S
807

PREM 19/944

PART 1

UK/USA relations.

[redacted]

USA

May 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
		24-2-81		29.1.82			
5.5.79		16.3.81		6.2.82			
14.6.79		30.3.81		10.2.82			
11.5.79		10-4-81		24.2.82			
		14.4.81		23.3.82			
17.5.79		27.4.81		13.4.82			
18.5.79		30.4.81					
		20.5.81		-ends-			
7.6.79		2.6.81					
13.6.79		8.6.81					
4.7.79		14.7.81					
2.8.79							
25.7.80		20.8.81					
21.10.80		16.10.81					
		3.11.81					
14.11.80		23.11.81					
11.11.80		16.12.81					
24.11.80		21.12.81					
28.11.80		18.12.81					
15.12.80		14.1.82					
22.1.81		21.1.81					
28.1.81							
4.2.81							
11.2.81							
18.2.81							

PREM 19 1944

PART 1 ends:-

13.4.82

PART 2 begins:-

10.5.82

CONFIDENTIAL

13 April 1982

US VISIT - MARCH 22-APRIL 22, 1982

The PrimeMinister was grateful for your Secretary of State's report of 7 April on his visit to the USA. She read this with great interest.

W. F. S. RICKETT

Richard Riley, Esq.,
Department of Industry.

CONFIDENTIAL

JU164

Letter to RR(DOI) Confidential headed as below "The PM was grateful for your S of S's report of 7/4 on his visit to the USA. She read this with great interest."

Prime Minister 4

WM 7/4

CONFIDENTIAL

PRIME MINISTER

US VISIT - MARCH 22 - APRIL 2, 1982

This 10-day visit was primarily to promote inward investment by US companies. I also took the opportunity to have a day in Washington when I met members of the Administration, and of Congress, the Chairman of the Council of Economic Advisers and members of the Federal Communications Commission. As well as Washington, the tour covered the New York area, Pittsburgh, Boston and the San Francisco Bay area. I visited 14 companies, had 8 speaking engagements and had 6 sessions with the media, including an interview on CBS radio which was carried coast-to-coast.

Our Economy

2 I found a good awareness of the improvement in our economic prospects; this was particularly strong among firms with successful UK subsidiaries. Many of those with whom I spoke contrasted, a little ruefully, the success of the British Government in bringing the UK budget deficit under control with the difficulties currently being experienced by the Administration in Washington. There was a particular welcome for the improvements in industrial productivity in Britain, for our improving industrial relations record and for our increasing competitiveness. A number of the firms approached are contemplating new investment in Britain or expanding existing operations.

The Washington Scene

The US Economy

3 My main purpose was to form a view of the likely development of the budgetary impasse between the White House and Congress.

No clear view emerged except that the uncertainty is likely to persist for some little while.

4 Discussions with the Secretary for Commerce (Mr Baldrige) and with the Deputy Special Trade Representative (Mr David Macdonald) showed that the Administration wanted to play down the difficulties. It was suggested that it did not matter too much if Congress took some time to become reconciled to the President's budget proposals, and that anxieties about the Administration's projected budget deficit were misplaced. "I think the Treasury's forecasts are exaggerated and that there is not too much to worry about", said one. On this view, interest rates would tend to fall over the next few months and, hopefully, would not rise in the autumn.

5 In Congress, I met Henry Reuss (Dem) and John Dingell (Dem) who expressed a very different view. They were deeply worried about high interest rates and the prospect that rates could go still higher. They believed that the Administration would have to modify its budget proposals and they also believed that Congress would be prepared to agree to some expenditure cuts (e.g on entitlements) provided the President stretched out his defence programme over a longer timescale, postponed the 1983 tax cut and made other changes. It was ironic but true that a Republican President had put forward proposals involving a budget deficit of nearly $100 million for the coming year and rising in the years ahead, while Democrats in Congress were arguing for changes to reduce the prospective deficits.

6 I discussed this whole question with bankers, industrialists and others during my tour. They were much closer to the views expressed by the Congressmen, and were unanimous that deficits had to be reduced so that interest rates could be brought down and stay down. I found very few who were optimistic that this in fact would happen. The general thrust of the views given to me were that interest rates would come down in the short term, but

would rise towards the end of the calendar year. This was, for instance, the view expressed by senior managers at Manufacturers Hanover, by the Chairman and board members of the First National Bank of Boston and by the Chief Economist of the Bank of America.

7 In all these discussions, I made it clear that rising American interest rates towards the end of 1982 would be very bad news indeed for Europe in general and Britain in particular.

The Buckley Mission

8 I discussed the Buckley Mission briefly with Mr Baldrige. He was at great pains to emphasise that the purpose of the Mission had been widely misunderstood in Europe and that it was aimed primarily at securing agreement on reducing or ending concessionary credit to the Soviet Union and other Comecon countries. I suggested that many European governments had seen the Mission as a further attempt by the US Administration to secure support for its measures of 29 December. Mr Baldrige admitted that Mr Buckley had had to explain his precise purpose to each government he saw. Mr Baldrige went on to say that he fully understood the reluctance of European governments to contemplate the abrogation of outstanding commercial contracts. It had not been the purpose of the Buckley Mission to secure this outcome. (I understand that there has since been a telegram from Washington spelling out this point.)

Steel

9 I discussed the steel anti-dumping cases with Mr Baldrige and Mr Macdonald. While sympathetic to the British case, they saw no option but for the suits to run their course at least for the time being. Both spoke highly of the responsibility shown by BSC and of the case which had been made by Ian MacGregor, but they could not prevail on the US industry to narrow their sights on the real culprits. Both, however, believed that later on this

year the way might be open to some kind of settlement.

Protectionism

10 In response to my anxieties that America might be going down a protectionist road, both members of the Administration made it clear that they were aiming primarily at Japan. Although they talk about "reciprocity", they mean reciprocity with Japan. They appeared to welcome the Community's Article XXIII application but agreed with me that it would be a long hard battle to make any real impact on Japan's imports.

Telecommunications

11 A good discussion was held with the Federal Communications Commission (FCC) on liberalisation, broadband cable, satellites, regulatory mechanisms etc. Two points of interest: first, Congress is attempting to legislate to bring the regulatory agencies under congressional control. Clearly, their free-standing, non-political role has become an embarrassement. Second, the FCC saw Britain as having a unique opportunity to advance cable TV etc., and telecommunications in parallel and perhaps in an integrated way that had not been open to the United States. We agreed that there should be closer official contacts between my Department and the Commission.

The Rest of the Talk

i) US Investment in Britain

12 Although most of the firms contacted acknowledged the improvements taking place in our economy, there were still anxieties about UK industrial relations, about the delays in getting projects off the ground, about public sector strikes and so on. The baggage handlers strike at Heathrow had obviously disrupted one or two key visits to Britain and may actually have lost us one particular investment project which in the event has gone to Holland.

13 For high technology, high growth companies, the UK is seen as a good location for US subsidiaries - for example the recent decision by Hewlett Packard to make a major new investment in Bristol. On the other hand, the point was strongly made to me that it remains difficult for us to develop our own home grown high technology, high growth companies from scratch, because, despite the improvements that have been made, we do not give enough encouragement to venture capital and we do not offer an attractive regime for stock options. I will be discussing with the Chancellor of the Exchequer what further changes we need to make if we are really to emulate the Silicon Valley phenomenon in this country.

14 On all these company visits I was accompanied by the relevant Consul-General or by a member of their staffs. It is obvious that they have built up admirable relationships with many of the firms in their areas. They did, however, stress very strongly the desirability of the best possible co-ordination between the various UK agencies engaged in promoting inward investment.

ii) Industry and Education

15 My programme included visits to the Massachusetts Institute of Technology and Stanford University. I was briefed by senior academics on the admirable relationships those institutions have established with industry in their areas and was able to recognise how enormously important a strong technological university can be in promoting faster industrial growth in its locality. Though we have made a start on this in Britain, we have a long way to go; and even in the USA, the number of institutions which have successfully emulated MIT and Stanford is evidently quite small.

CONFIDENTIAL

Conclusion

16 I would like to thank the Foreign and Commonwealth Office and our Posts in the United States for arranging programmes which were full of interest and value. I was particularly impressed with the calibre of the guest lists for dinner parties arranged by the Ambassador in Washington and the Consuls-General in New York and San Francisco. I warmly appreciate the trouble that was taken to make my tour really worthwhile, and I hope that Francis Pym will pass this on to the Posts concerned.

17 I am copying this minute to Geoffrey Howe, Francis Pym, Keith Joseph, Jim Prior, George Younger, Nicholas Edwards, Peter Rees, and to Mr John Sparrow.

P J

P J

4 April 1982

Department of Industry
Ashdown House
123 Victoria Street

WONFO 025/24

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TO IMMEDIATE F C O
TELEGRAM NO 964 OF 23 MARCH
INFO UKREP BRUSSELS, TDO NEW YORK
INFO SAVING PARIS, BONN, TOKYO

VISIT TO WASHINGTON OF THE SECRETARY OF STATE FOR INDUSTRY, 22-23 MARCH

1. MR JENKIN ARRIVED LAST NIGHT AND TODAY COMPLETED A ROUND OF CALLS IN THE ADMINISTRATION AND IN CONGRESS, IN WHICH HE EXCHANGED VIEWS ON INDUSTRIAL POLICY AND RELATED TRADE AND ECONOMIC ISSUES. HE HAS NOW LEFT FOR NEW YORK, PITTSBURGH, BOSTON AND SAN FRANCISCO, WHERE HIS PROGRAMME IS PRIMARILY CONCERNED WITH INWARD INVESTMENT.

2. MR JENKIN CALLED ON CONGRESSMAN DINGELL (CHAIRMAN, HOUSE ENERGY AND COMMERCE COMMITTEE), AMBASSADOR MACDONALD (DEPUTY US TRADE REPRESENTATIVE), CONGRESSMAN REUSS (DEMOCRATIC, CHAIRMAN, JOINT ECONOMIC COMMITTEE), SECRETARY OF COMMERCE BALDRIGE, WEIDENBAUM (CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS), AND FOWLER (CHAIRMAN, FEDERAL COMMUNICATIONS COMMISSION). HE WAS ABLE TO HAVE FURTHER DISCUSSION WITH SOME OF THESE, INCLUDING BALDRIGE, MACDONALD AND WEIDENBAUM, AT A DINNER IN THE RESIDENCE LAST NIGHT.

3. DINGELL (WHO IS OF COURSE A DEMOCRAT) WAS HIGHLY CRITICAL OF THE ADMINISTRATION'S GENERAL COMPETENCE. THEY WERE TRYING TO DISMANTLE THE DEPARTMENT OF ENERGY BY THE BACK DOOR: THEY WERE DEGUTTING IT BY DISMANTLING ITS ENERGY INFORMATION AGENCY, EVEN THOUGH THEY WERE UNLIKELY IN THE END TO GET POLITICAL SUPPORT FOR DISMANTLING THE DEPARTMENT COMPLETELY. THE PRESIDENT'S UNFORTUNATE VETO OF THE STANDBY PETROLEUM ALLOCATION ACT COULD LEAVE A HIATUS IN THE ANTI-TRUST WAIVER ACCORDED TO OIL COMPANIES TO ENABLE THEM TO CO-OPERATE WITH THE IEA. BUT THERE WAS PROBABLY ENOUGH SUPPORT IN CONGRESS TO

WITH THE IEA. BUT THERE WAS PROBABLY ENOUGH SUPPORT IN CONGRESS TO GET A MEASURE THROUGH QUICKLY. DINGELL DEFENDED THE US RECORD ON GAS DEREGULATION. THE RATE OF DEREGULATION HAD INCREASED, AND NEW GAS WAS NOT REGULATED. BUT HE ADMITTED THAT IT WAS UNCLEAR, BY THE END OF THE PROGRAMME IN 1985, HOW MUCH GAS WOULD STILL BE CONTROLLED: IT COULD BE AS MUCH AS 60 PERCENT.

4. MACDONALD WAS ENCOURAGED, AS WERE OTHERS, TO HEAR OF POSITIVE MEASURES TAKEN IN THE BUDGET AGAINST THE BACKGROUND OF A FALL IN UK INFLATION AND INTEREST RATES, THE INCREASE IN PRODUCTIVITY AND EXPORTS, AND THE RISE, ALBEIT SLOW, IN MANUFACTURING PRODUCTION. HE COMMENTED THAT SEEN FROM THE US, THE EUROPEAN COMMUNITY, WITH THE EXCEPTIONS OF THE UK AND GERMANY, WAS IN A BAD WAY WITH A MORE ADVANCED FORM OF THE PROBLEMS AFFLICTING THE US ECONOMY.

5. MR JENKIN REFERRED TO BSC'S DETERMINATION TO BREAK EVEN AND ITS RESPONSIBLE BEHAVIOUR IN SELLING TO THE UNITED STATES. RECOVERY COULD BE DASHED IF THE ANTI-DUMPING AND COUNTERVAILING CASES RESULTED IN EXCLUSION FROM THE US MARKET AND DIVERSION OF THIRD COUNTRY SALES TO EUROPE. IN THE PRIVATE SECTOR THERE WAS NO QUESTION OF SUBSIDY (ASSISTANCE BEING FOR CAPACITY REDUCTION) AND THE SECTION 301 CASES WERE MISPLACED. MACDONALD ACKNOWLEDGED BSC'S PERFORMANCE AND HOPED THAT THE UK INDUSTRY WOULD DEPLOY ITS ARGUMENTS FULLY. MR JENKIN NOTED THE CHILLING EFFECT OF THE CASES ON FORWARD CONTRACTS. FOR THE MOMENT HOWEVER THERE WAS NO ALTERNATIVE TO LETTING THEM RUN.

6. MR JENKIN REFERRED TO EUROPEAN CONCERNS THAT RECIPROCITY WAS A PROTECTIONIST CONCEPT. MACDONALD SAID IT MEANT EQUAL ACCESS TO MARKETS WHICH WAS A GATT OBJECTIVE. IT EXPRESSED THE CONCERNS OF THE AMERICAN PEOPLE, AND WAS A SYMPTOM OF THE NEED TO TAKE SERIOUSLY THE GATT MINISTERIAL. HE URGED THE UK TO USE ITS INFLUENCE IN SECURING AGREEMENT AT THE MINISTERIAL ON WORK PROGRAMMES, ESPECIALLY IN SERVICES. MR JENKIN EXPRESSED THE UK'S DETERMINATION TO MOVE FORWARD BUT POINTED ALSO TO THE NEED FOR CONSOLIDATING THE GATT'S APPLICATION TO TRADE IN GOODS.

7. REUSS EXPRESSED CONCERN ABOUT THE EFFECT ON THE ECONOMY OF HIGH INTEREST RATES, WHICH HE BELIEVED WERE CAUSED BY A COMBINATION OF LARGE BUDGET DEFICITS AND AN EXCESSIVELY TIGHT MONETARY POLICY. ON THE BUDGET, HE SAID A NUMBER OF CONGRESSIONAL AND ADMINISTRATION OFFICIALS WERE NOW ATTEMPTING TO ARRANGE A COMPROMISE. HE WAS NOT CERTAIN THAT THESE EFFORTS WOULD BE SUCCESSFUL BY THE 15 MAY DEADLINE FOR THE FIRST BUDGET RESOLUTION BUT ''THIS WAS WHAT YOU AND THE FREE WORLD WOULD HAVE TO HOPE FOR''. IF THEY WERE NOT SUCCESSFUL THERE WAS REAL TROUBLE AHEAD. THERE WAS ALSO A DISCUSSION

SUCCESSFUL THERE WAS REAL TROUBLE AHEAD. THERE WAS ALSO A DISCUSSION ABOUT POLICIES TOWARDS INDUSTRY, DURING WHICH MR REUSS ADVOCATED FOR THE US A POLICY OF SUPPORT FOR ''CATALYST'' SECTORS SUCH AS COAL (OF WHICH THE US HAD 400 YEARS SUPPLY), SEMICONDUCTORS AND HIGH SPEED PASSENGER RAIL SYSTEMS. SQUARE BRACKETS BEGIN THE SECRETARY OF STATE TOOK THE OPPORTUNITY TO OUTLINE SOME OF THE DIVIDENDS THAT WERE NOW FLOWING FROM THE UK POLICY OF NON-INTERVENTION IN UK INDUSTRY. SQUARE BRACKETS END

8. SECRETARY BALDRIGE'S LUNCH FOR MR JENKIN WAS FOLLOWED BY FURTHER DISCUSSION. THE US SIDE REFERRED TO TRADE RELATIONS WITH THE EASTERN BLOC AND MR JENKIN REMARKED ON THE IMPORTANCE OF REMOVING CONFUSION OVER OBJECTIVES. UNDER SECRETARY OLMER ACKNOWLEDGED THAT THIS HAD BEEN A PROBLEM DURING THE BUCKLEY MISSION. HE EMPHASISED THAT THE CURRENT US CONCERN WAS WITH THE PROVISION OF CONCESSIONARY CREDIT. IT MADE NO SENSE TO SUBSIDISE THE SOVIET ECONOMY WHILST AT THE SAME TIME SPENDING LARGE SUMS ON ARMS. IT WAS IMPORTANT TO SEE THIS AS SEPARATE FROM SUCH ISSUES AS THE PIPELINE, WHICH BALDRIGE ACKNOWLEDGED WAS IMPOSSIBLE TO STOP. MR JENKIN WELCOMED THIS CLARIFICATION AND SAID THAT THERE COULD BE THE BASIS FOR ACTION ON CREDIT IF ALL COUNTRIES AGREED. TIME WAS NEEDED FOR FACTUAL STUDY AND APPRECIATION OF THE ISSUES. (SEE MY TELEGRAM NO 962).

9 MR JENKIN RAISED THE STEEL CASES, AND BALDRIGE SAID THAT NO-ONE KNEW BETTER THAN HE WHAT BSC HAD ACHIEVED. THERE HAD BEEN NO CHOICE UNDER THE LAW BUT TO BRING THE CASES. A NUMBER OF EUROPEAN SUPPLIERS WERE ADAMANT THAT THEY WERE NOT SUBSIDISING. HE HAD NO BETTER IDEA FOR PROCEEDING BUT WAS WILLING TO LISTEN TO IDEAS. A LONG RANGE SOLUTION WAS REQUIRED WHICH DID NOT SIMPLY PAPER OVER THE CRACKS. OLMER SAID THAT THE EC HAD BEEN THE TRADITIONAL CHANNEL FOR DEALING WITH SUCH PROBLEMS AND HE ASSUMED THAT THIS WAS STILL SO. MR JENKIN EMPHASISED THE DANGERS CREATED BY THE CASES. THE EUROPEAN COMMUNITY WAS THE RIGHT CHANNEL. THE CASES HAD TO RUN THEIR COURSE STILL FURTHER BUT A TIME MIGHT COME LATER IN THE YEAR TO TAKE STOCK.

10. BALDRIGE SOUGHT THE UK'S HELP IN ACHIEVING A SUCCESSFUL GATT MINISTERIAL MEETING AND FOR A WORK PROGRAMME ON THE TRADE IN SERVICES. MR JENKIN REPLIED ON THE SAME LINES AS TO MACDONALD.

11. MR JENKIN REFERRED TO CONCERN IN EUROPE THAT RECIPROCITY CONTAINED THE SEEDS OF PROTECTIONISM. BALDRIGE SAID THAT THE PRESIDENT AND THE CABINET WERE VERY SENSITIVE TO SUCH RISKS AND WOULD ONLY TAKE MEASURES AGAINST UNEQUAL MARKET ACCESS AFTER PAINFUL

WOULD ONLY TAKE MEASURES AGAINST UNEQUAL MARKET ACCESS AFTER PAINFUL CONSIDERATION. THE ADMINISTRATION HAD TO MANAGE AND CONTROL A CONGRESS IN WHICH THERE WERE NUMEROUS BILLS INCORPORATING RECIPROCITY

12. IN A DISCUSSION COVERING MONETARY POLICY, BUDGETARY PROBLEMS AND INVESTMENT INCENTIVES, WEIDENBAUM WAS SURPRISINGLY FORTHCOMING AND CLAIMED THAT PRESIDENT REAGAN'S FY82 AND FY83 BUDGETS DID NOT CONFORM WITH HIS ADVICE. HE THOUGHT THAT THE 1981 ECONOMIC RECOVERY TAX ACT WAS TOO GENEROUS AND HAD ENDED UP WITH THE WRONG STRUCTURE, THAT THE EXPENDITURE CUTS SO FAR HAD BEEN TOO SMALL, THAT THE DEREGULATION EFFORT HAD BEEN INADEQUATE AND THAT - SHORT TERM MOVEMENTS IN THE MONEY SUPPLY APART - THE FEDERAL RESERVE'S MONETARY TECHINQUES HAD BEEN APPLIED LESS THAN OPTIMALLY. HE COMMENTED THAT THE FY83 BUDGET WAS AT PRESENT THE SUBJECT OF A RITUAL DANCE BETWEEN CONGRESS AND THE ADMINISTRATION, BUT THAT EVENTUALLY A COMPROMISE WOULD HAVE TO BE REACHED BETWEEN THE TWO PARTIES - A SENTIMENT ECHOING WHAT BALDRIGE HAD SAID AT LUNCH. WEIDENBAUM THOUGHT THAT IT HAD BEEN WRONG FOR THE ADMINISTRATION TO HAVE RAISED FALSE HOPES ABOUT EARLY SUPPLY SIDE EFFECTS FROM THE REAGAN ECONOMIC PROGRAMME. THE POSITIVE EFFECTS ON INVESTMENT COULD ONLY BE EXPECTED AFTER A TIME LAG. THE SECRETARY OF STATE DESCRIBED VARIOUS UK INVESTMENT INCENTIVES FOR SMALL FIRMS, INCLUDING THOSE IN ENTERPRISE ZONES, AND HE AND WEIDENBAUM AGREED TO EXCHANGE INFORMATION ABOUT THIS AS EXPERIENCE DEVELOPED IN THE TWO COUNTRIES.

13. AT THE FEDERAL COMMUNICATIONS COMMISSION THERE WAS A WIDE-RANGING REVIEW OF CURRENT ISSUES IN TELECOMMUNICATIONS REGULATION INCLUDING COMMON CARRIER, BROADCASTING AND CABLE. THE CHAIRMAN EMPHASIZED THE COMMITMENT OF THE COMMISSION TO REDUCING REGULATION IN BROADCASTING AND CABLE TO AN ABSOLUTE MINIMUM ON FIRST AMENDMENT GROUNDS, AND TO MAXIMIZING COMPETITION IN COMMON CARRIER SERVICES. THE SPECIFIC ISSUE OF VIDEOTEX AND TELETEXT WAS NOT RAISED.

FCO PASS SAVING PARIS, BONN, TOKYO

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OO WASHINGTON
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TO IMMEDIATE WASHINGTON
TELEGRAM NUMBER 351 OF 24 FEBRUARY
WASHINGTON POST LEAKS: HAIG'S STAFF MEETINGS.

1. HAIG SENT ME THE FOLLOWING MESSAGE ON 20 FEBRUARY VIA THE US EMBASSY HERE:

BEGINS. DEAR PETER, YOU NO DOUBT HAVE HEARD OF TODAY'S STORY IN THE WASHINGTON POST. I HOPE YOU WON'T PAY ANY ATTENTION TO SUCH NONSENSE. THE QUOTES ALLEGED TO HAVE COME FROM ME ARE TOTALLY WRONG.

I SUPPOSE IT'S A REMINDER THAT ONE OF THE INEVITABLE AND PERIODIC RESULTS OF HAVING A FREE PRESS IS THAT SOME PEOPLE WILL ALWAYS BE ABLE TO USE THE PRESS TO PURSUE THEIR OWN CAMPAIGNS. AS WELLINGTON IS SUPPOSED TO HAVE SAID AFTER OBSERVING HIS SOLDIERS ON MANOEUVERS, QUOTE I DON'T KNOW WHAT EFFECT MY TROOPS HAVE ON THE ENEMY, BUT THEY SCARE THE HELL OUT OF ME UNQUOTE. WARM REGARDS, AL. ENDS.

2. I SENT THE FOLLOWING REPLY VIA THE US EMBASSY ON 24 FEBRUARY

BEGINS. DEAR AL, MANY THANKS FOR YOUR LETTER ABOUT THE WASHINGTON POST STORY. IT WAS VERY GOOD OF YOU TO WRITE.

I CAN ASSURE YOU THAT I DO NOT PAY ANY ATTENTION TO STORIES OF THIS KIND, AND NEVER HAVE. WITH BEST WISHES. PETER CARRINGTON. ENDS.

CARRINGTON

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Prime Minister
To see.

USA (2)

A.S.C. 5/2

EMBASSY OF THE UNITED STATES OF AMERICA
LONDON

10/2

February 8, 1982

Dear Prime Minister:

I have been asked to deliver the enclosed message to you from President Reagan, which was received in the Embassy this morning.

Sincerely,

John J. Louis, Jr.
Ambassador

Enclosure:
UNCLASSIFIED

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, SW 1.

SUBJECT

T 25/82

cc master
Ops

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 25/82

Dear Margaret:

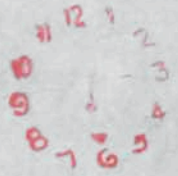
Thank you for your kind letter of sympathy. The recent air accident in Washington came as a tragic shock to myself and all Americans.

I deeply appreciate your condolences in this time of sorrow.

Sincerely yours,

Ronald Reagan

8 FEB 1982



File AJC

8 February 1982

I write on behalf of the Prime Minister to thank you for your letter of 8 February enclosing a message from President Reagan.

This has been placed before the Prime Minister.

A J COLES

His Excellency The Honourable John J. Louis, Jr.

COVERING CONFIDENTIAL

USA

Foreign and Commonwealth Office

London SW1A 2AH

21 January 1982

The P.M. will not have time to see this.

A.J.C. 21/1

Dear John,

Prime Minister's Dinner with the American Ambassador on 21 January 1982

In paragraph (vii) of my letter of 19 January I promised to send you separate briefing on any problems which might have arisen at the COCOM High Level Meeting in Paris, 19 - 20 January, which was the subject of the Prime Minister's recent exchange of letters with President Reagan.

The Prime Minister will be glad to know that the meeting was a success. The Americans did not press their proposals for revision of the COCOM strategic criteria and for extension of blanket coverage to a wide range of Soviet industries involved in defence. With the risk of strains between the US and her COCOM partners thus reduced, the meeting was able to proceed to constructive consideration of major areas of concern; the provision of guidelines for COCOM's future work, and, in particular, ways and means of preventing the erosion of the West's technological advantage by lack of effective control over the transfer of technology. (A brief summary of the main heads of agreement is attached.)

The Prime Minister might wish to say to the Ambassador that she understands that the meeting was successful in reaching unanimous conclusions satisfactory to all COCOM partners, and express her pleasure that the US and her COCOM partners were able to agree on how COCOM should be made more effective.

Yours ever

RMJ Lyne

(R M J Lyne)
Private Secretary

A J Coles Esq
10 Downing Street

COVERING CONFIDENTIAL

COCOM HIGH LEVEL MEETING (HLM) PARIS, 19 - 20 JANUARY:
SUMMARY OF CONCLUSIONS

* No reference to possible revision of strategic criteria but US list of defence priority industries accepted as subject for further study (with a view to inclusion in the COCOM lists) without commitment to any particular item.

* US proposal on harmonisation of national procedures accepted but remitted to an existing (rather than new) Sub-Committee.

* US proposal for a new defence sub-Committee modified to provide for the holding of sessions by COCOM itself with defence experts present.

* UK proposal (tabled during run-up to HLM) for speeding up processing of applications generally welcomed.

* US proposal for further HLM in January 1983 not accepted.

Prime Minister

A.J.C.

Foreign and Commonwealth Office

London SW1A 2AH

19 January 1982

Dear John,

Prime Minister's dinner with the American Ambassador on 21 January

In your letter of 12 January you asked for briefing for the Prime Minister's dinner with the American Ambassador on 21 January. The US Embassy have told us that they do not expect substantive points of business to be raised at dinner: this is borne out by the nature of the guest list. The Prime Minister may also wish to know that the Ambassador had an hour's informal tour d'horizon yesterday with Lord Carrington (at our prompting: record enclosed).

In case, however, the Ambassador were to turn to more substantive matters in private discussion, the Prime Minister may wish to be reminded of the following points:

(i) As regards Poland, in reacting to the imposition of martial law we are working to harmonise the positions of certain of our Community partners and NATO allies with the views of the Americans. The treatment of existing contracts under the American measures will be crucial, more especially, those for the gas pipeline. In our case, John Brown would incur very serious damage unless provision is made for existing contracts to be honoured. This may need putting to the Americans at the highest level, and Lord Carrington has already mentioned it to Mr Haig. (By way of background, I enclose an outward telegram of 18 January on economic measures against the Soviet Union.)

(ii) The Prime Minister will know that we may be out of line with the Americans in the Security Council debate about the Golan Heights. If an Arab resolution calling for mandatory sanctions against Israel is brought forward, we would not expect to join an American veto. Our views on sanctions are well known. We would therefore intend to abstain together with the French; but we think it important to show clearly our strong disapproval of the Israeli action. Since the Syrians have been unable to assemble nine positive votes for their draft, it is possible either that no vote at all will be taken in the Council or that they will now prove more amenable to a compromise resolution.

(iii) The Prime Minister could be asked whether we intend to accept the request from the Government of El Salvador for the UK to send observers to their forthcoming elections. Ambassador Louis recently called on Lord Trefgarne in order to urge us to do so, and mentioned the point again to Lord Carrington yesterday. We are still considering, in consultation with our EC and Commonwealth partners, how to respond to the invitation.

/(iv)

(iv) The Ambassador raised with Lord Carrington yesterday the possible visit to Britain by President Reagan. The Ambassador spoke to the Prime Minister about this on 9 December, since when the White House have told the Embassy in Washington that it is not feasible to make plans for the President to visit Western Europe in the first half of 1982 other than for his attendance at the Paris Summit in June; although they offered a faint hope that the President might be able to visit another European country before or after the Paris meeting. The Ambassador seemed unaware of this and spoke as if a visit immediately after the Paris Summit might be on the cards. (This would suit us very well.) He also seemed not to have understood that the President had been expressly invited by The Queen to stay at Windsor (he seemed to think that the Windsor idea is something that we had thought up for security reasons). Lord Carrington put the record straight.

(v) If there is any discussion of trade matters, the Prime Minister may wish to express our concern, which is shared by our Community partners, about the threat to our steel exports to the US posed by the recent action of American steel producers in instituting anti-dumping investigations against European producers. We do not accept the US industry's case. The EC share of the US market has actually declined. As regards alleged subsidies, the aid to the British Steel Corporation is for restructuring and is not an operating subisdy. The Prime Minister could express the hope that the American Administration will resume talks urgently with the EC Commission to find a mutually-acceptable solution, and also urge the US industry to drop its anti-dumping and counter-vailing (anti-subsidy) actions.

(vii) Following her recent correspondence with President Reagan, the Prime Minister may wish to reassure the Ambassador that we do not consider that we are as far apart from the Americans as was earlier thought to be the case. The COCOM meeting to which the correspondence referred opened in Paris this morning. If problems arise there of which the Prime Minister should be warned before seeing Mr Louis, we shall send you separate briefing.

Yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

A J Coles Esq
10 Downing St

19 JAN 1982

Mr Marshall - NAD

Call on the Secretary of State by the American Ambassador

Ambassador Louis, taking up an invitation from Lord Carrington to drop in for a chat, duly did so this afternoon. The conversation was informal and lasted just over an hour. The Ambassador was not accompanied.

Poland and Measures against the Soviet Union

Lord Carrington emphasised his concern about existing contracts and the position of John Brown in particular, adding that he had mentioned the matter to Mr Haig and hinting that it might have to be taken up at the Prime Minister/President level. Lord Carrington made it clear that in his judgement the Europeans would go ahead with the pipeline anyway, and he suggested that the Americans might with advantage explore the possibility of a trade off between the pipeline and a more forthcoming response from western Europe on other possible measures towards the Soviet Union. For our part, he was confident that we would be able to come up with a respectable package, though it would of course be difficult for us to get out ahead of the other Europeans.

I am not sure how far the Ambassador took in the point about the possible trade off, although he asked for it to be repeated. He was however briefed on the question of existing contracts and he indicated personal agreement with what the Secretary of State had said. The US Embassy have apparently taken the question up in Washington.

In more general discussion about Poland the Secretary of State explained why measures in the field of industrial trade hurt Europe more than the United States; described the state of the debate in the European Community on food sales to Poland; and sketched out the difficult assessment which would have to be made if, as he expected, Jaruzelski introduced measures which appeared superficially to meet the three points which had been put to the Polish government by the West. Finally, there was a discussion of consultation in which the Secretary of State sought tactfully to distinguish consultation and prior information. (The Ambassador received this with an indication of sympathy.)

Day of Solidarity with Poland

The Ambassador did not seem to know very much more about who was in charge than we, but he confirmed that private organisations on the American side were expected to make the running. Indeed, he hoped that the American television networks, churches and unions had already been in touch with

/their

their British opposite numbers. There was no suggestion that HMG as such should be playing a more active part, and the Ambassador was pleased to hear that we had recommended to the Prime Minister that she agree to respond positively to a request for a message.

Middle East

The Ambassador asked the Secretary of State for his views on Camp David and the prospects for the autonomy talks. Lord Carrington replied on standard lines making it clear that he had never opposed Camp David as such (which, indeed, had worthwhile achievements to its credit) and that he accepted that the Americans had no alternative but to pursue the autonomy talks. But he went on to spell out the difficulties he foresaw. Ambassador Louis implied that the Americans saw European policy as crowding in on Camp David. Lord Carrington replied that this had not at all been the intention, and explained what we had been doing to remove one of the two major obstacles to effective negotiations: the unwillingness of the PLO to express publicly and unequivocally even a conditional recognition of the rights of Israel. The Ambassador intervened only to pick up a reference to Al Fatah whom he thought to be a terrorist group.

In a brief discussion of the Sinai MFO, the Secretary of State made it clear that he looked forward to receiving from Mr Haig an account of what had passed during his visit to Tel Aviv. As far as we were concerned, we saw no need for a reply to the communication which the four European participants had given to the Government of Israel.

Salvador Elections

The Ambassador mentioned that he had discussed the matter with Lord Trefgarne. The Secretary of State said that we would like to help if we could, though it seemed clear that there would not be much of a response on the part of our European partners. He would be giving further thought to other possibilities, such as a visit by members of the Foreign Affairs Committee and/or a team under Commonwealth Caribbean auspices. He had certainly not thrown the idea out of the window, but the fact remained that it would be highly embarrassing if a team of observers in which we were involved were to arrive at a different assessment of the elections than the American observers (Lord Carrington mentioned in this context the differences which had arisen between the Commonwealth and the United Nations observers during the Zimbabwe elections).

US-UK Relations

i. Messages from Haig

The Ambassador by implication invited the Secretary of

/State

State to say that he was getting too many. Lord Carrington tactfully declined the gambit, making it clear that he would rather have too much than too little. He added that no-one could have done more than Mr Haig to keep his European partners informed (a remark which the Ambassador should not have regarded as over-riding the distinction between information and consultation).

ii. Relations between the Secretary of State and Mr Haig. The Ambassador trod not very lightly over the ice of last November, and made no mention, if he was aware of it, of the meeting between the Secretary of State and Mr Haig over breakfast at the NATO meeting in December. Lord Carrington went out of his way to assure the Ambassador that, if there had been difficulties, they were not of his making and were in any case in the past.

iii. Visit by President Reagan.

The Ambassador produced almost as a new idea the thought that President Reagan might visit the United Kingdom immediately after the Paris Summit of the Seven, and seemed unaware that he had already been formally invited to do so. He also appeared to think that the idea of the President staying at Windsor was something that we had dreamt up for security reasons rather than evidence of an invitation from The Queen. The Secretary of State explained how we saw the matter, and the Ambassador went on to ask where it might be most appropriate and effective for the President to make a public speech. Lord Carrington said that he saw attraction in the idea of an address to both Houses of Parliament in Westminster Hall, but added that he would wish to reflect on the matter and would come back to the Ambassador. [I shall be grateful if you will advise whether anything more need be done about the invitation to President Reagan in the light of this not altogether reassuring conversation, and if you will also let me know what you think about the idea of an address in Westminster Hall and possible alternatives.]

iv. Embassy Security

The Ambassador said that the Embassy, and the Defence wing in particular were very concerned about their security in the light of the killing in Paris. The Secretary of State said that we would let the Embassy know immediately if our assessment of the threat had in any way changed. [Grateful if Security Department would put action in hand].

(B J P Fall)
Private Secretary

18 January 1982

Distribution:

PS
PS/LPS
PS/Mr Hurd
PS/Mr Luce
PS/PUS
Mr Bullard
Lord Bridges
Mr Day
Mr Moberly
Mr Evans
Mr Ure

Hds of NENAD
EESD
Planning Staff
Security Dept
News Dept

OO WASHINGTON
GRS 610
SECRET
FM FCO 181615Z JAN 82
TO IMMEDIATE WASHINGTON
TELEGRAM NUMBER 59 OF 18 JANUARY
AND TO IMMEDIATE PARIS, BONN
INFO IMMEDIATE UKREP BRUSSELS, UKDEL NATO
POLAND : ECONOMIC MEASURES TOWARDS THE SOVIET UNION

1. I AM CONCERNED THAT THE UNITY ACHIEVED AMONG THE ALLIES AT THE NATO MINISTERIAL MEETING ON 11 JANUARY MAY ALREADY BE IN DANGER, BECAUSE OF THE US POSITION ABOUT EXISTING EXPORT CONTACTS AND GERMAN RELUCTANCE TO TAKE MEASURES AGAINST THE USSR.

2. THERE SEEMS TO BE A REAL RISK THAT THE AMERICANS WILL APPLY THEIR OWN MEASURES TOWARDS THE SOVIET UNION IN SUCH A WAY AS TO PREVENT THE INCLUSION OF US ITEMS IN EQUIPMENT SUPPLIED BY THE EUROPEANS TO THE SOVIET UNION UNDER EXISTING CONTRACTS (YOUR TELSNO 132 AND 133). THAT WOULD OF COURSE PREVENT OR GREATLY DELAY THE PIPELINE PROJECT. YET THE GERMANS INTEND TO PERSEVERE WITH THE PIPELINE (PARA 6 OF PARIS TELNO 27) AND MANY EUROPEANS HAVE STRONG VIEWS ABOUT NOT INTERFERING WITH EXISTING CONTRACTS. AND SUCH CHANCES AS THERE ARE THAT THE GERMANS AND SOME OTHERS WILL TAKE WORTHWHILE MEASURES OF THEIR OWN TOWARDS THE SOVIET UNION, IN ACCORDANCE WITH THE NATO DECLARATION OF 11 JANUARY, WOULD PROBABLY BE DESTROYED BY US INTERFERENCE WITH EXISTING EUROPEAN CONTRACTS.

3. THE UK HAS AN INTEREST IN THE PIPELINE GOING AHEAD, NOTABLY BECAUSE OF THE JOHN BROWN CONTRACT. CANCELLATION OF THE PIPELINE MIGHT COST UK FIRMS POUNDS STERLING 170 MILLION. WE ALSO HAVE THE IMPORTANT GENERAL INTEREST THAT NATO'S RESPONSE TO THE POLISH CRISIS SHOULD BE SEEN TO BE ADEQUATE AND REASONABLY UNITED. THE QUESTION IS WHETHER WE CAN DO ANYTHING TO AVERT THE SERIOUS PROBLEMS AHEAD.

4. THE FOLLOWING ARE SOME OF THE CONSIDERATIONS:

(A) SEVERAL OTHER EUROPEANS, AND NOTABLY THE GERMANS, HAVE A FAR GREATER INTEREST THAN THE UK IN THE PIPELINE PROJECT.

(B) WE CANNOT BE SURE THAT, EVEN IF THE AMERICANS WERE TO EXEMPT EXISTING EUROPEAN CONTRACTS FROM THEIR MEASURES, ALL THE EUROPEAN MEMBERS OF NATO WOULD TAKE WORTHWHILE MEASURES UNDER THE NATO DECLARATION.

(C) YET SUCH EUROPEAN MEASURES, COUPLED WITH THE AMERICAN WISH FOR A UNITED ALLIED RESPONSE ON POLAND, ARE THE ONLY LEVERAGE AVAILABLE FOR PRESSING THE AMERICANS TO EXEMPT EXISTING EUROPEAN CONTRACTS.

(D) WE ASSUME THAT HAIG REALISES THAT INTERFERENCE WITH EXISTING EUROPEAN CONTRACTS WILL CAUSE A MAJOR TRANSATLANTIC ROW. SUBJECT TO YOUR VIEWS, WE THEREFORE WONDER WHETHER ANYONE IN WASHINGTON EXCEPT THE PRESIDENT COULD TAKE THE DECISION TO EXEMPT EUROPEAN CONTRACTS (ASSUMING THAT EUROPEAN ONES CAN BE SEPARATED FROM PURELY AMERICAN ONES IN SUCH A DECISION).

5. WE SHOULD BE GTEFUL FOR YOUR VIEWS. ONE COURSE WOULD BE TO WAIT FOR THE GERMANS TO REALISE FULLY THAT A MAJOR ROW IS LOOMING, IN THE HOPE THAT THEY WILL THEMSELVES DECIDE TO TACKLE THE AMERICANS. BUT DURING THE DELAY THE MEDIA MIGHT WELL DIRECT MUCH MORE ATTENTION TO TRANSATLANTIC DIFFERENCES. ANOTHER APPROACH WOULD BE FOR US TO DISCUSS THE MATTER AT A HIGH LEVEL WITH THE GERMANS AND FRENCH, AND THEN TO MAKE SEPARATE APPROACHES TO THE AMERICANS. YET SUCH CONCERTATION MIGHT ALIENATE THE LATTER ALTERNATIVELY, WE MIGHT SUGGEST THAT SCHMIDT SHOULD APPROACH REAGAN, FOLLOWING UP THEIR RECENT SUCCESSFUL MEETING (EVEN THOUGH THE PIPELINE WAS NOT THEN DISCUSSED). IN ANY CASE, AN APPROACH TO THE AMERICANS WOULD PROBABLY NEED TO IMPLY A DEAL WHEREBY THE AMERICANS WOULD RELAX THEIR POSITION ON EXISTING EUROPEAN CONTRACTS IN RETURN FOR EUROPEAN UNDERTAKINGS TO TAKE WORTHWHILE ACTION TOWARDS THE SOVIET UNION IN LINE WITH THE NATO DECLARATION. THE NATURE OF SUCH ACTION WOULD NO DOUBT NEED TO BE INDICATED. ONE OF THE SUPPORTING ARGUMENTS WOULD BE THAT THE NATO CONTINGENCY PLANNING ABOUT POLAND FORESAW NO INTERRUPTION OF EXISTING EXPORT CONTRACTS.

6. PARIS PLEASE PASS COPY TO BRIDGES AND UKREP TO BULLARD.

CARRINGTON

LIMITED	PS		
PLANNING STAFF	PS/LORD TREFGARNE	COPIES TO:	
EESD	LORD BRIDGES	MR CAINES	DOT
TRED	MR BULLARD		
NEWS D	MR GOODISON	MR HAINES	DOI
ERD	MR EVANS		
ECD (E)	CABINET OFFICE		

Sent Hotline

Subject Vcc Ops Master

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 8/82

10 DOWNING STREET

THE PRIME MINISTER

14 January 1982

MISC 020 0086 - 141000²

I was shocked to hear of the tragic air accident in Washington yesterday and heavy loss of life.

May I send you and the bereaved families my deepest sympathy, which will be shared throughout Britain.

WARM REGARDS

MARGARET

The President of the United States of America

CAB/WTE HSE ØØ1/14

IMMEDIATE
141ØØØZ JAN 1982
FROM NO 1Ø DOWNING ST.
TO WHITE HOUSE

UNCLASSIFIED
MISC Ø2Ø

FROM : THE PRIME MINISTER.
TO : THE PRESIDENT OF THE UNITED STATES OF AMERICA.

I WAS SHOCKED TO HEAR OF THE TRAGIC AIR ACCIDENT IN WASHINGTON YESTERDAY AND HEAVY LOSS OF LIFE.

MAY I SEND YOU AND THE BEREAVED FAMILIES MY DEEPEST SYMPATHY, WHICH WILL BE SHARED THROUGHOUT BRITAIN.

WARM REGARDS,.

MARGARET.

NNNN

T.o.D. 141018Z BRo.

Dear ~~Mr. President/Dear~~ Ronald,

I was shocked to hear of the tragic air accident in Washington yesterday and heavy loss of life.

May I send you and the bereaved families my deepest sympathy, which will be shared throughout Britain.

Yours sincerely,

Prime Minister

Agree that this should be despatched now in your name (we can send a signed version later)?

A.J.C.

14/1/82

Yes
MT

USA (2)

Foreign and Commonwealth Office

London SW1A 2AH

18 December 1981

Prime Minister

21/12

a.a. 22/12.

Dear John,

Radio Marti

In his letter of 23 November, Michael Alexander asked for a little more background for the Prime Minister about the Americans' policy of limiting output of their AM transmitters.

We have consulted the Home Office. They have no knowledge of any official US pronouncements on why the power output is limited to 50kws. However, they speculate that national broadcasts on the British pattern, which would have to use a higher output, would be difficult to operate owing to the size of the US and the differing time zones. In addition, US broadcasting has developed from private enterprise, which has meant a multiplicity of local broadcasting stations. In order to maintain a modus vivendi between these broadcasting stations, it is possible to understand an agreement on a ceiling power for transmitters of only 50kws.

yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

A J Coles Esq
10 Downing Street

23 November, 1981.

Radio Marti

The Prime Minister has read with interest your letter to me of 20 November about Radio Marti. She would be grateful for a little more background as to why the Americans "as a matter of domestic communications policy", limit output of their AM transmitters to 50kw.

M. O'D. B. ALEXANDER

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

20 November 1981

(2)

Prime Minister

Dear Michael,

Radio Marti

Please refer to your letter of 3 November in which you say that the Prime Minister wondered why the Americans could not broadcast to Cuba from their own territory.

Why?

The United States have told us that they limit output of their AM transmitters to 50kw, as a matter of domestic communications policy. With this limitation, Western Cuba could be covered from Florida, but reception in Eastern Cuba would be unsatisfactory.

If they wish to cover all of Cuba satisfactorily from Florida they would require a more powerful transmitter. In addition, they would have to apply to the International Telecommunications Union (ITU) for a frequency allocation. The ITU offers allocations in this waveband for national coverage only and the US transmitter would very clearly be for other than domestic use. The applications would therefore most probably be refused and would certainly provoke widespread comment.

The Americans thus need to look elsewhere for a site for a transmitter. Their own Caribbean territories (Puerto Rico, Virgin Islands) would also need a more powerful transmitter and could therefore be open to the same objections as Florida. The Americans could however operate from their own base on Cuba, Guantanamo, or from another neighbouring independent state such as Jamaica, Bahamas or Haiti. The Americans presumably saw least political objection in approaching us for the use of the Caymans. But we consider that the objections to the use of Caymans territory outlined in my leter of 2 November to you are serious obstacles to our compliance.

/Our decision

M O'D B Alexander Esq
10 Downing Street

CONFIDENTIAL

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Our decision has now been conveyed to the Americans, who expressed disappointment but accepted that the interests of the Cayman Islands and the likely extent of Cuban retaliation are matters for us to judge. Mr Luce will be prepared to discuss this during his visit to Washington on 23 November.

yours ever

Rodric Lyne

(R M J Lyne)
Private Secretary

CONFIDENTIAL

USA JS

10 DOWNING STREET

From the Private Secretary

3 November 1981

BF 13-11-81

RADIO MARTI

The Prime Minister has seen your letter to me of 2 November on this subject. She agrees with the Foreign and Commonwealth Secretary that the weight of argument is against acceding to the American request. She does not believe that we should try to over-ride local opposition. She wonders why the Americans are unable to broadcast to Cuba from their own territory.

M. O'D. B. ALEXANDER

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

(1)

Prime Minister

Having gone along with the Swiss N.F.O., I would have thought there was a strong case for turning this down. Why not broadcast from Florida?

MT 3/XI

I think they can broadcast - from there but territory. We cannot give a free of local opposition not

2 November 1981

Dear Michael,

Radio Marti

Lord Carrington has asked that the Prime Minister be informed of an American request for permission to site a relay transmitter on Cayman Brac or the Turks and Caicos Islands to broadcast a new radio service, Radio Marti, to Eastern Cuba. The Americans have in mind a privately-run but Government-supported station which they claim would be comparable to the VOA or BBC, to start broadcasting on 1 January 1982. The Prime Minister may recall that Lord Thomas has been advocating for some time, not only here but in the US, the establishment of a Radio Free Cuba along the lines of Radio Free Europe or Radio Liberty. It seems likely that the American ideas may turn out to be close to his.

On the positive side, the operation would aim to make Cubans aware of the inadequacies of their own system. It would be without direct cost to the UK. In terms of our broad relations, we have an interest in supporting the Americans over Cuba. Castro's recent attack on the UK over Northern Ireland at the IPU Conference on 15 September gives us less reason to hesitate. We can also expect that Grenada will shortly begin transmission to the Eastern Caribbean of a radio service with which Cuba and the Soviet Union have provided extensive help.

On the other hand, support for the Americans would put us in front of our EC partners in backing the US stance towards Cuba. There is little chance that Latin American and Caribbean countries would welcome the initiative. Most difficult of all would be the position of the Cayman Islands or the Turks and Caicos Governments. Preliminary indications are that the Cayman Government would not welcome a development which would be bound to lead to a deterioration of their relations with a close and hostile neighbour. The Caymans are

/vulnerable

CONFIDENTIAL

vulnerable to reprisals. Vital tourist air links with the United States cross Cuban airspace and could be interrupted. Geographical proximity means that retaliatory attacks on the station could not be ruled out. Not least, use of dependent territories for this purpose would be a propaganda gift to Castro. While there is no constitutional obstacle to our offering a site on Cayman Brac, we would only do so in practice with the acquiescence of the Government of the Caymans and the acceptance of the population of the Islands. We could expect to have little control over the material broadcast by Radio Marti. Assurances of a moderate editorial policy and of exclusion of exile content are unlikely to be sustained in practice. The Cubans are certain to regard the station as provocative and will bitterly resent its activity. Castro has privately described the proposal, which has already been aired publicly in Washington, as tantamount to 'a declaration of war'. There is a risk that they would retaliate against UK commercial interests, a danger which could create awkward pressures on the Government. Similarly we would have to assess carefully the problems which the Cubans could make for us over Northern Ireland, on which their scope for retaliation is unfortunately broad. We would be extremely reluctant to risk expulsion of staff in Havana or the sending home of the Ambassador. Cuban action of this sort would reduce our understanding of developments in Cuba itself, would inhibit our anti-Cuban information activities elsewhere and would also hardly be in the Americans' own interest.

The American Ambassador, on instructions from Washington, called on Mr Luce on 22 October to press the request for transmission facilities. Mr Luce expressed our general agreement with the objectives the Americans wished to achieve, but went on to explain the considerable problems we foresaw over the American request. Mr Luce asked for a proper consideration in Washington of all aspects of the proposal, including its potentially counter-productive effect on the sympathies not only of the Cayman Islands but also of many others in the Caribbean. The answers which we have since received from Washington are thoroughly unconvincing. The Americans had found it technically feasible to site the transmitter on U.S. Caribbean territory, but feared an adverse reaction from the local population if they did so. The same consideration of course applies to Cayman Brac.

The Foreign and Commonwealth Secretary has yet to take a final decision, but considers that the weight of argument is on balance against acceding to the American request. If we are to say no, he would see much advantage in conveying the decision once our constructive response to the US over the Sinai peacekeeping force has been received and digested in Washington.

Yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing St

Mr Pattison

M.S.

(2)

4 & 5 GROSVENOR PLACE
LONDON SW1X 7JQ
TELEPHONE 01-235 8751/2
TELEX 918257

Prime Minister

Another piece of good news for our economy.

FROM
LORD BOARDMAN

28 October 1981

MLS 4/11

Dear David

At Blackpool, at the Prime Minister's tea party, I gave you a copy of a telex which had been sent to me showing that an order for £50 million had been won by a UK Company, the Cam Gears Group, for Ford North America against fierce competition world-wide.

I knew that this was likely to arise as their Managing Director is on the Board of Steetley, of which I am Chairman, and I asked that, if it came through in time, it should be transmitted to me at Blackpool.

Unfortunately, there was a muddle at the Imperial Hotel and it did not reach me. However, I have confirmed that, if the Prime Minister does wish to quote this as an example of British achievements, she is of course free to do so.

I believe these are the sort of "plugs" that will be very good for morale.

Yours ever

Lord Boardman

David Wolfson Esq
10 Downing Street
London S.W.1

677376 IMPER G
918257 STEECO G

OCTOBER 16, 1981

URGENT TELEX FOR LORD BOARDMAN, PARTY TREASURER, PLEASE

DOUGLAS LEESE ASKED ME TO TELEX AS FOLLOWS:

CAM GEARS WINS FIFTY MILLION POUND EXPORT ORDER

A SUBSTANTIAL ORDER FROM FORD NORTH AMERICA WORTH FIFTY MILLION POUNDS HAS BEEN WON BY THE CAM GEARS GROUP IN THE UK AGAINST FIERCE WORLDWIDE COMPETITION, MAINLY JAPAN.

THE ORDER IS FOR THE SUPPLY OF 3 MILLION STEERING SYSTEMS STARTING IN 1982 AND MEANS THAT CAM GEARS WILL CONTINUE TO BE THE SOLE SUPPLIER OF MANUAL RACK AND PINION STEERING FOR ALL FOR PASSENGER CARS BUILT IN NORTH AMERICA.

CAM GEARS CHAIRMAN, MR DOUGLAS LEESE, AND DEPUTY CHAIRMAN AND FORMER MANAGING DIRECTOR MR ROGER PINNINGTON DIRECTED THE WHOLE OPERATION INCLUDING THE DETAILED AND PAINSTAKING NEGOTIATIONS WHICH CULMINATED IN THE FORMAL SIGNING OF THE CONTRACT IN DETROIT.

CAM GEARS, A MAJOR SUBSIDIARY OF TRW INC OF CLEVELAND, OHIO, USA HAVE BEEN DOING BUSINESS WITH FORD NORTH AMERICA SINCE 1970 AND THE NEW CONTRACT UNDERLINES THE USA VEHICLE INDUSTRIES' CONFIDENCE IN THE BRITISH ECONOMY.

MR PINNINGTON SAID THAT FLUCTUATING EXCHANGE RATES, NERVOUSNESS ABOUT BRITISH INDUSTRY AND UK INFLATION RATES ALL HINDER EXPORT TRADE FROM THE UK TO NORTH AMERICA, BUT THE MAJOR FACTOR IN FORD'S DECISION TO AWARD THE CONTRACT TO CAM GEARS HAD BEEN CAM GEARS' EXCELLENT RECORD OF SUPPLY, SERVICE AND QUALITY SINCE 1970. EVEN DURING THE PERIOD OF NATIONAL SHORT-TIME WORKING IN THE EARLY 1970S CAM GEARS CONSISTENTLY DELIVERED CUSTOMER REQUIREMENTS ON TIME.

CAM GEARS WILL MANUFACTURE THIS PRODUCT AT THEIR RESOLVEN PLANT IN SOUTH WALES FOR WHICH A LARGE INVESTMENT PROGRAMME IS CURRENTLY UNDER WAY. THIS BUSINESS WILL UNDOUBTEDLY IMPROVE THE JOB SECURITY PROSPECTS OF THE COMPANY' S EMPLOYEES.

END OF PRESS RELEASE

REGARDS

PATRICIA IVE

918257 STEECO G
677376 IMPER G

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END OF PRESS RELEASE

REGARDS

PATRICIA IVE

918257 STEECO G
677376 IMPER G

CONFIDENTIAL

FM FCO 221745Z OCT 81
TO IMMEDIATE WASHINGTON
TELEGRAM NUMBER 1585 OF 22 OCTOBER
AND TO UKDEL CANCUN
INFO IMMEDIATE HAVANA
RADIO MARTI

1. US AMBASSADOR LOUIS CALLED ON MR LUCE ON 22 OCTOBER ON INSTRUCTIONS. HE DESCRIBED PREPARATIONS FOR 50 KW AM TRANSMISSION TO CUBA FROM TWO SITES, ONE ON THE FLORIDA KEYS AND THE SECOND EITHER ON CAYMAN BRAC OR LESS SATISFACTORILY IN THE TURKS AND CAICOS. HE STRESSED THE NEED FOR AN URGENT REPLY BY 1 NOVEMBER TO ENABLE FREQUENCY ALLOCATION TO BE REQUESTED AT THE ITU MEETING IN RIO ON NOVEMBER 9. HE DESCRIBED THE SERVICE PLANNED AS PROFESSIONAL AND OBJECTIVE, COMPARABLE TO THE VOA OR THE BBC, AND WITHOUT EXILE INPUT. THE OPERATION OF THE STATION WOULD BE LOW COST AND LOW RISK.

2. MR LUCE SAID THAT IN BROAD TERMS WE WERE SYMPATHETIC TO THE OBJECTIVES OF THE PROPOSAL. BUT BOTH OF THE ALTERNATIVE SITES FOR THE SECOND TRANSMITTER WERE COLONIAL TERRITORIES WHICH WOULD OFFER AN EASY PROPAGANDA TARGET TO CUBA. A SHARPLY ADVERSE REACTION WAS INEVBLE. THE GEOGRAPHICAL PROXIMITY OF BOTH COLONIES TO A POWERFUL AND HOSTILE NEIGHBOUR WOULD CERTAINLY MAKE THEIR GOVERNMENTS FEAR THE PROPOSAL. IN THE CASE OF THE CAYMANS, INTERUPTION OF VITAL AIR TOURIST FLIGHTS OVER CUBAN AIRSPACE WOULD PROVIDE CASTRO WITH A READY AND EFFECTIVE RESPONSE.

3. MR LUCE IN THE COURSE OF A RELAXED AND CONSTRUCTIVE DISCUSSION, QUESTIONED WHETHER IT WAS IN THE US INTEREST TO PUT AT RISK THE OPERATION OF OUR EMBASSY IN HAVANA, GIVEN THAT THE EXPULSION OF PERSONNEL OR EVEN THE AMBASSADOR HIMSELF MIGHT FOLLOW. HE EXPRESSED THE VIEW THAT IT MIGHT BE DIFFICULT TO CONTROL EDITORIAL POLICY AND TO EXCLUDE ALTOGETHER PROVOCATIVE MATERIAL FROM EXILE SOURCES. HE ALSO QUESTIONED WHETHER TIME WAS OF THE ESSENCE, GIVEN THAT PROCEDURES EXISTED FOR REQUESTING FREQUENCY ALLOCATION OUTSIDE THE PERIODIC CONFERENCES OF THE ITU. HE ASKED FOR ADDITIONAL INFORMATION ON THE TECHNICAL OBSTACLES TO COVERING EASTERN CUBA FROM FLORIDA, AND ABOUT THE POLITICAL FACTORS WHICH THE US HAD IN MIND IN SEEKING A SITE UNDER BRITISH CONTROL.

4. LOUIS WHO LEFT A PIECE OF PAPER (COPY BY BAG) UNDERTOOK TO SEEK EARLY ANSWERS TO THESE QUESTIONS. HE WAS TOLD THAT THE SECRETARY OF STATE KNEW OF THE PROPOSAL AND SAW NEED FOR CAREFUL CONSIDERATION OF THE IMPLICATIONS, BEFORE ANY DECISION WAS REACHED.

5. FOR UKDEL CANCUN. MR LUCE FEELS THAT HIS CONVERSATION WITH LOUIS HAS MADE IT UNLIKELY THAT MR HURD NEED DISCUSS THE MATTER IN WASHINGTON ON 10/11 NOVEMBER. THE SECRETARY OF STATE MAY ACCORDINGLY NOT (NOT) WISH TO OFFER DISCUSSION BY MR HURD (WHO WOULD PREFER TO CONCENTRATE ON THE MIDDLE EAST IN HIS WASHINGTON TALKS) BUT CAN ASSURE MR HAIG IF NECESSARY THAT THE MATTER IS UNDER VERY ACTIVE CONSIDERATION.

CARRINGTON

CONFIDENTIAL

SUBJECT

WSA

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T119/81

10 DOWNING STREET

20th August 1981

THE PRIME MINISTER

Dear Ron.

A brief note to thank you for your kind letter.

I thought the Nairobi conference went very well indeed - much better than the press and media indicated. We are now working towards the Commonwealth conference in Australia at the end of September. Our Australian colleagues are rather keen to have a grand declaration about the needs of the Third World countries. We are

VB

Sent via FCO Private Office

trying to take it down because it would be wrong to raise false hopes.

It was wonderful to have Nancy with us for a week or so over the Royal Wedding. She was a great hit everywhere she went - a real and true "Ambassador" for the President of the United States. We all loved her - and I hope she enjoyed our unique celebrations.

I believe your recent defence decisions are absolutely right.

Have a good holiday

Yours ever

Margaret.

c10

EMBASSY OF THE
UNITED STATES OF AMERICA
London

August 19, 1981

Dear Mr. Rickett:

I have been asked to forward to you the enclosed letter from President Reagan to the Prime Minister which was received at the Embassy this morning. The text of the letter was forwarded on August 8, 1981.

filed — under 4/Aug.

Sincerely,

Brendan A. Hanniffy
Special Assistant to
the Ambassador

Enclosure

William Rickett, Esq.
Private Secretary to
the Prime Minister
10 Downing Street
London SW1.

100

Hlay
June 82

99.5

10 DOWNING STREET

PRIME MINISTER

I have been through the boxes with Tim and he asked me to re-submit the attached letter to you from President Reagan.

He has gone to lunch now (1245) but is expecting your telephone call this afternoon.

Lillian

11 August 1981

Trefor Hall.

Trevarey —
Constantine Bay
Lanhouse on A.C
before C.B. beach

T 114/81

T'd under 4.88 (T110A/81)

Prime Minister

You said you would draft a reply yourself from Commons.

August 7, 1981

Dear Margaret:

RR 7/8

I was delighted to be with you again at Montebello. You played such an important role in our discussions. We might still be drafting the communique if it were not for you.

Nancy thoroughly enjoyed the festivities of the royal wedding. Certainly, my thoughts were with you and the people of Great Britain on that memorable occasion.

I look forward to the closest possible relations between our two countries. You know, of course, the esteem in which I hold our personal friendship.

Sincerely,

/s/

Ron

T 114/81 with PM
text of T110A/81.
when received back please cancel and correct T book.

EMBASSY OF THE UNITED STATES OF AMERICA
LONDON

August 7, 1981

Dear Prime Minister:

I have been asked to deliver the enclosed message to you from President Reagan, which was received at the Embassy this morning. The original copy will be delivered later.

Sincerely,

John J. Louis, Jr.
Ambassador

Enclosure:
UNCLASSIFIED

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, SW 1.

SUBJECT

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL NO. T110A/81

THE WHITE HOUSE

WASHINGTON

August 4, 1981

Dear Margaret:

I was delighted to be with you again at Montebello. You played such an important role in our discussions. We might still be drafting the communique if it were not for you.

Nancy thoroughly enjoyed the festivities of the Royal Wedding. Certainly, my thoughts were with you and the people of Great Britain on that memorable occasion.

I look forward to the closest possible relations between our two countries. You know, of course, the esteem in which I hold our personal friendship.

Sincerely,

Ron

The Right Honorable
Margaret Thatcher, M.P.
Prime Minister
London

USA

1

PRIME MINISTER

cc: Mr. Gow
Mr. Alexander

Eldon Griffiths rang to mention the impressions he had picked up during his recent visit to the West coast of the United States.

He said that Britain is currently getting a very bad press. The riots, coming on top of the hunger strike issue, have led some people "who should know better" to conclude that we have a sort of Italian situation. The American media's saturation coverage of the riots would, he was sure, have an effect both on sterling and on investment confidence.

Secondly, some of the United States media were using the current British situation as a stick with which to beat Mr. Reagan, implying that if he followed the monetarist path, this would lead to a revival of the big city race riots seen in the United States in recent years. Mr. Griffiths felt that you would need to take account of this background in dealing with President Reagan at Ottawa.

Thirdly, Mr. Griffiths had tried to put across to his audiences that the urban violence arose from a range of complicated factors and that it was not purely a result of socio-economic conditions. He had emphasised that you and the Home Secretary enjoyed the total confidence of the police, and he felt that this point had been taken. But he felt that our posts across the U.S. and elsewhere needed to emphasise this, and he saw some risk that the malaise would spread to the Middle East and Latin America.

On a different topic, Mr. Griffiths asked us to take into account one possibility for your next unannounced visit to Northern Ireland. On 6 November, the RUC plan to open their new office, and they will be giving their dinner for Ulster widows that evening. He had been asked to feed in the thought that these two events might possibly provide an occasion for you to visit.

/ Mr. Griffiths

Mr. Griffiths said he intends to speak further about all these points to Ian Gow when he next sees him.

MAP

14 July 1981

FILE

PH

USA

MR WHITMORE
PRIME MINISTER

Ed Streater, the Minister in the US Embassy, rang about the details for Nancy Reagan's visit to London for the Royal Wedding. The only time she would be available to see you other than on Monday evening, 27 July, when you are not free because you have to go to the Palace, is Saturday, 25 July. Mr Streater wonders whether you would be prepared to give a lunch at Chequers.

This is a highly inconvenient day as it is the date we had allocated for the strategy meeting and I think it is going to be difficult to get that group together. Clive also makes the point that we will not know until a later date which other distinguished guests will be in London at that time.

Can I have your views please?

CAROLINE STEPHENS

2 July, 1981

M. Alexander



CABINET OFFICE

With the compliments of

M. Wade-Gery

70 Whitehall, London SW1A 2AS
Telephone 01 233

RESTRICTED

USA

CABINET OFFICE
70 WHITEHALL
LONDON SW1A 2AS

01-~~XXXXXXX~~ 233 8378

Ref: B06221

8th June 1981

Dear Derek,

Visit of ex-Vice President Mondale

David Aaron, who as you will know left the White House at the change of Administration and is now an investment banker in New York, telephoned me from there late on Friday night "at the request of Walter Mondale" (whose protegé Aaron has always been). He said that Mondale was planning a trip to Europe which was designed to improve his education in European defence matters and was not aimed at publicity. General Rogers would be receiving him and arranging a programme at NATO. In Bonn he would be seeing Apel, visiting a German military installation and possibly calling on Schmidt. He would be in London from the morning of 24th June (having spent the previous night in a transatlantic aeroplane) until the evening of 25th June. Would it be possible for him to call on the Prime Minister?

I said that I knew the Prime Minister's diary was under considerable pressure around that time. But I would make enquiries. Would Mondale in any case be interested in other governmental calls or visits in London, eg MOD and/or FCO? Aaron said that he would; and that he would be particularly interested in meeting the Defence Secretary and perhaps visiting a British naval or air base.

I suggested to Aaron that, after I had called him back, there would be advantage in getting this request into more orthodox channels eg by putting Mondale's office into direct touch either with our Embassy in Washington or with whoever in London might be interested in arranging any kind of programme. Aaron agreed.

When I consulted you on the telephone this morning you doubted whether Mondale would in the FCO view rate a call on the Prime Minister. But you thought he was the sort of person for whom it would certainly be appropriate to arrange a high level programme including possibly a call on the Foreign and Commonwealth Secretary. You kindly undertook to concert with Michael Quinlan (to whom I am copying this letter) and to let me know quickly what reply you would like me to give Aaron. His telephone number, in case anyone wants to contact him direct, is New York City 212 825 [illegible].

I am also copying this letter, for information, to Michael Alexander at No. 10. Unless he thinks that the Prime Minister would wish to take an interest, you suggested that for simplicity's sake he should assume that the FCO will not be recommending a call on her unless he hears from you to the contrary.

Yours ever,
Robert.

D M Day Esq. CMG
Foreign and Commonwealth Office

R L WADE-GERY

Foreign and Commonwealth Office

London SW1A 2AH

10 June 1981

R L Wade-Gery Esq
CABINET OFFICE

Dear Robert,

VISIT BY EX-VICE PRESIDENT MONDALE

We have discussed your letter BO 6221 of 8 June. This is to confirm that Lord Carrington is happy to see Mr Mondale. I have spoken to Michael Quinlan. Mr Nott would have welcomed a meeting with Mr Mondale; but his programme seems likely to be full at this time and he therefore regrets being unable to make any commitment at this stage. We are pursuing with the MOD the possibility of a visit to a base. We do not recommend a call on the Prime Minister.

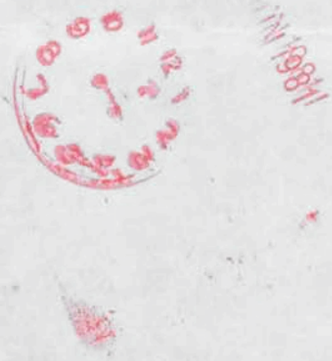
2. You have already passed this information to Aaron. We will now discuss detailed arrangements with the American Embassy and will keep our Embassy in Washington informed.

Yours ever.

David Day.

D M Day

cc: Mr M Quinlan, MOD
Mr M Alexander, No 10



JS

USA

CF

2 June 1981

Thank you for your letter of 1 June. The "long-awaited package" has been received with much pleasure here.

MODBA

The Honourable Edward J. Steeator

EMBASSY OF THE
UNITED STATES OF AMERICA

London

June 1, 1981

Mr. Michael Alexander
Private Secretary (Overseas Affairs)
to the Prime Minister
10 Downing Street
London SW1

Dear Michael:

Enclosed is the long-awaited package from The White House to The Prime Minister. I regret the delay which I can only attribute to the shortcomings of the U.S. mails.

Sincerely,

Edward J. Streator
Chargé d'Affaires ad interim

RESTRICTED

VLB

FILE

WA

20 May 1981

Possible Call on the Prime Minister by Governor Carey

As I told you on the telephone this morning, the Prime Minister accepts the advice of the Foreign and Commonwealth Secretary contained in Roderic Lyne's letter of 15 May to Michael Alexander that Governor Carey's staff should be told that she is not able to see him when he is in London in the latter half of this week.

C A WHITMORE

F. N. Richards, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

RESTRICTED 1.

Prime Minister.

Agree not to see Governor Carey? Apart from anything else, your diary is already very crowded on Wednesday and Thursday.

Foreign and Commonwealth Office

London SW1A 2AH

15 May 1981

Dear Michael, MK 18/V.

Just not possible now

Possible Call on the Prime Minister by Governor Carey of New York State

You will have seen from Washington telegram number 1488, of which I enclose a copy, that Governor Carey's staff have enquired whether the Prime Minister would be able to see him on his way back from a visit to Israel between 20 and 22 May.

Provided that the Prime Minister does not wish to put across our case on Northern Ireland to Governor Carey personally (and we see no need for this), Lord Carrington agrees with Sir Nicholas Henderson's recommendation that the Embassy in Washington be authorised to let Carey's staff know that the Prime Minister would be unable to see him.

I am sending a copy of this letter to Stephen Boys-Smith (Northern Ireland Office).

Yours ever

Robert Lyne

(R M J Lyne)
Private Secretary

M O D'B Alexander Esq
10 Downing Street
LONDON
SW1

RESTRICTED

RESTRICTED

GR 200

RESTRICTED
FM WASHINGTON 142200Z MAY 81
TO IMMEDIATE F C O
TELEGRAM NUMBER 1488 OF 14 MAY
INFO PRIORITY CONSULATE GENERAL NEW YORK, NIO(BELFAST)
NIO(LONDON) ROUTINE TEL AVIV

NORTHERN IRELAND: GOVERNOR CAREY

1. GOVERNOR CAREY'S STAFF HAVE TOLD US THAT HE EXPECTS TO BE IN LONDON BETWEEN 20 AND 22 MAY ON HIS WAY BACK FROM A VISIT TO ISRAEL. THEY HAVE SOUNDED US (BEFORE THE PRIME MINISTER'S REPLY TO THE FOUR HORSEMEN WAS DELIVERED) ON WHETHER, IF THE GOVERNOR ASKED TO SEE THE PRIME MINISTER, THE REQUEST WOULD BE LIKELY TO BE SUCCESSFUL. THEY MADE IT CLEAR THAT CAREY WAS NOT INTERESTED IN MEETING OTHER MINISTERS.

2. THE PRIME MINISTER'S REPLY TO THE FOUR HORSEMEN DEALS FULLY WITH CAREY'S CONCERNS ABOUT NORTHERN IRELAND, AND, INCIDENTALLY, WITH HIS SEPARATE MESSAGES TO YOU AND TO THE PRIME MINISTER. IN VIEW OF CAREY'S APPARENT RELUCTANCE TO MEET MINISTERS OTHER THAN THE PRIME MINISTER I CONCLUDE THAT HIS MAIN OBJECTIVE IS TO ENHANCE HIS OWN POLITICAL STANDING RATHER THAN TO HAVE A REASONED DISCUSSION ON NORTHERN IRELAND. UNLESS THEREFORE THE PRIME MINISTER WISHES TO PUT ACROSS OUR CASE TO CAREY PERSONALLY, I RECOMMEND THAT WE BE AUTHORISED TO LET CAREY'S STAFF KNOW THAT THE PRIME MINISTER WOULD NOT BE ABLE TO SEE HIM.

HENDERSON

NORTHERN IRELAND LIMITED

RID
NAD
INFORMATION DEPT
WED
MAED
NEWS DEPT
SECURITY DEPT
PUSD
PS
PS/LPS
PS/MR HURD
PS/MR RIDLEY
PS/MR BLAKER
PS/PUS
SIR A ACLAND
CHIEF CLERK
MR ADAMS
MR BULLARD
MR FERGUSSON
LORD N G LENNOX
MR BRAITHWAITE

ADDITIONAL DISTRIBUTION
NORTHERN IRELAND

RESTRICTED

DEPARTMENT OF TRADE 1 VICTORIA STREET LONDON SW1H 0ET Telephone 01-215 7877

From the Secretary of State

MAD

Mike Pattison Esq
Private Secretary
10 Downing Street
London, SW1

30 April 1981

Dear Mike

VISIT OF UNITED STATES TRADE REPRESENTATIVE

Roderic Lyne's letter to you of 16 April suggests that, subject to further advice from the Department of Trade, there is no pressing need for the Prime Minister to see Mr Brock when he is in the United Kingdom on 28-29 May.

We agree, Mr Brock will be seeing Mr Biffen and Mr Parkinson on 29 May, in addition to Lord Carrington so unless the Prime Minister has any personal wish to see Mr Brock, it is thought that a call upon her would be unnecessary.

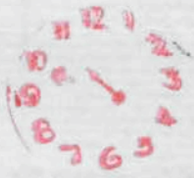
I am copying this letter to Roderic Lyne in the FCO.

Yours sincerely
Catherine Capon.

CATHERINE CAPON
Private Secretary



1 MAY 1981



EMBASSY OF THE
UNITED STATES OF AMERICA

London

April 29, 1981

Dear Prime Minister:

I have been asked to deliver the enclosed message to you from President Reagan, which was received at the Embassy this morning.

Sincerely,

Edward J. Streator
Charge d'Affaires ad interim

Enclosure

The Rt. Hon. Margaret Thatcher, M. P.,
Prime Minister,
10 Downing Street,
London, SW 1.

Prime Minister.

(2) MF T69/81

A slightly mysterious letter. I think it must be in response to your original message of sympathy at the time of the attempt rather than to the final sentences of your most recent message (also sent on April 27). I am not sure what precisely the "disturbing events two weeks ago" were.

MT 29/4

April 27, 1981

Dear Madame Prime Minister:

Your thoughtful expression of concern for my welfare is deeply appreciated. Nancy and I are comforted to know that your thoughts and good wishes are with us. My injury is responding to treatment, and each day I am able to resume more work on the important policies and programs we have started.

Despite the rush of disturbing events two weeks ago, pleasant thoughts of your visit in February are still strong in our memories. It was not only a pleasure to renew our acquaintance, but even more special to get to know each other better.

The handsome historic map of America in the 1700's is just superb and is valued by all of us. Nancy, especially, has expressed pleasure with the beautiful porcelain music box -- they are delightful remembrances of your visit. Thank you also for your photograph which you so kindly inscribed and framed in silver.

Nancy joins me in sending our warm regards to you and Mr. Thatcher. I look forward to seeing you again in July in Ottawa.

Sincerely,

/s/

Ronald Reagan

SUBJECT

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T69/81

PM has seen
Ltr.

THE WHITE HOUSE

WASHINGTON

April 27, 1981 R 13/5

Dear Madame Prime Minister:

Your thoughtful expression of concern for my welfare is deeply appreciated. Nancy and I are comforted to know that your thoughts and good wishes are with us. My injury is responding to treatment, and each day I am able to resume more work on the important policies and programs we have started.

Despite the rush of disturbing events two weeks ago, pleasant thoughts of your visit in February are still strong in our memories. It was not only a pleasure to renew our acquaintance, but even more special to get to know each other better.

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Nancy joins me in sending our warm regards to you and Mr. Thatcher. I look forward to seeing you again in July in Ottawa.

Sincerely,

Ronald Reagan

The Right Honorable
Margaret Thatcher, M.P.
Prime Minister
London

File A
USA

10 DOWNING STREET

From the Private Secretary

27 April 1981

Thank you for your letter of 16 April regarding the visit of Ambassador Brock III, the US Trade Representative.

I am afraid the Prime Minister will not be able to meet with him as she will not be in London that week.

M. O'D. B. ALEXANDER

R. M. J. Lyne, Esq.,
Foreign and Commonwealth Office.

10 DOWNING STREET

MR ALEXANDER

Unless you think Ambassador Brock is extremely important I hope you will sign the attached letter to Roderic Lyne. I am really trying very hard to see that the PM gets a bit of a break. In addition she is going to have to undergo extensive sessions at the dentist that week.

C.S.

21 April 1981

10 DOWNING STREET

Caroline

PM may want to do this, although it will probably have to be at Chequers.

I think you will have to put it to her o/a, after consulting MOOBA.

MH 16/4

Foreign and Commonwealth Office

London SW1A 2AH

16 April 1981

Dear Mike,

US Trade Representative

Ambassador William E Brock III, the US Trade Representative, is visiting London on 28-29 May. He is a member of President Reagan's Cabinet and former Chairman of the Republican National Committee (from 1977 to 1981).

The US Embassy have asked for an appointment for Mr Brock to call on the Prime Minister. They say that Brock knows Mrs Thatcher quite well. I understand that he will be calling on Mr Parkinson and possibly on Mr Biffen. Lord Carrington will see him on 29 May. Unless the Prime Minister has a particular wish to see Mr Brock, for example, on grounds of her personal acquaintance with him, and subject to any further advice which the Department of Trade may wish to give you, Lord Carrington sees no reason to press the Prime Minister to see Mr Brock.

I am copying this letter to John Rhodes (Dept of Trade).

yours ever

Rodric Lyne

(R M J Lyne)
Private Secretary

Mike Pattison Esq
10 Downing Street
LONDON

SUBJECT.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 64/81

MESSAGE FROM PRIME MINISTER TO PRESIDENT REAGAN

USA

see Master set
ops.

I was thrilled to hear that the flight of the Columbia has been successfully completed.

The development of the space shuttle, which opens a new era in the space age, has been a great achievement and I share with you the pride you must now be feeling.

Please convey to everyone involved - from the astronauts themselves to all the teams supporting them on the ground - warmest congratulations on behalf of the British people.

Margaret Thatcher

Prime Minister

18 30 z.

[redacted] SUBJECT

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL NO. T64/81

CAB/WTE HOUSE ØØ1/14

IMMEDIATE 141ØØ8Z APR 81
FM CABINET OFFICE LONDON
TO WHITE HOUSE

TELEGRAM NUMBER MISC Ø53.
UNCLASSIFIED
MESSAGE FROM PRIME MINISTER TO PRESIDENT REAGAN.

I WAS THRILLED TO HEAR THAT THE FLIGHT OF THE COLUMBIA HAS BEEN SUCCESSFULLY COMPLETED.

THE DEVELOPMENT OF THE SPACE SHUTTLE, WHICH OPENS A NEW ERA IN THE SPACE AGE, HAS BEEN A GREAT ACHIEVEMENT AND I SHARE WITH YOU THE PRIDE YOU MUST NOW BE FEELING.

PLEASE CONVEY TO EVERYONE INVOLVED - FROM THE ASTRONAUTS THEMSELVES TO ALL THE TEAMS SUPPORTING THEM ON THE GROUND - MY WARMEST CONGRATULATIONS ON BEHALF OF THE BRITISH PEOPLE.

MARGARET THATCHER,
PRIME MINISTER.

NNNN

SENT AT 141919Z BRH

RGRGRG OSL ATT T AND TKS MATE

CONFIDENTIAL COVERING SECRET

USA

10 DOWNING STREET

From the Private Secretary

10 April 1981

Dear Francis,

MEETING WITH MR. HAIG

I enclose two records of the Prime Minister's discussion with Secretary of State Haig earlier this afternoon. As you will see, I have given a "secret" classification to that dealing with East/West relations. I should be grateful if you could give this record a particularly limited distribution.

I am sending a copy of this letter, and its enclosures, to David Wright (Cabinet Office).

Yours ever

Richard Alexander

Francis Richards, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

Master set.

SUBJECT

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE SECRETARY OF STATE OF THE UNITED STATES, MR. ALEXANDER HAIG, AT 10 DOWNING STREET ON FRIDAY 10 APRIL at 1700 HOURS

Present

The Prime Minister
Mr. M.O'D.B. Alexander

Secretary of State Haig
Mr. Eagleburger
Mr. Streeter

* * * * * * * * *

Middle East

The Prime Minister asked Mr. Haig whether he considered his visit to the Middle East had been a success. She had been particularly anxious that there should be an improvement in relations between the United States and Jordan. She had told President Reagan that in her view relations between President Carter and King Hussein had been very bad and that this should be remedied. Mr. Haig said that as a result of the previous Administration's inconsistency, there was undoubtedly a legacy of distrust towards the United States in many Arab capitals. King Hussein had indeed been treated badly. He had told Mr. Haig that when he had asked President Carter's Administration for help in facing up to the Syrians, he had been told that the United States could not spare any arms because they were themselves short! In Mr. Haig's view, the mere expression of an intent to visit the area had been helpful in Jordan, in Saudi Arabia and in Egypt. The Prime Minister said that she was sure King Hussein would respond to the offer of friendship and that he would subsequently use his influence on America's behalf in the region.

As regards the results of his visits, Mr. Haig said that he thought they had been very successful in building relationships in each capital. Of course differences remained, particularly in relation to policy towards the Palestinians. But these in the past had been sharpened by the doubts about

/America's

America's reliability. The Prime Minister said that she thought the problem was not confined to doubts about the West's reliability. We needed to pay more attention to Arab sensitivities. They considered we had shown a lack of shrewdness in relation to Iran. They feared that we were liable to take decisions without having regard to their views. In the latter context it was particularly valuable that Mr. Haig's tour had made it clear that the United States was consulting them.

Mr. Haig said that in addition to establishing relationships, his tour had been intended to try to develop a strategic consensus. This was not intended to replace the peace efforts but rather to create a climate in which risk-taking would be more acceptable. (This remark was not elaborated on but the reference appeared to be to risk-taking by participants in the peace process.) The Prime Minister referred to her recent meeting with Mr. Peres. He realised things could not follow their present course for much longer. He thought that the time for positive steps was now. His ideas might be naive and unacceptable, but nonetheless it was good to get this sort of feeling coming out of Israel. Mr. Peres was a man who understood the Arabs. Mr. Begin on the other hand was a man whom no-one had found it easy to get on with. Mr. Haig said that the really bad aspect of Mr. Begin's period in office was the settlements policy. The Prime Minister said that the policy was morally wrong and politically unwise. Mr. Haig agreed. Mr. Peres, for his part, packaged things better. He had been in dialogue with President Sadat and had convinced him that together they could resolve the problem in a year. The Prime Minister said that nice though the thought was, it was "not on". Mr. Haig said that what he thought they meant was that together they could put into effect the agreement on withdrawal.

The Prime Minister and Mr. Haig agreed that Mr. Peres' ideas were unrealistic and that he would undoubtedly be markedly more constrained if he won office. Nonetheless,

/he had the

he had the will to look for progress. Mr. Haig referred to a meeting with General Dayan during his visit to Israel when General Dayan had said he would turn the whole Arab/Israel problem over to the Arabs and let them get on with it. General Dayan, according to Mr. Haig, had looked worryingly unwell.

Mr. Haig said that he had found President Sadat most impressive. It was noticeable that he was now more concerned about the situation in North Africa than in pushing ahead with the negotiations with Israel. He appeared confident that he would be able to get enough from Israel to make his point with the other Arabs. It was, however, naive of him to suppose that he would be able to do this simply by satisfying Egypt's own needs. The Prime Minister said that one lesson of the Rhodesia talks had been the need to keep in close touch with other states concerned about the outcome. In doing so, one gave them a stake in the outcome. Mr. Haig agreed. This was how the United States had "mucked up" the Camp David agreement. He, incidentally, preferred to refer to "the peace process". However, he was anxious not to create problems for himself in the United States and therefore could not altogether abandon references to Camp David. He was therefore now using the phrase "the Camp David framework". The Prime Minister reiterated her wish to ensure that the activities of the Europeans complemented, and did not compete with, the efforts of the United States.

India

The Prime Minister said that she was somewhat concerned by the anti-American posture of the Indian Government. India was a very important nation internationally and, particularly, in the non-aligned movement. It was worth making some fuss over the Indians. They were very sensitive to any impression that they were being neglected. They were inclined to say that a lot of attention was being paid to Pakistan and none to them.

/ She herself

She herself had been subjected to questioning on these lines the previous day. She had replied by explaining the significance of Pakistan's position and the reasons for the involvement of the United States there. In reply to questions about the supply of arms to Pakistan, she had said that every country had the right to defend itself.

Nonetheless, India was, in the final analysis, a more important country. The Prime Minister thought it would be very helpful if she could tell Mrs. Gandhi that Mr. Haig had spoken warmly about her. Mr. Haig said that he very much hoped that the Prime Minister would do so. He had it in mind that there should be a special effort made to improve Indo/American relations. He agreed with the Prime Minister that Mrs. Gandhi's friendship with the Soviet Union was a matter of convenience rather than conviction. One additional argument in defence of American involvement with Pakistan which might be used with Mrs. Gandhi was to point out that India's nuclear capability tended to upset the Pakistanis greatly. If, as seemed likely, the Indians were to test another nuclear device, it would tend to make the Pakistanis "paranoic". Conventional military help from the United States would damp down this reaction.

Spain

Mr. Haig said that, unfortunately, the Secretary General of NATO, Mr. Luns, had revealed Spain's intention to seek membership of NATO prematurely and had triggered off unhelpful Scandinavian reactions. The Spanish Government had been affronted. They were in any case having difficulties with the Spanish socialists, who were in touch with the Danish socialists. The Spanish Government now intended to move in September. Mr. Haig said that he intended to ask Chancellor Schmidt whether he could not calm down the Spanish socialists (who were largely financed by the SPD). The Spanish Government had asked Mr. Haig to suggest to the Prime Minister that we

/ should not

should not press the Gibraltar issue. He had replied that this was a bilateral issue and not the concern of the United States Government. Nonetheless, it was important that everyone should try to be helpful. The general situation was favourable to Spanish entry.

The Prime Minister agreed. Spanish membership of NATO would be important in securing the future of democracy there. The leader of the socialists, Senor Gonzalez, asked her to help ensure that the European Council issued a statement about Spain after their meeting in Maastricht. This had been done. There was likely to be difficulty with the Mediterranean members of the Community in securing Spain's entry to the Community. She, however, always argued that the political aspects of membership were more important than the economic aspects. She saw Britain's role in the Community as being to get people to look at the larger issues. Mr. Haig agreed and said that he was sure that the question of Spanish entry into NATO could be brought to a successful conclusion.

The discussion ended at 1800 hours.

10 April 1981

SECRET

cc 710 CO JS 9

cc. Master set.

SUBJECT

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE SECRETARY OF STATE OF THE UNITED STATES, MR. ALEXANDER HAIG, AT 10 DOWNING STREET ON FRIDAY 10 APRIL AT 1700 HOURS

Present

The Prime Minister
Mr. M.O'D.B. Alexander

Secretary of State Haig
Mr. Eagleburger
Mr. Streeter

* * * * * * *

East/West Relations

The Prime Minister said that she was still extremely concerned about the situation in Poland. There were few signs of any reduction in Soviet preparedness to intervene. Mr. Haig said that there had been some signs of reduction that day. Some troops had returned to their garrisons. The Prime Minister said that she doubted whether this was of much significance. The Russians knew that they were facing an unprecedented problem. If the Poles were allowed to get away with their experiment, their example would be followed. On the other hand, the price of intervention would be very high for the Russians. The Soviet leadership faced a finely balanced and difficult decision.

Mr. Haig said that, in his view, the Soviet Government was "in a dialectic" which would lead ultimately to action. Periods of quiet had been repeatedly followed by periods of tension, each one more severe than the last. He had concluded before leaving for his trip to the Middle East that there would be at least one further round of pressure. However, the room for manoeuvre for the Russians was now getting very small indeed. The Polish Government would "have to walk the cat back". So far their efforts to do so had failed. The Russians could not accept the failure of the Communist economic system and of the Communist Party's political control. Of course Western governments could not say this publicly. If

/they did so,

they did so, the consequences would be to make the Soviet Government's intervention more certain and more brutal. He was not optimistic about the prospects. When Mr. Jagulski had been in Washington recently he had told Mr. Haig that the Poles would not accept intervention. Mr. Haig said that he had believed him. The Prime Minister said that if Solidarity could call a halt now and consolidate their gains, they would in fact have made an enormous stride forward. The difficulty was that the entire generation coming to the fore was without any experience of the exercise of power. This was very unstable. There were signs that Solidarity was seeking political power for its own sake. There was no sign of a willingness on their part, for instance, to try to rectify the country's economic situation.

It was difficult to see any way of increasing the incentive to the Russians to stay out of Poland. One possibility might be to offer them the prospect of arms limitation talks. She was not, of course, suggesting that the United States Administration should rush into such talks before they were ready. But perhaps the prospect of the talks should be made clear as well as the consequences for that prospect of Soviet intervention. Mr. Eagleburger said that he did not believe this would have any effect on the Soviet leadership.

Mr. Haig said that the Soviet Union was at present "in a terrible state". There was no reason for the West to be self-conscious about their own vulnerabilities. He had had three long talks with Mr. Dobrynin lately. Three areas of concern emerged clearly:-

(a) the Russians were much alarmed by the consensus which had emerged in the United States between the President, Congress and the people in favour of a significant increase in US military capability. They wanted to break this consensus if they could;

/ (b)

(b) the Russians were preoccupied with the situation in the Middle East. They kept harping back to the offer made by Secretary of State Vance in October 1977 to reconvene the Geneva Conference. The evident willingness of the new American Administration to build up their presence in the area and to establish a Rapid Deployment Force worried the Soviet Government. Indeed, they had been rather threatening and had talked of taking counter action. There was evidence that a recent exercise had envisaged the invasion of Pakistan and the seizure of the Pakistan capital;

(c) the Russians were clearly conscious that their system as a whole was under strain. Twenty-four hours after Mr. Haig had referred in a press conference to the possibility that the Polish situation would lead to "changes in the system", Mr. Dobrynin had been round asking whether Mr. Haig had meant changes in Poland or changes in some wider sphere.

The Prime Minister said that she agreed with this analysis. She, too, had been conscious of a sense of desperation in Soviet policy. Mr. Eagleburger commented that this was very dangerous. Mr. Haig said that Herr Genscher had been left with the impression that the Soviet Government were confused about United States intentions and wanted to clarify them. When Herr Genscher had referred to the talks between Mr. Haig and Mr. Dobrynin, Mr. Gromyko had been very dismissive of them: in his view, meaningful talks could only take place at the top level.

Mr. Haig said that the US Administration were determined not to be driven into a "business as usual" attitude in their dealings with the Soviet Government. The Prime Minister agreed that this was vital, particularly so long as Afghanistan was occupied. That was why she had resisted the decision of "a member of Mr. Haig's staff" to agree to the sale by France of 600,000 tonnes of wheat to the Soviet Union. Mr. Haig

/ expressed

expressed profound gratitude for the line taken by the Prime Minister and referred to the misleading statements of the "mendacious French". Unfortunately, he had a problem with the American wheat lobby. The French were inclined to argue that they were only proposing to do what the Americans themselves had been doing. He was very pleased with the attitude of the British Government. But he was under criticism at home. The American Government might be pushed off their present policy "in a week or two".

The Prime Minister commented that she was under constant pressure from those who wished her to allow relations with the Soviet Union to revert to normal. But she, like Mr. Haig, was determined to resist the "business as usual" approach. Mr. Haig said that there were already those who were saying that Afghanistan should be left on one side because the Soviet Union had been moderate in Poland. As regards Soviet intentions in Afghanistan itself, there were reports that the Russians would be willing to envisage a phased withdrawal over a two-year period, leaving a non-aligned government in place. The Prime Minister expressed scepticism.

Mr. Haig said that the US Administration's general position would be that the price for moving in the direction of normalisation would be substantive modifications in Soviet policy. This attitude might give rise to problems with the Germans. It was clear, e.g. from a "soulful talk" that he had recently had with Mr. Weinberger, that Chancellor Schmidt's confidence had been shaken. It would be necessary to bear this in mind in the period ahead and to be sensitive to the German situation. It would be important in this context for Britain and the United States to stay very close together. The relationship between the Prime Minister and President Reagan would be a source of great strength. The Prime Minister said that it would be important not to do anything to isolate Chancellor Schmidt. Despite recent difficulties, he remained

/ a good

a good friend of the United States. It was, of course, true that the Federal Republic had particular problems. Germany was divided and was in the front line. This was one of the reasons why the European Community was so important and had to be kept in being. Mr. Haig agreed strongly. He added that one reason for the "Franco/German romance" had been the policies of the previous American Administration which had left Chancellor Schmidt nowhere else to turn.

The Prime Minister commented that she thought that NATO was in a very fragile state at present. Nonetheless, the contingency planning for Poland had gone well. We now had a better plan for reacting to events in Poland than ever before. In this the quadripartite forum was important. President Giscard had been absolutely right about this. Mr. Haig agreed that the relationship between the quadripartite powers was the key. Without it, the reaction of the other members of NATO might be very inadequate.

The discussion ended at 1800.

10 April 1981

DSR 11C

8

RECORD OF CONVERSATION BETWEEN THE SECRETARY OF STATE AND UNITED STATES SECRETARY OF STATE HAIG AT THE FOREIGN AND COMMONWEALTH OFFICE, ON FRIDAY 10 APRIL

(Uncorrected)

Present:

Secretary of State	Secretary of State Haig
LPS	Mr Eagleburger - Assistant Secretary for Europe
PUS	Mr Veliotes - Assistant Secretary for the Middle East
Mr Bullard	
Sir J Graham	Mr Streator - Charge d'Affaires, American Embassy
Mr Day	Mr MacFarlane - Counsellor, State Department
Mr Walden	
Mr Fenn	Mr Simons - Counsellor, American Embassy
Mr Richards	Mr Goldberg - Executive Assistant

Middle East

Mr Haig said that his visits to Middle Eastern capitals had been a success, but not of the kind that would be reflected in the press or in immediate changes of policy. The real - undeclared - purpose of the visit was to deflect Mr Begin from asking to visit Washington before the Israeli elections (he asked that this information be treated with particular discretion). Apart from this, the visits had three objectives:

(a) to establish personal relations with Arab and Israeli leaders following the change of the US Administration;

(b) to discuss the Soviet dimension, and in relation to the "strategic consensus" to establish that the US objective was to create external security for the Middle East within which the peace process could go ahead. The peace process and external security were complimentary rather than rival priorities. This point had been taken

/wherever

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wherever he had gone, though less readily in Saudi Arabia. The Saudis had, however, clearly been impressed by what they had been told of Soviet capabilities (they had, for example, been shown photographs of SCUD missiles in the PDRY targeted on Riyadh);

(c) to establish that the US remained committed to the peace process, while accepting that the scope for progress before the Israeli elections was limited. No one had come forward with a more promising alternative. He had not raised the "Jordanian option" which clearly did not exist as such in present circumstances.

He felt that he had improved the atmosphere in bilateral relations in each capital visited, and particularly in Cairo and Riyadh. The US were not seeking bases in the Middle East. Some of the noises that had been made on the subject in Washington were simply a domestic subterfuge to obscure US failure in Iran. He well appreciated the need not to place an excessive burden on friendly Arab regimes.

Lord Carrington asked whether Mr Haig thought that the Arab attitudes to the US would be coloured by US policies on the Arab/Israel issue. In particular, were Saudi Arabia and Jordan expecting that the US would abandon Camp David in return for their recognition of Western interests in the area? Mr Haig said that they were not. They were looking mainly for an assurance that the US would back their existing regimes, and were not interested only in maintaining the security of the Gulf oil installations and the shipping lanes through the Straits of Hormuz, as they had been led to believe by the previous Administration. When he had seen the Saudi Crown Prince, he had been subjected to a monologue on familiar lines, but the atmosphere of the meeting

/had

been entirely changed when he offered this assurance. He remained, however, worried about the fragility of the Saudi regime. There was something of an Alice in Wonderland atmosphere in Saudi Arabia. There was no real stability behind the facade of new buildings and expensive military equipment. There was an obvious parallel with the Shah's Iran.

The Secretary of State agreed, but pointed out that Saudi Arabia had a small population and greater resources than Iran. The Arab/Israel dispute remained the fundamental issue for Arab countries, and the mainspring of their attitude to everything else. The US decision on its attitude to this issue would either provide the Arabs with real reassurance, or set American efforts in this direction back to square one. Mr Haig said that this view underestimated the complexity of the picture, given the diversity in Arab outlook and structures. The US did not believe that an understanding comprehensive solution was the only way to sound a relationship with the Arab world. Arabs must not be encouraged to follow Arab interests purely in Arab/Israel terms, neglecting entirely the threat from the Soviet Union and its proxies. The Secretary of State had not meant to suggest that the Arab/Israel dispute could be solved in the short term. It was, however, necessary to get things moving in the right direction, and for the West to have policies which looked even-handed. This issue coloured Arab attitudes to everything else in a disproportionate way. The Lord Privy Seal agreed. The Arab/Israel issue affected the Arab approach to East/West relations. If Arab States were strongly pro-Western at a time when the West seemed to be leaning towards Israel, this would weaken them domestically, so strengthening their stability. It was true that King Hussein had no new ideas. But the existence of Camp David formed a road-block preventing him from seeking alternative ways forward. Mr Haig said that the fact that the Carter Administration had been unable to supply Joran with anti-tank weapons when he felt most threatened by Syria had produced a deep impression on King Hussein.

/Mr Haig

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Mr Haig expressed confidence that Mr Peres would win the Israeli elections. Mr Peres had been in touch with President Sadat. His more flexible approach would not of itself solve the Arab/Israel problem, but would help with the first two steps - agreement to a Sinai peace keeping force before the Israeli election and autonomy talks leading to an agreement by the end of the year. This should suit both Mr Peres and President Sadat. Lord Carrington said that the European position was in limbo until the Israeli election. Thereafter, the Europeans were faced with a commitment to a Euro/Arab summit, now postponed until later in the year. He felt that it might be possible to extract a price for European attendance at such a summit; also the PLO was no longer in the chair on the Arab side, its attendance at a summit would enhance its status. This price might be conditional Arab acceptance of Israel's right to exist within secure boundaries. Mr Haig feared that this tactic might fragment the PLO and so give Israel an excuse for intransigence. Failure would humiliate and make the situation much worse. This view was held by all those in Washington who had examined the question. Despite his scepticism he would consider the matter further; it should be discussed by officials.

CONFIDENTIAL

7

(Covering Secret)

Foreign and Commonwealth Office

London SW1A 2AH

9 April 1981

Dear Michael,

Call by Mr Haig on the Prime Minister on
10 April (4.30 pm)

At the talks at the Foreign and Commonwealth Office tomorrow morning (and over lunch), Lord Carrington and the Lord Privy Seal will obviously concentrate to a considerable degree on the Middle East and East/West relations. They will also probably have time to discuss Southern African questions in some depth, following Mr Crocker's tour of Africa. Lord Carrington will also describe his own recent visit to Asia and the Far East.

/ I enclose the briefs on the Middle East and East/West Relations. Given the length of Mr Haig's call, I have not burdened you with the briefing on other subjects (list / enclosed), though this is of course readily available if required.

Yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing St

CONFIDENTIAL

(Covering Secret)

- 9 APR 1981

TALKS WITH MR HAIG ON 10 APRIL 1981

LIST OF BRIEFS

1. Substantive briefs on:-

   a) Arab/Israel and Lebanon (Points to Make and Essential Facts)

   b) Defence Policy in The Gulf (Points to Make)

   c) Namibia (Points to Make and Essential Facts)

   d) East/West Relations: Poland (Points to Make and Essential Facts)

2. Brief talking points on subjects we wish to raise:-

   a) Proposed French Wheat Sale to USSR *

   b) United Nations Law of the Sea *

3. Brief points to make on subjects raised by the Americans:-

   a) Afghanistan/Pakistan

   b) Caribbean *

   c) Belize/Guatemala *

   d) International Terrorism *

   e) Energy Security *

   f) Western Dependence on Soviet Supplies

   g) Cyprus Initiative

   h) Gibraltar

* = Background material circulated to officials attending

VISIT OF MR HAIG: 10 APRIL 1981

EAST/WEST RELATIONS: POLAND

POINTS TO MAKE

Parliament

1. Polish Parliament meets today. What will Jaruzelski say? Rumoured earlier that he would declare state of emergency, but difficult to do this when situation is so quiet. Perhaps will ask for special powers and make this an issue of confidence?

2. If the latter, he may decide for tactical reasons to justify request on economic rather than political grounds.

Western Reaction

3. Western reaction must depend in part on response of Polish people. My message made this point. Important none of the allies should take up premature public positions. Over-reaction could give Russians pretext to intervene.

4. NATO's attitude even more important. Good case for NATO doing nothing! But useful to us to be able to day that Council will be meeting to reach an agreed assessment and to keep situation under review. Permanent Representatives could meet privately beforehand to agree on handling and especially press line.

Possible Soviet Intervention by Invitation

5. Russians will calculate that if internal measures fail Jaruzelski will be forced to invite them in. This would mean that technically their intervention would not breach UN Charter or Helsinki Final Act.

Western Economic Assistance

6. Until/unless internal repression or external intervention occurs, we must continue to assist Poles economically. Hope creditors' meeting in Paris today reaches agreement on long term debt rescheduling.

ESSENTIAL FACTS

1. At the NATO Nuclear Planning Group Meeting in Bonn earlier this week, Mr Weinberger pressed for a joint statement on Poland (separate from the NPG communique). We resisted this on the grounds that the NPG was the wrong forum, and the Russians could use such a statement as a pretext for intervention. A compromise was reached whereby it was agreed that Mr Luns should make an agreed oral statement on behalf of Ministers.

Eastern European & Soviet Department

Foreign and Commonwealth Office

LORD CARRINGTON'S TALKS WITH MR HAIG ON 10 APRIL

ARAB-ISRAEL AND LEBANON

POINTS TO MAKE

ARAB/ISRAEL

1. Interested in Mr Haig's impressions. Remain convinced that dispute greatest single threat to regional peace and that Middle East policy must have a Palestinian dimension sufficient to attract moderate Arabs.

2. European efforts continuing in low key, but opportunities may arise in latter part of 1981. Europe and US must work together to take them.

3. No illusion about PLO but it cannot be left out of account. Acknowledge its undesirable involvement elsewhere but wonder about importance of this and how far it is a coherent policy.

4. Worried that Israeli settlements rapidly making negotiated peace impossible.

LEBANON

5. We have spoken to the Syrians urging restraint and asked the Saudis to do likewise. The Syrians have told us that they will do what they can to calm the situation, but they are heavy handed and this will prove very difficult. The Ten have now agreed further demarches in Damascus and Tel Aviv (on South Lebanon).

ESSENTIAL FACTS

ARAB-ISRAEL

1. Mr Haig's exploratory visit to Egypt, Israel, Jordan and Saudi Arabia appears to have gone reasonably well, although Lebanon has inevitably proved a distraction. He stressed the Soviet threat particularly in Egypt and Israel, but also reaffirmed US commitment to the peace process (while avoiding a specific commitment to speedy resumption of the autonomy talks). He also discussed arrangements for the Sinai peace keeping force; it is increasingly accepted by all concerned that a UN force is impossible and that an alternative multi-national force with a significant US component will have to be put together. There still seems to be little sign that we and other members of the Ten will be asked to participate.

2. The Jordanians and Saudis appear to have stressed their opposition to Camp David and support for Palestinian self-determination and the PLO. The Egyptians reinforced the point we had earlier made to Haig about the need to press the Israelis on settlements but we do not know that he raised it in Jerusalem.

3. Telegrams from Cairo, Tel Aviv and Amman are attached.

4. Spokesmen for the US Administration continue to stress concern about the PLO's involvement with terrorism and much is being made of its involvement in El Salvador. We remain sceptical of the scale of PLO involvement. The US response when we raised this with them (Washington telno 1122) did nothing to dispel our doubts.

5. Mr Haig is reported to have described Syrian military activities in Lebanon as 'brutality' and 'unacceptable by measures of international conduct'. He was also quoted as saying it was possible that the USSR had pushed the Syrians into attacking the Christians in Lebanon to create a diversion from possible Soviet action against Poland.

/5. We

6. We have no evidence of any deliberate Syrian attempt to start the current fighting. The origins of the latest rounds in both Zahle and Beirut are not clear but in both cases the trouble seems to have started with changes in the status quo on the ground (in Beirut movement of Lebanese troops on the Green line and in Zahle opening up by the Phalangists of a supply route not under Syrian control). The Syrian reaction has been excessive but it is not the first time they have used brute force in their 'peacekeeping' role. We do not see any alternative to the Syrian presence in Lebanon, and the situation would be a good deal worse without them.

7. Over the weekend the Americans asked for our support in demarches to the Syrians and others to urge restraint. The Syrians told us they would do what they could to calm the situation. They claimed provocation for their own involvement (the position in Beirut is obscure but certainly in Zahleh they have an understandable interest in preventing the Phalangists from controlling their line of communication to Damascus). Khaddam has since visited Beirut and returned speaking of new arrangements being agreed for an end to the fighting. As of 7 April the Saudis had not formally replied to our demarche; they have issued a vague appeal for restraint.

8. The Israeli Knesset Foreign Affairs and Defence Committee is reported to have concluded on 6 April that there were no grounds at present for Israeli intervention.

9. The Political Committee on 7 April agreed on a concerted demarche in Damascus (urging restraint in the north) and in Tel Aviv (urging cooperation with UNIFIL in the south).

NEAR EAST & NORTH AFRICA DEPARTMENT

8 April 1981

LORD CARRINGTON'S TALKS WITH MR HAIG ON 10 APRIL 1981

POINTS TO MAKE

Defence Policy in the Gulf

1. Interested to hear Mr Haig's first-hand assessment of Arab leaders' current thinking on Western defence policies on the Gulf, including the Rapid Deployment Force. As we have seen, the Arabs tend to be embarrassed by public discussion. This reflects their often genuinely ambivalent attitude towards Western motives. But in private they must know, and sometimes admit, that only the United States has the power to save them from deliberate Soviet attack. They also seem to welcome the prospect of limited British involvement. It is increasingly clear, too, how important is our existing programme of bilateral military assistance to the Gulf states: we are taking steps to intensify our efforts. And we are giving the Gulf plenty of Ministerial attention at the moment, culminating in the Prime Minister's visit. King Khaled is due/a[on] State Visit in June (not yet announced).

2. Glad to be kept in touch with evolution of Administration's strategy on the RDF. For credible deterrence implicit support of local states seems required. Too much development of local facilities seems likely to be resisted.

3. We ought to encourage - but discreetly - recent moves towards regional co-operation. Publicly the Gulf states have not acknowledged a defence/security dimension. Therefore avoid rushing the defence aspects.

4. Encourage support from other Western governments. Encourage (discreet) discussions in NATO and other fora. Burden sharing?

Defence Department
Foreign and Commonwealth Office

8 April 1981

VCS

VC/ vcs
Rec 3 Apr
30/4

PRIME MINISTER

I am told you would like to see the Secretary of the US Treasury, Mr. Regan, on Monday 13 April.

This is the day before you go to India and the only time I have available is 1115-1145. This will mean going straight into your ITN interview. Preceding the 1115 slot you have your usual Monday weekly meetings. Mr. Regan leaves at lunchtime. This is really very tight. Do you still want to see him?

CAROLINE STEPHENS

2 April 1981

(1)

PRIME MINISTER

The Chancellor of the Exchequer will be entertaining the Secretary of the US Treasury Mr Regan, in London over the weekend 11/12 April. Like virtually every other visitor to London, Mr Regan has expressed the hope that he might be able to call on you. The Treasury have no views one way or the other.

This will in fact be your last weekend before you depart for India. You will be preoccupied with packing and with the briefing and speeches for India (not to mention the briefing for your meeting with the Romanian Prime Minister on Monday, 13 April). I am sure that Mr Regan would recognise the difficulties involved in your not seeing him then.

May I ask the Treasury to express your regrets to Mr Regan?

Will be in touch

31 March, 1981

USA.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 56/81

CAB/WH ØØ1/3Ø

SUBJECT.

FLASH
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UNCLASSIFIED

FROM CABINET OFFICE LONDON

TO WHITE HOUSE

cc. Master set

ops.

MESSAGE FROM THE PRIME MINISTER
TO THE PRESIDENT OF THE UNITED STATES OF AMERICA

I WAS SHOCKED TO HEAR OF THE ATTEMPT ON YOUR LIFE, AND VERY DISTRESSED TO LEARN THAT YOU HAVE BEEN INJURED. I PRAY THAT THE INJURIES ARE NOT SERIOUS.

OUR THOUGHTS AND GOOD WISHES ARE WITH YOU, MRS REAGAN AND YOUR FAMILY. OUR SYMPATHIES ALSO GO TO YOUR LOYAL STAFF WHO, WE UNDERSTAND, HAVE BEEN INJURED.

MARGARET THATCHER

NNNN

T56/81

MESSAGE FROM THE PRIME MINISTER TO

THE PRESENT OF THE UNITED STATES OF AMERICA

I was shocked to hear of the attempt on your life, and very distressed to learn that you have been injured. I pray that the injuries are not serious.

Our thoughts and good wishes are with you, Mrs. Reagan and your family. Our sympathies also go to your loyal staff who, we understand, have been injured.

A Logie for P.M.
Duty Clerk
30/3/81

The National Archives

LETTERCODE/SERIES PREM 19 PIECE/ITEM 9444 (one piece/item number)	Date and sign
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File No. .....

Department BUCKINGHAM PALACE

Drafted by (Block Capitals) SIR PHILIP MOORE

Tel. Extn. .....

OUTWARD

TELEGRAM

Security Classification: UNCLASSIFIED

Precedence: FLASH

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Sir Philip Moore
Buckingham Palace

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[TEXT]

FOLLOWING PERSONAL FOR PRESIDENT REAGAN

MESSAGE BEGINS

I was very shocked to hear about the attack on you in Washington today. I hope that you and your staff make a speedy and successful recovery from your injuries.

Elizabeth R.

MESSAGE ENDS

vb

USA

16 March 1981

Presentation Photograph for Ed Meese

Thank you for your letter of 10 March. I enclose the two photographs suitably, I Hope, inscribed.

MODBA

N.K.J. Witney, Esq.

British Embassy
3100 Massachusetts Avenue NW Washington DC 20008
Telex Domestic USA 89-2370/89-2384
Telex International 64224(WUI)/248308(RCA)/440015(ITT)
Telephone (202) 462-1340

Your reference

Our reference

Date 10 March 1981

M O B Alexander Esq
Private Secretary to the Prime Minister
No 10
Downing Street
London SW1

Dear Michael,

PRESENTATION PHOTOGRAPH FOR ED MEESE

I enclose copies of a self-explanatory exchange of correspondence with Ed Meese's Assistant, who asks whether the Prime Minister would autograph the enclosed photograph for surprise presentation to Mr Meese.

2. Given Meese's importance here, we very much hope that the Prime Minister will agree to do so.

3. Perhaps the photograph could be returned to us in an envelope marked "By Confidential Bag"; the unclassified bag can be horribly delayed.

Yours ever,

Nick

N K J Witney
Private Secretary to
HM Ambassador

BRITISH EMBASSY
3100 Massachusetts Avenue NW Washington DC 20008
Telephone (202) 462-1340
Telex Domestic USA 89-2370/89-2384
Telex International 64224 (WUI)/248308(RCA)/440015(ITT)

Mr Edwin W Thomas
Assistant Counsellor to the
President
The White House
Washington DC 20500

Your reference

Our reference

Date 10 March 1981

Dear Mr Thomas,

In the Ambassador's absence from Washington, I write to thank you for your letter of 6 March, and to say that we shall be glad to pass on your request to London.

Yours sincerely,

Nicholas Witney

N K J Witney
Private Secretary to
HM Ambassador

(3)

Prime Minister

Could you sign the two photographs enclosed?

MT

THE WHITE HOUSE

WASHINGTON

March 6, 1981

Dear Mr. Ambassador:

We plan a surprise presentation to Mr. Edwin Meese III, Counsellor to the President, of the enclosed photograph. It would give him the greatest pleasure if the Right Honourable Margaret Thatcher autographed it personally.

Would you kindly make this request for us and return the photograph to our office. Thank you very much for your courtesy.

Sincerely,

EDWIN W. THOMAS
Assistant Counsellor
to the President

His Excellency
Nicholas Henderson
Ambassador of Great Britain
3100 Massachusetts Avenue, N. W.
Washington, D. C. 20008



MAP

With the compliments of

SIR MICHAEL PALLISER

FOREIGN AND COMMONWEALTH OFFICE, S.W.1.

. 197 .

USA

CONFIDENTIAL

OO WASHINGTON
GRS 124
CONFIDENTIAL
FM FCO 241000Z FEBRUARY 81
TO IMMEDIATE WASHINGTON
TELEGRAM NUMBER 298 OF 24 FEBRUARY 1981
YOUR TELNO 633: APPOINTMENT OF US AMBASSADOR

1. WHEN KINGMAN BREWSTER WAS APPOINTED THE THEN PRIME MINISTER MADE APPROPRIATE WELCOMING NOISES IN WASHINGTON WHICH HE WAS VISITING AT THE TIME. THIS GAVE RISE TO SOME MISUNDERSTANDING AND EMBARRASSMENT ENSUED WHEN BREWSTER HAD TO WAIT WHILE AGREMENT WAS SOUGHT HASTILY FROM THE QUEEN.

2. IN THE LIGHT OF THIS PAST HISTORY, YOU MAY WANT TO ENSURE THAT EVEN IF LOUIS' NOMINATION IS CONFIRMED WHEN THE PRIME MINISTER IS IN WASHINGTON THE ADMINISTRATION REALISE THAT TECHNICALLY HIS APPOINTMENT CANNOT BE MADE OFFICIAL (PARA 1 OF TUR) UNTIL AGREMENT HAS BEEN GRANTED BY THE QUEEN.

CARRINGTON

NNNN

X

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MR BULLARD

SUBJECT

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 28/81

(2)

Prime Minister

Mrs

cc. Master set
ops

February 18, 1981

Dear Madame Prime Minister:

Thank you for your gracious message of congratulations upon my inauguration as President of the United States. As I said in my message of February 2, I look forward to welcoming you to Washington later this month. Your visit will both symbolize and enhance the close and friendly relations between our two nations.

With my very best wishes,

Sincerely,

/s/

Ronald Reagan

file

ds

~~PJF for sd~~ USA

11 February 1981

Message to President Reagan

I should be grateful if the enclosed letter from the Prime Minister to President Reagan could be forwarded to HM Embassy Washington for onward transmission.

MICHAEL ALEXANDER

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T24/81 A

SUBJECT

HD

cc fco

10 DOWNING STREET

THE PRIME MINISTER

11 February 1981

Dear Mr. President,

I much appreciated your kindness in writing about the Pilgrims Speech. I was glad to have had the opportunity, so soon after your inauguration, to re-emphasise the importance I attach to the relationship between our two countries. I greatly look forward to discussing this and other matters with you at the end of the month.

Yours sincerely,

Margaret Thatcher

The President of the United States of America

HD

OFFICE OF
JIMMY CARTER

February 9, 1981

Dear Mr. Ambassador:

I enclose a letter from President Carter, which we would appreciate your forwarding to Prime Minister Thatcher.

With best wishes,

Sincerely,

Susan S. Clough
Personal Assistant

His Excellency
Sir Nicholas Henderson, G.C.M.G.
British Ambassador
3100 Massachusetts Avenue, N.W.
Washington, D.C. 20008

JS

USA

10 DOWNING STREET

From the Private Secretary

4 February 1981

MESSAGE FROM PRESIDENT REAGAN

I enclose a copy of a courteous message which the Prime Minister has received from President Reagan about her speech at the Pilgrims' Dinner.

I note that President Reagan says that he has seen "the initial news reports" of the speech. I suggested to HM Embassy that they might consider circulating the text of the speech to senior political figures in Washington - as they did with the speech the Prime Minister delivered on Afghanistan in January last year. You might like to check whether in fact the Embassy decided to act on this suggestion or not.

M. O'D. B. ALEXANDER

RRP

Francis Richards, Esq.,
Foreign and Commonwealth Office.

4 February 1981

I am replying on the Prime Minister's behalf to thank you for your letter to her of 4 February. I shall, of course, bring President Reagan's message to the Prime Minister's immediate attention.

MA

His Excellency The Honourable Kingman Brewster

EMBASSY OF THE UNITED STATES OF AMERICA
LONDON

February 4, 1981

Dear Prime Minister:

I have been asked to deliver the enclosed message to you from President Reagan, which was received at the Embassy this morning.

Sincerely,

Kingman Brewster

Kingman Brewster
Ambassador

Enclosure

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
London.

SUBJECT

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 17/81

THE WHITE HOUSE

WASHINGTON

JSA

February 2, 1981

Dear Madame Prime Minister

I have read the initial news reports of your speech to the Pilgrims' Dinner on January 29, and I wanted to convey my thanks and good wishes for your kind words.

You are indeed right that we share a very special concern for democracy and for liberty. That is the essence of the special relationship between our two countries, and it is similarly an excellent basis for inaugurating an extended period of cooperation and close consultation between your government and my administration.

It is with greatest anticipation that I look forward to your arrival here and to the opportunity for extensive discussions on the broad range of world issues with which we must deal in partnership.

Ronald Reagan

The Right Honorable
Margaret Thatcher, M.P.
Prime Minister
London

10 FEB 1981

T 17/

Prime Minister.

A very courteous letter. I doubt whether it is necessary to reply since all you can really say is "Thank you for writing" which might be better said on 26 Feb. Agree?

MT 4/2

I think we must reply - say how much we enjoyed the dinner, etc. etc. Do you approve?

February 2, 1981

Dear Madame Prime Minister:

I have read the initial news reports of your speech to the Pilgrims' Dinner on January 29, and I wanted to convey my thanks and good wishes for your kind words.

You are indeed right that we share a very special concern for democracy and for liberty. That is the essence of the special relationship between our two countries, and it is similarly an excellent basis for inaugurating an extended period of cooperation and close consultation between your Government and my Administration.

It is with greatest anticipation that I look forward to your arrival here and to the opportunity for extensive discussions on the broad range of world issues with which we must deal in partnership.

/s/

Ronald Reagan

10 DOWNING STREET

(2)

Prime Minister.

A note from Hugh Thomas about a conversation with Dr Edward Luttwak. I mentioned up to you some time ago a piece by him about U.S. Defence Policy.

[signature]
29/1

MO

FILE

VLB

USA

Muskie visit file

28 January 1981

Thank you for your letter of 27 January, with which you kindly enclosed some photographs of the Prime Minister taken at Chequers when Mr. Muskie paid a visit there in December.

Mrs. Thatcher was delighted with these photographs, and has asked me to pass on her grateful thanks to Dr. Henderson.

CAROLINE STEPHENS

Mr. Vladimir P. Sambaiew

EMBASSY OF THE
UNITED STATES OF AMERICA

London

January 27, 1981

Political Office
10 Downing Street
London

Dear Sir:

Dr. Alfred R. Henderson, Director of the U.S. Department of State's Office of Medical Services, took these photographs at Chequers on the occasion of former Secretary of State Muskie's visit there in December. He asked that we pass these photographs to Mrs. Thatcher.

Sincerely,

Vladimir P. Sambaiew
Special Assistant to
the Ambassador

Enclosures

Centre for Policy Studies

8 Wilfred Street · London SW1E 6PL · Telephone 01-828 1176 Cables: Centrepol London

26th January 1981.

Prime Minister -

I had a conversation yesterday with Dr.Edward Luttwak a member of the US foreign affairs transition team, a fellow of Georgetown University and apparently continuing as a defence consultant to the new administration in Washington. He seems to know Mr.Reagan well.

His remarks about Mr.Reagan were:

1. He knows much less than he seems to;
2. He is personally and socially secure;
3. He sometimes puts forward eccentric ideas, partly to see the other person's reaction and does not at all mind if they are attacked;
4. He is genuinely morally brave;
5. I gained the impression that you could help him a lot by giving him your views of the leaders in e.g Holland, France, Spain;
6. Dr.Luttwak said that Chancellor Schmidt had made a very bad impression by insisting on being received when Mr.Reagan still thought himself a private citizen (!), in being photographed with him and in adopting a highly unctuous manner which startlingly contrasted with his barely disguised contempt for President Carter;
7. He thought the US and Britain could be heading for a period of very close friendship if this opportunity were to be seized properly;
8. The administration's attitude to the Soviet Union, said Dr. Luttwak would be, "serious but reserved";
9. I had a separate conversation with Dr.Luttwak about Cuba (in which Mr.Reagan is allegedly 'very interested'), the details of which I shall note separately.

Hugh Thomas

Directors: Hugh Thomas (*Chairman*) · Sir Nicholas Cayzer, Bt (*Hon Treasurer*) · Alfred Sherman (*Director of Studies*)
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To secure fuller understanding of the methods available to improve the standard of living, the quality of life and the freedom of choice of the British people, with particular attention to social market policies.

file

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USA

22 January 1981

TELEPHONE CONVERSATION WITH PRESIDENT REAGAN

You will wish to be aware that President Reagan rang the Prime Minister yesterday evening. The conversation was confined to courtesies.

M. O'D. B. ALEXANDER

Francis Richards, Esq.,
Foreign and Commonwealhh Office.

AC

SUBJECT

RECORD OF A TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND PRESIDENT REAGAN, WEDNESDAY, 21 JANUARY, 1981

PERSONAL MESSAGE SERIAL No. T 10A/80

PM: Hello and many congratulations on a great day.

PR: I just wanted to call you and thank you first of all for your very nice message of congratulations and to tell you how much I look forward to working with you now and maintaining and emphasising this relationship that we have between our two countries.

PM: That is very kind of you and we are looking forward to it too. Indeed I think somehow the whole of Britain is. You know they recognise that we have to keep absolutely close together.

PR: Madam Prime Minister your voice is fading in and out I'm having difficulty hearing you.

PM: That's much better. We are very looking forward to working with you and indeed I think the whole of Britain is looking forward to it. Almost everyone watched the inauguration and was very thrilled particularly with your speech. And of course the Iran hostages made it doubly marvellous and there really won't be another day like it you know, therewill never be another inauguration like it.

PR: Well, thank you very much. Nancy and I are specially looking forward to welcoming you to Washington next month.

PM: We are looking forward to it very much and we are very happy and we think it will be a great presidency. So we will talk about things when we meet next month.

PR: Indeed I look forward to talking to you on international issues as well,as well as the economic problems we face.

PM: The newspapers are saying mostly that President Reagan must avoid Mrs Thatcher's mistakes so I must brief you on the mistakes.

PR: I don't think I have to worry about that. I have just been watching and I know you have got such an uphill battle there but my goodness you've been staying there in the front line without rest or recreation.

/PM:-

PM:- Well you know it makes it worth it because when you are fighting for the things we are fighting for then we have to give everything we've got.

PR: We will lend strength to each other.

PM: We will.

PR: Incidentally I had a very nice message of congratulation from Queen Elizabeth - it was a message on the hostages. And we appreciate that very much even though that wasn't our problem to deal with during these past several months we might have dealt with it differently. But we are all delighted here that they are home and appreciate your kindness.

PM: Well it's a wonderful start to a new presidency too. I will be seeing the Queen soon in a few days time and I will tell her how pleased you were. Alright Mr President, it's wonderful of you to ring and much appreciated and we are really thrilled about the visit next month.

PR:- Well, we're waiting for it too.

PM: Good and lots of thoughts and kind regards to Mrs Reagan.

PR: I certainly shall.

PM: Thank you very much. I'm just going into the House of Commons on a debate on energy prices - work beckons. Goodbye.

2

R24/12

USA

THE SECRETARY OF STATE

WASHINGTON

December 15, 1980

MT.

Dear Mrs. Thatcher,

Thank you for the delightful afternoon at Chequers and for the exquisite enamel box. This warm and friendly occasion allowed us to review our mutual concerns for continued peace and stability in Europe. It reminded me again how much the strength of our two nations depends upon continuing our close consultations.

With warm best wishes, I am

Sincerely,

Edmund S. Muskie

The Right Honorable
Margaret Thatcher, M.P.,
Prime Minister,
London.

DEPARTMENT OF STATE

Washington, D.C. 20520

January 16, 1981

The Honorable Margaret Thatcher
Prime Minister, United Kingdom

Dear Mrs Thatcher:

I am forwarding to you copies of the photographs taken at Checquers on December 13, 1980, during Secretary of State Edmund Muskie's visit.

I will be very happy to have additional copies of any size made for you should you wish.

With best wishes for the coming year, I remain

Respectfully yours,

Alfred R. Henderson M.D.

Alfred R. Henderson, M.D.

Clinical Director,
Office of Medical Services

ARH:blb
Enclosures: Photographs

USA

GR 650
UNCLASSIFIED
FM WASHINGTON 241755Z NOV 80
TO PRIORITY F C O
TELEGRAM NUMBER 4667 OF 24 NOVEMBER
INFO BIS NEW YORK.

U.S. PRESS COVERAGE OF BRITISH ECONOMY

1. AMERICAN COVERAGE OF THE U.K. REMAINS GENERALLY POSITIVE AND THE PRIME MINISTER'S STANDING IN PARTICULAR REMAINS HIGH. BUT A NOTE OF GLOOM HAS BEGUN TO CREEP INTO REPORTING FROM LONDON ON THE BRITISH ECONOMY, ESPECIALLY IN THE MORE SOPHISTICATED EAST COAST PRESS. HEADLINES ARE MORE SOMBRE THAN AT ANY TIME SINCE THE LAST GENERAL ELECTION - EG THATCHER'S CONSERVATIVE POLICIES FAIL TO REVIVE ECONOMY (WASHINGTON POST), ECONOMIC WOES FUEL DISSENT ACROSS BRITAIN ON THATCHER'S POLICIES (WASHINGTON POST), MAGGIE'S MONEY MUDDLE (NEWSWEEK), QUEEN'S SPEECH SETS STERN COURSE FOR BRITISH (NEW YORK TIMES), THE BRITISH EXPERIMENT SHOWS HOW NOT TO DO IT (BUSINESSWEEK).

2. ARTICLES ARE FOCUSSING PARTICULARLY ON THE RESULTS SO FAR OF THOSE ECONOMIC POLICIES SEEN TO RESEMBLE REAGAN'S CAMPAIGN PLEDGES. DOWNIE (WASHINGTON POST) WROTE THAT MRS THATCHER WON A MANDATE TO MAKE DRASTIC CHANGES STRIKINGLY SIMILAR TO THOSE PROMISED BY REAGAN, BUT THE THATCHER GOVERNMENT HAD 'CONSPICUOUSLY FAILED SO FAR' TO MAKE THOSE POLICIES WORK, WHILE REMAINING COMMITTED TO THE ECONOMIC STRATEGY, THE GOVERNMENT WAS BEING FORCED BY GLOOMY REALITIES TO CHANGE COURSE AND ABANDON SOME OF ITS MONETARIST THEORY. NO FURTHER INCOME TAX CUSTS WERE EXPECTED SOON, AND SOME INCREASES MIGHT BE NECESSARY. EVEN AFTER DEEP SPENDING CUTS ON DOMESTIC PROGRAMMES, THE GOVERNMENT HAD BEEN UNABLE TO REDUCE OVERALL SPENDING BY EVEN HALF AS MUCH AS PLANNED. THE MONEY SUPPLY HAD 'BALLOONED OUT OF CONTROL'. INFLATION HAD FALLEN, BUT MANY ANALYSTS BELIEVED THIS WAS DUE TO THE RECESSION. MOST IMPORTANT, PRIVATE INDUSTRY HAD SO FAR SUFFERED DISPROPORTIONATELY INSTEAD OF THE PUBLIC SECTOR AS ORIGINALLY INTENDED.

3. BUSINESSWEEK WROTE THAT MRS THATCHER'S PROGRAMME READ 'UNCANNILY' LIKE REAGAN'S, AND THAT THE 'THATCHER EXPERIMENT' HAD BEEN CLOSELY WATCHED BY REAGAN'S ADVISORS, BUT 'SO POOR ARE THE RESULTS THAT THE MAJOR LESSONS ARE WHAT NOT TO DO'. NEWSWEEK DESCRIBED THE ECONOMIC SHOCKS OF THE FIRST EIGHTEEN MONTHS AS SEISMIC. A SAVAGE RECESSION WAS PROMPTING RISING PRESSURE FROM

/ BUSINESS

BUSINESS TO CHANGE COURSE. EVEN BY ITS OWN MONETARIST LIGHTS, THE THATCHER EXPERIMENT WAS WORKING UNEVENLY. NEWSWEEK CRITICISMS WERE TEMPERED, HOWEVER, BY REPORTS OF CONTINUING STRONG SUPPORT FOR THE GOVERNMENT'S TOUGHNESS IN STICKING TO A BOLD ECONOMIC STRATEGY. AMERICAN EXECUTIVES WERE QUOTED AS SAYING THAT THE BRITISH ECONOMY REQUIRED A MAJOR WATERSHED, AND 'THE ONLY WATERSHED WE ARE LIKELY TO HAVE IS THE ONE MAGGIE THATCHER IS GIVING US NOW'.

4. CALLS AT THE CBI CONFERENCE FOR CHANGES IN ECONOMIC TACTICS HAVE BEEN HIGHLIGHTED, WITH PROMINENCE GIVEN TO EDWARDES' ADMONITION 'WE WELCOME A BRACING CLIMATE, BUT DON'T LET US BLOODY WELL FREEZE TO DEATH'. THIS WAS SEEN AS A WARNING SHOT ACROSS THE GOVERNMENT'S BOWS, AS WAS THE LEAK OF THE TREASURY'S DEMANDS FOR DEFENCE SPENDING CUTS. THESE AND OTHER GLOOMY REPORTS IN THE BRITISH PRESS HAVE BEEN PICKED UP AND WOVEN INTO PESSIMISTIC REPORTING OF THE QUEEN'S SPEECH. BOTH THE NEW YORK TIMES AND WASHINGTON POST OPENED THEIR REPORTS BY HIGHLIGHTING THE CONTRAST BETWEEN THE RICH PAGEANTRY OF THE OCCASION AND 'THE GRIM MOOD OF A NATION SLIDING DEEPER INTO RECESSION'.

5. A WALL STREET JOURNAL EDITORIAL SAID THAT MRS THATCHER WAS GRIMLY FACING A RECESSION, HOPING IT WOULD BLEED BRITISH INDUSTRY OF INEFFICIENCY AND SET THE STAGE FOR RECOVERY. BUT NEITHER THE PUBLIC SECTOR NOR THE MONEY SUPPLY WERE UNDER CONTROL. SO FAR MRS THATCHER HAD BEEN 'TOTALLY DEFLECTED' FROM HER STATED AND DEEPLY HELD OBJECTIVES - FOR ALL HER ADVANTAGES THE SYSTEM REFUSED TO BUDGE. PICKING UP QUOTATIONS FROM THE ECONOMIST, THE WALL STREET JOURNAL ARGUED THAT THE ALLEDGED FAILURES WERE ATTRIBUTABLE TO A HALF HEARTED PURSUIT OF AUDACIOUS POLICIES, AND DREW THE CHARACTERISTIC CONCLUSION THAT MR. REAGAN SHOULD AVOID 'TOO MUCH MODERATION'.

HENDERSON

[THIS TELEGRAM WAS NOT ADVANCED]

FCO/WHITEHALL DISTRIBUTION

NAD

SECRET

File

6

USA

10 DOWNING STREET

From the Private Secretary

21 November 1980

Contacts with the Reagan Team

You wrote to me on 19 November, in advance of Sir Nicholas Henderson's call, on this subject. The Prime Minister and the Ambassador discussed the problems in general terms.

The Prime Minister agrees about the need for the Embassy to keep in touch with the Reagan transition team (your para. 2a). She agrees that members of the Reagan team visiting Europe should be seen (your para. 2b). If they are sufficiently senior she would be happy to see them herself. She agrees that there might be advantage in sending one or more special emissaries at some point. But she also agreed with Sir N. Henderson that a decision on this should be delayed until the situation in Washington is a little clearer.

As regards a personal meeting between herself and the new President, the Prime Minister does not wish to appear over eager but would be happy to make the journey to Washington as soon as it would suit the new Administration. You will no doubt bear in mind that while in Washington the Prime Minister will wish to receive the Donovan Award: I believe that Mr. Reagan is connected with the Award committee and it would, of course, be a nice touch if the Award could be presented by the then President. We here will be suggesting to the organisers that they should get in touch direct with the Embassy in Washington.

The question of a possible quadripartite summit on the Guadeloupe model was discussed by the Prime Minister with the Foreign and Commonwealth Secretary this morning.

M. O'D. B. ALEXANDER

George Walden, Esq.,
Foreign and Commonwealth Office.

SECRET

10 DOWNING STREET

Prime Minister.

I believe that Sir N. Henderson "has views" on the FCO suggestion that someone from here should accompany Mr Hurd. I do not know what those views are but they account for the fact that there is no reference to the idea in this letter.

M

5

Foreign and Commonwealth Office

London SW1A 2AH

19 November 1980

Dear Michael,

Contacts with the Reagan Team

We agreed that I would let you have some thoughts about contacts with the Reagan team in the period between now and the inauguration and during the early months of the new Administration.

There are limits to what can be done between now and 20 January. Reagan has not yet picked his team and we have to respect the continuing responsibility until then of the outgoing Administration. This should not however preclude us from building up our contacts with members of the Reagan entourage. This could be done in a number of ways:

a. The Embassy in Washington should continue to establish and develop the closest possible relations with the key members of the Reagan transition team and, in particular, those nominated to top positions in the White House and in the Administration (State Department, Defence, Treasury, etc).

b. We should take advantage of any visits to Europe by members of the Reagan team to see them (if necessary by invitation) in London. Richard Allan (whom the Prime Minister saw a little time ago) and Donald Rumsfeld are expected in London on 4 December, and the Foreign and Commonwealth Secretary will aim to see them. Lord Carrington will also be meeting Henry Kissinger, who plans to pass through London early next month. We will keep tabs on other visitors of potential importance, to consider whether and at what level they might be seen. We also hope to see Hal Sonnenfeldt on his way back through London after a trip to Moscow with the US United Nations Association. (This visit was timed by the Russians to take place in the immediate aftermath of the presidential elections.)

c. There might be advantage in sending one or more special emissaries to Washington between now and 20 January. It would not be appropriate to suggest visits by senior Cabinet Ministers. There would not, however, be the same objection to a visit of two or three days by, say, Mr Hurd for informal contacts with Reagan's advisers. We would need to find some modest 'cover' for such a visit, but this would not be difficult.

/We need

We need also to consider a programme of contacts for the early months of the new Administration. The Prime Minister will no doubt wish to have a personal meeting with Reagan within the first two or three months of his Presidency. I believe she may be thinking in terms of early March: but there is some reason to believe that Reagan himself hopes she will be his first visitor from Europe. If this is agreed in principle, Sir Nicholas Henderson could float the idea at an appropriate opportunity. Apart from this, and in addition to the normal contacts that would be developed through the Embassy, there would be advantage in arranging a fairly early quadripartite meeting at Foreign Minister level (prepared as usual by meetings of the four Political Directors). The new Administration is unlikely however to be ready for such meetings much before mid-February (Political Directors) and end-February (Foreign Ministers). Nor do we know what will be Mr Reagan's attitude to the protests of those, notably the Italians, who either resent being excluded from these quadripartite meetings or else disapprove of them altogether.

Our present thinking is thus:

a. Before the inauguration

A steady and progressive thickening of relations with all elements of the Reagan team, here and in Washington, perhaps including visits to the United States by one or more special emissaries.

b. After the inauguration

An early personal meeting between the Prime Minister and Mr Reagan; and also, if he is willing, a developing series of quadripartite meetings progressing from the Political Directors through a quadripartite Foreign Ministers' meeting to a possible meeting of the four Heads of Government on the model of Guadeloupe.

The Prime Minister will no doubt wish to discuss these suggestions, which we have shown Sir Nicholas Henderson, with him when he calls at 6 pm on 20 November.

Yours ever
GGH

(G G H Walden)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

19 NOV 1958

FILE

VLB

17 November 1980

The Prime Minister has read with interest Mr. Fletcher's report of his visit to the United States last month, which you forwarded under cover of your letter of 10 November.

M A PATTISON

Brian Morgan, Esq.,
Scottish Office.

RONALD REAGAN

November 10, 1980

R22/11

The Honorable Margaret Thatcher
Prime Minister
10 Downing Street
London SW 1
England

Dear Madame Prime Minister:

Thank you very much for your letter of congratulations. I, too, look forward to a meeting when we can discuss the problems facing all of us, and, like you, I believe that close friendship between our two countries is more important now than possibly it ever has been.

I remember our meeting in '78 with great pleasure and hope there can be another in the days ahead.

Again, my thanks and warm regards.

Sincerely,

Ronald Reagan

RONALD REAGAN

9841 AIRPORT BOULEVARD, SUITE 1430, LOS ANGELES, CALIFORNIA 90045

Paid for by Reagan Bush Committee. United States Senator Paul Laxalt, Chairman. Bay Buchanan, Treasurer.

4

FROM THE MINISTER FOR INDUSTRY AND EDUCATION

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU
TELEPHONE: 01-233 3000

Prime Minister

NAP 12/x.

M A Pattison Esq
Private Secretary
10 Downing Street
LONDON SW1

10 November 1980

Dear Mike

I enclose with this letter a copy of a report on his visit to the United States last month by Mr Alex Fletcher.

Copies of this letter go to the Private Secretaries to the Chancellor of the Exchequer, the Secretary of State for Foreign Affairs and the Secretaries of State for Industry and Employment.

Yours sincerely

Brian Morgan

BRIAN MORGAN
Private Secretary

Secretary of State

Copy to: Sir William Fraser

I visited the United States from 29 September to 8 October. The main purpose of the visit was to encourage American investment in the UK, in particular Scotland. This involved meeting companies already established in Scotland who were at a crucial stage in their decision-making for further expansion in Europe and new companies with longer-term development plans. I was accompanied on the visit by Dr McCrone, Secretary of the Scottish Economic Planning Department, Miss D O'Callaghan who deals with inward investment cases in SEPD and by my Private Secretary.

2. Throughout the visit there was keen interest shown about the United Kingdom's industrial performance, economic policies and the way the Government was seeking to solve its problems. Businessmen in particular were full of admiration for the course the Government had chosen and the steps already taken to deal with its difficulties. I was questioned closely on the strength of sterling (and its effect on exports), inflation, industrial relations, etc. Everywhere I went there was evidence of goodwill towards the UK and there was clear evidence of its acceptance as a place for investment. Scotland in particular was seen as a very marketable location for investment and the very substantial number of American companies already established there was a major selling point.

3. During the nine-day tour, visits were made to 14 US companies and contact made with 10 others (see Annex A attached). In addition, I spoke at a Scottish Development Agency Seminar in Boston with an audience of 50/60 representatives of middle US management. Those companies with manufacturing facilities in the UK expressed satisfaction with their investment and in individual cases, ie Digital and Polaroid, net return on investment was said to be as good, and even higher, than that of sister plants in the US. Several companies, however, continued to be concerned about industrial relations generally and, while one or two spoke of improvements over the last year, the Government's ability to peg wage rates this winter was seen as a testing time. Concern was also expressed over the lack of relationship between pay settlements and productivity increases and the ultimate effect on unit cost. Burroughs made the point that this was now beginning to erode one of the advantages of the UK. Burroughs also expressed concern about the Government's computer procurement policy and is obviously watching the situation keenly. Their manufacturing operation in the UK is now long established and they argued that they had as much right to be regarded now as a UK company as for example Ford.

4. Of the companies with whom I was in touch, there are about six with definite plans for expansion and several more with longer-term plans. SEPD is in touch with all of these companies and visits are expected from two before the end of 1980. One of the most important of the "prospects" is Gould Inc. Since my return they have already followed-up with a visit to the UK and I have had discussions with the Chairman and President in London and Edinburgh. The company has several developments in mind but these require a more detailed evaluation.

5. In addition to the inward investment aspect of the programme, an opportunity was taken to meet the Dean of the Graduate School of Education at Harvard, Boston, to visit the Macalaster College at St Paul, Minneapolis and the Ford Foundation in New York. These visits produced an opportunity for an exchange of ideas on education and business and useful links have been established.

6. The visit was extremely worthwhile and provided an opportunity to explain and put over the UK Government's attitude to inward investment, not always readily understood overseas. The programme was well balanced and well planned and the Consulates in Boston, Chicago, Cleveland and New York provided excellent support throughout. Notes on the discussions with companies have been circulated by officials to appropriate Departments and follow-up action with companies has already taken place. This report of my visit is being copied to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for Foreign Affairs and the Secretaries of State for Industry and Employment.

ALEX FLETCHER
10 November 1980

ANNEX A

VISITS OR MEETINGS DURING PROGRAMME

BOSTON

Wang Laboratories
Digital Equipment Corporation
Honeywell Inc (Computers)
Graduate School of Education, Harvard
(Met at Dinner:
Electronic Moulding Co
W H Nichol & Co
Cambridge Lee Inc
L S Starratt & Co
Polaroid Corporation)

MINNEAPOLIS

Fabri-Tek Inc
Cray Research Inc
Economic Laboratory
Macalaster College
Pioneer Press
(Met at Dinner:
North West Orient
Control Data Business Advisors
Economic Laboratory
Cray Research Inc
Honeywell Inc)

CHICAGO (Week-end)

Gould Inc

DETROIT

Burroughs Corporation

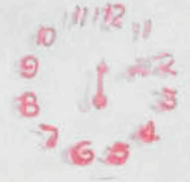
DAYTON

NCR Corporation

NEW YORK

General Accident Ins Co
Johnson & Johnson

112 NOV 1980



CONFIDENTIAL

Mr Bullard

BRITISH EMBASSY,
PARIS.

7 November 1980

J L Bullard Esq CMG
DUSS
FCO

cc: PS
PS/LPS
PS/PUS
Sir A. Acland
Mr Ferguson
N.Amb D
2. WED.

Dear Julian,

1. When I saw Jacques Wahl yesterday we had some brief desultory talk about the US election result. Wahl made the usual French point about the need for the US to be stronger. He immediately went on to talk about the need for the European countries to stick together in dealing with the US. This led on to the question of Chancellor Schmidt's visit for dinner with President Giscard next Monday, the Prime Minister's visit to Bonn for the Anglo/German summit on 16/17 November and Chancellor Schmidt's visit to Washington on 20 November.

2. Wahl said that he thought Britain might have a particularly important role to play as the new US administration came into office. There seemed every reason to think that Mrs Thatcher personally, and the British Government as a whole, would get on well with President Reagan and his team. In that case the British Government might be able to help the American Government to understand European questions and attitudes better. It would be important that the 3 European heads of government should reach a good degree of understanding between themselves before contacts with the US Government developed. He hoped that Mrs Thatcher's visit to Bonn soon after Chancellor Schmidt dinner with President Giscard would help to serve this purpose.

Yours ever,

Reginald Hibbert

cc: HM Ambassador, Bonn
HM Ambassador, Washington

CONFIDENTIAL

MR. PATTISON

In your absence this afternoon, Jim Dobbins of the American Embassy telephoned about the request Kingman Brewster had made for a group of five senators to call on the Prime Minister on 24 August, 30 August or 31 August. He said that he was hoping to report back to Washington that a request for a meeting had been put to us but that no answer would be possible until the Prime Minister had returned from Lusaka.

I said that he could say that if he wished but I discouraged him from thinking that it would be easy to meet them.

The action lies with you.

NJS

2 August 1979

FCO are dealing - Ld Carrington will offer to see them -

MAD 6/VIII

SUBJECT

SECRET

c.c. : Master + Ops Sets
Rhodesia (Situation) Pt. 2
Energy (Policy) Pt. 2
Ireland (Situation) May 1979
Defence (Nuclear Release) May 1979

USA

p. a 4

4/7

TRANSCRIPT OF A TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRESIDENT OF THE UNITED STATES OF AMERICA ON TUESDAY 4 JULY 1979

Prime Minister: Hello, how are you?

President Carter: Just great. I hope you got home safely.

Prime Minister: Yes, very safely, to a lot to do.

President Carter: And did you have a good trip?

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T38/79T

Prime Minister: Very good, no trouble.

President Carter: That's good. Were you pleased with the outcome of the Summit?

Prime Minister: Yes, I was, but I was a bit appalled at the way in which we got through it. You know I was a bit disillusioned with summitry.....

President Carter ..... personally be involved a little more in the preparation next time the last few days, because we really wasted half a day or maybe a day. There are three things I would like to discuss with you just to kind of summarise what we discussed privately. We're on an open line so I'll be ....

Prime Minister:..... you'll be circumspect.

President Carter: I hope that you can expedite getting me your advice after the visit to Rhodesia because Muzorewa's coming over here shortly and I need to have your .....

Prime Minister: Yes, indeed, I will see to that immediately.

President Carter: OK. Secondly, at the four-party breakfast we discussed the OPEC situation and I need to have some mechanism by which you and I can exchange ideas in a highly confidential way on it, just so you can let me have them - just the mechanism; you might give me your thoughts in a despatch then I'll respond.

/Prime Minister

SECRET

Prime Minister: Right, yes. That shall be done. I think we thought we would only talk to one other person about it. Mine will be Peter Carrington

President Carter: Can you repeat that please?

Prime Minister: We thought that we'd each of us only talk to one other person in our own. Mine will be Peter Carrington.....

President Carter: ..... I will discuss it with and I presume Lord Carrington with you?

Prime Minister: Yes, that's right.

President Carter: Well, then suppose I let Vance contact Carrington, Lord Carrington.

Prime Minister: Yes. Peter's not yet back because he went to Hong Kong, Delhi and Iraq and he will be returning tomorrow.

President Carter: Well Vance is still in Bali so he'll be a few days. We'll use that mechanism.

Prime Minister: Yes, we will.

President Carter: Thirdly, are you going to send someone out here to exchange letters on the security thing?

Prime Minister: The letter was signed; the person should have exchanged them. If not, I will send someone over. We'll attend to that immediately.

President Carter: OK, well I'll get the letter signed and get it worked out with you through our Foreign Ministers.

Prime Minister: Yes, all right.

President Carter: One other point that I'd like to talk to you briefly about. I've been asked by Senator Kennedy and Chip O'Neill to talk to you briefly about the Northern Ireland question, so that we don't

/have

have another .....

Prime Minister:..... problem, yes.

President Carter:..altercation as we did with Speaker O'Neill and Vance. Do you have, I know in the campaign both you and Jim avoided that issue.

Prime Minister: We wouldn't have it as a Party issue at all. We'd have been wrong to have had it as a Party issue.

President Carter: Do you have any analysis that's been done within your own Party or Government that you might send to me that I could read over just to describe both the present situation and any prospects for the future.

Prime Minister: I will get one prepared and have it sent over. As a matter of fact my next appointment is with Humphrey Atkins, our Secretary of State for Northern Ireland, so that can be done.

President Carter: I don't have any background knowledge about it and just hearing directly from you about the present situation and prospects for the future would help to guide me..... any restraints on it otherwise I would like to share it confidentially with Senator Kennedy and O'Neill.

Prime Minister: Yes, I'll remember than when drafting it. Anything that's confidential to you I will put separately.

President Carter: Good. Well, right, thank you very much. I hope you have time to get some rest.

Prime Minister: It's not allowed to politicians. But it was very interesting I thought. Well, thank you very much for 'phoning. Best wishes. Goodbye.

President Carter: Goodbye

2

CONFIDENTIAL
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.

Prime Minister

FAREWELL CALL ON PRESIDENT CARTER.

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.

/4

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.

JAY

FCO/WH. DISTN
NAD.

USA

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

18 June 1979

The Prime Minister's reply to President Carter

Thank you for sending me, with your letter of 14 June, a revised draft of the reply which the Prime Minister might send to President Carter's message to her of 11 May about a number of foreign policy issues.

The Prime Minister is content with the revised draft and, in view of the time factor, I have informed the Department direct that the text may be telegraphed to Washington for delivery to the White House by our Ambassador. I now enclose the signed original, which you will see is dated 15 June, which I should be grateful if you could forward to our Embassy in Washington for delivery.

I am sending copies of this letter and enclosure to Roger Facer (Ministry of Defence) and Martin Vile (Cabinet Office).

B. G. CARTLEDGE

Stephen Wall, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

CONFIDENTIAL

VLB

SUBJECT

cc: FCO

10 DOWNING STREET

THE PRIME MINISTER

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 26A/79

15 June 1979

Dear Mr. President,

As you know, I deferred a full reply to your message of 13 May until my colleagues and I had been able to talk to Mr. Vance.

Those talks were most valuable. Cy Vance will have reported to you. But I thought you would wish to know my thoughts on the points made in your message.

You rightly gave pride of place to SALT and the future strategic balance. We have followed the SALT II developments with close attention and are grateful for the care you have taken to keep us informed. I share your conviction that the subsequent debate on ratification of the Treaty will be of critical importance. As I see it, you in the United States, particularly in your dialogue with the Senate, and we and our other allies have to strike the right balance in supporting the ratification of SALT II while at the same time ensuring that our public opinion understands the need for the Alliance to maintain and modernise its nuclear forces. Cy Vance assured Peter Carrington at the outset of his discussions that SALT II was wholly compatible with the retention of a strong U.S. defence capability. We welcome that. But both sides of the equation will need to be emphasised in the next few months, if we are to avoid creating a false sense of security that might undermine the

/ continuing defence

CONFIDENTIAL

continuing defence effort the Alliance must make.

I note what you say about the importance of European views in the ratification debate that lies ahead of you. And I accept that the attitude of Britain, as a nuclear power, will be scrutinised particularly closely. In our reactions to date we have done our best to be helpful, both in our national statements and in the communiqués of the NATO Defence Planning Committee and Foreign Ministers' Council. We have consistently supported efforts to achieve limitations on strategic arms and I have made it quite clear that I hope the Treaty will be ratified. May I ask you to let me know at any stage how best you think we can continue to help?

As you know, our reactions so far have been governed by the view that a statement on the substance of the agreement made after only a brief period in Government and before we had had the opportunity to study the full text of the Treaty would not have carried conviction either with the public here or with your Congress. But I assure you that, within the Alliance and in our public statements, we will do all we can to assist you in securing ratification.

Cy Vance will have confirmed to you that one aspect of the SALT II negotiations that had given us, as it had our predecessors, serious cause for concern was the wording on non-circumvention and the possibilities for nuclear transfers in the future. I therefore much appreciate the categorical assurances in this respect that he gave us. This will allow us when questioned, in Parliament and elsewhere, as we shall be, to confirm unequivocally that our interests are safeguarded.

/ Looking ahead,

Looking ahead, I fully share your view of the importance of fulfilling the Long-Term Defence Programme. Peter Carrington, Francis Pym and I all underlined to Cy Vance the strength of our commitment to the NATO target of a 3 per cent growth in defence expenditure. I agree too that we need to ensure that concrete decisions on Theatre Nuclear Force modernisation are taken by the Alliance by the end of this year, and in this respect the recent NATO Council Meeting marked a major step forward. As for SALT III, I have no doubt that Cy Vance's visit has given added impetus to what I hope will be a period of intensive consultation both within the Alliance and between our two Governments. For this reason I very much welcome your postscript and look forward to hearing your views on SALT III at any time.

On the Comprehensive Test Ban negotiations it is good of you to have arranged for your science adviser to come over here to brief me on the technical aspects and on your own thinking. Clearly we need to keep in close touch on this.

You will have heard that, in response to the concern which both you and Helmut Schmidt had expressed, we have recently announced a doubling of the contribution promised by the previous Administration to the Turkey rescue operation. I am no less persuaded than you of the strategic importance of Turkey. But I must stress that £15 million is absolutely as far as we can go, beyond the substantial sums we are already providing to the Turks through the E.E.C., given our determination to cut public expenditure in the U.K.. And I think we all agree that the Turks must come to an agreement with the I.M.F. before our contributions are paid over.

I share your concern about Southern Africa. I agree that close collaboration between us will be of great importance as we try to resolve the problems which concern

/ us equally

us equally in that area. On Rhodesia we welcomed the talks with Cy Vance. David Harlech is now in Africa for discussions with the Commonwealth and other African governments directly concerned. We shall be considering the way forward in the light of his report; and we shall wish to keep in the closest touch with you over this problem.

Peter Carrington and Cy Vance have been in close touch about the various ideas on Namibia which we put forward after Richard Luce's visit to the area, and I think you, we and our other partners are now largely agreed on the next steps.

My meeting with Mr. Begin was profoundly disheartening. I well understand your caution about the possibility of making progress in the West Bank negotiations. I emphasised to Mr. Begin the danger which continued expansion of Israeli settlements represents to the autonomy negotiations and also the need to help President Sadat. But he will not listen and even resents the subject of settlements being raised at all. Peter Carrington will discuss with his Community colleagues how they can best help. For our part we shall continue to support your general approach with its emphasis on the need to achieve a comprehensive settlement. We shall be happy to keep in close touch with Mr. Strauss as you suggest.

As for the divisions in the Arab world, I doubt whether any early progress towards reconciliation between President Sadat and some of the more moderate Arab Governments is possible. The first step must be to urge President Sadat himself to stop his attacks on his natural allies such as the Saudis and the Jordanians. I was glad to hear that your Ambassador in Cairo has been able to help with this. I expect to see King Hussein in the next week and shall urge on him the need not to commit himself irrevocably against these peace negotations.

/ Both Foreign

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Both Foreign Minister Sonoda, and his colleague, Mr. Esaki, whom I have seen recently, underlined the importance the Japanese attach to the Tokyo Summit. I accept that such meetings can be useful and I shall be interested to take part in it with you and our five other colleagues. But I must admit that previous meetings in the series have struck me as sometimes longer on diagnosis than on prescriptions. The problems we face this time are even more acute than before, with the energy shortage aggravating an already uncertain situation. I hope we shall be able to get nearer to finding solutions - but frankly I am not optimistic. On one point I wholly agree with you. We must try to deal only with a limited number of specific issues and avoid the over-generalised approach. I hope also that we shall be able to avoid a communiqué which deals mainly in pious platitudes.

We were able to assure both Japanese Ministers of the importance we attach to a healthy and constructive relationship with the Japanese Government, both bilaterally and through the European Community. I think there is a limit to how far others can or should go in advising the Japanese how to run their affairs, but I agree that the continuing Japanese trade surplus is a cause for concern for us all. Although the latest figures are slightly more reassuring, this may be no more than temporary, as the depreciation of the Yen once again leads to an increase in Japanese exports.

Finally, I should like briefly to mention one subject not covered in your letter to me. I am very concerned about the refugee situation in South East Asia, and in particular about the increasing flood of boat refugees from Vietnam. The impact in Hong Kong, where over 50,000 Vietnamese refugees have arrived this year, is now very serious indeed.

/ The United States

CONFIDENTIAL

The United States and a handful of other countries, including Britain, are making a substantial contribution. But what is needed is a concerted international effort both to get more countries to open their doors to these unfortunate refugees, and to exert more effective pressure on the Vietnamese Government to stop exporting their unwanted people. And we need to act soon - which is why I have asked Dr. Waldheim to convene an international conference under U.N. auspices. I hope we can count on your support.

I am looking forward to our meeting in Tokyo.

Yours sincerely

Margaret Thatcher

The President of the United States of America

3

10 DOWNING STREET

Prime Minister

This has been revised in the light of your comments on the earlier draft.

17/6

"Dear Mr. President"

GB - Please date and return to me. GB 18/6

Foreign and Commonwealth Office

London SW1A 2AH

14 June 1979

Enclosure with PS. Bill 15/6

Dear Bryan,

Letter to President Carter PS.

Following our telephone conversation this morning, I enclose a revised draft letter from the Prime Minister to President Carter, updating and amending the previous draft on the lines we discussed.

Yours ever,

Stephen

J S Wall
Private Secretary

Bryan Cartledge Esq
10 Downing Street

CONFIDENTIAL

Covering letter from FCO dated 14/6

DSR 11

Registry No.

DRAFT Letter Type 1 +

SECURITY CLASSIFICATION

Top Secret,
Secret.
Confidential.
Restricted.
Unclassified.

PRIVACY MARKING

..... In Confidence

To:-
The Honourable Jimmy Carter
President of the United States

From
The Prime Minister
Telephone No. Ext.
Department

Dear Mr President,

As you know, I deferred a full reply to your message of 13 May until my colleagues and I had been able to talk to Mr Vance.

Those talks were most valuable. Cy Vance will have reported to you. But I thought you would wish to know my thoughts on the points made in your message.

You rightly gave pride of place to SALT and the future strategic balance. We have followed the SALT II developments with close attention and are grateful for the care you have taken to keep us informed. I share your conviction that the subsequent debate on ratification of the Treaty will be of critical importance. As I see it, you in the United States, particularly in your dialogue with the Senate, and we and our other allies have to strike the right balance in supporting the ratification of SALT II while at the same time ensuring that our public opinion understands the need for the Alliance to maintain and modernise its nuclear forces. Cy Vance assured Peter Carrington at the outset of his discussions that SALT II was wholly compatible with the retention of a strong US defence capability. We welcome that. But both sides of the equation will need to be emphasised in the next few months, if we are to avoid creating a false sense of security that might undermine the continuing defence effort the

/Alliance

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Alliance must make.

I note what you say about the importance of European views in the ratification debate that lies ahead of you. And I accept that the attitude of Britain, as a nuclear power, will be scrutinised particularly closely. In our reactions to date we have done our best to be helpful, both in our national statements and in the communiqués of the NATO Defence Planning Committee and Foreign Ministers' Council. We have consistently supported efforts to achieve limitations on strategic arms and I have made it quite clear that I hope the Treaty will be ratified. May I ask you to let me know at any stage how best you think we can continue to help?

As you know, our reactions so far have been governed by the view that a statement on the substance of the agreement made after only a brief period in Government and before we had had the opportunity to study the full text of the Treaty would not have carried conviction either with the public here or with your Congress. But I assure you that, within the Alliance and in our public statements, we will do all we can to assist you in securing ratification.

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Looking ahead, I fully share your view of the importance of fulfilling the Long-Term Defence Programme. Peter Carrington, Francis Pym and I all underlined to Cy Vance the strength

/of

of our commitment to the NATO target of a 3% growth in defence expenditure. I agree too that we need to ensure that concrete decisions on Theatre Nuclear Force modernisation are taken by the Alliance by the end of this year, and in this respect the recent NATO Council Meeting marked a major step forward. As for SALT III, I have no doubt that Cy Vance's visit has given added impetus to what I hope will be a period of intensive consultation both within the Alliance and between our two Governments. For this reason I very much welcome your postscript and look forward to hearing your views on SALT III at any time.

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I share your concern about Southern Africa. I agree that close collaboration between us will be of great importance as we try to resolve the problems which concern us equally in that area. On Rhodesia we welcomed the talks with Cy Vance. David Harlech is now in Africa for

/discussions

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discussions with the Commonwealth and other African governments directly concerned. We shall be considering the way forward in the light of his report; and we shall wish to keep in the closest touch with you over this problem.

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Japanese attach to the Tokyo Summit. I accept that such meetings can be useful and I shall be interested to take part in it with you and our five other colleagues. But I must admit that previous meetings in the series have struck me as sometimes longer on diagnosis than on prescriptions. The problems we face this time are even more acute than before, with the energy shortage aggravating an already uncertain situation. I hope we shall be able to get nearer to finding solutions - but frankly I am not optimistic. On one point I wholly agree with you. We must try to deal only with a limited number of specific issues and avoid the over-generalised approach. I hope also that we shall be able to avoid a communiqué which deals mainly in pious platitudes.

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Finally, I should like briefly to mention one subject not covered in your letter to me. I am very concerned about the refugee situation in South East Asia, and in particular about the increasing flood of boat refugees from Vietnam. The impact in Hong Kong, where over 50,000 Vietnamese refugees have arrived this year, is now very serious indeed. The United States and a handful of other countries, including Britain, are making a substantial contribution. But what is

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needed is a concerted international effort both to get more countries to open their doors to these unfortunate refugees, and to exert more effective pressure on the Vietnamese Government to stop exporting their unwanted people. And we need to act soon - which is why I have asked Dr Waldheim to convene an international conference under UN auspices. I hope we can count on your support.

I am looking forward to our meeting in Tokyo.

CONFIDENTIAL

U.S.A. 1

Foreign and Commonwealth Office

London SW1A 2AH

7 June 1979

Prime Minister
Content with this draft reply?
GHW 7/6

Dear Bryan,

We agreed that we should delay sending you a draft substantive reply to President Carter's letter of 13 May to the Prime Minister until we had all had a chance of comparing notes with Mr Vance. Meanwhile the Prime Minister sent an interim reply to the President on 17 May.

I now enclose our suggested draft reply which deals with all the points raised in Mr Carter's letter and adds short comments on two other issues, CTB and the Vietnamese boat refugees.

I am copying this letter to Roger Facer (MOD) and to Martin Vile (Cabinet Office).

Yours ever,
Stephen

(J S Wall)

B G Cartledge Esq
10 Downing Street

You will see my several comments. Also I have the impression that the whole ~~language~~ wording of the draft needs updating on one or two points. No

CONFIDENTIAL

DSR 11

Registry No. 8

DRAFT LETTER

Type 1 +

SECURITY CLASSIFICATION

Top Secret,
Secret.
Confidential.
Restricted.
Unclassified.

PRIVACY MARKING

..... In Confidence

To:- THE HONOURABLE JIMMY CARTER
PRESIDENT OF THE UNITED STATES

From
THE PRIME MINISTER
Telephone No. Ext.
Department

Dear Mr President,

As you know, I deferred a full reply to your message of 13 May until my colleagues and I had been able to talk to Mr Vance.

Those talks were most valuable. Cy Vance will have reported to you. But I thought you would wish to know my thoughts on the points made in your message.

You rightly gave pride of place to SALT and the future strategic balance. We have followed the SALT II developments with close attention and are grateful for the care you have taken to keep us informed. The successful negotiation of the Treaty is a major achievement of American diplomacy on which I should like to congratulate you and your negotiators.

I share your conviction that the subsequent debate on ratification of the Treaty will be of critical importance. As I see it, you in the United States, particularly in your dialogue with the Senate, and we and our other allies have to strike the right balance in supporting the ratification of SALT II while at the same time ensuring that our public opinion understands the need for the Alliance to maintain and modernise its nuclear forces. Cy Vance assured Peter Carrington at the outset of his discussions that SALT II was wholly compatible with the retention of a strong US defence capability. We welcome that. But both sides of the equation will need to be emphasised in the next few

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/months

months, if we are to avoid creating a false sense of security that might undermine the continuing defence effort the Alliance must make.

I note what you say about the importance of European views in the ratification debate that lies ahead of you. And I accept that the attitude of Britain, as a nuclear power, will be scrutinised particularly closely. In our reactions to date we have done our best to be helpful, both in our national statements and in the communiques of the NATO Defence Planning Committee and Foreign Ministers' Council. We have consistently supported efforts to achieve limitations on strategic arms and I have made it quite clear that I hope the Treaty will be ratified. May I ask you to let me know at any stage how best you think we can continue to help?

As you know, our reactions so far have been governed by the view that a statement on the substance of the agreement made after only a brief period in Government and before we had had the opportunity to study the full text of the Treaty would not have carried conviction either with the public here or with your Congress. But I assure you that, within the Alliance and in our public statements, we will do all we can to assist you in securing ratification.

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Looking ahead, I fully share your view of the

importance of fulfilling the Long-Term Defence Programme. Peter Carrington, Francis Pym and I all underlined to Cy Vance the strength of our commitment to a 3% growth in defence expenditure. I agree too that we need to ensure that concrete decisions on Theatre Nuclear Force modernisation are taken by the Alliance by the end of this year, and in this respect the recent NATO Council Meeting marked a major step forward. As for SALT III, I have no doubt that Cy Vance's visit has given added impetus to what I hope will be a period of intensive consultation both within the Alliance and between our two Governments. For this reason I very much welcome your postscript and look forward to hearing your views on SALT III at any time.

I also think it important that we keep in close touch on the Comprehensive Test Ban negotiations. Cy Vance gave us a helpful briefing on your views about this and I know our people are in touch on the next stages.

You will have heard that, in response to the concern which both you and Helmut Schmidt had expressed, we have recently announced a doubling of the contribution promised by the previous Administration to the Turkey rescue operation. I am no less persuaded than you of the strategic importance of Turkey. But I must stress that £15 million is absolutely as far as we can go, beyond the substantial sums we are already providing to the Turks through the EEC, given our determination to cut public expenditure in the UK. And I think we all agree that the Turks must come to an agreement with the IMF before our contributions are paid over.

I share your concern about Southern Africa. I agree that close collaboration between us will be of great importance as we try to resolve the problems which concern

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/us equally

us equally in that area. On Rhodesia the talks with Cy Vance enabled us to identify an encouraging amount of common ground. He will have told you ~~of our intentions and~~ that we shall shortly be sending Lord Harlech to Africa for discusions about the approach to Rhodesia with the Commonwealth and other African governments directly concerned. We shall wish to keep in the closest touch with you over this problem.

I hope that Richard Luce's visit to the area will enable us to make some progress on Namibia. It is clear that there is still a desire on all sides to achieve an internationally accepted settlement and we are putting forward some ideas on the next steps.

My meeting with Mr Begin was profoundly disheartening. I well understand your caution about the possibility of making progress in the West Bank negotiations. I emphasised to Mr Begin the danger which continued expansion of Israeli settlements represents to the autonomy negotiations and also the need to help President Sadat. But ~~it was like talking to a brick wall~~. Peter Carrington will discuss with his Community colleagues how they can best help. For our part we shall continue to support your general approach with its emphasis on the need to achieve a comprehensive settlement. We shall be happy to keep in close touch with Mr Strauss as you suggest.

As for the divisions in the Arab world, I doubt whether any early progress towards reconciliation between President Sadat and some of the more moderate Arab Governments is possible. The first step must be to urge President Sadat himself to stop his attacks on his natural allies such as the Saudis and the Jordanians. I was glad to hear that your Ambassador in Cairo has been able to help with this. I expect to see King Hussein /in the

in the middle of June and shall urge on him the need not to commit himself irrevocably against these peace negotiations.

Both Foreign Minister Sonoda, and his colleague, Mr Esaki, whom I have seen recently, underlined the importance the Japanese attach to the Tokyo Summit. I accept that such meetings can be useful and I shall be interested to take part in it with you and our five other colleagues. But I must admit that previous meetings in the series have struck me as sometimes longer on diagnosis than on prescriptions. The problems we face this time are even more acute than before, with the energy shortage aggravating an already uncertain situation. I hope we shall be able to get nearer to finding solutions - but frankly I am not optimistic. On one point I wholly agree with you. We must try to deal only with a limited number of specific issues and avoid the over-generalised approach, ~~that risks resulting only~~ mainly in pious platitudes.

We were able to assure both Japanese Ministers of the importance we attach to a healthy and constructive relationship with the Japanese Government, both bilaterally and through the European Community. I think there is a limit to how far others can or should go in advising the Japanese how to run their affairs, but I agree that the continuing Japanese trade surplus is a cause for concern for us all. Although the latest figures are slightly more reassuring, this may be no more than temporary, as the depreciation of the Yen once again leads to an increase in Japanese exports.

Finally, I should like briefly to mention one subject not covered in your letter to me. I am very concerned about the refugee situation in South East Asia, and in particular about the increasing flood of boat refugees

Dd 0532000 400 M 5/78 HMSO Bracknell
/from

Vietnam. The impact in Hong Kong, where over 40,000 Vietnamese refugees have arrived this year, is now very serious indeed. The United States and a handful of other countries, including Britain, are making a substantial contribution. But what is needed is a concerted international effort both to get more countries to open their doors to these unfortunate refugees, and to exert more effective pressure on the Vietnamese Government to stop exporting their unwanted people. And we need to act soon - which is why I have asked Dr Waldheim to convene an international conference under UN auspices. I hope we can count on your support.

I am looking forward to our meeting in Tokyo.

CONFIDENTIAL

USA

10 DOWNING STREET

From the Private Secretary

18 May 1979

UK/US Relations

Thank you for sending me, with your letter of 16 May, the draft of an interim reply which the Prime Minister might send to the message from President Carter, covering a number of international issues, which was delivered to her on 13 May.

The Prime Minister agreed that it would be inappropriate to send a full reply to President Carter until after Mr. Vance's visit to London. She made some amendments to the draft interim reply which you sent me and I now enclose the final text which was despatched to the White House over the hot line on 17 May.

Having now studied President Carter's message, the Prime Minister has commented: "We shall have to send quite a long and frank reply."

I am sending copies of this letter and enclosure to Roger Facer (Ministry of Defence) and Martin Vile (Cabinet Office).

B. G. CARTLEDGE

J.S. Wall, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

USA

SUBJECT

ACTION

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T8/79T

Copied to Defence. CTB ✓
SALT MAY 1979

IMMEDIATE 170940Z MAY 79
FROM CABINET OFFICE LONDON
TO WHITE HOUSE

TO: PRESIDENT CARTER
FROM: PRIME MINISTER THATCHER
CONFIDENTIAL

DEAR MR PRESIDENT,

THANK YOU FOR THE HELPFUL LETTER WHICH YOUR EMBASSY DELIVERED TO ME ON 13 MAY LETTING ME KNOW YOUR THINKING ON THE MANY ISSUES WE FACE, WHICH I HOPE TO DISCUSS WITH YOU NEXT MONTH. I WAS ALSO GRATEFUL FOR YOUR MESSAGE OF 9 MAY ABOUT SALT: IT WAS MOST USEFUL TO ME TO HAVE THIS ADVANCE NOTICE OF YOUR ANNOUNCEMENT.

WE ARE LOOKING FORWARD TO MR. VANCE'S VISIT NEXT WEEK. I AM VERY GLAD HE IS COMING AND THAT WE SHALL HAVE THE CHANCE TO COVER SOME OF THE GROUND WITH HIM.

I SHOULD PREFER, IF I MAY, TO DELAY SENDING YOU A FULL REPLY TO THE VARIOUS POINTS YOU MAKE UNTIL AFTER OUR TALKS WITH MR. VANCE. AT THIS STAGE, I SIMPLY WISH TO ASSURE YOU THAT I AM VERY CONSCIOUS OF THE IMPORTANT DECISIONS THAT HAVE TO BE TAKEN IN THE NEXT FEW MONTHS, PARTICULARLY ON DEFENCE AND ARMS CONTROL ISSUES, IN THE MIDDLE EAST, IN SOUTHERN AFRICA AND OVER INTERNATIONAL ECONOMIC MATTERS. YOU CAN RELY ON THE NEW BRITISH GOVERNMENT TO PLAY A RESPONSIBLE AND CONSTRUCTIVE ROLE IN THE SEARCH FOR SOLUTIONS TO THESE PROBLEMS.

WITH WARM BEST WISHES,
MARGARET THATCHER

NNNNN

SENT AT 0955Z/17 NH
RECD AT 0955Z/17
AND MATE QSL FOR THAT AT 0957Z KKKK

PRIME MINISTER

See Defence May '79 (Salt CTB)

A

B

President Carter's messages to you

You will recall that President Carter sent you a message over the hot line on 9 May about the impending announcement of the US/Soviet agreement on SALT; and a longer letter, on 13 May, setting out the US approach to a number of issues.

In view of Mr. Vance's visit early next week, FCO advice is that you should at this stage send only an interim response to President Carter and I attach a draft reply to both messages which promise something more substantive after Mr. Vance's visit.

If you agree with the draft, I shall arrange for it to be despatched over the hot line to the White House immediately.

Agreed

Despatched.

16 May 1979

CONFIDENTIAL

USA

Foreign and Commonwealth Office

London SW1A 2AH

16 May 1979

Dear Bryan,

UK/US Relations

Thank you for your letter of 16 May asking for advice on a reply to President Carter's weekend message to the Prime Minister.

We recommend that the Prime Minister send a short interim reply. President Carter's letter covers a number of international issues on which it will be difficult to reply substantively before Mr Vance's visit next week. The discussions we will be having during Mr Vance's visit should add considerably to our knowledge of US thinking on SALT II and on the other topics raised and we should be in a much better position to reply fully after the visit.

I enclose a draft interim reply.

I am copying this letter to Roger Facer (MOD) and Martin Vile (Cabinet Office).

Yours ever,

Stephen

J S Wall
Private Secretary

Bryan Cartledge Esq
10 Downing Street

CONFIDENTIAL

DSR 11

Registry No.

DRAFT LETTER

Type 1 +

SECURITY CLASSIFICATION

Top Secret,
Secret.
Confidential.
Restricted.
Unclassified.

PRIVACY MARKING

..... In Confidence

To:-

The Honourable Jimmy Carter
President of the United States

From

Prime Minister

Telephone No. Ext.

Department

Thank you for ~~your~~ letter, and for letting me know your thinking on the many issues which we face and which I hope to discuss with you next month. ~~In the meantime~~ we are looking forward to ~~Cy~~ Vance's visit next week. I am very glad he is coming and that we shall have the chance to cover some of the ground with him.

I ~~should~~ prefer, if I may, to delay sending you a ~~substantive~~ reply to the various points you make until after our talks with ~~Cy~~ Vance ~~next week~~. At this stage, ~~may~~ I simply ~~say~~ that I am very conscious of the important decisions that have to be taken in the next few months, particularly on defence and arms control issues, in the Middle East, in Southern Africa and over international economic matters. You can rely on ~~us~~ to play a responsible and constructive role in the search for solutions to these problems.

16 MAY 1979

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~XXXXXX~~ 218 2111/3

SECRET

MO 25/2/88/1

NOTE FOR THE RECORD

NOTE OF A MEETING BETWEEN THE DEFENCE SECRETARY AND THE US SECRETARY OF DEFENSE HELD IN THE US DELEGATION OFFICES, NATO HEADQUARTERS AT 9 AM ON WEDNESDAY 16TH MAY 1979

Present:

The Hon Harold Brown
Secretary of Defense

The Rt Hon Francis Pym MP
Secretary of State for Defence

The Hon Tapley Bennett
US Permanent Representative to NATO

His Excellency Sir John Killick
UK Permanent Representative to NATO

The Hon David E McGiffert
Assistant Secretary for International Security Affairs

Marshal of the Royal Air Force Sir Neil Cameron
Chief of the Defence Staff

Ambassador Robert W Komer
Special Adviser on NATO Affairs

Mr M E Quinlan
Deputy Under Secretary of State (Policy and Programmes)

Mr James Siena
Department of Defense, ISA

Mr R L L Facer
PS/S of S

Mr Larry Legere
Defense Counsellor, US Delegation to NATO

Rear Admiral Carl T Hanson
Executive Assistant to the Secretary of Defense

Ms Lynn Davis
Department of Defense, ISA

/ Nuclear ...

Nuclear Matters

The Secretary of State said that he had noted President Carter's description of the SALT II Agreement as the greatest event in foreign affairs we were likely to see in our life-time. Dr Brown said that was an exaggeration. Additional strategic nuclear forces were required to preserve Western security. The Agreement allowed this, but did not ensure that the will to expand these forces existed. He hoped that the British Government would continue to support the SALT II Agreement publicly. One of the arguments which members of the Senate were using against it was that America's allies, despite what they said, did not really approve of it.

2. Dr Brown said that political problems would loom larger the higher the level at which the subject of TNF modernisation was considered in Governments. President Carter had pressed him to be more cautious and to distinguish between what Allied Defence Ministers might say and what their Heads of Government might be prepared to agree at the point of decision. But he felt there was general support for TNF modernisation. The German position was the key: if the Germans did not agree there would be severe risks for their relationship with the Alliance, since it would be apparent that they had retreated under Soviet pressure. S of S said that Chancellor Schmidt was sensitive about the basing of new weapons on German soil. Would seaborne systems be easier for the Germans to accept? Dr Brown said that if it were proposed to place the weapons on US ships with US crews, there would be no connection with Germany: the question only arose if it were proposed to put US-manned weapons on German ships. He thought the Italians might accept new systems provided they were not required to pay for them. S of S asked whether we could put a specific proposal to the Alliance. Dr Brown said that progress was being made with the hardware specification, and Mr McGiffert said that they had discussed with the Dutch military authorities, without commitment, specific locations for ground-launched cruise missiles.

/ Dr Brown ...

3. Dr Brown asked about the Conservative Government's policy on a successor to Polaris. S of S said that the modernisation programme for Polaris would enable the force to remain effective for at least 10 years. A decision on a successor was therefore less urgent than decisions about TNF. Dr Brown said that there were a number of options other than submarine-launched ballistic missiles. Air-launched cruise missiles were possible, though they ran the risk of destruction before launch. Ground-launched cruise missiles would be effective if we were prepared to move them about in peacetime, though if we expected that there would be strategic warning time we could leave them inside bases and move them around the countryside only in a crisis. S of S said that in his personal view it would be better to avoid having new bases for our nuclear weapons.

Armaments Co-operation

4. Dr Brown commented that armaments co-operation was a rocky road because of industrial pressures on both sides of the Atlantic, but it was necessary to try to make it work since it would improve efficiency. S of S said that it was clearly hard to achieve results but he was nevertheless in favour of pursuing it vigorously.

Middle East

5. Dr Brown said that the British presence in Oman served a useful purpose and he hoped that it could be maintained. He asked whether HMG was re-examining the question of a possible British Naval presence in the Indian Ocean. S of S said that our presence in Oman was very modest. He asked whether the United States was making a new assessment of the situation following the events in Iran. We would very much like to examine any assessment with the United States to see how best we could protect Western interests. The Government had taken no decision about possible military deployments in the region, and against the background of our limited resources we would not do so except in the context of a fresh political

/ assessment ...

assessment. Dr Brown said that they were considering the possibility of making contingency arrangements for bases in countries such as Egypt so that forces could be deployed there in an emergency. He hoped to discuss the Middle East further with the Secretary of State in July, when the US assessment would be ready and their ideas about Naval deployments and the possible use of Masirah for P3 surveillance flights were clearer.

Arms Sales to China

6. Dr Brown said that the US Administration had made its views clear to the previous British Government. The United States did not intend to sell defence equipment to China but would neither approve nor disapprove of sales of defensive equipment by her allies, though she did not wish her views to be represented by her allies in COCOM. The US Government would not act as the agent of the Soviet Union in any blockade of China, but the Administration hoped that their allies would think carefully before approving any particular sale. Problems had, however, arisen on occasion through the practice of approaching the Administration at too low a level such as the European desk at the State Department. Any approaches should be made through Mr Vance or the Assistant Secretary for Far Eastern Affairs, Mr Holbrook, or by the Secretary of State personally to himself. S of S said that he thought that British defence equipment sales to China would be comparatively modest.

7. Dr Brown invited S of S to visit Washington in early July, which S of S accepted.

8. The meeting ended at 9.35 am.

Secretary of State's Office

16th May 1979

/ DISTRIBUTION ...

SECRET

DISTRIBUTION:

B G Cartledge Esq.,
PS/Prime Minister

G G H Walden Esq.,
PS/Foreign and Commonwealth
Secretary

M J Vile Esq.,
PS/Secretary of the Cabinet

HE Sir John Killick KCMG
HM Ambassador to NATO

HE Mr Peter Jay
HM Ambassador, Washington

SECRET

17 MAY 1979

SECRET

USA 2

BF 17/8/79

10 DOWNING STREET

From the Private Secretary

14 May 1979

UK/US Relations

I enclose a copy of the text of a letter which President Carter has addressed to the Prime Minister, and which was delivered to No.10 by the American Embassy over the weekend, setting out his Administration's approach to a number of international issues including SALT, the security of the NATO Alliance, Turkey, Southern Africa, the Middle East and the Tokyo Economic Summit.

I should be grateful for advice, in the first place, on whether it would be desirable for the Prime Minister to send at least an interim reply to President Carter before the Foreign and Commonwealth Secretary's discussions with Mr. Vance on 22 May. This initial response could perhaps promise a more substantive reply after the talks with Mr. Vance have taken place. It would be helpful if advice, accompanied by a draft if appropriate, could reach me by 1700 on Thursday 17 May.

I am sending copies of this letter and enclosure to Roger Facer (Ministry of Defence) and Martin Vile (Cabinet Office).

B. G. CARTLEDGE

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

SECRET

PRIME MINISTER

Message from President Carter

The attached letter to you from President Carter was delivered to No.10 by the American Embassy on Sunday. It sets out the President's views on a number of issues and is evidently designed to open up a dialogue between you.

I have asked for Lord Carrington's advice on whether it might be appropriate for you to send the President a short interim response before Mr. Vance's visit to London next week, followed by a substantive reply after Lord Carrington's talks with Mr. Vance have taken place.

14 May 1979

EMBASSY OF THE
UNITED STATES OF AMERICA
London

May 13, 1979

Duty Clerk
Prime Minister's Office
10 Downing Street
London S.W. 1

Dear Sir:

The Embassy has been asked to deliver the attached message to the Prime Minister from President Carter. The message was received at the Embassy early this morning. The signed original will be forwarded to your office in due course.

Sincerely,

John W. Kimball
Embassy Duty Officer

Enclosure

13 MAY 1979

11 May 1979 1A

COPY

Subject on USA:
UK/USA Relations
May 1979.

SECRET

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T5/79T

Dear Madam Prime Minister:

May I repeat my congratulations on your election victory, and on your excellent beginning as Prime Minister.

In this letter, I would like to begin our discussions on important issues facing our two countries, and I look forward to continuing these discussions with you both at Tokyo and afterwards.

From our point of view, there is no higher foreign policy priority at the moment than gaining the ratification of the SALT II agreement by the Senate. In the next few months, I will do everything I can to make clear to the American people and to the Senate the vital contribution this agreement will make to American and Western security, and the consequences of its rejection. I am confident we will succeed.

The views of our European allies will also have a major impact on Senate debate. For that reason, I very much appreciate the statement your Government made following our SALT announcement. Cy Vance will also be happy to discuss any aspect of it with you and your Ministers during his visit to London. Your counsel and support will be invaluable to me and to the prospects for Senate ratification.

As I approached the SALT negotiations from the point of view of the strategic balance, I sought four key objectives--all of which the agreement fulfills:

--For the first time, the SALT II agreement establishes the principle of equality in total number of launchers and in other important categories;

--It reduces the number of delivery vehicles permitted each side--which in the Soviet case will require it to dismantle about 250 launchers;

--It constrains the qualitative arms race--for example, by limiting each side to one new ICBM during

SECRET

the life of the treaty. At the same time, it does not prevent us from undertaking needed modernization programs, including the steps I will decide to take in dealing with the increasing vulnerability of our Minuteman missiles; and

--The agreement makes verification easier and more secure which, along with our own efforts, gives me full confidence that the agreement can be adequately verified.

Each of these provisions is a significant advance over SALT I. And I believe they give us a firm basis for strategic security during the life of the treaty.

The agreement also provides important political benefits. The limits will give us greater certainty in our strategic planning, and thus can help to reduce misunderstandings. I also have no doubt that without the treaty I would have to ask Congress to fund far more extensive nuclear deployments than will be required if SALT passes the Senate, which would of necessity reduce funds and effort needed for conventional forces. And as I look to the future, it is particularly important that Soviet leaders coming to power in the next few years find themselves constrained by the SALT II limits, rather than by only the much less rigorous standards of SALT I, or no limits at all.

In approaching the SALT negotiations, I was also particularly concerned to work closely with all the NATO allies at every step of the way to be sure that allied interests were fully taken into account--including non-circumvention, cruise missiles, and future nuclear cooperation. Cy Vance and others will continue these consultations with you and the other allies, so that all points will be clear among us.

In addition to strategic arms limitations, I am anxious to work closely with you in the days ahead on Alliance efforts to meet the Soviet challenge to allied security: In particular in fulfilling the long-

term defense program and in completing successfully allied discussions on the theater nuclear force problem. In the context of allied security, I am also deeply concerned about the economic problems facing Turkey, and hope our Governments can talk about what we and others should do to help this important ally.

On other matters, I believe it would be useful for our two Governments to discuss in depth the situation in Southern Africa, with particular emphasis on Namibia and Rhodesia. The stakes for us both--and for the West in general--are high; the problems and dilemmas we both face will not be easy to resolve. I hope, however, that the close collaboration between our two countries can continue, as we discharge the difficult responsibilities we have undertaken to promote peaceful change in that part of the world.

Of even greater importance is the future of the Middle East. The Israeli-Egyptian Treaty was an important step on the road to peace; but, if anything, the next stage in efforts to reach a permanent settlement will be even more difficult and demanding. I have asked Bob Strauss to undertake the task of furthering negotiations on the West Bank and Gaza, and he would benefit from close contacts with your officials. I am not hopeful that progress will come easily or soon; but I am committed to do what I can to help. Your country's experience and understanding of these critical problems--plus your deep interest in that region--can make a vital contribution to our own efforts to move the peace process forward. Any efforts the United Kingdom can make to help reduce divisions in the Arab world--and the the isolation of President Sadat--would be invaluable. In the next month and a half, we will also be preoccupied with the Economic Summit in Tokyo. Next week, the preparatory group will meet here in Washington, and Henry Owen will value gaining the views of your Government on the Summit from Sir John Hunt. I believe the chances for a good Summit are excellent. During my meetings last week with Prime Minister Ohira, we agreed on the need for agreement at the Summit on specific actions, not generalities. We discussed

energy, macro-economic policy, and food production in developing countries--as areas warranting special attention. We also made limited but real progress on relieving one of the key problems--namely, the Japanese trade imbalance with other Western countries. If this approach is sustained by effective Japanese follow-up action, I believe it will help us in gaining Congressional approval for the MTN agreement.

It will also be important at Tokyo for all of us to discuss what we can do to reduce our dependence on imported energy--where the United States bears a special responsibility; and how to deal with domestic structural problems, including the need to reduce the rate of inflation.

In sum, there is a long list of issues where both you and I face similar problems and concerns, and where we have much to discuss. I am looking forward to continuing the close partnership that has existed between our two countries for several generations--regardless of what party is in office in either nation. The role of the United Kingdom is critical in helping to resolve common problems, and your own personal leadership in these difficult times will be particularly important.

Again, my warm congratulations to you on becoming Prime Minister.

With best regards,

Sincerely,

Jimmy Carter

(Handwritten Post Script:) I hope that you will play a leadership role in promoting approval of SALT II and in assuring adequate theatre nuclear capability for NATO. I want to discuss SALT III parameters with you also. J.C.

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W. 1.

SUBJECT

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 5/79 T.

Copied to:
Defence: CTB/SALT
MAY PPS:

THE WHITE HOUSE
WASHINGTON

May 11, 1979

PM has seen.
GW
CDT/4
P.A.

Dear Madam Prime Minister:

May I repeat my congratulations on your election victory, and on your excellent beginning as Prime Minister.

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The views of our European Allies will also have a major impact on Senate debate. For that reason, I very much appreciate the statement your government made following our SALT announcement. Cy Vance will also be happy to discuss any aspect of it with you and your Ministers during his visit to London. Your counsel and your support will be invaluable to me and to the prospects for Senate ratification.

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-- it constrains the qualitative arms race -- for example, by limiting each side to one new ICBM during the life of the treaty. At the same time, it does not prevent us from undertaking needed modernization programs, including the steps I will decide to take in dealing with the increasing vulnerability of our Minuteman missiles; and

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missiles, and future nuclear cooperation. Cy Vance and others will continue these consultations with you and the other Allies, so that all points will be clear among us.

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On other matters, I believe it would be useful for our two governments to discuss in depth the situation in southern Africa, with particular emphasis on Namibia and Rhodesia. The stakes for us both -- and for the West in general -- are high; the problems and dilemmas we both face will not be easy to resolve. I hope, however, that the close collaboration between our two countries can continue, as we discharge the difficult responsibilities we have undertaken to promote peaceful change in that part of the world.

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It will also be important at Tokyo for all of us to discuss what we can do to reduce our dependence on imported energy -- where the United States bears a special responsibility; and how to deal with domestic structural problems, including the need to reduce the rate of inflation.

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Again, my warm congratulations to you on becoming Prime Minister.

With best regards,

Sincerely,

Jimmy Carter

The Right Honorable
Margaret Thatcher, M.P.
Prime Minister
London

P.S. - I hope that you will play a leadership role in promoting approval of SALT II and in assuring adequate theatre nuclear capability for NATO. I want to discuss SALT III parameters with you also - J. C.

USA

DRS 165
CONFIDENTIAL
FM FCO 051605Z MAY 79
TO IMMEDIATE WASHINGTON
TELEGRAM NUMBER 444 OF 5 MAY

FOLLOWING FOR AMBASSADOR FROM PRIVATE SECRETARY

1. YOU SHOULD KNOW THAT PRESIDENT CARTER TELEPHONED THE PRIME MINISTER, FROM IOWA, AT 19.30 YESTERDAY EVENING. HE EXPRESSED HIS WARM BEST WISHES AND HIS CONGRATULATIONS ON MRS. THATCHER'S VICTORY IN THE GENERAL ELECTION.

2. PRESIDENT CARTER AGREED, AT THE PRIME MINISTER'S SUGGESTION, THAT THEY SHOULD ARRANGE A BILATERAL MEETING ON THE MARGIN OF THE ECONOMIC SUMMIT IN TOKYO ON 28/29 JUNE. PRESIDENT CARTER ALSO SAID THAT HE HAD INSTRUCTED MR. VANCE TO BE IN CLOSE TOUCH WITH THE NEW FOREIGN AND COMMONWEALTH SECRETARY AS SOON AS HE HAD BEEN APPOINTED AND TO ARRANGE PERSONAL CONSULTATIONS BETWEEN THEM DURING THE COURSE OF THE NEXT WEEK OR TWO. PRESIDENT CARTER SAID THAT THERE WERE IMPORTANT ISSUES TO DISCUSS, INCLUDING THAT OF RHODESIA, AND THAT THE UNITED STATES WISHED TO ACT IN HARMONY WITH THE U.K. TO THE GREATEST POSSIBLE EXTENT.

3. PRESIDENT CARTER EMPHASISED HIS WISH TO MAINTAIN DIRECT PERSONAL CONTACT WITH THE PRIME MINISTER, THROUGH EXCHANGES OF MESSAGES, WHENEVER NECESSARY AND THE PRIME MINISTER READILY AGREED.

CARRINGTON

[Copies sent to No 10 Downing St.]

FILES
PRIVATE OFFICE
RHODESIA, D.
FED
FRD
PS/PUS
SIR A DUFF
SIR A. PARSONS
MR LEAHY
MR DAY

CONFIDENTIAL

VLB

FILE

10 DOWNING STREET

cc CO

From the Private Secretary

4 May 1979

The Prime Minister's Telephone Conversation with President Carter on 4 May 1979

President Carter telephoned the Prime Minister, from Iowa, at 19.30 this evening. He expressed his warm best wishes and his congratulations on Mrs. Thatcher's victory in the General Election.

President Carter agreed, at the Prime Minister's suggestion, that they should arrange a bilateral meeting on the margin of the Economic Summit in Tokyo on 28/29 June. President Carter also said that he had instructed Mr. Vance to be in close touch with the new Foreign and Commonwealth Secretary as soon as he had been appointed and to arrange personal consultations between them during the course of the next week or two. President Carter said that there were important issues to discuss, including that of Rhodesia, and that the United States wished to act in harmony with the U.K. to the greatest possible extent.

President Carter emphasised his wish to maintain direct personal contact with the Prime Minister, through exchanges of messages, whenever necessary and the Prime Minister readily agreed.

I am sending a copy of this letter to Martin Vile (Cabinet Office).

B. G. CARTLEDGE

J. S. Wall, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

KRB

Tom has seen

10 DOWNING STREET

Prime Minister

The White House now say, with profuse apologies, that President Carter – because of travel problems – will not now be able to telephone you until between 6.30 + 7.30 pm. Is this acceptable?

GH
4/5

SUBJECT

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T1/79T

pa. BM 4/5

TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRESIDENT OF THE UNITED STATES OF AMERICA ON FRIDAY 4 MAY 1979

President Carter: .... to wish you well. It was a tremendous personal victory for you and you have my admiration as a political figure.

Prime Minister: That's very kind of you but we had a little bit of luck. Thank you very much. It's most kind of you to ring and I hope I'll be able to meet you from time to time and discuss things because there's an awful lot we need to talk about.

President Carter: Well I hope we'll be able to meet fairly soon. Obviously we'll be together at the end of next month in Tokyo.

Prime Minister: In Tokyo. And we'll be able to set up a side meeting there.

President Carter: Yes, I will certainly make arrangements for it.

Prime Minister: That would be excellent. I would be most grateful if we could.

President Carter: If we see a convenient time between now and then perhaps we can ... I know how difficult the first month or two will be for you establishing a new Government. But let's plan now on arranging a special meeting while we are in Tokyo and I'll look forward to that.

Prime Minister: That would be excellent. Right now, as you know, I have no time to form a Cabinet. It has to be done immediately.

President Carter: I understand. I told Secretary Vance as soon as you choose a Foreign Secretary to be in close touch with him and perhaps they can consult personally within the next week or two.

Prime Minister: Yes, I had the same thing in mind.

President Carter: We have several very important issues to exchange ideas about - Rhodesia and other things - and we want to act in / harmony with

President Carter (contd): harmony with you as much as we possibly can of course.

Prime Minister: The person I have in mind, whom I haven't seen yet, will certainly do that and the moment the appointment is announced I will ask him to contact Secretary Vance.

President Carter: Let me say also that even between now and the time we meet personally I would appreciate an opportunity to exchange personal letters back and forth. If there's any question that you want to ask me about our own policies which can't be resolved through the Foreign Minister level it would be a special pleasure for me and a demonstration of our friendship if you would contact me directly.

Prime Minister: That would be excellent. I would appreciate. that too. Could you make the first communication, Mr. President?

President Carter: I just can't hear you.

Prime Minister: Could you make the first communication? Could you send me the first letter then I will know the kind of thing you want?

President Carter: I would certainly be glad to do that - you depend on it.

Prime Minister: All right, I would appreciate that.

President Carter: Have you had a chance to get any rest?

Prime Minister: No, the adrenalin is running so fast at the moment that I don't need rest. We're trying to form a Cabinet by tomorrow evening.

President Carter: Well, we'll be looking with great interest to see what your selections might be.

Prime Minister: Well I think you'll be very happy with it.

/ President Carter:

President Carter: I have no doubt about it and we look forward to working with you closely on an official basis and I also look forward to the evolution of a very good friendship personally between us.

Prime Minister: Thank you very much for phoning. It is most kind of you.

President Carter: Best wishes to you.

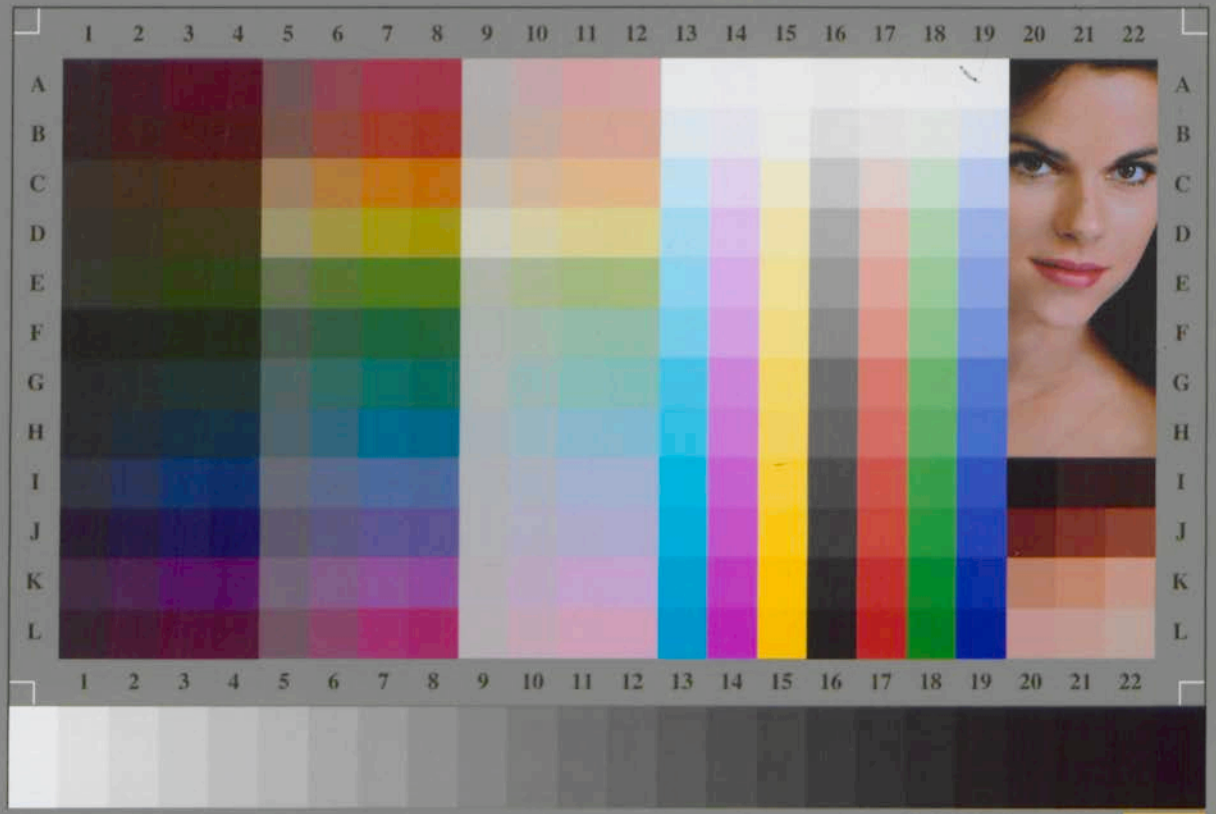
Prime Minister: Thank you.

President Carter: And thank you very much for talking to me.

Prime Minister: Goodbye.

President Carter: Goodbye.

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