

MO 14/2



Prime Minister
A rather worrying
conversation on
SALT II & the 3
ABT Treaty.

NOTE FOR THE RECORD

Very - Mr.

CJP
24/5

CJP
29/5

RECORD OF A MEETING BETWEEN THE DEFENCE SECRETARY AND THE US
DEFENSE SECRETARY, MR WEINBERGER AT 1400 ON 22ND MAY 1985
IN NATO HQ, BRUSSELS

Those present:

The Rt Hon Michael Heseltine MP
Secretary of State for Defence

The Honorable Caspar Weinberger
US Defense Secretary

Sir John Graham Bt KCMG
UK Permanent Representative
on the North Atlantic Council

Mr D Abshire
US Permanent Representative on
the North Atlantic Council

Field Marshal Sir Edwin Bramall
Chief of the Defence Staff

General Vessey
Chairman Joint Chiefs of Staff

Mr D A Nicholls
DUS(P)

Mr R Perle

Mr R C Mottram
PS/Secretary of State

Mr Lauder

Major General C Powell

and others

Income Tax

1. Mr Weinberger referred to his letter of 15th April about the levying of UK income tax on the earnings of US citizens employed in Britain by US companies under contract to the Department of Defense (DOD). Although it was he knew difficult to influence the Inland Revenue, he hoped that it would be possible to continue the former practice, and that it would not be necessary to look at how increased costs to the DOD should be offset. The Secretary of State said that he had only recently received Mr Weinberger's letter. He would look into the matter and send him a personal reply as soon as possible.

Defence Budget

2. Mr Weinberger referred to the Administration's difficulties with the Congress over the US defence budget: there would, nevertheless, be continued growth in outlays. He was aware of United Kingdom plans



after the present financial year; did these mean that the 3% goal had been abandoned on a permanent basis? The Secretary of State said that our plans over the next few years envisaged a broadly flat defence budget. There was no conceivable chance of improving upon this position since he had no support within Government or within Parliament for continuing increases. He himself believed that there was a good deal of scope to squeeze more output out of the present level of spending which had grown substantially since 1979. Mr Weinberger said that if NATO countries simply maintained present efforts; they would not be able to keep up with the Soviet Union which would continue with real increases. Although Senator Nunn had decided not to put forward an amendment on US troop levels in Europe this year, he had made it clear that he would be monitoring closely the performance of European members of the Alliance and there could therefore be increasing difficulty with Congress in future years if efforts were static or declining. He accepted the difficulty of maintaining public support for defence expenditure, which he too was experiencing, and which was a crucial issue for the future. If Western Governments did not succeed in this, there would be no incentive to the Soviet Union to reach agreements on arms reductions.

Strategic Defence and Arms Control

3. After Mr Weinberger had raised the question of possible British participation in SDI research, the Secretary of State expressed concern about the impact on European public opinion of the SDI and of the possibility that the US Administration would cease to observe the SALT II limits. There could be a huge penalty for her standing in Europe if the United States decided to overthrow the SALT II regime. Mr Weinberger said that SALT II was an unratified treaty which in any case expired in December. It had not limited Soviet offensive systems and the Soviet Union was itself in violation of the Treaty. It was in no-one's interest for the US Administration to continue to adhere to a treaty which had achieved nothing. The Secretary of State said that he accepted that the United States had not ratified the Treaty for the best of reasons following the Soviet invasion of Afghanistan. He believed that, with the present balance of forces, there was no way in which the Soviet leadership could believe that they could successfully attack the United States; nor was the Soviet Union in a strong position to achieve more limited objectives. A critical part of the responsibility of Defence Ministers in the Western democracies was to sustain public support for the Alliance. An American decision to abandon the SALT II regime would give the Soviet Union a massive propaganda opportunity within Europe. The risk would be that the American approach to arms control would come to be seen to be similar to that of the Russians.

4. The Secretary of State said that the visionary approach to SDI had no credibility in Europe. There was a recognition that a realistic outcome was a new balance between offensive and defensive systems of the kind outlined by Mr Nitze. There was concern, as with the SALT II issue, that the US Administration would be willing to violate the



ABM Treaty if this was necessary in order to pursue the SDI. Mr Weinberger said that the US Administration was not planning to violate the Treaty. It included a provision for withdrawal in defined circumstances. The Secretary of State commented that this could be seen to be an approach in which arms control agreements were honoured only up until the point when it was possible to gain advantage by breaking them: this would offer no incentive to enter into meaningful and long-lasting agreements. Mr Weinberger commented that the ABM Treaty had rested upon two fundamental assumptions: that there was a broad equality in offensive systems from which reductions would be negotiated and that strategic defences would be of limited capability in a specified geographical area. In fact, since it was signed, there had been a massive expansion in Soviet offensive systems and the Soviet Union had pressed ahead with research in strategic defences and in improvements to their deployed system. The foundations upon which the ABM Treaty rested, and its spirit, had long since been destroyed. As they had discussed previously, there was no doubt that the Soviet Union had violated the Treaty over the Krasnoyarsk radar.

5. The Secretary of State said that, since their previous discussion, there had been a further exchange between experts about the Krasnoyarsk issue. He recognised that it was a difficult grey area and that, more generally, the Soviet Union went to the limit in exploiting treaty language. The question was whether they had gone so far as to justify the United States setting in hand a retaliatory process which would involve going back on her treaty commitments. In his view, Soviet behaviour was not sufficiently close to the margin to justify this. They had also to bear in mind the link with the modernisation of the Fylingdales radar. Although the two cases were not the same, they needed careful public handling. He would shortly be putting a paper to his colleagues about Fylingdales. In response to questioning from Mr Weinberger, the Secretary of State emphasised that we were anxious to be helpful over modernisation and he personally was totally convinced that it should proceed.

6. Reverting to British participation in SDI research, Mr Weinberger said that he had recently been briefed by General Abrahamson on progress in the research programme and the barriers to success that they had seen were crumbling. Contracts were being put out in a number of areas and the programme was moving forward more rapidly than they had expected. The Secretary of State said that the Prime Minister had made clear our wish to participate. There had been a useful preliminary visit to the United States by his Chief Scientific Adviser. Further discussions would, however, be needed before we could respond formally on areas in which we wished to participate.

7. The Secretary of State asked about the problem of technology transfer and whether this would limit co-operation. Mr Weinberger replied that he saw no difficulty over this since control over the handling of the results of research would be laid down in the contract!



In response to further questions, he said that there was scope for companies both to bid for work in areas already identified by the SDI office and to come forward with new ideas which they thought were worth pursuing. He had no strong views on the Europeans submitting a joint response to his letter, although he pointed out that the US Administration were not seeking joint funding.

8. Finally, Mr Weinberger said that he wished to stress that, if the research programme showed that defence against ballistic missiles was feasible, the President would wish to go ahead with deployment.

10. At that point, at 1435, the meeting had to end because Mr Weinberger had another commitment.

lh

23rd May 1985

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