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10 DOWNING STREET

28 September 1985

From the Private Secretary

Dear Colin,

PRIME MINISTER'S MEETING WITH MR MCFARLANE

The Prime Minister's meeting with Mr McFarlane at Chequers today covered a number of subjects, most of which I am recording separately. In summary they were:

- US/Soviet Summit: Arms Control. This was the main subject and I have recorded the discussion in a separate letter.
- SDI. The Prime Minister confirmed to Mr McFarlane our continuing interest in reaching an agreement on United Kingdom participation in SDI research. There was also some discussion of the United States research programme which I have recorded separately. The Prime Minister has agreed that I shall show my note to the Foreign Secretary and the Defence Secretary when they are next at No. 10.
- Middle East. I have written separately on this.
- Libya. This is a subject of a separate note which I can show to the Foreign Secretary when he is next here.
- [redacted] I have minuted to Sir Robert Armstrong.
- MSE. Mr McFarlane allowed that he was very but very familiar with the arguments in favour of Ptarmigan.
- South Africa, Ireland and Arms Sales to Argentina were not raised for lack of time.
- MBFR. The Prime Minister promised that she would reply shortly to the President's message. Mr McFarlane showed some (uncharacteristic) irritation that knowledge of the message had reached the State Department through the United Kingdom.

I am copying this letter to Richard Mottram (Ministry of Defence).

*John [unclear]*  
C D POWELL

Colin Budd, Esq.,  
Foreign and Commonwealth Office

cc Master

File [signature] 20



10 DOWNING STREET

28 September 1985

From the Private Secretary

Dear Colin,

PRIME MINISTER'S MEETING WITH MR. MCFARLANE:  
US/SOVIET SUMMIT

Much of the Prime Minister's meeting with Mr McFarlane today covered preparations for the United States/Soviet Summit, particularly the question of arms control. Mr McFarlane gave a lengthy account of the President's meeting on 27 September with Mr Shevardnadze and handed over a copy (enclosed) of a message from Gorbachev to President Reagan.

Arms Control

Mr McFarlane said that, at his meeting with the President, Mr Shevardnadze had put forward a new arms control proposal. This was very skilful and worrisome in its likely effect on public opinion. The main elements were:

- (i) a complete ban on all "space strike" weapons. The weapons were so defined as to exclude the Soviet Union's existing ABM system, even though at the January meeting with Secretary Shultz the Russians had agreed to include this system.
- (ii) A 50 per cent reduction in existing "nuclear charges" from a base assumed to be 12000 "nuclear charges". Mr McFarlane said that the term "charges" was used because the Russians wanted to include the weapons which the Americans needed to penetrate the Soviet ABM system. The Americans would thus in effect pay a penalty for the existing asymmetry between Soviet possession of an ABM system and their own lack of one. The Prime Minister commented that a remaining total of 6000 warheads should leave plenty of scope for overwhelming the present Soviet ABM system.
- (iii) Within the aggregate of "nuclear charges", each country would be free to decide the allocation of its total between land, sea and air-based weapons, but could not put more than 60 per cent in any one leg of the triad. Mr McFarlane

commented that this gave the Soviet Union the possibility of retaining all their existing heavy systems. The strategic implication was that they would preserve a first-strike capability while the Americans would have neither a defence system nor a corresponding first-strike capability.

- (iv) Weapons to be counted in the reduced totals would be only those capable of reaching the Soviet Union or the United States. Mr McFarlane commented that this would exclude the SS20 but include Pershing and GLCM.
- (v) A ban on all new types of missiles. Mr McFarlane said that such a ban would seem plausible to public opinion. But in the Soviet interpretation it would mean that the Americans could not have Trident or Midgetman, while they themselves could have the SS24 and/or SS25 which were regarded as modernised weapons not new ones.
- (vi) Both sides would commit themselves not to place nuclear weapons in any country where they were not at present stationed. Mr McFarlane commented that this was clearly aimed at INF deployment in the Netherlands.

Mr McFarlane continued that President Reagan had given Mr Shevardnadze a long and fluent account of the American view of Soviet policies. He had put on record that the United States had no hostile intent towards the Soviet Union. He had suggested that public opinion in the United States was settling down to a midway point between the extremes of detente and cold war. People recognised that ideologies would not change, they respected the Soviet Union as a great power and they were ready for peaceful competition. The central issue was whether it was possible to establish a stable military balance between the United States and the Soviet Union.

The President had then gone through the history of offensive deterrence, with the purpose of explaining how in American eyes the Russians had introduced new systems which threatened stable offensive deterrence, above all through the decision to introduce mobile MIRVs. Because of the restraints exercised by public opinion, no United States Administration could match the Soviet Union in building new offensive systems. They had therefore been forced back on strategic defence. (The Prime Minister interjected that this was a new and not a very good argument for the Strategic Defence Initiative. If the Russians offered not to introduce mobile MIRVs, the United States would have no justification for proceeding with the Strategic Defence Initiative.) The President had then gone into the fundamentals of why it was in the interest of the Soviet Union and the United States to pursue strategic defence in the longer term. Particularly with the threat posed by the proliferation of nuclear weapons, it was better to rely on defence than on destruction. For these reasons the United

States was firmly resolved to pursue its strategic defence research programme which would encompass some testing, but would be ready to consult and negotiate on deployment. They wanted a serious dialogue with the Soviet Union on the relationship between offensive and defensive weapons.

Shevardnadze had little to say in reply beyond repeating the public Soviet line about not carrying war into the heavens. Kornienko had asserted that testing was not compatible with the ABM Treaty. The President had made clear that the United States relied on Agreed Statement D to the ABM Treaty. There would be no operational testing or deployment without negotiation.

The Prime Minister said that it was important that the United States should now come forward with convincing counter-proposals to those introduced by the Soviet Union. The Russians clearly feared that the Strategic Defence Initiative would upset the strategic balance. They hankered after predictability. Was it feasible to think in terms of negotiations about what each side would regard as permissible developments in strategic defence within certain specified time-limits? Might it not also be possible to propose reaffirmation of the ABM Treaty perhaps with some changes such as extending the period of notice to withdraw? This might increase Soviet confidence.

Mr McFarlane said that the United States had already put forward proposals in Geneva on offensive weapons which offered a variety of alternative means to reduce the total number of warheads to levels ranging from 5000 - 9000. They had also indicated that they could tolerate any number of launchers in the band 1200 - 1800. All their proposals had the goal of achieving a lower warhead/target ratio.

So far as strategic defence was concerned, the United States was not very attracted by the idea of trying to set time-limits for permissible developments. One reason was their unhappy experience with time-limited agreements. Treaties intended to lapse, such as the SALT agreements, had not been allowed to do so by public opinion. Another was that the United States had little idea yet what it might want to or be able to introduce and when. All that could be predicted at the moment was that they might want to deploy a ground-based, terminal-phase defence in about five years.

Mr McFarlane continued that the United States had received one hint of what the Soviets might regard as a tolerable outcome on strategic defence from the forthcoming meeting between President Reagan and Mr Gorbachev. This had come from a discussion between Dr Kissinger and Mr Arbatov. It was not clear what the latter's role and influence were these days, but he had been speaking from a written brief. Arbatov's question had been: how could the United States and Soviet Union come to terms in Geneva? McFarlane had authorised Kissinger to suggest that the outcome might be:

- (a) the parties would commit themselves to negotiating within one year an agreement to

reduce the total number of warheads each held to X; and

- (b) they would also commit themselves to a serious discussion of the relationship between offence and defence, leading to greater reliance over time on defensive systems, but with an undertaking not to deploy such systems without negotiation under the ABM Treaty.

Arbatov had seemed to think this might be acceptable.

#### Other Subjects

President Reagan and Shevardnadze had also discussed regional issues although the exchanges had been largely sterile. The President had said that the aim at his meeting with Gorbachev should be to find ways to reduce the threat of the use of force. In Afghanistan, for instance, the United States could respect the Soviet Union's need for a secure southern border but could not accept the expansion of Soviet control. Shevardnadze had given the impression in reply that if a way could be found to guarantee the Soviet Union against external interference, Soviet withdrawal might be in the interests of all. But he had failed to respond when the Americans had suggested various channels for talks on this. The impression was that the Russians might envisage concessions on Afghanistan if these could be traded off against gains elsewhere. The Middle East had not been mentioned in the talks with President Reagan.

Mr McFarlane commented that Shevardnadze had spoken with authority but had followed closely a written brief. He had appeared at ease and articulate although he tended to avoid eye-contact. He would appeal to a western audience as a gentle man.

#### Alliance Aspects

Lord Carrington, who appeared briefly at the end of the meeting with Mr McFarlane, urged strongly the need for full American consultation with the Alliance at foreign minister level before the United States/Soviet Summit and prompt arrangements to brief the Allies afterwards. McFarlane registered the importance of this while mentioning timetable difficulties. He thought that the President would return direct from Geneva to report to Congress.

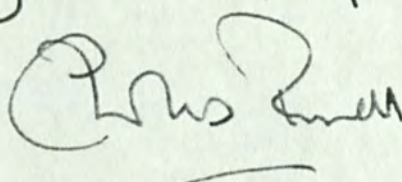
Lord Carrington stressed the importance from the point of view of public opinion in Western Europe of the United States coming forward with a credible and attractive counter to the Soviet proposals. This must in particular deal with the perception that the United States was being inflexible about the Strategic Defence Initiative and thus responsible for obstructing progress on arms control. Mr McFarlane betrayed some nervousness about Gorbachev's visit to France which was clearly designed to open up divisions in the Alliance.

Follow-up

It is probable that details of the new Soviet arms control proposals will begin to emerge very soon and certainly once they are formally tabled in Geneva on Monday. The Prime Minister has said that we should avoid rushing into a public reaction. She would like to consider our proposed response before any statement is made. I understand that the Americans are likely to be sending out messages very shortly describing the Soviet proposals and their own reactions.

The Prime Minister has instructed that this letter should be given a very restricted circulation indeed. On no account should any reference be made to it or to the meeting with Mr McFarlane in contacts with other United States officials.

I am copying this letter to Richard Mottram (Ministry of Defence) and Sir Robert Armstrong.

Yours sincerely  


(C D POWELL)

Colin Budd, Esq.,  
Foreign and Commonwealth Office

SECRET AND PERSONAL

Dear Mr. President,

I would like to communicate some thoughts and considerations in continuation of the correspondence between us and specifically with a view to our forthcoming personal meeting.

I assume that both of us take this meeting very seriously and are thoroughly preparing for it. The range of problems which we are to discuss has been fairly clearly recognized. They rival each other in their importance.

Sure, the distinctions between our two countries are not minor and our approaches to a number of matters of principle are different. That is true. But at the same time the reality is such that our nations have to coexist whether we like each other or not. If things ever come to a military collision that would entail catastrophe for our countries, for the world as a whole. Judging by what you have said, Mr. President, you also accept the impermissibility of military collision between the USSR and the USA.

Since that is so, in other words, if preventing nuclear war, removing military threat is our mutual and, for that matter dominant interest, it is imperative, we believe, to use it as the main lever which can help to bring cardinal changes into the nature of the relationship between our nations, to make it constructive, stable and thus contribute

His Excellency  
Ronald Reagan  
President of the United  
States of America

to the improvement of the world situation in general. It is this central component of our relations that should be put to work in the period left before the November meeting, during the summit itself and afterwards.

There, we are convinced, lie considerable opportunities. My meeting with you may serve as a potent catalyst for their realization. As it seems, we could indeed reach a clear mutual understanding on the impermissibility of nuclear war, on the fact that there could be no winners in such war, we could resolutely speak out against seeking a military superiority, against attempts to infringe upon the legitimate security interests of the other side.

At the same time we are convinced that a mutual understanding of this kind should be organically complemented by clearly expressed intentions of the sides to take actions of material nature in terms of the limitation and reduction of weapons, of terminating the arms race on Earth and preventing it in space.

It is such an understanding that would be an expression of the determination of the sides to act in the direction of removing the military threat. Given an agreement on this central issue it would be easier for us, I think, to find mutual understanding and solutions of other problems.

What specific measures should get priorities? Naturally those relating to the solution of the complex of questions concerning nuclear and space arms. An agreement on non-militarisation of space is the only road to very radical reductions of nuclear arms. We favour to follow this road



unswervingly and are determined to search for mutually acceptable solutions. I think that in this field both sides should act energetically without postponing decisions. I would like to count upon having obtained some positive results by the time of our meeting with you.

In connection with certain provisions contained in your letter of the 27th of July I would note that our attitude to the American programme of the development of strike space weapons and a large-scale anti-ballistic missile system we have made explicit on several occasions. That opinion is based not on emotions or personal biases but on facts and realistic assessments. I would stress once again--the implementation of this programme would not solve the problem of nuclear arms, it will only aggravate it and at that with most negative consequences for the whole process of the limitation and reduction of nuclear arms.

On the other hand, quite a lot could be done through parallel or joint efforts of our countries in order to slow down and bring to a halt the arms race above all in its main, nuclear field. It is indeed for this and no other purpose that we made a number of unilateral steps of practical nature.

Mr. President, both you and I understand perfectly well the importance of conducting nuclear explosions from the point of view of the effectiveness of existing nuclear weapons and the development of their new types. Consequently the termination of nuclear tests would act in the opposite direction. This is what we were guided by in making our decision to stop any

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nuclear explosions and appealing to the USA to join us in this. Look at the matter unbiassedly. Now it is quite clear that at the present level of nuclear arms our countries possess, a mutual termination of nuclear tests would not hurt the security of either of them.

Therefore if there is a true intention to move to halting the arms race, then the mutual moratorium cannot raise objections, while the benefit it brings could be great. But the continuation of nuclear tests--though in the presence of somebody's observers--would be nothing else but the same arms race. The US still has time to take the right decision. Imagine how much it would mean. And not only for Soviet-American relations.

However the moratorium on nuclear tests is, of course, not yet a radical solution to the problem of preventing nuclear war.

For that it is necessary to solve the whole complex of interrelated matters which are the subject of the talks between our delegations in Geneva.

It is quite obvious that in the final run the outcome of these talks will decisively determine whether we shall succeed in stopping the arms race, solving the task of eliminating nuclear weapons as such. Regrettably the state of affairs at the Geneva talks gives rise to serious alarm.

We have thoroughly and from every point studied once again what could be done there. And I want to propose to you the following formula: the two sides agree to ban completely strike space weapons and to reduce really radically, say, by 50 percent their relevant nuclear arms.

In other words, we propose a practical solution of the tasks which were agreed upon as objectives of the Geneva negotiation--not only would the nuclear arms race be terminated, but also drastically reduced would be the level of nuclear countervalance, and at the same time an arms race in space would be prevented. As a result the strategic stability would be strengthened multifold, mutual confidence would grow significantly. Such a step by the USSR and the USA would be, I believe, an incentive for other powers possessing nuclear arms to participate in nuclear disarmament, which you pointed out as important in one of your letters.

We view things realistically and realise that such a radical solution would require time and efforts. Nonetheless we are convinced that this problem can be solved. For this, first of all, a coincidence in principle of political approaches is needed. And, second, given such a coincidence, it is important to agree on practical measures which facilitate the achievement of these goals, including a halt in the development of strike space weapons and a freeze on nuclear arsenals at their present quantitative levels with a prohibition of the development of new kinds and types of nuclear weapons.

Alongside with that major practical measures to be taken could include: making non-operational and dismantling of an agreed number of strategic weapons of the sides as well as the mutual undertaking to refrain from the deployment of any nuclear weapons in the countries which are now nuclear-free, and not to increase the stock of nuclear weapons and not to replace them by new ones in the countries where such weapons are deployed.

Naturally, the issue of medium-range nuclear weapons in Europe also requires solution. I would like to emphasize once again: the Soviet Union favours its radical solution whereby, as we proposed in Geneva, the USSR would retain in the European zone not more weapons of this type, counting the warheads, than Britain and France have.

Our delegation at the Geneva negotiation has due instructions, and it intends to present in the nearest future our specific proposals on this whole range of issues and to give exhaustive clarifications. We count on the positive reaction of the American side and hope that it will be possible to reach certain results already at the present round of talks.

Meaningful practical steps could and should be taken in the field of confidence-building and military measures aimed at easing tensions. I have in mind, in particular, that our two countries together with other participants of the Stockholm Conference should make a maximum effort to turn the work of the Conference to a successful completion. Such an opportunity, as it seems, has now emerged. I would like to repeat what has already been said by our Minister of Foreign Affairs to the US Secretary of State--we are in favour of making the subject matter of the Stockholm Conference an asset at our meeting with you.

It largely depends on our two countries if an impetus is given to the Vienna talks. During the meeting in Helsinki the Secretary of State promised that the American side would once again closely look at the possibility of initial reduction of Soviet and American troops in Central Europe as we have

proposed. I am sure that such an agreement would make a favourable impact on the development of the all-European process as well. I see no reasons why it should not be in the interests of the USA.

Proposing practical measures of arms limitation and disarmament we, of course, have in mind that they should be accompanied by relevant agreed verification procedures. In some cases it would be national technical means, in other cases, when it is really necessary, they could be used in conjunction with bilateral and international procedures. We would listen with interest to the proposals of the American side on this score. The main thing is for both sides to be ready to act in constructive direction in order to build up useful basis, including, if possible, the one for the summit meeting.

Mr. President, for obvious reasons I payed particular attention to central issues facing our countries. But of course we do not belittle the importance of regional problems and bilateral matters. I assume that these questions will be thoroughly discussed by E.A. Shevardnadze and G. Shultz with a view to bringing closer our positions and, better still, finding wherever possible practical solutions.

We hope that in the course of the meetings which our Minister of Foreign Affairs will have with you and the Secretary of State, as well as through active work at the Geneva talks, in Stockholm, in Vienna, by exchanges in diplomatic channels it will be possible in the time left before our meeting with you to attain such a situation that the meeting will be really productive.

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We believe that the outcome of this preparatory work as well as the results of our discussions with you at the meeting itself could be incorporated in the relevant joint document. If you agree, it would be worthwhile, I think, to ask our Ministers to figure out how the work over such final document could be best organized.

Sincerely yours,

M. GORBACHEV

12 September 1985

## NOTE FOR THE RECORD

PRIME MINISTER'S MEETING WITH MR McFARLANE:  
STRATEGIC DEFENCE INITIATIVE

The Prime Minister asked Mr McFarlane at their meeting today about progress with the SDI research programme. Mr McFarlane said that it was going very well. More work had been done on lasers powered by nuclear explosions. The Excalibur experiment had exceeded all expectations and appeared to offer a very promising solution for interception/destruction of offensive missiles in the boost phase. Work in the related area of mirror tracking systems was going well, although he personally was not convinced that this aspect of the SDI would prove practicable. He also commented that he rather regretted that strategic defence seemed likely to rely on a nuclear component. One of the most appealing aspects of the SDI was its claim to be leading towards a non-nuclear world.

C.D.P.

C D POWELL

28 September 1985



10 DOWNING STREET

28 September 1985

*From the Private Secretary**Dear Peter,*PRIME MINISTER'S MEETING WITH MR MCFARLANE: MIDDLE EAST

During the Prime Minister's meeting with Mr McFarlane today, there was some discussion of the Middle East.

The Prime Minister said that she wished to ask Mr McFarlane a blunt question: had the US Administration put the Middle East on the backburner because it already had too many other problems with Congress? Mr McFarlane said that unfortunately it had not. The President had identified the reduction of nuclear arms and the Middle East as the two global issues on which he wanted to achieve progress. He accepted that, in the case of the Middle East, this would mean hard decisions which would be bitterly opposed by the Jewish lobby. But the reality was that over the next two months he would be totally preoccupied with the US/Soviet Summit and would have no time for Middle East problems. Unfortunately this did not fit King Hussein's time-scale.

Mr McFarlane continued that the Americans recognised their obligation to King Hussein. They had notified the arms package for Jordan to Congress while warning him that it was likely to have a difficult passage. But the President felt there was a basic disagreement over the objectives of the King's strategy. The King seemed to want a process involving the Arabs but not Israel. Moreover it was not altogether clear that he could deliver on the four steps, particularly the second stage in which the PLO would accept 242 and renounce violence. Even if the PLO did this, it was not clear that it would help bring Israel to the negotiating table. Above all the Americans needed to know whether or not the process would lead to direct negotiations. It was King Hussein's unwillingness to say that it would which had put the President off.

Mr McFarlane continued that the Americans had had two meetings with King Hussein in New York. The King appeared to be willing to put the proposed meeting between Ambassador Murphy and a joint delegation on the backburner, and to focus instead on the question of an international conference. They had discussed a proposal under which the UN Secretary-General would invite the parties and the permanent members of the Security Council who had diplomatic

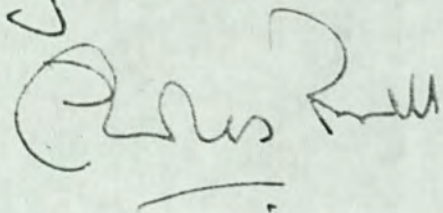


relations with the parties to attend a Conference. This would be convened at Head of Government level for the parties and Foreign Minister level for the members. The purpose of the Conference would be to endorse direct negotiations. In these, there would be a joint Jordanian/Palestinian delegation which would eventually include bona fide members of the PLO once they had recognised Israel's right to exist. If the King and President Reagan were to agree to this, invitations to such a conference might issue within a month.

The Prime Minister asked about membership of the joint delegation. Mr McFarlane said that it would presumably consist of those who would have met Murphy. In reply to my question whether the Palestinians would be present at the proposed conference, Mr McFarlane said that the PLO would not be present. He added that he thought that our decision to meet a joint Jordanian/Palestinian delegation would be useful in lending legitimacy to the concept that direct negotiations would have to take place with such a delegation.

It was not entirely clear from all this whether the idea described above was of American or Jordanian origin. Whichever it is, there are many unanswered questions about it.

The Prime Minister has instructed that this letter should be seen only by the Foreign Secretary, Sir Antony Acland and Mr Egerton. No reference should be made to the conversation in any contact with American officials.

Yours sincerely,  


(C D POWELL)

Peter Ricketts, Esq.,  
Foreign and Commonwealth Office

SECRET AND PERSONAL

cc Master



File  
21.

10 DOWNING STREET

*From the Private Secretary*

SIR ROBERT ARMSTRONG

PRIME MINISTER'S MEETING WITH MR. MCFARLANE:

During their meeting at Chequers today, the Prime Minister asked Mr McFarlane whether the United States proposed exchanges with France on nuclear matters would cover only nuclear weapons safety and security or were designed to lead to something wider. Mr McFarlane said that the intention was to discuss safety and security only, although that encompassed the vulnerability of French systems to weapons' effects. There was no intention of embarking upon wider cooperation.

I am copying this minute to Len Appleyard (Foreign and Commonwealth Office) and to Richard Mottram (Ministry of Defence). It should be given a very restricted circulation indeed and no reference should be made to the conversation with Mr McFarlane in contacts with US officials.

C.D.P.

C D POWELL

28 September 1985

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10 DOWNING STREET

*From the Private Secretary*

1 October 1985

Thank you for your note about my record of Bud McFarlane's remarks on the particular point of "Agreed Statement D". I pursue it only because I think it is an important one.

The notes which I sent you do not pretend to be a verbatim record. But I did in fact take very detailed notes at the time, which I have now looked up. The passage in question reads:

"The President explained to Mr. Shevardnadze that the programme was designed to conduct research in several areas of strategic defence, that it would require testing, but that it would be carried out within the ABM Treaty. Kornienko read out various excerpts from the ABM Treaty to refute this. The President replied, basing himself upon Agreed Statement D. The President said that the concept was to conduct research and tests, but not operational tests or deployment without negotiation."

I am absolutely confident that Bud McFarlane used the words in that last sentence. I made a point of noting it because it seemed to me an important and interesting distinction, particularly in the use of the word "operational".

On your second point, the sentence beginning with "Mr. McFarlane" does continue, but goes on into some comments which are perhaps best reserved for British eyes!!

Many thanks for drawing the point to my attention.

Charles Powell

cst

His Excellency The Honourable Charles H. Price II



Charles H. Price, II  
American Ambassador

052101

Charles -

Just a couple  
of items reference  
your notes which  
I very much  
appreciated.

Charlie

Page 3 - 2nd paragraph:

McFarlane stated that "Agreed Statement D" permitted the research testing, and development (but not deployment) of new systems or technology beyond those which existed at the time of the ABM treaty. I do not think he said "there will be no operational testing without negotiations."

Bottom page - Alliance Aspects. Last sentence bottom of page beginning with "Mr. McFarlane" does not continue.



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10 DOWNING STREET

*From the Private Secretary*

30 September 1985

I enclose strictly for your own personal use a set of my notes of Saturday's meeting at Chequers between the Prime Minister and Bud McFarlane.

CHARLES POWELL

His Excellency Charles H. Price II.