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Prime Minister
2 important telegrams
from Peter Jay.
GJM
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THE OUTLOOK FOR U.S. DOMESTIC AND FOREIGN POLICY.

1. ALTHOUGH THE 1980 PRESIDENTIAL AND CONGRESSIONAL ELECTIONS ARE STILL EIGHTEEN MONTHS AWAY, THEY ARE ALREADY CASTING A GROWING SHADOW OVER THE CONDUCT AND AMBIENCE OF AMERICAN POLITICS, AND THIS WILL BECOME MORE PRONOUNCED IN THE MONTHS AHEAD.

DOMESTIC POLITICS.

2. PRESIDENT CARTER'S CHARACTER IS SUCH THAT NARROW ELECTORAL CALCULATIONS WILL NEARLY ALWAYS TAKE SECOND PLACE IN HIS DECISIONS TO HIS OBJECTIVE JUDGEMENT OF THE MERITS OF A GIVEN ISSUE. BUT ALTHOUGH THE PRESIDENT HAS NOT YET FORMALLY DECLARED HIS INTENTION TO RUN AGAIN, THE ELECTION WILL BECOME PROGRESSIVELY HARDER TO IGNORE. CARTER'S PERCEIVED VULNERABILITY, WHICH HAS ALREADY ATTRACTED A LARGE FIELD OF REPUBLICAN PRESIDENTIAL CONTENDERS, MEANS THAT FROM THE BEGINNING OF 1980 HE WILL HAVE TO CAMPAIGN HARD FOR THE DEMOCRATIC NOMINATION AGAINST A DETERMINED CHALLENGE FROM GOVERNOR JERRY BROWN OF CALIFORNIA AT A TIME WHEN HIS DOMESTIC AND FOREIGN POLICIES COULD BE UNDER SEVERE STRAIN (PRESENT INDICATIONS ARE THAT ON EVERY OBJECTIVE CALCULATION SENATOR KENNEDY WOULD PREFER TO WAIT UNTIL 1984, ONLY ENTERING - AND ALMOST CERTAINLY WINNING - THE 1980 NOMINATION RACE IF HE JUDGES THAT THERE IS AN ACUTE DANGER OF BROWN UPSETTING CARTER). IT ALSO MEANS THAT THE ADMINISTRATION'S POLICIES WILL FACE A PROGRESSIVELY ROUGHER RIDE IN AN ALREADY ASSERTIVE, UNPREDICTABLE AND BALKANISED CONGRESS; REPUBLICAN COOPERATION (HITHERTO OFTEN ESSENTIAL TO CARTER ON FOREIGN POLICY ISSUES) WILL BE HARDER TO SECURE, WHILE REPUBLICAN CRITICISM WILL BE MORE STRIDENT; AND MANY OF THE UNUSUALLY LARGE NUMBER OF DEMOCRATIC SENATORS FACING RE-ELECTION IN 1980 AGAINST STRONG REPUBLICAN CHALLENGES WILL THINK TWICE ABOUT CASTING ELECTORALLY RISKY VOTES ON DIFFICULT ISSUES.

3. THE OVER-RIDING DOMESTIC ISSUE WILL CONTINUE TO BE INFLATION WHICH, AS I EXPECTED, IS NOW BACK IN DOUBLE DIGITS. AS ONE RESPONSE TO THIS THE PRESIDENT HAS PROCLAIMED A STRATEGY OF FISCAL CONSERVATISM, TAKING GROUND AWAY FROM THE REPUBLICANS AT THE PRICE OF DISCOMFORTING HIS LIBERAL DEMOCRATIC SUPPORTERS. BUT HIS VOLUNTARY COUNTER INFLATION POLICY, INITIATED LAST OCTOBER, NOW ENJOYS SCANT CREDIBILITY. IN THIS FIELD THE PRESIDENT FACES A REAL POLICY DILEMMA BECAUSE OF THE UNCERTAINTY THAT EXISTS ABOUT THE COURSE OF THE ECONOMY OVER THE NEXT TWELVE MONTHS. HE CAN DECIDE TO TAKE NO FURTHER ACTION (THOUGH THE FED MAY BE FORCED TO RAISE INTEREST RATES SUBSTANTIALLY), IN THE BELIEF THAT THE SEEDS OF RECESSION ARE ALREADY SOWN AND THAT RECESSION WILL BRING A SLOWING OF PRICE INCREASES. BUT, IF HE IS WRONG, HE MAY HAVE TO TAKE HASTY ACTION LATER THIS YEAR TO COOL THE ECONOMY AND CONCEIVABLY TO ACCEPT A MANDATORY PAY AND PRICE POLICY. EITHER WAY SUBSTANTIALLY TIGHTER MONETARY AND, LATER, FISCAL POLICY BY THE END OF THE YEAR MAY HAVE THE EFFECT OF PUSHING THE ECONOMY INTO A DEEP RECESSION IN 1980-81, PRODUCING UNEMPLOYMENT WHICH WOULD ALIENATE MANY TRADITIONAL DEMOCRATIC SUPPORTERS. THE ADMINISTRATION ARE AWARE THAT THEY ARE SEEKING TO TREAD A VERY NARROW PATH BETWEEN THE PERILS OF INFLATION AND RECESSION, THE TRUTH OF COURSE BEING THAT THERE PROBABLY IS NO SUCH PATH AND THAT THE US IS DOOMED TO PAY THE PRICE FIRST IN DOUBLE-DIGIT INFLATION AND THEN IN DEEP RECESSION FOR NOT HAVING BEGUN DISINFLATION IN 1977.

4. BY CONTRAST THE PRESIDENT'S RECENT DECISION IN FAVOUR OF PHASED DEREGULATION OF OIL PRICES, ACCOMPANIED BY, BUT NOT DEPENDENT ON, A TAX ON THE RESULTING OIL COMPANY PROFITS, IS A DECISIVE MOVE TO TACKLE THE US ENERGY PROBLEM IN THE ONLY WAY IT CAN BE TACKLED, THROUGH THE PRICE-MECHANISM. THE APPARENT CONFLICT WITH COUNTER-INFLATION POLICY IS SMALL AND UNAVOIDABLE. THE ODDS ARE THAT HE WILL SECURE CONGRESSIONAL APPROVAL FOR SOME FORM OF OIL TAXATION, BUT THERE WILL BE A TOUGH STRUGGLE, WHICH MAY LAST INTO 1980, OVER THE ALLOCATION OF THE REVENUE. THE POLITICAL COST MAY BE HEAVY, PARTICULARLY IF THERE ARE PETROL SHORTAGES THIS SUMMER, AND THE SUBSTANTIVE BENEFITS SLOW TO ARRIVE. BUT THE ENERGY GAINS OF DEREGULATION DO NOT IN ANY WAY DEPEND ON THE WINDFALL PROFITS TAX AND FROM NOW ON THE PRICE MECHANISM WILL BE WORKING INEXORABLY FOR RATIONAL ENERGY BEHAVIOUR IN THE PRIVATE SECTOR.

ANOTHER IMPORTANT ISSUE IN CONGRESS THIS YEAR WILL BE PASSAGE OF THE LEGISLATION IMPLEMENTING THE MTNS. WE MAY EXPECT A KEEN STRUGGLE ON SEVERAL CRITICAL POINTS, AS PROTECTIONIST INTERESTS WILL FIGHT HARD TO WEAKEN THE EFFECT OF THE AGREEMENT. BUT THE OMENS ARE REASONABLY GOOD FOR CONGRESSIONAL APPROVAL OF THE MTN PACKAGE IN SEPTEMBER.

FOREIGN AFFAIRS.

6. THE EVIDENCE FROM THE OPINION POLLS OF LOW PUBLIC CONFIDENCE IN THE PRESIDENT'S CONDUCT OF FOREIGN AFFAIRS, EXEMPLIFIED IN POPULAR UNEASE AT SOVIET MILITARY EXPANSION, APPARENT US IMPOTENCE IN THE FACE OF SOVIET ADVENTURISM IN AFRICA AND ELSEWHERE AND THE CIRCUMSTANCE AND CONSEQUENCES OF THE "LOSS OF IRAN" (BUT ACCOMPANIED, PARADOXICALLY, BY STRONG PUBLIC SUPPORT FOR THE SUBSTANCE OF THE PRESIDENT'S FOREIGN POLICIES), HAS LED HIS REPUBLICAN CHALLENGERS TO SEIZE ON FOREIGN POLICY AS A PROMISING ELECTORAL ISSUE. THEY ARE STRONG ON RHETORICAL ATTACKS ON THE PRESIDENT'S INEFFECTIVENESS, VACILLATION AND LACK OF LEADERSHIP; BUT SHORT ON CREDIBLE ALTERNATIVE POLICIES ON SPECIFIC ISSUES. FOR HIS PART, THE PRESIDENT HAS WON UNIVERSAL PRAISE (AND REPAIRED HIS RELATIONS WITH THE ELECTORALLY IMPORTANT AMERICAN JEWISH COMMUNITY) FOR HIS PART IN BRINGING ABOUT THE PEACE TREATY BETWEEN EGYPT AND ISRAEL; BUT THE JOY WHICH ACCOMPANIED CAMP DAVID I HAS BEEN DIMMED THIS TIME BY INCREASED PUBLIC AWARENESS OF THE OBSTACLES TO A WIDER MIDDLE EAST SETTLEMENT AND THE DANGERS TO U.S. INTERESTS OF ANTAGONISING THE REST OF THE ARAB WORLD.

7. THE FUTURE FOREIGN POLICY AGENDA IS DOMINATED BY SENATE RATIFICATION OF THE SALT II TREATY. THIS WILL BE A BITTER AND PROLONGED BATTLE, WHICH NOW LOOKS UNLIKELY TO BE RESOLVED THIS YEAR AND IN WHICH THE ATTITUDES OF AMERICA'S NATO ALLIES WILL PLAY AN IMPORTANT AND PERHAPS CRUCIAL PART. THE OUTCOME IS STILL UNPREDICTABLE. THE OPTIMISTIC ASSESSMENT IS THAT THE TREATY WILL ULTIMATELY BE APPROVED BY THE SENATE SUBJECT TO A SERIES OF DECLARATORY AND ESSENTIALLY COSMETIC ADDITIONS AND RESERVATIONS WHICH WILL BE ACCEPTABLE TO BOTH THE PRESIDENT AND THE RUSSIANS. BUT THERE IS A REAL RISK THAT THE VOTES OF THIRTY-FOUR SENATORS COULD FRUSTRATE ALL THE EFFORT WHICH HAS BEEN PUT INTO THE CENTREPIECE OF U.S./SOVIET RELATIONS OVER THE PAST SIX YEARS.

ULTIMATELY THE FATE OF SALT II IS LIKELY TO TURN ON THE STANDING OF THE PRESIDENT AND HIS ABILITY TO MOBILISE POPULAR SUPPORT FOR THE TREATY. RATIFICATION BY THE SENATE WOULD BOTH REFLECT AND ENHANCE HIS POLITICAL STRENGTH IN THE COUNTRY. REJECTION WOULD BE A RESOUNDING DEFEAT AND THE SALT DEBATE AND THE PRESIDENT'S REELECTION CAMPAIGN ARE LIKELY TO INTERACT ON EACH OTHER.

8. THE ADMINISTRATION EXPECTS A CONSERVATIVE GOVERNMENT TO BE DIFFERENT FROM ITS PREDECESSORS ON A NUMBER OF FOREIGN POLICY ISSUES. I DEAL WITH SOME SPECIFIC QUESTIONS IN M.I.F.T.

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TO IMMEDIATE FCO

TELNO 990 OF 4 MAY

MIPT: FOREIGN POLICY ISSUES

GERMANY

1. AMERICA'S RELATIONS WITH GERMANY ARE UNDER STRAIN, FOR REASONS INCLUDING, BUT ALSO GOING BEYOND, PERSONALITY DIFFERENCES. A MORE ACTIVE AND POSITIVE BRITISH POLICY TOWARDS EUROPE AND A MORE FORWARD BRITISH POLICY ON NATO DEFENCE WILL BE WELCOMED IN WASHINGTON AS LIKELY TO GIVE GERMANY A GREATER SENSE OF PURPOSE AND SECURITY IN THE WESTERN FRAMEWORK.

POST-POLARIS

2. THE ADMINISTRATION WILL EXPECT A FAIRLY EARLY COMMUNICATION FROM HMG AT THE HIGHEST LEVEL ON THE FUTURE OF THE BRITISH DETERRENT. CARTER WILL, I AM CONFIDENT, RESPOND POSITIVELY TO PRACTICAL PROPOSALS FOR ENSURING THE CONTINUED EFFECTIVENESS OF BRITAIN'S NUCLEAR DETERRENT, THOUGH HE WILL ALSO WANT HELP ON SALT.

SALT

3. WE SHALL WANT TO BE SURE THAT THE SALT 2 TREATY, TO BE SIGNED THIS SUMMER AT A CARTER/BREZHNEV SUMMIT, DOES NOT PREJUDICE ANY VITAL BRITISH OR EUROPEAN INTEREST.

4. THE BIG QUESTION FOR SALT 3, FOR WHICH NEGOTIATIONS ARE DUE CLOSELY TO FOLLOW SALT 2, WILL BE WHETHER AND HOW TO INCLUDE GREY AREA SYSTEMS IN EUROPE. THIS MUST BE DECIDED ON ITS MERITS IN DISCUSSION WITH THE ALLIES, AND PARTICULARLY WITH BRITAIN AND GERMANY, AND NOT AS THE RESULT OF ANY IMPLIED OR TACIT US/SOVIET AGREEMENT IN SALT 2. THE AMERICANS RECOGNISE THIS AND MUCH WILL HINGE ON THE ABILITY OF THE OTHER ALLIES, ESPECIALLY GERMANY, TO DECIDE WHAT THEY WANT AS TO BOTH THE FORM AND THE SUBSTANCE OF SALT 3.

THEATRE NUCLEAR FORCE MODERNISATION

5. DECISIONS OUGHT TO BE TAKEN BY THE END OF 1979 BEFORE THE AMERICANS AND GERMANS GET INTO A PRE-ELECTION PERIOD. THE AMERICANS WILL REGARD GERMAN PARTICIPATION IN DEPLOYMENT AS ESSENTIAL, BUT THIS WILL DEPEND ON SHARED RESPONSIBILITY, SUPPORT FROM OTHER EUROPEAN ALLIES AND AN ACCEPTABLE ARMS CONTROL DIMENSION. A FIRM AND POSITIVE UK LEAD COULD DETERMINE THE OUTCOME AND WOULD BE WARMLY WELCOMED IN WASHINGTON.

CONFIDENTIAL

/ TWO-WAY

TWO-WAY STREET

6. DESPITE ALL EFFORTS TO ENSURE A MORE BALANCED TWO-WAY FLOW BETWEEN THE UNITED STATES AND EUROPEAN NATO IN THE PROVISION OF DEFENCE EQUIPMENT FOR NATO FORCES, THE BALANCE IS FOUR-ONE IN FAVOUR OF THE UNITED STATES. DESPITE THE RECENT DELETION FROM THE U S DEFENCE BUDGET OF FUNDS FOR HARRIER AV8B, WE MAY SECURE ITS REINSTATEMENT. BUT, ALTHOUGH THE ADMINISTRATION ITSELF IS GENUINELY COMMITTED TO THE AIM OF THE TWO-WAY STREET, "BUY AMERICAN" SENTIMENT AND HABIT IN CONGRESS AND IN THE U S DEFENCE INDUSTRY MEAN WE HAVE A TOUGH FIGHT.

CTB

7. THE PROSPECTS FOR A COMPREHENSIVE TEST BAN TREATY MAY WELL BE DISCUSSED AT A CARTER/BREZHNEV SUMMIT. THE AMERICANS WANT TO HOLD THE RUSSIANS TO ACCEPTING NATIONAL SEISMIC STATIONS ON SOVIET TERRITORY TO VERIFY THE TREATY. THEY SEE THE CURRENT BRITISH NEGOTIATING POSITION AS BLOCKING PROGRESS. THE CONVENTIONAL WISDOM IN THE ADMINISTRATION, NOW GRUDINGLY ACCEPTED BY THE PRESIDENT, IS THAT, FOR CONGRESSIONAL REASONS, A CTB AGREEMENT SHOULD AWAIT RATIFICATION OF SALT 2. AN EARLY INDICATION OF MINISTERS' THINKING WILL BE LOOKED FOR.

MIDDLE EAST

8. THE ADMINISTRATION WILL BE WATCHING FOR SIGNS OF ANY CHANGE IN LONDON'S POLICY ON THE EGYPT/ISRAEL TREATY. MANY AMERICANS ARE SCEPTICAL ABOUT THE PROSPECTS FOR CONVERTING THE TREATY INTO A COMPREHENSIVE MIDDLE EAST SETTLEMENT AND ARE CONCERNED ABOUT PROSPECTS IN THE ARAB WORLD. BUT CARTER PERSONALLY HAS INVESTED ENORMOUS EFFORT AND PRESTIGE IN THE NEGOTIATION OF THE TREATY AS THE KEY TO A MORE COMPREHENSIVE SETTLEMENT AND THE ADMINISTRATION ARE FIRMLY COMMITTED TO TRYING TO UNLOCK IT.

9. I DO NOT THINK THE ADMINISTRATION WILL BE SURPRISED AT DISCREET SCEPTICISM IN LONDON. INDEED, THEY COULD FIND PRESSURE FROM THE NINE CONSTRUCTIVE IN STRENGTHENING THEIR OWN HAND IN DEALING WITH ISRAEL AS THEY ATTEMPT OVER THE NEXT TWELVE MONTHS TO NEGOTIATE A SETTLEMENT FOR THE WEST BANK. IT IS NOT ALWAYS HELPFUL TO THE AMERICANS THAT THE UK SHOULD ECHO THEIR EVERY POSITION IN MIDDLE EAST POLICY WHETHER IN DISCUSSION IN THE NINE OR WITH THE ARABS THEMSELVES.

10. BUT THE ADMINISTRATION WILL WANT PRESSURE TO BE WITHIN THE BROAD APPROACH BASED ON THE EGYPT/ISRAEL TREATY. THE ONE THING THEY WOULD STRONGLY RESENT AS UNHELPFUL WOULD BE ANYTHING THAT ENCOURAGED THE ARABS AND OTHERS TO DOUBT THE SERIOUSNESS OF THE AMERICAN DETERMINATION TO WORK FOR A COMPREHENSIVE SETTLEMENT BASED INITIALLY ON PALESTINIAN AUTONOMY ON THE WEST BANK AND IN GAZA. AT THE SAME TIME, A SATISFACTORY WIDER SETTLEMENT MAY WELL PROVE MORE THAN CARTER CAN ACHIEVE IN THE TIMESCALE SET AND IN THE RUN-UP TO AN ELECTION YEAR. IF SO, THE ADMINISTRATION MAY LATER HAVE REASON TO BE THANKFUL IF SOME OF AMERICA'S ALLIES MANAGE TO MAINTAIN SUCCESSFUL RELATIONS WITH OTHER ARAB COUNTRIES (AND WITH THE PLO), PROVIDED THAT SUCCESS IS NOT PURCHASED AT THE PRICE OF HAMPERING CURRENT U S EFFORTS TO SECURE PROGRESS ON THE WEST BANK AND IN GAZA. STRATEGICALLY, THE ADMINISTRATION CARES MORE ABOUT ITS RELATIONSHIP WITH SAUDI ARABIA THAN ABOUT QUOTE THE OTHER CAMP DAVID SHOE UNQUOTE. BUT THEY ARE PERSUADABLE THAT THE LATTER IS THE KEY TO THE FORMER.

SOUTHERN AFRICA

11. THE CARTER ADMINISTRATION HAVE TAKEN A DIRECT HAND IN NEGOTIATIONS OVER RHODESIA AND NAMIBIA, AND ARE LIKELY TO WANT TO REMAIN ACTIVELY INVOLVED. CARTER AND VANCE WILL BE VERY RELUCTANT TO SEE UK AND U S POLICIES DIVERGE. POLITICAL CIRCUMSTANCES ARE CHANGING HERE AS WELL AS IN LONDON AND IN SALISBURY. THE NEXT STEP, WHICH THE ADMINISTRATION WOULD WELCOME, MAY THEREFORE BE FOR AN EARLY EXCHANGE OF VIEWS ABOUT HOW THOSE CHANGES AFFECT POLICY OPTIONS NOW THAT THE PREVIOUS PHASE HAS RUN ITS UNFULFILLED COURSE.

RHODESIA

12. THE PRESIDENT WILL HAVE TO PASS JUDGEMENT PUBLICLY ON THE RHODESIAN ELECTIONS BY THE FIRST WEEK IN JUNE AT THE LATEST AND PERHAPS AS SOON AS THE MIDDLE OF MAY. AN EARLY AND SUBSTANTIAL SHIFT TOWARDS THE INTERNAL SETTLEMENT WOULD BE DIFFICULT FOR REASONS BOTH DOMESTIC (IT WOULD PLEASE HIS PRINCIPLE OPPONENTS, ALIENATE HIS NATURAL SUPPORTERS AND FUEL THE CRITICS OF HIS "INDECISIVENESS") AND FOREIGN (HAZARDING HIS GOOD RELATIONS WITH BLACK AFRICA, INCREASING THE CHANCES OF CUBAN/SOVIET INTERVENTION AND FAILING TO END THE WAR).

13. BUT THERE WILL BE MOVEMENT IN WASHINGTON. THE ADMINISTRATION HAVE ALREADY DISTANCED THEMSELVES FROM THE ORIGINAL ANGLO-AMERICAN PLAN. CONGRESS IS LIKELY TO FORCE FURTHER ADJUSTMENT BY CHALLENGING A NEGATIVE FINDING ON THE ELECTIONS WITH A MOVE TO LIFT SANCTIONS. CARTER IS LOOKING FOR SOME POSITIVE POSTURE, WHICH WOULD INVOLVE A MODIFICATION OF EXISTING POLICY, TO PRECEDE OR COUPLE WITH A NEGATIVE FINDING ON SANCTIONS, IN ORDER TO MAXIMISE SUPPORT IN CONGRESS. NO DECISION HAS BEEN TAKEN ON THE VARIOUS OPTIONS PENDING THE OUTCOME OF OUR ELECTION. BUT THE CURRENT INCLINATION, WHILE RESISTING RECOGNITION AND THE LIFTING OF SANCTIONS, WILL BE TO POINT TO THE OBDURACY AND WORSE OF THE PATRIOTIC FRONT AND TO REST THE U S CASE, PENDING MORE FLEXIBLE COUNSELS AMONGST ZAPU, ZANU AND THE FRONT LINE STATES.

14. THE ADMINISTRATION WILL WELCOME EARLY DISCUSSION WITH US AND NEW IDEAS. BUT THEY WILL BE RELUCTANT TO ABANDON THEIR EXISITING COMMITMENT TO A CEASE-FIRE AND AN INTERNATIONALLY SUPERVISED ELECTION. MY GUESS IS THAT THE PRESENT POLICY HERE WILL BECOME UNTENABLE OVER THE NEXT FEW MONTHS. MEANWHILE, THE AMERICANS MAY WELL BE RECEPTIVE TO A SUGGESTION THAT WE AND THE AMERICANS SHOULD NOW EXPLORE WITH THE NEW LEADERS IN SALISBURY (AND WITH OTHER AFFECTED STATES) WHAT PRACTICAL IDEAS THEY HAVE FOR ENDING THE FIGHTING AND NORMALISING RELATIONS WITH OTHER AFRICAN STATES. NAMIBIA AND APARTHEID

15. THE ADMINISTRATION ARE TAKING A LONGER VIEW OF THE TIMETABLE FOR CHANGE IN SOUTH AFRICA.

16. ON NAMIBIA THE PRESIDENT HAS ALREADY WARNED SOUTH AFRICA THAT SANCTIONS "WOULD BE INEVITABLE" IF IT BLOCKED PROGRESS, THOUGH U S SUPPORT FOR SANCTIONS STILL REMAINS AN OPEN QUESTION IN PRACTICE. A BRITISH VETO WOULD SUIT NARROW U S INTERESTS WELL; IT WOULD GIVE THEM A FREE RIDE IN SOUTH AFRICA AT OUR EXPENSE IN BLACK AFRICA. BUT MR VANCE AND THE PRESIDENT WOULD PREFER TO KEEP WESTERN POLICIES IN STEP.

NORTHERN IRELAND

17. THERE ARE UNREALISTIC EXPECTATIONS OF NEW INITIATIVES FROM LONDON FOLLOWING THE ELECTIONS. THERE WILL ALSO CERTAINLY BE UNREALISTIC "INITIATIVES" FROM HERE. WE CAN EXPECT THE ADMINISTRATION (WHO HAVE NO ILLUSIONS ABOUT THE POSSIBILITY OF EARLY DRAMATIC PROGRESS) TO MAINTAIN THEIR PRESENT GENERALLY SYMPATHETIC ATTITUDE. BUT KENNEDY, O'NEILL ET AL ARE DETERMINED TO

MAKE A MOVE. NORTHERN IRELAND IS INCREASING AS A PUBLIC RELATIONS PROBLEM WITH SECTIONS OF THE AMERICAN PUBLIC AND CONGRESS, WITH IMPLICATIONS FOR ARMS TRANSFERS AND FINANCIAL CONTRIBUTIONS TO THE I R A. THE ONLY POTENTIALLY EFFECTIVE COUNTER-VAILING FORCE HAS BEEN THE LEADERSHIP OF PROMINENT IRISH-AMERICANS LIKE KENNEDY, O'NEILL, MOYNIHAN AND CAREY. IT IS ESSENTIAL TO APPRECIATE THAT THEIR POLITICAL IMPERATIVES DERIVE NOT FROM EVENTS AND ISSUES IN IRELAND, NORTH OR SOUTH, BUT FROM IRISH-AMERICAN POLITICS HERE. INDEED CAREY RECENTLY REBUKED A REPRESENTATIVE FROM DUBLIN QUOTE THREE THOUSAND MILES AWAY UNQUOTE FOR PRESUMING TO TELL HIM WHAT WAS WHAT ON THE IRISH QUESTION. OUR POLICIES CANNOT OF COURSE BE DETERMINED BY IRISH-AMERICAN POLITICS AND THERE IS NO DANGER OF THE CARTER ADMINISTRATION BECOMING INVOLVED IN PRESSURE ON US. BUT INSOFAR AS WE WANT HELP FROM THE MODERATES THEIR ABILITY TO DELIVER WILL DEPEND ON OUR ABILITY TO HELP THEM TO HELP US BY ENABLING THEM TO CLAIM THAT QUOTE POLITICAL PROGRESS UNQUOTE IS BEING MADE, PREFERABLY THANKS TO THEIR EFFORTS. OTHERWISE, AS HAS HAPPENED OVER THE LAST TWO YEARS THE GROUND IS CUT FROM UNDER THEIR FEET IN RELATION TO THEIR OWN CONSTITUENTS, WHO STILL AND WILL INDEFINITELY BELIEVE THAT THE ISSUE IS A BRITISH VERSUS IRISH PROBLEM, AS DURING THE CENTURIES OF THEIR FOLK-MEMORIES, RATHER THAN AN INTERCOMMUNAL PROBLEM IN ULSTER. MANY, INCLUDING SOPHISTICATES, STILL BELIEVE THAT DUBLIN IS A SUBORDINATE GOVERNMENT UNDER AND DERIVING ITS REVENUES FROM LONDON.

TURKEY

18. THE AMERICANS ARE DEEPLY CONCERNED OVER THE THREAT TO N A T O'S SOUTHERN FLANK POSED BY THE CURRENT POLITICAL AND ECONOMIC SITUATION IN TURKEY. IN THE LIGHT OF THE NEW GOVERNMENT'S WELCOME READINESS TO DO MORE TO STRENGTHEN N A T O, THE AMERICANS WILL EXPECT A SUBSTANTIALLY LARGER U K CONTRIBUTION TO THE TURKISH AID PACKAGE THAN THE DOLLARS 15 MILLION H M G HAVE SO FAR OFFERED, AT LATEST WHEN THE QUESTION IS DISCUSSED AT TOKYO SUMMIT.

DEFENCE SALES TO CHINA

19. THE ADMINISTRATION HAVE FEARED THAT U K AND OTHER EUROPEAN DEFENCE SALES TO CHINA WOULD COMPLICATE U S RELATIONS WITH THE SOVIET UNION AND CHINA. THE AMERICANS WOULD THEREFORE MUCH PREFER THAT WE TAKE DECISIONS IN THIS FIELD BY OURSELVES, WITHOUT EXPECTING U S APPROVAL. THEY HAVE NOT YET RECONCILED THIS POSITION WITH THEIR WISH NOT TO UNDERMINE COCOM.

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