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JR

10 DOWNING STREET

From the Private Secretary

19 December 1983

Dear Sir,

The United States Ambassador paid a call on the Prime Minister this afternoon and stayed for 45 minutes. The Prime Minister said that it had been a bad weekend and she wished to convey her condolences about the death of one United States citizen and the injury of another. She hoped that NORAID would get the message. She had visited the scene at Harrods and had seen nothing like it since war-time. Mr. Price said that he wished to convey condolences on behalf of the President.

The Prime Minister then said that she felt that there was not enough regular, routine discussion between the American and British Governments. We very much hoped that the Vice-President would come to London in January. But it was important that consultations should be regular and sustained, rather on the lines of our constant contact with European Governments. Take the example of the Multi-National Force. The recent meeting between the four Foreign Ministers in Brussels had failed to produce results. Attempts to arrange another meeting before Christmas, even at official level, appeared to have failed.

King Hussein had visited her on Friday and was desperately worried about the future. When she had been in Washington, she had emphasised to the President the need to protect the integrity of Jordan. But King Hussein was increasingly worried that the radicalisation of the PLO by Syria would have unfortunate consequences for Jordan. He was also concerned about continuing Israeli settlements in the West Bank and the low standard of living there. If, following the disappearance of the Shah, another Middle Eastern monarch were to leave the scene, the consequences for all our interests would be bad. She knew that President Reagan admired King Hussein but it was necessary to take steps to reassure him.

The King saw the Lebanon as being influenced by two super powers - the United States working through Israel and the Soviet Union working through Syria. He felt that the United States

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157

was now completely identified with Israel and was unable to play a neutral role. She intended to send a message to the President about King Hussein's visit.

She found it rather surprising that the American and Syrian Governments were unable to get together to prevent escalation in the Lebanon. This pointed to a general problem of a vacuum between world leaders. In East/West relations, there was a need to restore and build up a dialogue. People were worried that misunderstanding could lead to a crisis.

Mr. Price said that he thought there were two factors which could hamper the re-election of President Reagan - the economic situation and the situation in the Lebanon. The Prime Minister said that we expected the President to be re-elected but, in international affairs especially, the unexpected could happen. The Soviet Union was bereft of a policy at the moment, largely because of its failure to prevent INF deployment. There appeared to be a process of re-assessment in Moscow and that gave us some scope to influence the Soviet leadership. We intended to begin talking to some of the satellite countries and, in that context, she would be visiting Hungary. Would Mr. Shultz be going to Stockholm for the January conference? Mr. Price said that Mr. Shultz had indicated that he would. He wondered whether the Prime Minister saw any role for secret diplomacy with regard to the Soviet Union. Should the President send a personal representative to Moscow? The Prime Minister said that this depended on finding the right man - and perhaps secrecy was not the most important thing.

Reverting to the US/UK relationship, there was nothing fundamentally wrong with it and she had gone out of her way in public to stress its importance. Mr. Price said that the American Government were very grateful for the Prime Minister's remarks at UPITN headquarters on 12 December. Based on his experience as US Ambassador in Brussels, he wondered whether there was not scope for enlarging the role of the American Embassy in London. It was not used to anything like the extent of our Embassy in Washington, which was well known for its effectiveness. Consistency, credibility and trustworthiness were part of the United States and United Kingdom outlook. If we supplied him with sufficient information he would do all he could to avoid difficulties. The Prime Minister commented that our Ambassador in Washington had been in frequent contact with the State Department over the weekend preceding the American intervention in Grenada, but until 7.15 p.m. on Monday, 24 October we had been given the impression that all American moves were simply precautionary. She then gave Mr. Price a detailed account of events of the evening of 24 October. The point was that we had been in close touch with the State Department but had received no prior hint of what was envisaged. We had not realised that the United States was looking for an opportunity of intervening in Grenada. Was that because our

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relationship was not sufficiently close? Or had we assumed that the United States' attitude to such an eventually would be the same as our own? She had constantly stressed that NATO threatened no-one. We had given the United States more support than had any other European country on El Salvador. She asked herself how far the United States was looking for an opportunity to intervene in other countries.

However, people in the Eastern Caribbean and the United States were delighted with the results of the Grenada intervention. Castro had received a bloody nose. Now that United States forces were leaving Grenada, it was easier to put pressure on the Soviet Union to leave Afghanistan. The one stable country in Central America was Belize and that owed much to the presence of British troops. She had told the President that she would not remove these troops before his election or before Mr. Price's election. But we should then have to consider the position. The United States faced real problems in El Salvador and Nicaragua.

Mr. Price asked whether we had yet received a specific request for help with the police force in Grenada. The Prime Minister said that our police adviser had visited the island to discuss this question. She would enquire whether a formal request for assistance in this field had yet been received.

The Prime Minister then gave an account of President Gemayel's recent visit to London. She believed we ought to be thinking further ahead about the future of the Multi-National Force. We should consider extending the scope and mandate of UNIFIL and giving it a truce supervisory role, thereby permitting the withdrawal of Israeli and Syrian forces from the Lebanon. The stumbling block at the moment was the Soviet Union attitude but this could be put to the test in a vote at the United Nations. She emphasised that this was not an initiative which we would spring on our allies - we believed it should be discussed amongst the four Multi-National Force contributors.

Reverting to the need for regular US/UK consultations, Mr. Price asked whether he could help to fill the void. The Prime Minister said that we of course expected him to be in regular contact with the Foreign and Commonwealth Office but it would be helpful if he could persuade more leading figures from the United States Administration to visit London. We hoped to see both Mr. Shultz and Mr. Bush in January.

Mr. Price asked what the Prime Minister's current thinking was about relations with Argentina. The Prime Minister said that she had sent her message to Alfonsin because she regarded the return of democracy as a matter for celebration. But there was no question of her discussing sovereignty over the Falkland Islands. If Alfonsin would declare a cessation of hostilities we could lift the exclusion zone. We could discuss improving economic relations but could not establish full diplomatic relations without a prior cessation of hostilities. Mr. Price

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CONFIDENTIAL

- 4 -

commented that Alfonsin's approach appeared to be conciliatory. The Prime Minister said that she disagreed - one had only to look at his inauguration speech.

Your ex

John Colas.

Brian Fall, Esq.,
Foreign and Commonwealth Office.