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FM WASHINGTON 231515Z

TO IMMEDIATE FCO

TELEGRAM NUMBER 1668 OF 23 JUNE 79.

AND TO IMMEDIATE TOKYO FOR PS/PM.

INFORMATION PRIORITY EC POSTS, UK DEL NATO, OTTAWA AND MOSCOW.

FAREWELL CALL ON PRESIDENT CARTER.

mb
Prime Minister
gh
27/6
mb

1. TAKING MY LEAVE OF MR CARTER THIS MORNING I HAD TWENTY MINUTES ALONE WITH HIM. AFTER SOME INITIAL PLEASANTRIES, DISCUSSION OF MY PERSONAL PLANS AND SOME TALK ABOUT MY PROJECTED BOOK ON WESTERN ECONOMIC INSTABILITY AND WHETHER JAPAN (WHOSE SOCIAL AND TECHNICAL PROGRESS HE ADMIRES) IS PART OF THE "WEST", THE PRESIDENT ASKED AFTER THE PRIME MINISTER'S EARLY PROGRESS.

2. I SAID THAT HER FIRST PRIORITY WAS AND WOULD REMAIN TO STRENGTHEN AND REDIRECT THE BRITISH ECONOMY. I THOUGHT THAT IT WOULD BE EIGHTEEN MONTHS TO TWO YEARS BEFORE THE REAL TEST OF THE NEW STRATEGY CAME AND BEFORE ITS FRUITS COULD BE EXPECTED TO BEGIN TO RIPEN. MR CARTER SPOKE OF THE NEED IN BRITAIN FOR SOME GOVERNMENTAL, FISCAL AND TRADE UNION REFORM ALONG THE LINES HMG IS PURSUING. HE SAW NO (RPT NO) DANGER OF QUOTE RADICALISM UNQUOTE IN BRITAIN AND SHOWED SOME INTEREST IN THE FUTURE DIRECTIONS AND LEADERSHIP OF THE LABOUR PARTY.

3. I SAID THAT THE PRIME MINISTER HAD ALSO GIVEN HIGH PRIORITY TO IMPROVING THE TONE OF BRITAIN'S RELATIONS WITH THE EUROPEAN COMMUNITY. THE STRASBOURG COUNCIL MEETING HAD GONE WELL FROM THAT POINT OF VIEW. THE PM HAD ALSO SECURED AN IMPORTANT REVIEW OF THE EC'S INEQUITABLE DISTRIBUTION OF FISCAL BURDENS. THE EUROPEAN LEADERS WERE VERY CONCERNED ABOUT THE WORLD ENERGY OUTLOOK, FELT THAT THEY HAD ADOPTED AN EFFECTIVE AND REALISTIC APPROACH AND WOULD DOUBTLESS BE LOOKING FOR A SIMILAR INDICATION OF RESOLVE BY THE US FROM MR CARTER IN TOKYO. THE PRESIDENT ANSWERED QUOTE 'THEY ARE QUITE RIGHT UNQUOTE. HE HAD ALREADY BEEN TALKING ON THE TELEPHONE TO CHANCELLOR SCHMIDT.

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4. I SAID THAT I FELT HMG HAD MADE A GOOD BEGINNING IN UK-US RELATIONS AND REFERRED IN PARTICULAR TO THE PM'S (AND LORD CARRINGTON'S) EARLY PUBLIC STATEMENTS ON SALT. MR CARTER ACKNOWLEDGED THESE, THOUGH ADDING HIS IMPRESSION THAT THE PM HAD BEEN LESS WHOLEHEARTED ABOUT SALT IN PRIVATE. I REFERRED TO THE PM'S MEETING THIS WEEK WITH DR FRANK PRESS AND SAID THAT MRS THATCHER WOULD WISH TO DISCUSS C.T.B. WITH MR CARTER AT THEIR MEETING IN TOKYO.

5. SPEAKING PERSONALLY I PAID TRIBUTE TO THE PLEASURE AND INSPIRATION OF WORKING IN MR CARTER'S WASHINGTON AND PARTICULARLY TO HIS COURAGE AND OBJECTIVITY IN CONFRONTING FUNDAMENTAL ISSUES. QUOTE MORE CONFRONTING THAN RESOLVING UNQUOTE HE OBSERVED WITH A DISARMING SMILE. I CONGRATULATED HIM ON VIENNA AND ON THE COMPLETION OF SALT. HE SAID THERE WOULD NOW BE A TOUGH FIGHT OVER RATIFICATION. BUT HE SAID MORE THAN ONCE AND WITH A CONFIDENT LIGHT IN HIS EYE, QUOTE IT IS A GREAT THING TO HAVE LOGIC ON ONE'S SIDE UNQUOTE. I SENSED, NOT FOR THE FIRST TIME, THAT THIS IS THE ALLY HE PREFERS ABOVE ALL OTHERS. HE RECALLED HOW PATIENT EXPOSITION OF A SOUND CASE HAD RECENTLY CONVERTED LARGE NUMBERS OF CONGRESSIONAL OPPONENTS OF THE PANAMA TREATIES IMPLEMENTING LEGISLATION. HE ACKNOWLEDGED THAT MANY SENATORS HAD TO GO THROUGH QUOTE AN ELABORATE DANCE UNQUOTE. BUT LOGIC WOULD PREVAIL WHEN IT CAME TO THE FINAL VOTE.

6. FOR ALL HIS INTERNATIONAL WORRIES AND DOMESTIC POLITICAL TROUBLES MR CARTER STILL GIVES THE IMPRESSION OF A MAN COMPLETELY AT PEACE WITH HIMSELF, WORKING METHODICALLY THROUGH HIS AGENDA GUIDED WHOLLY BY HIS SENSE OF LOGIC, RECTITUDE AND THE MERITS OF THE ISSUES. HE IS AS PLEASANT IN MANNER AND AS ICE-COLD IN THOUGHT AS EVER. BUT, THOUGH FIT, HE LOOKS OLDER.

7. I HAD AN OPPORTUNITY BEFORE LEAVING THE WHITE HOUSE TO ASK AARON (NSC) ABOUT THE ARRANGEMENTS FOR THE PRESIDENT'S BREAKFAST WITH THE PRIME MINISTER. HE SAID THIS WOULD NEED TO BE SETTLED BETWEEN THEIR STAFFS IN TOKYO. BUT THE PRESIDENT'S USUAL PREFERENCE WAS FOR TETE-A-TETE WITH NOTE-TAKERS. AARON HIMSELF WILL NOT BE IN TOKYO.

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