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10 DOWNING STREET

From the Private Secretary

29 October 1984

The Prime Minister had one of her regular chats with Sir Percy Cradock and me this evening.

The Prime Minister identified East/West relations and the Middle East as the two main areas in international affairs in need of attention in the next few months. She agreed with Percy Cradock that President Reagan's main foreign policy goal, if re-elected, would probably be to leave his successor a reduced level of tension and risk in US/Soviet relations. She was intrigued by the signs of increased boldness in Eastern Europe, and pleased that the Foreign Secretary would be visiting a number of East European countries in the spring. She wondered, however, whether Gorbachev would go through with his visit to the UK: there seemed to be uncertainty over his position in the hierarchy.

In the Middle East, the Prime Minister agreed with Percy Cradock on the need to urge the Americans to an early initiative after the Presidential elections, but was cautious about a further statement by the Ten. She did not exclude this. But it must not just be words, it would have to have a sound intellectual basis and help the Americans rather than just show them in a bad light.

The Prime Minister saw real prospect of advance in Southern Africa, particularly in terms of the withdrawal of Cuban troops from Angola and a settlement in Namibia. Indeed she thought this might offer, with Central America and East/West relations, one of the success stories of the second Reagan administration.

The Prime Minister agreed on the need for a clear UK position on the Strategic Defence Initiative, but remained anxious not to lecture the Americans on a subject on which their technical expertise far exceeded ours. She agreed that the US administration might use the SDI as a lever to get the Soviet Union back to the negotiating table on other arms control subjects. She regretted the rather messianic way in which the SDI had been introduced. I had been a fundamental error to suggest that it was possible somehow to do away with nuclear weapons. But it was essential for the Americans to match Soviet technology in BMD.

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The Prime Minister remains worried about chemical weapons and thought it might be necessary for the United States to revive its capacity in this field.

The Prime Minister is keen to make the most of her brief visit to Peking, and wants to examine what contracts or agreements might be associated with it.

The Prime Minister remains wary of signs of resurgent nationalism in Germany, which she detected in a television interview which Chancellor Kohl gave in Austria (which she saw on holiday) and found confirmed in Sir Julian Bullard's recent First Impression Despatch. She had mentioned her unease to President Mitterrand, and found that he shared it, at least in regard to resurgent interest in German re-unification.

In a brief review of other problem areas, the Prime Minister mentioned in particular the risk of an Indian attack on Pakistani nuclear installations, Israel's sale of arms to Argentina (which she very much hoped that Sir Geoffrey Howe would raise during his current visit) and international terrorism.

I should be grateful if you would treat this letter as very strictly for the personal information of Sir Geoffrey Howe and Sir Antony Acland only.

Charles Powell

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