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WARSAW, WASHINGTON AND UKDEL NATO.

PRIME MINISTER'S VISIT TO HUNGARY. MB

SUMMARY.

1. THE PRIME MINISTER WAS IN BUDAPEST FROM 2-4 FEBRUARY.
THE VISIT WAS A MAJOR EVENT. MRS THATCHER HAD LONG TALKS WITH HUNGARY'S THREE MAIN SENIOR STATESMEN. HER STYLE MADE AN IMPACT ON THEM AND ON ORDINARY HUNGARIANS. BOTH SIDES HAD TO STRIKE A BALANCE BETWEEN OPENNESS ON THE ONE HAND AND AROUSING SUSPICIONS AND EXCESSIVE EXPECTATIONS ON THE OTHER. IT IS TOO SOON TO ASSESS THE SIGNIFICANCE OF THE VISIT IN TERMS OF EAST/WEST RELATION. BUT IT IS CLEAR THAT IT MADE A SIGNIFICANT IMPACT ON HUNGARY: OPENED UP SOME PROSPECTS FOR ADVANCING BRITISH INTERESTS HERE: AND AFFECTED HUNGARIANS VIEW OF THEMSELVES. WE SHOULD EXPLOIT THE OPPORTUNITIES THE VISIT HAS OPENED UP.

DETAIL

2. THE PRIME MINISTER WAS IN HUNGARY FOR 46 HOURS. SHE HAD ALMOST FIVE HOURS'S TALKS WITH HUNGARY'S THREE MAIN SENIOR STATESMEN (PRESIDENT LOSONCZI, FIRST SECRETARY KADAR AND PRIME MINISTER LAZAR) OF WHICH OVER TWO HOURS WERE TETE A TETE WITH KADAR HIMSELF. SHE MET THE MINISTERS OF FOREIGN AFFAIRS AND FOREIGN TRADE SOCIALLY, AS WELL AS A NUMBER OF OTHER PROMINENT HUNGARIANS. HER SPEECH AT DINNER ON 3 FEBRUARY WAS SELECTIVELY COVERED BY HUNGARIAN TELEVISION. SHE SAW SOMETHING OF BUDAPEST AND OF THE COUNTRY OUTSIDE AND WAS SEEN BY AND SPOKE WITH LARGE CROWDS OF WELL-WISHERS - MORE, WE BELIEVE, THAN ANY OTHER WESTERN VISITOR IN RECENT YEARS. PRESS AND TV COVERAGE HERE WAS WELL ABOVE THE CAREFULLY REGULATED NORM FOR VISITORS FROM THE WEST: AND IN BRITAIN IT WAS OF COURSE INTENSIVE. THE PRIME MINISTER'S FINAL PRESS CONFERENCE ATTRACTED A CAPACITY AUDIENCE, INCLUDING SEVERAL JOURNALISTS FROM THIRD COUNTRIES.

3. THE VISIT DOMINATED BUDAPEST MUCH MORE THAN IT HAD EXPECTED HUNGARIANS SAW THE PRIME MINISTER IN THE FLESH OR ON TELEVISION BEHAVING HERE IN THE EVERYDAY POPULAR STYLE OF A WESTERN POLITICAL LEADER: VISITING A YOUNG COUPLE IN THEIR NEW FLAT, RESPONDING TO CROWDS IN WESTERN ELECTRONEERING STYLE, SHOPPING IN THE MARKET. BY COMMUNIST STANDARDS, THE HUNGARIAN

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/LEADERSHIP

LEADERSHIP ARE RELATIVELY POPULIST, BUT THEY DO NOT BEHAVE LIKE WESTERN POLITICAL LEADERS. WE SUSPECT THAT THE PRIME MINISTER'S STYLE AND PERSONALITY MAY HAVE TAUGHT THEM A THING OR TWO. THEY WILL FIND IT DIFFICULT, IF CALLED UPON TO DO SO IN FUTURE, TO SUGGEST IN THEIR PROPAGANDA THAT THE WARSAW PACT IS DEALING WITH FACELESS, UNFEELING AND INHUMAN LEADERS IN THE WEST. WE BELIEVE THE VISIT ALSO GOT ACROSS TO HUNGARIANS AT ALL LEVELS THE MESSAGE THAT THEY HAVE FRIENDS IN THE WEST WHO ARE NOT SHUT OFF FROM THEM AS THEY WERE IN THE BAD OLD DAYS. THE FACT THAT THOSE FRIENDS FIND HUNGARY STIMULATING AND INTERESTING CAN ONLY STRENGTHEN HUNGARIANS' SENSE OF NATIONAL IDENTITY AND SELF-CONFIDENCE. TO DO THAT, WITHIN THE LIMITS SET US BY HUNGARY'S GEOPOLITICAL RELATIONSHIP WITH MOSCOW, WE BELIEVE THE MAJOR LONG-TERM WESTERN INTEREST HERE. THE VISIT SERVED IT WELL.

4. IN CARRYING OUT HER VISIT, THE PRIME MINISTER HAD TO STRIKE A BALANCE. SHE HAD TO MEET THE WISH OF BOTH SIDES TO STRENGTHEN THEIR BILATERAL RELATIONSHIP AND DEMONSTRATE THAT EAST/WEST DIALOGUE IS POSSIBLE EVEN IN TIME OF INTERNATIONAL TENSION. AT THE SAME TIME, BOTH SIDES HAD TO AVOID EXPOSING A FLANK TO SUSPICIOUS OR ANXIOUS OBSERVERS. THE DILEMMA WAS OBVIOUSLY GREATER FOR THE HUNGARIANS, OPERATING UNDER THE WATCHFUL EYE OF MOSCOW, THAN FOR US. THE PRIME MINISTER'S APPROACH, BOTH IN PUBLIC AND IN PRIVATE, GAVE THEM THE HELP THEY NEEDED. SHE MADE IT CLEAR THAT HER PURPOSE WAS NOT TO QUESTION HUNGARY'S COMMITMENTS. SHE GAVE NOTHING AWAY OF SUBSTANCE BUT CONCENTRATED ON HOW TO IMPROVE THE POSITION NOW REACHED, RATHER THAN INDULGE IN POLEMICS ABOUT HOW WE REACHED IT. THE HUNGARIANS WERE ABLE TO PLAY THEIR RECORD ABOUT THE REASONS FOR THE SOVIET WALK-OUT FROM THE ARMS CONTROL TALKS BUT FELT NO NEED TO CONTEST THE PRIME MINISTER'S FIRMLY STATED VIEW THAT THE TALKS WERE DESIRABLE AND THAT THERE SHOULD BE NO EMPTY CHAIR AT GENEVA. THE HUNGARIANS' READERSHIP IN THE SOVIET EMBASSY HERE CANNOT QUARREL WITH ANYTHING THEY SAID, ONLY WITH WHAT THEY DID NOT SAY- AND THAT DEFINES REASONABLY HUNGARY'S FOREIGN POLICY ROOM FOR MANOEUVRE. AT THE SAME TIME, THE FACT THAT HUNGARY WAS TREATED AS A SERIOUS INTERLOCUTOR BY A MEMBER OF THE WESTERN BIG LEAGUE MUST HAVE FLATTERED THE HUNGARIAN LEADERSHIP AND PLEASED THE PEOPLE.

5. THE PRIME MINISTER HAD TWO MAIN THEMES. THE WEST, PRESIDENT REAGAN AS MUCH AS ANYONE ELSE, WAS SINCERE IN ITS SEARCH FOR PEACE AND SECURITY AND FOR PROGRESS ON ARMS CONTROL. AND BRITAIN WAS INTERESTED IN HUNGARY AS A NATION: IN HUNGARIAN ACHIEVEMENTS: IN HUNGARIAN POLITICAL AND ECONOMIC EXPERIENCE: AND IN DOING BUSINESS WITH HUNGARY. THE FORMAL RESPONSE ON THE FIRST POINT, MOST NOTABLY IN LAZAR'S DISAPPOINTINGLY ORTHODOX AND UNIMAGINATIVE SPEECH FOR THE RECORD AT THE FORMAL DINNER, WAS CAUTIOUS. BUT, BEHIND IT, WE THINK THAT THE PRIME MINISTER MADE

SOME HEADWAY. ON THE SECOND, THE HUNGARIANS RESPONDED POSITIVELY AND PROFESSED THEMSELVES READY FOR AN INCREASE IN EVERY KIND OF CONTACT BETWEEN BRITAIN AND HUNGARY. IN CONVERSATION WITH ME AFTER THE PRIME MINISTER'S DEPARTURE, MR LAZAR EMPHASISED PARTICULARLY CONTACT BETWEEN PRIVATE AS WELL AS OFFICIAL INTERESTS - A WELCOME IF RATHER SURPRISING NUANCE, COMING FROM A LEADER OF A STILL VERY CENTRALISED SOCIETY.

6. BOTH SIDES ARE GOING TO HAVE TO WORK HARD AND IMAGINATIVELY IF THE IMPETUS PROVIDED BY THE VISIT IS NOT TO BE WASTED. TWO FIELDS LOOK TO ME PARTICULARLY PROMISING. COMMERCIALY THE TREND ON BOTH SIDES IS UPWARD AND THE HUNGARIANS POSITIVELY WANT US TO GO ON INCREASING OUR STILL DISAPPOINTINGLY SMALL SHARE OF THEIR IMPORT MARKET. IN THE CULTURAL FIELD, THE PRIME MINISTER PUT DOWN A MARKER ABOUT OUR WORK HERE: AND THE BUDAPEST CULTURAL FORUM WILL OFFER OPPORTUNITIES TO EXPLOIT. I SHALL BE MAKING DETAILED RECOMMENDATIONS TO THE DEPARTMENT. FOR THE PRESENT, THE ESSENTIAL POINT IS THAT THE VISIT WAS A SUCCESSFUL EXERCISE IN POSITIVE DISCRIMINATION AT THE HIGHEST LEVEL. WE MUST PUT TIME, EFFORT AND MONEY INTO THE FOLLOW-UP. FOR HISTORICAL, GEOGRAPHICAL AND POLITICAL REASONS, WE HAVE INTENDED TO BE ON THE OUTSIDE TRACK AMONG MAJOR WESTERN COUNTRIES HERE. THE VISIT HAS GIVEN US A CHANCE TO GET NEARER TO THE INSIDE TRACK.

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