

SUBJECT

TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND CHANCELLOR
SCHMIDT ON TUESDAY 15 JANUARY 1980

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T10A/80

Chancellor Schmidt: Margaret, how are you?

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Mh

Prime Minister: I am fine, and you?

CS: Not so well, I was a little ill and I have plenty of things to worry about.

PM: Oh, I am so sorry. So the holiday did not do a lot of good?

CS: No it did not.

PM: I am very sorry.

CS: Thank you.

PM: But you will look after yourself.

CS: Yes I will. I'm just about to cancel many appointments. I am calling Margaret just in order to be in touch. I have nothing specific but I think the international situation is such that one should to some degree be in personal touch so I have no specific ideas than to exchange a few views about Iran, about Afghanistan and whatever you like.

PM: Yes that's all right. Well let's start on those because I think the important thing is we all try to do

CS: I can't catch you.

PM: Is that better?

CS: Yes that's better.

PM: Right. I think the important thing is that we try to do as much as we can to help the United States and that we try to do it together.

/CS:

CS: Right.

PM: I am a little bit concerned that we might just condemn the Russian invasion in Afghanistan but do nothing about it, which I think would be fatal to the future and I just hope that ⁱⁿ Europe together therefore we can do things like agreeing on not having for example very generous credit terms to the Soviet Union. And on not in fact selling butter cheaply.

CS: I agree with that.

PM: I know that there will be some difficulty about technology but I don't think we should sell to them technology which could help them with their armaments programme.

CS: I think that the technology issue should be settled in the surrounding of COCOM.

PM: I agree and I do think that propaganda-wise if the Olympics are held in Moscow it will be a tremendous achievement for the Russians and I do think it is worth trying to persuade the International Olympic Committee to see if they can be moved perhaps to Montreal.

CS: Please not to Munich.

PM: Not to Munich. I think it could only be to Montreal but I think it would be a tremendous propaganda victory for the Soviet Union if we just did nothing.

CS: I ask myself about the Olympic Games, whether we should save this for a later stage or do it now. If we can at all get a majority.

PM: Well if we can get a majority I always think it's better to do it now because the young sportsmen and women will have been trained to compete to the best of their ability in the Olympics this year and they will have tried to reach peak performance at that time and it would be different if it were in a year's time. So one is trying to balance their interests with political interests.

/CS:

CS: My question is if we at all believe that you can get a majority for shifting from one locality to another say Montreal, whether we should try this right now in January of 1980 or whether we should do it a little later on in Spring so as to leave us an instrument which we could use later on if necessary .

PM: By way of saying to Soviet Russia "Look we'll move if you don't come out of Afghanistan". I think in practical terms unless we move now it is doubtful whether mechanically it could be done later.

CS: Yes, I see. Well I assume that you bring this up either in the EEC Ministerial meeting or in NATO.

PM: I think it is being discussed today at the Council of Foreign Ministers and possibly ^{at} NATO as well.

CS: By the way is Peter Carrington participating?

PM: No, he's still away.

CS: What is his experience so far Margaret?

PM: I don't think anything unusual to date at all. I think he is in Pakistan at the moment or going to Pakistan today and then to India and those really will be the two most important ones at the moment.

CS: I am thinking of using the situation within the Islamic and especially the Arab communities to intensify the political dialogue between European States and the Gulf States. I have mentioned this to the Americans before Christmas. They seem to be in favour if it does not so much aim at economic harmonisation or economic cooperation which is not in my mind. I have the feeling that some of the Gulf States feel a little helpless right now and need some assurances psychologically from Europe.

PM: I think that's right. It's not easy to give it except of course by the way you are suggesting through more personal contact which is one reason I think why Peter Carrington has gone. I agree so long as we don't

/try to

PM (cont): try to raise false hopes about what it can achieve.

CS: Once he comes back I would be so much interested if he could share his views or his insights and impressions with us.

PM: Of course he will.

CS: Thank you very much.

PM: Indeed, he would be silly not to do so because it does affect us all.

CS: I was very much impressed with the knowledge I met the other week in Madrid as regards the currents and undercurrents within the Arab community. They have a magnificent insight to the undercurrents in a couple of Arab countries and I urged them to (unclear) impressions with the Americans which in the meantime is being done. Jimmy is receiving Suarez these days.

PM: This is differences between various sections of the Arab community.

CS: Yes, but it seems as if right now there is a greater possibility for drawing together than ever has existed since Camp David.

PM: Drawing the Arab community together?

CS: Between the Arabs.

PM: Yes. That would be good news, particularly if it also involves Egypt as well.

CS: That's what I'm hinting at.

PM: Yes.

CS: On the other hand, this is the only time in which Jimmy could put some pressure on Israel in order to come to grips with the West Bank thing.

/PM:

PM: Yes, yes. Do you have any ideas about the situation in Iran because it is an enormous political thing for Jimmy Carter, particularly since Afghanistan because, foreign affairs-wise we ought to be as friendly as we can with Iran but politically because of the hostages we can't.

CS: I think in this field we should more or less leave the leadership to Jimmy Carter and just follow suit when he has made up his mind. It is his 50 hostages.

PM: Yes, indeed, but he will of course be trying to persuade us all to adopt trade sanctions.

CS: Yes.

PM: Now, we will have to decide what we can do and we'll have to decide to do it together. But for many things we have no power to adopt trade sanctions. No legal power, short of a United Nations resolution.

CS: Yes.

PM: We have agreed as you know together to do certain things voluntarily on the financial side.

CS: This we have done also.

PM: Yes. But what we do again we have to do together.

CS: I think this also should be considered in the realm of the EEC Meeting. If it is not being considered today there ought to be a special meeting rather soon.

PM: Yes.

CS: I have assured Jimmy that we would principally participate as regards voluntary sanctions but to me it's not specifically clear what he has in mind.

/PM:

PM: Well I think he's going to ask us to carry out what we would have had to carry out had the United Nations motion gone through.

CS: Yes.

PM: But the thing that you can do under a United Nations motion are very different from the things which you can do without it.

CS: That's right.

PM: And so much falls unless it's done together.

CS: We also will have some legal difficulties. They can more easily be overcome if we do it together.

PM: Yes. But I'm very sorry for him because I don't see any way of persuading the Iranis to release the hostages.

CS: I think there is almost total anarchy now in Tehran so that you don't have a focal point at which to address your pressure.

PM: No.

CS: And that means that on the other side of the line there is nobody who would yield to pressure and who at the same time has command over the people who have besieged and conquered the Embassy and are holding the hostages but I think to evaluate that situation we have to leave to Jimmy because it's his people who are at stake.

PM: Yes. But I unfortunately see no prospect of the students suddenly releasing the hostages.

CS: We share your impressions.

PM: Yes, I know. Which leaves Jimmy with an impossible position.

CS: Yes.

/PM:

PM: I just hope that nothing precipitate would be done.

CS: I would like to inform you that I am going to make a governmental statement in my Parliament on Thursday, the day after tomorrow about this double crisis of Iran and Afghanistan and the two main points will be of course

1. Solidarity within the Western Alliance, solidarity within the EEC and especially solidarity with the United States

PM: I'm very glad to hear about that, yes.

CS: And will be said in very strong and unequivocal terms.

PM: Good.

CS: And, secondly, I will also say that in times of crises one should not interrupt all ones lines of communications. Indeed in times of crisis communications might be even more important than just at Christmas or New Year's Eve when you exchange congratulations. So I will also stress this after having made sure that also Jimmy is willing to maintain the substance of SALT II without ratifying it at the time that Jimmy is willing to go ahead whatever comes out of it with the CSCE preparation and with the MBFR thing. I don't know whether there is a future in 1980 for all these operations but it should not be wise to cut these lines of communication. If they are being cut it should be done from the other side.

PM: Yes. I doubt very much whether he would want to upset MBFR or CSCE and he's only delayed SALT for obvious reasons.

CS: Yes.

PM: But I do think that when we face solidarity with the United States it will mean something in practical terms and that we must work it out together. Because there is no hope of it operating unless we work it out together.

/CS:

CS: I have some hope that this private meeting which is today taking place in Paris will give us some more light about the intentions of our friend on the other side.

PM: Yes, I hope so.

CS: Let me also mention that I will in Parliament hint to Germany's will to again be helpful if financial aid again should be necessary to be brought about for Turkey.

PM: Yes, right. That would be an expensive one, wouldn't it?

CS: Yes. We did it the last time and we would if necessary undertake to again act as the Secretary of such a combined or joint move.

PM: Yes. All right. Well thank you very much for letting us know about that one.

CS: I would also like to mention that my Cabinet so far has come to the conclusion that we should as of now make a clear distinction between our attitude vis-a-vis the Soviet Union and with the other Communist States in Eastern Europe which so far have only done lip service if I understand it correctly.

PM: Yes. Poland, Czechoslovakia etc.

CS: Yes. And GDR.

PM: Yes, of course. And the danger with some of them is that if one were to supply goods to them but not to the USSR the goods would go straight to the Soviet Union.

CS: Well, I'm not too sure. It depends. I mean if it were butter, yes. If it were sausages, the Poles would not pass the sausages on to Moscow.

PM: No. but technology is the sensitive one isn't it.

CS: But one must not force the other Communist States into a stronger alignment with the Soviet Union as regards Afghanistan than they themselves want to take.

/PM:

PM: Yes. Accepted. But most of us are particularly worried in the future about Yugoslavia. If we do nothing about Afghanistan.

CS: Right.

PM: But one doesn't need to dwell on that because we are all aware of it.

CS: Yugoslavia comes to mind, Romania comes to mind. The same is true of Berlin of course.

PM: Yes. One has to remember that you're so much nearer the immediate problem than we are.

CS: Yes. I would also like to mention the fact that right now there are no dates for the principally agreed counter-visits of Genscher in Moscow and myself. The Soviets have not proposed dates so far. On the contrary, they have moved to postpone a meeting of Deputy Prime Minister, Tikonov, who is now acting instead of Kosygin. He was due to arrive in Bonn at the end of this month. He has cancelled that and a new date has not been talked about just now.

PM: Good. We are doing a similar thing. We are not making visits either way at the moment. Quite rightly not. I think that on a very high level such meetings might be purposeful. Not appearing as if it were business as usual.

PM: There must be some penalty for a a nation doing what the Soviet Union has and be seen to be some meaningful penalty but it isn't easy to work that meaningful penalty out. It isn't easy to decide exactly what that penalty shall be.

CS: What I think is necessary is a good close personal contact between the Foreign Secretaries in London and Paris and in Bonn.

PM: Yes. Well the moment that Peter comes back we'll let you have as full an account as we possibly can.

CS: Very good. There's one little point I forgot. Oh yes. I was going to mention to you that I had an appointment without a date so far

CS (cont): with the Head of State of East Germany. It is still pending so that I cannot judge whether they want to have it or not. As of ^{now} I would like to have it because I would like to show that I treat other East Communist States different as of treating the Soviet Union right now. But it is pending, there is no fixed date so far. I just wanted to bring this to your attention. We will not have any military exchange with the Soviet Union. We will not have any difficulties with the OECD consensus as regards credit with the Soviet Union. We think that the EEC is right as regards the assistance for the American grain embargo. I am absolutely on your side as regards butter and ^{regards} as/technology I look forward to this being raised within the COCOM normal meeting. This should be done quickly I guess.

PM: Yes. Our credit agreement expires next month and we are anxious to concert any arrangements on new credit because at the moment they are very cheap and we don't like providing them so cheap.

CS: We have no such difficulty because we do not have and never had a credit agreement with them.

PM: Ah, I see.

CS: They are paying normal market interest in our case.

PM: Yes, I think it is France that has one and Italy and we must concert with them.

CS: And to some degree also the United States.

PM: Yes, right.

CS: Well, Margaret, may I ask you whether you have some more points that you would like to raise?

PM: No, I don't think so. No more points at the moment. Not on these two things.

/CS:

CS: Then I am looking forward to hearing what Sir Ian Gilmour will tell our Ministers.

PM: Yes, I hope he'll be able to see several of them. I think he has not yet been able to arrange meetings with Herr Matthofer and Viscount Lamsdorf. At least one of them would certainly receive him. Good. All right. I'm sure he'll look forward to seeing them and to talk about other things. All right, Helmut, thank you very much for 'phoning it's much appreciated and I hope you soon are fully recovered.

CS: Thank you very much.

PM: Thank you, goodbye.