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CDP

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LONDON SW1A 2AA

From the Private Secretary

6 April 1989

Dear Stefan,

PRIME MINISTER'S MEETING WITH MR GORBACHEV

The Prime Minister had a long talk with Mr Gorbachev this morning. He was accompanied only by Mr Chernanyev, Assistant to the General Secretary. The discussion subsequently continued over lunch, at which Mrs Gorbachev, Mr Thatcher, the Soviet Ambassador and HM Ambassador in Moscow were also present. Mr Gorbachev was in lively and good-humoured form and, to my mind, remarkably frank and open on a number of subjects. He very evidently enjoyed the talk. He did not once refer to a note or brief throughout.

Introduction

The Prime Minister took Mr Gorbachev into her private study and began by pointing out two paintings by Sir Winston Churchill, which they then examined together. Mr Gorbachev asked about another painting on the wall and was told by the Prime Minister that it was of no particular distinction. This led him to comment that it was clearly the same story in Britain as in the Soviet Union: galleries are very reluctant to let Heads of Government have their best pictures. Mr Gorbachev commented that Churchill had been a fascinating man. But political life in those days had been lived at a different tempo. He felt that he had lived two whole lifetimes in the last four years. He no longer seemed to have any free time. The Prime Minister then took her briefing cards from her handbag. Mr Gorbachev observed with much jollity that this must be the famous handbag. The Prime Minister retorted that it was the most secure place in 10 Downing Street.

The Prime Minister then formally welcomed Mr Gorbachev on his visit. They did not have as much time set aside to talk as on earlier occasions. But she wanted to make the most of it. In particular, she wanted to hear about what was going on in the Soviet Union. Mr Gorbachev said this would mean prolonging the visit by a few days. The Prime Minister said she would be satisfied to get the feel of what was happening

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in the Soviet Union.

International Attitudes to the Soviet Union

Mr Gorbachev continued that he had expected this to be the first subject raised. From his vantage point in Moscow, it was clear that some sort of reassessment of perestroika was going on in the West. The romantic period of perestroika, was obviously in the past. It was now a matter of serious work, as the Soviet Union made the transition to new forms of organisation in economic and political life. Interest in perestroika abroad remained unchanged, but there seemed to be a tendency to cast increasing doubt on its prospects of success. He had even heard that instructions had gone out from London to British newspaper correspondents in Moscow to stop painting such a rosy picture of Mr Gorbachev and his achievements. You cannot really believe that, interjected the Prime Minister. Mr Gorbachev continued that it was nonetheless the case that the negative aspects of perestroika were being given more emphasis. Indeed, the view seemed to be gaining ground in the White House that the success of perestroika would not be to the West's benefit. It seemed that Secretary Baker had returned from his visit to Europe in a state close to panic. He had reported that the Europeans were falling over themselves to respond to the Soviet Union's invitation to discuss new ideas and that the Germans had gone completely crazy. As a result, the Americans were looking for ways to diminish the impact of perestroika abroad.

Mr Gorbachev continued that he was not saying this was the only view around. There were some in the United States who continued to be sympathetic to perestroika and believed it would further strengthen East/West relations. But there was very definitely another group, made up of people like Kissinger and Brzezinski, who propagated less friendly opinions. They were much more closely involved with the Bush Administration than they had been with President Reagan. The Soviets were getting messages from Washington in which they could recognise Kissinger's imprint very distinctly indeed. Concern was being expressed that the West was losing the public relations battle and this was being used as an excuse to slow down the development of East/West relations. At the same time, the change of Administration in the United States had coincided with the need for the West to work out its reactions to the proposals which the Soviet Union had put forward. As a result, the Western response was taking much longer than expected and there seemed to be some tendency to play for time. It was being suggested that the West should wait and see whether change in the Soviet Union was a long term process or something connected only with Mr Gorbachev himself. People were asking whether it was worth tying the whole destiny of the West to Mr Gorbachev. To some extent, he sensed that the Prime Minister shared this more cautious approach. Information had reached Moscow that even British bankers were advising the Prime Minister to be more careful about what she said on the subject of the Soviet Union. The Prime Minister interjected that this was the first she had heard of it. In any event, she wanted to stop Mr Gorbachev

before he went any further because things were simply not as he was describing them.

The Prime Minister said that there was not the slightest shadow of doubt that the West wanted perestroika to succeed. It would enlarge human freedom, give a higher standard of living to the Soviet people and promote contacts and an exchange of ideas between East and West. At the same time, we believed in a secure defence as the soundest basis on which to welcome perestroika. It had always been clear that political reform would be easier than economic reform. We were pleased with the political progress which had been made, and she would like to thank Mr Gorbachev for the release of Samoilovich. But economic change was much more difficult. It was a question of changing people's attitude of mind, so that instead of being told what to do, they reached their own decisions. This was a pretty massive task. Mr Gorbachev was trying to do in the Soviet Union something which had taken Western societies decades if not longer. Moreover, change always created uncertainty in people's minds about their future. This was a perfectly normal human reaction. People tended to say that they knew where they were under the old order and life was more straightforward then. These problems were unavoidable where you embarked on change on the scale that Mr Gorbachev was undertaking. But she recalled that, when they had met at Brize Norton, Mr Gorbachev had told her that he would press ahead come what may. She thought the recent elections had been a watershed, indicating that people in the Soviet Union were not afraid to use their political power. She thought they would lead to a greater sense of initiative, independence and enterprise.

The Prime Minister continued that the effects of perestroika were clearly being felt in Eastern Europe as well. She assumed that Mr Gorbachev found developments in Hungary useful to his cause. He could point to them and say to his own people: there you are, it can be done. She had been fascinated by her own visit to Poland. She respected General Jaruzelski, who was honestly trying to do his best. But Solidarity was much more than a trade union movement, it was a political movement which stood for pluralism and a multi-party system. She had urged Solidarity to attend the round table discussions and she was pleased with the agreement which had now been reached. The situation in Czechoslovakia was much less promising: those in charge did not seem ready for change. The Prime Minister added that she welcomed signs that perestroika was beginning to apply to Soviet external policy as well. The agreement reached on Angola and Namibia, the Iran/Iraq ceasefire, the better co-operation between the Five Permanent Members of the United Nations were all positive steps. There were other areas where it was not yet working, for instance Central America where Nicaragua and Cuba were still trying to export subversion and revolution.

The Prime Minister said that she would sum up her views as being that it was in it was in the interests of all of us that perestroika should succeed and we would do all we could to achieve that. She thought that the American Administration

basically took the same view. President Bush would continue most of President Reagan's policies even if his personal style was rather different and he was likely to be more involved in the detail. All in all, she was glad Mr Gorbachev had come to London so that she could reassure him on these points.

Perestroika

Mr Gorbachev said that it might be useful if he were to tell the Prime Minister a little more about progress on perestroika within the Soviet Union. In general, it was going well. But some very difficult problems had to be dealt with in the economy. The Soviet Union was trying to introduce new forms of management into the economy, with greater emphasis on market forces, the independence of firms and incentives to industry. At the same time, they were having to introduce a major programme of modernisation in the machine-tool and electronic industries. On top of all this, there were financial problems. There was too much money chasing too few goods and the result was inflation. Unless this problem could be overcome, it would be much harder to press ahead with economic reform. A way had to be found to regulate the level of wages without undermining the policy of incentives. They could not simply go full speed ahead on all aspects of economic reform. That would just explode the economy. So there had to be a mixture of short-term measures to deal with the budget deficit and inflation, and long-term measures of structural reform. In the latter category, the Soviet Union was now giving priority to light industry and the food-processing industry over heavy industry. That had never happened before. Factories in the defence sector were being switched to produce equipment for light industry. Some people argued that the Soviet Union should borrow abroad to satisfy its people's need for consumer goods. But that would only add to inflation and undermine efforts to create a better industrial base.

Mr Gorbachev continued that the most difficult task was to achieve perestroika of the mind, by which he meant to change attitudes. One example was the attempt to change attitudes to ownership and to strengthen group and individual enterprise. Another set of problems concerned the nationalities. Draft laws had been prepared which would alter the relationship between the centre and the republics, giving greater decentralisation overall, while keeping a strong central authority for macro-economic and political subjects. Perestroika stimulated large expectations. He was trying to convert these into understanding that higher living standards would only come about if each individual changed his attitude, not as a result of Government charity.

Mr Gorbachev said that there was now increasingly strong backing from perestroika from down below. At the same time, the process was bringing forward new people who were more enterprising and energetic. As a result, there was better productivity. He insisted on the importance of self-criticism, and this was so energetic that it was causing panic among some people. But after fifty years of an administrative

and command system, only shock therapy would work. He was criticised from the Right, who thought that change was too fast and wanted to be more cautious; and from the Left who wanted to destroy everything and start again. An example of the latter was the Yeltsin phenomenon. He acknowledged a genuine desire for deeper and faster change. But this had to be transformed into realistic policy rather than simply wild promises. All in all, this was a time for responsibility. Everything in the Soviet Union was changing: science, agriculture, industry, culture. He repeated: everything was in a process of change. It had always been the same in Russia: you had to reach the low point of a Stalingrad before making a comeback. That was just what was happening now.

The Prime Minister said that she was impressed by the scale of the task Mr Gorbachev was undertaking and the frankness with which he had described it. She was convinced that perestroika could succeed and we would continue our public support for it.

Defence and Arms Control

The Prime Minister said that the basis on which we were able to welcome perestroika was a strong and sure defence. That would remain necessary whatever happened in our relations. We always had to be ready for the unpredictable and the unexpected. No-one in 1930 would have predicted there would be a world war in 1939. There would always be people in the world who tried to get their way by force. So her views on defence and nuclear deterrence had not changed. Mr Gorbachev said this reminded him that he had meant to congratulate the Prime Minister on the arrival of her grandson. He had rather hoped that this would soften her views on nuclear weapons. He had two grand-daughters and that had affected his view.

In a more serious vein, Mr Gorbachev continued that there were dangers in the line of argument which the Prime Minister followed. If some countries insisted on preserving their nuclear weapons while denying others the right to have them, those other countries would become more determined to obtain them. So instead of dependable security we would end up with less security for everybody. He believed that you could get greater security by taking carefully balanced steps towards nuclear disarmament and a decrease in military confrontation. This would deprive potential adventurists of the excuse to obtain new weapons. The fact was that many states were now capable of acquiring nuclear weapons and it was important to influence their policies. But if existing nuclear powers insisted on retaining and modernising their weapons, the situation would rapidly get out of control, many more states would take the decision to go nuclear and we would have a more dangerous world. Hence his preference for nuclear disarmament. It was not a utopian view but one reached after careful reflection.

The Prime Minister said that she would just remind Mr Gorbachev of how she saw it. Conventional weapons alone

had never prevented war. You could not disinvent the knowledge of nuclear weapons. She agreed on the dangers of nuclear proliferation, but did not think that countries which were determined to obtain nuclear weapons would be deterred by the line of argument put forward by Mr Gorbachev. It was more important for the existing nuclear powers, who had learnt the responsibility of having nuclear weapons, to retain the capacity to deter less responsible countries from ever considering the use of them. She always came back to the same point: we needed a secure defence at a lower level of weaponry. We could never rely on anyone else's good intentions. Deterrence was the best basis for peace and security. It did not imply any aggressive intentions. Rather it was a responsible attitude. You just had to look at some of the countries - Syria, Iraq, Libya - and the way they behaved to see that she was right. It was, incidentally, a great pity that the Soviet Union had decided to sell light bombers to Libya. We would all be safer if we kept up our defences and our alliances.

Mr Gorbachev said that he welcomed the importance which the Prime Minister attached to analysing these problems so deeply. To be frank, not everybody bothered to do that. She was right to do so, because these were very important issues. But listening to her only reinforced his impression that the West had not yet worked out an adequate concept for the present stage of international relations. This was characterised by attempts to reduce nuclear and conventional weapons. The whole basis of security was changing, with the politics of force being discredited. More new thinking was needed on defence. The problems were most noticeable in the United States. The new Administration was still miles away from developing a defence concept. He would be very frank to the Prime Minister, in view of their close relationship. The new Administration was, in his view, vacillating and hesitant. He had good grounds for saying that. It was his main worry and he wanted to share it with the Prime Minister. He got the impression that even the Americans themselves were losing patience with the failure of the new Administration to come up with some ideas. What seemed to be going on was that people in the Administration were asking: why should we play the game according to the rules suggested by the Soviet Union? Why don't we develop a different set of priorities? This was a complete misunderstanding. What had been achieved in recent years was not something imposed by the Soviet Union, but something worked out in detailed negotiations, based on ideas which he had discussed many times with the Prime Minister and President Reagan. Between the three of them, they had got a negotiating process going which had led to concrete results. Of course he realised that there was no way to make progress except in co-operation with the Americans. Without it there would be no results. He wanted co-operation to continue. But unless they reached some clear conclusions soon, he would feel bound to go public with his dissatisfaction. He thought he had shown considerable restraint so far, indeed he had been thanked by President Bush for it.

The Prime Minister said that she agreed that the Administration had been slow off the mark, particularly in making appointments. But they were now beginning to move ahead smartly. She thought they would pursue the same arms control priorities as President Reagan: a 50 per cent reduction in strategic nuclear weapons, a reduction in conventional forces and a chemical weapons agreement. She knew that there were problems on START. Mr Gorbachev interrupted that this was absolutely right. The United States remain resolutely opposed to the inclusion of SLCMs. There were also problems with the counting rules for ALCMs. And there was the SDI. The UK position on this last point had some constructive elements, but it remained a problem. The Soviet Union was ready to discuss all three difficulties. It was possible to achieve a START agreement, of that he was sure.

The Prime Minister said that led on to the issue of conventional force reductions. The Soviet Union would still enjoy 2:1 superiority even after the unilateral reductions promised by Mr Gorbachev were put into effect. That meant that there was not much scope for the West to reduce its own forces. Poor little West, interjected Mr Gorbachev. The Prime Minister said that she did not want to have to get her maps out again to explain the realities of the conventional balance and the advantage which its massive hinterland gave to the Soviet Union. Mr Gorbachev said that he knew the Prime Minister's maps all too well: they were specially prepared by Mr Powell to support her arguments. If the Prime Minister wanted to widen the discussion of conventional forces, they might talk about navies. Here was an area where the West enjoyed considerable superiority. The Prime Minister replied that sea lanes were to NATO what roads and railways were to the Soviet Union. They had the huge Soviet hinterland: we had the Atlantic Ocean. Mr Gorbachev said that if the Prime Minister found herself sitting in the Kremlin for a month or two she would soon see things differently. The Prime Minister doubted it. The Soviet Union had invested hugely in modernising its navy and in particular its submarines. They were bigger, quieter and more modern than any. They had also gone ahead fast on anti-submarine warfare. Mr Gorbachev said this was all news to him. How did the Prime Minister know? The Prime Minister said she had been around rather longer than Mr Gorbachev. Mr Gorbachev continued that if the negotiations on reductions in conventional forces made progress, there could hardly be any justification for leaving navies and aircraft untouched. Such a situation made him uneasy and uncomfortable. He would be accused of bad negotiating tactics and giving away Soviet interests. Rather than increase trust and confidence, such a result would create instability. In his view, everything should be covered by arms control.

The Prime Minister said that led on neatly to the question of chemical weapons. We found it difficult to reconcile Soviet claims about the quantity and types of chemical weapons which they held with our own information. Mr Gorbachev said stoutly that the Soviet Union had told the

truth. The Prime Minister continued that when our team of experts had visited the Shikany plant, they had been shown only obsolescent weapons, and several areas of the site had been barred to them. The result was to undermine confidence. We had information on Soviet research and development which made it clear that they were much more advanced in this field than they admitted. Mr Gorbachev said we should think about ways to improve that situation. The answer was to have more contacts. The Prime Minister said this would only be worthwhile if we were both absolutely open with each other. If we were ever to have confidence in verification, we must come clean now. Mr Gorbachev said he had been told the previous evening that the Prime Minister had some concerns on this score. Marshal Akromeyev was a member of his delegation and he had asked him exactly what the Soviet Union had in this field and why Mrs Thatcher was reproaching them. Akromeyev maintained that the Soviet Union had been honest. He had grilled him quite thoroughly and believed him. But the matter must be cleared up and he would tell Mr Shevardnadze to do better so that the problem was removed. He hoped there was nothing sinister about the British attitude, for instance that it was not a ploy to help their allies accumulate new chemical weapons. The Prime Minister said it certainly was not. Information gathered over many years had led us to reach the conclusions we had on the quantities and types of weapons held by the Russians. We also had reason to believe that such weapons had been stored in some East European countries. We must overcome the lack of confidence on this. Mr Gorbachev said that he was a convinced proponent of the view that you could not achieve increased security for one party if you neglected the security of the other. He would be guided by that.

Mr Gorbachev said that this led him to another problem. On the one hand the West talked about reducing conventional weapons. On the other they wanted to modernise all their weapons, conventional and nuclear. This was puzzling. What was the point of getting an arms reduction process going and then circumventing and undermining it? The Prime Minister said that she expected every responsible government to modernise its weapons, just as the Russians had modernised their short-range nuclear weapons. Obsolete weapons did not deter. NATO's SNF were vital to the doctrine of flexible response and they would certainly need to be modernised. The fewer we had, the more important it was to keep them up to date. The forthcoming NATO Summit would confirm the intention to modernise and practical decisions would be taken as necessary. These weapons were vital for another reason: they were American weapons and helped bind the United States into the defence of Europe. She was convinced that the strategy of flexible response was a good one. She had held a seminar some while ago to consider it again from scratch but had concluded that there was nothing better.

The Prime Minister continued that the essential factor in the present situation was that both sides were now committed to sufficiency in defence. Negotiations to reduce nuclear and conventional weapons would continue. But there would always

be a need for a basic level of defence, and there was strong support in Britain for NATO, as evidenced in a recent opinion poll. It was the predominance of conventional Soviet forces that gave us most concern and before we went any further in other areas, we must deal with that. But she would just remind Mr Gorbachev that defence was not only East/West. There were other conflicts and areas of danger. This was why we were concerned about reports that the Soviet Union intended to sell FENCER light bombers to Libya. It was a great mistake to strengthen countries which practised state terrorism.

Regional problems

The Prime Minister said that she welcomed the advice Soviet experts were apparently giving to the ANC in Southern Africa to negotiate rather than to use violence. She thought there were real prospects for change in South Africa now that President Botha was clearly about to leave office.

The Prime Minister continued that the Middle East was another area of great concern. The essential condition for progress was that the Americans should be ready to put pressure on Israel. She thought that President Bush was more likely to do this than President Reagan had been. She was convinced he wanted to take the peace process forward. The Israelis would undoubtedly be very difficult, but progress was actually more likely with a hard line Israeli government than a liberal one. Meanwhile the Americans had established a relationship with the PLO which was promising. Mr Gorbachev said that the Middle East was a complicated knot. He had reached the conclusion that we must all get together and work hard to untie it. The United States had for a time tried to exclude the Soviet Union from having a role, but now seemed to recognise that they could not reach a settlement without the participation of others including the Soviet Union and the Europeans. The Soviet Union had made a major effort to shift the positions of Arafat and some of the Arab states. They also had contacts with Israel. It was no longer a question whether they would restore relations with Israel, only when they would do so. Once the process of reaching a Middle East settlement started, that would be a practical question. Meanwhile he wanted to say explicitly that Israel must feel confident in its security. He had tried to persuade the Arabs of this and it was not an easy task. The Americans had to understand that they must act with others. He was a bit disturbed by some of the Prime Minister's public comments about the need to restrain the Soviet Union in the Middle East. No doubt that was another of the speeches which Mr Powell produced. The Prime Minister said that we strongly agreed that the Permanent Members of the Security Council must be involved in any negotiations.

The Prime Minister continued that we were very worried about the activities of extremists in Iran. While she had no sympathy at all with the book "The Satanic Verses", it was intolerable to have a Head of State threatening the murder of a citizen of another country. She was sorry that the Soviet Union had not done more to restrain Iran.

At this point we had to break for the ceremony of signing various Agreements. The discussion then continued over lunch, flitting rather more rapidly from subject to subject.

Lunch discussion

The first subject touched on was the Moscow Embassy, with Mr Gorbachev seeming to suggest - I think only playfully - that we might not have to vacate it after all. The Prime Minister described the site and design of our proposed new Embassy.

We then moved on to President Bush. The Prime Minister asked Mr Gorbachev whether he knew Mr Bush well. Mr Gorbachev said that he had met him several times and trusted him, but was not so sure of some of those around him. He had been more comfortable with President Reagan, who had given short shrift to the opponents of better relations with the Soviet Union. The Prime Minister said that President Bush's style would certainly be different. He would be more involved in detail. The lack of a majority in Congress would be a handicap.

The next stop was Central America. Mr Gorbachev said he received a letter from President Bush about Central America shortly before his departure for Cuba. He did not much like the tone of it: it was too straightforward in an American way. The Prime Minister said that Mr Gorbachev was pretty straightforward himself. Mr Gorbachev continued that, in his speech in Cuba, he had made clear that the Soviet Union wanted a political settlement in Central America. He believed that Castro was committed to this and would write to the President to tell him so. The Prime Minister asked what Castro would do with the Cuban troops returning from Angola. Mr Gorbachev said that he was seeking financial help from the Soviet Union to resettle them. He had found Castro strongly in favour of implementing the agreement on Cuban troop withdrawal from Angola.

This led on to Namibia. Mr Gorbachev said that he had received additional information since their discussion of the previous evening which showed that his people were being very active in helping to reach a solution. The Soviet Union was ready to concede the lead to Britain. The Prime Minister had been absolutely right not to succumb to emotion and to tell the South Africans to stick to the agreement and act through the United Nations. If they had interfered directly, the situation would have got out of hand. The Prime Minister agreed that it would have been the end of the agreement. She was glad that she had decided to visit Namibia on that particular day, because she had been able to calm things down. We had been grateful for the quick Soviet reaction. The lesson from the events was that the United Nations must always have its forces in place from the moment it took over a situation. Mr Gorbachev appeared surprised that this had not been the case, but said that Soviet information was that SWAPO were now drawing realistic conclusions. The Prime Minister said that there had been no need for SWAPO to cross the

border. Their chances of winning the election were high enough anyway. Mr Gorbachev said that, if they didn't win this time, they could always win next time. It was very important to cooperate in finding a solution.

There were then some brief references to the Horn of Africa, with Mr Gorbachev suggesting that Mengistu was looking for a political solution in Eritrea. He also thought there was some hope for negotiations in Sudan.

The Prime Minister said that a lot of people were complaining about Romania, where the Government was destroying a lot of the country's history and villages. She wondered whether Mr Gorbachev could dissuade President Ceaucescu. Mr Gorbachev said there was no alternative to dealing with Ceaucescu. He had to do so all the time. Ceaucescu claimed that all he was doing was modernising the country to give the people better living standards. He refused to admit that he was engaged in destroying all traces of Hungarian culture. Mr Gorbachev added that Mr Grosz had recently been to visit the Hungarian minority in the Soviet Union.

We then had a discussion on town planning in Moscow. Mr Gorbachev lamented that a great number of buildings in Moscow and Leningrad now needed repair. Moscow had grown enormously. The population had been only four million when he and Mrs Gorbachev had been at university there. Now it was nine and a half million; and if you took the whole Moscow region, the population was equivalent to the GDR. There was also a big programme to develop tourism. It was absurd that Spain should have 45 million tourists a year and the Soviet Union only 1.5 million. But interest in the country was growing and they would push ahead with new hotels and facilities. This was all part of a general expansion of the service sector in the Soviet economy.

The Prime Minister then asked about agriculture. Were farmers interested in leasing land? Mr Gorbachev said that it depended on the part of the country. In the Baltic States and Byelorussia where there were small fields and established villages, people were coming in to lease land. It was more difficult on collective farms. He knew a lot about this subject from his Stavropol days. He had been promoting family leasing for years down there.

With liqueurs being served, Mr Gorbachev raised the subject of port, commenting that he had once visited Oporto for a Portuguese Communist Party Congress and had spent a day seeing the city. That had made him aware of Portugal's links with Britain and the role of British families in the port trade. He had also been impressed by the huge waves rolling in from the Atlantic.

Finally there was a brief discussion of the problem of export of works of art, stimulated by Mrs Gorbachev. The Prime Minister explained our system of export licensing.

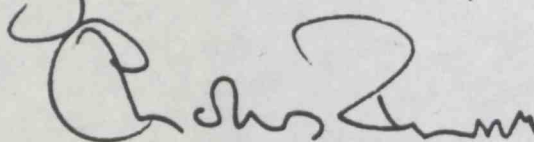
Discussion over dinner

Finally I should record that the Prime Minister discussed a number of issues with Mr Gorbachev over dinner this evening. Mr Gorbachev spent a great deal more time telling the Prime Minister about perestroika. More interestingly, he also reverted to the question of the nationalities in the Soviet Union. He admitted that they represented a very serious problem. His nightmare was that, if he gave them too much autonomy, they would strive for independence and the West would then go back on Yalta. The Prime Minister assured him that we understood the sensitivity. But surely he would have to strike a new balance between the centre and some of the nationalities at least. He must move forward not back. Mr Gorbachev did not disagree, but said that he must consolidate perestroika first.

The Prime Minister also raised the subject of human rights mentioning in particular family reunification cases including that of Gordievsky. This evoked no response from Mr Gorbachev. The Prime Minister also mentioned the Chief Rabbi's wish to take a small delegation of European Chief Rabbis to the Soviet Union. Mr Gorbachev's reaction was quite promising.

Mr Gorbachev then said he needed the Prime Minister's advice on whether it would be appropriate for him to invite The Queen to visit the Soviet Union. He would like to do so, but knew that it was a matter on which the Prime Minister had to advise. The Prime Minister said that Mr Gorbachev should certainly issue an invitation. She thought The Queen would say that She would like to pay a visit in due course but that Her programme was already full for a number of years ahead. She was sure Mr Gorbachev would understand this. Mr Gorbachev seemed quite content.

I am copying this letter to Alex Allan (H M Treasury), Brian Hawtin (Ministry of Defence) and Trevor Woolley (Cabinet Office). I should be grateful if it could be given a restricted circulation only.

Yours sincerely,


(C.D. POWELL)

J.S. Wall, Esq.,
 Foreign and Commonwealth Office.

NAMIBIA

- US, Soviet Union and UK invested much effort in Angola/Namibia settlement.
- indisputable that armed SWAPO crossed border in contravention of the Agreement.
- priority to stop the fighting. Get SWAPO to hand over arms to UN Force and return to camps in Angola north of the 16th Parallel, where they must be monitored.
- unless this happens, the agreement will be at risk.
- Soviet Union well placed to play a crucial role, with ADAMISHIM in Luanda.
- We need very rapid action indeed if the agreement is to be saved.

CENTRAL AMERICA

- both received letters from Bush
 - concern at high level of Soviet and Cuban military assistance to Nicaragua.
 - aid is far more than Nicaragua can possibly need for its defence.
 - will be used to undercut diplomatic efforts.
 - absurd at moment when US has reduced aid to Contras.
 - risk to US/Soviet relations if it continues.
- This is an area of vital interest to the US.

INTERNAL

- progress with perestroika. Greatest difficulties?
- how long till tangible evidence of success?
e.g. more goods in shops.

Agriculture

- will farmers operate new system of leasing?

Elections

- how should we interpret the results?
- do people want greater degree of pluralism?

Nationalities

- how do you propose to deal with nationality problems?
- do you envisage a federal structure?

EAST/WEST AND DEFENCE

- despite progress on arms control we still see the Soviet Union as posing a threat to our security. Even after planned force reductions, still a 2:1 superiority.
- we shall always need a sufficient defence.
- deterrence does not mean aggressive intent.
- conventional weapons do not deter.
- nuclear weapons only deter if they are effective. Hence the need to modernise.
- anyway Soviet Union has already modernised.
- continue to support arms control negotiations on START, chemical weapons and conventional forces. But not SNF.

-
- particular concern over chemical weapons. Soviet statements cannot be reconciled with our information. Our confidence has received a jolt. Hope you will help clear up the problem.
 - more widely, hope to see principle of freedom of choice applied more widely in Eastern Europe.

HUMAN RIGHTS

- conditions for attending 1991 Moscow conference.
Human rights improvements to be embodied in law.
- welcome decision to let Samoilovich out.
- hope he will consider Gordievsky case.
- position of Soviet Jews. Hope he will receive
delegation of Chief Rabbis.

BILATERAL QUESTIONS

Trade

- further efforts needed to reach targets agreed in Moscow.
- banks have offered £1 bn of credit.
- need prestigious site for new British-Soviet Trade Centre in Moscow.
- refer to British-Soviet Trade month in April. 250 British companies.

Agriculture

- hope Soviet Union will turn more to UK as supplier of cereals.

-
- like to see more systematic arrangements, e.g. framework arrangement as with France.

Culture, Education, Training

- welcome agreement to step up direct school exchanges.
- will see Leningrad girl who telephoned you on BBC Phone-in
- welcome for management training course.

REGIONAL QUESTIONS

Southern Africa

- Namibia
- Cuban withdrawal from Angola
- Mozambique
- South Africa. Encouraging trends. Need for peaceful solutions. Discourage ANC from violence.

Arab/Israel

- give Americans time to work out proposals.
- Five Permanent Members to keep in touch.
- UK has contribution to make through close links with some Arab governments.

- hope Russians will urge moderation on Syria.

Iran/Iraq

- very surprised that Russians have not joined in condemnation of Iran's action over Rushdie.
- dangers of dealing with fundamentalists.
- Iranians, Syrians and Libyans intent on using terrorism and upsetting established international order.

Libya

- if reports of sale of Sukhoi light bombers with air-to-air refuelling confirmed, it would be highly regrettable.

- adding to Libya's offensive capability is irresponsible.
- also regret failure to express disapproval of Libyan chemical weapons plant at Rabta.

Horn of Africa

- use Soviet influence to persuade Mengistu to negotiate an end to conflicts in Eritrea and Tigray.

China and Cambodia

- prospects for May Summit with Deng.
- welcome Vietnamese commitment to withdraw from Cambodia.

North Korea

- concern at North Korea's nuclear development programme at Yongbyon.
 - Soviet Union should restrain North Korea from developing nuclear weapons.
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RUMANIA

- deep feelings aroused in this country by Ceausescu's policy of destroying villages, his treatment of the Hungarian minority and his general human rights record.
 - grateful for anything Gorbachev can do to help.
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