5
300

PREM 19/2568

PART 5 SECRET 1090 MT

Confidential Filing

UK/USA Relations.

USA

Part 1: May 1979

Part 5: June 1986

PREM 19/2568

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~1.6.86~~		~~12.3.87~~					
~~2.6.86.~~		~~17.3.87~~					
~~6.6.86~~		~~19.3.87~~					
~~11.6.86~~		~~25.3.87~~					
~~12.6.86~~		~~8.4.87~~					
~~19.6.86~~		~~10.4.87~~					
~~30.6.86~~		~~6.5.87.~~					
~~2.7.86~~		~~11.5.87~~					
~~7.7.86~~		~~28.5.87~~					
~~9.7.86~~		~~10.6.87~~					
~~18.7.86~~		~~12.6.87~~					
~~24.7.86~~		~~15.6.87~~					
~~23.9.86~~		~~19.6.87~~					
~~21.10.86~~		~~26.6.87~~					
3.11.86		26.6.87					
~~27.11.86~~		PART ENDS					
~~4.12.86~~							
~~15.12.86~~							
~~19.12.86~~							
~~29.12.86~~							
~~2.1.87~~							
~~7.1.87~~							
~~20.1.87.~~							
~~22.1.87~~							
~~28.2.87~~							
~~5.3.87~~							
~~19.3.87~~							

PART FIVE ends:-

CDP to FCO 26.6.87

PART SIX begins:-

FCO to CDP 2.7.87

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(86) 24th Conclusions, Minute 2	19.06.86
CC(86) 29th Conclusions, Minute 2	24.07.86

SUBJECT
cc MASTER

CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

26 June 1987

From the Private Secretary

PRIME MINISTER'S MEETING WITH SENATOR LUGAR

The Prime Minister had a brief talk with Senator Lugar this afternoon. Mr Seitz was also present. The main subjects covered were protectionism, arms control, the Gulf, international debt and South Africa.

Senator Lugar said that the Senate and House would produce a bad trade bill. The President would either prevail on them to amend it at the Conference stage or veto it. His veto would be upheld. Nothing worthwhile would have been achieved but a lot of America's friends and allies would have been worried in the process.

The Prime Minister and Senator Lugar agreed about the difficulty of verifying an INF agreement. The Prime Minister explained the background to the difficulties in agreeing a common position in NATO. She believed that NATO should stand firm on the German Pershing 1As. If necessary the Soviet side should be allowed to keep a similar number of equivalent systems. Senator Lugar agreed.

The Prime Minister said that she supported the United States Administration's decision on re-flagging of Kuwait vessels. The United States needed to show the Arab countries of the Gulf that it was a dependable friend. We did not want the Soviet Union in the Gulf.

The Prime Minister said that the measures taken against South Africa, particularly the measures taken by the US, had been counter-productive. The prospects for influencing the South African government to resume reforms were not good. The danger remained that they would launch further attacks on neighbouring countries. The proposals made by the Commonwealth Eminent Persons Group probably offered the only practicable way forward. Senator Lugar agreed on this last point.

Senator Lugar said that the Prime Minister's intervention in the domestic debate in the United States on Mozambique had been very helpful. He entirely agreed with the Prime Minister's views on the importance of encouraging Chissano to establish contacts with the West and on the destructive nature of Renamo.

CONFIDENTIAL

I am copying this letter to John Howe (Ministry of Defence) and Tim Walker (Department of Trade and Industry).

Charles Powell

Lyn Parker, Esq.
Foreign and Commonwealth Office

RESTRICTED COVERING CONFIDENTIAL

CC PC / B/UP.

Prime Minister

The main subject are:

(i) Irangate: how he thinks it will develop.
(ii) Arms Control
(iii) Protectionism in the US.

CDP 276.

Foreign and Commonwealth Office
London SW1A 2AH

25 June 1987

Dear Charles,

Senator Lugar

Your letter of 17 June asked for short briefing notes for the call on the Prime Minister by Senator Lugar at 1430 on 26 June.

Senator Lugar was Chairman of the Senate Foreign Relations Committee from 1984 to 1986. Even though the Democrats now have control of the Senate, and Senator Lugar has been ousted by Senator Helms as the senior Republican voice on the Committee, he remains an influential and widely respected voice on foreign policy issues. He is a member of the Geneva Arms Control Observer Group and has close links to the White House through his friendship with former Senator Howard Baker.

The main issue which the Embassy at Washington and the US Embassy here believe Senator Lugar is likely to raise with the Prime Minister is arms control, and in particular INF. The Senator himself favours a double zero solution for LR/SRINF, but is concerned about the verification implications of retaining 100 LRINF warheads on each side, and about the position of the German PIA's. He may wish to ask the Prime Minister for her views on these points, and more generally on the way ahead on arms control issues in the run-up to a possible US/Soviet summit.

Senator Lugar may also seek the Prime Minister's views on European defence cooperation, including possible closer Franco-German collaboration, a subject he is likelyd to touch on in a speech to the Konrad Adenauer Foundation in Bonn on 29 June. Whilst in Bonn, Senator Lugar will call on President von Weisaecker and Chancellor Kohl.

Another subject which may come up is the Omnibus trade bill. Senator Lugar has been consistently helpful to European interests in opposing trade protectionism. Both House and Senate Bills contain protectionist elements, and a joint House/Senate conference is expected in late July or September. A coordinated EC lobbying exercise

/is

is underway in Washington and Commissioners De Clercq and Andriessen will visit the US on 6-9 July to talk to senior Administrative and Congressional figures. The Prime Minister may want to underline the damage protectionist legislation would cause on both sides of the Atlantic and to the prospects for progress in the Uruguay Round; and impress on Senator Lugar the Community's determination to defend its interests if threatened. The Administration, who have made clear that they would veto legislation in its present form, have said that they would find expression of such determination helpful.

Senator Lugar would also be a worthwhile interlocutor on the prospects for the remaining months of the Reagan Administration in the wake of the Iran/Contra affair. The major players in the affair, Admiral Poindexter and Colonel North, are due to appear before the hearings next month.

/ I attach Senator Lugar's CV.

Yours ever,

Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

SENATOR RICHARD G LUGAR (R. - INDIANA)

Born in Indianapolis in 1932. Educated at Denison University (BA 1954) and at Oxford as a Rhodes Scholar (MA 1956). Served in the US Navy from 1957 - 60 before returning to Indianapolis to become a businessman. Came to national attention as Mayor of Indianapolis from 1968 - 75.

First elected to the Senate in 1976 and made his mark as Chairman of the Foreign Relations Committee 1984 - 86 where he was particularly helpful to the UK in the successful passage of the UK/US Supplementary Extradition Treaty through Congress. Since January 1987 he has been the ranking Republican on the Senate Agriculture Nutrition and Forestry Committee and remains a member of the Senate Foreign Relations Committee.

He was tipped as a Vice-Presidential running mate of President Reagan in 1980, but has yet to make a move in the 1988 race for the Republican nomination and is unlikely to do so.

Senator Lugar is a moderate Conservative, who has been consistently helpful to European interests in the Senate opposing trade protectionism and arguing for US force levels in Europe to be maintained.

A lay Methodist Minister. Married with four children.

CONFIDENTIAL

Prime Minister (2)
CDP
MF 21/7

JIMMY CARTER

R21/7

June 20, 1987

To Prime Minister Margaret Thatcher

It was a great pleasure to visit with you yesterday at Downing Street. I especially enjoyed the opportunity to share ideas about some of the important issues facing our nations and the world today.

Your reelection is indication of your outstanding leadership ability, and I am pleased to congratulate you as you continue your fine service to Great Britain.

Thank you for your warm welcome and hospitality. I look forward to having you visit the Carter Presidential Center in Atlanta.

With warm best wishes,

Sincerely,

Jimmy Carter

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

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

19 June 1987

Senator Lugar and Mr Charles Wick

Thank you for your letter of 18 June about the visits of Senator Lugar and Mr. Charles Wick, Director of the United States Information Agency.

The Prime Minister could see Senator Lugar at 1430 on 26 June for 30 minutes, and Mr. Wick at 1630 on 7 July also for 30 minutes. You may like to confirm the arrangements with the United States Embassy. I should be grateful for short briefing notes in due course.

(C. D. POWELL)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

Foreign and Commonwealth Office

London SW1A 2AH

18 June 1987

Prime Minister
Would you be
ready to see either
or both of these
two, if we can find
them half an hour each?

Dear Charles,

Senator Lugar and Mr Charles Wick

Your letter of ~~15~~ attap June asked for advice on the requests through the American Ambassador for Senator Lugar to see the Prime Minister on 26 June and for Mr Charles Wick, Head of the US Information Agency to see her between 6 and 9 July.

Senator Lugar would be a worthwhile interlocutor if the Prime Minister could spare the time. Although no longer Chairman of the Senate Foreign Relations Committee he remains influential on foreign policy issues. He is a member of the Geneva Arms Control Observer Group and has close links to the White House through his friendship with former Senator Howard Baker. He called on the Prime Minister in July 1984 (with Senators Roth and Chafee) and has also met her in Washington.

Senator Lugar will be available from 11.30am on 26 June but has a luncheon engagement between about 12.30 and 15.00. The next day he will lay a foundation stone at Pembroke College, Oxford where he was a Rhodes Scholar. He goes on to Brussels and Geneva, on Observer Group Business and then to Bonn on 29 June where he will call on Chancellor Kohl and President Jon Weizsaecker (Genscher and Woerner will be out of town) and address the Konrad Adenauer Foundation.

He has also asked for calls on the Foreign Secretary and Defence Secretary. Sir Geoffrey will see him if no call at No 10 can be arranged, and we are also recommending that Mr Younger should see him if at all possible. I attach Senator Lugar's CV.

Mr Charles Wick will be in London to lead the US team at the opening and closing sessions of t he UK/US annual information talks on 6 and 7 July, but will stay on for a further two days. He will have come from a week in Moscow

/and

and may therefore have some points of interest on the state of information exchanges with the Soviet Union. He is a close friend of President Reagan. He has thus enjoyed greater influence than earlier Directors of USIA and obtained funding for the creation of 'Worldnet', a USIA satellite TV system which has increased the ability of policy makers in Washington to speak directly and swiftly to foreign audiences on current issues. I attach Mr Wick's CV.

Of the two requests our recommendation of Senator Lugar is warmer than for Mr Wick, both as an interlocutor of interest, eg on the prospects for the final 18 months of the Reagan Presidency, and because of our interest in cultivating leading figures in Congress. Mr Wick's influence may be diminishing and he is not a stimulating discussion partner.

Yours ever,

Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

SENATOR RICHARD G LUGAR (R. - INDIANA)

Born in Indianapolis in 1932. Educated at Denison University (BA 1954) and at Oxford as a Rhodes Scholar (MA 1956). Served in the US Navy from 1957 - 60 before returning to Indianapolis to become a businessman. Came to national attention as Mayor of Indianapolis from 1968 - 75.

First elected to the Senate in 1976 and made his mark as Chairman of the Foreign Relations Committee 1984 - 86 where he was particularly helpful to the UK in the successful passage of the UK/US Supplementary Extradition Treaty through Congress. Since January 1987 he has been the ranking Republican on the Senate Agriculture Nutrition and Forestry Committee and remains a member of the Senate Foreign Relations Committee.

He was tipped as a Vice-Presidential running mate of President Reagan in 1980, but has yet to make a move in the 1988 race for the Republican nomination and is unlikely to do so.

Senator Lugar is a moderate Conservative, who has been consistently helpful to European interests in the Senate opposing trade protectionism and arguing for US force levels in Europe to be maintained.

A lay Methodist Minister. Married with four children.

CONFIDENTIAL

MR CHARLES Z WICK, DIRECTOR OF THE US INFORMATION AGENCY

Born Cleveland, Ohio, 12 October 1917.

Mr Wick was appointed Director of the USIA in June 1981, and his status is semi-ministerial. The Agency includes the Voice of America and is responsible for both American information and cultural programmes abroad. It combines the functions which are performed separately in the UK by the Central Office of Information and the British Council.

Mr Wick was Co-Chairman of the 1981 Presidential Inaugural Committee. He is well to the right even in Republic party terms and has little understanding of the complexities of most foreign policy issues. His views can be simplistic and alarmist, particularly on East/West issues.

However Mr Wick is undoubtedly influential not least from the importance of the ears he catches in Washington. Wick and his wife spend weekends and holidays with the Reagans. He attends daily morning meetings at high level in the State Department and has good contacts with Weinberger. He does not have a great deal of influence on policy, but does on its presentation.

As a businessman before his appointment to the Reagan Administration, Mr Wick was involved in the financing and operation of motion pictures, television, radio, music, health care and mortgage industries in the United States and overseas.

Mrs Wick has been a close friend of Mrs Reagan for many years.

PRIME MINISTER

MEETING WITH FORMER PRESIDENT CARTER

Former President Carter is coming to see you tomorrow at his own request. He may be accompanied by his wife.

President Carter has not said what particular subjects he wants to raise with you. But it is very likely that he will want to discuss the Middle East. You will recall that he visited there quite recently and had very long talks with President Assad, as a result of which he claimed that Assad had genuinely turned his back on terrorism and wished to make progress towards peace. You will find in the folder a copy of the article which he wrote on his return. He also spoke very critically of the United States' Administration's Middle East policies or lack of them. You are very familiar with all the points that need to be made about the way forward on an international peace conference, on Syria's record on terrorism and on the situation in the Gulf.

Other subjects which he may wish to discuss with you are East/West relations and South Africa.

President Carter and his wife have recently published a book in the United States entitled: "Everything to Gain: Making the Most of the Rest of Your Life". I enclose a note about it.

CDP

CDP
18 June 1987

JA1BIU

Middle East: Time for Negotiations

BY JIMMY CARTER

The idea of an international peace conference to break the diplomatic logjam that has plagued the Middle East for years almost invariably arouses anger. Last week it led to an acrimonious dispute that thoroughly shook the 2½-year-old coalition government in Israel, with Prime Minister Yitzhak Shamir bitterly accusing Shimon Peres, his own Foreign Minister, of displaying a "peace-at-any-price" mentality for endorsing such a parley. Every U.S. Administration since the mid-1970s has opposed the idea, largely because it would mean participation by the Soviet Union. Gerald Ford, Jimmy Carter and Ronald Reagan were all deeply worried that this would give the Kremlin an irresistible opportunity not only to disrupt the quest for peace but also to play a considerably larger role in the region, something that Moscow has long been seeking to do. Those remain valid and serious concerns. But in the interest of stimulating discussion of Middle East diplomacy, which has been conspicuously neglected by the U.S. for the past several years, TIME *presents the following piece by former President Jimmy Carter, in which he advocates that just such a conference be convened. Carter is fresh from a 16-day tour of the area and meetings with the leaders of five countries—Algeria, Egypt, Jordan and Syria, as well as Israel.*

Although optimism might be too strong a word to use, a recent trip through the Middle East renewed my hope that another productive phase in the peace process might soon be possible. Since the founding of the state of Israel, almost 40 years ago, the nation's leaders have always expressed their willingness to negotiate directly with the leaders of any neighboring Arab state. But during the past few years there has been a series of frustrating disappointments, as the Egyptians, Jordanians and Palestinians attempted to orchestrate a reasonable plan to build upon the partial successes of the Camp David accords and the subsequently negotiated peace treaty between Egypt and Israel. With U.S. leaders now standing more aloof from the process than was the case during previous Administrations, no progress has been made. Recently, however, there have been clear moves toward a consensus among Israel's Arab neighbors, and favorable responses from some key government officials in Israel.

One of the primary goals of the Carter Center of Emory University in Atlanta is to explore every possibility for peace in the Middle East. The center sponsors conferences, personal visits and scholarly analyses of issues, and also offers representatives of the disputing parties the chance to meet in a nongovernmental and academic environment to discuss their differences in a constructive manner. My most recent visits with Middle East leaders were further steps in these continuing efforts.

VISITING THE TOMB OF ANWAR SADAT

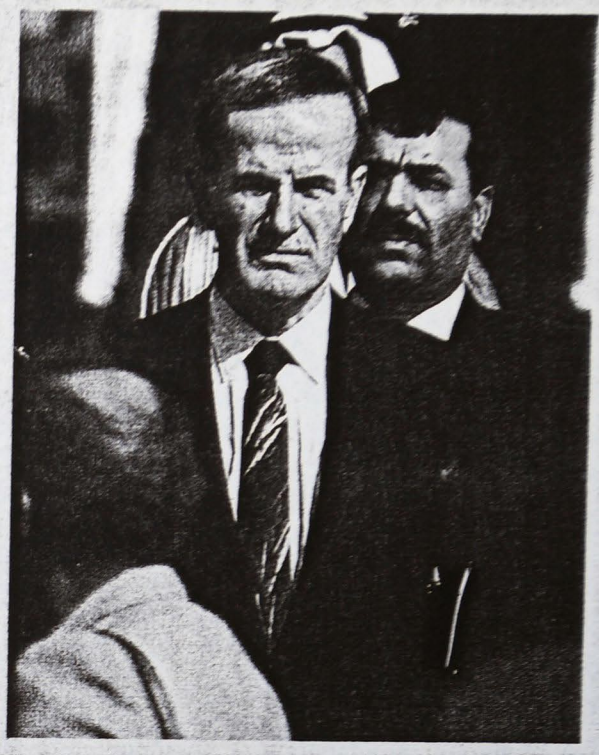
My first stop, Algiers, presented a long-awaited opportunity to extend personal thanks to the only country whose leaders were permitted by the Iranians to serve as intermediaries between the U.S. and the Ayatullah Ruhollah Khomeini during the latter part of my term as President. Back then we were able, with the crucial assistance of the Algerians, to secure the release of the American hostages. President Chadli Bendjedid and his ministers now make every effort to nurture good relations among Arab nations, and especially with Iran and Iraq. They might very well be in a good position to act as mediators between those two warring nations when the fanatic commitment of the Ayatullah to the bloody Persian Gulf war is ended.

In Egypt I found a surprising democratization of the country's political processes, with President Hosni Mubarak pressing forward with reforms; during my visit, his associates and the multiple opposition forces were also marshaling their strength for the April 6 elections. Egypt's news media have been given unprecedented freedom, and in my wide-ranging discussions I found uniform concern about the nation's economic plight and strong and healthy public and private assessments of Mubarak's administration. Although one private opinion poll shows that more than 80% of the people approve the peace treaty with Israel, many Egyptians feel that without the restraints of this treaty the tragic Israeli invasions of Lebanon would have been much more unlikely. Despite this concern, there is almost unanimous commitment to the idea of an international peace conference to be sponsored by the United Nations and attended by the five permanent members of the U.N. Security Council and by all parties to the Middle East dispute. There are few issues that remain to be resolved between Egypt and Israel, and the Egyptians seem prepared to participate as much or as little as is necessary to ensure the success of such a conference. They were unanimously pleased with the recent visit of Israeli Foreign Minister Shimon Peres, assessing it as a good indication that Israel might be ready to join in the proposed peace effort.

Although I was traveling as a private citizen, my discussions in Damascus with President Hafez Assad took on something of a semiofficial nature because we have not had an American Ambassador in Syria since October. We covered a wide range of issues, some of them of a politically sensitive nature. Assad authorized me to state that he supported the concept of an international peace conference, that Syria would be pleased to attend and that it was clear that many outstanding questions would have to be negotiated in direct talks between Israel and the particular Arab nation involved. I found him to be adequately flexible concerning the format and possible procedures to be

followed. This was quite a change from Assad's attitude during my previous discussions with him.

Embarrassed by revelations of terrorist acts originating in his own country, Assad has called for a select group of statesmen to define the difference between "terrorism" and "national liberation," and for members of the U.N. to agree on how to prevent or punish terrorist acts. Assad mentioned the American Revolution of two centuries ago, activities of Menachem Begin's Irgun organization in Palestine against the British, the Algerian revolution against France, and current attacks of the Amal against Israeli soldiers in Southern Lebanon as examples of "national liberation." He stated that the hijacking of a commercial airplane, the taking of any civilian hostages or deliberate acts of violence against noncombatants might be defined as terrorism and should be punished accordingly. With the eyes of the world focused on Syria, it seems possible that a tight rein will be kept on those Palestinians and Iranians in the country who might desire to commit acts of terrorism in the near future.


THOMAS HARTWELL

SYRIA'S PRESIDENT ASSAD

Both Assad and Mubarak seem willing to permit King Hussein to be the primary spokesman in arranging for the prospective international peace conference. I found the Jordanians to be eager to commence this effort, carefully juggling their complicated relationships with the Palestine Liberation Organization, Palestinians in the West Bank and Gaza Strip, other Arab leaders, the U.S. and Israel. Having been the prime mover in efforts to resume the peace effort for the past five years, Hussein has been wounded by deep cuts in badly needed economic aid from Washington and by the refusal of the U.S. Congress to approve justifiable military requests for the defense of Jordanian territory. He pointed out that the U.S. had been more generous in recent weapons sales to the Ayatullah Khomeini than to him. So far, the Jordanians have rejected attractive arms-sale offers from Moscow, realizing that with advanced weapons would come a number of Soviet military "advisers."

During extensive meetings with a number of Palestinian leaders from Israel, the West Bank and Gaza, I found them to be deeply embittered about the lack of progress in redressing their grievances, and concerned about increasing militancy among their young people. College-age students, never having known anything other than life under military occupation, now find their universities closed at least half the time because of demonstrations against Israeli troops. Their enforced idleness brings on more militant acts, creating a never-ending vicious cycle. The Palestinians discount King Hussein's efforts to improve their living conditions as doomed to failure because of inadequate funding and Israeli impediments. They are disillusioned with their leaders both within and outside the occupied territories, but even in private conversations they express overwhelming support for the P.L.O. leadership as their only legitimate spokesmen. Palestinians fear that some Arabs and some Israelis might never be willing to grant them their basic human rights.

HARTWELL

JORDAN'S KING HUSSEIN

Israeli government officials are sharply divided over the concept of an international peace conference. Labor Party leaders, including Foreign Minister Peres, Defense Minister Yitzhak Rabin, Minister without Portfolio Ezer Weizman and former Foreign Minister Abba Eban, have endorsed the idea, but Likud leaders have so far rejected the proposals and Prime Minister Yitzhak Shamir has recently renewed his commitment not to withdraw from any portion of the occupied territories. It may be necessary ultimately for the Israeli public to resolve these differences through early national elections.

The "international" aspect of the conference is crucial and, I believe, can be quite beneficial. During early plenum meetings, all the interested parties—Israel, Syria, Jordan, Egypt, the Palestinians and perhaps Lebanon—would be given an adequate opportunity to state their cases in the most effective manner. With the eyes of the world focused on them, it is possible that the presentations would be less vituperative and more constructive than in a forum like the U.N. General Assembly. Direct talks to resolve specific differences would be necessary, and mutually acceptable mediators would be helpful in each of these bilateral negotiations. Deadlocks could be referred to the plenum group under prearranged conditions for further discussion, but in no case could this group of other nations impose its collective will on any of the directly involved parties. From 1973 until Sadat's dramatic visit to Jerusalem in 1977, it was presumed that the U.S. and the Soviet Union would be co-chairmen of an international peace conference. Now, as one of the five permanent members of the Security Council, the Soviet Union would play a similar but lesser role.

There would be other major roles for the larger group to play. Substantial funding will be necessary to implement some of the agreements that might be forthcoming, and the international community would have to make these pledges. Also, guarantees of compliance with negotiated agreements might be given by the permanent members of the U.N. Security Council, though not perhaps by the U.N. itself.

There is not yet any real basis for optimism, but as stated before there are some reasons for hope. Although the Camp David process has been much maligned by those who were not participants, the Arabs at least have seen in the Egyptian-Israeli peace treaty that it is possible to negotiate successfully with Israel and to conclude an agreement that can bring peace and other substantial benefits to both nations. More importantly, among all nations and groups the people want peace, despite their leaders' difficulty in taking the next necessary steps. With a carefully orchestrated peace initiative and with some of the boldness and political courage exhibited by Anwar Sadat and Menachem Begin more than eight years ago, today's leaders can still be successful in bringing an end to the bloodshed and injustices that have for too long afflicted the people of the Holy Land. ■

tures. And both writers are

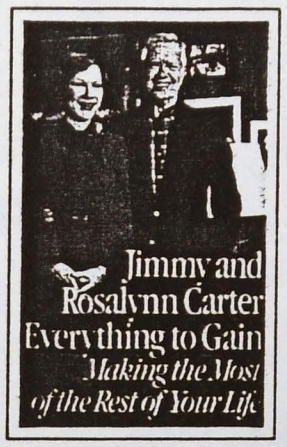
of well-wishers and Wife

The McCartneys: yesterday and today

able to stay healthy and

On the Road with the Carters

Their day began with a 6 a.m. jog, followed by breakfast, interviews with the press and a book-signing appearance. By afternoon they were on Manhattan's Lower East Side to announce a major housing initiative for the poor and visit an apartment house they helped rehabilitate two summers ago. Such a hectic schedule might tax a brace of yuppies but not **Jimmy** and **Rosalynn Carter.** Looking refreshed and relaxed last week as they sat together in their New York City hotel suite, Jimmy, 62, and Rosalynn, 59, are clearly exhilarated by all the fanfare for their new book, *Everything to Gain: Making the Most of the Rest of Your Life* (Random House; $16.95). The day before, they had signed 1,000 copies at a Washington bookstore and had to stop for lack of time. The former President was elated. "You never know about Washington," he observed. "We didn't know if anybody would show up."



Part memoir, part self-help manual, *Everything to Gain* combines some rather obvious advice on how to stay healthy (do not smoke, fasten seat belts, exercise regularly) with strikingly candid personal reflections. After the 1980 presidential defeat, Rosalynn reveals, she was reluctant to give up the dream that her husband might again run for President and win. Daughter **Amy,** then 12, announced that she did not want to live in Plains, Ga. "You may be from the country," she said. "But I'm not." (She went to boarding school instead.) On a lighter note, the Carters write that one of the "positive things about losing the election" was that they were able to let **Ronald Reagan** "inherit

Welcome fanfare: the Carters at book signing in Washington

MICHAEL EVANS

porter, always a reporter.

herself quite busy, thank you,

Castilian?

—By Guy D. Garcia

Menachem Begin and **Sam Donaldson."**

The genesis of *Everything to Gain* dates back to the dark winter of 1981, when the Carters were forced to cope not only with political disaster but also with a host of domestic crises. The family farm and peanut business, which had been in blind trust during his presidency, were mired in disarray and debt. The couple found themselves facing the bleak prospect of an unwanted retirement and uncertain future. "We think that the experiences that we had are the kind of things that happen to anybody," explains Jimmy. "We tried to relate what we did to what happens to a truck driver, or anybody."

STEPHEN FERRY—GAMMA/LIAISON

Better days: at a renovated housing project in New York

Once the Carters began writing a year ago, they realized that co-authoring a book was no joke. Reports the former President: "It was the worst thing we ever tried to do together, and we will never do it again." Part of the trouble arose from their conflicting views of the same event. At one point, they report, the arguments became severe enough to threaten their 40-year marriage. "Once I accused him of destroying my memories," Rosalynn recalls. Counters Jimmy: "If she wrote something, it was sacred, as though she received it from God on Mount Sinai, and nobody could modify a word of it." Eventually they settled on a compromise: each section is preceded by an initial J or R.

Today they can laugh easily at their time of literary turmoil. The intervening years and gained perspective have changed them in subtle ways: Jimmy looks older; Rosalynn seems more assertive. Both remain preoccupied with politics and humanitarian causes. They quietly support their daughter Amy's activism, defending her right to express herself. Nevertheless, scars from the past remain. In private, the couple refers to the 1980 election as "the tragedy." And Rosalynn still thinks history has treated them unfairly. Says she, with a trace of sadness: "I just think there are so many problems that I wish Jimmy had been there to take care of." ***—By Guy D. Garcia.***

Reported by David E. Thigpen/New York

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

16 June 1987

Further to our conversation this morning, I confirm that I have made arrangements for Education Secretary Bennett to call on the Prime Minister at 10 Downing Street at 1630 on Monday 6 July. I understand that the original approach was made by Mr Wendell Willkie and assume you will inform him of what we have agreed.

P.A. Bearpark

Mr D. Hood.
Asst Cultural Affairs officer
American Embassy

file DTJ

bc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

15 June 1987

I have been approached today by the American Ambassador with requests for the Prime Minister to see:

Senator Richard Lugar on 26 June

Charles Wieck, Head of USIA, between 6 and 9 July

BF

I should be grateful for advice.

C D POWELL

Lyn Parker, Esq.
Foreign and Commonwealth Office

CONFIDENTIAL AND PERSONAL

Subject a master

fric SH

SL3NK

cc PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

12 June 1987

PRESIDENT REAGAN

President Reagan telephoned the Prime Minister this afternoon from Berlin to give her his congratulations on what he described as a magnificent election victory. He had been fearful that if he had said some of the things he wanted to say during the election campaign it might have hampered the Prime Minister rather than helped her, even though it had gone against the grain to remain silent. But he was absolutely delighted with her success.

The President said that he was having an excellent visit to Berlin. He had spoken to a very large crowd at the Brandenburg Gate and had called upon Mr. Gorbachev to pull down the Berlin Wall.

The Prime Minister said that she had found her talk with the President in Venice very useful and looked forward to a brief visit to Washington in late July. The President said that he too would very much welcome this.

C. D. POWELL

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office

CONFIDENTIAL AND PERSONAL

ECL

File

8/6/87

cc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

12 June 1987

FORMER PRESIDENT JIMMY CARTER

I wrote to you on 6 May about the request from former President Jimmy Carter to call on the Prime Minister.

BF

I should be grateful if you would now confirm this call with his office for 1200 on Friday 19 June.

(C. D. POWELL)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

GA

16

NOTE FOR THE RECORD
cc Sir P. Cradock
Mr. Parker (FCO)

MEETING WITH MR. FRANK CARLUCCI

I had a long talk in Venice with Mr. Carlucci, President Reagan's National Security Adviser. This note records the main points.

SRINF

Mr. Carlucci said that the Administration shared our view that there had to be agreement on elimination of chemical weapons and on redressing the balance of conventional forces before there was any question of reducing shorter-range nuclear missiles. That was what would happen in practice. But we also had to take account of the trauma which the German government - and the CDU in particular - had gone through in agreeing to the second zero option. Some way had to be found to help them politically. This had been the President's main concern in talking to Chancellor Kohl, and he might as a result have gone further than was prudent in agreeing to the text which had been produced in Brussels. As far as the Americans were concerned, anything we could do to improve the text would be welcome. But their capacity to help was limited, given the President's commitment to Chancellor Kohl.

Mozambique

Carlucci hoped that the Prime Minister would have an early talk with the President about Mozambique, to follow up her message. The NSC staff and the State Department agreed with the Prime Minister's view that the West should support Chissano. But there was very strong pressure from conservative Republicans to support Renamo, exemplified by the way they were blocking the nomination of a new US Ambassador. The President was in a vice, and undecided what to do.

Syria

Carlucci said that the President had not expressed to the Prime Minister as forcefully as he (Carlucci) expected the view that the Americans need to restore their working relations with Syria, as part of their Middle East peace efforts. The recommendation before the President was that the US Ambassador should be sent back to Damascus shortly.

I said that sending back the US Ambassador would be a major step and hard to reconcile with the statement on terrorism adopted by the Venice Economic Summit. Surely the Americans should at the least work up to that point more gradually, for instance starting with a message and sometime later an emissary, before reaching the point of returning the Ambassador.

Nuclear weapons

Carlucci thought that we might hear rather less of the President's non-nuclear world oratory. He had recently taken the President carefully through all the arguments; and of course the Prime Minister's role was crucial. But his basic view would not change. I said that I had noticed that, for the first time in the last three years, the President had not mentioned the SDI in a bilateral with the Prime Minister (although he had referred to it briefly at the Heads of Government dinner the previous evening). Was this significant? Carlucci seemed surprised at the question, but commented only that the President remained much concerned with Irangate. There had been no spectacular developments on SDI.

THIS IS A COPY. THE ORIGINAL IS RETAINED UNDER SECTION 3 (4) OF THE PUBLIC RECORDS ACT

Irangate

Carlucci commented that no-one knew what Poindexter or North would say in their testimony. He himself found it impossible to understand how North had enjoyed such latitude in the NSC staff.

Prime Minister's visit to Washington

Carlucci welcomed the idea of a working visit in late July and asked for proposals for dates as soon as possible. I said that it would be only a brief and informal visit. A Friday and Saturday morning were likely to be most convenient for the Prime Minister. Carlucci said that Mrs. Reagan was usually difficult about engagements on a Saturday.

Finally I should record a comment by Howard Baker on the boat ride from the President's hotel to the first meeting of the Summit. He said that he was advising the President to make a number of constitutional proposals to Congress before the end of his term. He would be the first eight year President since Eisenhower and in a unique position to advise on the respective roles of the Executive and Congress, and any adjustment which might be needed. The President nodded vigorously.

CDP

C. D. POWELL

10 June 1987

SLHAJF

CONFIDENTIAL

CONFIDENTIAL

CC PC.

MINISTER OF STATE FOR DEFENCE PROCUREMENT

D/MIN/DGT/19/5/70

28th May 1987

CDP 2/6.

Secretary of State

VISIT TO THE USA: 4TH-10TH MAY 1987

Domestic political events have, temporarily, narrowed our focus and make the timing of this report less auspicious than it might otherwise have been. However, the preoccupations and policy issues which took me to the USA earlier this month will remain with us and indeed, I suspect, may be writ larger as political events in the USA unfold over the next 18 months.

2. My principal aims in undertaking this visit were to draw attention to the dangers for NATO and for our bilateral relationship of the increasing protectionist tendencies in US political circles; to promote the cause of UK/USA collaboration; and to take the opportunity to promote certain US defence export prospects in the US market. The visit was also timed to allow me to observe HMS REPULSE's Demonstration and Shake-down Operations (DASO) off Port Canaveral following her recent refit.

USA Protectionism

3. There are about a dozen pieces of protectionist legislation under consideration on Capitol Hill at present that would adversely affect the defence trade between the US and the UK if they became law. Prominent among these are amendments by Congressman Traficant (to remove the existing waivers of the 'Buy American' Act which are based on Defence Co-operation MOUs); Senator Glenn (to prevent offshore firms obtaining SDI contracts where there are US firms capable of doing the work); and Senator Mattingly

/ (to ...

CONFIDENTIAL

(to re-enact a law which he sponsored in 1986 to prevent the award of contracts for machine tools for DOD facilities to offshore contractors except where there was no "timely" source of supply in the USA). At the same time, the Administration has itself moved to extend restrictions under the Defense Mobilisation Base (DMB) arrangements to cover items of concern to us such as precision optics and ball-bearings. Much of this, of course, stems from current strong feelings about the USA's trade imbalance with Japan and, to a lesser extent, with other countries on the Pacific Rim; but there is a real danger of the UK and Europe being caught in the backfire. There is also a certain amount of specific criticism of the 130% offset deal relating to our AWACS purchase, both by reference to the size of the offset figure and from the standpoint which considers offset per se to be a form of interference with free trade.

4. My approach on this subject embraced a series of meetings in the Pentagon (notes of which have been circulated separately), notably with Deputy Secretary of Defense Will Taft, Secretary of the Navy Jim Webb, Under Secretary of the Army James Ambrose and the Assistant Secretary of Defense for Production and Logistics Dr Costello, who is the key official on DMB matters. I received welcome assurances from Will Taft of the Administration's opposition to the protectionist legislative measures at present under discussion on the Hill and believe that the Administration will indeed take positive action to seek to defeat or emasculate these proposals. However, it is clearly not within the power of the Administration to deliver on all these without Congressional agreement. I therefore took particular steps to secure meetings on Capitol Hill with Congressmen and Senators influential in these matters and likely to be receptive to our views.

5. These latter meetings began with Senator John Warner (ranking minority on the Senate Armed Services Committee), who

/ was ...

was accompanied by his colleague Senator Quayle. They were clearly much in sympathy with our arguments; and Senator Warner went out of his way to arrange for me a meeting with Senator Bingaman, Chairman of the influential Senate Armed Services Committee's Sub-Committee on Defense, Industry and Technology, in which I was able to stress the dangers of protectionism for NATO co-operation and efficient defence procurement and, particularly, to set right the latter's misconceptions about the AWACS offset deal, by pointing out that work placed in the UK would have to be won on a competitive basis. At a very busy time in Congress, I was also fortunate to have a two-hour meeting with Congressman Bill Chappell, Chairman of the Defense Sub-Committee of the House Appropriations Committee, who brought in some seven of his Committee colleagues for a most useful and wide-ranging discussion, in which I was able not only to speak out against protectionist legislative proposals, but also to mention some of the key UK-sourced projects in the DOD budget to which we attached great importance (most significantly, the Harrier/AV8B programme, to which I refer later in this report). This meeting culminated in Congressman Chappell inviting me to provide him with a comprehensive list of projects important to the UK, and our Embassy in Washington is following this up. The atmosphere at the meeting was particularly cordial and positive.

6. The second element of my approach on the matter of protectionism took the form of speeches, reported in the Press, to the British American Business Association in Washington and the British American Commercial Association in Dallas. I attach / a copy of that speech, which in these fora was naturally quite sympathetically received and which, I hope, will contribute to discussion of the subject amongst the wider informed political and public circles in the USA.

/ USA/UK ...

USA/UK Defence Equipment Collaboration

7. There is of course a continuing head of steam behind greater equipment collaboration with NATO Europe fuelled by the Nunn provisions; and I sought in my meetings to emphasise the positive response which the UK in particular had made to this initiative. However, shortly before my arrival the House had moved to zero-fund the Harrier/AV8B programme. The Senate has, by contrast, funded the programme in full and the matter will need to go to Conference. I took every opportunity at my meetings to stress the importance of the Harrier GR5/AV8B programme and the message which I received in response was to the effect that the House/Senate Conference would be likely to sustain the AV8B. It was, however, clearly important to seize the opportunity for some vigorous and timely lobbying on the issue.

8. In the context of promoting collaborative and trading opportunities, I was glad during my visit to be able to sign, on behalf of the UK, an "offset banking" agreement with Texas Instruments in Dallas. The concept here is to allow Texas Instruments "credit" for any additional business which they place in the UK such that it can be counted as offset to future business that we might place with the company. Its effect will, I believe, be to encourage a major US contractor which is positive in its attitude to placing work with UK sub-contractors.

9. While visiting Texas Instruments I took the opportunity to draw the company's attention to the proposed DMB restrictions on precision optics, of which they seemed unaware, since these would have the effect of diminishing their freedom of action in using competitive European sources of supply in their projects as they do at present. There was keen concern expressed about this and I believe that this will result in useful lobbying in Washington from this US commercial source.

/ 10....

10. Under this heading I also took up the difficulties which UK companies experience when they purchase US subsidiaries in obtaining the necessary security clearances to undertake DOD work. There is the particular case at present of Lucas Aerospace who have purchased two companies, Western Gear and AUL, and who are finding the US administrative procedures extremely protracted. Will Taft again was helpful and undertook to do what he could to speed matters up.

UK Defence Export Prospects

11. In my meetings I was able to follow up the discussions on certain items of interest to UK firms which you held at your last meeting with Secretary Weinberger - the Ferranti Pendulous Integrating Giroscope Accelerometer (PIGA) for the US Trident boats, Marconi's High Frequency Anti-Jamming communications system (HFAJ) and AIP's S-10 respirator for the US Army. Will Taft took note of the fact that we were awaiting a response on these and undertook to expedite matters. At my subsequent meeting with Ambrose, however, I received so comprehensive an explanation of the reasons for his decision to exclude the S-10 respirator from the final stages of that competition (it having twice failed relevant trials), that I concluded that there would be no value in our pursuing the matter further; and I informed him that we would not seek to do so.

12. I was able to confirm to Will Taft the UK's agreement to waive the levies on the Hawk aircraft, in reciprocity for the USA's agreement to do so on our AWACS purchases. This was well received. I also received useful comments from Ambrose on the need for all contenders in the competition to meet the US Army's air defence requirement (ours is BAe's tracked Rapier) to pass

/ US ...

US standards and tests and not to rely upon the fact of being in service in their parent country - these I have passed to British Aerospace.

13. I was also able to mention a number of our other projects, including Sherpa aircraft for the American National Guard, the Hawk as a contender to replace the USAF's T37s, and the UK's capabilities in the field of submarine combat systems (on which I offered a briefing to Jim Webb).

Conclusion

14. I concluded my visit at Port Canaveral where I went on board HMS REPULSE for part of its DASO. I should record my admiration for the efficiency and general demeanour of the officers and crew whom I met on this exercise.

15. My thanks go to our Ambassador in Washington for his support, to the Head of BDS Washington, Air Vice Marshal Dick, and to Roger Harding (Minister (Defence Materiel)) and his colleagues, John Gutteridge and Elaine Strange, who arranged my programme.

David.

Lord Trefgarne

D/MIN/DGT/19/5/70

Minister (AF)
US of S(AF)
US of S(DP)
CDS
PUS
CNS
CGS
CAS
CDP
CSA
CDEC
C of N
MGO
CA
CERN
HDES
DUS(P)
DUS(DP)
DUS(RP)
DG Mktg
AUS(Policy)
CPR
DG/SDIPO
Head of Sec(O)(C)
Head of(NATO/UK)(P)
RMD 4
DACU
CSSE

C D Powell Esq.,
PS/Prime Minister

A C Galsworthy Esq., CMG
PS/Foreign and Commonwealth
Secretary

His Excellency Sir Anthony Acland GCMG
HM Ambassador, Washington

R J Harding Esq., CMG
Minister (Defence Materiel)
HM Embassy, Washington

P Lever Esq.,
Head of Defence Department
Foreign and Commonwealth Office

P J Fowler Esq.,
Head of North America Department
Foreign and Commonwealth Office

Miss M E K Davies
PS/Minister for Trade

COPY/RMB4.

14/5

SPEECH BY LORD TREFGARNE, MINISTER (DEFENCE PROCUREMENT) FOR THE UNITED KINGDOM TO BRITISH AMERICAN BUSINESS ASSOCIATION IN WASHINGTON

THE DANGERS OF PROTECTIONISM FOR DEFENCE CO-OPERATION

Ladies and Gentlemen,

1. I am honoured to have the opportunity to speak to such a prestigious group of business men and women from American and British companies at this the second meeting of the British American Business Association. It is essential that we take every possible opportunity to get together and enhance the prospects for reciprocal trading across the Atlantic. This will ensure that both our countries continue to benefit from the full range of co-operative ventures in defence business. The founding of the BABA was particularly well timed because of the growing trend towards protectionism in the United States. Protectionism makes no sense in general economic terms. In the defence business it puts at risk the future not only of our industrial relationships but also the military strength of the Alliance itself. I would like to offer a few reflections, and just as important some relevant facts, on this subject today.

2. First some key facts. The first Defence Co-operation MOU between the US and the UK was signed in 1975 to provide our

industries with equal opportunities to compete ~~in the US and UK~~ their respective defence markets. Since then the defence trade has grown substantially in ways which it would not have done without free and fair competition in both directions. Although it is true that the ratio of US to UK sales has fallen from about 4:1 in the late 1970s to about 2:1 in the mid 1980s, it is also true that in real terms US manufacturers are now selling more to the United Kingdom than they ~~were in 1975~~ once were. In 1975/6 the US sold $500M to the UK. In 1985/6 the figure was $1050M at the same price base. In other words US sales have doubled in real terms over the ten years. The UK has gained not only because of the greatly improved ratio, but also because the existence of reciprocal trade has enabled us to continue to buy US equipment where it meets our competitive requirements. We would not have been able to continue to buy here without a regime to enable us to sell our own equipment on similar terms.

3. The outstanding programmes in the two way street are familiar to us all. I would only point out here that our most notable sales to the United States, such as Harrier and Hawk, have been based on co-production, which keeps most of US expenditure here in the United States. Co-production is, of course, a form of offset. By contrast our largest purchases from America, such as the Trident missiles, AWACS and Harpoon, have not been based on co-production. Instead we have developed different forms of offset policy. These aim to obtain a wide range of competitive bidding opportunities for British companies

in the United States. They entail the placing of contracts with British companies only on a competitive basis. As a matter of record the Trident missile purchase has generated virtually no reciprocal business - so the recent AWACS agreement involving a real offset commitment is all the more welcome.

4. I know that this particular deal is now the subject of considerable debate in Washington, not least because of the offset which we agreed with Boeing and I would therefore like to clarify British policy on the subject.

5. The main danger with offset is that procurements directed in this way into offshore companies can create inefficiencies and drive up the price of equipment. We therefore require no directed procurements into the United Kingdom, and indeed it is a condition of all our offset arrangements that the pricing of contracts with British manufacturers should entail no increase in costs to the government. We want work placed with our companies on a competitive basis. So what is the point of obtaining offset? The answer is that it <u>motivates</u> US prime contractors to consider British suppliers, and to overcome the barriers of distance, and red tape to get bid packages to our firms, and evaluate their proposals fairly. But, if the British companies can't be competitive they don't get the offset and thats that.

6. All awards of contracts to British companies under our offset arrangements are made in full accord with the purchasing

policies of the US contractors involved and thus with US law, and indirectly, the Federal Acquisition Regulations. Boeing and other US companies have won contracts from the British government under fair and open competition. All we ask is for our companies to be given the chance to do the same. A lot of people seem to think that because Boeing have offered 130% offset on AWACS the balance of trade will now swing in our favour. I do not believe it will. We buy a very large amount of equipment here without offset. Over the 5 years up to AWACS we spent $5.4Bn here. The total value of offset commitments we obtained was $0.5Bn. The 130% on AWACS will not make much of a dent in the total defence trade.

7. Those in Washington who criticise such offset programmes turn a blind eye to US government policies which seek to achieve the same end by much less cost-effective means. These include mobilisation base restrictions and special pieces of legislation.

8. We in Europe have greatly welcomed the increased emphasis by the US on co-operation and collaboration in the defence equipment sphere. European efforts in this area, some of which are of long standing, are part of a determined attempt to ensure that the considerable European contribution to the Alliance is as efficient and cost effective as possible. These efforts have received support from the US with its backing for the Conventional Defence Improvements (CDI) exercise and the Nunn

programmes.

9. Within the context of defence co-operation the United States spends only 2% of its defence equipment budget offshore. Whatever problems there may be with foreign competition are right at the margin. We in the United Kingdom, by contrast, spend no less than 7% of our equipment budget here in the United States alone. We do this as a result of a series of rational decisions, based on competition, to acquire your products. We would like to continue to be free to make such decisions although they are never popular at home. But we will not have that freedom if the US erects barriers against British companies.

10. Some US politicians are concerned that research and development dollars should be retained in the United States. Here I can only say that we in the UK have spent an average of $200M per year for the last five years on research and development in the United States. Not only do we contribute our funding to the industrial base. We also continually contribute our technologies. Some examples. Vertical take off and landing technology which now provides the backbone of the Marine Corps fixed wing capability is British. The laminated armour technology which is now so essential to the M1 tank and many other fighting vehicles is British. This historical relationship is long established. The Whittle drawings for the jet engines came from the UK and the Bell Air Comet was powered by a British designed engine. But in all important cases you have required

substantial onshore manufacture, and usually considerable generosity with regard to data rights, as part of the deal for acquiring British equipment. Anybody who thinks that the DOD is a soft touch for high technology clearly hasn't tried doing business with them.

11. Misunderstandings on matters such as this now seem to be leading us toward new and significant dangers to defence co-operation. The dangers are most clearly visible in the form of legislative proposals on Capitol Hill, and new regulations from the Administration.

12. For example, the DOD is now considering a further restriction on the acquisition of precision optics. We have set out detailed arguments why such restrictions are not in the US or the UK interest. Such problems as America may have with the optical industry are much much smaller than is suggested by the enormous scope of the currently proposed regulation, and they stem primarily from the Far East, not from the European allies. Few people realise that if the current regulation were implemented it would stop in their tracks at least three of the collaborative projects fostered by the Nunn amendment. Some US officials might suggest an exemption for collaborative projects but that won't work. The Europeans can hardly be expected to put their money and technology into collaborative projects involving optics while at the same time being excluded from fair competition and industrial co-operation on the broader range of

modern sighting and tracking systems.

13. I know there is considerable anxiety over here about Far Eastern (especially Japanese) penetration into western markets. This is a concern which we in the UK understand and share. Prime Minister Nakasone's recent visit to Washington does not appear to have helped very much. The responses which I elicited during my visit in October last year were frankly unsatisfactory. It is now more than a year since Mr Nakasone announced his intention to what he called 'restructure' the Japanese economy to stimulate imports. We all attached much importance to the words he used then. It is bitterly disappointing that so far so little has happened. Of course the solution to this huge imbalance is to cut through the mountain of non-tariff barriers which hamstrings our firms - but without progress in this area the pressure in Europe for constraints will become as great as it already is in the US.

But having said that we must avoid getting paranoic about these things so...

14. Perhaps I might add a further word about arguments for protection based upon national security and fears of dependence on foreign suppliers ... The number of industries - not only in the US - which run this sort of case is legion: armies cannot march without shoes or shirts or buttons, so the industry producing them must be protected. A US Senator has just introduced a bill into Congress to ban imports of wool, lamb and beef from Australia and New Zealand: his argument, and I quote, is that "the ability of the United States to produce wool fibre

is recognised by Congress as an essential limit of overall strategic readiness". The House of Representatives Foreign Affairs Committee recently voted to ban foreign companies - including a major British one - from a 1.3 billion dollar contract to supply transmitters for the Voice of America on the grounds that "during times of world crisis, national security will be enhanced by having US manufactured transmitters". A doubtful proposition to be sure. The truth is that we can all write imaginary war scenarios and justify protectionist measures on the basis of them. But in doing so we deal a very heavy blow to the health of the Western Alliance. That health depends ultimately upon the health of the Western economic system, and moves to erect barriers to trade between the allies simply weaken our respective economies, slow down economic growth and sap our ability to finance the common defence. The United Kingdom and America's other allies do not deserve to be wounded by buckshot fired towards the Pacific rim!

15. It seems to me that two of the current major political themes in Washington are contradictory. The first is the push towards collaboration following the Nunn amendment of 1985. We strongly support all these efforts to enhance collaboration at Government to Government level. But as Senator Nunn himself has said, this type of collaboration is only worthwhile if it ends in industrial collaboration, on which the future of the Alliance ultimately depends.

16. The second tendency is embodied in a number of measures in the various trade bills which go directly against the grain of collaboration. Of particular concern to us is the removal of the existing waiver of countervailing and anti-dumping duties contained in the House Trade Bill. We have been through the arguments on this many times before and people who understand the defence trade know that it is simply inappropriate to permit the application of such duties in an area where all governments have a high level of activity, particularly with regard to R&D investments. We do not dump and we do not want to dump but if the US Government provides yet another legal opportunity for aggrieved US contractors to disrupt the acquisition of foreign equipments by bringing unjustified legal cases to court we will have great difficulty in preventing British companies from wanting to take similar action against US contractors in the UK. There is a thin line in law between the kind of unfair subsidy practiced by some governments, and the reasonable investment in R&D practiced by the US, and the UK. Disputes in this area can be settled between governments under existing arrangements. The application of duties will only invite vexatious litigation which will benefit nobody but the attornies. I suspect that between us the MOD and DOD keep enough of these chaps in business as it is.

17. With the defence balance of trade still about 2:1 in the US favour with the Alliance as a whole, American industry has much more to lose than Europe's. There are many other provisions in the Trade Bill which would impact on the defence business. I

would ask the represenatives of our American industry here to consider very carefully whether protection of specific sectors of the US economy is really in the long term interests of US industry as a whole.

18. Ladies and Gentlemen, I strongly believe that the future of defence co-operation between the US and UK is rosy. We have just made a major commitment to free and open competition by selecting the AWACS system in preference to the GEC Nimrod. We were able to make this very difficult decision because of the scope for a genuine two way street between the US and the UK that has been established over the last ten years. We in the UK are strongly committed to all of the collaborative programmes stimulated by the Nunn amendment and are sure that this initiative will go forward to a successful conclusion.

19. Last year protectionist proposals in the defence sector were with one exception unsuccessful. I hope and believe that wise councils will prevail again this year. For be under no misaprehension - the only people to applaud our disunity will be our enemies.

20. For let me say with total conviction whatever welcome progress may emerge post-Reykjavik or in Geneva our security depends crucially on our standing together. Traficant, Glenn, Mattingly and the rest do that cause a singular disservice. I beg them to think again.

AM87
02 H

R15

Cf

PA

C.S. FCO

CDP 15/6.

GEORGE DEUKMEJIAN
GOVERNOR

State of California
GOVERNOR'S OFFICE
SACRAMENTO 95814

May 27, 1987

The Rt Hon Margaret Thatcher FRS MP
Prime Minister
10 Downing Street
London SW1A 2AA
England

Dear Prime Minister Thatcher:

It was very considerate of you to take time out of your busy schedule to meet with me during my recent trip to Europe.

I found our discussions to be worthwhile and informative. Your insights into world affairs were of particular interest to me.

We are hopeful that my trip helped to strengthen the already strong ties that exist between California and the United Kingdom. We look forward to the long and successful operation of our new Trade and Investment Office in London.

I wish you great success in the forthcoming elections. You are highly admired and respected, and deserve to carry on as Prime Minister for another term.

Again, thank you for helping to make my visit to Britain a memorable and successful one.

Most Cordially,

George Deukmejian

George Deukmejian

file

SM

c DES
FCO

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 May 1987

Your letter of 6 May addressed to Mark Addison has been passed to me. We hope very much that it will be possible to set up a meeting as requested, between US Education Secretary Bennett and the Prime Minister. However, at present, the Prime Minister's diary for the suggested dates is unclear and we will not be in a position to let you know if such a meeting is possible until after the General Election.

May I suggest that you get in touch again, either through the Foreign Office or through the Department of Education and Science, after 11 June?

I am copying this letter to both offices.

Tessa Gaisman (Mrs.)

Mr. Wendell L. Willkie

Tessa

to see

CDP

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

With the Private Secretary's Compliments

SPD12BM10

SS/4075/17

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

The Hon William J Bennett
The Secretary
United States Department of Education
400 Maryland Avenue SW
WASHINGTON DC

21 May 1987

Dear Bill.

Many thanks for your letter of 6 May.

I should, of course, be delighted to receive a visit from you in July. At Present, however, owing to the General Election on 11 June I am afraid that I am unable to commit the holder of my office to any engagements in the post-Election period. I shall write to you again as soon as possible after the Election, hopefully, to confirm details.

Do not despair! Timothy Raison is

your right hand man in Whitehall

for Overseas Development!

Yours ever

Kenneth

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

19 May 1987

Charles Powell has passed to me your letter of 15 May about the request for a meeting with the Prime Minister from US Education Secretary Bennett on 16/17 July.

In principle the Prime Minister would be happy to see Secretary Bennett but her diary for these dates is unclear at present and we will not be in a position to let you know if such a meeting is possible until after the General Election. May we please come back to you as soon as possible after 11 June about this?

(Mrs Tessa Gaisman)

Lyn Parker Esq
Foreign and Commonwealth Office.

(1) cc PC

Prime Minister
would you be
interested to see
Mr. Bennett in July?
CDP 15/5

Yes

Foreign and Commonwealth Office

London SW1A 2AH

15 May 1987

Dear Charles

at Blair

Requested Call on the Prime Minister by
US Education Secretary Bennett

Your letter of 8 May sought advice on the request from the office of US Education Secretary, William Bennett, for a call on the Prime Minister during his visits to the UK from 2-6 and 16-17 July.

Apart from the request to see the Prime Minister, Mr Bennett is looking forward to a substantial session with Mr Baker. He also hopes to meet educational managers in both schools and universities and possibly give a speech. Mr Bennett will be interested to hear details of the proposed National School cirriculum, our views on teacher training and pay and the raising of school standards as well as the financing of university students.

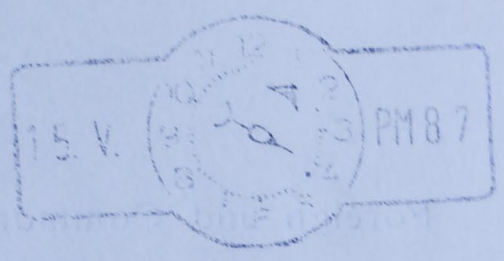
HMA Washington advises that Mr Bennett is energetic, articulate and well-liked by the President, who agrees with him on, for example, the need for increased parental choice and private sector funding, for education to inculcate values and for sex education to include a moral dimension. We are not aware of any particular points he may wish to raise with the Prime Minister and a meeting may duplicate any previous or subsequent talks he holds with Mr Baker. However, if the Prime Minister would welcome a general conversation on education, on which Mr Bennett believes HMG and the US administration have a common philosophy, she would find him a stimulating interlocutor.

I am copying this letter to Rob Smith (Department of Education and Science).

Yours ever,
Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street



USA: relations pt 5

SECRET

15

MR POWELL CDP 15/5

cc: Sir Percy Cradock

AMBASSADOR PRICE

Ambassador Price telephoned and left a message for you.

First, he has had a cable about the Prime Minister's bilateral with the President at the Venice Economic Summit. They propose 9 June at 0850 until 0910 at the Hotel Ciprioni. The Prime Minister would then travel with the President to the Cini Foundation for photographs and the morning session.

Secondly, Price passed on reactions and thoughts about the Prime Minister's message on Syria. Secretary Shultz is apparently very much in favour of having the US Ambassador return to Syria. He probably has the support of the Near Eastern Bureau of the State Department in this. Ambassador Bremer, who is in charge of policy on terrorism, is very much opposed. Shultz has had a discussion about the matter with the President. Price did not give an account of this meeting. But he said he thought it very unlikely that the President would decide to do anything in the near future and "certainly not before the Election". We should not expect an early reply to the Prime Minister's message. (It was not clear how far this assessment was Price's own, and how far it was a confirmed decision, and he did not give a direct answer when asked.)

Shultz apparently believes that BP is trying hard to develop commercial relations with Syria, and this is annoying him. Price does not know the source of Shultz's information.

The Ambassador will be available for you to talk to him if you wish when you return.

DRN

15 May 1987

SECRET

DASAHZ

file KCB
cc dir PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

11 May 1987

GENERAL ALEXANDER HAIG

The Prime Minister had agreed to see General Haig on 21 May. I am afraid that this appointment must now fall. I should be grateful if you would ask our Embassy in Washington to convey the Prime Minister's regrets to General Haig, and explain that in the circumstances of the election campaign it is impossible for her to maintain this appointment. She does, however, look forward to seeing General Haig on a future visit to London.

CHARLES POWELL

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth office.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

8 May 1987

I enclose a copy of a letter from the office of the US Secretary of Education asking whether Mr. Bennett can call on the Prime Minister in the period 2 to 6 July or 16/17 July.

I should be grateful if you could let me have advice, in conjunction with the Department of Education and Science, before I put the request to the Prime Minister. On the face of it, a meeting could be useful. The later dates are more likely to be practicable.

I am copying this letter to Rob Smith (Department of Education and Science).

CHARLES POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

10 DOWNING STREET

Peter

Willkie wrote to me because we have a mutual friend who works for the Economist in Washington. Brian Griffiths believes a meeting would be helpful. Do you wish to do so?

MT

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE GENERAL COUNSEL

THE GENERAL COUNSEL

May 6, 1987

Mark Addison, Esq.
Private Secretary to
the Prime Minister
10 Downing Street
London SW1A 2AA
England

Dear Mark:

As I stated in our telephone conversation of last week, the United States Secretary of Education, William J. Bennett, is currently planning a visit to the United Kingdom in the period July 2 through 6. As I mentioned to you, he would be deeply honored by any opportunity to meet with the Prime Minister during that time.

Please know that Secretary Bennett is independently writing to Secretary Baker concerning his trip. We would certainly hope to coordinate such a visit to your country with Secretary Baker and his office.

We understand that education is an issue of increasing importance to the British government. We are also aware of Mrs. Thatcher's strong personal interest in education dating from her earlier service as Secretary of State for Education. Furthermore, we are very interested to see that our two governments now have a very similar approach to a number of important issues in this field. As we see them, these include the restoration of a sound curriculum, raising standards, increasing parental involvement and parental choice, introducing assessment and accountability into school management as well as the teaching profession, and promoting the values and principles of our civilization. Although education in the United States is primarily a state and local matter, the Reagan Administration has become increasingly active in education policy in recent years. Secretary Bennett has undertaken a number of significant initiatives, with the strong personal backing of President Reagan. Accordingly, we believe that a brief visit between Secretary Bennett and the Prime Minister would be mutually productive.

400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202

We appreciate, of course, the extraordinary demands on the Prime Minister's time, and are aware that the possibility of an election in your country may further complicate scheduling matters. While Secretary Bennett would prefer to come to the United Kingdom July 2 through 6, he would change his plans to come July 16 and 17 if that might enhance the likelihood of a meeting with the Prime Minister. Please know that we would be particularly grateful for any assistance or advice you might undertake in this regard.

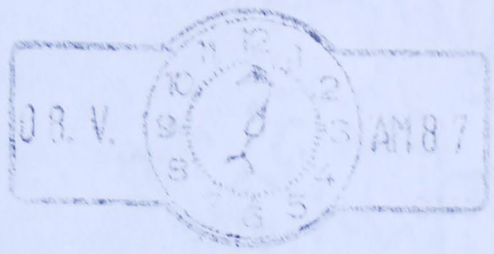
I look forward to hearing from you.

Sincerely,

Wendell L. Willkie

Wendell L. Willkie

cc: Secretary Bennett
Brian Griffiths


03. V.
AM 8 7

6 May 1987

FORMER PRESIDENT JIMMY CARTER

Thank you for your letter of 1 May about the request from former President Carter to call on the Prime Minister on 19 June.

In principle, the Prime Minister could see President Carter at 1200 on Friday 19 June, subject to confirmation nearer the time. I should be grateful if this could be relayed to him. It would be helpful to know how we could get in touch with him if it were necessary to change this.

(C. D. POWELL)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

10 DOWNING STREET

Prime Minister

Antony ~~Acland~~

Acland's account of

his talks with

President Reagan.

CDP

WBLNAN 2987/. ORWBAN 1417
SECRET 14
OO FCOLN
FM WASHI TO FCOLN
041550Z MAY
GRS 700

SECRET
DEYOU
FM WASHINGTON
TO IMMEDIATE FCO
TELNO 967
OF 041550Z MAY 87

ADVANCE COPY

N Powell
NO 10
MP [PS / PS/PUS]

PERSONAL FOR PS AND PS/PUS
YOUR TELEGRAM NO 688: PRESIDENT REAGAN
1. THE PRESIDENT AND MRS REAGAN SPENT NEARLY THREE HOURS IN MY HOUSE (THREE-QUARTERS OF AN HOUR LONGER THAN PLANNED) AND WERE VERY RELAXED AND SEEMED TO ENJOY THEMSELVES. THE PRESIDENT LOOKED WELL AND WAS VIGOROUS, BOTH PHYSICALLY AND MENTALLY. HE SEEMED HAPPY TO STAND AFTER DINNER FOR NEARLY AN HOUR. NEITHER PRINCESS ALEXANDRA NOR MR OGILVY NOR I SAW ANY CHANGE IN HIM SINCE THEIR LAST VISIT IN OCTOBER. CONVERSATION WITH THE PRESIDENT RANGED FROM THE DETAILED SUBJECTS IN YOUR TUR (WITH THE PRESIDENT SWITCHING COMFORTABLY FROM ONE SUBJECT TO THE NEXT - FOR DETAILS SEE BELOW) TO THE PRESIDENT'S GENERAL OBSERVATIONS ABOUT GORBACHEV, THE SOVIET UNION AND HIS AIMS FOR ARMS CONTROL (RATHER ON THE LINES OF WHAT HE SAID TO THE PRIME MINISTER AT LUNCH AT CAMP DAVID), TO A SERIES OF AMUSING ANECDOTES WHICH THE PRESIDENT ENJOYS RECOUNTING. HIS GENERAL HOPES FOR A PROGRESSIVELY NON-NUCLEAR WORLD AND HIS FAITH IN SDI OCCASIONALLY SURFACED, AS DID HIS RELIGIOUS BELIEFS.
2. THE PRESIDENT SAID CATAGORICALLY THAT HE HAD KNOWN NOTHING ABOUT THE DIVERSION OF FUNDS TO THE CONTRAS. HE HAD SEARCHED HIS CONSCIENCE AND HIS MEMORY AND HAD REFERRED TO THE DIARY WHICH HE KEPT. HE WAS PUZZLED (AND BY IMPLICATION HURT) BY THE FACT THAT THE MAJORITY OF THE PEOPLE OF AMERICA DID NOT APPARENTLY BELIEVE HIM. HE WAS CRITICAL, THOUGH NOT VIOLENTLY SO, OF THE MEDIA. MRS REAGAN TALKED MORE FORCEFULLY TO PRINCESS ALEXANDRA AND TO ME ABOUT HOW HURTFUL THE PRESS CAMPAIGN HAD BEEN. WE THOUGHT THAT SHE LOOKED MORE WEARY AND SHOWED MORE SIGNS OF STRAIN THAN DID THE PRESIDENT.

3. ON THE SPECIFIC POINTS IN YOUR TUR I BEGAN BY GIVING THE PRESIDENT GOOD WISHES FROM THE PRIME MINISTER, TO WHICH HE WARMLY RESPONDED. I SAID THAT THE PRIME MINISTER HOPED TO HAVE A GOOD PRIVATE TALK WITH HIM AT THE ECONOMIC SUMMIT ON THE EVENING OF 8 JUNE OR EARLY ON 9 JUNE. THE PRESIDENT SAID THAT HE WOULD LIKE THIS BUT DID NOT OF COURSE KNOW THE DETAILS OF HIS PROGRAMME. THERE MAY BE A LITTLE MORE SLACK IN IT SINCE THE OFFICIAL VISIT TO ITALY IS OFF OWING TO THE GOVERNMENT CRISIS, ALTHOUGH THE PRESIDENT WILL CONTINUE WITH HIS PLANS TO GO TO THE VATICAN.

4. ON SRINF THE PRESIDENT SHOWED NO DISPOSITION TO DISAGREE WITH THE PRIME MINISTER'S MESSAGE. I EMPHASISED THE IMPORTANCE OF CALLING A HALT IN THE REDUCTION OF NUCLEAR WEAPONS IN EUROPE IF THE CONDITIONS WERE MET TO ACHIEVE ZERO/ZERO IN LRINF AND SRINF. THE PRESIDENT HIMSELF VOLUNTEERED THAT THERE MUST BE A BALANCE IN CONVENTIONAL WEAPONS BEFORE IT WOULD BE POSSIBLE OR PRUDENT TO GO FURTHER. ON THE QUESTION OF COMMITTING MORE F111S OR CRUISE-EQUIPPED SUBMARINES TO NATO AND TO EUROPE THE PRESIDENT SAID THAT HE HAD NOT STUDIED THE MATTER IN DETAIL BUT HE TOOK THE POINT ABOUT MAINTAINING EUROPEAN CONFIDENCE. HE COMMENTED THAT SOME SUCH SYSTEMS WERE ALREADY ASSIGNED.

5. ON SYRIA THE PRESIDENT SAID THAT HE HAD READ THE PRIME MINISTER'S MESSAGE EARLIER IN THE AFTERNOON AND THAT HE AGREED WITH IT. I TOLD HIM THAT WE RECOGNISED THE IMPORTANCE OF SYRIA BUT BELIEVED THAT THERE MUST BE EVIDENCE WHICH COULD BE PUBLICLY USED OF SYRIAN ACTION TO STAMP OUT TERRORISM BEFORE RELATIONS COULD BE WARMED UP. THE REMOVAL OF ABU NIDAL FROM DAMASCUS WOULD BE BEST. MERE ASSURANCES WOULD NOT BE ENOUGH. THE PRESIDENT SEEMED ENTIRELY TO ACCEPT THIS AND SAID THAT HE WOULD BE REPLYING TO THE PRIME MINISTER.

6. ON SOUTH AFRICA I SAID THAT THE PRIME MINISTER DID NOT (NOT) WANT ANY DECLARATION FROM THE ECONOMIC SUMMIT. THE PRESIDENT REMINDED ME OF HIS OWN POSITION AND THAT HE HAD VETOED THE SANCTIONS BILL AND HAD BEEN OVERRIDDEN. HE REFERRED WITH APPROVAL TO BUTHELEZI, WHO IN HIS VIEW REPRESENTED MODERATE AND SENSIBLE AFRICAN OPINION. I ASKED HIM WHETHER THERE WOULD BE POLITICAL ADVANTAGE IN WASHINGTON IN HAVING A DECLARATION BUT HE SEEMED TO THINK THAT THERE WERE NO GREAT PRESSURES, INDEED HE SHOWED LITTLE INTEREST IN HAVING SUCH A STATEMENT.

7. I DID NOT MENTION THE POSSIBLE PRIVATE VISIT BY THE DUCHESS OF YORK IN SEPTEMBER. I DOUBT WHETHER THE PRESIDENT AND MRS REAGAN WOULD BE BOTHERED BY THIS. THEY ARE MUCH CLOSER TO THE PRINCE OF WALES, ABOUT WHOM MRS REAGAN TALKED AT SOME LENGTH TO PRINCESS ALEXANDRA.

8. PLEASE PASS COPY ON PERSONAL BASIS TO POWELL, NO 10.

ACLAND

CONFIDENTIAL

R 1/5 (1)

Foreign and Commonwealth Office

London SW1A 2AH

1 May 1987

Prime Minister
This is not very welcome, but also difficult to refuse. Agree in principle?
Yes no CDP 5/5

Dear Charles,

Former President Jimmy Carter

The Embassy at Washington have forwarded a request from former President Carter to call on the Prime Minister on 19 June at a time convenient to her, primarily to discuss the Middle East.

Mr Carter visited Syria, Jordan, and Egypt on 18-26 March. He gave general support for the proposal to convene an international conference on the Middle East and was critical of the policies of the Reagan Administration. Although his talks broke little new ground, he came away with the impression that there was sufficient flexibility over the Syrian position to make the convening of a conference a real prospect.

If her diary permits, the Prime Minister might find it useful to discuss Mr Carter's impressions at first hand.

Yours ever,
Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
No 10 Downing St

CONFIDENTIAL

JIMMY CARTER

April 27, 1987

To Prime Minister Margaret Thatcher

I shall be in London on June 19 and, if convenient, would like to have a visit with you.

It would be a pleasure to see you again to pay my respects, and to have a brief discussion about the Middle East and other issues of mutual interest.

With best regards,

Sincerely,

Jimmy Carter

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

SECRET AND PERSONAL

FCO VC 4ANX
PC
13

10 DOWNING STREET
LONDON SW1A 2AA

26 April 1987

From the Private Secretary

The Prime Minister has seen Washington telegram no. 885 in which Sir Antony Acland seeks advice on points which he might mention to President Reagan when he and Mrs Reagan dine at the Embassy on 2 May.

You will no doubt have some suggestions to make. The Prime Minister would like Sir Antony to raise at least four points:

- our approach to the SRINF issue, on the lines set out in my letter of 24 April;

- her hope that she and the President can have a private talk at the Venice Economic Summit, preferably on the evening of 8 June or early on 9 June;

- her hope that the Economic Summit can avoid issuing any declaration on South Africa;

- the possibility of her paying a brief and informal visit to Washington in late July, depending on political developments.

C.D. POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

SECRET AND PERSONAL

CONFIDENTIAL

GRS 280

CONFIDENTIAL
FM WASHINGTON
TO PRIORITY FCO
TELNO 885
OF 232210Z APRIL 87

PERSONAL FOR PS AND PS/PUS
PRESIDENT REAGAN

1. AS I MENTIONED TO THE SECRETARY OF STATE WHEN HE WAS HERE, THE PRESIDENT AND MRS REAGAN ARE COMING TO DINNER IN MY HOUSE ON SATURDAY 2 MAY WHILE PRINCESS ALEXANDRA IS HERE. FOR SECURITY REASONS I WOULD NOT WANT THIS TO LEAK OUT IN ADVANCE.

2. THE PRESIDENT AND MRS REAGAN HAVE ASKED THAT IT SHOULD BE A VERY INFORMAL AND RELAXED OCCASION WITH NO MORE THAN A DOZEN PEOPLE PRESENT ALL TOLD. I SHALL THEREFORE HAVE AN OPPORTUNITY, IF REQUIRED, OF TALKING ALONE TO THE PRESIDENT.

3. PERHAPS YOU WOULD CONSULT CHARLES POWELL AND LET ME KNOW WHETHER THERE ARE ANY POINTS WHICH THE PRIME MINISTER OR THE SECRETARY OF STATE WOULD LIKE TO PUT TO THE PRESIDENT. I CAN TELL HIM THAT I CAN REPORT BACK VERY QUICKLY AND ALSO THAT ON PRESENT PLANNING I HAVE APPOINTMENTS TO SEE THE SECRETARY OF STATE AND THE PRIME MINISTER WHEN I AM HOME IN MID-MAY.

ACLAND

YYYY

ORWBAN 1201

LIMITED.
HD|NAD.
HD|ACDD.
HD|DEF.D.
PS
PS|PUS.
MR. THOMAS.
MR. BOYD
MR. FALL.

CONFIDENTIAL

Prime Minister

I suggest:

(a) your general approach re SRINF ✓

(b) your hope for a private talk at Venice ✓

(c) re possibility of a brief visit to Washington in late July/early September. Cd be useful, particularly after re election.

(d) your hope we can avoid any declaration on South Africa at re Economic Summit.

CDP

ADVANCE COPIES

MIDDLE EAST

PS

PS/MR RENTON

PS/PUS

MR DEREK THOMAS

MR MUNRO

SIR D. MIERS.

HD/NENAD

HD/MED

HD/WUSS

HD/SPD

HD/SCD

DEP HD/ PUSD.

HD/EED

NEWS DEPT

RESIDENT CLERK

#18.

23.

NO. 10 DOWNING STREET

CABINET OFFICE DIO

1.10.85

CONFIDENTIAL

FM WASHINGTON

TO IMMEDIATE FCO

TELNO 813

OF 101250Z APRIL 87

FROM PRIVATE SECRETARY

SECRETARY OF STATE'S DISCUSSIONS WITH SHULTZ: 9 APRIL:

MISCELLANEOUS SUBJECTS

MIDDLE EAST

1. DISCUSSED BRIEFLY AT DINNER. THE SECRETARY OF STATE DESCRIBED HIS TALKS WITH SHEVARDNADZE, AND THE LATTER'S APPARENT WILLINGNESS TO APPROACH THE IDEA OF AN INTERNATIONAL CONFERENCE IN A RATIONAL WAY WITHOUT POSTURING. IN PARTICULAR HE HAD BEEN PREPARED TO CONTEMPLATE QUIET DIPLOMACY AMONG THE FIVE PERMANENT MEMBERS OF THE SECURITY COUNCIL AND COUNTRIES OF THE REGION IN PREPARATION, AND DID NOT EXCLUDE CONTACTS WITH ISRAEL AND MOVES ON THE RELEASE OF JEWISH EMIGRES. IN GENERAL SHEVARDNADZE HAD SEEMED READY TO LOOK AT POLICY IN THIS AREA IN A NON-DECLAMATORY WAY: HE HOPED THAT SHULTZ MIGHT BE ABLE TO PURSUE THIS IN MOSCOW. HE RECALLED THAT HE HAD TOLD SHEVARDNADZE THAT WE HOPED THAT THE PLO NATIONAL COUNCIL IF IT TOOK PLACE WOULD NOT PRODUCE A RADICALISATION OF THE PLO. SHEVARDNADZE HAD SEEMED TO TAKE THIS POINT, BUT HAD NOT HAD MUCH TO SAY ABOUT SYRIAN ATTITUDES.

2. SHULTZ SAID THAT RIFAI HAD BEEN DISMISSIVE IN WASHINGTON OF THE PLO NATIONAL COUNCIL, ASSUMING THAT THE 1985 ACCORD WOULD BE BROKEN IF THE MEETING TOOK PLACE. BUT HE HAD NOT SEEMED TO HAVE MUCH IDEA HOW TO INDUCE THE PALESTINIANS TO JOIN THE PEACE PROCESS.

3. THE SECRETARY OF STATE MENTIONED THAT SYRIA WAS WORKING HARD TO WIN OVER EC FOREIGN MINISTERS, BUT HAD SO FAR GIVEN NOTHING OF SUBSTANCE ON TERRORISM. WE WERE A LITTLE CONCERNED AT THE RELAXATION OF DISCIPLINE ON THE PART OF THE TWELVE: HUSSEIN WAS OF COURSE TRYING TO PUSH US TOWARDS SYRIA. SHULTZ SAID THAT HE AGREED THAT THERE HAD BEEN NO SERIOUS MOVE BY SYRIAN AGAINST TERRORISM, THOUGH MURPHY CLAIMED THAT INTELLIGENCE ON THIS POINTED IN SEVERAL DIRECTIONS. SHULTZ ASKED ABOUT OUR OWN POLICY. THE SECRETARY OF STATE SAID THAT WE HAD MADE NO MOVES. WE HAD SAID THAT WE WOULD NEED TANGIBLE PROOF OF MOVEMENT AWAY FROM

TERRORISM. WE SO FAR SAW NONE. SHULTZ OBSERVED THAT SYRIA ALSO HAD NO ECONOMY TO SPEAK OF, AND WAS REALLY IN THE QUICKSAND IN THE LEBANON.

CAYMAN ISLANDS

4. THE SECRETARY OF STATE RAISED OUR CONCERN ABOUT THE POSSIBILITY OF CONGRESSIONAL COMMITTEES TAKING LEGAL ACTION AGAINST BRITISH BANKS IN THE UNITED STATES IN ORDER TO FORCE THEM TO RELEASE DOCUMENTS ABOUT BANK ACCOUNTS IN THE CAYMAN ISLANDS. HE SAID THAT THE CAYMAN ISLANDS GOVERNMENT HAD MADE IT CLEAR THAT IF THE REQUEST WERE MADE TO THEM PROPERLY ON INTER-GOVERNMENTAL CHANNELS THE BANKS WOULD COOPERATE. SHULTZ SAID THAT HE HOPED THAT THIS COULD BE DISCUSSED FURTHER WITH JUDGE SOFAER.

MICRONESIA

5. SHULTZ SAID THAT THE US HAD IN THE PAST RELIED HEAVILY ON UK SUPPORT IN THE TRUSTEESHIP COUNCIL. THEY HOPED THAT WE WOULD CONTINUE TO PROVIDE THIS. THEY HAD A PROBLEM WITH PALAU, BUT WERE DOING THEIR BEST. THE SECRETARY OF STATE SAID THAT WE SUPPORTED THE US IN PRINCIPLE, BUT WERE ANXIOUS THAT THEIR ACTIONS SHOULD BE SUFFICIENTLY LEGAL TO BE DEFENSIBLE. OUR INSTINCT WAS TO BE AS HELPFUL AS POSSIBLE. SHULTZ SAID THAT BEING HELPFUL MEANT VOTING WITH THE UNITED STATES, NOT ABSTAINING. WE NEEDED TO FIND THE RIGHT KIND OF LAWYERS. THE SECRETARY OF STATE UNDERTOOK TO LOOK INTO THE QUESTION.

VENICE SUMMIT: TERRORISM

SHULTZ SAID THAT A STRONG STATEMENT WAS NEEDED FROM THE SUMMIT. CHIRAC HAD SAID THAT THE FRENCH WOULD ACCEPT THIS PROVIDED THERE WAS NO ATTEMPT TO SET UP MECHANISMS. THE SECRETARY OF STATE SAID THAT OUR POLICY ON TERRORISM WAS FIRM, OUR ONLY ANXIETY WAS THAT THE TOKYO SUMMIT DECLARATION, WHICH HAD BEEN GOOD, HAD BEEN FOLLOWED BY IRANGATE AND EVIDENCE OF FRENCH AND GERMAN BACKSLIDING. WE NEEDED TO GUARD AGAINST MERE REAFFIRMATION AT VENICE, WHICH COULD RISK PROVOKING HOARSE LAUGHTER IN THE PRESS. IT MIGHT BE THAT SOME IDEAS COULD BE DERIVED FROM ACTION TAKEN IN THE EC AFTER VENICE.

SHULTZ SAID THAT THE UK HAD SAVED THE SITUATION AT TOKYO. HE WOULD BE HAPPY TO LOOK WITH US AT POSSIBLE IDEAS. BREMMER INTERVENED TO SAY THAT HE HAD IN MIND SOMETHING BASED ON THE 'RULE OF LAW'. SHULTZ OBSERVED THAT THE LACK OF ANY STATEMENT ON TERRORISM WOULD BE WIDELY NOTED.

POLAND

THE SECRETARY OF STATE MENTIONED OUR HOPE THAT THE AMERICANS COULD BE A LITTLE MORE FORTHCOMMING ON POLAND. SHULTZ SAID THAT THEY KNEW ABOUT OUR CONCERN: THEY WERE A LITTLE MORE CAUTIOUS THAN WE WERE.

ACLAND

YYYY

ORWBAN 0940

NNNN

STRICTLY PERSONAL AND
CONFIDENTIAL

CDP
16/4

BRITISH EMBASSY,
WASHINGTON, D.C.

8 April 1987

C D Powell Esq
10 Downing Street
LONDON SW1

Dear Charles,

Bud McFarlane has been in touch to ask us to pass on the enclosed letter to the Prime Minister.

Yours ever

R B Bone

STRICTLY PERSONAL AND
CONFIDENTIAL

PRIME MINISTER

MEETING WITH THE GOVERNOR OF CALIFORNIA

You are to see Governor Deukmejian (Duke-may-jun) briefly tomorrow afternoon, after your talk with King Hussein. You are seeing him as a personal favour to the President.

The ostensible purpose of the Governor's visit is to open California's Trade and Investment Office in Curzon Street. What he actually wants more than anything is to be photographed and televised with you. The talk can be quite short.

Deukmejian is Republican and has his sights on the Republican Presidential nomination in 1992. He is particularly hot on law and order; and generally laissez-faire on economic issues. You will recall that, if California were an independent country, it would be seventh in the world in terms of GNP.

You might thank him for limiting the use of unitary taxation to the "water's edge". This allows companies to choose not to have their California tax assessment made on the world-wide unitary basis. But they charge an election fee for this, which we would like to see removed.

CDP

CHARLES POWELL
8 April 1987

EL3BWC

010.

CCPC
CCB/HP

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

8 April 1987

Dear Charles,

California Governor Deukmejian

California Governor Deukmejian will be calling on the Prime Minister at 1730 on 9 April. I enclose a / personality note.

Governor Deukmejian is in the UK from 9-15 April to open California's European Trade and Investment Office (14 Curzon Street, W1). The COI, in conjunction with the FCO and the US Embassy, have arranged a programme of meetings with industrialists, bankers and politicians. Governor Deukmejian will be calling on the Foreign Secretary, Secretary of State for Trade & Industry and the Financial Secretary. Lady Young will host a lunch for him on 13 April.

Deukmejian's political aspirations now seem to be directed towards the Republican nomination for the 1992 Presidential campaign. He recently ruled himself out as a candidate for the Vice-Presidency in 1988, and for any Cabinet post if the Republicans hold on to the White House then. He might, however, find it hard to refuse an offer of a sufficiently senior Cabinet post.

Yours ever,

Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

GEORGE DEUKMEJIAN

Governor of California.

Courken George Deukmejian (Duke-may-gin) was born in Menands, New York, in 1928. He is the first Armenian-American to be elected Governor of any state in the US. His father had fled Turkey in the early 1900s and having settled in upstate New York he worked as a salesman. The younger Deukmejian has said that his family emphasised hard work and discipline and regarded America as a land of opportunity.

He attended Watervliet High School, New York, and Siena Catholic College from which he graduated with a BA degree in Sociology having worked to pay his tuition fees. In 1949 he entered St John's University Law School in Brooklyn, New York. During this period he became involved in Republican politics at precinct level. In the preceding year he had attended the Republican National Convention in Philadelphia.

He served as a military legal clerk in the US Army in France from 1953 to 1955. On finishing military service he travelled to California where he felt he had a better chance of advancing. Through a family connection he met a prominent businessman in the Long Beach area who introduced him to several business associations. Deukmejian became Vice President of the Belmont Shore (Long Beach) Lions Club and was active in a number of business and community organisations.

After attending a Chamber of Commerce course on practical politics, Deukmejian ran for the State Assembly in 1962 and was elected. He had campaigned against crime, Communism, big government and "the trend toward socialism".

As a member of the state legislature he made a specialisation of anti-crime and law enforcement issues. He was the author of California's death penalty and use-a-gun go-to-prison laws. He generally voted against environmental protection bills. On economic

/matters

matters he favoured a laissez-faire approach with a minimum of government regulations. In 1967 he authored the largest single tax increase ($1 billion) in California history, although he regarded this as a favour to then Governor Reagan and this did not typify his attitude to fiscal management.

In 1978 he was elected California Attorney-General. His biggest contributors both at that time and in the 1982 elections were the oil, insurance, building and manufacturing industries.

November 1982: elected as Governor of California with 49% of the vote.

January 1983: sworn in as Governor.

As Attorney-General he strengthened the crime-fighting role of the office, particularly with regard to narcotics and organised crime, and de-emphasised its role in enforcing environmental protection which he regards as hampering business development. He sponsored over 20 anti-crime bills since 1978.

His approach to the role of the state Attorney-General often involved him in friction with then Governor Jerry Brown. In one controversial case concerning a decision by the Governor on collective bargaining, Deukmejian sued Brown. He lost the case and the state Supreme Court ruled that the Governor had over-riding executive power and that the Attorney-General could not take an adversary position against the Governor in court under the state constitution.

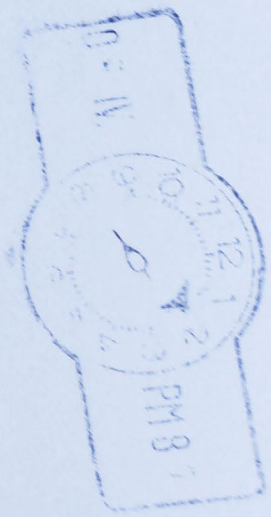
California is one of the richest states of the US and would rank seventh in the world, in terms of GDP, if it were an independent country. Deukmejian is politically influential and is a close friend of President Reagan. He is pledged to cut spending rather than increase taxes. He is an ardent supporter of business development in California and has tried to reduce the number of State Government Regulations. He is more receptive than his predecessor

/to

to offshore oil drilling and nuclear power. His judicial appointments reflect his tough law-and-order stance.

Overwhelmingly re-elected in November 1986 and is often mentioned as a possible Cabinet member in a future Republican Administration and a possible candidate for the Vice-Presidency.

He and his wife, Gloria, have three children.



Foreign and Commonwealth Office

London SW1A 2AH

8 April 1987

Dear Charles,

Call by Governor of California : Unitary Taxation

You asked for a short note on unitary taxation before the Governor of California calls on the Prime Minister on 9 April at 1730.

On 5 September 1986 the Governor signed a bill into California law limiting the use of worldwide unitary taxation to the "water's edge". The Californian legislation will allow companies to elect not to have their Californian tax assessment made on the worldwide unitary basis. However, companies so electing will have to pay an election fee, and the Californian tax authorities will still retain powers to impose the use of worldwide unitary taxation in certain circumstances. We still hope to see further progress in California - particularly removal of the election fee.

The Financial Secretary made a statement on 25 March reaffirming that HMG would not recommend repeal of Section 54 of the 1985 Finance Act. (Under this section the entitlement to tax credits relating to dividends paid by UK subsidiaries could be withdrawn from US parent companies situated in unitary taxation states.) However, he said that these powers would not be applied retrospectively before the end of 1988. We are unlikely to repeal our retaliatory legislation until there is further progress in abolishing unitary taxation in all American states.

Yours ever, Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
No 10 Downing St

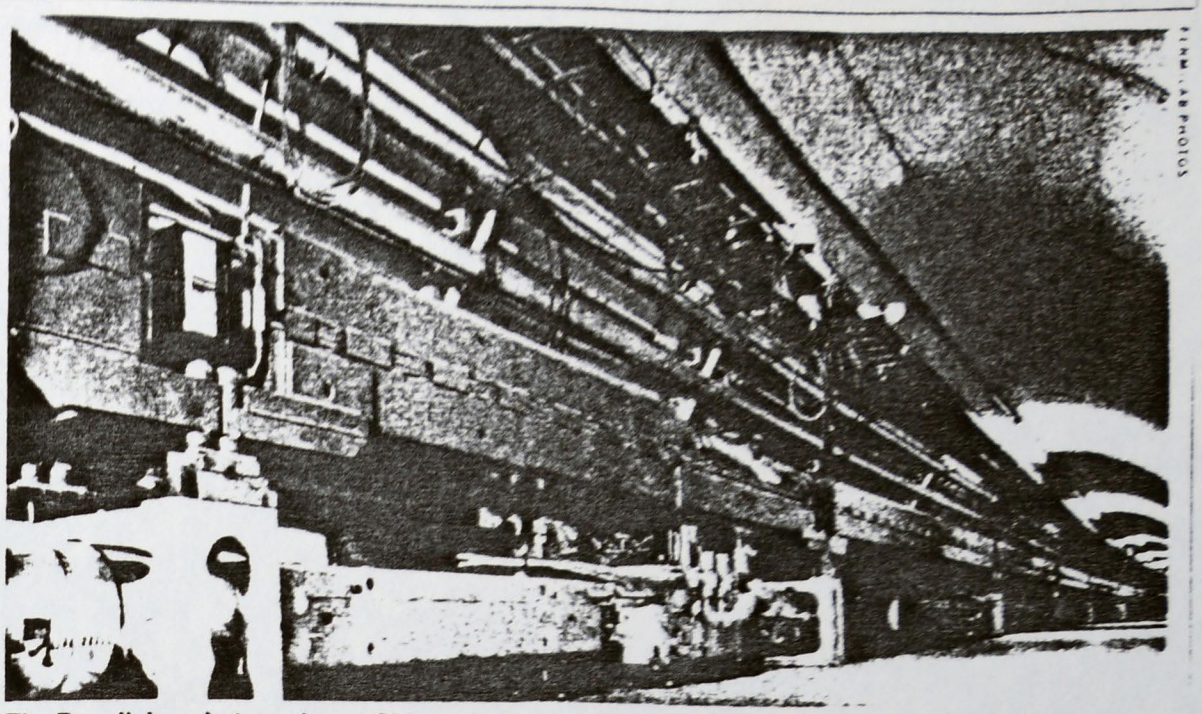
10 DOWNING STREET

2

Prime Minister

The size of the US accelerator has shrunk since the exaggerated first reports. But it is still vast and the cost, $4.4 billion, phenomenal.

DLN
6/4.



FERMILAB PHOTOS

The Fermilab main tunnel near Chicago, with a new yellow ring of superconducting magnets

Super Push for a Supercollider

Site selection begins for the world's biggest accelerator

The underground tunnel will form a giant ring 53 miles in circumference. Streams of subatomic particles traveling at nearly the speed of light will be held on course by huge electromagnets. When one stream of high-speed protons smashes into another stream moving in the opposite direction, the force of the collision will create a host of short-lived particles not seen since the first moments after the Big Bang gave birth to the universe. Physicists are hoping that the appearance of exotic new particles—higgs bosons, squarks and sleptons—will open new vistas of inner space for scientists to study.

At a cost of $4.4 billion, the tunnel would be the priciest scientific instrument ever built. Is it worth it? The answer—from the array of Governors, particle physicists, academicians and university officials lining up for congressional hearings this week to speak in favor of the appropriation of a $36 million down payment for the superconducting supercollider—is yes, yes, 4.4 billion times yes.

Long a dream of the American particle-physics community, an accelerator the size of the proposed SSC would be 20 times as powerful as any now existing. It would dwarf the major U.S accelerators—Fermilab in Batavia, Ill., and another at Stanford University—and would surpass even Europe's CERN collider, near Geneva. Formally endorsed by Ronald Reagan last January, the project is what Energy Secretary John Herrington calls a "momentous leap forward" in the exploration of matter and energy.

To states vying for the collider, the project means more than just a giant subterranean circle with a few buildings topside. After creating jobs at the outset for 4,500 construction workers, the SSC will attract a work fo[rce] of 2,500 scientists, engineers and tec[hni]cians, and provide a lure for federal and private research dollars. Says Syracuse University Particle Physicist Marvin Goldberg: "It's hard to think of a classier project."

The official site-selection process began last week, when the Energy Department issued invitations for proposals. But more than a dozen states had jumped the gun. So far Illinois has spent $4.5 million in developing its proposal for siting the SSC near Fermilab, and California has picked its spot, near Stockton. South Dakota has appropriated $900,000 to land the accelerator. Texas is promoting ten different sites for the tunnel and considering a $1 billion bond issue. Says Texas Governor Bill Clements of the SSC: "It could be bigger than NASA." Particle-physics fans are cropping up in the most unlikely places. In Malone, N.Y., a small town near the Canadian border, 800 people turned out to hear physicists lecture about the project.

The list of serious contenders may be quickly pared by the SSC's requirements: 16,000 acres of donated land, a flow of between 500 and 2,200 gallons of water a minute and up to 250 megawatts of power, as well as accessibility to a major airport, so the world's scientists can fly in and out. According to *Scientific American*, the front runners in the accelerator SSC race appear to be Illinois, California, Texas, Washington, Colorado, Ohio and Utah.

The big bucks for the SSC's little bang still need federal authorization, and there are some doubts in Congress about its affordability. A number of scientists too are wary of spending so much money on a single project. Yet by the Aug. 3 deadline, more than 30 states are expected to submit proposals. The winner will be selected on Jan. 19, 1989, the Reagan Administration's last full day in office. So far, it seems, the mere idea of the SSC has the power of a thousand suns.

—By John S. DeMott. Reported by J. Madeleine Nash/Chicago

With the Compliments
of the
American Embassy

Charles
The attached was
sent to us, to pass
to you by Rick Burks'
wife Gabi, at the
request of Carol P!

25/3 Tonie

Winfield House
Regent's Park
London NW1 4RT.

Telephone:
(01) 262 5594

Gahl Hodges Burt

Irey —

Carol asked that a copy of this be sent to Charles Powell.

We think of you all often!

Gahl

Reagan's Welcome Mat

The Chief Hosts Congressional Freshmen

By Elizabeth Kastor
Washington Post Staff Writer

Reprinted from yesterday's late editions

The jokes were familiar, the conversation relaxed, and politics barely mentioned when President Reagan had the freshman class of Congress over for dinner Tuesday night. His address to the nation in response to the Tower commission report may have been only a day away, but guests found their host remarkably at ease and in "classic form."

"The president was effervescent as usual," Rep. Wayne Owens (D-Utah), who sat at Reagan's table, said after the dinner. "It wasn't like he had serious political problems on his shoulders. He only made one reference—he said he was sick and tired of people saying he was out of touch. I guess he has an uncanny ability to relax, and I don't mean that in a derogatory way."

"I saw him real close during his State of the Union and I sensed tension in his appearance and just in the air," said Rep. James Inhofe (R-Okla.). "Tonight there was none, and he was totally enjoying himself, telling his intimate stories to people who would normally not be intimate with him . . . Normally, he's carted off after an event, but he stayed and visited. I've never seen him more relaxed and totally relieved."

Speaking after dinner, which was closed to the press, Reagan told his guests that he could talk about Central America or the budget or other political issues, "but that would be out of place," as one guest remembered. More serious subjects could wait for Wednesday's television address.

So instead, he turned to the the history of the White House and the ghost of Abraham Lincoln, joking that "it's sort of nice to know there's someone here older than I am."

"He said, 'I might be able to use a little bit of advice from him now,' " recalled Rep. Cass Ballenger (R-N.C.). "It was very upbeat."

Rep. Jack Buechner (R-Mo.) said, "It was people who have lived on the block awhile inviting the new people over."

But for most of the new people, this particular house was something out of the ordinary.

California Republican Wally Herger called the dinner "just certainly one of the highlights of my life," and such euphoria was not uncommon. Newcomers to Washington were delighted by the strolling violin players, the mint soufflé with a chocolate coating decorated with donkeys and elephants, and the president's willingness to stay late and talk to everyone.

"It's hard not to be impressed with the elegance of the White House," said Rep. Tim Johnson (D-S.D.). And while there was "interest in the president—'Does he look strained? What are his remarks?'—at the same time I don't think many people went with the idea anything of substance would actually happen."

Instead, regardless of party, they seemed willing to be charmed, and the few references to political realities were gentle.

"I guess I came the closest," said Owens, "when I said we wished him well and both Democrats and Republicans wanted him to have a strong last two years of his presidency."

Inhofe said, "Even those who are generally partisan Democrats seemed to be relaxed after several weeks of working in a rather hostile and strained environment."

About 110 guests, including Vice President Bush, House Speaker Jim Wright and House Minority Leader Bob Michel, dined on seafood mousse and veal. Nancy Reagan was seated at the same table as Rep. Fred Grandy (R-Iowa) of "Love Boat" fame. At her husband's table, talk was of football and the president's early years in politics, and Reagan wished a happy birthday to Patricia Lott, wife of Republican Minority Whip Trent Lott of Mississippi.

After dinner, Sen. Kent Conrad (D-N.D.) introduced his wife to the president, saying she had helped run his campaign. "Oh, *that's* how you won!" Reagan responded, and then told a story about British Prime Minister Margaret Thatcher, whom he called "the other woman in my life."

"He said that at a meeting, [then] Canadian Prime Minister Trudeau said some pretty rough things to Maggie Thatcher, and he talked to her about it after," Conrad recalled. " 'Oh, that's nothing!' she said. 'We women know when men are acting foolish.' "

Conrad and several other guests, most of them Democrats, believed First Lady Nancy Reagan appeared a little less at ease than her husband. "She seemed very tense and drawn," said Conrad. "As the president was telling stories, she was standing by his side, trying to get him out of there. He stayed quite late by White House party standards—we were still there at almost 10:30."

But others—of both parties—noticed no signs of tension when speaking to Nancy Reagan.

"The first lady's taking a bit of heat right now—she mentioned reading the papers and that she was taking a good deal of heat," said Herger, referring to comments on Nancy Reagan's involvement in the removal of former chief of staff Donald T. Regan. "I for one commended her for doing what most of us felt needed to be done, for being probably the president's greatest ally. She seemed to be very appreciative."

On his second day on the job, Chief of Staff Howard Baker appeared at his table after everyone else had been seated, made his excuses and left.

"He was clearly preoccupied," said Conrad, who was seated at Baker's table along with Wright. "He asked the speaker for permission to be excused. He said something had come up that needed to be dealt with immediately."

Owens said that when Baker left, the president commented, " 'I guess the fact he's working means I can stay,' and he joked about the difference between management and labor."

Cristina Del Sesto, Moira Mulligan and Alex Stoll also contributed to this story.

3/5/87

Poland's Fine String Ensemble

Reprinted from yesterday's late editions

Despite its imposing name, the Polish Chamber Philharmonic Orchestra consists of a mere 19 string players. But every member of this youthful ensemble is a totally committed musician. Under founder and conductor Wojciech Rajski they played with the unanimity, balance and freedom of a fine string quartet. Rajski conducts without a score or a podium, using a broad, generous beat that seems to draw the best out of each individual player.

The program at the Terrace Theater Tuesday night was singularly nonchauvinistic. The only Polish composer represented was one Felix Janiewicz, an obscure contemporary of Mozart whose brief divertimento sounded flimsy, coming as it did after a masterly divertimento by Mozart himself, the D Major, K. 136.

Another Mozart work, the Piano Concerto No. 14, was less successful. It was performed without the oboes and horns that are part of the original orchestration, and soloist Alexander Peskanov, playing on a huge Baldwin concert grand, overpowered the modest string accompaniment.

Peskanov, a dazzling technician, was more in his element in Franz Liszt's flamboyant "Malédiction" for Piano and Strings and in an intricate encore of his own composition.

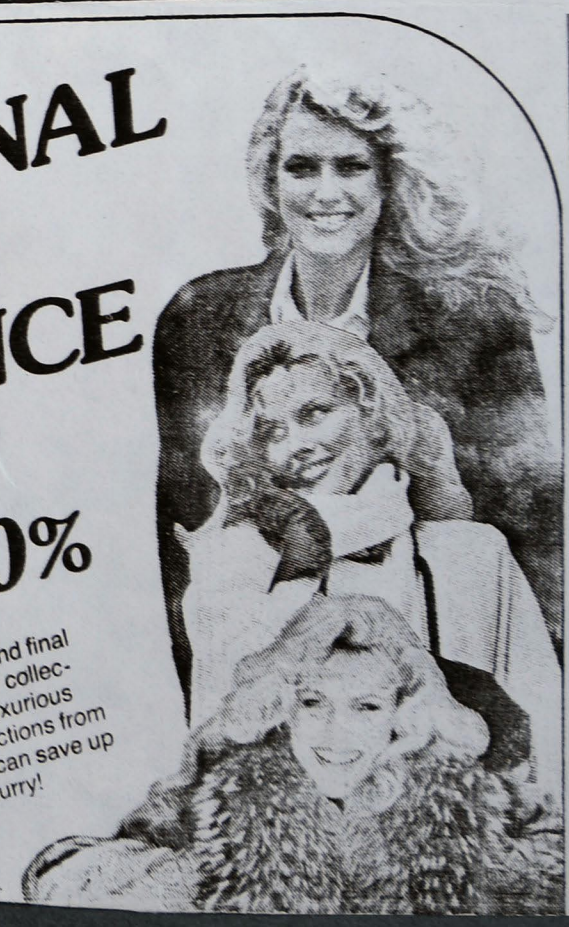
The program concluded with a radiant account of Dvorak's Serenade in E for Strings.

—David Johnson

SENSATIONAL FINAL CLEARANCE SALE!

Save up to 60%

This is our biggest sale of the season! You'll find final clearance prices on Coat World's entire winter collection . . . imported wools, spectacular suedes, luxurious cashmeres, cozy downs, and, best of all, selections from our new Fur and Leather Boutique! Now you can save up to 60% off our regular low, low prices . . . but hurry!



FOR TEN
SAL
FER
2
MARC
Choo
grou
Salv
boutiq
trav
Your 25
will

CLPC

MK/CON20

CONFIDENTIAL

PRIME MINISTER

Prime Minister (2)
Lord Young's report on his visit to the US. See in particular the last paragraph on page 2: unemployment benefits. CDP 20/3

VISIT TO THE UNITED STATES 5 - 11 MARCH

I visited the United States principally to look further at the Administration's policies on enterprise and deregulation.

My programme included meetings with George Bush, Ed Meese, Bill Brock and Mac Baldridge. I also met the Chairman of the Council of Economic Advisers, the Director of the Office of Management and Budget and a range of small business organisations. In the event, I met about a third of the Cabinet in just over two days.

The Vice President and members of the Administration conveyed a general optimism about continuing economic and employment growth in the US despite continuing concern about their budget and trade deficits. As Paul Channon found, pressures from Congress for protection to close the trade deficit are mounting and there are increasingly strong feelings about Japan. In an attempt to counter these pressures the President has launched a "Competitiveness Initiative" headed by George Bush which includes deregulation and proposals to improve basic skills, schools standards, literacy and, at the same time, seeks unemployment insurance and employment service reforms.

Both Government and Industry continue to give high priority to providing the maximum freedom for small firms to be formed and

to grow. On the other hand there are currently some pressures from Congress to move in the opposite direction through the introduction of paternal leave and an increase in the existing statutory minimum wage.

There was considerable interest in our success in privatisation, especially in the encouragement we have been able to give to small share holders. There was also continuing interest both inside and outside government in the Enterprise Allowance Scheme.

The major concern of the small firms sector was product liability insurance and the loss of tax allowances arising from simplification and tax rate reductions. The Small Business Administration now seems secure but a poll which was published during our visit suggested that only 12% of small firms favoured the retention of the SBA. There is a well-informed small firms lobby and the representative bodies I met were impressive.

The US perceptions of our economy have clearly been changing and there was a good deal of admiration both within the Administration and industry for the sustained growth which we are achieving. However, we still have some way to go in convincing them that the industrial relations climate in the UK has also changed.

They also continue to be amazed at our benefit arrangements and personal tax rates. The Administration believe that the payment of unemployment insurance for six months only is the main reason why long-term unemployment is not a significant problem in the States since people are prepared to lower their wage expectations in order to get back into work.

It was clear from the visit that there is much to be gained from a continuing exchange of views and experience with the US on employment, deregulation and enterprise policies. We have many common problems but it is interesting to see the different policies which are being deployed to tackle them. I picked up some useful ideas in the course of my visit but I was reassured to find that we are ahead of the US in many other respects.

Finally, I should pay tribute to the Ambassador and his staff and the Consulate-General in New York for arranging such a full and stimulating programme. The support I received during my visit was first class and I was impressed by the depth of the knowledge of our people in the US.

I am sending copies of the minute to Sir Geoffrey Howe, Paul Channon and Kenneth Clarke.

DY

19 March 1987

20. III. AM 87

GRS 2000

CONFIDENTIAL

CONFIDENTIAL
FM WASHINGTON
TO IMMEDIATE FCO
TELNO 604
OF 192315Z MARCH 87
INFO PRIORITY UKREP BRUSSELS, UKMIS GENEVA, UKDEL OECD, OTTAWA
INFO PRIORITY PARIS

Summary only

VISIT BY MR JOPLING TO THE US, 15-18 MARCH 1987.

SUMMARY

1. MR JOPLING'S DISCUSSIONS IN WASHINGTON DOMINATED BY HANDLING OF AGRICULTURAL IN MULTILATERAL NEGOTIATIONS. YEUTTER WARNS OF INEVITABILITY OF A SUBSIDY WAR IF AGREEMENT IS NOT REACHED ON AGRICULTURE, IN A MINIPACKAGE OR SEPARATELY, BY 1989. LYNG HOWEVER ADMITS THAT US WILL STAY THE COURSE FOR HOWEVER LONG IT IS NECESSARY. EMPHASIS ON IMPORTANCE OF OECD MINISTERIAL AND ECONOMIC SUMMIT IN PROMOTING IMPETUS WITH WALLIS SUGGESTING PRIOR US-UK CONSULTATIONS. USTR AND STATE ENTHUSIASTIC ABOUT USE OF PRODUCER SUBSIDY EQUIVALENTS (PSES) IN GATT : USDA SUPPORT, BUT PERHAPS MORE SCEPTICALLY. SOME ACKNOWLEDGEMENT OF EC SUCCESS IN CURBING EXCESSES OF COMMON AGRICULTURAL POLICY (CAP), AND ADMINISTRATION ACCEPT THAT FARM LOBBY AND CONGRESS WILL PREVENT NECESSARY REDUCTIONS IN DOMESTIC SUPPORT PAYMENTS IN ADVANCE OF MULTI-LATERAL ACTION IN GATT. INEVITABLE CONCERN ABOUT OILS AND FATS TAX : GRATITUDE FOR UK OPPOSITION.

2. ALL DETAIL BELOW, EXCEPT OILS AND FATS ON WHICH WE HAVE REPORTED SEPARATELY (OUR TELNO 594.

DETAIL

3. MR JOPLING VISITED INDIANA ON 16 MARCH WHERE HE MET THE LIEUTENANT GOVERNOR AND LEADERS OF THE LOCAL FARMING COMMUNITY, VISITED THREE FARMS AND HAD A FLEETING TOUR OF THE RESEARCH FACILITIES OF THE ELI LILLY PHARMACEUTICAL COMPANY. HE SPENT 17 AND 18 MARCH IN WASHINGTON WHERE HE MET YEUTTER (USTR), LYNG (USDA), WALLIS (STATE), SENATORS LEAHY AND LUGAR (RESPECTIVELY CHAIRMAN AND RANKING MINORITY MEMBER OF THE SENATE AGRICULTURE COMMITTEE), CONGRESSMEN FOLEY AND DE LA GARZA (RESPECTIVELY HOUSE LEADER AND HOUSE AGRICULTURE COMMITTEE CHAIRMAN) AND SENIOR OFFICIALS OF THE AMERICAN FARM BUREAU FEDERATION, THE US FEED GRAINS COUNCIL, THE NATIONAL CORN GROWERS ASSOCIATION AND THE WHEAT GROWERS ASSOCIATION. MR JOPLING DELIVERED SPEECHES IN INDIANAPOLIS AND TO THE COMMODITY CLUB IN WASHINGTON AND IN THE LATTER PUBLICLY ENDORSED THE OECD PSE WORK AS WELL AS RESTATED UK OPPOSITION TO AN OILS AND FATS TAX.

AGRICULTURAL SUPPORT

4. MR JOPLING EXPLAINED THE STEPS WHICH HAD BEEN TAKEN IN THE COMMUNITY TO CUT SUPPORT PRICES AND REDUCE PRODUCTION, AND THE PAINFUL ADJUSTMENTS THAT FARMERS WERE HAVING TO MAKE. THERE WAS A GENERAL RECOGNITION OF THE SIGNIFICANCE OF THESE CHANGES IN THE CAP, ALTHOUGH DE LA GARZA (CHAIRMAN, HOUSE AGRICULTURE COMMITTEE) VOICED A WIDER US PERSPECTIVE IN POINTING OUT THAT THE MAJOR REFORMS AGREED LAST DECEMBER WERE IN SECTORS (MILK AND BEEF) WHERE THE US AND THE EC DID NOT COMPETE TO ANY EXTENT ON WORLD MARKETS.

5. THE FARMERS' ORGANISATIONS STRESSED THAT THEIR MEMBERS, TOO, WERE MAKING SACRIFICES. THIS YEAR ABOUT 72 MILLION ACRES OF ARABLE LAND WOULD BE TAKEN OUT OF PRODUCTION, MORE THAN UNDER THE PAYMENT-IN-KIND (PIK) PROGRAMME OF 1983. THIS REFLECTED VERY HIGH RATES OF PARTICIPATION IN THE FEDERAL SUPPORT PROGRAMMES (AS A CONDITION OF WHICH A PROPORTION OF LAND MUST BE IDLED), ATTRACTIVE LAND DIVERSION PAYMENTS FOR CORN GROWERS AND PARTICIPATION IN THE LONG-TERM CONSERVATION RESERVE. BUT SIGNIFICANT REDUCTIONS IN THE LEVELS OF SUPPORT, AS PROPOSED BY THE ADMINISTRATION, WOULD HAVE TO WAIT UNTIL PROGRESS HAD BEEN MADE IN THE GATT. BOTH YEUTTER AND LYNG ACKNOWLEDGED THIS WHEN THEY SAID THAT UNTIL SUCH PROGRESS HAD BEEN MADE EXPENDITURE ON AGRICULTURAL SUPPORT IN ALL COUNTRIES, INCLUDING THE US, WOULD REMAIN HIGH (SEE PARAGRAPHS 7 AND 8 BELOW). THE SENATORS AND CONGRESSMEN ALL CONFIRMED THAT THE ADMINISTRATION'S PROPOSALS TO REDUCE TARGET PRICES WOULD NOT FLY. MR JOPLING'S ADMINISTRATION INTERLOCUTERS CLEARLY ACCEPTED THIS AS A POLITICAL REALITY. ALL RECOGNISED THE PROBLEM POSED BY THE GROWTH OF PRODUCTIVITY AND OUTPUT IN LDCS : THE US WOULD BE LOOKING TO RISING GNPS ESPECIALLY IN THE NICS TO PROVIDE THE NECESSARY EXPORT MARKETS.

OECD/ECONOMIC SUMMIT

6. ALL MR JOPLING'S ADMINISTRATION INTERLOCUTORS STRESSED THE IMPORTANCE OF USING THE OECD MINISTERIAL IN MAY AND THE ECONOMIC SUMMIT IN JUNE TO MAINTAIN THE MOMENTUM OF THE INTERNATIONAL DEBATE ON AGRICULTURAL REFORM. YEUTTER AND AMSTUTZ (USDA) HOPED THAT THE OUTCOME OF THESE MEETINGS WOULD BE A FIRM COMMITMENT TO A COMPREHENSIVE NEGOTIATION ON AGRICULTURE IN THE GATT. ON THE APPLICATION OF PSES TO THE GATT ROUND, WALLIS THOUGHT THAT THE US SHOULD CONSULT THE UK (AND CANADA) ON THE CONCLUSIONS OF THE MINISTERIAL MEETING. HE ALSO REFERRED TO PAYE'S IDEA OF A HIGH LEVEL MEETING ON AGRICULTURE BEFORE THE NEXT OECD EXECUTIVE COMMITTEE (ECSS) MEETING, BUT DID NOT COMMENT.

GATT

7. ON THE TIMETABLE FOR THE NEGOTIATIONS ON AGRICULTURE THE ADMINISTRATION HAD, IN ITS PUBLIC STATEMENTS, SUBSTITUTED THE TERM QUOTE EXPEDITIOUS TREATMENT UNQUOTE FOR QUOTE FAST TRACK UNQUOTE, LARGELY IN ORDER TO APPEASE THE FRENCH. YEUTTER SAID THAT THE US WOULD BE LOOKING FOR INTENSIVE NEGOTIATIONS NEXT YEAR WITH A VIEW TO REACHING CONCLUSIONS AFTER THE 1988 ELECTIONS IN FRANCE, CANADA AND THE US WHEN THERE WOULD BE A POLITICAL WINDOW OF OPPORTUNITY. THE RESULTS COULD BE PHASED IN

CONFIDENTIAL

/OVER.

OVER A PERIOD OF 10-12 YEARS. HE CLAIMED THAT THE FRENCH PRIVATELY ENDORSED THIS TIMETABLE. MR JOPLING AGREED THAT THE NEGOTIATIONS SHOULD PROCEED AS EXPEDITIOUSLY AS POSSIBLE BUT POINTED OUT THAT THERE WOULD BE SOME WHO WOULD ONLY WANT TO REACH DECISIONS ON AGRICULTURE IN THE CONTEXT OF THE WIDER GATT NEGOTIATIONS. YEUTTER ACKNOWLEDGED THIS AND SAID THAT THE ADMINISTRATION WAS ASSESSING THE PROSPECTS FOR A QUOTE MINI PACKAGE UNQUOTE INVOLVING AGRICULTURE EITHER ALONE OR IN COMBINATION WITH OTHER (UNSPECIFIED) ISSUES. ONE WAY OR THE OTHER EARLY PROGRESS ON AGRICULTURE WAS ESSENTIAL : IF NOT, COUNTRIES, INCLUDING THE US, WOULD BE FORCED TO SPEND EVER-INCREASING AMOUNTS ON AGRICULTURAL SUPPORT. CONGRESSIONAL DETERMINATION THAT THE US MUST REGAIN LOST MARKET SHARE WOULD BE TRANSLATED INTO LEGISLATION AND CONGRESS WOULD BE PREPARED TO SPEND BILLIONS.

8. YEUTTER'S ROBUSTNESS WAS NOT FULLY REFLECTED IN THE REMARKS OF LYNG, WHO WHILE ENDORSING THE NEED FOR EARLY PROGRESS, SAID THAT THE US WOULD STAY THE COURSE IN THE GATT NEGOTIATIONS HOWEVER LONG IT TOOK, (ALTHOUGH HE REMARKED THAT THIS WOULD STRAIN AGRICULTURAL BUDGETS), OR WALLIS, WHO ACKNOWLEDGED THAT IT WOULD BE DIFFICULT TO DEAL WITH AGRICULTURE IN ISOLATION IN THE NEGOTIATIONS. NOR WAS THERE ANY INDICATION FROM MR JOPLING'S INTERLOCUTORS ON THE HILL THAT CONGRESS WOULD TAKE MATTERS INTO ITS OWN HANDS IF IT PERCEIVED THAT THE URUGUAY ROUND WAS FALTERING. THE FARM ORGANISATIONS WERE NOT OPTIMISTIC THAT THERE WOULD BE EARLY PROGRESS ON AGRICULTURE AND EXPRESSED CONCERN THAT THE EC WAS STILL HOLDING BACK ON WHAT IT WAS PREPARED TO NEGOTIATE ABOUT, WHEREAS THE US HAD PUT EVERYTHING ON THE TABLE : THIS WAS HAVING A BAD EFFECT ON OPINION HERE.

9. THERE WAS AGREEMENT AMONG THOSE WHOM MR JOPLING MET THAT THERE SHOULD BE A COMPREHENSIVE NEGOTIATION ON AGRICULTURE COVERING ALL ASPECTS OF AGRICULTURAL SUPPORT, INCLUDING THE US WAIVER AND THE HIGHLY PROTECTED JAPANESE MARKET. YEUTTER INSISTED THAT THE AUSTRALIANS AND OTHER SO-CALLED NON-SUBSIDISING NATIONS WOULD HAVE TO MAKE THEIR CONTRIBUTION TO REDUCING WORLD SURPLUSES. THE FARM BUREAU CLAIMED HOWEVER THAT EVEN IF THE WAIVER WERE ELIMINATED THE US MIGHT BE ABLE TO MAINTAIN SOME IMPORT QUOTAS UNDER OTHER ARTICLES OF THE GATT.

10. YEUTTER WAS VERY ENTHUSIASTIC ABOUT THE USE OF PSES IN THE GATT NEGOTIATIONS. THEY WERE THE BEST AVAILABLE YARDSTICK FOR MEASURING AND COMPARING INDIVIDUAL COUNTRIES' LEVELS OF SUPPORT AND THEY COULD MAKE AN IMPORTANT CONTRIBUTION TO PROGRESS ON AGRICULTURE IN THE NEW ROUND. HE STRESSED, HOWEVER, THAT THE NEGOTIATIONS MUST BE KEPT SIMPLE AND THAT COUNTRIES MUST HAVE THE FLEXIBILITY TO DECIDE FOR THEMSELVES HOW TO REDUCE SUPPORT IN ORDER TO REACH AGREED GOALS. WALLIS, TOO, WAS KEEN TO SEE THE OECD WORK USED IN THE GATT. AMSTUTZ, WHILE NOT DISMISSING PSES, TOLD US PRIVATELY THAT HE COULD NOT UNDERSTAND YEUTTER'S ENTHUSIASM FOR THEM. ALTHOUGH AMSTUTZ SAID THAT HE BELIEVED LYNG SHARED HIS RESERVATIONS, THE AGRICULTURE SECRETARY IN THE EVENT DISPLAYED NO SUCH DOUBTS WHEN ASKED ABOUT USING THE OECD WORK

CONFIDENTIAL

/INS

IN THE GATT NEGOTIATIONS. SINCE THIS WORK HAS NOT YET BEEN PUBLISHED OTHERS WHOM MR JOPLING MET WERE UNSIGHTED ON THE SUBJECT.

HORMONES

11. AMSTUTZ HOPED THAT THE COMMUNITY WOULD EXTEND THE IMPLEMENTATION DATE FOR THE BAN ON HORMONE GROWTH PROMOTERS TO ALLOW FOR FURTHER TECHNICAL DISCUSSIONS WITH THIRD COUNTRY SUPPLIERS. THERE WAS NO SCIENTIFIC JUSTIFICATION FOR THE BAN, A POINT WHICH THE COMMISSION WERE CLEARLY UNABLE TO REBUT BUT WERE PREPARED TO DISMISS. THE US WOULD NEITHER BAN THE USE OF HORMONES DOMESTICALLY, NOR BE IN A POSITION TO CERTIFY THAT EXPORTS OF MEAT TO THE EC CAME FROM UNTREATED ANIMALS. MR JOPLING POINTED OUT THAT THE UK HAD OPPOSED THE BAN RIGHT TO THE BITTER END. BUT NOW THAT IT HAD BEEN IMPLEMENTED IN THE UK HE WOULD RESIST ANY MOVES TO PERMIT TREATED MEAT TO CONTINUE TO ENTER THE COMMUNITY AFTER 1 JANUARY 1988. HIS USDA AUDIENCE WERE SOMEWHAT TAKEN ABACK WHEN MR JOPLING ADDED THAT THIS APPLIED EQUALLY TO POSTPONEMENT, WHICH WOULD PLACE THOSE FARMERS WHO HAD ALREADY STOPPED TREATING THEIR CATTLE TO FALL IN WITH THE DIRECTIVE AT A COMPETITIVE DISADVANTAGE. JUDGEMENT IN THE ECJ CASE WOULD PROBABLY NOT BE UNTIL AFTER THE SUMMER, BUT EVEN IF THE UK WERE SUCCESSFUL AND THE BAN RESCINDED THE COMMISSION WOULD PROBABLY TABLE ANOTHER PROPOSAL STRAIGHT AWAY, WHICH UNDER THE SINGLE EUROPEAN ACT COULD IN ANY EVENT BE ADOPTED BY QUALIFIED MAJORITY. MR JOPLING WAS NOT ASKED HOW THE UK WOULD VOTE.

US TRADE LEGISLATION

12. YEUTTER SAID THAT THERE WAS STILL A LONG WAY TO GO, BUT HE HAD BECOME MORE CONFIDENT, WITH THE IMPROVEMENTS IN THE ROSTENKOWSKI/GIBBONS VERSION OF HR3 (THE HOUSE BILL) THAT CONGRESS WOULD PASS A TRADE BILL WHICH THE PRESIDENT WOULD BE ABLE TO SIGN. GIVEN THAT GEPHARDT WAS THE HOUSE DEMOCRAT PRESIDENTIAL CANDIDATE THEY WOULD NO DOUBT GIVE HIM BACK HIS AMENDMENT IN A FORM WHICH THE ADMINISTRATION COULD NOT ACCEPT. THE ADMINISTRATION WOULD THEN TRY TO BLOCK IT IN THE SENATE. MANY OF THE UNPALATABLE PROVISIONS IN THE BENTSEN BILL IN THE SENATE WERE, IN YEUTTER'S WORDS, QUOTE TRADING STOCK UNQUOTE. HE PRAISED THE LOBBYING EFFORTS OF THE EC AND HOPED THAT WE WOULD KEEP UP THE PRESSURE. HOUSE MAJORITY LEADER TOM FOLEY (D-WASHINGTON) ALSO THOUGHT THAT THERE WAS A GOOD PROSPECT OF A REASONABLE TRADE BILL EMERGING FROM CONGRESS.

COMMENT

13. MR JOPLING WAS VERY WARMLY RECEIVED BOTH IN INDIANA AND WASHINGTON, WITH EVIDENT FRIENDSHIP FOR THE UK AND GENUINE APPRECIATION OF THE PART PLAYED BY THE UK IN HELPING SETTLE THE ENLARGEMENT DISPUTE, LAUNCH THE GATT NEGOTIATIONS ON AGRICULTURE, CURB THE EXCESSES OF THE CAP AND KILL THE OILS AND FATS TAX. THE DAY IN INDIANA GAVE MR JOPLING A RARE OPPORTUNITY TO EXPLAIN AT GRASS ROOTS LEVEL IN AN IMPORTANT FARMING STATE THE PROGRESS BEING MADE IN THE COMMUNITY TO REDUCE AGRICULTURAL SURPLUSES. HIS INTERLOCUTORS WERE RECEPTIVE AND, WHILE HE WILL

CONFIDENTIAL

/NOT

NOT HAVE DISPELLED ALL THEIR MYTHS ABOUT THE CAP, HE CERTAINLY GAVE THEM PLENTY OF FOOD FOR THOUGHT.

14. THE ATMOSPHERE IN WASHINGTON SEEMED RATHER MORE RELAXED THAN WHEN MR JOPLING WAS HERE A YEAR AGO, REFLECTING THE FACT THAT WE AND THE AMERICANS SEE EYE TO EYE ON ALMOST ALL AGRICULTURAL ISSUES. THE ADMINISTRATION'S STRONG SUPPORT ON PSES IS ENCOURAGING, EVEN THOUGH SOME IN USDA STILL HAVE RESERVATIONS. WE HAVE THE OPPORTUNITY TO WORK CLOSELY WITH THE US IN THE PREPARATIONS FOR THE OECD MINISTERIAL AND THE VENICE ECONOMIC SUMMIT. YEUTTER'S WARNING ABOUT THE POSSIBLE CONSEQUENCES OF FAILING TO MAKE EARLY PROGRESS ON AGRICULTURE IN THE GATT WAS A SCARE-MONGERING PREDICTION ABOUT CONGRESS RATHER THAN A STATEMENT OF POLICY. IT IS A POSSIBLE SCENARIO, BUT THE DETERMINATION OF THE OTHERS TO GO FOR AGREEMENT AND AVOID DISASTROUS CONFRONTATION WAS ENCOURAGING. THE ADMINISTRATION IS CLEARLY COMING TO ACCEPT IN PRACTICE AS WELL AS IN THEIR RHETORIC THAT, DESPITE THE BUDGETARY PRESSURES, IN THE ABSENCE OF AN AGRICULTURAL SETTLEMENT IN THE GATT REFORM OF US FARM SUPPORT WILL NOT BE POSSIBLE : THE FARM LOBBIES THEMSELVES MADE NO SECRET OF THEIR DETERMINATION TO HANG ON TO PRESENT LEVELS OF DOMESTIC FARM SUPPORT OR OF THEIR EXPECTATION OF SUCCESS IN DOING SO UNTIL THE PRESENT FARM BILL EXPIRES IN 1990.

15. FCO PLEASE ADVANCE TO PS/MR JOPLING, SIR MICHAEL FRANKLIN, ANDREWS AND COCKING (MAFF).

ACLAND

YYYY

ORWBAN 0420

NNNN

FRAME EXTERNAL/AGRICULTURE
ECD (E)

[ADVANCED AS REQUESTED]

CONFIDENTIAL

VR
DE PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 March 1987

Governor of California

The Prime Minister has agreed to see Mr. Deukmejian, the Governor of California, for half-an-hour on Thursday 9 April at 1215. I should be grateful if you could confirm with Mr. Deukmejian that this is convenient and provide briefing for this meeting.

(CHARLES POWELL)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

CCPC

Foreign and Commonwealth Office

London SW1A 2AH

17 March 1987

CDP 17/3

Dear Charles,

US Congressional Delegation

Thank you for your letter to Robert Culshaw of 9 March.

The Foreign Secretary does not think it necessary for the Prime Minister to receive Congressman Fascell and the House Foreign Affairs Committee. Although they are an important body they are transitting the UK rather than making a specific visit here, and they have not so far given the US Embassy any particular reason for wanting to see the Prime Minister: nor have they asked for any other calls in the UK, except a briefing meeting in the US Embassy itself.

Lady Young will offer to see them on the morning of 16 April for an hour or so, with officials. The Foreign Secretary believes this would be sufficient.

Yours ever,

Tony Galsworthy

(A C Galsworthy)
Private Secretary

C D Powell Esq
10 Downing Street

VSA

RELATIONS

OT S

ADDRESS TO THE EUROPEAN-ATLANTIC GROUP

ON THE OCCASION OF THE FORTIETH ANNIVERSARY OF THE TRUMAN DOCTRINE

AMBASSADOR CHARLES H. PRICE, II

March 12, 1987

ADDRESS BY

AMBASSADOR CHARLES H. PRICE, II

to

THE EUROPEAN-ATLANTIC GROUP ON THE OCCASION OF THE FORTIETH ANNIVERSARY OF THE TRUMAN DOCTRINE

London

Thursday, March 12, 1987

Lord Layton; Lord Chalfont; distinguished members of the European-Atlantic Group; ladies and gentlemen:

I am deeply honored to speak here tonight on this, the fortieth anniversary of the Truman Doctrine. I thank you for your presence and I thank your prestigious organization for the kind invitation.

The European-Atlantic Group, for over thirty years, has promoted deeper understanding between the Western democracies and, in the process, made our alliance stronger and more vibrant. For these contributions to our welfare, we, and indeed free peoples everywhere, are in your debt.

I was in my adolescence when, a few miles away in Fulton, Missouri, Winston Churchill proclaimed in a memorable metaphor that an "Iron Curtain" had fallen across the European continent. I was a year and a week older when Harry Truman, before a joint session of Congress, enunciated the policy that bears his name and that took its inspiration, in part, from Churchill's prophetic warning.

I later went on to study at the University of Missouri, serve in the Air Force, and then pursue a career that took me into business and banking. To the extent that I thought about the Truman Doctrine at all, I thought about it in the most general terms.

But times change, and so do our professions. In 1981 I became an ambassador in Europe. In the six years since then, I have thought often about the Truman Doctrine, its origins, execution, and repercussions. Unfortunately, I was not, like Dean Acheson, "Present at the Creation." I therefore cannot claim any special insight into its genesis. But, as an ambassador in

Brussels and London, I have lived with, and studied, the Truman Doctrine's current relevance.

Tonight I would first like to discuss that precise topic: the validity of the Truman Doctrine forty years after its proclamation. Then, I would like to look at a couple of factors that, if allowed to take hold, could undermine Western cohesion, the Doctrine's keystone.

As a proud native of Missouri, though, I want to begin by discussing my state's most famous son, Harry S. Truman.

If you visit Missouri, you will notice that the license plates carry the state's simple slogan: "Show me." If ever a Missourian embodied that succinct and sassy sentiment, it was Harry Truman.

Tough and blunt, given to salty language and fits of temper, Harry Truman guided the United States and, to a lesser degree, the free world through the perilous post-war period. He came to America's highest office upon the death of his predecessor, Franklin D. Roosevelt, and a day later said with characteristic candor that he felt as if "the moon, the stars, and all the planets" had fallen on him.

Truman, however, quickly asserted himself. He declared his intentions, defined his territory, and defended his positions. He designed a domestic agenda, called the "Fair Deal," that addressed the needs of post-war America. He articulated a foreign policy that changed radically, and forever, America's approach to international affairs.

Although the only American president this century who did not attend a university, Truman had a sophisticated knowledge of politics and history. He served twelve years in the Senate and avidly read the great historians. This experience and knowledge, however, never interfered with his direct manner ofspeech. He liked to say, "The buck stops here," and, "If you can't stand the heat, get out of the kitchen."

Tom Pendergast, the political boss who sponsored Truman early in his career, called Harry "the honestest cuss in Missouri." The years did nothing to temper his crustiness. When Oxford made him an "ancient fellow" in 1956, Truman came to Britain for an extensive visit. He went to Parliament, where the almost palpable sense of democracy and history profoundly moved him.

The speeches, however, did not. After listening to one, he pronounced it "as longwinded and boresome as any U.S. Senator might make in a filibuster." Then, turning to his travelling party, he commented: "So you see how and from whom we inherited that procedure."

This frankness endeared him to his British hosts. At the annual Pilgrims Dinner, Lord Halifax, the chairman, paid him a fine British compliment. "In homely language, Mr. Truman," Lord Halifax said, "we in this room feel that you are the sort of chap with whom we would be quite happy to go tiger-hunting."

Truman inspired that kind of confidence. His countrymen admired him, his allies trusted him, and his foes respected him. All knew where he stood, and why, because the principles that animated Harry Truman were obvious.

He believed implicitly in democracy and in self-determination. He had enormous regard for the individual and for individual liberty. He knew instinctively that the people, given the opportunity, could, and would, govern wisely. All that he said contemplated these values, all that he did reflected these beliefs.

When small Marxist parties, with the connivance of the Red Army, began to usurp power throughout Eastern Europe, and when a communist insurgency imperiled Greece, Truman acted. On March 12, 1947, he appeared before Congress to ask for four-hundred million dollars to aid Greece and Turkey. At the same

time, he requested that American troops be stationed in Europe.

Although he did not mention the Soviet Union by name, he attacked its system of government. He framed his speech in ideological terms, contrasting democracy with communism. He argued that the one was based on "free institutions" and "individual liberty." The other rested "upon the will of a minority forcibly imposed upon the majority."

If the democratic nations were to realize their objective of a safe world, he continued, they must be "willing to help free peoples to maintain their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes." That brief statement captured the essence of what was to become known as the Truman Doctrine.

Congress approved the aid bill on May 15, 1947, and a week later the President signed it into law. The United States sent 250 million dollars to Greece and this, in part, led to the defeat of the communist rebellion.

But the Truman Doctrine had much broader ramifications. It marked the end of American isolationism during peacetime and irrevocably committed the United States to an international role, including the defense of Europe.

Within two years of Truman's seminal speech, the United States launched the Marshall Plan, participated in the Berlin airlift, and became a founding member of NATO. These actions served to blunt communist aggression in Europe and helped to rebuild the devastated economies of America's allies. We, the Europeans and Americans, came together in a democratic alliance of democratic nations. Although mindful of the dangers we then confronted, we had no idea of the long-term implications of our decision.

We are now four decades later. History has rendered its verdict, and it has found in our favor. We took the right course, made the right choice. We, the Western democracies, beginning in those confused and uncertain years, embarked upon a period of unprecedented prosperity, enduring peace, and expanding freedom. We owe these successes, and much more, to the policies of the late 1940s and to the courage of the men who articulated them.

Recently, though, some in our countries seem to have lost sight of those achievements. They tend to be young, born during or after the Second World War, and they assume peace, prosperity, and freedom to be the natural state of affairs. For them, the Soviet occupation of Eastern Europe after the last war, the brutal extinction of reformist regimes in Hungary and Czechoslovakia, the suppression of an independent labor movement in Poland, and the invasion of Afghanistan are merely the stuff of an academic exercise, far removed from their pleasant lives. Content and complacent, they seek no discomfiting evidence to the contrary. They see no remote threat, they hear no distant thunder.

The thunder, to be sure, is muted, less menacing than the deafening rumbles that rolled across Europe after the last war. But it still threatens. For so long as the Soviet Union remains hostile to our liberal values, we must maintain our vigilance. Until such time as the Soviets, their allies and their client states, forswear the Leninist tenet of territorial expansion, we must be on our guard.

Yes, we have taken note of Mr. Gorbachev's reforms in the Soviet Union. We welcome them and sincerely hope they are genuine. If they are genuine, if they continue, and if the Soviets profoundly change their international behavior, we will readily reassess our relationship with them. Only time, however, can prove

their real intentions, only the future can confirm our present hopes.

For today, we must deal with reality, a reality that any objective analysis must find sobering. The Soviet navy continues to expand, adding capital ships and submarines at an alarming rate. Sophisticated arms of every description pour into the Red Army, a force that bases 70 percent of its manpower in Europe. Military research, development, and manufacturing claim an enormous share of the Soviet gross domestic product and this, despite internal reforms, gives no sign of abating.

Even a cursory review of the balance of power in Europe reveals Warsaw Pact superiority in almost every important military category. They have twice as many tanks as NATO and two and one-half times the artillery. They have more combat aircraft, more armored personnel carriers, and at least 25 percent more troops. They maintain a large and expanding inventory of chemical weapons while NATO, in contrast, has not produced any in 18 years.

Finally, the Soviet Union, which does not share its nuclear weapons with allied states, has a distinct numerical advantage in strategic, intermediate-range, and short-range nuclear forces.

Only the naive, after reviewing these comparisons, could think our freedom beyond danger and our security beyond peril. We are seeking agreement to remove intermediate-range missiles from Europe—a desirable goal. But even if we succeed, the Soviets would retain a great preponderance of conventional, chemical, and short-range nuclear weapons. We must also redress these imbalances through negotiations, and we must do so from a position of strength.

This strength does not derive exclusively, or even predominantly, from the military and economic might of the United States. Rather, it emanates from our alliance of prosperous democracies, it stems from the [illegible] of our free peoples.

It depends upon consensus, not coercion; upon compromise, not conquest. It is the rule of law, and not the law of rulers, that distinguishes our systems of government and our style of alliance. It is the dignity of the individual, and not the supremacy of the state, that animates our actions, domestic and international.

Harry Truman, within a single week in the spring of 1945, defined the proper role of powerful nations and gave voice to the free world's aspirations. In his first message to Congress, on April 16 of that year, he said: "The responsibility of the great states is to serve and not to dominate the world."

On April 23, in an address to the delegates at the opening session of the United Nations conference in San Francisco, he urged all peoples to "build a new world, a far better world—one in which the eternal dignity of man is respected."

Our alliance of great states has not sought to dominate the world, and the world we have built for our citizens respects the eternal dignity of man. United we have achieved these goals and united we shall preserve them.

Yet we can detect occasional grumblings on both sides of the Atlantic, a kind of petty intolerance, that could threaten our unity, could undermine our cohesion. At the moment, these agents of discord operate on the periphery of our grand alliance. But left unchecked, or ignored, they could penetrate to the very sinews of our partnership and cripple it. If this came to pass, the consequences would be tragic.

I would now like to look at a couple of these threats: anti-Americanism in Europe and the often rash response to it of many in America. They are two sides of the same debased coin and, like a bad penny, they seem always to keep returning.

Anti-Americanism is an amorphous, wholly subjective, feeling. It is therefore difficult to agree on an acceptable definition. For my part, I approach it as one of our Supreme Court justices approached pornography: I can't define it, but I sure can recognize it when I see it. And nowadays, I see a lot of it, in Britain and in Europe.

This is not to say, however, that anti-Americanism equates with criticism of the United States. In fact, sensible, constructive criticism often bespeaks affection, not enmity. I do not accept, for example, that those in Britain who deem it fashionable to find fault with U.S. policies reflect a dislike of Americans as a people or America as a nation.

The United States, as the pre-eminent power in the free world, must expect to come under scrutiny and must accept, if not always act upon, the observations this review produces. All dominant nations, from ancient Rome, through Hapsburg Spain, to imperial Britain, invited the same attention and its concomitant criticism.

Nor should the strident anti-Americanism long evident in certain circles cause undue distress. We can fairly dismiss the outbursts of those dotty demagogues who revile America's cultural and political values. When they take to the streets, trample and burn the flag, incite to riot, make venomous accusations, they bring shame on themselves, not discredit to the United States.

There is, however, another kind of anti-Americanism, far subtler and far more insidious, that ought to concern us. It is the anti-Americanism found within elements of the European establishment. Once entrenched, it spreads to every segment of society and, over time, undermines the mutual respect that our alliance requires to prosper.

How has this taken hold, how is it expressed, and

what effect, if any, does it have in the United States?

Much of it, I would argue, originates, almost unconsciously, in the United States itself. Our news media, entertainment industry, book publishers, and academic institutions often tend to emphasize the failings of America and the worst features of American life. Those in Europe who, for political or philosophical reasons, dislike the United States, seize on this biased picture. They in turn give broad currency to these distortions, representing them as commonplace America.

Then there is the view, held by a minority of European elites on both ends of the political spectrum, that America's egalitarian society caters to the vulgar and rewards the mediocre. America, in their opinion, cannot discharge competently its international obligations because Americans lack the necessary perspective, training, and experience. We are political and cultural neophytes, they seem to say, and, like the sorcerer's apprentice, pose a danger to all those around us.

America the violent, America the crass, America the inept have all become everyday images in Europe. Professors at prestigious universities and writers in influential journals, creative artists and prominent politicians embellish and transmit the message.

Meanwhile, America the steadfast ally, America the generous, and America of the many Nobel laureates get short shrift or lost entirely.

Little wonder, then, that opinion polls in Western Europe often indicate a low regard for American policies and a deep suspicion of American motives. No surprise, then, that an article in a British national daily can begin, almost gleefully: "In Britain we are living through the twilight of the Atlanticist hegemony," and continue: "The enfeebled political institutions in post-imperial Britain seem incapable of realizing that the

special relationship, if it ever existed, is over now."

The author errs on both counts, but no doubt many Europeans share his misguided thoughts about the alliance and his thinly veiled antagonism toward the United States. Furthermore, many Americans will hear the echo of this animosity and resent it. Thus begins anew the senseless spiral of European provocation and American reaction.

In the United States, this reaction normally takes the form of bewilderment. How is it possible, Americans ask, that the Europeans think so poorly of us? After all, we helped them defeat Hitler's tyranny, gave them aid through the Marshall Plan, committed ourselves to their defense in NATO. We maintain a third of a million troops in Europe and this costs us over 120 billion dollars a year, about 40 percent of our defense budget. Yes, we benefit from the relationship, but so too do the Europeans, and why can't they see that?

When, however, the accusations reach a fevered pitch, when Americans see their national interests scorned, bewilderment turns to anger. Then the call issues forth, from senators and from salesmen, from pundits and from plumbers: bring our boys home.

As all of you know, isolationism has been a strain in the American character from the country's earliest years. Our first president, George Washington, counselled Americans to avoid "permanent alliances with any portion of the foreign world." Our third, Thomas Jefferson, in a famous phrase, warned against "entangling alliances." Throughout the nineteenth century, their successors repeated this admonition with such regularity that it became an article of American political faith. Woodrow Wilson, after the First World War, defied this tendency and conceived the League of Nations. But his countrymen repudiated the idea, preferring their splendid isolation to international

commitments of any sort.

[illegible] the devastation of the Second World War, the spectre of communist aggression, and the vision of Harry Truman altered their stubborn belief in the wisdom of "Fortress America." The American people, with much reluctance, accepted a world role. Many Americans, however, continue to think that the assumption of these duties was a mistake. Many more have reconciled themselves to this role, but in the most begrudging fashion.

Therefore, a worsening trade deficit, ill-considered remarks on American society, or wildly irresponsible charges that impugn American intentions can, and do, elicit a visceral response in the United States.

One of these responses, oft heard at the loftiest levels of the American foreign-policy establishment, advocates a partial withdrawal of U.S. troops from Europe. This, according to many, would give the United States greater latitude in addressing military crises in other parts of the world and reduce our balance of payments deficit. To others, it promises big cuts in our defense budget. To some, narrow and myopic, it provides the means to castigate our Western European allies who, they argue, do not contribute enough to their own defense.

In whatever way the various factions choose to justify the proposal, it would, if implemented, endanger both the United States and its allies. The United States would declare, as Secretary of Defense Weinberger recently said, that it "is either no longer concerned about the Soviet threat, or has lost the will to maintain an effective deterrent against that threat."

In other words, it would contradict the stated intention of our presence in Europe. The United States is here precisely to deter the Soviet Union through a tangible demonstration of its will and its power. This deterrence, moreover, reaps as many benefits for the

United States as for Western Europe.

Europe is freedom's front line. America's European allies maintain under arms three and one-half [illegible] of their citizens. If hostilities were to erupt, NATO's European members would contribute about sixty percent of the ground troops and tactical air power that the Alliance would marshall against the aggressors. Although the United States spends more per capita on defense, the Europeans, during the decade of the 1970s, increased their spending in this field by 2 percent a year as the American defense budget declined by 20 percent in real terms.

Yet, the military dimension is but one part of our alliance. Together, the United States and the European Community account for half the world's wealth. Trade between the two annually exceeds 120 billion dollars. The United States has over 81 billion dollars invested in the European Community and the Community has 95 billion dollars in American assets. We rely on each other for our prosperity and without each other we could not sustain our economic growth.

Our military arrangement and our economic interdependence are not born exclusively of self-interest. They are not mere expedients. Rather, they flow from a much richer, and much more enduring, vein: our belief in freedom and democracy.

All the members of NATO and all the nations in the European Economic Community—the partners in Western freedom—practice democracy. This democracy may differ in structure from one country to another, it may be called presidential or parliamentary, but it is everywhere characterized by the guarantee of individual liberties, by the free exercise of the franchise, and by the rotation of parties in power.

Freedom inevitably produces ferment. In our polyglot nations, where there are philosophical, regional, racial, religious, social, and even linguistic differences, groups

compete against each other in the full glare of public debate and with the full force of their arguments. It is a messy, freewheeling, almost chaotic way to conduct a government's business, one that encourages, indeed demands, candor.

What is true of our nations is true of our alliance, writ large. It would be utter folly to expect 16 democratic nations, embracing some 630 million free people, to agree all of the time and in every particular. It would be equally foolish, as well as dangerous, to expect them to disguise their disagreements.

It is not, however, foolish to expect them to be temperate in their criticism of each other. Nor is it unrealistic to expect the sixteen, after long discussion and proper compromise on an important issue, to speak and act as one. In fact, it is essential.

We did so upon the creation of the alliance, when we set forth NATO's doctrine of defense. We did so upon the adoption of "Flexible Response," when we reformulated NATO's strategy. We did so during the deployment of cruise and Pershing, when we answered a growing Soviet nuclear threat.

As we took these actions, we also conveyed a simple and clear message: we are committed to each other's safety. This fact transcends our intramural differences and declares unambiguously our solidarity. It also serves the cause of peace.

When, to cite a recent example, the Soviets failed to divide the alliance over deployment of cruise, they returned in 1985 to the arms talks they had abandoned in Geneva. Recent signs suggest that we may reach an agreement there that will lead to the removal of all intermediate-range missiles from the European continent. Had we not mustered the courage and consensus to proceed with deployment, had we heeded the Cassandras of unilateralism, Russian SS-20s would have become a non-negotiable feature on the European

military landscape. In addition, and ultimately more damaging, the Soviets would have had good reason to doubt our resolve, persuasive evidence to question our strength.

That they do not, I think, ratifies the current relevance of the Truman Doctrine.

President Truman promised 40 years ago to aid the free world against communist aggression. In a larger sense, though, he summoned the Western nations to common purpose. The task has not been easy. We have come under intense pressures and ahve had serious problems. But we have never faltered.

We have demonstrated common purpose, have come together to promote peace, freedom, and democracy. This, then, is our example. This is our triumph. This is our only assurance of future liberty.

The buck has stopped with us, and we have handled it wisely. We have, as Harry Truman might have said, stayed in the kitchen and stood the heat.

(1)

½ hr.

PRIME MINISTER

12.15 9 April.

GOVERNOR OF CALIFORNIA

The Governor of California is coming here in April and has asked to see you. We make a policy of declining requests from State Governors because once you let one in it is harder to resist the others. We have therefore politely directed him towards the Foreign Office. However, Charlie Price has now been in touch to ask whether you would see the Governor for just 15 minutes as a favour to the President. He is apparently a close friend of President Reagan and was his campaign manager in California. He is likely to be around for a long time in American politics.

The dates are not at all convenient. But assuming we can find a brief time in the diary, would you agree to see Mr. Deukmejian exceptionally?

CDP.

Yes

(C.D. POWELL)

12 March 1987

DCABTX

file

VC

bc: PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 March 1987

US CONGRESSIONAL DELEGATION

The US Ambassador telephoned this morning to say that Congressman Dante Fascell, Chairman of the House Foreign Affairs Committee, would be leading a delegation to France, Poland and the United Kingdom before Easter. He would be in London on 16 and 17 April and has requested a meeting with the Prime Minister. I said that this would be during the week when the House was in recess and the Prime Minister might well be out of London. I could not hold out great hope that we would be able to meet his request.

I should be grateful to know whether arrangements are being made for other Ministers to see the delegation. I am most reluctant to interrupt the Prime Minister's few days of holiday for this purpose.

(CHARLES POWELL)

R.N. Culshaw, Esq., MVO,
Foreign and Commonwealth Office.

(2) CCAC

CONFIDENTIAL

Prime Minister
CDP
9/3

PRIME MINISTER

VISIT TO WASHINGTON : 2-4 MARCH 1987

I went to Washington to see, in particular, Mac Baldrige and Clayton Yeutter to discuss EC/US disputes and protectionist measures in Congress. The enclosed Annex describes the other topics covered in my discussions.

2 Trade is now a major political issue in Congress and protectionist sentiment is strong. House and Senate Bills have been drafted, both containing objectionable features; there will be other clauses added or perhaps separate Bills designed to protect particular sectors, such as textile or footwear. Although the targets for attack are said to be Japan and the Far East NICs, the legislation is framed in a way that would make it usable against the EC's perceived "unfair practices".

3 The Administration's commitment to liberal trading principles has not changed. The President would no doubt try to veto crudely protectionist measures and will defend attempts to limit his discretion to take retaliatory action in particular cases. But Congress is now under Democratic control, the Presidency is weakened and the Administration needs fast track approval if it is to be a credible negotiating partner in the GATT round.

4 Now that the enlargement settlement, has taken place, relationships between the EC and the US seem good. Airbus and the oils and fats tax apart, no potentially serious disagreements were raised with me. I am sure that if the EC

JF4ARC

and US could work closely together, we would be in a stronger position to tackle the problem of Japan and the NICs. There seems a better prospect of this now. To this end I stressed the natural identity of interests between the Community and the US and the need to settle our joint aims and to seek to settle disagreements through the established multilateral procedures without resorting to pointless and costly retaliatory exchanges. I know that de Clercq is thinking along similar lines.

5 I am very grateful to the Ambassador and his staff for an excellent programme and for their support during my meetings. Thanks to them I saw everybody I needed to in a short space of time.

6 I am sending copies of this minute to the recipients of the recent correspondence about trade relations with the US.

PC

PAUL CHANNON
9 March 1987

DEPARTMENT OF TRADE & INDUSTRY

JF4ARC

CONFIDENTIAL

ANNEX

OTHER SUBJECTS COVERED

These covered progress in the Uruguay round, protectionism, the handling of EC/US disputes, extraterritorial problems and certain aspects of security export controls. My programme included meetings with Secretary Baldrige, USTR Yeutter, Deputy Secretary of State Whitehead, Deputy Treasury Secretary Darman, Ambassador- designate to the EC Kingon, Senators Bentsen and Packwood and a number of other Congressional representatives.

OTHER ISSUES

2 Specific points which arose were:

(a) **Airbus:** I emphasized that no decision had been taken and that any proposal for Government financial participation would be subject to rigorous appraisal. I was encouraged by signs that the US appears to be drawing back from outright confrontation on launch aid; their chief concern now seems to be marketing tactics, including the terms of credit and other inducements. That could be a more useful subject of discussion, provided that the US is prepared to acknowledge that any problem is not just one-sided.

(b) **Oils and fats tax:** the Foreign Secretary's declared opposition was much appreciated. I encouraged the US to make sure that its position was known, especially to those Member States

JF4ARI

likely to vote against the proposal. Some recent visitors from the Community may be spreading the rumour that the US is less concerned than it appears: that is simply untrue. If the tax is approved, the challenge will be immediate and vigorous.

(c) **Security export controls:** there is a welcome change of emphasis in US thinking towards lenghtening the burden of controls and reducing the friction with its allies over extraterritorial claims. This should help work on streamlining in COCOM and for eliminating unnecessary controls, particularly on West-West trade in strategic goods.

DEPARTMENT OF TRADE AND INDUSTRY
9 March 1987

JF4ARI

09. III.

jvp/19

Cc BG

Prime Minister 2

SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 5565
Switchboard 01-213 3000 GTN Code 213
Facsimile 01-213 5465 Telex 915564

P A Bearpark Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON SW1

5th March 1987

Dear Andy

AMERICAN VISITORS

My Secretary of State has asked me to pass on some good news about the return of American visitors. The International Passenger Survey figures published yesterday showed that visits to the UK from North America in December were 10% up on the figure for December 1985. The comparison with 1985 has been improving month by month, but this is the first month which has been better than the corresponding month in 1985. We cannot read too much into one month's figures but the trend is most encouraging.

The Prime Minister may also be interested in some unsolicited comments made to the head of our Tourism Branch by the assistant manager of the London Hilton last week. He said that Hilton International saw the British effort to bring American visitors back as far the most effective of any European country. They had been impressed by the way that the various agencies - including British Airways - had worked together, and particularly by the involvement of Ministers and the Prime Minister personally, which they thought had been crucial.

All the Park Lane hotels had felt the effects, and the Hilton had opened sets of rooms normally out of use in December. Their profit figures for last year as a whole would be much better than those of other European hotels in the group, and they are looking for sites for two more hotels in London (near Heathrow, and near the City) to add to their present three.

... I enclose a copy of yesterday's press notice.

Yours sincerely

PETER BALDWINSON
Private Secretary

06. III. AM 8 7

PRESS NOTICE
Department of Employment

Caxton House, Tothill Street, London SW1H 9NF
Telephones: Direct lines – Press Office 01-213 7439 (24 hour answering service)
Public Enquiries 01-213 5551 Exchange – 01-213 3000
Telex 915564 DEPEMP Press Office Facsimile – 01-213 3892

March 4, 1987

53/87

OVERSEAS TRAVEL AND TOURISM - DECEMBER 1986 AND THE CALENDAR YEAR 1986

Provisional estimates for 1986 indicate that there were 13,836,000 overseas visits to the UK, 4 per cent less than in 1985 which was a record. Visits abroad by UK residents totalled 24,910,000, 14 per cent higher than in 1985. Overseas visitors spent £5457 million in the UK virtually the same as in 1985, and UK residents spent £5996 million overseas, an increase of 23 per cent. The travel account of the balance of payments showed a deficit of £539 million compared with a surplus of £574 million in 1985.

The number of visits by residents of North America was 24 per cent lower than a year earlier. The number of visits by residents of Western Europe increased by 5 per cent, but the number of visits from the rest of the world fell by 3 per cent.

There was a rise of 15 per cent in the number of visits by UK residents to Western Europe. There was a rise of 23 per cent in visits to North America and a 5 per cent rise in visits to the rest of the world.

DECEMBER 1986

In December 1986, 830,000 overseas visitors came to the UK, some 2 per cent more than in December 1985. About 180,000 came from North America, 500,000 from Western Europe and 150,000 from other areas, 10 per cent more, 2 per cent more and 6 per cent less respectively than in December 1985. UK residents made 1,040,000 visits abroad, 2 per cent more than in December 1985.

Overseas residents spent £355 million in the UK in December 1986, 11 per cent more than in December 1985. Expenditure by UK residents travelling abroad was £215 million, 11 per cent less than a year earlier. The travel account of the balance of payments showed a surplus of £140 million for the month, compared with a surplus of £79 million in the previous December.

FOURTH QUARTER 1986

Provisional estimates for the fourth quarter show that there were 2.9 million visits to the UK by overseas residents, an increase of 6 per cent compared with the corresponding period a year earlier. The number of visits from North America was 4 per cent lower. There were 14 per cent more visits by Western European residents. The number of visits from the rest of the world was 8 per cent lower than a year earlier.

The number of visits abroad by UK residents was 4.7 million, 5 per cent more than in the corresponding period a year earlier. 4 per cent more visits were made to Western Europe, 26 per cent more to North America, and 1 per cent more to the rest of the World.

Overseas visitors spent £1240 million here in the period, 8 per cent more than a year earlier. Expenditure per visit was about 2 per cent higher than a year earlier. UK residents going abroad spent £1105 million (an increase of 11 per cent) reflecting a 6 per cent increase in expenditure per visit.

There was a surplus on the balance of payments travel account of £135 million, compared with a surplus of £152 million in the corresponding period a year earlier.

On a seasonally adjusted basis the number of overseas visits to the UK in the three months was 11 per cent higher than in the previous quarter (July-September). On the same basis, and over

the same period, the number of UK residents going abroad fell by 4 per cent. Seasonally adjusted, the travel account of the balance of payments was in balance compared with a deficit of £268 million in the previous three months.

NOTE TO EDITORS

1 These figures are based on provisional results of the International Passenger Survey - a sample survey subject to sampling errors. Further information and a detailed analysis of the figures for 1985 may be obtained from Business Monitor MA6 "Overseas Travel and Tourism" which is now available from HMSO. An article describing the pattern of overseas residents visits to the United Kingdom and visits abroad by UK residents in 1985 was published in the July 1986 "Employment Gazette". It also included other information on tourism including employment in tourism related sectors.

2 The Business Monitor MQ6 "Overseas Travel and Tourism" for the third quarter of 1986 will be available from HMSO shortly.

3 The seasonal adjustment factors have been revised to incorporate up-to-date information.

Non press inquiries: 01 215 6142

GNG AAM

TABLE 1 OVERSEAS VISITORS TO THE UNITED KINGDOM

Thousands

	Total all visits		Area of residence		
			North America	Western Europe	other Areas
1982	11,636		2,135	7,082	2,418
1983	12,464		2,836	7,164	2,464
1984	13,644		3,330	7,551	2,763
1985 P	14,483		3,797	7,904	2,782
1986 P	13,836		2,868	8,266	2,702
% change 1986/1985	-4		-24	+5	-3
	NSA	SA R	Not seasonally adjusted -------		
1985 P					
1st qtr	2,351	3,527	489	1,379	483
2nd qtr	3,957	3,725	1,138	2,171	649
3rd qtr	5,419	3,665	1,545	2,798	1,076
4th qtr	2,755	3,566	625	1,557	574
1986 P					
1st qtr	2,560	3,759	525	1,536	499
2nd qtr	3,312	3,055	672	2,017	623
3rd qtr R	5,054	3,333	1,071	2,933	1,050
4th qrt (e)	2,910	3,689	600	1,780	530
1985 P					
January	824	1,157	164	451	209
February	656	1,197	134	405	117
March	872	1,173	191	523	158
April	1,207	1,183	236	798	173
May	1,282	1,273	383	674	225
June	1,467	1,269	519	697	251
July	1,823	1,201	541	976	306
August	2,145	1,249	586	1,144	415
September	1,451	1,214	418	678	355
October	1,141	1,194	290	612	239
November	804	1,107	172	457	175
December	811	1,265	163	488	160
1986 P					
January	920	1,262	179	523	218
February	726	1,300	133	459	134
March	914	1,197	214	553	147
April	1,025	984	185	689	151
May	1,123	1,092	224	677	222
June	1,164	979	263	651	250
July R	1,677	1,078	319	1,023	335
August R	2,043	1,161	431	1,229	383
September R	1,334	1,093	321	681	332
October (e)	1,170	1,199	250	710	210
November (e)	910	1,223	170	570	170
December (e)	830	1,266	180	500	150
% Change Oct-Dec 86/ Oct-Dec 85	+ 6		- 4	+ 14	- 8

(e) Estimate given to nearest 10,000 NA not available
SA Seasonally adjusted NSA not seasonally adjusted
R Revised P Provisional

Constituent items may not add exactly to totals because of rounding

GNG AAN

TABLE 2 VISITS ABROAD BY UNITED KINGDOM RESIDENTS

Thousands

	Total all visits		Area Visited		
			North America	Western Europe	other Areas
1982	20,611		1,299	17,625	1,687
1983	20,994		1,023	18,229	1,743
1984	22,072		919	19,371	1,781
1985 P	21,771		914	19,105	1,752
1986 P	24,910		1,125	21,948	1,838
% change 1986/1986	+14		+23	+15	+5
	NSA	SA R	Not seasonally adjusted -------		
1985 P					
1st Qtr	3,324	5,421	158	2,707	459
2nd Qtr	5,612	5,173	200	4,993	420
3rd Qtr	8,314	5,244	350	7,486	477
4th Qtr	4,521	5,933	206	3,919	396
1986 P					
1st Qtr	3,734	6,182	159	3,020	556
2nd Qtr	6,410	6,025	269	5,701	440
3rd Qtr R	10,026	6,492	437	9,147	442
4th Qtr (e)	4,740	6,211	260	4,080	400
1985 P					
January	1,056	1,814	75	781	200
February	883	1,736	44	715	124
March	1,384	1,871	40	1,209	135
April	1,653	1,728	57	1,400	196
May	1,661	1,691	61	1,490	109
June	2,300	1,754	82	2,103	114
July	2,293	1,703	110	2,080	103
August	3,172	1,763	138	2,864	170
September	2,849	1,778	103	2,542	204
October	2,064	1,794	94	1,841	129
November	1,435	2,192	63	1,232	140
December	1,022	1,948	49	846	127
1986 P					
January	1,137	1,980	69	866	202
February	1,012	2,033	48	809	155
March	1,586	2,169	42	1,345	199
April	1,623	1,740	85	1,339	199
May	2,139	2,225	71	1,948	120
June	2,647	2,060	113	2,414	120
July R	2,896	2,196	114	2,680	102
August R	3,777	2,160	194	3,407	176
September R	3,353	2,136	129	3,060	164
October (e)	2,300	2,039	120	2,050	130
November (e)	1,400	2,169	90	1,140	170
December (e)	1,040	2,003	50	890	100
% Change Oct-Dec 86/ Oct-Dec 85	+ 5		+ 26	+ 4	+ 1

(e) Estimate given to nearest 10,000 NA not available
SA Seasonally adjusted NSA not seasonally adjusted
R Revised P Provisional

Constituent items may not add exactly to totals because of rounding

GNG AAO

TABLE 3 OVERSEAS EARNINGS AND EXPENDITURE - AT CURRENT PRICES

	Overseas visitors to the UK		UK residents going abroad		Balance (£ million)	
	Earnings (£million) current prices		Expenditure (£mill) current prices		Current prices	
1982	3,188		3,640		-452	
1983	4,003		4,090		- 87	
1984	4,614		4,663		- 49	
1985 P	5,451		4,877		+574	
1986 P	5,457		5,996		-539	
% change 1986/1985	-		+23			
	NSA	Seas adj	NSA	Seas adj	NSA	Seas adj
1985 P		R				
1st qtr	903	1,327	846	1,275	+57	+52
2nd qtr	1,331	1,388	1,153	1,147	+178	+241
3rd qtr	2,066	1,382	1,879	1,155	+187	+227
4th qtr	1,150	1,353	998	1,300	+152	+53
1986 P						
1st qtr	912	1,332	896	1,378	+16	-46
2nd qtr	1,250	1,294	1,456	1,519	-206	-225
3rd qtr R	2,055	1,369	2,539	1,637	-484	-268
4th qtr (e)	1,240	1,462	1,105	1,462	+135	-
1985 P						
January	322	427	277	428	+45	-1
February	247	428	244	433	+3	-5
March	334	472	325	414	+9	+58
April	376	443	324	390	+52	+53
May	459	483	350	378	+109	+105
June	496	462	480	378	+16	+84
July	641	449	530	384	+111	+65
August	823	487	677	377	+146	+110
September	602	446	671	394	-69	+52
October	466	437	476	398	-10	+39
November	364	459	281	427	+83	+32
December	320	458	241	475	+79	-17
1986 P						
January	332	440	259	414	+73	+26
February	264	451	237	437	+27	+14
March	316	441	399	527	-83	-86
April	364	426	367	465	-3	-39
May	424	441	497	562	-73	-121
June	463	427	593	492	-130	-65
July R	633	439	695	528	-62	-89
August R	778	457	968	570	-190	-113
September R	644	473	877	539	-233	-66
October (e)	460	426	540	472	-80	-46
November (e)	425	532	350	553	+75	-21
December (e)	355	504	215	437	+140	+67
% Change Oct-Dec 86/ Oct-Dec 85	+ 8		+ 11			

(e) Estimate given to nearest £5 million
NSA Not seasonally adjusted

R Revised P Provisional

PRESS NOTICE
Department of Employment

Caxton House, Tothill Street, London SW1H 9NF
Telephones: Direct lines – Press Office 01-213 7439 (24 hour answering service)
Public Enquiries 01-213 5551 Exchange – 01-213 3000
Telex 915564 DEPEMP Press Office Facsimile – 01-213 3892

ACTION FOR JOBS

54/86

March 4, 1987

TOURISM MINISTER PREDICTS "BUMPER YEAR" FOR 1987

Some £5.5 billion was spent by overseas visitors in the UK in 1986, equalling the record year of 1985, according to figures published today.

Tourism Minister David Trippier said: "Provisional estimates show that 13,836,000 people came to the UK during 1986, 4 per cent less than 1985, but still the second highest year on record. With spending standing up remarkably well, the industry has every reason to believe it is in for a bumper 1987."

The figures show that the number of visits from North America dropped by 24 per cent last year, while the number of visits from western Europe increased by 5 per cent.

"The most encouraging signs though came in the figures for the fourth quarter of the year," said Mr Trippier. "Estimates show that there were 2.9 million visits to the UK, an increase of 6 per cent on the same period a year earlier. Spending at £1,240 million was some 8 per cent more than a year earlier.

"In terms of jobs we have also seen an increase of 24,000 in the year to September 1986, good going by anybody's standards, and certainly confirming the view that the industry is strong enough to ride over the problems caused by the temporary decline in North American visitors."

GRS 1400

Confidential

CONFIDENTIAL
FM WASHINGTON [NEUTRAL]
TO IMMEDIATE FCO
TELNO 502
OF 052030Z MARCH 87
INFO ROUTINE UKREP BRUSSELS, TOKYO, UKMIS GENEVA
INFO SAVING OTHER EC POSTS

VISIT TO WASHINGTON OF SECRETARY OF STATE FOR TRADE AND INDUSTRY: 3-4 MARCH 1987

SUMMARY

1. SUCCESSFUL VISIT WHICH GAVE MR CHANNON A REPRESENTATIVE IMPRESSION OF ATTITUDES AND PROSPECTS OVER US TRADE LEGISLATION. MR CHANNON MADE CLEAR THAT THE EC WOULD RETALIATE IF ITS TRADE INTERESTS WERE TOUCHED BY US TRADE MEASURES, A MESSAGE WHICH YEUTTER REGARDED AS HELPFUL. US/UK VIEWS ON GATT ISSUES CLOSE. USEFUL EXCHANGES OVER SUCH BILATERAL ISSUES AS AIRBUS, EXPORT CONTROLS AND OILS AND FATS TAX.

DETAIL

2. DURING HIS VISIT TO WASHINGTON ON 3-4 MARCH, MR CHANNON SAW BALDRIGE (COMMERCE), YEUTTER (USTR), DARMAN (TREASURY), WHITEHEAD (STATE), KINGON (EX-SECRETARY OF THE CABINET IN THE WHITE HOUSE), DEAN (NSC), SENATORS BENTSEN AND PACKWOOD (CHAIRMAN AND RANKING REPUBLICAN, SENATE FINANCE COMMITTEE) AS WELL AS OTHER CONGRESSMEN AND GAVE A PRESS BRIEFING. THE MAIN SUBJECTS DISCUSSED WERE THE PROSPECTS FOR US TRADE LEGISLATION, JAPAN, EXPORT CONTROLS, AIRBUS AND OILS AND FATS. FOR AIRBUS SEE MY TELNO.405, FOR OILS AND FATS MY TELS NOS.465 AND 490. THE REST BELOW.

TRADE LEGISLATION

3. THE CONSENSUS AMONG MR CHANNON'S ADMINISTRATION INTERLOCUTORS WAS THAT THE PROTECTIONIST THREAT WAS GREATER THAN IN 1986, IN THAT THIS TIME TRADE LEGISLATION WOULD BE PASSED. NEVERTHLESS, THERE WAS CAUTIOUS OPTIMISM THAT THE FINAL OUTCOME, WHILE MORE PROTECTIONIST THAN THE ADMINISTRATION WOULD WISH, WOULD BE ACCEPTABLE. THE KEY ISSUE FOR THE ADMINISTRATION WAS THE REMOVAL OF PRESIDENTIAL DISCRETION IN SECTION 301 AND ESCAPE CLAUSE ACTION. BENTSEN (CHAIRMAN OF THE SENATE FINANCE COMMITTEE) AND ROSTENKOWSKI (CHAIRMAN OF THE HOUSE WAYS AND MEANS COMMITTEE) WANTED LEGISLATION THAT WOULD PASS INTO LAW AND WERE WORKING RESPONSIBLY WITH THE ADMINISTRATION TO AVOID A VETO. BUT THE SPEAKER OF THE HOUSE (WRIGHT) AND ROSTENKOWSKI WERE AT DAGGERS DRAWN AND WRIGHT WAS PUSHING AHEAD WITH A TIMETABLE WHICH WOULD BRING TRADE LEGISLATION TO THE HOUSE FLOOR IN APRIL. THE BENTSEN BILL WOULD NOT BE MARKED UP UNTIL AFTER THE HOUSE BILL (IN, SAY, MAY). THE ADMINISTRATION HOPED TO NEGOTIATE OUT OF IT IN COMMITTEE MOST OF THE OBJECTIONABLE MEASURES RESTRICTING PRESIDENTIAL AUTHORITY AND HEDGING AROUND THE FAST TRACK NEGOTIATING AUTHORITY. BUT THERE WAS ANXIETY ABOUT PROTECTIONIST PROVISIONS BEING TACKED ON, PARTICULARLY ON THE FLOOR OF THE SENATE.

4. CONCERN WAS EXPRESSED ABOUT THE INFLUENCE OF THE LABOR MOVEMENT: LAST WEEK AN AFL/CIO SPOKESMAN HAD TAKEN THE STAND THAT ANY BILL WHICH THE PRESIDENT WOULD NOT VETO WAS NOT WORTH HAVING AND THE UNIONS WERE NOW ADVERTISING HEAVILY ON US TELEVISION IN FAVOUR OF A PROTECTIONIST TRADE POLICY. THE TEST WOULD COME IN CONGERENCE, WHEN THE ADMINISTRATION HOPED THAT, WORKING WITH THE DEMOCRATIC LEADERSHIP, A REASONABLY ACCEPTABLE BILL WOULD EMERGE (WHILE NOTING THAT HOUSE SPEAKER WRIGHT, SENATE MAJORITY LEADER BYRD AS WELL AS PRESIDENTIAL-HOPEFULS GEPHARDT AND BIDEN HAD EXPRESSED PROTECTIONIST VIEWS). HOWEVER, DARMAN IN PARTICULAR DID NOT EXCLUDE THE POSSIBILITY OF A PRESIDENTIAL VETO, WHICH WOULD BE SUSTAINED, FOLLOWED BY FURTHER NEGOTIATION ON A MORE MODERATE TRADE BILL WHICH WOULD BE THE ONE THAT PASSED INTO LAW. (DEMOCRATIC CONGRESSMEN WERE,ON THE OTHER HAND, CONFIDENT THAT THEY HAD THE VOTES TO OVERRIDE ANY PRESIDENTIAL VETO, AND DARMAN EVEN THOUGHT IT POSSIBLE - THOUGH UNLIKELY - THAT THE WORSE THE LEGISLATION, THE LIKELIER THE OVERRIDE BECAUSE OF THE COALITION OF PROTECTIONIST INTERESTS STICKING TOGETHER TO KEEP THEIR GAINS).

5. THE TEXTILE BILL WAS GENERALLY SEEN AS A DANGEROUS ROGUE ELEPHANT. THE ADMINISTRATION MADE IT CLEAR THAT THEY WOULD FIGHT IT TOOTH AND NAIL. BENTSEN AND ROSTENKOWSKI, RECOGNISING THE DANGER, WERE TRYING TO KEEP IT OFF THE AGENDA AND ITS SPONSORS HAD NOT YET MADE THEIR MOVE TO ATTACH IT TO THE OMNIBUS TRADE BILL. IN THE VIEW OF SOME, IF THEY WERE ABLE TO GET IT TO THE FLOOR OF THE HOUSE AND THE SENATE, IT WOULD PASS EASILY WITH AN UNVETOABLE MAJORITY. THE TROUBLE WAS THAT IT WAS A MUCH MORE SKILFUL BILL THAN LAST YEAR'S, WHICH HAD BEEN BARELY DEFEATED ON THE VETO OVERRIDE (SEE MY TELNO.475).

6. MR CHANNON RAISED THE ISSUE OF US PROTECTIONISM AND IN PARTICULAR THE MEASURES PASSED BY THE LAST CONGRESS. BALDRIGE SOUGHT TO ALLAY OUR CONCERNS OVER MACHINE TOOLS BY SAYING THAT THE ADMINISTRATION MEASURES WERE AIMED AT JAPAN AND, TO A LESSER EXTENT, GERMANY, SWITZERLAND AND TAIWAN. HE HAD CLEARLY NOT APPRECIATED THAT THE TONE AND CONTENT OF HIS JOINT LETTER WITH YEUTTER TO HMG AND OTHERS HAD PROVOKED JUSTIFIABLE RESENTMENT. YEUTTER AGAIN WELCOMED THE EC MAKING IT CLEAR THAT THEY WOULD CHALLENGE, AND RETALIATE AGAINST, GATT-ILLEGAL MEASURES (C.F. HIS LINE ON TEXTILES, REPORTED IN MY TELNO.475): IT WAS HELPFUL THAT CONGRESS SHOULD REALISE THAT THERE WAS A PRICE FOR PROTECTIONISM. BUT HE QUESTIONED OUR FIGURES ON SMALL BUSINESS AIRCRAFT: US FIGURES SHOWED THAT BAE HAD INCREASED SALES UP TO THE END OF 1986.

JAPAN

7. ALL MR CHANNON'S INTERLOCUTORS EXPRESSED OUTRAGE AND FRUSTRATION WITH JAPAN. USTR AND COMMERCE WERE STILL SMARTING UNDER THE JAPANESE REFUSAL TO ALLOW PUBLIC PURCHASING OF AMERICAN SUPERCOMPUTERS ON THE GROUNDS THAT THEY WERE NOT GOOD ENOUGH. (LAMB - STATE - COMMENTED AFTERWARDS THAT THE JAPANESE GOVERNMENT WERE MERELY UNWILLING TO INSTRUCT JAPANESE COMPANIES NOT TO UNDERPRICE US COMPANIES: THE JAPANESE WITH A WHOLE RANGE OF COMPUTERS COULD AFFORD LOSS-LEADERS ON SUPERCOMPUTERS WHEREAS

/SOME

SOME OF THE SMALL US SUPERCOMPUTER COMPANIES HAD TO MAKE A PROFIT ON EACH SALE.) YEUTTER THOUGHT IT CERTAIN THAT CONGRESS WOULD PASS SPECIFIC JAPAN-BASHING PROVISIONS IN THE TRADE LEGISLATION. SOME CONGRESSIONAL INTERLOCUTORS AND STAFFERS SAID THAT ANGER WITH JAPAN WAS THE MAIN FUEL FOR PROTECTIONIST LEGISLATION. EUROPE WAS NOT SEEN AS A SERIOUS PROBLEM (AGRICULTURE APART). CONGRESSMAN BONKER WENT SO FAR AS TO ARGUE THAT THE UK AND EC HAD NOTHING TO FEAR FROM THE LEGISLATION, WHICH WAS CONSTRUCTED EXCLUSIVELY AGAINST JAPAN AND THE PACIFIC NICS. MR CHANNON ARGUED FOR GREATER EC/US COOPERATION OVER JAPAN AND RECEIVED A GENERALLY POSITIVE RESPONSE, PARTICULARLY FROM YEUTTER, WHO (FOR THE FIRST TIME AND TO THE HORROR OF HIS STAFF) SAID THAT WE SHOULD GANG UP MORE. (AFTERWARDS SENIOR USTR STAFF COMMENTED THAT YEUTTER KEPT REPLYING POSITIVELY TO EC INTERLOCUTORS ON MORE COORDINATION, BUT THE EC NEVER CAME FORWARD WITH PROPOSALS, ALCOHOL APART, EXCEPT UNACCEPTABLY GENERAL ONES SUCH AS JAPANESE IMPORT TARGETS).

8. MR CHANNON RAISED WITH BALDRIGE AND YEUTTER THE SECOND JAPANESE INTERNATIONAL TELECOMMUNICATIONS NETWORK (2KDD). NEITHER WAS BRIEFED DESPITE OUR EFFORTS LAST WEEK TO ENSURE THAT THEY WOULD BE. BOTH SAID, REACTING OFF THE CUFF, THAT THIS LOOKED LIKE SOMETHING WE SHOULD BE ABLE TO COOPERATE ON.

GATT

9. ON GATT ISSUES MR CHANNON, AND WILLIAMS (DTI) IN SEPARATE TALKS, CONFIRMED THAT US AND UK VIEWS WERE VERY CLOSELY ALIGNED ACROSS THE BOARD. ON AGRICULTURE MR CHANNON AND YEUTTER AGREED ON THE HELPFULNESS OF THE PSE APPROACH, WITH SERIOUS NEGOTIATIONS IN 1988 DRAWING TO A CLOSE IN 1989 AFTER THE FRENCH AND US ELECTIONS. IF PSES WERE FOUND UNWORKABLE THIS WOULD BE A MAJOR SETBACK. YEUTTER SAID THAT HE WAS CALLING IN USTR FOR WORK ON A PLAN OF ACTION FOR THE VARIOUS MEETINGS (NEW ZEALAND, QUADRILATERAL, OECD MINISTERIAL, MORGES GROUP) LEADING UP TO THE ECONOMIC SUMMIT. IT WAS NECESSARY TO HAVE A CLEAR IDEA OF THE OBJECTIVES FOR THE SUMMIT. MR CHANNON WARNED OF THE NEED NOT TO PUSH CHIRAC INTO A CORNER ON AGRICULTURE BEFORE THE FRENCH ELECTION. YEUTTER ADMITTED THAT THE US WOULD HAVE DIFFICULTY OVER MEETING ITS STANDSTILL COMMITMENT AND POINTED OUT THAT LEGISLATIVE PROPOSALS WHICH WOULD BREACH STANDSTILL WERE JUST THAT: CONCERN ABOUT THEM WAS MISPLACED UNLESS AND UNTIL THEY BECAME LAW.

EXPORT CONTROLS

10. MR CHANNON WELCOMED BALDRIGE'S WORK ON EXPORT CONTROLS. BALDRIGE MADE IT CLEAR THAT HE WAS GOING TO IMPLEMENT THE REFORMS THAT HE HAD IN MIND: HE HAD THE RIGHT OF DECISION AND (BY IMPLICATION) WAS NOT GOING TO LET DOD, WHO HAD THE RIGHT ONLY TO BE CONSULTED, STAND IN THE WAY. BALDRIGE EXPRESSED HIMSELF CONTENT WITH MR CHANNON'S HANDLING OF THE DISTRIBUTION LICENCE ISSUE. HE AND DEAN AGREED THAT A WAY MUST BE FOUND OF RESOLVING THE SUPERCOMPUTER ISSUE.

COMMENT

11. I HOPE MR CHANNON WILL REGARD THIS AS HAVING BEEN A SUCCESSFUL AND USEFUL VISIT. HE WILL, I THINK, HAVE GOT A GOOD FEELING FOR THE UNCERTAINTIES, COMPLEXITIES AND DANGERS OF THE CURRENT TRADE DEBATE IN WASHINGTON. I THINK HE WILL ALSO HAVE BEEN IMPRESSED BY THE WARM FEELING OF EVERYBODY HE MET FOR THE UK AND THE AMERICAN PERCEPTION THAT, WITH THE POSSIBLE SINGLE EXCEPTION OF AIRBUS, THERE WERE NO SIGNIFICANT TRADE ISSUES BETWEEN US. THE VISIT CERTAINLY PROVIDED AN OPPORTUNITY TO PUT OVER TO THE AMERICANS THE BRITISH POINT OF VIEW ON A NUMBER OF ISSUES, NOTABLY AIRBUS AND OILS AND FATS, AND ALSO TO MAKE CLEAR THAT THE EC WOULD NOT TAKE LYING DOWN US PROTECTIONIST MEASURES: A MESSAGE WHICH THE ADMINISTRATION SHOULD FIND USEFUL ON THE HILL.

ACLAND

YYYY
FCO PASS SAVING TO ATHENS, BONN, BRUSSELS, COPENHAGEN, DUBLIN LISBON, LUXEMBOURG, MADRID, PARIS, ROME, THE HAGUE

ORWBAN 0101

INTERNATIONAL TRADE
ECD (E)
NAD
Mr GILLMORE
Mr FEARN

(REPEATED AS REQUESTED)

Confidential

SECRET AND PERSONAL

JA8AK2 H

SUBJECT CC MASTER OPS

PRIME MINISTER'S PERSONAL MESSAGE SERIAL No. T26/87

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

28 February 1987

PRESIDENT REAGAN

The Prime Minister telephoned President Reagan this afternoon. The President was far from his normal bright and breezy self, indeed sounded rather flat. But he was clearly grateful for the Prime Minister's thought in telephoning and cheered up noticeably in the course of their brief conversation.

The Prime Minister said that she had been thinking a great deal of the President in recent days. She felt that a turning point had been reached with the report of the Tower Commission. She knew that there was enormous goodwill towards the President personally, both in the United States and in Europe. She hoped that the issues dealt with in the Tower Commission's report could now rapidly be laid to rest and we could get back to business as usual. President Reagan said that he was sure that that would be the case although the press in the United States were behaving very irresponsibly. The change of personnel which had taken place in the White House had done a lot of good for the morale of "our people". He was very grateful for the Prime Minister's kind words which were an encouragement to him.

The Prime Minister said that she would be going to Moscow at the end of the month. She was working hard on the preparations for the visit and would wish to share her thoughts with the President before her departure. President Reagan said that he would welcome this. He once again thanked the Prime Minister for her kindness in telephoning.

I should be grateful if you would give this letter a very restricted distribution indeed.

(CHARLES POWELL)

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

SECRET AND PERSONAL

SECRET

Discussed with PM 11
CDP
27/2.

PRIME MINISTER

I spoke to Charlie Price this evening on return to No. 10. He is off to Washington tomorrow and will be having dinner with the President and Mrs. Reagan on Sunday. He assures me that press and radio reports that he will succeed Don Regan are not correct. He has told the President that he does not feel that he is sufficiently qualified or experienced for the job.

I said that I was sure you would wish him to convey to the President your best wishes and that I expected you would want to telephone him shortly when the dust had subsided and his mind was no longer focused exclusively on the Tower Commission report. Charlie said that he was sure the President would appreciate this: indeed, his own view was that you might place a short call to him over the weekend. That would certainly cheer him up.

You might care to do this from Chequers tomorrow afternoon after your lunch guests have departed. If you let me know when I get down to Chequers tomorrow, I can contact the White House to suggest a time.

CDP

Charles Powell

27 February 1987

DG2BTK

SECRET

ADDRESS TO THE BRISTOL CHAMBER OF COMMERCE

AMBASSADOR CHARLES H. PRICE, II

February 18, 1987

ADDRESS BY
AMBASSADOR CHARLES H. PRICE, II

to

THE BRISTOL CHAMBER OF COMMERCE

Bristol

Wednesday, February 18, 1987

Mr. Durie; distinguished members of the Bristol Chamber of Commerce; ladies and gentlemen:

Thank you for your kind invitation to address this prestigious organization. It is a pleasure to be in your lovely city and a delight to be among such congenial company.

We Americans owe much to Bristol. It was from this port that John Cabot set sail and became the first European to reach the American mainland. Now, I know the Irish would accord that distinction to St. Brendan, and the Scandinavians to Leif Ericsson. But they base their claims on flimsy evidence, while Bristol's argument is irrefutable.

If there are any Irish or Scandinavians here tonight, please don't let this upset you. If I were speaking in Dublin or Oslo, be assured that the "flimsy evidence" would suddenly take on more substance and that a case would be made for the sainted seafarer and the valiant Viking.

As a diplomat, I must be flexible in that regard. For example, I'm prepared—at least for tonight—to believe that the name America derives from a collector of customs in Bristol called Richard a Meryk. Your brochure on Bristol says so. I'm afraid, though, that Bristolians have failed to convince many historians of this. Most prefer to ascribe that honor to Amerigo Vespucci, an Italian cartographer.

But we all know that historians rarely agree on anything. As the adage has it, "you could place all the historians in the world end to end and they wouldn't reach a conclusion." And even if they did, the bureaucrats would doubtless change it.

Whatever the truth in the dispute about America's name, my country and your city are united by history and affection. We need only think of William Penn, who founded a colony in the New World that became a haven for dissenters. We need only mention John Wesley and the establishment of Methodism, the third largest religious denomination in the United States. And we need only remind ourselves of the voyage of the Great Western, the first trans-Atlantic liner. Penn, Wesley, and the Great Western all called Bristol home at one time.

Today, our bond continues in a less striking, but no less important, fashion. American tourists in their thousands visit this area every year, enchanted by its beauty and enriched by its history.

Over 200 American companies operate in the Bristol area and they employ directly ten-thousand workers in such fields as computers, high-tech research, and optical equipment. This speaks to the confidence American businesses have in Bristol and to the abilities, industry, and intelligence of the Bristol worker, in both labor and management.

These qualities, and many others, have been evident in the Bristolian for centuries. But it has been your mastery of the sea and your talent in trade that most distinguish this city and its citizens. From the middle of the fifteenth century, and for the four-hundred and fifty years following, Bristol built its wealth on the interchange of goods and on those merchants and mariners who carried out this risky enterprise. When they could no longer sustain this lucrative traffic,

Bristol's entrepreneurs moved quickly into other fields. It is therefore fitting that I discuss capitalism and trade tonight, the twin pillars of our prosperity. I first want to talk briefly about the rise of democratic capitalism and how this has affected our lives. I then would like to look at the current state of international trade from an American perspective.

International trade and capitalism, as we know them today, find their origins in the early years of the modern age. At that time, some five-hundred years ago, the sailors of Europe, emboldened by improvements in ship design and encouraged by progress in navigation and technology, ventured ever-farther out to sea. They explored, settled, and colonized lands from the Orient to the Cape of Good Hope, from India to the South Atlantic.

They took European goods to the places they settled and brought to Europe the products of their colonies. Trade increased, and with it prosperity. At first, this prosperity benefitted a few traders, manufacturers, and, of course, governments. Gradually, though, it began to spread. By the middle of the eighteenth century, more people had more money, and this money built roads and schools, promoted medicine and science, endowed the arts and letters. It was a bustling period, an era of economic change and intellectual ferment.

Philosophers wrote of individual liberties and the natural rights of man. Scientists probed the unknown. Merchants travelled widely, returning with exotic products and intriguing tales. But few thinkers analyzed economic systems and their relation to wealth and liberty.

Then an academic named Adam Smith appeared in Scotland. He studied wealth, how it was created and how it was distributed. He wrote about the proper extents of liberty and the role of the individual in

society. His doctrine came to be called "capitalism," and in it he identified international trade and territorial specialization as the agents of wealth.

He argued that each economy ought to produce what it does best and then trade this product without barriers or tariffs. This would result in better goods being sold at a more favorable price and lead to economic interdependence. Economic interdependence, in turn, would reduce international strife because all nations would depend upon others for their prosperity. A state of common interest and shared wealth would prevail.

Smith's doctrine compelled governments to rethink their positions on trade and tariffs. It set loose the Industrial Revolution, an epochal event that still resonates in our national economies, and provided the rationale for free trade.

The Industrial Revolution, when combined with free trade, unharnessed man's commercial genius. It rewarded the visionary and the intrepid, created unimagined wealth, and led to more trade in more products.

Every year brought wondrous inventions, and these soon reached every corner of the globe. Populations doubled and tripled. Transport became easier and swifter. Communications improved remarkably. As Smith had foreseen, the world became a richer, more interdependent place.

But the Industrial Revolution also exacted its costs. Farmers migrated to the cities, where populations already were burgeoning, and the cities became crowded and dirty. Slums sprang up, children worked long hours in dangerous jobs, laborers were poorly paid and had little or no leisure, crime grew rampant.

A reaction naturally followed. Workers formed trade unions and reformers denounced the unseemly excesses

of the system. Over time, enlightened businessmen and politicians joined the workers and reformers to bring about change. Although these changes did not undermine capitalism, they did eliminate or refine its harsher features.

This occurred because capitalism took root in democratic countries and democratic countries do change. When the people determine who will rule, the rulers respond to the will of the people. When the people demand reforms, their legislators enact reforms.

As capitalism matured in democratic countries, it shed its rougher features. It grew more generous and more benign. When once it bred only prosperous societies, it later came to produce fair ones as well.

Unlike communism, which concentrates power in the few, democratic capitalism distributes power to the many. It exalts the individual and restrains the state. It encourages everyone to pursue his interests in the knowledge that this will serve the common good. It abets the entrepreneurial spirit and promotes diversity, discourse, and debate. Through these simple means, it ensures freedom and engenders wealth, erodes preferment and rewards merit.

I would now like to turn to international trade. I want to look at this contentious issue from an American perspective and discuss what legislation may come out of Washington to address it.

Our current difficulties, such as unfair trade practices and the threat of protectionism, did not begin yesterday, so a brief review of post-war history might help to place today's disputes in their proper historical context.

The United States emerged from the Second World War in an advantageous position. Axis planes had not bombed our cities, their armies had not laid waste our lands.

Our infrastructure undamaged, our market large, and our wealth vast, we were able to propel the free world toward prosperity. We designed and executed the Marshall Plan, which helped to rebuild the devastated economies of Europe. We made monies available to Japan for the same purpose. We then absorbed a large proportion of their exports, and the exports of other countries, without doing great harm to our own economy.

Altruism alone did not motivate us. We recognized that a strong Europe and Japan were to our economic and political benefit. We also realized that the countries of the developing world, if they were to resist communism, needed to offer their citizens the promise of a decent living.

By the 1970s, however, the Western European and Japanese economies had fully recovered. Collectively, they had become wealthier than the United States. In addition, previously poor countries, such as Taiwan, South Korea, and Brazil, had vigorously entered the international market. At the same time, the developing nations of Africa, Asia, and South America sought customers for their diverse exports.

These changes altered the international equation. Wealth was more evenly distributed, more countries traded, the consumer society had reached every continent. The United States was no longer the sole engine of world prosperity.

Meanwhile, in the United States many traditional industries, partly owing to high American production costs and subsidized imports, fell into decline. Steel, automobile, and textile manufacturers found it difficult to compete with artificially inexpensive imports inside America and with subsidized products in foreign markets. Since the early years of this decade, the same pressures have threatened agricultural products, long

one of America's most profitable exports.

Despite these problems, the American economy, beginning in 1982, emerged from the recession. Inflation and interest rates fell. Employment increased. But spectacular economic growth and an over-valued dollar attracted products from every country. Exports to America accounted for about one-half of the European Community's growth in 1984 and a quarter of its growth in 1985. As the United States provided the market for these foreign goods, it also registered staggering annual trade deficits.

For 1982, the year the recession ended, the deficit was 42.7 billion dollars. By 1984, it had reached 123 billion dollars. Last year, the final tally stood at 170 billion dollars, including a deficit of over 32 billion dollars with Western Europe. In the six years from 1981 through 1986, the United States bought on the world market almost 600 billion dollars more in goods than it sold.

Americans do not, and cannot, attribute this crisis solely to international factors. Domestic reasons, especially a troublesome budget deficit, have also contributed.

But as the trade deficit grew, so did calls for protection. Politicians, farmers, and labor unions clamored for relief. They pointed to restrictive overseas markets, to generous foreign subsidies, and to unfair trading practices among some American allies. And they called for retaliation.

Yet President Reagan resisted, and continues to resist, their entreaties. He rejected import relief for shoe manufacturers and copper producers and vetoed a bill that would have placed stringent quotas on textile imports. He is committed to free trade and has proved this through his actions.

At the same time, though, he insists that free trade

also be fair. It is not equitable, he has said, for Americans to adhere to one set of rules while [illegible] of its foreign competitors play by another. This invites American retaliation, something that could cause a ruinous trade war.

To pre-empt this, and to foreclose on more radical legislative measures, the President will send to Congress, probably later this month, comprehensive legislation that will include major changes to United States trade law. The House of Representatives has already drafted a sweeping trade bill and the Senate's version is in committee.

Although each bill will differ from the others in important respects, and it is always problematic to predict what Congress will do, the Administration is hopeful that a moderate trade bill will become law.

This bill, in whatever form, will be multifaceted. For it to be fair and effective, however, the Administration thinks it should contain at least five general provisions.

First, the bill must restore full negotiating authority to the President. His right to cut tariffs expired in 1981 and his authority to negotiate non-tariff agreements will end in less than a year. He should have authority in both.

Next, it should allow for presidential discretion in what actions, if any, to take against unfair imports.

Third, it ought to sponsor measures to improve American competitiveness. These would include, but not be limited to, training schemes for the unemployed and more money to counter foreign export credits.

Fourth, it must ensure that American exporters enjoy the same access to foreign markets as foreign exporters have to the American market.

Finally, the bill should liberalize export controls by relaxing security provisions, reducing the number of restrictions, and facilitating licensing procedures.

In tandem with the recent satisfactory resolution of [illegible]'s feedgrain dispute with the European Community, a bill addressing these issues might serve to dampen the ardor of the protection advocates. At the same time, it would preserve the principles of free trade.

This of course would be most welcome, but still inadequate. It would treat the symptoms of the trade malady without touching the cause. But the new GATT round, which is underway in Geneva, provides the opportunity to cure the disease.

There, the United States, Great Britain, and ninety other countries have gathered to negotiate improved precepts for international trade. They are discussing, among other important issues, better regulations to govern agricultural trade, protection for intellectual property, and trade in services. With serious purpose and vigorous determination, the GATT members can establish rules that will ensure free and fair trade for generations.

Few other tasks are as important to our prosperity and welfare. Over the past 25 years, international trade has grown five-fold. In that period, the world's gross national product has increased in real terms from slightly over 5 trillion dollars to 14 trillion dollars. Developing countries have expanded at the same rate as the industrialized economies, and this has helped to reduce misery in the third world.

Free trade is the lifeblood of world prosperity. It must be preserved and nurtured. If we are to consolidate the successes of the past two decades, if we are to remain wealthy, if the poor nations of the world are to develop, we must reach agreement on trade.

Through cooperation and compromise, with patience and perspective, we averted a nasty trade war over the enlargement of the European Community. We have

resolved other, equally formidable, disputes. I hope we can reach an accommodation on Airbus.

We must remember that bitter recriminations will gain us nothing, that intemperate accusations will provoke only angry responses.

If we fail, we fail not only ourselves, but future generations. But if we succeed, we leave a noble legacy of prosperity, to our children and to the children of the world.

I would now like to conclude with a toast:

"To Commerce and Industry:
long may it flourish, long may you prosper."

ZCZC
WELNAN 6528 ORWBAN 9150
UNCLASSIFIED
OO FCOLN
PP BREEC
PP BRNAT
RR BONNN
RR PARIS
RR ROMEE
RR MOSCO
RR TOKYO
FM WASHI TO FCOLN
280345Z JAN
GRS 1000

IMMEDIATE

ADVANCE COPY

X-11

PS
PS / LADY YOUNG
PS / MR ESSAM
PS / P U S
MR THOMAS
MR GILLMORE
MR FEARN
HD / NAD
HD / NEWS DEPT
PS / NO 10 DOWNING ST
ASSESSMENTS STAFF CABINET OFFICE

RC

SENT 28 JAN 1987

UNCLASSIFIED
FM WASHINGTON
TO IMMEDIATE FCO
TELNO 167
OF 280345Z JAN 87
INFO PRIORITY UKREP EC, UKDEL NATO
INFO ROUTINE BONN, PARIS, ROME, MOSCOW, TOKYO
SAVING OTHER EC POSTS, OTHER NATO POSTS, TEHRAN, TEL AVIV, UKMIS NEW YORK, UKDEL OECD, UKDIS GENEVA, UKMIS GENEVA

THE STATE OF THE UNION

SUMMARY.

1. UPBEAT IN TONE, BUT SHORT ON SPECIFICS.
THE SPEECH CONCENTRATES PRIMARILY ON THE DOMESTIC SCENE, CLAIMING CONTINUING ECONOMIC SUCCESS, BUT STRESSING THE NEED TO MAINTAIN COMPETITIVENESS: CRITICISING THE BUDGET DEFICIT, BUT RULING OUT TAX INCREASES. ON FOREIGN AFFAIRS THE OVERALL TONE IS NON-BELLIGERENT, BUT DETERMINATION TO MAINTAIN SUPPORT FOR THE CONTRAS IS STRONGLY REAFFIRMED.
A BRIEF, REGRETFUL, REFERENCE TO THE IRAN AFFAIR.

DETAIL.

2. IN HIS FIRST PUBLIC ENGAGEMENT FOR OVER 4 WEEKS, PRESIDENT REAGAN GAVE THE ANNUAL STATE OF THE UNION ADDRESS TO A JOINT SESSION OF CONGRESS ON THE EVENING OF 27 JANUARY.

ECONOMIC

3. THE PRESIDENT EMPHASISED ECONOMIC SUCCESS. QUOTE OUR INFLATION RATE IS NOW THE LOWEST IN A QUARTER OF A CENTURY. THE PRIME INTEREST RATE HAS FALLEN FROM 21 1/2 PER CENT THE MONTH BEFORE WE TOOK OFFICE TO 7 1/2 PER CENT TODAY, AND THOSE RATES HAVE TRIGGERED THE MOST HOUSING STARTS IN 6 YEARS.
THE UNEMPLOYMENT RATE - STILL TOO HIGH - IS THE LOWEST IN NEARLY 7 YEARS, AND OUR PEOPLE HAVE CREATED NEARLY 13 MILLION NEW JOBS. OVER 61 PER CENT OF EVERYONE OVER THE AGE OF 16, MALE AND FEMALE, IS EMPLOYED - THE HIGHEST PERCENTAGE ON RECORD. UNQUOTE.

4. ATTACKING THE FEDERAL DEFICIT AS QUOTE OUTRAGEOUS UNQUOTE, HE CALLED AGAIN FOR A BALANCED BUDGET CONSTITUTIONAL AGREEMENT AND A LINE ITEM VETO. HE REJECTED RECOURSE TO HIGHER TAXES,

AND A LINE ITEM VETO. HE REJECTED RECOURSE TO HIGHER TAXES, AND SUGGESTIONS THAT THE (GRAMM/RUDMAN/HOLLINGS) DEFICIT REDUCTION TIMETABLE MIGHT BE POSTPONED. TWO NEW REFORMS WERE PROPOSED : QUOTE A NEW NATIONAL WELFARE STRATEGY - A PROGRAMME OF WELFARE REFORM THROUGH STATE-SPONSORED, COMMUNITY-BASED DEMONSTRATION PROJECTS UNQUOTE, AND LEGISLATION QUOTE TO HELP FREE THE ELDERLY FROM THE FEAR OF CATASTROPHIC ILLNESS UNQUOTE.

5. THERE WAS NO MENTION OF EXCHANGE RATES, OR OF THE IDEA OF AN INTERNATIONAL MONETARY CONFERENCE, MENTIONED IN LAST YEAR'S ADDRESS. NO DETAILS ON POSSIBLE BUDGETARY REFORMS WERE PROVIDED (AND THE PRESIDENT DID NOT MENTION SEPARATING CAPITAL AND CURRENT SPENDING - AN IDEA FAVOURED BY REGAN - OR MOVING TO A TWO YEAR CYCLE), BUT NEW LEGISLATION WAS PROMISED. GIVEN THAT THE SPEECH FORE-SHADOWS SOME ADDITIONAL SPENDING (EG AGAINST CATASTROPHIC ILLNESS, AND ON VARIOUS TRAINING MEASURES) THE ADMINISTRATION WILL PRESUMABLY TRY TO RECOUP BY CUTTING WELFARE SPENDING AS PART OF THE PROMISED REFORM.

TRADE/COMPETITIVENESS.

6. THE PRESIDENT REAFFIRMED HIS COMMITMENT TO THE URUGUAY ROUND, AND HIS OPPOSITION TO PROTECTIONISM. BUT TRADE MUST BE FAIR AS WELL AS FREE...QUOTE WE ARE ALWAYS WILLING TO BE TRADE PARTNERS, BUT NEVER TRADE PATSIES UNQUOTE. HE WOULD SEND CONGRESS QUOTE COMPREHENSIVE PROPOSALS UNQUOTE OVER THE NEXT FEW WEEKS ON COMPETITIVENESS, COVERING MEASURES IN THE FIELDS OF EDUCATION, TRADE, WORKER TRAINING, AND AGRICULTURE. QUOTE IT IS WIDELY SAID THAT AMERICA IS LOSING HER COMPETITIVE EDGE. WELL, THAT WON'T HAPPEN IF WE ACT NOW UNQUOTE. THE ADMINISTRATION'S PROPOSALS WOULD INCLUDE LEGAL AND REGULATORY REFORMS, WEAPONS TO FIGHT UNFAIR TRADE PRACTICES, NEW FUNDING FOR SCIENTIFIC RESEARCH, SUBSTANTIAL NEW FEDERAL COMMITMENTS ON RETRAINING AND JOB MOBILITY,AND MEASURES TO STRENGTHEN EDUCATION, PARTICULARLY IN RELATION TO LITERACY AND THE TEACHING OF MATHS AND SCIENCE.

7. NO DETAILS OF THE TRADE OR AGRICULTURE ASPECTS OF THESE COMPETITIVENESS PROPOSALS WERE GIVEN AND THE PRESIDENT AT NO STAGE MENTIONED THE TRADE DEFICIT, FOREIGN TRADING PARTNERS, OR CURRENT DISPUTES. INDEED TRADE AS SUCH WAS THROUGHOUT CAREFULLY SUBORDINATED TO THE COMPETITIVENESS THEME.

FOREIGN POLICY

8. THE PRESIDENT'S BRIEF SURVEY OF THE INTERNATIONAL SCENE CONCENTRATED ON US/SOVIET RELATIONS, CENTRAL AMERICA, AND THE NEED TO MAINTAIN ADEQUATE US EXPENDITURE ON DEFENCE AND SECURITY ASSISTANCE. HE ARGUED THAT, THANKS TO QUOTE OUR EFFORTS TO REBUILD THE STRENGTH OF AMERICA, THE WORLD IS A SAFER PLACE UNQUOTE, AND AMERICA, IS AT PEACE, MOREOVER:-

A) QUOTE WE ALWAYS REMAIN OPEN TO MORE CONSTRUCTIVE RELATIONS WITH THE SOVIET UNION, BUT MORE RESPONSIBLE SOVIET CONDUCT AROUND THE WORLD IS A KEY ELEMENT OF THE US/SOVIET AGENDA UNQUOTE. ON AFGHANISTAN, WHERE THE RUSSIANS CONTINUE A BRUTAL WAR, THE US ARE QUOTE READY TO SUPPORT A POLITICAL SOLUTION THAT GUARANTEES THE RAPID WITHDRAWAL OF ALL SOVIET TROOPS, AND GENUINE SELF-DETERMINATION FOR THE AFGHAN PEOPLE UNQUOTE.

(B) ON ARMS CONTROL, THE ADMINISTRATION HAS PUT FORWARD SEVERAL IMPORTANT PROPOSALS IN GENEVA, BUT NEEDS CONGRESS' SUPPORT. QUOTE ENACTING THE SOVIET NEGOTIATING POSITION INTO AMERICAN LAW WOULD NOT BE THE WAY TO WIN A GOOD AGREEMENT UNQUOTE. THE REYKJAVIK OPPORTUNITY FOR ARMS REDUCTION WAS LOST BECAUSE THE RUSSIANS

NOT BE THE WAY TO WIN A GOOD AGREEMENT UNQUOTE. THE REYKJAVIK OPPORTUNITY FOR ARMS REDUCTION WAS LOST BECAUSE THE RUSSIANS TRIED TO CRIPPLE SDI. QUOTE IF WOULDN'T LET THEM DO IT THEN: I WON'T LET THEM DO IT NOW OR IN THE FUTURE . . . SDI WILL GO FORWARD UNQUOTE.

(C) COMMUNIST NICARAGUA IS THE ODD-MAN-OUT IN CENTRAL AND SOUTH AMERICA. ELSEWHERE IN THE REGION DEMOCRACY IS ON THE MARCH, BUT THE SANDANISTAS PROMOTE SUBVERSION ABROAD AND SUPPRESS DISSENT AT HOME. QUOTE WE SUPPORT DIPLOMATIC EFFORTS, BUT THESE EFFORTS CAN BEVER SUCCEED IF THE SANDANISTAS WIN THEIP WAR AGAINST THE NICARAGUAN PEOPLE UNQUOTE. THERE HAS LONG BEEN A BIPARTISAN US TRADITION OF RESISTING COMMUNISM IN THE WESTERN HEMISPHERE (HE CITED 3 DEMOCRAT PRESIDENTS: FDR, TRUMAN AND KENNEDY). QUOTE NICARAGUAN FREEDOM FIGHTERS HAVE NEVER ASKED US TO WAGE THEIR BATTLE, BUT I WILL FIGHT ANY EFFORT TO SHUT OFF THEIR LIFEBLOOD AND CONSIGN THEM TO DEATH, DEFEAT OR A LIFE WITHOUT FREEDOM. THERE MUST BE NO SOVIET BEACHHEAD IN CENTRAL AMERICA UNQUOTE.

9. A STRIKINGLY SHORT SECTION ON THE IRAN AFFAIR DID NOT MENTION THE CONTRAS ANGLE. THE PRESIDENT SAID ONLY THAT QUOTE I HAVE ONE MAJOR REGRET. I TOOK A RISK WITH REGARD TO OUR ACTION IN IRAN. IT DID NOT WORK, AND FOR THAT I ASSUME FULL RESPONSIBILITY. THE GOALS WERE WORTHY. I DO NOT BELIEVE IT WAS WRONG TO TRY TO ESTABLISH CONTACTS WITH A COUNTRY OF STRATEGIC IMPORTANCE OR TRY TO SAVE LIVES. AND CERTAINLY IT WAS NOT WRONG TO TRY TO SECURE FREEDOM FOR OUR CITIZENS HELD IN BARBARIC CAPTIVITY. BUT WE DID NOT ACHIEVE WHAT WE WISHED, AND SERIOUS MISTAKES WERE MADE IN TRYING TO DO SO. WE WILL GET TO THE BOTTOM OF THIS, AND I WILL TAKE WHATEVER ACTION IS CALLED FOR. BUT IN DEBATING THE PAST, WE MUST NOT DENY OURSELVES THE SUCCESS OF THE FUTURE. LET IT NEVER BE SAID OF THIS GENERATION OF AMERICANS THAT WE BECAME SO OBSESSED WITH FAILURE THAT WE REFUSED TO TAKE RISKS THAT COULD FURTHER THE CAUSE OF PEACE AND FREEDOM IN THE WORLD. AND LET THERE BE NO MISTAKE ABOUT AMERICAN POLICY : WE WILL NOT SIT IDLY BY IF OUR INTERESTS OR OUR FRIENDS IN THE MIDDLE EAST ARE THREATENED, NOR WILL WE YIELD TO TERRORIST BLACKMAIL UNQUOTE.

10. THIS WAS THE ONLY REFERENCE TO TERRORISM. THE SPEECH DID NOT MENTION LIBYA/SYRIA. NOR DID IT REFER TO SOUTHERN AFRICA OR ARAB/ISRAEL ISSUES, TO POSSIBLE SDI DEVELOPMENT/ DEPLOYMENT OPTIONS, OR TO ANY SPECIFIC ARMS CONTROL PROPOSALS.

11. COMMENT WILL FOLLOW ON 28 JANUARY.

ACLAND

YYYY

FCO PLEASE PASS SAVING ATHENS, BRUSSELS, COPENHAGEN, DUBLIN THE HAGUE, LUXEMBOURG, ANKARA, LISBON, MADRID, OSLO, OTTAWA REYKJAVIK, UKDEL VIENNA, TEHRAN, TEL AVIV, UKDEL OECD, UKDIS GENEVA AND UKMIS GENEVA

ORLBAN 9150

NNNN

BM

10 DOWNING STREET

From the Private Secretary

28 January 1987

I set out below such details as I have of Mr. Thatcher's visit to the United States. Could you please telegraph them to the Embassy in Washington this evening.

29 January	Depart No. 10 0800 hours Depart Gatwick 1010 hours Arrive Dallas 1423 hours
	(See Mark Thatcher)
1 February	Harber Island Hotel, 725 Harber Island Boulevard, Tampa, Florida. 813 229 5000
	(Stay one night)
2 February	Grand Bay Hotel, South Bayshore Drive, Miami. 305 858 9600
3 February	do.
4 February	do.
5 February	Depart for New York.
	(Details not yet finalised)
cc 8 February	Return to London

(C.D. Powell)

Lyn Parker, Esq.,
Foreign and Commonwealth Office

CHARLES POWELL 28.1.87

DENIS THATCHER

A

29 January	Dep. No 10 0800	
	Dep. Gatwick 1010	
	Arr Dallas 1423	
	(See Mark Thatcher)	
1 February	Harber Island Hotel,	
	725 Harber Island Boulevard	
	Tampa Florida	813 229 5000
	(Stay one night)	
2 February	Grand Bay Hotel	
	South Bayshore Drive	
	Miami	305 858 9600
3 February	do.	
4 February	do.	
5 February	Dep. for New York.	
	(Details not yet finalised)	
cc 8 February	Return to London	

R.

CLOSED UNDER THE FREEDOM OF INFORMATION ACT 2000

CDP 5/2

CONFIDENTIAL

Foreign and Commonwealth Office
London SW1A 2AH

22 January 1987

Dear Charles

US Embassy Sex Case

You asked for some further background.

It has not been our practice to give out detailed information on offences by diplomats, nor to name missions or individuals, on the grounds that to supply such information would contravene the principle that a person is presumed innocent until proved guilty. We do however supply general statistics on offences by diplomats to Parliament and press if asked. The Standard of 4 March 1986 referred to two cases of indecency by diplomats in 1985. [redacted]. (The other was a homosexual act involving a Jordanian, who was sent home.) The last two PQs about numbers of offences by diplomats were asked by Mr Peter Bruinvels on 7 July 1986 and 20 November 1986. (The former question referred only to drunken driving.)

There were 25 withdrawals in 1985, 17 in 1986 and 2 already this year.

You asked about the various descriptions given of the [redacted] incident. We have said that the charge would have been one of gross indecency; the American Embassy have described it as indecent exposure; police sources have apparently spoken of criminal assault.

[redacted] is reported to have exposed himself and committed other acts. I enclose a summary we prepared at the time of the police reports we received. In layman's terms it is perfectly reasonable to summarise this complicated incident as one of indecent exposure. The principal point, as the Prime Minister has said, is that there was no rape or physical injury to the girl. We were told by the Home Office that the police would have brought a charge of gross indecency under Section 1 of the Indecency with Children Act 1960.

Finally, I enclose a suggested line to take for PM's Questions today.

Yours ever

Alan Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 2568 (one piece/item number)	Date and sign
Extract details: Enclosure to letter from Culshaw to Powell dated 22 January 1987	
CLOSED UNDER FOI EXEMPTION 40(2); 38	10/5/18 Maryland
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

Instructions for completion of Dummy Card

Use black or blue pen to complete form.

Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.
This should be an indication of what the extract is,
eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.
Do not enter details of why the extract is sensitive.

If closed under the FOI Act, enter the FOI exemption numbers applying to the closure, eg. 27(1), 40(2).

Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.

LINE TO TAKE

Cover Up?

FCO provides statistics on serious offences to Parliament and press as requested. Figures published in 1985 which referred to Ingley case. 17 withdrawals for alleged criminal offences in 1985. These cases have not been heard before a court. To publish full details would contravene principle that accused is presumed innocent until found guilty.

Nature of the Alleged Offence

To have exposed himself and committed other acts. No rape or physical injury to child. Reasonable to describe incident as one of indecent exposure.

I have written to John Ker in Washington

10 DOWNING STREET

CDP.

FCS Office rang — re Mrs Thatcher's visit to US. (Your letter to C. Budd of 7 Jan).

They suspect nothing out of the ordinary but say our Ambassador is keen to have some details to 'start the ball rolling' with various people if need be)

If there is anything which may assist them would greatly appreciate any details.

Derek

2/1.

PERSONAL AND CONFIDENTIAL

BRITISH EMBASSY,
WASHINGTON, D.C.

16 January 1987

CP
I have told DT about $3. Can you please deal with $4

N L Wicks Esq CBE
No 10 Downing St
LONDON SW1

Dear Nigel,

INTERNATIONAL WASTE SERVICE INC

NCW
16.1

1. When we spoke about Mr Thatcher's forthcoming visit to Miami I told you that I would try to discover how matters stand on the case affecting Attwoods, about which we last corresponded in November 1985 and February 1986.

2. My understanding is that Attwoods are no longer directly involved in the litigation. They apparently pleaded nolo contendere in October, and were fined $375,000. However, the remaining defendants elected to go to trial in November, and were convicted, but have not yet been sentenced. Various post-trial motions are still to be decided, and the decisions on them could well attract some publicity, at least locally in Florida, in the next few weeks. Our contacts unfortunately cannot be more precise about the timing, for they simply do not know precisely when the court will hear the motions.

3. You may therefore wish to forewarn Mr Thatcher of the risk that the hacks in Miami may again pursue him as they did last February. Should he need any help, we now have a post in Miami, where the Consul, Peter Spiceley (305 374 1522), has been briefed in general terms. Further help would of course be provided on demand from the Consul-General at Atlanta (Barry Holmes: 404 524 5856) or from here, where the most appropriate contact might be me (202 898 4252). But I hope that the contingency will not arise.

4. Could you or Charles let us have an exact itinerary for Mr Thatcher's visit?

Yours ever,
John K.
J O Kerr

PERSONAL AND CONFIDENTIAL

MR THATCHER

YOUR VISIT TO THE UNITED STATES

It may be that the press will try to ask you questions again when you are in Miami as they did last February. Should you need any help, we now have a Consulate in Miami, where the Consul, Peter Spiceley (tel. no. 305 374 1522), stands ready to give you any assistance. Further help is available from the Consul General at Atlanta, Barry Holmes (tel. no. 404 524 5856), or from the Embassy in Washington where the most appropriate contact is the Head of Chancery, John Kerr (tel. no. 202 898 4252).

N.L. Wicks

22 January 1987

MJ2CVM

RESTRICTED

CLOSED UNDER THE FREEDOM OF INFORMATION ACT 2000

Foreign and Commonwealth Office
London SW1A 2AH

20 January 1987

Dear Charles

CDP 20/1

You asked for background on the case of alleged sexual assault by a diplomat's husband which was reported in today's press.

The alleged offender was the husband of a member of the administrative and technical staff at the United States Embassy. (We have confirmed his nationality to the press, in response to a direct question.)

[redacted] Contrary to allegations in The Star, there was no question of rape or assault. The child suffered no physical injury. In the absence of immunity, the alleged offender would have been charged with committing an act of gross indecency contrary to Section 1 of the Indecency With Children Act 1960.

We received the police reports on 20 December 1985. We formally requested a waiver of immunity on 23 December 1985. This was refused by the American Embassy. The alleged offender returned to the United States on 24 December 1985.

If the Prime Minister is asked about the case in the House, we suggest that she takes the following line:

- Confirm that person concerned was husband of a member of American Embassy.

- Case was one of indecent exposure. Charge would have been gross indecency. No question of rape or assault. Clearly a serious case, but the child suffered no physical injury.

- No "special deal" with Americans. Action as for any other Mission. They refused to waive immunity but removed offender immediately (ie the day after we wrote).

- Told by US authorities that offender would be given medical treatment. And that he has received it.

- (Defensive) Any steps taken to ensure offender does not return to this country?

  No. He would of course have no immunity if he did so.

/(Defensive)

- (Defensive) Waiver of immunity of British diplomat in similar circumstances?

  Hypothetical question. Treat each case on its merits.

- Give more details of incident?

  Incident happened more than a year ago. Quite unfair to girl to make her relive the whole affair now.

- Name of Offender?

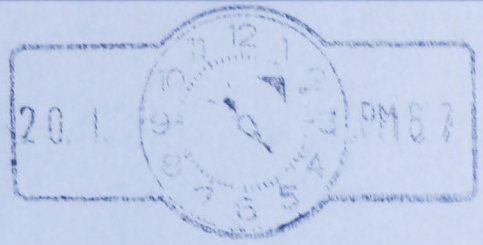
  It would be quite wrong to give this. Case has not been heard before a court.

Discussions with the US Embassy today suggest that they would have no difficulty with the replies proposed above. They do however attach importance (for legal reasons) to not revealing the name of the alleged offender.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street


20 L
PM 67

CONFIDENTIAL

BRITISH EMBASSY,
WASHINGTON, D.C.
TELEPHONE: (202) 462-1340

FROM THE AMBASSADOR

16 January 1987

Prime Minister
An interesting conversation
CDP 21/1

Sir Patrick Wright KCMG
PUS
FCO

My dear Patrick,

MY TALK WITH WHITE HOUSE CHIEF OF STAFF

1. Don Regan came to a tete-a-tete lunch with me on 15 January. I have seen him quite often since I came here, but have not previously had a chance of a long talk with him alone. I found him an interesting though broad-brush man, bloodied but unbowed by press criticism. He is easy to talk to. He said nothing very surprising, but it is perhaps helpful to have confirmation from the lynchpin in the Administration that the foreign policy area to watch is arms control. I enclose a copy of my record and I should be grateful if it could be given very limited, if any, distribution and if it could be kept on your files.

2. I am sending a copy of this letter and enclosure to Charles Powell.

Yours ever

Antony

Antony Acland

CONFIDENTIAL

Minister

H of C

FROM: Ambassador

DATE: 15 January 1987

LUNCH WITH MR DON REGAN

1. Mr Don Regan lunched with me alone on 15 January.

2. I began by saying that he must have had an awful time recently with all the press comment. He said that over the past few months he had acquired a shell about what was written about him. He read the reports in order to decide how he and the Administration should react but he did not allow the comment to affect him. He said that the interest would continue at least until the summer break with the Congressional Committees and the special investigator.

3. I asked about the President, telling him what Ambassador Price had told me following the New Year at Sunnylands. Mr Regan said that the President was very well and in good form. He had to be very careful for three weeks not to lift anything or strain himself and would need to go quietly for a further three weeks. At the moment he did one hour of work in the morning and one hour in the afternoon but was very interested in everything that was going on, especially in the field of East/West relations where he was expecting some further initiative from the Soviet Union. Mr Regan had not yet had a report of the Kampelman/Vorontsov meeting. I said that Mr Gorbachev was today giving a press conference which could announce some new initiative. Mr Regan said that the President's popularity as a person remained very high as far as the opinion polls went: 70% of the people liked him as a man but his rating for managing the Presidency had fallen to just above 50%. The President was hurt to feel that he had to some extent lost the trust of his people. He intended to be active both domestically and internationally. He was already looking forward to the Venice Summit. Mr Regan thought that the President would want to talk as much about political as economic issues. He would be paying his annual visit to Canada and would visit Italy, the Vatican, and probably West Berlin as appendages to the Venice Summit. Mr Regan had put his foot down against a strong State Department recommendation for a visit to Yugoslavia. He could see no point in crossing the Adriatic for three days.

/4.

4. There was a good deal of justification about the approaches to Iran - the need to create an atmosphere in which the Iranians might decide to use good offices with the groups holding the hostages. I said that it was a question of how tight the linkage had been between arms and the release of hostages. Mr Regan said that he thought that Colonel North had subsequently gone much too far in tightening that linkage.

5. I asked where progress was most likely in the field of foreign affairs. Were we right to think that there would be problems in advancing matters in respect of Central America, Southern Africa and the Middle East (although, as Mr Regan knew, the Prime Minister and the British Government thought that it was important to inject substantial movement into the Palestinian problem)? Was the field of arms control the most likely candidate for progress?

6. Mr Regan made no comment about South Africa. On the Middle East he referred to the Murphy mission but said that we would know more in six weeks after the visits of Mr Shamir and President Mubarak. King Hussein would be coming shortly thereafter. Personally, Mr Regan did not expect dramatic change. Similarly, he did not think the situation in Central America would alter significantly. He doubted whether the Contras would improve their position substantially during 1987 and he saw no great developments over Chile or Argentina. This gave me the opportunity to explain our policy in respect of the Falklands and the Fisheries.

7. Mr Regan thus agreed that the area of arms control was one in which we should look for progress. He certainly did not predict an early Summit between the President and Mr Gorbachev. There would be meetings between senior officials perhaps building up to a Shultz/Shevardnadze meeting. He agreed with me that Mr Gorbachev would probably like some agreement and would continue to take initiatives in order to achieve one or to obtain progaganda advantage. Mr Regan thought that the Soviet Union was scared about the progress on SDI which he described as significant. The Soviet Union had been brought to offer 10 years compliance with the ABM Treaty moving downwards progressively from the original offer of 20 years. Mr Regan continues to see the deployment of SDI rather than the testing of the research programme in space as the fire-break. He described Soviet opposition to such testing as being for propaganda purposes. Mr Regan agreed with me about the usefulness of the Camp David priorities and he thought that they were fairly solidly entrenched. He did not expect there to be undue attention on what should happen during the second 5 year period in respect of Strategic Ballistic Missiles and agreed that the 4 Camp David priorities represented a full agenda on which concentration should be

/focussed.

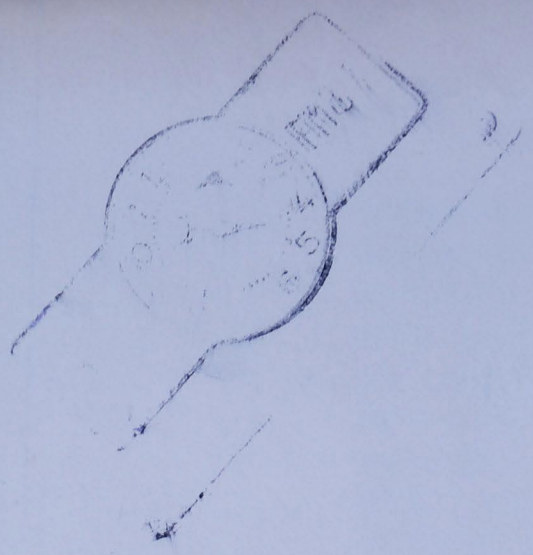
focussed. I explained again the political problem for the Prime Minister in relation to Trident if there was too much talk of abolishing all Ballistic Missiles in a 10 year period. Mr Regan commented - not in any critical sense - that he was familiar with that argument.

8. I asked whether we were in for a trade war. Mr Regan said yes and then launched into criticism of Japan and Germany for not doing anything to reflate their economies. He came round rather later to criticising the Community and focussing on the Article XXIV:6 negotiations. I emphasised the undesirability of a series of reciprocal counter measures and explained the political problem for the British Government if gin exports were discriminated against. It would be even worse if scotch whisky were included in the second hit list. Mr Regan did not know on what basis the items had been chosen. The package had been made up by officials and there had been little discussion at the top about the content and only about the desirability of promulgating the list. He agreed that it had been the intention to hit the French hardest and suggested that the items for other countries were based on the likely loss of US imports into the individual members of the Community. I questioned this. I repeated the problem for Britain over gin and whisky. Mr Regan said that it was a new issue as far as he was concerned and he would look into it.

9. I found Mr Regan easy to talk to and he was an appreciative guest. His knowledge of the subjects is fairly broad-brush and he gives the impression of being a manager rather than a formulator of policy in any detail.

10. You will wish to consider how widely this note should be circulated. There should be no reference whatsoever outside the Embassy to Mr Regan's comments to me nor should others be told that he lunched alone with me. On leaving he said that on the next occasion I must lunch with him at the White House.

Antony Acland



file
cc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

7 January 1987

I should be grateful if you would let H. M. Ambassador Washington know that Mr. Thatcher is intending to pay a private business visit to the United States from 28 January to 8 or 9 February. I shall let you have details of his itinerary as soon as I have them. He has not requested any particular help.

C D POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office

VC

SUBJECT
CC OPS
Master
~~Subject File~~
~~USA: Relations: Pt 4~~

10

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T4/87

CABWTE 001/07

O 071146Z JAN 87
FM CABINET OFFICE LONDON
TO THE WHITE HOUSE
BT
S E C R E T
MESSAGE FROM THE PRIME MINISTER
TO THE PRESIDENT OF THE UNITED STATES

PLEASE PASS FOLLOWING MESSAGE TO PRESIDENT REAGAN FROM
PRIME MINISTER THATCHER.
BEGINS:

DEAR RON,

WE ARE ALL ABSOLUTELY DELIGHTED TO HEAR THAT YOUR CHECK-UP HAS SHOWN NOTHING TO WORRY ABOUT AND THAT YOU ARE AS FIT AND STRONG AS EVER. THERE IS MUCH TO DO AND I HOPE THAT WE CAN HAVE ANOTHER TALK ON THE TELEPHONE SOON. I WOULD LIKE IN PARTICULAR TO CONSULT YOU ABOUT MY VISIT TO MOSCOW AT THE END OF MARCH. AS FOR ANY RESIDUAL PROBLEMS WITH CONGRESS AND THE PRESS ON IRAN, I RECALL SOME WORDS OF HARRY TRUMAN: ''I NEVER GAVE THEM HELL. I JUST TELL THE TRUTH AND THEY THINK IT'S HELL EXCLAM''

WITH VERY BEST WISHES TO YOU BOTH FOR THE NEW YEAR.

YOURS,

MARGARET.

ENDS.
BT

NNNN

QRU

QSL AT 1205Z KKK

SECRET

SRWAPA

Approved by PM 9
CDP
7/i

PLEASE PASS FOLLOWING MESSAGE TO PRESIDENT REAGAN FROM PRIME MINISTER THATCHER. Begins:

Dear Ron,

We are all absolutely delighted to hear that your check-up has shown nothing to worry about and that you are as fit and strong as ever. There is much to do and I hope that we can have another talk on the telephone soon. I would like in particular to consult you about my visit to Moscow (at the end of March.) As for any the residual problems with Congress and the press on Iran, I recall some words of Harry Truman: "I never gave them hell. I just tell the truth and they think it's hell!"

With very best wishes to you both for the New Year.

Yours,

Margaret.

CDP

Ends.

SECRET

Thank you.
CDP
7/1

CHARLES POWELL 7.1.1987

Mr Thatcher intends going on a business trip to the U.S.A. departing Wednesday 28 January, returning 8 or 9 February. There is no itinerary at the moment but when it is completed I will let you have it.

Joy

SUBJECT CC MASTER
OPS

4

UNCLASSIFIED

8375 - 1

OCMIAN 8375
UNCLASSIFIED
DD 021800Z WASHI
FM FCOLN TO WASHI
021130Z JAN
GRS 142

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 1/87

UNCLASSIFIED
FM FCO
TO DESKBY 021800Z WASHINGTON
TELNO 3
OF 021130Z JANUARY 87

PUERTO RICO HOTEL FIRE

1. PLEASE PASS THE FOLLOWING MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN AS SOON AS POSSIBLE. YOU WILL ALSO RECEIVE A MESSAGE FROM LADY YOUNG FOR THE GOVERNOR.

BEGINS

I WAS DEEPLY SADDENED TO HEAR OF THE TRAGIC HOTEL FIRE IN SAN JUAN, PUERTO RICO, IN WHICH SO MANY PEOPLE HAVE LOST THEIR LIVES. PLEASE ACCEPT THE CONDOLENCES OF THE BRITISH GOVERNMENT, AND OUR PROFOUND SYMPATHY FOR THOSE WHO HAVE BEEN INJURED OR WHO HAVE LOST LOVED ONES IN THIS SAD EVENT. ENDS

2. PLEASE INFORM SUBORDINATE POSTS AND HONORARY CONSUL SAN JUAN AS NECESSARY. NO LO DO NOT USUALLY PUBLICISE TEXTS OF MESSAGES OF CONDOLENCES BUT WILL CONFIRM THAT THEY HAVE BEEN DELIVERED.

HOWE

OCMIAN 8375
LIMITED

NAD	PS
WIAD	PS/LADY YOUNG
NEWS DEPT	MR GILLMORE
PROTOCOL DEPT	MR FEARN
CONSULAR DEPT	

COPIES TO:
10 DOWNING ST.

file

BM

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 January 1987

PUERTO RICO HOTEL FIRE

This is to confirm that the Prime Minister has approved the draft message attached to your letter of 2 January with one minor amendment, viz. for "our sympathy towards" read "our profound sympathy for".

(Mark Addison)

C.R. Budd, Esq.,
Foreign and Commonwealth Office

Foreign and Commonwealth Office

London SW1A 2AH

2 January 1987

Prime Minister (1)

Agree I send the message as drafted?

MEA 2/1

Yes

Dear Mark,

Puerto Rico Hotel Fire

Your Duty Clerk asked our Resident Clerk yesterday for a message of condolence from the Prime Minister to President Reagan.

/ I attach a self-explanatory draft telegram.

Yours Sincerely,

Colin Budd

(C R Budd)
Private Secretary

M Addison Esq
No 10 Downing St

OUT TELEGRAM

		Classification UNCLASSIFIED	Caveat	Precedence DESKBY021400Z

ZCZC	1	ZCZC
TC	2	UNCLASSIFIED
CAVEAT	3	
FM	4	FM FCO
TO	5	TO DESKBY 021400Z WASHINGTON
TELNO	6	TELNO
OF	7	OF 021130Z JANUARY 87
AND TO	8	
	9	
	10	PUERTO RICO HOTEL FIRE
	11	
	12	1. Please pass the following message from the Prime Minister to
	13	President Reagan as soon as possible. You will also receive a
	14	message from Lady Young for the Governor.
	15	BEGINS
	16	I was deeply saddened to hear of the tragic hotel fire in
	17	San Juan, Puerto Rico, in which so many people have lost their
	18	lives. Please accept the condolences of the British Government,
	19	and our profond sympathy ~~towards~~ for those who have been injured or who have lost
	20	loved ones in this sad event. ENDS
	21	2. Please inform subordinate posts and Honorary Consul San Juan
	22	as necessary. No lO do not usually publicise texts of messages
	23	of condolences but will confirm that they have been delivered.
	24	
	25	HOWE
///	26	
//	27	
/	28	YYY
	29	MAIN

YYYY
MAIN
ADDITIONAL
NNNN

		Catchword: MINIMAL	
File number	Dept NAD	Drafted by (Block capitals) D R UPTON	Telephone no 233 8169
Authorised for despatch by: Initials Date/time			
For COD use only	Comcen reference	Telegram number	Processed by

XY48 (REV)

OUT TELEGRAM (CONT)

	Classification	Caveat	Precedence
	UNCLASSIFIED		DESKBY021400Z

<<<<

1

2 MINIMAL
3 NAD
4 PS
5 PS/LADY YOUNG
6 MR GILLMORE
7 MR FEARN
8 WIAD
9 NEWS DEPT
10 PROTOCOL DEPT
11 CONSULAR DEPT
12
13 ADDITIONAL
14 PS/NO 10
15
16 NNNN
17
18
19
20
21
22
23
24
25
26
27
28
29
30
/// 31
// 32
/ 33
34

For distribution order see Page	Catchword:

XY 48A (REV)

cc/RC

Foreign and Commonwealth Office

London SW1A 2AH

29 December 1986

29/12

Dear Charles,

Visit by US Senators

Thank you for your letter of 19 December. The US Embassy have now told us, with apologies, that the visit to London by Senators Hatfield, McClure and Simpson has been cancelled. No reason was given.

I am copying this letter to the Private Secretaries to the Secretaries of State for Defence and Northern Ireland and the Chancellor of the Exchequer.

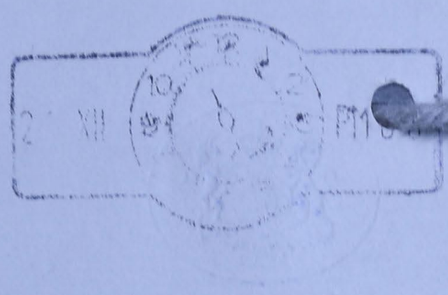
Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
No 10 Downing St

USA Relations PTS



CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

19 December 1986

VISIT OF UNITED STATES SENATORS

Thank you for your letter of 18 December about the visit of three United States Senators in January. The Prime Minister would be ready to see them at 1515 on Monday 12 January for 45 minutes.

I am copying this letter to the Private Secretaries to the Secretaries of State for Defence and Northern Ireland, and to the Chancellor of the Exchequer.

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

18 December 1986

Dear Charles,

Visit by US Senators: 10-14 January

The US Embassy have informed us that Senators Hatfield, McClure and Simpson will visit London from Saturday 10 January to 0900 on Wednesday 14 January. They have asked for calls on the Prime Minister, the Foreign Secretary, the Secretary of State for Defence and the Secretary of State for Northern Ireland.

The group wish to discuss a wide range of international issues with a particular emphasis on the effects of US budget restrictions on American foreign policy. They also wish to meet the Northern Ireland Secretary for talks on the Anglo/Irish Agreement and security matters in Northern Ireland.

I should be grateful if you would let me know if the Prime Minister would wish to offer a time for a short meeting with this group. The Embassy in Washington advise that the Senators are influential (cvs enclosed) and that a meeting with them would provide an early insight into the prospects for President Reagan's policies over the coming months in dealing with a Democrat controlled Congress. We see no particular need however for the Prime Minister to see them.

This letter and enclosure is copied to the Private Secretaries to the Secretaries of State for Defence and Northern Ireland and the Chancellor of the Exchequer. I should be grateful if they would let me know whether their Ministers would wish to receive the Senators.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

ANNEX
VISIT BY US SENATORS 10-14 JANUARY 1987

PARTICIPANTS

THE HONORABLE MARC C HATFIELD
(Republican, Oregon) (Leader)

Born 1922 Academic

Ranking Republican Member on Senate Appropriations Committee. Member of the Senate on Energy and Natural Resources and Rules and Administration Committees.

Has recently led a drive to reduce defence spending. He is a frequent critic of the Pentagon's new weapons ideas and a supporter of many federal social programmes.

THE HONORABLE JAMES A McCLURE
(Republican, Idaho)

Born 1924 Lawyer

Ranking Republican Member on Senate Committee on Energy and Natural Resources. Member of the Senate Appropriations and Rules and Administration Committees. Appointed a member of the Congressional Special Sub-Committee investigating the Iranian arms deal.

THE HONORABLE ALAN K SIMPSON
(Republican, Wyoming)

Born 1931 Lawyer

Former Assistant Republican Majority Leader and Chairman of Senate Veterans Committee. A member of the Senate Judiciary and Environment and Public Works Committees.

RECEIVED
OCT 18 1991

SUBJECT
CC MINISTER

File

SECRET AND STRICTLY PERSONAL

JM2 AJF 8
CC PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

15 December 1986

PRESIDENT REAGAN

You should know, for the information of the Foreign Secretary and the Permanent Under-Secretary only, that President Reagan telephoned the Prime Minister on 14 December. He sounded much stronger and more resolute than on the previous occasion, although still rather confused when discussing the details of the Iran affair.

The President said that he had been very touched by the Prime Minister's recent letter (this refers to a manuscript letter, of which I retain a copy). He agreed with her that there was a great deal of important work to be done. He intended to get on with it. He would try to speed up the enquiries into the Iran business. The press were trying to convey a picture of a cover-up. In fact, he was the only person so far to tell all the facts, although he still had a few things to learn. Kashoggi's recent television interview had confirmed everything that he had said. It seemed, however, that the United States had received more than the right price for the arms which had been sold, and some-one had used the money to finance the Contras. This still had to be cleared up. He was exploring ways in which, without hurting others, the whole story could be broken open. No-one wanted the truth more than he did.

The Prime Minister said that we wanted to see the whole matter cleared up as rapidly as possible, so that the Administration could get on with the major tasks facing it. From the telegrams she had read, it seemed that the worst might be over. President Reagan said that the White House's private polls did indeed show that his popularity had bottomed out and was now climbing again. He had a job approval rating of 55%, which was as high as Eisenhower reached in his second term. It was his intention to press ahead with the big issues, even though when the Administration had made a move on the budget, the press had claimed that it was just a

diversion. The Prime Minister said that there was a great deal of unfairness. But she was pleased that the President was pulling through. She was delighted to hear him sounding so much better.

(CHARLES POWELL)

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

OUT TELEGRAM

		Classification CONFIDENTIAL	Caveat	Precedence IMMEDIATE

ZCZC	1	ZCZC
TC	2	CONFIDENTIAL
CAVEAT	3	
FM	4	FM FCO
TO	5	TO IMMEDIATE WASHINGTON
TELNO	6	TELNO
OF	7	OF 101000Z DECEMBER 86
AND TO	8	
	9	INFO IMMEDIATE UKDEL GENEVA AND, TEL AVIV, AMMAN,
	10	
	11	BILATERAL WITH SHULTZ: CHEVENING: 9 DECEMBER
	12	SUMMARY
	13	1. A brief bilateral in the margins of our pre-NAC Berlin
	14	meeting. We touched on our proposals on chemical weapons, and
	15	the Middle East. Continuing American scepticism on both.
	16	Shultz described as a quote catastrophe unquote any suggestion
	17	of an international conference to discuss Palestinian self-
	18	determination.
	19	2. Shultz was supported by Nitze, Ridgway, Redman (State
	20	Department) and Price and Pendleton (US Embassy). Thomas, Fall,
	21	Galsworthy and Meyer were present on our side.
	22	DETAIL
	23	CHEMICAL WEAPONS
	24	3. Shultz asked how we saw our chemical weapons initiative
///	25	developing. I said that it was included as one of our Camp
//	26	David priorities, and was also among the French priorities.
/	27	Although fraught with difficulty, we believed that it offered
	28	the best prospect of negotiability. The Russians were beginning
	29	to see that it represented a real hurdle. The nature of their

Prime Minister
Rather gloomy
CDP
9/12

YYYY		Catchword: reservations	
MAIN	File number	Dept: Private Office	Drafted by (Block capitals): C R BUDD
ADDITIONAL			Telephone no: 483
NNNN	Authorised for despatch by:	Initials: CRBudd	Date/time: 1030 10/12
	For COD use only	Comcen reference	Telegram number / Processed by

27081 Dd8422716 50m 7/86 3656

YF36

OUT TELEGRAM (CONT)

	Classification	Caveat	Precedence
	CONFIDENTIAL		IMMEDIATE

<<<<

<<<<

reservations was becoming clearer: we now needed to refine the detail of the proposal. Shultz observed that Shevardnadze had called it an quote interesting proposal unquote which they were quote still exploring unquote. The three American desiderata were a mandatory regime, short notice, and on site verification.

4. Fall outlined the concept of a mandatory requirement to satisfy the challenging state, but with the possibility of doing so by a means other than on site inspection if this did indeed satisfy the requirement. I said that the outcome would be a far more intrusive regime than ever before. We were at the limits of what would be acceptable to ourselves as receiving states. Shultz and Nitze showed concern about the scope for Soviet evasion. Shultz floated the idea of controls on CW, with provision for retaining notified stocks. The Soviet Union would cheat. An insurance policy was needed in the form of a capacity to strike back. Mrs Ridgway warned against raising public expectations, especially in the Congress, of any CW agreement in the course of 1987. Shultz and I agreed to discuss this more thoroughly at Bermuda.

ARAB/ISRAEL/PLO

5. Shultz said that the problems associated with the traditional peace process remained insoluble: viz how to proceed to direct bilateral negotiations between Jordan and Israel, and who in the Jordanian team should represent the Palestinians. He spoke with feeling of the success over the last three years of his alternative policy of low key, practical improvements, as evidenced by the appointment of Arab mayors in the West Bank, the establishment of the Arab Bank, Taba, the resumption of full Jordanian/Egyptian relations, and the opening up of contacts

/// between Saudi Arabia and Egypt. He expressed frustration that

// so little US aid was available for the West Bank, and that the

/ welfare of the Palestinian population had been neglected both by King Hussein and the PLO (even regretting at one point that

For distribution order see Page	Catchword: the

OUT TELEGRAM (CONT)

		Classification	Caveat	Precedence
		CONFIDENTIAL		IMMEDIATE

<<<<

<<<<

the problem of the camps had not been solved by admitting Palestinian refugees to the West, as had happened with the Indo-Chinese refugees).

6. Shultz described the idea of an international conference with the avowed aim of Palestinian self-determination as a catastrophe. The US would refuse to participate, as would Israel. No positive result could come from such a conference. It was far too risky to contemplate. Moreoever, Lebanon was in chaos, the security situation in Syria was deteriorating, Israeli relations with both were getting worse, and the Soviet Union was closely involved in Damascus. The only circumstances under which the US would envisage a conference would be if it were predestined to lead directly to bilateral Israeli/Jordanian negotiations with acceptable Palestinian participation. (He later acknowledged in an aside that Murphy took a less negative view of an international conference than he did.)

7. I replied that we did not share his optimism about the long-term success of the current American policy. Tension was high and rising in the West Bank, and elsewhere in the region. An improvement in their physical conditions, even if it could be achieved, could not in itself satisfy the political aspirations of the Palestinians. If our approach was quite unacceptable to the Americans we would have to give it further thought. There remained an outstanding need for a political solution.

HOWE

YYYY

MAIN

LIMITED

NAD

For distribution order see Page	Catchword: NENAD

OUT TELEGRAM (CONT)

	Classification	Caveat	Precedence
	CONFIDENTIAL		IMMEDIATE

<<<<

1	<<<<
2	NENAD
3	ACDD
4	MR FEARN
5	SIR D MIERS
6	MR FALL
7	MR THOMAS
8	MR GILLMORE
9	MR FERGUSSON
10	MR GOODALL
11	PS/PUS
12	PS/MR RENTON
13	PS/LADY YOUNG
14	PS
15	
16	NNNN
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	
/// 31	
// 32	
/ 33	
34	

For distribution order see Page

Catchword:

Confidential

GRS 1500

Please file.

CONFIDENTIAL
FM WASHINGTON
TO DESKBY 050900Z FCO
TELNO 3063
OF 050210Z DECEMBER 86
INFO IMMEDIATE UKREP BRUSSELS
INFO PRIORITY UKMIS GENEVA, TOKYO

NEUTRAL

US TRADE POLICY: VISITS OF US CABINET MEMBERS TO LONDON

SUMMARY

1. VISITS OF YEUTTER, LYNG AND BALDRIGE COINCIDE WITH GROWING DEBATE HERE OVER TRADE LEGISLATION. ENLARGEMENT THE MAIN EC/US ISSUE, ALTHOUGH ADMINISTRATION EMULATING COMMISSION IN PLAYING CARDS CLOSE TO THEIR CHESTS. NEED TO REINFORCE MESSAGE ABOUT CONCERN OVER TRADE DISCRIMINATORY MEASURES PASSED AT END OF LAST CONGRESS, AND SEMICONDUCTOR AGREEMENT. AIRBUS COULD COME UP.

DETAIL

2. THE PROSPECTS FOR PROTECTIONIST TRADE LEGISLATION ARE PREOCCUPYING THE ADMINISTRATION. IN THEIR VIEW NOVEMBER'S MID-TERM ELECTIONS GAVE NO MANDATE FOR LEGISLATION. NONETHELESS, THE DEMOCRATS BELIEVE THAT IT CAN BE MADE INTO A MAJOR THEME IN THE 1988 PRESIDENTIAL ELECTION. THE TRADE DEFICIT IS SEEN AS AN ACHILLES HEEL IN THE ADMINISTRATION'S ECONOMIC POLICY, AND THERE IS A GROWING DEBATE ABOUT US INDUSTRIAL COMPETITIVENESS - EDUCATION, PRODUCTIVITY AND RESEARCH AS WELL AS TRADE POLICY - IN WHICH BOTH THE DEMOCRATS AND THE ADMINISTRATION ARE TRYING TO SEIZE THE HIGH GROUND.

3. HOUSE DEMOCRATS HAVE ANNOUNCED THAT AS SOON AS CONGRESS RETURNS THEY WILL BEGIN MARKING UP AN OMNIBUS TRADE BILL IDENTICAL IN MOST RESPECTS TO THAT WHICH THE ADMINISTRATION LABELLED PROTECTIONIST LAST SPRING. THE SENATE WILL NOT BE TIED BY HOUSE LANGUAGE, BUT SENATOR BENTSEN, THE CHAIRMAN-ELECT OF THE FINANCE COMMITTEE, WILL TAKE UP TRADE AS HIS FIRST PRIORITY, AND THE RESULT IS LIKELY TO BE PASSAGE OF A MAJOR TRADE BILL, PROBABLY IN THE FIRST HALF OF THE YEAR. SUCH A BILL WOULD CERTAINLY TIGHTEN US TRADE LAWS TO THE DISADVANTAGE OF THE IMPORTER: AND IT MIGHT WELL CONTAIN OTHER MORE SPECIFIC AND OVERT PROTECTIONIST PROVISIONS.

4. THE ADMINISTRATION ARE EVIDENTLY STILL UNDECIDED AS TO HOW BEST TO PLAY THIS CHALLENGE. IDEALLY THEY NEED TRADE AUTHORITY NEXT YEAR, TO EXTEND THEIR NEGOTIATING MANDATE FOR FREE TRADE WITH CANADA AS WELL AS THE GATT ROUND: BUT YEUTTER TOLD ME ON 2 DECEMBER THAT THEY ARE NOT PREPARED TO SELL THEIR SOULS FOR IT. ON THE OTHER HAND THEY CANNOT BE SURE THAT A VETO OF AN OBJECTIONABLE BILL COULD BE SUSTAINED, PARTICULARLY NOW THAT THE PRESIDENT HAS BEEN WEAKENED OVER IRAN. YEUTTER SAID THAT BEFORE IRAN THE DEMOCRATS WERE RELUCTANT TO CHALLENGE A POPULAR PRESIDENT: NOW HE FEARED THEY WOULD BE EAGER TO /CHALLENGE

Confidential

CHALLENGE HIM HEAD-ON FROM DAY ONE WITH IRRESPONSIBLE TRADE LEGISLATION. NONETHELESS THE ADMINISTRATION'S BEST HOPE MAY STILL BE THAT THE DEMOCRATS WILL IN THE END STEER CLEAR OF REAL EXCESSES FOR FEAR THAT UNDILUTED PROTECTIONISM WILL NOT BE POPULAR AT THE POLLS. TREASURY SECRETARY BAKER WHO WAS THE LEADING (INDEED DECISIVE) OPPONENT DURING THE LAST CONGRESS OF ADMINISTRATION CO-OPERATION WITH THE CONGRESS ON TRADE LEGISLATION, SEEMED TO BE PLAYING ON THIS SENTIMENT TODAY WHEN, IN A SPEECH IN NEW YORK, HE SAID HE WAS CONVINCED THAT ''IN GOOD FAITH AND IN A BIPARTISAN WAY THE DEMOCRATIC LEADERSHIP AND THE ADMINISTRATION COULD CRAFT RESPONSIBLE LEGISLATION THAT WOULD ENHANCE AMERICA'S INTERNATIONAL COMPETITIVENESS WITHOUT RESORTING TO PROTECTIONISM.''

5. THE ADMINISTRATION WILL BE HELPED IF THE CORNER HAS BEEN TURNED ON THE TRADE DEFICIT: THE WHITE HOUSE RECENTLY ISSUED A PRESS RELEASE CLAIMING THAT THE FALL IN THE MONTHLY DEFICIT IN OCTOBER, THE FOURTH MONTHLY FALL IN SUCCESSION, INDICATED THAT THE PICTURE WAS BEGINNING TO IMPROVE: BUT YEUTTER TOLD ME THAT HE WOULD STILL HESITATE TO CALL IT A TREND, AND MOST COMMENTATORS PREDICT THAT THE 1987 TRADE DEFICIT WILL BE ABOUT THE SAME AS THIS YEAR'S (E 160 BILLION DOLLARS ON THE MERCHANDISE ACCOUNT) UNLESS THE DOLLAR FALLS FURTHER.

6. THE ADMINISTRATION ARE STRESSING THAT AMERICA'S TRADE WOES ARE NOT IN LARGE PART THE RESULT OF UNFAIR FOREIGN TRADE PRACTICES, BUT STEM FROM MACROECONOMIC FACTORS AND FAULTS IN AMERICAN INDUSTRY. NONETHELESS TO RETAIN CREDIBILITY ON THE HILL THEY STILL HAVE TO WIELD A BIG STICK WITH TRADING PARTNERS (NOT LEAST THE NICS, AGAINST WHOSE CURRENCIES THE DOLLAR HAS YET TO RISE SUBSTANTIALLY). THE KEY RELATIONSHIP IS THAT WITH JAPAN, WHICH - AT DTH'S INITIATIVE - YEUTTER WILL BE BRIEFED TO DISCUSS WITH MR CHANNON. HERE, THOUGH USTR'S RHETORIC IS STILL TOUGH, THE US APPEAR TO US TO BE PUTTING LESS EFFORT INTO MARKET OPENING THAN EARLIER THIS YEAR (THERE MAY BE VARIOUS REASONS FOR THIS, INCLUDING THE SETTLEMENT OF SOME OF THE MOST LONGSTANDING AMERICAN GRIEVANCES, AS WELL AS INCREASING COSINESS ON MACROECONOMIC ISSUES C.F. THE BAKER - MIYAZAWA AGREEMENT). YEUTTER MAY BE BRIEFED ON THE JAPANESE ISSUE OF MOST IMMEDIATE CONCERN TO US - ALCOHOL, BUT THE US TREASURY, AND NOT USTR, TAKE THE LEAD ON IT.

7. YEUTTER WILL WANT TO DISCUSS THE GATT ROUND. USTR FEEL THEMSELVES UNDER PRESSURE TO ACHIEVE EARLY MOVEMENT. YEUTTER MAY REFER TO ALLEGED EC FOOT DRAGGING FOLLOWING THE RECENT CONTRACTING PARTIES MEETING, PARTICULARLY DOWN-BEAT REMARKS BY THE COMMISSION ON THE POSSIBILITY OF EARLY PROGRESS TOWARDS A FRAMEWORK AGREEMENT ON SERVICES. ON FAST TRACK NEGOTIATING AUTHORITY, YEUTTER IS LIKELY TO TAKE THE LINE THAT IF THEY CAN GET IT, THEY WILL: THAT THIS WILL HAVE TO BE DISCUSSED WITH THE CONGRESSIONAL LEADERSHIP: BUT THAT THEY CANNOT BE PUT IN THE POSITION OF HAVING TO HAVE IT IN 1987, SINCE THIS WOULD MAKE UNACCEPTABLE CONDITIONS INEVITABLE. AS SEEN FROM HERE IT WOULD BE FOOLISH FOR THE US' PARTNERS TO SECOND GUESS THE ADMINISTRATION ON THIS, ALTHOUGH THEY SHOULD PERHAPS BE LEFT IN NO DOUBT THAT AT SOME /POINT

Confidential

POINT THEY MUST HAVE UNCONDITIONAL, FAST-TRACK AUTHORITY IF THE GATT NEGOTIATIONS ARE TO PRODUCE RESULTS.

8. ON ENLARGEMENT, OUR CONTACTS ARE BEING VERY CAGEY ABOUT THE LATEST TALKS IN NEW YORK. DENMAN IS EQUALLY TIGHT-LIPPED BUT TELLS US THAT WHILE SOME PROGRESS WAS MADE, BOTTOM LINES HAD NOT YET BEEN REACHED: AND THAT THE HARD LINE WAS COMING FROM USDA UNDER PRESSURE FROM THE FARM LOBBY, RATHER THAN USTR. THE AMERICANS ARE EVIDENTLY NOW SENSITIVE TO THE COMMISSION'S PROBLEMS INTERNALLY AND WITH SOME MEMBER STATES. THEY MAY NOT WANT TO SPEND THAT MUCH TIME ON THE ISSUE IN LONDON BUT THEY WILL CERTAINLY PRESS HARD ON THE IMPORTANCE OF A SETTLEMENT AND THE NEED FOR THE UK PRESIDENCY TO PLAY PILOT ANY SETTLEMENT THROUGH THE COUNCIL. WE SHOULD TAKE THE OPPORTUNITY TO IMPRESS ON THEM OUR DESIRE FOR SETTLEMENT, RECOGNITION OF THE NEED TO INCLUDE CORN, THE LIMITED ROOM FOR MANOEVRE AND THE NEED FOR THEM TO BE MODERATE TOO, INCLUDING BY ACCEPTING THE FACT OF SOME INDUSTRIAL ADVANTAGE.

9. BOTH YEUTTER AND LYNG CAN BE EXPECTED TO RAISE OTHER AGRICULTURAL ISSUES, INCLUDING EC/US DIFFERENCES OVER THE THIRD COUNTRY MEAT DIRECTIVE AND HORMONES, AS WELL AS THE WIDER ISSUE OF AGRICULTURAL SURPLUSES. LYNG WILL WANT TO PRESS FOR EARLY PROGRESS ON AGRICULTURE IN THE GATT ROUND ON STANDARD LINES. ON THE INDUSTRIAL SIDE OUR CONTACTS HAVE NOT SUGGESTED THAT ANY OF THE VISITORS WILL HAVE BURNING ISSUES TO RAISE, THOUGH USTR SEEM TO BE BRIEFING YEUTTER ON DHSS POLICIES ON PHARMACEUTICALS (WE HAVE WARNED THEM THAT IT IS A DEAD ISSUE): AND COMMERCE HAVE INDICATED THAT THEY HOPE YEUTTER MAY RAISE AIRBUS BRIEFLY WITH MR CHANNON. (AS FORESHADOWED IN MY TELNO 3034, THE CABINET LEVEL ECONOMIC POLICY COUNCIL SHOULD BY THEN HAVE DECIDED HOW TO CARRY THIS ISSUE FORWARD, AND COMMERCE ASSISTANT SECRETARY LAUN- WHO WILL BE IN LONDON AT THE SAME TIME AS YEUTTER - MAY, ACCORDING TO COMMERCE, BE THE HIGH LEVEL OFFICIAL DESIGNATED TO PURSUE THE QUESTION OF INTERPRETATION OF THE GATT AIRCRAFT AGREEMENT REFERRED TO IN PARA 4 OF THAT TELEGRAM).

10. YEUTTER PROBABLY EXPECTS TO, AND SHOULD, BE BERATED ON THE DISCRIMINATORY MEASURES WHICH EMERGED FROM THE LAST CONGRESSIONAL SESSION. IT COULD BE WORTH DRAWING TO HIS ATTENTION THE COST OF THESE MEASURES TO THE UK AND THE EC, WHICH MAY COME AS A SURPRISE TO HIM. BUT THE MAIN POINT WOULD SEEM TO BE THAT WHICH HE HIMSELF MADE TO ME (MY TELNO 3049): CONGRESS MUST LEARN THAT THERE IS A PRICE TO BE PAID FOR OBJECTIONABLE TRADE MEASURES. HE WOULD NOT INCLUDE THE AD VALOREM CUSTOMS USER FEE IN THIS CATEGORY, BUT THAT SURELY IS A QUESTION FOR THE GATT TO DECIDE. HE TOLD ME THAT THE ADMINISTRATION WOULD BE BOUND TO DEFEND EVEN THE MEASURES HE RECOGNISED AS OBJECTIONABLE: IT COULD BE USEFUL TO GET HIM TO AGREE THAT THE US WOULD NOT RESIST FINDINGS AGAINST THEM.

11. THE OTHER GRIEVANCE WE SHOULD RAISE IS THE US/JAPAN SEMI-CONDUCTOR AGREEMENT AND ITS EFFECT ON THIRD COUNTRY MARKETS. US AND JAPANESE OFFICIALS MET AGAIN THIS WEEK TO REVIEW PROGRESS IN THEIR EFFORTS TO RAISE PRICES IN THE UK AND OTHER MARKETS. THERE IS EVERY REASON TO MAKE IT CLEAR /HOW

Confidential

Confidential

HOW OBJECTIONABLE WE REGARD SUCH BEHAVIOUR. IT WOULD BE INTERESTING TO HEAR HOW YEUTTER THINKS THE US WILL DEAL WITH THE INCREASING INTERNATIONAL, AS WELL AS DOMESTIC, OPPOSITION.

FCO PLEASE ADVANCE TO WILLIAMS, JOHNSON (ITP, DTI): HUTTON, COOKE, HOSKER (OT2, DTI): SHEPHERD, WARREN (ECD(E)).

ACLAND

YYYY

ORWBAN 8250

INTERNATIONAL TRADE

ECD (E)

NAD

ADVANCED AS REQUESTED

Confidential

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 December 1986

I enclose a personal letter from the Prime Minister to the President. I should be grateful if you could have it delivered as soon as possible.

(C. D. POWELL)

Sir Antony Acland, G.C.M.G., K.C.V.O.

SUBJECT cc MASTER
OPS

PRIME MINISTER'S PERSONAL MESSAGE
SERIAL No. T233/86

3.12.86

Dear Ron,

I was glad that we were able to talk on the telephone the other day so that I could tell you directly how very much you and Nancy are in my thoughts at this difficult time. The press and the media are always so ready to criticise and get people down.

But your achievements in restoring America's pride and confidence and in giving the West the leadership which it needs are far too substantial to suffer any lasting damage. The message that I give everyone is that anything which weakens you, weakens America; and what weakens America, weakens the whole free world.

Whatever happened over Iran is in the past and nothing can change it. I believe that the message should be that there is important work to be done, and you are going to do it. You will find great support for that over here in Europe and I am sure in America too. If you would like to talk about the issues on which we need to press ahead, I hope that you will call me.

Meanwhile, I send you and Nancy my affection and support.

7

SECRET AND PERSONAL

PRIME MINISTER

LETTER TO THE PRESIDENT

You wanted to write personally and in manuscript to the President. I attach a draft, which you may find useful.

C.D.P.

CHARLES POWELL

Some paper is attached

CDP.

3 December 1986

CF

This is a copy of a manuscript letter which the Prime Minister has sent the President. Please keep on file. CP

LOGACB.

SECRET AND STRICTLY PERSONAL

file

DG2AJW

6

SUBJECT cc MASTER

bc: PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

27 November 1986

PRESIDENT REAGAN

The Foreign Secretary should know that the Prime Minister had a talk on the telephone this evening with President Reagan. The Prime Minister said how upset she was by the personal attacks on the President. They must be deeply wounding. But he had many, many friends who believed in him and in his leadership. He must go on fighting for all that he believed in. Anything which weakened him, weakened the United States and thus the whole free world.

The President said that he had never experienced such attacks or seen the media and Congress as bad. It was simply not justified. The United States had been making good progress in restoring relations with Iran. All that had been wiped out. He was thinking of calling up Gorbachev and asking his advice on how to eliminate a free press. But he would just go on fighting, as the Prime Minister had said. He was very touched by her call.

I should be grateful if you would show this only to the Foreign Secretary and the Permanent Under-Secretary. We are not planning to announce the call, although I do not exclude that the Americans will do so.

Charles Powell

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

SECRET AND STRICTLY PERSONAL

Foreign and Commonwealth Office

London SW1A 2AH

26 November 1986

Dear Charles,

Award to the Prime Minister and HMG from the EMUNAH Women of America

The Prime Minister may wish to be aware that earlier this month the Consul General in New York accepted on behalf of HMG a "Government of Valor" award from the EMUNAH Women of America.

The EMUNAH organisation is a worldwide Jewish network which provides funds for social and educational work in Israel. The US branch presents an annual "Woman of Valor" award, but this year the award was changed to mark HMG's courageous stand against terrorism, and in particular the firm reaction to the Hindawi case. The award, which the Consul General proposes to keep in New York, is in the form of an artistic illustration of biblical themes.

In accepting the award the Consul General thanked the group and drew on recent Government statements on terrorism. The audience numbered some 400 and contained several members with friends and relations in the Prime Minister's own constituency.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

ADDRESS TO THE UNIVERSITY OF NEBRASKA, OMAHA

AMBASSADOR CHARLES H. PRICE, II

November 4, 1986

ADDRESS BY
AMBASSADOR CHARLES H. PRICE, II

to

THE UNIVERSITY OF NEBRASKA, OMAHA

Tuesday, November 4th, 1986

WINDS OF CHANGE IN NATO

Good morning and thank you for inviting me to address this prestigious group. It is a distinct honor to follow so many accomplished individuals who have addressed the ABC breakfasts at the University of Nebraska at Omaha.

It's particularly kind of you to invite someone from Missouri—especially during the football season. As a lone Tiger among a large and well-fed group of Cornhuskers I must say that the relative athletic records of our state universities astound me.

If nicknames were anything to go by, the roles should be reversed. It's incongruous, to say the least, that Cornhuskers regularly beat up on Tigers. But it happens all the time in the Big Eight. Maybe my alma mater, the University of Missouri, should take some less ferocious symbol. That might change our luck.

Speaking of luck, you may have read recently of William F. Buckley's lack of it. He delivered a speech at Yale and someone in the audience had heard him give the same talk a few weeks before. The Student Union at Yale, which had invited and paid Buckley, threatened to sue him.

Buckley, however, argued that he had agreed only to be brilliant, not original, and that no one could dispute the brilliance of his presentation. The Student Union never proceeded with the suit.

Well, unlike Buckley, I can promise only to be original, not brilliant, and I can promise to be sincere.

Sincerity, as you know, is essential in the successful prosecution of diplomacy. Once you've learned to *fake* it, everything else is easy.

On a more serious note, it is obvious that the recent meeting in Reykjavik continues to dominate our agendas in the diplomatic and political world. This is proper. We must analyze its results and devote attention to its potential ramifications.

Despite the conflicting reports about the meeting's outcome, I think we can see now that it opened up immense possibilities for future arms reductions that many would have thought impossible beforehand.

Our negotiators have been bolstered by the President's clear and firm refusal to bargain away the defensive shield his SDI program would offer us, and they are back in Geneva at this moment probing the Soviets to see just how much we can build upon the negotiating framework set out in Iceland.

Yet none of us should let Reykjavik drive from our minds other issues of equal importance.

This morning I want to discuss one of them: The health of the NATO alliance.

First, let's review a little history to see why and how NATO came into being and why it is so important to us.

Although we fought with the Soviet Union against Hitler in World War II, our postwar relationship quickly turned sour. One East European country after another—Bulgaria, Romania, Poland, Hungary, East Germany, and Czechoslovakia—succumbed to communist coups or Soviet force of arms. The nations of Western Europe clearly recognized the need to join their forces with the United States in common defense against Soviet expansionism.

As a result, in March, 1949, nine European countries, plus the United States, Canada and Iceland signed the charter creating the North Atlantic Treaty Organization, known more simply as NATO.

As agreed in its charter, NATO is a strictly defensive military alliance of indefinite duration whose members

pledge clearly that an attack on one will be regarded as an attack on all. That message was made clear to [illegible] and, since the formation of NATO, the Soviets have not gained one additional blade of European grass.

The passing years have brought much change.

The original 12-nation Alliance now has expanded to 16 countries. Along with military cooperation has come greater cohesion as a family of democratic nations—and greater prosperity.

Economies have grown. Governments have won elections and lost them. Great leaders have emerged, held sway, and then passed on. But throughout this period, every leader and every member government, whether of the left, center, or right, has remained faithful to NATO—as have we.

This is not to say that we have agreed with one another on every particular of NATO policy. We have engaged in serious debates and had genuine differences. But over the years, through consultation and compromise, we have resolved the points of contention. Every NATO member has remained committed to the Alliance and supportive of a commonly agreed defense strategy.

Unfortunately, new winds of change are blowing in NATO these days—and some are ill winds. To put it bluntly, we no longer seem to be able to rely on the old consensus, the common purpose and common approach we once took for granted.

It is not easy to discern the reason. In military terms no one contests that the NATO Alliance has served us—and continues to serve us—admirably. What is wearing at the edges, in a fashion I believe alarming, is the political and emotional fabric of our carefully built ties as nations and as peoples.

There is a growing tendency to see NATO as an Alliance where one can dine "a la carte," enjoying the

benefits and leaving the irksome responsibilities to others. Perhaps we have been too successful. Perhaps we no longer feel so threatened and, thus, se[redacted]ng.

I don't know.

But the sense of "all of us together" is, too often, becoming one of "us and them." This is happening

—*within* the political spectrums of individual NATO nations,
—*between* the member states themselves and, most worrying,
—*between* our other NATO partners and ourselves.

There is currently a discernible snappiness both ways across the Atlantic. My distinguished British colleague, Sir Oliver Wright, until recently the United Kingdom's ambassador in Washington, calls it the "Wimps and Cowboys" syndrome.

He points out to British audiences that because Americans are strong, they do not fear power or the use of it to solve problems. Thus they appear, to Europeans, to be "Cowboys."

Because the Western European nations are relatively weaker, they seek ways to live with problems or simply temper them. Thus, they appear to us to be "Wimps."

Neither characterization is right on the mark. But the perceptions are often as Sir Oliver has described them. As such they sap the strength of our Alliance just as surely as do disputes of a more formal character.

Actually, on the level of governmental leaders, NATO has an exceptional degree of cohesion at the moment. But many of its leaders will be facing elections soon.

Chancellor Kohl in West Germany and Prime Minister Thatcher in Great Britain are among them. And they will have to confront very serious domestic problems in regard to NATO responsibilities within their own countries.

For the sad fact is, that from the Alliance's northernmost flank to its Mediterranean frontiers, [redacted]t political parties, factions, or movements are chipping away at NATO's very foundations.

They are demanding everything from cuts in NATO defense budgets to outright abandonment of the nuclear shield that has been the bastion of Alliance defense for decades.

Of course, there are other problems as well. The military ties that bind Alliance nations have not eliminated the normal economic, monetary and trade problems and the historical rivalries among them.

And the question of how far Alliance solidarity should extend outside of NATO's formal boundaries is far from settled. Disagreement with our strike at Colonel Qadhaffi's terrorist centers is a good example.

But of all these difficulties it is the challenge to the core of NATO's nuclear deterrent strategy that carries with it the most danger for the stability of Europe, for the East-West relationship and for the peace of the world.

Faced with the overwhelming superiority of the Warsaw Pact's conventional forces—men, tanks, planes and guns—NATO countries have subscribed over the years to the doctrine of "Flexible Response."

That means a defense based upon two forces—conventional and nuclear—which bolster each other. If there were no NATO nuclear deterrent, the Soviets would be capable of overwhelming Western Europe with superior conventional forces or conducting a policy of nuclear blackmail.

Without sufficient conventional weapons, the Alliance, if attacked, could be driven to a nuclear response.

That is why the doctrine of "Flexible Response"—a combination of conventional and nuclear strength—has proven so valuable. A result of a collective NATO

decision, it answers both needs and, as a peace keeper, it has worked.

It has worked so well, in fact, that I am hard-pressed a loss to explain satisfactorily the rationale of those who wish to do away with it, or undercut it in one way or another.

Yet in Norway, Denmark, Belgium, the Netherlands, Germany, Italy and, yes, in Britain as well, there are those who would like to throw down the nuclear shield, or, in some cases, have others, like us, keep it up while they throw down their part of it.

While I do not challenge their sincerity, I have trouble accepting their conclusions.

What *I* fail to understand is why *they* cannot see:

—how shattering such an abdication of responsibility would be for the Alliance as a whole;

—how surely the Soviets would reap the advantages of such defections, and;

—how likely it would be that Americans who already believe we are carrying an unfair share of Europe's defense burden would be strengthened in their arguments and influence.

Although it exists in other countries as well, Britain offers a prime example of the kind of European mood I find so worrisome.

Britain's Labor Party has declared its intention—unilaterally—to do away with all nuclear weapons on British soil if and when it comes to power.

That would include the American cruise missiles, nuclear-armed submarines, and nuclear-capable F-111 bombers currently based in Britain as part of NATO's defense force.

It is still too early to predict the outcome of the next British election, which must be held before June of 1988. But it is not inconceivable that Labor could win and the next British government could be committed

to the removal of all nuclear weapons.

That is why we and all the NATO allies are watching the British electoral scene with grave concern—because of the possible effect the actions of such a government might have on the security of each one of us.

Remember, Britain is not just a member but a pillar of the Alliance and of its nuclear strategy.

At the moment the British own and control their own nuclear deterrent. This force—64 Polaris missiles—is not formally assigned to NATO's nuclear arsenal, but it contributes to Britain's security and the security of Western Europe as a whole.

In a crisis it would be a valuable potential adjunct to NATO's military capacity. We would like to see the British maintain it. But if some future British government decides to do away with it without consulting the Alliance that would be their right and no one would say otherwise.

The same situation does not prevail when it comes to the threatened removal of U.S. cruise missiles, nuclear capable aircraft and ballistic missile submarines. As I said, these weapons really are NATO assets.

Although built and operated by Americans, they serve, by mutual agreement, to protect all NATO nations. That is why we feel we have a *duty* to express concern and a *right* to be consulted before that protection is stripped away.

But, one might ask, why couldn't Britain, or some other nation with NATO nuclear bases, merely change the mix—agree to bear more of the conventional burden and less or none of the nuclear responsibilities?

Indeed, that is what is proposed by many of the European advocates of unilateral nuclear disarmament, including those in Britain.

This line of thinking has an appealing ring but carries with it a flawed logic.

The way each member shares the burden for Western

defense is determined by tradition, military capacity, history and common agreement within NATO. Britain cannot simply decide unilaterally to become another Denmark or Norway without grave consequences for the Alliance. If all NATO nuclear bases were to be removed from its soil, Britain would contribute less to this facet of "Flexible Response" than Holland or Belgium.

It would skew the fair distribution of defense responsibility agreed upon by the entire Alliance. And it would undermine the trust Britain enjoys among her allies because of the highly significant role she has played in NATO since its inception.

Just as flawed is the unilateralists' other argument that Britain could spur East-West disarmament by abandoning its nuclear weapons irrespective of what the Soviets do.

This argument ignores history. It is not now, nor has it ever been, prudent to cede something to the Soviets without meaningful compensation. Note the word meaningful.

Soviet leaders have promised, for instance, to reduce their missiles one for one with the British should a future Labor government decide to do away with nuclear weapons.

That would mean that when Britain reduced from 64 missiles to zero, the Soviets would drop from about 10,000 to 9,936.

I do not call that meaningful. I call it foolhardy.

If the Soviets compromise significantly on anything, they will do so only because we are strong, not because we are kind or well-meaning.

Finally, I want to bring the discussion home to Omaha and to the rest of the United States. We Americans staunchly support the cause of freedom in Europe. We spend on defense four times as much as Britain, France, West Germany and Italy combined.

And we spend it with few reservations.

We have a special affinity for the Europeans. We share with them a belief in democracy and in the supremacy of the individual. We have a common commitment to the rule of law and personal dignity.

Two times in this century we have committed our nation to war on the continent. We have done so recognizing that, in the end, our own security, and our own well being, depends on a safe and peaceful Europe.

We still back up that commitment with roughly one third of a million troops stationed in Europe. They guarantee our intent to live up to the words of the NATO charter, to consider an attack on one of our European allies an attack upon ourselves.

What I would not like to see—what we must never see—is an unraveling of the NATO Alliance and our commitment to it because we have lost our sense of common bond, common purpose, common responsibility and common burden.

We have too much invested in NATO, militarily, economically and emotionally, to watch its essential cohesion undermined by diners "a la carte."

If NATO's shield cracks, what replaces it? If NATO nations begin to follow their own independent policies without consultation, where does the process end?

We, as responsible Americans, must ask ourselves those questions because, inevitably, the expressions of discontent within the Alliance lead us to wonder whether it is all worth it.

We wonder why we should care more about the defense of Europe than, at times, the Europeans seem to.

I hope I have *convinced* you, with my earlier remarks, that we must continue to support NATO because it protects our security as well as that of our Allies.

I hope I have *reassured* you that, despite the strains it currently is undergoing, NATO has a remarkable

capacity to adjust and survive. It is, after all, an alliance of democratic nations whose members can never be expected to march in perfect lock step and whose views we must try to understand—as we ask [redacted] understand ours.

But I also hope I have alerted you to what could easily become one of the greatest crises that NATO has faced if some of its members decide, unilaterally, to opt out of their nuclear commitment.

I can only promise you that those of us serving in European capitals, who understand the importance of NATO and admire its success, will do everything to ensure its continuing vitality and good health.

Foreign and Commonwealth Office

London SW1A 2AH

3 November 1986

Dear Charles,

Visit by Mr Kinnock to Washington
29 November - 7 December

You may wish to know that Dr Eatwell, one of Mr Kinnock's advisers, has given our Washington Embassy the attached outline of a visit Mr Kinnock plans to make to the United States. This visit apparently arose out of an initial commitment to address the Kennedy School of Government at Boston. As you will see it will fall during the Congressional recess: Mr Kinnock will therefore concentrate on further contacts with the media, leaving calls on the Administration and Congress for a later, more formal visit, possibly next spring.

So far Dr Eatwell has only asked the Embassy to arrange a press reception for Mr Kinnock; but it is possible that Posts will also receive requests for accommodation and for some help with transport and arrangements, courtesies which it is normal to extend to the Leader of the Opposition or Shadow Ministers.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

OUTLINE PROGRAMME

29 November	Arrive Atlanta. Evening free.
30 November	Attend church service at Martin Luther King church. 1600 hours speech at Martin Luther King Center on civil rights and South Africa. Evening - private dinner with Andrew Young.
1 December	Morning - travel to New York. Afternoon - meeting with editorial board New York Times. Possible television interview (MacNeil/Lehrer show). Evening - dinner organised by John Brademas (former Congressman and currently President of New York University).
2 December	Morning - possible breakfast TV interview with 'Good Morning America' (ABC) and/or 'Today' (NBC). Thereafter travel to Boston. Speech on defence at 1730 at the Kennedy School of Government, Harvard University. Evening - dinner organised by J K Galbraith.
3 December	Morning - travel to Washington. Lunch at the Institute of International Economics (C Fred Bergstein). Those to be invited will include Volcker. Afternoon - possible visit to the Washington Post. Early evening - press reception (US and UK press). Evening - possible appearance on ABC Nightline programme (or alternatively on 4 December).

4 December	Morning - press breakfast at the National Press Club. Meeting at Institute for Policy Studies, mainly on arms control: discussions with Paul Warnke and Gerard Smith.
5/6/7 December	Holiday (including possible attendance at a Kennedy Center event on 7 December: invitation from Senator Hart).

03. XII AM 56

SECRET

5

PRIME MINISTER

c. Sir Percy Cradock

Admiral Poindexter telephoned me this evening on a number of points.

The President would like your meeting with him on 15 November to follow closely the pattern of the Camp David meeting in December 1984, that is a one-on-one with note-takers followed by a longer discussion for which he would be supported by Shultz, Regan and Poindexter. (Apparently Charlie Price had told the President that you wanted to see him alone throughout, and he doubted whether he was strong enough for that!). I said I thought this would suit you well. You proposed to be accompanied by Antony Acland and me as a note-taker.

Poindexter asked me to tell you about the reductions in Soviet staff. He said that the Americans had warned Shevardnadze at the time of the Zaharov case that if the Russians retaliated, the Americans' next step would be to bring Soviet Embassy staff down to parity with American staff in Moscow, with a few more expelled for good measure. This was what had now happened. He seemed to expect it not to affect working relationships in Geneva. I said that I thought you would applaud the action.

I told Poindexter that Charlie Price had been pressing me during the day to tell him the outcome of the Ministerial meeting on Syria. I explained that I was unable to do so, because the trial of Hindawi was still going on and a final decision must await the verdict. All I could say was that the Government had consistently taken a firm line on terrorism. Poindexter said that he understood the constraint, but it would be helpful if the US could be tipped off shortly before we took any action so that they could give appropriate support. Agree that I should tell him privately as soon as we have reached a final decision?

CDP

Yes

CHARLES POWELL

21 October 1986

VC2AMX

SECRET

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

23 September 1986

Thank you for sending round the photographs of Mrs Reagan and the Prime Minister. I am sure the Prime Minister would love to have one signed. I suggest the enclosed.

(CHARLES POWELL)

His Excellency
The Honourable Charles Price II

Mr. Charles Powell: If the Prime Minister has not already received any photographs autographed from Mrs. Reagan, then just let me know which of these she would like signed and I will be happy to take care of it. Sept. 19, 1986

With the Compliments of

THE AMBASSADOR OF THE UNITED STATES OF AMERICA

Charles H. Price, II

24, Grosvenor Square,
London, W1A 1AE, England.

RESTRICTED

FROM THE AMBASSADOR

BRITISH EMBASSY,
WASHINGTON, D.C.
TELEPHONE: (202) 462-1340

17 September 1986

CDP
24/9.

Mr Fowler (NAD)

cc PS
PS/Lady Young
PS/PUS
Mr Fearn
+ Mr Powell (No. 10)

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for
Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
London SW1A 2AH

Sir,

PRESENTATION OF CREDENTIALS

CR Budd
24/9

1. I have the honour to report that, as instructed in the Department's letter of 5 August, and accompanied by my daughter, I delivered to President Reagan on 15 September the Letters which Her Majesty The Queen addressed to him accrediting me as her Ambassador Extraordinary and Plenipotentiary at Washington, and announcing the recall of my predecessor, Sir Oliver Wright GCMG GCVO DSC.

2. It was, as is the custom here, a very brief ceremony. The President received seven Ambassadors and members of their families in the space of half an hour (the Ambassador of Zaire insisted on bringing his 15 month infant with him!). As the newest arrival, I was the last to see him, but Protocol Department told me that they had deliberately fitted me in at the end partly so that there would be little delay in presenting my credentials, and partly so that I would have the chance of a slightly longer conversation with the President, as turned out to be the case. I handed over the written text of my "remarks", // and the President handed over the text of his reply (I enclose copies).

/3.

3. In my text I referred to the excellent relations between our two countries arising from our shared love of democracy, individual freedom and the rule of law. I spoke of the United States and Western Europe as the foundation stones of the free world, and referred to our commitment to free trade. I assured the President of our determination to continue our unique relationship with the United States.

4. In his reply the President sent his good wishes to The Queen. He too touched on our common heritage and respect for individual rights and democracy, and on the struggles we had undergone together in defence of these values. He described the bonds which bind us as a bulwark against those who would attempt to take our freedoms from us.

5. In our brief discussion the President spoke very warmly of Her Majesty The Queen, of the Prime Minister and of you. I said that the Prime Minister hoped that she might have the chance of seeing him before the end of the year. We touched on the problem of drugs, since the President and Mrs Reagan had addressed the nation on the subject the evening before.

6. I was struck by the President's appearance on which I complimented him. He looked remarkably fit and relaxed, and the benefits of his Californian summer were obvious. Mr Don Regan told me later in the day that the President had chopped three trees during his holiday. His Washington winter will be more taxing.

I have the honour to be,
Sir,
Your obedient Servant

Antony Acland

Antony Acland

REMARKS TO BE MADE BY SIR ANTONY ACLAND UPON THE OCCASION OF THE PRESENTATION OF HIS LETTERS OF CREDENCE

Mr President

It is a very great honour and privilege for me to present to you this Royal letter from Her Majesty The Queen accrediting me as Her Ambassador to the United States of America.

The Queen has commanded me to convey to you personally on this occasion Her warm greetings and good wishes. I have also to present to you the letter of recall of my distinguished predecessor, Sir Oliver Wright, who worked so vigorously to develop the traditional co-operation between our two countries. I know how greatly Sir Oliver valued the personal support and encouragement which you showed him during his term as Her Majesty's Ambassador in Washington; and the easy and friendly access which he was granted by members of your Administration. I look forward to enjoying the same close and warm relations.

Mr President

Apart from our common language, the United States and the United Kingdom share a love of democracy, individual freedom and the rule of law. Our two nations have together demonstrated our commitment to uphold these values in peace time and to defend them in time of war. A strong United States and a strong Western Europe are the twin foundation stones of the free world. Our partnership in NATO has maintained the peace for over 40 years in the face of serious threat. Our commitment to free trade has strengthened the international market and promoted enterprise and economic prosperity. Our commitment to diversity and individual achievement are examples to those around the world who seek for themselves the freedoms which our two nations hold dear.

/Mr President

Mr President

The friendship between the peoples of the United States and the United Kingdom is remarkably close. The relationship between the United States and United Kingdom Governments is also remarkable in its breadth and depth. I assume my responsibilities as Ambassador determined to do all I can to continue this unique relationship between our two countries which does so much to further our common ideals.

THE PRESIDENT'S REPLY

TO THE REMARKS OF THE

NEWLY APPOINTED AMBASSADOR

OF THE UNITED KINGDOM OF

GREAT BRITAIN AND NORTHERN IRELAND

SIR ANTONY ACLAND

UPON THE OCCASION OF THE PRESENTATION OF

HIS LETTER OF CREDENCE

Mr. Ambassador:

It gives me great pleasure to receive the letter by which Her Majesty The Queen accredits you as Ambassador Extraordinary and Plenipotentiary of the United Kingdom of Great Britain and Northern Ireland to the United States of America. I also accept the Letter of Recall of your distinguished predecessor, His Excellency Sir John Oliver Wright.

I deeply appreciate the kind message you have conveyed from The Queen expressing her warm greetings. Please convey my good wishes to the Queen.

Our two nations are bound by a common heritage which has provided us with the respect for individual rights and democratic institutions which has been the foundation of success for both our nations. We have struggled together in the darkest hours to defend these values. Together we have won great victories in the name of liberty. The challenges to those values may be different today. But we must be no less vigilant, no less strong. The sturdy bonds between the United

The close relationship between our two peoples is based on belief in the value of every human being and on our conviction that the purpose of government is to serve, not to dominate. Thus we have a common burden in helping to make the world a safer and freer place for all mankind. We have a common interest in promoting the economic relationship between our nations and thereby contributing to a better life for all the world's peoples. We have a common responsibility in upholding the Anglo-American tradition of law and justice, a tradition which has taken root in much of the world.

The ties which bind us together will endure and grow together more firmly as we seek to achieve these goals. As Ambassador to the United States, you will have a unique opportunity to guard these ties, and to work to promote our common ideals. I offer you my sincere good wishes and support as you undertake your new responsibilities.

Spoken CDP 29/9.

PRIME MINISTER

SPACE

I attach a manuscript letter from Geoffrey Pattie seeking a private discussion with you on space issues including HOTOL. He suggests Chequers at a weekend.

Mr. Pattie's aim will obviously be to lobby for your support in advance of Whitehall discussions. This has some risks. You may prefer to see the plans and have a chance to reflect on them before you meet Mr. Pattie.

Agree to reply in this sense?

CDP

(C.D. POWELL)

8 September 1986

DCABKG

From the Minister of State
for Industry and Information Technology

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215)
GTN 215) 5147
(Switchboard) 01-215 7877

8th September 1984

Dear Prime Minister,

1 December 1984 you agreed to my giving you a presentation at the Cabinet table about Britain's role in space. The decisions that were taken then lead to the establishment of the British National Space Centre a few months later, and to a very positive position being taken by Britain in the European Space Agency Ministerial meeting in Rome in January 1985.

Subsequently, my Department has become involved with British Aerospace and Rolls Royce in funding the proof of concept stage of the HOTOL project. Robin Nicholson had hoped to be able to organise a briefing for you on this before he left his post but this did not prove possible.

My Department is now considering the Space Centre's plan for the next few years and my purpose in writing is to ask whether

1786 1986 BOARD OF TRADE BICENTENARY

you would be interested in having an informal discussion with me about the way forward.

Obviously the space plan will be sent round Whitehall formally for comment but I thought you might welcome some background briefing from, say, John Fairclough & myself, & possibly even a return by Brian Nicholson for the occasion.

The decision that we take as a Government will set the course for Britain's participation for the rest of this century & into the next century. There is considerable interest across all age groups in the key relevant technologies and I want to harness this interest & turn it into excitement & enthusiasm. This will be good for Britain & good for the Government.

I wondered if you might prefer a discussion at the weekend, perhaps at Chequers or I would gladly call on you at Dulwich. We ought to try & hold such a discussion within the next month if possible.

Yours ever

Geoffrey

DEPARTMENT OF TRADE AND INDUSTRY
LONDON SW1H 0ET
1986
BOARD OF TRADE
LIBRARY

08.IX. AM 8 6

243

CONFIDENTIAL

51186 - 1

OCMIAN 1186
CONFIDENTIAL
DD 182200Z WASHI
FM FCOLN TO WASHI
181900Z JUL
GRS 285

WLU 384/1
RECEIVED IN REGISTRY
21 JUL 1986
DESK OFFICER | REGISTRY
INDEX | IPA | Action Taken

CONFIDENTIAL
FM FCO
TO DESKBY 182200Z WASHINGTON
TELNO 1305
OF 181900Z JULY 86

UK/US SUPPLEMENTARY EXTRADITION TREATY

PLEASE PASS FOLLOWING MESSAGES FROM PRIME MINISTER TO PRESIDENT REAGAN AND SENATOR RICHARD LUGAR.
2. SIGNED ORIGINALS FOLLOW BY BAG.
3. TEXT OF MESSAGE TO PRESIDENT AS FOLLOWS:
DEAR RON.
I WAS (NEXT WORD UNDERLINED) DELIGHTED TO RECEIVE YOUR TELEPHONE CALL LAST NIGHT INFORMING ME OF THE PASSAGE OF THE UK/US SUPPLEMENTARY EXTRADITION TREATY THROUGH THE SENATE. IT WAS PARTICULARLY HEARTENING THAT THE SENATE SHOULD HAVE APPROVED THE TREATY BY SUCH AN OVERWHELMING MAJORITY. I AM EXTREMELY GRATEFUL TO YOU FOR ALL THE EFFORTS WHICH. I KNOW. YOU PERSONALLY HAVE DEVOTED TO ENSURING THIS EXCELLENT OUTCOME. THERE COULD BE NO BETTER DEMONSTRATION OF THE JOINT DETERMINATION OF OUR TWO GOVERNMENTS TO DEFEAT TERRORISM.
WITH WARM REGARDS.
YOURS EVER
MARGARET.
4. TEXT OF MESSAGE TO SENATOR RICHARD LUGAR AS FOLLOWS:
DEAR SENATOR LUGAR.
I SHOULD LIKE TO OFFER YOU MY WARM THANKS FOR THE KEY ROLE WHICH YOU PLAYED IN E NSURING THE PASSAGE OF THE UK/US SUPPLEMENTARY

/EXTRADITION

EXTRADITION TREATY THROUGH THE FOREIGN RELATIONS COMMITTEE AND SUBSEQUENTLY THROUGH THE SENATE ITSELF. I WAS PARTICULARLY HEARTENED BY THE SIZE OF THE MAJORITY WHICH THE TREATY ACHIEVED IN THE SENATE. I KNOW THAT YOUR SKILL AND DETERMINATION PLAYED A CRUCIAL PART IN BRINGING ABOUT THIS EXCELLENT RESULT, WHICH CLEARLY DEMONSTRATES THE JOINT COMMITMENT OF THE US AND THE UK TO DEFEAT TERRORISM.
WITH BEST WISHES.
YOURS SINCERELY.
MARGARET THATCHER

HOWE

OCMIAN 1186

NNNN
YYYY
MAIN
LIMITED
RID
NEWS D
NAD
PS
PS/LADY YOUNG
PS/PUS
SIR W HARDING
MR GOODALL
MR DAVID THOMAS

file GA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 July 1986

UK/US SUPPLEMENTARY EXTRADITION TREATY

I enclose copies of messages from the Prime Minister to President Reagan and Senator Lugar, about the Supplementary Extradition Treaty. I should be grateful if they could be telegraphed to Washington.

BF 11

(Charles Powell)

R. N. Culshaw, Esq.,
Foreign and Commonwealth Office.

SUBJECT
cc ops
master

cc FCO

PRIME MINISTER

PERSONAL MESSAGE

SERIAL No. T 136/86

10 DOWNING STREET

THE PRIME MINISTER

18 July, 1986.

Dear Ron,

I was delighted to receive your telephone call last night informing me of the passage of the UK/US Supplementary Extradition Treaty through the Senate. It was particularly heartening that the Senate should have approved the Treaty by such an overwhelming majority. I am extremely grateful to you for all the efforts which, I know, you personally have devoted to ensuring this excellent outcome. There could be no better demonstration of the joint determination of our two Governments to defeat terrorism.

With warm regards,

Yours ever

Margaret

The President of the United States of America

JDB 40 c

cc FCO

10 DOWNING STREET

THE PRIME MINISTER

18 July, 1986.

Dear Senator Lugar,

I should like to offer you my warm thanks for the key role which you played in ensuring the passage of the UK/US Supplementary Extradition Treaty through the Foreign Relations Committee and subsequently through the Senate itself. I was particularly heartened by the size of the majority which the Treaty achieved in the Senate. I know that your skill and determination played a crucial part in bringing about this excellent result, which clearly demonstrates the joint commitment of the US and the UK to defeat terrorism.

With best wishes,

Yours sincerely

Margaret Thatcher

Senator Richard Lugar

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

18 July 1986

Dear Charles

UK/US Supplementary Extradition Treaty

You told me this morning that the Prime Minister had in mind to send messages of thanks to President Reagan and Senator Lugar.

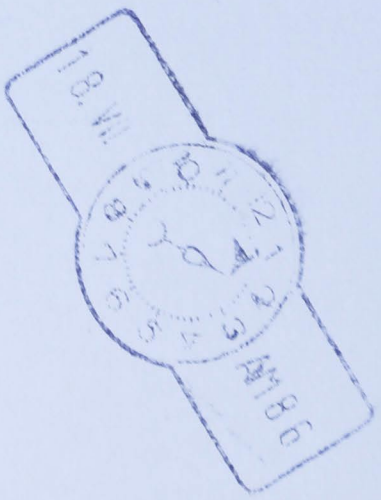
I now enclose suitable drafts, which we can telegraph for delivery today if the Prime Minister is content.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
No 10 Downing St

CONFIDENTIAL



DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

PRIME MINISTER

DEPARTMENT: TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

PRESIDENT REAGAN

1 D3 A013

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

I was delighted to receive your telephone call last night informing me of the passage of the UK/US Supplementary Extradition Treaty through the Senate. It was particularly heartening that the Senate should have approved the Treaty by such an overwhelming majority. I am extremely grateful to you for all the efforts which, I know, you personally have devoted to ensuring this excellent outcome. There could be no better demonstration of the joint determination of our two Governments to the defeat ~~of the scourge of~~ terrorism.

With warm regards.

Enclosures—flag(s).....

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: PRIME MINISTER

DEPARTMENT: TEL. NO:

Reference

Your Reference

Copies to:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

.....In Confidence

CAVEAT.....

TO: SENATOR LUGAR
CHAIRMAN
FOREIGN RELATIONS COMMITTEE

JDB Ao C.

SUBJECT:

I should like to offer you my ~~sincerest~~ warm thanks for the key role which you played in ensuring the passage of the UK/US Supplementary Extradition Treaty through the Foreign Relations Committee and ~~eventually~~ subsequently through the Senate itself. I was particularly heartened by the ~~extent~~ size of the majority which the Treaty achieved in the Senate. I know that your skill, ~~patience~~ and determination ~~throughout~~ played a crucial part in bringing about this excellent result, which clearly demonstrates the joint commitment of the US and the UK to ~~the~~ defeat ~~of the scourge of~~ terrorism.

With best wishes.

Enclosures—flag(s).....

SUBJECT
cc Masters

LOSAFL
FILE
cc Sir P.C

10 DOWNING STREET
LONDON SW1A 2AA

18 July 1986

From the Private Secretary

SUPPLEMENTARY EXTRADITION TREATY

President Reagan telephoned the Prime Minister yesterday evening. He said that he was ringing to give some good news. He had just been called from Capitol Hill to be told that the Supplementary Extradition Treaty had passed the Senate by a large majority. The Prime Minister said that she was absolutely delighted. She was very grateful to the President for all the work which he and his Administration had done on the Treaty and grateful to all those who had supported it.

The No. 10 Spokesman subsequently informed the press of this conversation.

I am copying this letter to the Private Secretaries to the Home Secretary, the Northern Ireland Secretary and the Law Officers.

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

NORTHERN IRELAND

PS
PS/[illegible] Y YOUNG
PS/PUS
MR GOODALL
HD/RID
DEP HD/PUSD (2)
HD/NEWS DEPT
HD/INFO DEPT

MR STARK, CABINET OFFICE
MR BELL, NIO(L)

IMMEDIATE

CDP 1877

RESTRICTED
FM WASHINGTON
TO IMMEDIATE FCO
TELNO 1894
OF 180237Z JULY 86

MIPT: UK-US SUPPLEMENTARY EXTRADITION TREATY: MESSAGES

1. I RECOMMEND THAT THE PRIME MINISTER SHOULD SEND A BRIEF MESSAGE OF THANKS TO SENATOR LUGAR, WHO HAS SKILFULLY STEERED THE TREATY THROUGH TO THIS HIGHLY SATISFACTORY CONCLUSION. SHE MIGHT ALSO WISH TO CONSIDER A MESSAGE TO THE PRESIDENT (IF HIS TELEPHONE CALL IS NOT CONSIDERED SUFFICIENT).

2. THE SECRETARY OF STATE HAS PERSONALLY THANKED SHULTZ AND LUGAR AND HAS SPOKEN ON THE TELEPHONE TO SENATOR EAGLETON.

3. I WILL WRITE SEPARATELY TO LEADING SENATORS WHO HAVE BEEN PARTICULARLY HELPFUL.

WRIGHT

YYYY

ORWBAN 4997

NNNN

CONFIDENTIAL
UK EYES ALPHA

(2)

BRITISH EMBASSY,
WASHINGTON, D.C.
TELEPHONE: (202) 462-1340

FROM THE AMBASSADOR

16 July 1986

Prime Minister
I think you will find this interesting + convincing.
CDP 23/7.

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for
Foreign and Commonwealth Affairs
FCO
London SW1A 2AH

Sir,

THE UNITED STATES: THE REAGAN PHENOMENON

1. In a few days' time I shall leave the United States conscious of one important piece of unfinished business: failure to explain the Reagan phenomenon to British readers. How is it that this man, the "Great Communicator", is still, after 5 1/2 years in office, one of the most popular Presidents of all time here at home in America and yet so misunderstood and even mistrusted in Britain and, apparently, elsewhere in Europe. More particularly, how is it that the qualities which cause him to be held in such affection and regard on this side of the Atlantic apparently often elicit only disdain and ribaldy on the other side? One is not helped, obviously, by the indifferent quality of some of the Press and TV reporting from Washington which, by editorial design in London as much as by occasional superciliousness here, seems too often intended to raise a smirk rather than to promote understanding.

2. A great communicator does not, of course, communicate in a vacuum. He communicates certain qualities, certain values, certain beliefs. The politics follow from the

/beliefs

beliefs and values. Ronald Reagan communicates self-confidence, self-reliance and sincerity. He radiates optimism and patriotism. He impersonates the American dream. He is the quintessential all-American nice guy from out West. He also communicates his fundamental political instincts, all of which have to do with freedom. By coincidence I am drafting this despatch at a time when the Statue of Liberty, refurbished, celebrates on 4 July its 100th Anniversary. Reagan celebrates the freedom of the individual from the shackles of the state. His objectives are quite simply to enlarge the areas of freedom, at home and abroad, objectives which should not be objectionable to a nation which numbers Magna Carta among its treasures and which lives in freedom under the American umbrella. Instead he seems to inspire in too many of his allies that air of insufferable condescension which Americans, especially those beyond the Eastern seaboard, find in their turn one of the less attractive of the sophisticated European's attributes.

3. In my despatch of May 30 I described the United States as a foreign country. I wrote that the task of explaining America to Britain and Britain to America was unremitting. Alistair Cooke, with his "Letter from America", has made a full time career of it for nearly 40 years. Nowhere is the foreignness of our two nations to each other more manifest than in the difference in perception we have of the nature and, yes, the worth of Ronald Reagan.

HIS LIFE: The Preparation

4. Ronald Reagan was the son of a Scottish Protestant mother whom he adored and of an Irish Catholic father who early deserted his family, a fact which, the ballyhoo of Ballyporeen apart, goes a long way to explain his consistently

/helpful

helpful attitude over Northern Ireland. He grew up in small town middle America and went to a small town middle American college - Eureka, Illinois - where he failed to distinguish himself at his books but developed a love of and a minor talent for football. Indeed, one of his first jobs was as a radio sports commentator, when he mastered the skill of describing on occasion matches which were taking place only in his imagination. He retains his love of radio broadcasting and does a regular Saturday morning radio talk, even though few people listen to it; but he does it just the same because he enjoys doing it.

5. Reagan hit Hollywood just before World War II. He came at the right time, for there was a demand for decent guys with naturally good manners who beat the bad guys and married their sweethearts. There was a market for such films in those days, believe it or not, and Ronald Reagan met the need in over 50 films. In the course of that career, he married two of his leading ladies. One marriage did not last; but the second, to Nancy Davis, did and he lived, with her, happily ever after. They celebrated their 31st wedding anniversary as guests of The Queen on board HM Yacht "Britannia" in San Francisco in March 1983. He said, on that occasion: "I promised Nancy many things 31 years ago, but I never promised her this".

6. It was in Tinsel Town that Reagan developed the political views to which he has remained constant all his life. The first is his hatred of taxes. As his film career prospered and he made more money, he grew angry that so much of what he had earned was taken from him by the Internal Revenue Service. The tax take seemed to him to prevent the small town boy making as good as he should. The second was his abhorrence of communism, which seemed to him to negate all that America stood for. Communism was fairly rife in Hollywood in those days. He

/graduated

graduated from being an actor to being President of the Screen Actors Guild and practised the negotiating skills which were shown to such good advantage at the Geneva summit with Gorbachev in the winter of 1985. In his capacity of Trade Union leader he was employed by the US General Electric Company in going round the company plants warning the workforce against Communism. It was then that he perfected the speaking style - quiet, clear, simple sincere and direct - which has served him so well, and the political vocabulary which has stayed with him ever since.

7. His gifts came to the notice of a number of rich Californian Republicans - among them Justin Dart, who died recently, and Holmes Tuttle, who is still alive - who launched him on his political career. That career can be said to have started in 1964 when he spoke on national television in support of the Republican Presidential Candidate, Barry Goldwater. Goldwater's campaign flopped, but Ronald Reagan's speech was remembered (for a more modern instance see Mario Cuomo's speech to the Democratic Convention in 1984 which nominated Mondale). His Californian backers ran him for Governor of California in 1966: he served two terms and was a competent and popular Governor. To be for 8 years Governor of the richest and most populous state of the Union, with a population and GNP about the size of Canada, is not the worst of preparations for the Presidency of the United States.

HIS PRESIDENCY: The Incomplete Fulfilment

8. Ronald Reagan came to the White House at a nadir in America's fortunes and in the prestige of the Presidency. The nation had been defeated in Vietnam. Nixon had been driven from office by the Watergate scandals. Ford, a decent man, was described by Lyndon Johnson as being unable "to walk and chew gum at the same time". Carter,

/also

also a decent man, was bowed down by the burdens of office and broken by the Iranian hostage crisis: he accused his fellow Americans of the "malaise" he felt in himself.

9. In Ronald Reagan, the power of the man and the power of the moment coincided. With his sense of theatre and the help of Mike Deaver and other PR advisers he has created what a leading editorial writer has described as an "Age of Ceremony". He has certainly restored the prestige of the Presidency. Americans felt frustrated and longed for the elixir of success: Reagan made America strong again with an immense increase in the military budget. "America is back, walking tall" he proclaimed at his State of the Union message in January 1984 and his fellow citizens loved him for telling them what they wanted to believe. He has rebuilt the morale of the Armed Services of the USA, of which he is Commander-in-Chief: understandably they are devoted to him. Americans felt that, during detente, they had been taken for a ride by the Russians. It was Harold Brown, a Democratic Secretary of Defense, who coined the phrase "when we build, they build; when we don't build, they build". Reagan has ensured that they are not being taken for a ride now. Americans felt overtaxed; the New Deal of FDR and the Great Society of LBJ had run their course; Reagan has reduced taxes and the role of government in society. Above all, Americans wanted the restoration of dignity to the Presidency. They wanted a President who was at ease with himself and with his office; a President who had confidence in America and his fellow Americans and was not ashamed to say so. They found these qualities in Ronald Reagan. Ronald Reagan likes them and they like Ronald Reagan. Ronald Reagan is confident in himself and so they repose their confidence in him. His greatest achievement is to restore America's confidence in itself. The United States has always been and will always be difficult to deal with. But better a self-confident America, than one torn by Nixonian self-doubt or Carterian malaise.

/10.

10. Ronald Reagan had, in political terms, two strokes of luck. First, a deranged young man, in the first 3 months of his Presidency, tried to assassinate him - and he survived. Americans naturally rallied to their President; but what won their hearts was his courage and humour in adversity. Before the surgeons operated, he quipped: "I hope you guys are Republicans". When Nancy, after the operation, asked how it happened, he replied "Honey, I forgot to duck." That this was not a one-off performance was shown during and after his operation for cancer of the colon. Never before in the history of the world has a political leader had the problems of his lower intestines so subjected to public examination. Yet throughout, what his fellow citizens have seen, before the operation, and after it, is a smiling President, waving cheerfully to the crowds and the television cameras, with Nancy at his side, undaunted by the experience, setting an example once more of how to behave with grace under pressure. Europeans seemed to focus less on the courage than on the violence in America and the vulgarity of the interest in a man's bowels.

11. It is the affection of his fellow Americans which has carried him, so far, through his political difficulties. All American Presidents have two functions: Head of State and Head of the Executive Branch of Government. Americans clearly love Reagan as Head of State. But increasingly they repudiate many of his policies as Head of the Administration. Indeed, since his first two years, 1981-2, when he got most of what he wanted, such was the reputation of his political victory - the tax reductions, the increased defence spending, the "voodoo economics" - he has obtained from the Congress very little of what he has asked for. The pendulum has been swinging back towards the centre, although that centre itself has moved rightward. In my telegram on the eve of his re-election in November 1984 I forecast: "On Tuesday next, the

/American

American people will go to the polls to elect a President with a mandate to carry out his policies and a Congress to stop him doing it." And so it has proved. Except for tax reform, which even the Congress has now embraced.

12. Ronald Reagan does not care for the nitty-gritty of government and no-one has accused him of working too hard. He is faulted for not bringing his warring baronies sufficiently to heel. But he sets the tone and the major decisions are his, and his alone, and more often than not he makes them on time. And he has attracted to Washington plenty of capable men and women and kept their loyalty and devotion. Shultz, Weinberger, Baldrige, Yeutter and Dole, to mention only those members of his cabinet with whom we conduct most business, bear comparison with any government anywhere. He has had his failures and has made his mistakes. His "voodoo-economics" have made the United States, which I described in my despatch of 20 December 1985 as, "a debtor nation and a nation of debtors", arguably the worst run of all the important industralised nations and his economic legacy will burden future generations. A President elected to balance the budget has succeeded in doubling the national debt in five years and in turning the United States for the first time since 1914 into a debtor nation, with net overseas liabilities overtaking those of Mexico and Brazil. The Congress has finally said no to military spending: his arms budget, like our own, has levelled off. The Congress, more responsive to popular pressures, favours a different trade-off between taxes and entitlements and increasingly prevails. The Congress has made him sweat for his $100 million for the Nicaraguan Contras and will certainly prevent any larger adventures there. But the President is not only on the side of the angels on free trade against strong Congressional pressure for protectionist legislation, he is also probably the only President in the past and, who knows, the next few years

/with

with the conviction, the popularity and the courage to have (so far) largely had his own way.

13. In foreign affairs, Ronald Reagan's bark is worse than his bite. He is cautious and pragmatic by nature, for he knows instinctively that while Americans want America to be strong, they are loath to use that strength, and when it has to be used, they wish it to be used swiftly and decisively, in good causes, and with a minimum of casualties. In my time here, Reagan has used America's strength twice, in Grenada and Libya. Both rightly, in my view, and both in good causes and both effectively. As for Grenada, ask the Grenadians. Our policy in Grenada had, in effect, been one of neglect. Reagan made up for that. And the Grenadians demonstrated when he visited the island 12 months after their liberation that they preferred to live in freedom under a democratic government to being ruled by a bunch of quasi-communist thugs. The jury is still out over Libya; but three months later, it does begin to look as if the mission has been accomplished and the snake of Libyan-sponsored terrorism scotched if not killed. He knows instinctively Frederick the Great's dictum that "diplomacy without arms is like music without instruments". We had to re-learn that the hard way over the Falklands. But as the "Economist" of 12 July has pointed out, "in Europe, most people are reluctant to give the Reagan administration the benefit of any doubt". The "Economist" goes on to say: "Perhaps those too long unsung victories (Grenada, Chad, Libya) are reminding the West of a forgotten lesson about how to survive in the world." I agree.

14. It is however by his management of the superpower relationship that Ronald Reagan is likely to be judged by history. There is an implied bargain in the Alliance that the important NATO partners will pull their weight in

/defence

defence provided they are satisfied that the two superpowers have their own relationship under control. The one thing lacking in his Presidency is an arms control agreement. Nixon, Ford and Carter, for all their faults, have agreements to their credit. As I write, judgement must be suspended. He has certainly achieved the first essential: the need to negotiate from strength. The next essential, to strike a verifiable bargain with the adversary superpower, is still to come.

15. The auguries are far from bad. The SDI, whatever else we may think of it, certainly brought the Russians back to the negotiating table at Geneva. The conditional future abandonment of SALT II restraints, whatever we may think of the wisdom of that decision, has made the Russians come up with interesting proposals at the Conference table. The bargain is there to be struck: deep cuts in offensive strategic weapons in return for limitations on SDI deployment. My personal belief is that Reagan wishes to go down in history as a peacemaker: that indeed is the motivation of his SDI. Nancy, who cares for his reputation even more than he does and, actuarially, will have to live with it longer, also wishes him to be so remembered. For peace, too, is part of the American dream. And a genuine negotiation in 1987 could prevent Ronald Reagan from becoming a "lame duck" President in his last 2 years.

16. So far he has met Gorbachev. They have taken each other's measure. But it takes two to tango. If Gorbachev wants a deal, he would be wise to cut it with Reagan, for no US President is likely to be better qualified than he to sell it to the far right and get the deal ratified by the US Senate. Time alone will tell. But if, in the best case scenario, Reagan steps down with an arms control agreement to his credit, then my guess is that the present discontents in the Alliance will become things

/of

of the past. And who knows? Perhaps Britons and other Europeans alike may at last come to appreciate the significance of the Reagan phenomenon. For he is a phenomenon, unique. We shall not see his like again.

17. That there is a special relationship between us and that it is greatly to our advantage, I have no doubt. At present, it seems to be somewhat one-sided, with America's regard for Britain somewhat unreciprocated. So if we wish the special relationship to endure we shall have to work at it. Friendship, the essential cement of self-interest, needs to be kept in repair. For as the United States moves West and South and as Britain moves closer to continental Europe, the Atlantic will grow wider. Already the eclipse of the old East Coast establishment means that the Americans we have to deal with are less familiar to us and we to them. Kissinger may have merely been seeking to grab the headlines when he warned that Ronald Reagan might be the last of the Atlanticist Presidents. Given America's commitment to the defence of Europe and Europe's need for that commitment, it is short-sighted folly on our part to denigrate Reagan's America. Given the enthusiasm for American popular culture in Britain, from Dallas to McDonalds, I do not believe that ordinary people in Britain are hostile to what America stands for. Could it be that we are suffering from a temporary bout of what was known in immediate post-war France as the "trahison des clercs"?

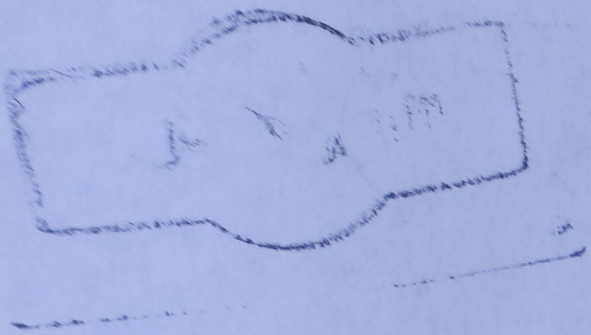
18. I am sending copies of this despatch to the Chancellor of the Exchequer, the Secretaries of State for Defence and Trade and Industry, the Secretary of the Cabinet, the Private

/Secretary

Secretary at Number 10 Downing Street, HM Representatives in NATO posts, Dublin, Moscow, Tokyo and to HM Consuls General in the USA.

I have the honour to be,
Sir,
Your obedient Servant

Oliver Wright



Foreign and Commonwealth Office

London SW1A 2AH

9 July 1986

CDP

Dear Charles

Report of the Presidential Commission on
The Space Shuttle 'Challenger' Accident:
'The Rogers Report'

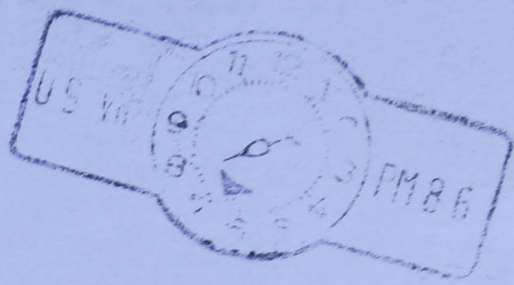
Some time ago you asked by telephone that we should obtain a copy of 'The Rogers Report' from the Embassy at Washington. This is now enclosed, together with the Report by the National Commission on Space, 'Pioneering the Space Frontier', and a recent commentary on space by Dr Cox, Counsellor, Science and Technology at the Embassy which you may also find of interest.

Yours ever

Robin Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
No 10 Downing St



EMBASSY OF THE UNITED STATES OF AMERICA
LONDON, ENGLAND

CHARLES H. PRICE II
AMBASSADOR

July 7, 1986

Mr. Charles Powell
#10 Downing Street
London, SW1

Dear Charles:

Many thanks for forwarding to me the letter from the Prime Minister to Senator Eagleton. I know how very much this will mean to him and how grateful he will be to include this in his memory of so many years of service in the Senate.

It was wonderful to see you on Sunday.

Best regards,

Charlie

CHP/mr

hlé

MJ

cc FCO

10 DOWNING STREET

THE PRIME MINISTER

2 July 1986

Dear Senator Eagleton,

I should like to thank you personally for the indispensable part you played in obtaining the support of an overwhelming majority of your colleagues on the Senate Foreign Relations Committee for the UK/US Supplementary Extradition Treaty.

The Supplementary Treaty marks an important advance in the fight against terrorism and I look forward, as I know you do, to its final ratification.

Warm regards.

Yours sincerely,

Margaret Thatcher

Senator Thomas Eagleton.

ECh

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

2 July 1986

Thank you for your letter of 25 June enclosing a letter from Senator Eagleton. The Prime Minister is happy to write to him thanking him for his role in obtaining a most satisfactory vote in the Senate Foreign Relations Committee on the UK/US Supplementary Extradition Treaty. I should be grateful if you would send the enclosed message to the Senator.

The Prime Minister has also asked me to convey her thanks to you for your own help on this issue. The close contact you maintained with Senator Eagleton was crucial, and your timely and widely read article in the New York Times on 3 June was particularly helpful.

Charles Powell

His Excellency the Honourable Charles Price II

Foreign and Commonwealth Office

London SW1A 2AH

2 July 1986

Dear Charles,

Letter to Senator Eagleton

Thank you for your letter of 27 June enclosing one from the US Ambassador suggesting that the Prime Minister might write a letter of thanks to Senator Eagleton for the part he played in obtaining the approval of the Senate Foreign Relations Committee for the UK/US Supplementary Extradition Treaty. I attach a draft.

Ambassador Price has also been most helpful. We had planned to thank him formally when final Senate approval had been obtained (not now possible until after the Senate returns on 14 July). But it would be awkward for us to ask the Ambassador to pass a message on to Senator Eagleton without our thanking him too at the same time. I therefore also attach a self-explanatory draft covering letter to the Ambassador for your signature, together with a copy of the New York Times article to which it refers.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:
PRIME MINISTER

DEPARTMENT:

TEL. NO:

Reference

To the
Ag

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:
SENATOR EAGLETON

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

I should like to thank you personally for the indispensible part you played in obtaining the support of an overwhelming majority of your colleagues on the Senate Foreign Relations Committee for the the UK/US Supplementary Extradition Treaty.

The Supplementary Treaty marks an important advance in the fight against terrorism and I look forward, as I know you do, to its final ratification.

CB

Enclosures—flag(s).....

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:
C D POWELL, NO 10

DEPARTMENT:

TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:
HE Charles H Price II

US Ambassador

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 25 June enclosing a letter from Senator Eagleton. The Prime Minister is happy to write to him thanking him for his rôle in obtaining a most satisfactory vote in the Senate Foreign Relations Committee on the UK/US Supplementary Extradition Treaty. I should be grateful if you would send the enclosed message to the Senator.

The Prime Minister has also asked me to convey her thanks to you for your own help on this issue. The close contact you maintained with Senator Eagleton was crucial, and your timely and widely read article in the New York Times of 3 June was particularly helpful.

CDP

CD.

Enclosures—flag(s).....

United States Information Service

Embassy of the United States of America
55/56 Upper Brook Street
London W1A 2LH

Tel: (01) 499 9000

June 4, 1986

FOR A U.S. TREATY TO HELP BRITAIN

By Ambassador Charles H. Price, II
U.S. Ambassador to the Court of St. James's

(This article first appeared on the op-ed page of the June 3 edition of The New York Times)

LONDON -- The United States Senate is soon to face a crucial decision on legislation making possible the extradition of individuals wanted in Britain for terrorist crimes. Should opponents of the legislation prevail, we will have rebuffed Prime Minister Margaret Thatcher and her Government. They, alone among our allies, supported our decision to strike terrorist centers in Libya six weeks ago.

We will also have undermined our commitment to fight terrorism worldwide -- a commitment expressed in the Tokyo communique on May 5, in which President Reagan, Mrs. Thatcher and five more leaders of the largest industrialized democracies pledged to fight terrorism "relentlessly and without compromise," and promised to take stern diplomatic and political measures, including more effective extradition procedures.

But even as the democracies registered their disapproval of terrorism, the Supplementary Extradition Treaty with the United Kingdom -- legislation that would give meaning to our words -- remained stalled in the Senate Foreign Relations Committee. It is still there.

The treaty would provide for the return of suspected terrorists who have taken refuge in the United States. Under current U.S. laws, such people can claim that their actions are politically motivated, thereby escaping extradition because America refuses to extradite those fleeing prosecution for political acts. But deliberate murder, committed in a liberal democracy that allows for redress of grievances, is not a political act. It is premeditated homicide.

The treaty would deny these fugitives sanctuary, deprive them of their hollow claim to legal immunity, and compel them to face justice. If Congress refuses to approve this treaty, what message do we convey to the world? If we provide safe haven to terrorists, how can we condemn others for doing the same?

We cannot be selective in applying the measures we subscribed to in Tokyo. This erodes our credibility and undermines the international fight against terrorism. Moreover, it suggests that we adhere to a double standard, punishing certain terrorists while offering asylum to others.

The British can legitimately ask what our attitude would be if their country harbored terrorists who killed American citizens and who advocated the violent overthrow of the American Government. They could also question our reliability as an ally and our loyalty as a friend.

We talk often of the ties that unite the United States and Britain. We note our common traditions and shared heritage. We speak of our mutual experience in two great wars. By supporting our strike against Libya, the Thatcher Government, at great political risk, has ratified its belief in this special relationship. Yet some Americans would repay Britain's fraternal gesture and resolute reply to terrorism by rejecting its request for the extradition treaty. This reeks of selfishness and hypocrisy. It discourages cooperation among the allies and allows our adversaries to turn this example to their own ends.

Several senators argue that the treaty is anti-Irish. This is simply not true. The treaty takes its inspiration from the European Convention on the Suppression of Terrorism, which the Republic of Ireland has signed. It would also strike at the Irish Republican Army, which Irish politicians and religious leaders have repeatedly condemned for its criminal behavior. The Irish people, who themselves have suffered from I.R.A. terror, have sought to bring to justice those militants who operate from and in the Republic.

Others on Capitol Hill say they would support the treaty only with certain modifications, one of which would exempt the murderers of police officers and soldiers from extradition, because these killings are "political." This, of course, would encourage the terrorists to attack the very professionals who protect innocent civilians. Anyone in uniform would become an attractive target. For this reason, among others, an altered treaty would be deficient.

We need the Supplementary Extradition Treaty in its present form. It is a solid document that echoes the sentiments of the Tokyo communique. It declares, clearly and forcefully, that the United States will combat terrorism in every way and in every place.

98W

USA

RELATIONS

P 7 S

SECRET

010

4 cc PC

Prime Minister

CDP

2/7.

I Please also see underlined passages in attached record of conversation]

MO 14/2L

PRIME MINISTER

VISIT TO THE UNITED STATES: 23RD-27TH JUNE 1986

1. I visited the United States last week at the invitation of Cap Weinberger - my first visit as Secretary of State for Defence. Apart from talks with Weinberger, my programme included a meeting with George Bush; meetings with leading Senators and with the House Armed Services Committee; and visits to North American Aerospace Defense Command at Colorado Springs and to SACLANT at Norfolk, Virginia.

2. I was particularly impressed by the cordial reception I received from Cap Weinberger, who went out of his way to be a generous and friendly host, and from the others whom I met, including Congressmen on both sides. The atmosphere could not have been better. I put this down not only to Cap's personal warmth - which is real - but to the extent to which our support over the Libyan operation is still vivid; to an appreciation of our contribution more generally at a time when burden-sharing, political and material, is much on Washington's mind; and to real concern about how catastrophic for the Alliance, by contrast, a change of Government in the United Kingdom could be. George Bush remarked that the position of the opposition in the

United States was, by contrast with our own Opposition, tame indeed.

3. While I was there I signed an agreement for a European Architecture Study for the SDI which together with another contract signed at the same time with Culham is worth some $14M, a timely fillip to our participation. There has been wide publicity. I emphasised to Weinberger and Bush that it was in the interests of both countries that SDI business should now build up in the United Kingdom.

4. I made it a theme of a speech I gave to the Foreign Affairs Association, and in my meetings, that while we take our share of the defence burden, the United States for their part must deal sensitively, in the face of European public opinion, with such issues as SALT II constraints. Weinberger himself seemed to accept that the Administration had not handled the constraints issue well, though he fell well short of indicating himself to be a convert to SALT II.

5. I am copying this to the Foreign and Commonwealth Secretary, to Sir Robert Armstrong, and to Sir Oliver Wright in Washington.

G.Y.

Ministry of Defence

1st July 1986

010

3

cc PE

MO 14/2E

NOTE FOR THE RECORD OF A MEETING BETWEEN THE SECRETARY OF STATE AND VICE PRESIDENT BUSH IN THE WHITE HOUSE, ON WEDNESDAY 25TH JUNE AT 1030 AM

1. The Defence Secretary was accompanied by Sir Oliver Wright and the Private Secretary; Vice President Bush by his personal staff.

2. The Secretary of State said that he had had most useful discussions with Mr Weinberger. The signature of a major SDI contract in the course of these discussions would give a useful impetus to the programme in Britain. There had been good coverage in the British press.

3. Vice President Bush asked how the SDI was now regarded in the UK. The Secretary of State said that debates in Parliament on the SDI had gone well; but, the new contract would give a welcome counter to those who were beginning to criticise the slow build-up of SDI business in the UK. The Vice President asked whether there were serious suspicions that the US's objective was to build up a first strike capability. The Secretary of State said that Mr Gorbachev was good at playing on this sort of theme.

4. The Vice President asked how we viewed the repercussions of Chernobyl. The Secretary of State replied that these would mainly be felt in the sphere of civil nuclear energy. The Chernobyl rector was, however, fundamentally different from Western designs.

5. The Secretary of State said that the Government was grateful for the United States' having consulted so closely over recent developments on arms control at Geneva. The Vice President asked how we had reacted to the SALT II constraints decision. The Secretary of State said that this had been a very difficult issue for public opinion. The impression had been created that the US was violating treaties. Public opinion tended to forget violations by the other side. The Vice President commented that the attitude of the Opposition in the UK on nuclear policies made opposition parties in the US look tame. The Secretary of State briefly described the positions of the Labour, Liberal and Social Democratic Parties. The Vice President commented that when in office, parties often proved more measured than when in opposition. The Secretary of State said that defence and nuclear matters were going to be a major pre-election issue in the UK. It was very important that they should be an election winner and not an election loser. For this reason it was essential that the US played the SALT issue

with great care and did not breach limits until it was clearly seen that the Soviets had done so and had had every chance to mend their ways.

6. The Vice President commented that this was a good point. The President stood at an unprecedented high point in public opinion. He had achieved much: he had rid the US of its malaise, of the "misery index". With two years still to run the major item left on his agenda was a significant contribution to peace, and the lowering of fears over nuclear weapons. The Russians should seize this opportunity because here was a President with the ability to get treaties through Congress. The President wanted a summit and there would be one. He wanted an arms control agreement and there might well be one. A summit would have the effect of defusing European anxieties over the SALT II limits. The trouble was that the perception was not widespread that the Soviets had been in violation. He thought Gorbachev wanted a summit; and the idea that the Soviets would be deflected from serious negotiations by the US SALT II decision was "mullarky".

7. The Secretary of State commented that Lord Whitelaw had been impressed during the recent visit of a Parliamentary delegation to Moscow by the extent to which Gorbachev had established his complete authority. The Vice President wondered nevertheless whether the slowness with which the Soviets had faced up to the need for openness after the Chernobyl disaster might demonstrate "that Gorbachev's hand was not yet on everything".

8. Turning to CW, the Secretary of State said that he hoped enough had been done in NATO now to satisfy Congress that their conditions for the funding of binary production had been met.

9. The Secretary of State emphasised the need, in terms of European opinion, for some forward movement on CW arms control. The UK chairmanship at Geneva gave us an opportunity but time was now limited. We had in mind an independent move on verification, offering a formulation which was very slightly, but nevertheless significantly, different from the US proposal. The Foreign and Commonwealth Secretary had written to Shultz about this, and the Secretary of State had talked to Weinberger, who for his part quite accepted that we would be making an independent move. As things stood, the Soviet had a propaganda advantage.

10. The Vice President said that he could not see why this should be so: it was the American proposal on verification which should have seized the propaganda high ground. It was he who had personally tabled the US proposal at Geneva and it was a great disappointment and surprise to him that there had been such a negative reaction, and that no movement had been made.

He could not understand why an agreement on chemical weapons, which was clearly so much in everyone's interest should prove so difficult to achieve. The Secretary of State said that the trouble was that the US proposal was seen as non-negotiable. Our own variant might well in the event not prove negotiable either: but it would put the Russians on the spot. We envisaged that a very short timescale would be set for the challenged state to respond to a challenge: if the response was unsatisfactory, then inspection would be obligatory. The Vice President commented that this would give the challenged state an opportunity to remove the evidence: the Secretary of State said that this was the point of setting a tight timescale. The Vice President asked whether there was any doubt about which side was being unreasonable in the negotiation. The Secretary of State said that in Europe there was.

11. In conclusion the Vice President commented that the US would get nowhere on this if they were divided from their friends. They ought to be talking to us about some modifications to their proposal.

12. The meeting ended at 1100 am.

30th June 1986

(J F HOWE)
PS/S of S

Distribution

PS/Minister(AF)
PS/Minister(DP)
PSO/CDS
PS/PUS
PS/CDP
DUS(P)
PS/HDES
ACDS(Pol/Nuc)
ACDS(NATO/UK)
Hd Sec (NATO/UK)(P)
Hd DACU
CPR

External copies:

PS/Prime Minister
PS/Foreign and
Commonwealth Secretary
PS/Sir Robert Armstrong
HM Ambassador, Washington
Sir J Graham, UK DEL NATO

E.R.

DUS/L/1010

cc PS/Mr Scott (L&B)
Mr Bell
Mr Powell, No 10
Mr Boys Smith, HO
Mr Budd, FCO

PS/S of S (L&B)

I see from Charles Powell's letter to the FCO of 27 June that Senator Eagleton is soliciting a letter from the Prime Minister about his part in getting the Supplementary Extradition Treaty through the Senate Foreign Relations Committee.

Certainly, such a letter could be sent now. But the latest news from Washington (telegram 1688 of 26 June) is that, because of pressure, the whole Senate will not vote on the Treaty until after its Summer Recess which ends on 14 July. The Embassy do not, apparently, see any problem in getting a majority, but say that there could be further efforts to delay or amend the Treaty. You might like to invite the FCO to consider whether a Prime Ministerial letter to Senator Eagleton would better go when the Treaty is finally in the bag!

A J E BRENNAN

30 June 1986

Charles PRICE
11/7

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

27 June 1986

I enclose a copy of a letter to me from the United States Ambassador in which he suggests that the Prime Minister should write a letter to Senator Eagleton about the part he played in the Senate Foreign Relations Committee vote on the US/UK Supplementary Extradition Treaty.

I think that the Prime Minister would wish to do this, subject to the Foreign Secretary's views (and even though Sir Oliver Wright has already written). I should be grateful for a draft.

I am copying this letter and enclosure to Stephen Boys Smith (Home Office) and Jim Daniell (Northern Ireland Office).

C D POWELL

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office

MO 14/2

NOTE FOR THE RECORD OF THE SECRETARY OF STATE'S MEETING WITH MR WEINBERGER IN THE PENTAGON, 24TH JUNE 1986 AT 1130AM

Those present:

The Rt Hon George Younger MP
Secretary of State for Defence

Sir Oliver Wright
HM Ambassador, Washington

Mr D A Nicholls
DUS(P)

Major General G D Johnson
ACDS(NATO/UK)

Air Vice Marshal Ronald Dick
Head of British Defence Staff, Washington

Mr J Ledlie
Chief of Public Relations

Mr J O Kerr
Head of Chancery, British Embassy, Washington

Mr S H Band
First Secretary, British Embassy, Washington

Mr J F Howe
PS/Secretary of State

The Honorable Caspar Weinberger
US Secretary of Defense

Lieutenant General John Moellering
Assistant to the Chairman, JCS

The Honorable Fred Ikle
Under Secretary of Defense for Policy

The Honorable Richard Perle
Assistant Secretary of Defense for International Security Policy

Vice Admiral Donald S Jones
Senior Military Assistant to the Secretary of Defense

Mr Everett D Greinke
DUS of Defense for International Programmes and Technology

Dr Dov S Zakheim
DUS of Defence for Policy/Resources

Mr Darel S Johnson
Director of European Policy OSD

Dr Joe Halgus
UK Desk Officer, OSD

SDI

1. The Secretary of State said that he regarded the LOA on the European architecture study which he and Mr Weinberger had just signed as of great importance, and he looked forward to a build-up of SDI work. Mr Weinberger said that two further contracts, totalling $11M, were almost ready for signature.

SALT II

2. The Secretary of State said that European public opinion was dismayed by the US decision on SALT II constraints; it was very important that the Soviets should be clearly seen to have been given every opportunity to respond to US accusations before the US themselves breached treaty constraints. Mr Weinberger recapitulated the history of the issue as he saw it. The parties had agreed to abide by the unratified SALT II until better agreements were reached. They had not been. Meanwhile, the Soviet Union had continued to breach the treaty. Last June the President had announced that the US would go the last mile with the Soviets. This they had done. But the US could not tolerate the situation indefinitely. The President's recent decision to scrap the aged Poseidons was based on cost-effectiveness, not arms control grounds. The US would, however, reach the point in the Autumn at which they would breach the ALCM limits. Many would say that the US had soured the atmosphere for arms control. But Gorbachev was serious in wanting arms control and the fact that he had put forward recent proposals demonstrated that he was undeflected by the US decision on SALT constraints. The US were puzzled and sorry at the European reaction to the President's decision. The Soviets, for their part, did not recognise SALT II as limiting them at all. The Secretary of State said that European public opinion did not see the issue that way. It was essential for the US to do much more to prepare European public opinion before treaty limits were actually breached. He was glad that the Administration was looking seriously at the latest Soviet proposals at Geneva. Mr Weinberger commented that arms control treaties should be drafted more simply in future. SALT II was highly complex and simply not understood by public opinion.

Fylingdales

3. The Secretary of State asked whether Mr Weinberger was content with the progress now made on Fylingdales. Mr Weinberger confirmed that he was.

Chemical Weapons

4. The Secretary of State asked whether the meeting of the Military Committee on NATO on 19th June would suffice to meet Congress' conditions in relation to consultation. Mr Weinberger said that he doubted whether the Administration would be legally challenged on the question of consultation. It was much more likely that there would be a legal challenge on the point of whether the force goal had been formally ratified. He recognised that a detailed consultative process in NATO on the deployment issue would raise great difficulties for the Europeans and he did not think this would be necessary.

Defence Budget

5. The Secretary of State explained that this year's Long Term Costing had thrown up some difficult problems but there was no need to contemplate any major changes in our roles or priorities. The

impact was mainly in equipment deferments. He would be announcing some measures in the course of the House of Commons Defence Debate the following week.

Conventional Defence: Low Cost Enhancements

6. There then followed a short presentation on ideas the Pentagon was contemplating for the enhancement of conventional defence at low cost. Five elements were described: the exploitation of political differences between Eastern Europe and the Soviet Union; the exploitation of terrain features for forward defence; improvements in the transition to a war footing; cross-border operations to deny sanctuaries to the Russians; and making the best use of latent reserve force potential. The US would welcome reactions as to the soundness of these ideas and the practicality of taking them up in NATO. The Secretary of State commented that these were interesting ideas, but they would probably provoke doctrinal objections from the FRG.

Defence Organisation

7. In response to a question, Mr Weinberger mentioned current ideas emanating from Congress on the re-organisation of Defence. The suggestions included, inter alia, the amalgamation of civilian and military staffs within the Services; the giving of more authority to Commanders-in-Chief of unified commands; and the formation of a new command for special forces (counter-terrorism, etc) under civilian leadership - an idea of which he was particularly critical. The Packard Report would come up with some useful ideas on simplifying procedures vis-a-vis Congress, including a reduction in the number of committees and the volume of paperwork. The Secretary of State said that our own reorganisation was proving a success.

Libya

8. Mr Weinberger said that Gadhaffi appeared to have been personally shattered by the experience of the US raid. Perhaps he was absorbing the lesson that terrorism had a cost. Mr Younger said that public opinion in Britain on the raid had settled down and the justification for the US action was coming to be much more widely understood.

Manpower Conversion

9. Mr Weinberger described a proposal for "manpower conversion", meaning the substitution of UK civilians for US employees in the support of US forces in the UK. The costs would be credited to the Trident Trust Fund. 500-800 new jobs would be involved. Mr Ikle said that this scheme had been discussed at staff level and was near to agreement. The Secretary of State said that it sounded an attractive proposal.

Burden-sharing

10. Mr Weinberger mentioned his concern at sentiment in Congress in favour of US troop withdrawals from Europe. The unrealistic assumption was being made that host nations would at once make good the shortfall. It was a sentiment with strong roots, going back to Senator Mansfield.

11. The meeting adjourned for lunch at 1230.

(J F HOWE)
PS/S of S

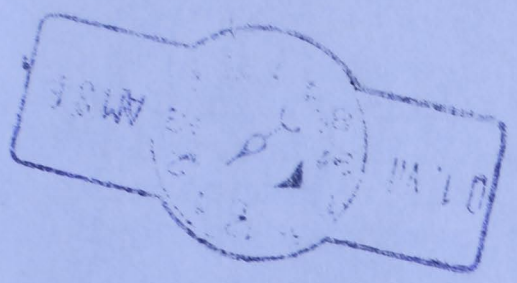
26th June 1986

Distribution:

PS/Minister(AF)
PS/Minister(DP)
PSO/CDS
PS/PUS
PS/CDP
PS/HDES DUS(P)
ACDS(Pol/Nuc)
ACDS(NATO/UK)
Hd Sec(NATO/UK)(P)
Hd DACU
CPR

External copies:

PS/Prime Minister
PS/Foreign and Commonwealth Secretary
PS/Sir Robert Armstrong
HM Ambassador, Washington
Sir J Graham, UK DEL NATO



THOMAS F. EAGLETON
MISSOURI

June 17, 1986

United States Senate
WASHINGTON, DC 20510

Dear Charlie —

If you have a friend on P.M.'s staff, might you ask him (or her) to draft a letter from P.M. to me re ~~Extradition~~ Treaty?

I mention this not only because it would please me, but my children (both of whom went to school in Britain) would jump out of the window!

When you leave office, you take with you your letters and memories. As time passes, the memories become vague, but the letters survive.

Sir Oliver Wright wrote me a lovely letter (copy enclosed).

Note article from St. Louis Globe Democrat. Where do I sit in the House of Lords?

Warm regards,

Tom

RECEIVED
23 JUN 1986
AMBASSADOR'S OFFICE

BRITISH EMBASSY,
WASHINGTON, D.C.
TELEPHONE: (202) 462-1340

1986 JUN 16 PM 9:32

FROM THE AMBASSADOR

13 June 1986

The Honorable
Thomas F Eagleton
United States Senate
197 Senate Dirksen Office
Building
Washington DC 20510

My dear Senator,

The Prime Minister and all of us here and in London are delighted at the outcome of the Senate Foreign Relations Committee vote on the US-UK Supplementary Extradition Treaty.

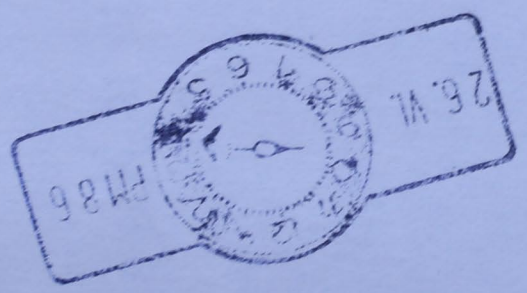
I know how hard you personally worked to achieve this. Your skill and perseverance in negotiation enabled the Committee to give overwhelming bipartisan support to an acceptable compromise.

This was a remarkable achievement, and one which we in Britain will long remember. We are all most grateful to you and your staff for the part which you played in bringing it about.

With all good personal wishes & thanks

Yours sincerely

Oliver Wright



GRS 650

CONFIDENTIAL

CONFIDENTIAL
FM WASHINGTON
TO DESKBY 120830Z FCO
TELNO 1565
OF 120200Z JUNE 86
INFO ROUTINE BMS NEW YORK, DUBLIN

MY TELNO 1549: UK/US SUPPLEMENTARY EXTRADITION TREATY

SUMMARY

1. SENATORS LUGAR AND EAGLETON PRODUCE AN IMPROVED TEXT. FOREIGN RELATIONS COMMITTEE EXPECTED TO APPROVE TREATY ON 12 JUNE. DETAIL.

2. AFTER FURTHER CONTACTS ON 11 JUNE WITH THE ADMINISTRATION, AND US, SENATORS LUGAR AND EAGLETON HAVE DECIDED TO CO-SPONSOR THE TEXT IN MIFT AT THE 12 JUNE MEETING OF THE SENATE FOREIGN RELATIONS COMMITTEE.

3. IN BRIEF, THE FINAL TEXT INCLUDES THE FOLLOWING:

(A) QUOTE VOLUNTARY MANSLAUGHTER UNQUOTE: THIS FORMULA IS AN ATTEMPT BY EAGLETON TO EMBRACE CERTAIN SERIOUS TYPES OF MANSLAUGHTER. THE ACCOMPANYING REPORT WILL SPECIFY THE CASES WHICH IT IS INTENDED TO COVER.

(B) QUOTE ASSAULT CAUSING GRIEVOUS BODILY HARM UNQUOTE.

(C) QUOTE ANY PERSON UNQUOTE RATHER THAN QUOTE PERSONS UNQUOTE AT THE END OF THE BOMBING/FIREARMS PROVISION. THIS CLAUSE WILL THEREFORE UNAMBIGUOUSLY COVER ATTACKS ON INDIVIDUALS.

(D) QUOTE PARTICIPATION AS AN ACCOMPLICE UNQUOTE: THIS IS INCLUDED AS WELL AS QUOTE AN ATTEMPT UNQUOTE.

(E) A FORMULA ON THE QUOTE PROBABLE CAUSE UNQUOTE PROVISION WHICH IS BETTER. LUGAR AND EAGLETON ARE MAKING CLEAR THAT THE INTENTION IS TO RE-STATE SETTLED US LAW IN THIS RESPECT. THE SECOND PART OF THE PROVISION NOW APPLIES EXCLUSIVELY TO THE UNITED STATES.

(F) THE QUOTE HUMANITARIAN SAFEGUARD UNQUOTE PLACES THE ONUS OF PROOF ON THE FUGITIVE TO ESTABLISH QUOTE BY A PREPONDERANCE OF THE EVIDENCE UNQUOTE THAT THE REQUEST FOR EXTRADITION HAS BEEN IMPROPERLY MADE OR THAT HE WOULD (NOT MIGHT) BE TREATED UNFAIRLY ON HIS RETURN. THE SECOND PART OF THIS ARTICLE PROVIDES FOR AN IMMEDIATE APPEAL IN THE US BY EITHER PARTY (PRESENT US EXTRADITION PRACTICE ALLOWS FOR NO APPEAL BY THE REQUESTING PARTY.) THE REPORT LANGUAGE WILL SPECIFY THAT THIS ARTICLE IS TO BE INVOKED ONLY IN EXTRAORDINARY

CONFIDENTIAL /CIRCUMSTANCES

CIRCUMSTANCES, AND STATES IN TERMS THAT IT WOULD BE A QUOTE PERVERSION UNQUOTE OF THE COMMITTEE'S INTENT IF THIS PROVISION WERE USED TO IMPEDE THE EXTRADITION OF TERRORISTS.

4. SENATORS LUGAR AND EAGLETON BELIEVE THAT THEY HAVE 12 FIRM VOTES FOR THIS TEXT. THEY EXPECT HELMS AND ZORINSKY TO VOTE AGAINST. BUT SENATOR KENNEDY IS PRESSING KERRY TO SIGN ON, AND IT IS POSSIBLE THAT EVEN BIDEN AND DODD MAY SUPPORT THIS TEXT. HOWEVER, EVEN WITHOUT THEM A 12-5 VOTE SHOULD BE SUFFICIENT TO ENSURE THE NECESSARY TWO-THIRDS MAJORITY ON THE SENATE FLOOR. LUGAR'S STAFF BELIEVE THAT THE FLOOR VOTE IS LIKELY TO BE IN THE WEEK OF 23 JUNE.

5. THE STATE DEPARTMENT ARE PLEASED WITH THE IMPROVEMENTD TO THE TEXT, PARTICULARLY IN THE HUMANITARIAN SAFEGUARD PROVISION, AND WILL WARMLY WELCOME TOMORROW'S VOTE. THEY ARE CONTENT WITH OUR DRAFT PRESS LINE AS DISCUSSED WITH THE DEPARTMENT.

COMMENT

6. THE COVERAGE OF THIS TEXT IS ALMOST IDENTICAL TO THAT IN THE SIGNED TREATY, OMITTING ONLY SIMPLE POSSESSION OF FIREARMS AND EXPLOSIVES AND PROPERTY DAMAGE. THE PROBABLE CAUSE PROVISION HAS BEEN REWORKED IN ORDER TO AVOID THE IMPRESSION OF CREATING NEW TECHNICAL STANDARDS IN THE COURTS. THE HUMANITARIAN SAFEGUARD, ALTHOUGH AN UNWELCOME ADDITION, HAS NOW BEEN SIGNIFICANTLY TIGHTENED, AND THE INCLUSION OF AN APPEAL IS A SUBSTANTIAL BONUS.

7. FCO PLEASE ADVANCE TO PS/S OF S, PS/PUS, SIR J FREELAND, GOODALL, CLARK (RID) AND FOWLER (NAD): HOME OFFICE: PS/HOME SECRETARY, PS/PUS, NURSAW (LEGAL ADVISER), WRIGHT (E5 DIV): NIO: PS/S OF S, PS/MR SCOTT, PS/PUS, BRENNAN AND BELL (SIL DIV).

WRIGHT

REPEATED AS REQUESTED

NORTHERN IRELAND
LIMITED

RID
NAD
INFO D
NEWS D
PUSD
R D
PLANNING STAFF
WED

PS
PS/LADY YOUNG
PS/MR EGGAR
PS/PUS
MR GOODALL
MR BARRINGTON
MR HOUSTON

ADDITIONAL DISTRIBUTION
NORTHERN IRELAND

COPIES TO:

ADVANCE ADDRESSEES
MR WRIGHT, E5 DIV, HOME OFFICE
MR MARSH, SILDIV, N.I.O.
MR J.O. HILL, LEGAL ADVISERS
MR GROVER, NTD.

Prime Minister
It's in for a very good result.
CDP
12/6.

10 DOWNING STREET

CDP

Ambassador Price phoned with following message for PM:

Senator Eagleton has just informed him that the Extradition Treaty was passed favourably 15 - 2 by Senate Foreign Relations Committee.

Rawlinson

Margo (Duty Clerk)
12/6/86

GRS 800

CONFIDENTIAL

CONFIDENTIAL
FM WASHINGTON
TO DESKBY 110830Z FCO
TELNO 1549
OF 110100Z JUNE 86
INFO ROUTINE DUBLIN, BUS NEW YORK

MY TELNO 1532: UK/US SUPPLEMENTARY EXTRADITION TREATY

SUMMARY

1. SENATOR EAGLETON INSISTS ON JUDICIAL APPLICATION OF HUMANITARIAN SAFEGUARD, BUT IS RECEPTIVE TO IMPROVEMENTS IN THIS AND OTHER PARTS OF THE LUGAR-EAGLETON TEXT. ADMINISTRATION POSITION STILL UNDECIDED.

DETAIL

2. WE HAD A SERIES OF FURTHER CONTACTS ON 10 JUNE WITH THE STATE DEPARTMENT AND LUGAR'S STAFF, AND A LONG MEETING WITH SENATOR EAGLETON.

3. WITH EAGLETON WE REITERATED OUR AND THE ADMINISTRATION'S CONCERNS ABOUT JUDICIAL APPLICATION OF A HUMANITARIAN SAFEGUARD. EAGLETON MADE CLEAR THAT THIS WAS AN IMPORTANT POINT OF PRINCIPLE FOR HIM AND HIS COLLEAGUES, AND THAT THE CONSENSUS DEVELOPING ON THE DEMOCRATIC SIDE WOULD BREAK DOWN IF THE SAFEGUARD IN THIS FORM WERE DROPPED. AT THE SAME TIME HE DID NOT WANT THIS PROVISION TO BE EXPLOITED IN ORDER TO BLOCK LEGITIMATE EXTRADITION REQUESTS. HE THEREFORE AGREED THAT SOME FORM OF TIGHTENING WAS NECESSARY TO TO GUIDE US JUDGES. HE IS CONSIDERING RECOMMENDING TO HIS COLLEAGUES EITHER A FORMULA SUCH AS QUOTE SUBSTANTIAL GROUNDS FOR BELIEVING UNQUOTE: OR THAT QUOTE A PREPONDERANCE OF THE EVIDENCE UNQUOTE MUST SHOW THAT HUMANITARIAN CONSIDERATIONS SHOULD PREVAIL. THE LATTER FORMULATION IS TAKEN FROM A HOUSE OF REPRESENTATIVES 1984 DRAFT EXTRADITION BILL.

4. EAGLETON WAS ALSO RECEPTIVE TO OUR ARGUMENTS FOR OTHER IMPROVEMENTS. HE IS CONSIDERING HOW TO PRESENT FURTHER AMENDMENTS TO HIS DEMOCRATIC COLLEAGUES, BUT WE BELIEVE THAT HE WILL RECOMMEND THAT:

A) QUOTE ASSAULT CAUSING GRIEVOUS BODILY HARM UNQUOTE

/SHOULD

CONFIDENTIAL

SHOULD BE SUBSTITUTED FOR QUOTE MALICIOUSLY WOUNDING UNQUOTE. THIS FORMULA WILL COVER BOTH MALICIOUSLY WOUNDING AND INFLICTING GRIEVOUS BODILY HARM.

B) QUOTE ANY PERSON UNQUOTE SHOULD BE SUBSTITUTED FOR QUOTE PERSONS UNQUOTE AT THE END OF ARTICLE 1(D);

C) ARTICLE 1(E) SHOULD BE AMENDED TO READ:

QUOTE AN ATTEMPT TO COMMIT ANY OF THE FOREGOING OFFENCES OR PARTICIPATION AS AN ACCOMPLICE OF A PERSON WHO COMMITS OR ATTEMPTS TO COMMIT SUCH AN OFFENCE UNQUOTE. THIS IS TAKEN FROM ARTICLE 1 OF THE EUROPEAN CONVENTION ON THE SUPPRESSION OF TERRORISM AND WOULD OF COURSE BE WIDER THAN THE ORIGINAL LUGAR/EAGLETON TEXT.

D) THE SECOND PART OF THE ARTICLE DEALING WITH QUOTE PROBABLE CAUSE UNQUOTE SHOULD BE CONFINED EXCLUSIVELY TO PRACTICE IN THE US COURTS TO AVOID DIFFICULTIES OF INTERPRETATION IN THE UK.

5. EAGLETON IS ALSO CONSIDERING OUR POINTS ON MANSLAUGHTER AND IT IS POSSIBLE THAT HE MAY ACCEPT LANGUAGE SUCH AS QUOTE MANSLAUGHTER WITH RECKLESS DISREGARD FOR HUMAN LIFE UNQUOTE.

6. THE STATE DEPARTMENT AND LUGAR'S STAFF SHARE OUR VIEW THAT AMENDMENTS ON THESE LINES WOULD SIGNIFICANTLY IMPROVE THE TEXT. ALTHOUGH THE STATE AND JUSTICE DEPARTMENTS ARE YET TO REACH A FINAL VIEW ON THE PRINCIPLE OF PLACING THE SAFEGUARD IN THE HANDS OF THE JUDICIARY, THEY HAVE NOT DECLINED TO DISCUSS LANGUAGE ON A CONTINGENCY BASIS AND LUGAR'S STAFF DOUBT WHETHER THIS WILL IN THE END BE A STICKING POINT FOR THEM. THE COMMITTEE REPORT, WHICH WOULD ACCOMPANY THE TREATY AS APPROVED IN COMMITTEE, AND WILL BE DRAFTED BY LUGAR'S STAFF, WILL HELP TO INTERPRET DIFFICULT POINTS FAVOURABLY FROM THE ADMINISTRATION'S AND OUR POINT OF VIEW (ALTHOUGH, UNLIKE THE TREATY ITSELF, IT DOES NOT OF COURSE HAVE THE FORCE OF LAW).

COMMENT

7. THE NEXT STEP IS FOR EAGLETON AND HIS DEMOCRATIC COLLEAGUES TO DECIDE WHETHER THEY CAN ACCEPT THE AMENDMENTS WE AND THE ADMINISTRATION ARE SUGGESTING. IN THE MEANTIME CONTACTS BETWEEN THE TWO SIDES OF THE COMMITTEE CONTINUE, AND A MEETING BETWEEN LUGAR AND EGALETON IS LIKELY ONCE THESE DETAILED

/POINTS

POINTS ARE NEARER SETTLEMENT. THE GREATER THE NUMBER OF IMPROVEMENTS, THE GREATER THE LIKELIHOOD THAT THE ADMINISTRATION WILL RECONSIDER THEIR POSITION ON THE SAFEGUARD. A VOTE ON THE TREATY REMAINS FIRMLY ON THE AGENDA FOR THE 12 JUNE MEETING OF THE FOREIGN RELATIONS COMMITTEE.

8. PLEASE ADVANCE TO: PS/S OF S, PS/PUS, SIR J FREELAND, GOODALL, CLARK (RID) AND FOWLER (NAD): HOME OFFICE: PS/HOME SECRETARY, PS/PUS, NURSAW (LEGAL ADVISER), WRIGHT (E5 DIV): NIO: PS/S OF S, PS/MR SCOTT, PS/PUS, BRENNAN AND BELL (SIL DIV).

WRIGHT

[ADVANCED AS REQUESTED]

NORTHERN IRELAND
LIMITED

RID
NAD
INFO D
NEWS D
PUSD
R D
PLANNING STAFF
WED

PS
PS/LADY YOUNG
PS/MR EGGAR
PS/PUS
MR GOODALL
MR BARRINGTON
MR HOUSTON
SIR J. FREELAND

ADDITIONAL DISTRIBUTION
NORTHERN IRELAND

COPIES TO:
MR P. WRIGHT, E5 DIV, HOME OFFICE.

REPEATED AS REQUESTED

Dear Prime Minister, Knowing of your interest in this matter I enclose an article in the N.Y. Times of June 3.

Best regards

With the Compliments of

R 7-16

THE AMBASSADOR OF THE UNITED STATES OF AMERICA

Charles H. Price, II

Charles

24, Grosvenor Square,
London, W1A 1AE, England.

NEW YORK TIMES, Tuesday June 3

A27

Prime Minister (2)
COP
8/6

For a U.S. Treaty To Help Britain

By Charles H. Price 2d

LONDON — The United States Senate is soon to face a crucial decision on legislation making possible the extradition of individuals wanted in Britain for terrorist crimes. Should opponents of the legislation prevail, we will have rebuffed Prime Minister Margaret Thatcher and her Government. They, alone among our allies, supported our decision to strike terrorist centers in Libya six weeks ago.

We will also have undermined our commitment to fight terrorism worldwide — a commitment expressed in the Tokyo communiqué on May 5, in which President Reagan, Mrs. Thatcher and five more leaders of the largest industrialized democracies pledged to fight terrorism "relentlessly and without compromise," and promised to take stern diplomatic and political measures, including more effective extradition procedures.

But even as the democracies registered their disapproval of terrorism, the Supplementary Extradition Treaty with the United Kingdom — legislation that would give meaning to our words — remained stalled in the Senate Foreign Relations Committee. It is still there.

The treaty would provide for the return of suspected terrorists who have taken refuge in the United States. Under current United States laws, such people can claim that their actions are politically motivated, thereby escaping extradition because America refuses to extradite those fleeing prosecution for political acts. But deliberate murder, committed in a liberal democracy that allows for redress of grievances, is not a political act. It is premeditated homicide.

The treaty would deny these fugitives sanctuary, deprive them of their hollow claim to legal immunity, and compel them to face justice. If Congress refuses to approve this treaty, what message do we convey to the world? If we provide safe haven to terrorists, how can we condemn others for doing the same?

We cannot be selective in applying the measures we subscribed to in Tokyo. This erodes our credibility and undermines the international fight against terrorism. Moreover, it suggests that we adhere to a double standard, punishing certain terrorists while offering asylum to others.

The British can legitimately ask what our attitude would be if their country harbored terrorists who killed American citizens and who advocated the violent overthrow of the American Government. They could also question our reliability as an ally and our loyalty as a friend.

We talk often of the ties that unite the United States and Britain. We note our common traditions and shared heritage. We speak of our mutual experience in two great wars. By supporting our strike against Libya, the Thatcher Government, at great poliical risk, has ratified its belief in this special relationship. Yet some Americans would repay Britain's fraternal gesture and resolute reply to terrorism by rejecting its request for the extradition treaty. This reeks of selfishness and hypocrisy. It discourages cooperation among the allies and allows our adversaries to turn this example to their own ends.

Several Senators argue that the treaty is anti-Irish. This is simply not

Terrorists would be extradited

true. The treaty takes its inspiration from the European Convention on the Suppression of Terrorism, which the Republic of Ireland has signed. It would also strike at the Irish Republican Army, which Irish politicians and religious leaders have repeatedly condemned for its criminal behavior. The Irish people, who themselves have suffered from I.R.A. terror, have sought to bring to justice those militants who operate from and in the Republic.

Others on Capitol Hill say they would support the treaty only with certain modifications, one of which would exempt the murderers of police officers and soldiers from extradition, because these killings are "political." This, of course, would encourage the terrorists to attack the very professionals who protect innocent civilians. Anyone in uniform would become an attractive target. For this reason, among others, an altered treaty would be deficient.

We need the Supplementary Extradition Treaty in its present form. It is a solid document that echoes the sentiments of the Tokyo communiqué. It declares, clearly and forcefully, that the United States will combat terrorism in every way and in every place. □

Charles H. Price 2d is United States Ambassador to the Court of St. James.

Prime Minister

You may like to see this internal Home Office submission which sets out the decisions which face us on the Supplementary Extradition Treaty. Decisions proposed by the Democrats are not welcome particularly on coverage and the humanitarian safeguard (where it would be left to the courts not the Administration to decide).

CDD
6/6

FROM M E Head
General Department
x 4006

6 June 1986

cc Mr Duke-Evans
Miss Stewart
Mr Faulkner
Mr Nursaw
Mr Nagler
Mr Harrington
Mr Mower
Mr Bickham

Ms Pelham

UK/US EXTRADITION

This submission invites Ministers to take stock of the current state of negotiations in Washington and to decide on how to respond to a further revision of the Supplementary Treaty text which is expected to prove acceptable to most Democrats on the Senate Foreign Relations Committee (FRC). This is a vital stage in the negotiations and we now have to take a judgement on what may well be the Senate's final offer.

Present position

2. The FRC vote on the Supplementary Treaty has now been postponed until next week. Senator Lugar (FRC chairman) met Senator Eagleton (leading Democrat) yesterday. Eagleton made it clear that he could not accept the Lugar text (which was put to Ministers in Mr Wright's submission of 4 June). Instead the two Senators produced a revised package (see annex A). Senator Lugar was persuaded reluctantly from putting this new text to the vote today only by high level pressure from the State Department. Mr Shultz himself will be seeing Senator Lugar later today to stiffen his resolve, particularly over the humanitarian safeguard (see below). We are asked to provide observations on the new text by mid-day Monday to enable a further discussion to take place before the vital vote - probably Wednesday.

The new text

3. This reflects the general framework of the previous Lugar text but contains some very difficult elements for the US administration and ourselves. These relate to the coverage of the treaty and the standard of proof and the humanitarian safeguard.

Coverage

4. On coverage two very serious offences are omitted: manslaughter and grievous bodily harm (although malicious wounding survives). Pressure is being kept up to have these reinstated. This is not impossible - particularly if the Democrats get their way on the humanitarian safeguard. But the deletion of these two offences goes beyond our original fallback position and given this we have to consider how to react if we cannot put them back.

/Our

our advice is that enough would remain in the Supplementary Treaty for it to represent a significant advance on the present position. We do not suggest that our concern over the deletion of these two offences justifies the loss of the treaty as a whole - unfortunate though it would undoubtedly be.

5. On a less fundamental issue, sub-paragraph 1(d) covers explosives and firearms. It reflects the text of European Convention on the Suppression of Terrorism (ECST) and has one major defect. It would not apply to an offence where there was only one victim. It is assumed that this is a slip, and our people in Washington are reasonably confident that it can be put right.

Standard of proof

6. The difficult new article 7 (the right to reject "a manifestly ill-founded" request) has gone and its replacement is broadly acceptable. The replacement, article 2 bis, is cast in terms of the probable cause doctrine; there is to be no obligation to extradite if courts of the requested state determine that there is insufficient evidence to sustain the charge. There must be prima facie evidence and the accused can present evidence on the question of probable cause. In an ideal world we would prefer to do without this. But it is the view of the FCO and Home Office Lawyers on the spot that we can expect to achieve no more than technical changes to this provision. As it stands the article should do no damage. In substance, it represents no more than a requirement to prove a prima facie case. It is difficult to resist this while a similar sort of provision figures in our law; and it is a distinct improvement over the previous proposal.

Humanitarian safeguard

7. The change to the humanitarian safeguard provision is more difficult. The Lugar text, as the 4 June submission indicated, reserved decisions on the application of this safeguard to the Executive. We had ourselves, in our first proposals to the administration, incorporated such a safeguard because it is by now a family standard feature in extradition arrangements (it is in the ECST, and the Suppression of Terrorism Act 1978). We welcomed however the administrations proposals to strike it out because of our concern that the US courts would perversely determine that people were indeed persecuted for their political or religious beliefs in Northern Ireland. The introduction of this provision into the new arrangements is not welcome. It would import a whole new area of uncertainty and, depending on the way the US courts behaved, it could diminish the advantage represented by the deletion of the political offence safeguard itself - which is of course, the whole point of the present exercise.

8. This presents awkward handling difficulties. Naturally left to ourselves, we would want to do away with the safeguard or if it is to feature at all, to have it reserved to the executive. But we cannot appear unwilling to have such a safeguard applied to the United Kingdom. It is enshrined in our own law as part of the Suppression of Terroriosm Act; and we cannot easily argue that we do not trust the US courts. But the US administration is making the running: it is regarded as a stiking point in Washington on the ground that to allow the courts to consider such matters would be an unacceptable precedent for their own purposes. Our public line has been that the safeguard is not in the Supplementary Treaty simply because the issue of persecution does not arise. We suggest that we should let the administration to argue for the safeguard to be restricted to the Executive. We must however face the possibility of this ploy breaking down. If so then we do not see how the United Kingdom could decline to ratify a Supplementary Treaty merely because it included the safeguard. Unless the US courts acted perversely in practice, it would seem more difficult for a terrorist to argue that he was being persecuted for his political opinions than it would be for him to maintain that his offence was political; but however this may be, we submit that it would be very difficult for us to be seen to torpedo the Treaty on the ground that we objected to this provision. It is better by far to let the US administration make the running.

Recommendation

9. We recommend therefore that we should advise the Embassy that HMG's position is as follows:

(i) the deletion of the offences of manslaughter and grievous bodily harm would be highly regrettable; pressure should be brought to secure their reinstatement but this should not be regarded as a stiking point;

(ii) the explosives offences sub-paragraph should be applied also to individual victims (this can be presented as a technical point).

(iii) the standard of proof (new article 2 bis) is broadly acceptable (we would suggest some drafting amendments; and

(iv) we should strongly support the administrations line on the humanitarian safeguard, but if at the end of the day the Democrats insist on it we should have to concede. (The US administration might conclude that they themselves could not live with this - in which case we would face a new situation).

10. The humanitarian safeguard issue is the one over which we have the least room for manouvre. It also makes potentially the most serious inroads into the Treaty. The uncertainties of that apart, the Lugar/Eagleton revised text preserves the general framework of the signed treaty. There have been no more talk of ruling out retrospection and the other technical, but important, changes made by the Supplementary Treaty remain intact.

11. It is very much a matter for political judgement whether the actual gains represented by such a compromise treaty, viewed as a whole, would be worthwhile. But we have assumed that the total collapse of the exercise would be politically unacceptable - except for wholly overriding reasons; and it would be possible to mount a reasonable public defence of this outcome.

/Do

Do Ministers agree that the line set out in [paragraph 9] (i) - (iv) above can be conveyed to the Washington Embassy by lunch time on Monday 9 June? The line reflects the views of NIO officials who are putting a similar submission to Mr King tonight. It may be that Mr King will seek to have a word with the Home Secretary tomorrow morning; and we are, of course at the Home Secretary's disposal should he wish to discuss.

M E HEAD

ADVANCE COPIES

13

DESKBY 060830Z

AWWEX

NORTHERN IRELAND

PS
PS/LADY YOUNG
PS/PUS
MR GOODALL
~~HD/RID~~
DEP HD/PUSD (2)
HD/NEWS DEPT
HD/INFO DEPT

MR STARK, CABINET OFFICE
MR BELL, NIO(L)

20.1.86

RESTRICTED
FM WASHINGTON
TO DESKBY 060830Z FCO
TELNO 1511
OF 060230Z JUN 86
INFO IMMEDIATE NIO LONDON, BELFAST
INFO ROUTINE BIS NEW YORK, DUBLIN

MIPT: UK/US SUPPLEMENTARY EXTRADITION TREATY

1. FOLLOWING IS TEXT OF DRAFT RESOLUTION OF RATIFICATION AGREED AT LUGAR/EAGLETON MEETING ON 5 JUNE:

BEGINS

RESOLVED, (TWO-THIRDS OF THE SENATORS PRESENT CONCURRING THEREIN), THAT THE SENATE ADVISE AND CONSENT TO THE RATIFICATION OF THE SUPPLEMENTARY EXTRADITION TREATY BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, WITH ANNEX, SIGNED AT WASHINGTON, JUNE 25, 1985, SUBJECT TO THE FOLLOWING:

AMENDMENTS

(1) STRIKE OUT ALL OF ARTICLE 1 AND INSERT IN LIEU THEREOF THE FOLLOWING:

QUOTE FOR THE PURPOSES OF THE EXTRADITION TREATY, NONE OF THE FOLLOWING SHALL BE REGARDED AS AN OFFENSE OF A POLITICAL CHARACTER:

(A) AN OFFENSE FOR WHICH BOTH CONTRACTING PARTIES HAVE THE OBLIGATION PURSUANT TO A MULTILATERAL INTERNATIONAL AGREEMENT TO EXTRADITE THE PERSON SOUGHT OR TO SUBMIT HIS CASE TO THEIR COMPETENT AUTHORITIES FOR DECISION AS TO PROSECUTION,

(B) MURDER AND MALICIOUSLY WOUNDING,

(C) KIDNAPPING, ABDUCTION, OR SERIOUS UNLAWFUL DETENTION, INCLUDING TAKING A HOSTAGE,

(D) AN OFFENSE INVOLVING THE USE OF A BOMB, GRENADE, ROCKET, FIREARM, LETTER OR PARCEL BOMB, OR ANY INCENDIARY DEVICE IF THIS USE ENDANGERS PERSONS,

(E) AN ATTEMPT TO COMMIT ANY OF THE FOREGOING OFFENSES.

(2) INSERT NEW ARTICLE 2 BIS

NOTHING IN THIS SUPPLEMENTARY TREATY SHALL BE INTERPRETED AS IMPOSING THE OBLIGATION TO EXTRADITE IF THE JUDICIAL AUTHORITY OF THE REQUESTED PARTY DETERMINE THAT THE EVIDENCE OF CRIMINALITY PRESENTED IS NOT SUFFICIENT TO SUSTAIN THE CHARGE. THE EVIDENCE OF CRIMINALITY MUST BE SUCH AS, ACCORDING TO THE LAW OF THE REQUESTED PARTY, WOULD JUSTIFY COMMITTAL FOR TRIAL IF THE OFFENSE

REQUESTED PARTY, WOULD JUSTIFY COMMITTAL FOR TRIAL IF THE OFFENSE HAD BEEN COMMITTED IN THE TERRITORY OF THE REQUESTED PARTY.
IN DETERMINING WHETHER AN INDIVIDUAL IS EXTRADITABLE, THE JUDICIAL AUTHORITY SHALL PERMIT THE INDIVIDUAL SOUGHT TO PRESENT EVIDENCE ON THE QUESTION OF PROBABLE CAUSE.
EVIDENCE AS TO QUOTE PROBABLE CAUSE UNQUOTE MEANS WHETHER:
(1) THERE IS PROBABLE CAUSE TO BELIEVE THAT THE PERSON ARRESTED OR SUMMONED TO APPEAR IS THE PERSON SOUGHT,
(2) THE EVIDENCE PRESENTED IS SUFFICIENT TO SUPPORT THE COMPLAINT,
(3) NO DEFENSE TO EXTRADITION SPECIFIED IN THE EXTRADITION TREATY, AND WITHIN THE JURISDICTION OF THE COURT, EXISTS, AND
(4) THE ACT UPON WHICH THE REQUEST FOR EXTRADITION IS BASED WOULD CONSTITUTE AN OFFENSE PUNISHABLE UNDER THE LAWS OF THE UNITED STATES.
(3) INSERT NEW ARTICLE 6 BIS
NOTHING IN THIS SUPPLEMENTARY TREATY SHALL BE INTERPRETED AS IMPOSING AN OBLIGATION ON THE UNITED STATES TO EXTRADITE IF THE PERSON SOUGHT PROVES TO THE SATISFACTION OF THE COMPETENT JUDICAL AUTHORITY OF THE UNITED STATES THAT THE REQUEST FOR EXTRADITION HAS IN FACT BEEN MADE WITH A VIEW TO TRY TO PUNISH HIM ON ACCOUNT OF HIS RACE, RELIGION, NATIONALITY, OR POLITICAL OPINIONS, OR THAT HE MIGHT, IF SURRENDERED, BE PREJUDICED AT HIS TRIAL OR PUNISHED, DETAINED OR RESTRICTED IN HIS PERSONAL LIBERTY BY REASON OF HIS RACE, RELIGION, NATIONALITY OR POLITICAL OPINIONS.
DECLARATION
THE SENATE OF THE UNITED STATES DECLARES THAT IT WILL NOT GIVE ITS ADVICE AND CONSENT TO ANY TREATY WITH A TOTALITARIAN OR OTHER NON-DEMOCRATIC REGIME THAT WOULD NARROW THE POLITICAL OFFENSE EXCEPTION AND THAT NOTHING IN THE SUPPLEMENTARY TREATY WITH THE UNITED KINGDOM SHALL BE CONSIDERED A PRECEDENT BY THE EXECUTIVE BRANCH FOR NEGOTIATING SIMILAR TREATIES WITH TOTALITARIAN OR OTHER NON-DEMOCRATIC REGIMES. UNQUOTE
ENDS

WRIGHT

YYYY

ORVBAN 3945

NNNN

[i.e. to a court, not to Administration]

WILLIAM V. ROTH, JR.
DELAWARE

104 HART SENATE OFFICE BUILDING
TELEPHONE: 202-224-2441

CCPC

COMMITTEES:
GOVERNMENTAL AFFAIRS (CHAIRMAN)
FINANCE
JOINT ECONOMIC COMMITTEE
JOINT COMMITTEE ON TAXATION
SELECT COMMITTEE ON INTELLIGENCE

United States Senate

WASHINGTON, DC 20510

June 5, 1986

Prime Minister
CD?
13/6

The Rt. Hon. Margaret Thatcher, M.P.,
The Prime Minister,
10 Downing Street,
London, SW1A 2AS.

Dear Prime Minister:

I am fully aware that your schedule is extremely busy and the U.S. delegation which I recently led through London is, consequently, extremely appreciative of the generous period of time which you set aside on our behalf on Thursday, May 29th.

I am sure that you are aware that the Senate Committee on Foreign Relations intends to hold a hearing on the proposed U.S.-U.K. extradition treaty on Friday, 6 June. Hopefully, the difficulties mentioned by Senator Eagleton can be resolved through some minor amendments and the treaty can then be reported out for a vote by the entire Senate.

Your peace efforts in the Middle East are to be commended. As you point out, we must simultaneously be aware of Israel's distinct security needs while maintaining contact with those more moderate forces in the Arab world which, ultimately may come to an accomodation with Israel.

The situation in South Africa, to which you alluded, appears to be progressively deteriorating. The recent attacks on Zambia, Zimbabwe and Botswana appear to have been planned as a deliberate snub to the Commonwealth Eminent Persons Group, while the recent right wing demonstrations at the Voortrekker Monument will probably cause the South African government to slow its reform pace even further. If the Western nations can hope to have any influence on the course of events in that nation, it appears that we will have to cooperate closely, both with regard to our private initiatives and our public diplomacy.

Clearly, differences over matters of trade, particularly trade in agricultural products continue to threaten the stability of transatlantic relations. As you pointed out, the U.S. and, indeed, the E.C. has serious trading problems with Japan and many nations of the Pacific Rim. These concerns must be addressed during the pending round of GATT negotiations with a view to establishing a new trading agreement which is genuinely responsive to the needs of today. I believe that I can speak for the entire delegation when I thank you

for your efforts to draw the E.C.'s attention to the need to change its agricultural subsidy system. None of us can claim to be totally innocent in this regard, but the situation has reached a stage where some form of equitable resolution is required. Failure to act promptly on this question, either in GATT talks or in prior, bilateral U.S.-E.C. talks will, in all likelihood, lock us into a degenerative cycle of unilateral protectionist measures which ultimately, will damage us all.

Once again, Prime Minister, thank you for your time. The meeting was both amicable and constructive. It constitutes yet another confirmation of your commitment to strong and close relations between our two countries.

Sincerely

Bill Roth

William V. Roth, Jr.
United States Senate

WVR:egm

CONFIDENTIAL

CONFIDENTIAL
FM WASHINGTON
TO DESKBY 030830Z FCO
TELNO 1473
OF 022330Z JUN 86
INFO IMMEDIATE NATO(L) AND NATO(B)
INFO ROUTINE BDS NEW YORK, DUBLIN

MY TELNO 1467 AND YOUR TELNO 1009: UK/US SUPPLEMENTARY EXTRADITION TREATY

1. IN ORDER TO PUT FURTHER PRESSURE ON THE DEMOCRATS AND TRY TO BRING MATTERS TO A HEAD IN THE FOREIGN RELATIONS COMMITTEE, SENATOR LUGAR HAS TODAY CIRCULATED A REVISED TEXT FOR DISCUSSION AT THE COMMITTEE MEETING ON 4 JUNE. MY FIRST IFT CONTAINS LUGAR'S LETTER. HIS PROPOSED CHANGES/ADDITIONS ARE SET OUT IN MY SECOND AND SUMMARISED IN MY THIRD IFT.

2. THE LUGAR TEXTS ARE LARGELY SELF-EXPLANATORY. HE PROPOSES 2 AMENDMENTS TO THE INITIALLED TREATY TEXT. THE MORE SIGNIFICANT IS A REVISED LIST OF OFFENCES IDENTICAL TO THAT IN THE DRAFT US/FRG TREATY (AND RATHER STRONGER THAN THE VERSION IN THE FALL-BACK US/UK TEXT AGREED ON A CONTINGENCY BASIS IN APRIL).

3. THE SECOND AMENDMENT IS THE ADDITION OF A NEW CLAUSE, BASED ON A US/SWEDISH 1983 PRECEDENT, ON THE STANDARD OF PROOF. QUOTE MANIFESTLY UNFOUNDED UNQUOTE IS DEFINED AS THE EQUIVALENT OF A FAILURE TO SHOW PROBABLE CAUSE UNDER FEDERAL LAW. IN OTHER WORDS IT WOULD NOT ESTABLISH A HIGHER STANDARD THAN UNDER THE 1972 TREATY AND EXISTING AMERICAN EXTRADITION PRACTICE. THE STATE AND JUSTICE DEPARTMENTS WOULD HAVE PREFERRED TO AVOID RAISING AN ISSUE OF THIS KIND, BUT ARE REASONABLY CONFIDENT THAT, AS PRESENTLY DEFINED, LANGUAGE ON THESE LINES WOULD NOT CREATE MAJOR DIFFICULTIES IN THE COURTS. CERTAINLY THEY ARE PREPARED TO ACCEPT IT.

4. LUGAR ALSO PROPOSES: (A) A US RESERVATION BASED ON THE HUMANITARIAN SAFEGUARD IN THE EUROPEAN CONVENTION ON THE SUPPRESSION OF TERRORISM, EXCEPT THAT (HELPFULLY) THE POWER TO WITHOLD EXTRADITION ON HUMANITARIAN GROUNDS IS VESTED EXPRESSLY IN THE PRESIDENT, NOT THE COURTS. (B) A SENATE DECLARATION THAT SIMILAR TREATIES (LIMITING THE POLITICAL OFFENCE EXCEPTION) WITH TOTALITARIAN REGIMES WOULD NOT BE RATIFIED: THIS IS OF COURSE INTENDED TO MEET HELMS' CONCERN THAT THE TREATY MIGHT BE USED AS A PRECEDENT AGAINST NICARAGUAN, AFGHAN ETC QUOTE FREEDOM FIGHTERS UNQUOTE. ONLY THE TWO AMENDMENTS WOULD NEED TO BE INCORPORATED IN A CLEAN US/UK TEXT. THE RESERVATION, UNDERSTANDING AND DECLARATION WOULD ESSENTIALLY BE MATTERS OF US LAW.

5. THE STATE DEPARMTENT WOULD BE GRATEFUL FOR URGENT UK COMMENTS ON THE LUGAR TEXT.

6. LUGAR'S LETTER REFERS TO THE POSSIBILITY OF A VOTE ON WEDNESDAY. THE DEMOCRATS ARE, HOWEVER, LIKELY TO ASK FOR MORE TIME TO CONSIDER THE NEW TEXT. LUGAR IS UNLIKELY TO PUSH IT TO A VOTE REGARDLESS, BUT WILL WANT TO PUT THE DEMOCRATS ON THE SPOT AND PAVE THE WAY, IF POSSIBLE, FOR A DECISIVE VOTE AT THE NEXT COMMITTEE MEETING ON 12 JUNE.

CONFIDENTIAL

/ comment.

COMMENT

7. IT IS GOOD THAT AFTER THE INCONCLUSIVE DISCUSSIONS OF RECENT WEEKS, LUGAR HAS NOW PUT A TEXT OF HIS OWN TO THE DEMOCRATS. HE HAS JUDGED THE MOMENT WELL - WITH THE PRESIDENTIAL RADIO BROADCAST FOLLOWING THE WAVE OF HELPFUL MEDIA COMMENT, AND SOME DEMOCRATS CLEARLY READY TO CLIMB DOWN. WHILE THE STATE AND JUSTICE DEPARTMENTS BELIEVE THAT IT IN FACT OFFERS THE DEMOCRATS LITTLE OF SUBSTANCE, HIS TEXT IS CAREFULLY PRESENTED AS REFLECTING COMMITTEE CONCERNS. IN OUR VIEW IT HAS A FAIR CHANCE OF GETTING SIGNIFICANT DEMOCRATIC SUPPORT IN THE COMMITTEE, AND IN DUE COURSE THE NECESSARY TWO THIRDS MAJORITY ON THE SENATE FLOOR.

8. AGAINST THE POSSIBILITY OF ACTION ON 4 JUNE, GRATEFUL FOR ANY COMMENTS ON THE LUGAR SUBSTITUTE DESKBY 0322OOZ.

9. SEE MY 3 IFTS.

10. PLEASE ADVANCE TO:

FCO: PS/S OF S
PS/PUS
GOODALL
CLARK (RID)
FOWLER (NAD)
HILL (LEGAL ADVISERS)

HOME OFFICE: PS/HOME SECRETARY
BENTLEY (ASSISTANT LEGAL ADVISER)
WRIGHT (E5 DIVISION)

NORTHERN IRELAND OFFICE: PS/S OF S
PS/MR SCOTT
PS/PUS
BRENNAN
BELL (SIL DIVISION)

WRIGHT

NORTHERN IRELAND

LIMITED

RID
NAD
INFO D
NEWS D
PUSD
R D
PLANNING STAFF
WED

PS
PS/LADY YOUNG
PS/MR EGGAR
PS/PUS
MR GOODALL
MR BARRINGTON
MR HOUSTON

ADDITIONAL DISTRIBUTION
NORTHERN IRELAND

COPIES TO..
MR. WRIGHT ES DIV | H.O.
MR. HOPKINS SIL DIV | N.I.O.
MR. HILL, LEGAL ADV'S
MR. GLOVER - NTD.

CONFIDENTIAL

SUBJECT cc MASTER OPS

CABWTE001

(1)

PRIME MINISTER'S PERSONAL MESSAGE SERIAL No. T106/86

O 021025Z JUN 86
FM CABINET OFFICE LONDON
TO WHITE HOUSE
BT
S E C R E T
MESSAGE FROM THE PRIME MINISTER
TO THE PRESIDENT OF THE UNITED STATES
DEAR RON,

I JUST WANTED YOU TO KNOW HOW VERY GRATEFUL I AM FOR WHAT YOU SAID ABOUT THE SUPPLEMENTARY EXTRADITION TREATY IN YOUR BROADCAST ON SATURDAY. IT WAS VERY GOOD OF YOU TO SPEAK OUT SO FIRMLY AND I HOPE YOUR WORDS WILL HAVE THE DESIRED EFFECT.

WARM REGARDS,

MARGARET.

ENDS

K
QSL?

KREKMO NCD
JVFZ KKKK

SAY AGAN PSE

B
3:07
?,
DE CAB SAY AGAIN PSE

RGRGR QSL MSG AT 1121Z
KKK
DE CAB ROGER THANKS

0·0210/5[2]

via WHITEHOUSE

PLEASE PASS FOLLOWING MESSAGE FROM PRIME MINISTER THATCHER

TO PRESIDENT REAGAN:

Begins:

Dear Ron,

I just wanted you to know how very grateful I am for what you said about the Supplementary Extradition Treaty in your broadcast on Saturday. It was very good of you to speak out so firmly and I hope your words will have the desired effect.

Warm regards,

Margaret.

Ends.

MT

2 June 1986

cc Michael Stark
Mr Ingham
Sir P Cradock

VC

10 DOWNING STREET

From the Private Secretary

1 June 1986

Dear Colin,

THE RICH TIDE

Thank you for your letter of 22 May enclosing the draft answers to the questions for the book by Mr. David Frost and Mr. Michael Shea on Britain and America.

I have considerably revised these answers and enclose them in a version which the Prime Minister has approved. I should be grateful if someone could run a quick eye over them in the course of Monday 2 June before their despatch to make sure there are no inaccuracies.

I am sending a copy of this letter and enclosure to Michael Stark with the request that he should ask the Chief Scientific Adviser also to read through quickly at least the answer to Question 1 and let me know if it is all right by close of play on 2 June. We are committed to sending the answers to Mr. Frost not later than the evening of that day.

Yours sincerely,

(CHARLES POWELL)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

8/6

PART 4 ends:-

Washington Tel. 1467 31.5.86

~~Home Office to FCO 30.5.86~~

PART 5 begins:-

CDP to FCO 1.6.86