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FOLLOWING PERSONAL FOR PRIME MINISTER AND SECRETARY OF STATE US/LIBYA

- 1. THE WHITE HOUSE, THE ADMINISTRATION MORE WIDELY, AND THE CONGRESS HAVE BEEN WATCHING EVENTS AT WESTMINSTER YESTERDAY AND TODAY WITH CONCERN AND ADMIRATION. THEY WILL BE DELIGHTED BY THE OUTCOME OF TONIGHT'S DEBATE.
- 2. ALL THOSE TO WHOM I HAVE SPOKEN IN THE ADMINISTRATION (BUSH, SHULTZ, MEESE, WHITEHEAD ETC) AND ON THE HILL (REPUBLICAN AND DEMOCRAT) ARE IMMENSELY APPRECIATIVE OF THE UNITED KINGDOM'S SUPPORT, BOTH OPERATIONAL AND POLITICAL. AND ALL CONCERNED FULLY APPRECIATE THAT IT HAS NOT BEEN COST-FREE, IN POLITICAL TERMS, WHICH MAKES THEM THE MORE GRATEFUL. THE RESPONSE FROM THE GENERAL PUBLIC HAS BEEN HEART-WARMING, WITH THE EMBASSY AND CONSULATES-GENERAL SWITCHBOARDS JAMMED WITH CONGRATULATORY AND GRATEFUL CALLS.
- 3. THERE WILL BE FUTURE BENEFITS FOR US SINCE AMERICANS ABOVE ALL BELIEVE THAT ONE GOOD TURN DESERVES ANOTHER. SOME ARE ALREADY VISIBLE: EG THE BELATED BUT IN THE EVENT WELL-TIMED AND FINALLY WHOLE-HEARTED ADMINISTRATION - PRESIDENT, VICE-PRESIDENT, SHULTZ AND MEESE - PUSH FOR THE EXTRADITION TREATY. WITH TODAY'S SATISFACTORY HEARING WE MAY BE OVER THE HUMP ON THIS ONE, AT LEAST AS FAR AS THE COMMITTEE STAGE IS CONCERNED. HALSO HEAR THAT IN TODAY'S NSC DISCUSSION WITH THE PRESIDENT ON COMPLIANCE (SALT IN LIMITS ETC) - WHICH APPEARS TO HAVE REACHED NO FURM CONCLUSION OTHER THAN THAT NITZE SHOULD SOUND ALLIED VIEWS NEXT WEEK - THE PRESIDENT EXPLICATLY NOTED THAT IN PRESENT CIRCUMSTANCES PARTICULAR WEIGHT SHOULD BE ATTACHED TO YOUR VIEWS. IN THE PENTAGON, WHERE OUR STOCK IS NOW OF COURSE SKY-HIGH, WE CAN EXPECT PREFERENTIAL TREATMENT IN THE WEEKS AHEAD ON EG EQUIPMENT ISSUES (AND A FIRST FRUIT APPEARED YESTERDAY, WHEN MY DEFENCE STAFF HEARD GOOD NEWS ABOUT A'IM 9-M MISSILE TECHNOLOGY). WE SHALL DO OUR BEST TO GET SIMILAR CHEQUES CASHED ELSEWHERE AROUND TOWN. ON GENERAL TRADE POLICY ISSUES, THE UK PLUS FROM THIS WEEK'S EVENTS IS OF COURSE OFFSET BY THE LARGE EC MINUS, BUT I DOUBT NOW WHETHER THE PLAN THAT QUOTE RETALIATION UNQUOTE (IN THE EC ENLARGEMENT CONTEXT) SHOULD BE PARTICULARLY AGAINST SCOTCH WHISKY WILL STAND. 5. I HOPE THAT THE DOMESTIC COSTS AT HOME OF STANDING WITH THE AMERICANS THIS WEEK WILL PROVE SHORT-LIVED: AND THE COSTS WITHIN EUROPE CONTAINABLE. WHAT IS QUITE CERTAIN IS THAT OUR STANDING IN THE UNITED STATES IS NOW VERY HIGH. THE FIRST LEADER IN TODAY'S WASHINGTON POST CONCLUDED ''IT IS GOOD TO HAVE BRITISH COMPANY .. .

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