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MR COLES

Prime Minister

FIRST THOUGHTS

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1. I set out below some very preliminary thoughts on one or two aspects of our foreign policy. This is not, of course, intended as a comprehensive survey nor does it pretend to be particularly well informed. It may, however, prompt comment from the Prime Minister when she sees me on 30 January.

2. First, some declarations of interest, or prejudice:

(a) I take a bleak view of the international scene. It is a world where, as Thucydides put it, "the strong do what they can and the weak suffer what they must". This is not to discount ideals, merely to note there will be little chance of realising them without military or political or economic strength.

(b) I see the Soviet Union as very much our principal external threat, not so much in the Third World, where Soviet advances are precarious, but in Western Europe. I do not see the chief threat as invasion (though we must provide for that as well), rather that the Soviet Union will extend and deepen its military shadow over Western Europe to the point where West European policies are automatically modified to take account of Soviet wishes. The game would then be lost without a soldier moved. "The most successful conqueror is the one who takes the city without firing a shot."

This is a steady threat for as far ahead as we can see and to counter it will require extraordinary firmness, resolution and persistence, particularly hard for a heterogeneous collection of democracies with short memories, economic difficulties and problems with a public opinion naturally horrified at the potential of nuclear weapons. Businesslike dialogue with the Russians will be essential but we must cherish none of the illusions of detente.

(c) China is another great Communist power but of a very different order. Hong Kong apart, China does not threaten our interests.

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our interests. In fact, given the state of Sino/Soviet relations, she confers great strategic benefits on the UK and Western Europe, distracting the Soviet Union and tying down considerable Soviet forces. Our East/West policies should take account of this.

- (d) I am profoundly pro-American. This is not a blank cheque for a chaotic Administration and a violent and over-commercialised society. It is merely a recognition that in the last analysis the United States speaks for freedom and provides the fundamental guarantee of our security. Over very wide areas, UK and US policies will naturally coincide. But there have to be areas where they do not. These are highly delicate: in some regions, eg the Middle East, we shall differ more than others; but in all cases our disagreement should be tempered by the thought that our, or Community, capacity to influence events is limited and the United States has the preponderant power and responsibility.
- (e) The Community will naturally be a major preoccupation, particularly this year, and we shall have to exert major efforts to achieve our objectives. But, to put it as provocatively as possible, the Community is for the future; the United States is the present. The Community is still able to exert only relatively little power on the rest of the world.
- (f) One of the West's greatest assets, particularly as seen from Communist countries, has been its apparently effort-less capacity to generate wealth and technological advance. One of the sad effects of the recession has been the temporary loss of the political confidence flowing from this capacity. A sustained, repeat sustained, US economic recovery is therefore critical, politically as well as economically. Our advice to our western partners and our own people should be Guizot's, "Enrichissez-vous".

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3. In East/West relations our long term objective is political change in the Soviet Union and Eastern Europe; but progress will be glacial. For practical purposes we shall be dealing with a static situation. This will present particular difficulties for the West in that we shall have to keep up costly defences and meet sustained Soviet pressure on a nervous Western public opinion. The answer to this will have to include close coordination with the Americans and with our other allies to ensure that we have an agreed Alliance policy which can be held over a long period. It will call for hard headed dialogue with the Russians and serious and visible Western interest in arms control proposals. This activity will be genuine in that we shall really be seeking a slightly safer world, but it will also have presentational value to public opinion. The Western Alliance, unlike the Warsaw Pact, cannot sit still. Without a certain degree of East/West activity our weaker colleagues are capable of doing something silly. But we must refuse to pay for this activity with concessions. We should also be considering our position if there is some thaw on arms control talks, in particular the possibility that START and INF may merge and how we should then handle pressure to include the UK deterrent. Throughout we shall need to give special attention to explaining our policies to the public and doing what we can to take the propaganda initiative from the Russians. There is at the moment a dangerous gap between realistic official thinking on East/West relations and arms control on the one hand and popular expectations and fears on the other.
4. In the context of East/West relations, the Prime Minister's visit to Hungary is imaginative and timely. We need to show that we differentiate between the Soviet Union and its East European satellites, though this has to be handled delicately, and we have a channel here we can use for getting our views through to the Russians.
5. In the Middle East time is running out. The absence of an Arab/Israeli settlement brings moderate Arab regimes into increasing risk and threatens a further Middle East war in this decade. The US elections will rule out any real movement this year, but even thereafter the United States is unlikely to be willing, or perhaps even able, to bring decisive pressure on the Israelis. In this situation there is a strong case for a judicious distancing of UK or Community policy from that of the US, while of course maintaining a close dialogue with the Americans and recognising how little we or the Community can do

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to decide events. It will be largely cosmetic but it will help to fill the gap and protect our interests in the Arab world.

6. Given the stalemate on fundamental issues, most of our Middle East policies are perforce short term, a matter of crisis management. In the Lebanon we cannot afford to withdraw the MNF without tangible progress or even to talk too openly about substitutes; but the contingents of our allies are dangerously vulnerable to domestic political pressure for withdrawal, particularly in the run-up to the Presidential elections. As the JIC paper I have sent separately brings out, we are operating against a deteriorating internal situation in Lebanon. In the Gulf we have to keep in close touch with US contingency planning and be ready to contribute if the war intensifies and the Saudis and Gulf States press for assistance. But we do not see entirely eye to eye with the Americans: they are more anti-Iranian than we can afford to be. There is an underlying contradiction here between our Arab and Iranian interests. As long as possible we should try for the best of both worlds; but as I see it, if a choice became inescapable we should have to choose the Arabs.

7. At first sight I find the situation in Central America and its implications for US relations with the European allies very worrying. I see little hope in the policy of the Doves. The Nicaraguan regime is Marxist, Cuban-supported and there to stay. In Salvador there is no way of bridging the gap between the two sides; any solution would have to be imposed. Honduras is unstable. There is every likelihood that left to itself the situation will deteriorate. On the other hand, US intervention, probably in El Salvador, would be unlikely to produce a lasting solution and would carry high risk of extending to Nicaragua. There is a real danger that Mr. Reagan if re-elected would intervene in El Salvador. This would present American allies with very difficult choices. In such a situation we should need to recognise the nearness and seriousness of the problem from the American point of view and our main interest I suggest should be to avoid upsetting them. In this connection, I cannot avoid having reservations about the prospect of an early withdrawal of the Belize garrison.

8. We shall be compelled to spend a lot of time and energy over the Legacies: Hong Kong, Gibraltar, the Falklands. They have their own

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rationale and need separate treatment. They also have different time frames. We have to settle, or partially settle, Hong Kong this year. In the case of Gibraltar, we have this year to get into a situation where with the lifting of restrictions we are able to embark on a lengthy discussion covering all issues. With the Falklands, there are various preliminary moves we can go through in improving relations with Argentina; but the hard core, sovereignty, will have to remain untouched. After some time we are therefore bound to face an increasingly unhelpful international environment on this issue.

9. Finally, I do not think we should attempt too active a foreign policy. Given the limits on our resources, it could soon become unconvincing. But we have been unnecessarily frozen on East/West relations; we need to continue to be active in the Middle East; and where we have assets we should cherish and use them. Anyone who has served abroad knows the value of the English language and culture as a means of influence. The instruments are the BBC External Services and the British Council, rightly directed. We should use these assets as the French would if they were lucky enough to possess them. And throughout our foreign policy we should try as far as possible to explain to MPs and the wider public what we are doing and why.

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PERCY CRADOCK
27 January 1984

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