

SIR PERCY CRADOCK

FOREIGN POLICY

You and I had a general discussion of foreign affairs with the Prime Minister this afternoon.

East/West Relations

The Prime Minister thought that the changes envisaged by Gorbachev were of great intrinsic interest. Her visit to the Soviet Union was timely, and would enable her to reach some crucial judgements about the likely development of the Soviet Union. Gorbachev's recent speech to the Central Committee Plenum called for some delicacy in the western response. Public opinion in the West would tend to jump to the conclusion that the speech heralded major liberalisation of the Communist system. We could indeed welcome the admission of the basic weaknesses of the Communist system and the intention to pursue reform. But Gorbachev would not be prepared to abandon Communist Party control; he wanted a more efficient system, but still a Communist system. Moreover, there was no evidence of any change of substance, as opposed to style, in Soviet foreign policy. We should not give the impression that the threat from the Soviet Union was likely to diminish.

You suggested that recent events in China showed that reform in a Communist system was a minefield. The lesson would not be lost on Gorbachev. You saw no significant prospect of a Sino-Soviet rapprochement.

Arms Control

The Prime Minister agreed that the key question about arms control was whether the position would remain static for the final years of the Reagan Administration, or whether there would be a push for an agreement with the Russians. She was inclined to think the latter more probable and was worried

that the President's anxieties to repair his reputation might lead to an unsatisfactory agreement. There was scope for the Russians to modify the constraints which they were seeking to impose on the SDI in ways which the US would find attractive. It was particularly worrying that the Americans were apparently continuing to work on proposals for the elimination of strategic ballistic missiles. In her talks with Gorbachev she proposed to stay within the Camp David framework. Gorbachev would no doubt seek to re-impose Reykjavik and portray her as the main obstacle to radical cuts in nuclear weapons. We should need to stress that the Camp David proposals would themselves allow unprecedented reductions in nuclear weapons.

The Prime Minister indicated that she held to the view that the United States was right to press ahead with SDI research and testing. This exerted considerable pressure on the Soviet Union, and faced them with very difficult choices.

Afghanistan

The Prime Minister expressed considerable concern about Afghanistan. Soviet tactics were skilful and reports that Pakistan was urging the mujaheddin to settle were disturbing. President Zia probably calculated that the Americans would have no option but to continue to support him. The test would be whether the Russians would be prepared to accept a non-Communist government in Kabul.

China

The Prime Minister said that she had been surprised by Hu Yaobang's dismissal and what it suggested about the persistent strength of those opposed to greater liberalisation. The implications for Hong Kong were worrying.

Lebanon

The Prime Minister confirmed that there must be no concessions to obtain the release of the hostages.

C.D.P.
C D POWELL

30 January 1987

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SECRET AND PERSONAL



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Handwritten initials and signature:
adv PC
HMS

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From the Private Secretary

2 February 1987

I enclose for your personal information a note of a talk which Percy and I had with the Prime Minister on 30 January.

CHARLES POWELL

Sir Patrick Wright, K.C.M.G.

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