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D E Y O U

SECRET

TO FLASH WASHINGTON TEL NO 1026 OF 26 APRIL

PERSONAL FOR AMBASSADOR FROM STOWE NO. 10

P.c. on file  
relating to  
PM's call  
to Mrs. Carter.

KHS  
27/iv

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MY PROMISE TO GIVE SOME BACKGROUND ABOUT A CERTAIN TELECON NOT FORGOTTEN, BUT RELEVANT DEVELOPMENTS NEED TO BE TAKEN INTO ACCOUNT.

THE PRIME MINISTER'S MAIN PURPOSE WAS TO DECLARE UNDERSTANDING AND SUPPORT AND TO INDICATE THAT CERTAIN CRITICAL VIEWS BEING EXPRESSED ELSEWHERE WERE NOT SHARED BY HIM. IN PARTICULAR, THE PRIME MINISTER WISHED TO MAKE IT CLEAR THAT THE SPECULATIVE PRESS REPORTING ABOUT IDEAS FOR EUROPEAN CURRENCY DEVELOPMENTS SHOULD NOT BE SEEN AS INVALIDATING A BROAD APPROACH WHICH HAD BEEN PRESENTED, AND SYMPHETICALLY RECEIVED, DURING THE RECENT VISIT. THE PRIME MINISTER MADE IT CLEAR THAT WHILE WILLING TO LOOK CONSTRUCTIVELY AT ANY IMAGINATIVE PROPOSALS FOR MONETARY STABILISATION AND ECONOMIC EXPANSION HE WAS NOT PREPARED TO ADOPT A POSTURE HOSTILE TO THE UNITED STATES.

THE PRIME MINISTER URGED THAT EFFORTS BE MADE TO GET ALONGSIDE CHANCELLOR SCHMIDT. THE RECIPROCAL MESSAGE WAS CONVEYED TO THE CHANCELLOR BY THE PRIME MINISTER DURING TALKS THIS PAST WEEKEND, THE PRIME MINISTER'S VIEW BEING THAT THERE IS TOO MUCH MISUNDERSTANDING.

REFERENCE WAS MADE TO THE NATO CONFERENCE IN MAY AND THE PRIME MINISTER EMPHASISED THAT IT MUST REINFORCE UNDERSTANDING OF THE MUTUAL INTERDEPENDENCE OF THE UNITED STATES AND EUROPE.

A PROBLEM RELATING TO THE COMPREHENSIVE TEST BAN WAS DISCUSSED DURING THE MEETING JUST BEFORE EASTER, RELATING TO TESTING OF STOCKPILES, AND THIS WAS REFERRED TO AGAIN.

THIS IS FOR YOUR PERSONAL INFORMATION ONLY AND THE PRIME MINISTER HAS ASKED THAT NEITHER THE FACT OF THE CONVERSATION NOR THE GROUND COVERED SHOULD BE REFERRED TO IN CONVERSATIONS WITH THE AMERICANS.