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From the Private Secretary

18 March 1987

Dear Tony,

PRIME MINISTER'S MEETING WITH MR ARMACOST

The Prime Minister had a talk this evening with Mr Armacost, Under Secretary for Political Affairs in the State Department. Ambassador Price and Mr Peter Rodman of the NSC staff also took part.

Mr Armacost did not in practice have a great deal to add to the very full account of his talks given in Moscow tel. no. 395.

Despite his efforts to focus on regional issues, both Shevardnadze and Dobrynin had been preoccupied with arms control. Dobrynin had talked almost exclusively about the prospects for negotiating arms control agreements during the remaining years of the Reagan Administration.

He had found the Russians almost aggressive on Afghanistan. They had taken the decision to pull out, reconciliation was under way, refugees were returning, prestigious Afghans were joining the coalition government and so on. None of this was confirmed by United States intelligence. Armacost's assessment was that they were genuinely wrestling with the problem, but had not yet steeled themselves to take the necessary steps to disentangle the Soviet Union. He had urged them to take the plunge and get credit with world opinion for their withdrawal. He hoped that the Prime Minister would press them hard on this. The Prime Minister said that she had every intention of doing so. Nonetheless, it was worth thinking about whether we really wanted the Russians to withdraw. They would score a considerable propaganda coup with western opinion, which they would exploit in arms control negotiations. But equally, whatever the Russians said, withdrawal would be an unprecedented defeat for them. She wondered whether it was worth looking again at plans for a neutral Afghanistan, on the lines suggested by Lord Carrington in 1981.

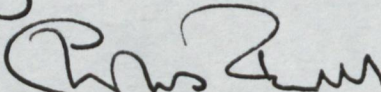
Armacost confirmed that there had been nothing new on Vietnam and Cambodia.

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There had equally been little new on the Middle East. The main Soviet interest on Arab/Israel was in the role of the PLO. They had not mentioned King Hussein. He had challenged them on Soviet support for Syria and Libya but had not evoked much response. They had been cautious on Iraq/Iran, doubting whether a UN arms embargo would in practice be enforceable.

Armacost volunteered that none of the Russians to whom he had spoken had been able to produce a coherent or intelligible account of domestic change in the Soviet Union. Thinking about economic reforms seemed particularly muddled, with such ideas as election of managers and state boards (rather than consumers) to advise on quality control. On the other hand, there was undoubtedly considerable intellectual ferment, with articles published in the newspapers which would have been unthinkable only a short while ago. The Prime Minister commented that she had recently looked up earlier papers about Dubcek. It was clear that Gorbachev's ideas were nothing like as radical as those of the Prague spring.

Yours sincerely,

C D POWELL

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