



504

10 DOWNING STREET

From the Private Secretary

6 July 1984

Prime Minister's Meeting with US Senators

We promised your staff to let you have a copy of our summary record of this meeting. I enclose a copy. As you will see it is really just a checklist. I hope it will be adequate for your purposes.

(C.D. Powell)

His Excellency Mr. Charles H. Price, II

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10 DOWNING STREET

From the Private Secretary

6 July 1984

Prime Minister's Meeting with US Senators

I enclose a summary record of the Prime Minister's conversation with three Republican Senators on 6 July.

I am also sending a copy to the American Ambassador at his request.

(C.D. Powell)

Roger Bone, Esq.,
Foreign and Commonwealth Office

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SUBJECTRESTRICTEDSUMMARY RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND
UNITED STATES SENATORS ON 6 JULY 1984 AT 10 DOWNING STREET

The Prime Minister received Senators Lugar, Roth and Chafee for a talk this afternoon. The United States Ambassador and Mr. Powell were also present. The main points covered in the talk are summarised below.

TAX REFORM

The Prime Minister described the Government's plans to reduce capital allowances and corporation tax.

EMPLOYMENT

The Prime Minister said that the labour market in the United Kingdom was less flexible than in the United States and labour less mobile. The United Kingdom had not done as well as the US or Japan in creating new jobs. There had been a steady increase in the number of people coming on to the job market in the last five years. This would continue until 1989. Unemployment remained stubbornly high. The Government was trying to reduce the share of public expenditure in the national income. The Prime Minister noted that the great majority of strikes occurred in the public sector.

/HIGH TECHNOLOGYRESTRICTED

HIGH TECHNOLOGY

Asked whether Western Europe was falling behind in the high technology field, the Prime Minister said that the UK was fertile in inventions but lacked American magic in turning them into profit. The United States enjoyed much better interchange between universities and business.

EAST/WEST RELATIONS

The Prime Minister said that there was a broad identity of views between her and President Reagan on East/West questions. Communism was deeply embedded in Eastern Europe. This would not change. On both sides of the iron curtain there was a desire to feel secure. Ways had to be found to reduce the risk of conflict. The only feasible path was that of balanced and verifiable limitations on forces and arms. The Prime Minister gave an account of her recent visit to Hungary.

CENTRAL AMERICA

The Prime Minister praised the efforts of Vice-President Bush to create understanding in Europe for American policies in Central America. The Prime Minister recalled that the UK made a particular contribution in the area through the stationing of Harrier aircraft and troops in Belize. She recalled that the UK had sent observers to both elections in El Salvador. The Prime Minister said that no-one should be under any illusion that the forthcoming elections in Nicaragua would be free.

US FORCES IN EUROPE

The Prime Minister recalled the considerable defence effort made by the UK. 5½% of GDP went to defence and defence spending had recently been increasing at 3% a year. She recalled that France was not integrated militarily into

/ recalled

NATO. Senator Chafee commented that France got the biggest free ride anywhere.

ANTI-SATELLITE SYSTEMS

The Prime Minister said that President Reagan had been right to give a prompt and positive reply to the recent Soviet proposal for talks on limitations to ASATS. The Russians had been caught off balance by the speed of the American reaction. The most promising area on which discussion should focus was outer space. It was important that the current Russian superiority in anti-satellite weapons at lower altitudes should not be institutionalised.

EUROPEAN COMMUNITY

The Prime Minister identified two issues for urgent attention: the extension of the Common Market to services as well as goods: and the control of agricultural surpluses. She emphasised the importance of the early accession of Spain and Portugal in order to stabilise democracy in those countries. She drew attention to the implications of enlargement for the North/South balance in the Community.

NATURE OF SOVIET LEADERSHIP

The Prime Minister commented that her impression was of a collective system, although it was difficult to know how long this would last. She emphasised the importance of constantly reminding the Soviet Union of its failure to respect human rights despite its signature of the Helsinki Agreement.

The meeting ended at 1730 hours.

PRIME MINISTER

VISIT OF SENATORS LUGAR, ROTH AND CHAFEE

They are coming at 1630 hrs accompanied by the American Ambassador (Charles Price).

Suggest photo upstairs and talks in White Drawing Room. Briefs attached though you won't really need them except perhaps as useful background on the NUNN Amendment (see brief on State of the Alliance).

Subjects I suggest you aim to cover are:

- What the UK and the European end of the Alliance are contributing.
- Your analysis of prospects for East/West relations in the wake of Geoffrey Howe's visit to Moscow.
- Congressional attitudes to ASATS and CW.
- Their views on what a re-elected Republican Administration would do in Central America and the Middle East.
- US Election prospects.

Personality notes on the three Senators immediately behind this note.

C.D.P.

5 July, 1984



SENATOR JOHN CHAFEE (REPUBLICAN - RHODE ISLAND)

Born in Providence, Rhode Island in 1922 into a wealthy family and educated at Yale and Harvard Universities, served in the US Marine Corps during World War II and from 1950-52. He served in the Rhode Island House of Representatives from 1957-63.

The first Republican from Rhode Island to win a Senate seat since 1930, Senator Chafee was elected to the Senate at his second attempt in 1976. He had previously been Governor of Rhode Island from 1963-69 and Secretary for the Navy in the Nixon Administration from 1969-72.

A Liberal Republican, he supports national health insurance, a freeze on property taxes for the elderly and an end to mandatory retirement at 65. His main interests in the Senate are in energy and environmental problems. As Chairman of the Environmental Pollution Sub-Committee he has been active in sponsoring clean air legislation. He also serves on the Senate Committee of Finance and the Select Committee on Intelligence, and keeps up an interest in NATO and European affairs (though he was absent during the recent vote on the Nunn Amendment on US Forces in Europe).

An Episcopalian. Married with five children.

July 1984




SENATOR WILLIAM V ROTH, JR (REPUBLICAN - DELAWARE)
CHAIRMAN, SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS

Born in Great Falls, Montana, in 1921. He served in the US Army in World War II, then studied at the University of Oregon, Harvard Business School and Harvard Law School. He was a practising attorney until 1961, when he became Chairman of the Delaware Republican State Committee.

Senator Roth, senior Senator for Delaware, was first elected to the House of Representatives in 1966 and to the Senate in 1970. In addition to his role as Chairman of the Governmental Affairs Committee (which oversees the Civil Service and Government efficiency), he serves on the Senate Committee on Finance, the Select Committee on Intelligence, the Joint Economic Committee and the Joint Committee on Taxation. He was co-author of the Republicans' tax-cutting legislation in 1981-82 and co-sponsored a resolution in 1982 on improving NATO's conventional forces through increased arms cooperation. He was also a co-sponsor of the recent Nunn Amendment (which was defeated in the Senate on 20 June) seeking to link the defence performance of the European Allies to possible cuts in US Forces in Europe.

Married with two children. Episcopalian.

July 1984



SENATOR RICHARD G LUGAR (REPUBLICAN - INDIANA)
CHAIRMAN OF THE SENATE FOREIGN RELATIONS SUB-COMMITTEE ON
EUROPEAN AFFAIRS

Born in Indianapolis in 1932. Educated at Denison University (BA 1954) and at Oxford as a Rhodes Scholar (MA 1956). Served in the US Navy from 1957-60 before returning to Indianapolis to become a businessman. Came to national attention as Mayor of Indianapolis from 1968-75.

He was first elected to the Senate in 1976. He has made his mark there both in the Foreign Relations Committee, where he has risen to become Chairman of the European Affairs Sub-Committee and in the Agricultural Committee and the Select Committee on Intelligence. He was tipped as a possible Vice-Presidential running mate of Mr Reagan in 1980, and has since taken a step up in the Senate through his election in 1982, with White House backing, to the Chairmanship of the National Republican Senatorial Committee (ie Manager of the Republican Senate election campaign). He is one of two or three possible candidates to succeed Senator Baker as Senate Majority Leader next year.

Senator Lugar is a moderate Conservative, who has been consistently helpful to European interests in the Senate. He spoke and voted against the recent Nunn Amendment on US Forces in Europe.

A lay Methodist Minister. Married with four children.

July 1984



Foreign and Commonwealth Office

London SW1A 2AH

5 July, 1984

John Bone

Visit by United States Senators: 6 July at 1600

/ I enclose briefs for the meeting with **Senators Lugar, Roth and Chafee** on State of the Alliance, East/West Relations, Prospects for Arms Control, and EC/US Relations. I also
/ enclose personality notes.


My letter of 21 June set out some of the background to the visit. The **Senators will also be visiting Denmark, Sweden, Finland, Norway and Iceland** in order to discuss the **Soviet build-up in the area.**

In discussing the relative contributions of the US and Europe to NATO, the Prime Minister might wish to be aware that **Senator Lugar was very active in the successful defeat of the recent amendment sponsored by Senator Nunn proposing the withdrawal of a certain number (about a quarter) of US troops from NATO unless the European Allies paid a larger share of Western defence costs. Senator Roth was the principal Republican to sponsor the amendment. Senator Chafee was absent for the vote.**

In a press conference shortly before leaving Washington, **Senator Lugar said "My delegation will attempt to impress upon each of the European nations we visit the strong and continuing interest of the United States in a strong NATO with American troops present as a portion of NATO forces in Europe. The delegation will make clear the growing concern on the part of the United States that we do move toward a more credible conventional deterrent for NATO. The Europeans indeed may have to do better in terms of defence spending".**

Before this meeting with the Prime Minister on 6 July the **Senators will call on the Minister of State for Defence Procurement, to discuss the "two-way street", and will see the Foreign Secretary. They will be accompanied by the US Ambassador, Mr Price.**

[Handwritten signature]
(R B Bone)
Private Secretary



CONFIDENTIAL

VISIT OF UNITED STATES SENATORS : 6 JULY 1984

POINTS TO MAKE

State of the Alliance (including US troops in Europe)

1. The Alliance has long lived with accusations that it is in a state of crisis. But share President Reagan's view (at the recent meeting of NATO Foreign Ministers in Washington) that "we can reflect on the past with pride and look to the future with confidence."
2. But we certainly cannot afford to be complacent. Important to maintain cohesion on policy on East/West relations and arms control to prevent divisive Soviet tactics.
3. Healthy transatlantic relations fundamental to the Alliance. American security guarantee remains essential to continued freedom of Europe. Presence of 300,000 US troops in Europe symbolises transatlantic link, as well as fulfilling essential military role. Withdrawal would be uncovenanted bonus for Russians.
4. All members of the Alliance must contribute their fair share to ensuring that our defence remains strong. European contribution must not be under-estimated. Of Alliance's ready forces in Europe, Europeans provide 90% of ground forces, 80% of combat aircraft, 80% of tanks, 90% of armoured divisions - not to mention provision of support facilities, such as airfields and harbours which do not feature in expenditure tables.
5. UK record excellent. We spend more on defence than any member of the Alliance, apart from the US, in both absolute and per capita terms.
6. US growth rates in recent years impressive. But looked at over longer time scale, Europeans increased defence expenditure by 25% between 1971 and 1983. US registered zero growth over same period.

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VISIT OF UNITED STATES SENATORS : 6 JULY 1984

ESSENTIAL FACTS

1. Though President Reagan restated American support for the Alliance at the recent North Atlantic Council Ministerial meeting in Washington and reaffirmed in an interview with Le Monde on 19 March that "our commitment to the defence of Europe remains steadfast. We have taken and will continue to take steps to strengthen it", the view that the European allies should carry more of the defence burden is a recurring theme in Congress.
2. A proposal by Senator Nunn to withdraw 90,000 US troops from Europe over three years from 1987 unless the European allies pay a larger share of Western defence costs was defeated in the Senate by 55 and 41 votes on 20 June. In its place, a substitute proposal, introduced by Senator Willian Cohen, urging President Reagan to persuade the European allies to increase defence spending by 3% annually, was adopted by 94:3. But Senator Nunn is likely to try again with his proposal, possibly during the Defence Appropriations Bill hearing in the autumn.
3. A table of comparisons of the defence expenditure of members of the Alliance is attached. This shows the United States is spending a higher proportion of its GNP on defence than any other ally except Greece. But though US growth rates have been the most impressive in the Alliance in recent years regularly exceeding the 3% target in recent years , (4.3% in 1980, 5.3% in 1981, 8% in 1982 and 4% in 1983, as opposed to 2.6%, 2.8%, 2.3% and 2% average increases by other Allies in the same year), the picture over a longer time scale shows the Europeans to have increased defence expenditure in real terms by 25% between 1971 and 1983 as opposed to a nil net increase in US spending. The Americans expect to continue increasing defence expenditure by more than 3% per annum in the future. Average growth in European defence expenditure in 1984 is estimated at between 1.2% and 1.7%.



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4. The UK remains committed to meeting NATO's 3% growth target until 1985/86. But, in the light of economic circumstances, Ministers have decided that it would not be right to plan on continued 3% growth thereafter. Increasing emphasis is being placed on achieving the greatest possible output from our expenditure.

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TABLE 3
DEFENCE EXPENDITURES AS % OF GDP

Country	1973	Country	1978	Country	1982
United States	6.0	Greece	6.7	Greece	7.0
Portugal	5.9	Turkey	5.2	United States	6.5
United Kingdom	4.8	United States	5.1	Turkey	5.3
Greece	4.1	United Kingdom	4.6	United Kingdom	5.1
Turkey	4.1	Portugal	3.5	Belgium	3.4
Germany	3.5	Germany	3.3	Portugal	3.4
Norway	3.1	Belgium	3.3	Germany	3.4
Netherlands	3.0	Norway	3.2	Netherlands	3.2
Belgium	2.8	Netherlands	3.1	Norway	3.0
Italy	2.7	Italy	2.4	Italy	2.6
Denmark	2.0	Denmark	2.3	Denmark	2.5
Canada	1.9	Canada	2.0	Canada	2.1
Luxembourg	1.0	Luxembourg	1.0	Luxembourg	1.3



VISIT OF UNITED STATES SENATORS: 6 JULY 1984

PROSPECTS FOR ARMS CONTROL

Points to Make

NUCLEAR ARMS CONTROL NEGOTIATIONS

1. Russians sitting on their hands, at least for the rest of 1984. Wrong for the West to make concessions to entice them back to the negotiating table. Along with other basing countries UK will continue deployment of NATO's INF missiles.
2. Will continue to make clear that United States ready to resume negotiations at any time, anywhere, without preconditions. Vienna in September one option; West ready to consider any others.

OUTER SPACE AND STRATEGIC DEFENCE

3. Note debate in US, and Congressional attitudes towards development of anti-satellite weapons (ASATs).
4. What effect will Administration's readiness to discuss strategic defence with Russians and to attend talks in Vienna in September have on Congress?
5. HMG remain anxious to prevent arms race in outer space. Welcome US swift and constructive response to Soviet offer. Hope Vienna talks will identify conditions for negotiating effective and verifiable limitations on ASAT weapons.

CHEMICAL WEAPONS (CW)

6. Disturbing Soviet CW threat. Arms control optimum solution. Welcome US treaty to ban all CW. Sustained effort necessary to press Russians to conclude comprehensive ban.
7. Prospects for CW binary funding?



CW USE [If raised]

8. Proven use of CW anywhere deserves strongest condemnation.

CDE

9. West prepared to discuss reaffirmation of non use of force (eg President Reagan's speech of 4 June) but continue to believe priority is to give concrete expression to existing commitments as mandate requires. Hence West's concern for measures of military openness. Look for USSR reciprocal move in this area.

10. No First Use of Nuclear Weapons (NOFUN) is not acceptable to NATO which has already pledged none of its weapons will ever be used except in response to attack.

MBFR

11. New Western proposal offers genuine opportunity to resolve past differences on current force levels. A force reductions agreement without figures is a nonsense.

ARMS CONTROL AND DISARMAMENT DEPARTMENT

3 JULY 1984

Essential Facts

OUTER SPACE AND STRATEGIC DEFENCE

1. Public debate in US will have been increased by the recent Soviet offer of talks on space and subsequent dismissal of US response. Congressional concern about ASAT testing programme reflected in votes to prohibit further tests unless Russians resume testing (House of Representatives, 23 May), or to make US testing dependent on Presidential certification of willingness to negotiate constraints with Russians (Senate, 12 June).

2. Scepticism about the Strategic Defence Initiative (SDI) manifested in a report published in March by the Congressional Office of Technology Assessment and in rough questioning in Senate hearings of SDI Director General Abrahamson. Congress has also called for cuts in SDI budget for FY 1985.

CHEMICAL WEAPONS (CW)

3. US draft Treaty tabled on 18 April. Contains sweeping proposal on challenge inspection (Article X); "anywhere/anytime" allows no exception or right of refusal. Ministers still to decide whether we should in principle support US on Article X. Strong Soviet criticism of Article X, but other parts of treaty may be more acceptable.

4. Congress have so far declined to authorise funds for modernisation of US CW capability through production of binary weapons.

5. We have condemned CW use, as in Gulf where evidence conclusive. US have pressed us to be more robust on CW use in South East Asia. But evidence there less clear-cut

CDE

6. Second round 8 May - 6 July. Soviet proposals comprise No



First Use of Nuclear Weapons (NOFUN), No First Use of Force (NOFUF), ban on CW in Europe, reductions in military budgets and some measures similar to the West's military openness CSBMs but known to be difficult for NATO, such as limits on the size of military exercises and notification of transit movements. President Reagan indicated on 4 June in Dublin preparedness to discuss non use of force (NUF) if the Soviet Union would negotiate concrete measures. So far Soviet response has been to increase emphasis on NOFUN which they know is unacceptable to NATO. NOT FOR USE: President Reagan's speech took allies by surprise and US have provided little information on how they wish to proceed. Most Allies favour a preambular reference to existing NUF commitments in a package of concrete CSBMs, not a declaration or treaty.

MBFR

7. No hope of progress in the near future. Current round 24 May - 19 July. West tabled new proposals at end of last round (19 April) which required enhanced verification provisions in return for a more flexible approach to establishing initial data on current troop strengths (by focussing on Combat and Combat Support forces). East's response very critical.

ARMS CONTROL AND DISARMAMENT DEPARTMENT
3 JULY 1984

VISIT OF UNITED STATES SENATORS : 6 JULY 1984

EC/US RELATIONS

POINTS TO MAKE

US Protectionism

1. Important that both EC and US continue to resist temptation to make each other scapegoats for our trade problems. Protectionist pressures in US bound to intensify as election approaches. Sensitive industries in marginal constituencies. But Europeans have pressures too and US industrial sectors under threat (steel, textiles) equally sensitive for us. Escalating retaliation and counter-retaliation would set back all our chances of economic recovery.

EC/US Agriculture (if necessary)

2. Have consistently fought to bring CAP expenditure under control and reduce surplus production. March Agriculture Council agreed reform to reduce cereals prices and control milk surpluses. Fontainebleau agreed principle of strict budgetary discipline. Long way to go, but on the right track. US farmers should welcome this.

3. These were bitter pills for French farmers to



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swallow - agreement on them would have been impossible without EC agreement to negotiate on restricting imports of US cereals substitutes (which we had always opposed). However need to reduce milk surplus in Community means fewer imports of cereals substitutes. Correspondingly easier. Hope both sides will work to make talks succeed. (If necessary) Oils and fats tax proposal still formally on the table, but effectively dead. No danger of action on cereals substitutes setting precedent for soya.

Multilateral Trade Issues

4. OECD Ministerial and London Summit reaffirmation of vigour of open trading system. Must avoid backsliding: rollback exercise would be badly damaged if Congress could not approve necessary legislation. Summit also endorsed consultations on a new trade round: with careful preparation (reactions of developing countries particularly important) could make a valuable contribution to trade liberalisation.

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ESSENTIAL FACTS

US Protectionism

1. US's falling share of world GNP and mounting budget and trade deficits (latter expected to reach \$110 billion this year) have led to resurgence of protectionism. Although Senators Lugar (Indiana) and Chafee (Rhode Island) come from constituencies affected by depressed trade (in steel and textiles respectively), all three Senators are supporters of the open trading system. :

2. Election campaign has seen a number of protectionist cases: :

a) Bethlehem Steel's petition sealing 15% of total limit on carbon steel imports - a threat to 1982 EC/US Arrangement, under which EC exports are restrained (and which US Administration would much rather keep working). International Trade Commission have found some injury. President must decide on remedy by 24 September;

b) moves in Congress for a Wine Equity Bill, with trade restrictions if exporting countries refuse to lower barriers to US wine exports; US Administration disapprove but may view a watered down compromise version more favourably;

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c) textile import restrictions announced December 1983 - an executive order aimed at attacking import frauds, signed by President on 10 May, may lead to further restrictions;

d) applications from industry for import restrictions on copper (ITC have found injury) and footwear (both timed to reach President for final decision at height of campaign), as well as several protectionist bills before Congress.

e) a complaint under S301 of US Trade Act by Transpace Carriers, an independent space launch company, that the European Space Agency is competing with unfair subsidies.

3. Most of these cases are unlikely to lead to protectionist measures but last minute pre-election restrictions cannot be ruled out. The EC has tried to strike a constructive note in its counter-pressures, rather than simply indulge in mud-slinging.

EC/US Agriculture: Cereals Substitutes

4. US, though pessimistic about prospects for agreement on compensation for stabilisation of cereals substitutes imports into the EC (agreed by EC as part of CAP reform package), accept that issue



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should not be allowed to escalate immediately before US election. We have stressed that EC measures should be seen in context of CAP reforms that will benefit US, and that negotiations should be handled non-confrontationally. First round in early June was uneventful: next will not be until 15 September. The Commission have been willing to reassure the US that the cereals substitutes proposal is not a harbinger of similar moves on soya, and though their proposal for an oil and fats tax has not been formally dropped, it is effectively dead.

Multilateral Trade Issues

5. As the first phase of rolling back protectionism, OECD Governments agreed at the May Ministerial, to advance by one year, to early 1985, all Tokyo Round tariff cuts scheduled for 1986, as well as improved access for LLDC imports. But the US Administration are having difficulty in getting their legislation through Congress. Failure would be a further blow to rollback; response of other OECD members has been only modest. Meanwhile attention is shifting to the proposals for a new GATT Round, initiated formally by Japan but long favoured by US, on which the London Summit agreed that there should be early preparatory consultations. The

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most realistic timetable may be for high level meetings
in the GATT in 1985 to launch preparations for
negotiations starting a year or two later.

European Community Department (External)

3 July 1984

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VISIT OF UNITED STATES SENATORS: 6 JULY 1984

EAST/WEST RELATIONS (INCLUDING TECHNOLOGY TRANSFER)

POINTS TO MAKE

Foreign and Commonwealth Secretary's Visit to Moscow
and Prospects for East/West Relations

1. An important opportunity to make clear our views to Soviet leadership. Sir G Howe has given you detailed account.
2. General impression of rigid and unyielding Soviet stance, unrelenting criticism of US and Reagan Administration. No indication of give on arms control. Clearly not prepared to move on INF/START before US elections.
3. On arms control in space, Sir G Howe able to leave Chernenko and Gromyko in no doubt about US willingness to take part in talks at Vienna in September without preconditions. Gromyko evidently taken aback by rapid and positive US response. His negative attitude disappointing. Hope it will be possible to resolve this by private US/Soviet discussions.
4. Taking longer view, difficult to see any change in Soviet foreign policy up to November at very least. Immobilism may last considerably longer particularly in arms control field.
5. Important for West to maintain consistent long-term policy. Despite obstacles should continue to expose Russians to our views at as many levels as possible. Openness and willingness to do business based on firmness



and care for our security is the right approach. Close consultation within Alliance will remain of critical importance. Washington East/West statement and Economic Summit Declaration struck right note. Must remain calm in approach and steady in our aims.

Technology Transfer

6. Welcome close US/UK collaboration in this field. Must continue to work domestically and in COCOM to maintain effectiveness of strategic embargo. Important to work on basis of proper consensus.

7. Strengthening our COCOM enforcement efforts. Have also established MOD Analysis Unit, which will assist our assessment of Soviet technology acquisition priorities.

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ESSENTIAL FACTS

Foreign and Commonwealth Secretary's Visit to Moscow

1. Gromyko's whole approach was characterised by rigid anti-Americanism. Alleged that US wished to develop military superiority, but no serious interest in arms control:- "There were no grounds to trust Reagan's sincerity except in his 'Crusade against socialism'." No change in Soviet position on key arms control issues. In particular - despite confirmation of US position from White House - Gromyko and Chernenko obdurately refused to accept that US were setting no preconditions to talks on arms control in space.
2. Wide ranging exchange of views on regional issues. Gromyko took standard Soviet line on Arab/Israel, Gulf conflict, Southern Africa and Central America. Did not give any reply to Sir Geoffrey Howe's points on Afghanistan, Poland or various human rights cases.
3. Overall impression of increasing rigidity in Soviet leadership. Gromyko still has comprehensive grasp, but tends to be dogmatic and is showing tendency to rewrite and falsify history of US/Soviet relations, eg "The Soviet leadership had at once [at time of Reagan's election] understood it could not do business with Reagan". Chernenko uncomfortable as soon as he departed from prepared text. Limited to generalisations and cliches. His performance tends to confirm view that his election as General Secretary owed much to his lack of authority and inability to interfere in at least foreign and defence policy.



Prospects for East/West Relations

4. Outlook fairly bleak. Elements of personal bitterness and affront at US attacks strong among old guard in Politburo; any initiative to break deadlock would require an unaccustomed readiness to overcome self-justification and inertia based on traditional sense of insecurity and unadmitted sense of inferiority vis-a-vis West. These feelings accentuated at a time of uncertainty in domestic (economic problems, transitional leadership, etc) and external fields (failure of INF policy, burden of Eastern Europe, etc). On INF/START will be difficult for Soviet leadership to find a formula on which talks could be resumed without considerable loss of face. But too soon to conclude that Soviet leadership has already decided finally to maintain current immobilism throughout 1985.

US/Soviet Relations

5. Despite harsh propaganda, Russians have nevertheless continued low level confidential dialogue with US. Possibly see this as means of keeping open option of re-engaging in longer term. The exchange of messages between Reagan and Chernenko has continued and Dobrynin has returned (4 July) to Moscow with message from President Reagan about talks on arms control in space. Contacts on number of secondary issues (e.g. hot-line, consular review talks, maritime boundary in Barent's sea) also continue to limp along although the impetus has fallen by comparison with movement in March and April.

Technology Transfer

6. Agree with US assessment of threat from Soviet acquisition of Western high technology. Are continuing to take steps and to make constructive proposals, both domestically and in COCOM, to support strategic embargo,



whilst ensuring that our national and commercial interests are safeguarded.

7. Officials are implementing recommendations of the Working Party on Enforcement, which was endorsed last year by OD Ministers. This entails tighter application of COCOM policy, rather than a change in policy itself.

8. It was agreed last year to set up an analysis unit within MOD to assess intelligence and other information about strategic goods and technologies which the Russians most want to acquire. Unit is now in place.

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MJ

cc Sir P Cradock

22 June 1984

Visit by Senators Lugar, Roth
and Chafee

You wrote to me on 21 June about the visit of US Senators, Richard Lugar, William Roth and John Chafee.

The Prime Minister will be willing to receive them at 1600 hours on 6 July. I should be grateful if you would arrange for them to be informed.

Len Appleyard Esq
Foreign and Commonwealth Office

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STW 4pm
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Foreign and Commonwealth Office

London SW1A 2AH

21 June 1984

Dear Charles,

Visit by Senators Lugar, Roth and Chafee

Three Republican US Senators, Richard Lugar (Indiana), William Roth (Delaware) and John Chafee (Rhode Island) will be visiting London on 6 July and have asked for a call on the Prime Minister. They will be calling on the Foreign Secretary and a call is being arranged on an MOD Minister.

All three Senators are members of the Foreign Relations Committee. Senator Lugar (a former Rhodes Scholar) in particular is of importance to us. He is a rising star and a senior figure in the Senate. As Chairman of the European Sub-Committee of the Senate Foreign Relations Committee, he is a key figure in determining Congressional attitudes on US/European issues. He is also Chairman of the Republican Senatorial Committee (that is, manager of the Republican Campaign to retain control of the Senate in November), and is one of the leading contenders to succeed Senator Baker as majority leader next year. Senators Roth and Chafee, whilst less influential than Lugar, are both stalwart supporters of US/European links: Chafee was Secretary of the Navy under President Nixon.

The Senators' European tour is primarily to look at East/West relations from the point of view of the Nordic countries, and relations between the EC and the United States. Sir Oliver Wright thinks that in London the Senators main interests will be East/West relations, arms control, transatlantic relations in the defence field and the problem of protectionist pressures. Their visit will be a useful opportunity to discuss the Congressional moves to reduce the level of US forces in Europe about which you will have seen the recent telegrams. The Prime Minister

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has said that she would like to meet more senior figures in the US Administration. In practice Senator Lugar falls into that category: hence the Prime Minister may find it interesting to see the three Senators on 6 July if she is able to do so, even if it were only briefly.

Yours ever

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

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