

PRIME MINISTERBILATERAL WITH DEFENCE SECRETARY

You are to have a bilateral with Mr. Younger on Monday. There will no doubt be a number of general political issues which you will want to raise with him: Leyland, budget/public expenditure, Scotland.

There is the question of ministerial accommodation where you will want to explain the reasons for offering Mr. King the Admiralty House flat.

On the defence side you might touch on the following points:

(i) Secretary Weinberger. You will both have met him earlier in the day and will want to compare notes. Mr. Younger will have signed the Memorandum of Understanding on Fylingdales. It will be interesting to see whether Weinberger has any news on the timing of the US/Soviet Summit: on the likelihood of US military intervention in Nicaragua (much discussed in the American press): and on technical progress with the SDI.

(ii) Defence White Paper. This is to be taken by OD on Wednesday and there is a copy in your weekend box. It is a good clear statement although I think you will not like the essay on SDI which draws attention to the Foreign Secretary's infamous speech of last year.

(iii) Defence spending. There is much speculation in the papers about impending major problems with the Defence Budget and references in the draft White Paper to substantial problems in bringing the programme into line with the available cash. I understand from Clive Whitmore that the Defence Secretary has been kept closely in touch with the Long Term Costing exercise. You will want to probe his assessment of the problems particularly those likely to cause political problems between now and the election.

(iv) Saudi Arabia. He is very keen to maintain the link with Prince Bandar and will himself be visiting Saudi Arabia in April.

(v) Nimrod. There are no recent developments. You will want to be kept abreast of assessments of the American options.

C.D.P

Charles Powell

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