

PRIME MINISTER

SEMINAR ON DIPLOMATIC AND DEFENCE IMPLICATIONS OF DEVELOPMENTS IN EAST/WEST RELATIONS

To save you having to take too much reading later in the week, you may like to have the attached folder of papers for Saturday's seminar now. You have already read some of them: and we still await one from the FCO.

I will let you have an agenda and handling note on Friday.

The folder contains:

- note by the Defence Secretary. You have not yet read this. It is a relatively cautious effort, simply recommending that we should begin to study future options for the UK's defence, which could be implemented once we are confident that changes in the Soviet Union are firmly established. But it gives no hint what these ^{options} might be. The note also draws attention to the need to protect Service morale, and avoid any premature outflow from the forces;
- Michael Alexander's despatch on: "The Revolution of 1989: How Should the Alliance Respond". In fact you need only read the summary on the front, which has all the main points. It is longer on analysis than solutions;
- a note by Mr. Appleyard on his recent visit to Washington. This is a useful snapshot of American views, although may be rather too optimistic about the US attitude to us. The most worrying indicator is the suggestion that the Americans might reformulate their proposal for reductions in US and Soviet forces under the CFE Agreement currently being negotiated, so as to substitute ceilings of 200,000 for 275,000. There is apparently a possibility that the

President will telephone you in the next few days about this and about the way ahead in East/West relations. The risk is that it would set off a scramble for further cuts by others;

- Alan Clark's paper (which you have already seen);
- Percy Cradock's note, setting the likely changes in East/West relations, which will provide the back-drop for decisions on defence. Again you have already looked at this;
- my own note.

C. D. POWELL

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