

PRIME MINISTER

CABINET: SPEAKING NOTE ON THE GULF CRISIS

You may want to introduce the discussion on the Gulf Crisis. The points you will want to include are:

- Saddam Hussain's misjudgement that he could invade Kuwait and rely on getting away with a few limp protests and connivance from the rest of the Arab world;
- fortuitous that you and President Bush were together in the early days and able to mount a vigorous world response;
- we have succeeded in our three initial aims of establishing the broadest possible international alliance against Iraq, getting sanctions and the right to use force to implement them, and detering Saddam Hussain from going further;
- the Americans are putting in a colossal effort. Their reputation is on the line and they cannot afford to fail. Nor can the rest of us afford to see them fail;
- our own military contribution is relatively modest, though better than anyone else's. But we shall need to send in some ground forces;
- we are now entering a difficult period during which we have to increase the pressure on Iraq and see whether sanctions work. We cannot expect early results;
- the dangers are that the broad Arab unity against Iraq will begin to crumble, and that we shall be confronted with unsatisfactory compromise solutions. It will take a considerable effort to hold everyone firm on the objectives of the UN resolutions;

- we don't rule out the use of force. We may have to resort to it if sanctions are patently not working. We have sufficient legal cover for it, as the Attorney can explain. We do not accept that we have to go back to the UN for authority. But use of force is not imminent;
- public opinion here has been remarkably steady, despite the difficulties of the hostage situation. But the long haul will pose problems. The Opposition have gone for a 'me-too' approach, but there are already signs of fudging;
- the effect on oil prices has been quite severe. They ought to settle down, given the extra production from Saudi Arabia and others. But we could have a difficult time;
- the Chancellor will want to say something about the overall impact on the economy. We shall have to keep our very tight monetary stance. There will also be public expenditure consequences; //
- but a vitally important principle is at stake. If we don't make a stand now, it will be more costly and more painful in a few years time. Its good that Britain is being seen to give a lead and to be a strong and reliable ally of the United States. The events and our response may also change the American attitude to Europe, to our advantage.

e.d.p.
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