

THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON


~~SECRET~~

MEETING WITH MRS. MARGARET THATCHER  
LEADER OF THE BRITISH CONSERVATIVE PARTY

Thursday, September 18, 1975

11:00 a. m. (30 minutes)

The Oval Office

From: Henry A. Kissinger 

I. PURPOSE

This meeting with Tory leader Mrs. Margaret Thatcher will permit you to become acquainted and to discuss US-UK relations and international issues of common interest.

Your purpose will be to review foreign policy issues of interest to the United States and Great Britain -- e. g., NATO and its Southern Tier, the Middle East, and international economic and energy developments and, in particular, to express your conviction that the nations of the Alliance and the West must continue to work together on the major security and economic issues before them. You will want to emphasize that US-European relations must be based on a genuine partnership that takes United States' interests into account.

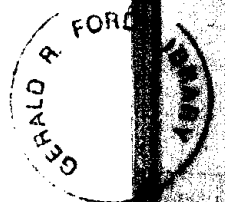
II. BACKGROUND, PARTICIPANTS AND PRESS ARRANGEMENTS

A. Background: Mrs. Thatcher (biographic sketch at Tab A) is making her debut in the U.S. as Tory leader, a position she has held since February 1975, and she has scheduled an intensive round of appearances and meetings with senior U.S. officials, including the Vice President, Secretaries Schlesinger and Simon, Congressional committees and with me. Her purpose in meeting with you is to gain further foreign affairs experience and to improve her position within the party and in the public image as an effective leader.

Since becoming Opposition leader, Mrs. Thatcher has tried to reinvigorate the Conservative Party after its loss of two general elections in 1974 while, at the same time, overcoming party financial

~~SECRET~~  
XGDS

DECLASSIFIED  
E.O. 12958, SEC. 1.5  
AND OTHER, NATIONAL STATE DEPT. GUIDELINES  
BY 64, NARA, DATE 10/15/2002



problems and consolidating her own leadership. Under these challenging circumstances, she has succeeded in broadening the range of Conservative views in the Shadow Cabinet, making significant changes in party headquarters, initiating a comprehensive review of Tory policies, and all the while keeping the support of some Heath followers. Although Heath has not overtly opposed her leadership, he has skillfully captured media sympathy and remains a possible rallying point for Thatcher opponents.

Tory Foreign Policy: Bipartisan agreement on basic British interests abroad and Mrs. Thatcher's limited experience in foreign policy make new departures under her leadership most unlikely. Moreover, Reginald Maudling's performance as Shadow Foreign Secretary has provided no impetus for change.

In mid-August, Maudling set forth Tory positions on the major foreign policy issues -- at the same time making it evident that differences between Labor and the Tories are primarily of degree and emphasis rather than kind. He described Tory policy as follows:

- East-West Relations: Britain must recognize the need to seek agreement with other social systems, but moral imperatives (such as the cause of Soviet Jews) must be taken into account;
- Europe: With CSCE over, Britain should concentrate now on strengthening NATO and developing the EC politically and economically. The EC should work on developing a concerted approach on foreign policy issues;
- Middle East: British policy is based on UN Resolution 242. A Palestinian state "could be established" on the West Bank of the Jordan River.
- Eastern Mediterranean: The United Kingdom has special responsibility in Cyprus and the threat to NATO posed by the crisis there.

Northern Ireland: An upsurge of violence in Northern Ireland and the related prospect of failure by the Constitutional Convention has somewhat weakened longstanding British bipartisanship in Ulster.

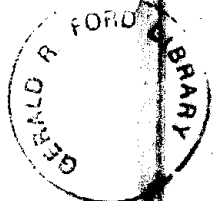


The Tories -- along with Northern Ireland Protestants -- are becoming increasingly critical of the Government's continuing release of IRA detainees. Failure of the Convention and more violence would heighten divergence and discord between Labor and the Tories on Northern Ireland.

UK Internal Developments: Conservative unwillingness to force a vote of confidence on crucial economic issues in Parliament -- as demonstrated by Tory abstention on Prime Minister Wilson's anti-inflation package -- should permit the Labor Government to remain in power for the near future despite a razor-thin majority. This parliamentary situation, together with the fact that no general election need be called until late in 1979, means that there is little possibility of Mrs. Thatcher becoming Prime Minister at least for the coming year.

Themselves divided on inflation policy between the advocates of statutory wage controls and "strict monetarists," the Tories clearly are waiting to see if Labor can make a voluntary incomes policy stick with the unions -- where the Conservatives failed with a statutory policy. The Wilson Government won parliamentary approval of its anti-inflation package in August and a strong endorsement of the program by the annual Trade Unions Conference. The crucial test of individual unions' compliance with the wage increase ceiling will come later this winter when the next rounds of wage bargaining get underway in earnest. Mrs. Thatcher has tried to occupy a middle ground, resulting in a lack of clear public understanding of what exactly Tory policy is on this vital issue.

In an address before the Institute for Socioeconomic Studies in New York on September 16, Mrs. Thatcher spoke out on the damage to British economic growth caused by expansion of the welfare state, and stressed private enterprise as the way to increase national wealth. "Private enterprise," she said, "is by far the best method of harnessing the energy and ambition of the individual to increasing the wealth of the nation; for pioneering new products and technology; for holding down prices through the mechanism of competition; above all, for widening the range of choice of goods and services and jobs. Government must therefore limit its activities where their scope and scale harms profits, investment, innovation and future growth."

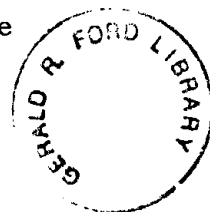


- B. Participants: Margaret Thatcher, UK Ambassador Sir Peter Ramsbotham and Brent Scowcroft.
- C. Press Arrangements: The meeting will be announced and there will be a press photo opportunity.

III. TALKING POINTS

Introductory

1. First, let me congratulate you on becoming the first woman to lead a major British political party.
2. I welcome this opportunity to meet with you and to review bilateral and international issues of interest to both our countries.
3. As I recall, I met with your predecessor Ted Heath and Sir Peter just over a year ago -- September 10.
4. You have a very intensive schedule during your visit to Washington. I understand that you are meeting with Secretaries Schlesinger, Simon, and Kissinger and that you also have meetings planned on the Hill. These discussions should give you a very helpful first-hand impression of developments in the United States and of our unity on basic foreign policy issues.
5. Relations between the United States and Great Britain are excellent. I have valued my consultations with the Prime Minister and other members of the British government.
6. At the same time, the nations of the West face major challenges -- economic, energy, security -- that will require our best common effort to meet successfully. I am firmly committed to working closely with the nations of the Atlantic Alliance and our other friends in Europe to ensure such success. Only by such cooperation as partners can we cope with these challenges.
7. The Atlantic Alliance is essential to the security and well-being of the West. Great Britain's military contributions to the Alliance remain of the greatest importance. Unless the NATO members keep their defense forces strong and unless we continue modernization, the Alliance will be extremely hard pressed to meet the challenges we face.



Economic Issues

The U.S. Economic Picture

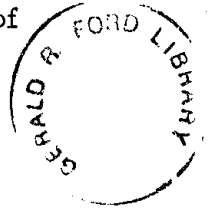
1. Our GNP figures for the second quarter of 1975 show that the sharp decline of late 1974 and early 1975 has stopped, and that the economy is entering into a period of recovery.
2. Although inflation had leveled at the 5 to 6 percent range, there has been a recent resurgence; unemployment peaked at roughly 9 percent and has begun to turn downward.
3. We wish to provide sufficient stimulus to encourage this process of recovery but we must avoid overheating. We are confident that we have the policies in place to achieve this.

Energy

1. We must move promptly to establish a serious long-term cooperative program in the IEA.
2. A minimum safeguard price system to encourage and protect new energy investment in the IEA is an essential part of the long-term program, and it will demonstrate our commitment to consumer country cooperation.
3. I am pleased that we have established the basis for resuming the consumer-producer dialogue -- a preparatory conference (invitations have been issued by France for October 13), to be followed by a Ministerial meeting of the 27 within 30 to 60 days, with commissions on energy, raw materials, development and financial matters to be established.

North/South Issues

We have made four proposals for dealing with commodity problems: (1) a mechanism to be established in the IMF to stabilize export earnings of the LDCs; (2) negotiation in the MTN of new rules and procedures for access to markets and supply; (3) joint discussions by producers and consumers of new commodity arrangements on a case-by-case basis; and (4) increased World Bank financing of resource investments in cooperation with private enterprise.



Middle East

1. The significance of the latest step is that it has brought about the first agreement signed between Israel and an Arab country not in the immediate aftermath of a war. If it is to work, it will require of both parties a degree of practical cooperation that could move them toward a more normal relationship.
2. We believe the agreement will stabilize the Egyptian-Israeli front for a time sufficient to work out the other aspects of a Middle East settlement without the threat of imminent conflict. At the same time, it will strengthen the forces in favor of a resolution to the conflict by negotiation.
3. Our efforts in the next few months will concentrate on the implementation of this Agreement. It will also be necessary to discuss with the parties how to maintain the momentum of the negotiations.

Portugal

We are encouraged by developments during the past two weeks in Portugal, although the situation there remains very unstable. We remain opposed to Communist participation in the Portuguese government. We have been and will continue to be in close touch with the British Government on this situation.

Cyprus/Turkey

The failure of the intercommunal talks in New York was disappointing, although not unexpected. We are continuing to work to have the arms embargo against Turkey lifted by the Congress. Success in that endeavor combined with a meaningful outcome of the Turkish elections in October could decidedly improve the prospects for a settlement of the Cyprus problem satisfactory to all those involved -- Turkey, Greece and Cyprus.

International Security Issues

1. SALT: We are down to two or three issues of importance in SALT on which agreement has not yet been reached. I will be seeing Soviet Foreign Minister Gromyko this afternoon to review these



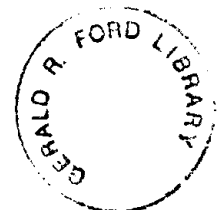
~~SECRET~~

-7-

issues. If, as a result of this meeting and further exchanges between the two governments, agreement is reached on these issues, the negotiations could be concluded by the end of the year.

2. MBFR: Now that CSCE has been concluded, we should press the East for results in MBFR. The introduction of Option III -- including some nuclear elements of U.S. forces in Europe -- in Vienna will test Eastern seriousness.
3. CSCE: The CSCE Summit represented a meaningful step forward in our efforts to relax international tensions and realize greater contacts and cooperation between East and West. The West should now ensure that the promises contained in the CSCE Final Act -- particularly those concerning human contacts and freer movement in the provisions of Basket III -- are implemented by the East.

~~SECRET~~  
XGDS



MEMORANDUM

NATIONAL SECURITY COUNCIL

6196

SECRET

ACTION

September 16, 1975

MEMORANDUM FOR SECRETARY KISSINGER

FROM:

Mr. Clift 

SUBJECT:

Background and Talking Points for the President's Meeting with UK Conservative Party Leader Margaret Thatcher

The memorandum for your signature to the President at Tab I would forward background information and talking points for his meeting with Tory leader Margaret Thatcher scheduled for Thursday, September 18, 1975, at 11:00 a.m. for 30 minutes. State's memorandum is at Tab II.

Bob Hormats, Bob Oakley and Roger Molander concur.

RECOMMENDATION

That you sign the memorandum for the President at Tab I.

DECLASSIFIED

E.O. 12958, SEC. 3.5

NDC MEMO, NSICOM, STATE DEPT. GUIDELINES

BY         , NARA, DATE 10/15/2002

SECRET

XGDS





Staff by each ✓

6194

THE WHITE HOUSE  
WASHINGTON

Sept. 12, 1975

MEMORANDUM FOR: GEN. SCOWCROFT  
FROM: WARREN RUSTAND *WR*  
SUBJECT: Approved Presidential Activity

Please take the necessary steps to implement the following and confirm with Mrs. Nell Yates, ext. 2699. The appropriate briefing paper should be submitted to Dr. David Hoopes by 4:00 p.m. of the preceding day.

Meeting: Mrs. Margaret Thatcher, Leader of the British Conservative Party

Date: Thurs., Sept. 18    Time: 11:00 a.m.    Duration: 30 mins.

Location: Oval Office

Press Coverage:

Purpose: To become acquainted with Mrs. Thatcher and to review US-UK and US-European issues of mutual interest.

- CC: Mr. Rumsfeld  
Mr. Hartmann  
Mr. Marsh  
Mr. Cheney  
Dr. Connor  
Mrs. Davis  
Dr. Hoopes  
Mr. Jones  
Mr. Nessen  
Mr. O'Donnell  
Mrs. Yates



Photocopy from Gerald R. Ford Library

6196



## DEPARTMENT OF STATE

Washington, D.C. 20520

September 13, 1975

~~CONFIDENTIAL~~MEMORANDUM FOR LIEUTENANT GENERAL BRENT SCOWCROFT  
THE WHITE HOUSE

Subject: Mrs. Thatcher's Call on the President

Attached as requested by Mrs. Davis' memorandum of September 5 (NSC 5081) is a briefing memorandum for Mrs. Thatcher's call on the President, which is confirmed on the British side for 11:00 a.m., Thursday, September 18.

*(for) Ronald R. [Signature]*  
George S. Springsteen  
Executive Secretary

Attachments:

1. Briefing Memorandum
2. Biographic sketch

~~CONFIDENTIAL~~  
XGDS-1

DECLASSIFIED  
E.O. 12958, SEC. 3.5  
STATE DEPT. GUIDELINES  
BY h/, NARA, DATE 12/15/2002



CONFIDENTIAL

MEMORANDUM FOR: THE PRESIDENT

Subject: Your Meeting with Mrs. Margaret Thatcher

I. PURPOSE

In her first visit to the US and Canada since she outpolled former Prime Minister Edward Heath to become head of the opposition Conservative (Tory) Party in February, Mrs. Thatcher will want to establish a personal relationship with you, to gain further foreign affairs experience, and by keeping herself in the limelight, improve her position within the party and in the public image as an effective leader. Your purpose in meeting with Mrs. Thatcher, in keeping with our traditional policy of occasional high-level contacts with the opposition party in the UK, is equally to develop an effective relationship with a possible colleague, obtain her assessment of the economic situation and the Northern Ireland problem, and by briefing her in general terms on our position on a number of the main world issues that concern both our countries, encourage continued Tory support for US objectives and foster a continued sense of involvement in and commitment to an active role in world affairs by the UK in general.

II. BACKGROUND

1. Anti-inflation Prospects Improving

Prime Minister Wilson's anti-inflation package, based on wage restraint, has passed several hurdles since the two of you saw each other in Helsinki. The Tories abstained, assuring easy approval in Parliament

CONFIDENTIAL

XGDS-1

DECLASSIFIED  
E.O. 12958, SEC. 3.5  
STATE DEPT. GUIDELINES

BY tk, NARA, DATE 10/15/2002



Photocopy from Gerald R. Ford Library

CONFIDENTIAL

-2-

before the August recess, and the program received an expected but nonetheless important two-to-one vote of endorsement at the annual Trades Union Congress (TUC) conference. Also encouraging was a separate three-to-two vote in favor by the hard-line miners' union. The crucial test of individual unions' compliance with the wage increase ceiling will come later this winter, when the next rounds of wage bargaining get under way in earnest.

In addition to the encouraging prospects for the success of Wilson's program, the deepening recession itself will have some effect on prices. Unemployment, at 1,250,000 (5.4%) - the highest since the war, and a sign of the extent of the turndown - is already proving to be the next major problem for Wilson: there were signs at the TUC meeting (and since) that Wilson is already coming under pressure for reflation because of the unemployment; reflation which, as in our case, could prove premature if prices are not under control or if the British balance-of-payments is running a large deficit. He is likely to fend off these pressures by a combination of an extension of the employment subsidy, and other palliative measures which may do the trick politically until budget time next spring.

## 2. No Tory Political Challenge in Sight

Labor's razor-thin majority in the House of Commons should continue to prove no obstacle to its governing for the near future, given Conservative unwillingness to force a vote of confidence on the gut issue of the economy, and given ad hoc support for Labor from Scottish and Northern Irish nationalist independent MP's on many issues. This parliamentary situation, coupled with the fact that there otherwise need be no general election until October, 1979, unless Wilson chooses to call one earlier, means that there is little possibility of Mrs. Thatcher becoming Prime Minister until next year at the earliest.

CONFIDENTIAL



~~CONFIDENTIAL~~

-3-

In one sense, the Tories may be said to be waiting to see if Labor can make a voluntary incomes policy stick with the Unions, where the Conservatives under Heath failed with a statutory policy. Thus, barring the emergence of a new divisive major issue, the Tories are unlikely to force a vote of confidence on the economy until any failure of the program is clearer after the next round of wage negotiations this winter.

3. Northern Ireland Situation Deteriorating

There has recently been an upsurge of violence in Northern Ireland and in bombings in Britain (including the London Hilton), that are undoubtedly related. The Constitutional Convention dealing with the vital issue of power-sharing between the Protestant and Catholic communities faces an uncertain outcome; most observers do not expect the Convention to produce results acceptable to both communities -- a prerequisite for acceptance by the British Government. The British have stated that they will continue direct rule if the Convention fails, and there are indications that the Provisional wing of the Irish Republican Army will end its ceasefire unless the British indicate soon an intention to withdraw. Moreover, there is increasing Protestant (and UK Conservative Party) criticism of the British Government's continuing release of detainees despite rising levels of violence. The Irish Government is becoming increasingly concerned about the deteriorating situation. Convention failure, combined with increased violence, would heighten the possibilities of divergence and discord between the two major British political parties, and between London and Dublin. There is also the continuing possibility of House hearings in the US on the situation.

4. Mrs. Thatcher's First Six Months as Leader of the Opposition

Faced with reinvigorating a party which had suffered two general election defeats in 1974, a leadership change, and financial problems, and with

~~CONFIDENTIAL~~



CONFIDENTIAL

-4-

consolidating her leadership and putting her own stamp on policy, the initial half-year has been no bed of roses for the first woman ever to head a major British party.

Former Prime Minister Heath, while not overtly opposing her leadership, remains on the back benches as a possible rallying point for opponents. As a "fallen leader," he has skillfully captured sympathetic media treatment for his role in both the referendum on Common Market membership and the economic debate. He also happened to just beat Mrs. Thatcher both to Romania and to the US - he was in New York and at Yale last week.

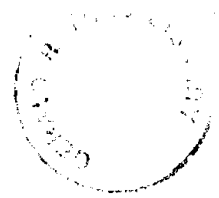
An MP since 1959, Mrs. Thatcher was thrust into prominence without the usual apprenticeship period in a major ministry. She was perhaps most popularly known for her involvement in an imbroglio over the cutoff of free milk for school children during the last Heath Government when she was Education Minister.

Among her achievements so far are a punishing schedule of speaking tours to politically-weak Tory areas, more accessibility as party leader, success in keeping some support among Heath followers, a broadening of strains of Conservative opinion in the Shadow Cabinet, significant changes in the party headquarters (reassuring financial supporters), and the start of a comprehensive review of Conservative policies.

Conservative policy on inflation suffers from divisions between statutory wage control advocates and "monetarists." Mrs. Thatcher has tried to occupy a middle ground, resulting in a lack of clear public understanding of exactly what Tory policy is on this, the number one issue.

Her remaining problems in consolidating her own leadership include a rather "wooden" media image of the same sort Heath suffered from, and a lack of

CONFIDENTIAL



CONFIDENTIAL

-5-

experience in the peculiar, intensive world of Parliamentary debate shadow-boxing -- Wilson once called her the "reluctant debutante." However, Mrs. Thatcher's advisors are confident that the upcoming early October Conservative Party Conference will remove any lingering doubts about her leadership.

#### 5. Conservative Foreign Policy

Bipartisan agreement on basic British interests, plus Mrs. Thatcher's limited experience in foreign policy (which she has worked relentlessly to overcome by, among other things, increased exposure with visits to Turkey - a Bilderberg Conference - Luxembourg, France, FRG, and Romania) make new departures under her leadership most unlikely. Reginald Maudling's lacklustre performance as Shadow Foreign Secretary has provided no stimulus for change.

Less constrained than Wilson - who has a vociferous left-wing looking over his shoulder on everything from Viet-Nam and Common Market membership historically to Portugal, Spain, the US nuclear presence in the UK, disarmament, defense spending, detente, arms sales, and import controls presently (to cite only a few) - Mrs. Thatcher's reputation as being to the right of Heath will nevertheless, for the above reasons, not spill over into foreign affairs and, even if it did, it would probably be in our interests.

Mrs. Thatcher took a fairly hard line on detente and Soviet intentions in her first major foreign policy address on the eve of the Helsinki summit. In an AP interview shortly before leaving for the US, she made all the right noises about preserving the US/UK "Special Relationship" (she laid strains in US-UK relations under Heath at the door of "our great anxiety to join the Common Market"), and the message she will carry to you that Britain will recover from its present

CONFIDENTIAL

CONFIDENTIAL

-6-

difficulties, accompanied by a corresponding rise in British authority on the world scene.

6. Mrs. Thatcher's Trip

Her first "official" foray into North America will take her to New York, Washington, Chicago, and on to Ottawa and Toronto. She will be accompanied by her husband, a retired oil company executive.

Media interest in her visit is lively, especially for the feminist aspect. She will be doing all the set pieces including "Today" and the National Press Club, in addition to a number of speeches.

Calls on Mayors Beame and Daley, Secretaries Schlesinger and Simon, Kurt Waldheim, and engagements with Secretary Kissinger, David Rockefeller, HIRC, SFRC, and Kay Graham are also set. Vice President Rockefeller will attend Ambassador Ramsbotham's dinner for her here.

III. TALKING POINTS

A. Economic Situation

-- The US is leading the way out of the present recession among the industrial countries.

-- I believe that our expansionary efforts thus far have been appropriate.

-- There is a need now to avoid the risk of rekindling inflationary pressures in the US.

-- I would welcome your assessment of the prospects in the UK, and wish you every possible success in overcoming Britain's current difficulties.

CONFIDENTIAL

Photocopy from Gerald R. Ford Library





CONFIDENTIAL

-7-

B. Northern Ireland

-- We have noted the recent increase in violence in Northern Ireland, and bombings in Britain, and share your concern about rising tensions.

-- I would value your estimate of the situation: does there continue to be a large measure of agreement between the Government and yourselves on British policy?

C. Middle East

-- The significance of the latest step is that it has brought about the first agreement signed between Israel and an Arab country not in the immediate aftermath of a war.

-- If the agreement is to work, it will require of both parties a degree of practical cooperation that could move them toward a more normal relationship. Peace can only evolve through such experiences.

-- Finally, it reasserts our influence over the negotiating process. Going to Geneva with a U.S. success puts us in a position to affect how the Conference is handled when it meets again in a way that would have been impossible had we failed.

-- Where do we stand now? This agreement can stabilize the Egyptian-Israeli front for some time and provide a basis from which broader negotiations can be conducted at a controlled pace.

-- Without it, we would have faced a situation which we believe could have led to war within a year. We can now return to our strategy of the past year and a half which has been aimed at strengthening our bilateral relationships in the area, and preventing the Soviets from controlling diplomatic efforts to resolve the Arab-Israeli dispute.

CONFIDENTIAL

CONFIDENTIAL

-8-

-- Our efforts in the next few weeks will concentrate on working on the implementation of this Agreement. Then it will be necessary to discuss with the parties how to maintain the momentum of the negotiations.

D. East-West Relations

-- Our efforts to improve relations with the Soviet Union remain on course, although momentum has slowed a bit, primarily because of the trade/Jewish emigration imbroglio.

-- The strategic balance remains the central concern of both sides, and efforts are being made both at the Geneva SALT talks and during top-level meetings to achieve an agreement this year within the framework of the accord outlined by the Vladivostok Summit last November.

-- Although difficulties remain, we are still hopeful of achieving a SALT agreement in time for a Brezhnev visit to Washington this year.

-- We are beginning to press the Soviets gently about implementation of CSCE Basket III principles. For example, we have already approached them on the question of better working conditions for journalists (multiple entry visas). We will be monitoring Moscow's performance on these questions, and exchanging information with you in NATO about it.

-- The negotiations in Vienna on force reductions in Central Europe will be the next test for the process of relaxing tensions in Europe. We are hopeful that the Soviets can be induced to make reductions that will correct the present imbalance between Warsaw Pact and NATO ground and tank forces.

CONFIDENTIAL

~~CONFIDENTIAL~~

-9-

E. NATO's Southern Flank

-- I was encouraged by the fall of Goncalves in Portugal and the pro-moderate September 8 decisions of the Revolutionary Council, but the military and civilian moderates will continue to need as much support and encouragement as they can get.

-- The United States will not support and does not believe the Western Europe allies should support any Portuguese government in which communists have positions of significance.

-- We believe that increased assistance to Portugal should be keyed to a visible evolution toward pluralistic democracy.

-- We were disappointed with the results of the latest round of the Cyprus intercommunal talks.

-- We will continue to urge the parties to negotiate in the intercommunal framework and are hopeful others that have supported this forum will do likewise.

-- We will continue our efforts to lift the Turkish arms embargo. We consider it an impediment to a Cyprus solution as well as our bilateral relations with Turkey.

-- We are ready to negotiate a new status for our security facilities in Turkey and we have assured the Turks of our interest in their remaining full, active participants in the Western Alliance.

~~CONFIDENTIAL~~

