



Foreign and Commonwealth Office

London SW1A 2AH

25 October, 1984

Prime Minister

CDP
26/x.

Dear Charles,

Call by Mr Matyas Szuros, Secretary to the Central Committee of the Hungarian Socialist Workers' Party, on the Prime Minister on Tuesday 30 October at 9.30 am

The Prime Minister has agreed to see Mr Szuros, who will be in London as the guest of HMG, at 9.30 am on 30 October.

As the Secretary of the Central Committee responsible for foreign affairs, Mr Szuros is more influential than the Hungarian Foreign Minister. His visit provides a rare opportunity to carry forward our dialogue with Eastern Europe at a senior Party, rather than Government, level. It is likely that what is said to Mr Szuros will find its way to Moscow.

The Prime Minister may wish, therefore, to stress the genuine desire of the West to improve relations with the Soviet Union and to resume arms control negotiations. Mr Szuros should be able to give some insights into the present leadership situation in Moscow and to describe how Hungary sees the way ahead in East Europe's relations with the West. He might also be asked how Hungary reads the cancellation, at Soviet insistence, of the Honecker and Zhivkov visits to the FRG in September.

In the 10 months since the Prime Minister's visit to Budapest, life has been difficult for Hungary both politically and economically. With Andropov, even on his sick bed, Hungary hoped for preferment. The accession of Chernenko, and the down turn in East/West relations, forced Hungary to join Warsaw Pact criticism of the United States. But the fact that Hungarians received the Heads of Government of the three INF basing countries (Britain, Italy and the FRG) in the first six months of 1984 and that Kadar has just been to France, demonstrates that Hungary wants to stay in business with the West. Despite their determination to continue with economic reform, about which Mr Szuros may speak, the economy is stagnant, with a good deal of grumbling about declining living standards. The initiative with the European Community has run into the sand - Hungarian demands became unrealistic and inflexible - but is not dead.

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The Prime Minister did not meet Mr Szuros during her visit to Hungary. He understands English but will be accompanied by his interpreter, Miss Kovacs. I enclose a personality note on Mr Szuros, a copy of his programme and a telegram from Budapest which sets the scene for his visit.

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I am copying this letter and enclosures to the Cabinet Office.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

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