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TO IMMEDIATE HONG KONG

TELEGRAM NUMBER 2529 OF 20 DECEMBER 1984

FOR SECRETARY OF STATE'S PARTY FROM PRIVATE OFFICE
GORBACHEV'S VISIT

1. AT THE DINNER WHICH THE SPEAKER GAVE FOR THE DELEGATION ON 18 DECEMBER, MR LUCE SPOKE AT SOME LENGTH TO GORBACHEV. THE LATTER MADE THE FOLLOWING POINTS WHICH IT MIGHT BE WORTH BRINGING TO THE PRIME MINISTER'S ATTENTION BEFORE HER MEETING WITH PRESIDENT REAGAN.
2. GORBACHEV SAID THAT HE HAD BEEN VERY SATISFIED INDEED WITH HIS TALKS WITH THE PRIME MINISTER. HE HAD ARRIVED WITH PRECONCEIVED IDEAS ABOUT HER ATTITUDE TOWARDS THE SOVIET UNION. THESE HAD BEEN PROVED WRONG, AND, TO HIS GREAT PLEASURE, HE HAD ESTABLISHED A GOOD UNDERSTANDING WITH HER. THEIR MEETING HAD GONE WELL - HER ROBUST DEFENCE OF WESTERN INTERESTS HAD BEEN MATCHED BY A WILLINGNESS TO ACCEPT THAT THE SOVIET UNION HAD ITS OWN INTERESTS TO DEFEND, IN WHICH THE WEST HAD AS LITTLE RIGHT TO INTERFERE AS THE SOVIET UNION HAD IN OURS. THE PRIME MINISTER'S POSITION HAD BEEN CLEAR AND FIRM. ON SUCH A BASIS, PEOPLE COULD DO BUSINESS.
3. GORBACHEV SAID REPEATEDLY THAT HE BELIEVED THAT A CRITICAL TURNING POINT HAD BEEN REACHED ON ARMS CONTROL MATTERS. OUTER SPACE WEAPONS WERE THE KEY ELEMENT BUT HE BELIEVED IT WAS ESSENTIAL TO TACKLE THE ARMS RACE ON ALL FRONTS.
4. ON AT LEAST THREE OCCASIONS GORBACHEV SAID THAT LESSONS SHOULD BE DRAWN FROM THE FACT THAT BRITAIN, THE SOVIET UNION, THE UNITED STATES AND OTHERS HAD REACHED AGREEMENT ON ARMS CONTROL IN THE PAST - HE REFERRED PARTICULARLY TO SALT I AND TO THE ABM TREATY. IF IT HAD BEEN DONE BEFORE, IT COULD BE DONE AGAIN. MR LUCE COMMENTED THAT IT MIGHT TAKE TIME TO RESTORE THE NECESSARY LEVEL OF TRUST IN EAST/WEST RELATIONS. GORBACHEV AGREED, ADDING THAT THIS WAS A FURTHER REASON FOR MOVING FAST AT THE POLITICAL LEVEL.

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5. GORBACHEV WAS CRITICAL OF US ARMS POLICIES AND MADE CLEAR THAT THE SOVIET UNION HAD BEEN VERY DISSATISFIED WITH PRESIDENT REAGAN'S FIRST TERM OF OFFICE. DESPITE THE IMPRESSION WHICH THOSE FOUR YEARS HAD LEFT, HE SAID, THE SOVIET GOVERNMENT WERE DETERMINED TO WORK FOR AN ARMS CONTROL AGREEMENT WITH THE US. WHEN MR LUCE ASKED WHAT KIND OF AGREEMENT HE WISHED TO SEE, GORBACHEV USED BOTH HANDS IN A GESTURE ILLUSTRATING THAT HIS AIM WAS TO REDUCE ARMS LEVELS DRAMATICALLY, ON BOTH SIDES AND IN PARALLEL, FROM THEIR DANGEROUSLY HIGH PRESENT LEVEL.

6. AFTER THE DINNER, LORD HOME GAVE MR LUCE HIS IMPRESSIONS OF GORBACHEV. HE COMMENTED THAT, WHILE ONE SHOULD NOT OVER-REACT TO THE PERSISTENTLY CHEERFUL DEMEANOUR OF GORBACHEV, HE HAD FOUND HIM CALMER, MORE CIVILISED AND MORE BALANCED THAN, SAY, KRUSHCHEV. HE HAD GAINED THE IMPRESSION THAT GORBACHEV WAS SINCERE IN HIS DESIRE FOR AN ARMS CONTROL AGREEMENT.

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