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Leon de P... Versailles Summit

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MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN

**PRIME MINISTER'S**

**PERSONAL MESSAGE**

**SERIAL No. T115A/S**

"Dear Ron

I was grateful for your message about the Summit meetings in Versailles and Bonn next month. These meetings give us a unique opportunity to show to our own peoples and to the Soviet Union the strength, vitality and cohesion both of the leading industrial democracies and of the Western alliance, and our ability together to meet today's difficult challenges.

My talks with George Shultz earlier this month showed how much common ground there is between us on Versailles. The themes you have chosen will be prominent in the economic discussions there.

I believe we can agree at Versailles on improved economic and monetary co-operation. We should aim to give a message of hope for the future, based on the foundations laid by our determined fight against inflation. I know the efforts you are making with Congress on budgetary decisions. Convincing success there soon would offer the prospect of lower interest rates and be a tremendous help to us all.

The forthcoming Ministerial meeting of the GATT will provide the focus for discussing trade questions. We wish to preserve the open trading system. In this context I hope we can together convince our Japanese colleagues to adopt policies more responsive to the concerns of others.

/I fully agree



I fully agree with you about the need for greater caution in economic and financial dealings with the Soviet Union and some other East European countries. There is already a change in this direction; but among the Summit participants there remains wide variety in their national arrangements for handling these matters. Our officials are already co-operating closely on this subject. For our part we shall work so that we can reach agreement on this when we meet at Versailles. My country is doing all it can to contribute to this result.

The Versailles Summit will primarily be about economic matters. But it is good that we shall have the opportunity to discuss political topics too, at a greater length and with less formality than will be possible at Bonn. It will be particularly important to draw Japan into these political talks.

We must clearly discuss East/West issues and the broad guidelines which should govern our relations with the Soviet Union. We shall also need to talk about the Middle East and in particular the Iran/Iraq war as well as the Arab/Israel situation. I share your views about the importance of increasing exchanges among our young people. Our experts are, as you know, in close touch with yours on the subject, following your recent initiative.

I endorse what you say about the outcome we shall try to achieve at the Bonn Summit. Our aim must be to reaffirm the unity of the Alliance. We need to remind our own peoples of the values on which it is based, which inspire its activities and which it seeks to defend. We need also to demonstrate to the Soviet Union that we are resolved to adopt the measures necessary to maintain

/the effectiveness



the effectiveness of deterrence, both inside and outside the NATO area. We must give a clear statement of the framework within which we believe constructive East/West relations should be conducted, and, as you have done in your recent speech, demonstrate publicly a clear willingness to deal with the Soviet Union on this basis.

I agree that the Summit should stress the need for strong conventional defences. This should, I believe, emphasise the importance of making more effective use of existing resources. As for arms control, I warmly welcome your announcement of your intention to open negotiations on strategic arms reductions. These negotiations, together with the INF negotiations in Geneva and NATO's new MBFR proposals, are a clear demonstration of the West's commitment to concrete measures of disarmament in both the conventional and nuclear fields. The Summit offers a unique opportunity to draw attention to this commitment.

I very much look forward to welcoming you to London in between the two Summits, when we shall have a chance to go over some of these important subjects together. We shall also have an opportunity to discuss the latest developments in the Falkland Islands.

With warm regards,

Margaret"