

PRIME MINISTER

INTERVIEW WITH "US NEWS AND WORLD REPORT"

You are to give an interview to US News and World Report tomorrow at 10.00 am. This is an American weekly magazine, modelled on Time Magazine, which now rivals Newsweek in its circulation at around 2.4 million. The interviewer will be Mortimer Zuckerman, owner and Editor-in Chief. He will be accompanied by Robin Knight, London Bureau chief, David Lawday, Paris correspondent, and a photographer who would like to take some portraits of you for their front cover before the interview gets under way.

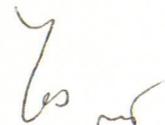
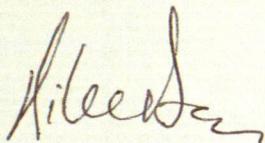
Mr Zuckerman is of Canadian origin. He was an academic at Harvard before making a fortune in real estate. He bought US News as a means of exerting influence on the political scene. Politically he is on the right wing of the Democratic Party. He is Jewish and very strongly pro-Israel.

Mr Zuckerman, who is an admirer, will concentrate on the transformation of Britain and various international issues, as follows:

- 1) Prospects for the new US Administration and the US budget deficit.
- 2) East-West relations and prospects for the Gorbachev reforms;
- 3) The Middle East peace process: what next?
- 4) Burden sharing;
- 5) South Africa.

I do not think you will need briefing on any of these points but there are in any case notes on them in the folder.

COI will record as usual. Charles and I will also be present. Content to use the White Room, in view of the numbers involved?



MICHAEL BATES  
Press Office  
5 December 1988



Foreign and Commonwealth Office

London SW1A 2AH

2 December 1988

22/12  
cc: PJP

*Ria Minister*

*Dear Andy,*

*You will want  
to glance at  
this to jog  
your memory.*

Prime Minister's Interview with  
US News and World Report: 6 December

CDP  
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As requested in your letter of 22 November I enclose briefing for this interview. Because of the Rhodes European Council, I have not been able to show it to the Foreign Secretary.

I attach bull points on the subjects listed in the letter.

We understand that the Press Office wanted the South African briefing to concentrate on progress in breaking down apartheid and on the likely impact of the new US Administration on sanctions policy.

In general we have sought to avoid second-guessing the policies of the incoming Administration where no clear statements about them exist on the record. Our Embassy in Washington report that attention there is still more focussed on the personnel aspects of transition than on policy issues.

We have not specifically covered the Moscow Conference proposal in the East-West section. The Prime Minister is already well briefed on this. However she may like to be reminded that the Americans report that since late on 29 November all the Soviet language services of Radio Liberty, as well as Deutsche Welle and Kol Israel, have been unjammed.

We do not think that the Prime Minister will need any additional background material.

*L. Parker*, *L. Parker*

(L Parker)  
Private Secretary

P A Bearpark Esq  
10 Downing Street

## PROSPECTS FOR THE NEW US ADMINISTRATION

- Washington now in transition. New President not inaugurated until 20 January. Over 3,000 appointments to be made. 700 to be confirmed by Senate. Must give Mr Bush a chance to formulate his Administration's policies.
- Vice President Bush's election will provide welcome element of continuity. Established friendship between us. He brings obvious depth of experience and detailed knowledge to whole range of foreign policy. Welcome indications that he intends to be personally engaged in this area.
- Impressed by early appointments: Baker (Secretary of State); Brady (Treasury); Thornburgh (Attorney General); Scowcroft (National Security Adviser); Cavazos (Education); Sununce (Chief of Staff).
- Only very general talks together in Washington. Not right to anticipate new President's approach to issues. But warmly welcome:
  - views of President-elect on need to maintain a strong US presence in Europe, and to take early opportunity to meet Allies
  - President-elect's indications that he attaches priority to arms control process (especially CW); Middle East and fight against terrorism. He will have our full support.
- [See also separate brief on South Africa.]

## BUDGET DEFICIT

- No doubt President elect is alert to seriousness of problem and determined to tackle it.
- Already discussing next budget with outgoing Administration and has begun to lobby Congress.
- Should not forget underlying strength of US economy. Deficit only 3.4% of GNP.
- Not for me to recommend solutions. Sure he will consider possibilities carefully.
- (If raised) - Don't underestimate potential problems of Democratic majorities in both Houses. But deficit a bipartisan issue and as Vice-President Mr Bush is a seasoned Washington politician well used to dealing with Congress.

## OUTLOOK FOR EAST-WEST RELATIONS

- I take positive view. New opportunities arising from recent developments on Soviet scene. Real chance of more stable, co-operative East-West relationship.
- West, under leadership of President Reagan, has been firm and consistent. Result: Soviet Union has moved towards us.
- Firmness works. Look at balance sheet. Four US-Soviet summits so far and President Gorbachev about to meet President Reagan and President-elect Bush. My own forthcoming meeting with Gorbachev will be fifth (four substantive talks). Always straight talking.
- Concrete gains: INF, Afghanistan, progress on human rights.
- But right to remain cautious. Soviet conventional superiority in Europe, weapons modernisation programmes, KGB activities remain cause for concern. More progress on arms control, (especially military transparency), human rights needed.
- Western unity more important than ever. We must:-
  - take opportunities to improve relations
  - but keep up our guard, and face up to difficult decisions in defence field
  - while carrying our domestic public opinions with us.
- West should avoid:-
  - misplaced euphoria
  - ill thought-out ideas about "helping" Gorbachev
- Little we can or should do to "help". "Marshall Plans" not requested, nor should they be given. Soviet Union needs to find its own solutions to economic problems. Still spending 15% of GNP on defence.

## PROSPECTS FOR GORBACHEV'S REFORMS

- Remarkable and determined attempt to tackle problems built up over 70 years. Reform will take decades not years.
- + Not just regulations and laws that need changing. Attitudes and entrenched interests also.
- Economic results slow in coming. Things likely to get worse before they get better. Vital issue of price reform still not addressed. Economic success key to popular support.
- Political reform moving ahead. Major constitutional changes to encourage more participation in political process, increase responsiveness of system. But ambiguities persist - centralised methods being used to promote decentralisation, no suggestion of genuine pluralism.
- Glasnost and democratisation have stimulated revival of nationality problems in Baltic States and Caucasus. Expectations of greater autonomy raised. But difficult to control passions aroused, or meet demands without seriously weakening system.
- Question of whether a system dominated by the Communist Party can be reformed effectively remains. But changes - so far - dramatic.
- In our interests for Gorbachev to succeed. Historic acknowledgement of success of some features of Western society. Communism has failed to produce the goods. Any gains for freedom welcome, however small. Good for East-West stability if in longer term Soviet Union becomes more prosperous, open, freer society.

THE MIDDLE EAST PEACE PROCESS: WHAT NEXT?

Bull Points

- Welcome PLO endorsement in <sup>Algiers</sup> Agliers of UNSCRs 242 and 338 as basis for international conference. Modest but potentially important step forward.
- Still ambiguities in Palestinian position (eg PNC recognition of Israel implicit only). But overall <sup>something</sup> ~~a good~~ basis to build on.
- Onus now on Israel to come up with constructive response. Blanket rejection of PNC decisions inadequate. Status quo untenable as continuing Palestinian uprising shows. Hope new Israeli government will offer parallel commitment to international conference.
- Each side must be ready to make other an offer it cannot refuse.
- Made clear in Washington our hope that new US Administration will give priority to making progress on Middle East. We are ready to play our part.
- (If raised): Unilateral declaration of independent Palestinian state unhelpful. Prejudges negotiations between parties about how Palestinians should realise their right to self-determination.
- (If raised): US refusal of visa for Arafat: as we have stated in New York, believe Arafat should be allowed to address the UN Assembly. US fully aware of our views. Abstained in UNGA vote because language of resolution failed to show sufficient respect for US as host nation.
- (If raised): Regular dialogue between UK officials and PLO representatives. PLO well aware of those aspects of its policy which make renewed Ministerial level contacts difficult. Ambiguities not entirely eliminated by PNC.

## BURDEN SHARING

- Too simple a label. Defence of our freedom our shared responsibility.
  - Maintaining a sure defence is expensive. Freedom not cheaply insured.
  - Understand US concerns. Best discussed within the Alliance, since not just a bilateral issue between US and certain Allies in Europe.
  - We have no doubt about US commitment. Successive Administration reports to Congress have reaffirmed strong and continuing US ties to Europe.
  - And don't underestimate strength of European commitment. European defence spending increased by 34% in real terms 1970-1987 (US figure 14%). UK alone spending 20% more in real terms than in 1979.

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  - Europeans provide: 90% of manpower
    - 85% of tanks
    - 80% of combat aircraft
  - UK and France fully committed to maintenance of effective national nuclear deterrents.
  - We are doing very well. We believe we can yet do better. That is why we are looking at:-
    - procurement (more competition)
    - more production collaboration (eg European Fighter Aircraft, helicopters, NATO frigate)
    - logistics and training (better co-ordination)
  - UK holds current Presidency of WEU, recently enlarged to nine European NATO members by accession of Spain and Portugal. We see
-

WEU as forum for co-ordination of closer defence co-operation including out-of-area (eg use of WEU as framework for collaboration on joint European naval patrols in Gulf). Can only benefit Alliance.

- General agreement on need to share responsibility. But we are planning for long term. Bound to take time.
- Above all, keep Atlantic community strong - in substance and in spirit.

SOUTH AFRICA: PROSPECTS FOR PROGRESS

- Encouraged by recent positive developments: reprieve of Sharpeville Six; announcement that Mr Mandela will not be returned to prison; release of two important opposition leaders (Mr Mothopeng of Pan-Africanist Congress and Mr Gwala of ANC). All subjects of repeated representations by UK.
- But negative developments too: return to petty apartheid by councils captured by extreme right in recent elections.
- However South African authorities have expressed concern at these moves, and also gone some way to meet international concern about proposed new group areas enforcement and foreign funding legislation.
- Shows South Africa not deaf to international opinion. Reinforces our view that policy of engagement works. Withdrawal from South Africa not the answer.
- Working now for unconditional release of Mr Mandela, release of other political prisoners, unbanning of ANC and other political organisations to allow genuine national dialogue with suspension of violence on all sides.
- Our goal is total abolition of apartheid and replacement by a non-racial, representative system of government. Still a long way to go. Realism on all sides important.
- Change will come - but only from within. South Africans of all races must show necessary vision and will. UK working to encourage peaceful internal change.
- Ours is a positive policy: maintaining contacts, helping black South Africans and neighbouring countries (including military assistance to Zimbabwe and Mozambique).

- Punitive sanctions no answer. Abandoning and impoverishing those we want to help. Sanctions have not stimulated political change; have not prevented new repressive measures nor rolled back existing ones, nor prevented rise of extreme right.
- Many new curbs since 1986 round of sanctions/disinvestment: renewal of State of Emergency; February measures against UDF and other organisations.
- Aware of calls in US Congress for broad sanctions. Not for me to speculate about attitude of new Administration.
- Our views well known. US sanctions legislation a matter for US. But we oppose extra-territorial provisions. With EC partners, made representations against such provisions in Dellums/Wolfe Bill (amending the Comprehensive Anti-Apartheid Act).

PRIME MINISTER'S INTERVIEW WITH US NEWS AND WORLD REPORT

1. At the United Nations, Mr Gorbachev announced sweeping cuts in Soviet forces in Europe. Nevertheless, the Warsaw Pact retains a decisive advantage. How should the West respond?

I have warmly welcomed Mr Gorbachev's announcement as a first step towards securing a better balance of forces in Europe, in view of the Soviet Union's overwhelming superiority. But it is only a first step. Even after these cuts, Warsaw Pact tanks and artillery will outnumber those of NATO by approximately 2.5:1, compared to 3:1 today. A substantial asymmetry will therefore remain. Our response should be to welcome these cuts and to press our agenda, announced by the NATO Council this week, for further cuts to reach a genuine balance at lower levels.

2. Public opinion in some NATO countries undoubtedly is going to see the Gorbachev plan as a reason not to proceed with NATO nuclear modernisation. How do you think the Alliance should handle this?

The lesson of the past few years is that the best basis for improving East/West relations and getting real arms control is for the West to keep its defences sound. That is what the Soviet Union is doing. The modernisation of its nuclear and conventional forces continues undiminished. And unlike NATO, which has reduced its theatre nuclear warheads by 35 per cent over the past decade, the Soviet Union has not reduced its stockpile. Obsolete weapons do not deter and to ensure that our forces are effective, we must keep them up to date.

3. Does the Gorbachev plan lessen the need for 327,000 US troops to be stationed in Western Europe, in your opinion?

Not in any way. As I have pointed out, the reductions recently announced by Mr Gorbachev still leave the Soviet Union with a very substantial preponderance of forces in Europe. Both the US and the European nations should retain

their existing forces, while we negotiate to achieve a proper balance in the Conventional Stability Talks. I hope that these will start soon.

DASARM



10 DOWNING STREET

LONDON SW1A 2AA

*press*  
9 December 1988

*Mr Lyn,*

**PM'S INTERVIEW WITH US NEWS AND WORLD REPORT**

As you know, the Prime Minister gave an interview to US News and World Report on Tuesday. A copy of the transcript is enclosed. Publication is planned for next Monday.

Gorbachev's speech at the UN is clearly relevant to the interview, given that it concentrated so much on East-west issues. The interviewer has therefore submitted three supplementary questions (see attached copy letter), asking for written replies this afternoon.

Charles Powell has asked if you could let us have draft replies by 2.00 pm today please.

*Yours ever,  
Michael Bates*

**MICHAEL BATES**  
Press Office

Mr Lyn Parker,  
FCO.

# U.S. News & World Report

WASHINGTON

LONDON BUREAU • 72 NEW BOND STREET • LONDON • W1Y 0RD • 01 493 4643

December 8th, 1988

Mr. Michael Bates,  
Press Office,  
10 Downing Street,  
London SW 1

Dear Michael,

Apropos our telephone conversation this evening, here are three questions which we would be grateful if the Prime Minister could answer:

1. At the United Nations Mr. Gorbachev announced sweeping cuts in Soviet forces in Europe. Nevertheless the Warsaw Pact retains a decisive advantage. How should the West respond?

2. Public opinion in some NATO countries undoubtedly is going to see the Gorbachev plan as a reason not to proceed with NATO nuclear modernization. How do you think the Alliance should handle this?

3. Does the Gorbachev plan lessen the need for 327,000 U.S. troops to be stationed in Western Europe, in your opinion?

I have edited the other answers down to no more than about 150 words an answer, so something of this length would be fine for each question. Or less, of course!

Our deadline is Friday afternoon (we can probably stretch it to about 5pm if we have to). Anything you can do to help would be much appreciated.

Yours sincerely



Robin Knight  
Senior European Editor



Foreign and Commonwealth Office

London SW1A 2AH

9 December 1988

EC/PC  
Further requested reduction - is Soviet balance. In order to achieve a proper balance.

OK

Dear Charles

PM's interview with US News and World Report

We suggest the following replies to the three supplementaries put to the Prime Minister by US News and World Report (the Foreign Secretary, who is on the way back from Brussels, has not had the opportunity to consider them).

1. I have warmly welcomed Mr Gorbachev's announcement as a first step towards securing a better balance of forces in Europe, in view of the Soviet Union's overwhelming superiority. But it is only a first step. Even after these cuts, Warsaw Pact tanks and artillery will outnumber those of NATO by approximately 2.5:1, compared to 3:1 today. So our response should be to welcome these cuts and to press our agenda, announced by the NATO Council this week, for further cuts to reach a genuine balance at lower levels.

A substantial asymmetry will remain.

2. The lesson of the past few years is that the best basis for improving East/West relations and getting real arms control is for the West to keep its defences sound. That, after all, is what the Soviet Union is doing. ~~Its~~ modernisation of nuclear forces continues unabated. And unlike NATO, which has reduced its theatre warheads by 35% over the past decade, the Soviet Union has not reduced its stockpile. NATO strategy will continue to require an effective mix of nuclear and conventional forces for the foreseeable future. To remain effective, those forces need to be kept up to date. Obsolete weapons do not deter.

nuclear

3. There is no comparison between Soviet and US forces in Europe. US forces are here by free mutual agreement to defend our common values. They have an irreplaceable role in European security. The Gorbachev cuts - which will still leave the Warsaw Pact with 2½ times NATO's tanks and artillery - do not affect this in the slightest.

No, as I have pointed out the reductions recently announced by Mr. Gorbachev still leave the Soviet Union with a very substantial presence in Europe. The magnitude of need for both to use to European nations

your request take place for further reduction. Still reductions take place in unbalanced.

C D Powell Esq  
PS/No 10 Downing Street

(L Parker)  
Private Secretary

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