, it is agreed to examine immediately whether their security interests require controls, to be implemented in an agreed and appropriate manner, on the export to the Soviet Union and Eastern Europe of advanced technology and equipment to be jointly determined. This immediate examination of whether their security interests require controls, to be implemented in an agreed and appropriate manner, on the export to the Soviet Union and Eastern Europe of advanced technology and equipment will include technology and equipment with direct applications to the oil and gas sector.

In the field of energy, they will initiate a study of their projected energy requirements and dependence upon imports over the next decade and beyond and possible means of meeting these requirements, with particular attention being given to the European energy situation. The study will be conducted under the auspices of the OECD.

3. As an immediate decision and following decisions already made, they have further agreed on the following:-

(a) Building on the conclusions of the High Level Meeting, they will work together within the framework of the Coordinating Committee (COCOM) to protect their contemporary security interests: the list of strategic items will be evaluated and, if necessary, adjusted. This objective will be pursued at the COCOM Review now under way. They will take the necessary measures to strengthen the effectiveness and responsiveness of COCOM and to enhance their national mechanisms as necessary to enforce COCOM decisions.

(b) It was agreed at Versailles that the development of economic and financial relations with the Soviet Union and Eastern Europe would be subject to periodic ex-post review. The necessary procedures for this purpose will be established without delay. Having in mind the criteria in paragraph two above, they will work urgently further to harmonize export credit policies.

(c) They have informed each other that during the course of the study on energy requirements, they will not sign, or approve the signing by their companies of, new contracts with the Soviet Union for the purchase of natural gas.

16 November 1982
Foreign and Commonwealth Office

de B

SIR ROBERT ARMSTRONG

East/West Economic Relations

The Prime Minister has noted the contents
of your minute of 30 November.

ASC

2 December 1982



EMBASSY OF THE
UNITED STATES OF AMERICA

London

For. Pol. (2)

Prime Minister

A.J.C. 24/11

November 20, 1982

Resident Clerk
Foreign & Commonwealth Office
London, S. W. 1

mt

Dear Resident Clerk:

I would appreciate your transmitting the enclosed
message from Secretary of State Shultz to Foreign
Secretary Pym which was received at the Embassy
this morning.

Sincerely,

Edward W. Lillin (duties officer)
for John J. Louis, Jr.
Ambassador

Enclosure:
SECRET

SECRET

Dear Francis:

Thank you for your thoughtful message of November 17 on recent steps in East-West relations.

I appreciate your efforts to bring our French friends back into line in our East-West economic discussions. We very much hope that these problems have been ironed out, and are anxious, as you, to move ahead to implement the steps agreed upon in the non-paper.

Your idea of a declaration on East-West relations is an interesting one. I agree that we need a firm and positive restatement of the basic Western approach to relations with the Soviet Union in December's NATO Communique, but I have reservations about our expanding this into a separate declaration. It is certainly too early to draw any conclusions about Soviet behavior in the post-Brezhnev era. I am also concerned that a hurried effort to agree upon such a document could create a counter-productive debate within the alliance, with some governments seeking to take a more hopeful and positive line than circumstances yet dictate. I believe, therefore, that we should in December content ourselves with a solid reaffirmation of Western policies, as put forward in recent Alliance documents, holding the possibility of a broader document in reserve for some future occasion.

Regarding the possibility of a U. S.-Soviet Summit, we remain ready to move toward such a meeting provided that it is well prepared and that there are reasons to believe that it would be productive. I do not rule out the possibility that the change in Soviet leadership could create a situation in which such a meeting might be productive. To be honest, however, there has been nothing in our exchanges to date with the Soviets which suggests this to be the case. I therefore believe that any call on our part for such a Summit would be premature.

SECRET

SECRET

-2-

I look very much forward to seeing you next month both in Brussels and for more extended discussions in London. The quadripartite dinner and our bilateral talks will provide an occasion to discuss the issues your message raises in detail, and to begin forging a Western strategy for dealing with the new Soviet leadership. As always, I very much value your thoughts on these subjects.

Best regards.

Sincerely,

/s/ George P. Shultz

George P. Shultz

SECRET

cc Mr Bone PS/SQS - vic Resident
Unk.

cc PS
PS/PUS
Sir J. Bullard

W Goodison

HD / EESD

HD / NAD.

cc No 10 ✓

✓ Mr. Minter

File 16

cc Mr. Goodale 22/11

Subj'd



10 DOWNING STREET

From the Private Secretary

17 November 1982

Q

EAST/WEST RELATIONS

The Foreign and Commonwealth Secretary discussed the above subject with the Prime Minister this afternoon.

Mr. Pym said that there were three broad considerations to keep in mind. We needed to explore the possibility of change in Soviet policies, following the change of leadership; President Reagan's recent message to the Prime Minister was relevant. We should do all we could to maintain the strength of our relationship with the United States. We needed to ensure that the Europeans remained firm during 1983 with regard to NATO's two-track decision on the stationing of intermediate-range land-based missiles.

He had it in mind to send a message to Mr. Shultz on these matters. This would refer to the changes in the Soviet Union, draw attention to the importance of the forthcoming meeting of NATO Foreign Ministers and suggest the adoption by that meeting of a declaration describing the West's attitude to East/West relations. The message would go on to say that we wished to pursue the considerations in the recently agreed paper on East/West economic relations and to set up the necessary machinery quickly. Finally, the message would float the idea of an early Summit between President Reagan and Mr. Andropov. The discussions which Vice President Bush had had with Andropov in Moscow recently contained a hint that this idea might be worth pursuing. There had been a similar hint in the conversations between the President of the Federal Republic of Germany and Andropov. The thought might be that a very early meeting /between the two

between the two would be easier to arrange, and would run less risk of raising expectations, than a Summit proposed in a few months' time. It would be seen publicly as a positive move at the beginning of a very difficult period. We should bear in mind that Andropov might himself make such a proposal. It would in any case be useful for us to float the idea with Mr. Shultz. By doing so we could involve ourselves in the preparatory discussion for the Summit and thus keep our relationship with the United States in the best possible condition.

The Prime Minister recalled that President Reagan's position seemed to be that he was ready to respond if the Soviet Union provided genuine opportunities. Previously, we had always argued that a Summit should be very well prepared. It would be a very big departure from this position simply to urge that one should take place. Mr. Pym said that he believed such a proposal would have a very helpful effect on European opinion. The Prime Minister said that her reading of Andropov was that he would need to demonstrate in his early weeks that he was tough. But he might propose one or two cosmetic moves which would lead some in the West to claim that there were new possibilities of detente and thus lower their guard. She agreed that it would be wise for there to be a US/Soviet Summit at some time in the next two years. But she doubted whether there could be more than one. The Foreign and Commonwealth Secretary said that he thought this was not necessarily so, given the appearance of a new leadership. If Mr. Shultz thought the idea was worth examining, we could do more detailed work.

The Prime Minister said that if the Foreign and Commonwealth Secretary thought that it would help his relationship with Mr. Shultz to float such a proposal, she would not wish to object. But she believed the idea would get a much better reception if we did more work on it first. We needed to be clear as to what such a meeting could achieve, what the limitations and risks were, and where it would take place. It should certainly not be held in Moscow. The next US/Soviet Summit, whenever it took place, would set the scene for East/West relations for a long time ahead. When

/President Reagan

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- 3 -

President Reagan met Andropov, he must not fail. She was not convinced that there was merit in an early meeting.

Mr. Pym said that he also thought there could be merit in new contacts between the United Kingdom and the Soviet Union. For example, Mr. Rifkind might pay a visit to Moscow. It might also be useful for contacts to take place at senior official level. We tended to do much less than our major allies in this respect. This was rather damaging since our allies knew that they had more contact than we did. The purpose of such meetings would be to put across our point of view on a range of subjects. There was nothing to lose.

The Prime Minister expressed some concern that such moves would harm our whole stance on East/West relations. Trade contacts at Ministerial level were a different matter. But we should have to be sure that any political contacts were consistent with the various understandings into which we had entered after the Soviet invasion of Afghanistan. She was opposed to a Senior Minister visiting Moscow but could perhaps envisage a visit at lower levels, provided it had a clear purpose. She thought we should give Mr. Shultz advance warning of any such visits. In general, she was not enthusiastic about the prospect but would not raise objection if the points she had made were met.

Brian Fall, Esq.,
Foreign and Commonwealth Office.

070
17 November 1982



With the compliments of

THE PRIVATE SECRETARY

(B J P Fall)

We spoke.

**FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH**

A J Coles Esq

DRAFT LETTER

FROM: SECRETARY OF STATE

TO: MR SHULTZ

1. I have been thinking about the conversation we had in Moscow when we were both there for President Brezhnev's funeral and about the prospects for East/West relations.

2. Three things strike me:

(a) There have been significant shifts in the last week in the scenery of East/West relations - Brezhnev has died and been replaced by Andropov, which in turn gave the opportunity for the signal contained in President Reagan's message of condolence and for the important conversation which Vice President Bush and you had with Andropov and Gromyko after the funeral.

(b) There has been a growing convergence of attitudes towards East/West relations among the major Western Allies.

/This was

This was for example reflected in the joint statement issued by President Reagan and Chancellor Kohl;

- (c) The successful conclusion of the pipeline exercise on the basis of your 'non-paper' has created both the opportunity and the urgent necessity for the Western allies to concert a common line on East/West relations, including but not merely the economic dimension.

3. It is very important that we should seize the chance which I believe these developments offer to us, and not to lose a day more than is necessary. There is very little time before the December NATO Foreign Ministers meeting, which will obviously be exceptionally important this year. I should like to see that meeting adopt, in addition to the usual communique, a Declaration on East/West Relations, setting out in an eloquent and eye-catching form the basic Western approach, and repeating the various offers and proposals already made to the Soviet Union, so as to bring out President Reagan's point that a more constructive East/West relationship is there for the asking if the new Soviet leaders will only do what is necessary to grasp the opportunity. Such a Declaration would no doubt have to be drafted by an inner group of Allies rather than in the usual NATO drafting machinery.

4. At the same time, I also hope that we can move ahead rapidly on East/West economic relations. The French problem has, I hope, been largely ironed out as a result of a meeting I had in Moscow with Claude Cheysson and the others concerned. We ourselves take very seriously all our commitments in the 'non-paper', and have clear ideas on how to pursue them. I have sent instructions to Oliver Wright to help maintain the momentum.

5. One point struck me as being of particular interest in your Ambassador's account of your meeting with Andropov. I gather that Andropov dropped a hint about a possible Summit. In normal times I would go along with the argument that Summits need to be very carefully prepared if they are not to arouse and then disappoint public expectations. But in present circumstances, and with all the changes in the East/West scenery of which I have spoken, it seems to me that there could be a good deal to be said for going for an early Soviet-American Summit. It could be presented not as an attempt to reach comprehensive agreements but as a chance for the two leaders to get to know one another, and also to enable President Reagan, as leader of the Western Alliance, to spell out to Andropov the major areas of Western concern - the strategic balance, Afghanistan, Poland and human rights. Like the Declaration on East/West relations which I have suggested, this would help to underline the point that a more constructive relationship is possible if the Russians want it. Ideally the Summit would follow soon after the NATO meeting, for example early next year.

6. I have considered the possible effect of a Summit on European public opinion, and in particular the risk that it might arouse illusions about a better East/West relationship which would make it more difficult to go ahead with INF deployment. But I believe that, providing it were held really early in 1983, a Summit could help to keep public opinion steady - perhaps especially in Germany - by demonstrating that the United States is doing everything possible to reach agreement on genuinely balanced measures of arms control, at the same time as putting the other half of the double decision into effect.

7. To put the idea in another form, would the President be able to reject a summit if Andropov were to propose one now, as could happen after the Warsaw Pact meeting early next month? If the answer is no, perhaps the right course is for the United States itself to take the initiative.

8. I have discussed this message with the Prime Minister, and it reflects her thinking as well as my own. I have not so far had an opportunity to talk the matter over with Claude and Hans-Dietrich, but would like to do so when I see them on 22-23 November at one of our regular Community meetings. I hope you will be able to let me have your reaction before then.

PRIME MINISTER

ms

East/West Relations

The Foreign and Commonwealth Secretary has asked to see you for 15 minutes before OD(FAF) tomorrow to discuss the above subject. You are aware of his talk in Moscow with Mr. Shultz. There has also been President Reagan's message to you about East/West relations, and Vice President Bush and Andropov have had a brief discussion in Moscow.

I understand that Mr. Pym has it in mind to write to Mr. Shultz, setting out some views on how we should handle East/West relations. He is particularly keen that the Alliance should adopt a collective policy at the important meeting of NATO Foreign Ministers on 9 December.

I gather that Mr. Pym believes that the West should make it plain publicly that it is giving the Soviet Union every reasonable opportunity to adopt more constructive policies. This could be particularly important in dealing with critics of the IMF talks in Geneva.

A.J.C.

16 November 1982

GRS 740

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FM MOSCOW 161353Z NOV 82

TO F L A S H FCO

TELEGRAM NUMBER 742 OF 16 NOV

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US/SOVIET RELATIONS

1. AT MEETING ON 16 NOVEMBER WITH MY US, FRENCH AND FRG COLLEAGUES TO EXCHANGE INFORMATION ON THE BILATERALS WHICH TOOK PLACE FOLLOWING BREZHNEV'S FUNERAL, HARTMAN GAVE US THE FOLLOWING ACCOUNT OF WHAT TOOK PLACE WHEN VICE-PRESIDENT BUSH AND MR SCHULTZ SAW ANDROPOV. GROMYKO, ALEXSANDROV-AGENTOV OF THE PARTY SECRETARIAT AND SUKHODRIEV (INTERPRETER) WERE ALSO PRESENT ON THE SOVIET SIDE.

2. ANDROPOV OPENED THE MEETING BY EXPRESSING, IN WARM TERMS, THE APPRECIATION WHICH HE AND HIS COLLEAGUES FELT AT THE US GOVERNMENT'S DECISION TO SEND A HIGH-LEVEL DELEGATION TO THE FUNERAL AND ALSO FOR PRESIDENT REAGAN'S GESTURE IN SIGNING THE BOOK OF CONDOLENCES AT THE SOVIET EMBASSY IN WASHINGTON. THIS, HARTMAN OBSERVED, WAS THE ONLY OCCASION THROUGHOUT THE MEETING WHEN HE REFERRED TO 'HIS COLLEAGUES'. ANDROPOV WENT ON TO STRESS, IN TERMS SIMILAR TO THOSE USED BY GROMYKO WITH YOU, THE ELEMENT OF CONTINUITY IN THE SOVIET GOVERNMENT'S EXTERNAL POLICIES. HE WISHED HOWEVER TO TAKE THE OCCASION TO CONVEY HIS FEELING AND THAT OF THE SOVIET PEOPLE THAT, ALTHOUGH THE RUSSIANS WISHED FOR A RELATIONSHIP WITH UNITED STATES WHICH WOULD PROVIDE FOR COOPERATION AND PROGRESS IN THE PROBLEMS WHICH DIVIDED THEM, THE ACTUAL SITUATION WAS FRAUGHT WITH COMPLEXITY AND DIFFICULTIES. THESE DIFFICULTIES HAD ARISEN BECAUSE THE UNITED STATES HAD 'SQUANDERED' ITS ASSETS' BY NOT FOLLOWING UP THE AGREEMENTS PREVIOUSLY ENTERED INTO BETWEEN THE TWO GOVERNMENTS. HE WISHED THE UNITED STATES ADMINISTRATION TO KNOW THAT SOVIET POLICY WAS BASED UPON THE PRINCIPLES OF EQUALITY, NON-INTERFERENCE AND COOPERATION. THE SOVIET UNION MAINTAINED ITS STRENGTH BUT WANTED TO SEEK A BETTER RELATIONSHIP. THEY HAD THEIR OWN PERSPECTIVES AND THE UNITED STATES HAD ITS VIEW OF THE WORLD. BUT IF THE TWO GOVERNMENTS CONTINUED ON THEIR PRESENT COURSE THE RESULT COULD ONLY BE CATASTROPHE. IN AN OBLIQUE REFERENCE TO THE GENEVA TALKS, ANDROPOV ADDED THAT, IF BOTH SIDES PRESENTED PROPOSALS WHICH DIFFERED SO WIDELY, NO AGREEMENT WAS POSSIBLE. IT WAS THEREFORE NECESSARY THAT BOTH SHOULD SEEK THE MEANS FOR A BETTER RELATIONSHIP. TURNING TO GROMYKO, HE OBSERVED THAT FOREIGN MINISTERS WERE USED TO EXCHANGING HARSH WORDS BUT HE AND THE VICE-PRESIDENT SHOULD BE MEN OF PEACE. THERE WAS MUCH FOR THE TWO GOVERNMENTS TO DO. HARTMAN COMMENTED THAT, ALTHOUGH A MEETING WITH PRESIDENT REAGAN WAS NOT MENTIONED THROUGHOUT THE CALL, THERE WAS A HINT AT THIS POINT THAT A SUMMIT WOULD BE DESIRABLE.

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/3. IN REPLY

3. IN REPLY, BUSH ALSO STRESSED THE INTEREST OF THE US GOVERNMENT IN PEACE AND IN REACHING AN UNDERSTANDING WITH THE SOVIET UNION. THE US GOVERNMENT WAS ALSO CONCERNED ABOUT THE PRESENT STATE OF THE RELATIONSHIP. WITHOUT ELABORATING, HE IDENTIFIED AS THE PRINCIPAL AREAS OF CONCERN: (A) THE STRATEGIC BALANCE AND THE BUILD-UP OF ARMAMENTS: (B) POLAND: (C) AFGHANISTAN: (D) HUMAN RIGHTS AND THE NEED FOR AGREED INTERNATIONAL NORMS OF CIVILISED BEHAVIOUR. PRESIDENT REAGAN'S POLICY WAS TO MAINTAIN MILITARY STRENGTH BUT NOT TO GET INTO THE ARMS RACE. IT WAS NECESSARY FOR BOTH SIDES TO NEGOTIATE AGREEMENTS WHICH WOULD RESULT IN REAL REDUCTIONS AND THE US ADMINISTRATION SOUGHT WIDER EXCHANGES WITH THE SOVIET UNION. BUT THE ISSUES HE HAD LISTED HAD PREVENTED THIS.

4. IN RESPONSE ANDROPOV HAD AGAIN SAID 'YOU HAVE YOUR VIEWS, WE HAVE OURS'. IT WAS IMPORTANT TO DISCUSS OUTSTANDING ISSUES, IF WE DO NOT WE SHALL END UP IN MORE SERIOUS DIFFICULTIES. IT WAS NECESSARY FOR THE TWO GOVERNMENTS TO REACH AGREEMENT.

5. IN ANSWER TO QUESTIONS HARTMAN SAID THAT NO SPECIFIC AGREEMENT WAS REACHED ON FOLLOW-UP MEETINGS, NOTHING WAS SAID ON AFGHANISTAN.

6. ANDROPOV WAS VERY DIRECT IN MANNER. HE SPOKE WITHOUT FRILLS, THOUGHTFULLY AND IN A CULTIVATED STYLE. THE ATMOSPHERE WAS CORDIAL. HE SPOKE THROUGHOUT IN RUSSIAN BUT INDICATED AT SOME POINTS THAT HE UNDERSTOOD ENGLISH. HE HAD A PREPARED TEXT BUT FREQUENTLY AD-LIBBED. HE APPEARED TO HAVE A FRIENDLY RELATIONSHIP WITH GROMYKO WHO OCCASIONALLY INTERVENED TO BRIEF HIM.

7. SEE ALSO M I F T

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TELEGRAM NUMBER 676 OF 15 NOVEMBER
INFO PRIORITY COPENHAGEN, WASHINGTON, BONN, PARIS, UKDEL NATO.
INFO SAVING KABUL, BAGHDAD, TEHRAN, ISLAMABAD AND WARSAW.

FOLLOWING FROM PRIVATE SECRETARY.

SECRETARY OF STATE'S MEETING WITH MR GOMYKO, 15 NOVEMBER.

1. AT THE END OF THE DAY BEFORE LEAVING FOR THE AIRPORT I HAD A THIRTY MINUTE BILATERAL MEETING WITH GROMYKO. HE WAS STUDIOUSLY UNCONTENTIOUS, HAD NOTHING PARTICULARLY NEW TO SAY ON ANY OF THE POINTS I RAISED AND RAISED NONE HIMSELF. AT 73 HE AS NO DOUBT TIRED AFTER THE FUNERAL AND A SERIES OF FOREIGN CALLERS.

2. I REFERRED TO THE CHANGE IN THE SOVIET LEADERSHIP. WE HOPED THAT A MORE PRODUCTIVE RELATIONSHIP WOULD BECOME POSSIBLE. WHAT CONCLUSIONS SHOULD BE DRAWN FROM THE NEW LEADERSHIP'S INITIAL STATEMENTS. GROMYKO REPLIED THAT ANDROPOV WAS A MEMBER OF THE SAME POLITBURO WHICH WOULD CONTINUE TO FOLLOW THE SAME INTERNAL AND EXTERNAL POLICIES. THE LATTER WOULD BE CHARACTERISED BY PEACE AND DETENTE. THE SOVIET SIDE WAS FOR AN IMPROVEMENT IN OUR BILATERAL RELATIONS INCLUDING THE POLITICAL, CULTURAL AND ECONOMIC FIELDS. WE SHOULD USE OUR CONSIDERABLE INFLUENCE POSITIVELY IN INTERNATIONAL AFFAIRS.

3. MR PYM STRESSED THE NEED FOR EFFECTIVE ARMS CONTROL AND FOR THE MADRID TALKS TO REACH A SUCCESSFUL CONCLUSION. GROMYKO ARGUED THAT THE SOLUTION TO THE ARMS RACE LAY IN NEGOTIATIONS WHICH, EVEN IF THEY DID NOT REDUCE, WOULD AT LEAST CHECK ARMS LEVELS. BUT THE CURRENT NEGOTIATIONS IN GENEVA HAD MADE NO PROGRESS, NO HEADWAY. THEY WERE NOT PROCEEDING AS THEY SHOULD IF BOTH SIDES WERE SHOWING

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REAL WILL.

4. MR PYM ASKED IF GROMYKO SAW ANY POSSIBILITY OF CHANGE IN AFGHANISTAN. HE CLAIMED THAT THE POSITION WAS NOW MORE STABLE. UNOFFICIAL AFGHAN/PAKISTAN TALKS WERE PROCEEDING. IF THE UK WISHED TO MAKE A POSITIVE CONTRIBUTION WE SHOULD SUPPORT THEM. THE SOVIET UNION WAS NOT ITSELF DIRECTLY ENGAGED. THERE COULD BE NO QUESTION OF NEGOTIATING WITH PAKISTAN, BUT THEY MADE THEIR VIEWS CLEAR AS THEY HAD DONE EARLIER THAT DAY DIRECTLY TO THE PRESIDENT OF PAKISTAN.

5. GROMYKO REFUSED TO HAZARD A GUESS ON WHEN MARTIAL LAW MIGHT BE LIFTED IN POLAND. THE POLISH LEADERSHIP HAD MADE IT CLEAR THAT THIS WOULD HAPPEN AS SOON AS THE SITUATION RETURNED TO NORMAL. AN END SHOULD BE PUT TO EFFORTS AIMED AT UNDERMINING THE PRESENT REGIME.

6. GROMYKO CLAIMED THAT CURRENTLY IRAN WAS MORE STUBBORN THAN IRAQ IN RESISTING EFFORTS TO BRING THE WAR TO AN END. BOTH SIDES WERE OF APPROXIMATELY EQUAL STRENGTH. UNPREDICTABLE EVENTS COULD NOT BE RULED OUT. BUT BLOOD WAS FLOWING QUITE SENSELESSLY.

PYM

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TELEGRAM NUMBER 724 OF 15 NOV
INFO IMMEDIATE WASHINGTON, UKDEL NATO,
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FOLLOWING FROM PRIVATE SECRETARY

SECRETARY OF STATE'S MEETING WITH MR SHULTZ: EAST/WEST RELATIONS

1. SHULTZ RECALLED PRESIDENT REAGAN'S MESSAGE TO THE PRIME MINISTER AND HER REPLY. IT WAS TIME FOR THE ALLIES TO DEMONSTRATE THREE THINGS: REALISM, STRENGTH AND READINESS FOR A MORE CONSTRUCTIVE RELATIONSHIP. THE US HAD BEEN TRYING TO EMPHASISE THE THIRD ELEMENT. SOME PEOPLE IN MOSCOW APPEARED TO SEE THE LIFTING OF THE PIPELINE SANCTIONS AS A CONCILIATORY ACT BY THE US. THERE WAS A FEELING ABROAD, VOICED BY DR KISSINGER AMONG OTHERS, THAT AN OPPORTUNITY FOR A BREAKTHROUGH EXISTED. THIS MIGHT BE SO, BUT NOT SIMPLY BECAUSE BREZHNEV HAD DIED. IT WAS NOT A MOMENT FOR THE WEST TO CHANGE ITS POLICY, BUT TO EMPHASISE IT, AND MEANWHILE TO MAINTAIN THE NECESSARY STRENGTH.

2. THE SECRETARY OF STATE AGREED. WE COULD NOT TELL AT THIS STAGE WHETHER A NEW OPPORTUNITY EXISTED OR NOT. BUT THERE WAS NOTHING TO BE LOST BY EXPLORING, AND MUCH TO BE LOST IF THIS WAS NOT DONE. IN BRITAIN, THE GOVERNMENT WAS CONSIDERING THE QUESTION OF THE TIMING OF THE DEPLOYMENT OF NEW INF SYSTEMS IN RELATION TO THE FRG. THE WHOLE COUNTRY WAS DETERMINED, FROM THE PRIME MINISTER DOWNWARDS, TO STAND BY THE DOUBLE DECISION. PUBLIC ATTITUDES IN THIS MATTER WOULD BE VERY IMPORTANT. WESTERN GOVERNMENTS WOULD BE EXPECTED BY THEIR OWN PEOPLE TO TAKE STEPS TO FIND OUT WHAT WAS THE COLOUR OF ANDROPOV'S MONEY. THERE HAD BEEN MUCH SPECULATION. TIME WOULD SHOW. THE NOTE STRUCK BY PRESIDENT REAGAN WAS EXACTLY THE RIGHT ONE.

3. HARTMAN (US AMBASSADOR TO MOSCOW), INVITED TO SPEAK ABOUT THE SOVIET INTERNAL SITUATION, SAID THAT HE SAW ANDROPOV AS

3. HARTMAN (US AMBASSADOR TO MOSCOW), INVITED TO SPEAK ABOUT THE SOVIET INTERNAL SITUATION, SAID THAT HE SAW ANDROPOV AS OCCUPYING THE NUMBER 1 SLOT BUT NOT YET WIELDING BREZHNEV'S POWER. IN HIS FIRST SPEECH HE HAD DOFFED HIS CAP TO THE MILITARY, TO WHOM HE OWED HIS POSITION. IT WAS TOO EARLY TO ASSUME THAT HE WOULD FOLLOW A TOUGHER POLICY THAN BREZHNEV'S, IF SUCH A THING COULD BE IMAGINED. HIS SPEECHES SO FAR WERE DIRECTED MAINLY AT THE DOMESTIC AUDIENCE. RESOURCE DECISIONS FOR THE SOVIET GOVERNMENT WERE GOING TO BE DIFFICULT WHATEVER HAPPENED. IT WOULD BE IN THE WESTERN INTEREST TO "KEEP ANDROPOV'S OPTIONS TIGHT". CERTAINLY ANDROPOV WOULD NOT CUT BACK DEFENCE SPENDING SIMPLY BECAUSE HE FOUND HIMSELF IN A RESOURCE PINCH. BUT SOVIET SUPPORT FOR EG ETHIOPIAN AND CUBAN ADVENTURES, AND FOR EASTERN EUROPE, MIGHT BE REDUCED, AND INDEED THERE WERE SIGNS OF THE LATTER ALREADY HAPPENING. HARTMAN DETECTED AN INABILITY TO TAKE DECISIONS BECAUSE "NOBODY KNOWS HOW TO MAKE THE SYSTEM WORK". THE PROBLEMS WERE INSTITUTIONAL AS WELL AS ECONOMIC. WHAT THE WEST SHOULD DO IN THIS SITUATION WAS TO PAINT A PICTURE OF HOW THINGS COULD BE IF THE SOVIET LEADERS ADOPTED THE NECESSARY ATTITUDE.

4. SHULTZ SAID HE WAS MORE PESSIMISTIC THAN HARTMAN ABOUT THE MEANING OF ANDROPOV'S FIRST PUBLIC STATEMENTS. HE SAW HIM AS A HARD MAN. THE TIME OF OPPORTUNITY FOR THE WEST WAS MORE LIKELY TO COME LATER THAN IMMEDIATELY.

5. THE SECRETARY OF STATE POSED THE QUESTION HOW ANY SOVIET LEADER COULD REDUCE DEFENCE SPENDING IF HE WISHED TO DO SO, GIVEN THE SELF-PERPETUATING NATURE OF SOVIET POLICIES AND OF THE SYSTEM. HE SAW THE SOVIET UNION AS FACING GREAT PROBLEMS ABROAD AND AT HOME, INCLUDING A POTENTIAL PROBLEM OF ISLAMIC FUNDAMENTALISM. PROVIDED THE WEST RETAINED SUFFICIENT STRENGTH TO DETER ANY ATTACK AND COORDINATED ITS POLICY, WE HAD LITTLE TO FEAR FROM THE USSR .

SUTHERLAND

NNNN

13/11/82

SUBJECT.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 219/82

ZZ 131235Z
PARIS FROM LONDON
SECRET GOVERNMENTAL MISC 230
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MESSAGE TO PRESIDENT MITTERRAND FROM THE PRIME MINISTER.

NO DOUBT YOU HAVE RECEIVED AS I HAVE A MESSAGE FROM PRESIDENT REAGAN ABOUT OUR DISCUSSIONS ON EAST/WEST ECONOMIC RELATIONS. I HAVE REPLIED SAYING THAT I VERY MUCH WELCOME THIS AGREEMENT AND CAN ALSO AGREE THAT THE SUMMARY OF CONCLUSIONS SHOULD BE PUBLISHED.

I UNDERSTAND YOU STILL HAVE DIFFICULTIES OVER PUBLICATION. MAY I ASK YOU TO RECONSIDER ? IT SEEMS TO ME THAT THE DOCUMENT IS BOUND TO LEAK SOON, AND THAT IF IT IS NOT PUBLISHED PRESIDENT REAGAN WHO WILL HAVE TO DRAW ON THE DOCUMENT WHEN MAKING HIS ANNOUNCEMENT MAY USE A DIFFERENT EMPHASIS THAN THE ONE WE WOULD BOTH WISH. IN THESE CIRCUMSTANCES WE WOULD RISK GETTING THE WORST OF BOTH WORLDS.

I HOPE YOU CAN THEREFORE AGREE TO PUBLICATION IN TIME FOR PRESIDENT REAGAN TO MAKE AN ANNOUNCEMENT ABOUT THE AGREEMENT TODAY IN WASHINGTON. IT WOULD BE PARTICULARLY VALUABLE IF THIS COULD BE DONE BEFORE OUR REPRESENTATIVES MEET IN MOSCOW FOR MR BREZHNEV'S FUNERAL.

MARGARET
BT



10 DOWNING STREET

John ✓ *AM* ¹³/₁₁

The attached T message to President Mitterand was dispatched, with the PM's approval, at 13.07 hrs.

Mr Mark Gowan (FCO) took 3 copies away with him and I have sent a copy (via the Resident Clerk) to Brian Fall.

Mark
Deputy Clerk
13/11/82

SECRET

Z. 131235Z 42869
MISC 230.

DRAFT MESSAGE TO PRESIDENT MITTERRAND

No doubt you have received as I have a message from President Reagan about our discussions on East/West economic relations. I have replied saying that I very much welcome this agreement and can also agree that the summary of conclusions should be published.

I understand you still have difficulties over publication. May I ask you to reconsider? It seems to me that the document is bound to leak soon, and that if it is not published President Reagan who will have to draw on the document when making his announcement may use a different emphasis than the one we would both wish. In these circumstances we would risk getting the worst of both worlds.

I hope you can therefore agree to publication in time for President Reagan to make an announcement about the agreement today in Washington. It would be particularly valuable if this could be done before our representatives meet in Moscow for Mr. Brezhnev's funeral.

ms.

SECRET

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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 218/82.

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122355Z NOV 82
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FROM CABINET OFFICE LONDON
TO WHITE HOUSE

FROM PRIME MINISTER THATCHER
MESSAGE TO PRESIDENT REAGAN

DEAR RON

THANK YOU FOR YOUR MESSAGE TELLING ME OF YOUR DECISION TO LIFT THE SANCTIONS IMPOSED IN DECEMBER AND JUNE. THIS IS VERY GOOD NEWS. I AM PLEASED THAT WE HAVE ALL BEEN ABLE TO REACH AGREEMENT ON A COMMON APPROACH TO THE HANDLING OF EAST/WEST ECONOMIC RELATIONS, PARTICULARLY AT A TIME WHEN WE MUST BE SEEN TO BE STANDING TOGETHER.

I AGREE WITH THE WAY YOU PROPOSE TO HANDLE THE ANNOUNCEMENT AND THAT THE NON-PAPER OR SUMMARY OF CONCLUSIONS AS IT HAS COME TO BE CALLED SHOULD BE PUBLISHED. WE HAD ALREADY ASKED OUR AMBASSADOR IN PARIS TO URGE THIS COURSE ON THE FRENCH.

AS TO THE FUTURE, ALTHOUGH AS GEORGE SHULTZ KNOWS WE CANNOT BE COMMITTED IN ADVANCE TO THE OUTCOME, I WILL INSTRUCT MY OFFICIALS TO CONTRIBUTE WHOLEHEARTEDLY AND EXPEDITIOUSLY TO THE AGREED PROGRAMME OF WORK.

I AM GRATEFUL FOR YOUR KIND WORDS ABOUT THE BRITISH CONTRIBUTION. FOR OUR PART WE HAVE ADMIRERD THE ROLE PLAYED BY GEORGE SHULTZ AND YOUR SENIOR OFFICIALS IN STEERING THE NEGOTIATIONS TO THIS SUCCESSFUL CONCLUSION.

YOURS EVER
MARGARET

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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 216 A/82

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O 122037Z NOV 82
FM THE WHITE HOUSE
TO CABINET OFFICE, LONDON
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US Declassified

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WOL 13/11

SECRET VIA CABINET OFFICE CHANNELS WH08074
NOVEMBER 12, 1982

DEAR MARGARET:

I HAVE JUST GIVEN MY APPROVAL TO THE FINAL PROVISIONS OF THE AGREEMENT AMONG OUR COUNTRIES AND OUR OTHER FRIENDS AND ALLIES CONCERNING OVERALL ECONOMIC RELATIONS WITH THE EAST. YOUR AMBASSADOR HAS BEEN INFORMED OF MY SEPARATE DECISION ON THE ECONOMIC SANCTIONS RELATED TO POLAND. I AM GRATIFIED THAT WE HAVE REACHED A CONSENSUS ON THESE VITAL QUESTIONS. IT IS A VICTORY FOR THE WESTERN ALLIANCE WHICH WILL BRING TO AN END THE SOVIET UNION'S ABILITY TO TAKE ADVANTAGE OF THE DIVISIONS AMONG US AND REDUCE THE COMMERCIAL BENEFITS OF PLAYING ONE WESTERN COUNTRY OFF AGAINST ANOTHER.

WE HAVE ALL APPROVED THE TERMS OF THE CURRENT CONSENSUS WHICH WERE WORKED OUT BY OUR FOREIGN MINISTERS AND AMBASSADORS. IN THIS LETTER I WOULD LIKE TO EMPHASIZE TWO POINTS WHICH I CONSIDER OF THE GREATEST IMPORTANCE.

FIRST, I BELIEVE IT IS VITALLY IMPORTANT THAT WE ADOPT A COMMON APPROACH ON THE PUBLIC PRESENTATION OF OUR AGREEMENT AND, AVOID THE RISK OF DIFFERING STATEMENTS IN ALLIED CAPITALS, AS HAPPENED AFTER OUR LAST ECONOMIC SUMMIT. THIS WOULD GIVE THE ERRONEOUS IMPRESSION OF CONTINUED DISAGREEMENT RATHER THAN THE REALITY OF AN ALLIED CONSENSUS. FOR MY OWN PART, I PROPOSE TO TREAT THE ANNOUNCEMENT TOMORROW MORNING IN MY WEEKLY RADIO ADDRESS. AT THE SAME TIME I WILL ANNOUNCE THE LIFTING OF OUR POLAND-RELATED SANCTIONS IMPOSED ON DECEMBER 29TH AND JUNE 22ND. I REALIZE TIME IS SHORT, BUT I INVITE YOUR APPROVAL OF THIS PROCEDURE. IT ALSO SEEMS TO ME THAT THE OFFICIAL RELEASE OF THE SO-CALLED +NON-PAPER+ IN ALL OUR CAPITALS WOULD BE BY FAR THE BEST APPROACH TO FORGING A COMMON PUBLIC UNDERSTANDING. I REALIZE THAT AT THE BEGINNING OF THE DISCUSSIONS BETWEEN OUR FOREIGN MINISTERS IN NEW YORK THAT THERE WAS CONSIDERABLE SENTIMENT FOR KEEPING WHATEVER EMERGED AT THE END OF THE PROCESS A CONFIDENTIAL DOCUMENT. HOWEVER, I FEEL THAT NOW ALL OUR INTERESTS ARE BEST SERVED BY RELEASING THE TEXT AND ALLOWING IT TO SPEAK FOR ITSELF.

SECOND, THE DECISION BY THE UNITED STATES TO MODIFY OUR SANCTIONS WAS TAKEN WITH THE CLEAR EXPECTATION THAT THE JOINT WORK PROGRAM LAID OUT IN THE AGREEMENT ON EAST-WEST TRADE WILL

END OF PAGE 01

BE CONDUCTED EXPEDITIOUSLY. IT IS MY STRONG HOPE THAT IN A MATTER OF MONTHS WE WILL HAVE JOINT POLICIES WHICH WE ALL CAN SUPPORT IN THE AREAS OF ENERGY ALTERNATIVES TO ADDITIONAL CONTRACTS FOR IMPORTS FROM THE SOVIET UNION, TIGHTENED CONTROLS ON HIGH TECHNOLOGY ITEMS AND HARMONIZED CREDITS POLICIES. I EXPECT THAT WE WILL BE ABLE TO ACHIEVE CONCRETE RESULTS IN A FEW MONTHS^{SE} TIME. I INTEND TO ASSIGN HIGH-LEVEL, KNOWLEDGEABLE PEOPLE TO THESE STUDIES, AND WILL PERSONALLY FOLLOW THE DEVELOPMENT OF THE IMPLEMENTING PROCESS. WE MUST DEVELOP A SECURITY-MINDED, REALISTIC, DURABLE AND JOINT SET OF POLICIES TOWARDS THE EAST IN THE ECONOMIC AREA. WE OWE NO LESS TO OUR OWN PEOPLE, WHO PAY THE PRICE FOR THE MILITARY FORCES WE MUST FIELD TO DETER THOSE OF THE SOVIET UNION. WE OWE NO LESS TO THE PEOPLE OF POLAND, WHOSE SUFFERING UNDER A MARTIAL LAW REGIME HAS BROUGHT HOME TO ALL OF US THE REPRESSIVE AND AGGRESSIVE NATURE OF THE SOVIET SYSTEM. I AM CONFIDENT THAT THE POLICIES WHICH RESULT FROM OUR STUDIES WILL BOTH PROTECT OUR VITAL INTERESTS AND HAVE A MORE SUBSTANTIAL IMPACT ON THE PRESENT AGGRESSIVE BEHAVIOR OF THE SOVIET UNION THAN THE UNILATERAL U.S. MEASURES WHICH WE HAVE BEEN OBLIGED TO TAKE IN THE PAST YEAR.

MARGARET, I WOULD LIKE TO EXPRESS PARTICULAR APPRECIATION TO YOU, FOREIGN MINISTER PYM AND AMBASSADOR WRIGHT FOR THE CONSTRUCTIVE ROLE THE UNITED KINGDOM HAS PLAYED IN WORKING OUT THIS CONSENSUS. I THINK WE HAVE SUCCEEDED IN MOVING OUR FRIENDS CLOSER TO THE U.S./U.K. POINT OF VIEW ON EAST-WEST ECONOMIC RELATIONS THAN MANY WOULD HAVE THOUGHT POSSIBLE A YEAR AGO.

SINCERELY,

RON

Ø7Ø6
£8Ø74

NNNN

SUBJECT.

US Declassified PRIME MINISTER'S PERSONAL MESSAGE

SERIAL No. T 217/82.

CAB/WH 001/12

FLASH

SECRET

FROM CABINET OFFICE LONDON 121928Z NOV 82

TO WHITE HOUSE

MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN

gc. Master set
RS.

DEAR RON,

THANK YOU FOR YOUR MESSAGE ABOUT EAST/WEST RELATIONS FOLLOWING THE DEATH OF PRESIDENT BREZHNEV. THIS IS AN IMPORTANT TIME FOR US ALL, AND IT IS WAS MOST USEFUL TO HAVE YOUR OWN ASSESSMENT SO PROMPTLY.

I AGREE VERY STRONGLY WITH ALL YOUR VIEWS, IN PARTICULAR THE NEED TO MAKE IT CLEAR TO THE NEW SOVIET LEADERS THAT A MORE CONSTRUCTIVE EAST/WEST RELATIONSHIP IS AVAILABLE IF THEY ARE WILLING TO ADOPT A NEW APPROACH. I SHALL, AS YOU SUGGEST, MAKE THE POINT IN A SPEECH IN THE CITY OF LONDON ON 15 NOVEMBER.

I AGREE ALSO ABOUT THE OVERRIDING IMPORTANCE OF WESTERN UNITY AT THIS PARTICULAR TIME. IF THE NEW LEADERSHIP IN MOSCOW WERE GIVEN ANY REASON TO SUPPOSE THAT THEY COULD ACHIEVE THEIR OBJECTIVES BY DIVIDING THE WEST, WE SHOULD HAVE LOST WHAT COULD BE A UNIQUE OPPORTUNITY. IN THIS CONNECTION, I WAS VERY GLAD INDEED TO HEAR OF THE PROGRESS THAT HAS BEEN MADE IN WASHINGTON IN THE DISCUSSIONS ABOUT ECONOMIC POLICY TOWARDS THE EAST. THIS WILL OPEN THE WAY TO THE KIND OF CLEAR AND POSITIVE SIGNAL WHICH, LIKE YOU, I SHOULD LIKE TO SEE COME OUT OF THE NATO FOREIGN MINISTERS' MEETING NEXT MONTH.

I SHALL NOT GO TO MOSCOW MYSELF FOR THE FUNERAL ON MONDAY. FRANCIS PYM WILL REPRESENT HER MAJESTY'S GOVERNMENT. HE WILL, I KNOW, BE HOPING FOR THE CHANCE OF A WORD WITH GEORGE SHULTZ.

I VERY MUCH AGREE THAT WE MUST ALL KEEP IN CLOSE TOUCH IN THE COMING DAYS AND WEEKS. IT WOULD OF COURSE BE MARVELLOUS IF GEORGE BUSH AND HIS TEAM COULD CALL IN AT LONDON ON THEIR WAY BACK. I SHOULD LIKE THE CHANCE TO TALK TOGETHER.

YOURS EVER,

MARGARET.

SECRET

T2A/82

To be despatched on hot 5

line at once please.

Copy at once to

Mr. Fall (F.C.O.).

MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN

US Declassified

A.J.C. 13/4

Dear Ron,

Thank you for your message about East/West relations following the death of President Brezhnev. This is an important time for us all, and it was most useful to have your own assessment so promptly.

I agree very strongly with all your views, in particular the need to make it clear to the new Soviet leaders that a more constructive East/West relationship is available if they are willing to adopt a new approach. I shall, as you suggest, make the point in a speech in the City of London on 15 November.

I agree also about the overriding importance of Western unity at this particular time. If the new leadership in Moscow were given any reason to suppose that they could achieve their objectives by dividing the West, we should have lost what could be a unique opportunity. In this connection, I was very glad indeed to hear of the progress that has been made in Washington in the discussions about economic policy towards the East. This will open the way to the kind of clear and positive signal which, like you, I should like to see come out of the NATO Foreign Ministers' meeting next month.

I shall not go to Moscow myself for the funeral on Monday. Francis Pym will represent Her Majesty's Government. He will, I know, be hoping for the chance of a word with George Shultz.

I very much agree that we must all keep in close touch in the coming days and weeks. It would of course be marvellous if George Bush and his team could call in at London on their way back. I should like the chance to talk together.

Yours ever,
Margaret.

A.J.C.

SECRET

COVERING SECRET



Foreign and Commonwealth Office

London SW1A 2AH

12 November, 1982

Jew

12/11
h.a.

Relations with the Soviet Union

Thank you for your letter of 12 November with which you enclosed a copy of a message sent to the Prime Minister by President Reagan. I understand from the American Embassy that President Reagan has sent identical messages to other Western Heads of Government.

/ I enclose a draft reply.

You are
R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street

COVERING SECRET

DSR (Revised)

SECRET

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO: President Reagan

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

Thank you for your message about East/West relations following the death of President Brezhnev. This ~~could be~~ an important ^{time} ~~moment~~ for us all, and it was most useful to have your own assessment so promptly.

I agree very strongly with ~~all~~ your ^{views} ~~points~~, in particular the need to make it clear to the new Soviet leaders that a more constructive East/West relationship is available if they are ready to ~~do what is necessary~~ ^{adopt a new} ~~to remove the obstacles to this.~~ ^{I shall as you suggest} This is one of the ~~main~~ ^{main} ~~themes~~ ^{points} of a speech which I shall be making in the City of London on 15 November.

I agree also about the ^{overriding} ~~special~~ importance of Western unity at this particular time. If the new leadership in Moscow were given any reason to suppose that they ~~could~~ ^{could} achieve their objectives ~~simply~~ ^{by dividing the West} ~~exploiting Western divisions~~, we should have lost what could be a unique and ~~golden~~ opportunity. In this connection, I was very glad indeed to hear of the progress that has been made in Washington in the discussions about economic policy towards the East. This will open the

SECRET

/way

Enclosures—flag(s).....

way to the kind of clear and positive signal which, like you, I should like to see come out of the NATO Foreign Ministers' meeting next month.

I ^{shall} ~~have decided~~ not to go to Moscow myself for the funeral on Monday, ^{but to ask} Francis Pym ^{to} represent the ^{I.M.} government. He will, I know, be hoping for the chance of a word with George Shultz ~~if the proceedings~~ ~~make this possible.~~

PRIME MINISTER'S 3

PERSONAL MESSAGE

SERIAL No. T 216/82.

EMBASSY OF THE UNITED STATES OF AMERICA

LONDON

November 12, 1982

A.P.C. 12/8

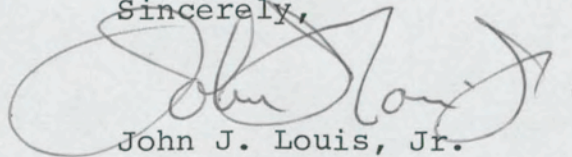
h.c.

US Declassified

Dear Prime Minister:

I have been asked to deliver the attached message to you from President Reagan, which was received at the Embassy early this morning.

Sincerely,



John J. Louis, Jr.
Ambassador

Enclosure

SECRET

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.

S E C R E T

Dear Prime Minister:

The death of President Leonid Brezhnev brings to a close an eventful eighteen-year period in Soviet history. Whether his departure will open a period qualitatively different in important respects remains to be seen. In the near term we expect little change in Soviet behavior, either as regards the Soviet Union's relations with others, or the internal ordering of its own society.

Over the long term, however, there may be changes in the Soviet Union of a sort which could present the West with new opportunities as well as new challenges. The direction of such change can be influenced, for better or worse, by the manner in which we Western leaders conduct our relations with the Soviet Union in the coming months. At this important juncture, therefore, I want to share with you my thoughts on the path ahead.

Our approach to the Soviet Union has been premised upon the principle that one must hold that government responsible for its actions, and base one's relationship with it on the realities of Soviet behavior. This means we must stand ready to improve these relations, and add new content to them, when Soviet actions so merit, just as we have sought to express in recent years through a cooling of our relationship, disapproval of Soviet actions in Afghanistan, Poland, and Indochina. As the current Soviet leadership looks into the future, and a new generation of leaders emerges to take its place, it is particularly important that they recognize that their relationship with the West will depend upon the way they conduct Soviet policy.

Under current circumstances, I believe we, as Western leaders, should, in our public and private pronouncements directed at the Soviet leadership, affirm the opportunity for improved East-West relations. At the same time, we should stress that such improvement must require solid evidence of Soviet willingness to abide by accepted standards of international behavior. I have sent a message of condolence to First Deputy Chairman Kuznetsov in this spirit. Secretary Shultz has written in a similar vein to Foreign Minister Gromyko. Vice President Bush will lead our delegation to President Brezhnev's funeral, and communicate the same message to the Soviet leadership.

Continuity will mark the nature of our contacts with the Soviet Union in the period immediately ahead. We will continue all the discussions and negotiations we

S E C R E T

have presently under way, including those being conducted in Geneva, Vienna, and Madrid. We will be alert to any possibility of forward progress and will maintain our regular contacts in Moscow and Washington. Secretary Shultz will be ready to meet with Foreign Minister Gromyko for another in-depth exchange when mutually convenient.

I think it particularly important at this time that Western conduct toward the Soviet Union be marked by unity of purpose. It would be tragic indeed if the Soviet leadership were to perceive divisions in the West, either as regards our willingness to respond to positive steps from Moscow or wavering in our insistence that the East-West relationship be based upon Soviet adherence to the norms of responsible international behavior. I hope, therefore, that in the days ahead our governments can maintain an intensive exchange as regards developments in the USSR, analyses of their possible consequences, and intentions regarding our respective policy statements.

The meeting of NATO Foreign Ministers next month offers an early opportunity for an authoritative exchange of Western views on the future course of developments in the USSR, and its impact on Western policies. It will also provide an opportunity to send the sort of positive, firm, and concerted message to the Soviet leadership which I trust will mark all our actions throughout this important period.

In the days ahead, we will be following events in Moscow and elsewhere closely. We shall share our information and perceptions with you and will very much appreciate your doing the same with us. I am confident that we will work closely together to ensure that the approach of a united West during this period will have upon the new Soviet leadership the effect we all desire.

Sincerely,

/s/

Ronald Reagan

RR PARIS

RR BONN

RR UKDEL NATO

RR PEKING

RR UKMIS NEW YORK

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FM WASHINGTON 120240Z NOV 82

TO IMMEDIATE FCO

TELNO 3664 OF 11 NOV 82

INFO MISCOW PARIS BONN UKDEL NATO PEKING UKMIS NEW YORK

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Jim Bullard
Mr Giffard
Mrs
Mr Friedman
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PRESIDENT REAGAN'S PRESS CONFERENCE : US/SOVIET RELATIONS.

AT HIS NATIONALLY TELEVISED PRESS CONFERENCE ON 11 NOVEMBER PRESIDENT REAGAN WAS ASKED ABOUT US/SOVIET RELATIONS FOLLOWING THE DEATH OF BREZHNEV . MR REAGAN SAID THAT THE US WOULD REMAIN COMMITTED TO THE SEARCH FOR PEACE. THE US HAD PUT FORWARD FAR REACHING PROPOSALS TO REDUCE FORCE LEVELS AND WOULD PURSUE EVERY AVENUE FOR PEACE. BUT PEACE WAS THE PRODUCT OF STRENGTH, NOT WEAKNESS. HE HAD FELT FOR SOME TIME THAT THE EXISTENCE OF DEEP ECONOMIC RECESSION THROUGHOUT THE WORLD COULD CREATE A CLIMATE IN WHICH NATIONS WOULD DECIDE THAT THEIR INTERESTS LAY IN GETTING ALONG TOGETHER RATHER THAN IN AGRESSION ON THE PART OF ONE AND RESISTANCE ON THE PART OF ANOTHER. THE US HAD TRIED TO HAVE BETTER RELATIONS WITH THE SOVIET UNION. BUT FOR 10 YEARS DETENTE HAD BEEN A MATTER OF WORDS ONLY FOR THE SOVIET UNION. ACTION WAS NEEDED TO BACK THEIR WORDS: 'IT TAKES TWO TO TANGO'. ASKED IF THE UNITED STATES WAS PREPARED TO MAKE THE FIRST MOVE TOWARDS A BETTER RELATIONSHIP, MR REAGAN REPLIED THAT SOME SAID HE HAD ALREADY MADE IT BY LIFTING THE GRAIN EMBARGO. HAD THE UNITED STATES GOT ANYTHING IN RETURN?

2. ASKED ABOUT ATTENDANCE AT BREZHNEV'S FUNERAL, THE PRESIDENT SAID THAT, BECAUSE OF THE VISITS OF OVERSEAS LEADERS TO WASHINGTON NEXT WEEK (KOHL AND BEGIN) HE WOULD NOT BE GOING. VICE PRESIDENT BUSH WOULD PROBABLY GO.

WRIGHT

PRIME MINISTER

See AD 11

EAST/WEST RELATIONS

You will recall that there was a somewhat confused discussion this afternoon, during the briefing for your visit to Bonn, about the present situation regarding the "non-paper" on East/West relations.

I believe that the discussion would have taken a quite different course if Lord Cockfield had been able to be present. I know that he was directly consulted about our approach to this question and agreed with the line the Foreign Secretary was taking.

The Foreign Office are reluctant to circulate a paper to Cabinet for the, I think, good reason that much of the discussion recently has been in the secret quadripartite forum, but I have agreed with them that:

- (a) the Foreign Secretary will give Cabinet a general brief on the stage reached;
- (b) Lord Cockfield will make it plain that he was fully in the picture;
- (c) that the Foreign Secretary will be advised to circulate tomorrow to those Ministers immediately concerned a brief note on the state of play which will reassure them that no firm commitments have been made.

As I understand it, the present exercise is very tentative and is very much ad referendum. *The latest version of the "non paper" is attached.*

I hope that this will suffice for tomorrow. I am sure that a proper Ministerial discussion will be necessary in due course but my impression is that there are no matters requiring Ministerial decision at the moment.

27 October 1982

ASC

TEXT OF REVISED US PAPER DISCUSSED ON 24/10/82

1. Our governments recognise the necessity of conducting their relations with the USSR on the basis of a global and comprehensive policy designed to serve our own fundamental security interests. They are particularly conscious of the need for a common approach in the economic field, where actions must be coordinated within the framework of their global strategy. They are resolved together to take the necessary steps to remove differences and to ensure that future decisions by their governments on these issues are taken on the basis of an analysis of the East-West relationship as a whole, with due regard for their respective interests and in a spirit of mutual trust and confidence.

2. They agree that the following criteria should govern the economic dealings of their countries with the Soviet Union and Eastern European countries.

- that they will not undertake trade arrangements which contribute to the military capabilities of the USSR.

- that it is not in their interest to subsidise the Soviet economy: trade should be conducted in a prudent manner without preferential treatment.

- that they will take no steps that weaken the strategic position of the West.

- that it is not their purpose to engage in economic warfare against the Soviet Union. Trade with the Soviet Union and Eastern Europe should proceed on the basis of a strict balance of advantages and obligations.

They agree to examine thoroughly how to apply these criteria, taking into account the various economic and political problems involved, with the view to agreeing on a common line of action. They will pay due attention in the course of this work to the question of how best to tailor their economic relations with Eastern European countries to the specific situation of each of them, recognising the different political and economic conditions that prevail in each of these countries.

This overall analysis will touch in particular on the following areas:

- strategic goods and technology of military significance (COCOM);
- high technology of possible strategic importance including oil and gas equipment;

credit policy;
 energy;
 agricultural products.

In the field of energy, the European governments, as they are heavily dependent on imports of energy, will initiate a study of projected European energy requirements over the next decade and beyond and possible means of meeting those requirements. The United States will participate in this study. It will be prepared under the auspices of the OECD.

3. As an immediate decision ^{and} ~~the~~ following decisions already made, they have agreed on the following:

(a) They will work together within the framework of the Coordinating Committee (COCOM) to protect the contemporary security interests of the Alliance. The list of strategic items would be evaluated and, if necessary, adjusted. This objective will be pursued at the COCOM review now under way. They further agree to take the necessary measures to strengthen the effectiveness and responsiveness of COCOM and to enhance their national mechanisms as necessary to enforce COCOM decisions.

(b) It was agreed at Versailles that the development of economic and financial relations with the Soviet Union and Eastern Europe would be subject to periodic ex-post review. The Allies are agreed on the need to establish without delay the necessary mechanism for this purpose. [Having in mind the objective of not subsidising the Soviet economy, Allied governments will also establish the means to harmonise national policies with respect to the extension of credits, covering interest rates, maturities, down payments, and fees.]

(c) [During the course of the study on energy, Allied governments will not approve new contracts with the Soviet Union for the purchase of natural gas for which negotiations have not been concluded.]

(d) [Allied governments agree to examine immediately whether their security interests require controls on the export to the Soviet Union and Eastern Europe of strategically significant advanced technology and equipment, to be jointly determined, but including technology with direct application to the oil and gas sector. Any actions would be agreed upon and implemented within a framework to be agreed.]'

covering SECRET



Foreign and Commonwealth Office

London SW1A 2AH

14 October 1982

Prime Minister

A.J.C. 14/10.

John Stan.

Message from Mr Shultz about US/Soviet
Relations

Mr Pym has suggested that the Prime Minister might like to glance at the enclosed copy of a message from Mr Shultz, in advance of the meeting to discuss relations with the Soviet Union and Eastern Europe at 1100 on 15 October.

Your own

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

covering SECRET

S E C R E T

Dear Francis:

Now that I have had time to reflect on my meetings with Gromyko, I want to give you some of my personal impressions. This will supplement our recent conversations and the detailed briefings your Ambassadors have received in Washington and Brussels.

Both meetings were sober and substantive, with a minimum of Gromyko's usual polemics. Indeed, I was impressed that he did not push any of the propagandistic arms control proposals contained in his UNGA speech, and agreed that the INF and START talks are proceeding in a serious manner. Nor did he even mention Brezhnev's six point Middle East proposal, though he did speak at length about our alleged efforts to exclude Moscow from the area.

As you know, the President and I had decided before the meetings to place particular emphasis on human rights. Gromyko's response was predictably hard, emphasizing that the state had to have the final word in such cases. On Poland, Afghanistan and arms control issues, Gromyko's statements were almost entirely standard fare.

During the second meeting, I suggested that we concentrate on trying to make progress in a few specific and limited areas, some of which have been under discussion by our experts. On human rights, Gromyko agreed to my proposal that our negotiators get together prior to resumption of the Madrid meeting for further discussion of this subject, the Madrid CSCE meeting and other issues.

At my suggestion, Gromyko and I also agreed that US-Soviet bilateral discussions should continue on the Namibia/Angola issues. As you know, Assistant Secretary of State Crocker has had two meetings with the Soviets at Deputy Minister level on these issues, and we will be suggesting that another exchange take place in Moscow in November. I am considering having Crocker join Ambassador Hartman for these discussions, which would focus on a renewed effort to gain Soviet cooperation with the Contact Group's efforts.

On non-proliferation, Gromyko and I discussed intensification of already existing US-Soviet bilateral contacts. At the recent IAEA general assembly, Ambassador Richard Kennedy suggested to his Soviet counterpart that a round of expert-level consultations on non-proliferation take place in Washington next month. I reiterated this invitation to Gromyko, and we agreed to move forward with this proposal.

S E C R E T

None of these modest steps could be considered a breakthrough; indeed each of these avenues of dialogue is in the exploratory stage. Nevertheless, I believe this will allow us to discuss a few areas where progress might be possible.

Gromyko and I did not discuss the possibility of a summit. We did consider another meeting between us, but this was left until we see how our relations develop in the months ahead.

My overall assessment is that both Gromyko and I were operating on the assumption that the differences between us are large and deep, and that progress will be difficult. I think this is an accurate reflection of the overall state of our relationship because of Soviet behavior and our differences on so many essentials. At the same time, I believe Gromyko now understands that while we are prepared to continue our current course, it is the President's and my conviction that we should explore whether the relationship can be improved in practical ways.

I look forward to further opportunities to consult on this important subject.

Sincerely yours,

/s/

George P. Shultz

14 OCT 1982



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PS Mr Onslow

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MG

CONFIDENTIAL

Hd Planning Staff

FM WASHINGTON 062220Z OCT 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 3270 OF 6 OCTOBER 1982

INFO IMMEDIATE MOSCOW, UKDEL NATO, PRIORITY OTHER NATO POSTS, UKDIS GENEVA AND UKMIS NEW YORK.

SHULTZ/GROMYKO MEETINGS.

1. BURT (ASSISTANT SECRETARY FOR EUROPE) BRIEFED NATO MISSIONS HERE THIS MORNING ON THE SHULTZ/GROMYKO MEETINGS IN NEW YORK.

2. BURT SAID THAT SHULTZ HAD ALREADY GIVEN SOME ACCOUNT OF HIS FIRST MEETING WITH GROMYKO ON 28 SEPTEMBER TO NATO FOREIGN MINISTERS AT LA SAPINIERE. THE TWO MEETINGS, TAKEN TOGETHER, HAD LASTED OVER SEVEN HOURS. AS ANTICIPATED, THERE HAD BEEN NO BREAK-THROUGHS, BUT A THOROUGH REVIEW OF ALL THE ITEMS ON THE US/SOVIET AGENDA. THE ATMOSPHERE WAS SERIOUS AND BUSINESSLIKE AND NOT RHETORICAL. GROMYKO HAD STUCK CLOSELY TO KNOWN SOVIET POSITIONS. HE HAD BEGUN WITH AN EXPOSITION OF SUPPOSED SOVIET

POSITIONS. HE HAD BEGUN WITH AN EXPOSITION OF SUPPOSED SOVIET DOUBTS ABOUT THE WILLINGNESS OF THE U S TO BUILD ON THE ADVANCES OF THE 1970S. SHULTZ HAD SAID THAT THE PROBLEM WAS THAT SOVIET ACTIONS HAD VIOLATED THE SPIRIT OF THOSE AGREEMENTS EG. THE HELSINKI ACT. THE U S THEME HAD BEEN THAT THE SOVIET UNION FACED A CHOICE AS TO HOW THEY WISHED TO SEE US/SOVIET RELATIONS DEVELOP. THE U S WAS PREPARED FOR BETTER RELATIONS IF SOVIET CONDUCT WAS MODERATED: OR FOR THE CONTINUATION OF THE PRESENT STATE OF THINGS IF IT WAS NOT.

3. SHULTZ BEGAN BY EMPHASISING THAT SOVIET PERFORMANCE OVER HUMAN RIGHTS WAS A MATTER OF CONCERN TO THE PRESIDENT AND THE AMERICAN PEOPLE: AND THAT ANY IMPROVEMENT IN THIS AREA WOULD HAVE A SIGNIFICANT EFFECT ON RELATIONS. THOSE RELATIONS WERE BEING AFFECTED BY THE SOVIET ARMS BUILD-UP, AND BY SOVIET BEHAVIOUR IN POLAND, AFGHANISTAN AND KAMPUCHEA. ON ARMS CONTROL, SHULTZ HAD STRESSED THE SERIOUSNESS OF THE U S APPROACH IN START AND INF. GROMYKO HAD AGREED THAT BOTH NEGOTIATIONS WERE PROCEEDING IN A BUSINESSLIKE MANNER. HE HAD MADE A CRITIQUE ON STANDARD LINES OF THE U S POSITIONS IN THEM. GROMYKO CLEARLY WOULD HAVE PREFERRED TO CONCENTRATE ON ARMS CONTROL, AND TO LIMIT DISCUSSION ON REGIONAL ISSUES, AND, OF COURSE, HUMAN RIGHTS. SHULTZ EMPHASISED THAT SOVIET GLOBAL CONDUCT WAS BOUND TO AFFECT U S PERCEPTIONS OF SOVIET GOOD FAITH. THE INCREASED EMPHASIS WHICH WAS BEING PLACED BY THE U S ON THE VERIFICATION OF ARMS CONTROL AGREEMENTS WAS A FUNCTION OF THE SOVIET PERFORMANCE IN RELATION TO THE HELSENKI FINAL ACT AND THE BIOLOGICAL WEAPONS CONVENTION.

4. IT HAD BEEN AGREED THAT THE SECOND MEETING ON 4 SEPTEMBER SHOULD FOCUS ON AREAS IN WHICH THE TWO SIDES MIGHT HOPE TO MAKE SOME PROGRESS. GROMYKO HAD LED OFF WITH A LONG STATEMENT ON THE MIDDLE EAST, ARGUING THAT AS A MAJOR POWER CLOSE TO THE REGION THE SOVIET UNION HAD TO BE INCLUDED IN DIPLOMATIC EFFORTS. HE DID NOT MAKE MUCH REFERENCE TO THE RECENT SOVIET SIX-POINT PLAN. HE EMPHASISED THE SOVIET COMMITMENT TO A PALESTINIAN STATE, BUT ALSO SOVIET SUPPORT FOR ISRAEL'S RIGHT TO EXIST. ON THE IRAN/IRAQ WAR, SHULTZ EMPHASISED THE IMPORTANCE OF THE GULF TO THE U S. IF THE CONFLICT SHOULD SPREAD IN A WAY AS TO ENDANGER U S FRIENDS IN THE AREA, THIS WOULD BE A CAUSE OF GREAT CONCERN. GROMYKO SAID THAT IT WAS AN 'ABSURD' WAR THAT SHOULD BE ENDED AS SOON AS POSSIBLE.

5. ON HUMAN RIGHTS CASES, GROMYKO CLAIMED THAT EMIGRATION FROM

5. ON HUMAN RIGHTS CASES, GROMYKO CLAIMED THAT EMIGRATION FROM THE SOVIET UNION HAD DECLINED BECAUSE US/SOVIET RELATIONS HAD DETERIORATED. ON THESE MATTERS, GROMYKO EMPHASISED, THE LAST WORD BELONGED TO THE STATE. ON THESE MATTERS IN THE WEST, SHULTZ RETORTED, THE LAST WORD BELONGED TO THE INDIVIDUAL.

6. ON AFGHANISTAN, GROMYKO ARGUED THAT THE PROBLEM WAS CAUSED BY OUTSIDE INTERVENTION. THE SOVIET UNION FAVOURED THE CURRENT TALKS UNDER THE U S SECRETARY-GENERAL'S AUSPICES. SHULTZ ALSO WELCOMED THE U N EFFORTS, BUT EMPHASISED THAT THE KEY PROBLEM REMAINED THE PRESENCE OF SOVIET FORCES.

7. SHULTZ EXPRESSED CONCERN ABOUT INCREASED SOVIET ARMS SHIPMENTS TO CUBA. GROMYKO SAID THAT NEITHER CUBA NOR NICARAGUA CONSTITUTED A THREAT TO THE U S: THEREFORE THE U S SHOULD NOT WORRY ABOUT THEM. SHULTZ SAID THAT THEY DID CONSTITUTE A THREAT TO OTHER STATES IN THE REGION.

8. ON NAMIBIA, SHULTZ EXPLAINED U S EFFORTS TO ACHIEVE A SETTLEMENT AND HOW CUBAN WITHDRAWAL WAS RELATED TO THIS. IN THIS AREA, HE SUGGESTED, THERE WAS AN OPPORTUNITY FOR CONSTRUCTIVE ACTION. GROMYKO SAID THAT THE CUBANS WOULD LEAVE ANGOLA ONLY AFTER THE SOUTH AFRICANS HAD LEFT NAMIBIA. THE KEY DOCUMENT WAS THE CUBAN-ANGOLAN STATEMENT RELEASED LAST JANUARY. THERE WOULD ALSO NEED TO BE ARRANGEMENTS TO ENSURE ANGOLAN SECURITY. BUT THE SOVIET UNION FOR ITS PART WOULD LIKE TO SEE THIS PROBLEM RESOLVED.

9. ON ANOTHER SUBJECT WHICH OFFERED SOME POSSIBILITY FOR CONSTRUCTIVE ACTION, SHULTZ RAISED NUCLEAR PROLIFERATION. THE SOVIET UNION AND THE U S HAD A COMMON INTEREST IN SEEKING TO PREVENT THIS. GROMYKO AGREED, EXPRESSING STRONG SOVIET SUPPORT FOR THE NON-PROLIFERATION TREATY (COMMENT: THERE COULD BE SOME FOLLOW UP WITH THE RUSSIANS ON THIS SUBJECT: WE SHALL BE REPORTING SEPARATELY ON THIS).

10. THE QUESTION OF A POSSIBLE REAGAN/BREZHNEV SUMMIT, DID NOT COME UP IN EITHER MEETING. IT WAS AGREED THAT ANY FURTHER MINISTERIAL MEETING MIGHT TAKE PLACE BEFORE NEXT YEAR'S GENERAL ASSEMBLY (NO FIRM DATE AT THIS STAGE HAD BEEN SET FOR THIS).

11. IN RESPONSE TO QUESTIONS, BURT SAID THAT THE MEETINGS HAD BEEN DIFFERENT IN CHARACTER TO THOSE BETWEEN GROMYKO AND HAIG. OFFICIALS HAD BEEN PRESENT VIRTUALLY THROUGHOUT (EAGLEBURGER,

11. IN RESPONSE TO QUESTIONS, BURT SAID THAT THE MEETINGS HAD BEEN DIFFERENT IN CHARACTER TO THOSE BETWEEN GROMYKO AND HAIG. OFFICIALS HAD BEEN PRESENT VIRTUALLY THROUGHOUT (EAGLEBURGER, BURT AND THE U S AMBASSADOR IN MOSCOW ON THE U S SIDE: DOBRYNIN, KORNIYENKO AND SUKHODREV ON THE SOVIET SIDE). POLAND HAD BEEN DISCUSSED IN THE CONTEXT OF HUMAN RIGHTS AND THE SOVIET PERFORMANCE IN RELATION TO THE HELSINKI FINAL ACT. GROMYKO HAD NOT RAISED SANCTIONS OR 'ECONOMIC WARFARE'. THERE HAD BEEN NO DISCUSSION OF THE PIPELINE. THE U S SIDE HAD PLACED CONSIDERABLE EMPHASIS ON HUMAN RIGHTS. A NUMBER OF SPECIFIC CASES, INCLUDING SOME CONCERNING PERSONS THE AMERICANS REGARDED AS U S CITIZENS WISHING TO LEAVE THE SOVIET UNION, WOULD BE PURSUED PRIVATELY WITH SOVIET OFFICIALS. THE RUSSIANS CLEARLY WERE SMARTING AT THEIR EXCLUSION FROM THE POLITICAL PROCESS IN THE MIDDLE EAST. SHULTZ HAD MADE CLEAR THAT HE DID NOT RULE OUT DISCUSSIONS WITH THE SOVIET UNION ON THE MIDDLE EAST. BUT A CONFERENCE WOULD NOT BE APPROPRIATE IN PRESENT CIRCUMSTANCES. THE BEST PROSPECT OF PROGRESS LAY IN NEGOTIATIONS ON THE BASIS OF THE PRESIDENT'S PROPOSALS AND WITHIN THE BROAD CAMP DAVID FRAMEWORK.

12. GROMYKO CLEARLY WAS CONCERNED TO PRESERVE THE ARMS CONTROL NEGOTIATIONS FROM STRAINS IN OTHER AREAS. SHULTZ SAID THAT HE ATTACHED EQUAL IMPORTANCE TO THESE. THE U S ATTITUDE IN THOSE NEGOTIATIONS, HOWEVER, COULD NOT BE DIVORCED FROM THE SOVIET MILITARY BUILD-UP AND SOVIET USE OF ITS MILITARY POWER. ON INF, GROMYKO HAD ARGUED THAT THE ALLIANCE WAS SEEKING UNILATERAL ADVANTAGES BECAUSE WE WERE ASKING THE SOVIET UNION TO DISMANTLE SYSTEMS ALREADY DEPLOYED IN RETURN FOR FOREGOING THE DEPLOYMENT WHICH HAD NOT YET TAKEN PLACE. SHULTZ HAD STRESSED THE ALLIANCE'S READINESS TO FOREGO THE DEPLOYMENT IF THE SOVIET UNION AGREED TO ELIMINATE COMPLETELY THIS CATEGORY OF INTERMEDIATE RANGE WEAPONS. THERE HAD BEEN NO DISPOSITION TO ENTER INTO THE SUBSTANCE OF EITHER THE START OR THE INF NEGOTIATIONS.

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TO IMMEDIATE UKDEL NATO

TELEGRAM NUMBER 260 OF 4 OCTOBER

INFO IMMEDIATE WASHINGTON, PRIORITY BONN, PARIS, UKDEL OECD, TOKYO,
ROUTINE OTHER NATO POSTS.

INFORMAL WEEKEND, LA SAPINIERE, 2-3 OCTOBER.

SUMMARY.

1. A VERY USEFUL MEETING. DISCUSSION WAS LARGELY DEVOTED TO EAST/WEST RELATIONS, IN PARTICULAR THOSE ECONOMIC ASPECTS. THANKS MAINLY TO A SENSITIVE AND EFFECTIVE PERFORMANCE BY SHULTZ, AGREEMENT WAS REACHED ON A SERIES OF CRITERIA TO FORM THE BASIS OF AN ALLIANCE APPROACH TO THE ECONOMIC ASPECTS OF EAST/WEST POLICY, AND ON THE INITIATION OF STUDIES ON A NUMBER OF INDIVIDUAL ASPECTS OF EAST/WEST ECONOMIC RELATIONS. THERE WAS VIRTUALLY NO DISCUSSION OF THE PIPELINE AS SUCH. THERE WAS GENERAL ACKNOWLEDGEMENT OF THE NEED FOR STRONG DEFENCES, AND OF THE CENTRAL ROLE OF ARMS CONTROL NEGOTIATIONS IN MAINTAINING PUBLIC SUPPORT FOR ALLIANCE POLICIES. THERE WAS ALSO AGREEMENT THAT THERE SHOULD BE MORE COOPERATION AGAINST INTERNATIONAL TERRORISM.

DETAIL.

2. SHULTZ SAID THAST BECAUSE OF THE SOVIET ARMS BUILD UP AND SOVIET BEHAVIOUR AROUND THE WORLD, THE EAST/WEST RELATIONSHIP WAS STRAINED AND TENSE. NATO'S BROAD MILITARY STRATEGY REMAINED EFFECTIVE: DETERRENCE WAS WORKING, AND THE ASLLIANCE WAS ON THE RIGHT TRACK. AS FAR AS NON-MILITARY ASPECTS OF THE EAST/WEST RELATIONSHIP WERE CONCERNED, ECONOMIC CONTACTS BROUGHT CERTAIN SPECIFIC BENEFITS, FOR EXAMPLE TO AMERICAN FARMERS AND IN

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PERMITTING HUMAN CONTACTS. BUT THE EVIDENCE SUGGESTED THAT THERE WERE IMPORTANT PROBLEMS. A LOT OF EAST/WEST TRADE WAS IN GOODS OF DIRECT MILITARY VALUE, AND THE SOVIET MILITARY BUILD UP WAS BEING ACCELERATED BY THE ACQUISITION OF TECHNOLOGY FROM THE WEST - INCLUDING THE US. HE HOPED IT WOULD BE POSSIBLE TO ADDRESS THIS AT THE FORTHCOMING COCOM MEETING. SOME AREAS - EG ENERGY - WERE OF SPECIAL STRATEGIC IMPORTANCE. WHY SHOULD THE WEST GIVE THE SOVIET UNION THE TECHNOLOGY IT NEEDED FOR THE DEVELOPMENT OF ITS ENERGY RESOURCES? HE COULD, MOREOVER, SEE NO REASON FOR PROVIDING SUBSIDIES TO THE SOVIET ECONOMY. CREDIT TO THE SOVIET ECONOMY HAD EXPANDED RAPIDLY, INCREASING THE CAPACITY OF THE EAST TO EXERT LEVERAGE ON THE WEST. THIS ARGUED FOR RESTRICTING FURTHER CREDITS. ON GAS, THE SOVIET UNION MIGHT GET INTO A QUASI MONOPOLY POSITION WHICH WOULD ENABLE IT TO GO TO WESTERN EUROPEAN CUSTOMERS AND OFFER ENERGY PRICES LOW ENOUGH TO DETER THE CUSTOMER FROM DEVELOPING ITS OWN ALTERNATIVE SOURCES OF ENERGY. GIVEN THE LOWER CURRENT LEVEL OF ENERGY DEMAND, THIS COULD PRODUCE AN UNDESIRABLE DEGREE OF DEPENDENCE ON SOVIET SUPPLIES. AS FAR AS EVENTS LIKE POLAND WERE CONCERNED, HE ACCEPTED THAT THE WEST'S PRACTICAL ABILITY TO AFFECT THE SITUATION WAS VERY LIMITED. THE WEST WOULD PERHAPS BE WISE TO AVOID SETTING STANDARDS FOR EASTERN BEHAVIOUR WHICH WERE NOT GOING TO BE MET.

3. ON INTERNATIONAL TRADE, SHULTZ RECALLED THAT THE RECESSION OF THE 1930S HAD BEEN MADE FAR WORSE BY EXTREMES OF PROTECTION, NOT LEAST IN THE US. SINCE THE WAR, THE OPEN MARKET IN TRADE, TECHNOLOGY AND IDEAS HAD MUCH EXPANDED WORLD TRADE. BUT WITH THE DECLINE IN THE REAL VALUE OF WORLD TRADE IN RECENT YEARS, THERE WERE RENEWED CALLS FOR PROTECTIONISM. IN THE US, THE ADMINISTRATION WAS UNDER PRESSURE IN CONGRESS AND FROM INDUSTRY. THE SITUATION WAS GETTING WORSE. ONE THIRD OF NON-COMMUNIST WORLD TRADE WAS NOW OUTSIDE GATT. SCIENTIFIC ADVANCE WAS CHANGING THE NATURE OF TRADE, AND NOW THERE WAS AN OPPORTUNITY FOR POSITIVE THINKING. LACK OF CONFIDENCE WAS BEING PRODUCED BY UNCERTAINTY IN WORLD TRADING CONDITIONS. ALL THIS MADE THE FORTHCOMING GATT MINISTERIAL MEETING VERY IMPORTANT, BUT IT WAS NOT BEING TAKEN SERIOUSLY ENOUGH OR

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ADEQUATELY PREPARED FOR. WHILE THIS FELL OUTSIDE NATO'S FIELD, IT WAS VERY RELEVANT TO THE ALLIANCE.

4. I DREW ATTENTION TO THE WIDER CONTEXT. IT RELATED ABOVE ALL TO SECURITY AND STABILITY, WHICH WERE THE PREREQUISITE OF GREATER PROSPERITY. THE FIRST PRIORITY MUST BE STRONG ENOUGH DEFENCE TO DETER AGRESSION, BALANCED BY THE MAINTENANCE OF A DIALOGUE ON ARMS CONTROL, CSCE, HUMAN RIGHTS, ETC: IT WAS VITAL TO DEMONSTRATE TO OUR PUBLICS THAT WE WERE DOING OUR BEST TO ACHIEVE SECURITY AT A LOWER COST. IT WAS IMPORTANT THAT THE ALLIES BE SEEN TO BE MAINTAINING AN EAST/WEST DIALOGUE IF THEY WERE TO RETAIN PUBLIC SUPPORT FOR THE FORTHCOMING DEPLOYMENT OF CRUISE MISSILES. SHULTZ HAD ADDED AN ECONOMIC DIMENSION TO OUR STRATEGIC THINKING: THERE WERE CLEARLY A NUMBER OF PRESSURE POINTS THROUGH WHICH WE COULD INTENSIFY THE ECONOMIC DIFFICULTIES OF THE SOVIET UNION, AND I STRONGLY FAVOURED FULL AND POSITIVE CONSIDERATION OF THIS ISSUE AND ITS IMPLICATIONS. THIS WOULD TAKE SOME TIME, AND SHOULD BE SEEN AS A LONG TERM POLICY ISSUE. MEANWHILE IT WAS VITAL THAT THE ALLIES SHOULD NOT BE DEFLECTED FROM THE CENTRAL REQUIREMENT FOR ADEQUATE DEFENCE.

5. CHEYSSON AGREED. ECONOMIC AND POLITICAL ASPECTS OF POLICY MUST BE INCORPORATED INTO A STRATEGY BASED ON OVERALL SECURITY. IT WAS IMPORTANT TO CONSIDER THE ROLE OF JAPAN (A THEME TO WHICH HE REVERTED LATER MORE THAN ONCE): THE OECD WOULD BE HELPFUL IN THIS CONTEXT. HE POSED THE QUESTION OF WHETHER THE WEST, IN ITS ECONOMIC STRATEGY, SHOULD DISTINGUISH BETWEEN THE SOVIET UNION AND ITS SATELLITES: THE WEST HAD BEEN ABLE TO ENCOURAGE THE PROCESS OF LIBERALISATION BY GRANTING CREDIT FACILITIES TO POLAND, AND IT WOULD BE WRONG TO FOREGO THE OPTION OF ENCOURAGING CHANGE IN THIS WAY AGAIN. THERE WAS, HOWEVER, A CONTRADICTION IN TRYING TO MAKE THINGS DIFFICULT FOR THE SOVIET UNION, WHILE HELPING THE SOVIET ECONOMY INDIRECTLY THROUGH THE EASTERN EUROPEAN ECONOMIES. HE DID NOT KNOW THE ANSWER, AND THIS WAS NOT THE RIGHT SETTING TO LOOK FOR IT. THE OECD, OR PERHAPS BILATERAL CONTACTS, WOULD BE BETTER. NO PREFERENTIAL TREATMENT SHOULD BE GIVEN TO THE SOVIET

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UNION. THE UNDERSTANDING REACHED AT VERSAILLES ON MONITORING HAD NOT BEEN IMPLEMENTED AS IT SHOULD HAVE BEEN, SECTOR BY SECTOR.

6. COLOMBO SAID THAT WE MUST NOT DELUDE OURSELVES: THE ALLIANCE WAS NOT IN GOOD SHAPE. EAST/WEST RELATIONS REPRESENTED THE CRISIS POINT. GUIDELINES WERE NECESSARY. WESTERN BELIEF IN DETENTE HAD LED TO A NEGLECT OF MILITARY CAPABILITY, RESULTING IN SOME IMBALANCE: WHILE DETENTE MUST STILL BE PURSUED, MILITARY CONSIDERATIONS MUST BE FED INTO THE MIX (HE APPEARED TO BE IMPLYING THAT A GREATER WESTERN MILITARY EFFORT WAS NECESSARY). THE QUESTION WAS WHAT PLACE ECONOMIC MATTERS SHOULD HAVE IN RELATIONS WITH THE EAST. HE WONDERED WHETHER IT WOULD BE POSSIBLE TO GUIDE OECD ON THE BASIS OF VIEWS EXPRESSED AT THIS MEETING. ENERGY TECHNOLOGY SHOULD BE STUDIED IN A MORE TECHNICAL FORUM. ACTION MUST NOT BE POSTPONED: THERE WAS A RISK THAT FARMING OUT WORK TO OTHER AGENCIES MIGHT PRODUCE DELAY.

7. VAN AGT SPOKE OF THE PARAMOUNT IMPORTANCE OF SECURITY, AND THE CRUCIAL ROLE OF ARMS CONTROL. ECONOMIC MEASURES HELD OUT THE PROSPECT OF CURBING SOVIET MILITARY CAPABILITY AND INFLUENCE: BUT THEY WOULD NOT HAVE ANY EFFECT ON SOVIET BEHAVIOUR. HE AGREED THAT SUBSIDIES AND THE TRANSFER OF TECHNOLOGY TO THE SOVIET UNION WERE WRONG. BUT TO TRY TO PUT PRESSURE ON THE RUSSIANS WOULD DO NO GOOD, AND WOULD DAMAGE THE WESTERN IMAGE IN THE EYES OF THE REST OF THE WORLD. WE COULD NOT WIN AN ECONOMIC WAR, WE SHOULD NOT START ONE.

8. MACKEACHEN WELCOMED SHULTZ'S MESSAGE THAT SECURITY DID NOT DEPEND ON MILITARY FACTORS ALONE. THE STRENGTH OF THE ALLIANCE DEPENDED ON THE VIABILITY OF WESTERN ECONOMIC INSTITUTIONS. HE TOO WONDERED WHETHER IT WAS RIGHT TO WAGE ECONOMIC WAR ON THE SOVIET UNION. SHULTZ DENIED THAT THE KIND OF IDEAS HE HAD BEEN DISCUSSING BORE ANY RESEMBLANCE TO AN ECONOMIC WAR.

9. OPENING DISCUSSION THE FOLLOWING MORNING, SHULTZ, READING FROM WRITTEN NOTES, SUMMARISED WHAT HE BELIEVED TO BE THE COMMON

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VIEW OF THE MINISTERS PRESENT. ALLIED GOVERNMENTS MUST CONDUCT EAST/WEST RELATIONS ON THE BASIS OF A COMPREHENSIVE STRATEGY, INCLUDING ECONOMIC ASPECTS. THERE WERE THREE CRITERIA WHICH SHOULD GOVERN WESTERN ECONOMIC DEALINGS WITH THE SOVIET UNION WITH EASTERN EUROPE:

(I) TRADE SHOULD NOT CONTRIBUTE ACTUALLY OR POTENTIALLY TO THE MILITARY CAPABILITY OF THE SOVIET UNION:

(II) IT WAS NOT IN THE WESTERN INTEREST TO SUBSIDISE THE SOVIET ECONOMY THROUGH TRADE:

(III) THE WESTERN COUNTRIES SHOULD TAKE NO STEPS WHICH CONTRIBUTE TO THE STRATEGIC ADVANTAGE OF THE SOVIET UNION.

THERE SHOULD BE A THOROUGH EXAMINATION OF HOW THESE CRITERIA SHOULD BE APPLIED, TOUCHING IN PARTICULAR ON STRATEGIC GOODS AND TECHNOLOGY OF MILITARY SIGNIFICANCE: HIGH TECHNOLOGY OF STRATEGIC IMPORTANCE, INCLUDING OIL AND GAS EQUIPMENT: OTHER TRADE, INCLUDING AGRICULTURE AND FOOD STOCKS: CREDIT POLICY: AND ENERGY. ON ENERGY, THE EUROPEAN ALLIES SHOULD MAKE A STUDY OF THEIR PROJECTED ENERGY REQUIREMENTS OVER THE NEXT DECADE AND BEYOND AND OF HOW THESE MIGHT BE MET.

THE STUDY, IN WHICH THE US WOULD PARTICIPATE, MIGHT BEST BE CONDUCTED UNDER OECD AUSPICES. THE MINISTERS SHOULD AGREE IMMEDIATELY ON FOUR POINTS:

(I) A REVIEW OF THE LIST OF STRATEGIC ITEMS SHOULD BE PUT IN HAND AT THE COCOM REVIEW MEETING ON 4 OCTOBER. THEY SHOULD DO WHAT IS NECESSARY TO MAKE COCOM MORE EFFECTIVE AND RESPONSIVE AND SHOULD IMPROVE THEIR NATIONAL MACHINERY IN WHATEVER WAY WAS NEEDED TO ENFORCE COCOM DECISIONS:

(II) MACHINERY (PERHAPS INVOLVING OECD FINANCE MINISTERS) SHOULD BE SET UP AT ONCE TO CARRY OUT THE PERIODIC EX-POST REVIEW OF ECONOMIC AND FINANCIAL RELATIONS WITH THE SOVIET UNION AND EASTERN EUROPE AGREED ON AT VERSAILLES. WE SHOULD ESTABLISH THE MEANS TO HARMONISE OUR POLICIES ON CREDITS, IN ORDER NOT TO SUBSIDISE THE SOVIET ECONOMY:

(III) WHILE THE ENERGY STUDY WAS BEING CASRRIED OUT, THE ALLIES SHOULD EXERCISE RESTRAINT IN CONCLUDING NEW CONTRACTS FOR SOVIET NATURAL GAS:

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(IV) THE ALLIES SHOULD CONSIDER IMMEDIATELY WHETHER CONTROLS WERE NEEDED ON EXPORTS TO THE USSR AND EASTERN EUROPE OF TECHNOLOGY OF STRATEGIC IMPORTANCE. WHAT WOULD CONSTITUTE SUCH TECHNOLOGY SHOULD BE JOINTLY DECIDED, BUT SHOULD IN ANY CASE INCLUDE TECHNOLOGY DIRECTLY RELATED TO THE OIL AND GAS SECTOR. ANY DECISIONS EMERGING FROM THIS STUDY WOULD BE IMPLEMENTED IN A COCOM RELATED FRAMEWORK.

10. FURTHER DISCUSSION REVEALED UNANIMOUS ACCEPTANCE OF THE APPROACH OUTLINED BY SHULTZ. SEVERAL DELEGATIONS, NOTABLY THE FRENCH, DISCOURAGED THE US FROM TRYING TO REACH AGREEMENT ON A TEXT THERE AND THEN, AND NO TEXT WAS THEREFORE CIRCULATED.

OTHER ISSUES.

11. PEREZ LLORCA SAID THAT SPAIN WOULD REMAIN IN THE ALLIANCE, BUT THAT THE SPANISH GOVERNMENT WOULD HAVE TO WORK FOR THIS IN SPAIN: THE ALLIANCE COULD HELP THEM TO DO THIS. IN THIS CONTEXT HE MENTIONED TWO ISSUES - COOPERATION OVER TERRORISM, AND THE ACCELERATION OF SPAIN'S EC ACCESSION NEGOTIATIONS. TURKMEN ALSO REFERRED TO TERRORISM AS A FACTOR TO BE TAKEN INTO ACCOUNT IN ASSESSING WESTERN SECURITY. THE ALLIES SHOULD RECOGNISE TURKEY'S ACHIEVEMENT IN CURBING TERRORISM AT HOME, AND HER SITUATION AS A TARGET OF TERRORISM ABROAD. THIS SHOULD BE FURTHER DISCUSSED IN NATO. LUNS INDICATED THAT HE WAS FULLY SEIZED OF THIS NEED. CHEYSSON SAID THAT SINCE TERRORISTS WERE ARMED BY EASTERN EUROPE THE SUBJECT HAD ACQUIRED AN EAST/WEST CONNOTATION.

12. SEE MIFT FOR TEXT OF NOTES USED BY LUNS AT PRESS CONFERENCE.

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MR WRIGHT
MR EVANS
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MR GILLMORE
MR GOODISON

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10 DOWNING STREET

From the Private Secretary

4 October 1982

*Ld. Privy Seal
Ch. Sec. Home
Trade + Co*

Dear Roger,

Eastern Europe and the Soviet Union

The Prime Minister has seen the minute of 27 September by the Foreign and Commonwealth Secretary on this subject.

She would like to discuss the contents of the minute and the attached papers with Mr. Pym and has asked that meanwhile no further action should be taken.

I am copying this letter to the Private Secretaries to the other members of OD and to Richard Hatfield (Cabinet Office).

Yours ever

John Gales

Roger Bone, Esq.,
Foreign and Commonwealth Office.

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Prime Minister

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TO IMMEDIATE FCO

TELEGRAM NUMBER 485 OF 02 OCTOBER

INFO TO UKDEL NATO WASHINGTON

See highlighted passages
overleaf. A-2C. 4/10

MK

SECRETARY OF STATE'S VISIT TO CANADA: MEETING WITH CANADIAN FOREIGN MINISTER

1. MR PYM HAD TALKS ON 1 OCTOBER WITH MR MACEACHEN, BOTH ON THE LATTER'S AIRCRAFT DURING THE FLIGHT FROM NEW YORK AND FROM 1620 TO 1740 AT THE DEA. DISCUSSION ON THE AIRCRAFT CENTRED LARGELY ON EAST/WEST RELATIONS AND AT THE DEA ON BILATERAL RELATIONS.

EAST/WEST RELATIONS

2. THE MINISTERS DISCUSSED THE PROSPECTS FOR THE INFORMAL WEEKEND AT LA SAPINIERE. MR PYM SAID THAT DISCUSSION WOULD PROBABLY FOCUS ON EAST/WEST RELATIONS, DISARMAMENT AND CSCE, BUT NOT MUCH ON THE PIPELINE AS SUCH; IT WOULD BE BETTER TO THINK IN MORE GENERAL TERMS ABOUT GROUND RULES FOR EAST/WEST TRADE TO WHICH ALL COULD ADHERE. HE WOULD BE RAISING THE QUESTION OF WHETHER THE WEST WAS DOING ENOUGH FOR DEFENCE, AND WHETHER WE SHOULD BE GETTING BETTER VALUE FOR MONEY. AT MR SHULTZ'S FIRST NATO MEETING, THE EUROPEANS WOULD BE SEEKING TO PUT ACROSS THEIR PERCEPTIONS OF EAST/WEST RELATIONS. MR MACEACHEN SAID THAT HE WOULD WANT TO EMPHASISE THE CONNECTION BETWEEN THE DEFENCE AND ECONOMIC ASPECTS OF SECURITY, IN THE SENSE THAT ECONOMIC HEALTH WAS A PRE-CONDITION OF STRONG DEFENCE.

3. ON EAST/WEST RELATIONS, MR PYM SAID THAT IT WAS NOT HELPFUL THAT PRESIDENT REAGAN HAD TIED HIS PIPELINE ACTION TO THE SITUATION IN POLAND, WHICH WAS CLEARLY NO BETTER. OTHERS IN THE US TALKED ABOUT PUTTING PRESSURE ON THE USSR ECONOMY. WE NEEDED FIRST TO REACH A COMMON ASSESSMENT OF THE STATE OF THAT ECONOMY, THEN TO DECIDE WHETHER A POLICY OF BEARING DOWN ON IT WAS A SENSIBLE ONE; AND, FINALLY, TO DISCUSS HOW TO DO IT. HIS PERSONAL VIEW WAS THAT WHILE THE RUSSIANS HAD TREMENDOUS DOMESTIC PROBLEMS, THEY WERE NOWHERE NEAR COLLAPSE, AND ECONOMIC ACTION WOULD HAVE LITTLE EFFECT ON THEM. ALL OF THIS NEEDED DISCUSSION IN THE ALLIANCE. MEANWHILE THE AMERICANS SHOULD NOT TRY TO LAY DOWN THE LAW AS THEY HAD OVER THE PIPELINE, AND THE WEST SHOULD NOT DO ANYTHING TO MAKE LIFE MORE DIFFICULT FOR THE POLES. MR MACEACHEN SAID THAT IF THE WEST WAS NOT TRYING TO BRING THE SOVIET ECONOMY TO ITS KNEES, IT HAD TO ASK HOW IT COULD PURSUE SOME KIND OF UNDERSTANDING WITH THE SOVIET UNION. STAGNATION AND ABSENCE OF DIALOGUE WERE UNHEALTHY, AND BOUND TO PRODUCE A REACTION IN THE SOVIET UNION. IN POLAND, THE WEST HAD LAID DOWN CONDITIONS FOR A RETURN TO NORMAL ECONOMIC RELATIONS WHICH HAD NOT BEEN FULFILLED. HOW DID BRITAIN FEEL ABOUT DELINKING GOVERNMENTAL CREDITS FROM THESE CONDITIONS? THE BANKS WERE ALREADY RESCHEDULING THEIR CREDITS. MR PYM SAID THAT HE WAS NOT SURE THAT THE CONDITIONS HAD BEEN WISE IN THE FIRST PLACE. BOTH MINISTERS AGREED THAT THE PRESENT SITUATION, WHICH AMOUNTED TO 100% DE FACTO RESCHEDULING, WAS UNSATISFACTORY.

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4. MR PYM ARGUED THAT STRONGER CONVENTIONAL FORCES WERE THE MOST EFFECTIVE WAY OF RAISING THE NUCLEAR THRESHOLD. MR MACEACHEN EMPHASISED THE DIFFICULTIES IN MAINTAINING THE LEVEL OF THE CANADIAN DEFENCE EFFORT, IN THE FACE OF ECONOMIC PRESSURE AND PUBLIC SENTIMENTS IN FAVOUR OF DOING LESS. MR PYM COUNTERED THIS ROBUSTLY, AND STRESSED HOW IMPORTANT IT WAS FOR WESTERN GOVERNMENTS TO EXPLAIN THE NEED FOR INF MODERNISATION TO THEIR PEOPLE. MR MACEACHEN SAID THAT THE QUESTION OF NATO MEMBERSHIP WAS NO LONGER THE FOCUS OF DEBATE IN CANADA, WHICH NOW TENDED TO CONCENTRATE ON CANADA'S ROLE AND ON RESOURCES.

5. MR PYM SAID THAT THE ENTIRELY JUSTIFIABLE WESTERN REACTION TO EVENTS IN AFGHANISTAN AND POLAND DID NOT DESTROY THE CASE FOR MAINTAINING A DIALOGUE WITH THE SOVIET UNION, WHICH HE FOR ONE WAS ANXIOUS TO MAINTAIN. THE CSCE WAS RELEVANT HERE, AND THE WEST SHOULD APPROACH THE RESUMPTION OF THE MADRID TALKS FIRMLY BUT IN THE HOPE OF REACHING AGREEMENT. SHULTZ HAD APPEARED RECEPTIVE TO THIS LINE OF ARGUMENT, THOUGH HE HAD ARGUED THE NEED FOR A HARD HEADED APPROACH - WITH WHICH WE ENTIRELY AGREED. CSCE WAS IMPORTANT IN RELATION TO EUROPEAN SUPPORT FOR THE DEPLOYMENT OF CRUISE MISSILES, AND IMPROVING THE EAST/WEST ATMOSPHERE.

BILATERAL DISCUSSIONS

6. RESUMING THEIR DISCUSSION AT THE DEA, MR MACEACHEN ARGUED AND MR PYM AGREED THAT THE UK/CANADIAN RELATIONSHIP WAS BOTH CLOSE AND IN DANGER OF BEING ALLOWED TO DRIFT: THERE SHOULD BE AN INCREASE IN CONTACTS AT ALL LEVELS, OFFICIAL AS WELL AS MINISTERIAL. THEY AGREED THAT THEY SHOULD NOT SET UP ANY RIGID SCHEDULE OF MEETINGS, BUT THAT THEY SHOULD TRY TO STAY IN TOUCH BOTH BY MEETING MORE OFTEN IN THE MARGINS OF MULTILATERAL EVENTS AND BY RATHER MORE FREQUENT VISITS. OTHER MINISTERS WOULD ALSO HAVE A PART TO PLAY. MR MACEACHEN SAID THAT INCREASED CONTACT WAS MADE MORE NECESSARY BY THE CHANGES IN OUR RELATIONSHIP. THE OLD COMMONWEALTH WAS GONE, THE UK HAD MOVED CLOSER TO EUROPE, AND CANADA - INVOLUNTARILY - TO THE US. CANADA WOULD NOT WELCOME THE DEVELOPMENT, FOR EXAMPLE, OF A CLOSER RELATIONSHIP BETWEEN THE US AND THE COMMUNITY, AND COULD NOT AFFORD TO LOOSE TOUCH WITH WHAT WAS GOING ON. OUR DECISION ON STUDENT FEES HAD SEVERELY LIMITED ACADEMIC INTERCHANGE (MR PYM EXPLAINED THE POSITION NOW REACHED OVER THE OVERSEAS STUDENTS' TRUST). CANADA VALUED CULTURAL LINKS WITH BRITAIN AND THEY WONDERED WHETHER THEY NEEDED MORE CONSCIOUS CULTIVATION. THE UK/CANADA COLLOQUIUM AT LEEDS HAD BEEN A SUCCESS, THOUGH THE CANADIANS HAD BEEN DISAPPOINTED BY THE LEVEL OF UK PARTICIPATION: IT WAS NOW PLANNED TO HOLD A FURTHER SUCH COLLOQUIUM IN DALHOUSIE, NOVA SCOTIA, IN AUTUMN 1983. MR PYM WELCOMED THIS. MR MACEACHEN SAID THAT THE CANADIANS WOULD BE GIVING FINANCIAL SUPPORT TO THE COLLOQUIUM, AND HOPED THAT WE MIGHT CONSIDER DOING SO AS WELL. MR PYM UNDERTOOK TO EXAMINE THIS.

7. MR MACEACHEN RAISED THE ISSUE OF INDUSTRIAL AND SCIENTIFIC CO-OPERATION. HE WAS NOT PROPOSING A NEW CO-ORDINATING STRUCTURE, BUT THOUGHT THAT WE SHOULD CONSIDER WHETHER MORE GOVERNMENTAL OVERSIGHT WAS NEEDED. IT WOULD BE HELPFUL TO NOMINATE CONTACT POINTS ON EACH SIDE.

8. ON THE EC/CANADA FISHERIES AGREEMENT, THE CANADIANS EXPRESSED DISAPPOINTMENT AT THEIR ACCESS TO THE UK MARKET. MR PYM POINTED TO THE EXTREME SENSITIVITY OF FISHERIES ISSUES IN DOMESTIC AND COMMUNITY TERMS, BUT UNDERTOOK TO LOOK AT THE CANADIAN CASE.

9. MR MACEACHEN ASKED HOW WE ASSESSED THE PROSPECTS FOR AIRBUS. MR PYM SAID THAT THIS WAS INITIALLY A QUESTION FOR THE INDUSTRIALISTS

M. DE MONTIGNY MARCHAND SAID THAT ONE SCHOOL OF THOUGHT MAINTAINED THAT THE PROJECT COULD NOT STAND UP PURELY ON ITS COMMERCIAL MERITS, BUT THAT GOVERNMENTAL SUPPORT WAS JUSTIFIED BY THE SIDE BENEFITS (TECHNOLOGY, KNOW HOW, ETC.).

10. MR MACEACHEN RAISED THE QUESTION OF MOD TRAINING CHARGES, AT THE REQUEST OF THE CANADIAN DEFENCE MINISTER. CANADA WAS FEELING THE PAIN FROM MOD'S SWITCH TO FULL COSTS, AND MIGHT HAVE TO SHARE THE PAIN WITH US. OUR TRAINING ARRANGEMENTS WITH CANADA WERE ON A RECIPROCAL BASIS: THE BRITISH SIDE HAD CHANGED THE BASIS OF THEIR CHARGING AND THE CANADIANS HAD NOT DONE SO AS YET. THEY MIGHT HAVE TO CONSIDER WHETHER THIS SITUATION COULD CONTINUE.

OTHER ISSUES

11. MR PYM DESCRIBED THE STATE OF AFFAIRS IN RELATION TO BRITAIN AND ARGENTINA, AND THE IMPOSSIBILITY OF NEGOTIATING WITH THE ARGENTINES NOW. CANADA WAS LIKELY TO COME UNDER PRESSURE TO ENDORSE THE UN RESOLUTION CALLING FOR NEGOTIATIONS, WE HOPED THAT THEY WOULD AT WORST ABSTAIN. MR MACEACHEN PRESUMED THAT AT SOME STAGE BRITAIN WOULD WANT TO NEGOTIATE, OR AT LEAST TO RESOLVE THE FALKLANDS ISSUE IN A WAY WHICH PRODUCED STABILITY IN THE AREA. MR PYM SAID THAT IT WAS TOO EARLY TO SAY WHETHER NEGOTIATIONS WOULD EVER BE POSSIBLE: THE FIRST NEED WAS TO END HOSTILITIES AND TO ESTABLISH NORMAL RELATIONS WITH ARGENTINA AND NORMAL CONDITIONS IN THE ISLANDS. MR MACEACHEN SAID THAT HE QUITE ACCEPTED THAT NEGOTIATIONS WERE NOT A PRACTICABLE PROPOSITION NOW. HE WOULD LOOK AT THE LANGUAGE OF ANY UN RESOLUTION, BUT WE KNEW WHERE THE CANADIANS HAD BEEN ALL THROUGH THIS PERIOD.

12. THERE WAS A BRIEF DISCUSSION OF THE MIDDLE EAST, INCLUDING THE IRANIAN INITIATIVE AND THE FEZ SUMMIT, WHICH REVEALED NO SIGNIFICANT DIFFERENCES OF VIEW.

13. MR PYM SAID THAT HE WAS MAKING A POINT OF EMPHASISING THE IMPORTANCE OF THE COMMONWEALTH. MR MACEACHEN AGREED. HE SPOKE WARMLY OF THE COMMONWEALTH FINANCE MINISTERS' MEETING.

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14. MR PYM SAID THAT HE ATTACHED GREAT IMPORTANCE TO THE GATT MINISTERIAL MEETING, WHICH MUST PUT ITS FULL WEIGHT BEHIND THE STRUGGLE AGAINST PROTECTIONISM. MR MACEACHEN WONDERED HOW FAR THE MEETING WOULD BE ABLE TO GO. THE AMERICANS WERE PUTTING FORWARD AMBITIOUS IDEAS ON SAFEGUARDS, TECHNOLOGY, SERVICES AND THE SETTLEMENT OF DISPUTE. M. THORN, ON THE OTHER HAND, WAS URGING A MORE MODEST APPROACH. THE MEETING WOULD HAVE TO BE CAREFULLY PREPARED WITH A CLEAR VIEW OF WHAT COULD BE ACCOMPLISHED.

MORAN

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10 DOWNING STREET

Prime Minister

Eastern Europe and the

Soviet Union.

If you have no objection, I
propose to write to the F.K.O.
as in the attached letter.

A.S.C. ^{1.}/₁₀

I would prefer
this not to go out but
that no further action
be taken until the F-5
has come and had
- talk with
me not

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10 DOWNING STREET

From the Private Secretary

1 October 1982

EASTERN EUROPE AND THE SOVIET UNION

The Prime Minister has seen the minute of 27 September by the Foreign and Commonwealth Secretary.

Mrs. Thatcher considers that the important changes in policy which are proposed should be discussed in OD before any final decisions are taken. She has commented that the priority in East/West relations at present should be to secure a good Summit meeting between President Reagan and Mr. Brezhnev. This has considerable importance in the context of the various arms control talks. On the other hand, the Prime Minister believes that direct and regular visits by British Ministers and officials to the Soviet Union would be interpreted as a significant change of policy amounting to acceptance of the Soviet occupation of Afghanistan. She also takes the view that the renewal of cultural contacts with the Soviet Union will be of benefit to the Russians rather than to this country. She has no objection, however, to the promotion of normal trade contacts with the Soviet Union since trade sanctions have been shown to have little value.

I am copying this letter to the Private Secretaries to the other members of OD, and to Richard Hatfield (Cabinet Office).

Roger Bone, Esq.,
Foreign and Commonwealth Office.

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PART 2 ends:-

AJC to PM of 30/9/82

PART 3 begins:-

AJC to PM + att of 1/10/82

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