SURJECT 10 DOWNING STREET 19 November 1980 From the Private Secretary The Health of the Alliance By way of postscript to the NATO section of the record of conversation between the Prime Minister and Chancellor Schmidt on 16 November (enclosed with my letter to you of 18 November) it may be helpful if I record briefly what the Prime Minister said that evening about her tête a tête with Chancellor Schmidt on the health of the Alliance (a phrase which, as you know, the Prime Minister dislikes). Broadly speaking Chancellor Schmidt was not interested in the idea of a new look at NATO. According to the Prime Minister he considered the idea neither timely nor necessary. He thought that NATO was habitually inclined to underestimate

its own capability and overestimate that of the Soviet Union. The quality both of Soviet manpower and Soviet equipment was exaggerated. There was also a tendency to ignore limitations placed on Soviet offensive capability by the unreliability of the Eastern European members of the Warsaw Pact.

It was generally agreed by the Prime Minister's party that our approach to the question of a review of the Alliance's military capability needed to be reconsidered. It was not obviously essential to seek a decision at the December Ministerial meeting. It was, on the other hand, highly desirable to find some way of engaging the interest of President Reagan and his advisers.

I am sending copies of this letter to Brian Norbury (Ministry of Defence) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

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