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10 DOWNING STREET

From the Private Secretary

20 June, 1980.

BF 4.7.80

The Management of East-West Relations

The Prime Minister has seen the Defence Secretary's minute to her of 17 June about the outcome of the OD Meeting on 5 June. She has asked that officials should carry out a study of the issues raised, and in particular of the problem of overlapping responsibilities in the conduct of the Government's foreign and defence policies. Once the study is ready, she would like to have a further discussion of the issues raised with the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Defence Secretary.

I am sending copies of this letter to George Walden (Foreign and Commonwealth Office), John Wiggins (HM Treasury) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

B.M. Norbury, Esq.,
Ministry of Defence.

SECRET

GB

Foreign Policy

CONFIDENTIAL

Ref. A02637

MR. ALEXANDER

Rmd - 16/7

The Management of East-West Relations

A1

You wrote to Brian Norbury on 20th June to say that the Prime Minister wished to have a further discussion of the issues raised at the OD meeting on 5th June after officials had carried out a study of the problem. This work is now being undertaken by officials in MISC 42 in which all the Departments involved are represented. When their study is ready, it will be submitted for further discussion by the Prime Minister, Foreign and Commonwealth Secretary, Chancellor of the Exchequer and the Secretary of State for Defence.

2. Copies of this minute go to George Walden (Foreign and Commonwealth Office), John Wiggins (Treasury) and Brian Norbury (Ministry of Defence).

D.J. Wright

(D.J. Wright)

16th July, 1980

CONFIDENTIAL

Officials should study the degree of overlap first and then perhaps the relevant four ministers (Treasury, F.C.O, Defence, P.M) can discuss. MT

4 (1)

MO 13/7

Prime Minister,

I wondered at the time whether the O.D. would let the conclusions of O.D. go unchallenged. It is a great pity Mr Pym was not at the meeting. You may want to have a word with him at some stage. No doubt Lord Carrington will have a view.

MT 18/6

PRIME MINISTER

THE MANAGEMENT OF EAST-WEST RELATIONS

I read the minutes of OD's discussion of this subject in my absence on 5th June, and noted the reference to the use of resources and to the Government's military assistance training programme.

2. I agree fully that there should be a unity of purpose in the Government's foreign and defence policies - as there should be between industrial and defence policies. There is also a clear distinction between my responsibilities and those of the Foreign and Commonwealth Secretary (and indeed those of my other colleagues in charge of civil departments). It does seem to me that it is conducive to sound and economical administration for responsibility and funding to go together. Military measures for the defence of this country are my responsibility and a proper charge to the defence budget. FCO programmes (including the military training assistance programme) are not.

3. I agree there should be a discussion between senior officials but reserve my position about the concept of a "single pocket" to fund the Government's foreign and defence policies. This is a different approach from that which, on John Biffen's recommendation, we are adopting to the PES this year, and I believe it might blur management responsibilities and lead to less rather than more efficiency in our allocation of resources.

4. As regards the military training programme, I am of course very ready to have the arrangements for

financial adjustment with the FCO looked at (officials are already reviewing the programme and its financing), but so far as I am aware they are in accordance with the Treasury's prescriptions for charging which apply to MOD as to any other Department. Again, I would like to feel sure that responsibilities and principles march hand in hand.

5. I am sending copies of this minute to our colleagues on OD and to Sir Robert Armstrong.

Ministry of Defence

17th June 1980

10 DOWNING STREET

Prime Minister

The Cabinet Office comments on the F.O. paper (particularly para 2 of Sir R. Armstrong's minute) seem to me rather beside the point. A discussion of the ~~general~~ broad aims of British foreign policy will either be so general as to add nothing to existing perceptions or so lengthy & multi-faceted as to be quite unmanageable. The present paper deals with the most important single ~~problem~~ foreign policy issue facing us; sets it in the context of your govt's overall policy; & makes some modest recommendations. I hope that they can be endorsed.

AT 4/6

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Ref. A02276

PRIME MINISTER

The Management of East-West Relations

(OD(80) 43)

BACKGROUND

This paper by the Foreign and Commonwealth Secretary was originally intended to provide the basis for a general discussion of foreign policy at Chequers. OD has not had such a general discussion in the lifetime of the present Government, and it is a difficulty with the Foreign and Commonwealth Secretary's paper that it concentrates on the management of a particular (albeit important) aspect of foreign policy without first defining the more general considerations upon which British foreign policy as a whole is based. Thus the main concern of the note by officials (which means Foreign and Commonwealth Office officials: the paper has not been discussed with other Whitehall Departments) is the need to counter the spread of Russian economic, political and military power in the Third World, and the best methods for this country to employ. Inevitably this represents a somewhat negative approach to the problem of East-West relations as British reactions tend to be related to Soviet initiatives.

2. It might be better to adopt a more fundamental approach to the problem by first seeking to define the general aims of British foreign policy, then considering how far it is realistic in the light of the resources available and the various political considerations involved to pursue those aims either nationally or through the various international groupings of which we are members because the general aims of such groupings appear to correspond with our national interests. The conclusions which may emerge from such a general approach contain the risk that they may be too vague and rhetorical to lend themselves readily to application to particular situations in foreign policy. But the approach in OD(80) 43 runs the opposite risk of becoming so obsessed with checking Soviet initiatives at the grass roots that the overall aims of British policy become obscured.

HANDLING

3. You will wish to ask the Foreign and Commonwealth Secretary to introduce his paper. In the ensuing discussion you will wish particularly to invite the views of the Secretary of State for Trade on the scope for putting economic pressure on the Russians and the views of the Minister of State, Ministry of Defence (the Secretary of State for Defence is attending the Nuclear Planning Group in Norway) on the proposals for a long-range military intervention capability outside the NATO area.

4. The discussion might then cover the following points:-

(a) What are the basic aims of British foreign policy? The 1979 Manifesto summed them up as "a strong Britain in a free world". This implies a prospering economy and hence buoyant overseas trade. It also implies as powerful armed forces as we can afford to maintain.

(b) How far should Britain seek to pursue the aims of foreign policy through international groupings rather than on her own? NATO is fundamental to United Kingdom defence policy. The European Community is important to us not just as an economic but increasingly as a political grouping: where economic or political interests can be shown (or brought) to coincide within the Community, their expression as Community interests can strengthen their external impact. The Summits of the Seven are bringing this country into closer relationship with the Japanese, primarily on economic matters. The multiplicity of countries and the diversity of interests represented in the present-day Commonwealth makes it a less satisfactory vehicle for promoting British policy aims than it used to be; but it remains an international organisation of positive value to us. On the debit side the General Assembly of the United Nations is becoming increasingly dominated by the Third World, with the Western group in a small minority of 23 states; but the Nine are already the best co-ordinated sub-group within the United Nations.

(c) How far should the management of East-West relations be allowed to dominate other foreign policy issues in which Britain is interested? Within the United Nations the two issues which increasingly engage the attention of the Third World are a solution to the problem of Palestine, and the removal of the White minority regime in South Africa. In the Middle East Britain has a historical interest in the Palestine problem, and a special relationship with the United States which affects the international perception of our attitude to Israel, while our economic interests dictate a need to keep the Arabs as sweet as possible. In South Africa we have major economic interests, although our stake in Black Africa is becoming even more important to us. In both these cases East-West relations seem to be a subsidiary factor to more immediate British interests.

(d) What would be involved in strengthening our relationship with the French and Germans? (paragraph 10a) of the paper). The development of a Franco-German axis which excluded us would neither be in our own interests nor be good for the coherence of Europe. We need to develop our relationships with France and Germany, not just on East-West relations, so as to be accepted as an equal partner with them; and the development of quadri-partite consultation suggests that this need not be inconsistent with the strengthening of our links with the Americans urged in paragraph 10b) of the paper.

(e) Is a development in the political co-operation of the Nine likely to have any relevance to East-West relations in the foreseeable future? (paragraph 10c)). Surely such a development would only derive from a convergence of national views which would itself be a far more significant development? In other words, is not this simply "a strengthening of relationships" under another name?

(f) What are the chances of nudging NATO towards involvement in issues outside the Treaty area? (paragraph 10d)). NATO already suffers from the pacifist leanings and fuzzy idealism of some of its smaller members and finds it difficult to produce the military resources to meet its defence needs

in Europe. Furthermore the French regard NATO as being American-dominated. Is there any real chance of it playing a more useful part in East-West relations outside Europe? Do we want it to do so?

(g) What are the chances of devising better ways of involving the Japanese and Australasians? Is it in fact realistic to consider such involvement as a single issue? There are a host of economic and old Commonwealth links with Australia and New Zealand, but Japan is widely regarded as a former enemy and present trade rival.

(h) Military measures and military assistance? You will wish to hear the views of the Minister of State, Ministry of Defence, on paragraphs 17-21. OD seems likely to conclude that the contribution to East-West relations from this source although useful is likely to be modest. You may however like to seek the views of the Committee on whether it is logical to regard military aid as something separate and apart from the rest of the aid programme. In terms of East-West relations their aims appear do be the same.

CONCLUSION

5. The discussion arising from OD(80) 43 is likely to be general and wide-ranging. You may not wish to seek to guide the Committee to reach clear-cut conclusions. It should not be difficult to reach agreement on the general approach to the management of East-West relations proposed by the Foreign and Commonwealth Secretary, but you may wish to propose that OD should have a further general discussion on foreign policy at a later date, in which East-West relations will form part of a wider range of national interests, and Ministers are able to define the general considerations upon which foreign policy should be based.

RA

ROBERT ARMSTRONG

4th June, 1980