

TELEGRAM

Foreign Service of the
United States of America

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Classification
Ambassador RME

Charge:

Control: 1217

Date: FEB 28, 1969
0050

DIST:
S/S 5

ACTION: SecState WASHDC PRIORITY

INFO: Ambassador LONDON
" BRUSSELS
" PARIS
" Bonn
USNATO

SECTO 16
RMB 1217

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FOR UNDERSECRETARY FROM SECRETARY

SUBJECT: President's Visit to UK

Following unclassified by President and subject to revision.

1. London visit was marked by affability and general meeting of minds.

Main business sessions were morning meeting and dinner meeting with Prime Minister and afternoon meeting between Stewart and myself. Following are highlights.

2. Morning Session.

A. NATO and Europe. (1) President expressed US support for alliance and ideal of European community, recognizing that fundamental decisions must be made by Europeans and not by US. Said we now face some difficult problems,

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E.O. 12958, as amended, Sect 3.5

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By P. H. NARA, Date 10-21-09 [P. 106 13]

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stemming from very success of objectives we sought for 20 years. There was less fear and Europe was stronger. Role of US accordingly receded, though US military strength was recognized. There had also been shift in balance of power, especially since Cuban Missile Crisis, when we still were much stronger than Soviets. Soviets had since closed missile gap and had increased superiority in conventional forces. We remained somewhat stronger in nuclear capability. He thought we should avoid thinking in terms of numbers and concentrate on quality. He knew European opinion favored both SALT talks and limitations of strategic weapons. Talks likely to occur on this with Soviets parallel with political talks. We would have to keep in mind that if we agreed to nuclear equality conventional arms might become more important. Concluded he did not expect a war, as he thought we were dealing with rational men in USSR.

(2) Wilson said his views very close to ours, asking RonSecStewart to outline detailed position. Stewart said:

(a) firm attachment to NATO is an unquestioned part of UK policy. NATO was not only deterrent but made situation steadier. However, the new

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generation does not take case for NATO as self-evident. Accordingly, emphasis must not be placed only on deterrence but also on "detente." If NATO held together less by fear it must be more by hope.

(b) On defense, NATO must have agreed strategic doctrine. Flexible response important but he thought time for nuclear decision decidedly short. Also thought no European member ready to contemplate major increases in defense expenditures.

(c) Much could be done through increased European cooperation, but there is fear among some Europeans that increased cooperation would lead US to pull back.

(d) There was firm belief in Europe that bilateral SALT talks ought to be undertaken. UK and others wishes to be informed as much as possible.

(3) Healey then made following points.

(a) NATO not a total foreign policy but an instrument to prevent war and allow FRG to participate in own defense.

(b) Military problems were easier to handle in total political context.

(c) Right question was what mixture of conventional and nuclear forces,

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combined with what strategy, will best prevent war? Europe could not survive even conventional war.

(d) Doubts re solidity US nuclear guarantee would not lead to European build-up of conventional forces, but to move toward European nuclear forces.

(e) Assured destruction capability for "intolerable" destruction was more important than being able to kill more people than Soviets could.

(f) Role of Mediterranean fleet, which now only nuclear, should be reexamined; perhaps it should have dual role.

(g) NATO conventional forces capability could be improved and UK was contributing. Should be capable handling "accidents" like Czech and East German problem.

(h) Use of tactical nuclear weapons was the difficult issue. Soviets needed be faced with situation where they knew West would always escalate even to strategic exchange rather than surrender. At same time tactical weapons not just larger artillery. NATO NPG group now working on plans for use very small number of tactical weapons as first way to show our interest.

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(i) Europeans thought President had to decide on use nuclear weapons; hoped their interests would be considered if ever Presidential decision to use nuclear weapons needed to be taken.

(j) Independent UK nuclear capability, integrated into NATO, increased deterrence toward Soviets.

(k) Soviets likely use nuclear weapons at outset in any attack on Europe.

Wilson concluded by stressing importance of UK nuclear deterrent. He said many Europeans would be unhappy if only nuclear force this side of Atlantic was French. Stressed UK nuclear strategy was to give signal to Soviets in advance West would use nuclear weapons progressively; in case of use to start with small number, presumably using hot line at same time.

(4) President agreed UK nuclear power increased uncertainty and therefore the deterrent. Added that he felt that way about French force also.

Prime Minister commented "certainty" of use also did. As regards SALT, President said one purpose trip was to make it clear there would be full consultation but also that he wanted to go forward with them as part of a broad negotiating program which included the political side. He disagreed with those who thought that if Europe did more in defense field, US would

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do less; thought opposite the case. He also agreed with desirability studies re use of small number tactical nuclear weapons. Prime Minister welcomed idea of "associating" political progress with progress on strategic arms.

B. Europe At President's request Wilson outlined current British views on European unity. Said UK wanted to join European Community and Common Market and "will not be put off by any alluring alternatives." While economic arguments for Britain joining Europe were "finely balanced," technological argument (computer market) was overwhelming and political argument for greater EUR political community was main one that had persuaded him. He thought NAFTA was a diversion. In long run, most useful contribution to free world trade was to build up Europe's unity. Britain would patiently keep its application on table and avoid going up side roads. UK is on main road, faced with a large road block, but this would not last forever. On wider trade matters GATT was right instrument and UK would be opposed to moves outside GATT.

President agreed that "necessity" would bring European unity about. Best policy for US was to recognize this was basically a European problem and

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avoid charges of "meddling." Wilson agreed that this posture was entirely realistic. We should make clear that we wanted Britain in Common Market but public US pressure likely be counter-productive in short run. Stewart said UK intended keep up pressures through WEU and elsewhere.

C. Trade Policy. President noted that forces of protectionism have been growing in US but that he would resist these forces. If he gave in to pressures for quotas, a destructive trade war would be set off. Hoped to handle textiles by voluntary means. He said that Secretary Stans would come to London for full discussion these matters with Board of Trade President Crosland, since US/UK dialogue was "vitally important."

D. Approach to de Gaulle. President said he felt it could only be helpful if he established communications with De Gaulle, although he had no illusions this would change French position on NATO, Common Market and gold. However, an isolated and brooding De Gaulle is not in our interests. Wilson said his first reaction was that a great deal of good would come from this. De Gaulle feels unloved, although much of this he brought on himself. He had power to cause monetary chaos and it was

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important to leave him with no illusions on gold price. President agreed stating he would be firm on substance, conciliatory in tone. Stewart said that De Gaulle must not feel he can use a relationship of greater warmth as a basis for driving wedges between US and UK or US and FRG.

E. International Monetary Situation.

(1) President said he felt a re-examination of international monetary situation was imperative but that precipitous decisions must be avoided. To convene a monetary summit conference would be disastrous unless we knew precisely what would come out of it. However, we cannot continue to muddle through crisis after crisis. He favored a sure-footed, initially bilateral examination of alternative roads to achievement of a stable monetary system. We could start with initiation of SDR's. Suggested Jenkins might come to Washington to discuss general problem with Kennedy. Prime Minister thought Jenkins might be able to come to Washington in April-May on way back from Japan.

(2) At Prime Minister's request Jenkins outlined UK views. Made following points: (a) monetary situation at moment one of "fragile calm,"

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(b) large scale monetary ~~summit~~ conference not good idea. (c) There was good possibility of further currency crisis this year, perhaps stemming from substantial speculation against German DM in connection German elections. He hoped sterling would be in stronger position by then, but could not be sure about franc. (d) While this primarily issue for U.S., he saw no attraction in change in gold price, which was an arbitrary, unfair and inflationary way to increase liquidity. French concern not really price of gold but special status of dollar. (e) Saw "crawling pegs" or wider margins as having both advantages and disadvantages. This would be worth examining if it could be done in a quiet bilateral way that would not produce speculation, but he isn't sure this is the solution. (f) He saw increased liquidity coming mainly via SDR scheme and he was also encouraged by new Administration's willingness to proceed far and fast. Others might have difficulty but we should not be discouraged. UK was prepared for "quiet examination" on bilateral basis of monetary matters, while maintaining closest cooperation among Central Banks to prevent speculation from producing crisis.

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(3) President said he shared feeling of urgency on this matter, which should not be swept under rug. He recognized US had been partly at fault and said he would make every effort to cool off inflation at home and make trade balances more livable. BOT President Crosland interjected that behavior of US economy was decisive factor. US deficit had been biggest contribution to expansion of world trade and he hoped it would not be too quickly and drastically reduced. If this occurred in isolation we would have major liquidity problem and contraction in world trade. Therefore US measures must be carefully related to expansion of SDR's.

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3. Meeting with Stewart

I met with Stewart in afternoon, covering following subjects:

A. Computer Sales. Stewart referred to two recent instances (Czechoslovakia and Romania) in which UK ~~must~~ had refrained from selling computers under COCOM rules, while French went ahead and made sales. Said French computers (IRIS 50) contained US parts disguised as French and French might not be able to make sales without US consent. Hoped we would make US view clear.

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Noted difficult for UK to stick to rules if others didn't and expressed doubt about military ~~is~~ importance these computers.

I said I doubted whether we should discuss this with French during present trip but we would look into it. I also told him we planned to look into whole question of what products continued to need to be embargoed. (Stewart said in response to my query that UK had not spoken to French about sale.)

B. L203

Stewart expressed view Laos settlement had to wait for VN settlement. I said this seemed correct to me.

C. Vietnam

~~XXXXXXXX~~ Stewart inquired whether we thinking of ICE role in VN settlement. I said ICE hadn't worked too well and we were thinking of other possibilities: enlarged ICC might be one such. Also told him private talks had not started in Paris. When they did we hoped they would understand if we could not talk about them.

D. Middle East

I told Stewart we were anxious to work closely with UK. He agreed we must keep in close contact. Hoped there would not be two-two split, much less

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three-one. He believed Soviets would be more helpful than might be expected. Israelis would have to withdraw. Perhaps the four could reach agreement on a package that might be carried out step by step. We would then have to consider what to do with Israel.

I said most important matter was to get a binding peace that would assure that Israel would continue to exist with satisfactory guarantees. Otherwise there not much point in working out difficult details on other matters. Stewart said he agreed this was the most important matter. Solution could not be reached without this. Very much wanted US-UK coordination, which reason for Arthur visit to US in March. Referred to UK document to us of October as containing UK ideas.

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4. Evening Meeting

Discussion after dinner between President and PM at 10 Downing Street February 25 concentrated mainly on Middle East. Large measure of agreement reached between President and Prime Minister that we and British must keep in close touch as situation develops, both at UN and elsewhere.

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Stressing his own basic sympathy for Israel in face of continuing Arab refusal to accept existence of Israeli State, Stewart urged that Soviets be persuaded to push Arabs in this direction. Only then could Israelis be expected to make concessions.

President said that in recent conversation with Gorbunov he had sensed Soviets might be helpful if there were bilateral discussions with them. The Prime Minister confirmed that his government fully accepted that we should proceed with such discussions.

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