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PREM 19/1155

Strategy on Foreign Policy
and Defence Issues.

FOREIGN POLICY

Part 1:

APRIL

JUNE 1983

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
15.6.83							
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PART 1 ends:-

Presents to Coles 22/12/83

PM to Mr. Kaiser 17/9

PART 2 begins:-

Specimen by Sir Frank Cooper a.1.84

Rev. M. Bourdeaux (Neston College)

to AJC

14/10

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Prime Minister

MR. COLES

LAST WORDS

Sub
28/12

The Gulf War

We are faced with an old dilemma - choosing between Arabs and Persians. We last faced this in 1971 over the Gulf withdrawal. On that occasion, we chose the Persians, rightly in my view. We reaped major benefits for eight years and only lost diplomatic relations with Iraq for a few years. We can always expect to survive rows with Arabs without much damage. The Persians, whether under the Shah or Khomeini, are more implacable and dangerous. Hence, although we must fulfil our obligations to the small Arab states of the Gulf, we must avoid any military adventures directed against the Iranian mainland. Never forget that Khomeini could throw tens of thousands of British workers onto the dole overnight by throwing out Talbot UK. He would not hesitate to cut off his nose to spite our face if we mortally offended him.

Palestine

Our policy is right and we should stick to it. Our objective should be to bring as much pressure as possible on the American/Israelis to limit irrevocable change on the West Bank/Gaza against the reasonable hope that the Likud will be replaced by the Labour Alignment at the next Israeli election.

Lebanon

We should press on as hard as possible with the UN option. Meanwhile, however appalling the position of the MNF, we should not forget that the withdrawal of our contingent would create great dismay amongst the ordinary people of Beirut and the Moslem factions, particularly the Druze.

Hong Kong

Another dilemma. We need a quick agreement while Deng is still alive and kicking. But if we go too fast we risk losing EXCO. This is the only thing that is likely to stir up a major row here. In reality, we are probably already beyond the point of no return. But the EXCO unofficials may not have had quite enough time to resign themselves to this fact. It will stare them in the face when they see the papers being prepared in advance of the January meetings. The Prime Minister may have to make a monumental personal effort to ensure that they do not jump ship.

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/The Falklands

The Falklands

We need to take an initiative on normalisation before pressure becomes uncomfortable. But we should not be rushed. We have a few months grace. We should also avoid involving third parties who will wish to bandise themselves.

Belize/Caribbean

Grenada has reinforced my view that the Prime Minister's original thought was right, namely that we should get out of Belize as soon as we respectably can and that the trade-off should be that we would be more active in the Eastern Caribbean. We have no business on the Central American mainland, but we cannot avoid responsibility in the Eastern Caribbean where we will have dependent territories for the foreseeable future. I am not thinking of deploying British troops there, but we could do very much more by way of a cheap naval presence, plus an intensive effort to strengthen the internal security structures of the small islands. This would be welcome to the Americans and to the Caribbean peoples themselves.

Anglo American Relations

The Prime Minister must ensure that George Bush comes here before he becomes immersed in the Election Campaign. She should not lose sight of the "special envoy" idea which we have discussed. It might be an idea to air our worries about lack of continuing intimacy where it matters with George Bush. He would understand what we meant and would get the message back to Reagan and others in the White House.

East/West Relations

The Chequers policy is right and I hope it will be endorsed at an early OD meeting in January. In practice, the Kremlin is likely to remain immobilised for some time by its own internal problems. To my mind, the most important question to be answered is whether, in the post-Brezhnev era, power in the Soviet Union is beginning to pass from the Party to the military (as has happened in Poland). It might be an idea to ask our academic experts to focus their minds on this question.

Nuclear

Avoid taking initiatives for their own sake. In particular, avoid shooting ourselves in the foot by proposing any fresh structure which might lead to the involvement of the British and French deterrent, eg

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the merging of START and INF. In real, as opposed to public political, terms, perhaps the most important issue is how do we counter the growing Soviet CW capability.



A.D. PARSONS
22 December 1983

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File

SH

10 DOWNING STREET

THE PRIME MINISTER

17 September 1983

SEMINAR

Dear Mr Kaser,

I write to thank you most warmly for all your help in arranging our meeting at Chequers last week. I know that you went to great trouble to prepare the discussion. The papers presented by you and your colleagues were excellent and our exchanges were both stimulating and very valuable.

I am most grateful for all your efforts.

Yours sincerely
Margaret Thatcher

Mr. Michael Kaser,

—

BT



10 DOWNING STREET

CO

From the Private Secretary

13 September 1983

Dear Brian,

Chequers : Discussions of foreign and defence policy

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

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

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

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

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

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

/ I am

cc Master Set

2 Foreign Affairs: East/West

Relations

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cc 1700

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cc AP DA

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SECRET

- 2 -

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

Yours ever

John Colles .

Brian Fall, Esq.,
Foreign and Commonwealth Office.

SECRET



233 7576
01-930-5422 ext.

CABINET OFFICE
70 WHITEHALL
LONDON SW1A 2AS

12 September 1983

ADL $\frac{13}{10}$

P.a.

Dear John,

I attach a copy of my lecture / paper on the Global Strategic Perspective from Moscow which I mentioned to you when we met briefly to-day. I hope you and Robin might find it of interest as a "personal" view of Soviet affairs; and if, by any chance, you thought the Prime Minister might also be interested to glance through it I would be delighted too: but

this I leave to your judgement.

I greatly enjoyed the meetings of
Chiquers and appreciated the opportunity to be
here with so many distinguished people!

I shall be away in Scandinavia till
23 September, but I hope we can keep
in touch,

yours ever,

Malcolm

John Coles, Esq.
10 Douring Street
SW1

THE GLOBAL STRATEGIC PERSPECTIVE FROM MOSCOW

Introduction

1. The aim of this presentation is to take stock of the main aims and priorities of the Soviet Union in the present phase, and to try to assess the new Soviet leaders' view of the international situation and what they probably see as their main opportunities and anxieties in the years ahead. In order to do this I would like to begin by recalling briefly some of the basic factors which influence Soviet leaders when making decisions at home and abroad, especially those which have moulded Moscow's policy since the Soviet Union became a Super Power in the late 1960s. I would then like to look at the new leadership in Moscow under Yuri Andropov, and consider its impact on the foreign and defence policies of the Soviet Union in the present phase and perhaps in the next year or two.

Background Factors in Soviet Policy-Making

2. There are I believe three main principles on which Soviet policy-making is based, and which Andropov as Party leader has inherited: geography, history and ideology. All Russian policy-making since the first nation-state came into existence has been dominated by the fact that the Russian people grew up, occupied and spread throughout a vast plain extending from central and northern Europe southwards to the Caucasus and eastwards through Siberia. This was an area without obstacles to human or economic expansion, or indeed natural defences, and as the Russians grew in numbers and became the largest of the European nations in terms of population so they developed the urge to expand territorially as a natural right. In particular, the Russians began to see themselves, as their Empire grew, as the rightful heir to some form of dominance over the rest of Europe, which, as seen from Moscow, is a series of peninsulas in their land-mass extending westwards to the Arctic Ocean, the North Sea, the Atlantic and the Mediterranean: a concept which still runs deep in Soviet thinking today.

3. This deeply-felt, almost intuitive concept of territorial expansion is, in historical terms, inextricably linked with the Russian attitude to military power. As the Russian state grew, it had to contend with invasion, conquest and occupation for several centuries - from the east,

the south and the west. This experience taught the Russians that in their geographical and historical environment the first priority of the State must be military power and unquestioning fulfilment by the population of the country's military needs, based to some extent on what we would now call "over-insurance" and perhaps "worst-case" scenarios". This came to mean the maintenance of very large armed forces, even in peacetime, wielded and controlled by absolutist regimes: one of the most powerful traditions of Tsarism inherited by the Soviet regimes of Lenin, Stalin, Khrushchev, Brezhnev and now Andropov in the latter part of the twentieth century.

4. It is at this point that we have to add the ideological factor as a basic principle in Soviet policy-making. Since the Russian Revolution in 1917 the traditional strands of Russian political thought have acquired an ideological element - now called Marxism-Leninism or "Developed Socialism". This ideology has passed through a number of phases, and today its links with "classical" Marxism are rather remote. Indeed, the Soviet Union today is governed by a large self-perpetuating bureaucracy, rigid in its political thinking and possessing a well-defined class structure which dominates society. But ideology does provide a sense of political mission in the formulation of Soviet aims and policies. The long-standing Russian concept of their historic "right" to expand their country's power has been fortified by their ideological "right" to "bring the world to Communism", which in practice means to impose the Soviet political system on other nations and make them accept obedience to Soviet demands.

5. This does not, in the present phase, mean the inevitable use of force. Indeed, the Soviet Union wants to deter a major nuclear war with the West, although Soviet doctrine teaches that if war should break out the Russians would try to survive, and if possible, "win" any such war. But there are a many instruments, political, diplomatic, economic, or subversive, which the Soviet Union believes can be more appropriately used to achieve this goal. Nevertheless the Soviet Union is convinced, first, that visible and effective military strength provides an essential reserve to the use of these methods; and second, when opportunities present themselves and the risks of unwanted conflict are minimal, the use of force may be justified by Soviet ideology as well as by the principles and motives of a more traditional or historical nature.

6. I believe that the Soviet Union, since it became a Super Power has tried to expand Soviet influence and control in areas of the world which the Russians regard as important to them, politically, ideologically, militarily or economically. In global strategy the relationship with the United States, the other "Super Power" takes first place in Soviet priorities since America is the only other power in the world with greater military and much greater economic strength than the Soviet Union. The second priority is the Soviet confrontation with the West in Europe, the traditional area of Russian foreign policy. The Third priority has in recent years been the Soviet relationship with China. China has been in many ways Russia's bitterest enemy, with a population already over three times that of the Soviet Union, a 4,000 mile frontier partially, at least, disputed by the Chinese, and a fundamentally different interpretation of Communism from that advanced by Moscow as the only true Marxist-Leninist doctrine. As China's power grows, however slowly, the Soviet need to match it and exceed it especially in military terms has been a major theme in Soviet planning.

7. Finally, in this brief list of current and recent priorities in Soviet policy I would place the efforts of the Soviet Union to pursue active policies in areas of the Third World where the situation may offer the Soviet Union a chance to expand its power, to exert influence, or at least have a say in the way in which events should develop - politically, ideologically or perhaps militarily. At the present time the highest priority in this policy goes to areas which are close to the Soviet border or its "buffer zone" states in Europe, the Far and Middle East and South-West Asia. I believe that these policies in the Third World are particularly associated with the Soviet Union's growing military strength on a global basis; but they are founded on a mixture of political, ideological, economic and military motives in Soviet thinking. The important point is that they are now seen in Moscow as an integral part of the role of a Super Power.

The New Leadership in Moscow

8. While these priorities seem to have dominated Soviet policy-making for at least 20 years, there is no doubt that the most important event in the Soviet Union recently has been the appearance of a new leadership in the Kremlin under Yuri Andropov following the death of Leonid Brezhnev on 10 November 1982. I would like therefore to say a few words on the new leader, his regime and his probable style of government in the years ahead.

9. All the available evidence suggests that Andropov is a very strong and perhaps austere personality who is likely to want to move towards becoming a "one-man" leader; to use the old Russian word "samoderzhets" or "autocrat". He has so far clearly paid the greatest attention to maintaining an effective measure of control over the Communist Party, the Armed Forces and the KGB - the three main power bases in the Soviet Union, though this cannot be an easy task - especially with regard to the Party. He has already shown that he will not give much more than declaratory importance to the principle of "collective leadership". Only Andropov and Marshal Ustinov, the Defence Minister, of all the senior leaders spoke at Brezhnev's funeral: perhaps an indication of Andropov's view of true power structure in the Soviet Union. He seems to have manoeuvred his potential rival in the Party, Konstantin Chernenko, into an apparently subordinate position. Chernenko was, in any case, more of a "Chief of Staff" to Brezhnev than a major political figure in his own right. He is, however, by no means finished, and clearly has an important role, especially in the ideological field. Other personalities, who are moving upwards under Andropov are Grigori Romanov, the tough boss of the Leningrad Party machine and the young Mikhail Gorbachev, the Party Secretary for Agriculture, who seems to be acting almost as "heir apparent".

10. The most important promotion to the Politburo since Brezhnev died was that of Gaidar Aliev, the Party leader from Azerbaijan. He had strong claims for preferment on grounds of ability, and his promotion may have been in train before Brezhnev died. But it is also important that Aliev's earlier career includes service in the KGB of his Republic. At the same time Andropov's former colleague and successor as Head of the KGB, Vitaly Fedorchuk, was transferred to be Minister of the Interior with the rank of Army-General, replacing a Brezhnev appointee, Nikolai Shchelokov, who appears to be under threat of trial on charges of corruption. Fedorchuk's successor in the KGB, Viktor Chebrikov is also a former subordinate of Andropov.

11. The early indications are, therefore, that Andropov intends to exercise his authority personally and with vigour, strength of purpose and single-mindedly, subject always to the state of his health, which appears to be uncertain at the present time. There is no hard evidence to support the view - widely expressed in the Western press - that, compared with Brezhnev or Khrushchev, he is a worldly-wise, sophisticated, cultured man.

who may be prepared to adopt flexible policies towards the West, or that he is especially interested in economic reform and trade. It is much more likely that these views of Andropov are part of a propoganda "hand-out" designed to influence Western thinking and to encourage Western readiness to consider concessions on vital issues to a new leader who might be thought to have an encouraging attitude towards the West. Such campaigns were carried out, incidentally, in the past in favour of both Brezhnev and Khrushchev, and are, I believe, very much part of Soviet policy in a succession or post-succession period.

12. Even at this early stage in Andropov's rule we can see something of his likely priorities in Soviet domestic policies. He is certainly paying great attention to discipline and Party control at home, especially in its "upper classes", collaborating here with the KGB and the Armed Forces. As former Chairman of the KGB he has "access to the files", and, already been responsible for weakening dissident movements. He will continue to discourage any form of "human rights" activity, such as that formerly undertaken by the Soviet "Helsinki Monitoring Groups" in the Soviet Union or any "anti-war" or "anti-nuclear" movements which are outside the control of the Party. Andropov is clearly conscious of the widespread nature of corruption in Soviet society and is already trying to suppress or limit its importance in key areas of Soviet life - so far mainly in the Government apparatus; one or two ministers have already been punished for this offence. But he may also have his sights fixed on Party organisations throughout the country.

13. It is possible also that Andropov may have an interest in economic reform - at least in the long term - though nothing he has said so far suggests that he has strong views on what changes are needed: certainly not radical changes. The Soviet economy, including agriculture, needs a major overhaul in every area (except defence spending) from retail trade practices to industrial planning and resource allocation. But given his age, the state of his health, and the likely time-scale involved in carrying out a major restructuring of the Soviet economy it is unlikely that Andropov will embark on significant measures of economic reform in his period of rule. He has already suggested ideas and reforms which might be adopted, including the benefits to be gained by

attacking corruption. But he himself is not likely to do more than "tinker" with existing Soviet economic policies or organisations, to try and secure some short-term improvements and benefits. The drive for greater honesty and harder work suggests that he believes the machine can be made to work properly, not that it needs to be scrapped. Andropov may hope that some better incentives, combined with a judicious increase in fear of detection and punishment, may produce some improvement in an economic system whose continued decline must be regarded as alarming by the new leadership in the Kremlin.

Soviet Foreign and Military Policy
Relations with the United States

14. In all aspects of foreign affairs Andropov will continue Brezhnev's insistence on the importance of the Soviet Union's Super Power status, and of military power for the Soviet Union, for which he will give the Armed Forces, broadly speaking, the priorities and prestige which they have come to expect from all Party and Government leaderships. Like his predecessors Brezhnev and Khrushchev, he regards the Soviet relationship with the other Super Power, the United States, as his main priority in foreign policy. The Soviet Union takes a generally hostile attitude to the United States as the "leader" of the capitalist world, and would like to weaken it militarily and politically, disrupting its alliances with NATO countries and eliminating American influence in the Third World, including the Middle East. This is the long-term Soviet view of the United States. But in practice the Soviet Union realises that it has to pursue more pragmatic policies towards the United States on a day-to-day basis. To do so the new Soviet leaders try to concentrate all the experience, tactical skill and reliance on their existing advantages in dealing with the other Super Power which they have gained over the years in formulating their policies towards the United States.

15. There is a long tradition in Russian history that Russia should always try to come to terms with the most powerful nation in the World. The purpose of this is to formalise a relationship with which it stabilizes the military balance between them and limits the capacity of the other power to damage Russia's interests, while leaving Russia free to pursue its own goals in the world arena. This concept led the Soviet Union to work for and to conclude the SALT I and SALT II treaties with the United States, and it strengthened Soviet interest in the CSCE process at least insofar as it

involved a commitment by the United States. It also supported, in Moscow's eyes, the Soviet claim to the right to pursue global policies to advance Soviet interests politically and ideologically, economically or militarily whenever or wherever it decides to do so. In the Soviet view, the informal as well as the formal aspect of the Soviet-American relationship under Presidents Nixon and Ford and to some extent under President Carter went some way towards satisfying Soviet concepts of a "just" or "correct" balance and relationship between the 2 Super Powers under this heading; the policies which have so far been followed by President Reagan, as Moscow sees them, do not.

16. First of all President Reagan supported the decision of the previous Administration not to seek ratification of the SALT II Treaty by the United States Senate, partly because he believed that the Treaty confirmed American strategic inferiority vis-a-vis the USSR and partly because of the Soviet "act of war" in the invasion of Afghanistan. President Reagan considerably increased the United States' defence budget, restored weapons systems such as the B-1 bomber which had been set aside by President Carter, adopted the MX missile as the main American land-based strategic system, and gave special emphasis to the development of the Rapid Deployment Force (RDF) within the American Armed Forces. He has also called for the development of Space Defence Systems, and the American Forces now have a Space Defence Command. Mr Reagan strongly supported plans to advance the military power of NATO in Europe, including acceptance of the Intermediate-Range Nuclear Force (INF) modernisation proposals originally sought by NATO's European members and then agreed in the dual-track decision of December 1979.

17. As the Russians see it, the United States, not content with increasing its military power across the board, has embarked on two other simultaneous "offensives" against the Soviet Union: an economic and trade "blockade" and an ideological "crusade" against Communism. The United States, the Russians claim, has tried to damage the Soviet Union's defence and economic planning by embargoes and sanctions; on some of which it has tried to secure West European support. Although a co-ordinated effort on the Siberian gas pipeline project failed, the Soviet Union believes that the concept of economic sanctions is still part of President Reagan's general attitude towards the Soviet Union at the present time. Perhaps the one exception, largely for American domestic reasons, is the President's readiness to approve trade

agreements on grain sales. The Russians are also particularly irritated by America's anti-Communist "crusade", partly because they are not sure how best to counter it - after all, the "Communism" of their own society, so influenced by privilege and a rigid class-system, is hardly based on the principles of the "classical" Marxism or even Marxism-Leninism which they seek to advertise. They see this ideological campaign as an attempt by the Americans to open up a "third front" against them and their Bloc alongside those on military power and the economy.

18. What, then, have been the main responses of Andropov to these challenges, and what impact are they likely to have on Soviet-American relations?

Firstly, and almost instinctively, Andropov, strongly supported by the leaders of the Armed Forces, will continue his current efforts to strengthen Soviet military power; if necessary, he will increase defence expenditure in the Soviet Union and speed up the deployment of new weapons in the Soviet Armed Forces. This concept has been clearly expressed in speeches by Andropov and Marshal Ustinov, who stressed that the Soviet Union will never accept "strategic inferiority" to the United States. Similar views appeared in articles by Marshal Ogarkov, the Chief of the Soviet General Staff, who wrote in May 1982 that the Soviet Union could survive and win a major war, and inflict "total destruction" on any "aggressor" who attacked the Soviet Union. The Soviet Union has also issued its own threats to deploy a new ICBM like the American MX system, and cruise missiles, both sea and air-launched, such as those now available to the West.*

19. At the same time it seems likely that Andropov wants to return to something like the atmosphere of the SALT period in which the two countries could re-create the kind of relationship which he believes should exist between the United States and the Soviet Union. The Soviet Union realises that it would be unlikely to win an uncontrolled arms race with the United States; Andropov may, therefore, seek a high-level meeting between very senior Soviet and American leaders in 1983-84, though not on terms on which he, Andropov, would regard as "giving in" to American definitions of "strategic parity". Much may now depend on the result of next year's Presidential election in the United States; there seems little doubt that Andropov finds Mr Reagan's Administration "destabilising" in Soviet-American relations, and that he would not expect satisfactory results in the bilateral relationship if Mr Reagan returned to office in 1984.

* We have seen recently all too tragically the effects of the rigidity of the Soviet military system in operation in the disaster of the Korean air liner in the Far East - action which was based on the contemporary Soviet concept of military power.

20. In the meantime I think that Andropov will pursue at least some lower-level Soviet-American diplomatic, commercial and academic contacts during the year such as the visits of Averill Harriman and the Secretary for Trade,

His plan will be to probe American intentions on the bilateral, military, political and economic relationship, using whatever existing links seem acceptable to both sides: such as the START talks in Geneva. But I do not expect any major change in Soviet policies towards the United States in what may turn out to be a new "interim period" in their relations. It is unlikely, for example, that any significant concessions to the United States on foreign or defence policy will be made simply because of American commercial, economic or financial pressure on the Soviet Union. The Russians will try to counter the "ideological crusade" through propaganda, subversion and diplomacy, and hope that they can win. But basically 1983 is going to be a difficult year for Soviet decision-making in the Soviet-American relationship, especially in the field of the strategic military balance. Andropov may hope that progress can be made towards re-creating the "right" kind of bilateral relationship with the United States, though in realistic terms he may not be optimistic about doing so on anything like his terms with the present Administration in Washington, especially if Mr Reagan seeks and gains a second term.

Soviet Relations with Europe

21. The second priority of the present Soviet government in foreign and military affairs will continue to be its relationship with Europe. The Soviet leaders tend to follow the traditional Russian belief that Europe should by right fall under some form of Russian or Soviet influence. However, before policies to extend Soviet influence into Western Europe can be carried through, the Soviet Union has to ensure that Eastern Europe which has been under Soviet control since the end of World War II remains stable, obedient and efficient under Soviet rule. The problem today for the Andropov government is that in 1980-81 the grip of the official Polish Workers' Party (PZPR) over Poland literally collapsed in the face of a genuine popular movement. Order was only restored in December 1982 by the introduction of martial law under a Military Council. Although martial law has now been formally abolished, it still exists in practice through the new laws and regulations as the real government of an embittered population and an exhausted country.

22. The events of Poland's "Solidarity" years are well known and need no repetition here. Let me just say that as Andropov looks ahead he probably believes that although Poland is still in the Soviet camp and the overall situation seems to be in the Soviet Union's favour, Russia has not "won" the struggle for Poland as it had hoped to do. On the "credit" side, it is true that the power of the "Solidarity" movement, both in its public and underground forms, has been broken and its leaders are under restraint, powerless or without an organised following, including Lech Walesa: although the latter is by no means "out of sight". It is also true that those Poles whose hopes of "Solidarity" were so high in 1980-81 are now discouraged and unlikely to try to re-form the movement as it was in those years. The Polish economy, too, seems to be marginally improving its performance from the low point it reached at the end of 1981. And the Army carried out its duties under martial law without any known examples of serious disobedience or defection. And finally on the "credit" side for Moscow the Soviet Union did not have to use its own troops to put down the Polish "Solidarity" movement, with all the bloodshed and world-wide opposition which that would have caused.

23. On the other side of the coin, Andropov will certainly recognise that the Polish Workers' Party is not in power to-day and cannot realistically be expected to return to power in the near future as a credible and effective ruler of this vital bastion of Soviet control in Eastern Europe. Support for Soviet Communism is ideologically non-existent in Poland in 1983. The sense of conflict between governors and governed will not disappear and the Soviet Union will have to take this fact into consideration when planning all aspects of its European policies in the coming year. Although the visit of the Pope to Poland in July 1983 sparked off some controversial debate, the important factor - the dedication of Poles to their Church and their Pope which the visit demonstrated is a negative one for the Soviet Union.

24. Moreover, with traditional Soviet fears of the "worst-case scenario" very much in Moscow's thoughts, the reliability of Poland as a key member of the Warsaw Pact and a vital line of communication to the GDR in war is open to question. Where this may lead the Soviet military planners in perhaps reconsidering Poland's role in the event of a war in Europe is impossible at this stage to say; but it must be high up in the Soviet General Staff's

list of priorities in 1983-84. And Andropov, perhaps in his more pessimistic moments, may share that old Russian fear that "success" in Poland can only be temporary: that at some time in the future the Poles, basing their actions on the lessons of 1980-82, will try again - and who could predict the outcome of another Polish crisis in the future?

25. Andropov's other European assessment must, of course, be the confrontation with the West in Europe on political, economic and military issues, of which the latter seems to be the most important to the Soviet leaders in 1983. Since the NATO Alliance succeeded in deterring the Soviet Union from attacking the West in Europe, Soviet governments have sought to advance their interests by political action and propaganda, by diplomacy and negotiation, for example, through the CSCE process, arms control and confidence-building measures (CBM) talks and by an expansion of East-West trade. Much of this activity continues, though it has suffered set backs because of the events of Poland and the Soviet invasion of Afghanistan. Indeed, the CSCE process has hardly advanced between Helsinki and the present Review Conference in Madrid, though the Soviet Union appeared to make some concessions on human rights at the end of the Conference. There is, however, no visible progress in the MBFR talks in Vienna. Trade has fared better, as West European adherence to the Siberian gas pipeline contracts showed. The Russians do seek more commercial business with the West in Europe and will, no doubt, try to work towards this in 1983-84.

26. The major issue for Andropov, however, is undoubtedly defence, highlighted by the NATO double-track decision of December 1979 on the planned deployment of American cruise missiles in Britain, Italy, Belgium and Holland, and Pershing II and cruise missiles in Germany later this year. I think we would all agree that it has been axiomatic in Soviet thinking that the Soviet Union ought by "right" to maintain military superiority over the West in Europe in every kind of weapons system capable of deployment and perhaps use in a conflict in the European "Theatre of Military Operations". From the Soviet point of view the presence of major American conventional and nuclear forces in Europe under the NATO Treaty has always greatly complicated the decision which the Soviet Union has to take to maintain this essential superiority in all the important areas of military power. The Soviet Union would welcome of course, the weakening or even the disappearance of this American commitment to the defence of Western Europe: that is, what

is often called "decoupling". But since "decoupling" fortunately is not a practical prospect in NATO planning the necessary Soviet and Warsaw Pact forces must be deployed, in the official Soviet view, not only to meet the troops permanently deployed under NATO in Europe but also to deal with "Forward Based Systems" (FBS) of NATO and French forces which may be moved into the European Theatre in peacetime or reinforced in periods of high tension.

27. Based partly on these traditional Russian concepts of their country's essential need for numerical superiorities and partly on Soviet obsessions with "overinsurance", the Russians concentrate on claiming a military balance in Europe which gives them the superiorities which they believe are essential to fulfilment of their European goals. To do this they have developed sophisticated methods of calculating the military power of both sides for which they seek general acceptance - including in arms control negotiations. These calculations produce a particularly Soviet concept of "parity" which allows them both numerical and selective qualitative superiorities to which they believe they ought to be entitled. Incidentally, this is one of the factors which make negotiations on arms control and force reductions with the Russians so difficult and so prolonged, complicating as it does issues such as agreed data and verification.

28. I mention this factor here because it has a role to play in trying to understand the central theme in current Soviet policy on the military balance in Europe: the Soviet requirement to cancel NATO's INF modernisation decision of December 1979. For in addition to its well-established numerical superiorities in tanks, guns and aircraft in Europe, and its growing submarine-launched missile force, the Soviet Union has always included in its concept of superiority a force of medium-range land-based missiles deployed in Western Russia capable of delivering nuclear or non-nuclear warheads to all the main NATO targets in Western Europe. These were originally the SS-4s and SS-5s which were first deployed in the late 1950s. The important point today is that the Soviet Union came to believe that NATO had accepted this form of Soviet "parity": and that when the time came for the SS-4 and SS-5 force to be replaced by a more modern weapon - in this case the SS-20 - NATO would automatically accept the military superiority which it gave to the Soviet Union too. The essence of this interpretation is that

the Soviet calculation of what constitutes "approximate parity" between Eastern and Western Europe should be accepted by NATO, and that it should include the SS-20 as it has been deployed in Western Russia from 1977 onwards.

29. Careful NATO analysis of the SS-20 missile with its 3 warheads and mobile capabilities led to the conclusion that it is far too modern and dangerous a weapon for NATO to compare it with, and place it in the same category as, the SS-4s and SS-5s. This was especially true since in the SS-20s first years of deployment the older missiles still remained operational. NATO therefore sought an effective balance with American help, and accepted the INF modernisation proposal for the Pershing II and cruise missiles - a decision which Moscow interpreted as "going back" on a kind of unwritten acceptance of the previous balance of medium-range forces in Europe, supporting its argument with its own interpretation of the relevant facts and figures.

30. With a worsening political relationship between East and West in the wake of the Soviet invasion of Afghanistan the Polish crisis, the Soviet leadership has increasingly come to believe that at almost any cost the INF decision must be reversed in 1983 and the old concept of "acceptable and approximate parity" on Soviet data calculations restored. The United States "Zero Option" has been unacceptable to Moscow because it would deprive the Soviet Union of any medium-range land-based nuclear missile element in the military superiority which is still essential to the Russians in Europe; and I do not believe that the Soviet Union will accept it in anything like its present form, or even as amended in the more recent American proposals.

31. The main Soviet effort in Europe this year, therefore, will, in all probability, be a two-pronged one on the military balance issue. First in diplomatic terms the Soviet government will continue to seek negotiations on the cancellation of the NATO decision, advocating a "freeze" in the numbers of weapons or their warheads - a recent proposal - at their present or reduced levels. Historically, of course, the Soviet Union has offered a "freeze" when they already have superiority in the relevant weapons system. They have also put forward proposals for selective reductions in the SS-20 force, including an offer to destroy the missiles withdrawn rather than redeploy them in the Far East. They have also offered to reduce the SS-20 force to the level

of the combined British and French nuclear forces, (162 missiles according to the Russians) in exchange for cancellation of the INF decision. Both proposals would at least allow the Soviet Union to keep a significant element of medium-range missile superiority: the latter without an American contribution on the Western side. They will also continue to make attractive-sounding offers on "no-first use" of nuclear and conventional weapons, knowing that they have superiority in conventional weapons in Europe anyway.

32. The other effort will be mainly a political and propaganda one: to build up and support West European resistance to the INF decision, including offering encouragement to, though not controlling, existing and very genuine anti-nuclear sentiments and movements in West European countries. This campaign will also try to create and exploit anti-American feeling in Western Europe on a verity of issues ranging from military and nuclear ones to political events in Central America, and the Middle East crisis. What success the whole project will achieve or whether some form of "interim" agreement might be discussed, we cannot say: but I think that this Soviet "two-track" effort will dominate Soviet European policy in 1983-84. The INF issue in any case, in my view, provides many uncertainties for Andropov in his first year of office, and if his attempts to reverse NATO's decision fail and deployment goes ahead, he might be vulnerable to criticism at home as he faces potential rivals in the Soviet leadership. A favourable solution to this problem is likely to be of growing importance to Andropov, and this factor helps to account for the many initiatives he has put forward on it so far this year.

Soviet Relations with China

33. When looking at the next priority in Soviet policies, the confrontation with China, there can be no doubt that China has been for many years now something of an obsession with the Russians. China's size, her population of over 1 billion, her great potential wealth and the discipline and capacity for hard work for the Chinese people are constant anxieties to the Soviet Union. To some extent the ideological dispute seems to have been played down recently, and the Russians may hope that if this continues and China is beset by internal disagreements within the leadership and severe economic problems there may be opportunities for the Soviet Union to exploit - perhaps to the advantage of the new Soviet leadership under Andropov.

34. To deal with the purely military situation the Soviet Union has created a balanced garrison force on the Chinese frontier of about 47 divisions, with tactical and strategic air armies, SS-20 and strategic missile sites and the Pacific Fleet, to respond to any crisis there and deal with the Chinese from a position of strength. They also hope that in a period of political and economic weakness China's development as a major military power may falter, and that she will not be able to advance to Super Power status in the foreseeable future.

35. Andropov, indeed, as I have already mentioned, appears to have inherited a situation in which both sides, for different reasons, see an advantage in promoting a slight improvement in Soviet-Chinese relations. He may try to continue the process without making any of the major concessions demanded by the Chinese: withdrawal of troops from the Sino-Soviet border, from Afghanistan and Mongolia and an end to Vietnamese operations in Kampuchea. Andropov may, however, hope to create and then play a "China card" against the United States: he could, if he wished to do so, reduce the Soviet garrison in Mongolia and pull back some units from the border in the hope of encouraging a favourable Chinese response. But it seems unlikely that such moves would satisfy the Chinese: and if they do not, Andropov the tough-minded pragmatist may not think them worth while. However, China also has an interest in appearing to be negotiating with the Soviet Union: once again with an eye to the United States, partly because of current American policies towards Taiwan. Moreover, as Chinese economic weakness continues, there are bound to be fewer Chinese motives for the major commercial deals with Western countries on which political rapprochement with the West depends. A continued period of poor underlying Sino-Soviet relations is, however, probable, though with less ideological conflict and perhaps some more formal diplomatic contacts which might give an appearance to the Communist and the outside world of a reduction of tension.

Military Support for Foreign Policy

36. So far I have dealt with what are the basic priorities of Soviet policy towards its main adversaries. It is at this point that we turn to what is in many cases the most dramatic element of Soviet overseas policy: the pursuit of Soviet influence in other parts of the world through political, ideological, subversive and military means. In recent years it has become clear that the main Soviet attention in the Third World was being paid to the

"peripheral" areas around the Soviet border: in Eastern Europe - the preservation of existing Soviet influence and control - the Middle and Far East, Mongolia, and most importantly, in Afghanistan: and this is likely to be followed also by the Andropov government.

37. Andropov inherited a three year old war in Afghanistan, in which, despite the best endeavours of the Soviet Army, insurgency has continued, and the Soviet Army faces another year of more of major military operations in that country. The Soviet leaders, including Andropov, are so committed to total control of this "buffer zone" that they will not withdraw their Army until military success has restored Soviet prestige, and Afghanistan has become a full-scale and stable Soviet client state. I do not believe, however, that the invasion of Afghanistan was intended or planned in 1979 or now in 1983 to be the first stage in an early Soviet move to the Persian Gulf, to seize the oil fields of Iran, or to invade Pakistan; though such plans remain as possibilities in Soviet thinking in the more distant future.

38. I believe that the Soviet concept of projecting their power into other areas of the Third World will continue in Soviet thinking to involve the use of naval and air power as well as extensive programmes of military aid - especially to those countries which can pay for it in hard currency. The Middle East is the major Third World area bordering on the Soviet Union in which the Russians want to achieve influence leading on to control. They have in recent years been virtually excluded from negotiations on the Middle East, with Syria their only reasonably obedient client state. We are, in my view, witnessing a Soviet attempt to return to the central crisis area of the Middle East through the "Syrian connection", primarily the military aid of an operational kind given to that country - the SA-5 air defence missile system - in the wake of the crisis in Lebanon - though we cannot predict how far the Soviet Union will commit itself in this direction. And the Soviet Union is trying, against the background of the Iran-Iraq war, to seek contacts with other Middle East countries - even among the Gulf States. It also gives some discreet support to Libya in its African adventures.

39. But given the urgent attention that Andropov appears to be giving to his main priorities - his relations with the United States, Europe and China, it is possible that some plans for the more distant areas, for example in Africa and Central and South America, may be shelved or delayed, leaving some

to the Cubans and others to regional revolutionary movements favourable to the Soviet cause. I believe, for example, that this is broadly speaking, the situation in Central America. In military terms the Soviet Union will probably continue to develop their airborne and amphibious forces, and we cannot rule out an increasing Soviet interest in such troops (their own "Rapid Deployment Force") for use not only on a European Campaign but in the "peripheral" areas or further afield. No doubt the Soviet General Staff is carefully studying the lessons of the 1982 South Atlantic conflict, though they have been very reluctant so far to comment in detail on the military or naval aspects of that campaign.

40. In very broad terms I believe that the new Soviet leadership under Andropov will continue to follow similar policies to those described above, most of which involve an element of threat to the West or Western interests. There seems to be an atmosphere of insecurity in Soviet attitudes to foreign policy decision-making which, in the Soviet tradition, often leads to an appearance of bluster and aggressive behaviour towards other countries, which is perhaps related to Andropov's position and the problems he has to face. However, whatever the Russians can achieve in Third World especially through their developing military, naval and air power in the 1980s, as well as subversion, they will pursue their aims with vigour, based on opportunism. But such actions will, as in the present phase, always take second place to preserving their political system at home and in Eastern Europe, and their Super-Power status, and to advancing their interests in the areas which really matter: the strategic balance with the United States; the improvement of their position in Europe; the present and longer-term confrontation with China; and the expansion of their power in the border areas. Our main aim, in these circumstances, must be to ensure that our deterrent, primarily NATO, continues to be a valid one, and will always be credible to whoever rules in Moscow.

SECRET



FUE

cc AP

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10 DOWNING STREET

cc Minister Sec
2 Defence: Arms Control Talks
P4

From the Private Secretary

12 September 1983

Dear Brian,

POLICY ON ARMS CONTROL AND DISARMAMENT

On 9 September the Prime Minister held a meeting at Chequers to review our policy in the field of arms control and disarmament. A list of those who attended is enclosed. The meeting had before it papers on (a) Arms Control: The Strategic Agenda; (b) Western Defence Strategy; (c) Nuclear and Conventional Force Arms Control; and (d) Multilateral Arms Control and Disarmament.

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

The question of whether it would be right at some stage to agree that the British strategic nuclear deterrent should be taken account of in arms control negotiations was discussed at length. It was noted that pressure was growing among our allies for us to find some way of doing so but it was by no means certain that they had thought through the implications.

It was clear that we must continue to resist the Soviet argument that the British and French strategic deterrents should be included in the INF negotiations. The question was rather whether there would be a case at some stage for including them in the START negotiations. At present the number of British (and French) strategic nuclear warheads was extremely small in relation to the known holdings of the super-powers. But decisions in the near future on Trident D5 procurement would be likely to result in due course in a significant increase in the Western holding of strategic warheads. This would lend more plausibility to the Soviet argument that the British and French deterrents were a major factor for them.

A key factor in determining whether there was any scope for taking account of the British deterrent in START was our estimate of the irreducible minimum holding of strategic nuclear weapons necessary to deter the Soviet Union. It was clear that the present Polaris deterrent could not be reduced. Officials were at present considering what the irreducible minimum would be in the Trident era in relation to the increased Soviet capability which we should then face. This would to some extent depend on eventual Ministerial decisions on the targetting of Trident.

/ It was recalled

It was recalled that while Polaris was indeed a weapon for use by the United Kingdom in a situation of last resort, it was also assigned to SACEUR who had the power to use it in situations short of last resort. This was one reason why some of our allies saw substance in the Soviet argument that the British deterrent should be included in negotiations. There was a need to find some way of making our position more plausible to our allies.

But great care was necessary. Any suggestion that the United Kingdom should participate in negotiations about strategic arms implied that we were willing to consider reducing our deterrent. Alternatively, it implied that the United States would emerge from such negotiations in a position of less than parity with the Soviet Union (and this was unrealistic since such an agreement would probably not be accepted by the US Congress).

It was agreed that there could be no question of making any move towards including our deterrent in arms control negotiations without the most thorough prior consultations with the United States. But whether any such move should be made depended on the outcome of the current work on the concept of the irreducible minimum. The Ministry of Defence were asked to consider how quickly that work could be completed (the current target of spring, 1983 was felt to be too distant) and to report.

Since it was clear that at least for the time being there could be no question of changing our present position, further thought needed to be given to the handling of public opinion on this question. The Foreign and Commonwealth Office were asked to consider urgently, together with the Ministry of Defence, and to report.

The task of the Alliance in retaining the support of public opinion could be greatly aided if current work resulted in an announcement in the autumn of a decision significantly to reduce the Alliance's holdings of battlefield nuclear weapons.

The present state of the MBFR negotiations was described and it was noted that Germany appeared to wish to make a significant departure from the West's position of insisting on agreement on data before reductions could be agreed. We had it in mind to make an alternative proposal which would avoid the dangers of the German proposal. This should be considered by Ministers (and the Prime Minister wishes to see the text).

Concern was expressed about the threat posed by Soviet chemical weapons holdings. The Secretary of State for Defence said that he proposed to put a paper to the Prime Minister about this matter.

In conclusion, the Prime Minister asked the Secretary to the Cabinet:

- (a) to circulate shortly a draft agenda of issues in the field of arms control and disarmament which Ministers would need to consider in the next three months;

- (b) to recommend how those issues might best be considered by Ministers;
- (c) to arrange for preparation by officials of the issues to be discussed.

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

Yours ever

John Cole.

Brian Fall, Esq.,
Foreign and Commonwealth Office.



FILE

cc Master
Foreign Pol, East/West
Relations, Pt 3

10 DOWNING STREET

From the Private Secretary

12 September 1983

Dear Brian,

POLICY ON EAST/WEST RELATIONS

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

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

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

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

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

Soviet Union

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

/ considered,

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

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

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

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

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

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

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

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

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

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

Eastern Europe

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

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

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

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

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

/BBC broadcasting

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

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

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

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

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

Yours ever

John Cole.

Brian Fall, Esq.,
Foreign and Commonwealth Office.

MEETING WITH ACADEMIC EXPERTS

The Prime Minister

Mr. Michael Kaser

Mr. A.H. Brown

Professor A. Nove

The Reverend Michael Bourdeaux

Dr. Alex Pravda

Mr. C.N. Donnelly

Mr. G. Schopflin

Dr. Ronald Amman

Lord Thomas of Swynnerton

Rt. Hon. Sir Geoffrey Howe, MP

Rt. Hon. Michael Heseltine, MP

Mr. Malcolm Rifkind, MP

Sir Antony Acland

Sir Julian Bullard

Mr. J.M. Mackintosh

Sir Anthony Parsons

Mr. Robin Butler

Mr. John Coles

MEETING OF MINISTERS AND OFFICIALS

Prime Minister

Rt. Hon. Sir Geoffrey Howe, MP

Mr. Malcolm Rifkind, MP

Sir Antony Acland

Sir Julian Bullard

Mr. Bryan Cartledge

Rt. Hon. Michael Heseltine, MP

Sir Clive Whitmore

Field Marshal Sir Edwim Bramall

Mr. John Blerloch

Sir Robert Armstrong

Mr. David Goodall

Mr. J.M. Mackintosh

Sir Anthony Parsons

Mr. Robin Butler

Mr. John Coles

Top Copy on Foreign Policy, East/West Relations, H3

PRIME MINISTER

CHEQUERS: FOREIGN POLICY STRATEGY DISCUSSION

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

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

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

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

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

Agree that we should proceed in this way?

Yes - it is a brilliant summary
It is early to come to it) having in mind
the Korean A.S.C.
points which should be followed.
But agree that a paper should be prepared for OD in day later
October, 1983

12 September 1983

SECRET



10 DOWNING STREET

12 September, 1983

From the Private Secretary

cc AP
cc MOD
DTI
CDL
CO
SW

Top copy filed
on Middle East
: Sinafuri
Pt II
✓ Master-Set

S/S

Dear Brian,

POLICY ON THE MIDDLE EAST

On 9 September the Prime Minister held a meeting at Chequers to consider the Government's policy towards the Middle East in the next few years. A list of those attending the meeting is enclosed with this letter. A paper by the Foreign and Commonwealth Office was before the meeting. The purpose of this letter is to record the conclusions reached. These were as follows.

It was more important to concentrate on the realities of the situation than to think in terms merely of improving our posture. Equally, while we could usefully seek to bring our influence to bear on others, notably the United States, that would be effective only if we had reached a clear view of the fundamental problems and the possibilities for making progress in solving them.

With regard to the Arab/Israel dispute, it was clear that the United States was most unlikely to bring pressure to bear on Israel to change its policy, e.g. in respect of the West Bank, before the American presidential elections were over. But the United Kingdom could perhaps play a useful role in preparing the US Administration so that it was ready to exert new pressures on Israel after the elections.

It was noted that our consultations with the United States Government on the Middle East had become routine in nature and that they needed to take place at a higher level. Further thought should be given to this in connection with the Prime Minister's forthcoming visit to Washington.

Given the instability of surrounding countries, the importance of stability in Jordan had increased. The Foreign and Commonwealth Secretary was invited to prepare a paper on ways in which we and our allies could help to ensure that the integrity and stability of Jordan were preserved in the coming years.

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The importance of Syria was noted. It was recognised that attempts to make progress which ignored Syria were unlikely to succeed and that there might be value in carefully timed high level contacts with the Syrians (though these would be difficult while the current situation in Lebanon persisted).

The Gulf remained an area of considerable interest to Britain. More contacts with the Gulf States, and with the Middle East generally, especially where these would help to promote trade, would be worthwhile.

As regards the Iraq/Iran war, we should not take steps in our relations with Iraq which would inhibit the development of better relations with Iran in the longer term, for Iran was strategically more important. But we should, of course, avoid indicating publicly a preference for Iran because of the implications for our interests in the Arab world.

It was noted that contingency planning was in hand with regard to the possibility of Iran closing the entrance to the Gulf as a reaction to the supply by France to Iraq of Super-Etendards.

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

John

John

B. Fall, Esq.,
Foreign and Commonwealth Office

SECRET

1430 MEETING

Prime Minister

Rt. Hon. Sir Geoffrey Howe, MP

Rt. Hon. Baroness Young

Mr. Richard Luce, MP

Sir Antony Acland

Sir James Craig

Mr. S.L. Egerton

Rt. Hon. Michael Heseltine, MP

Mr. Geoffrey Pattie, MP

Mr. John Stanley, MP

Sir Clive Whitmore

Rt. Hon. Cecil Parkinson, MP

Rt. Hon. Lord Cockfield

Sir Robert Armstrong

Mr. David Goodall

Sir Anthony Parsons

Mr. Robin Butler

Mr. John Coles

SUBJECT

CONFIDENTIAL

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CC AP BR



cc master

10 DOWNING STREET

From the Private Secretary

12 September 1983

Foreign Policy:
Britain's global interests and priorities

At a meeting at Chequers on 8 September there was a brief discussion of a paper presented by the Foreign and Commonwealth Office on the above subject. The Foreign and Commonwealth Secretary, the Defence Secretary, Mr. Rifkind and officials were present.

The Foreign and Commonwealth Secretary said that he believed that the paper was a reasonable check-list of priorities in British foreign policy. He doubted whether detailed discussion was necessary except perhaps with regard to paragraph 20 which discussed the problem of the financial resources available for our overseas activities. He would like to see a more coherent and sustainable plan for expenditure on overseas activities, including that part of defence expenditure which was related to foreign policy as well as expenditure on aid, the British Council and the BBC's overseas services.

Following further discussion the Prime Minister asked the Foreign and Commonwealth Secretary to discuss this matter with the Defence Secretary on the basis of a note to be prepared by the Foreign and Commonwealth Office. The Cabinet Office should also be involved in the discussions. She thought it would be wise to avoid too intensive or deep a study since in the end some of the choices which might have to be made could be rather artificial.

The Prime Minister concluded the discussion by saying that the meeting would not attempt to approve in detail the FCO paper on Britain's global interests and priorities but would note it as an account of the range of problems which confronted us.

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

A. J. COLES

8

Brian Fall, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

STRATEGY MEETINGS: FOREIGN AFFAIRS

Some suggestions for handling.

THURSDAY

East/West Relations: meeting with academics (0900)

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

All participants have copies of the eight academic papers. Michael Kaser has grouped them under four headings (see page 1 of academic folder), namely "System", "Society", "Economy" and "Power".

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

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

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

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

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

OFFICIAL SESSIONS

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

/Britain's global

Britain's global interests and priorities

FLAG A

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

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

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

East/West Relations

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

I suggest you take this in two parts:

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

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

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

Similarly, are all these points accepted?

/ Finally,

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

FRIDAY

Arms Control and Disarmament (0930 to 1300)

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

You might divide the morning into two parts:

Part I

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

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

FLAG B

FLAG A

Part II

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

Middle East (2130)

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

(a) Lebanon

Latest situation?

Threat to MNF?

(b) Arab/Israel

Effect of Begin's departure?

Should we/the Ten fill the gap caused by the

US elections (para 11 of paper)?

/ Should

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

(c) The Gulf

A more active policy (para 14)?

(d) Trade and financial matters

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

6 September 1983

Robin 12

Thursday, 8 September

East/West Relations

9.00 a.m. Meeting

You might like
to have this
list of participants

- The Prime Minister
- Mr. Michael Kaser
- Mr. A.H. Brown
- Professor A. Nove
- The Reverend Michael Bourdeaux
- Dr. Alex Pravda
- Mr. C.N. Donnelly
- Mr. G. Schöpflin
- Dr. Ronald Amman
- Lord Thomas of Swynnerton
- Rt. Hon. Sir Geoffrey Howe, MP
- Rt. Hon. Michael Heseltine, MP
- Mr. Malcolm Rifkind, MP
- Sir Antony Acland
- Sir Julian Bullard
- Mr. J.M. Mackintosh
- Sir Anthony Parsons
- Mr. Robin Butler
- Mr. John Coles

JA

1300 Lunch

For all the above

Chequers

Thursday, 8 September

1430 Meeting

Prime Minister

Rt. Hon. Sir Geoffrey Howe, MP

Mr. Malcolm Rifkind

Sir Antony Acland

Sir Julian Bullard

Mr. Bryan Cartledge

Rt. Hon. Michael Heseltine, MP

Sir Clive Whitmore

Field Marshal Sir Edwin Bramall

Mr. John Blelloch

Sir Robert Armstrong

Mr. David Goodall

Mr. J.M. Mackintosh

Sir Antony Partsons

Mr. Robin Butler

Mr. John Coles

Chequers

Friday, 9 September

0930 Meeting

Arms Control and Disarmament

Prime Minister

Rt. Hon. Sir Geoffrey Howe, MP

Rt. Hon. Baroness Young

Mr. Richard Luce, MP

Sir Antony Acland

Sir Julian Bullard

Mr. Bryan Cartledge

Rt. Hon. Michael Heseltine, MP

Mr. John Stanley, MP

Sir Clive Whitmore

Field Marshal Sir Edwin Bramall

Mr. John Blelloch

Sir Robert Armstrong

Mr. David Goodall

Mr. J.M. Mackintosh

Sir Antony Parsons

Mr. Robin Butler

Mr. John Coles

1300 Lunch For all the above plus

Rt. Hon. Cecil Parkinson, MP

Rt. Hon. Lord Cockfield

Mr. Geoffrey Pattie, MP

Mr. S.L. Egerton

Chequers

Friday, 9 September

1430 Meeting

The Middle East

Prime Minister

Rt. Hon. Sir Geoffrey Howe, MP

Rt. Hon. Baroness Young

Mr. Richard Luce, MP

Sir Antony Acland

Sir Julian Bullard

Sir James Craig (if available)

Mr. S.L. Egerton

Rt. Hon. Michael Heseltine, MP

Sir Clive Whitmore

Mr. Geoffrey Pattie, MP

Rt. Hon. Cecil Parkinson, MP

Rt. Hon. Lord Cockfield

Sir Robert Armstrong

Mr. David Goodall

Sir Anthony Parsons

Mr. Robin Butler

Mr. John Coles



10 DOWNING STREET

From the Private Secretary

2 September, 1983

The Prime Minister is pleased that you will be able to attend her meeting at Chequers on 8 September to consider East/West Relations and, as background to the meeting, I attach papers which have been prepared by academics working in this field. As you know, these will be discussed at the meeting. I know that you will treat the papers themselves as being on the same confidential basis as the meeting itself.

TIMOTHY FLESHER

The Lord Thomas of Swynnerton

Foreign
Strategy
APR 83
ATC

LIST OF RECIPIENTS OF
TIM FLESHER'S LETTER OF 30 AUGUST
+ ENCLOSURES:

Richard Mottram, MOD

Haydon Warren-Gash, M/S Office, FCO (Rifkind)

Sir Antony Acland, FCO

Sir Julian Bullard, FCO

Mr. J. M. Mackintosh, Cabinet Office

Richard Hatfield, Cabinet Office

Chief of the Defence Staff, MOD

Sir Clive Whitmore, MOD

Mr. J. N. H. Blelloch, MOD (v)

Mr. B. Cartledge, FCO Room 305 Downing St. East.

Mr. ~~A~~ J. S. Goodall, Cabinet Office

Sir Anthony Parsons)
Mr. Robin Butler) No.10
Mr. John Coles)

DSC

File



10 DOWNING STREET

From the Private Secretary

30 August 1983

Dear John,

In his letter of 22 July, John Coles referred to a number of papers which are being prepared for discussions at Chequers next week by a number of academic experts on East/West relations. I now enclose these papers. Although, given their source, these papers cannot be given a security classification, I should be grateful if you and the other participants in the meetings, to whom I am sending a copy of these papers, could treat them as being entirely confidential.

I am sending copies of this letter and enclosures to Richard Mottram (Ministry of Defence), Haydon Warren-Gash (Office of the Minister of State, FCO) and to the other participants.

Yours ever,

Timothy Flesher

John Holmes, Esq.,
Foreign and Commonwealth Office.

ST. ANTONY'S COLLEGE,
OXFORD.
OX2 6JF
TEL. 59651

30 August 1983

T. Flesher, Esq.,
10 Downing Street,
London, SW1.

Dear Mr Flesher,

I am glad to return, with the very few corrections required, the papers for the Chequers meeting on 8 September.

I have arranged the eight papers in pairs thematically with the thought that the Prime Minister might consider dividing our morning into four. Each of the two authors concerned could launch the discussion with an introduction of five minutes or so.

All of us will wish to dine at the Spread Eagle. Dr Amann, Mr Brown and I will travel to the hotel in a hire-car - the same car will have collected me at Gatwick that afternoon, for I have curtailed my participation in an IEA conference in Madrid in order to return in time. We would like to be returned to the Hotel in the afternoon of the 8th. I understand that Mr Donnelly will collect Dr Pravda on his way from Camberley in an Army staff car (and will take him back to Reading the next day). Mr Bourdeaux, Professor Nove and Mr Schöpflin will need to be collected off the 18.30 train at Wendover station, and be returned there the next day.

You mention in your letter of 25 August the reimbursement of travel costs; I should add that in my own case as organiser I shall have to put in for a fair number of telephone calls.

When I saw Dr Amann two days ago, he had not by then received your letter of 25 August and the Chequers admission card. I mention this because he was a late addition (address CREES, University of Birmingham, PO Box 363, Birmingham B15 2TT). The best addresses for despatch of the enclosed paper when duplicated are:

Rev. M. Bourdeaux, Keston College, Heathfield Road, Keston BR2 6BA;

Mr A. Brown, St Antony's College, Oxford OX2 6JF;

Mr C. Donnelly, Old Plough Farm, Wildhern, Hatherdon, Andover;

Professor Alec Nove, 55 Hamilton Drive, Glasgow G12 8DP;

Dr A. Pravda, Department of Politics, University of Reading, RG6 2AA;

Mr G. Schöpflin, London School of Economics, Houghton Street, London WC2A 2AE.

The addresses for Dr Amann and me are of course above: Birmingham and Oxford respectively.

Yours sincerely
Michael Kaser
(Michael Kaser)

IN CONFIDENCE

The Soviet Union: Background papers for the meeting on 8 September 1983

SYSTEM

Paper I by Mr. A.H. Brown, Fellow of St. Antony's College and Lecturer in Soviet Institutions, University of Oxford

Paper II by Professor A. Nove, formerly Director, Institute of Soviet and East European Studies, University of Glasgow

SOCIETY

Paper III by Dr. A. Pravda, Lecturer in Politics, University of Reading

Paper IV by The Reverend Michael Bourdeaux, International Director, Keston College, Kent

ECONOMY

Paper V by Mr. M.C. Kaser, Professorial Fellow of St. Antony's College and Reader in Economics, University of Oxford

Paper VI by Dr. R. Amann, Director, Centre for Russian and East European Studies, University of Birmingham

POWER

Paper VII by Mr. C. Donnelly, Director, Soviet Studies Research Centre, Royal Military Academy, Sandhurst

Paper VIII by Mr. G. Schöpflin, Lecturer in East European Political Institutions, London School of Economics and School of Slavonic and East European Studies, University of London

IN CONFIDENCE

THE SOVIET UNION

- I The Political System, Policy-Making and Leadership (Mr. Brown)
- 1 The power structure
 - 2 The CPSU
 - 3 The policy-making process
 - 4 Leadership trends and policy dilemmas
- II The 'Reformability' of the ~~Soviet~~ Economic System (Professor Nove)
- 1 Reform through Soviet eyes
 - 2 Options and obstacles
 - 3 Probabilities
- III Social Problems: the Nationalities, Dissent and Labour (Dr. Pravda)
- 1 Ethnic and nationality problems
 - 2 Dissent and alienation
 - 3 Labour
 - 4 Ideology
 - 5 The anti-corruption drive
- IV Religion (The Revd. ^{Michael} Bourdeaux)
- 1 Policy
 - 2 The place of religion
 - 3 The influence of Pope John Paul II
 - 4 Religious revival in the USSR
- V Economic Constraints (Mr. Kaser)
- 1 The persistence of Stalinist irrationality
 - 2 Population distribution: fertility and age
 - 3 Excessive investment
 - 4 Supply/demand imbalance
 - 5 Slow growth and the arms increment
 - 6 Trade dependence
- VI Technological Inertia and its Consequences (Dr. Amann)
- 1 The nature of the problem
 - 2 Causes and broad implications
 - 3 The acquisition of Western technology
 - 4 Other solutions and the role of Western policy
- Appendix: Some alternative paths to institutional reform in Eastern Europe
- VII The Impact of Military Considerations on Policy (Mr. Donnelly)
- 1 Soviet Military Doctrine
 - 2 Defence expenditure
 - 3 The Warsaw Pact
- VIII The Soviet Union and Eastern Europe (Mr. Schöpflin)
- 1 Benefits and costs
 - 2 Specific difficulties
 - 3 The Soviet relationship

Change essential!

I: THE POLITICAL SYSTEM, POLICY-MAKING, LEADERSHIP

x 1. The power structure(a) Politburo and General Secretaryship

Though every General Secretary of the Central Committee of the Communist Party of the Soviet Union has been able to strengthen his position vis-à-vis his colleagues over time, only Stalin became more powerful individually than the rest of the Politburo put together (though Khrushchev at times acted as if he were). Certainly Andropov, though he is unquestionably the most powerful man in the Soviet leadership and though he has strengthened his power and authority more quickly than Brezhnev did, is less powerful individually than the Politburo is collectively.

In terms of the time and frequency of its meetings, the Politburo has in the post-Stalin years established a routine which bears some resemblance to the British Cabinet. It meets on average once a week (though sometimes twice) and the normal day for these sessions is Thursday. The meetings are attended by the full members of the Politburo (numbering 11 at the moment), candidate members (8 at present) and Secretaries of the Central Committee - 9 of them, but only three should be added to the total here for 6 are already counted, being also either full or candidate members of the Politburo. Thus, 22 people (all men) are currently entitled to attend Politburo meetings. Other people, such as ministers with responsibility for a particular sector of the economy being discussed in the Politburo, can be invited to join in the Politburo discussion for particular items on the agenda. Only the 11 full members can vote, but votes are the exception rather than the rule. On occasion (as in the selection of a new General Secretary) these can be very important, but for the most part the advantage of full membership is rather the extra weight it accords the individual in Politburo discussions as well as within the Soviet system more generally.

(b) The Secretariat of the Central Committee and departments of the Central Committee

Whereas the Politburo is the highest policy-making body within the party, the Secretariat is charged with seeing that policy is implemented

and with responsibility for the placement of party cadres. It meets weekly as a body, but the main duties of the Secretaries of the Central Committee are carried out in between these meetings. The General Secretary has responsibilities which extend to all spheres of activity as the de facto head of executive within the USSR, but in practice pays particular attention to foreign and defence policy, the economy (including agriculture) and ideology. Other Secretaries have more specific responsibilities, which may be broader or narrower, depending upon their standing within the leadership. A Secretary generally acts as an 'overlord' to several of the departments (more than twenty of them) into which the Central Committee apparatus is divided. Sometimes, a Secretary of the Central Committee may be a head of a department - as in the case of Ponomarev who heads the important International Department - but, more usually, several departments, each headed by a different person, will be responsible to one Secretary.

Some of the Central Committee departments are concerned with inner-party matters - notably the Department for Party Organisational Work which keeps an eye on republican and regional party organs, has responsibilities for the appointment of lower level officials and the maintenance of party records, and the General Department which acts as a secretariat for the Politburo and whose head works especially closely with the General Secretary. Most Central Committee departments, however, act as overseers of ministries and state committees, of which there are approximately four times as many as there are Central Committee departments, so that one department acts as political overlord of several ministries. Thus, for instance, the Department for Science and Education is responsible for such institutions as the Ministry of Education, the Ministry of Higher and Specialised Education, the Ministry of Health, the State Committee for Science and Technology and the Academy of Sciences.

(c) The Council of Ministers and the ministerial network

The Council of Ministers - which has roughly a hundred members made up of the Chairman and his deputies, ministers, chairmen of state committees and the chairmen of the union-republican Councils of Ministers - meets infrequently as a body. Its executive organ is the Presidium of the Council of Ministers, which normally has some 15 members, consisting of the Chairman of the Council (at present the 78-year-old Tikhonov) and the deputy chairmen. The Presidium meets in most weeks

and is sometimes described by Western observers as an 'Economic Bureau', as distinct from the 'Political Bureau' (the Politburo). That is an oversimplification not only because it ignores the role of the Defence Council discussed ^{below in Paper VII} ~~in Part Three of this document~~ but also because the highest policy-making body on economic, as well as other, issues is the Politburo. Yet it appears to be true that much economic co-ordination and many inter-ministerial disputes are settled at Presidium of Council of Ministers level. The Presidium acts as a court of appeal for a minister dissatisfied by a decision of the State Planning Committee (Gosplan), even if the ultimate court of appeal remains the Politburo.

(l.c.m) A majority of Soviet Ministers are specialists rather than generalists. They have normally spent most of their career in the field in which their ministerial responsibilities lie. Most of them have rather more in common with a permanent secretary of a ministry in Britain than with a British Cabinet minister. There are, however, exceptions. Since 1973 the Minister of Foreign Affairs and the Minister of Defence have been full members of the Politburo. The Chairman of the Council of Ministers is always a Politburo member, and at present two of the three First Deputy Chairmen are Politburo members (Gromyko - who was recently given that title, in addition to being Minister of Foreign Affairs, a post he has held since 1957 - and Aliyev, one of the two Politburo members of Turkic ethnic origin who was promoted to this post soon after Andropov succeeded Brezhnev). Thus, four out of the eleven voting members of the Politburo are from the ministerial network rather than the party apparatus. This need not make them spokesmen for ministerial interests. Two of the four, Ustinov and Aliyev, have extensive experience also of party work, and Aliyev spent even more years in the KGB.

(d) The Supreme Soviet and its Presidium

The Supreme Soviet, as the 'parliament' of the USSR, is brought into the political process when policy requires legislation. It meets, however, only twice a year and for about a week each time and so passes much legislation on the nod. The real work of preparation of legislation is supervised by the inner body, the Presidium of the Supreme Soviet, and by standing commissions which, in turn, have sub-committees working for them where serious discussion takes place

and specialists can exert some influence. But even the standing commissions are headed by senior party officials (in several important cases by the Secretary of the Central Committee responsible for that particular area of policy) and so there is no sense in which the legislature can be seen as a check on the party leadership. There is some differentiation of functions but complete fusion of powers. (In the past twenty years there has been a modest development towards the Presidium of the Supreme Soviet and the standing commissions performing a watchdog function in relation to the ministerial, as distinct from party, bureaucracy, but even then the initiative probably comes from within the Central Committee of the party).

Brezhnev was the first party leader to become Chairman of the Presidium of the Supreme Soviet, the formal head of state. It took him thirteen years to achieve that position. Though the precedent of Brezhnev having combined both of these posts made it easier for Andropov to follow suit, the fact that it took the latter only eight months to become head of state as well as party General Secretary is but one of a number of respects in which Andropov has strengthened his authority more quickly than Brezhnev did.

2. The Communist Party of the Soviet Union

The Communist Party has over 18 million members - about 6 per cent of the total Soviet population, approximately 1 in 10 of the working population. The proportion is not allowed to grow significantly higher than this, for otherwise the party would be in danger of losing its 'vanguard' role in Soviet society as well as its internal coherence and discipline. Though the party is sufficiently disciplined to be able to present a monolithic façade to the outside world, in fact it is joined by very different personality types and by people of diverse political views (not to mention those who are scarcely interested in politics at all). Both Soviet leaders and some of their fiercest foreign opponents like to stress the fundamental continuity between the party of revolutionaries organised by Lenin and the party of today. The continuity is not so great as it appears on the surface. It is one thing to join a revolutionary party within an authoritarian state of the tsarist type when the risk of doing so is considerable and the prospect of changing that society fundamentally is the goal. It is

quite another to join a Communist party which holds a monopoly of power within a long-established authoritarian political system of the Soviet type when the prospect offered is enjoyment of the fruits of the status quo, better career openings and, in all probability, better educational and job opportunities for one's children.

The average party member, of course, wields very little political power. That is largely possessed by the full-time party officials - some two hundred thousand of them, taking into account all levels of the hierarchy. The party, however, recruits a disproportionately large number of well-educated specialists into its ranks and this 'party intelligentsia' has grown both numerically and in importance in the post-Stalin era. Countless proposals for changes within particular areas of policy emanate from these professional people in specialist journals, small-circulation books and, to a lesser extent, in the press. Though the threat of loss of a professional job which would go hand-in-hand with expulsion from the party is enough to prevent any overt criticism of the party leadership, there are party intellectuals who are adept at putting forward reform proposals while abiding by the 'rules of the game'. That the party intelligentsia can play a decisive part in introducing not only piecemeal reform but also more fundamental change was demonstrated by the case of Czechoslovakia in the years, 1963-68. The Soviet Union is a very different country with different historical traditions and it would be rash indeed to predict an early 'Moscow Spring'. But in principle it is clear that a movement for democratising change can come from within a ruling Communist Party as well as through societal pressure. It would be carrying an historical and cultural determinism too far to say that this could never happen in the Soviet Union.

3. The policy-making process

There are some subjects on which the scope for 'within-system' argument may be very limited. The party leadership are agreed in giving the highest priority to the military sector, for it is on its military strength rather than on political and economic appeal that the Soviet Union's superpower status rests. They are also in agreement about dealing repressively with religion, for they feel threatened by an alternative world-view with organisational structures to support it.

However, in many areas of policy - economic, agricultural, demographic and social, for example, and even (though more esoterically) foreign policy and ideology - there is actual debate in Soviet publications. Some of this writing - and, still more, the participation of specialists from outside as well as inside the apparat in working groups and advisory committees - has an impact on Soviet policy. As Brezhnev noted towards the end of his life, contemporary economics, politics and social life are so complicated that they call for 'mighty collective wisdom' and make it necessary to 'listen to specialists and scholars, and not only of one tendency or one school'. In areas where policy changes pose no threat to fundamental features of the system, specialists from outside the ranks of the party and ministerial bureaucracies can exert great influence - as they did, for instance, in the family law legislation of the late 1960s.

But sometimes objective reality - 'life itself' in Khrushchev's favourite phrase or 'life demands' (Andropov) - forces the leaders to listen to specialist advice when things are going wrong in areas of more central concern to the leadership. Thus, many different ideas for the restructuring of the economy are now being put forward with a greater chance than hitherto of being considered seriously as a result of the major slowdown in Soviet economic growth. Additional stimulus to this has been provided by the death of Brezhnev and succession of Andropov, for leadership change is conducive to policy innovation. This is partly because of the further personnel changes which a change at the top brings about and partly because the new General Secretary can provide a more thoroughgoing critique of existing deficiencies which, by implication, are the responsibility of his predecessor.

There are, however, powerful institutional interests opposed to change. The fact that the Soviet system is not as monolithic as it is often made out to be both by its spokesmen and its critics does not necessarily promote beneficial change. The problem of departmentalism is one which Soviet leaders frequently inveigh against. Ministries are often more concerned with protecting their vested interests than with the welfare of society as a whole. A number of partial reforms have foundered on the rock of bureaucratic inertia. Important economic change (such as giving greater autonomy to industrial associations and

taking powers away from ministries or giving more autonomy and incentives to groups of farmers) will only be implemented if pressed by a strong and determined party leadership. Thus, we have the paradox that some of the more reform-minded as well as some of the more authoritarian Soviet Communist Party members are united in wanting Andropov to be a powerful and assertive leader.

4. Leadership trends and policy dilemmas

All Soviet leaders seek to preserve those features of the political system (including the 'leading role' of the party, 'democratic centralism' within the party, censorship, and KGB surveillance) which they regard as safeguards of the stability of the Soviet state and bulwarks against political pluralism (for political pluralism they see as but a short step to disintegration and anarchy, a view which has much more plausibility in the case of the vast and multi-national Soviet state than it had in 1968 in Czechoslovakia). They differ, however, on how they can effect 'within-system' reform which will be appropriate to a qualitatively new stage in the development of the Soviet economy and on how they can combat political apathy and raise political consciousness without stimulating dissent.

Andropov is trying to resolve the dilemma with a mixture of discipline and reform. So far, the tighter discipline has been more in evidence than the reform, but there are signs that Andropov realises that the visible hand of the police needs to be supplemented by the invisible hand of a reformed economic mechanism (offering its own financial sanctions as well as incentives) if the transition from the 'extensive' to 'intensive' stage of economic development is to be successfully accomplished. Any move towards a more self-regulating economic mechanism has serious implications for the powers of regional and local party officials as well as for the ministerial bureaucracies, and it is by no means certain that any Soviet leader - committed to the preservation of the dominant position of the party and in political danger if (like Khrushchev) he alienates the party apparatus - can square this apparent circle.

One of the immediate problems Andropov has faced is that, like any incoming Soviet General Secretary, he inherited a top leadership team which he could not instantly change. Promotions to, and demotions

from, the Politburo are by a process of collective co-option, in which the wishes of the General Secretary count for more than those of any one of his Politburo colleagues but which are, nevertheless, subject to their veto. The high average age of the Politburo presents both problems and opportunities for Andropov. It is a problem in that these aged leaders, set in their ways and anxious to hang on to their positions and privileges, are highly unlikely to provide the dynamism he is looking for. It is an opportunity inasmuch as inheriting a Politburo with an average age fully ten years higher than that which Brezhnev inherited is likely to present him with vacancies to fill.

In the present Politburo Andropov's strongest and most senior supporters are Ustinov (Minister of Defence) and Gromyko (who became a Politburo member on the same day as Andropov in 1973). These three worked together on foreign policy and security issues for some years before Andropov succeeded Brezhnev and established harmonious relations. Neither Ustinov (who will be 75 in October) nor Gromyko (also 74) should, however, be seen as possible successors to Andropov. Yet Andropov's age (69) and uncertain health are such that the succession question remains an issue. Chernenko (72 later this month) and Grishin (69 this month) have probably missed their chance.

The two best-placed contenders are now Gorbachev (52) and Romanov (60). Romanov, when he was Leningrad First Secretary, established a reputation as an efficient economic administrator, as a hard-liner in cultural matters, and for an extravagant life-style. Gorbachev, though the youngest member of the Politburo (which may tell against him with colleagues fearful of his introducing too rapid a generational change) has more experience in the Central Committee Secretariat than Romanov. He is the best-educated member of the Politburo and probably the most open-minded. He might well be the most hopeful choice from the point of view both of Soviet citizens and the outside world, though no General Secretary will have a free hand and what is at issue is the style and nature of Soviet authoritarianism (either more benign and ameliorative or more Stalinist) rather than a transition to political pluralism. That is not in prospect for the foreseeable future. But the differences between living in the Soviet Union today and in Stalin's time are far from insignificant and it would be a mistake to rule out the possibility, or to underestimate the importance, of further evolutionary change.

II: THE 'REFORMABILITY' OF THE ECONOMIC SYSTEM

1. Reform through Soviet eyes

Sketched out below is the text (imaginary, but plausibly realistic) of a position paper prepared by Soviet economists for a sub-committee of the Politburo chaired by Yuri Andropov.

Comrades will be well aware of the many difficulties in which we find ourselves. Growth has slowed to 1½-2 per cent per annum, i.e. to a per capita growth of just about zero (our statistics say 3 per cent, but they are inflated). Bottlenecks in transport, shortages of metal, increasing difficulties in food supply, a dangerously wide gap between people's incomes and the goods and services available, an accelerated growth in money supply (especially in the form of bank credit), the slow diffusion of new technology, intolerable delays in completing investment projects, equally intolerable growth of indiscipline, corruption, alcoholism, these matters cannot but cause us the gravest concern. The more so as we are being pushed against our will into an accelerated arms race.

Of course we are not in a state of collapse, as some of the US President's advisers seem to imagine, but one of the major objectives of our economic strategy is, and has long been, to catch up and overtake the West. Yet here we are in a condition bordering on stagnation, and the technology gap is actually growing wider.

What are the causes of this slowdown? Let us briefly list some of them.

(a) Demography: the working population is not increasing (except in Central Asia, but they are immobile). Growth now depends on higher labour productivity.

(b) Agriculture's demands: This sector has become a ball-and-chain, a burden. Far from providing labour and resources for the rest of the economy, it absorbs about

U a third of total investments (which give a very low return) and we have annually to mobilize 15 million workers, students, soldiers, to help bring in the harvest. (Despite which we have food shortages) U Farm subsidies have reached astronomical levels.

(c) Armaments: Our effort to achieve parity has meant diverting into weapons production the best technology, managerial talent, productive capacity.

(d) Siberia: In the long run this rich storehouse of energy and minerals will be of immense value, but in the short run the investment costs are huge.

(e) Foreign aid: Poland, Cuba, other Comecon countries and foreign commitments are a further burden.

x y x y Therefore growth could only be maintained if we increased efficiency. But this has not happened. The late comrade Brezhnev ten years ago said that we must radically change our methods of planning and management 'in the age of technological revolution'. Yet the system itself generates inefficiency and waste, and the chronic shortages generate corruption and weaken discipline and labour incentives.

x What are the 'systemic' causes of inefficiency? The key is surely to be found in Academician Fedorenko's quip, that a fully balanced and articulated plan for next year would, with the help of computers, be ready in 30,000 years. x The centre - the Party Central Committee, the government, the State Planning Committee, the economic ministries - cannot plan the whole economy. The multiple millions of interdependent plan decisions are necessarily divided between different offices. It is neither lack of skill nor lack of commitment which is to blame if plans are not ready in time, or are unbalanced and contradictory. Repeatedly, production plans are out of line with supply plans, and/or in conflict with plans for labour productivity, costs, profits, contractual obligations to customers, investment finance, railway capacity and so on almost ad infinitum.

s/ Lack of knowledge of 'micro' requirements, and sheer lack of time and information, compels the issuance of plan targets in aggregate terms: roubles, tons, pairs, etc., etc., with the familiar result that management produce^s for plan-fulfilment statistics and not for the customer. Quantity takes precedence over quality. As the economic editor of Pravda correctly put it, 'use values do not count'. Shortages weaken the customer's position still further ('take it or leave it'). Economy of materials is actually penalized, if it leads to non-fulfilment of plans in tons. Technological innovation is frustrated by strict central control over investment expenditure and over allocation of materials and equipment, as well as by management's risk-aversion. We suffer from creeping price inflation, as management tries to increase the value of output by shifting towards dearer product variants. Particularly is this true in the case of machinery. Escalating costs in agriculture and industry have led to a big increase in subsidies and unplanned credits. Our so-called budget surplus is actually a deficit, as comrade Belkin has pointed out.

The 'reforms' introduced in 1979-81 cannot be an effective remedy, if only because they still further overburden the already overburdened centre. It must now not only compute 'normed value added' for millions of products, but also impose norms of material utilization and economy of materials (and cost reduction targets too) on hundreds of thousands of production units. Far from being relaxed, administrative material allocation has been reinforced, managerial powers further restricted. Though new prices have been introduced in January 1982, they still quite fail to reflect supply and demand, relative scarcity, use-value, and thus prices and profitabilities are no guide to action (or a misleading one) at any level.

A drive against corruption and indiscipline is clearly desirable, but by itself it cannot be enough. Comrades, the necessity for fundamental reforms must be faced, and therefore ...

2. Options and obstacles

Therefore what? Gertrude Schroeder, in a recent paper to the US Congress Joint Economic Committee ~~/~~ correctly states that 'planning is more centralised, rigid and detailed than ever', yet precisely this is at the heart of the malaise, precisely this inhibits efficiency and enterprise. Can the leadership be brought to recognise the futility of detailed centralized current planning - outside of some key sectors, such as energy, or armaments, where the centre does in fact possess the information as to needs, and the means to issue unambiguous orders, and where achievements are indeed impressive?

The so-called 'Hungarian' solution seems to be the only alternative to futile tinkering with the present overcentralized system. This would leave most current output, and therefore inputs too, to free negotiations. There would still be some state interference (as here with our nationalized industries!), but some real autonomy too. Realistic prices, the profit motive, competition, consumer choice, are all part of the same reform package. A precondition must be the elimination of excess demand (concealed inflation), which plagues the economy in both the producers' goods and consumers' goods sectors. Pace Milton Friedman, one could readily imagine a socialist monetarism.

But the Western expert consensus is that if such a reform were proposed it would be rejected, or be so watered down as to be ineffective, and this for the following reasons:

(a) Power and vested interest: much of the party-state apparatus is engaged in planning, allocating, controlling, appointing, dismissing. Greater reliance on market forces must seem a threat to valued power and privilege.

(b) Nervous conservatism: no-one remembers any other system. Transition to a different one may seem too risky, a leap into the unknown. Priority sectors, of which armaments are an obvious example, would fear the possible effect of weakening the central allocation of resources at a time of widespread shortages, particularly with Reagan seen as speeding up the arms race.

(c) Scale: timidity is further reinforced because reform must be large-scale to be effective. Otherwise systemic contradictions must cause partial reform to collapse, as happened in and after 1965 in the USSR. (A Chinese leader used in this context the image of a bird in a cage. 'The bird should be allowed to fly, but within the cage, otherwise it will fly away'. Not surprisingly, their industrial planning reforms of 1979-81 ran into difficulties!)

(d) Lack of pressure from below: few understand the logic of this kind of reform, even among managers. (We all like competition so long as it affects others!). Workers are accustomed to overmanning, featherbedding, stable prices, job security.

(e) Ideology (or the Soviet equivalent of wanting to privatise the post office!): the very words 'market socialism' are contrary to marxist holy writ.

Even the most fervent Soviet advocates of 'Hungarian' type reform would recognise that very real difficulties must be overcome. Markets are everywhere imperfect, futures markets especially. There is no capital market in the USSR, and it is hard to see how one can be created. Endemic shortages could lead to worse problems if the system of priority-allocation were eliminated. Also the present stage of the Western economies must be seen by the Soviet leadership as a warning rather than as an advertisement for free markets as a solution to all problems.

3. Probabilities

For all these reasons, the most probable outcome is: no major change. This view is reinforced by the latest 'reform' decree (24 July 1983), a timid and limited 'experiment' in very partial managerial autonomy.

However, the possibility of more drastic action cannot be excluded, because:

(a) Andropov and his less hidebound colleagues must realise that economic inefficiency also threatens political power. Power cannot be given total priority over efficiency. If the leadership finds the malfunctioning of the system intolerable, it must look seriously at alternatives. At present its own policies and plans are being frustrated.

x 9
x 2

(b) In agriculture, because of the vital importance of feeding the people, real changes have been introduced, which may perhaps have positive effects. The huge collective and state farms are being broken up into small groups of peasants, who are to operate as a species of autonomous sub-contractors. (In China, where techniques are still mediaeval, a similar type of reform is based on the family ('the household responsibility system'), a development which a few years ago seemed impossible, politically and ideologically). Agricultural service agencies, and producers of industrial inputs for agriculture, have been ordered (in a decree announced on 22 July 1983) to produce for the customer and are to be judged by the actual increases achieved in agricultural production. Also private-plot production by peasants is being encouraged, a line which Gorbachev, the Secretary in charge of agriculture (and a possible successor to Andropov), has been promoting. Such moves to provide for the needs of the user might spread to the rest of the economy over the next few years.

(c) True, the middle grades of the party-state bureaucracy would be threatened by market-type reforms. But this does not apply to the apex of the power-pyramid: it is not there that one allocates sulphuric acid or women's blouses, or issues output targets for ball-bearings factories. Reform would in any case have to be enforced from above (it was so in Hungary). Besides, is it really true that the Communist party's political power would be threatened if 'socialist' firms or farms produced what their customers actually want?

(d) Ideology can be reinterpreted, if the leadership so wish.

To repeat, the probabilities are against major reforms. The arms race may constitute a major obstacle, because it adds to strains and shortages. More likely are repeated attempts to improve the present system. There may be a wave of purely administrative reorganizations, including some revival of regional planning authorities (this is actually happening in formerly empty areas of Siberia). But despite all this we must not exclude the possibility of a major reform decree within the next two or three years. An American scholar, Joseph Berliner, has expressed the view that it might take the form of legalizing small-scale private enterprise, rather than freeing state enterprises from central control. This seems unlikely in the USSR, though it may be happening in China.

If major reforms are frustrated, the likely consequence will be not collapse but stagnation.

III: SOCIAL PROBLEMS: THE NATIONALITIES, DISSENT AND LABOUR

Nobody knows more about the tensions besetting Soviet society than the head of the KGB. As the longest serving holder of that office Andropov is surely aware that he has inherited a relatively stable yet stagnant society. For Brezhnev preferred to ignore rather than tackle social problems so as not to disturb the tranquillity that was the hallmark of his era. To the mid-seventies the effects of poor labour morale, second economy activity, social privilege, corruption, administrative inefficiency and a weakening of central direction were cushioned by economic growth. With the subsequent decline in economic performance the costs of tranquillity have become increasingly burdensome. The critical appraisal of such costs by the new leadership marks a more realistic approach to social problems. The drives for discipline and order signal a general intention to steer society more positively and dynamically by means of an active, rather than reactive, paternalistic authoritarian party-state-police machine.

1. Ethnic and nationality problems

o/ Of all the 'steering' tasks facing the Soviet leadership these are the most complex and intractable. The difficulties inherent in ruling a state of such size and heterogeneity (over 100 ethnic groups) are compounded by the curious quasi-federal structure of the USSR (15 union republics) as well as by the ambiguity of a nationality policy claiming to foster ethnic individuality while committed to creating a single Soviet nation through economic, cultural and political integration.

e/ On the economic front considerable distance still separates the less developed Central Asian republics from the advanced Russian and Baltic regions. Policies designed to reduce such disparities attract criticism from 'rich' and 'poor' nationalities alike. While generally appreciative of central investments, the less developed republics often resent the dependancy these bring. Russian nationalists, on the other hand, complain of hard-earned funds sunk into backward areas only to feed burgeoning Muslim populations - expanding at roughly three times the rate of Slavs - that threaten to make Russians lose their overall majority by the end of the century. These demographic

trends also create pressing problems of labour distribution. Given the immense difficulties of transferring Central Asia's surplus labour to the manpower-deficit areas of the Russian republic, Moscow will probably have to create more jobs on the spot which means a further diversion of resources and more vociferous Russian nationalist complaint.

What may help appease Russian nationalism is the current drive to promote the Russian language throughout the USSR. Such drives need careful handling since they are liable to spark nationalist protests - as happened in the seventies. Nor does success in promoting Russian - more marked among Slav than non-Slav groups - necessarily further assimilation. Well-educated, Russian-speaking indigenous elites tend to be more nationality conscious than less culturally integrated workers or peasants.

Potentially such elites could become leaders of assertive ethnic nationalism; so far they have been typically tied into the status quo by a network of social and material privileges, as well as by the exercise of a degree of local power, tolerated by Moscow. However, these arrangements may alter under a leadership committed to reducing corruption and increasing control over the periphery. Economic stringencies could also strain centre-periphery relations by intensifying competition for diminishing resources. Under such conditions ethnic and nationality awareness may grow, though it is highly unlikely to produce any serious political instability, let alone the kind of 'break up of empire' so often misleadingly forecast by Western commentators.

Political management of nationality problems has long been eased by the ways in which republican interests cut across one another as well as by the lack of support for separatism. Fortunately for Moscow it is the small union republics, in the Baltic and Caucasus, that house the most militant nationalist tendencies. Where deeply-rooted national feeling persists within large ethnic groups, like the Ukrainians, it is attenuated by Russian penetration and the co-option of local elites into the central Slav control hierarchy. Of course none of this makes economic and cultural nationalism in these republics negligible. Especially when reinforced by religion and the demonstration effect of national independence struggles in Eastern Europe, it remains a source of concern.

Greater concern centres on the Central Asian republics which combine numerical weight (nearly a sixth of the Soviet population and a quarter of military conscripts) with resistance to linguistic and cultural assimilation. While these ethnic groups are divided by tribal differences, the fact that they all share a Muslim heritage provides a potential basis for common action. The thrust of such action is likely to be for greater autonomy within the federation rather than for independence - Central Asian leaders realise that they are better off in the USSR than outside it. The situation in Iran and Afghanistan will continue to make Moscow sensitive to Central Asian demands even though there is no evidence to suggest significant support for militant Islam in these republics.

small 'a'
(l.c) (a) 2. Dissent and Alienation

(l.c) (a) Over the last decade political dissent has been reduced from a broad stream of critical protest to a mere trickle of disparate activity. In an effort to eliminate all remnants of active dissent - a few samizdat publications, the independent professional trade union and the unofficial peace movement - Andropov has stepped up police repression. The emigration of Jews has also been virtually ended. Since the 300,000 who reportedly still wish to leave may be a source of dissent, Anti-Zionist committees have been established.

Heightened repression of dissent has been accompanied by an ideological counteroffensive to combat cynicism and bourgeois Western influences. This is a way of tightening political control over literature, the arts and the mass media as well as shaking up the Communist Party's own propaganda machine. The campaign also reflects serious concern of the leadership with the indifference to official values of the Soviet population as a whole and of youth in particular. But promoting 'positive heroes' in books and on television embodying Puritan virtues hardly represents a solution to deep-seated popular alienation. The last twenty years have instilled cynicism, laziness, consumerism and self-concern as principles of survival in a stagnant society and these cannot easily be uprooted.

*split word
to incorporate
oblique sign* Much of this feeling of stagnation may be attributed to a slowdown in upward social mobility and a consolidation of intelligentsia professional privilege. Children from working-class and peasant backgrounds find it increasingly difficult to compete with well-tutored

intelligentsia offspring for university entrance - the key to the privileged professional lifestyle to which most of the population aspire. Such unfulfilled ambitions generate social frustration and harden class-like divides. It is difficult to see what the politicians can do to diffuse such frustration except extol the benefits of further, rather than university, education. Yet such is the slow pace of mechanisation that graduates from further education, and increasingly those from secondary schools, cannot find jobs to match their qualifications and have to do manual work. Short of rapid and thoroughgoing restructuring, which the economy cannot afford, there is little that the leadership can do to resolve this situation. The fact that the workforce is more educated, critical and dissatisfied than ever before only highlights the importance of improving labour morale.

3. Labour

The most obvious and worrying symptoms of low labour morale and alienation are absenteeism, turnover and poor work performance. Many workers drink on the job, do as little as possible, often conserving their energy for 'second economy' activity. A recent check of hundreds of enterprises in the Moscow area found that three out of four people took time off work to do the shopping or other errands; in some factories nine in ten left their places well before the end of the shift. If they feel unhappy about pay or conditions or get into conflict with management, workers simply change jobs since full employment and labour hoarding sustains a seller's market. All this means considerable losses in productivity which the ailing economy can ill afford. But because the popular legitimacy of the regime rests largely on the maintenance of such 'socialist welfare benefits' as full employment and an easy work pace, party leaders are very reluctant to cut at the roots of the problem. Andropov has adopted a three-pronged strategy which tackles some of the symptoms but hardly deals with the causes of the 'disease'.

(a) The current campaign against absenteeism, including spot checks in restaurants and shops, is designed to frighten both managers and workers into obeying the rules. Sanctions against indiscipline have also been tightened though they are unlikely to be applied by managers still anxious to keep their workers in order

to meet production targets. Until labour and supply problems are solved managers will continue to be reluctant disciplinarians.

(b) A more promising way of improving labour morale lies in increasing workers' involvement in production decisions and building up identification with the factory. Extending experimental shop-floor election of supervisors may help to reverse the deterioration in labour relations of recent years, the result in part of a more critical, educated and self-confident labour force. To try and accommodate this more demanding generation of workers, party leaders have urged the trade unions to defend members' interests more forcefully. Given the risks inherent in really defensive unionism it is not surprising that overall priority has been given to the safer option of improved participation. Yet the new law on labour collectives, heralded as a major advance in workers' participation, does little to increase genuine involvement. It is difficult to imagine how upgrading the status of 'workers' meetings' can give skilled labour the sense of participation it badly lacks. Indeed no genuine participation is feasible without major changes in the economic system.

(c) In an effort to improve commitment within the existing system Andropov has promoted the establishment of labour brigades which try and harness the disciplinary and motivating capacity of small work groups. Since some of the brigades - in construction - operate on a contract basis and all distribute bonuses according to performance, they also fit into the general campaign to tie pay more closely to productivity.

Such moves will have little impact on general productivity unless people can buy goods they want with the money they earn. Record savings levels testify to the poor supply of consumption goods. More significantly, there is a widening gap between popular expectations of material improvement and declining economic performance. This gap seriously impairs the popular legitimacy of the regime which Khrushchev and Brezhnev built up on the basis of higher living standards. Hence perhaps the promises by Andropov to improve key trouble-spots such as housing, health and retail. Given the real prospects of economic stagnation he has also attempted to shift the basis of legitimacy to law and order, and even tried to

redefine the 'standard of living' in ideological and cultural rather than material terms.

4. Ideology

The effort to revive ideology as a motivating force underscores the changing and complex role of ideology in the Soviet system. It is more than a fixed dogma used to justify repression at home and expansionism abroad. Marxist-Leninist doctrines still exercise some influence on policy, excluding certain options, of which privatisation of industry is the most obvious, and militating against others, such as open unemployment. For the most part, though, ideology is instrumental, reflecting rather than shaping policy; it is the language of political discourse.

Ideology also plays an important role in controlling the professional/intelligentsia class. Required to pay lip-service to an ideology they typically scorn in private, members of this class have come to accept as perfectly normal the hypocrisy this involves. (Dissent consists essentially in the rejection of such moral schizophrenia. That is why Marxists and Leninists as well as Baptists can be dissidents, and why they are prosecuted not for ideological deviance but for anti-Soviet, anti-social behaviour). Valuable as this institutionalised hypocrisy may be in controlling the intelligentsia, it is hardly conducive to enthusiastic support and productive performance.

The gap between ideological claims and Soviet reality also weakens mass support and fosters indifference. Brezhnev attempted to resolve this problem by adapting the operative ideology to bring it closer to Soviet reality. He replaced Khrushchev's emphasis on the 'Building of Communism' with the notion of 'Developed Socialism', an intermediate stage between Socialism and Communism which the Soviet Union officially entered in the 1960s and in which it is scheduled to mature for a conveniently indefinite period. Developed Socialism perhaps lent Soviet stagnation some spurious ideological respectability but inspired little enthusiasm. The present party leadership is therefore using the notion of Developed Socialism more positively. First, social problems are now more plausibly recognised as rooted in Developed

Socialism rather than in some earlier stage of development. Second, the motivating vision of a 'better future' is being utilised, albeit very cautiously. 'We cannot hurry our dream' is the refrain. Lastly and most importantly, instead of Brezhnev's rather bland and ineffectual approach, ideological appeals have a more combative tone and content. Increasingly the overtones are nationalist and populist, highlighting order and discipline (against corruption and privilege), patriotism and strong leadership. Realistically, party leaders appeal to people to work harder for the sake of the country (the Motherland) rather than for the building of communism.

Whether such tactics will induce the population to accept stagnating living standards is doubtful. In fact it is extremely difficult to generalise about likely popular responses to deteriorating material conditions. Even the KGB and party apparently lack accurate information on this crucial question, hence the current stress on public opinion research, better information and public relations.

5. The anti-corruption drive

In a sense the anti-corruption drive is a public relations exercise designed to supplement the ideological campaign, boost popular support for the new leadership and tighten control over the administrative machine. Punishing directors and even ministers for negligence may temporarily distract public attention from the failings of the system. The prosecution of a few privileged and corrupt officials - including police officers - is bound to be popular. (Corruption has figured prominently as a focus of worker complaint in the Soviet Union and in Poland) Finally, shaking up the state and party hierarchy by selective prosecution of corrupt officials may help to clear the ground for any major reforms the leadership has in mind. For while Andropov may be affected by a KGB inclination to campaign against 'negative' features rather than build on positive aspects of Soviet society, he is sufficiently intelligent to realise that such campaigns cannot do more than temporarily alleviate some of the symptoms of social problems. The most urgent of these, low general and labour morale, can only be resolved within the framework of an economic system which would get Soviet society moving again by rewarding initiative and hard work and stimulating enthusiasm and optimism.

IV: RELIGION

1. Policy

Among all the fundamental freedoms supposedly proclaimed by the Soviet Constitution and systematically denied in practice, there are some special points to be made about religious liberty. Perhaps the first is that it is not, contrary to popular belief, guaranteed in the Constitution at all. The relevant phrase is 'the freedom to hold religious worship' and reference to the laws shows that every other aspect of religious liberty - including the right to educate children in the faith of the parents - is systematically denied. It is Soviet propaganda itself, too often uncritically repeated by Western observers who have no excuse for not being more accurate, which misrepresents this as a formulation of religious liberty. One hears, 'The situation wouldn't be so bad if only the Soviets would keep their own laws.' It would be worse.

The point is important. However much Western 'liberal' opinion would like it to be otherwise, minor cosmetic changes within the system will achieve nothing. The Helsinki Accords are not compatible with the Soviet system, which sets no ultimate value on human rights as such: to accommodate them would incur fundamental change.

Soviet policy has one aim: to eradicate religion. This applies to Judaism, Islam and the oriental religions, as well as Christianity. Any fluctuations in the intensity of persecution and differences in the treatment of various churches or religious groups are a result of pragmatic considerations. Lenin personally inaugurated the persecution. Stalin planned to wipe out the Church as part of his great purges, but had to make an accommodation with religion in order to gather strength to win the war. In the late 1940s economic devastation averted his eyes from ideological struggles, but he began to reassert earlier policies at the very end of his life. This was the period of attempted total repression of the Catholic Church in Poland, Czechoslovakia and Hungary, as well as religion generally in the newly-Sovietized Baltic States. The Uniate Church was totally abolished between 1946 (Ukraine) and 1948 (Romania).

These same years saw the very beginning of a parallel attempt to exploit the value of religion in foreign policy. Stalin began to see that the church did have a certain value in the new political situation after the Second World War. He saw the Church as a possible means of persuading Christians to become pro-Soviet. There is a lively coming and going of church people to and from the Soviet Union; Soviet political sentiments expressed by the right clerics have been found to be more effective in the Third World - and sometimes here and in the USA - than the same words uttered by spokesmen from a Soviet Embassy. Therefore two contradictory policies towards religion coexist. 'The Soviet Government would like to have a phantom Church - one which has no members at all within the USSR, but which has powerful international connections which can be used to support Soviet strategy.' These words were written in 1964 and it seemed at the time that such a policy would not succeed. Yet 19 years later it has, due to one of the most successful propaganda campaigns the Soviet Government has ever launched. Even that practice of religion which legally remains (the official church) is distorted under party and government pressure to fit in with the system. The continuing, perhaps the growing, existence of an unofficial (sometimes called underground) church is therefore inevitable.

The Church benefited in certain material ways from the 'thaw' of the mid-1950s, for example the first publication of Bibles since the Revolution. The birth of an unofficial church was given further impetus by the harsh and unexpected anti-religious campaign conducted by Khrushchev (1959-64). This campaign dispelled any illusions among religious believers that this relatively stable situation was either permanent or guaranteed by Soviet laws. Khrushchev closed two thirds of all the 20,000 Orthodox churches by administrative (often illegal) action in that period. At this same time the Soviet régime stepped up its propaganda about the existence of religious liberty through its international activity, especially through membership of the World Council of Churches, which began in 1961.

Brezhnev held back from the worst of the violence. He still saw religious dissidents, especially Evangelicals and Jews, as a threat, but was more than ever determined to exploit the Orthodox.

Real 'trouble-makers' - not only Jews and Solzhenitsyn, but some Protestant and Orthodox leaders as well - were expelled or forced to emigrate.

The 'Andropov' policy began in 1977, with the imprisonment of the Helsinki monitors, not in 1982. 1979 saw a significant reinforcement of the anti-dissident campaign; Father Gleb Yakunin, who had campaigned for religious liberty within the Orthodox Church for fifteen years, was then first imprisoned. The year 1979 was that of the invasion of Afghanistan, one of the factors operative here being a determination not to allow the bacillus of Muslim fundamentalism to penetrate Soviet frontiers.

2. The place of religion

It is commonly stated that the Human Rights movement in the Soviet Union emerged as a result of the trial of Andrei Sinyavsky and Yuli Daniel in February 1966. In fact, this originated within certain religious circles five years earlier. By August 1961 a group of Baptists, suffering beyond endurance under the Khrushchev anti-religious campaign mentioned above, had organized a protest which ~~now drew~~ *had drawn* support from almost every republic. Hundreds were imprisoned, some murdered, and the Council of Baptist Prisoners' Relatives became the first organized group to defend prisoners of conscience in a communist country.

The Soviet régime was always terrified that these ideas of self-defence and activism would spill over into the massive Russian Orthodox Church, with its membership of at least 30 million. So far, for complex reasons, this has not happened. Soviet elimination of opposition has been subtle where possible. Men of bishop-calibre never reach the seminaries in the first place, any few who slip through are kept in virtual exile in the depth of the countryside and the tiny numbers who succeed in raising their voices now fall rapidly through the trapdoor of intimidation, incarceration in psychiatric 'hospitals' or sentence to lengthy terms of imprisonment. Despite this, somehow the Christian Committee for the Defence of Believers' Rights, established by Father Yakunin and others in 1976, keeps going on a reduced scale. The régime exploits the latent

nationalism of the Russian Orthodox Church in every possible way.

It is not an exaggeration to say that now every major denomination is involved in some way in a religious liberty/human rights movement. There is a strong Soviet campaign against Pentecostals, perhaps 30,000 of whom want to emigrate, like the Siberian Seven, and against Seventh-Day Adventists.

Roman Catholics are especially affected. Where they are most concentrated, in Lithuania, there has emerged the most co-ordinated protest movement extant anywhere in the Soviet Union and which began a decade before the election of Pope John Paul II. Documents emerging from Lithuania prove that at least 522 priests (73 per cent of the 711) have signed protests against Soviet anti-religious policies and in some dioceses the figure is as high as 94 per cent. Given the influence of these men and the intensity of Soviet threats against them, this is the visible tip of a massive protest. One document of October 1979, petitioning for the reopening of a church in Klaipeda, was signed by no fewer than 148,149 people, over 4 per cent of the total population of Lithuania.

The emergence of anything similar in the five Central Asian republics would terrify the régime and constitute the greatest internal threat to its stability. So far there are few overt signs of this happening, but Islam continues to be strong there (perhaps 40 million adherents) and generalizations about the acceptability of Soviet overlordship to the populace are wide of the mark. There is some evidence of growing disaffection in the Muslim areas. The 'phantom church' concept applies just as much to Islam as to Christianity. The Soviet administration enforced upon Islam through 'spiritual directorates' has established a bogus structure which bears no relation to the needs of the individual believer, who listens to the local Muslim clergy, operating mainly underground. The new superstructure is useful both for coercion at home and propaganda abroad.

3. The influence of Pope John Paul II

Here, within the area of this paper, clearly lies the greatest external threat to the stability of the Soviet system. The Kremlin must have been as totally unprepared for this event of 1978 as was

the rest of the world and the shock was considerable. It is entirely logical to believe that the attempted assassination of the Pope was in some way a reaction to this. This paper cannot touch the internal Polish situation, but the events there of the last five years prove that the Kremlin is right to be nervous.

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For millions of people in Eastern Europe living under communism this election was not of itself a catalyst. It pushed along faster something which was already underway, as what is said above about Lithuania illustrates. Probably four-fifths of the Soviet Union's Catholics live in other republics, but they are very scattered. For them, especially for the Ukrainian Uniates, as well as for tens of millions of Catholics in Poland, Czechoslovakia and Hungary, with considerable pockets in every other communist country, including Albania and China, the Pope is now the major world leader. The coercion of the system cannot change this. Even Soviet Pentecostals write to the Pope. Soviet reaction in Lithuania is indicative. Pressure on the Church has become considerably worse recently, partly in tune with general policies, partly as a reaction to the election. There have been the worst trials of priests since Stalin and even the murder of some individual leaders of the Lithuanian human rights movement. The Pope could not have made his support for these suffering people clearer. The recent appointment of an aged Latvian bishop as a Cardinal is a direct reflection of this and stands alongside the earlier reported appointment of a Lithuanian banned from office, Bishop Julijonas Steponavičius, as Cardinal in pectore. The Lithuanians themselves have invited the Pope to visit them in 1987 for the 600th anniversary of Christianity in their land.

While the Pope's current policy towards Poland is cautious, being careful, except on isolated occasions, not to appropriate to himself the spiritual leadership of the nation, which properly belongs to the cardinals and bishops, he is clearly saying to the other branches of the Catholic Church under communism: 'Move forward. We will back you.' Last year he banned 'peace priests' in Czechoslovakia, but did not mention them in Poland. This is a considerable change from the Ostpolitik of Pope Paul VI. In the last two years the number of applicants for training at a seminary in Czechoslovakia jumped from 30 to 90.

4. Religious revival in the USSR

The concept of religious revival should be approached with caution. It is impossible yet to define what is happening, but something clearly is, even though perhaps on a lesser scale than in some other communist countries. Recent émigrés talk of the revival of the Russian Orthodox Church as an urban phenomenon affecting mainly youth. Baptist evangelistic campaigns have had significant successes in the countryside. As long as prison camps have existed, criminals in prison have had their lives transformed. Now increasingly, the socially disadvantaged are finding a refuge in religion. But this has intellectual content also. Any fringe religion or occult practice will find a following - Buddhism in European areas where it is not endemic, the Moonies, Hare Krishna, Yoga, levitation; even Brezhnev resorted, it is said, to a faith healer. Religion, in its growing complexity, will be on the map of Eastern Europe for the foreseeable future. Todor Zhivkov's daughter in Bulgaria became a Theosophist before she died and Transcendental Meditation is reportedly practised in high places in Romania.

Alexander Solzhenitsyn said in his recent television interview:

'It looks as if the shadow of communism is covering the earth more and more deeply. I would compare this with an eclipse of the sun. But with an eclipse of the sun a small portion of the earth is darkened, whereas with communism it is half the earth which is in darkness, perhaps even three quarters. But because communism has already shown its weakness, its inability to destroy Christianity, for this reason we may hope that the shadow will gradually pass across and clear the earth; and will perhaps clear precisely those countries which have been in the deepest shadow until now.'

This is a prophecy of the collapse of the Soviet system from within, with religion playing a decisive role. Could the continuing intensity of the Soviet anti-religious campaign be a reflection of precisely that same fear?

V: ECONOMIC CONSTRAINTS

1. The persistence of Stalinist irrationality

P.L.C.
P.L.C.

The wastefulness of Stalin's industrialization was beyond measure. Successive purges killed, or exiled, the most efficient farmers (early 1930s), imprisoned or demoted non-Party managers and senior technical personnel (mid-1930s) and decimated the senior and middle ranks of the Party (later 1930s and late 1940s). The loss of so much talented manpower was accompanied by the imposition of an industrial system which rewarded conformity and penalized innovation, and farm collectivization which removed all incentive to use land and livestock efficiently. Despite immense sacrifices in consumption to accumulate a modern capital stock in the producer-good industries, labour productivity was, and remains, low by the standards of market economies but high demographic growth enabled Stalin and Khrushchev to overman factories and keep unemployment behind the farm gate.

P.L.C.

The mobilization of resources to create a heavy industrial base - effective as it proved to be in armaments against the Nazi invasion - was the ostensible reason for applying rigid central planning but at root it was adopted for political reasons, since Stalin could not tolerate decision-making outside his control. The same autocracy led him to abrogate the use of economics: for a decade it was the Party line that the Marxian 'law of value' did not apply to socialism. Even when this extreme dogma was withdrawn, the economic theory which was permitted and the price formation which was practised allowed no place for choice at the margin or even for utility. Waste was inevitable when no measure of opportunity cost was available to central planners or enterprise managers. With economic decision-making so arbitrary in nature, and so embodied within the monopolization of political power, the bureaucracy was unchecked by comparisons of costs and benefits, and developed a vested interest against change. Not only were their actions unmonitored by public opinion but the public were compelled by a sellers' market and repressed inflation to buy whatever goods and services were on offer. Any rational planning system, however little it allowed to consumption, could have assured more welfare by generating a mix of supplies that householders wanted.

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Andropov, the only Soviet Party leader to have spent almost half his career outside the Party apparatus, has shown himself aware of the irrationality of his inheritance. At the first Central Committee meeting since that which appointed him, he implicitly denounced Stalin's so-called 'economic laws' and admitted that planning had too often been merely by 'trial and error'. In his first keynote paper - an article on the Marx Centenary in February - Andropov wrote of the need for a carefully prepared economic reform (surely with the Party and managerial vested interests in mind). Brezhnev had established in December 1981 an interdepartmental committee on reform and recently (March 1983) it was specified that east European experience would be considered. In April a seminar seemingly sponsored by that committee heard a forthright paper by an economist (possibly Mrs. Zaslavskaya) from the 'liberal' Novosibirsk Academy (from which Aganbegyan had presented a similar paper to Brezhnev in his first months). Leaked through the Washington Post, it castigated Stalin's treatment of people as 'screws' obediently in their place in society and economy, and identified the bureaucracy, from ministers to enterprise managers, as the principal inhibitor of a rational use of resources.

Andropov will take heed because those resources are now much tighter in relation to the government's goals (consumption, investment and military) than they were in Stalin's or even Khrushchev's day. Brezhnev had authorized three reforms: Kosygin's of 1965, which was withdrawn when the 'Prague Spring' frightened the leadership by associating political with economic liberalization, and his own of 1973 and 1979 which were centripetal in effect.

2. Population distribution: fertility and age

The Soviet Union is caught in a demographic trap. Decades of pressure on women to remain in gainful employment throughout their reproductive lives (nine out of ten working-age women are in jobs) has slowed the natural growth of the population to 0.8 per cent (the birth rate is now 1.8 per cent against 2.5 per cent as recently as 1960) and has brought family size (rural as well as urban) down to 1.7 children. That pressure had been a consequence both of Stalin's cut in real wages (the 1920s level was not regained until the 1950s) which made two breadwinners essential, and of urban

overcrowding (housebuilding was sacrificed to factory construction and hence job-creation); it was not because of any labour shortage. But there is such a shortage now and, at present productivities, women cannot be spared for childbearing, even if they were so inclined. Pro-natalist measures introduced in 1981 are aimed at achieving an optimal 2.65 children per family, but (the birth grant for a second and third child being only half the average monthly wage while family allowances are paid solely for the fourth and subsequent children) are still so modest as to suggest that the authorities do not want to deplete the workforce too seriously. The only regions where fertility is high are in the Muslim-tradition areas of Central Asia and the Caucasus: four of every ten Soviet births are in those regions, which account for only 18 per cent of the population; that trend will bring those regions to a quarter of the total population by the end of the century. Between 1981 and 1995 the active-age population will rise by 12 million in Central Asia and the Caucasus but fall by more than two million in the Russian Federation. Because the bulk of mineral resources, agricultural land and capital assets are in the Russian Federation, migration is the obvious solution. But this is neither possible (Central Asians and Caucasians live better where they are and enjoy closely-knit community life) nor desirable (since it could create a gastarbeiter relationship with the Russians). Investment in the areas of manpower expansion is the more plausible way to prevent cultural, social and linguistic clashes in a country hitherto remarkably free of them. The rise in the non-Russian labour force will so sufficiently exceed the decline among the Russians that in the present decade the aggregate working-age population will be around 0.4 per cent per year, but this must be compared with 2.3 per cent in the 1960s and 1.4 per cent in the 1970s.

Some demobilization of the armed forces by reducing the annual rate of conscription could ease the labour shortage. To be effective where the manpower is needed, more Russians than Central Asians would have to be exempted and the army is already seen as too 'coloured' (there has been at least one public reference to such 'yellowing' by a senior Soviet officer); problems in military training already arise from recruits' inability to understand Russian.

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A second population problem is the rising burden of the aged. In Soviet villages four out of ten are pensioners (partly because young people migrate when faced with lack of opportunity in collective farming) and in the USSR as a whole the proportion of those of pension age was 15 per cent in 1980 against 12 per cent in 1960. Because both Khrushchev and Brezhnev considerably widened eligibility, pensions payments, after taking account of the (understated official retail price index, have risen 4½-fold over those twenty years. A decree of March 1981 increased pensions (by as much as 43 per cent on collective farms): during the 1980s the real cost of the aged will be at unprecedented levels. The 1981 pro-natalist increments in child benefits is, in the short term, offsetting in money terms the long-run decline in the population under working age (which will be 28 per cent at the end of the century, compared to 33 per cent in 1970). The expenditure on dependency can only be covered by transfers from the working population, whose standard of living must decline in the absence of productivity improvement.

3. Excessive investment

The Brezhnev administration recognized the new stringency by levelling off investment under the present Five-year Plan (1981-5), but this could have been done long before with better capital productivity. The previous Five-year Plan had been typical in exceeding the investment foreseen while underfulfilling expected production. Just as with manpower, more input was used than planned for each unit of output. Inefficiency in the capital good sector (poor design, inadequate maintenance, lack of spares, misuse) was not the sole cause of declining capital productivity. Natural resources used to be cheaply exploited, those easy of access being overused (the nearer forests, for example, were atrociously overcut and not replanted) and conservation and pollution aspects being ignored. Resources now have to be extracted in remoter regions, in harsher climates and with costly environmental protection. The increasing complexity of technological equipment, especially where labour saving is the aim (the USSR is co-ordinating a major drive on robotics in Comecon), has also added to the cost of capital per unit of output. The share of new investment needed to replace obsolete or outworn plant is also rising (depreciation is higher the slower the rate of growth of the capital stock).

A higher capital-to-output ratio has, finally, been experienced than in a market economy because planners have preferred the construction of new enterprises rather than the modernization of those existing.

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A recent scheme to compile 'passports' for each piece of equipment to demonstrate its capacity has had little practical effect: it was aimed at the 'concealment of reserves' by managers anxious to have easier output targets. The allocation of one-third of state investment to agriculture and the industries directly supplying it has recently further reduced the rate of return on new capital, for farm output has declined under a run of four bad harvests (1979-82). Even if this year, as is already pretty certain, brings a good (though not a bumper) crop, agriculture soaks up the flood of investment like a marsh. Much equipment is ill-used and quickly breaks down, is unsuitable for the purpose intended or could only operate if spare parts of other machinery were available. This year's measures to allocate equipment, land and livestock to small teams who would be paid according to the yields they obtain is a step towards restoring the incentives destroyed by collectivization and nearly a half-century of second-class citizenship (collective farmers were not issued with identity cards, permitting free migration within the USSR, between 1932 and 1976/80).

A little relief may be on hand for 1984-5, the last two years of the present Five-year Plan: completion of the Baikal-Amur Mainline and the Urengoi-Uzhgorod gas pipeline (massive priority projects tend to be well-managed in the USSR) will release skilled construction labour and equipment.

4. Supply/demand imbalance

Andropov admitted to the June Central Committee that personal after-tax incomes annually exceeded the value of consumers' goods and services. The 'inflationary overhang' (partly measured by savings-bank deposits, but much is kept in cash, above all for earnings on the 'parallel' market) is mostly that built up in the 1970s, because in the past two years Soviet planners have been reducing the 'gap' between purchasing power and availabilities.

This has partly been effected by unbottling inflation: the official retail price index, long constant, went up 1.3 per cent in 1981 and 3.1 per cent in 1982. Inflation on the parallel market has been much steeper: over the 1970s the foodstuffs sold on farm markets rose from 55 per cent above to double the official state-shop price.

Overhang 9/ The authorities probably prefer a certain inflation to currency confiscation, which was the way Stalin's monetary reform of 1947 liquidated the wartime 'inflationary overhang'. Official prices are hence likely to rise much more in the 1980s: such would permit a restructuring of retail prices towards market-clearing relationships with quantities made available. The disparities between demand and supply (exhibited in queues, shortages and preferential supplies to the elite through their own special shops) widened under Brezhnev partly as his incomes policy worked through (higher money wages becoming more equally distributed). Sharp increases in the state-shop price of meat in Czechoslovakia, Hungary and Poland largely eliminated queues and Andropov could carry off a similar action, despite its unpopularity with the poorer-paid with the added advantage of cutting the vast agricultural subsidy (some \$33,000 million at the official exchange rate).

OK A more realistic supply/demand relationship of state-shop prices would weaken the various free markets and the profits derived from them. Andropov early showed his policy of attacking corruption (which a black market fosters) and of strengthening labour discipline (which would respond to normal conditions of retail distribution).

5. Slow growth and the arms increment

Aggregate Soviet output (whether measured in GNP or in the Soviet net material product) decelerated during the 1970s and more markedly since; the physical volume of non-civilian goods (procurement and construction for the armed forces, space vehicles, military-oriented research provision) has throughout expanded at a faster rate - though more slowly after 1976. If productivity in making such goods were to have changed over that period at the same rate as in civilian goods, arithmetically the 'arms burden' could only have increased. In NATO governments that conclusion is common ground: 'this resulted in the economic burden of defense rising

from 12 to 14 per cent in 1970 to 14 to 16 per cent in 1981, due to the more rapid growth in defense spending than GNP' (Major General Bissell to a US Congressional sub-committee, 28 June 1983). There is nevertheless evidence (not rehearsed here but see also paper VII) that productivity in arms production (current-priced inputs per unit of output) has improved relative to that in civilian production. Soviet civilian industry and agriculture have a notoriously poor record in these years and a command economy has done what it is best suited to do - that is, run the arms industry efficiently.

6. Trade dependence

Stalin renounced international trade: by 1937 he had cut imports to half a per cent of GNP. The postwar extension of Soviet power to Eastern Europe required trade, and Brezhnev increased trade dependence both by pressing for more Comecon integration and by purchasing technology and grain from the West. Nevertheless, lack of comparative cost criteria on which to base rational trade continues. More gains from trade could be expected in normal circumstances but the Soviet present is abnormal in many ways.

The USSR subsidizes trade with Comecon and had heavily to support Poland in 1981-2. It is faced with recession and sanctions in the West and deteriorating terms of trade (in contrast to the windfall gains it made on its oil and gold sales in the 1970s). It has to spend \$9,000 to \$12,000 million annually from its hard-currency earnings to buy food; with the rest of Comecon (other than Hungary) it can expect little 'new money' from Western banks. Brezhnev's final years were marked by a diminution of Soviet interest in trade with the West and pressure for more intra-Comecon trade and integration. Some signs may be found of a return to East-West trade under Andropov, but there are evident differences on policy among Soviet officials.

VI: TECHNOLOGICAL INERTIA AND ITS CONSEQUENCES

1. The nature of the problem

Eastern Europe appears to be in the grip of a series of closely interconnected economic problems, which in some countries have already assumed crisis proportions. External factors and mistaken or over-ambitious policies have contributed to this situation but the fundamental cause lies in the operation of the central planning mechanism itself. The most obvious manifestation of these difficulties is the decline in the rate of economic growth which, with some temporary remission, has occurred throughout the whole area during the last decade or so. When one also takes into account that this performance is invariably overstated by the East European statistical authorities because they fail to adjust the output figures expressed in value terms for concealed price inflation, the picture becomes even bleaker; it may well be that the Soviet Union has entered a period of no growth in real terms. This creeping stagnation is occurring in countries which for the most part are markedly inferior to the developed OECD countries in terms of their relative levels of GNP per capita and consumption per capita and have a great deal of catching up to do; for these reasons one would expect much more rapid growth than that of advanced Western countries as a result of the Eastern 'imitator's' opportunities to capitalise on existing experience and technologies. But for reasons ~~to be~~ discussed below this anticipated pattern appears to have been curtailed prematurely.

2. Causes and broad implications

The seriousness of the situation described above, as it is *cannot* viewed by the East European governments, *can* not be emphasised too strongly since it has acute political and psychological aspects as well as economic ones. Declining economic growth is the insistent everyday experience which undermines consumer expectations and carefully instilled beliefs in the superior dynamism of socialist economies; prolific and ingenious ideological writings fail to obliterate from public consciousness the transparent divergence between rhetoric and reality. Falling growth makes it increasingly difficult to satisfy the competing demands of the consumer, heavy

industry and the armed forces, raising the long term dangers of a 'legitimacy crisis' or a decline in relative military power, or perhaps, both at the same time. Thus, long term tendencies of economic decline can be discerned which insidiously impede the achievement of key social and political objectives. It is appropriate to refer to this complex process as a 'crisis' not because any East European society, least of all that of the USSR, is on the point of immediate collapse but because it is a systemic disorder which shows no signs of substantial reversal either in principle or in practice.

The root of the problem lies in the failure of the USSR and other East European countries, despite sporadic experimentation, to make a successful transition from an 'extensive' pattern of growth to an 'intensive' one. The traditional instruments of central planning, which in the USSR were effective during the 1930s in concentrating resources on priority areas and facilitating the rapid development of basic industries, have proved themselves a cumbersome and unsuitable vehicle for promoting modern technological development on a broad front. Discipline and planners' preferences proved ultimately to be an inadequate substitute for the spontaneity of the market. Readers of the OECD's 1969 report on Science Policy in the USSR, reflecting on the present innovation scene in Eastern Europe, would instantly recognise its salient features: lack of incentives, insurmountable departmental barriers between science and production and between different industrial ministries, and failure to fully incorporate plans for technical progress within the system of material balances. Western writings since 1969 have extended and refined our understanding of these problems but, in essence, the picture remains the same. As well as the frank admission of technological backwardness in many industries on the part of East European leaders, vivid articles have appeared, even in the conservative Soviet press, underlining the precise institutional causes of this backwardness. It should be noted that these problems are not the result of an insufficiency of manpower and equipment devoted to R and D. On the contrary, with some variation, the R and D effort in all the East European countries absorbs a relatively large share of national resources: between 3 and 4 per cent of national income in a developed country such as the GDR down to

OK approximately 1.5 per cent in Romania, though even here the percentage of engineers in the labour force is greater on the average than in the European members of OECD. Soviet spending on research and development, which even at a most conservative estimate is at least equal in scale to that of the United States, is still growing at a faster rate than GNP. Given the popular beliefs and ideological convictions about the role of science in society, which have sustained this pattern of spending, it must be especially distressing to find that economic institutions and structures are clearly failing to translate these scarce inputs into a satisfactory rate of technical progress. With the exception of the high priority defence sector, the USSR is technologically backward in most of the major branches of industrial production, especially in the modern research-intensive sectors. Moreover, there are no firm indications that the technology gap has closed during the last 15-20 years to any appreciable extent. These are, of course, vast generalisations but they can be supported by detailed evidence.

GI How, then, are the East European countries to escape from this economico-political straitjacket? For most of the countries in question, reliance on the traditional engines of economic growth is severely constrained and therefore in the final analysis it is primarily technical progress which can cut through this Gordian knot of problems. Technical progress can be enhanced in a number of ways: by (a) institutional reform of the central planning mechanism, (b) greater technological integration within Comecon, or (c) the purchase of key modern technologies from Western countries as a partial substitute for lack of domestic innovation. It is this latter alternative, offering the prospect of immediate economic impact and minimal institutional disruption, which has been so attractive to Comecon countries during the decade of the 1970s. It may therefore be useful to examine the lessons which may be drawn from this experience.

3. The acquisition of Western technology

OK The acquisition of machinery, equipment and know-how from the West during the last decade has undoubtedly made a valuable

contribution to technological progress in countries which, as we have seen, appear systemically incapable of promoting rapid industrial innovation on a broad front. In such an unfortunate situation any source of dynamism is fervently welcomed by the East European countries. The available hard evidence suggests, however, that we would be unwise to exaggerate the overall economic importance of Western technology or, by implication, the political leverage which it allegedly confers. Firstly, the general impact of imported technology on economic growth (as distinct from growth rates in very specific sectors of industry) is quite modest. This is a function of the relatively small proportion of total investment which these imports represent for the Comecon countries, exacerbated by the weak assimilative capacity of centrally-planned economies and the predominance of 'passive' mechanisms of technology transfer. In no East European country has imported technology ameliorated in any fundamental way the simmering economic-political crisis or 'politics of stringency' as Bialer has called it. Secondly, the Eastern bloc continues to supply the lion's share of its new plant and equipment, supported by a large (though often ineffectual) R and D effort in each member country. New technologies could no doubt be delayed by the denial of Western equipment or know-how but it is most unlikely that with open access to the world's scientific literature they could be prevented indefinitely. The East European régimes may well be ponderous from an institutional point of view but they are not primitive. Thirdly, apart from local difficulties with a few specific products there is little evidence to substantiate fears that Western capital goods exports have 'boomeranged' back in the form of substantially higher imports from the Eastern bloc, either of consumers' goods or, more indirectly, sales of machinery and equipment on world markets. Any inconvenience which has been caused in some sectors of industry must be weighed against the considerable benefits to Western capital goods producers in others. Fourthly, quite independently of the wishes of Western governments to either encourage or restrain the transfer of advanced technologies to Eastern Europe, hard experience over the last decade has brought a recognition of self-limiting financial constraints. As several East European countries teeter on the brink of default and the USSR is no longer seen simplistically as a 'debtor of last resort', Western banks are showing a marked reluctance to extend further

credit facilities. On the Eastern side, the knock-on effect of shrinking intra-Comecon energy subsidies on hard currency balances, arising from the need to top up requirements from unsubsidised sources at current world prices, will make it even more difficult to purchase Western technology on a substantial scale. Finally, in the face of growing indebtedness and wary of the political implications of excessive dependence on Western technology, the East European countries have themselves initiated cut-backs in machinery imports during the second half of the 1970s. When all these trends are taken into account it is difficult to see how imported plant and equipment could be a decisive instrument of technological progress in the 1980s and beyond, acting as a long term substitute for deficiencies in the indigenous innovation systems of centrally-planned economies. Technology transfer will continue but probably on a highly selective basis, with even more strenuous attempts by the East Europeans to secure compensation deals and the benefits of 'active' cooperation agreements. Western technology may thus be a palliative but it is not a cure.

4. Other solutions and the role of Western policy

Predictably, in the light of this experience, the focus of attention in the USSR especially is now turning to the question of institutional reform. Some possible variants of reform are summarized very briefly in the Appendix.

The political situation in Eastern Europe at the present moment is obviously in a state of flux and it is not possible to determine with any certainty which variant or combination of variants will eventually emerge as the dominant pattern. In the USSR, appeals for greater effort and discipline together with a crack-down on corruption are more in evidence since Andropov's arrival at the top, but this may be a temporary phase to secure his base of support before more radical and politically controversial reforms are contemplated. These developments need to be monitored and studied in depth. Western policy-makers should be aware that the final outcome could be influenced quite strongly by their collective policy towards the East European countries. A distinguished French analyst has expressed the view that 'Eastern societies are

now so weak that any Western move can provoke an uncontrollable crisis. In short, we may have enough influence to destabilise but we are not capable of controlling destabilisation' (author's emphasis). The insight is penetrating but it lacks the sociological perspective of the 'Hawthorne effect': Western countries may not even have the power of destabilisation if the peoples of Eastern Europe can be convinced that we are deliberately trying to engineer this state of affairs.

OK Indeed, Western pressures on the economies of Eastern Europe in the form of specific embargoes, or a broader and more restrictive interpretation of military-related technologies, or the economic impact of more intense military pressures could be counter-productive, forcing the Comecon countries towards the adoption of Variant C (neo-Stalinism) as the only realistic way of maintaining defence industry supply priority and containing popular discontent in conditions of increasing economic scarcity; the policies of Western governments could also be presented as a convenient excuse for poor economic performances, which are in reality the result of much deeper systemic failures. On the other hand, it might well be argued that the application of economic pressures by intensifying the 'politics of stringency' will be an even greater impetus to reform and will moreover require more urgent consideration to be given to the movement of national resources from the military to the civilian sectors. The final verdict here must rest on a first-hand evaluation of the character of the Soviet and East European political elites and their likely reaction to external pressure. This is clearly a matter of political judgement rather than academic analysis and Western governments will have to weigh carefully the long term consequences of their actions at a time when a confluence has occurred between an objective need for institutional reform and impending changes in the Soviet leadership.

Appendix: Some alternative paths to institutional reform in Eastern Europe

REFORM VARIANT	SPECIFIC FEATURE	FLAWS OR PROBLEMS OF IMPLEMENTATION
A. Hungarian type economic reform	A muted form of market socialism. Greater spontaneity and dynamism as a result of some administrative decentralisation, greater competition and a liberalisation of the price system and foreign trade.	<ul style="list-style-type: none"> a) Emergence of some of the characteristic economic problems of capitalism within the framework of state socialism. b) Opposition of defence industry lobby whose resource priority depends on maintenance of central planning and of middle level party bureaucrats whose power depends upon administrative controls over resources. c) Danger of inflamed class antagonisms as a result of widening income differentials.
B. Technocratic reform	Streamlined central planning, which involves the further development of: science production associations, more stringent state standards, ambitious inter-branch programmes of technical development etc.	<ul style="list-style-type: none"> a) Problems of transplanting administrative arrangements which have been successful in the defence industries into a civilian environment without guaranteed priority over resources or close customer participation. b) This type of reform <u>administers</u> change but provides no incentive to <u>initiate</u> it in the first place.
C. Enhanced discipline (Neo-Stalinism)	Greater penalties for lateness, absenteeism and drunkenness; socialist competition between enterprises; more insistence on personal responsibility for failures and dismissal and demotion of incompetent managers; elimination of corruption.	<ul style="list-style-type: none"> a) Could bring some short run improvement in <u>effort</u> but contains in a modified form the major flaws of the Stalinist system, which successive leaders have been trying to eradicate since 1953 : <ul style="list-style-type: none"> a) no stimulus to spontaneous initiative and creativity; b) no solution to the problem of the coordination of complex interdependent elements of an advanced technological society; and hence, c) misrepresentation of systemic problems as the fault of the failures of individuals.

REFORM VARIANT	SPECIFIC FEATURE	FLAWS OR PROBLEMS OF IMPLEMENTATION
D. Comecon Cooperation <i>rejuvenation</i>	Greater technological specialisation and integration as a result of the rejuvenation of existing mechanisms of cooperation within Comecon.	a) Poor track record for developing and disseminating advanced technologies. b) Begs the question of institutional reforms in each country which would provide an initial source of innovation on which cooperation could be based.

VII: THE IMPACT OF MILITARY CONSIDERATIONS ON POLICY

1. Soviet Military Doctrine

There can be no doubt that despite current civil defence efforts in the USSR, a strategic nuclear exchange with the USA would so destroy the existing fabric of social control that the Soviet communist system would collapse. Even a limited exchange of strategic weapons - if such a war is thinkable - with, for example, the UK or China, would present to the Politburo an unacceptable risk of total social disintegration. This would be especially true if the USA were to escape such a limited exchange. Consequently a strategic nuclear war is the kind of war the Soviet Union wishes to avoid at virtually all costs.

If war breaks out for any reason in Europe it will certainly be the task of the Soviet Armed Forces to win that war, but no war could be considered as won if it escalated into a strategic nuclear holocaust. To be won at all, a war in Europe must be started suddenly to pre-empt NATO deployment and won quickly, preferably before even tactical nuclear weapons can be used effectively. It is the function of Soviet Military Doctrine to prepare the nation and the armed forces for such a war (as well as for any other war they might need to fight). Furthermore, Soviet resolve to prepare for the contingency of war is *st/* strengthened by their experience in the Second World War, which demonstrated the cost of inadequate military preparedness. The main impact of the armed forces on Soviet policy is determined by their perception of their ability to conform to the demands of that doctrine, and the pressure which the armed forces can bring to bear on the party to provide the material and personnel requirements which will enable them to fulfil the requirements of the doctrine.

Soviet Military Doctrine includes the concept of maintaining a constant awareness of war and military matters at every level, from the basic military training in all secondary schools to the sessions of the Defence Council, probably the most important executive group after the Politburo itself. The Defence Council presides over the Soviet military machine, directing, controlling and monitoring it. It serves as the focus for three critical policy processes: information

gathering; analysis for the formation of decisions; and ensuring that decisions made are actually carried out. The Defence Council is chaired by Andropov, and includes as permanent members Tikhonov (Chairman of the Council of Ministers), Ustinov (Minister of Defence), Chebrikov (Chairman of the KGB) and Gromyko (Foreign Minister). The heads or deputy heads of a large number of important party and governmental institutes serve as permanent advisers to the Defence Council: for example, the Deputy Chairman of the Military-Industrial Commission, of the State Planning Committee, of the committees for Material Supply, for Science and Technology, Construction and Economic Relations, and of the relevant production ministries.

The main task of the Defence Council is to approve the share of the nation's material, financial and labour resources to be allocated to military use. The General Staff provides an estimate of the areas in which the USSR is inferior to NATO, the areas in which it is superior, and an overall ratio of superiority or inferiority. The Military-Industrial Commission produces an annual plan of industrial support to the armed forces, carefully related to current research and production capacity. The State Planning Committee determines the areas and degrees of civilian economic support available, and coordinates and presents an overall defence budget. Conflict of interests between the civilian and military sectors is reconciled through the Secretariat to the Central Committee. The completed draft is formulated by the Defence Council as the State Military Plan, which is then incorporated into the State Social-Economic Plan to be approved by the Politburo and ratified by the Supreme Soviet.

Whilst military considerations, therefore, are weighed in every decision of state, and defence expenditure is given exceedingly high priority in the national budget, military personnel play a less important role in decision-making than might be thought. They are involved in all levels of government, but only in limited numbers. The relationship of the armed forces to the Communist Party is rather like that of skilled bricklayers and steel erectors to architects. The architect's main interest in the bricklayer or steelman centres round the limitations of their craft: what can be done with the materials at their disposal; how can new materials be used to cut

costs or improve performance; and how much is available and at what cost, as this will determine the pace and scale of the building process. Consequently, the influence of military representatives in government on state and party policy tends to be a fluctuating negative one: party First or General Secretaries have not always thought it necessary to have the Minister of Defence as a full member of the Politburo. As skilled artisans, however, the advice of the military is frequently sought by the architects of Soviet policy, the party leadership, which is aware of the value of the armed forces as a means of getting one's own way.

2. Defence expenditure

The most important practical features of this concept of a Military Doctrine is the way it enables the USSR to maximise its defence capacity whilst keeping its cost within reasonable limits. It achieves this in three particular ways:

(a) By integrating civilian and military elements within a society in an organized structure in peacetime, it ensures that the military can draw on civilian resources effectively in wartime and reduces military demands on the peacetime economy.

(b) The reasonably permanent doctrinal framework and institutional stability, coupled with the effective integration of all elements of the defence community, makes for a logical and economical weapons and equipment procurement process. Despite Soviet overall technological inferiority compared with the West, most Soviet equipment is as good ~~in~~ its Western equivalent, and most would be between one third and two thirds of the unit cost of comparable Western equipment, regardless of economies of scale. The British Army of the Rhine and the Soviet 3rd Shock Army are roughly the same size in terms of manpower. Yet, compared to BAOR, 3 SA fields

2½ times as many tanks

6 times as many artillery weapons

1½ times the quantity of infantry

1½ times the logistic lift capacity

and has greater electronic warfare, air defence, and nuclear chemical decontamination capacity.

Moreover, due to the design and engineering features of Soviet equipment, it has been shown that the total cost of this equipment bill is only about 15 per cent more in real terms than the equipment of BAOR. When one adds the comparison of air force support to the ground forces there is a similar disparity.

(c) The Doctrine forces the military to respond logically to political requirements. Thus if the political need to engage in a war is perceived as being possible, and it is recognised that surprise and speed are essential for victory, then the military establishment will be forced to adapt its organisation and tactics to meet this requirement, even if it means a complete reorganization and restructuring. This, in fact, is what we are seeing in the Soviet Army at present. This is perhaps the most impressive result of the Military Doctrine, because it involves acceptance of institutional change in peacetime.

The foregoing can throw the position of the defence industries into a different light. Estimates of the share of Soviet GNP devoted to defence are usually couched in Western models: i.e. if the USA were to have provided the same number of men and equipment in the last decade, what would it cost? Answer: 13-15 per cent of GNP or 40 per cent of public spending. In such a light the Soviet defence industries might look like a millstone around the neck of the Soviet economy, but, due to the militarized nature of Soviet society, the defence industrial establishment is better viewed as the dynamo of the Soviet economy, because it is the most efficient and energetic element of the economy; defence expenditure cannot be seriously altered without a considerable restructuring of the economy as a whole. This is, of course, possible, but it would surely require very serious motivation, which would seem absent.

The Soviet defence effort does not cost the USSR in budgetary terms as much as many Western analyses would infer, and economic or social pressures are as yet insufficient to force a significant cut in military expenditure. There is little likelihood of any levelling off of military production or large scale reduction in uniformed personnel, despite the industrial labour shortage.

3. The Warsaw Pact

In contrast to NATO, the Warsaw Pact is not an association of sovereign states banding together for mutual security, but an organization established by the USSR (a) to strengthen its control of Eastern Europe, (b) to provide a framework to allow for the military development of Eastern European countries as an element of their natural development along Socialist lines, and (c) to ensure the integration of Eastern European armed forces with the Soviet armed forces. By enabling the Eastern European countries to share in the burden of the defence of the Socialist Bloc, the Warsaw Pact goes a very long way to reducing the economic burden of Eastern Europe on the Soviet economy. The high level of military production of certain items of equipment in ~~Western~~ Europe allows that equipment to be exported to other countries in support of policy in the Soviet interest, again reducing the burden on the Soviet defence sector, and even earning hard currency.

*Ea/
Eastern*

Nor is it a military burden in that it supplies a very large reserve of manpower, most of which can effectively be brought under Soviet military control at short notice and under almost all conceivable circumstances. All Warsaw Pact armies are composed of conscript soldiers and junior NCOs (80 per cent) and senior NCOs and regular officers (20 per cent). The regular soldiers probably comprise the least anti-Soviet element in each Warsaw Pact country. Officers in general only reach battalion command if they are party members, and only reach regimental (brigade) and divisional command if they have attended long (1 or 2-year) courses at Soviet military institutions, and obtain positive recommendation from the Soviet representatives in their national armies.

The level of training and equipment, and military and political reliability vary from army to army, just as in NATO. With the possible exception of the Romanian, no Warsaw Pact army can be expected to defend its country against a Soviet intervention. All the Warsaw Pact armies (even the Polish Army) can, within certain limitations, be expected to support the Soviet Army against NATO in the event of war.

VIII: THE SOVIET UNION AND EASTERN EUROPE

1. Benefits and costs

10 The Soviet Union gains a number of what it perceives as benefits both from its control over Eastern Europe as such and from the particularly strict methods of control and standards of conformity demanded. In ideology, the maintenance of Marxist-Leninist (Soviet-type) systems underpins Soviet claims for Marxism-Leninism to be a world system, especially in its Soviet form. In politics, there is a sense of prestige and satisfaction from ruling directly or semi-directly over a large tract of what in Soviet eyes is 'the West' or at any rate Europe. Both these serve to legitimate Soviet rule in the eyes of the Soviet population for which the existence of a belt of client states in Eastern Europe is a source of emotional satisfaction. To this may be added the 'blood price' factor, i.e. that the Soviet Union 'paid in blood' to liberate these areas in the Second World War and will, therefore, never abandon them to 'fascism' or 'imperialism'. In defence, the existence of a defensive glacis has an analogous function. In economics, regardless of whether Eastern Europe constitutes a burden or not, it is part of a world economic sub-system with its centre in Moscow. In a word, the Soviet Union maintains an empire and is content to do so. The economic cost of Eastern Europe to the Soviet Union according to recent estimates is relatively low, having peaked at \$20,000 million in 1981, which is hardly a high price to pay for the perceived political benefits. For all these reasons, the Soviet Union is unlikely to accede to (unofficial) East European demands for the Finlandisation of Eastern Europe.

Tension between East European political aspirations and the externally imposed Soviet-type system in conflict with inherited identities is at the centre of the East European dilemma. Attempts to resolve the tension have been rebuffed by the Soviet Union (Hungary 1956, Czechoslovakia 1968, Poland 1980-81). Hence in the 1980s, Eastern Europe faces a pressing need for thoroughgoing political reform in the direction of providing for popular participation in the political process. The most the Soviet Union is prepared to countenance is economic reform tending to promote rule by technocratic elements (whose record is spotty, viz. Poland and Romania

where leaderships sought to rely on technocratic efficiency). In any case, there is a pivotal distinction to be made between reform (making the system perform better within its own framework) and democratisation (transforming the system completely by providing for much greater popular control). Eastern Europe is at a stage where it would benefit in respect of political efficiency and cohesiveness from democratisation; it is unlikely to achieve this.

This has important consequences for legitimation and for the nature of the ruling ideology. East European régimes remain weak because they have been unable to create either a set of political institutions or a set of political ideas to correspond to popular aspirations. Marxism-Leninism has degenerated into vapid formulae and has become quite inappropriate for the expression of new ideas. Nationalism, which in any case undermines the coherency of Marxism-Leninism, is only partly usable because régime and popular perceptions of national aspirations and ambitions differ, above all regarding the Soviet Union. This leaves only the propagation of the technocratic idea, that the party is justified in holding monopoly power because it is best fitted and most successful in doing so. This proposition is undermined by everyday experience.

Communist parties in Eastern Europe have retained power (a) because of Soviet support; (b) because they have built up a smallish group of supporters within the country - this need not exceed 10 per cent of the population; (c) because they have been extremely competent in the deployment of power and have no scruples about using all the instruments of power to achieve their aim of sustaining their preeminence. Indeed, Soviet-type systems are essentially concerned with maintaining a small group in power over society. One significant constraint on the use of power, however, is the recognition that the crude application of power (violence on a large scale, terror) is counter-productive, especially in the economy. Hence there has been a mounting sophistication in the instruments of power employed.

Thus the outlook for Eastern Europe as a whole in the 1980s is one of little change. There can be no real political change, so that there may be repeated expressions of discontent, but seldom

enough to produce major upsets. There will be friction, weakness, restiveness, dissatisfaction and in all likelihood a greater use of repression if unrest increases, but no collapse. As far as the Soviet Union is concerned, it appears quite prepared to pay the relatively small price that this involves.

It should be noted that over the years, the Soviet handling of Eastern Europe has shown greater skill. The crude violence of the 1950s (GDR 1953, Hungary 1956) has been replaced by more subtle methods. These currently include control via the Warsaw Pact and Comecon. There is already a suggestion among Western analysts that top level military officers in Eastern Europe feel more of a loyalty to the Pact and the Soviet Union than they do to their own countries. Also noteworthy is the increased attention paid to coordination among Warsaw Pact Ministries of Interior, a trend which has intensified since Andropov's accession.

2. Specific difficulties

Romania, whose 'independent' foreign policy was never more than an irritant to Moscow, is now in the midst of a major crisis. This has even farther reduced Romania's capacity for independence, such as it was, and encouraged the Soviet Union to step up pressure since Andropov's accession - there is some evidence of personal tension between Andropov and Ceaușescu. The Soviet Union, it can be assumed, will look with favour on a transition from Ceaușescu to a more congenial type of régime in Romania, but would like to achieve this with a minimum of disturbance. Any collapse of the Ceaușescu régime would entail direct or almost direct Soviet action in Romania, something which might even be welcomed by sections of the Romanian population (depending on the circumstances of Ceaușescu's going).

Czechoslovakia, the GDR and Bulgaria appear to pose no threats of trouble for the moment. However, all three are likely to undergo succession crises over the next few years. The rather slow economic growth in Czechoslovakia and the GDR is not being met by any real economic reform. Bulgaria, which has always enjoyed a very special relationship with the Soviet Union, has turned in a better economic performance.

Poland remains a continuing source of difficulty, inasmuch as the Jaruzelski leadership has manifestly failed to 'normalise' the country to Soviet satisfaction. The Pope's visit demonstrated where the sympathies of the Polish population lie and it may well be that to have allowed the visit to take place is viewed by many in Moscow as constituting an error serious enough to raise a question mark over Jaruzelski's future. Above all, the Jaruzelski régime appears to have no persuasive conception of the shape of Poland's future and has not been able to put forward any proposal which might create sufficient common ground between rulers and ruled for a minimum of stability. On the other hand, the situation in Poland under Jaruzelski is far more favourable from the Soviet point of view than any of the alternatives. Given Moscow's general reluctance to innovate, the chances are that the leadership will opt to live with the existing semi-satisfactory state of affairs until a major crisis necessitates closer control.

Hungary still appears to be a bright spot, despite some evidence of political decay, four years of zero growth and virtual bankruptcy in 1982. Under Kádár, the Hungarian party has some latitude in the running of the economy and agriculture. The current discussion on political reform is the first officially sponsored debate on the future shape of politics in any Warsaw Pact country since Czechoslovakia 1968. Whether any of the proposals will be implemented in a real (as distinct from a cosmetic) fashion is still open, but evidently there is a strong section within the party that would like to make a break with the patterns established in the 1960s and 1970s. The Soviet Union has watched Hungarian developments with apparent interest and some illusions (see section 3 in this paper and Paper II) and could well be using Hungary as a test bed for new ideas.

Three years after Tito's death, Yugoslavia has entered an era of unprecedented political and economic disarray. Neither political nor economic institutions seem capable of coping: reform in both spheres is now under serious consideration, though it is invariably difficult to separate the rhetoric of change from reality in Yugoslavia. In Soviet eyes, Yugoslavia has always belonged rightfully to the Soviet sphere of power; the Soviet Union has never abandoned its long term aim of reincorporating its erstwhile ally, as shown by

Soviet machinations in the 1970s and very close economic ties with the less-developed Yugoslav republics. Since 1979 the Soviet Union has been so preoccupied with other problems such as Afghanistan, Poland, and the United States as to allow the Yugoslav leadership a relatively easy ride, which, nevertheless, it should not assume will last for ever. It is also assumed that the West has an interest in keeping the Soviet Union at least out of the Adriatic and overall in preventing Soviet control of Yugoslavia; it is extremely uncertain whether the Soviet Union recognises this or not.

3. The Soviet relationship

There is a great deal to bear out the suggestion that the day-to-day Soviet objective in Eastern Europe is stability. In periods of direct challenge to the Soviet 'norm' (Czechoslovakia 1968, Hungary 1956, Poland 1980-81), however, the overriding Soviet aim becomes the restoration of 'normality'. In practice, this tends to mean - and was particularly so in the late Brezhnev years - that the East European elites are left alone to run their own affairs (e.g. Gierak in Poland in the late 1970s) within the broad constraints of 'stability' and 'normality'. It is perhaps too early to judge how Andropov differs from his predecessor, but there is more than a hint to suggest that he favours a stricter interpretation of 'normality' and greater discipline; if he proves to favour 'normality' over 'stability', this may impose costs on stability. At the same time, because the Soviet system suffers from problems of bureaucratic overload, lethargy, inertia and overlapping, efforts to effect changes in Eastern Europe outside periods of crisis may well run into the sand.

As against all this, the very long term aim of the Soviet elite is the eventual (50-100 years?) Sovietisation of Eastern Europe, i.e. the entrenching of Soviet Russian values in Eastern Europe and the extirpation of local values. Ideological and educational integration with Soviet institutions and practices has already been pursued for about a decade, albeit with very marginal results to date.

Others in the USSR may prefer the diffusion of ideas from Eastern Europe to the Soviet Union. Hungarian agriculture has been a popular candidate in this respect. Transfers of political and economic technologies from Eastern Europe have their proponents in the Soviet Union as well. This proposition deserves stricter scrutiny than it

has had. On closer examination, it is hard to see how the institutions and ideas developed in one East European country can be readily transferred to the Soviet Union, given that they are anchored in the inherited traditions and patterns of that country. Thus Hungarian agriculture is successful not merely because of the relative autonomy of collectives and the role of the private plot, but also because of the particular skills of the Hungarian peasantry, the existence of an influential agrarian lobby and the existence of an intellectual current (the populists) ready to do battle for the peasantry. None of these is strong in the Soviet Union, so that the likelihood is that greater emphasis on the private plot will be sabotaged by those whose bureaucratic interests are threatened by greater peasant autonomy. In general, the belief that the 'advanced' ideas and methods of the West can be taken over wholesale has a long history in Russia, but it has been successful only in a few spheres, such as military technology for which there are very special reasons. This suggests that any innovation in the system from Hungary or elsewhere in Eastern Europe will have only a limited impact on the Soviet Union.

Keston College

Heathfield Road, Keston, Kent BR2 6BA

Telephone 0689 50116 } Exchange
From London 66 50116 } Farnborough Kent

The College is a research centre for the study
of religion in the communist countries



The Rev. Michael Bourdeaux MA BD

International Director



The Rev. Michael Bourdeaux
Bishopdown
34 Lubbock Road
Chislehurst
Kent BR7 5JJ
Telephone 01-467 3550

Keston College

Registered Office:

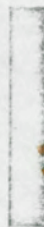
Heathfield Road, Keston, Kent BR2 6BA

Telephone 0688 50116 | Exchange
From London 06 50116 | Farnborough Kent
Telex KESCOL 897684

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Chairman Sir John Lawrence, Bt., OBE, MA
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Secretary Donald Sly, BA

26 August



The need to...

Handwritten text, mostly illegible due to fading and bleed-through. Visible words include: "The need to...", "stability", "discussion", "study", "College", "founded out", " Soviet notes".

RELIGION AND THE SOVIET SYSTEMBACKGROUND

by
Michael Bourdeau

Among all the fundamental freedoms supposedly proclaimed by the Soviet Constitution and systematically denied in practice, there are some special points to be made about religious liberty. Perhaps the first is that it is not, contrary to popular belief, guaranteed in the Constitution at all. The relevant phrase is "the freedom to hold religious worship" and reference to the laws shows that every other aspect of religious liberty - including the right to educate children in the faith of the parents - is systematically denied. It is Soviet propaganda itself, too often uncritically repeated by Western observers who have no excuse for not being more accurate, which misrepresents this as a formulation of religious liberty. One hears, "The situation wouldn't be so bad if only the Soviets would keep their own laws." 'It would be worse.

The point is important. However much Western "liberal" opinion would like it to be otherwise, minor cosmetic changes within the system will achieve nothing. The Helsinki Accords are not compatible with the Soviet system, which sets no ultimate value on human rights as such and therefore to accommodate them would incur fundamental change.

Soviet policy has one aim: to eradicate religion. This applies to Judaism, Islam and the oriental religions, as well as Christianity. Any fluctuations in the intensity of persecution and differences in the treatment of various churches or religious groups are a result of pragmatic considerations.

POLICY

(a) Lenin personally inaugurated the persecution. Stalin planned to wipe out the Church as part of his great purges, but had to make an accommodation with religion in order to gather strength to win the war. In the late 'forties economic devastation averted his eyes from ideological struggles, but he began to reassert earlier policies at the very end of his life. This was the period of attempted total repression of the Catholic Church in Poland, Czechoslovakia and Hungary, as well as religion generally in the newly-Sovietized Baltic States. The Uniate Church was totally abolished between 1946 (Ukraine) and 1948 (Romania).

(b) These same years saw the very beginning of a parallel attempt to exploit the value of religion in foreign policy. Stalin began to see that the church

did have a certain value in the new political situation after World War II. He saw the Church as a possible means of persuading Christians to become pro-Soviet. There is a lively coming and going of church people to and from the Soviet Union. Soviet political sentiments expressed by the right clerics have been found to be more effective in the Third World - and sometimes here and in the USA - than the same words uttered by spokesmen from a Soviet Embassy. Therefore two contradictory policies towards religion coexist.

← "The Soviet Government would like to have a phantom Church - one which has no members at all within the USSR, but which has powerful international connections which can be used to support Soviet strategy". These words were written in 1964 and it seemed at the time that such a policy would not succeed. Yet 19 years later it has, due to one of the most successful propaganda campaigns the Soviet Government has ever launched. Even that practice of religion which legally remains (the official church) is distorted under party and government pressure to fit in with the system. The continuing, perhaps the growing, existence of an unofficial (sometimes called underground) church is therefore inevitable.

(c) The Church benefitted in certain material ways from the "thaw" of the mid-1950's, for example the first publication of Bibles since the Revolution. The birth of an unofficial church was given further impetus by the harsh and unexpected anti-religious campaign conducted by Khrushchev (1959-64). This campaign dispelled any illusions among religious believers that this relatively stable situation was either permanent or guaranteed by Soviet laws. Khrushchev closed two thirds of all the 20,000 Orthodox churches by administrative (often illegal) action in that period. At this same time the Soviet regime stepped up its propaganda about the existence of religious liberty through its international activity, especially ^{through} membership of the World Council of Churches, which began in 1961.

(d) Brezhnev held back from the worst of the violence. He still saw religious dissidents, especially Evangelicals and Jews, as a threat, but was more than ever determined to exploit the Orthodox. Real "trouble-makers" - not only Jews and Solzhenitsyn, but some Protestant and Orthodox leaders as well - were expelled or forced to emigrate.

(e) The "Andropov" policy began in 1977, with the imprisonment of the Helsinki monitors, not in 1982. 1979 saw a significant reinforcement of the anti-

-3- 1 2 3 4 5 6 7 8 9 10 11 12
(3)

/cont.

dissident campaign; Father Gleb Yakunin, who had campaigned for religious liberty within the Orthodox Church for fifteen years, was ~~now~~ ^{then} imprisoned, for the first time. ~~This was also the year of the invasion of Afghanistan, one of the factors operative here being a determination not to allow the bacillus of Muslim fundamentalism to penetrate Soviet frontiers.~~

3. THE PLACE OF RELIGION

Religion is a much more major issue in the Soviet Union than is commonly supposed among politicians, academics or journalists. The reason for the establishment of Keston College in 1969 was precisely that no-one else in any country was systematically studying the subject of religion under communism.

- a) It is commonly stated that the Human Rights movement in the Soviet Union emerged as a result of the trial of Andrei Sinyavsky and Yuli Daniel in February 1966. In fact, this originated within certain religious circles five years earlier. By August 1961 a group of Baptists, suffering beyond endurance under the Khrushchev anti-religious campaign mentioned above, had organized a protest which now drew support from almost every republic. Hundreds were imprisoned, some murdered, and the Council of Baptist Prisoners' Relatives became the first organized group to defend prisoners of conscience in a communist country.
- b) The Soviet regime was always terrified that these ideas of self-defence and activism would spill over into the massive Russian Orthodox Church, with its membership of at least 30 million. So far, for complex reasons, this has not happened. Soviet elimination of opposition has been subtle where possible. Men of bishop-calibre never reach the seminaries in the first place, any few who slip through are kept in virtual exile in the depth of the countryside and the tiny numbers who succeed in raising their voices now fall rapidly through the trapdoor of intimidation, incarceration in psychiatric "hospitals" or sentence to lengthy terms of imprisonment. Despite this, somehow the Christian Committee for the Defence of Believers' Rights, established by Father Yakunin in 1976, keeps going on a reduced scale. ~~The latent nationalism of the Russian Orthodox Church must be exploited in every possible way, in favour of the régime.~~
- c) It is not an exaggeration to say that now every major denomination is involved in some way in a religious liberty/human rights movement. There is strong Soviet campaign against Pentecostals, perhaps 30,000 of whom want to emigrate, like the Siberian Seven, and against Seventh-Day Adventists.
 - (f) Roman Catholics are especially affected. Where they are most concentrated, in Lithuania, there has emerged the most co-ordinated protest movement extant anywhere in the Soviet Union and this began a decade before the election of

Pope John Paul II. Documents emerging from Lithuania prove that at least 522 priests (73 per cent of the 711) have signed protests against Soviet anti-religious policies and in some dioceses the figure is as high as 94 per cent. Given the influence of these men and the intensity of Soviet threats against them, this is the visible tip of a massive protest. One document of October 1979, petitioning for the reopening of a church in Klaipeda, was signed by no less than 148,149 people, over 4 per cent of the total population of Lithuania.

(g) The emergence of anything similar in the five Central Asian republics would terrify the regime and constitute the greatest internal threat to its stability. So far there are few overt signs of this happening, but Islam continues to be strong there (perhaps 40 million adherents) and generalizations about the acceptability of Soviet overlordship to the populace are wide of the mark. There is some evidence of growing disaffection in the Muslim areas. The 'phantom church' concept applies just as much to Islam as to Christianity. The Soviet administration enforced upon Islam through "spiritual directorates" has established a bogus structure which bears no relation to the needs of the individual believer, who listens to the local Muslim clergy, operating mainly underground. The new superstructure is useful both for coercion at home and propaganda abroad. More creative thinking on this area is essential.

THE INFLUENCE OF POPE JOHN PAUL II

Here, within the area of this paper, clearly lies the greatest external threat to the stability of the Soviet system. The Kremlin must have been as totally unprepared for this event of 1978 as was the rest of the world and the shock was considerable. It is entirely logical to believe that the attempted assassination of the Pope was in some way a reaction to this. This paper cannot touch the internal Polish situation, but the events there of the last five years prove that the Kremlin is right to be nervous.

For millions of people in Eastern Europe living under communism this election was not of itself a catalyst. It pushed along faster something which was already underway, as what is said above about Lithuania illustrates. Probably four-fifths of the Soviet Union's Catholics live in other republics, but they are very scattered. For them, especially for the Ukrainian Uniates, as well as for tens of millions of Catholics in Poland, Czechoslovakia and Hungary, with considerable pockets in every other communist country, including Albania and China, the Pope is now the major world leader. The coercion of the system cannot change this. Even Soviet Pentecostals write to the Pope.

Soviet reaction in Lithuania is indicative. Pressure on the Church has become considerably worse recently, partly in tune with general policies, partly as a reaction to the election. There have been the worst trials of priests since Stalin and even the murder of some individual leaders of the Lithuanian human rights movement. The Pope could not have made his support for these suffering people clearer. The recent appointment of an aged Latvian bishop as a Cardinal is a direct reflection of this and stands alongside the earlier reported appointment of a Lithuanian banned from office, Bishop Julijonas Steponavičius, as Cardinal in pectore. The Lithuanians themselves have invited the Pope to visit them in 1987 for the 600th anniversary of Christianity in their land.

While the Pope's current policy towards Poland is cautious, being careful, except on isolated occasions, not to appropriate to himself the spiritual leadership of the nation, which properly belongs to the cardinals and bishops, he is clearly saying to the other branches of the Catholic Church under communism: "Move forward. We will back you." Last year he banned "peace priests" in Czechoslovakia, but did not mention them in Poland. This is a considerable change from the Ostpolitik of Pope Paul VI. In the last two years the number of applicants for training at a seminary in Czechoslovakia jumped from 30 to 90.

RELIGIOUS REVIVAL IN THE USSR

The concept of religious revival should be approached with caution. It is impossible yet to define what is happening, but something clearly is, even though perhaps on a lesser scale than in some other communist countries. Recent émigrés talk of the revival of the Russian Orthodox Church as an urban phenomenon affecting mainly youth. Baptist evangelistic campaigns have had significant successes in the countryside. As long as prison camps have existed, criminals in prison have had their lives transformed. Now increasingly, the socially disadvantaged are finding a refuge in religion. But this has intellectual content also. Any fringe religion or occult practice will find a following - Buddhism in European areas where it is not endemic, the Moonies, Hare Krishna, Yoga, levitation; even Brezhnev resorted, it is said, to a faith healer. Religion, in its growing complexity, will be on the map of Eastern Europe for the foreseeable future. Todor Zhivkov's daughter in Bulgaria became a Theosophist before she died and Transcendental Meditation is reportedly practised in high places in Romania.

Alexander Solzhenitsyn said in his recent television interview:

"It looks as if the shadow of communism is covering the earth more and more deeply. I would compare this with an eclipse of the sun. But with an eclipse of the sun a small portion of the earth is darkened, whereas with communism it is half the earth which is in darkness, perhaps even three quarters. But because communism

has already shown its weakness, its inability to destroy Christianity, for this reason we may hope that the shadow will gradually pass across and clear the earth; and will perhaps clear precisely those countries which have been in the deepest shadow until now."

This is a prophecy of the collapse of the Soviet system from within, with religion playing a decisive role. Could the continuing intensity of the Soviet anti-religious campaign be a reflection of precisely that same fear?



The London School of Economics & Political Science
Houghton Street, London WC2A 2AE

Telephone: 01-405 7686

Telegrams: Poleconics, London

Telex: 24655 BLPES G

With the compliments of George Schöpflin

To be added to the package for Mr Michael Kaser,
which is to be taken by car, to Oxford, on the
28 August.

1. The Soviet Union gains a number of what it perceives as benefits both from its control over Eastern Europe as such and from the particularly strict methods of control and standards of conformity demanded. In ideology, the maintenance of Marxist-Leninist (Soviet type) systems underpins Soviet claims for Marxism-Leninism to be a world system, especially in its Soviet form. In politics, there is a sense of prestige and satisfaction from ruling directly or semi-directly over a large tract of what in Soviet eyes is 'the West' or at any rate Europe. Both these serve to legitimate Soviet rule in the eyes of the Soviet population for which the existence of a belt of client states in Eastern Europe is a source of emotional satisfaction. To this may be added the 'blood price' factor, ie. that the Soviet Union 'paid in blood' to liberate these areas in World War II and will, therefore, never abandon them to 'fascism' or 'imperialism'. In defence, the existence of a defensive glacis has an analogous function. In economics, regardless of whether Eastern Europe constitutes a burden or not, it is part of a world economic sub-system with its centre in Moscow. In a word, the Soviet Union maintains an empire and is content to do so. The economic cost of Eastern Europe to the Soviet Union according to recent estimates is relatively low, having peaked at \$20.4 billion in / ^{1981,} which is hardly a high price to pay for the perceived political benefits. For all these reasons, the Soviet Union is unlikely to accede to (unofficial) East European demands for the Finlandisation of Eastern Europe.

2. Tension between East European political aspirations and the externally imposed Soviet-type system in conflict with inherited identities is at the centre of the East

European dilemma. Attempts to resolve the tension have been rebuffed by the Soviet Union (Hungary 1956, Czechoslovakia 1968, Poland 1980-81). Hence in the 1980s, Eastern Europe faces a pressing need for thoroughgoing political reform in the direction of providing for popular participation in the political process. The most the Soviet Union is prepared to countenance is economic reform tending to promote rule where leaderships sought to rely on technocratic efficiency by technocratic elements (whose record is spotty, viz. Poland and Roumania). In any case, there is a pivotal distinction to be made between reform (making the system perform better within its own framework) and democratisation (transforming the system by providing for much greater popular control) completely. Eastern Europe is at a stage where it would benefit in respect of political efficiency and cohesiveness from democratisation; it is unlikely to achieve this.

3. This has important consequences for legitimation and for the nature of the ruling ideology. East European régimes remain weak because they have been unable to create either a set of political institutions or a set of political ideas to correspond to popular aspirations. Marxism-Leninism has degenerated into vapid formulae and has become quite inappropriate for the expression of new ideas. Nationalism, which in any case undermines the coherency of Marxism-Leninism, is only partly usable because régime and popular perceptions of national aspirations and ambitions differ, above all regarding the Soviet Union. This leaves only the propagation of the technocratic idea, that the party is justified in holding monopoly power because it is best fitted and most successful in doing so. This proposition is undermined by everyday experience.

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5. Thus the outlook for Eastern Europe as a whole in the 1980s is one of little change. There can be no real political change, so that there may be repeated expressions of discontent, but seldom enough to produce major upsets. There will be friction, weakness, restiveness, dissatisfaction and in all likelihood a greater use of repression if unrest increases, but no collapse. As far as the Soviet Union is concerned, it appears quite prepared to pay the relatively small price that this involves.

6. It should be noted that over the years, the Soviet handling of Eastern Europe has shown greater skill. The crude violence of the 1950s (GDR 1953, Hungary 1956) has been replaced by more subtle methods. These currently include control via the Warsaw Pact and Comecon. There is already a suggestion among Western analysts that top level military officers in Eastern Europe feel more of a loyalty to the Pact and the Soviet Union than they do to their own countries. Also noteworthy is the increased attention paid to coordination among Warsaw Pact Ministries of Interior, a trend which has intensified since Andropov's accession.

7. Specific trouble spots for the Soviet Union in Eastern Europe include the following:

- (i) Roumania, whose 'independent' foreign policy was never more than an irritant to Moscow, is now in the midst of a major crisis. This has evidently reduced Roumania's capacity for independence, such as it was, even farther. This has not prevented the Soviet Union from stepping up pressure on Roumania since Andropov's accession - there is some evidence of personal tension between Andropov and Ceauşescu. The Soviet Union, it can be assumed, will look with favour on a transition from Ceauşescu to a more congenial type of régime in Roumania, but would like to achieve this with a minimum of disturbance. Any collapse of the Ceauşescu régime would entail direct or almost direct Soviet action in Roumania, something which might even be welcomed by sections of the Roumanian population (depending on the circumstances of Ceauşescu's going).
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ment. However, all three are likely to undergo succession crises over the next few years. The rather slow economic growth in Czechoslovakia and the GDR is not being met by any real economic reform. Bulgaria, which has always enjoyed a very special relationship with the Soviet Union, has turned in a better economic performance.

(c) Poland remains a continuing source of difficulty, in as much as the Jaruzelski leadership has manifestly failed to 'normalise' the country to Soviet satisfaction. The Pope's visit demonstrated where the sympathies of the Polish population lie and it may well be, that to have allowed the visit to take place is viewed ^{by many} in Moscow as constituting an error serious enough to raise a question mark over Jaruzelski's future. Above all, the Jaruzelski régime appears to have no persuasive conception of the shape of Poland's future and has not been able to put forward any proposal which might create sufficient common ground between rulers and ruled for a minimum of stability. On the other hand, the situation in Poland under Jaruzelski is far more favourable from the Soviet point of view than any of the alternatives. Given Moscow's general reluctance to innovate, the chances are that the leadership will opt to live with the existing semi-satisfactory state of affairs until a major crisis necessitates closer control.

(d) Hungary still appears to be a bright spot, despite some evidence of political decay, four years of zero growth and virtual bankruptcy in 1982. Under Kádár, the Hungarian party has some latitude in the running of the economy and agriculture. The current discussion on political reform is the first officially sponsored debate on the future shape of politics in any Warsaw Pact country since Czechoslovakia 1968. Whether any of the proposals will be implemented in a real (as distinct from a cosmetic) fashion is still open, but evidently there is a strong section within the party that would like to make a break with the patterns established in the 1960s and 1970s. The Soviet Union has watched Hungarian developments with apparent interest and some illusions (see par.9) and could well be using Hungary as a test bed for new ideas.

(e) Three years after Tito's death, Yugoslavia has entered an era of unprecedented political and economic disarray. Neither political nor economic institutions seem capable of coping and reform in both spheres is now under serious consideration, albeit it always difficult to separate the rhetoric of change from reality in Yugoslavia.

In Soviet eyes, Yugoslavia has always belonged rightfully to the Soviet sphere of power and the Soviet Union has never abandoned its long term aim of reincorporating it (viz. Soviet machinations in the 1970s; very close economic ties with the less developed republics). However, since 1979 the Soviet Union has been preoccupied with other problems (Afghanistan, Poland, U.S. etc.) and this has allowed the Yugoslavs a relatively easy ride. They should not assume that this will last for ever. It is also assumed that the West has an interest in keeping the Soviet Union at least out of the Adriatic and overall in preventing Soviet control of Yugoslavia; it is extremely uncertain whether the Soviet Union recognises this Western interest or not.

8. There is a great deal to bear out the suggestion that the day-to-day Soviet objective in Eastern Europe is stability. In periods of direct challenge to the Soviet norm (Czechoslovakia 1968, Hungary 1956, Poland 1980-81), however, the overriding Soviet aim becomes the restoration of 'normality'. In practice, this tends to mean (eg. Gierak in Poland in the late 1970s) - and was particularly so in the late Brezhnev years - that East Europeans are left alone to run their own affairs within the broad constraints of 'stability' and 'normality'. It is perhaps too early to judge how Andropov differs from his predecessor, but there is more than a hint to suggest that he favours a stricter interpretation of 'normality' and greater discipline; if he proves to favour 'normality' this may impose costs on stability. At the same time, the Soviet system suffers from problems of bureaucratic overload, lethargy, inertia and overlapping, so that efforts to effect changes in Eastern Europe outside periods of crisis may well run into the sand.

As against all this, ~~the~~ the very long term Soviet aim is the eventual (50-100 years ?) Sovietisation of Eastern Europe, ie. the entrenching of Soviet Russian values in Eastern Europe and the extirpation of local values. Ideological and educational integration with Soviet institutions and practices has already been pursued for about ^a decade, albeit with very marginal results to date.

9. A great deal has been written recently on the diffusion of ideas from Eastern Europe to the Soviet Union. Hungarian agriculture has been a popular candidate in this respect. Transfers of political and economic technologies from Eastern Europe have their proponents in the Soviet Union as well. This proposition deserves stricter scrutiny than it has had. On closer examination, it is hard to see how the institutions and ideas developed in one East European country can be readily transferred to the Soviet Union, given that they are anchored in the inherited traditions and patterns of that country. Thus Hungarian agriculture is successful not merely because of the relative autonomy of collectives and the role of the private plot, but also because of the particular skills of the Hungarian peasantry, the existence of an influential agrarian lobby and the existence of an intellectual current (the populists) ready to do battle for the peasantry. None of these is strong in the Soviet Union, so that the likelihood is that greater emphasis on the private plot will be sabotaged by those whose bureaucratic interests are threatened by greater peasant autonomy. In general, the belief that the 'advanced' ideas and methods of the West can be taken over wholesale has a long history in Russia, but it has been successful only in a few spheres, like military technology, for which there are very special reasons. This suggests that any innovation in the system that the Hungarians or anyone else in Eastern Europe can come up with will have only a limited impact on the Soviet Union. □

Similar letters sent to

Mr. A.H. Brown

Professor A. Nove

Rev. Michael Bourdeaux

Dr. Alex Pravda

Mr. C.N. Donnelly

Mr. Schöp Flin → 191 Andrewes House, Barbican, EC2

Dr. Ronald Amman



10 DOWNING STREET

25 August 1983

From the Private Secretary

The Prime Minister is delighted that you are able to take part in her meeting at Chequers on 8 September and I am writing to let you know the domestic arrangements which we are making for the event.

Rooms have been booked at the Spread Eagle Hotel, Thame, for the night of Wednesday, 7 September. Thame is 15-20 minutes' drive from Chequers. It would be helpful if you could let us know if you require dinner.

If you are driving to the hotel take Exit 7 off the M40 to Thame and then the A 329.

If you are travelling by rail, the nearest station to Thame is Wendover and there are trains about every half an hour from Marylebone. The journey takes 45 minutes. Arrangements could be made to meet your particular train.

On the morning of 8 September, breakfast is served at the hotel from 7.00 a.m. Cars would collect you at 8.25 a.m. to drive you to Chequers for the meeting at 8.50 a.m. After lunch, cars could take you either back to the Hotel or to Wendover Station. For your information the Chequers telephone number is Wendover 625192.

Requests for reimbursement of travel expenses (cars at 25.8p a mile) should be sent to:

Mr. L.J. Attfield,
Finance Officer,
Management and Personnel Office
Cabinet Office,
70 Whitehall,
SW1

I attach an admit card for Chequers.

These arrangements have been made on the assumption that you will need accommodation on the night of 7 September. If you do not need such accommodation or if you have any other queries about the domestic arrangements, perhaps you could contact Sue Goodchild on 01-930 4433.

Mr. Michael Kaser

PRIME MINISTER

Foreign Affairs Meetings

cc Mr Butler
Mr Coles
Sir A. Parsons

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

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

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

24 August 1983

T. FLEWHER



Foreign and Commonwealth Office

London SW1A 2AH

23 August 1983

Dear Tim,

Foreign Affairs and Defence Strategy

Thank you for your letter of 28 July.

I enclose four sets of the up-dated versions of the discussion papers on foreign affairs and defence which have been prepared for the Prime Minister's strategy meetings on 8 and 9 September. Only minor revisions have been necessary, although I would draw your attention to the additional covering paper which has been prepared for the arms control discussion entitled 'The Strategic Agenda'. The paper on the European Community is included with these papers although as you know the discussion will not now take place until 15 September.

Sir Geoffrey Howe intends to give further consideration to the papers on his return to the office and may then wish to minute to the Prime Minister about them. He may also wish to put forward suggestions about the form the discussion at Chequers might take.

I am sending a copy of this letter and its enclosures to Richard Mottram (Ministry of Defence) and to Richard Hatfield (Cabinet Office). I am arranging for copies of papers to be sent to other official participants in the strategy meetings as appropriate.

Yours ever
J E Holmes
(J E Holmes)
Private Secretary

T Flesher Esq
10 Downing Street

CF
Sube
SQ
For. Pol.



10 DOWNING STREET

From the Private Secretary

11 August 1983

I have been asked by the Prime Minister to enquire whether you would be willing to join a small group of academic experts at Chequers on Thursday, 8 September to discuss with her questions relating to the Soviet Union and Eastern Europe.

We propose that the group should assemble at Chequers at 8.50 a.m. on that day. The discussion would take up the whole morning and continue over lunch, the proceedings ending at about 2.15 p.m.

Since Chequers is not altogether easy to reach by public transport we would propose to arrange overnight accommodation at a nearby hotel on the night of 7/8 September for those participants who so wish. All accommodation and travel expenses will of course be reimbursed.

Mr. Michael Kaser of St. Antony's College, Oxford, has kindly undertaken to prepare the discussion by indicating to participants the questions which we hope to cover and suggesting who might lead on each. Each participant will be asked to contribute a short paper.

The Prime Minister would much appreciate it if you were able to take part. It would be helpful to know in the next few days whether you can do so. If you prefer to telephone your reply, I can be reached on (01) 930-4433.

Further details about the meeting would follow in due course.

This letter is marked "Private and Confidential" because we should prefer knowledge of the meeting to be confined to the participants themselves.

TF

Dr. Ronald Amman

Director, Centre for Russian & East European Studies,
Univ. of Birmingham, Edgbaston Park Rd, P.O. Box 363,
Birmingham B15 2TT



10 DOWNING STREET

TIM

Chequers Seminar

Dr. Amman will be back in the office on Monday, 15 August (telephone no. 021 472 1301).

He has not received a letter about the Seminar so I attach one for your signature).

Sue

10 August 1983



11

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's Private Office

SECRET

John Coles Esq
Private Secretary
10 Downing Street
London
SW1

5 August 1983

Dear John

Replied
by phone
11/8

FOREIGN AFFAIRS AND DEFENCE: STRATEGY

I understand that there are difficulties about increasing the number of participants in the various sessions detailed in the Annex to your letter of 22 July to Brian Fall. I am sure that Mr Jopling understands this and sees the point of keeping the numbers as small as possible. Nevertheless, he notes that officials from other Departments have been invited and very much wishes to be accompanied by Sir Michael Franklin and to have the benefit of his advice and experience for the discussions about the CAP. Mr Jopling would therefore be grateful if you could seek the Prime Minister's consent for Sir Michael's participation.

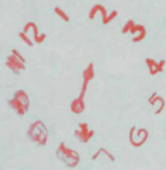
I am sending a copy of this letter to Brian Fall.

Yours sincerely

Robert Lawson

R LOWSON
Private Secretary

5 AUG 1983



NOTE FOR THE FILE

Chequers Meeting: 8/9 September

I have taken copies of the following:

ACJ's minutes of 26 and 28 July to TJF

ACJ's letter to Brian Fall of 22 July
with enclosures

Copy of AJC's letter to academics
(Reverend Bourdeaux dated 28 July)

I should be grateful if CF could keep me informed of any changes to the lists (enclosure to AJC's Letter of 22 July) and also the list of academics (ACJ's minute of 28 July).

Sue Goodchild

2 August 1983

TIM

Chequers Meeting:
8/9 September

I see that Hugh Thomas is
to included. Should he
be offered overnight accommodation
at a hotel. If so that brings
the numbers to a possible 9.

Sue

2 August 1983

UNIVERSITY OF GLASGOW



CENTRE FOR DEVELOPMENT STUDIES

25
ADAM SMITH BUILDING
GLASGOW G12 8RT
TEL: 041-339 8855
EXTENSION:

55 Hamilton Drive
Glasgow G12 8DP

2nd August, 1983.

The Private Secretary,
10, Downing Street,
London.

Dear Mr. Coles,

This is just to confirm in writing my telephone call of last week concerning the meeting of academic experts at Chequers on Thursday, 8th September. I look forward very much to attending. In case there is any need to communicate, I will be at this address until August 13th, and then until the beginning of September my address will be: Craigharroch, Arinagour, Isle of Coll, Argyll.

Yours sincerely,



Keston College

Registered Office:

Heathfield Road, Keston, Kent BR2 6BA

Telephone 0689 50116 } Exchange:
From London 66 50116 } Farnborough Kent
Telex KESCOL 897684

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Executive Director Dr Philip Walters, MA, PhD
Secretary Donald Sly, BA

August 1 1983

A.J Coles, Esq.
10 Downing Street
LONDON
SW1



Dear Mr Coles,

Thank you very much for your telephone call last week and for your letter confirming the details of the meeting on 8 September.

As I said in our conversation, I shall be delighted to attend and thank you very much for including me on the list of participants. I would very much like to take advantage of the hotel accommodation you have offered for the previous night, especially as I shall probably be returning from Switzerland the previous day and it may be therefore convenient to come straight from the airport.

I shall look forward to hearing from Mr Michael Kaser about the details of the programme and shall be happy to undertake some preparation according to what he requests.

Yours sincerely,

Reverend Michael Bourdeaux

Foreign Pol.
Strategy
Foreign Pol. Apr 83
or

12 AUG 1983

11 12 1 2 3 4 5 6 7 8 9 10 11 12 P.M.



10

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's
Private Office

SECRET

John Coles Esq
Private Secretary
10 Downing Street
London SW1

29 July 1983

Dear John
Tim
Mr Franklin is with Mr Jopling
did John say
anything about this
to you W/L
29/7

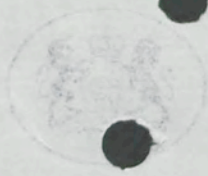
You sent me a copy of your letter of 22 July to Brian Fall about participation in the meeting at Chequers on 8 and 9 September. Mr Jopling is very much looking forward to the opportunity of attending the session at 1600 hours on 9 September. He would like to be accompanied by Sir Michael Franklin and I hope that this will cause no difficulties.

I am sending a copy of this letter to Brian Fall.

Yours sincerely
Robert Lawson

R LOWSON
Private Secretary

Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2NH



299 JUL 1983
RECEIVED
MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE
LONDON SW1A 2NH

MR. FLESHER

CHEQUERS: MEETING WITH ACADEMIC EXPERTS ON

8 SEPTEMBER

The latest position is that I have firm acceptances from:-

Mr. Michael ~~C~~aser : St. Antony's College, Oxford
Mr. A.H. Brown : St. Antony's College, Oxford
Professor A. Nove : University of Glasgow
Rev Michael Bourdeaux : Keston College
Dr. Alec Pravda : University of Reading
Mr. C. Donnelly : R.M.A. Sandhurst

Hugh Thomas also wishes to come and should be included in the revised list of participants which you will wish to issue when it is final. He will not contribute a paper.

I have not been able to contact Mr. Schöp["] Flin who is away in France for the next three weeks. Since I have sent him a letter of invitation I do not think I can invite a substitute. Could you try to contact him in three weeks time. His home telephone number is 01-628-5230. He works at the School of Slavonic and Eastern European Studies, University of London. He will not of course be able to contribute a paper by 20 August. But one late paper will not matter.

Similarly I have not yet been able to contact Dr. Ron Amman of Birmingham University (021-472-1301) whom Michael Caser recommended as a replacement for Philip Hanson. He is abroad until 14 August. Could you also contact him (he has not received a letter of invitation).

/One point

One point I did not mention in my earlier minute is that Michael Caser should be asked in due course to let us have a list of the topics to be covered and his suggestions as to the order in which we should consider them. It will suffice if these are available when he lets us have the various academic papers. I am sure he has this in mind but you may like to check when you next speak to him.

Mr. Caser is aware of all the above except the immediately preceding paragraph.

A. J. C.

28 July, 1983



File
MS
9

10 DOWNING STREET

From the Private Secretary

28 July, 1983

FOREIGN AFFAIRS AND DEFENCE STRATEGY

Thank you for your letter of 25 July enclosing drafts of the discussion papers for the Prime Minister's strategy meetings on 8 and 9 September.

The Prime Minister has not been able to study the papers in detail at this stage but has asked me to say that she is most grateful for all the work that has been done and that she would like the papers to be updated as necessary and then be available for her to read in final form by 24 August. (I hope that this deadline will not cause difficulty - the Prime Minister particularly wants to have the opportunity to read the papers before she goes to Scotland at the end of the month).

I should be grateful if four sets of papers could reach No.10 by that date and if you could also circulate copies as appropriate to the other official participants in the strategy meetings.

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

E. J. COLES

B. Fall, Esq.,
Foreign and Commonwealth Office



10 DOWNING STREET

Prime Minister

You asked to see this paper by
Richard Alexander again.

I have thanked him
on your behalf.

Could I just remind you
that he would rather the F./C.O.
did not know that he has
sent this paper to you direct.

A. J. C. $\frac{27}{7}$

030

file



10 DOWNING STREET

From the Private Secretary

27 July 1983

I have been asked by the Prime Minister to enquire whether you would be willing to join a small group of academic experts at Chequers on Thursday 8 September to discuss with her questions relating to the Soviet Union and Eastern Europe.

We propose that the group should assemble at Chequers at 8.50 a.m. on that day. The discussion would take up the whole morning and continue over lunch, the proceedings ending at about 2.15 p.m.

Since Chequers is not altogether easy to reach by public transport we would propose to arrange overnight accommodation at a nearby hotel on the night of 7/8 September for those participants who so wish. All accommodation and travel expenses will of course be reimbursed.

Mr. Michael Kaser of St. Antony's College, Oxford, has kindly undertaken to prepare the discussion by indicating to participants the questions which we hope to cover and suggesting who might lead on each. Each participant will be asked to contribute a short paper.

The Prime Minister would much appreciate it if you were able to take part. It would be helpful to know in the next few days whether you can do so. If you prefer to telephone your reply, I can be reached on (01) 930-4433.

Further details about the meeting would follow in due course.

This letter is marked "Private and Confidential" because we should prefer knowledge of the meeting to be confined to the participants themselves.

A. J. COLES

The Reverend M. A. Bourdeaux.

MR. FLESHER

Strategy Meetings: Chequers

Could you kindly keep an eye on these during my leave.

I attach a copy of my letter of 22 July to Brian Fall.

Meeting with academic experts

In consultation with Mr. Michael Kaser (St. Antony's College, Oxford, tel. 59651 or 55581) I have invited seven other academic experts to attend. Acceptances and refusals are coming in. We need a total of 8, including Kaser, and if we have not reached it by the time I go on leave you could agree with him any substitutes and send them letters of invitation on the lines of those I have already sent out.

Mr. Kaser is organising the academic content of the meeting i.e. suggesting topics to the participants, commissioning 5 page papers etc. I have asked him to let us have the papers by 20 August. We should then distribute copies to all participants, including those from Whitehall. The Prime Minister should have copies to read in Scotland.

Each participant should also be sent a note as soon as possible in August about the administrative arrangements which are our responsibility. I attach a minute by Kay Dover which is relevant.

We should book rooms soon at a suitable hotel near Chequers for all the academic experts for the night of 7/8 September. We should either indicate how they may reach the hotel by public transport or provide cars to take them there from London. Cars should be available for them on the morning of 8 September to bring them to Chequers from the hotel - and after lunch to take them to London or wherever else, within reason, that they wish to go.

I have so far told Chequers nothing about the arrangements. Could you do so? My letter to Brian Fall shows who will be present for the 2 lunches. Robin and I will stay at Chequers on the night of 8/9 September. I may go there for the night of 7/8 September.

Other meetings

See the annex to my letter. I expect others will make bids for participation. The Prime Minister has strong views. Please try to stick to my list.

The FCO are preparing papers for the internal meetings. They of course should not be distributed to the academics. Again the Prime Minister should have copies to take to Scotland.

N.B. The press must not get to hear of these meetings.

A.S.C.

26 July 1983

PRIME MINISTER

Foreign Affairs Strategy Sessions: Chequers

The arrangements for the meeting with academic experts are going ahead. We are having certain problems owing to university holidays but the aim is to get to you a set of short papers by the academics on East/West Relations to take with you to Scotland at the end of August.

As you know, I have also commissioned a number of papers from the FCO to form the basis for our policy discussion on East/West Relations and other subjects. I attach first drafts of these. They will be updated and made available to you to take to Scotland.

Please do not bother to read these in full now. But I should just like to be sure that you are broadly content with the papers as a basis for discussion.

The first (Flag A) is a general paper on foreign policy. I believe that a brief discussion of this will be an essential preliminary to our discussion of East/West Relations - because what we can do about the latter must to some extent depend on the whole range of our objectives and commitments. I think it is a good clear statement of the problems and priorities ahead.

The second is a substantial paper on East/West Relations. It consists of a summary of conclusions (Flag B), a lengthy analysis and an action programme (Flag C). I think this is a good basis for a discussion leading to a practical plan of action.

The other papers are:

- (Flag D).
- (a) Arms Control and Disarmament/ This will need further work before September, especially on the relationship of our strategic deterrent to future arms talks.

/(b) The Middle East.

- (b) The Middle East (Flag E). The paper distinguishes between a minimum action programme to avoid damaging our interests and a greater level of activity aimed at filling the gap during the US election period.

- (c) The European Community (Flag F) - a survey of all our main activities ending with a suggested statement of objectives for the next five years.

I know that a lot of work has been done on these papers and that the Foreign Secretary has taken much trouble with them himself.

May I say that you are grateful for the work done, that you think these papers will provide a useful basis for discussion and that you would like them to be updated and made available by the end of August?

A.S.C.

26 July, 1983



Foreign and Commonwealth Office

London SW1A 2AH

25 July 1983

Don't know

Reply sent.

*NOV 28.
7*

h-a.

Foreign Affairs and Defence Strategy

I enclose discussion papers on foreign affairs and defence in preparation for the Prime Minister's strategy meetings on 8 and 9 September. The subjects covered in the papers follow the outline in your letter of 27 June. Some of the papers will inevitably have to be up-dated before the meetings. It may be better, therefore, to treat them as drafts at this stage.

This is particularly true of the paper on arms control and disarmament. There is a lot of work in progress on this at the moment, and we are not yet in a position to give a clear answer to the questions you raise in your letter of 27 June, for example on our strategic deterrent. We shall, however, be in a position to do so by the time of the Chequers meeting, after Sir Geoffrey Howe, Mr Heseltine and the Chiefs of Staff have been consulted.

The paper on East/West relations looks at both Soviet internal and external policies. It focusses inter alia on the extent to which the West can expect to achieve a degree of detachment of the East European countries from the USSR (an objective which the Russians are keen to pursue the other way round, e.g. with the Nordic countries and with France). In our case the major constraint is the obvious one - the need to avoid forcing the pace to an extent which would provoke a Soviet clamp down and thus set the process back.

I am sending a copy of this letter and its enclosure to Richard Mottram (MOD) and Richard Hatfield (Cabinet Office).

Don't know
J.P.

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

FOREIGN POLICY: BRITAIN'S GLOBAL INTERESTS AND
PRIORITIES

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

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

Joint Tasks

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

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

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

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

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

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Black Africa. In this context the first objective is probably to achieve a settlement in Namibia.

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

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

9. In the international economic field, the agenda is laid out in the Williamsburg Declaration: sustainable non-inflationary growth, the fight against protectionism and management of the world debt problem. Greater exchange rate stability, based upon closer convergence of economic policies, is an important part of this agenda. The task for 1983/4 is to carry forward the work forshadowed in the Annex on "Strengthening Economic Cooperation for Growth and Stability" and by this and other means to make a success of the London Summit as a major step in the

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right direction. A special problem whose solution must already be overdue is the Japanese trade surplus and Japan's foreign trading methods. We want the Japanese to maximise their contribution to the strength of the West while minimising their disruptive effect upon the world economy.

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

National Tasks

11. The problems under this heading are legacies from our imperial past. They are issues which are not central to our national security and prosperity but in which the UK has a determining influence and responsibility. We should look for ways of reducing the share of resources and Ministerial attention which they now claim. The ideal would be a reduced range of commitments combined with a better capability to meet them, ie a better match between contemporary British responsibilities and contemporary British power.

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CONFIDENTIAL

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

13. Gibraltar is a problem requiring "treatment" rather than solution, given the incompatible starting positions of the parties. Such a treatment must respect the British commitment to Gibraltar, but not obstruct the process of Spanish entry into the Western democratic system in the shape of the European Community and the integrated military structure of the North Atlantic Alliance. The crucial period will be from now until whenever the Spanish referendum is held on membership of NATO, probably in 1985: this may coincide with the process of ratification of Spain's treaty of accession to the Community if the present timetable is adhered to. A further task is to try to convert Gibraltar from a garrison town into something closer to economic viability.

CONFIDENTIAL

CONFIDENTIAL

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

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

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

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

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

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

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

Four more general considerations

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

19. Resources. These include wide respect for our confident democratic tradition and our culture (as well as the means of promoting these things), a substantial aid programme directed mainly at the poorest, a world-wide diplomatic and intelligence capability, as well as economic and military resources. For many years Britain's total financial resources have shown a

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relative decline, although she has continued to discharge roughly the same international tasks. Excluding Europe - which (together with Lomé) has to be separately considered - the total resources devoted to our overseas activities (including defence) have nevertheless increased since May 1979 by about 12 per cent. Within this total, important changes in the distribution of resources have, however, taken place. For example on the one hand spending on defence (in 1983 prices) has risen by some £2.3 billion (17.2%) since 1979, while on the other hand aid expenditure has fallen by some £200 million (15.4%) in this period. Since the resources available for activity abroad are necessarily limited, we need to consider how far the pattern of development is right for the future. The political and economic value of effective diplomatic representation, the BBC external services and the British Council, as well as a well directed aid programme, can be important. For Britain, as for most, if not all, of our competitors, the 1980s are likely to be a decade in which it may be necessary to shed or trim certain activities rather than trying to do everything with declining effectiveness. But shedding some activities will carry a disproportionate penalty in lost opportunities. We need to be sure that we choose wisely.

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

21. Scarcely less important, at least in the Community context, are Britain's relations with European partners and allies, especially Germany and France. It will not always be easy to reconcile these with our relations with the US. We also have a running machine of good relations with at least three-quarters of the independent states of the world, nearly half of them members of the Commonwealth. The ideal is to maintain in every capital of significance the kind of professional and personal links which can be activated at any time, as during the Falklands crisis, in support of British interests. This is one of the benefits of

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the Commonwealth which we can foster at periodic CHOGMs. This consideration clearly has to be reconciled with the other needs and resources considered in paragraph 19 above.

22. Public Opinion. During the election campaign, the shift in public attitudes on defence and the European Community showed how far and fast opinion could be led by arguments supported with facts. There is a permanent lesson here. During the next few years the Government will continue to be vulnerable both on these two themes and on others, not least the three major post-imperial issues (paragraphs 11-13 above). There is a case for taking more of a lead to ensure that Parliament and the public understand better what the British Government is doing in the world and why. This will require a different approach and some different techniques from those hitherto regarded as customary.

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EAST/WEST RELATIONS

Summary of Conclusions1. General

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



opportunities for influence. But in both cases the process of change will be long term.

2. Military

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

3. Economic

Western Policy should be guided by the following principles:-



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



4. Political

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



- (e) Exchanges of all sorts, particularly those which allow young people to work and study in the Soviet Union and enable Soviet students to visit Western countries are useful in giving a better idea of conditions either side of the divide. Exhibitions and cultural exchanges also serve this purpose.

- (f) At a political level, regular meetings of senior ministers serve the double purpose of exposing the limited number of decision makers in the Soviet leadership to Western views and criticism. They also enable Western leaders to assess at first hand the intentions of the Soviet leadership. In domestic terms in the West it should be possible to explain that such meetings do not mean acquiescence in Soviet views;

- (g) Coordination of views and policies on the Western side are important. Policies must be pursued consistently over a long term. Soviet leaders have shown themselves to be impressed by the degree of unity the West has been able to display;

- (h) The Russians accept tough negotiating tactics and understand direct criticisms. They are, however,



bitterly resentful of disparagement, or abuse.

5. Eastern Europe

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

- (a) The West cannot hope to achieve any substantial detachment of the Eastern Europeans from their alliance with the Soviet Union in the near future. Rapid moves in this direction would be certain to provoke a Soviet clamp down and set the whole process back some years. But evolutionary gains have been maintained, and it is in the West's interests to assist these;
- (b) A strong and active policy towards Eastern Europe in the field of information and contacts will help them to maintain their awareness of developments in the West;
- (c) Each of the countries in Eastern Europe has a different^t~~e~~ history and traditions, and was at a different stage of development when the Soviet system was imposed at the end of the last War. Each country should be treated individually and



those tendencies which are away from the Soviet model, whether economic (Hungary) or external relations (Romania) should be encouraged;

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

6. The Third World

- (a) Soviet policy in the Third World has been pragmatic with a keen eye on the financial and political costs;
- (b) The Russians are facing increasing problems in responding to developing countries' real needs. Even where Soviet/Cuban influence has been established (Angola, Mozambique, Ethiopia) countries are increasingly turning to the West for assistance. We should take advantage of this;



- (c) Western policy should be aimed at resolving the underlying problems of a region, and not focus exclusively on eliminating Soviet/Cuban intervention;
- (d) So far as potential future Third World problems are concerned, measures which would build up resistance to the Soviet Union would be:-
- (i) to give practical help, including aid to developing countries which are vulnerable to Soviet pressure. (EC Member States provide nearly half of all OECD aid.)
 - (ii) to encourage the creation and strengthening of independent moderate regional alliances such as ASEAN while avoiding encouraging the creation of alliances which are solely dependent on Western backing and thus likely to fail;
 - (iii) to encourage influential moderates in the Non-Aligned Movement and to continue the recent tendency away from the Cuban concept (advanced during their



chairmanship of the movement) that the NAM have a natural ally in the Soviet Union;

- (iv) to work on a multilateral basis through the appropriate international organisations (eg the IMF, the World Bank, GATT and the UN system), to promote Third World economic development and a sense of partnership and interdependence between the Western industrialised and the developing countries.
- (v) to expose the hollowness of Soviet claims to provide either the political answers for developing countries or the practical assistance they need for their development.

7. China

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



8. Present and Future Perspectives

- (a) The next few months will be dominated by the Soviet reaction to INF. The Soviet Union will be suspicious and prone to over react to anything that looks like a provocation or an attempt to take advantage of Soviet weakness;
- (b) In the longer term, the West is faced by the task of managing a powerful military Empire in decline. Cool nerves and consistent policies will be required.



EAST/WEST RELATIONS

Introduction

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

2. The Soviet leaders combine a determination that their country should play the international role appropriate to a super power with a public commitment to the ultimate triumph worldwide of the Soviet brand of communism. The pursuit of national ambition and the spread of communism are closely linked in the minds of Soviet leaders: both provide incentives for advancing Soviet interests and seeking to alter the global



"correlation of forces" between East and West in favour of the Soviet Union. Both aims are, however, pursued with a realistic assessment of the resources available and the risks involved.

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



4. The following paper argues that the time is ripe to move to a more active and less reactive policy, respecting the realities as postwar experience has shown them to be (especially the relatively limited levers at the West's disposal to influence the Soviet Union) but adopting as a conscious goal "the gradual evolution of the Soviet system toward a more pluralistic political and economic system" (Shultz, 15 June 1983) and giving special attention to the possibilities in the smaller countries of Eastern Europe, and to the economic field where the superiority of the West is particularly glaring.

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

6. The first of these steps would be discussion of this whole subject with the United States at the highest levels.



General Relationship between the Soviet Union and the West

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

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



Military

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

10. As a general rule, at every level, strategic, nuclear, and conventional, the West should continue to confront the Soviet Union with the certainty that the Western Alliance will do whatever is necessary to maintain adequate defences. The Russians should be disabused of any impression that they can divide the West or undermine its resolve by appeals to public opinion.

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

12. Of the two main strategic negotiations now in progress, the prospects for agreement on INF look

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

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

Economic

14. There has continually been misunderstanding between the Western partners about the aims of economic exchanges with the Soviet Union and its Eastern European allies. Western economic potential for bringing about change in the Soviet Union and its allies has been much overestimated. Recent analysis, based on studies in



OECD, NATO and elsewhere has confirmed that the Soviet economy is broadly self-sufficient.

15. Trade with the West is small in both relative and absolute terms. The Soviet Union is principally of importance to the West as a source of raw materials, particularly hydrocarbons, and as a market for industrial and agricultural exports (mainly cereals). Western exports, although important to certain companies and industries, are overall only 1.5 per cent of total exports of NATO countries. Nationally with the exception of Iceland (6.2 per cent) and Turkey (4.2 per cent) no NATO country sells more than 2.2 per cent of its total exports to the Soviet Union (UK 1.3 per cent). The same pattern is repeated for imports (UK 0.8 per cent). Currently Soviet imports from the OECD represent about 2.5 per cent of Soviet GNP.

16. It has been claimed that the value to the Soviet Union of its trade with the West is much greater than the figures might imply. If Western technology makes a significant contribution to Soviet productivity, a complete ban on the transfer of Western technology would, it is argued, have a considerable impact on Soviet plans. But this is a field of dispute among the

experts. The nature of the free market system and the widespread availability of technology in the West and elsewhere make it impossible to organise a complete ban on the export of Western technology. The most authoritative calculation made so far (by Dr Philip Hanson of Birmingham University) indicates that Western technology contributed half a per cent annually to Soviet growth during the 1970s, when the Soviet economy was growing at 4 to 5 per cent a year.

17. Efforts in the West have therefore concentrated on refining COCOM rules on the export of militarily significant technology, and improving the effectiveness of the enforcement of these rules. There has also been agreement to tighten up on credit terms, and to keep imports of Soviet energy (especially Siberian gas) to proportions that do not create undue dependence.

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



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

20. The development of the Soviet economy is, however, profoundly unsatisfactory to the Soviet leadership. Its agriculture appears to have been permanently crippled by collectivisation. In 1982 the fourth harvest failure in a row necessitated the import of 40 million tons of grain. Its rate of growth has declined from about 6 per cent in the 1960s to 2 per cent in the first half of the 1980s. It could fall as low as 1.5 per cent a year for the second half of this decade. If this should happen, the strains caused by the waste and inefficiency of a centrally planned



system together with the burden of continuing to support an increase of about 4 per cent a year in real terms in defence expenditure, will increase. But even in those circumstances, priority will be given to meeting defence needs, and civilian hopes for a rising standard of living will be deferred. It is unlikely that whatever the West might do by way of restricting trade, would have more than a marginal effect in adding to the problems which have existed for some time. Nothing so far, during the Andropov period of office, has indicated a willingness to alter the fundamentals of the system. The accent has been on discipline and eliminating corruption to make the existing system work more effectively.

Political

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

22. In the developed countries, left wing parties rarely now look to the Soviet Union for political



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

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



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

25. That said, however, and notwithstanding the signs of internal dissatisfaction, (alcoholism, lower life expectancy etc) political change will come, if at all, only very slowly in the Soviet Union. The centralisation of power in the hands of the Communist Party goes with the grain of the country's history and social attitudes. Patriotism has always been a strong unifying force in crisis, particularly if the enemy is external. Finally the sheer size of the country (11



time zones), the difficulty of travel (internal passports) and of communications, (1 telephone to 10 people - UK 1 to 2 - and long delays on inter-city calls) enable the rulers to compartmentalise the country to a degree which is hard to imagine in the West.

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

27. But the cost of such a system is clear. Failure to evolve a way of handing on power or of renewing leadership, has resulted in one sick man succeeding another. With an average age of 67, the present



Politburo is as set in its ways and perceptions of the world as its predecessors. Andropov may have the intelligence to understand the problems but he has yet to demonstrate either that he wishes to, or that he is capable of pushing through the required measures.

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

Political Contacts

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

30. At the political level, the meetings of senior ministers or heads of government expose their Soviet interlocutors to the sort of direct questioning and criticism which their own system is designed to prevent. Khrushchev's and Brezhnev's visits to the West made a profound impression on them both. Andropov has yet to set foot in a free Western country.



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

32. The extent, timing and content of East/West political contacts should, however, be a matter of careful planning and coordination among Western countries. UK practice, announced in a Parliamentary Answer has, since the Soviet invasion of Afghanistan, been to avoid high level and Ministerial contacts except where these are deemed to be advantageous. In practice the last full visit at Head of Government level was in 1975 (Mr Wilson) and by Foreign Ministers, in 1977 (Dr Owen). Other post-Afghanistan measures have been progressively relaxed by our Allies, and it should be possible to resume limited contacts at a senior Ministerial level while at the same time not diminishing our criticism of Afghanistan. It should be made clear that such meetings do not indicate acquiescence in Soviet views or actions.



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

Information and Cultural Policies

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

35. Possibilities for getting information into the Soviet Union divide into two main categories: those



which are agreed with, and subject to control by, the Soviet authorities and those which are not.

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

37. The West has also used the commitments entered into by the Soviet Union and the Eastern Europeans under the CSCE Helsinki agreements as a means of putting pressure on the East to fulfil their obligations on information and human contacts. Pressure in all these fields should be maintained until the next review meeting in 1986. Differences between



Soviet and Eastern European practice can be accentuated by these means.

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

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

40. Annex A gives a technical account of the BBC's current effort in Eastern Europe and the Soviet Union and an assessment of possible technological developments in the information field.



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

Eastern Europe

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

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



understand that in their struggle they cannot look to the West for military assistance.

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

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

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



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

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

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



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

Poland

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



continue to put pressure on the Polish authorities to move towards a greater degree of economic and political reform. The Church will be an important force for helping change in the latter field.

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

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

52. In the financial field, after the shock of simultaneous Polish (\$27 billion) and Romanian (\$14 billion) rescheduling operations in 1981/82, the



financial risk is being reduced to a proportion which the individual countries can service. The Soviet Union is being discounted as the leader of the last resort.

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



54. Outside the economic field, the West should pursue an active and strong policy aimed at keeping the Eastern European countries aware of thinking and developments in the West. This is an easier task than for the Soviet Union. The GDR is almost completely accessible to West German television broadcasts. West German and Austrian television can also be received in parts of Czechoslovakia and Hungary. Although the Russians continue to jam Western Polish language broadcasts, they are not entirely successful. BBC broadcasts to Eastern Europe are not jammed, but some others (primarily American) are.

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

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



The Third World

57. Since the War the Soviet Union has been able to gain influence in a number of Third World countries either by claiming to be on their side in the struggle against colonialism or by supplying arms and advice to revolutionary parties in internal struggles. Soviet policy has been cautious, pragmatic and with a keen eye on the cost, both in terms of supporting their clients in the countries concerned, and also on the international costs in their relations with the developed countries, in particular the US.

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

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



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

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

62. Recent Soviet statements have indicated that they are aware of their economic weakness with regard to the Third World. At the Central Committee Plenum in June



Andropov stated that - "We render help to the extent of our possibilities to their [developing socialist countries] economic development as well. But, in the main, their economic development ... can be, of course, only the result of the work of their peoples and of a correct policy of their leadership."

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

64. Nevertheless in some circumstances we should also consider with our Allies situations where there may be a need for military intervention in support of Western oriented states under attack by Soviet surrogates. This is, however, an area where caution is necessary. It would be counter-productive for the West to become



identified in the minds of Third World leaders with the automatic defence or support of an illiberal regime against popular demand for change simply because the regime could claim to be anti-communist.

65. In conclusion, while it is likely that the Soviet Union will continue to exploit low cost opportunities for enlarging its sphere of influence and causing disruption as it is doing in Central America, the West should be able both to contain and over time reverse Soviet gains, if it pursues policies which take advantage of the West's strengths vis-a-vis the Soviet Union.

China

66. Western countries' relations with China as they have developed in recent years are distinct from the West's relations with the Soviet Union and Eastern Europe. The broad field of our relations with China falls outside the scope of this paper. Nevertheless the mutual suspicion and hostility which for some years has informed the Sino-Soviet relationship represents an element which the West should not disregard in its dealings with China. By developing closer links with



China, and fostering our identity of views on Soviet 'hegemonism' and expansionist policies, the West can help to reduce any risk of a substantive Sino-Soviet rapprochement and thus contribute to keeping the Soviet Union on the defensive. A consistent policy of seeking to resolve our outstanding problems with China (eg over Hong Kong and Taiwan) therefore is not only intrinsically desirable but should incidentally contribute to our purpose in East/West relations.

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



success of their central policy of economic modernisation. The West should build on this essential Chinese requirement so that China continues to see the balance of her interests as lying rather with us than with the Soviet Union.

Present and Future Perspectives

68. During the coming months the immediate challenge of INF will be fought out. The Russians must be very close to recognising that they are not going to be able to frustrate the deployment of new INF systems in Western Europe. They will continue to concentrate their efforts on the Germans, but if this fails they will turn to counter moves which will, however, present problems of management, presentation and timing. All this will take place at a time when Andropov is consolidating his position and preserving his health. In these circumstances, the Soviet Union will be deeply suspicious, and prone to over react to anything that looks like a provocation or an attempt to take advantage of Soviet weakness. Should they so choose, the Russians could cause the West considerably greater problems in Central America, Southern Africa, the



Middle East or finally in Europe (in Berlin and the inner German relationship), than they have so far.

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

DELAAA

BROADCASTING: THE CURRENT EFFORT,
AND POSSIBLE FUTURE DEVELOPMENTS

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

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

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

2. All these broadcasts are made on short wave, which carries further than medium wave. But at certain times of the day when conditions are technically favourable, broadcasts in Polish and German, and a few in Hungarian and Czech, are simultaneously made on medium wave, which is easier to receive and more resistant to jamming. The Russian service is broadcast to East Germany on medium wave for Russian troops stationed there, but reaches the Soviet Union only on short wave.

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

/Audiences

Audiences

4. Audience research in the Soviet Union and Eastern Europe is impossible, so there are no reliable audience figures. The BBC estimate that there are at least 50 million short wave receivers in the Soviet Union. Surveys based on interviews with travellers to the West (who may not be a typical sample) suggest that 5.2 per cent of adults in the Soviet Union are regular listeners to the BBC's Russian Service (Voice of America 12.1 per cent, Radio Liberty 6.2 per cent, Deutsche Welle 2.9 per cent). Similar surveys among travellers from Poland, where audiences for foreign radio are thought to be greatest in Eastern Europe, suggest that on an average day 11 per cent of the population listens to the BBC Polish Service (Radio Free Europe 42 per cent, Voice of America 12 per cent, Deutsche Welle/Deutschlandfunk 5 per cent). The Polish survey was conducted before the Soviet Union began to jam Western short wave transmissions to Poland in December 1981.

Audibility

5. Jamming is expensive and difficult. It requires extensive technical resources. A recent paper by the US State Department estimated the annual cost to the Soviet Union at between 100 and 300 million US dollars, and the capital cost of equipment used at 250 million dollars. And it is only moderately effective. Western transmissions can be made inaudible in population centres at certain times of the day; but at other times, generally including early evening, and in rural areas, they can usually be received. Broadcasters can do a certain amount to counteract the effects of jamming by using a variety of frequencies. This tests the loyalty of listeners, but it often makes listening possible. The frequencies of the Russian language service are advertised in the COI's quarterly Russian language magazine 'Anglia', which is distributed in the USSR.

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

more effectively (though it may stimulate the Russians to increase jamming).

Programme content

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

Future developments

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

New Technology

9. It is likely that for the foreseeable future short wave broadcasting, with some support on medium wave, will remain by far the most effective way of projecting the West to the peoples of the Soviet Union and Eastern Europe. Opportunities offered by new technology developments are very few. Satellite broadcasting of television programmes is now technically possible, but would require receiving equipment which is unlikely to become available to private individuals in the countries concerned, and which would in any case be impractical because it would need to be conspicuously sited making it very easy for the KGB to identify. Distribution of television programmes on video-cassettes would be possible if Western countries were willing to indulge in smuggling on the scale that would be required; but the number of video-cassette recorders in the Soviet Union is at present very small, and we do not expect it to grow fast. It is unlikely that this method would ever reach

CONFIDENTIAL

more than a very limited (though possibly influential)
audience, even if the political risks were judged acceptable.

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ACTION PROGRAMMESoviet Union

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

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

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

4 In the information field, our long term priority subject to the availability of resources, should be to increase the audibility of the BBC Russian language service. We should also actively pursue other ways of increasing the flow of information into the Soviet Union.

Eastern Europe

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

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

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

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

/Third

Third World

9 Full use should be made of the West's greater economic and political attractions for Third World countries. Openings created by those countries' desire for Western trade, aid and technology, should be exploited to contain, and where possible reverse, Soviet influence.

General

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

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

19 July 1983

PRIME MINISTER'S STRATEGY SESSION ON FOREIGN AFFAIRS AND DEFENCE:
ARMS CONTROL AND DISARMAMENT

1. The current state of play, and the work in hand, in the main current arms control business is set out in summary ... in the attached check list. Further background is provided in three fuller notes on:

1. Western Defence Strategy.
2. Nuclear and Conventional Force Arms Control (START, INF, MBFR, CDE).
3. Other Multilateral Arms Control Questions, including nuclear testing issues.

2. The question arises whether there can be any independent role for Britain in promoting arms control agreements and whether there would be any merit in high level discussion between HMG and the Soviet leadership. Arms control falls into the category of foreign policy questions which are of central importance to the UK but over which we do not have by ourselves a determining influence (subject to one exception referred to/below in paragraph 5). The two main nuclear arms control negotiations are bilateral between the United States and the Soviet Union, and UK influence is brought to bear in consultation with the Americans and with other close allies and not by direct participation. MBFR, a future CDE and multilateral arms control pursued in the context of the Committee

/on

under President Giscard, rapidly came to realise that initiative would get nowhere without substantial Western support. Hence the adoption of the proposal by NATO, after substantive amendment, with the results that are now about to emerge in Madrid. French freedom of action on that occasion derived from France's special position outside the NATO integrated military structure and from her non-participation in the MBFR negotiations at Vienna. The conclusion therefore appears to be that Britain has some scope for substantive initiatives in multilateral arms control fora, but only on the basis of full preparation beforehand with close friends and allies.

5. Britain's position as a nuclear power poses special problems (and perhaps opportunities) in relation to major nuclear arms control negotiations of importance to the Alliance and the international community at large. We are subject to the obligation in Article VI of the Non-Proliferation Treaty

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

So long as we judge it right to keep the UK strategic nuclear deterrent apart from all nuclear arms control negotiations and to continue to test nuclear weapons for our own security purposes, we must accept that our ability to play an independent role in nuclear arms control will be limited. But it may be that we should consider other options (see paragraph (i) of Arms Control checklist below). The Foreign Secretary and the Defence Secretary will be briefed to report further on this at Chequers.



on Disarmament are cases where the UK participates directly, but in company with other Western partners and allies.

3. Generally speaking, the more closely any given set of arms control negotiations bears on Alliance defence and security, the less the scope for individual UK initiatives taken outside the context of the Alliance. If we have good ideas our first task is to persuade our friends and allies of their value in the relevant Western consultations, if they are to get anywhere in the negotiations themselves. This certainly provides plenty of scope for Britain to make a full contribution. Indeed many of the arms control achievements over the past 20 years owe a debt to British initiative and effort within the Western camp at a formative stage. Examples are the Partial Test Ban Treaty of 1967, the Non-Proliferation Treaty of 1968, the Seabed Treaty of 1971 and the Biological Weapons Convention of 1972. We have played a full and active part in formulating and, when necessary, adjusting the Western negotiating position in the current range of negotiations, not least for INF.

4. But this is not quite the same thing as an "independent role" for Britain. Even France, which tried a major independent initiative without prior consultation in launching the original proposal for a Conference on Disarmament in Europe in the mid-70s

/under



6. As for bilateral dialogue with the Soviet Union, there is every reason why HMG should continue to talk to the Russians seriously at all levels in order to advance the Western case in arms control across the board. A particular case in point is the future of the Non-Proliferation Treaty, in which we and the Russians have to a large extent a common interest. There will also be occasions when we may be able to provide fresh insights or substantive contributions towards solving some of the problems, for example, verification in relation to a ban on chemical weapons. How far the British voice is taken seriously by the Russians on arms control matters will also depend on wider factors governing the British approach to Anglo/Soviet and East/West relations.

7. The immediate points for action under individual arms control headings are as follows:-

- | | |
|-------|--|
| START | - Think through UK position on Trident.
- Move US towards outline agreement in 1984. |
| INF | - Explore with US, FRG negotiating room for manoeuvre.
- Argue against being panicked into new NATO offer before Russians first show evidence of serious will to negotiate.
- Complete UK deployments smoothly.
- Pursue vigorously current NATO review of short range nuclear weapons stockpile. |



- MBFR - Put proposal to US/FRG on how to accomplish initial US/Soviet reductions safely.
- CDE - Gear up for CDE Conference to open in Stockholm early 1984.
- Flesh out NATO package of draft confidence building measures to be negotiated at CDE.
- CTB - Explain our position on verification in greater detail to the CD.
- Elaborate to our Allies the wider strategic difficulties.
- Prevent damage to the prospects of the NPT Review Conference.
- CW - Maintain pressure in the CD towards a total ban.
- Space - Pursue with MOD new ideas for some form of arms control, before perhaps discussing these with the Americans.
- RW - Press for completion in CD of 1981 US-Soviet draft treaty.
- NPT - Start preparation for the 1985 Review Conference, seeking positive improvements to the Treaty regime to counteract non-aligned criticism of performance on nuclear disarmament.

ARMS CONTROL: CHECK LIST

STRATEGIC ARMS REDUCTIONS TALKS (START)

Present Position

1. US/Soviet negotiations continue at Geneva. Both from technical and political angles, these negotiations may offer best prospect of at least outline agreement in remaining 18 months before next US Presidential election. Latest Warsaw Pact communique strikes relatively positive note on START, though up to now START negotiations held hostage by Russians to progress on INF (see below). New negotiating flexibility in US position.

Work in Hand

2. (i) Joint FCO/MOD working paper now underway to explore various options for handling the UK strategic deterrent in relation to arms control, against background of Prime Minister's position (Time Magazine 20 June) that "There may be circumstances when ours will have to be counted". Paper will examine: what it would mean in practice for UK systems somehow to be included in arms control; what would be procedural means to give effect to this; in what forum; and over what time scale. Paper designed at this stage to be essentially a mind clearing exercise, without policy recommendations.

/(ii)



- (ii) Officials will also examine the pros and cons of bringing the START and INF negotiations into closer relationship with one another (or indeed merging them) if no progress is made in the existing separate negotiating fora.
- (iii) Analytical work on sea-launched cruise missiles (SLCMs) and how to tackle them in arms control, given that these are at present a major omission in the US START negotiating position. Any ideas might be fed into our regular bilateral contacts with the Americans.

INTERMEDIATE RANGE NUCLEAR FORCES (INF)

Present Position

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

/Work

Work in Hand

4. Officials will submit shortly proposals for a game plan of possible next moves in the INF negotiations covering such key issues as limits on aircraft, regional sub-ceilings and "collateral constraints" on shorter range missile systems. British ideas should then be fed into NATO's Special Consultative Group (SCG) where the US negotiating position is formulated, starting with the smaller group of INF basing countries. British role in this group welcomed both for substantive input and as steadying influence on weaker brethren.

MUTUAL AND BALANCED FORCE REDUCTIONS (MBFR)

Present Position

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

Work in Hand

6. UK is consulting closely with US and Germany about whether Eastern overtures could be turned tactically to Western advantage and whether we could make limited

/counter-proposals

counter-proposals for US and Soviet troop reductions, building on Eastern approach but meeting essential security needs. Further trilateral meeting with Americans and Germans likely soon. UK paper, worked out between FCO/MOD/UKDEL Vienna, to be tabled soon as illustrative of what we have in mind.

CONFERENCE ON DISARMAMENT IN EUROPE (CDE)

Present Position

7. CSCE Review Conference in Madrid on verge of successful conclusion. If so, there will be agreement to hold 35 nation CDE in Stockholm in late 1983 or early 1984 to negotiate new confidence and security building measures (CSBMs) in Europe.

Work in Hand

8. Alliance already has outline package of draft confidence building measures prepared in 1980 largely on the basis of British ideas and agreed within NATO. We are nevertheless commissioning FCO Arms Control and Disarmament Research Unit to explore possible additions to possible NATO package for feeding into Alliance at appropriate moment.

/COMPREHENSIVE

COMPREHENSIVE TEST BAN (CTB)

Present Position

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

Work in Hand

10. Ministers have been asked to approve the tabling of a paper on verification in the Committee on Disarmament (CD) which will explain our problems in detail; and the circulation to some of our Allies of a second paper explaining the wider strategic issues involved in negotiating a CTB Treaty. US agreement to ratify two bilateral Treaties with the Russians of the 1970s on nuclear testing would be helpful in relieving international pressure for a CTB. So far the Americans have resisted arguments in favour of doing so. They have also not responded to our suggestions that they might consider a gradual reduction in the levels of their nuclear testing programme. We could continue to press these points upon them.

/CHEMICAL

CHEMICAL WEAPONS CONVENTION (CWC)

Present Position

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

Work in Hand

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

OUTER SPACE

Present Position

13. Despite pressure from the Russians, the non-aligned and some West Europeans, the Americans have firmly opposed any formal negotiations on steps to control military developments in space. They have strong reservations about the wisdom of such a move, which some in Washington believe would jeopardise a potentially important US

/advantage

advantage over the Russians in the decades to come.

Work in Hand

14. Nonetheless, there are grounds for arguing that some degree of arms control in outer space could serve Western interests. MOD officials are preparing papers on the military aspects of space developments. FCO officials will pursue with them the potential for arms control.

RADIOLOGICAL WEAPONS TREATY

Present Position

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

Work in Hand

16. We are discussing with the Americans various formulas which could meet non-aligned requirements, and allow the "traditional" draft Treaty to be completed.

NON-PROLIFERATION TREATY (NPT)

Present Position

17. The next NPT Review Conference will be held in 1985. This year the UNGA will pass a Resolution providing facilities. A Preparatory Committee will meet in 1984. The last Review Conference in 1980

/failed




failed to agree a final document supporting the Treaty because the non-aligned, led by Mexico, refused to agree that the Nuclear Weapon States were carrying out their obligations under Article VI to negotiate nuclear disarmament, despite the fact that CTB negotiations were then in progress.

Work in Hand

18. The Depository Powers (UK, USA, USSR) are working together on the necessary administrative arrangements for the Review Conference. An FCO paper has been prepared for discussion with close allies proposing a strategy involving:

- a. diplomatic action to encourage further adherence to the NPT;
- b. proposals for increased co-operation in the peaceful uses of nuclear energy;
- c. security guarantees and regional security measures;
- d. nuclear disarmament.


MIDDLE EASTOverview

1. The Middle East (defined for the purpose of this paper as the Arab world, Iran and Israel) remains an area of vital strategic interest to the West. Britain has no formal defence obligations in the region, although the Prime Minister said in a letter dated 15 July to Sultan Qaboos that HMG "are fully committed to the security of Oman", and we have given general assurances to the other Gulf states that we would help where we can, if asked.

2. The Middle East is on one of NATO's flanks and possesses well over half the non-Communist world's energy resources, together with the wealth which oil has generated. The Arab oil producers, particularly Saudi Arabia, play a crucial role in the world financial system. The region is also an important export market for the UK and the West, especially for arms sales. The Russians, seeking targets of opportunity, are working to consolidate the footholds they have and to expand their influence in the region. In recent years they have not had much success, except in Syria and PDRY, but their potential threat is clear.

3. Instability remains endemic. There are a number of separate conflicts whose effects have so far remained localised. At one end of the region, the war in the Western Sahara has reached stalemate. The signs of rapprochement among North African Heads of State may herald a further attempt to reach a political settlement which has so far eluded the Organisation of African Unity, but meanwhile there is little that the UK or the West can contribute. Qadhafi continues his adventurism in Chad and elsewhere, particularly in Africa. He has also given his support to extremist elements in the PLO. But he is a gadfly rather than a major threat or an African Cuba, and has not recently pursued policies which directly affect British interests. At the other end of the



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

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

The Soviet Threat

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



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

Threats to the Gulf

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

7. The second



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

The Palestinian Issue

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

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

Points for Discussion

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

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

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

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

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

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

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



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

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

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



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

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

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

/years



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

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

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



ANNEX

BRITISH INTERESTS IN THE ARAB STATES, IRAN AND ISRAEL

Trade

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

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

Vulnerability of Trade to Political Factors

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

Arab Funds in London

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

/addition

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

IMF and Aid

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

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

Oil Supplies

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

/of total



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

Trade Routes

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

British Community

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

UK share of OECD exports to Middle Eastern countries

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

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

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

THE EUROPEAN COMMUNITY

INTRODUCTION

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

THE OPPORTUNITY

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

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

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

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

THE IMMEDIATE FUTURE

4. The preparation of the Athens European Council will dominate the Community agenda in the coming months. There can be no assurance that we shall make decisive progress in December though it would be very much in our interest to do so. The key to securing a reasonably rapid outcome will be the effect of the 1% ceiling: provided the exhaustion of the resources within it remains as imminent a threat as it now appears (with the Community virtually at the ceiling this year), the others will be forced to negotiate seriously and urgently.

The Budget

5. Getting a satisfactory and lasting solution to the budget problem must be our first priority and is crucial to the achievement of our other aims. It will be the focus of our efforts for the next 6 months and quite possibly longer. We are putting on the table a paper setting out our ideas for a "safety net" which will ensure that no Member State has to pay an excessive net contribution. It will not be easy to get agreement to that, even in principle, though there has been a

real change in Community attitudes in the past year or so and there are signs that a good number of member states now accept that some such system is inevitable. Even if the principle is accepted, the level at which a safety net is set will be hard fought.

Agriculture

6. We are also putting on the table a proposal for a binding financial guideline to control the rate of increase of agricultural expenditure. This would ensure that the annual decisions of agriculture ministers are in future subject to an externally imposed financial constraint. We need also to put our full weight behind improvements in the CAP commodity regimes themselves, including a prudent price policy and the ending of open-ended guarantees, which are not appropriate to a Community which is largely self-sufficient or more for many major commodities and whose subsidised exports cause serious problems with some of our trading partners. The entrenched interests of a number of Member States (not excluding our own) will make it hard to get the improvements needed but the VAT ceiling is beginning to change attitudes.

Other Policies

7. It will be important in the post Stuttgart negotiations to maintain our support for development of new and existing Community policies, both those with financial implications and those without, when these are sensible and cost effective. Our choice of priorities will depend on our view about the longer-term.

Own Resources

8. We shall continue to insist in the post Stuttgart negotiations that we can only consider an increase in own resources provided that our essential conditions - controlling the CAP and dealing with our budget problem are met; and to argue for savings to be made in present policies and for the development of the Community in ways which do not involve extra finance, such as extending the internal market. But there is a real possibility that we shall only obtain our objectives if we are, at the end of the day, prepared to agree to an increase in own resources within a new specified VAT ceiling. It goes without saying, of course, that we should try to keep any such increase as small as possible. It is helpful that, if our idea for the reduction in our net contribution to be made through modulated VAT is adopted, we are likely still to be paying VAT at less than 1%, even if the rate for the Community as a whole is above 1% (for example if we receive a refund of say, 1000m ecu, this would reduce our own VAT rate from 1.2% to 0.85%).

Enlargement

9. Closely linked with reform of the CAP and of the Community's finances are the problems of enlargement. It remains in our political interests that these negotiations should succeed, and that Spanish and Portuguese democracy be reinforced and drawn closer to Europe and so to the Alliance. We have to recognise, however, that Spain and Portugal will reinforce the protectionist and agriculturally conservative element in the Community. So we must:

- (a) ensure that the costs of applying Community policies to

Spain and Portugal are kept under control, and not allowed to impose excessive burdens on the Community's finances.

(b) get access for UK exporters to Spanish markets through early reductions in the high Spanish tariffs.

10. It will also be essential that the restrictions at the frontier with Gibraltar are removed by the time of accession. This may become a major sticking point in the negotiations. If it does it could lead to real difficulties; the Spanish will play on our partners' interest in getting them integrated into the EC and NATO; and we can expect little real support if it comes to the crunch.

11. We shall also want to see Turkey's expectations of early membership if possible deflected or, if Turkey does apply, managed in ways which do least damage to her Western orientation.

THE LONGER TERM - INTERNAL

12. Our present approach to Community policies is heavily conditioned by the need to secure a net benefit from Community expenditure and thus to reduce our budget problem. Assuming that we find a solution to the budget problem we should rethink our attitude. We do not want to encourage expenditure at Community level merely to see it replace the public sector expenditure we are trying to cut back at home. We must not let our efforts at national level to diminish the role of the state be contradicted by the development of interventionist policies at Community level. We need to establish the criteria for justifying new Community activity. Some

possibilities are suggested by the pre-manifesto policy group on Europe:

- where results can be achieved collectively which cannot be achieved nationally;
- where expenditure at Community level would allow savings at the national level;
- where collaboration between firms on a Community basis can be stimulated to help them meet competition from firms outside Europe with large home markets;
- where a reduction of excess industrial capacity needs to be fairly spread throughout the Community;
- where there is a need to see that state aids by other member states do not distort the market;
- where problems are transnational in character such as control of pollution.

We should put work in hand to define these criteria more sharply and to our satisfaction.

The Common Market

13. Against these criteria our first priority should be the development of a genuinely Community wide home market not only for industrial goods but also for services. We should attack the various technical barriers to trade which hamper UK competitiveness in the market. This involves no new expenditure and the aim is to provide conditions in which market forces can work and the producers of wealth can flourish. If this attack is to be effective, then we should try to concentrate on a relatively small number of important

but possibly attainable objectives including:

- measures to free the movement of goods and people across frontiers within the Community including simplification of frontier checks and introduction of a system of deferred payments for collection of VAT;
- liberalisation in the transport field including free movement of goods vehicles, increased cooperation over international rail traffic, liberalisation of air transport and the setting of air fares;
- the elimination of non tariff barriers to trade through the adoption of European-wide standards;
- a common market for services, particularly insurance and air services, such as the Treaty requires;
- an effective policy to control state aids and unfair competition so that British industry is not disadvantaged against industry from freer spending member states;
- effective implementation of the Community's public purchasing policy.

Officials should select a limited number of specific objectives and should work out a long term plan of campaign for the pursuit of the most worthwhile opportunities in these areas. Success will only come slowly over a period of years and we must work consistently for our objectives without arousing excessive short term expectations.

New Technology

14. The second area we might consider is that of industrial policy, research and the encouragement of a more effective European capacity in the new technologies. This is an area where our industrialists would welcome greater efforts by the

government to stimulate cooperation at the European level, as the response to ESPRIT has shown, and where European cooperation may well make increasing sense. There are enormous problems but unless the Europeans can work together, our national industries will have little alternative to collaboration with the Japanese or the Americans. While we shall continue to need Japanese and American expertise in many areas, we have now seen the risks that over-dependence on their technology can incur.

15. If we are to further our interests in this field, we must be prepared to bring forward ideas of our own to match those the Commission and the French are producing. The French ideas for "agencies" - or "joint enterprise" as they now call them - to carry out particular cooperative projects, with only some member states involved and funding not exclusively from the Community budget, could contain useful elements and certainly merit further study. Officials might undertake further work in identifying areas where our commercial enterprises are likely to see advantage from European cooperation and where Community action without undue public expenditure is likely to be of the greatest practical use.

Finance

16. Another question that could be looked at again is whether it would be to our advantage to join the EMS exchange rate mechanism. Our line that we will join when the time is ripe will sound increasingly unconvincing to our partners as time goes by. If we did come to the conclusion that joining would help our national economic policies, there would be some useful political spin-off.

17. We should continue within the limit of financial feasibility to press for a larger European Regional Development Fund and Social Fund. We must aim to ensure they continue to bring a net benefit to the UK after enlargement. The setting up of a safety net in the budget negotiations would reduce the importance of this objective but there is presentational value in the Community being seen to support worthwhile projects and employment schemes in the UK.

Institutions

18. It is important that we should do what we can to improve the efficiency and cost-effectiveness of the Community's institutions and to ensure that they operate effectively after enlargement. In the context of the enlargement negotiations we should resist a simple increase pro-rata in the size of the institutions and we should make the most of our willingness to accept one Commissioner per Member State.

European Parliament

19. We should continue to resist calls for increases in the powers of the European Parliament. At the same time we must recognise that they have the ability to cause us considerable problems and that it will be worthwhile to devote some attention to them. One major problem we shall have to face is the system of elections to the European Parliament. An immediate problem is what response we should make to the Council resolution calling for us to use our best endeavours to extend the franchise so as to allow all European citizens to vote in the 1984 elections.

20. In the rather longer term, we shall need to decide what to do about the system to be used for the 1989 elections, on which we shall again come under strong pressure to adopt some form of proportional representation. This will obviously pose enormous difficulties for us. It will certainly be argued that the European Parliament is very different from a national parliament - and, in particular, that it is a purely consultative body which does not form governments, so the main objection to proportional representation (that it leads to weak governments) falls. The issue will not come to a head for some time. But it certainly will. We shall need to consider very carefully just how to handle it.

THE LONGER TERM - EXTERNAL - EUROPE AND THE WORLD

Trade

21. The counterpart externally of our efforts to promote opportunities for British exporters through the development of the internal market is the task of getting the Community's collective weight put firmly behind the execution of the programme agreed at Williamsburg. Given the extent of the UK's dependence on exports, we have a major interest in seeing economic recovery accompanied and sustained by moves to strengthen the open world trading system.

22. More specifically, we shall want:

- (a) to see the work programme agreed at the GATT Ministerial in November 1982 put into effect, notably in:

- the liberalisation of trade in services (an important UK interest);

- trade between developed and developing countries, leading to a new trade round in which we should look for progress in opening up the markets of the newly industrialised countries as a major objective;
- (b) to defuse tensions, with the US, particularly over agricultural trade (where work on the CAP in the Stuttgart context will be the key);
- (c) to secure action by Japan to reduce its huge and growing surplus in trade in manufactures;
- (d) to get effective Community action where we ourselves need help to relieve immediate pressure on industries in the process of re-structuring such as steel and textiles;
- (e) to show effective follow up to the Annex to the Williamsburg Declaration on greater exchange rate stability and economic convergence.

23. In all of this, and more generally in the GATT OECD, IMF and other international fora, it is in our interest for the Community to speak with a coherent voice, backed where necessary with a credible threat of action to defend its interests. We must ensure that this voice is properly in line with the views of the main Member States - particularly our own - on international economic issues. Under Article 113 of the EEC Treaty, decisions on trade matters are already taken by a qualified majority, and it will not necessarily be substantially harder to achieve coherence in a Community of 12 than in one of 10. But we should remain ready to consider ways of improving and speeding up decision-making where this

is likely to work to our advantage.

24. As for increasing our own impact on Community external policy, given Community competence in the whole field of trade policy the scope for pursuing options involving different member states according to the issue ("variable geometry" in the jargon) is limited, though the existence of smaller groupings (eg. G5, G10) in the economic policy field may be something we can build on. We shall have to stay close to France and the FRG - often closer than they can stay to one another, given their antithetical views on trade policy. Our close relationship with the US Administration is an asset to us and to the Community and we should build on it in what promises to be a testing period in transatlantic trade and economic relations.

Aid

25. We shall need to continue our efforts to get Community aid spending under better control. In line with this, we shall want to emphasise more effective use of Community aid funds, in terms both of where and of how they are applied. The most immediate agenda item will be the renewal of the Lomé Convention. More than half Lomé beneficiaries are Commonwealth countries; so our approach must be positive; but if we are to check the serious decline in our own bilateral country programmes we shall want the minimum increase in the aid component. In general, we want to improve EC aid developmentally by encouraging a more integrated approach, covering especially:

- aid for food production, to achieve greater agricultural self-reliance by the developing countries

- a reduction in the volume of direct food aid
- more effective use of Stabex money.

We must maintain the trend towards a bigger role for British firms and experts, who have so far done much less well than they should out of EDF work but whose performance is improving. And we need to resolve the tension between the demands of EC aid and of our own bilateral programme. Constantly cutting at our bilateral programme to make way for unforeseen and unavoidable bids for EC aid expenditure is damaging. We should look at whether our own system of financial management could be adjusted to ease these problems.

Political Co-operation

26. The success of political co-operation is both a UK and a general Community objectives. It is based firmly on shared interests. Nine of the Ten are allies; and the political and economic interests of the Ten are closely interlocked. The coincidence of interest between ourselves and partners is less automatic on politically emotive issues a long way from home (Central America, Southern Africa), but even here it has been sometimes possible to achieve a common approach (eg. over Namibia).

27. There is an important relationship between political co-operation and the external policies of the Community as a whole; the effect of EC trade and aid policies is greatly enhanced if they reflect a consensus on the political objectives which these policies should serve; and a coherent European voice in (for example) the United Nations complements a strong Community position in such organisations as the

GATT.

28. But centrifugal tendencies have recently begun to assert themselves, and may increase. Greek accession has been an undoubted setback for co-operation among the Ten, and the addition of Spain and Portugal will not make things any easier. This does not mean that political co-operation is going into an irreversible decline; but breaking the newcomers to harness will take time, and it will be some years before the Twelve work as smoothly as the Nine used to. Meanwhile how can we maintain - if possible increase - the value of the Ten to us and to the Western alliance? Any effort to establish an "inner circle" in the Ten on a systematic and institutionalised basis would be bitterly resented by those outside it, and could do irreparable damage to the whole system. Indeed it is important to us that the consensus rule be retained as the central working principle of political cooperation, for without it the cohesion of the Ten could rapidly become very ragged indeed. This does not, however, exclude very close informal concertation between us and the French and Germans and even the establishment of ad hoc groupings of countries with expertise or capabilities relevant to a particular situation, operating with the explicit or tacit endorsement of other member States (as with the Namibia Contact Group or the Sinai MFO). Officials have already been asked to do more work on this.

29. While we have welcomed discussion of non-military aspects of security in POCO and will want to see these go on developing it would not be sensible to go beyond this towards the development of a European identity in the defence field.

Apart from the obvious Irish problem, this would be bound to impose new strains on the Atlantic alliance, without holding out any real prospect of a compensating increase in the strength of European defences. The only possible exception to this is in procurement. The civil and military applications of high technology industry are not easily separable and if Community cooperation in this area did take off, it would be bound to have an impact in fields related to defence (eg information technology, aerospace). At that point we should have to consider again whether, and if so how far, the Community as such should become involved more directly in defence and industrial co-operation. There would of course be formidable obstacles to this.

CONCLUSION

3.0. We do not want a static Community and we should use the opportunity we are likely to have over the next 5 years to make it an easier Community for us to live in and to ^{influence,} accepting progress towards greater integration where we are persuaded that action at a Community level will bring us real benefits. Beyond the post-Stuttgart negotiations, our main objectives over the next five years will be:

- a) A successful conclusion to the negotiations for the accession of Spain and Portugal.
- b) The development of a genuine Community-wide home market, not only for industrial goods, but also for services. Officials should work out a plan of campaign for pursuit of the most worthwhile opportunities in this area.
- c) Encouragement of cooperation at a European level between

industrialists, particularly in research and the new technologies. We should be prepared to bring forward ideas on particular cooperative projects involving only some member states and to be funded perhaps only partly from the Community budget. Officials should identify areas where our industry would see advantage in such cooperation.

d) Re-examination of the economic arguments for joining the EMS exchange rate mechanism.

e) To improve the efficiency and cost/effectiveness of the Community's institutions. With regard to the European Parliament we shall have to consider our response to the Council "best endeavours" resolution calling on member states to extend the franchise so as to allow all European citizens to vote in the 1984 European Parliament elections. Later, when negotiations begin again in Brussels, we shall have to look at the problem of a uniform system for the European Parliament elections in 1989. We shall come under strong pressure to adopt some form of proportional representation.

f) To ensure that the Community's collective weight is firmly behind the execution of the programme agreed at Williamsburg and to encourage moves to strengthen the open world trading system. In GATT, OECD, IMF etc we should work to ensure that the Community speaks with a coherent voice, backed where necessary by the threat of action to defend the interests of member states.

g) To continue our efforts to bring Community aid expenditure under better control.

h) To strengthen political cooperation. Enlargement to Greece and then to Spain and Portugal will increase the difficulties. Time and effort will be needed before the

Twelve work together smoothly in political cooperation. An effort to establish an "inner circle" on an institutional basis would damage political cooperation but informal consultation between us, the French and Germans need not be excluded.

i) When the budget issue is settled we should continue our effort to present a balanced and favourable picture of the conditions of Community membership and of our increasingly decisive role in shaping its future.




WESTERN DEFENCE STRATEGY

NATO

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Defence Policy Outside the NATO Area

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

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

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



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

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

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

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

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ANNEX A

FUNCTIONS OF NATO THEATRE NUCLEAR FORCES

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

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

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

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

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

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

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

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

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

THE ROLE AND VALUE OF THEATRE/TACTICAL
NUCLEAR FORCES

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

- (a) NATO certainly needs TNF, to deter Soviet first use of TNF by threat of retaliation.
- (b) However, as studies have shown, NATO first use of TNF cannot be counted on to reverse the course of military events.
- (c) NATO first use accordingly cannot be a rational option.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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"NO FIRST USE"

1. The idea comes up from time to time (not least in Soviet material) that there ought to be a parallel renunciation by both NATO and the Warsaw Pact of the option of initiating the use of nuclear weapons, on the ground that this would make the world safer by helping to seal off the risk of escalation to the full nuclear holocaust.
2. The normal NATO reason (whether or not publicly avowed) for rejecting this is that because the Warsaw Pact is generally perceived - certainly in the West, and very possibly in the East also - as having a marked preponderance at the non-nuclear level in Europe, NATO must retain the option of first use; without it, the Soviet Union would be offered the assurance of keeping whatever its conventional and chemical-weapon superiority could wrest. This is, on the best evidence and judgement available, a sound argument. But there are also other (and in a sense prior) arguments, less often noted. They turn on considering what would be the real import, value and effect of "no-first-use" declarations in the NATO/WP situation.
3. Take first the outlook from NATO. The Soviet nuclear armoury would continue to exist. There are no physical, verifiable measures which the Soviet Union could take - even if it were so willing - to demonstrate that the option of Soviet first use no longer existed. Nor are there fresh sanctions, not now available, which would suffice to make Soviet exercise of that option, should it suit them, markedly less probably than it is at present. First use will already carry some international stigma, and first use in breach of a promise will not dramatically change the gravity of that stigma - certainly not to a point where it could reasonably be expected to weigh decisively in the scales of realpolitik in a situation where (ex hypothesi) major war was already in progress, or its initiation seriously in Soviet contemplation. In short, NATO could not afford to treat a Soviet no-first-use declaration as in any way a dependable undertaking for the purposes of practical force planning and provision, or for the framing and conduct of non-nuclear operations. Yet it might be hard to persuade Western public opinion that the declaration was vacuous and changed nothing; so that there might be some real erosion of will, or of support for necessary measures, on the Western side.

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

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

Postscript

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

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

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

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NUCLEAR AND CONVENTIONAL FORCE ARMS CONTROL
(START, INF, MBFR, CDE)

1. The main current arms control negotiations outside the United Nations or CD forum are:
 1. The US/Soviet Strategic Arms Reduction Talks (START).
 2. The US/Soviet Intermediate Range Nuclear Force Talks (INF).
 3. The Mutual and Balanced Force Reduction Talks (MBFR) in Vienna.
 4. The discussions in Madrid by the 35 Helsinki Final Act participants with the aim of holding a conference on disarmament in Europe (CDE) to negotiate confidence and security building measures (CSBMs).

This paper deals briefly with each of these in turn.

Background

2. The major current arms control negotiations have evolved from a pattern of arms control activities over the past two decades. Over this period the negotiating process has led to more than twenty separate arms control agreements (see list at annex). The Cuba missile crisis in 1962 created the political conditions which led to the Partial Test Ban Treaty the following year. This, and the Nuclear Non-Proliferation Treaty of 1968, represented the most important landmarks of

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the 60s. Towards the end of that decade agreements followed in principle between the Americans and the Russians to move on to discussions on the limitation of strategic nuclear offensive and defensive weapons. (Strategic being defined essentially as weapons which can strike the US from Soviet territory and vice versa or have comparable capabilities. These discussions were postponed when the Soviet Union invaded Czechoslovakia. But by the end of 1969 the SALT 1 talks had begun, against the background of sharply divided views in the US Congress over whether to develop anti-ballistic missile defences in the US. This heralded the 1970s as the decade for arms control on strategic nuclear weapons, opening with the Anti-Ballistic Missile Treaty and the Interim Agreement Limiting the Strategic Offensive Arms (SALT 1) in 1972, and closing with the signing of the SALT 2 Treaty in Vienna in 1979. To complete the picture during this period mention should be made of the Biological Weapons Convention of 1972: the initiation of the MBFR negotiations in Vienna in 1973 and the conclusion of the Helsinki Final Act in 1975, these latter bearing on conventional force levels and confidence building measures respectively.

3. The Soviet invasion of Afghanistan, the failure of the SALT 2 Treaty to win ratification in the US Senate and the election of President Reagan in 1980 signalled a sharp break

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with the expectations of the era of Kissingerian detente. The hiatus in nuclear arms control ended with the opening of the INF negotiations in December 1981 and of the START negotiations in June 1982. More recently, with Mr Shultz's testimony to the Senate Foreign Relations Committee on 15 June this year, we see the Administration emerging into what may well prove to be a much more active phase of arms control negotiations, US confidence having been restored by the rebuilding of US military strength over the past two years.

START

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

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

6. The essential elements of the US negotiating position are as follows. Each side to reduce from the present approximately 7,500 ballistic missile warheads to 5,000 warheads on no more than a limited number of ICBMs and SLBM launchers (the Americans have just indicated willingness to raise this limit above the 850 in their original START proposal). Because the Soviet Union deploys more missiles (2,400) than the US (1,700) the Russians would have to cut twice as many missiles. They would also be limited to a maximum of 110 SS18 heavy ICBMs within this total. Of the 5,000 warheads permitted to each side no more than 2,500 should be on ICBMs. All these reductions to be accomplished over an eight year period. The Americans would also be prepared to have equal but separate limits on numbers of heavy bombers, say 400 on each side provided Backfire is included (with SALT 2 type restrictions on air launched cruise missiles to be carried by such bombers). In a second phase (though this increasingly looks negotiable) the Americans would propose to reduce total

/throw-weight

throw-weight on ballistic missiles on each side to equal ceilings below current US levels at 1.9m kilograms, a ban on all heavy missiles and further constraints on slow flying systems including cruise missiles. The Americans have also offered in the START Talks to negotiate a separate agreement on certain nuclear confidence building measures, such as prior notification of all test missile launches.

7. The Soviet negotiating position is as follows. An immediate freeze on all intercontinental systems. A reduction from SALT 2 levels down to equal ceilings on each side of 1,800 ICBMs, SLBMs and heavy bombers (excluding Backfire) by 1990. Sub-limits within this total for MIRVed ballistic missiles and bombers carrying air launched cruise missiles (ALCMs) follow SALT 2 patterns with some further reduction. They have also proposed unspecified limits on warhead numbers; no increase in deployments of US forward based systems in Europe including Pershing 2 and ground launched cruise missiles; and a ban on strategic long range cruise missiles of types other than ALCMs. Other elements in the Soviet position include proposals for SSBN sanctuaries free from anti-submarine warfare (ASW), limitations on the operating areas of aircraft carriers and bomber aircrafts and compensation for Chinese nuclear systems.

8. Progress in the START negotiations so far has been slow.

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

INF

9. The present INF negotiations in Geneva spring from NATO's 1979 dual track decision (the Integrated Decision Document). Faced by increasing obsolescence/vulnerability in NATO's existing longer range INF systems (US F1-11s and British Vulcans) and by the growing Soviet SS20 programme, the Alliance

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decided to deploy 572 ground launched cruise missiles (GLCMs) and Pershing² ballistic missiles in Europe; and at the same time to offer to negotiate with the Russians reductions in US and Soviet LRINF missile systems.

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

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

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

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

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7. Freeze on current deployments while negotiations in progress.
8. Ambiguity as to whether systems reduced would be destroyed or merely withdrawn beyond a line drawn on a map (60° east for aircraft, 80° east for missiles).

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

/off)

off) between the START and INF negotiations.

13. Indirectly related to INF (though not strictly a part of arms control) is the current work of the NATO High Level Group (HLG) to rationalise NATO holdings in Europe of nuclear warheads associated with shorter range INF and short range nuclear forces (i.e. battlefield nuclear weapons). There has long been an underlying sense of unease within the Alliance that the existing nuclear inventory associated with such systems is much larger than could be justified by any sensible political or military rationale. The systems in question include Pershing I missiles, dual capable aircraft, Lance and Honest John missiles, nuclear artillery, atomic demolition munitions, and Nike Hercules air defence missiles. Warhead stockpile associated with these systems totals 5 - 6,000. Current analysis by the UK suggests that this total could probably be reduced by up to 50% without affecting the essential requirements of deterrence. A somewhat less ambitious view is taken by the US and by SACEUR himself. It is hoped that the final conclusions of the HLG's work will be presented to NATO Defence Ministers at the Nuclear Planning Group in October. If that conclusion points to the need for significant reductions, it is obviously very relevant politically to the wider context of Western Parliamentary and public opinion as we approach the initial deployments of cruise missiles and

/Pershing

Pershing 2s. But it is too early to count chickens and there are some cross currents at work within the group between the Europeans and the Americans which remain to be resolved. The UK is playing a prominent part in working towards a sensible outcome.

MBFR

14. These negotiations have been in progress since 1973. The main immediate Western objective in initiating them was to side-track moves in the US Congress (Senator Mansfield) for substantial reductions in the commitment of US ground forces to the continent of Europe. The negotiations are genuinely multilateral: Western direct participants are the US, UK, Canada, Benelux, FRG and Eastern direct participants are the Soviet Union, East Germany, Poland and Czechoslovakia. Other allies (bar France) are involved indirectly. The area covered by the negotiations is the two Germanys, Benelux, Poland and Czechoslovakia. Without rehearsing every blow in this long-standing saga, the agreed aim of the negotiations is to reduce ground and air force manpower to a ceiling of 900,000 men on each side in the area concerned. To make this possible the West has insisted all along on the need for prior agreement about existing force levels on each side (data) and on the "associated measures" which would be needed to monitor the reductions taken and to verify residual ceilings. Agreement on these two key issues has so far proved elusive. The East claims that existing force levels on each side are

already roughly equal at just under 1 million, so that the reductions necessary to reach the agreed common ceiling would also be roughly symmetrical. But long-standing and reliable Western intelligence shows that in fact Eastern force levels are nearer 1.2 million and all attempts to get the East to dis-aggregate their data to identify where the discrepancy lies have failed. Nor have the East ever accepted so far that associated measures should include the right to conduct random on-site inspections as part of the verification regime (though new Eastern proposals on 23 June are relevant here).

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

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

- (a) An initial Soviet and US reduction of 20,000 and 13,000 men respectively, outside any treaty framework and on the basis of mutual example.
- (b) A political commitment by all direct participants to freeze the level of their forces and armaments while further agreement of reduction to parity was negotiated.
- (c) To circumvent the data dispute, each side to decide for itself what reductions it needed to make, in the framework of a single agreement, to reach the agreed collective ceiling of 900,000 on either side. There was an unspecified hint that if the West would buy this approach, the East would be more forthcoming over the verification of residual force levels, and new language was tabled on 23 June.

17. The possibility of a solution to the impasse by trading the requirement for prior data agreement in exchange for enhanced verification measures is not new: but it is fraught with risks. We are currently considering with the Americans and Germans whether some limited Western offer

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offer could be devised which would exploit this possibility without detriment to Western security. Meanwhile the US Administration has focused on MBFR at a high level and Mr Shultz has recently urged on Dobrynin the need for a Soviet indication about whether they have anything serious to offer on verification. On any objective judgement, the basic Western aims in MBFR would appear to be unnegotiable. We have no real leverage and Western force levels are likely to dwindle, if anything, over the next decade for extraneous reasons. The Soviet Union has its own reasons for not wishing to give up a numerical superiority in ground forces particularly those stationed in countries like Czechoslovakia and Poland. Whilst we must obviously be responsive to the wider political picture and the opportunities that may occur for improving East/West relations from their present low point, the lesson of the 70s is that bad arms control does not make good politics. The ultimate fate of MBFR may lie in different directions.

CDE

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

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there, would undertake a more radical approach to the reduction of conventional armaments in Europe.

19. In this context confidence building measures may be thought of as "concrete non-reduction measures which set rules for military behaviour and interchange". Essential military objectives of such measures would be to reduce secrecy, to establish a threshold for certain types of military activity, to impede attack options, and (possibly) to improve warning time. The draft mandate for a CDE Conference is now agreed in Madrid on Western terms, which specify that CBMs to be negotiated should be binding, militarily significant, verifiable and applicable to the whole of Europe up to the Urals. This wide definition of Europe incorporating the Western military regions of the Soviet Union would in itself establish a significant precedent. NATO has a package of draft confidencebuilding measures already prepared/for tabling at such a conference, building on some of the precedents established in the Helsinki Final Act. With wider agreement at the current Madrid Conference, a CDE could open in Stockholm (the favoured site) by early 1984. Whether the West can successfully negotiate substantive CBMs which establish a droit de regard over European Russia, and thus make a real contribution to security and stability in Europe remains to be seen. But the successful holding of a CDE could certainly presage new directions for a wider approach to conventional disarmament in Europe, and would be likely among other things to have implications for the future of MBFR.

ARMS CONTROL AND DISARMAMENT AGREEMENTS SIGNED BY THE USSR

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

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



MULTILATERAL ARMS CONTROL AND DISARMAMENT

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

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

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

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

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

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



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

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

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

7 July 1983

Arms Control and Disarmament
Department

INTERNATIONAL DISARMAMENT MACHINERY

Committee on Disarmament (CD), Geneva

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

During the UN Special Session on Disarmament in May-June 1978 agreement was reached on abolishing the co-chairmanship and increasing the membership to 40 to make it more representative. France and China are now members, although the latter has not yet taken up its seat. These changes have reduced its effectiveness and have exacerbated the tendency to approach its work polemically, the Group of 21 sniping at Western Nuclear Weapon states with the tacit support of the East.

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

UNGA First Committee, New York

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

/unprecedented

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

UN Disarmament Commission, New York

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

Major Disarmament Events. June 1983 - December 1984

DATE	EVENT	VENUE
<u>1983</u>		
4 June -- August	Summer Session of The Committee on Disarmament	Geneva
11-22 July	Ad Hoc Committee on The Indian Ocean (IOPZ)	New York
4-14 Sept.	Advisory Board on Disarmament Studies	New York
12-23 September	Seabed Treaty Review Conference Environmental Modification Prepcom	Geneva Geneva
October -- December	38th Session of UN General Assembly (First Committee)	New York

<u>1984</u>		
January (Probably)	Environmental Modification Convention Review Conference	Geneva
January	Ad Hoc Committee on the Indian Ocean (IOPZ)	New York
23 January - 3 February	UN Study on Nuclear Weapon Free Zones	New York
February - April	Spring Session of the Committee on Disarmament	Geneva
6 - 17 February	Group of Experts on Reduction of Military Budgets	New York
21 February - 2 March	Military Research and Development Study	New York

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Continued.....

1984

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

NOTES

Projected Activity in 1985

August-
September

Non Proliferation Treaty
Review Conference

September

Peaceful Uses of Nuclear Energy
Conference - postponed from
1983

Biological Weapons Convention
Review Conference?

To be determined Conference of IOPZ Colombo

DISARMAMENT: INTERNATIONAL TREATY AND NEGOTIATING OBLIGATIONS

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

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

2. Our obligations about future negotiations are:

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

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

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

ISSUES ACTIVE IN THE CD

1. CHEMICAL WEAPONS (CW)

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

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


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

2. NUCLEAR TESTING ISSUES

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

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

/our



our Allies and an element of UK opinion, to make progress towards a ban.

We and the US agreed in 1982 to the establishment in the CD of a Working Group to consider verification issues. We wish to see these discussions continued for as long as possible, despite pressure from others to move on to negotiate a formal Treaty. Ministers have been asked to approve two papers: one to be tabled in the CD explaining our difficulties over verification; the other to be circulated to some Allies only, indicating our broader strategic reservations about a CTB.

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

3. OUTER SPACE

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

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



4. RADIOLOGICAL WEAPONS (RW)

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

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

5. BIOLOGICAL WEAPONS CONVENTION (BWC)

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

In 1982 we gave strong support to the Swedish initiative to seek a special conference of BWC Parties to improve the compliance provision of the Convention. This produced a UNGA Resolution, adopted by a large majority, which called for such a conference. The prospects of convening it are uncertain. In the face of the expected Soviet refusal to co-operate and without significant non-aligned support, a conference could turn out to rebound against our interests. We will be considering with the Americans and others what future action could be taken.

6. COMPREHENSIVE PROGRAMME OF DISARMAMENT (CD)

The second UN Special Session on Disarmament last year failed
/to



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

7. PREVENTION OF NUCLEAR WAR (PNW)

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

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

8. NEGATIVE SECURITY ASSURANCES (NSAs)

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

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



10 DOWNING STREET

From the Private Secretary

22 July 1983

bf 23/8

Dear Brian,

FOREIGN AFFAIRS AND DEFENCE: STRATEGY

In my letter of 27 June I described the agenda for the meetings at Chequers on 8 and 9 September and said that the Prime Minister would decide later who would be invited to participate.

Since I wrote that letter, the Prime Minister has given further thought to the form of the meetings and has reached the conclusion that it would be valuable to begin the two-day session with a meeting with some academic experts on East/West relations. She envisages this meeting lasting the whole of the morning of 8 September and the discussion continuing over lunch.

Mr. Michael Kaser of St. Antony's College has been invited to prepare the discussion and arrange for papers to be prepared. Invitations have been sent to a further seven academic experts. I shall let you know the names of the participants when we have a complete list of acceptances (I doubt whether all on our first list will in fact be available at that time).

In the light of the above it will be necessary to revise somewhat the agenda contained in my earlier letter. I enclose with this letter a new agenda and a list of participants whom the Prime Minister has asked me to invite.

It is necessary, for reasons of space, to keep the number of those attending within reasonable bounds. The meeting with academic experts is not intended to embrace defence aspects of East/West relations except incidentally. The Prime Minister would therefore not wish to trouble the Secretary of State for Defence and MOD officials with that part of the proceedings, but would be most grateful if, as indicated in the enclosed paper, they could arrive at Chequers for the afternoon internal policy discussion on East/West relations on 8 September. Should it prove necessary to extend this discussion it will continue on the morning of 9 September, taking some of the time reserved for Arms Control and Disarmament which, perhaps, will not need the whole morning.

/ I am copying

I am copying this letter and enclosure to Richard Mottram (Ministry of Defence), Richard Hatfield (Cabinet Office), Jonathan Spencer (Department of Trade and Industry), John Kerr (HM Treasury) and Robert Lawson (MAFF). To those private secretaries who have not received earlier correspondence about the meetings, may I stress that the fact that these meetings are taking place should be closely guarded. We wish, in particular, to avoid any knowledge of them on the part of the media.

Yours ever

John Kerr

Brian Fall, Esq.,
Foreign and Commonwealth Office.

SEPTEMBER: EAST/WEST RELATIONS

Morning (0900)

8 outside experts (see separate list)

Foreign and Commonwealth Secretary

Mr. Rifkind

Sir A. Acland

Sir J. Bullard

Sir Ian Sutherland (if available)

Mr. Mackintosh

Sir A. Parsons

Mr. Butler

Mr. Coles

Lunch (1300)

For all the above

Afternoon (1430) (to discuss papers and formulate a practical plan
of action)

Sir Robert Amstrong
Foreign and Commonwealth Secretary

Mr. Rifkind

Sir A. Acland

Sir J. Bullard

Sir Ian Sutherland (if available)

Mr. Cartledge

Defence Secretary

Sir C. Whitmore

CDS

Mr. Blelloch

Mr. Goodall

Mr. Mackintosh

Sir A. Parsons

Mr. Butler

Mr. Coles

9 SEPTEMBER

Morning (0930) (Arms Control and Disarmament)

Foreign and Commonwealth Secretary

Lady Young

Mr. Luce

Sir A. Acland

Sir J. Bullard

Sir Ian Sutherland (if available)

Mr. Cartledge

Defence Secretary

Sir C. Whitmore

CDS

Mr. Blelloch

Mr. Goodall

Mr. Mackintosh

Sir A. Parsons

Mr. Butler

Mr. Coles

Sw Robert Armstrong

Lunch (1300)

The above plus the Trade Secretary, Mr. Pattie and Mr. Egerton

Afternoon (1430) (The Middle East)

Foreign and Commonwealth Secretary

Lady Young

Mr. Luce

Sir A. Acland

Sir J. Bullard

Sir J. Craig (if available)

Mr. Egerton

Defence Secretary

Sir C. Whitmore

Mr. Pattie

Trade Secretary

Mr. Goodall

Sir A. Parsons

Mr. Butler

Mr. Coles

Sw Robert Armstrong

9 SEPTEMBER (Contd)

1600 approx

The European Community

Foreign and Commonwealth Secretary

Mr. Rifkind

Sir A. Acland

Sir J. Bullard

Sir M. Butler

Mr. Hannay

Chancellor of the Exchequer

Mr. Littler

Minister of Agriculture

Mr. Williamson

Sir A. Parsons

Mr. Butler

Mr. Coles

Foreign Office

University of Essex

Department of Economics
Wivenhoe Park
Colchester CO4 3SQ

Tel: Colchester (0206) 862286
International +44 206 862286
Telegraphic address: University Colchester
Telex: 98440 (UNILIB G)

A. J. Coles,
10 Downing Street,
London.

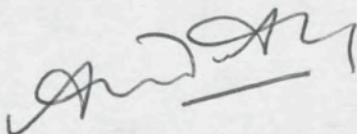
A. J. C. 25/9.

Dear Mr. Coles,

f-a.

I was honoured to receive the Prime Minister's invitation to attend an informal discussion group at Chequers on 8 September. Unfortunately, I shall be in Hungary on that date (on an Academy Exchange Visit). So I must decline this invitation. I do so, however, with the utmost regret and would welcome the opportunity to participate in a similar study group on some future occasion if I were invited.

Yours sincerely,



A. N. D. McAuley.

Not CF or GR



C N DONNELLY ESQ

SOVIET STUDIES RESEARCH CENTRE
THE ROYAL MILITARY ACADEMY SANDHURST
Camberley Surrey GU15 4PQ
{Camberley 63344 }

Telephone {Camberley military} Ext 346/373

PRIVATE SECRETARY TO THE PRIME MINISTER
10 DOWNING STREET
LONDON

22 JULY 83

ML 27/7
f-a.

R26.

Dear Mr Cates,

Thank you for your letter ^{with ASC?} inviting me to join a small group at Chequers on Thursday 8th September to discuss questions relating to the USSR and Eastern Europe.

I shall be pleased to attend, and would like to accept your offer to arrange overnight accommodation nearby for the night 7/8 September.

I look forward to receiving further details from yourself and Mr Kaser in due course.

I shall, of course, respect the confidentiality of the meeting

Yours sincerely

Chris Donnelly

Department of Politics

**Faculty of Letters
and Social Sciences**

University of Reading
Whiteknights
Reading
RG6 2AA

Telephone: 0734 85123

22 July 1983

MR 25/7

h-a.

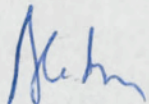
Dear Mr Coles,

with ABC?

Thank you for your letter of ~~18~~ July. I would be pleased to take part in the meeting at Chequers on 8 September to discuss the Soviet Union and Eastern Europe.

I look forward to receiving further details.

Yours sincerely,



Alex Pravda

23 JUL 1952

12 11 10 9 8 7 6 5 4 3 2 1



10 DOWNING STREET

From the Private Secretary

22 July 1983

*Dear Brian,*FOREIGN AFFAIRS AND DEFENCE: STRATEGY

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/ I am copying

JA

SECRET AND PERSONAL

-2-

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Yours ever

John Colles.

Brian Fall, Esq.,
Foreign and Commonwealth Office.

SC

CHEQUERS MEETINGS: 8 and 9 SEPTEMBER

8 SEPTEMBER: EAST/WEST RELATIONS

Morning (0900)

8 outside experts (see separate list)

Foreign and Commonwealth Secretary

Mr. Rifkind

Sir A. Acland

Sir J. Bullard

Sir Ian Sutherland (if available)

Mr. Mackintosh

Sir A. Parsons

Mr. Butler

Mr. Coles

Lunch (1300)

For all the above

Afternoon (1430) (to discuss papers and formulate a practical plan
of action)

Foreign and Commonwealth Secretary

Mr. Rifkind

Sir A. Acland

Sir J. Bullard

Sir Ian Sutherland (if available)

Mr. Cartledge

Defence Secretary

Sir C. Whitmore

CDS

Mr. Blelloch

Mr. Goodall

Mr. Mackintosh

Sir A. Parsons

Mr. Butler

Mr. Coles

9 SEPTEMBER

Morning (0930) (Arms Control and Disarmament)

Foreign and Commonwealth Secretary

Lady Young

Mr. Luce

Sir A. Acland

Sir J. Bullard

Sir Ian Sutherland (if available)

Mr. Cartledge

Defence Secretary

Sir C. Whitmore

CDS

Mr. Blelloch

Mr. Goodall

Mr. Mackintosh

Sir A. Parsons

Mr. Butler

Mr. Coles

Lunch (1300)

The above plus the Trade Secretary, Mr. Pattie and Mr. Egerton

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Defence Secretary

Sir C. Whitmore

Mr. Pattie

Trade Secretary

Mr. Goodall

Sir A. Parsons

Mr. Butler

Mr. Coles

9 SEPTEMBER (Contd)

1600 approx

The European Community

Foreign and Commonwealth Secretary

Mr. Rifkind

Sir A. Acland

Sir J. Bullard

Sir M. Butler

Mr. Hannay

Chancellor of the Exchequer

Mr. Littler

Minister of Agriculture

Mr. Williamson

Sir A. Parsons

Mr. Butler

Mr. Coles

JOHN

MEETINGS AT CHEQUERS 8/9 SEPTEMBER

I have spoken to Mr. Attfield, Finance Officer, MPO about reimbursement of expenses payable to outside academic experts attending the above. There is no problem provided the travel, hotel etc is contained within the UK. Of course, he would not be too happy if, say, someone had to return from abroad for this meeting thus incurring large amounts on payment of air fares. Even so, these would have to be met if this should be necessary.

Mr. Attfield suggests that the invitees should be told to claim their subsistence from him direct unless you prefer them to write to you in the first instance. If the former they should be addressed to

Mr. L J Attfield
Management & Personnel Office
Cabinet Office
70 Whitehall
London S W 1

Mr. Attfield would like to have a complete list of names when this is known.

Kay

20 July 1983



10 DOWNING STREET

20 July 1983

From the Private Secretary

Dear Michael,

I enclose a copy of a letter I have sent to all the potential academic participants in the meeting at Chequers on Thursday, 8 September.

The complete list, in addition to yourself, is:

Mr. G.A. Schöpflin, MA, LLB

Mr. Philip Hanson, MA(Camb), PhD

Professor Alexander Nove, BSc. (Econ), D.Agr., FRSE, FBA

Mr. A.H. Brown, BSc. (Econ) Lond., MA

Mr. A.W.D. McAuley, BSc. (Econ) Lond.

Mr. C. Donnelly, BA

Dr. A. Pravda, MA, PhD (Oxf)

We have not yet reached a final decision on which Ministers and officials will be present. This information will be available later.

You will see that I have asked all those addressed to let me know by telephone whether they can accept the invitation. I shall let you know their answers.

You kindly agreed to attempt to get all the papers to us by 20 August. As I explained the other day, I shall be away from the office from 29 July until about 2 September. But my colleague, Timothy Flesher, will handle the arrangements in my absence.

Yours sincerely
John Coles.

M.C. Kaser, Esq., MA (Camb. & Oxf.)

PRIVATE AND CONFIDENTIAL



Identical letters
sent to people
on list below.

10 DOWNING STREET

From the Private Secretary

18 July 1983

I have been asked by the Prime Minister to enquire whether you would be willing to join a small group of academic experts at Chequers on Thursday 8 September to discuss with her questions relating to the Soviet Union and Eastern Europe.

We propose that the group should assemble at Chequers at 8.50 a.m. on that day. The discussion would take up the whole morning and continue over lunch, the proceedings ending at about 2.15 p.m.

Since Chequers is not altogether easy to reach by public transport we would propose to arrange overnight accommodation at a nearby hotel on the night of 7/8 September for those participants who so wish. All accommodation and travel expenses will of course be reimbursed.

Mr. Michael Kaser of St. Antony's College, Oxford, has kindly undertaken to prepare the discussion by indicating to participants the questions which we hope to cover and suggesting who might lead on each. Each participant will be asked to contribute a short paper.

The Prime Minister would much appreciate it if you were able to take part. It would be helpful to know in the next few days whether you can do so. If you prefer to telephone your reply, I can be reached on (01) 930-4433.

Further details about the meeting would follow in due course.

This letter is marked "Private and Confidential" because we should prefer knowledge of the meeting to be confined to the participants themselves.

A. Z. COLES

Michael KASER	St. Antony's - expert on all aspects of Soviet bloc
Leonard SCHAPIRO	LSE
SCHOEPFLIN	LSE - Eastern Europe
Alec NOVE	Glasgow - Soviet Economy
Philip HANSON	Birmingham - Soviet economy and technology transfer
Archie BROWN	St Antony's - political aspects; the Politburo
Alec PRAVDA	Reading - social aspects, trade unions
Peter WYLES	LSE - economist
<u>Malcolm MACKINTOSH</u>	Cabinet Office
Peter UDELL	BBC External Services to Soviet Union and Eastern Europe
Hugh THOMAS	
Ian ELLIOT	Editor "Soviet Analyst" (also writes for The Times)

C.H. }
 A.A. } M.R.
 → M.H.
 Chive

The Soviet problem

For the West to anticipate Soviet decisions and to understand Soviet problems a distinction must be drawn between issues on which there is an ideological or national imperative and those upon which a particular policy is associated with a specific power nexus (such as the 'military-industrial complex'). A first theme for discussion is hence the interpretation of Soviet external policy as 'imperialist' or 'defensive' and the degree to which it is given to negotiation with its adversaries and its allies.

But the ability of the Soviet government to exercise choice within the 'imperative' areas and still more on its approach to 'discretionary' issues depends on the nature of the Party leadership (of which the most significant, but by no means the sole, characteristic is its permanence as perceived within the Soviet government and Party).

The Andropov succession is only the fourth since the Revolution and in no case has the incomer been the choice of his predecessor. Lenin did not want Stalin, Stalin wanted Malenkov, not Khrushchev, who was dismissed, and Brezhnev wanted Chernenko. If a power struggle continues after the nomination of a Party General Secretary (for four years after Stalin's death) or in anticipation of a change (the two years before Khrushchev's dismissal, the period of uncertainty before Brezhnev's death), his authority is diminished. In Andropov's case the two penumbrae may be one - the continuing strength of Chernenko on the one side and Andropov's age and ill-health on the other (at 69 he is older after succession than any previous leader: 68 on taking over. Andropov is older than were Stalin (44), Khrushchev (58) and Brezhnev (57). A second theme is hence the strength and relative permanence of the Andropov dominance and consideration of the composition of the forces that form the decision-making stratum.

Subject to modifications introduced by the second discussion, a third field is Andropov's own determination to carry through substantial changes in the relatively short time available to him. There is now sufficient evidence of that determination for it to be taken as given, but the issues to be confronted and the difficulties to be overcome should be compiled, and each judged in the light of the support Andropov can now and later be expected to command (on assessment of the Politburo 'line-up' and Central Committee changes being engineered by Andropov). It is prudent to consider at this stage the likely successors to Andropov and the time-scale on which a further leadership change could come about.

Assuming the continuance of Andropov over, say, four years, discussion could fourthly focus on his political 'style' (more 'open' but no pluralistic-government, concern with non-Russian minority representation, relative priorities of the home economy, foreign policy, defence, East-West trade and Comecon integration). The problems themselves are each for further examination: the

discussion at this stage is for the evaluation of Andropov's priorities in the light of his (putative) concern to introduce changes as soon as politically feasible (his Kommunist article in February stressed the need for 'well-prepared' reforms, opposition to which, above all through vested interests, is strong). Far-reaching economic reform, let alone political devolution, is not to be expected, but each broad set of likely decisions could be examined in turn. The signs are that Andropov and Gorbachev have already had to be more cautious on farm reform. The fifth topic should be the economy because 'what the USSR can afford' will illuminate some domestic political problems and some directions of foreign and defence policy. Manpower is a fundamental constraint on Soviet growth (and with growth to add to existing commitments without reducing the allocation to others - growth has ever since the First Five-year Plan covered up planners' waste and error). The USSR no longer has the fund either of new labour from demographic growth (except in Central Asia where natural resources and capital assets are fewest per head) nor of redeployed labour from agriculture or urban housewives, while bad management hoards the labour it has. There is a labour market in the USSR and despite the total subordination of the trade unions to government aggregate wages have been rising faster than the supply of consumers' goods and services provided under the Plan. Andropov admitted at the June 1983 Central Committee that effective demand exceeded supply, and the fixed retail price structure is so out of the 'market-clearing' range that microeconomic inflationary pressure is widespread, causing queues, informal rationing and chronic shortages, with consequences which include a growing black market, corruption, disincentive to work and alcoholism. One of Andropov's early efforts was to seek to suppress some of these abuses but they are symptoms of a deeper malaise. This fifth discussion could centre upon the Soviet need to reform the economic mechanism, the bureaucratic and other obstacles to introducing rationality and the other paths (including import of Western technology) to improve labour productivity. A side theme is the new Soviet pro-natalist population policy - but one which can only be a long time in relaxing the present constraints; a better use of existing manpower has the shorter term pay-off.

The political implications of an economic reform (which should involve a sharp rise in some retail prices) could be woven into a sixth element - nationalist and social discontent and the threat to the privileges of the élite through preferential access to goods, services and facilities in short supply. Scope for upward social mobility has become less and that of social anomie has increased. As a former head of the KGB, Andropov should act to minimise social frustration, a problem enhanced by the likely stagnation of the real wage to the end of the decade.

The gain in productivity (or otherwise the regain of a growth path) is all the more needed because of Andropov's declared commitments to the present high investment in agriculture. The opening of collective farming to private incentives (foreshadowed by Gorbachev in March but not approved by the Central Committee in June) is part of the same political repercussions of economic reform, but is separate enough to form a seventh field.

The other principal politically-determined call on economic resources - constituting an eighth topic of discussion - is armaments and the use of manpower in a conscript army. Because the weight of arms spending as perceived by the Soviet leadership in allocating resources is crucial to defence policy, it must be seen with them in the respective contexts of the benefits of outlay, increased, constant or diminished (within arms control). Ustinov's support for Andropov is relevant but the latter left his options open at the June Central Committee; but Soviet military doctrine is itself evolving.

A ninth topic could be devoted to the non-defence aspects of foreign policy, in the context of the prevention of a new encirclement of which one strand is the division of West Europe from the US and another rapprochement with China. Policy towards the West interlocks with that towards its own Warsaw Pact and Comecon allies and has an economic dimension (Soviet subsidies to East Europe, the cost of Cuba and Vietnam) as well as the salient political ones (such as control in Poland, pressure on Romania or relations with Yugoslavia). Soviet cost-benefit analysis must also be directed towards client states (e.g. Angola) and occupied ones (Afghanistan).

Finally, Soviet expectations on trade and finance are an important tenth area. If the USSR plans to reverse the hitherto downward trend in purchase of technology from the West, it must take account of the needs of Comecon for trade when no 'new money' is becoming available for the indebted East European members.

Michael Kaser



BRITISH EMBASSY,
VIENNA.

19 July, 1983

A J Coles Esq
No 10 Downing Street
LONDON SW1

Dear John,

f.a.

aa ⁹/₉
f.a.

EAST-WEST RELATIONS

1. I enclose a copy of a letter I have just received from Julian Bullard.
2. As you will see, Julian confirms my original feeling that the broad lines of my note would not be unwelcome in the FCO. In fact, there is a rather surprising convergence between Julian's approach and mine - though his is expressed in very different terms and has a very different starting point (I also happen to think that the point "which we forgot to put in" is absolutely fundamental). In case you have not already had a black market copy, I enclose a copy of Julian's minute.
3. So far as I am concerned, we can now draw a line under what had threatened to become a rather complicated exercise. My paper will disappear into the FCO machine and will have no official existence, so the chance of embarrassment should be small. I will suggest to Julian that he shows the paper to Antony Acland some time - but only to prove that I have not become completely besotted with the problems of the Residence! I leave it entirely to your discretion to decide whether or not to tell the Prime Minister that one or two people in the FCO have seen the paper - and vice versa.
4. For sake of completeness, I enclose a copy of the paper in the form in which it went to Julian Bullard.
5. I hope that some marginally useful purpose may have been served: I also hope that it was not renewed acquaintance with my prose that led the Prime Minister to decide not to come to Vienna.

Have a good holiday: it doesn't look like being a very restful Autumn.

Yours

Richard

(M O'D B Alexander)

Encs.



Foreign and Commonwealth Office

London SW1A 2AH

15 July 1983

M D O'B Alexander Esq CMG
VIENNA

EAST/WEST RELATIONS

1. I was most interested in your letter of 7 July and the enclosure. As I said on the telephone, it was a timely contribution. The new Secretary of State held a five hour meeting on East/West relations earlier this month, for which extensive preparations were made. A copy of my own contribution to this is attached and you will see how close my thinking is to yours. It was an excellent meeting leading to some useful conclusions. Since then we have been doing some more work with a view to talks in the autumn with the Prime Minister, who has shown signs of greatly increased interest in the whole subject since the election. This gives us the opportunity to raid your paper for thoughts which may have been at the back of our minds but which we forgot to put in, like your important point that although we do not see ourselves as threatening the Soviet Union, the very existence of our obviously superior and more attractive system constitutes a perpetual threat to theirs, and one of which their leaders must be acutely conscious.

2. You offer various suggestions as to what I should not do with your paper, but I should not like to be the only beneficiary. I am therefore showing it to Kenneth James and Nigel Broomfield, both of whom are much involved in this whole affair: the former will be watching my interests during the next three weeks while I am on leave. But it will be in the spirit of your letter if I do not enter it or this reply, nor refer to it in entered correspondence.

3. Mind you, I do not agree with absolutely everything you say

Yours ever

Julian

J L Bullard

CONFIDENTIAL

Private Secretary

From: Sir J Bullard

Date: 1 July 1983

cc PSS/All Ministers
PS/PUS
Mr Wright
Mr Evans
Mr James
Mr Cartledge
Mr Thomas
Miss Neville-Jones
EESD
Defence Dept
Mr Bishop, Research Dept
Mr Elliott, FED

EAST/WEST RELATIONS

1. From the mass of possible material I have selected three papers which the Secretary of State and other Ministers may like to read before his meeting on East/West relations next Tuesday 5 July.

A 2. JIC(79)5 dated May 1979 was an attempt to set out the objectives and priorities of the Soviet Union in international relations, attributing weights to the various motive factors: Russian national interests, communist ideology, etc. The illustrations are four years old but the basic judgements are still valid.

B 3. The NATO paper on trends in Soviet foreign policy and their implications for the Alliance is one of two studies which arose out of the pipeline dispute. It is up to date (May 1983) and tackles the central question how far the West is able to influence Soviet policies, and by what means.

C 4. The other NATO study, on East/West economic relations and their implications for the security of the Alliance, is even more directly related to the pipeline dispute. It concludes evasively but contains a great deal of wisdom.

5. What these three papers have in common is that they seek to hold the balance: to steer between the two errors implied in the old saying 'Russia is never so strong as she seems, nor so weak'. The United States has traditionally fallen into the first of these traps, the Europeans into the second. (Some Americans make both mistakes simultaneously, arguing that the Soviet Union is in danger of taking over the world but that it can be brought to its knees by economic sanctions.) I myself have believed at different times that there was a real risk of the Soviet Union building up a position of global dominance country by country in the Third World; and of them capturing the allegiance of public opinion in the countries of Western Europe. I no longer believe either of these things - but nor do I go quite so far as some who would cross out the expression 'Soviet threat' whenever they see it.

CONFIDENTIAL

6. To add another aphorism: the Soviet Union is never so hostile as it seems, nor so friendly. Here too the Atlantic partners have tended to fall into opposite errors, with American administrations swinging from one to the other. My 30 years of service have covered the well known postwar peaks (Macmillan in Moscow, SALT, Helsinki) and troughs (Hungary, Czechoslovakia, Afghanistan) - a series of false dawns and false dusks. The models of the Soviet tanks have changed in one set of pictures, the faces under the fur hats in the other. But in my view the nature of East/West relations has remained much the same. Excessive gloom and excessive hope are as rife as ever, and as wrong.

7. In this revolving constellation I would identify seven fixed stars:-

(i) East/West relations are governed by relations between the United States and the Soviet Union. This fact cannot be changed by any amount of talk of filling the vacuum, honest brokerage, third force, interpreting the East to the West and vice versa, etc. So long as the bells in Washington were ringing the funeral of detente, it was no use Europe putting on wedding clothes. Equally, if the United States is now turning back towards dialogue, it would be folly for statesmen in Europe to continue to beat the warning drum. European governments can safely and successfully pursue their interests with the East only when there is a reasonably satisfactory climate between the two superpowers.

(ii) Within that superpower relationship, a central position is occupied by arms control. Here too there have been errors in both directions. Kissinger was right to call SALT the 'iron pole' of the US-Soviet relationship, but wrong to allow this to take his eye off what was happening in Angola. Reagan was right to re-emphasise the need for Soviet responsibility and restraint in regional situations, but wrong to give the world the impression that his only concern in the arms race was to win it. (Mr Wright is submitting separately some papers on the current agenda in the field of arms control.)

(iii) Whatever else is done or not done, it must always be right for Western governments, including our own, to be in contact with the Soviet Union. Since Russia is a huge, ancient and complicated country, this requires serious study and application over many years, at many levels and across a broad front, outside as well as inside the government service. President Kennedy was perhaps naive to order a crash programme in American universities to discover what had enabled the Soviet Union to put the first man in space: but this was a wiser approach than the one which has led to today's situation, where it is said that only five people are taking PhDs in Soviet studies in the entire United States. The basis of any successful British policy towards the Soviet Union is a young man or woman with Pravda open on the desk and a volume of Russian history on the table at home. This is the foundation of the pyramid, whatever the apex.

CONFIDENTIAL

(iv) Eastern Europe is a special case, or rather six special cases, or seven if Albania is included. Ten years ago a conference of HM Ambassadors from Eastern Europe concluded, not for the first time, that 'the relationship between the East European countries and Moscow is unnatural, unwelcome and in the long run unstable'. Events in Poland speak for themselves. Less eloquently, so does the course charted by Hungary in recent years: as Mr Cartledge wrote presciently from Budapest, the Hungarian objective seems to be a state of affairs where the important features of Hungary will be Central European, and only the superficial ones East European.

(v) China is potentially a serious factor in relations with the Soviet Union, but not yet. It is more than a pawn on the board but not more than a knight. I say this because, if the problem of Hong Kong can be solved, there could be a prospect of our relations with China developing with dynamic speed. This must not revive with China the illusions through which we passed with the Soviet Union, or make us lose sight of the fact that the Soviet Union matters much more to Britain, for good or ill, than China is likely to do this century.

(vi) Coordination within the Western Alliance is the ideal, to be striven for even if never attained. This week the Russians have shown how much mistrust they can create in the Western camp simply by writing letters to some of our leaders but not all. The work of the Eastern European Working Group in the Ten, and of the various organs of NATO, is humdrum but essential. With our more important allies we need closer and more profound discussions than these. Under different management NATO could be not just the flywheel of this coordination, as it is now, but one of its engines.

(vii) Tone and style matter. The impassive face of the Soviet Union conceals a sensitive and pedantic nature. It was right to agonise over who should sign the condolence book at the Soviet Embassy after Brezhnev's death, over the wording of the first message to his successor, over how to reply to the cryptic telegrams of congratulation from Moscow after the recent election. There is no such thing as an unimportant speech on East/West relations by a British Minister. The first major speech on this subject by a new Foreign Secretary will have particular significance.

D 8. Lest it be thought that I speak for nobody but myself, I attach a fourth paper written this month by EESD and circulated within the Office at departmental level. It covers the same ground as the foregoing paragraphs, and comes to similar conclusions.

9. In the present phase, three facts stand out. The first is that the coming months are going to be a period of exceptional gravity, in which the West will need both the coolest statesmanship and the strongest nerves. I believe the Russians are very close to recognising that they are not going to be able to frustrate the deployment of new INF systems in Western Europe; that they plan to make one last push, concentrating on the Germans and on the two

CONFIDENTIAL

opportunities handed to them by Kohl in his own visit next week and the Bundestag debate in November; that if this fails they will turn to counter-moves; and that they will then face exactly the same problems as we did in 1979, but with much less chance of solving them within their alliance than we have been able to do within ours. All this will take place at a time when Andropov is consolidating his position and trying to hold on to his health. In these circumstances the Soviet Union will be deeply suspicious, fearful and prone to over-react to anything that looks like a provocation or an attempt to take advantage of Soviet weakness. To prevent misunderstandings and misreadings it will be important to talk to the Russians as never before. This would be true even if it were not the case, as I believe it is, that the West needs urgently to get a grip on the arms race.

10. Second, it is plain that the United States administration is moving out of the phase when it had no interest in the Soviet Union except to defame it. Shultz's testimony on 15 June makes this clear: so does the talk in Washington about a Reagan/Andropov summit. I do not believe that the Soviet Union will be able indefinitely to brush this American mood aside, hoping for a defeat for Reagan in the presidential election. However reluctantly, the two superpowers seem destined to start talking to each other again.

11. Third, I doubt if Britain has ever been better placed than we are now to take advantage of these opportunities. The Prime Minister has established her credentials with the United States and her strength in the eyes of Moscow. She has like-minded colleagues in Washington and Bonn, and no serious rival in Paris. We have all noted the interest which she is starting to express in the study and practice of East/West relations.

12. There is however one difficulty, not just of presentation. At various black moments in the past we and other Western governments have restricted our relations with Moscow as a mark of disapproval. It was easier to take such steps than it will be to put together the rationale for reversing them, with Afghanistan still under the Soviet boot and Poland under martial law. What we do from now on must be made consistent with what we have said in the past.

Conclusions

13. At the meeting on 5 July the Secretary of State may wish to work through the summary of conclusions at the front of Mr Broomfield's paper, and then go on to consider a possible action programme on the lines of that suggested.

J L Bullard

1 July 1983

J L Bullard

E

D
F



EAST-WEST RELATIONS

SOME PROPOSITIONS

1. While collapse is not imminent, the economic failure of the state socialist system in Eastern Europe and the Soviet Union is irreversible. After almost 40 years of peace, large-scale investment and individual sacrifice the industrial, agricultural and distributive infrastructure of the various states remains backward in extreme. In some cases it is decaying. Performance, however measured, is dismal. Except in a few limited fields there is little or no innovation of any significance.
2. The standard of living of the people relative to those in the capitalist democracies has been declining for a generation. Latterly many Eastern Europeans have actually become poorer. Some may be worse off than their parents were in 1939.
3. No amount of tinkering with managerial autonomy or computerised planning; of successful industrial espionage; or indeed of overt Western aid will reverse this trend. The system will never work. Given the aspirations of their ideology, it is almost incredible that senior Communist economists should be saying openly that the future rôle of their countries is as suppliers of raw materials.
4. The political failure is equally comprehensive. There is a universal and palpable withholding of support from the existing political and administrative establishment in Eastern Europe. The epidemic of alcoholism is symptomatic. The present set up is sustained by vested interests, inertia and fear of the Soviet reaction to change.
5. Relationships between member states of the bloc range from indifference through dislike to hostility. Crossing a border within Eastern Europe is barely less time consuming and adventurous, even for local people, than crossing a border between East and West.
6. The system has no capability for peaceful or piecemeal evolution. Attempts at reform have repeatedly revealed the rigidity and fragility associated with rotteness in complex structures. One day the system in Eastern Europe will break down completely. When it comes, the break down may well be sudden, unforeseen and comprehensive. The impact of such a break down on the Soviet Union would be traumatic.



7. It is inconceivable that these facts, evident to any reasonably close observer, should not long ago have become obvious to the men who run the régimes.
8. Contrary to the generally held belief these leaders are well-informed about the West's performance in all the areas that matter to them. They probably do not believe what they read about our intentions. They have little choice other than to believe what they see and read of our material achievements.
9. Their protestations to the contrary notwithstanding, the Soviet leaders know that in a contest for which their prophets laid down the rules and in precisely those areas where they most loudly assert their superiority (social, political, ideological and economic development), they are being comprehensively defeated. They cannot compete peacefully with the West. Their inability to do so will become more marked as we move into the era of commercially applied high technology.
10. The areas in which the Soviet Union is able to compete (by concentrating talent and ignoring cost) are those of military development and prestige research projects such as space exploration. In the absence of an effective industrial and scientific base the quality of this effort can hardly be sustained indefinitely. But in the short and medium term it must be a cause of deep concern to the West.
11. Soviet leaders undoubtedly entertain hopes that internal divisions, social unrest, a banking collapse or some similar self-inflicted setback, will slow the advance of the capitalist democracies. But they also know that in most of these areas their own rôle can be little more than incidental. The trouble they can cause e.g. in the Third World, is serious. But it matters ultimately only to the extent that it affects the central economic, ideological and strategic confrontation.
12. Unfortunately few Western decision-makers, particularly in the United States, have any first-hand knowledge of the state of affairs in Eastern Europe and the Soviet Union. The Berlin Wall and the riots in Poland are real enough but are not the reality. The Soviet system is lawless and morally degrading for rulers and ruled. It encourages and condones evil acts and to that extent is evil. But to talk of "an empire of evil" is to credit the Soviet Government with a self-confidence and a capacity for malefaction outside the Soviet Union that it does not possess. It is an empire of incompetence, dreariness, corruption and frustration.
13. It follows that the Soviet system, despite its leaders' posturing and their worldwide investment in subversion, is incapable of mounting a credible challenge to the supremacy of the



capitalist democratic alternative in any except a military sense. (Hence in part the increasing tendency to Bonapartism in the Soviet bloc. General Jaruselski may be a precursor rather than an anachronism.)

14. This is not to say that the Soviet leadership want war. They do not. It means simply that they see their best chance of success as lying in a long drawn out confrontation in which their strengths - military capability and continuity of purpose - confront the democracies' weaknesses - popular anxiety about war and reluctance to pay for the means to prevent it.

15. The risks are as obvious to the Russians as to us. But they see little option other than to persist. For the Western democracies, by the mere fact of their existence and by the attractiveness of their material success, constitute a fundamental and inescapable challenge to the survival of the Soviet system. In this most basic sense, largely independent of the actions and intentions of individual leaders, the West shares responsibility with the East for the continuing instability of East-West relations.

16. The men in the Kremlin are the inheritors of centuries-old convictions about Russian material and technological inferiority and about the threat of encirclement. They have built their careers in an environment of intrigue, conspiracy and mistrust. They assume that Western leaders are no less duplicitous. Since they know their empire is essentially bankrupt, Western rhetoric about the threat from the East may often seem to bloc politicians no more than a cloak for our own aggressive intent.

17. Afghanistan encapsulates the dilemma of dealing with the USSR. The Kremlin resorted to military action because of its inability to secure an "acceptable" régime in Kabul by any other means. In that sense it was an action taken out of weakness, a political setback compounded by the subsequent military failure to subdue the Afghans. Nonetheless the criminality of the invasion, its strategic implications and the continuing barbarity of the occupying forces leave the rest of the world no choice but to interpret the Soviet action as expansionist, destabilising and threatening.

SUMMARY

18. The lack of congruity which has made détente an illusion and which will make a collision between East and West extremely difficult to avoid is clear.

19. On the one side there is a ruling group of long-serving bureaucrats, experienced and knowledgeable but also touchy, cynical, inflexible and conspiratorial; whose national and

/ideological



ideological inheritance of inferiority and suspicion towards the West is reinforced by a pressing consciousness of economic and political failure; who know they rule a collection (outside the Soviet Union and in its non-Russian areas) of disaffected and disunited peoples; but whose pride and will to power is undiminished; who have few problems with public opinion; who possess, in their immense and growing military power, one trump card; and who are coming increasingly under the influence of their military colleagues.

20. On the other side, a constantly changing group of elected civilian leaders who, however acute the immediate difficulties, preside over the most prosperous and dynamic society in human history; but whose natural chief does not now have, and has rarely ever had, first-hand knowledge of the situation in the Soviet bloc or of how the world looks through Soviet eyes; who find it difficult to accept that the Soviet colossus marches on feet of clay; who are rightly preoccupied with the need to match, and therefore to focus attention on, the Soviet military threat; and whose electorates are betraying increasing anxiety about the possibility that deterrence will break down.

CONCLUSIONS

21. On this analysis it is not easy to be optimistic about the future of East-West relations. But some conclusions can be drawn:-

- (a) the idea that a unilateral weakening of our military stance might lead the Soviet Union to follow suit is wildly misconceived. The Soviet leaders do not deal in goodwill. Anything which allows them to increase their advantage in the military element of the East-West equation will be pocketed by them with relief;
- (b) the idea that by making the choice stark enough one can force the Soviet leadership to allocate resources to civil rather than to military development is equally misconceived. Why should they do so if the military race is the only one in which they have a chance of success? There is no evidence that the Soviet leaders have lost the will either to impose economic hardship on those they rule or to deal harshly and effectively with discontent and dissent when they judge this necessary;
- (c) in the long run the amount of Western economic help they receive will not have a major impact on the functioning of the Communist economies. Their failure is systemic. However attractive - or even necessary - in terms of domestic politics Western sanctions and trade restrictions may be, they serve little purpose. They hurt those who impose them at least as much as the intended victims. The COCOM list makes it a little harder and a little more



expensive for the Soviet Union to obtain the information and equipment it wants but eventually it gets both anyway;

- (d) it is a truism, but also consistent with the analysis above, that the West's interest is to conduct the East-West struggle on virtually any basis other than a military one. To tempt the Soviet Union to accept a change of terrain will at best be a long-term process. Western Governments collectively will have to pursue more consistent and pragmatic policies; show more self-confidence about their own position; and take more account of Soviet weakness and paranoia.

POLICY IMPLICATIONS

22. The Western strategy with which Soviet and East European Governments would find it most difficult to cope would be one which combined:

- a very firm military stance and a consistently robust response, with deeds rather than words, to unacceptable Soviet activity outside the bloc;
- a studied indifference to Soviet bluster and a refusal to respond in kind. Contempt without condescension;
- a low-key governmental reaction to events within the Soviet bloc and an avoidance of public "linkages";
- the active pursuit of a sensible relationship with China (easier to achieve than with the USSR). The West should consciously eschew "China policies" directed against the Soviet Union while refusing to allow its policies to be determined by Moscow's anxieties.
- a willingness to negotiate toughly, persistently and regularly, about virtually anything;
- entirely unsentimental commercial and economic relations in which we would make explicit our intention to pursue our own advantage without discrimination and without favours vis-à-vis the bloc as a whole or as between its individual members; and
- steady but unspectacular pressure for increased "human contacts" and "information exchange" of every kind.

Put baldly this sounds, and is, cold-blooded. It implies that Governments (as opposed to private citizens, the press etc.) should pay less attention to the Walesas and Sakharovs of the future. It implies a greater degree of coordination than Western Governments have succeeded in maintaining in the past.



To that extent it may be unrealistic. Nonetheless it is hard to see a better way of bringing the Soviet Government to change its policies and of achieving the dissolution of the Soviet bloc in something like a controlled manner than by increasing the prosperity and information available to the subject peoples and depriving the régimes of excuses for the blatant failure of their economic and social policies.

COUNTER-ARGUMENTS

23. A number of arguments might be advanced against an adjustment of policy in this direction. These would include:

- (i) that if it brings additional prosperity to Eastern Europe, the present régimes will claim the credit and strengthen their positions accordingly.

Answer: The benefits will be limited by the inefficiency of the system and in any case disillusion with state socialism is far too advanced to be susceptible of cure. The much more likely consequence will be to arouse expectations that state socialism is incapable of satisfying. The upheavals in Czechoslovakia in 1968 and in Poland in 1980 followed periods of relaxation and slightly increased prosperity.

- (ii) that extra resources and "know how" will be ploughed into defence.

Answer: This may well happen initially. But it is doubtful whether at present levels the additional input will make more than a marginal difference. The limiting factors on Soviet military capability are not now those of resource availability or knowledge.

- (iii) that while it might eventually undermine the Soviet bloc, it would undermine more rapidly the will of Western electorates to support an adequate defence effort.

Answer: What one is now seeing in Western Europe and North America is less a growing reluctance to pay for an adequate nuclear and conventional armoury than a growing fear that the armouries on both sides are going to be used. It is, in part, to this fear that the foregoing recommendations are addressed.

208



Identical letters
sent to people
on list below.

10 DOWNING STREET

From the Private Secretary

18 July 1983

I have been asked by the Prime Minister to enquire whether you would be willing to join a small group of academic experts at Chequers on Thursday 8 September to discuss with her questions relating to the Soviet Union and Eastern Europe.

We propose that the group should assemble at Chequers at 8.50 a.m. on that day. The discussion would take up the whole morning and continue over lunch, the proceedings ending at about 2.15 p.m.

Since Chequers is not altogether easy to reach by public transport we would propose to arrange overnight accommodation at a nearby hotel on the night of 7/8 September for those participants who so wish. All accommodation and travel expenses will of course be reimbursed.

Mr. Michael Kaser of St. Antony's College, Oxford, has kindly undertaken to prepare the discussion by indicating to participants the questions which we hope to cover and suggesting who might lead on each. Each participant will be asked to contribute a short paper.

The Prime Minister would much appreciate it if you were able to take part. It would be helpful to know in the next few days whether you can do so. If you prefer to telephone your reply, I can be reached on (01) 930-4433.

Further details about the meeting would follow in due course.

This letter is marked "Private and Confidential" because we should prefer knowledge of the meeting to be confined to the participants themselves.

A. J. COLES

Mr. G. A. Schöpflin, MA, LLB.



Mrs Deborah Green,
list of names and
addresses as
requested.

With the Private Secretary's Compliments

DEPARTMENT OF EDUCATION AND SCIENCE

Elizabeth House
York Road
London SE1 7PH

Telephone 01-928 9222

Luey-J. Olney
19.7.83

✓ P Hanson MA Cambs PhD
Reader in Soviet Economics
Centre for Russian and East -
European Studies
University of Birmingham
PO Box 363
Birmingham B15 2TT

✓ G A Schöpflin MA LLB
Lecturer in East European Political Institutions
(joint post with LSE) (Lecturer in Government at LSE)
School of Slavonic and East European Studies
University of London
London WC1E 7HU

✓ Professor A Nove BSc (Econ) D Agr FBA
Emeritus Prof of Economics
University of Glasgow

Home address: 55 Hamilton Drive
Glasgow G12 8DP

✓ A H Brown BSc (Econ) Lond MA
Lecturer in Soviet Institutions
St Antony's College
Oxford OX2 6JF

✓ M C Kaser MA Camb & Oxf
Reader in Economics
St Antony's College
Oxford OX2 6JF

? ~~Captain~~ ^{ESV} C N Donnelly BA
(Intelligence Corps)
Royal Military Academy Sandhurst
Camberley
Surrey

✓ P B Reddaway MA ~~Cantab~~
Senior Lecturer in Political Science
London School of Economics and Political Science
Houghton Street
Aldwych
London WC2A 2AE

Dr. Alex Randa, MA PhD
(Oxf)
Lecturer, Politics Dept.
Univ. of Reading
Whiteknights
Reading, RG6 2AH.

✓ A W D McAuley BSc (Econ) Lond
Senior Lecturer in Economics
University of Essex
Wivenhoe Park
Colchester CO4 3SQ



10 DOWNING STREET

SCHOEPFLIN : ~~L.S.E.~~ School of Slavonic Studies

✓ PHILIP HANSON : BIRMINGHAM

✓ ALEC NOVE : GLASGOW

ARCHIE BROWN : ST. ANTHONY'S,
OXFORD

Sept. '82

CHRIS DONNELLY : RFA, SANDHURST.
Int. Comps.

✓ PETER REDDWAY : L.S.E.

ALISTAIR REDDWAY : Essex
University

✓ MICHAEL KASER : ST. ANTHONY'S,
OXFORD.

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~~Handwritten scribbles~~

We propose that the group should assemble at Chequers at ~~9.15~~^{8.50 a.m.} a.m. on that day. The discussion would take up the whole morning and continue over lunch, the proceedings ending at about 2.15 p.m.

^C
^K
Dr. Michael Caser of St. Antony's College, Oxford, has kindly undertaken to prepare the discussion by indicating to participants the questions which we hope to cover and suggesting who might lead on each. ~~It is not suggested that participants should contribute papers.~~ The proceedings would be entirely oral. *Each participant will be asked to contribute a short paper.*

The Prime Minister would much appreciate it if you were able to take part. It would be helpful to know in the next few days whether you can do so. If you prefer to telephone your reply, I can be reached on (01) 930-4433.

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SECRET



Foreign and Commonwealth Office

London SW1A 2AH

15 July, 1983

6
List detached.

AR 15/7

Jan 2/83

Questions on Soviet Policy

You asked for a list of questions on Soviet policy which the Prime Minister might use with Dr Michael Kaser at lunch on Monday 18 July as an indication of the topics she would like to discuss with him and other academics.

/ I enclose a suggested list of questions.

[Handwritten signature]
[Handwritten signature]

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

SECRET



Questions on Soviet Policy

External

1. Is the Soviet Union seeking world domination? Does it have a master plan with this objective? Given the nature of Soviet ideology, national interests and recently acquired super power status, can any Soviet leadership be satisfied merely to preserve the existing status quo?

2. What are the Soviet Union's external priorities? Does its relationship with the US have overriding priority?

Internal

3. What pressures for change exist within the Soviet Union, how strong are they, and is there any way in which the West can increase or channel them?

4. What prospect is there of a less ideological, more pragmatic leadership emerging, and in what timescale?

What is the mechanism for radical change if any.

Military

5. What is the ultimate purpose of the Soviet military build-up? Can the Russians be induced to halt it? Can they be trusted not to cheat on arms control agreements?

Economic

6. Can the Soviet economy be revitalised? In tackling the Soviet Union's economic problems, will Andropov merely try to make the system work better by combatting corruption and inefficiency, or will he attempt more fundamental reform, perhaps on the Hungarian model? What would be the implications of the latter for the West, both politically and commercially? Is there any real prospect that the economic strains caused by strategic competition with the United States will bring the Soviet Union to arms control agreements based on real reductions?



Eastern Europe

7. With the prospect of increasing economic difficulties in meeting its own targets and needs, is there any likelihood of a more tolerant Soviet attitude towards diversity and experimentation in Eastern Europe? In what time scale might this come about?

China

8. Can China and the Soviet Union be reconciled? How big a problem is China for the Russians?

PRIME MINISTER

LUNCH ON MONDAY

You are giving lunch on Monday to Michael Caser (St. Antony's) and Malcolm Mackintosh (Cabinet Office).

I have told Michael Caser that you would like him to organise the meeting of academic experts at Chequers on the morning of Thursday, 8 September. He is delighted to do it.

He would like to discuss with you the questions you want to be covered during the meeting. The attached list may be helpful.

I also attach the list of participants which I showed you the other day. We may want to adjust this in the light of your decisions on the ground to be covered. I wondered whether you would want to add either Brian Crozier or Robert Conquest?

After the lunch I shall, if you agree, invite all the proposed participants on your behalf. I shall then leave it to Michael Caser to organise the proceedings but keep in touch with him.

Michael Caser's speciality is the Soviet economy but I am told that he ranges pretty widely over the whole Soviet/Eastern European field. Malcolm Mackintosh has made a particular study of the Soviet military but again is very knowledgeable about other aspects.

A. J. C.

15 July 1983

Michael CASER	St. Antony's - expert on all aspects of Soviet bloc
Leonard SCHAPIRO	LSE
SCHOEPFLIN	LSE - Eastern Europe
Alec NOVE	Glasgow - Soviet Economy
Philip HANSON	Birmingham - Soviet economy and technology transfer
Archie BROWN	St Antony's - political aspects; the Politburo
Alec PRAVDA	Reading - social aspects, trade unions
Peter WYLES	LSE - economist
Malcolm MACKINTOSH	Cabinet Office
Peter UDELL	BBC External Services to Soviet Union and Eastern Europe
Hugh THOMAS	
Ian ELLIOT	Editor "Soviet Analyst" (also writes for The Times)



Questions on Soviet Policy

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Prime Minister

②

5A

MR. COLES ✓

14/7

SECRET

BRITISH FOREIGN POLICY

If the Prime Minister has not seen it already, she may be interested in the attached copy of Nicko Henderson's article in a recent issue of the Sunday Times. I have now seen three such documents - the paper I wrote for the Prime Minister during the election campaign, Nicko's article, and a paper (the existence of which we are not allowed to be aware of) written by Antony Acland for the new Foreign Secretary. There was no collusion, but all three bear a remarkable similarity to each other. This may mean that all three of us are right: it may mean that the options are so limited that we were bound to say roughly the same thing: it may mean that all three of us have been so conditioned by similar experiences that we were likely to think in the same way!

Can you get hold of them - have been asked.

To my mind, the most interesting passage in Nicko's article is the piece about East/West relations. It reflects exactly what I believe and, I suspect, what will form the heart of the FCO paper being prepared for the strategy meeting in September.

If the Prime Minister has time for any holiday reading, I recommend Joseph Conrad's article "Autocracy and War" written on the outbreak of the Russo/Japanese war in 1905. It is contained in the volume "Notes of Life and Letters". It is vividly written and indicates how little the Russian monster has changed in spite of the revolution and all that has followed it.

Prime Minister

Would you like to see this?

A.J.C. 14/7

✓

A.D. PARSONS
14 July 1983

SECRET

Targets for Howe's FO

DEAR GEOFFREY,

I suppose when you first entered that palatial office whence Sir Edward Grey looked out over the Horse Guards and saw the lights being extinguished all over Europe, you made the same sort of decisions as other foreign secretaries upon arrival: the choice of portrait to look down upon you (George III is often banished but seems to get back somewhere); and the direction your desk is to face and what is to be placed upon it ("Take away this contraption of brass and glass", were the words Lord Curzon first used upon seeing the ink stand furnished by HM Stationery Office). By the time you receive this letter you will also have been able to realise, as your predecessors have done, that your cloak-room has the best view of any such office in London. But enough of these personal matters.

Many and detailed will be the papers, laughingly called briefs, submitted to you as incoming foreign secretary. Knowing the difficulty you will have in trying to thread your way between them to reach some objectives for the next five years, let me put to you synoptically what I would have said to you had I talked to you in that office where I first served one of your predecessors nearly 40 years ago.

It was Mr Ernest Bevin's problem then, as it will be yours in the next five years, to shape a foreign policy for Britain and secure its acceptance at home and abroad at a time when this country and our relations with the world are changing and becoming dramatically different from what they were when the assumptions governing our national outlook were formed. Many great empires have declined; most have fallen; none so far has found a satisfactory mutation to a new national genus - neither great power nor small power but one with world interests and influence.

I know that it is not our way to go in for concepts or systems. "And how", inquired a visitor to Sans Soucie exactly two centuries ago, "would Your Majesty define the English system?" The



SIR NICHOLAS HENDERSON (left), former ambassador to Warsaw, Bonn, Paris and Washington, writes an open letter to SIR GEOFFREY HOWE (right), the new foreign secretary

English" snapped Frederick the Great "have no system." Our philosophy has been pragmatism, the avoidance of general commitment and hypothetical judgment. I do not suggest that we should now reverse this principle and try to fit all foreign policy decisions into the same conceptual framework, but we need certain overriding objectives.

Six steps

There will, I fear, be no escape for you from having to focus, in the first year or two at any rate, on the residual problems of empire - the Falklands, Gibraltar and Hong Kong - which are central to our responsibilities but peripheral to our long-term interests, except insofar as our handling of them affects our standing in the world. The first two will not be settled quickly, but you might achieve some easements. Hong Kong cannot wait long.

I will omit the Middle East, highly dangerous though the situation is in the Lebanon, because I do not think you can do much more than stick by the policy of the Venice Declaration which did indeed have considerable influence on the US government.

The following are major targets.

● Europe:

The Europeans may have come to realise the justice of our financial case but they certainly expect us henceforth to be more positive about the Community generally and to have ideas about its development.

Here are specific steps:

(i) Recognising the immense economic clout the Community wields, we should exhort it to pursue the free-trade rather than protectionist path.

(ii) Work towards the creation of a true common market in industrial goods and services, eliminating non-tariff barriers and the sort of restrictions that, for example, inhibit British insurance companies from operating in France or Germany.

(iii) Join the European Monetary System. As you know, there is always someone in the Treasury who thinks it is the wrong moment to join, whether because sterling is too strong or too weak; but it is in our interests that the EMS should survive - an area of monetary stability.

(iv) Promote industrial co-operation between the countries of Western Europe. It does not make sense for European industry and technology to be impotent in the face of US and Japanese competition when we have a market of 250 million people.

(v) Put great effort into political co-operation, the means by which the Community can exercise influence in the world at large. There is no other institution in which Europe can have a collective voice - eg, as regards the Middle East. It should look ahead not merely react.

(vi) Support greater community aid for the Third World, necessary on grounds of self-interest and morality (impulses that no foreign secretary will wish to see in conflict).

● US/UK relations and the Atlantic alliance:

There are transatlantic differences, of course, but no crisis. The USA expects more of Europe now, particularly in that the peoples of Western defence. This follows from an important change that has taken place. Europe has come, over the past decade, an economic force comparable to that of the USA with a higher up of arms and the

rate of growth. Western Europe should, I believe, be able, thanks to the latest technology, to increase its conventional strength at very little extra cost, so as to provide a more effective deterrent whilst putting off to a later phase the necessity for using nuclear weapons. This does not mean any change in Western Europe's ultimate reliance on the US strategic deterrent. You will not, I hope, be tempted to pursue the idea of a purely European system of defence, distinct from that of the USA.

It should also be possible for some countries of Western Europe - France, Italy and ourselves, for example - to envisage, without this amounting to a return to anything like a world role, being ready to support European interests that may be threatened outside the Nato area. The USA, as you know, shudders at the idea of being left alone as world policeman.

● East/West relations:

There is a need to resume the political dialogue with Moscow without necessarily having any hard-and-fast aim. We do not know enough at present about the governing personalities or thought in the Soviet Union because our contacts are so limited. Moscow has been looking upon London for a long time as a less worthwhile interlocutor than Paris or Bonn. This does not help us in European discussions on East-West relations because our leaders do not have the necessary direct knowledge.

There is no reason to fear that by talking we will have to make concessions. The Soviet Union will surely be facing calamity by the next century, but there is a dangerous intervening period when they may wish to exploit military might for political advantage. The time is too dangerous for us to remain completely out of joint with one of the two superpowers.

As regards Eastern Europe, we must hold open the door so that they can approach us whenever they think it is safe to do so. If you have lived in Eastern Europe, as I have done, it is difficult to exaggerate the yearning of the people there for contact with the West.

● Arms control:

I see no prospect of the Russians undertaking serious negotiations such as would preclude the need for the deployment of cruise missiles in the West. But I do believe that the peoples of Western Europe, while firm in the need to have the necessary means of deterrence, will become increasingly disillusioned if there is no arrest to the piling of arms and the

Geo.
Solic
Pus

of overkill. This again is a subject that we have a right and duty to talk about in Moscow at the highest level. The Soviet Union has, after all, brought us into the act by referring to the UK and French nuclear deterrents.

Public debate

Nor should we forget the influence that Europe can exert on the USA on this subject.

● Japan:

We should take advantage of the new mood that Mr Nakasone personifies. He is willing to engage in political consultation with the West without the former Japanese fear of entanglement, and to adopt similar postures vis-à-vis the Soviet Union. We should encourage the Japanese to regard their security as indivisible from that of the USA and Western Europe.

At Williamsburg we all supported the principle of free trade. The Japanese must make good on this by opening their markets to the West. They are likely to build up a visible trade surplus of \$30 billion this year - 50 per cent more than the previous year - and they should be left in no doubt of the political pressure for protection that will arise in the West unless they adopt a more liberal attitude.

● Conclusion:

Let me conclude with a bee in my bonnet about communication. The recent election showed the possibility and value of serious public discussion on international issues. Ministers were prepared to explain. I am sure that this should be continued as a regular practice and even extended to questions and answers conducted with audiences in foreign countries. When in all democratic countries decisions on foreign policy depend upon public support something a good deal more than Salisbury's diplomatic boat-hook is needed to avoid collisions.



10 DOWNING STREET

Duty Clerk

pl. obtain the article referred
to in the last para. and return
to me.

MR 26/7.

NOV 1-a.

MR 1/10.

p. 9,
See later pages.
M 25/7.

①

PRIME MINISTER

Chequers Strategy Meetings 8 & 9 September: Foreign Affairs
and Defence

It would be helpful to decide now who should attend so that those concerned can make their holiday plans accordingly.

I attach a draft list and should be grateful to know whether you agree with it. **No**

Would you wish to invite those attending on the first day (16 in total) to lunch?

You kindly suggested that Robin and I should spend the night of 3 September at Chequers. Do you want anyone else to?

If you wish to give a lunch on the second day you may like to invite those attending the morning session (Arms Control) and the first afternoon session (Middle East). This would give a total of 18. Agree?

Yes not

A.S.C.

This is not the way I want it.
I am not interested in gathering
in every junior Minister, nor everyone
who has ever dealt with this subject at
the F.O. The F.O. must do their prep.
before. I want also some people who
have really studied Russia - the Russian
superiority of which we had some
than half the people on the
list - know less than
I do not

8 July 1983

CHEQUERS MEETINGS: 8 AND 9 SEPTEMBER

PARTICIPATION

8 September (throughout)

EAST/WEST RELATIONS

Foreign Secretary

~~Lady Young~~

~~Mr. Rifkind~~

~~Mr. Luce~~

Sir A. Acland

~~Sir J. Bullard~~

Mr. Cartledge

Defence Secretary

~~Mr. Stanley~~

Sir C. Whitmore

CDS

~~Mr. Blelloch~~

Mr. Goodall

Sir A. Parsons

Mr. Butler

Mr. Coles

9 September

ARMS CONTROL AND DISARMAMENT

Foreign Secretary

~~Lady Young~~

~~Mr. Luce~~

Sir A. Acland

Sir J. Bullard

Mr. Cartledge

Defence Secretary

~~Mr. Stanley~~

Sir C. Whitmore

CDS

~~Mr. Blelloch~~

I do not like
this ~~list~~ list. It is
purely intended. That is
not the point. I want
a list outside
academics. I will
contact Hugh Thomas.

PERSONAL AND CONFIDENTIAL



BRITISH EMBASSY,
VIENNA.

8 July, 1983

A J Coles Esq
No 10 Downing Street
LONDON SW1

AK 4/7

D.U. 5/9.

Dear John,

EAST-WEST RELATIONS

1. Thank you for your letter of 27 June. After some hesitation I have done as you suggested and sent the paper to Julian Bullard. On re-reading it, I felt moved to change thirty or forty words and put in two sentences about China. But the amendments are not worth troubling you with.

2. I feel a bit nervous at having left myself without a mechanism for bringing left and right-hand together. Nine chances in ten Julian will regard the paper as "interesting" and consign it to the nether regions. But I suppose there is a slight chance that he will make some other use of it, e.g. in the context of preparations for the meeting you mention. In the latter eventuality there is an evident possibility of embarrassment sooner or later. Could you keep your ear to the ground and, if necessary, tell a suitably-timed white lie of some kind about "Michael's paper which you had heard about and of which you had obtained a copy because you thought it might interest the Prime Minister"? If Julian tells me that he intends to circulate the paper or put it up, I will let you know — & perhaps confess my misdeemeanor without more ado!

Yours ever

Michael.

(M O'D B Alexander)

PERSONAL AND CONFIDENTIAL

For
5



10 DOWNING STREET

From the Private Secretary

6 July 1983

Foreign Affairs and Defence: Strategy

Thank you for your letter of today's date.

I think it will be possible to meet the Foreign Secretary's wish that those invited for the discussion of East/West relations should include those (or at least most of them) concerned with arms control and disarmament. I shall see whether we can make the arrangements on the second day sufficiently flexible for the arms control session to be shortened if necessary.

BT/

As regards the various papers which are under preparation, I am content, as I indicated on the telephone, that these should reach me on 25 rather than 21 July. But I am afraid that this must be regarded as an absolute deadline. I shall want to show the papers (which need not be in final form) to the Prime Minister at that stage so that she can indicate whether they are the kind of papers which she would want to form the basis of her series of meetings. This will allow time for redrafting and up-dating as necessary.

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

A. J. COLES

B.J.P. Fall, Esq.,
Foreign and Commonwealth Office.

NR



Foreign and Commonwealth Office

London SW1A 2AH

6 July 1983

*Pl. attach papers.**A.S.C. 6/7**Dear John,*Foreign Affairs and Defence: Strategy

You wrote to me on 27 June concerning the agenda for the Prime Minister's strategy meetings on foreign affairs and defence at Chequers on 8 and 9 September. I have since had your letter of 30 June giving us pointers on what you felt the Prime Minister will want to see covered in the discussion papers.

The Foreign Secretary has seen the correspondence. He agrees with the agenda and endorses the Prime Minister's view that fundamental questions need to be addressed, especially in East/West relations. He has also commented on the very close links between the East/West Relations discussion scheduled for the first day and the question of arms control and disarmament scheduled for the second. He hopes that the cast invited for the discussion of East/West relations will include those most concerned with arms control and disarmament, so that these links can be brought out as may be appropriate. The time allowed on the first day should be sufficient for that purpose. If it transpired that the Arms Control session on the second day could be somewhat shortened as a result to allow a little more time for the other subjects, he would find this a welcome bonus.

It has been agreed at a meeting chaired by David Goodall that the FCO will take the lead in drafting all papers, where appropriate in close consultation with the MOD and Cabinet Office.

In your letter of 27 June you asked in particular for comments on the layout of discussion papers. In principle we agree that when it comes to the final version one paper per topic should suffice - including that covering East/West relations where the different aspects you mention can, in our view, best be covered in separate sections of a single paper. I doubt whether, in the papers being sent to you by

/25 July



25 July, the arms control field will be covered by a single paper: a policy paper is at the moment being written in this department in conjunction with MOD which will need to be taken into account in the final drafting. More generally, as we discussed, updating nearer the time will almost certainly be necessary in the case of some, if not most, of the papers; and the 25 July versions are unlikely to be the last word on the subject.

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

Yours ever
[Signature]

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

bc AP Tmp



3

10 DOWNING STREET

From the Private Secretary

30 June 1983

Dear Brian,

INTERNATIONAL AFFAIRS: STRATEGY MEETINGS

My letter of 27 June outlined the agenda for the meetings which the Prime Minister will be holding at Chequers on 8 and 9 September and suggested what discussion papers would be needed.

The purpose of this letter is to let you have some purely personal views on the nature and contents of the discussion papers. I have not consulted the Prime Minister but there are certain points and ideas which I rather think she will expect to be covered.

By far the most important session in the Prime Minister's eyes will be that on East/West relations to which we are now devoting virtually the whole of 8 September. Mrs. Thatcher will expect the discussion paper or papers to address fundamental questions. The description of Britain's aims with regard to the Soviet Union and Eastern Europe will be important in that connection. I do not think the Prime Minister would regard "firmness and dialogue" as an aim but rather a means. She would be more inclined to see our objective in the long term as the replacement of Communist by democratic regimes. She would expect to see some analysis of our capacity, in conjunction with our allies, to achieve that objective. If the analysis shows that the achievement of such an aim lies at best a very long way in the future, the question will arise of how we can work towards it and what, meanwhile, our subsidiary aims should be. The Prime Minister has expressed to me some interest in devising a policy of weakening the links between the Soviet Union and Eastern Europe - perhaps that could be considered in one or other of your papers.

Mrs. Thatcher is also very interested in the possibilities of using modern technology to communicate directly with the peoples of Soviet Union and Eastern Europe. A detailed analysis of possible methods and likely consequences would be helpful. When we come to consider participation in the meetings we shall need to consider how communications expertise can be injected.

If you decide to recommend that there should be a more intensive and higher-level political dialogue with the Soviet Union, it will be desirable to demonstrate how that will further our fundamental aims.

/We have,

We have, as you know, abandoned the earlier thought of sessions devoted exclusively to British and NATO military strategy and new developments in military technology. It will nevertheless be important that the discussion papers include material on these matters in so far as they are relevant to East/West relations. A separate paper on the defence aspects of these relations will probably be desirable.

It may also be helpful to you to have the enclosed note which I prepared for the Prime Minister earlier this year and which summarises points which she found of interest in a number of articles on East/West relations which she had read.

Finally, on this subject, may I reiterate a point from my earlier letter. The Prime Minister will be concerned to avoid too much philosophical discussion in these meetings and wishes to arrive at a series of conclusions for practical action. I therefore hope that the various papers will end with practical recommendations. You should know that the Prime Minister's present intention is to use her proposed visit to the United States in the autumn primarily to discuss East/West relations with the U.S. Administration. The Chequers discussions will be directly relevant to this.

I have less to say about the other items on the agenda.

(a) Arms Control and Disarmament

The paper on this subject should perhaps include consideration of whether there can be any independent role for Britain in promoting arms control agreements and whether there would be any merit in high level discussion of this matter between us and the Soviet leadership.

(b) Middle East

I suspect that the main issue on the Prime Minister's mind in September will be whether, given the onset of the U.S. election campaign, there is anything Britain and Europe can do to prevent the prospects for a peaceful settlement of the Arab/Israel dispute worsening during the lengthy period when the U.S. Administration may be unable to engage itself productively in negotiations.

(c) European Community

The long-term Community financing issue is likely to dominate the discussion but I hope that we shall also be able to look at the outlines of a plan for practical British action in the Community over the next five years. This might result in a decision that there should be further work by Whitehall departments on the details of such a plan for submission to Ministers at a later stage.

/I am

SECRET AND PERSONAL

- 3 -

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

Your ever

John Cole.

Brian Fall, Esq.,
Foreign and Commonwealth Office.

SECRET AND PERSONAL

SUMMARY OF KEY POINTS FROM RECENT ARTICLES

"Stormy Atlantic Weather" by Alun Chalfont ("Encounter" - January 1983)

In Western Europe there is a "pervasive and often virulent anti-Americanism". "The most strident voices are those which demand the removal of American bases from Europe, evidently under the impression that our cities are under threat from Pershings and not from SS-20s."

In the media there is "a tendency to adopt a position of magisterial objectivity as between the free world and the totalitarian ideologies which threaten it".

This new crusade against the Americans springs partly "from the instinctive hostility of the weak towards the strong, the poor towards the rich, the vacillating towards the resolute and decisive".

An alarming state of affairs: the West is "blundering into a crisis .. and also persuading itself that most, if not all, of the fault lies with the Americans". The truth is different. First, those who direct American policy at the highest level are of high calibre. The American "think-tanks" are not made up of wild-eyed maniacs but "responsible and highly qualified engineers and mathematicians, chemists and physicists, applying rigorous scientific analysis to problems which in Europe are left to a handful of professionals and a small army of enthusiastic amateurs".

There is in the US an "almost unchallenged consensus that one of the critical areas of American security lies in Europe and the Atlantic ... it is for this reason that the US keeps 350,000 troops in Europe ... "partly as an element of conventional military defence, and partly as a "hostage force" to demonstrate the validity of the American nuclear guarantee".

Russian long-term aims include the disintegration of NATO and the separation of Western Europe from the United States.

The Russians have good reason to be pleased with the misunderstandings in NATO.

"The Soviet Union is a police state controlled by a totalitarian dictatorship." "The United States is, on the other hand, the original model of modern democracy."

"The military alliance of which America is the leader and the central power is entirely defensive."

The cracks which are appearing in the Western Alliance must be repaired. As a first step we should "reassert a collective commitment to the objectives of the Alliance". We must ensure "that the United States remains fully engaged in the security of the free world".

"An essential prerequisite is to counter the insidious anti-Americanism which is, to the delight of our enemies, beginning to poison the mainstream of the Western Alliance."

"Toward an Overall Western Strategy for Peace, Freedom and Progress"
by Hans-Dietrich Genscher ("Foreign Affairs" Fall 1982)

The mood of crisis in the Alliance is focused on differences of opinion over detente. This word has different meanings for Americans and Europeans.

For Europeans detente is only one part of a dual strategy, the other part of which is "to maintain adequate military strength in the Alliance to ensure its defensive capability and deter any attack on a member state or any political blackmail". But this balance of power policy has to be supplemented by a policy of dialogue and co-operation with the aim of keeping a check on the East/West conflict and reducing tensions.

/ Many

Many Americans feel that detente has failed. It did not persuade the Soviet Union to exercise political restraint or moderation in armaments. But the Europeans believe that the setbacks in East/West relations in the 1970s were due not to detente but to the failure to pursue a policy of equilibrium. If the United States had not seriously weakened its capacity for putting up resistance and offering incentives, Soviet policy might have developed differently.

Since Khrushchev the Russians have recognised that a war between East and West can be avoided. They have not abandoned their goal of a world revolution. In their eyes "a policy of peaceful co-existence serves to promote Soviet predominance (effectively domination) in such a way that a major war between East and West is avoided and economic co-operation with the West is made possible". But if a Soviet leadership was faced with an adequate response by the West, it might be compelled to choose what is for them a second best course - that of genuine co-existence with the West.

This dual strategy is the best response to the Russian policy of "peaceful co-existence".

"Arms control negotiations are the best forum for making it clear that the West's military policy is geared to equilibrium and not to a quest for military superiority". "The Alliance has submitted to the Soviet Union and the Warsaw Pact the most comprehensive disarmament proposals in the post-war period." At the same time, in the US the trend of declining arms expenditure in real terms has been reversed because of the Soviet arms' build-up.

Economic relations are of limited importance for the Soviet Union. Western imports account for about 1.5% of Soviet GNP - and Soviet net indebtedness is less than 1%. A decline in imports from the West would exacerbate Soviet economic problems but only a disruption of grain supplies would have important effects. But none of these considerations alter the fact that the Soviet economy is largely self-sufficient and not reliant on the West. "The Soviet

challenge is political and military in nature - it can be countered effectively only by political and military means." Denying trade to the Soviet Union will not stop its arms build-up." "The military economy is given virtually absolute priority, and there can be no doubt that the Soviet leadership will and can at all times allocate to it the resources it considers necessary."

"True pressure for reform in the Soviet Union and the Eastern bloc as a whole comes from within."

There has been a fundamental change in the situation of the Eastern European economies. They are dependent on co-operation with the West.

The Alliance rests on two foundations: "the consciousness of our community of values and of our common security." It is alarming that "some people on both sides of the Atlantic often seem to have lost their consciousness of the community of values and our common security". In the US the media create the false impression of widespread anti-Americanism in Europe.

Many Americans feel wrongly that the defence burden is not fairly shared. This is not justified. Most of the Europeans increased their defence expenditure annually by an average of 3% in real terms through the 1970s. During that period the United States reduced its expenditure by an annual average of 2%. Europe's share of overall Western defence expenditures increased between 1969 and 1980 from 21-42%. The share accounted for by the United States decreased to 56%.

90% of the troops in Europe and 75% of the tanks and combat aircraft are provided by the Europeans.

"Reagan and Russia" (By Seweryn Bialer and Joan Afferica in
"Foreign Affairs")

This is a strong criticism of current American strategy towards the Soviet Union. Some people in the US Administration envisage a transformation of the Soviet system of government. Others wish to magnify Soviet difficulties at home and make Soviet military growth as costly as possible. Yet others wish to re-direct Soviet attention and energies to domestic goals.

The key assumption is that Western policy has the capacity seriously to affect Soviet international behaviour by exerting influence on internal Soviet developments. ~~E~~rroneous:

- (a) The ability of the West to effect change within the Soviet system is severely limited. Russia is not now nor will it be during the next decade in the throes of a true crisis. If threatened by the prospect of a radical shift in the present balance of military power, the Russians will certainly re-deploy their economic resources and take whatever other internal measures are necessary, regardless of cost.
- (b) Western coercive options are weak. For political reasons Reagan cannot sustain a grain embargo on the Soviet Union. As shown by the pipeline ^{affair} ~~fear~~, the Western Allies will not agree seriously to curtail trade with the Soviet Union.
- (c) The roots of Soviet policy are to be found in the Soviet domestic system. (It is within the West's power to frustrate those Soviet global ambitions which are most threatening to the West).

/Detente

Detente over-estimated the effects of combining incentives and disincentives on Soviet behaviour. Reagan's policies exaggerate the political consequences of Soviet economic and social difficulties. Both show a lack of realism.

The conflict between the two super powers and two ways of life will continue to dominate international politics to the end of this century if not beyond. The US must look for a long range alternative to domination or withdrawal. This requires "a multi-^{dimensional}~~denominational~~ approach which, while placing obstacles in the way of Soviet global aims, would attempt to regulate the competition and conflict".

"In some cases such a policy would require tough and determined US opposition to Soviet moves, at other times serious efforts ar compromise".

A sound policy of Western incentives and disincentives must:

- (a) Depend on credible and constant disincentives - the West should never again face the Russians from anything but a position of strength.
- (b) Rewarding Soviet foreign policy choices with a broad range of inducements - trade, credit, serious negotiations on matters of overlapping interest.

"Only when disincentives are credible, strong and continuous can incentives have any effect. But only when incentives are offered will disincentives have major effects".

/ "The Soviet Empire

"The Soviet Empire and the British Empire"(by Correlli Barnett)

Despite obvious differences between the Soviet and British Empire, there are similarities and analogies. "Both Imperialisms were created as compensations for national weakness in the face of more formidable rivals. As a consequence of this, the role of myth, the role of ideology was paramount in British Imperialism and is in modern Soviet Imperialism".

In terms of economic and strategic advantages, balanced against involvements and obligations, the Empire in the 1930s did not add to British power, but drained it. "One of the most remarkable examples of strategic over-extension in history".

The Soviet Union belongs more to the category of a backward, or developing country, than that of an advanced industrial nation. But she has sought strategic footholds far beyond the needs of her security. Whereas America's super-power status grew naturally out of her economic strength and her worldwide involvement, the Soviet Union set out to become a super-power out of deliberate policy. It is creating for itself dilemmas and weaknesses like those of Great Britain in the Imperial age - "above all, the mismatch of Imperial responsibilities and military requirements to the economic base, and the consequent vulnerability that comes from national over-extension".

But the Soviet Union has an option which Britain did not have - to give military expenditure over-riding priority to the detriment of economic progress and the Soviet consumer.

The contradictions between Soviet resources and its global-power role will sharpen. The West should shape its strategy accordingly.

"The Andropov Succession" by Seweryn Bialer from "Survival"
from March/April 1983)

The main points which struck you in this article were:-

- a) Andropov has never set foot in a non-Communist country.
- b) Andropov is 68 years old and had had a heart attack.
We should not be surprised if two changes at the top
take place during the 1980s.

Lecture at GB/USSR Association, 22 September, 1982 by former
Canadian Ambassador in Moscow

This does not add much to the articles quoted above.
He argues that we must look forward to a long period of
confrontation in our relations with the USSR - confrontation
is a political necessity for the Soviets but does not
inevitably mean conflict.

While the US was scaling down its armed forces in the
detente period, the USSR embarked "on an ambitious programme
of increasing and improving all three branches of its armed
forces, culminating in the production and deployment of the
SS20".

Fall

Type please
in final form.

INTERNATIONAL AFFAIRS: STRATEGY MEETINGS

[pl. supply
date]

My letter of 27 June outlined the agenda for the meetings which the Prime Minister will be holding at Chequers on 8 and 9 September and suggested what discussion papers would be needed.

The purpose of this letter is to let you have some purely personal views on the nature and contents of the discussion papers. I have not consulted the Prime Minister but there are certain points and ideas which I ~~am sure~~ ^{rather think} she will expect to be covered.

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/ to

to me some interest in devising a policy of weakening the links between the Soviet Union and Eastern Europe - perhaps that could be considered in one or other of your papers.

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It may also be helpful to you to have the enclosed note which I prepared for the Prime Minister earlier this year and which summarises points which she found of interest in a number of articles on East/West relations which she had read.

Finally, on this subject, may I reiterate a point from my earlier letter. The Prime Minister will be concerned to avoid too much philosophical discussion in these meetings and wishes to arrive at a series of conclusions for practical action. I therefore hope that the various papers will end with practical recommendations. You should know that the Prime Minister's present intention is to use her proposed visit to the United States in the autumn primarily to discuss East/West relations with the U.S. Administration. The Chequers discussions will be directly relevant to this.

I have less to say about the other items on the agenda.

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The paper on this subject should perhaps include consideration of whether there can be any independent role for Britain in promoting arms control agreements and whether there would be any merit in high level discussion of this matter between us and the Soviet leadership.

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(c) European Community

The long-term Community financing issue is likely to dominate the discussion but I hope that we shall also be able to look at the outlines of a plan for practical British action in the Community over the next five years. This might result in a decision that there should be further work by Whitehall departments on the details of such a plan for submission to Ministers at a later stage.

I am copying this letter to Richard Norton and Richard Hatfield.

blind copy to Sir A. Parsons.

SECRET



File

b.c. Sir A Parsons.

10 DOWNING STREET

From the Private Secretary

27 June 1983

FOREIGN AFFAIRS AND DEFENCE: STRATEGY

The Prime Minister wishes to hold a series of meetings at Chequers on 8 and 9 September to consider the Government's strategy in international affairs with a view to establishing clear aims for the next few years and considering practical action in furtherance of those aims. I understand that both dates are convenient for the Foreign and Commonwealth Secretary and the Defence Secretary.

Mrs. Thatcher has decided that the draft agenda which I discussed with you and Richard Mottram informally earlier attempts to cover too much ground. She wishes to devote the maximum amount of time to East/West relations, arms control and disarmament. Subject to any further views which the Foreign and Defence Secretaries may wish to offer, the agenda will therefore be as follows.

8 September

First Session
(0900-1030)

General Survey of Britain's global interests and priorities.

Identification of the principal problems and opportunities which may require action by the Government in the next five years.

Remainder of day

East/West Relations.

Britain's fundamental aims with regard to the Soviet Union and Eastern Europe. A plan for practical action in the next five years.

9 September

Morning

Arms Control and Disarmament

Review of current position in main negotiations. Do we need to change the British position on any aspect, e.g. the strategic deterrent? Do we wish to put forward new proposals on any aspect of the subject for discussion with our allies?

NR

SECRET

Afternoon
(1430-1600)

The Middle East
British interests
Arab/Israel
Iran and the Gulf
Soviet threat
Practical steps

(1630-1800)

The European Community
What kind of Community do we want?
Budgetary reform
Beyond the Budget - what should we try
to achieve in the next five years?

Discussion papers will be needed. The paper for the first session on 8 September would be a scene-setting paper for all the following meetings and describe our global interests, priorities and opportunities in broad terms. The discussion papers for other sessions should state the fundamental problems to be addressed by the meeting and end with a series of recommendations for practical action. For each of the sessions on arms control, the Middle East and the European Community one paper should suffice. But you may think that East/West relations could be better dealt with by several papers - an overall view, defence aspects, trade aspects, cultural contacts, scope for using modern technology to bring Western views to the peoples of the Soviet Union and Eastern Europe etc. Could you kindly let me know your views on this point as soon as possible.

I should be grateful if you, Richard Mottram and Richard Hatfield could, as appropriate, commission papers for each meeting. It would be helpful if these could reach me by 21 July. I shall then consult the Prime Minister again and, subject to any comments which she may have, the papers would be updated as necessary and made available in final form to participants by Friday, 2 September.

The Prime Minister will decide later who should be invited to each session.

The fact that the Prime Minister will be holding these meetings should be closely guarded. We wish to avoid the media knowing that the meetings are taking place and speculating about their outcome.

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

A. J. COLES

Brian Fall Esq
Foreign and Commonwealth Office.

SECRET

FUE 24



for Pol.

10 DOWNING STREET

From the Private Secretary

27 June, 1983

East/West Relations

Thank you for your letter of 9 June. I am sorry that it has taken me so long to reply but you will understand that, immediately following the Election, the Prime Minister has had little time for reading.

She has now read both your letter to her of 9 June and the paper on East/West Relations which you enclosed. She has not commented on it specifically but I have no doubt that she found much of interest in it. I should, in any case, like to encourage you to send your paper to the FCO. This is because the Prime Minister is planning to hold a 2-day session at Chequers in September on our strategy in international affairs and wishes our approach to East/West relations to be the principal topic for consideration.

The Prime Minister has been giving a good deal of thought to East/West Relations recently and is very much concerned, in her second term of office, to devise a more coherent strategy in this field than was possible during her first administration. You may be interested to see the enclosed extract from a speech which she made last Friday to the International Democrat Union which, I believe, provides some indication of the way her mind is moving (certainly, the language is very different from that of earlier speeches).

Before the Chequers discussion, I shall show the Prime Minister your letter again. I shall not mention it to the FCO or anyone else. Meanwhile, may I ask you to keep all the contents of this letter entirely to yourself - the plans for the Chequers discussion are being kept in a very close circle here and I should be grateful if you did not mention them to the FCO.

A.A. COLES

M. O'D. B. Alexander, Esq., C.M.G.

①

See now my letter
to Mr. Fall.

A.J.C. 27/6.

PRIME MINISTER

Foreign Affairs and Defence: Strategy

You asked that we should have a two-day meeting at Chequers in September.

This is provisionally arranged for Thursday 8 and Friday 9 September.

I shall need to make detailed arrangements in the next few weeks - before people go away on holiday.

I attach a letter which I propose to send to the FCO and the MOD. Are you content with it?

A.J.C.

The Agenda is too big.
We shall achieve nothing.

24 June 1983

East/West - Disarmament
is the big issue and the Middle East
the long-term issue. We should confer it to
those who



10 DOWNING STREET

From the Private Secretary

Foreign Affairs and Defence: Strategy

The Prime Minister wishes to hold a series of meetings at Chequers on 8 and 9 September to consider the Government's strategy in international affairs with a view to establishing clear aims for the next few years and considering practical action in furtherance of those aims. I understand that both dates are convenient for the Foreign and Commonwealth Secretary and the Defence Secretary.

Subject to any views which Sir Geoffrey Howe and Mr. Heseltine may wish to offer, we would propose to organise the following sessions:

8 September

First Session
(0900-1030)

General Survey of Britain's global interests and priorities. Identification of the principal problems and opportunities which may require action by the Government in the next five years.

Second Session
(1100-1300)

East/West Relations. Britain's fundamental aims with regard to the Soviet Union and Eastern Europe. A plan for practical action in the next five years.

Third Session
(1430-1600)

Arms Control and Disarmament.
Review of current position in main negotiations. Do we need to change the British position on any aspect e.g. the strategic deterrent? British proposals for discussion with allies?

Fourth Session
(1630-1800)

The Middle East.
British interests.
Arab/Israel.
Iran and the Gulf.
Soviet threat.
Practical steps.

/ 9 September

9 September

First Session
(0900-1100)

The European Community
What kind of Community do we want?
Budgetary reform.
Beyond the budget - what should we try
to achieve in the next five years?

Second Session
(1130-1300)

New developments and prospects for military
technology

Third Session
(1430-1600)

NATO's military strategy - scope for change?

Fourth Session
(1630-1800)

The UK defence contribution in the longer term
(including defence of the UK base)

For each session a basic discussion paper will be needed. It should state the fundamental problems to be addressed by the meeting and end with a series of recommendations for practical action. The exception to this is the paper for the first session on day one, which would be a scene-setting paper for all the following meetings and describe our global interests and priorities in broad terms.

Subject to any views which the Foreign and Commonwealth Secretary and Defence Secretary may wish to offer on the above, I should be grateful if you and Richard Mottram, as appropriate, could commission papers for each meeting. It would be helpful if these could reach me by 21 July. I shall then consult the Prime Minister again and, subject to any comments which she may have, the papers would then be updated as necessary and made available in final form to participants by Friday 2 September.

The Prime Minister will decide later on who should be invited to each session. It is possible that she will wish to include in one or more sessions persons from outside the Government service. Where possible, therefore, papers should be classified no higher than "CONFIDENTIAL". But where this would seriously inhibit the preparation of useful papers, they may be more highly classified and we shall draw appropriate conclusions for participation.

The fact that the Prime Minister will be holding these meetings should be closely guarded so that speculation by the media on their outcome is avoided.

I am copying this letter to Richard Mottram (Ministry of Defence).

Brian Fall, Esq.,
Foreign and Commonwealth Office.

cc MOD HU



10 DOWNING STREET

From the Private Secretary

21 June 1983

Foreign Affairs and Defence: Strategy

I have told both you and Richard Mottram of the Prime Minister's wish to hold a series of meetings at Chequers on 8/9 September to consider the Government's strategy in international affairs.

I shall be consulting the Prime Minister later this week about the details. I believe that she would probably be broadly content with the agenda indicated in the enclosed draft letter. It would be helpful to me to have any informal comments which you may wish to offer on the letter before I show it to the Prime Minister. My purpose in consulting you in this way is simply to arrive at the most sensible possible agenda and arrangements for what could be an important discussion. As you know, the Prime Minister would not wish her intentions regarding this strategy session to be broadcast more widely than is absolutely necessary. I should therefore be grateful if you could confine consultations about the enclosure to the smallest possible number of people. Indeed, I should be entirely content at this stage to have your own personal views and those of Richard Mottram upon it.

BF

A. J. COLES

Brian Fall, Esq.,
Foreign and Commonwealth Office.

NR

DRAFT LETTER TO BRIAN FALL, FCO, FROM JOHN COLES

CONFIDENTIAL

Copy Richard Norton

FOREIGN AFFAIRS AND DEFENCE: STRATEGY

The Prime Minister wishes to hold a series of meetings at Chequers on 8 and 9 September to consider the Government's strategy in international affairs with a view to establishing clear aims for the next few years and considering practical action in furtherance of those aims. I understand that both dates are convenient for the Foreign and Commonwealth Secretary and the Defence Secretary.

Subject to any views which Sir Geoffrey Howe and Mr. Heseltine may wish to offer, we would propose to organise the following sessions:

8 September

First Session
(0900-1030)

General Survey of Britain's global interests and priorities. Identification of the principal problems *and opportunities* which may require action by the Government in the next five years.

Second Session
(1100-1300)

East/West Relations. ~~The nature of the Soviet threat to the West.~~ Britain's fundamental aims with regard to the Soviet Union and Eastern Europe. A plan for practical action in the next five years.

Third Session
(1430-1600)

The European Community. What kind of Community do we want?

Budgetary reform.

Beyond the budget - what should we try to achieve in the next five years?

Fourth Session
(1630-1800)

The Middle East. The Soviet threat. Iran and the Gulf. Significance of Israel for British interests. The Arab/Israel issue. Practical steps to be taken by HMG with regard to the Middle East (not just the Arab/Israel issue) in the next five years.

9 September

First Session
(0900-1100)

Arms Control and Disarmament.

Review of current position in main negotiations.

Do we need to change the British position on any aspect, e.g. the strategic deterrent? Fresh proposals for discussion with allies?

Second Session
(1130-1300)

The UK defence contribution in the longer-term (including Defence of the UK base). What are the principal weaknesses both present and foreseeable? What action should be taken to remedy them?

Third Session
(1430-1600)

NATO's military strategy - scope for change?

Fourth Session
(1630-1800)

New developments and prospects in military technology.

For

In each session a basic discussion paper will be needed. It should state the fundamental problems to be addressed by the meeting and end with a series of recommendations

/ for practical

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The fact that the Prime Minister will be holding these meetings should be closely guarded so that speculation by the media on their outcome is avoided.

I am copying this letter to Richard Mottram (Ministry of Defence).

PRIME MINISTER

Yes. I am trying to find 2 days at the very early part for economic matters (1)

Foreign Policy: Strategy

We could have winter days for 2nd week? For defence matters

You have said to me more than once that you feel that we have not given sufficient consideration to our general strategy in foreign policy. Earlier we contemplated holding meetings on East/West relations and the Middle East but for various reasons we have not been able to hold them, usually because more immediate issues have intervened.

You may now like to consider making a fresh attempt. I suggest that we envisage, and begin now to prepare for, two or three meetings between September and December. This would give the new Foreign Secretary a chance to work himself in before we start.

I believe that we should begin with East/West relations, both because our approach to these to some extent determines our view of more specific questions such as the Middle East and because we can expect East/West questions to be prominent in the latter part of this year. (INF stationing, START, possible Heads of Government session at the UNGA in late-September, further speculation about a Reagan/Andropov Summit).

I suggest that we aim to hold such a meeting early in September after Balmoral. Also that we begin work now on a paper to form the basis of a discussion, this to be of a rigorously practical nature and designed to aid decisions on what the British Government should do about such questions as ~~practical~~ ^{political} contacts with the Soviet Union and Eastern Europe, arms control and disarmament questions, trade, human rights, communications and cultural contacts. A personal paper, from Michael Alexander, which I am submitting to you separately, contains a lot of useful material. I think that, arms control and disarmament apart, we should reserve defence issues for a later discussion (see below).

/The

The next priority might be the Middle East - for as the Americans become more and more involved in elections, there will be increasing discussion of whether Europe should be more active. I am sceptical about the scope for practical action by the UK on the Arab/Israel issue and believe that we should instead have a wider discussion on the Soviet threat to the area, the importance of Iran and the Gulf conflict, the significance of Israel for British interests, and our wider defence, arms sales and commercial interests in the Middle East, again directed to practical consideration of what the UK should do.

Finally, I suggest a separate session on defence issues, (defence of the UK base, developments in military technology, etc).

Would you like us to block off suitable times in the diary, start work on the various papers and consult you later about who should attend?

A. J. C.

15 June, 1983

PRIME MINISTER

EAST/WEST RELATIONS

I attach a letter and a paper from Michael Alexander.

As you would expect, the paper is very well written and is a most useful analysis of the state of affairs in the Soviet bloc.

Michael is most anxious that this initiative of his should remain private to No. 10 at this stage - i.e. that the FCO do not know about it. His object in writing to you is to find out whether you think the paper is of any use. If so, he will send it to the FCO as a contribution to their thinking.

If you agree, I shall tell him that his paper is not only very useful but very well timed; that you have decided to conduct a review of our strategy towards the Soviet bloc in September and that we need contributions of this kind for that review.

Agree?

My only slight criticism is that the paper stops just short of recommending what we should actually do. Michael calls for "steady but unspectacular pressure for increased human contacts" - but, as you have said before, we need to be clear as to what we can achieve by using all the forms of communication which are at our disposal. I shall encourage him to think more about this.

A.J.C.

17 June 1983



With the compliments of
PS SIR ANTONY ACLAND

p.a.
M 21.
6

FOREIGN AND COMMONWEALTH OFFICE, SW1
, 198 .



010/7
SPARK

Secretary of State

cc: FCO Ministers
Sir William Ryrle
Sir Julian Bullard
Deputy Under-Secretaries

1. You have a pretty heavy programme ahead of you before the summer recess, particularly on European Community issues. Your Private Secretary holds a number of short and largely factual position papers which we have prepared for you and other FCO Ministers on the main issues with which you are likely to have to deal over the next few weeks. He will show you the index, and you can select those papers which you would like to see. You will not need to go through them all. Some of the issues will already be familiar to you, and some will probably fall to other FCO Ministers to deal with, at least at first. If you would like to go into any of the subjects in greater detail we can let you have further papers or arrange 'teach-ins' consisting of oral presentation followed by discussion.

... 2. I also attach a list of proposed engagements abroad and inward visits by senior foreigners up to the end of the year. Some of these - such as the travel related to Community business - are unavoidable. In others there is an element of choice, although a number have been deferred because of the election and it might cause offence if they were now to be cancelled. You might like to go through this list with your Private Secretary in the next few days. In principle all these events should either be confirmed or deferred within about a week.

... 3. Departments will put papers to you separately on matters requiring decisions. I attach a note setting out the decisions you may have to take within the first few days and in the weeks immediately thereafter. Most urgent and important of course are the difficult European community problems relating to the UK budget contribution and the longer term financing of the Community.

4. The return to power of a Conservative Government in Britain ushers in a period of electoral stability in Europe which the forthcoming Italian elections are unlikely to disrupt. In the United States, President Reagan's political fortunes are looking up and he seems increasingly likely to run again, and to win. Apart from some turbulence next year during the actual American election,

/it is reasonable



it is reasonable to assume a period of continuity in the affairs of the Western world making it possible and worthwhile to look forward a few years.

5. We should therefore try to order our priorities, and in the light of them, ensure a correct balance of our effort and resources between broadly three types of issue below (the distinctions, though crude, are useful for the purposes of analysis).

6. First, there are those issues which are not central to national security and prosperity but in which the UK has a determining influence and responsibility. Many of our remaining dependent territories fall into this category and our aim must be, without sacrifices of principle, to settle them at minimum cost. Easier said than done. In the forthcoming period, the negotiations with the Chinese over the future of Hong Kong are going to enter a particularly delicate phase in which confidence in the Colony will be balanced on a knife edge. Falklands policy is also likely to get more difficult. At home the Foreign Affairs Committee will return to the subject and there will be growing criticism of the cost of maintaining the defence of the Falklands. Abroad, we will have increasing difficulty in keeping our friends with us. The UN General Assembly debate will be a tiring one and a testing time. Ideally, we need to work out a medium-term strategy for the islands resting on something better than military deterrence as at present. In the short term, I see little alternative. A third issue in this category is Gibraltar. The task here is to devise a treatment that respects our commitments to Gibraltar without putting obstacles in the way of Spain's progressive entry into the West European system, or of a satisfactory bilateral relationship with an increasingly important European country.

7. Second, there are those issues over which the UK has relatively little influence as an individual nation but which do determine our security and prosperity. The economic recovery of the industrialised countries falls in this category with the linked questions of inflation, interest rates, exchange rates and protectionism. The seven power economic summit will of course be in the UK next year. This will require most careful preparation which ought to begin in the Autumn

8. The state of East/West relations is similarly determining for us. The electorate has delivered its verdict on arms control and disarmament issues and there may be something of a breathing space until the Autumn. Then however there will be another difficult period and, in any case, we must meanwhile continue to present the arguments effectively. Andropov's policy of appealing to European public opinion has so far had very little success in the key countries (Britain, FRG, Italy) and, following the Williamsburg summit and the recent NATO meetings, he is faced by an alliance that is solid except at the Greek and Danish edges. When deployment begins, however, we must expect other plausible Soviet offers, possibly in the context of what will at last become a genuine negotiation, but for all that tricky to handle in publicity terms. This will make more difficult the important task of keeping domestic

/public opinion



public opinion steady, particularly in Belgium and the Netherlands. The avoidance of a nasty incident at an American base - or elsewhere - during deployment, is essential. This is largely an MOD worry and they are in close touch with the American authorities, but the FCO have an important role to play in the creation of the general climate. And a wrong turn of events in Germany could still wreck our efforts. Whatever happens on INF and the other arms control issues, we should aim for a businesslike dialogue with the Soviet Union. This would give us a chance to probe their positions and to state ours firmly. The government with its past record and present majority could afford to take more of a lead on this than Britain has done recently. Discussion need not imply any weakness.

9. A closely linked problem is that of transatlantic relations. At senior official level, cooperation and consultation over the arms control negotiations have been very close, and we have been able to exert considerable influence over the American conduct of the INF negotiations in particular. We can, I think, be confident that this will continue. But problems have arisen, for example over the "Star Wars" speech, and the decision of MX missiles, where Reagan has put his domestic constituency before the Alliance. And outside arms control, the picture is less good. The Williamsburg summit appears to signal that the ceasefire already achieved between the US and the Europeans on East/West economic and commercial relations (another issue to which Britain made a decisive contribution) may now be turning into a truce. The American claim to extraterritoriality however remains a real threat to European trading interests and thus to the transatlantic climate. There are also some other points of friction, together with a latent anti-Americanism on this side of the Atlantic that is matched by streaks of anti-Europeanism on the other. Personal relations at the top levels are of the highest importance and I am sure it will be right for you to take up a visit to Washington for two days in mid-July which has been provisionally arranged.

10. European policy presents peculiar difficulties, but opportunities as well. The last government had a difficult task in recovering the ground lost in the Community as a result of the atmosphere created by renegotiation and the subsequent conduct of policy by the Labour Government. A residue of suspicion of British motives still remains and there is a resulting tendency on the part of our partners to set higher standards for British behaviour than they do for themselves. And our budget problems have kept alive the feeling that we are uncomfortable and demanding partners in Europe.

11. This can however now change. The election can reasonably be interpreted as final confirmation - if this were needed - of the British national commitment to "Europe". We can build on this not only in the Community but also in our bilateral relations in Europe, especially with France and Germany. As you have separate papers on the Community I will not elaborate further here. There is no more important foreign policy task for 1983 than to agree an improved financing system which the UK can live with for the indefinite future, with an adequate refund for 1983 as an essential immediate objective.



12. Also very important is the opportunity which exists at the moment for strengthening the UK's bilateral relations in Europe. With a change of cast on both sides, the Franco-German bilateral relationship has loosened and become much less exclusive. Paris is casting around for other friends; the French are interested in improving their relations with us and we in turn have a strong interest in hard headed reciprocation. Provided they are not tied into any institutional framework, they are showing a new interest in defence cooperation. If we were able to achieve a more intimate relationship with Paris, it would have a beneficial effect on our already close and warm relations with the Germans. The point may even have been reached when the further strengthening of Anglo-German relations and of cooperation in Europe generally can be brought about most effectively by improving Anglo-French relations. The bilateral and triangular aspects of European relations will deserve close attention.
13. Finally, in the third category there are issues which in terms of the influence we have on them and the damage or benefit they can bring to the United Kingdom fall somewhere between the first two. The fragile situation in the Middle East is a particularly important example. It looks improbable that the agreement on the Lebanon will be implemented - at any rate in the foreseeable future. A military clash between Syria and Israel could occur at any time. The disintegration of the PLO leadership could lead to more terrorism and more splits in the Arab camp. And as the quadrennial period of American diplomatic paralysis on the Arab/Israel conflict approaches, the need may well grow for more active European diplomacy, designed to hold the situation rather than solve it, which is beyond our power. African frustration at lack of progress over Namibia could lead to pressures on our interests in black Africa or to demands that we loosen our ties with South Africa.
14. These examples of the sort of issues with which we shall be dealing in the foreseeable future are of course illustrative rather than exhaustive. In addition there are those which arise out of our aid policy on which Sir W Ryrie is providing you with detailed briefing: taken together with UNCTAD 6 and an economic upturn in the industrialised world, even if it is only limited, they are likely to lead to a more active period in the North/South dialogue than in the recent past.
15. If you were to ask me to set immediate priorities I would put the European Community first and Hong Kong second. Looking further ahead, I should like to see two other things: a better balance between the responsibilities which we bear in various parts of the world, and our capability to discharge these, - which may mean a shift of emphasis away from those issues, mostly imperial legacies, which though important are peripheral to our main interests, and towards the issues which are at the centre of our foreign policy; and a more imaginative approach to East/West relations, a field we have too often left for cultivation by others.

/16.



16. We shall not be able to do any of these things, in my judgement, if the Diplomatic Service role is made the victim of further cuts on the scale sometimes suggested. This is a subject in itself on which I, Sir W Ryrie and the Chief Clerk (Mr Day) could perhaps jointly brief you on some suitable early occasion.

17. In the past we have found that a 24 hour meeting at Chevening with other FCO Ministers and a very few officials is a good way of taking a rather longer view of foreign policy than is possible in the Office. You might like to consider doing this before the recess. In addition we can provide further papers on the subjects mentioned in this minute - or on others - if you would like them.

A handwritten signature in cursive script that reads "Antony Acland".

Antony Acland

11 June 1983

PRIME MINISTER

FOREIGN AND DEFENCE AFFAIRS: IMMEDIATE ISSUES

These are the main issues which will come to you in the next two weeks.

EC Budget - Short Term and Long Term

Foreign Ministers discuss in Luxembourg on Monday. You discuss in Stuttgart from 17-19 June.

The prospects are gloomy. The draft conclusions produced by the Presidency are not very helpful to us on the short term. The French are saying very firmly that they cannot agree to a short term solution until later in the year.

I suggest that you have a meeting on Tuesday with the Foreign Secretary, Chancellor of the Exchequer, Minister of Agriculture, Sir Michael Butler and Sir Robert Armstrong to discuss the approach to Stuttgart on this issue, whether we should send an emissary to see the Germans, and what action we should take if we do not get the solution we want at Stuttgart. May I arrange such a meeting?

Yes

4.00

Hong Kong

You need to take decisions about the wording of the agenda for the talks and the way we conduct the talks in the weeks ahead. We also need to update you about the situation in Hong Kong (the Hong Kong Dollar and the Hang Seng Index continue to fall) and one or two other developments.

May I arrange a meeting for next Wednesday with the Foreign Secretary, Defence Secretary, Sir Antony Acland and Mr. Donald?

- evening

5.00

Destefanis

We have the approval of the Speaker of the House - in that he will be over first.

A decision will be needed on whether to grant him a visa to visit the UK and who he should see if he does. We shall receive advice soon.

Falklands Airfield

We need an early meeting if current tenders are not to be invalidated and if we are to take advantage of summer construction time in the Falklands. Agree that OD(FAF) should discuss in the week beginning 20 June? *Yes mf*

HARM/ALARM

You decided to postpone a decision until after the Election. Lord Carrington has written again to stress the urgency and to remind you that you undertook to take a very early decision. Agree that OD should discuss in the week beginning 20 June?

This coming week - Thursday after Cabinet.

Overseas Visits

You will probably wish to decide fairly soon whether you are to make any overseas visits during September. I shall minute you separately about the possibilities.

15 September (per SP 14 last week) until 29/30.

A. J. C.

10 June 1983

PRIME MINISTER

Foreign Affairs/Defence

A few points of importance from the telegrams with which I have not bothered you during the Election campaign.

France

Mitterrand is going through one of the worst periods since his election. The latest poll shows that only 33 per cent are still satisfied with his presidency (50 per cent are not), two per cent worse than Giscard ever scored and the lowest level for any President under the Fifth Republic.

Williamsburg Statement on Defence

Our Ambassador in Moscow reports that the Russians seem to have been wrong footed by the unity and firmness of the Williamsburg statement. They did not foresee Japanese and French association with a statement of this kind and Soviet press criticism is now concentrating on these two countries. The Russians may now think that their own statement on the eve of Williamsburg was misjudged.

Japan

Nakasone has come under considerable criticism in Japan for his association with the statement, though he shows no signs of regret.

Following your mention of Nissan to Nakasone in Williamsburg, he has told us that he has spoken to Nissan about the UK project. He says that he told Ishihara that he hoped that Nissan would take the necessary steps to begin manufacturing operations in Britain. Ishihara responded by saying that he would consider what Nakasone had said to him and study the possibility of Nissan taking a decision in favour of manufacture in Britain. It would, however, be necessary to create a consensus within the company. This would take time but Ishihara would do his best to achieve this.

/Namibia

Namibia

The Americans say that they are reasonably close to reaching agreement with the Angolans on a plan for Cuban withdrawal. They think they might receive a positive Angolan response by the end of June.

Very good news if it is a correct judgment.

Zimbabwe

Mr. Mugabe will be in London (again) on a private visit on Monday and Tuesday. The FCO suggested to me that the Defence Secretary should call on him (since the Foreign Secretary will be in Luxembourg). I do not imagine that you will wish to receive Mr. Mugabe at this time and have therefore told the FCO that I think it is a good idea for the Defence Secretary to call.

Will be for short time.

The trial of the airforce officers continues. Mugabe well understands that there will be an adverse reaction if the airforce officers are acquitted but then detained. But he is not committing himself at this stage.

Malawi

You will have seen in the press that there is growing concern about the capital sentences passed on Mr. and Mrs. Chirwa, prominent political figures in Malawi. If and when their appeal against the sentences is rejected, our High Commissioner is under instructions (approved by FCO Ministers) to seek an urgent audience with President Banda and to convey an appeal for clemency on humanitarian grounds.

Belize/Guatemala

There was a serious Guatemalan incursion on 5 June. About 12 uniformed Guatemalans crossed into Belize, apparently to arrest a Guatemalan citizen (who was the source of the information a few weeks ago that there was a guerilla camp in Belize). He apparently tried to run away but was shot, first in the leg and then in the head (and later died). Price is making a protest to the Guatemalans. Though a serious incident, it does not appear to be connected with Guatemala's territorial claim.

/Meanwhile,

Meanwhile, and entirely separately, the Guatemalans have put proposals for a settlement of the territorial dispute to Belize through an intermediary. They suggest two options: the sale to Guatemala of a 12-mile wide strip of land providing access to the sea or a land swap whereby a part of Belize is exchanged for a part of Guatemala. It is not clear what status these proposals have but it is mildly encouraging that the Guatemalans appear to be prepared to make a direct approach to Belize over this issue.

START

You will have seen press reports of President Reagan's statement on "new flexibility" in the START negotiations. ~~but~~ the main thrust of the statement appears to be that the Americans are ready to raise the limit they had earlier proposed for the number of deployed ballistic missile launches and to consider in the negotiations the "destructive potential" of each side (while avoiding a precise requirement of equal throw-weight).

A. J. C.

9 June, 1983

BRITISH EMBASSY,
VIENNA.

9 June, 1983

A J Coles Esq
No 10 Downing Street
LONDON SW1

Dear John,

1. I attach a self-explanatory letter and enclosure to the Prime Minister. I leave it to you to choose a suitable moment to put it to her - assuming, that is, that you agree to put it to her at all. Let me know if you decide not to do so!
2. I am very anxious that word of this initiative should not filter back to the FCO at this stage. The reasons for the most part are obvious: none of his business, what's EESD for etc. etc. They do not include concern about FCO reaction to the policy recommendations since I doubt whether there would be that much disagreement with them. They do include a desire not to have to bother with all the qualifications and justifications that would have to be put in if the paper were to be properly "staffed up" and cleared with the experts.
3. I can imagine a variety of Prime Ministerial reactions ranging from rage to boredom. I shall be well content if she simply reads the letter and paper to the end and broods on some of the points made in them. If by chance her reaction is one of interest and a desire to see some of the questions raised followed up, I would much rather that you let me know than that you (or the Prime Minister!) followed it up directly with the FCO. I would aim to send a copy of the paper to Julian Bullard as a contribution to the formulation of general policy. You or Tony Parsons (excuse my ignorance of how the new system functions), could subsequently let Julian know informally that the ideas in the paper were not totally unwelcome. I don't (to answer the obvious question more directly) see much point in doing this unless there is some interest at your end: the paper and recommendations are so general that they would, I fear, retain little punch once processed through the official machine.

Yours ever

Michael

(M O'D B Alexander)

Encs.

BRITISH EMBASSY,
VIENNA.

9 June, 1983

The Rt Hon Margaret Thatcher MP
No 10 Downing Street
LONDON SW1

Dear Prime Minister,

1. When I left your staff eighteen months ago, you suggested that I should write to you direct if I ever had any comments about HMG's policy overseas as seen from Vienna. I said that, while appreciative of the suggestion, I probably would not take it up - partly for the obvious hierarchical reasons and partly because I doubted whether anything sufficiently important to bother you with would come my way here.
2. Four visits to Eastern Europe (two to Czechoslovakia and one each to Poland and Hungary) have changed my mind. Taken together with my recollections of a ten months' negotiation with the Russians in Geneva (1974-75) and of two years' service in Moscow (1963-65), they have left me deeply worried about the prospects for East-West relations in the years immediately ahead. The enclosed paper tries, in somewhat schematic terms, to explain why. It also suggests some consequent modifications of Western policy. These last are addressed to our overall strategy and presentation rather than to pending decisions with the details of which I am completely out of touch.
3. My main concern is that we in the West take insufficient account of the more or less complete economic failure of state socialism in Eastern Europe and the Soviet Union. This failure, combined with the continuing success of the capitalist economies and traditional Russian feelings of material inferiority vis-à-vis Western Europe, has fuelled the Soviet Union's obsession with military development over the last fifteen years and more.
4. It is of course dangerous to assume that conditions in the Soviet Union are the same as those in Eastern Europe which I have been seeing at first hand. But even if different, I do not think they are better. Khrushchev was, in my view, the last Soviet leader who may genuinely have believed that Communism could engage successfully in a peaceful and primarily non-military competition with "capitalism". His successors have consistently sought to cloak their basic weakness by ever greater concentration of the military aspects of the competition.

/5.



5. It is a great pity that more Western decision-makers do not have the opportunity to see at first hand and unescorted the dismaying backwardness of a city like Katowice in Southern Poland (where I spent 24 hours last month). The conditions there are Dickensian. This is not a Toxteth or a Pittsburgh which has been temporarily left behind by industrial and urban change. It lies at the heart of Upper Silesia, one of the most richly endowed industrial regions in Europe. As the home town of Poland's previous strong man, Gierek, it has been the beneficiary over the last decade of much of the investment which has now bankrupted the country. The results are grim: air so polluted (on a May morning) that it is uncomfortable to breathe; buildings less than ten years old which are falling down; streets and pavements so badly surfaced that they are difficult to walk or drive on; substantial numbers of men, mostly young, standing around on street corners; etc. etc.

6. The surrounding countryside is picturesque. But it is extraordinary to observe that square mile after square mile of the best agricultural land in Central Europe is being tilled in small plots by ploughs with a single ploughshare pulled by a single horse; and that the average dairy herd seems to consist of one or two cattle being led on a string by an old woman. My wife, who spent two years of her childhood in a village in the region during the last War (i.e. 40 years ago), says that nothing seems to have changed.

7. Similar evidence of the primitiveness of the economies of Eastern Europe occurs again and again. Obviously the impressions of a three-day visitor have to be compared with those of long term residents. But the latter, whether journalists or diplomats, too often take the scene around them for granted and focus on minor changes upwards or downwards. For a visitor from Austria - which, before the last War was by no means wealthy compared with, say, Czechoslovakia or Southern Poland - the comparison is devastating. The East Europeans have fallen a generation behind and are moving backwards. They have joined the Third World.

8. From one point of view all this could be said to be reassuring. There is nothing positive to learn from the Communist régimes and our prospects are rosy indeed compared with theirs. But in another sense the picture has to be a source of great concern. At some point the glaring and growing disparities in prosperity in the neighbouring countries of Central Europe will become intolerable for both governments and peoples in the East. With the passage of time the Soviet and other régimes are going to have ever less incentive to avoid high risk policies. This is a recipe for instability and irresponsibility.

/9.



9. There may be nothing much we can do about these problems. It may be that we shouldn't even try to do anything. For myself I think it too soon simply to resign ourselves to a drift into collision. I have drafted accordingly. My suggestions may well be implausible, impracticable or inadequate. They are certainly not exhaustive. What matters is that the implications of the developing situation should be constantly in the minds of those dealing with East-West relations in the years ahead.

10. You may have discussed all this with Solzhenitsyn when he called on you a few weeks ago. He, so far as I can gather from the press, sees the situation in even gloomier and considerably more apocalyptic terms than me. He appears to regard the West as too slothful and depraved to be capable of resisting the evil emanations from Moscow. Solzhenitsyn is indisputably a great man and a great novelist. But he is also a Slav prophet. At heart he wants to believe in the spiritual superiority of the Russians, whether for good or ill, and in the corruption and weakness of the West. I doubt whether either half of his belief was ever justified and I am sure it is wide of the mark now. It may of course be shared by Andropov, but somehow I doubt this!

I seem, largely by chance, to have chosen an auspicious day on which to write to you. It is a little early to congratulate you on a splendid result (let me do so anyway) but I can certainly congratulate you on a terrific campaign!

Yours

Michael.

(M O'D B Alexander)

Enc.



EAST-WEST RELATIONS

SOME PROPOSITIONS

1. While collapse may not be imminent, the economic failure of the State socialist system in Eastern Europe and the Soviet Union is irreversible. After almost 40 years of peace, large-scale investment and individual sacrifice the industrial, agricultural and distributive infrastructure of the various States remains backward in extreme. In some cases it is decaying. Performance, however measured, is dismal. Except in a few limited fields there is little or no innovation of any significance.
2. The standard of living of the people relative to those in the capitalist democracies has been declining for a generation. Latterly many Eastern Europeans have actually become poorer. Significant numbers may be worse off than their parents were in 1939.
3. No amount of tinkering with managerial autonomy or computerised planning; of successful industrial espionage; or indeed of overt Western aid will reverse this trend. The system will never work. Given the aspirations of their ideology, it is almost incredible that senior Communist economists should be saying openly that the future rôle of their countries is as suppliers of raw materials.
4. The political failure is equally comprehensive. There is a universal and palpable withholding of support from the existing political and administrative establishment in Eastern Europe. The epidemic of alcoholism is symptomatic. The present set up is sustained by vested interests, inertia and fear of the Soviet reaction to change.
5. Relationships between member states of the bloc range from indifference through dislike to hostility. Crossing a border within Eastern Europe is no less time consuming and adversarial, even for local people, than crossing a border between East and West.
6. The system has no capability for peaceful or piecemeal evolution. Attempts at reform have repeatedly revealed the fragility associated with rottenness. One day the system in Eastern Europe will break down completely. When it comes, the break down may well be sudden, unforeseen and comprehensive. The impact of such a break down on the Soviet Union would be traumatic.



7. It is inconceivable that these facts, evident to any reasonably close observer, should not long ago have become obvious to the men who run the régimes.

8. Contrary to the generally held belief these leaders are well-informed about the West's performance in all the areas that matter to them. They probably do not believe what they read about our intentions. They have little choice other than to believe what they see and read of our material achievements.

9. They therefore know that in a contest for which their predecessors laid down the rules and in precisely those areas where they have most loudly asserted their superiority (social, political, ideological and economic progress), they are being comprehensively defeated. They cannot compete peacefully with the West. Their inability to do so will become more marked as we move into the era of commercially applied high technology.

10. The areas in which the Soviet Union is able to compete (by concentrating talent and ignoring cost) are those of military development and prestige research projects such as space exploration. In the absence of an effective industrial and scientific base the quality of this effort can hardly be sustained indefinitely. But in the short and medium term it must be a cause of deep concern to the West.

11. Soviet leaders undoubtedly entertain hopes that internal divisions, social unrest, a banking collapse or some similar self-inflicted setback, will slow the advance of the capitalist democracies. But they also know that in most of these areas their own rôle can be little more than incidental. The trouble they can cause e.g. in the Third World, is serious. But it matters ultimately only to the extent that it affects the central economic, ideological and strategic confrontation.

12. Unfortunately few Western decision-makers, particularly in the United States, have any first-hand knowledge of the state of affairs in Eastern Europe and the Soviet Union. The Berlin Wall and the riots in Poland are real enough but are not the reality. The Soviet system is lawless and morally degrading for rulers and ruled. It encourages and condones evil acts and to that extent is evil. But to talk of "an empire of evil" is to credit the Soviet Government with a self-confidence and a capacity for malefaction outside the Soviet Union that it does not possess. It is an empire of incompetence, dreariness, corruption and frustration.

/13.



13. It follows that the Soviet system, despite its leaders' posturing and their worldwide investment in subversion, is incapable of mounting a credible challenge to the supremacy of the capitalist democratic alternative in any except a military sense. (Hence in part the increasing tendency to Bonapartism in the Soviet bloc. General Jaruselski is a precursor, not an anachronism.)

14. This is not to say that the Soviet leadership want war. It means simply that they see their only chance of success as lying in a long drawn out confrontation in which their strengths - military capability and continuity of purpose - confront the democracies' weaknesses - popular anxiety about war and reluctance to pay for the means to prevent it.

15. The risks are as obvious to the Russians as to us. But they see little option other than to persist. For the Western democracies, by the mere fact of their existence and by the attractiveness of their material success, constitute a fundamental and inescapable challenge to the survival of the Soviet system. In this most basic sense, largely independent of the actions and intentions of individual leaders, the West is as responsible as the East for the continuing instability of East-West relations.

16. The men in the Kremlin are the inheritors of centuries-old convictions about Russian material and technological inferiority and about the dangers of encirclement. They have built their careers in an environment of intrigue, conspiracy and mistrust. They assume that Western leaders are no less duplicitous. Since they know their empire is essentially bankrupt, Western rhetoric about the threat from the East may often seem to bloc politicians no more than a cloak for our own aggressive intent.

17. Afghanistan encapsulates the dilemma of dealing with the USSR. The Kremlin resorted to military action because of its inability to secure an "acceptable" régime in Kabul by any other means. In that sense it was an action taken out of weakness, a political setback compounded by the subsequent military failure to subdue the Afghans. Nonetheless the criminality of the invasion, its strategic implications and the continuing barbarity of the occupying forces leave the rest of the world no choice but to interpret the Soviet action as expansionist, destabilising and threatening.

/SUMMARY



SUMMARY

18. The incongruity which has made détente an illusion and which will make a collision between East and West extremely difficult to avoid is clear.

19. On the one side there is a ruling group of long-serving bureaucrats, experienced and knowledgeable but also cynical, inflexible and conspiratorial; whose national and ideological inheritance of inferiority and suspicion towards the West is reinforced by a pressing consciousness of economic and political failure; who know they rule a collection (outside the Soviet Union and in its non-Russian areas) of disaffected and disunited peoples; but whose will to power is undiminished; who have few problems with public opinion; who possess, in their immense and growing military power, one trump card; and who are coming increasingly under the influence of their military colleagues.

20. On the other side, a constantly evolving group of elected civilian leaders who, however acute the immediate difficulties, preside over the most prosperous and dynamic society in human history; but whose natural chief does not now have, and has rarely ever had, first-hand knowledge of the situation in the Soviet bloc or of how the world looks through Soviet eyes; who find it difficult to accept that the Soviet colossus marches on feet of clay; who are rightly preoccupied with the need to match, and therefore to focus attention on, the Soviet military threat; and whose electorates are betraying increasing anxiety about the possibility that deterrence will break down.

CONCLUSIONS

21. On this analysis it is not easy to be optimistic about the future of East-West relations. But some conclusions can be drawn:-

- (a) the idea that a unilateral weakening of our military stance might lead the Soviet Union to follow suit is wildly misconceived. The Soviet leaders do not deal in goodwill. Anything which allows them to increase their advantage in the military element of the East-West equation will be pocketed by them with relief;
- (b) the idea that by making the choice stark enough one can force the Soviet leadership to allocate resources to civil rather than to military development is equally misconceived. Why should they do so if the military race is the only one in which they have a chance of success? There is no evidence that the

/Soviet



Soviet leaders have lost the will either to impose economic hardship on those they rule or to deal harshly and effectively with discontent and dissent when they judge this necessary;

- (c) in the long run the amount of Western economic help they receive will not have a major impact on the functioning of the Communist economies. Their failure is systemic. However attractive - or even necessary - in terms of domestic politics Western sanctions and trade restrictions may be, they serve little purpose. They hurt those who impose them at least as much as the intended victims. The COCOM list makes it a little harder and a little more expensive for the Soviet Union to obtain the equipment it wants but eventually it gets it anyway;
- (d) it is a truism, but also consistent with the analysis above, that the West's interest is to conduct the East-West struggle on virtually any basis other than a military one. To tempt the Soviet Union to accept a change of terrain will at best be a long-term process. Western Governments collectively will have to pursue more consistent and pragmatic policies; show more self-confidence about their own position; and take more account of Soviet weakness and paranoia.

POLICY IMPLICATIONS

22. The Western strategy with which Soviet and East European Governments would find it most difficult to cope would be one which combined:-

- a very firm military stance and a consistently robust response to Soviet action outside the bloc;
- a studied indifference to Soviet bluster and a refusal to respond in kind. Feel contempt without showing condescension;
- a low-key governmental reaction to events within the Soviet bloc and an avoidance of public "linkages";
- a willingness to negotiate toughly, persistently and regularly, about virtually anything;
- entirely un sentimental commercial and economic relations in which we would make explicit our intention to pursue our own advantage without discrimination and without favours vis-à-vis the bloc as a whole or its individual members; and

/- steady



- steady but unspectacular pressure for increased "human contacts" of every kind.

Put baldly this sounds, and is, cold-blooded. It implies that Governments (as opposed to private citizens, the press etc.) should pay less attention to the Walesas and Sakharovs of the future. It implies a greater degree of coordination than Western Governments have succeeded in maintaining in the past. To that extent it may be unrealistic. Nonetheless it is hard to see a better way of bringing the Soviet Government to change its policies and of achieving the dissolution of the Soviet bloc in something like a controlled manner than by increasing the prosperity and information available to the subject peoples and depriving the régimes of excuses for the blatant failure of their economic and social policies.

COUNTER-ARGUMENTS

23. A number of arguments might be advanced against an adjustment of policy in this direction. These would include:

- (i) that if it brings additional prosperity to Eastern Europe, the present régimes will claim the credit and strengthen their positions accordingly.

Answer: The benefits will be limited by the inefficiency of the system and in any case disillusion with State socialism is far too advanced to be susceptible of cure. The much more likely consequence will be to arouse expectations that State socialism is incapable of satisfying. The upheavals in Czechoslovakia in 1968 and in Poland in 1981 followed periods of relaxation and slightly increased prosperity.

- (ii) that extra resources and "know how" will be ploughed into defence.

Answer: This may well happen initially. But it is doubtful whether at present levels the additional input will make more than a marginal difference. The limiting factors on Soviet military capability are not now those of resource availability or knowledge.

- (iii) that while it might eventually undermine the Soviet bloc, it would undermine more rapidly the will of Western electorates to support an adequate defence effort.

/Answer:



Answer: What one is now seeing in Western Europe and North America is less a growing reluctance to pay for an adequate nuclear and conventional armoury than a growing fear that the armouries on both sides are going to be used. It is, in part, to this fear that the foregoing recommendations are addressed.

9 June, 1983

ms

PRIME MINISTER

Foreign and Defence Affairs: Round-up

Upper Heyford

No serious trouble so far. The number of demonstrators earlier today had dwindled to about 150. The base is operating normally and employees are getting through to work. At present those on the spot see no difficulty about maintaining security.

Argentina

Destefanis has applied for a visa to visit the UK in the next two weeks. He says he wants to try to obtain permission for relatives of the Argentine dead to visit the Falklands, this time with minimal publicity. His application has been referred from Buenos Aires to London and he has been told that decisions on visa referrals are currently taking 3 to 4 weeks.

The intention is to delay a decision until after the election.

Zimbabwe Air Force Officers

The trial continues, Sir A. Acland told Mr. Mugabe last week that there was much interest here and reminded him that he had said that those acquitted would be released.

Namibia

The Security Council debate continues but a resolution has been adopted unanimously. So this will not cause trouble for the time being.

A.S.C.

1 June 1983

PRIME MINISTER

①
Thompson
→

Foreign/Defence Affairs: Round-up

CND

Some 40 to 50 members of today's "Christian CND" demonstration at Upper Heyford attempted to climb in to the base but were repulsed (without much difficulty, I believe).

You should see in tonight's box an important note by Mr. Heseltine on the more serious demonstration planned for 31 May.

Africa

A letter from the FCO about the Pretoria bomb explosion and the South African raid on Maputo is attached, together with Mr. Pym's statement to the press.

The Pretorian bomb incident was the worst of its kind ever experienced in South Africa - and there has been a shocked reaction throughout the country. By the same token the South African raids on Mozambique earlier today were dramatic. One question is whether they will also take action against ANC targets in e.g. Lesotho.

A UN Security Council debate on Namibia starts today but will go on for several days. We need to avoid a resolution calling for sanctions against South Africa.

The trial of the Zimbabwe Air Force Officers begins today but judgement is not expected for some weeks.

In Malawi three former Cabinet Ministers and one former MP have been killed in a "car accident" - whether genuine or not remains to be seen. *(I doubt it).*

/ Hong Kong

Hong Kong

Percy Cradock is to see the Chinese Ministry of Foreign Affairs tomorrow to give the agreed oral reply to Zhao's letter. EXCO unanimously approved the reply. The Chinese may propose dates for the opening of substantive talks but I expect there will be a further delay.

INF

Nitze reports no Russian movement in Geneva. They say that the details of Andropov's latest proposal cannot be discussed until the US show serious interest in it in principle.

A.J.C.

23 May 1983

PRIME MINISTER

FOREIGN AFFAIRS

A round-up of current concerns.

Franco/German Summit (16/17 May)

Blunt talking. No meeting of minds on economic policy.
Germans impatient with French attempt to blame others for their
economic problems. Kohl refused to be drawn into criticism of
U.S.

Unrest in France

Demonstrations continue by students, farmers, shopkeepers
and small businessmen, each in support of separate grievances.
More planned. But our Embassy think the head of steam may be
declining. For the students, exams approach. The farmers have
their EC price settlement. It is (at any rate so far) quite
different from 1968 - and much of the British press reporting
is highly exaggerated.

EC Budget

The German emissary has had talks with Francis Pym today.
Quite useful, I believe. They got into the details of our
solution. His main point was that we should work out carefully
what we say at the Foreign Affairs Council on Own Resources.
He did not expect us to agree to an increase but if we said it
was ruled out for all time, we would not get our solution.

Belgrano

The Mirror wrote a piece today asking why Francis Pym did
not immediately communicate to London the Peruvian proposals.
Francis Pym has written to The Mirror, for publication tomorrow,
saying why this was not necessary. A JIC report on the possible
threat on 25 May will be in your box tonight.

/ Hong Kong

Hong Kong

In view of Zhao's reply to your letter no-one now thinks it likely that the Chinese will announce their "Plan" in June. But the contingency paper which you saw some weeks ago has been brought up to date, so we shall be ready if they do (I will not bother you with the paper unless the intelligence about Chinese intentions changes).

A paper has also been prepared about how we should conduct the substantive talks. Again, it is doubtful whether they will begin before 10 June. So I will not bother you unless an earlier date is fixed.

Williamsburg

All the arrangements for your travel, bilateral meetings, etc. are in hand. I hope it will not be necessary to bother you until we leave next Saturday.

Thank you MB

A.J.C.

19 May 1983

PRIME MINISTER

I attach a minute by Tony Parsons and Roger Jackling which suggests that we should have a "teach-in" on a large range of East/West and security questions.

You have wanted to do this for some time. A meeting on the range of issues suggested in the attached minute would need two to three hours and should ideally take place at a time when you do not have a lot of other things on your mind. I am a bit doubtful whether we can really fit it in before Williamsburg but do you want us to try to do so?

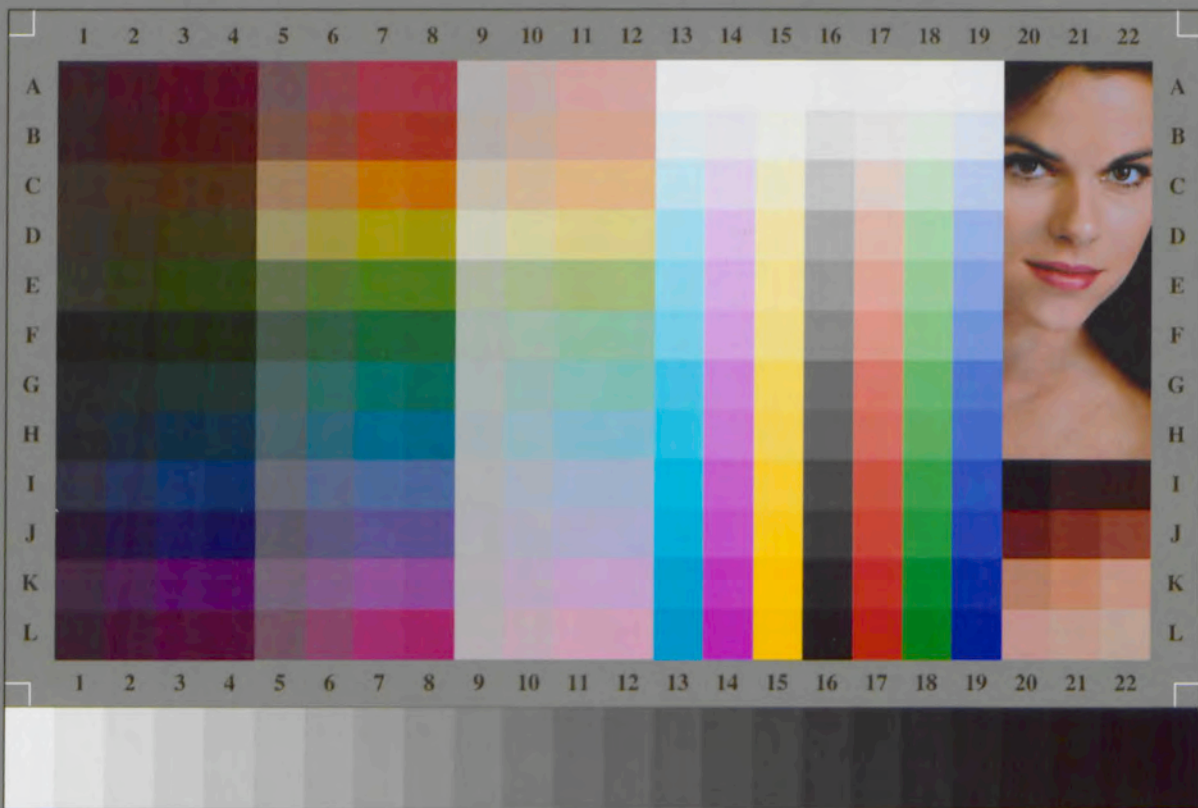
If so, I will give a little more thought to the format of the meeting and the agenda and consult you again.

A. J. C.

I should like to hear the 'Chamberlain' speech - but some of the questions will get us nowhere. We must concentrate on those matters likely to produce consensus which can lead to action
mk

22 April, 1983

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