

SUBJECT

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE SECRETARY OF STATE OF THE UNITED STATES, MR. ALEXANDER HAIG, AT 10 DOWNING STREET ON FRIDAY 10 APRIL at 1700 HOURS

Present

The Prime Minister
Mr. M.O'D.B. Alexander

Secretary of State Haig
Mr. Eagleburger
Mr. Streeter

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Middle East

The Prime Minister asked Mr. Haig whether he considered his visit to the Middle East had been a success. She had been particularly anxious that there should be an improvement in relations between the United States and Jordan. She had told President Reagan that in her view relations between President Carter and King Hussein had been very bad and that this should be remedied. Mr. Haig said that as a result of the previous Administration's inconsistency, there was undoubtedly a legacy of distrust towards the United States in many Arab capitals. King Hussein had indeed been treated badly. He had told Mr. Haig that when he had asked President Carter's Administration for help in facing up to the Syrians, he had been told that the United States could not spare any arms because they were themselves short! In Mr. Haig's view, the mere expression of an intent to visit the area had been helpful in Jordan, in Saudi Arabia and in Egypt. The Prime Minister said that she was sure King Hussein would respond to the offer of friendship and that he would subsequently use his influence on America's behalf in the region.

As regards the results of his visits, Mr. Haig said that he thought they had been very successful in building relationships in each capital. Of course differences remained, particularly in relation to policy towards the Palestinians. But these in the past had been sharpened by the doubts about

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America's reliability. The Prime Minister said that she thought the problem was not confined to doubts about the West's reliability. We needed to pay more attention to Arab sensitivities. They considered we had shown a lack of shrewdness in relation to Iran. They feared that we were liable to take decisions without having regard to their views. In the latter context it was particularly valuable that Mr. Haig's tour had made it clear that the United States was consulting them.

Mr. Haig said that in addition to establishing relationships, his tour had been intended to try to develop a strategic consensus. This was not intended to replace the peace efforts but rather to create a climate in which risk-taking would be more acceptable. (This remark was not elaborated on but the reference appeared to be to risk-taking by participants in the peace process.) The Prime Minister referred to her recent meeting with Mr. Peres. He realised things could not follow their present course for much longer. He thought that the time for positive steps was now. His ideas might be naive and unacceptable, but nonetheless it was good to get this sort of feeling coming out of Israel. Mr. Peres was a man who understood the Arabs. Mr. Begin on the other hand was a man whom no-one had found it easy to get on with. Mr. Haig said that the really bad aspect of Mr. Begin's period in office was the settlements policy. The Prime Minister said that the policy was morally wrong and politically unwise. Mr. Haig agreed. Mr. Peres, for his part, packaged things better. He had been in dialogue with President Sadat and had convinced him that together they could resolve the problem in a year. The Prime Minister said that nice though the thought was, it was "not on". Mr. Haig said that what he thought they meant was that together they could put into effect the agreement on withdrawal.

The Prime Minister and Mr. Haig agreed that Mr. Peres' ideas were unrealistic and that he would undoubtedly be markedly more constrained if he won office. Nonetheless,

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he had the will to look for progress. Mr. Haig referred to a meeting with General Dayan during his visit to Israel when General Dayan had said he would turn the whole Arab/Israel problem over to the Arabs and let them get on with it. General Dayan, according to Mr. Haig, had looked worryingly unwell.

Mr. Haig said that he had found President Sadat most impressive. It was noticeable that he was now more concerned about the situation in North Africa than in pushing ahead with the negotiations with Israel. He appeared confident that he would be able to get enough from Israel to make his point with the other Arabs. It was, however, naive of him to suppose that he would be able to do this simply by satisfying Egypt's own needs. The Prime Minister said that one lesson of the Rhodesia talks had been the need to keep in close touch with other states concerned about the outcome. In doing so, one gave them a stake in the outcome. Mr. Haig agreed. This was how the United States had "mucked up" the Camp David agreement. He, incidentally, preferred to refer to "the peace process". However, he was anxious not to create problems for himself in the United States and therefore could not altogether abandon references to Camp David. He was therefore now using the phrase "the Camp David framework". The Prime Minister reiterated her wish to ensure that the activities of the Europeans complemented, and did not compete with, the efforts of the United States.

India

The Prime Minister said that she was somewhat concerned by the anti-American posture of the Indian Government. India was a very important nation internationally and, particularly, in the non-aligned movement. It was worth making some fuss over the Indians. They were very sensitive to any impression that they were being neglected. They were inclined to say that a lot of attention was being paid to Pakistan and none to them.

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She herself had been subjected to questioning on these lines the previous day. She had replied by explaining the significance of Pakistan's position and the reasons for the involvement of the United States there. In reply to questions about the supply of arms to Pakistan, she had said that every country had the right to defend itself.

Nonetheless, India was, in the final analysis, a more important country. The Prime Minister thought it would be very helpful if she could tell Mrs. Gandhi that Mr. Haig had spoken warmly about her. Mr. Haig said that he very much hoped that the Prime Minister would do so. He had it in mind that there should be a special effort made to improve Indo/American relations. He agreed with the Prime Minister that Mrs. Gandhi's friendship with the Soviet Union was a matter of convenience rather than conviction. One additional argument in defence of American involvement with Pakistan which might be used with Mrs. Gandhi was to point out that India's nuclear capability tended to upset the Pakistanis greatly. If, as seemed likely, the Indians were to test another nuclear device, it would tend to make the Pakistanis "paranoic". Conventional military help from the United States would damp down this reaction.

Spain

Mr. Haig said that, unfortunately, the Secretary General of NATO, Mr. Luns, had revealed Spain's intention to seek membership of NATO prematurely and had triggered off unhelpful Scandinavian reactions. The Spanish Government had been affronted. They were in any case having difficulties with the Spanish socialists, who were in touch with the Danish socialists. The Spanish Government now intended to move in September. Mr. Haig said that he intended to ask Chancellor Schmidt whether he could not calm down the Spanish socialists (who were largely financed by the SPD). The Spanish Government had asked Mr. Haig to suggest to the Prime Minister that we

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should not press the Gibraltar issue. He had replied that this was a bilateral issue and not the concern of the United States Government. Nonetheless, it was important that everyone should try to be helpful. The general situation was favourable to Spanish entry.

The Prime Minister agreed. Spanish membership of NATO would be important in securing the future of democracy there. The leader of the socialists, Senor Gonzalez, asked her to help ensure that the European Council issued a statement about Spain after their meeting in Maastricht. This had been done. There was likely to be difficulty with the Mediterranean members of the Community in securing Spain's entry to the Community. She, however, always argued that the political aspects of membership were more important than the economic aspects. She saw Britain's role in the Community as being to get people to look at the larger issues. Mr. Haig agreed and said that he was sure that the question of Spanish entry into NATO could be brought to a successful conclusion.

The discussion ended at 1800 hours.

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10 April 1981

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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE SECRETARY OF STATE OF THE UNITED STATES, MR. ALEXANDER HAIG, AT 10 DOWNING STREET ON FRIDAY 10 APRIL AT 1700 HOURS

Present

The Prime Minister	Secretary of State Haig
Mr. M.O'D.B. Alexander	Mr. Eagleburger
	Mr. Streeter

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East/West Relations

The Prime Minister said that she was still extremely concerned about the situation in Poland. There were few signs of any reduction in Soviet preparedness to intervene. Mr. Haig said that there had been some signs of reduction that day. Some troops had returned to their garrisons. The Prime Minister said that she doubted whether this was of much significance. The Russians knew that they were facing an unprecedented problem. If the Poles were allowed to get away with their experiment, their example would be followed. On the other hand, the price of intervention would be very high for the Russians. The Soviet leadership faced a finely balanced and difficult decision.

Mr. Haig said that, in his view, the Soviet Government was "in a dialectic" which would lead ultimately to action. Periods of quiet had been repeatedly followed by periods of tension, each one more severe than the last. He had concluded before leaving for his trip to the Middle East that there would be at least one further round of pressure. However, the room for manoeuvre for the Russians was now getting very small indeed. The Polish Government would "have to walk the cat back". So far their efforts to do so had failed. The Russians could not accept the failure of the Communist economic system and of the Communist Party's political control. Of course Western governments could not say this publicly. If

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they did so, the consequences would be to make the Soviet Government's intervention more certain and more brutal. He was not optimistic about the prospects. When Mr. Jagulski had been in Washington recently he had told Mr. Haig that the Poles would not accept intervention. Mr. Haig said that he had believed him. The Prime Minister said that if Solidarity could call a halt now and consolidate their gains, they would in fact have made an enormous stride forward. The difficulty was that the entire generation coming to the fore was without any experience of the exercise of power. This was very unstable. There were signs that Solidarity was seeking political power for its own sake. There was no sign of a willingness on their part, for instance, to try to rectify the country's economic situation.

It was difficult to see any way of increasing the incentive to the Russians to stay out of Poland. One possibility might be to offer them the prospect of arms limitation talks. She was not, of course, suggesting that the United States Administration should rush into such talks before they were ready. But perhaps the prospect of the talks should be made clear as well as the consequences for that prospect of Soviet intervention. Mr. Eagleburger said that he did not believe this would have any effect on the Soviet leadership.

Mr. Haig said that the Soviet Union was at present "in a terrible state". There was no reason for the West to be self-conscious about their/^{own}vulnerabilities. He had had three long talks with Mr. Dobrynin lately. Three areas of concern emerged clearly:-

(a) the Russians were much alarmed by the consensus which had emerged in the United States between the President, Congress and the people in favour of a significant increase in US military capability. They wanted to break this consensus if they could;

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(b) the Russians were preoccupied with the situation in the Middle East. They kept harping back to the offer made by Secretary of State Vance in October 1977 to reconvene the Geneva Conference. The evident willingness of the new American Administration to build up their presence in the area and to establish a Rapid Deployment Force worried the Soviet Government. Indeed, they had been rather threatening and had talked of taking counter action. There was evidence that a recent exercise had envisaged the invasion of Pakistan and the seizure of the Pakistan capital;

(c) the Russians were clearly conscious that their system as a whole was under strain. Twenty-four hours after Mr. Haig had referred in a press conference to the possibility that the Polish situation would lead to "changes in the system", Mr. Dobrynin had been round asking whether Mr. Haig had meant changes in Poland or changes in some wider sphere.

The Prime Minister said that she agreed with this analysis. She, too, had been conscious of a sense of desperation in Soviet policy. Mr. Eagleburger commented that this was very dangerous. Mr. Haig said that Herr Genscher had been left with the impression that the Soviet Government were confused about United States intentions and wanted to clarify them. When Herr Genscher had referred to the talks between Mr. Haig and Mr. Dobrynin, Mr. Gromyko had been very dismissive of them: in his view, meaningful talks could only take place at the top level.

Mr. Haig said that the US Administration were determined not to be driven into a "business as usual" attitude in their dealings with the Soviet Government. The Prime Minister agreed that this was vital, particularly so long as Afghanistan was occupied. That was why she had resisted the decision of "a member of Mr. Haig's staff" to agree to the sale by France of 600,000 tonnes of wheat to the Soviet Union. Mr. Haig

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expressed profound gratitude for the line taken by the Prime Minister and referred to the misleading statements of the "mendacious French". Unfortunately, he had a problem with the American wheat lobby. The French were inclined to argue that they were only proposing to do what the Americans themselves had been doing. He was very pleased with the attitude of the British Government. But he was under criticism at home. The American Government might be pushed off their present policy "in a week or two".

The Prime Minister commented that she was under constant pressure from those who wished her to allow relations with the Soviet Union to revert to normal. But she, like Mr. Haig, was determined to resist the "business as usual" approach. Mr. Haig said that there were already those who were saying that Afghanistan should be left on one side because the Soviet Union had been moderate in Poland. As regards Soviet intentions in Afghanistan itself, there were reports that the Russians would be willing to envisage a phased withdrawal over a two-year period, leaving a non-aligned government in place. The Prime Minister expressed scepticism.

Mr. Haig said that the US Administration's general position would be that the price for moving in the direction of normalisation would be substantive modifications in Soviet policy. This attitude might give rise to problems with the Germans. It was clear, e.g. from a "soulful talk" that he had recently had with Mr. Weinberger, that Chancellor Schmidt's confidence had been shaken. It would be necessary to bear this in mind in the period ahead and to be sensitive to the German situation. It would be important in this context for Britain and the United States to stay very close together. The relationship between the Prime Minister and President Reagan would be a source of great strength. The Prime Minister said that it would be important not to do anything to isolate Chancellor Schmidt. Despite recent difficulties, he remained

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a good friend of the United States. It was, of course, true that the Federal Republic had particular problems. Germany was divided and was in the front line. This was one of the reasons why the European Community was so important and had to be kept in being. Mr. Haig agreed strongly. He added that one reason for the "Franco/German romance" had been the policies of the previous American Administration which had left Chancellor Schmidt nowhere else to turn.

The Prime Minister commented that she thought that NATO was in a very fragile state at present. Nonetheless, the contingency planning for Poland had gone well. We now had a better plan for reacting to events in Poland than ever before. In this the quadripartite forum was important. President Giscard had been absolutely right about this. Mr. Haig agreed that the relationship between the quadripartite powers was the key. Without it, the reaction of the other members of NATO might be very inadequate.

The discussion ended at 1800.

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10 April 1981

RECORD OF CONVERSATION BETWEEN THE SECRETARY OF STATE AND
 UNITED STATES SECRETARY OF STATE HAIG AT THE FOREIGN AND
 COMMONWEALTH OFFICE, ON FRIDAY 10 APRIL

Present:

Secretary of State	Secretary of State Haig
LPS	Mr Eagleburger - Assistant Secretary for Europe
PUS	Mr Veliotes - Assistant Secretary for the Middle East
Mr Bullard	Mr Streator - Charge d'Affaires, American Embassy
Sir J Graham	Mr MacFarlane - Counsellor, State Department
Mr Day	Mr Simons - Counsellor, American Embassy
Mr Walden	Mr Goldberg - Executive Assistant
Mr Fenn	
Mr Richards	

Middle East

Mr Haig said that his visits to Middle Eastern capitals had been a success, but not of the kind that would be reflected in the press or in immediate changes of policy. The real - undeclared - purpose of the visit was to deflect Mr Begin from asking to visit Washington before the Israeli elections (he asked that this information be treated with particular discretion). Apart from this, the visits had three objectives:

- (a) to establish personal relations with Arab and Israeli leaders following the change of the US Administration;
- (b) to discuss the Soviet dimension, and in relation to the "strategic consensus" to establish that the US objective was to create external security for the Middle East within which the peace process could go ahead. The peace process and external security were complimentary rather than rival priorities. This point had been taken

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wherever he had gone, though less readily in Saudi Arabia. The Saudis had, however, clearly been impressed by what they had been told of Soviet capabilities (they had, for example, been shown photographs of SCUD missiles in the PDRY targeted on Riyadh);

- (c) to establish that the US remained committed to the peace process, while accepting that the scope for progress before the Israeli elections was limited. No one had come forward with a more promising alternative. He had not raised the "Jordanian option" which clearly did not exist as such in present circumstances.

He felt that he had improved the atmosphere in bilateral relations in each capital visited, and particularly in Cairo and Riyadh. The US were not seeking bases in the Middle East. Some of the noises that had been made on the subject in Washington were simply a domestic subterfuge to obscure US failure in Iran. He well appreciated the need not to place an excessive burden on friendly Arab regimes.

Lord Carrington asked whether Mr Haig thought that the Arab attitudes to the US would be coloured by US policies on the Arab/Israel issue. In particular, were Saudi Arabia and Jordan expecting that the US would abandon Camp David in return for their recognition of Western interests in the area? Mr Haig said that they were not. They were looking mainly for an assurance that the US would back their existing regimes, and were not interested only in maintaining the security of the Gulf oil installations and the shipping lanes through the Straits of Hormuz, as they had been led to believe by the previous Administration. When he had seen the Saudi Crown Prince, he had been subjected to a monologue on familiar lines, but the atmosphere of the meeting

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been entirely changed when he offered this assurance. He remained, however, worried about the fragility of the Saudi regime. There was something of an Alice in Wonderland atmosphere in Saudi Arabia. There was no real stability behind the facade of new buildings and expensive military equipment. There was an obvious parallel with the Shah's Iran.

The Secretary of State agreed, but pointed out that Saudi Arabia had a small population and greater resources than Iran. The Arab/Israel dispute remained the fundamental issue for Arab countries, and the mainspring of their attitude to everything else. The US decision on its attitude to this issue would either provide the Arabs with real reassurance, or set American efforts in this direction back to square one. Mr Haig said that this view underestimated the complexity of the picture, given the diversity in Arab outlook and structures. The US did not believe that an understanding comprehensive solution was the only way to sound^a relationship with the Arab world. Arabs must not be encouraged to follow Arab interests purely in Arab/Israel terms, neglecting entirely the threat from the Soviet Union and its proxies. The Secretary of State had not meant to suggest that the Arab/Israel dispute could be solved in the short term. It was, however, necessary to get things moving in the right direction, and for the West to have policies which looked even-handed. This issue coloured Arab attitudes to everything else in a disproportionate way. The Lord Privy Seal agreed. The Arab/Israel issue affected the Arab approach to East/West relations. If Arab States were strongly pro-Western at a time when the West seemed to be leaning towards Israel, this would weaken them domestically, so strengthening their stability. It was true that King Hussein had no new ideas. But the existence of Camp David formed a road-block preventing him from seeking alternative ways forward. Mr Haig said that the fact that the Carter Administration had been unable to supply Jordan with anti-tank weapons when he felt most threatened by Syria had produced a deep impression on King Hussein.

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Mr Haig expressed confidence that Mr Peres would win the Israeli elections. Mr Peres had been in touch with President Sadat. His more flexible approach would not of itself solve the Arab/Israel problem, but would help with the first two steps - agreement to a Sinai peace keeping force before the Israeli election and autonomy talks leading to an agreement by the end of the year. This should suit both Mr Peres and President Sadat. Lord Carrington said that the European position was in limbo until the Israeli election. Thereafter, the Europeans were faced with a commitment to a Euro/Arab summit, now postponed until later in the year. He felt that it might be possible to extract a price for European attendance at such a summit; also the PLO was no longer in the chair on the Arab side, its attendance at a summit would enhance its status. This price might be conditional Arab acceptance of Israel's right to exist within secure boundaries. Mr Haig feared that this tactic might fragment the PLO and so give Israel an excuse for intransigence. Failure would humiliate and make the situation much worse. This view was held by all those in Washington who had examined the question. Despite his scepticism he would consider the matter further; it should be discussed by officials.



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10 DOWNING STREET

From the Private Secretary

10 April 1981

Dear Francis,

MEETING WITH MR. HAIG

I enclose two records of the Prime Minister's discussion with Secretary of State Haig earlier this afternoon. As you will see, I have given a "secret" classification to that dealing with East/West relations. I should be grateful if you could give this record a particularly limited distribution.

I am sending a copy of this letter, and its enclosures, to David Wright (Cabinet Office).

Yours ever

Richard Alexander

Francis Richards, Esq.,
Foreign and Commonwealth Office.