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10 DOWNING STREET

THE PRIME MINISTER

29 July 1985

Dear Mr. McFarlane.

It was very good of you to come up to the Embassy on Friday for a talk, and I found it extremely useful. I shall of course treat what you said with the greatest possible discretion.

I hope that you will find time to come over in the early autumn so that we can continue the discussion about preparations for the Summit. Perhaps you could let Charles Powell know nearer the time when it would suit you.

With warm best wishes.

Yours sincerely
Margaret Thatcher

Mr. Robert McFarlane

JC



10 DOWNING STREET

THE PRIME MINISTER

29 July 1985

Dear Mr. Volcker

As always, I enjoyed my talk with you on Friday enormously, and found it very helpful to be brought up to date on such a wide range of issues. Thank you so much for giving me your time - and I shall read your Congressional Testimony with great care.

With best wishes. and warm regards

Yours sincerely
Margaret Thatcher

Mr. Paul Volcker



10 DOWNING STREET

THE PRIME MINISTER

29 July 1985

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My dear Casp.

I just wanted to say how very much I appreciated the Honour Guard for my arrival at the Pentagon on Friday. It was very generous of you to arrange this, and it was indeed a most impressive display. I loved it.

I found our talk and the subsequent briefing very useful, and intend that we shall follow up very quickly on setting up the joint group to study how we can take forward the arrangements for Britain's participation in SDI research.

With my best wishes.

and warm regards.

Yours sincerely
Raymond

The Honorable Caspar Weinberger

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10 DOWNING STREET

THE PRIME MINISTER

29 July 1985

Dear George

I was very pleased to see you during the IDU Conference, and greatly enjoyed our talk on Friday afternoon. It was wonderful, too, to hear the President on the telephone and to sense the strength in his voice. I know that you will encourage him to get as much rest as possible during the summer so that he is fighting fit for the Summit in the autumn.

Denis joins me in sending love to Barbara.

It was good to be in Washington again - only for a brief visit.

Yours ever

Raymond

The Honorable George Bush

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10 DOWNING STREET

THE PRIME MINISTER

29 July 1985

Dear Oliver,

Thank you so much for your excellent hospitality during my brief visit to Washington.

I found my afternoon of talks with George Bush, Cap Weinberger, Paul Volcker and Bud McFarlane very stimulating and useful. We must treat what McFarlane had to say with the greatest possible discretion, and no record is being put round here. We must also follow up quickly on our participation in SDI research, and get the joint group working as quickly as possible on identifying areas where we can make a major contribution.

Please pass on my thanks to those of your staff who so kindly helped with the arrangements, and to Marjory for her kindness.

Yours sincerely
Margaret Thatcher

His Excellency Sir Oliver Wright, GCMG, GCVO, DSC.

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10 DOWNING STREET

From the Private Secretary

29 July, 1985.

PRESIDENT REAGAN

As you will have seen from my records of the Prime Minister's visit to Washington, President Reagan telephoned her from Camp David during her meeting with Vice-President Bush. The Prime Minister commented that the President's voice sounded firm and he appeared in good spirits. Mrs Reagan, who also spoke, sounded by contrast care-worn and under strain.

In discussion of the President's health after the telephone call, Vice-President Bush said that so far as he could tell the President was recovering. He had lost weight, not surprisingly, and suffered some pain when he moved. But he was anxious to get back to work. Mrs. Reagan was, however, under considerable strain: indeed he was worried about her. She had nagging doubts as to whether the President's cancer had really been eliminated. She also thought that the President's staff were 'bearing down' on him unnecessarily and pushing him to get back to work. She was doing all she could to limit his engagements. From a further casual remark by the Vice-President, I got the impression that Mrs. Reagan had been present at a meeting of the National Security Council that morning (the Vice-President referred to her stopping the President from rising from his chair).

Although there is nothing of great moment in this, I think the subject of the President's health sufficiently important to make it worth recording even minutiae. But I should be grateful if you would treat my letter as for the Secretary of State's and the PUS's personal information.

Charles Powell

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

*subject cc master**cc USA: Relations A4**cc Sir P. Cradock
(with encs.)**J.P.*

10 DOWNING STREET

From the Private Secretary

27 July 1985

Dear Len,

PRIME MINISTER'S VISIT TO WASHINGTON 26 JULY 1985

I enclose records of the Prime Minister's meetings with (a) Vice President Bush, (b) Secretary Weinberger; and (c) Mr. Volcker.

In addition, the Prime Minister had a further technical briefing on the Strategic Defence Initiative from General Abrahamson and held a separate meeting with Mr. McFarlane. No written record of these is being circulated. But in her meeting with Mr. McFarlane, the Prime Minister raised Southern Africa, arms sales to Argentina and British participation in SDI research in the same terms as in her meetings with Vice-President Bush and Mr. Weinberger.

I am copying this letter and enclosures to Rachel Lomax (HM Treasury) and Richard Hatfield (Cabinet Office), and enclosures (a) and (b) only to Richard Mottram (Ministry of Defence).

Yours sincerely
Chris Powell

(C. D. POWELL)

Len Appleyard Esq.,
Foreign and Commonwealth Office.

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RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND THE VICE
PRESIDENT OF THE UNITED STATES IN WASHINGTON ON FRIDAY 26
JULY 1985 AT 1500

Present:

The Prime Minister

Vice President Bush

HM Ambassador, Washington

Mr. Craig Fuller (Chief of Staff
to the Vice President)

Mr. Charles Powell

Mrs. R. Ridgway (Assistant
Secretary of State for European
Affairs)

Terrorism

The Prime Minister recalled her earlier discussion of terrorism with Vice President Bush during their recent meeting in London and the joint statement which they had issued. Subsequently it had become clear that other countries were not prepared to take part in measures to isolate Beirut Airport. France in particular had been adamant that it would not support such measures. She saw no point in Britain and the US going ahead alone. Other means would have to be found to enforce security at Beirut Airport.

Vice President Bush said that the Task Force which President Reagan had appointed was undertaking a very serious study of the problem of terrorism and responses to it. There was some fascinating new technology which could help,

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for instance in combatting hijacking. He mentioned exotic gases which could be fired into the cockpit of a hijacked aircraft. He had noted that, during the discussion of terrorism at the International Democratic Union Conference that morning, M. Chirac had taken the view that the Soviet Union was the cause and origin of a great deal of international terrorism. He himself was more sceptical. The Prime Minister agreed that it was difficult to identify precise evidence of Soviet responsibility for terrorist acts, although she had no doubt that they fostered the climate in which terrorism flourished. She pointed to the Marxist leanings of the PIRA.

Vice President Bush said that there was a certain frustration in the US about the difficulties in the way of hitting back against terrorists. "We want to be macho, but can't find a way to express our machismo." There was little doubt that a small group of countries were primarily responsible for terrorism. Libya was the worst offender. It was a pity that groups opposed to Qadhafi had not taken greater hold there. Although the US had worked closely with President Asad of Syria over the release of the hostages, there was no doubt that he too was deeply implicated in support for terrorism.

Middle East

The Prime Minister said that she had recently seen King Hussein and had subsequently arranged for a message to be sent to Secretary Shultz giving an account of her talks. The King had transmitted a list of Palestinians from whom members of a joint Jordanian/Palestinian delegation for talks with the US might be drawn. It ought to be possible for the US to find

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four names on the list whom they could accept. It was not envisaged that these Palestinians would conduct negotiations with Israel. They were selected simply to open a dialogue with the US, which should in turn open the way for the PLO to accept UN Security Council Resolutions 242 and 338. She hoped that the US Administration would respond quickly. Otherwise there was a risk that King Hussein's initiative would lose momentum. There was also the possibility that an Arab Summit would be held soon and complicate peace efforts.

Vice President Bush said that he understood there were difficulties over at least some of the names on the Jordanian list, although the US had not rejected them as had the Israelis. The Prime Minister repeated the importance of an early response to King Hussein. Time was of the essence, and it was important to make progress while Mr. Peres remained Prime Minister. Once the arrangements had been made for Ambassador Murphy to meet a joint delegation, we would be ready to receive a Jordanian/Palestinian delegation including former Mayor Milhem and Bishop Khoury in London.

Southern Africa

The Prime Minister said that she had been greatly irritated by the French action in tabling a Security Council resolution calling for economic measures against South Africa. This had come without warning a matter of days after the French had subscribed to a joint statement by the Ten which had not made any provision for such measures. It exposed the hollowness of French claims to believe in strengthening political cooperation in Europe. The Prime Minister continued that we understood the Administration's difficulties with Congress over economic measures. But she hoped that if mandatory sanctions against South Africa were proposed at the

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UN, the United States would veto them.

Vice President Bush said that the matter had been discussed in the National Security Council that morning. The US would not "go the sanctions route", although there was an evident need for greater efforts to explain the Administration's policy. The Prime Minister said that the United Kingdom equally rejected the sanctions, and she had made this clear in the course of her television broadcasts that morning. The best hope of breaking down apartheid lay in economic development. Mrs. Suzman had made some very helpful public statements to the effect that sanctions would be counter-productive, and would bear most heavily on the black population. We should rest on these. A sustained effort was called for to convince President Botha and his Government of the need for change. She had represented this to him strongly when they had met last year, making a particular point of the need to halt forced removals. This seemed to have had some effect. But President Botha had to be persuaded to find some means to involve the black population in political life. It was difficult to see a way forward which would not touch off revolution.

Vice President Bush said that he could guarantee that there would be no change of policy by the United States on sanctions. The Prime Minister said that she assumed that Britain and the United States would both abstain on the French Draft Resolution currently before the Security Council unless it were amended to provide for mandatory sanctions, in which case both would veto. Vice President Bush agreed.

(At this point the Prime Minister was summoned away for some minutes for a telephone conversation with the President and Mrs. Reagan at Camp David.)

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Strategic Defence Initiative

Vice President Bush said there had been some discussion in the National Security Council that morning of the British Government's response to the Administration's invitation to participate in SDI research. The feeling had been that, rather than set the target of a specific sum for contracts to be awarded to Britain, it would be better to work for a comprehensive agreement setting out the terms and conditions of British participation, and to go forward in the meantime with a number of immediate projects. He emphasised that the US very much wanted the United Kingdom to take part on a substantial scale.

The Prime Minister recalled that the UK had been the first country to offer to take part in SDI research. There was a long history of cooperation in sensitive defence research between the two countries, and Britain had very considerable expertise. Britain's record as an ally of the US was unequalled. We played a crucial role in the Central Front in Europe. History showed that we had stood firm when others had wavered or fallen. Full account should be taken of this in working out the arrangements for our participation. We would want a substantial proportion of the research work, consonant with our relationship and with our scientific standing. We wanted to be full and worthy partners, not just small component makers. Vice President Bush said that he had the impression that not enough work had yet been done by the US Government agencies concerned. He could assure the Prime Minister that if problems arose, the President would be

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anxious to see them smoothed over. The Prime Minister said that it was important to get a joint working group together as quickly as possible to discuss areas of work in which British firms and laboratories should take part, as well as the terms and conditions of our participation. She repeated that the British share in SDI work must be substantial.

The meeting ended at 1550.

C.D.P.

27 July, 1985.

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Secretary Weinberger said that the United States wanted the same sort of relationship as there had been in the past, for instance in the development of nuclear weapons. US experts had already started the work of identifying areas where the UK could make a contribution, and he would very shortly be writing to Mr. Heseltine to follow up their recent discussion. (He handed over a copy of the letter which he proposed to send.) Mr. Heseltine had proposed that Britain be guaranteed a specific amount of work. There were a number of legal difficulties in the way of this. Congress insisted that contracts had to be allocated to the lowest bidder. There was also the Bayh Amendment which said that contracts should not be given to foreign countries unless the Administration could certify that no American company had the expertise to perform them. However, the Administration were trying to find a way round these problems.

The Prime Minister said that she felt very strongly indeed that the UK must have a significant part of the work. Secretary Weinberger said that he envisaged an initial allocation of funds to the Ministry of Defence, perhaps some £10 million or £15 million, as an earnest of good intent. This would only be a beginning and the amount of work would increase considerably as time passed. But the legal difficulties for the Administration were real. A specific set-aside for Britain would be thrown out by Congress. It was necessary to move gradually. The Prime Minister said that she did not like a salami approach. The two sides must look at the possibilities for British participation on a larger scale. It should be the first task of the proposed joint group to identify these. We would not be fobbed off with a few small contracts. Secretary Weinberger protested that there was no question of this: the work already on offer amounted to a substantial share of available contracts. He had to take account of the fact that if Britain were to be given a major and specific share of the work, other countries would demand

the same. This would introduce undue rigidity into the contract process. The Prime Minister said that it must be clear that Britain was in a different category to other countries. Secretary Weinberger thought that there might be some unenlightened people in Congress who failed to recognise this. The Prime Minister replied that it was the Administration's task to tell them. Secretary Weinberger said that it was important to proceed in a way which did not alienate Congress, but opened the way to full cooperation with British research establishments and British industry. He was aware of the imbalance in defence sales between Britain and the US, and wanted to try to redress it. He agreed with the Prime Minister that the joint group should start work as soon as possible.

Mobile Subscriber Equipment (MSE)

The Prime Minister said that it mattered tremendously that the US Army should procure the Ptarmigan MSE system. There was no doubt that it was the best one, and purchase would be a contribution towards diminishing the imbalance in our trade in defence equipment. She hoped that wider considerations would also be taken into account. Secretary Weinberger said that the US Army were looking closely at the Ptarmigan system, and would make a recommendation at the end of August. There was no doubt that the United States needed the capability, and there was no competing US system. But France was pushing RITA hard and price would be an important factor. The Prime Minister said that Secretary Weinberger should not underestimate the political importance of this decision. Award of the contract to France would not be understood in this country in the light of our helpful attitude on so many matters of interest to the United States. Secretary Weinberger promised that the United States would look very sympathetically at Ptarmigan. He hoped that the Army would report sensibly.

Fylingdales

The Prime Minister said that she understood that Mr. Heseltine had recently discussed Fylingdales with Secretary Weinberger and that the way was open for modernisation to go ahead, although we wanted to see a fair share of the high technology work awarded to British firms. Secretary Weinberger said that the Pentagon could influence Raytheon, which had the main contract for the radar, to award some sub-contracts to British firms. Opportunities also existed for British firms to win contracts for work on over-the-horizon radar. The more Britain and the US could work together in this area the better.

The Prime Minister said that care should be exercised to refer to the work at Fylingdales as "modernisation". If it was presented as installation of a new system, it might seem to conflict with the provision of the ABM Treaty. Secretary Weinberger agreed, while adding that he had never been a supporter of the Treaty. It was quite clear that modernisation of Fylingdales was not in fact a violation.

Arms Control Negotiations

Secretary Weinberger said that he was worried about developments in the margins of the talks in Geneva. In informal contacts the Soviet side had suggested that SDI research might be limited to ground-based ABM systems. In return for this, the Soviet Union would agree to reductions in offensive weapons. He feared that there would be those in the United States, particularly in Congress, who would grasp at this.

The Prime Minister asked how it was proposed to prepare for the President's meeting with Mr. Gorbachev. Secretary Weinberger said that the President did not anticipate great

developments at the Summit. It would be a "feel" meeting, with the hope that subsequent negotiations would be easier once he and Mr. Gorbachev had got to know each other. The President had called for a report before the Summit on Soviet violations of existing arms control agreements, and on additional steps which the United States might take to compensate for these violations. No doubt conflicting advice would be submitted.

The Prime Minister said that she doubted whether the negotiations in Geneva would make much progress before the Summit, which made it all the more important to ensure that the Summit itself was a success and gave them a fresh impetus. We should be submitting some ideas. Secretary Weinberger saw signs of increasing Soviet interest in discussing strategic defence, particularly as it was borne in on them that a workable system of strategic defence was feasible. He wanted to stress that the United States was serious in seeking agreement in Geneva.

Argentina/Falklands

The Prime Minister said that it was very important that the US should not allow the sale of Sky Hawks from Israel to Argentina to go ahead. Secretary Weinberger said that he was opposed to the sale. But there were many in the US Administration who would argue that it was essential to support a democratic Government in Argentina. He thought that the Prime Minister might need to appeal direct to the President. The Prime Minister said that she was fully prepared to do this.

The Prime Minister was subsequently given a highly restricted briefing on SDI developments by General Abrahamson.

Much of this was rather obviously slanted towards supporting the United States Pathfinder proposals for Britain's initial participation in SDI research. The Prime Minister made clear to General Abrahamson that we wanted more than mini-programmes, let alone micro-programmes. General Abrahamson protested that the US proposals were only a start, and covered a very fair proportion of work currently available for allocation. We should not dismiss them lightly.

C.D.P.

27 July, 1985.

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RECORD OF MEETING BETWEEN THE PRIME MINISTER AND THE CHAIRMAN
OF THE US FEDERAL RESERVE SYSTEM IN WASHINGTON ON FRIDAY
26 JULY 1985 AT 1745

Prime Minister
HM Ambassador Washington
Mr. Charles Powell

Mr. Paul Volcker

The Prime Minister said that she had been worried by Mr. Volcker's recent comment that Europe should encourage domestic growth by stimulating demand. She agreed on the need to get interest rates down but there could be no question of reflating or printing money. Mr. Volcker said that his comments had been aimed at Germany and Japan. He took the view that if the Germans were reducing taxes anyway they could afford to speed it up. If they got a little expansion going, they would be in surplus.

US DEFICIT

The Prime Minister said that if she were an American she would be even more worried than a year ago about the failure to cut the deficit. Mr. Volcker agreed that as time passed the risks from failure to take action increased. He believed that a satisfactory deficit-cutting package could be put together in Congress, but no one wanted to take the blame for cutting spending in sensitive sectors, particularly social security.

The Prime Minister said that she had been concerned by reports that an oil import tax might be introduced. Mr. Volcker said that he was not crazy about the idea. It might be the least painful way to raise a little extra revenue, but it would also cause a bump on the consumer price index which would be worrying. The Prime Minister asked about the effect on Mexico and other oil producers. Mr. Volcker said that there was talk of exempting Mexico. But where would you draw the line?

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INTERNATIONAL DEBT //

Mr. Volcker said that Mexico was in acute difficulty as a result of letting its budget get out of control. New measures had just been announced to get back on track. It remained to be seen whether they would be sufficient to restore confidence. On the other hand, Argentina was tackling its problems impressively. A Thatcherite programme had been introduced which aimed at budget balance, price stability and single-figure inflation. There had been zero price increases in July. The currency was being changed. The programme appeared to have been sold internally.

Mr. Volcker continued that he was worried by political restiveness in Latin America about the debt situation. Although the situation of several individual countries had improved, a political climate in favour of repudiating debts was being created. Castro had taken a hand in this and there were fears that the new President of Peru would make a radical inaugural statement and attempt to rally others. He was not saying that there would necessarily be a crisis. But if something went wrong, a lot of Latin American Governments might be tempted to go off in this direction.

AIRCRAFT FOR ARGENTINA

Mr. Volcker said that he had to own up to having had a part in the Argentina request for military aircraft from the United States. In discussion with President Alfonsin some three or four months ago about the economic stabilisation programme, Alfonsin had expressed fears of a military coup and had said that it would help his position greatly if the United States could let him have some military aircraft to keep his airforce content. They need not be fancy ones. The main purpose was political: a gesture of support from the United States at a moment when Argentina faced tough decisions. He had passed on President Alfonsin's request for which he had some sympathy. The Prime Minister said that she hoped the Argentine economy could be stabilised. But it would be

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absolutely devastating if the United States were to sell military aircraft to Argentina particularly while Argentina refused to end the state of hostilities with Britain. Mr. Volcker would have noticed that that we had recently made a helpful gesture to Argentina by lifting the trade embargo but this had not produced any correspondingly helpful response. Mr. Volcker admitted that the Argentines owed Britain something.

BANKING IN THE UNITED STATES

The Prime Minister asked about the health of the banking system in the United States. Mr. Volcker said that as time passed, the situation was improving. In terms of Latin America exposure the US banks were back to where they were in 1978-79. But it was more a question of diluting the problem than solving it: the exposure remained so great that even some reduction in it did not significantly change the risk.

JAPAN

The Prime Minister said that she had once again tackled the Japanese about their surplus and the low rate of the yen at the International Democratic Union's Conference that morning. Mr. Volcker said that he did not expect recent Japanese measures to have any serious effect on the trade surplus. The Japanese did not want to change the situation because they liked it the way it was. On the other hand, he thought that threatening Japan with restrictions on her exports was a very dangerous game. No one knew where it would lead. The Prime Minister commented that this was why we had wanted a new GATT round where all the major industrialised countries could bargain about their problems.

In reply to the Prime Minister's question about the risk of protectionism in the United States, Mr. Volcker said that the same congressional committees responsible for trade legislation were also responsible for tax reform and were giving priority to this. It remained to be seen whether they

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would have time enough to turn their attention to trade legislation. If they did, there would be trouble.

MONETARY POLICY

The Prime Minister said that she had noted that the Federal Reserve was keeping quite a tough monetary policy. Mr. Volcker said that he had let out a little. He had redefined the M1 target. This was sustainable because the United States economy was soft, interest rates were coming down and it did not look as though there was a risk of inflation. But he would not let things get out of control. The danger would come when the dollar fell. He was congenitally concerned that when it fell, it would go in a big way. There was no doubt that an economy with a \$150 billion trade deficit was vulnerable.

The meeting ended at 1830.

C.D.P.

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THE SECRETARY OF DEFENSE
WASHINGTON, THE DISTRICT OF COLUMBIA

cc HMT
FCO
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CO

The Right Honourable Michael Heseltine
Secretary of State for Defence
Ministry of Defence
Main Building, Whitehall
London, SW1A 2HB, England

Dear Colleague:

Our bilateral discussions have proved very useful in identifying specific SDI research areas for British participation and the collaborative mechanisms that might be applied to any SDI activities undertaken by HMG, commercial British companies, or universities. As you know, the SDI research program undertaken by the United States is being conducted in a manner consistent with the principles agreed upon by President Reagan and Prime Minister Thatcher during their meeting at Camp David in December 1984.

Allied participation in the SDI research program can contribute very importantly to the success of this undertaking. We are prepared to begin work to develop as expeditiously as possible an overarching agreement that would provide a comprehensive basis for the fullest possible British participation in SDI research. However, arrangements for a wide range of British SDI research activities can proceed immediately, drawing upon existing bilateral agreements to the extent that both sides agree they are applicable, in whole or in part, to SDI cooperation. Supplementary arrangements, as needed, can be developed without sacrificing the momentum of the research effort, to cover the full scope and depth of British involvement--either as a part of an omnibus agreement or as separate provisions, as necessary and as appropriate, in individual contracts. We are flexible on this point. All arrangements, of course, would be implemented consistent with U.S. law and international obligations, including the 1972 ABM Treaty.

With respect to research areas for near-term collaboration, several promising projects have been identified. For its part, the U.S. is prepared to move forward now on these proposals.

We envisage British industry securing valuable contracts for SDI research activities. The Strategic Defense Initiative Organization (SDIO), working within the existing security arrangements and agreements, would normally contract directly with British commercial industry or research institutions.

Additionally, SDIO may, consistent with U.S. laws and regulations, contract with the Ministry of Defence, which may subcontract with British firms or research institutions. There may be some areas in which the U.S. and UK might wish to establish jointly-funded research projects. There are also possibilities for direct industry-to-industry collaboration, which we may wish to pursue. We are flexible as to these approaches.

In addition to our willingness to consider near-term collaboration on several joint research projects, the United States is prepared to entertain such other, specific proposals as MOD UK wishes to offer. In this regard, we should consider carefully the procedures necessary to enable a timely exchange of classified and sensitive unclassified SDI information. We should address in detail the rights and obligations of the parties in the collaborative projects during the coming weeks. We are prepared to work closely with you to develop the appropriate provisions for inclusion in any future agreement. These discussions will focus on questions relating to data rights, the timely provision of information, information release, clearance procedures, and future commercialization of SDI information or products generated by SDI research.

For its part, the United States is committed to working jointly wherever practicable with Her Majesty's Government so as to maximize the role the Government and industry of the United Kingdom can have in the SDI research program, by means of contracts awarded by us to UK companies and institutions.

I look forward to working closely with you in the period ahead to permit US-UK collaboration to begin without delay.

Sincerely,

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ANNEX A

A "PATHFINDER" PROPOSAL TO THE UNITED KINGDOM

(C) In recent discussions in the U.S. with the U.K. technical and management team, it has been suggested that the U.K. Ministry of Defense (MOD) might be able to serve both a coordination function and implementation role, at least for initial SDI research efforts. This is particularly appropriate and meaningful for the U.K. where a substantial portion of defense research is conducted within or through the MOD Research Establishment.

(C) Accordingly, this initial U.K. "Pathfinder" approach could include the following research activities:

- Ion Source Improvements for Neutral Particle Beam Applications
- Laser and Particle-Beam Vulnerability and Hardening
- Laser and Ion Source Diagnostics
- Mercury-Cadmium-Telluride Infrared Sensor and Gallium-Arsenide Electronics Projects
- Electromagnetic Launcher Experiments
- High-Power Thyatron Switch Research
- Command and Control Secure Network Architectures and Information Processing Technologies.
- Integrated Transceiver Research for Laser-Radars
- An MOD Integrated SDI Architectural Trade-off Study (concentrating on the European threat and designed to fit into Phase II of U.S. SDI Architectural studies).
- Optical Systolic Processing
- Special Materials Research
- Pulse Power Research

(C) The procedure for these "Pathfinder" efforts will be to allow project experts to put final definition to a statement of work and the specific project requirements for security, information transfer, rights for other applications, etc. These will be incorporated into a project Memorandum of Agreement, under U.S. and U.K. more general Memoranda of Understanding. During this

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definition period, the U.S. will ensure that the specific effort meets the requirements of U.S. law and Congressional intent. When these elements are finalized, direction and funding will be provided so that the project can be started as expeditiously as possible. The objective of these initial "Pathfinder" efforts is to develop mutually acceptable ground-rules for SDI participative efforts, on a case-by-case basis.

(C) The principles on which these individual Memoranda of Agreement are structured are to provide a meaningful participative effort, with the maximum free flow of information possible within appropriate security and technical transfer limitations to protect sensitive technologies. The participative effort will be consistent with the provisions of the U.S. Anti-Ballistic Missile Treaty of 1972.

26/7/85

PRESS CONFERENCE BY

THE PRIME MINISTER

THE RT HON MARGARET THATCHER FRS, MP

WITH BRITISH JOURNALISTS

AT

THE BRITISH EMBASSY, WASHINGTON

ON

26 JULY 1985

PM: I wonder if it would just be helpful if I ran through the day. We did early broadcasting this morning and then we went to the IDU conference where the main subject for discussion this morning was the economy and privatisation. A large measure of agreement on how to conduct matters but I was, in my remarks, fairly firm about the Japanese tremendous balance of trade and that she simply could not go on in that way, she'd either have to have considerably more imports and import targets or, not only that, but as well doing something about the value of the Yen which as you know has very low value and of course increases the propensity of Japan to export. But don't think that that was the whole of the discussion by any means, I merely said that it did include that. After that we went up to the White House to have the discussion on terrorism as you know, and then this afternoon I had also as you know, quite a long talk with the Vice President, George Bush, covering again terrorism, covering strategic defence initiatives, covering the Middle East and also southern Africa. While I was at the Vice President's house the President telephoned from Camp David and I had a short talk with him, not too short; his voice sounded strong, very strong, and he said he is recovering very well, obviously conserving all his strength for the tasks ahead. I also had a chance of having a word with Mrs Reagan who has been absolutely marvellous during this difficult time, but I'm very glad that they got up to Camp David and that therefore they're going to be there at any rate over the weekend, I don't know when they will return but as you know I don't wish to put any extra burdens on him, I think it's been marvellous in the way in which he's carried on since the operation and the whole world now knows he's well on the way to recovery, confident that he will recover, and is willing him to recover fully to complete health and strength again.

After that time with the Vice President, I went to see Mr Weinburger and again had a very interesting time discussing SDI and the contribution that we can make to research, and we also of course discussed various matters of armaments sales because as you know we buy quite a lot from the United States and naturally wish for them to buy rather more from us which

I think that they are willing to do. They have very rigid rules about the lowest bids and so on. We also had a discussion about arms control and prospects for the Summit. I then switched to going to see Mr Volcker with whom I always have very interesting discussions. Of course we read his evidence to Congress with the greatest possible interest. I think we follow almost everything that he says. We discussed obviously the position of the deficit, we discussed international debt, we discussed the prospects for growth both this side and the other side of the Atlantic and had a word about a possible oil import tax. As you know I would be very strongly against. And again with him we also had a word about Japan and the position of the Yen.

I then had seen Mr MacFarlane where again South Africa of course figures quite considerably; SDI again as you would expect and the of terrorism and the prospect for the Summit. So you can see it has been quite a busy day with certain subjects coming up again and again partly because they are very topical, some of them being not only topical but really long term fundamental issues as well. I think the next 6 months will be very, very interesting period, an important period in international affairs, there are going to be some far reaching decisions taken during that time and obviously they are matters which we must all think about very carefully, keep in touch about before some of these great conferences happen, before decisions are taken for example about South Africa or the Middle East and so on. Now over to you.

Q: Prime Minister you obviously talked at lot about NPO with a lot of people. You talk the British/^{are}not being offered a sufficiently important part of sufficiently important research projects.

PM: Naturally we are anxious to play a very prominent part. We have a long history of doing research with the United States and very successful research. We are concerned that we do get

a very significant part of the research. I don't think that we have yet worked out sufficiently that best contribution that we can make. That is part of the reason for my discussing it with them - the ^{best} contribution we can make, how it fits in to whole, and as you know we've had people over here but we have got to do further consultation between their group and ours to consider those particular areas in which Britain can make her best and most brilliant research contribution and obviously it has to be a very significant contribution indeed.

Q: Prime Minister your speech last night, I can't quote you exactly I'm afraid.

PM: That's all right.

Q: and the nuclear deterrent will continue to be an important, nuclear arms will continue to be the important (tape inaudible). Was this in any sense an indication about your dubiety about whether SDI can be brought to a

PM: Oh no, no. I think that the research on SDI is going extremely well and they are going ahead quite fast but it's one thing to get to a conclusion which you can only do after quite a bit of research if the thing is possible and that you've broken some of the theoretical barriers and that you can see at each stage how you can tackle something. It is an enormous problem to go through that, from that, to first the detailed technology and from there to the detailed engineering. That takes a very, very long time indeed and

therefore during all that period the nuclear deterrent will be a shield and one must not drop one's guard on that at all. So we are talking still about quite long times before one could consider deploying and in the meantime there will of course be negotiations on the ABM Treaty as deployment becomes fully possible. There's a long way to go relying on the nuclear deterrent and we all know about that.

Q: Prime Minister ...(tape inaudible) .. why not now ... that they may want a signal to South Africa to lift the state of emergency signal as you discussed it with South Africa. Is that position has been taken (tape inaudible).

PM: Well, as you know, we issued a statement both through the European Community and ourselves condemning just exactly the action which had been taken. But I am anxious that we should not merely rest at condemnation. We do not like apartheid, we wish it to end, we recognise that certain things have been done in South Africa to involve the coloured community, the Indians in Government, in the process of Government, and we believe that the black population must also be involved in the process of Government. Let there be no doubt about that. The only question is how best do we achieve that end. I don't believe you achieve it by sanctions. They've got a terrific law and order problem at the moment; to impose heavy sanctions would make things worse, not better. But I do think we have to consider together how best we can bring influence to bear upon the South African Government to

urge them further in the right direction. There's no doubt whatsoever about what we think the right direction to be.

Q: (brief, but inaudible).

PM: I do not think sanctions are appropriate. I very much agree with Mrs Helen Suzmann - and you saw her Declaration recently - sanctions are not selective of their victims. If in addition to the problems that they have you are going to operate trade sanctions - and don't forget that the sanctions that have been proposed have not been full trade sanctions, they've been future investment of Krugerands and so on. If you were to go the impose heavy trade sanctions I think the chaos there would be enermous, the suffering on the part of all sections of the community would be very considerable, and it would be much, much more difficult to keep law and order, and a background of law and order is the only framework against which you can go ahead with considering the things about how to include the black population in Government.

Q: Can I just ask you one more..

PM: I can't stop you, so go on.

Q: Do you feel that Britain, because we are the largest investors in South Africa that we have a special responsibility in trying to resolve what is going on there?

PM: I wouldn't say because we are one of the largest investors. I

think that we do have responsibility along with other nations to try to resolve it. It's not because we are one of the largest investors. We have a historic association. I have often felt myself that if you want to influence a country it is perhaps best not totally to isolate them. That is why I did see what is now President Botha and Foreign Secretary Botha when they came to Europe some time ago and I did make very clear to them that one of the things, among many, among the general dislike of apartheid, was the things that made British people particularly angry was the policy of force removals. It seemed to us utterly repugnant to move people from one area to another just because of the colour of their skin. And I spoke very strongly about that and I was very pleased when several months later the whole policy of removals was under considerable review and in the meantime fortunes were not being made. Now that you may say is not a great deal but it's very practical. Also do you know very considerable steps were taken since then with regard to changing the law on mixed marriage and so on. That was a considerable step forward. So we have tried to be effective in influence in the things we have said to the South African Government. There's a long way to go and the speed at which they can go is obviously something which we all have to consider very carefully. But there's no doubt about the direction which we wish them to go.

Q: Prime Minister, we said we had a couple of sessions today regarding the prospects for disarmament. I'm wondering how you see these prospects any sign of movement

in the Geneva Talks and the position that will come up just prior to the Summit?

PM: I don't think that there will be a great deal of movement in the Geneva Talks. They will be exploring the possibilities very thoroughly because you will be aware that once you get into these arms control talks the complexity and the technicalities are enormous. They will be exploring all of those now. I do not believe myself that there will be a lot of movement before the Summit.

Q: There have been some suggestions..

PM: Oh quite a lot of suggestions.

Q:unofficial talks..... on the part of the Soviets. Did you hear anything about that?

PM: No I haven't heard anything fresh other than moves, the proposals which you know which have been made. But I don't expect progress, I think that a great deal now will hang on the Summit and I think many, many minds are dedicating themselves to how best to approach that Summit.

Q: Frankly...

PM: So if you've got any ideas I'm sureNo I'm quite serious it requires a great deal of thinking about, an enormous amount of preparation because it's going to be one of the great events of this decade.

Q: What I want to ask you is your remarks about this probable propaganda blitz that we're going to enforce. Do you see the, if that's going to happen, do you see the Soviet Union basically trying to force a great deal of pressure on the President in the Summit to be making confessions that he might not be making.

PM: I think that they will, no, that kind of pressure would not yield any results so I think that it will be a really very genuine dialogue with I believe both people, fully appreciating that it is in the interests of the peoples they represent that conflict shall never occur and therefore you want to get the level of arms control down. I think and I believe that it will be a very constructive and significant Summit.

Q: May I ask you (tape inaudible) a number of statements that the need for Europe and Japan to ... their economies pick up the track? of the weakening American recovery. Did any of your talks with him indicate this concern?

PM: Well I had seen the testimony that he gave and we obviously watch everything that is said and it would seem to me that those remarks are probably directed to those countries which have very considerable, but very considerable trading surpluses and also no inflation and comparatively low borrowing. Where you've got those things coming together you will find that they could perhaps take legitimate orthodox measures through reductions of taxation which would result in

expanding their economy. Both Japan and of course there are one or two countries in Europe, well certainly one country in Europe, do that. I think there's no question of expanding by printing money, that is very short-lived and very soon lands you in enormous trouble.

Q: Did you discuss a lot about British interest rates?

PM: No, I merely noted what the British interest rates were and why. Everyone in the world is anxious you know to get interest rates down just as soon as you safely can but you must not put your policy on getting inflation down in jeopardy.

Q: I want to follow up on that and ask you whether the City you would echo the calls for some sort of more stimulative and economic policy in Japan, West Germany and particularly in relation to the comments you made earlier about the Japanese trade situation. Wd you like to see them stimulate their economy to try

PM: I think you always have to specify what you mean by stimulating their economy. Where you have got an enormous, a very high balance of trading surpluses and low inflation and very conservative borrowing policies you are in a position to stimulate your economy ... to do so by things like tax cuts. Now how far do people of Japan themselves will go in for the purchasing of more goods internally, I don't quite know, I think possibly they would and indeed I think it's worth trying to pursue a policy to try to see. But Japan could

do that and certainly Germany has been. Very conservative and orthodox policies and therefore has a certain amount of latitude now. Indeed you will sometimes have heard her say that she had cut her public expenditure and therefore has latitude for possibly 6bn tax cuts, 6bn in Deutchmarks tax cuts, and doubtless you will be looking at how best to bring this about.

Q: Prime Minister, I believe you said that to the American lawyers a week or so ago that one way to cut down on terrorism was to starve them of the oxygen of publicity. How would you feel if one of the British television networks like BBC or ITV, ran a lengthy profile of say somebody like the Irish Chief of Staff in the near future?

PM: If they were to do that I would condemn them utterly. The IRA is proscribed in Britain, it's proscribed in the Republic of Ireland and we have lost between 2,000-2,500 people killed, murdered in the last 15-16 years and I would feel very, very strongly about it and so would many other people and I doubt whether they would do it.

Q: Would you try to stop them if you knew it beforehand?

PM: If one knew about it I think one would draw their attention to it. We do not censor. we're a free society, and I said in that speech to the American Bar Association, we don't constrain, we don't censor and therefore I put it to them -

You rely on freedom to carry out your business which is very important to the future of democracy. If you rely on freedom I think you must consider very carefully from time to time whether those who abuse freedom, to destroy freedom like the terrorists, should in fact have as much publicity as they get for their work. It cannot be done by Government. They would have to get together and decide what they're going to do about it. But those are part of the responsibilities of freedom. If you use freedom then you must decide how responsibly to exercise that freedom.

Q: Prime Minister the assessment talking about terrorismnot action taken as reaction (tape inaudible) .. local media. After your talks today do you get an impression that (tape inaudible).

PM: We all take every action we can, for example by strengthening security at airports, by strengthening security on aircraft by looking at the places where the aircraft land to see if they are properly secure. We owe that to the people who travel by your airlines or from your airports. It also absolutely vital that we get more international co-operation than we are succeeding in getting now and of course vital that we let one another have any relevant information that we have about terrorist activities. Beyond that one does not talk very wisely.

Q: Prime Minister, on terrorism do you have some misgivings about the attitude of President Mitterrand's Government

towards the idea of European co-operation in combatting terrorism?

PM: Well I think you might be referring to the suggestion that we do not accept aircraft from Beirut Airport which I was absolutely prepared to support the President on. British Airways incidentally don't fly to Beirut Airport but some aircraft that go into Beirut Airport come to London as they go to other capitals in Europe. We were not able to get sufficient agreement on that and it is useless for one to do it unilaterally. But France, of course, I think said that she would not refuse to receive Middle Eastern Airlines from Beirut, she will continue to receive them, so that was one blockage.

Q: But you're not perturbed that France has not (inaudible) West Germany and ... (inaudible).

PM: In Europe we do have a good deal of exchange of information on this against terrorism obviously. One doesn't go any further than that. Would you tell a terrorist what you're doing.

Q: Prime Minister, on the IDU could I just ask you by the African and several other Party members and whether you feel that this somehow rather tholes? the

PM: Well it was nevertheless a very good conference. Obviously I hope that as many, not only founding members but present

members who are in Government will come. It's a very, very important organisation and will get more important. I've never seen people here from so many countries in the world, we have people from Central America, from Latin America as well as from Australia and New Zealand, and it is important that we continue to meet together particularly that we meet together people whom we don't meet so often. I mean our European Heads of Government meet frequently; this year we'll meet Commonwealth Heads of Government, Commonwealth Conference as well. We don't see our Australian and New Zealand friends a great deal expect at Commonwealth Conference and when they come on bilateral visits and it's very important that some of the others from Central and Latin America that have joined, that we do meet them more often. So it was quite good, very good from that viewpoint.

Q: Could you tell us what you think the year has accomplished so far?

PM: Well it has brought us all into very much closer contact, very much more aware of problems which affect us both and therefore very much more likely when we are making decisions to take other people's views into account and to act in co-operation with them.

Can we have a question from someone who hasn't asked one?

PM: And then we can have a drink. Oh they've got drinks - have another drink.

Q: We're working on current drinks.

PM: Alright, and you'd now like a current question. I thought you did, you had that look about you. (laughter)

Q: From the IDU, it seems to some of us who were covering it that they issued that final statement very quickly almost before the Conference was on the way.....(inaudible)
Chancellor Kohl and with the exception of yourself, who gave it some real

PM: Zip? (laughter)

Q: Without your attendance there really would be no..

PM: Well I think there were quite a number of other zippy people there as well. We had quite a lively disucssion. But what I'm saying is I do think it's important. I used to come when I was in Opposition and therefore I come when I'm in Government and I do think it's important that in Government we all should continue to come. It was very, very useful. There were quite a number of people there in Government. It is very useful and we don't have that much contact in Britain with people in Central America or Latin America. It was useful for that. And of course Andrew Peacock was there and Mountallboy from New Zealand. You musn't let any of these countries have no contacts in the wider world. Just before Christmas as you know I did a kind of round the world tour. It happened to turn out to be round the world because I had to go first to Peking to sign the Hong Kong Agreement and that was quite a flight so we stopped at Bahrain and then

Bombay - everywhere you get off and you see people - and then to Peking to sign this tremendously progressive Hong Kong Agreement, and I went to Hong Kong, and then we had to start to fly back to Guam where we were received marvellously at the American base there and when the aircraft was being refuelled went around to have a look at the Island; then we went across to Honolulu, arrived at 5 o'clock in the morning where they asked if Mrs Thatcher wanted to rest but I said, no, I'm going to see Pearl Harbor. And of course it's a very emotional experience for my generation.

Then we went on a very big hop from Honolulu right over to Washington and went out to Camp David to see the President where we had those very long talks and we got the Communique out afterwards, then back to London.

Now the purpose of telling you all this is that it was 6 days round the world and really I had no idea until I did those 6 days that it was such a small world and it really was. You've no idea what you can get round in 6 days and see so many people and then, of course, the Easter one went to Indonesia.

Nothing is very far away from anything else except that the Pacific is quite a big place (laughter). By physical experience you're never far from anywhere, and what happens everywhere affects you in your own country. Now once you come to that vivid conclusion not as a matter of intellect but as a matter of seeing a lot of people around the place, you realise you've got to keep in contact and it does help to solve problems if you know people and have had some kind

of preliminary discussions with them about what they think and how the approach problems and what their problems are.

(second side)

time, I think next time that as well as having the big planeloads I think perhaps we must have some smaller study groups. At the Commonwealth Conference we always had a day for example on small islands, their problems, which are quite different from the rest. Heighten political problems in small islands. In a small island there is not a great deal of industry or commerce on which people can deflect their political leanings or political energy into other things so you can get a heightened problem on small islands that we don't get in bigger countries where a lot of political energy can be absorbed in other things.

Now you want another drink don't you.

Thank you very much.

26/7/85

EMBASSY OF THE UNITED STATES OF AMERICA
LONDON

July 26, 1985

Mr Long,
NCONAD

✓ PS
PS/Mr Lee
PS/PUS
Mr Fergusse
Mr Egerton
oh

Dear Geoffrey:

I have been asked to pass along to you the attached letter from Secretary Shultz which was received at the Embassy this afternoon.

With best wishes.

Sincerely,

Charles H. Price, II
Ambassador

Copy to
Mr Powell,
No 10.

26/7

Enclosure:
SECRET

The Rt. Hon. Sir Geoffrey Howe, Q.C., M.P.,
Secretary of State for Foreign and
Commonwealth Affairs,
Foreign and Commonwealth Office,
London, S.W. 1.

25 JUL 1985

TOP

251552Z

From airborne to No.10

FOLLOWING FOR ANDREW TURNBULL, NO.10, FROM STEPHEN SHERBOURNE,
PRIME MINISTER'S PARTY

Following Questions the Prime Minister is very concerned about the anxiety expressed by Jerry Wiggin. She wants to be sure that his concern is being fully taken into account by the Secretary of State. In particular, she would like the decision due to be announced tomorrow, i.e. Friday, to be deferred until early next week to allow her to look at the whole question herself. A reply for the PM would be appreciated.

Copies to: Michael Alison
Tessa Gaisman

25 JUL 1963

FOR BUTLER, NO.10 FROM POWELL (AIRBORNE)

1. Nigel Wicks has asked me to reply to your message.
2. He agrees - as ^{does} PM - that Norgrove should be interviewed first. If there are doubts, the PM could then see Allan.
3. He also agrees that Flesher should go on the visit to Egypt/Jordan. PM is content.
4. Please tell Caroline Ryder that PM does not (repeat not) think that she or Tessa need come on the Egypt/Jordan visit. But could Caroline please enquire whether Carol would like to do so.

E.D.P.

25 JUL 1985

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TOD 252022

RESTRICTED

From airborne to No.10

FOLLOWING FOR DUTY CLERK, NO.10 FROM
POWELL, PRIME MINISTER'S PARTY

Please tell FCO Resident Clerk that Prime
Minister is content with proposals on MBFR
in Foreign Secretary's minute of 25 July.

E.R.
From Airborne to No.10

FOLLOWING FOR TURNBULL, NO.10 (FIRST THING ON FRIDAY) FROM
POWELL, PRIME MINISTER'S PARTY

Avon.

Thank you for your telegram. Prime Minister acknowledges that matters are too far advanced to delay a statement now. But she has two questions:

1. why are the DOE proposing a higher figure than originally put forward by Avon itself?
2. is there an interval between announcement and implementation which would allow DOE to consider further representations and make ~~furth~~er changes if necessary?

EDT

CONQUEROR

III

25 JUL 1985

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FM CABINET OFFICE
TO AIRBORNE 003 IMMEDIATE
BT
CONFIDENTIAL
AIRBORNE 003
FOLLOWING FROM WASHINGTON
TO IMMEDIATE FCO
TELEGRAM NUMBER 2221 DATED 04 JULY

MIPT: PRIME MINISTER'S VISIT

1. FOLLOWING IS FULL PROGRAMME:
25 JULY

1915 ARRIVE ANDREWS AIR FORCE BASE
2000 ARRIVE SHOREHAM HOTEL FOR DINNER (AND SPEECH)
2245 DEPART FOR RESIDENCE

26 JULY

0650 DEPART RESIDENCE FOR SHOREHAM HOTEL
0715 TELEVISION INTERVIEWS WITH CNN, NBC, CBS AND ABC
0815- CONCLUDING SESSION OF IDU CONFERENCE
1030
1100 IDU PARTY LEADERS' MEETING AT THE WHITE HOUSE
1210 ARRIVE DEPARTMENT OF STATE
IDU LUNCH AT STATE DEPARTMENT FOR IDU DELEGATION
(HOSTED BY THE VICE PRESIDENT)
1400 RETURN TO RESIDENCE
1500 MEETING WITH THE VICE PRESIDENT
1600 ARRIVE AT THE PENTAGON (HONOUR GUARD)
1615 MEETING WITH SECRETARY WEINBERGER
1645 SDI PRESENTATION BY GENERAL ABRAHAMSON
1745 ARRIVE AT THE FEDERAL RESERVE BUILDING FOR MEETING
WITH CHAIRMAN VOLCKER
1830 RETURN TO RESIDENCE
1845 MEETING WITH MCFARLANE AT RESIDENCE
1930 DRINKS WITH UK CORRESPONDENTS
2000 INFORMAL SUPPER
2045 DEPART FOR ANDREWS AIR FORCE BASE
2130 DEPART FOR LONDON

WRIGHT

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FM CABINET OFFICE LONDON

TO AIRBORNE O IMMEDIATE

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RESTRICTED

AIRBORNE 006

FOLLOWING FOR STEPHEN SHERBOURNE, PRIME MINISTER'S PARTY,
FROM ANDREW TURNBULL NO10.

1. AVON PROPOSES AMENDED FIGURE IN STRUCTURE PLAN OF 48,500 HOUSING UNITS.
2. AT EXAMINATION IN PUBLIC, DEVELOPERS PROPOSED 60,000.
3. THE INDEPENDENT PANEL OF INSPECTORS RECOMMENDED 51,500.
4. LAST YEAR DOE PUBLISHED PROPOSED MODIFICATIONS OF 53,000.
5. AFTER PUBLIC COMMENTS, DOE ARE PROPOSING TO ANNOUNCE TOMORROW 51,500 I.E. BACK DOWN TO LEVEL PROPOSED BY INDEPENDENT PANEL.
6. WIGGIN OBJECTS BECAUSE MUCH OF DEVELOPMENT IS IN WESTON SUPER MARE.
7. S OF S HAS INFORMED JOHN COPE (NORTH AVON) AND OF LEADERS OF CONSERVATIVES ON BRISTOL AND AVON COUNCIL OF THE FIGURE. FORMAL ANNOUNCEMENT EXPECTED TOMORROW: INSPIRED PQ ALREADY TABLED, DECISION LETTERS DRAFTED.
8. ALSO TO BE ANNOUNCED TOMORROW ARE DECISION OF STRUCTURE PLANS FOR NORTH EAST HAMPHSIRE AND BUCKS.
9. DOE ADVISE
 - (A) EXTENSIVE PROCESS OF CONSULTATION HAS BEEN GONE THROUGH
 - (B) WE ARE VIRTUALLY BEYOND POINT OF NO RETURN
 - (C) TO SCALE DOWN AVON WOULD BE INCONSISTENT WITH INCREASES BEING MADE IN N E HANTS AND BUCKS
 - (D) TO BACKDOWN ON THIS CASE WILL WEAKEN GOVERNMENTS ABILITY TO ENSURE ADEQUATE PROVISION IN STRUCTURE PLANS FOR OTHER PLANNING AREAS IN THE SOUTH EAST WHICH ARE COMING UP FOR DECISION.

CONTENT WITH THIS EXPLANATION?

GRSO150

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25 JUL 1985

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FM CABINET OFFICE

TO AIRBORNE 010 IMMEDIATE

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CONFIDENTIAL

AIRBORNE 010 DESKBY 252200Z

FM FCO 251815Z JUL 85

TO IMMEDIATE PRIME MINISTER'S AIRCRAFT

TELEGRAM UNNUMBERED MISC OF 25 JULY

INFO WASHINGTON (FOR PM'S PARTY)(ALSO PASSED TO PM'S AIRCRAFT)

FOLLOWING FOR CHARLES POWELL, PRIME MINISTER'S PARTY: INDIA

1. THE FOREIGN SECRETARY THOUGHT THAT IT WOULD BE A WELCOME GESTURE IF THE PRIME MINISTER WERE TO SEND A MESSAGE OF CONGRATULATIONS TO RAJIV GANDHI ON HIS SUCCESS IN REACHING AGREEMENT WITH SIKH LEADERS OVER THE PUNJAB ISSUE. MIFT CONTAINS A DRAFT.

2. THE PRIME MINISTER MAY ALSO WISH TO KNOW THAT FURTHER TO THE DISCUSSION IN CABINET ABOUT THE SIKH WRESTLING MATCH IN THE WEST MIDLANDS, THE HOME SECRETARY HAS THIS AFTERNOON SPOKEN TO THE LEADER OF THE LOCAL AUTHORITY CONCERNED WHO HAS AGREED TO ENSURE THAT THE NAME OF THE GAMES IS CHANGED, AND THAT ALL POSTERS ETC BEARING THE OFFENSIVE NAMES ARE WITHDRAWN.

HOWE

GRS 00130

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25 JUL 1985

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FM CABINET OFFICE

TO AIRBORNE 012 FLASH

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CONFIDENTIAL

AIRBORNE 012

FM CABINET OFFICE 252102Z JUL 85

TO FLASH PRIME MINISTER'S AIRCRAFT

TELEGRAM NUMBER AIRBORNE 012 OF 25 JULY

FOLLOWING FOR POWELL (PM'S PARTY)

FROM NO 10.

WE ARE RECEIVING REPORTS OF AN ATTEMPTED COUP IN UGANDA.
SITUATION REPORTS ARE BEING COPIED TO WASHINGTON AND WILL
BE AVAILABLE ON YOUR ARRIVAL.

GRS 00050

NNN



Head of Chancery

Mr Powell *[Handwritten initials]*

TRAINING OF SIKHS IN ALABAMA

- A
1. I attach a brief note, which the Secretary of State's office have asked us to prepare for the Prime Minister, on the training of foreigners at paramilitary training camps in the United States.
 2. We have raised this matter informally with Ambassador Oakley, Director of the Office of Counter-Terrorism in the Department of State, who understands our concern about these camps. We have not been instructed to speak formally about the matter. I understand however that the Secretary of State intends to do so with Mr Shultz in Helsinki next week.

25 July 1985

S J Gomersall



TRAINING OF SIKHS IN ALABAMA

1. The possibility that foreign nationals may have been using paramilitary camps in the United States in order to obtain training for terrorist purposes came to light following the discovery of a plot to assassinate Prime Minister Gandhi during his visit to the United States in June, when it turned out that a number of the Sikhs involved in the plot had attended a course at a private paramilitary training camp in Birmingham, Alabama in late 1984. Inquiries by the Sikhs as to where they might obtain further training in more violent skills aroused the suspicion of the camp operator, and thus brought them to the attention of the FBI. The matter received publicity in an article in the "New York Times" of 27 June.
2. The US Administration and members of Congress have reacted with concern to these reports. The camps in question cater predominantly to would-be adventurers who enjoy living out their fantasies by firing off weapons in uninhabited countryside. They are also used by would-be mercenaries and unsavoury elements such as the Klu Klux Klan. But, to the extent that the operators are not aware that the trainees intend to commit crime, they are entirely legal in Federal and State law, and the FBI have not hitherto considered them to present a problem from the point of view of crime. Beyond the requirement that the operators have the necessary licences for possession of fire arms etc, there has been no supervision or surveillance of their activities.
3. US legislation on training, arms supply and support for terrorism pertains almost exclusively to acts performed or intended to be performed overseas. These laws and regulations have been tightened in recent years. However, restrictions on such activities in the United States would still, according to our contacts in Congress, run into much stronger resistance from a variety of quarters, including the gun

/lobby



lobby and others who would see them as an infringement of civil liberties. The Administration tried last year to get legislation passed to prohibit support or training by US firms or individuals which could contribute to terrorist attacks ; but this failed in Congress.

4. Although the chances of early legislation on the matter are remote, this recent episode has focussed attention in a way that should lead to improved monitoring by the FBI and local authorities, particularly of Sikhs.



Head of Chancery

copies: Private Secretary
Mr Pellew
Ms Sweid

VISIT BY THE PRIME MINISTER: SENATOR PAULA HAWKINS

1. Senator Hawkins' office telephoned this afternoon to ask if it would be possible for Senator Hawkins to call on the Prime Minister tomorrow briefly in order to have her photograph taken with Mrs Thatcher. I understand she does not want to discuss anything in particular. Senator Hawkins was due to be at the IDU dinner this evening but will not now be able to attend. Senator Hawkins will be flying to Florida tomorrow (either at 11.00 am or 2.00 pm).

2. I have explained that the Prime Minister has a very full programme tomorrow, but undertook to arrange for the request to be mentioned to the Prime Minister's Private Secretary when he arrives.

3. Perhaps you would like to mention this to Mr Powell this evening en route from Andrews Air Force Base. I am happy to pass on any message to Senator Hawkins' office tomorrow morning (Mrs Hill - 224 3041).

Sarah Gillett

Sarah Gillett

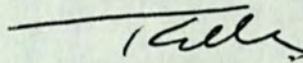
25 July 1985

25/7/85

PS

cc: Minister
H of C ✓
Mr Plumbly

1. Although we reported today's press stories on a possible oil import tax both by telephone, and subsequently by telegram (copy attached) to London we have received no guidance on whether they would want the Prime Minister to raise the issue with Vice President Bush. It is possible that a message had been sent directly to No 10 before the Prime Minister departed. I attach a draft brief on the issue which the Ambassador may wish to pass to the Prime Minister. Mr Plumbly has copies of the background papers in case they are needed tomorrow.



T G Harris

25 July 1985

OIL IMPORT TAX

Issue

1. As part of a package designed to break the current impasse over reduction of the budget deficit, Senate Republicans are reported in today's press to be seriously considering a proposal to impose a \$5 per barrel import duty on imported oil. This would reportedly raise \$20-30 billion over three years. White House officials have been quoted as saying that such a plan would not necessarily be inconsistent with the President's opposition to new taxes.

Background

2. Proposals to impose a surcharge on imported oil have surfaced at periodic intervals in recent years. Under the influence of a strong dollar, refined petroleum imports, particularly gasoline, have risen sharply, while US domestic refiners have experienced lower capacity utilisation than in the past. Proponents of import tariffs have argued that they would encourage greater domestic self-sufficiency, and in the case of crude oil, encourage local production and improve energy security. Hitherto, the Administration has resisted pressure for a petroleum import tariff or a tax on oil products because of the impact on consumers (particularly in the North East), inflation and relations with OPEC suppliers. It is too soon to tell whether such a proposal would obtain approval by both Houses.

3. It is also not yet clear whether the Senate proposal will apply to crude oil alone or also to petroleum derivatives. In the first quarter of 1985 imported crude and products accounted for just under a third of total US petroleum supply with UK exports accounting for 4.9% of total US imports and 1.4% of domestic supply. An import duty would encourage domestic production at the expense of imports and leave more oil on the present glutted oil market, thus putting increased downward pressure on world market prices. This could have an impact on UK tax revenues and exports to the USA.

/Line

Line to take

4. Recognise over-riding importance of reduction of the US budget deficit and the desirability of reduced energy consumption, but the Senate proposal, if adopted, would accelerate depletion of domestic petroleum resources and could destabilise world oil prices, perhaps very seriously. Important that you consider the impact on your major trading partners, including UK, and avoid creating major new barriers to international trade. It would be more equitable if any new taxes were imposed on both domestic and imported oil.

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FM WASHINGTON 251430Z JUL 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 2225 OF 25 JULY.

TELECON BLATHERWICK/HARRIS: OIL IMPORT TAX

1. TODAY'S NEWSPAPERS REPORT THAT SENATE BUDGET CONFEREES ARE SERIOUSLY CONSIDERING A PLAN TO IMPOSE A U.S. DOLLARS 5 - A - BARREL TAX ON OIL IMPORTS AS ONE OF A NUMBER OF MEASURES DESIGNED TO PRODUCE A COMPROMISE BUDGET DEFICIT PLAN FOR THE NEXT THREE YEARS. THE OIL IMPORT TAX IS ESTIMATED TO YIELD U.S. DOLLARS 20-30 BILLION AS PART OF A WIDER PACKAGE INVOLVING SAVING OF U.S. DOLLARS 340 BILLION OVER THE NEXT THREE YEARS. IN RESPONSE TO QUESTIONS ABOUT THE RELATIONSHIP BETWEEN THIS PROPOSAL AND THE PRESIDENT'S COMMITMENT THAT NO NEW TAXES BE IMPOSED AS A MEANS OF DEFICIT REDUCTION, WHITE HOUSE SPOKESMAN SPEAKES DECLINED TO COMMENT. WHITE HOUSE OFFICIALS ARE HOWEVER QUOTED OFF THE RECORD AS SAYING THAT THE OIL IMPORT PLAN WOULD NOT NECESSARILY BE CONSIDERED A NEW TAX BY THE ADMINISTRATION.

COMMENT

2. IT IS TOO SOON TO TELL WHETHER THIS IS A SERIOUS RUNNER BUT A MAJORITY OF THE SENATE CONFEREES ARE REPORTED TO BE IN FAVOUR OF THE IDEA. SINCE IT WOULD TAKE THE PLACE OF AN EQUIVALENT VOLUME OF DOMESTIC EXPENDITURE CUTS, THERE MUST BE A SERIOUS POSSIBILITY THAT HOUSE CONFEREES WILL GO ALONG WITH THE SUGGESTION AS A CONTRIBUTION TO OVERCOMING THE CURRENT IMPASSE OVER THE BUDGET DEFICIT.

3. FCO PLEASE ADVANCE TO BLATHERWICK (ESSD, FCO), HIGSON (OIL DIVISION, DEPARTMENT OF ENERGY).

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TO IMMEDIATE FCO

TELEGRAM NUMBER 2220 DATED 24 JULY

INFO SAVING PARIS, BONN, UKREP BRUSSELS, UKDEL NATO

NAD
SWD
Protocol D
News D
Info D

MY TEL NO 2154: THE PRIME MINISTER'S VISIT: 25/26 JULY

1. THE PRIME MINISTER'S VISIT TO WASHINGTON AND HER MEETINGS WITH VICE-PRESIDENT BUSH, WEINBERGER, VOLCKER AND MCFARLANE COMES JUST AS WASHINGTON, LIKE LONDON, IS ABOUT TO CLOSE DOWN FOR THE HOLIDAYS. CONGRESS GOES INTO RECESS AT THE END OF NEXT WEEK (THOUGH ONLY UNTIL EARLY SEPTEMBER) AND THE PRESIDENT AND VICE-PRESIDENT WILL THEREAFTER BE OFF TO CALIFORNIA AND MAINE.

2. THE LAST TWO MONTHS HAVE BEEN DOMINATED BY TWO TOTALLY UNFORESEEN EVENTS, THE TWA HIJACKING AND THE PRESIDENT'S ILLNESS. EACH, IN ITS DIFFERENT WAY, HAS BOOSTED THE PRESIDENT'S PERSONAL STANDING, AND ENHANCED THE BROAD PERSONAL SUPPORT FOR HIS LEADERSHIP. THEY HAVE HEAVILY OVERLAID THE BAD TASTE AND AWKWARD QUESTIONS LEFT BY BITBURG. JUST AS THE NEWS OF REAGAN'S CANCER EVOKED CONCERN RIGHT ACROSS THE US POLITICAL SPECTRUM, SO THE EVIDENCE THAT HIS RECOVERY FROM THE 13 JULY OPERATION IS SO FAR GOING WELL HAS BEEN WELCOME NO LESS WIDELY. THE CURRENT ASSUMPTION IS THAT QUOTE THE BEST CASE SCENARIO UNQUOTE IN MY TELNO 2160 STILL APPLIES.

3. BUT THE PRESIDENT'S POLICIES HAVE FARED LESS WELL SEMI-COLON AND CONGRESS CONTINUES TO HAVE THE BIT BETWEEN ITS TEETH. THIS ADMINISTRATION'S CAPACITY TO CONTROL CONGRESS IS TENUOUS. IT HAS CLAWED SOMETHING BACK ON AID FOR THE QUOTE CONTRAS UNQUOTE IN NICARAGUA. BUT ON TAX REFORM IT HAS HARDLY GOT STARTED SEMI-COLON AND ON POLICY TOWARDS SOUTHERN AFRICA, ON PROTECTIONISM, AND ABOVE ALL ON THE BUDGET DEFICIT, IT IS IN DEEP TROUBLE, AND THE PROSPECTS FOR THE AUTUMN ARE FOR MORE OF THE SAME, (WITH THE ADDITION OF ANOTHER BRUISING ROUND OVER ARMS FOR JORDAN AND SAUDI ARABIA). THERE IS A CURIOUS DISPARITY BETWEEN THE PRESIDENTS POPULARITY, AND THE WAY HE DISCHARGES WITH GRACE AND GENERAL APPROVAL HIS ROLE AS HEAD OF STATE, AND HIS INABILITY AS HEAD OF GOVERNMENT TO MAKE HIS POLICIES PREVAIL. THE IMPULSE FROM HIS VICTORY IN NOVEMBER 1984 SEEMS AT TIMES TO BE VIRTUALLY SPENT, WHILE THE CONGRESSIONAL AGENDA COMES INCREASINGLY UNDER THE SHADOW OF NOVEMBER 1986. HE WILL NEED TO REGAIN THE POLITICAL INITIATIVE IN SEPTEMBER AFTER HIS CONVALESCENCE. IF HIS PRESIDENCY IS TO AVOID THE

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FM WASHINGTON 250317Z JUL 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 2223 DATED 24 JULY

SAVING BONN, PARIS, UKREP BRUSSELS, UKDEL NATO

MIPT: PRIME MINISTER'S VISIT: ECONOMIC ISSUES

1. IN MY TELNO 2176 I DESCRIBED THE LATEST DEVELOPMENTS IN THE US ECONOMY AND ON THE FEDERAL BUDGET. ALL ARE ADVERSE, WITH THE BUDGET DEFICIT PROJECTED AT OVER DLRS 200 BILLION FOR FY85, AND THE TRADE DEFICIT RUNNING AT AN ANNUAL RATE OF DLRS 140 BILLION, THE ECONOMY REMAINS IN SERIOUS IMBALANCE. GNP GROWTH IN THE FIRST HALF OF THE YEAR AVERAGED ONLY 1 PER CENT AT AN ANNUAL RATE, AS THE STRONG DOLLAR TOOK ITS TOLL. THOUGH THE GROWTH OF DOMESTIC DEMAND HAS REMAINED STEADY, MUCH OF IT HAS BEEN MET BY IMPORTS SEMI-COLON AND INDUSTRIAL PRODUCTION REMAINS SLUGGISH. BUT PRICE AND WAGE INFLATION REMAIN UNDER CONTROL, AND INFLATIONARY EXPECTATIONS LOW.

2. MOST ANALYSTS EXPECT SOME REBOUND IN GROWTH IN THE SECOND HALF OF THE YEAR, BUT THIS IS BY NO MEANS CERTAIN, AND THERE ARE A GROWING NUMBER OF DISSENTING VOICES (THOUGH NOT WITHIN THE ADMINISTRATION).

3. ON THE MONETARY POLICY FRONT, MY TELNO 2157 DESCRIBED THE FED'S LATEST (SEMI-ANNUAL) MONETARY POLICY REPORT, AND VOLCKER'S TESTIMONY TO CONGRESS. A VIRTUOSO VOLCKER PERFORMANCE APPEARS TO HAVE SUCCEEDED IN THE DIFFICULT BALANCING ACT OF ANNOUNCING A REBASED M1 TARGET WHILE SIMULTANEOUSLY REASSURING THE MARKETS THAT MONETARY POLICY (BROADLY DEFINED) - AND HENCE THE ADMINISTRATION'S COUNTER-INFLATIONARY STANCE - REMAINS ON COURSE. VOLCKER WAS SHARPLY CRITICAL OF THE FAILURE OF CONGRESS TO COME UP WITH A SOLUTION TO THE BUDGET DEFICIT PROBLEM SEMI-COLON BUT ALSO ARGUED THAT OTHER INDUSTRIALISED COUNTRIES SHOULD DO MORE TO GENERATE SUFFICIENT QUOTE HOME GROWN EXPANSION UNQUOTE TO SUPPORT THE WORLD RECOVERY.

4. ON THE BUDGET, THERE IS SOME OPTIMISM AROUND TODAY FOLLOWING A MEETING THIS MORNING BETWEEN THE PRESIDENT AND CONGRESSIONAL LEADERS. BUT THERE IS STILL LITTLE SIGN OF CONCRETE PROGRESS. THE LATEST SET OF PROPOSALS FROM THE HOUSE HAS BEEN REJECTED BY THE SENATE. DOLE AND THE SENATE REPUBLICANS ARE STILL SMARTING AT THE PRESIDENT'S CONCESSION TO THE HOUSE (AND KEMP AND CO) IN AGREEING TO DROP THE DE-INDEXING OF SOCIAL SECURITY PAYMENTS, WHICH THEY HAD DRIVEN THROUGH THE SENATE, AT CONSIDERABLE POLITICAL COST. AND ALL PARTIES REACTED BADLY TO CHIEF OF STAFF REGAN'S CRITICISM OF THE CONGRESSIONAL DEADLOCK AS QUOTE RIDICULOUS UNQUOTE.

5. THOUGH THERE COULD STILL BE A SURPRISE, IT NOW LOOKS HIGHLY UNLIKELY THAT A SATISFACTORY BUDGET RESOLUTION WILL PASS BEFORE CONGRESS RISES, AND THE ODDS ON ANY RESOLUTION PASSING BEFORE SEPTEMBER ARE PROBABLY NO BETTER THAN EVENS. SOME STAFFERS BELIEVE THAT SUBSTANTIAL FY86 CUTS COULD STILL BE OBTAINED IN FY86 THROUGH REDUCTIONS IN INDIVIDUAL SPENDING BILLS - IE ON DEFENCE AND SOME DOMESTIC PROGRAMMES, BUT PROBABLY NOT ON SOCIAL SECURITY, FOR IT IS NOW EXTREMELY UNLIKELY THAT HOUSE DEMOCRATS WILL AGREE TO REOPEN THAT DEBATE, GIVEN THE PRESIDENT'S CONCESSION.

6. IF NO BUDGET RESOLUTION PASSES, THE DEFICIT COULD ON CURRENT FORM REMAIN AFTER FY 86 IN THE REGION OF DLRS 200 BILLION THROUGH TO 1988, AND THE RISK OF THIS GROWS IF ONE ASSUMES THAT ECONOMIC GROWTH MAY REMAIN MODEST. YET WITH RISING CONSUMPTION AND LIVING STANDARDS THE COUNTRY AT LARGE IS STILL SLOW TO RECOGNISE THAT THE FISCAL DEFICIT IS A REAL THREAT TO US LONG-TERM ECONOMIC PROSPERITY.

7. MEANWHILE WHAT IS WIDELY RECOGNISED IS THE THREAT TO US JOBS FROM MOUNTING IMPORTS. THE PROTECTIONIST TIDE CONTINUES TO RUN STRONGLY ON THE HILL, AND YEUTTER HAS STRESSED TO ME THAT HE EXPECTS STILL GREATER PRESSURE IN THE AUTUMN, AFTER CONGRESSMEN HAVE BEEN EXPOSED TO THE STRENGTH OF THEIR CONSTITUENTS' FEELINGS. THE ADMINISTRATION ARE FREE-TRADERS, BUT THEY ARE ALREADY (STEEL, CITRUS ETC) ON THE SLIPPERY SLOPE TO QUOTE FAIR-TRADE UNQUOTE SEMI-COLON AND CONCESSIONS TO CONGRESS ARE IN ANY CASE LIKELY TO BECOME HARDER TO RESIST. THE PRIME MINISTER MAY WISH TO TRY ONCE AGAIN TO STIFFEN THE VICE-PRESIDENT'S RESOLVE.

8. IT WOULD BE HELPFUL IF ON THIS OCCASION SHE WOULD ALSO
TOUCH ON UNITARY TAXATION. THE GRYLLS CLAUSE WILL BECOME LAW
WITH THE ROYAL ASSENT TO THE FINANCE BILL ON 25 JULY SEMI-COLON
AND DEVELOPMENTS IN CALIFORNIA ARE REACHING A CRITICAL STAGE.
IF THE SUBJECT WERENOT MENTIONED, THE ADMINISTRATION MIGHT DRAW
THE WRONG CONCLUSIONS.

FCO PASS SAVING BONN, PARIS, UKREP BRUSSELS, UKDEL NATO.

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LEGISLATION, AS ARE THE ACTIONS OF THE SOUTH AFRICAN GOVERNMENT. US DETERMINATION TO CONTINUE RESISTING SANCTIONS IN THE UN (EG OVER NAMIBIA) EVEN IF CONGRESS GETS ITS WAY ON THEM DOMESTICALLY OVER APARTHEID, IS WELCOME. GIVEN THE IMPORTANCE FOR OUR OWN EXPOSED POSITION IN NEW YORK, THIS COULD BE WORTH NAILING DOWN, (PARTICULARLY IN THE LIGHT OF TODAY'S DECISION BY THE FRENCH TO CALL A SECURITY COUNCIL MEETING ON SOUTH AFRICA). BUT SOME RE-THINKING OF QUOTE CONSTRUCTIVE ENGAGEMENT UNQUOTE NOW LOOKS INEVITABLE: AND BUSH WILL PLAY AN IMPORTANT ROLE (THOUGH HE IS BOUND TO BE LOOKING OVER HIS SHOULDER AT KEMP, WHOSE CRITICISM OF CONSTRUCTIVE ENGAGEMENT IS COUPLED WITH ADVOCACY OF SANCTIONS).

4. TERRORISM IS BOUND TO COME UP, SINCE THE VICE-PRESIDENT HAS BEEN GIVEN A CLEAR ROLE IN THAT FIELD. THERE MAY NOT BE TOO MUCH TO ADD TO WHAT WAS SAID ON THE SUBJECT WHEN THE PRIME MINISTER SAW HIM ON 3 JULY IN LONDON. BUT THE IDU MEETING TOO WILL TOUCH ON IT.

5. THE CALL ON WEINBERGER WILL PROVIDE A VALUABLE OPPORTUNITY TO FOLLOW UP THE DEFENCE SECRETARY'S TALKS ON 22 JULY AND IN PARTICULAR TO PRESS HOME OUR POINTS ON ACCESS TO TECHNOLOGY AND A SUBSTANTIAL US FINANCIAL COMMITMENT TO UK RESEARCH. THE SCALE OF OUR BID TOOK THE PENTAGON BY SURPRISE, BUT I AM SURE IT WAS RIGHT TO AIM HIGH: THAT IS HOW THE AMERICANS THEMSELVES NEGOTIATE. BUT OUR PROPOSAL CAUSES THEM REAL STATUTORY, CONGRESSIONAL AND POLITICAL PROBLEMS, WHICH WEINBERGER WILL NO DOUBT EXPLAIN. THE BALL IS NOW IN HIS COURT: HE OWES US AN ANSWER ON THE TERMS OF REFERENCE FOR THE BILATERAL WORKING GROUP. THE PRIME MINISTER MIGHT ALSO WISH TO RECORD OUR APPRECIATION OF THE RECENT CHANGE OF TONE IN THE ADMINISTRATION'S SDI PRESENTATION - NOW LESS VISIONARY, MORE ATTUNED TO EUROPEAN CONCERNS, AND NO LONGER HARPING ON THE QUOTE IMMORALITY UNQUOTE OF NUCLEAR WEAPONS. (THERE ARE OF COURSE STILL SOME VISIONARIES AROUND - AND WEINBERGER IS ONE OF THEM).

Planning
6. LIKE THE DEFENCE SECRETARY, THE PRIME MINISTER WILL PRESUMABLY MENTION MSE. IT WOULD ALSO BE USEFUL TO SAY A WORD ABOUT US CONSIDERATION OF POSSIBLE ARMS SALES TO ARGENTINA, ON WHICH MOST OF THE PRESSURE SEEMS TO BE COMING FROM THE PENTAGON RATHER THAN STATE. BOTH THE OTHER KEY ISSUES ON WHICH WE ARE ACTUALLY OR POTENTIALLY AT LOGGERHEADS WITH WEINBERGER'S PEOPLE - CW AND MBFR - ARE BEST TACKLED FIRST WITH SHULTZ, IE DURING YOUR MEETING WITH HIM IN HELSINKI NEXT WEEK.

7. ON ECONOMIC SUBJECTS, SEE MIFT.

FCO PASS SAVING PARIS, BONN, UKREP BRUSSELS, UKDEL NATO.

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TO IMMEDIATE F C O

TELEGRAM NUMBER 2224 DATED 24 JULY

FOLLOWING PERSONAL FOR POWELL (NO 10)

MY 4 IPTS: THE PRIME MINISTER'S VISIT

1. YOU WILL NOTE THAT THE ONLY WHITE HOUSE MEETING SO FAR ARRANGED IS A COLLECTIVE IDU DISCUSSION (ON TERRORISM) AT 11AM ON FRIDAY. (WE ARE TOLD THAT BUSH WILL THEN BE HOST).

2. I HAVE HOWEVER MADE A TENTATIVE ARRANGEMENT WITH ROSEBUSH, CHIEF OF STAFF TO THE FIRST LADY, FOR THE PRIME MINISTER TO STAY ON ALONE FOR 15 MINUTES AFTER THAT MEETING (AND BEFORE THE LUNCH AT THE STATE DEPARTMENT) TO TALK TO MRS REAGAN. I HOPE TO FIRM THIS UP, OR DO BETTER, BEFORE YOU GET HERE. BUT IT WOULD CLEARLY BE BEST NOT TO REVEAL IN ADVANCE THAT WE ARE UP TO SOMETHING.

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24/7/85

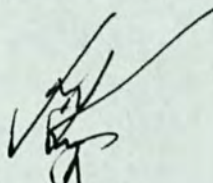
TK/291

24 July 1985

APS/S of S

TWO-WAY STREET

1. You asked for some information about two-way street for the Prime Minister's visit to Washington.
2. The figures agreed with the Americans for the years from 1976 are attached, although those for 1983/84 are still provisional.
3. Looking forward is more difficult. Taking a 10 year period there are a number of good prospects based upon existing contracts or orders totalling some \$1550M, and good prospects totalling some \$3900M; the latter includes \$1300M for MSE. In addition there are a number of other medium prospects, some of which we can expect to come to fruition. I have been able to identify a number of possible future purchases by MOD totalling some \$1400M; I have made allowance for further unidentified purchases of some \$1500M in the period.
4. Annex A brings all these together to indicate that the future balance should be better than that at present, but still adverse. In case it is required I have included lists of the detailed projects making up the overall figures.
5. These figures are optimistic but are of course no more than informed speculation. In answer to questions we give the current 2:1 figure as a balance and indicate that the Americans owe us something. We should not wish to let them know how good we think our prospects are as this would reduce our political leverage.


T KNAPP
DG Marketing

ANNEX A

2 WAY STREET

PROJECTED BALANCE 1985 - 1995

	<u>\$M</u>	<u>\$M</u>
UK Industry Purchases	2000	
MOD Equipment Purchases	2875	
Trident Balance	<u>4500</u>	9375
British Sales - good prospects	5450	
- 30% of medium prospects	<u>800</u>	6250
Balance:	9375:6250	- 9375:5450
Ratio:	1.5	1.7

Sales Prospects to America

		<u>\$M</u>	<u>\$M</u>
Based on existing orders:	81mm mortar	200	
	NACES-ejection seats	100	
	Head up displays	250	
	Air Data Computers	200	
	T45 Hawk	350	
	Medium Girder Bridge	50	
	Combat Support Boat	100	
	Chemical Agent Monitor	100	
	ICS 3 Naval communications	<u>200</u>	1550
Good Prospects:	MSE	1300	
	105mm light gun	100	
	HB 876 area denial mine	200	
	Watchman radar	50	
	FLIR Av8B	250	
	NBC equipment	250	
	Simulators	550	
	Combat Engineer Ejector	200	
	Naval Communications	<u>1000</u>	3900
Other medium prospects:			2500

TRIDENT

Dollar expenditure 1984/85 - 1995/96 approx	5000
US purchases in UK @ 10% of UK figure	<u>500</u>
Trident Balance	4500

Purchases from America

	<u>\$M</u>	<u>\$M</u>
UK Industry purchases @ FY 83 levels	2000	2000
MOD purchases:		
AMRAAM	25	
JTIDS communications	300	
Harpoon missiles	500	
Phalnx gun systems	200	
Phantom support	100	
Sonar	100	
ESM equipment	100	
Others	50	1375
	<hr/>	
Possible MOD Purchases: 5 x \$300M		1500

SUMMARY OF PURCHASES FROM AND SALES TO THE USA OF DEFENCE EQUIPMENT
 1 JANUARY 1976 - 30 SEPTEMBER 1984

	<u>PURCHASE</u> \$M	<u>SALES</u>	<u>RATIO</u>
<u>1976</u>			
MOD	197.8	4.7	
INDUSTRY	39.3	70.7	
	<u>237.1</u>	<u>75.4</u>	3.1:1
<u>1977</u>			
MOD	307.2	8.8	
INDUSTRY	49.9	113.4	
	<u>357.1</u>	<u>122.2</u>	2.9:1
<u>1978 1 January-30 September</u>			
MOD	583.3	40.0	
INDUSTRY	25.6	99.6	
	<u>608.9</u>	<u>139.6</u>	4.4:1
<u>1978/79 1 October-30 September</u>			
MOD	322.1	2.5	
INDUSTRY	29.6	148.4	
	<u>351.7</u>	<u>150.9</u>	2.3:1
<u>1 October 79-30 September 80</u>			
MOD	494.9	36.4	
INDUSTRY	64.6	329.1	
	<u>599.5</u>	<u>365.4</u>	1.5:1
<u>1 October 80-30 September 81</u>			
MOD	338.8	56.4	
INDUSTRY	163.4	190.8	
	<u>502.2</u>	<u>247.2</u>	2.0:1
<u>1 October 81-30 September 82</u>			
MOD	(262.3)* 408.7	2.7	
INDUSTRY	151.2	264.5	
	<u>559.9</u>	<u>267.2</u>	2.0:1 (1.5:1)*
<u>1 October 82-30 September 83</u>			
MOD	657.6	21.6	
INDUSTRY	187.9	423.6	
	<u>845.5</u>	<u>445.2</u>	1.9:1
<u>1 October 83-30 September 84</u>			
MOD	421.9)		
INDUSTRY	235.4)	319.7	2.1:1 (prov)
	<u>657.3</u>	<u>319.7</u>	

*Excludes Operation Corporate

Mr. Peacock

1. Constitutional links between Britain and the Australian States. Need for maximum notice for Westminster legislation.
2. Cooperation with Royal Commission on nuclear tests.
3. Committed £1 million to Australian Bicentenary celebrations.
4. Disappointing NZ attitude on ship visits.

Mr. Esquirel

1. Looking forward to his visit to London next week.
2. Welcome UDP to full membership of IDU.
3. Importance of eradicating marijuana.
4. British Garrison. Discuss next week.

Mr. Clerides

1. Importance of seizing present opportunity to settle Cyprus problem.
2. If it slips, real risk of spate of recognition of Turkish state in North.
3. Prospects of alliance with Kyprianou.

Mr. Schlueter

1. Condolences on bombing of Synagogue and American airline office.
2. Follow-up to Milan Council. Remain convinced our ideas are workable and most likely to be acceptable to all.
3. Need to keep decisions in hands of European Council itself.

Mrs. Charles

1. Congratulations on election victory.
2. Continue to support you through aid programme:
Tim Raison to visit shortly.
3. Will continue to provide protected market for
banana crop.

Dr. Strauss

1. Concern about lack of reciprocation for our efforts to strengthen Anglo-German cooperation.
2. Risk of Franco-German axis becoming exclusive.
3. EFA a test case. Germany needs same sort of aircraft as we do. If decision is to collaborate with France, it will be an unmistakable political signal. How do we go on justifying retention of large UK ground forces in Germany?
4. Prospects for CDU and CSU?

M. Chirac

1. Assessment of outcome of elections? Relative strength of opposition parties? Willingness to serve as PM under Mitterrand?
2. Policies of centre-right Government?
3. Views on EC issues. Does he still believe there is an unreconcilable divergence of views between Britain and rest of Community?
4. Views on defence: role of French conventional and nuclear forces in defence of W. Europe.

Mr. Blaize

1. Pleased we were able to help over four Grenadian students who had been in Soviet Union and East Europe.
2. Aid - Tim Raison to visit shortly.

Mr. Seaga

1. Admire determination in keeping to IMF prescription.
2. Glad to continue programme loan aid. Proposing additional £2.5 million in 1985/6.

Mr. Nikaido

1. Vital importance of concrete steps by Japan to liberalise financial markets and increase imports.
2. Pressure for measures against Japanese trade growing strongly.

CE PRESIDENT BUSH

1. Terrorism. Summit seven meeting in Bonn, but regrettably little support for action to isolate Beirut airport. Most useful course will be to press Syrians and Lebanese to re-establish effective authority there.
2. Middle East. Need to keep up King's morale and momentum behind his initiative. Advantage in early meeting between Murphy and joint Jordanian/Palestinian delegation.
3. Southern Africa. Need to keep pressing South African Government on reforms. But economic sanctions will be counter-productive. Hope US Administration will resist them above all in UN.

VICE PRESIDENT BUSH (CONTINUED)

4. Central America. You will want to mention this to see if you pick up any signs of a US intention to intervene militarily.

5. Argentina. Vital not to agree new arms sales, above all Skyhawk (Chairman of Joint Chiefs pressing this).

6. Budget Deficit. How does he see the prospects in Congress.

7. Trade/Protection. Need to keep pressing for start to preparations for new GATT round despite Indian and Brazilian objections. Importance of EC/US co-operation to bring home to Japan need to increase imports as proportion of GNP and allow yen to strengthen.

8. Unitary taxation.

MR. MCFARLANE:

1. Prospects for Summit. When would it be useful to have our view?
2. SDI. Welcome new tone in public presentation and emphasis on continuing reliance on nuclear deterrence. Signs of growing Soviet willingness to enter debate at Geneva on strategic offence/defence relationship?
3. Arms sales to Argentina.
4. Middle East: joint delegation.
5. Terrorism. Plans for retaliation?
6. Southern Africa. Sanctions, Namibia.

/7.

MR. MCFARLANE (CONTINUED)

7. Central America. Intentions on Nicaragua.
Prospects in El Salvador.
8. Ptarmigan
9. Fylingdales/participation in SDI research.

SECRETARY WEINBERGER

1. Fylingdales. Happy to agree to modernisation even though there will be some political cost to us. But essential to have suitable work share - including high technology work - for British companies. Consult closely on what is said about the project publicly and to the Russians.

2. Participation in SDI research. Glad discussions at last under way on details of our participation. We shall need some demonstrable political benefit to justify the political cost - as well as to correct the 2:1 balance against us on defence sales. Do NOT like the 'test-run' approach where we are offered small-scale participation to start with. Important to complete the study proposed by Michael Heseltine quickly.

SECRETARY WEINBERGER (CONTINUED)

3. Ptarmigan/Mobile Subscriber Exchange. We have some excellent and proven equipment; and we have shown ourselves very helpful - unlike some - over SDI, terrorism, Central America, etc. Will be a very bad blow if we don't get the contract. Shall assume that our loyalty is taken for granted, and draw the conclusions.

4. Compliance. Share US concern and shall use every opportunity to press Russians to respond to US complaints. But rather than public shouting match, prefer to see efforts to reach practical solutions in the Standing Consultative Commission. (Welcome recent agreement on Concurrent Testing). Welcome recent decision to continue to comply with arms control agreements. Break-out would have very bad effect in the Alliance.

SECRETARY WEINBERGER (CONTINUED)

5. Arms Control. His assessment and interpretation of prospects in Geneva and in run-up to Summit.

MR. VOLCKER

1. US economic prospects
2. Deficit
3. Interest rates
4. International debt situation.
5. Unitary taxation

GENERAL ABRAHAMSON

General points

- size of potential attacks which comprehensive BMD system is being developed to counter
- percentage of success required/expected from each layer
- number of satellites required for surveillance, tracking, destruction
- expected mass of space-based systems
- power needed to operate them either in space or from the ground
- cost and time-scale of deployments
- potential of one-shot, nuclear-powered X-ray laser
- progress made towards creating battle management systems
- key technology breakthroughs still required
- degree to which systems can be identified as uniquely relevant to shorter-range defence

Fellows in Jan

23/7/85

PRIME MINISTER

VISIT TO WASHINGTON

Your official meetings will be with Vice-President Bush, Secretary Weinberger (and General Abrahamson), Mr. Volcker and Mr. McFarlane. We don't yet know if you will see the President.

With Vice-President Bush you will want to review progress since your last meeting on concerted action terrorism (unfortunately there has not been much). You should mention our hope on the Middle East that Ambassador Murphy will meet the joint Jordanian/Palestinian delegation soon. On Southern Africa the purpose will be to continue to stiffen US opposition to economic measures against South Africa. You will want to make a particular point of urging the US not to make new arms sales to Argentina. The Chairman of the Joint Chiefs of Staff has been in touch with CDS to urge the case for selling A4 Skyhawk. Finally you will want to mention the general Trade/Protectionism nexus.

With McFarlane, you might focus more on the prospects for the Summit and ask when it would be most useful to let the President have our considered views. You will want to get his latest views on SDI, on compliance and on the prospects in Geneva. You will also want to make to him the points on Argentina, the Middle East and Southern Africa.

With Weinberger, your main pitch will be on Ptarmigan and you will want to list all the very good reasons why he should buy British (our loyalty on Central America, terrorism, SDI, Fylingdales, etc). You should also raise Fylingdales, stressing the need for UK firms to be given a fair share of business and the terms for our participation in SDI Research. He may try to find out whether there are differences between

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you and Michael Heseltine on this; in particular whether you are fully behind his 5 per cent (of the work) or nothing approach. He will want to try to enlist your support over Soviet non-compliance with arms control agreements. You have seen the JIC paper on this, which shows that our assessment is not the same as that of the U.S.

In the annexes to the Weinberger brief there are some technical points on SDI which it would be helpful to pursue further with General Abrahamson.

With Volcker you will want to go over the prospects for the US economy, for cutting the federal deficit and the international debt situation.

C.D.P.

CHARLES POWELL

23 July 1985

LO3 AHS

CBA 29/A



Foreign and Commonwealth Office

London SW1A 2AH

23 July 1985

Dear Charles,

Prime Minister's Visit to Washington: Talks with
US Officials, 26 July

Your letter of 9 July asked for briefing for meetings on 26 July between the Prime Minister and US officials. Meetings are now arranged with Vice-President Bush, Secretary Weinberger, General Abrahamson (SDI presentation), Mr MacFarlane and Mr Volcker. I attach Washington telno 2154 which sets out the programme.

The briefing has been extended to include trade and protectionism (particularly in relation to Japan) and US arms sales to Argentina.

We have tried as you asked to keep the briefs short. The notes on SDI/Compliance are more comprehensive in preparation for General Abrahamson's briefing. They will also be supplemented later by the report of the Secretary of State for Defence on his talks on 22 July in Washington with Mr Weinberger.

The briefs have been organised as follows:

- | | |
|---------------------|-----------------------|
| Vice-President Bush | - Arms Control |
| | - Terrorism/Hijacking |
| | - US/Soviet |
| | - Middle East |
| | - Southern Africa |
| | - Unitary Tax |
| | - US Economy |
| | - Trade/Protectionism |
| | - Falklands/Argentina |

Mr MacFarlane

(As for Vice-President Bush)

/Secretary



- 2 -

Secretary Weinberger - Arms Control/SDI
 - Fylingdales
 - MSE (Ptarmigan)

Mr Volcker - US Economy

/ Two subjects dominate Washington at present. One is the
 / prospect for the President's recovery to full vigour and
 control. On this you will have seen Washington telnos 2160
 and 2151 (copies attached) which are reassuring for the
 immediate future. The other is the prospect for the US economy
 and pressures for protectionism, particularly given the continued
 failure to achieve Senate/House agreement for cuts in the federal
 deficit and the downward revision of figures for GNP growth for
 the second quarter to only 1.7%. Mr Volcker's recent testimony
 to the Senate again demonstrated his concern over the federal
 deficit.

/ Your letter of 15 July noted that the Prime Minister was
 still considering the media arrangements for her visit but
 would be ready to do breakfast television and to see British
 correspondents at about 1900. You will have seen the programme
 in Washington telno 2154 which provides for drinks with UK
 / correspondents at 1915, and Washington telno 2183 on the line so
 far taken with requests from US media outlets.

/ A public press line will need to be agreed with the
 Americans in Washington. I enclose a draft. It has not yet been
 put to the Americans.

You might wish to have in mind that the Foreign Secretary is
 due to meet Secretary Shultz on 30 July at Helsinki.

This letter and enclosures is copied to Rachel Lomax
 (HM Treasury), Richard Mottram (MOD) and Richard Hatfield
 (Cabinet Office).

M. over
Peter Ricketts

(P. F. Ricketts)
Private Secretary



PRIME MINISTER'S MEETING WITH MR CASPAR WEINBERGER, US DEFENCE
SECRETARY : WASHINGTON 25-26 JULY

UK OBJECTIVES

Arms Control/SDI

(a) Reaffirm our commitment to arms control process and wish for deeper dialogue on Geneva/SDI.

Ballistic Missile Early Warning System

(b) To confirm our agreement to US request to modernise BMEWS at Fylingdales.

(c) To stress the need for close consultation over what is said about the project in public and to the Russians.

(d) To reinforce Defence Secretary's message that there should be an equitable work share for British companies embracing higher technology aspects of the project.

Mobile Subscriber Equipment (MSE)

(e) Remind US of importance to UK of US decision on MSE (Ptarmigan).

OUR ARGUMENTS

Arms Control/SDI

General

(a) Little likelihood of progress at Geneva before Summit? Latter valuable opportunity to impress on Russians sincerity of US wish to reduce nuclear weapons and explore strategic defence questions. But should continue to pursue at Geneva. I will be happy to provide considered views on this and on CW before November.

SDI

(b) Grateful for recent US briefing prior to and during current visit. Importance of developing Anglo-US agreement in public and private.

(c) SDI long-term project. Need for discipline and consistency in public utterances, including on SDI research/deployment distinction. 4 June State Department statement points right direction.

(d) As stated there, decisions to be taken by future Administrations. Therefore see main focus for near-term on practical possibilities for arms control. Also useful to deflect public spotlight away from SDI, and lower decibel level of Alliance debate.

Compliance

(e) Appreciate US concerns over Soviet violations. Shall lose no opportunity to press them to respond constructively to US complaints.

(f) Important US persevere in their efforts to achieve practical solutions to problems at Standing Consultative Commission (SCC) and elsewhere. Note some encouraging signs of progress in SCC.

(g) Welcome US commitment to continue to comply with arms control agreements. Subsequent decisions need to be sensitive to Alliance dimension, and the need to keep Geneva negotiations in being. Important to avoid unravelling of existing agreements and to strengthen arms control process.

ABM Treaty

(h) Important to prevent erosion (in President's words) of ABM Treaty, and to clarify grey areas. Can build on Secretary Shultz's public statement in Lisbon: that US will discuss current ABM regime with Russians and wish to see their behaviour brought into line with US understanding of what Treaty establishes.

Offence/Defence

(i) Recognise value of debate US trying to stimulate with Russians on relationship between offensive and defensive forces. Note some slight progress on this in Geneva. Thorough explanation necessary, to draw out Soviet thinking and explore ways ahead. Important that US also go over ground in more detail to Allies.

(j) See advantage in clarifying overall negotiating strategy.

Possible elements:

- reaffirmation at highest level (at Summit?) of ABM Treaty.
- joint political understanding to clarify limits of BMD research within ABM Treaty over next decade.
- get on now with first-stage offensive force reductions.
- longer term formal US/Soviet review (eg in 1995) of whole offensive/defensive picture.

CW

(k) US adherence to its challenge inspection proposals forfeiting Alliance support and providing alibi for Soviet inflexibility. Hope for progress towards ban at the Summit. Political support for binary production easier if consensus on Western negotiating position and seen to be equitable.

Ballistic Missile Early Warning System

(l) Fylingdales is becoming obsolescent, and its modernisation will benefit the UK nationally and the Alliance as a whole. This is recognised by our contribution of £22.5 million to the overall cost of the system.

(m) It does however provide a unique link in the overall US early warning system. US need for its modernisation is at least as great as ours.



(n) There is a considerable national political price to pay for agreeing to modernisation. The Russians may seek to mislead public opinion with accusations that modernisation is in breach of the ABM Treaty and constitutes deployment of a system related to SDI. The Russians may also see the question as a means of deflecting criticism of Krasnoyarsk. The risk of adverse public reaction is enhanced by references to Fylingdales as a 'new radar' in Secretary Weinberger's report to Congress for FY86.

(o) In industrial terms it is important that the UK be seen to be gaining appropriate financial and technological advantage from the agreement to modernise.

Mobile Subscriber Equipment (MSE)

(p) Ptarmigan in service. Fully interoperable within NATO. Demonstrated successfully to US experts.

(q) Understand need for high US content and right price.

(r) UK success would help redress imbalance in UK/US defence sales (2:1).

TACTICAL ARGUMENTS

Arms Control/SDI

Compliance

(a) West European public opinion would find it difficult to accept US abrogation of arms control commitments without stronger evidence of Soviet non-compliance and a convincing case that the US was at a serious military disadvantage as a result.

Ballistic Missile Early Warning System

(a) While the UK funds only 12.5% of the capital cost, she will bear all the running costs (some £10 million).



(b) Although a US prime contractor is acceptable for Fylingdales there are British companies with relevant technology expertise who could participate in this project and play a significant role in a future Over The Horizon Radar system.

Mobile Subscriber Equipment (MSE)

(c) Ptarmigan later technology; operationally superior, with greater stretch potential. Effective in service longer, less uprating needed and cost savings in long run.

(d) Ptarmigan designed and proved (4 years tested) as complete system. RITA/TRI-TAC yet to be proven as combination which could be costly.

(e) UK's consistent support for Alliance and contribution to defence and deterrent posture.

(f) UK support for US over SDI, TWA hi-jacking, Central America, Caribbean, SW Asia and ship visits to New Zealand.

(g) Should not be influenced by French campaign to link selection of RITA to possible French purchases of US equipment, or promises of other concessions.

(h) French unlikely to alter policies towards NATO if they won MSE contract.

US OBJECTIVES

Arms Control/SDI

(a) To update Prime Minister on Geneva talks and provide technical briefing on SDI.

(b) To seek understanding and support from the UK for their position on compliance, and to explain future plans for handling of arms control compliance problems.

Ballistic Missile Early Warning System

(c) To avoid commitment to fixed percentage of work for British companies.

(d) To minimise contractual difficulties and delays for US prime contractors.

(e) To maintain freedom of action on compliance issues.

Mobile Subscriber Equipment (MSE)

(f) To ensure US Army buys equipment in service and get best deal for US industry.

OUR RESPONSE

Arms Control/SDICompliance

(a) Recognise grounds for US concern about Soviet compliance. Need to explore ambiguities and possible violations with care. But should not press accusations beyond point where evidence will support, and Allies can endorse. Points again to need to consult closely, both on further SALT decisions, and other sensitive issues eg Montebello follow-up.

Ballistic Missile Early Warning System

(b) Difficult to 'sell' BMEWS modernisation in Parliament and in public without substantial spin off for British industry.

(c) Wish to avoid re-run of criticism of Trident participation.

(d) Support allegations of non-compliance when they are unequivocal, but stress damaging effect of mutual recrimination over areas of doubt.

Mobile Subscriber Equipment (MSE)

(e) Important both bids are assessed on genuinely comparable basis.

BACKGROUND

Arms Control/SDI

1. Background is given in the following references attached:

Geneva (general)

A. US up-date briefing to NAC, 17 July (UKDel NATO telno 195).

SDI

B. 4 June US State Department Fact Sheet, with summary of points of interest.

C. Technological aspects of the SDI (for use at General Abrahamson's briefing).

D. 'New Light on Star Wars' (CPS pamphlet by Professor R V Jones, with preface by Lord Thomas of Swinnerton).

E. 'Living with Star Wars' (by Prof. Michael Howard, 'The Spectator' 29 June).

Compliance

F. Foreign Secretary's minute of 23 July to the Prime Minister, together with JIC (85)(N)65 ('Soviet Union: Non Compliance with Arms Control Treaties').

G. Report from HM Embassy, Washington, on recent US/Soviet agreement in Standing Consultative Commission (SCC).

Ballistic Missile Early Warning System

2. Prime Minister will recently have seen the OD paper on BMEWS.

Mobile Subscriber Equipment (MSE)

3. US Army urgently needs secure digital communications system. Want equipment already in service. Ptarmigan meets specification; in service with British Army.
4. Contract value: \$4.3 billion. Value to UK: \$1.3 billion; 5,000 jobs until 1994.
5. Principal competitor: French RITA - Thompson CSF with American manufacturer of TRI-TAC: GTE (powerful influence in Congress). RITA in service with French Army for two years.
6. Both systems demonstrated to Members of Congress, US Ministers and senior military officers in April. Ptarmigan shown in operation in BAOR.
7. Contract award. Final bids by 2 August. Army decision by 23 August. Congress must approve. Contract award expected in early October, but may be slippage.
8. Prime Minister raised MSE with President Reagan in Washington in February and with Mr Bush on 3 July. He replied that a decision would be taken on technical merit. Mr Heseltine raised it with Mr Weinberger in February and briefed to raise it again on 22 July. Sir Geoffrey Howe raised it with the US Ambassador on 11 June and with US Senators on 5 July.



PRESS LINE

Arms Control/SDI

1. There was complete agreement that the West's arms control priority is to make progress in the Geneva arms talks. The Prime Minister was also briefed about the SDI. Both sides reaffirmed their continuing commitment to the four points agreed by the Prime Minister and President Reagan at Camp David in December. The Prime Minister reiterated her support for SDI research and her wish for British scientists to share in it.

Ballistic Missile Early Warning System

2. Avoid mention of BMEWS in press statement. We need to agree our public line in detail.



CASPAR W WEINBERGER
Secretary of Defence

Born in 1917. Educated at Harvard Law School before serving in the US infantry during World War II. This included service on General MacArthur's Intelligence Staff. Weinberger returned to San Francisco to practise as a lawyer until 1969.

In 1958 he stood as the Republican Party candidate for Attorney-General of California but lost out to the Democratic landslide of that year. In 1968 he accepted then Governor Reagan's invitation to be his Director of Finance of the State of California. 1970-73 saw Weinberger as Deputy Director then Director of the Office of Management and Budget. He was Secretary of Health, Education and Welfare in the Nixon and Ford Cabinets of 1973-5. 1975-80 he was Vice-President of the Bechtel Power Corporation in San Francisco before being called back to Washington by Reagan to become Secretary of Defence.

Weinberger is one of Reagan's closest and most trusted advisers and was the principal architect of Reagan's efforts to cut public expenditure as Governor of California. Although he had no direct defence experience, his closeness to Reagan has made him a key figure in the Cabinet.

Episcopalian. Married with two children.

22 July 1985



GENERAL JAMES ABRAHAMSON

Director of Strategic Defence Initiative Organisation since 1984.

1933 born Williston, North Dakota. 1955 graduated from Massachusetts Institute of Technology, commissioned into US Air Force.

1961 assigned as Spacecraft Project Officer on the 'Vela' nuclear detection satellite programme in California.

1964-5 served in South East Asia (49 combat missions).

1966 graduated from Air Command and Staff College, Maxwell Air Base, Alabama.

1967 trained as astronaut for US Air Force's manned orbiting laboratory which was cancelled in 1969.

1969 served in the White House as member of the National Aeronautics and Space Council.

1971-3 Director of the 'Maverick' air-to-ground missile programme.

1974 Inspector-General of Air Force Systems Command.

1976-80 Director of F-16 Fighter Programme.

1981 Associate Administrator of NASA in charge of space shuttle programme.

General Abrahamson is described as quietly spoken and the complete antithesis of the caricature image of a Pentagon Hawk.

Married, two children.

22 July 1985

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RECEIVED IN PRIORITY

22 JUL 1985

FM UKDEL NATO 171609Z JUL 85 (CORRECTED VERSION)

TO IMMEDIATE FCO

TELEGRAM NUMBER 195 OF 17 JULY

AND TO IMMEDIATE MODUK(DACU), WASHINGTON, PARIS, BONN, MOSCOW,
INFO PRIORITY OTHER NATO POSTS, EAST EUROPEAN POSTS, UKDIS GENEVA,
TOKYO.

YOUR TELNO 124

NORTH ATLANTIC COUNCIL - BRIEFING ON US/SOVIET/GENEVA TALKS

SUMMARY

1. AMBASSADORS KAMPELMAN, TOWER AND GLITZMAN BRIEFED THE COUNCIL TO-DAY. PROGRESS WAS SLOW AS EXPECTED, WITH NO MOVEMENT IN FORMAL SOVIET POSITIONS. THE SOVIET POSITION ON INF HAS BECOME INCREASINGLY POLEMICAL AND HARDLINE, BUT THERE HAS BEEN SOME SUCCESS IN ENGAGING THE RUSSIANS IN DISCUSSION ON QUOTE THE U S AGENDA UNQUOTE ON SPACE AND DEFENCE AND THE RUSSIANS HAVE SUGGESTED SOME MOVEMENT IN STRATEGIC SYSTEMS. LINKAGE STILL STRESSED. SOME DISCUSSION IN COUNCIL OF POSSIBLE FUTURE SOVIET MOVES IN THE LIGHT OF LEADERSHIP CHANGES AND THE FORTHCOMING SUMMIT. A U.S. TEAM WILL BRIEF THE COUNCIL ON SOVIET NON-COMPLIANCE NEXT WEEK.

DETAIL

2. IN HIS OVERVIEW KAMPELMAN SAID THAT PROGRESS HAD BEEN SLOW AND THAT SOVIET TACTICS HAD VARIED IN EACH OF THE THREE GROUPS. PROGRESS IN EACH GROUP CONTINUED TO BE HELD HOSTAGE (KARPOV'S WORD) TO THE OTHERS. INSISTENCE ON A BAN ON RESEARCH INTO SPACE STRIKE WEAPONS REMAINED THEIR FORMAL POSITION. THERE HAD BEEN SOME ECHO OF THE VEILED THREAT OF A WALK-OUT. HE BELIEVED THAT THE INEFFECTIVENESS OF THEIR TACTICS WAS BECOMING CLEAR TO THE RUSSIANS. THIS, AND THE FORTHCOMING HIGH LEVEL MEETINGS IN HELSINKI AND GENEVA MIGHT PROVIDE THE STIMULUS FOR MORE PROGRESS IN ROUND 3.

3. ON THE STRATEGIC GROUP TOWER REPORTED THAT A BAN ON SPACE STRIKE WEAPONS AND AN INF SOLUTION (ON SOVIET TERMS) CONTINUED TO BE SOVIET PREREQUISITES FOR PROGRESS. HOWEVER THEY HAD REVEALED SOME MORE ELEMENTS OF THEIR POSITION.

4. TOWER CONFIRMED TO THE COUNCIL THE MAIN ELEMENTS OF THE SOVIET SUGGESTION REPORTED TO US BILATERALLY (WASHINGTON TELNO 2110 OF 12 JULY). THE RUSSIANS HAD INDICATED THEIR INTEREST IN ESTABLISHING 2 AGGREGATES, ONE FOR DELIVERY VEHICLES AND ONE FOR WARHEADS ON DELIVERY VEHICLES. THEY HAD ALSO SUGGESTED A JOINT OBLIGATION TO HAVE NO MORE THAN A PREDETERMINED PERCENTAGE OF ANY ONE TYPE OF DEFENSIVE WEAPON WITHIN THE AGGREGATE (THE PERCENTAGE FIGURE FOR ALL TYPES). THEY HAD DECLINED TO PUT NUMBERS TO ANY OF THESE SUGGESTIONS. THEY HAD ALSO SUGGESTED THAT IF THERE WERE A SOLUTION TO INF, CUTS OF MORE THAN 25 PERCENT WOULD BE POSSIBLE.

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5. TOWER PLAYED DOWN THE SIGNIFICANCE OF THESE SOVIET SUGGESTIONS. THEY WERE TOO SKETCHY TO JUDGE THEIR FULL IMPLICATION. THEY MIGHT STILL LEAVE THE SOVIET PROMPT HARD TARGET CAPABILITY UNTOUCHED, WHILE DEGRADING THE U.S. SECOND STRIKE FORCE. THE RUSSIANS CONTINUED TO REJECT THE LEGITIMACY OF U.S. CONCERNS ON BALLISTIC MISSILE THROW-WEIGHT.

6. THE U.S. HAD CONCENTRATED ON REJECTING SOVIET CRITICISM OF THEIR FORMAL POSITION, FOR EXAMPLE, ON TRADE-OFFS.

7. GLITMAN REPORTED THAT THERE HAD BEEN LITTLE OR NO EVOLUTION ON THE SOVIET SIDE SINCE THE INTERIM REPORT ON 19 JUNE. (UKDEL NATO TELNO 169.) IN FACT IN A POLEMICAL PLENARY STATEMENT ON 20 JUNE THEY HAD REASSERTED THAT THE U.S., THROUGH ITS QUOTE ILLEGAL UNQUOTE LRINF DEPLOYMENTS, WAS DOING EVERYTHING POSSIBLE TO ACHIEVE FIRST STRIKE CAPABILITY. THEY REPEATED THEIR DEMAND THAT THE SS20'S SHOULD BE OFFSET AGAINST BRITISH AND FRENCH MISSILE SYSTEMS. THEY CLAIMED THAT THEIR FAR EASTERN DEPLOYMENTS WERE REQUIRED TO COUNTER U.S. NAVAL AND AIR FORCES. THEIR DEMANDS ON AIRCRAFT REMAINED MAXIMALIST.

8. THE U.S. HAD CHALLENGED SOVIET ASSERTIONS ON DATA BUT DETECTED NO SOVIET WILLINGNESS TO DISCUSS OTHER THAN THEIR OWN PROPOSAL. GLITMAN STRESSED THE IMPORTANCE OF ALLIANCE CRITERIA (AGREED IN 1979) FOR INF AGREEMENT AND SAID THAT CHANGES TO THE SOVIET POSITION COULD NOT BE RULED OUT.

9. IN A DETAILED REPORT KAMPELMAN RECALLED THAT THE U.S. HAD DEVOTED THE EARLY PART OF THE SESSION ON SPACE AND DEFENCE TO EXPLAINING THE CONSISTENCY OF SDI RESEARCH WITH THE ABM TREATY. IN THE SECOND HALF THEY HAD DISCUSSED THIS IN TERMS OF THE PROHIBITION OF TERRITORIAL DEFENCE AND A POSSIBLE NEW STRATEGIC RELATIONSHIP.

10. CONFIRMING THAT THE SOVIET TEAM HAD BEEN BRIEFED BY ABRAHAMSON ON THE SDI, OVER AN INFORMAL LUNCH, KAMPELMAN SAID THAT KARPOV HAD BEEN APPRECIATIVE BUT HAD COMMENTED THAT IT HAD CONFIRMED HIS VIEW THAT THE U.S. WAS DEVELOPING A PROHIBITED TERRITORIAL DEFENCE. SOVIET QUESTIONING OF ABRAHAMSON HAD BEEN WELL PREPARED. THE SOVIET SIDE OUTLINED SOME POTENTIAL RESPONSES TO SDI, INCLUDING QUANTITATIVE BUILD-UP AND IMPROVEMENT OF OFFENSIVE FORCES AND DEVELOPMENT OF ADVANCED SOVIET ABM TECHNOLOGIES, BUT ACCOMPANIED BY THE WARNING THAT THE U.S. SHOULD NOT ASSUME THAT THE SOVIET UNION WOULD QUOTE COPY UNQUOTE THE U.S. SDI PROGRAMME. THE U.S. HAD REPLIED THAT IN VIEW OF THEIR CRITERIA FOR DEPLOYMENT (SURVIVABILITY AND COST-EFFECTIVENESS AT THE MARGIN), PROLIFERATION OF OFFENSIVE SYSTEMS WOULD NOT BE A REASONABLE RESPONSE. THEY HAD EMPHASISED THE RELATIONSHIP IN ANY TRANSITION TO A STRATEGY WITH A GREATER EMPHASIS ON DEFENCE, BETWEEN DEFENSIVE FORCES AND REDUCTIONS IN OFFENSIVE FORCES. STABILITY WOULD BE INCREASED BY SURVIVABLE DEFENCES AND SURVIVABLE OFFENSIVE FORCES SO LONG AS THESE WERE REQUIRED FOR DETERRENCE. REDUCTIONS IN DESTABILISING SYSTEMS THEREFORE STOOD ON THEIR OWN MERITS. DEFENCES SUPPORTED THE CASE FOR REDUCTIONS WHILE REDUCING THE VALUE OF OFFENSIVE SYSTEMS AND PROVIDING ASSURANCE AGAINST NON-COMPLIANCE. CONFIDENTIAL

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11. THE SOVIET SIDE HAD CHARACTERISED THESE ARGUMENTS AS AN EXCUSE FOR NOT PROVIDING A FIRM PROPOSAL FOR PREVENTING AN ARMS RACE IN SPACE. ON COMPLIANCE WITH THE ABM TREATY THEY HAD Laid MORE STRESS ON THE PROHIBITION OF TERRITORIAL DEFENCE (ART 4(2) OF THE ABM TREATY) THAN IN THE PAST. THE U.S. HAD RESPONDED THAT ART 4 WAS NOT RELEVANT TO RESEARCH AND THAT THE ABM TREATY NEGOTIATING RECORD SHOWED THAT RESEARCH WAS NOT PROHIBITED. THEY HAD ALSO POINTED TO KRASNOYARSK. THE RUSSIANS HAD CLAIMED THAT ALLIED PARTICIPATION IN SDI WOULD BE A FLAGRANT VIOLATION AND HAD GIVEN PROMINENCE TO AN ASAT BAN. THE U.S. SIDE HAD RESPONDED THAT THEY HAD BEEN UNABLE TO IDENTIFY ANY ASAT BAN WHICH WOULD BE EFFECTIVE, RELIABLE AND VERIFIABLE THAT WAS SHORT OF A COMPREHENSIVE BAN, AND HAD REFERRED TO THE 1978/79 ASAT TALKS WHEN THE RUSSIANS HAD SAID A COMPREHENSIVE BAN WAS IMPOSSIBLE, A POSITION WITH WHICH THE U.S. NOW AGREED. BUT KAMPELMAN HAD BEEN CAREFUL TO LEAVE THE DOOR OPEN TO FURTHER SOVIET IDEAS.

12. IN SUMMARY THE RUSSIANS WERE BEGINNING TO DISCUSS SPACE AND DEFENCE ON THE BASIS OF THE U S AGENDA ALTHOUGH THEIR FORMAL POSITION REMAINED UNCHANGED.

13. IN DISCUSSION SEVERAL PERPREPS ASKED WHETHER THERE WERE ANY INFORMAL INDICATIONS OR INTUITIONS OF FUTURE SOVIET MOVEMENTS, OR POSSIBLY OF AN OFFER DESIGNED FOR PUBLIC CONSUMPTION, AS A RESULT OF LEADERSHIP CHANGES OR THE FORTHCOMING SUMMIT. BORCH (DENMARK) ASKED IN PARTICULAR WHAT SIGNIFICANCE COULD BE GIVEN TO GORBACHEV'S LETTER TO THE UNION OF CONCERNED SCIENTISTS WHICH HAD NOT EXPLICITLY CALLED FOR A BAN ON SDI RESEARCH. HE STRESSED THE IMPORTANCE OF CONTINUED ALLIANCE UNITY AND THE IMPORTANT EFFECT ON PUBLIC OPINION OF THE RECENT DECISION ON INTERIM RESTRAINTS. HE SAID IT WOULD BE BETTER TO LOWER THE LEVEL OF DEBATE ON SDI AND FOCUS ATTENTION ON THE PRACTICAL POSSIBILITY FOR ARMS CONTROL. HE ALSO ASKED FOR CLARIFICATION OF KAMPELMAN'S REFERENCE ON 19 JUNE TO THE SALT II NEGOTIATING RECORD PROVIDING A DEFINITION OF THE LINE BETWEEN RESEARCH AND DEVELOPMENT. KAMPELMAN PROMISED TO SEND ME DETAILS.

14. KAMPELMAN SAID THAT HE COULD ONLY SPECULATE. THE SOVIET DELEGATION APPEARED TO HAVE BEEN UNAWARE OF PREPARATIONS FOR THE US/SOVIET SUMMIT BEFORE THE ANNOUNCEMENT. THEY HAD LITTLE OR NO PERSONAL KNOWLEDGE OF THEIR NEW FOREIGN MINISTER. LEADERSHIP CHANGES APPEARED TO OVERSHADOW THE SITUATION BUT NOT TO GUIDE IT. KARPOV HAD INVITED HIM TO READ GORBACHEV'S LETTER TO THE UCS QUOTE CAREFULLY UNQUOTE, BUT HAD BEEN UNABLE TO RESPOND TO SUBSEQUENT REQUESTS FOR CLARIFICATION. HE HAD HOWEVER STRESSED THAT THE LETTER WAS NOT INCONSISTENT WITH A CONTINUED DEMAND FOR A BAN ON RESEARCH (THE RUSSIAN TERM FOR QUOTE CREATION UNQUOTE ENCOMPASSED RESEARCH) AND THAT THIS REMAINED HIS FORMAL INSTRUCTION. BUT KAMPELMAN DID NOT DISMISS ALTOGETHER THE POSSIBILITY OF A CHANGE. HE ADDED THAT THE U.S. HAD EXPECTED AN ATTRACTIVE PUBLIC SOVIET OFFER TO BE TRADED AGAINST SDI. BUT THIS HAD NOT HAPPENED: THE RUSSIANS MIGHT BE CONCERNED ABOUT COMING UNDER PRESSURE TO LIVE UP TO AN OFFER OF SIGNIFICANT REDUCTIONS.

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15. IN RESPONSE TO A QUESTION SENATOR TOWER DOUBTED THAT THE SOVIET SIDE WOULD BE PREPARED TO MEET SUFFICIENT U S CONCERNS BY NOVEMBER FOR A VLADIVOSTOK TYPE DECLARATION. THERE WAS NOTHING IN THE SOLARZ/CHEROV CONVERSATION WHICH ADDED TO HIS KNOWLEDGE OF THE SOVIET POSITION. ANY PUBLIC SOVIET OFFER WOULD NEED TO BE ANALYSED IN THE GREATEST DETAIL. PUBLIC DIPLOMACY WAS IMPORTANT BUT COULD NOT BE ALLOWED TO DICTATE NEGOTIATING POSITIONS. HE SPECULATED THAT THE SOVIET SIDE MIGHT WANT TO AMALGAMATE NEGOTIATIONS ON INTERMEDIATE AND STRATEGIC WEAPONS. GLITMAN WAS MORE DOUBTFUL ABOUT THIS, BUT ADDED THAT IF THE RUSSIANS GOT WHAT THEY WANTED ON SDH THERE WAS NO SUGGESTION THAT THEY WOULD MAKE ANY CONCESSION ON INF. THE SAME MIGHT APPLY TO INTERMEDIATE AND STRATEGIC WEAPONS (TOWER INDICATED ASSENT.)

16. FULL TEXTS OF OPENING STATEMENTS FOLLOWED BY BAG FOR FCO, MODUK, WASHINGTON, PARIS, BONN AND MOSCOW.

GRAHAM

BT

(Repetition to RENK JAVIK
referred for departmental decision,
repeated as requested to other posts.)

US/SOVIET ARMS CONTROL TALKS

LIMITED

ACDD
DEFENCE DEPT.
SOVIET D
NEWS D
NAD
EED
WED
PLANNING STAFF
RESEARCH D
INFO D
PUSD

PS
PS/LADY YOUNG
PS/MR RIFKIND
PS/MR LUCE
PS/PUS
MR DEREK THOMAS
MR GOODALL
MR JENKINS
MR DAUNT
MR DAVID THOMAS -4-

ADDITIONAL DISTRIBUTION
ARMS CONTROL TALKS

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SDI: US FACT SHEET RELEASED BY STATE DEPARTMENT ON 4 JUNE

Am 027/23

(SPECIAL REPORT NO 129)

SUMMARY OF POINTS OF INTEREST

1. The first section is more authoritative and important than the second ("SDI Key Points") which is largely based on previous material.

2. The following points represent a more nuanced public presentation of US views, which go some way to meet European anxiety:

- i) The statements about the future threat from trends in Soviet forces. These clearly imply that at the moment strategic stability remains viable, and would only be eroded as a result of developments at some later stage. This is consistent with the conclusions of the 1983 Scowcroft Report, but is at variance with periodic US assertions that strategic deterrence is already unstable and requires immediate steps to restore it;
- ii) The reference to the "important" modernisation of UK nuclear forces;
- iii) The definition of the ultimate SDI objective as "a world free of the threat of military aggression and free of nuclear arms". This suggests a move away from the simple statement that the ultimate objective is the elimination of nuclear weapons, towards a position virtually indistinguishable from the objective of "general and complete disarmament" (i.e disarmament at

both the conventional and nuclear levels), which HMG and other Western governments have consistently endorsed since the 1950s;

iv) The re-statement of the aim to negotiate with the Russians on any move beyond research;

v) The endorsement and verbatim re-statement of the Camp David Four Points;

vi) Confirmation that the US see any results from research only emerging after "a number of years";

vii) The emphasis on the Nitze criteria (survivability and cost-effectiveness) for moving beyond the research phase (and general endorsement of the Nitze presentation of SDI):

viii) The implicit disagreement with the view of the most enthusiastic proponents of space-based defences, that deployments should take place in the immediate future;

ix) Acknowledgement of the need for consultations with the Allies; and

x) The confirmation that nuclear deterrence remains both valid and the only sustainable strategy for the foreseeable future.

3. On the other hand, the following points could continue to cause problems :

a) The emphasis on compliance and claims of Soviet violations;

b) The insistence on defences as an essential element in reversing adverse strategic trends and restoring stability;

c) The assertions that defensive weapons "threaten

no-one", a claim open to doubt in the wider strategic context;

d) The caution that US readiness to negotiate defensive deployments does not imply a Soviet veto on US military programmes. This is logical, but may be seen as a way for opponents of negotiation to avoid it;

e) The lack of reference to arms control as an alternative to defensive deployments (a line which Mr McFarlane and Mr Nitze had earlier taken);

f) An evident reluctance to rule out completely nuclear defences, even though the ultimate SDI aim is the elimination of nuclear weapons. (The nuclear-powered X-ray laser is favoured by Prof. Teller, but opposed by Dr Keyworth);

g) The statement that defensive deployments are not intended to be limited to point/hard target defences (as Mr Nitze and others may favour but which Dr Keyworth and others oppose).

The Strategic Defense Initiative

June 1985



United States Department of State
Bureau of Public Affairs
Washington, D.C.

In his speech of March 23, 1983, President Reagan presented his vision of a future in which nations could live secure in the knowledge that their national security did not rest upon the threat of nuclear retaliation but rather on the ability to defend against potential attacks. The Strategic Defense Initiative (SDI) research program is designed to determine whether and, if so, how advanced defensive technologies could contribute to the realization of this vision.

The Strategic Context

The U.S. SDI research program is wholly compatible with the Anti-Ballistic Missile (ABM) Treaty, is comparable to research permitted by the ABM Treaty which the Soviets have been conducting for many years, and is a prudent hedge against Soviet breakout from ABM Treaty limitations through the deployment of a territorial ballistic missile defense. These important facts deserve emphasis. However, the basic intent behind the Strategic Defense Initiative is best explained and understood in terms of the strategic environment we face for the balance of this century and into the next.

The Challenges We Face. Our nation and those nations allied with us face a number of challenges to our security. Each of these challenges imposes its own demands and presents its own opportunities. Preserving peace and freedom is, and always will be, our fundamental goal. The essential purpose of our military forces, and our nuclear

forces in particular, is to deter aggression and coercion based upon the threat of military aggression. The deterrence provided by U.S. and allied military forces has permitted us to enjoy peace and freedom. However, the nature of the military threat has changed and will continue to change in very fundamental ways in the next decade. Unless we adapt our response, deterrence will become much less stable and our susceptibility to coercion will increase dramatically.

Our Assumptions About Deterrence.

For the past 20 years, we have based our assumptions on how deterrence can best be assured on the basic idea that if each side were able to maintain the ability to threaten retaliation against any attack and thereby impose on an aggressor costs that were clearly out of balance with any potential gains, this would suffice to prevent conflict. Our idea of what our forces had to hold at risk to deter aggression has changed over time. Nevertheless, our basic reliance on nuclear retaliation provided by offensive nuclear forces, as the essential means of deterring aggression, has not changed over this period.

This basic idea—that if each side maintained roughly equal forces and equal capability to retaliate against attack, stability and deterrence would be maintained—also served as the foundation for the U.S. approach to the strategic arms limitation talks (SALT) process of the 1970s. At the time that process began, the United States con-

cluded that deterrence based on the capability of offensive retaliatory forces was not only sensible but necessary, since we believed at the time that neither side could develop the technology for defensive systems which could effectively deter the other side.

Today, however, the situation is fundamentally different. Scientific developments and several emerging technologies now do offer the possibility of defenses that did not exist and could hardly have been conceived earlier. The state of the art of defense has now progressed to the point where it is reasonable to investigate whether new technologies can yield options, especially non-nuclear options, which could permit us to turn to defense not only to enhance deterrence but to allow us to move to a more secure and more stable long-term basis for deterrence.

Of equal importance, the Soviet Union has failed to show the type of restraint, in both strategic offensive and defensive forces, that was hoped for when the SALT process began. The trends in the development of Soviet strategic offensive and defensive forces, as well as the growing pattern of Soviet deception and of noncompliance with existing agreements, if permitted to continue unchecked over the long term, will undermine the essential military balance and the mutuality of vulnerability on which deterrence theory has rested.

Soviet Offensive Improvements. The Soviet Union remains the principal threat to our security and that of our allies. As a part of its wide-ranging effort further to increase its military capabilities, the Soviet Union's improvement of its ballistic missile force, providing increased prompt, hard-target kill capability, has increasingly threatened the survivability of forces we have deployed to deter aggression. It has posed an especially immediate challenge to our land-based retaliatory forces and to the leadership structure that commands them. It equally threatens many critical fixed installations in the United States and in allied nations that support the nuclear retaliatory and conventional forces which provide our collective ability to deter conflict and aggression.

Improvement of Soviet Active Defenses. At the same time, the Soviet Union has continued to pursue strategic advantage through the development and improvement of active defenses. These active defenses provide the Soviet Union a steadily increasing capability to counter U.S. retaliatory forces and those of our allies, especially if our forces were to be degraded by a Soviet first

strike. Even today, Soviet active defenses are extensive. For example, the Soviet Union possesses the world's only currently deployed antiballistic missile system, deployed to protect Moscow. The Soviet Union is currently improving all elements of this system. It also has the world's only deployed antisatellite (ASAT) capability. It has an extensive air defense network, and it is aggressively improving the quality of its radars, interceptor aircraft, and surface-to-air missiles. It also has a very extensive network of ballistic missile early warning radars. All of these elements provide them an area of relative advantage in strategic defense today and, with logical evolutionary improvement, could provide the foundation of decisive advantage in the future.

Improvement in Soviet Passive Defenses. The Soviet Union is also spending significant resources on passive defensive measures aimed at improving the survivability of its own forces, military command structure, and national leadership. These efforts range from providing rail and road mobility for its latest generation of ICBMs [intercontinental ballistic missiles] to extensive hardening of various critical installations.

Soviet Research and Development on Advanced Defenses. For over two decades, the Soviet Union has pursued a wide range of strategic defensive efforts, integrating both active and passive elements. The resulting trends have shown steady improvement and expansion of Soviet defensive capability. Furthermore, current patterns of Soviet research and development, including a longstanding and intensive research program in many of the same basic technological areas which our SDI program will address, indicate that these trends will continue apace for the foreseeable future. If unanswered, continued Soviet defensive improvements will further erode the effectiveness of our own existing deterrent, based as it is now almost exclusively on the threat of nuclear retaliation by offensive forces. Therefore, this longstanding Soviet program of defensive improvements, in itself, poses a challenge to deterrence which we must address.

Soviet Noncompliance and Verification. Finally, the problem of Soviet noncompliance with arms control agreements in both the offensive and defensive areas, including the ABM Treaty, is a cause of very serious concern. Soviet activity in constructing either new phased-array radar near Krasnoyarsk, in central Siberia, has

very immediate and ominous consequences. When operational, this radar, due to its location, will increase the Soviet Union's capability to deploy a territorial ballistic missile defense. Recognizing that such radars would make such a contribution, the ABM Treaty expressly banned the construction of such radars at such locations as one of the primary mechanisms for ensuring the effectiveness of the treaty. The Soviet Union's activity with respect to this radar is in direct violation of the ABM Treaty.

Against the backdrop of this Soviet pattern of noncompliance with existing arms control agreements, the Soviet Union is also taking other actions which affect our ability to verify Soviet compliance. Some Soviet actions, like their increased use of encryption during testing, are directly aimed at degrading our ability to monitor treaty compliance. Other Soviet actions, too, contribute to the problems we face in monitoring Soviet compliance. For example, Soviet increases in the number of their mobile ballistic missiles, especially those armed with multiple, independently-targetable reentry vehicles, and other mobile systems, will make verification less and less certain. If we fail to respond to these trends, we could reach a point in the foreseeable future where we would have little confidence in our assessment of the state of the military balance or imbalance, with all that implies for our ability to control escalation during crises.

Responding to the Challenge

In response to this long-term pattern of Soviet offensive and defensive improvements, the United States is compelled to take certain actions designed both to maintain security and stability in the near term and to ensure these conditions in the future. We must act in three main areas.

Retaliatory Force Modernization. First, we must modernize our offensive nuclear retaliatory forces. This is necessary to reestablish and maintain the offensive balance in the near term and to create the strategic conditions that will permit us to pursue complementary actions in the areas of arms reduction negotiations and defensive research. For our part, in 1981 we embarked on our strategic modernization program aimed at reversing a long period of decline. This modernization program was specifically designed to preserve stable deterrence and, at the same time, to provide the incentives necessary to cause the Soviet Union to

join us in negotiating significant reductions in the nuclear arsenals of both sides.

In addition to the U.S. strategic modernization program, NATO is modernizing its longer range intermediate-range nuclear forces (LRINF). Our British and French allies also have underway important programs to improve their own national strategic nuclear retaliatory forces. The U.S. SDI research program does not negate the necessity of these U.S. and allied programs. Rather, the SDI research program depends upon our collective and national modernization efforts to maintain peace and freedom today as we explore options for future decision on how we might enhance security and stability over the longer term.

New Deterrent Options. However, over the long run, the trends set in motion by the pattern of Soviet activity, and the Soviets' persistence in that pattern of activity, suggest that continued long-term dependence on offensive forces may not provide a stable basis for deterrence. In fact, should these trends be permitted to continue and the Soviet investment in both offensive and defensive capability proceed unrestrained and unanswered, the resultant condition could destroy the theoretical and empirical foundation on which deterrence has rested for a generation.

Therefore, we must now also take steps to provide future options for ensuring deterrence and stability over the long term, and we must do so in a way that allows us both to negate the destabilizing growth of Soviet offensive forces and to channel longstanding Soviet propensities for defenses toward more stabilizing and mutually beneficial ends. The Strategic Defense Initiative is specifically aimed toward these goals. In the near term, the SDI program also responds directly to the ongoing and extensive Soviet antiballistic missile effort, including the existing Soviet deployments permitted under the ABM Treaty. The SDI research program provides a necessary and powerful deterrent to any near-term Soviet decision to expand rapidly its antiballistic missile capability beyond that contemplated by the ABM Treaty. This, in itself, is a critical task. However, the overriding, long-term importance of SDI is that it offers the possibility of reversing the dangerous military trends cited above by moving to a better, more stable basis for deterrence and by providing new and compelling incentives to the Soviet Union for seriously negotiating reductions in existing offensive nuclear arsenals.

The Soviet Union recognizes the potential of advanced defense concepts—especially those involving boost, postboost, and mid-course defenses—to change the strategic situation. In our investigation of the potential these systems offer, we do not seek superiority or to establish a unilateral advantage. However, if the promise of SDI technologies is proven, the destabilizing Soviet advantage can be redressed. And, in the process, deterrence will be strengthened significantly and placed on a foundation made more stable by reducing the role of ballistic missile weapons and by placing greater reliance on defenses which threaten no one.

Negotiation and Diplomacy. During the next 10 years, the U.S. objective is a radical reduction in the power of existing and planned offensive nuclear arms, as well as the stabilization of the relationship between nuclear offensive and defensive arms, whether on earth or in space. We are even now looking forward to a period of transition to a more stable world, with greatly reduced levels of nuclear arms and an enhanced ability to deter war based upon the increasing contribution of non-nuclear defenses against offensive nuclear arms. A world free of the threat of military aggression and free of nuclear arms is an ultimate objective to which we, the Soviet Union, and all other nations can agree.

To support these goals, we will continue to pursue vigorously the negotiation of equitable and verifiable agreements leading to significant reductions of existing nuclear arsenals. As we do so, we will continue to exercise flexibility concerning the mechanisms used to achieve reductions but will judge these mechanisms on their ability to enhance the security of the United States and our allies, to strengthen strategic stability, and to reduce the risk of war.

At the same time, the SDI research program is and will be conducted in full compliance with the ABM Treaty. If the research yields positive results, we will consult with our allies about the potential next steps. We would then consult and negotiate, as appropriate, with the Soviet Union, pursuant to the terms of the ABM Treaty, which provide for such consultations, on how deterrence might be strengthened through the phased introduction of defensive systems into the force structures of both sides. This commitment does not mean that we would give the Soviets a veto over the outcome anymore than the Soviets have a veto over our current strategic and intermediate-range programs. Our commitment in this regard reflects our recognition that, if our research yields appropriate results, we should seek to

move forward in a stable way. We have already begun the process of bilateral discussion in Geneva needed to lay the foundation for the stable integration of advanced defenses into the forces of both sides at such time as the state of the art and other considerations may make it desirable to do so.

The Soviet Union's View of SDI

As noted above, the U.S.S.R. has long had a vigorous research, development, and deployment program in defensive systems of all kinds. In fact, over the last two decades the Soviet Union has invested as much overall in its strategic defenses as it has in its massive strategic offensive buildup. As a result, today it enjoys certain important advantages in the area of active and passive defenses. The Soviet Union will certainly attempt to protect this massive, long-term investment.

Allied Views Concerning SDI

Our allies understand the military context in which the Strategic Defense Initiative was established and support the SDI research program. Our common understanding was reflected in the statement issued following President Reagan's meeting with Prime Minister Thatcher in December, to the effect that:

First, the U.S. and Western aim was not to achieve superiority but to maintain the balance, taking account of Soviet developments;

Second, that SDI-related deployment would, in view of treaty obligations, have to be a matter for negotiations;

Third, the overall aim is to enhance, and not to undermine, deterrence; and,

Fourth, East-West negotiations should aim to achieve security with reduced levels of offensive systems on both sides.

This common understanding is also reflected in other statements since then—for example, the principles suggested recently by the Federal Republic of Germany that:

- The existing NATO strategy of flexible response must remain fully valid for the alliance as long as there is no more effective alternative for preventing war; and,

- The alliance's political and strategic unity must be safeguarded. There must be no zones of different degrees of security in the alliance, and Europe's security must not be decoupled from that of North America.

SDI Key Points

Following are a dozen key points that capture the direction and scope of the program:

1. The aim of SDI is not to seek superiority but to maintain the strategic balance and thereby assure stable deterrence.

A central theme in Soviet propaganda is the charge that SDI is designed to secure military superiority for the United States. Put in the proper context of the strategic challenge that we and our allies face, our true goals become obvious and clear. Superiority is certainly not our purpose. Nor is the SDI program offensive in nature. The SDI program is a research program aimed at seeking better ways to ensure U.S. and allied security, using the increased contribution of defenses—defenses that threaten no one.

2. Research will last for some years. We intend to adhere strictly to ABM Treaty limitations and will insist that the Soviets do so as well.

We are conducting a broad-based research program in full compliance with the ABM Treaty and with no decision made to proceed beyond research. The SDI research program is a complex one that must be carried out on a broad front of technologies. It is not a program where all resource considerations are secondary to a schedule. Instead, it is a responsible, organized research program that is aggressively seeking cost-effective approaches for defending the United States and our allies against the threat of nuclear-armed and conventionally armed ballistic missiles of all ranges. We expect that the research will proceed so that initial development decisions could be made in the early 1990s.

3. We do not have any preconceived notions about the defensive options the research may generate. We will not proceed to development and deployment unless the research indicates that defenses meet strict criteria.

The United States is pursuing the broadly based SDI research program in an objective manner. We have no preconceived notions about the outcome of the research program. We do not anticipate that we will be in a position to approach any decision to proceed with development or deployment based on the results of this research for a number of years.

We have identified key criteria that will be applied to the results of this research whenever they become available.

Some options which could provide interim capabilities may be available earlier than others, and prudent planning demands that we maintain options against a range of contingencies. However, the primary thrust of the SDI research program is not to focus on generating options for the earliest development/deployment decision but options which best meet our identified criteria.

4. Within the SDI research program, we will judge defenses to be desirable only if they are survivable and cost effective at the margin.

Two areas of concern expressed about SDI are that deployment of defensive systems would harm crisis stability and that it would fuel a runaway proliferation of Soviet offensive arms. We have identified specific criteria to address these fears appropriately and directly.

Our survivability criterion responds to the first concern. If a defensive system were not adequately survivable, an adversary could very well have an incentive in a crisis to strike first at vulnerable elements of the defense. Application of this criterion will ensure that such a vulnerable system would not be deployed and, consequently, that the Soviets would have no incentive or prospect of overwhelming it.

Our cost-effectiveness criterion will ensure that any deployed defensive system would create a powerful incentive not to respond with additional offensive arms, since those arms would cost more than the additional defensive capability needed to defeat them. This is much more than an economic argument, although it is couched in economic terms. We intend to consider, in our evaluation of options generated by SDI research, the degree to which certain types of defensive systems, by their nature, encourage an adversary to try simply to overwhelm them with additional offensive capability while other systems can discourage such a counter effort. We seek defensive options which provide clear disincentives to attempts to counter them with additional offensive forces.

In addition, we are pressing to reduce offensive nuclear arms through the negotiation of equitable and verifiable agreements. This effort includes reductions in the number of warheads on ballistic missiles to equal levels significantly lower than exist today.

5. It is too early in our research program to speculate on the kinds of

defensive systems—whether ground-based or space-based and with what capabilities—that might prove feasible and desirable to develop and deploy.

Discussion of the various technologies under study is certainly needed to give concreteness to the understanding of the research program. However, speculation about various types of defensive systems that might be deployed is inappropriate at this time. The SDI is a broad-based research program investigating many technologies. We currently see real merit in the potential of advanced technologies providing for a layered defense, with the possibility of negating a ballistic missile at various points after launch. We feel that the possibility of a layered defense both enhances confidence in the overall system and compounds the problem of a potential aggressor in trying to defeat such a defense. However, the paths to such a defense are numerous.

Along the same lines, some have asked about the role of nuclear-related research in the context of our ultimate goal of non-nuclear defenses. While our current research program certainly emphasizes non-nuclear technologies, we will continue to explore the promising concepts which use nuclear energy to power devices which could destroy ballistic missiles at great distances. Further, it is useful to study these concepts to determine the feasibility and effectiveness of similar defensive systems that an adversary may develop for use against future U.S. surveillance and defensive or offensive systems.

6. The purpose of the defensive options we seek is clear—to find a means to destroy attacking ballistic missiles before they can reach any of their potential targets.

We ultimately seek a future in which nations can live in peace and freedom, secure in the knowledge that their national security does not rest upon the threat of nuclear retaliation. Therefore, the SDI research program will place its emphasis on options which provide the basis for eliminating the general threat posed by ballistic missiles. Thus, the goal of our research is not, and cannot be, simply to protect our retaliatory forces from attack.

If a future president elects to move toward a general defense against ballistic missiles, the technological options that we explore will certainly also increase the survivability of our retaliatory forces. This will require a stable concept and process to manage the transition to the future we seek. The

concept and process must be based upon a realistic treatment of not only U.S. but Soviet forces and out-year programs.

7. U.S. and allied security remains indivisible. The SDI program is designed to enhance allied security as well as U.S. security. We will continue to work closely with our allies to ensure that, as our research progresses, allied views are carefully considered.

This has been a fundamental part of U.S. policy since the inception of the Strategic Defense Initiative. We have made a serious commitment to consult, and such consultations will precede any steps taken relative to the SDI research program which may affect our allies.

8. If and when our research criteria are met, and following close consultation with our allies, we intend to consult and negotiate, as appropriate, with the Soviets pursuant to the terms of the ABM Treaty, which provide for such consultations, on how deterrence could be enhanced through a greater reliance by both sides on new defensive systems. This commitment should in no way be interpreted as according the Soviets a veto over possible future defensive deployments. And, in fact, we have already been trying to initiate a discussion of the offense-defense relationship and stability in the defense and space talks underway in Geneva to lay the foundation to support such future possible consultations.

If, at some future time, the United States, in close consultation with its allies, decides to proceed with deployment of defensive systems, we intend to utilize mechanisms for U.S.-Soviet consultations provided for in the ABM Treaty. Through such mechanisms, and taking full account of the Soviet Union's own expansive defensive system re-

search program, we will seek to proceed in a stable fashion with the Soviet Union.

9. It is our intention and our hope that, if new defensive technologies prove feasible, we (in close and continuing consultation with our allies) and the Soviets will jointly manage a transition to a more defense-reliant balance.

Soviet propagandists have accused the United States of reneging on commitments to prevent an arms race in space. This is clearly not true. What we envision is not an arms race; rather, it is just the opposite—a jointly managed approach designed to maintain, at all times, control over the mix of offensive and defensive systems of both sides and thereby increase the confidence of all nations in the effectiveness and stability of the evolving strategic balance.

10. SDI represents no change in our commitment to deterring war and enhancing stability.

Successful SDI research and development of defense options would not lead to abandonment of deterrence but rather to an enhancement of deterrence and an evolution in the weapons of deterrence through the contribution of defensive systems that threaten no one. *We would deter a potential aggressor by making it clear that we could deny him the gains he might otherwise hope to achieve rather than merely threatening him with costs large enough to outweigh those gains.*

U.S. policy supports the basic principle that our existing method of deterrence and NATO's existing strategy of flexible response remain fully valid, and must be fully supported, as long as there is no more effective alternative for preventing war. It is in clear recognition of this obvious fact that the United States continues to pursue so vigorously its own strategic modernization program and so strongly supports the efforts of its allies to sustain their own com-

mitments to maintain the forces, both nuclear and conventional, that provide today's deterrence.

11. For the foreseeable future, offensive nuclear forces and the prospect of nuclear retaliation will remain the key element of deterrence. Therefore, we must maintain modern, flexible, and credible strategic nuclear forces.

This point reflects the fact that we must simultaneously use a number of tools to achieve our goals today while looking for better ways to achieve our goals over the longer term. It expresses our basic rationale for sustaining the U.S. strategic modernization program and the rationale for the critically needed national modernization programs being conducted by the United Kingdom and France.

12. Our ultimate goal is to eliminate nuclear weapons entirely. By necessity, this is a very long-term goal, which requires, as we pursue our SDI research, equally energetic efforts to diminish the threat posed by conventional arms imbalances, both through conventional force improvements and the negotiation of arms reductions and confidence-building measures.

We fully recognize the contribution nuclear weapons make to deterring conventional aggression. We equally recognize the destructiveness of war by conventional and chemical means, and the need both to deter such conflict and to reduce the danger posed by the threat of aggression through such means. ■

Published by the United States Department of State • Bureau of Public Affairs
Office of Public Communication • Editorial Division • Washington, D.C. • June 1985
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TECHNOLOGY ASPECTS OF SDI

1. It would be of great interest if, in the course of US technical briefing on progress in the SDI programme, the following points were covered in detail.

GENERAL

2. (i) The size of potential attack which each layer of the comprehensive BMD system is being developed to counter: the numbers of ICBM/SLBM boosters, and of re-entry vehicles (RVs) in mid-course and terminal phases;
- (ii) the percentage of success required and/or expected from each layer of defence;
- (iii) the number of satellites required for surveillance, sensing, tracking and/or destruction in either low earth or geostationary orbits;
- (iv) the number of missiles, in the case of kinetic energy weapons (KEW), each space-based system will be designed to deploy;
- (v) the minimum ^{feasible} period for acquisition, tracking, firing and kill assessment for KEW, lasers or particle beam weapons (PBW);
- (vi) the minimum transfer period from one target to another;
- (vii) the expected mass of space-based systems, and the booster capabilities necessary to deploy these above the atmosphere;

/(viii)

- (viii) the cost and time-scale of such deployments;
- (ix) the means whereby some political decision-making element can be incorporated into the otherwise automatic responses of the BMD systems.

DETAILS

- 3.
- (i) The minimum feasible length of the boost phase (as low as 40 seconds?) and the degree to which US systems will be designed to counter such decreases (from 300 seconds) in optional kill potential;
 - (ii) the aiming accuracies necessary at both low earth and geostationary orbits to ensure KEW, PBW or laser kills;
 - (iii) the ways to resolve the ^{increased}~~enhanced~~ problems of accuracy when employing ground-based systems ^{together with}~~and a series of~~ space-based mirrors;
 - (iv) the size of such mirrors necessary for adequate focus of energy on the target, and the feasibility of constructing these;
 - (v) the extent of generating power necessary to operate lasers, PBW or KEW in space or from the ground, in order to produce an adequate kill mechanism;
 - (vi) the means of discriminating between US and Soviet RVs in the mid-course phase, and of preventing post-kill debris degrading subsequent sensor performance;

/(vii)

2.

- (vii) the potential of the one-shot nuclear-powered X-ray laser, in contrast to more traditional lasers;
- (viii) the progress made towards creating battle-management systems for C³ capable of performing on the necessary scale and at sufficient speed.

PROSPECTS

- 4. (i) The extent to which US progress already achieved indicates potential success in the future and the time-scale within which this can be expected to emerge;
- (ii) the specific areas in which progress is likely to be made with greatest or least speed;
- (iii) the contrast between current US capabilities and those necessary to achieve a deployable BMD layered system;
- (iv) the key technology break-throughs which are still required, and over which question-marks persist.

SOVIET COUNTER MEASURES

- 5. (i) the protection measures necessary to nullify Soviet attacks (ASAT systems, EW, mines etc) against BMD systems, especially those based in space;
- (ii) the probable counters to Soviet counter-measures designed to protect their own boosters/

RVs (spinning, hardening, manoeuvrability, added decoys, false-starts etc);

- (iii) the key factors in the assessment that a BMD system is "marginally cost-effective", ie will not be swamped by simple increases in offensive forces.

OTHER

- 6. (i) The estimated costs over the next decade, and beyond, of developing and deploying a comprehensive BMD, compared with the costs of simpler versions (from purely terminal defences to terminal plus limited boost-phase);
- (ii) the possible effect on other elements of the defence budget of these new resource requirements;
- (iii) the degree to which systems (including sensors and software programmes) can be identified as uniquely relevant to shorter-range (European) defence, and to which these can be separated from the main programme;
- (iv) the definitions now being used by the US to distinguish the research from the development phase, and to identify (in the ABM Treaty context) key elements such as ABM components, ABM sub-components and testing in an ABM mode.

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SECRET
TELELETTER
FROM J O KERR, WASHINGTON
NFR

DATED 12 JULY 1985
FOLLOWING FOR THE HON M A PAKENHAM, ACDD, FCO
COPIED TO R J ALSTON ESQ, DEFENCE DEPARTMENT, FCO
D P OMAND ESQ, UKDEL NATO
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SCC: US/SOVIET AGREEMENT ON CONCURRENT TESTING

1. ACDA ANNOUNCED ON 14 JUNE THAT AGREEMENT HAD BEEN REACHED IN THE SCC ON TWO NEW COMMON UNDERSTANDINGS: ONE RELATING TO NUCLEAR TERRORISM (SEE SEPARATE TELELETTER), THE OTHER QUOTE INTENDED TO FURTHER ENHANCE THE VIABILITY OF THE ABM TREATY UNQUOTE. THE LATTER, ABOUT WHICH NO MORE HAS BEEN SAID IN PUBLIC, IS IN FACT SEEN HERE AS THE MORE SIGNIFICANT: IT CONCERNS CONCURRENT TESTING, AND CONSISTS OF AGREEMENT TO REFRAIN FROM THE CONCURRENT OPERATION OF ABM COMPONENTS (OR BALLISTIC MISSILE RVS) AND AIR DEFENCE COMPONENTS AT ABM TEST RANGES.
2. STATE TELL US THAT A 1978 AGREEMENT ALREADY BANNED CONCURRENT TESTING OF ABM AND AIR DEFENCE SYSTEMS, BUT THAT IT CONTAINED A LOOP-HOLE WHICH PERMITTED THE RUSSIANS TO CLAIM THAT THE AIR DEFENCE SYSTEMS IN QUESTION WERE AT THE TIME IN OPERATIONAL USE (IE AGAINST A POTENTIAL THREAT) RATHER THAN UNDERGOING TESTING. THIS LOOPHOLE HAS APPARENTLY BEEN USED, BUT IS NOW CLOSED, FOR THE NEW LANGUAGE REFERS TO QUOTE CONCURRENT OPERATION UNQUOTE

NOT QUOTE CONCURRENT TESTING UNQUOTE.

3. WE UNDERSTAND THAT THE NEW COMMON UNDERSTANDING RECOGNISES THAT CONCURRENT AIR DEFENCE OPERATIONS MAY BE REQUIRED IF A HOSTILE OR UNIDENTIFIED AIRCRAFT SHOULD APPEAR WHILE AN ABM TEST RANGE IS IN USE. IF SUCH CONCURRENT OPERATIONS WERE TO OCCUR, THE PARTY IN QUESTION IS NOW OBLIGED TO PROVIDE NOTIFICATION, TO THE OTHER PARTY, WITHIN THIRTY DAYS, OF THE CIRCUMSTANCES OF THE EVENT.

4. NO PUBLICITY IS AT PRESENT ENVISAGED HERE. BUT STATE ACCEPT THAT THERE WILL BE PUBLICITY AT SOME STAGE, FOR THE COMMON UNDERSTANDING, IF HONOURED, WOULD MEET ONE OF THE COMPLAINTS ON THE US QUOTE COMPLIANCE UNQUOTE CHARGE SHEET, AND AS SUCH WILL HAVE TO BE REPORTED TO CONGRESS.

5. MY CONTACTS CANNOT RECALL ANY OTHER RECENT SCC SESSION WHICH PRODUCED AS IMPORTANT AN AGREEMENT. THEY MAINTAIN, OF COURSE, THAT THE RUSSIANS STILL REFUSE TO ADDRESS IN THE SCC THE MAIN BODY OF THEIR QUOTE COMPLIANCE UNQUOTE COMPLAINTS SEMI-COLON BUT THEY FULLY ACCEPT THAT THIS AGREEMENT HAS REAL SIGNIFICANCE. FOR THE AUTUMN SCC SESSION THEY ENVISAGE DISCUSSION OF A SOVIET PROPOSAL, FIRST RAISED IN DECEMBER 1979, AND REACTIVATED IN LAST MONTH'S SESSION, FOR AN AGREED CLARIFICATION OF THE DESTRUCTION/DISMANTLEMENT RULES UNDER SALT I AND II. EMERY (ACDA) LAST MONTH BRUSHED ASIDE DAVID GOODALL'S SUGGESTION THAT THE SCC OUGHT TO PROVIDE A FORUM FOR PURSUING COMPLIANCE AND RELATED ISSUES: HE IMPLIED THAT THE RUSSIANS REFUSED SO TO USE IT. THE EVENTS OF THE JUNE MEETING CAST SOME DOUBT ON THAT.

SIGNED J. O. KERR



Policy Study No. 71

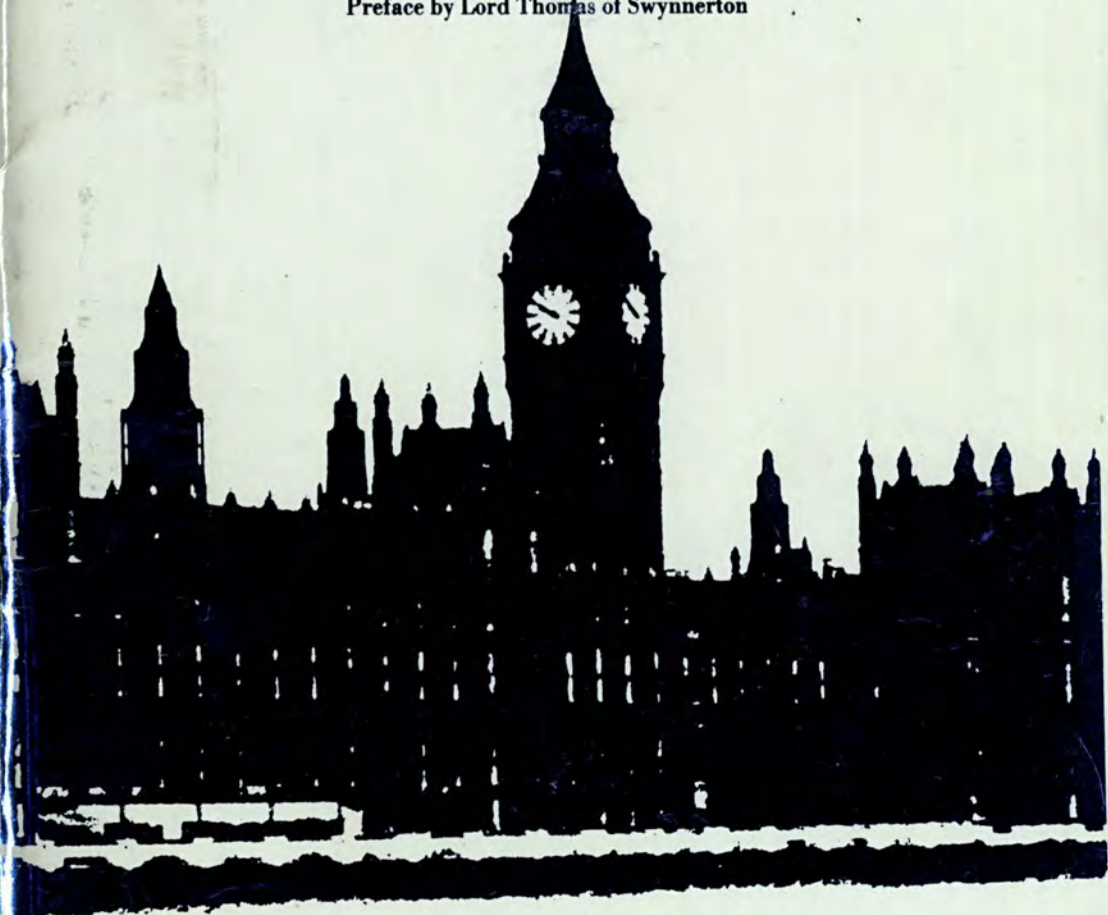
New Light on Star Wars

a contribution to the SDI debate

Professor R. V. Jones

with a

Preface by Lord Thomas of Swynnerton



CENTRE FOR POLICY STUDIES



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Professor R. V. Jones

CENTRE FOR POLICY STUDIES
8 Wilfred Street, London SW1E 6PL
1985

Professor R. V. Jones contributed his thoughts on 'Star Wars' to the Centre for Policy Studies, of which he is a Director, in June 1985.

Lt General James A. Abrahamson, Director of the Strategic Defence Initiative, made his statement before the Subcommittee on Strategic and Theatre Nuclear Forces, Committee on Armed Services, United States Senate, in March 1985.

Robert C. McFarlane, National Security Adviser at the White House, addressed his remarks to the Overseas Writers Association in Washington in March 1985.

The Centre for Policy Studies emphasises that the facts and arguments in this study are the responsibility of the authors alone. *The Centre never expresses a corporate opinion in any of its publications.*

ISBN 0-905880-89-7

© in *Some Thoughts on 'Star Wars'*, Centre for Policy Studies, June 1985
Printed in England by G Donald & Co Ltd Osiers Road London SW18

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Biographical Note

PROFESSOR R. V. JONES was responsible for British Scientific Intelligence in World War II. He was subsequently Director of Scientific Intelligence in the Ministry of Defence, Chairman of the ministry's Working Party on Air Defence Planning for 1975-85, Chairman of the Electronics Research Council, and Special Adviser on Electronic Warfare to the United States Air Force.

Preface

Serious discussion about strategic defence in space began in the United States in the late 1960s. It figured largely during the intricate negotiations on arms control between the Soviet government in Brezhnev's day and President Nixon's administration. Those discussions can be fully followed in the fascinating memoirs of Dr Kissinger. President Nixon's administration came to accept that uncontrolled development of anti-ballistic defence would make it impossible to establish any kind of balance between the United States and the Soviet Union. The matter was, therefore, included in the discussions. Accord was eventually reached whereby both the United States and the Soviet Union would be allowed three anti-ballistic missile systems. This was then scaled down to one. Such was the basis for the ABM Treaty of 1972. In the event the United States did not go ahead with their one permitted system. The Soviet Union did, and this is now established around Moscow.

These agreements were made by the United States with the expectation that the Soviet Union could be persuaded, through a multitude of minor agreements, to accept their responsibility as a great power and help to maintain the fabric of international relations, faulty and unsatisfactory though that fabric was. A power capable of blowing up the world had surely to be treated as if it were responsible; and perhaps it would grow to be so. This was the essential basis of the 'détente' of the 1970s.

It is easy to criticise those agreements now; it was just as easy to criticise, on rather similar grounds, the efforts to appease Hitler in the 1930s. In both cases the effort to reach understanding required courage and imagination, and should surely have been tried since it was desired by the vast majority of the electorates of the countries of the West.

As we now know, the Soviet Union did not observe the spirit of 'détente'. The 1970s were the years of substantial Soviet investment in naval capacity, in new weapons with nuclear capacity (for example the SS20s and the Backfire bomber) and in surrogate states, such as Cuba, the Yemen People's Democratic Republic and North Korea, whose unfortunate people were made to give the stiffening to Soviet support for 'wars of liberation'. All the evidence is that the Russians continued with their defensive research, including research into laser defence.

'Détente' ended with Congress' refusal to ratify the Salt II Treaty,

following the Soviet invasion of Afghanistan. All the same, the United States had, throughout the 1970s, themselves observed the spirit of 'détente' as conceived by President Nixon and Dr Kissinger. Without going into detailed discussion of figures, it is clear that the United States spent a much lower percentage of her admittedly larger GDP than did the Soviet Union on armaments. They ceased manufacture of chemical weapons (whereas the Russians did not) and they froze production of ICBMs at the levels of 1969.

After the invasion of Afghanistan, President Carter began his programme of modernisation of the United States' defences. This was carried on by President Reagan. The present situation looks a good deal more healthy though, in some respects, particularly in Europe, the West is still in a slightly inferior position.

It is against this background that we have to judge the new debate over strategic defence. In this argument certainties are not easy and it will be many years before all the possibilities can be demonstrated.

In addition to the maintenance of their existing ABM system around Moscow, the Russians have certainly continued with research. The extent to which this research envisages action which breaks the terms of the ABM Treaty is controversial. No doubt further information will clarify the matter at some point. However, three points seem worth making.

First, the idea of a switch from offensive to defensive arrangements in the nuclear age has a moral significance which we Europeans have perhaps not always recognised. Anyone who has talked to any representative of the present United States administration knows that this moral purpose is uppermost in the mind of President Reagan, Mr Weinberger and their colleagues. It is not only the fact that the present knife-edge balance between the Western and Soviet alliances could, considering all historical precedent, one day topple; but that the present arrangements depend so much for their effectiveness, in the last resort, on a capacity for taking a momentous decision very quickly. Everything should be done to enable the President to escape, in the long term, from the dangers of those policies. We have seen some reluctance on the part of the Europeans to put themselves in the shoes of the United States in the discussion of this matter.

Secondly, the present state of affairs is less static than one might judge from the speeches of the opponents of strategic defence. The

Soviet Union, for example, has never accepted, in its rhetoric at least, the doctrine of mutually assured destruction. On the contrary, there have been many Soviet pronouncements suggesting that their build-up of nuclear weapons is intended less to maintain a balance than to secure an overwhelming strength from which it would be easy, in certain circumstances, to bully neighbours and opponents into surrender.

At the same time, of course, there are many sections of Western opinion which are dissatisfied with the present so-called balance. Many responsible people have suggested, indeed (and these have included, oddly enough, many opponents of SDI), that the world would be a safer place if a ban on first use of nuclear weapons were to be written into Western defence policies. That is surely a recipe either for conventional defeat or confusion – probably the latter since, as Clement Attlee said in 1945, in the last resort governments do not keep declarations of this sort and use all weapons they have to prevent themselves being overwhelmed. But a nuclear weapon kept for such an eventuality would have no deterrent power. Nor would it be properly serviced and its delivery would be uncertain. All the same there seems to be a lot of evidence that this policy may gain credibility in the next few years.

The third point to make about strategic defence is that, although it looks as if it can never be 100 per cent effective, it might have benefits even so. The aggressor might well count on only five per cent of his weapons getting through. But he would not know which five per cent. This would make it difficult to plan for a first strike.

The political arguments against SDI are, however, substantial. If it did turn out that one or other of the United States and the Soviet Union were near to establishing such a defensive system, it would cause a lot of anxiety in the other. Whether that would make for a less stable world is a matter of judgement. One might take into account the Thucydidean maxim about the cause of war – the now or never mood of one side or the other. But I do not think that it would lead the United States to a policy of adventure and the historical precedent for thinking that it would lead the Soviet Union to one is not strong. The Soviet Union in the past has taken initiatives when it has been in an overwhelmingly strong position, not in a weak one.

I do not take the economic arguments against SDI very seriously. The sums concerned are of little account when put against the overall United States arms budget and are likely to be compensated for a

hundred times over by even minor technological consequences.

The controversy will continue. It is fair to say that no one will know the effectiveness of strategic defence in the United States for some years – perhaps not before the year 2000. In the desire to help elucidate the problems raised, the Centre for Policy Studies has much pleasure in publishing this paper by Professor R. V. Jones, scientific adviser to the government during the Second World War, and the author of *Most Secret War*, one of the most remarkable books on intelligence ever written. Alongside his thoughts we are reprinting two recent statements by Robert McFarlane, National Security Adviser at the White House, and General Abrahamson, Director of the Strategic Defence Initiative in Washington, which throw light on the present state of affairs as seen in America.

I confess that the work of Professor Jones has somewhat shaken my own hopes that ultimately the problems of the cold war 'might be reconciled among the stars'.

And hear upon the sodden floor
Below, the boarhound and the boar
Pursue their pattern as before
But reconciled among the stars.

T. S. Eliot, *Burnt Norton*

But it does not, it seems to me at any rate, counter arguments based on the fact that a great deal of work on the SDI is going on in the Soviet Union, and has been since the 1960s. We should, therefore, carry on with our research and see what it throws up. The West has with perfect justification since 1945 sought to defend itself by technological superiority rather than with huge conventional armaments. We should surely continue to do so.

Lord Thomas of Swynnerton
Chairman

Some thoughts on 'Star Wars'

On 23 March 1983, President Reagan launched his Strategic Defence Initiative with, 'I call upon the scientific community who gave us nuclear weapons to turn their great talents to the cause of mankind and world peace: to give us the means of rendering these nuclear weapons impotent and obsolete', and he called for a programme with the 'ultimate goal of eliminating the threat posed by strategic nuclear missiles'.

On 25 May 1961, President Kennedy had similarly challenged America's scientists and engineers: 'I believe that this nation should commit itself to achieving the goal before this decade is out of landing a man on the moon and returning him safely to earth.' In its time that goal appeared nearly impossible to many of us but the world was quickly to witness how marvellously that challenge was answered. With such a precedent, what are the prospects for the Strategic Defence Initiative as regards technical fulfilment and its military and geopolitical impact? This paper attempts to look at some of the relevant factors, drawing mainly on published statements by some of the interested parties in the United States.

President Reagan and those on whose advice he launched his initiative did not expect it to be fulfilled within a single decade. 'It will', he said, 'take years, probably decades, of efforts in many fields' and 'may not be accomplished before the end of this century'. While the President did not actually guarantee the prospect of ultimate success, his speech engendered great optimism, made all the stronger by what Secretary of Defence Caspar Weinberger said four days later in a 'Meet the Press' interview in Washington on 27 March 1983: 'The defensive systems the President is talking about are not designed to be partial. What we want to try to get is a system which will develop a defence that is thoroughly reliable and total, yes, and I don't see any reason why that can't be done.'¹ And Lieutenant General James A. Abrahamson, who early in 1984 was appointed manager of the Pentagon's SDI programme, gave an extensive interview to the journal *Science* (Volume 225, pp. 601-2, 10 August 1984) which reported that 'he fully expected the United States to begin deployment of such a system before 2000'.

The Deputy Administrator of the National Aeronautical and

¹ Department of Defence transcript, 28 March 1983.

Space Administration, Dr Hans Mark, more cautiously told a conference on new technology sponsored by the National Academies of Sciences and of Engineering in Washington in May 1984, 'It is difficult to make any really firm statements about the time scale on which the deployment of such a system could be achieved. My own guess is that by the middle of the next century a defensive system could be in place that would make it necessary to change the doctrine of mutually assured destruction.'

Mark's estimate of 2050 appears the closer to realism when the technical difficulties of the programme are considered. While two groups appointed by the White House, the Defensive Studies Group and the Future Strategy Group, 'failed to detect any invincible technical obstacles that would prevent the attainment of the President's goal' and recommended that 18 to 27 billion dollars be allocated to the problem up to 1990 (*Science*, 25 November 1983), Dr Richard DeLauer, the Under-Secretary of Defence for Research and Development, estimated that the R & D portion of the programme had at least eight components, 'every single one . . . equivalent to or greater than the Manhattan Project' (quoted in *Space-based Missile Defense*, published by the Union of Concerned Scientists in March 1984). Early in 1945 Lord Cherwell told me that the Manhattan Project had already cost 1600 million dollars; this would be about 8 billion dollars in 1983 terms,² and so on DeLauer's estimate the R & D portion of SDI might cost 60 billion dollars or more. To put this sum into perspective, the current US defence budget is approaching 300 billion dollars, and assuming that the proportion of this allocated to R & D is about 11% (as it was in previous years – and the figure for Britain is 12%), the amount available for defence R & D in total is about 30 billion dollars.³ Thus the estimate for 'Star Wars' R & D, although huge, is not out of question if spaced over 10 years.⁴

What is an effective defence?

What is more questionable is whether the many technical and logistic

² Other estimates would rate the current cost of Manhattan or Apollo scale projects as 20-40 billion dollars.

³ According to William J. Perry, Under Secretary of Defence for Research and Engineering under President Carter, the total R & D budget for 1980 was 13 billion dollars; and in 1982 was to be 20 billion (*Defence Electronics*, April 1981).

⁴ On 25 March 1985 General Abrahamson stated to the US Senate that his appropriation for 1985 was 1.4 billion dollars, and requested that this be increased to 3.7 billion in 1986.

problems can be solved so successfully that an Anti-Ballistic-Missile (ABM) defence could be effective. How do we define 'effective'? We may start by looking at the complementary problem of what would be an effective attack on a country as large as the United States or Russia, for the British government has already offered an answer in its 1984 defence estimates where it states that four Trident submarines each armed with 16 missiles will provide 'a credible and effective deterrent'. On this criterion an effective defence for America or Russia must be one that would ensure that less than 64 missiles would get through. According to the International Institute of Strategic Studies, the Russians currently have 1398 Intercontinental Ballistic Missiles (ICBM) launchers, and so an effective defence would have to destroy all but 60-70 of these, or around 95%. True, the Trident D5 missiles have each 14 warheads, and the nearest Russian missile, the SS18, has no more than 10, but by the time any SDI could be deployed the Russians could well have caught up. Alternatively, we might consider individual warheads: the British Trident force will have 916, and the Russian ICBMs have currently about 6400, of which some 85% would therefore have to be destroyed to fall below the criterion of an effective attack. But a lower number of warheads per missile means that fewer would be lost for a given number of missiles destroyed in the boost phase, against which the main thrust of SDI is likely to be made. These simple numerical considerations leave aside the question of the operational survival of a country after the impact of the several hundred warheads which even a 95% effective defence might fail to stop but we will take 95% as the credible figure for an effective defence: although independently (and questionably) derived, it coincides with the figures generally accepted in the American debate.⁵

The interception of ballistic missiles

The basic problems for an ABM defence are to detect the approach of a threatening missile as quickly as possible, and to project something at it that will get near enough to it to ensure its destruction, and at a sufficient distance to minimize harm to friendly objectives and territory. For this purpose the trajectory of the missile may be regarded in four phases. For the first four minutes or so (*150 seconds* for the MX,

⁵ When discussing anti-ballistic missile systems in 1975 the Russian physicist Andrei Sakharov in his book *My Country and the World* (Vintage Books, New York) estimated that even the 5 per cent of missiles that survived a 95 per cent defence 'would inevitably entail the destruction of a great part of the cities, and a major portion of both the countries involved in a nuclear exchange'.

300 for the SS18) it is accelerating upwards from the ground, emitting huge amounts of light and heat from its exhaust plume and carrying its multiple warheads in one integral packet. By the time the boost up to final speed is finished, the missile will have travelled 200 to 400 kilometres, and it will be in free flight above the atmosphere and can now, over the next 5 to 10 minutes (the 'busing' phase), disperse its multiple warheads programmed for their independent targets; these then proceed as an expanding swarm throughout the long mid-course phase until they re-enter the earth's atmosphere heading for their targets, and heating up in their terminal phase by aerodynamic compression.

Mid-course attack

Of the three phases, that of midcourse is the most difficult to attack economically, especially if the independent warheads are accompanied by decoys which may simulate them to confuse both radar and infra-red detection.⁶ That it is already possible *in principle* to intercept and destroy an ICBM in mid-trajectory was demonstrated by the Americans (after one or two failures) on 10 June 1984, when an intercepting missile with an infra-red sensor and on-board computer was successfully launched from Kwajalein Atoll in the Marshall Islands to destroy by direct impact a dummy Minuteman warhead launched from Vandenberg Air Force Base, some 4500 miles away. A few seconds before impact the intercepting vehicle expanded an umbrella-like 15 foot disc of aluminium spokes loaded with small steel weights and this was sufficient to catch the incoming warhead. But, great feat though this was, it would be more difficult by orders of magnitude to intercept and destroy a large proportion of a salvo of missiles launched without warning, especially if accompanied by decoys. Moreover the Kwajalein demonstration is reported to have resulted in interception 'at an altitude of more than 100 miles' (*Defense Electronics*, December 1984) which suggests that the missile was nearing its terminal phase rather than strictly in mid-course.

Terminal phase attack

Interception in the terminal phase would be less difficult for several reasons. There would be more time for detection and less distance for

⁶ The decoys could simply be metallised balloons of the same shape as the warheads; and although it has been suggested that the decoys could be distinguished by the Doppler effect produced by reaction to radiation from a probing laser, the genuine warheads could probably be made to look like decoys in this respect, maintaining the confusion.

a defending missile to cover, and decoys easier to distinguish because they would behave differently both aerodynamically and thermally. Defence of point targets, such as one's own missile launchers, might thus be feasible – but it is difficult to contemplate with enthusiasm the prospect of many missiles being destroyed over civilian-occupied territory, especially if these involved nuclear explosions. There is a small-scale precedent in the V2 bombardment of London in 1944-5, when Anti-Aircraft Command started to fire in the hope of creating swarms of shrapnel in the path (predicted from radar) of V2s launched from Holland, but this was swiftly stopped when calculations showed that the falling shrapnel was likely to cause many more casualties than would be prevented by its destruction of V2s.

Boost phase attack

It is generally agreed, by both proponents and critics of SDI, that the boost phase is easily the most attractive to attack because the vulnerability of the ICBM then outweighs the remoteness of the phase from the defences. A single hit on the rising missile would be likely to upset every one of its multiple warheads; and its plume radiates large amounts of light and heat which are easy to detect, even from geostationary satellites 22,000 miles above the Equator, and the radiation is relatively easy to home on to – but there is the important proviso that it is the missile and its boosters, rather than the exhaust plume, which have to be hit.

For a missile launch to be detected, the detector has to be within sight of the launch. The geographical distribution of territory over the globe being as it is, this means that for the Americans to detect missile launchings in Russia, their detectors have to be on satellites, and they then have two main choices. The first, and much the more economical, is to have these satellites in geostationary orbits above the Equator – but supposing that the satellite has detected a launch, what action can be taken? Even if a material device could be fired, either from the detecting satellite or from a part of the world's surface accessible to the Americans, this device could not travel fast enough to reach the rising missile during its boost phase – even at 5 miles a second it would have to be fired from within a range of 1200 miles for a boost phase lasting 4 minutes even if detection, recognition and firing were instantaneous. So any destructive energy fired at the rising missile would have to travel at a far greater speed, and the obviously attractive possibility would be some form of laser or particle beam device, mounted on a satellite.

Geostationary lasers

Looking first at lasers in geostationary orbit, and these would need much energy to be effective at 20,000 miles range, the Union of Concerned Scientists in America has estimated that to deal with a salvo of 1400 Russian ICBMs would require power plants in orbit costing 40 to 110 billion dollars:⁷ for this they have assumed that such plants would cost 300 dollars per kilowatt, compared to 1000 to 3000 per kilowatt for nuclear power plants. Here they might be pessimistic, just as Lord Cherwell was in 1943 when he argued that the gearing associated with the pumps in the V2 rocket would have to be very heavy to handle the power that they were required to transmit, for he had depended on the advice of experts who could only think of continuously running gears, and not of a simple turbine driven by hydrogen peroxide which had only to function for a very short life. But even if the Concerned Scientists have heavily over-estimated – and this is questionable – the power bill for the lasers would still be substantial and it is only one part of the total cost. And even if the laser power can be generated, and concentrated into beams that are sharp enough to be no more than one metre in diameter at 20,000 miles range, the detecting and aiming system may have to be good enough to hit and follow a moving target for a few seconds with even greater accuracy at this range. Moreover, the laser has to be aimed at – or, more strictly, somewhat ahead of – the rising missile itself and not at its plume; these demands are for several reasons beyond anything feasible today. To ease the problem of hoisting heavy lasers into orbit, it has been suggested that the lasers might be ground-based and aimed at geostationary mirrors that would be pointed in the right direction, either to aim directly at the rising missile itself or towards mirrors on other satellites on lower orbits much closer to the Russian launching sites. But none of these schemes appears practicable for many years, apart from the scale on which they would be needed. The same is true of all forms of lasers, including X-ray lasers and particle beams.

That at least is the conclusion of the Union of Concerned Scientists, who have discussed all these problems in a report *Space Based Missile Defence* which appeared in March 1984.⁸ Its panel was composed of physicists up to Nobel Laureate level, defence analysts

⁷ Strictly, the UCS cost estimate was for lasers based on the ground and aimed via mirrors in geostationary orbit.

⁸ Subsequently published in an amended form as a paperback, *The Fallacy of Star Wars* (Vintage Books, New York, October 1984).

and other members with command experience in operations and in intelligence: geostationary platforms are amazingly good for surveillance but most unpromising as sites for killer-lasers. This is not, incidentally, to decry the potential of lasers as high-speed weapons at short range: the US Air Force in May 1983 demonstrated a 10.6 micron carbon dioxide laser mounted in a large jet transport which destroyed five air-launched Sidewinder AIM9-L missiles fired in rapid succession.

Laser and particle beams: accuracy of aiming

It is worth looking at the aiming accuracy required of any device, laser or mirror or particle beam generator, in geostationary orbit. First the rising booster, some 40,000 kilometres away, has to be detected with sufficient precision for aiming the energy which is intended to destroy it. The accuracy required is of the order of 10 centimetres at 35,000 kilometres, or an angle of one in 350 million. The Union of Concerned Scientists has stated that since the detection system would have to use mainly the infra-red radiation of 1 micron wavelength from the booster, the necessary angular discrimination would need a detecting system 100 to 150 metres in diameter 'about the size of a football pitch' up in geostationary orbit.

The need for such a huge mirror arises from the requirement to form an image which would distinguish the booster itself from the plume. A much smaller mirror, say a few metres in diameter, would suffice to detect and direct energy on to the still-hot bus in the post-boost phase; but one would still need a large mirror, which even its proponents admit would have to be at least 15 metres in diameter to focus the destructive energy from an optical laser on an area less than one metre across at 35,000 kilometres range. This presents severe problems: the mirror has to be of very high quality and keep its shape as its temperature changes as it constantly changes its attitude relative to the sun. Assuming that these problems are overcome the energy has then to be aimed in the direction pointed by the detection system to a precision of one in 350 million.

Now the most precise aiming system so far contemplated in any practical development in space is that of the space telescope currently nearing completion, where the specified precision is an angle of one in 30 million. So each geostationary laser, mirror or beam device will have to work to a precision at least 10 times better than the space telescope. And it will be very difficult to calibrate any errors in alignment between

the detecting and firing systems. It will be comparable with having to check in advance that the sights on a rifle are aligned so accurately with the barrel that the aiming error would be no more than one bullet diameter at a range of 1000 miles, without having a chance to fire a trial shot and with the rifle more than 20,000 miles away in space.

Moreover, the problem is complicated by the fact that the target is not standing still: at 35,000 kilometres range, light would take more than one-tenth of a second to reach the target, which will have moved by a hundred or more metres in the meantime, and so the destructive beam will have to be 'aimed off' to the requisite extent. And this difficulty will be even greater if the laser is on the ground and aimed via a geostationary mirror.⁹

Even this is not the end of the problem. Supposing that everything has so far gone perfectly and the system has destroyed its first rising booster: this destruction must either be assumed or be revealed by the detector, which has then to steer the system on to another booster, for presumably the Russians are launching a salvo. If this included some hundreds of missiles, either there would have to be a comparable number of geostationary laser or other beam stations, or each station would have to destroy several boosters in succession, involving rapid slewing to the same high degree of precision.

Orbiting missile killers

The great merits of a geostationary platform are that it remains in one position relative to the earth for a long time and that it can view a large portion of the earth's surface from that position. The only feasible way of overcoming its disadvantage of range is to mount whatever is intended to destroy the rising missile on a satellite in a much lower orbit, and typically travelling along a north-south line at a few hundred kilometres height and with a period of around 94 minutes. Such a satellite, once it has detected a rising missile might aim a missile-killer at it, rather along the lines of the American ASAT which currently is intended to be fired from an F-15 fighter, boosted upwards by a two-stage rocket. The ASAT is a small cylinder about 30 centimetres in length and in diameter weighing about 15 kilograms, and it is steered

⁹ The aiming problem could be eased by using a self-aligning system in which a detector on the geostationary satellite sent signals to the ground-based laser to correct any errors in the latter's aim, so that the beam was servo-controlled to hit the satellite mirror. If the beam is then to be reflected to fall on a second mirror on an orbiting satellite, this too could send signals to correct the aiming of the geostationary mirror. But the final aiming of the mirror on the orbiting satellite to hit the rising ICBM cannot be corrected by such a system.

by small auxiliary jets controlled by infra-red sensors which pick up heat radiated by the target, with the intention of destroying it by direct impact.

One satellite in low orbit could carry many ASATs which could be fired rapidly against several rising missiles provided that it has first seen them, alerted either by its own detection system or by signals from a geostationary surveyor. But such ASATs will not be able to operate much below 80 kilometres altitude because they would themselves heat up aerodynamically and this self-generated heat would at least partly 'blind' their infra-red sensors. And they would also need some means of distinguishing the body of the missile so that they did not home instead on to its plume, through which they might pass as through the tail of a comet and probably be incinerated in the process. The Concerned Scientists, taking an optimistic case, assumed that an ASAT might be developed to weigh 5 kilograms instead of the present 15, and that by carrying nine times this weight of fuel for the booster it could be accelerated to about 8 kilometres per second.¹⁰

The question then arises of how far away we could afford the orbiting satellite to be for it to have a useful chance of hitting the rising booster with one of its killer-missiles (or hittiles). The Union of Concerned Scientists assumed that the *boost phase would last 100 seconds*, which gives a maximum stand-off for the orbiting satellites of 800 kilometres. If, to give the missile-killer technique its most optimistic chance of success we take the case of the Russian SS18 missile, this is said to have a *boost phase lasting 300 seconds*, which would permit a stand-off range of 2400 kilometres, assuming that the orbiting satellite detects the launch immediately and no less immediately launches one of its hittiles.

Orbital geometry: killing range 800 kilometres¹¹

The two ranges, 800 and 2400 kilometres, lead to different estimates for the number of orbiting satellite required. For a killing range of 800 kilometres any one satellite will be within range of the Russian

¹⁰ General Abrahamson was recently reported (*Defense Electronics*, March 1985) as looking forward to an electromagnetic railgun technology which would launch 'a six or seven pound projectile, containing some minor terminal guidance ability, to speeds of from 25 to 30 kilometres per second. But the real challenge in this technology is in the electric switching, to get the rapid firing rates. It is a problem of power management'.

¹¹ There has been much argument in America about how many satellites would be needed on patrol, and the following rough calculations are included mainly to show some of the key factors and the numbers involved.

launching area for about 5 minutes, or one-twentieth of the 94 minutes round its orbit, so that to be sure of having one satellite within range, 20 or more satellites would be needed to be following it spaced at regular intervals around the orbit. Each satellite would menace a swathe 1600 kilometres wide cut through the Russian launching area from south to north or vice versa, and so satellites would be needed in other orbits spaced laterally at not more than 1600 kilometre intervals as they cross the area, which lies at about 55° latitude, where a line of latitude right round the earth has a circumference of about 23,000 kilometres; and satellite orbits would have to be spaced around this at no greater than 1600 kilometre intervals to ensure that at least one orbit would be within sight of any one of the possible launching points. So $23,000 \div 1600$ or about 15 orbits would be needed to be spaced rather like the divisions between the segments of an orange, as the earth rotates below them. Actually, the number can be halved because 15 orbits would ensure that any one point on earth that has been covered once by a satellite, say from south to north, will be covered a second time, this time from north to south, about 12 hours later.¹²

Number of patrolling satellites for a killing range of 800 kilometres

So we need 8 orbits, each holding about 20 satellites, to be reasonably sure that any one point in the Russian launching area has at least one American satellite within sight at any one time. So with 8×20 , or 160, satellites we might hope at best to destroy as many ICBMs as the hittiles that can be fired from the American satellites at any one time within sight of the Russian launching area. If, as the UCS assumed, this area extends roughly from west to east (Sverdlovsk to Irkutsk) for about 2700 kilometres, there would not be more than three such satellites on the foregoing calculation – and since several hundred ICBMs might be fired in one salvo, then either each American satellite must be able to carry (and aim) at least 100 killers or, more realistically, many more satellites would be required – at least five times to reduce each satellite to carrying and aiming no more than 20 killers. So on this argument 5×160 , or 800 satellites would be required to ensure that 300 ICBMs could be attacked out of one salvo.

Number of patrolling satellites for 2400 kilometres killing range

The foregoing calculation has made some highly optimistic

¹² Some further reduction might be possible by placing the satellites not in strict north-south orbits, but in ones inclined at, say, 60° to the Equator.

assumptions, such as the unerring detection of ICBM launches and immediate dispatch of hittiles. We will now stretch optimism further by supposing that the entire duration of a 300-second boost phase would be available for attack by killers. We could then afford the orbiting satellite to be 2400 kilometres away from the ICBM launch. Instead of about 20 satellites spaced around any one orbit, we would need only 7, and the orbits could be spaced laterally at 4800 kilometres instead of 1600. So we now need only about one-third of the orbits we need for 1600 kilometre spacing, or $8 \div 3 = 3$, to the nearest integer. Thus 21 orbiting satellites could ensure that at least one is within sight of the Russian launching area at any one time. Moreover, since this satellite can oversee and menace a swathe 4800 kilometres wide, it does not matter whether the launching area stretches from Sverdlovsk to Irkutsk or from Moscow to Sakhalin (5000 kilometres). But either that one satellite within menacing range must carry enough killers to deal with an entire salvo of 300 ICBMs, or we must have many more satellites to make the task of any one satellite feasible. At 20 hittiles per satellite, we therefore need 15×21 or about 300 satellites – not as many as for an 800 kilometre killing range, but still a large number.

Other factors affecting the required number of patrolling satellites

The foregoing calculations indicate that when a very small number of ICBMs would have to be dealt with, the requirement of having one satellite within killing range results in the number of satellites needed being inversely proportional to the square of the killing range. But for hundreds of ICBMs to be countered simultaneously the number of satellites required is determined much more by the numbers of ICBMs to be countered than by the killing range.

The number of ICBMs out of a salvo that could be detected and engaged by each patrolling satellite depends in turn on two other factors: (1) the total number of killing devices that can be carried by any one patrolling satellite; and (2) the rate at which the satellite can detect and engage rising ICBMs, which determines how many ICBMs the one satellite could engage out of a single salvo while they are in the boost or immediate post-boost ('busing') phase. With missile-killers, each one of which would be autonomous after launching from its parent satellite, the latter could immediately turn its attention to a second ICBM and launch a second killer. Even so, it seems extremely optimistic to assume that this could be accomplished in less than 3

seconds,¹³ and so no more than 30 killers could be launched if 100 seconds were available in the boost phase.

Rather similar considerations would apply if it becomes possible to replace missile-killers with a laser or particle-beam device which is aimed directly from the patrol-satellite against the rising boosters, with the additional requirement that the aiming system of the satellite must 'dwell' on each ICBM long enough for the aimed laser or particle beam to destroy it. If the satellite's system is 'intelligent' enough to recognise that the target has been destroyed, and immediately switches itself to another target, a favourable factor in killing performance can be gained. For if, say, the laser particle beam is powerful enough to destroy an ICBM at 2400 kilometres range in 5 seconds, it could probably destroy the same ICBM at 1200 kilometres range in little over 1 second, assuming the inverse square law. This would mean that the system could deal with four times as many missiles if these were to come up randomly in its survey area as it would if they had all to be engaged at extreme range. The number of satellites required could therefore be no more than a quarter of the number calculated on an extreme-range basis, provided that enough destructive energy can be carried in each satellite to destroy the required number of ICBMs.

The necessary number of satellites therefore appears to be highly dependent on the assumptions that are made concerning the killing range, the slewing time, the energy store that can be carried in each satellite, and on the number of missiles that the Russians are likely to launch in one salvo. We have seen that at least 900 satellites would have to be on patrol to give even a hope of attacking every one of a salvo of 300 ICBMs with a 100-second boost phase assuming that each satellite carried 20 hittiles, and this number would rise to 4000 satellites if the salvo included all 1400 of the Russian ICBMs. By contrast, if either a laser or a particle beam system could be made intelligent enough not to dwell on any one ICBM any longer than is necessary to destroy it, and if the laser or particle beam could be fired 20 times over a period of 300 seconds (or 100 seconds, depending on the duration of the boost phase), then about 300 satellites would be needed on patrol for a salvo of 300 ICBMs.

¹³ In a paper of 30 August 1984 from the Livermore Laboratory, C. T. Cunningham assumed, along with the Congressional Office of Technology Assessment (which nevertheless concluded in *Directed Energy Missile Defense in Space* in April 1984 the chance of protecting the American people from a Soviet missile attack is 'so remote that it should not serve as the basis for public expectations or national policy') that the 'slewing time' could be much less than a twentieth of a second.

Whether such slewing alacrity, especially in handling an extremely intense beam, is achievable must be open to question. Obviously an electro-optic technique would be necessary - R. Jastrow in *Commentary* for March 1985 mentions 'phase conjugate coatings'.

The cost of continuous patrols

Since the Russians would be aware of how many American satellites were on patrol, they would try to fire a big enough salvo to ensure that the defences were saturated. The Americans would in turn try to increase the number of patrolling satellites, and the Russians would in turn try to saturate this new number by launching, if necessary, all their 1400 ICBMs (or even by building still more of them). And if the SDI showed any sign of success the Russians might revise the policy, initiated by the US, of multiple-warheaded missiles, since if the boost phase proves the most vulnerable it could pay to have fewer warheads per booster and more boosters. So it does not seem entirely unreasonable to assume that the Russians would try to launch as many of their ICBMs in one salvo - let us say about a thousand.

For hittile-firing satellites some 2500-3000 might therefore be required on patrol against a boost phase lasting 100 seconds, while for laser or particle beam satellites, and a boost phase of 300 seconds, around 900 would appear necessary. Taking the hittile-carriers, the mass of hittiles to be lifted into orbit, at 50 kilograms¹⁴ per hittile, would be about 2500 tons; and the mass of the satellites to carry the hittiles might be of the same order, making the mass to be lifted about 5000 tons all told. The Union of Concerned Scientists estimates that the cost of lifting into orbit is about 3 million dollars per ton, so the cost of putting the satellites into orbit would be about 15 billion dollars.

In comparison with some of the other costs involved, 15 billion dollars is very minor. As for the costs of the basic satellites, one of the few positive statements is that by one of the 'Star Wars' protagonists, Robert Jastrow, in *Commentary* (December 1984) who said, 'Now, everyone acknowledges that these satellites are going to be extremely expensive. Each one will cost a billion dollars or more - as much as an aircraft carrier.'¹⁵ And another of the protagonists, General Daniel Graham, whose persuasion was largely responsible for President Reagan's launching of the SDI programme, was reported in *Science* (1 July 1983) as saying that 'more than 400' satellites would be needed. If Jastrow and Graham were referring to the same kind of satellite this

¹⁴ 5 kilograms hittile + 45 kilograms booster.

¹⁵ According to Bethe and Garwin the typical cost of present satellites is between 100 and 200 million dollars; a laser satellite would be substantially more sophisticated.

A paper from the Russian Academy of Sciences in 1984 (republished in *Survival* for March-April 1985) comments, 'Western estimates putting the cost of a multi-layer space anti-missile system at 1.5 or 2 trillion [dollars] appear to be justified.'

would imply a cost of more than 400 million dollars but Jastrow points to a computation by the Livermore Laboratory that no more than 90 satellites would suffice. But it is hard to reconcile the Livermore figure¹⁶ with the admittedly rough estimates of the present paper, or with the revised estimates of the Union of Concerned Scientists. At minimum it would imply that each satellite could kill at least 15 ICBMs if all the satellites were within sight of the ICBM launchings at the same time, but this would only be so if (1), as is most unlikely, all satellites could be over the Russian area at the same time; or (2) the lasers are not on patrolling but are on geostationary satellites, in which case a solution of the aiming problem appears beyond reasonable expectation.

More or less backing up Graham's estimate of at least 400 satellites are the revised calculations of the UCS (300) and of Drell, Farley and Holloway in 'The Reagan Strategic Defense Initiative: a Technical, Political, and Arms Control Appraisal' (Stanford University, July 1984). And a valuable paper of 30 December 1984 by a leading member of the UCS 'Star Wars' Panel, Richard L. Garwin, gives the estimate for a range of assumptions, of which the following are typical, assuming a launch of 1400 ICBMs:

Boost duration (seconds)	100	100	40	40
Slewing time between engagements (seconds)	3	0.5	3	0.5
Number of satellites required	422	278	1056	695

For 3000 ICBMs launched simultaneously the numbers in the last row would be increased so that, for example, for a 40-second boost duration and a slewing time of 0.5 seconds the required satellite number would rise from 695 to 1488.

So apart from the very low Livermore figure there is a general consensus that at least some hundreds of satellites would be required, and Garwin's detailed calculations also suggest, as do the rough ones of this paper, that the numbers required are approximately proportional to the number of ICBMs to be countered in any one salvo, and not to the square root of that number as Jastrow reports *Los Alamos* and Livermore to conclude. The point is important because it bears on the question of whether SDI defences can be saturated by the Russians

¹⁶ The Livermore paper (that by C. T. Cunningham already mentioned) contains some fantastic assumptions: the laser satellites would be in six orbits at 300 kilometres altitude: against the simultaneous launch of 1400 Russian ICBMs, no more than 8 satellites could be engaged, and 4 of them would be expected to destroy some 1200 missiles, or 300 per satellite, each satellite killing 10 ICBMs per second!

building more ICBMs. From Garwin's figures this appears at least a probability. His figures also show how many more satellites would be required if the boost-phase duration were shortened from 100 to 40 seconds, as American designers would consider feasible. The shortening might involve a payload penalty (20 per cent has been suggested), and Russian technology in fast-burn is thought to lag behind American; but it would not be beyond Russian competence in the time-scale that SDI is likely to involve.

Laser or particle beams on patrol

In attempting to estimate the numbers of satellites required on patrol we have made some very optimistic assumptions indeed regarding the performance of the systems. With all systems we have assumed a perfect and near-immediate detection by any one satellite of an ICBM, which could take place in any compass-direction around it. If it is to launch a hittile this has to be fired in the appropriate direction within a margin of error that can be corrected by the homing system of the missile-killer; this done, the satellite can immediately look for another ICBM. If instead of a hittile the satellite has to fire a particle beam, then this has to be aimed much more precisely than a killer-missile and has to be held on the target long enough to disrupt it. The precision demanded at an average distance of, say, 2000 kilometres is of course around 20 times less stringent than that which we estimated for the 35,000 kilometres range from geostationary orbit but it is still comparable with that required for the space telescope, which will be the greatest yet achieved by man.

Moreover, for a laser to produce the necessary concentration of energy, say an area 50 to 100 centimetre diameter at 2000 kilometres range, the optical system associated with the laser needs a much smaller aperture than that required for the 35,000 kilometre range from geostationary orbit; a mirror about 2 metres in diameter might suffice if the laser operated with green light. If, though, it operated in the infra-red region (2.7 microns wavelength was assumed by UCS since the most powerful laser yet devised, based on the hydrogen-fluorine reaction, works at this wavelength) the mirror would need to be 10 metres in diameter. Assuming that such a laser could work at a power of 25 megawatts (more than ten times that scheduled by the Fletcher Commission for demonstration by 1987), it would need to 'dwell' on a spot of just under one metre diameter on a booster at a range of 3000 kilometres for 7 seconds in order to produce sufficient disruption

(assuming the Fletcher Commission's reported figure of 200 megajoules per square metre as the necessary dose).¹⁷

As in the case of geostationary lasers we still have the problem of knowing when the laser is aiming precisely at the booster whose rise has been detected by the visible or infra-red radiation from its plume. One way of doing this might be to use the laser as its own 'radar' system; if it can be set on an initial scan around the direction indicated by the plume-detector some of the laser energy will be reflected back from the booster as soon as the laser beam strikes it in the course of scanning. A photoelectric detector system on the satellite might then 'lock' the laser on to the booster until the latter breaks up under the cumulative effect of the beam. Unfortunately, though, some further technique would be necessary to ensure that the laser aims precisely, not merely at the booster but at a fixed area on the booster. But an advantage of using the beam from the laser as its own scanner to find the target is that it might be possible to broaden the beam while it was in the searching mode and then sharpen it again once it had located target.

Such a technique might give a laser system an important advantage over a particle beam, where there would be no obvious way of ensuring that the beam was actually striking the target until the latter was disrupted. But, taking an overall view it is hard to differ from the opinion of Edward Teller who, although he supports SDI, is quoted in *Commentary* for March 1985 as saying 'lasers in space won't fill the bill - they must be deployed in great numbers at terrible cost, and could be destroyed in advance of an attack'.

Are 'Star Wars' technologies feasible?

Part of the purpose of the rather laboured approach of the preceding sections has been to work out, roughly but independently, some of the figures that are feasibly calculable to see which of the two main American schools of thought - 'Star Wars' or 'Anti-Star Wars' - is the more likely to prove right. The Union of Concerned Scientists, which belongs to the second school, has made its calculations and comments publicly available for criticism and has revised them in the light of that criticism. Although one or two of the technical criticisms have been

¹⁷ 200 megajoules is about equivalent in energy to that produced by 100lbs of TNT. In an article in *Scientific American* for October 1984, Bethe, Garwin, Gottfried and Kendall give the possible output of a hydrogen-fluorine laser as 500 joules per gram of fuel. So to destroy 300 ICBMs could require 120 tons of fuel, assuming that all the energy was successfully focused on the targets.

important they have not given the union cause to change its conclusions substantially.

In general, the union has considered many other factors and techniques besides those mentioned in the foregoing survey and has in most instances stretched hope to its limits in supposing possibilities, such as a hittile with a mass of no more than 5 kilograms, or accurately bouncing a beam from a ground-based laser on to a geostationary mirror so oriented as to bounce the beam back down to another mirror on a patrolling satellite over the Russian area, again so oriented as to direct the beam precisely on to a spot on a rising booster, and keeping the entire system aligned for several seconds. Even with all these highly favourable assumptions, the Concerned Scientists conclude that if the task for a ballistic missile defence is to deal effectively with a salvo of ICBMs of the order of hundreds or a thousand:

- (1) A highly efficient boost phase intercept is a prerequisite of total BMD (Ballistic Missile Defence) but is doomed by the inherent limitations of the weapons, insoluble basing dilemmas, and an array of offensive counter-measures.
- (2) As a result, the failure of midcourse systems is preordained. Midcourse BMD is plagued not so much by the laws of physics and geometry (as is boost phase BMD) as by the unmanageability of its task in the absence of a ruthless thinning out of the attack in the boost phase.
- (3) Terminal phase BMD is fundamentally unsuitable for area defence of population centres, as opposed to hardpoint-targets.

An overstated counter-case?

We may ask whether the Concerned Scientists have overstated their case: but as regards the technologies involved in BMD they have given the pro-BMD lobby the benefits of any doubts regarding the limits of performance to which foreseeable technology may be stretched; and the same applies to the human abilities involved in taking the necessary command decisions before a defence would be activated. But have they overstated the scale of any possible attack? I recall the wild but official overestimate amounting to hundreds of thousands of casualties expected in London from German bombing in the first week of war in 1939. Again, in 1943 the Ministry of Home Security insisted on the estimate of its 'experts' that the V2 rockets would kill 108,000 people per month, and yet the average monthly rate over the seven months of the actual bombardment was less than 400.

In both these cases there had been gross overestimates of the scale of attack: could the Concerned Scientists have fallen into the same error? The Russians would have every incentive to fire as many missiles as possible in one salvo, to saturate any possible defences; but could they, or would they, launch all 1400 at once? They might, for example, hold back half to deal with any possible threat from China, or they might be concerned about the effects of a nuclear winter or of radioactive fall-out if they fired more missiles than necessary to neutralise America. So they might not fire more than, say, 200 in one salvo. This would, in effect, produce something of the 'ruthless thinning out' that the Concerned Scientists find necessary for any hope of mid-course BMD; but the Russians would be equally aware of this danger and would probably decide to fire a salvo numerous enough, on their calculations, to ensure that enough ICBMs survived to deliver a knock-out blow to America.

A factor that might ease the Americans' problem to some extent is the difficulty that the Russians would have in concealing their preparations from the American Intelligence Services. But this does not seem likely to help much with the problem of attacking the boost phase, where so many satellites have to be already in orbit if any salvo of, say, 50 or more ICBMs is to be dealt with.¹⁸

A factor which would substantially add to the difficulty of the Americans' problem is the Russian ability to take counter-measures. We have already noted that concentration is one of these, as it has so often been in the past, for example in Bomber Command's battle with the German night defences. Another simple counter might be to make the rising boosters spin slowly, say once every second or two, which would spread the disruptive effect of a laser over the entire circumference and thus dilute its effect on any one spot; while this might be offset by making the laser emit its beam in pulses it is likely to add a further complication. Decoys of various forms, so as to blind or deflect killer-missiles from genuine ICBMs, are an obvious counter-measure; and by the time the Americans have developed killer-missiles to the sophisticated degree for anti-ICBM work, the Russians will have developed killers of a performance which, while not equalling that of ASAT might well be able to cope with American satellites. And since the BMD concept depends on defeating any *Russian* initiative in

starting an intercontinental nuclear war the Russians can always delay this initiative until their technology has sufficiently caught up.

Another American problem may occur in recognition: supposing that they have a swarm of satellites each carrying a clutch of missile-killers, each satellite capable of detecting a rising ICBM and launching a killer to home on to it, and that each killer can achieve this satisfactorily, for every member of the swarm over the Russian launching area there will be another over the American launching area, if the two areas are comparable in extent. Somehow the American satellites must be prevented from initiating killer action when they detect the rise of an American ICBM launched in response to the Russian attack. If the inhibition of action depends on the receipt of some signal from the American ICBM or from its launching territory, this offers the possibility of Russian counter-measures: but it may be possible to devise some form of internal timing arrangement which would disarm the American satellites while near their own ICBM launching area.

Beside the counter-measures that the Russians might develop to defeat BMD directly, they will also have available the alternative of nuclear missiles launched from submarines either ballistically or on airborne cruise vehicles. Of course, if there were such a swarm of American defending satellites as to cover the entire globe, as a successful boost phase attack demands, then these could also detect the firing of ballistic missiles from submarines and attack them subject to one proviso – this is that the boost phase of such a missile lasts as long as the 100 or so seconds for an ICBM. If it were, for example, only half as long, then this would roughly halve the time for a missile-killer to reach the rising missile, which would need a closer spacing of satellites requiring roughly four times as many as for the 100 second boosters. And as the Concerned Scientists point out (quoting evidence presented to the President's own Fletcher Commission, the Defensive Technologies Study Team), it may be possible to reduce the boost-time of even an ICBM to the order of 50 seconds (certainly this appears in prospect to be much easier than many of the development problems facing BMD technology), which would make their general conclusions even more plausible than they are already.

The surprises of the past

Notwithstanding all the arguments so far presented in this paper any critic must ask himself, in view of the optimism shown by the President

¹⁸ In *Military Space* for 4 February 1985, the SDI staff is stated to expect retargeting times of 0.1 seconds, to discount any substantial increase in threat from fast-burn boosters, and to maintain that less than 100 patrolling satellites will be needed against 1400 ICBMs.

and those who have influenced him, how often the critic has been surprised by technological developments in the past. For myself, satellites were no surprise: a few of us had forecast in 1944, against general opinion, that sooner or later the moon would be hit. But even we would have doubted whether by 1970 men would have been landed on the moon and safely brought back. And although surveillance, both photographic and electronic, by satellite was conceivable, I for one was surprised by the exquisite quality that has been achieved; and although I was a witness of the early development of radar I have since been astonished by the feats of precision radar in measuring the distances of Venus and the divination of its surface features from the information contained in its radar actions, and even more by the fantastic feats of radio navigational command and control of the probes to Jupiter and Saturn. Moreover, the whole Polaris concept of ballistic missiles launched and accurately aimed from submarines seemed highly optimistic when it was suggested at Peenemünde before 1945; it would have been even more so to suggest that by 1985 each missile could carry 14 independently targeted nuclear warheads. And if any testimony is required to the American ability to react and improvise in an emergency situation, the history of the Apollo 13 ('we have a problem') mission is more than sufficient.

Why is the President enthusiastic?

The problem for a critic is therefore whether despite his doubts American ability, industry and ingenuity might successfully implement the SDI programme. The examples of Lord Cherwell in doubting the feasibility of the V2 or Henry Tizard of the atomic bomb are disquieting precedents from the past. But my personal guess is that SDI is of an entirely different order of difficulty from anything so far within human achievement. All the fantastic achievements mentioned in the preceding paragraph were made in contention with Nature which, although a hard mistress always plays fair, and not against an opponent who will be trying to trick you at every stage.¹⁹ And my doubt is reinforced by the fact that American technological enthusiasm has not always been well founded. An example that I have in mind concerns the detection of submarines by infra-red reconnaissance of

¹⁹ Nature itself can be difficult enough: all the superb American precision in the flights to the moon, whose position could be predicted precisely, was often reduced to clumsiness at the end of the flights when helicopters had to recover the capsules from the surface of an unpredictably heaving ocean. If the ocean could give so much trouble to moon shots, what could Russian counter-measures do to SDI?

the ocean surface, based on the idea that a submarine moving at depth would force water from its path upwards to the surface, and this water would be at a temperature different from that at the surface and would therefore show up as a thermal wake on infra-red scans. While this could sometimes happen, it seemed to those of us concerned with military infra-red in Britain that it would be most unlikely to be reliable enough to be adopted as a reliable, or even partial, method of detecting submarines. But American opinion was so confident and enthusiastic that there were doubts in British defence circles about the competence of the British infra-red committee which I chaired: but subsequent developments entirely vindicated our doubts.

This could be part of the answer to the inevitable question of why the President and his advisers are so enthusiastic about SDI – the enthusiasm of some of its proponents may have carried them too far beyond what the facts of nature and of conflict will permit. SDI and its prospect of freeing humanity from nuclear bombardments has a great emotional appeal; but all the more because of this we need to remember the words Louis Pasteur said that he would like to see inscribed on the threshold of all the temples of science: 'The greatest derangement of the human mind is to believe in something because one wishes it to be so.' Or, in the words of Crow's Law: 'Do not think what you want to think until you know what you ought to know.'

The second part of my answer is that not all American authorities, and not even all of the President's advisers, are so enthusiastic. A former Secretary of Defence, Dr James Schlesinger (formerly a defence analyst with the Rand Corporation and the director of CIA, as well as a counsellor to the President's Commission on Strategic Forces which reported in 1983) said at a conference on space and national security in 1984: 'The heart of Reagan's speech was the promise that some day American cities might indeed be safe from nuclear attack'; and he went on, 'There is no serious likelihood of removing the nuclear threat from our cities in our lifetime or in the lifetime of our children.' He also ventured the cost of the 'defensive missile shield' as at least 1000 billion dollars. And it was noteworthy that at the same conference both General Abrahamson and Gerald Yonas, his chief scientific adviser on SDI, consciously downplayed any hopes of using it to defend cities (*Science*, 9 November 1984).

Why do the Russians appear to be worried?

Well if, as it seems, the President was led to over-enthusiasm in his

original statement by a pressure group, and SDI does not offer prospect of a believable defence until long into the future, at best, then why are the Russians so apprehensive about it? One answer is that the sooner the Americans start on the programme the sooner it will achieve its aims however far they may be into the future, and at that time – unless the Russians have caught up – the Americans would have a strategic advantage.

Another conceivable answer is that the Russians are not really apprehensive at all but by appearing to be so they may raise American enthusiasm for and confidence in SDI, so that much of the trillion dollars spent in its pursuit will be diverted away from projects which would contribute more substantially to American military potential. Again, there is a precedent from World War II: the effort spent by the Germans in developing the V2, though technically brilliant, was largely wasted as far as the war was concerned – if it had gone instead into jet fighters, or even into building many more of the much cheaper V1, it would have caused the Allies far more trouble militarily.

And another answer may be that the Russian leaders are after all just as human as those in America, or indeed as those in Germany and Britain were in the Second World War. For rocket missiles seem to have an extraordinary appeal and influence. After some initial scepticism Hitler waxed enthusiastic over the V2: 'This is the decisive weapon of the war', he told Albert Speer on 7 July 1943 (Speer, *Inside the Third Reich*, p.496, Cardinal paperback). And, reciprocally, the threat was very much over-estimated in Britain – so much so that, Lord Cherwell told me in 1944, the construction of two battleships was cancelled to provide the steel estimated to be required to make enormous numbers of Morrison shelters. And the alarm caused by the prospect of 10 tons of explosive delivered by rocket was much more than that of 50 tons delivered by bombing aircraft. Could the same semi-irrational factors be at work on either side today? And could that be why the Russians appear so apprehensive?

Another, and less subtle, answer is to imagine ourselves in the Kremlin. We have opposing us a country with a leadership that believes, rightly or wrongly, that it can shield its homeland from our nuclear missiles while being able to launch its own at us. Although it may declare that it would never *start* a nuclear war, the fact that it believes that BMD would ensure that it would not lose such a war could make it less reluctant to resort to nuclear attack. The Russians might therefore conclude that the American leadership might be the more

prepared to risk a nuclear war because they believed that they could win without incurring serious casualties among their population: if they were right the Russians must lose: and if they were wrong they – the Americans – could lose but the ensuing nuclear exchange would still have dire consequences for Russia as well as for America. True, the President has spoken of sharing BMD technology with the Russians but such altruism is not a quality that they have given much evidence of recognising.

The possible effect of the SDI programme on the Kremlin outlook is not in itself an argument for not pursuing it if it has a good chance of successful fulfilment. Sooner or later some nation or other is likely to go for any development in military technology if it thinks that this will give it an advantage, despite the moral issues this may raise. Whatever scruples the Oppenheims and Wieners may have, sooner or later the Tellers²⁰ and von Neumanns will prevail. High principles, unhappily, tend to be overwhelmed in the face of military extremity. The German employment of gas and unrestricted U-boat warfare, and of biological warfare with anthrax, in World War I, and the Allied development of napalm and of anthrax and of the atomic bomb, and their bombing of civilian populations, are all examples. These were all offensive in intention: and yet, despite considerations of morality, they were nearly all employed. There is no such moral brake on a purely defensive programme such as SDI, and so it will be pursued by at least one side, and probably both, if it offers them any hope of success.

The problems of asymmetry

It is not easy to view the world through Russian eyes, especially because the Russian and NATO positions are so asymmetrical. Their geographical circumstances are disparate – Russia's huge territory forms one continuous land mass with its Warsaw Pact dependencies, America is separated by the ocean from its NATO partners which are in the main contiguous with countries in the Warsaw Pact, and physically nearer to Russia than to America. NATO is vitally dependent on sea lanes: Russia is not. All countries in NATO have open societies, with the opportunities these offer the Russians for intelligence-gathering, both overt and covert: Russia is a closed

²⁰ And in *Commentary* for March 1985, Teller pointed with some justification, to the argument preceding the development of the hydrogen bomb in America. Oppenheimer and two members of the current UCS panel (Bethe and Weisskopf) argued against development, partly on the grounds of morality, and the hope that if the United States refrained the Russians would do likewise – when in fact the Russians had already started development.

society, far more difficult for the gathering of intelligence, which has to be obtained predominantly by photographic and electronic means. Not only are the oceanic transport links of NATO far more vulnerable than the land transport links inside Russia but the dispersed dispositions of the NATO allies, and particularly of the American forces supporting them, make the West far more dependent on radio communications, both by conventional links and by satellite, than the Russians who can largely communicate by landlines.

Two problems arise from these asymmetries. The first is general: whenever the Americans and the Russians attempt to negotiate they inevitably have differing, and sometimes even opposite, views regarding the importance of particular techniques and types of weapons, for what may appear the greatest threat to one side may be of lesser importance to the other. Anything that threatens the command of the sea would, for example, be vital to NATO but not to the Warsaw Pact: conversely the convention on human rights which is taken for granted in the open society of America might appear to the Politburo to threaten the closed structure of the Russian state.

In any one of several specific fields, any agreement based on equality between the two sides will benefit one side more than the other: NATO, for example, requires more naval forces to protect its sea links, whereas the Russians have few such links that they need to guard. So any agreement giving the same number of naval escorts to both sides would give an advantage to the Russians. And they in turn feel that any agreement on inspection of nuclear test sites based on equal numbers of inspections on each side might give the American inspectors useful opportunities for espionage. While Russian inspectors on American soil would have similar opportunities, these might seem of relatively little value because of the large amount of information the Russians can already gather in America by virtue of its far more open society. Further, any agreement on intermediate range ballistic missiles will be viewed differently by the two sides, for while these will bring Russian centres within range of American missiles sited in Europe (and conversely NATO centres within range of Russian IRBMs), Russian IRBMs could not reach the American homeland.

So there is often little incentive for the prospectively disadvantaged side to come to agreement in any one field and bargaining has to be extended to at least two fields simultaneously, with one side giving more in one field and taking more in another; but there then arises the question of how much chalk is equivalent to so

much cheese, with the difference that the commodities to be bargained are so sophisticated that there is little prospect of reasonable agreement. Negotiation is then fraught with frustration, all the more so because a further asymmetry arises from the growing power of China on Russia's land frontier.

ASAT

We have already noted that American intelligence is much more dependent on spy-satellites than is Russian intelligence, and that American forces are far more dependent on satellite communications than are the Russian. And so any agreement that satellites should be immune from attack would appear to benefit America much more than Russia and it is therefore not surprising that while both the Americans and the Russians started to develop anti-satellite capabilities in the 1960s, the Americans dismantled theirs and took up the position that their national security would be better served by abstaining from competition in ASAT weaponry. The Russians, though, continued with their own ASAT work and late in the 1970s the Americans restarted. According to the Concerned Scientists, the Russian Satellite-killer weighs about three tons and is launched from an SS9 booster weighing about 200 tons. It could not reach geosynchronous orbits and can only be launched into low-altitude orbits; it is operated in such a manner as to chase its target from astern, perhaps taking one or two entire orbits to get into a killing position, and destroy the target by a shrapnel explosion using a conventional explosive.

The American ASAT which is due to be tested shortly is, by contrast, very small: its characteristics have already been mentioned in considering how its principles might be adapted to a missile-killer against Russian ICBMs in the boost phase. Apart from its small size its other main differences are that it is designed to kill by direct impact, and to be fired to intercept its satellite target head-on after a trajectory of relatively short duration and not to lose time in a stern chase. Its design is much more sophisticated, as it needs to be, than that of its Russian rival but the Americans believe that their greater accuracy in detection and control systems will enable them to make it effective. In any case, in comparison with the SDI project, and difficult as it is, it is a mere stepping stone on the way to SDI.

Despite the promise of the American ASAT, it seems that a ban on all anti-satellite weapons would benefit the Americans more than the Russians because of the greater dependence of the former on

satellites for reconnaissance and communication. It was therefore noteworthy that President Andropov in August 1981 proposed a treaty banning anti-satellite weapons. Whether or not this was because he thought that the Russians had already developed a proven system, while a ban might hamstring the Americans, his concern about the future in space was repeated in his reply of 1 April 1983 to the petition that the Concerned Scientists cabled to him on 24 February 1983. Incidentally, they sent parallel petitions to the leaders of France, India, Japan, China, Britain and America, but Andropov alone answered within three months. Their subsequent challenge to Andropov to make a public statement that, as part of a general treaty banning space weaponry, the Russians would be willing to forego further tests of any anti-satellite system provided that the Americans would make an identical commitment, was not answered before Andropov died (as far as I am aware) and has been overtaken by more recent arms talks.

The economics of SDI

Reverting to the Strategic Defence Initiative, what are the prospects for its deployment in the foreseeable future? Earlier we have cited opinions from authorities qualified in one way or another to comment, and these range from the expectation of some degree of deployment by 2000, through 2050 to virtually never. And as for the development of the necessary technology, some believe that it will be forthcoming – or at least can see no absolute obstacle to its ultimate success – and that it will be possible to intercept ICBMs in any one of the three phases: boost, midcourse, and terminal.

Assuming that, against the odds, the SDI proponents are right about the technical possibilities, the vital question then becomes the one posed by the Concerned Scientists: what scale of effort is required? One simple observation appears to me crucial: while ICBMs are already in existence there is widespread agreement, even among the proponents of SDI, that a successful technology for intercepting ICBMs, particularly in the vital boost phase, will be very difficult and will take great effort and much time to achieve. Therefore it is going to be much more expensive to intercept and destroy an ICBM than it is to build it, a conclusion which is supported by the kind of numerical assessment made by the Concerned Scientists. This is not by itself an argument for not pursuing SDI, because the economic balance that has to be struck is not simply between the cost of destroying an ICBM and the cost to build it but between the cost of destroying an ICBM and the

cost of the damage it would cause if it reached its target. We in Britain learned this in the V1 campaign of 1944, where the cost to Britain (and the US Forces) of defending against the V1s substantially exceeded the cost of the V1 campaign to the Germans, but where the cost of damage to Britain would have been very much greater if no defence had been made.

But, if as seems most likely, the cost of destroying an ICBM greatly exceeds the cost of constructing it, then all the Russians have to do is to build more ICBMs to the point where the Americans cannot stand the economic strain.²¹ This argument would require qualifications if, say, the cost of defence against 1000 ICBMs is not as much as 10 times the cost of defending against 100 ICBMs; some factors could work in this direction – general surveillance, for example, would have to be provided irrespective of the number of ICBMs to be contained – but others would work the other way, especially since the greater number of ICBMs must require greater defensive effort, if this is not to be saturated. So anything like the complete defence optimistically envisaged by President Reagan and Secretary Weinberger seems quite out of question on scale alone, if not on technological difficulty.²²

Effects on NATO

This paper has been concerned primarily with the questions of whether SDI is technologically and logistically sensible, and only secondarily with its geopolitical implications.²³ Obviously, if SDI offered the prospect of substantially shielding America against nuclear ICBMs the Americans would adopt it regardless – in the end – of any

²¹ Costings are hard to estimate: President Reagan has recently (9 March 1985) asked for 1.5 billion dollars to buy a further 21 MX missiles. If this is all to be spent on missiles and their associated equipment, it implies a cost of 70 million dollars a missile, while a Trident D5 missile has been estimated to cost 25 million dollars; we therefore take a median figure of 50 million dollars per ICBM. If, say, seven satellites have to be in orbit to ensure that one is over the Russian launching area, and each costs 'a billion dollars or more' then 7 billion dollars have to be expended to eliminate the number of ICBMs that can be destroyed by a single satellite. Unless this number is at least 140, the economics are adverse: and it would be even less favourable if the Russians can build ICBMs (perhaps with fewer warheads) for less.

²² Harold Brown, Chairman of the Foreign Policy Institute of the John Hopkins University (and Secretary of Defence 1977-81 and a physicist) came to the same conclusion in his report *The Strategic Defense Initiative: Defensive Systems and the Strategic Debate* of December 1984: 'American political and military leaders should publicly acknowledge that there is no realistic prospect for a successful population defense, certainly for many decades, and probably never.' (Full text in *Survival*, March-April 1985.)

²³ For a discussion of the effect of SDI on Europe see T. Taylor in *JRUSI*, Vol. 30, No. 1, March 1985.

repercussions on other members of NATO, and who could blame them? The fear would be the withdrawal of the US Forces into Fortress America, leaving the other members open to Russian attack. But this fear will exist regardless of whether or not SDI is successfully developed.

Another ground for fear might be found in contemplating the deployment phase of SDI, for the Russians might see this as a last chance for a successful first strike before the American deployment, which could not be hidden, proceeded too far. But such a risk might be worth taking.

Two further fears may be less easy to discount: (1) American over-confidence in SDI might make some future administration less cautious in risking a nuclear war, which would be bound to result in enormous damage to the European members, if not to America itself; and (2) if SDI does not in fact offer the prospect of an effective shield, then enormous amounts of American effort will have been wasted, much to the detriment of the whole of NATO, both as regards its military potential and its economic viability. Of these fears the first may well disappear if the reasoning in this paper is correct because, barring some unforeseen invention, long before SDI could be deployed its defects would have become evident. The second, though, given the present outlook of the administration, could persist for some time. And although it is entirely for the Americans to determine how they spend their efforts, it would be reassuring if they could convincingly demolish the arguments in this paper and those of others more expert than I am in the field of geowarfare.

What will come out of SDI?

In the 1986 budget, President Reagan has asked for the expenditure on SDI research to be increased from 1.3 to 3.7 billion dollars; and in December 1984 *Defense Electronics* stated that the programme is scheduled to receive more than 25 billion dollars over the next five years. This is a huge sum, sufficient to cover three projects each of magnitude comparable with that required to develop the atomic bomb in World War II, and presumably this will be expended whether or not SDI ultimately becomes practicable. Such an effort is bound to have many results, both in the development of existing technologies such as lasers and mirrors for X-rays and in the birth of new technologies at present unconceived.

If the arguments in this paper are correct, then it is on such

unforeseen developments in technology that a successful SDI must depend. The rational case against SDI is as strong as that against attempting to bomb Germany by day in World War II, where the logic was almost faultless. Experience had shown that bomber formations unescorted by protective fighters could not survive against fighters defending their homeland. Moreover, protective fighters, too, could be picked off by defensive fighters, because these – since they were operating at much shorter range and therefore having to carry less fuel – were always likely to have a superior combat performance, all the more so because they had the benefit of radar control from their ground stations. So both bombers and escorting fighters could not be expected to survive against the German defences and early experiences fully justified this expectation. Then came an invention and an accident. The invention was the drop-tank, which gave an escorting fighter sufficient range to operate over Germany but which could be jettisoned to give the fighter a better performance in combat. The accident was the Mustang fighter whose original performance was insufficient; but when fitted with the Merlin engine it became outstanding. So escorting fighters could now enjoy a period of superiority until German fighters of comparable performance could be produced and this period proved decisive in the daylight bombing of Germany.

The main hope for SDI may well have to lie in the appearance of inventions as vital for space defence as was the drop-tank for daylight bombing.

The drop-tank precedent, though, should not be taken too seriously, for its advantage was very temporary: had the war gone on better German fighters would have appeared. SDI aims at producing a permanent defence for all times in the foreseeable future, and since the United States is committed never to start a war then it follows that SDI would only come into action after the Russians had started the war – and the Russians could presumably not do this until they were reasonably sure of being able to render SDI ineffective. If they could not do this, then a successful SDI might fulfil its aim of preventing nuclear war; but much faith is required to believe that SDI is feasible and that the necessary inventions will be forthcoming.

Some recent statements in America

In a White House statement of January 1985 on SDI, President Reagan affirmed his position: 'I have called upon the great scientific talents of our country to turn to the cause of strengthening world peace by

rendering ballistic missiles obsolete. In short, I propose to channel technological progress toward building a more secure and stable world.' And in a statement of 15 March 1985 to the Committee on Armed Services of the Senate,* General Abrahamson emphasized that SDI is not a weapons research programme, nor is it a programme 'with preconceived notions of what a potential defensive system against ballistic missiles should entail'. But, strictly can this be true? Without some preconceptions regarding feasible methods, how could anyone decide that the odds of success and the likely cost were such as to justify starting the programme?

There are some signs that the initiators of the programme have back-tracked from their originally optimistic statements in the light of criticisms coming from many scientists and military authorities with experience (and achievement) in advanced defence projects. And there has been some shifting of ground, with an argument that even though SDI might not be able to protect civil populations it could protect American missile launching sites – or even that although it might not work it could be a useful 'bargaining chip' in negotiating arms limitation. But besides the back-tracking there have been some optimistic statements such as that made by General Abrahamson to the Armed Services Committee of 15 March 1985, which records 'remarkable progress'. And if George Keyworth was correctly reported in the *Daily Telegraph* for 24 April 1985, the progress is indeed remarkable, even fantastic: he anticipates the testing within three years of the feasibility of a laser that could fire 3000 missile-destroying pulses within the first five minutes of the launching of a Russian salvo. Somehow, too, 'SDI was a system that could be tested at any time without threatening anybody.' It would be interesting to know how all this is to be achieved.

Those who doubt the prospects of SDI succeeding are faced with a fait accompli: the programme is already actively in being and has acquired a self-interested impetus, not unlike that of the Robbins expansion in higher education in Britain which (inviting recall of Dean Inge's comment on the Gadarene swine, 'no doubt they thought the going was good for the first half of the way') ultimately resulted in the present unhappy state of many of Britain's universities. As James Schlesinger told a recent meeting at the Mitre Corporation, 'whether or not the President should have said what he did in March 1983 is now

* See p. 38.

overtaken by events. One cannot eliminate those words he spoke. It is an illusion of critics of SDI that somehow all of this can be rolled back. It cannot be.' (*Defense Electronics*, March 1985.)

America's invitation to its friends

Early in February 1985 Secretary Weinberger offered the opportunity to NATO and other powers to participate in SDI research. It was a big programme, he said, and the US needed 'all the help that we can get' (*The Times*, 9 February 1985). So Britain has the chance of being henceforth more than simply a friendly observer, and the questions arise of how much British effort is justified, how that effort might best be made, and what the return is likely to be. Some interesting advances are bound to come out of the SDI programme, for example in laser power generation, optical beam switching, the working of large optical surfaces, image analysis, hittiles, and strategic and tactical control networks. But all these will be incidental products on the way to a fulfilment of SDI, and it would be reasonable for British authorities to ask for evidence that there are reasonable hopes of overcoming some of the key technical problems.

Among these problems are:

- (1) How are aiming accuracies of the order of 10 centimetres at 40,000 kilometres (or 4 inches at 20,000 miles) to be achieved, especially with a laser on the ground aimed via two mirrors on satellites?
- (2) Is an X-ray laser, which is a one-shot device powered by a nuclear explosion, a sensible weapon?
- (3) How is a target to be located, identified, aimed at, and seen to be destroyed, in a total time of less than 1 second, as required by some of the proposals advanced? (It would, for example, take a quarter of a second for the energy from a ground based laser to travel via two mirrors to the target.)
- (4) How are any of the proposed systems going to deal with prospective counter-measures, eg rotation of ICBMs and decoys – and with the likelihood that long before a successful SDI system can be attained the Russians will have developed ASAT techniques (which are much simpler) which would neutralise the surveillance satellites on which SDI depends?
- (5) Is there a reasonable economic prospect that SDI could cope with a Russian effort to outbuild it by further ICBM construction?

Beyond these, and many other, technical problems there are some of a

more general nature. If the Americans can develop a successful SDI so in the course of time can the Russians: and while that could conceivably render nuclear delivery on either side by ballistic missile 'impotent and obsolete', in the President's words, other forms of nuclear delivery such as cruise missiles or by clandestine means must be dealt with as well. But, accepting that the countering of ballistic missiles could be an important step (at least in defence of one's own missile launchers) and that the Americans are committed to SDI, what should Britain do? Active participation would involve effort that must be diverted from other projects, and before any substantial commitment it is reasonable to ask for convincingly optimistic answers to the questions raised in this paper and elsewhere concerning the prospects for SDI success.

Acknowledgements

Dr R. L. Garwin has kindly provided copies of many of the papers quoted in this report from both sides of the American debate; and I am also indebted to the Leverhulme Trustees for assistance.

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Assessments by George A. Keyworth and William J. Parry were published in the issue of *SIPIScope*, the magazine of the Scientists' Institute for Public Information, for January-February 1985.

Survival (Vol. 27, No. 2, for March-April 1985) contains the following papers:

- Colin S. Gray, 'A Case for Strategic Defence'
- Harold Brown, 'The Strategic Defense Initiative'
- Lt General Abrahamson, 'Statement to Congress', 9 May 1984 (excerpted)
- President Reagan, 'Statement 3 January 1985' (excerpted)
- R. Sagdayev and A. Kokoshin, 'Space Based Defences: a Soviet Study', 1984.

A coming publication *The American Academy Space Weapons Book* will contain a chapter by H. Bethe on new BMD technologies.

Statement before the Subcommittee on Strategic & Nuclear Forces

15 March 1985

I would like to highlight a few points with respect to the Strategic Defence Initiative, or SDI, to build on our session of 21 February.

Since the President's speech in 1983, we have seen many interpretations of what his vision entailed and what the SDI was expected to accomplish. In spite of what would appear to be many conflicting reports, I would like to emphasise that our goal has not changed and has, in fact, remained consistent with the direction outlined by the President. The driving force behind his concept is freeing the world from the fear of nuclear conflict. An ultimate goal is the elimination of all nuclear weapons. To move toward this objective, then, the SDI has been structured as a programme of vigorous research focused on advanced defensive technologies with the aim of finding ways to provide a better basis for deterring aggression, strengthening stability and increasing the security of the United States and our Allies. I would again stress that the SDI is a *research programme* geared to provide a future President and Congress with the technical knowledge required to support a decision on whether to develop and later deploy advanced defensive systems. Such a deployment could enhance and strengthen deterrence while also providing critical leverage for very significant reductions in nuclear weapons.

Further, as a research programme, the SDI is *not* a weapons development programme, *nor* is it a programme with preconceived notions of what a potential defensive system against ballistic missiles should entail. Emphasis in the programme is being given to *non-nuclear* weapons for defence. The posture that might evolve from the SDI will not be intended to defend only our strategic weapons systems, nor is it a programme that should lead to an arms competition in space. We are considering ways to defend both ourselves and our Allies against the ballistic missile threat. As the work moves ahead, we are in full consultation with our Allies. It is a research programme designed to answer numbers of scientific and engineering questions that must be addressed before the promise of new technologies can be fully assessed. Finally, all the research in SDI will be carried out in strict compliance with our obligations within the ABM Treaty. An

appreciation of these tenets is essential to an understanding of the SDI.

Since assuming the position as Director of the Programme less than a year ago, we have made every effort to convey such an understanding of the programme. The importance of the SDI and the implications for future peace and stability cannot be overstated. Nonetheless, our budget sustained a 21% reduction in its first year. There is clearly damage done by these FY 1985 cuts. We tried to minimise that damage by managing the reductions in accordance with the following:

- For new starts, we delayed the initial implementation.
- For existing programmes we either delayed programme enhancements designed to tailor the programme more closely to SDI needs, or we stretched out or temporarily interrupted the progress of such programmes where it was possible to do so without disrupting the integrity and continuity of the programme. In one particular case – the demonstration of advanced acquisition, pointing and tracking, known as Talon Gold – we severely limited the scope of the existing programme so that we could provide a major restructuring of our efforts.
- For some programmes we continued to fund at the rate indicated in our FY 1985 budget request, because they are fundamentally important to decisions which must be made in the early stages of the SDI programme.

While we were generally successful in meeting our overall strategy, achieving the planned funding levels in FY 1986 has become much more important if we are to continue the goals, schedules and tasks of the SDI.

In spite of the reductions we have continued to move ahead as rapidly as possible with the programme. In the short time since its inception the SDI has made remarkable progress. The commitment and dedication of those involved with every element of the programme is evident. In continuing to build on this solid foundation and very encouraging beginning, we estimate that the SDI will cost about \$26 billion between fiscal years 1985 and 1989. Elements are again summarised as follows:

	FY '85	FY '86
	<i>Appropriation</i>	<i>Request</i>
<i>SD10 Programme</i>		
Sensors	\$ 546 million	\$ 1386 million
Directed energy	\$ 376	\$ 966
Kinetic energy	\$ 256	\$ 860
System analysis & battle management	\$ 99	\$ 243
Survivability, lethality, space power & logistics	\$ 112	\$ 258
Management	\$ 11	\$ 9
	<hr/>	<hr/>
Total	\$ 1400 million	\$ 3722 million

To some, this may appear to be an overly ambitious expansion. This assuredly is not the case. The SDI is a multi-faceted research programme, not a business-as-usual weapons development effort. As a research programme, resources are allocated and utilised more quickly than in a procurement endeavour. In fact, in FY 1985 the SDI had obligated nearly 40% of its budgeted resources by the end of the first quarter. This is unprecedented in a programme of this magnitude and certainly shows that the programme is on track, vigorously pursuing the objectives that have been set forth and clearly able to execute at the pace that has been programmed.

Further, as a multi-faceted programme as opposed to a 'single product development', it is critical that all elements of the SDI be orchestrated in a coordinated, phased approach. To provide the information necessary for our nation to make an informed decision with respect to moving ahead with development of a strategic defence against ballistic missiles, all aspects of relevant technology must be comprehensively developed to yield results in logical order. Elements of the programme are truly interrelated. Delays caused by reduction in given areas will ultimately delay attainment of overall programme objectives.

At the same time, within major projects in the programme, a complete effort must be maintained as well. For example, development of a space-based sensor is dependent, in part, on an integrated sensor, which is in turn dependent on focal plane technology built on technology supporting new developments of arrays, sub-modules and modules. Multiply this by nearly a hundredfold and one begins to get an idea of the complex inter-relationships that intertwine throughout the programme.

As we continue to develop these technologies at a rapid pace, we build on the foundation established by Dr Fletcher in the Defensive Technologies Study. We are doing this, in no small measure, through the SDI Systems Architecture Studies.

10 contractors were awarded a Phase I contract in December 1984 to perform the SDI Systems Architecture and Key Trade-Off Studies – known at the 'Horserace Acquisition'. The purpose of this procurement is threefold:

- Provide an initial definition and assessment of several alternative constructs of systems architectures that can detect, identify, discriminate, intercept and negate ballistic missiles in their boost, post-boost, midcourse and/or terminal phases.
- Provide a complete and balanced set of technological and functional requirements by developing the key trade-offs for sensors, weapons, command, control, communications (C³), and supporting sub-systems that can make the individual architecture a viable and cost effective strategic defence system.
- Define and give priority to critical technical issues which must be resolved before decisions can be made on whether or not to implement a given defensive strategy.

The 'Horserace' procurement is a phased acquisition approach. It is divided into two phases with the second being a unilateral government option. Phase I is a concept definition phase not to exceed \$1 million. Period of performance ranges from a minimum of 6 months to a maximum of 12 months. Phase II, the detailed definition study, is planned to last 12 months. It is a priced option not to exceed \$5 million. Approximately four contractors will be selected on the basis of quality and timelines to proceed into Phase II. The emphasis on timely completion gives rise to the comparison with a horserace.

In conclusion, we continue to be excited by the challenge and the responsibility for bringing this much needed initiative to fruition. In accomplishing this goal we will have pushed the level of technical achievement across a spectrum of technologies that are broadly applicable to defence needs. We will have resolved many outstanding issues about the future role and impact of such emerging technologies as directed energy. And, of course, we will give a future President, Congress, and our Allies the necessary ingredients for taking the first step on the road to eliminating the destabilising threat of ballistic missiles.

Remarks delivered to the Overseas Writers Association

7 March 1985

No issue is of greater importance to mankind today than strategic stability. A world awaits, with asperity, the reconvening of nuclear arms control negotiations on 12 March. The Soviet Union has returned to the bargaining table and we welcome them back. Ahead of us stretches a difficult path. The United States seeks equitable and verifiable agreements which significantly reduce the size of both US and Soviet nuclear arsenals. We hope the Soviet Union will join us in a constructive search for necessary solutions to our differences.

These differences are profound. To see this best, it is useful to take an historical perspective. We live in a world of change. As in social and scientific areas, the strategic picture too has changed greatly since the early '70s when the ABM Treaty was signed. Certain hopes and assumptions underlying that treaty, and the accompanying Salt I Interim Agreement, have been altered substantially.

One of these underlying assumptions was that the two agreements would lead to real reductions in offensive nuclear systems. That didn't happen. In negotiations, the Soviet Union has consistently refused to accept meaningful and verifiable reductions in offensive nuclear arsenals. Salt II did no more than set caps on already high levels of strategic arms. It is clear now that the Soviet Union never intended to settle for the rough equivalent of offensive strategic forces foreshadowed in the Salt I Agreements.

Since Salt I was signed, the Soviet Union has deployed eight new strategic ballistic missiles, five new ballistic missile submarine classes, and a new strategic bomber. In comparison, the United States has fielded only one new missile system, one submarine class, and has delayed deployment of the B-1 bomber. This build-up by the Soviet Union has altered the balance between opposing forces so necessary to maintaining stable deterrence. We are very concerned about the qualities of new Soviet ballistic missile systems. In time of crisis, these weapons are the most destabilizing; they are swift, carry a big payload, are mobile, and are accurate. It is becoming increasingly apparent that the Soviet Union is acquiring a survivable, first strike capability which will be far less easy to deter.

The second assumption was that there would be mutual

restraints on strategic defence. This was based on the hope that the Soviets would come to accept, in doctrine and in practice, that this mutual vulnerability to each other's offensive nuclear forces was in our common interest. This innocent expectation did not materialise either. While the US stopped deployment of strategic defences, the Soviet Union continued to develop and deploy successive generations of anti-ballistic missiles, tracking radars, interceptor aircraft, and surface to air missiles. In fact, spending on strategic defence has been equal to or greater than on strategic offence. They have deployed around Moscow the world's only ballistic missile defensive system. Soviet research and development of more advanced technologies, including sophisticated directed energy weapons, proceeded throughout the 1970s into the mid '80s at a pace far in excess of our own efforts. Furthermore, along with already deployed phased array radars, construction continues on one in Central Siberia apparently capable of battle management, in clear violation of the ABM Treaty. They have constructed numerous hardened leadership bunkers, and continue expansion of their extensive network of civil defence. Altogether, these efforts increase the possibility of sudden Soviet abandonment of the ABM Treaty and rapid nationwide expansion of their anti-ballistic defences.

We could say that a third assumption, not surprisingly, was an expectation in the West that these and other arms control agreements would be fully observed. Here, too, we have been disappointed. The Soviet record on compliance overall is, at best, disappointing. And it is particularly disturbing in the strategic area, where they have committed serious violations of both offensive and defensive agreements. Although we have pursued resolution of these violations with the Soviet Union in diplomatic channels, we have received little satisfaction to date.

There is one more change I would like to mention. The assumptions made by the American negotiators in 1972 also had a technological premise. It was not feasible then to develop an effective defence against ballistic missiles. But technology does not stand still. Just as we have observed the qualitative advance in strategic offensive arms, new breakthroughs in the past few years offer the promise that a militarily sound and cost effective defence may be possible.

The pattern since 1972 is clear and disturbing. Soviet actions have disproved our assumptions and thwarted real arms reductions. The balances between offensive forces which have for years maintained deterrence between the nuclear powers are being upset by the Soviet

Union. Restraint on our part since Salt I in the deployment of offensive strategic weapons has gone unmatched by the Soviets. Instead, they have continued to increase the size, mobility and accuracy of their offensive nuclear arsenals.

No less alarming in both size and scope, is their investment in strategic defence over the last 20 years. As they develop anti-ballistic missiles capable of being moved and widely deployed in relatively little time, we must ask, for what purpose? When they harden an expanding system of command and control, we must ask the question, why? As they shield their leadership, harden their missile silos, and spend vast sums on civil defence, we must ask, to what end? The West simply has not posed a growing threat that would warrant such Soviet actions. But faced with Soviet unwillingness to date to agree to mutual, verifiable reductions in offensive arsenals, the West has no choice. We have to examine restoring the balance and alternative means for preserving a stable deterrence. We face three interrelated options in our efforts to restore and maintain the balance.

First, we can attempt through negotiations to get the Soviet to reduce offensive systems to equal levels. This will be our priority task in Geneva. But, if the past is any guide, our job will be difficult. We are prepared to be open, flexible, and constructive and will work diligently with the Soviet Union to negotiate effective, verifiable arms reductions. Remember, though, it will take two to make these negotiations work.

Second, we can try to reverse the trends by simply attempting to match the Soviet activity and maintain an offensive nuclear balance. In the short run, we certainly have to restore and maintain that balance until other options are available. Our strategic modernisation programme and NATO's LRINF missile modernisation programme do this.

Finally, we can devote our energies to see if there is a better way to provide for the security of both the US and our Allies by strengthening deterrence through greater reliance on defensive systems – systems that threaten no one.

We will pursue all three options in the necessary and appropriate ways.

- We will press on in pursuit of equitable and verifiable arms reductions. But this must be a two-way street and it will take time.
- We will maintain the nuclear balance until other alternatives are available. Peacekeeper and the NATO LRINF

modernisation programme are essential in this regard.

- Finally, we must explore the growing potential of the new defensive technologies

Let me concentrate on the need to explore strategic defences, and give you three concrete arguments why we have made SDI a central point of our defence programmes.

The first argument revolves around deterrence. We have ignored one basic fact about a world in which there are no defences. Without defences, it is extremely easy for an attacker to plan his first strike. Once an attacker launches his ICBM, he knows, within a certain range, just what damage he will do because there is nothing to interfere with his attack. He can plan and calculate just what forces he needs to destroy the forces on the other side. If he has the money and the inclination, he can then buy those forces. It is basically an engineering problem. Well, the Soviets have done their calculations, and they had had the time and money to buy their forces.

But when you introduce defences, even defences that are less than perfect, the problem is entirely different. An attacker will not be able to launch a missile and destroy a target. He has no real idea of whether his attack plan will work or, if he succeeds partially, which targets he will miss because he cannot know how good our defences will be. The defender will also be uncertain. But he is not deciding whether to attack. With defences, suddenly what was an engineering problem becomes a much tougher, more expensive military problem. Even defences that are imperfect strengthen deterrence because they create enormous headaches and uncertainties for anyone contemplating an attack. That is a good thing to do.

The second point involves saving lives. Very bluntly, we can deter an attack by defeating that attack or by threatening to kill enemy civilians in retaliation. There is no question in my mind that it is far better to be able to defeat the attack and thus deter it from occurring in the first place. SDI, for the reasons I have just discussed, can help us make that judgement. Without defences, we must continue to rely on retaliation in order to deter a nuclear attack.

Many of those who oppose SDI advocate reliance on assured destruction in order to keep the peace. Let me point out something about assured destruction. There has been much discussion about nuclear winter recently. While there are many uncertainties, one thing is clear. Nuclear winter is most likely to be caused by the smoke and dust from burning cities that have been attacked by nuclear weapons.

Everything in our administration's strategic weapons policy, including SDI, is designed to move us away from that kind of attack. Those who disagree with us and who continue to support the discredited policy of assured destruction must face the following fact: the kind of war that could occur if their policies were adopted is precisely the kind of war most likely to cause nuclear winter.

Finally, I would like to address a problem less massive but perhaps more urgent than deterring a Soviet attack. Our efforts to prevent nuclear proliferation have had a good deal of success. Certainly there are fewer countries today with nuclear weapons than anyone could have predicted 20 years ago. But many countries continue to seek nuclear weapons. We know that many of them also seek ballistic missile technology. We will not reduce our non-proliferation work. But I believe it is an act of simple prudence to investigate defences that could defeat limited nuclear attacks or accidental nuclear attacks.

For these reasons, President Reagan has asked this nation to undertake a programme of vigorous research, the Strategic Defence Initiative. It will focus on advanced defensive technologies with the aim of finding ways to provide a better basis for deterring aggression, strengthening stability and increasing the security of the United States and our Allies. Our efforts will be in full compliance with the ABM Treaty.

In practical terms, a strategic defensive option must be cost-effective. That is, it must be cheaper and easier to add defensive capability than offensive capability. Otherwise, there would be incentive to expand the offensive arms we seek to reduce. In addition, any defensive system must be survivable in the face of attack or else it could invite an effort to overwhelm it regardless of cost. The goal of strategic stability demands such high performance standards.

In our relations with other nations, strategic defensive options must satisfy not only our own security concerns but also those of our Allies and the Soviet Union. The US is actively consulting our Allies to respond to their concerns and questions regarding SDI. Since this is a research programme, their thoughts are essential as we examine the capabilities and set performance criteria for the defensive technology. Further, no step away from an offensive deterrent structure which has so effectively kept the peace in Europe can or will ignore the voice of our Allies. Our own national survival depends on our Allies' security from attack and safety from all wars.

In the new negotiations in Geneva and in other talks, we hope to develop with the Soviet Union mutual understanding of each other's security concerns. The United States does not seek superiority. This is difficult for the Soviet Union to comprehend since they judge us by their own ambitions. But the facts of history are clear in this regard. No nation in history has acted so responsibly while possessing so superior a position in weaponry as the United States after World War Two, when we were the only nation with nuclear arms. We are ready, if the technology proves feasible and cost effective, to consider integration of defensive systems into the mix of forces of both sides. This would be in the context of a cooperative, balanced, and verifiable environment that reflects a balance of offensive and defensive forces in ways that reduce existing nuclear arsenals while enhancing security and stability. If our research proves the feasibility of the concepts, a negotiated transition period of many years with assurance of stability and security throughout will be essential.

Finally, there are at least four myths about SDI which I wish to dispel.

The first myth is that the United States is attempting to 'militarise space'.

This is a Soviet propaganda line and it is grievously misleading. Activities in space generally fall into three categories: commercial, scientific, and military. Orbiting overhead are over 800 Soviet satellites, compared to some 400 satellites of the West. That is a ratio of two to one and, unlike in the West, the vast majority of Soviet satellites are military. These military satellites travel overhead in a space the Soviets threaten with the only existing anti-satellite weapons now in existence. Further, it was the Soviet Union which first developed, in 1957, the ICBMs which travel through space and which now carry far more warheads in total than US systems. What space is there left which the Soviet Union has not already militarised? Space has long been used for military purposes. When the Soviet Union speaks of 'preventing the militarisation of space' and of an ASAT Moratorium, they are being extremely disingenuous by ignoring 15 years of their determined effort in this domain.

The next myth is that the US is upsetting an agreed philosophy of 'mutual assured destruction', upon which stability allegedly rests.

I hope I have exploded that myth already today by describing the destabilising march of the Soviet strategic build-up and the ever expanding shielding of their forces and leadership from 'assured destruction'. A US-Soviet comparison of the investment in so-called

passive defence of the shielding of populations and economic base from nuclear attack is simply not possible. So large is the Soviet effort and so minimal is our own that the ratio approaches absurdity. Their civil defence preparations are enormous. Our own small efforts show we in the West have great difficulty even conceiving of life after a nuclear war.

Third, the Soviet Union contends that SDI will be destabilising.

Their stated apprehension over the demise of a stable deterrent is ironic. The United States is heavily involved in diplomatic and private consultations as it ponders the accelerating developments in strategic defence which hold promise for strengthening deterrence in the future. As I stated earlier, strategic defensive options must also strengthen stability or they will not be considered. The Soviet Union, on the other hand, continues to develop and deploy a new generation of strategic offensive ballistic missiles and expand their already considerable defensive capabilities. They have consulted with no one and feel they should answer to no one, as they further upset a stable balance in pursuit of their own internal needs.

The last myth is that the Strategic Defence Initiative will complicate the arms control process.

The truth is that it was the Strategic Defence Initiative, combined with the demonstrated resolve of the Western Allies to modernise their strategic deterrent, which brought the Soviet Union back to the negotiating table. There is mounting evidence that defensive technologies offer real hope of reducing the need for offensive nuclear arsenals in the future. To engage in talks aimed at controlling arms without discussing what may prove to be the best tool to aid the effort is to trivialise the whole process. President Reagan is committed to serious and substantive progress in reducing the size of existing nuclear arsenals and enhancing security and stability. His acceptance of the moral challenge to explore all means available to achieve this end is essential.

To close, let me say once again that the Strategic Defence Initiative is a prudent and moral response to continuing Soviet actions which threaten world stability and security. SDI is a research programme wholly within the limits of the ABM Treaty. This research is designed to explore the feasibility of strategic defence, given new technologies now available to the defence community. SDI seeks answers to those questions that peaceful nations must ask. If we are to keep the balance which guarantees peace, we can do no less.



In the wake of President Reagan's invitation to friendly nations to join in the Strategic Defence Initiative, Professor R. V. Jones takes a fresh look at some of the factors relevant to Britain's acceptance. For example, how thorough could any of the proposed systems be? Is the prospect of a shield for whole populations realistic or not? Do critics of the SDI delude themselves when they try to 'roll back' the developments of the past few years? New light on these and other fundamental questions – to which past and present Secretaries of Defence have given very different answers – is shed by this policy study, which includes two American statements recently made by the Director of the SDI and the National Security Adviser at the White House.

Price: £3.90

Am 027/23

LIVING WITH STAR WARS

Michael Howard examines how we should respond to the Strategic Defence Initiative, this week promoted in Europe by Vice-President Bush

PERHAPS the most remarkable aspect of the Star Wars controversy is the passion which it has aroused on both sides. The analogy with theology is inescapable: like theologians, nuclear strategists deal with the inherently unverifiable, and it is precisely the unverifiable that evokes the most passionate commitment. As in theology, the views of the protagonists are likely to be determined not by any process of rational calculation but by their personal psychology and cultural background. And as in theology we shall discover who was right only when it is too late to do anything about it.

One might have expected that President Reagan's proposal of 23 March 1983 to render nuclear weapons 'impotent and onsolete' would meet with universal approval. So long as it was regarded as a pious anodyne it received a ripple of polite applause. But once people realised that he meant what he said, their reaction was rather like that accorded in Saki's short story to the angel who descended from Heaven ecstatically proclaiming the Apocalypse, only to be told it would have to be postponed indefinitely as it clashed with Ascot. Criticism ranged from the politely sceptical to the ferociously hostile, and supporters of the project quickly developed an intensity verging on the fanatic: increasingly so as evidence multiplied of the expense and impracticability of the President's ambitions. *Credo quia impossibile est*, I believe it because it is impossible, became the motto of the Star Warriors — or rather, it is impossible that it should be impossible. The battle lines drawn up ten years earlier over the ABM (Anti-Ballistic Missile) issue in the United States were reoccupied, by much the same troops. Edward Teller, Albert Wohlstetter, Colin Gray and the Committee on the Present Danger supported the President's proposals. Hans Bethe, Sidney Drell, Richard Garwin and the Union for Concerned Scientists opposed him: a fault line dividing the American scientific and strategic communities into two bitterly warring factions. This time, however, the battle crossed the Atlantic. Lord Chalfont and Professor Lawrence Freedman leading the respective auxiliary forces in this country. When the

Foreign Secretary explained, on 15 March, some of the problems the British Government faced in accepting the full DSI gospel, the *Times* first tried to kill the speech by reporting it briefly on an inside page and then attacked it in a lengthy article whose hysterical and vituperative tones gave grounds for doubting not so much the writer's judgment as the very balance of his mind.

How can this bitterness be explained? The SDI gospel seems harmless enough. The existing balance of terror, based on Mutual Assured Destruction, according to



President Reagan, is both immoral and in the long run unstable. It holds civilians hostage for the good behaviour of their governments (a somewhat sensitive issue at the moment) and places the world at the mercy of nuclear miscalculation: exactly the point made by the Campaign for Nuclear Disarmament. So nuclear weapons must be abolished — not by an act of political will such as that urged by the CND, but by a great technological effort comparable to that which gave us nuclear weapons in the first place and which put a man on the moon. It is an immensely inspiring idea: American tech-

nology must be placed at the service of American idealism to produce perpetual peace. 'Do not argue the difficulties,' the President might have said, in the words of Winston Churchill: 'the difficulties argue themselves.'

The eventual goal of SDI is thus to create defences so strong that incoming missiles cannot penetrate them — or, at least, that there can be no assurance that they will penetrate them. Ballistic missiles will be targeted by space-based laser weapons in the initial 'boost' phase immediately after their launching, before the multiple warheads have separated from their parent launcher. Further systems will identify and target them in flight; while finally ground-based, terminally guided surface-to-air missiles will destroy the remainder high over their targets. Even if such a system does not produce total security — which President Reagan still insists to be its ultimate intention — it will so complicate the task of a potential aggressor as greatly to reduce the danger of a surprise attack, thus enhancing strategic stability. With the lethality of nuclear weapons so drastically reduced, it should be easier to negotiate their total abolition. And at the very least the possibilities of such a system should be actively investigated, since there is good reason to suppose that the Soviet Union is doing exactly the same.

These arguments, especially as set out by an experienced diplomat like Mr Paul Nitze in his Alastair Buchan Memorial Lecture last 28 March, are so persuasive that we may well wonder what all the fuss is about. The protagonists of SDI attribute the opposition to the unwillingness or inability of believers in Mutual Assured Destruction, the orthodoxy which has reigned for 30 years, to rethink their position in the light of new technical possibilities; the 'Luddism' of which the *Times* accused poor Sir Geoffrey Howe. It cannot be denied that there is a huge vested interest in that orthodoxy. It was first enunciated by Winston Churchill in his last great speech in March 1955, when he expressed the hope that safety might become 'the sturdy child of terror'. The knowledge on both sides that the number,

and even more the missile, would always get through, and if they did get through even in minute numbers, would cause almost incalculable damage. In the great arena of international politics, constraining ambitions on both sides. The object of arms control negotiations over the past 20 years has been to ensure that, whatever else might happen in the course of arms build-ups, each side will retain an invulnerable 'deterrent' and will be seen to possess it. No one has been very enthusiastic about this solution which, like the idea of democracy itself, assumes a degree of rationality in mankind which little in our history would lead us to expect. But as in the case of democracy, all likely alternative arrangements appear even worse, and we have settled for MAD as the best we are likely to get.

In defence of the 'Luddites', however, two things must be said. The first is that if indeed nuclear weapons were made 'impotent and obsolete', it is by no means clear that the world would be a better place. The immediate result would be to make the world safe for conventional war, and we would be back in the halcyon environment of 1939. West Europeans in particular could take little comfort from the knowledge that the Soviet Union could now attack them without the slightest fear of nuclear retaliation. The second is more immediately to the point. The belief that the missile would always get through — or that *some* would always get through — has been based on scientific and technological arguments which were generally held to be valid, and the burden of proof lies very heavily on those who maintain that this is no longer the case. Valiant statements of intent are not good enough: after all, a 'Manhattan Project' to equip us all with wings would go far to eliminate our traffic problems. But the scientific debate so far has consisted of little more than restatements by the Luddites of the difficulties in the way of developing effective anti-ballistic missile defences, and professions of faith by the Star Warriors of what they could do, given the time and the money.

This is not the place to rehearse those difficulties in detail, but they are summarised with great lucidity and fairness by the formidable Professor R. V. Jones in a pamphlet, *New Light on Star Wars*, recently published by the Thatcherte Centre for Policy Studies — an establishment not renowned as one of our more notorious dovecotes. Their order of magnitude can be gauged from the admission of President Reagan's Under-Secretary for Research and Development, Dr Richard De Lauer, that research and development for the Strategic Defence Initiative would involve at least eight components, 'every single one equivalent to or greater than the Manhattan Project'. American defences would have to shoot down something like 1,400 Soviet ICBMs (ignoring such other launchers as cruise missiles), each with up to ten nuclear warheads. To catch these in the 'boost' phase (that is before their

warheads have separated) would require that they were observed and destroyed within four minutes, probably by a laser or particle-beam device either stationed in space or reflected off a space-based mirror. The degree of accuracy of these beams against their rapidly moving targets would, according to Professor Jones, need to be comparable to that of a rifle firing at 1,000 miles range with an aiming error of no more than one bullet diameter: and that without firing a sighting shot. To deal with all existing Soviet ICBMs simultaneously it would be necessary to place up to 4,000 satellites in orbit (fewer, of course, if each satellite could be re-aimed rapidly enough to target several launchers). Each satellite would cost as much as an aircraft carrier at current prices. Professor Jones would be the last person to claim infallibility for his figures, but they give a very fair idea of the scale of the problem involved.

Further complications would be the vul-



nerability of these satellites to pre-emptive attack; the ease with which their aim could be deflected by counter-measures; the well-nigh incomputable problems of command and control; their irrelevance to defence against non-ballistic launchers such as cruise missiles; and above all the argument, as valid today as it was 20 years ago, that it will always be cheaper for the assailant to multiply his means of attack and so swamp the defences than it will be for the defender to counter them. The paradox is that for SDI to be effective the Soviet Union will have to co-operate by restricting the number of its launchers. But there is no reason whatever to suppose that the Russians will wish to help their adversaries attain a position of invulnerability which they can only regard as a threat to their own security, when they so easily can undermine it on the cheap.

Doubts about the feasibility of SDI are thus compounded by fears about the effect it will have on the international environment over the many years which, as its

proponents admit, they will take to achieve their ultimate goal. For until that goal is achieved, 'deterrence', or Mutual Assured Destruction, will continue to be the basis of international stability and the goal of arms control negotiations. Further, we must assume that the Soviet Union will be building up its own strategic defences at least as fast as the United States. The management of the arms competition so that neither side sees the other as likely to present an intolerable threat to its own survival is already an immensely complex matter demanding considerable mutual understanding and goodwill. The abandonment of such restrictions as already exist on anti-ballistic missile systems; the temptation to swamp or circumvent the adversary's growing defences with offensive build-ups; the difficulty of agreeing on what would be non-threatening mixes of offensive and defensive systems; and, underlying it all, the reciprocal fear that the opponent is seeking invulnerability only in order to dominate the world; all this is likely to sharpen international tensions yet further and suck yet more scarce resources into the arms race. The military themselves, knowing that at least some of the resources for the new programmes must come from their own allocations for conventional defences, are already far from enthusiastic about the whole idea.

These doubts and fears, forcefully and freely expressed throughout the United States and Western Europe, have clearly disconcerted members of the Reagan administration and their friends on this side of the Atlantic. Some have tried to overcome them by the bullying techniques favoured by the editor of the *Times*: the American technologists know best, to express any doubt on this score is to give aid and comfort to the enemy, loyalty to the alliance demands that we should shut up and get on with it — lucrative contracts being dangled before the eyes of those willing to come on board. Others, more wisely, have tried to calm those doubts by downplaying the more extreme aspirations of the Star Warriors and emphasising the positive aspects of the programme. They stress, quite properly, the need to keep pace with Soviet activity in the field of strategic defence research, and, slightly less credibly, the part which such developments could play in enhancing deterrence. On her visit to the United States last February Mrs Thatcher elicited agreement from President Reagan to four very important points. First, the object of SDI was not to achieve superiority over, but to maintain balance with, the Soviet Union. Second, the deployment of any SDI-related systems would have to be a matter of negotiation. Third, the overall aim is to enhance and not undercut deterrence. And lastly, negotiations should aim to achieve security with reduced levels of offensive systems on both sides.

All these points were endorsed by Paul Nitze in London in March, when he emphasised that:

the US objective is a radical reduction in the power of existing and planned offensive nuclear arms, as well as the stabilisation of the balance between offensive and defensive nuclear arms, whether on earth or in space. We are even now looking forward to a period of transition to a more stable world, with greatly reduced levels of nuclear arms and an enhanced ability to deter war based upon an increasing contribution of non-nuclear defences against offensive nuclear arms.

With such suavely presented aspirations it is difficult to quarrel. But there remain deep-seated European — and no doubt Soviet — fears that the Reagan administration has in mind a more fundamental transformation, using American technology to capture the high ground and keep it, achieving ultimately a position of invulnerability so assured that they need no longer listen to the Europeans or talk to the Russians. It is an understandable aspiration, and one that no doubt accounts for the enthusiasm which the Star Wars programme has evoked in so many quarters of the United States, but it is one that has grim implications for the rest of the world. President Reagan's public assurances to the Prime Minister are thus of immense importance, and the best way to strengthen his hand is to assure him of our confidence that he means to live up to them.

In any case the SDI has now been launched, and millions of dollars have now been allocated to research programmes which will long outlive the present administration. Some of these will run into the ground. Others may produce interesting and surprising results which could force a re-assessment of current strategic assumptions. The autonomous development of space and laser technology would anyhow have had implications, sooner or later, for weapons development such as no responsible government could ignore, and the feasibility of strategic defence certainly needs to be kept under constant examination — as indeed has been happening for many years beyond the Iron Curtain. Weapons technology cannot, any more than any other branch of technology, be frozen indefinitely. It is a pity that what might have been a sensible and necessary programme of research should have been initiated so apocalyptically, presented so abrasively and pursued so wastefully. But that is, alas, the transatlantic style.

Those of us who recall the days of Mr MacNamara's high-pressure salesmanship, of Flexible Response and the Multi-National Force, have today a considerable sense of *deja vu*. But the alliance managed to digest those innovations. This time it will be more difficult, since the Soviet Union will be involved in a way that it was not in those earlier initiatives. Our diplomats will have to work hard, but they have had long experience of this kind of damage limitation. Anyhow their task will be a great deal easier if the *Times* keeps quiet for a bit.

Michael Howard is Regius Professor of Modern History at Oxford.

MEETING THE KIDNAPPERS

Charles Glass on relations between the Western press and Amal

Beirut
TWO WEEKS ago, before the hijacking of TWA flight 847, there were not enough Western journalists here to get up a poker game. Now, it's hard to walk anywhere in Beirut without bumping into a pack of them. Most of them gather every morning in front of the apartment building which houses the offices and home of Amal leader Nabih Berri. Dozens of photographers and camera crews are 'staking out' the airport, watching every move of the Boeing 727 which sits on the tarmac with three crew members and a rotating cast of gunmen inside. The demands of the Western press here seem to be greater even than those of the hijackers. The American networks (one of which employs

me) in particular demand daily interviews with Nabih Berri and, failing Berri himself, Colonel Akel Haidar, head of the Amal political office. They are also demanding continuing access to the 39 American hostages, access which so far has been limited. American government critics of the press corps here make a mistake in accusing Amal and the hijackers of manipulating the American media. The media are manipulating them.

Colonel Haidar, who served in the Lebanese army for 25 years until his resignation in 1975, told journalists on Tuesday at a press conference in the basement of Berri's building, 'There is nothing to tell you. There is no progress. So, you may want to take advantage of

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PRIME MINISTER'S MEETING WITH MR ROBERT MCFARLANE : WASHINGTON, 26
JULY

OUR OBJECTIVES

(a) To reaffirm our commitment to arms control process and wish for deeper dialogue on Geneva/SDI.

(b) To reaffirm our support for a firm policy against terrorism and hi-jacking; to urge caution in any US consideration of pre-emptive or retaliatory action.

(c) Reinforce importance of Reagan impressing on Gorbachev seriousness of US willingness to negotiate. Warn against inflated expectations.

(d) To urge US not to delay meeting with joint Jordanian/Palestinian delegation.

(e) To stiffen the Administration's resolve to oppose sanctions against South Africa.

(f) To persuade the Americans to try to overcome Congress' veto of non-emergency aid to Mozambique.

(g) To persuade the Americans not to over-react to Mugabe's statements about possible unconstitutional change.

(h) To secure a solution to the unitary tax problem this year, either by legislation in California or by Federal action.

(i) To reiterate concern about progress in cutting Federal budget deficit, support Administration's efforts. Reiterate international implications of deficit and dangers of protectionism.



(j) To stress need to work together to prevent protectionism gaining a grip in the US and elsewhere; to clarify objectives on a new GATT round to start in 1986 and; to build on discussion on 3 July with Vice-President Bush about desirability of consultations on Japanese trade problem.

(k) To emphasise that the US cannot take out on their trading partners the consequences of failure to deal with their budget deficit.

Falklands/Argentina

(l) To ensure that the Americans do not supply Argentina with any weapons or equipment that could increase the threat to British forces in the Falklands.

(m) Specifically, to persuade the Americans to continue to prevent the delivery to Argentina of Skyhawk aircraft from Israel;

(n) To explain our current efforts to restore more normal relations with Argentina.

OUR ARGUMENTS

Arms Control

(a) Little likelihood of progress at Geneva before Summit? Latter valuable opportunity to impress on Russians sincerity of US wish to reduce nuclear weapons and explore strategic defence questions. But should continue to pursue at Geneva. I will be happy to provide considered views on this and on CW before November.

SDI

(b) Grateful for recent US briefing prior to and during current visit. Importance of developing Anglo/US agreement in public and private.



(c) SDI long-term project. Need for discipline and consistency in public utterances, including on SDI research/deployment distinction. 4 June State Department statement points right direction.

(d) As stated there, decisions to be taken by future Administrations. Therefore see main focus for near-term on practical possibilities for arms control. Also useful to deflect public spotlight away from SDI, and lower decibel level of Alliance debate.

Compliance

(e) Appreciate US concerns over Soviet violations. Shall lose no opportunity to press them to respond constructively to US complaints.

(f) Important US persevere in their efforts to achieve practical solutions to problems at Standing Consultative Commission (SCC) and elsewhere. Note some encouraging signs of progress in SCC.

(g) Welcome US commitment to continue to comply with arms control agreements. Subsequent decisions need to be sensitive to Alliance dimension, and the need to keep Geneva negotiations in being. Important to avoid unravelling of existing agreement and to strengthen arms control process.

ABM Treaty

(h) Important to prevent erosion (in President's words) of ABM Treaty, and to clarify grey areas. Can build on Secretary Shultz's public statement in Lisbon: that US will discuss current ABM regime with Russians and wish to see their behaviour brought into line with US understanding of what Treaty establishes.

Offence/Defence

(i) Recognise value of debate US trying to stimulate with Russians on relationship between offensive and defensive forces. Note some slight progress on this in Geneva. Thorough explanation necessary, to draw out Soviet thinking and explore ways ahead. Important that US also go over ground in more detail to Allies.

(j) See advantage in clarifying overall negotiating strategy.

Possible elements:

- reaffirmation at highest level (at Summit?) of ABM Treaty;
- joint political understanding to clarify limits of BMD research within ABM Treaty over next decade;
- get on now with first-stage offensive force reductions;
- eg in longer term (1995) formal US/Soviet review (eg in 1995) of whole offensive/defensive picture.

CW

(k) US adherence to its challenge inspection proposals forfeiting Alliance support and providing alibi for Soviet inflexibility. Hope for progress towards ban at the Summit. Political support for binary production easier if consensus on Western negotiating position and seen to be equitable.

Terrorism/Hi-jacking

(l) Awaiting firm reactions to our proposal for suspension of flights into and out of Beirut International Airport until Lebanese authorities can assure adequate security, as agreed with Vice-President Bush on 3 July. Cautious responses so far. Important thing is to bring Lebanese authorities to remedy the situation. That almost certainly means outside help in some form.

US/Soviet

(m) As I told Vice-President Bush on 3 July, warmly welcome prospect of US/Soviet Summit.

(n) Potential good for superpower and trans-Atlantic confidence.



(o) Note care you have taken not to arouse undue public expectations. Sensible. Results of first meeting likely to be fairly thin.

(p) Potential spin off for arms control negotiations. But right not to make too much of this publicly. Much will depend on what common ground you can find with Russians on SDI at Geneva.

(q) Right moment to make impression on Gorbachev before prejudices harden. President's personal sincerity and readiness to negotiate in good faith will be invaluable.

(r) My impression Gorbachev believes in Soviet system and underlying correctness of Soviet positions; but genuinely interested in exchange of ideas. Willing to listen. Not made his mind up on foreign policy questions.

(s) Would help reduce unrealistic expectations if such meetings could be held on fairly regular basis, so they become a normal event on international agenda.

Middle East

(t) Seeking to support Hussein and advance process without upsetting main stream of US/Jordanian contacts. Value continued close co-ordination with US. (Sir Geoffrey Howe's message.) Urge US to consider positively Palestinian names for Murphy meeting: delay may upset applecart. Signs that Peres is prepared to acquiesce.

South Africa

(u) Sanctions ineffective and against Western interests. Economic destabilisation only in Soviet interests.

Mozambique

(v) Know US Government share our view that success of Nkomati Accord vital for Western interests in the region. Assured Chissano, Mozambican Foreign Minister visiting London 21-25 July, that Congress veto not official policy. Hope President will be able to get it reversed.

Zimbabwe

(w) Mugabe's statements about possible unconstitutional introduction of one-party state and abolition of white seats in Parliament regrettable. But has complained before about constraints of Constitution, yet continued to observe it.

(x) Important therefore that West should continue hitherto successful policy of public support (including aid) and frank speaking in private. Over-reaction on our part could push him down the wrong road.

Unitary Taxation

(y) Retaliatory clause passed on 10 July an enabling power triggerable at HMG's discretion. Look to the Administration to bring about acceptable solution soon either in California or in Federal action. Proposed US legislation on Federal assistance to 'unitary states' a welcome step but will not in itself produce a solution.

US Economy

(z) Concerned that despite President's intervention, lack of progress in cutting deficit. Danger of fast fall in dollar/rise in dollar interest rates unless firm action taken on deficit. Disruption this would cause would be unwelcome and difficult to manage worldwide. Views?

Welcome recent lowering of US interest rates. But outlook still uncertain, given large Federal budget deficit and questions over recovery and US growth performance. Desirability of simpler and fairer tax system - should be revenue neutral as intended.



Despite recovery in world economy, position of major debtors still fragile and that of oil-exporting debtors likely to worsen. Need for further adjustment. Continued growth, open markets and low real interest rates also essential. Havana Conference reflects Castro's attempts to exploit debtors' vulnerability - US views on prospects?

Trade/Protectionism

(aa) Progress towards agreeing early GATT preparatory meeting sluggish.

- UK and US share many new round objectives (eg liberalisation of trade in services in the GATT, agriculture, graduation of newly-industrialising countries, Japan).
- Need to work together to elaborate these objectives if we are to be in good tactical position to make offers to and secure concessions from developing countries when preparatory process starts.
- Developing countries not monolithic hostile: but encouraged in foot-dragging by eg Brazilian tactical attempt to separate services from new round. Worth maintaining pressure.

(bb) Glad to note growing informal contacts between EC and US negotiators dealing with Japan.

- Must together convince Japanese that playing one trading partner off against another will lead to break up of multilateral trade arrangements from which they benefit so much.
- Better chance of success if we act together: co-ordinating, without 'ganging up', our bilateral approaches and our line in multilateral fora.
- Emphasis should be both on liberalisation of financial markets and increasing manufactured imports (import target).
- Will have to discuss what to do if Japan's 'action programme' proves inadequate, as seems likely.

Falklands/Argentina

(cc) Supply of any weaponry or military equipment which increased the threat to our forces in the Falklands would be received very badly indeed by the British Government and British people. This in turn would cut across our efforts to improve bilateral relations with Argentina.

(dd) Particularly important to avoid anti-American reactions in Britain at a time when we need to co-operate so closely on other matters. It was in this spirit that President Reagan proposed close consultation procedures at time of certification of Argentina in December 1983, specifying that account would be taken in each case of the threat that might be posed to peace in the region. So far, procedures have worked well: we appreciate meticulous approach

(ee) Acquisition of Skyhawk or F5 aircraft would significantly increase Argentine capability, and the threat to our forces, in the very way I am most concerned to avoid.

(ff) Our decision to lift ban on imports from Argentina was a significant gesture. Tangible benefit to Argentine economy. Should therefore help democracy. Hope you will encourage more constructive Argentine response. Unrealistic that they should continue to insist on British commitment to discuss sovereignty as precondition for talking about practical measures to improve bilateral relations.

TACTICAL ARGUMENTSCompliance

(a) West European public opinion would find it difficult to accept US abrogation of arms control commitments without stronger evidence of Soviet non-compliance and a convincing case that the US was at a serious military disadvantage as a result.

Hi-jacking/Terrorism

(b) We have not (not) concluded that multilateral agreement on suspension of flights cannot be reached, but if suspensions are to bring sufficient pressure on Lebanes they must be enforced by significant number of countries. Therefore need to think about alternative ways of achieving same result. Ten may make common representations in Beirut calling for early action and offering help (eg through ICAO). Syria in fact is best placed to help but political disadvantages and Syrian control of airport would bring its own objectives.

Middle East

(c) Hussein key friend. Deserves support. Soviet/Radical threat if West rebuffs moderates.

Trade/Protectionism

(d) Trade confrontation triggered by unilateral US restrictions would create very bad climate for new round.

- Need for coherent management of outstanding trade problems (eg steel, footwear, textiles).

Falklands/Argentina

(e) Any steps to shore up Argentine democracy must take account of economic as well as political situation there. Wrong to encourage Argentine ambitions to acquire expensive arms when they have such appalling economic difficulties.

(f) Despite statements of peaceful intent Argentina refuses to take any practical steps to restore our bilateral relations. Attitude towards Britain of Air Force leadership is particularly hostile.

US OBJECTIVESSDI/Compliance

(a) To up-date Prime Minister on Geneva talks and provide technical briefing on SDI. To seek understanding and support from the UK for their position on compliance, and to explain future plans for handling of arms control compliance problems.

Terrorism

(b) to maintain UK backing for a firm policy against international terrorism generally.

(c) The suspension of flights to Beirut and a firm general stand against terrorism.

Middle East

(d) Urge continued caution in dealings with PLO.

South Africa

(e) To explain domestic political difficulties for Administration over sanctions.

(f) To see reassurance of our continued opposition to sanctions, particularly in the Security Council.

Unitary Taxation

(g) Administration generally support abolition of UT but hope to avoid Federally imposed solution. Will claim considerable progress at States level.

Trade/Protectionism

(j) Likely to emphasise upsurge of protectionist sentiment in sensitive industrial sectors.

(k) May point to US impatience with slow moves towards a new round, and attractions of bi- or pluri-lateral approach.

Falklands/Argentina

(l) To persuade us that the US needs to respond to President Alfonsin's appeals for limited co-operation over supply of military equipment so as to help him to defuse military discontent, thus under-pinning democracy in Argentina.

(m) To argue that it is in US national and also broader Western interest for the US to improve relations with the Argentine armed forces, and to foster their pro-Western sympathies.

(n) To argue that it is possible to achieve these objectives without significantly increasing Argentina's military capability to threaten the Falklands; and that failing US assistance, President Alfonsin may turn to the Russians or the French.

YOUR RESPONSECompliance

(a) Recognise grounds for US concern about Soviet compliance. Need to explore ambiguities and possible violations with care. But should not press accusations beyond point where evidence will support, and Allies can endorse. Points again to need to consult closely, both on further SALT decisions, and other sensitive issues eg Montebello follow-up.

Terrorism

(b) With you all the way on combatting international terrorism. My strong speech to American Bar Association meeting in London on 15 July. Need to carry others with us. On hi-jacking at Beirut Airport, most important thing is to obtain control by an acknowledged and responsible national authority that airport no longer a safe haven for terrorists.

Middle East

(c) London meeting essentially side-show. Action proposed less than Hussein wanted (less than French/Italians). Minimum to satisfy his basic needs. No overall change in UK attitude to PLO as such.

South Africa

(d) Even limited US measures will make it much more difficult to resist pressures for comprehensive sanctions in the UN. Must stand firm together. We shall be under great pressure at CHOGM and, increasingly, from Community Partners. If the US could bring about some movement in the Namibia negotiations this could help reduce the pressures.

Unitary Taxation

(e) Not enough progress so far. Hope that Clause will generate movement towards a solution in California and is helpful to Administration. Pressure to invoke reserve powers will grow unless there is progress soon.

US Economy

(f) As agreed in Bonn need for all to continue with prudent fiscal and monetary policy. We are taking steps to increase flexibility and reduce structural rigidities. World economy has to suffer consequences of US budget deficit. Concerned that one markets see dollar is due for big fall interest rate will rise sharply in effort to continue to attract foreign funds to finance budget deficit.

Trade/Protectionism

(g) Recognise that protectionist pressures are growing as US approaches another election year.

- But as USTR Yeutter said in his confirmation speech to Senate, US trade deficit largely caused by high dollar, not trade policy.
- Giving way to protectionism will only give ammunition to new round sceptics.



- Protectionism would invite retaliation from those countries affected by import restrictions, or excluded from bilateral or plurilateral trade agreements.
- Indebted countries, particularly South America, must earn foreign exchange by exporting to US in order to avoid deepening debt crisis.

Falklands/Argentina

(h) Lifting of import ban confirms that we share desire to see democracy firmly established in Argentina. Recognise your interest in exerting positive influence on Argentine armed forces, and do not quarrel with principle of fostering pro-Western sympathies there. What we cannot accept is that means to this end should entail increased threat to British forces. Must again emphasize that this would be very badly received by the British Government, Parliament, media and public.

A (i) President assured me in December 1983 that the Administration would take into account any threat that might be posed to peace in the region and that significant sales were not expected. Your B Ambassador was instructed to assure me that the Administration would not approve sales such as advanced fighter aircraft or missiles that would increase significantly the threat of armed attack against the Falklands.

(j) Cannot accept view of Chairman of your Joint Chiefs of Staff that supply of Skyhawks would represent only "small increase" in capability of Argentine air force. A further 12 aircraft would be a substantial increase on existing Argentine holding of 29 Skyhawks.

These aircraft constitute principal threat to our forces, and to the new airport essential to their reinforcement.



(k) Recognise that Skyhawks already paid for: but their delivery would whet the appetite for more, spurred on by inter-service rivalry. Military must be told to live within the budget the country can afford.

(l) Understand you do not in fact have evidence of Soviet interest in arms sales to Argentina.

(m) As for French, we believe the Argentines are trying to sell Mirages. We have made our concerns about possible arms sales clear to the French as to you and other Allies, and will continue to do so as necessary.

(n) US supply of advanced systems would remove other Allies' inhibitions about supplying sophisticated arms to Argentina.

BACKGROUNDHi-jacking/Terrorism

1. Vice-President Bush and the Prime Minister agreed in London on 3 July on joint action in respect of hi-jacking and Lebanon. As agreed, we have approached a wide range of countries urging them to suspend air services to and from Beirut International Airport (BIA). No consensus has emerged. Arab countries are predictably opposed; France is very unlikely to agree; FRG (which is still taking soundings of the Summit Seven countries) and others are undecided. United States Government show some recognition that a widespread international boycott is unlikely. They have been talking to the Lebanese and Syrian Governments in an effort to persuade them to improve security at BIA. We support such moves. Possibility of armed United States intervention (probably by bombing the airport) remains if there is any further trouble.

2. Political Directors of the Ten, had a preliminary discussion of proposals for strengthening co-operation amongst the Ten on 16/17 July. They agreed to put to Foreign Ministers on 22/23 July a joint demarche to press the Lebanese Government to improve security, (and offering help).

3. Summit Seven experts are to meet in Bonn on 24/25 July. In the fact of French procedural obstruction to substantive decisions at recent meetings and weak German chairmanship, the Americans are showing disenchantment with co-operation on the basis of the Economic Summit Seven. There are limits to what can be achieved amongst the Seven, but such action can be useful and the United States should be patient.

US/Soviet

4. US/Soviet Summit 19/29 November Geneva.



5. Vice-President Bush said at 3 July discussion that President Reagan would welcome Prime Minister's considered views on the Summit. In her message to him of 9 July Prime Minister undertook to do so nearer the time (we shall be preparing a message in the Autumn). This meeting offers opportunity to get over one or two general ideas. Main point to get across is importance at this first US Summit of persuading Gorbachev that his prejudices against the present US Administration are ill-founded, and that it is worth doing business.

6. No agenda announced but Shultz has said US will want to cover arms control, bilateral and regional issues and human rights. Both sides in public playing down prospects for concrete agreements but US officials working to see if at least minor issue (eg cultural or consular) could be agreed.

Middle East

7. King Hussein told the Prime Minister on 7 June that he had proposed in Washington a series of meetings starting with a joint delegation of Jordanians and uncontroversial Palestinians and US Assistant Secretary of State, Mr Murphy. That could lead on to a PLO delegation accepting UN SCRs 242 and 338, a meeting between a Jordanian/PLO delegation and the US and finally an International Conference. The Prime Minister commended a progressive approach but expressed reservations about an International Conference.

8. The Jordanians have only just passed seven names of Palestinians to the US, inviting them to select four for the delegation to meet Murphy. Five are (or have been) PLO officials albeit not of the first rank: Khalif Al Hassan, Hatim Husayni, Salah Tamir, Nabil Sha'th and Muhammed Sabah. Two, Hana Siniora and Faez Abu Rahma, are moderate and respected figures (a journalist and a lawyer) from the Occupied Territories. The US are considering their position. Meanwhile on 16 July Israeli PM Peres staged a meeting with two prominent West Bank moderates, Freij and Hikmat Al Masri, apparently



as an indication of his readiness to talk to Palestinian representatives he considers legitimate spokesman. Israeli reactions to the Palestinian list have been predictable. Shamir negative, Peres more restrained.

9. The King also proposed on 7 June a visit by a joint Jordan/PLO delegation to London. Mr Shultz met the Prime Minister later that day and stressed the need for cautious progress, one step at a time, towards direct negotiations. We have not yet announced a decision about the visit requested by the King, but have proposed to him that, as he wished, the Secretary of State should meet a Jordanian/Palestinian delegation consisting of the Jordanian Deputy Prime Minister and Foreign Minister, Mr Milhem and Bishop Khouri; they would be encouraged to make clear in public their personal commitment to peace and preferably agreement to SCRs 242 and 338. The King has replied, apparently without consulting the PLO or Milhem and Khouri, that this is broadly acceptable. We have informed the US in general terms of these exchanges. The Prime Minister discussed matters further with the King on 19 July. Copies
A of Sir Geoffrey Howe's subsequent message to Shultz and
B Washington's report of the initial US reaction are attached.

South Africa

10. On 5 June US House of Representatives voted 295 to 127 for Anti-Apartheid Bil which would prohibit new US bank loans to the South African Government, new commercial investment in South Africa, all nuclear co-operation with South Africa, the import of krugerrands and the export of computers and related technology to South Africa.

11. On 11 July Senate voted 80 to 12 for Bill which would impose an immediate ban on bank loans to the South African Government and Government agencies, and prohibit the export of nuclear goods or nuclear technology to South Africa. Bill includes \$15 million scholarship fund for black education and requires mandatory



application of the Sullivan Principles for US companies operating in South Africa. Further measures, possibly including a ban on new commercial investment in South Africa, would be introduced after 18 months unless the President determines that 'significant progress' had been made towards ending apartheid.

12. Attempt will now be made to reconcile both Bills. A compromise Bill may not clear Congress until after the Summer recess which begins on 8 August.

13. Administration remain opposed to sanctions of any sort against South Africa, but President might find it difficult to veto legislation involving limited measures.

Mozambique

14. On 11 July House of Representatives voted for Republican amendment deleting all non-emergency aid for Mozambique unless communist military advisers there cut to 55 (same number Congress allows USG to send to El Salvador). Administration had asked for \$17 million development and programme aid, and \$315 million for military aid and training. Prospects for reinstatement uncertain, given difficulties with Congress over Southern Africa.

15. During Crocker's visit to London for Africa Directors' meeting 16 July, we were asked to reassure Chissano during his visit that Congress' decision did not represent US policy.

Zimbabwe

16. Mugabe took result of white vote for Ian Smith in general election badly, and repeated in trenchant terms intention to remove constitutional provisions on separate white representation and freedom of association. Under Constitution abolition of white seats before 1987 would require 100 affirmative votes in House of Assembly (70 votes thereafter). However, did not say that he would act unconstitutionally.



17. US/Zimbabwe relations not very good. Zimbabweans consider US ignores them (eg Crocker rarely visits to explain US negotiations on Namibia/Angola); US irritated by Zimbabwean anti-US stance notably at UN.

Unitary Taxation

18. Acceptable legislation this Summer in California would be enough. Failing that Federal action necessary in line with Don Regan's 31 July deadline for recommending Federal legislation. On 4 July the Chancellor wrote again to Mr Baker. Reaction from the Administration understanding and that it could be helpful. On 8 July the US Treasury published legislation which will provide Federal assistance for states which abolish UT. The EC is to make a joint demarche in Washington.

US Economy

19. In testimony on Monetary Policy on 17 July, Volcker was critical of continued absence of solution to budget deficit problem. Also criticised failure of other developed countries to provide sufficient support for world recovery.

20. Before his resignation, Stockman had noted that even if Senate package was agreed, deficit would still average \$200 billion over next 3 years.

21. Demand in Latin America for political dialogue on debt growing - Castro's attempt to exploit issue, Kissinger's article in 'Washington Post' on 25 June.

Trade/Protectionism

22. New GATT round: no agreement yet on date for preparatory meeting. Brazil and India leading opponents of early action.



23. EC/US trade issues:

Steel: US threatening unilateral import restrictions if no imminent agreement in negotiations on 17 products not covered by 1982 EC/US export restraint Arrangement (including semi-finished products, of concern to BSC's joint venture with Tuscaloosa Steel, Alabama involving US imports of 1,250,000 over 5 years).

Citrus/Pasta: US now likely to announce postponement of pasta tariff increases (retaliation against EC refusal to accept GATT Panel report finding damage to US citrus trade through EC Mediterranean agreements) as a result of EC agreement to lower export refunds on pasta for North America: truce to buy time for an overall settlement.

Footwear: President yet to decide what action to take on International Trade Commission recommendation of five-year import quotas.

Falklands/Argentina

24. When the US certified Argentina for arms sales in December 1983, President Reagan gave the Prime Minister an explicit undertaking that the US Government would consult us about any major arms sales to Argentina. This was amplified by a message from the US Ambassador in London which stated that the US "would not approve sales such as advanced fighter aircraft or missiles that would increase significantly the threat of armed attack against the Falklands." The message added that President Alfonsin was firmly committed to a significant reduction of the military budget, and that Argentina was experiencing serious economic problems and could not afford to divert major resources to arms purchases.

25. In her reply to President Reagan, the Prime Minister warned that the Argentine military would see certification as the thin end of the wedge and that Alfonsin would come under great pressure from them to ask the Americans to sell more than they would think right.



26. The consultation process has so far worked well, and the Americans have been responsive to our concerns over potential supply of sensitive items, such as Sikorsky "Blackhawk" helicopters, TOW missiles, as well as the Skyhawk aircraft. President Alfonsin has drastically cut the Argentine military budget. But in Washington pressure has been building up for some tangible manifestation of the Americans' wish to improve relations with the Argentine armed forces, both to dissuade them from political adventurism at home and to foster their pro-Western sympathies.

27. In a message dated 3 July to the Chief of the Defence Staff, the Chairman of the US Joint Chiefs of Staff, General Vessey, argued in favour of permitting the delivery to Argentina of at least 12 A4 Skyhawk aircraft now held in Israel. Their delivery has been blocked by the US Administration, though they have been paid for by the previous Argentine Government. These aircraft were the subject of representations in February by the Prime Minister to President Reagan and by the Foreign Secretary to Mr Shultz. It might still be possible to avert supply of the Skyhawks (or F5s): we do not know whether the advocates of delivery have persuaded the Administration at the highest level. CDS has replied to General Vessey in robust terms.

28. The US Ambassador called at his request on the Foreign Secretary on 17 July. Two new factors emerged:-

(a) President Alfonsin himself had been appealing in the strongest terms to the US Government for limited co-operation over the supply of military equipment, as he needed something to give his armed forces.

(b) the US Government had decided to set up an inter-agency group to study the question and make recommendations.

SECRET



29. Ambassador Price also emphasized the growing pressure in the US for some kind of arms sales as a gesture of support for the Alfonsin regime. The Foreign Secretary stressed our concern about any action which would increase the threat to our forces in the Falklands and made clear the hostile reactions this would provoke in Britain. Sir Geoffrey Howe will raise the matter with Mr Shultz in Helsinki at the end of July.



ROBERT C McFARLANE

Assistant to the President for National Security Affairs

Born 1937. Graduate of the US Naval Academy, and former Marine. Came to Washington to work for the Nixon Administration as a Counsel to the President for Legislative Affairs in 1971. Military Assistant to Henry Kissinger 1973-75. He then became Special Assistant for National Security under Brent Scowcroft. Senior staff member on the Senate Armed Services Committee during the Carter Administration. Counsellor at the State Department under General Haig. President's envoy in the Middle East from July 1983 until his present appointment in October 1983.

McFarlane has a thorough knowledge of politico-military matters. He was instrumental in early 1983 in helping to move forward the US Administration's positions both in INF and START. After a shaky start, he did a good job in working as National Security Adviser. He operates effectively behind the scenes; his discretion and energy as a 'team-player' are particularly welcome to Mr Shultz.

Married with three children.

22 July 1985

S E C R E T

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DD WASHINGTON 191830Z

GRS 700

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DESKBY 191830Z

FROM FCO 191700Z JUL 85

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 1130 OF 19 JULY 1985

INFO IMMEDIATE (PERSONAL FOR HM REPRESENTATIVES) AMMAN, TEL AVIV
PRIME MINISTER'S MEETING WITH KING HUSSEIN: 19 JULY 1985

1. PLEASE PASS THE FOLLOWING MESSAGE FROM ME TO SHULTZ:
BEGINS

'THE PRIME MINISTER AND I SAW KING HUSSEIN AND ZAID RIFA'I TODAY TO TALK OVER THE PROGRESS OF HIS INITIATIVE. THE KING TOLD US THAT HE HAD NOW SENT YOU A LIST OF NAMES FROM WHICH THE PALESTINIAN MEMBERS OF A JOINT JORDANIAN/PALESTINIAN DELEGATION MIGHT BE CHOSEN. THE JORDANIANS THEMSELVES HAD WHITTLED DOWN ARAFAT'S ORIGINAL LIST OF TWENTY-TWO TO THE SEVEN NAMES WHICH HE PUT FORWARD TO YOU. HE RECOGNISED THAT YOU WOULD NOT ACCEPT KHALID AL-HASSAN BUT HOPED THAT YOU WOULD FIND NO DIFFICULTY IN AGREEING TO FOUR NAMES FROM AMONG THE OTHER SIX. INDEED HE SEEMED FULLY CONFIDENT THAT YOU WOULD. WE ASKED WHY THE PLO HAD BEEN SO DILATORY IN PUTTING FORWARD NAMES. THE KING EXPLAINED THAT ARAFAT HAD BEEN KEEN TO GET THE UNANIMOUS AGREEMENT OF ALL THE MAIN ORGANS OF THE PLO.

'AS YOU WILL KNOW, THE KING ATTACHES GREAT IMPORTANCE TO ARRANGING A MEETING BETWEEN AMBASSADOR MURPHY AND A JOINT DELEGATION BEFORE THE END OF JULY. HE IS UNEASY ABOUT THE PROSPECT OF AN ARAB SUMMIT, FOR WHICH THE MOROCCANS ARE CANVASSING THE DATE OF 29 JULY: HE SEES A RISK THAT IT WOULD DISRUPT THE PROCESS ON WHICH HE HAS EMBARKED. HE IS ALSO KEEN TO HOLD A FIRST MEETING SOON IN ORDER TO GET ARAFAT FULLY COMMITTED TO THE PROCESS OF DIALOGUE. HE RECOGNISES THAT A MEETING HELD AT SUCH SHORT NOTICE COULD NOT DISCUSS ANYTHING OF SUBSTANCE. THE PURPOSE WOULD SIMPLY BE TO LAUNCH THE DIALOGUE BETWEEN THE UNITED STATES AND A JOINT DELEGATION. BOTH THE PRIME MINISTER AND I

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FEEL THAT THERE IS MUCH TO BE SAID FOR KEEPING UP THE MOMENTUM AND HOPE THAT YOU WILL FEEL ABLE TO AGREE TO AN EARLY MEETING DESPITE THE SHORT NOTICE.

'WE FOUND THE KING RATHER MORE REALISTIC THAN ON HIS LAST VISIT HERE ABOUT THE FUTURE DEVELOPMENT OF HIS INITIATIVE. HE CONTINUES TO SEE THE PRIORITY AS BEING TO GET TO A POSITION WHERE THE PLO PUBLICLY ACCEPT UN SECURITY COUNCIL RESOLUTIONS 242 AND 338 AND THUS QUALIFY THEMSELVES FOR DIALOGUE WITH THE UNITED STATES. HE WELCOMED PERES' RECENT MEETING WITH WEST BANK LEADERS AND THE INDICATIONS THAT HE WOULD BE PREPARED TO NEGOTIATE WITH A DELEGATION INCLUDING MEMBERS OF THE PNC. HE DOES NOT APPEAR HOWEVER, TO HAVE GIVEN MUCH FURTHER THOUGHT TO THE ACTUAL LAUNCHING OF NEGOTIATIONS WITH ISRAEL.

'WE ALSO DISCUSSED WITH THE KING HIS REQUEST THAT WE SHOULD RECEIVE A JORDANIAN/PALESTINIAN DELEGATION INCLUDING FORMER MAYOR MILHEM AND BISHOP KHOURI. THE PRIME MINISTER EXPLAINED THAT WE WOULD BE READY IN PRINCIPLE TO DO THIS PROVIDED THAT MILHEM AND KHOURI WERE PREPARED TO MAKE PUBLIC STATEMENTS WHILE HERE, RENOUNCING VIOLENCE AND MAKING CLEAR THEIR PERSONAL ACCEPTANCE OF UN SECURITY COUNCIL RESOLUTIONS 242 AND 338. THE KING SAID THAT HE WAS CONFIDENT THAT THEY WOULD DO THIS. THE PRIME MINISTER MADE IT CLEAR THAT WE DID NOT (NOT) WANT TO UPSET THE SEQUENCE OF MEETINGS YOU HAVE IN MIND. SHE ALSO MADE CLEAR THAT WE WOULD NOT WANT TO ANNOUNCE A DECISION TO RECEIVE SUCH A DELEGATION UNTIL YOU HAD AGREED THE NAMES AND SET A DATE FOR AMBASSADOR MURPHY'S MEETING WITH THE JORDANIAN/PALESTINIAN DELEGATION. THE TIMING OF OUR MEETING WAS LEFT OPEN, AND I WILL LET YOU KNOW WHEN THIS BECOMES CLEAR.

'I SHOULD BE INTERESTED TO HEAR HOW YOU SEE THE NEXT STEPS, AND PARTICULARLY THE TIMING OF A MEETING BETWEEN AMBASSADOR MURPHY AND A JOINT DELEGATION. THE KING IS ANXIOUS TO KEEP THE PROCESS MOVING FORWARD BEFORE HIS FREEDOM OF MANOEUVRE CAN BE RESTRICTED OR ARAFAT LET OFF THE HOOK BY SOME WIDER ARAB MOVES TO RESUSCITATE THE FEZ DECLARATION. I BELIEVE THAT WE SHOULD SUPPORT HIM IN THIS.'

ENDS

12.

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2. FOR AMMAN AND TEL AVIV. THE ABOVE IS FOR YOUR OWN INFORMATION ONLY. WE ARE TELEGRAPHING A PRESS LINE SEPARATELY. YOU SHOULD CONFINE YOUR RESPONSE TO ALL ENQUIRIES STRICTLY TO THE PRESS LINE.

HOWE

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S E C R E T

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FM WASHINGTON 192236Z JUL 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 2192 OF 19 JULY

INFO PRIORITY AMMAN, TEL AVIV (PERSONAL FOR HM REPRESENTATIVES).

YOUR TELNO 1130: ARAB/ISRAEL

1. MESSAGE DELIVERED. MINISTER DISCUSSED IT BRIEFLY WITH RAPHEL AND KIRBY THIS EVENING. THEY WERE GRATEFUL TO BE BRIEFED SO PROMPTLY.
2. RAPHEL EXPRESSED CONCERN AT KING HUSSEIN'S EMPHASIS ON WORKING TOWARDS A PLO/US DIALOGUE RATHER THAN ON HOW TO LAUNCH DIRECT NEGOTIATIONS WITH ISRAEL. HIS APPARENT AIM OF ENSURING EXPLICIT PLO REPRESENTATION FROM THE OUTSET OF NEGOTIATIONS WAS A NON-STARTER FOR THE ISRAELIS.
3. RAPHEL WAS SCEPTICAL ABOUT THE CASE FOR A MEETING BETWEEN MURPHY AND A JORDANIAN/PALESTINIAN DELEGATION BEFORE THE ARAB SUMMIT, IF ONE IN FACT TOOK PLACE THIS MONTH. IT WOULD BE UNHELPFUL FOR US OPINION AND FOR GETTING THE ISRAELIS ON BOARD IF THE JORDANIANS CHARACTERISED THIS MEETING AS PART OF A US/PLO DIALOGUE AND A SUMMIT ENDORSED THIS APPROACH. MURPHY'S MEETING NEEDED TO BE WELL PLANNED WITH A PRIOR UNDERSTANDING OF WHERE IT SHOULD LEAD.
4. NO DECISIONS ON HOW THE US SHOULD PROCEED NOW THEY HAD A LIST OF NAMES HAD BEEN MADE AT A FIRST DISCUSSION WITH SHULTZ AND MURPHY THIS AFTERNOON. THE REAL ISSUE WAS NOT THE ACCEPTABILITY OF THE PALESTINIANS ON THE LIST BUT HOW MURPHY'S MEETING COULD ADVANCE THE PROCESS TOWARDS DIRECT NEGOTIATIONS WITH ISRAEL. OFFICIALS HAD BEEN INSTRUCTED TO GIVE FURTHER THOUGHT TO HOW MURPHY'S MEETING SHOULD BE STRUCTURED, WHAT SORT OF PRIOR AGREEMENTS SHOULD BE SOUGHT, HOW IT MIGHT LEAD TO THE DEVELOPMENT OF THE NECESSARY SUPPORTIVE INTERNATIONAL CONTEXT, WITH OR WITHOUT UN INVOLVEMENT, AND TO THE IMPLICATIONS FOR PALESTINIAN REPRESENTATION IN EVENTUAL DIRECT NEGOTIATIONS WITH ISRAEL. MUCH WORK HAD, OF COURSE, ALREADY BEEN DONE ON THESE ISSUES. RAPHEL ENVISAGED A NEED FOR FURTHER CONSULTATIONS WITH THE JORDANIANS AND ISRAELIS. HE SAID THE LATTER HAD BEEN GIVEN THE LIST AND ASKED FOR ANY COMMENTS THEY MIGHT HAVE. (BOTH AMERICANS DEPLORED THE FACT THAT THE ONLY ISRAELI COMMENTS SO FAR PROFERRED HAD BEEN TO THE PRESS.)

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5. RAPHEL EXPRESSED APPRECIATION OF THE LINE THE PRIME MINISTER HAD TAKEN OVER THE TIMING OF YOUR PROPOSED MEETING WITH A JORDANIAN/PALESTINIAN DELEGATION. IT WOULD BE VERY HELPFUL IF MILHEM AND KHOURI MADE THE PUBLIC STATEMENTS WE ENVISAGED. HE ADDED THAT SHULTZ HAD REITERATED THAT HIS OFFICIALS SHOULD KEEP CLOSELY IN TOUCH WITH US.

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NEWS.D.

RESEARCH.D.

PS

PS/MR LUCE

PS/PUS

MR. FERGUSSON

MR. DEREK THOMAS

MR. EGERTON

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-2-
SECRET

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1661</i> (one piece/item number)	Date and sign
Extract/Item details: <i>message from US President to Prime Minister dated 3 December 1983 (Two copies: Annex C and D of briefing pack for PM's meeting with McFarlane)</i>	
CLOSED FORYEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	<i>5 August 2014 (Alayland)</i>
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NUMBER NOT USED	

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 166 (one piece/item number)	Date and sign
Extract/Item details: <i>message from Prime Minister to US President dated 6 December 1983 (Annex E of briefing pack for P.M.'s meeting with McFarlane)</i>	
CLOSED FOR YEARS UNDER FOI EXEMPTION	
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PRIME MINISTER'S MEETING WITH VICE-PRESIDENT BUSH : WASHINGTON,
26 JULY

OUR OBJECTIVES

- (a) To reaffirm our commitment to arms control process and wish for deeper dialogue on Geneva/SDI.
- (b) To reaffirm our support for a firm policy against terrorism and hi-jacking; to urge caution in any US consideration of pre-emptive or retaliatory action.
- (c) Reinforce importance of Reagan impressing on Gorbachev seriousness of US willingness to negotiate. Warn against inflated expectations.
- (d) To urge US not to delay meeting with joint Jordanian/Palestinian delegation.
- (e) To stiffen the Administration's resolve to oppose sanctions against South Africa.
- (f) To persuade the Americans to try to overcome Congress' veto of non-emergency aid to Mozambique.
- (g) To persuade the Americans not to over-react to Mugabe's statements about possible unconstitutional change.
- (h) To secure a solution to the unitary tax problem this year, either by legislation in California or by Federal action.
- (i) To reiterate concern about progress in cutting Federal budget deficit, support Administration's efforts. Reiterate international implications of deficit and dangers of protectionism.



(j) To stress need to work together to prevent protectionism gaining a grip in the US and elsewhere; to clarify objectives on a new GATT round to start in 1986 and; to build on discussion on 3 July with Vice-President Bush about desirability of consultations on Japanese trade problem.

(k) To emphasise that the US cannot take out on their trading partners the consequences of failure to deal with their budget deficit.

Falklands/Argentina

(l) To ensure that the Americans do not supply Argentina with any weapons or equipment that could increase the threat to British forces in the Falklands.

(m) Specifically, to persuade the Americans to continue to prevent the delivery to Argentina of Skyhawk aircraft from Israel;

(n) To explain our current efforts to restore more normal relations with Argentina.

OUR ARGUMENTS

Arms Control

(a) Little likelihood of progress at Geneva before Summit? Latter valuable opportunity to impress on Russians sincerity of US wish to reduce nuclear weapons and explore strategic defence questions. But should continue to pursue at Geneva. I will be happy to provide considered views on this and on CW before November.

SDI

(b) Grateful for recent US briefing prior to and during current visit. Importance of developing Anglo/US agreement in public and private.



(c) SDI long-term project. Need for discipline and consistency in public utterances, including on SDI research/deployment distinction. 4 June State Department statement points right direction.

(d) As stated there, decisions to be taken by future Administrations. Therefore see main focus for near-term on practical possibilities for arms control. Also useful to deflect public spotlight away from SDI, and lower decibel level of Alliance debate.

Compliance

(e) Appreciate US concerns over Soviet violations. Shall lose no opportunity to press them to respond constructively to US complaints.

(f) Important US persevere in their efforts to achieve practical solutions to problems at Standing Consultative Commission (SCC) and elsewhere. Note some encouraging signs of progress in SCC.

(g) Welcome US commitment to continue to comply with arms control agreements. Subsequent decisions need to be sensitive to Alliance dimension, and the need to keep Geneva negotiations in being. Important to avoid unravelling of existing agreement and to strengthen arms control process.

ABM Treaty

(h) Important to prevent erosion (in President's words) of ABM Treaty, and to clarify grey areas. Can build on Secretary Shultz's public statement in Lisbon: that US will discuss current ABM regime with Russians and wish to see their behaviour brought into line with US understanding of what Treaty establishes.



Offence/Defence

(i) Recognise value of debate US trying to stimulate with Russians on relationship between offensive and defensive forces. Note some slight progress on this in Geneva. Thorough explanation necessary, to draw out Soviet thinking and explore ways ahead. Important that US also go over ground in more detail to Allies.

(j) See advantage in clarifying overall negotiating strategy.

Possible elements:

- reaffirmation at highest level (at Summit?) of ABM Treaty;
- joint political understanding to clarify limits of BMD research within ABM Treaty over next decade;
- get on now with first-stage offensive force reductions;
- eg in longer term (1995) formal US/Soviet review (eg in 1995) of whole offensive/defensive picture.

CW

(k) US adherence to its challenge inspection proposals forfeiting Alliance support and providing alibi for Soviet inflexibility. Hope for progress towards ban at the Summit. Political support for binary production easier if consensus on Western negotiating position and seen to be equitable.

Terrorism/Hi-jacking

(l) Awaiting firm reactions to our proposal for suspension of flights into and out of Beirut International Airport until Lebanese authorities can assure adequate security, as agreed with you on 3 July. Cautious responses so far. Important thing is to bring Lebanese authorities to remedy the situation. That almost certainly means outside help in some form.

US/Soviet

(m) As I told you on 3 July, warmly welcome prospect of US/Soviet Summit.

(n) Potential good for superpower and trans-Atlantic confidence.



(o) Note care you have taken not to arouse undue public expectations. Sensible. Results of first meeting likely to be fairly thin.

(p) Potential spin off for arms control negotiations. But right not to make too much of this publicly. Much will depend on what common ground you can find with Russians on SDI at Geneva.

(q) Right moment to make impression on Gorbachev before prejudices harden. President's personal sincerity and readiness to negotiate in good faith will be invaluable.

(r) My impression Gorbachev believes in Soviet system and underlying correctness of Soviet positions; but genuinely interested in exchange of ideas. Willing to listen. Not made his mind up on foreign policy questions.

(s) Would help reduce unrealistic expectations if such meetings could be held on fairly regular basis, so they become a normal event on international agenda.

Middle East

(t) Seeking to support Hussein and advance process without upsetting main stream of US/Jordanian contacts. Value continued close co-ordination with US. (Sir Geoffrey Howe's message.) Urge US to consider positively Palestinian names for Murphy meeting: delay may upset applectart. Signs that Peres is prepared to acquiesce.

South Africa

(u) Sanctions ineffective and against Western interests. Economic destabilisation only in Soviet interests.

Mozambique

(v) Know US Government share our view that success of Nkomati Accord vital for Western interests in the region. Assured Chissano, Mozambican Foreign Minister visiting London 21-25 July, that Congress veto not official policy. Hope President will be able to get it reversed.

Zimbabwe

(w) Mugabe's statements about possible unconstitutional introduction of one-party state and abolition of white seats in Parliament regrettable. But has complained before about constraints of Constitution, yet continued to observe it.

(x) Important therefore that West should continue hitherto successful policy of public support (including aid) and frank speaking in private. Over-reaction on our part could push him down the wrong road.

Unitary Taxation

(y) Retaliatory clause passed on 10 July an enabling power triggerable at HMG's discretion. Look to the Administration to bring about acceptable solution soon either in California or in Federal action. Proposed US legislation on Federal assistance to 'unitary states' a welcome step but will not in itself produce a solution.

US Economy

(z) Concerned that despite President's intervention, lack of progress in cutting deficit. Danger of fast fall in dollar/rise in dollar interest rates unless firm action taken on deficit. Disruption this would cause would be unwelcome and difficult to manage worldwide. Views?

Welcome recent lowering of US interest rates. But outlook still uncertain, given large Federal budget deficit and questions over recovery and US growth performance. Desirability of simpler and fairer tax system - should be revenue neutral as intended.



Despite recovery in world economy, position of major debtors still fragile and that of oil-exporting debtors likely to worsen. Need for further adjustment. Continued growth, open markets and low real interest rates also essential. Havana Conference reflects Castro's attempts to exploit debtors' vulnerability - US views on prospects?

Trade/Protectionism

(aa) Progress towards agreeing early GATT preparatory meeting sluggish.

- UK and US share many new round objectives (eg liberalisation of trade in services in the GATT, agriculture, graduation of newly-industrialising countries, Japan).
- Need to work together to elaborate these objectives if we are to be in good tactical position to make offers to and secure concessions from developing countries when preparatory process starts.
- Developing countries not monolithic hostile: but encouraged in foot-dragging by eg Brazilian tactical attempt to separate services from new round. Worth maintaining pressure.

(bb) Glad to note growing informal contacts between EC and US negotiators dealing with Japan.

- Must together convince Japanese that playing one trading partner off against another will lead to break up of multilateral trade arrangements from which they benefit so much.
- Better chance of success if we act together: co-ordinating, without 'ganging up', our bilateral approaches and our line in multilateral fora.
- Emphasis should be both on liberalisation of financial markets and increasing manufactured imports (import target).
- Will have to discuss what to do if Japan's 'action programme' proves inadequate, as seems likely.

Falklands/Argentina

(cc) Supply of any weaponry or military equipment which increased the threat to our forces in the Falklands would be received very badly indeed by the British Government and British people. This in turn would cut across our efforts to improve bilateral relations with Argentina.

(dd) Particularly important to avoid anti-American reactions in Britain at a time when we need to co-operate so closely on other matters. It was in this spirit that President Reagan proposed close consultation procedures at time of certification of Argentina in December 1983, specifying that account would be taken in each case of the threat that might be posed to peace in the region. So far, procedures have worked well: we appreciate meticulous approach

(ee) Acquisition of Skyhawk or F5 aircraft would significantly increase Argentine capability, and the threat to our forces, in the very way I am most concerned to avoid.

(ff) Our decision to lift ban on imports from Argentina was a significant gesture. Tangible benefit to Argentine economy. Should therefore help democracy. Hope you will encourage more constructive Argentine response. Unrealistic that they should continue to insist on British commitment to discuss sovereignty as precondition for talking about practical measures to improve bilateral relations.

TACTICAL ARGUMENTSCompliance

(a) West European public opinion would find it difficult to accept US abrogation of arms control commitments without stronger evidence of Soviet non-compliance and a convincing case that the US was at a serious military disadvantage as a result.



Hi-jacking/Terrorism

(b) We have not (not) concluded that multilateral agreement on suspension of flights cannot be reached, but if suspensions are to bring sufficient pressure on Lebanes they must be enforced by significant number of countries. Therefore need to think about alternative ways of achieving same result. Ten may make common representations in Beirut calling for early action and offering help (eg through ICAO). Syria in fact is best placed to help but political disadvantages and Syrian control of airport would bring its own objectives.

Middle East

(c) Hussein key friend. Deserves support. Soviet/Radical threat if West rebuffs moderates.

Trade/Protectionism

(d) Trade confrontation triggered by unilateral US restrictions would create very bad climate for new round.

- Need for coherent management of outstanding trade problems (eg steel, footwear, textiles).

Falklands/Argentina

(e) Any steps to shore up Argentine democracy must take account of economic as well as political situation there. Wrong to encourage Argentine ambitions to acquire expensive arms when they have such appalling economic difficulties.

(f) Despite statements of peaceful intent Argentina refuses to take any practical steps to restore our bilateral relations. Attitude towards Britain of Air Force leadership is particularly hostile.

US OBJECTIVESSDI/Compliance

(a) To up-date Prime Minister on Geneva talks and provide technical briefing on SDI. To seek understanding and support from the UK for their position on compliance, and to explain future plans for handling of arms control compliance problems.

Terrorism

(b) to maintain UK backing for a firm policy against international terrorism generally.

(c) The suspension of flights to Beirut and a firm general stand against terrorism.

Middle East

(d) Urge continued caution in dealings with PLO.

South Africa

(e) To explain domestic political difficulties for Administration over sanctions.

(f) To see reassurance of our continued opposition to sanctions, particularly in the Security Council.

Unitary Taxation

(g) Administration generally support abolition of UT but hope to avoid Federally imposed solution. Will claim considerable progress at States level.

Trade/Protectionism

(j) Likely to emphasise upsurge of protectionist sentiment in sensitive industrial sectors.

(k) May point to US impatience with slow moves towards a new round, and attractions of bi- or pluri-lateral approach.



Falklands/Argentina

(l) To persuade us that the US needs to respond to President Alfonsin's appeals for limited co-operation over supply of military equipment so as to help him to defuse military discontent, thus under-pinning democracy in Argentina.

(m) To argue that it is in US national and also broader Western interest for the US to improve relations with the Argentine armed forces, and to foster their pro-Western sympathies.

(n) To argue that it is possible to achieve these objectives without significantly increasing Argentina's military capability to threaten the Falklands; and that failing US assistance, President Alfonsin may turn to the Russians or the French.

YOUR RESPONSE

Compliance

(a) Recognise grounds for US concern about Soviet compliance. Need to explore ambiguities and possible violations with care. But should not press accusations beyond point where evidence will support, and Allies can endorse. Points again to need to consult closely, both on further SALT decisions, and other sensitive issues eg Montebello follow-up.

Terrorism

(b) With you all the way on combatting international terrorism. My strong speech to American Bar Association meeting in London on 15 July. Need to carry others with us. On hi-jacking at Beirut Airport, most important thing is to obtain control by an acknowledged and responsible national authority that airport no longer a safe haven for terrorists.

Middle East

(c) London meeting essentially side-show. Action proposed less than Hussein wanted (less than French/Italians). Minimum to satisfy his basic needs. No overall change in UK attitude to PLO as such.

South Africa

(d) Even limited US measures will make it much more difficult to resist pressures for comprehensive sanctions in the UN. Must stand firm together. We shall be under great pressure at CHOGM and, increasingly, from Community Partners. If the US could bring about some movement in the Namibia negotiations this could help reduce the pressures.

Unitary Taxation

(e) Not enough progress so far. Hope that Clause will generate movement towards a solution in California and is helpful to Administration. Pressure to invoke reserve powers will grow unless there is progress soon.

US Economy

(f) As agreed in Bonn need for all to continue with prudent fiscal and monetary policy. We are taking steps to increase flexibility and reduce structural rigidities. World economy has to suffer consequences of US budget deficit. Concerned that one markets see dollar is due for big fall interest rate will rise sharply in effort to continue to attract foreign funds to finance budget deficit.

Trade/Protectionism

(g) Recognise that protectionist pressures are growing as US approaches another election year.

- But as USTR Yeutter said in his confirmation speech to Senate, US trade deficit largely caused by high dollar, not trade policy.
- Giving way to protectionism will only give ammunition to new round sceptics.



- Protectionism would invite retaliation from those countries affected by import restrictions, or excluded from bilateral or plurilateral trade agreements.
- Indebted countries, particularly South America, must earn foreign exchange by exporting to US in order to avoid deepening debt crisis.

Falklands/Argentina

(h) Lifting of import ban confirms that we share desire to see democracy firmly established in Argentina. Recognise your interest in exerting positive influence on Argentine armed forces, and do not quarrel with principle of fostering pro-Western sympathies there. What we cannot accept is that means to this end should entail increased threat to British forces. Must again emphasize that this would be very badly received by the British Government, Parliament, media and public.

(i) President assured me in December 1983 that the Administration would take into account any threat that might be posed to peace in the region and that significant sales were not expected. Your Ambassador was instructed to assure me that the Administration would not approve sales such as advanced fighter aircraft or missiles that would increase significantly the threat of armed attack against the Falklands.

(j) Cannot accept view of Chairman of your Joint Chiefs of Staff that supply of Skyhawks would represent only "small increase" in capability of Argentine air force. A further 12 aircraft would be a substantial increase on existing Argentine holding of 29 Skyhawks.

These aircraft constitute principal threat to our forces, and to the new airport essential to their reinforcement.



(k) Recognise that Skyhawks already paid for: but their delivery would whet the appetite for more, spurred on by inter-service rivalry. Military must be told to live within the budget the country can afford.

(l) Understand you do not in fact have evidence of Soviet interest in arms sales to Argentina.

(m) As for French, we believe the Argentines are trying to sell Mirages. We have made our concerns about possible arms sales clear to the French as to you and other Allies, and will continue to do so as necessary.

(n) US supply of advanced systems would remove other Allies' inhibitions about supplying sophisticated arms to Argentina.

BACKGROUNDHi-jacking/Terrorism

1. Vice-President Bush and the Prime Minister agreed in London on 3 July on joint action in respect of hi-jacking and Lebanon. As agreed, we have approached a wide range of countries urging them to suspend air services to and from Beirut International Airport (BIA). No consensus has emerged. Arab countries are predictably opposed; France is very unlikely to agree; FRG (which is still taking soundings of the Summit Seven countries) and others are undecided. United States Government show some recognition that a widespread international boycott is unlikely. They have been talking to the Lebanese and Syrian Governments in an effort to persuade them to improve security at BIA. We support such moves. Possibility of armed United States intervention (probably by bombing the airport) remains if there is any further trouble.

2. Political Directors of the Ten, had a preliminary discussion of proposals for strengthening co-operation amongst the Ten on 16/17 July. They agreed to put to Foreign Ministers on 22/23 July a joint demarche to press the Lebanese Government to improve security, (and offering help).

3. Summit Seven experts are to meet in Bonn on 24/25 July. In the face of French procedural obstruction to substantive decisions at recent meetings and weak German chairmanship, the Americans are showing disenchantment with co-operation on the basis of the Economic Summit Seven. There are limits to what can be achieved amongst the Seven, but such action can be useful and the United States should be patient.

US/Soviet

4. US/Soviet Summit 19/29 November Geneva.



5. Vice-President Bush said at 3 July discussion that President Reagan would welcome Prime Minister's considered views on the Summit. In her message to him of 9 July Prime Minister undertook to do so nearer the time (we shall be preparing a message in the Autumn). This meeting offers opportunity to get over one or two general ideas. Main point to get across is importance at this first US Summit of persuading Gorbachev that his prejudices against the present US Administration are ill-founded, and that it is worth doing business.

6. No agenda announced but Shultz has said US will want to cover arms control, bilateral and regional issues and human rights. Both sides in public playing down prospects for concrete agreements but US officials working to see if at least minor issue (eg cultural or consular) could be agreed.

Middle East

7. King Hussein told the Prime Minister on 7 June that he had proposed in Washington a series of meetings starting with a joint delegation of Jordanians and uncontroversial Palestinians and US Assistant Secretary of State, Mr Murphy. That could lead on to a PLO delegation accepting UN SCRs 242 and 338, a meeting between a Jordanian/PLO delegation and the US and finally an International Conference. The Prime Minister commended a progressive approach but expressed reservations about an International Conference.

8. The Jordanians have only just passed seven names of Palestinians to the US, inviting them to select four for the delegation to meet Murphy. Five are (or have been) PLO officials albeit not of the first rank: Khalif Al Hassan, Hatim Husayni, Salah Tamir, Nabil Sha'th and Muhammed Sabah. Two, Hana Siniora and Faez Abu Rahma, are moderate and respected figures (a journalist and a lawyer) from the Occupied Territories. The US are considering their position. Meanwhile on 16 July Israeli PM Peres staged a meeting with two prominent West Bank moderates, Freij and Hikmat Al Masri, apparently



as an indication of his readiness to talk to Palestinian representatives he considers legitimate spokesman. Israeli reactions to the Palestinian list have been predictable. Shamir negative, Peres more restrained.

9. The King also proposed on 7 June a visit by a joint Jordan/PLO delegation to London. Mr Shultz met the Prime Minister later that day and stressed the need for cautious progress, one step at a time, towards direct negotiations. We have not yet announced a decision about the visit requested by the King, but have proposed to him that, as he wished, the Secretary of State should meet a Jordanian/Palestinian delegation consisting of the Jordanian Deputy Prime Minister and Foreign Minister, Mr Milhem and Bishop Khouri; they would be encouraged to make clear in public their personal commitment to peace and preferably agreement to SCRs 242 and 338. The King has replied, apparently without consulting the PLO or Milhem and Khouri, that this is broadly acceptable. We have informed the US in general terms of these exchanges. The Prime Minister discussed matters further with the King on 19 July. Copies

A of Sir Geoffrey Howe's subsequent message to Shultz and
B Washington's report of the initial US reaction are attached.

South Africa

10. On 5 June US House of Representatives voted 295 to 127 for Anti-Apartheid Bill which would prohibit new US bank loans to the South African Government, new commercial investment in South Africa, all nuclear co-operation with South Africa, the import of krugerrands and the export of computers and related technology to South Africa.

11. On 11 July Senate voted 80 to 12 for Bill which would impose an immediate ban on bank loans to the South African Government and Government agencies, and prohibit the export of nuclear goods or nuclear technology to South Africa. Bill includes \$15 million scholarship fund for black education and requires mandatory



application of the Sullivan Principles for US companies operating in South Africa. Further measures, possibly including a ban on new commercial investment in South Africa, would be introduced after 18 months unless the President determines that 'significant progress' had been made towards ending apartheid.

12. Attempt will now be made to reconcile both Bills. A compromise Bill may not clear Congress until after the Summer recess which begins on 8 August.

13. Administration remain opposed to sanctions of any sort against South Africa, but President might find it difficult to veto legislation involving limited measures.

Mozambique

14. On 11 July House of Representatives voted for Republican amendment deleting all non-emergency aid for Mozambique unless communist military advisers there cut to 55 (same number Congress allows USG to send to El Salvador). Administration had asked for \$17 million development and programme aid, and \$315 million for military aid and training. Prospects for reinstatement uncertain, given difficulties with Congress over Southern Africa.

15. During Crocker's visit to London for Africa Directors' meeting 16 July, we were asked to reassure Chissano during his visit that Congress' decision did not represent US policy.

Zimbabwe

16. Mugabe took result of white vote for Ian Smith in general election badly, and repeated in trenchant terms intention to remove constitutional provisions on separate white representation and freedom of association. Under Constitution abolition of white seats before 1987 would require 100 affirmative votes in House of Assembly (70 votes thereafter). However, did not say that he would act unconstitutionally.



17. US/Zimbabwe relations not very good. Zimbabweans consider US ignores them (eg Crocker rarely visits to explain US negotiations on Namibia/Angola); US irritated by Zimbabwean anti-US stance notably at UN.

Unitary Taxation

18. Acceptable legislation this Summer in California would be enough. Failing that Federal action necessary in line with Don Regan's 31 July deadline for recommending Federal legislation. On 4 July the Chancellor wrote again to Mr Baker. Reaction from the Administration understanding and that it could be helpful. On 8 July the US Treasury published legislation which will provide Federal assistance for states which abolish UT. The EC is to make a joint demarche in Washington.

US Economy

19. In testimony on Monetary Policy on 17 July, Volcker was critical of continued absence of solution to budget deficit problem. Also criticised failure of other developed countries to provide sufficient support for world recovery.

20. Before his resignation, Stockman had noted that even if Senate package was agreed, deficit would still average \$200 billion over next 3 years.

21. Demand in Latin America for political dialogue on debt growing - Castro's attempt to exploit issue, Kissinger's article in 'Washington Post' on 25 June.

Trade/Protectionism

22. New GATT round: no agreement yet on date for preparatory meeting. Brazil and India leading opponents of early action.



23. EC/US trade issues:

Steel: US threatening unilateral import restrictions if no imminent agreement in negotiations on 17 products not covered by 1982 EC/US export restraint Arrangement (including semi-finished products, of concern to BSC's joint venture with Tuscaloosa Steel, Alabama involving US imports of 1,250,000 over 5 years).

Citrus/Pasta: US now likely to announce postponement of pasta tariff increases (retaliation against EC refusal to accept GATT Panel report finding damage to US citrus trade through EC Mediterranean agreements) as a result of EC agreement to lower export refunds on pasta for North America: truce to buy time for an overall settlement.

Footwear: President yet to decide what action to take on International Trade Commission recommendation of five-year import quotas.

Falklands/Argentina

24. When the US certified Argentina for arms sales in December 1983, President Reagan gave the Prime Minister an explicit undertaking that the US Government would consult us about any major arms sales to Argentina. This was amplified by a message from the US Ambassador in London which stated that the US "would not approve sales such as advanced fighter aircraft or missiles that would increase significantly the threat of armed attack against the Falklands." The message added that President Alfonsin was firmly committed to a significant reduction of the military budget, and that Argentina was experiencing serious economic problems and could not afford to divert major resources to arms purchases.

25. In her reply to President Reagan, the Prime Minister warned that the Argentine military would see certification as the thin end of the wedge and that Alfonsin would come under great pressure from them to ask the Americans to sell more than they would think right.



26. The consultation process has so far worked well, and the Americans have been responsive to our concerns over potential supply of sensitive items, such as Sikorsky "Blackhawk" helicopters, TOW missiles, as well as the Skyhawk aircraft. President Alfonsin has drastically cut the Argentine military budget. But in Washington pressure has been building up for some tangible manifestation of the Americans' wish to improve relations with the Argentine armed forces, both to dissuade them from political adventurism at home and to foster their pro-Western sympathies.

27. In a message dated 3 July to the Chief of the Defence Staff, the Chairman of the US Joint Chiefs of Staff, General Vessey, argued in favour of permitting the delivery to Argentina of at least 12 A4 Skyhawk aircraft now held in Israel. Their delivery has been blocked by the US Administration, though they have been paid for by the previous Argentine Government. These aircraft were the subject of representations in February by the Prime Minister to President Reagan and by the Foreign Secretary to Mr Shultz. It might still be possible to avert supply of the Skyhawks (or F5s): we do not know whether the advocates of delivery have persuaded the Administration at the highest level. CDS has replied to General Vessey in robust terms.

28. The US Ambassador called at his request on the Foreign Secretary on 17 July. Two new factors emerged:-

(a) President Alfonsin himself had been appealing in the strongest terms to the US Government for limited co-operation over the supply of military equipment, as he needed something to give his armed forces.

(b) the US Government had decided to set up an inter-agency group to study the question and make recommendations.



29. Ambassador Price also emphasized the growing pressure in the US for some kind of arms sales as a gesture of support for the Alfonsin regime. The Foreign Secretary stressed our concern about any action which would increase the threat to our forces in the Falklands and made clear the hostile reactions this would provoke in Britain. Sir Geoffrey Howe will raise the matter with Mr Shultz in Helsinki at the end of July.

FOREIGN AND COMMONWEALTH OFFICE

North America Department

22 July 1985

S E C R E T

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FROM FCO 191700Z JUL 85

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 1130 OF 19 JULY 1985

INFO IMMEDIATE (PERSONAL FOR HM REPRESENTATIVES) AMMAN, TEL AVIV
PRIME MINISTER'S MEETING WITH KING HUSSEIN: 19 JULY 1985

1. PLEASE PASS THE FOLLOWING MESSAGE FROM ME TO SHULTZ:
BEGINS

'THE PRIME MINISTER AND I SAW KING HUSSEIN AND ZAID RIFA'I TODAY TO TALK OVER THE PROGRESS OF HIS INITIATIVE. THE KING TOLD US THAT HE HAD NOW SENT YOU A LIST OF NAMES FROM WHICH THE PALESTINIAN MEMBERS OF A JOINT JORDANIAN/PALESTINIAN DELEGATION MIGHT BE CHOSEN. THE JORDANIANS THEMSELVES HAD WHITTLED DOWN ARAFAT'S ORIGINAL LIST OF TWENTY-TWO TO THE SEVEN NAMES WHICH HE PUT FORWARD TO YOU. HE RECOGNISED THAT YOU WOULD NOT ACCEPT KHALID AL-HASSAN BUT HOPED THAT YOU WOULD FIND NO DIFFICULTY IN AGREEING TO FOUR NAMES FROM AMONG THE OTHER SIX. INDEED HE SEEMED FULLY CONFIDENT THAT YOU WOULD. WE ASKED WHY THE PLO HAD BEEN SO DILATORY IN PUTTING FORWARD NAMES. THE KING EXPLAINED THAT ARAFAT HAD BEEN KEEN TO GET THE UNANIMOUS AGREEMENT OF ALL THE MAIN ORGANS OF THE PLO.

'AS YOU WILL KNOW, THE KING ATTACHES GREAT IMPORTANCE TO ARRANGING A MEETING BETWEEN AMBASSADOR MURPHY AND A JOINT DELEGATION BEFORE THE END OF JULY. HE IS UNEASY ABOUT THE PROSPECT OF AN ARAB SUMMIT, FOR WHICH THE MOROCCANS ARE CANVASSING THE DATE OF 29 JULY: HE SEES A RISK THAT IT WOULD DISRUPT THE PROCESS ON WHICH HE HAS EMBARKED. HE IS ALSO KEEN TO HOLD A FIRST MEETING SOON IN ORDER TO GET ARAFAT FULLY COMMITTED TO THE PROCESS OF DIALOGUE. HE RECOGNISES THAT A MEETING HELD AT SUCH SHORT NOTICE COULD NOT DISCUSS ANYTHING OF SUBSTANCE. THE PURPOSE WOULD SIMPLY BE TO LAUNCH THE DIALOGUE BETWEEN THE UNITED STATES AND A JOINT DELEGATION. BOTH THE PRIME MINISTER AND I

/FEEL

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FEEL THAT THERE IS MUCH TO BE SAID FOR KEEPING UP THE MOMENTUM AND HOPE THAT YOU WILL FEEL ABLE TO AGREE TO AN EARLY MEETING DESPITE THE SHORT NOTICE.

'WE FOUND THE KING RATHER MORE REALISTIC THAN ON HIS LAST VISIT HERE ABOUT THE FUTURE DEVELOPMENT OF HIS INITIATIVE. HE CONTINUES TO SEE THE PRIORITY AS BEING TO GET TO A POSITION WHERE THE PLO PUBLICLY ACCEPT UN SECURITY COUNCIL RESOLUTIONS 242 AND 338 AND THUS QUALIFY THEMSELVES FOR DIALOGUE WITH THE UNITED STATES. HE WELCOMED PERES' RECENT MEETING WITH WEST BANK LEADERS AND THE INDICATIONS THAT HE WOULD BE PREPARED TO NEGOTIATE WITH A DELEGATION INCLUDING MEMBERS OF THE PNC. HE DOES NOT APPEAR HOWEVER, TO HAVE GIVEN MUCH FURTHER THOUGHT TO THE ACTUAL LAUNCHING OF NEGOTIATIONS WITH ISRAEL.

'WE ALSO DISCUSSED WITH THE KING HIS REQUEST THAT WE SHOULD RECEIVE A JORDANIAN/PALESTINIAN DELEGATION INCLUDING FORMER MAYOR MILHEM AND BISHOP KHOURI. THE PRIME MINISTER EXPLAINED THAT WE WOULD BE READY IN PRINCIPLE TO DO THIS PROVIDED THAT MILHEM AND KHOURI WERE PREPARED TO MAKE PUBLIC STATEMENTS WHILE HERE, RENOUNCING VIOLENCE AND MAKING CLEAR THEIR PERSONAL ACCEPTANCE OF UN SECURITY COUNCIL RESOLUTIONS 242 AND 338. THE KING SAID THAT HE WAS CONFIDENT THAT THEY WOULD DO THIS. THE PRIME MINISTER MADE IT CLEAR THAT WE DID NOT (NOT) WANT TO UPSET THE SEQUENCE OF MEETINGS YOU HAVE IN MIND. SHE ALSO MADE CLEAR THAT WE WOULD NOT WANT TO ANNOUNCE A DECISION TO RECEIVE SUCH A DELEGATION UNTIL YOU HAD AGREED THE NAMES AND SET A DATE FOR AMBASSADOR MURPHY'S MEETING WITH THE JORDANIAN/PALESTINIAN DELEGATION. THE TIMING OF OUR MEETING WAS LEFT OPEN, AND I WILL LET YOU KNOW WHEN THIS BECOMES CLEAR.

'I SHOULD BE INTERESTED TO HEAR HOW YOU SEE THE NEXT STEPS, AND PARTICULARLY THE TIMING OF A MEETING BETWEEN AMBASSADOR MURPHY AND A JOINT DELEGATION. THE KING IS ANXIOUS TO KEEP THE PROCESS MOVING FORWARD BEFORE HIS FREEDOM OF MANOEUVRE CAN BE RESTRICTED OR ARAFAT LET OFF THE HOOK BY SOME WIDER ARAB MOVES TO RESUSCITATE THE FEZ DECLARATION. I BELIEVE THAT WE SHOULD SUPPORT HIM IN THIS.'

ENDS

12.

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2. FOR AMMAN AND TEL AVIV. THE ABOVE IS FOR YOUR OWN INFORMATION ONLY. WE ARE TELEGRAPHING A PRESS LINE SEPARATELY. YOU SHOULD CONFINE YOUR RESPONSE TO ALL ENQUIRIES STRICTLY TO THE PRESS LINE.

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TO IMMEDIATE FCO

TELEGRAM NUMBER 2192 OF 19 JULY

INFO PRIORITY AMMAN, TEL AVIV (PERSONAL FOR HM REPRESENTATIVES).

YOUR TELNO 1130: ARAB/ISRAEL

1. MESSAGE DELIVERED. MINISTER DISCUSSED IT BRIEFLY WITH RAPHEL AND KIRBY THIS EVENING. THEY WERE GRATEFUL TO BE BRIEFED SO PROMPTLY.
2. RAPHEL EXPRESSED CONCERN AT KING HUSSEIN'S EMPHASIS ON WORKING TOWARDS A PLO/US DIALOGUE RATHER THAN ON HOW TO LAUNCH DIRECT NEGOTIATIONS WITH ISRAEL. HIS APPARENT AIM OF ENSURING EXPLICIT PLO REPRESENTATION FROM THE OUTSET OF NEGOTIATIONS WAS A NON-STARTER FOR THE ISRAELIS.
3. RAPHEL WAS SCEPTICAL ABOUT THE CASE FOR A MEETING BETWEEN MURPHY AND A JORDANIAN/PALESTINIAN DELEGATION BEFORE THE ARAB SUMMIT, IF ONE IN FACT TOOK PLACE THIS MONTH. IT WOULD BE UNHELPFUL FOR US OPINION AND FOR GETTING THE ISRAELIS ON BOARD IF THE JORDANIANS CHARACTERISED THIS MEETING AS PART OF A US/PLO DIALOGUE AND A SUMMIT ENDORSED THIS APPROACH. MURPHY'S MEETING NEEDED TO BE WELL PLANNED WITH A PRIOR UNDERSTANDING OF WHERE IT SHOULD LEAD.
4. NO DECISIONS ON HOW THE US SHOULD PROCEED NOW THEY HAD A LIST OF NAMES HAD BEEN MADE AT A FIRST DISCUSSION WITH SHULTZ AND MURPHY THIS AFTERNOON. THE REAL ISSUE WAS NOT THE ACCEPTABILITY OF THE PALESTINIANS ON THE LIST BUT HOW MURPHY'S MEETING COULD ADVANCE THE PROCESS TOWARDS DIRECT NEGOTIATIONS WITH ISRAEL. OFFICIALS HAD BEEN INSTRUCTED TO GIVE FURTHER THOUGHT TO HOW MURPHY'S MEETING SHOULD BE STRUCTURED, WHAT SORT OF PRIOR AGREEMENTS SHOULD BE SOUGHT, HOW IT MIGHT LEAD TO THE DEVELOPMENT OF THE NECESSARY SUPPORTIVE INTERNATIONAL CONTEXT, WITH OR WITHOUT UN INVOLVEMENT, AND TO THE IMPLICATIONS FOR PALESTINIAN REPRESENTATION IN EVENTUAL DIRECT NEGOTIATIONS WITH ISRAEL. MUCH WORK HAD, OF COURSE, ALREADY BEEN DONE ON THESE ISSUES. RAPHEL ENVISAGED A NEED FOR FURTHER CONSULTATIONS WITH THE JORDANIANS AND ISRAELIS. HE SAID THE LATTER HAD BEEN GIVEN THE LIST AND ASKED FOR ANY COMMENTS THEY MIGHT HAVE. (BOTH AMERICANS DEPLORED THE FACT THAT THE ONLY ISRAELI COMMENTS SO FAR PROFFERED HAD BEEN TO THE PRESS.)

SECRET

/5.

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5. RAPHEL EXPRESSED APPRECIATION OF THE LINE THE PRIME MINISTER HAD TAKEN OVER THE TIMING OF YOUR PROPOSED MEETING WITH A JORDANIAN/PALESTINIAN DELEGATION. IT WOULD BE VERY HELPFUL IF MILHEM AND KHOURI MADE THE PUBLIC STATEMENTS WE ENVISAGED. HE ADDED THAT SHULTZ HAD REITERATED THAT HIS OFFICIALS SHOULD KEEP CLOSELY IN TOUCH WITH US.

WRIGHT

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NENAB

MEB

NAB

NEWS.D.

RESEARCH.D.

PS

PS/MR LUCE

PS/PUS

MR. FERGUSSON

MR. BEREK THOMAS.

MR. EGERTON.

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DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1661</i> (one piece/item number)	Date and sign
Extract/Item details: <i>Message from U.S. President to Prime Minister dated 3 December 1983 (Two copies: Annexes C and D of briefing pack for PM's mtg. with V.P. Bush)</i>	
CLOSED FOR YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
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MISSING AT TRANSFER	
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NUMBER NOT USED	

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1661</i> (one piece/item number)	Date and sign
Extract/Item details: <i>Message from Prime Minister to US President dated 6 December 1983 (Annex E of briefing pack for PM's mtg. with V.P. Bush)</i>	
CLOSED FOR YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	<i>5 August 2014</i>
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NUMBER NOT USED	

GEORGE BUSH

Vice President of the United States

Born 1924 in Milton, Massachusetts. Son of a banker who later served as a Republican Senator for Connecticut. Educated at Phillips Academy in Andover, Massachusetts, before serving as a Navy Pilot in World War II - winning his wings at 18, the youngest in the Navy at the time. He soon achieved a reputation as a war hero, and was awarded the Distinguished Flying Cross.

In 1948, he graduated in Economics from Yale University, where he was also Captain of the baseball team. After graduation turned down the easy option of a job on Wall Street, saying he wanted to do something on his own and moved to Texas. In 1953 he was co-founder of the Zapata Petroleum Corporation, a pioneer company dealing in offshore drilling.

In 1964 he unsuccessfully ran for the Senate. He won a seat in the House of Representatives in 1966 and served two terms before running for the Senate in 1970 (again unsuccessfully). 1970 appointed US Ambassador to the United Nations with Cabinet rank. In 1972 President Nixon chose him to replace Senator Bob Dole as Chairman of the Republican National Committee. Bush remained loyal to Nixon although he says he wrote Nixon a private letter towards the end urging him to resign.

In 1974 appointed by President Ford as Head of the US Liaison Office in Peking. The following year nominated Director of the CIA. He resigned when President Carter was inaugurated.

Contended for the Republican nomination in the 1980 Presidential elections. He achieved some national attention but was forced out of the race in May 1980 because Reagan had already received sufficient delegation votes to win the nomination and because he himself had run out of funds. He was later given the Vice-Presidential nomination. He is seen to be a strong contender for the Republican nomination in 1988, although he will face strong competition from the Republican right.

He has visited Europe as Vice-President on six previous occasions before the present trip: he last visited London in February 1984.

Married with 5 children.

22 July 1985

CC/DC



Foreign and Commonwealth Office

London SW1A 2AH

23 July, 1985

Dear Charles,

IDU Conference

Washington telegram number 2119 of 15 July identified a number of government and party leaders who would attend. Since then we have heard that Mr Mulroney will not be there, but that Mr Nikaido, Vice-President of the Liberal Democratic Party of Japan will be.

The Conference is a Party occasion and the Prime Minister has not asked that the Embassy arrange any working meetings during the period of her attendance at the Conference. You may nevertheless wish to have the attached short notes as background for any exchanges she may have with individual leaders.

The notes relate to:

Belize	Mr Esquivel, Prime Minister (NB invited to the UK from 29 July)
Cyprus	Mr Clerides, Leader of the Democratic Rally Party
Denmark	Mr Schlueter, Prime Minister
Dominica	Mrs Charles, Prime Minister
France	M. Chirac, President RPR and Mayor of Paris M. Couve de Murville
FRG	Herr Strauss, Chairman, Christian Socialist Party, Minister-President Bavaria Dr Vogel, Minister-President Rhineland-Palatinate
Greece	Mr Mitsotakis, Leader of the Opposition
Grenada	Mr Blaize, Prime Minister
Japan	Mr Nikaido, Vice-President of the Liberal Democratic Party
Jamaica	Mr Seaga, Prime Minister
Spain	Sr Fraga, Leader of the Opposition

In addition the Prime Minister may wish to take any opportunities which may arise for advance lobbying on

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CHOGM issues, particularly with Caribbean Commonwealth representatives eg on the need to avoid a rift in the Commonwealth over South Africa and on improvements to the style and format of future CHOGMs.

You may like to see, as background on Mitsotakis, the attached note Jeremy Thomas produced after meeting him on 9 July.

Briefing is being sent separately for the Prime Minister's meetings with Vice-President Bush and other US officials after the IDU Conference.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

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AUSTRALIA

THE HON ANDREW PEACOCK MP, LEADER OF THE OPPOSITION

Biographical

1. The Prime Minister last met Mr Peacock in June 1983 when he attended the IDU Conference in London. His position was strengthened by reducing Mr Hawke's majority in the December 1984 elections.

Points to Make

2. - Australian Commonwealth and State Governments have resolved ways of removing the remaining constitutional links between Britain and the States. The British Government see no obstacle to their removal. But the more notice we are given of the need for Westminster legislation, the better.
- We have honoured the Prime Minister's undertaking to Mr Hawke that we would cooperate fully with the Australian Government with regard to the Australian Royal Commission on Nuclear Tests.
- The British Government has committed £1 million to the Australian Bicentenary celebrations and is now considering what form our official gift will take.
- Attitude of New Zealand Government to ship visits very disappointing.
- British trade and investment interest in Australia lively (on a net basis Australia currently our fifth most valuable trading partner in the world)



BELIZE

MR MANUEL ESQUIVEL, PRIME MINISTER

Biographical

1. The Prime Minister has not previously met Mr Esquivel. He was educated at Bristol University on a British Council scholarship. Chairman of the United Democratic Party (UDP) 1979, leader 1983. December 1984 soundly defeated the People's United Party led by Mr George Price who had been in power since 1963. Mr Esquivel, a mature man of moderate views, will visit the UK during the week beginning 29 July at the Prime Minister's invitation. He will call on the Prime Minister on 31 July, and on Lady Young, Mr Raison, Mr Luce, Mr Heseltine, Chief of the Defence Staff and the Palace.

Points to Make

- UDP government seems to have settled in well after its long spell in opposition.
- Glad to see the UDP are becoming full members of the IDU. International contacts between democratic parties are very valuable.
- Looking forward to seeing you in London on 31 July. We can have more substantial discussions then.
- Hope Belize seriously pursues the campaign to eradicate marijuana. Much concern over drugs in the UK and elsewhere.
- British garrison and defence (if raised). Probably better to leave these until your visit to London next week.
- Guatemala dispute (if raised). We can discuss this during your visit to UK.



CYPRUS

MR GLAFCOS CLERIDES, LEADER OF DEMOCRATIC RALLY PARTY

Biographical

1. Prime Minister may not have met Clerides before although he regularly attends Conservative Party Conference where Lady Young has met him. Acting President after collapse of Sampson regime in 1974. Greek Cypriot interlocutor in intercommunal talks (1968-76). Known to be trusted by Denktash, he has criticised Kyprianou's handling of UN negotiations. But Kyprianou may now be trying to forge alliance with Clerides to safeguard his position. Speaks perfect English.

Points to Make

2. Remain concerned about Cyprus. Current opportunity must be seized. Pressure is now on Denktash, but will soon be back on Greek Cypriot side too. You must all be ready, and prepared to take difficult decisions to ensure progress. In interest of all parties.



DENMARK

POUL SCHLUETER, PRIME MINISTER

Biographical

1. Last meeting Milan summit. Lawyer. Good English. Conservative leader since 1974, heads a coalition government since September 1982. Has shown courage in tackling economic problems left by the Social Democrats. Sound on defence and foreign affairs but Social Democrat opposition (largest single party) can muster parliamentary majority on controversial defence and foreign policy issues such as INF and SDI.

Points to Make

2. - Milan a disappointment.
- Must do what we can to rebuild consensus. We cannot afford another Milan.
 - We have put forward our own ideas in detail. Time now for others to come forward.
 - We will consider other proposals on their merits, and in relation to their practical contribution to decision taking and to the fulfilment of agreed Community goals, notably completion of the internal market.
 - At the end of the day, will still be for heads of government to take the decisions which matter.
 - Views on intergovernmental conference?
 - Views on likely trends in German European policy? (German economic and political influence on Denmark is strong.)
 - (If raised): Schlueter may remind Prime Minister about outstanding invitation to visit Copenhagen. Officials are still trying to find a convenient date but there is no pressing reason for a visit.



DOMINICA

THE HON MISS M EUGENIA CHARLES, PRIME MINISTER

Biographical

1. The Prime Minister met Miss Charles at the 1983 CHOGM in New Delhi, and sent congratulations on her general election victory on 1 July. Miss Charles was educated Toronto University (BA); London School of Economics. Called to the Bar (Inner Temple) in 1947. Founded with Phyllis Allfrey the Dominica Freedom Party (DFP) in 1968. Prime Minister July 1980, first time she had ever been in office. Re-elected July 1985.

Points to Make

2. - Congratulations again on election victory. Has increased prospects for continued stability and progress in the eastern Caribbean.
- (Defensive). Will continue to support your efforts for development through our aid programme (Mr Raison will visit Caribbean end July/early August).
- (Defensive). Reassurance on the continuation of the protected market in Britain for Windward Islands bananas, Dominica's major export crop.



FRG

DR FRANZ JOSEF STRAUSS, CHAIRMAN OF THE CSU, AND MINISTER-PRESIDENT OF BAVARIA

Biographical

1. Last met at 1983 IDU meeting in London. Strauss has survived many political, financial and other scandals in his stormy career. Unsuccessful Chancellor candidate in 1980. Failed to bully Kohl into giving him major Ministerial position in 1983. Seeks to exploit Kohl's domestic political problems to increase CSU influence. Indulges in frequent sniping at Kohl as well as FDP, but probably recognises present coalition is only option for CSU. Not ill disposed towards Britain; but views British motives, especially concerning the EC, with reservations. On board of Airbus Industrie.

Points to Make

2. - Need for closer and more systematic Anglo-German cooperation for success of IGC and Luxembourg Council. Build on wide common ground to produce practical proposals.
- Hope relations within the EC will be as fruitful as unique defence relationship.
- Strauss's assessment of cause of CDU reverses in regional elections? Prospects for Bavarian elections next year and for federal elections in 1987?



FRG

DR BERNHARD VOGEL, MINISTER-PRESIDENT OF THE RHINELAND-PALATINATE
(REPRESENTING KOHL/CDU)

Biographical

1. Brother of SPD leader Hans Jochem Vogel whom the PM met on 1 July at No 10. No known meeting with the Prime Minister. Minister of Education in the Rhineland-palatinate until elected to succeed Kohl as Minister-President in 1976. Good electoral record. An intellectual, somewhat lacking in political stature, but hardworking. Speaks good English and very approachable. Education is a **L**and matter in Germany.

Points to Make

2. - Need for close and systematic Anglo-German cooperation for success of IGC and Luxembourg Council. Build on wide common ground to produce practical proposals.

- Look forward to Anglo-German Summit in November.

- Educational policy.



FRANCE

M. JACQUES CHIRAC, PRESIDENT RPR (NEO GAULLIST) AND MAYOR OF PARIS

Biographical

1. M. Chirac met the Prime Minister in December 1983, during a private visit to London. After Mitterrand's election in 1981, he at first held the centre of the stage for the opposition, but subsequently saw this challenged by MM. Barre and Giscard. Currently regaining ground in opinion polls and comfortably ahead of Giscard, though less popular than Barre. Whilst not excluding the possibility of 'cohabitation' between a socialist President and a government of the right after next year's Parliamentary elections, Chirac has said that he might refuse to serve as Mitterrand's Prime Minister even if (as seems likely) the RPR were the largest party and he were invited to form a government. (NB possibly primarily to counter suggestions that prepared to do some sort of deal in return for the premiership).

Points to Make

2. - Assessment of the likely outcome of next year's elections? What role for himself (and for President Mitterrand) in the event of a victory for the right? What policies would a government of the right pursue, particularly on economic matters (Chirac has been championing growth through liberalisation, in the face of calls for caution from Barre).
- Approach to European Community issues. Chirac has always believed there is an irreconcilable divergence of interests between Britain and the rest of the Community, especially on agricultural matters. Are his views evolving?
- Views on strengthening of the community's political cooperation machinery, (for which Chirac has expressed support).



- Why has he expressed doubts on the terms of Spanish and Portuguese entry into the EC (and hinted that these may have to be re-negotiated).

- Views on emerging debate on French defence policy: what role should French nuclear and conventional forces play in the defence of Western Europe in general and the FRG in particular?



FRANCE

M. MAURICE COUVE DE MURVILLE, GCMG

Biographical

1. No known recent meetings with Prime Minister. After a post-war diplomatic career became Minister of Foreign Affairs (1958-68) and Prime Minister (1968-69). Fell with de Gaulle in 1969 and further pushed into the background of the RPR by Chirac's rise. No longer has any formal position in the Gaullist movement, but remains a respected elder statesman and a Deputy for Paris, and has played a prominent role in the National Assembly (where he was Chairman of the Foreign Affairs Committee until 1981) in formulating an opposition critique of Mitterrand's foreign policy. Well-informed on most major foreign policy issues - and has recently shown a critical interest in the French Government's policies on East/West relations, European Community matters (he made a strong attack on the Franco German draft Treaty on European Union in the National Assembly FAC on 2 July), technological collaboration and Chad.

Points to Raise

2. None



GREECE

MR CONSTANTINE MITSOTAKIS, LEADER OF OPPOSITION, NEW DEMOCRACY

Biographical

1. The Prime Minister last met Mitsotakis on 6 December (private visit to London). A Cretan, a bitter and long-standing rival of Papandreou. Joined ND in 1978 and was Foreign Minister from 1980-1. ND was defeated in general elections on 2 June (PASOK 46%, ND 41%) despite a rise of 5% on 1981 elections. Mitsotakis' leadership has so far not been challenged.

Points to Make

2. ND's future priorities? Papandreou promised 'calmer seas' for his allies (in May). Your views? Greek economic problems obviously important (18% inflation, 8% and rising unemployment). Cyprus: important that all parties continue to support efforts of UN Secretary General. We shall.



GRENADA

THE HON HERBERT BLAIZE, PRIME MINISTER

Biographical

1. Mr Blaize called on the Prime Minister in May this year during his visit to Britain as a guest of government. Civil service and commerce. Entered government as Minister of Trade in 1957. Apart from a brief spell as Leader of the Opposition in 1961-62 he was Chief Minister from 1960 to 1967. A period of sound and honest, if unspectacular, government. Defeated by Gairy 1967. Prime Minister since December 1984 elections.

Points to Make

2. - Pleased we were able to help over four Grenadian students who had been studying in East Germany and Soviet Union. Have other countries offered similar assistance?
- Also pleased we have been able to offer two training places for Grenadian Foreign Service officers. Awaiting nominations from Grenada.
(Both requests raised during his visit to London)
- (Defensive). Aid: Mr Raison visiting Caribbean end July/early August.



JAMAICA

THE RT HON EDWARD SEAGA MP, PRIME MINISTER

Biographical

1. The Prime Minister last met Mr Seaga in June 1984 during a private visit to London. Educated Harvard University. Prime Minister since 1980. Re-elected December 1983 following Grenada intervention but popularity hit by need for austerity programme to IMF prescription.

Points to Make

2. - Admire determination in keeping to IMF prescription.
Prospects for recovery of the economy?
- Glad to be able to continue programme loan aid. We are proposing further £2.5 million for 1985/86 in addition to existing provision of £2.5 million.
- Chief of Defence Staff impressed by high standards of Jamaican Defence Force during visit in July. Look forward to continuing training exchange visits.
- (Defensive). Possibility of increased capital aid. We are doing all we can within our resources and given our large global commitments.



JAPAN

MR SUSUMU NIKAIIDO, VICE-PRESIDENT OF THE LIBERAL DEMOCRATIC PARTY
Biographical

1. Educated University of California. Foreign Ministry before serving the war years in the Navy. Taught in the US for a year after the War before entering politics in 1946. Deputy Secretary-General of the LDP 1965-66 and 1968-71. Director-General of the Science and Technology Agency 1966-67. Chief Cabinet Secretary July 1972 to November 1974. Chairman of the LDP Executive Council 1980-November 1981. Secretary-General of the LDP 1982-83.
2. Nikaido's career has been closely linked to that of Tanaka. Director of the Campaign which won Tanaka the Presidency of the Party in July 1972. A central figure behind the scenes in the Tanaka Administration. Accompanied Tanaka and Ohira on their trip to Peking for the normalisation of relations in September 1972. Identified so closely with Tanaka he was inevitably replaced when the latter resigned the Premiership in November 1974. He was also among the 'grey officials' who were found by the prosecutors to have received money in the Lockheed affair, though he was never indicted.
3. On Tanaka's resignation from the LDP, he became the effective leader of the Tanaka faction, while continuing to receive guidance from Tanaka himself. In the confusion after Tanaka's refusal to resign following the guilty verdict in the Lockheed trial in October 1983, he played a key role but had to accept responsibility for the LDP's poor showing in the December 1983 Lower House elections. Not reappointed Secretary-General but was subsequently appointed Vice-President of the LDP. Retained in this post in the October 1984 reshuffle despite having been the focus of a plot to oust Nakasone. An expert on American affairs and since the inauguration of the Reagan Administration he has made three visits to the UK for talks with government representatives with whom he claims to have good contacts.
4. He is married with one son and one daughter. Fit for his age, he has an engaging personality and speaks good English. Visited the UK in June 1981 (COI scheme).



Points to Make

5. - Public pressures for protectionism in UK (and other EC states) can only intensify when no evidence of any likely reduction in Japanese surpluses is apparent.
- Demands for protectionism growing in US; if US succumbs and measures such as Senator Danforth's Bill are adopted, EC cannot long continue to resist.
- Further evidence of Japan's import progress and Nakasone's announcement at end of July of great importance in this context. Must demonstrate Japan genuinely prepared to do something effective.



SPAIN

SR MANUEL FRAGA IRIBARNE, LEADER OF OPPOSITION, ALIANZA POPULAR (AP)

Biographical

1. Sr Fraga called on the Prime Minister in London on 4 July. He has accepted an invitation to attend the Conservative Party Conference in October. Minister of Tourism and Information under Franco (1962-69). Spanish Ambassador in London (1973-75). Interior Minister in first post-Franco government (1975-76). Founded AP in 1976. In 1982 elections, AP unexpectedly formed largest opposition group in Congress and Fraga was given courtesy title 'Leader of the Opposition' (a position not formally recognised in Spanish Congress). AP are to join the European Democratic Group in the European Assembly after accession.

Points to Make

2. Will AP actively campaign for a yes vote in Spain's NATO referendum? Look forward to AP's cooperation with British Conservative MEP's in EDG. [Defensive]. Gibraltar problem requires patience and cooperation. Wishes of Gibraltarians must be respected.

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FM WASHINGTON 172342Z JUL 85

TO PRIORITY FCO

TELEGRAM NUMBER 2154 OF 17 JULY

YOUR TELNO 1093: PRIME MINISTER'S VISIT

1. FOLLOWING IS THE AFTERNOON PROGRAMME FOR 26 JULY, AS NOW ENVISAGED:

1430 WELCOME CEREMONY AT THE PENTAGON
1445 MEETING WITH SECRETARY WEINBERGER
1515 MEETING WITH GENERAL ABRAHAMSON
1630 CALL ON CHAIRMAN VOLCKER (AT THE FED)
1730 CALL ON VICE-PRESIDENT BUSH
1830 MACFARLANE TO CALL (AT THE RESIDENCE)
1915 DRINKS WITH UK CORRESPONDENTS
1945 SUPPER
2045 DEPART FOR ANDREWS
2115 DEPART FROM ANDREWS

2. IF THE PRIME MINISTER IS CONTENT, WE SHALL CONFIRM THESE TIMINGS - THOUGH NOT THAT FOR THE PRESS, ON WHICH WE AWAIT THE FURTHER INSTRUCTIONS IMPLICITLY ENVISAGED IN PARA 2 OF TUR.

3. IDU ATTENDANCE (MY TELNO 2119). MY CANADIAN COLLEAGUE TELLS ME THAT MULRONEY WILL NOT AFTER ALL BE COMING.

WRIGHT

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NAD
ERD.
PROTOCOL-D
DEF-D.
NEWS-D.
PS/LADY YOUNG.
PS/MR RENTON
PS/PUS
MR. DEIREK THOMAS.
SIR. W. HARDING.
MR. GODDALL
MR. BRAITHWAITE

MR. DAUNT.
MR. MAUD.
MR. DAVID THOMAS.

MR. POWELL, No. 10.
MR. NICHOLLS-AUS DS
MOD.
MR. LAVELLE - TREASURY.

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DESKBY 190000
FM WASHINGTON 190300Z JUL 95
TO IMMEDIATE FCC
TELEGRAM NUMBER 2160 OF 17 JULY
FOLLOWING FOR PRIVATE SECRETARY

UP COPY

1. THE SECRETARY OF STATE WILL NO DOUBT WISH TO HAVE THE BEST ASSESSMENT I CAN MAKE OF THE STATE OF THE PRESIDENT'S HEALTH AND OF ITS CONSEQUENCES FOR THE CONDUCT OF BUSINESS BY THE UNITED STATES ADMINISTRATION.
2. ON THE STATE OF HIS HEALTH, I DO NOT THINK THAT I CAN SECOND-GUESS HIS DOCTORS. THE PRESIDENT IS ONCE AGAIN FORMALLY IN CHARGE OF THE ADMINISTRATION, HAVING HANDED OVER HIS POWERS TO THE VICE PRESIDENT AS ACTING PRESIDENT FOR ONLY 8 HOURS. HE SIGNED THAT AUTHORITY SHORTLY BEFORE HE WENT UNDER THE ANAESTHETIC AND TOOK IT BACK ALMOST AS SOON AS HE HAD COME ROUND AFTER THE OPERATION. 'GIMME THAT PEN' HE IS REPORTED AS HAVING SAID WHEN THE DOCUMENT REVOKING THE VICE PRESIDENT'S AUTHORITY WAS PRESENTED TO HIM. THE DOCTORS SAY THAT HE SHOULD BE BACK AT THE WHITE HOUSE AFTER 7 TO 10 DAYS IN HOSPITAL, THAT IS ON ABOUT MONDAY 22 JULY, AND THAT HE WILL BE BACK IN FULL HARNESS IN A FEW WEEKS' TIME. NO PRECISE DATE IS BEING GIVEN BUT THE TIME HORIZON IS AFTER LABOR DAY, THE FIRST WEEK IN SEPTEMBER, AFTER AN EXTENDED HOLIDAY ON HIS RANCH IN CALIFORNIA.
3. THE OTHER RELEVANT FACTS ARE THAT THE PRESIDENT IS 74, AND HIS TUMOUR WAS CANCEROUS. THE DOCTORS SAY THAT, STATISTICALLY, A MAN OF HIS AGE HAS A 50-50 CHANCE OF LIVING ANOTHER 5 YEARS. ON THE OTHER HAND HIS GENERAL HEALTH IS EXCELLENT AND HE HAS THE ROBUST TEMPERAMENT AND CHEERFUL DISPOSITION WHICH ARE AS GOOD MEDICINE AS THE DOCTORS CAN PRESCRIBE. MY ONLY COMMENT WOULD BE THAT AMERICANS ARE NATURALLY OPTIMISTIC AND THAT WE SHOULD BE WISE TO ASSUME THAT THE DOCTORS' FORECAST IS BASED ON A 'BEST CASE SCENARIO', AND THAT THE WHITE HOUSE STAFF ENDORSE IT ENTHUSIASTICALLY NOT LEAST TO AVOID ALARMING THE AMERICAN PEOPLE. COMMON SENSE SUGGESTS THAT THE LIKELIHOOD OF GEORGE BUSH SUCCEEDING TO THE PRESIDENCY BEFORE 1996 HAS INCREASED.
4. THE QUESTION NEXT ARISES AS TO WHO WILL BE EFFECTIVELY DETERMINING THE PRESIDENT'S WORK LOAD, BOTH WHILE HE IS STILL IN HOSPITAL AND DURING THE PROCESS OF RECUPERATION. FORTUNATELY, WE ARE NOW APPROACHING THE HOLIDAY SEASON WHEN THE NUMBER OF VISITORS TO WASHINGTON IS DECLINING AND WHEN THE CONGRESS IS AIMING TO RISE FOR THE RECESS ON AUGUST 3. THE IMMINENT VISIT OF THE PRESIDENT OF CHINA IS CAUSING HEADACHES: NO DECISIONS HAVE YET BEEN TAKEN. BUT ASSUMING THAT THERE ARE NO EMERGENCIES, SUCH AS ANOTHER HOSTAGE CRISIS, THE PRESIDENT'S ILLNESS AND CONVALESCENCE TAKE PLACE AT AS CONVENIENT A TIME AS POSSIBLE.
5. THE PRESIDENT IS HEAD OF STATE AS WELL AS HEAD OF GOVERNMENT. THERE IS NO PROBLEM ABOUT THE VICE-PRESIDENT CARRYING OUT THE CEREMONIAL FUNCTIONS. THE QUESTION ARISES ON MATTERS OF POLICY. THE KEY PLAYER SEEMS TO ME TO BE MRS REAGAN. SHE DEPUTISED FOR THE PRESIDENT AT TUESDAY'S RECEPTION FOR THE DIPLOMATIC CORPS.

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/SHE

SHE WAS UNDERSTANDABLY UNDER STRAIN, BUT SHE PERFORMED WITH COURAGE, DEFINED AS GRACE UNDER PRESSURE. HER CONCERN FOR THE PRESIDENT IS ABSOLUTE: BOTH FOR THE MAN, HER HUSBAND, AND FOR HIS REPUTATION AS PRESIDENT. MY GUESS IS THAT SHE WILL BE THE MOST IMPORTANT FACTOR DETERMINING HIS WORK LOAD, WEIGHING BOTH THE NEEDS OF HIS RESTORATION TO HEALTH AND THE REQUIREMENTS OF HIS REPUTATION.

6. BUT THE PRESIDENT HIMSELF IS CENTRAL TO POLICY MAKING UNDER THE US CONSTITUTION AND PRACTICE. NO-ONE BUT HE HAS ULTIMATELY THE AUTHORITY TO TAKE ESSENTIAL DECISIONS EG OVER THE BUDGET DEFICIT. TAX REFORM WILL GO ON THE BACK-BURNER FOR A WHILE SINCE ONLY HE CAN SELL IT IF INDEED IT CAN BE SOLD AT ALL. SO WILL FOREIGN POLICY INITIATIVES, WITH THE EXCEPTION OF THE PLANNING AND PREPARATION FOR THE NOVEMBER MEETING WITH GORBACHEV WHICH THE WHITE HOUSE IS AT GREAT PAINS TO SAY IS FIRMLY ON COURSE (AN ADVANCE PARTY GOES TO GENEVA THIS WEEK). MEANWHILE, THERE WILL BE A CENTRAL CORE OF KEY PLAYERS, CHIEF AMONG THEM THE CHIEF OF STAFF, MR DONALD REGAN, IT IS HE WHO WILL BE RESPONSIBLE, UNDER THE PRESIDENT, FOR RUNNING THE GOVERNMENT. ONLY HE, FOR THE MOMENT, HAS REGULAR, UNDISPUTED ACCESS. HE ALONE HAS SET UP AN OFFICE IN THE HOSPITAL. HE TOLD ME ON TUESDAY THAT THERE WOULD BE A 'COLLEGIATE' STYLE OF ADMINISTERING THE GOVERNMENT MEANWHILE. HE GAVE EVERY IMPRESSION OF RELISHING HIS ROLE.

7. THE VICE PRESIDENT IS OF COURSE THE ONLY OTHER ELECTED MEMBER OF THE ADMINISTRATION, BUT APART FROM BEING PRESIDENT OF THE SENATE, HE HAS NO ROLE OF HIS OWN SO LONG AS THE PRESIDENT IS FORMALLY IN CHARGE. AT PRESENT HE IS WISELY NOT PUSHING HIMSELF FORWARD INTO THE PUBLIC EYE. AND WHILE BUSH AND THE PRESIDENT HAVE AN EXCELLENT PERSONAL RELATIONSHIP, THERE IS A NATURAL ANTAGONISM BETWEEN THEIR STAFFS. REGAN WILL NOT BE CONCERNED TO ENHANCE BUSH'S AUTHORITY. BUT HE, NOT REGAN, WILL PRESIDE OVER THE NATIONAL SECURITY COUNCIL IF IT NEEDS TO MEET. AND HE, OF COURSE, NOT REGAN, WILL BE ON HAND TO DISCHARGE ANY CEREMONIAL FUNCTIONS THAT NEED TO BE UNDERTAKEN. HE WILL DELIVER THE KEYNOTE SPEECH AT THE IDU BANQUET AND, IF THERE IS A WHITE HOUSE FUNCTION, WHICH IS BY NO MEANS CERTAIN NOW, HE WOULD BE THE OBVIOUS PERSON TO HOST IT. MCFARLANE, AS NATIONAL SECURITY ADVISER, IS LIKELY AS TIME PASSES TO REGAIN ACCESS TO THE PRESIDENT, TO KEEP HIM UP TO DATE WITH NATIONAL SECURITY ISSUES, AND TO PRESENT OPTIONS WHEN DECISIONS ARE UNAVOIDABLE. BUSH SAW THE PRESIDENT FOR THE FIRST TIME TODAY. MACFARLANE HAS NOT YET DONE SO.

8. EXECUTIVE POWER IS CENTRED ON THE WHITE HOUSE. THE ROLE OF THE CABINET HAS ALWAYS BEEN NEBULOUS AND NOT VERY IMPORTANT IN UNITED STATES' CONSTITUTION AND PRACTICE AND IS LIKELY TO REMAIN SO. THE KEY PLAYERS FROM OUR POINT OF VIEW ARE OF COURSE SHULTZ, WHO IS STILL AWAY IN THE PACIFIC (RETURNING ON 19 JULY), AND HAS MADE NO ATTEMPT TO CUT HIS TRIP SHORT, AND BAKER AND WEINBERGER, WHO ARE IN TOWN BUT HAVE NOT BEEN PROMINENT. ALL ARE COMPETENT TO ADMINISTER THE MIXTURE AS BEFORE BUT NOT TO CHANGE THE TREATMENT. THE GOVERNMENT CAN CONTINUE, BARRING EMERGENCIES, TO FREE WHEEL FOR SOME TIME, BUT IT WILL LACK THE MOMENTUM AND DRIVE THAT ONLY THE PRESIDENT CAN GIVE.

CONFIDENTIAL

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CONFIDENTIAL

9. UP ON THE HILL, THE CONGRESS, AS I INDICATED IN MY LETTER OF 29 MAY TO THE PUS, HAS ITS OWN AGENDA. THE ABSENCE OF THE PRESIDENT COULD BE FELT ON CRUCIAL VOTES IN THE SENATE WHEN A TELEPHONE CALL FROM THE PRESIDENT OR A SUMMONS TO THE WHITE HOUSE HAS OFTEN INFLUENCED THE OUTCOME ON IMPORTANT BILLS. SENATOR DOLE MAY MAKE A BIT OF A COME-BACK. BUT AS SENATOR MATHIAS TOLD ME THIS AFTERNOON, THE AMERICAN LIKE THE BRITISH CONSTITUTION EVOLVES, IT REMAINS TO BE SEEN HOW THE INTERPLAY OF PERSONALITIES AND POWER WORKS OUT. BUT, HE ADDED, THE ABSENCE OF THE PRESIDENT WILL NOT BE NOTICED, EXCEPT WHEN IT MATTERS.

10. TO SUM UP, THE WHITE HOUSE WILL WISH TO GIVE THE IMPRESSION OF BUSINESS AS USUAL AND DON REGAN WOULD BE LESS THAN HUMAN IF HE DID NOT SEEK TO MAKE THE MOST OF THE FACT THAT HE IS RUNNING THE SHOW ON BEHALF OF THE PRESIDENT. HE IS ON RECORD AS DESCRIBING THE JOB AS THAT OF PRIME MINISTER TO THE PRESIDENT. IT IS A PRETTY ACCURATE DESCRIPTION. SO FAR THE PRESIDENT'S POPULARITY AND IMMENSE SYMPATHY FOR HIS ILLNESS HAS KEPT ALL CRITICISM AT BAY. SENATOR STEVENS TOLD ME THIS EVENING THAT HE THOUGHT THE CONGRESS WOULD NOT WISH TO EMBARRASS THE PRESIDENT WHILE HE IS SICK. THE VICE-PRESIDENT, REGAN AND MCFARLANE ARE A PRETTY EXPERIENCED TEAM AND SHOULD BE ABLE TO MANAGE DAY TO DAY BUSINESS BETWEEN THEM FOR THE NEXT FEW WEEKS. WE CAN ONLY HOPE THAT THE PRESIDENT WILL BE BACK, FIRING ON ALL CYLINDERS, AFTER THE SUMMER BREAK AND IN TIME TO PREPARE FOR THE GORBACHEV MEETING. IN THE LAST ANALYSIS, DECISION-MAKING IS HIS ALONE AND SO IS THE POLITICAL INITIATIVE. HIS ABSENCE FROM THE SCENE WILL DEMONSTRATE THE EXTENT TO WHICH HE IS PRESIDENT IN FACT AS WELL AS IN NAME, NO DOUBT TO THE SURPRISE OF HIS DETRACTORS.

WRIGHT

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PS/PUS.

SIR. W. HARDING.

MR. DEREK THOMAS

MR. DAVID THOMAS.

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TELEGRAM NUMBER 2151 OF 17 JULY

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THE PRESIDENT'S ILLNESS: PRESS COMMENT

SUMMARY

1. THE MAIN THEME HAS BEEN ONE OF RALLYING ROUND THE PRESIDENT. A VIRTUAL MORATORIUM ON POLITICAL CRITICISM, AT LEAST IN THE SHORT TERM, THOUGH SOME QUESTIONS ARE BEING ASKED ABOUT QUOTE WHO'S IN CHARGE IN THE WHITE HOUSE? UNQUOTE. LONGER TERM SPECULATION ABOUT REAGAN'S POSSIBLE EARLY RETIREMENT HAS HARDLY BEGUN TO SURFACE. LITTLE COMMENT SO FAR ON FOREIGN POLICY IMPLICATIONS, EXCEPT THAT IT IS ASSUMED THAT THE GORBACHEV MEETING WILL GO AHEAD AS PLANNED. DETAIL

2. UNTIL AFTER THE WEEKEND, MEDIA COVERAGE TENDED TO CONCENTRATE MAINLY ON THE MEDICAL DETAILS. BUT IN THE LAST TWO DAYS MORE COMMENT AND EDITORIALS HAVE STARTED TO APPEAR. THE MAIN THEME IS AN OVERWHELMING SURGE OF POPULAR SYMPATHY AND SUPPORT FOR PRESIDENT (AND MRS) REAGAN. THE GENERAL TONE IS PREDICTABLY UPBEAT AND OPTIMISTIC. MANY COMMENTATORS REFER TO THE PRESIDENT'S RESILIENCE AND LONG RECORD OF 'BEATING THE ODDS', AND EXPRESS CONFIDENCE THAT HE WILL DO SO AGAIN THIS TIME.

3. ON A MORE POLITICAL LEVEL, THERE HAVE BEEN SOME SUGGESTIONS THAT SYMPATHY FOR THE PRESIDENT COULD BE TRANSLATED INTO POLITICAL SUCCESS FOR HIS PROGRAMMES. IT IS POINTED OUT THAT AFTER THE 1981 ASSASSINATION ATTEMPT, HE RETURNED TO SCORE A DRAMATIC SUCCESS IN CONGRESS WITH HIS BUDGET AND TAX PROPOSALS. COULD THE SAME THING HAPPEN WITH THIS YEAR'S BUDGET? THE COMMENTATORS DOUBT IT. BUT FOR THE TIME BEING AT LEAST THERE IS A VIRTUAL MORATORIUM ON POLITICAL CRITICISM OF THE PRESIDENT. SENATOR DOLE, FOR EXAMPLE, WHO LAST WEEK HAD BEEN ACCUSING THE PRESIDENT OF 'SURRENDERING TO THE DEFICIT', DECLINED TO APPEAR ON THE MAIN ABC-TV WEEKEND CHAT SHOW, AND THE DEMOCRATS SIMILARLY DECIDED TO FOREGO THEIR RESPONSE TO REAGAN'S (PRE-RECORDED) WEEKLY RADIO SPEECH.

4. ANOTHER THEME OF PRESS COMMENT HAS BEEN THE QUESTION OF WHO IS RUNNING THE SHOW WHILE THE PRESIDENT IS ILL. THERE IS A GENERAL WELCOME FOR THE FACT THAT THE 25TH AMENDMENT WAS INVOKED FOR THE FIRST TIME, EVEN IF SOMEWHAT INDIRECTLY, TO PUT VICE-PRESIDENT BUSH FORMALLY IN CHARGE DURING THE PRESIDENT'S OPERATION, THUS AVOIDING ANY RISK OF CONFUSION SUCH AS AROSE WITH AL HAIG IN 1981 AFTER THE ASSASSINATION ATTEMPT. BUT SINCE THEN IT IS NOTED THAT BUSH HAS BEEN KEPT IN THE SIDELINES, AND THAT REGAN HAS EMERGED AS THE DOMINANT FIGURE. THERE IS SPECULATION ABOUT WHETHER THIS SITUATION WILL CONTINUE BUT AS YET NO CRITICISM. THE GENERAL CONCLUSION IS THAT THE INSTITUTIONAL STRUCTURE IS COPING WELL.

5. LONG TERM SPECULATION ABOUT THE PRESIDENT'S POSSIBLE EARLY RETIREMENT HAS HARDLY BEGUN TO SURFACE YET, AT LEAST IN THE PRESS. BUT JAMES RESTON HAS A PIECE IN TODAY'S NEW YORK TIMES WHICH SAYS THAT THE PRESENT MOOD OF SYMPATHY AND UNITY MAY PREVAIL UNTIL THE END OF 1985, BUT NOT FOR ANOTHER THREE AND A HALF YEARS: IN THOSE CIRCUMSTANCES THE OPTION OF RESIGNING AND HANDING OVER TO PUSH SO THAT HE CAN RUN IN 1988 AS AN INCUMBENT PRESIDENT MAY BECOME A REALITY.

6. ON THE FOREIGN POLICY IMPLICATIONS THERE HAS SO FAR BEEN VERY LITTLE COMMENT. BUT THE WHITE HOUSE SAID YESTERDAY THAT THE PRESIDENT INTENDED TO GO AHEAD WITH PLANS TO MEET GORBACHEV IN NOVEMBER, AND THAT HE WOULD "PARTICIPATE IN DISCUSSIONS" WITH THE CHINESE PRESIDENT IN WASHINGTON STARTING ON 23 JULY. DESPITE SOME SCEPTICISM ABOUT HOW ACTIVE A ROLE THE PRESIDENT WILL BE ABLE TO PLAY IN TALKS NEXT WEEK, THE GENERAL ASSUMPTION IN THE PRESS AT THIS STAGE IS THAT AFTER A LONG SUMMER VACATION TO RECUPERATE, HE WILL INDEED BE BACK IN THE SADDLE IN THE AUTUMN AND MEETING GORBACHEV IN NOVEMBER.

FCO PASS SAVING ANKARA ATHENS BRUSSELS COPENHAGEN LISBON LUXEMBOURG
OTTAWA OSLO ROME REYKJAVIK THE HAGUE UKDEL VIENNA

WRIGHT

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FM WASHINGTON 191700Z JUL 85
 TO IMMEDIATE F C O
 TELEGRAM NUMBER 2183 OF 19 JULY

ANDREW BURNS' TELELETTER OF 12 JULY TO ROBERTS (NEWS DEPT):
 PRIME MINISTER'S VISIT - MEDIA ASPECTS

1. IN ADDITION TO REQUESTS FROM MEDIA OUTLETS MENTIONED
 IN TELELETTER UNDER REFERENCE, THE FOLLOWING HAVE ALSO EITHER
 ASKED OR RENEWED THEIR REQUESTS FOR INTERVIEWS WITH THE PRIME
 MINISTER IN THE CONTEXT OF NEXT WEEK'S VISIT:-

- (1) JOHN MCLAUGHLIN FOR HIS ONE ON ONE PROGRAMME:
 REQUEST FOR A HALF HOUR TAPED INTERVIEW
- (2) CABLE NEWS NETWORK - 5-10 MINUTE INTERVIEW FOR THEIR
 MAJOR PROGRAMME "CROSSFIRE"
- (3) NATIONAL PUBLIC RADIO - 5 MINUTE INTERVIEW FOR EITHER
 THE MAIN MORNING OR EVENING NEWS PROGRAMME

WE HAVE TOLD THESE ORGANISATIONS THAT THE PRIME MINISTER'S
 VISIT NEXT WEEK IS A VERY SHORT ONE AND THAT IT IS
 VERY UNLIKELY THAT SHE WILL BE ABLE TO GIVE MAJOR MEDIA
 INTERVIEWS (APART PERHAPS FROM BRIEF INTERVIEWS WITH ONE
 OR MORE OF THE US TELEVISION BREAKFAST SHOWS). THEY SHOULD
 THEREFORE PLAN ON THE BASIS THAT AN INTERVIEW WILL NOT BE
 POSSIBLE ON THIS OCCASION BUT WE HAVE PROMISED TO GET BACK
 IN TOUCH SHOULD THE SITUATION CHANGE. WE WILL CONTINUE
 TO TAKE THE SAME LINE WITH ANY FURTHER REQUESTS UNLESS
 INSTRUCTED OTHERWISE.

2. WE STILL AWAIT DECISIONS ON WHETHER THE PRIME MINISTER
 WILL GIVE INTERVIEWS TO THE TELEVISION BREAKFAST SHOWS
 AND IF SO TO HOW MANY, AS WELL AS ON THE QUESTION AND
 TIMING OF A PRESS CONFERENCE AND POSSIBLY A SEPARATE
 MEETING WITH THE BRITISH PRESS (YOUR TEL 1093 AND WASHINGTON
 TEL 2154 REFER).

3. FCO PLEASE ADVANCE TO NEWS DEPT AND TO NO 10 (JEAN CAINES).

WRIGHT

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PRESS LINE

1. The Prime Minister took the opportunity of her visit to Washington for the Conference of the International Democratic Union to have talks this afternoon with Vice-President Bush, Secretary Weinberger, the Chairman of the Federal Reserve Bank Mr Volcker and the President's National Security Adviser Mr McFarlane. The discussions covered a wide range of current international developments and issues and showed a marked degree of understanding and agreement on both sides.

2. With Vice-President Bush and also with Mr McFarlane the Prime Minister primarily discussed progress in the fight against international terrorism, together with arms control, international trade and regional issues. In these talks, as also in the meeting with Secretary Weinberger, there was complete agreement that the West's arms control priority is to make progress in the Geneva arms talks. The Prime Minister was also briefed about the SDI. Both sides reaffirmed their continuing commitment to the four points agreed by the Prime Minister and President Reagan at Camp David in December. The Prime Minister reiterated her support for SDI research and her work for British scientists to share in it. The talks on trade issues re-emphasised the importance of early progress in preparations for a new GATT round.



PRIME MINISTER'S MEETING WITH MR PAUL VOLCKER, CHAIRMAN US FEDERAL RESERVE SYSTEM : WASHINGTON 25-26 JULY

UK OBJECTIVES

- (a) Reiterate concern about progress in cutting Federal budget deficit, support Administration's efforts.
- (b) Reiterate international implications of deficit and dangers of protectionism.
- (c) Reiterate view that convincing budget cuts necessary for orderly adjustment of dollar and US external imbalance.

OUR ARGUMENTS

- (a) Concerned that despite President's intervention, lack of progress in cutting deficit.
- (b) Welcome recent lowering of US interest rates. But outlook still uncertain, given large Federal budget deficit and questions over recovery and US growth performance. Desirability of simpler and fairer tax system - should be revenue neutral as intended.
- (c) Despite recovery in world economy, position of major debtors still fragile and that of oil-exporting debtors likely to worsen. Need for further adjustment. Continued growth, open markets and low real interest rates also essential. Havana Conference reflects Castro's attempts to exploit debtors' vulnerability - US views on prospects?
- (d) No disagreement that US fiscal/external position ultimately unsustainable. Recall Shultz's Princeton speech.



(e) Gradual dollar correction essential part of easing protectionist pressures, reducing trade deficit restoring net creditor status of US etc.

(f) More accommodating stance and slower growth behind dollar decline so far. But without fiscal correction prospect for measured dollar depreciation remote.

(g) Clear dangers from unduly sharp dollar collapse; to US inflation, interest rates and other countries.

(h) Recent experience demonstrates useful role for intervention. Views?

US ARGUMENTS

(a) US has provided engine for recovery so far, may now be room for better domestic growth in European and Japanese economies through increased flexibility and higher demand.

(b) US interest rates falling, so European concern misplaced.

(c) Dollar strength reflects vigorous and profitable US growth. Need for others' growth performance to improve.

(d) Budget deficit being brought under control.

(e) So far seen orderly dollar decline in line with expectations.



YOUR RESPONSE

(a) As agreed in Bonn need for all to continue with prudent fiscal and monetary policy. We are taking steps to increase flexibility and reduce structural rigidities. World economy has to suffer consequences of US budget deficit. Concerned that once markets see dollar is due for big fall interest rate will rise sharply in effort to continue to attract foreign funds to finance budget deficit.

(b) UK and EC tackling structural impediments to growth. UK entering fifth year of sustained growth averaging 3%.

(c) Even if Congress agrees budget package it is likely to be inadequate. Further measures necessary otherwise US will continue to drain others' savings.

(d) Fiscal uncertainty and growing US external debt risks marked change in market confidence.

BACKGROUND

1. In testimony on Monetary Policy on 17 July, Volcker was critical of continued absence of solution to budget deficit problem. Also criticised failure of other developed countries to provide sufficient support for world recovery.

2. Before his resignation, Stockman had noted that even if Senate package was agreed, deficit would still average \$200 billion over next 3 years.

3. Demand in Latin America for political dialogue on debt growing - Castro's attempt to exploit issue, Kissinger's article in 'Washington Post' on 25 June.



4. Effective dollar rate declined by 13% since last peak (end February) but fall has been uneven, since start of July dollar eased sharply falling by 5% to date. Too early yet to judge whether this represents the start of the long awaited dollar adjustment.

5. Some argued that scale of US imbalance demands a rapid and sizeable depreciation. Others see the adjustment evolving gradually as the Federal budget deficit is cut and US growth continues at a more sustainable pace. Easing of the dollar so far this year is more consistent with the latter.

6. In his testimony to Congress on 17 July Volcker rebased and increased the M1 target suggesting the Fed's accommodating stance will continue. But his comments on the inflationary implications of a collapse of the dollar show the Fed will not be tempted into an unduly lax policy. Volcker's remarks stand in sharp contrast to those reportedly made yesterday by US Commerce Secretary Baldrige when he claimed that the inflationary risks from dollar depreciation had been overstated. Baldrige called for a 25% depreciation of the dollar over the next 18 months.

7. Volcker repeated his anxieties over the US fiscal imbalance and stressed that as long as the US continues to run large budgetary deficits it will remain dependent on unprecedented net capital inflows. The US Department of Commerce estimates that US became a net international debtor in the first quarter of this year.



VOLCKER, PAUL A

Chairman, American Federal Reserve Board

Born New Jersey, 1927. Attended Princeton and Harvard Universities and the LSE. From 1957-1962 and from 1965-1969 he worked for Chase Manhattan Bank. Had spells in the US Treasury Department, including as Under Secretary for Monetary Affairs from 1969-1974. He was senior fellow at the Woodrow Wilson School of Public and International Affairs at Princeton before becoming President of the New York Federal Reserve Board in 1975. He was appointed Chairman of the Federal Reserve Bank by President Carter in 1979 and confirmed in this position in 1983. Disputes over the tightness of the Fed's monetary policy at one time seemed to make his reappointment unlikely but he has strong support in the US financial community. He has earned a very high reputation in managing the debt crisis.

Married, his wife suffers from arthritis. Interested in fishing.

Foreign and Commonwealth Office
22 July 1985



British Embassy

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Allan Hird Esq
Information Department
FCO

Your reference

Our reference

Date 22 July 1985

Dear Alan,

TERRORISM: ROLE OF THE US MEDIA

1. Since I wrote to you on 9 July, there has been a good deal of coverage in the US press of the Prime Minister's remarks to the American Bar Association about the role of the media in covering hostage crises and terrorism generally. Predictably, US editorial opinion so far either does not favour or does not think it practicable to introduce a voluntary code of conduct for press coverage of hostage situations in the future, whilst recognizing that there definitely were some excesses in the US media's treatment of the TWA hijacking. I enclose a selection of press cuttings to give you the flavour.
2. There continues to be considerable interest here in both how the Administration and the press should deal with terrorism in the future. There may well be some questions to the Prime Minister on this when she visits Washington later this week and gives US breakfast TV interviews and at her informal session with the British press.

Yours an,

Charles

C V Anson

cc: Ms Jean Caines, Deputy Press Secretary, ✓
Number 10

Alan Huckle Esq, BIS New York

W. Post

20. 7. 85.

Covering the Next Hijacking

THE NEWS COVERAGE last month of the TWA hijacking keeps raising questions—sometimes questions with sharp edges—about limits. Nobody thinks the episode at Beirut airport is going to be the last of that kind, and governments regard access to the press and, especially, television to be a powerful weapon in the hijackers' hands. Addressing the American Bar Association's meeting in London last week, Prime Minister Margaret Thatcher called for a voluntary code to "starve the terrorists and the hijackers of the oxygen of publicity on which they depend." The American attorney general, Edwin Meese, was attending the meeting, and he was later asked at a press conference about Mrs. Thatcher's proposal. He cautiously replied that the administration is considering talks with the media on subjects such as delaying publication of information that might delay solutions.

Everyone has agreed, over and over, that the coverage of the hijacking last month was overdone and often tasteless. But the central question is whether it delayed the release of the hostages and increased the danger to them. Our own view continues to be that the television exposure was more likely to have diminished that danger. When the Amal militiamen went on television with their captives, they increased the potential cost to Amal of any subsequent injury to the prisoners. If television is a weapon, it cuts both ways.

And it is not always true, by the way, that terrorism requires the oxygen of publicity to flourish. Seven other Americans have been kidnapped in Beirut by forces so secretive that they have never been precisely identified; nor is it clear that all of their victims are still alive. In those cases, a little more publicity would be welcome.

Talks between press and government people, as Mr. Meese suggests, can be useful. A certain amount of that sort of thing already goes on, most of it informally, which is the only way it should go on. But in the next hijacking most reporters will again consider it their job to tell the public as much as they can find out, save only those details that might increase the hostages' jeopardy.

The unavoidable collision—the one that governments dread—is between the immediate interest in freeing hostages and the broader political and diplomatic purposes that lie less visibly behind the immediate crisis. Press and television inevitably focus on the individuals at the center of the siege, generating waves of public concern for those unfortunate people. That in turn distracts governments and forces them to sacrifice other priorities to get the hostages back. True, that may be damaging to the country. But it is not nearly so damaging, we believe, as the fog of rumor and innuendo that would arise if the public began to suspect that the press were cooperating in suppressing important parts of the story.

REVIEW & OUTLOOK

Taking the Cameras Hostage

Ed Meese and Maggie Thatcher got an empathetic response at the American Bar Association annual meeting in London last week when they suggested that the print and broadcast press should be more restrained in handling terrorism stories.

Shucks yes, folks, we'll take your case, the lawyers replied. William W. Falsgraf, the ABA's incoming president, said he would put two committees on the job right away, seeing what could be done about a "voluntary code" of self-restraint. He said the National Conference of Lawyers and Representatives of the Media and the Special Committee on Cooperation with the American Newspaper Publishers Association will study the issue and report back when the ABA House of Delegates meets again next February. Judging from the initial annoyed reaction of the TV networks, the first problem for the lawyers will be to get in the front door at CBS, NBC and ABC.

All of which raises doubts about whether American lawyers should be turned loose in a place like London, with its fusty inns of court and an "Official Secrets Act" that allows Mrs. Thatcher to slap the wrists of reporters who get too nosy. Just to be sure that American traditions of unfettered public expression don't come under too much influence from the barristers, avocats, avocattos and abogados of old mother Europe, how about a voluntary code restricting future ABA meetings to native soil? But we're digressing.

The point is that there is a debatable premise underlying complaints about terrorism coverage. Mrs. Thatcher believes that terrorists "thrive" on the publicity she would have the news media withhold. Mr. Falsgraf added that, "It is pretty clear that one of the short-run objectives of the terrorists is to obtain publicity for their cause, whatever it might be, to sow the seeds of discord and fear, and to foster disruption in the country that is subject to the taking."

Now there obviously is some truth

to these observations. TV news cameras and political agitators have had a much-discussed symbiotic relationship from the very beginnings of TV. TV producers like action and the agitators like attention. But political atrocities did not begin with the television age, any careful reading of the exploits of Joe Stalin, Adolf Hitler or Genghis Khan will attest. Today's political extremists may enjoy the camera's attention, but they do not necessarily "thrive" on it.

It can be plausibly argued that the main thing the TWA Flight 847 hijackers accomplished was to wake up the American Congress to the danger terrorism represents. It was no accident that just afterward the administration got a burst of congressional support for aiding anti-communist insurgencies. We have so far heard little complaint about the blunt warning the administration sent to Nicaragua's Sandinistas last Thursday, threatening U.S. retaliation if there is any further Sandinista-supported terrorism against U.S. citizens in Central America. Washington's romantic admirers of left-wing revolution have been remarkably subdued since TV gave Americans a firsthand look at how well-trained terrorists do their work.

Mercifully, Mr. Meese and Mr. Falsgraf could see no way to apply legal restrictions to press coverage. Both merely hoped that the press could exercise self-restraint. Let us add on their behalf that some of the TV commentary invited hostile reactions with maundering, faintly sympathetic treatment of the young Arabs having their way with the TWA 847 hostages. Some commentators just can't resist a nice warm guilt bath.

But we can think of no voluntary code that would turn TV anchors or any of the rest of us in the information business into gods of wisdom. Such a code would merely create a legitimate suspicion among viewers and readers that they were being denied information, a suspicion not uncommon, by the way, among jurors when they listen to lawyers conducting court trials. The ABA only wants to help, we're sure, but first it should make a better case that help is needed.

Critic's Notebook

Terrorism on Television: Networks Have Journalistic Responsibilities

By JOHN CORRY

TERRORISM is unlikely to go away; neither is the argument over how it is reported. Prime Minister Margaret Thatcher said last week that news organizations should be urged to restrain their coverage of terrorism. Then Attorney General Edwin Meese 3d took her proposal a step further. He said the White House might ask news organizations to adopt a voluntary code of restraint. This is a terrible idea.

It is terrible for several reasons, one of which is that it wouldn't work. Mr. Meese said that news organizations might be asked to accept "some principles reduced to writing." One principle, for example, could be the withholding of "interviews that might endanger the captives or endanger the successful conclusion of the incident."

Think about this for a moment. How does one determine which interviews do the endangering? Is it more perilous, for instance, to interview a captive who apologizes for his captors, or a former Secretary of State who calls for a retaliatory strike?

And, for that matter, who makes the determination? It is not realistic to expect competing news organizations to do it; it is chilling to think of the Government doing it for them. Either way, I think, Mr. Meese is onto a bad thing.

Meanwhile, note that although Mr. Meese and Mrs. Thatcher spoke of "media," "press" and "news organizations," they were not worried about newspapers or magazines; they were worried about television. Mrs. Thatcher, who had the advantage of a prepared speech (Mr. Meese was responding to questions at a news conference) was more explicit. Democracies, she said, must "find ways to starve the terrorist and the hijacker of the oxygen of publicity on which they depend."

Clearly, Mrs. Thatcher was talking about television: instant communication, universal message, global village. The networks decline to recognize there is a problem here. News executives, anchormen, commentators and correspondents skirt the issue.

They answer criticism of the way they covered the recent hijacking of a Trans World Airlines jet by saying either that they made no mistakes, or that everyone, including, presumably, terrorists, can manipulate television.

This is disingenuous. Television asserts journalism's prerogatives without meeting its responsibilities. The thoroughly undesirable consequence is that a Prime Minister and an Attorney General now talk about finding ways to meet the responsibilities for it. None of this is necessary. Valid criticisms of television would disappear if it practiced responsible journalism in the first place.

There is nothing arcane about this. Mr. Meese is wrong when he speaks of "principles reduced to writing"; there are no Ten Commandments. On the other hand, there are rules of journalism. For television, the unbreakable rule when it covers terrorism ought to be that once is enough. The mindless repetition it now practices serves no purpose.

Few critics quarrel with the way television covers breaking news; it does this very well. When T.W.A. Flight 847 landed in Beirut, it was right that cameras and correspondents were there. It was also right that they were around when the hostages were freed. These were news stories. The problem was what television did in between. It did not cover news stories.

It gave us, for example, Nabih Berri, not once but many times, and usually at length. Mr. Berri, the leader of the Shiite Amal militia, was a legitimate news story, but he ought to have appeared only once on each network. Television gave him a platform when he did not have that much to say.

This led anchormen and correspondents to look for nuance. The United States Ambassador to Lebanon, Reginald Bartholomew, who negotiated with Mr. Berri, was looking for nuance, too. The anchormen and correspondents usurped his role. The proper way to cover Mr. Berri would have been to have correspondents interview him. That's what correspondents are for. Assuming Mr. Berri said something newsworthy, the correspondents would then have reported

it. That way, an editorial process would have been at work.

Television, however, ignored the editorial process. It surrendered journalistic sovereignty by showing whatever it could whenever it could. It may be permissible to show one news conference held by people who hold hostages; it is irresponsible to show them again and again.

Certainly television correspondents have the right to attend any news conference they choose, but their attendance alone does not legitimize the news conference. News is not just something that happens; it is something that must be weighed, balanced and put into context. If a news conference produces news, correspondents, exercising their own good judgment, are supposed to report it. When there is no news, they are supposed to remain silent.

The news conferences in Beirut did not produce news; they produced film. Invariably, however, the film was shown by the networks. Where was editorial judgment? There was none. The Amal, surrogates for the hijackers, produced its own programs.

Meanwhile, the networks have defended this by saying that in showing us the hostages at the news conferences, they kept us abreast of their well-being. It is a pallid defense. The correspondents could have interviewed the hostages, and then told Dan Rather, Peter Jennings or Roger Mudd. Then they could have told us. As it was, television gave us not journalism but pietism. It pretended to be doing something it was not.

There is no reason for any of this. There is no insurmountable problem. Television must only practice journalism, rather than allowing coverage to run pointlessly and dizzily on. Journalism means making intelligent choices. CBS interrupted its regular programs one day to report that the co-pilot of the hijacked jet had an infected spider bite. Meanwhile, whenever the Amal beckoned, all the networks responded. There was no restraint, and little judgment. Now Mrs. Thatcher and Mr. Meese propose correctives. Perhaps this is inevitable, but it is something that ought never to have happened.

Thatcher Urges the Press To Help 'Starve' Terrorists

By R. W. APPLE Jr.
Special to The New York Times

LONDON, July 15 — Prime Minister Margaret Thatcher, discussing the Trans World Airlines hijacking, told more than 6,000 American lawyers today that news organizations should be urged to voluntarily suppress information that might assist terrorists.

Democratic nations "must try to find ways to starve the terrorist and the hijacker of the oxygen of publicity on which they depend," she said.

Speaking at the opening assembly of the American Bar Association's annual meeting, the largest convention ever held in Britain, the Prime Minister said in her speech at Albert Hall that Britain, the United States and their allies abhorred censorship.

But, she said, "ought we not to ask the media to agree among themselves a voluntary code of conduct, under which they would not say or show anything which could assist the terrorists' morale or their cause while the hijack lasted?"

In Britain, as in the United States, there has been widespread controversy over how the American television networks covered the hijacking last month of the Trans World Airlines jet in Beirut.

Some High-Level Welcomes

The appearance by Mrs. Thatcher at Albert Hall and that of the country's senior legal officer, Lord Hailsham of St. Marylebone, the Lord Chancellor, at another ceremony in Westminster Hall showed how seriously the British are taking this gathering — the largest influx of Americans to this country since World War II.

Before the week is out, the four Inns of Court, the centers of British legal education, will have held lavish receptions for the American visitors, flourishing antique silver and other hoary traditions.

This is a chance for the British to impress and perhaps to influence people who carry considerable weight back home. Equally important, it is a chance for the British tourist industry to make a killing in what is already shaping up as a record year.

Mix of Serious and Fun

Nearly 10,000 lawyers, and a roughly equal number of spouses, friends and children, have checked into 188 London hotels. There is hardly an empty room in London this week. London tourist officials expect the visitors to spend \$40 million in the capital and elsewhere in Britain before the meeting ends Saturday.

Most of that amount will be tax deductible, since the convention is categorized as "an educational experi-

ence." Indeed, for the serious minded, there are plenty of thought-provoking sessions — more than 300 at latest count.

But the schedule also lists an organized pub crawl, which must seem to most Britons a contradiction in terms, as well as a fashion show at a flashy restaurant and a day trip to Boulogne, across the channel in France.

The British newspapers have been running long stories about the convention for several weeks. Many of the articles have reported, with more than a little awe, that the average bar association member earns \$57,000 a year and that the partners in big firms often make \$200,000.

Michael Davie, a columnist for The Observer, a liberal Sunday newspaper, expressed wonderment at the names of some of the firms. Mentioning Haight, Gardner, Poor & Havens of Washington, Mr. Davie said it was "the only time the word 'poor' crops up in the program for the convention."

Perhaps inevitably, people have sought comment from John Mortimer, the barrister and writer, whose "Rumpole of the Bailey" television series has made him Britain's best-known lawyer. His verdict: "It has always been my aim to avoid the company of lawyers whenever possible."

Fourth Session in London

The bar association has met in London three times before, in 1924, 1957 and 1971. The organization likes to come here, said its president, John Shepherd, because "it's a nice place to bring the family" and because of the American bar's links to common law.

Those links came up this morning when Lord Hailsham, bewigged and attired in ceremonial robes, greeted the American visitors in Westminster Hall, a cavernous building in the same complex as the House of Commons that was built by William Rufus, son of William the Conqueror, in 1067.

He reminded the Americans that the law had its frailties and that lawyers made mistakes, recalling that Sir Thomas More, another Lord Chancellor, had in the same hall been "falsely convicted of treason under an unjust statute passed by a homicidal prince on the perjured evidence of his solicitor general."

But the dominant note of the day was the need to combat terrorism, which Mrs. Thatcher described as "a savage threat" to free people.

Seeks Close Cooperation

She said "civilized societies" must learn to work more closely against terrorists, but she made no direct comment on President Reagan's appeal to European countries to halt flights to Beirut. Mrs. Thatcher has said that Britain would do so only if all Common Market countries agreed. The prospects are slim for such agreement.

"We have behind us many declarations and communiqués of good intent," she said in her speech today. "We need action, action to which all countries are committed until the terrorist knows he has no haven, no escape."

At a morning session on terrorism, Home Secretary Leon Brittan appealed to the lawyers for help in stemming American financial contributions to the Irish Republican Army, which has taken responsibility for many atrocities in Ulster and Britain.

He also called on the Senate to ratify a supplementary extradition treaty to encourage the United States to return Irish terrorists to Britain.

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Thatcher Tells Media: Starve The Terrorists of Publicity

ABA Hears Her Vow to Thwart Hijackers

By Karen DeYoung
Washington Post Foreign Service

LONDON, July 15—Prime Minister Margaret Thatcher pledged today that Britain would never give in to terrorist demands and called on the news media to adopt a "voluntary code of conduct" that would "starve the terrorists and the hijackers of the oxygen of publicity on which they depend."

In a sharply worded address to thousands of American lawyers gathered here for the American Bar Association's annual meeting, Thatcher said that no hijacked aircraft landing in Britain would be allowed to take off, no prisoners

would be released, and "statements in support of the terrorists' cause will not be made."

Thatcher's remarks concerning the media reflected widespread concern here and in the United States that the extensive coverage of last month's TWA hijacking and seizure of passengers by Moslem extremists in Beirut provided an international platform that encouraged the hijackers.

While she noted that free societies were limited in the controls they could or should place on the press, Thatcher called for a media agreement "under which they would not say or show anything which

See ABA, A11, Col. 1

ABA, From A1

could assist the terrorists morale or their cause."

In an earlier ABA panel discussion today, State Department legal adviser Abraham D. Sofaer voiced the most direct criticism of the media coming from the Reagan administration since the hostages were released. "The hijackers sought publicity," Sofaer said, "and they got it. The world was treated to a media extravaganza that gave irresponsibility and tastelessness a new meaning."

References to the media in both Sofaer's panel statement and Thatcher's speech brought loud applause from the audiences.

More than 10,000 American lawyers are participating in the six-day ABA meeting, the fourth held in London since 1924. The overall theme of the session is "Justice for a Generation." Many of the scheduled panels and discussions are focused on mutual U.S. and British legal concerns, such as trade, investment and tax issues.

But the central issue in the opening sessions was the need to implement existing legal means to prevent and punish international terrorists, and to adopt new methods of dealing with a growing threat.

In a panel discussion on terrorism

led by former vice president Walter F. Mondale, Sofaer said that the United States has filed a "formal demand" that Lebanon take action against those responsible for the TWA hijacking, the holding of the 39 American hostages, and the murder of a U.S. citizen aboard the plane.

Sofaer said that U.S. Attorney General Edwin Meese, who was attending the sessions, "will determine when to file a formal demand for extradition" of the hijackers.

U.S. officials have indicated that, based on intelligence information, media reports during the crisis and interviews with the released hostages, at least some of those who participated in the hijacking have been identified.

Reports from Beirut last week that several suspects had been detained there subsequently were denied by the Lebanese government.

Asked whether U.S. authorities had moved to secure an indictment prior to an extradition request for persons believed responsible for the hijacking, another panel participant, FBI Director William H. Webster said that such action would require "a grand-jury process."

Webster said such a procedure would be secret, and he could not say whether one was under way.

Justice Department officials in Washington confirmed that inves-

tigation of the hijacking is being conducted by the Washington field office of the FBI and that evidence will be turned over to the U.S. attorney's office for presentation to a grand jury.]

Webster said "these are sensitive times right now," and he could not comment on whether the United States had provided Lebanon with any information, based on its own investigation, to assist in locating the hijackers. "I think the less we say publicly . . . the greater probability exists that [the Lebanese] will take their own action," he said.

While acknowledging skepticism, Sofaer said "we cannot know in advance that an effort to arrest the hijackers is bound to fail. Lebanon is a complex place . . . a good result could come about through circumstances we cannot now entirely anticipate."

In the absence of such result, he said, the United States would be "faced with the option of seeking action" under a resolution adopted by western industrialized nations in 1978 summit in Bonn. That resolution, he said, calls on the seven governments to "take immediate action to cease all flights" connected with any country that refuses to prosecute or extradite hijackers or to return a hijacked aircraft.

Thus far, Western Europe has resisted administration appeals to

join in sanctions against Beirut Airport and the Lebanese national airlines. "However persistently we pursue this course," Sofaer acknowledged, it is a difficult one, depending on seven nations, "each with independent interests and views."

"I'm sure that some if not most of you are thinking at this point: forget about law; let's just go in there and get the killers," Sofaer said, adding that the United States under existing international law is "entitled now to use necessary and proportionate force to end such attacks" and that "force will play its part."

"But the possible use of force should not distract us from the role that law can play in this struggle," Sofaer said. He called for the creation of "meaningful enforcement mechanisms" for existing antihijack agreements; amending the Bonn declaration to provide specific and swiftly imposed sanctions, and action to "overcome the reluctance even of civilized nations to extradite terrorists."

Thatcher praised U.S. efforts to end Irish-American support of the Irish Republican Army, saying, "We are also most appreciative" of a new accord between the two countries that would end U.S. prohibitions against extraditing those whose alleged offenses are classed as "political."

Richard Cohen

Patriotism and the Press

William Westmoreland sued CBS over a question of fact—the alleged falsification of statistics. William Tavoulaareas, the former president of Mobil Oil, sued The Washington Post over a question of fact—whether he “set up” his son in business. But the debate over media coverage of the TWA hostage crisis is not about facts at all. It is about patriotism. It is alleged the media ain't got any.

This is something new under the sun. Until recently, critics of the press have questioned its accuracy, its taste, sometimes its sanity, but almost never its allegiance. If anything, the press has been accused of being jingoistic, of fanning chauvinism just to boost circulation.

Now, though, the press is faulted for being insufficiently nationalistic. Its critics point out that it interviews hostages and their captors with nary the suggestion that there is a moral difference between them and that, worse, it allows itself to be used by terrorists who supposedly want nothing more than publicity.

The latter argument, in fact, was recently made by Margaret Thatcher. The British prime minister told the American Bar Association that the press ought to agree among themselves to a “voluntary code of conduct under which they would not say or show anything which could assist the terrorists’ morale or their cause.” These remarks were ap-

plauded by the assembled lawyers, who, apparently, have delegated the chore of thinking to lower-paid associates. She didn't explain how an editor in Washington could judge the “morale” of a freaked-out terrorist in, say, Beirut.

Let us dispose of some matters right off. First, while it is true that terrorists use the press, it is true that everyone uses the press—Thatcher and the ABA included. Second, no one—including the all-knowing Henry Kissinger—knows what he'd do if terrorists produced a blindfolded hostage, put a gun to his head and demanded immediate network coverage. What then, Mrs. Thatcher?

It is a lot harder, however, to dispose of the suggestion that what ails the media is a lack of patriotism. The problem with this accusation is that it touches on values. It suggests that the one the press holds dearest—pursuit of the news—conflicts with other, even more important values: respect for life, the primacy of U.S. interests. But the accusation goes further than that. It suggests that the press does not even recognize this clash of values, that its primary and only allegiance is to something called “the story.”

Of course, as with anything, exceptions abound. During the TWA crisis, for instance, the press withheld the military identification of some hostages, hoping to keep them out of greater danger. And there is no doubt that if the government had made a

compelling case that national security was at stake, the press would have tailored its coverage.

But the government made no such case. Instead, critics afterward faulted the press for doing its job, for complicating things for everyone and, in the end, for allowing the terrorists to have a propaganda field day—although it's not clear that any minds were changed. Starting with Kissinger attempting an imitation of the Incredible Hulk and ending (maybe) with Thatcher's call for self-censorship, a whole lot of people joined an anti-press picket line to echo the words of an old union song: Which side are you on?

But the question is a cheap shot. It presupposes that journalistic and American values are in conflict, that the former are not part of the latter and that there is something un-American about providing information. Worse yet, the criticism shows contempt for your average American sitting in your average easy chair, watching the news on television. It's as if the critics believe forced statements of some hostages will destroy public support for U.S. policy.

A hostage situation may or may not be a national crisis (after all, seven Americans remain captive). Terrorism may or may not be a new kind of warfare. But if the press has to prove its patriotism by either censoring itself or colluding with the government, then any fanatic can wield awesome power. With only a gun a free press can be taken hostage.

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FM ANKARA 221430Z JUL 85
TO IMMEDIATE FCO
TELEGRAM NUMBER 343 OF 22 JULY

YOUR TELNO 207: HIGH LEVEL VISITS

1. IT HAS JUST BEEN ANNOUNCED THAT PRIME MINISTER OZAL WILL NOT GO TO WASHINGTON FOR THE IDU MEETING.

2. ALTHOUGH THE MOTHERLAND PARTY (MP) HAVE TOLD US THAT THIS IS BECAUSE HIS DIARY IS NOW TOO FULL IT SEEMS CERTAIN THAT THE KEY FACTOR BEHIND THE DECISION WILL HAVE BEEN THAT THE MP WILL ONLY HAVE 'PERMANENT OBSERVER STATUS' AT THE MEETING. THE PARTY HAVE SAID THAT THEY HAVE ACCEPTED THIS STATUS ON THE UNDERSTANDING THAT THEY WOULD BE GIVEN FULL MEMBERSHIP BY NEXT YEAR.

RUSSELL

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PS/LADY YOUNG
PS/MR RENTON
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MR DEREK THOMAS
MR JENKINS

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TO IMMEDIATE FCO

TELEGRAM NUMBER 2157 OF 17 JULY

INFO BONN, PARIS, ROME, OTTAWA, TOKYO AND UKDEL OECD

MR VOLCKER'S TESTIMONY ON MONETARY POLICY

ms

SUMMARY

1. MY TELNO 2139 SUMMARISED THE MAIN FEATURES OF THE FEDERAL RESERVE BOARD'S LATEST (SEMI-ANNUAL) MONETARY POLICY REPORT. USING THIS DOCUMENT AS A QUOTE FRAMEWORK UNQUOTE FOR HIS COMMENTS, MR VOLCKER TODAY GAVE HIS TESTIMONY TO THE HOUSE BANKING COMMITTEE. (COPIES OF THE REPORT AND TESTIMONY WILL FOLLOW BY BAG). THE TESTIMONY WAS FAIRLY UNEVENTFUL AND ADDED LITTLE TO WHAT IS IN THE REPORT. BUT IT WAS WELL RECEIVED BY THE COMMITTEE: AND SEEMS TO HAVE REASSURED MARKETS THAT THE REBASING OF M1 IS ESSENTIALLY A TECHNICAL CHANGE AND THAT MONETARY POLICY GENERALLY REMAINS ON COURSE. VOLCKER, HOWEVER, WAS CRITICAL BOTH OF THE ABSENCE OF A SOLUTION TO THE US BUDGETARY PROBLEM AND OF OTHER DEVELOPED COUNTRIES' FAILURE TO PROVIDE SUFFICIENT SUPPORT FOR THE WORLD'S RECOVERY.

DETAIL

2. KEY POINTS EMERGING FROM TODAY'S SESSION ARE AS FOLLOWS:-
- VOLCKER POINTED TO THE SHARP CONTRAST BETWEEN MARKET SLUGGISHNESS IN THE GOOD-PRODUCING SECTOR OF THE ECONOMY AND RISING DOMESTIC CONSUMPTION AND DEMAND. AGAINST THIS BACKGROUND, AND THAT OF RELATIVELY WELL CONTAINED INFLATIONARY AND COST PRESSURES, THE FEDERAL RESERVE HAD ADOPTED A GENERALLY QUOTE ACCOMMODATIVE UNQUOTE APPROACH IN THE PROVISION OF BANK RESERVES.
 - FOR THE TIME BEING, TAKING INTO ACCOUNT ALL CURRENT AND LIKELY ECONOMIC DEVELOPMENTS, THE DOWNWARD PRESSURES ON COMMODITY PRICES AND THE HIGH LEVEL OF THE DOLLAR, THE GROWTH IN M1 AND DEBT DID NOT IN ITSELF JUSTIFY A MORE RESTRICTIVE MONETARY STANCE.
 - AT THE CURRENT LEVEL OF EXCHANGE RATES - STILL ABOUT 60 PERCENT ABOVE THE RELATIVELY DEPRESSED LEVELS OF 1979 AND 1980 - PROSPECTS FOR STEMMING DETERIORATION IN THE OVERSEAS TRADE POSITION, MUCH LESS ACHIEVING A TURNABOUT, REMAIN UNCERTAIN. MUCH DEPENDS UPON THE RATE OF GROWTH IN OTHER COUNTRIES. THOUGH THE DOLLAR WAS STILL OVERVALUED, VOLCKER SAID HE DID NOT FAVOUR A SUBSTANTIAL FALL IF THIS REFLECTED QUOTE LACK OF CONFIDENCE IN THE US ECONOMY AND ECONOMIC POLICIES UNQUOTE.
 - THE QUOTE BROAD POLICY CHALLENGE UNQUOTE IS TO DEAL WITH A SITUATION MARKED BY GROSS IMBALANCES - INTERNAL AND EXTERNAL - THAT CAN NEITHER BE SUSTAINED INDEFINITELY NOR DEALT WITH SUCCESSFULLY BY MONETARY POLICY ALONE.
 - IN INTERPRETING RECENT MONETARY DEVELOPMENTS, THERE ARE PARALLELS - THOUGH NOT EXACT ONES - WITH 1982/83, WHEN M1 WAS ALSO REBASED. ONE IMPORTANT COMMON FACTOR AT WORK IS THAT THE RAPID GROWTH IN M1 BOTH IN 1981, 1982 AND 1983 FOLLOWED SIZEABLE

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INTEREST RATE DECLINES. AT THE SAME TIME THE UPWARD TREND IN M1 QUOTE VELOCITY UNQUOTE MAY BE CHANGING. THE FEDERAL RESERVE'S VIEW IS THAT THEY SIMPLY DO NOT HAVE ENOUGH EXPERIENCE WITH THE NEW INSTITUTIONAL FRAMEWORK SURROUNDING M1 TO SPECIFY WITH ANY PRECISION WHAT NEW TREND IN VELOCITY MAY BE EMERGING OR THE PRECISE NATURE OF RELATIONSHIPS BETWEEN FLUCTUATIONS IN INTEREST RATES AND THE MONEY SUPPLY. THIS EXPLAINS THE (PERHAPS TEMPORARY) DOWN-GRADING OF M1 AS AN INDICATOR.

- THE DECISION TO QUOTE REBASE UNQUOTE THE M1 TARGET ON WHICH VOLCKER REVEALED THAT THERE WERE TWO DISSENTING VOICES ON THE FOMC) TAKES ACCOUNT BOTH OF SOME CHANGE IN TREND VELOCITY AND A RETURN TO INTEREST RATES CLOSER TO LEVELS HISTORICALLY NORMAL. VOLCKER'S NOW WAS THAT REBASING WOULD HAVE LESS EFFECT ON THE MARKETS THAN WOULD HAVE INCREASING THE TARGET RANGE (SEE PARA 4 BELOW).

- VOLCKER EXPRESSED CONCERN ABOUT THE PERSISTENT DEBT CREATION WELL IN EXCESS OF THE GROWTH OF THE ECONOMY AND HISTORICAL EXPERIENCE

AND THEREFORE LOOKED TOWARDS SOME MODERATION IN THAT GROWTH NEXT YEAR. HIS VIEW IS THAT AS LONG AS THE US RUNS MASSIVE BUDGETARY DEFICITS, IT WILL REMAIN DEPENDENT ON UNPRECEDENTED CAPITAL INFLOWS TO HELP FINANCE DIRECTLY OR INDIRECTLY THAT DEFICIT. THE NET CAPITAL INFLOWS WILL BE MIRRORED IN A TRADE DEFICIT - THEY ARE QUOTE SIAMESE TWINS UNQUOTE.

- THERE IS A CRUCIAL NEED TO REDUCE US DEPENDENCE ON FOREIGN CAPITAL AND THE RISING IMPORTS TO MEET DOMESTIC DEMANDS, BY CURTAILING THE BUDGET DEFICIT. THE ADJUSTMENT WOULD BE EASED AS

WELL IF OTHER INDUSTRIALISED COUNTRIES BECAME LESS DEPENDENT ON STIMULUS FROM THE US FOR GROWTH IN THEIR OWN ECONOMIES.

- ALL OF THE INDUSTRIALISED COUNTRIES, WORKING WITH THE IMF, THE WORLD BANK AND BY OTHER MEANS, NEED TO CONTINUE TO SUPPORT THE EFFORTS OF MUCH OF THE DEVELOPING WORLD TO RESTORE THE FINANCIAL AND ECONOMIC FOUNDATIONS FOR GROWTH IN THEIR COUNTRIES.

- MONETARY POLICY MUST BE PART OF THE EFFORT TO CORRECT IMBALANCE IN THE ECONOMY. BUT THE US ALSO NEEDS TO COME TO GRIPS WITH THE BUDGET DEFICIT, AND TO AVOID QUOTE A WITCH'S BREW OF PROTECTIONISM UNQUOTE.

COMMENT

3. THE TESTIMONY WAS WELL RECEIVED BY THE COMMITTEE AND VOLCKER DEALT SKILFULLY WITH THE GENERALLY MUTED AND RATHER UNFOCUSSED QUESTIONING. OUR MAIN IMPRESSIONS ARE AS FOLLOWS:-

- FIRST, A SUBSTANTIAL PORTION OF THE TESTIMONY WAS DEVOTED TO A DISCUSSION OF THE QUOTE STRAINS, IMBALANCES AND DANGERS UNQUOTE IN THE ECONOMY: THERE WAS LESS EMPHASIS THAN ON SOME PREVIOUS OCCASIONS ON COUNTER-INFLATION POLICY - THOUGH, IN RESPONDING TO QUESTIONS, VOLCKER STRESSED SEVERAL TIMES THAT INFLATION WAS STILL TOO HIGH.

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- SECOND, VOLCKER WAS NOTABLY FRANK AND HONEST IN HIS APPRAISAL OF THE CURRENT ECONOMIC AND FINANCIAL UNCERTAINTIES, PARTICULARLY THOSE SURROUNDING THE INTERPRETATION OF M1, WHICH HE REMARKED HAD QUOTE LIMITED USEFULNESS AT PRESENT UNQUOTE.
- THIRD, IT IS STRIKING THAT THE TESTIMONY EXPRESSED PARTICULAR CONCERN ABOUT THE ACCUMULATION OF DEBT AS A FACTOR UNDERLYING (AND PERHAPS ULTIMATELY UNDERMINING) THE ECONOMIC RECOVERY.
- FOURTH, THE TESTIMONY (PREDICTABLY) STRESSED THE RESOLUTION OF THE BUDGET DEFICIT PROBLEM AS THE KEY TO REMOVING MAJOR IMBALANCES FROM THE ECONOMY: THE EMPHASIS ON OTHER DEVELOPED COUNTRIES GENERATING ENOUGH QUOTE HOME GROWN EXPANSION UNQUOTE TO SUPPORT THE WORLD RECOVERY, HOWEVER IS A RELATIVELY NEW DEVELOPMENT IN THE FEDERAL RESERVE'S PUBLIC POSTURE, AND ONE REPEATED SEVERAL TIMES BY VOLCKER IN RESPONSE TO QUESTIONS.

4. IT IS REASSURING THAT THE MARKETS GENERALLY SEEM TO HAVE TAKEN BOTH THE RELEASE OF THE REPORT YESTERDAY AND TODAY'S TESTIMONY IN THEIR STRIDE. THE WIDESPREAD EXPECTATION HAS BEEN THAT THE FEDERAL RESERVE WOULD ADJUST THE RANGES FOR M1, AND MARKETS MAY ALSO HAVE BEEN INFLUENCED (IN DIFFERENT DIRECTIONS) BY RECENT ECONOMIC INDICATORS (INCLUDING TODAY'S FIGURES SHOWING A 0.5 PERCENT RISE IN PERSONAL INCOME IN JUNE) AND BY THE LARGE SECOND QUARTER LOSSES REPORTED BY THE BANK OF AMERICA. SHARE PRICES ROSE BY 9 POINTS DURING THE DAY, REFLECTING THE MARKET'S VIEW THAT MONETARY POLICY WOULD CONTRIBUTE TO STRONGER GROWTH IN THE SECOND HALF OF THE YEAR. BUT THERE WAS LITTLE CHANGE IN INTEREST RATES AND THE DOLLAR FELL AGAINST MOST MAJOR CURRENCIES..

5. FCO PLEASE PASS TO FITCHEW AND MATTHEWS (TREASURY), GREEN (BANK), BROADBENT (EA) AND TAIT (ERD).

(REPEATED AS REQUESTED)

WRIGHT

MONETARY
NAD
MR DAVID THOMAS

COPIES TO:-

MR FITCHEW TREASURY
MR MATTHEWS TREASURY
MR GREEN B/ENGLAND



Je VC
c SS

10 DOWNING STREET

From the Private Secretary

12 July 1985

IDU Conference in Washington

The Prime Minister and the Foreign Secretary had a brief word this morning about the Communique for the IDU Conference in Washington. It was agreed that the Party Chairman and those supporting him would be given a full briefing by a Foreign Office Minister before departure. They should also be instructed to clear any text resulting from further discussions in Washington with the Foreign Secretary and, if necessary, the Prime Minister before agreeing to it. I should be grateful if you would make arrangements for this.

(CHARLES POWELL)

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

SWA

PRIME MINISTER

IDU Conference : Communique

I think you should discuss the communique when you meet the Foreign Secretary tomorrow (Friday, 12th July).

1. Draft Communique (attached)

Charles Powell has read this and I think his initial view is that it might be good to include some points on SDI.

2. Redrafting of communique at the IDU Conference

As the Chairman will not be there at the beginning of the Conference, Jim Spicer (plus Richard Ryder) will be doing the negotiating for us on the communique. It is not clear whether the communique will be signed on the Thursday morning, when the Chairman will be there to sign it or on the Friday morning when you could sign it. (The sequence of events for the redrafting of the communique is attached to this note).

S.S.

STEPHEN SHERBOURNE

9.7.85

E. R.

Sequence of events for the redrafting of the communique

- Wednesday afternoon: amended communique to be discussed further amended by representatives present (for us that is Jim Spicer and Richard Ryder as the Chairman does not arrive in Washington until the Thursday morning).

- Wednesday night: communique received by each party leader (but of course you will not be there. It will therefore be sent to the Foreign Secretary in London but he will not receive it until Thursday morning London time).

- Then, EITHER communique issued at party leader's press conference on the Thursday morning (at which you will not be present and it would therefore have to have the Chairman's signature OR released at the end of the Conference when you would be present to sign it.



IDU/1985/110

[DRAFT]

International Democrat Union

Secretariat 32 Smith Square GB-London SW1P 3HH
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2ND PARTY LEADERS CONFERENCE

Washington DC, 25th-26th July 1985

FINAL COMMUNIQUE

FIRST DRAFT

1. 23 Leaders of IDU Member-Parties from 21 countries, representing more than 150 million voters, participated in the 2nd IDU Party Leaders Conference in Washington DC, USA, on 25th-26th July 1985. They were joined by a number of observers from friendly like-minded parties. A note of the principal participants is attached.

2. The following parties were admitted to full membership in the Union: United Democratic Party, Belize; Conservative Party, Colombia; CNIP, France; and the Labour Party, Jamaica.

3. Elections for officers for the period 1985-87 took place, and the following were elected:
.....

The Party Leaders considered a wide range of issues touching on the promotion of democracy, foreign affairs and economic questions.

DEMOCRACY

4. Fully recognising the Soviet Union's political offensive to spread communism worldwide, the Party leaders reiterated their total support for the IDU Declaration of Principles and for all democratic movements, asserting that in the conflict of ideas with communism, they as democratic non-socialist parties intended to win.

5. As the guardians of economic freedom, they restated their fundamental belief that the social market economy, by devolving the power of economic choice, goes hand-in-hand with political freedom and thus democracy; and that societies which seek to diminish economic freedom ultimately threaten the human rights of every individual under the rule of law.

6. Accordingly, the Leaders expressed their determination to develop the IDU both as a means of increasing the solidarity and general understanding between existing Member-Parties, and as an instrument to encourage and support all like-minded forces in the rest of the world.

INTERNATIONAL TERRORISM

7. Deeply concerned at the serious threat posed by international terrorism to democratic nations of the free world, the Party Leaders deplored its recent resurgence and its attempts to destroy the model of a free society that the IDU defends.

8. Calling on all governments to ratify various international agreements to promote a common defence against the scourge of terrorism and demanding that terrorists be legally classified as the criminals that they are, the Party Leaders agreed that political refugees status must not be given to terrorists and that urgent action be taken to curtail the levying of revolutionary taxes, arms trafficking and the development of other terrorist activities.

EAST/WEST RELATIONS

9. Notwithstanding their determination to meet the political challenges of communism, the Party Leaders firmly recognised the need for a constructive East/West dialogue and a stable relationship with the Soviet Union. They therefore expressed the earnest hope that the current US-Soviet negotiations in Geneva would lead to the establishment of a military balance at a lower level of armaments; and that effective agreements on arms control and disarmament in the conventional field - and on the elimination of chemical weapons - be concluded at the earliest opportunity.

10. Recalling the historic role of democratic nations to deter aggression and keep the peace, the Leaders coming from the Atlantic Alliance and its allies emphasised that adequate defences and strong political cohesion among them were an essential precondition to constructive East/West dialogue. They firmly rejected any outside attempts to sow discord among them with the objective of weakening their resolve. Regarding the Soviet military build-up over the past ten years as going far beyond the reasonable requirements necessary for its defence, they stressed that their aim was not superiority but the maintenance of balance, taking into account Soviet developments.

11. Against this background, the Party Leaders coming from the Atlantic Alliance and its allies believed it essential that Western research capacity did not lag behind that of the Soviet Union; and therefore they fully supported the pursuit of research into defence against ballistic nuclear weapons - the Strategic Defence Initiative.
12. The Party Leaders, deploring the division of Europe and looking forward to the peaceful establishment of self-determination for all the peoples of Europe, called for the early and full implementation of the Helsinki Accords. They recalled that the occupation of Afghanistan remained a blot on East/West relations, and that the Soviet Union must continue to be judged by its actions rather than mere declarations of good faith.
13. The Leaders noted with concern certain features of the so-called "peace movements" including: their concentration on the need to disarm the West's nuclear defences; their almost universal domination by extreme Leftist factions; their increasing infiltration of other organisations; their close and growing relationship with ecological and anti-nuclear power groups; and their relationship with the Soviet Union. They emphasised the need for all their parties to more actively make the case for deterrence as the guarantor of peace, and defence as the springboard for disarmament.

EUROPE

14. The Party Leaders warmly welcomed the enlargement of the European Community to include Portugal and Spain, and those coming from EEC member-states expressed their firm conviction that the new Community of Twelve would prove to be a stronger political force as a result.
15. Taking into account the great strides taken by the Turkish government to return the country to a fully-functioning democracy under the rule of law, the Party Leaders welcomed the imminent admission of the Motherland Party to _____ Membership in the European Democrat Union (EDU).
16. Concerning Cyprus, the Leaders called upon all parties involved to comply with the relevant UN resolutions, and expressed support for the efforts of the UN Secretary-General to secure an overall just and viable solution to the Cyprus problem.

MIDDLE EAST

18. The Leaders heard the report of an IDU fact-finding mission which had visited the region last month, and which had had lengthy meetings with all the principal heads of government involved. Noting that the mission suggested that there now existed a window of opportunity for a real settlement of the Palestinian dispute, the Leaders applauded the initiative taken by King Hussein of Jordan with the full and active support of President Mubarak of Egypt.
19. Recognising the great importance of this initiative, the Party Leaders called upon all those involved to show the maximum flexibility and good will in establishing the basis of negotiations leading to a lasting peace in the region, which provides secure rights for both the Palestinian people and the State of Israel.

LATIN-AMERICA

20. The Leaders noted with great satisfaction the development of democracy in a number of countries throughout Central and South America, and declared their solidarity with all like-minded democratic parties working for economic reform and social justice in the region. They warmly welcomed the Conservative Party of Colombia to full membership, and expressed the hope that this would mark the beginning of a new period of close cooperation between the IDU and like-minded Latin-American parties.
21. In expressing their continued support for the efforts of the Contadora Group to achieve a peaceful settlement in Central America, the Party Leaders were particularly encouraged by the recent elections in El Salvador, and expressed their full support for President Napoleon Duarte and his programme to restore democracy under the rule of law, social justice and respect for human rights.
22. Saddened that Nicaragua should be so out of step with the process of democratisation in the region, the Leaders deplored the serious deterioration in the field of human rights and civil liberties following the so-called "elections" last year, and expressed their full support for the democratic opposition in the Coordinadora Democratica. They pledged that the IDU would continue to monitor developments in Nicaragua, and examine ways of assisting like-minded democratic forces.

CARIBBEAN

23. In warmly welcoming the UDP of Belize and the Labour Party of Jamaica to full membership, the Party Leaders expressed their satisfaction over the joint efforts of Caribbean nations to create a basis for the restoration of democracy in Grenada, and pledged their support to all like-minded parties in their attempts to create greater stability within the region as a whole.

PACIFIC REGION

24. Emphasising the importance of dependability within the Western Alliance, the Party Leaders coming from NATO and ANZUS member-states expressed grave disquiet over the decision of the New Zealand government to refuse entry to any vessel with a nuclear capability, with a view to the implications of this for the future of ANZUS and its consequences on Western defence overall. They expressed their support for the position of the New Zealand National Party in totally opposing this, and for the Australian Liberal Party's concern at renegeing on security obligations.

AFRICA

25. In considering the desperate plight of African peoples who are suffering from famine and drought, the Party Leaders expressed satisfaction at the assistance provided for the relief of the Ethiopian famine disaster by IDU Member-Parties. While stressing the necessity of determining a long-term solution to Africa's agricultural problems, they welcomed the establishment by the World Bank of the Special Facility for Subsahara Africa, and pledged to continue supplying emergency food aid. Noting the considerable disparity between Western assistance and that given by Ethiopia's principal "ally", the Soviet Union, the Party Leaders called upon the communist countries to assume their full humanitarian responsibilities in this regard.
26. The Party Leaders urged the South African government to end its policy of apartheid, and called upon it to open a national dialogue with all racial groups with a view to introducing major reforms guaranteeing the full and equal participation of all South Africans in the political process.

THE ECONOMY

27. Reviewing the economic recovery now established amongst the principal industrialised nations, the Party Leaders firmly concluded that the current progress in reducing inflation, cutting budget defecits and controlling monetary growth through sound monetary and budgetary policies must be sustained and even strengthened. They rejected any concept of increasing public expenditure as a means of stimulating the economy, strongly believing that this would have the opposite effect by reviving inflation and increasing longer-term unemployment.
28. Considering measures to reduce the burden of public spending and to cut the size of the public sector, the leaders expressed support for the privatisation of state enterprises and services, recognising that this brings greater motivation to the workforce, higher profits and investment in the economy. They agreed to continue to exchange ideas and experiences in this field.
29. While regarding the debt problems of developing countries as far from solved, and noting in particular the seriousness of the economic consequences of the debt crisis in certain Latin-American countries, the Party Leaders believed that these were being flexible and effectively addressed.
30. The Leaders stressed that open multilateral trade was essential to global prosperity, and that protectionist steps were a danger to all trading relationships, including those with developing countries, where trade was as important as aid. Recognising that the growth of world trade had not reduced the practice or the threat of discriminatory trade measures, they urged an early and substantial reduction of trade barriers and an end to all forms of protectionism. Accordingly, they supported the call for a new GATT round as a means of achieving further liberalisation.
31. In assessing the current levels of unemployment in their countries, the Party Leaders emphasised that long-term employment depended upon the pursuit of sound monetary and budgetary policies and sustained growth. Fully recognising the particular problem of youth unemployment, the Leaders noted the strong correlation between a large public sector and unemployment among the young, and rejected bureaucratic employment schemes as insufficiently practical to deal with the problem. They agreed that a reduction in youth unemployment could only be secured

through the stimulation of economic growth to reinforce the private sector, special education programmes supplemented by vocational training, flexible wage levels, and the opening of public sector monopolies and privatisation.

The Party Leaders agreed to convene again for the 3rd Party Leaders Conference in Europe in 1987, and expressed their warm gratitude to the U.S. Republican Party for hosting this second conference.

ADDENDUM

17. The Party Leaders noted with great regret the gradual erosion of democratic freedoms in Malta over the last few years, and condemned the increasing harassment of the Maltese Nationalist Party. They called upon the Maltese government to exercise full respect for human rights and political freedoms expected of a member-state of the Council of Europe.

(48)

JSC



10 DOWNING STREET

From the Private Secretary

9 July 1985

PRIME MINISTER'S VISIT TO WASHINGTON: 25/26 JULY

The Prime Minister is likely to pay a brief visit to Washington on 25/26 July. The main purpose of the visit is to attend the Conference of the International Democratic Union (IDU). However, the Prime Minister may also have an opportunity to meet, either individually or collectively over lunch, leading members of the Administration including Secretary Shultz, Secretary Baker, Secretary Weinberger and Mr. McFarlane as well as with Mr. Volcker. It would be helpful to have short briefs on issues which the Prime Minister might raise with those concerned. My suggestions are:

<u>Secretary Shultz:</u>	Terrorism/Hijacking Middle East Southern Africa Arms Control US/Soviet Summit
<u>Secretary Baker:</u>	US Economy (deficit, interest rates) International Debt Questions Unitary Taxation Trade/Protectionism
<u>Secretary Weinberger:</u>	Ptarmigan SDI Research Fylingdales
<u>Mr. McFarlane:</u>	As for Shultz and Weinberger
<u>Mr. Volcker:</u>	US economy

Although it is at present unlikely that the Prime Minister will have any separate meeting with President Reagan outside the IDU Conference, briefing should also cover any subject not mentioned above which it would be appropriate for her to raise with him if the opportunity offers.

The Prime Minister is already well briefed on most of the issues which I have suggested. The briefs should therefore be short. They should reach this office, please, by lunch time on 24 July.

BF/

/ I am

K

I am copying this letter to Rachel Lomax (H. M. Treasury), Richard Mottram (Ministry of Defence), John Mogg (Department of Trade and Industry) and Richard Hatfield (Cabinet Office).

Charles Powell

Colin Budd, Esq.,
Foreign and Commonwealth Office.

cm.

MR. TURNBULL

cc. Mr. Redwood

MR. OWEN

MR. POWELL (for information)

IDU Conference in Washington (25th/26th July)

When the Prime Minister visits the IDU Conference in Washington she will attend only one session, that on Friday morning 26th July.

The subject of that session is economic management with emphasis on privatisation. There is no agenda. The session will be opened by the Japanese party leader who will speak for ten to fifteen minutes on - as far as I can tell - public spending, taxation and privatisation. The Prime Minister will then be able to contribute whenever she wants but better to do so earlier. It will be informal, no set speeches and no press present.

The Prime Minister will need, in my view:-

- (a) a speaking note
- (b) background briefing.

Can we discuss as soon as possible how we proceed in order to provide her with the material she needs.

SS

STEPHEN SHERBOURNE

8.7.85

