



PM/83/65

PRIME MINISTER

Strategy Meetings on Foreign Affairs and Defence

1. I have read the updated versions of the papers prepared for your strategy meetings on foreign affairs and defence on 8 and 9 September and have been reflecting on how to organise this event so as to get the best value out of it.

2. You have very rightly made East/West Relations and Arms Control and Disarmament the focus of the discussion. Notwithstanding last week's events, indeed just because of them, this is a good moment, with the new leadership in the Soviet Union, for a fundamental look at the themes which together dominate the international political scene. The papers for these two subjects are meaty and I am glad that you have postponed any discussion of the European Community to a separate and later meeting. I hope however that there will be time on the second day for a thorough discussion of the Middle East which, as I write, is once again showing its capacity to endanger international peace. In this minute I will not comment further on that subject, except to say that the latest events in the Lebanon highlight the need for us to have a clear view both of long term Western aims and of our own national interests, and to stick to these as consistently as possible.

3. I attach great importance to our opening session on Britain's global interests and priorities. This will be our only opportunity to do three things: to look at the

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international context within which British foreign policy operates and assess our priorities accordingly; to glance at the substance of some of the more difficult and preoccupying problems we face outside the central area of East/West relations; and to consider the allocation of resources to external policy, including aid and information as well as defence. There are two aspects here. First, within the overall national effort for the promotion of Britain's external interests, is the current distribution of resources correct, and is it sustainable in the long term? Second, can the UK credibly continue, as it has now done for several years, to sustain roughly the same level of effort on a declining resource base, or is there a critical point below which it will be better to discard certain functions altogether so as to be sure of meeting the chief requirements?

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4. I might say that after three months in this office I am struck by the extent of the commitments which the United Kingdom has and which appear to be of an unavoidable nature. None of the items listed in the global interests paper could be regarded as luxuries which Britain could easily drop if we wished. They are however of different kinds and orders of magnitude, and we need to decide where the focus of our resources should be concentrated during our second term in office. An immediate priority is next year's Economic Summit, for the success or failure of which we as hosts shall be largely responsible. There will be a need for intelligent and imaginative planning involving several departments and closely coordinated.

5. As regards the various self-contained issues, I am very conscious of the problem of resource allocation which I have already mentioned, and of the need if possible to reduce the extent to which essentially peripheral (though by no means

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unimportant) problems can distract us from our central interests. This leads me to an instinctive preference for problem solving as against damage limitation. By this I mean that we should punctiliously discharge our obligations in respect of the Falklands, Cyprus, etc so as to contain these problems and ensure, so far as we can, that they do not affect our wider interests in relation to Latin America, the United States, NATO and so forth. But in addition, over the next four or five years, we should in my view make a real effort to bring about solutions, or at least to create the framework for solutions, in those cases where this appears a real possibility. Hong Kong is the chief and overwhelmingly the most important example, but Belize, Bermuda, Brunei and the British Indian Ocean Territory at least potentially fall in this category. The same is true of Namibia, though here and elsewhere in Southern Africa we can act credibly only in company with our closest allies. Gibraltar we probably cannot 'solve', but we must use the EC accession negotiations as a vehicle to find a new plateau of stability in our relations with Spain in which Gibraltar does not overshadow everything else as it does now.

6. The allocation of resources is a difficult and complex subject, and I would not look for precise conclusions from this week's meeting. Ideally, we need a framework that can be sustained over the medium-term, and so will maintain our reputation as a reliable ally and aid donor and our position as an influential member of the main international economic organisations. On the basis of our assessment of our priorities we would do well therefore, at the beginning of the lifetime of this government, to take a forward look at likely overall levels of expenditure on the whole range of our external interests and at the allocation of resources as between the different instruments of policy: defence, aid, diplomacy and the overseas cultural and information effort. This obviously has implications for departmental

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budgets, and after the initial discussion by us on Thursday I would like to see officials asked to do more detailed work, with an eye to the practices of our main allies and competitors in these different fields.

7. On East/West relations, judging from the papers they have written, the session with the eight academics should certainly be intellectually stimulating. You will want to ensure that the connection between analysis and discussion of policy options, however hypothetical, and the constraints of real life and the current state of East/West relations is followed through, I hope that some of them can be persuaded to be a bit more adventurous in offering advice as to what Britain could or should actually do. I enclose, in case you have not seen it, a copy of an interesting article by Andrei Sakharov which appeared in the summer edition of Foreign Affairs.

8. The paper on East/West relations is the fruit of mature reflection among our best experts here and of discussion between myself, Malcolm Rifkind and my other colleagues. The suggested 'Action programme' and the recommendations in various fields contained in the covering summary, taken together, offer a comprehensive framework for policy towards the Soviet Union and Eastern Europe for the years ahead.

9. As you will gather, I believe that, without sacrificing any of this government's reputation for firmness and principle, HMG can and indeed now should increase the level and frequency of contact with the Soviet Union and Eastern European countries. At the moment Chancellor Kohl is effectively the only top level Western leader in close and direct touch with the Russians. The French will always be idiosyncratic; while in the United States, where Reagan could have a tough race on his hands next year, the tendency will continue to be for the

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Administration to see East/West relations mainly in domestic political terms. Your own unique relationship with the President and your standing in Europe and elsewhere can, it seems to me, give Britain a voice in the Alliance which it badly needs at a time when the Soviet campaign against INF deployment is obviously entering its peak period.

10. If anyone at our meeting were to argue that the shooting down of the Korean airliner makes dialogue with the Russians impossible, or shows that it is useless, I should myself want to maintain the exact opposite, namely that this incident proves how dangerous is the state of affairs where the two superpowers talk to each other more across the floor of the United Nations than they do on the Hot Line.

11. This brings me to the last set of papers on disarmament and arms control and to Michael Heseltine's important minute of 1 September. What HMG does in this field is so very dependent on the policies and actions of others, and especially of the United States, that it is not easy to make cut and dried suggestions about forward policy. The paper entitled 'The Strategic Agenda' asks the relevant questions. I accept much of what Michael Heseltine says. I agree in particular that the question of the future position of British nuclear weapons in arms control, given the increasing public focus on this issue and the decisions that lie ahead on Trident D5 procurement, must play a central part in our discussions, without of course prejudging the decisions on Trident which we shall need to take with our colleagues in MISC 7 later in the year. I would agree too with the thought that Ministerial contact on these issues with the Russians could be very important, although any question of formalising bilateral contacts on nuclear disarmament will need very careful thought and coordination with the Americans and our other allies.



SECRET AND PERSONAL

12. I hope also that at our meeting we shall be able to review broadly the whole area of arms control and disarmament without going in detail into every aspect of the papers prepared for our discussion; in doing so we need to keep in mind the importance of the Non-Proliferation Treaty Review Conference in 1985. We might also consider whether the climate is right for you to urge President Reagan, when you visit Washington, to inject a new impetus into the START talks. We should finally find the time for a brief review of our public relations stance during the run-in to Cruise missile deployment.

13. I am copying this minute to the Secretary of State for Defence and Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
5 September 1983

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