

ASSOCIATION OF AMERICAN CORRESPONDENTS - DINNER

You have accepted an invitation to dinner (informal) by the Association of American Correspondents at Brown's Hotel tomorrow evening - 7.30 for 8.15pm. ~~_____~~

Could I remind you first of part of my minute to you over the weekend?

Your hostess is Bonnie Angelo (Time) President of the Association. She will receive you along with Bill Milldyke, London Bureau Chief of the ABC network.

After drinks in the Roosevelt Room the party will move down to the Clarendon Room for dinner.

About 70 members will attend - a full house - and tickets have had to be rationed to 10 per organisation.

Organisations represented will be:

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| <u>Agencies</u> | - AP and UPI |
| <u>TV</u> | - ABC, CBS, NBC, UP ITN. |
| <u>Radio</u> | - RKO, Voice of America, National Public Radio. |
| <u>Magazines</u> | - Business Week, Journal of Commerce, Newsweek, Time Life, US News & World Report, Readers Digest. |
| <u>Newspapers</u> | - Baltimore Sun, Chicago Tribune, Christian Science Monitor, Los Angeles Times, Newsworld, New York Times, Newsday, Toledo Blade, Wall Street Journal, Washington Post. |

You will recall that you have addressed the Association once before during your Premiership - in your first year. That attracted an enthusiastic response.

This group is by far the most valuable I meet regularly. They are both courteous and perceptive and we have an excellent relationship with them.

This dinner was conceived in March as an unattributable pre-Reagan briefing. It will give you an opportunity to fill them in, not merely on the Falklands, but also on the State of the Alliance, Anglo/US relations the forthcoming Economic and Nato Summits and your views on the UK economy and the state of the world.

In the course of the afternoon you will have given Len Downie, Washington Post, an on-the-record interview and next week you hope to give the US television networks some of your time. This dinner was conceived as an unattributable occasion to minimise your preparation. But you are in the business of getting over your point of view in the USA. You could sharpen this by saying a few opening remarks on-the-record (which I am sure would be appreciated) taking the subsequent Q&A session unattributably.

You may care to consider whether you would like to go on-the-record with your opening remarks. If so, I should alert your hostess.

So far as opening remarks are concerned I would suggest the following structure:

1. We meet approaching climax to Falklands campaign; regret military action necessary; but aggression must not be rewarded; world will thank us for responsibility we are shouldering.
2. No quarrel with Latin-America or Argentine people; infinitely sad Argentine people pushed into ill-judged adventure, but inconceivable that democratic Falklanders could be handed over to live under unpleasant dictatorship.
3. We shall face the future need to safeguard the Islanders and to develop good relations with Latin-America (which has many border reasons for not wishing Argentine to succeed) with same resolution as we faced need to remove invader.
4. We seek peace and prosperity; not war.
5. While preoccupied with Falklands let us not lose sight of economic progress at home; the developing co-operation, in spite of hiccups, between our friends and neighbours (almost on eve of first of second cycle of Economic Summits, and Nato Summit);
6. Visit of President Reagan to Europe and more particularly to UK to cement our close relations;
7. Greatly welcome President Reagan to our shores; look forward to working with him in the years ahead and winning through together.

The questions will range widely for the Association is a diverse and alive group.

On the Falklands their preoccupation will be with where we go next and the damage being done within the American hemisphere.

On:the UK economy, whether you have time to get it right.

On UK politics whether the Falklands will have a lasting effect on electoral attitudes? Whither the Labour Party and SDP? Will you win a second term?

On Summitry^{ny} what are you going to tell President Reagan about his deficit/interest rates?

On EC, how sore are you with your colleagues who did not tell you they were going to rat? What are the prospects for improving the atmosphere?

On East-West relations, prospects for arms reduction talks; resolution of difficulties over trade with Soviets?

Domestically, how do you assess your progress over 3 years? How worried are you about a new round of riots? Can you possibly contemplate winning with 3m unemployed and less than 2 years to go?

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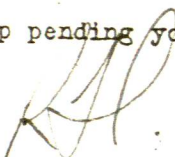
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TELEGRAM NUMBER 1982 OF 1 JUNE

FOLLOWING PERSONAL FOR INGHAM, NO. 10 DOWNING STREET.
PRIME MINISTERS DINNER WITH ASSOCIATION OF U.S. CORRESPONDENTS

1. TELECOM INGHAM/THOMAS REFERS.

AS WE ARE REPORTING SEPARATELY, THERE IS A RISING TIDE, IN U.S. MEDIA COMMENT, OF CALLS FOR QUOTE MAGNANIMITY UNQUOTE ON OUR PART (I E READINESS TO ACCEPT SOMETHING LESS THAN TOTAL ARGENTINE DEFEAT, AND TO CONTEMPLATE SOME FORM OF ARGENTINE INVOLVEMENT IN THE LONG-TERM FUTURE). INCREASING CONCERN IS EXPRESSED OVER THE LONG-TERM DAMAGE TO U.S. INTERESTS IN LATIN AMERICA. AGAINST THIS BACKGROUND, IT WOULD BE HELPFUL IF THE PRIME MINISTER COULD MAKE SOME OF THE FOLLOWING POINTS:-

- (I) OUR QUARREL NOT WITH LATIN AMERICA. FULLY RECOGNISE IMPORTANCE, FOR US AND THE U.S., OF CLOSE AND FRUITFUL RELATIONS AND WILL WORK FOR THESE. BEHIND THE RHETORIC OF SOLIDARITY, NOT ALL OF LATIN AMERICA SUPPORTED ARGENTINA'S ACTION.
- (II) OUR QUARREL NOT EVEN WITH ARGENTINA (LONG-STANDING AND CLOSE PERSONAL AND COMMERCIAL TIES), BUT, WITH MILITARY JUNTA'S ARMED AGRESSION.
- (III) NOT A COLONIAL ISSUE - OVER THE PAST 35 YEARS HAVE DEMONSTRATED WILLINGNESS TO RELINQUISH COLONIES IN ACCORDANCE WITH INHABITANTS WISHES. BRITISH SETTLERS IN FALKLANDS EVERY BIT AS MUCH RIGHT TO BE THERE AS OTHER EUROPEAN SETTLERS IN ARGENTINA. THOUGH FEW THEY ARE A PEOPLE WITH A RIGHT TO CHOOSE HOW THEY WANT TO BE GOVERNED. NOT PREPARED TO HAND OVER INHABITANTS AGAINST THEIR WILL, TO MILITARY DICTATORSHIP. IT IS ARGENTINES WHO SEEK TO COLONISE, BY FORCE.
- (IV) WE HAVE CONSISTENTLY BEEN READY TO DISCUSS LONG-TERM FUTURE, WHILE TAKING FULL ACCOUNT OF WISHES OF INHABITANTS: IT IS ARGENTINES WHO HAVE INSISTED ON PREJUDGING THE OUTCOME. OUR FLEXIBILITY IN NEGOTIATIONS, TOTAL ARGENTINE INTRANSIGENCE (CONFIRMED BY HAIG). WE HAVE MADE EVERY EFFORT TO AVOID USE OF FORCE.
- (V) U.S. SUPPORT OVER BASIC ISSUES INVOLVED WAS IMPORTANT. PRINCIPLES OF RULE OF LAW, PEACEFUL SETTLEMENT OF DISPUTES, SELF-DETERMINATION, MUST BE DEFENDED IN U.S. AS WELL AS U.K. INTEREST. ALSO GRATEFUL FOR MATERIAL U.S. SUPPORT ABOUT WHICH NOT EXPEDIENT TO GIVE DETAILS.

HENDERSON

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