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Another contribution
for the seminar.

PRIME MINISTER

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CHEQUERS: 27 JANUARY

As always, the meeting has spawned papers. I have contributed to the flow myself and am loth to burden you further. But I should like to set down very briefly some thoughts, mainly on the policy aspects of the meeting.

I think we are all in agreement on our very broad objectives. They are admirably set out in Charles' minute of 21 January, with most of which, as usual, I agree: ie the military withdrawal of the Soviet Union from Eastern Europe; a slowing down of the process of German reunification; agreement on the future shape of NATO; the engagement of Eastern Europe in all-European institutions; and corresponding adjustments in our defence policy.

Clearly the last, adjustment in defence policy, is a crucial aspect; important decisions on this could flow from your meeting. But before we address these I should like us to reflect a little more on:

- (a) our assessment of the likely environment and;
- (b) our foreign policy objectives.

On (a), the X factor, which could upset everything, would be Gorbachev's fall. Though this is the less likely scenario still, and though we should much regret it, we have to reckon with the possibility. Inevitably it makes the ground on which we are building infirm. If he went, any successor regime would be weakened and deeply embroiled with Soviet internal problems; it would almost certainly be unable to reverse the process of liberation in Eastern Europe; but it would inherit a formidable armament; we could not assume benign intentions on its part;

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and international confidence would be severely damaged. Even if this situation did not come about we have to allow for the great inherent instability in the new European scene.

It follows from this that we shall have to continue to place great weight on a cohesive defence organisation in Western Europe, strengthened by nuclear weapons and of course on our own independent deterrent. I am not here trying to reinvok up the image of a Soviet attack on Western Europe. I have thought this extremely unlikely for many years. But the real threat, which could remain even under Gorbachev and certainly under a successor, is of Soviet political pressure backed by the existence of considerable Soviet arms operating against a weak and divided Western Europe. In this context you should see the latest edition of the JIC paper on the Soviet threat. I am submitting a copy separately. You will see that it concludes that the Soviet threat is diminishing and changing in nature but that the Soviet Union will remain our main external threat for many years to come. If these conclusions are accepted it means that we shall have to continue to place considerable weight in defence terms on Western Europe.

On (b), we need to refine our foreign policy objectives further. For example, on Germany, I agree with you we must not be too fatalistic and inert about German reunification. But it would be only prudent to plan for a situation in which reunification nonetheless occurred and occurred soon. We need a clear vision of our goal in this contingency. To me, at least, the critical requirement is that a united Germany should remain in NATO: a united Germany outside the Alliance would be very alarming indeed. Kohl wants to stay within NATO; in the end the Russians cannot stop it; we should aim for it. True it will mean anomalies and oddities, eg probably the Eastern part of the country demilitarised. But anomalies are a small price to pay for a prize of this order.

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Having worked out what we want we must reflect on how we are going to get it. This means managing our allies. You have already made the critical move with Mitterrand and have had a good response. But we must also have closer contact with the Germans, whatever our objectives. And above all we need to talk and plan with the Americans. They want us to do so. We ought to be sitting down with them drawing the map of the new Europe. To put it at its lowest we have little chance of realising our aims without their cooperation. Such UK/US talks should flow from your meeting.

It is against this background we should look at the defence implications. I recognise the need to look well ahead, given the long lead-times; and I think we should begin now to examine secretly and in a highly restricted forum certain defence options. But I am very hesitant about launching into a full defence review just yet:

- (a) as explained above, the outlook remains uncertain;
- (b) we need to be sure first of our foreign policy aims and the likelihood of their attainment, in other words to have a clear picture of the ends our defence policy is to serve;
- (c) we must recognise that the news of a full review would almost certainly leak and, in the absence of the necessary consensus on foreign policy aims, would send the wrong signal to all our allies at a time when caution and cohesion are at a premium. Many of them, as you know, particularly the United States, are itching to make unilateral arms reductions. We need broad agreement first, at least with the Americans and French on the political framework which would enable us to explain and justify publicly what we are about.

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