

11/11-61

PRIME MINISTER

cc Mr Ingham

VISIT TO WASHINGTON

Papers for your visit to Washington are in the attached folder. The programme divides neatly between a Reagan day, which will be devoted to paying tribute to the accomplishments of the present Administration and to tidying up some items of unfinished business: and a Bush day, which is an opportunity to influence the President-elect as he sets about drawing up his Administration's policies.

Reagan Day

You will have a short tête-a-tête with the President (plus note-takers) followed by an expanded meeting at which Shultz and General Powell will be present. But only one hour is allocated for the two sessions. There will be separate meetings later in the day with Shultz and Greenspan.

You will want to start by thanking the President for granting you the distinction of being his last official visitor, and for making it a State Visit in all but name. You might go on to thank him for the attention which he has always given to relations with Britain and congratulate him on the historic changes brought about during his term of office. His policies have tilted the balance in democracy's favour the world over and his will be seen as one of the great Presidencies of America's history.

Loyalty
You will want to say how delighted you are by George Bush's victory because it means continuity in the main policies which the President has pursued. The most important task will be to maintain the same firmness and consistency of approach, which have served the West so well.

You might single out some of the President's most significant achievements in foreign policy. The rebuilding of America's defences: the firm line with the Soviet Union which opened the

way for the INF agreement: his consistent support for human rights: the brilliant concept of the SDI: the help he has given to the Afghan resistance, to UNITA and other similar movements;; his resistance to protectionism: his firm action in the Gulf: his steady opposition to sanctions against South Africa: his action over Libya: his largely successful efforts to dissuade Americans from contributing funds to the IRA: and at home the five years of continuous growth. These are remarkable achievements.

You will want to express particular thanks to the various members of his Administration with whom we have worked closely, in particular George Shultz, Cap Weinberger, Frank Carlucci, Jim Baker, Colin Powell, General Abrahamson. (You might also mention Bud McFarlane's name.) You might also make a special mention of Charlie and Carol Price.

You will also want to thank him for the support given to Britain over the Falklands, over Trident and in the intelligence field.

You might ask for his assessment of four broad issues: the prospects for Gorbachev in the Soviet Union, the outlook for SDI, the future balance between President and Congress in making US foreign policy, and the willingness of the American people to go on supporting foreign burdens.

Finally there are a number of items of unfinished business. The main ones are:

- a human rights conference in Moscow. You welcome the agreement reached between the US and UK on the criteria which must be met by the Soviet Union for such a conference to be held. We must dig in firmly on this.
- the Middle East. Despite George Shultz's efforts, the West has failed to create a real momentum towards a settlement. You hope the President will encourage his

successor to tackle this early on, even though a Shamir government will make it even more difficult.

- Afghanistan. The slow-down of Soviet withdrawal should not deter us from continuing to support the Resistance. |
- GATT Ministerial meeting. The President's strong stand against protectionism has been crucial to world prosperity. We want the forthcoming meeting in Montreal to be a success. We will bring the Europeans along as far as we can. But the Americans will have to compromise a bit too.
- Angola/Namibia. We hope the Americans will continue their efforts to get a settlement right down to the change of Administration and beyond.

You will want to cover some of these issues in greater detail in your meeting with George Shultz. You may also want to ask for his reflections on dealing with the Soviet leaders, the realistic prospects for further nuclear arms control agreements and how he sees the outlook for the US economy.

You will also want to say how sorry you are not to be able to address his Stanford University conference in London next April. |

With Alan Greenspan you will want to focus on the US economy and policy priorities. There are a number of specific questions to ask:

- Does he agree that it is crucial for the budget deficit to be tackled as a matter of urgency after the election?
- How far does he think that President Bush will be constrained by "no new taxes"?
- Can President Bush hope to reach agreement with

Congress on such a basis?

- Does he see a real possibility of Congress acting in the next session to deal with the savings and loan industry?
- What is his assessment of the threat to the financial system posed by this problem, particularly if interest rates rise in the short term, before the problem is resolved?
- Does he see any changes in the Fed's main priorities in monetary policy in the aftermath of election?

Bush Day

You are to have breakfast with Vice-President Bush on Thursday morning, followed by a working session. He will have Jim Baker present and also wants to introduce you to Senator Quayle.

It will be important not to try to get through too much at this meeting or overload it with detail (the FCO letter is too full). Time will be limited: and Vice-President Bush is only in the early stages of setting his Administration's policies. You will want to focus on the most important issues and leave him with a clear impression of your priorities.

I suggest that you proceed as follows:

- congratulate him again on the election victory, which was a great personal triumph. There is very strong support for his Presidency in Britain and Europe. You hope he will pay an early visit to Britain.
- you also hope that the same very close relationship which you have enjoyed while he has been Vice-President will continue. The President of the United States is automatically the leader of the West.

You will give him whatever help and support he wants.

- you believe it is particularly important that the close intelligence and nuclear relationship should continue. Both sides derive advantage; and the supply of Trident is of course crucial to our defence. You would hope the Cabinet Secretary could come out to Washington early in the life of the new Administration to confirm certain understandings on nuclear and intelligence matters and the use of US bases.
- the management of East/West relations will be a crucial task. We have to strike the right balance between encouraging reform and caution over defence and long-term Soviet foreign policy objectives. We need to impose some order on the developing 'detente rush' to Moscow and avoid talk of a Marshall Plan or anything similar. There must be proper pre-conditions for a human rights conference in Moscow. Equally there is scope for a more forward policy towards Eastern Europe, on the lines of your visit to Poland, which underlines the need for political and economic reform. With Communism in such a mess, we should not let the East occupy the propaganda high ground.
- you expect the Vice-President is thinking of an early meeting with Gorbachev. It will be important in presentational terms to go through a process of consultation with NATO governments first, preferably at Head of Government level. This could be done either in Brussels or London (there is a NATO Ministerial planned for June anyway).
- arms control will remain at the forefront of the East/West relationship. It should be possible to get conventional stability talks launched soon. You assume he will want to continue the START negotiations. You might emphasise two points on these: first the importance of not weakening the US

← submarine-launched deterrent: second, you appreciate the way in which the US has taken account of our Trident interests (twelve station bus) in the negotiations and you hope close consultations will continue. Also, on the nuclear front, it will be important to push through decisions in 1989 on modernisation of NATO's nuclear weapons, particularly a successor to LANCE. You believe Kohl is basically sound on this but Genscher will create great problems. Finally, you will want to acknowledge the Vice-President's public commitment to an early chemical weapons convention. You are particularly concerned about the problems of verification, given Soviet duplicity to date. I doubt you will want to press him on SDI, but any indication of how attached he is to the programme will be of interest.

- you will want to sound him out generally on the budget deficit, without giving any impression that you are harrasing him on this before he has had the time to sort out his policy. The press will be particularly interested in whether this has been a major issue between you.
- you should touch on, but not get into detailed discussion of, the importance of the GATT Round and the mid-term meeting in Montreal.
- you will want to urge him - and particularly Jim Baker - to bring the Middle East up the agenda. There is no time to be lost on this: a very early indication that the new Administration will make it a priority area will in itself be a valuable political signal.
- you should mention briefly our hope that the new Administration will continue to consult closely on arms sales which could be a threat to the Falklands.

- if there is time, you will want to mention briefly South Africa and the importance of the US and UK working closely together to resist sanctions and to keep up the pressure on President Botha for political reform. (You may want to mention the joint Anglo/German initiative.)

There is one final point. Antony Acland is keen for you to propose that you visit Washington in April for a fuller discussion (combined with a speech to the American Society of Newspaper Editors). I am not sure whether you will want to commit yourself at this stage. You might see if he raises the subject of a visit.

You will find in the folder:

- a note by Sir Percy Cradock
- a telegram from Sir Antony Acland
- an FCO letter on your meeting with President Reagan
- an FCO letter on your meeting with Vice President Bush
- a note on intelligence co-operation.
- a despatch by Antony Acland on the Reagan Years.

CDP

Charles Powell
11 November 1988