

U.S. FOREIGN POLICY

U.S.A.

U.S.A. / European relations.

Part 1:

March 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
30-3-81		28-2-82		21-9-83			
9-4-81		10-3-82		17-10-83			
2-5-81		12-3-82		21-10-83			
12-5-81		16-3-82		28-10-83			
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11-8-81		20-9-82		22-12-83			
12-10-81		3-11-82		8-1-84			
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19-11-81		3-12-82					
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		6/9/83					
		7/9/83					
		16/9/83					

PREM 19/1/52

PART 1 ends:-

Washington tel 3851 22.12.83

PART 2 begins:-

Washington tel 9 3.1.84

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FROM WASHINGTON 222300Z DEC 83.

TO PRIORITY F C O

TELEGRAM NUMBER 3951 OF 22 DECEMBER

INFO PRIORITY BEIRUT, DAMASCUS, AMMAN, CAIRO,

BAGHDAD, TEL AVIV, UKMIS NEW YORK, PARIS, GULF POSTS.

MY TELNOS. 3794 AND 3806 (NOT TO ALL): US MIDDLE EAST POLICY.

Pa
Dms
22/12
Prime Minister
Paras 1 & 2.

Dms
23/12

mb

1. WE POINTED OUT TO KEMP (NSC STAFF) THE DEPLORABLE IMPRESSION CREATED ON THE MODERATE ARAB LEADERS BY THE SONG AND DANCE MADE ABOUT "STRATEGIC COOPERATION" DURING SHAMIR'S VISIT TO WASHINGTON. KEMP ACKNOWLEDGED THAT THIS HAD BEEN OVERDONE AND HAD PRODUCED SHARP REACTIONS FROM MUBARAK AND OTHERS. HE HAD ATTENDED TALKS OVER THE LAST TWO DAYS IN WASHINGTON, HOWEVER, WITH THE EGYPTIAN FOREIGN MINISTER. IT APPEARED FROM THESE THAT THE EGYPTIANS HAD SIMMERED DOWN.

2. WE ASKED WHETHER THE AMERICANS WERE PUTTING PRESSURE ON KING HUSSEIN TO TRY TO MAKE SOME NEW MOVE IN THE PEACE PROCESS. KEMP SAID THAT THE PRESIDENT TOOK THE VIEW THAT IT WAS FOR HUSSEIN HIMSELF TO DECIDE WHETHER TO RE-CONVENE THE JORDANIAN PARLIAMENT AND TRY TO MAKE SOME MOVE ON THE WEST BANK. IF HE DID, THE PRESIDENT WOULD WELCOME THIS. THEY WOULD NOT PRESS IDEAS OF THIS KIND ON HUSSEIN, IF HE DID NOT WANT TO TAKE SUCH A STEP.

3. KEMP SAID THAT THE WHITE HOUSE WERE FOLLOWING WITH INTEREST THE MEETING BETWEEN MUBARAK AND ARAFAT. ARAFAT WAS TRYING TO GIVE HIMSELF SOME ROOM FOR MANOEUVRE VIS A VIS THE SYRIANS. THE AMERICANS DID NOT BELIEVE, HOWEVER, THAT ARAFAT WOULD NOW REVERT TO THE IDEA OF AN AGREEMENT WITH KING HUSSEIN OF A KIND WHICH WOULD ENABLE THE KING TO START NEGOTIATIONS ON THE WEST BANK.

4. ON IRAN/IRAQ. KEMP SAID THAT THERE WAS SATISFACTION HERE AT THE USEFUL CONSULTATIONS THE AMERICANS HAD HAD WITH US IN LONDON AND IN WASHINGTON ON CONTINGENCIES IN THE GULF. RUMSFELD'S VISIT TO BAGHDAD HAD BEEN A SUCCESS. HE HAD BEEN VERY WELL RECEIVED. THE FACT THAT HE HAD VISITED BAGHDAD DID REPRESENT A SORT OF "TILT" IN US POLICY: THE ATMOSPHERICS WERE IMPORTANT. THE AMERICANS, HOWEVER, HAD NOT ENTERED INTO NEW AGREEMENTS WITH THE IRAQIS AND HAD URGED ON THEM THE NEED NOT TO TAKE ACTION WHICH COULD INCREASE THE DANGERS IN THE GULF. RUMSFELD HAD FOUND THE IRAQIS IN PROFESSING CONFIDENCE ABOUT THEIR ABILITY TO CONTINUE TO CONTAIN THE IRANIANS.

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5. THE AMERICANS WERE CONVINCED, HOWEVER, THAT THE IRAQIS WERE PLANNING AN ACTION AGAINST KHARG ISLAND IF THINGS BECAME MORE DIFFICULT. THEY WOULD GET SOME WARNING OF THIS, AS THE SUPER-ETENDARDS WOULD HAVE TO BE MOVED FROM NORTHERN TO SOUTHERN IRAQI AIRFIELDS. THE AMERICANS SHARED OUR ASSESSMENT THAT THE IRANIANS WOULD BE CAUTIOUS ABOUT TAKING ANY DRAMATIC ACTION IN THE GULF E.G. TO CLOSE THE STRAITS OF HORMUZ. THEY WERE MORE LIKELY TO SUPPORT FURTHER ACTS OF TERRORISM, LIKE THE KUWAIT BOMBINGS. THE GULF STATES WERE VERY NERVOUS ABOUT IRANIAN INTENTIONS. IF THINGS GOT WORSE, THEY WOULD LOOK TO THE US AND US FOR ACTIVE HELP. THE SAUDIS, HOWEVER, CONTINUED TO EQUIVOCATE ABOUT CONTINGENCY PLANNING.

6. KEMP SAID THAT THE AMERICANS WERE GETTING NOWHERE WITH THE QUAI D'ORSAY ABOUT CONTINGENCY PLANNING, BUT THERE WERE USEFUL NAVY-TO-NAVY CONTACTS.

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FM WASHINGTON 162350Z DEC 83

TO PRIORITY FCO

TELNO 3794 OF 16 DEC 83

INFO PRIORITY AMMAN DAMASCUS JEDDA TEL AVIV CAIRO

U S MIDDLE EAST POLICY

1. YOU AND THE PRIME MINISTER WILL HAVE HEARD DIRECTLY FROM KING HUSSEIN OF HIS CONCERN AT THE CURRENT DIRECTION OF U S MIDDLE EAST POLICY. IT MAY NEVERTHELESS BE WORTH REPORTING WHAT VIETS (US AMBASSADOR IN AMMAN) TOLD US ABOUT THIS TODAY.

2. VIETS SAID THAT HUSSEIN HAD BEEN DISMAYED AND ANGERED BY THE US/ISRAEL AGREEMENT ON STRATEGIC COOPERATION. HE HAD SEEN NO PROSPECT OF PROGRESS IN THE PEACE PROCESS, AND HAD HAD IT IN MIND TO TELL PRESIDENT REAGAN TO FORGET HIS PEACE INITIATIVE. AFTER A LONG CONVERSATION WITH VIETS, THE KING HAD FINALLY AGREED NOT TO BURN HIS BRIDGES. PRESIDENT REAGAN HAD CALLED HIM THE FOLLOWING DAY TO TRY TO REASSURE HUSSEIN. THE KING HAD NOT BEEN REASSURED BUT HAD SENT REAGAN A MESSAGE SETTING OUT HIS CONCERNS FIRMLY BUT POLITELY AND IN TERMS DEVOID OF THE USUAL ARAB RHETORIC. VIETS WAS TOLD BY MCFARLANE THAT REAGAN HAD BEEN IMPRESSED.

3. VIETS DID NOT BELIEVE, HOWEVER, THAT MUCH WOULD BE DONE TO MEET THE KING'S POINTS. SHULTZ WAS TIRED AND IMPATIENT WITH THE ARABS AND ADAMANT THAT THE NEXT STEP MUST BE FOR SOME ONE TO DECLARE A WILLINGNESS TO NEGOTIATE. VIETS ADDED THAT THE EGYPTIAN REACTION TO THE US/ISRAEL AGREEMENT HAD REINFORCED THE ARGUMENTS OF THOSE IN WASHINGTON WHO CLAIMED THAT THE MODERATE ARABS' BARK WAS WORSE THAN THEIR BITE. MUBARAK HAD INITIALLY SPOKEN OUT SHARPLY AGAINST THE AGREEMENT AND HAD PUT RAS BANAS AND OTHER FACILITIES ON HOLD. BUT OSAMA EL BAZ HAD TAKEN A Milder LINE IN WASHINGTON AND THE EGYPTIANS HAD SOON REVERTED TO BUSINESS AS USUAL WITH THE AMERICANS, NOTWITHSTANDING THEIR PUBLIC COMPLAINTS FOR THE BENEFIT OF THE OTHER ARABS.

4. VIETS THOUGHT THAT KING HUSSEIN WOULD NOW CONCENTRATE ON TRYING TO IMPROVE HIS LINKS WITH THE PALESTINIANS WHOSE BACKING WAS ESSENTIAL TO ANY MOVE. THERE HAD BEEN MORE CONTACTS BETWEEN THE JORDANIANS AND PLO THAN HE HAD SUSPECTED. THE AIM SEEMED TO BE TO EVOLVE A NEW CONSENSUS ARAB POSITION INCORPORATING ELEMENTS OF THE FEZ PRINCIPLES AND THE REAGAN PLAN. BUT THIS SEEMED UNLIKELY TO SUCCEED. ARAFAT WOULD STILL BE AFRAID OF MAKING ANY REAL MOVE. VIETS BELIEVED, HOWEVER, THAT IF THE ARABS PRODUCED A DELEGATION WILLING TO TALK PEACE WITH ISRAEL ON THE BASIS OF THE FEZ PRINCIPLES, IT WOULD BE IMPOSSIBLE FOR THE US ADMINISTRATION TO TURN THEM DOWN.

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5. ON U S PLANS TO PROVIDE AID FOR A JORDANIAN RDF, VIETS CONFIRMED THE ADMINISTRATION'S INTENTION TO SUBMIT TO CONGRESS NEXT MONTH A SUPPLEMENTAL REQUEST FOR FUNDS. THE PRESIDENT WOULD SHORTLY BE SENDING A MESSAGE TO THE ISRAELIS URGING THEM NOT TO OPPOSE THIS. EVEN IF THE ISRAELIS AGREED THEIR SUPPORTERS IN THE US, WITH OR WITHOUT ENCOURAGEMENT FROM JERUSALEM WOULD TAKE A DIFFERENT TACK. OVER HALF THE MEMBERS OF BOTH HOUSES OF CONGRESS ARE ON RECORD AS OPPOSING MILITARY AID TO JORDAN BEFORE KING HUSSEIN JOINS THE PEACE PROCESS. VIETS ACKNOWLEDGED THAT IT WOULD BE DIFFICULT TO GET THE RDF PROPOSAL THROUGH. PUBLICITY WAS A FURTHER PROBLEM: HIS VIEW WAS THAT THE ADMINISTRATION SHOULD LAY ALL ITS CARDS ON THE TABLE, BUT THE JORDANIANS WERE RELUCTANT TO AGREE.

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① Mr. C. A. J.C. 7/12
② Prime Minister

Conversation with Dr. Kissinger on November 30th 1983

Prime Minister

You will know that Dr. Henry Kissinger is chairing a special committee on U.S. policy in Central America. At breakfast last week he told me, among other things, that he hoped to persuade his colleagues to recommend the following policy: namely that there are three choices for the United States in Central America:

1. to pursue the present policy of shoring up El Salvador and Guatemala so far as is necessary to avoid a defeat. This could not go on forever, and other difficulties would shortly transpire, unless matters were brought to a boil, in Honduras, Panama and Costa Rica;

2. a "Koreanisation" of the whole region with substantial involvement of U.S. forces on the ground;

3. (his preferred solution) a squeeze of Nicaragua by diplomatic means, insisting on a minimum of three demands:

- (i) a reduction of Nicaraguan Armed Forces to a level of Somoza's time (i.e. 20,000 men instead of 60,000 plus);
- (ii) a complete break with the Cuban-Soviet intelligence and guerilla network;
- (iii) a vast reduction in import of Soviet arms into Central America - now estimated at at least 15,000 tons a year, (100,000 into Cuba).

If ~~these~~^{are} minimum demands ~~is~~ not met, Dr. Kissinger said he would personally recommend a U.S. - sponsored invasion of Nicaragua by neighbouring countries, supported by U.S. logistics (etc), aimed at re-Central America-ising Central America. Such an invasion would have to be carried out ruthlessly, in overwhelming force, and be accompanied by a complete sea blockade. Vietnam had taught him that there is never any point in losing with moderation.

Dr. Kissinger said that, in his visit to Nicaragua, the Nicaraguan military had briefed him and his colleagues by showing that they had a complete breakdown of all U.S. and allied activities in the region, all C.I.A. camps and intelligence flights etc, showing beyond all doubt that the Nicaraguans are linked up with the Soviet/Cuban computer intelligence network.

Hugh Thomas
Dec 5. 1983

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FM WASHINGTON 082344Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 3363 OF 8 NOVEMBER

INFO IMMEDIATE TEL AVIV, PRIORITY BEIRUT, DAMASCUS, AMMAN, JEDDA,
CARIO, MODUK, UKMIS NEW YORK, UKMIS GENEVA, PARIS AND ROME

US/ISRAEL

1. MINISTER ASKED EAGLEBURGER TODAY WHETHER HIS VISIT TO ISRAEL LAST WEEK MARKED A SIGNIFICANT SHIFT IN US POLICY.

2. EAGLEBURGER SAID THAT HE HAD FAILED TO DISSUADE THE PRESS FROM PORTRAYING HIS VISIT IN THAT LIGHT. HIS AIM HAD BEEN TO BEGIN TO CONVINCE THE ISRAELIS THAT THE STERILE US/ISRAELI RELATIONSHIP WHICH HAD DEVELOPED OVER THE PAST YEAR NEED NOT CONTINUE. THE PRESIDENT THOUGHT IT IMPORTANT TO RESUME A DIALOGUE WITH THE ISRAELIS ON A BROAD RANGE OF ISSUES. THIS DID NOT (NOT) INCLUDE CONCERTING MILITARY ACTION IN LEBANON. BUT THE ISRAELIS COULD PLAY A ROLE, THROUGH THEIR LINKS WITH THE DRUZE, IN A JOINT EFFORT TO STRENGTHEN GEMAYEL'S GOVERNMENT. HE HAD TRIED TO FOCUS ON REESTABLISHING A SENSE OF COMMUNITY OF VIEW ON STRATEGIC ISSUES, AND TO BRING THE ISRAELIS TO UNDERSTAND THAT US RELATIONS WITH OTHER STATES IN THE MIDDLE EAST COULD HAVE STRATEGIC IMPORTANCE FOR ISRAEL AND SHOULD NOT BE THE SUBJECT OF RECURRING QUARRELS (AS HAD HAPPENED FOR EXAMPLE OVER THE JORDAN LOGISTICS PROGRAMME). THIS DID NOT NECESSARILY MEAN REVIVING THE MEMORANDUM OF UNDERSTANDING. THE ISRAELIS WOULD INEVITABLY EMPHASISE STRATEGIC COOPERATION BUT THIS WAS ONLY PART OF THE PICTURE. HE HAD BEEN ABLE TO OFFER GREATER FLEXIBILITY OVER USE OF FOREIGN MILITARY SALES FUNDS AND HELP WITH THE LAVI FIGHTER (DOLLARS 300 MILLION FOR RESEARCH AND DEVELOPMENT IN THE US) AS SWEETENERS.

4. EAGLEBURGER SAID THAT THIS INITIATIVE HAD TO BE SEEN AGAINST THE BACKGROUND OF AN ISRAEL INCREASINGLY WITHDRAWN AND UNCERTAIN OF ITS OWN ROLE. MUCH EFFORT WOULD BE NEEDED TO REESTABLISH A STRONG US/ISRAELI RELATIONSHIP LESS LIABLE TO BE AFFECTED BY DAY TO DAY EVENTS THAN HAD BEEN THE CASE OVER THE PAST YEAR. SHAMIR HAD AT FIRST BEEN CONFUSED BY EAGLEBURGER'S CONCENTRATION ON THE GENERAL NATURE OF THE US/ISRAEL RELATIONSHIP, RATHER THAN ON SPECIFIC ISSUES. BUT EAGLEBURGER THOUGHT THAT HE HAD MADE A START IN TURNING THE ISRAELIS AWAY FROM THEIR CURRENT OBSESSION WITH THE LEBANON AND SYRIAN PROBLEMS. SPECIFIC ISSUES—LEBANON, SYRIA THE PEACE PROCESS AND SETTLEMENTS—WOULD BE DISCUSSED WHEN SHAMIR CAME TO WASHINGTON PROBABLY IN LATE NOVEMBER OR EARLY DECEMBER. EAGLEBURGER HAD PROPOSED 17/18 NOVEMBER (HE ASKED US TO KEEP THIS TO OURSELVES) WHICH MIGHT BE TOO SOON FOR SHAMIR. ARENS WAS EXPECTED TO ACCOMPANY HIM TO WASHINGTON.

5. THOMAS ASKED WHETHER THE AMERICANS INTENDED TO BRIEF THE ARABS ON THESE DEVELOPMENTS. EAGLEBURGER SAID THAT THE US WERE NOT ANXIOUS TO GIVE THE ARABS REASSURANCE. SOME OF THEM NEEDED TO WORRY A BIT, ALTHOUGH THEY WERE CURRENTLY WORRYING ABOUT THE WRONG THING: THE US

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WERE NOT PLANNING JOINT OPERATIONS WITH THE ISRAELIS. THE RIGHT TIME TO TALK TO THE MODERATE ARABS MIGHT BE WHEN MATTERS HAD BEEN TAKEN A LITTLE FURTHER WITH THE ISRAELIS, PERHAPS AFTER SHAMIR'S VISIT TO WASHINGTON.

6. THOMAS ASKED WHETHER THE PROCESS WHICH EAGLEBURGER DESCRIBED IN THE DEVELOPMENT OF US/ISRAELI RELATIONS, FOLLOWING DEEPER SOVIET INVOLVEMENT IN SYRIA, WOULD NOT RISK REINFORCING THE UNHELPFUL PERCEPTION THAT THE MIDDLE EAST WAS BECOMING POLARISED BETWEEN EAST AND WEST. THERE WAS AN EAST/WEST DIMENSION TO IT, BUT HE WONDERED WHETHER IT WOULD NOT MAKE SOLUTIONS MORE DIFFICULT RATHER THAN EASIER IF THIS WERE FURTHER EMPHASISED. EAGLEBURGER ACKNOWLEDGED THAT THIS MIGHT BE A DANGER. BUT SOVIET REARMING OF SYRIA HAD TAKEN PLACE WHILE US/ISRAELI RELATIONS WERE UNDER STRAIN. THE PRESIDENT DID NOT WANT TO GIVE THE ISRAELIS A BLANK CHEQUE. BUT HE HAD DECIDED THAT US AIMS WERE NOT BEST SERVED BY POOR RELATIONS BETWEEN WASHINGTON AND JERUSALEM AND THE CONSEQUENT REDUCTION OF US ABILITY TO INFLUENCE ISRAELI DECISIONS. MAJOR PROBLEMS - SETTLEMENTS, THE FUTURE OF THE WEST BANK AND THE PEACE PROCESS - OF COURSE REMAINED AND THERE WOULD CONTINUE TO BE DOMESTIC POLITICAL CONSTRAINTS ON US ABILITY TO INFLUENCE ISRAEL. BUT THE US NEEDED TO REESTABLISH A SENSE OF CONFIDENCE IN ISRAEL IN ORDER TO HAVE A PRODUCTIVE INFLUENCE.

7. THOMAS SAID IT SEEMED TO HIM THAT CLOSER US ISRAELI RELATIONS MUST MAKE IT MORE DIFFICULT FOR THE ADMINISTRATION TO CREATE THE SORT OF FRAMEWORK FOR PEACE IN THE MIDDLE EAST WHICH HAD BEEN THE OBJECTIVE OF THE PRESIDENT'S INITIATIVE LAST YEAR. SURELY THE ARABS WOULD BE LESS LIKELY TO LISTEN TO US IDEAS OR SUGGESTIONS IF THEY THOUGHT THE U.S. HAD MOVED CLOSER TO ISRAEL AGAIN. EAGLEBURGER SAID THAT THE ARABS HAD TO REALISE THAT THE US/ISRAELI RELATIONSHIP WAS A FACT. THE APPARENT COOLING OF US/ISRAELI RELATIONS OVER THE PAST YEAR HAD HAD NO BENEFICIAL EFFECT ON ARAB POLICIES; INDEED IT MIGHT HAVE LED THE ARABS TO CONCLUDE THAT THEY WERE MORE FREE TO ACT IN WAYS INIMICAL TO PEACE. IT WAS EQUALLY ARGUABLE THAT A CLOSER RELATIONSHIP WITH ISRAEL WAS LIKELY TO MAKE PROGRESS ON THE PEACE PROCESS EASIER TO ACHIEVE.

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/ 8. EAGLEBURGER

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3. EAGLEBURGER DISMISSED THE SUGGESTION THAT WARMER US/ISRAELI RELATIONS MIGHT ENCOURAGE THE ARABS TO LOOK FOR A SOVIET ALTERNATIVE OR WEAKEN THE POSITION OF MODERATES LIKE HUSSEIN. THE SYRIANS HAD DEEPENED THEIR RELATIONSHIP WITH THE RUSSIANS AT A TIME WHEN US/ISRAELI RELATIONS WERE COOLER. HE SAW SMALL RISK OF THE EGYPTIANS, WHO WERE DEPENDENT ON US ARMS, OR THE JORDANIANS GOING IN THE OTHER DIRECTION, EVEN THOUGH FOR CONGRESSIONAL REASONS THE US WAS IMPOTENT TO DO ANYTHING MORE WITH HUSSEIN IN THE ABSENCE OF SOME MOVE BY HIM ON THE PEACE PROCESS.

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FM WASHINGTON 280407Z OCT 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 3183 OF 28 OCTOBER

AND TO IMMEDIATE BEIRUT TEL AVIV DAMASCUS PARIS ROME ROUTINE
OTHER MIDDLE EAST POSTS, MOSCOW UKMIS NEW YORK

A.J.C. 28/10

h-a

MY TWO IPTS: PRESIDENT REAGAN'S ADDRESS TO THE NATION

1. THE PRESIDENT'S ADDRESS TO THE NATION TONIGHT WAS A CHARACTERISTICALLY SHREWD POLITICAL PERFORMANCE, AT LEAST IN TERMS OF THE DOMESTIC AUDIENCE. FOR WHICH IT WAS DESIGNED. IT WAS THE KIND OF THING HE DOES BEST: A CAREFULLY PREPARED TEXT WITH A SIMPLE PATRIOTIC THEME, DELIVERED WITH ABSOLUTE SINCERITY AND CONVICTION AND WORKED UP TO AN UNASHAMEDLY EMOTIONAL PERORATION. AND WITH NO ONE TO ASK AWKWARD QUESTIONS. WHAT HE SET OUT TO DO WAS TO DEMONSTRATE FIRMNESS OF PURPOSE IN THE PAINFUL BUT NECESSARY FULFILMENT OF AMERICA'S GLOBAL RESPONSIBILITIES AND IN FACING UP TO THE SOVIET CHALLENGE. HE IS GOOD JUDGE OF WHAT WILL GO DOWN WELL 'OUT THERE'. FOREIGN REACTIONS ARE ANOTHER MATTER.

2. THE PRESIDENT CONCENTRATED ON THE TWO CONTENTIOUS ISSUES OF FOREIGN POLICY AT PRESENT, THE LEBANON AND GRENADA, SETTING THEM BOTH SQUARELY WHERE HE HIMSELF SEES THEM- IN THE CONTEXT OF THE EAST/WEST CONFLICT. ON THE LEBANON PARTICULARLY HE WILL BE SEEN OUTSIDE THE UNITED STATES TO HAVE OVERDONE THIS. BUT HIS OBJECTIVE WAS TO CONFOUND HIS CRITICS HERE WHO HAVE QUESTIONED THE FUNCTION THAT THE US MARINES ARE PERFORMING AND THE EXTENT OF THEIR EXPOSURE AND DEMANDED A CLEARER DEFINITION OF THEIR ROLE. HE ADMITTED NO NEED FOR CHANGE. THEY WERE THERE TO BRING PEACE IN THE LEBANON AND STABILITY TO THE MIDDLE EAST IN THE FACE OF ATTEMPTS AT DISRUPTION BY SYRIA AND OTHER AS SOVIET SURROGATES THIS WAS A MAJOR US INTEREST. HIS DOMESTIC AUDIENCE WILL HAVE WARMED TO THE APPEAL OF THE YOUNG BADLY MAIMED MARINE IN HOSPITAL UNABLE TO SPEAK REDUCING GENERAL KELLEY TO TEARS BY WRITING THE MARINES MOTTO ON A PAD. THEY WILL ALSO HAVE

~~MARINE IN HOSPITAL UNABLE TO SPEAK REDUCING GENERAL KELLEY TO
TEARS BY WRITING THE MARINES MOTTO ON A PAD. THEY WILL ALSO HAVE
BEEN GRATIFIED BY HIS COMMITMENT THAT JUSTICE WOULD BE DEALT TO
THOSE WHO DIRECTED THE ATROCITY LAST SUNDAY IN BEIRUT.~~

3. ON GRENADA, HE TOLD THE STORY OF THE ISLAND'S RECENT EXPERIENCE SIMPLY, GOING ON TO PRESENT A PICTURE OF A GROUP OF SMALL HELPLESS ISLANDS, BASTIONS OF DEMOCRACY, APPEALING TO THE UNITED STATES FOR ASSISTANCE AGAINST THE DANGER OF CUBAN/SOVIET SUBVERSION. FOR AN AMERICAN AUDIENCE, HE MADE EFFECTIVE USE BOTH OF THE THREAT OF A REPEAT OF THE IRAN HOSTAGE CRISIS, THIS TIME PERHAPS INVOLVING A THOUSAND US CITIZENS, AND OF THE EVIDENCE WHICH HAD NOW BEEN FOUND THAT THE ISLAND WAS BEING TURNED INTO A CUBAN MILITARY BASE FROM WHICH TO EXPORT MARXISM AND UNDERMINE DEMOCRACY IN THE REGION. 'WE GOT THERE JUST IN TIME'. HE DUCKED THE QUESTION OF LEGALITY ALTOGETHER. NOR DID HE MENTION THE WIDESPREAD INTERNATIONAL CONDEMNATION OF THE U.S. ACTION BY FRIENDS AND FOES ALIKE.

4. IT WAS A CONFIDENT PERFORMANCE, NO DOUBT TIMED TO COINCIDE WITH THE CESSATION OF HOSTILITIES. IN THIS IT WAS A SHADE PREMATURE. THE MOPPING UP MAY PROVE MESSY AND MORE DRAWN OUT THAN THE PRESIDENT'S PRESENTATION IMPLIES. BUT HE REVEALED NO SHADOW OF DOUBT THAT WHAT THE UNITED STATES WAS DOING WAS RIGHT AND NECESSARY AND IN THE INTERESTS OF MAINTAINING PEACE AND FREEDOM IN THE WORLD. THERE WAS NO HINT OF DEFENSIVENESS OR JUSTIFICATION. THE OVER-SIMPLIFICATIONS WILL BE CRITICISED IN THE EAST COAST LIBERAL PRESS, AS MUCH AS ABROAD. BUT THEY WILL HARDLY NOTICED ELSEWHERE IN THE UNITED STATES. AND BY CHOOSING PATRIOTISM FOR HIS GROUND, HE WILL HAVE MADE IT SUBSTANTIALLY MORE DIFFICULT FOR HIS POLITICAL OPPONENTS HERE TO CRITICISE HIS POLICIES AFTER THE EVENT WITHOUT SEEMING TO DISHONOUR THE COURAGE AND SACRIFICE OF U.S. SERVICEMEN.

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FM WASHINGTON 212114Z OCT 83

TO IMMEDIATE FCO

TELNO 3063 OF 21 OCT 83

INFO IMMEDIATE AMMAN TEL AVIV

PRIORITY GULF POSTS JEDDA DAMASCUS CAIRO UKMIS NEW YORK

MY TELNO 3032 : US/JORDAN/ISRAEL

1. PELLETREAU CONFIRMED TO US ON 21 OCTOBER THAT US PLANS FOR MILITARY AID FOR A JORDANIAN RDF HAD BEEN UNDER DISCUSSION WITH THE JORDANIANS FOR OVER TWO YEARS. THE PRIME MINISTER'S REMARKS DURING HER RECENT VISIT HAD INCREASED HIGH LEVEL INTEREST IN WASHINGTON IN AID TO JORDAN. BUT THE BENEFICIARIES OF THE MILITARY AID PROPOSED WOULD BE THE GULF STATES AS MUCH AS JORDAN ITSELF. PELLETREAU CONFIRMED THAT THE JORDANIANS HAD BEEN VERY UPSET BY THE LEAKS (AMMAN TELNOS 447 AND 448), BUT THERE HAD BEEN NOT A PEEP FROM THE GULF STATES OR SAUDI ARABIA.

2. FUNDING FOR THIS AID PACKAGE - OVER DOLLARS 200 MILLION - HAS BEEN APPROVED BY THE SENATE BUT REJECTED BY THE HOUSE DEFENCE APPROPRIATIONS SUB-COMMITTEE. THE ISSUE WILL THUS HAVE TO BE RESOLVED IN CONFERENCE. NOW THAT THE ISSUE HAS COME INTO THE OPEN THE ADMINISTRATION WILL HAVE AN UPHILL FIGHT. MAJORITIES IN BOTH HOUSES OF CONGRESS ARE ON RECORD AS OPPOSING ARMS SALES TO JORDAN WHILE KING HUSSEIN REMAINS ALOOF FROM THE PEACE PROCESS, THE ISRAELI AMBASSADOR HAS MADE CLEAR HIS OPPOSITION TO THE SALE AND MEMBERS OF THE FOREIGN AFFAIRS COMMITTEES IN BOTH HOUSES ARE RESENTFUL OF THE ADMINISTRATION'S ATTEMPT TO BYPASS THEM BY FUNDING THE PACKAGE ON THE DEFENCE APPROPRIATIONS VOTES.

3. THE LEAKS OF THIS STORY, FOR WHICH THE STATE DEPARTMENT HOLD THE ISRAELIS RESPONSIBLE, HAVE SOURED RELATIONS BETWEEN THE DEPARTMENT AND THE ISRAELI EMBASSY. THE LATTER ARE APPARENTLY ARGUING THAT THEY NEED SOME COMPENSATION FROM THE AMERICANS, IDEALLY IN CONNECTION WITH THE LAVI FIGHTER, IF THEY ARE TO WITHDRAW THEIR OPPOSITION. THE STATE DEPARTMENT SAY THAT EVEN IF SHULTZ WERE WILLING TO AGREE TO THIS, WEINBERGER IS NOT. SHULTZ MADE CLEAR TO THE ISRAELI AMBASSADOR THIS WEEK THAT IF THE ISRAELIS WERE TO LOBBY AGAINST THIS SALE IT COULD SOUR THE WHOLE US/ ISRAELI RELATIONSHIP. THE STATE DEPARTMENT BELIEVE THAT THE ISRAELI AMBASSADOR HAS GONE OUT ON A LIMB ON THIS ISSUE AND THAT HIS AUTHORITIES IN JERUSALEM, THOUGH OPPOSED IN PRINCIPLE TO ANY ARMS SALES TO ARAB STATES, ARE NOT DISPOSED TO GO ALL OUT IN OPPOSITION TO THIS ONE. THEY HOPE THEREFORE THAT THE ISRAELIS WILL FIND A WAY OF BACKING DOWN.

4. THERE IS STILL A SHARP DIVISION OF VIEW IN WASHINGTON OVER HOW TO RESPOND TO ISRAELI REQUESTS FOR ASSISTANCE, PRINCIPALLY

THE PROVISION OF FMS FUNDS, FOR THE DEVELOPMENT OF THE LAVI FIGHTER. WEINBERGER HOLDS STRONGLY THAT THE US SHOULD MEET ISRAELI WISHES ON THIS ONLY IN RETURN FOR SOME REALLY SUBSTANTIAL CONCESSION OVER LEBANON OR THE PEACE PROCESS. SHULTZ HIMSELF (BUT NOT ALL HIS OFFICIALS) BELIEVES THAT ASSISTANCE TO THE ISRAELIS OVER THE LAVI WOULD RESTORE THEIR CONFIDENCE IN THE US RELATIONSHIP AND MAKE THEM GENERALLY MORE AMENABLE: IT IS ALSO ARGUED THAT HIGH TECHNOLOGY PROJECTS SUCH AS THE LAVI SHOULD BE ENCOURAGED FOR THEIR GENERALLY BENEFICIAL EFFECT ON THE ISRAELI ECONOMY. SHULTZ HAS PROPOSED THAT FMS FUNDS SHOULD BE USED TO MEET R AND D COSTS FOR THE LAVI WITHIN THE UNITED STATES, BUT NOT IN ISRAEL.

5. THE PENTAGON OPPOSE THIS FOR THREE MAIN REASONS. THEY BELIEVE THAT THE LAVI PROJECT IS NOT ECONOMICALLY JUSTIFIABLE: THE ISRAELIS COULD BUY US AIRCRAFT OF COMPARABLE PERFORMANCE MUCH MORE CHEAPLY. THE LAVI'S COSTS WILL BE BROUGHT DOWN ONLY IF IT CAN BE SOLD TO THIRD WORLD COUNTRIES WHERE IT WILL BE COMPETING WITH US AIRCRAFT. SECONDLY, IT WOULD SET AN UNDESIRABLE PRECEDENT SINCE FMS FUNDS ARE NOT USED TO MEET R AND D COSTS EVEN OF US PROJECTS, WHICH THE COMPANIES CONCERNED ARE EXPECTED TO MEET THEMSELVES. THIRDLY, THE PENTAGON FEAR THAT THIS IS THE THIN END OF THE WEDGE AND THAT IF THIS REQUEST IS GRANTED FURTHER BIDS FOR FMS FUNDING FOR THE LAVI ARE INEVITABLE.

6. THE ISSUE IS UNLIKELY TO BE RESOLVED BEFORE EAGLEBURGER'S VISIT TO ISRAEL IN EARLY NOVEMBER, WHEN HE WILL BE ACCOMPANIED BY MURPHY AND RODMAN. THE AGENDA FOR HIS TALKS HAS NOT YET BEEN AGREED. BUT THE STATE DEPARTMENT SAY THAT AS THIS WILL BE THE FIRST HIGH LEVEL CONTACT SINCE THE VISIT TO WASHINGTON OF ARENS AND SHAMIR IN JULY, EAGLEBURGER EXPECTS HIS TALKS TO BE MORE COMPREHENSIVE THAN HIS PREVIOUS DISCUSSIONS WITH KIMCHE WHICH CONCENTRATED ON THE THIRD WORLD.

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TELEGRAM NUMBER 3077 OF 21 OCTOBER 1983

INFO ROUTINE MEXICO CITY, TEGUCIGALPA, SAN JOSE, CARACAS, 79095-,
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US/NICARAGUA

1. NICARAGUAN FOREIGN MINISTER D'ESCOTO CALLED ON MOTLEY (ASSISTANT SECRETARY, INTER-AMERICAN AFFAIRS) ON 21 OCTOBER TO PRESENT A NEW SANDINISTA INITIATIVE, COMPRISING DRAFT NON-AGGRESSION TREATIES BETWEEN NICARAGUA AND THE US AND NICARAGUA AND HONDURAS, A BROADER DRAFT NON-AGGRESSION TREATY TO BE SIGNED BY ALL CENTRAL AMERICAN GOVERNMENTS, AND A DRAFT ACCORD AIMED AT A PEACEFUL RESOLUTION OF THE EL SALVADOR CONFLICT (TEXTS TO FOLLOW BY BAG).

2. THE CENTRAL THRUST OF THE PACKAGE IS THAT THE NICARAGUANS WILL PLEDGE NOT TO SUPPORT THE GUERRILLAS IN EL SALVADOR IF THE AMERICANS STOP SUPPORTING THE ANTI-SANDINISTAS. THE ACCORDS WOULD PROVIDE FOR ON-SITE INSPECTIONS WITHIN NICARAGUA AND ITS NEIGHBOURS AND FOR PENALTIES AGAINST ANY COUNTRY VIOLATING THEIR TERMS (INCLUDING EG SEIZURE OF ASSETS OVERSEAS). FOR ITS PART, THE US WOULD HAVE TO HALT ALL MILITARY MANOEUVRES WITHIN 30 DAYS OF SIGNATURE AND TO SHUT DOWN ALL US MILITARY AND TRAINING FACILITIES IN HONDURAS AND EL SALVADOR WITHIN 90 DAYS. THE US AND THE REST OF CENTRAL AMERICA WOULD AGREE TO RECOGNISE NICARAGUA'S RIGHT TO INDEPENDENCE AND SELF-DETERMINATION. NO PROVISION IS MADE FOR THE ANTI-SANDINISTA FORCES, WHO WOULD BE REQUIRED SIMPLY TO DISARM AND LEAVE THE BORDER AREAS. ALTHOUGH FOREIGN MILITARY ADVISERS WOULD, UNDER THE ACCORDS BE BARRED FROM MILITARY TRAINING, NEGOTIATIONS ON THE NUMBER OF SUCH ADVISERS, ON THE SIZE OF ARMED FORCES AND ON THE INTRODUCTION OF NEW WEAPONS WOULD BE DEFERRED. MEANWHILE, THE CONTADORA NATIONS WOULD BECOME THE 'GUARANTORS' OF PEACE, EMPOWERED TO INVESTIGATE VIOLATIONS: DISPUTES THEY COULD NOT RESOLVE WOULD BE REFERRED TO THE SECURITY COUNCIL.

3. THE INITIAL ASSESSMENT OF SMITH (DIRECTOR FOR CENTRAL AMERICA, STATE DEPARTMENT, WHO SAT IN ON THE MEETING) IS PESSIMISTIC, ALTHOUGH D'ESCOTO WAS AT PAINS TO APPEAR REASONABLE, AND SPOKE IN COMMENDABLY CONTADORA TERMS. PRELIMINARY STUDY OF THE DOCUMENTS SUBMITTED HAD REVEALED LITTLE OF SUBSTANCE. MANY OF THE GENERAL PRINCIPLES WERE FINE, BUT WITHOUT SPECIFIC PROPOSALS FOR EG BORDER PATROLS IT WAS DIFFICULT TO SEE WHAT PRACTICAL GUARANTEES A PACKAGE SUCH AS THIS WOULD OFFER. IN PUBLIC, OF COURSE, THE US WOULD NOT ADOPT TOO NEGATIVE A STANCE AND WOULD PRESUMABLY EXPRESS INTEREST IN THE APPROACH, ONCE IT HAD BEEN CAREFULLY CONSIDERED, PARTICULARLY SINCE THE NICARAGUANS HAD SAID THAT

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THIS INITIATIVE DID NOT EXHAUSE ALL THE POSSIBILITIES UNDER THE CONTADORA UMBRELLA. BUT IT WOULD BE UNWISE TO EXPECT TOO MUCH. THE DOCUMENTS CONTAINED A GOOD DEAL OF FIERCELY ANTI-AMERICAN RHETORIC. IT WAS HARD NOT TO CONCLUDE THAT THIS WAS TO A CONSIDERABLE EXTENT A PUBLIC RELATIONS PLOY (THE DOCUMENTS WERE GIVEN FORTHWITH TO THE WASHINGTON POST BY THE NICARAGUANS). IF THAT WAS THE CASE, THE CONTADORA NATIONS (WHO HAD BEEN GIVEN THE DRAFTS ON 17 OCTOBER) WOULD NOT BE FOOLED, ALTHOUGH SMITH CONCEDED THAT THE INITIATIVE MIGHT HAVE SOME DOMESTIC IMPACT IN THE US. HE NOTED THE "WARNING" THAT IF AN ACCORD WAS NOT REACHED SOON BETWEEN NICARAGUA AND HONDURAS, A CONFLICT COULD RESULT WHICH MIGHT INVOLVE US TROOPS.

5. A SENIOR SENATE FOREIGN RELATIONS COMMITTEE STAFFER SUGGESTED TO US THAT, DESPITE DOUBTS SUCH AS SMITH HAD EXPRESSED, IT WAS AT LEAST SOMETHING THAT THE NICARAGUANS HAD MADE A RESPONSE TO THE CONTADORA GROUP EVEN IF THE QUID *propos* PROPOSED AT THIS STAGE WERE NOT PARTICULARLY ATTRACTIVE TO THE US. THE OMISSION OF ANY REFERENCE TO DEMOCRACY IN NICARAGUA WAS A SERIOUS HANDICAP WHICH WOULD PROVE DAMAGING ON THE HILL, BUT THE TEXTS WOULD HAVE TO BE EXAMINED CLOSELY TO SEE WHAT SCOPE THERE WAS FOR PROGRESS. MEANWHILE, THE US APPEARED TO BE UNDER NO IMMEDIATE PRESSURE TO RESPOND: FURTHER DEVELOPMENTS MIGHT AWAIT NEXT MONTH'S CONTADORA MEETING, OR AT LEAST SHULTZ'S RETURN FROM HIS VISITS TO EL SALVADOR AND BRAZIL NEXT WEEK.

WRIGHT

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pl. let us have the
Encounter issue.

19 October 1983

A. J. C. 24/10

K-a. M 22/10

Prime Minister

I have thanked him.

A. J. C. 21/10

Dear Prime Minister,

I take the liberty of enclosing a copy of Faithful Ruslan by the Russian dissident writer Georgi Vladimov. It gives us, in my opinion, a very revealing and unusual insight into the Soviet system.

I also enclose the November issue of Encounter which contains the full, and now further expanded text of my conversation with Jeane Kirkpatrick.

not enclosed. will obtain.

M 21/10

(George Urban)

The Rt. Hon. Margaret Thatcher M.P., P.C.
10 Downing Street
London S.W.1.

Enc.

American Foreign Policy in a Cold Climate

JEANE KIRKPATRICK, in a long conversation with GEORGE URBAN, discusses the issues of Peace, Disarmament, a "new Cold War", revolts in the Soviet Empire, and a "real" Détente.

1. Neither War nor Peace

URBAN: MUCH CONTEMPORARY ARGUMENT centres on some definition of the character of our relationship with the Soviet Union: whether we are "at war" or "peace" with the Russians; whether a bridge could be built between the Eastern and Western interpretations of détente; and whether, more generally, democratic societies were in a position to counter the subversive elements of Soviet world policy with effective, if not always symmetrical policies of their own.

One returns to the problem of "war and peace", because on it hinges the entire range of our public and private attitudes to Soviet behaviour. Is it valid to argue that Soviet peace policy incorporates a war policy, whereas the West's does not?

The Soviet concept of détente envisages the collapse of the "bourgeois-capitalist system"—ours does not envisage the destruction of Soviet Communism. Moscow's claim to worldwide acceptance is the passport of Marxism-Leninism—we have no such claim and no such passport.

In the Soviet view, "struggle" is a normal phase in the relations between Communist and Capitalist states. In peace, as in war, the struggle is conducted with all means at the disposal of the State and the Party—economic, diplomatic, educational, propaganda, subversive, and military. We in the West do not, on the whole, share this sophisticated conception of the Peace-War continuum. We have been trained by history and culture to think of war and peace as discrete and contradictory phenomena. The fusion of the two baffles us. Our institutions are poorly equipped to deal with it.

JEANE KIRKPATRICK is the United States Representative at the United Nations. Before her appointment she was Professor of Political Science at Georgetown University and Resident Scholar at the American Enterprise Institute in Washington D.C. The first woman to be appointed a member of the Cabinet in the Reagan Administration, she is a registered Democrat and served as Vice-Chairman of the "Coalition for a Democratic Majority", which she helped to found. Her publications include "Directorships and Double Standards" (1982), "The New Presidential Elite" (1976), "Political Woman" (1972) and "Leader and Vanguard in Mass Society: A Study of Peronist Argentina" (1971).

GEORGE URBAN's recent contributions to ENCOUNTER include conversations with Eugene V. Rostow (April 1983), Daniel Bell (February 1983), W. Averell Harriman (November 1981), Zbigniew Brzezinski (May 1981), Leszek Kolakowski (January 1981), and Milovan Djilas (December 1979).

Seeing, as you do, the global contest between the East and the West from the post you occupy at the UN, would you say that Alexander Solzhenitsyn and other observers of contemporary history are broadly right in suggesting that the state of affairs that now exists between the USSR and the West is one of "war"—the "Third World War" as ex-President Nixon claims—which we are in the process of losing by default? And doesn't the destruction of KAL 007 by Soviet rockets rather confirm that view?

KIRKPATRICK: Your question turns on definitions. If we take "world peace" to mean, and to require, mutual respect for self-government, national independence, territorial integrity, self-determination and human rights—we are certainly not "at peace" with the Soviet Union, because the Russians are engaged, and have been engaged for a very long time, in a conscious policy of international expansion. This can take political or economic forms—both usually preceded and accompanied by ideological aggression.

I must stress the word *aggression*, because there is a tendency to append to the phenomenon I am describing the euphemism of "competition." This is most misleading. I very much doubt whether "competition", when it is conducted by foul means as well as fair ones, covert methods as well as overt ones, lies as well as truth, is competition in the sort of sense in which John Stuart Mill understood it to be in a liberal parliamentary society. "Ideological aggression" is, therefore, the correct label.

In one degree or another, any non-Communist country may become the target of Soviet ideological aggression—and so, as a matter of fact, are the peoples of the Communist countries themselves. Many countries are such targets.

I do not, of course, mean to say that political and ideological aggression are the *only* sort of expansionism with which the world's non-Communist countries have to grapple. From time to time, as we know from the record, the Soviets also engage in straightforward armed aggression (Afghanistan) or attempt to destabilise governments (in Central America and parts of Africa). In sum, what exists between the Soviet Union and the West is not peace as it is normally understood in our societies. The Soviet definition of *détente* makes this quite clear.

The destruction of KAL 007 by Soviet rockets provides further evidence that violence and lies are regular instruments of Soviet policy and obliterates the conventional boundaries between peace and war. Soviet officials regularly behave as though truth were only a function of force and will—as if the

truth were only what they said it was—and as if violence were an instrument of first resort in foreign affairs. These Soviet actions and claims illuminate the Soviet conception of appropriate relations among nations in peace-time.

We, on the other hand, believe that truth is as vital to cooperation and peace among nations as among people. It is depressing to consider a world in which a major nation equipped with the most powerful modern weapons believes it has a sovereign right to fire on a commercial airliner lost over its territory.

We are dealing here, not with the decisions of individuals, but with decisions and priorities characteristic of the Soviet system. Not only did Soviet officials order the destruction of a civilian airliner and lie about it, they have also refused offers of international participation in search-and-rescue efforts in spite of internationally agreed-upon standards and practices. We are reminded once again that the Soviet Union is a state based on the twin principles of callousness and mendacity, dedicated to the role of force, and governed by the idea of the dictatorship of the proletariat which in 1920 Lenin defined in these words:

“The scientific concept of ‘dictatorship’ means nothing more than unrestricted power, absolutely unimpeded by law or regulations and resting directly on force.”

Collected Works (5th Russian edition), Vol. 41, p. 383.

It is this principle of force—this mentality of force—that lies at the root of the Korean Airline tragedy. This is the reality we all must ponder as we consider the threats to peace and human rights that face all of us today.

—*It seems to me that the Soviet leaders indulge in these unpeace-like activities in the hope that they may achieve by intimidation, propaganda, subversion, threats and a good measure of sheer bluster many of the results of war without the risks and sacrifices of war. Peace for them is, in the favourite Marxian quote à la Clausewitz, the continuation of war by other means. Now, if world-Communism is your long-range ideological objective, and a shooting war too risky an instrument to pursue it with in the nuclear age, the word peace assumes a very plausible ring in the corridors of Soviet power once this particular variety of “peace” can be shown to have helped you to attain your war objectives—for it stands for “victory.”*

But for us, who are at the receiving end of this carefully packaged notion of “peace”, peace spells nothing so much as the naked idea of war. “Ask your neighbour if you shall live in peace”, says an old English proverb. A frank Soviet answer to that simple test would have to be, “Yes, of course, but on our terms.”

The question I’d like you to help me to clarify is whether this effective “No” to peace must lead one to conclude that the proper appellation of the state that exists between ourselves and the Soviet Union is “war”?

KIRKPATRICK: I am reluctant to use the word *war* to denote the disturbing phenomenon you describe. What if a *shooting war* were to occur? What is the name one would assign to that? And a shooting war in our time is a possibility we have to reckon with, because the Russians sometimes practise it (as in Afghanistan), and distinctly do not rule it out. If we are not clear about that, we will not be clear about the importance of maintaining Western military strength either. Nor will we be clear about the necessity of maintaining a balance of potential terror in Europe to offset the SS-18s, SS-19s and SS-20s which Moscow is now targeting on Western Europe. I believe very deeply that a strong American-European military posture reduces the prob-

ability of the Russians resorting to a shooting war, nuclear or otherwise. It does not rule it out—it *could* happen—but it reduces the probability. This being the case, I don’t think we should say that a condition of non-fighting combat of the kind you have depicted qualifies for the word *war*.

—*Former President Nixon has called it “the real war” which, he says, has been with us since 1945. Would you agree with “real war”?*

KIRKPATRICK: No, I would not; I’m rather a purist about language. We’d better reserve the word “war” for the real thing. Of course, Nixon is right in suggesting that we are in permanent conflict with the USSR in which the stakes are as high as in war, for what is at stake is the survival of free societies, free peoples, and freely chosen governments. The state of affairs he and Solzhenitsyn, among others, describe does exist. But I don’t think it would be prudent to call the process “war.”

—*Would you agree, though, that in this protracted conflict the Russians have been “calling the shots” and the West has been “on the retreat”, mostly without so much as putting up a fight? And if that is so, doesn’t enlightened self-interest more or less force us to call the existing contest “war”, seeing that Western public opinion is unlikely to be stirred into action in any other way? Can we expect our political public to take a course in Soviet semantics? With a handful of exceptions, even our politicians don’t do that, though some of them realise that they could do so with profit.*

KIRKPATRICK: I agree that we have been suffering reverses. I also agree that there is, in the understanding of some Western leaders, room for improvement. We can say there is a conflict, but “war” is the state that exists when bombs drop, cities burn, and whole populations are pressed into military service. We have not had that. Words must fit the occasion. Western public opinion is mature enough to understand what the Soviets are about if given the chance. It would be an insult to this maturity—quite apart from being impermissible in a democracy—to try to alarm and radicalise public opinion by a misnomer. Too often the reverse happens. Leaders guard the public against unpleasant truths concerning Soviet behaviour.

—*What you are saying is that we have not had a war but lost out in a protracted non-military conflict. Have we, then, lost the peace?*

KIRKPATRICK: I am saying that the Soviets have been extraordinarily skilful in pursuing, by means short of war, objects that are more traditionally pursued by war. Their methods include, as we have said, subversion and (by way of an innovation in the pursuit of revolutionary wars) the use of terrorism to soften up the societies they want to take over.

—*“Struggles of national liberation”, in the Soviet vocabulary, are a perfectly legitimate weapon in furthering the “international class struggle.”*

KIRKPATRICK: As I understand Soviet ideology, *everything* is perfectly legitimate when it comes to furthering that “struggle”, whether it is by terrorism, intimidation, war by proxy, or ideological onslaught using deception, disinformation, forgery—whatever. They are all being employed. Whatever this is, it is not peace as we like to think of it.

PRESIDENT REAGAN observed in a recent speech that the goal of US foreign policy is to "establish peace", and told Henry Brandon of the "Sunday Times" that "peace is achievable." The wording of these statements is important because they clearly imply that what we have today is not peace. When I asked Eugene Rostow (Director, as he then was, of the US Arms Control and Disarmament Agency¹) about the significance of the President's choice of words, he said:

"It reflects the realisation that from 1945, when the UN Charter was established . . . the Soviet Union has considered itself exempt from the rules that bind all other states."

Putting all these pieces together, the identikit image of the Soviet Union that shapes up in many minds is that of an outlaw who, while cautiously avoiding a challenge to us in open combat, has nevertheless denied us peace and is daily telling us that it has higher sanction for undermining our resolve and subverting our social order. Isn't this what President Reagan must have had in mind when he said to a group of European officials in Bonn in June 1982: "They [the Soviets] may not be fighting with us, but they are at war with us." How do these various notions influence your ideas of war and peace?

KIRKPATRICK: We are, unfortunately, not fully at peace with the Soviet Union. We are engaged in a serious and potentially deadly competition that is not a shooting war. That is all. "Cold War" strikes me as a highly adequate description. I'm still comfortable with that. After all, as far as the Soviet Union was concerned, the "previous" Cold War had never ended. We declared it over. But the Russians never suspended their uninhibited ideological conflict with us. Our position was very much that of someone riding a bicycle who finds himself challenged by another rider. The first might say, "But I'm not racing you", while the second would brush this aside: "I've just won the race!" It takes two to run a race; only one to win. We have not been racing the USSR in the last ten years or so, either militarily or ideologically.

—When *détente* was first brought into Anglo-American usage to render a catching equivalent to the Russian "peaceful coexistence" and "relaxation of tensions", Golda Meir, the Israeli Prime Minister, was said to have expressed surprise: "Why use a fancy French word when there is a perfectly serviceable English one: Cold War?" That remark was more to the point than Mrs Meir perhaps realised. In the tortuous usage of Soviet ideological jargon, "peaceful coexistence" has a very special meaning. It does not pertain to relations between one Communist state and another. It is reserved for the "basically antagonistic conflict" between the socialist and capitalist systems, transferred from "the level of military clashes" to the political, economic, and ideological struggle. I find this a perfectly adequate confirmation that "peaceful coexistence" is, in fact, another term for "Cold War." Why and how has a sector of our media managed to attach a certain stigma to it? How, indeed, has it succeeded in corrupting a considerable part of our daily usage, misusing words like "peace", "decency", "concern", "compassion", etc., and rendering them virtually unusable for meaningful discourse? How have some of our Communists, in the words of Lenin, "conquered the language"?

KIRKPATRICK: The Soviets have won so many victories in the

¹ See, in *ENCOUNTER* (April 1983), Eugene V. Rostow & George Urban, "Is 'Arms Control' an Unrealistic Fiction?"

ideological combat that it has become very bad form to note that they have done so. We have been manipulated into feeling that it is warlike behaviour on *our* part to register the fact that they are waging a full-scale ideological combat against us. Also, in the US, where intellectual categories are the objects of fashion, it became terribly unfashionable to call the cold war "Cold War."

—But how is it that the communicators' categories are accepted?

KIRKPATRICK: Some of us, of course, don't accept them and we pay a heavy price for it. Indeed, one knows in advance that the price of violating the dominant orthodoxy in the symbolic environment is going to be very high. But, in the long run, the price of *accepting* the dominant orthodoxy, of not naming the unacceptable names, is much higher.

There are several factors involved here. One (and the most discouraging) is that, after the War, we had a perfectly good understanding of the character of the Soviet Union—but lost it. In the 1950s, after the brutal consolidation of Soviet power in Eastern Europe, there was a generally shared notion in all Western societies that the Soviet Union was an unfree society, that it was totalitarian, that it lacked internal legitimacy, that its rulers were a political élite which had come to power by violence and deprived their subjects of their basic liberties by force.

But then a remarkable thing happened. The Soviets, in coordination with the world's Communist parties, and aided by fellow-travellers and other ideological allies and admirers, waged an unceasing ideological campaign to confuse and disinform us about the nature of Soviet society—fully exploiting, of course, the opportunities offered by the freedoms of speech and opinion in our own society. Democratic society is extremely vulnerable to self-criticism.

Our internal critics were continually telling us that we were an imperfect society. We all knew it was so. And the Soviets and their supporters agreed only too willingly that we *were* an imperfect society. So what were we? There gradually developed a consensus that we were a *very imperfect* society. In the 1970s, Hollywood and American television outdid one another in exposing the iniquities of the American political system and the horrors US capitalists would inflict on mankind for profits. Day after day, they displayed cynicism, lawlessness, rioting, pornography, and drug-addiction as typical products of "our sick society."

Meanwhile other voices (or sometimes the same ones) emphasised the virtues and achievements of "Socialist" systems. And, so, step by step, the ideological obfuscation turned into confusion and then into the corruption of thought and language.

Let me again underline this phenomenon, for it cannot be emphasised too often. Truths about politics and society became a category of fashion in the US—something more akin to the values of the entertainment industry than to thought and scholarship. You change your ideology with the same unconcern as you change your hem-line or automobile. Anti-Communism became unfashionable; the concept of totalitarianism became unfashionable; defence of the domestic *status quo* became unfashionable.

Abandoning the defence of the *status quo* is particularly insidious—for what does the *status quo* mean in a democratic society? It is another word for the maintenance of free institutions. But this became unacceptable to large—indeed dominant—portions of our symbol-wielding classes. They came to regard the unembarrassed defence of our institutions

as hopelessly "conservative", quite beyond the pale of intellectual respectability.

I ascribe some of this volatility and susceptibility to "the lure of the new", to a certain lack of seriousness in much of American intellectual life and letters. As long as our culture and sensibilities were grounded in the rigorous values of religion or national history, the intellectual had a set of firm road-signs to guide him. But once these signs disappeared from our landscape, we were without a compass. Too many have no anchor and may flit from fashion to fashion, interpretation to interpretation, loyalty to loyalty.

One of the most potent of these possible loyalties is Soviet ideology, with its unshakeable certainties. A heavy dose of dogmatism obviously has a great lure for freethinkers with a guilty conscience and a need for certainty—especially those for whom the vacuum left by Christianity represents a personal void they feel they must fill.

—We have many recent practical examples to illustrate it. Douglas Hyde (a leading wartime British Communist, who broke with the Communist Party and became a Roman Catholic) observed:

"Communism, I believe, has had its origins in precisely that spiritual vacuum which exists all over what once was Christendom. . . . That is why Communism often claims the best—those who feel the miss. It is why it has spread in our day and no other. It is not the presence of poverty which is new. The new factor in the situation is the presence of millions of modern pagans. Communism is the child of unbelief. Bad social conditions are only the things on which it feeds. And that is why Communism has been able to take what is essentially a religious instinct and use it for evil ends."

The "lure of dogmatism" recalls for me some incandescent passages in the works of Dezsó Szabó, an extremist Hungarian writer of some genius whose search for a quintessential (anti-German, anti-Slav, anti-Semitic) Hungarianism caused him to rub shoulders with both Left-wing Socialists and Right-wing nationalists. "Christianity is dead with all its consequences", he wrote in 1913:

"the human machine rattles on without content. We must give man a new dogma, a new will and a new passion. . . . Dogma, dogma is what humanity needs in its state of mosaic-like disintegration. . . . And even if that dogma were just a single sentence, and whether it came from socialism or any other direction, one thing alone matters to us: it must be pregnant with the future and capable of nourishing the whole of life."

KIRKPATRICK: Yes, examples abound. The ones you have quoted show greater oscillations than those normally observed in the American intelligentsia, but in the US, too, it was the declining power of religion among intellectuals that prepared the way for the rise of secular substitutes. The weakening of that spiritual anchorage was a prerequisite to the rise of a politics of fashion whose shifting styles include both cynicism and dogmatism.

YOU HAVE SPOKEN OF "the magnetism of newness" in America and said that some of this straining after novelty is to be explained by the spiritual vacuum left behind by

Christianity. But is this, I wonder, the whole answer? Some sectors of the "intelligentsia" we are talking about do what they do on seemingly rational grounds, sincerely believing that man is more justly and humanely treated under Communism, that the Soviet-bloc leadership is more peace-loving than are our governments, that the Russians have been more successful in coming to grips with "the materialism, rapacity and meretriciousness of modern civilisation" than we have, and that, as a result of all this, human beings are "ultimately freer" in the Soviet type of system than they are in Western Europe or the USA.

These ideas seem to resurface, in one form or another, with stubborn tenacity. One would have thought that after Secretary Khrushchev's speech at the Twentieth Party Congress, after the Berlin Wall, after Hungary and Czechoslovakia—and now Poland—it would be difficult to believe that the Soviet system offers a desirable alternative to Western society. Why, then, are so many among our intellectual classes so deceived? Why is it that they have, of all things, attached themselves, not to the "Swiss model" of an even-handed, decentralised, multilingual democracy, nor to the "Swedish type" of a humane welfare state—but to the forbidding Soviet and Chinese examples? And how has this numerically small band shaped itself into a powerful, self-confident, and self-replenishing class which sets the terms of public discussion and defines our Western vocabulary?

KIRKPATRICK: The Soviets have, as I say, succeeded in identifying themselves and their expansionism in the world with the idea of progress. One of their most useful instruments in doing so has been Marx's idea of unilinear historical development. The notion of progressive evolution in biology and history had, of course, been a powerful one in Western thinking long before Marx, and was common currency in the 19th century; but it was Marx who turned it into a formative socio-political influence. Rightly or wrongly (wrongly, as I happen to believe), Marxism has become identified as the principal carrier of those powerful conceptual tools—progress, evolution, the perfectibility of human nature—by which Western societies have, for the last three centuries, not only sought to understand history, but also to guide their action in the world.

That many of Marx's most important tenets turn out to be spurious when tested against the evidence is something I will not spend time on with you here; it has been demonstrated *ad nauseam*. Yet the myth persists.

Not only that, but our problem with this "progressive" image of Marxism has been exacerbated by the contemporary habit of perceiving the world in Left-Right terms. The identification of the Left with change, and change with progress, i.e. Marxism, means that to be critical of Marxism is to be described as a person who is hostile to change and progress. What is more, in France, England, and America, the appeal of words like "liberty" . . . "equality" . . . "glorious revolution" and the like are an integral component of our democratic heritage and have been cleverly incorporated into a doctored version of Marxism. The identification of Marxism with these democratic symbols is fraudulent but superficially plausible.

Let us, also, not forget the curious magnetism of science jargon. In the US, we tend to think that we have understood something better if we have translated commonsensical observations into scientific-sounding language. To be dazzled by this scientism is, of course, one of the sins of the social sciences. Marxism, with its claim that it is a "hard" science with laws and rules of evidence every bit as rigorous as those of the natural sciences, thus found many intellectual predilections in its favour. It seems to explain the past and predict the future. It promises to remove the flaw—"alienation"—from the human

story and set man unerringly on the road to the good life. As you well understand, Marxism can do, and has done, none of these things. But the myth was powerful, not because it added to our knowledge of what was empirically testable about Marxism, but because it appeared to satisfy Utopian longings.

2. Democracy & the Mass Media

BEFORE GOING into a more precise analysis of how Utopia defines the role of the verbalising classes in Western society, let me ask you this. Do you feel that by embracing the Marxist framework these people have, to be quite candid about it, put themselves on the side of Moscow? In other words, are they betraying the West by intellectual affinity even if they are not in terms of the law?

KIRKPATRICK: If we were to use Marxist terms of reference, we might say that "objectively speaking" they are on the other side. But as we are not Marxists, I would be loath so to characterise them unless they so characterised themselves.

—But what if they did so characterise themselves or refused to do so but nevertheless served Soviet interests by a kind of ideological mimesis? There is no law in the Western democracies forbidding the preference of Soviet cultural values to Western values, or even Soviet interests to Dutch, American or German interests, so long as a narrow band of security interests is not violated. The freedom of the citizen includes the freedom to do away with his freedom. When, in one way or another, that repudiation of freedom is practised by a substantial class of opinion-makers whom no one has elected but whose influence is almost all-pervasive, democracy has a problem, has it not?

KIRKPATRICK: Each system has its characteristic vulnerabilities, characteristic risks and characteristic strengths. The strength of democracy is that, because people are participants in the decision-making processes, they are much more likely to regard the decisions taken as their own, to feel identified with those decisions and thus to be loyal under pressure. Democracy is very good at producing loyalty; dictatorship is very bad at it. The characteristic risk of democracy is granting all—including adversaries—access to the minds and sympathies of the citizen. This flows from the very essence of democracy: that of giving a hearing to people who think otherwise; and the danger, of course, is that the hearing of another side, especially when it coincides with the hearing of *the* other side, may undermine the policies of elected governments.

That is, I grant you, a formidable risk—but life is filled with formidable risks. I happen to believe that, in the life of society as in the life of the individual, nothing valuable can be attained and held without risk, and often great danger. Ultimately, both individuals and societies live dangerously. When one makes the kind of commitment that is involved in love and bearing children, one opens oneself up to all kinds of fresh vulnerabilities. When one makes a commitment to excellence—tries hard to achieve excellence in writing or painting—one leaves oneself vulnerable to failure. When one makes a commitment to freedom, one leaves oneself vulnerable to the risks of freedom. The risks of democracy are no greater than the risks entailed in the pursuit of any other significant human value. There are very great goods associated with the democratic way of life; it is hardly surprising that there should also be substantial dangers involved.

—Who would object to any of these sentiments if the calendar on the wall read 1912, or 1938, rather than 1983? In all earlier crises there was time, usually plenty of time, to mobilise armies and demobilise or reorient those image-making and opinion-moulding forces which threatened to disrupt the morale and cohesion of the nation. There will be no time to do any such thing in a future crisis.

Pushed to its logical conclusion, this line of argument would militate for the type of siege-mentality and mobilisation-society which holds the USSR in its grip. Clearly, we must steer clear of that. But have we no choice between leaving ourselves vulnerable and putting ourselves under martial law?

Even when conventional wars were fought with spears and sabres, unilateral disarmament, based on the doctrine that evil must not be repaid with evil, was a highly impractical proposition. Writing almost 500 years ago (in "Dulce bellum inexpertis"—"War is sweet to those who have not tried it"), Erasmus argued eloquently enough that a Christian society can engage in war only at great peril to its Christian character.

"To me it does not even seem recommendable that we should now be preparing war against the Turks. The Christian religion is in a bad way if its safety depends on this sort of defence. . . . Are you anxious to win the Turks for Christ? Let us not display our wealth, our armies, our strength. Let them see in us not only the name, but the unmistakable marks of a Christian: a blameless life, the wish to do good even to our enemies, a tolerance which will withstand all injuries, contempt of money, heedlessness of glory, life held lightly. . . . These are the best arms with which to defeat the Turks. Now, only too often, we use evil to combat evil."

Yet, in real life, Christian society had to be, and was, defended by un-Christian means. There is a widespread view, which I don't necessarily share, that democratic society in our own time may have to defend itself by undemocratic means even if the challenge to it falls short of a shooting war. Would you agree?

KIRKPATRICK: Before I attempt to answer, let me say a little more about strengths and weaknesses. Look at the Soviet Union and its client states in Eastern Europe. The Soviet leaders have no way of knowing what proportion of their society, or which, if any, of their satellites, would support them in case of war. And the reason for this uncertainty is simple: they never dare permit the free expression of the fundamental preferences and loyalties of their citizens. They do not permit it by free elections, opinion polls, free emigration, the freedom of the media, or in any other manner. They have, therefore, no way of knowing whether the men and women under their rule would be loyal. That is *their* great risk—ultimately a much greater risk than ours.

The awful pitfall in coercing obedience is that the coercer cannot tell what the coerced will do if the coercion is removed. The current Polish dissent against Soviet rule and the Communist régime is only the most recent proof in a long line of evidence of the non-reliability of the nations of Eastern Europe. The Hungarian struggle for freedom in 1956, the Czechoslovak search for a new deal in 1968, and now Poland show very clearly that the desire for something other than a Communist régime of the Soviet type is not only alive but powerfully active throughout these East European societies. For all we—or they—know, it may also be stirring in the USSR.

Now, in a sudden, technologically catastrophic war, the speed of the disaster would be such that neither the loyalty of the citizens nor the bias of the media would count for anything.

There would just be no time for either to come into play. If, however, one posits a protracted conflict, that's a different matter.

—Think of the Viet Nam conflict, for example. There the US lost a war; it didn't lose it on the battlefields, but in Manhattan and the District of Columbia, through the special pleading and one-sided presentations of American television journalists.² Could Hitler ever have been defeated if the Allied bombing of Hamburg, or Berlin, or the French coastal cities had been nightly reported to American television audiences with all the ghastly carnage such attacks inevitably entail? Yet it is by the freedom we accord to these unelected opinion-makers that we choose to be judged as liberal democracies. This has led some observers to conclude that the freedoms of the press, radio, and television might under certain conditions come into conflict with the spirit of representative democracy. Might they?

KIRKPATRICK: We know that, under the conditions of our mass media, reality is susceptible to manipulation by the symbol specialists. This is, for a public official, an extremely delicate question. Let me try to comment on it all the same.

Take the concrete example of reporting the Israeli war in the Lebanon. Western television emphasised very heavily one aspect of the events: the destruction of Lebanese cities and the suffering of Lebanese civilians as the results of the Israeli use of violence. This raised questions concerning Israeli brutality. Little attention was paid to such surrounding facts as that the PLO had installed itself in Beirut for decades as a foreign occupying force; that they maintained themselves there, a state within a state, by violence; that they brutally oppressed the indigenous Lebanese; that they repeatedly attacked Israel from PLO bases in Lebanon; that they doggedly refused to leave the Lebanon voluntarily.

These facts do not exonerate Israel from charges of brutality, but they are necessary to a balanced judgment of the Israeli use of arms. But these facts were often ignored in much Western coverage of the fighting in Beirut. Instead, day after day Western publics were confronted with the spectacle of peaceful Lebanese civilians on whom the Israelis rained indiscriminate violence. Every now and then there was some indication that armed Palestinians were hiding behind this peaceful population; but very little was made of their numbers, their arms, or their large stocks of ammunition and other war materials.

This was by no means the first or only time that Western television has used its freedom to distort reality. The falsification or loading of facts in a purported description is a common feature of certain kinds of political reporting by the Western media. It is happening now with El Salvador, where the government's case is systematically vilified and the guerrillas presented as social reformers; it happens with regard to Afghanistan through the calculated neglect in reporting the Afghans' bitter resistance to Soviet aggression.

AS YOU KNOW, IT HAS ALSO BEEN happening in British television reporting. For example, on 7 February 1983, the BBC's weekly "Panorama" current-affairs programme perpetrated what I, for one, thought was a monstrous travesty of your own political views and activities at the United Nations. . . .

KIRKPATRICK: I have heard about it. I haven't seen the video-

tape: but my staff have, and they appear to share your criticism.

—This 50-minute programme gave the viewer two profiles of about equal length. One was of Klaus Barbie, who had then just been arrested and extradited to France from Bolivia to face Nazi war-crime charges in Lyons; the other was of Ambassador Jeane Kirkpatrick. The presentation of these two portraits side-by-side was surely not accidental, for the programme had an unspoken but unmistakable message: that there was not much to choose between Barbie the Gestapo torturer, on the one hand, and Jeane Kirkpatrick and Ronald Reagan on the other. Seldom has television employed the technique of "smear by juxtaposition" to better effect.

I have seen the programme, and checked the transcript. Klaus Barbie, the war criminal, it was shown, had managed to evade European justice for the best part of 40 years because Right-wing Latin American dictatorships were giving him protection. But who is nowadays the most outspoken patron of these dictatorships? Jeane Kirkpatrick, said "Panorama", with her infamous philosophy that dictatorships of the traditional "authoritarian" kind are more susceptible of liberalisation and more compatible with US interests than "totalitarian" Marxist-Leninist dictatorships. Cut: from Barbie's France to corpses in Kirkpatrick's El Salvador, making a montage of murder. With that link established, the viewer was given subliminally to understand that somehow or other President Reagan, Ambassador Kirkpatrick, and other leaders of the US Administration were, and are, in secret league with the world's Nazis, if not by deliberate acts of policy, then by intellectual and temperamental affinity.

KIRKPATRICK: The electronic media and mass education render culture manipulable in new ways. We are now touching on one of the most pressing questions of our time—one too shocking to raise (and I'm glad you have raised it), and *a fortiori* seriously to consider. Can democratic governments survive the systematic (and unsystematic) distortion of political reality by the press, radio, and television under conditions of mass communication?

It is, above all, from culture that people derive their first and lasting conceptions of reality—their notions of what causes what; what is, and is not, a worthy human endeavour; why one sort of experience is more worthwhile than another; why the monuments of human art and humane learning deserve respect; and so on. If we want to build and preserve a society in which truth and freedom are held in high repute, and in which the ordinary citizen can make his public decisions informed by a broad understanding of what used to be known in an earlier age as public "virtue"—then we must, as a society, see to it that the reality that is presented to our children explains why our values deserve cherishing.

Now, I realise that what I am saying can be twisted to raise the spectres of censorship, control of the media, and so on. I intend no such suggestion. We know well enough that the publication of textbooks and the control of the media are in the hands of a relatively small number of people who decide without public accountability what should be said in the textbooks,

² See, on the Press and Viet Nam: Robert Elegant, "How to Lose a War", *ENCOUNTER*, August 1981; Michael Mandelbaum, "Vietnam: The Television War", *Daedalus*, Fall 1982; Peter Braestrup, *The Big Story* (Westview Press, in cooperation with Freedom House, 1977; Yale University Press, 1983). For general reconsiderations, see "Vietnam as the Past" (Richard K. Betts, "Misadventure Revisited"; Douglas Pike, "The Other Side"; and Harry G. Summers, Jr., "Lessons: A Soldier's War") in *The Wilson Quarterly*, Summer 1983.

shown on the television screens, and advertised through the length and breadth of 50 American states. These people are unelected. They are, in the technical, political scientist's sense of the word, *irresponsible*, because they are accountable to no one for the use of this enormous power. In this technical sense, the media constitute the largest concentration of irresponsible power in the contemporary United States.

— *Isn't it also a problem that the Far Left's critique of the media rests on a similar charge of public unaccountability and lack of democratic control? In Britain, for example, it is a standard charge of the Labour Party that the great majority of the British press is in the hands of anti-Labour forces; and Anthony Wedgwood Benn and his friends advocate plans for a new press-deal which would render the press "more responsive" to the feelings of "the British people." Indeed, Arthur Scargill, the Marxist (if ex-Communist) leader of the British Miners' Union, made the sinister remark during the 1983 election campaign that Labour, if victorious, would "nationalise the British press."*

KIRKPATRICK: I entirely agree that there is a formidable issue here. None the less, it must be discussed. Let me give you a relevant example. On at least one occasion since I have been US Ambassador to the UN, a major national US newspaper described a sensitive piece of US government policy in an utterly mistaken way. It attributed to the government a policy which was, in fact, the *opposite* of what the US government advocated.

I thought this serious, and I wrote a letter first thing the next morning to the editors of the paper, pointing out the error, making clear what US policy was, and quoting, by way of an illustration, from the speech I had made the previous day. I had the letter hand-delivered by one of my associates to the editors of the paper by 1 p.m., giving them time to get it into their next day's issue. The editors, however, declined to print it. They said it was too complicated. I found it shocking that a senior official of the US government and a member of the Cabinet could not get access to the Letters page of a major newspaper in order to clarify government policy. Here, surely, was an example of the arbitrary exercise of power.

— *The repercussions of this exercise of unaccountable power are particularly serious abroad. For example, European communicators, and through them West European public opinion, have long fallen into the habit of considering the "New York Times" and the "Washington Post" as the authentic voices of American public opinion. This is, as we saw most dramatically expressed when Ronald Reagan was elected to the Presidency, highly misleading.*

KIRKPATRICK: Sometimes more than misleading. On a good many issues, these two papers express the *opposite* of what the US public feels and stands for. Often their views represent only the thinking of an influential but narrow band of the East Coast cultural elite. At the same time, it is the responsibility of West European journalists to find out what the US public really think and feel.

— *Are we saying that when freedom degenerates into licence, the whole context in which freedom operates in modern mass society may have to be re-examined?*

KIRKPATRICK: Every serious student of freedom has understood that liberty can degenerate into licence. They have also known that demagoguery constitutes a very special peril to demo-

cracy. In ancient Athens, where the whole citizenry could be assembled in a single place, the masses were very vulnerable to the appeals of the demagogue, and politicians had the incentive to become demagogues. Thanks to television, the citizens of the US can now be assembled in a single audience and made accessible to the manipulators of reality. It is so easy to offer painless solutions to complicated problems and to appeal to the well-known tendency to wishful thinking. Such distortions are at least as damaging when committed by media pundits as by politicians.

LET ME PLAY the devil's advocate. Wouldn't we be talking quite differently if American, German and British television favoured rather than opposed and undermined the kind of views you and I happen to hold?

KIRKPATRICK: Oh, no. This isn't simply a question of whose ox is being gored and whose prejudice is under attack. I do not at all believe that opinions are mere biases. Still less do I believe that objectivity is identical with neutrality. A story attributed to Abraham Lincoln makes the point. To know how the fight is going, Lincoln said, it is not necessary for a woman, standing in the doorway of her log-cabin watching her husband locked in mortal combat with a grizzly bear, to shout alternately "Go to it, husband!" and "Go to it, bear!" . . . Given the world we live in, it is quite possible for us to see where truth lies, which kind of political system is most conducive to producing goods for human consumption and so forth, without being neutral.

Great concentrations of power in the media are as dangerous to human freedom as are great concentrations of power in government. What is required is a more effective system in which ambition checks ambition and interest counteracts interest, so that the various countervailing controls ensure a more accurate presentation of reality.

Or we can take our analogy from industry. In the 19th century and the early decades of the 20th century, in the course of the unexpected acceleration of industrialisation, there developed in the hands of a few very powerful capitalists enormous power over the lives of millions. All Western democracies realised that these concentrations of power were dangerous for the community and proceeded, through democratic means, to take measures to protect themselves and to ensure that power would be used more responsibly for the good of the whole.

To the mass media, too, power came unexpectedly. They did not anticipate it and probably did not want it. It just arrived—and now we need to find ways that respect freedom and still make sure that media-power is used more responsibly and harnessed to the preservation of the free institutions which are a prerequisite to a free press. I do not advocate "controlling the media", because that would destroy the freedom from which democracy continually springs. But I do suggest that some parallel constraints of responsibility—which democratic societies provide for business, labour, and the government itself, to forestall or rectify excessive concentrations of power—should be provided for the media of mass communication.

— *Let us assume that we are in the running-up period to an international emergency. Shouldn't we then equip ourselves with some institutional powers to impose instant constraints on the media, especially television? Shouldn't we be able to say to the media-men: It is, at a time of crisis, intolerable that you should pour ridicule on service in the armed forces; it is intoler-*

able that you should, when reporting the embarkation of British Marines (as at the time of the Falklands War), give prominence to coffins being loaded on another boat; it is intolerable that you should ascribe the prosecution of the conflict we are involved in to the whims and self-interest of this President or that Prime Minister?

Nuclear destruction is an entirely new factor in the conduct of war, and the threat of nuclear war a new factor in international relations. Is it good enough to say—as is often said by well-meaning but short-sighted democrats—that certain means of self-defence are just not available to democratic societies, because using them would abolish any difference between totalitarianism and democracy? Unique situations may well call for unique remedies. Mrs Margaret Thatcher may well have blazed a trail when she banned all direct television pictures from the Falklands conflict and imposed restraints on all reporting. What I have in mind is some institutional device whereby democratic societies would adjust themselves to the fact that the challenge to their survival is now to be found, not in war, but in that large grey area that lies between peace and war.

KIRKPATRICK: I am deeply sceptical about such emergency measures. Western democratic societies have vested enough power in their normal decision-making and juridical institutions to guarantee efficient action when it is required. That is what we ought to focus on. Years ago I wrote a Master's thesis on the British Union of Fascists. I was much interested in Oswald Mosley's original argument, supported by John Strachey, Harold Nicolson, and others who followed Mosley in leaving the Labour Party and founding the New Party (which was the name Mosley first gave to his Union). His basic argument was that democracy moves too slowly: the emergency is too great; the crisis is too deep; we must take extraordinary measures. This is the habitual argument of those impatient with the slow, consensus-building processes of democracy. It is, of course, perfectly true that some of these processes seem unbearably slow, but I am persuaded that, unless our life as societies is *literally* at stake—unless, that is, we are involved in a shooting war for our survival—we are never justified in jumping over the normal processes of democracy in order to save democracy.

3. The Priesthood of Intellectuals

WE HAVE JUST DEPICTED *the antecedents and character of that class of men and women who appear to hold power over us by the strength of the word—"the logocracy", if you will. I refer especially to those men and women who reach us through the media and speak and think in the accents of the Marxist Left.*

"Logocracy" is perhaps shorthand for an idea you have yourself vividly expressed (in "Dictatorships and Double Standards"):

"What wealth is to a capitalist, what organisation is to the old-style political boss, what manpower is to the trade-unionist, words are to the new class."

These wordsmiths are intelligent people whose claim to leadership is their rationality and empiricism. Yet the same men and women who wouldn't dream of buying an electric cooker without looking at the guarantee and scrutinising the small print, show the most astounding gullibility when it comes to "buying" Marxian and Neo-Left ideological concepts as a guide to the

world's fortunes. We have already briefly indicated that the key to this attitude is not to be sought in any deficiency of intellectual application but in the romantic-emotional desire for Utopia, for the Good Society. While we can do no more than scratch the surface of a topic so well covered in scholarly literature, I'd be interested to know how you would define the place and role of this "logocracy" in our society.

KIRKPATRICK: I tried to indicate why Marxism is so powerfully plausible to so many Western people—that it is seen by many to be rooted in evolutionism, pragmatism, science, and so on. The greater, then, my surprise to see its utter imperviousness to criticism. You would imagine that the holders of an allegedly scientific theory would rush to the laboratories to see how their hypotheses have stood the tests of practical application. Not so. The evidence that history and economics do not move in the fashion described by Marx is overwhelming. The evidence that the political consequences of attempting to implement the Marxist vision are not those anticipated by Marx is overwhelming, too. Yet many members of our "new class" cling to the myth as though no evidence existed. What puzzles me about this phenomenon is not just the predilection involved, but its sheer, dogged tenacity—the tenacity required not only in the face of evidence, but of massive human tragedy.

For example: One can understand that a good many of the symbol-specialists in the US and Western Europe might have believed—particularly if they had paid little attention to the political events of our age—that the apple-cheeked guerrillas following Pol Pot, with their pretty moralistic statements of intention, would offer a better deal to the people of Cambodia than they received under Lon Nol's more or less conventional military dictatorship. What I cannot understand is the absence of any genuine anguish, of any soul-searching, mind-searching and history-searching, when these people became aware that two to three million Cambodians were slaughtered or starved to death by Pol Pot's men and a whole generation of Cambodians had their lives absolutely wrecked by the Khmer Rouge victory.

This extraordinary unconcern about the human cost of intellectual misjudgments is what puzzles and horrifies me.

Those who said they were motivated by the desire to improve the lot of the common man in Cambodia ended up by condoning the massacre of that common man.

—*This can strike us as strange only if we think of the logocracy as disinterested students of history. Once we realise that they are ideologues with Utopian aspirations, we can understand their unconcern with human suffering, even though we cannot condone it. They are simply not in the business of shedding tears over the elimination of the Cambodian "class enemy" if the "laws of history" decree that they shall be eliminated.*

KIRKPATRICK: The intellectual, verbalising, image-shaping classes have been the keepers of religious truth and symbolism throughout history. Today's secular Western society has produced its own secular priesthood in the shape of the verbalising classes we are puzzling over. Their search for truth is, paradoxically, the search for trans-empirical truth. Too often, some variant of Marxism seems to be the trans-empirical doctrine they are seeking. The strength of Marxism is a much more powerful testimony to the strength of *the ideal*, independent of its economic material foundations, than to anything Marx describes.

History provides evidence again and again of the willingness of the priestly classes to sacrifice very large numbers of people to their various conceptions of transcendental good—whether

we think of the priestly class among the Aztecs who oversaw the sacrifice of tens of thousands; or the priestly class during the Inquisition with the torture of heretics; or the religious wars between Protestants and Catholics with their assorted cruelties. These ghastly human sacrifices in the name of some Utopian vision, some transcendental moral "good", have been so regular an occurrence in history in both space and time that we cannot regard them as accidental. They are a permanent, though not necessary, attribute of the views and functions of priestly classes.

The reason why we are so puzzled by the inhumanity of the Marxist secular priesthood is that Marxism denies any transcendental vision. Its basic tenets are, in principle at least, subject to empirical verification. When Marxism predicts an event in history, it is perfectly possible to determine whether that event has occurred or has not. When Marxists tell us that the people of Nicaragua will be freer and better off after the victory of the Sandinistas, it is perfectly possible to go and see what in fact has happened in Nicaragua after the Sandinistas came to power, and to determine whether the labour unions or the press or the Church are more or less free, or economically better or worse off, than they were before. But Marxists are not interested in doing that. They uphold a holistic vision. The *content* of this vision is materialistic and empirical, but its operative quality is its apocalyptic end-result: the demise of the sinful bourgeois order and the arrival of the New Jerusalem. It is this final vision that matters, and *that* is held with the tenacity of religion and paid for with all the sacrifices which the bloodiest of ancient religions have exacted in their worst periods.

AREN'T WE SLIGHTLY OVERDRAWING *the sins of the verbalising estate? Europe's Humanism, and the Renaissance, too, were the work of "the book-minding and symbol-handling classes."* Indeed, if we disregard for the moment the unlettered saints of humble origin, wasn't all human achievement, whether for good or for ill, the work of the word-defining and symbol-mongering élites?

KIRKPATRICK: Far be it from me to say that religion *necessarily* breeds repression, or that our symbol-specialists *necessarily* support repression. But it is clear enough that they sometimes do. One *can* say that in our own time those members of the new class who repeatedly avert their eyes from the heavy repressions that occur in Communist régimes—and manage to maintain their innocence when confronted with the next triumph of a Communist élite—are demonstrating a preference for power over freedom, and a very strong stomach as well.

—*I suspect that the word-wielding élite's easy surrender to the "temptation" of totalitarianisms is not entirely due to the magnetism of Utopia in the abstract. Isn't self-interest another powerful force driving them in the same direction? Priesthoods have seldom lacked privilege, and, in theocratic states, seldom lacked power. And are we now not talking about a form of theocratic society and a sacerdotal class?*

KIRKPATRICK: The vision of political change, in which societies are transformed to fit preconceived notions of political good, bestows on intellectuals exceptionally important roles. As keepers of the ark of the covenant, they interpret reality, and they provide the road-maps telling lesser mortals how to get from where they are to the putative good of the Utopian vision.

Communism, then, is *the* political instrument of the accession of intellectuals to power in our time. Their glory is, of course, at its height while the revolution is in full ferment—what happens when institutionalisation has set in is another matter. One of our best examples is the hubris of the Old Bolsheviks, followed by their nemesis.

What makes the totalitarian temptation (as Jean-François Revel has called it in the book of that title) especially powerful for intellectuals is the openness of the invitation. The secular priesthood is a class of experts. To be successful in exercising its functions it is not necessary to be wealthy; it is not necessary to be well-born; it is only necessary to be intelligent and articulate, reasonably well-disciplined, to possess moral zeal and tenacity. He who has these qualities is on an automatic escalator to power in revolutionary bureaucratic régimes.

You might say that these qualities would make a man eligible for advancement in any autocracy or dictatorial régime. True. But what distinguishes the Communist priesthood from all others is (as I have already indicated) the massive scale of the brutality it condones or, sometimes, actively promotes. The *stomach* shown by these people when confronted with the beastliness of Communist régimes puts them in a special class.

Jean-Paul Sartre offered as good an explanation as anyone has of the totalitarian temptation to which he himself succumbed. In 1952, while the Soviet Union was still in the grip of Stalinism, he announced in a famous article his fidelity to the Soviet Union and the Stalinist French Communist Party. He argued that, even recognising the shortcomings and brutality of the Soviet régime under Stalin, it was for "a moral man" the appropriate posture to declare his loyalty to Soviet Communism, because the Soviet system alone offered a hopeful alternative to the inadequacies of existing Western society. It was necessary, Sartre argued, to reject Western democratic societies and embrace the Soviet Union regardless of the consequences.

—*What Sartre and other intellectual supporters of the Communist system do not say—or say only under the thick cover of the dialectic—is that their quarrel is with human nature. Once you believe that man is inadequately constructed and that you must and can change human nature, you have equipped yourself with unlimited licence for brainwashing, menticide, and the elimination of any number of unwanted people. You aim for a "New Man", be he "Soviet Man" or "Maoist Man."*

KIRKPATRICK: Yes—and that brings us to the familiar Marxist notion of sacrificing one generation in the expectation that human nature is perfectible and the next generation will, under Communist conditioning, turn out to be more satisfactory. Such indeed were the assumptions of the Khmer Rouge in Cambodia. They committed genocide with an easy conscience.

WE HAVE STRAYED *into discussing what Communist élites do under Communist régimes, whereas our original purpose was to see how and why élites in our own societies, and especially in our mass media, distort our vision of the real world in ways which are beneficial to our adversaries. To that I now wish briefly to return.*

My concern is the narrow one of television journalism, for it is there that a powerful bias is built into the very context in which news, current affairs, educational programmes and drama are presented. It is not this or that particular distortion that worries me (although those can be worrying enough), not even the

hidden ideology in which the presentation of pictures and comment are embedded (though that touches on the very heart of the matter), but once again, the character of the class of people who are responsible for the conditioning.

Let me put it to you that the men and women who run television have obtained for themselves so fundamental a slice of power over the whole of society that we should perhaps think of them as a group or class within the larger class of people we have described as symbol-specialists, and ask ourselves whether their excessive influence doesn't give cause for anxiety in a representative democracy.

KIRKPATRICK: This would be narrowing down the scope of our enquiry unduly. The bias embedded in television is, of course, a fundamental element in the picture; but it would be going too far to say that the television "mediacracy" derives its power from television as such and that it should be treated accordingly.

Some years ago, during the 1940s, my good friend and sometime mentor, Harold Lasswell, conducted a highly interesting empirical study about world revolutionary élites. Having examined the élites of Fascist Italy and Nazi Germany, of the Soviet Union, of the Kuomintang and Communist China, he and his associates concluded that all these revolutionary movements were led by a "skill-based" class of upwardly-mobile men and women who knew how to use and manipulate cultural symbols—symbol-specialists, if you like, or cultural propagandists. These people, Lasswell observed, were overwhelmingly middle-class and university educated. They could not be understood in terms of conventional economic and social backgrounds; they had to be understood in terms of the skills which they used to achieve and maintain themselves in power.

This still strikes me as a persuasive analysis. I believe television propagandists should be seen as a part of this larger élite. Since the 1930s, with the enormous growth of media communication and the centralisation of the media, these skill-based symbol-specialists have become ever more powerful. They have been reaching larger and larger audiences and acquiring more power over meaning and culture. I will waste no further words to describe their *modus operandi* and their place in the priestly establishment, because we have already looked at a number of typical cases. Let me just say that this élite, with the television people in the lead, possesses great power. They have the power to undermine our conception of reality, our values and self-confidence.

—I have no quarrel with Professor Lasswell's observations except perhaps that his findings are commonplace and have been around for a long time. Anyone who did not know that intelligentsias of one sort or another have been responsible for all modern revolutions—whether of the nationalist or democratic kind—cannot have read the history of the 18th and 19th centuries very carefully. The 1848 revolutions were the work of book-minding élites as much as the 1917 Bolshevik revolution and the 1956 and 1968 anti-Bolshevik revolutions in Hungary and Czechoslovakia. To append to the names of Nikolai Bukharin, Mao Tse-tung, Milovan Djilas, István Bibó, Tibor Déry, Ota Šik or Milan Hübl the tag of "skill-based symbol-specialists" does not seem to me to add greatly to our knowledge.

KIRKPATRICK: Lasswell was perfectly aware of the intellectual origins of the 1848 revolutions and of the French Revolution. His contribution was to gather data on the actual biographies of whole élites, not just the most famous leaders. Lasswell called attention to the fact that in modern (i.e. 20th-century) societies the possession of purely intellectual credentials (credentials

unrelated to birth or wealth) have been the surest ladder to upward political mobility in pre-revolutionary and revolutionary situations. Your Fascist, Bolshevik, and Maoist élites were self-made men with very similar social and personal backgrounds, which belied the claims of their ideologies. The Marxists were not proletarians; the Fascists and Nazis were not agrarian. Their power in all cases had been attained by their skill in myth-making and communication during a period when old myths of authority had lost their compelling power.

4. *Détente by Soviet Rules*

PRESIDENT REAGAN, in his speech before the joint Houses of the British Parliament in June 1982, surprised the Western world with a plan which takes a leaf out of the Soviet book and promises to confront the ideological offensive with an ideological counter-offensive. He stressed that the one truly revolutionary force in our time is democracy, and that it is the West's duty to encourage a "campaign for democracy" in Communist régimes.

Some of the West European reaction to the President's speech was curiously muted and even hostile. There were dark hints that the US was unnecessarily belligerent; that democratic societies were incapable of pursuing consistent ideological policies; that the speech was dangerous because it was touching on the sensitive question of Soviet legitimacy and thus, by "rocking the boat", on Western security.

One was left with the feeling that the fear of Soviet bluster and the appeasement of Soviet interests had become so much second nature in some Left-oriented West European quarters that the very thought of giving the Russians a taste of their own medicine, of answering propaganda with propaganda, psychological intervention with psychological intervention, détente with détente in the Soviet definition, struck them as impermissible and almost indecent. Indeed, some of our verbalising classes let it be known that a "sinful America", with the skeletons of Viet Nam, Chile and El Salvador in its cupboard, had no business to teach the world democracy.

I have no doubt that you disagree with most of these views. But what about the concrete charge that the President's plan is "dangerous" to our security?

KIRKPATRICK: On the contrary; what is dangerous to Western security is the misleading view that *détente*, as the Russians define it, is anything but a continuing ideological conflict between the two systems. President Reagan's position is not only *not* dangerous but is the only prudent view we can take of the matter, because it is consistent with the real facts of the situation. The Soviet leaders, among them the late Secretary Brezhnev, have systematically told us over a long period of time that the "competition" of systems and ideologies continues, indeed increases, under *détente* and that "competition", in fact, incorporates, on the Soviet side, ideological aggression. If the West European public or certain West European governments permit themselves to feel that *détente* signifies the end of a deadly serious rivalry between the Soviet and the Western systems, they are basing their security on illusion.

The West's attitude to this whole question over the last decade or so has too often been one of unilateral moral and political disarmament. Western élites have encouraged us to believe that it is entirely acceptable for our various Communist Parties and their sister organisations to conduct, on behalf of

the Soviet Union, intense ideological assaults against our societies with fair means as well as foul, but that it is aggressive and unacceptable for Western societies to try to defend themselves in an energetic fashion, much less to state a positive case for democracy and human freedom. This unilateral moral and political disarmament has been the dominant aspect—I will not argue whether it has been the cause or the effect—of America's great retreat over the last decade or so.

I believe that the 1980 US elections constitute a turning-point in American political life in that they represent the rejection of the view that the decline of the West is inevitable, or that the decline of American power is inevitable. There is now a widespread and wholesome conviction in the US that the retreat of American influence has made the world more dangerous, and that acquiescence in the decline of US power is therefore neither desirable nor acceptable. I believe and hope that the 1980 elections—like the turning-point the French had reached in 1958—mark the return of American self-confidence in the success of our system, and a determination to take prudent measures to ensure its survival. They show no nationalistic hubris, nor any sense of expansionism. They show decent self-respect; that's all. The President's speech before the two Houses of the British Parliament reflects this return of American self-confidence.

IT MIGHT BE USEFUL at this point to take a bird's-eye view of what President Reagan actually said. May I summarise it in telegraphic style under eight headings?

First, Marx was right in predicting a great revolutionary crisis in our time, but that crisis is gripping not the free West but the Soviet Union. It is the Soviet system that runs against the tide of history. Second, throughout the world the democratic revolution, the emancipation of peoples and individuals, is on the march. Third, the Western countries will assist this democratic revolution not only when it is directed against right-wing dictatorships, but also when it tends to upset Communist régimes. They reject the argument that "once countries reach a nuclear capability, they should be allowed an undisturbed reign of terror over their own citizens." Fourth, Western encouragement of democratic forces within the Soviet bloc is justified by the Soviet record: since 1917 the Soviet Union has given covert training and assistance to subversive forces throughout the world. Fifth, in offering such encouragement, the Western countries will be doing no more than playing the East-West relationship by Soviet rules—it was Mr Brezhnev who laid it down that the competition of ideas and systems is entirely consistent with peaceful coexistence. Sixth, while the West must not force the pace of change, any upheavals that might follow should not be blamed on us since the repressiveness and lack of legitimacy of the Soviet system invite resistance. Seventh, the US is in the process of drawing up a practical programme to put these ideas into effect. Eighth, the march of freedom and democracy "will leave Marxism-Leninism on the ash-heap of history."

All this strikes me as a practicable plan and sound morale-raising stuff as well. It challenges the Soviet leaders on their own ground and employs the sort of language that hurts. But is it safe to assume that the US, never famous for the consistency of its foreign policy, will now immerse itself in ideology, and launch and sustain a long-term ideological offensive on a world scale, with all the immense sophistication that would require? Would such a campaign survive a change of Presidents, Congressional elections, or even a change of Secretaries of State? Would some

of the Western European powers, with their illusions about détente largely intact, follow suit?

KIRKPATRICK: My answer is basically: Yes. I can see the President's plan being carried out by the US *as we are* and with the allies we *have*. This will not be an aggressive type of policy but a steady, prudent encouragement of pluralism, self-expression, self-determination—of the infrastructure of democracy. Mind you, the desires for freedom, autonomy, and national independence are not the only strong forces abroad in our time. We can also see the extraordinary spread of tyranny, terrorism, murder and mayhem, which has made this perhaps the bloodiest century in human history. But just as the demand for absolute security, associated with the will to absolute power, has driven the Russians into Afghanistan, so has the determination of the Afghan people led them to a persistent and heroic resistance, even though they cannot, at present, hope to wrest from the Russians more than minimal control over their destiny.

I would add to the President's contention that democracy is a robust plant, that its preconditions are (as I have tried to emphasise in my writings) more complex and more difficult to come by than are those of autocracy. Nevertheless, the desire for freedom, self-expression and self-determination is a permanent aspiration of people throughout the world, and the President is entirely right in saying that we must encourage them with our example and give them our active support.

Now, is it aggressive for the US and the West as a whole to interpret *détente* in the same fashion as the Russians interpret it? Is it aggressive for us to foster freedom with as much determination as the Russians foster tyranny? I don't think it is. It is reasonable and prudent that we should do so—and it would be unreasonable and dangerous if we should neglect to do so. And there is much in the President's recipe that we can—as democratic societies with a great deal of experience in voluntary associations, grass-roots movements, and the like—do extremely well without necessarily involving government.

For example, the American trade-union movement, the AFL-CIO, has long experience in encouraging free trade unions elsewhere in the world. The American Newspaper Editors' Association and the International Press Institute, the Rotary and Lions' Clubs, and many other voluntary associations, have similar experiences in fostering the infrastructure of democracy. These aren't, then, revolutionary suggestions. We have been doing these things for a long time. The challenge is to do them better, on a larger scale, and to coordinate them with our allies.

—Nevertheless, isn't the break with America's previous conception of *détente* rather spectacular? Consider some of the assumptions of the Nixon-Kissinger-Carter era: that the Soviet Union could be lured into responsible international behaviour by aid, trade and technological transfer (or, as the Germans mockingly said, that K. Marx could be bought off with D-Marks, or Lenin with Kennan); that the Soviet system could be so intricately interwoven with our interests that the Russians could not unscramble the relationship without ruin to themselves; that we had, indeed, a direct interest in upholding the Soviet system because, with all its faults, it represented a known quality, a calculable calculus, in a volatile and dangerous world. The President's London speech still appears to me to be the summary rejection of all these illusions and a "declaration of peace" on the Soviet Union as "peace" is understood by the Russians. For let us make no mistake about it: "supporting the forces of democracy" in the Soviet bloc means, in plain English, attempting to undermine the Soviet system.

KIRKPATRICK: In some of its formulations, *détente* certainly suggested that if we treated the Soviet Union as a *status quo* power it would become a *status quo* power. Behind this notion was the assumption that there is some inevitable law in the history of revolutions whereby revolutions, after a time, lose their original zeal and determination to expand and become comfortably institutionalised and eventually end up behaving like any other established power. Indeed, authoritative spokesmen in the US gave this view wide currency. . . .

—Henry Kissinger, for example. . . .

KIRKPATRICK: . . . believing that the revolutionary impetus had either already gone out of the Soviet system or was just about to desert it. This would open the way for our enjoying normal relations with the USSR because the Russians would abide by the rules of international law, the UN Charter, and so on. That, of course, has not worked out. Instead of behaving like “a *status quo* power”, the Soviet Union has, since 1977, engaged in reckless expansion on several continents. Theories which postulated the end of Soviet expansionism and expected the Russians to behave with the rationality and circumspection of a traditional power were just mistaken. They have been disproved by facts.

DR KISSINGER, to do him justice, never believed that *détente* could be successfully pursued without the US showing itself able and willing to counteract aggressive Soviet behaviour at all levels of application, including the use of force. And he convincingly argues in his memoirs that Viet Nam and Watergate between them cheated him out of half—the force-based half—of his *détente* policy. Hence, he says, *détente* has never been properly tested.

However this may be, I am struck by your statement that it is the Soviet record of expansion since 1977 that shows up the misconceptions which informed American *détente* policy. Warnings, based on Soviet history, that *détente* could never succeed came much earlier than that and were numerous. Some of us published a substantial study, “*Détente*”, in 1975 (and had large parts of it broadcast between 1973 and 1975), in which Soviet *détente* tactics, past and present, were laid bare and the prospects of any future *détente* depicted in chillingly negative terms. The critics of *détente* at the time included George Ball, François Bondy, Zbigniew Brzezinski, Bruno Pitterman, Dean Rusk, Leopold Labedz, Richard Pipes and Adam Ulam. A great many other scholars and politicians, especially those familiar with Soviet ideology and history, gave similar and more important warnings, and were as little listened to.

KIRKPATRICK: I would, in my private capacity as a student of Soviet affairs, completely agree that there have never been adequate grounds to suppose that the Soviet Union would stop being an expansionist and aggressive power.

However, we must give credit to a number of those who were, at the time, responsible for shaping our foreign policy: it was not empirically absurd to think that *détente* might succeed. It is empirically absurd to hold that view now, but in the early 1970s, when the theories of “linkage” and “*détente*” were enunciated, we had no tangible evidence of recent vintage to demonstrate that the policy had no chance of practical success. Now we have not only good theoretical ground for thinking that the *détente* theory was wrong, but unquestionable,

tangible, recent evidence, too. Therefore, to go on holding a view which has been so massively disproved by experience is irrational. What President Reagan was saying in his speech is that we must, in the light of experience, give up this unrealistic view of *détente* and accept, as the basis of our policy, a view of relations with the Soviet Union which corresponds more closely with the Russians’ own view of their relations with us.

Is this unfair? Can this be thought to be a bellicose policy? I would hardly think so. Our readiness to play *détente* the way the Russians have defined it violates only one thing: the tenets of unilateral Western disarmament, moral and political. It violates our unilateral forswearing of competition with the Soviet Union; but that is a violation I am entirely prepared to accept. Whether we are working from Marx’s conception of the rational, or Hegel’s, or anyone else’s, it is irrational today to behave as though the Soviet Union were a *status quo* power, prepared to enter into stable, peaceable, non-expansionist relations with the rest of the world.

There are two fundamentally new facts about the current period which have significantly altered our relations with the Soviet Union: the loss of American military superiority, and the Soviet Union’s unprecedented expansionism. Alongside the emergence of these facts came the disproof of the view—a view not persuasive to you or me, but persuasive to a good many Western élites and intellectuals—that the Soviet concern with military build-up was a consequence of “Soviet insecurity.” If only the Russians were allowed to achieve parity with us (so it was said), they would shed their obsessive concern with increasing their arsenals and agree to verifiable arms-control agreements. Acting on that assumption, Kissinger, Brzezinski, and most of their counterparts in the West European Allied establishments made it their policy to allow the Soviet Union to achieve military parity with the US. Meanwhile we were limiting our own military development in order to enable the Russians to catch up. This was an unprecedented step in the history of power relations—generous to the point of folly. The Russians caught up; and then what happened?

What happened, of course, was that parity, instead of leaving the Russians feeling “secure” and ready to abandon the build-up, simply encouraged them to move into a period of unparalleled expansion.

There is, I should add here parenthetically, an interesting fact about US estimates of Soviet military production which is relevant to this discussion. All our estimates of the last several years have had to be repeatedly abandoned and revised upwards—a process which continues to this day. Time and again we made the optimistic assumption that, having achieved a certain level of strength—the level of parity, or even of a certain advantage over us—the Soviets would cease the race for further advantage. Not so. As soon as they reached one level, they continued just as rapidly as they had before! In other words, the arms build-up isn’t a prop for Soviet self-respect or a means of allaying feelings of Soviet insecurity, but an instrument of imperial expansion.

5. False Projections

IT WAS SURELY (as you imply) an act of extraordinary naivety to project American morality on to the crude power-holders and hegemonialists in the Kremlin. *Détente* suggested that if the US treated the Soviet Union as a power anxious to uphold existing world order, it would become a power anxious to uphold

existing world order—that our moral and political disarmament would somehow induce the Soviet leaders to follow suit. Well, the USSR and its leaders found the temptation of moral and political disarmament rather easy to resist.

I sometimes wish we could, in a just cause, take a leaf out of Thucydides and present it as a lesson to the US intellectual establishment. When the Athenians, speaking from a position of strength in the sixteenth year of the Peloponnesian War, decided to bring their power to bear on the island of Melos, they let it be known to the Melian generals that the advantage of power was on their side and that they intended to use it:

“You know and we know, as practical men . . . that the strong do what they can, and the weak submit. . . . We believe that Heaven, and we know that men, by a natural law, always rule where they are stronger. We did not make that law nor were we the first to act on it; we found it existing, and it will exist for ever, after we are gone. . . .”³

The Athenians were to be proved wrong. While the Soviet Union has always operated, and still operates, on the “natural law” that “might is right”, the US does not. America did not make use of its post-War nuclear monopoly, and has, in the last decade, deliberately (as you say) allowed the Russians to draw level.

KIRKPATRICK: The projection of our own morality on to the Soviet leaders has certainly no justification in history. But we keep doing it. We project the aspirations, hopes and behaviour of “Benthamite Man”—of reasonable, prudent, democratic people—on to the Politburo, and then are surprised to find that they don’t behave like Anglo-Saxon Utilitarians.

—A basic flaw, a kind of San Andreas fault, in our whole Western foreign policy thinking. It can be especially misleading when we have to deal with an ideologically-motivated opponent. . . .

KIRKPATRICK: Of course. The whole theory of *détente* was based on two mistaken projections. One was the projection of “Russian insecurity”, which we have already discussed. The other was the wholesale projection of Western attitudes towards trade, living standards, and the good life. The assumption was that the multiplication of economic ties between the East and the West would demonstrate to the Soviet élite the advantages of increased contact and permit them to raise living standards, and that these higher standards of living would wean Soviet society away from the pursuit of expansion, in favour of the pursuit of the good life.

—A fat Communist being safer than a lean Communist. . . .

KIRKPATRICK: Yes. Now these, I stress, were projections from our own experience. Our societies are interested in the pursuit of the good life for ordinary people, in the utilitarian principle of the greatest good of the greatest number, in the unheroic civilian virtues. What we were, and to some extent still are, doing was to transfer utilitarian ideals and motivations on to people busy pursuing dreams of world conquest. That is making a terrible mistake.

In the Third World too, we keep on committing the same error. We blithely assume that revolutionary élites who come to power in places like Nicaragua will not behave like power-obsessed totalitarians, but will, despite their professions to the contrary, content themselves with creating a better, freer, and more prosperous life for the people. That is why so many

expected Pol Pot’s forces to improve the life-chances of the ordinary Cambodian, and were surprised to find that the Khmer Rouge were using murderous force to overhaul the whole of society in pursuit of a preconceived ideological fantasy.

—If one looked deeper into the reasons for the Western Left’s disinclination to recognise the fundamental “otherness” of totalitarian revolutionaries, one would probably run into the basic principles of 19th-century liberalism. I mean certain tenets fully absorbed by now in the body of conventional wisdoms: that people throughout the world are not only basically equal and deserving of equal respect, but also similar in their motivations, desires and responses. It is this optimistic liberal fallacy that has led some of our politicians to postulate that it is enough to feed up a hungry Communist in order to turn him into an Austrian Social Democrat. We have here a mirror-image of the equally fallacious (but very popular) aphorism that the difference between social peace and a riot is two missed meals, that between social peace and revolution three.

KIRKPATRICK: The underestimation of the ideological factor is one of the fundamental errors of the Western understanding of Communist affairs. It is another aspect of the projection of “Benthamite Man” on to Leninist Man or Trotskyist Man or Maoist Man.

—We have both been critical of the Kissingerian version of détente. Yet Dr Kissinger’s summary answer to his critics was reasonable enough. “The survival of mankind”, he said, “is a human right, too.” True or false, Kissingerian détente-ideology appeared to exclude war as a rational option in the nuclear age.

But should we, too, after the failure of détente, exclude it as an unusable option? Is there something to be said for the view that peaceful democratic societies (precisely because they are what they are) have so poor a record of imposing economic sanctions on an adversary, of mounting coordinated information policies externally or internally, of gearing their cultural, scientific, and diplomatic contacts to the requirements of peace-time self-preservation, that, paradoxically, it may well be in their interest to opt for the medium of armed conflict as the only one in which they need not be hopelessly handicapped? Certainly Clausewitz would nod in agreement.

One might, indeed, arrive at a similar conclusion by a different and shorter route. A showdown of some sort has become inevitable (it might be argued), not because any single factor has alarmingly upset the East-West equilibrium (though the Soviet military build-up arguably has), but because four decades’ accumulated bitterness, and fear of the opposing party’s motives, power, and ideological aggression have created the psychological prerequisites of war. And one could again point to Thucydides to show that it was all very predictable: “The real but unavowed cause [of the Peloponnesian war] I consider to have been the growth of the power of Athens, and the alarm which it inspired in Lacedaemon; this made war inevitable.”

KIRKPATRICK: No, I don’t think war follows. I don’t believe any failure in any department of the great-power relationship makes war “inevitable” or desirable. But we have to compete with the Soviet Union—and compete effectively—in domains other than war; and that includes economic relations, not as a form of purely economic activity, but as one of political power. It also includes information, communications, and technology. This approach is familiar to the Russians. They are deploying it against us; it is remiss if we fail to use it against them.

³ *The History of the Peloponnesian War*, Ch. V, 89, 105.

The Soviets have from the very beginning regarded economic policy as an important factor in the power game, whether they were at the giving, or, more often, the receiving end. We, on the other hand, because we are democracies, with decentralised and mainly private economic decision-making, have always had great difficulty in making economic decisions on the basis of their consequences for power relations. Look at the vexed issue of the Siberian gas pipeline.

From the very beginning, we looked upon this venture in political terms. We said: we refuse to assist the construction of this pipeline, because, in the final analysis, it will enhance the power of the Soviet Union by making Western Europe more dependent on Russian energy supplies, and by greatly increasing the Kremlin's hard currency earnings and thus its ability to mitigate the effects of its economic mismanagement. In other words, American policy was to view the pipeline as an instrument of Soviet power and influence; and although our policy of imposing sanctions on certain American-sired West European firms has now been waived, it has only been waived in favour of a more coordinated Allied economic policy *vis-à-vis* the Soviets—a policy which will emphasise the power factor in economic relations much more than we, as an Alliance, have done so far. True, certain European sensitivities have been

hurt—but so have American. What is basic is the American conviction that if we are to go on carrying the largest share of responsibility for the overall defence of the West, we cannot acquiesce in economic policies which lead to the continuous strengthening of the Soviet Union.

So my answer is that war need not follow, but, in order to make certain that peace is preserved, we have to learn to play the power game effectively on the entire keyboard of our relations with the Soviet Union, even if we have to pay an economic price for it, which we all dislike paying at a time of recession. Prosperity is desirable; welfare-state benefits are important; but survival must come first.

—*Are we not, in many ways, subsidising the Soviet system? The pipeline, when it comes on stream, will be our largest contribution yet to the upkeep of the Soviet military-industrial complex. Former President Giscard d'Estaing, speaking as the President of France, is on record as having said that keeping the Soviet colossus in some working order is our only alternative to working for its destruction and thus for world upheaval.*

Doesn't this strange pronouncement seem to imply that some West European countries have now assumed—as a form of self-blackmail, inspired by fear—the tacit duty of paying tribute,

Confession of . . .

TIME WAS I BELIEVED a leak was the unauthorized disclosure of confidential information about actual events—such as, for example, conversations within the executive branch. That was before I understood that a leak is the weapon of choice in Washington's unending internal wars—ideally suited to spreading disinformation about fictive events.

Undocumented allegations and anonymous sources link private ambitions to public policy in labyrinthine webs of personal and political relations. Two or three well-placed "sources" working with two or three well-placed journalists can create an issue, shape an interpretation, build or destroy a reputation. From the perspective of political science, it is fascinating. From the perspective of public office, it is frustrating beyond belief.

How do you correct the record when the discussions are all confidential? My interest is more than academic or personal. The paper triangle that links symbiotically anonymous and interested bureaucrats and politicians with dependent journalists is as much a threat to an informed public as the "iron triangle" of bureaucrats, politicians and the "Interests" is to honest government.

DURING THE PAST month or two, much of the U.S. national media has relied on undocumented leaks and unidentified sources to construct a political melodrama in which some bad guys—the "hard-liners"—are pitted against some good guys—the "moderates"—in a contest for control of U.S. policy toward El Salvador and the Central American region. According to this scenario, the good guys support political

solutions, negotiations, regional dialogue, bipartisan consensus, and are deeply concerned about "underlying economic and social problems." "Hard-liners," we are told, oppose these good things; they advocate military solutions, and are dead set against negotiations regional dialogue and bipartisan consensus-building. Hard-liners prefer political polarization.

In the current scenario, hard-liners are frequently named Clark and Kirkpatrick, though sometimes they are called Casey, Weinberger, Stone or, even, Reagan. Their principal activity is giving bad advice to the president. Because my name is also Kirkpatrick and I hold almost none of the views attributed to that Kirkpatrick, I desire to clarify just what kind of advice I have given in the weeks after the president asked me to visit Central America. I understand that it is not considered sporting to introduce into these Washington games verifiable facts or on-the-record statements of participants; but, then, I am not a thoroughly seasoned player and have not lost the predilections of my regular profession.

OBVIOUSLY, I SPEAK only for myself. I have not been present in most of the conversations of other participants. However, since I have often been cast by "sources" as the "hardest" and "most militant" of the hard-liners, my role seems relevant to the whole dramatic production, and the fact that my actual views and recommendations bear almost no relation to those attributed to me undermines, I should suppose, the credibility of this melodrama.

Interested persons might want to know

that instead of opposing attention to economic and humanitarian dimensions of Central America's problems, bipartisan participation in policy-making, the Contadora process and the broadcast possible participation in Salvador's elections, I have consistently made *opposite* recommendations. I have advocated greatly expanded humanitarian and economic assistance; bipartisan participation in formulating a new policy; unambiguous support for the Contadora process and regional dialogue; and maximum efforts to secure the broadest possible participation in Salvador's elections.

IN MY MEMORANDUM to the President on returning from Central America I took a very "hard line" on hunger, malnutrition, infant mortality, illiteracy, economic underdevelopment.

"Congress [I wrote] has not provided the resources or support needed in part, at least, because we have not worked with them to develop a bold, imaginative program which goes beyond preventing Communist victory in the very short run, to produce for the chronically deprived people of the area the reality of present progress and the promise of more to come."

I cited Congressman Mike Barnes' proposed "one-percent solution" to the region's problems (using 1% of the requested defense budget to finance an adequate economic effort). I recommended for inclusion in the speech to the joint session a program "so beneficial to the terribly poor, malnourished people of the region that the

protection money, to the Soviet system? We may also have to revise the validity of Thucydides' observation. For what Giscard seems to be saying is that in the nuclear age a world-power has to be feared, not when it grows too strong, but when it grows too weak. Tantalising thoughts, both of them.

KIRKPATRICK: We are, as democratic societies, certainly fighting with unequal weapons. Imagine the following scenario.

The American capitalist system is in deep trouble. Its agriculture is in ruins, its industry has become uncompetitive, its currency is non-convertible, even its military preparedness has been starved of funds. There are bread-lines in Iowa, there is gasoline rationing in California, and meat supplies have collapsed in Chicago. Prison labour is being used to build the Alaskan pipeline. America is looking for Soviet cooperation to make up the disastrous shortfall in its supply of feed-grain. It invites Soviet technological transfers and credits for the modernisation of its ageing missile guidance systems, and hopes to import Rumanian drilling bits to bring its oil production up to date.

Can you imagine any Soviet leadership saying: "We must not allow American capitalism to go under, because capitalism will

not give up without a fight, and in the ensuing holocaust we too will perish. Let us supply the Americans with what they need and allow them to catch up with our nuclear capability. A fat capitalist makes a safer neighbour than a lean one. An insecure US means insecurity for the USSR too. . . ."

To raise the question is to answer it.

WHY IS IT THAT we are not only asked but somehow expected to give this kind of free ride to the USSR? I have a suspicion that when Communist élites (and our Left) expect us to do so, they don't do it simply out of a sense of self-righteousness or Leninist cynicism—though both are very much part of the picture. Somewhere at the back of the mind of almost every Communist there lurks a feeling that the Soviet system is an aberration, and that normality, with its unregulated variety, sanity, compassion, safety-nets, and human satisfactions, is to be had in the West only. Communists I have known certainly conduct themselves on the unspoken assumption that "somewhere out there" capitalism and democracy—like some much-abused but safe parental home—is being quietly kept in a state of good repair, to which they can return when Utopia has

. . . a "Hard-Liner"

American people will be proud to support it . . ." and also recommended the establishment of "a national bipartisan commission [which would] examine how we should apply our talent and resources to foster health, growth, security and democracy among our neighbors in Central America and the Caribbean. . . ." I further explained to the president that this was an approach I had discussed with Sen. Jackson and other Democrats.

Though current mythology suggests otherwise, new broad, bipartisan initiatives were resisted by the "good guys" themselves. So were efforts by the governments of Central America and the Contadora Four to get under way a process of negotiations for Latins only. President Herrera Campins last week described to the Venezuelan press the message he asked me to deliver to President Reagan: "Don't let your government torpedo our conference."

Reasonable people may feel the chances of success would be enhanced by our presence among the Contadora negotiators; they may think democracy would be better served by sticking with the San Jose approach. But the fact remains that Venezuela, Mexico, Panama, Colombia, et al., have desired an all-Latin conference, and our Central American friends have supported their effort. So have I. Far from believing that "The very mention of negotiations in El Salvador appeared a sign of weakness" (as charged by an anonymous source in *The Post* June 12), against considerable official resistance, I argued from Latin America and in Washington that the United States should pose no obstacles to the Contadora

negotiations, should make no demands that we be included, and should, instead, stand aside offering support as appropriate.

ON ALL THE ABOVE ISSUES there has been a certain amount of disagreement within our government, though the sides are not those popularly perceived. On other important issues there is a clear public record to prove there has been no disagreement at all. No one has proposed sending U.S. troops into combat in Central America, no one has proposed abandoning Central America. No government official has supported a "two-track" approach where one track leads to negotiated power sharing in El Salvador; everyone has supported conversations to ensure elections with broad participation and security for all.

I have also advocated continued military assistance at levels adequate to meet and match guerrilla arms, but then so have all other participants in the executive department's policy dialogue.

Above all, I have argued in print and in person from well before President Reagan invited me to join his government, that the people and governments of Central America, the Caribbean and, indeed, South America are important to the United States; that our security and history bind us to the Americas just as surely as they bind us to Europe; and that it makes no sense at all for us to perceive and protect vital national interests in Europe, the Middle East, the Far East and Africa (where we provide large, continuing amounts of economic and military assistance and in some cases U.S. troops and trainers) while ignoring and neglecting friends and interests on our own

borders. I have, moreover, insisted that the fact that the Central American peoples have suffered under dictators in the past is not a reason to consign them to repressive new dictators sponsored by the Soviet Union; it is, instead, a reason to help them escape to freedom.

What do all these views have in common with the struggle between "hard-liners" and "good guys"? An interesting question.

The fact is that "hard-liner" has become an all-purpose term of political abuse. In popular political mythology the hard-liner is the missing link between political Neanderthals and modern man. It is shorthand for a mindless, heartless approach to public policy. Along with other abusive terms, "hard-liner" should be eschewed in serious political discussion in favor of more meaningful ways of categorizing political actors—such as, for example, active and passive; innovative and conventional; smart and dumb; effective and ineffective; honest and dishonest; straightforward and devious; generous and niggardly; ambitious and contented; prudent and reckless; political and bureaucratic and so forth.

MEANWHILE, it is worth noting that if the "sources" were as good at managing public affairs as they are at managing the news, the world would be better governed; and that if journalists were as suspicious of their favorite anonymous sources as they are of, say, the president, we would be better informed.

Jeane Kirkpatrick
in THE WASHINGTON POST

turned sour or a visit to the dentist is due. Anyone who has made the trip from Peking to Hongkong—or from Bucharest to Vienna—is familiar with the feeling.

What makes the West's position unique (if I may develop this thought for another moment) despite its loss of military and imperial preponderance in the world, is almost intangible factors of profound importance. It is in the democratic West that the world's conscience is located; and it is the West that does the entire world's creative thinking. "You in the West have a special duty because you are free", a Hungarian Catholic poet (János Pilinszky) told me in Budapest in the late 1960s. "That freedom is both a blessing and a burden, for it makes you spiritually responsible for the whole of humanity. . . ."

And, in fact, whether we are thinking of human rights, co-determination in industry, the advancement of the status and earning-power of women, conscientious objection to military service, the protection of the environment, the preservation of wildlife, or whatever—all this vital impetus has come out of the doomed "capitalist" West. The Communist East has been as barren of creative thinking as it has been of creative art and technological innovation.

KIRKPATRICK: Utopian fantasies are aberrations the moment you take the crucial step of trying to put them into effect in defiance of human nature and the experience of history.

As to Giscard d'Estaing's comments, as quoted by you, they are almost the opposite of what I believe to be true. President Reagan believes, and I certainly believe, that although the Soviet Union is—as totalitarian states usually are—very skilled at building up military power, its ideological/economic rigidity renders it incapable of producing the goods required to support its population at a decent standard of living and to provide for growth. Such economic development as it has managed to achieve in the last decade has been, in significant part, due to the fact that it has, with our cooperation, managed to rely on the Western economies for credits, cooperative agreements of all kinds, technological transfers, and other forms of development assistance. So, of course, have the other East and Central European Communist states. Poland is hovering on the verge of bankruptcy and had to be repeatedly rescued by Western banks and governments; and Rumania is bankrupt.

But that is not all. Prolonged development aid by the Western nations has enabled the Soviets to finance not only their military build-up, and not only the maintenance of their hegemony in Eastern Europe, but also their military adventures in Central America, Angola, and Ethiopia. According to reliable US estimates, the Russians provide Cuba with assistance to the extent of nine million dollars *per day*.

Now, if we stopped subsidising the Soviet empire, the Soviet leaders would have to make some painful choices. They would either have to cut back their military expenditures and imperialist ventures abroad in order to be able to feed and clothe their population; or, if they decided that the military dimension must come first and the population can wait and suffer, they would have to expose the Soviet bloc to very considerable internal pressures. In either case, the Soviet Union would be rendered less dangerous. Hence, far from sharing Giscard's view, I believe that subsidising the USSR is self-punishing and utterly unreasonable.

—Would you agree with a currently fashionable US view that, if all Western assistance were withdrawn, the Soviet system would be brought to the brink of collapse?

KIRKPATRICK: I don't think that the system would collapse.

Given the primacy the Bolsheviks have always accorded to power and military preparations, and the long-suffering nature and modest expectations of the Russian people, the system would probably survive. On the other hand, it is clear that Soviet industrial development and, more particularly, sophisticated military technology are heavily dependent on Western inventions and processes. We know, through our intelligence estimates, a lot about this dependence; we know the crucial areas where the Russians have no alternative (in the short run, anyway) to relying on the Western democracies for knowledge and equipment; and we know that, in order to acquire these, they must obtain credits in hard currency. We tend to supply them with both.

To appreciate the full absurdity of this nightmare, we have to understand that we are paying our subsidy *twice over*: first, by extending credits to enable the Russians to build their weapons; and, second, by then having to match the newly developed Soviet arsenal with accelerated weapons-development of our own.

—It has on occasion been noted that the Western taxpayer has to foot the bills for two military budgets: that of his own country to protect it from the Soviet Union—and that of the Soviet Union to enable it to threaten his own country. . . .

KIRKPATRICK: That is quite true. We all know about Lenin's dictum that the Communists will hang capitalism with the rope supplied by capitalists; but Lenin would hardly have dared to hope that we would supply the rope on credit.

Yes, we are paying for two military budgets, and we render the world a great deal more dangerous in the process. We subsidise the repression of our friends in Eastern Europe and the weapons which may one day be turned against us.

—How would you respond to the West European, and especially West German, argument that the health and prosperity of Western societies must take priority over taking unenforceable punitive measures against a power that doesn't, in any case, appear to them to be unduly threatening? The health of democratic society (so runs the argument) depends on jobs, and jobs require foreign markets and exports. To curtail these at a time of recession on the theory that sanctions might, in the long run, restrain Soviet behaviour would be doing ourselves certain damage in the hope of uncertain benefits.

KIRKPATRICK: These are, of course, good excuses for not doing anything. They are also absolutely untenable as a long-term policy for dealing with the Soviet threat. Unfortunately, the democracies have a natural tendency to prefer short-range economic benefits to long-range political goals. That is one of the great sources of Soviet strength and of our vulnerability.

The German Federal Republic is exposed to special temptations, because it cannot ignore the division of Germany. Hence the German notion of the "divisibility" of *détente* even in the face of the invasion of Afghanistan.

But one of the great ironies of the present situation is that *détente* has turned the tables on us all. Whereas the original Western conception of *détente* foresaw so close an intertwining of economic relations with the Soviet Union that Moscow would be made to feel dependent on Western credits, supplies and goodwill, the opposite has happened. Some Western countries have become significantly dependent on Moscow. The debtors in the East are now calling the tune and we are, in many cases, forced to throw good money after bad.

6. The Tongue-tied West

WHAT DO YOU FEEL IS PRESIDENT REAGAN'S *general reading of the political temper of our time? The standard accusation against him from the Soviet Union and the West European Far Left is that he is "confrontational" and views the world in over-simplified and moralising terms.*

KIRKPATRICK: I believe the President correctly identified the timbre of our century. He called it "a bloody century plagued by a terrible political invention—totalitarianism." And indeed, this century has seen the plagues of two World Wars, genocide under Nazism, genocide under Stalin, genocide under the Khmer Rouge, something approaching genocide in Afghanistan, the proliferation of ethnically-based wars, and the general spread of tyranny. Hundreds of millions have been killed in battle, gassed, shot, and hanged in Nazi and Soviet concentration camps, and beaten, tortured, and starved to death through the length and breadth of our globe. It has been a bloody century. I stress the word because another besetting sin of this century is our susceptibility to euphemisms: a blood-soaked century tends to be described in unusually rosy terms, which inhibits our ability to think clearly about our problems. The president has called a spade a spade; this clears the air and our minds.

Equally important, the President remarked that not one Marxist-Leninist totalitarian régime has been willing to risk free elections—or, one might add, a free press, or any of the institutions of a free society. He underscored the success of free societies as against closed ones, drawing comparisons between the Federal Republic and Eastern Germany; Austria and Czechoslovakia; Malaysia and Viet Nam—and he might well have added South Korea *vis-à-vis* the North. Not that South Korea is a democratic society, but it permits large areas of freedom to its populations, whereas its totalitarian analogues do not.

Moreover, the President has correctly identified the actual state of relations between the democratic nations and the Soviet Union, and affirmed the legitimacy of our support of democratic movements. I don't want to go over that ground again; let me just say that I regard this affirmation as extraordinarily important. There has developed, among representatives of Western nations, a strange timidity, made up in equal parts of fear and a decent respect for the views of others, that has left us deficient in our affirmation of the superiority of freedom. There is an awful tongue-tied quality that characterises the behaviour of most of the democratic nations at the UN. It is as though it were bad taste for the democracies firmly to assert that self-determination is superior to coercion, freedom to subjugation, national sovereignty to foreign hegemony. The President has given a lead by quashing this timidity.

—I would not for a moment want to make excuses for this Western attitude; but isn't some of it due to the characteristic verbal restraint of democratic societies—the habit of understatement and ideological reticence—rather than to some conscious political decision to play down the sins of the opposing system by playing down the virtues of our own?

"The superiority of our society is plain for everyone to see. It would be an insult to the world and to our self-respect if we stooped to thinking that we had to render proof that man is a freer and happier agent in Paris than he is in Pyongyang. . . ." Such are the thoughts that might cross the mind of a French or British representative at the UN when wondering whether he

should, or should not, don the mantle of Pericles and enlarge on the virtues of liberty.

KIRKPATRICK: If, as you suggest, pride accounts for this phenomenon, then it is the sort of pride that goes with self-destruction.

There is a Chinese proverb which was recently pointed out to me by a Foreign Service colleague: "A dog does not fight a chicken." When this was quoted to me by way of suggesting that the US should not respond to some harsh criticisms levelled against us by the non-aligned countries, I said, "But suppose the dog is attacked by 96 chickens?" . . . and that is frequently the situation of the US at the United Nations.

Why should we not defend ourselves and our institutions? Is it pride? Is it cowardice? It may be a bit of both. All I know is that Western silence ill serves the respect for freedom in the world.

—There may also be another, allied, factor. The West distrusts grandiose plans, heady figures, resounding slogans. When Communists tell us with all the fanfare they are so good at mounting that some Five-Year-Plan or other will take them with mathematical certainty from position A to position B and then C, with production-target figures that put the Japanese to shame—well, we tend to write these off as not worth tangling with, as we know that in real life none of these figures have been or can be achieved. I would tend to ascribe our ideological reticence to the same sort of attitude. Do the Communists claim that East Germany is a freer country to live in than Holland? Fine. Who would bother to waste his breath to refute it?

The trouble is that in some cases these childish claims are heard by immature audiences. In large parts of the Third World, Communist "scientism", Communist claims to have hit upon the secret of painless modernisation and the good and free life are keenly listened to. It may, therefore, well be that our understated sense of superiority is a conceit, an error we can ill afford.

KIRKPATRICK: It is not only all that, but also a little fraudulent. When Jack Lang, the French Minister of Culture, attacks the US in Mexico City for economic and cultural imperialism, and praises Cuba for its cultural openness, there is no ideological reticence involved there.

And why is it, I wonder, that some Western nations managed to take a much stronger position on the so-called human rights violations in El Salvador than in Poland? I find these shocking contrasts, and we have to live with them at the UN day by day.

Last year, before the elections in El Salvador, six EEC countries co-sponsored the so-called Franco-Mexican resolution opposing the elections in El Salvador, and indeed nine EEC countries voted for it. My British colleague told me that Britain stood as firm as the rock of Gibraltar—by *abstaining* from the vote!

—The British, however, sent their observers to El Salvador, which implied recognition of the legitimacy and fairness of the elections.

KIRKPATRICK: They did, and we appreciated it.

—Let me offer two further tentative explanations. The first is that you can only show on television screens, and mount protests against, what is readily accessible to Western audiences. The Soviet, Vietnamese, Cambodian, Polish and Rumanian violations of human rights are well hidden from the eyes of Western journalists and therefore difficult to bring home to Western

public opinion—even assuming that the will to present them in their full horror existed.

Second, Western intellectuals like to think that the West, and especially the US, should be guided by moral principles higher than those guiding Communist governments, because the latter are amoral by their own testimony. Communist régimes of the Soviet type (so it is bluntly argued) are little more than bands of computer-assisted savages and, what is more, savages twice over; first, as the ruling élites of ruthless totalitarian dictatorships and, second, as legatees of the brutal traditions of their Viking, Korean, Vietnamese, Albanian, etc., forefathers. Gulag and genocide in Cambodia should, on this showing, not surprise us because they are in line with (a) the Bolshevik spirit, and (b) local political tradition. But Americans are of our own "flesh and blood"—they must be measured against a different moral yardstick.

KIRKPATRICK: I don't find it so difficult to explain the West European position on El Salvador—although I think it very short-sighted. It represents an extraordinary blindness and/or indifference to the security interests of the US. For what is the message our European Allies are sending us when criticising our positions in Central America and voting against us at the UN? Is it this? That the US is expected to be concerned about the security of Western Europe, but Western Europe need not have a reciprocal concern about the security of the US.

Now, I grant you that the US is a member of NATO, an alliance which is explicitly concerned with the security of Western Europe, while the West European countries are not members of any alliance that would guarantee the security of the USA in its own hemisphere. But the fact is that the Caribbean and Central America constitute the fourth border of the USA. The Soviets perceived very accurately as early as 1967 that this area was a kind of "soft underbelly" of the US, and that our capacity to act forcefully elsewhere in the world depended on our freedom from a serious threat to our security on our borders. It follows that US security in Central America ought to be a prime concern of our European Allies too, because on that security depends our ability to participate importantly in the defence of Europe. If Central America becomes a base from which Soviet military power can be projected, Western European security interests will suffer almost as much as those of the US.

—Are you implying that some sections of West European society display a certain unreasoning anti-Americanism? If so, that reading of the mood of Western Europe would seem to me to contain only a small part of the truth . . . although one can understand why, in the wake of the heavily loaded US television presentation of the West European anti-nuclear demonstrations, many Americans have drawn that conclusion.

What many West Europeans do think, however, is that El Salvador, for example, is "a far-away country of which we know nothing", and that, in the light of the US record in Viet Nam, Iran, and Nicaragua, American Third-World policies may stand to profit from the admixture of a dose of European scepticism.

To the extent that anti-Americanism does exist in Western Europe it comes, in large part, from members of the "counter-culture" and is an expression of the "alienation" (a word I use reluctantly) of young Europeans from the society which has bred them.

⁴ See, in recent ENCOUNTERS, the testimony of two Cuban prisoners: Reinaldo Arenas, "Dangerous Manuscripts" (January 1982); Armando Valladares, "After 22 Years in Prison" (June 1982).

The psychological curve, as I see it, works roughly like this. You have, more or less effortlessly, attained food, shelter, free education, social security, motorcycles, racks of hi-fi equipment, holidays in the Mediterranean, and all the other "entitlements" of a materialist industrial civilisation. You hanker after the allegedly selfless and warm fellowship of the primitive community. You search for the "authentic." You are tempted to clothe your body in rags and drown your mind in thought-blocking music in order to free yourself for the experience of "authenticity."

But how do you express all this in a one-liner? You do it by America-baiting. America is supposed to be the supreme symbol of a spiritually vacuous, over-industrialised, acquisitive society. Hence you hate America as an enlarged projection of all the things you repudiate in your native land (and in yourself), but cannot say so loud and clear because you live off the offerings of the society you love to hate. In other words, America is a convenient whipping-boy. The Russians, needless to say, exploit this mood for all it is worth.

KIRKPATRICK: Nevertheless, all these attitudes—and you omitted to mention France's endemic anti-Americanism both on the Left and the Right, well represented by figures like Jack Lang and Michel Jobert—have their impact on our relations; they cannot help but have an impact. What disturbed me a great deal at the UN was the discovery of the multiple issues on which the US, the UK, and Western Europe have different perspectives.

The most disturbing have been the human-rights issues. All Western nations have repeatedly acquiesced in ignoring massive human-rights violations by the Soviets and their satellites (Poland, Cuba, Viet Nam, Ethiopia), and focus their protests on the real but both qualitatively and quantitatively lesser violations committed by traditional non-Communist and anti-Communist autocracies in Latin America, and also in Israel. It is endlessly shocking to me that there has never been a human-rights motion brought before any of the United Nations committees against Pol Pot's Cambodia, or Idi Amin's Uganda, or Castro's Cuba, although Cuba has, by the agreement of all the experts, more political prisoners than any other Latin American nation with the possible exception of Nicaragua.⁴

—But has the US pursued a different and more principled course?

KIRKPATRICK: Not really. Until the arrival of the present Administration, the US passively acquiesced in all this. Since last year, however, we have declared war on using such double standards, especially in the UN Human Rights Commissions in Geneva.

Last year, in Geneva, we finally managed (in cooperation with the West European countries) to pass a weak resolution on Poland, calling on the Secretary-General at least to investigate human-rights abuses there. Unbelievably, this was the first human-rights resolution affecting a Communist country which was ever passed by the Human Rights Commission. And, as I say, though important, it was much, much weaker than the human-rights resolutions regularly endorsed by the Third Committee of the UN General Assembly on Guatemala, El Salvador, Uruguay, or Chile. Right now, it is almost impossible to interest our West European friends in human-rights violations in Nicaragua, even though we have incontrovertible documentary evidence to show that the Sandinista régime is subjecting many thousands of Miskito

Indians to the most brutal maltreatment.

All this leads me to the disquieting conclusion I have already mentioned: that some Western nations have a highly politicised concept of the moral issues involved, that they are apparently indifferent to the security interests of the US in Central and South America; and that they are too often content to acquiesce in human-rights policies whose principal function is to serve the political interests of the Soviet bloc. Sweden provides the extreme example of all these tendencies. Their human-rights policies in the UN bodies are highly ideological and by no means "neutral" in their political content.

7. The West & Eastern Europe

YOU HAVE ARGUED THAT WE SHOULD STEP UP *our concern with human-rights violations in the Soviet Union and Eastern Europe. This is the sort of statement that sends shivers down the spines of Communist leaders—and so it should, for if we mean what we say, "a decent concern for human rights in the Soviet bloc" should embrace the support of Poles to be Poles, Lithuanians to be Lithuanians, Uzbeks to be Uzbeks, and so on. When President Carter put human rights on the foreign-policy agenda of the US (and then wrote a personal letter to Sakharov), the Kremlin was extremely worried—until President Carter's actual track-record made the Kremlin unworried again.*

Do you feel that the US under President Reagan is doing enough to support the rights of nations and nationalities in Eastern Europe and within the USSR to keep the Soviet leadership under political pressure?

KIRKPATRICK: Actually, we are not doing much. The question is whether we should do more than we are doing. My short answer is: Yes, we should; but I don't think we should deliberately seek to foment discontent in the Soviet bloc. What I believe we have a moral obligation to do is to keep alive for people behind the Iron Curtain alternative interpretations of reality, and alternative systems of values. We can do this actively through our Western means of communication, such as the Voice of America, Radio Free Europe, the BBC, the *Deutsche Welle*, Radio Liberty, and so on.

—But isn't this, more or less, being done? What is not being done is to pursue our information policies to a point where they would seriously impinge on the system and put the Politburo under prolonged pressure. President Reagan's initiative to "support democratic forces" in the bloc would probably do that, too; but whether that initiative will become policy and percolate down to the agencies that matter, remains to be seen. We could pick up the "peace" issue and put it firmly back in the Soviet camp. Is anybody telling Czech, Polish, Hungarian, and East German audiences that the Russian bases on their territories would not add to their chances of survival in a nuclear war?

KIRKPATRICK: I agree with that completely. We did, after the Second Special Disarmament Session of the UN, succeed in doing exactly that. We took certain steps to facilitate the export of the so-called peace movement back to the Soviet camp. The new UN Resolution incorporates not only support for "peace movements" throughout the world, but pleads for guarantees that private peace-campaigners, too, will enjoy full freedom of information, speech, and assembly. The document of im-

plementation (13 December 1982) makes all this explicit.

It (1) equips all citizens with the right "to participate in an informed and *free* discussion" on arms control and disarmament matters; (2) enjoins all governments "to facilitate the broad flow of accurate information on disarmament matters, both governmental and non-governmental, to and among their citizens"; and (3) enjoins all governments to "encourage their citizens *freely* and *publicly* to express their own views on disarmament questions and to *organise* and *meet* publicly for that purpose."

The initiative for this Resolution came from our side of the Assembly; but the Soviet Union and its allies voted for it too. There can now be no reason why the BBC, Voice of America, Radio Free Europe, *Deutsche Welle*, etc. should not do their utmost to inform the citizens of the USSR and Eastern Europe of their new rights.

My deputy (as he then was), Ambassador Kenneth Adelman, has in fact written an official letter to most US newspapers, radio and TV stations, and other organs of communication (including, of course, those broadcasting to foreign countries), telling them about this Resolution, reminding them that it had been reached by consensus, and that the rights of the citizens of all countries to organise and express their views free from intimidation and persecution have now been recognised. Here, then, is the legal basis—and a golden opportunity for carrying the "peace" campaign back into the Soviet camp. I can only hope that our official communicators, and all others, will make full use of it.

—Isn't it an anomaly, though, that you should have to couch this statement in the form of a "hope"—that you cannot be certain that they will? We have had your account of your failure to get an official correction printed in a leading American newspaper—a reminder that the American press will publish what it will. But, going by its past record, I wouldn't even be certain that the Voice of America would make enterprising use of the opportunities you have created—and that, if true, would appear to be an indication that US government departments, too, will publicise only what they will. And doesn't that, in turn, tell us that in the current war of information policies the democratic societies, and the US in particular, are fighting a very uneven-handed battle?

I have been following with great interest the various speeches you and your several deputies have made in the UN over the last two years—but I have only been able to do so because I happen to be on the mailing list of your Mission at the UN. The American press, the Voice of America, and the European press have done their level best to keep me in the dark about them.

KIRKPATRICK: This takes us back to the public responsibility of the media in a democratic society. It is perfectly true that, in the battle for the hearts and minds of Western public opinion on the "peace" issue, we are fighting with highly unequal weapons—to the extent that we have any. And the inequality is institutional. When Mr Andropov decided that the time was ripe for a fresh round to be mounted in the propaganda campaign to inhibit the deployment of the Cruise and Pershing missiles in Europe, he assembled the heads of his whole Warsaw Pact in Prague and issued, with all the instruments of a totalitarian superpower, an extraordinarily clever propaganda document. He had no difficulty in producing a single statement, in getting all his "allies" to put their names to it, in deploying it throughout the world by the printed and spoken word.

We have a very much more limited range of means at our disposal. In the meantime we should speed up the implemen-

tation of the President's London proposals. If those are put into effect on a large enough scale, and we have all our wits about us, we should be able to equip ourselves with many of the software answers which the Soviet "peace" campaign so clearly calls for. These must include a number of sophisticated private elements under skilled democratic leadership and with world-wide reach.

—*But you said that you would not foment discontent in the USSR and Eastern Europe. . . .*

KIRKPATRICK: I would not foment active opposition by way of subversion and Western radio broadcasts because I would not want the moral and political responsibility for their possible consequences.

—*But if such opposition existed, would you want to support it?*

KIRKPATRICK: Certainly I would give it support.

—*Poles against Russians? National liberation movements in the Ukraine, Latvia, Lithuania, Uzbekistan?*

KIRKPATRICK: Of course I would, and I would provide all the information they may need for the success of their struggle. I would support them by peaceable means, but I would not incite or encourage them to resistance if the will to resist was not spontaneously there. There is a difference.

Take Afghanistan, where we can daily witness a great deal of indigenous heroic resistance to Soviet occupation. I would support that resistance, but I would not foment it. I would remind the Afghans of the fate of neighbouring Khiva and Bokhara⁵ (as we did in a speech on Afghanistan during the 1982 General Assembly), but I would not tell them: "Go out and fight to forestall a similar fate." Resistance means putting your life on the line. It may mean death, torture, hunger, and all the other terrible prices freedom-fighters have to pay in their struggle for national independence.

If we—that is, the West as a whole—are not prepared to take responsibility for helping to protect the Afghans against the consequences of their resistance, then we have no right to encourage them to do things they would not otherwise be doing. It is, therefore, very important that any decision to resist should be *their* decision, springing from their own values and interests, and not due to manipulation by outside forces.

—*One respects the high morality of this attitude, but can it be effective in the real world? Can it stop Soviet expansionism? The Russians have no moral scruples about sending Cubans or East Germans to do their work for them in Africa. That, indeed, is what their "internationalism" expressly requires them to do.*

My own view (for what it is worth) is that we should perhaps think of the global battle between freedom and tyranny as "an exercise in higher bookkeeping." On one side of the ledger are listed the sacrifices each nation has made in the interests of liberty; but the other shows the resulting state of world freedom. The input is measured in national, the output in universal terms. Wouldn't this highly "liberal" manner of accounting (in the 19th-century sense of the word) do away with our moral

⁵ In 1922 Russia sent "a limited contingent of troops" to the independent Moslem states of Khiva and Bokhara to satisfy "contemporary requirements" expressed by the Bokharan government. Afghanistan protested. In 1924 Khiva and Bokhara were annexed by the Soviet Union.

scruples? Wouldn't it be a fitting counterpart to "wherever in the world liberty is diminished, my liberty is diminished"? And wouldn't we, then, be in a moral position to aid the Afghans with something more than information, even if we didn't want to go to war for them?

KIRKPATRICK: I appreciate your attempt to test my reasoning by appealing to the "liberal" component in my thinking; but I cannot go along with it. The forces of freedom in the world are strong; they don't require Western incitement and manipulation. The Afghans' resistance to Soviet penetration is powerful and persistent. It needs no irresponsible encouragement. It is enough for us to give support to existing feelings of self-determination. That is all we can *morally* do; but that we must do.

—*Can we imagine for a moment what Lenin would be thinking if he were eavesdropping on us today? "Why", he might say, "here is a wonderful example of how a false sense of morality can, luckily for us, inhibit the fighting spirit of our enemies! Here is Ambassador Kirkpatrick, one of our most shrewd and determined opponents in the capitalist-imperialist world, so hamstrung by bourgeois conceptions of humanism and morality that she refuses to stoke up the resolution of perfectly exploitable bands of Afghan counter-revolutionaries who are, to be quite frank about it, giving us a great deal of trouble. . . . It couldn't happen to us! . . ."*

KIRKPATRICK: And Lenin would be absolutely right! Democrats will always be constrained by the morality of democracy. They will always have scruples against the use of certain tactics which amoral people, with no principles beyond the acquisition of power, will not blanch at. That is our strength as well as our weakness. The strength of the Communists in this kind of a situation is the strength of the Nazis and the strength of all tyrants of history. Amoral régimes have always had, and always will have, a certain initial advantage over societies governed by moral scruples and institutional constraints.

FORMER PRESIDENT NIXON MAKES a relevant point in his book "The Real War." He says, quoting Napoleon, that in any fundamental conflict between powers and régimes "the might of the spirit" will ultimately triumph over the might of the sword. But (he goes on) in real life it will do us little good to wait for that ultimate victory because it could conceivably be delayed by a thousand or so years. In the meantime, we must use the sword as an essential shield for the spirit so that the spirit can win within a measurable stretch of time.

KIRKPATRICK: Which would make the use of the sword moral in the long run? . . .

—*Yes. In Afghanistan, for instance, it may be that the spirit of resistance will triumph in a hundred years from now even if it receives no assistance from the Western world, but in the meantime three-quarters of the Afghan population will have settled in Pakistan as permanent refugees, and the rest will be cowed by Sovietisation. Isn't the question then: What price moral scruples?*

KIRKPATRICK: We must keep a sense of proportion: democracy constrains one, but it does not require us to lie down and play dead in the face of violence. I am certainly not the kind of

moral purist who believes that we should play dead when confronted with aggressive dictatorships. Nor am I a pacifist. I believe that democracies have not only the right but the obligation to defend themselves—to defend freedom of speech, freedom of the press, freedom of assembly—and I don't believe it is necessary for us to wait until we are nearly dead to respond to force with force. The right of self-defence implies the right of *timely* self-defence.

But I do think that we haven't the right *vis-à-vis* other people, people who live under totalitarian régimes or are occupied by a totalitarian power, to encourage them to active resistance if we are ourselves unwilling actively to support them in that resistance. We have, as I have just said, the moral obligation to support them if they choose to resist—and that seems to me to be a very different matter—but we haven't the moral right to urge them to assume terrible, life-and-death risks from which we are not prepared to deliver them.

—Well, the Hungarians rose in 1956, and the Czechs and Slovaks had their own kind of rebellion in 1968. The US did nothing to help them. Would you have supported the Hungarian Revolution on the principle that the Hungarians had risen of their own volition and qualified for American support?

KIRKPATRICK: Yes, I would have given assistance to the Hungarian Revolution. I remember that night in November 1956 very vividly. I was watching American television when the British, French, and Israelis invaded Suez and the Hungarians thought they were close to having rid themselves of Soviet occupation and the Stalinist system. I felt terribly frustrated that all the UN talked about was Suez and there was hardly any comment on the problems or successes of the Hungarian Freedom Fighters. I felt miserable when I heard that hundreds of young Americans were volunteering to fight with the Hungarians and were being prohibited by our government from going to Hungary. Yes—I would have made a different decision.

—You would have gone in?

KIRKPATRICK: No, I would not have gone in, but I would have actively supported the Freedom Fighters.

—Clandestinely?

KIRKPATRICK: I would not have gone to war, but I would have given them usable support.

—The kind the US is now giving the Polish people?

KIRKPATRICK: No, the Poles did not have an armed uprising. Our policy towards Poland is to show our condemnation of the repression (by the Jaruzelski government, and indirectly the Soviet Union) of the pluralist institutions which have reasserted themselves over the past two years. We feel very strongly that the US government should neither acquiesce in, much less should it assist, that repression by providing economic aid or any other form of help. Indeed, it should oppose repression in any feasible way, short of war. Here is one practical example why I want to reserve the word "war" for the ultimate conflagrations. We can do much to further the interests of the Polish people without war.

8. Resisting Tyrannical Régimes

MAY I PUT IT TO YOU that the distinction you are making between "support" and "incitement", while relieving us of our moral dilemma, is a very narrow one from the point of view of the nations you are addressing? At the time of the Hungarian Revolution, the Freedom Fighters were not at all sure whether the words reaching them from the West amounted to "support" only, or whether something more was on offer. Many genuinely believed that Western or even UN help would be forthcoming, not because any of the Western broadcasting agencies said that it would, but because the Hungarians could not understand how, after many years of very articulate verbal "support", nothing more than further verbal support would reach them in their hour of need. I would myself think that the cumulative effect of "support" ultimately faces us with the same moral responsibility as "incitement"—especially under dramatic conditions such as an uprising.

Having said that, however, I can also see that there is no easy way out of the dilemma. For we have to be aware (as the Russians are certainly aware) that the very existence of a free Western Europe is a source of inestimable strength for the forces of freedom and national independence in Eastern Europe. I wouldn't like to say whether it is a source of "support" or "incitement", but for the Soviet system it is a permanent provocation.

KIRKPATRICK: I grant you that we are treading a narrow path, but that is the path we have to tread. That the existence of a free Western Europe is a provocation to the Soviet system I fully accept—and accept with delight, because that is what an alliance of free countries has to be to a collection of tyrannical régimes.

What do I mean by "support"?

It is very important that we always recognise and affirm the legitimacy of resistance to tyrannical governments, of whatever type. We should always recognise the legitimacy of a people's desire to be free of tyrannical controls. We should always refuse to acquiesce in the notion that the demand for free elections or democratic participation in the decisions of government is "extreme"—as, for example, the Polish authorities were trying to suggest. *Solidarity* was suppressed because it adopted such "extreme" demands as the right of participation. We must, as free societies, always make clear that we stand on the side of the aspirations of the people to have governments that "govern by the consent of the governed." This involves supplying them with free information in our broadcasts, and depicting for them alternative images of reality and alternative ways of being and social existence so that the official controls of the symbolic environment are rendered ineffective.

This, I am sure, is our right and duty. But I don't think it is for us to tell people in the Soviet Union or Eastern Europe what particular action they should take or omit taking to further their interests as nations and individuals.

"Support", mind you, does involve the unflinching assertion on our part of the rights guaranteed in such documents as the Universal Declaration of Human Rights and the Helsinki Final Act. The Western nations must be very clear about the fact that the Soviet Union has violated the accords written into the Third "Basket" of the Helsinki document. We should not be willing to ignore or cover up those violations. We should absolutely refuse to acquiesce in the falsification of what the Russians have solemnly undertaken in Helsinki.

HAVEN'T WE SO FAR OMITTED TO CONSIDER *one small thing—the actual feelings and interests of the nations under Soviet domination? The Poles, Czechs, and Hungarians tend to look upon Western affirmations of support with a sense of déjà vu and scepticism. They do not expect the Western powers to come to their active aid in an emergency. They gave that up (or so it seems to me) with the suppression of the Hungarian Revolution. But their sense of belonging to European civilisation is extremely strong; and they all entertain an unspoken feeling that they are the “kith and kin” of their West European neighbours and deserve a privileged place in their concerns. This feeling is reciprocated by some of the West European countries, as for example by the French for the Poles and Rumanians, the Austrians for the Hungarians, and many Germans for the Czechs. But the East Europeans are less certain whether it exists in the USA. American pronouncements of support are, therefore, always minutely scrutinised in Eastern Europe, not for any sign that the US might have suddenly changed its unwillingness to risk a conflagration for “the freedom of Eastern Europe”, but to see whether or not any privileged concern exists.*

Not unnaturally, therefore, the East European nations are especially sensitive to Western articulations that put their freedom on a par with the “liberation struggles” of obscure and half-savage (as they see them) African tribes and groups that call themselves nations. Let me quote an example. Richard Nixon has been arguing in “The Real War” that the US should now “knock down the ‘No Trespassing’ signs surrounding the Soviet empire” and consider itself as free to “forage on the Soviet side as they have been to forage on ours.” But when it comes to spelling out the details, his tune changes abruptly and the reader discovers that, while support for the Poles and Hungarians is not included in the foraging exercise, support for Jonas Savimbi is.

“This does not mean automatically supporting any and all liberation movements within the Soviet sphere. The same sort of practical constraints that kept the West from intervening to help the Hungarians in 1956 and the Czechs in 1968, for example, still operate. . . . But we should consider ourselves free to support those we perceive it is in our interest to support, either overtly or covertly, and we should do so without apology. A popular, pro-Western rebel leader such as Jonas Savimbi in communist-ruled Angola should not be turned away when he comes to the United States seeking support.”

Personally, I have no doubt that Mr Jonas Savimbi is an excellent leader who deserves all the US support he can get. But, rightly or wrongly, this is the kind of articulation that is perceived in Eastern Europe as deeply offensive. It appears to put an equation mark between Savimbi's small groups of African tribesmen and the ancient nations of Central and Eastern Europe.

KIRKPATRICK: Ah, but Americans have a very different perspective on race and Africa. Never forget that the US is a multiracial and multicultural society! One out of every nine Americans has African roots. We don't feel that Savimbi's struggle is more remote from us than that of the Poles or Hungarians. I simply cannot share the East European (or, for that matter, West European) view that accords higher moral value to the struggle of Europeans than to Savimbi and his fighters in Africa.

—But it is not always clear from American articulations that Europe has quite lost its place of privilege in the concerns of

Americans. The dominant theme in US history—until quite recently, at any rate—has been the adaptation of the European heritage or, shall we say, European heritages. President Reagan, addressing the two Houses of the British Parliament, spoke of “a moment of kinship and homecoming.”

KIRKPATRICK: True, but in today's world it is important for Europeans to understand the character of the American cultural heritage. We are not simply Anglo-Saxons and West Europeans transplanted—we are also Africans uprooted and transplanted, and, more and more, Asians uprooted and transplanted. All these traditions are present in our identity—one of the consequences of which is that infamous American universalism. Our multicultural identity feeds our universalistic tendencies. It makes us identify more easily and readily with struggles for national independence and freedom in places as remote from us as Viet Nam and Angola.

We have, and I have personally, a much higher regard for Savimbi than those East Europeans appear to have. I know him personally and several of his associates. Savimbi is the leader of an indigenous political organisation and commands a significant body of armed Angolans. That army has power. It controls a part of Angola in which the Angolan government, propped up by Cuban forces, has not succeeded in establishing or maintaining its authority. Because the Angolan government relies on 30,000 Cuban mercenaries, Savimbi's forces seem to many to stand for the self-determination and independence of the Angolan people. It is, therefore, a perfectly appropriate group for the US and those Western countries that believe in self-determination and independence, to support. The fact that it is pro-Western and will not acquiesce in the integration of Angola into the Soviet bloc is an added inducement. US military support is, however, blocked in Congress by the Clark Amendment.

Now, it is one thing to support an active national resistance movement in Africa, where the Soviets are involved only via their Cuban proxies and no World War III is threatened, and quite another to give active aid to Poles, Czechs, and Hungarians whose existing governments, no matter how much they may lack legitimacy, have nevertheless been in the possession of power and all the means of coercion for more than three decades, and whose ties with the Soviet Union cannot be forcibly broken without the risk of a major conflagration. The US is not prepared to lead the world into war to oppose the repression of Poland; but we should, within the rules of prudence, do everything short of that to support the re-establishment of pluralistic institutions and the infrastructure of freedom.

—I suppose the ambiguity which I, at least, detect in what you are saying, is due to a certain general ambiguity in American policy itself. Is it not also there in the President's London speech? On the one hand he makes a descriptive statement which has, even though it is largely analytical, a tough ring about it:

“We cannot ignore the fact that even without our encouragement, there have been and will continue to be repeated explosions against repression in dictatorships. The Soviet Union itself is not immune to this reality. Any system is inherently unstable that has no peaceful means to legitimise its leaders. In such cases, the very repressiveness of the state ultimately drives people to resist it—if necessary, by force.”

The President does not say what, if anything, the US would do if the people were driven by the repressiveness of the state to resist by force. He rests his case by simply recording what one might call his “combat analysis.”

His practical demands, on the other hand, are extremely mild.

“We ask only that these systems begin by living up to their own constitutions, abiding by their own laws, and complying with the international obligations they have undertaken. We ask only for a process, a direction, a basic code of decency—not for an instant transformation.”

An East European (or indeed West European) might well ask: which of these two is the authentic voice of the US President? The one that conjures up the image of armed resistance to Communist dictatorship? Or the one that tells the Communist authorities that they should observe their own laws a little more punctiliously?

KIRKPATRICK: I can see no real contradiction. It is entirely right and proper for the President to record our conviction that dictatorships carry within them the seeds of their own destruction. It is entirely right and proper that he should say: the Soviet system is a dictatorship and, what is more, a totalitarian dictatorship, which we, as free men and women, deplore and detest. It is right and proper that he should let it be known that if people are driven to resist such dictatorship, our sympathies are on the side of those trying to assert their freedom, not on the side of their oppressors.

It would not, however, be right and proper to say “Arise, smash the system, and we’ll come and help you”, because the US could not do so without exposing world civilisation—the free as well as their oppressors—to complete annihilation. The President’s practical suggestions are, therefore, suggestions of the sort I have tried to describe as measures of “support”, and these are not quite so mild as you would have us believe. The Soviet Union would be a highly liberal state (relative to its present condition) if, for example, the Soviet Constitution were scrupulously respected, or “the Universal Convention of Human Rights” given practical currency. These would make a good beginning; and the President did say these suggestions were measures “to begin with”, no more.

YOU MAKE IN YOUR BOOK ON “*Dictatorships and Double Standards*” a distinction between traditional, personalised, authoritarian régimes (which are, as you say, more open to reform, and often friendly to American interests) and Communist dictatorships (which are totalitarian, and almost always hostile to American interests). During the Carter years, you argue, the hypocrisy and confused sentiments of the American Left induced the US government to assist in the “destabilisation” of friendly, albeit often autocratic governments, and in the triumph of hostile Marxist-Leninist forces, both under the slogan that were, or would prove to be, beneficial to America’s “true interests.”

Suppose some of the East and Central European countries—Hungary or Poland, for example—managed to persuade the Soviet leaders to remove their troops and bases from their territories. Suppose they began to conduct themselves in their foreign policies more or less independently from the Soviet Union, while preserving intact (as the Russians would undoubtedly insist) the whole domestic apparatus of totalitarian government. Would the US interest in seeing these countries “do a Yugoslavia” to the Soviet Union qualify them to be considered as “authoritarian” régimes of the excusable kind? Or would their continuing Marxist-Leninist domestic system disqualify them from being so considered?

The question is not quite hypothetical. If another régime of the Rumanian sort emerged in Eastern Europe—one, outwardly at least, less than fully hostile to the US, but rigorously totalitarian at home—wouldn’t Washington have to decide whether America’s first concern was its global position vis-à-vis Soviet power, or the freedom of America’s many millions of friends under Communist rule? Wouldn’t American global power-interests, then, come into conflict with the American dedication to universal liberty—as they have, to some extent, already done in the cases of Yugoslavia, Rumania and China?

KIRKPATRICK: I must make it crystal clear that there is only one kind of government I approve of and should like all people to have the opportunity to live under—democratic government. I asserted in the essay to which you refer that authoritarian governments were preferable to totalitarian governments, and I offered three grounds for so thinking. First, because they are normally, though not invariably, less repressive internally; that is, they use force against fewer people because they try to control fewer areas of life. Second, because they are more susceptible to democratic change. And third, because they are, on the whole, less likely to be hostile to the interests of the USA and the other Western democracies. There can be no question that each of these—greater repressiveness, less susceptibility to liberalisation, and greater hostility to the democratic world—is an evil in itself. Obviously, all of us prefer foreign governments that are friendly to us rather than hostile. The US has, for decades now, enjoyed better relations with Yugoslavia and the People’s Republic of China than with those Communist countries which are integrated in the Soviet military system and are under Soviet control.

Now, if Hungary, for example, or Rumania, or Poland were to remain Marxist-Leninist régimes, but established themselves as national-Communist governments outside the Soviet bloc—that would constitute a net improvement of their position and ours. This would not at all mean that we have given preference to crude power-interests over those of human solidarity and freedom, or that I would suddenly begin to think of these régimes as authoritarian rather than Marxist-Leninist dictatorships. It would simply be a recognition that in the global contest for liberty the Western world needs all the assistance it can obtain; and that it can often proceed only step by step—sometimes unsavoury step by unsavoury step. It was to this end that the Reagan Administration has explicitly enunciated a policy of encouraging the independence of Marxist-Leninist régimes.

For me it is axiomatic that countries and régimes which define themselves as enemies should be treated as enemies.

MAY I RETURN, TO END THIS long colloquy, to what we have said about the extraordinary predilection of Western intellectuals and a sector of Western youth for giving the benefit of the doubt (and more than that) to Communist régimes. Haven’t we read too many clever things into their motivations? The majority of them—or so it seems to me—are just angry young men and women raging at the limitations of the human condition. Many of them do not even consciously support “socialism.” They simply echo man’s anguished cry since the beginning of time: “There has to be a better world, or life, or society than this one!”

We can find this sentiment tellingly expressed in D. H. Lawrence. His revulsion against the squalor, grubbiness, and materialism of life in industrialised society drove him hazily in

the direction of a "socialist" revolution, not because he had a precise notion of what "socialism" was about, but because he saw in it an apocalyptic alternative to the shadows and substance of the life he so hated. Writing in 1921, he said:

"If I knew how to, I'd really join myself to the revolutionary socialists now. I think the time has come for a real struggle. That's the only thing I care for: the death struggle. I don't care for politics. But I know there must and should be a deadly revolution very soon, and I would take part in it if I knew how."

By 1928, he had come to recognise that the "dead materialism of Marx socialism and soviets seems to me no better than what we've got." Yet the urge to smash the existing world—"to smash money and this beastly possessive spirit"—made him (as he wrote) "more revolutionary every minute."⁶

Don't you think that this vague longing—this non-specific, negative Utopianism, this really adolescent urge to tear down the temple—is perhaps all we have to look for when trying to explain "the treason of the clerks", whether on the Left or on the Right?

KIRKPATRICK: That is certainly the main source of the intellectual confusion. Alienation from existing authority—not economic role—is the principal determinant of their susceptibility to totalitarianism. Totalitarian ideologies promise an end of "alienation." False consciousness, isolation, *anomie*, separation, loneliness, purposelessness—all are defined as subjective consequences of objective social ills, therefore as capable of being eradicated through social engineering.

The intellectuals we have in mind act in a spirit that assumes that human nature in the future may be qualitatively different from what it was in the past, a spirit that views each situation as a *tabula rasa* on which a plan can be imposed, and therefore sees experience in other times and places as having no real relevance. Intention becomes more important than experience, intelligence than custom. Yet the most extraordinary fact about our times, is, to say it again, the tenacity with which persons who pride themselves on being rational and scientific hold to a mystical faith in political propositions which are demonstrably false and unreasonable.

Despite the fact that Communist parties have no reliable relation to the masses—do not come to power through mass action, do not submit industry to the control of the people or organise production for the benefit of the workers, and do not in general rule at the pleasure of "the masses"—a vast body of myth, misunderstanding and confusion supports the notion that there is some sort of mystical affinity of Communism and "the people." The notion persists that Communists are somehow morally superior to other élites which use amoral means to gain power and impose repressive minority dictatorships. The sources are several.

One is the semantic confusion fostered by the Communists themselves through their systematically perverse use of language. By calling "autonomous" that which is powerless, "federated" that which is unitary, "democratic" that which is autocratic, "united" that which is schismatic, "popular" that which is imposed by terror, "peaceful" that which incites war—in brief, by systematically corrupting language to obscure reality—the Communists have made inroads into our sense of political reality. Language is, after all, the only medium in

which we can think. It is exceedingly difficult to eliminate all the traditional connotations of words—to associate phrases like "For a Lasting Peace and a People's Democracy" with neither peace nor popular movements nor democracy.

A RELATED FORM of semantic subversion, practised by Communist parties everywhere, is the effort to capture prestigious symbols, slogans, and traditions. Communist parties in the underdeveloped world attempt to identify themselves with the slogans of Nationalism and Anti-colonialism. Communists in France attempt to identify themselves with the symbols of the *Résistance*, the French Revolution, and the tradition of the Left. French Communists have attempted to capture Victor Hugo, as American Communists staked a claim to Tom Paine and Abraham Lincoln.

Communism does not grow by disseminating and winning support for its own values. Neither members nor followers are regularly recruited through the appeal of Communist values. Communism grows by identifying itself with the prestige symbols of competing movements and so blurring issues, stakes, and alignments.

If Communist parties spoke of *collectivisation* to peasants; of *internationalism* to the new nations; of *inexorable conflict* to pacifists; of *monolithic conformity* to intellectuals; of *state capitalism* to the working classes; and of *dictatorship* to the middle classes—in short, if Communist parties attempted to recruit support through the appeal of their own real values, the lines of conflict would be clearly drawn. Communism, whose values have a sharply limited appeal, would be readily defeated.

The political temptation of "the new class" of intellectuals we have been puzzling over in this conversation lies in the belief that its members' intelligence and exemplary motives equip them to reorder the institutions, the lives, and even the characters of almost everyone, by violence if necessary—this is the totalitarian temptation.

—You said that the Communists have been able to get the better of the West by embracing words and values they do not really believe but know how to exploit. Earlier in this conversation we saw how this works on our domestic fronts. Doesn't it also work, and work especially well, in the Third World?

KIRKPATRICK: The difficulties we are discussing here are characteristic of Western problems in dealing with the bold and skilful Soviet challenge. Not only do the Soviets appeal to our values, and clothe their aggressions in the symbols of liberation, they attempt to paralyse us by creating situations in which respect for one of our basic values—say, non-intervention in the internal affairs of others—seems to require that we stand by passively, while another small, relatively helpless people succumbs to Marxist-Leninist tyranny and is incorporated into the Soviet empire.

That empire grows as the Communists bring resources and personnel drawn from the Soviet bloc to bear on indigenous political rivalries in Third World countries. Thus: the Cuban role in Nicaragua's and El Salvador's "wars of national liberation", Libya's role in Chad; the Soviets' Syrian role in Lebanon. Since the governments of Third World countries are often relatively weak and the resources available to them very limited, they are exceedingly vulnerable to destabilisation. The pattern is by now familiar. Choose a weak government, organise a "national liberation front", add a terrorist campaign to

⁶ D.H. Lawrence, Letters to Eleanor Farjeon (20 June 1921) and Charles Wilson (28 December 1928), in *Selected Letters* (Penguin ed.; 1950), pp. 135, 173.

disrupt order and provoke repression and to weaken an already weak economy; then intensify the violence. The brittle institutions of Third World governments will often crumble under such strains.

The skilful use of what were called "fifth columns" enables the Soviets to foment coups and civil wars under the guise of indigenous politics. We in the West find it terribly difficult to justify interfering in what is invariably presented as an indigenous struggle.

—Which shows up our great reluctance, or inability, to assimilate the lesson that there is in Soviet thinking no demarcation line between "indigenous" and "foreign" (that is "internationalist") types of struggle. War and civil war are mutually supportive and semantically interchangeable.

KIRKPATRICK: But that is not all. Once a transfer of power has been achieved and a dictatorship friendly to the Soviet Union has been established, the Soviets guarantee the "irreversibility" of this so-called revolution by providing thousands of technicians, advisers, and troops to prop up and guide the new government. Thus, the extraordinary array of Soviet-bloc military and civilian personnel in Angola, Benin, Ghana, Congo, Mozambique, Guinea-Bissau, Cuba itself, "Democratic" Yemen, Syria, Ethiopia, and so forth.

—But could the "midwives of history" be expected to do less without losing their title to Communist legitimacy?

KIRKPATRICK: It should be clear that the Soviet Government does not rely on the laws of history or the appeals of Communism to bring about "revolution" or to ensure irreversibility. It relies instead on the manipulation of values, on the superiority of its organisation, and the technology of violence. Soviet clients can count on reliable supplies of arms and men. We in the West are more inventive at finding reasons why we should not help peoples resisting incorporation into the Soviet bloc than in finding ways to help. We worry about intervening in the internal affairs of other nations. We worry about becoming "bogged down" in a "quagmire." We worry about propping up dictatorships, or sometimes we take a "long view" and comfort ourselves with assurances that after a long enough and disastrous enough experience with the Soviet bloc this-or-that Third World people will manage to break away.

So far we simply have not been willing to face the character and scope of the Soviet challenge posed by this skilful blending of indigenous and international politics. Having not faced the reality we have, of course, not developed an adequate response. Here, then, is something for Western statesmanship to take on.

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Demise of a middle class

Some things must be done; you'll go mad at last
And write off others' history, but without haste.
When you have taken from trunks medals and swords and guns
Off the banisters a bear's pelt your grandfather shot
Then found it a mother and had to kill the lot
The pelisse with scarlet ruching, the lead model cruiser
Letters nested by mice, case of fruit knives
Mother of pearl impact in velvet, that accumulation of lives

When you find out one who lost family courage and runs
When known all their taste and courage and fear your words
Shall perhaps give you the freedom.
But of what city? Is it large? Is its sky blue?
When cash runs out how do you get there too?
Do not retain too much, though you had to do.
Consider your own land, touch what they were but last
We are all mercenaries in face of historical fact.
When you start the bonfires to send this up in flames
No loss of nerve, remember particular names.

This careful terrain, its rocks its waterfalls
Drawing-rooms, box trees were built for you
In a sense. Yours to pick over the relics
And be dangerous to know, if you know what calls.

Gay Clifford

Melvyn Bragg **LOVE AND GLORY**

"As always, Mr Bragg writes with fluency and a deep feeling for people and their motives."
Martyn Goff, Daily Telegraph

"The glory is Bragg's. It is a novel of depth and richness."
Anne Redmon, Sunday Times

"Observation is sharp . . . touching, eloquent, and true."
Isobel Quigly, Financial Times

"The abiding impression of *Love and Glory* is of integrity."
Hilary Bailey, Guardian

"Narrative excellence. Mr Bragg's awareness of the contemporary arts is unobtrusively but effectively deployed."
Stuart Evans, The Times
£7.95

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"He does brilliantly what so few English writers do at all – or ever did, perhaps. His writing is intensely, sensitively visual."
Norman Shrapnel, Guardian

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Anne Redmon, Sunday Times
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George Courtauld **AN AXE, A SPADE AND TEN ACRES**

"Courtauld writes freshly and with considerable distinction, mixing a great mass of hard earned knowledge with passages of story-telling and pure description."
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Graham Lord, Sunday Express

"The huge spadefuls of information in this book conceal the . . . witty perceptions, striking images, and good thumbnail sketches of associates."
John Stewart-Collis, Spectator

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Margaret Lane, Daily Telegraph
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OO MOSCOW

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OO WASHINGTON

OO PARIS

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OO MODUK(DS 17 AUS D STAFF)

RR ATHENS

RR VIENNA

GRS 400

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DESKBY 162300Z

FM BONN 170135Z

TO IMMEDIATE FCO

TELEGRAM NUMBER 927 OF 17 OCTOBER

IMMEDIATE MOSCOW EAST BERLIN WASHINGTON PARIS UKDEL NATO AND
MODUK(DS 17 AUS D STAFF)

INFO ROUTINE ATHENS AND VIENNA

INFO SAVING CHCC(G) THE HAGUE BRUSSELS ROME

MIPT:

GENSCHER/GROMYKO MEETING: EAST-WEST AND BILATERAL ASPECTS

EAST-WEST

1. GROMYKO WAS HIGHLY CRITICAL AND EMOTIONAL ABOUT SOVIET-US RELATIONS AND REAGAN PERSONALLY. GENSCHER REJECTED GROMYKO'S REMARKS VERY EMPHATICALLY. HE SUGGESTED THAT THE SOVIET UNION SHOULD CONSIDER HOW FAR IT WAS RESPONSIBLE FOR THE PRESENT COOL STATE OF EAST-WEST RELATIONS. THE FRG WAS CONVINCED THAT THE US WAS READY FOR DIALOGUE WITH THE SOVIET UNION.

2. GROMYKO RAISED THE SOVIET PROPOSAL FOR A TREATY ON THE NON-USE OF FORCE, RECENTLY REPEATED IN THE SOPHA COMMUNIQUE OF WARSAW PACT FOREIGN MINISTERS. DESPITE EXISTING DOCUMENTS ON THIS SUBJECT, THERE WAS STILL A DANGER OF WAR IN EUROPE. LEGAL OBLIGATIONS, ESPECIALLY BETWEEN ALLIANCES, WERE THEREFORE NEEDED. GENSCHER ENUMERATED EXISTING DOCUMENTS AND SAID CURRENT CASES OF AGGRESSION (IE AFGHANISTAN) AND THREATS OF THE USE OF FORCE, EVEN WITHIN ALLIANCES (BREZHNEV DOCTRINE), WOULD HAVE TO BE REMOVED IF A NEW TREATY WAS TO HAVE MEANING.

BILATERAL

IMMEDIATE

DEFENCE DEPT
ACDD
EED
SOV DEPT
NAD
WED
NEWS DEPT
PS
PS/LADY YOUNG
PS/MR LUCE
PS/PUS
SIR J BULLARD
MR WRIGHT
MR JAMES
MR CARTLEDGE



Handwritten signature

BILATERAL

3. GENSCHER PRESSED FOR IMPROVEMENT IN THE LOW RATE OF EMIGRATION OF ETHNIC GERMANS FROM THE SOVIET UNION. GROMYKO'S REPLY INCLUDED NOTHING NEW. GENSCHER REFERRED TO CERTAIN CASES OF SOVIET DISSIDENTS (SAKHAROV, SHCHARANSKY, RUDENKO, ORLOV, NUDEL). GROMYKO DID NOT REACT

4. THE TWO SIDES AGREED TO HOLD CONSULTATIONS OF OFFICIALS ON THE PREPARATIONS FOR CDE AND ON THE THREE POSSIBLE BILATERAL AGREEMENTS (CULTURE, SCIENCE, LEGAL AID), ON WHICH NEGOTIATIONS HAVE BEEN STYMIED BY DIFFICULTIES OVER BERLIN CLAUSES. THERE WILL BE EARLY TALKS BETWEEN THE PLANNING STAFFS OF THE TWO FOREIGN MINISTRIES. WHEN THE MIXED COMMISSION MEETS AT MINISTERIAL LEVEL IN NOVEMBER THERE WILL BE DISCUSSION ABOUT ENVIRONMENTAL COOPERATION.

OTHER SUBJECTS

5. IN A BRIEF DISCUSSION OF THE MIDDLE EAST, GROMYKO WAS CRITICAL OF THE PRESENCE OF WESTERN TROOPS IN LEBANON AND OF THE US FLEET IN THE AREA. HE SAID THAT ISRAEL SHOWED INSUFFICIENT WILLINGNESS TO WITHDRAW AND THAT SYRIA WOULD WITHDRAW WHEN ALL OTHER OUTSIDE FORCES DID SO. IN DISCUSSIONS OF IRAN/IRAQ AND CENTRAL AMERICA GROMYKO SAID NOTHING NEW.

GERMAN ASSESSMENT

6. THE GERMANS SEE THIS MEETING AS SHOWING THAT THE RUSSIANS ARE STILL INTERESTED IN A DIALOGUE. THEY HOPE THAT THE RUSSIANS MAY BE SIGNALLING THAT THEY WOULD LIKE SUCH A DIALOGUE TO CONTINUE EVEN IF EAST-WEST RELATIONS SOON DETERIORATE, AND THINK THAT THIS MAY BE THE CASE. VON BRAUNMUEHL COMMENTED THAT GROMYKO HAD BEEN VERY MUCH ON THE BALL AND THAT HE HAD BEEN HARD ON THE SUBSTANCE THROUGHOUT THOUGH OCCASIONALLY RELAXED IN MANNER.

FCO PLEASE PASS SAVINGS EXCEPT CICC(G)

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FM WASHINGTON 142240Z OCT 83

TO IMMEDIATE FCO

TEKNO 2974 OF 14 OCT 83

INFO IMMEDIATE AMMAN

PRIORITY GULF POSTS JEDDA TEL AVIV DAMASCUS CAIRO UKMIS NEW YORK

US/JORDAN

1. REPORTS IN THE WASHINGTON POST AND NEW YORK TIMES ON 14 OCTOBER CLAIMED THAT THE ADMINISTRATION HAS BEEN DISCUSSING WITH CONGRESS A SECRET PLAN TO PROVIDE SOME DOLLARS 200 TO DOLLARS 225 MILLION MILITARY AID TO JORDAN TO EQUIP A MOBILE STRIKE FORCE FOR A PERSIAN GULF ROLE. THE EQUIPMENT TO BE PROVIDED IS SAID TO INCLUDE F16S, MOBILE SURFACE TO AIR MISSILES, LIGHT ARMoured VEHICLES, C130S AND MEDICAL EVACUATION TRANSPORTS. BOTH PAPERS RECALL THE MECCA MOSQUE INCIDENT IN 1979 AND IMPLY THAT A JORDANIAN RDF WOULD BE DESIGNED TO HELP IN SUCH CASES. THE STORY WAS FIRST REPORTED BY RADIO ISRAEL AND THE ISRAELIS ARE SAID TO BE OPPOSED TO THE SCHEME.

2. THE STATE DEPARTMENT ARE REFUSING TO CONFIRM OR DENY THE REPORT. THEY ARE TAKING THE LINE WITH THE PRESS THAT JORDAN IS AN IMPORTANT FRIEND OF THE US WITH WHICH THERE IS A LONG-STANDING AND WELL KNOWN MILITARY SUPPLY RELATIONSHIP WHICH IT IS IN THE US INTEREST TO CONTINUE. AS BOTH COUNTRIES HAVE AN EQUALLY WELL-KNOWN INTEREST IN REGIONAL SECURITY, IT SHOULD SURPRISE NO-ONE THAT QUESTIONS OF REGIONAL SECURITY ARE REGULARLY DISCUSSED.

3. OUR STATE DEPARTMENT CONTACTS ARE RELUCTANT TO BE DRAWN ON THE DETAILS. BUT THEY HAVE CONFIRMED THAT A MILITARY ASSISTANCE PACKAGE FOR JORDAN HAS BEEN UNDER CONSIDERATION FOR SOME MONTHS. IT IS DESCRIBED AS THE "JORDAN LOGISTICS PROGRAMME" AND DOES NOT (NOT) INCLUDE MODERN WEAPONRY SUCH AS F16S AND MISSILES. IN ADDITION TO TRANSPORT EQUIPMENT FOR THE JORDANIANS, SOME "PREPOSITIONING" HAD BEEN PLANNED.

4. THE AMERICANS TOLD THE ISRAELIS SOME TIME AGO OF WHAT IS PROPOSED, MAKING IT CLEAR THAT JORDAN WAS A RELIABLE FRIEND OF THE US AND THAT THEY WERE DETERMINED THAT THE AID PACKAGE SHOULD GO AHEAD. THE ISRAELI REACTION HAD BEEN SHRILL BUT THE STATE DEPARTMENT HAD BEEN REASONABLY CONFIDENT THAT THEY WOULD NOT PRESS THEIR OBJECTIONS, GIVEN THAT THEY CURRENTLY WANT A NUMBER OF CONCESSIONS FROM THE US, PARTICULARLY OVER LICENCES AND FUNDING FOR THE LAVI FIGHTER. THEY HAD ALSO BEEN CONFIDENT OF SECURING CONGRESSIONAL APPROVAL FOR THE PACKAGE, KEY MEMBERS OF BOTH HOUSES HAVING BEEN CONSULTED IN CONFIDENCE.

CONFIDENTIAL

/5.

CONFIDENTIAL

5. THEY ARE NOW DISMAYED AT THE WAY THE STORY HAS COME OUT IN THE PRESS, NOT ONLY BECAUSE OF THE LIKELY EFFECTS ON CONGRESSIONAL OPINION, BUT BECAUSE IT WILL UPSET THE SAUDIS AND GULF STATES AS WELL AS THE JORDANIANS.

6. THE POLITICO-MILITARY TALKS IN WASHINGTON NEXT WEEK WILL OFFER AN OPPORTUNITY TO PROBE AMERICAN THINKING FURTHER.

WRIGHT

MIDDLE EAST
STANDARD DISTRIBUTION

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PRESS RELEASE

Prime Minutes

(4)

*Mr. Bush sent this to you
after you tea party.*

THE VICE PRESIDENT
OFFICE OF THE PRESS SECRETARY

M 3/10

FOR RELEASE: 11:00 a.m., Austrian time
Wednesday, September 21, 1983

CONTACT: 202/456-6772

ADDRESS BY GEORGE BUSH
VICE PRESIDENT OF THE UNITED STATES
VIENNA, AUSTRIA
SEPTEMBER 21, 1983

M 5

It is a pleasure for me to come here and speak to you today; and it is appropriate that the setting be the Ceremony Hall of the Hofburg, a hall which has witnessed both the full horror of dictatorship and the glistening promise, the abundant actuality of freedom. This beautiful country of Austria is now in the full bloom of democracy; but others are not so fortunate. I have just come from the countries to your East, and I have seen in the faces of the people there a yearning for the same freedoms and democratic rights enjoyed by the people of Austria. I know that this is a subject of particular concern to Chancellor Ciniowatz, whose home in the Burgenland sits only a few miles from Austria's eastern border.

Last January I travelled to Germany, and in the course of my trip paid what for me will always be an unforgettable visit to the small village of Moedelreuth. Down the main street ran a high concrete wall topped with densely packed barbed wire. On the near side, the villagers were peacefully going about the ordinary business of their daily lives. On the far side, soldiers stood watch with machine guns and attack dogs ran along the wall on chains.

As I looked out to the East, I had the momentary impression that I was standing in a lonely outpost on the edge of Western civilization. Given the harsh reality of the wall, the impression is perhaps understandable; but how true is it?

Historically, of course, it couldn't have been more false. That wall, that wound which in one form or another spans the breadth of the continent, runs not along the edge, but cuts through the very heart of Europe. The diverse and complex region through which I have just travelled, a region so rich in history and culture, has always been a part of the European mainstream.

You Austrians so aptly call this part of the world Mitteleuropa -- Central Europe. Can a wall, can guard dogs and machine guns and border patrols deny hundreds of years of European history? Can they create and enforce this fictitious division down the very center of Europe?

When we think of that monstrous wall, we think first of the very personal violence it expresses: Families divided, a people

- more -

held prisoner in their own country. But what of the violence -- just as real -- It does to our history and traditions?. What of the violence it does to Europe?

Czeslaw Milosz, the Nobel Prize-winning Polish poet, is one of the many dissident artists, writers, and intellectuals, who were forced to choose exile from the language and country they loved, rather than be exiled from their history and cultural traditions within their own country. In Milosz's famous book, The Captive Mind, he writes about the "extinguishment" he sees in the face of Eastern European intellectuals. Their countries, they know, are rightfully part of an ancient civilization, one that is derived of Rome rather than Byzantium. "It isn't pleasant," he writes, "to surrender to the hegemony of a nation which is still wild and primitive, and to concede the absolute superiority of its customs and institutions, science and technology, literature and art. Must one sacrifice so much. . .?", he asks.

Over a hundred years ago, some Tsarist historians spoke with a contempt born of envy of the "decadent West." One example of such decadence was, no doubt, the music of Frederic Chopin. In a recent essay, the Czechoslovakian author, Milan Kundera, tells of how 14 years after Chopin's death, Russian soldiers on the loose in Warsaw hurled the composer's piano from a fourth-floor window. "Today," writes Kundera, "the entire culture of Central Europe shares the fate of Chopin's piano."

It has often been remarked that of the three great events in European history -- the Renaissance, the Reformation, the Enlightenment -- Russia took part in none. But Mitteleuropa, the region that gave birth to Jan Hus, took part in them all. This region has always looked west, not east. I was struck by the close ties in even its easternmost quarter when I heard the beautiful romance language, so similar to French and Italian, spoken by the people of Romania.

Fortunately, we are beginning to see fissures in the wall. During my visit I saw that, more and more, the natural forces which bring people closer together, rather than push them apart, are beginning to reassert themselves.

We in America feel strong and unbreakable ties with the people of Central Europe. So many Americans came to our country from this region to escape poverty and religious and political persecution. Many still do. America was built in great part through the industry of Hungarians, Germans, Czechs and Poles. Across the street from my office in the White House stands a statue of Tadeusz Kosciuszko, a hero of our revolutionary war, whose brilliance as a military engineer helped free my country from foreign domination. The United States, in fact all of the civilized world, remembers with the deepest gratitude the part played by the

free Polish forces in World War II, the brave fighters who rejected Hitler's and Stalin's infamous pact to partition their country. And we will never forget the courage of the Poles who, after years of suffering the ravages of war and the ruthless suppression of their people, rose up again in Warsaw -- they fought to the end, while those who they called themselves their allies cooled their heels on the east bank of the Vistula river.

The ties of my country to Central Europe are many, our histories are often intimately intertwined. The founder and President of the first Czechoslovak Republic, Thomas Masaryk, married an American. Sixty-five years ago this October, he wrote the Czechoslovak Declaration of Independence, a document founded on the same "historic and natural" rights that guided our own forefathers in writing our Declaration of Independence. To quote from that document written by Masaryk: "We accept and shall adhere to the ideals of modern democracy, as they have been the ideals of our nation for centuries." The "nation of Comenius," he said, accepts "the principles of liberated mankind, of the actual equality of nations, and of governments deriving all their just power from the consent of the governed."

The Czechoslovak Republic, which lasted from 1918 until 1938, was one of the most prosperous countries in Europe; its charter guaranteed "complete freedom of conscience, religion and science, literature and art, speech, the press, and the right of assembly and petition."

Today, according to their own constitution, the Czechs are promised the same freedoms; so, too, by written law and international treaties to which the Soviet Union and the governments of Eastern Europe are signatories, are the people of other countries in the region promised these basic human rights. But we have seen how often governmental deeds diverge from official promises. The people in many parts of Eastern Europe must now carry on their culture, their traditions, underground and in fear.

But there are groups, such as the Charter 77 movement in Czechoslovakia, and Solidarity in Poland which have sought to persuade their government to abide by their own laws and international commitments. Because of these individuals, who courageously demand their human rights, and because of the more imaginative leaders in some of these countries who have listened to the just wishes of their people and have sought to democratize their social and economic systems; European culture on the eastern side of the continent will never die.

The United States shares with these people a vision of Eastern Europe in which respect for human rights becomes the norm and not a rare concession to international pressure, where prosperity and advancement replace economic backwardness, and

openness overcomes barriers to human contacts and economic cooperation. In approaching the problems of the region, United States policy is guided by certain constants: First, we recognize no lawful division of Europe. There is much misunderstanding about the substance of the Yalta conference. Let me state as clearly as I can: There was no agreement at that time to divide Europe up into "spheres of influence;" on the contrary, the powers agreed on the principle of the common responsibility of the three allies for all the liberated territories. The Soviet Union pledged itself to grant full independence to Poland and to all other states in Eastern Europe, and to hold free elections there. The Soviet violation of these obligations is the primary root of East-West tensions today.

A similar misunderstanding exists about the Helsinki Accord. Some argue that Helsinki endorses the status quo, the present division of Europe. We reject this notion. At review sessions in Belgrade, Madrid, and the upcoming session here in Vienna in 1986, we have stated and will continue to insist that the heart of Helsinki is a commitment to openness and human rights.

Let me stress here that the United States does not seek to destabilize or undermine any government, but our attitude toward the region is informed by a sense of history -- of European history. For this reason we support and will encourage all movement toward the social, humanitarian and democratic ideals which have characterized the historical development of Europe. We appreciate the special role of countries such as Yugoslavia and Austria which have contributed so much to restoring historic patterns of trade and communications.

We share with the people of Eastern and Central Europe three basic aspirations; freedom, prosperity, and peace. We recognize the diversity and the complexity of the region. Of Austria's neighbors to the East, some have shown a greater measure of independence in the conduct of their foreign policy. Some have introduced greater openness in their societies, lowered barriers to human contacts, and engaged in market-oriented economic reforms. Others, unfortunately, continue to toe the Soviet line. Their foreign policy is determined in Moscow, and their domestic policies still flagrantly violate the most fundamental human rights.

In our relations with the countries of Eastern Europe, we take these differences into account. Our policy is one of differentiation -- that is, we look to what degree countries pursue autonomous foreign policies, independent of Moscow's direction; and to what degree they foster domestic liberalization -- politically, economically and in their respect for human rights. The United States will engage in closer political, economic and cultural relations with those countries such as Hungary and Romania which assert greater openness or independence. We will strengthen our dialogue and cooperation with such countries.

We are not saying that countries must follow policies identical to those of the United States. We will not, however, reward closed societies and belligerent foreign policies -- countries such as Bulgaria and Czechoslovakia, which continue to flagrantly violate the most fundamental human rights; and countries such as East Germany and, again, Bulgaria, which act as proxies to the Soviets in the training, funding and arming of terrorists, and which supply advisors and military and technical assistance to armed movements seeking to destabilize governments in the developing world.

Let me stress once more that our hopes for Eastern Europe are peaceful. But we believe that reform is essential. Over the span of many years the United States has provided hundreds of millions of dollars of loans and credits for the Polish economy in the hope that this aid would help build a more plentiful and open society. We cannot, however, be expected to shore up a nation's economy when the government refuses to institute the most basic economic reforms. If countries insist on following the Soviet economic model, even dollars, francs and marcs cannot prevent the certain failure of their economies.

It is by now abundantly clear that highly centralized, command economies cannot fulfill the basic needs of their populations, let alone remain competitive in world markets or keep pace with technological advancement. Just as retarded industrial development relegated much of nineteenth century Central Europe to a backwater of agricultural poverty, there is ample evidence that the unfolding information revolution will sweep past an unprepared Soviet Union and much of Eastern Europe -- unless there is basic change. For example, Hungary's relative prosperity demonstrates the practical, positive results that follow on social and economic liberalization.

The countries of Eastern Europe have a choice to make. They can close themselves off, or they can open up and join the world economy positively, as traders rather than debtors. Think about this: 25 percent of all Soviet farm output comes from private plots that occupy less than 3 percent of the Soviet Union's agricultural land. It's doubtful whether Soviet agriculture could survive without this concession to private enterprise.

Freedom is the essential component of progress -- the freedom of each individual to bring his knowledge and wisdom to bear on the economic decisions that will directly affect his life. This

- more -

requires freedom of information, the free flow of ideas and the free movement of people. We take these freedoms to be fundamental, moral precepts; but they are also practical necessities. If a society revises history to suit ideological needs; if it censors information; if it punishes imaginative and creative individuals and discourages initiative in its people -- that society condemns itself to ignorance and backwardness and poverty.

Just as freedom and prosperity go hand in hand, so, too, are freedom and prosperity linked to peace. I know that the people of Central Europe, who have such an intimate experience of the waste and horror of war, ardently yearn for peace. President Reagan and I and the American people share in your hopes and desires. Our commitment to nuclear arms reduction -- not just arms control, but the reduction of these terribly destructive weapons -- is unshakeable. The United States has already unilaterally withdrawn 1,000 nuclear warheads from Europe. The implementation of the 1979 NATO decision to deploy INF will not increase by even one the number of nuclear weapons in Europe. But while we've been withdrawing nuclear weapons, the Soviets have been engaged in an unprecedented and relentless military buildup in conventional and nuclear arms.

One of the most dangerous and destabilizing new elements is the Soviet Union's monopoly of intermediate-range nuclear missiles -- missiles which can strike any target in Europe within a few minutes. The Soviets have already more than sufficient INF weapons in place to meet their security requirements, and yet they seek to further intimidate the people of Europe by dire warnings of counter-deployments in Eastern Europe should NATO go ahead with deployments in December.

It is our hope that the Soviet leadership will have the courage and vision to reverse their dangerous arms buildup. If they show some flexibility at the bargaining table and a balanced approach is adopted, and agreement in Geneva is still possible before the end of this year. Here in Vienna, at the negotiations for Mutual and Balanced Force Reduction, after many years of stalemate, there are some signs of movement for verifiable reduction in conventional forces in Central Europe.

But a prerequisite for peace is respect for international law. Regrettably, the Soviet Union and most of the Warsaw Pact countries continue to flout the human rights agreements to which they are all signatories. And the world is still in shock from the brutal murder of 269 civilians aboard a commercial airliner which strayed off course and was unlucky enough to pass over Soviet territory.

Let me ask you this question: Would the United States, would Austria, ever wantonly shoot down a commercial airliner? Never. But the Soviets resolutely state they would do it again. These are not

the actions and words of a civilized system. The European tradition stresses above all things a respect for human life. Those traditions, sadly, are not universal.

What are we to think of leaders who compound such brutal deeds with bald and careless lies and who respond to the just inquiries of the international community with utter contempt? This use of brute force is exactly the kind of Soviet behavior in Eastern Europe that the United States has been protesting for years.

Recognition of the true nature of the Soviet system doesn't make our desire for peace any less strong. If anything, it makes it stronger. But we enter all negotiations with the Soviets with our eyes open. We will never give up in our attempts to use reason and whatever reassurances we can give to persuade the Soviets to truly, constructively join the community of nations. Our desire for peace is strong and unflinching. With your help, with the help of all nations, I'm certain we can make that hope a reality.

I'd like to close with the words of a great Mitteleuropean, His Holiness Pope John Paul II. In just three lines he pointed out the road toward a better future;

Persons over Things
Ethics over Technology
Spirit over Matter.

I have visited four important nations in Central Europe -- nations rich in culture and history; nations with differing systems and perspectives. But in my talks with the leaders and people of these countries, I've become convinced that we all share a common goal -- to heal the wounds that separate us, to remove the artificial barriers which divide us, and to reduce the level of fear and terror in the world through arms reduction.

I come away from Eastern Europe with a strong sense of its diversity, a strong sense of the uniqueness of each country. With some, our ties are already greatly improved -- my visit is one indication of that. But we are not about to write off a single country. We are ready to respond to each to the extent that they are meeting their own people's aspirations, are pursuing their own, independent foreign policy, and are willing to open up to the rest of the world.

I am an optimist. I see a bright future for Central Europe -- a future of peace, prosperity, and freedom. I am positive the barriers will come down and that the desire of our neighbors to the East to once more become a full part of Europe will finally, after many hard bitter years, be fulfilled. In this spirit of reconciliation, we must all work together to make this optimistic vision a reality -- to once again make Europe whole.

Thank you.

#

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SECRET



file

*By
CT.*

10 DOWNING STREET

From the Private Secretary

16 September 1983

Non-Proliferation:
Message from President Reagan to the Prime Minister

Thank you for your letter of 15 September.

I enclose the text of the Prime Minister's reply to President Reagan's message of 19 August. I should be grateful if you would arrange for its delivery.

I am copying this letter and enclosure to Michael Reidy (Department of Energy).

Roger Bone, Esq.,
Foreign and Commonwealth Office

SECRET

SUBJECT cc Master
ops

SECRET

TEXT OF THE PRIME MINISTER'S REPLY TO PRESIDENT REAGAN'S MESSAGE OF
19 AUGUST

US Declassified

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T133/83

Dear Ron,

Thank you for your message of 19 August about comprehensive nuclear safeguards. I too regard effective co-operation between suppliers as essential. We have, as you know, played a leading role recently in developing proposals for improved export control for equipment and materials relating to centrifuge enrichment.

I entirely agree with you that we must ensure that legitimate competition for nuclear trade does not weaken the non-proliferation regime. It was for this reason that the United Kingdom acted as host and chairman to the Nuclear Suppliers Group (the so-called "London Club") which achieved agreement five years ago on the present "guidelines". After this lapse of time it is certainly desirable to review the situation.

I also agree with you that we must strengthen the framework for peaceful nuclear co-operation within a sound and effective safeguards regime. As I suggested in my previous message to you in April, we should endeavour to develop a clear, consistent Western strategy which lays emphasis on the benefits which Non-Proliferation Treaty membership can give to both supplier and recipient countries. This is, in our view, a necessary corollary to the achievement of broad agreement on the acceptance of controls.

We are therefore very happy to support your proposal for a meeting of our representatives, together with those of other major supplier countries, to develop concrete proposals for advancing our common goal. Our officials will, of course, be in touch on the details.

With best wishes,

Yours ever,

Margaret.

SECRET

C-AP

12

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Foreign and Commonwealth Office

Prime Minister

London SW1A 2AH

Agree that the message

to Incident League should

be sent on the hot-line.

15 September 1983

for info

A.J.C. 15/9

Yes

MT

Non-Proliferation: Message from President Reagan to the
Prime Minister

I wrote to you on 6 September enclosing President Reagan's message to the Prime Minister.

As you may remember, President Reagan wrote to the Prime Minister on this same topic earlier this year, and the Prime Minister sent a reply on 18 April (copies enclosed).
our draft - 15 April

The Americans feel strongly about unsafeguarded nuclear activities which could lead to the unravelling of the Non-Proliferation regime. They would like some urgency to be injected into co-operative action over strong guidelines for nuclear trade. President Reagan suggests in his penultimate paragraph that we should have an early meeting with the Americans and other representatives of major supplier countries (including the Soviet Union) to develop concrete proposals for advancing our common goal.

We understand from the American Embassy that the meeting is proposed to take place in late November/early December, either in the US or at any European location that the parties might suggest. We do not feel it would be helpful in this context to offer London as a possible site as a meeting in London might be misunderstood by developing countries, who have been loud in their criticism of past activities of the Nuclear Suppliers Group, which met in London from 1976 to 1978.

I enclose a draft reply from the Prime Minister to the President.

I am copying this letter to Michael Reidy (Department of Energy).

for info
R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

WPA
Foreign Office
March 8



DSR 11 (Revised)

DRAFT: ~~XXXXX/letter~~/~~XXXXX/teletype~~/~~XXXXX/airmail~~/~~XXXXX/parcel~~/~~XXXXX/parcel~~/~~XXXXX/parcel~~

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

President Reagan

Top Secret

Secret

Confidential

Restricted

Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

See above,

of 19 August about

.....In Confidence

Thank you for your message ~~about the great importance~~

CAVEAT.....

~~of~~ comprehensive nuclear safeguards. I too regard effective co-operation between suppliers as essential. We have, as you know, played a leading role recently in developing proposals for improved export control for equipment and materials relating to centrifuge enrichment.

I entirely agree with you that we must ensure that legitimate competition for nuclear trade does not ~~lead~~ *weaken* to any unravelling of the non-proliferation regime. It was for this reason that the United Kingdom acted as host and chairman to the Nuclear Suppliers Group (the so-called "London Club") which achieved ~~consensus~~ *agreement* five years ago on the present "guidelines". After this lapse of time it ~~would~~ *is* certainly ~~be~~ desirable to review the situation.

Enclosures—flag(s).....

I also agree with you that we must strengthen the framework for peaceful nuclear co-operation within a sound and effective safeguards regime. As I suggested in my previous message to you in April, we should endeavour

/to develop

USA Foreign Policy 3/81

SECRET

to develop a clear, consistent Western strategy which lays emphasis on the benefits which Non-Proliferation Treaty membership can give to both supplier and recipient countries. This is, in our view, a necessary corollary to the achievement of ^{agreement on the} ~~the broad consensus we seek for~~ acceptance of controls.

16 SEP 1981

We are therefore very happy to support your proposal for a meeting of our representatives, together with those of other major supplier countries, to develop concrete proposals for advancing our common goal. Our officials will, of course, be in touch on the details.

With best wishes

Yours ever

Margaret

SECRET

MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN

US Declassified

Thank you for your message about the danger that further countries may develop nuclear weapons. I agree with you that this is an important issue in which effective cooperation between suppliers is essential. As you know, the United Kingdom has played a leading role in developing proposals for improved export control for equipment and materials relating to centrifuge enrichment. We have also supported efforts to find proper safeguards.

But the lack of progress in international discussion of non-proliferation issues in New York and Vienna, coupled with continuing Western public interest in these issues, means that we must look well ahead in our preparations for the next Review Conference of the Non-Proliferation Treaty in 1985. We should now try to develop a clear and consistent Western strategy, which lays emphasis on the benefits which NPT membership can give to both supplier and recipient countries. Although the Review Conference is still some time away, the issues involved are complicated and sensitive, and it will take time to work out a strategy among ourselves convincing enough to ensure that the non-proliferation regime is not fatally eroded.

So I believe that these matters require further discussion with our allies and partners at an early date. Probably the best way to make a start would be in a forum restricted to our closest partners. We shall try to put forward some helpful ideas there. Meanwhile, I assure you that we are keen to work constructively for improvements to the non-proliferation regime, including general acceptance of the requirement for full-scope safeguards.



JF

10 DOWNING STREET

From the Private Secretary

7 September 1983

The Prime Minister has asked me to thank you for your letter of 6 September, enclosing a message from President Reagan about nuclear safeguards.

A. J. COLES

The Honourable Edward J. Streator

HU

ec AP II



Foreign and Commonwealth Office

London SW1A 2AH

6 September 1983

Top copy of incident's
letter submitted to
Prime Minister.

Jan 24

A.J.C. 7/9

p.a.

Non-Proliferation: Message from President Reagan to the
Prime Minister

I enclose a message from President Reagan to the
Prime Minister, which the US Embassy delivered to the
Department this afternoon.

BF | We shall let you have a draft reply for the Prime
Minister by the weekend, in consultation with other
Departments in Whitehall.

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

US Foreign PO
Mar 81

UNITED STATES POSTAL SERVICE
FIRST CLASS PERMIT NO. 1000 NEW YORK, NY



Subject cc Master
Q/S.



PRIME MINISTER'S
PERSONAL MESSAGE ②
10

SERIAL No. T118A/83

EMBASSY OF THE UNITED STATES OF AMERICA
LONDON

September 6, 1983

Prime Minister

ms

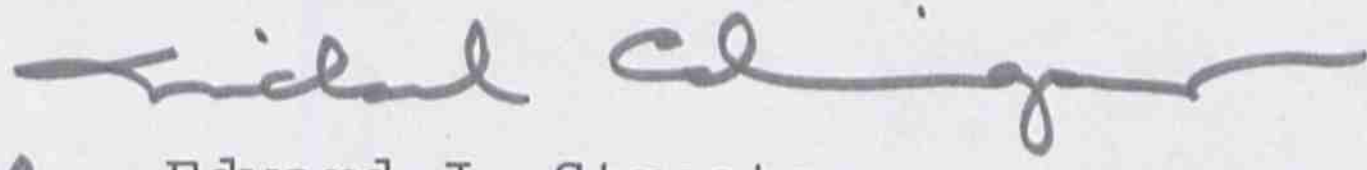
A draft reply to the President's letter
is being prepared.

A.S.C. 7/9.

Dear Prime Minister:

I have been asked to deliver the attached
message to you from President Reagan, which was
received at the Embassy over the weekend.

Sincerely,


for Edward J. Streator
Chargé d'Affaires ad interim

Enclosure

SECRET

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.

US Declassified

T 118^A/83

THE WHITE HOUSE
WASHINGTON

August 19, 1983

P.R. has

replied

AR 23/9

h-a.

Dear Margaret:

On March 31st, I wrote to you about comprehensive safeguards, and I appreciate your government's expression of support for this principle. I had hoped to discuss this matter in some detail at our Williamsburg meeting, but as you know the agenda included other issues, both complicated and pressing, that required our urgent attention.

As I indicated earlier, I believe that we must take every possible step to prevent the further spread of nuclear weapons. This is a matter of critical national security concern that we share. If nuclear weapons spread to additional regions, the delicate balance of regional stability can be upset, the danger of conflict will grow, security burdens will increase, and even peaceful nuclear cooperation will be jeopardized.

Unsafeguarded nuclear activities manifestly are a source of concern, wherever they may exist. Even where these activities are not intended to serve the purpose of explosives development, they inevitably generate suspicion. It was this concern which led me to suggest agreement now by the major nuclear suppliers to require comprehensive safeguards as a condition of significant new nuclear supply commitments.

Agreed nuclear rules of trade, including stronger safeguards as a condition of supply, are needed also if we are to ensure that legitimate competition for nuclear trade does not lead to the use of non-proliferation conditions as a bargaining factor in pursuit

of sales. The result could only be an unraveling of the non-proliferation regime damaging to us all.

The emergence of new suppliers adds urgency to the need for new cooperative action. We must find the way to convince these countries to adhere to sound norms for their own participation in international nuclear commerce. But if we are to have any chance of success, we must agree now on stronger safeguards and guidelines for nuclear trade, and be prepared to stand by them.

As we have agreed, our countries have a shared responsibility in this area. I look forward to working with you to strengthen the framework for peaceful nuclear cooperation within a sound and effective safeguards regime. I suggest an early meeting of our representatives and those of the other major supplier countries (including the Soviet Union) to develop concrete proposals for advancing our common goal. We look forward to hearing your views.

Margaret, this is an important priority for me, for which I would deeply appreciate your personal support. I hope to be in touch with you by telephone on this matter closer to the date of the meeting of our representatives. I am convinced that in unifying the nuclear suppliers in support of comprehensive safeguards, we will have achieved a concrete and immediate arms control success.

Sincerely,

Ron

The Right Honorable
Margaret Thatcher, M.P.
Prime Minister
London

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FM MEXICO CITY 172300Z AUG 83
TO PRIORITY FCO
TELEGRAM NUMBER 715 OF 17 AUGUST
INFO PRIORITY WASHINGTON
INFO SAVING UKDEL NATO.

SECRET

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9

MIPT: PRESIDENT REAGAN'S VISIT TO MEXICO.

1. AFTER THE US AMBASSADOR'S BRIEFING OF THE AMBASSADORS, HE AND I HAD A PRIVATE WORD ABOUT PRESIDENT REAGAN'S VISIT.
 2. GAVIN TOLD ME IN STRICT CONFIDENCE THAT ABOUT A WEEK BEFORE THE PRESIDENTIAL MEETING, HE HAD ASKED PRESIDENT DE LA MADRID WHETHER HE WOULD LIKE A FULL INTELLIGENCE BRIEFING ON DEVELOPMENTS IN NICARAGUA. THE PRESIDENT REPLIED THAT HE WOULD. BUT MEXICAN OFFICIALS HAD BEEN EVASIVE, AND NO TIME FOR IT HAD BEEN FIXED. IN THESE CIRCUMSTANCES GAVIN HAD CONSULTED JUDGE CLARK, WHO HAD ADVISED PRESIDENT REAGAN - QUOTE THE BEST INTELLIGENCE BRIEFER WE HAVE GOT UNQUOTE - TO GIVE PRESIDENT DE LA MADRID THE BRIEFING HIMSELF. THIS HAD BEEN THE THEME OF THE PRIVATE MEETING OF THE TWO PRESIDENTS WITHOUT INTERPRETERS OR ADVISERS. PRESIDENT REAGAN HAD BROUGHT WITH HIM ALL THE NECESSARY EVIDENCE, INCLUDING MAPS AND AERIAL PHOTOGRAPHS. AFTERWARDS PRESIDENT REAGAN TOLD GAVIN THAT PRESIDENT DE LA MADRID HAD BEEN MOST APPRECIATIVE AND IMPRESSED. IN GAVIN'S JUDGEMENT THERE HAD BEEN A REAL MEETING OF MINDS.
 3. GAVIN ALSO TOLD ME THAT ONE OF THE MOST OBSTRUCTIVE ON THE MEXICAN SIDE HAD BEEN THE DEPUTY FOREIGN MINISTER ROSENZWEIG-DIAZ. IN EARLIER NEGOTIATION OVER A JOINT PUBLIC STATEMENT, ROSENZWEIG-DIAZ HAD TAKEN UP AN INTRANSIGENT POSITION. HE HAD EVEN CIRCULATED COPIES OF HIS OWN DRAFT TO MEXICAN MINISTERS ON THE AIRCRAFT GOING TO LA PAZ AFTER HE HAD BEEN INFORMED THAT IT WAS UNACCEPTABLE TO THE AMERICANS. HIS BLUFF HAD BEEN CALLED BY SHULTZ, WHO HAD SAID THAT PERHAPS IT WOULD BE BETTER IN THESE CIRCUMSTANCES NOT TO HAVE A JOINT STATEMENT AT ALL. THE MEXICAN FOREIGN MINISTER HAD THEN TOLD ROSENZWEIG-DIAZ TO MAKE A RENEWED EFFORT: AND GAVIN AND ROSENZWEIG-DIAZ HAD PRODUCED A JOINT TEXT IN 20 MINUTES.
 4. GAVIN SAID THAT WHATEVER INTERESTED PARTIES ON EITHER SIDE, INCLUDING THE PRESS, MIGHT SAY, THE MEETING HAD BEEN A GENUINE SUCCESS, AND BOTH PRESIDENTS WERE DELIGHTED WITH IT.
 5. PLEASE REPEAT FURTHER AS NECESSARY.
- FCO PLEASE PASS SAVING UKDEL NATO.

TICKELL

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PS/PUS
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FM MEXICO CITY 172100Z AUG 83

TO PRIORITY FCO

TELEGRAM NUMBER 714 OF 17 AUGUST

INFO PRIORITY WASHINGTON, ROUTINE CARACAS, BOGOTA, PANAMA CITY,
SAN JOSE, TEGUCIGALPA, BELMOPAN, HAVANA, UKMIS NEW YORK
INFO SAVING UKREP BRUSSELS, UKDEL NATO.

MY TELS NOS 709 AND 710: PRESIDENT REAGAN'S VISIT TO MEXICO.

SUMMARY

1. THE US AMBASSADOR BRIEFED A SELECTED GROUP OF AMBASSADORS THIS MORNING ABOUT PRESIDENT REAGAN'S VISIT TO MEXICO ON 14 AUGUST. THIS COVERED THE GENERAL ATMOSPHERE, CENTRAL AMERICA, ECONOMIC, TRADE AND OTHER BILATERAL ISSUES. THE VISIT HAD BEEN A NOTABLE SUCCESS.

ATMOSPHERE.

2. GAVIN SAID THAT THE ATMOSPHERE OF THE TALKS HAD BEEN EXCELLENT. PRESIDENTS DE LA MADRID AND REAGAN HAD A GOOD PERSONAL RELATIONSHIP ON WHICH TO BUILD. THE US PRESS, IN PARTICULAR THE NEW YORK TIMES AND WALL STREET JOURNAL, HAD GIVEN A GROTESQUELY MISLEADING ACCOUNT OF THE PROCEEDINGS, FULL OF IMAGINERY COOLNESS AND CONFLICTS. CERTAIN US JOURNALISTS HAD AN AXE TO GRIND WHICH HAD BEEN DULY GROUND.

CENTRAL AMERICA

3. GAVIN SAID LITTLE ABOUT THE DISCUSSION OF THE TWO PRESIDENTS ON CENTRAL AMERICA. HE QUOTED US SECRETARY OF STATE SHULTZ IN SAYING THAT THE PURPOSE OF US MILITARY AND NAVAL MANOEUVRES IN THE AREA HAD BEEN TO SHOW FORCE AND NOT TO USE IT. UNDER CUBAN GUIDANCE NICARAGUA WAS BUILDING UP ITS ARMED FORCES AND BRINGING IN TANKS AND OTHER HEAVY EQUIPMENT. A CUBAN GENERAL WITH AFRICAN BATTLE EXPERIENCE WAS ADVISING THE NICARAGUAN ARMED FORCES. BUT SINCE THE US MANOEUVRES HAD BEGUN THERE HAD BEEN A DISTINCT TONING DOWN IN BOTH CUBAN AND NICARAGUAN STATEMENTS. IN HIS JUDGEMENT THE MEXICANS WERE NOW SHOWING GREATER REALISM IN THEIR APPROACH TOWARDS CENTRAL AMERICAN PROBLEMS. IN THE MEANTIME PRESIDENT REAGAN HAD REAFFIRMED HIS SUPPORT FOR THE CONTADORA GROUP.

ECONOMIC AND TRADE ISSUES

4. GAVIN SAID THAT THERE HAD BEEN A USEFUL DISCUSSION BETWEEN SHULTZ AND HIS ADVISERS ON THE ONE HAND AND THE MEXICAN MINISTERS OF FOREIGN AFFAIRS, FINANCE AND COMMERCE ON THE OTHER. THERE WERE A NUMBER OF LONG STANDING COMMERCIAL PROBLEMS BETWEEN THE UNITED STATES AND MEXICO, IN PARTICULAR OVER THE CHARACTER OF MEXICAN SUBSIDIES AND US COUNTERVAILING DUTIES. IN NEGOTIATIONS OVER THE LAST EIGHT MONTHS THE AMERICANS HAD PRESSED THE MEXICANS FOR A FULL STATEMENT OF THEIR POSITION. THIS HAD NOT BEEN FORTHCOMING UNTIL THREE WEEKS BEFORE THE DE LA MADRID/REAGAN MEETING. THE MEXICANS HAD THEN ASKED FOR URGENT NEGOTIATIONS TO PERMIT SIGNATURE

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OF AN AGREEMENT ON 14 AUGUST. THE AMERICANS HAD BEEN OBLIGED TO TELL THE MEXICANS THAT THIS WAS OUT OF THE QUESTION: THE US GOVERNMENT WOULD HAVE TO CONSULT ALL THE INTERESTED AGENCIES, THE CONGRESS, AND INTERESTED BODIES IN THE PRIVATE SECTOR, AND THIS WOULD TAKE MONTHS RATHER THAN WEEKS. AN AGREEMENT COULD NOT BE CONTEMPLATED BEFORE THE BEGINNING OF 1984.

5. GAVIN SAID THAT AT LA PAZ THE AMERICANS HAD TOLD THE MEXICANS THAT AN AGREEMENT WOULD BE MUCH EASIER IF THE MEXICANS COULD BRING THEMSELVES TO JOIN THE GATT. THE UNITED STATES ADMINISTRATION COULD NOT GIVE MEXICO TREATMENT MORE PRIVILEGED THAN IT GAVE TO ITS OTHER TRADING PARTNERS. THE MEXICANS HAD REPLIED THAT MEMBERSHIP OF GATT WAS AN INTERNAL POLITICAL ISSUE FOR THEM, AND WOULD NOT BE DRAWN FURTHER. FOR THEIR PART THEY COMPLAINED THAT THE CARIBBEAN BASIN INITIATIVE WAS IN SOME RESPECTS DISCRIMINATORY AGAINST MEXICO. TO THIS THE AMERICANS HAD SAID THAT THE CARIBBEAN BASIN INITIATIVE WAS TO HELP CERTAIN VERY SMALL AND WEAK ECONOMIES, AND COULD HARDLY AFFECT THE TRADE OF SO IMPORTANT AND DEVELOPED AN ECONOMY AS THAT OF MEXICO.

OTHER BILATERAL ISSUES

6. GAVIN SAID THAT THERE HAD ALSO BEEN DISCUSSION ON THE ECONOMIC PROBLEMS AFFECTING BOTH SIDES OF THE FRONTIER. AN AGREEMENT ON THE ENVIRONMENT HAD BEEN SIGNED WHICH WOULD BE OF IMPORTANCE IN DEALING WITH SPECIFIC POLLUTION PROBLEMS ALONG THE CALIFORNIAN FRONTIER. THE LONG-STANDING DISPUTE OVER IMPORTS OF MEXICAN TUNA FISH INTO THE UNITED STATES HAD ALSO BEEN DISCUSSED. ON THIS THE MEXICAN FOREIGN MINISTER HAD BEEN BADLY BRIEFED. HE HAD THE IMPRESSION THAT THERE WERE BUREAUCRATIC IMPEDIMENTS ON THE MEXICAN SIDE. THE AMERICANS HAD ASKED WHETHER THE MEXICANS WISHED TO SIGN A NEW CONTRACT FOR THE SUPPLY OF MEXICAN CRUDE FOR THE US STRATEGIC RESERVE, BUT SO FAR THERE HAD BEEN NO ANSWER.

7. PLEASE SEE MIFT (NOT TO ALL).

FCO PLEASE PASS SAVING ALL.

TICKELL

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From the Private Secretary

29 July 1983

Jean Roger

Nuclear Proliferation

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 25 July. She feels that she cannot agree to the circulation of the paper attached to Sir Geoffrey's minute to our colleagues in the European Community, the United States, Canada and Australia. She has fundamental objections to the policies he proposes. In particular, she does not think it would be right to establish a 'Nuclear Energy for Progress' fund as suggested in paragraph 15 of the paper. Not only is she sceptical that this would have any beneficial effect on developing countries' attitudes to the NPT, she also feels that the United Kingdom would be inevitably called upon to make a substantial contribution to this fund.

I am copying this to the other members of OD and to Julian West (Department of Energy) and Richard Hatfield (Cabinet Office).

Yours ever

Willie Rickett

Roger Bone, Esq.,
Foreign and Commonwealth Office.

da

A

MR. COLES

NUCLEAR NON-PROLIFERATION

I have studied the paper enclosed with the Foreign Secretary's minute to the Prime Minister of 25 July. I confess that, for reasons of pessimism and stinginess, I am a bit dubious about launching this exercise.

I am of course in favour of a lobbying campaign by the three NPT depository powers to persuade more countries to join the Treaty. In practice, we are likely to net a few more tiddlers but are unlikely to have any impact on the problem countries mentioned in para 2 of the paper. In many of these cases, it is of course too late.

What I am doubtful about is the proposal to establish a new Fund the main purpose of which would be to induce more countries to join the NPT on the grounds that this would facilitate their acquisition of peaceful nuclear technology. If such a Fund were established at our initiative, there is no doubt that we would be expected to make a substantial contribution to it. The Annex states that "the Fund could help to finance the acquisition of such reactors, either by subsidising loans or by providing outright grants". This does not suggest a nominal financial commitment.

My own feeling is that the only way to slow down proliferation is for the London Club, acting as a group and through the IAEA, to take effective action to block the transfer of technology and supply of equipment to countries which might be likely to use nuclear technology for military purposes. In the case of Pakistan, Western suppliers allowed too much to slip through the net before they woke up to the danger. In parenthesis, it is a melancholy fact that the record of the Soviet Union in this regard is very much better than that of the industrialised West.


A.D. PARSONS
27 July 1983

PRIME MINISTER

Nuclear Proliferation

This minute by the Foreign Secretary has attached to it a terribly long paper about our strategy for the 1985 Conference which will review the Non-Proliferation Treaty.

Sir Geoffrey Howe would like to send copies of the paper to Governments of EC Member States, the United States, Canada and Australia with a request that they should study it and comment on it.

The paper argues that the regime established by the Treaty is not as effective as originally hoped because of

- a) failure to achieve universal adherence;
- b) defects in the application of the Treaty.

It proposes an action programme to "revitalise" the Treaty and thereby avoid an unsuccessful Review Conference. Specifically:

a) We should take diplomatic action to encourage French and Chinese accession to the Treaty and also accession by the six problem countries (India, Pakistan, Israel, South Africa, Argentina and Brazil). Similarly, we should try to persuade the forty or so other countries which have not signed the Treaty to do so.

b) We should try to increase cooperation in the peaceful uses of nuclear energy by establishing a new "mechanism" for preferential treatment for parties to the Treaty, particularly those in the developing world. The aim is to induce more countries to join the NPT by holding out the carrot of financial assistance to them to acquire peaceful nuclear technology. The paper suggests a number of ways in which such a mechanism could operate. But you should be aware that one possibility referred to is the establishment of a new Fund which would help to finance the acquisition

/ of reactors

of reactors as well as technical studies, schemes for the disposal of waste and spent fuel, etc. In his minute at Flag A, Tony Parsons expresses some doubt about this idea and argues that we would be expected to make a substantial contribution to it. The paper states, however, that it is unlikely to be very expensive.

c) The paper considers the possibility of strengthening the present pattern of assurances (eg that nuclear weapons will not be used against non-nuclear weapon states) but reaches no firm conclusions on what can be done.

d) It also briefly considers measures of nuclear disarmament. This section contains nothing new but makes the point that if there is no significant progress before the Review Conference strong criticism from non-aligned states can be expected.

You may think that before the Foreign Secretary circulates this paper to friendly governments for their comments we should be a little clearer as to the merits of ~~this~~ ^{the} Fund and the extent of any UK financial contribution. Shall I ask for that point to be further examined?

A.S.C.

We just can't circulate
 this paper - it is dreadful. If it
 came to us from a friendly
 power I should have spent
 and have had any further advice
 from them since somewhat disconcertingly

27 July 1983



cebs

PM/83/57

PRIME MINISTER

1. My Department have been giving thought to the problems of nuclear proliferation, with particular reference to our strategy for the 1985 Non-Proliferation Treaty Review Conference, preparations for which will begin in earnest this Autumn.

2. Recent efforts in the non-proliferation field have concentrated on the improvement of technical barriers to proliferation. These have included our own initiative on improving those areas of the nuclear export control "trigger list" relating to centrifuge enrichment, and the new US proposal on comprehensive safeguards, about which President Reagan wrote to you in April. Efforts in this field are, and will continue to be, highly important. But there is a need also to generate a wider and stronger political commitment to the NPT, particularly among the non-aligned and developing / countries. The enclosed paper sets out some ideas on how this might be achieved.

3. Provided that you and other recipients of this minute see no objection, I intend to ask our representatives in other members of the European Community, the United States, Canada and Australia to deliver copies of the paper to local Governments, with a request that they should study and comment on it. In the light of their comments, we can then decide what further action to take with other interested parties, including the Soviet Union and moderate countries in the developing world.

*I see
grad-
objection*

4. I am sending

CONFIDENTIAL



4. I am sending copies of this minute and enclosure to other members of the OD Committee and to the Secretary of State for Energy and 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
25 July 1983

CONFIDENTIAL

REVITALISING THE NON-PROLIFERATION TREATY

INTRODUCTION

1. The conclusion of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), which entered into force in 1970, secured a formal commitment against the further proliferation of nuclear weapons from virtually all the countries then in a good position to follow such a path (ie the developed countries of East and West). It also embodied the first general acceptance of the principle of independent international verification of peaceful intent, by requiring NPT parties (other than the existing nuclear weapon states) to accept International Atomic Energy Agency (IAEA) safeguards on all their peaceful nuclear activities. To date, 120 states have signed and ratified the NPT, and the majority of these (including all those non-nuclear weapon states party to the NPT with significant nuclear activities) have IAEA safeguards agreements in force. Nevertheless, the NPT regime is still not as effective as its supporters originally hoped. The two main reasons for this are failure to achieve universal adherence, and perceived defects in the application of the Treaty.

UNIVERSALITY OF MEMBERSHIP

2. Two of the five nuclear weapon states (as defined in Article IX.3 of the NPT), ie France and the People's Republic of China (PRC) have not yet become parties to the Treaty, although France has declared that she will behave in all respects as if she were a party. Of the non-nuclear weapon states, one important group of non-parties have the technical capacity to develop nuclear weapons in a relatively short time, and, unlike other non-parties, have not accepted comprehensive safeguards (the so-called 'full-scope safeguards' - FSS) on all their nuclear facilities. These states include the six so-called 'problem countries', India (which has already carried out one nuclear explosion), Pakistan, Israel, South Africa, Argentina and Brazil. Spain has not signed the NPT but has unilaterally submitted her (substantial) nuclear programme to comprehensive safeguards. The remaining states which have not

yet signed the Non-Proliferation Treaty, for a variety of reasons, are of relatively little significance, though some of them (eg Algeria, Chile and Cuba) may have a sufficiently large economic and industrial base to develop nuclear weapons in due course, if they decide to do so.

THE NON-PROLIFERATION 'BARGAIN'

3. The core of the Treaty is to be found in Articles I, II, III, IV and VI. (Article V, concerning the arrangements for facilitating peaceful nuclear explosions, is generally regarded as a dead letter.) Under Articles II and III, non-nuclear weapon states undertake not to receive nuclear weapons from other parties or to develop them themselves, and to accept safeguards on all source or special fissionable material in all peaceful nuclear activities. In Article IV, all parties to the Treaty undertake to facilitate peaceful nuclear development, and in Article VI (in carefully negotiated language) to pursue negotiations in good faith on effective measures relating to the cessation of the nuclear arms race and to nuclear disarmament, and on a treaty on general and complete disarmament.

4. Many opponents of the NPT base their criticism on the notion that it represents a 'bargain' between the nuclear-weapon states (NWS) and non-nuclear weapon states (NNWS). The argument runs that the NNWS renounced nuclear weapons and agreed to accept safeguards on all their peaceful nuclear activities (Articles II and III), in exchange for the NWS undertaking to transfer peaceful nuclear technology and to agree on nuclear disarmament measures (Articles IV and VI). These arguments ignore the fact that NNWS undertake the same obligations as NWS in Articles IV and VI, and that, on an objective basis, NNWS have more to gain from preventing the further proliferation of nuclear weapons than have the NWS. Experience so far clearly shows that new nuclear weapon states would be more likely to emerge in areas of instability where the NWS's direct interests would only be marginally affected, whereas the NNWS of the region would be considerably disadvantaged. The bargain, if such it can be called, is not therefore solely between the NNWS and NWS, but

among the NNWS themselves or, alternatively, between the nuclear suppliers (both NWS and NNWS) and their customers. Nevertheless, on the basis of this alleged 'bargain', the NPT and the NWS were heavily criticised at the 1980 NPTRC, on the grounds that:

- a. the nuclear supplier countries have unreasonably restricted the free flow of nuclear materials, equipment and technology; and
- b. the nuclear arms race has intensified rather than ceased (the so-called 'vertical' proliferation).

5. It must however be acknowledged that there is some substance to the complaints that Articles IV and VI have not been honoured. The nuclear suppliers have not stopped at the application of the safeguards prescribed in the NPT, but have unilaterally imposed additional conditions of supply, either independently (eg the US Nuclear Non-Proliferation Act (NNPA) of 1978), or through a group of the major industrialised nations (the Nuclear Suppliers Group (NSG), otherwise known as the 'London Club') which drew up its own guidelines for nuclear transfers, thus interpreting the terms of the NPT more widely. More important still, some major nuclear suppliers have not limited themselves to trade only with NPT parties, or other states which accept FSS, but have been willing in many cases to sell to non-NPT parties, provided that safeguards applied to the specific transactions concerned, even though they might not apply to other nuclear facilities in the country. In consequence, non-NPT parties have frequently obtained nuclear supplies on conditions less strict than those which NPT parties have to accept. As to the disarmament issue, it must be admitted that the facts support the criticism mentioned above. For example, given the increasing sophistication and miniaturisation of nuclear weapons, even reductions in the total number of delivery systems will not necessarily reverse the steady increase in the number of available warheads.

THE 1985 NPT REVIEW CONFERENCE

6. Under Article X, the NPT is designed to have an initial life of 25 years: ie until 1995: with provisions for a Review Conference

(RC) every 5 years. The last NPTRC, in 1980, was a great disappointment and failed to reach any agreed conclusions. The next NPTRC, in 1985, will be crucial: if it too does not succeed, the prospects for reversing the trend in 1990, and for securing agreement to the perpetuation of the NPT in 1995, will be very poor. Our aim should be, of course, to formulate a non-proliferation policy which stands on its own merits irrespective of the NPTRC, but criticism of the NPT will inevitably reach a climax in 1985; our support for the NPT must take this challenge into account. Unless the major industrialised countries, of both East and West, can agree on a systematic and well-coordinated programme of action to revitalise the NPT, the outlook for a successful NPTRC in 1985 is bleak. Since preparations for it will begin as early as the 38th UN General Assembly session in the Autumn of 1983, forward planning must begin now. The overall strategy should cover the following specific subjects, with particular emphasis on areas where it may be possible to give preferential treatment to NPT signatories:

- ✓ a. diplomatic action to encourage further adherence to the NPT (and forestall any defections);
- b. proposals for increasing cooperation in the peaceful uses of nuclear energy, with particular concern for the needs of developing countries ('Nuclear Energy for Progress');
- ? c. ? security assurances and regional security measures;
- ✓ d. nuclear disarmament.

DIPLOMATIC ACTION

7. A major weakness of the NPT at the present moment is, as indicated in paragraph 2 above, the non-adherence of two existing nuclear weapon states and six so-called 'problem countries', which have the technical capacity to develop nuclear weapons in a relatively short time. French accession to the Treaty would consequently give an enormous stimulus to the NPT. The PRC is most unlikely to sign the NPT if France does not, but

may reconsider its position if it is the only nuclear weapon state not to have acceded. The PRC has recently been strengthening its informal contacts with the IAEA, and may be moving towards applying for membership of the Agency in the relatively near future. It has also shown signs of adopting a more responsible attitude to nuclear trade. Such tendencies should be encouraged for their own sake; they would be a necessary concomitant to signing the NPT.

8. Accession to the NPT by any one of the six 'problem countries' would also be a most welcome development, and every possible opportunity should be taken to encourage their thinking in this direction and convince them that NPT membership would enhance rather than weaken their national security positions. At the same time, it must be acknowledged that the chances of an early breakthrough in this direction are not high. India's objections to the whole concept of the Treaty have been so publicly, cogently and repeatedly voiced that her adherence is virtually unthinkable; although the objections of others (like South Africa and even Pakistan) are less doctrinaire, and might in the end be overcome if their interests so dictated. Consequently, in parallel with efforts to persuade the 'problem countries' to change their views we should also work on securing further adherents to the NPT from among the other 40 or so countries which have not yet signed and ratified it. The objective would be to prevent the 'problem countries' from continuing to hide among the numbers of other non-signatories, and make it plain that their continued aloofness is motivated not by abstract concerns about non-discrimination and the equality of states but by narrow and ultimately misguided self-interest.

9. The three NPT depository powers (UK, US, USSR) have a particular responsibility to stimulate such efforts, though other like-minded countries may be better placed to take the lead in some areas. The following countries or groups of countries offer possibilities for diplomatic action:

- a. Spain. It was the policy of the Spanish Socialist Party, before coming to power, to sign

the NPT, but recent Spanish Government statements have emphasised that a decision on this will only be taken after the country's overall defence needs have been reviewed. However, they are well aware that non-adherence to the NPT will seriously complicate negotiations for accession to the European Atomic Energy Community (Euratom).

b. Chile. Chile is reluctant to adhere to the NPT until Argentina does so. However, Chile is interested in developing civil nuclear power, is a party to the Treaty of Tlatelolco and might be persuaded to adhere to the NPT if she were convinced that the necessary equipment and technology would consequently be available on preferential terms (or would otherwise not be obtainable at all). The same argument might also apply to Colombia, which has signed but not ratified the NPT.

c. Arab States. Apart from Algeria and Mauritania, which are also affected by the African dimension (see below), the Arab States which have not signed the NPT are Bahrain, Oman, Qatar, Saudi Arabia and the UAE; ie five of the six members of the Gulf Cooperation Council (GCC). (The other member of the GCC, Kuwait, has signed but not yet ratified the Treaty; this is also the case with the Yemen Arab Republic.) This relatively moderate group of States could be a prime target for diplomatic lobbying, either individually or collectively. Arguments that the GCC countries would not consider signing the NPT until Israel does so could be countered by pointing out that all the front-line Arab States, including Libya, Iraq and Syria, as well as Iran, are already NPT parties.

d. Black African countries. The following African states have not signed the NPT: Algeria, Angola, Equatorial Guinea, Guinea, Malawi, Mauritania, Mozambique, Niger, Sao Tomé and Príncipe, Tanzania, Zambia and Zimbabwe. In most cases (particularly

the countries of Central and Southern Africa) their reluctance is no doubt conditioned by the fact that South Africa has not signed the NPT either. It might be possible to work for a more or less simultaneous signature by South Africa and the black African states at a favourable moment, eg in the wake of a resolution of the Namibian problem. Less ambitiously, it may be worth encouraging individual states in this group to sign. The US and UK have already made representations, with some response, in Zimbabwe, and the Soviet Union might be well placed to take the lead in encouraging some other members of the group to sign.

e. Former British Dependent Territories. Non-NPT parties in this group include Belize, Dominica, Guyana, Kiribati, Seychelles and Vanuatu. In most cases, this is simply because, on attaining full independence, they have not taken the necessary steps to assume an obligation formerly undertaken on their behalf by the UK and of little practical relevance to their own situation. Nevertheless, they should be encouraged now to undertake this for themselves. Action is already in hand in the case of Kiribati, Vanuatu and Seychelles, and the possibility of approaching others is under review.

f. Soviet clients: ie Cuba and North Korea. The Soviet Union has allegedly brought considerable pressure to bear on the Cubans to sign the NPT. No one else is in a position to influence the issue much, but we should encourage the Russians to persevere (and to do what they can with North Korea also).

NUCLEAR ENERGY FOR PROGRESS

10. International discussions are at present continuing in two separate fora about increased cooperation in the peaceful uses of nuclear energy. One is the IAEA's Committee on Assurances of

Supply (CAS), which had its origins in the International Fuel Cycle Evaluation (INFCE) of the late 1970s. That had tried and failed to find a technologically valid path for future international cooperation on the development of nuclear power which, by cutting out certain technical options, would steer clear of proliferation-sensitive areas. The intention of CAS is to help create secure and predictable access to nuclear materials and technology for peaceful purposes. Discussions have continued at Vienna for the past two years, but little progress has been made: largely because the developing countries (spearheaded by the non-NPT parties such as India, Pakistan and Argentina) have been unwilling to accept the fundamental nature of the balance between credible assurances of non-proliferation and guaranteed assurances of supply. It is however worth considering whether, if CAS breaks down or if it is possible to isolate the non-NPT parties from the rest of the developing countries, future work on assurances of supply should henceforth be set firmly in an NPT context, with the aim of giving preferential treatment to NPT parties only.

11. Work in CAS has also been hampered by the competing attractions of the second forum, the UN Conference on the Peaceful Uses of Nuclear Energy (PUNE) which is now almost certain to be postponed for some years. Four meetings of its Preparatory Committee have failed to reach agreement even on such basic issues as the agenda and rules of procedures. It would be optimistic to regard PUNE as anything better than a damage-limitation exercise, and if it is in fact held in 1984 or 1985, it is most unlikely to have a beneficial effect on prospects for the 1985 NPTRC. On the other hand, if it is postponed until after the NPTRC (which seems highly likely) a reasonably successful outcome to that Conference could greatly improve the prospects for PUNE.

12. One problem about any discussions either in CAS or in PUNE is that the IAEA was founded more than a decade before the NPT and its Statute consequently makes no mention of it. It is therefore difficult to introduce an element of overt discrimination in favour of NPT parties into any proposals for cooperation, technical assistance and so forth with which the IAEA is

associated, although the Guiding Principles for Technical Assistance do entail an undertaking, as in the NPT, not to conduct peaceful nuclear explosions. The only possibility for giving preference to NPT parties lies in the voluntary funding of IAEA 'Footnote A' projects: ie technical assistance projects which the Agency has identified as technically valid and useful, but for which it has insufficient resources of its own. Donor countries are able to discriminate in favour of NPT parties in funding such projects (at the last NPTRC in 1980, for example, the UK announced that an extra US \$1 million would be made available for this purpose). Nevertheless, the scope for such action is limited, commitments are haphazard and the practice attracts continual criticism within the Agency.

13. Any proposal to systematise the preferential treatment of NPT parties would therefore be likely to require the establishment of some new mechanism for international cooperation. This could not work solely through the IAEA, because of the latter's inability to discriminate, though it would be important not to create the impression that it was superseding or usurping the Agency's functions. For the same reason it could not simply be operated by an existing financial institution such as the World Bank. Nor could the mechanism operate directly through the Nuclear Energy Agency (NEA) of the OECD; not least, because it ought not to be an exclusively Western creation, but should have the active participation of the Soviet Union and other Communist countries.

14. The purpose of such a mechanism would be to offer the prospect of tangible benefits to existing or prospective NPT parties, particularly in the developing world. While it would obviously be easier to devise specific incentives for countries which already make use of nuclear energy or have firm plans for doing so, efforts should be made to create some attractions for countries which are still a long way from that stage of development, perhaps by covering activities relating also to non-nuclear sources of energy or to the non-energy uses of nuclear technology eg agriculture and medicine. The objective would be to provide a convincing answer to the constant criticism by recipient countries that nuclear suppliers are interested only

in tightening controls on exports of nuclear materials, equipment and technology, beyond even the provisions of Articles II and III of the NPT, and not in fulfilling their responsibilities under Article IV. In this connection it should be noted that the US have recently launched a new attempt to secure general supplier agreement on comprehensive safeguards as a condition of significant new supply commitments. Despite its merits, this proposal will undoubtedly attract criticism from recipient countries, among whom those party to the NPT may find additional grounds for complaint in the fact that the proposal envisages comprehensive safeguards being achieved possibly through methods other than NPT membership. It may nevertheless appear much more palatable to the developing world if it is combined with an initiative which seeks to give as much weight to 'carrots' for NPT parties as to 'sticks' for non-parties.

15. There are a number of ways in which such a mechanism could operate. The simplest would be an extension of discrimination in favour of NPT-parties in funding IAEA 'Footnote A' projects, though this would be open to the disadvantages mentioned in paragraph 12 above and would be unlikely to have a significant political impact. An alternative would be an accord among nuclear suppliers on the levels of assistance provided to recipients in respect of specific supply contracts. This could readily apply to such questions as the appropriate credit terms for sales of small-to-medium size power reactors to the developing world, but might be much more difficult to apply to less financially quantifiable prospects. It might therefore be necessary to contemplate the establishment of a new fund under some such title as 'Nuclear Energy for Progress', the mere announcement of which would be likely to have a beneficial effect on developing countries' attitudes to the NPT. Examples of the type of activities which such a fund might help to generate are listed in the Annex to this paper, without prejudice to the possibility that they might also be stimulated through some more informal and less grandiose mechanism.

16. The fund's operations would necessarily require the allocation of appropriate resources, though costs could be

minimised by drawing on the existing expertise of the IAEA and NEA, and not attempting to duplicate technical work already carried out elsewhere. Consultancy services would not be expensive, but assistance with the construction of small-to-medium sized power reactors in developing countries and with waste disposal or spent fuel management schemes could involve very substantial commitments, depending on the extent to which commercial loans were subsidised or outright grants made. However, even if the fund's objectives were relatively modest it could have considerable presentational as well as practical value.

SECURITY ASSURANCES AND REGIONAL SECURITY MEASURES

17. The five existing nuclear weapon states have undertaken that they will not use nuclear weapons against non-nuclear weapon states, though all but China have attached certain conditions. In the case of the UK and US these assurances cover parties to the NPT only: in the case of France, 'a state that does not have these [nuclear] weapons and has pledged not to seek them': and in all three cases, provided that the non-nuclear weapon states do not launch an attack in alliance with a nuclear weapon state. The Soviet assurance is given to non-nuclear weapon states which do not have nuclear weapons on their territories.

18. Consideration has been given to the feasibility of giving an additional assurance against conventional attacks on peaceful nuclear facilities in NPT parties which neither have nuclear weapons nor are in alliance with a state which does. One advantage of this formulation would be that it would give non-nuclear weapon states a degree of security against attack which the nuclear weapon states themselves would not possess. Since the facilities covered would by definition already be subject to IAEA inspection, their peaceful nature would not be in doubt. It is clear, however, that there might be military difficulties (because of the constraints imposed on targetting plans), potential problems of agreement between allies in NATO, and possibly also legal snags to be overcome before the possibility could be developed. However the proposal could be especially

attractive to Arab non-parties since it could be presented as a practical response to the problem created by the Israeli raid on a safeguarded Iraqi reactor in June 1981, which is still the cause of much lingering resentment in the Arab world. Moreover, it should be noted in this context that the Iraqis have put forward a proposal, for consideration in CAS, that, as an additional principle of peaceful nuclear trade, those states which attack nuclear installations should be denied supplies of nuclear material, as a way of guaranteeing against such attacks. CAS is not the appropriate forum for further discussion of this issue but the principle behind the Iraqi proposal is likely to attract wide support, not only in the developing world but among non-nuclear weapon states in the developed world. Therefore it will be necessary to consider how this subject should be handled in any overall approach to the NPT Review Conference.

19. The field of regional security assurances, and regional nuclear weapon free zones (NWFZ), seems less promising. All that can at present be said is that any possibilities for positive action in this area: eg the reciprocal accession to the NPT of South Africa and the neighbouring black African states, or moratoria on nuclear testing agreed bilaterally between India and Pakistan, or Argentina and Brazil, are worth considering. It might also be worth investing further effort in the more effective realisation of a Latin American NWFZ, as embodied in the Treaty of Tlatelolco, eg by making further efforts to persuade Cuba and Guyana to sign the Treaty, Argentina to ratify it, and Brazil to waive the provision on territorial limitation.

NUCLEAR DISARMAMENT

20. Although this subject goes well beyond the scope of this particular paper, it must be noted that any positive developments in the field of nuclear disarmament are to be encouraged, not only for themselves, but also because they help to answer critics of the NPT, when they claim that nothing effective has been done to implement Article VI. (This, rather than any direct relationship between East/West disarmament and horizontal non-

proliferation, is the chief significance of Article VI in the context of the Treaty as a whole.) The most significant development conceivable in the time-scale under consideration would be agreement on the INF and START talks. A breakthrough on a Comprehensive Test Ban Treaty is unlikely before 1985, but lesser achievements, such as ratification of the Threshold Test Ban Treaty, would still be welcome. If on the other hand there is no significant progress in this area before the NPTRC, we can expect strong criticism by non-aligned states of the lack of progress towards implementation of Article VI, and hence a repeat of the 1980 fiasco.

CONCLUSION

21. The best hope for the prevention of further nuclear proliferation and for a successful 1985 NPTRC lies in a coordinated programme of action by the industrialised countries along as many as possible of the lines indicated above. For the reasons explained in paragraph 6 above, there is no time to lose in discussing and developing the concept of such a programme.

Nuclear Energy Department
Foreign and Commonwealth Office
28 June 1983

NUCLEAR ENERGY FOR PROGRESS FUND - POSSIBLE AREAS OF ACTIVITYSmall power reactors

1. Many developing countries with small electricity grids would like to install appropriate-sized nuclear power stations (say 100-300 MWE). Much preparatory work on this subject has already been done by the IAEA, which convened two conferences on this subject in 1970 and 1980 and is now contemplating a further study. Possible reactor types for such stations include the British Magnox reactor, the Canadian CANDU reactor, and various light water reactor (LWR) designs developed by the United States, Soviet Union, France and Sweden. The Fund could help to finance the acquisition of such reactors, either by subsidising loans or by providing outright grants.

2. The Fund could also finance further studies on the usefulness of such reactors for purposes other than power generation: eg district heating and desalination.

Advantage

This would meet a real concern of the developing world, and might help to restore world confidence in nuclear power, after major cutbacks in the nuclear programmes of the advanced countries.

Regional power grids

3. There are a number of geographical areas where several neighbouring small countries are unlikely, in the foreseeable future, to develop national electricity grids sufficient to accommodate even small nuclear power stations but where a regional system might be feasible, provided that it was not so lengthy that it involved excessive transmission losses: eg Central America, West Africa, the Gulf and South East Asia. The Fund could encourage technical studies of these possibilities and provide some pump-priming finance.

Advantage

Regional cooperation of this type would be worth encouraging even without the NPT dimension.

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Disadvantage

Only in the Gulf, and perhaps West Africa, would this concept be likely to attract new signatories to the NPT. However, it could help to persuade some existing signatories to maintain their adherence. There might also be problems if a regional grid only made sense with the inclusion of a non-NPT state, which nevertheless still refused to accede.

Fuel management schemes

4. There are a number of concepts for the disposal of waste and/or the management of spent fuel which the Fund might encourage. The intention would be to minimise the number of sites containing separated plutonium, high-level waste or unprocessed spent fuel, while at the same time relieving countries with small nuclear power programmes of the physical problems and expense inherent in handling the back end of the fuel cycle. Variations on this theme could include:

a. Subsidised fuel. Nuclear fuel would be supplied cheaply (or even free), on condition that it was returned to the supplier country (or other destination nominated by it) for reprocessing or indefinite storage.

b. Fuel leasing. The fuel would remain the property of the original supplier and would merely be leased to the reactor operator, who would return it after use. The Soviet Union has already concluded a number of contracts on this basis.

c. Centralised waste or spent fuel storage. Perhaps in conjunction with (a), (b) or variants thereof the Fund could help to establish large, centralised waste depositories or spent fuel stores in environmentally safe and proliferation-secure areas. Some poor developing countries, with large areas of unused territory, might see advantage in offering sites on commercial terms.

Advantages

i. Cost benefits to countries with small nuclear programmes.

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ii. Potential non-proliferation benefits irrespective of any connection with the NPT.

Disadvantages

i. In view of advantage (ii) above, there is a good argument for not limiting any such scheme to NPT parties. It might however be possible to devise some differential scale of benefits, such that non-parties to the NPT still profited, but less so than NPT parties.

ii. In some areas there might be difficulty in finding a country willing to let its territory be used as a repository for other countries' nuclear waste.

Consultancy services and technical assistance

5. The Fund could subsidise, or provide free of charge, studies of NPT parties' nuclear power requirements, drawing as necessary on IAEA and NEA experience and expertise. In the case of small countries this could cover also non-nuclear energy resources and technologies. Some work is already being done in this area where the UK, for example, has made £2 million available following the 1981 UN Conference on New and Renewable Sources of Energy. But there are no doubt gaps to be filled.

6. The fund could also give assistance to basic nuclear infrastructure projects, such as establishing regulatory systems and setting up research schemes, where such projects were not already covered by the IAEA. Alternatively, or additionally, the Fund could offer a blanket guarantee to finance all IAEA Footnote A projects on the territory of NPT parties.

7. The Fund could also cover non-power uses of nuclear energy, such as agriculture and medicine, particularly in the least developed countries, if there were any needs not being met by existing bilateral and multilateral aid programmes.

Advantage

Presentationally attractive, and unlikely to be very expensive.

Disadvantage

Care would have to be taken to prevent any tendency for non-NPT parties to receive the lion's share of technical assistance projects funded directly by the IAEA, while NPT parties were left to seek the Fund's help.

Technology transfer

8. The Fund could help to meet the cost of transferring to NPT parties nuclear technology of types which presented little or no proliferation risk, but carried attractions for countries with modest nuclear power programmes: eg fuel fabrication, high-level waste disposal and spent fuel storage.

Advantage

Properly presented, this could help to provide an effective answer to constant criticism by the developing world that the industrialised countries are opposed to technology transfer of any type.

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MY TELNO 2034 : KISSINGER COMMISSION

1. THE APPOINTMENT OF HENRY KISSINGER TO HEAD A BI-PARTISAN COMMISSION ON CENTRAL AMERICA TRACES ITS ANCESTRY BACK AT LEAST TO THE PRESIDENT'S STATE OF THE UNION MESSAGE IN JANUARY WHEN, FOLLOWING SUBSTANTIAL REPUBLICAN DEFEATS AT THE MID-TERM ELECTIONS, HE CALLED FOR A BI-PARTISAN APPROACH TO THE NATION'S INTRACTABLE PROBLEMS. HE SUCCEEDED WITH THE GREENSPAN COMMISSION ON SOCIAL SECURITY AND HE HAS HAD A FAIR AMOUNT OF SUCCESS WITH THE SCOWCROFT COMMISSION ON MX BASING, ALTHOUGH THIS HAS RUN INTO SOME HEAVY WEATHER ON THE HILL RECENTLY. WHETHER HE WILL SUCCEED WITH THE KISSINGER COMMISSION ON CENTRAL AMERICA REMAINS TO BE SEEN.

2. MORE IMMEDIATELY, THE PRESIDENT'S POLICIES IN CENTRAL AMERICA HAVE BEEN RUNNING INTO DEEP TROUBLE, IN CONGRESS, IN THE COUNTRY AND INDEED ON THE GROUND. HE HAS BEEN FORCED TO DEVOTE QUITE AN EXTRAORDINARY AMOUNT OF HIS TIME AND SPEECHES UP AND DOWN THE COUNTRY TO THIS SINGLE PROBLEM, INCLUDING A SPEECH BEFORE THE JOINT HOUSES OF CONGRESS AND MOST RECENTLY A SPEECH TO THE INTERNATIONAL LONGSHOREMEN'S ASSOCIATION IN FLORIDA AT WHICH THE KISSINGER COMMISSION WAS ANNOUNCED. THE DISMISSAL OF ENDERS AND HINTON, AND THE APPOINTMENT OF STONE AND MOTLEY, IS ALL PART OF THE SAME PROCESS. BUT QUITE CLEARLY THIS HAS NOT BEEN ENOUGH. THERE IS A WHIFF OF DESPERATION ABOUT THE KISSINGER APPOINTMENT.

3. PERHAPS UNSURPRISINGLY THE APPOINTMENT HAS BEEN ATTACKED FROM BOTH THE RIGHT WING AND THE LIBERAL LEFT, WHICH IS PERHAPS AN ARGUMENT IN ITS FAVOUR. FROM THE RIGHT, SENATOR JESSE HELMS HAS SAID "THERE MAY BE SOMEONE FURTHER DOWN MY LIST THAN HENRY THE K, BUT I CAN'T THINK OF ANYONE JUST NOW"; FROM THE LEFT, SENATOR DODD HAS COMMENTED THAT WHILE KISSINGER HAS UNPARALLELED DIPLOMATIC EXPERIENCE, "THAT EXPERIENCE HAS MADE HIM A SYMBOL FOR A FOREIGN POLICY MANY WOULD RATHER FORGET THAN REPEAT". THE PRESIDENT MAY CALCULATE THAT RIGHT WING CRITICS WILL BE APPROVED BY TOUGH RECOMMENDATIONS FROM THE COMMISSION AND THAT THE LEFT WING WILL NEVER BE PERSUADED. MEANWHILE HE HAS BOUGHT SOME TIME: IT WILL BE MORE DIFFICULT FOR CONGRESS TO CUT OFF AID FOR THE CONTRAS WHILE THE COMMISSION IS SITTING. FURTHERMORE THE DEADLINE OF 1 DEC FALLS AFTER THE ELECTIONS IN EL SALVADOR WHICH THE ADMINISTRATION NATURALLY HOPE WILL BUTTRESS THEIR POSITION.

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4. THERE IS ALSO AN INGREDIENT OF MEETING INTERNATIONAL AND PARTICULARLY EUROPEAN PREOCCUPATIONS ABOUT THE APPOINTMENT. VICE PRESIDENT BUSH CAME BACK FROM HIS RECENT TOUR OF EUROPE DISMAYED BY THE COMBINATION OF IGNORANCE OF THE AREA AND DISTRUST OF UNITED STATES' POLICY WHICH HE FOUND DURING HIS TOUR. KISSINGER'S INTERNATIONAL REPUTATION IS PERHAPS HIGHER THAN HIS DOMESTIC STANDING; HE WAS NEVER PARTICULARLY GOOD AT HIS RELATIONS WITH THE CONGRESS AND NEVER SHOWED ANY PARTICULAR INTEREST IN LATIN AMERICA. AND HIS TERM OF OFFICE HAS JUST BEEN THE SUBJECT OF A BEST-SELLING DEBUNKING BOOK. BUT WHILE HIS DIPLOMATIC METHODS MAY HAVE BEEN QUESTIONABLE, HIS NEGOTIATING SKILLS ARE UNQUESTIONABLE AND HE CERTAINLY HAD SUCCESSES IN HANDLING THE SUPER POWER RELATIONSHIPS, THE OPENING TO CHINA, THE DISENGAGEMENT FROM VIETNAM, AND THE MIDDLE EAST SHUTTLE TO HIS CREDIT. IT REMAINS TO BE SEEN WHAT TEAM THIS LONE OPERATOR WILL COLLECT AROUND HIM AND WHETHER THEY WILL BE ABLE TO COME UP WITH AN ANSWER. WE CAN ONLY WAIT AND SEE. MEANWHILE I RECOMMEND SYMPATHETIC AND OPENMINDED SCEPTICISM.

5. M I F T (NOT TO ALL) RECORDS WHAT URE WAS TOLD ABOUT THE KISSINGER COMMISSION WHEN HE CALLED ON FONTAINE (NATIONAL SECURITY COUNCIL) AND MOTLEY TODAY.

WRIGHT

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FOR RELEASE AT 8:00 P.M. EDT
WEDNESDAY, APRIL 27, 1983

Prime Minute

You may like to look
at the full text.

A. J. C. $\frac{28}{4}$

TEXT OF THE ADDRESS
BY THE PRESIDENT
TO A JOINT SESSION OF THE CONGRESS

The Capitol
Washington, D.C.

April 27, 1983

Repar's speech.

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US Foreign Policy

A number of times in past years, Members of Congress and a President have come together in meetings like this to resolve a crisis. I have asked for this meeting in the hope that we can prevent one.

It would be hard to find many Americans who are not aware of our stake in the Middle East, the Persian Gulf, or the NATO line dividing the free world from the Communist bloc. The same could be said for Asia.

But in spite of, or maybe because of, a flurry of stories about places like Nicaragua and El Salvador and, yes, some concerted propaganda, many of us find it hard to believe we have a stake in problems involving those countries. Too many have thought of Central America as a place way down below Mexico that can not possibly constitute a threat to our well being.

That is why I have asked for this session. Central America's problems do directly affect the security and well being of our own people. And Central America is much closer to the United States than many of the world trouble spots that concern us. As we work to restore our own economy, we cannot afford to lose sight of our neighbors to the South.

El Salvador is nearer to Texas than Texas is to Massachusetts. Nicaragua is just as close to Miami, San Antonio, San Diego, and Tucson as those cities are to Washington where we are gathered tonight.

But nearness on the map does not even begin to tell the strategic importance of Central America, bordering as it does on the Caribbean -- our lifeline to the outside world. Two-thirds of all our foreign trade and petroleum pass through the Panama Canal and the Caribbean. In a European crisis, at least half of our supplies for NATO would go through these areas by sea. It is well to remember that in early 1942 a handful of Hitler's submarines sank more tonnage there than in all of the Atlantic Ocean. And they did this without a single naval base anywhere in the area.

Today, the situation is different. Cuba is host to a Soviet combat brigade, a submarine base capable of servicing Soviet submarines, and military air bases visited regularly by Soviet military aircraft.

Because of its importance, the Caribbean Basin is a magnet for adventurism. We are all aware of the Libyan cargo planes refueling in Brazil a few days ago on their way to deliver medical supplies to Nicaragua. Brazilian authorities discovered

speaking on national television, I showed an aerial photo of an airfield being built on the island of Grenada. Well, if that airfield had been completed, those planes could have refueled there and completed their journey.

If the Nazis during World War II and the Soviets today could recognize the Caribbean and Central America as vital to our interests, should not we also?

For several years now, under two administrations, the United States has been increasing its defense of freedom in the Caribbean Basin. And I can tell you tonight, democracy is beginning to take root in El Salvador which, until a short time ago, knew only dictatorship. The new government is now delivering on its promises of democracy, reforms, and free elections. It was not easy and there was resistance to many of the attempted reforms with assassinations of the reformers. Guerrilla bands and urban terrorists were portrayed in a worldwide propaganda campaign as freedom fighters representative of the people. Ten days before I came into office, the guerrillas launched what they called a "final offensive" to overthrow the government. Their radio boasted that our new Administration would be too late to prevent their victory. They learned democracy cannot be so easily defeated.

President Carter did not hesitate. He authorized arms and ammunition to El Salvador. The guerrilla offensive failed, but not America's will. Every President since this country assumed global responsibilities has known that those responsibilities could only be met if we pursued a bipartisan foreign policy.

As I said a moment ago, the government of El Salvador has been keeping its promises, like the land reform program which is making thousands of farm tenants, farm owners. In a little over 3 years, 20 percent of the arable land in El Salvador has been redistributed to more than 450,000 people. That is about one in ten Salvadorans who has directly benefitted from this program.

El Salvador has continued to strive toward an orderly and democratic society. The government promised free elections. On March 28th, little more than a year ago, after months of campaigning by a variety of candidates, the suffering people of El Salvador were offered a chance to vote -- to choose the kind of government they wanted. Suddenly the so-called freedom fighters in the hills were exposed for what they really are -- a small minority who want power for themselves and their backers -- not democracy for the people. The guerrillas threatened death to anyone who voted. They destroyed hundreds of busses and trucks to keep the people from getting to the polling places. Their slogan was brutal: "Vote today, die tonight." But on election day, an unprecedented 80 percent of the electorate braved ambush and gunfire, and trudged for miles to vote for freedom. That is truly fighting for freedom. We can never turn our backs on that.

Members of this Congress who went there as observers told me of a woman who was wounded by rifle fire on the way to the polls, who refused to leave the line to have her wound treated until after she had voted. Another woman had been told by the guerrillas she would be killed when she returned from the polls, and she told the guerrillas, "You can kill me, you can kill my family, kill my neighbors, but you can't kill us all." The real freedom fighters of El Salvador turned out to be the people of that country -- the young, the old, the in-between -- more than 1 million of them out of a population of less than 5 million. The world should respect this courage, not allow it to be belittled or forgotten. Again, I say in good conscience, we can never turn our backs on that.

The democratic political parties and factions in El Salvador are coming together around the common goal of seeking a political

more.

solution to their country's problems. New national elections will be held this year and they will be open to all political parties. The government has invited the guerrillas to participate in the election and is preparing an amnesty law. The people of El Salvador are earning their freedom and they deserve our moral and material support to protect it.

Yes, there are still major problems regarding human rights, the criminal justice system, and violence against non-combatants. And, like the rest of Central America, El Salvador also faces severe economic problems. But, in addition to recession-depressed prices for major agricultural exports, El Salvador's economy is being deliberately sabotaged.

Tonight in El Salvador -- because of ruthless guerrilla attacks -- much of the fertile land cannot be cultivated; less than half the rolling stock of the railways remains operational; bridges, water facilities, telephone and electrical systems have been destroyed and damaged. In one 22-month period, there were 5,000 interruptions of electrical power. One region was without electricity for a third of a year.

I think Secretary of State Shultz put it very well the other day: "Unable to win the free loyalty of El Salvador's people, the guerrillas are deliberately and systematically depriving them of food, water, transportation, light, sanitation, and jobs. And these are the people who claim they want to help the common people."

They do not want elections because they know they would be defeated. But, as the previous election showed, the Salvadoran people's desire for democracy will not be defeated.

The guerrillas are not embattled peasants armed with muskets. They are professionals, sometimes with better training and weaponry than the government's soldiers. The Salvadoran battalions that have received U.S. training have been conducting themselves well on the battlefield and with the civilian population. But, so far, we have only provided enough money to train one Salvadoran soldier out of ten, fewer than the number of guerrillas trained by Nicaragua and Cuba.

And let me set the record straight on Nicaragua, a country next to El Salvador. In 1979, when the new government took over in Nicaragua, after a revolution which overthrew the authoritarian rule of Somoza, everyone hoped for the growth of democracy. We in the United States did, too. By January of 1981, our emergency relief and recovery aid to Nicaragua totalled \$118 million -- more than provided by any other developed country. In fact, in the first 2 years of Sandinista rule, the United States directly or indirectly sent five times more aid to Nicaragua than it had in the 2 years prior to the revolution. Can anyone doubt the generosity and good faith of the American people?

These were hardly the actions of a nation implacably hostile to Nicaragua. Yet, the government of Nicaragua has treated us as an enemy. It has rejected our repeated peace efforts. It has broken its promises to us, to the Organization of American States, and, most important of all, to the people of Nicaragua.

No sooner was victory achieved than a small clique ousted others who had been part of the revolution from having any voice in government. Humberto Ortega, the Minister of Defense, declared Marxism-Leninism would be their guide, and so it is.

The government of Nicaragua has imposed a new dictatorship; it has refused to hold the elections it promised; it has seized control of most media and subjects all media to heavy prior censorship; it denied the bishops and priests of the Roman

more

- 4 -

Catholic Church the right to say Mass on radio during Holy Week; it insulted and mocked the Pope; it has driven the Miskito Indians from their homelands -- burning their villages, destroying their crops, and forcing them into involuntary internment camps far from home; it has moved against the private sector and free labor unions; it condoned mob action against Nicaragua's independent human rights commission and drove the director of that commission into exile.

In short, after all these acts of repression by the government, is it any wonder opposition has formed? Contrary to propaganda, the opponents of the Sandinistas are not die-hard supporters of the previous Somoza regime. In fact, many are anti-Somoza heroes who fought beside the Sandinistas to bring down the Somoza government. Now they have been denied any part in the new government because they truly wanted democracy for Nicaragua and still do. Others are Miskito Indians fighting for their homes, lands, and lives.

The Sandinista revolution in Nicaragua turned out to be just an exchange of one set of autocratic rulers for another, and the people still have no freedom, no democratic rights, and more poverty. Even worse than its predecessor, it is helping Cuba and the Soviets to destabilize our hemisphere.

Meanwhile, the government of El Salvador, making every effort to guarantee democracy, free labor unions, freedom of religion, and a free press, is under attack by guerrillas dedicated to the same philosophy that prevails in Nicaragua, Cuba, and, yes, the Soviet Union. Violence has been Nicaragua's most important export to the world. It is the ultimate in hypocrisy for the unelected Nicaraguan government to charge that we seek their overthrow when they are doing everything they can to bring down the elected government of El Salvador. The guerrilla attacks are directed from a headquarters in Managua, the capital of Nicaragua.

But let us be clear as to the American attitude toward the government of Nicaragua. We do not seek its overthrow. Our interest is to insure that it does not infect its neighbors through the export of subversion and violence. Our purpose, in conformity with American and international law, is to prevent the flow of arms to El Salvador, Honduras, Guatemala, and Costa Rica. We have attempted to have a dialogue with the government of Nicaragua but it persists in its efforts to spread violence.

We should not -- and we will not -- protect the Nicaraguan government from the anger of its own people. But we should, through diplomacy, offer an alternative. And, as Nicaragua ponders its options, we can and will -- with all the resources of diplomacy -- protect each country of Central America from the danger of war.

Even Costa Rica, Central America's oldest and strongest democracy, a government so peaceful it does not even have an army, is the object of bullying and threats from Nicaragua's dictators.

Nicaragua's neighbors know that Sandinista promises of peace, non-alliance, and non-intervention have not been kept. Some 36 new military bases have been built -- there were only 13 during the Somoza years.

Nicaragua's new army numbers 25,000 men supported by a militia of 50,000. It is the largest army in Central America supplemented by 2,000 Cuban military and security advisors. It is equipped with the most modern weapons, dozens of Soviet-made tanks, 800 Soviet-bloc trucks, Soviet 152-MM howitzers, 100 anti-aircraft guns, plus planes and helicopters. There are additional thousands of civilian advisors from Cuba, the Soviet

more

Union, East Germany, Libya, and the Palestine Liberation Organization. And we are attacked because we have 55 military trainers in El Salvador.

The goal of the professional guerrilla movements in Central America is as simple as it is sinister -- to destabilize the entire region from the Panama Canal to Mexico. If you doubt me on this point, just consider what Cayetano Carpio, the now-deceased Salvadoran guerrilla leader, said earlier this month. Carpio said that after El Salvador falls, El Salvador and Nicaragua would be "arm-in-arm and struggling for the total liberation of Central America."

Nicaragua's dictatorial junta, who themselves made war and won power operating from bases in Honduras and Costa Rica, like to pretend they are today being attacked by forces based in Honduras. The fact is, it is Nicaragua's government that threatens Honduras, not the reverse.

It is Nicaragua who has moved heavy tanks close to the border, and Nicaragua who speaks of war. It was Nicaraguan radio that announced on April 8th the creation of a new, unified revolutionary coordinating board to push forward the Marxist struggle in Honduras.

Nicaragua, supported by weapons and military resources provided by the Communist bloc, represses its own people, refuses to make peace, and sponsors a guerrilla war against El Salvador.

President Truman's words are as apt today as they were in 1947, when he, too, spoke before a Joint Session of the Congress:

At the present moment in world history nearly every nation must choose between alternative ways of life. The choice is too often not a free one.

One way of life is based upon the will of the majority, and is distinguished by free institutions, representative government, free elections, guarantees of individual liberty, freedom of speech and religion, and freedom from political oppression.

The second way of life is based upon the will of a minority forcibly imposed upon the majority. It relies upon terror and oppression, a controlled press and radio, fixed elections, and the suppression of personal freedoms.

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.

I believe that we must assist free peoples to work out their own destinies in their own way.

I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes.

. . . Collapse of free institutions and loss of independence would be disastrous not only for them but for the world. Discouragement and possibly failure would quickly be the lot of neighboring peoples striving to maintain their freedom and independence.

The countries of Central America are smaller than the nations that prompted President Truman's message. But the political and strategic stakes are the same. Will our response -- economic,

MORE

social, military -- be as appropriate and successful as Mr. Truman's bold solutions to the problems of postwar Europe?

Some people have forgotten the successes of those years -- and the decades of peace, prosperity, and freedom they secured.

Some people talk as though the United States were incapable of acting effectively in international affairs without risking war or damaging those we seek to help.

Are democracies required to remain passive while threats to their security and prosperity accumulate?

Must we just accept the destabilization of an entire region from the Panama Canal to Mexico on our southern border?

Must we sit by while independent nations of this hemisphere are integrated into the most aggressive empire the modern world has seen?

Must we wait while Central Americans are driven from their homes, like the more than 4 million who have sought refuge out of Afghanistan or the 1½ million who have fled Indochina or the more than 1 million Cubans who have fled Castro's Caribbean utopia? Must we, by default, leave the people of El Salvador no choice but to flee their homes, creating another tragic human exodus?

I do not believe there is a majority in the Congress or the country that counsels passivity, resignation, defeatism, in the face of this challenge to freedom and security in our hemisphere.

I do not believe that a majority of the Congress or the country is prepared to stand by passively while the people of Central America are delivered to totalitarianism and we ourselves are left vulnerable to new dangers.

Only last week an official of the Soviet Union reiterated Brezhnev's threat to station nuclear missiles in this hemisphere -- five minutes from the United States. Like an echo, Nicaragua's Commandante, Daniel Ortega, confirmed that, if asked, his country would consider accepting those missiles. I understand that today they may be having second thoughts.

Now, before I go any further, let me say to those who invoke the memory of Vietnam: There is no thought of sending American combat troops to Central America; they are not needed -- indeed, they have not been requested there. All our neighbors ask of us is assistance in training and arms to protect themselves while they build a better, freer life.

We must continue to encourage peace among the nations of Central America. We must support the regional efforts now underway to promote solutions to regional problems.

We cannot be certain that the Marxist-Leninist bands who believe war is an instrument of politics will be readily discouraged. It is crucial that we not become discouraged before they do. Otherwise the region's freedom will be lost and our security damaged in ways that can hardly be calculated.

If Central America were to fall, what would the consequences be for our position in Asia and Europe, and for alliances such as NATO? If the United States cannot respond to a threat near our own borders, why should Europeans or Asians believe we are seriously concerned about threats to them? If the Soviets can assume that nothing short of an actual attack on the United States will provoke an American response, which ally, which friend will trust us then?

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The Congress shares both the power and the responsibility for our foreign policy.

Tonight, I ask you, the Congress, to join me in a bold, generous approach to the problems of peace and poverty, democracy and dictatorship in the region. Join me in a program that prevents Communist victory in the short run, but goes beyond to produce, for the deprived people of the area, the reality of present progress and the promise of more to come.

Let us lay the foundation for a bipartisan approach to sustain the independence and freedom of the countries of Central America. We in the Administration reach out to you in this spirit.

We will pursue four basic goals in Central America:

-- First: In response to decades of inequity and indifference, we will support democracy, reform, and human freedom. This means using our assistance, our powers of persuasion, and our legitimate 'leverage' to bolster humane democratic systems where they already exist and to help countries on their way to that goal complete the process as quickly as human institutions can be changed. Elections -- in El Salvador and also in Nicaragua -- must be open to all, fair and safe. The international community must help. We will work at human rights problems, not walk away from them.

-- Second: In response to the challenge of world recession and, in the case of El Salvador, to the unrelenting campaign of economic sabotage by the guerrillas, we will support economic development. By a margin of two-to-one, our aid is economic, not military. Seventy-seven cents out of every dollar we will spend in the area this year goes for food, fertilizers, and other essentials for economic growth and development. And our economic program goes beyond traditional aid: The Caribbean Basin Initiative introduced in the House earlier today will provide powerful trade and investment incentives to help these countries achieve self-sustaining economic growth without exporting U.S. jobs. Our goal must be to focus our immense and growing technology to enhance health care, agriculture, industry; to ensure that we who inhabit this interdependent region come to know and understand each other better, retaining our diverse identities, respecting our diverse traditions and institutions.

-- Third: In response to the military challenge from Cuba and Nicaragua -- to their deliberate use of force to spread tyranny -- we will support the security of the region's threatened nations. We do not view security assistance as an end in itself, but as a shield for democratization, economic development, and diplomacy. No amount of reform will bring peace so long as guerrillas believe they will win by force. No amount of economic help will suffice if guerrilla units can destroy roads, bridges, power stations, and crops again and again with impunity. But, with better training and material help, our neighbors can hold off the guerrillas and give democratic reform time to take root.

-- Fourth: We will support dialogue and negotiations -- both among the countries of the region and within each country. The terms and conditions of participation in elections are negotiable. Costa Rica is a shining example of democracy. Honduras has made the move from military rule to a democratic government. Guatemala is pledged to the same course. The United States will work toward a political solution in Central America which will serve the interests of the democratic process.

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To support these diplomatic goals, I offer these assurances:

-- The United States will support any agreement among Central American countries for the withdrawal -- under fully verifiable and reciprocal conditions -- of all foreign military and security advisors and troops.

-- We want to help opposition groups join the political process in all countries and compete by ballots instead of bullets.

-- We will support any verifiable, reciprocal agreement among Central American countries on the renunciation of support for insurgencies on neighbors' territory.

-- And, finally, we desire to help Central America end its costly arms race, and will support any verifiable, reciprocal agreements on the non-importation of offensive weapons.

To move us toward these goals more rapidly, I am tonight announcing my intention to name an Ambassador-at-Large as my special envoy to Central America. He or she will report to me through the Secretary of State. The Ambassador's responsibilities will be to lend U.S. support to the efforts of regional governments to bring peace to this troubled area and to work closely with the Congress to assure the fullest possible, bipartisan coordination of our policies toward the region.

What I am asking for is prompt congressional approval for the full reprogramming of funds for key current economic and security programs so that the people of Central America can hold the line against externally-supported aggression. In addition, I am asking for prompt action on the supplemental request in these same areas to carry us through the current fiscal year, and for early and favorable congressional action on my requests for fiscal year 1984. Finally, I am asking that the bipartisan consensus, which last year acted on the trade and tax provisions of the Caribbean Basin Initiative in the House, again take the lead to move this vital proposal to the floor of both chambers. And, as I said before, the greatest share of these requests is targeted toward economic and humanitarian aid, not military.

What the Administration is asking for on behalf of freedom in Central America is so small, so minimal -- considering what is at stake. The total amount requested for aid to all of Central America in 1984 is about \$600 million; that is less than one-tenth of what Americans will spend this year on coin-operated video games.

In summation, I say to you that tonight there can be no question: The national security of all the Americas is at stake in Central America. If we cannot defend ourselves there, we cannot expect to prevail elsewhere. Our credibility would collapse, our alliances would crumble, and the safety of our homeland would be put at jeopardy.

We have a vital interest, a moral duty, and a solemn responsibility.

This is not a partisan issue. It is a question of our meeting our moral responsibility to ourselves, our friends, and our posterity. It is a duty that falls to all of us -- the President, the Congress, and the people. We must perform it together. Who among us would wish to bear responsibility for failing to meet our shared obligation?

#

S E C R E T

US Declassified

PRIME MINISTER
PERSONAL MESSAGE
SERIAL No. T47B/83

MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN

Thank you for your message about the danger that further countries may develop nuclear weapons. I agree with you that this is an important issue in which effective cooperation between suppliers is essential. As you know, the United Kingdom has played a leading role in developing proposals for improved export control for equipment and materials relating to centrifuge enrichment. We have also supported efforts to find proper safeguards.

But the lack of progress in international discussion of non-proliferation issues in New York and Vienna, coupled with continuing Western public interest in these issues, means that we must look well ahead in our preparations for the next Review Conference of the Non-Proliferation Treaty in 1985. We should now try to develop a clear and consistent Western strategy, which lays emphasis on the benefits which NPT membership can give to both supplier and recipient countries. Although the Review Conference is still some time away, the issues involved are complicated and sensitive, and it will take time to work out a strategy among ourselves convincing enough to ensure that the non-proliferation regime is not fatally eroded.

So I believe that these matters require further discussion with our allies and partners at an early date. Probably the best way to make a start would be in a forum restricted to our closest partners. We shall try to put forward some helpful ideas there. Meanwhile, I assure you that we are keen to work constructively for improvements to the non-proliferation regime, including general acceptance of the requirement for full-scope safeguards.

S E C R E T

SECRET



Mr Jauching

10 DOWNING STREET

From the Private Secretary

15 April 1983

Nuclear Proliferation

Thank you for your undated letter, in reply to mine of 5 April, enclosing a proposed draft reply from the Prime Minister to President Reagan about nuclear proliferation.

I enclose a revised text which the Prime Minister has approved. I should be grateful if you would arrange for its delivery.

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

J. COLES

R.B. Bone, Esq.,
Foreign and Commonwealth Office.

SECRET



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

Apex reply to President

Reagan?

A.J.C. $\frac{14}{4}$

John [unclear],

Nuclear Proliferation

Thank you for your letter of 5 April, enclosing a copy of a message which the Prime Minister has received from President Reagan. We understand that identical messages have also been sent to the Belgian, German, Italian and Japanese Prime Ministers, and that there is a possibility that President Reagan may wish to refer to this subject at the Williamsburg Economic Summit.

I enclose a draft which the Prime Minister may wish to use as the basis of her reply. You will see that we have suggested taking this opportunity of reminding the Americans of the approach of the 1985 Non-Proliferation Treaty Review Conference, since we believe it is not too soon to start giving consideration to it now.

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

*Yes we
R B Bone*

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: ~~XXXX~~/letter/~~XXXXXX/XXXXXX/XX~~

TYPE: Draft/Final 1+

FROM:

-Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

President Reagan

~~TOP SECRET~~

Secret

~~CONFIDENTIAL~~

~~RESTRICTED~~

~~UNCLASSIFIED~~

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

Thank you for your message about the danger that ^{Further} additional countries may proceed to the development of nuclear weapons. I agree with you that this is an ^{important} issue ~~of vital importance~~, and that effective ^{co-operation between} supplier ~~co-operation in sensitive areas~~ is essential. As you know, the United Kingdom has played a leading role in ~~helping~~ ^{to} develop ^{it} proposals for ~~an~~ improved export control ^{for} regime ~~on~~ equipment and materials relating to centrifuge enrichment, and ~~is co-operating fully in efforts to improve the export controls relating to other areas of sensitive technology.~~ We have also supported efforts to ^{find paper} achieve a more credible and effective international safeguards regime.

^{but} Nevertheless, the lack of progress in international discussion of non-proliferation issues in New York and Vienna, coupled with continuing Western public interest in these issues, ^{means that we must} ~~shows the need to~~ look well ahead in our preparations for the next Review Conference of the Non-Proliferation Treaty in 1985. ^{We should now try} ~~I believe that firm efforts~~

Enclosures—flag(s).....

/should now

USA, Mar 81,
US Foreign Policy

~~should now be made~~ to develop a clear and consistent Western strategy, which lays emphasis on the benefits which NPT membership can give to both supplier and recipient countries. Although the Review Conference is still some time away, the issues involved are complicated and sensitive, and it will take time to work out a strategy among ourselves convincing enough to ensure that the non-proliferation regime is not fatally eroded.

So I believe that these matters require further discussion with our allies and partners at an early date. Probably the best way to make a start would be in a forum restricted to our closest partners. We ~~hope to~~ ^{shall try to} ~~have ideas to~~ ^{some helpful ideas there.} put forward. Meanwhile I can assure you that we are keen to work constructively for improvements to the non-proliferation regime, including general acceptance ^{of} for the requirement for full-scope safeguards.

APR 4 1983

HL 1 2 3
D 4
S 5
F 6

5 April 1983

The Prime Minister has asked me to thank you for your letter of 31 March enclosing a message from President Reagan about nuclear proliferation.

AJC

The Honourable Edward J. Steeator

SECRET



file 5

10 DOWNING STREET

From the Private Secretary

5 April 1983

Dear Roger,

Nuclear Proliferation

BK/
I enclose a copy of a message which the Prime Minister received over the weekend from President Reagan. I should be grateful for a draft reply in due course.

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

*Yours ever
John Major*

Roger Bone, Esq.,
Foreign and Commonwealth Office.

SECRET

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✓ FLO
MOD

EMBASSY OF THE UNITED STATES OF AMERICA
LONDON

March 31, 1983

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 4^{3AA}/83

CC MASTER
OPS.

Dear Prime Minister:

I have been asked to deliver the attached message to you from President Reagan, which was received at the Embassy this morning.

Sincerely,

Edward J. Streater
Edward J. Streater
Chargé d'Affaires ad interim

Enclosure

SECRET

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.

US Declassified

T 43AA/83

MF.

SECRET

Dear Margaret,

As we go forward in our efforts at nuclear arms control we cannot neglect the equally important goal of preventing the further spread of nuclear explosives. I know you agree that it would be a great tragedy to succeed in reducing the nuclear arsenals of the United States and the Soviet Union only to find additional nuclear weapons states emerging in other regions. For this reason, I am addressing the problem of nuclear proliferation in my speech on arms control.

Our two countries have discussed ways to prevent the spread of nuclear explosives, and we value this cooperation and dialogue highly. It is vital that we work urgently together to strengthen the institutions, norms, and practices that are necessary to reduce proliferation risks. One key measure, as Secretary Shultz has stressed earlier, is to reach agreement that new nuclear supply commitments to non-nuclear-weapon states should be conditioned on their accepting international safeguards on all their nuclear activities. Effective supplier cooperation is particularly critical in sensitive areas.

As you know, my administration took several steps to end counterproductive disputes between our two countries on nuclear energy issues in advanced industrial countries. I hope that we can continue to strengthen our cooperation with respect to nuclear issues and proliferation risks in sensitive areas.

I look forward to discussing these matters with you.

Sincerely,

/s/

Ron

SECRET

DWF G 127/08

~~IMMEDIATE~~
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USA

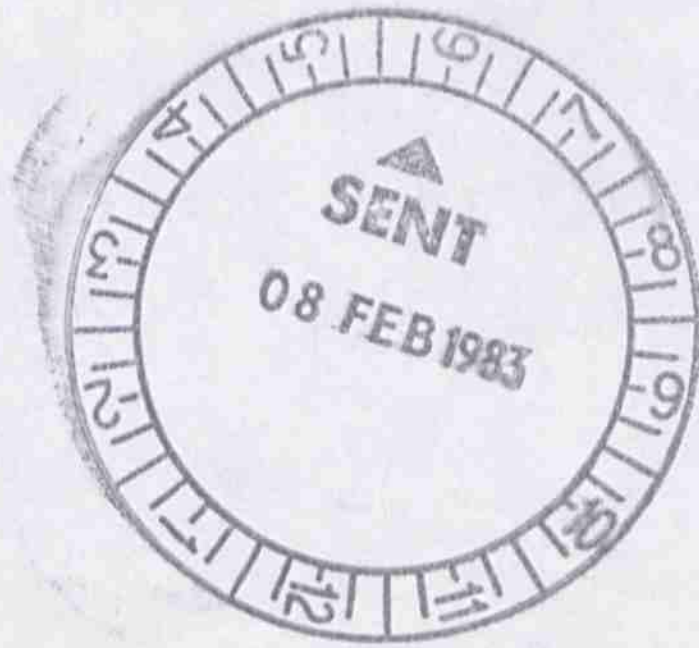
OO FCO

OO HONG KONG

PP WASHINGTON

GRS 660

CONFIDENTIAL



As head, Selsheneb
As/MA Gwstew
As/MA Refkind
As/MS
Mr Giffard
Mr Jairald
Mr Ull
1010 JS (2)

FROM PEKING 080235Z FEB 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 129 OF 8/2/83

ms

REPEATED FOR INFO TO IMMEDIATE HONG KONG: PRIORITY WASHINGTON
SAVING TO TOKYO SEOUL

SHULTZ VISIT.

1. I CALLED ON MY US COLLEAGUE ON 7 FEBRUARY FOR HIS IMPRESSIONS OF THIS VISIT. HUMMEL WAS REASONABLY PLEASED WITH THE OUTCOME, PARTICULARLY GIVEN THE FACT THAT, AS HE SAW IT, SHULTZ HAD TO COME VIRTUALLY EMPTY-HANDED. THE SINO-US DIALOGUE HAD BEEN RESUMED. THE CHINESE OBVIOUSLY ATTACHED IMPORTANCE TO RELATIONS WITH THE UNITED STATES, WERE DETERMINED NOT TO QUARRLE, AND HAD MANAGED TO LIFT THEIR SIGHTS ABOVE ROUTINE COMPLAINTS. SHULTZ HAD GONE DOWN WELL. BUT THE CHINESE WERE BOTH DEMANDING AND VAGUE. THEY HAD LAID GREAT STRESS ON THE RESTORATION OF "MUTUAL TRUST" BETWEEN CHINA AND AMERICANS. ^{AS A PRE-CONDITION} ~~AS A PRE-CONDITION~~ FOR SUBSTANTIAL PROGRESS. THEY SEEMED TO EXPECT EXCEPTIONALLY FAVOURABLE TREATMENT FROM THE US, NOT JUST OVER ARMS SALES TO TAIWAN, BUT IN OTHER NOT CLEARLY SPECIFIED AREAS BEFORE BEING WILLING TO ACCEPT THAT THEIR CONDITION WAS MET. SHULTZ HAD BEEN CAREFUL NOT TO RAISE UNREALISTIC EXCEPTIONS. EXPECTATIONS.

~~TO RAISE UNREALISTIC EXCEPTIONS.~~

2. REFERENCES TO TAIWAN HAD BEEN COMPARATIVELY BRIEF, THE AMERICANS SAYING THAT THEY WOULD ABIDE BY THE LETTER AND SPIRIT OF THE 17 AUGUST COMMUNIQUE, THE CHINESE SAYING THAT THEY WOULD BE WATCHING CLOSELY TO SEE THAT THIS WAS DONE.

3. ON TRANSFER OF TECHNOLOGY, THE CHINESE, AS EXPECTED, EXPRESSED MUCH DISSATISFACTION AND PROBABLY STILL FAILED TO UNDERSTAND, PARTICULARLY AT SENIOR LEVEL, HOW THE US COULD NOT GIVE THEM THE SPECIAL TREATMENT THEY WERE SEEKING. THE AMERICANS WOULD TRY TO LIBERALISE, BUT IT WAS NOT EASY AND FRICTION WAS LIKELY TO CONTINUE HERE.

4. ON NUCLEAR COOPERATION, THE US POSITION HAD BEEN EXPLAINED AND A US SUGGESTION MADE THAT THERE SHOULD BE A MEETING TO DRAW UP AN AGREEMENT. BUT THE US WOULD HAVE TO INSIST ON SAFEGUARDS WHICH CHINA WAS UNLIKELY TO ACCEPT AND ALTHOUGH HUMMEL WOULD LIKE TO SEE US PARTICIPATION IN THE GUANGDONG NUCLEAR PROJECT HE WAS NOT AT ALL SANGUINE.

5. DISCUSSION ON ARMS SALES HAD BEEN UNPRODUCTIVE. EVEN ON THE RESUMPTION OF LOW-LEVEL MILITARY VISITS THE CHINESE HAD REMAINED EVASIVE. HUMMEL WAS UNCERTAIN WHAT THEY WERE WAITING FOR AND SPECULATED IT WAS NOT ONLY GOOD US BEHAVIOUR OVER TAIWAN BUT ALSO FREER TRANSFER OF TECHNOLOGY.

6. ON TEXTILES, BOTH SIDES AGREED THERE WAS A PROBLEM BUT NO PROGRESS WAS MADE ON SORTING IT OUT.

7. ZHAO ZIYANG WAS LIKELY TO VISIT THE US LATER THIS YEAR BUT HAD CAREFULLY AVOIDED SPECIFIC DATES.

8. ON SINO-SOVIET RELATIONS, THE CHINESE REPEATED THEIR OPPOSITION TO HEGEMONISM. DESPITE THEIR PRESS TREATMENT AND WHAT THE CHINESE SAW AS US LAPSES IN A NUMBER OF FIELDS, CHINA DID NOT PUT THE US IN THE SAME BRACKET AS THE SOVIET HEGEMONISTS. THIS HAD BEEN MADE CLEAR IN ANSWER TO US COMPLAINTS. THE CHINESE REITERATED THEIR STAND ON CAMBODIA AND AFGHANISTAN. BUT THEY EXPLAINED THEY SOUGHT BETTER STATE RELATIONS WITH THE SOVIET UNION AND IMPLIED THAT THEY MIGHT CONTINUE TO SEEK THESE EVEN THOUGH THEIR THREE MAIN DEMANDS (CAMBODIA, AFGHANISTAN, FRONTIER TROOPS) WERE NOT MET. AS HUMMEL SAW IT, IT WAS NO LONGER APPROPRIATE TO TALK OF SINO-US COOPERATION IN CHECKING HEGEMONISM

APPROPRIATE TO TALK OF SINO-US COOPERATION IN CHECKING HEGMONISM AS IN THE PALMIER DAYS OF 1979, BUT THE INTERESTS OF THE TWO COUNTRIES WREERE STILL SIMILAR IN MANY AREAS.

9. THE CHINESE COMPLAINT OVER SOUTH KOREAN-US MANOEUVRES HAD BEEN BRIEF AND MADE ONLY BY VICE FOREIGN MINISTER HAN XU.

10. ON THE FALKLANDS, THE CHINESE HAD CHIDED THE AMERICANS FOR MAKING A MISTAKE IN BACKING BRITAIN WITH CONSEQUENT DAMAGE TO COMMON INTERESTS IN THE THIRD WORLD. SHULTZ HAD ANSWERED ROBUSTLY THAT THE US, LIKE CHINA, HAD PRINCIPLES AND ONE WAS OPPOSITION TO ATTEMPTS TO SETTLE DISPUTES BY AGGRESSION. THE CHINESE HAD NOT TAKE THE MATTER FURTHER.

11. PERSONALITIES, THE US DELEGATION HAD BEEN FAVOURABLY IMPRESSED, AND SURPRISED, BY FOREIGN MINISTER WU XUE QIAN'S MASTERY OF HIS BRIEFS AND HAD FOUND HIM PERSONALLY AGREEABLE. IN A REVERSAL OF THE USUAL ROLES IN WHICH THE FOREIGN MINISTER WAS UNPLEASANT AND THE SENIOR LEADERS URBANE, DENG HAD BEEN UNEXPECTELY TOUGH IN A LONG INTERVIEW, BUT GENERALLY HE AND OTHER CHINESE LEADERS SEEMED CONFIDENT AND UNDER NO SPECIAL INTERNAL PRESSURES. THE AMERICANS HAD ASKED TO SEE HU YAOBANG, BUT FAILED ON THE GROUNDS THAT HE NEVER SAW FOREIGN MINISTERS. DEFENCE MINISTER ZHANG AIPING WAS LAID ON PROBALLY AS A LAST MINUTE CONSOLATION PRIZE AFTER THE AMERICANS HAD SHOWN GOOD BEHAVIOUR ON THE FIRST DAY OF TALKS.

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GRS 30

SECRET

FROM PEKING 070750Z FEB 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 127 OF 7/2/83

REPEATED FOR INFO TO IMMEDIATE HONG KONG

FUTURE OF HONG KONG: SHULTZ VISIT

1. I SPOKE TO MY US COLLEAGUE TODAY ABOUT THE SHULTZ VISIT. HUMMEL SAID THAT THE HONG KONG ISSUE WAS NOT RAISED.

CRADOCK

FUTURE OF HONG KONG
LIMITED
HD/HK&D
HD/FED
HD/PLANNING STAFF
HD/PUSD
PS
PS/LORD BELSTEAD
PS/PUS
MR GIFFARD
MR DONALD
SIR J BULLARD
PS/MR HURD

COPIES TO
SIR I SINCLAIR LEGAL ADVISER
MR ROBERTS NEWS D
MR COLES NO 10 DOWNING STREET
MR MARTIN ASSESSMENTS STAFF
CABINET OFFICE

SECRET

GRPS 450
CONFIDENTIAL

CONFIDENTIAL

USA

FM BRUSSELS 031300Z FEB 83
TO IMMEDIATE FCO
TELEGRAM NO 29 OF 03 FEB
INFO IMMEDIATE UKDEL NATO AND WASHINGTON
INFO PRIORITY THE HAGUE, PARIS AND ROME
INFO SAVING UKDIS GENEVA AND MOSCOW

BUSH'S VISIT TO BRUSSELS: INF

1. THE POLITICAL DIRECTOR AT THE NFA BRIEFED COMMUNITY AMBASSADORS TODAY ON BUSH'S BILATERAL DISCUSSIONS ON 2 FEBRUARY.
2. CAHEN SAID THAT BUSH HAD SEEN PRIME MINISTER MARTENS (TETE-A-TETE) AND FOREIGN MINISTER TINDEMANS (WITH ADVISERS) AND DINED WITH KING BAUDOUIN. HIS LINE WITH MARTENS AND TINDEMANS ON INF HAD BEEN THE SAME, VIZ. THAT HIS EUROPEAN VISITS WERE DESIGNED ESSENTIALLY FOR CONSULTATION AND IN AN EFFORT TO ENCOURAGE GREATER COORDINATION OF ALLIED POSITIONS. ANY IMPRESSIONS THAT THE UNITED STATES DID NOT WISH TO NEGOTIATE SERIOUSLY ON INF WERE QUITE WRONG. PROOF OF THIS WAS TO BE FOUND IN THE FACT THAT NITZE WAS BACK AT GENEVA AND THAT HE AND KWITSINSKI HAD EXPLORED CERTAIN POSSIBILITIES FOR A SOLUTION. ALTHOUGH THE LATTER HAD NOT LED TO ANYTHING, THIS SHOWED US GOODWILL. PRESIDENT REAGAN'S OFFER OF A SUMMIT MEETING ALSO DEMONSTRATED US GOODWILL (AND THE AMERICANS HAD BEEN PLEASED AT THE REACTIONS IN BONN TO THIS).
3. THE US COULD NOT HOWEVER ACCEPT ANY EASTERN PROPOSALS WHICH WERE NOT SERIOUS. THE US OBJECTIVE AT GENEVA WAS STILL THE ELIMINATION OF THE ENTIRE PRESENT GENERATION OF NUCLEAR WEAPONS. BUT THERE WAS AN IMPASSE AT PRESENT AND THE POSSIBILITY OF OTHER "RESEARCHES" OTHER THAN THE ZERO OPTION COULD NOT BE ELIMINATED. MEANWHILE HOWEVER IT WAS IMPORTANT TO MAINTAIN A COMMON ALLIED FRONT. THE RUSSIANS SHOULD NOT BE ALLOWED TO DRIVE A WEDGE BETWEEN THE ALLIES AND SHOULD BE MADE TO FEEL GREAT ALLIED FIRMNESS. IT WAS IMPORTANT TO PERSIST IN THE ZERO OPTION, BECAUSE OTHER IDEAS HAD NOT SO FAR LED ANYWHERE. THE ALLIES SHOULD PREPARE FOR DEPLOYMENT OF THE MISSILES BECAUSE OTHERWISE THE RUSSIANS WOULD NOT NEGOTIATE SERIOUSLY. THEY UNDOUBTEDLY DID NOT WANT THE CRUISE MISSILES AND PERSHING'S IN EUROPE, AND IT WOULD THEREFORE PROBABLY BE POSSIBLE TO REACH AN "APPROPRIATE" AGREEMENT. THE FRG ELECTIONS WERE A COMPLICATION. IT WOULD BE NECESSARY TO WAIT UNTIL THEY WERE OVER BEFORE STARTING TO THINK OF OPTIONS OTHER THAN THE ZERO OPTION.
4. BUSH AND TINDEMANS HAD BOTH REAFFIRMED THEIR CONVICTION THAT BRITISH AND FRENCH WEAPONS SHOULD BE EXCLUDED FROM INF. AIRCRAFT AND SUBMARINES SHOULD ALSO BE EXCLUDED.

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5. IN THE COURSE OF THIS ACCOUNT CAHEN MENTIONED AT DIFFERENT POINTS THAT TINDEMANS HAD COMPLAINED ABOUT UNCO-ORDINATED US POLICY STATEMENTS IN THE PAST AND HAD STRESSED THE NEED FOR BETTER MECHANISMS FOR TRANSALANTIC CONSULTATION EG TO FOLLOW UP MEETINGS LIKE LA SAPINIERE WHICH HAD BEEN A GOOD ONE, BUT AFTER WHICH DIFFICULTIES HAD ARISEN. (THIS IS A FAMILIAR HOBBY HORSE OF TINDEMANS). BUSH HAD GIVEN AN ASSURANCE THAT THE ERA OF UNCO-ORDINATED US STATEMENTS WAS OVER. THE QUESTION OF NEW MECHANISMS WAS ONE WHICH WOULD HAVE TO WAIT UNTIL AFTER THE FRG ELECTIONS.

6. YOU WILL ALREADY HAVE SEEN FROM THE BRITISH PRESS THAT AT THE END OF THE VISIT TINDEMANS AND THE BELGIAN MFA SPOKESMAN MADE FAIRLY POSITIVE STATEMENTS.

SUMMARY IN MIFT.

FCO PLEASE PASS SAVING ADDRESSEES.

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MR WRIGHT
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MR GOODISON

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FM THE HAGUE 031100Z FEB 83

TO PRIORITY FCO

TELEGRAM NUMBER 023 OF 03 FEBRUARY

INFO PRIORITY WASHINGTON UKDEL NATO PARIS BRUSSELS ROME AND BONN

INFO SAVING DUBLIN

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MY TELNO 22 : BUSH'S EUROPEAN TOUR : NETHERLANDS LEG.

1. US AMBASSADOR CONFIRMED MOST OF THE BRIEFING GIVEN BY VOS. HE SAID THAT THE TALKS HAD GONE EXTREMELY WELL. THERE HAD BEEN QUOTE EXCELLENT CHEMISTRY UNQUOTE BETWEEN LUBBERS AND BUSH. THE FOLLOWING POINTS ARE ADDITIONAL TO OR PUT A GLOSS ON WHAT VOS TOLD US.

2. IN A PRIVATE INTRODUCTORY MEETING WITH BUSH SHORTLY AFTER HIS ARRIVAL WHICH GOT ON TO THE INF TALKS IN GENEVA, LUBBERS INSISTED THAT A SECTION OF THE FRENCH NUCLEAR FORCE WAS PART OF THE LAND-BASED SYSTEM FACING THE SOVIET UNION AND MUST THEREFORE BE INCLUDED AT SOME STAGE. THE SAME APPLIED TO THE BRITISH FORCE EXCEPT THAT IT WAS ALL SEABORNE AND THEREFORE IN A DIFFERENT CATEGORY. BUT THERE WAS NO WAY OF PERSUADING THE DUTCH PEOPLE THAT THE RUSSIANS DID NOT HAVE A VALID POINT IN CLAIMING THAT THE BRITISH AND FRENCH FORCES WERE PART OF THE BALANCE.

3. LUBBERS COMPLAINED ABOUT THE STAGNATION OF THE QUOTE SHIFT STUDY UNQUOTE. IT WAS IMPORTANT FOR THE DUTCH THAT IT SHOULD MAKE QUICKER PROGRESS. HE ALSO ARGUED FOR A CLOSER FRAMEWORK BETWEEN INF AND START. HE WANTED MORE DISCUSSION OF HOW THE RUSSIAN SS.20S COULD BEST BE BALANCED BY NATO.

4. DYESS SAID THAT THERE HAD BEEN NO ELEMENT OF PRESSURE IN BUSH'S PRESENTATION. HE HAD FREQUENTLY INSISTED ON THE MORAL STRENGTH OF THE ZERO OPTION. HE HAD PRODUCED AN EFFECTIVE COLOURED CHART SHOWING HOW THE RUSSIANS HAD INCREASED THEIR NUCLEAR ARMAMENT AT DIFFERENT POINTS IN THE LONG SERIES OF NEGOTIATIONS ON ARMS CONTROL. DYESS SAID THAT BUSH HAD BEEN ENCOURAGED BY HIS VISIT. HE HAD FORMED THE IMPRESSION THAT IF LUBBERS DECIDED THAT INF DEPLOYMENT IN THE NETHERLANDS WAS ESSENTIAL, HE WOULD BE EFFECTIVE IN DEALING WITH THE PARLIAMENTARY SITUATION. BUT HE WANTED SO FAR AS POSSIBLE TO AVOID PUBLIC DEBATE ON THE ISSUE BEFORE THE WHITE PAPER IN SEPTEMBER.

5. BUSH HAD INSISTED ON THE IMPORTANCE OF NOT ALLOWING THE DEPLOYMENT PROGRAMME TO SLIP. LUBBERS HAD NOT DEMURRED. HE HAD ARGUED FOR INTERIM STEPS TO MOVE TOWARDS THE ZERO OPTION, BUT WAS PREPARED TO STICK TO THAT AS THE CENTRAL OBJECTIVE. ON THE SECOND POINT RAISED BY DE RUITER (PARA.7 OF MY T.U.R.) BUSH HAD SAID THAT THE ADMINISTRATION HAD A SUPPLEMENTARY BUDGET PROPOSAL WITH FIVE ITEMS FOR EXPENDITURE ON NATO. ONE OF THESE COVERE

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THE DEPOTS OF US STOCKS SO BUSH HAD URGED DE RUITER TO SPEND SOME TIME ON THE HILL DURING HIS FORTHCOMING VISIT TO WASHINGTON.

6. DYESS CONFIRMED BUSH'S FEELING IN THE LIGHT OF HIS TALK WITH VOGEL (PARA 7 OF MY T.U.R.) THAT HE WOULD TURN OUT TO BE SOUNDER ON NUCLEAR WEAPONS, IF HE CAME TO POWER, THAN SOME OF HIS PUBLIC PRONOUNCEMENTS SUGGESTED. BUT DYESS EMPHASISED THAT BUSH WAS VERY CONCIIOUS OF THE DANGER OF HIS BEING ACCUSED OF INTERFERENCE IN GERMAN DOMESTIC POLITICS AND THAT THIS JUDGEMENT WAS THEREFORE HIGHLY SENSITIVE.

7. IN SUM, DYESS SAID THAT THE MAIN OBJECTIVE OF THE BUSH VISIT TO THE NETHERLANDS HAD BEEN TO BOOST THE MORALE OF THE DUTCH GOVERNMENT. HE FELT THIS HAD BEEN ACHIEVED. PRESS AND OTHER REACTIONS, WHICH WE WILL BE REPORTING SHORTLY, SHOULD INDICATE TO WHAT EXTENT THIS CONFIDENCE IS JUSTIFIED.

FCO PASS SAVING

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THIS TELEGRAM
WAS NOT
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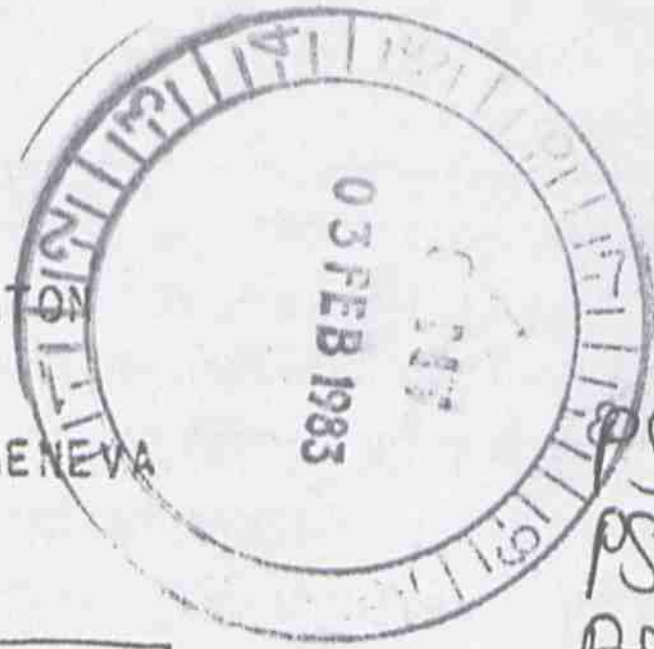
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FM UKDEL NATO 031730Z FEB 83

TO IMMEDIATE FCO

TELNO 40 OF 3 FEBRUARY 1983

AND TO IMMEDIATE MOD (FOR DUS(P) AND DS12)

INFO PRIORITY BONN, MOSCOW, PARIS, ROME, WASHINGTON, UKDIS GENEVA

INFO SAVING ALL OTHER NATO POSTS, WARSAW, PRAGUE

Handwritten notes: PS/McHard, PS/Mr Orelow, PS/POJ, Mr Bullard, Mr Wright, Mr Gifford, Mr Gillmore, Mr Goodwin, Mr Ure, Hd/Defence, Hd/WEN, Hd/NAD, Hd/EESD, Hd/ACD, Cabinet office No 10 D.S. (3)

P.N. has seen.

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MEETING OF VICE PRESIDENT BUSH WITH NORTH ATLANTIC COUNCIL, 3 FEBRUARY

SUMMARY

1. IN HIS MEETING WITH THE NORTH ATLANTIC COUNCIL THIS MORNING, VICE PRESIDENT BUSH STRESSED THE NEED FOR ALLIED SOLIDARITY, PARTICULARLY ON INF. HE HAD COME TO CONSULT AND WOULD BE REPORTING TO THE PRESIDENT DIRECT. HAVING STATED THE CASE FOR THE ZERO OPTION HE LISTENED CAREFULLY TO ALLIED COMMENTS AND, WHILST AVOIDING ANY DISCUSSION OF ALTERNATIVE POSITIONS, MADE NO CRITICAL COMMENT ON THE VIEWS OF OTHERS THAT NEW POSITIONS WOULD BE, OR MIGHT BECOME, NECESSARY.

REPORT

2. BUSH'S MAIN THEME, IN A 15-MINUTE INFORMAL STATEMENT, WAS THE IMPORTANCE OF ALLIANCE SOLIDARITY. ANDROPOV HAD SAID HE WOULD LIKE BETTER RELATIONS WITH THE US BUT IT WAS SOVIET CONDUCT, NOT RHETORIC, THAT MATTERED. US FEELINGS ON AFGHANISTAN, POLAND AND HUMAN RIGHTS REMAINED STRONG. POLICIES IN THREE AREAS WOULD DETERMINE THE WEST'S ABILITY TO INFLUENCE SOVIET CONDUCT: THE STRENGTHENING OF ALLIANCE SECURITY, ARMS CONTROL AND THE WESTERN CONTRIBUTION TO REGIONAL STABILITY OUTSIDE NATO. ON SECURITY, IT WAS IMPORTANT TO PERSUADE CONGRESS THAT OTHER COUNTRIES WERE BEARING THEIR SHARE OF THE BURDEN (AND DISCUSSIONS ON TRADE POLICY WERE ALSO IMPORTANT). BUT INF WAS THE ISSUE ON WHICH NATO'S CREDIBILITY WAS TOTALLY ON THE LINE: ALLIANCE SOLIDARITY WAS IMPERATIVE AS ANDROPOV SOUGHT TO SPLIT NATO. THE US WOULD CONTINUE TO PRESS THE ZERO/ZERO OPTION. THE PRESIDENT HAD OFFERED A MEETING TO SIGN AN AGREEMENT. SOME SAID THIS WAS PROPAGANDA. BUT THE ALLIANCE HAD A SOUND MORAL POSITION AND IT WAS WRONG TO BE ON THE DEFENSIVE.

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3. AMBASSADORS OF ALL COUNTRIES NOT ON THE VICE PRESIDENT'S ITINERARY EXCEPT SPAIN AND ICELAND SPOKE. ALL BUT GREECE, WHO RE-AFFIRMED HER FAMILIAR POSITION OF SUPPORT FOR THE DISARMAMENT BUT NOT THE DEPLOYMENT TRACK, EXPRESSED FULL SUPPORT FOR THE 1979 TWIN-TRACK DECISION. ALL ALSO SUPPORTED THE ZERO OPTION AS A

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~~BUT NOT THE DEPLOYMENT TRACK, EXPRESSED FULL SUPPORT FOR THE 1979 TWIN-TRACK DECISION.~~ ALL ALSO SUPPORTED THE ZERO OPTION AS A NEGOTIATING OBJECTIVE, BUT MANY SAID IT MIGHT NOT PROVE TO BE ACHIEVABLE AT LEAST IN THE SHORT TERM, AND THAT WE MIGHT NEED TO EXPLORE INTERMEDIATE OPTIONS. NITZE'S EXPLORATORY CONTACTS WITH KVITINSKY LAST SUMMER WERE NOTED WITH APPROVAL. THE NORWEGIAN WAS MOST EXPLICIT IN CALLING FOR EARLY WORKING OUT OF A BALANCED WESTERN COMPROMISE POSITION.

4. OTHER AMBASSADORS THEN INTERVENED. H SPOKE BRIEFLY ON INF IN TERMS DRAWN FROM THE PRIME MINISTER'S STATEMENT IN THE HOUSE OF COMMONS ON 18 JANUARY.

PRAGUE DECLARATION

5. A NUMBER OF SPEAKERS MENTIONED NEED, IN THE CONTEXT OF THE PUBLIC DEBATE, TO CONSIDER CAREFULLY WHETHER WE COULD NOT EXPLOIT THE PRAGUE DECLARATION. CANADA AND GERMANY IN PARTICULAR EMPHASISED THE IMPORTANCE OF SEIZING THE INITIATIVE IN INFLUENCING PUBLIC OPINION. THERE COULD BE VALUE IN BEING SEEN TO RESPOND TO PARTS OF THE PRAGUE DECLARATION THAT COULD BE BUILT UPON AND TURNED TO OUR OWN ADVANTAGE. BUSH INDICATED SYMPATHY IN PRINCIPLE FOR THIS IDEA.

6. IN A SHORT CONCLUDING STATEMENT, THE VICE PRESIDENT SAID HE DISLIKED THE TERM FLEXIBILITY IN THE INF CONTEXT. IT TOO OFTEN MEANT THE WEST SHOULD GO MORE THAN HALF WAY, BUT HE STRESSED US WILLINGNESS TO LISTEN TO OTHER PROPOSALS. HE URGED ALL TO BE AS POSITIVE IN THEIR PUBLIC STATEMENTS AS THEY HAD BEEN IN TODAY'S DISCUSSION. HE ENDED BY ASKING WHETHER THE EUROPEANS HAD ANY POSITIVE SUGGESTIONS, OR CRITICISMS, TO OFFER ON WAYS IN WHICH THE US MIGHT BETTER HANDLE ITS RELATIONS WITH ITS ALLIES. HE WOULD INCLUDE THESE IN HIS REPORT TO THE PRESIDENT. LUNS MOVED TO CUT OFF ANY RESPONSE TO THIS REQUEST. HE SUMMED-UP THAT THE ALLIANCE POSITION MUST NOT BE SEEN AS AN ALL OR NOTHING: WE MIGHT NEED TO GO STEP BY STEP AND REMAIN OPEN TO OTHER SOLUTIONS PROVIDED OUR FUNDAMENTAL REQUIREMENTS WERE MET: ALL ALLIES WOULD WELCOME A WELL PREPARED US/SOVIET SUMMIT.

7. A FULLER RECORD FOLLOWS BY SAVING TELEGRAM.

FCO PLEASE PASS SAVING TO ANKARA, ATHENS, COPENHAGEN, THE HAGUE, LISBON, LUXEMBOURG, MADRID, OSLO, OTTAWA, PRAGUE, REYKJAVIK, WARSAW

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FM THE HAGUE 021629Z FEB 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 22 OF 02 FEBRUARY

INFO IMMEDIATE WASHINGTON, UKDEL NATO.

INFO PRIORITY PARIS, BRUSSELS, ROME AND BONN

INFO SAVING DUBLIN

MW

BONN TELNO 109: BUSH'S EUROPEAN TOUR: NETHERLANDS LEG

1. BUSH ATTENDED A DINNER LAST NIGHT GIVEN BY QUEEN BEATRIX. TODAY HE HAD ONE -AND - A HALF HOURS OF TALKS WITH LUBBERS, VAN DEN BROEK AND DE RUITER FOLLOWED BY LUNCH. OFFICIALS PARTICIPATED IN THE SECOND HALF OF THE TALKS.
2. IN THE UNEXPECTED ABSENCE OF JACBOVITS AT A FUNERAL, VOS (HEAD OF MFA NATO DIRECTORATE) BRIEFED EC AND NATO AMBASSADORS THIS AFTERNOON ON THE TALKS. MY IRISH COLLEAGUE WAS THEREFORE PRESENT. VOS SAID THAT TIME HAD ONLY ALLOWED DISCUSSION OF INF MODERNISATION AND THE GENEVA TALKS, ALTHOUGH THERE HAD BEEN OTHER ITEMS ON THE AGENDA. THERE HAD BEEN A FREE FLOWING, INFORMAL DISCUSSION WITH NO DECISIONS ON EITHER SIDE. BUT MUTUAL UNDERSTANDING HAD BEEN INCREASED. LUBBERS HAD ACCEPTED AN INVITATION FROM PRESIDENT REAGAN TO VISIT WASHINGTON ON 15 MARCH WITH VAN DEN BROEK.
3. VOS SAID THAT LUBBERS HAD MADE THE FOLLOWING POINTS:
THE MAIN DUTCH OBJECTIVE WAS TO DO EVERYTHING POSSIBLE TO ASSIST PROGRESS AT GENEVA. HE FELT THAT NATO MUST BE UNITED AND SEEN TO BE SO. HE EXPLAINED THE DUTCH POSITION ON STATIONING OF CRUISE MISSILES IN THE NETHERLANDS ON STANDARD LINES. THE DEFENCE WHITE PAPER IN SEPTEMBER WOULD DEAL WITH THE PROBLEM AND NO DECISIONS WOULD BE REQUIRED FROM PARLIAMENT BEFORE THEN. THE DUTCH WOULD CONTINUE WITH PREPARATORY MEASURES TO KEEP THEIR OPTIONS OPEN. BUT THE DUTCH HAD CERTAIN PREOCCUPATIONS. HE MENTIONED SHORT RANGE NUCLEAR WEAPONS AND EMPHASISED THE IMPORTANCE OF THE QUOTE SHIFT STUDY UNQUOTE. HE SAID IT WAS DIFFICULT TO IMAGINE PROGRESS AT THE INF TALKS WITHOUT PARALLEL PROGRESS IN START. HE SUGGESTED THAT THERE OUGHT TO BE MORE LINKAGE, BUT DID NOT PROPOSE EXTENSION OF THE AGENDA FOR THE INF TALKS AT THIS STAGE.
4. VOS SAID THAT BUSH SHOWED UNDERSTANDING FOR THE DUTCH POSITION. HE EMPHASISED THAT THE PURPOSE OF HIS TRIP WAS CONSULTATION WITH AMERICA'S ALLIES. HE STRESSED THE IMPORTANCE OF THE ZERO OPTION, ARGUING THAT ONLY DEFECT WAS THAT THE RUSSIANS DID NOT LIKE IT. THIS IN ITSELF WAS NOT A GOOD REASON FOR ABANDONING IT. HE DID NOT REFER TO THE POSSIBILITY OF A NEW AMERICAN INITIATIVE IN THE INF TALKS, BUT HE ACCEPTED THAT IT WAS NECESSARY TO CONSIDER WAYS OF ACHIEVING THE OBJECTIVE OF THE ZERO OPTION.

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5. LUBBERS HAD POINTED OUT THAT UNITY WAS NOT A GOAL IN ITSELF.
IT WAS NEEDED FOR THE ACHIEVEMENT OF AGREED OBJECTIVES.
DEPLOYMENT OF CRUISE MISSILES IN THE NETHERLANDS WOULD BE A
QUALITATIVE STEP. THESE WEAPONS WOULD BE CAPABLE OF STRIKING
BEYOND THE BORDERS OF THIS COUNTRY. THIS WOULD BE A SIGNIFICANT
PSYCHOLOGICAL JUMP. THE EVENTUAL DUTCH DECISION WOULD DEPEND
ON WHETHER IT COULD BE SHOWN THAT EVERYTHING HAD BEEN TRIED IN
ORDER TO AVOID DEPLOYMENT. THIS POINT WAS TAKEN BY BUSH.

6. THERE WAS NO MENTION DURING THE TALKS OF THE BRITISH OR
THE FRENCH NUCLEAR DETERRENTS. NOR WAS THERE ANY DISCUSSION
OF THE REAGAN OPEN LETTER, OF THE SWEDISH PROPOSAL FOR A NUCLEAR
FREE ZONE, OR OF THE RUSSIAN PROPOSALS.

7. OVER LUNCH BUSH COMMENTED ON THE FORTHCOMING GERMAN
ELECTION AND HIS TALK WITH VOGEL. HE SAID THAT HE WAS NOT TOO
WORRIED BY THE POSSIBILITY OF THE SDP COMING TO POWER IN GERMANY.
DE RUITER ALSO RAISED TWO POINTS. HE COMPLAINED ABOUT THE LACK
OF US PURCHASES OF DEFENCE EQUIPMENT FROM THE NETHERLANDS.
HE SAID THE IMBALANCE WAS ABOUT TEN TO ONE. BUSH SHOWED
SYMPATHY. DE RUITER ALSO SAID THAT THE DUTCH WERE WORRIED BY
THE CUTS IN THE US DEFENCE BUDGET AFFECTING THE ARRANGEMENTS FOR
PREPOSITIONING OF US STOCKS IN THE NETHERLANDS. THESE CUTS
WERE LIKELY TO CAUSE ADDITIONAL UNEMPLOYMENT IN THE NETHERLANDS.

8. I SHALL BE SEEING MY AMERICAN COLLEAGUE LATER TODAY AND
WILL REPORT ANY ADDITIONAL AMERICAN COMMENTS ON THE VISIT.

FCO PLEASE PASS SAVING TO DUBLIN

(REPEATED AS REQUESTED)

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CABINET Office

COPIES SENT TO
No. 10 DOWNING STREET

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GRS 135

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FM BONN 010941Z FEB 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 102 OF 01 FEBRUARY

INFO IMMEDIATE WASHINGTON BMG BERLIN THE HAGUE UKDEL NATO

INFO PRIORITY PARIS BRUSSELS UKDIS GENEVA ROME MOSCOW

INFO SAVING CICC(G)

MY TELNO 100: BUSH'S VISIT TO BONN AND BERLIN

1. THE US AND GERMAN OFFICIALS WHO ATTENDED KOHL'S TALKS WITH BUSH ARE IN BERLIN UNTIL LATE TODAY. WE ARE SEEKING A FULL ACCOUNT OF THE TALKS FROM THE CHANCELLOR'S OFFICE AS SOON AS POSSIBLE. MEANWHILE THE MINISTER AT THE US EMBASSY (PLEASE PROTECT) HAS TOLD US, QUOTING BURT WHO IS ACCOMPANYING BUSH, THAT THE AMERICANS MIGHT WANT TO MAKE A MOVE IN THE INF NEGOTIATIONS IN THE SECOND HALF OF FEBRUARY (IE BETWEEN THE SCG MEETING ON 13/14 FEBRUARY AND THE GERMAN ELECTIONS ON 6 MARCH). THE US EMBASSY LEARNED ONLY AFTER BUSH'S ARRIVAL IN BONN THAT HE WOULD REVEAL THAT REAGAN HAD PROPOSED TO ANDROPOV A SUMMIT ON INF.

2. MY THREE IFT'S CONTAIN THE ENGLISH TEXT OF REAGAN'S OPEN LETTER TO THE EUROPEAN'S , A SUMMARY OF OTHER POINTS IN BUSH'S MAJOR SPEECH LAST NIGHT IN BERLIN AND AN ACCOUNT OF GERMAN MEDIA REACTIONS SO FAR TO BUSH'S VISIT.

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GRS 220

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FM BONN 011058Z FEB 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 103 OF 01 FEBRUARY

INFO IMMEDIATE WASHINGTON BMG BERLIN THE HAGUE UKDEL NATO

INFO PRIORITY PARIS BRUSSELS UKDIS GENEVA ROME MOSCOW

INFO SAVING CICC(G)

MIPT: BUSH IN BERLIN

1. FOLLOWING IS TEXT OF PRESIDENT REAGAN'S OPEN LETTER AS READ OUT BY BUSH IN BERLIN.

2. TEXT STARTS

AMERICAN AND SOVIET OFFICIALS HAVE JUST RESUMED NEGOTIATIONS AIMED AT REACHING AN AGREEMENT TO CONTROL INTERMEDIATE-RANGE NUCLEAR WEAPONS. WE HAVE PROPOSED AND WILL CONTINUE TO URGE THE SOVIETS TO AGREE TO BAN ALTOGETHER BOTH THEIR INTERMEDIATE-RANGE LAND-BASED NUCLEAR MISSILE WEAPONS AND THOSE WE INTEND TO DEPLOY IN RESPONSE TO THEIR BUILD-UP. THE SOVIET INSISTENCE ON MAINTAINING A NUCLEAR THREAT TO AMERICA'S ALLIES WHILE DENYING THEM THE CORRESPONDING MEANS TO DETER THAT THREAT REMAINS THE PRINCIPAL OBSTACLE.

A WAY MUST BE FOUND TO OVERCOME THIS OBSTACLE. JUST AS OUR ALLIES CAN COUNT ON THE UNITED STATES TO DEFEND EUROPE AT ALL COST, YOU CAN COUNT ON US TO SPARE NO EFFORT TO REACH A FAIR AND MEANINGFUL AGREEMENT THAT WILL REDUCE THE SOVIET NUCLEAR THREAT.

IN THIS SPIRIT, I HAVE ASKED VICE-PRESIDENT BUSH, IN THE CITY WHERE EAST MEETS WEST, TO PROPOSE TO SOVIET GENERAL SECRETARY ANDROPOV THAT HE AND I MEET WHEREVER AND WHENEVER HE WANTS IN ORDER TO SIGN AN AGREEMENT BANNING US AND SOVIET INTERMEDIATE-RANGE LAND-BASED NUCLEAR MISSILE WEAPONS FROM THE FACE OF THE EARTH.

I MAKE THIS OFFER OUT OF A CONVICTION THAT SUCH AN AGREEMENT WOULD SERVE THE INTERESTS OF BOTH SIDES AND, MOST IMPORTANTLY, THAT THE PEOPLE OF EUROPE WANT NOTHING MORE. I URGE MR ANDROPOV TO ACCEPT IT.

TEXT ENDS.

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FM BONN 011140Z FEB 83
TO IMMEDIATE FCO
TELEGRAM NUMBER 104 OF 01 FEBRUARY
INFO IMMEDIATE WASHINGTON BMG BERLIN THE HAGUE UKDEL NATO
INFO PRIORITY PARIS BRUSSELS UKDIS GENEVA ROME MOSCOW
INFO SAVING CICC(G)

MY TWO IPT'S : BUSH'S SPEECH IN BERLIN

1. FOLLOWING ARE MAIN POINTS OF BUSH'S SPEECH ON THE EVENING OF 31 JANUARY.

(A) BUSH'S VISIT TO EUROPE WAS IN THE SPIRIT OF THE QUEST FOR PEACE. IF IT ENLIVENED THE PUBLIC DEBATE, THAT COULD ONLY BE HEALTHY FOR NATO.

(B) THE COMMITMENT IN THE NORTH ATLANTIC TREATY TO CONSIDER ANY ATTACK ON ONE ALLY AS AN ATTACK AGAINST ALL WAS THE KEY TO NATO'S CREDIBILITY IN DETERRENCE. THE SOVIET ARMS PROGRAMME, ESPECIALLY THE SOVIET MONOPOLY OF INF, WAS DESIGNED TO SEPERATE THE US FROM EUROPE. IF IT SUCCEEDED PEACE WOULD BE AT RISK. THIS WAS PRECISELY WHY NATO HAD IN 1979 UNANIMOUSLY ADOPTED THE DOUBLE DECISION.

(C) THE DOUBLE DECISION HAD BEEN THE RESULT OF QUOTE EXHAUSTIVE CONSULTATIONS UNQUOTE. FOUR MYTHS ABOUT IT SHOULD BE NAILED:

- INF STATIONING WOULD NOT CHANGE, BUT PRESERVE NATO'S DETERRENT STRATEGY:
- THE DOUBLE DECISION WAS NOT FORCED ON EUROPE BY THE US BUT WAS AN ANSWER TO EUROPEAN CONCERNS:
- INF STATIONING WOULD NOT INCREASE THE OVERALL NUMBERS OF NUCLEAR WARHEADS IN WESTERN EUROPE:
- IT WAS IN NO WAY CONNECTED WITH IDEAS OF LIMITED NUCLEAR WAR IN EUROPE : NOTHING MADE REAGAN AND BUSH HIMSELF ANGRIER THAN TO BE ACCUSED OF HAVING SUCH IDEAS.

(D) THE PRESENCE OF US FORCES IN THE FRG WAS A LIVING GUARANTEE OF THE US COMMITMENT TO PEACE AND SECURITY IN EUROPE.

(E) FREEDOM TO DEMONSTRATE WAS PART OF THE WEST'S ACHIEVEMENT, AND CONTRASTED WITH THE OBSTACLES TO PEACE MOVEMENTS IN THE EAST.

(F) NATO'S COMMITMENT TO INF STATIONING WAS THE KEY TO SECURING SATISFACTORY DISARMAMENT RESULTS. THE USSR WOULD AIM TO MAINTAIN ITS INF MONOPOLY. REAGAN HAD, HOWEVER, COMMITTED HIMSELF TO EXAMINE ANY REASONABLE SOVIET OFFER AND QUOTE THAT IS PRECISELY WHAT WE ARE DOING NOW UNQUOTE. NATO MUST NOT, IN ITS NATURAL EAGERNESS FOR AN EARLY INF AGREEMENT - WHICH PRESIDENT REAGAN SHARED, ABANDON OBJECTIVES WHICH WERE ESSENTIAL TO WESTERN SECURITY. THE IRREDUCABLE REQUIREMENTS WERE:

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- (I) THE NUCLEAR THREAT MUST BE REDUCED TO THE LOWEST POSSIBLE LEVEL:
- (II) THERE MUST BE A BALANCED OUTCOME, WITH NO SOVIET MONOPOLY:
- (III) CIRCUMVENTION OF ANY KIND MUST BE PREVENTED.

(G) THE USSR HAD TRIED AND FAILED TO SPLIT WESTERN EUROPEAN OPINION OVER THE NEGOTIATIONS FOR THE QUADRIPARTITE AGREEMENT ON BERLIN, JUST AS THEY WERE DOING OVER INF NOW. THE US COMMITMENT TO BERLIN WAS SERIOUS AND UNSHAKEABLE: US TROOPS STOOD READY TO DEFEND THE WESTERN SECTORS AGAINST ANY THREAT. THE US WANTED ALL PROVISIONS OF THE QUADRIPARTITE AGREEMENT TO BE STRICTLY OBSERVED AND FULLY EXECUTED IN ALL SECTORS OF BERLIN. THE US FULLY SUPPORTED THE LINKS BETWEEN BERLIN AND THE FRG.

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FM BONN 011115Z FEB 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 105 OF 01 FEBRUARY

INFO IMMEDIATE WASHINGTON BMG BERLIN THE HAGUE UKDEL NATO

INFO PRIORITY PARIS BRUSSELS UKDIS GENEVA ROME MOSCOW

INFO SAVING CICC(G)

MY THREE IPT'S: VIST OF VICE-PRESIDENT BUSH: FRG PRESS COMMENT

SUMMARY

1. TODAY'S PRESS COVERAGE OF BUSH'S ACTIVITIES IN BONN AND BERLIN CONVEYS A SENSE OF ALLIED UNITY AND OF GERMAN SATISFACTION AT THE US COMMITMENT TO EARLY PROGRESS IN DISARMAMENT. RATHER LITTLE IS SAID OF THE QUOTE ZERO SOLUTION UNQUOTE. ONE REPORT FROM BONN FORESEES A US QUOTE DRIVE UNQUOTE TO ACHIEVE MOVEMENT IN THE INF TALKS EVEN BEFORE THE FEDERAL ELECTIONS.

DETAIL

2. THE FEDERAL SPOKESMAN SAID YESTERDAY THAT KOHL HAD BEEN EXCEPTIONALLY PLEASED WITH HIS TALKS WITH BUSH, WHICH REFLECTED FULL AGREEMENT. BUSH HAD HANDED OVER A PERSONAL LETTER TO KOHL FROM REAGAN

THE US WERE DETERMINED TO ACHIEVE CONCRETE, BUT ALSO BALANCED, RESULTS IN GENEVA. KOHL HAD MADE CLEAR THE FRG'S HOPES OF QUOTE BREAKTHROUGH UNQUOTE IN THE INF TALKS. THE CHANCELLOR HAD BEEN LEFT FEELING OPTIMISTIC, AND CONFIDENT THAT GERMAN INTERESTS WERE IN GOOD HANDS WITH THE US.

3. IN ANSWER TO QUESTIONS THE SPOKESMAN SAID BOTH THE US AND FRG STILL SAW THE ZERO PROPOSAL AS THE BEST POSSIBLE OUTCOME, BUT WERE NOT TAKING A POSITION OF ALL OR NOTHING.

4. PRESS HEADLINES DRAW ATTENTION TO KOHL'S AND BUSH'S PROFESSIONS OF UNITY AND THEIR STRESS ON ALLIED SOLIDARITY AS A PRECONDITION OF SUCCESS. COMMENTATORS DEDUCE THAT BOTH GOVERNMENTS ARE NOW READY FOR FLEXIBILITY IN THE GENEVA TALKS AND THAT THIS REFLECTS A VICTORY FOR LESS CONSERVATIVE VIEWS IN WASHINGTON. ONE REPORT, IN THE BONN GENERAL ANZEIGER, MENTIONS GENSCHER'S VISIT TO GOENEVA THIS WEEK AND THE SCG MEETING ON 13-14 FEBRUARY AS IMPORTANT FURTHER STEPS IN CONSULTATION, AND PREDICTS THAT THE US WILL LAUNCH A REVISED NEGOTIATING POSITION AT GENEVA IN LATE FEBRUARY WITHOUT WAITING FOR THE FEDERAL ELECTIONS. THE PAPERS ALSO NOTE THAT KOHL HIMSELF DID NOT VOLUNTEER ANY MENTION OF THE ZERO SOLUTION AT PRESS CONFERENCES DURING THE VISIT.

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5. PRESS COMMENTARIES ON THE BONN TALKS CONCLUDE THAT KOHL IS MOVING CAUTIOUSLY, IN CONCERT WITH THE AMERICANS, AWAY FROM THE ZERO SOLUTION. HIS CAUTION REFLECTS (A) A WISH TO AVOID PUTTING COUNTER PRODUCTIVE PRESSURE ON THE US AND (B) A FEAR THAT ANY SWITCH IN THE ALLIED POSITION MAY REBOUND TO THE CREDIT OF VOGEL. BUSH'S VISIT IS SEEN AS GENERALLY SUCCESSFUL IN INDICATING THE US'S RESPECT AND CONCERN FOR ALLIES'S OPINIONS.

6. BUSH'S PUBLICATION IN BERLIN OF PRESIDENT REAGAN'S OPEN LETTER SUGGESTING A US/SOVIET SUMMIT HAS ALSO RECEIVED PROMINENT AND FAVOURABLE COVERAGE, BUT LITTLE PRESS COMMENT ON IT HAS BEEN POSSIBLE AS YET.

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FM WASHINGTON 281650Z JAN 83

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TELEGRAM NUMBER 224 OF 28 JANUARY

INFO PRIORITY BONN, UKDEL NTO, PARIS, BRUSSELS, THE HAGUE, MOSCOW
INFO SAVING OTHER NATO POSTS

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read in full.

MY TELNO 203: THE VICE-PRESIDENT'S VISIT TO EUROPE: INF

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1. ON THE EVE OF HIS VISIT TO EUROPE, THE VICE-PRESIDENT SAID YESTERDAY THAT HIS OBJECTIVE IN MEETING SOVIET NEGOTIATORS IN GENEVA WOULD BE TO CONVEY THE US DETERMINATION TO SECURE QUOTE EQUITABLE, BALANCED AND STABLE UNQUOTE ARMS CONTROL AGREEMENTS. HE WOULD NOT BE CARRYING NEW PROPOSALS TO THE ALLIES. HIS WAS NOT A NEGOTIATING MISSION, BUT ONE OF DISCUSSION AND CONSULTATION. HIS PURPOSE WOULD BE TO CONVINCING THE PEOPLE OF WESTERN EUROPE THAT PRESIDENT REAGAN WAS SERIOUS ABOUT ARMS CONTROL. HIS MISSION ALSO WOULD BE TO GET THE PRIVATE FEELINGS OF ALLIED LEADERS ON HOW BEST TO ACHIEVE AN AGREEMENT, AND TO REPORT THOSE VIEWS BACK TO THE PRESIDENT.

2. ASKED IF THE US WOULD NEGOTIATE ANY PROPOSAL OTHER THAN ZERO/ZERO THE VICE-PRESIDENT SAID THAT THE US WAS OPEN-MINDED. US NEGOTIATORS WERE THERE, WAITING TO HEAR SOME REASONABLE BASIS ON WHICH TO NEGOTIATE. THIS MIGHT BE DISCUSSED WITHOUT DEPARTING FROM THE OBJECTIVE OF THE ZERO OPTION. TALKS COULD CONTINUE AFTER US DEPLOYMENT BEGAN, THOUGH IT WAS NOT CLEAR THAT THE SOVIET UNION WOULD AGREE.

3. THE VICE-PRESIDENT EMPHASISED THAT BRITISH AND FRENCH NUCLEAR MISSILES WERE STRATEGIC DETERRENT FORCES WHICH HAD NO PLACE IN THE INF TALKS. WHAT IT WOULD BE WORTHWHILE BARGAINING OVER WOULD BE QUOTE SOMETHING THAT DOES REFLECT BALANCE AND EQUALITY UNQUOTE IN FORCES. THE SOVIET UNION HAD FAILED TO MAKE ANY OFFER OF THIS KIND. THE ZERO/ZERO OPTION WAS A SENSIBLE AND SOUND PROPOSAL THAT FOR A WHILE CAPTURED THE IMAGINATION OF THE PUBLIC. IT STILL HAD THE SUPPORT OF NATO LEADERS. THEIR PROBLEM IS QUOTE WHETHER YOU CAN ACTUALLY ACHIEVE UNQUOTE A ZERO OUTCOME.

FCO PASS SAVING ANKARA, ATHENS, COPENHAGEN, LISBON, LUXEMBOURG, OTTAWA, OSLO, ROME, REYKJAVIK

(REPEATED AS REQUESTED)

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TO IMMEDIATE FCO

TELEGRAM NUMBER 210 OF 26 JANUARY

INFO SAVING UKDEL OECD PARIS ROME BONN TOKYO OTTAWA CG'S IN USA

WASHINGTON TELNO 193: US TRADE POLICY

1. THE WHITE HOUSE FACT SHEET ON THE STATE OF THE UNION MESSAGE CONTAINS THE FOLLOWING UNDER THE HEADING QUOTE A FAIR SHAKE FOR AMERICA'S FARMERS AND WORKERS IN THE WORLD MARKET PLACE UNQUOTE:-

THE PRESIDENT ANNOUNCED THAT HE WILL PROPOSE A NEW TRADE STRATEGY TO PROMOTE THE FREE FLOW OF AMERICAN GOODS AND SERVICES GIVING A FAIR SHAKE TO AMERICA'S FARMERS AND WORKERS.

-- IN RECENT YEARS, SOME U.S. EXPORTERS HAVE LOST IMPORTANT SALES BECAUSE OF FOREIGN GOVERNMENT CREDIT SUBSIDIES INCLUDING SUBSIDIZED ASSURED FINANCING FOR THEIR EXPORTERS.

-- ADMINISTRATION NEGOTIATING SUCCESSFULLY COUPLED WITH THE DECLINE IN U.S. INTEREST RATES SHOULD REDUCE THE ASYMETRY IN FINANCING COSTS, BUT ANY GAP BETWEEN U.S. RATES AND OECD MINIMUM RATES PLACES U.S. EXPORTERS AT A DISADVANTAGE.

-- TO CORRECT THIS CONDITION, EX-IM BANK'S GUARANTEE AUTHORITY WILL BE INCREASED.

-- THE ADMINISTRATION WILL ALSO SEEK AN INCREASE IN DIRECT LENDING AUTHORITY, IF THE PRESIDENT DETERMINES THAT IT IS NEEDED TO COUNTER INAPPROPRIATE FOREIGN GOVERNMENT EXPORT FINANCING PRACTICES.

-- EXISTING TRADE NEGOTIATING AUTHORITY UNDER SECTION 102 OF THE TRADE ACT OF 1979, PROVIDES FOR NEGOTIATIONS TO REDUCE NON-TARIFF BARRIERS AND QUOTE OTHER RESTRICTIONS, UNQUOTE BUT IS INSUFFICIENT TO COVER TARIFF REDUCTIONS OR NEW AGREEMENTS ON SERVICES, INVESTMENT, AND HIGH TECHNOLOGY.

-- THE ADMINISTRATION WILL PROPOSE LEGISLATION AUTHORIZING NEW NEGOTIATING AUTHORITY COVERING THESE IMPORTANT TRADE AREAS. SUBSEQUENT NEGOTIATIONS SHOULD ENHANCE U.S. FIRMS' ABILITY TO EXPORT AMERICAN PRODUCTS AND SERVICES STIMULATING NEW PRODUCTION AND EMPLOYMENT.

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2. WHEN I SAW BALDRIGE TODAY ON ANOTHER MATTER HE SUGGESTED THAT THE LEGISLATIVE PROPOSAL REFERRED TO THE ADMINISTRATION'S COMMITMENT TO SUPPORT THE REINTRODUCTION OF SENATOR DANFORTH'S QUOTE RECIPROCITY UNQUOTE BILL WHICH, AS WATERED DOWN, REPRESENTED A DEFENCE AGAINST PROTECTIONIST PRESSURES IN CONGRESS.

3. I ALSO ASKED HIM ABOUT THE PRESIDENT'S REFERENCE TO STRENGTHENING QUOTE THE ORGANIZATION OF OUR TRADE AGENCIES UNQUOTE. BALDRIGE SAID THAT THE PRESENT DIVISION OF RESPONSIBILITIES BETWEEN THE USTR AND DEPARTMENT OF COMMERCE ONLY WORKED BECAUSE HE AND BROCK DEVOTED FIFTEEN PERCENT OF THEIR TIME TO IT AND HAD A CLOSE RELATIONSHIP. CERTAIN OPTIONS WERE BEFORE THE PRESIDENT BUT IT WAS ALSO POSSIBLE THAT THERE WOULD BE NO CHANGE.

4. PLEASE ADVANCE TO GRAY (DOT) AND MEADWAY (ITP DOT)

FCO PASS SAVING UKDEL OECD PARIS ROME BONN TOKYO

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EMBASSY OF THE
UNITED STATES OF AMERICA
Bonn, Germany

December 10, 1982

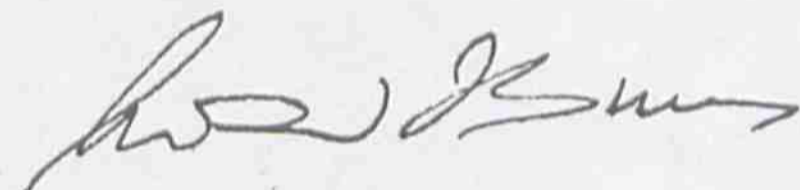
Prime Minister

A.F.C. ^{n.}/_n

Dear Madam Prime Minister

I am enclosing another of
my recent speeches together with my best wishes.

Sincerely yours,



Arthur F. Burns
Ambassador

The Right Honorable Margaret Thatcher
Prime Minister
London, England

THE ECONOMIC HEALTH OF THE WESTERN ALLIANCE

BY

ARTHUR F. BURNS

AMERICAN AMBASSADOR TO THE FEDERAL REPUBLIC OF GERMANY

PRESENTED AT A MEETING

OF THE

DEUTSCHE ATLANTISCHE GESELLSCHAFT

BONN, WEST GERMANY

DECEMBER 9, 1982

THE ECONOMIC HEALTH OF THE WESTERN ALLIANCE

I WISH TO THANK THE DEUTSCHE ATLANTISCHE GESELLSCHAFT FOR THE OPPORTUNITY TO ADDRESS YOUR MEMBERS AND FRIENDS THIS EVENING. SINCE ITS ESTABLISHMENT A QUARTER OF A CENTURY AGO, YOUR SOCIETY HAS FAITHFULLY SUPPORTED THE FUNDAMENTAL OBJECTIVES OF THE NORTH ATLANTIC ALLIANCE. YOU HAVE NEVER WAVED IN YOUR DEVOTION TO PEACE OR IN YOUR EFFORTS TO ESPOUSE THE PRINCIPLES OF INDIVIDUAL FREEDOM AND DEMOCRACY THAT CONSTITUTE THE MORAL FOUNDATION OF NATO. IN SO DOING, YOU HAVE EARNED THE GRATITUDE OF ENLIGHTENED CITIZENS OF BOTH YOUR COUNTRY AND MINE.

MY PURPOSE THIS EVENING, BEYOND EXPRESSING APPRECIATION OF YOUR CONTRIBUTION TO PRESERVING INTERNATIONAL PEACE AND FREEDOM, IS TO DISCUSS SOME OF THE ECONOMIC ISSUES THAT HAVE RECENTLY BEEN TROUBLING THE WESTERN ALLIANCE.

ECONOMIC FACTORS INEVITABLY HAVE A SIGNIFICANT IMPACT ON POLITICAL ATTITUDES THAT PREVAIL IN OUR RESPECTIVE COUNTRIES, AND THEY IN TURN CAN BE DECISIVE FOR THE MILITARY EFFECTIVENESS OF THE ALLIANCE. IN VIEW OF THE IMMENSE ROLE OF THE UNITED STATES IN WORLD AFFAIRS, I SHALL CONCENTRATE ON THE ECONOMIC RELATIONS BETWEEN THE

UNITED STATES AND ITS EUROPEAN ALLIES. THAT THESE RELATIONS HAVE BEEN RATHER STRAINED OF LATE IS A MATTER OF COMMON KNOWLEDGE. THAT IS REASON ENOUGH FOR TRYING TO SEE THE AMERICAN-EUROPEAN RELATIONSHIP IN A SOUND PERSPECTIVE. BEYOND THAT, IT IS VITAL TO OUR ALLIANCE TO CONSIDER HOW WELL ITS ECONOMIC UNDERPINNINGS ARE BEING MAINTAINED AND PROTECTED.

SINCE THE END OF 1979, BOTH THE UNITED STATES AND WESTERN EUROPE HAVE BEEN EXPERIENCING CONSIDERABLE ECONOMIC SLUGGISHNESS OR ACTUAL RECESSION. THAT WESTERN ECONOMIES ARE VASTLY STRONGER THAN THE ECONOMIES OF THE SOVIET BLOC IS A MATTER OF CONSIDERABLE IMPORTANCE, BUT THIS CAN HARDLY JUSTIFY COMPLACENCY ON OUR PART. WHAT NEEDS TO CONCERN US IS THE STATE OF OUR OWN ECONOMIC HEALTH--HOW BEST TO PRESERVE AND IMPROVE IT. MY FIRST TASK THIS EVENING, THEREFORE, IS TO EXAMINE BRIEFLY THE SOURCES OF RECENT DIFFICULTIES IN THE WEST.

THE OIL PRICE SHOCKS OF 1973 AND 1978 HAVE CERTAINLY CONTRIBUTED TO OUR ECONOMIC PROBLEMS. SO TOO HAVE OTHER DEVELOPMENTS IN THE INTERNATIONAL MARKETPLACE, PARTICULARLY THE INCREASING CHALLENGE OF JAPAN TO SOME OF OUR KEY INDUSTRIES AS WELL AS THE NEW COMPETITION FOR A VARIETY OF WESTERN MANUFACTURES FROM THE MORE ADVANCED OF THE DEVELOPING NATIONS. THESE EXTERNAL INFLUENCES, HOWEVER, HAVE BEEN LESS IMPORTANT FOR WESTERN ECONOMIES THAN DIFFICULTIES OF OUR OWN MAKING.

DURING THE EARLY DECADES OF THE POST-WAR PERIOD, THE FISCAL AND MONETARY POLICIES OF WESTERN DEMOCRACIES WERE HIGHLY SUCCESSFUL IN MAINTAINING REASONABLY FULL EMPLOYMENT AND IN IMPROVING SOCIAL CONDITIONS. THESE VERY SUCCESSES TEMPTED GOVERNMENTS DURING THE 1970'S TO RESPOND TO THE NEVER-ENDING PUBLIC PRESSURES FOR GOVERNMENTAL BENEFITS BY RISKING LARGE BUDGET DEFICITS AND EASY MONEY IN THE HOPE OF EXPANDING SOCIAL WELFARE PROGRAMS STILL FURTHER AS WELL AS ATTENDING TO NEW ENVIRONMENTAL CONCERNS. BUT BY ATTEMPTING TO EXTRACT MORE AND MORE GOODS AND SERVICES FROM OUR ECONOMIES WITHOUT ADDING CORRESPONDINGLY TO OUR WILLINGNESS TO WORK AND SAVE, WE IN THE WEST INEVITABLY RELEASED THE DESTRUCTIVE FORCES OF INFLATION.

UNDER THESE CONDITIONS, IT SHOULD NOT BE SURPRISING THAT TENSIONS OVER ECONOMIC ISSUES HAVE AT TIMES SERIOUSLY TESTED THE HARMONY THAT HAS GENERALLY CHARACTERIZED THE POLITICAL RELATIONS BETWEEN THE UNITED STATES AND ITS EUROPEAN ALLIES. WHEN OUR INDIVIDUAL ECONOMIES ARE BOOMING, THERE IS LITTLE PRESSURE ON GOVERNMENTS FROM THEIR BUSINESS OR AGRICULTURAL COMMUNITIES TO PROTEST OR COUNTERACT ACTIVITIES BEING PURSUED IN OTHER COUNTRIES. SUCH PRESSURES TEND TO MOUNT, HOWEVER, IN TIMES OF ECONOMIC ADVERSITY. DIFFICULTIES THAT WOULD BE PASSED OVER UNDER PROSPEROUS CONDITIONS THEN

TAKE ON SOME IMPORTANCE--OCCASIONALLY EVEN A LARGE IMPORTANCE. GENTLE VOICES OF SPOKESMEN OF ECONOMIC INTERESTS ARE THEN APT TO BECOME LOUD AND STRIDENT, AND EVEN THE CUSTOMARY COMPOSURE OF ACADEMICIANS AND HIGH GOVERNMENT OFFICIALS TENDS TO SUFFER. HUMAN NATURE BEING WHAT IT IS, THAT HAS BEEN THE USUAL EXPERIENCE OF MANKIND AND WE HAVE NOT ESCAPED IT THIS TIME.

THERE IS, FIRST OF ALL, THE ISSUE OF AMERICAN INTEREST RATES. THERE CAN BE NO DISPUTE OVER THE FACT THAT THESE RATES HAVE BEEN EXTRAORDINARILY HIGH IN RECENT YEARS. NOR CAN IT BE DENIED THAT THEY SERVED TO ATTRACT FUNDS TO THE UNITED STATES FROM OTHER PARTS OF THE WORLD, THAT THIS MOVEMENT OF FUNDS TENDED TO RAISE INTEREST RATES IN SOME EUROPEAN COUNTRIES, AND THAT BUSINESS INVESTMENT SUFFERED TO SOME DEGREE AS A CONSEQUENCE. IF EUROPEAN COMPLAINTS HAD STOPPED AT THIS POINT, NO ONE COULD REASONABLY QUARREL; BUT MANY EUROPEANS, INCLUDING PROMINENT GOVERNMENT OFFICIALS, AT TIMES WENT FURTHER AND EITHER STATED OR IMPLIED THAT AMERICAN INTEREST RATES WERE RESPONSIBLE FOR THE ECONOMIC TROUBLES IN THEIR COUNTRIES. THAT LINE OF THINKING OVERLOOKED THE FACT THAT HIGH AMERICAN INTEREST RATES COULD NOT BE RESPONSIBLE SIMULTANEOUSLY FOR THE STILL HIGHER INTEREST RATES IN FRANCE AND THE DRASTICALLY LOWER INTEREST RATES IN JAPAN. NEEDLESS TO SAY, FACTORS INDIGENOUS TO INDIVIDUAL

COUNTRIES--AMONG THEM, THE PROPENSITY OF THE PUBLIC TO SAVE AND THE STATE OF GOVERNMENTAL BUDGETS--ALWAYS EXERCISE SOME INFLUENCE ON INTEREST RATES.

MUCH OF EUROPEAN CRITICISM OF AMERICAN INTEREST RATES ALSO STEMMED FROM A MISUNDERSTANDING OF AMERICAN POLICY OBJECTIVES. SEEKING TO END THE HAVOC WROUGHT BY INFLATION, OUR AUTHORITIES PROCEEDED ON A PRINCIPLE THAT HAS BEEN TESTED ACROSS THE CENTURIES--NAMELY, THAT STOPPAGE OF INFLATION REQUIRES CURBING THE GROWTH OF MONEY SUPPLIES. IT IS, OF COURSE, TRUE THAT THE HIGH INTEREST RATES WERE IN LARGE PART A RESULT OF OUR RESTRICTIVE MONETARY POLICY. THAT DOES NOT MEAN, HOWEVER, THAT WE SOUGHT HIGH INTEREST RATES.

ON THE CONTRARY, THE IMMEDIATE EFFECTS OF THE RESTRICTIVE MONETARY POLICY ON INTEREST RATES AND ECONOMIC ACTIVITY WERE BY NO MEANS WELCOME, BUT THIS POLICY DID ACHIEVE ITS FUNDAMENTAL PURPOSE OF CURBING INFLATION IN THE UNITED STATES. SINCE 1979, WHEN THE CONSUMER PRICE LEVEL ROSE MORE THAN 13 PER CENT, THE RATE OF INFLATION HAS MOVED STEADILY LOWER. BY COMING DOWN TO LESS THAN 5 PER CENT THIS YEAR, THE INFLATION RATE IN THE UNITED STATES IS NOW ONE OF THE LOWEST IN THE WORLD.

THE SUCCESS OF MONETARY POLICY IN SUBDUING INFLATION EVENTUALLY MADE IT POSSIBLE FOR AMERICAN INTEREST RATES TO MOVE TO LOWER LEVELS--PARTLY THROUGH THE

INNER WORKINGS OF THE MARKETPLACE AND PARTLY THROUGH ADJUSTMENTS OF POLICY. THE SLOWING OF INFLATION ENCOURAGED THE AUTHORITIES TO REDUCE MONETARY RESTRAINTS, AND THE DEEPENING OF RECESSION IMPELLED THEM TO DO SO. ECONOMIC CONDITIONS IN THE UNITED STATES WERE, OF COURSE, PRIMARILY RESPONSIBLE FOR THE CONSEQUENT DECLINE OF INTEREST RATES, BUT OUR MONETARY AUTHORITIES WERE ALSO MINDFUL OF THE BENEFITS THAT THE LOWER RATES COULD BRING TO EUROPE. SINCE LAST YEAR, WHEN THE RATE THAT COMMERCIAL BANKS CHARGE THEIR PRIME BORROWERS REACHED 21 1/2 PER CENT, THE PRIME RATE HAS FALLEN TO 11 1/2 PER CENT. OPEN-MARKET SHORT-TERM RATES HAVE BEEN CUT IN HALF. LONG-TERM RATES ON CORPORATE BONDS AND HOME MORTGAGES DECLINED LESS, BUT THEY TOO HAVE FALLEN MATERIALLY. THE GREATER PART OF THESE INTEREST RATE ADJUSTMENTS HAS OCCURRED SINCE JUNE, AND EUROPEANS RATES FOLLOWED AMERICAN RATES DOWNWARD--ALTHOUGH NOT TO THE SAME DEGREE. AS THESE FINANCIAL DEVELOPMENTS UNFOLDED, EUROPEANS JOINED AMERICANS IN WISHING THAT INTEREST RATES WOULD MOVE EVEN LOWER, BUT WHAT HAD PREVIOUSLY BEEN A SIGNIFICANT SOURCE OF FRICTION WITHIN THE ALLIANCE VIRTUALLY CEASED BEING TROUBLESOME.

ANOTHER RECENT IRRITANT TO SOME MEMBERS OF THE ALLIANCE WAS THE STAND TAKEN BY THE AMERICAN GOVERNMENT ON INTERVENTION IN FOREIGN EXCHANGE MARKETS. THE EFFECTIVENESS OF SUCH MANEUVERS IN STABILIZING FOREIGN

CURRENCIES HAD LONG BEEN A SUBJECT OF SERIOUS DEBATE AMONG FINANCIAL EXPERTS, INCLUDING CENTRAL BANKERS.

NEVERTHELESS, GOVERNMENTS OF LEADING COUNTRIES KEPT INTERVENING WITH SOME FREQUENCY DURING THE 1970'S, IN THE HOPE OF SMOOTHING OUT SOME OF THE SHORT-RUN FLUCTUATIONS IN THE EXCHANGE MARKET. BEING CRITICAL OF THESE POLICIES, THE REAGAN ADMINISTRATION ANNOUNCED SOON AFTER IT CAME INTO POWER THAT, IN ITS JUDGMENT, FOREIGN CURRENCIES ARE BEST LEFT TO THE FREE MARKET AND THAT IT WOULD THEREFORE REFRAIN FROM INTERVENING EXCEPT UNDER HIGHLY EXCEPTIONAL CIRCUMSTANCES. NOT A FEW FINANCIERS AND GOVERNMENT OFFICIALS WELCOMED THIS DECISION, AND EVEN SOME WHO QUESTIONED IT WERE MORE CONCERNED WITH THE POLITICAL CONSEQUENCES OF NON-INTERVENTION THAN WITH ITS INTRINSIC ECONOMIC MERITS. THERE WERE, NEVERTHELESS, SOME DETERMINED EUROPEAN CRITICS OF THE NEW AMERICAN POLICY, AND THEY MADE THEIR INFLUENCE FELT--MOST NOTABLY AT THE SUMMIT MEETING HELD THIS JUNE AT VERSAILLES.

WHILE AMERICANS HELD TO THEIR BASIC POSITION AT THAT MEETING, THEY DID PROPOSE THAT A COMMITTEE OF INTERNATIONAL EXPERTS STUDY THE RESULTS OF PAST EXPERIENCE WITH INTERVENTION. BY AGREEING TO SUCH A STUDY, ALL PARTICIPANTS TACITLY ADMITTED THE POSSIBILITY THAT SOME OF THEIR VIEWS ON INTERVENTION MIGHT NEED TO BE REVISED. SINCE THEN, THE UNITED STATES HAS GONE FURTHER IN THE

DIRECTION FAVORED BY ITS CRITICS BY ACTUALLY INTERVENING SEVERAL TIMES--ALBEIT ON A MODEST SCALE--IN THE MARKET. THERE IS REASON FOR HOPING THAT THE FOREIGN EXCHANGE STUDY NOW UNDER WAY MAY FURTHER CONTRIBUTE TO NARROWING THE DIFFERENCES BETWEEN THE UNITED STATES AND SOME OF ITS ALLIES. AND IF GOOD WILL SHOULD BE AIDED BY GOOD FORTUNE, SO THAT BOTH INTEREST RATES AND INFLATION KEPT COMING DOWN IN OUR RESPECTIVE COUNTRIES, THE FLUCTUATIONS OF EXCHANGE RATES WOULD OF THEMSELVES NARROW AND THUS REDUCE BOTH THE IMPULSE TO INTERVENE AND THE INCLINATION TO FRET OVER THE ISSUE.

A FAR MORE SERIOUS CONFLICT BETWEEN THE UNITED STATES AND ITS ALLIES WAS STIRRED BY THE DECISION OF SEVERAL EUROPEAN COUNTRIES TO SUPPORT THE CONSTRUCTION OF A SIBERIAN NATURAL GAS PIPELINE. THIS CONFLICT REACHED A CLIMAX WHEN THE AMERICAN GOVERNMENT, FEELING MORALLY OUTRAGED OVER THE SOVIET UNION'S ROLE IN SUPPRESSING THE NEWLY WON FREEDOMS OF THE POLISH PEOPLE, PROCEEDED TO FORBID SHIPMENTS BY AMERICAN FIRMS OF MATERIALS AND EQUIPMENT NEEDED TO BUILD THE PIPELINE. THIS PROHIBITION WAS LATER EXTENDED TO EUROPEAN SUBSIDIARIES AND LICENSEES OF AMERICAN FIRMS. THESE ACTIONS LED TO ACRIMONIOUS CHARGES AND DEBATES, AND SOME POLITICAL OBSERVERS ON BOTH SIDES OF THE ATLANTIC FELT THAT AMERICAN REACTION TO THE CRISIS IN POLAND MAY HAVE GIVEN RISE TO A CRISIS OF THE ALLIANCE.

THAT DANGER, FORTUNATELY, WAS SURMOUNTED. NOT ONLY WAS DAMAGE TO THE ALLIANCE KEPT DOWN, BUT THE PIPELINE CONTROVERSY ACTUALLY HELPED TO STEER WESTERN THINKING ABOUT FOREIGN POLICY ONTO A SOUNDER TRACK.

IN THE COURSE OF PONDERING THE SANCTIONS IMPOSED AGAINST THE SOVIET UNION, THE AMERICAN GOVERNMENT UNDERTOOK A REVIEW OF WESTERN ECONOMIC RELATIONS WITH THE SOVIET UNION IN THE HOPE OF DEVELOPING A POLICY THAT, UNLIKE THE PIPELINE SANCTIONS, COULD PROVE OF LASTING BENEFIT TO THE ALLIANCE. IT SOON BECAME CLEAR THAT THIS WOULD REQUIRE MORE RESOLUTE DEALING WITH ELEMENTS OF INCOHERENCE IN WESTERN FOREIGN POLICY. THE REASONING THAT LED TO THIS CONCLUSION WAS STRAIGHTFORWARD. ON THE ONE HAND, NATO COUNTRIES WERE DEVOTING, YEAR AFTER YEAR, VAST RESOURCES TO OUR COMMON DEFENSE AGAINST THE SOVIET THREAT. SIMULTANEOUSLY, HOWEVER, PARTLY THROUGH PRIVATE BANKS AND PARTLY THROUGH GOVERNMENT AGENCIES, WE IN THE WEST KEPT LENDING DURING THE PAST DECADE VAST SUMS OF MONEY TO THE SOVIET UNION AND ITS SATELLITES. AT TIMES, THIS WAS EVEN BEING DONE AT SUBSIDIZED INTEREST RATES. IN VIEW OF THE HIGH PRIORITY THAT THE SOVIET UNION ASSIGNS TO ITS MILITARY ESTABLISHMENT, THE FINANCIAL RESOURCES THAT THE WEST SO LIBERALLY PUT AT THE DISPOSAL OF THE SOVIETS THUS INDIRECTLY HELPED TO STRENGTHEN THEIR ALREADY FORMIDABLE MILITARY ESTABLISHMENT. TO MAKE MATTERS WORSE,

THE SOVIET UNION CONTINUED TO TAKE ADVANTAGE OF THE WEAKNESSES IN OUR CONTROLS ON THE EXPORT OF MILITARILY RELATED PRODUCTS AND TECHNOLOGY.

THESE CONSIDERATIONS WERE PERSISTENTLY PRESSED BY THE AMERICAN GOVERNMENT ON ITS ALLIES DURING THE PAST YEAR. FOR A TIME, THEY WERE RESISTED BY EUROPEAN GOVERNMENTS, PARTLY BECAUSE OF DISPLEASURE OVER THE PIPELINE SANCTIONS, PARTLY ALSO BECAUSE OF CONCERN THAT THE AMERICAN INITIATIVE COULD LEAD TO AN EAST-WEST TRADE WAR. BUT AS THE AMERICAN GOVERNMENT MADE CLEAR THAT ITS BASIC AIM WAS SIMPLY TO STEER WESTERN POLICY ONTO A PATH THAT WAS MORE CONSISTENT WITH ALLIED SECURITY INTERESTS, CONTROVERSY AND RECRIMINATION GRADUALLY YIELDED TO QUIET VOICES OF REASON.

ON NOVEMBER 13, PRESIDENT REAGAN WAS ABLE TO ANNOUNCE THAT AGREEMENT HAD BEEN REACHED ON THE NEED TO CONSIDER ALLIED SECURITY ISSUES WHEN MAKING TRADE ARRANGEMENTS WITH THE SOVIET UNION. MORE SPECIFICALLY, THE UNITED STATES AND ITS PARTNERS AGREED, FIRST, THAT NEW CONTRACTS FOR SOVIET NATURAL GAS WOULD NOT BE UNDERTAKEN DURING THE COURSE OF AN URGENT STUDY OF ALTERNATIVE SOURCES OF ENERGY; SECOND, THAT EXISTING CONTROLS ON THE TRANSFER OF STRATEGIC ITEMS TO THE SOVIETS WILL BE STRENGTHENED; THIRD, THAT PROCEDURES FOR MONITORING FINANCIAL RELATIONS WITH THE SOVIETS WILL BE PROMPTLY

ESTABLISHED; AND FOURTH, THAT THE ALLIES WILL WORK TO HARMONIZE THEIR EXPORT CREDIT POLICIES. IN THE EYES OF THE AMERICAN GOVERNMENT, THESE MEASURES WILL PROMOTE ALLIED INTERESTS MORE EFFECTIVELY THAN THE PIPELINE SANCTIONS. THE PRESIDENT THEREFORE CONCLUDED HIS STATEMENT BY ANNOUNCING THEIR REMOVAL. LONG AND DIFFICULT NEGOTIATIONS ON WAYS OF CARRYING OUT THE AGREED MEASURES ARE UNDOUBTEDLY STILL AHEAD OF US, BUT THE PIPELINE CRISIS AS SUCH HAS FORTUNATELY COME TO AN END.

IN OTHER AREAS OF ECONOMIC POLICY--PARTICULARLY DEFENSE BURDEN-SHARING AND TRADE ISSUES--THE UNITED STATES CONTINUES TO HAVE MAJOR DIFFERENCES WITH ITS EUROPEAN PARTNERS. DIFFICULTIES OF THIS TYPE HAVE TROUBLED THE ALLIANCE ALMOST FROM ITS BEGINNING, AND IN ONE FORM OR ANOTHER THEY ARE LIKELY TO REMAIN TROUBLESOME IN THE YEARS AHEAD. EVEN HERE, HOWEVER, WE HAVE GENERALLY MANAGED TO WORK OUT OUR PROBLEMS, AND WE HAVE HAD SOME LIMITED SUCCESSES DURING THE PAST YEAR THAT ARE NOTEWORTHY.

THE DISTRIBUTION OF DEFENSE BURDENS AMONG ALLIES INEVITABLY RAISES DIFFICULT QUESTIONS OF EQUITY. MANY AMERICANS, ESPECIALLY MEMBERS OF CONGRESS, HAVE LONG FELT THAT THE UNITED STATES IS BEARING AN EXCESSIVE PART OF THE HEAVY COSTS OF THE ALLIANCE. IN VIEW OF THE FINANCIAL STRINGENCY THAT HAS DEVELOPED IN MY COUNTRY, SUCH CRITICISMS OF EUROPE HAVE RECENTLY INTENSIFIED. OUR

NATO PARTNERS USUALLY RESPOND BY REMINDING US THAT THEIR SPENDING ON DEFENSE ROSE STEADILY DURING THE 1970'S WHILE REAL AMERICAN SPENDING KEPT FALLING OFF. THAT IS ENTIRELY TRUE, BUT IT DOES NOT TELL THE WHOLE STORY.

OFFICIAL STATISTICS INDICATE THAT DEFENSE SPENDING REACHED 7.9 PER CENT OF THE GROSS DOMESTIC PRODUCT IN THE UNITED STATES DURING 1970. THE HIGHEST CORRESPONDING FIGURE FOR EACH OF OUR MAJOR ALLIES FELL SHORT OF 5 PER CENT IN THAT YEAR. WHILE THE DEFENSE OUTLAYS OF THE UNITED STATES DECREASED DURING THE 1970'S, THIS GAP HAS NEVER BEEN CLOSED. CONFRONTED WITH THESE FACTS, EUROPEAN GOVERNMENTS ARE INCLINED TO OBSERVE THAT MONETARY FIGURES FAIL TO CAPTURE ALL COSTS INVOLVED IN THE DEFENSE AREA, PARTICULARLY THE CONSCRIPTION OF SOLDIERS THAT EXISTS IN MOST OF THEIR COUNTRIES. SUCH REMONSTRANCES, HOWEVER, ARE NOT ALWAYS ACCEPTED BY AMERICANS, AS THE LIVELY DISCUSSIONS THAT HAVE BEEN RESOUNDING IN OUR CONGRESSIONAL HALLS INDICATE.

WHATEVER THE MERITS OF ONGOING DEBATES AMONG MEMBERS OF THE ALLIANCE, THE REAGAN ADMINISTRATION RECOGNIZES THAT SOME OF THE MILITARY PROPOSALS NOW BEFORE CONGRESS WOULD SERIOUSLY WEAKEN THE ALLIANCE. NOT ONLY THAT, THEY WOULD ALSO ENCOURAGE THE RUSSIANS TO REMAIN UNYIELDING IN THE VITAL ARMS CONTROL NEGOTIATIONS NOW UNDER WAY IN GENEVA. THOSE DANGERS HAVE NOT ESCAPED THE

ATTENTION OF EUROPEAN LEADERS. IN FACT, MANY EUROPEANS HAVE LONG SHARED THE WIDESPREAD AMERICAN BELIEF THAT EUROPE IS NOT DOING ENOUGH FOR ITS OWN OR FOR THE COMMON DEFENSE. FINANCIAL STRINGENCY IS NOWADAYS NO LESS A PROBLEM IN EUROPE THAN IN THE UNITED STATES. IN SPITE OF THAT, THE GERMAN GOVERNMENT HAS RECENTLY TAKEN STEPS THAT SHOULD HELP AMERICANS TO SEE THE PROBLEM OF DEFENSE BURDEN-SHARING IN A BETTER PERSPECTIVE. SEVERAL MONTHS AGO THE FEDERAL REPUBLIC SIGNED A TREATY WITH THE UNITED STATES UNDER WHICH IT AGREED TO COMMIT 90,000 RESERVISTS IN SUPPORT OF AMERICAN COMBAT FORCES IN THE EVENT OF WAR. MORE RECENTLY, MINISTER MANFRED WOERNER ANNOUNCED THAT THE NEW GERMAN BUDGET PROVIDES A SIGNIFICANT ADDITIONAL CONTRIBUTION FOR CONSTRUCTING VITAL NATO MILITARY FACILITIES IN EUROPE. THESE MEASURES HAD LONG BEEN URGED BY AMERICANS ON THE GERMAN GOVERNMENT. THE FACT THAT THEY HAVE BEEN ADOPTED AT A DIFFICULT TIME SHOULD CERTAINLY HELP TO QUIET AMERICAN CONCERNS.

DIFFERENCES BETWEEN THE UNITED STATES AND ITS ALLIES OVER INTERNATIONAL TRADE ISSUES ALSO HAVE A LONG AND CHECKERED HISTORY. FROM THE END OF WORLD WAR II THROUGH THE 1970'S THE BROAD TREND OF WESTERN POLICY HAS BEEN TOWARDS INCREASING LIBERALIZATION OF INTERNATIONAL TRADE AND INVESTMENT, AND THERE CAN BE LITTLE DOUBT THAT THIS TREND CONTRIBUTED ENORMOUSLY TO THE PROSPERITY OF THE

WEST AND OTHER PARTS OF THE WORLD. WHILE THE UNITED STATES LED THE WORLD TOWARDS AN OPEN TRADING SYSTEM AND UNRESTRICTED FOREIGN INVESTMENT, THIS POLICY--EXCEPT FOR AGRICULTURE--WAS GENERALLY SUPPORTED IN EUROPE, PARTICULARLY IN THE FEDERAL REPUBLIC OF GERMANY. UNFORTUNATELY, BUT NOT SURPRISINGLY, THE DEEP RECESSION OF RECENT TIMES HAS BY NOW STIRRED UP STRONG PROTECTIONIST SENTIMENT IN MANY EUROPEAN COUNTRIES AND ALSO IN THE UNITED STATES.

THE REAGAN ADMINISTRATION HAS STOUTLY RESISTED CONGRESSIONAL MOVES TOWARD PROTECTIONISM--THUS FAR WITH CONSIDERABLE ALTHOUGH INCOMPLETE SUCCESS. DURING THE RECENT MINISTERIAL MEETING OF THE PARTIES TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE, THE UNITED STATES FOUGHT ESPECIALLY HARD FOR AN UNEQUIVOCAL COMMITMENT BY THE WORLD'S TRADE MINISTERS TO PHASE OUT EXISTING MEASURES RESTRICTING INTERNATIONAL TRADE AND TO REFRAIN FROM TAKING NEW RESTRICTIVE MEASURES. THE DEBATES OVER THIS PRINCIPLE AND ON SPECIFIC TRADE ISSUES WERE PROTRACTED AND AT TIMES BITTER, BUT AT THE END AMERICAN INITIATIVES BROUGHT ONLY MODEST RESULTS. ASSUMING PROFESSORIAL GARB, MR. BROCK, THE AMERICAN TRADE REPRESENTATIVE, JUDGED THE RESULT AS DESERVING HARDLY MORE THAN A GRADE OF "C"--AN ASSESSMENT THAT FEW INFORMED OBSERVERS HAVE QUESTIONED.

FROM AN AMERICAN VIEWPOINT, THE MOST DISAPPOINTING ASPECT OF THIS MEETING WAS THE FAILURE TO CONVINCЕ THE EUROPEAN COMMUNITY TO MODIFY SOME ASPECTS OF ITS AGRICULTURAL POLICY. FOR MANY YEARS THE COMMUNITY HAS MAINTAINED FARM PRICES ABOVE THE WORLD LEVEL. SURPLUSES THEREFORE DEVELOPED, AND IN ORDER TO MOVE THEM INTO WORLD MARKETS THE COMMUNITY SUBSIDIZED THEIR EXPORT. AS LONG AS THIS POLICY WAS CONFINED TO PROTECTING FARM SALES WITHIN THE COMMUNITY, THE UNITED STATES ACCEPTED IT--ALTHOUGH NOT WITHOUT PROTEST. BUT ONCE THE SUBSIDIZATION LED TO LARGE EXPORTS TO THIRD-COUNTRY MARKETS, A MORE SERIOUS PROBLEM AROSE FOR AMERICAN FARMERS AND AGRICULTURAL EXPORTERS OF OTHER COUNTRIES. WITH FARM INCOMES IN THE UNITED STATES CURRENTLY AT THEIR LOWEST LEVEL SINCE THE 1930'S, AMERICAN PROTESTS AGAINST THE COMMUNITY'S AGRICULTURAL POLICY HAVE BECOME INCREASINGLY INSISTENT. THE COMMUNITY HOWEVER HAS REFUSED TO BUDGE, MAINTAINING AMONG OTHER THINGS THAT THE ISSUE OF ITS SUBSIDIES HAD ALREADY BEEN SETTLED IN EARLIER NEGOTIATIONS. THIS AND OTHER ARGUMENTS OF THE COMMUNITY HAVE NOT SOFTENED AMERICAN ATTITUDES; AND UNLESS THIS AGRICULTURAL CONTROVERSY IS SOON SETTLED, THERE IS A SERIOUS POSSIBILITY THAT THE CONGRESS WILL PASS RETALIATORY LEGISLATION NEXT YEAR. THIS WOULD BE SO DAMAGING FOR BOTH THE UNITED STATES AND EUROPE THAT I CONTINUE TO BELIEVE THAT SOME MUTUAL ACCOMMODATION WILL BE WORKED OUT.

SUCH A RESULT, INDEED, WAS ACHIEVED IN CONNECTION WITH ANOTHER TRADE DISPUTE THAT FOR A TIME RESISTED EVERY ATTEMPT AT RESOLUTION. FOR MANY YEARS THE WORLD STEEL INDUSTRY HAS SUFFERED FROM EXCESS CAPACITY AND, AS SO OFTEN HAPPENS UNDER SUCH CONDITIONS, VARIOUS COUNTRIES--INCLUDING SOME IN EUROPE--MADE EXPORT SUBSIDIES AVAILABLE TO THEIR STEEL PRODUCERS. AS A CONSEQUENCE, LARGE QUANTITIES OF STEEL PRODUCED WITH THE BENEFIT OF GOVERNMENT SUBSIDIES HAVE PENETRATED THE AMERICAN MARKET IN RECENT YEARS. AMERICAN STEEL MANUFACTURERS, WHO DO NOT RECEIVE SUBSIDIES, SOUGHT TO LIMIT THIS VEXING COMPETITION. THEY TOOK ADVANTAGE OF A LAW THAT ENABLES AN INDUSTRY TO VETO CERTAIN GOVERNMENTAL EFFORTS TO WORK OUT TRADE ARRANGEMENTS WITH OTHER COUNTRIES. DESPITE THIS FORMIDABLE OBSTACLE, THE AMERICAN GOVERNMENT FINALLY REACHED AN AGREEMENT WITH THE EUROPEAN COMMISSION THAT IMPOSES MODERATE QUOTAS ON EXPORTS OF VARIOUS STEEL PRODUCTS TO THE UNITED STATES.

TO ME, AS TO OTHER CONFIRMED FREE TRADERS, THIS AGREEMENT HAS BROUGHT LITTLE JOY. HOWEVER, THE PRACTICAL CHOICE THAT BOTH AMERICANS AND EUROPEANS FACED IN THIS INSTANCE WAS NOT BETWEEN PROTECTIONISM AND FREE TRADE, BUT RATHER BETWEEN DEGREES AND KINDS OF PROTECTIONISM. IF THE NEGOTIATIONS ON STEEL QUOTAS HAD FAILED, EXISTING AMERICAN LAW WOULD HAVE REQUIRED PROMPT IMPOSITION OF PUNITIVE

DUTIES ON STEEL IMPORTS. WORSE STILL, IT SEEMED LIKELY THAT IN THAT EVENT THE CONGRESS WOULD LEGISLATE STILL MORE DRASTIC PROTECTIONIST MEASURES. THE NEGOTIATED SETTLEMENT CLEARLY VIOLATED THE SALUTARY PRINCIPLE OF FREE TRADE, BUT IT ALSO FORESTALLED MORE SERIOUS CONSEQUENCES. TO THIS EXTENT, IT IS NOT ONLY A TOLERABLE ARRANGEMENT, BUT ONE THAT HAS SERVED TO REDUCE POLITICAL TENSIONS BETWEEN THE UNITED STATES AND ITS ALLIES.

THE CONCLUSION THAT I FEEL CAN JUSTLY BE DRAWN FROM MY REVIEW OF THE RECENT STEEL AND OTHER ECONOMIC DISPUTES WITHIN THE ALLIANCE IS REASSURING. TO BE SURE, THERE HAVE BEEN EXCESSES OF POLITICAL RHETORIC ON BOTH SIDES OF THE ATLANTIC AND, OCCASIONALLY, MISGUIDED ACTIONS AS WELL. NEVERTHELESS, THE UNITED STATES AND ITS EUROPEAN ALLIES HAVE SUCCEEDED IN WORKING OUT--OR AT LEAST IN MUTING--MOST OF THEIR TROUBLESOME DIFFERENCES OVER ECONOMIC ISSUES. OUR ABILITY TO ACCOMPLISH THIS MUTUAL ACCOMMODATION UNDER DIFFICULT CONDITIONS DEMONSTRATES THAT THE MORAL, POLITICAL, AND SECURITY INTERESTS THAT UNITE US ARE STRONG ENOUGH TO OVERCOME EVEN DIVISIVE ECONOMIC ISSUES. THAT AT ANY RATE HAS PROVED TO BE THE CASE THUS FAR, AND FROM THAT WE CAN SURELY DRAW ENCOURAGEMENT FOR THE FUTURE.

WE MUST TEMPER, HOWEVER, ANY FEELING OF OPTIMISM THAT INTERNATIONAL ECONOMIC CONDITIONS WILL IMPROVE SO MUCH IN THE NEAR FUTURE THAT THEY WILL BE

UNLIKELY TO CAUSE OR INTENSIFY POLITICAL STRAINS WITHIN THE ALLIANCE. IT IS BY NOW WIDELY RECOGNIZED THAT THE WEAKNESS OF THE INTERNATIONAL ECONOMY DURING THE PAST THREE YEARS IS THE AFTERMATH OF THE INFLATIONARY PRESSURES RELEASED DURING THE 1970's. IT IS NOT SO CLEARLY UNDERSTOOD, HOWEVER, THAT OUR RECENT ECONOMIC DIFFICULTIES REFLECT MORE THAN THE NORMAL VICISSITUDES OF THE BUSINESS CYCLE. THEY REFLECT ALSO A CERTAIN LOSS OF BUSINESS DYNAMISM--THAT IS, A GRADUAL WEAKENING OF THE UNDERLYING FORCES OF ECONOMIC GROWTH IN THE WESTERN WORLD.

LIBERAL FISCAL AND MONETARY POLICIES HAD SERVED US WELL OVER A LONG GENERATION IN FOSTERING FULL EMPLOYMENT AND IMPROVING THE SOCIAL ENVIRONMENT. THEY MIGHT HAVE CONTINUED TO WORK BENEFICIALLY IF THEY HAD NOT BEEN CARRIED TO EXCESS. BUT, UNFORTUNATELY, TRADITIONAL RULES OF FINANCIAL PRUDENCE WERE THROWN TO THE WINDS. AS A RESULT, OUR WESTERN ECONOMIES HAVE BECOME SO HIGHLY SENSITIVE TO THE DANGERS OF INFLATION THAT LIBERAL FINANCIAL POLICIES CAN NO LONGER BE COUNTED ON TO PERFORM THEIR EARLIER CONSTRUCTIVE FUNCTION.

OF LATE, GOVERNMENT AND BUSINESS THINKING IN THE WESTERN WORLD HAS FOCUSED ON CREATING AN ENVIRONMENT THAT IS MORE CONDUCTIVE TO BUSINESS INNOVATION AND PRIVATE CAPITAL INVESTMENT THAN IT HAS BEEN IN RECENT YEARS. RESPONSIBLE LEADERS IN OUR RESPECTIVE COUNTRIES FREQUENTLY

EMPHASIZE NOT ONLY THE NEED TO PRACTICE MODERATION IN THE MONETARY AREA, BUT ALSO THE NEED TO BRING ABOUT SOME REDUCTION FROM THE HIGH LEVELS THAT BOTH GOVERNMENT SPENDING AND TAXES HAVE REACHED RELATIVE TO THE SIZE OF OUR RESPECTIVE NATIONAL INCOMES. EVEN FRANCE, WHICH MOVED FOR A WHILE IN ANOTHER DIRECTION, HAS RECENTLY ADOPTED A RATHER RESTRICTIVE MONETARY POLICY, BESIDES ANNOUNCING THE INTENTION TO RESTRAIN FURTHER EXPANSION OF BUDGETARY DEFICITS. WITH EARLIER ECONOMIC POLICIES NOW IN GENERAL DISREPUTE IN THE WEST, AND THE NEWER POLICIES NOT YET FULLY TESTED, DEEP CONCERN ABOUT THE ECONOMIC OUTLOOK HAS SPREAD DURING THE PAST YEAR OR TWO IN THE UNITED STATES AS WELL AS THROUGHOUT WESTERN EUROPE.

SUCH PESSIMISM CAN BE OVERDONE. IN THE UNITED STATES AT LEAST, THE AGGREGATE OUTPUT OF THE ECONOMY HAS REMAINED VIRTUALLY UNCHANGED DURING THE PAST SIX MONTHS OR SO, AND THERE ARE NOW NUMEROUS INDICATIONS THAT THE GROUNDWORK FOR RECOVERY HAS BEEN LAID. AS NOTED EARLIER, BOTH INFLATION AND INTEREST RATES HAVE COME DOWN SHARPLY. STOCK AND BOND PRICES HAVE RISEN DRAMATICALLY, THEREBY ADDING HUNDREDS OF BILLIONS OF DOLLARS TO THE NET WORTH OF INDIVIDUALS AND BUSINESS ENTITIES. OF LATE, CONSUMER SPENDING FOR GOODS AND SERVICES HAS INCREASED MODESTLY. RESIDENTIAL CONSTRUCTION HAS BEEN MOVING UPWARD AGAIN THIS YEAR; HOME SALES HAVE RECENTLY REVIVED; AND THE FINANCIAL

CONDITION OF MORTGAGE-LENDING INSTITUTIONS HAS IMPROVED. THE UPWARD CLIMB OF WAGES HAS SLOWED MATERIALLY; INDUSTRIAL PRODUCTIVITY HAS RECENTLY PERKED UP; AND CORPORATE PROFITS HAVE BEGUN TO INCREASE. THESE IMPROVEMENTS HAVE BEEN OFFSET THUS FAR BY SHARP DETERIORATION OF MERCHANDISE EXPORTS AND BUSINESS INVESTMENT IN NEW PLANT AND EQUIPMENT. NEVERTHELESS, IT SEEMS LIKELY THAT A GRADUAL RECOVERY OF AGGREGATE PRODUCTION AND EMPLOYMENT WILL GET UNDER WAY IN THE UNITED STATES WITHIN THE NEXT FEW MONTHS.

WITH THE POSSIBLE EXCEPTION OF GREAT BRITAIN, THE IMMEDIATE OUTLOOK FOR EUROPE IS LESS FAVORABLE, IN LARGE PART BECAUSE OF THE GREATER RIGIDITY OF ITS LABOR MARKETS. BUT IT IS REASONABLE TO EXPECT THAT ANY IMPROVEMENT IN THE AMERICAN ECONOMY WILL BE FELT BEFORE TOO MANY MONTHS PASS ALSO IN WESTERN EUROPE.

UNEMPLOYMENT, NEVERTHELESS, WILL REMAIN HIGH IN THE WEST FOR AN UNCOMFORTABLE PERIOD, SINCE THE PACE OF RECOVERY IS LIKELY TO BE SLOW IN THE PRESENT INSTANCE. THERE ARE COMPELLING REASONS FOR THIS GRADUALNESS. FIRST, THERE ARE AS YET HARDLY ANY SIGNS THAT CONTRACTS FOR BUSINESS CONSTRUCTION OR ORDERS FOR BUSINESS EQUIPMENT HAVE BEGUN TO INCREASE EITHER IN THE UNITED STATES OR IN WESTERN EUROPE. SECOND, MOST OF THE LARGER BANKS THROUGHOUT THE WEST MUST NOW REALIZE THAT THEIR LENDING

POLICIES, BOTH AT HOME AND ABROAD, WERE EXCESSIVELY LIBERAL DURING THE 1970'S. THEY WILL CONSEQUENTLY BE MORE CAUTIOUS LENDERS--PERHAPS EXCESSIVELY CAUTIOUS LENDERS-- IN THE YEARS IMMEDIATELY AHEAD. THIRD, MANY OF THE LESS DEVELOPED COUNTRIES--NOT ONLY MEXICO, BRAZIL AND ARGENTINA, WHICH LATELY HAVE FIGURED SO HEAVILY IN THE PRESS--ARE AT PRESENT UNABLE TO MAKE TIMELY PAYMENTS OF THE INTEREST OR PRINCIPAL THAT IS DUE ON THEIR OVEREXTENDED INDEBTEDNESS. THESE FINANCIAL DIFFICULTIES CONSTITUTE A GRAVE, BUT I BELIEVE STILL MANAGEABLE, DANGER TO THE INTERNATIONAL BANKING SYSTEM. UNDER THE BEST OF CIRCUMSTANCES, HOWEVER, GREAT AUSTERITY WILL NEED TO BE PRACTICED IN MANY OF THE LESS DEVELOPED COUNTRIES, AND THEIR REDUCED IMPORTS WILL INEVITABLY RESTRICT THE PACE OF WESTERN ECONOMIC RECOVERY OVER THE NEXT TWO OR THREE YEARS, IF NOT LONGER.

IF MY ASSESSMENT OF THE ECONOMIC OUTLOOK IS ANYWHERE NEAR THE MARK, POLITICAL TENSIONS ON ACCOUNT OF ECONOMIC DIFFICULTIES MAY WELL CONTINUE TO TROUBLE THE ALLIANCE. TO MAKE PROGRESS ON ECONOMIC ISSUES IN THE YEARS IMMEDIATELY AHEAD, IT IS PARTICULARLY IMPORTANT THAT EVERY COUNTRY AVOID "BEGGAR-THY-NEIGHBOR" POLICIES. WE CANNOT AFFORD TO THINK IN TERMS OF WINNERS AND LOSERS WHEN IT COMES TO SOLVING OUR COMMON PROBLEMS. IT IS ESSENTIAL, THEREFORE, THAT MEMBER COUNTRIES OF THE ALLIANCE MOBILIZE

THE VAST ECONOMIC AND POLITICAL STATESMANSHIP THAT IS AT THEIR DISPOSAL. COOPERATION AMONG ECONOMIC MINISTRIES, FINANCE MINISTRIES, CENTRAL BANKS, PRIVATE COMMERCIAL BANKS, AND INTERNATIONAL FINANCIAL AGENCIES, WHICH HAS NOT ALWAYS BEEN CLOSE, MUST BECOME VERY MUCH CLOSER. THE HEADS OF WESTERN GOVERNMENTS, WHO THUS FAR HAVE BEEN REASONABLY SUCCESSFUL IN CONTROLLING THE DISEASE OF PROTECTIONISM, MUST WORK STILL MORE EARNESTLY TOWARDS THIS VITAL OBJECTIVE. MEETINGS AMONG MEMBERS OF THE FOREIGN POLICY AND DEFENSE ESTABLISHMENTS OF THE ALLIANCE MUST OCCUR STILL MORE FREQUENTLY, AND BECOME MORE THOROUGH AS WELL AS MORE TIMELY, SO THAT MISUNDERSTANDINGS AMONG THEIR GOVERNMENTS ARE KEPT TO A MINIMUM.

THESE, LADIES AND GENTLEMEN, ARE THE PATHS TO CONFIDENCE IN THE SECURITY AND PROSPERITY OF THE INDUSTRIAL DEMOCRACIES THAT ARE JOINED IN THE BROTHERHOOD OF THE ATLANTIC ALLIANCE.

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TO IMMEDIATE FCO

TELEGRAM NUMBER 453 OF 3 DECEMBER

REPEATED INFO IMMEDIATE WASHINGTON, BOGOTA, SAN JOSE, TEGUCIGALPA

SAVINGINFO UKMIS NEW YORK, RIO DE JANEIRO, SAO PAULO



MY TELNO 450: PRESIDENT REAGAN'S VISIT TO BRAZIL

1. PRESIDENT REAGAN LEFT BRASILIA FOR BOGOTA THIS MORNING AT THE END OF HIS 3-DAY WORKING VISIT, WHICH BOTH SIDES APPEAR TO CONSIDER AS HIGHLY SUCCESSFUL.
2. SALIENT POINTS ARE AS FOLLOWS:
 - (A) PRESIDENT REAGAN'S CHARM WORKED WONDERS ON THE NORMALLY GLUM FIGUEIREDO, EVEN THE BRAZILIANS ADMIT THAT THE TWO PRESIDENTS ACHIEVED AN UNUSUALLY WARM RAPPORT. REAGAN'S GAFFE AT FIGUEIREDO'S STATE BANQUET (WHEN HE SPOKE OF SHARING THE AMERICAN DREAM OF DEMOCRACY AND PEACE "WITH THE PEOPLE OF BOLIVIA" AND THEN COMPOUNDED THE ERROR BY SAYING THAT BOLIVIA WAS HIS NEXT STOP EXCLAM) CAUGHT THE ATTENTION OF THE PRESS BUT DOES NOT SEEM TO HAVE RUFFLED FIGUEIREDO OR HIS MINISTERS UNDULY.
 - (B) PRESIDENT REAGAN'S CAREFULLY PHRASED EXPRESSIONS OF CONFIDENCE IN THE BRAZILIAN ECONOMY AND ON THE INTENSIFICATION OF FUTURE BILATERAL RELATIONS, PARTICULARLY IN TRADE, BETWEEN THE TWO COUNTRIES, WERE PARTICULARLY WELL RECEIVED HERE. SO WAS HIS UNSCHEDULED ANNOUNCEMENT OF A 1.2 BILLION DOLLAR 90-DAY BRIDGING LOAN MADE BY THE US TREASURY TO THE BRAZILIAN CENTRAL BANK.
 - (C) THE TWO PRESIDENT SKILFULLY DUCKED PERSONAL INVOLVEMENT IN POTENTIALLY ACRIMONIOUS QUESTIONS, SUCH AS PROTECTIONISM. PRESIDENT REAGAN PLACED HIMSELF ON THE SIDE OF THE ANGELS BY PUBLICLY STIGMATISING PROTECTIONISM AS "AN UGLY SPECTRE STALKING THE WORLD" IN A WIDELY REPORTED ADDRESS TO OVER A THOUSAND SAO PAULO BUSINESSMEN.
 - (D) IT WAS AGREED THAT 5 WORKING GROUPS SHOULD BE SET UP AT MINISTERIAL LEVEL COVERING RESPECTIVELY: ECONOMIC, COMMERCIAL AND FINANCIAL MATTERS; SCIENCE AND TECHNOLOGY; SPACE QUESTIONS; MILITARY CO-OPERATION; AND NUCLEAR MATTERS. PRESIDENT REAGAN CAUGHT THE IMAGINATION OF THE BRAZILIANS BY AN APPARENTLY SPONTANEOUS OFFER TO TRAIN A BRAZILIAN ASTRONAUT AND INCLUDE HIM IN A FUTURE SPACE SHUTTLE FLIGHT (FIGUEIREDO OFFERED HIMSELF AS THE FIRST CANDIDATE, THOUGH MANY BRAZILIANS' FIRST

HIM IN A FUTURE SPACE SHUTTLE FLIGHTM (FIGUEIREDO OFFERED HIMSELF AS THE FIRST CANDIDATE, THOUGH MANY BRAZILIANS' FIRST CHOICE WOULD BE GOVERNOR-ELECT BRIZOLA OF RIO DE JANEIRO (EXCLAM)).

COMMENT

3. DESPITE THE OBTRUSIVE SECURITY APPARATUS AND THE ABRASIVE BEHAVIOUS OF SOME OF REAGAN'S STAFF, THE IMPACT OF THE VISIT ON BRAZILIAN GOVERNMENT AND PUBLIC OPINION SEEMS TO HAVE BEEN MOST FAVOURABLE. REAGAN'S LACK OF CONDESCENSION AND HIS INSISTENCE THAT BRAZIL AND THE US SHOULD TALK AS EQUALS IS REGARDED AS A REFRESHING DEPARTURE FROM PAST US PRACTICE. IT HAS EVEN BEEN SUGGESTED THAT REAGAN HAS SINGLE-HANDEDLY PULLED BRAZILIAN FOREIGN POLICY INTO AN ALIGNMENT CLOSER WITH THE UNITED STATES AND MORE DISTANT FROM THE THIRD WORLD, SO BELOVED OF THE MANDARINS OF ITAMARATY. APPEARANCES ARE, HOWEVER, MORE DECEPTIVE IN BRAZIL THAN IN MOST OTHER COUNTRIES; AND I WOULD NOT EXPECT THE BRAZILIANS TO FOREGO READILY THE LEVERAGE WHICH THEY BELIEVE THEIR CLOSER ALIGNMENT WITH THE COUNTRIES OF LATIN AMERICA AND AFRICA BRINGS THEM IN THE NORTH/SOUTH DIALOGUE. MUCH WILL DEPEND ON THE CONTINUANCE OF THE AMERICANS' PUBLIC EFFORTS TO SUPPORT THE BRAZILIAN ECONOMY IN FUTURE WEEKS AND MONTHS AND ON THE SUCCESS OF THE FIVE WORKING GROUPS IN FINDING CONCRETE OPPORTUNITIES FOR CLOSER PRACTICAL CO-OPERATION. BUT THE WARM HUMAN RELATIONSHIP ESTABLISHED BETWEEN THE TWO PRESIDENTS, GIVEN THEIR PRE-EMINENT POWER IN THEIR OWN COUNTRIES, MAY TURN OUT TO BE THE MOST IMPORTANT LEGACY OF THIS VISIT.

4.. FULL REPORT FOLLOWS BY BAG.

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TO IMMEDIATE F C O

TELEGRAM NUMBER 3784 OF 22 NOVEMBER

INFO IMMEDIATE MODUK (DUS(P)) AND DS 17), UKDEL NATO, BONN, PARIS, ROME, MOSCOW, ROUTINE BRUSSELS, THE HAGUE, UKDIS GENEVA IN NEW YORK, UKDEL VIENNA, UKDEL CSCE MADRID.

MIFT: PRESIDENT REAGAN-ON ARMS CONTROL AND DETERRENCE:
CONFIDENCE-BUILDING MEASURES

1. THE PROPOSALS FOR CONFIDENCE-BUILDING ANNOUNCED TONIGHT BY PRESIDENT REAGAN COMPRISE THE FOLLOWING:

I) ADVANCE NOTIFICATION OF ALL U.S. AND SOVIET TEST LAUNCHES OF ICBMS.

II) ADVANCE NOTIFICATION OF ALL TEST LAUNCHES OF SLBMS AND LAND-BASED INTERMEDIATE RANGE BALLISTIC MISSILES OF THE TYPES CURRENTLY UNDER NEGOTIATION.

III) ADVANCE NOTIFICATION OF MAJOR MILITARY EXERCISES.

IV) A BROAD-RANGING EXCHANGE OF BASIC DATA ABOUT NUCLEAR FORCES.

V) CAREFUL EXAMINATION OF ANY POSSIBLE IMPROVEMENTS TO THE EXISTING HOT-LINE SYSTEM.

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MR WRIGHT
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MR GOODISON

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TO IMMEDIATE FCO

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TELEGRAM NUMBER 3783 OF 22 NOVEMBER 1982
INFO IMMEDIATE MODUK (DUS(P) AND DS17) UKDEL NATO, BONN, PARIS,
ROME, MOSCOW.
ROUTINE BRUSSELS, THE HAGUE, UKDIS GENEVA, IN NEW YORK, UKDEL
VIENNA, UKDEL CSCE MADRID.
SAVING TO OTHER NATO POSTS, ISLAMABAD, NEW DELHI, SEOUL, PEKING,
TOKYO.

MY TELNO 3584 (NOT TO ALL): PRESIDENT REAGAN ON ARMS CONTROL AND
DETERRENCE

1. IN A NATIONALLY TELEVISED ADDRESS THIS EVENING, PRESIDENT REAGAN SET OUT CURRENT US THINKING ON ARMS CONTROL AND DETERRENCE. HE BEGAN BY SETTING HIS REMARKS IN THE CONTEXT OF PUBLIC CONCERN AND MISUNDERSTANDING ABOUT THE ROLE OF NUCLEAR WEAPONS IN ENHANCING PEACE AND SECURITY. THE UNITED STATES HAD SUCCESSFULLY WORKED FOR MANY YEARS TO MAINTAIN PEACE BY PREVENTING WAR. AMERICAN STRENGTH HAD DETERRED AGRESSION. REGRETTABLY, IT STILL TOOK ADEQUATE (BUT NOT EXCESSIVE) FORCES TO PREVENT WAR.
2. PEACE WAS THE US AIM BUT PEACE WAS A GOAL, NOT A POLICY. THE US WOULD SEARCH FOR PEACE ALONG TWO PARALLEL PATHS: DETERRANCE AND ARMS REDUCTION, THE ONLY PATHS OFFERING ANY REAL HOPE FOR AN ENDURING PEACE. PRUDENT POLICIES WOULD REDUCE THE RISK OF NUCLEAR CONFLICT. THE US WOULD NEVER USE ITS FORCES EXCEPT IN RESPONSE TO ATTACK. BUT WHILE THE POLICY OF DETERRENCE HAD STOOD THE TEST OF TIME, THE NECESSARY ACTIONS TO MAINTAIN DETERRANCE HAD CHANGED.
3. USING A SERIES OF CHARTS, THE PRESIDENT THEN COMPARED THE TRENDS OVER THE PAST YEARS OF US AND SOVIET DEFENCE SPENDING. THE TWO COUNTRIES WERE NOT IN AN ARMS RACE. THE SOVIET UNION HAD BEEN RACING, WHILE THE US HAD NOT. THE RESULT WAS A DECIDED ADVANTAGE FOR THE SOVIET UNION IN VIRTUALLY EVERY MEASURE OF MILITARY POWER. BOTH IN THEIR STRATEGIC AND CONVENTIONAL FORCES, THEY HAD EXCEEDED THE US BY SIGNIFICANT AMOUNTS. THIS MILITARY BUILD-UP COULD NOT BE IGNORED. ONLY THE MODERNISATION OF US STRATEGIC AND CONVENTIONAL FORCES WOULD ENSURE THAT DETERRENCE WORKED AND PEACE PREVAILED.
4. THE PRESIDENT THEN DISCLOSED HIS DECISION ON MX BASING, IN THE CLOSELY-SPACED BASING MODE (REPORTED SEPARATELY). IT WAS ABSOLUTELY ESSENTIAL THAT THE US PRECEED TO PRODUCE THE MX AND THE NEW BASING PROPOSAL WAS A BETTER, CHEAPER WAY TO DEPLOY IT- HE URGED CONGRESS TO EXAMING THE FACTS BEFORE REACHING CONCLUSIONS.

/ 5. HE EMPHASISED

5. HE EMPHASISED THAT UNLESS THE US DEMONSTRATED THE WILL TO REBUILD AMERICAN STRENGTH AND TO RESTORE THE MILITARY BALANCE, THE RUSSIANS, BEING SO FAR AHEAD, WOULD HAVE LITTLE INCENTIVE TO NEGOTIATE THE SIGNIFICANT REDUCTIONS IN FORCES WHICH THE US SOUGHT. ONE-SIDED ARMS CONTROL WOULD NOT WORK, AS HISTORY SHOWED. BUT THE PRESENT US STRATEGY FOR PEACE SHOULD SUCCEED. NEVER BEFORE HAD THE US PROPOSED SUCH A COMPREHENSIVE PROGRAMME OF NUCLEAR ARMS CONTROL. THE MESSAGE TO THE RUSSIANS WAS THAT THE AMERICANS WOULD MODERNISE IN ORDER TO MAINTAIN THE BALANCE FOR PEACE, BUT WOULD PREFER A SIMPLE REDUCTION IN ARSENALS TO A MUCH LOWER LEVEL.

6. USING FURTHER CHARTS, THE PRESIDENT THEN WENT OVER IN FAMILIAR TERMS THE US POSITION ON INTERMEDIATE-RANGE NUCLEAR FORCES, WHICH WERE STRONGLY SUPPORTED BY EUROPEAN GOVERNMENTS; AND ON STRATEGIC ARMS REDUCTION, WHERE THE SOVIET OPENING POSITION HAD BEEN SERIOUS SINCE US INTENTIONS HAD BEEN MADE CLEAR. QUOTE THERE IS NO QUESTION WE ARE HEADING IN THE RIGHT DIRECTION UNQUOTE. MR REAGAN ALSO MENTIONED THE VIENNA TALKS ON MBFR, AND THE GENEVA CD DISCUSSIONS, WHERE THE US WERE WORKING TO DEVELOP EFFECTIVE LIMITATIONS ON NUCLEAR TESTING AND CHEMICAL WEAPONS (WITH A REFERENCE TO BIOLOGICAL AND CHEMICAL WEAPONS USE IN AFGANISTAN AND EAST ASIA BY THE RUSSIANS AND THEIR ALLIES).

7. REFERRING TO HIS JUNE SPEECH IN BERLIN, THE PRESIDENT DISCLOSED THAT HE HAD JUST SENT A SPECIAL LETTER TO THE SOVIET LEADERSHIP PROPOSING NEW MEASURES FOR CONFIDENCE-BUILDING. US NEGOTIATORS IN GENEVA HAD BEEN INSTRUCTED TO DISCUSS THESE WITH THEIR SOVIET COUNTERPARTS. DETAILS OF THESE PROPOSALS ARE CONTAINED IN MIFT (NOT TO ALL). IN ADDITION, THE US WOULD CONTINUE THEIR EFFORTS TO PREVENT NUCLEAR PROLIFERATION.

8. PRESIDENT REAGAN CONCLUDED THAT THE US STILL SOUGHT PEACE ABOVE ALL ELSE. HE WAS DEEPLY CONCERNED ABOUT THE EFFECTS THE FEAR OF NUCLEAR WAS WAS HAVING ON THE AMERICAN PEOPLE AND ESPECIALLY ON CHILDREN. HE WOULD WORK TO REASSURE THEM AND REAFFIRM THEIR CONFIDENCE IN THE FUTURE.

FCO PASS SAVING - OTHER NATO POSTS, ISLAMABAD, NEW DELHI, SEOUL, PEKING, TOKYO.

WRIGHT

[REPEATED AS REQUESTED]

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PS/MR HURD
PS/PUS
SIR J BULLARD
MR WRIGHT
MR GILLMORE
MR GOODISON

ADDITIONAL DISTN.
START



FCS/82/178

MINISTER FOR AGRICULTURE

Prime Minister
To note.
A.J.C. 9/11
at
Peter is - very
good negotiator
and very
firm. *mb*

1. When I wrote on 28 October I promised to give further thought to whether it would be useful for you to visit Washington to discuss the whole complex of food export issues with the US Administration, as you offered to do in your letter of 22 October. *- will request if required.*

2. I have now done this, and my initial instinct that this was not the moment for such a visit has been strengthened. Certainly it is important that we should know as much as possible about American thinking, and do what we can to push it in the right direction. But I fear that if you were to go, it would be immediately obvious to our partners and to the press what you had gone to discuss. We should be assuming a position of prominence on what is arguably now becoming the most sensitive and intractable issue in the complex of problems between Europe and the US. This would not matter if we could turn this position to advantage; but I see little prospect that we could do that, on either side of the Atlantic. Our partners would be suspicious. Recognising that our views on CAP matters (or, in particular, butter sales to the Soviet Union) are not identical with their own, they would be disinclined to accept us as a spokesman for EC interests. They might well see a need to put their own views on the record in Washington as well. As for the Americans, I doubt whether they would feel ready to give much away at this stage; they would want to know whether we could deliver the Community and might be tempted to employ us in the uncongenial and thankless role of middleman.

3. In short, I see a visit at this stage as likely to do us little good, and very possibly some harm. I think therefore that we should for the time being continue to explore and seek to influence US thinking through the Embassy in Washington and elsewhere as opportunity offers. But let us keep the possibility of a visit in mind, and if the balance of advantage shows signs

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of changing after the mid-term elections, perhaps we could discuss the question again.

4. I am copying this minute to the Prime Minister
other members of OD(E) and Sir Robert Armstrong.

(FRANCIS PYM)

Foreign and Commonwealth Office

3 November 1982

REFLECTIONS ON THE NATO ALLIANCE

BY

ARTHUR F. BURNS

AMERICAN AMBASSADOR TO THE FEDERAL REPUBLIC OF GERMANY

PRESENTED AT
ANNUAL MEETING
OF THE
COMMANDERS OF THE GERMAN FEDERAL ARMED FORCES
HAGEN, WEST GERMANY
OCTOBER 20, 1982

REFLECTIONS ON THE NATO ALLIANCE

I AM VERY PLEASED BY YOUR INVITATION TO ADDRESS THIS DISTINGUISHED AUDIENCE. AND I SHALL BE ESPECIALLY GRATEFUL IF YOU ACCEPT MY PRESENCE HERE AS TESTIMONY OF THE HIGH RESPECT IN WHICH MY COUNTRY HOLDS THE FEDERAL REPUBLIC'S MILITARY SERVICES.

DURING THE PAST YEAR, STRIDENT VOICES HAVE BEEN ACCORDED EXCESSIVE ATTENTION BOTH IN YOUR COUNTRY AND IN MINE. LET ME THEREFORE REGISTER AT THE START MY GOVERNMENT'S APPRECIATION OF GERMANY'S CONTRIBUTION TO OUR COMMON DEFENSE.

AS THE AMERICAN AMBASSADOR I HAVE HAD AMPLE OPPORTUNITY TO LEARN ABOUT THE EXCELLENCE OF YOUR FIGHTING FORCES, ABOUT THE HIGH STATE OF READINESS OF YOUR MILITARY RESERVES, AND ABOUT THE VAST AMOUNTS OF PROPERTY THAT THE FEDERAL REPUBLIC PUTS AT THE DISPOSAL OF ALLIED TROOPS. I AM AWARE ALSO OF OTHER SACRIFICES THAT GERMANY IS MAKING TO ASSIST AMERICAN SOLDIERS AND AIRMEN, PARTICULARLY YOUR RECENT DECISION TO COMMIT SOME 90,000 RESERVISTS IN SUPPORT OF AMERICAN COMBAT FORCES IN THE EVENT OF WAR. AND I NEED HARDLY ADD THAT MY GOVERNMENT FULLY APPRECIATES THAT IF WAR BROKE OUT IN EUROPE, THE PREPONDERANT PART OF NATO'S LAND, NAVAL, AND AIR FORCES WOULD, INITIALLY AT LEAST, BE EUROPEAN.

BUT I REGRET TO ADD THAT MANY, PERHAPS MOST, AMERICANS ARE UNAWARE OF THE IMPRESSIVE SCALE OF EUROPEAN--ESPECIALLY GERMAN--COMMITMENTS TO NATO, JUST AS TOO MANY EUROPEANS HAVE LITTLE KNOWLEDGE OF AMERICAN EFFORTS ON THEIR BEHALF OUTSIDE THE NATO AREA. LARGELY AS A RESULT OF SUCH MUTUAL IGNORANCE, WE HAVE EXPERIENCED TENDENTIOUS DEBATES OVER DEFENSE BURDEN-SHARING, MILITARY STRATEGY, ARMS CONTROL, OSTPOLITIK, DETENTE, AND A HOST OF OTHER POLITICAL AND ECONOMIC ISSUES.

A PARTICULARLY TROUBLESOME ASPECT OF TRANSATLANTIC MISUNDERSTANDINGS IS THE FAILURE OF NUMEROUS GOVERNMENT OFFICIALS, AS WELL AS OF THE GENERAL PUBLIC, TO GIVE SUFFICIENT WEIGHT TO THE DIFFERENCES OF PERSPECTIVE THAT THE UNITED STATES AND ITS NATO ALLIES BRING TO WORLD PROBLEMS.

I AM NOT THINKING NOW OF EPHEMERAL SOURCES OF FRICTION THAT PERIODICALLY ARISE, SEIZE THE HEADLINES FOR WEEKS OR MONTHS, AND THEN VANISH TO PRACTICALLY EVERYONE'S RELIEF. WHILE TROUBLESOME AT THE TIME, SUCH PASSING DISAGREEMENTS OFTEN TEACH OUR COUNTRIES SOMETHING USEFUL ABOUT ONE ANOTHER, JUST AS AN HONEST AIRING OF DIFFERENCES BETWEEN MARRIAGE PARTNERS OFTEN STRENGTHENS FAMILY TIES.

IN THE CASE OF THE NORTH ATLANTIC ALLIES, I WOULD PUT IN THE CATEGORY OF "PASSING DISAGREEMENTS" THE DEBATE OVER REARMING OF GERMANY IN THE 1950'S; THE DEBATE OVER THE MULTILATERAL FORCE IN THE 1960'S; THE CONTROVERSY OVER THE "YEAR OF EUROPE" IN THE 1970'S; AND I HOPE THAT BEFORE LONG WE CAN ADD, AS AN EXAMPLE FROM THE 1980'S, THE ONGOING CONTROVERSY OVER THE SIBERIAN PIPELINE.

EXAMPLES SUCH AS THE FOREGOING ARE MORE EASILY MANAGEABLE THAN THE DIFFERENCES OF PERSPECTIVE TO WHICH I HAVE JUST REFERRED. INSTEAD OF SQUANDERING PRECIOUS POLITICAL CAPITAL ON WHAT ARE FAIRLY BOUND TO BE TRANSITORY IRRITATIONS, WE SHOULD CONCENTRATE ON FUNDAMENTAL DIFFERENCES BETWEEN AMERICAN AND EUROPEAN PERSPECTIVES. FOR OUR PREPONDERANT PURPOSE MUST ALWAYS BE TO WORK TOWARDS CONSTRUCTIVE ACCOMMODATION OF OUR BASIC NATIONAL INTERESTS.

THERE ARE AT LEAST TWO SUCH FUNDAMENTAL DIFFERENCES. FIRST, THE UNITED STATES BRINGS A GLOBAL VIEW TO WORLD AFFAIRS, IN CONTRAST TO THE WIDELY HELD REGIONAL VIEW OF OUR EUROPEAN PARTNERS. SECOND, EAST-WEST RELATIONS ARE VIEWED QUITE DIFFERENTLY ON EACH SIDE OF THE ATLANTIC.

AS A RESULT OF THESE DIFFERENCES OF PERSPECTIVE, WE NOW AND THEN FIND OURSELVES AT ODDS ON IMPORTANT ISSUES OF POLICY, SUCH AS THE NATURE AND GRAVITY OF THE SOVIET THREAT; THE PROPER RESPONSE TO SOVIET AGGRESSION, AS IN AFGHANISTAN OR POLAND; THE PRINCIPLES THAT SHOULD GOVERN TRADE WITH THE EAST; THE BEST MEANS OF PROVIDING ECONOMIC AND POLITICAL SUPPORT TO COUNTRIES OF THE THIRD WORLD; AND THE PROPER ALLIANCE RESPONSE TO THREATS TO ITS SECURITY THAT ARISE OUTSIDE THE NATO AREA, AS IN THE PERSIAN GULF.

IT MAY HELP OUR RESPECTIVE NATIONS TO DEAL WITH THE MAJOR DIFFERENCES OF PERSPECTIVE OF WHICH I HAVE SPOKEN IF WE CAN REACH BETTER UNDERSTANDING OF THEIR ORIGINS. LET US THEREFORE STOP TO EXAMINE THESE DIFFERENCES.

THERE IS, FIRST, THE QUESTION OF A GLOBAL VERSUS A REGIONAL VIEW OF INTERNATIONAL AFFAIRS. WE AMERICANS HAVE NO DIFFICULTY IN UNDERSTANDING THE TENDENCY OF EUROPEANS TO BE ESPECIALLY CONCERNED WITH EVENTS IN THEIR OWN BACKYARD. NEVERTHELESS, WE ARE OFTEN TROUBLED BY WHAT WE PERCEIVE TO BE A EUROPEAN RELUCTANCE TO CONFRONT THE IMPLICATIONS FOR THE ALLIANCE OF EVENTS THAT TAKE PLACE OUTSIDE EUROPE ITSELF. IN ONE WAY OR ANOTHER, AMERICANS HAVE FREQUENTLY BEEN URGED NOT TO "ROCK THE

BOAT" WHEN WE HAVE CALLED ATTENTION TO THE DANGEROUS ADVENTURES UNDERTAKEN BY THE SOVIET UNION OR ITS SURROGATES IN OTHER PARTS OF THE WORLD--AS IN AFGHANISTAN, SOUTHEAST ASIA, POLAND, PARTS OF AFRICA, AND CENTRAL AMERICA.

IN FACT, OUR EUROPEAN ALLIES REPEATEDLY INFORM US THAT THEY CANNOT PLAY AN ACTIVE MILITARY ROLE OUTSIDE OF EUROPE, AND THAT WORLDWIDE CRISIS MANAGEMENT MUST THEREFORE REMAIN THE PROVINCE OF THE UNITED STATES. BUT WHEN WE THEN PROCEED, IN KEEPING WITH THAT AWESOME RESPONSIBILITY, TO COUNTER SOVIET AGGRESSION, WE ARE APT TO BE CRITICIZED FOR WHAT WE DO, OR FOR HOW WE DO IT, OR BOTH.

CONSIDER, FOR EXAMPLE, THE CASE OF AFGHANISTAN. THE AMERICAN DECISION TO BOYCOTT THE 1980 SUMMER OLYMPICS IN RESPONSE TO THE SOVIET INVASION OF AFGHANISTAN WAS WIDELY CRITICIZED BY EUROPEANS AS POINTLESS SYMBOLISM--ALTHOUGH IT MUST BE ADDED IN ALL FAIRNESS THAT THE FEDERAL REPUBLIC WAS ONE OF THE FEW COUNTRIES TO JOIN US IN THAT BOYCOTT.

SUBSEQUENTLY, THE UNITED STATES TOOK STEPS, IN RESPONSE TO THE GENERALLY UNSTABLE SITUATION IN SOUTHWEST ASIA, TO PROTECT VITAL AMERICAN AND EUROPEAN ACCESS TO OIL SUPPLIES. WE INCREASED OUR NAVAL PRESENCE IN THE INDIAN

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IT MAY HELP OUR RESPECTIVE NATIONS TO DEAL WITH THE MAJOR DIFFERENCES OF PERSPECTIVE OF WHICH I HAVE SPOKEN IF WE CAN REACH BETTER UNDERSTANDING OF THEIR ORIGINS. LET US THEREFORE STOP TO EXAMINE THESE DIFFERENCES.

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OCEAN, AND ESTABLISHED A RAPID DEPLOYMENT FORCE WHOSE MISSION IS TO RESPOND PROMPTLY TO SUCH THREATS AS MIGHT ARISE IN THAT REGION. BUT WHILE THE UNITED STATES WAS AT FIRST CRITICIZED FOR RESPONDING SYMBOLICALLY IN AFGHANISTAN, WHEN IN FACT A DIRECT MILITARY RESPONSE ON OUR PART WAS THEN IMPOSSIBLE, WE LATER FOUND OURSELVES CRITICIZED FOR TAKING MILITARY PRECAUTIONS TO DETER FURTHER AGGRESSION. OUR MILITARY INITIATIVES WERE CHARACTERIZED BY SOME AS BEING PROVOCATIVE TOWARD MOSCOW, AND THEY WERE CRITICIZED BY OTHERS ON THE GROUND THAT WE WERE WILLING TO USE AMERICAN FORCES COMMITTED TO NATO OUTSIDE THE NATO AREA--THUS INCREASING THE THREAT TO EUROPE ITSELF.

WHEN AMERICANS ARE CRITICIZED FOR INVOLVING THEMSELVES IN BEHALF OF FUNDAMENTAL WESTERN INTERESTS OUTSIDE OF EUROPE, AS IN THE PERSIAN GULF, AND THEN FIND EUROPEANS MOVING SELECTIVELY OUT OF THEIR CONTINENTAL SHELL, AS IN THE CASE OF EL SALVADOR, IT SHOULD NOT BE SURPRISING THAT MANY AMERICANS ARE LEFT WONDERING WHAT PRECISELY EUROPEANS EXPECT OF THEM.

THE PRINCIPAL CAUSE OF THIS AMERICAN-EUROPEAN DISSONANCE CAN BE FOUND, I BELIEVE, IN OUR RESPECTIVE NATIONAL HISTORIES. THE UNITED STATES ENTERED THE TWENTIETH CENTURY AS A GROWING BUT NONETHELESS A REGIONAL

POWER, WITH GEORGE WASHINGTON'S WARNING AGAINST
"ENTANGLING ALLIANCES" STILL THE GUIDING PRINCIPLE OF OUR
FOREIGN POLICY.

UNTIL THE OUTBREAK OF WORLD WAR II, AMERICANS
CONSIDERED BRITAIN, FRANCE, AND GERMANY AS THE WORLD'S
LEADING MILITARY POWERS. MOST OF MY COUNTRYMEN WOULD HAVE
LOOKED ASKANCE AT THE PROSPECT OF THE UNITED STATES
SUCCEEDING THE EUROPEAN POWERS IN THAT ROLE, OR TYING
ITSELF TO EUROPE'S FATE THROUGH AN "ENTANGLING ALLIANCE."
THE HASTE WITH WHICH WE DEMOBILIZED OUR MILITARY FORCES
AFTER WORLD WAR I, AND AGAIN AFTER WORLD WAR II, IS
REVEALING IN THIS CONNECTION. BETWEEN 1945 AND 1948, THE
NUMBER OF AMERICANS IN UNIFORM SHRANK FROM ALMOST 12
MILLION TO A MERE 1,300,000.

WITH THIS BACKGROUND IN MIND, IT SHOULD BE
EVIDENT THAT THE RATHER WIDESPREAD CURRENT EUROPEAN
CRITICISM OF THE UNITED STATES AS AN AGGRESSIVE SUPERPOWER
TENDS TO DAMAGE ALLIANCE HARMONY IN TWO RESPECTS. FIRST,
SUCH CRITICISM TROUBLES MANY AMERICANS, WHO FIND IT
PUZZLING WHY EUROPEANS DEROGATE THE SUPERPOWER STATUS OF
THE NATION THAT TWICE CAME TO RESTORE FREEDOM IN EUROPE.
SECOND, THIS ANTI-SUPERPOWER STANCE SERVES TO FUEL THE
DISENCHANTMENT OF MANY AMERICANS WITH A BURDENSOME WORLD
ROLE THAT OFTEN APPEARS TO BE ONLY GRUDGINGLY SUPPORTED BY
OUR ALLIES.

I AM INCLINED TO CONCLUDE THAT THE REASONS BEHIND THE GLOBAL VERSUS REGIONAL DEBATE WILL BE BETTER UNDERSTOOD IF WE KEEP IN MIND THAT DURING THE VERY PERIOD WHEN AMERICANS WERE ADJUSTING WITHOUT ENTHUSIASM TO A WORLD ROLE WHILE LONGING FOR SIMPLER TIMES, WESTERN EUROPEANS WERE COPING WITH THE LOSS OF A WORLD ROLE WHILE REMEMBERING IT WITH NOSTALGIA. IT WOULD BE HARD TO IMAGINE A RICHER FIELD FOR OCCASIONAL MISUNDERSTANDING AND HURT FEELINGS EVEN AMONG NATIONS THAT ARE JOINED FIRMLY IN AN ALLIANCE.

THE DRASTICALLY ALTERED WORLDWIDE POWER RELATIONSHIP OF WHICH I HAVE JUST SPOKEN HAS HAD A DIRECT IMPACT ON OUR SECOND AREA OF MAJOR MISUNDERSTANDING: THE EAST-WEST RELATIONSHIP.

ONLY IN THE PERIOD SINCE WORLD WAR II HAS THE UNITED STATES PAID MUCH HEED TO RUSSIA AS A MILITARY THREAT. EVEN DURING THE "RED SCARE" DAYS OF THE 1920's, IT WAS THE PERCEIVED POLITICAL--AND NOT THE MILITARY--THREAT POSED BY SOVIET RUSSIA THAT GAVE AMERICAN LEADERS PAUSE.

THE VAST POLITICAL, MILITARY, AND ECONOMIC POWER THAT WESTERN EUROPEAN NATIONS REPRESENTED IN AMERICAN EYES, TOGETHER WITH THE FACT THAT WE AND THE RUSSIANS WERE SEPARATED BY HALF THE GLOBE, MADE THE VERY

IDEA OF A RUSSIAN MILITARY THREAT TO THE UNITED STATES SEEM FAR-FETCHED. WE THEN ASSUMED THAT WESTERN EUROPE WOULD BE READY TO CHECK POSSIBLE RUSSIAN EXPANSIONISM IN MUCH THE SAME WAY THAT WESTERN EUROPEANS NOWADAYS TEND TO LOOK TO THE UNITED STATES FOR THE PERFORMANCE OF THAT FUNCTION.

INDEED; UNTIL THE MID-1940'S, THE PRINCIPAL OVERSEAS DANGER TO AMERICA WAS PERCEIVED TO COME FROM WESTERN EUROPE ITSELF, NOT FROM EASTERN EUROPE. UP UNTIL OUR CIVIL WAR, THE BRITISH WERE REGARDED AS THE MAJOR THREAT; SUBSEQUENTLY, THIS ROLE WAS ASSIGNED BY AMERICANS TO THE GERMANS, NOT TO THE RUSSIANS.

IT IS AN INESCAPABLE FACT THAT UNTIL MISCALCULATION AND DELUSION LED EUROPE INTO WORLD WAR II, THE NATIONS OF WESTERN EUROPE WERE CAPABLE OF COUNTERBALANCING THE POLITICAL AND MILITARY ROLE OF THE SOVIET UNION. AT THE END OF THAT WAR, HOWEVER, THE UNITED STATES AND THE SOVIET UNION FOUND THEMSELVES STANDING FACE TO FACE IN CENTRAL EUROPE WHILE MOST OF THE OTHER NATIONS ON THE CONTINENT WERE POWERLESS. A SECOND ELEMENT--NUCLEAR WEAPONRY--THEN EMERGED WITH DECISIVE IMPACT ON THE EAST-WEST RELATIONSHIP.

I NEED NOT DWELL BEFORE THIS AUDIENCE ON THE ROLE OF NUCLEAR WEAPONS IN SHAPING THE POLITICAL AS WELL AS THE MILITARY ASPECT OF POSTWAR EUROPE. BEFORE 1940, MOST AMERICANS--AND, I SUSPECT, MOST EUROPEANS AS WELL--WOULD HAVE ASSUMED THAT THE EXPRESSION "EAST-WEST RELATIONS" REFERRED TO RELATIONS BETWEEN THE WESTERN NATIONS AND, SAY, CHINA AND JAPAN. THE IDEA OF A FAULT LINE RUNNING THROUGH THE HEART OF EUROPE WOULD HAVE SEEMED ABSURD.

BUT ONCE THE WAR ENDED, THE TERM "EAST-WEST RELATIONS" QUICKLY ACQUIRED A NEW MEANING. WITH NUCLEAR WEAPONRY ON THE HORIZON AND THE PREPONDERANCE OF POWER IN THE HANDS OF THE UNITED STATES AND THE SOVIET UNION, THE NEWLY BORN EAST-WEST CONFRONTATION TOOK ON A WORLDWIDE DIMENSION--WHICH IT RETAINS TO THIS DAY. AND IT IS PRECISELY HERE THAT WE FIND THE LINK BETWEEN THE EAST-WEST CONFRONTATION ON THE ONE HAND, AND THE GLOBAL VERSUS REGIONAL DEBATE WITHIN THE ALLIANCE ON THE OTHER.

MORE THAN ANY OF OUR ALLIES, AMERICANS TEND TO SEE AND TO FEAR SOVIET POWER BEING PROJECTED ON A WORLDWIDE SCALE. SOVIET TROOPS AND THEIR SURROGATES NOWADAYS CONDUCT A MILITANT FOREIGN POLICY AROUND THE WORLD. NOT ONLY THAT, THE SOVIET FLEET PATROLS THE SEAS OFF AMERICA'S EASTERN, WESTERN AND CARIBBEAN COASTS, AND SOVIET AIRCRAFT TEST OUR AIR DEFENSES.

WHETHER ONE LIKES IT OR NOT--AND WE AMERICANS DO NOT PARTICULARLY LIKE IT--ONLY THE UNITED STATES CAN RESPOND ON A COMPARABLE SCALE. WE REMAIN THE COUNTERBALANCE.

THIS, THEN, IS WHERE THE TWO BASIC DIFFERENCES IN THE PERSPECTIVE OF EUROPEANS AND AMERICANS--NAMELY, EAST-WEST RELATIONS AND GLOBAL VERSUS REGIONAL STRATEGY--COME TOGETHER. FOR AMERICANS, EAST-WEST RELATIONS CANNOT BE REGIONAL; THEY ARE NECESSARILY GLOBAL. WE ARE BOUND TO EUROPE BY STRONG CULTURAL AND POLITICAL TIES. WE DO NOT LIKE TO CONTEMPLATE TURNING OURSELVES INTO A FORTRESS AMERICA. AND WE FEAR THAT IF THE UNITED STATES WERE TO WITHDRAW INTO A REGIONAL SHELL, CONFINING ITSELF TO THE AMERICAN CONTINENT, WESTERN EUROPE WOULD HAVE NO CHOICE BUT TO ACCOMMODATE ITS OWN WORLD VIEW TO THAT OF THE NEIGHBORING SUPERPOWER--THE SOVIET UNION.

I WOULD LIKE TO COMMENT NEXT ON A RELATED DIFFERENCE OF PERSPECTIVE THAT IS PRESENTLY TROUBLING THE NATIONS OF THE ALLIANCE - THAT IS, OUR DIFFERING VIEWS OF DETENTE.

IN THE FACE OF EUROPEAN UNEASE ABOUT THE POSSIBLE ABANDONMENT OF DETENTE AS A PART OF AMERICAN FOREIGN POLICY, IT IS USEFUL TO RECALL THAT A DECADE AGO MANY EUROPEANS WERE EQUALLY CONCERNED THAT THE RELATIONS BETWEEN THE UNITED STATES AND THE SOVIET UNION WERE BECOMING ALTOGETHER TOO CLOSE.

AS CHRISTOPH BERTRAM, THE DISTINGUISHED FORMER DIRECTOR OF THE INTERNATIONAL INSTITUTE FOR STRATEGIC STUDIES IN LONDON, RECENTLY OBSERVED, "EUROPEANS ARE WORRIED IF SOVIET-AMERICAN RELATIONS ARE PROGRESSING SMOOTHLY LEST THIS IMPLY A 'DEAL OVER OUR HEADS;'...YET THEY ARE EVEN MORE WORRIED IF SOVIET-AMERICAN RELATIONS ARE IN DIFFICULTIES AND UNDERSTANDABLY SO: THE EFFECTS ARE FELT MOST DIRECTLY IN EUROPE." THE EUROPEAN IMPULSE, MR. BERTRAM ADDS, "IS OFTEN NOT TO RALLY TO THE WESTERN AGAINST THE EASTERN SUPERPOWER BUT TO RESENT BOTH AS SPOILERS OF EUROPEAN DETENTE."

NO ONE CAN DENY THAT WEST GERMANY HAS A GREATER INTEREST IN PRESERVING DETENTE THAN DOES THE UNITED STATES. IF ONE WERE TO ASK A TYPICAL CITIZEN OF THE FEDERAL REPUBLIC TO LIST THE BENEFITS OF OSTPOLITIK AND DETENTE, HE COULD POINT TO NORMALIZATION IN AND AROUND BERLIN, TO IMPROVED PERSONAL CONTACTS BETWEEN CITIZENS OF THE TWO GERMANY'S, TO THE RETURN OF A QUARTER MILLION ETHNIC GERMANS FROM EASTERN EUROPE IN THE LAST HALF DOZEN YEARS, TO STRONGER ECONOMIC TIES BETWEEN WESTERN AND EASTERN EUROPE--IN SHORT, TO A WHOLE RANGE OF DEVELOPMENTS THAT CAN BE ATTRIBUTED TO THE FLOWERING OF DETENTE IN THE 1970's.

ON THE OTHER HAND, IF ONE WERE TO ASK A TYPICAL AMERICAN CITIZEN TO IDENTIFY SOME WAY IN WHICH DETENTE HAS AFFECTED HIS LIFE, HE WOULD BE HARD PUT TO RESPOND. FROM A PURELY DOMESTIC STANDPOINT, IT IS DIFFICULT FOR AMERICANS TO COME UP WITH A TELLING ARGUMENT FOR DETENTE. NOT ONLY THAT, BUT WHEN AMERICANS TURN TO THE INTERNATIONAL SCENE, THEY INEVITABLY VOICE DISAPPOINTMENT THAT THEIR EXPECTATIONS FROM THE POLICY OF DETENTE HAVE NOT BEEN FULFILLED--THAT REPRESSION OF HUMAN RIGHTS IN THE SOVIET UNION AND ITS VASSAL STATES HAS NOT DIMINISHED, WHILE THE SOVIET MILITARY BUILDUP AND ITS POLITICAL ADVENTURISM AROUND THE GLOBE HAVE ACTUALLY INCREASED.

GENTLEMEN, LET US NOT SHY AWAY FROM ADMITTING THAT THERE IS A MAJOR DIFFERENCE IN PERCEPTION HERE. MY GOVERNMENT HAS BECOME DOUBTFUL ABOUT THE ADVANTAGES OF DETENTE. YOUR GOVERNMENT, ON THE OTHER HAND, PERCEIVES CONTINUING BENEFITS.

THE TWO STANDPOINTS ARE NOT NECESSARILY CONTRADICTORY, BUT IN ORDER TO LIVE WITH THEM OUR TWO COUNTRIES NEED TO AVOID EXAGGERATING EXTREME POSITIONS. AS PRESIDENT REAGAN DECLARED IN BERLIN LAST JUNE: "A UNITED, RESOLUTE WESTERN ALLIANCE STANDS READY TO DEFEND ITSELF IF NECESSARY. BUT WE ARE ALSO READY TO WORK WITH THE SOVIET BLOC IN PEACEFUL COOPERATION IF THE LEADERS OF THE EAST ARE WILLING TO RESPOND IN KIND."

PERSISTENT DIFFERENCES OF PERSPECTIVE AMONG ALLIES, SUCH AS THOSE I HAVE DISCUSSED, MUST NOT BE ALLOWED TO CLOUD THE PARAMOUNT FACT THAT NATO HAS ASSURED THE PEACE, THE SECURITY, THE FREEDOM, AND THE PROSPERITY OF ITS MEMBERS FOR OVER THIRTY YEARS. WE SHOULD NOT FEAR TO CONFRONT OUR DIFFERENCES. ON THE CONTRARY, WE MUST UNDERSTAND AND DEAL WITH THEM IF THE ALLIANCE IS TO SURVIVE AND REMAIN ROBUST.

WE MIGHT BEGIN BY RECOGNIZING THAT DIFFERENT PERSPECTIVES DO NOT MEAN DIVERGENT MORAL OR POLITICAL OR PHILOSOPHIC VALUES. NATO WAS FOUNDED IN 1949 AS A DEFENSIVE MILITARY ALLIANCE, COMMITTING THE UNITED STATES, CANADA, AND THE WESTERN EUROPEAN DEMOCRACIES TO STEM SOVIET AGGRESSION IN EUROPE. NATO COULD NOT, HOWEVER, HAVE REMAINED VIABLE OVER ITS LONG HISTORY IF ITS PURPOSE HAD BEEN ONLY MILITARY.

NO, GENTLEMEN. THE REASON FOR THE SURVIVAL AND VITALITY OF THE ALLIANCE DERIVES FROM A FACT WHICH OVERRIDES EVERY OTHER--NAMELY, THAT IT IS BASED ON AND REPRESENTS THE BASIC MORAL AND POLITICAL VALUES THAT WESTERN EUROPE SHARES WITH THE UNITED STATES AND CANADA. IN THE ABSENCE OF THOSE COMMONLY SHARED VALUES, WE COULD FIND IN AN HOUR OF THREATENING DISASTER THAT THE POLITICAL WILL TO RESIST NAKED AGGRESSION WAS ABSENT. THEN NATO WOULD INDEED BE THE HOLLOW SHELL THAT SOME INADEQUATELY INFORMED CRITICS ALREADY DESCRIBE IT AS BEING.

THE TIME IS CERTAINLY RIPE FOR SOME ADJUSTMENT IN NATIONAL ATTITUDES ON BOTH SIDES OF THE ATLANTIC. LET US, FIRST OF ALL, KEEP IN MIND THAT THE INHERENT TASK OF INTERNATIONAL DIPLOMACY IS TO ACCOMMODATE DIVERGENT PERCEPTIONS OR INTERESTS, AND THAT THIS ESSENTIAL OBJECTIVE IS BEST PURSUED WITHOUT THE FANFARE OF PUBLICITY. THIS YEAR'S UNSEEMLY POST-VERSAILLES SPECTACLE OF VARIOUS NATIONAL SPOKESMEN MAKING STATEMENTS ON WHO "WON" AND WHO "LOST" AT THE SUMMIT MEETINGS MUST NOT BE REPEATED.

SECOND, BETTER CONSULTATIVE PROCEDURES AMONG THE NATIONS OF NATO ARE NEEDED IN THE INTEREST OF HARMONY WITHIN THE ALLIANCE. WHILE MEETINGS AMONG MEMBERS OF THE FOREIGN POLICY AND DEFENSE ESTABLISHMENTS OF NATO COUNTRIES OCCUR RATHER FREQUENTLY, THEY HAVE NOT BEEN THOROUGH ENOUGH OR TIMELY ENOUGH--PERHAPS NOT EVEN FREQUENT ENOUGH--TO AVOID OCCASIONAL SERIOUS MISUNDERSTANDINGS. AS A NEWCOMER TO THE DIPLOMATIC PROFESSION, I CONTINUE TO BE ASTOUNDED BY THE ECCENTRIC VIEWS THAT SOME OF THE HIGHEST OFFICIALS IN NATO NATIONS AT TIMES NOURISH ABOUT THE INTERESTS OR OBJECTIVES OF THEIR SISTER GOVERNMENTS.

THIRD, WE NEED TO DEAL MORE RESOLUTELY THAN WE YET HAVE WITH ELEMENTS OF INCOHERENCE IN THE FOREIGN POLICY OF THE WEST. ON THE ONE HAND, NATO COUNTRIES HAVE BEEN DEVOTING, YEAR AFTER YEAR, VAST RESOURCES TO OUR COMMON DEFENSE AGAINST THE SOVIET THREAT. SIMULTANEOUSLY, HOWEVER, PARTLY THROUGH PRIVATE BANKS AND PARTLY THROUGH GOVERNMENT AGENCIES, WE IN THE WEST HAVE LOANED DURING THE PAST DECADE VAST SUMS OF MONEY TO THE SOVIET UNION AND ITS SATELLITES. AT TIMES, THIS HAS EVEN BEEN DONE AT SUBSIDIZED INTEREST RATES. IN VIEW OF THE PRIORITY THAT THE SOVIET UNION ASSIGNS TO ITS MILITARY ESTABLISHMENT, THE FINANCIAL RESOURCES THAT WE HAVE SO LIBERALLY PUT AT ITS DISPOSAL HAVE INDIRECTLY HELPED TO STRENGTHEN ITS ALREADY FORMIDABLE MILITARY ESTABLISHMENT. TO MAKE MATTERS WORSE, THE SOVIET UNION HAS BEEN ABLE TO BENEFIT UNDULY THROUGH ITS IMPORT OF TECHNOLOGY AND MILITARY-RELATED PRODUCTS FROM WESTERN NATIONS. THESE FACTS HAVE BEEN STRONGLY EMPHASIZED BY THE AMERICAN GOVERNMENT, AND THEY ARE BETTER UNDERSTOOD BY OUR ALLIES TODAY THAN THEY WERE A YEAR AGO. FORTUNATELY, DESPITE RECENT DIFFERENCES ABOUT THE SIBERIAN PIPELINE, THERE ARE SOME ENCOURAGING SIGNS THAT A MORE COHERENT WESTERN POLICY TOWARD THE EAST MAY BEFORE LONG DEVELOP, AND THAT NATO ITSELF MAY BECOME MORE DIRECTLY INVOLVED IN THE RESOLUTION OF ECONOMIC POLICIES TOWARD EASTERN EUROPE.

FOURTH, FOR SOME YEARS THE UNITED STATES HAS BEEN SEEKING EXPANSION OF NATO'S INTEREST BEYOND THE AREA SPECIFIED IN THE FORMAL TREATY. THIS EFFORT USUALLY MET WITH CONSIDERABLE RESISTANCE IN EUROPE, AT LEAST PARTLY BECAUSE OTHER NATO NATIONS FOUND IT UNDESIRABLE TO BE DRAWN INTO ACTIVITIES THAT COULD DIVERT ATTENTION FROM THEIR MORE CENTRAL CONCERNS. OF LATE, AT LEAST SOME OF OUR ALLIES HAVE COME TO REALIZE THAT DEVELOPMENTS OUTSIDE THE NATO AREA MAY INDEED HAVE SUFFICIENT SECURITY IMPLICATIONS FOR THE ALLIANCE TO JUSTIFY THEIR ASSISTING THE UNITED STATES. ACTION, HOWEVER, HAS LAGGED BEHIND RHETORIC; AND THIS THEREFORE REMAINS A SUBJECT THAT DESERVES THE MOST EARNEST ATTENTION OF NATO NATIONS.

FIFTH, THE WORLD-WIDE ECONOMIC DIFFICULTIES OF THE PAST TWO OR THREE YEARS HAVE INEVITABLY EXACERBATED TENSIONS WITHIN THE ALLIANCE. THE SPECTER OF PROTECTIONISM IS AGAIN RAISING ITS UGLY HEAD BOTH IN WESTERN EUROPE AND IN NORTH AMERICA. IT IS CLEARLY IN THE PERMANENT INTEREST OF EVERY MEMBER NATION OF THE ALLIANCE NOT ONLY TO WARD OFF PROTECTIONIST DEVICES WITHIN ITS OWN DOMAIN, BUT ALSO TO COOPERATE MORE CLOSELY WITH ITS ALLIES IN ECONOMIC AND FINANCIAL AREAS. A STRONG AND HEALTHY INTERNATIONAL ECONOMY IS ABSOLUTELY FUNDAMENTAL TO THE CONTINUED POLITICAL AND MILITARY VITALITY OF NATO.

SIXTH, WHILE THE COMBINED STRENGTH OF OUR NATIONS IS ENORMOUS, WE DO NOT MAKE THE BEST USE OF OUR ASSETS TO MEET ALLIANCE GOALS. IN A RARE SHOW OF VIRTUAL UNANIMITY, THE UNITED STATES SENATE PASSED EARLIER THIS YEAR A RESOLUTION URGING THE CREATION OF A COMPREHENSIVE SYSTEM FOR MORE EFFECTIVE POOLING OF NATO'S VAST FINANCIAL, TECHNOLOGICAL, AND INDUSTRIAL RESOURCES. IN TIMES OF ECONOMIC DIFFICULTY FOR ALL OUR NATIONS, THE OBSTACLES TO SUCH A GOAL ARE GREAT; BUT WE MUST DO BETTER IN THE FUTURE IF WE ARE TO BE ABLE TO DEFEND OURSELVES ADEQUATELY.

TIME WILL NOT PERMIT ME TO GO MUCH FURTHER IN THESE REFLECTIONS ON THE NATO ALLIANCE. BUT I CANNOT LEAVE THIS AUDIENCE WITHOUT REPEATING A THEME THAT I HAVE STRESSED SINCE ASSUMING AMBASSADORIAL RESPONSIBILITIES IN BONN--NAMELY, THAT WE MUST DO BETTER WITHIN OUR NATO COUNTRIES, ESPECIALLY IN YOUR COUNTRY AND MINE, IN TEACHING YOUNG PEOPLE THAT OUR SHARED MORAL AND POLITICAL VALUES HAVE GREAT SIGNIFICANCE FOR THEIR OWN AND THEIR COUNTRY'S FUTURE.

IT APPEARS TO ME THAT SOME YOUNG CITIZENS ON BOTH SIDES OF THE ATLANTIC AT TIMES TAKE AN ALMOST PERVERSE DELIGHT IN EXAGGERATING DIFFERENCES AMONG OUR NATIONS. THEIR BELITTLING OR TOTALLY DISMISSING THE

VALUES THAT BIND US TOGETHER IN NATO FILLS ME WITH
SADNESS. THOSE VALUES ARE NOT ABSTRACT CONCEPTS.
INDIVIDUAL LIBERTY AND THE RULE OF LAW ARE PRICELESS
REALITIES THAT HAVE BEEN HANDED DOWN TO US BY OUR
ANCESTORS AT ENORMOUS SACRIFICE OF BLOOD AND TREASURE.
UNFORTUNATELY, MANY YOUNG PEOPLE IN EUROPE AND AMERICA NOW
TAKE THESE VALUES FOR GRANTED, NOT ONLY BECAUSE THEY HAVE
NEVER BEEN WITHOUT THEM, BUT ALSO BECAUSE THEY HAVE NOT
BEEN CHALLENGED SUFFICIENTLY TO HELP PRESERVE
THEM--INDEED, TO FIGHT FOR THEM IF NECESSARY.

IT IS OUR COMMON RESPONSIBILITY AS PARENTS, AS
TEACHERS, AS POLITICIANS, AND AS CITIZENS TO MAKE SURE THAT
THE DEMOCRATIC VALUES THAT BIND US IN THE NORTH ATLANTIC
PARTNERSHIP ARE APPRECIATED BY THOSE WHO FOLLOW IN OUR
FOOTSTEPS AND WHO WILL EVENTUALLY BECOME LEADERS OF OUR
RESPECTIVE SOCIETIES. THOROUGH UNDERSTANDING OF WHAT IT
MEANS TO LIVE IN A DEMOCRACY--NOT ONLY ITS BENEFITS BUT
ALSO ITS RESPONSIBILITIES--IS ESSENTIAL IF CITIZENS ARE TO
BELIEVE IN AND PRESERVE THE VALUES REPRESENTED BY
DEMOCRACY. THESE VALUES ARE THE ESSENTIAL MORTAR OF OUR
NORTH ATLANTIC ALLIANCE. THAT IS WHY MUCH OF MY ENERGY AS
AMBASSADOR IS DEVOTED TO BETTERING THE OPPORTUNITIES OF
YOUNG PEOPLE IN YOUR COUNTRY AND MINE TO BE EXPOSED TO
EACH OTHER'S LIVES AND CULTURES.

MY HOPE IS THAT IN THE MONTHS AND YEARS AHEAD, AMERICANS AND EUROPEANS--ESPECIALLY THE CITIZENS OF YOUR COUNTRY AND MINE--WILL AVOID RHETORIC THAT INFLAMES PASSIONS, THAT GOOD WILL AND REASON WILL PREVAIL IN ACCOMMODATING BOTH OUR PERSPECTIVES AND OUR INTERESTS, AND THAT WE WILL ALWAYS REMEMBER THAT AS LONG AS THE NATIONS OF THE WEST STAND TOGETHER OUR WESTERN CIVILIZATION WILL REMAIN SECURE.



Prime Minister

2

USA

Ms 29/7

RECORD OF A DISCUSSION BETWEEN SECRETARY SHULTZ AND THE CHANCELLOR OF THE EXCHEQUER
AT 5.30 P.M. ON 20TH SEPTEMBER, 1982 IN THE STATE DEPARTMENT, WASHINGTON

Present:-

Chancellor of the Exchequer
 Sir Oliver Wright
 Mr. D.M.D. Thomas
 Mr. J.O. Kerr

Mr. George Shultz (Secretary of State)
 Mr. Allen Wallis (Under Secretary for Economic Affairs)
 Mr. Robert Morris (Deputy Assistant Secretary for Economic Affairs)
 Mr. Thomas Niles (Deputy Assistant Secretary for European Affairs)

 US AND UK ECONOMIES

Mr. Shultz invited the Chancellor to continue their discussion at Chequers in May by up-dating him on current developments in the UK economy.

2. The Chancellor described recent favourable developments. The inflation rate was dropping fast, indeed faster than predicted; the current estimate was that it would fall to 6½ per cent by the end of the year. Interest rates were down 5½ per cent from their peak a year ago. The 1982/83 PSBR was on track to meet the FSBR forecast of 3½ per cent of GDP. But recovery was still proving elusive. The recession had bottomed last summer, but growth in output since then had been only patchy.

3. The Chancellor added that one obvious restraint on recovery was the continuing high level of real world interest rates. The markets clearly remained concerned at the scale, and upward trend, of the US deficit. If they could be convinced that the Administration were in fact determined to put in place sufficient fiscal action, or expenditure cuts, to bring the deficit back to a declining path, the benefits that would be felt in reduced interest rates would be welcome not only in the US but throughout OECD, and perhaps particularly in



the developing world. The tax increases in the 1981 UK Budget, by demonstrating a commitment to hold borrowing down, had brought our interest rates for much of last year to well below the world level, and indeed a full four percentage points below the US level in spring 1981. But the world level remained too high, and US action to bring it down was an urgent requirement.

4. Mr. Shultz argued that there was no necessary direct causal connection between the size of the US deficit and the level of US interest rates. Interest rates had fallen steeply in August. Moreover a high proportion, perhaps as much as \$100 billion, of the current deficit represented only the costs, on both sides of the account, of unemployment that had risen from 6 per cent to 10 per cent. There was a counter-cyclical argument for not pressing too hard for reductions in the deficit. The Chancellor argued in reply that what mattered was the view taken by the markets. The August fall in US interest rates had perhaps reflected hope that, with the Tax Bill, the Administration were now more concerned to hold down borrowing. Mr. Shultz agreed that it was essential to create and foster confidence that the deficit would fall. A point worth stressing was that the rate of increase in expenditure as a proportion of GDP was now declining.

Siberian Pipeline

5. Mr. Shultz then raised the issue of the pipeline. He found it wholly unsatisfactory that the Alliance had so far been unable to agree on a common analysis of East/West trade issues, and a common set of ground-rules to be applied across the board. It was intellectually unsatisfactory that the Europeans seemed to be suggesting that they might take a harder line in COCOM if the US were to take a softer line on the pipeline. The ground rules to be applied on each issue should be based on a common perception of the strategic interests involved. Obvious elements in the ground-rules should be that there should be no subsidies to the Soviet Union, and no transfer of key technology, including certain oil and gas technology. A detailed process of analysis - not a horse-trade -



was required, and the sooner it started, the better. Mr. Shultz added that he fully recognised that the Foreign Secretary accepted the case for early and substantive talks: in making that case to the Chancellor he was perhaps "preaching to the choir". But it was an important sermon.

6. The Chancellor said that he entirely agreed that substantive discussions were urgently required. The Foreign Secretary was indeed working to ensure that they took place among the Five, and first reports of the discussion in today's Foreign Affairs Council were encouraging. The UK's, and the Prime Minister's own personal, attitude to the Soviet Union was very much in line with that of the US Administration: our performance against the NATO 3 per cent target was second to none, and the burden of our defence expenditure as a proportion of GDP was second only to that of the United States. The search for an agreed analysis on East/West trade issues must however take full account of existing trade relationships, including of course sales of grain. The present rupture within the Alliance was acutely damaging: it could and should have been avoided, and must be repaired forthwith.

7. Sir Oliver Wright added that the problem of the pipeline was perhaps symptomatic of a wider NATO problem. Since the late 60s, the Alliance had consciously pursued a policy of simultaneously seeking both more assured deterrence, and detente. But some allies had become more emotionally and/or materially attached to the pursuit of detente than the strengthening of defence and deterrence. A collective reassessment was overdue.

8. Mr. Shultz said that he was very pleased by what had been said. He looked forward to seeing the Foreign Secretary in New York, and was grateful for his efforts to set up a meeting there on the pipeline. It was however essential that participants should not come looking for some cosmetic solution, some face-saving way of getting people off the hook. The requirement was to make real progress towards an agreed analysis.



9. The meeting ended at 6.00 p.m.

A handwritten signature in cursive script, appearing to read "J.O. Kerr".

J.O. KERR

23 September 1982

Distribution:-

PS/Chief Secretary
PS/Financial Secretary
Sir Douglas Wass
Sir Kenneth Couzens (o.r.)
Mr. Burns
Sir Anthony Rawlinson
Mr. Littler
Mr. Carey
Mrs. Hedley-Miller
Mr. Lavelle
Mr. Kemp
Mr. Bottrill
Mr. Hawtin
Mr. Ridley

Mr. Scholar (No.10)
PS/Secretary of State : FCO
PS/Secretary of State : DOT
Mr. Goodall : Cabinet Office

Sir Oliver Wright : Washington

Sir John Graham : UKdel NATO

Mr. Uffen : UKdel OECD

Prime Minister ②



X in para 5 is interesting.

MS 29/7

RECORD OF A DISCUSSION BETWEEN THE CHANCELLOR AND SECRETARY REGAN
AT 9 A.M. ON 20 SEPTEMBER 1982 IN THE US TREASURY, WASHINGTON.

Present:-

Chancellor
Sir Oliver Wright
Mr. Burns
Mr. Anson
Mr. Kerr

Secretary Regan
Mr. MacNamar
Mr. Leland
Mr. Harlow

A handwritten signature, possibly 'M', in dark ink.

US and UK economies

Mr. Regan said that the third quarter figures would show US GNP flat. The savings rate had risen, and consumer spending fallen. But the outlook for the fourth quarter was very much better, with the likelihood of a considerable pick-up in consumer sales. From then on growth should be steady, though slow. Inflation had been successfully curbed: in this quarter the inflation rate, on an annualised basis, would be below 4 per cent.

2. The Chancellor described the UK performance on inflation. After two months of no increases, the annual rate was now down to 8 per cent, and likely to be much lower by the turn of the year. Yet recovery remained painfully slow and patchy. It was important to get interest rates down further.

3. Mr. Regan said that high interest rates in the US undoubtedly constituted a brake on renewed activity, particularly by the construction industry. If the prime rate could be got below 12 per cent, the picture would change dramatically. Mr. Burns suggested that a prime rate of around 12 per cent would still entail very high real interest rates, given the good inflation prospect. Mr. Regan however argued that the prime rate was "the wrong ball to watch". Fed figures in May had shown that 80 per cent of loans at



the 48 largest banks were being made at below the prime rate. The effective cost of borrowing in the commercial paper market was probably now around 11/11½ per cent, and this was the rate of most relevance to major firms. The prime rate was that paid by the small businessman. Mr. Burns thought that even so real interest rates looked high. Mr. Regan, concurring, thought that borrowers were paying a premium of 2 or three percentage points on interest rates as a result of the unusual degree of volatility in the money markets which had emerged only since the mid 70s.

4. The Chancellor wondered whether there might be a parallel between the current US experience and that of the UK in 1980/81, when sterling M3 had risen steeply, and we had decided to broaden the range of target indicators, also taking account of the exchange rate. Fiscal action to reduce the deficit had been crucial to retaining market confidence. The current strength of the dollar also caused him some concern: there must be a risk of uneven future depreciation.

5. Mr. Regan said that the dollar's strength reflected current uncertainties in Latin America, particularly Mexico. It might take some six months before the situation clarified, and an outflow started. As for the fiscal deficit, the Administration would have to tackle the entitlement programmes. Public disclosure of this imperative would not be permitted until after 2 November, for there were 38 million pensioners with the time, and the inclination, to vote. But the Greenspan Commission would report on 15 November; and there would be a window of opportunity for action on social security spending before summer 1983. It might indeed be possible to get things moving in the short pre-Christmas Congressional session which would start on 29 November. Provided action were taken promptly, it should be possible to cut outlays by some \$10/15B in fiscal year 1983, and by \$20/30B in subsequent years.

6. The Chancellor asked about the possibility of fiscal action, mentioning the tax increases in the 1981 UK Budget. Mr. Regan said that Congress would be resistant to major tax increases. The



effects of the recession, and reduced inflation, would mean that revenue in the current financial year would be some \$30/40B below forecast. Conceivably it might be possible to advance the increase in the rate of payroll taxes due for 1986. But action on the expenditure side to reduce the costs of social security was the urgent requirement: a one-year freeze on benefit rates would save some \$11/12 billion. Yet there were obvious political constraints: the next unemployment figures would breach the 10 million barrier.

International issues

7. The Chancellor referred to the issues discussed at the IMF/IBRD Annual Meetings in Toronto, and handed over an aide-memoire (copy attached). He was particularly concerned that decisions on increased Fund quotas should not be delayed, and thought that an increase to some SDR 90/100B would be appropriate. The fund proposed by Mr. Sprinkel might be a useful addition, perhaps linked to the GAB, but was not an alternative to a substantial increase in IMF quotas. It was also important to maintain IDA lending. Mr. Regan referred to conservative hostility on the Hill, and Mr. Leland said that the IMF's image of respectability, and stress on conditionality, had been dented by the \$6B loan to India. Mr. Regan said that he personally accepted that the Sprinkel proposal, on which a paper would shortly be produced, was not a substitute for an increase in Fund quotas. The US would produce a considered position before the January G5 meeting in Germany.

8. Mr. Regan asked for the UK assessment of the current German situation. Sir Oliver Wright said that the SDP/FDP Government had been on the way out for some considerable time. For the SDP it had been frustrating to have the responsibility of Government but not the power to spend as the Party would wish. But the initiative for the final split had apparently come from the FDP, in the form of Lambsdorff. The prospect of a CDU/FDP Government now, and perhaps a CDU-only Government after an election in March, need cause no concern: rather more alarming was the prospect that the SDP would



move left, particularly on politico-military issues, eg tactical nuclear weapons. The Chancellor agreed that there was no apparent risk of a switch to irresponsible economic policies in Bonn. Mr. Leland wondered whether Franco-German relations would turn sour, and the German commitment to EMS weaken. The Chancellor thought not.

9. The Chancellor then raised the issue of the pipeline. In his view, trading relationships with the Soviet Union, on an appropriately wary basis and not of course extending to the military sphere, were positively desirable, provided that they did not involve any preferential treatment for the Russians. It should be possible for NATO to agree an overall policy. His impression at Versailles was of a trans-Atlantic understanding that moves by the Europeans on the East/West credit issues would be accompanied by US acceptance that the pipeline contracts could not be broken. It was important that a new understanding be reached in the forthcoming New York talks. Mr. Regan was pessimistic about New York. The US position would be that, since the Russians had not backed off over Poland, the West should not back down over sanctions. If the Europeans disliked the particular form of sanctions now in force, it was up to them to produce alternative proposals. Mr. Leland said that, in getting the European act together, the UK would have to play a key role, since the French were hostile, and the Germans now lacked authority. And there should be no rescheduling of Polish debt.

10. The Chancellor then referred to the further trans-Atlantic disagreement over steel. It was important that the multilateral arrangements negotiated with the Commission should stick. Mr. Regan said that the US steel industry had double-crossed Secretary Baldrige. But the Administration would do their best to ensure that the deal stuck. The problem was the way in which Congress had written the law.

11. The Chancellor referred to the Argentine, and thanked Mr. Regan and Mr. MacNamar for their assistance in the negotiating process in Toronto. He was however concerned that the Argentine supervisors had not been withdrawn from British firms in accordance with the



understanding reached. Mr. MacNamar undertook to pursue this with the Argentine authorities.

12. Mr. Regan said that the situation in Mexico had not improved, and the IMF team did not appear to be making progress. How the Mexicans were getting by without drawing on the facilities which had been arranged was a mystery: they appeared to be surviving by levitation.

Bilateral issues

13. The Chancellor recalled that he had twice raised with Secretary Regan the question of unitary taxation as applied by several individual US states. The US Solicitor-General had helpfully submitted an amicus curiae brief in the Chicago Bridge case which asked the Supreme Court to find unitary taxation unconstitutional. Apparently, the Chicago Bridge case was no longer seen as the right one on which to test the issues; and the Supreme Court was more likely to pronounce substantively in a second case, involving the Container Corporation. It would be helpful if an amicus curiae brief could be submitted in that case too.

14. Mr. Regan said that the US Administration entirely shared the UK view on the issues at stake. It might well be right to put in a further brief.

Distribution:

15. The meeting ended at 10.05 a.m.

J.O. Kerr

J.O. KERR

24 September 1982

PS/Chief Secretary
 PS/Financial Secretary
 Sir Douglas Wass
 Sir Kenneth Couzens (o/r)
 Mr. Burns
 Sir Anthony Rawlinson
 Mr. Littler
 Mr. Middleton
 Mr. Quinlan
 Mr. Lavelle
 Mr. Carey
 Mr. Kemp
 Mr. Bottrill

Mr. Scholar (No.10)
 PS/S. of S. F.C.O.
 Sir Oliver Wright (Washington)
 PS/Governor, Bank of England
 Mr. Goodall, Cabinet Office

USA

GR 400

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FM WASHINGTON 022255Z AUG 82

TO PRIORITY FCO

TELEGRAM NUMBER 2637 OF 2 AUGUST 1982

INFO PRIORITY MOSCOW, UKDEL NATO, UKREP BRUSSELS, PARIS, BONN

INFO SAVING OTHER EC POSTS, OTTAWA

WASHINGTON TELS NOS 2570 AND 2609

US/USSR GRAINS AGREEMENT

1. THE US ADMINISTRATION ANNOUNCED ON 30 JULY THEIR INTENTION TO PROPOSE A ONE YEAR EXTENSION, WITHOUT MODIFICATION, OF THE EXISTING US-USSR LONG-TERM GRAINS AGREEMENT WHICH IS OTHERWISE DUE TO EXPIRE ON SEPTEMBER 30. IF THE RUSSIANS AGREE TO THIS EXTENSION OF THE LTA, THEY WILL, AS IN THE PAST, BE COMMITTED TO PURCHASE (AND THE US TO SUPPLY) 6 MILLION TONNES (MMT) OF US GRAINS. THEY MAY INCREASE PURCHASES UP TO 8 MMT WITHOUT CONSULTATION; PURCHASES ABOVE 8 MMT MAY BE MADE ONLY BY PRIOR AGREEMENT.

2. WHILE PRESS ARTICLES REPORT THAT SOME U.S. OFFICIALS BELIEVE THE RUSSIANS ARE PREPARED TO ACCEPT THIS US OFFER, OUR USDA CONTACTS SAY THAT, WHILE THE RUSSIANS WERE NOTIFIED A DAY OR SO BEFORE THE ANNOUNCEMENT, THERE HAS BEEN NO OFFICIAL REACTION FROM MOSCOW. BUT US GRAIN TRADERS WHO WORK CLOSELY WITH EXPORTKHLB, THE CENTRAL PURCHASING ORGANISATION, HAVE SUGGESTED ON THE BASIS OF THEIR PRIVATE CONTACTS, THAT THE SOVIET GOVERNMENT MAY INDEED AGREE TO THE ONE YEAR EXTENSION.

3. THE ADMINISTRATION'S DECISION REPRESENTS SOMETHING OF A MIDDLE COURSE BETWEEN ALLOWING THE AGREEMENT TO DIE A NATURAL DEATH AT THE END OF ITS PRESENT EXTENSION, (WHICH IS WHAT SOME OF THE HARD-LINERS IN WASHINGTON WOULD HAVE PREFERRED), AND PROPOSING A YEAR'S EXTENSION WITH A SUBSTANTIAL INCREASE IN TONNAGES (WHICH IS WHAT BLOCK AND THE FARM LOBBY HAVE BEEN PRESSING FOR). THE ADMINISTRATION SEEM TO HAVE RECOGNISED THAT WHATEVER THE POLITICAL TEMPTATIONS OF THE SECOND COURSE, THIS WOULD HAVE LED TO A SERIOUS ESCALATION OF THE ROW WITH THE EUROPEANS. THE FINAL DECISION IS IN LINE WITH WHAT THE STATE DEPARTMENT WERE RECOMMENDING. THE TIMING OF ITS ANNOUNCEMENT WAS CLEARLY GEARED TO THE PRESIDENT'S VISIT TO THE CORN BELT TODAY.

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4. REACTIONS ON THE HILL IN THE AGRICULTURE COMMITTEES HAVE BEEN GUARDED: THE DECISION IS REGARDED AS OF SOME HELP, SO FAR AS IT GOES. THERE WILL NO DOUBT BE FURTHER PRESSURES ON THE ADMINISTRATION FROM CONGRESS AND THE FARM LOBBY FOR THE USDA TO GET THE SOVIETS TO TAKE MORE THAN THE MINIMUM SPECIFIED TONNAGES (THEY WILL HAVE IMPORTED ABOUT 14 MMT BY LATE SEPTEMBER): AND TO CONSIDER AGAIN THE MERITS OF A LONGER-TERM AGREEMENT WITH HIGHER PURCHASE LEVELS.

FCO, PLEASE ADVANCE TO ANDREWS, HADLEY, CARDEN (MAFF).

FCO PLEASE PASS SAVING ATHENS, BRUSSELS, COPENHAGEN, DUBLIN, LUXEMBOURG, ROME, THE HAGUE AND OTTAWA.

THOMAS

[ADVANCED & REPEATED AS REQUESTED]

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USA



10 DOWNING STREET

From the Private Secretary

2 August 1982

Chancellor Schmidt's talks with Mr. Shultz

Last Thursday Klaus Zeller rang me to convey for the Prime Minister's information an account of Herr Schmidt's talks with Mr. Shultz in the US recently.

The Prime Minister saw my minute about this over the weekend. I now enclose a copy of it but stress that this should be very closely guarded and that the Germans should on no account learn that Zeller's description of the conversation was passed outside No. 10.

I am copying this letter and enclosure to John Kerr (HM Treasury).

S AJc

Francis Richards, Esq.,
Foreign and Commonwealth Office.

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CM

PRIME MINISTER

CHANCELLOR SCHMIDT'S TALKS WITH MR SHULTZ

Klaus Zeller in the Chancellor's Office rang me this afternoon to say that Herr Schmidt wanted you to have a rapid account of his talks with Mr Shultz in the United States. I think that the Chancellor would have rung you himself but for the fact that he returns to Germany tomorrow and then leaves rapidly for a holiday. The main points were apparently as follows:-

US Economic Policy

The Chancellor obtained the impression that all those with whom he talked, except Shultz, were sceptical about any improvement in the American economic situation in the foreseeable future and were also sceptical about any effective lowering of US interest rates. The Chancellor had a long talk with Milton Friedman who said that he did not count on any improvement in the next 18 months and advised European countries to disconnect their interest rates from American interest rates as far as possible.

The Chancellor stressed to Shultz the immense significance of US economic behaviour for our own economies.

East/West Relations

The Chancellor and Shultz were fully agreed on the "general philosophy" of East/West relations. Herr Schmidt stressed the importance of a summit between President Reagan and Brezhnev and made it clear that West Germany would continue its contacts with the Soviet Union. The Chancellor said that as far as Germany was concerned the central element in the East/West relationship was the INF negotiations. If these continued to produce no results then START and other East/West negotiations on arms control would similarly be unsuccessful.

With regard to Poland, Shultz showed great reticence about debt rescheduling. The Chancellor argued for incentives to promote normalisation.

/On the CSCE,

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- 2 -

On the CSCE, the Chancellor stressed the importance of the United States and Canada being present in the negotiations. He hoped that a resumed CSCE would agree on a European Disarmament Conference.

He argued that NATO should base itself on the three principles of consultation, continuity and consistency. He favoured informal meetings of the Gymnich type within the Alliance. He saw no need for NATO to have an inferiority complex about the balance of forces. Such an attitude would affect adversely the consistency and the morale of the Alliance.

Europe/United States Commercial Relations

The US embargo on the pipeline contracts was at the centre of the discussion. The Chancellor found that all the leading US businessmen he talked to disagreed with the position which the Administration had adopted. But Shultz had been cautious in his approach and had argued much as he had done before the Foreign Relations Committee. Nevertheless, the Chancellor's personal impression was that Shultz believed that the pipeline would go ahead, though with some time-lag.

Shultz was strong and clear on the need to maintain the open trading system. They did not discuss the steel question.

Middle East

Shultz had given the Chancellor the impression that he would focus closely on this area. He had shown considerable sympathy for the rights of the Palestinians and felt that more pressure should be exerted on Israel, But he did not envisage talks with the PLO. His aim was to bring Jordan and Saudi Arabia more into discussion of the general Palestinian problem.

China

He had discussed China with Shultz and Lee Kuan Yew. But, disappointingly, Mr Zeller did not give me any details.

A.J. COLES

29 July, 1982

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OO F C O (DESKBY 300830Z)

PP BONN

PP UKDEL NATO

PP UKREP BRUSSELS

PP COPENHAGEN

PP PARIS

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PP THE HAGUE

PP BRUSSELS

PP DUBLIN

PP MADRID

PP ATHENS

PP ROME

GPS 1225A

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DESKBY 300830Z

FROM WASHINGTON 300220Z JUL 82.

TO IMMEDIATE F C O

TELEGRAM NUMBER 2609 OF 29 JULY

INFO PRIORITY UKDEL NATO, UKREP BRUSSELS, UKMIS NEW YORK, PARIS, BONN, ROME, BRUSSELS, THE HAGUE, LUXEMBOURG, COPENHAGEN, DUBLIN, MADRID, ATHENS.

M.I.P.T.: (NOT TO ALL): MEETING WITH SHULTZ: TRANSATLANTIC ECONOMIC PROBLEMS.

1. YOU BEGAN BY UNDERLINEING THE IMPORTANCE FOR THE ALLIANCE TO REMAIN COHESIVE AT THE PRESENT TIME, WHEN THE SOVIETS WERE CLEARLY IN CONSIDERABLE DIFFICULTIES. THE US/UK RELATIONSHIP WAS OF THE UTMOST IMPORTANCE. YOU WERE CONCERNED HOWEVER THAT A NUMBER OF ADMITTEDLY LIMITED DISAGREEMENTS OVER SUCH ITEMS AS THE PAPER AND STEEL COULD ASSUME SUCH SERIOUS PROPORTIONS

ADVANCE COPY

IMMEDIATE

Ps.
P/ MR Huid
P/ MR Onslow.
P/ Mr Leaty
Mr Ore.
HD NAD.
HD BEO.
HD Newell
No to P/ (2)
HD ECD
X/10

NUMBER OF ADMITTEDLY LIMITED DISAGREEMENTS OVER SUCH ITEMS AS THE PIPELINE AND STEEL COULD ASSUME SUCH SERIOUS PROPORTIONS (ENCOURAGED BY THE MEDIA) AS TO THREATEN SERIOUS DAMAGE TO THE ALLIANCE. YOU SAID THAT SCHMIDT WAS DEEPLY CONCERNED ABOUT THIS AND ASKED HOW HIS CONVERSATION WITH SHULTZ HAD PROCEEDED DURING THEIR MEETING IN CALIFORNIA LAST WEEK.

2. SHULTZ REPLIED THAT HE AND SCHMIDT HAD AGREED THAT THE PROBLEM WAS ESSENTIALLY A FAMILY DISPUTE. CLOSE FRIENDS WOULD ALWAYS HAVE PROBLEMS, BUT THERE WAS NO NEED TO ALLOW RHETORIC TO TURN THESE INHERENT DISAGREEMENTS INTO A THREAT TO THE RELATIONSHIP ITSELF. YOU ASSURED SHULTZ THAT THE BRITISH WOULD NOT ALLOW THEIR RHETORIC TO GET OUT OF HAND.

3. SHULTZ ASKED WHAT IT WAS ABOUT US SANCTIONS AGAINST THE SOVIET UNION WHICH BOTHERED THE UK MOST. HE SAID THAT US SANCTIONS ON SHIPMENTS OF AMERICAN EQUIPMENT WERE ENTIRELY AN AMERICAN CONCERN. HE APPRECIATED THAT WE MIGHT BE CONCERNED OVER THE BREAKING OF CONTRACTS IMPLICIT IN US ACTION OVER THE PIPELINE, BUT MAINTAINED THAT THE AMERICANS HAD BEEN QUITE PREPARED TO BREAK CONTRACTS WITH ARGENTINA OVER THE FALKLAND ISLANDS, SINCE THEY HAD JUDGED THAT AN IMPORTANT PRINCIPLE WAS AT STAKE. POLAND WAS AN EQUALLY IMPORTANT MORAL QUESTION AND PRESIDENT REAGAN FELT THAT SIMILAR ACTION WAS BOTH JUSTIFIED AND NECESSARY. SHULTZ ALSO ASKED WHETHER BRITAIN WAS CONCERNED ABOUT US PRETENTIONS TO EXTRA-TERRITORIALITY.

4. YOU REPLIED THAT THE UK HAD NO OBJECTION IN PRINCIPLE TO UNITED ALLIED ACTION AGAINST THE SOVIET UNION, AS LONG AS THIS WAS EFFECTIVE. HOWEVER THE FUNDAMENTAL QUESTION OF ECONOMIC SANCTIONS AGAINST THE COMMUNIST WORLD HAD NEVER BEEN SATISFACTORILY DISCUSSED MULTILATERALLY. ALTHOUGH THE US FELT THAT LIMITS ON TRADE WOULD DAMAGE THE SOVIET UNION, WEST GERMANY AND FRANCE BOTH BELIEVED THAT EAST-WEST TRADE WAS IMPORTANT TO THEM BUT NOT LARGE ENOUGH FOR RESTRICTIONS TO WORRY THE SOVIETS. THE ALLIES HAD COME TO FEEL THAT THEY WERE BEING ASKED TO SUFFER FROM THE EFFECTS OF AN AMERICAN POLICY ON ISSUES WHICH HAD NEVER BEEN PROPERLY DISCUSSED OR AGREED.

5. YOU SUGGESTED THAT A DETAILED STUDY WAS NEEDED ON WHAT THE VULNERABLE POINTS OF THE SOVIET ECONOMY WERE AND, HAVING IDENTIFIED THEM, HOW BEST WE SHOULD ACT TO BEAR UPON THEM. THE LATEST PIPELINE DECISIONS HAD EMERGED OUT OF THE BLUE AFTER VERSAILLES. YOU REGARDED THOSE DECISIONS AS AN ABERRATION WHICH WE OUGHT TO SOLVE QUICKLY IN ORDER TO GET BACK TO THE TRADITIONAL SYSTEM OF PRIOR CONSULTATION AND

~~AS AN ABERRATION WHICH WE OUGHT TO SOLVE QUICKLY IN ORDER TO GET
BACK TO THE TRADITIONAL SYSTEM OF PRIOR CONSULTATION AND
AGREEMENT.~~ YOU STRONGLY HOPED THAT THE AMERICANS WOULD
BE ABLE TO RESCIND THOSE DECISIONS SO AS TO ALLOW CONTRACTS
WHICH WERE ALREADY IN FORCE TO GO THROUGH. IF THIS COULD NOT
BE DONE, YOU FEARED A SERIOUS INCREASE IN TENSION BETWEEN
THE ALLIES.

6. SHULTZ SAID THAT THE PRESIDENT WAS FIRM ON HIS DECISION,
ALTHOUGH HE WOULD BE PREPARED TO RECONSIDER IF CIRCUMSTANCES
CHANGED. HOWEVER AS YET THERE WAS NO REAL LIFTING OF MARTIAL LAW
IN POLAND AND NO SIGN THAT THE SOVIETS WERE WILLING TO GIVE
GROUND EITHER ON POLAND OR AFGHANISTAN. IT WAS WRONG TO CLAIM
THAT THE US WAS ASKING FOR SACRIFICES ONLY OF THE EUROPEANS:
A NUMBER OF US FIRMS (PARTICULARLY CATERPILLAR, WHICH WAS BASED
IN THE HOUSE MINORITY LEADER'S CONSTITUENCY) WERE SUFFERING AS
A RESULT OF US SANCTIONS AGAINST THE SOVIET UNION.

7. ON GRAIN, SHULTZ SAID THAT IT WOULD BE ANNOUNCED SHORTLY,
PROBABLY ON 30 JULY, THAT THE PRESIDENT WOULD EXTEND THE GRAIN
AGREEMENTS FOR A SINGLE YEAR, NOTWITHSTANDING STRONG PRESSURE
FROM THE US FARMING COMMUNITY FOR A MUCH HIGHER LEVEL OF MINIMUM
PURCHASES COUPLED WITH A LONGER TERM OVERALL AGREEMENT.

8. REVERTING TO THE PIPELINE, YOU SAID THAT YOU THOUGHT IT WOULD
SOON PROVE NECESSARY FOR THE UK TO INSTRUCT JOHN BROWN NOT TO
REGARD THEMSELVES AS BOUND BY THE U.S. RESTRICTIONS. THIS
DECISION WOULD PROBABLY HAVE TO BE TAKEN SOON, HOWEVER RELUCTANT
WE WERE TO TAKE IT. YOU HOPED THAT ANY AMERICAN RESPONSE
TO THIS WOULD BE ON A DE MINIMIS BASIS. SHULTZ APPEARED
RESIGNED TO OUR EXPECTED DECISION, BUT ASKED THAT WE SHOULD NOT
"TUB THUMP" WHEN WE TOOK IT. ON THE BROADER
QUESTION OF TRADE WITH THE SOVIET UNION AND ITS SATELLITES,
HE WELCOMED YOUR SUGGESTION OF A LONGER TERM MULTILATERAL
REVIEW. THIS MIGHT ADDRESS THE WAY IN WHICH TRADE COULD
BE INTEGRATED INTO THE WEST'S OVERALL POLICY OBJECTIVES TOWARDS THE
COMMUNIST BLOC. A START HAD BEEN MADE WITH DISCUSSION AT
VERSAILLES ABOUT THE PROBLEM OF SUBSIDISATION OF THE SOVIET ECONOMY
THROUGH EXPORT CREDITS. IT WOULD NEED ALSO TO COVER
RELATIONS WITH THE SATELLITES, INCLUDING DEBT STRUCTURE.

9. ON STEEL, YOU EXPLAINED HOW WE WOULD BE WORST HIT AMONG
THE EUROPEANS IF THE US WENT AHEAD WITH ITS INTENTIONS.
WE THOUGHT IT QUITE WRONG TO DEFINE THE HEAVY COSTS INVOLVED IN
THE MASSIVE RESTRUCTURING OF THE BRITISH STEEL INDUSTRY AS A
CONSTRAINT ON PRODUCTION

~~THE MASSIVE RESTRUCTURING OF THE BRITISH STEEL INDUSTRY AS A~~
SUBSIDY ON PRODUCTION.

10. SHULTZ CLAIMED THAT THE US ADMINISTRATION WAS ACCUSED ON ONE HAND OF IGNORING INDIVIDUAL EC MEMBERS' SOVEREIGNTY BY NEGOTIATING COLLECTIVELY, AND ON THE OTHER OF TRYING TO PEEL THE COMMUNITY APART BY CONTEMPLATING BILATERAL ARRANGEMENTS. HE WAS HOPEFUL THAT DAVIGNON WOULD BE ABLE TO WORK SOMETHING OUT WITH BALDRIGE NEXT WEEK.

11. IN THE LONGER TERM, IT SEEMED TO SHULTZ THAT THERE WAS A NEED FOR A DETAILED MULTILATERAL LOOK AS WHAT WAS HAPPENING IN THE STEEL INDUSTRY ON A WORLD-WIDE BASIS - MAJOR CHANGES WERE TAKING PLACE IN COMPETITIVENESS, PARTICULARLY IN THE FAR EAST. THERE WAS NOW A GLOBAL SURPLUS CAPACITY, WHILE THE STRUCTURE OF DEMAND WAS CHANGING; THIS MEANT THAT THE OLDER, LESS ECONOMIC FACILITIES IN THE US AND WESTERN EUROPE WERE LOSING THEIR MARKETS. YOU AGREED THAT IT WOULD BE USEFUL TO LOOK AT ALL THIS COLLECTIVELY.

12. SHULTZ REFLECTED ON THE LARGE AMOUNT OF TRADE (OVER A THIRD) WHICH NOW INVOLVED NON-SIGNATORIES OF GATT AGREEMENTS. EVERYONE HAD AN INTEREST IN DEVELOPING THE GATT SYSTEM AND ITS RULES TO COVER THE WIDEST POSSIBLE RANGE OF TRADING COUNTRIES. IT WAS ESSENTIAL TO EXORCISE THE BAD SPIRIT BETWEEN THE US AND EUROPE SO AS TO GET TO WORK FITTING THIRD WORLD TRADE MORE EFFECTIVELY INTO THE GATT FRAMEWORK. HE ADDED THAT MRS GANDHI, WHO IS PRESENTLY IN WASHINGTON, WAS AWARE OF THE DANGERS OF PROTECTIONISM TO THE THIRD WORLD, INSPITE OF ITS OWN TENDENCY TO SUCH POLICIES.

13. YOU RAISED THE QUESTION OF SHIPPING AND THE DANGERS OF PROTECTIONISM IF THE U.S. TOOK A STEP IN THE DIRECTION OF CARGO SHARING. SHULTZ WAS UNSIGHTED ON THIS BUT UNDERTOOK TO LOOK INTO IT BEFORE DECISIONS WERE TAKEN.

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PRIME MINISTER

CHANCELLOR SCHMIDT'S TALKS WITH MR SHULTZ

Klaus Zeller in the Chancellor's Office rang me this afternoon to say that Herr Schmidt wanted you to have a rapid account of his talks with Mr Shultz in the United States. I think that the Chancellor would have rung you himself but for the fact that he returns to Germany tomorrow and then leaves rapidly for a holiday. The main points were apparently as follows:-

US Economic Policy

The Chancellor obtained the impression that all those with whom he talked, except Shultz, were sceptical about any improvement in the American economic situation in the foreseeable future and were also sceptical about any effective lowering of US interest rates. The Chancellor had a long talk with Milton Friedman who said that he did not count on any improvement in the next 18 months and advised European countries to disconnect their interest rates from American interest rates as far as possible.

The Chancellor stressed to Shultz the immense significance of US economic behaviour for our own economies.

East/West Relations

The Chancellor and Shultz were fully agreed on the "general philosophy" of East/West relations. Herr Schmidt stressed the importance of a summit between President Reagan and Brezhnev and made it clear that West Germany would continue its contacts with the Soviet Union. The Chancellor said that as far as Germany was concerned the central element in the East/West relationship was the INF negotiations. If these continued to produce no results then START and other East/West negotiations on arms control would similarly be unsuccessful.

With regard to Poland, Shultz showed great reticence about debt rescheduling. The Chancellor argued for incentives to promote normalisation.

/On the CSCE,

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- 2 -

On the CSCE, the Chancellor stressed the importance of the United States and Canada being present in the negotiations. He hoped that a resumed CSCE would agree on a European Disarmament Conference.

He argued that NATO should base itself on the three principles of consultation, continuity and consistency. He favoured informal meetings of the Gymnich type within the Alliance. He saw no need for NATO to have an inferiority complex about the balance of forces. Such an attitude would affect adversely the consistency and the morale of the Alliance.

Europe/United States Commercial Relations

The US embargo on the pipeline contracts was at the centre of the discussion. The Chancellor found that all the leading US businessmen he talked to disagreed with the position which the Administration had adopted. But Shultz had been cautious in his approach and had argued much as he had done before the Foreign Relations Committee. Nevertheless, the Chancellor's personal impression was that Shultz believed that the pipeline would go ahead, though with some time-lag.

Shultz was strong and clear on the need to maintain the open trading system. They did not discuss the steel question.

Middle East

Shultz had given the Chancellor the impression that he would focus closely on this area. He had shown considerable sympathy for the rights of the Palestinians and felt that more pressure should be exerted on Israel. But he did not envisage talks with the PLO. His aim was to bring Jordan and Saudi Arabia more into discussion of the general Palestinian problem.

China

He had discussed China with Shultz and Lee Kuan Yew. But, disappointingly, Mr Zeller did not give me any details.

A.J.C.

29 July, 1982

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Brussels, 28 June 1982

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COMMUNITY-UNITED STATES RELATIONS

The European Council held a detailed discussion on the development of economic relations between the Community and the United States since the Summit meeting at Versailles.

The European Council considers that the honouring of the commitments entered into at Versailles is in the interests of the world economy.

The European Council therefore addresses an urgent appeal to each of the participants at the Versailles meeting to honour the commitments then entered into, failing which there might be some doubt regarding the usefulness of such meetings.

In particular, with a lowering of interest rates a prerequisite for the recovery of the world economy, the Council expects that the American administration and Congress will take the necessary decisions to resolve the problem of the budget deficit.

Both the decisions or intentions announced concerning steel imports and the building of the pipeline in the USSR and the statements or measures taken against the common agricultural policy are likely to lead to a serious worsening of both economic and political relations between the United States and the Community. The European Council holds the view that the interests of both the United States and the Community require that every means be used to avoid such a situation. The European Council confirms the conclusions of the Ministers for Foreign Affairs, meeting in the Council on 21 and 22 June 1982, on relations with the United States.

.../...

The European Council can do no more than draw the conclusion that the various United States decisions stem from the same procedure. A unilaterally defined US position is imposed on partners by having recourse to provisions under national law, unilateral interpretations of multilateral acts or new techniques in implementing existing rules.

Maintenance of the open world trade system will be seriously jeopardized by retroactive international trade rules, attempts to exercise extra-territorial legal powers on external trade and failure to comply with existing trade contracts.

The current situation of relations between the Community and the United States is particularly disquieting as it would seem to derive from an inadequate awareness on the part of the US authorities of the more deep-running consequences which the addition of these unilateral measures could have on Community-United States relationships in general.

The European Council therefore considers that it is of the highest importance that a genuine and effective dialogue be restored between persons, in the United States and the Community, responsible for decisions in areas of possible dispute. This dialogue must be instituted as a matter of urgency and before any decisions are taken by the United States authorities. The Community, for its part, is prepared to make a constructive contribution to this dialogue.

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ORIGINATING OFFICER

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DEPARTMENT



EUROPEAN COMMUNITY - UNITED STATES RELATIONS

The European Council had a detailed discussion of the development of economic relations between the European Community and the United States.

In particular, the European Council considered that it was in the interests of the world economy to adhere to the lines of policy agreed by the participants at Versailles. It confirmed its intention for its part of doing so to the full.

It considered that a lowering of interest rates was a prerequisite for the recovery of the world economy and expressed the hope that the US Administration and Congress will take the necessary decisions to resolve the problem of the budget deficit.

So far as trade policy issues were concerned, the European Council confirmed the conclusions of the Ministers for Foreign Affairs, meeting in the Council on 21-22 June, with respect to the decisions or intentions announced by the United States concerning steel markets, and export and licencing of equipment for inclusion in the gas pipeline, and those concerning the Common Agricultural Policy.

The European Council emphasised its view that the maintenance of the open world trade system will be seriously jeopardised by unilateral and retroactive decisions on international trade, attempts to exercise extraterritorial legal powers and measures which prevent the fulfilment of existing trade contracts.

The European Council expressed its concern at these recent developments which could have adverse consequences for their relations with the United States.

The European Council therefore considered that it was of the highest importance:

- a) to defend vigorously the legitimate interests of the Community in the appropriate bodies, in particular the GATT
- b) to make sure that the Community, in managing trade policy, acts with as much speed and efficiency as its trading partners
- c) that a genuine and effective dialogue take place between those in the United States and the Community responsible for decisions in the areas of possible dispute. This dialogue should be instituted as a matter of urgency. The Community for its part is prepared to make a constructive contribution to this dialogue.

Economic and social situation, investment policy

The European Council discussed the economic and social situation on the basis of the Commission report. It confirmed the conclusions it had reached in March regarding a co-ordinated policy for combating unemployment by promoting productive investment, increasing competitiveness and productivity as well as the development of a Community industrial strategy based on a technology and innovation policy. It agreed to step up efforts in the following three areas:

1. Modernization of European economic structures

This objective can be attained only if investment is developed purposefully. In line with its conclusions in March, the European Council welcomed with interest the guidelines proposed by the Commission in its report.

It calls upon the Member States to take account of the priority to be given to developing investment when formulating their economic and budget policies. It asks for practical proposals for its December meeting.

In addition it looks forward to proposals for the development of new technologies, particularly on the basis of the Communication of the Commission on communications.

2. Increased convergence of the economies of the Community

Development of investment will be a vain hope unless Governments manage to convince public opinion, economic circles and both sides of industry of the need to transfer resources in favour of both public and private productive investment.

3. A specific Community measure to combat unemployment, particularly in the case of young people

The European Council asks the Joint Council (Ministers of Finance, Economic Affairs and Social Affairs) to adopt firm decisions, on a proposal from the Commission, at its November meeting.

4. The European Council therefore requests that the discussions in meetings of the Council, particularly that in July on national budgetary guidelines for 1983, should aim at guaranteeing that such guidelines are compatible with the common objectives.
-

4. Anxious to initiate, over and above the settlement of the Lebanese problem, the lasting restoration of peace and security in the region, the Ten wish to see negotiations based on the principles of security for all states and justice for all peoples. All the parties concerned should be associated with these and thus should accept one another's existence. Israel will not obtain the security to which it has a right by using force and creating "faits accomplis" but it can find this security by satisfying the legitimate aspirations of the Palestinian people, who should have the opportunity to exercise their right to self-determination with all that this implies .-

They believe that for negotiations to be possible the Palestinian people must be able to commit themselves to them and thus to be represented at them. The position of the Ten remains that the PLO should be associated with the negotiations.

The Ten wish to see the Palestinian people in a position to pursue their demands by political means and wish that the achievement of these should take account of the need to recognise and respect the existence and security of all.

29/6/1982

MIDDLE EAST

1. The Ten maintain their vigorous condemnation of the Israeli invasion of Lebanon. They are greatly concerned about the situation in that country and in particular in Beirut. They believe that the present ceasefire must at all costs be preserved.

This ceasefire should be accompanied on one hand by an immediate withdrawal of Israeli forces from their positions around the Lebanese capital as a first step towards their complete withdrawal, and on the other hand by a simultaneous withdrawal of the Palestinian forces in West Beirut in accordance with procedures to be agreed between the parties.

In order to facilitate this withdrawal the separation of forces would be controlled during this short transition period by Lebanese forces and, by agreement with the Lebanese government, by U.N. observers or forces.

2. The establishment of a final peace in the Lebanon requires the complete and prompt withdrawal of Israeli forces from that country as well as the departure of all foreign forces except those which may be authorized by a legitimate and broadly representative government of Lebanon whose authority would be fully reestablished over all its national territory. The Ten support all efforts for the achievement of these objectives.

3. For the present the Ten have decided to continue their activity to bring relief to the population in distress and, in this context, call on all parties to act in accordance with Security Council resolutions 511 and 512 and to cooperate with the responsible international agencies as well as with UNIFIL. They are also ready in due course to assist in the reconstruction of the country.

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TELEGRAM NUMBER 892 OF 16 MARCH

INFO PARIS, BONN, UKREP BRUSSELS, ROME, MOSCOW, UKDEL NATO,
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MY TELNO 875: PRESIDENT MITTERRAND'S VISIT TO THE UNITED STATES

1. WHEN I CALLED ON JUDGE CLARK THIS MORNING I TOOK THE OPPORTUNITY TO ASK HIM ABOUT MITTERRAND'S VISIT. APART FROM HAIG AND THE PRESIDENT HIMSELF, CLARK WAS THE ONLY OTHER PERSON PRESENT AT THE DISCUSSIONS ON THE AMERICAN SIDE.

2. CLARK AGREED WITH MY IMPRESSION THAT MITTERRAND HAD COME HERE IN A SPIRIT OF GOODWILL AND CONCILIATION RATHER THAN CONFRONTATION AND THAT THE OUTCOME OF THE VISIT REFLECTED THAT APPROACH. TELLING ME THAT HE WAS SPEAKING OFF THE RECORD, CLARK SAID THAT THE US GOVERNMENT HAD BEEN INCREASINGLY CONCERNED ABOUT PROPOSED FRENCH SALES OF SOPHISTICATED EQUIPMENT, NOT JUST MILITARY, TO THE NICARAGUANS. THEY HAD RECEIVED AN ASSURANCE THAT NONE OF THE SALES WOULD GO FORWARD IN ADVANCE OF MITTERRAND'S VISIT. INDEED REAGAN HAD MADE THIS A CONDITION OF AGREEING TO THE VISIT. WHILE HE COULD NOT GO INTO DETAIL, THE ADMINISTRATION WERE NOW CONFIDENT, FOLLOWING THE VISIT, THAT THE FRENCH HAD RESPONDED TO THEIR ANXIETIES.

I SAID THAT THE FRENCH AMBASSADOR HERE HAD TOLD HIS COMMUNITY COLLEAGUES THAT EXISTING CONTRACTS WOULD BE FULFILLED. CLARK SAID THAT, WHILE THIS MIGHT BE SO, HE WAS CONFIDENT THAT NO MORE SOPHISTICATED EQUIPMENT WOULD BE SENT BY THE FRENCH TO NICARAGUA.

3. CLARK SEEMED PLEASED WITH MITTERRAND'S APPROACH TO EAST/WEST RELATIONS. WHILE THE FRENCH WERE COMMITTED ON THE GAS PIPELINE, THEY WERE PREPARED TO DO THEIR DUTY ON TECHNOLOGY TRANSFERS AND WERE UP AMONG THE BEST OF THE EUROPEANS ON THE QUESTION OF CREDITS.

4. I ASKED CLARK WHETHER MITTERRAND HAD SHOWN ANY INTEREST IN DEEPENING FRANCE'S DEFENCE RELATIONSHIP WITH THE UNITED STATES. CLARK SAID THAT IT WAS CLEAR THAT THE FRENCH WERE INTERESTED IN STRENGTHENING THE DEFENCE RELATIONSHIP. THE US WAS SATISFIED THAT FRANCE WAS DOING ITS DUTY IN THE DEFENCE FIELD. HE IMPLIED THAT MORE WAS GOING ON THAN MEETS THE EYE.

FCO PASS SAVING : DUBLIN, TEL AVIV, CAIRO, AMMAN, ANKARA, ATHENS,
BRUSSELS, COPENHAGEN, LISBON, LUXEMBOURG, OTTAWA, OSLO, REYKJAVIK
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TELEGRAM NUMBER 875 OF 15 MARCH

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MITTERRAND VISIT TO THE US: COMMUNITY BRIEFING

1. THE FRENCH AMBASSADOR BRIEFED COMMUNITY COLLEAGUES THIS MORNING ON MITTERRAND'S THREE HOURS OF TALKS WITH REAGAN ON 12 MARCH. (HAIG AND CHEYSSON HAD A FURTHER 90 MINUTE TETE-A-TETE LATER). VERNIER-PALLIEZ SAID THAT THE DATE HAD BEEN AGREED SOME SEVEN WEEKS BEFORE. THERE WAS NOTHING EXCEPTIONAL OR URGENT TO DISCUSS. THE FRENCH AIMS HAD BEEN TO PREPARE THE VERSAILLES SUMMIT (MITTERRAND INTENDED TO SEE ALL THE PARTICIPANTS BEFORE JUNE), AND TO DEMONSTRATE THE CLOSENESS OF US-FRENCH RELATIONS. THERE HAD BEEN NO FORMAL AGENDA BUT THE DISCUSSION HAD CONCENTRATED ON PREPARATION OF THE ECONOMIC SUMMIT (INCLUDING WORLD ECONOMIC AND US/EC PROBLEMS), EAST-WEST RELATIONS, THE SITUATION IN CENTRAL AMERICA AND THE MIDDLE EAST. OTHER THIRD WORLD ISSUES HAD NOT BEEN DISCUSSED.

VERSAILLES SUMMIT

2. MITTERRAND HAD NOTED THE CURRENT ECONOMIC DIFFICULTIES OF WESTERN EUROPE, AND THE DANGERS THAT US MOVES MIGHT EXACERBATE THE SITUATION. SINCE IT WAS CLEAR THAT MAINTENANCE OF HIGH INTEREST RATES WAS NOT A DELIBERATE US POLICY, HE HAD TAKEN THE LINE THAT THEY WERE AS DISTURBING AND DAMAGING TO THE US AS TO EUROPE. RATHER THAN INSISTING THAT THEY BE LOWERED, HE EXPRESSED THE HOPE THAT THIS WOULD HAPPEN AND EMPHASISED THE NEED, IF IT DID NOT, FOR STABILITY IN EXCHANGE RATES AND THE REDUCTION OF THE QUOTE INCONVENIENCES OF THE EXPENSIVE DOLLAR UNQUOTE. VERNIER-PALLIEZ INDICATED THAT MITTERRAND HAD SUGGESTED THE FEDERAL RESERVE INTERVENE TO KEEP DOWN THE DOLLAR RATE. MITTERRAND HAD MADE IT CLEAR THAT HE DID NOT WANT A FORMAL AGENDA FOR THE SUMMIT, NOR A LOT OF TIME SPEND ON PREPARING A FINAL COMMUNIQUE. HE HIMSELF WOULD MAKE A STATEMENT ABOUT THE EFFECT OF TECHNOLOGY DEVELOPMENT ON FUTURE LEVELS OF EMPLOYMENT.

3. THE TWO PRESIDENTS HAD SPOKEN IN GENERAL TERMS (WITHOUT MENTIONING ITEMS SUCH AS STEEL AND AGRICULTURE) ABOUT TRADE PROBLEMS BETWEEN THE US AND THE COMMUNITY. THEY HAD ALSO TALKED ABOUT JAPANESE TRADE POLICY, WHICH WOULD BE DISCUSSED AT THE SUMMIT.

EAST-WEST RELATIONS

4. REAGAN HAD SPOKEN ABOUT THE GREATER ECONOMIC PROBLEMS TO BE FACED BY THE EAST AND ESPECIALLY THE SOVIET UNION IN THE FUTURE, WHICH SHOULD LEAD MOSCOW TO ADOPT LESS AGGRESSIVE ATTITUDES. THE US CONCLUSION WAS THAT WESTERN PRESSURE SHOULD NOT BE RELAXED. THE

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BUCKLEY MISSION WAS SEEN IN THIS CONTEXT. MITTERRAND HAD AGREED WITH SOME ELEMENTS OF THIS ANALYSIS, AND ESPECIALLY ON THE ECONOMIC DIFFICULTIES OF THE EAST. BUT HE HAD DEMURRED ON THE OVERALL ASSESSMENT ABOUT THE FUTURE, SINCE HE SAW NO RAPID CHANGE OCCURRING IN COMMUNIST REGIMES, AND BELIEVED THAT MISCALCULATION IN APPLYING WESTERN PRESSURE COULD LEAD BOTH TO A DANGEROUS HARDENING OF ATTITUDES IN THE EAST AND AN INCREASE IN THE ALREADY STRONG INFLUENCE OF THE MILITARY. TO SOME EXTENT MITTERRAND WENT ALONG WITH THE CHANGE IN US PHILOSOPHY AWAY FROM DETENTE, BUT HE DID NOT GO ALL THE WAY WITH THIS. HE AGREED THAT THE ERA OF CLASSIC DETENTE HAD PASSED BUT HE WISHED TO AVOID FULL ECONOMIC WARFARE. HIS POSITION LAY SOMEWHERE IN BETWEEN.

5. ON TRADE WITH THE EAST, HIS VIEW COULD BE SUMMED UP AS QUOTE CAUTIOUS UNQUOTE, FOR BOTH ECONOMIC AND POLITICAL REASONS. FRANCE WOULD CONTINUE TO DIVERSIFY HER ECONOMIC RELATIONS WITH THE EAST BUT WOULD DO SO WITH CAUTION, PARTICULARLY IN RESPECT TO THE SOVIET UNION. WHEN REAGAN RAISED THE PIPELINE, MITTERRAND EMPHASISED THAT THE FRENCH CONTRACTS WOULD BE FULFILLED. THE US SIDE DID NOT DWELL ON THE POINT OR QUESTION AT LENGTH THE FRENCH REASONS FOR SO DOING. REAGAN HAD SPOKEN IN THE USUAL TERMS ABOUT THE BUCKLEY MISSION BUT THERE HAD BEEN NO DISCUSSION OF CREDITS, ON WHICH THE FRENCH REMAINED OPEN-MINDED.

6. MITTERRAND HAD EMPHASISED THE FRENCH WISH TO SEE THE OPENING OF THE START NEGOTIATIONS. REAGAN APPEARED OPTIMISTIC ABOUT THE POSSIBILITIES OF AN AGREEMENT BUT APPARENTLY HAD NOT DECIDED ON AN OPENING DATE. THE US FULLY AGREED WITH THE POSITION THAT FRENCH (AND BRITISH) STRATEGIC FORCES SHOULDNOT BE TAKEN INTO ACCOUNT IN INF.

7. THERE HAD BEEN NO DETAILED DISCUSSION ABOUT THE NATO SUMMIT. THE GERMAN/ITALIAN IDEAS FOR REINVIGORATING THE ALLIANCE HAD NOT BEEN MENTIONED.

CENTRAL AMERICA

8. THE FRENCH ASSESSMENT DIFFERED FROM THAT OF THE US. THERE WAS NO MIS-UNDERSTANDING BETWEEN THE TWO, BUT A DIFFERENCE OF APPROACH. THE US APPEARED TO SEE DEVELOPMENTS AS THE RESULT OF EXTERNAL INTERVENTION (NICARAGUA, CUBA, AND THE SOVIET UNION), AND, WITHOUT SUCH INTERFERENCE, THE PROSPECT OF SUCH CONFLICTS BEING SETTLED. FRANCE ON THE OTHER HAND, SAW THEM AS PART OF AN AUTONOMOUS REVOLUTIONARY PROCESS, THE RESULT OF MANY DECADES OF DOMINATION BY OLIGARCHIES WITH MILITARY SUPPORT, OF POVERTY AND INEQUITY. THIS SITUATION OFFERED OPPORTUNITIES FOR COMMUNIST EXPLOITATION IF POLITICAL SOLUTIONS WERE NOT FOUND. THERE WAS LITTLE DISAGREEMENT ON THE ANALYSIS OF THE CAUSES FOR UNREST, WITH THE US ACCEPTING THE INFLUENCE OF ECONOMIC FACTORS. THE DIFFERENCE AROSE IN SETTING THESE CAUSES IN ORDER OF IMPORTANCE.

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9. MITTERRAND HAD RESTATED HIS BELIEF THAT THESE DIFFERENCES SHOULD NOT ALTER THE ESSENCE OF US-FRENCH RELATIONS. THE FRENCH AIMED IN CENTRAL AMERICA TO PLAY CONCILIATORY ROLE AND NOT TO COMPLICATE MATTERS FURTHER. AS HAD BEEN PUBLICLY STATED, THE TWO COUNTRIES AGREED THAT THE ULTIMATE GOAL SHOULD BE THE ESTABLISHMENT OF DEMOCRATIC GOVERNMENTS IN THE REGION. MITTERRAND HAD ALSO ENDORSED THE CARIBBEAN BASIN INITIATIVE. HE INDICATED THAT HIS OWN POSITION WAS VERY CLOSE TO THAT OF LOPEZ PORTILLO, AND NOT FAR FROM THE IDEAS DISCUSSED BETWEEN HAIG AND CASTANEDA.

10. THE US SIDE HAD RAISED THE ISSUE OF FRENCH ARMS TO NICARAGUA. MITTERRAND HAD MADE IT CLEAR THAT THE CONTRACT WHICH HAD BEEN SIGNED WOULD BE FULFILLED. ACCORDING TO VERNIER-PALLIEZ, THE PACE OF IMPLEMENTATION WOULD DEPEND UPON PRACTICAL PROBLEMS (AVAILABILITY OF SUPPLIES, TRAINING PROGRAMMES ETC), AND HE IMPLIED THAT THIS COULD TAKE SOME TIME. MITTERRAND HAD ALSO CONFIRMED THAT THE FRENCH DID NOT CONTEMPLATE FURTHER ARMS AGREEMENTS WITH NICARAGUA.

MIDDLE EAST

11. THE US HAD BEEN INTERESTED IN MITTERRAND'S ACCOUNT OF HIS TRIP TO ISRAEL, SATISFIED WITH THE RESULT. REAGAN SAID THAT FRANCE'S QUOTE BALANCED UNQUOTE POSITION IN THE AREA WAS HELPFUL TO THE US AND TO ALL THE PARTIES CONCERNED. THE US SIDE HAD NOT EXPLAINED THEIR OWN IDEAS FOR THE FUTURE.

FCO PASS SAVING : DUBLIN, TEL AVIV, CAIRO, AMMAN, ANKARA, ATHENS, COPENHAGEN, LISBON, LUXEMBOURG, OTTAWA, OSLO, REYKJAVIK AND THE HAGUE

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FM BONN 121210Z M AR 82

TO PRIORITY FCO

TELEGRAM NUMBER 214 OF 12 MARCH

INFO PRIORITY WASHINGTON PARIS UKREP BRUSSELS UKDEL NATO ROME
MOSCOW AND MODUK

INFO SAVING ANKARA ATHENS BRUSSELS COPENHAGEN THE HAGUE LISBON
LUXEMBOURG OSLO OTTAWA REYKJAVIK EAST BERLIN WARSAW
AND UKMIS NEW YORK

WASHINGTON TELNOS 820 AND 823: GENSCHER'S VISIT TO WASHINGTON
AND US/FRG RELATIONS

1. GENSCHER BRIEFED BOTH THE FEDERAL CABINET AND THE BUNDESTAG
FOREIGN AFFAIRS COMMITTEE ABOUT HIS VISIT ON 10 MARCH, AND THERE
HAVE BEEN FURTHER PRESS COMMENTS IN THE LAST FEW DAYS
PARTICULARLY ON THE IMPLICATIONS FOR THE NATO SUMMIT. AT YESTERDAY'S
SITTING OF THE BUNDESTAG IT EMERGED THAT THE GERMANS WOULD LIKE
REAGAN'S PROPOSED VISIT TO BERLIN TO TAKE PLACE ON 9 JUNE AND
TO INCLUDE A PUBLIC SPEECH AND VISITS TO THE WALL AND TO US
MILITARY INSTALLATIONS: AND ALL THREE POLITICAL PARTIES
|| ENDORSED AN INVITATION TO PRESIDENT REAGAN TO ADDRESS THE BUNDESTAG
DURING HIS STAY IN BONN.

2. PRESS COMMENT HAS CONTINUED TO REFLECT RECOGNITION OF GENSCHER'S
ACHIEVEMENT ON THE ONE HAND AND SCEPTICISM ABOUT THE REAL CONTENT
OF US/FRG RELATIONS ON THE OTHER. TODAY'S GENERAL ANZEIGER, FOR
INSTANCE, IS DUBIOUS ABOUT THE IMPRESSION ANTI - AND PRO - US
DEMONSTRATIONS WILL MAKE DURING REAGAN'S VISIT TO BONN AND ADMITS
THAT THERE IS SOMETHING TO BE SAID AGAINST AS WELL AS FOR HOLDING
THE SUMMIT HERE. THE SAME POINT (THAT THE DECISION TO HOLD THE NATO
SUMMIT IN BONN WAS NOT WELL - CONSIDERED). IS MADE IN THE
INFLUENTIAL INDEPENDENT SUEDEUTSCHE ZEITUNG, WHICH SUGGESTS
THAT THE SPECTACLE OF GERMAN POLITICAL PARTIES SUDDENLY STRUGGLING
TO OUTBID EACH OTHER IN GESTURES OF WELCOME TO THE US IS NEITHER
EDIFYING NOR CONVINCING.

3. AS REGARDS THE CONTENT OF GENSCHER'S VISIT, OFFICIALS HERE
CONFIRM THE INFORMATION AND GENERALLY POSITIVE IMPRESSION, REPORTED
IN TUR, AND HAVE LITTLE TO ADD. SCHENK (AUSWAERTIGES AMT), WHO
ACCOMPANIED GENSCHER, WHILE ADMITTING THAT POSITIONS WERE STILL
SOME WAY APART ON SEVERAL IMPORTANT ISSUES, SAID THAT WHAT HAD
GIVEN THE GERMANS PARTICULAR SATISFACTION WAS THE IMPROVED TONE
OF US MEDIA COVERAGE COMPARED WITH CHANCELLOR SCHMIDT'S VISIT
IN JANUARY. UNLIKE SCHMIDT, GENSCHER HAD NOT ON HIS PREVIOUS VISITS
TO THE STATES PAID MUCH ATTENTION TO THE PRESS. ON THIS OCCASION,
HE HAD DECIDED NOT ONLY TO CULTIVATE THE PRESS BUT TO PAY
ATTENTION TO OTHER OPINION FORMERS SUCH AS THE THINK TANK. SCHENK
WAS CONVINCED THIS HAD CONTRIBUTED TO THE IMPROVED ATMOSPHERE,
WHICH HAD EXTENDED TO GENSCHER'S TALKS WITHIN THE ADMINISTRATION.

CONFIDENTIAL / PRESUMABLY

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PRESUMABLY (ALTHOUGH SCHENK DID NOT SAY SO) THE FACT THAT
GENSCHER AROUSES LESS ANTIPATHY IN WASHINGTON THAN THE CHANCELLOR
NOW DOES ALSO HELPED.
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FM WASHINGTON 111825Z MAR 82

TO PRIORITY FCO

TELEGRAM NUMBER 823 OF 11 MARCH 1982

INFO PRIORITY BONN, PARIS, UKREP BRUSSELS, UKDEL NATO, ROME,
MOSCOW AND MODUK

INFO SAVING OTHER NATO POSTS, EAST BERLIN, WARSAW, UKMIS NEW YORK
AND UKDEL OECD

MY TELEGRAM UNDER REFERENCE: GENSCHER'S VISIT: US VIEWS

1. RENTSCHLER (NSC), WHO WAS PRESENT AT THE MEETING WITH THE PRESIDENT, SAID THAT REAGAN MADE CLEAR US DETERMINATION TO RESIST THE PROGRESSIVE QUOTE CUBANISATION UNQUOTE OF CENTRAL AMERICA AND LOOKED TO EUROPE TO SHOW SOMEWHAT GREATER UNDERSTANDING OF THE PROBLEMS THEY FACED IN THIS REGARD. GENSCHER SAID THAT EUROPE QUOTE SHOULD DO MORE TO HELP UNQUOTE EG IN THE WAY OF ECONOMIC ASSISTANCE.

2. REAGAN RAISED THE QUESTION OF CREDITS AND TRADE WITH THE SOVIET UNION, SAYING THAT WITH THE RUSSIANS AT PRESENT UNDER PRESSURE IN TERMS OF THE MANAGEMENT OF THEIR OWN ECONOMY, AFGHANISTAN, POLAND, SUPPORT FOR CUBA AND CUBAN INTERVENTION IN AFRICA, THE SOVIET ECONOMY WAS PARTICULARLY DEPENDENT ON WESTERN CREDITS. THE WEST SHOULD USE THE LEVERAGE IT POSSESSED TO ACHIEVE GREATER RESTRAINT IN SOVIET CONDUCT. GENSCHER SAID THAT THERE WAS INDEED NO REASON TO BE UNDULY PESSIMISTIC: THE SOVIET UNION WAS EXPERIENCING GREATER DIFFICULTIES, IN PARTICULAR ECONOMIC. THE PRESIDENT HAD NOT RAISED THE QUESTION OF THE PIPELINE IN AN QUOTE AGGRESSIVE UNQUOTE WAY.

3. GENSCHER RAISED IN THE MEETING WITH THE PRESIDENT THE IDEA OF PERIODIC INFORMAL MEETINGS OF NATO FOREIGN MINISTERS. HAIG, WHO WAS PRESENT, WELCOMED THIS IN PRINCIPLE. HE EXPRESSED A PREFERENCE, WITH WHICH GENSCHER AGREED, FOR WESTERN CONSULTATIONS TO EMBRACE ALL THE FIFTEEN, RATHER THAN THE NARROWER US-EC PROPOSAL ADVANCED BY COLOMBO.

4. IN HAIG'S MEETING WITH GENSCHER THE STATE DEPARTMENT TELL US THAT HAIG ARGUED THAT FOR ECONOMIC STABILITY BEYOND EVENTS IN POLAND, THE WEST MUST LIMIT CREDITS TO THE EAST OF WHICH THERE HAD BEEN A QUOTE HAEMORRHAGE UNQUOTE IN THE PAST FIVE YEARS, WITH THE TOTAL VALUE NOW AMOUNTING TO DLRS 80 - 90 BILLION. THE BUCKLEY MISSION WOULD PURSUE THREE PRINCIPAL POINTS (DESCRIBED AS ITS TERMS OF REFERENCE),

- (I) THE LOWERING TO MARKET LEVELS OF INTERESTS RATES ON CREDITS:
- (II) CHANGES IN THE DURATION OF CREDIT TERMS:
- (III) THE ESTABLISHMENT OF A MECHANISM FOR COORDINATING CREDITS FROM MAJOR ALLIES.

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GENSCHER

GENSCHER HAD NO PROBLEM WITH THE FIRST TWO, BUT THOUGHT THAT COORDINATION SHOULD TAKE PLACE IN OECD. HAIG STATED THAT THE PRESENCE THERE OF COUNTRIES LIKE FINLAND AND AUSTRIA WOULD MAKE A SATISFACTORY CONSENSUS IMPOSSIBLE TO ACHIEVE. GENSCHER SUGGESTED THAT THERE MIGHT BE A CASE FOR HAVING A SUB-GROUP OF NATO COUNTRIES IN OECD TO DISCUSS THE MATTER. (THERE WAS, HOWEVER, NO AGREEMENT ON THIS).

5. GENSCHER ARGUED THE NEED FOR THE PRESIDENT TO REPEAT THE SUCCESS WITH EUROPEAN PUBLIC OPINION OF HIS 18 NOVEMBER SPEECH WITH A SECOND ADDRESS, PRIOR TO THE MAY MINISTERIAL MEETING OF NATO. THIS MIGHT SET OUT A CONCEPT FOR THE WESTERN APPROACH TO RELATIONS WITH THE EAST. GENSCHER ARGUED FOR FRESH EMPHASIS ON THE CSCE PROCESS AND THE AIM OF A CDE: THE WESTERN HAND IN CSCE WAS STRONGER THAN THAT OF THE EAST AND SHOULD BE PLAYED ACCORDINGLY. GENSCHER PRESSED FOR THE EARLIEST POSSIBLE BEGINNING OF START NEGOTIATIONS. HAIG WAS CONFIDENT THAT THE PRESIDENT WOULD DECIDE TO GO AHEAD WITH START WHEN US PREPARATIONS WERE COMPLETE. (IN AN INTERVIEW WITH GERMAN TELEVISION HE SPOKE OF THIS HAPPENING IN A FEW WEEKS, THOUGH THE GENERAL EXPECTATION HERE IS THAT AN ANNOUNCEMENT IS LIKELY TO BE MADE AT OR NEARER TO THE NATO SUMMIT).

6. THERE WAS AGREEMENT THAT THE NATO SUMMIT SHOULD NOT COMMISSION MAJOR STUDIES OF MILITARY STRATEGY, WHICH RISKED OPENING PANDORA'S BOX. GENSCHER ARGUED THAT WE ALREADY HAD ENOUGH PROBLEMS WITH NUCLEAR STRATEGY: IT WOULD BE A GRAVE MISTAKE TO CREATE NEW ONES OVER NUCLEAR OR CONVENTIONAL FORCES DOCTRINE. BOTH WERE SCEPTICAL ABOUT STUDIES BY WISE MEN. HAIG EMPHASIZED THE NEED FOR RATIFICATION OF SPANISH ACCESSION BY THE MAY MINISTERIAL OR AT THE LATEST BY THE JUNE SUMMIT. IT WAS AGREED THAT FURTHER EFFORTS SHOULD BE MADE TO SPEED UP THE PROCESS, ESPECIALLY WITH THE DUTCH AND GREEKS. THE STATE DEPARTMENT CLAIM THAT THE IDEA OF SENDING A SPECIAL U.S. REPRESENTATIVE TO EUROPE BEFORE THE ECONOMIC SUMMIT CAME FROM GENSCHER AND THAT HAIG DID NOT REACT TO IT.

COMMENT

7. GENSCHER'S VISIT APPEARS TO BE REGARDED ON BOTH SIDES AS A SUCCESS IN TERMS OF THE MAIN OBJECTIVE WHICH WAS TO AGREE ON A CONVERGENT APPROACH IN THE PREPARATIONS FOR THE NATO SUMMIT. THE PRESIDENT AND GENSCHER APPEARED AT TIMES, THE NSC HAVE COMMENTED, TO BE TALKING PAST EACH OTHER ON ECONOMIC RELATIONS WITH THE SOVIET UNION AND ON CENTRAL AMERICA. BUT THE VISIT TOOK PLACE IN AN INFINITELY BETTER ATMOSPHERE THAN SCHMIDT'S VISIT HERE IN JANUARY, AND GOT A MUCH BETTER PRESS. HAIG HAS BEEN URGING WITHIN THE ADMINISTRATION THE NEED TO HELP SCHMIDT AND GENSCHER IN THE PRESENT EMBATTLED STATE OF THE COALITION (GENSCHER COMMENTED, IN PRIVATE, THAT IT HAD BEEN MUCH CLOSER TO COMING APART AT THE TIME OF THE CONFIDENCE VOTE IN THE BUNDESTAG THAN WAS GENERALLY REALISED). THE GERMANS CLEARLY HAVE UNDERSTOOD (MY TELEGRAM NUMBER 820 - PARAGRAPH 8) THE IMPORTANCE OF THE OUTCOME OF THE BUCKLEY MISSION IN TERMS OF ITS INFLUENCE ON FUTURE DECISIONS HERE.

FCO PASS SAVING: ANKARA, ATHENS, BRUSSELS, COPENHAGEN, LISBON, LUXEMBOURG, OTTAWA, OSLO, REYKJAVIK, THE HAGUE, EAST BERLIN, WARSAW AND UKDEL OECD.

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FM WASHINGTON 110130Z MAR 82

TO PRIORITY FCO

TELEGRAM NUMBER 820 OF 10 MARCH

INFO MODUK (DS12) BONN PARIS ROME UKDEL NATO BMG BERLIN MOSCOW
INFO SAVING OTHER NATO POSTS DUBLIN EAST BERLIN WARSAW UKMIS NEW
YORK UKDEL OECD

MF

GENSCHER VISIT TO US: COMMUNITY BRIEFING.

1. THE GERMAN AMBASSADOR BRIEFED COMMUNITY COLLEAGUES TODAY ON GENSCHER'S TALKS HERE WITH REAGAN AND SENIOR US OFFICIALS INCLUDING HAIG, WEINBERGER AND CLARK. GENSCHER HAD ALSO SEEN CONGRESSIONAL LEADERS AND REPRESENTATIVES OF THE US MEDIA.

2. THE DISCUSSIONS HAD CONCENTRATED ON EAST WEST RELATIONS AND THE COMING SUMMITS. THERE HAD ALSO BEEN AN EXCHANGE OF VIEWS ABOUT THE SITUATION IN POLAND, WHICH APPEARED TO HAVE THROWN UP NOTHING OF GREAT INTEREST. ON CENTRAL AMERICA, AT US REQUEST, GENSCHER HAD EXPLAINED THE REASONS WHY EUROPEAN PUBLIC OPINION WAS CONCERNED AT RECENT DEVELOPMENT.

ALLIANCE RELATIONS.

3. THE US HAD SUGGESTED THAT THE NATO SUMMIT SHOULD INCLUDE A DISCUSSION OF WIDER ISSUES OF A STRATEGIC NATURE. GENSCHER WAS DOUBTFUL, SUGGESTING THAT THE HARMEL REPORT WAS STILL VALID, THAT WE SHOULD BEWARE OF WAKING SLEEPING DOGS AND SHOULD NOT GIVE PUBLIC OPINION THE IMPRESSION THAT SOMETHING FUNDAMENTALLY NEW WAS NEEDED IN THE ALLIANCE. THERE HAD BEEN COME INTEREST EXPRESSED IN CONGRESS IN THE IDEA OF A WISE MENS STUDY; BUT GENSCHER, AND HAIG, HAD NOT FAVOURED THIS.

4. GENSCHER HAD SUGGESTED TO THE AMERICANS (MY TELNO 799) THAT, IN LINE WITH THE IDEAS ALREADY ADVANCED BY COLOMBO AND WITH CURRENT EC PRACTICE, NATO FOREIGN MINISTERS SHOULD HOLD GYMnich-TYPE MEETINGS TWICE A YEAR TO ENHANCE THE PROCESS OF CONSULTATIONS. THESE SHOULD COVER ALL FOREIGN POLICY ISSUES, NOT ONLY THE NATO AREA. HAIG HAD SHOWN POSITIVE INTEREST BUT WOULD NOT COMMIT HIMSELF TO AGREEMENT AT THIS STAGE. (THE ITALIAN AMBASSADOR NOTED THAT COLOMBO'S APPROACH, FOCUSSED ON US-EC RELATIONS WAS SOMEWHAT DIFFERENT TO GENSCHER'S IDEA, BUT NOT INCOMPATIBLE).

5. GENSCHER HAD ALSO SPOKEN OF THE HELPFUL IMPACT IN EUROPE OF REAGAN'S 18 NOVEMBER SPEECH, AND SUGGESTED THAT ANOTHER ALONG SIMILAR LINES (COVERING INF, START, CDE AND MBFR AMONG OTHER ARMS CONTROL ISSUES) WOULD HAVE A VERY USEFUL EFFECT.

6. THERE HAD BEEN EXTENSIVE DISCUSSIONS OF ARMS CONTROL ISSUES. WEINBERGER WAS SATISFIED WITH THE PRESENT STATE OF THE INF TALKS. THE US POSITION FOR START SHOULD BE OUTLINED WITHIN THE NEXT MONTH OR TWO, ACCORDING TO US OFFICIALS. THERE WOULD BE NO DIRECT LINKAGE WITH EVENTS IN POLAND, BUT THE LATTER COULD INFLUENCE THE US DECISION

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ON AGREEMENT TO AN OPENING DATE FOR TALKS. NO ONE TO WHOM GENSCHER SPOKE (INCLUDING SENATORS BAKER AND PERCY) APPROVED OF SENATOR STEVENS' IDEAS ABOUT US TROOP WITHDRAWALS FROM EUROPE (MY TELNO 721) BAKER HOPED THAT AN AMENDMENT WOULD NOT EVEN GET TO THE SENATE FLOOR AND SAW STEVEN' MOVE AS A POLITICAL SIGNAL RATHER THAN A PRACTICAL STEP, (I CAUTIONED AGAINST EXCESSIVE COMPLACENCY IN EUROPE ON THIS POINT).

BUCKLEY MISSION.

7. REAGAN HAD RAISED THIS WITH GENSCHER. THE US CLEARLY WISHED TO FOCUS THE DISCUSSION ON CREDITS AND, AFTER BOTH SIDES HAD TAKEN THEIR USUAL LINE ON THE PIPELINE, THE GERMANS EXPECTED THAT BUCKLEY WOULD NOT PRESS THE US POINT. ON CREDITS AND CREDIT GUARANTEES, GENSCHER HAD POINTED OUT THAT THE GERMAN GOVERNMENT HAD NEVER SUBSIDISED THESE TO EASTERN EUROPE AND WOULD HAVE NO PROBLEM IF OTHER COUNTRIES DECIDED TO DO AWAY WITH THEIR OWN SUBSIDIES. THE VOLUME OF CREDITS SHOULD BE LEFT TO THE NORMAL MECHANISMS OF THE MARKET, BUT THE GERMANS WOULD BE READY TO DISCUSS REDUCTIONS IN THE LENGTH OF TERMS. THEY REMAINED SCEPTICAL ABOUT SANCTIONS WHICH DID NOT COVER THE FULL FIELD OF TRADE ACTIVITY. NO ONE ON THE US SIDE HAD SUGGESTED SUCH A STEP (AND THE GERMANS HAD MADE CLEAR THAT THEY WOULD NOT COOPERATE IN IT IN ANY CASE).

8. HERMES DESCRIBED THE GERMAN POSITION AS CLOSEST TO THOSE IN WASHINGTON WHO WISHED TO DO AWAY WITH ARTIFICIAL ELEMENTS IN TRADE WITH THE EAST BUT SAW THIS TRADE AS AN INDISPENSABLE ELEMENT IN EAST-WEST RELATIONS. HE ALSO EMPHASISED THE GERMAN VIEW THAT BUCKLEY MUST NOT RETURN EMPTY-HANDED FROM EUROPE. IT WAS TRUE THAT HE WAS GOING NOW ONLY BECAUSE A DECISION TO SEND HIM TO EUROPE HAD BEEN TAKEN IN DIFFERENT CIRCUMSTANCES SOME TIME AGO. HIS MISSION WOULD BE TO LISTEN AND REPORT, AND A POSITIVE REACTION FROM THE EUROPEANS TO HIS PRESENTATION ON CREDITS AND EAST WEST TRADE PROBLEMS WOULD BE OF GREAT IMPORTANCE. IF BUCKLEY RETURNED EMPTY-HANDED THE US COULD DECIDE ON UNILATERAL MEASURES WHICH WOULD BE MOST UNWELCOME IN EUROPE.

9. GENSCHER HAD SUGGESTED THAT ANY CONSENSUS THAT BEGAN TO EMERGE IN EUROPE AS A RESULT OF THE BUCKLEY MISSION SHOULD BE FURTHER DEVELOPED IN OECD IN THE FIRST PLACE. GIVEN US DOUBTS ABOUT THIS, HE WOULD BE READY TO ACCEPT ANOTHER FORUM IF OECD DID NOT PROVE EFFECTIVE.

ECONOMIC ISSUES.

10. GENSCHER HAD EMPHASISED THE EFFECT ON EUROPE OF HIGH US INTEREST RATES, BUT RECOGNISED THAT SOME OF THE PROBLEMS IN EUROPE WERE SELF - CREATED AND WERE NOT ALL THE FAULT OF WASHINGTON. INTEREST RATES HAD NOT BEEN HIGH ON GENSCHER'S AGENDA SINCE IT WAS CLEAR THAT THE ADMINISTRATION ITSELF HAD NO LOVE FOR THE PRESENT HIGH LEVELS. BUT ANY CHANGE IN THE NEAR FUTURE WAS UNLIKELY. ON THE VERSAILLES SUMMIT, HAIG HAD SUGGESTED THAT THE PRESIDENT MIGHT SEND A SPECIAL REPRESENTATIVE TO EUROPE SHORTLY TO ENSURE THAT THE SUMMIT DID NOT BECOME A BATTLE-GROUND BETWEEN THE US AND THE EUROPEANS/JAPANESE. GENSCHER WAS SYMPATHETIC TO THE IDEA.

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BERLIN.

1. GENSCHER HAD REPEATED THE GERMAN INVITATION TO REAGAN TO VISIT BERLIN AFTER THE NATO SUMMIT. THE PRESIDENT HAD NOT GIVEN A DEFINITE RESPONSE BUT HOPED THIS WOULD BE POSSIBLE. HAIG TOLD THE PRESS YESTERDAY THAT REAGAN WOULD PROBABLY EXTEND HIS EUROPEAN VISIT TO INCLUDE A TRIP TO BERLIN.

FCO PASS SAVING TO: ANKARA ATHENS BRUSSELS COPENHAGEN LISBON
LUXEMBOURG OTTAWA OSLO REYKJAVIK THE HAGUE DUBLIN EAST BERLIN
WARSAW UKDEL OECD

HENDERSON

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FM WASHINGTON 281625Z FEB 82

TO PRIORITY F C O

TELEGRAM NUMBER 653 OF 28 FEBRUARY 1982

INFO CAPETOWN, LAGOS, LUANDA, LUSAKA, GABORONE, SALISBURY,
DAR ES SALAAM, MAPUTO, NAIROBI, PARIS, BONN, OTTAWA, AND
UKMIS NEW YORK.

U.S. SANCTIONS AGAINST SOUTH AFRICA.

1. THE ADMINISTRATION NOTIFIED CONGRESS ON FRIDAY THAT IT WILL LIFT CERTAIN RESTRICTIONS ON THE SALE OF NON-MILITARY EQUIPMENT TO SOUTH AFRICAN GOVERNMENT AGENCIES ON 1 MARCH. THE RESTRICTIONS WERE IMPOSED IN 1978 BY PRESIDENT CARTER IN A SET OF ADMINISTRATIVE REGULATIONS WHICH DID NOT REQUIRE CONGRESSIONAL APPROVAL FOR THEIR APPLICATION OR WITHDRAWAL. THESE REGULATIONS HAD MEANT THAT THE U.S. WAS MORE RESTRICTIVE IN ITS LICENCING PROCEDURES THAN REQUIRED BY THE TERMS OF THE UN ARMS EMBARGO, AND THE DECISION TO REMOVE THEM DOES NOT EFFECT U.S. COMPLIANCE WITH THAT EMBARGO, WHICH CONTINUES TO BE APPLIED UNDER OTHER LEGISLATION.

2. THE ADMINISTRATION INSIST THAT LICENCE APPLICATIONS WILL IN FUTURE BE CONSIDERED ON THEIR INDIVIDUAL MERITS AND THAT ANYTHING CAPABLE OF BEING USED FOR MILITARY PURPOSES OR THE ENFORCEMENT OF APARTHEID WILL CONTINUE TO BE REFUSED LICENCES. BUT IN PRACTICE THEIR DECISION OPENS THE WAY FOR SUBSTANTIAL SUPPLIES TO THE SOUTH AFRICAN POLICE AND ARMED FORCES, INCLUDING AIRCRAFT, COMPUTERS AND COMMUNICATIONS EQUIPMENT.

3. CONGRESSIONAL REACTION HAS BEEN PREDICTABLE: SEN. KENNEDY COMPARED THE ADMINISTRATION'S DECISION TO ITS MALADROIT HANDLING OF THE ISSUE OF TAX EXEMPTION FOR SCHOOLS PRACTISING RACIAL DISCRIMINATION. CONGRESSMAN WOLPE, CHAIRMAN OF THE HOUSE SUB-COMMITTEE ON AFRICA, DESCRIBED IT AS A TRAGIC MISTAKE WHICH WOULD SIGNAL TO THE SOUTH AFRICANS THAT THEY COULD CONTINUE TO REINFORCE REPRESSION AND TO BLACK AFRICA THAT THE U.S. HAD ABANDONED ITS HISTORIC STAND AGAINST APARTHEID.

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4. THE DECISION, WHICH HAD BEEN EXPECTED FOR SOME TIME, IS BEING PRESENTED BY THE ADMINISTRATION AS A LOW-KEY ADMINISTRATIVE ACT. BUT IT IS LIKELY TO BE SEIZED UPON BY OPPONENTS OF U.S. POLICY BOTH HERE AND ABROAD AS FURTHER EVIDENCE OF A TILT TOWARDS SOUTH AFRICA. THIS HAS OBVIOUS AND UNWELCOME IMPLICATIONS FOR THE NAMIBIA NEGOTIATIONS.

THOMAS

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US FOREIGN POLICY

SUMMARY

1. Description of the particular attitude of this US government to the outside world and to the policy required; less complicated than the views of the Allies or the pattern of events. (Paragraphs 1-4)
2. Economic issues have been an irritant: not only through the impact of US policies on the outside world, but through the adverse effect on America of European and Japanese trading practices. Growing protectionist pressures. (Paragraphs 5-8)
3. Poland dominates the US/Soviet relationship and has had wide ramifications eg. attitudes to Europe, the fate of the START talks and US actions in Central America. Many Americans wonder why they should pay a price to defend Europe, which the Europeans themselves are not prepared to pay. While France is considered irritating, but basically sound, Germany is considered both irritating and fundamentally unsound, a cause of great concern. But the US try hard to make the Alliance work. (Paragraphs 9-15)
4. The Americans have slowly realised that they cannot pursue their strategic aims in the Middle East in isolation from the Palestinian question. But they cannot rely on Israeli restraint and are not prepared to bring serious pressure to bear on Israel. The immediate US aim is to see Israel withdraw from Sinai. (Paragraphs 16-18)
5. El Salvador has been the testing ground of the US stand against Soviet aggression by proxy. Despite echoes of Vietnam, the Administration see little alternative to their present policy and believe that Europe underestimates the significance for Western interests of what is happening in Central America. (Paragraphs 19-21)



6. The Administration believe that a Namibia solution, including Cuban withdrawal from Angola, is within their grasp. The comparatively close relationship with South Africa gives the Administration some leverage, but they have signed no blank cheques. (Paragraphs 22-23)

7. The US, as a Pacific power, has growing concerns and interests outside the NATO area, but Japan does not always play the role, either as defence ally or trading partner, that the US would like. US/China relations are an uneasy balancing act between US interest (strategic and commercial) in a good relationship with the PRC and the President's deep attachment to Taiwan. (Paragraphs 24-28)

8. If the Administration's foreign policy aims are clear, the policies themselves are often haphazard and inconsistent. The Administration are confident in their Soviet policy; less so in their ability to maintain Alliance solidarity. This will be one of their thorniest problems.

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FROM THE AMBASSADOR

BRITISH EMBASSY,
WASHINGTON, D.C. 20008
TELEPHONE: (202) 462-1340

17 February 1982

The Rt Hon The Lord Carrington KCMG MC
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
London SW1

My Lord,

1. In my despatch of 15 December 1981 on the decision-making process in Washington on foreign policy I promised to send a separate despatch about the substance of that policy.

2. As things have turned out, it has been necessary, in the course of the past few weeks, to send telegrams on specific subjects including Poland, East/West relations, the Alliance, US policy towards Central America, the Middle East and Southern Africa. I also dealt with foreign policy at some length in my annual review for 1981. The result may look like a stamp collection, but, with the help of Derek Thomas and Stephen Wall, I have tried to pull the pieces together in this despatch.

General Approach and Background

3. By comparison with the subtleties of Henry Kissinger, this Administration came into power with a simplistic view of the outside world and of America's relations with it. America under Reagan would do two things. First, it would rebuild its military strength so as to be able both to resist any threat to its interests and to negotiate from strength in any further arms control discussions that might be undertaken. Second, it would stand by its friends and join with them in confounding its enemies. America under Reagan would be great again and would no longer allow itself to be pushed around by second-rate

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powers or communists.

4. This was - and is - an approach which commended itself to popular feeling. Unfortunately, the world did not conform. America's Atlantic and Pacific allies had their own views, shaped by their own political and geographical circumstances, about the priorities. The European allies, while attaching importance to building up NATO's strength, continued to harp on the need for discussions about arms control even before the Americans had developed their strength. To the Americans this European attitude in the face of the Soviet threat was like rearranging the chairs on the deck of the Titanic. The Japanese Government showed no eagerness to raise its defence spending despite American wishes. The Allies had doubts about the wisdom or efficacy of economic sanctions whether in the Polish context or in relation to Qaddafi's Libya. And some of America's closest dependants - notably the Governments of Israel and El Salvador - behaved in a way that embarrassed their friends and produced tension in the Alliance.

5. The would-be clear focus of US foreign policy has been further blurred by the domestic and international economic environment. The issues which most preoccupy the people of the United States are inflation, unemployment, and high interest rates. For many years it has been a truism that America's success or failure in dealing with these problems has a critically important effect on the interests and fortunes of its economic partners. Since the early part of 1981, when US interest rates began to move up to unprecedentedly high levels under the influence of tight monetary policy and the prospect of rising budgetary deficits, the impact of US domestic economic policies on other countries has begun to assume the dimensions of a serious irritant, at least in US/European relations. What is relatively new is that the actions of America's partners affecting trade and investment now have an important effect here. Administration spokesmen and the press have become strident in their condemnation of Japan's failure to deal effectively with exporting techniques which have

/led



led to painful inroads into American consumer electronic markets and the motor-car industry. These have not been offset in practice by any significant opening of the Japanese market to American goods. The advocates of international free trade within the Administration are thus left with less ammunition than they would wish to counter the growing pressures for protectionism, evidenced by bills before Congress to empower the Administration to take reciprocal action against foreign countries in engaging in unfair trading practices. Such bills could if passed weaken the Americans' commitment to the international trade system in general.

6. Feeling about European practices may be slightly less strong. But the Administration stood aside when the US steel industry decided to fire a protectionist broadside against European and other steel imports on the basis of what the Europeans regard as slender evidence of dumping and subsidisation. The remedies open to the US steel companies under existing American legislation may be legal. But the process is already beginning to chill trade and will cause damage to European steel producers. Despite the 5:1 agricultural trade balance in their favour, the Americans are also in the grip of one of their perennial attacks of irritation about the effects which they believe that the Common Agricultural Policy of the European Community has on their international trade in agricultural produce. To this irritation are added disagreements over economic sanctions against the Libyans, the Poles and the Russians, where all but the more objective Administration officials believe that the Europeans are selfishly placing narrow economic interests above the wider interests of the Alliance and of the United States.

7. There is within the Administration, especially of course in the mind of Mr Haig and his officials, a clear understanding

/of the



of the political importance of not allowing the relationship with the Japanese or the Europeans to be seriously undermined by these economic issues. But the Administration will continue to have difficulty in managing domestic opinion, and indeed the hard liners within its own ranks. We ourselves, and the Europeans in general, will have to be correspondingly careful in managing our own response to American economic and commercial grouses, while continuing to stand up firmly for ourselves where we consider the Americans are being unreasonable.

8. The foregoing is the background against which any examination of the main foreign issues of concern to the United States needs to be set. It colours and to some extent underlies the substance of US foreign policy across the board.

Poland and East/West Relations

9. Poland remains the main current test of US/Soviet relations. The Administration are determined not to allow what has happened in Poland simply to be accepted as accomplished fact. They will continue to insist that the Soviet Union pays a price for events in Poland, both as a measure of its responsibility for them and as a deterrent to further action or direct intervention. At the same time, the Administration recognise that, if Jaruzelski is to make a move in the three key areas stipulated by the Alliance (ending martial law, lifting of restrictions and resumption of a dialogue with Solidarity) there must be a measure of carrot as well as stick in their approach. Hence Haig's speech at the CSCE conference in Madrid and its unsubstantiated reference to a programme of economic aid.

10. The Administration have for the moment withstood the domestic pressures to take further action on Poland. Haig's claim, supported by Reagan, that the decision not to allow Poland to go into default on its debt was the tough decision which forced the Soviet Union to face up to its responsibilities

/has



has, for the time being at least, just carried the day, against some opposition in Congress and some from within the Administration. There is virtually no significant pressure from outside on the Administration to impose a grain embargo, because of the potential cost both to the farmer and to the Administration (who might have to pay between \$20 and \$30 billion in compensation to the farmers) and the fact that it would be circumvented. When Haig appeared before the Senate recently Republican members of the Committee representing grain States were lining up to urge him not to use grain as a weapon against the Soviet Union. The most likely further steps are therefore focussed, for the time being, on extending existing measures to apply to US subsidiaries overseas and to manufacture under licence, and to trying to get the Allies to reduce, if not eliminate, their credit facilities to Soviet trade.

11. Events in Poland forced the Administration to do something about linkage, a watchword a year ago but one that has become increasingly absent from Haig's vocabulary. The US have so far successfully insulated the INF talks from the effects of events in Poland and Haig has made it clear that the decision to go on with the INF talks was based on both assessment of US interest and fear of the consequences in Europe if the talks were suspended. The START talks have, on the other hand, been linked to Soviet behaviour over Poland. The danger of this linkage is that the Administration will not, for very long, be able to say, as they are doing at present, that preparatory work is going full steam ahead and that they hope a date can soon be set. If, as they suspect, events in Poland show no sign of improving in the foreseeable future, they will either have to reconcile themselves to shelving the START talks or appear to acquiesce in what has happened in Poland by agreeing to set a date after all.

12. The Administration would like to be able to claim some success for their Polish policy either in having deterred the

/Soviet



Soviet Union from direct action in Poland or having induced Jaruzelski to moderate martial law. They claim success on the first count, but cannot do so on the second. The less successful the Americans are in deterring the Soviet Union in Poland the more determined they will be to halt Soviet or Soviet-backed aggression elsewhere, particularly in their own backyard. I shall deal with policy towards the Caribbean and Central America later in this despatch.

The NATO Alliance

13. The announcement of our own measures on Poland, following the Prime Minister's meeting with Haig at the end of January, has helped to offset, for the time being, the sense that the European allies are short-sightedly slow to respond to US initiatives taken in the common interest of the Alliance. But if we have won favour by our decisions, the French and Germans, particularly with their focus on the gas pipelines, are seen as laggard. Poland gave fresh impetus to the anti-European mood that has been growing here over the past year or more and which both feeds, and feeds on, the parallel feeling of anti-Americanism in Europe. The intensity of feeling fluctuates, and US reluctance to take sanctions against the Soviet Union which would hurt American interests has eased the pressure on Europe. Haig's robust defence of the Alliance, particularly before the Senate, has also played a notable part. But what disturbs many Americans, and leads some of them to wonder whether they are not paying too high a price for their role in defending Europe, is a growing fear that Europe is unwilling to do enough for its own defence. It was the apparent failure of the Alliance, at least to begin with, to see behind events in Poland the ugly face and iron fist of Soviet imperialism that shocked Americans. It is for this reason that they are so disturbed by the evolution of German thinking in particular. If Germany, as the sheet anchor of Western defence, is all too willing to turn a blind eye to the Soviet threat on the one hand, while increasingly indulging in

/harsh



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harsh criticism of its principal ally on the other, it is perhaps not surprising that American feeling about Germany should have gone beyond the temporary aggravations which inevitably mark bilateral relations. In the higher reaches of the US Administration there is both personal prejudices against the FRG and its leadership, together with some fairly sophisticated awareness of the underlying problem and precariousness of Federal Germany. The US relationship with Germany is much more troubled than that between the US and France.

14. This Administration, like its predecessors, finds the present French Administration, like its predecessors, difficult to do business with and aggravating in the context of Poland and the pipeline. But they have been agreeably surprised by France's robust position on European defence and by its willingness to play a helpful role in the Middle East eg. by agreeing to participate in the Sinai Force.

15. This Administration wants to make a success of its Alliance relationships and has, with one or two notable exceptions, tried to consult before taking action. Personal messages have flowed between Haig and you like "two hungry torrents" even if not necessarily confluent. But the allies are weighed, especially by public opinion, by their willingness to respond to US leadership, by their readiness to back America across the whole board of policy, particularly on matters where the Americans are in difficulty and there is no stated duty to respond favourably. It may be more difficult for Congress to criticise the Europeans for the alleged feebleness of their defence effort as more and more members of the Congress come to doubt the ability of the US economy to sustain the increases in the defence budget which this Administration has proposed.

/US Policy ..

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US Policy towards the Middle East

16. There has been some change in US thinking on the Middle East as the Administration have realised that they cannot pursue their strategic interests in isolation from the Arab/Israel dispute and that they cannot indefinitely base their Palestine policy on regular invocation of the spirit of Camp David and indefinite prolongation of the autonomy talks.

17. It would be rash to suggest that any US Administration would in the foreseeable future be able or willing to bring effective pressure to bear on Israel. At the same time, it is ironical that this Administration, more overtly pro-Israel than any of its recent predecessors, should have had three major rows with Israel (the Iraqi nuclear reactor, the AWACs sale and the annexation of Golan) in the space of a year. The US have realised that they can neither count on Israeli restraint or negotiating flexibility to give meaning to the autonomy talks, nor make any progress in their strategic relationships, particularly with Saudi Arabia, without tackling the issue of Palestine autonomy. They have concentrated on piecemeal agreements for particular facilities.

18. The immediate US aim is to see the final withdrawal of the Israelis from Sinai at the end of April. They recognise the dangers that Israel will try to extract the maximum advantage out of this. Haig's own visits to the area in recent weeks reflect not so much a belief that he can find a formula for the autonomy talks (and Richard Fairbanks, bright as he is, is no ace negotiator) as fear that a spark could ignite the region and a desire to engage the parties in a continuing dialogue.

US Policy towards Central America

19. The new Administration decided, a year ago, to take its stand against Soviet aggression by proxy in Central America and

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the Caribbean, with El Salvador as the testing ground. The Administration lumbered into El Salvador without due regard to American public opinion, haunted by fears of a new Vietnam, or to the impact on relations with her neighbour to the south, Mexico. The US has so far limited its direct involvement in El Salvador to some fifty advisers; it has increasingly tried to invoke the help of regional democracies to help the Duarte Government; it has sought some accommodation with Nicaragua and has tried, through the Caribbean Basin Initiative, to come up with an effective antidote to the siren song of Cuba.

20. I think that the Administration realises that trying to take a firm stand in El Salvador is, to use a phrase popular in this town, like tap dancing in quicksand. But they repeatedly affirm that they are determined not to let El Salvador go the way of Nicaragua. Having been rebuffed in their overtures to the Nicaraguan Government and wrung^{no} assurances from Haig's meeting with the Cuban Vice President, they see little hope of dealing with the Soviet/Cuban threat except by giving the Government of El Salvador the military means to combat the guerrilla menace. As the Administration see it, it is all too easy for the Europeans to dismiss what is happening in El Salvador as a crummy war in a fourth-rate country or to portray the Government forces as officially sanctioned terrorists. But, to their mind, both these assessments underestimate the significance of what happens in El Salvador for the future of other small countries in Central America (and even ultimately for Mexico) and pays no heed to the worthiness of the US aim of taking the poor material which has been given them in the form of the Duarte Government and moulding it into something nationally representative and internationally acceptable. What, the Americans ask their European critics, would the latter have them do? Do they really expect them to abdicate all responsibility for what happens next door?

21. In its basic aims the Administration undoubtedly has the support of the American public in resisting Soviet and Cuban

/encroachments



encroachments on America's doorstep but, just as ultimately the price in Vietnam was too high for America to pay, so in El Salvador the price will quickly be thought too high to pay particularly if American personnel become significantly more involved than they are at present. The dilemma for the Administration is that it is difficult to see how they can hope to achieve their ends unless they become more directly involved while the political costs of such involvement would be incalculable. It is not least for this reason that the US looks to Europe for greater support for their policies on the grounds that an issue that is of vital concern to the United States must be of serious concern to the Europeans too.

US Policy towards Southern Africa

22. US policy towards Southern Africa is a good example of how a simple statement, frequently repeated, becomes accepted as self-evident truth. Even liberal Democratic Senators, highly critical of US policy in every other area of the world, publicly acknowledge the US role in the Namibia negotiations as decisive and effective - to the point where the conservative Right are beginning to detect the scent of a sell-out. The US Government are indeed optimistic that a settlement is within their grasp. They see the Russians as unpopular in Angola, save with the mulatto group within the MPLA who run the country and who have a vested interest in the Soviet presence; they believe that the Soviet Union themselves (not to mention the Cubans) see Angola as an increasing drain on their resources, particularly as its economy declines, and recognise the limits on their mischief-making imposed by the fact that the Front Line States favour a Namibian settlement of the kind proposed by the five Western countries. This is not to say that the US do not see ample room for Soviet trouble-making, or that they think that it will be easy to secure Cuban withdrawal, especially if such withdrawal becomes the one issue standing in the way of a settlement. Nonetheless, the Americans do believe that Namibia has so far gone according to plan and that the relative warmth



of this Administration's relationship with the South African Government has given them added leverage, not least on SWAPO, Angola and the Front Line States. Inherent in this approach is the suggestion, unstated but not lost on the Front Line States, that if the present talks resulted in a failure which could be laid at the door of the Soviet Union or its surrogates, the Americans would not be over-scrupulous in dissuading the South Africans from defending their interests in the way they know best ie. by armed force.

23. I do not believe that the Administration have looked very far beyond Namibia in assessing their relations with South Africa. But, just as they have not so far brought any significant pressure to bear on the South Africans, so I doubt whether they have given many hostages to fortune in the sense of making specific promises to the South Africans in return for their cooperating in bringing about a Namibian settlement.

US Policy towards Japan

24. It is easy to underestimate the latent importance in American eyes of US-Japanese relations. The US is a Pacific as well as an Atlantic power. Many Americans see US concerns outside the NATO area as growing in importance while her interests in Europe - for all the activity within the framework of the Alliance ^{are seen} - as stable, which implies in relative decline. Americans point to the massive economic strength of Japan, the rapid economic growth of the countries of ASEAN, and the menacing potential of China to illustrate this thesis. This line of argument is to be found, among other places, in the Policy Planning Staff of the State Department. Relations with Japan, as the strongest and most like-minded country in the region (democratic system, free market, industrialised) are therefore of crucial importance - the centre-piece of US Pacific relationships. There is an intensive flow of visitors in both

/directions



directions between Tokyo and Washington. On the economic side there is an elaborate network of US/Japanese high-level meetings designed to try to manage the differences of view. The Japanese also put an enormous effort into influencing opinion within the Washington establishment by hiring influential people as consultants, lobbying on the Hill and so on.

25. But despite these efforts, the relationship is not an easy one. The Japanese are stubbornly reluctant to take more than marginal steps to open up their market to competition from US goods and services to compensate for the inroads their exporters were making into the American market. They were all too ready to try to cook up special deals for themselves with OPEC during the oil shortages of the mid to late '70s. They have been painfully slow to recognise any responsibility for a greater share of the defence of the West. They have certainly been no quicker than the Europeans to respond to US calls for measures to send firm signals to the Soviets to discourage them from unacceptable behaviour in Afghanistan or Poland. And they are none too careful to conceal that their arrogant contempt for the ways of the rest of the world extends also to the United States.

26. Against this background the Administration will continue their efforts, with all the patience they can command, to educate the Japanese to take a greater share of responsibility for the political stability and economic health of the free world. They will try to make the most of occasions like the visit of Prime Minister Suzuki last May to tighten the links with the US's most important Asian de facto ally. But they recognise the need to tread carefully. The reference to an alliance in the communique last May was too much for Japanese opinion and Ito, the Foreign Secretary, was driven to resign as a result of its inclusion - a telling reminder of the delicacy of the US-Japan relationship. In the meantime, the Reagan Administration will maintain the pressure for an increase in Japan's defence expenditure though

/without



without much expectation of success. Their main objective is likely to be to get it over to the Japanese that they cannot automatically rely on the US coming to their aid in the event of outright hostilities or an interruption of their oil supplies, unless the Japanese are prepared to do more to help themselves.

US Policy towards China

27. It might seem self-evident, after the trouble into which he got himself during the election campaign, that President Reagan should simply heave a sigh of relief that normalisation was a fait accompli brought about by his predecessor, make a show of reluctant acceptance of the realities of life and do just enough to keep Taiwan content while quietly building up the relationship with mainland China. Some such scheme was probably in Haig's mind when he visited Peking last year; he is believed to have calculated, or miscalculated, that willingness to sell sophisticated military equipment to China would provide a smoke-screen, in which the Chinese would acquiesce, for continued sales of significant military hardware to Taiwan. But Haig may have underestimated the ideological determination of both the Chinese and of the President. In particular, it has to be remembered that Reagan spent years on what is known here as the rubber chicken circuit, not simply speaking up for Taiwan, but looking forward to the day when the Taiwanese Government would once again resume its rightful place at the helm of the government on the mainland. While the domestic US/Taiwan lobby is small, two of its most potent spokesmen, Messrs Allen and Deaver, happened to be close advisers of the President. It is therefore not surprising that the Administration should have gone further in trying to maintain a defence relationship with Taiwan than either its own or Taiwan's interests dictated or than the Chinese were prepared to allow. The Administration have cited events in Poland and the desire not to do anything that might promote Sino-Soviet reconciliation

/as



as one reason behind their belated decision not to sell FX aircraft to Taiwan. I suspect that, in fact, Poland gave them a convenient public pretext to make the decision that their relations with Peking in fact demanded.

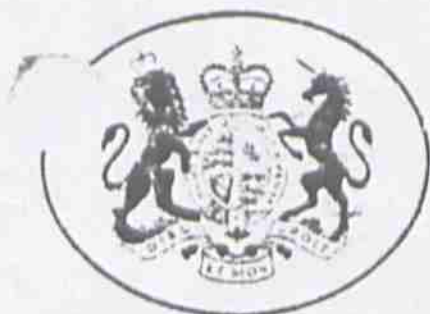
28. I doubt whether US policy towards China will cease to be a balancing act. The Americans regard Taiwan as strategically significant and fear, if they push the Taiwanese too far, they may adopt damaging policies. One fear is that the Taiwanese might seek to develop a nuclear capacity. What is uncertain is whether the Government in Peking will allow the Americans to maintain the defence relationship with Taiwan at its present level or whether they will try to tighten the screw over the coming months. While normalisation has not brought the United States the benefits, either commercial or strategic, for which it was hoping, the Administration will try to avoid taking any step which could weaken Chinese hostility to the Soviet Union or be construed as the cause of any Sino-Soviet rapprochement.

CONCLUSION

29. I have concentrated in this despatch on those issues which I believe the Americans see at the centre of the world arena. I have had to leave out many questions, such as the Iraq/Iran war or relations with India and Pakistan, where they see less need or less scope for direct action.

30. It would be misleading to try to put a neat conceptual framework around the policies which I have covered. There is of course a common philosophical thread, which is too well-known to need exposition here. But for the reasons set out in my earlier despatch on the decision-making process in Washington, the policies which result from it are often haphazard and may contain quite serious internal inconsistencies.

/It



It has been difficult, for example, for the Administration to reconcile their objective of Alliance cohesion in response to Soviet pressures on Poland with their separate objective of frustrating the construction of the Siberian gas pipeline. Or in the Middle East, where the Americans have never had the surest touch, it has become more difficult than ever to reconcile support for Israel - which for Haig at least seems to be unconditional - with a developing relationship with the moderate Arabs.

31. My own overriding impression after a year of the present Administration is that they feel confident in sticking to their anti-Soviet policy and believe that responds to national sentiment, but they are more at sea over the second leg of their policy, that of the search for greater Alliance solidarity. It looks as though the problem of relations with the Allies is going to be among the thorniest for this Administration in the months ahead.

32. I am sending copies of this despatch to HM Representatives at all NATO posts, Dublin, Madrid, UKMis New York, Moscow, Tokyo, Peking, Cairo, Tel Aviv and Jedda.

I have the honour to be,
My Lord,
Your obedient Servant,

Nicholas Henderson

Nicholas Henderson

GR 550

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TO IMMEDIATE FCO

TELEGRAM NUMBER 3942 OF 28 DECEMBER

INFO UKDEL NATO, BONN, PARIS, MOSCOW, MODUK, WARSAW, UKMIS NEW YORK,
UKREP BRUSSELS, ROME

INFO SAVING OTHER NATO POSTS, DUBLIN.

MIPT: (SAVING TO SOME): EC LUNCH WITH HAIG: US-SOVIET RELATIONS

1. IN A PRESS INTERVIEW RELEASED ON 27 DECEMBER REAGAN SAID THAT ANY SUMMIT MEETING WITH BREZHNEV MUST BE PROPERLY PREPARED. HE STILL THOUGHT SUCH A MEETING WAS LIKELY SOME TIME IN THE COMING YEAR.

2. QUESTIONED AT LUNCH, HAIG SAID THAT THE PRESIDENT HAD MERELY RESTATED A LONG-STANDING POLICY. HE WOULD BE READY TO MEET BREZHNEV WHEN AN APPROPRIATE OUTCOME WAS IN SIGHT. THIS WOULD DEPEND ON SOME IMPONDERABLES, INCLUDING POLAND. HE HAD ALSO SAID THAT HE MIGHT OR MIGHT NOT MEET BREZHNEV EVEN IF THE RUSSIANS DIRECTLY INTERVENED THERE. THE PRESIDENT DID NOT BELIEVE IN CUTTING OFF COMMUNICATIONS AT A TIME OF CRISIS. A MEETING WITH BREZHNEV AT THE TIME OF THE PRESIDENT'S VISIT TO WESTERN EUROPE WAS HOWEVER NOTHING MORE THAN A RUMOUR.

3. BREZHNEV'S LATEST LETTER TO REAGAN (MY TELNO 3937 - NOT TO ALL) HAD STUCK A FINGER IN THE PRESIDENT'S EYE. WHILE NOT THE TOUGHEST LETTER YET RECEIVED, IT HAD NOT BEEN RESPONSIVE. THE MAIN POINT WAS THAT THE WEST WERE BLAMED FOR THE REPRESSION IN POLAND (ALTHOUGH THE LOGICAL CONCLUSION THAT THE WEST SHOULD BE ALLOWED TO SOLVE THE PROBLEM WAS NOT DRAWN). THE LETTER HAD NOT REFERRED TO REAGAN'S THREATS OF ANTI-SOVIET MEASURES, WHICH SUGGESTED THAT THE RUSSIANS WERE SENSITIVE TO THESE AND HOPED TO AVOID THEM. IT CONCLUDED THAT BOTH SIDES SHOULD PUT POLAND, AN ISSUE NOW SETTLED, BEHIND THEM, AND PURSUE MATTERS OF GREATER IMPORTANCE SUCH AS ARMS CONTROL.

4. ON HIS OWN PROJECTED MEETING WITH GROMYKO, HAIG SAID THAT A DETAILED AGENDA OF BILATERAL, INTERNATIONAL AND ARMS CONTROL ISSUES HAD ALREADY BEEN FIXED. IT WOULD BE HARD FOR HIM TO ATTEND THE MEETING IF IN THE MEANTIME THE RUSSIANS TOOK UNACCEPTABLE STEPS. HE WOULD NOT SAY THAT THE MEETING WAS IN DOUBT, BUT IT WOULD HAVE TO BE ASSESSED IN THE LIGHT OF CIRCUMSTANCES NEARER THE TIME.

FCO PASS SAVING: ANKARA, ATHENS, BRUSSELS, COPENHAGEN, LISON,

4. ON HIS OWN PROJECTED MEETING WITH GROMYKO, HAIG SAID THAT A DETAILED AGENDA OF BILATERAL, INTERNATIONAL AND ARMS CONTROL ISSUES HAD ALREADY BEEN FIXED. IT WOULD BE HARD FOR HIM TO ATTEND THE MEETING IF IN THE MEANTIME THE RUSSIANS TOOK UNACCEPTABLE STEPS. HE WOULD NOT SAY THAT THE MEETING WAS IN DOUBT, BUT IT WOULD HAVE TO BE ASSESSED IN THE LIGHT OF CIRCUMSTANCES NEARER THE TIME.

FCO PASS SAVING: ANKARA, ATHENS, BRUSSELS, COPENHAGEN, LISON, LUXEMBOURG, DUBLIN, OTTAWA, OSLO, REYKJAVIK, THE HAGUE.

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TO IMMEDIATE F C O

TELEGRAM NUMBER 3719 OF 8 DECEMBER

INFO IMMEDIATE NIO BELFAST, DUBLIN, UKREP BRUSSELS (FOR PRIVATE SECRETARY)

YOUR TELNO 1889: CLARK VISIT TO LONDON

1. I WAS ON THE POINT OF GETTING INTO TOUCH WITH JUDGE CLARK WHEN HE TELEPHONED ME THIS MORNING. HE SAID THAT HE HAD WANTED TO SPEAK TO THE LORD PRIVY SEAL ON THE TELEPHONE BUT HAD NOT BEEN ABLE TO REACH HIM IN BRUSSELS.

2. CLARK SAID THAT HE HAD HEARD OF FERGUSSON'S COMPLAINT TO THE US EMBASSY IN LONDON (WHICH CLEARLY HAD NETTLED HIM). HE PROCEEDED TO READ OUT TO ME THE EXACT TEXT OF THE QUESTIONS AND ANSWERS IN DUBLIN. HE SAID THAT HIS REFERENCE TO THE PRAYER OF ALL AMERICANS THAT RECONCILIATION QUOTE WILL ULTIMATELY LEAD TO THE UNIFICATION UNQUOTE OF IRELAND WAS AN QUOTE OBSERVATION UNQUOTE AND WAS NOT INTENDED TO

HE SAID THAT HIS REFERENCE TO THE PRAYER OF ALL AMERICANS THAT RECONCILIATION QUOTE WILL ULTIMATELY LEAD TO THE UNIFICATION UNQUOTE OF IRELAND WAS AN QUOTE OBSERVATION UNQUOTE AND WAS NOT INTENDED TO BE AN ENUNCIATION OF A NEW POLICY. US POLICY WAS AS DESCRIBED BY THE PRESIDENT. HE HOPED THAT WHEN THE FOREIGN OFFICE HAD THE FULL TEXT THEY WOULD SEE THAT HE WAS SIMPLY DESCRIBING WHAT WAS A WIDELY FELT WISH IN THE UNITED STATES.

3. CLARK GAVE A LENGTHY ACCOUNT OF THE WAY THE INTERVIEW HAD GONE AND IN DOING SO WAS OBVIOUSLY EAGER TO EMPHASISE THAT THE MAIN POINT HE WAS TRYING TO ESTABLISH WITH THAT PARTICULAR ANSWER WAS THAT THE US WAS NOT (NOT) CONTEMPLATING ANY NEW INITIATIVE. HE ADDED THAT HE UNDERSTOOD PAISLEY'S REACTION TO HAVE BEEN RELATIVELY MILD.

4. I TRIED TO EXPLAIN TO JUDGE CLARK THE DIFFERENCE BETWEEN NOURISHING A HOPE THAT ONE DAY IRELAND MIGHT BE UNITED AND MAKING A STATEMENT IN PUBLIC EXPRESSING THIS POINT OF VIEW. REUNIFICATION WAS A HIGHLY DELICATE SUBJECT AND I MENTIONED THE ARTICLE ABOUT IT BY CONOR CRUISE O'BRIEN IN THE CURRENT NUMBER OF (THE AMERICAN) HARPER'S. I SAID THAT I WOULD SEND THIS TO JUDGE CLARK AND WOULD HOPE THAT HE WOULD READ IT. HE PROMISED TO DO SO.

5. I MENTIONED THE LETTER FROM THE PRESIDENT TO DR FITZGERALD WHICH WE HAD HEARD ABOUT IN THE PRESS. JUDGE CLARK SAID HE HAD LEFT A COPY OF THIS LETTER AT THE US EMBASSY IN LONDON AND HAD FELT IT WAS UP TO THEM TO TRANSMIT IT TO THE FOREIGN OFFICE. HE DID NOT THINK THAT IT WAS FOR HIM TO CONCERN HIMSELF WITH SUCH MATTERS OF BUREAUCRATIC DETAILS. HE ADDED THAT HE HAD GIVEN INSTRUCTIONS THAT THE MISTAKE SHOULD NOT BE REPEATED.

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FROM DUBLIN 081600Z DECEMBER 1981.

TO IMMEDIATE F C O

TELEGRAM NUMBER 426 OF 08 DECEMBER.

AND TO PRIORITY NIO BELFAST, WASHINGTON, AND BIS NEW YORK

MIPT : CLARK VISIT

FOLLOWING IS TRANSCRIPT OF CLARK'S TV INTERVIEW BROADCAST ON 07
DECEMBER:

BEGIN TEXT.

Q. MANY PEOPLE IN THE LAST COUPLE OF DAYS HAVE SEEN
YOUR VISIT AS INDICATING A NEW INITIATIVE BY THE UNITED
STATES IN RELATION TO NORTHERN IRELAND. IS THERE ANY
BASIS FOR THAT?

A. NO, BRIAN, NOT A NEW INITIATIVE BUT REAFFIRMATION
OF WHAT PRESIDENT REAGAN SAID EARLIER THIS YEAR WHILE
VISITING YOUR EMBASSY IN WASHINGTON -- I BELIEVE IT WAS
ON ST PATRICK'S DAY APPROPRIATELY THAT OUR HOPE, OUR

ON ST PATRICK'S DAY APPROPRIATELY THAT OUR HOPE, OUR PRAYERS BUILD TOWARDS A PEACEFUL SETTLEMENT OF THE PROBLEMS IN NORTHERN IRELAND. MY VISIT AT THE GOOD INVITATION OF YOUR FOREIGN MINISTER DOOGUE AND SEAN DONLON, RECENT AMBASSADOR TO WASHINGTON AND NOW SECRETARY, I'M HERE TO DISCUSS MANY ISSUES, BILATERAL MATTERS BOTH HERE, IN LONDON, BONN AND, OF COURSE NORTHERN IRELAND IS A PARAMOUNT QUESTION DURING OUR DISCUSSIONS HERE YESTERDAY, TODAY AND PROBABLY INTO TOMORROW BEFORE LEAVING FOR BONN. BUT NO, THERE IS NOT A NEW INITIATIVE, A REAFFIRMATION OF MR REAGAN'S EARLIER STATEMENT, BUT AN EXTENSION--FURTHER HOPE FOR RECONCILIATION BETWEEN THE TWO TRADITIONS AND CERTAINLY THE HOPE, THE PRAYER OF ALL AMERICANS THAT THIS WILL ULTIMATELY LEAD TO THE UNIFICATION.

Q. DO YOU GET THE IMPRESSION IN LONDON THAT THE EXPECTATIONS, THE HOPES THAT THE TAOISEACH'S DEPARTURE, HIS INSISTENCE ON RECONCILING THE TRADITIONS, THAT THAT IS SHARED IN LONDON AND IN THE UNITED STATES?

A. OH, I BELIEVE SO. THE NEW INITIATIVE BETWEEN MRS THATCHER AND YOUR OWN PRIME MINISTER IS EVIDENCE OF THAT HOPE AND SO THE FEELINGS ARE SHARED THERE AS WELL.

Q. PRESIDENT REAGAN HAS SAID IN HIS LETTER TO THE TAOISEACH THAT ITS NOT FOR THE UNITED STATES TO CHART THE COURSE OTHERS MUST FOLLOW. THAT SEEMS TO SUGGEST THAT THERE WILL BE NO DIRECT AMERICAN INVOLVEMENT, PRESUMABLY IT MEANS THAT YOU WILL BE BENEVOLENTLY NEUTRAL AS FAR AS IRELAND IS CONCERNED?

A. WE FEEL THAT APPROPRIATE, NON-INTERVENTION ON THE ONE HAND AND YET AS MR REAGAN TOLD ME BEFORE LEAVING "STUDY THE CURRENT SITUATION, COME BACK AND WE WILL ASSESS IT" (NOTE: FROM THE TONE OF VOICE AND INFLECTION, THE IMPRESSION WAS GIVEN THAT THIS WAS A DIRECT QUOTE.) BUT FOR THE TIME BEING I MERELY STAND BY AND MAKE THE OFFER TO THE BRITISH AND TO YOUR OWN GOVERNMENT TO ASSIST IN ANY WAY WE CAN NOW OR IN ANTICIPATION OF THE PROBLEMS BEING SOLVED. I BELIEVE THAT HAS BEEN THE STANCE OF THE LAST SEVERAL ADMINISTRATIONS.

Q. I SUPPOSE MANY PEOPLE WANT TO KNOW IN THE SHORT TERM IS THERE ANYTHING YOU CAN DO ABOUT CUTTING BACK AID, MILITARY AID, FINANCIAL AID, TO THE PARAMILITARIES?

A. WE ARE AT THE MOMENT DOING SEVERAL THINGS IN THAT REGARD. THERE ARE CERTAIN MISCONCEPTIONS PERHAPS IN

A. WE ARE AT THE MOMENT DOING SEVERAL THINGS IN THAT REGARD. THERE ARE CERTAIN MISCONCEPTIONS PERHAPS IN AMERICA OVER THE PROBLEMS HERE. AS YOU REALIZE THERE ARE SOME-20 TO 30 MILLION AMERICANS WHO CLAIM IRISH DESCENT. THE FEELING GOES BEYOND THOSE CLAIMING THE IRISH HERITAGE, WE HAVE A WONDERFUL RELATIONSHIP WITH THIS COUNTRY AS YOU WELL KNOW AND AT TIMES IN THIS CONCERN AND LOVE ON THE PART OF MANY FOR IRELAND WE HAVE, IF I MAY SAY SO, BEEN TOLD THAT THIS OR THAT FUND DRIVE ON BEHALF OF PERHAPS WIDOWS AND ORPHANS ON THE ONE HAND WHEN IN FACT THAT MONEY HAS BEEN MISDIRECTED INTO ARMS SALES. WE KNOW THAT, AND WORKING WITH YOUR GOVERNMENT WE HAVE ATTEMPTED TO UNCOVER SOME OF THESE DRIVES AND POINT OUT THAT THEY HAVE CONTRIBUTED TO TERRORIST TACTICS AND I THINK THAT WE ARE ALL OF ONE MIND IN REALIZING THAT WE MUST ABHOR TERRORISM. I AM GLAD TO SEE THAT THE CHURCH, IN FACT BOTH CHURCHES, BOTH TRADITIONS, HAVE RECENTLY REAFFIRMED THEIR POSITION ON THE MORAL SIDE OF TERRORISM. PRESIDENT REAGAN FROM THE VERY BEGINNING OF HIS ADMINISTRATION SET OUT OUR POLICY TOWARD TERRORISM ANYWHERE IN THE WORLD, WHETHER IT IS EVIDENCED BY THE HIJACKINGS OR BY ASSASSINATION WHICH WE HAVE SEEN IN SO MANY PARTS OF THE WORLD. SO WE ARE GOING TO A GREAT EFFORT TO: ONE, EDUCATE THE AMERICAN PUBLIC ON THE NECESSITY OF NOT SUPPORTING EITHER MORALLY OR FINANCIALLY THIS TYPE OF ACTIVITY AND SECONDLY, INVESTIGATING SOME OF THOSE ORGANIZATIONS AND INDIVIDUALS WHO HAVE BEEN PERPETRATING THIS CRIME.

Q. THE CARTER ADMINISTRATION INDICATED THAT IN THE EVENT OF A POLITICAL SOLUTION IN NORTHERN IRELAND THAT THEY WOULD DO WHAT THEY COULD TO FACILITATE EXTRA AMERICAN INVESTMENT. HOW MUCH FURTHER WOULD THE REAGAN ADMINISTRATION GO?

A. YES, BRIAN, ANTICIPATING THAT QUESTION BECAUSE REFERENCE HAS BEEN MADE TO THE CARTER PRONOUNCEMENT AND THERE MAY BE SOME MISUNDERSTANDING ABOUT WHAT THE CARTER ADMINISTRATION SAID. ANTICIPATING THAT I DID ASK THIS MORNING FOR THE PARTICULAR QUOTE AND MR CARTER STATED THAT IN THE EVENT OF A PEACEFUL SETTLEMENT IN THE NORTH, WE WOULD JOIN WITH OTHERS "TO SEE HOW ADDITIONAL JOB

CREATING INVESTMENT COULD BE ENCOURAGED'. AND CERTAINLY WE WILL NOT ONLY MAINTAIN THAT COMMITMENT BUT PERHAPS GO BEYOND IN ENCOURAGING THE PRIVATE SECTOR TO ASSIST IN THE NORTH IN CREATING MORE JOB OPPORTUNITIES. I THINK WE MUST REALIZE THERE ARE NOW SOME THIRTY FIVE AMERICAN COMPANIES, INDUSTRIES IN NORTHERN IRELAND, EMPLOYING I BELIEVE ONE-SIXTH OF THE LABOR FORCE FOR AN INVESTMENT I BELIEVE IN EXCESS OF ONE BILLION DOLLARS. SO CERTAINLY WE ARE ENCOURAGING THAT NOW, ENCOURAGING FURTHER INVESTMENT ON CONDITION THAT THE MARKET-PLACE SETTLES DOWN BECAUSE WE HAVE SEEN IN OTHER PARTS OF THE WORLD, IN EL SALVADOR FOR INSTANCE, WHERE THERE IS NOT AN ORDERLY MARKET-PLACE NOT ONLY WILL INVESTMENT NOT COME IN, NEW INVESTMENT, BUT OLD INVESTMENT IS GOING TO MOVE OUT AS THE SECURITY FACTOR GOES DOWNWARD. SO ALL THE MORE REASON, I BELIEVE, FOR THE SOLUTION IN THE NORTH.
END TEXT.

FIGG.

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SEMT/RECD AT 08 1755Z HMT/ JD

US Foreign Policy

GROUPS 275
UNCLASSIFIED
FROM DUBLIN 071750Z DECEMBER 1981.
TO PRIORITY F C O
TELEGRAM NUMBER 422 OF 07 DECEMBER.
AND TO ROUTINE INFO N I O BELFAST , WASHINGTON AND BIS NEW YORK.

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US-IRISH RELATIONS

1. FOLLOWING IS THE TEXT OF LETTER DATED 1 DECEMBER FROM PRESIDENT REGAN TO DR FITZGERALD, RELEASED BY THE IRISH GOVERNMENT DURING THE VISIT HERE BY MR CLARK.

BEGINS

"DEAR MR PRIME MINISTER:

LET ME TAKE THIS OPPORTUNITY TO THANK YOU FOR YOUR KIND INVITATION TO WILLIAM CLARK, MY DEPUTY SECRETARY OF STATE, TO VISIT IRELAND.

IN ADDITION TO REVIEWING THE MANY ISSUES WE FACE TOGETHER AROUND THE WORLD, BILL WILL WANT TO HEAR YOUR VIEWS ON NORTHERN IRELAND. THE PROBLEMS THERE ARE OF TREMENDOUS CONCERN TO ME, AND I WILL CONTINUE TO AFFIRM THE PRINCIPLES OF MY ST. PATRICK'S DAY STATEMENT — SUPPORT FOR JUST AND PEACEFUL SOLUTIONS AND CONDEMNATION OF ALL TERRORISM AND VIOLENCE.

WE BELIEVE A LASTING SOLUTION CAN BE FOUND ONLY IN A PROCESS OF RECONCILIATION BETWEEN THE TWO IRISH POLITICAL TRADITIONS AND BETWEEN BRITAIN AND IRELAND. THE UNITED STATES WELCOMES THE EFFORTS OF THE IRISH AND BRITISH GOVERNMENTS IN WIDENING THE FRAMEWORK OF THEIR COOPERATION TO THIS END.

BUT AS MUCH AS OUR HEARTS LONG FOR A SETTLEMENT, IT IS NOT FOR THE UNITED STATES TO CHART THE COURSE OTHERS MUST FOLLOW. IF THE SOLUTIONS ARE TO ENDURE, THEY MUST COME FROM THE PEOPLE THEMSELVES. I WISH TO ADD A PERSONAL NOTE OF MY SUPPORT AND ENCOURAGEMENT FOR THE EFFORTS YOU AND PRIME MINISTER THATCHER HAVE MADE IN WIDENING THE FRAMEWORK OF YOUR COOPERATION TO THE ACHIEVEMENT OF THAT GOAL.

/ I AM SORRY

I AM SORRY THAT YOUR SCHEDULE DID NOT PERMIT A VISIT TO THE UNITED STATES THIS FALL, BUT IF IT IS POSSIBLE FOR YOU TO BE HERE NEXT MARCH 17, I WOULD BE MOST HONORED IF YOU COULD JOIN ME ON THAT DAY."

2. TEXT OF CLARK'S DEPARTURE STATEMENT FOLLOWS BY TONIGHT'S BAG.

3. SEE MIFT (SAVING TO BIS NEW YORK).

FIGG.

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SIR A ACLAND

MR ADAMS
MR BULLARD
MR FERGUSSON
LORD N G LENNOX
MR BRAITHWAITE

ADDITIONAL DISTRIBUTION
NORTHERN IRELAND

[NOT ADVANCED]

GROUPS 350
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FROM DUBLIN 071820Z DECEMBER 1981. PS TO PM. NO 10 DOWNING STREET.
TO IMMEDIATE F C O
TELEGRAM NUMBER 423 OF 7 DECEMBER.
AND TO PRIORITY INFO WASHINGTON AND N I O BELFAST
INFO SAVING BIS NEW YORK.

CLARK VISIT: ANGLO-IRISH MATTERS.

1. MR CLARK AND MR EAGLEBURGER VISITED DUBLIN ON 4 AND 5 DECEMBER, AFTER DISCUSSIONS IN LONDON. THEY HELD DISCUSSIONS WITH THE TAOISEACH AND SENATOR DOOGE AND WERE ENTERTAINED TO A FORMAL DINNER IN DUBLIN CASTLE.

GENERAL

2. CLARK STRESSED THAT US GOVERNMENT POLICIES WERE STILL BASED ON THE PRESIDENT'S STATEMENT OF 17 MARCH AND AMERICA'S TWO-FOLD LINKS WITH THE UK AND THE REPUBLIC. THEY WISHED TO KNOW WHAT THE BRITISH AND IRISH GOVERNMENTS BELIEVED THE US COULD USEFULLY DO. CLARK HAD BEEN IMPRESSED BY THE HIGH REGARD IN WHICH HMG HELD THE PRESENT IRISH GOVERNMENT AND BY MR PRIOR'S OPENNESS AND WILLINGNESS TO GET THINGS MOVING. THE AMERICANS COULD NOT EXPECT A BREAKTHROUGH BUT THEY HOPED POLARISATION WOULD DIMINISH AND TERRORISM BE SUPPRESSED.

NORTHERN IRELAND

3. THE TAOISEACH SAID HE BELIEVED THE SUMMIT OF 6 NOVEMBER HAD ACHIEVED AS MUCH AS COULD BE EXPECTED GIVEN THE REACTION IN NORTHERN IRELAND. PAISLEY HAD GONE TOO FAR AND ALARMED MODERATE UNIONISTS. THE IRISH HAD CONTACTS WITH A WIDE RANGE OF UNIONIST OPINION BUT HAD BEEN UNABLE TO ESTABLISH A LINK TO PAISLEY, EXCEPT VERY TENTATIVELY THROUGH HUME. THE RECENT UNIONIST REACTION, DIRECTED AGAINST HMG RATHER THAN DUBLIN OR THE SDLP, MADE AN ULSTER UDI MORE PLAUSABLE, EVEN THOUGH NOBODY (EXCEPT THE ULSTER DEFENCE ASSOCIATION) WANTED IT.

TAOISEACH'S VISIT TO WASHINGTON

4. DR FITZGERALD WELCOMED THE INVITATION IN THE PRESIDENT'S LETTER (MIPT) TO VISIT WASHINGTON ON 17 MARCH. WE UNDERSTAND THAT A FORMAL ACCEPTANCE WILL FOLLOW SHORTLY.

LAW AND ORDER

5. DR FITZGERALD EXPLAINED THE PROBLEM OF OBTAINING EVIDENCE TO MAKE EXTRADITION POSSIBLE AND MAINTAINED THAT THE PROBLEM WAS LARGELY ONE OF UNIONIST PERCEPTIONS. THE AMERICAN SIDE INVITED SUGGESTIONS ON HOW THE FLOW OF NORAID FUNDS AND ARMS COULD BE STOPPED.

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/VISA

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VISA FOR PAISLEY

6. THE IRISH BELIEVE THEY LEFT THE AMERICANS WITH THE CLEAR IMPRESSION THAT THEY WOULD NOT WANT PAISLEY'S (MULTI-ENTRY) US VISA WITHDRAWN. ALTHOUGH PAISLEY'S STATEMENTS WERE OBJECTIONABLE, THEY WERE NOT IN THE SAME CATEGORY AS THOSE OF OWEN CARRON, AND THE IRISH DID NOT WISH TO SEE THE IRISH NATIONAL CAUCUS OBTAIN A CHEAP TRIUMPH.

7. OTHER MATTERS DISCUSSED ARE COVERED IN MIFT (NOT TO BIS NEW YORK).

F C O PLEASE PASS ASAVING TO BIS NEW YORK.

FIGG.

[REPEATED AS REQUESTED]

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SIR A ACLAND

MR ADAMS
MR BULLARD
MR FERGUSSON
LORD N G LENNOX
MR BRAITHWAITE

ADDITIONAL DISTRIBUTION
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FROM UKMIS NEW YORK 201943Z NOV 81

TO ROUTINE F C O

TELEGRAM NUMBER 1308 DATED 20 NOVEMBER 81

INFO WASHINGTON

INFO SAVING ALL EC POSTS, UKDEL NATO, UKMIS GENEVA

UNGA 36: UK/EC/US RELATIONS

1. IT WAS CLEAR FROM THE BEGINNING THAT A MAJOR FEATURE OF THIS SESSION OF THE GENERAL ASSEMBLY WAS GOING TO BE THE REACTION OF THE UN TO THE POLICIES OF THE REAGAN ADMINISTRATION. IN THE MONTHS PRECEDING THE SESSION, THE NEW ADMINISTRATION TOOK A NUMBER OF DECISIONS (OVER ARAB/ISRAEL, SOUTHERN AFRICA, LAW OF THE SEA, AND SO ON) WHICH WERE UNWELCOME TO THE THIRD WORLD AND INDEED TO AMERICA'S ALLIES. THE ADMINISTRATION'S VIEWS ON INTERNATIONAL ECONOMIC ISSUES RAN DIRECTLY COUNTER TO THOSE OF THE UN MAJORITY. AND DELEGATIONS HERE WERE OFFENDED BY WASHINGTON'S GENERAL ATTITUDE TO THE UNITED NATIONS, AS ABRASIVELY EXPOUNDED BY MRS KIRKPATRICK AND HER TEAM.
2. AT FIRST, THINGS WENT WELL FOR THE AMERICANS. APART FROM THE HABITUAL NASTIES, MOST SPEAKERS IN THE GENERAL DEBATE ADOPTED A TONE OF RESPONSIBLE CONCERN AT THE STATE OF THE WORLD AND REFRAINED FROM ANTI-AMERICAN RHETORIC. HOWEVER, THE AMERICANS THEMSELVES, AS REPORTED IN MY TELNO 1024, RAISED THE TEMPERATURE BY EXERCISING THEIR RIGHT OF REPLY TO SOME OF THE MINOR NASTIES.
3. THIS HAS CONTINUED WITH A VENGEANCE IN SOME OF THE MAIN COMMITTEES AND IN THE DEBATES WE HAVE HAD SO FAR IN PLENARY. MRS KIRKPATRICK'S DECLARED POLICY IS TO REPLY IN KIND WHENEVER THE UNITED STATES IS TRADUCED. THIS HAS PRODUCED SOME FIERCE EXCHANGES, ESPECIALLY IN THE FIRST AND THIRD COMMITTEES, WHERE THERE HAS BEEN A REVIVAL OF THE RHETORIC AND ATMOSPHERE OF THE COLD WAR. IT IS ALSO MRS KIRKPATRICK'S POLICY NOT TO GO ALONG WITH RESOLUTIONS CONTAINING ANY LANGUAGE WHICH THE UNITED STATES DOES NOT FULLY ACCEPT. AS A RESULT, THE AMERICANS HAVE FORCED VOTES ON COMPARATIVELY INNOCUOUS RESOLUTIONS, ESPECIALLY IN THE THIRD COMMITTEE, WHICH WOULD OTHERWISE HAVE BEEN ADOPTED BY CONSENSUS; AND THEY HAVE TENDED TO VOTE NO ON RESOLUTIONS ON WHICH OTHER WESTERN DELEGATIONS HAVE BEEN READY TO VOTE FOR OR (AT WORST) TO ABSTAIN.
4. THIS NEW US POLICY HAS PUT QUITE A STRAIN ON THEIR RELATIONS WITH THE TEN AND WITH OURSELVES AS PRESIDENCY. MRS KIRKPATRICK AND HER TEAM DO NOT TAKE KINDLY TO EUROPEAN POLITICAL COOPERATION AS IT IS PRACTISED IN NEW YORK. THEY SEEM TO HANKER AFTER AN IMAGINED GOLDEN AGE OF THE 1950S AND 1960S WHEN THE US AND THE UK STOOD SHOULDER TO SHOULDER AGAINST THE LESSER BREEDS. THEY FIND IT DIFFICULT TO ACCEPT THAT OUR FIRST RESPONSIBILITY AT THIS SESSION HAS TO BE TO COORDINATE THE POSITIONS OF THE TEN AND THAT THIS, TO SOME EXTENT LIMITS OUR ABILITY TO ACT AS A TRANS-ATLANTIC BRIDGE. THERE HAS BEEN A TENDENCY TO COMPLAIN THAT UNDER BRITISH LEADERSHIP THE TEN ARE INCREASINGLY ADOPTING THIRD WORLD POSITIONS (''ANOTHER COURAGEOUS ABSTENTION BY THE EC TEN'')

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AND THAT THE TEN DO NOT PAY ENOUGH ATTENTION TO AMERICAN POINTS OF VIEW WHEN FORMULATING THEIR POSITIONS AND THEN INSIST THAT THOSE POSITIONS, ONCE FORMULATED, ARE IMMUTABLE.

5. WE HAVE PATIENTLY EXPLAINED THE FACTS OF POLITICAL COOPERATION TO MRS KIRKPATRICK AND HER TEAM. WE HAVE ACKNOWLEDGED THAT THERE HAS BEEN INCREASED DIVERGENCE THIS SESSION BETWEEN THE VOTING POSITIONS OF THE UNITED STATES AND THE TEN, BUT WE HAVE POINTED OUT THAT THIS HAS SO FAR MAINLY BEEN BECAUSE OF CHANGES IN AMERICAN POLICIES, NOT IN THOSE OF THE TEN (THIS MAY OF COURSE CHANGE WITH THE ADVENT OF THE NEW GREEK GOVERNMENT). I HAVE ASSURED MRS KIRKPATRICK THAT ALTHOUGH THERE ARE INESCAPABLE DIFFERENCES BETWEEN THE POLICIES OF THE TEN AND THE UNITED STATES, NOTABLY ON MIDDLE EAST QUESTIONS, I AM DETERMINED THAT THERE SHOULD BE NO FAILURE TO CONSULT BETWEEN OURSELVES, AS PRESIDENCY, AND THE UNITED STATES. I HAVE ALSO DRAWN HER ATTENTION TO THE OCCASIONS ON WHICH OUR PRESIDENCY HAS ENABLED US TO BE HELPFUL TO THE AMERICANS. IN FACT THE PROBLEMS ABOUT CONSULTATION HAVE BEEN MUCH MORE ON THE AMERICAN SIDE THAN OURS. THEY HAVE CONSISTENTLY FAILED, AGAIN ESPECIALLY IN THE THIRD COMMITTEE, TO GET THEIR ACT TOGETHER AND REGISTER THEIR CONCERNS WITH US IN TIME FOR US TO TAKE THEM INTO ACCOUNT, AND THEY HAVE TENDED TO SPRING ON US AT SHORT NOTICE DEMANDS FOR SOLIDARITY WHICH WE CANNOT MEET EITHER BECAUSE OF SHORTAGE OF TIME OR BECAUSE OF UNBRIDGEABLE GAPS BETWEEN THE POSITIONS OF THE US AND THE TEN.

6. THIS PROBLEM WILL NOT GO AWAY. IT IS PARTLY DUE TO THE PRONOUNCED SHIFT IN US POLICIES AT THE UN, WHICH WERE BOUND TO ISOLATE THE UNITED STATES (AND IT IS A PITY THAT THIS SHOULD HAVE HAPPENED WHEN WE HAVE THE PRESIDENCY OF THE TEN). IT IS ALSO PARTLY DUE TO THE RAW INEXPERIENCE OF MRS KIRKPATRICK AND HER POLITICAL APPOINTEES AT THE US MISSION, ALMOST ALL OF WHOSE SENIOR PROFESSIONALS HAVE DISAPPEARED. THEIR THIRD COMMITTEE TEAM READILY ACKNOWLEDGE THAT PART OF THE PROBLEM LIES IN THEIR OWN DISORGANISATION. THINGS SHOULD BE EASIER NEXT YEAR: THE AMERICANS WILL HAVE LEARNT MORE OF THE ROPES AND, FREED OF THE RESPONSIBILITIES OF THE PRESIDENCY, WE SHALL BE BETTER PLACED TO PLAY AN EMOLLIENT ROLE BETWEEN THEM AND THE TEN. BUT AS SEEN FROM HERE, THERE IS NO CHANCE OF RETURNING TO SOME GOLDEN AGE REAL OR IMAGINED: THE DIFFERENCES BETWEEN REAGAN'S UNITED STATES AND THE TEN ON THE MIDDLE EAST, ON ATTITUDES TO THE SOVIET UNION AND ON INTERNATIONAL ECONOMIC MATTERS ARE TOO WIDE FOR THIS TO BE POSSIBLE.

7. MEANWHILE I HAVE REITERATED TO MY STAFF THE IMPORTANCE OF KEEPING THE AMERICANS IN THE PICTURE AS POSITIONS EVOLVE WITHIN THE TEN. AND I HAVE ARRANGED AN AIR-CLEARING SESSION EARLY NEXT WEEK WITH MRS KIRKPATRICK, PLUS HER SENIOR STAFF AND MINE.

FCO PASS SAVING ATHENS, BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, PARIS, ROME, UKREP BRUSSELS, UKDEL NATO, UKMIS GENEVA

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TO IMMEDIATE F C O

TELEGRAM NUMBER 3482 OF 19 NOVEMBER

INFO IMMEDIATE UKDEL NATO, MODUK. PRIORITY PARIS, BONN, ROUTINE THE HAGUE, BRUSSELS, ROME, UKDEL VIENNA, UKDEL MADRID, UKMIS NEW YORK. INFO SAVING OTHER NATO POSTS, DUBLIN, TOKYO, PEKING.

MY TELNO 3478: PRESIDENT REAGAN ON U.S. FOREIGN POLICY.

1. THERE HAVE BEEN POSITIVE REACTIONS TO PRESIDENT REAGAN'S SPEECH FROM BOTH DEMOCRAT AND REPUBLICAN LEADERS IN CONGRESS; AND VERY FAVOURABLE REACTIONS IN THE PRESS. THE PRESIDENT CLEARLY HAD WORKED HARD ON THE SPEECH, WHICH BORE HIS PERSONAL IMPRINT; THE PRESS FOUND THE PRESIDENT'S PERFORMANCE AS WELL AS THE CONTENT AND TONE OF HIS SPEECH IMPRESSIVE.

2. THE NEW YORK TIMES IN AN EDITORIAL ENTITLED QUOTE A SOBER CUSTODIAN, NOT A COWBOY UNQUOTE, DESCRIBES THIS AS A SOUND AND SHREWD FOREIGN POLICY SPEECH. THE TIMES POINTS TO THE DIFFICULTIES OF ACHIEVING AGREEMENT ON TNF AND IS SHARPLY CRITICAL OF EARLIER ADMINISTRATION RHETORIC, BUT REGARDS THE SPEECH AS EVIDENCE OF A NEW APPROACH. THE WASHINGTON POST SUGGESTS THE SPEECH WAS QUOTE A MASTERFUL PERFORMANCE THAT TOOK THE HIGH GROUND IN THE QUEST FOR NUCLEAR ARMS CONTROL UNQUOTE. THE ONLY CRITICAL REFERENCES TO THE ZERO OPTION HAVE COME FROM THE WALL STREET JOURNAL AND FROM SAFIRE, WHO QUESTION WHETHER SUCH PROPOSALS WILL IN FACT DO MUCH TO PLACATE THE PEACE MOVEMENT IN EUROPE.

3 THERE IS GENERAL REALISATION THAT A ZERO LEVEL OUTCOME IS NOT LIKELY TO PROVE NEGOTIABLE. THERE IS, NEVERTHELESS, BROAD AGREEMENT THAT IT IS THE CORRECT OPENING POSITION FOR THE ALLIANCE TO ADOPT. BY ESPOUSING IT THE ADMINISTRATION IS SEEN AS PUTTING RESPONSIBILITY FOR CREATING THE LRTNF PROBLEM WHERE IT BELONGS - ON THE SOVIET UNION - AND AS RECAPTURING THE OFFENSIVE IN ARMS CONTROL. THE POST, ECHOING A GENERAL THEME IN THE U.S. PRESS, SUGGESTS THAT THE PRESIDENT HAS SHOWN HIS READINESS TO TAKE ACCOUNT OF ALLIED VIEWS. THE OUTCOME WILL DEPEND ON THE TEMPER OF THE EUROPEANS - THEIR REACTION TO THESE PROPOSALS AND WHETHER THEY ARE PREPARED TO RESPOND TO SOVIET DEPLOYMENTS IF ARMS CONTROL NEGOTIATIONS DO NOT SUCCEED. QUOTE MR REAGAN HAS RETURNED THE QUESTION OF EUROPE'S SECURITY TO THE ONLY PLACE WHERE IT CAN FINALLY BE ANSWERED; EUROPE UNQUOTE.

4. THE REACTIONS IN EUROPE, PARTICULARLY THE POSITIVE STATEMENTS BY SCHMIDT AND THE PRIME MINISTER - ARE WIDELY REPORTED. THE PRESS ALSO REPORT THE IMMEDIATE SOVIET REJECTION OF THE ZERO OPTION AS A QUOTE PROPAGANDA PLOY UNQUOTE AND THE ARGUMENT THAT THE PRESIDENT'S CALCULATION OF THE THEATRE BALANCE OMITTS U.S. FORWARD-BASED SYSTEMS, SLBMS AND BRITISH AND FRENCH NUCLEAR BOMBERS. (THE PRESS POINT OUT, HOWEVER, THAT BREZHNEV'S CALCULATIONS OMIT ALL THOSE ELEMENTS OR THEIR EQUIVALENTS ON THE SOVIET SIDE).

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5. IN SHORT, BY ADOPTING THIS APPROACH THE PRESIDENT IS SEEN AS HAVING MOVED TO RECAPTURE THE HIGH GROUND IN THE APPROACH TO ARMS CONTROL (WITH A STRONG UNDERTOW OF CRITICISM THAT THE ADMINISTRATION TOOK SO LONG TO DO SO). THE PRESS NOTE THE POSITIVE REFERENCES TO A CDE; TO THE ACHIEVEMENT OF EQUALITY AT LOWER LEVELS OF CONVENTIONAL FORCES IN EUROPE; AND TO THE ENGAGEMENT OF QUOTE START UNQUOTE TALKS IN THE NEW YEAR. IN UNATTRIBUTABLE BRIEFING, HAIG SUGGESTED THAT HE EXPECTED TO BEGIN TO DISCUSS THE APPROACH TO THESE WITH GROMYKO IN GENEVA ON 26/27 JANUARY.

FCO PASS SAVING ANKARA, ATHENS, COPENHAGEN, LISBON, LUXEMBOURG, DUBLIN, PEKING, OTTAWA, OSLO, REYKJAVIK, TOKYO.

HENDERSON

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FCO/WH
NAD

USA

12 October 1981

Mr. Biffen's visit to the USA: 15-22 September

The Prime Minister was grateful for your Secretary of State's minute of 30 September reporting on his visit to the USA. She has read this without comment.

WILLIAM RICKETT

John Rhodes, Esq.,
Department of Trade.

RB

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MS

PRIME MINISTER

VISIT TO THE UNITED STATES OF AMERICA: 15-22 SEPTEMBER

I visited Washington, New York and Boston in the week 15-22 September. It is impossible to ignore the impact of United States trade policy on our own thinking or the fact that it is, if you include invisibles, our major trading partner. The Embassy and local Posts enabled me to meet appropriate people in government and the business community, as well as United Kingdom companies both marketing and manufacturing in the United States of America.

My visit was particularly timely. United States trade policy, although still in a state of flux, is becoming clearer on such immediate problems as textiles and Japanese trade. Similarly, it was possible to assess attitudes both inside and outside Washington towards the Administration's developing economic policy.

THE MULTI FIBRE ARRANGEMENT (MFA)

I pressed our policy towards the new MFA in my meetings with the Secretary of Commerce, Malcolm Baldrige and the Special Trade Representative, Senator Bill Brock. I emphasised that the size and condition of our domestic textile industry meant that a tough successor arrangement was essential. They were sympathetic, but there is a clear difference in our thinking. Whilst recognising the need for a new MFA, the Administration seems to see the negotiations as a means of securing some much needed credit for itself in the North/South dialogue. This is a strategy which neither we nor the French can afford to pursue.

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JAPANESE TRADE

Japanese trade figured large in my discussions with Baldrige, Brock and Myer Rashish at the State Department. All three recognised that it was a real problem, but there were differences in viewpoint. Rashish - who is the United States "Sherpa" - emphasised the wider political implications of putting pressure on Japan. Brock, and to a lesser extent Baldrige, were more receptive to our concerns about the Japanese trading strategy. But even they seemed more pre-occupied with the accessibility of the Japanese market than the "laser beam" strategy of Japanese exports.

I saw little determination for a post-Ottawa effort to counter the problems created by Japanese exporting and by their unwillingness to open up their domestic market to Western trade. But there are fears about the impact of a dearer dollar on imports from Japan, and we should not give up the effort to persuade the Administration that there are fewer risks attached to dealing with the problem on a multilateral rather than a bilateral basis.

OTHER ISSUES

My Washington discussions allowed me to touch on a number of other bilateral issues. I was able to press BSC's case in the United States investigation of their export pricing policies. This received a sympathetic hearing from Baldrige. I was also able to get across our concerns about export credit concensus rates, United States energy price control, excessive United States claims to jurisdiction over British companies and the need to avoid a protectionist United States shipping policy. Representations about our new poultry import policy were in a low key.



My discussions with the Secretary of Transportation, Drew Lewis, and the President of Rolls Royce's North American operations reflected the difficulties of the United States airline industry. The effects of de-regulation and the economic recession is causing problems for Pan Am, and other airlines. The Administration's economic policy makes direct assistance difficult to contemplate. Thus Lewis and Rashish both showed exaggerated United States concern at the recent rises in Heathrow user charges. They clearly need some way of demonstrating support for the industry. Bilateral official discussions were planned for early next month.

GENERAL

Not unexpectedly, the New York financial community seem sceptical of elements of President Reagan's economic strategy, but growing doubts were also evident in Washington. President Reagan and his closest associates seem determined to work towards a balanced budget. However, equal if not greater emphasis is being given to tax cuts which it is argued will alter economic behaviour. There was clear scepticism - which I share - that such a turn around in economic behaviour could not be secured in the short or medium-term. Furthermore it was disconcerting that there is no settled view on why interest rates are so high, or what the right strategy is for reducing them. An ominous question mark over-shadows this topic.

During my visits to New York and Washington I was impressed by the nation's entrepreneurial vigour, and by the way in which United Kingdom companies were standing up to the challenge. I was also struck by the immense fund of goodwill that exists for the United Kingdom. This was evidenced in general terms from the audiences I addressed in the three cities, but also from those I managed to meet in addition to my main programme. Senator Percy, Chairman of the Foreign Relations Committee, and

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John Lindsay were particularly interested in the potential for direct investment. Kingman Brewster requested a meeting and showed his continuing interest in relations between our two countries. This was a welcome palliative to fears that the United States is becoming substantially more introverted.

In short, it was a visit where I was pleased to find that the special relationship was not forgotten, and that a genuine sympathy existed between the two Governments. It was gratifying to find that the problems of Northern Ireland barely obtruded on my own visit - even in Massachusetts. We must hope that the United States economy does pick up under the Administration's policies. More narrowly, my feeling is that whilst there are few bilateral trade issues separating ourselves from the United States, real gaps do exist between Washington and the EC on multilateral trade policy questions. Particularly during the period of our Presidency, an understanding of our two positions - and efforts to bridge them - is essential.

I am copying this to the Foreign Secretary, the Chancellor, the Secretary of State for Industry and the Minister of Agriculture, Fisheries and Food.

W J B

Department of Trade
1 Victoria Street
London, SW1H 0ET

W J B

30 September 1981

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SAVING TELEGRAM

USA.

BY BAG
CONFIDENTIAL
FM BMG BERLIN

TO: BONN TELNO 8 SAVING OF 14 SEPTEMBER

INFO SAVING TO: FCO, EAST BERLIN, WASHINGTON, PARIS,
MOSCOW, CICC(G), UK EL LIVE OAK,
CONSULATES GENERAL IN THE FRG AND BERLIN

VISIT OF THE US SECRETARY OF STATE TO BERLIN

1 Mr Haig's brief visit to Berlin on 13 September took place against the backdrop of a large demonstration against US armaments policy, followed by ugly street violence. But seven thousand police had been deployed in a maximum security effort, and he was able to complete his programme without interruption and to deliver his message effectively.

2 Mr Haig arrived shortly after noon by air from Belgrade after a stop in Bonn to pick up Herr Genscher who accompanied him throughout in Berlin. From the arrival ceremonies at Tegel, Mr Haig drove in heavily escorted convoy to the Steigenberger Hotel in the city centre, where he delivered his keynote speech at a lunch given by the Berlin Presse-Konferenz. The convoy moved through streets from which all traffic and most pedestrians had been cleared, and throughout the central area Mr Haig's car was walled in by half a dozen large police vans nose to tail each side. Peaceful spectators could scarcely see him, nor he them. The effect was a sad one, and probably unnecessary, the result of excessive American anxiety and Berlin police zeal.

3 His luncheon speech (text by bag) is summarised in Bonn telno 686. It combined renewed assurances of the US commitment to Berlin, and of US readiness to negotiate with the Soviet Union for mutual arms reductions, with strong emphasis on the need to maintain the military balance and the will to defend western values. He ended with a reference to the demonstrators, saying that he and several hundred thousand US troops in Europe would defend to the death their right to express their opinions. The speech was warmly received by an audience ashamed of the concurrent demonstrations outside and secured unusually wide publicity. It was televised live and dominated the news bulletins for the rest of the day.

4 From the hotel Mr Haig drove on to Rathaus Schöneberg for a short private session with the Governing Mayor. The Golden Book

/ceremony

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ceremony followed, at which Mr Haig once more restated the American commitments to Berlin and to the Quadripartite Agreement, and asked himself whether the latter had not had the incidental effect of blunting awareness among the younger generation both of past sacrifices, Allied and German, for the city and of the continuing need to defend its freedom. From the Rathaus Mr Haig returned to the airport, with a short stop en route at the Brandenburg Gate where you received him. He left for Bonn shortly after five o'clock.

5. Meanwhile the demonstration organised by the Young Socialists (SPD), in cooperation with protest groups of every shade, ranging from the Young Democrats (FDP) to the Communist SEW and the anarchic fringe, had been moving slowly through the central city area to a "peace rally" less than a mile from the Rathaus. The police estimate that 28,000 took part, and discount higher press figures. The march was for the most part non-violent. At the rally speakers proclaimed that they were not anti-American, only against present US armaments policies. Towards the end of the rally, however, a group of some hundreds, armed with stones, catapults, axes and Molotov cocktails, broke away to attack the police cordon around the Rathaus, loot and burn. The police made 139 arrests, of whom significantly 83 were Germans from outside Berlin. 151 police were injured, 10 seriously. Although vicious while it lasted, the riot subsided once Mr Haig had left the city centre.

6. The spectacle of an American Secretary of State able to move around Berlin only under massive armed guard was depressing and would have been inconceivable only a few years ago. Although at the end of the day the US Mission were putting the best face they could on the visit and their predominant reaction was one of relief that worse had not befallen, the Governing Mayor was deeply concerned at the damage to Berlin's image and to the US-German relationship. He asked me bitterly how he was to explain away these events to President Reagan in Washington two days later.

7. There is no getting away from the fact that, although the violence was the work of a very small minority, a large number of mostly younger Berliners were prepared to demonstrate against the policies of their principal protecting power and for the sake of peace at any price.

MAC GINNIS

[THIS TELEGRAM WAS NOT ADVANCED]

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TO ROUTINE F C O

TELEGRAM NUMBER 2405 OF 12 AUGUST

INFO UKDEL NATO, BONN, PARIS, MOSCOW, UKREP BRUSSELS.
INFO SAVING UKMIS NEW YORK, OTHER NATO POSTS, PEKING, TOKYO, WARSAW,
EAST BERLIN, BUCHAREST, BUDAPEST, PRAGUE, SOFIA, BELGRADE, UKDIS
GENEVA, UKDEL VIENNA.

MY TELNO 2388 (NOT TO ALL): U.S. FOREIGN POLICY

1. IN WHAT THE STATE DEPARTMENT HAVE CHARACTERISED AS A MAJOR STATEMENT ON FOREIGN POLICY, HAIG SPOKE YESTERDAY TO THE AMERICAN BAR ASSOCIATION. OVER HALF THE SPEECH WAS DEVOTED TO RELATIONS WITH THE SOVIET UNION. FULL TEXT BY BAG TO F C O ONLY: MAIN POINTS AS FOLLOWS.

2. INTERNATIONAL CHANGES OVER THE PAST DECADE - THE INCREASING PROBLEMS WITHIN THE COMMUNIST BLOC, THE GROWING DIVERSITY IN THE THIRD WORLD, THE EMERGENCE OF THE SOVIET UNION AS A GLOBAL MILITARY POWER, AND THE LOSS BY THE WEST OF EARLIER MILITARY ADVANTAGES - DEMAND A DIFFERENT APPROACH TO U.S. FOREIGN POLICY. THE NEW CHALLENGES OF THE 1980S (REBUILDING THE MILITARY STRENGTH OF THE WEST, ENSURING THE SURVIVAL OF THE ALLIANCE, FINDING COMMON CAUSE WITH THE DEVELOPING COUNTRIES) CAN BE SUCCESSFULLY MET SO LONG AS U.S. FOREIGN POLICY REMAINS SENSITIVE BOTH TO U.S. IDEALS AND TO CHANGES IN THE STRATEGIC ENVIRONMENT.

3. THE FOUR PILLARS OF THE NEW FOREIGN POLICY ARE:

- (I) THE RESTORATION OF ECONOMIC AND MILITARY STRENGTH SEMICLN
- (II) THE REINVIGORATION OF ALLIANCES AND FRIENDSHIPS SEMICLN
- (III) THE PROMOTION OF PROGRESS IN THE DEVELOPING COUNTRIES THROUGH PEACEFUL CHANGE SEMICLN AND
- (IV) A RELATIONSHIP WITH THE SOVIET UNION CHARACTERIZED BY RESTRAINT AND RECIPROCITY.

4. THE PRESIDENT'S ECONOMIC AND MILITARY PROGRAMMES HAVE LAID THE GROUND-WORK TO RESTORE ECONOMIC AND MILITARY STRENGTH. COOPERATION WITH THE ALLIES, AND FRIENDS, IS A NECESSITY. QUOTE WE NEED FRIENDS TO SUCCEED. AND BOTH WE AND OUR FRIENDS MUST BE STRONG AND FAITHFUL TO EACH OTHER IF OUR INTERESTS ARE TO BE PRESERVED. UNQUOTE THE U.S. ARE READY TO ASSIST THE DEVELOPING COUNTRIES AND LOOK FORWARD TO THE CANCUN SUMMIT WHICH, FREE OF A CONFRONTATIONAL ATMOSPHERE, WILL FACILITATE THE DIALOGUE ON THESE PROBLEMS. THE WESTERN RECORD ON AID STANDS IN STARK CONTRAST TO THAT OF THE SOVIET UNION.

5. SOVIET/AMERICAN RELATIONS MUST BE AT THE CENTRE OF U.S. EFFORTS TO PROMOTE A MORE PEACEFUL WORLD. THE DECADE-LONG SEARCH FOR DETENTE HAS BEEN DISAPPOINTING, AS SOVIET MILITARY POWER AND THEIR PROMOTION OF VIOLENT CHANGE HAVE INCREASED TENSIONS. BUT, THE SOVIET ATTEMPT TO ALTER THE BALANCE OF POWER HAS PRODUCED A BACKLASH IN THE U.S., TURNED THE CHINESE INTO IMPLACABLE OPPONENTS, ALIENATED MANY NON-ALIGNED STATES, AND PLACED MORE OF A BURDEN ON THE DECLINING ECONOMIES OF EASTERN EUROPE AND THE RUSSIANS THEMSELVES.

6. THE U.S. REQUIRE FROM THE SOVIET UNION GREATER RESTRAINT ON THE USE OF FORCE, GREATER RESPECT FOR THE INDEPENDENCE OF OTHERS, AND COMPLIANCE WITH RECIPROCAL OBLIGATIONS SUCH AS THOSE IN THE HELSINKI ACCORDS. IN PURSUING THESE AIMS, THE U.S. MUST DRAW ON SEVERAL PAINFUL LESSONS:

- (A) SOVIET ANTAGONISM TOWARDS WESTERN IDEALS IS DEEPLY ROOTED.
- (B) THE SOVIET UNION DOES NOT CREATE EVERY INTERNATIONAL CONFLICT SEMICLN BUT IT WOULD BE DANGEROUS TO IGNORE SOVIET INTERVENTION THAT AGGRAVATES SUCH CONFLICTS.
- (C) A WORKING RELATIONSHIP WITH THE SOVIET UNION DEPENDS ON A BALANCE OF ALTERNATIVES AND THE U.S. ABILITY TO COMMUNICATE TO MOSCOW THAT SUCH ALTERNATIVES EXIST.
- (D) THE SEARCH FOR REAL REDUCTIONS IN TENSION WITH MOSCOW MUST COVER THE FULL SPECTRUM OF THE RELATIONSHIP. QUOTE LINKAGE IS NOT A THEORY SEMICLN IT IS A FACT OF LIFE. UNQUOTE.

7. IN THE LIGHT OF THESE LESSONS AND CHURCHILL'S OBSERVATION THAT THE KEY TO THE SOVIET RIDDLE IS SOVIET NATIONAL INTEREST, THE U S HAVE TAKEN STEPS TO ACHIEVE A MORE STABLE AND BENEFICIAL RELATIONSHIP. THE PRESIDENT HAS MADE THIS AIM CLEAR IN WRITING TO BREZHNEV. THE U S OFFER THE RUSSIANS A REDUCTION IN TENSIONS, DIPLOMATIC ALTERNATIVES TO THE PURSUIT OF VIOLENT CHANGE, FAIR AND BALANCED AGREEMENTS ON ARMS CONTROL AND THE POSSIBILITY OF WESTERN TRADE AND TECHNOLOGY. THESE MUST BE ACCOMPANIED BY A PATTERN OF GREATER SOVIET RESTRAINT. THE MESSAGE TO MOSCOW HAS BEEN REINFORCED BY OVER FIFTY DIRECT CONTACTS AT SENIOR DIPLOMATIC LEVELS.

8. THE MOST PERSISTENT TROUBLES ARISE FROM SOVIET INTERVENTION IN REGIONAL CONFLICTS. A REACTION HAS ALREADY OCCURRED, PROVOKED BY THE CRISES OF AFGHANISTAN AND KAMPUCHEA. THE INTERNATIONAL COMMUNITY HAS PROPOSED WAYS TO RESOLVE THESE CRISES. IT IS UP TO THE RUSSIANS TO ACCEPT THESE POLITICAL SOLUTIONS. THE ACTIONS OF THE RUSSIANS AND THEIR CUBAN PROXY CONTRAST WITH THOSE OF THE WEST IN TRYING TO RESOLVE INTERNATIONAL PROBLEMS.

9. IN ARMS CONTROL, THE U S MUST FOCUS ON THE CENTRAL AIM OF REDUCING THE RISK OF WAR. ONLY BALANCED AND VERIFIABLE AGREEMENTS WHICH ESTABLISH TRUE PARITY AT REDUCED LEVELS CAN INCREASE U S SECURITY. FAIR AGREEMENTS CAN BE REACHED WITH PATIENCE AND PERSEVERANCE. IF THEY FAIL TO SUSTAIN THE BALANCE, IT IS NECESSARY TO DEMONSTRATE THAT WE CAN DO SO BY OUR OWN EFFORTS. DISCUSSIONS HAVE BEGUN ON TNF, ON WHICH THE OBJECTIVE IS EQUAL VERIFIABLE LIMITS AT THE LOWEST POSSIBLE LEVEL OF U S AND SOVIET WEAPONS. A FRANK DISCUSSION OF COMPLIANCE WITH EXISTING AGREEMENTS HAS BEEN LAUNCHED. INTENSE PREPARATIONS AND STUDIES HAVE BEGUN THAT MUST PRECEDE A RESUMPTION OF PROGRESS IN SALT. THE WESTERN ALLIES HAVE PROPOSED AN INNOVATIVE NEW SET OF CBMS IN EUROPE. IT IS UP TO THE SOVIET UNION TO RESPOND.

10. THE TIME HAS COME TO RE-FASHION EAST/WEST ECONOMIC RELATIONS, EXPANDING THOSE TIES THAT STRENGTHEN PEACE AND SERVE THE TRUE INTERESTS OF BOTH SIDES. BUT THE RUSSIANS MUST UNDERSTAND THAT THE WEST CANNOT HAVE FULL AND NORMAL ECONOMIC RELATIONS IF THEY ARE NOT PREPARED TO RESPECT INTERNATIONAL NORMS AND BEHAVIOUR. THE AIM MUST BE TO CONSTRAIN SOVIET ECONOMIC LEVERAGE OVER THE WEST AND NOT TO ALLOW THE TRANSFER OF WESTERN TECHNOLOGY THAT INCREASES SOVIET WAR-MAKING CAPABILITIES.

11. IN SUMMARY, U S STRATEGY TOWARDS THE SOVIET UNION IS TO CREATE BARRIERS TO AGGRESSION WHILE STRIVING TO RESOLVE CRISES AND CREATE INCENTIVES FOR SOVIET RESTRAINT. THERE WILL ALWAYS BE A STRONG ELEMENT OF COMPETITION IN THE U S/SOVIET RELATIONSHIP. BUT RECENT U S ACTIONS ARE CREATING THE CONDITIONS THAT MAKE RESTRAINT AND RECIPROCITY THE MOST REALISTIC SOVIET OPTIONS.

FCO PSE PASS SAVING TO ANKARA ATHENS BRUSSELS COPENHAGEN LISBON
LUXEMBOURG OTTAWA OSLO ROME REYKJAVIK THE HAGUE PEKING TOKYO
WARSAW E.BERLIN BUCHAREST BUDAPEST PRAGUE SOFIA BELGRADE UKDIS
GENEVA AND UKDEL VIENNA

THOMAS

[REPEATED AS REQUESTED]
[THIS TELEGRAM WAS NOT ADVANCED]

FCO/WHITEHALL
NAD

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

18 July 1981

M O'D B Alexander Esq
No 10 Downing Street

Dear Michael,

THE REAGAN ADMINISTRATION'S APPROACH TO INTERNATIONAL
TRADE POLICY : DESPATCH FROM MR FRETWELL OF 29 JUNE

/ Sir Michael Palliser has asked me to draw the enclosed despatch from Mr Fretwell in Washington to your attention. He regrets that you may not have had a chance before now to show it to the Prime Minister but believes that she would find it both enjoyable and profitable to read before attending the Ottawa Summit.

Yours ever,

Jim Poston

J Poston
Resident Clerk

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*pm
Plane*

USA

*PM
seen*

BRITISH EMBASSY
3100 Massachusetts Avenue, N.W.
WASHINGTON, D.C. 20008
Telephone: (202) 462-1340

29 June 1981

The Right Honourable
The Lord Carrington KCMG MC
Secretary of State for Foreign
and Commonwealth Affairs
LONDON SW1

My Lord,

THE REAGAN ADMINISTRATION'S APPROACH TO INTERNATIONAL TRADE POLICY

1. When the Reagan Administration came into office on 20 January 1981, little had been said, beyond generalities, about their approach to international trade policy. The election campaign had produced predictable endorsements of the free market, qualified by a few hostages to fortune such as general assurances given to the car and textile industries during electoral forays into Detroit and the Carolinas. But international trade problems were not an electoral issue. Nor was trade policy as a whole one of the Administration's first priorities on taking office. We have therefore had to wait some time before getting much sense of how the Administration will tackle the awkward policy dilemmas involved in applying strongly held free market principles in real political situations.

2. Not that trade policy in the United States is a partisan issue. Democrats and Republicans alike believe that the health of the US economy is sustained by the competition of the market place. At the same time, both parties, whether in the Administration or in Congress, have shared responsibility for the many departures from this principle that have occurred over the years, where a major US interest was perceived to be at stake. "Free trade tinged with patriotism" was how General Haig was reported to have summed up the new Administration's approach in its early days and this probably put it in a nutshell. But some more specific insights into what this may mean in practice may be useful as we approach the Presidency of the European Community on 1 July. For the analysis that follows I am indebted to the Commercial Minister, Mr Derek Thomas, and the Commercial and Economic staffs of the Embassy.

3. Whatever the philosophy, the parameters for US trade policy are set by the facts of the nation's economic interests, or at least by the way in which they are perceived by the policy-makers. Over the past few decades, US economic growth has become increasingly dependent on overseas trade, which in practice implies dependence on a number of particularly important markets. Apart from the European Community which now takes nearly a quarter of America's total exports of goods, the largest single trading partners of the United States are Canada (16%), Japan (almost 10%) and Mexico (7%). (Annex I). But it is also relevant that the developing countries and OPEC together now take a striking 36% of the non-agricultural goods America sells overseas.

4. In 1980, US visible exports, at \$220 billion, accounted for some 8½% of US GNP - two or three times the dependence of twenty years ago. Of this just over half was in manufactured goods and a fifth in agricultural products. If trade in services - the fastest growing section of external trade - is added, the proportion of GNP reaches about 13%. More important than the static picture, the growth in exports of goods and services has contributed significantly over the last few years to the growth in GNP (about a fifth in the last five years). Small surprise, therefore, that the Reagan Administration, like its predecessor, has placed strong emphasis on the need to develop exports as an important part of its economic strategy.

5. At the same time, underlying this approach and colouring the way in which the Reagan Administration will tackle trade problems, is a widespread sense that the US has been losing ground in international trade. Until the late 1960s, the US trade account was consistently in surplus. In the early 1970s it began to slip into deficit partly due to the growth in imports of increasingly expensive oil. But concern deepened when it was recognised that during the 1970s the US share of world markets for manufactured goods (excluding its own domestic markets) fell from 21% to just under 17% while imports into the United States increased their share of the domestic manufactured goods market from 7.5% to 17.8% over the same period. To some extent, this is merely statistical

/evidence

evidence of the growing industrialisation of the rest of the world. But many Americans see it as a sign of slippage in their national power. In addition there is still the longstanding sense of grievance that the development of US trade in agricultural goods and in services, where the US has strong comparative advantage but where the GATT rules have so far bitten less effectively or not at all, has been significantly inhibited by varying forms of barrier in developed and developing countries alike. In general there has been a feeling that only the United States plays by the rules and that the foreigner has clever ways of getting round them. Americans tend to ignore the record surplus on the US current account in 1980, since they see that this was largely due to increases in US corporate earnings abroad, much of which were reinvested overseas. They forget that while the dominance of the United States as a world trading nation has declined, the volume of US exports in all sectors has enormously increased - in the case of manufactured goods alone from just over 6% of output in 1970 to 20% ten years later. Where their largest single industry, agriculture is concerned they often overlook the dramatic rise in US agricultural exports over the past two decades to a level in 1980 of \$46 billion. This has shifted a small positive balance in the early 1960s to a massive \$18 billion surplus this year and reflects among other things a 5:1 ratio in agricultural trade with the European Community. All this tends to be taken for granted, and the focus of attention becomes instead the trade deficit, particularly the deficit in manufactured goods.

6. The new Administration's diagnosis is that this problem arises partly because of poor domestic industrial performance relative to foreign competitors, particularly Japan and the newly industrialising countries; partly because of protectionism, government assistance and other distortions of the market both in other industrialised countries and in the developing world; and partly because of an insufficient vocation to export among American industrialists. The indigenous causes of the relative decline in competitiveness are judged to be overregulation, high taxation, high interest rates, high inflation, and high wages

/leading

leading to low investment and low productivity. In agricultural trade two main problems are seen. First, the subsidisation of agriculture by the European Community leading to the creation of exportable surpluses which compete unfairly, as the Americans see it, with US products in third country markets, some of which the Americans regard as their preserve. Second, there is the plethora of quota, levy, tariff, and non-tariff barriers which confront US exports in so many countries of the world. In services, the main problem they see is the absence of any international framework of rules.

7. The Reagan Administration's cure lies in an aggressive four point programme contained in a recently approved trade policy paper. This paper may not be published but its main contents are beginning to be fairly widely known. The paper stresses the Administration's strong commitment to the free market and its determination to encourage exports, not by exhortation but by the removal of disincentives at home and barriers to trade abroad.

8. The first element in the export drive will be the economic recovery programme itself, and in particular the proposals for accelerated depreciation allowances and other tax changes designed to stimulate savings and encourage industrial investment. This is the recipe for restoring the competitiveness of American industry. The second element will be the reduction of disincentives to exporters, such as the inhibiting ambiguities of the Foreign Corrupt Practices Act, the taxation of overseas earnings of American businessmen, or the anti-trust obstacles in the way of forming foreign trading companies.

9. The third element will be vigorous enforcement of multi-lateral trading agreements and of US laws against unfair trading practices by others. This will include a general attack, the beginnings of which we have seen already, on excessive or unfair subsidisation of export credit. It will also include efforts to

/reach

reach new multilateral agreements on trade in services, and to integrate the newly industrialising countries into the world trading system in such a way as to encourage them to lower their own barriers to imports from outside.

10. The fourth element will be a marked increase in the help given to exporters through information programmes in the United States and through practical assistance from US Embassies overseas. Finally, unlikely though it seems from this Administration, there is even talk of an export goal for individual sectors or regions.

11. This programme is regarded within the Administration as the most dedicated commitment to free trade by any US Government for many years. How much difference it will make to American trade policies and performance in practice will remain to be seen. There can be no doubt that if US industry, based on a \$2,000 billion economy, really geared itself for an all-out export effort, the markets for European goods, both in Europe and in third countries, could be severely damaged. But even short of this, the programme will certainly provide a platform for increased pressure on American trade partners to respect the rules, to reduce existing barriers, and to avoid new ones. It may signal a tendency towards more stridently self-righteous jaw-boning on the virtues of the market. It may also encourage support from US officials for well intentioned initiatives designed to further the process of trade liberalisation generally, such as the idea of a study group under Emil Van Lennep, or the proposal for a GATT Ministerial Meeting in 1982.

✓ 12. But it would be politically naive to expect a corresponding effort on this side of the Atlantic to dismantle the extensive arrangements which protect or assist large sectors of the US economy -
 ① such as the Buy American provisions of Federal and State legislation,
 ② the tax incentives given to US exporters under the Domestic
 International Sales Corporation Act (DISC), the patent discrimination
 ③ of the Jones Act in favour of US shipbuilders, or the quantitative
 ④ restrictions on imports of agricultural goods, particularly dairy

/products

- 6 -

products into the United States. This is not because of any protectionist counter-attack in the wake of the MTNs of the kind that followed the Kennedy Round: the reaction this time, in Congress as well as elsewhere, has rather been to push harder on the export side. But these existing measures are seen as legitimate self-protection rather than as protectionism, and are hallowed - particularly in Congressional minds - by longevity. People in other countries will be expected as always to understand the facts of American political life sufficiently to see that measures of this kind cannot safely be tampered with. One of our tasks here will be to keep reminding them of the double standards inherent in this attitude.

13. None of this tells us a great deal about how the new Administration will handle the political pressures that will be generated for example at Economic summits and at Geneva by the consequences for trade of macro-economic policies affecting interest rates and causing exchange rate movements; or by the huge structural trade deficits that have developed between the US and other countries. The US trade deficit with Japan in 1980 was over \$9 billion. The European Community's deficit with Japan was over \$7 billion and with the US was a staggering \$23 billion. Imbalances of this scale, particularly when compounded by what are regarded as inconsiderate economic policies on one side or another, contain the seeds of serious political repercussions. We may need a forum in which to try to tackle this problem. Nor have we yet seen more than the beginnings of US policy on trade with the Soviet Union and China which has considerable attractions for some in the new Administration as a point of leverage for achieving foreign policy objectives. They see an entirely different balance between the economic, political and strategic implications of this trade from that perceived by their European partners, particularly Germany and hitherto France. There will be a need for careful multilateral work in these areas if conflicts of interest are to be reconciled. The United States will also need to avoid giving the impression of being prepared on occasion - as in the case of the lifting of the

/grains

grains embargo - to ignore the political risks in order to look after its own material interests, with little apparent regard for the impact on its partners. Nor indeed on the defence side has any clear picture yet emerged of how the concept of the market, and the interests and potential of the allies, will be reflected in US defence procurement practices. In principle there is political support for the two way street. But it is a tender plant which will still need to be carefully nurtured if it is to bear any significant fruit. Nor, finally, do we yet have a clear picture of how the increased concerns in Washington about security of supplies of strategic raw materials will be translated into policy. There is an obvious danger that a public display of determination by the United States to stockpile such materials could affect world prices to the detriment of the interests of other countries. This is another area that will need watching.

14. As far as the specific trade problems that arise between market economy countries are concerned, somewhere among the flights of rhetoric and the reality the usual compromises will be struck between the different interest groups within the Administration and between the Administration itself and Congress. For Congress has a determining role in trade policy under the Constitution. The first such compromise was the package of measures agreed for the US car industry. We are told that this is unique and will not be repeated. But as a case study, the measures that were taken are worth a closer look.

15. When the new Administration took office, the US car industry was reeling under a level of import penetration of over 25%. After taking stock, the Administration has put together a package of assistance containing three main elements. First, it was decided to continue the Carter Administration's financial guarantees to Chrysler, which would otherwise have gone bankrupt. Second, a range of measures was announced in April designed to ease environmental and safety regulations imposing an unfair competitive burden on the car industry. Third, at the beginning of May came the US/Japanese three year arrangement on imports of cars into the United States. Under this arrangement, the Japanese Government has

undertaken to ensure that exports of Japanese passenger cars to the United States will not exceed certain levels for the next two years and that the position will continue to be monitored during the third year.

16. The assistance programme for the car industry includes some significant departures from market principles. Few people in the Administration were proud of this and many argued strongly against it. But faced with half a million unemployed in that industry alone, and estimates of more like a million in related industries, with the threat from the Senate of legislated quotas, and with the need to win support in Congress for Reagan's economic package as a whole, the Administration in the end had no choice, in real political terms, but to carry on the support for Chrysler and to try to reach some understanding with the Japanese about the level of imports. As the consumer lobby was at pains to point out, there was no real economic case for the import restraints. They would not increase demand for US cars. The arrangement was a straightforward piece of protectionism, done for strong political reasons which had widespread support in Congress. Though it is temporary in form, there can be little doubt that if the US industry is still in difficulties after two years, it will be extended at least for a third year. Spokesmen for the Administration have defended it on the grounds that it was not a negotiated arrangement, but one which the Japanese Government itself imposed, once it had understood the scale and nature of the American problem. In a sense, the fact that members of the new Administration felt it necessary to indulge in such blatant casuistry illustrates the strength of their free market convictions. They needed a fig-leaf with which to make the arrangement respectable, if they were to live to fight future protectionist battles on other fronts.

17. The Administration has also accepted the need for a departure from its principles over textiles in the renegotiation of the Multi-fibre Agreement. This is not the place to go into details about the US position in those negotiations. It is likely to be only marginally less restrictive than that of the European Community. But in this case the fig-leaf that the Administration

will use will be that the continued restraints will be the result of multilateral negotiations. In other words, sin may be sanctioned, provided the international community so agrees. If the negotiations fail, the Americans will resort to a series of bilateral quota arrangements. The justification will have to be different but the effect will be the same.

18. In a third important sector - the steel industry - the Administration has accepted that a degree of protection is necessary for a further period. There is no enthusiasm for the trigger price mechanism, which was a device of the previous Administration, but the Reagan people recognise that the only available alternative - extensive antidumping and countervailing suits - would probably be even more damaging to the trading system. They are therefore prepared not to take active steps to demolish the present arrangements.

19. It is difficult to forecast quite how this Republican hybrid between ideological purism and political pragmatism will work out in practice in relations with other countries. The prescriptions will obviously vary according to the political factors involved.

20. In the case of Japan, there is unlikely to be any major change from the existing approach. The US trade relationship with Japan is seen in Washington as of at least comparable importance to its relationship with the European Community. This is partly because of Japan's political importance to the United States, but also because of its immensely successful economic and industrial performance which inspires both fear and admiration in American breasts. At the same time, there is a strong sense that Japan has now reached a level of political and economic maturity which requires it to take on the full obligations of an industrialised country. In the trade field, this means that the Reagan Administration will intensify the pressure on the Japanese to open their markets to industrial and agricultural products from the

/United States

United States (and less explicitly from other countries). The Japanese will be encouraged to invest more in the United States. As far as Japanese imports here are concerned, the Administration will no doubt try to resist any extension of existing barriers. A careful watch will be kept on the growing Japanese challenge in some of the high technology industries, particularly semi-conductors, where the Japanese industry already has a larger capacity than the US for such powerful chips as the 64K RAM, and can produce them both more cheaply and more reliably. But the Pentagon is already funding a six year programme at a cost of \$225 million to push US technology forward in this field and is reported to be seeking a 50% increase in the sums to be spent for this purpose. These funds will of course go to the US firms which are dominant in civil semi-conductors and will therefore help to strengthen the US industry as a whole. This type of assistance apart, (and we should not forget that the Federal Government's contribution to research and development of all kinds in the United States is now running at an annual level of about \$35 billion, matching the sums of similar size being spent by the private sector) the Administration's strong preference will be to meet competition with competition. But if US competition proves inadequate, there must be a strong possibility that Japanese competition will be found to be "unfair" and that a means will be found, within the rules, for dealing with it.

21. In the case of Canada and Mexico, nothing much is likely to come of President Reagan's instinctive hankering for a North American economic framework. There are deep political reflexes in both the other countries concerned which are inhospitable to such ideas and this is recognised both by the President's advisers and in Congress. But short of such an impracticable scheme, there will be increased US pressure for the easing of specific restraints, in Canada on US investment and in Mexico on high tariff barriers, industrial subsidies and investment performance requirements. There will be strong pressure on Canada to refrain from measures under the National Energy Plan and under

/the

- 11 -

the Foreign Investment Review Act which discriminates against US industries and inhibit US investment, particularly in the energy sector. There will be pressure on Mexico to remove restraints on the supply of oil and gas to the United States. In both cases there will be pressure to improve access for US fishermen. It is not for me to comment on the likelihood of significant progress in these fields or on the counter claims that will be pressed on the United States. But given the political circumstances of both countries, the potential for mutual frustration seems considerable.

22. Towards the European Community, US attitudes will continue to have a touch of ambivalence. On the one hand, the roots of political support for European integration in Washington and indeed for the further enlargement of the Community, run deep. On the other hand, alongside the concerns about the strands of neutralism in Europe, there are anxieties about the Community's collective commitment to market principles. In particular, the influence on Community trade policies of the new French Government is being watched with special interest, and there is some fear that part of France's answer to high unemployment may be pressure for increased protectionism by the Community.

23. In the meanwhile, the Common Agricultural Policy is a perennial target for US criticism, not only because of the high level of protection it provides for European agriculture, but also because of the subsidisation of Community exports to markets which have been traditionally dominated by US agricultural exports. Enlargement raises further apprehensions on this score. The subsidisation of industries in the Community is another bone of contention, not simply of principle, but in the case of steel, in practice. Britain apart, there is little confidence here that serious efforts are being made in the Community member states to restructure uncompetitive industries. In addition, on a number of specific issues - export credits, commodity agreements, safeguards - the Community's attitudes are likely to provoke more disagreement with the Reagan Administration than with its predecessor.

24. In the case of the developing countries, which already take a larger proportion of US exports than the European Community and Japan put together, there is likely to be a renewed effort to differentiate between the least developed and the more advanced. The Americans will expect the more advanced countries to be prepared to reduce their import barriers if they wish to continue to enjoy relatively free access to the US markets. Such hard-nosed realism, if it were pressed too aggressively, could not fail to complicate America's wider relationship with developing countries. The Administration will be considering this in its preparation for the Mexican Summit in October.

25. In a world whose growth prospects are so modest and in which all industrialised countries are wrestling with high levels of unemployment, there must be a risk that these various US endeavours to foster freer and fairer trade in the interests of strong US industries will generate more ill-feeling and resentment than trade liberalisation. As the review of US policy towards UNLOSC or the outright opposition to the World Health Organisation's voluntary code on infant formula have shown, the new Administration is highly susceptible to lobbying from US industry and is quite prepared to swim against the tide of its partners' opinion if it can be persuaded that the action of market forces is likely to be jeopardised. At the same time, this Administration is scarcely less ready in practice than its predecessors to come to the aid of weaker industries both in manufacturing and in services - for example, shipping where already a good deal of sympathy is developing for the replacement of subsidies by cargo reservation.

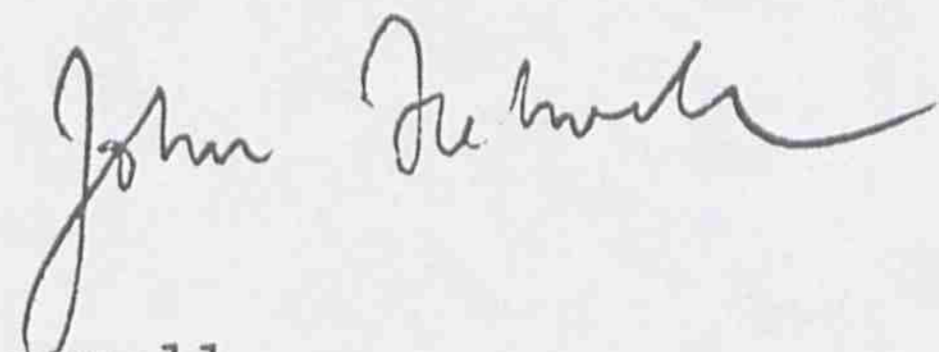
26. It is too early yet to draw conclusions about how our own specific trading interests may be affected by the new Administration's trade policies as they develop. In general we start from an obvious advantage of a shared belief in the principles of the market, and there will be many objectives for which the UK and the US will find it easy to work together. But there will be other issues on which our interests and those of our other partners will differ sharply from those of the United States. We shall need to stay alert to anticipate and contain such conflicts, working both bilaterally and in international discussions in the OECD or the

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GATT, at the Ottawa Summit, or in any more restricted fora that may be proposed, to safeguard our trading interests and at the same time to avoid damage to wider Western relationships.

27. I am sending copies of this despatch to the Secretary of State for Trade, the Secretary of State for Industry, the Chancellor of the Exchequer, the Minister of Agriculture, Fisheries and Food, the Minister for Trade, to the Cabinet Secretary and to Her Majesty's Representatives in Paris, Bonn, Tokyo, Ottawa, Canberra, Mexico, and to the European Community, the OECD and the GATT.

I have the honour to be,
My Lord,
Your obedient servant,



J E Fretwell
Chargé d'Affaires a.i.

UNITED STATES: PRINCIPAL TRADING PARTNERS BY COUNTRY 1980

Country (rank order)	Percent of US Imports	Country (rank order)	Percent of US Exports
1. Canada	17.0	1. Canada	16.0
2. Japan	12.8	2. Japan	9.4
3. Mexico	5.2	3. Mexico	6.9
4. Saudi Arabia	5.2	4. UK	5.8
5. Germany	4.9	5. Germany	5.0
6. Nigeria	4.5	6. Netherlands	3.9
7. UK	4.1	7. France	3.4
8. Libya	3.0	8. Belgium- Luxembourg	3.0
9. Taiwan	2.9	9. Saudi Arabia	2.6
10. Algeria	2.7	10. Italy	2.5
11. France	2.2	11. South Korea	2.1
12. Venezuela	2.2	12. Venezuela	2.1
13. Indonesia	2.1	13. Brazil	2.0
14. Hong Kong	2.0	14. Taiwan	2.0
15. Italy	1.8	15. Australia	1.9
TOTAL	72.6	TOTAL	68.6

UNITED STATES: PRINCIPAL TRADING PARTNERS BY REGION 1980

	Percent of US Imports		Percent of US Exports
1. Latin America and Caribbean	15.4	1. EC (9)	24.3
2. EC (9)	15.1	2. Latin America and Caribbean	17.5
3. Africa	13.4	3. Far East (except Japan)	12.4
4. Far East (except Japan)	12.9	4. Middle East	5.4
5. Middle East	7.2	5. Africa	4.0
6. Other ¹	36.0	6. Other ¹	36.4
TOTAL	100.0	TOTAL	100.0

¹Includes Canada and Japan

Source: OECD, Statistics of Foreign Trade Monthly Bulletin,
May 1981 pp 48-9.

Note: The OECD data from which the table is derived cover "all goods which add to, or subtract from, the resources of a country as a result of their movement into or out of the country". This implies in particular that:

- State trading, commercial transactions in military equipment and supplies, foreign aid transactions, improvement and repair trade, transactions in new ships and aircraft, electric energy and gas, and sea products landed direct from the high seas are included in the statistics;
- direct transit trade, temporary imports and exports, transactions in second-hand ships and aircraft stores and bunkers for ships and aircrafts, monetary items, and industrial gold, if the metal content accounts for 80% or more of the total value, are excluded from the statistics. Minor transactions may also be excluded.

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TO IMMEDIATE F C O

TELEGRAM NUMBER 2112 OF 11 JULY

INFO SAVING TO UKMIS NEW YORK, UKDEL NATO, OTTAWA, PEKING, TOKYO,
TEL AVIV, CAIRO, JEDDA, AMMAN, MOSCOW, WARSAW, CAPETOWN, NEW DELHI,
E.C. POSTS.

USA
US FOREIGN POLICY

1. BEFORE YOUR VISIT HERE, AND BEFORE OTTAWA, YOU MIGHT LIKE A REVIEW OF US FOREIGN POLICY.

2. THE DECISION MAKING PROCESS REMAINS INCOHERENT. HAIG IS NOT FIRMLY IN THE SADDLE: HE DOES NOT HAVE THE PRESIDENT'S TRUST IN THE WAY THAT WEINBERGER DOES, AND IS ACTIVELY DISTRUSTED BY REAGAN'S CLOSEST WHITE HOUSE ADVISERS, WHO MAY WELL BE DOING LITTLE TO COUNTER PRESS CRITICISM OF HIM. HE HAS ALSO PROVED A CONSISTENT OWN-GOAL SCORER.

3. THE WHITE HOUSE'S ROLE IN FOREIGN POLICY IS ALSO IN DOUBT. ALLEN'S CONTRIBUTION IS UNCERTAIN EXCEPT THAT HE CAN BE RELIED UPON TO OPPOSE HAIG. I THINK THAT MEESE'S INFLUENCE IS STRONG ACROSS THE WHOLE BOARD OF POLICY, BUT HE WILL BE URGING PRIORITY FOR THE DOMESTIC: AND IT MUST BE SAID THAT, STEADY MAN THOUGH HE UNDOUBTEDLY IS, HE IS NOT A MASTER OF THE FOREIGN SCENE. THERE HAS BEEN MUCH PUBLIC CRITICISM RECENTLY OF THE PRESIDENT'S CAPACITY AS A FORMULATOR OF FOREIGN POLICY AND OF THE ABSENCE OF A GENERAL THEME, SET OUT IN A MAJOR FOREIGN POLICY SPEECH. THE PRESIDENT HAS REPLIED, SAYING THAT YOU DO NOT NEED TO MAKE A SPEECH TO PROVE THAT YOU HAVE A FOREIGN POLICY. BUT IT REMAINS TRUE THAT REAGAN HIMSELF IS NOT DEEPLY VERSED IN FOREIGN AFFAIRS. HE HAS A CLEAR VISION OF THE IMPORTANCE OF RESTORING AMERICA'S STRENGTH AND TOUGHNESS IN ITS RELATIONS WITH THE SOVIET UNION, AND OF BEING SEEN TO STAND BY AMERICA'S FRIENDS. BUT HE IS STILL NOT AT HOME WITH THE INTRICACIES OF FOREIGN POLICY ISSUES. MOREOVER HE HAS BEEN HANDICAPPED BY THE EFFECT ON HIS HEALTH OF THE ATTEMPT ON HIS LIFE AND HAS WISHED, IN ANY CASE, TO FOCUS GOVERNMENT AND PUBLIC ATTENTION ON THE ECONOMY - AND HE MAY WELL CONTINUE TO DO SO UNTIL HE HAS SEEN THE BUDGET THROUGH ALL ITS STAGES IN CONGRESS I.E. WELL INTO THE AUTUMN. THIS MEANS, INCIDENTALLY, THAT HE WILL NOT BE VISITING EUROPE BEFORE NEXT YEAR. WE KNOW THE PRINCIPLES AND PREJUDICES WITH WHICH HE ARRIVED AT THE WHITE HOUSE: BUT WE DO NOT YET KNOW HOW THESE HAVE DEVELOPED OR BEEN MODIFIED BY OFFICE.

4. THE MAIN THEME AND AIM OF THE NEW ADMINISTRATION'S FOREIGN POLICY, AS PROMULGATED FROM THE OUTSET, WAS TO CORRECT A SUPPOSED SHIFT IN THE GLOBAL BALANCE OF POWER IN FAVOUR OF THE SOVIET UNION (MILITARY SUPERIORITY, CUBAN PROXIES, AFGHANISTAN ETC) RELYING, TO ACHIEVE /THEIR

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THEIR AIM, ON TOUGH LANGUAGE, HEIGHTENED DEFENCE PREPAREDNESS, AND A DELIBERATE ATMOSPHERE OF UNCERTAINTY. WHILE THIS THEME HAS NOT BEEN RENOUNCED, I SENSE A NEW AWARENESS OF THE NEED TO PERSUADE THE SOVIET UNION THAT THE UNITED STATES, THOUGH FIRM, IS NOT CONFRONTATIONAL AND TO REASSURE THE ALLIES THAT THE AMERICAN GOVERNMENT IS READY TO NEGOTIATE, I THINK THEREFORE THAT AN IMPORTANT INGREDIENT OF POLICY OVER THE NEXT SIX MONTHS OR SO WILL BE A MORE SERIOUS FOCUS ON ARMS CONTROL, WITH THE AIM OF GETTING INTO NEGOTIATIONS WITH THE SOVIET UNION AND OF TRYING TO STEM WHAT THE AMERICANS ARE INCREASINGLY AFRAID OF, NAMELY THE RIISING TIDE OF NEUTRALISM IN EUROPE. IT IS TOO EARLY TO SAY WHAT WILL BE IN THE AMERICANS' ARMS CONTROL QUIVER. THEY ARE LIKELY TO GO FOR DEEP CUTS IN THE STRATEGIC ARMS FIELD WHILE, PROBABLY, ADOPTING A TNF APPROACH SOMEWHAT CLOSER TO THAT OF THE CARTER ADMINISTRATION. THEY ARE CONSCIOUS OF THE DANGERS VIS A VIS THE GERMANS OF TOO RADICAL A DEPARTURE FROM EARLIER POSITIONS IN THAT AREA. THE FIRST STAGE MAY BE THE SPEECH BY HAIG ON 14 JULY WHICH, SO EAGLEBURGER HAS TOLD ME, WILL GIVE A NON-CONFRONTATIONAL SIGNAL TO MOSCOW. EAGLEBURGER AND HAIG HAVE GOT THE MESSAGE, BUT THEY WILL CONTINUE TO HAVE TROUBLE WITH THE HARD-LINERS.

5. A FURTHER MODIFICATION OF US POLICY MAY BE SOME ADJUSTMENT TO THE ANTI-UN, ANTI-HUMAN RIGHTS, ANTI-LIBERAL TONE OF EARLY DAYS. THIS WILL AMOUNT TO A CHANGE OF TACTICS AND PRESENTATION, RATHER THAN OF HEART. ATTEMPTS TO DRAW DISTINCTIONS BETWEEN AUTHORITARIAN AND TOTALITARIAN REGIMES HAVE BEEN DROPPED. EVEN MRS KIRKPATRICK HAS LEARNED THAT THE UN CAN OCCASIONALLY BE USED TO AMERICAN ADVANTAGE. THEY ARE NO LONGER BEATING THE DRUM ON EL SALVADOR EXCEPT TO MAINTAIN THAT, THANKS TO THEIR SUPPORT FOR THE GOVERNMENT THERE, THE WAR AGAINST THE GUERRILLAS IS AS GOOD AS WON. SIMILARLY, AND JUST AS OVER-OPTIMISTICALLY, THEY ARE TRYING TO COUNTER CUBAN INFLUENCE IN THE CARIBBEAN BY MEANS OF THEIR CARIBBEAN BASIN SCHEME, WHICH INVOLVES ENCOURAGING OTHERS TO HELP DEVELOP A MULTINATIONAL APPROACH TO THE ECONOMIC PROBLEMS OF THE AREA. MORE GENERALLY IN CENTRAL AMERICA, THEY ARE CONCERNED TO IMPROVE RELATIONSHIPS WITH THE REGIMES IN AMERICA'S BACKYARD. REAGAN HIMSELF ATTACHES PARTICULAR IMPORTANCE TO CULTIVATING THE MEXICAN RELATIONSHIP AND WORKING WITH THE MEXICAN GOVERNMENT TO REDUCE THE POLITICAL AND ECONOMIC STRAINS BETWEEN THE TWO COUNTRIES. THIS WAS A MAJOR DETERMINANT IN HIS DECISION TO ATTEND THE MEXICAN SUMMIT IN OCTOBER.

6. IN PRACTICE AID EXPENDITURE IS NOT BEING CUT - INDEED SO FAR IT IS TO BE SLIGHTLY INCREASED OVER PREVIOUS LEVELS. BUT THERE IS A PRESUMPTION, SHARED BY CONGRESS, THAT THE MULTI-LATERAL INSTITUTIONS, SUCH AS THE IDA AND THE REGIONAL DEVELOPMENT BANKS, ARE WASTEFUL CHANNELS FOR US CONTRIBUTIONS TO WORLD DEVELOPMENT, BOTH IN ECONOMIC AND POLITICAL TERMS. THERE IS ALSO DEEP SCEPTICISM ABOUT THE VALUE TO THE US OF WIDE-RANGING DISCUSSIONS ON ECONOMIC ISSUES, WHETHER IN THE UN OR ANY OF ITS PARTS, WHERE THE WEIGHT OF OPINION IS SKEWED AGAINST THE FREE MARKET SYSTEM. BUT THERE IS INCREASING RECOGNITION HERE THAT THIS WILL ADD UP TO A SET OF US POLICIES THAT WILL LOOK UNCARING AND NEGATIVE IN THE DEVELOPING WORLD. I UNDERSTAND THAT THE PRESIDENT MAY SHORTLY DEVOTE A SPEECH TO THE PROBLEM OF RELATIONS /WITH

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WITH DEVELOPING COUNTRIES: BUT THE OVERALL US APPROACH TO THE DEVELOPING WORLD WILL BE HARDER-HEADED THAN THAT OF CARTER: THE AIM WILL BE TO HELP FRIENDS AND TO THWART THE SOVIETS.

7. IN THE FAR EAST THE ADMINISTRATION WILL CONTINUE TO PLACE PRIME IMPORTANCE ON THEIR RELATIONS WITH JAPAN AND ON THEIR NEW-FOUND LIKING FOR CHINA. GALLING THOUGH IT MAY BE FOR US, WE HAVE TO RECKON WITH THE FACT THAT WHEN THE US GOVERNMENT TALKS OF ALLIES THEY HAVE IN MIND JAPAN JUST AS MUCH AS EUROPE. HAIG IS ALSO PLACING IMPORTANT EMPHASIS ON KAMPUCHEA, PERHAPS AS A REFLECTION OF CHINESE PREOCCUPATION WITH THE ISSUE. IN THIS, AS IN SO MANY ASPECTS OF FOREIGN POLICY, THE ADMINISTRATION IS SUBJECT TO CONFLICTING POLITICAL INFLUENCES. ONE ELEMENT SEES ADVANTAGE IN INTENSIFYING RELATIONS WITH CHINA, LARGELY TO OFFSET THE SOVIET UNION. ANOTHER PLACES EMPHASIS ON BASIC LOYALTIES TO OLD ALLIES, IN THIS CASE TO TAIWAN. I SUSPECT THAT THE US GOVERNMENT WILL CONTINUE TO PAY ELOQUENT LIP-SERVICE TO THE TAIWAN TREATY WHILE IN PRACTICE DOING JUST ENOUGH TO SATISFY TAIWAN BUT FALLING WELL SHORT OF ANTAGONISING THE CHINESE. IN ALL THIS THE REGIONAL ASPECTS CARRY LESS WEIGHT IN US THINKING THAN THE STRATEGIC. THE ADMINISTRATION DO NOT SEEM TO FACE UP TO THE DANGEROUS IMPLICATIONS OF THEIR NEW FOUND RELATIONSHIP WITH CHINA AND WITH PAKISTAN FOR THEIR LONG TERM INTERESTS IN INDIA. NOR DO THEY SEEM MUCH CONCERNED ABOUT THE IMPACT ON RELATIONS WITH MOSCOW.

8. FOR SIMILAR REASONS, POLICY TOWARDS AFRICA WILL BE GOVERNED BY A POLITICAL REFLEX IN FAVOUR OF SOUTH AFRICA, LINKED TO THE DESIRE TO EVICT THE CUBANS. THE AMERICANS DO NOT FEEL ANY PARTICULAR CONCERN ABOUT TAKING A NEW COURSE ON NAMIBIA, CONFIDENT THAT THEY CAN WITHSTAND THE BROUHAHA AT THE UNITED NATIONS AND THAT, HOWEVER IRRITATED THEIR PARTNERS AMONG THE FIVE MIGHT BE, THEY WILL, AT LEAST FOR THE TIME BEING, HAVE LITTLE OPTION BUT TO ALLOW THE AMERICANS TO EXPLORE POSSIBLE MODIFICATIONS TO THE UN PLAN.

9. AS REGARDS THE MIDDLE EAST IT LOOKS AS THOUGH HAIG'S QUOTE STRATEGIC CONSENSUS UNQUOTE IS GOING TO CLOCK UP JUST AS SHORT A SHELF-LIFE AS THE CARTER DOCTRINE. NOTHING IS EMERGING TO PUT FLESH AND BLOOD ON THE IDEA. YET THE GAP REMAINS: THE AMERICANS NEED SOME FRAMEWORK FOR THEIR STRATEGIC REQUIREMENTS IN THE AREA, AND THIS WILL HAVE TO AMOUNT TO MORE THAN THE SIMPLE ATTEMPT TO BUY THEIR WAY IN THROUGH EVER MORE SOPHISTICATED ARMS SALES, WHICH IS WHAT THE CURRENT POLICY CONCENTRATES UPON. THE U.S. SHORT TERM AIM IS TO PREVENT THE EGYPT/ISRAEL TREATY FROM UNRAVELLING AND TO ENABLE ISRAELI WITHDRAWAL FROM SINAI TO TAKE PLACE AS SCHEDULED IN /APRIL

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APRIL 1982. THEY ARE AT THE POINT OF SECURING FIRM AGREEMENT ON A MULTINATIONAL FORCE FOR SINAI. THEY SEE NO ALTERNATIVE TO THE AUTONOMY TALKS AS A MEANS OF CONTINUING THE PEACE PROCESS: OFFICIALS ARE NOW TRYING TO DEVISE IDEAS FOR BREATHING LIFE INTO THEM WHICH MIGHT BE DISCUSSED WITH SADAT AND BEGIN ON THEIR VISITS TO WASHINGTON IN EARLY AUGUST AND SEPTEMBER RESPECTIVELY. THEY REMAIN CONCERNED THAT EUROPEAN ACTIVITY SHOULD NOT CUT ACROSS THEIR OWN (THOUGH SOME OFFICIALS SEE MERIT IN IT AS A MEANS OF COUNTERING THE STRONG PRO-ISRAELI ELEMENT IN WASHINGTON). THE US FACE TWO OTHER IMMEDIATE PROBLEMS IN THE MIDDLE EAST - HOW TO RESUME F16 DELIVERIES TO ISRAEL, SUSPENDED AFTER THE ISRAELI ATTACK ON THE OSIRAK REACTOR - WITHOUT OFFENDING MODERATE ARAB STATES, AND THE DIFFICULTY OF SECURING CONGRESSIONAL APPROVAL FOR THE SALE OF AWACS TO SAUDI ARABIA WHICH THE ADMINISTRATION SEE AS ESSENTIAL NOT ONLY FOR BILATERAL RELATIONS WITH SAUDI ARABIA BUT FOR THEIR OVERALL STRATEGIC OBJECTIVES IN THE REGION.

10. APART FROM CONCERN REGARDING EUROPEAN RESOLUTION ON DEFENCE QUESTIONS, I THINK IT CAN BE ASSUMED THAT THERE IS A WIDER ANXIETY DEVELOPING HERE ABOUT EUROPE: ABOUT POLITICAL TRENDS IN FRANCE AND GERMANY, AND ABOUT THE CONTINUED ECONOMIC WEAKNESS OF THE UK COMPOUNDED NOW BY VIOLENCE IN MANY ENGLISH CITIES AS WELL AS IN NORTHERN IRELAND. REAGAN, LIKE HAIG, DOES SEE A NEED TO STRENGTHEN RELATIONS WITH THE ALLIES. I BELIEVE THAT THE ADMINISTRATION HAVE TAKEN ON BOARD THE IMPORTANCE FOR THE ALLIANCE OF MAKING A SERIOUS ATTEMPT AT NEGOTIATIONS WITH THE SOVIET UNION. TO SOME EXTENT. THIS CHANGE OF TACK REFLECTS THE TRIUMPH OF EXPERIENCE OVER RHETORIC. BUT I MUST EMPHASISE THAT IT REPRESENTS A CHANGE OF TONE, RATHER THAN DIRECTION. DETENTE REMAINS A DIRTY WORD. THE ANGEL OF POWER IS ABROAD IN REPUBLICAN CIRCLES THROUGHOUT THE LAND AND HAIG CANNOT BUT HEAR THE BEATING OF ITS WINGS. THE ADMINISTRATION WILL NOT DISAVOW THE STRONG STAND THEY HAVE TAKEN SO FAR. THE TONE THEY HAVE ADOPTED DURING THE FIRST FEW MONTHS HAS SERVED THEM QUITE WELL DOMESTICALLY AND MAY MAKE IT EASIER FOR THEM TO ADOPT A SLIGHTLY Milder TONE, LESS CONFRONTATIONAL AND ABRASIVE, OVER THE COMING MONTHS.

FCO PASS SAVING ATHENS, BONN, BRUSSELS, COPENHAGEN, DUBLIN, UKREP BRUSSELS, LUXEMBOURG, PARIS, ROME, THE HAGUE, UKDEL NATO, OTTAWA, PEKING, TOKYO, TEL AVIV, CAIRO, JEDDA, AMMAN, MOSCOW, WARSAW, CAPETOWN, NEW DELHI.

HENDERSON

[REPEATED AS REQUESTED]

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TO ROUTINE F C O

TELEGRAM NUMBER 384 OF 29 JUNE

INFO PEKING, WASHINGTON, UKDEL NATO

USSR/CHINA/USA

(2) PS / No
10 Down 1057

M.I.P.T.

1. THE THEMES IN THE ALEXANDROV ARTICLE ARE NOT NEW BUT IT IS EVIDENT THAT THE HAIG VISIT TO PEKING MARKED AN IMPORTANT ENOUGH STAGE IN SOVIET EYES IN THE DEVELOPMENT OF THE US/CHINESE RELATIONSHIP TO REQUIRE AN AUTHORITATIVE STATEMENT OF THE SOVIET ATTITUDE. THE RUSSIANS WILL PRESUMABLY CONTINUE TO MAKE WHAT THEY CAN OF THE ARGUMENT THAT THE PRESENT ADMINISTRATION HAS GONE BEYOND THE LIMITS SET BY ITS PREDECESSOR (WASHINGTON TEL NO 1897) BUT THEY PROBABLY EXPECTED THAT SOONER OR LATER THOSE LIMITS WOULD BE PASSED. WHAT THE VISIT APPEARS TO HAVE DONE IS TO HAVE CONFIRMED EXISTING SOVIET FEARS ABOUT THE US/CHINESE RELATIONSHIP. AT THE EMOTIONAL LEVEL THE INDICATION OF INCREASED CLOSENESS BETWEEN THE TWO POWERS IS ENOUGH TO TOUCH A SENSITIVE RUSSIAN NERVE AND SOVIET POLICY MAKERS MAY FEAR THAT THE CHINESE WILL BECOME BOLDER AND LESS PREDICTABLE IF THEY SEE THEIR RELATIONSHIP WITH THE UNITED STATES TAKING ON A NEW QUALITY. THE RUSSIANS WILL

BECOME BOLDER AND LESS PREDICTABLE IF THEY SEE THEIR RELATIONSHIP WITH THE UNITED STATES TAKING ON A NEW QUALITY. THE RUSSIANS WILL THEREFORE KEEP A CLOSE EYE ON WHAT TYPES AND AMOUNT OF WEAPONS MAY BE SUPPLIED TO THE CHINESE. THEY MAY ALSO BE WARY OF ANY HINT OF SINO-INDIAN RAPPROCHEMENT. THEY HAVE SO FAR SAID NOTHING ABOUT HUANG HUA'S VISIT TO DELHI.

2. CHINA IS HOWEVER THE DOMINANT THREAD IN THE SOVIET/AMERICAN RELATIONSHIP. THAT REMAINS THE STRATEGIC RELATIONSHIP WITH THE UNITED STATES. THE RUSSIANS ARE ALSO MORE IMMEDIATELY PROOCCUPIED BY POLAND THAN BY CHINA. THE SOVIET LEADERSHIP MUST KNOW THAT TO INTERVENE IN POLAND IS TO DESTROY SUCH CHANCE AS THERE MIGHT BE OF ACHIEVING OTHER AND WIDER STRATEGIC OBJECTIVES. YET THEY CANNOT AFFORD TO LET POLAND GO AND IF THEIR CURRENT POLITICAL PRESSURE FAILS THEY WILL ACCEPT THE WIDER CONSEQUENCES OF INTERVENTION, AMONG WHICH THEY MAY WELL SEE THE RISK THAT REAGAN, HAVING SHOWN HIS READINESS TO DEVELOP A CLOSER RELATIONSHIP WITH CHINA, WILL MAKE THAT THREAT A REALITY.

KEEBLE

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TO ROUTINE F C O

TELEGRAM NUMBER 383 OF 29 JUNE

INFO PEKING, WASHINGTON, UKDEL NATO

USSR/CHINA/USA

Ps
Ps
Ps on Reddy
Mr Bullard

1425 / Mr Ferguson
Gen E Youde
Mr Downey
Mr Day
Mr VNE
Mr Wad
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Mr 10/21/81

1. PRAVDA OF 27 JUNE PUBLISHED A LENGTHY ARTICLE ENTITLED
"ESCALATION OF RECKLESSNESS" UNDER THE AUTHORITATIVE
ALEXANDROV PSEUDONYM ON HAIG'S VISIT TO PEKING. THE MAIN
POINTS WERE:

(L)
10/21/81

(A) THE VISIT SHOWED THAT WASHINGTON AND PEKING WERE COORDINATING
THEIR POLICIES DIRECTED TOWARDS INCREASING TENSION AND
"CONFRONTATION WITH THE SOVIET UNION AND THE SOCIALIST COMMON-
WEALTH AND THE JOINT CONDUCT OF AN UNDECLARED WAR AGAINST
AFGHANISTAN AND KAMPUCHEA";

(B) THE CONVERSATIONS IN PEKING WERE CHARACTERISED BY HOSTILITY
TOWARDS THE USSR AND MARKED A DANGEROUS STAGE IN THE DEVELOPMENT
OF THE SINO-AMERICAN PARTNERSHIP "EXPRESSED ABOVE ALL IN A
SIGNIFICANT BROADENING OF ITS MILITARY ASPECTS". IN EXPRESSING
ITS READINESS TO SUPPLY PEKING WITH CONTEMPORARY ARMAMENTS,
INCLUDING OFFENSIVE ARMAMENTS, THE U.S. ADMINISTRATION HAD GONE
EVEN FURTHER THAN CARTER WHOSE PRO-PEKING LINE THEY HAD EARLIER
CRITICISED. IT WAS ALL VERY WELL FOR THE AMERICANS TO CLAIM
THEY CONTROLLED THE EXPORT OF OFFENSIVE WEAPONS BUT PRACTICE HAD
SHOWN, AS IN THE ISRAELI RAID ON BAGHDAD, WHAT THE PENTAGON'S
CLIENTS MADE OF U.S. LEGAL RESTRICTIONS:

(C) PRESS REPORTS HAD ALSO APPEARED OF THE COLLABORATION BETWEEN

(C) PRESS REPORTS HAD ALSO APPEARED OF THE COLLABORATION BETWEEN THE SECRET SERVICES OF THE U.S. AND CHINA:

(D) THOSE PUTTING CONTEMPORARY WEAPONS IN CHINA'S HANDS EVIDENTLY HOPED TO INFLUENCE PEKING'S POLICIES AND CHANNEL ITS EXPANISIONISM IN A NORTHERLY DIRECTION. THE DANGER OF MILITARISING CHINA WAS HOWEVER A DANGER WHICH ABOVE ALL THREATENED THAT COUNTRY'S SMALLER NEIGHBOURS:

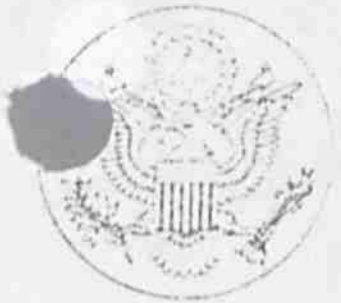
(E) THERE WAS REASON TO BELIEVE THAT FURTHER EFFORTS WOULD NOW BE MADE TO ENCOURAGE JAPAN STILL MORE ON THE PATH OF MILITARISATION. THE DECISION TO GIVE CHINA ACCESS TO OFFENSIVE WEAPONS PRESAGED A SHARPENING OF U.S. POLICY IN ASIA TO INCLUDE MORE MILITARY AID FOR PAKISTAN AND THE INTENSIFICATION OF HOSTILE ACTIVITY AGAINST VIETNAM, LAOS AND CAMBODIA. CAMBODIA'S ENEMIES WERE TRYING TO CREATE TENSION AROUND THE THAI/CAMBODIAN BORDER. THERE WERE PLANS TO TRY TO COVER INTERFERENCE IN CAMBODIA'S INTERNAL AFFAIRS WITH THE AUTHORITY OF THE UNITED NATIONS:

(F) WASHINGTON WAS TRYING TO EXPLOIT THE ANTI-SOVIETISM OF THE CHINESE LEADERSHIP, BUT PEKING HAD ITS OWN AMBITIONS: TO PROVOKE CONFLICT BETWEEN THE USA AND THE USSR. WHILE THE AIMS OF THE TWO SIDES WERE DIFFERNT THE FACTS SHOWED THAT SO FAR THE USA HAD THE BETTER BARGAIN. THIS EXPLAINED CHINA'S CONCESSIONS OVER TAIWAN:

(G) ALEXANDROV CONCLUDED THAT THE SOVIET UNION COULD NOT REMAIN INDIFFERENT TO THIS NEW AND DANGEROUS DEVELOPMENT IN SINO-AMERICAN RELATIONS WHICH COULD NOT BE SEEN AS OTHER THAN HOSTILE TO THE SOVIET UNION. RULING CIRCLES IN THE U.S. AND CHINA SHOULD REFLECT THAT THEIR JOINT PURSUIT OF POLICIES ON AN ANTI-SOVIET BASIS WOULD BE TAKEN ACCOUNT OF BY THE SOVIET UNION IN THE GENERAL CONTEXT OF SOVIET/AMERICAN AND SOVIET/CHINESE RELATIONS. "THE SOVIET UNION WILL TAKE SUCH MEASURES AS ARE REQUIRED BY THE DEVELOPING SITUATION". THE SOVIET PEOPLE HAD STRONG NERVES AND MIGHTY DEFENCES. THEY COULD DEFEND THEIR INTERERTS AND THOSE OF THEIR ALLIES. THE DANGERSOUS GAME OF WASHINGTON AND PEKING WAS TO BE CONDEMNED.

2. PLEASE SEE M.I.F.T.

KEEBLE



EMBASSY OF THE
UNITED STATES OF AMERICA

London

Prime Minister

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Lg. Am

May 12, 1981

USA
Mr Fall (EERI)

cc Mr

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PS/101

Mr Dulles

Mr Ferguson

Mr Halliday

cc Mr Alexander


→ No 10

14/10

Dear Foreign Secretary:

I have been asked to deliver the enclosed very private message to you from Secretary Haig, which was received at the Embassy this morning.

Sincerely,


Edward G. Streator
Chargé d'Affaires ad interim

Enclosure:
SECRET

The Rt. Hon. The Lord Carrington, KCMG, MC,
Secretary of State
for Foreign and Commonwealth Affairs,
Foreign and Commonwealth Office,
London, SW 1.

SECRET

May 12, 1981

Dear Peter:

I was sorry not to have time alone with you to describe, as I did to Hans-Dietrich, the handwritten note which the President placed on top of his letter to Brezhnev (you of course know the content of the latter).

Let me now summarize the note for you. The President began by recalling his meeting with Brezhnev in San Clemente a decade ago, when he was Governor of California and Brezhnev had been meeting with President Nixon. He mentioned that at the time, peace and good will had never seemed closer.

The President mentioned that Brezhnev had assured him that he was dedicated with all his heart and mind to fulfilling the hopes and aspirations of people throughout the world. The President went on to state that these hopes are still alive and that the peoples of the world have much in common. They want to control their individual destiny, to work at the craft of their own choosing, to be fairly rewarded and to raise their families in peace. Government exists for their convenience, and not the other way around.

The President asked whether it was possible we had permitted ideology and governmental policies to keep us from considering the real, everyday problems of our peoples. Will the average Soviet family be better off because the Soviet Union has imposed a government of its choice on the people of Afghanistan. Are the Cuban people better off because the Cuban military dictate who governs the people of Angola.

The President then noted that it is often implied that such things are necessary because of supposed imperialistic designs by the United States which

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constitute a threat to the security of the Soviet Union and these emerging nations. He stressed that there is no evidence to support this charge.

In fact, the United States could have dominated the world following World War II when we were the only undamaged industrial power, our military power was at its peak, and we alone had the nuclear weapon. But the United States followed a different course, rebuilding the economies of the world, including those of our enemies.

The President concluded by urging that we eliminate the obstacles which prevent our people from meeting their real needs. It is in this spirit of helping the people of both our nations that he lifted the grain embargo. Perhaps this decision will contribute to creating the circumstances which will lead to the meaningful and constructive dialogue necessary to fulfilling our first obligation to find lasting peace.

Peter, I know that you understand that the content of this note is very sensitive and should be held closely within HMG.

Warm regards,

/s/

Al Haig

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TO IMMEDIATE F C O

TELEGRAM NUMBER 1419 OF 7 MAY

INFO BONN

INFO SAVING PARIS, ROME.

MY 2 IPTS: EUROPE/USA RRLATIONS : THE U.S. ECONOMY.

1. MY DESPATCH OF 16 APRIL DESCRIBED THE US GOVERNMENT'S ECONOMIC PACKAGE AND ITS LIKELY FATE AND IMPACT. THERE SHOULD BE A VOTE IN THE CONGRESS ON THE SUBJECT BEFORE THE WEEKEND ABOUT WHICH WE WILL INFORM YOU. THE MAIN PROBLEM AT THE MOMENT IS HOW TO SECURE THE THREE-YEAR PROGRAMME OF PERSONAL INCOME TAX CUTS WHICH ARE A MAJOR PART OF THE PROGRAMME.

2. ON THE US ECONOMY IN GENERAL, IT IS WORTH DRAWING ATTENTION TO THE FACT THAT GROWTH WAS MUCH FASTER IN THE FIRST QUARTER OF THIS YEAR THAN ANYONE HAD EXPECTED (AN ANNUAL GROWTH RATE OF 6.5 PER CENT). THERE ARE SIGNS THAT THE RATE OF INFLATION IS EDGING DOWNWARDS. THE EFFORTS OF THE FEDERAL RESERVE BOARD TO CONTROL THE MONEY SUPPLY, WHICH HAVE THE SUPPORT OF THE ADMINISTRATION, HAVE HOWEVER CAUSED AN UPSURGE IN SHORT-TERM INTEREST RATES, AND LONG-TERM RATES HAVE ALSO RISEN. SO LONG AS THE AMERICAN ECONOMY REMAINS STRONG AND THE MONEY SUPPLY IS STRICTLY CONTROLLED, HIGH INTEREST RATES - THE PRIME RATE STANDS AT 19 PER CENT AT PRESENT - ARE LIKELY TO CONTINUE.

3. THE ADMINISTRATION AND MOST ECONOMIC FORECASTERS EXPECT THAT THE ECONOMY WILL SOON FLATTEN OUT AND THAT STRONG GROWTH WILL NOT RESUME UNTIL THE FOURTH QUARTER. THIS MIGHT BE EXPECTED TO OPEN THE WAY TO SOME EASING OF US INTEREST RATES, AND REDUCE DOWNWARD PRESSURES FROM THIS SOURCE ON STERLING AND THE D-MARK. BUT TREASURY SECRETARY REGAN SAID YESTERDAY THAT HE EXPECTS AT LEAST SHORT-TERM RATES TO RISE ABOVE PRESENT LEVELS AND STAY HIGH FOR SEVERAL MONTHS. IF REGAN IS RIGHT, THIS MAY HAVE ADVERSE IMPLICATIONS FOR THE GERMAN DOMESTIC ECONOMY IF HIGH INTEREST RATES ARE MAINTAINED IN GERMANY TO PREVENT THE D-MARK FROM DEPRECIATING; AND IT MAY MORE GENERALLY CAUSE DIFFICULTIES FOR THE EMS EXCHANGE RATE MECHANISM.

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TO IMMEDIATE F C O

TELEGRAM NUMBER 1418 OF 7 MAY

INFO BONN

INFO SAVING PARIS, UKDEL NATO, ROME, MOSCOW, TEL AVIV, CAIRO, JEDDA,
UKREP BRUSSELS, OTTAWA, CAPETOWN.

MY IMMEDIATELY PRECEDING TELEGRAM (NOT TO ALL): EUROPE/USA RELATIONS.

1. THE FOLLOWING IS A CHECK-LIST OF SOME OF THE POINTS OF SUBSTANCE IN RELATIONS BETWEEN EUROPE AND THE USA THAT COULD FEATURE IN THE TALKS WITH CHANCELLOR SCHMIDT AT CHEQUERS:

I. IT MUST STILL BE PURELY CONJECTURAL HOW REAGAN IS GOING TO PLAY HIS RELATIONS WITH BREZHNEV: BUT I THINK WE CAN ASSUME THAT FOR A TIME HIS CARDS WILL BE KEPT VERY CLOSE TO HIS CHEST (HOW MUCH DETAIL HAVE THE AMERICANS CONFIDED TO THEIR ALLIES ABOUT THEIR FIVE MEETINGS WITH DOBRYNIN?) AND THAT THE EUROPEANS MAY BE KEPT IN THE DARK: AT SOME STAGE, HOWEVER, REAGAN WILL SEEK A MEETING WITH BREZHNEV: I SUSPECT THAT A COMFORTABLE FEELING MAY GROW IN THE INNER CIRCLE HERE THAT US POLICY (DETERRENCE OF SOVIET ACTION IN POLAND, GREATLY INCREASED US DEFENCE COUPLED WITH NO-NONSENSE TALK, THE IMPACT IN NO WAY ATTENUATED BY THE GRAIN DECISION) IS SUCCESSING AND IS PROVIDING THE NECESSARY BASIS OF STRENGTH AND CONFIDENCE UPON WHICH ALONE TALKS WITH MOSCOW CAN BE SAFELY CONDUCTED. AT PRESENT SUCH AN ENCOUNTER MAY APPEAR CHIMERICAL, AND ON PRESENT RECKONING REAGAN WILL VISIT EUROPE FIRST, BUT I DO NOT THINK IT REASONABLE TO ASSUME THAT, WITH HIS CONFIDENCE IN HIS OWN GIFTS OF PERSUASION AND GIVEN ALL THAT IS AT STAKE IN EAST/WEST RELATIONS, INCLUDING THE VIEWS OF THE ALLIES, HE WILL REFUSE INDEFINITELY TO MEET BREZHNEV. THE AMERICANS ARE IN NO DOUBT THAT BREZHNEV IS EAGER TO MEET REAGAN. THE SORT OF TIME-TABLE FOR THIS IS A SUBJECT THAT SCHMIDT MAY WELL WISH TO PROBE DURING HIS FORTHCOMING VISIT TO WASHINGTON.

II. AFTER THE NATO FOREIGN MINISTERS' MEETING IN ROME THE USA WILL BE LOOKING TO THE EUROPEAN COUNTRIES TO DO THEIR PART AND PAY MORE ATTENTION TO DEFENCE. THE QUESTION ARISES, WHAT IN PRACTICE WILL WASHINGTON BE WANTING THE EUROPEANS TO DO THAT THEY ARE NOT UNDERTAKING ALREADY? EMPHASISING THEIR OWN COMMITMENT TO A RISE OF 7 PER CENT IN DEFENCE EXPENDITURE OVER FIVE YEARS, THE AMERICANS WILL (APART FROM GLCMS) PRESUMABLY BRING PRESSURE ON EVERYONE TO DO MORE TO MEET THE ENHANCED SOVIET THREAT. THE SORT OF ADDITIONAL EFFORT THAT THE AMERICANS WILL WANT FROM THE GERMANS WILL BE MORE HOST-NATION SUPPORT AND OTHER ITEMS OF THIS KIND, SUCH AS WERE PUT TO THE GERMANS LAST YEAR IN THE SO-CALLED STOESSEL PACKAGE. MORE AMERICAN DEMANDS WILL PRESUMABLY EMERGE IN NATO'S DEFENCE PLANNING COMMITTEE NEXT WEEK. SO FAR AS THE UK IS CONCERNED, I SHOULD LIKE TO MENTION HERE WHAT WOULD BRING US THE BIGGEST DIVIDEND IN OUR RELATIONS WITH THE USA AND THIS IS WITHOUT DOUBT GREATER ABILITY TO MAKE A CONTRIBUTION TO OUT-OF-AREA DEFENCE.

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III. I SHOULD ELABORATE BY EXPLAINING THAT NOW THAT THE AMERICANS HAVE TAKEN THE DECISION TO CREATE A SEPARATE COMMAND STRUCTURE FOR THE RDF, THEY ARE LIKELY TO HAVE TO START EARMARKING, IF NOT ASSIGNING, FORCES TO IT, AND THIS IS LIKELY TO BE AT THE EXPENSE OF OTHER AREAS, PREDICTABLY, THE REINFORCEMENT OF EUROPE. THE EUROPEANS WILL INEVITABLY THEREFORE BE ASKED TO TAKE UP THE SLACK. BUT I HOPE THAT BRITAIN COULD SO SHAPE ITS POLICY AS TO ENSURE THAT THE MAIN US PRESSURE TO FULFILL THAT NEED FALLS ON THOSE WHOSE ONLY CONTRIBUTION IS IN EUROPE, LEAVING SCOPE FOR OUR EFFORTS TO INCLUDE A CONTRIBUTION FOR DEFENCE OF WESTERN INTERESTS IN THE MIDDLE EAST/SOUTH WEST ASIA AREA. EUROPE WILL GET INTO AN ADVERSE POSTURE VIS-A-VIS AMERICA IN THE FUTURE IF THE BURDEN OF DEFENDING THE MIDDLE EAST IS TO BE SHOULDERED BY THE UNITED STATES ALONE. IT IS TO THE ADVANTAGE OF THE EUROPEAN POWERS, WHOSE INTERESTS ARE AT STAKE THERE, TO BE MAKING AN EFFORT TOWARDS THE DEFENCE OF THAT AREA. I WOULD SUGGEST THAT APART FROM THE IMPORTANCE OF THIS IN EUROPE/USA RELATIONS, IT WOULD ALSO BE USEFUL FOR THE UNITED STATES TO HAVE OTHER COUNTRIES INVOLVED WITH THEM AND NOT BE LEFT ON THEIR OWN. FRANCE HAS DERIVED ASTONISHING CREDIT IN WASHINGTON, PARTICULARLY AMONGST THE LEADERS OF THE NEW ADMINISTRATION, FROM THEIR PRACTICAL DEFENCE EFFORTS IN AFRICA AND THE INDIAN OCEAN. THE FACT THAT THEY CAN DO THIS SO MUCH MORE EASILY BECAUSE THEY HAVE ABSOLVED THEMSELVES FROM COMMITMENTS TO NATO DOES NOT REDUCE THE ADVANTAGE THEY HAVE GAINED IN WASHINGTON THAT SERVES THEM IN GOOD STEAD ACROSS THE WHOLE BOARD OF RELATIONS. THE FRG, ACCORDING TO SCHMIDT'S VIEW, IS UNABLE TO MAKE A DIRECT MILITARY CONTRIBUTION OUTSIDE THE NATO REGION IN AREAS OF TENSION. THIS, COUPLED WITH FRANCE'S WITHDRAWAL FROM THE NATO COMMAND STRUCTURE, MEANS THAT IT SHOULD BE POSSIBLE TO WORK OUT SOME DEAL BY WHICH GERMANY MAKES AN INCREASED DEFENCE EFFORT IN EUROPE WHILE THE UK SHOWS ITSELF READY TO ACT ALONGSIDE THE AMERICANS IN THE MIDDLE EAST. I AM CONSCIOUS OF THE REACTIONS TO THE PRIME MINISTER'S STATEMENT ABOUT THE RDF. NEVERTHELESS MIGHT IT NOT BE POSSIBLE TO CONCENTRATE ATTENTION A LITTLE MORE ON OUR OWN ALBEIT MODEST INTERVENTION CAPABILITY AND ITS IMPLICATIONS FOR GULF SECURITY, PERHAPS BY SOME WELL-JUDGED GROUND FORCE EXERCISE THERE? WE DO AFTER ALL HAVE A SPECIAL POSITION IN THE GULF UPON WHICH WE SHOULD BE ABLE TO BUILD.

IV. THIS ALL MAY BE RUNNING AHEAD OF ANYTHING THAT COULD BE RAISED AT CHEQUERS, BUT IT IS THE SORT OF SUBJECT THAT CHANCELLOR SCHMIDT WOULD BE INTERESTED IN AND, HOWEVER CURSORILY TOUCHED UPON, IT COULD LEAD ON TO THE TOPIC THAT SEEMS TO ME UNAVOIDABLE, THAT OF THE COORDINATION OF POLICY AS BETWEEN THE TWO SIDES OF THE ATLANTIC ON THE MIDDLE EAST. HERE THERE IS THE PROBLEM BOTH OF MACHINERY AND OF SUBSTANCE. WE HAVE NO INSTITUTION FOR DISCUSSING, LET ALONE AGREEING UPON, A WESTERN POLICY TOWARDS AN AREA WHERE ALL OUR INTERESTS ARE EQUALLY THREATENED. POLICY DISCUSSION ON THIS MATTER SURELY CANNOT BE DONE IN NATO. NOR DOES IT LOOK FEASIBLE AT THE MOMENT TO THINK IN TERMS OF ANOTHER NEW INTERNATIONAL ALLIANCE. BUT WE MIGHT DECIDE THAT THE ONLY WAY OF DEALING WITH THIS PROBLEM AT THIS JUNCTURE IS ON A RESTRICTED GROUP BASIS AND THAT THE SOONER WE INSTITUTIONALISE THIS, HOWEVER SECRETLY, THE BETTER.

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V. ON THE SUBSTANCE OF THE PROBLEMS OF THE MIDDLE EAST, THE US ADMINISTRATION HAVE GOT THEMSELVES IN A TANGLE OVER AWACS FOR SAUDI ARABIA, A SUBJECT LIKELY TO BE AFFECTED BY THE CONFLICTING FORCES OF (A) ISRAELI PRESSURE, (B) THE NATURE OF THE OIL MARKET, AND (C) US DEFENCE REQUIREMENTS IN SAUDI ARABIA AND THE GULF. BUT THE INESCAPABLE TOPIC MUST SURELY BE THAT OF THE EUROPEAN INITIATIVE ON THE ARAB/ISRAEL ISSUE AND HOW THIS IS TO BE MESHED IN WITH FUTURE US POLICY ON THIS SUBJECT. THE AMERICANS ARE LIKELY TO STICK FOR A LONG TIME TO SOMETHING ON THE LINES OF THE CAMP DAVID IDEA OF AUTONOMY TALKS. AFTER THE ISRAELI ELECTIONS I SUPPOSE THERE WILL BE VISITS TO WASHINGTON BY THE ISRAELI PRIME MINISTER AND SADAT, AND THERE WILL BE ANOTHER ROUND OR ROUNDS ABOUT THE WEST BANK AND GAZA STRIP. GIVEN THE POLITICAL AND CONGRESSIONAL PROBLEMS HERE, I DO NOT BELIEVE THAT THE US ADMINISTRATION WILL BE EXERCISING ENOUGH PRESSURE ON ISRAEL TO SATISFY PALESTINIAN AND ARAB DEMANDS. (THE RELUCTANCE OF THE AMERICANS TO BRING THEIR INFLUENCE TO BEAR UPON ISRAEL MAY HAVE CONTRIBUTED TO A VERY SERIOUS CRISIS OVER LEBANON BY THE TIME SCHMIDT REACHES WASHINGTON.)

← VI. MEANWHILE WHAT IS EUROPE GOING TO BE DOING AFTER THE ISRAELI ELECTIONS - THAT IS TO SAY IN THE TIME OF OUR PRESIDENCY OF EUROPE? US POLICY WILL SURELY BE DIRECTED TO PREVENTING EUROPE DOING ANYTHING: WE WILL BE IMploRED NOT TO ROCK THE BOAT OR PROVIDE FALSE TRAILS SO LONG AS THERE IS THE SLIGHTEST BREATH IN THE AUTONOMY TALKS, OR AT ANY RATE UNTIL ISRAEL WITHDRAWAL FROM SINAI HAS BEEN COMPLETED. WE WILL BE DISCOURAGED FROM DEALING WITH ARAFAT. WE WILL BE TOLD THAT WHATEVER WE DO CANNOT BE MORE THAN A CHARADE BECAUSE WE CANNOT DELIVER ISRAEL. I DO NOT THINK WE SHOULD BE PUT OFF FROM DOING WHAT WE THINK NECESSARY IN THE MIDDLE EAST BECAUSE OF FEAR OF AN ADVERSE IMPACT ON US/UK RELATIONS. SUCH A REACTION SHOULD NOT SERIOUSLY IMPAIR OUR GENERAL INTERESTS HERE: INDEED THERE COULD BE ADVANTAGE IN THE SUGGESTION IMPLICIT IN OUR ATTITUDE THAT WE CANNOT BE ALWAYS TAKEN FOR GRANTED. IN THIS CONTEXT, SOME STIFFENING OF SCHMIDT ON THE SUBJECT OF THE EUROPEAN INITIATIVE MAY BE HELPFUL BEFORE HE ARRIVES IN WASHINGTON, AS HE MAY STILL NOT HAVE RECOVERED FROM THE ATTENTIONS RECENTLY PAID TO HIM BY BEGIN.

VII. SO FAR AS CENTRAL AMERICA IS CONCERNED I DO NOT THINK THAT THE SAME ARGUMENTS APPLY, THAT IS TO SAY THERE IS NO HARD BRITISH INTEREST AT STAKE IN THE AREA THAT WOULD WARRANT FRICTION WITH THE AMERICANS. THE GERMANS ARE SEEN HERE AS UNACCEPTABLY LENIENT ABOUT CUBAN ACTIVITIES IN THAT PART OF THE WORLD: AND THIS CRITICISM EXTENDS TO SOME EXTENT TO THE EUROPEAN COMMISSION. I SUGGEST THAT IN TALKING TO SCHMIDT WE COULD TAKE THE LINE, WITHOUT APPEARING CALLOUS, THAT EUROPE MUST TAKE ACCOUNT OF THE US GOVERNMENT'S DETERMINATION TO TAKE A NEW AND TOUGHER STANCE AGAINST COMMUNISM, PARTICULARLY THE CUBANS, AND TO MAKE THEIR FIRST PITCH IN THEIR BACKYARD, CENTRAL AMERICA. THEY WILL NOT BE DEFLECTED IN THIS BY WHAT THEIR ALLIES SAY, MERELY IRRITATED. THEIR POLICY MAY GET THEM INTO DIFFICULTIES ON MORAL GROUNDS FOR SUPPORTING AUTHORITARIAN REGIMES, BUT THEY ARE AWARE OF THIS AND ARE CONVINCED THAT THIS IS THE PLACE WHERE THEY SHOULD AIM TO PRODUCE AND CAN PRODUCE A PRACTICAL RESULT. THE LINE THE PRIME MINISTER TOOK WHEN SHE WAS IN WASHINGTON SEEMED TO ME TO MEET THE NEED WITHOUT GIVING TOO MUCH OF A HOSTAGE TO DOMESTIC CRITICISM.

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VIII. ALTHOUGH EUROPE SHOULD SHOW UNDERSTANDING OF US POLICY IN CENTRAL AMERICAN WE SHOULD NOT BE RELUCTANT TO DRAW ATTENTION TO THE COMPLICATIONS WHICH COULD ARISE BY PURSUING A POLICY OF CONFRONTATION WITH THE CUBANS IN SOUTHERN AFRICA. OUR LONG TERM OBJECTIVES ARE THE SAME, TO GET THE CUBANS OUT. ON SOUTHERN AFRICA THE AMERICANS HAVE SHOWN A GREATER WILLINGNESS TO CONSULT US - AS DISTINCT FROM SIMPLY INFORMING US OF THEIR VIEWS - THAN OVER OTHER SUBJECTS. THIS DOES NOT MEAN THAT THEY NECESSARILY AGREE WITH OR ADOPT OUR ADVICE. BUT WE HAVE HAD INFLUENCE ON THEM. LOOKING TO THE FUTURE WE SHOULD I THINK BE READY TO ADJUST OUR LANGUAGE AND GET AWAY FROM REFERENCES THAT ARE OFFENSIVE TO THE EARS OF THE NEW US ADMINISTRATION. SCHMIDT CAN BE EXPECTED TO SHOW CONCERN ABOUT THE CAVALIER ATTITUDE OF THE US TOWARDS THE UN ON THIS MATTER. BUT THE AMERICANS ARE DETERMINED TO REDUCE THE ROLE OF THE UN IN THE SEARCH FOR A NAMIBIA SETTLEMENT AND IF WE ARE TO CONTINUE TO HAVE INFLUENCE OVER THEM WE MUST TO SOME EXTENT GO ALONG WITH THEM. I EXPECT THAT SCHMIDT WOULD AGREE WITH US THAT ONLY THE AMERICANS CAN PRODUCE A SETTLEMENT OF THE NAMIBIA PROBLEM BECAUSE THEY ALONE HAVE THE NECESSARY INFLUENCE OVER SOUTH AFRICA. (INCIDENTALLY PIK BOTHA WILL BE IN WASHINGTON NEXT WEEK.)

2. PLEASE SEE MY IMMEDIATELY FOLLOWING TELEGRAM (NOT TO ALL).

F C O PASS SAVING UKDEL NATO, UKREP BRUSSELS, PARIS, OTTAWA, ROME, CAPETOWN, MOSCOW, TEL AVIV, CAIRO AND JEDDA.

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TO IMMEDIATE F C O

TELEGRAM NUMBER 1417 OF 7 MAY

INFO BONN

INFO SAVING PARIS, UKDEL NATO, ROME AND MOSCOW.

MS.

BONN TELNO 332: EUROPE/USA RELATIONS.

1. BEFORE LISTING SOME OF THE PARTICULAR ISSUES IN RELATIONS BETWEEN EUROPE AND THE UNITED STATES THAT COULD ARISE IN THE CHEQUERS MEETING WITH CHANCELLOR SCHMIDT, I SHOULD LEAVE YOU IN NO DOUBT THAT CONFUSION REIGNS HERE IN THE REALM OF DECISION-MAKING. HAIG HAS NOT SUCCEEDED IN BECOMING THE VICAR-GENERAL OF FOREIGN POLICY; AND GIVEN HUMAN NATURE AND THE NATURE OF THE U.S. GOVERNMENT, IT WOULD SCARCELY HAVE BEEN IMAGINABLE THAT HE COULD HAVE DONE SO. AS A RESULT OF WHITE HOUSE CRITICISM OF HIS PERFORMANCE, HIS STOCK WITHIN THE ADMINISTRATION AND IN PUBLIC HAD SUNK PRETTY LOW PRIOR TO THE ROME MEETING. BUT THIS PRODUCED A REACTION ESPECIALLY IN THE PRESS IN HIS FAVOUR LAST WEEK, AND THE PRESIDENT (AND HIS CLOSEST ADVISERS) EVIDENTLY DECIDED THAT THE MOMENT HAD COME TO SHOW SUPPORT. THE PRESIDENT SPOKE YESTERDAY OF HAIG'S "TRIUMPHAL RETURN" FROM THE ROME MEETING FOR ALL THE WORLD AS THOUGH HE WERE A GENERAL COME HOME AFTER SOME GREAT MILITARY VICTORY. IT IS WITH HIM AND THE STATE DEPARTMENT THAT WE DEAL, AND, THOUGH THE ROLE OF THE WHITE HOUSE IN FOREIGN POLICY MUST NOT BE UNDERESTIMATED, IT IS IMPOSSIBLE AT THIS STAGE OF THE NEW U.S. GOVERNMENT TO SEE HOW CONTACTS BETWEEN FOREIGN REPRESENTATIVES AND THE WHITE HOUSE TEAM ARE GOING TO DEVELOP.

2. YOU WILL HAVE FORMED YOUR OWN OPINION OF HAIG IN HIS ROLE AS SECRETARY OF STATE. MY OWN IMPRESSION IS THAT HIS STRENGTHS AND WEAKNESSES ARE QUICKLY BECOMING APPARENT. HE HAS, OF COURSE, A FIRM CHARACTER AND CAN SPEAK WITH FLUENCY AND AUTHORITY. THE AMERICANS ARE LESS BAFFLED BY HAIGSPEAKE THAN OTHER PEOPLE. BUT HE DOES NOT SEE FOREIGN POLICY IN THE ROUND OR IN CONCEPTUAL TERMS AND I DO NOT FIND HIM BRIMMING OVER WITH IMAGINATION. HE DEALS WITH IMMEDIATE PROBLEMS VERY PRACTICALLY, BUT NEITHER HE NOR ANYONE ELSE IN THE STATE DEPARTMENT IS LOOKING VERY FAR AHEAD OR FITTING EACH PIECE OF THE JIGSAW INTO THE WHOLE PICTURE. I CONFESS TO HAVING A SLIGHT RESERVATION ABOUT HIS HEALTH. HE IS SMOKING AGAIN AND DOING SO MUCH TOO MUCH FOR A MAN WHO HAS HAD A SERIOUS HEART OPERATION: AND THERE ARE TIMES WHEN HE DOES NOT SEEM ALTOGETHER AT EASE IN HIS SKIN. IN PERSONAL DEALINGS HE CAN TEND TO APPEAR RATHER MILITARY AND ABRASIVE WITH HIS COMPATRIOTS, BUT THEN HE PERCEIVES THE WASHINGTON WORLD AS IT WAS IN NIXON'S DAY, WHEN THE LAW OF THE JUNGLE PREVAILED; AND ALTHOUGH I AM SURE THAT HE LEARNT A LOT FROM KISSINGER AND THOUGH HE MUST COME NEAR TO HAVING KISSINGER'S AMBITION, HE DOES NOT HAVE HIS BYZANTINE SUBTLETY OR TALENT FOR DISPOSING OF OR EVADING OPPONENTS.

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3. WITH FOREIGNERS HE APPEARS THE OPPOSITE, HE IS GIFTED IN SAYING JUST THE RIGHT THING TO APPEAL TO EACH OF THEM AND MANAGES TO LEAVE THE IMPRESSION THAT HE IS ON THEIR SIDE. THIS MOST UNPALMESTONIAN TRAIT OF APPEARING PLACATORY ABROAD AND COMBATIVE AT HOME CAN BE A LITTLE CONFUSING AND I THINK THERE IS A DANGER THAT HIS VERY CONCILIATORINESS COULD, PARTICULARLY IN THE ABSENCE OF CLEAR-CUT POLICY DECISIONS, LEAD TO DISAPPOINTMENT.

4. NOR IS HAIG LIKELY TO BE ABLE TO GET HIS WAY UNFAILINGLY OR EASILY WITH A DIVIDED CONGRESS: HE MAY HAVE TO DEPEND UPON WHITE HOUSE INTERVENTION TO GET HIS POLICIES ACCEPTED THERE. NOT THAT THE SENATE FOREIGN RELATIONS COMMITTEE IS LOOKING IMPRESSIVE: UNDER THE WEAK AND VERBOSE CHAIRMANSHIP OF PERCY, IT COMPRISES MANY NEW AND INEXPERIENCED SENATORS WHO ONLY KNOW ONE THING: THE COMMITTEE'S CONSTITUTIONAL CAPACITY FOR OBSTRUCTION.

5. NONE OF THIS IS GOING TO MAKE THE NEW U.S. GOVERNMENT'S PROMISE OF READY CONSULTATION WITH THE ALLIES ANY EASIER TO FULFIL. THERE CAN BE NO QUESTIONING HAIG'S GOODWILL TOWARDS EUROPE AND I DO NOT THINK THAT HE WILL BEND IN THE WIND ON THIS. BUT THE SHEER DIFFICULTY OF COMING TO A CONSENSUS IN THE ADMINISTRATION IS GOING TO MAKE ADVANCE CONSULTATION THAT MUCH THE MORE DIFFICULT, PARTICULARLY GIVEN FEARS OF LEAKS.

6. I AM SURE THAT WE MUST TAKE ACCOUNT OF WEINBERGER'S PRACTICE OF EXPRESSING HIS OWN VIEWS ON CONTROVERSIAL DEFENCE MATTERS, EVEN THOUGH THEY IMPINGE ON FOREIGN POLICY, WITHOUT CLEARING HIS LINES WITH HAIG. THE DEPARTMENT OF DEFENSE WILL CERTAINLY HAVE VIEWS THAT ARE AT VARIANCE WITH THOSE OF THE STATE DEPARTMENT, EG ON SALT AND TNF. THIS INDEPENDENCE OF THE PENTAGON MUST BE BORNE IN MIND IN THE CONTEXT BOTH OF CONFUSED DECISION-MAKING AND THE PROBLEMS OF CONSULTATIONS WITH ALLIES.

7. ONE FINAL POINT ON THE BACKGROUND TO THE FORMULATION OF U.S. FOREIGN POLICY IS THE MOOD OF THE REPUBLICAN PARTY ON MANY POLICIES EG ON EAST/WEST RELATIONS, HUMAN RIGHTS, AFRICA, ETC, THEIR CONTROL OF THE SENATE, AND THE PREDILECTIONS OF THE PRESIDENT HIMSELF. THESE MAY WELL BE AT VARIANCE WITH THE ANALYSES AND PROPOSALS OF THE STATE DEPARTMENT.

8. PLEASE SEE MIFT.

FCO PASS SAVING PARIS, UKDEL NATO, ROME AND MOSCOW.

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TO FLASH FCO

TELEGRAM NUMBER 142 OF 4 MAY 1981

INFO IMMEDIATE MODUK (PS TO MR NOTT AND DUSP)

INFO PRIORITY WASHINGTON, PARIS, BONN AND UKDEL NATO

(PERSONAL FOR AMBASSADORS)

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FOLLOWING FROM PRIVATE SECRETARY

NATO MINISTERIAL MEETING

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1. AT THE QUADRIPARTITE MINISTERIAL DINNER ON 3 MAY HAIG, USING THE SPEAKING NOTES IN MIFT, EXPLAINED THAT HE WOULD TODAY BE TABLING A LANGUAGE FOR THE COMMUNIQUE STATING THE AMERICAN INTENTION TO BEGIN NEGOTIATIONS WITH THE SOVIET UNION ON TNF ARMS CONTROL WITHIN THE SALT FRAMEWORK BY THE END OF THE YEAR. HE EMPHASISED THAT THE DRAFT TO BE TABLED WAS THE OUTCOME OF A BITTER STRUGGLE IN WASHINGTON, IN WHICH THE PRESIDENT HAD PERSONALLY INTERVENED; THAT IT WOULD NOT BE REALISTIC TO IMAGINE THAT THE SUBSTANCE OF IT COULD BE CHANGED SINCE IT HAD THE PRESIDENT'S APPROVAL; THAT THE AMERICANS ATTACHED GREAT IMPORTANCE TO THE TWO ALLIANCE STUDIES WHICH THEY WERE ALSO PROPOSING, ONE AN UP TO DATE THREAT ASSESSMENT AND THE OTHER A STUDY OF FUNCTIONAL REQUIREMENTS FOR NATO TNF; AND THAT OTHER PARAGRAPHS OF THE COMMUNIQUE WOULD HAVE TO BE AMENDED TO BRING THEM MORE INTO LINE WITH AMERICAN THINKING - LESS ON SALT AND MBFR, STRONGER LANGUAGE ON STRENGTHENING NATO DEFENCE AND MORE EMPHASIS ON THE CONCEPT OF RESTRAINING THE SOVIET UNION. HAIG SAID HE WOULD EXPLAIN AMERICAN VIEWS IN DETAIL AT THE SUPER-RESTRICTED MEETING.

2. HAIG WAS NOT PREPARED TO CIRCULATE THE DRAFT PASSAGE ON TNF BUT HE READ IT ALOUD. THE SECRETARY OF STATE SAID THAT IT SOUNDED GENERALLY ACCEPTABLE, SUBJECT TO A STUDY OF THE TEXT. GENSCHER SAID IT WAS A PITY NOT TO MENTION HAIG'S INTENTION (WHICH HE HAD STATED) OF DISCUSSING THE TIMING AND PROCEDURES FOR THE START OF NEGOTIATIONS ON TNF WHEN HE MET GROMYKO AT THE UN IN SEPTEMBER. HAIG SAW NO REASON WHY THIS SHOULD NOT BE ADDED, AND SAID HE WAS READY TO SAY TO THE PRESS THAT EVEN BEFORE SEPTEMBER HE WOULD BE IN TOUCH WITH DOBRYNIN ON THE SAME SUBJECT. IN SUBSEQUENT DISCUSSION HAIG STRESSED HIS HOPE THAT THE COMMUNIQUE WOULD ENABLE HIM TO "HOLD THE CONSENSUS" IN WASHINGTON. IN RESPONSE TO FRANCOIS-PONCET'S HOPE THAT THE AMERICANS WOULD CONTINUE TO HOLD OUT THE PROSPECT OF A DIALOGUE WITH MOSCOW, HAIG SAID THAT SUCH COMMUNICATION ALREADY EXISTED. /HE

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HE HAD ALREADY MET DOBRYNIN FIVE TIMES, AND HAD DISCUSSED WITH HIM A FRAMEWORK FOR TNF NEGOTIATIONS, AND THE CDE AMONGST OTHER MATTERS (THOUGH WHEN PRESSED BY GENSCHER TO INCLUDE A REFERENCE TO THESE PAST CONTACTS IN THE COMMUNIQUE, HAIG DECLINED ON THE GROUNDS THAT THESE PARTICULAR DISCUSSIONS HAD NOT BEEN CARRIED OUT THROUGH THE "BUREAUCRATIC SYSTEM"). BUT NO DIALOGUE COULD ENDORSE SOVIET ACTIONS IN AFGHANISTAN OR AFRICA. SALT II WAS ALSO A PROBLEM FOR THE AMERICANS, NOT BECAUSE OF AFGHANISTAN, BUT BECAUSE OF ITS OWN INADEQUACIES. IT WOULD NEVER HAVE GOT THROUGH CONGRESS AND EUROPE WOULD HAVE "BOUGHT A TURKEY". HENCE THE IMPORTANCE OF A CONSENSUS AMONG THE ALLIES ON TNF ABOUT THE REAL THREAT. OTHERWISE WE WOULD AGAIN ALL BE VICTIMS OF AMERICAN INCOMPETENCE. HE STILL RECALLED HOW, WHEN AT NATO, HE HAD BEEN ASSAILED BY ALLIED AMBASSADORS BECAUSE THE AMERICANS HAD NEGOTIATED AWAY THE RIGHT TO DEPLOY GROUND AND SEA-BASED CRUISE MISSILES.

3. FRANCOIS-PONCET ASKED WHAT THE DUTCH AND BELGIANS WERE GOING TO DO ABOUT TNF. GENSCHER SAID THAT IF DEN UYL BECAME PRIME MINISTER WE COULD ALL FORGET ABOUT THE NETHERLANDS IN THE TNF CONTEXT. VAN AGT WAS AN HONEST MAN BUT HIS PARTY WOULD NOT SUPPORT HIM. BELGIUM WOULD DRAW THE CONSEQUENCES. BUT THE FRG WOULD STAND FIRM UNLESS THE GERMAN PEOPLE FAILED TO BE CONVINCED THAT THE UNITED STATES INTENDED TO HAVE SERIOUS NEGOTIATIONS. GENSCHER'S PERSONAL GUESS WAS THAT IN THE END IT WOULD COME DOWN TO THE FRG, ITALY AND BRITAIN.

4. EAGLEBURGER HAS THIS MORNING GIVEN US IN CONFIDENCE THE AMERICAN DRAFT, REVISED TO TAKE ACCOUNT OF GENSCHER'S COMMENTS, INCLUDING ONE TURNING ON THE DIFFERENCE BETWEEN MODERNISATION AND MODERNISING; THE FORMER WOULD HAVE SUGGESTED THAT THE NATO TNF PROGRAMME MUST BE COMPLETE BEFORE NEGOTIATIONS COULD BEGIN. IT IS EXPECTED TO BE PRODUCED IN THE DRAFTING GROUP (WHICH IS ALREADY IN SESSION) THIS AFTERNOON, AFTER HAIG HAS SPOKEN. TEXT IN MY SECOND IFT.

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PS/MR BLAKER

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MR BULLARD

MR DAY

MR FERGUSSON

MR P H MOBERLY

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/SIR I GILMOUR

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MR DAY

SIR A ACLAND

SIR L ALLINSON

LORD N G LENNOX

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FM WASHINGTON 302332Z MAR 81

TO IMMEDIATE F C O

TELEGRAM NUMBER 1053 OF 30 MARCH 1981

INFO PRETORIA LAGOS UKMIS NEW YORK LUANDA LUSAKA MAPUTO SALISBURY
DAR ES SALAAM GABORONE

US/SOUTHERN AFRICA

1. IN AN INTERVIEW PUBLISHED IN THE WASHINGTON POST ON 29 MARCH (TEXT BY BAG), THE PRESIDENT SPOKE ABOUT US POLICY TOWARDS SOUTHERN AFRICA. ON SOUTH AFRICA ITSELF, HE SAID THAT THE US LOOKED FORWARD TO CONTINUED FRIENDSHIP WITH SOUTH AFRICA AND TO HELPING WITH ITS PROBLEMS OVER APARTHEID. AT THE SAME TIME HE WOULD TAKE STEPS TO ESTABLISH A BETTER UNDERSTANDING WITH THE BLACK AFRICAN STATES, MANY OF WHOM HE RECOGNISED AS HAVING CHIPS ON THEIR SHOULDERS ABOUT THE U S.

2. THE PRESIDENT SAID THAT HE WANTED TO SEE A PEACEFUL SOLUTION IN NAMIBIA. THIS SHOULD BEGIN WITH AN ELECTION, WHICH SHOULD FOLLOW THE ADOPTION OF A CONSTITUTION GUARANTEEING EQUAL RIGHTS TO ALL NAMIBIANS, INCLUDING PROPERTY AND MINORITY RIGHTS.

3. ON ANGOLA, THE PRESIDENT COMPLAINED THAT HIS HANDS WERE TIED BY THE CLARK AMENDMENT. ANGOLA'S GOVERNMENT WAS DOMINATED BY CUBANS ACTING AS SURROGATES FOR THE SOVIET UNION. IF ANGOLA WANTED TO BE

A NATION IN THE COMMUNITY OF AFRICAN NATIONS, IT OUGHT TO GET RID OF OUTSIDE FORCES: ONCE THIS HAD COME ABOUT, THERE WAS A REAL POSSIBILITY OF RECONCILIATION BETWEEN THE REGIME IN LUANDA AND SAVIMBI, WHO CONTROLLED HALF THE COUNTRY.

4. AN ARTICLE IN THE NEW YORK TIMES ON 29 MARCH (TEXT BY BAG) REPORTED THAT CROCKER WOULD SHORTLY VISIT AFRICA TO OPEN A CONSTRUCTIVE DIALOGUE WITH SOUTH AFRICA ON WAYS TO BRING ABOUT CHANGE IN THAT COUNTRY WHILE REASSURING THE BLACK AFRICAN LEADERS OF THE ADMINISTRATION'S INTEREST IN FINDING AN INTERNATIONALLY ACCEPTABLE FORMULA FOR ENDING SOUTH AFRICAN CONTROL OF NAMIBIA. A SIMILAR ARTICLE IN THE WASHINGTON POST (TEXT BY BAG) ASSERTED THAT THE ADMINISTRATION HAD DECIDED TO PICK UP THE THREADS OF THE CARTER ADMINISTRATION'S PROGRAMME FOR INTERNATIONAL NEGOTIATIONS OVER NAMIBIA. SECRETARY HAIG REPORTEDLY CONVEYED THIS TO THE NIGERIAN FOREIGN MINISTER LAST WEEK. THE ARTICLES, BASED ON STATE DEPT BRIEFING, CITED THE ADMINISTRATION'S POLICY ON AID FOR ZIMBABWE AND AFRICAN REFUGEES, TOGETHER WITH ITS POSTPONEMENT OF SAVIMBI'S VISIT, AS SIGNS OF A MORE MODERATE U S APPROACH TO AFRICAN QUESTIONS.

5. PARKER BORG (STATE DEPT DIRECTOR, WEST AFRICA) HAS SHOWN US IN STRICT CONFIDENCE THE DRAFT RECORD OF HAIG'S MEETING WITH AUDU (PLEASE PROTECT). HAIG TOLD AUDU THAT THE U S SOUGHT A PEACEFUL AND INTERNATIONALLY ACCEPTABLE SOLUTION WHICH WOULD LEAD TO NON-ALIGNED STATUS FOR AN INDEPENDENT NAMIBIA. THE AMERICAN SEARCH WOULD BE WITHIN QUOTE THE FRAMEWORK OF THE UN APPROACH UNQUOTE, ALTHOUGH THIS WOULD BE BROADENED TO INCLUDE THE OUTLINE OF A CONSTITUTIONAL STRUCTURE FOR INDEPENDENCE. HAIG URGED AUDU NOT TO WORRY ABOUT PRESS SPECULATION CONCERNING A PRO-SOUTH AFRICAN DRIFT IN U S POLICY: THE U S SHOULD BE JUDGED BY ITS ACTIONS ALONE. HE CLAIMED THAT U S PREACHING AND COMPLAINING TO SOUTH AFRICA DID MORE HARM THAN GOOD. THE PREVIOUS ADMINISTRATION HAD LOST ALL INFLUENCE OVER SOUTH AFRICA BECAUSE OF THEIR HOSTILE APPROACH: THE NEW ADMINISTRATION'S CREDIBILITY WITH THE SOUTH AFRICANS GAVE THEM ADDITIONAL LEVERAGE.

6. HAIG URGED AUDU, WHO WAS SCEPTICAL ABOUT THE VALUE OF GOOD AMERICAN RELATIONS WITH SOUTH AFRICA, NOT TO PRESS FOR ACTION IN THE UN WHILE THE U S WAS INVESTIGATING THE WAY FORWARD. HE CONCEDED THAT THIS SEARCH WOULD INVOLVE SOME DELAY IN A SETTLEMENT: HOWEVER IT WAS ESSENTIAL TO TREAD CAREFULLY SINCE PROGRESS TOWARDS INDEPENDENCE IN NAMIBIA MUST BE ACHIEVED IN A WAY WHICH SOUTH AFRICA WOULD SUPPORT.

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TO IMMEDIATE ISLAMABAD
TELEGRAM NO 311 OF 27 MARCH 1981
INFO IMMEDIATE WASHINGTON
INFO PRIORITY UKMIS NEW YORK, PRETORIA,
INFO ROUTINE SALISBURY, LAGOS, LUSAKA, MAPUTO, DAR ES SALAAM,
GABORONE, LUANDA, BONN, OTTAWA, PARIS, ADDIS ABABA, FREETOWN,
NAIROBI

ISLAMABAD FOR PRIVATE SECRETARY

MESSAGE FROM MR HAIG ON SOUTHERN AFRICA
FOLLOWING FROM ALLINSON.

1. US EMBASSY HAVE HANDED US THE FOLLOWING MESSAGE TO THE SECRETARY OF STATE WHICH HAS ALSO BEEN SENT TO THE GERMAN, FRENCH AND CANADIAN FOREIGN MINISTERS.

'OUR INITIAL REVIEW OF THE SITUATION IN SOUTHERN AFRICA INCLUDING IN PARTICULAR NAMIBIA AND ANGOLA HAS NOW BEEN COMPLETED. WE APPRECIATE THE VIEWS WHICH HAVE BEEN EXPRESSED TO US ON THIS SUBJECT BY OUR PARTNERS IN THE CONTACT GROUP. WE HAVE NOW DECIDED TO EMBARK UPON A WIDER CIRCLE OF CONSULTATIONS ON THESE ISSUES WITH THE FRONT LINE STATES INCLUDING NIGERIA AND WITH SOUTH AFRICA. I WILL IN THE VERY NEAR FUTURE BE SENDING MY ASSISTANT SECRETARY-DESIGNATE CHESTER A CROCKER ON A MISSION FOR THIS PURPOSE. ONCE THAT TRIP HAS BEEN COMPLETED, WE WILL OF COURSE WANT A FURTHER EXCHANGE OF VIEWS WITH OUR ALLIES. WHILE THIS IMPORTANT CONSULTATIVE PROCESS IS IN PROGRESS, I WOULD HOPE THAT WE CAN ALL COOPERATE IN URGING RESTRAINT ON ALL INTERESTED AND INVOLVED PARTIES, ESPECIALLY VIS-A-VIS CONSIDERATION OF THESE MATTERS IN THE UNITED NATIONS.'

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2. MIFT CONTAINS TEXT OF MESSAGES TO THE SOUTH AFRICAN FOREIGN MINISTER AND TO GOVERNMENTS OF THE FLS AND NIGERIA.

3. MR CROCKER'S ITINERARY WILL BE KNOWN EARLY NEXT WEEK. US EMBASSY TELL US THAT THEY EXPECT HIM TO LEAVE ON 10 APRIL AND TO SPEND A DAY IN LONDON BEFORE GOING ON TO AFRICA. THEY ARE THINKING OF A MEETING OF THE FIVE ON HIS RETURN, PROBABLY IN LONDON (WE HAVE SUGGESTED THAT THIS BE HELD ON US PREMISES).

4. MY SECOND IFT (NOT TO ALL) CONTAINS A DRAFT RERPLY FROM THE SECRETARY OF STATE TO MR HAIG. GRATEFUL FOR THE SECRETARY OF STATES VIEWS, REPEATED TO WASHINGTON.

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PS/MR LUCE

PS/PUS

MR DAY

SIR A ACLAND

SIR L ALLINSON

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FM PRETORIA 261100Z MAR 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 83 OF 26 MARCH 81

INFO PRIORITY WASHINGTON, UKMIS NEW YORK, LUANDA

INFO SAVING PARIS, BONN, OTTAWA, LUSAKA, DAR ES SALAAM, MAPUTO,
GABORONE, SALISBURY, LAGOS.

UNITED STATES/SOUTH AFRICA : RELEVANCE TO NAMIBIA.

1. IN VARIOUS RECENT REPORTS I HAVE TRIED TO BRING OUT THE EXTENT TO WHICH THE SOUTH AFRICANS ARE AT PRESENT HANGING ON EVERY WORD WHICH COMES OUT OF WASHINGTON WHILE THE REAGAN ADMINISTRATION DEVELOP THEIR POLICIES ON SOUTHERN AFRICA. THE SOUTH AFRICANS WERE DELIGHTED BY PRESIDENT REAGAN'S RECENT FRIENDLY REMARKS (INCLUDING HIS RECOGNITION OF SOUTH AFRICA AS A SOURCE OF ESSENTIAL MINERALS FOR THE WEST): THERE WAS A EUPHORIC REACTION TO FIRST REPORTS THAT P W BOTHA MIGHT BE INVITED TO WASHINGTON (MY TELNO 72). THE SOUTH AFRICANS ARE NERVOUS ABOUT HINTS THAT CARTER'S ATTITUDE STILL SURVIVES IN PARTS OF THE STATE DEPARTMENT, AND THEY HAVE NOT BEEN ABLE TO RESTRAIN THEMSELVES FROM TRYING TO INFLUENCE THE FORMULATION OF AMERICAN POLICY. BUT AT HEART THEY ARE CONFIDENT THAT THE REAGAN ADMINISTRATION SHARES THEIR BASIC ASSESSMENT THAT THE OVER-RIDING PRIORITY IS TO CONTAIN THE FURTHER SPREAD OF COMMUNISM IN AFRICA.

PRIORITY IS TO CONTAIN THE FURTHER SPREAD OF COMMUNISM IN AFRICA. •

2. THE SOUTH AFRICANS SEE THESE WELCOME CHANGES AS A MOVE BY THE AMERICANS TOWARDS THEIR POINT OF VIEW SEMI COLON THAT THE AMERICANS HAVE AT LAST SEEN THE LIGHT. IT WOULD NOT BE IN CHARACTER FOR THE SOUTH AFRICANS, ESPECIALLY DURING AN ELECTION CAMPAIGN, TO BE THINKING OF THE CONCESSIONS WHICH THEY MIGHT HAVE TO MAKE IN ORDER TO INFLUENCE AMERICAN POLICY MORE SUBSTANTIALLY IN THEIR FAVOUR. BUT THE BASIC FACT STANDS OUT THAT SOUTH AFRICAN HOPES ARE NOW PINNED SO EXCLUSIVELY ON THE REAGAN ADMINISTRATION THAT IT IS ONLY THE LATTER WHO CAN AT PRESENT BRING EFFECTIVE PRESSURE TO BEAR ON THE SOUTH AFRICANS.

3. AGAINST THIS BACKGROUND, THE AMERICANS MAY WANT TO CONSIDER THE CHANCES OF A DEAL WHEREBY THE SOUTH AFRICANS WOULD BE PERSUADED TO AGREE TO ELECTIONS IN NAMIBIA WHICH, ALTHOUGH SUPERVISED IN SOME WAY WHICH THEY WOULD FIND ACCEPTABLE, WOULD NEVERTHELESS STILL CARRY A REAL RISK THAT SWAPO WOULD COME TO POWER SEMI COLON IN RETURN FOR WHICH, THE AMERICANS WOULD GIVE THEIR PUBLIC ENDORSEMENT TO P W BOTHA'S POLICIES OF INTERNAL REFORM AND SYMBOLISE THEIR ACCEPTANCE BY AN INVITATION TO VISIT WASHINGTON. IF THE AMERICANS ARE IN ANY CASE DISPOSED TO APPROVE OF P. W. BOTHA'S REFORMS IT MIGHT COST THEM LITTLE TO SAY SO SEMI COLON AND FOR HIS PART P W BOTHA WOULD PROBABLY BE ABLE TO MAKE USE OF THEIR SUPPORT TO OVERCOME OPPOSITION WITHIN HIS OWN PARTY.

4. OVER LUNCH YESTERDAY FOURIE GAVE ME A FAIRLY DETAILED ACCOUNT OF HIS THINKING ON NAMIBIA. HE WAS AT PAINS TO SAY THAT HIS VIEWS WERE STILL AT A FORMATIVE STAGE, THOUGH HE WAS HAVING DISCUSSIONS ABOUT THEM WITH THE SADF. HE MADE IT CLEAR THAT SOUTH AFRICAN MINISTERS WERE COMPLETELY TAKEN UP IN ELECTIONEERING AND HAD NOT ADDRESSED THEIR MINDS TO THE POLICY PROBLEMS. BUT FOURIE CLEARLY WANTS TO HAVE SOME IDEAS READY TO DISCUSS WITH CROCKER WHEN HE COMES.

5. FOURIE SAID THAT EXTERNAL GUARANTEES WOULD BE AN ESSENTIAL INGREDIENT OF ANY DEAL, INCLUDING GUARANTEES THAT NAMIBIA WOULD BE GOVERNED ON DEMOCRATIC PRINCIPLES, WITH FREE ELECTIONS AT FIXED INTERVALS, AND GUARANTEES AGAINST THE INTRODUCTION OF FOREIGN FORCES. SOUTH AFRICA MUST BE ONE OF THE GUARANTORS.

6. FOURIE ALSO EMPHASISED THE IMPORTANCE OF AN ACCEPTABLE MECHANISM FOR THE SUPERVISION OF ELECTIONS THROUGH AN EXTERNAL GROUP. HE SAID THAT THEY WOULD HAVE TO BE DESCRIBED AS OBSERVERS RATHER THAN SUPERVISORS. HE ACCEPTED THAT THE UNITED NATIONS

GROUP. HE SAID THAT THEY WOULD HAVE TO BE DESCRIBED AS OBSERVERS RATHER THAN SUPERVISORS. HE ACCEPTED THAT THE UNITED NATIONS WOULD HAVE TO BE INVOLVED AND FORESAW THAT THE SECRETARY-GENERAL WOULD BE THE COORDINATOR OF THE GROUP, AND THAT THE GROUP WOULD BE COMPOSED OF A REPRESENTATIVE CROSS-SECTION OF COUNTRIES. FOURIE ADDED THAT HE HAD NEVER HAD MUCH FAITH IN UNTAG AND SPOKE AS THOUGH IT WOULD BE FOR THE OBSERVER GROUP TO MONITOR THE WHILE ELECTORAL PROCESS. IF THEY DETECTED SERIOUS ABUSES THE WHOLE THING MIGHT HAVE TO BE CALLED OFF.

7. FOURIE MADE IT CLEAR THAT THE SOUTH AFRICANS SAW A DIRECT LINKAGE BETWEEN NAMIBIA AND ANGOLA. HE MADE THE POINT THAT THE BEST WAY OF REACHING AN ACCOMMODATION BETWEEN THE MPLA AND UNITA WOULD BE TO GIVE SAVIMBI THE RESPONSIBILITY FOR GOVERNING THAT PART OF SOUTHERN ANGOLA WHICH HE MORE OR LESS CONTROLLED ALREADY. THE MPLA WOULD GET IN RETURN WHAT THEY SO MUCH NEEDED, NAMELY STABILITY ON THEIR SOUTHERN BORDER, A CESSATION OF SOUTH AFRICAN ATTACKS AND THE FULL USE OF THE BENGUELA RAILWAY AND LOBITO. FOURIE AGREED WITH ME THAT A LARGE SLICE OF AMERICAN AID MIGHT ALSO BE NEEDED. FOURIE SAID HE AGREED THAT THE AMERICANS WOULD BE UNWISE TO TAKE ANY SUBSTANTIVE STEPS OVER ANGOLA IN ADVANCE OF TACKLING THE NAMIBIAN QUESTION. HE SAID HE THOUGHT THIS WAS ALSO CROCKER'S VIEW.

8. ON THE IDEA, WHICH HE HAD EARLIER PUT TO ME, OF SOME KIND OF INTERIM ADMINISTRATION OF PARTIES WHICH WON SEATS IN THE ELECTION, FOURIE HAD LITTLE TO SAY. HE COMMENTED THAT IT WAS PROVING DIFFICULT ENOUGH TO GET AGREEMENT ON A COALITION EVEN WITHOUT SWAPO.

9. FOURIE SAID HE THOUGHT IT WOULD BE A MISTAKE TO PRONOUNCE SCR 435 DEAD, AS QUITE A FEW PEOPLE HERE SEEMED TO WANT. BUT IF PROGRESS WERE TO BE MADE IT WAS NO GOOD STICKING TO ITS LETTER, AS DISTINCT FROM ITS SPIRIT. HE STRESSED THAT UN IMPARTIALITY WAS A REAL FACTOR FOR THE SOUTH AFRICANS AND THAT IT WOULD BE DIFFICULT TO GET ANYONE TO AGREE TO THE SAME DEGREE OF UNTAG INVOLVEMENT AS PROVIDED FOR IN SCR 435. MORE OMINOUSLY, FOURIE UNDERLINED ONCE AGAIN THAT THE SOUTH AFRICAN GOVERNMENT WOULD NOT BE WILLING TO BRING PRESURE TO BEAR ON MUDGE AND THE COUNCIL OF MINISTERS TO STAND DOWN DURING THE ELECTION CAMPAIGN, AS MUZOREWA HAD DONE. FOURIE ADDED THAT IT WOULD BE A MISTAKE TO BROACH THIS QUESTION AT AN EARLY STAGE AND IT SHOULD RATHER BE LEFT TO THE END AFTER OTHER PROBLEMS HAD BEEN SOLVED.

10. AT ONE POINT FOURIE SAID THAT THE SOUTH AFRICANS REALISED THEY WOULD HAVE TO MAKE CONCESSIONS EG BY REDUCING THE SIZE

10. AT ONE POINT FOURIE SAID THAT THE SOUTH AFRICANS REALISED THEY WOULD HAVE TO MAKE CONCESSIONS EG BY REDUCING THE SIZE OF THE SADF IN NAMIBIA. I USED THIS OPENING TO ASK IF THE SOUTH AFRICANS WOULD REALLY BE WILLING TO TAKE THE RISK OF A PACKAGE SUCH AS HE HAD OUTLINED IF IT MEANT THAT SWAPO MIGHT COME TO POWER IN NAMIBIA. HE REPLIED QUOTE THIS IS THERE THE EXTERNAL GUARANTEES COME IN UNQUOTE.

11. IT IS CLEAR FROM THIS THAT THE SOUTH AFRICAN OFFICIALS HAVE BEEN GIVING A GOOD DEAL OF THOUGHT TO THE FUTURE. WHAT NONE OF US KNOWS IS HOW FAR MINISTERS WILL GO ALONG WITH THEM WHEN THEY GIVE THEIR MINDS TO THE MATTER AFTER THE ELECTION. I CANNOT EVEN BE SURE AT THIS STAGE HOW MUCH PRIORITY THEY WILL BE INCLINED TO GIVE TO THE NAMIBIA QUESTION AT ALL. UNLESS THE AMERICANS PUSH THEM, I SUSPECT THEY WILL TEND TO SIT BACK. IN ANY EVENT I AM CONVINCED THAT THERE IS NO HOPE THAT EVEN IF THE AMERICANS WANTED TO THEY COULD PERSUADE THE SOUTH AFRICANS TO IMPLEMENT SCR 435 AS IT STANDS.

12. FOURIE DID NOT DWELL ON THE PROBLEMS THAT WILL ARISE IN THE UN IF THE HOLY COW OF SCR 35 IS PUSHED OFF THE PAVEMENT. ONE THOUGHT THAT WAS OCCURRED TO ME IS THAT AN ATTEMPT SHOULD BE MADE TO PERSUADE THE SECURITY COUNCIL TO DELEGATE TO THE SECRETARY-GENERAL AND TO AN AGREED GROUP OF COUNTRIES THE TASK OF CARRYING OUT FREE AND FAIR ELECTIONS IN ACCORDANCE WITH THE PRINCIPLES EMBODIED IN SCR 385 AND 435 (THE UN MEETING THE COSTS), AND REPORT BACK THE OUTCOME TO THE COUNCIL. THIS WOULD PRESERVE A UN FRAMEWORK WHILE PROVIDING A LESS OBTRUSIVE UN ROLE AND A MECHANISM FOR VARYING THE TERMS OF SCR 435 AND ADDING NEW ELEMENTS. I RECOGNISE THAT FOR A START IT WOULD BE DIFFICULT TO GET AGREEMENT ON THE SELECTION OF COUNTRIES AND THAT NUMEROUS OTHER OBJECTIONS WOULD BE RAISED, NO DOUBT WITH RUSSIAN ENCOURAGEMENT. BUT IT MIGHT JUST BE AN IDEA WORTH AIRING WITH THE AMERICANS.

13. BECAUSE OF THE LENGTH OF THIS TELEGRAM I HAVE NOT (NOT) REPEATED IT TO ISLAMABAD FOR THE PRIVATE SECRETARY. SAFD WILL NO DOUBT ADVISE IF THEY THINK THAT IT SHOULD GO NEVERTHELESS.

FCO PLEASE PASS SAVING ADDRESSEES.

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FM WASHINGTON 250212Z MAR 81

TO IMMEDIATE F C O

TELEGRAM NUMBER 988 OF 24 MARCH 1981,

INTO ROUTINE LAGOS, ADDIS ABABA, FREETOWN, PRETORIA, UKMIS NEW YORK
INFO SAVING LUANDA, SALISBURY, GABORONE, DAR-ES-SALAAM, MAPUTO

M I P T (NOT TO ALL): CALL ON HAIG: SOUTHERN AFRICA

1. I HANDED HAIG A COPY OF YOUR MESSAGE ABOUT PRESIDENT SHAGARI'S VISIT (YOUR TELNO 484) (NOT TO ALL)) AND DREW HIS ATTENTION TO SHAGARI'S REMARKS ABOUT U S POLICY ON SOUTHERN AFRICA. HAIG SAID THAT THE ADMINISTRATION'S REVIEW OF POLICY TOWARDS SOUTHERN AFRICA HAD JUST BEEN COMPLETED AND THAT HE LOOKED FORWARD TO TALKING TO YOU ABOUT IT. HE FELT THAT YOU WOULD NOT BE AT ALL UNCOMFORTABLE WITH WHAT HE PROPOSED. AMERICAN IDEAS WERE NOT ON THE LINES OF EVERYTHING THAT HAD BEEN DONE IN THE PAST BUT BRIDGED OFF FROM THAT. HE ADDED THAT CROCKER WOULD BE VISITING AFRICA SHORTLY.

2. CONTRARY TO SEVERAL REPORTS THE U S ADMINISTRATION HAVE NOT INVITED SAVIMBI TO VISIT WASHINGTON (FREETOWN TELNO 65 (NOT TO ALL) REFERS): HE IS EXPECTED TO COME HERE UNDER THE AUSPICES OF THE CONSERVATIVE RESEARCH INSTITUTE, FREETOWN HOUSE. HAIG SAID THAT HE INTENDED TO SUGGEST THAT SAVIMBI SHOULD NOT COME BECAUSE OF THE COINCIDENCE WITH THE ADMINISTRATION'S PROPOSAL TO REPEAL THE CLARK AMENDMENT.

F C O PASS SAVING.

HENDERSON.

(REPEATED AS REQUESTED)

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FM FCO 201900Z MAR 81

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 484 OF 24 MARCH

MESSAGE TO MR HAIG

1. FOLLOWING IS THE TEXT OF A MESSAGE FROM MYSELF TO ALEXANDER HAIG ABOUT PRESIDENT SHAGARI'S VISIT TO LONDON LAST WEEK. GRATEFUL IF YOU COULD ARRANGE FOR EARLY DELIVERY.

BEGINS

DEAR AL,

I WAS GLAD TO HEAR THAT THE NIGERIAN FOREIGN MINISTER HAS ACCEPTED YOUR INVITATION TO VISIT WASHINGTON FOR TALKS AT THE END OF THIS WEEK. AS YOU KNOW, PRESIDENT SHAGARI HAS JUST BEEN IN LONDON ON A STATE VISIT. I THOUGHT YOU WOULD BE INTERESTED IN THE LINE HE IS TAKING BEFORE YOU MEET PROFESSOR AUDU. BOTH THE PRESIDENT AND PROFESSOR AUDU ARE HIGHLY INTELLIGENT, QUIETLY SPOKEN, AND GENERALLY MODERATE NORTHERNERS. IN PRIVATE CONVERSATION BOTH SEEM OPEN TO REASON AND READY TO LISTEN TO OTHER POINTS OF VIEW. THEY HAVE DONE WELL IN HOLDING NIGERIA ON A TOLERABLY STEADY COURSE SINCE THE ELECTION OF THEIR (CONSERVATIVE) GOVERNMENT EIGHTEEN MONTHS AGO AFTER YEARS OF MILITARY RULE.

OUR IMPRESSION FROM OUR TALKS AND FROM MY OWN RECENT VISIT TO LAGOS IS THAT THE NIGERIANS ARE WELL DISPOSED TOWARDS THE WEST, DESPITE THE RHETORIC IN WHICH THEIR PRESS AND POLITICIANS INDULGE: AND VERY ANXIOUS TO PREVENT THE SPREAD OF SOVIET OR CUBAN INFLUENCE IN AFRICA. (THEY HAVE BEEN ALARMED BY THE LIBYAN TAKEOVER OF CHAD, AND ARE TRYING HARD TO GET QADHAFI OUT.) THEY DO NOT WANT A CONFRONTATION OVER SOUTHERN AFRICA IF IT

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CAN BE AVOIDED. PRESIDENT SHAGARI STRESSED THE WILLINGNESS OF THE AFRICAN COUNTRIES TO NEGOTIATE WITH SOUTH AFRICA ABOUT THE VARIOUS PROBLEMS, INCLUDING NAMIBIA. HOWEVER, THEY THOUGHT THE SOUTH AFRICANS HAD DECIDED TO BLOCK PROGRESS TOWARDS AGREEMENT IN THE HOPE THAT YOUR ADMINISTRATION WOULD SUPPORT THEM. SHAGARI THOUGHT THE PROBLEMS COULD BE SOLVED IF YOU WERE TO URGE THE SOUTH AFRICANS TO RESUME THE SEARCH FOR NEGOTIATED SETTLEMENTS.

IT WILL NOT SURPRISE YOU TO HEAR THAT SHAGARI EXPRESSED ANXIETY ABOUT THE POSSIBILITY THAT THE UNITED STATES MIGHT SUPPORT SAVIMBI IN ANGOLA AND THOUGHT THIS WOULD ONLY AGGRAVATE THE PROBLEM OF THE CUBANS THERE. HE ARGUED THAT, IF THERE WAS A NAMIBIAN SETTLEMENT, IT WOULD HELP THE ANGOLANS TO GET RID OF THE CUBANS AND THE EAST GERMANS. OTHER AFRICAN COUNTRIES WOULD PRESS THEM TO DO SO IF NAMIBIA HAD BEEN SETTLED - A USEFUL POINT WHICH I ENCOURAGED HIM TO MAKE CLEAR.

WE TOLD SHAGARI AND AUDU THAT FROM OUR OWN DISCUSSIONS IN WASHINGTON WE WERE CONVINCED THAT YOU AND THE PRESIDENT WERE AS ANXIOUS AS OURSELVES TO WORK FOR PEACEFUL SOLUTIONS TO ALL THESE PROBLEMS, BUT YOU CLEARLY NEEDED TIME TO WORK OUT YOUR POLICIES BEFORE TAKING DECISIONS. IF THE AFRICANS CONFRONTED THE UNITED STATES WITH A SANCTIONS RESOLUTION NOW, THIS WOULD ONLY GIVE ENCOURAGEMENT TO SOUTH AFRICA. WE EXPRESSED OUR CONCERN ABOUT INCREASED POLARISATION IN SOUTH AFRICA ITSELF AND URGED THE NEED TO GET PEOPLE TALKING THERE AGAIN.

BOTH THE PRIME MINISTER AND I THOUGHT THIS ON THE WHOLE AN ENCOURAGING EXCHANGE. IT IS CLEAR THAT THE NIGERIANS AND THE OTHER AFRICAN GOVERNMENTS CONCERNED ARE LOOKING FOR AN EARLY SIGNAL FROM WASHINGTON THAT YOUR ADMINISTRATION WILL BE PREPARED TO WORK WITH THEM AS WELL AS WITH THE SOUTH AFRICANS IN SEEKING SOLUTIONS TO THE PROBLEMS OF ANGOLA, NAMIBIA AND SOUTH AFRICA ITSELF.

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AUDU HIMSELF ADMITTED THAT THERE COULD BE VIRTUE IN DELAYING THE SECURITY COUNCIL DEBATE IF THE MODERATE AFRICANS COULD FIND A RESPECTABLE REASON FOR URGING THIS COURSE. BOTH IN LAGOS AND IN LONDON I HAVE STRONGLY ENCOURAGED HIM IN THIS ATTITUDE AND I HOPE THAT IN WASHINGTON YOU AND YOUR PEOPLE MAY BE ABLE, IF YOU AGREE, TO TAKE THAT PROCESS A DECISIVE STEP FURTHER.

I DO NOT THINK YOU WILL FIND THE AFRICANS UNWILLING TO CO-OPERATE SERIOUSLY IN NEW IDEAS, EVEN IF IT REQUIRES SOME SHARP DEPARTURES FROM THE OLD PLANS AND PROPOSALS, PROVIDED THEY ARE SURE THAT THEY OFFER A REAL HOPE OF PROGRESS. I NEED HARDLY ADD THAT WE ARE, AS YOU KNOW, VERY READY TO DO ALL WE CAN TO HELP AND SUPPORT YOU IN THIS IMPORTANT PROCESS.

WITH VERY BEST WISHES
PETER CARRINGTON
ENDS

CARRINGTON

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FM WASHINGTON 242300Z MAR 81

TO PRIORITY FCC

TELEGRAM NO 979 OF 24 MARCH

INFO UKMIS NEW YORK PARIS BONN OTTAWA PRETORIA SALISBURY LUSAKA
LUANDA DAR ES SALAAM GABORONE MAPUTO LAGOS

MY TELEGRAM NO 975: US/SOUTHERN AFRICA

1. I WENT OVER THESE POINTS AGAIN THIS MORNING WITH STOESSEL IN THE STATE DEPARTMENT. HE CONFIRMED THAT CROCKER WOULD EMBARK ON A PROGRAMME OF CONSULTATIONS IN AFRICA IN EARLY APRIL. CROCKER WOULD HOPE TO SEE DAY IN LONDON EITHER BEFORE HIS TOUR - PERHAPS AT THE END OF NEXT WEEK - OR AFTER HE RETURNED FROM AFRICA. STOESSEL SAID THAT CROCKER'S TOUR WAS STILL CONFIDENTIAL AND HE DID NOT KNOW WHEN AN ANNOUNCEMENT WOULD BE MADE.

2. I GAVE A SHORT ACCOUNT OF POINTS MADE BY MUGABE AND OTHERS TO LORD SOAMES (SALISBURY TELEGRAM NO 187) AND BY DOS SANTOS TO HM AMBASSADOR IN LUANDA (ROME TELEGRAM NO 79.) I EMPHASISED MUGABE'S CONCERN THAT SUPPORT FOR SAVIMBI WOULD HAVE A DE-STABILISING EFFECT IN THE WHOLE REGION AND REFERRED ALSO TO ANXIETIES AROUSED BY SOME OF PRESIDENT REAGAN'S REMARKS ON SOUTH AFRICA. STOESSEL SAID THAT THE ADMINISTRATION WAS NOT ABOUT TO ADOPT A POLICY OF OVERT SUPPORT FOR SAVIMBI. HE WOULD BE RECEIVED OFFICIALLY ON HIS VISIT TO WASHINGTON BUT NOT AT A HIGH LEVEL. DECISIONS ABOUT US POLICY WOULD BE TAKEN ONLY AFTER CROCKER RETURNED FROM HIS AFRICAN TOUR.

3. STOESSEL APPEARED UNEASY ABOUT THE PROPOSED REPEAL OF THE CLARK AMENDMENT. HE FORESAW TROUBLE BOTH IN AFRICA AND IN THE US CONGRESS BUT CONFIRMED THAT THE ADMINISTRATION WOULD GO AHEAD.

4. STOESSEL MENTIONED THAT THE NIGERIAN FOREIGN MINISTER WAS DUE TO ARRIVE IN WASHINGTON ON 26 MARCH. HE SAID THE STATE DEPARTMENT WOULD BE GRATEFUL FOR ANYTHING WE COULD TELL THEM ABOUT THE LINE TAKEN BY SHAGARI DURING HIS LONDON VISIT. I HAVE JUST RECEIVED YOUR MESSAGE TO HAIG ON THIS SUBJECT AND WILL GIVE IT TO HIM THIS AFTERNOON.

HENDERSON

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FM UKMIS NEW YORK 250015Z MAR 81

TO PRIORITY FCO

TELEGRAM NUMBER 292 OF 24 MARCH,

INFO PRIORITY WASHINGTON, PARIS,

ROUTINE BONN, OTTAWA, PRETORIA, SALISBURY, LUSAKA, LUANDA, DAR ES
SALAAM, GABORONE, MAPUTO, LAGOS, FREETOWN AND ADDIS ABABA.

MIPT: US/SOUTHERN AFRICA.

1. FOLLOWING ARE EXTRACTS FROM TODAY'S STATEMENT BY THE CHAIRMAN
OF THE AFRICAN GROUP:

BEGINS:

THE AFRICAN GROUP AT THE UNITED NATIONS VEHEMENTLY DENOUNCES AND
CONDEMNS THE PROVOCATIVE AND TERRORIST INCURSIONS LAUNCHED LAST WEEK
BY THE RACIST REGIME OF SOUTH AFRICA AGAINST THE INDEPENDENT
SOVEREIGN STATES OF ANGOLA, MOZAMBIQUE AND BOTSWANA ... THEY INDICATE
A MOST DISTURBING TREND THAT AGGRAVATES THE CURRENT SITUATION IN
SOUTHERN AFRICA AND CONSTITUTES A THREAT TO INTERNATIONAL PEACE AND
SECURITY.

THE AFRICAN GROUP EXPRESSES ITS DEEP CONCERN OVER THE OPEN SUPPORT
WHICH THE NEW U.S. ADMINISTRATION HAS DECLARED FOR THE RACIST SOUTH
AFRICAN REGIME. THIS COINCIDES WITH THE INCREASED ARMED INCURSIONS
BY THE PRETORIA REGIME AGAINST THE FRONT LINE STATES ... , THE VISITS
OF SOUTH AFRICAN MILITARY AGENTS TO WASHINGTON TO HOLD TALKS WITH
HIGH OFFICIALS OF THE AMERICAN ADMINISTRATION, AND THE CALL FOR THE
REPEAL OF THE CLARK AMENDMENT.

IN LIGHT OF THESE DISTURBING DEVELOPMENTS, THE AFRICAN GROUP
WISHES TO REITERATE ITS PREVIOUS POSITION THAT STATEMENTS WHICH
PROVIDE THE RACIST REGIME WITH SOLACE AND SUPPORT CANNOT SERVE THE
CAUSE OF PEACE AND STABILITY IN AFRICA, NOR BE REGARDED AS CONDUCTIVE
TO GOOD RELATIONS AND BETTER UNDERSTANDING WITH OUR 50 INDEPENDENT

/STATES

STATES. IN THIS CONTEXT, THE AFRICAN GROUP EXPRESSES ITS GRAVE CONCERN OVER THE TALKS CURRENTLY IN PROGRESS BETWEEN THE ILLEGAL DEMOCRATIC TURNHALLE ALLIANCE GROUP FROM NAMIBIA AND AMERICAN OFFICIALS: THE PROPOSED VISIT TO THIS COUNTRY OF THE RENEGADE JONAS SAVIMBI WHICH HAS NO OTHER MOTIVE EXCEPT THE DESTABILISATION AND SUBVERSION OF THE LAWFUL GOVERNMENT OF ANGOLA: AND THE REPORTED INVITATION TO THE RACIST PRIME MINISTER OF SOUTH AFRICA, MR P W BOTHA, TO VISIT THE UNITED STATES.

THE AFRICAN GROUP WILL NOT ACCEPT THE DEVELOPMENT OF THE POLICY BY THE PRESENT AMERICAN ADMINISTRATION IN FAVOUR OF THE RACIST REGIME OF SOUTH AFRICA. SUCH A TREND CAN ONLY ENCOURAGE STATE TERRORISM PRACTISED BY SOUTH AFRICA, RACIST OPPRESSION AND REPRESSION OF THE BLACK PEOPLE IN SOUTH AFRICA, PERPETUATE THE CONTINUED ILLEGAL OCCUPATION OF NAMIBIA, AND GENERALLY HARM US- AFRICAN RELATIONS FOR WHICH THE AMERICAN GOVERNMENT WILL BE SOLELY RESPONSIBLE.

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FM UKMIS NEW YORK 250014Z MAR 81

TO PRIORITY FCO

TELEGRAM NUMBER 291 OF 24 MARCH,
INFO PRIORITY WASHINGTON, PARIS,
ROUTINE BONN, OTTAWA, PRETORIA, SALISBURY, LUSAKA, LUANDA, DAR ES
SALAAM, GABORONE, MAPUTO, LAGOS, FREETOWN AND ADDIS ABABA.

WASHINGTON TEL NO 975: US/SOUTHERN AFRICA.

1. THE CHAIRMAN OF THE AFRICAN GROUP (CAMEROON) TODAY (24 MARCH)
ISSUED A STATEMENT ON BEHALF OF THE GROUP. EXTRACTS ARE IN MIFT.

2. IT MAY BE UNWISE OF THE AFRICAN GROUP TO HAVE CHOSEN THIS MOMENT
TO ISSUE AN INTEMPERATE STATEMENT CRITICIZING THE NEW ADMINISTRATION
IN WASHINGTON. BUT THE STATEMENT IS ALSO AN EXPRESSION OF THEIR
FRUSTRATION AT THE IMPASSE OVER NAMIBIA AND THEIR GROWING BITTERNESS
AT THE WAY IN WHICH ALL DEVELOPMENTS IN US POLICY APPEAR TO BE GOING
SOUTH AFRICA'S WAY. (WORK ON THE STATEMENT BEGAN YESTERDAY AND THE
REVELATION THAT MRS KIRKPATRICK SAW THE SOUTH AFRICAN MILITARY
VISITORS TO WASHINGTON LAST WEEK, PLUS THE RUMOURS OF SAVIMBI'S
IMPENDING ARRIVAL WILL NOT HAVE HELPED). NOR DO I THINK THAT THE
STATEMENT IS INCONSISTENT WITH THE VIEW OF THE MODERATE AFRICANS
THAT CONFRONTATION WITH THE AMERICANS SHOULD IF POSSIBLE BE AVOIDED
(MY TEL NO 289). IT MAY BE THE PRICE THEY HAVE TO PAY FOR AVOIDING
SUCH A CONFRONTATION WHERE IT COUNTS, I.E. IN THE COUNCIL.

WHYTE.

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TELNO 975 OF 23 MARCH 1981,
INFO UKMIS NEW YORK, PARIS, BONN, OTTAWA, PRETORIA, SALISBURY,
LUSAKA, LUANDA, DAR ES SALAAM, GABORONE, MAPUTO, LAGOS.

YOUR TELNO 466: US/SOUTHERN AFRICA. *mb*

1. FRETWELL SPOKE ACCORDINGLY TO CROCKER, WHO CONFIRMED THAT THE FRENCH HAD ALSO SPOKEN TO HIM ALONG THE LINES OF YOUR TELNO 144 TO UKMIS NEW YORK.
2. CROCKER SAID THAT THE FIRST STAGE OF THE US POLICY REVIEW ON AFRICA WAS NEARLY COMPLETE. HE EXPECTED THAT A PROGRAMME OF CONSULTATIONS WOULD BE ANNOUNCED WITHIN A WEEK. ALTHOUGH THE US HAD NO INTENTION OF BREAKING UP THE MECHANISM PROVIDED BY THE FIVE, THESE INITIAL DISCUSSIONS WOULD BE BILATERAL.
3. FRETWELL HAD EARLIER BEEN TOLD IN CONFIDENCE BY SPIERS (DIRECTOR, INR) THAT CROCKER HIMSELF WILL VISIT AFRIKCA. CROCKER DID NOT ADMIT THIS DIRECTLY, BUT SAID THAT HE WOULD LIKE TO HAVE TALKS WITH DAY AS PART OF HIS TRAVELS, PROBABLY IN LONDON, BUT NOT BEFORE THE END OF NEXT WEEK. UNCERTAINTY ABOUT THE TIMING OF HIS CONFIRMATION HEARINGS MADE IT IMPOSSIBLE TO BE MORE SPECIFIC AT THE MOMENT.
4. FRETWELL REFERRED TO ANGOLA, FOLLOWING THE LINE IN DAY'S LETTER OF 13 MARCH (NOT COPIED) HE LISTED OUR DOUBTS ABOUT THE WISDOM OF SUPPORTING SAVIMBI. IT WAS ARGUABLE THAT SUCH SUPPORT WOULD INCREASE SOVIET/CUBAN INFLUENCE IN LUANDA. IT MIGHT LEAD TO A THREAT TO STABILITY IN ZAIRE. WE DID NOT CONSIDER DOS SANTOS A SOVIET PUPPET. FURTHERMORE, THE MPLA OBVIOUSLY WANTED CONTACTS WITH THE AMERICANS. WAS THERE SOME WAY IN WHICH PROGRESS COULD BE MADE IN PARALLEL ON ELECTIONS IN NAMIBIA AND THE CUBAN DEPARTURE FROM ANGOLA? CROCKER REPLIED THAT HE WAS THINKING ALONG SIMILAR LINES. DESPITE RECENT PRESS REPORTS THE US WAS NOT COMMITTED TO A RASH COURSE OF ACTION. THE PROPOSED REPEAL OF THE CLARK AMENDMENT HAD BEEN MISINTERPRETED. THE ADMINISTRATION REGARDED THE CLARK AMENDMENT AS ONE OF A NUMBER OF UNACCEPTABLE AND POSSIBLY UNCONSTITUTIONAL INFRINGEMENTS ON THE PRESIDENT'S FOREIGN POLICY PREROGATIVE: AND IT HAD BEEN DECIDED THAT THE BEST WAY OF REMOVING THESE LIMITATIONS WOULD BE DURING THE PRESENT DEBATE ON THE FOREIGN ASSISTANCE ACT (TO WHICH THE LIMITATIONS WERE ATTACHED). THE PUBLIC MOOD WAS AT PRESENT FAVOURABLE FOR SUCH ACTION, AND THE ADMINISTRATION THOUGHT IT BETTER TO DEAL WITH THE PROBLEM IN THIS WAY THAN TO ALLOW SENATOR HELMS TO PROPOSE THE AMENDMENT'S REPEAL OR TO TACK IT ONTO THE FORTHCOMING INTELLIGENCE BILL. CROCKER REALISED THAT THE ADMINISTRATION'S ATTITUDE CREATED THE IMPRESSION THAT THE US WOULD SUPPORT SAVIMBI: THIS WAS NOT NECESSARILY THE CASE: THE PRESIDENT AND HAIG WOULD NOT BE LED DOWN THE GARDEN PATH IN AFRICA.

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5. CROCKER MENTIONED THAT HE WAS WORRIED ABOUT THE INCREASINGLY RADICAL TONE OF MUGABE'S STATEMENTS: HIS RECENT LETTER TO THE PRESIDENT COULD NOT HAVE BEEN LESS HELPFUL OR WORSE TIMED, PARTICULARLY SINCE A LARGE US AID PROGRAMME WAS ABOUT TO BE AUTHORISED.

HENDERSON

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PS/Lord Carrington (Mr Richards)
~~Mr Bullard~~
Mr Cooper

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FM WASHINGTON 221700Z MAR 81

TO IMMEDIATE FCO TELEGRAM NO 961 OF 22 MARCH

INFO IMMEDIATE MAASTRICHT (PERSONAL FOR PRIVATE SECRETARY)

FOR PUS

YOUR TEL NO 463

I HAD A WORD YESTERDAY WITH STOESSEL ABOUT THE UNCERTAINTY IN LONDON REGARDING SOME ASPECTS OF THE NEW U.S. FOREIGN POLICY, AND ABOUT THE CONCERN THAT DECISIONS MIGHT BE TAKEN AND ANNOUNCED IN WASHINGTON BEFORE THERE HAD BEEN ADEQUATE CONSULTATION. I MENTIONED THE SECRETARY OF STATE'S FORTHCOMING ABSENCE FROM LONDON.

STOESSEL, WHO WAS BORN IN A LOW KEY, STRUCK A PARTICULARLY LOW CHORD IN HIS REPLY: THINGS HAD NOT GONE VERY FAR DOWN THE DECISION-MAKING PROCESS: ALTHOUGH ALL OPTIONS ON CUBA WERE BEING PROCLAIMED PUBLICLY THERE WAS QUOTE NOTHING RESEMBLING MILITARY ACTION UNQUOTE BEING CONTEMPLATED IN PRACTICE: AS REGARDS THE MIDDLE EAST NO NEW POLICY HAD YET BEEN WORKED OUT: THE CONSENSUS STRATEGY REFERRED TO BY HAIG DID NOT REALLY MEAN VERY MUCH. HE, STOESSEL, HAD SPOKEN TO HAIG ABOUT THE CONCERN IN LONDON THAT HAIG KNEW I WISHED TO DISCUSS. HE HAD BEEN ASKED BY HAIG TO SAY THAT HE WOULD HAVE A FULL DISCUSSION WITH THE SECRETARY OF STATE IN LONDON FOLLOWING HIS MID-EAST TRIP. UNTIL THEN THERE WAS REALLY NOTHING TO SAY.

I REFERRED TO THE IMPRESSION I HAD DERIVED FROM JUDGE CLARK THAT A DECISION ON POLICY TOWARDS SOUTHERN AFRICA MIGHT HAVE BEEN REACHED BY THE END OF NEXT WEEK. HE POO-POOED THIS. IT WOULD TAKE MUCH LONGER. I ASKED AGAIN FOR AN ASSURANCE THAT WE WOULD HAVE THE CHANCE TO DISCUSS THINGS FULLY BEFORE HARD AND FAST POLICIES HAD BEEN DECIDED UPON. GAVE THIS UNEQUIVOCALLY.

ESSEL CONFIRMED TO ME VERY PRIVATELY THAT THE STRUGGLE FOR MASTERY OVER FOREIGN POLICY WAS STILL WAGING IN WASHINGTON (IT ALWAYS WILL) AND THAT THE WHITE HOUSE HAD BY NO MEANS RENOUNCED THEIR TRADITIONAL ROLE. WHENEVER HAIG HAD SEEN THE PRESIDENT SO FAR THE LATTER HAD BEEN FLANKED BY THE TRIUMVIRATE OF MEESE, BAKER AND DEEVER. BUT HAIG WAS NOW INSISTING ON SEEING THE PRESIDENT ALONE THREE TIMES A WEEK. PERSONALLY I SHALL BE SURPRISED IF ALL THE TRIUMVIRATE ARE KEPT OUT FOR LONG: NOR DO I BELIEVE THAT THE STATE DEPT. WILL BE ALLOWED TO RUN FOREIGN POLICY BY THEMSELVES OR THAT THE ROLE OF THE WHITE HOUSE WILL FOR LONG REMAIN MODEST. SO MANY THINGS - E.G. PERSONALITIES AND PROXIMITY - CONSPIRE THE OTHER WAY.

I SHALL SEE STOESEL AGAIN ON MARCH 24TH EVEN THOUGH HE PROTESTS THAT HE HAS NOTHING TO SAY. AS FOR CONTACT WITH THE WHITE HOUSE WE KNOW THEM ALL QUITE WELL, BUT HOW EXACTLY THE GAME SHOULD BE PLAYED THERE SO AS NOT TO HINDER OUR RELATIONS WITH THE STATE DEPARTMENT, AND INDEED TO STIMULATE THEIR WISH TO TALK, REQUIRES CAREFUL CARD-PLAY.

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TO IMMEDIATE FCO

TELEGRAM NO 960 OF 21 MARCH

INFO IMMEDIATE MAASTRICHT PRIORITY EC POSTS

INFO SAVING UKMIS NEW YORK UKDEL NATO LISBON MADRID OTTAWA

ANKARA ALL MIDDLE EAST POSTS TEHRAN MOSCOW WARSAW PEKING TOKYO

PRETORIA LUANDA LUSAKA SALISBURY MAPUTO DAR ES SALAAM LAGOS

GABORONE ISLAMABAD NEW DELHI MEXICO CITY GUATEMALA CITY BUENOS AIRES

HAVANA CANBERRA

US FOREIGN POLICY

SOME OF THE CONVICTIONS, PREJUDICES AND INTERESTS THAT WILL SHAPE US FOREIGN POLICY UNDER THE NEW US ADMINISTRATION ARE BEGINNING TO TRANSLATE THEMSELVES INTO SPECIFIC DECISIONS BUT, TWO MONTHS AFTER THE INAUGURATION, THERE ARE STILL LARGE UNCHARTED AREAS AND IT IS MUCH TOO EARLY TO BE ABLE TO DISCERN A COMPREHENSIVE SYSTEM. BUT YOU MAY LIKE TO HAVE SOME IMPRESSIONS BEFORE NEXT WEEK'S EUROPEAN COUNCIL.

2. THE FOLLOWING SEEM TO ME TO BE ESSENTIAL PARTS OF THE NEW FRAMEWORK:

A. ALTHOUGH THE NEW ADMINISTRATION HAS NOT FORECLOSED SUMMITRY, DIALOGUE OR ARMS CONTROL TALKS WITH THE SOVIET UNION AT SOME STAGE, THEY ARE BENT FOR THE MOMENT UPON A CHALLENGE TO THE SOVIETS AND THEIR VASSALS. THE AIM WILL BE PRIMARILY (WITHOUT OF COURSE PERMITTING SOVIET ENCROACHMENT UPON THE NATO AREA) TO ARREST AND REVERSE SOVIET AND PROXY ADVANCES IN THE THIRD WORLD. HAIG SEES THESE AS THE MAIN THREAT TO WORLD PEACE, LARGELY AS THE RESULT OF PAST US MILITARY WEAKNESS AND POLICY VACILLATION. THE CUBANS ARE TO TAKE THE FIRST RAP, BOTH IN CENTRAL AMERICA (EG EL SALVADOR) AND IN AFRICA.

3. THE METHODS TO BE PURSUED, BACKED BY HARSH RHETORIC (QUOTE LIARS ... CHEATS ... AND PROMOTERS OF TERRORISM UNQUOTE) WILL BE: (I) GREATER US MILITARY STRENGTH (US DEFENCE SPENDING WILL TOTAL DOLLARS 1.5 TRILLION OVER FIVE YEARS, WHICH MEANS A YEARLY INCREASE EQUIVALENT TO THE WHOLE OF THE BRITISH DEFENCE BUDGET). (II) A DELIBERATE ATMOSPHERE OF UNCERTAINTY ABOUT HOW AND WHERE THE US WILL ACT. THE NEW US LEADERSHIP SETS STORE BY BUILDING UP MEASURES OF UNCONFIDENCE OUTSIDE NATO (THEY BELIEVE THAT FEAR OF WHAT WASHINGTON MIGHT DO MAY HAVE BROUGHT ABOUT THE RELEASE OF THE HOSTAGES ON INAUGURATION DAY AND HAVE HELPED DETER THE SOVIETS FROM INVADING POLAND.)

B. THE COROLLARY OF THIS WILL BE GREAT WEIGHT GIVEN TO AMERICA'S ALLIES AND CAREFUL ATTENTION TO CHINA.

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4. AS REGARDS THE LATTER, DESPITE THE LEGACY OF REPUBLICAN COMMITMENT TO THE TAIWAN LOBBY, THE ADMINISTRATION HAVE REASSURED PEKING THAT THE US WANTS NORMAL RELATIONS WITH CHINA.
5. THE ALLIES WILL BE OFFERED REASSURANCE ABOUT US READINESS TO CONSULT AND ABOUT THEIR INTEREST IN BETTER RELATIONS. PREPAREDNESS TO LOOK AT ARMS CONTROL IS CONSIDERED AT THE MOMENT MAINLY IN THE CONTEXT OF THE NEED TO PLACATE ALLIES. OTHER COUNTRIES ARE TO BE JUDGED ACCORDING TO THEIR READINESS TO FALL IN WITH NEW AMERICAN VIEWS (EG EL SALVADOR) AND ON THE REALITY OF THEIR DEFENCE CONTRIBUTION TO THE ALLIANCE.
6. THE FRENCH HAVE ALREADY GAINED MUCH CREDIT HERE FROM A SENSE OF THEIR PRACTICAL READINESS TO ACT, EG SUBSTANTIAL NAVAL FORCES IN THE INDIAN OCEAN, COVERT HELP FOR THE SAUDIS, INTERVENTION IN ZAIRE ETC. I BELIEVE THAT HAIG THINKS THAT HE CAN HANDLE THE FRENCH: AND IT EVIDENTLY SUITS GISCARD AT THE MOMENT TO REPRESENT FRANCE AS BEING OF PARTICULAR IMPORTANCE TO THE USA.
7. YOU WILL KNOW THE MEASURE OF THE IMPORTANCE THE USA ATTACH TO THE UK CONNECTION, BASED ON INHERENT LOYALTY: I WOULD ONLY INTERJECT HERE THE EXTENT TO WHICH, IN THE FUTURE, PRACTICAL SUPPORT OUTSIDE THE NATO AREA (SUCH AS THE FRENCH ARE SEEN TO PROVIDE) WILL COUNT IN THE EQUATION.
8. THERE IS NOTHING PARTICULARLY NEW TO ADD ABOUT THE FRG, BECAUSE IT LOOKS AS THOUGH EACH PARTY IS WATCHING THE OTHER AND IS FOR THE MOMENT RESERVING JUDGEMENT.
9. POLICY TOWARDS JAPAN WILL SEEK TO FORTIFY THE DEFENCE RELATIONSHIP INSIST UPON A GREATER JAPANESE CONTRIBUTION, AND TAKE ACCOUNT OF THE HEAVY PRESSURE FROM US INDUSTRY REGARDING JAPANESE IMPORTS.
10. THE QUESTION ARISES HOW FAR THE AMERICANS HAVE GONE WITH THE PROCESS OF REACHING DECISIONS ON MATTERS THAT AFFECT THEIR ALLIES AND TO WHAT EXTENT THERE WILL BE FURTHER CONSULTATIONS. THIS IS OF COURSE CRUCIAL TO US. THE DIFFICULTY ARISES PARTLY FROM THE INCHOATE NATURE OF THE US DECISION-MAKING PROCESS IN WASHINGTON AT THE PRESENT TIME. MUCH HAS BEEN MADE OF THE THOUGHT THAT THE PREVIOUS HYDRA-HEADED MONSTER THAT RAN US FOREIGN POLICY HAS NOW BEEN REPLACED BY A CLEAR CUT AUTHORITY RESIDING IN THE STATE DEPARTMENT WHERE FOREIGN POLICY DECISIONS WILL UNIQUELY LIE. BUT IT IS REASONABLE TO HAVE INCREASING DOUBTS ABOUT THIS AND TO BELIEVE THAT OTHER INSTITUTIONS WILL EXERT THEMSELVES, NOT LEAST THE WHITE HOUSE AND THE DEPARTMENT OF DEFENSE. ANOTHER COMPLICATION ARISES FROM THE DELAY THAT THERE HAS BEEN IN APPOINTING PEOPLE TO IMPORTANT POSTS. TRUE, THE ADMINISTRATION HAVE NOW HAD CONTACTS WITH MANY OF THEIR ALLIES AND I THINK THAT ON SOME ISSUES THEY MAY CONSIDER THAT ADEQUATE CONSULTATIONS HAVE TAKEN PLACE AND THAT THEY CAN NOW PROCEED WITH TRYING TO COME TO CONCLUSIONS. ON OTHERS THE PROCESS HAS NOT GONE SO FAR AND THERE WILL BE FURTHER INITIAL CONSULTATIONS WITH ALLIES. I REALISE YOUR CONCERN ON THIS SCORE AND WE ARE MAINTAINING CONTINUOUS CONTACT WITH THOSE CONCERNED HERE.

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C. I DO NOT GET THE SENSE THAT THIS NEW ADMINISTRATION IS AWARE OF THE POSSIBLE INCOMPATIBILITY BETWEEN THEIR WISH TO DISCOURAGE AND THWART THE SPREAD OF SOVIET INFLUENCE AND THEIR EMPHASIS ON A POLICY OF REALPOLITIK IN SOUTHERN AFRICA, THE MIDDLE EAST, THE UN ETC.

11. CARTER'S POLICY ON HUMAN RIGHTS HAS BEEN TURNED ON ITS HEAD BY HAIG, WHO HAS DECLARED INTERNATIONAL TERRORISM, SOVIET-INSPIRED, THE MAIN ENEMY OF HUMAN RIGHTS. THIS CHANGE OF EMPHASIS REMOVES AN OBSTACLE TO SUPPORT OF AUTHORITARIAN REGIMES, PARTICULARLY IN LATIN AMERICA (NOTE THE VISIT OF THE PRESIDENT-DESIGNATE OF ARGENTINA TO WASHINGTON). HAIG HAS SAID THAT THE AMERICANS AIM TO TACKLE THE PROBLEMS OF CUBAN SUBVERSION AT SOURCE (MEANING CUBA). I CANNOT AT THE MOMENT BE SURE WHAT THEY HAVE IN MIND. THEY ARE BEING DELIBERATELY AMBIGUOUS AND ARE REFUSING TO EXCLUDE ANY OPTION. THERE IS NO DOUBT ABOUT THE ASSERTIVENESS OF WASHINGTON'S POLICY IN CENTRAL AMERICA BUT AGAIN THIS DOES NOT LOOK AS THOUGH IT IS GOING TO BE VERY COMPATIBLE WITH A CLEAR DESIRE ON REAGAN'S PART TO IMPROVE RELATIONS WITH MEXICO.

12. IN THE MIDDLE EAST DIFFERENCES OF APPROACH BETWEEN OURSELVES AND THE NEW ADMINISTRATION ARE ALREADY MARKED. AGAINST THE BACKGROUND OF THE IMPORTANCE THEY ATTACH TO THE RAPID DEPLOYMENT FORCE THE AMERICANS PLAY DOWN THE RELUCTANCE OF ARAB STATES TO ACCEPT A WESTERN MILITARY PRESENCE AND THEY DISCOUNT THE NEED FOR URGENCY IN TACKLING THE PALESTINE ISSUE. NO DOUBT FOLLOWING HIS VISIT TO THE MIDDLE EAST HAIG WILL BE ABLE TO AMPLIFY WHAT HE MEANS BY A QUOTE STRATEGIC CONSENSUS UNQUOTE FOR THE REGION. THE F15 DECISION AND THE BID TO CLEAR THE WAY FOR AID TO PAKISTAN ARE SURELY BOTH SIGNIFICANT. AS REGARDS THE LATTER THE REAGANAUTS WILL NOT BE TOO CONCERNED BY THE INEVITABLE EFFECT ON US/INDIA RELATIONS. BUT THE AMERICANS DO NOT SEEM TO ACCEPT, OR AT ANY RATE TO RESPOND TO THE VIEW, THAT ONE-SIDED US SUPPORT FOR ISRAEL OFFERS THE SOVIET UNION A CONTINUING OPPORTUNITY TO INCREASE ITS INFLUENCE WITH THE ARAB STATES.

13. RECENT CONSULTATIONS ON SOUTH LEBANON AT THE UN HAVE DEMONSTRATED AMERICA'S RELUCTANCE TO BRING PRESSURE TO BEAR ON ISRAEL. WHATEVER HAIG HIMSELF MAY THINK ON THE PALESTINE ISSUE, WE CANNOT LEAVE OUT OF ACCOUNT THE STRONG PRO-ISRAELI FEELINGS OF THE PRESIDENT, RICHARD ALLEN AND MANY OF THOSE AROUND THEM.

14. ANOTHER EXAMPLE OF CURRENT AMERICAN CONTEMPT FOR THE UN IS THE SPANNER THAT THEY HAVE THROWN INTO THE WORKS OF THE LAW OF THE SEA CONFERENCE. THIS REFLECTS THEIR INDIFFERENCE TO NORTH/SOUTH ISSUES WHICH IS FURTHER EVIDENCED BY THE TILT ON AID POLICY FROM DEVELOPMENT TO MILITARY ASSISTANCE. CONFIDENTIAL

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15. WASHINGTON'S POLICY TOWARDS SOUTHERN AFRICA IS LIKELY TO BE INFLUENCED BY THREE ELEMENTS:

A. THE PRESIDENT'S SYMPATHY FOR SOUTH AFRICA, WHICH HE REGARDS AS STRATEGICALLY ESSENTIAL TO THE FREE WORLD:

B. THE VIEW THAT CUBAN MISCHIEF IN AFRICA, PARTICULARLY IN ANGOLA MUST BE TERMINATED. WITHOUT THIS NO SETTLEMENT OF THE NAMIBIA PROBLEM IS TOLERABLE (THE PROPOSED REPEAL OF THE CLARK AMENDMENT IS PERTINENT): AND

C. THE RELUCTANCE TO COME TO THE CONCLUSION THAT A TILT TOWARDS SOUTH AFRICA AND OPEN OPPOSITION TO SWAPO WILL LEAD TO A GENERAL SOURING OF BLACK AFRICAN OPINION TOWARDS THE USA AND TO AN ENHANCEMENT OF THE CHANCES FOR THE SPREAD OF SOVIET INFLUENCE IN AFRICA.

16. NOR AT THE MOMENT DO I GET THE IMPRESSION THAT THE AMERICANS BELIEVE THAT THEIR INTERESTS IN OIL OR OTHER RAW MATERIALS IN AFRICAN WILL BE IMPAIRED BY A CHANGE OF POLICY IN KEEPING WITH THE ABOVE ELEMENTS.

17. INCOMPLETE THOUGH THIS ACCOUNT IS, I HOPE IT WILL CONVEY THE CHANGE IN CLIMATE THAT HAS COME OVER THE US FOREIGN POLICY SCENE, OFFICIALS IN THE STATE DEPARTMENT AND HAIG HIMSELF WILL NOT WANT TO BE RUSHED AND WILL BE APPLYING THOROUGH ANALYSIS TO THE PROS AND CONS OF DECISIONS ON EACH SUBJECT, BUT A DIFFERENCE WIND IS BLOWING ON HUMAN RIGHTS, AID, THE UN, MIDDLE EAST/S.W. ASIA, SOUTHERN AFRICA, THE AMERICAN CONTINENT AND EAST/WEST RELATIONS GENERALLY. CURRENT RHETORIC WILL NOT NECESSARILY BE REFLECTED IN THE LINES OF ACTION EVENTUALLY DECIDED UPON BUT IT CERTAINLY MANIFESTS THE DETERMINATION OF THE REAGON GOVERNMENT TO PURSUE A RADICALLY DIFFERENT KIND OF FOREIGN POLICY FROM THAT OF THEIR PREDECESSORS.

FCO PASS SAVING ABU DHABI ADEN ALGIERS AMMAN BAGHDAD BAHRAIN BEIRUT
CAIRO DAMASCUS DOHA DUBAI JEDDA JERUSALEM KHARTOUM KUWAIT MUSCAT
RABAT SANAA TEL AVIV TRIPOLI TUNIS UKDEL NATO LISBON MADRID OTTAWA
ANKARA TEHRAN MOSCOW WARSAW PEKING TOKYO PRETORIA LUANDA LUSAKA
SALISBURY MAPUTO DAR ES SALAAM LAGOS GABERONE ISLAMABAD NEW DELHI
MEXICO CITY GUATEMALA CITY BUENOS AIRES HAVANA CANBERRA

HENDERSON

[REPEATED AS REQUESTED]

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