

PM spoke to
Foreign Secretary.

Prime Minister
useful points,
which might be
pursued in the OD

SECRET

MR POWELL

4/6 Since the attacks on the
Americas of Honduras
yesterday - this assumes greater

22 May 1985

discussion in July

COP
22/5

SECURITY OF SMALL STATES:

MEMORANDUM BY THE FOREIGN AND COMMONWEALTH AND

DEFENCE SECRETARIES

improving - and
the ship effects
in the defence -
- well - talk with Par. Sec.
ref.

1. As I told the Prime Minister in our talk on Friday, I think this an important study, meriting discussion in OD. The detailed work has been done in consultation with the JIC and generally reflects our assessments.

2. Why I think it important is that my JIC experience over the last few months suggests that it is precisely this kind of situation - sudden changes in small states - that are the crises most likely to arise and hit us. Grenada was the prototype; but Dominica, Jamaica and Brunei, to take some recent instances, could be sequels and there could of course be many more. This is not to under-estimate in any way the seriousness of the threats to our interests in the NATO area, and the need to maintain the closest watch on them. But given the broad strategic balance and super-power caution, East-West crises are likely to develop more slowly. The small states are inherently brittle; our information is scanty; and upsets there could be very rapid. The situation could be further complicated if one of our allies, in particular the United States, felt obliged to take sudden action, as in Grenada.

3. The statement in the note by officials that active Soviet subversion of small states is at a low level may be true, but could be misleading. The Cubans are certainly trying to recoup their losses over Grenada and change the political shape of the Caribbean and Central America. Even if there were no active communist promotion, instability per se offers opportunities for communist exploitation. There

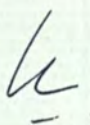
SECRET

is also one key group of small states - in the Gulf - where the principal threat is not communist but Shia subversion.

4. There is a further aspect, to which the US Intelligence Agencies are now paying particular attention, of the effect of the narcotics trade on the stability of small states.

5. I agree broadly with the recommendations for action, including the need to maintain our representational and information network, and to cooperate closely with interested allies. But from the above I would argue the need to devote more of our resources to giving security assistance to selected small states, particularly in the Caribbean and Indian Ocean, even if this means diversion of aid from other targets. Prevention of trouble will prove economical in the long run. In any event, as the paper admits, we are unlikely to get through the Commonwealth Heads of Government Meeting without some increased contribution.

6. I would also suggest an annual Ministerial review of the scene.


PERCY CRADOCK

Commonwealth: CHOCIM Pt 9.

14
8
2
10
10
3 am

5 } 1 =
7 }

2.