

SECRET

b.c. Sir A Parsons.

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10 DOWNING STREET

From the Private Secretary

27 June 1983

FOREIGN AFFAIRS AND DEFENCE: STRATEGY

The Prime Minister wishes to hold a series of meetings at Chequers on 8 and 9 September to consider the Government's strategy in international affairs with a view to establishing clear aims for the next few years and considering practical action in furtherance of those aims. I understand that both dates are convenient for the Foreign and Commonwealth Secretary and the Defence Secretary.

Mrs. Thatcher has decided that the draft agenda which I discussed with you and Richard Mottram informally earlier attempts to cover too much ground. She wishes to devote the maximum amount of time to East/West relations, arms control and disarmament. Subject to any further views which the Foreign and Defence Secretaries may wish to offer, the agenda will therefore be as follows.

8 September

First Session
(0900-1030)

General Survey of Britain's global interests and priorities.

Identification of the principal problems and opportunities which may require action by the Government in the next five years.

Remainder of day

East/West Relations.

Britain's fundamental aims with regard to the Soviet Union and Eastern Europe. A plan for practical action in the next five years.

9 September

Morning

Arms Control and Disarmament

Review of current position in main negotiations. Do we need to change the British position on any aspect, e.g. the strategic deterrent? Do we wish to put forward new proposals on any aspect of the subject for discussion with our allies?

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Afternoon
(1430-1600)

The Middle East
British interests
Arab/Israel
Iran and the Gulf
Soviet threat
Practical steps

(1630-1800)

The European Community
What kind of Community do we want?
Budgetary reform
Beyond the Budget - what should we try
to achieve in the next five years?

Discussion papers will be needed. The paper for the first session on 8 September would be a scene-setting paper for all the following meetings and describe our global interests, priorities and opportunities in broad terms. The discussion papers for other sessions should state the fundamental problems to be addressed by the meeting and end with a series of recommendations for practical action. For each of the sessions on arms control, the Middle East and the European Community one paper should suffice. But you may think that East/West relations could be better dealt with by several papers - an overall view, defence aspects, trade aspects, cultural contacts, scope for using modern technology to bring Western views to the peoples of the Soviet Union and Eastern Europe etc. Could you kindly let me know your views on this point as soon as possible.

I should be grateful if you, Richard Mottram and Richard Hatfield could, as appropriate, commission papers for each meeting. It would be helpful if these could reach me by 21 July. I shall then consult the Prime Minister again and, subject to any comments which she may have, the papers would be updated as necessary and made available in final form to participants by Friday, 2 September.

The Prime Minister will decide later who should be invited to each session.

The fact that the Prime Minister will be holding these meetings should be closely guarded. We wish to avoid the media knowing that the meetings are taking place and speculating about their outcome.

I am copying this letter to Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

A. J. COLES

Brian Fall Esq
Foreign and Commonwealth Office.

SECRET



Foreign and Commonwealth Office

London SW1A 2AH

6 July 1983

*Pl. attach papers.**A.S.C. 6/7**Dear John,*Foreign Affairs and Defence: Strategy

You wrote to me on 27 June concerning the agenda for the Prime Minister's strategy meetings on foreign affairs and defence at Chequers on 8 and 9 September. I have since had your letter of 30 June giving us pointers on what you felt the Prime Minister will want to see covered in the discussion papers.

The Foreign Secretary has seen the correspondence. He agrees with the agenda and endorses the Prime Minister's view that fundamental questions need to be addressed, especially in East/West relations. He has also commented on the very close links between the East/West Relations discussion scheduled for the first day and the question of arms control and disarmament scheduled for the second. He hopes that the cast invited for the discussion of East/West relations will include those most concerned with arms control and disarmament, so that these links can be brought out as may be appropriate. The time allowed on the first day should be sufficient for that purpose. If it transpired that the Arms Control session on the second day could be somewhat shortened as a result to allow a little more time for the other subjects, he would find this a welcome bonus.

It has been agreed at a meeting chaired by David Goodall that the FCO will take the lead in drafting all papers, where appropriate in close consultation with the MOD and Cabinet Office.

In your letter of 27 June you asked in particular for comments on the layout of discussion papers. In principle we agree that when it comes to the final version one paper per topic should suffice - including that covering East/West relations where the different aspects you mention can, in our view, best be covered in separate sections of a single paper. I doubt whether, in the papers being sent to you by

/25 July



25 July, the arms control field will be covered by a single paper: a policy paper is at the moment being written in this department in conjunction with MOD which will need to be taken into account in the final drafting. More generally, as we discussed, updating nearer the time will almost certainly be necessary in the case of some, if not most, of the papers; and the 25 July versions are unlikely to be the last word on the subject.

I am sending a copy of this letter to Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

Yours ever
[Signature]

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

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10 DOWNING STREET

From the Private Secretary

30 June 1983

Dear Brian,

INTERNATIONAL AFFAIRS: STRATEGY MEETINGS

My letter of 27 June outlined the agenda for the meetings which the Prime Minister will be holding at Chequers on 8 and 9 September and suggested what discussion papers would be needed.

The purpose of this letter is to let you have some purely personal views on the nature and contents of the discussion papers. I have not consulted the Prime Minister but there are certain points and ideas which I rather think she will expect to be covered.

By far the most important session in the Prime Minister's eyes will be that on East/West relations to which we are now devoting virtually the whole of 8 September. Mrs. Thatcher will expect the discussion paper or papers to address fundamental questions. The description of Britain's aims with regard to the Soviet Union and Eastern Europe will be important in that connection. I do not think the Prime Minister would regard "firmness and dialogue" as an aim but rather a means. She would be more inclined to see our objective in the long term as the replacement of Communist by democratic regimes. She would expect to see some analysis of our capacity, in conjunction with our allies, to achieve that objective. If the analysis shows that the achievement of such an aim lies at best a very long way in the future, the question will arise of how we can work towards it and what, meanwhile, our subsidiary aims should be. The Prime Minister has expressed to me some interest in devising a policy of weakening the links between the Soviet Union and Eastern Europe - perhaps that could be considered in one or other of your papers.

Mrs. Thatcher is also very interested in the possibilities of using modern technology to communicate directly with the peoples of Soviet Union and Eastern Europe. A detailed analysis of possible methods and likely consequences would be helpful. When we come to consider participation in the meetings we shall need to consider how communications expertise can be injected.

If you decide to recommend that there should be a more intensive and higher-level political dialogue with the Soviet Union, it will be desirable to demonstrate how that will further our fundamental aims.

/We have,

We have, as you know, abandoned the earlier thought of sessions devoted exclusively to British and NATO military strategy and new developments in military technology. It will nevertheless be important that the discussion papers include material on these matters in so far as they are relevant to East/West relations. A separate paper on the defence aspects of these relations will probably be desirable.

It may also be helpful to you to have the enclosed note which I prepared for the Prime Minister earlier this year and which summarises points which she found of interest in a number of articles on East/West relations which she had read.

Finally, on this subject, may I reiterate a point from my earlier letter. The Prime Minister will be concerned to avoid too much philosophical discussion in these meetings and wishes to arrive at a series of conclusions for practical action. I therefore hope that the various papers will end with practical recommendations. You should know that the Prime Minister's present intention is to use her proposed visit to the United States in the autumn primarily to discuss East/West relations with the U.S. Administration. The Chequers discussions will be directly relevant to this.

I have less to say about the other items on the agenda.

(a) Arms Control and Disarmament

The paper on this subject should perhaps include consideration of whether there can be any independent role for Britain in promoting arms control agreements and whether there would be any merit in high level discussion of this matter between us and the Soviet leadership.

(b) Middle East

I suspect that the main issue on the Prime Minister's mind in September will be whether, given the onset of the U.S. election campaign, there is anything Britain and Europe can do to prevent the prospects for a peaceful settlement of the Arab/Israel dispute worsening during the lengthy period when the U.S. Administration may be unable to engage itself productively in negotiations.

(c) European Community

The long-term Community financing issue is likely to dominate the discussion but I hope that we shall also be able to look at the outlines of a plan for practical British action in the Community over the next five years. This might result in a decision that there should be further work by Whitehall departments on the details of such a plan for submission to Ministers at a later stage.

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I am copying this letter to Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

Your ever

John Cole.

Brian Fall, Esq.,
Foreign and Commonwealth Office.

SECRET AND PERSONAL

SUMMARY OF KEY POINTS FROM RECENT ARTICLES

"Stormy Atlantic Weather" by Alun Chalfont ("Encounter" - January 1983)

In Western Europe there is a "pervasive and often virulent anti-Americanism". "The most strident voices are those which demand the removal of American bases from Europe, evidently under the impression that our cities are under threat from Pershings and not from SS-20s."

In the media there is "a tendency to adopt a position of magisterial objectivity as between the free world and the totalitarian ideologies which threaten it".

This new crusade against the Americans springs partly "from the instinctive hostility of the weak towards the strong, the poor towards the rich, the vacillating towards the resolute and decisive".

An alarming state of affairs: the West is "blundering into a crisis .. and also persuading itself that most, if not all, of the fault lies with the Americans". The truth is different. First, those who direct American policy at the highest level are of high calibre. The American "think-tanks" are not made up of wild-eyed maniacs but "responsible and highly qualified engineers and mathematicians, chemists and physicists, applying rigorous scientific analysis to problems which in Europe are left to a handful of professionals and a small army of enthusiastic amateurs".

There is in the US an "almost unchallenged consensus that one of the critical areas of American security lies in Europe and the Atlantic ... it is for this reason that the US keeps 350,000 troops in Europe ... "partly as an element of conventional military defence, and partly as a "hostage force" to demonstrate the validity of the American nuclear guarantee".

Russian long-term aims include the disintegration of NATO and the separation of Western Europe from the United States.

The Russians have good reason to be pleased with the misunderstandings in NATO.

"The Soviet Union is a police state controlled by a totalitarian dictatorship." "The United States is, on the other hand, the original model of modern democracy."

"The military alliance of which America is the leader and the central power is entirely defensive."

The cracks which are appearing in the Western Alliance must be repaired. As a first step we should "reassert a collective commitment to the objectives of the Alliance". We must ensure "that the United States remains fully engaged in the security of the free world".

"An essential prerequisite is to counter the insidious anti-Americanism which is, to the delight of our enemies, beginning to poison the mainstream of the Western Alliance."

"Toward an Overall Western Strategy for Peace, Freedom and Progress"
by Hans-Dietrich Genscher ("Foreign Affairs" Fall 1982)

The mood of crisis in the Alliance is focused on differences of opinion over detente. This word has different meanings for Americans and Europeans.

For Europeans detente is only one part of a dual strategy, the other part of which is "to maintain adequate military strength in the Alliance to ensure its defensive capability and deter any attack on a member state or any political blackmail". But this balance of power policy has to be supplemented by a policy of dialogue and co-operation with the aim of keeping a check on the East/West conflict and reducing tensions.

/ Many

Many Americans feel that detente has failed. It did not persuade the Soviet Union to exercise political restraint or moderation in armaments. But the Europeans believe that the setbacks in East/West relations in the 1970s were due not to detente but to the failure to pursue a policy of equilibrium. If the United States had not seriously weakened its capacity for putting up resistance and offering incentives, Soviet policy might have developed differently.

Since Khrushchev the Russians have recognised that a war between East and West can be avoided. They have not abandoned their goal of a world revolution. In their eyes "a policy of peaceful co-existence serves to promote Soviet predominance (effectively domination) in such a way that a major war between East and West is avoided and economic co-operation with the West is made possible". But if a Soviet leadership was faced with an adequate response by the West, it might be compelled to choose what is for them a second best course - that of genuine co-existence with the West.

This dual strategy is the best response to the Russian policy of "peaceful co-existence".

"Arms control negotiations are the best forum for making it clear that the West's military policy is geared to equilibrium and not to a quest for military superiority". "The Alliance has submitted to the Soviet Union and the Warsaw Pact the most comprehensive disarmament proposals in the post-war period." At the same time, in the US the trend of declining arms expenditure in real terms has been reversed because of the Soviet arms' build-up.

Economic relations are of limited importance for the Soviet Union. Western imports account for about 1.5% of Soviet GNP - and Soviet net indebtedness is less than 1%. A decline in imports from the West would exacerbate Soviet economic problems but only a disruption of grain supplies would have important effects. But none of these considerations alter the fact that the Soviet economy is largely self-sufficient and not reliant on the West. "The Soviet

challenge is political and military in nature - it can be countered effectively only by political and military means." Denying trade to the Soviet Union will not stop its arms build-up." "The military economy is given virtually absolute priority, and there can be no doubt that the Soviet leadership will and can at all times allocate to it the resources it considers necessary."

"True pressure for reform in the Soviet Union and the Eastern bloc as a whole comes from within."

There has been a fundamental change in the situation of the Eastern European economies. They are dependent on co-operation with the West.

The Alliance rests on two foundations: "the consciousness of our community of values and of our common security." It is alarming that "some people on both sides of the Atlantic often seem to have lost their consciousness of the community of values and our common security". In the US the media create the false impression of widespread anti-Americanism in Europe.

Many Americans feel wrongly that the defence burden is not fairly shared. This is not justified. Most of the Europeans increased their defence expenditure annually by an average of 3% in real terms through the 1970s. During that period the United States reduced its expenditure by an annual average of 2%. Europe's share of overall Western defence expenditures increased between 1969 and 1980 from 21-42%. The share accounted for by the United States decreased to 56%.

90% of the troops in Europe and 75% of the tanks and combat aircraft are provided by the Europeans.

"Reagan and Russia" (By Seweryn Bialer and Joan Afferica in
"Foreign Affairs")

This is a strong criticism of current American strategy towards the Soviet Union. Some people in the US Administration envisage a transformation of the Soviet system of government. Others wish to magnify Soviet difficulties at home and make Soviet military growth as costly as possible. Yet others wish to re-direct Soviet attention and energies to domestic goals.

The key assumption is that Western policy has the capacity seriously to affect Soviet international behaviour by exerting influence on internal Soviet developments. ~~E~~rroneous:

- (a) The ability of the West to effect change within the Soviet system is severely limited. Russia is not now nor will it be during the next decade in the throes of a true crisis. If threatened by the prospect of a radical shift in the present balance of military power, the Russians will certainly re-deploy their economic resources and take whatever other internal measures are necessary, regardless of cost.
- (b) Western coercive options are weak. For political reasons Reagan cannot sustain a grain embargo on the Soviet Union. As shown by the pipeline ^{affair} ~~fear~~, the Western Allies will not agree seriously to curtail trade with the Soviet Union.
- (c) The roots of Soviet policy are to be found in the Soviet domestic system. (It is within the West's power to frustrate those Soviet global ambitions which are most threatening to the West).

/Detente

Detente over-estimated the effects of combining incentives and disincentives on Soviet behaviour. Reagan's policies exaggerate the political consequences of Soviet economic and social difficulties. Both show a lack of realism.

The conflict between the two super powers and two ways of life will continue to dominate international politics to the end of this century if not beyond. The US must look for a long range alternative to domination or withdrawal. This requires "a multi-^{dimensional}~~denominational~~ approach which, while placing obstacles in the way of Soviet global aims, would attempt to regulate the competition and conflict".

"In some cases such a policy would require tough and determined US opposition to Soviet moves, at other times serious efforts ar compromise".

A sound policy of Western incentives and disincentives must:

- (a) Depend on credible and constant disincentives - the West should never again face the Russians from anything but a position of strength.
- (b) Rewarding Soviet foreign policy choices with a broad range of inducements - trade, credit, serious negotiations on matters of overlapping interest.

"Only when disincentives are credible, strong and continuous can incentives have any effect. But only when incentives are offered will disincentives have major effects".

/ "The Soviet Empire

"The Soviet Empire and the British Empire"(by Correlli Barnett)

Despite obvious differences between the Soviet and British Empire, there are similarities and analogies. "Both Imperialisms were created as compensations for national weakness in the face of more formidable rivals. As a consequence of this, the role of myth, the role of ideology was paramount in British Imperialism and is in modern Soviet Imperialism".

In terms of economic and strategic advantages, balanced against involvements and obligations, the Empire in the 1930s did not add to British power, but drained it. "One of the most remarkable examples of strategic over-extension in history".

The Soviet Union belongs more to the category of a backward, or developing country, than that of an advanced industrial nation. But she has sought strategic footholds far beyond the needs of her security. Whereas America's super-power status grew naturally out of her economic strength and her worldwide involvement, the Soviet Union set out to become a super-power out of deliberate policy. It is creating for itself dilemmas and weaknesses like those of Great Britain in the Imperial age - "above all, the mismatch of Imperial responsibilities and military requirements to the economic base, and the consequent vulnerability that comes from national over-extension".

But the Soviet Union has an option which Britain did not have - to give military expenditure over-riding priority to the detriment of economic progress and the Soviet consumer.

The contradictions between Soviet resources and its global-power role will sharpen. The West should shape its strategy accordingly.

"The Andropov Succession" by Seweryn Bialer from "Survival"
from March/April 1983)

The main points which struck you in this article were:-

- a) Andropov has never set foot in a non-Communist country.
- b) Andropov is 68 years old and had had a heart attack.
We should not be surprised if two changes at the top
take place during the 1980s.

Lecture at GB/USSR Association, 22 September, 1982 by former
Canadian Ambassador in Moscow

This does not add much to the articles quoted above.
He argues that we must look forward to a long period of
confrontation in our relations with the USSR - confrontation
is a political necessity for the Soviets but does not
inevitably mean conflict.

While the US was scaling down its armed forces in the
detente period, the USSR embarked "on an ambitious programme
of increasing and improving all three branches of its armed
forces, culminating in the production and deployment of the
SS20".