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OD(80) 15th Meeting

COPY NO 45

CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

MINUTES of a Meeting held at  
10 Downing Street on  
THURSDAY 5 JUNE 1980 at 9.15 am

PRESENT

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon William Whitelaw MP  
Secretary of State for the  
Home Department

The Rt Hon Lord Hailsham  
Lord Chancellor

The Rt Hon Lord Carrington  
Secretary of State for Foreign  
and Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer

The Rt Hon Lord Soames  
Lord President of the Council

The Rt Hon Sir Ian Gilmour MP  
Lord Privy Seal

The Rt Hon John Nott MP  
Secretary of State for Trade

ALSO PRESENT

Lord Strathcona  
Minister of State  
Ministry of Defence

SECRETARIAT

Mr R L Wade-Gery  
Mr R M Hastie-Smith  
Mr W N Wenban-Smith

SUBJECT

THE MANAGEMENT OF EAST-WEST RELATIONS

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THE MANAGEMENT OF EAST-WEST RELATIONS

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The Committee considered a memorandum by the Secretary of State for Foreign and Commonwealth Affairs (OD(80) 43) on the management of East-West relations in the light of the Soviet invasion of Afghanistan.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Soviet invasion of Afghanistan demonstrated the need for a fresh approach to the management of East-West relations. In Europe, a system had evolved under which each side knew and observed certain basic rules of restraint. Elsewhere, experience had led Soviet leaders to believe that no such rules applied. The lack of effective response to their moves in Angola, Ethiopia, and the People's Democratic Republic of the Yemen had no doubt persuaded them that the West would not react differently to their invasion of Afghanistan. They had probably been astonished by the strength of the actual reaction, involving not only the United States but also the unprecedented condemnation of the Soviet Union by 104 members of the United Nations. It was necessary to build on this in order to improve the West's capacity to meet the continuing Soviet challenge in the world. The modest proposals summarised in paragraphs 1-4 of the Note by his officials annexed to his memorandum were the outcome of long discussions about how Britain should contribute to that process.

In general discussion, it was suggested that the large increase in Soviet power relative to the West which had occurred over the past decade was largely a result of weak United States leadership. But there were other reasons for Western disarray: eg the insistence of the French on an independent posture; and the growing West German economic interdependence with Eastern Europe, which was beginning to have disquieting political manifestations. It was therefore all the more important that Britain, despite her more limited economic resources, should continue to contribute a strong political and ideological lead. The English language gave British spokesmen great influence; and Britain's moral authority was respected by many countries particularly in the Commonwealth, where settlement of the Rhodesian problem had removed a major cause of contention and distraction. There was also increasing evidence that Third World countries were coming to recognise the irrelevance of Soviet

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ideology and Soviet weapons, to the solution of their real problems. The failures of the Soviet system were evident in the flow of refugees from Vietnam and Cuba and in the resistance of the Afghan tribes. At the same time, it had to be recognised that Britain's resources were limited. At a time of little real growth she was already allocating 5 per cent of her Gross Domestic Product to defence and planned additions which could bring this proportion to 6 per cent over the next 5 years. Yet even this represented less in total than the Germans could produce with their present expenditure of 3.3 per cent on defence. For the same reason, Britain was not well placed to give a lead in meeting the economic aspirations of developing countries. They sought trade opportunities even more than aid. This meant openings for their exports in sensitive sectors and contributions to the proposed Common Fund for commodities, which Britain could not afford to provide. At the same time it was suggested that the British could do more to present themselves as sympathetic to the aspirations of the "South". More substantively, the impact of aid should not be underestimated. The Russians' total aid-giving might be small, but their take-over in Afghanistan, for example, had been preceded by a large civil aid programme over a long period. The United Kingdom aid programme was less flexible and less effective politically because of the high proportion allocated to multilateral assistance; at present this was about one-third of the total, but planned reductions would fall disproportionately on our bilateral aid programmes. A further important weakness was that in rigidly separating the defence, aid and overseas budgets, the British Government tended to lose sight of the fundamental links between defence, aid and foreign policy objectives.

In further discussion of the specific proposals put forward by the Foreign and Commonwealth Secretary the following points were made -

- a. Efforts at mobilising Britain's allies, on the lines proposed in paragraph 10 of the Note by Officials, in spite of the difficulties referred to, could make a contribution to greater political coherence in the West. There were impediments to using the North Atlantic Treaty Organisation (NATO) as a forum

for facing Soviet challenges in the Third World; for example political nervousness on the part of Nordic member states, the independent attitude of the French, and constitutional limitations for the Germans, as well as the geographical limits written into the Treaty. But to accept these impediments as overriding would allow the Soviet Union to bypass the West's political defences. The forthcoming 7 power Summit Meeting in Venice would provide a good opportunity for discussion of these fundamental issues.

- b. There were many complexities in our relations with developing countries which had an indirect bearing on the Soviet threat. In the Caribbean, for example, governments had come to power which were so subject to Communist influence that we had been obliged to abandon our aid programmes. There was also a close connection between the political and economic turmoil in the West Indies and the tensions felt by the West Indian communities in Britain.

- c. In considering the scope for bringing economic pressure to bear on the Soviet Union while encouraging trade with selected countries in Eastern Europe, a number of conflicting factors had to be kept in mind. Although the West as a whole would benefit from restricting trade credit, a country which broke ranks, as France had recently done, could expect advantages at a time when most of Western industry was short of orders. Studies within the Department of Trade had also shown that the United Kingdom would be far more vulnerable to a trade embargo than the Soviet Union, which was the source of supply for certain key minerals otherwise only obtainable from South Africa. Restraint on the supply of technology to the Soviet Union could lead to a diversion of Soviet technical effort from military to civilian purposes; but it might also tempt the Russians to take by force what they were prevented from buying. The American grain embargo, though only partially successful, had had considerable impact. It was unfortunate that the Olympic boycott, which entailed no economic cost, had not been more complete.

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d. Good progress was being made in the work to develop our capacity for long range military intervention outside the NATO area. Only a modest diversion of resources would be involved; and talks would be held with the Americans and French to co-ordinate planning without creating new administrative structures. It would be necessary to exchange views with the United States before broaching with the Japanese (as suggested in paragraph 20 of the Note by Officials) the idea of more extended military co-operation.

e. The link between defence and foreign policy objectives was demonstrated by the arrangements for providing military training assistance. Such assistance did not guarantee that the recipients would confine their purchases of equipment to the United Kingdom, as India's and Zambia's large deals with the Soviet Union had shown. But it could make a valuable impact on the attitudes of recipient governments and, as with the provision of Loan Service Personnel to Oman, could serve our defence interests as directly as by maintaining troops in Germany. The Ministry of Defence should not seek to recover from the Foreign and Commonwealth Office Vote more than, at most, the marginal cost of military training assistance. Accounting changes apart, some additional resources might need to be provided for this type of assistance; since this should fall within the approved total of Government expenditure, it would probably have to be at the expense of other forms of defence expenditure.

f. In considering the scope for countering Soviet propaganda, the independence of the British Broadcasting Corporation (BBC) from political direction, and its impartiality, were recognised as important assets. But the Overseas Service tended to give a generally gloomier picture of events in the United Kingdom than the domestic services. It would be in the British interest, and without risk to the BBC's independence from partisan political control, for the Government to appoint as Governors of the BBC persons having both a keen interest in the Overseas Service and the time to bring their influence to bear at the level where day-to-day editorial decisions were taken.

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THE PRIME MINISTER, summing up the discussion, said that the Committee agreed with the objectives outlined in the Foreign and Commonwealth Secretary's memorandum. Their discussion had brought out the essential unity of purpose in the Government's defence and foreign policies, including aid policy. Expenditure decisions, within the overall limits agreed, should reflect this unity. While there were clear economic and other constraints on the action the United Kingdom could take to counter the effects of Soviet power, many countries looked to the United Kingdom to give a political lead. The studies and initiatives proposed by the Foreign and Commonwealth Secretary should provide a suitable basis for action to this end. While the Committee would need to consider further any proposals which entailed an increase in public expenditure (eg in relation to the minor expenditure mentioned in paragraph 24f of the Note by Officials attached to OD(CO) 43) it should be possible to meet the costs of the Government's military training assistance programme, including a modest increase in it, by the introduction of more realistic methods of financial adjustment between the Ministry of Defence and the Foreign and Commonwealth Office.

The Committee -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.
2. Invited the Foreign and Commonwealth Secretary to carry forward the proposals set out in paragraphs 1-4 of the Note by Officials attached to OD(SO) 43.
3. Invited the Chancellor of the Exchequer, in consultation with the Foreign and Commonwealth Secretary and the Defence Secretary, to consider how to introduce more realistic methods of interdepartmental accounting which would leave the basic costs of service personnel participating in the United Kingdom military training assistance scheme to be met from the defence budget.
4. Invited the Foreign and Commonwealth Secretary and the Defence Secretary to consider jointly, in consultation with the Chancellor of the Exchequer, how to ensure that the agreed resources available for foreign policy objectives (including aid) and defence policy objectives were treated as a single "pocket" from which expenditure could be flexibly directed towards meeting the requirements of national security in the broadest sense.

Cabinet Office  
6 June 1960

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