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Record of a Conversation between the Prime Minister and Prime Minister Lazar of Hungary at 0915 hours on 3 February, 1984 at the Parliament Building, Budapest

Present

Prime Minister
Mr. Coles

Mr. Lazar
Mr. Nagy
Mr. Banlaki (Interpreter)

Mr. Lazar formally welcomed the Prime Minister to Hungary. Meetings between Heads of Government were important. He wished to signal that the Hungarian Government was aware of the seriousness of the Prime Minister's decision to visit Hungary. The visit possessed special importance because of factors characteristic of the international situation. It was necessary to be realistic. One meeting could not change the course of events. But if it achieved nothing else than to cause each side to think about each other's reasoning, it would have served its purpose.

Hungary had become a focus of a certain type of attention in central Europe. Much was being said about Hungarian peculiarities. Certain peculiarities did, of course, exist, stemming from the geographical situation of Hungary and other factors. All this gave Hungary a special profile. But it did not change its commitment as far as social systems were concerned. Hungary was committed. But it spoke with one voice whether with friends, with partners in debate or with domestic public opinion. It was necessary to say this because academics, journalists and even politicians were seeking to find special motives in Hungarian policy. Such motives did not exist. Hungary's aim was simply to assess realistically its situation and its position in the world.

As regards bilateral relations, these were "undisturbed" and the Hungarian Government greatly valued the existing state of the relationship with Britain. It had also much appreciated HMG's support when it had applied for membership of the World

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Bank and during the period when Hungary's financial situation had become, temporarily, rather unstable.

Hungary also appreciated British efforts to resolve the problem of its relations with the European Community. There were no external obstacles to the resolution of this issue. Hungary was interested in reaching agreement.

The Hungarian Government was interested in raising the level of bilateral relations, not only in the economic but in other fields. The results so far achieved in bilateral economic relations were not to be under-estimated but he believed that more should be done.

With regard to international issues, the Prime Minister would have a chance later in the day to cover these with Mr. Kadar. But he hoped that she would feel that Hungary genuinely desired to improve the international situation. It did not follow two different policies, with one being specifically designed for external opinion.

As regards the wider community of which Hungary was a member, he did not wish to speak in its name. But it was possible to make two serious miscalculations. The first was that the alliance to which Hungary belonged would become weaker internally. The situation was not perfect but it would be wrong to draw exaggerated conclusions. The second miscalculation was that military superiority over the Warsaw Pact was attainable. The Prime Minister knew history too well for him to cite examples. It was well known what the peoples of the Soviet Union and its allies were capable of when their freedom was at stake. He did not wish to conceal that Hungarian public opinion expected that two such important European countries as the United Kingdom and Germany would make efforts to improve the international situation.

/The Prime Minister

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The Prime Minister said that she was grateful for Mr. Lazar's statement. She had felt it important to visit Hungary. The bilateral relationship was significant. She had never been to Hungary before, nor had any British Prime Minister. That was a great gap. To quote Mr. Lazar's words, Hungary, because of its history and geography, was a rather special country. She was the first to understand his commitment to Hungary's own political and social system. Equally, she was totally committed to our own. We would argue the case for it anywhere, any time. But her commitment to our own system made her able to understand his commitment to his system. Her generation was not likely to make miscalculations about the significance of the alliances to which Britain and Hungary belonged.

The timing of the visit had a certain purpose. In history, opportunities for talks sometimes presented themselves. The time seem propitious now and there was a certain urgency. As she saw it, we were entering upon a period when the United States faced 10 months of electioneering and the Soviet Union was in the curious situation where it had not seen its leader for a long time. These factors put a heightened responsibility on other members of the alliances. We would have to live in the world created by those alliances. But like Mr. Lazar she had one policy only - it was the same wherever she went and to whomsoever she talked. It would not be possible to make much progress for ensuring peace and achieving a higher standard of living unless a better understanding was developed between the political systems of East and West.

There were basically two ways of seeking improvements in the wider world - detailed negotiations on specific matters or general talks to achieve better understanding. Problems had arisen in the detailed East/West negotiations, for example on arms control. She believed that such negotiations might make more progress if the general atmosphere was better. Britain had a prominent role in NATO partly because of its special relationship with the United States, partly because it was a nuclear power, partly because of its history. She could not fail to use this potential in the situation which she saw before her.

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The bilateral relationship between Britain and Hungary was good and she wished to build on it. Membership of an alliance did not exclude good relations with a country which was not a member of that alliance. For example, the relationship between the Hungarian Central Bank and our own Bank of England had been helpful in solving problems. Because of its history, Britain was outward looking. When the European Community became too inward looking and protectionist, Britain made it plain that it had not joined the Community to pursue such attitudes. We wished to make a larger contribution to a better world, to break down barriers and not to raise them.

Mr. Lazar had referred to two possible miscalculations. A miscalculation of the dimensions he had described would be fatal for a politician and we were not likely to make it. But because we saw each alliance increasing its arms, we felt there was a need for a special effort to achieve security and mutual respect at lower levels of weaponry, thus enabling greater concentration on raising the standard of living and rendering the world a safer place.

She knew how vigorously each nation defended its independence and freedom when they were at stake. Each country had not only its own political beliefs but a strong sense of national pride. Our whole objective was that conflicts arising from such factors should never recur.

She believed that there was a danger of exaggerated expectations from her visit. She had told the media earlier in the day that her talks would be confidential and that details could not be made available publicly. The visit should be regarded as one step in a hopefully continuous process of contact and understanding.

Mr. Lazar said that he agreed with everything the Prime Minister had said about the importance and nature of her visit. Although Hungary was committed to its own system, it was also open - Hungary made efforts to understand and to assimilate. He would gladly reflect on the other points which the Prime

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Minister had made.

After some discussion about the organisation of the immediately following plenary session, the discussion ended at 1005.

A.S.C.

3 February, 1984