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PRIME MINISTER

c Sir Robert Armstrong

OD: East-West Relations

BACKGROUND

1. Neither the Cabinet nor OD has considered East-West relations in recent years other than in relation to particular events such as the Siberian pipeline dispute, Cruise and Pershing II deployment, the destruction of the Korean airliner, and most recently, the opening of the CDE in Stockholm. The paper circulated under cover of the Foreign and Commonwealth Secretary's minute of 14 November provides a general overview of East-West and Anglo-Soviet relations and suggests guidelines which should govern United Kingdom policy over the next five years.

hag A

2. The Lord Chancellor and the Secretary of State for Defence (their minutes of 17 and 23 November respectively) endorsed the Foreign and Commonwealth Secretary's approach.

hags B + C

3. The Foreign and Commonwealth Secretary takes as his starting point that East-West relations have reached their lowest point since the Cuban missile crisis of 1962. Public concern about nuclear war has been intensified by the Soviet walk-out from the INF negotiations and refusal to set a date for the resumption of the START talks. Doubts about the Soviet leadership, electoral considerations in the United States and conflicting currents of opinion within NATO are likely to make 1984 even more difficult than 1983 for the management of East-West relations. The central message of the paper is that change in the Soviet system will come, if at all, only very slowly and cannot be accelerated from outside; and that meanwhile the West,



CONFIDENTIAL

while not allowing itself to be rattled and maintaining its defences, should seek to reduce the dangers of misunderstanding or miscalculation through Ministerial dialogue and various forms of contact. The Foreign and Commonwealth Secretary concludes that Britain should seek to play a more forward and positive part in the East-West dialogue than it has tried to do since the Soviet invasion of Afghanistan.

4. In the short space of two months since the paper was drafted, a sea change in Western attitudes of the kind recommended by Sir Geoffrey Howe is beginning to be apparent. President Reagan's speech on 14 January, re-affirming American willingness to pursue a constructive dialogue with the Soviet Union aimed at building a more positive and stable long-term relationship, could, as you put it in your letter of 19 January to the American President, "mark the beginning of a new phase of relations with the Soviet Union". Although the immediate response, delivered by Mr Gromyko in Stockholm, was negative and apparently uncompromising, Mr Shultz formed the impression that for all their tough talk the Soviets were somewhat on the defensive. Their willingness to set a date for the resumption of negotiations in MBFR could be a harbinger of better things to come on the arms control front. Your own visit to Hungary on 3 February will be a tangible demonstration of the British desire to seek a better relationship between East and West.

5. The Chief of the Defence Staff and Sir Antony Acland have been invited to attend.

HANDLING

6. You may wish to invite the Foreign and Commonwealth Secretary to introduce the paper and update it in the light of recent developments. Discussion might then concentrate on the policy guidelines in Annex A. Other colleagues will then wish to comment, including the Secretary of State for Defence, the Secretary of State for Trade and Industry on



CONFIDENTIAL

the economic aspects, and the Chancellor of the Exchequer on the possibilities for closer relations between Eastern European countries and the International Monetary Fund.

7. Given the changes in the international scene, and in the public posture of both the United States and British Governments since the Foreign and Commonwealth Secretary's paper was drafted, a lengthy discussion of the issues is unlikely to be needed. But points to be covered include -

(a) does anyone dissent from the central judgement, namely that the West can do little to accelerate change in the Soviet system from outside?

(b) how far is it realistic for the United Kingdom to pursue a distinctive policy towards the Soviet Union in the absence of a stable relationship between the Super Powers? How can policy co-ordination be ensured:

(i) with the Americans; and

(ii) with the other allies?

(c) are our existing aid policies consistent with what the guidelines suggest (paragraph 13(c)(i)-(v) of Annex A)?

(d) following President Reagan's speech on 14 January (and your own interview with the New York Times carried in the Herald Tribune on 23 January), is the public line suggested in paragraph 15 of the paper right - i.e. no announcement of any change in policy? Or is it more appropriate to stress that there is now a change of emphasis in our approach to East-West relations? →



CONFIDENTIAL

CONCLUSION

8. Subject to the discussion, you might guide the Committee to the following conclusions -

- (a) approve the policy guidelines, updated as necessary, in Annex A of the Foreign and Commonwealth Secretary's paper;
- (b) invite the Foreign and Commonwealth Secretary to give a brief account of the discussion and conclusions to the Cabinet (or alternatively to circulate a short memorandum);
- (c) invite the Foreign and Commonwealth Secretary to keep the Committee informed of progress in implementing the new policy.

*David Goodall*

A D S GOODALL

24 January 1984