

CONFIDENTIAL

CONFIDENTIAL
 FM WASHINGTON
 TO DESKBY 260900Z FCO
 TELNO 653
 OF 260040Z MARCH 87
 INFO IMMEDIATE MOSCOW
 INFO PRIORITY BONN, PARIS, UKDEL NATO, MODUK

ms

PRIME MINISTER'S VISIT TO MOSCOW
 SUMMARY

1. CAUTIOUS OPTIMISM IN WASHINGTON ABOUT THE PROSPECTS FOR MOVEMENT ON ARMS CONTROL AND FOR A US/SOVIET SUMMIT LATER THIS YEAR. ON ARMS CONTROL, SEE MIFT. IN OTHER AREAS OF US/SOVIET ACTIVITY TOO, IN PARTICULAR BILATERAL HUMANITARIAN ISSUES, THE PACE HAS QUICKENED.
2. FOR REAGAN PERSONALLY, A GREAT DEAL RIDES ON A SUCCESSFUL FOREIGN POLICY INITIATIVE. BUT THE NEW NSC TEAM, AND THE ARRIVAL OF BAKER, WILL HELP GUARD AGAINST UNWELCOME REYKJAVIK TYPE BREAKOUTS OR UNILATERAL INITIATIVES.

DETAIL

3. THERE IS NO DOUBT THAT FROM THE US ADMINISTRATION'S POINT OF VIEW THE PRIME MINISTER'S VISIT TO MOSCOW COMES AT AN IMPORTANT MOMENT. THERE IS A CAUTIOUS SENSE OF OPTIMISM HERE ABOUT THE PROSPECTS FOR A REAL BREAKTHROUGH ON ARMS CONTROL: AND INCREASING SPECULATION ABOUT THE POSSIBILITY OF A SUMMIT LATER THIS YEAR OR EARLY NEXT. MIFT CONTAINS AN OVERVIEW OF THE CURRENT US APPROACH TO ARMS CONTROL. THE PARAGRAPHS BELOW COVER THE AMERICAN ASSESSMENT OF GORBACHEV: AND THE IMPORTANCE TO REAGAN OF A MAJOR FOREIGN POLICY SUCCESS THIS YEAR.
4. IN THE AMERICAN VIEW, GORBACHEV HAS TAKEN A CLEAR DECISION TO DEAL SUBSTANTIVELY WITH THIS ADMINISTRATION AND NOT WAIT FOR A SUCCESSOR. HIS DECISION TO DE-LINK AN INF AGREEMENT FROM OTHER ARMS CONTROL ISSUES WAS THE KEY STEP IN BREAKING THE STALEMATE, BUT THE PACE OF US/SOVIET ACTIVITY HAS STARTED TO PICK UP IN OTHER AREAS TOO. ARMACOST WAS IN MOSCOW LAST WEEK DISCUSSING REGIONAL ISSUES: A SOVIET TEAM IS IN WASHINGTON THIS WEEK DISCUSSING BILATERAL AND HUMAN RIGHTS ISSUES: AND SHULTZ TRAVELS TO MOSCOW ON 13-15 APRIL. ARMACOST'S DISCUSSIONS PRODUCED LITTLE PROGRESS. BUT IN CERTAIN KEY BILATERAL AREAS THE ATMOSPHERE IS IMPROVING. THE RUSSIANS HAVE MADE A MAJOR EFFORT TO CLEAR UP OUTSTANDING HUMANITARIAN ISSUES, REDUCING THE US LIST OF DIVIDED FAMILIES TO EIGHT. THERE ARE ALSO SIGNS OF AN ACCELERATION OF SOVIET JEWISH EMIGRATION, WHICH REMAINS A MAJOR ISSUE FOR US PUBLIC OPINION. AND THERE HAS BEEN A STEADY UPWARD CURVE IN BILATERAL CULTURAL AND ACADEMIC EXCHANGES. IN SHORT, ANALYSTS HERE SEE SIGNS OF CAREFUL MANIPULATION BY GORBACHEV OF ISSUES WHICH WOULD EASE THE PATH TOWARDS A SUMMIT.

CONFIDENTIAL

/5

5. OFFICIALS HERE ARE ALSO INCREASINGLY IMPRESSED BY GORBACHEV'S DOMESTIC PERFORMANCE. THIS IN TURN MARKS A SIGNIFICANT EVOLUTION IN AMERICAN THINKING OVER THE LAST FEW MONTHS. WHILE HIS ECONOMIC REFORMS ARE CLEARLY RECOGNISED AS AN ATTEMPT TO IMPROVE RATHER THAN CHANGE THE SYSTEM, GORBACHEV'S EFFORTS TO OPEN UP THE SOVIET BUREAUCRACY AND RELEASE THE ENERGIES AND TALENTS OF HIS PEOPLE ARE SEEN AS A REMARKABLE EXERCISE IN TRYING TO CHANGE ATTITUDES, AND A TEST OF WHETHER THERE CAN BE SUFFICIENT LIBERALISATION WITHOUT THINGS GETTING OUT OF CONTROL. THERE HAS BEEN A GREAT DEAL OF SPECULATION ABOUT THE STRENGTH OF HIS POSITION WITHIN THE POLITBURO AND AT MID-LEVELS OF THE SOVIET BUREAUCRACY. BUT TWO THINGS ABOVE ALL HAVE IMPRESSED THE SCEPTICS. THE FIRST WAS HIS TELEPHONE CALL TO SAKHAROV, AND THE LATTER'S SUBSEQUENT PUBLIC APPEARANCE IN MOSCOW. THE SECOND WAS THE BRAVURA OF HIS CALL FOR REFORM AT THE JANUARY PLENUM. SOME ANALYSTS BELIEVE THAT GORBACHEV IS DRIVING HARD ON TOO MANY FRONTS SIMULTANEOUSLY AND THAT THERE ARE DANGER SIGNALS AHEAD. BUT AT SENIOR LEVELS IN THE ADMINISTRATION, THE OVER-RIDING JUDGEMENT IS THAT GORBACHEV IS BOTH FIRMLY IN CHARGE AND A CREDIBLE AND FORMIDABLE INTERLOCUTOR.

6. FOR THE US ADMINISTRATION, THE POSSIBILITY OF PROGRESS ON THE US/SOVIET FRONT COULD NOT HAVE COME AT A BETTER TIME. FOR REAGAN PERSONALLY, THE WORST OF THE DISMAL MONTHS OF IRANGATE SEEM TO BE OVER. THE SHARP DECLINE IN PUBLIC CONFIDENCE IN THE PRESIDENT HAS BEEN ARRESTED, AND WHILE HIS POPULARITY RATING IS STILL - BY REAGAN STANDARDS - LOW (ABOUT 50 PER CENT) THERE ARE THE BEGINNINGS OF SIGNS OF RENEWED CONFIDENCE WITHIN THE WHITE HOUSE. ALL THIS WOULD, OF COURSE, BE CHANGED DRAMATICALLY BY ANY NEW CONTRA-RELATED SCANDAL TOUCHING THE PRESIDENT PERSONALLY, BUT FOR THE MOMENT THIS LOOKS UNLIKELY.

7. THE PRESIDENT AND HIS TEAM ARE NOW ENGAGED IN A MAJOR PUBLIC EFFORT TO DEMONSTRATE THAT HE IS ACTIVELY IN CHARGE AND IN CONTROL, AND EQUAL TO THE LEGISLATIVE AND OTHER PROBLEMS AHEAD. THE ADMINISTRATION'S DOMESTIC POLICIES, HOWEVER, REMAIN BADLY STUCK, WITH A PARTICULARLY SHARP CONFRONTATION DEVELOPING WITH CONGRESS OVER THE BUDGET AND DEFICIT REDUCTION. THIS ENHANCES THE DESIRABILITY OF A FOREIGN POLICY SUCCESS. A US-SOVIET SUMMIT LATER THIS YEAR, FINALISING AN ARMS CONTROL AGREEMENT, WOULD BE POPULAR WITH THE CONGRESS AND WITH THE AMERICAN PEOPLE. IT WOULD ALSO PRE-EMPT THOSE ON THE HILL WHO, IN THE ABSENCE OF MOVEMENT ON ARMS CONTROL, MIGHT TRY TO TWIST THE ADMINISTRATION'S ARM BY ATTACHING UNWELCOME CONDITIONS TO DEFENCE SPENDING LEGISLATION LATER THIS YEAR.

8. CHIEF OF STAFF BAKER SAID A FEW DAYS AGO IN THE COURSE OF A TELEVISION INTERVIEW THAT THERE WAS A 'GOOD POSSIBILITY' THAT GORBACHEV WOULD VISIT THE US THIS YEAR. THAT PROSPECT IS BOUND TO GENERATE MEDIA HYPE AND POLITICAL INTEREST ON THE USUAL AMERICAN SCALE. RIDGWAY (STATE) HAS TOLD US, HOWEVER, THAT SHULTZ DOES NOT WANT TO EXCITE SPECULATION ABOUT A SUMMIT, AND DOES NOT INTEND TO PLAY THE DEMANDEUR IN MOSCOW. I AM IN ANY CASE INCLINED TO DOUBT WHETHER THE PRESIDENT'S NEW FOREIGN POLICY TEAM

2
CONFIDENTIAL

/WOULD

WOULD BE TEMPTED INTO REYKJAVIK-TYPE BREAKOUTS OR UNILATERAL CONCESSIONS. A SUMMIT THIS YEAR WOULD ALMOST CERTAINLY FOLLOW DETAILED NEGOTIATION OF AN AGREEMENT, SO THE SCOPE FOR IMPROVISATION WOULD BE REDUCED. FURTHERMORE, ALTHOUGH THE ARRIVAL OF BAKER, CARLUCCI AND WEBSTER SOMEWHAT CHANGES THE IDEOLOGICAL BALANCE IN THE NSC, I WOULD EXPECT HARD-NOSED PRAGMATISM TO BE THE ORDER OF THE DAY. CARLUCCI HIMSELF HAS A GOOD SENSE FOR THE CONSERVATIVE FOREIGN POLICY AGENDA, AND BAKER IS NOT LIKELY TO UNDER-ESTIMATE THE NEED TO PROTECT THE WHITE HOUSE FLANK FROM ATTACK FROM THE RIGHT. A BALANCED APPROACH, MIRRORING THE NOVEMBER 1986 CAMP DAVID PRIORITIES, HAS A GOOD CHANCE OF SECURING CONSENSUS ON THE HILL AND BEYOND.

9. IN SHORT, MY CONCLUSION IS THAT EXPECTATIONS HERE ARE BEGINNING TO RISE. AS MY IFT MAKES CLEAR, US NEGOTIATORS BELIEVE THAT REAL ARMS CONTROL PROGRESS IS NOW POSSIBLE, ALTHOUGH SHULTZ IS CONCERNED THAT THE OUTSTANDING INF ISSUES SHOULD NOT BE UNDERESTIMATED. I BELIEVE THAT THE ODDS ON A 1987 OR EARLY 1988 SUMMIT TO RATIFY WHATEVER CAN BE ACHIEVED IN ARMS CONTROL HAVE SHORTENED CONSIDERABLY. THERE WILL BE INTENSE INTEREST HERE IN THE PRIME MINISTER'S AND YOUR IMPRESSIONS OF YOUR TALKS IN MOSCOW.

ACLAND

YYYY

ORWBAN 0560

EAST WEST & US/SOVIET RELATIONS
LIMITED

(COPIES TO NO 10 DOWNING ST.)

SOVIET D.
DEFENCE D.
RESEARCH DEPT.
PLANNING STAFF
EED
NAD
SAD
WED
ACDD
CRD
NEWS DEPT.
INFO DEPT.
ECD(E)
POD
FED
PUSD
CSCE UNIT
PROTOCOL DEPT.
ESSD

PS
PS/LADY YOUNG
PS/MR RENTON
PS/MR EGGAR
PS/PUS
MR DEREK THOMAS
CHIEF CLERK
MR BOYD
MR MUNRO
MR GILLMORE
MR RATFORD
MR FALL
MR FEARN
MR LONG
MR BRAITHWAITE
MR BARBINGTON
MR WINCHESTER
MR RENWICK

ADDITIONAL DISTRIBUTION
ARMS CONTROL TALKS