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From the Private Secretary

19 May 1985

Dear Sir,

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL: EAST/WEST
RELATIONS, ARMS CONTROL AND STRATEGIC DEFENCE INITIATIVE

I enclose a copy of the record of that part of the Prime Minister's meeting with Chancellor Kohl which deals with East/West Relations, Arms Control and the Strategic Defence Initiative.

I am copying this letter and enclosure to Richard Mottram (Ministry of Defence), to Rachel Lomax (HM Treasury) and to Richard Hatfield and David Williamson (Cabinet Office).

*yours sincerely,
Charles Powell*

(Charles Powell)

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

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PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL, 18 MAY:
EAST/WEST RELATIONS AND STRATEGIC DEFENCE INITIATIVE

Present:

Prime Minister	Chancellor Kohl
Mr. D.F. Williamson	Herr Ruhfus
Mr. C.D. Powell	Herr Teltschik

East/West Relations

The Prime Minister said that a perennial problem in dealing with the Soviet Union was to know how seriously the Soviet leadership took their own propoganda about the threat of a United States attack on their territory. In good part it was just propoganda to justify the repressive nature of Soviet communism and heavy expenditure on defence. But she thought that there was also an element of genuine fear in it. This latter aspect was fed by the sort of hawkish statements made by Mr. Perle and those who thought like him. The Prime Minister continued that she thought Mr. Gorbachev would remain an orthodox communist both at home and abroad. If in due course he introduced any changes in the Soviet system or Soviet policies they would be limited and largely tactical: any more substantial change of direction would put the whole communist system at risk.

Chancellor Kohl said that it was hard to predict what Gorbachev would actually do. In one sense, it was luck which had brought him to the summit of the Soviet system. Equally,

it would be a mistake to underestimate him. His education gave him the sort of outlook which was recognisable to the West European mind and this should make him easier to talk to than the earlier generations of Soviet leaders. The older men in the Soviet leadership could still topple Gorbachev if they so wished, but every day worked in his favour. His first aim was clearly to consolidate his position. It was clear that Tikhonov would not last much longer and it would be interesting to see whether Gorbachev took over his functions. Equally, Gromyko appeared unlikely to stay long. He had been reported as making unfriendly comments about Gorbachev, describing him as having the "teeth of a snake".

Chancellor Kohl continued that Gorbachev faced some difficult problems in the Soviet Union, not just the perennial economic problems but changes in public attitudes. Public opinion had increasingly to be taken into account: some 50 per cent of the Soviet Union's people had been born since 1945. Discipline in the Red Army was not what it used to be. There were reports of drug problems among Soviet soldiers in the GDR. The growing difference in living standards between Eastern Europe and the Soviet Union would be an increasing source of embarrassment to the Soviet leadership. He agreed with the Prime Minister that there were not going to be major changes in Soviet policy in the short term. None the less, he thought that the pressures on the Soviet leadership for change would grow.

Chancellor Kohl said that he agreed with the Prime Minister that there was an element of genuine fear in Soviet propaganda about the threat of an attack from the West. He also agreed that the Americans tended to say things which helped fuel Soviet fears.

Arms Control

The Prime Minister said that she was concerned by recent American statements suggesting that they might decide to ignore the SALT II constraints. It would have a very bad

effect if the Americans appeared to be reneging on existing arms control limitations. We were making our concern known to the US Administration at a high level and hoped that others would support us. The Prime Minister continued that she had the impression that neither side at Geneva had a proper plan of negotiation. Gorbachev had probably not yet turned his mind fully to the negotiations. The Americans too seemed to lack a clear strategy. There seemed little prospect that the next session would lead to much progress: it would be a further diplomatic minuet. While we supported the Americans on SDI research, it was essential that they should be seen to negotiate realistically in parallel for reductions in offensive nuclear weapons at all levels. Equally, pressure must be kept up on the Soviet Union over chemical weapons where the West had a clear propaganda advantage.

Chancellor Kohl said he agreed completely with the Prime Minister's analysis. Progress at Geneva was very important if public opinion in Western Europe was to be reassured. West European governments should use their influence with the United States to help achieve this. Basically he was optimistic. He believed that President Reagan, because of his reputation as a supporter of strong defence, could achieve things in the arms control field which weaker Presidents could never do.

Strategic Defence Initiative

The Prime Minister recalled that, in their last discussion, she and the Chancellor had agreed that both their Governments supported research into the Strategic Defence Initiative and that both wished to participate in that research. When she had discussed this further with President Reagan in Bonn, he had made clear that he expected arrangements for such participation to be initiated directly with companies or research institutes rather than between governments. She thought it was inevitable that this would be how participation worked out in practice, although there might be advantage in reaching understandings at government level as

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a framework. It would also be important for the European countries which were interested in participation to co-ordinate with each other. She understood that the Federal German Government were intending to send a group of experts to Washington to discuss participation. She hoped that the United Kingdom would shortly do the same. It would be helpful to keep each other in touch.

The Prime Minister continued that she thought that the United States had got further with SDI research than most people realised and now believed that a viable system was feasible, although it would certainly not provide a complete defence and it would take many years to translate the research results into actual military systems. She thought it very important to encourage the United States to remain within the limits of the ABM Treaty. This was why, at Camp David, she had seen her principal task as to get the United States to say publicly that if research led to deployment, there must be negotiations under the ABM Treaty. We were encouraging the Americans to reaffirm the ABM Treaty in the Geneva negotiations or at least to use it as the basis for negotiating limitations on future defensive systems.

Chancellor Kohl said that it was regrettable that the Strategic Defence Initiative had been so ineptly presented by the Americans. In his view, the project was both morally and materially justified. But there was a great risk of throwing out the baby with the bath water. Those in Western Europe who opposed the policy of nuclear deterrence were citing the Strategic Defence Initiative in support of their arguments. The fact was that we would have to rely on the deterrent at least for the rest of the century. It was important to explain to the US Administration the effects of some of their public statements about the Strategic Defence Initiative on opinion in Europe.

Chancellor Kohl continued that one difficulty in discussing the Strategic Defence Initiative was to know what the Americans were really seeking. Different members of the

Administration seemed to have different objectives. But he was working on the assumption that the Strategic Defence Initiative would be realised, probably under the next US President but one. He thought that support for it in Congress would grow as individual Congressmen competed for the benefits of research and production for their districts. As regards participation in research, the key was to ensure that there was give and take. Otherwise, the Americans would simply drain off European knowledge and scientific skills without returning any of the results. It was for this reason that he saw advantage in those European countries which were interested in participation working closely together to secure particular "chapters" of the research for European firms. He did not disagree that detailed arrangements would be negotiated with companies. But it was important not to leave them to deal in isolation with the United States. Co-ordination of the European response was not a matter for the European Community and he certainly did not wish to see any new agency created. But he thought that some European countries did have a significant contribution to make: and that European participation in the Strategic Defence Initiative offered an opportunity to get rid of the technological inferiority complex vis-à-vis the United States.

The Prime Minister said that she understood Chancellor Kohl's reasoning but was dubious whether the United States would agree to a significant transfer of technology. In the end, Europe's contribution to the SDI was bound to be very small in comparison with the investment which the Americans would be making. But she recognised that the Americans were keen to secure Europe's participation and this gave us some negotiating leverage. The only disagreement between her and the Chancellor was how best to bring this leverage to bear. She hoped that they could stay closely in touch on the subject.

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19 May 1985