

CONFIDENTIAL

FM WASHINGTON AMENDED DISTRIBUTION 1811149Z NOV
TO IMMEDIATE FCO
TELNO 2796
OF 180430Z NOVEMBER 88
INFO PRIORITY BONN, PARIS, UKDEL NATO, MOSCOW
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INFO SAVING CONSULATES-GENERAL IN US

MY TELNOS 2742 AND 2743 (NOT TO ALL): PRIME MINISTER'S
VISIT TO WASHINGTON: 15-17 NOVEMBER: A FIRST ASSESSMENT
SUMMARY

1. AN HISTORIC VISIT, FULL OF SUBSTANCE AS WELL AS CEREMONY. THE PRIME MINISTER SUCCESSFULLY MET HER TWO OBJECTIVES OF PAYING TRIBUTE TO PRESIDENT REAGAN AND OF DEVELOPING THE RELATIONSHIP WITH PRESIDENT-ELECT BUSH. THE VISIT HAS PROVIDED A FIRM FOUNDATION ON WHICH TO BUILD FUTURE CONTACTS WITH THE BUSH ADMINISTRATION. BUT WE SHALL NEED ALSO TO DEVOTE SOME ATTENTION TO THE NEW CONGRESS.
DETAIL
2. YOU MAY LIKE TO HAVE SOME QUICK IMPRESSIONS OF THE PRIME MINISTER'S VISIT TO WASHINGTON ON 15-17 NOVEMBER. THE RECORDS OF THE PRIME MINISTER'S MEETINGS WITH THE PRESIDENT, THE PRESIDENT-ELECT, SHULTZ AND OTHERS ARE BEING HANDLED SEPARATELY BY HER OFFICE.
3. APART FROM HER TALKS WITH THE PRESIDENT AND HIS SUCCESSOR, THE PRIME MINISTER HAD A FULL DISCUSSION OF A NUMBER OF CURRENT ISSUES WITH SHULTZ, AS WELL AS MEETINGS WITH THE CHAIRMAN OF THE FEDERAL RESERVE BOARD, DR GREENSPAN: AND WITH DR SAKHAROV. THE PROGRAMME ALSO INCLUDED A FORMAL ARRIVAL CEREMONY, AND STATE DINNER, AT THE WHITE HOUSE: A LUNCH IN THE PRIME MINISTER'S HONOUR GIVEN BY SHULTZ: A WREATH-LAYING CEREMONY AT ARLINGTON: AN EXTENDED INTERVIEW WITH THE WASHINGTON POST AND NEWSWEEK (MUCH PRAISED SUBSEQUENTLY BY MRS GRAHAM): A FULL PRESS CONFERENCE: 11 SEPARATE TELEVISION AND RADIO INTERVIEWS : AND A CEREMONY TO MARK MRS THATCHER'S AND MARYLAND SCHOOLS' SHARED FAVOURITE SONG QUOTE ACCENTUATE THE POSITIVE UNQUOTE.
4. AMERICAN OFFICIALS HAD REPEATEDLY POINTED OUT TO US IN THE RUN-UP TO THE VISIT THAT IT WAS A STATE VISIT IN ALL BUT NAME, AND THE CEREMONIAL SIDE CERTAINLY LIVED UP TO THIS BILLING. BUT THE PROGRAMME ALSO CONTAINED A

GREAT DEAL OF SUBSTANCE, DIVIDED BETWEEN THE REAGAN DAY (16 NOVEMBER) AND THE BUSH DAY (17 NOVEMBER): AND BETWEEN THE TWO MAIN PURPOSES OF THE VISIT - TO PAY TRIBUTE TO PRESIDENT REAGAN, AND TO DEVELOP THE RELATIONSHIP WITH HIS SUCCESSOR.

5. IN TACKLING THE FIRST OBJECTIVE, THE PRIME MINISTER GAVE WARM PRAISE FOR GENUINE ACHIEVEMENT, WHILE AVOIDING WHAT SOME IN THE MEDIA MIGHT HAVE BEEN TEMPTED TO SEE AS EXCESSIVE MUTUAL CONGRATULATION. BY CONCENTRATING, IN PUBLIC AND IN PRIVATE, ON WHAT MRS THATCHER CLEARLY BELIEVED PERSONALLY TO BE REAGAN'S GREATEST ACCOMPLISHMENTS, THE PRIME MINISTER STRUCK JUST THE RIGHT NOTE. BOTH SHULTZ AND HIS DEPUTY (WHITEHEAD) HAVE ALREADY COMMENTED TO US ON THIS, AND ON THE PLEASURE WHICH THE AMERICANS TOOK IN PLAYING HOST TO A VISITOR WHO CAME TO WASHINGTON NOT TO CARP TO THE ADMINISTRATION ABOUT WHAT THEY HAD DONE WRONG, BUT TO PRAISE THEM FOR WHAT THEY HAD DONE RIGHT. AS WHITEHEAD SAID, QUOTE WE LOVE TO BE LOVED UNQUOTE. THE USUALLY RESERVED SHULTZ SEEMED POSITIVELY TO GLOW WITH PLEASURE DURING THE VISIT, AND HE TOLD US AFTERWARDS HOW HE HAD ADMIRERD THE WAY IN WHICH MRS THATCHER HAD QUOTE PUNCHED ACROSS UNQUOTE A NUMBER OF IMPORTANT POINTS OF SUBSTANCE DURING HER MEETINGS WITH THE PRESIDENT AND WITH SHULTZ HIMSELF.

6. ON THE SECOND OBJECTIVE, THE PRIME MINISTER HAD AN EXTREMELY USEFUL 90 MINUTE MEETING WITH BUSH, AT WHICH BAKER AND QUAYLE WERE ALSO PRESENT, AND AT WHICH THE RIGHT ISSUES WERE TOUCHED UPON, ALTHOUGH INEVITABLY NOT IN GREAT DETAIL. THE MAIN IMPRESSION WHICH I TOOK AWAY FROM THE MEETING WAS OF THE OBVIOUS DEPTH OF EXPERIENCE AND DETAILED KNOWLEDGE WHICH BUSH BRINGS TO THE WHOLE RANGE OF FOREIGN POLICY, AND OF HIS WILLINGNESS PERSONALLY TO ENGAGE HIMSELF IN ADDRESSING THE ISSUES. THE MEETING ALSO CONFIRMED THE WIDESPREAD EXPECTATION THAT BUSH AND BAKER WILL OPERATE VERY MUCH AS A TEAM IN FOREIGN POLICY: THE FIRST EVIDENCE OF THIS IS THE MEETING WHICH (NOT YET ANNOUNCED) WHICH THEY PLAN TO HAVE WITH SALINAS OF MEXICO IN TEXAS LATER THIS WEEK OR EARLY NEXT. IT WAS ALSO ENCOURAGING TO HEAR QUAYLE MAKING A NUMBER OF WELL-INFORMED CONTRIBUTIONS TO THE DISCUSSION, NOTABLY ON ARMS CONTROL ISSUES AND SENATE AFFAIRS IN PUBLIC, THE PRIME MINISTER SUCCESSFULLY PAID GENUINE TRIBUTE TO BUSH AND HIS ACHIEVEMENTS, THUS HELPING TO DISPEL THE NOTION EITHER THAT SHE IS LIKELY TO BE THE DOMINANT PARTNER IN THE RELATIONSHIP WITH THE NEW PRESIDENT, OR THAT THE RELATIONSHIP WILL LACK THE WARMTH OF THE

LINK WITH REAGAN. AS SHE TOLD THE PRESS, EACH LEADER HAS HIS OR HER OWN STYLE.

7. ON NONE OF THE MAJOR ISSUES COVERED IN THE PRIME MINISTER'S TALKS, OR ADDRESSED IN HER PUBLIC STATEMENTS, WAS THERE AN INDICATION OF ANY SIGNIFICANT DISAGREEMENT WITH THE AMERICANS. ON EAST/WEST RELATIONS, THE PRIME MINISTER'S SCEPTICISM ABOUT THE LIKELY DEPTH AND DURABILITY OF HUMAN RIGHTS REFORMS IN THE SOVIET UNION WAS WELL TAKEN, AS WAS HER CONCERN TO ENSURE THAT FUTURE ARMS CONTROL NEGOTIATIONS SHOULD BE LOOKED AT AS PART OF AN OVERALL STRATEGY. ON THE MIDDLE EAST, THE AMERICANS WERE MORE SCEPTICAL OF THE PROGRESS SIGNALLED BY THE PNC COMMUNIQUE, BUT THE PRIME MINISTER WAS ABLE TO EMPHASISE THE IMPORTANCE OF GIVING ENCOURAGEMENT TO THE PARTIES TO MOVE IN FURTHER FAVOURABLE DIRECTIONS IMPLIED BY THE COMMUNIQUE. ON THE US BUDGET DEFICIT, THE PRIME MINISTER ADOPTED A LINE, MUCH APPRECIATED BY SECRETARY-DESIGNATE BRADY, OF EMPHASISING THE UNDERLYING STRENGTH OF THE AMERICAN ECONOMY, AND THE RELATIVELY SMALL RATIO OF DEBT TO GDP, WHILE EXPRESSING CONFIDENCE THAT BUSH WOULD IN DUE TIME DEAL WITH THE PROBLEM IN A MEASURED AND RESPONSIBLE WAY.

8. THIS WAS A HIGHLY SUCCESSFUL AND HISTORIC VISIT, WHICH RECEIVED WIDESPREAD COVERAGE IN THE AMERICAN MEDIA, AND WILL HAVE FURTHER INCREASED THE HIGH STANDING WHICH THE PRIME MINISTER ALREADY ENJOYS ON THIS SIDE OF THE ATLANTIC. IF THERE WAS A SINGLE DOMINANT THEME TO THE PRIME MINISTER'S PRIVATE AND PUBLIC REMARKS IT WAS INDEED QUOTE ACCENTUATE THE POSITIVE UNQUOTE. AS WELL AS APPROPRIATELY ROUNDING OFF THE RELATIONSHIP WITH PRESIDENT REAGAN, IT HAS ALSO PROVIDED A SOLID FOUNDATION ON WHICH TO BUILD IN PLANNING THE PATTERN OF CONTACTS WITH THE INCOMING ADMINISTRATION. I SHALL GIVE FURTHER ADVICE ON THIS IN DUE COURSE.

9. IF THERE IS ONE CAUTIONARY NOTE TO SOUND, IT IS THAT, MAINLY BECAUSE MOST MEMBERS OF CONGRESS WERE OUT OF TOWN, BUT ALSO BECAUSE OF THE LENGTH AND STYLE OF THE VISIT, THE PRIME MINISTER INEVITABLY FOCUSED MOST OF HER ATTENTION ON THIS OCCASION ON THE EXECUTIVE BRANCH OF GOVERNMENT. ALL THE SIGNS ARE, HOWEVER, THAT THE LEGISLATIVE BRANCH IS LIKELY TO HAVE A MUCH MORE ASSERTIVE ROLE IN THE RUNNING OF THIS COUNTRY DURING THE BUSH YEARS THAN IT HAD UNDER PRESIDENT REAGAN. ON THIS VISIT, THE PRIME MINISTER HAS CONSOLIDATED HER FIRM BASE AT ONE END OF PENNSYLVANIA AVENUE. ON HER NEXT, SHE MAY NEED TO DEVOTE RATHER MORE ATTENTION TO THE OTHER.

10. PLEASE PASS TO POWELL, 10 DOWNING STREET.

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