



Foreign and Commonwealth Office

London SW1A 2AH

From the Secretary of State

17 December 1982

*mt*  
Prime Minister

A.J.C. 2/12

Dear Margaret,

Forward Look

In your letter of 16 September to Willie Whitelaw you asked Ministers in charge of Departments to send you a 'Forward Look' at the Department's programmes for the next five years. My contribution is as follows:

1979 Manifesto

1. We can claim to have fulfilled the three major foreign policy undertakings in our Manifesto:
  - (a) an increased defence effort;
  - (b) a positive contribution to the European Community; and
  - (c) a settlement of the Rhodesia problem.

New Initiatives

2. In foreign affairs events are hard to predict, and costs difficult to quantify. Nor do we have much of a legislative programme. But we shall need a positive and coherent strategy for the next Parliament in foreign policy as elsewhere. The following are neither points for a manifesto, nor a list of private priorities. But they seem to me to be areas where some of our hardest thinking will have to be done.

/(a)

The Rt Hon Margaret Thatcher MP



(a) International economic problems

Whether or not we are still part of the problem, we shall want to be active in promoting international solutions. We depend on exports, and must do all we can to end the international recession. Political instability, eg in Africa or Latin America, costs us money, trade and influence. Timely financial and foreign policy action, either bilaterally or (more often) with our friends, can help to keep friendly regimes afloat.

(b) East/West relations and arms control

The Soviet empire, economy and reputation are in decline; but the military menace from Moscow is still growing. The threat can be contained by strong defences and hard bargaining. There is a case for greater British activity on the East/West front:

(i) The domestic financial and political stresses in maintaining our defence posture will increase. Arms control is a political growth industry; but it will also remain desirable for its own sake. Our deterrent helps us to keep our seat at the top table, and we must be seen to be active there. If we are not, the case for our deterrent is weakened.

(ii) American inconsistency, and the European itch to go it alone in dealing with the East, will continue to cause strains in the Alliance. Our partners will look to us to help bridge the Atlantic gap.

But the main purpose of increasing our activity should be to promote Western values and policies, as well as our legitimate commercial interests. In Eastern Europe particularly, we should do more to encourage steady democratization, and to avoid a cycle of crises followed by 'normalisation'.

/(c)



(c) European Community

Enlargement and a crisis over resources could cause major structural changes. We must try to turn these to our advantage, so that we benefit from fairer and more rational economic arrangements in the Community. Carefully prepared initiatives could in some areas (eg energy) increase our return from EC membership.

(d) British commitments

Day-to-day domestic political pressures may focus less on these central issues, and more on our commitments to the Falklands, Gibraltar, Hong Kong, Belize, etc. We must meet our obligations. But the Government, Parliament and the Press must also maintain a clear financial and strategic sense of proportion. Britain's security and commercial interests lie overwhelmingly in Europe, in transatlantic relations, and in the Middle East. Our military, diplomatic and financial resources are already overstretched. We may need to prepare parliamentary and public opinion for some difficult choices, involving the honourable reduction of some of our commitments. The country must keep a main eye on its own central, long term interests.

I am sending a copy of this letter to Cabinet colleagues and to Sir Robert Armstrong.

*James Callaghan*

*John Major*

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