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PRIME MINISTER

23 January 1990

In preparation for Saturday you may like to read this excellent minute by Mr Appleyard about his recent Washington visit. It shows there are plenty of opportunities for us there.

*PC*

PERCY CRADOCK

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SIR ROBIN BUTLER

Sir Percy Cradock  
Sir Christopher Curwen  
Mr Weston, FCO  
Mr Mottram, MoD  
Mr Wood, Washington

Visit to Washington: 15-17 January

I attach a report on my visit to Washington. Much of it reflects the excellent reporting from the Embassy. The timing of the Foreign and Defence Secretaries' visits to Washington later this month is particularly apposite. The Administration is still in the throes of elaborating a policy on all the main issues facing Western governments, and very keen to have a full British input.

*L V Appleyard*

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Cabinet Office  
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Visit to Washington

Introduction

1. I visited Washington from 15-17 January. A copy of the programme prepared by the Embassy is attached. The discussions covered a wide range of topics. Most have been recorded separately. This note conveys some general impressions. US officials made clear, as the Embassy has reported, that three major inter-related issues dominate current thinking: German reunification, arms control and Alliance management.

German Reunification

2. It seemed to me that the officials to whom I spoke viewed German reunification as basically unwelcome, but unstoppable and possibly even imminent. The Administration would like to manage the process in a step-by-step way. So far little forward planning has apparently been done, partly because of the complexity and unpredictability of the situation and partly to avoid leaks. A considerable effort has been made to place the march of events in a policy framework through the recent speeches of President Bush and Mr Baker, most notably President Bush's four points. Yet the Administration sees its room for manoeuvre progressively eroded as the incompetence and bad faith of the Modrow regime increasingly disposes the GDR population to conclude that the only reasonable prospect of democracy and prosperity lies in reunification. A point perhaps to take up with President Gorbachev.

3. The Administration's basic policy aims seem to be the same as ours: to avoid an uncontrolled and dangerous surge

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of events, to prevent a damaging Alliance split and to keep Germany (whether West Germany or a united Germany) in the NATO Alliance and the European Community. West Germany's key role in providing the government funding and business investment necessary to underpin the democratic free market societies in East Europe is acknowledged. Nevertheless, officials expressed concern that they were not being kept informed about the private dialogue which they assumed Chancellor Kohl's government must be conducting with the East German and Soviet Governments. I pointed out that the caution expressed in varying degrees by the British and French governments about a resurgent, economically dominant Germany reflected public opinion in both countries and among the small European nations. Officials personally accepted this, but argued that US Congressional and public thinking was much less wary.

4. The practical consequence of this approach is that, as officials confirmed, the Administration is seeking to intensify its dialogue with all its major Western allies. Discussions are now under way to set up a discreet channel of communication between the FCO and State Department on the German question. No doubt this will be taken further during the Foreign Secretary's visit to Washington later in the month. It is clear that the Administration is not disposed to move down the formal Four Power track until later in the game. Hence their reserved response to Mr Shevardnadze's recent message. A principal concern appears to be to avoid a surge of German nationalism in the run-up to the elections at the end of this year.

[Some hope]

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Arms Control

5. The Administration will be pushing hard internally and within the Alliance to conclude CFE and START agreements this year against a background of growing budgetary and public opinion pressures. The US wants to have a treaty framework in place while Gorbachev is still around and a two Alliance structure still exists. The expectation is apparently that the CMEA and the Warsaw Pact will crumble as democratic governments are established in East Europe over the next six months. Some outside commentators in Washington argue that the West can afford to sit back and let those governments do our work for us by forcing Soviet troop withdrawals. But officials consider it essential to have an established treaty basis to make the process less easily reversible by any post-Gorbachev regime.

6. The pressure on the Administration is most acute over the stationing of US forces in Europe. Congressmen would like to cut military spending, but not in their own constituencies. The easy option is Europe. This pressure, I was told, has led the Administration to do further work on the possibility of striking a bargain with Congress which would establish durable force levels over the next few years, i.e. the mid-term goal. Current discussion is focussed on figures around 200,000, i.e. below the present CFE proposal of 275,000. I was asked what our reaction would be to a deal comprising a revised US/Soviet agreement on force levels of 200,000 in the current CFE, with no limits on other allied stationed forces and no discussion of manpower in any subsequent CFE. I replied that we might well be concerned in case this gave the wrong signal to other allied governments who are itching to cut their

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forces. We would have to examine the military implications and the risk that the process simply became a free fall. Officials added that if, as seemed not unlikely, the Russians came forward in the current round of CFE with proposals for reductions in force levels on this scale, the US could find this hard to resist. Meanwhile we were promised new proposals on production and movement verification closer to the European model, and further thoughts on helicopters and possibly aircraft. I welcomed the US proposals for a bilateral exchange on force levels next month.

7. On START, the Administration is hoping to use the Baker/Shevardnadze meeting in mid-February to provide the openings for a comprise deal on the three major outstanding issues: ALCMs, non-deployed missiles and telemetry encryption (data denial). Officials are working on new proposals in all three areas under heavy pressure from the White House to enable the President to achieve a treaty, or broad agreement on the main policy issues, at the June Summit. At the same time, the Administration is carefully monitoring the Soviet nuclear modernisation programme. On SNF, the Administration, like us, would like to avoid a renewed public debate and to play the negotiations as long as possible. The US Government will continue to press for FOTL, despite the poor prospects, to strengthen its hand with Congress and the Germans in the inevitable debate on TASM.

8. The Embassy alerted me to a report which has been circulating widely in the Administration that we might be prepared to settle for an 8-station bus on Trident. To the evident relief of Pentagon and White House officials I took

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the opportunity at all levels to squash the idea. Officials shared our view that we should safeguard the NATO exercise programme, especially Wintex, in the face of German backsliding though they argued that we would have to be flexible on the political scenarios.

Eastern Europe

9. US views on developments in Eastern Europe are close to ours. Although no one can be certain as the pace of events continues to accelerate, US officials do not expect Gorbachev to face a serious challenge until the Party Congress currently scheduled for October. They cannot identify a willing or credible alternative candidate for the job. Nevertheless, the deep-seated economic problems, and pressures for independence, secession and pluralism are intensifying. The medium term prospects for Gorbachev and the Soviet Union are seen as sombre with a large probability of progressive fragmentation, which Gorbachev would need all his tactical skills to ride out. The local and Republic elections in three months' time are regarded as an important test. Even foreign affairs, hitherto a net plus, has now become another source of difficulty for Gorbachev with the collapse of communism in Eastern Europe, massive Soviet troop withdrawals, the crumbling of the Warsaw Pact and CMEA and the possibility of a reunified Germany. The CIA do not rule out an eventual Bonapartist solution with General Gromov, the last Soviet Commander in Afghanistan, mentioned as a possible charismatic candidate.

Alliance Management

10. Our Embassy have reported that the Administration is looking to handle the turbulent processes of change through

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a triad of institutions: NATO, the European Community and the CSCE. I was told that they regard us as their natural partners in all these bodies. The Prime Minister is enormously respected and the Administration feels instinctively more comfortable and more confident talking to us than to the French or Germans. Basically they would like us to deliver Europe, but are still influenced by the argument that we are on bad terms with the Germans and the French over Community issues. I pointed out that they should not over-dramatise the usual EC infighting. When the Community settles down to the slog of working out practical aspects of the Delors plan and the Social Contract opinion is bound to swing more our way. The kind of Community we want is what the Americans also want. One of the officials remarked that it was ironic that European governments were worried in case the United States opted out of Europe, while the US government was concerned in case it was frozen out. Hence Mr Baker's ideas for institutionalising EC/US contacts, which we were told, the French have summarily dismissed.

Conclusions

11. The Prime Minister's talk with President Mitterrand, and the Foreign and Defence Secretaries' prospective visits to Washington, come at a crucially important moment for Alliance consolidation. The Americans and other European governments, not to mention Gorbachev, want us to play a central role in the evolution of events in the heart of Europe. From the time of Elizabeth I, the continental balance of power has always been a prime object of national interest. It has rarely been as important as it is now. We have good working relations with the Americans, French and the Russians. The view which Administration officials



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evidently wanted me to take back was that they would greatly welcome a renewed effort on our part at the highest level with the Germans so that we and they can keep a handle on all the major players.

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