

010

CONFIDENTIAL

ccc



Prime Minister  
A useful but  
uncontentious paper. I  
doubt there is a need  
for discussion in OD  
at this stage.

PM/84/156

mb

PRIME MINISTER

East/West Relations

EDD  
11/x

1. In the light of your exchange of messages with President Reagan over his recent meeting with Mr Gromyko in Washington, I attach a note on the recent background to East/West relations and some views on general policy guidelines for the coming year.

2. I am sending a copy of this minute to colleagues in OD and to Sir R Armstrong for information.

mb

GEOFFREY HOWE

Foreign and Commonwealth Office

11 October 1984

CONFIDENTIAL



## PAPER ON EAST/WEST RELATIONS

1. The recent US/Soviet discussions in New York and Washington have marked both the end of this phase of US/Soviet relations but also, in all probability, the beginning of the next.
  
2. At the end of four years the Soviet Union has lived through almost as many leadership changes as in its previous existence. It seems temporarily to have lost the nerve or capacity to take bold policy decisions leaving the initiative to a large extent to the West. In the middle of what may be an 8-10 year period of leadership transition from the wartime and Stalinist generation to the next, the present Soviet leadership can take little satisfaction from the results of their internal or external policies.
  
3. Internally, both in the Soviet Union and in Eastern Europe, the heart of the problem lies in the failure of central planning to meet the challenge of increasingly diversified and sophisticated needs. There has been failure in replacing the incentive of starvation and arbitrary punishment with the incentive of matching growth in real earnings with the goods that people want.



4. Andropov saw this clearly. The main thrust of his policies was for economic growth and efficiency. There are no doubt others who see the problem just as clearly. Gorbachev, the possible next General-Secretary, may be among them. But there is little evidence that the drive for greater efficiency, let alone reform, will be pressed with any real vigour at least under the present septuagenarian leadership. (Nor that the next generation would be likely to risk party control for economic reform). But the costs are mounting. This year's relative harvest failure resulting in the need to buy some 40 million tonnes of grain from the West (from the US in particular) is a strong reminder.

5. The Soviet Union remains capable of forcing its will on its Allies. It countermanded Honecker's proposed visit to the FRG in September and imposed a humiliating last minute cancellation of Zhivkov's visit also to the FRG. But there have been signs of increasing, even if manageable, strain in its own Alliance running through:

differing perceptions on relations with Western Europe;

an inconclusive CMEA Summit in June;

some public restiveness in the GDR and

Czechoslovakia at the stationing on their



territory of the Soviet "response" to Cruise and Pershing;  
and the deep disappointment at the bloc (less Romania) pulling out of the Los Angeles Olympics.

6. In Moscow the failure of Soviet policy to disrupt INF deployment still remains a bitter setback. The continued cohesion of the Western Alliance through the first year of deployment serves as a painful reminder of this failure, even though the Soviet leaders must still hope that Western unity will break on this or some other issue before the programme is completed in 1988. The recent Labour Party defence paper was warmly welcomed in the Soviet press and Neil Kinnock and Denis Healey will no doubt be equally warmly received by the Soviet leadership when they visit Moscow in November.

7. It is in their central external relationship with the other superpower that the Russians have had most difficulty. Although the Americans have had their reverses in the Lebanon and in the Middle East generally, overall they have retained the initiative. Congress has so far done little to curb programmes which cause Soviet concern. In the Far East, President Reagan's visit to China and Mr Nakasone's support for Western security aims at Williamsburg and subsequently, represent major reverses for the Russians. In



Afghanistan a solution seems no nearer, while in Mozambique, Angola and to some extent Ethiopia the US and its Western Allies are seen to be undermining previously strong Soviet positions. Grenada has served as a reminder to the Cubans and the Soviet Union of the risks of misjudgement. In El Salvador a struggle involving the provision of arms and military assistance by the Cubans (and their supporters) on the one hand and economic (with some military) assistance by the US on the other has been joined, in which the Soviet Union must be aware of its inability to match US resources.

8. The Soviet response to the accumulation of internal and external problems has been a characteristic blend of internal repression and external defiance.

Sakharov, Shcharansky and others voicing criticism within, together with the BBC and other sources of impartial information from without have all been condemned, and, where possible, neutralised. President Reagan, the military industrial complex, the CIA and Foreign Intelligence have all been built up as the enemy without. No exaggeration, as Bitov's recent press interview in Moscow demonstrated, has been considered too extreme.

9. The Russians have marked time in all the remaining arms control negotiations; no progress has been achieved at the CDE conference in Stockholm, at the



MBFR talks in Vienna or anything but minor progress at the chemical weapons negotiations in Geneva.

10. Beneath the facade of virtual immobilism and outward truculence it is hard to tell what opinions and options are discussed within the Soviet leadership. There can, however, be little doubt that the problems of reconciling policies and even personalities sometimes present themselves in acute form. The recent abrupt dismissal of the Chief of Staff, Ogarkov, points this way. (There is persistent speculation in the West that a leadership change is imminent and that Chernenko will step down on grounds of ill health. The most recent evidence of his appearances in Moscow does not support this. But even if it happens either voluntarily or involuntarily and even assuming the election of a new leader from the next generation, it would take a considerable time before he would, on his own authority, be able to take major new initiatives.)

11. It is against this background that Gromyko held his talks with President Reagan and Secretary Shultz. At his meetings with me and other Western European Foreign Ministers he slipped into his familiar pattern of semi-automatic monologue on the iniquities of the Americans and the foolishness of their European Allies in trusting them. At times his lack of detailed grasp of the current issues, whatever his phenomenal memory



might be of past events, gave one the impression of an actor who had learnt his last lines some time ago.

12. I hope that this was a calculated performance and that it and his unrelenting public speech in the United Nations were designed primarily to set the scene for the main talks with the Americans. Although it was clear beforehand that Gromyko would try to place the blame on the Americans and the onus on them to make concessions, there will no doubt be a careful Soviet assessment of the results of his talks in Washington as there will be of the results of the US elections on 6 November together with the appointments made to key posts in the next administration.

13. In more than eight hours of talks, both President Reagan and Mr Shultz made it clear that they want a better and more realistic relationship with the Soviet Union. Gromyko made no forward movement on any of the issues discussed and at the first two meetings the Soviet public line was polemical, bleak and dismissive - "No sign of practical positive change in US foreign policy". No response was made to the President's suggestion of regular high-level contacts. Public handling of the final meeting with Mr Shultz was, however, much more factual. It included a reference to the two sides' agreement to meet as appropriate to



discuss regional matters and "possibly other questions". This cautious but not wholly negative tone was reflected in a Politburo communique on 5 October.

14. The US assessment of the visit is that Gromyko came prepared to listen carefully to what the President had to say. Nothing he said in response indicated any impending major change in Soviet policy. But Gromyko was also careful not to reject out of hand any of the suggestions for improving US/Soviet relations put to him. The President has indicated that he intends to be patient until the Soviet leadership is prepared to respond and negotiate seriously.

15. I would not expect there to be any rapid substantive developments. The Russians would no doubt like a period of relative external calm in order to deal with their pressing internal problems. Whether their leadership is capable of showing the necessary imagination or flexibility in finding a way out of the corner into which they have painted themselves on INF and START is very much an open question. 1985 might be spent marking time in the arms control field while some basic political decisions are taken on the Soviet side and an attempt made to reach some broader understanding with the Americans. On the other hand, their obvious concerns about competing in space with the Americans,



and apparent shifts in the US position may provide a new incentive for the Russians to re-engage in the arms control process. There is some evidence that they are becoming genuinely worried about the economic burdens involved in any unrestrained technological competition with the US.

Western policy

16. If 1985 proves to be another year in which little progress is made in US/Soviet relations or in arms control generally there could be strains within the Western Alliance and possibly a tendency to be as critical of the Americans as the Russians. In those circumstances we shall need to be patient. We should hold to the guidelines we agreed in January. However, in the event that new prospects for arms control emerge next year, we shall need to be properly prepared to present our own views with vigour and conviction. I therefore attach importance to the current work in hand on a range of arms control issues, including outer space. I hope that where necessary we can reach early agreement on the guidelines for new policies in these areas.

17. It will be important to maintain the closest possible co-ordination within the Alliance. Both with our Allies and in our own bilateral contacts, we should



encourage a new US Administration to continue to seek regular high level exchanges with the Soviet Union in the search for a better political understanding on the basis of which progress in arms control might be made.

18. We should pursue our own exchanges with the Soviet Union at every level with the aim of opening up as many opportunities as possible to get our views and values across in an increasingly closed-off society. Above all, at a time of uncertain leadership on the Soviet side, we need to avoid misunderstanding. We must continue to impress on the Soviet leadership our genuine desire for peace and that we will persevere in seeking progress on balanced arms control, though not on an agenda defined exclusively in Soviet terms.

19. We will also need to spend time and energy on public presentation in order to maintain domestic support for our policies.

20. Finally, we should take the time and trouble to expand our contacts with Eastern Europe. They can serve an immediate purpose as a channel for our views to the Russians. But more importantly, and over the much longer term they may offer opportunities for influencing their development away from the Soviet pattern.





hite SH

ccpk

10 DOWNING STREET

15 October, 1984

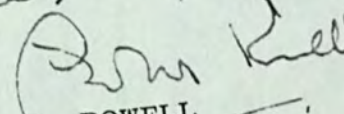
From the Private Secretary

Dear Len

East/West Relations

The Prime Minister has read with interest the note on East/West relations attached to the Foreign Secretary's minute of 11 October.

I am sending copies of this letter to the Private Secretaries to members of OD and to Richard Hatfield (Cabinet Office).

Yours sincerely  
  
C. D. POWELL

Len Appleyard, Esq.,  
Foreign and Commonwealth Office

CONFIDENTIAL