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9 January, 1985

From the Private Secretary

Dear Peter,

Prime Minister's Meeting with Mr. McFarlane:
US/Soviet Talks on Arms Control

The Prime Minister met Mr. McFarlane this morning to receive a report on the outcome of the US/Soviet talks in Geneva on arms control. Mr. McFarlane was accompanied by the US Ambassador, Mr. Lehman, Mr. Seitz and his press spokesman. Mr. Rifkind, Mr. Stanley, Sir Antony Acland, Sir Clive Whitmore, Sir Percy Cradock and Mr. Cartledge were also present.

Mr. McFarlane began his account by saying that no-one knew for sure what had persuaded the Soviet Union to return to serious negotiations. President Reagan's view was that the imminence of deployment of several advanced new weapons systems by the United States had convinced the Soviet military of the urgency of seeking limitations through arms control talks; but that above all it was the US decision to pursue research on the Strategic Defence Initiative which had provided the incentive.

From the beginning of the Geneva talks, the clear and exclusive focus of Soviet efforts had been on restraining the United States' SDI research effort. They had attacked this on moralistic grounds, as a threat to mankind and as imposing the burden of a new arms race. Throughout the first day of negotiations, the Soviet Union had insisted on elimination of the SDI research programme as the price of resuming negotiations on the limitation of offensive nuclear weapons.

The US side had explained why President Reagan had embarked on the research effort and had also traced the basic assumptions underlying offensive deterrence. The purpose had been to demonstrate that these assumptions had been invalidated by the development of the Soviet hard target capability. The imbalance here was now of the order of 6,000 Soviet warheads to 2,000 American ones. Mutual Assured Destruction had rested on the assumption that the Soviet Union would not develop a defensive capability. This too had been invalidated by the increases made by the Soviet Union both in authorized ABM systems, in the development of mobile ABMs and phased array radar limited or outlawed by the ABM Treaty and by their research into particle beam and

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laser weapons.

The conclusion which the United States had drawn was that the strategic balance had become less stable. There were various possible solutions. The preferred one was a reduction of offensive systems. If Soviet intransigence prevented that, the US had the option of building up to Soviet levels, something which they would much prefer to avoid. Or they could explore the feasibility of developing a strategic defence shield for the United States and its allies. They had clearly recognised that an agreed approach to deployment of such a defensive system would be required.

At the conclusion of the first day's talks, the Soviet Union had proposed negotiations on three separate categories of weapons: strategic nuclear weapons, intermediate range weapons and space weapons. Their definition of the third category had encompassed ground-based systems capable of attacking targets in space and space-based weapons with a capability against targets on the ground. The Soviets had made it a condition of talks on all three categories that the US should terminate its SDI research programme.

On the second day, the US had replied to the Soviet proposals and had then focussed on exposing the Soviet Union's own research effort on space weapons. They had set out to show that the Soviet position amounted to "what's ours is ours, what's yours is negotiable". At the same time, the US had reaffirmed its willingness to discuss defensive systems as a whole, existing as well as putative.

The Soviet side had continued to posture. They had brought up several old chestnuts: no first use, ratification of the threshold test ban treaty. Their performance had been more remarkable for what they did not say than what they did. They had shown no interest in substantive US positions on START or INF. They had not sought moratoria on testing or deployment of specific weapons. Their only real objective appeared to be to limit the United States' SDI research effort.

Late on the second afternoon the Soviets had tabled a proposal to conclude that useful discussions had been held and that there would be a further meeting at Ministerial level in Moscow in March. Shultz had, however, picked up earlier Soviet readiness to resume talks on various categories of weapons and suggested that an effort be made to agree a definition of the weapon systems to be covered in talks on space. After a recess and discussions between McFarlane and Karpov, the Soviets had agreed rather disgruntledly that such talks should cover their existing defensive systems, including that round Moscow. On that basis, agreement had been reached on the joint statement.

McFarlane commented that the format for the three sets of talks remained ambiguous. The Soviet conception was a single delegation with three separate working groups. But they insisted that before progress could be implemented in any one area, it must be approved by the delegations as a

whole. Shultz had pressed Gromyko whether he really meant that, if agreement were reached in a single area only, it could never be implemented. There had been no satisfactory answer, although Gromyko had appeared to say that this was not necessarily the case.

The conclusions drawn by McFarlane were that it was satisfactory that negotiations were to be held, and useful that for the first time for a considerable period there had been a US/Soviet exchange on the fundamentals of deterrence. The US was under no illusion that it had converted the Soviet Union. But at least they had heard the American case and were ready to continue to listen.

The question where and when negotiations would begin remained open. There were no clear Soviet ideas on this, though Gromyko had mentioned Geneva. The US expected some delay while the Soviets dithered over the terms of reference for the third group. They thought that the Soviet delegation might have trouble selling in Moscow its readiness to agree that negotiations should cover existing ABM defences.

On the US side, there was a lot of work to be done both nationally and with the UK and other governments on substantive negotiating positions. The US had already reviewed the position on START. There might be ways in which Soviet proposals could be integrated with US ones, by balancing warheads and launchers. This might mean accepting somewhat higher levels of warheads than the US had wanted and making trade-offs between areas of US and Soviet advantage. There were many options both on START and INF which needed to be considered.

Finally, Mr. McFarlane commented on the Soviet negotiating performance. They appeared to have come to Geneva with a single objective and very narrow latitude. They had not been very agile in reacting to US proposals or able to articulate proposals of their own.

The Prime Minister thanked Mr. McFarlane warmly for his briefing. The aspect which had made most impression on her was that the Soviets seemed to have given ground on their main objective of limiting SDI research. This suggested either that they had some flexibility or they had obtained fresh instructions or the delegation faced a battle with the military when they returned to Moscow. None of these rang true. Had they really given ground? Sir Percy Cradock suggested that the proposed machinery of negotiation would allow the Soviet Union to make progress in other areas a hostage to progress on space-related problems. They would use this for propaganda purposes. Mr. McFarlane admitted that this was a central question. He was not sure of the answer. On the one hand, the Soviet side at Geneva had spoken of achieving "radical reductions" in offensive nuclear weapons. This was a new term in the Soviet lexicon (though "radical solutions" had been used) and suggested that they actively wanted progress in START. His personal view was that they were particularly anxious to impose

limitations on the Trident D-5 missile and might be tempted to show some flexibility on space matters to obtain this. (Mr. McFarlane subsequently stressed that there was no question of the US slowing down the pace of development of the D-5 missile.) On the other hand, they had laid overwhelming emphasis at Geneva on limitations on SDI research. Much would depend upon their perception of public support in the US for the SDI and other major weapons' programmes. We could expect a strong campaign by the Administration over the next few weeks to rally such support. In sum, he agreed that the US was vulnerable to linkage between the pace of talks on space and those on START: but if it became apparent that the President had strong public backing for SDI research, the Soviet Union would draw appropriate conclusions.

Mr. Rifkind asked whether the US had accepted that the SDI research programme was an element to be discussed. Mr. McFarlane said that Secretary Shultz had said explicitly that the US had no intention of restricting its research programme. The US could see no way to limit research because it had no confidence in verification of such limits. Nor were limitations necessarily in the interests of either side. Such research might lead away from dependence on offensive systems. But the US had no intention of unilaterally deploying a BMD system.

Mr. Stanley asked whether the US intended to take the opportunity of the negotiations to rectify deficiencies in the classification of intermediate systems, to take in the SS21/22/23. Was the inclusion of short-range tactical systems also envisaged? Mr. McFarlane said that Secretary Shultz had challenged Gromyko on whether the Soviet Union had any ideas for expanding the range of systems to be covered. Gromyko had indicated that this was a question for the negotiations themselves.

In answer to a question about the organization of the negotiations, Mr. McFarlane said that some words in the joint statement were evidently of particular importance to the Russians. "Complex of talks" denoted for them that the talks were entirely new and that there would be one negotiation. "Inter-relationship" had been their word. They seemed to envisage three separate heads of delegation, one of whom would act as overall director. Karpov and Kvitvinsky were almost certain to be involved. It had been left that the details of setting up the talks would be handled by Dobrynin with Secretary Shultz.

The Prime Minister asked whether Mr. Shultz had really said as reported in the press that the US wanted to revise the ABM Treaty. Mr. McFarlane said that Secretary Shultz' point had been that the limits of the present Treaty had been stretched and its basis eroded. The US wanted to restore its integrity. This meant ensuring that ABMs were not mobile, that was a clear demarcation between anti-aircraft weapons and ABM, that radars would be limited as prescribed in the Treaty and there would be no construction of new radars with a tracking capacity. If

this meant that the Treaty needed to be modified, then it should be.

The Prime Minister commented that there would clearly now be a massive Soviet propaganda campaign. This would focus on the need for progress over limitations on space weapons if there was to be progress towards reductions in offensive weapons: pressure on the weaker NATO brethren to delay deployment of Cruise, on the grounds that deployment was a subject under negotiation; and efforts to dissuade the UK from going ahead with Trident. To counter this last ploy, it was important to get across to public opinion that it would be very many years before research into defensive systems led to practical results and that it was essential to maintain our defences in the meantime. Trident was vital to this and our programme would continue.

Mr. McFarlane commented that Gromyko had appeared genuinely surprised at the extent of Soviet research into space weapons as claimed by the US and denied that the Soviet Union was carrying out many of the activities mentioned.

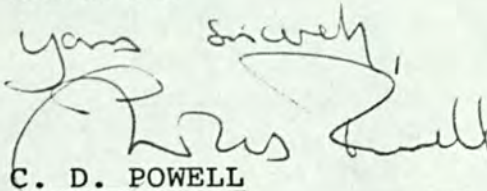
Mr. McFarlane referred specifically to US reaffirmation at Geneva of the four guiding principles of the INF talks including the exclusion of third country systems.

The Prime Minister said that the United Kingdom would be ready to put forward ideas for the substantive proposals which the United States would be making in the negotiations. Mr. McFarlane welcomed this. The Prime Minister continued that we would also support the United States over presentation of the negotiations. It was important to avoid exaggerated expectations of early progress. She thought that public opinion was beginning to understand that the reason for the US decision to carry out research on the SDI was the dangers which would result from allowing the Soviet Union to get ahead in this field.

The enclosed press statement was then agreed.

The Prime Minister has instructed that this record should be given only a most restricted distribution.

I am copying this letter to Richard Mottram (Ministry of Defence), John Oughton (Mr. Stanley's office, Ministry of Defence), Richard Hatfield (Cabinet Office), to Sir Antony Acland and to Sir Clive Whitmore.

Yours sincerely,

C. D. POWELL

P. F. Ricketts, Esq.,
Foreign and Commonwealth Office

At President Reagan's request Mr McFarlane reported to the Prime Minister this morning on the outcome of the US/Soviet talks in Geneva on 7/8 January on arms control. Mr McFarlane said that President Reagan would be making a full statement on the talks later today.

The Prime Minister said that the British Government warmly welcomed the agreement which had been reached to hold negotiations on nuclear and space weapons and asked Mr McFarlane to convey her satisfaction to President Reagan. Such negotiations would undoubtedly be difficult and require patience and perseverance. The British Government fully shared the objective of working out effective agreements aimed at preventing an arms race in space and terminating it on earth, at limiting and reducing nuclear arms and at strengthening strategic stability.

The Prime Minister assured Mr McFarlane of Britain's continued support for the United States in the negotiations and looked forward to maintaining the closest contacts during them. Mr McFarlane confirmed the US Administration's commitment to consultation with its allies and thanked the Prime Minister for her encouragement.

The Prime Minister thanked Mr McFarlane warmly for his briefing.

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