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FM WASHINGTON

TO PRIORITY FCO

TELNO 2666

OF 181900Z OCTOBER 86

INFO PRIORITY BONN, PARIS, UKDEL NATO, MOSCOW,
INFO SAVING OTHER NATO POSTS, UKDIS GENEVA IN NEW YORK*ms*

MY TELNO 2640 : REYKJAVIK

SUMMARY

1. PRESIDENT LAUNCHES SDI AS CONGRESSIONAL ELECTION CAMPAIGN ISSUE. DEMOCRATS UNCERTAIN HOW TO RESPOND. POLLS SHOW SUPPORT FOR THE PRESIDENT'S HANDLING OF THE ISSUE AT REYKJAVIK.
2. PRIVATE US/SOVIET CONTACTS CONTINUE IN GENEVA AND ELSEWHERE.

DETAIL

3. THE PRESIDENT HAS MOVED QUICKLY TO MAKE A CONGRESSIONAL ELECTION ISSUE OUT OF SDI AND HIS DEFENCE OF IT AT REYKJAVIK. AT A FUNDRAISER FOR A REPUBLICAN SENATE CANDIDATE IN BALTIMORE ON 15 OCTOBER, REAGAN INCLUDED THE FOLLOWING HIGH-PROFILE DEFENCE OF SDI:

QUOTE

48 HOURS AFTER WE CAME HOME FROM REYKJAVIK, SOME ON CAPITOL HILL WERE ALREADY PROMISING TO TAKE A MEAT AXE AND CHOP UP AMERICA'S DEFENCE INITIATIVE, WHICH IS EXACTLY WHAT MR GORBACHEV IS HOPING THE CONGRESS WILL DO. LET ME STATE IT PLAINLY. IT WOULD BE A TERRIBLE TRAGEDY FOR THIS COUNTRY AND FOR OUR CHILDREN'S FUTURE IF THOSE ON CAPITOL HILL OPPOSED TO SDI ARE ALLOWED TO HAND OVER TO THE SOVIET UNION FREE OF CHARGE WHAT WE REFUSED TO HAND OVER ACROSS THE NEGOTIATING TABLE IN REYKJAVIK. SDI IS AMERICA'S INSURANCE POLICY THAT THE SOVIETS WILL BEGIN LIVING UP TO THE ARMS CONTROL AGREEMENTS THAT THEY AGREED TO. SDI IS ONE OF THE CHIEF REASONS THE SOVIETS WENT TO THE SUMMIT, AND ONE OF THE PRIMARY REASONS THEY WILL COME BACK AGAIN. SDI IS A KEY TO A WORLD FREE OF NUCLEAR BLACKMAIL. DON'T LET LIBERALS IN CONGRESS THROW IT AWAY ... TODAY I URGE THE VOTERS OF MARYLAND AND THE VOTERS OF THIS NATION TO ASK EACH OF THEIR CANDIDATES THIS QUESTION: WHERE DO YOU STAND ON DEFENDING AMERICA? WHERE DO YOU STAND ON SDI?

UNQUOTE

THE WHITE HOUSE ARE SAYING THAT THIS WILL BE A CENTRAL THEME OF THE PRESIDENT'S CAMPAIGN SPEECHES FOR REPUBLICAN CANDIDATES IN THE TWO WEEKS BEFORE THE MID-TERM ELECTIONS.

4. THIS HIGHLY CHARGED DEFENCE OF SDI CLEARLY REFLECTS A JUDGEMENT IN THE WHITE HOUSE THAT THERE IS ELECTORAL MILEAGE FOR THE PRESIDENT AND REPUBLICAN CONGRESSIONAL CANDIDATES IN BUILDING UP THE SDI AS A MAJOR CAMPAIGN ISSUE AND ASSOCIATING IT WITH THE NEED FOR A STRONG DEFENCE. THE VERY TIGHT (AND IMPORTANT) RACE FOR CONTROL OF THE SENATE NO DOUBT EXPLAINS THE STRATEGY, AND THE EVIDENCE FROM THE POLLS OF PUBLIC SUPPORT FOR THE PRESIDENT'S HANDLING OF THIS (AND OTHER) ISSUES AT REYKJAVIK HAS NO DOUBT PROVED TOO STRONG A TEMPTATION FOR THE WHITE HOUSE POLITICAL ADVISERS.

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5. THIS AGGRESSIVE POLITICISATION OF THE ISSUE BY THE PRESIDENT APPEARS TO HAVE CAUGHT THE DEMOCRATS OFF GUARD. THERE IS CLEARLY SOME RESENTMENT THAT, THE DEMOCRATS HAVING CLOSED RANKS BEHIND THE PRESIDENT BEFORE AND IMMEDIATELY AFTER THE REYKJAVIK SUMMIT, THE PRESIDENT SHOULD NOW BE TURNING THE SDI QUESTION INTO AN ELECTION ISSUE. SPEAKER O'NEILL ON 16 OCTOBER ACCUSED THE PRESIDENT OF TRAMPLING ON THE BIPARTISAN SPIRIT OF THE REYKJAVIK SUMMIT WITH HIS REMARKS IN BALTIMORE. THE DEMOCRATIC RESPONSE, DESPITE SOME SHARPENING OF THE RHETORIC ON THEIR SIDE TOO, HAS SO FAR GENERALLY BEEN UNCERTAIN, NO DOUBT REFLECTING A JUDGEMENT THAT A FULL FRONTAL ATTACK ON SDI AND THE PRESIDENT'S HANDLING OF IT AT REYKJAVIK WILL BE HARD TO PULL OFF WITHOUT THE DEMOCRATS OPENING THEMSELVES UP TO THE TRADITIONAL CHARGE THAT THEY ARE SOFT ON DEFENCE.

6. SOME SENIOR DEMOCRATIC FIGURES HAVE NEVERTHELESS TRIED TO CAST DOUBT ON THE COMPETENCE OF THE PRESIDENT'S HANDLING OF THE REYKJAVIK SUMMIT AND TO QUESTION HIS COMMITMENT TO SDI. SENATOR NUNN (D-GEORGIA), FOR EXAMPLE, HAS REVEALED THAT THE PRESIDENT TOLD SENATORS AND CONGRESSMEN ON 14 OCTOBER THAT HE HAD PROPOSED TO GORBACHEV THE ELIMINATION OF ALL STRATEGIC NUCLEAR WEAPONS, AS OPPOSED TO ALL BALLISTIC MISSILES. NUNN SAID THAT THERE HAD TO BE GENUINE DOUBT ABOUT WHAT HAD IN FACT BEEN PROPOSED AT REYKJAVIK AND THAT A FUNDAMENTAL REVIEW WAS QUOTE IMPERATIVE UNQUOTE. NUNN HAS ALSO CRITICISED THE PRESIDENT'S FAILURE TO CONSULT THE JOINT CHIEFS OF STAFF, WHO WERE NOT QUOTE ASKED TO STUDY THE IMPLICATIONS FOR NATIONAL SECURITY AND DEFENCE POLICY OF THE PRESIDENT'S PROPOSAL FOR A TOTAL ELIMINATION IN 10 YEARS OF ALL BALLISTIC MISSILES, LET ALONE TO CONSIDER THE ELIMINATION OF ALL STRATEGIC NUCLEAR ARMS UNQUOTE. NUNN'S ATTACK APPEARS TO HAVE PROMPTED AN UNSCHEDULED MEETING ON 17 OCTOBER BETWEEN SHULTZ AND THE JOINT CHIEFS BUT A NUMBER OF SENATORS ARE REPORTED TO BE TRYING TO ARRANGE AN EARLY HEARING AT WHICH THE JOINT CHIEFS WOULD BE ASKED TO ASSESS THE PRESIDENT'S NEW PROPOSALS. THE MORE GENERAL CRITICISM OF LACK OR PREPAREDNESS ON THE PART OF THE PRESIDENT AND HIS TEAM FOR THE REYKJAVIK MEETING IS ALSO EMERGING IN THE PRESS AND IN DEMOCRATIC CIRCLES.

7. NUNN AND A NUMBER OF OTHER SENIOR DEMOCRATIC FIGURES HAVE ALSO CONTINUED TO CAST DOUBT ON THE WISDOM OF ALLOWING SDI TO BECOME THE OBSTACLE TO PROGRESS IN ARMS CONTROL AND TO CRITICISE THE PRESIDENT FOR MISSED OPPORTUNITIES AT REYKJAVIK.

8. THE GENEVA NEGOTIATIONS RESUMED ON 15 OCTOBER AND HAVE CONFIRMED SOVIET PUBLIC STATEMENTS THAT SOVIET PROPOSALS MADE AT REYKJAVIK REMAIN ON THE TABLE AND THAT THE DOOR IS STILL FIRMLY OPEN. AT START, INF AND DEFENCE/SPACE PLENARY SESSIONS ON 15 AND 16 OCTOBER, THE RUSSIANS TABLED PROPOSALS BASED VERY CLOSELY ON GORBACHEV'S TELEVISION ADDRESS ON 14 OCTOBER. THE AMERICANS ALSO PLAN TO TABLE IN GENEVA US PROPOSALS MADE AT REYKJAVIK AND THE US VERSION OF WHAT WAS AGREED THERE. IN ADDITION THE SOVIET AMBASSADOR CALLED ON SHULTZ ON 14 OCTOBER TO CONFIRM PRIVATELY THAT THE RUSSIANS ARE WILLING TO DISCUSS SDI ISSUES FURTHER AND THAT THERE SHOULD BE FURTHER EARLY US/SOVIET CONTACTS AT A SENIOR LEVEL.

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9. IT WAS PERHAPS INEVITABLE THAT THE WHITE HOUSE SHOULD HAVE DECIDED TO EXTRACT WHATEVER ELECTORAL MILEAGE THEY CAN FROM THE SDI AND THE PRESIDENT'S HANDLING OF IT AT REYKJAVIK, PARTICULARLY GIVEN INDICATIONS THAT FEELINGS ON LOCAL AND ECONOMIC ELECTION ISSUES MAY BE MOVING SLIGHTLY IN THE DEMOCRATS FAVOUR. POLLS SINCE REYKJAVIK SHOWING BROAD SUPPORT FOR THE PRESIDENT'S PERFORMANCE THERE WILL CERTAINLY HAVE ENCOURAGED THIS. THIS CARRIES THE OBVIOUS DANGER THAT HIS HIGH-PROFILE DEFENCE OF SDI WILL RESULT IN THE PRESIDENT BECOMING MORE AND MORE DEEPLY DUG IN BEHIND THE SDI AND THAT THIS WILL FURTHER COMPLICATE THE PROCESS OF FINDING COMMON GROUND WITH THE RUSSIANS. THE LEVEL OF RHETORIC IS UNLIKELY TO CHANGE BEFORE THE ELECTIONS. BUT IT IS AT LEAST ENCOURAGING THAT US/SOVIET CONTACTS, IN GENEVA AND ELSEWHERE, ARE CONTINUING AND APPEAR TO REFLECT A WILLINGNESS ON BOTH SIDES TO TAKE THE REYKJAVIK DISCUSSIONS FORWARD IN REASONABLY SHORT ORDER.

10. THE PRESIDENT'S STRONG DEFENCE OF SDI NO DOUBT ALSO REFLECTS HIS CONTINUING DEEP PERSONAL COMMITMENT TO THE CONCEPT AND TO A NON-NUCLEAR WORLD - SEE MIFT (NOT TO ALL).

ACLAND

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